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# Congressional Record

PROCEEDINGS AND DEBATES OF THE 96*th* CONGRESS, SECOND SESSION

## SENATE—*Thursday, March 27, 1980*

*(Legislative day of Thursday, January 3, 1980)*

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by Hon. ROBERT C. BYRD, a Senator from the State of West Virginia.

### PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

God of grace and God of glory, grant us wisdom and grant us courage for the living of these days. Free us from a way that makes us rich in things and poor in soul. Show us more clearly how to be stewards of the bounty and the power with which Thou hast endowed this Nation. May the things which are seen and visible be guided and upheld by the unseen and the eternal. Shape our lives for citizenship in Thy higher kingdom, the law of which is love. Bind us together in a common national purpose, praying for one another, bearing one another's burdens, helping one another at work so that we may come to evening undefeated by temptation, with work well done and at peace with our fellow-men and at peace with Thee. Amen.

### APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
*Washington, D.C., March 27, 1980.*

*To the Senate:*

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable ROBERT C. BYRD, a Senator from the State of West Virginia, to perform the duties of the Chair.

WARREN G. MAGNUSON,
*President pro tempore.*

Mr. ROBERT C. BYRD thereupon assumed the chair as Acting President pro tempore.

### RECOGNITION OF THE LEADERSHIP

The ACTING PRESIDENT pro tempore. The majority leader yields his time to the minority leader.

The minority leader is recognized.

Mr. BAKER. I thank the Chair.

### THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

### THE PERILS OF INFLATION

Mr. BAKER. Mr. President, next week I will begin a series of statements on the current state of the American economy—how it got this way, its impact on the lives of the American people, and what we must do to restore our economic health and strength.

As a preface to that discussion, I wish to have printed in the RECORD today the very perceptive and enlightening recent testimony of one of America's premier economists, Dr. Arthur Burns, before the Senate Committee on Banking, Housing, and Urban Affairs.

His statement is aptly entitled "The Perils of Inflation," and it is well worth the careful consideration of my colleagues on both sides of the aisle.

I ask unanimous consent that the full text of Dr. Burns' testimony be printed in the RECORD at this point.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

#### THE PERILS OF INFLATION

The inflation we are faced with today has brought our country to a point of economic crisis unmatched in its dangers since the Great Depression of the 1930's.

There is no need to dwell on the facts about recent price movements. Inflation is clearly accelerating. During the eleven years ending in 1978 the consumer price index, doubled, which implies an average annual rate of increase of 6.5 percent. In 1979 the index rose by more than 13 percent—a pace that would lead to another doubling in just 5½ years. So far this year the price level has been rising at an annual rate of about 18 percent. These facts speak for themselves.

The crisis created by our raging inflation obviously differs from that of the 1930's. We are not surrounded by the misery of body and spirit that arises out of widespread, long-continued unemployment and low incomes. The grinding poverty so common in the 1930's has virtually vanished. Indeed, as a people, we have never been so blessed with material wealth and comforts, nor so well protected against the risks of unemployment and disability. For these reasons many economists have tended to underestimate the gravity of our inflation problem.

The instincts of the public have been sounder; almost from the beginning of the current inflation the public has been troubled by its progress.

The consequences of rapid inflation can be devastating for the individual family. Erosion of the buying power of bank deposits, savings bonds, insurance policies, and private pensions frustrates all past efforts of working men and women to provide for expected needs of their families. On the other hand, inflation benefits individuals who had piled up debts to purchase a home or other durables that are going up in price. Inflation thus acts like a giant lottery, with the distribution of outcomes both arbitrary and perverse: prudence is penalized, improvidence is rewarded.

People need to plan ahead. They need to provide for their retirement, for the education of their children, for the many contingencies of life—all of which require saving. But when faced with the prospect of rapid increases in prices, what are they to do? Individuals of substantial means can try to protect their accumulated savings by investing in real estate, precious metals, works of art, or other so-called inflation hedges; but when many try to do that, prices soar and further investments become risky gambles. People of modest means generally save through bank deposits or government bonds; for them the certainty that what they put by will rapidly erode in value becomes a cause of despair. Persistent, rapid inflation creates deep feelings of anxiety. It weakens the economic security that Congress sought to build in our nation through massive social legislation.

Inflation leads to anxiety not only as individuals contemplate the erosion of past savings but also as they view their current incomes and expenditures. When the general price level is stable, the structure of prices and wages has a good deal of inertia, and that is highly valuable to a society; people then know where they stand and what their practical options are. But in times of inflation, prices and wages become volatile. With prices changing at frequent intervals and by widely different amounts, and with relative wages among occupations and skill levels continually shifting, people's economic moorings are cut; they are kept off balance, and they live with the continuing concern that their incomes may fall behind in the race against prices or fail to keep up with the incomes of others.

Our inflation has ominous consequences for the longer run as well as for the immediate future. Business investment in new

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

plant and equipment has been the mainspring of the remarkable improvement in living standards that our nation has enjoyed in the past. Capital investment always involves some risk and uncertainty; but inflation greatly magnifies the risks by reducing the ability of business managers to assess costs and prices over the long time horizons typically involved in investment projects and by driving up the interest charges needed for their financing. Moreover, under historical cost accounting—the method used widely for inventories and universally for capital assets—taxes have to be paid on a phantom portion of profits. For all these reasons, inflation discourages productivity-enhancing investment, and thereby weakens hopes of a better future for ourselves and our children.

Worse still, if we fail to overcome the current inflation, it may soon begin to dissolve the glue that holds our society together. This risk will grow when it becomes apparent that languishing productivity and the deteriorating terms of our trade with the rest of the world are preventing the economic product available to the American people from increasing. At best, the result with then be an era of deep social divisions, with hostility and bitterness spreading.

To deal with the problem of inflation with some hope of success, it is essential to understand how it came about. Economists have not been at a loss in pointing to sources of the inflationary bias of our economy. Among the factors frequently cited are the power of trade unions, monopolistic tendencies in the business world, the stagnation of productivity, the increasing intervention of government in the economy, the size and persistence of Federal budget deficits, the excessive growth of the money supply, as well as various special factors that achieved prominence during the 1970's—such as the devaluation of the dollar, occasional bad harvests and the vigorous exercise of monopoly power by the OPEC cartel.

These factors undoubtedly have played a role in the inflation process. But concentration on them obscures the fundamental cause of the price revolution of our times—namely, the philosophic and political currents that were released in our country by the depression of the 1930's, then by World War II, later still by the clamor for a Great Society.

A nation that still remembers the Great Depression and the remarkable demonstration during World War II of our nation's capacity to produce both "guns and butter" naturally places a high value on continuing good times. It is not unreasonable for people to want the government to promote full employment. It is not unreasonable for an urbanized industrial society to expect some protection against the hazards of old age, unemployment, poor health, and bad housing. It is not unreasonable for a compassionate people to expect the government to be responsive to the needs of the poor. It is not unreasonable for citizens to be concerned about the degradation of the environment and the hazards to health and safety of both workers and consumers. And it is not unreasonable in a democracy for particular groups to seek to advance their own economic interests by political means.

However, these wide-ranging and insistent political demands and the government's response to them are basically responsible for the present virulent inflation. Our government has promoted inflation in three ways: by persistently biasing economic policies toward stimulus; by continually interfering with the forces of market competition in order to benefit special groups; and by pursuing objectives for the environment and for the health and safety of our citizens in needlessly expensive ways. A great deal has been said about the third of these; I will concentrate on the first two.

Our fiscal and monetary policies have been biased toward stimulus because of the pressure on government to keep unemployment low. This bias has been evident throughout the postwar period; even in the first Eisenhower administration, in which I served, the government was inclined to respond with greater alacrity and force to signs of rising unemployment than to signs of over-full employment. But the bias tended to grow, partly because rising incomes during the 1950's and early 1960's were not yet accompanied by rapid inflation. As people became more prosperous, they also became less tolerant of the imperfections in our society; and as year of little inflation succeeded one another, they grew less concerned about inflation.

These trends in public attitudes were constantly stirred by reformist thought, and they merged with a tendency among policy makers toward greater boldness—a tendency that culminated in the unprecedented effort under Presidents Kennedy and Johnson to accelerate the growth of an already expanding economy by a massive cut in business and personal income taxes. This effort, the major venture of the so-called "New Economics," was initially counted as a brilliant success. But as our economy was pressed to its limits by expansionist policies, it became highly inflation-prone; and the rest is history.

A stimulative bias has been imparted to fiscal policy not only by the government's efforts to keep unemployment low but also by its response to demands for economic and social reforms—even when they involved massive redistribution of incomes. Since World War II, the government has steadily expanded the social insurance program—extending its coverage to the bulk of the population in the 1950's, adding disability insurance in 1957 and Medicare in 1966, and repeatedly improving the benefit levels and other terms of old age and unemployment insurance.

It has sharply expanded the scale of assistance to the disadvantaged among us, starting with the Great Society programs in the 1960's and continuing in the 1970's. And it has become excessively responsive to demands from special interest groups for subsidies, tax concessions, or preferential credit arrangements.

In pursuing these actions, far too little attention has been given to the inflationary affects of federal budgets. Federal spending tends to be more inflationary than private spending, first because government is usually less efficient than private enterprise, second, because government has encumbered itself with especially high labor costs, third, because the Federal Reserve System cannot as a practical matter offset an upsurge in federal spending to the same degree as an upsurge in private spending.

Nevertheless, federal spending would have had relatively little stimulative effect on the economy if it had been accompanied by balancing increases in tax revenues or if the increases in social welfare expenditures had been offset by cuts in other expenditures. But support for such balancing actions has not been strong enough to overcome the pressures from the beneficiaries of fiscal largesse.

The consequence is that the federal budget has been more stimulative in recent times, as it is again this year, than the public has realized or than the Congress itself has intended.

It was because of lack of control over the consequences of its separate budget decisions that Congress adopted new procedures in the Budget Act of 1974. In essence, they require Congress to ensure that the detailed taxing and spending decisions conform with its over-all fiscal plan. While the new procedures represent an important step forward, Congress is having considerable difficulty in applying them.

The very circumstances that originally called forth the reform are still at work—that is, the constituencies in favor of tax cuts and spending increases are better organized and politically stronger than those favoring spending cuts.

The effects of these pressures can be traced in the steep ascent of government outlays during the 1960's and 1970's. Federal expenditures first exceeded $100 billion in 1962, but they have escalated rapidly since then. The $200 billion mark was crossed in 1971, the $300 billion mark in 1975, the $400 billion mark in 1977, and the $500 billion mark in 1979.

Tax revenues meanwhile also rose sharply, but they have failed to keep pace with expenditures. The result has been a virtually unbroken string of deficits, extending from 1961 to the present. This acceleration of federal spending reflects the proliferation of social programs—more and more spending on income security, veterans' benefits, food stamps, education, manpower training, health and medical care, community development, and so on. Even before 1965 social welfare expenditures from all public funds were growing faster than our gross national product. But once the Great Society programs got under way, such expenditures exploded, increasing from 12 percent of the gross national product in 1965 to about 20 percent at present.

Undue stimulus through fiscal and monetary policy tends to generate inflationary pressures by causing the aggregate demand for goods and services to rise above the level than can be supplied at existing prices. That is how the current inflation was precipitated in the fatal year 1965, when our government sought simultaneously to fight a war in Vietnam and to launch the Great Society at home while reducing tax rates instead of raising them.

But even when aggregate demand is growing at a moderate rate, inflationary pressures may be released by a faltering of aggregate supply, and this too has happened in our country. Since the mid-1960's, and particularly since 1973, improvements in productivity—that is, output per hour worked—have slowed sharply in the private sector.

Last year productivity actually declined. Just as rising costs of imports tend to make us poorer as a nation, so too does sluggish productivity. Something must then give; if some groups are able to maintain or improve their position, the burden will fall on the rest of the economy.

It is not enough that we constrain the explosive growth in our demands for the good things of life; until we manage to restore the uptrend in productivity, we must accept a lower standard of living.

Neither Congress nor the American people as yet show sufficient appreciation of this somber fact. The many years of rising real incomes earlier in the postwar period have led the public to expect continuing gains, and even to demand them as a right. When prices are going up rapidly, workers feel justified in insisting that their wages rise still faster.

Whether or not employers share this view, they are bound to be concerned about the effects on worker morale of insisting on a smaller increase. And when they grant pretty much what workers demand, as they often do, they ordinarily find it necessary to raise prices correspondingly.

Firms in this position are often in danger of pricing themselves out of the market and having to lay off workers. But if such a pattern is widespread, the expected rise in unemployment may well call forth fiscal and monetary policies that in effect validate the wage and price increases.

Moreover, businessmen whose sales are suffering because of their pricing policies are likely to join with union officials in demanding that the government protect them from "unfair" competition.

This brings me to the role of government in fostering inflation by acting in restraint of trade. In principle, most of us recognize that the whole nation profits from the market forces that reward the firms and industries with the lowest costs and prices and that penalize those unable to compete effectively. Congressmen, businessmen, union leaders, editorial writers, people in all walks of life will assert this in principle; but in practice many of us take a different view.

Let any vocal group be exposed to the penalties of the market—an industry like steel or textiles or shoes that is pressed by foreign competition, a firm like Chrysler that is suffering from mistaken management decisions, farmers in financial difficulty because they paid exorbitant prices for land—and there is a rush to Washington to demand government protection or assistance.

Many find their demands granted by a sympathetic government. Usually, the bounty lavished on these groups is much smaller than the costs simultaneously imposed on the nation as a whole in the form of higher prices. But in these proceedings the voice of the general public is often hardly audible against the clamor of the petitioners.

The government's willingness to sacrifice the public interest for the sake of protecting special interests from the rigors of competition is one of the oldest chapters in our economic history. From the tariff laws of the 19th century through the labor and agricultural legislation of recent years the theme is the same; the differences lie only in the details of which groups are given how much, and how large is the resulting rise in prices for the nation as a whole.

As I and others have testified many times before this and other Congressional committees, the minimum wage not only increases labor costs but contributes to the grave problem of youth unemployment; subsidizing farmers to cut back production both raises the cost and reduces the supply of food; and the Davis-Bacon Act tends to raise construction costs throughout the country. And yet in 1977 Congress mandated successive increases in the minimum wage; in 1977 and 1978 it raised farm price supports and extended acreage restrictions; and in 1979 it rejected all efforts to narrow the application of the Davis-Bacon Act.

Just a few weeks ago the House of Representatives voted to keep the Federal Trade Commission from removing barriers to competition in the funeral parlor and certain other industries. Evidently, Congress will not even permit us to depart this earth at a competitive price.

The atmosphere of politics as usual in this fascinating city is not confined to a single political party nor to a single branch of government. One listens with a sense of dismay to those candidates for President who promise to cure inflation by massive cuts in taxes. And the Administration's voluminous budget document for fiscal year 1981, as is now widely acknowledged, gave only feeble lip service to the need for fiscal restraint; the more deeply one probes into that document the more one grieves over its failure to come to grips with our domestic crisis.

For the current fiscal year—1980—the estimates of federal outlays and of the deficit run sharply higher than the official projection made only three months earlier. Further enormous increases in spending were projected for fiscal year 1981 and later years. And, still sadder to relate, the budget document did not even mention that existing law literally requires a balanced budget in fiscal 1981.

If the January report of the Council of Economic Advisers reflects recent Administration thinking, as I presume it does, it makes equally discouraging reading. The thesis it advances that our problems are largely due to the recent increases in oil prices bespeaks either misunderstanding or unwillingness to face reality.

Other industrial countries, including some that import all rather than half of their oil, have experienced the same price increases without a corresponding acceleration of inflation. An insight into the melancholy priorities of the Administration was offered by the announcement that the President deferred the date for achieving the legislatively targeted rates for both unemployment and inflation; for the former the target rate of 4 percent was deferred from 1983 to 1985, or by two years, but for the latter the target rate of 3 percent was deferred to 1988, or by 5 years.

These documents—the budget and the Council's report—plainly conveyed to the business and financial community that the Administration had no effective program for coping with inflation. This message, together with the startling January increases in consumer and producer prices, brought on the recent collapse in the bond market. Market participants drew the inference that prices of goods and services are likely to rise much faster than they had thought earlier; hence the inflation premium built into bond yields shot up and bond prices dropped correspondingly.

Is there much hope that we can overcome inflation? The members of this Committee, along with other members of Congress, can answer that question better than I. Apparently, there was some shock value in the price figures for January. According to the press, these figures created symptoms of panic in the Administration, and it has been reported that current policies are being thoroughly reexamined. We will soon know whether the anticipated revisions of budgetary and other policies are powerful enough to make a real difference in the situation our country now faces.

I will try in the time remaining to sketch the kind of program that I think can prove effective. Given the momentum that inflation has now gained, we should not expect it to end abruptly. But we can no longer afford a gradualist policy, calling for the application of mild measures over a period of perhaps five to ten years, such as still appears to be favored in many circles.

A gradualist policy has the ring of prudence and caution, but the very caution that inspires it is also likely to lead to its premature suspension or abandonment in practice. Economic life is subject to all sorts of disturbances and surprises. As has happened in the past, a business recession or some other untoward development can readily overwhelm and topple a gradualist timetable for curing inflation. In the present economic environment, gradualist policies offer little hope of success.

In order to make real headway in the fight against inflation, it has become essential to rout inflationary psychology—that is, to make people feel that inflation in our country can be, and that before long it probably will be, brought under control. Such a change in national psychology cannot be accomplished by marginal adjustments of public policy. In view of the strong and widespread expectation of inflation that prevail at present, fairly drastic and consistently applied therapy is needed to turn inflationary psychology around.

Last autumn, I made four specific suggestions that I shall repeat and explain today. The first called for a legislative revision of the budget process that would make it much more difficult to run deficits and that would serve as the initial step toward a constitutional amendment directed to the same end. My proposal would require a balanced budget unless a deficit were authorized by something more than a simple majority—say, two-thirds—of each house of Congress. Such a measure would demonstrate to the public that the Congress is finally ready to take stern and responsible action to end the persistent budget deficits that have nourished our inflation.

Deficits can, of course, be eliminated either by raising taxes or by cutting expenditures. I believe the national interest would now be best served by expenditure cuts. Significant reductions, however, are becoming difficult to achieve because of rapid growth of social security and the other entitlement programs that are automatically chained to rising prices. I therefore urge the Congress to consider carefully various proposals to weaken the tie between the price indexes and outlays under these programs, insofar as that can be done without injuring those truly in need. In addition to its beneficial effect on Federal spending, such a course would strengthen the constituency opposed to inflation, and it would also set a constructive example for the private economy.

My second suggestion called for a commitment by Congress to a comprehensive plan for dismantling regulations—such as those imposed by the Davis-Bacon Act—that have been impeding the competitive process, and for modifying others—particularly those concerned with the environment, health, and safety—that have been running up costs and prices unnecessarily. As every student of the subject now recognizes, the burdens imposed by our farflung regulatory apparatus have become enormous; thoroughgoing reform is long overdue.

My third suggestion called for a binding endorsement of restrictive monetary policies until the rate of inflation has become substantially lower. I have said little about monetary policy today because I believe the Federal Reserve is proceeding in the right direction; the only question is whether Congress and the public will permit the Federal Reserve to continue to do so. From my service on the Board I learned about the limits on the ability of a central bank—even an independent central bank such as ours—to combat inflation in the absence of strong and steadfast support from the Congress. A concurrent resolution of the Congress making a commitment to such support would permit the Federal Reserve to act forthrightly and with vigor.

My final suggestion called for legislation scheduling reductions in business taxes in each of the next five to seven years—the reduction to be quite small in the first two years but to become substantial in later years. This sort of tax legislation would not run up the budget deficit in this critical year or next; it would thus scrupulously avoid fanning the fires of inflation. Its passage would, however, release powerful forces to expand capital investment, thereby improving the nation's productivity and exerting downward pressure on prices later on. Such tax legislation would also help in the more immediate future to ease the difficult adjustments forced on many businesses and their employees by the adoption of the first three parts of the suggested program.

My suggestions for dealing with inflation are designed to shake the conviction now held by many millions of Americans that inflation will continue over the long future. I recognize that the first three suggestions would impose some hardships on people, perhaps many people, for a while. In my judgment, that can no longer be avoided. A failure to deal promptly and effectively with the problem of inflation would ultimately result in far greater hardships and it might even endanger our democratic way of life.

It is highly important for Congress and the general public to understand that time is working against us; the longer inflation persists, the more difficult it will be to subdue it. Day by day inflationary expectations are becoming more widespread and more deeply embedded. Once people are persuaded that inflation has become the national way of life, they are apt to spend more and save less; in other words, they will modify their behavior in ways that tend to validate that belief. But more ominously, growing numbers are entering into longer-term contractual commitments with respect to interest rates, wages, rents, or prices that can prove disastrous once inflation is curbed. As the clock ticks on there is steady growth in the number of people who, despite sincere rhetoric to the contrary, have become fearful of what will happen when inflation stops. The time available for averting a disastrous climax to our inflation is therefore running short.

## ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have no need for the remainder of my time under the standing order. I am grateful to the majority leader for yielding his time, as well. But in the absence of requests or any other requirement, I am prepared now to yield it back, unless the majority leader has some other need in mind.

The ACTING PRESIDENT pro tempore. The Chair thanks the minority leader.

Perhaps the minority leader would like to suggest the absence of a quorum and let the time run against the two orders.

Mr. BAKER. Very well.

The ACTING PRESIDENT pro tempore. Until Mr. HATFIELD can be recognized.

Mr. BAKER. I thank the Chair.

Mr. President, I ask unanimous consent that the time for the quorum call I am about to request be charged against the time allocated for leader time this morning.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## TRIBUTE TO NORMAN BRADLEY

Mr. BAKER. Mr. President, on March 1, one of the outstanding journalists in Tennessee, Mr. Norman Bradley, retired, ending a career that touched the lives of many people in my home State, the South, and the Nation.

Mr. Bradley exercised tremendous insight as he molded the editorial policy of the Chattanooga Times. He took complicated issues and brought sound reasoning to them. He examined community needs and interpreted them in such a way as to contribute to the growth and stability of Chattanooga.

One way to describe this journalist is a man who is eminently fair. While his editorial position reflected a certain point-of-view, he provided equal and fair treatment in the news columns. In tackling the diverse, tough issues of the day, Mr. Bradley used good judgment in formulating the conclusions that he reached.

But his achievements were not limited to the editorial pages of the Chattanooga Times. He served as a strong advocate for the city he loves and his influence will be felt for years to come in the many civic endeavors he touched.

A native of Mississippi, Mr. Bradley began his newspaper career on the Jackson, Miss., Clarion-Ledger in 1934. He was with the Associated Press for 10 years before joining the Times as an editorial writer in 1947.

He was the founding editor of the Jackson, Miss. State-Times in 1955, returning to the Chattanooga Times after one year. He was also editor of the afternoon Chattanooga Post, published by the Times, during its publication from 1966 to 1970. He served as editor of the Times since 1971.

Mr. Bradley has been active in civic affairs in Chattanooga and is a member of the American Society of Newspaper Editors, the National Conference of Editorial Writers and the Society of Professional Journalists, Sigma Delta Chi.

I cannot imagine what further experiences lie ahead for a man like Norman Bradley who has left his mark in so many areas of journalistic and civic service, but I am confident he will find and meet new challenges.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The absence of a quorum has been suggested.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, the order for the quorum is rescinded.

The distinguished Senator from Oregon is recognized, under the order.

Mr. HATFIELD. I express my appreciation to the Chair for this time.

## LOBBYING WITH APPROPRIATED MONEYS: STANDARD OPERATING PROCEDURE AT THE OFFICE OF SURFACE MINING

Mr. HATFIELD. Mr. President, the Office of Surface Mining has been lobbying the Congress to defeat S. 1403, the Surface Mining Amendments of 1979, in apparent violation of title 18 of the United States Code, section 1913. That section prohibits lobbying with appropriated moneys.

We all realize and accept the fact that the White House and other policy officers of the administration push for support of their legislative proposals and lobby to defeat measures they find unacceptable. Fine. But when agency bureaucrats engage full time in lobbying for the demise of a measure pending before the Congress, and when those Federal employees on Government time mobilize environmental and other public interest groups to campaign against that bill, and when those agency personnel actually "map out a lobbying strategy and assign tasks," that, Mr. President, is clearly a misuse of Federal funds.

Paraphrasing the law which prohibits lobbying with appropriated moneys: No appropriated money shall, in the absence of express authorization by the Congress, such as powers of the President, be used directly or indirectly to pay for any personal service, telephone, letter, and so forth, intended to influence in any manner a Member of Congress to favor or oppose, by vote or otherwise, any legislation pending before the Congress. The law also says that this shall not prevent Federal employees from responding to requests from Congress. Violation or attempted violation of the statute is punishable by fine or imprisonment or both. That is the law.

Mr. President, I believe the prevalence and scope of lobbying activity in the Office of Surface Mining are the most blatant I have ever witnessed.

To investigate this suspected criminal misconduct by employees of the OSM I requested the General Accounting Office to verify the existence of several documents and to search for corroborative evidence. The GAO has provided excellent support in the investigation.

My staff, working with staff from the House Interior Committee, has also alerted the Department of Justice to the presence of possible criminal misconduct by OSM employees and has supplied the FBI with several of the documents to which I will refer today.

My colleagues may recall the debate and Senate vote last year on S. 1403. That bill, still held hostage in the House Interior Committee, passed the Senate by an overwhelming 69-to-26 vote margin. Little did anyone realize, however, the intense and organized effort by the Office of Surface Mining to affect that vote and to insure the bill was successfully bottled up on the House side.

Let me share with my colleagues some of the evidence which documents this unauthorized use of public moneys and violates the very essence of the separation of powers doctrine.

Senators may remember receiving a letter from five environmental groups dated July 31, 1979, which urged us "to resist any consideration of S. 1403 on the Senate floor * * * and to vote against the bill." You may have assumed that letter was generated by the National Wildlife Federation or the Environmental Policy Center or NRDC or Friends of the Earth or the Sierra Club. I certainly thought the letter was born of those groups' sincere apprehensions about the bill.

But we were misled. The letter was drafted by the Office of Surface Mining. An August 1, 1979, memorandum from the OSM Director of Legislative Affairs to the Director and others states:

> Environmental groups have finally gotten their act together and have sent a copy of the attached (draft letter) to all Senate Offices today.
>
> Calls have been made to local groups asking that they express similar sentiments to their Senators.

A July 27, 1979, memorandum discusses the status of S. 1403 prior to the Senate vote and itemizes OSM lobbying efforts and target Senators:

Referring to next steps in the Senate, the memo states:

> We need time to organize outside lobbying, to educate Senators and staffs on the substance and ramifications of the amendments . . .

Another quotation:

> *Outside lobbying.* Local environmental and farm groups are being alerted and should begin to contact Senators next week.

The document further discusses OSM organizing efforts to defeat S. 1403 with the Environmental Study Conference and the National Governors' Association staff.

OSM apparently uses other types of coersion to punish their detractors and reward their true friends. An August 31, 1979 memorandum directed to the contracting officer from the legislative affairs director recommends that certain Senators be penalized or rewarded for their performance with respect to OSM by decreasing or increasing, respectively, the priority of contract awards to a particular State. For example:

> *Alaska*—Stevens is important to us . . . However, he's already voted against us on S. 1403. Due to this and low $ figures, low priority.

Another example:

> *Kentucky—high priority.* We have already lost Ford, but he has not been as "out front" on S. 1403 as he might have been.

For New Mexico, the memo says medium to high priority:

> While Domenici has been a driving force behind S. 1403, he is a reasonable politician, and gives credit where it's due. We won't change his position on S. 1403, and Schmitt is hopeless but it would be good if we could find some way to temper Domenici's antipathy and his corollary activity on S. 1403.

Ohio gets a high priority:

> Metzenbaum has been our best friend on S. 1403, but is under heavy industry pressure to back off. He could use some help.

Our Utah Senators apparently do not rate with OSM:

> Garn and Hatch are not likely to be of any use to us in any case or situation. The same goes for Marriott . . . The only payoff might be with (Governor) Mattheson.

Mr. President, all of this talk of contract payoffs and lobbying activity failed to make much of a dent in the Senate and, with the support of 20 Governors of coal producing States, S. 1403 passed with ease.

Apparently that easy win whipped up lobbying activity in the Office of Surface Mining to even greater levels. On September 17, 1979, just 6 days after Senate passage, a memorandum to the Director spelled out in some detail a "House strategy for S. 1403." One of four recommendations in that memorandum was as follows:

> Outside lobbying. I am concerned at the narrow base of our support, and will set up a task force to broaden it. I am setting up a group that will bring in the League of Women Voters, CEQ, the Farmers Union, National Association of Counties, League of Cities, and other environmental groups.
>
> If you (the Director) agree, I will go ahead and begin to set meetings up . . .".

Three days later, with the Director's approval, the legislative affairs director met with outside groups to organize the House lobbying strategy:

> I met this morning with representatives of Environmental Policy Center, National Wildlife Federation, League of Women Voters, National Farmers Union, and Powder River Resource Council to map out a House lobbying strategy and assign tasks.
>
> Subsequently, Gus Speth (CEQ) and I met with representatives of some thirty national conservation groups, briefed them on the provisions of S. 1403 and asked them to get mailings out to their local affiliates right away.

Director Heine and Deputy Director Reeves apparently approved fully of these efforts because the following week on September 27, 1979, there was a second meeting, this time with representative from the EPA and CEQ also assisting.

On September 19, 1979, a meeting involving the entire OSM Directorate, including Regional Directors, discussed options to defeat S. 1403 in the House. One of the options was "Regional Directors proceed to lobby the Governors of coal producing States."

Mr. President, I could continue to give examples of direct and indirect attempts by the OSM to affect S. 1403 in the House, but I believe my colleagues get from this discussion a feel for the widespread nature of OSM's lobbying activity.

In my opinion, these unauthorized activities represent a clear misuse of Federal funds, and upon hearing from GAO on their further assessment of this lobbying activity, I intend to press the matter before the Department of Justice.

It is too easy to say, "well, every agency lobbies a little bit—maybe OSM got a little carried away, but what's the harm?" Mr. President, I view this as a serious breach in the very tenets of the constitutional separation of powers between the executive and legislative bodies. The law is clear. And, just as clearly, officials of the Office of Surface Mining have failed to comply with that law.

The Energy Committee may pursue these activities of questionable legality in hearings. Senator WARNER has suggested oversight hearings to review other serious problems at the Office of Surface Mining. At this very moment, Congressman SYMMS is pursuing OSM lobbying activity in a hearing before the House Interior Committee.

Mr. President, I recognize that printing these documents in the RECORD will take up several pages, but the evidence must be included to permit Senators to view a portion of OSM's lobbying activity for themselves. I ask unanimous consent, therefore, that my letter of request to the General Accounting Office (less one paragraph of the letter) and the OSM memoranda and documents from which I quoted be placed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
*Washington, D.C., March 24, 1980.*

Hon. ELMER B. STAATS,
*Comptroller General of the United States, General Accounting Office, Washington, D.C.*

DEAR MR. STAATS: After reviewing the attached documents, I believe there is evidence to suggest possible unauthorized use of appropriated monies by employees of the Office of Surface Mining (OSM). Contrary to the provisions of Title 18 of the U.S. Code, § 1913, employees of the OSM may have misused Federal funds by engaging in the organization and operation of lobbying efforts with public interest groups to detrimentally effect legislation pending before a House committee. I have also received allegations which indicate that OSM employees permitted public interest group representatives to obtain access to and use of Government FTS telephones and computers for purposes of lobbying.

The enclosed documents refer to environmental and public interest group lobbying organized by OSM. Three of the five public interest groups identified, however, are not registered lobbyists with the Clerks of the House and, therefore, are in possible violation of Title 2 of the U.S. Code, § 269.

I request that you immediately assign investigative staff to verify the existence of these and other documents and evidence which would be of value in addressing allegations of unauthorized use of appropriated monies. I would appreciate your prompt action since these allegations may become public on March 27, 1980.

I recognize your investigation may result in evidence suggesting criminal misconduct. Findings of this nature, of course, should be forwarded to the Department of Justice.

Thank you for your assistance.

Sincerely,
MARK O. HATFIELD,
*Ranking Member, Committee on Energy and Natural Resources.*

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U.S. DEPARTMENT OF THE INTERIOR,
*Washington, D.C., August 1, 1979.*

Memorandum.

To Walter Heine, Paul Reeves, Dick Nellius, Dick Hall.

From Len Stewart.

Environmental groups have finally gotten their act together and have sent a copy of the attached to all Senate Offices today.

Calls have been made to local groups asking that they express similar sentiments to their Senators.

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Senator———: We understand that S. 1403, as amended (a bill to amend the Surface Mining Act of 1977), has been reported out of the Senate Energy Committee and is ready for consideration by the full Senate. That bill as originally introduced intended simply to extend the deadline for states to propose their own surface mining programs under the Surface Mining Act. As a result of its amendment in committee, however, it now constitutes a serious threat to the fundamental goals of the Surface Mining Act. S. 1403 would postpone application of the Act's full standards to federal lands for another year at least, at a time when the federal lands program is already a year late. In addition, it would cripple the Interior Department in its efforts to implement the Act by lifting from the States their obligation to comply with the Department's regulations.

The immediate need for an extension of the states' deadline has now been eliminated because the United States District Court in Washington, D.C. has granted the states a seven-month extension by court order. In view of that court imposed extension and in light of the serious implications of S. 1403 as it now stands, we strongly urge you to resist any consideration of S. 1403 on the Senate floor at this time and to vote against the bill if it does come up for roll-call.

THOMAS L. KIMBALL,
*National Wildlife Federation.*
LOUISE DUNLAP,
*Environmental Policy Center.*
RAFE POMERANCE,
*Friends of the Earth.*
JOHN MCCOMB,
*Sierra Club.*
JONATHAN LASH,
*Natural Resources Defense Council.*

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U.S. DEPARTMENT OF THE INTERIOR,
*Washington, D.C., July 27, 1979.*

Memorandum.
To: Gary Catron, Walter Heine, Paul Reeves.
From: Len Stewart.
Subject: Status of S. 1403.

The Committee report is due to be filed late today, and will consist of three parts: a "neutral" Committee report, Minority views prepared for Hatfield's signature, and Dissenting views, signed by Jackson, Metzenbaum, Melcher, and possibly other Members.

### PRESENT STRATEGY

At present, Jackson's only proposed strategy is to try to stall Senate consideration until after the recess. To accomplish this, we will need a group of Senators to insist on the three day rule (which will carry us through August 1) and to object to any attempts to get a time agreement on the bill after August 1.

Staff tells me candidly that, while the above scenario sounds good in theory, individual Senators will be extremely reluctant to cross Senator Byrd on this. Byrd reportedly wants to whisk the bill through the Senate before anyone has time to focus on it, and staff advises that they will need help to forestall him.

In addition to Jackson, Metzenbaum and Melcher, who are willing to try and stall Byrd, Proxmire is willing to help, and Hart and Nelson may be. I will continue to try and round up other non-Committee Members for this effort.

### NEXT STEPS

#### *Senate*

We need time to organize outside lobbying, to educate Senators and staffs on the substance and ramifications of the amendments, and to establish the case that S. 1403 cannot be characterized as an energy production proposal as its proponents will try to characterize it.

Outside lobbying. Local environmental and farm groups are being alerted and should begin to contact Senators next week.

Information dissemination. The Environmental Study Conference staff has been briefed and Monday's Weekly Bulletin will have a run-down on the amendments. ESC will prepare a special Floor Brief on the subject if we can give them enough lead time.

Interior. We have developed a list of staff Contacts for all Senate offices. We should have an information packet delivered to them early next week so that followup phone calls can be made. The packet need not be too detailed, but just enough to raise the issues. A short cover letter of summary with the Secretary's letter to Jackson attached should be sufficient.

Governors. The next NGA meeting isn't until February, 1980, so, for the time being, NGA will continue its position of non support for the amendments. Lamm is trying to keep a low profile, and NGA staff feels that, as States begin to finalize their programs for submission, Rockefeller's support will wane.

A decision on the Montana position could satisfy Herschler and other Westerners, further eroding Rockefeller's support.

#### *House*

Only a very few Members have focussed on the provisions of S. 1403. Strangely enough, neither Rockefeller nor the coal industry has done any work on the House side.

For this reason, a head-count of House Interior is neither feasible nor wise at this point. Although Udall is committed to taking as much time as possible once the Senate has completed consideration, he cannot guarantee at present that he has the votes to work his will in Committee.

Once again, time here works to our advantage. A decision on the Montana petition and submission of a good number of approvable State programs could buy us enough Interior Committee votes. (Kogovsek, Eckhardt, Kostmayer, Murphy, Williams, Johnson, Cheney for example.)

### REMAINING NEEDED ACTIONS

1. Montana petition. The timing and scope of a decision could have a lot of impact on the process.

2. Response to the Flannery decision. As long as the June 3 date remains fixed, there is still an arguable case to be made for legislative action. A Departmental response or proposed remedial action will help a lot.

3. Administration commitment to veto?

### ADDITIONAL CONCERNS

The major fear I have is that additional time will allow proponents to find a veto-proof vehicle for S. 1403—like the Fast-Track or Mobilization Board Legislation, trying to capitalize on the energy production fever in the Congress.

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U.S. DEPARTMENT OF THE INTERIOR,
*Washington, D.C., August 31, 1979.*

Memorandum.
To: Dave Maneval.
From: Len Stewart.
Subject: Priority List—Contract awards announcements.

1. Alabama—although the dollar amount is relatively high the political payoff may not be great. Neither Senator is particularly involved with legislation or annual appropriations effort.

At the same time, Dave Short indicates that he is having a terribly tough time getting in to talk with Governor James on the serious problems he is encountering with the State regulatory authority. We might be able to use this announcement in some way to ease his access.

2. Alaska—Stevens is important to us in his dual role of member of Interior Committee and Ranking Member of Interior Appropriations Subcommittee. However, he's already voted against us on S. 1403. Due to this and low $ figure, *low priority*.

3. Arizona—low priority.

4. California—low priority. Cranston will be with us; Hayakawa won't be influenced or care. The Bay area (Berkley) House delegation—Phil Burton and George Brown—are on the House Committee, but will support us in all cases.

5. Colorado—Hart doesn't ordinarily participate in grant awards/announcements. But, this grant is fairly large, CSM is a very popular school, and Hart is about to gear for reelection. Hart is among our staunchest supporters; Armstrong will likely vote against us in the Senate If Golden is in Representative Johnson's district (I'll check), Johnson is on House Interior Committee and is not necessarily a foe. A personal touch on this grant could be useful. The really important Coloradan to us in Governor Lamm, who has been really heroic to date in his efforts to avoid Rockefeller and his amendment.

Medium priority:

Idaho—low priority. We already have split the Senate delegation on S. 1403, and McClure won't appreciate $68k. The House delegation is hopeless.

Illinois—high priority. Good $'s; very high citizen interest in coal mining in southern part of the State. We won't have a problem with Stevenson in the Senate, but Percy, who was a good ally during original consideration P.L. 95–87 had the reelection scare of his life in '78, is weak in down-state areas, and could be a problem on S. 1403—we already see erosion among "moderate" Republicans. Imhoff anticipates that Governor Thompson is having a problem ascertaining whether his political bread is buttered by the coal industry or the environmental/agricultural interests, and that Thompson's posture on strip-mining will be made on pure politics.

8. Kentucky—high priority. We have already lost Ford, but he has not been as "out front" on S. 1403 as he might have been on the Ford-Hatfield package—the Senate Committee reported S. 1403. We need not lose Huddleston.

9. Massachusetts—low priority, low $'s. MIT is (I think) in Speaker O'Neill's distric, but O'Neill will do whatever Udall asks when the time comes.

10. Minnesota—the only possible plus is that Vento is on the House Interior.

11. Mississippi—low priority.

12. Missouri—we are currently experiencing problems with Danforth and Eagleton over a show-cause action. However, I think we can and are dealing with this on the merits, and $58K won't help us soften up either Senator. Low priority.

13. Montana—high priority. Baucus places a lot of importance on grants. Melcher is a good friend, and Judge, a powerful force within NGA. We need to keep being visible in a positive way in Montana. Both Pat Williams and Ron Marlenee are on House Interior.

14. New Mexico—medium to high priority. It would be good generally, to have a few newspaper stories on a positive, federal, coal-related action in New Mexico for a change. While Domenici has been a driving force behind S. 1403, he is a reasonable politician, and gives credit where it's due. We won't change his position on S. 1403, and Schmitt is hopeless, but it would be good

if we could find some way to temper Domenici's antipathy and his corollary activity on S. 1403.

Both Runnels and Lujan are active on coal on House.

15. Ohio—high priority, sizeable award. Metzenbaum has been our best friend on S. 1403, but is under heavy industry pressure to back off. He could use some help. Glenn is no problem, but is of no real assistance.

16. Oklahoma—low funds, low priority. Oklahoma delegation is not inclined to be particularly friendly.

17. Pennsylvania—high priority. Heinz is mercurial as is Schweiker. They were both moderately supportive throughout original Senate consideration, but both are voting much more conservatively these days on issues of parochial concern.

18. Texas—low priority.

19. Utah—Garn and Hatch are not likely to be of any use to us in any case or situation. The same goes for Marriott on the House Interior Committee. The only payoff might be with Mattheson.

20. West Virginia—low dollars, therefore low priority.

21. Wyoming—Herschler and Wallop want to get along with us and Wallop was a real help on S. 1403. I am very uncertain about Simpson, and I would rate this one a high priority. Unfortunately, this is such a small amount of money.

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U.S. Department of the Interior,
*Washington, D.C., September 17, 1979.*
Memorandum.
To: Walter Heine/Paul Reeves.
From: Len Stewart.
Subject: House Strategy, S. 1403.

### GENERAL ENVIRONMENT

During the Senate debate, we were victimized generally on two counts. First, we were subject to claims that we are inflexible, unfair, and unresponsive in our dealing with industry, States, and the Congress. Second, we were scored specifically by a Library of Congress report on the excesses of our regulations by the conclusions of the Consol report, and by charges that our State window is a myth. The first category of complaints is largely perceptual, the second factual. However, as we will find as true in the House as we did in the Senate, factual reality and perceived reality are interchangeable on the Hill (few, if any, will have read either the Act or the regulations when the time comes to make decisions). We, therefore, must go on the offensive in the House on both fronts.

### SPECIFIC ENVIRONMENT

Udall will say publicly that he continues to oppose the bill and sees no immediate need for legislation of any kind at present.

However, privately, he doesn't think he can ignore pressure to move the bill as it begins to mount, and anticipates hearings as soon as the Committee calendar is free of coal slurry and NRC legislation—mid to late October. I have previously given you a preliminary headcount,. but this will begin to change as lobbying focuses on the Committee Members.

### NECESSARY NEXT STEPS

To a great degree, the House Committee is as uneducated as the Senate was on what our regulations provide, how they compare with the Act, what procedures States encounter in attempting to win program approval, and generally why many of the provisions of the Act and our regulations provide what they do. In sum, they know little or nothing about coal mining—the economics, procedures, and environmental impacts; they have about the same level of understanding of P.L. 95–87, and no knowledge of what S. 1403 really does.

In order to understand the arguments against S. 1403 therefore, House Members will have to be broadly educated on the big picture of mining, environmental requirements under P.L. 95–87, and the whole State program approval process.

So much for the factual needs. On the perceptual side, I find that no one on the Hill knows who we are, and this mitigates against us to a very great degree. Additionally, our "constituency" is perceived to be narrow focus and Washington, D.C. oriented.

It is therefore important that we begin to:

1. Meet with individual Members. In these meetings we should walk the Member through the particular coal situation in his State (if any); outline the general State submission and approval process; brief him on the current status of his State program (if any), including any particular problems, and mentioning significant enforcement actions; explain the State window concept and the other variance allowances in the program; give simple examples of how the State window and variance procedure applies in his State; describe with examples why the regulations are more detailed than the Act; and explain the impact of S. 1403.

Attached is an initial proposed list of who needs to be seen, and a suggested outline of how to coordinate the information for the meetings.

2. Develop an internal, DOI task force to augment and support our Hill activities. This should include Bob Uram, someone from Guy Martin's operation, Gary Catron, among others. Conceivably, members of this group could follow up our meetings and elaborate, for instance, on what the Ford-Hatfield amendments mean in terms of the Coal Management Program. Bob Uram is now working up a list of specific variance allowances in the regulations and examples for each.

3. Outside lobbying. I am concerned at the narrow base of our support, and will set up a task force to broaden it. I am setting up a group that will bring in The League of Women Voters, CEQ, the Farmers Union, National Association of Counties, League of Cities, and other environmental groups. The point here is that we are going to need local officials from Iowa and Illinois knocking on doors and telling what the "Rockefeller" amendment means for the protection of prime farmland; local sportsmen and fishermen talking to their congressmen about the potential impacts on game and fish, etc.

4. Press strategy. I have no thoughts on this except to seize events—such as the impending Federal lands rulemaking and the State window elaboration—to hold press briefings for all the reporters who write for coal State papers.

If you agree, I will go ahead and begin to set meetings up, on a prioritized basis, beginning as soon as possible. For each, I will prepare a short background on the Member, a list of District-specific or State-specific issues, and status of the State program and significant enforcement problems.

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U.S. Department of the Interior,
*Washington, D.C., September 20, 1979.*
Memorandum.
To: Walter Heine, Paul Reeves.
From: Len Stewart.
Subject: Briefing Interest Groups on S. 1403—FYI.

I met this morning with representatives of Environmental Policy Center (EPC), Natural Wildlife Federation (NWF), League of Women Voters (LWV), National Farmers Union (NFU), and Powder River Basin Resource Council to map out a House lobbying strategy and assign tasks.

Bob Mullins (NFU) felt he could enlist labor support and will meet early next week with Doug Fraser (UAW) and William Winpisinger (Machinists). The most we can probably expect is to get labor signatures on a letter of opposition to S. 1403 for distribution to the House. However, even this gesture could help foster a perception of broader based support, especially when combined with farm support.

Mullins will activiate State NFU chairmen, who have a great deal of impact with Western Members and Governors. Mullins will also bring them to Washington when appropriate.

League of Women Voters will likewise activate local and State chapters, and will be able to provide local representatives from key districts for work here.

Additionally, these groups will begin to solicit the interest and help from local elected officials in key districts (primarily Midwest and West) on the subject.

This group will meet again next week to assign new tasks.

Subsequently, Gus Speth (CEQ) and I met with representatives of some thirty national conservation groups, briefed them on the provisions of S. 1403 and asked them to get mailings out to their local affiliates right away.

Gus also volunteered to give Stu Eisenstat a call to try to get a White House position on the veto question.

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U.S. Department of the Interior,
*Washington, D.C., September 28, 1979.*
Memorandum.
To: Walter Heine, Paul Reeves, Mike Sullivan, Gary Catron, Bob Uram.
From: Len Stewart.
Subject: Meeting with Interest Groups—FYI.

I had a second meeting yesterday with representatives of the National Wildlife Federation, National Farmers Union, Environmental Policy Center, and the League of Women Voters. Also in attendance were Kathy Fletcher, Chuck Warren (EPA), and Carolyn Isber (CEQ).

It was confirmed that Rahall is beginning to contact coal State Members, both on and off the House Interior Committee (sample letter to Bob Carr attached) and has reportedly gotten 25 signatures on a letter to Udall requesting speedy consideration of S. 1403 (or H.R. 4728). The number of signatures is somewhat in question, since Rahall is cornering Members on the Floor who have not been briefed by staff on Udall's opposition. Several Members have had second thoughts upon returning to their offices—Florio and Patterson for example.

Interest group representatives spent (wasted) an inordinant amount of time quarrelling over language in a proposed joint letter of criticism to Senator Kennedy.

When the discussion finally turned prospective, interest group representatives levelled a great deal of criticism at the Department and White House for not having made a public statement of renewed opposition to S. 1403—they claimed this was hampering their lobbying efforts on the House side.

To a certain extent, I agree that, to the extent the issue and our opposition has not been raised publicly in the House side, Rahall is better able to get unwitting signatures on his letter. Is there a possibility of putting together a short re-statement of opposition for House-side distribution? Perhaps the best format would be a letter to Udall. Udall and Seiberling may put out their own "Dear Colleague" in an attempt to counteract Rahall.

Finally, Kathy Fletcher acknowledged that a White House signal would be helpful, and will talk with Eisenstat about it.

Plans for Director Heine to meet with coal State Members were well received.

Attachment.

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### S. 1403: Possible Strategy Options for the Office of Surface Mining

Following is an outline of possible actions, inspired by the meeting between Walter Heine, Paul Reeves, Regional Directors and

Assistant Directors on September 19, 1979, to defeat S. 1403 in the House of Representatives.

1. Abandon the permanent program regulations entirely and rewrite. This option is predicated upon the assumption that the only way to overcome the deep-seated antipathy the Office of Surfacing Mining (OSM) has apparently generated among the States and the industry is to sacrifice the regulations as the primary source of irritation, thus providing evidence of OSM's good-faith intention of adopting a more cooperative posture toward the States. The option fails to take into account the fact that each has special problems with the regulations (aside from the general complaints about the State window approach and the unrealistic time frame). It would severely disrupt the process of State program approval by denying the Secretary access to the regulations as guidelines. Most likely, it would be even more unsettling in its effect than the Rockefeller amendment portion of S. 1403. In short, this would be a classic case of throwing the baby out with the bathwater.

2. Mollify Rockefeller by agreeing to limited amendments of performance standards in the Act. Assumption here is that the only trade-off Governor Rockefeller would seriously consider for withdrawing his amendment in S. 1403 would be the Secretary's agreement to modify those performance standards which are particularly onerous to Appalachian steep-slope operators (i.e., bonding liability; hydrologic requirements; areas unsuitable provisions). Another assumption is that the Secretary can effectively control the process of amending the Act, despite evidence to the contrary as seen in the ill-fated agreement he concluded with Jackson, Udall, Hatfield, Byrd and Ford, limting S. 1403 to deadlines and the Federal lands issue. Any such effort would probably alienate Udall and the environmentalists permanently. They could justifiably view it as a sellout or (at best) an act of sheer desperation.

3. Split the western governors from the bill's supporters by promulgating or publishing all possible changes in the regulations immediately. This option assumes the process of gaining Secretarial approval for change in the regulations can move rapidly enough (i.e., within three weeks) to affect the vote in the House. It assumes that Gov. Herschler, as the persumptive leader of the western governors bloc, would be satisfied with the changes in the Federal lands program regulations suggested by the Secretary during the Senate consideration of S. 1403. Neither assumption is likely to be well-founded, since the approval procedure at the Department of the Interior is cumbersome, and since no definitive response to the proposal has been received. Although it is clear that governors must be offered something tangible if they are to be persuaded to retire from the fray, this may be too little and too late.

4. Mollify Rockefeller by agreeing to amend the Act to increase flexibility for State program submissions (State window). This option assumes that Gov. Rockefeller's legislative goal is limited to the State window-consistency issue (all parties are agreed on the need for extending deadines for State program submittal and approval). However, there appears to be no assurance, based on discussions at regional levels, that this offer would satisfy the Governor. He has achieved a major victory in the Senate by the 26–20 passage of S. 1403 and can now reasonably expect that the momentum of the vote will carry the bill through the House. If a Presidential veto were an absolute certainty, this option might have more appeal. Unfortunately, absent any signal from the White House giving unqualified commitment to veto the bill, Gov. Rockefeller can always hope the President will back off in a pinch.

5. Propose direct negotiations between the Secretary and Rockefeller and Herschler. Assumption here is that the problem of determining the bottom-line position of the two key governors is insoluble as long as discussions are carried on at a lower administrative level. Until their positions are known, any attempt to split up the coalition of governors supporting S. 1403 is unlikely to succeed. Intense State lobbying in support of the bill must be expected in that case. Short of White House involvement, Secretary Andrus is the official in the Administration most likely to have the needed authority and prestige for opening meaningful negotiations with the governors. The aim would be to discover whether changes in the regulations or the Act in line with Options 3 and 4, would meet the basic requirements of either or both governors, and if so, to make a commitment to support or initiate such changes.

6. Propose an informal discussion between Andrus, Udall, Symms (?), Rockefeller and Herschler. This option assumes that none of the participants wants to gut the Act or to seriously jeopardize its implementation. It assumes a consensus that the Rockefeller amendment does address a genuine problem concerning lack of confidence on the part of the States in the validity of OSM's State window concept. It assumes that any agreement would not meet the same fate as did the agreement between the Secretary and the Senate leadership and Udall. It assumes Udall would be amenable to amendments in the Act responsive to Rockefeller's requirements. None of these assumptions are particularly well-founded. Much would depend on the credibility of Udall's stated threat to bottle up the bill in committee.

7. Rely on Udall to bottle up the bill in committee or subcommittee. Assumption here is that Udall has the votes in the House Interior Committee to block further action on the bill. Such does not appear to be the case. A massive lobbying effort by environmentalists and consumer groups who originally supported the Act might make the difference, but it is unlikely. Given their present state of disarray, as exemplified by the Senate debacle, the coalition of anti-S. 1403 forces cannot be reasonably expected to exert much of an impact. If Udall holds extensive hearings, their testimony could provide a strong record, such as was missing in the Senate debate. The general feelings of hostility toward the Administration on other environmental issues will probably sap much of the will to launch a really effective campaign.

8. Regional Directors proceed to lobby the governors of coal-producing States. It is perhaps a reasonable assumption that Regional Directors in general enjoy a greater degree of respect and rapport with governors than does Washington. However, this option also assumes that the Regional Directors would be lobbying from a unified OSM negotiating posture. It is very doubtful if the Regional Directors are in any position to affect a significant amount of negotiation on substantive issues surrounding S. 1403. Nor is it clear that they can clarify the true position of the governors. This option could lead to all kinds of confusion.●

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U.S. DEPARTMENT OF THE INTERIOR,
*Washington, D.C., Aug. 10, 1979.*

Memorandum.
To: Walter Heine, Paul Reeves.
From: Len Stewart.
Subject: Prognosis, S. 1403.

### STATUS

As you know, the Senate adjourned on August 3 without having acted on S. 1403.

To a great degree, Senate inaction can be attributed to the last minute music applied on the Senate side. We should not fool ourselves into believing that the importance of the bill to its proponents has in any way diminished. They were straining at the leash in the last several days. Attached (Tab A) are copies of Floor statements by Senators Byrd and Hatfield.

On the House side, Udall has introduced at our request H.R. 4728, a simple seven-month extension bill, which he has referred to his own Subcommittee on Energy and the Environment. Due to the recent Flannery decision, and the failure of the Senate to act, the bill has received little attention to date.

This situation will not last much longer. Rep. Nick Joe Rahall, Chairman of the Coal Caucus, is a member of Udall's Subcommittee and has committed himself to pushing the Ford-Hatfield package on the House side.

### OUTLOOK

#### *Senate*

Had a vote occurred soon after the Senate bill was reported from Committee, we would have lost. By having Senators Proxmire and Metzenbaum put a "hold" on the bill, we bought enough time to develop and circulate the Secretary's letter and the Environmental Study Conference Fact Sheet to all Senate offices (Tab B).

#### *House*

Udall will sit on H.R. 4728 as long as is possible to see what the Senate does. Should the Senate pass S. 1403 in its present form, Udall will be under increased pressure to act. He can then attempt to insist on a series of hearings, and I will work with his staff on choreographing them. One possible hearing could focus entirely on our analysis of the Consol study. Mark Boster believes we could put on a very good show on this subject, and Committee staff likes the idea.

If, after hearings, there is pressure to act, we can count on a firm 9 Subcommittee vote out of the total 24:

Udall, Bingham, Weaver, Carr, Markey, Kostmayer, Howard, Corrada, and Eckhardt.

At present against us are likely to be:

Rahall, Cheney, Marlenee, Huckaby, Marriott, Lujan, Symms, and Edwards.

Votes that could go either way are:

Mathis, Bereuter, Austin Murphy, Evans, Vento, Sharp, and Clausen.

The only potential immediate problem on the House side is that, if Rahall becomes impatient with Udall's pace, he could attempt to have the bill brought out of Subcommittee for Full Committee consideration through the process of a discharge petition, which requires a majority vote of the Full Committee. Generally speaking, the Full Committee is more conservative, has higher percentage of Westerners and coal State Representatives, and is therefore harder for Udall to control than the Subcommittee. Committee staff indicates that, were discharge petition to be brought up tomorrow, chances of it succeeding would be good.

### NECESSARY NEXT STEPS

Generally, our visibility has not been good in the Congress. We need to make more personal contacts with both Members and staff, on everything from routine casework and periodic briefings on the status of their State's program to advance consultation and notice of OSM activities that affect them and their States/districts.

This will help us dispell the industry/State created myth that we are high-handed, rigid, and inflexible, and will also help us pick up advance warning of trouble spots and a chance to counteract what each Member is hearing from the operators in his State.

As a start, I have initiated a process whereby someone in my office will track every piece of casework from the Hill as it moves through OSM for either an answer or a decision, and will pick out those where it would be either appropriate or politically valuable for the answer to be delivered personally.

While this is by no means a definitive list, there are a number of specific actions which should be initiated in the future to turn the legislative situation to our favor.

1. Montana petition. As soon as a decision is made to go forward, the following should be personally notified, in advance of actual Record publication:

Senator Wallop. It was the likelihood that we would eventually move to rulemaking that persuaded him at the last minute to vote against the Ford-Hatfield package.

Senators Jackson and Melcher as a courtesy.

Senators Baucus, Young, Burdick, Garn, Hatch, and Simpson with the promise of a staff briefing on the details if they are unfamiliar with the issue.

Other Senators if the decision is to include more than the four cooperative agreement States.

Reps. Williams, Marriott, Marlenee, and Cheney, all Members of House Interior Committee, from the affected States, and likely to go against us at present.

Other Western House Interior Committee Members if the decision is to include more than just the four cooperative agreement States.

2. Virginia enforcement. We should cultivate Senator Warner, who is inclined to be reasonable on most issues. A personal call to him right away to explain the situation in Virginia and to assure him that we will proceed with discretion in the field could be invaluable.

3. Tug Valley. If anything of interest was noted during your trip, or if OSM is prepared to take any actions, it would be food to brief affected Members on your trip. A good forum for this will be the task force, which has been set up by the Virginia, West Virginia, and Kentucky delegations on the situation. They are scheduled to meet in several weeks, and I will work with Randolph's office on this.

4. State program submission. As State programs are submitted, we should meet with the State's Congressional delegation on those that look very good to discuss what future actions they can anticipate. Additionally, particular problems that may arise with a particular State program should be raised as they occur with affected Members of that State's delegation.

The above just represent the start. I will recommend additional actions as we get closer to Labor Day.

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U.S. DEPARTMENT OF THE INTERIOR,
*Washington, D.C., January 17, 1980.*

Memorandum.
To Walter N. Heine, Paul Reeves.
From Len Stewart, LCS
Subject Update—Congressional activities of interest.

1. West Virginia. I may have told you that Dave Callaghan followed up on his commitment to Paul Reeves last week and called Senator Byrd's office to praise our work with him and to outline the progress made to date and his hopes for early resolution in the legislature and submission of an approvable program. Byrd's staff was very much impressed, and has contacted Rahall's and Randolph's offices to pass the message along. More about Byrd under subheading 6 (DOE Authorization).

2. Virginia. We have gotten no expression of interest from the Virginia delegation over the recent Williams decision, and I have not initiated any contact. However, the ruling is bound to have some effect on Senator Warner's plans for an AOC bill. His staff was to have drafted a bill to amend P.L. 95–87 for introduction prior to the Christmas recess to relax both the AOC and highwall elimination requirements of the Act. I anticipate that they have had some difficulty in figuring out how to, or whether to bother reworking the AOC language, or just to add a practicality/economics test to the highwall requirement.

According to Warner's staff, the bill will be introduced next week. I, Gary Catron, and Ed Grandis have all asked for a chance to meet with Warner prior to introduction. Our requests have been met with interest, but have been refused to date supposedly because the provisions of the bill have not yet been determined. We'll just have to wait and see.

3. Energy Mobilization Board. You may recall that, although the EMB legislation deals almost entirely with so-called Priority Energy Projects, a Senate Floor amendment added language that would establish a one-year deadline for approving or denying all Federal oil, gas, coal, and uranium permits. The EMB legislation is still in conference, although most major substantive differences seem to have been resolved and final resolution could come next week. Early in the conference process, I slipped Stan-Scoville a memo outlining our potential problems with the one-year deadline in Region V. Luckily enough, the subsequent Administration position on the provision is consistent with ours.

It now appears that Jackson and a majority of the Senate Conferees agree with Dingell and Udall that the provision ought to be dropped in its entirety, but the next week to 10 days will tell for sure. We also provided Udall with a fall-back position in case it's necessary to clarify what constitutes a permit for purposes of the time deadlines. Unfortunately, the fall-back fix does not take care of BLM or USGS problems.

4. Land Surveyors. The land surveyors had their national convention several months ago and put together a position paper outlining their problems with P.L. 95–87. They have blanketed the Congress with the position paper and proposed legislation to amend the law to accord them equal status with professional engineers for the purpose of Section 507 of the Act.

A clever stroke was to neglect to mention anywhere in the position paper that P.L. 95–87 and its relationship to land surveyors only applies to coal mining. We have gotten a large number of Congressional calls on the subject from Members from Hawaii, North Carolina, California and other equally unaffected States.

All of this would be somewhat amusing if it weren't for the fact that, in the last week of the Session, a bill to amend Section 507 was introduced by Senators Thurmond and Hollings (South Carolina) for the purpose of alleviating the hardships caused to the land surveyors of South Carolina in the sand and gravel business. Thurmond's staff was inordinately embarrassed when I explained that the issue related to coal only, and I don't expect them to push very hard on this subject in the future. For insurance, I asked the National Association of Professional Engineers to initiate contact with Thurmond and Hollings.

5. *Regulatory Reform*. Senate Governmental Affairs Committee completed mark-up on an omnibus Regulatory Reform bill sometime late last summer, and the resulting product looked very much like the Administration proposal—rulemaking calendar and cost impact analysis requirements (much like current E.O. 12044). The bill was then sequentially referred to the Senate Judiciary, where it may be marked up early in the next Session. It is anticipated that the product emerging from the Judiciary Committee will look more like Subcommittee Chairman Culver's own Regulatory Flexibility legislation, which directs Agencies to investigate ways in which to reduce paperwork, reporting, and substantive regulatory requirements for small businesses where practicable.

As far as I can see, none of the possible provisions of the final Judiciary product will be terribly burdensome to OSM, since we are already complying with the requirements of E.O. 12044 and, by the time the bill is enacted, we should be substantially finished with major rulemaking (will that day ever come?). However, the legislation has a high potential for explosion when it reaches either the Senate or House Floor for debate, since there are some 200 other Regulatory Reform bills, many of which are pretty draconian, floating around the House and Senate, which could conceivably be offered as Floor amendments. This will bear watching.

On the House side, the Administration has not fared nearly so well, as its bill was sequentially referred to 3 Committees, and the one Regulatory Reform idea that seems to be moving in the House is a Sunset bill, which would set up a schedule for periodic review and/or termination of all Federal programs.

6. DOE Authorization/S. 1403. We came very close to another attempt to pass S. 1403 on the waning days of the first Session. In an effort to get a time agreement on the DOE Authorization, Majority Leader Byrd circulated a list of non-germane amendments he had been requested to have considered. S. 1403 was not on the list, which indicates that Byrd himself did not feel any particular pressure to act. However, the list came by mistake into the hands of the Senate Energy Committee minority staff who insisted, supposedly on behalf of Senator Warner that S. 1403 be added. S. 1403 was then added to the list as a Warner amendment, and the bill was scheduled for debate on the last day of the Session. Although the bill was never brought up due to a last minute glitch over the Fast Breeder Reactor, the interesting thing to this story is that, reportedly, when Warner heard that "his" mining amendment had been added to the list, he asked that it be removed, saying that it wasn't really his after all but would support the amendment if Senator Byrd or someone else wanted to push it.

If Byrd didn't want to push it and Warner didn't either, what is the driving force behind S. 1403? The answer is in a very critical Congressional Record insert by Senator Hatfield on the last day of the Session, which is attached for your information. Hatfield tries to make the case that, despite our "erratic, superficial, and, at times, misleading" flurry of new rulemaking, there is still a strong need for S. 1403, and that to allow us to continue to harrass the States and the industry spells doom for coal production.

Frankly, I'm not even certain that Hatfield's heart is really in continuing his offensive against us—I suspect that the real push is coming from Energy Committee Minority Staff. Our every action is colored and characterized to the Senator by Dave Russell, and staff is guarding Hatfield from environmental groups who have repeatedly been refused a meeting with him.

I think someone has to sit down with Hatfield personally in the near future and see just what his problems really are. I recall that the Secretary declined to contact him earlier in this drama, and that leaves you and Chairman Udall. I have mentioned this to Scoville who is considering it, and I would like to try to set up a meeting between you and Hatfield sometime before the end of the month if you concur.

7. Hearings.

a. General Oversight. Early indications are that the Senate Energy Committee does not at present have any plans for oversight hearings, but this could change when Ford returns next week. I have talked to Mike Harvey and Tom Laughlin and they agree with the importance of having no hearings before March 3.

On the House, side, I have lobbied Scoville very hard to postpone whatever hearings Udall may hold until after the March 3 deadline. I have also asked constituent groups to push him on this subject. To date, Scoville has not agreed, arguing that to hold hearings later in the year will look like collusion between us and the Chairman. I will watch Scoville very closely on this, and am almost persuaded that a call from the Secretary to the Chairman very soon on the subject might be a good idea. If you like, I can prepare a memo from you to the Secretary outlining the situation and asking for his involvement.

b. SOAP. Senator Huddleston's SOAP amendments have been referred to the Senate Energy Committee, and Huddleston is anxious to begin work on them in the Second Session. However, he understands our problems both with any amendments to the Act at this time, and our desire not to have hearings or mark-up of any sort until after March 3 at the earliest.

Additionally, I suggested that the Senate Small Business Committee might be a more neutral forum for exploratory hearings.

8. House Reorganization. In the waning days of the First Session, the House Committee on Committees, chaired by Representative Jerry Patterson, was able to report a proposal completely reorganizing House Committee jurisdiction over energy. The proposal represents, across the board, more accommodation and trading than good sense, and is made worse by some very sloppy staff work.

Essentially, the proposal creates a new House Energy Committee, while abolishing the Energy Subcommittee of the House Commerce Committee, meaning that Representative Dingell has the clearest shot at chairmanship of the new Committee, should it be established.

Reorganized into the new Committee would be jurisdiction over non-Federal coal, while jurisdiction over Federal coal would remain with House Interior. The environmental effects of coal production and utilization would remain shared between House Interior and House Science and Technology Committees. Where this leaves OSM and P.L. 95–87 is still in question, as the Committee proposal has not yet been finally printed (the mark-up and vote to report the measure was conceptual). However, it is highly likely that jurisdiction over P.L. 95–87 could be split between the two Committees, with Interior retaining sole jurisdiction over only the performance standards on Federal lands.

While Udall has promised to fight for us and Chairman Patterson has publically disassociated himself from the proposal, Speaker O'Neill has endorsed the proposal and Dingell will probably seek to make a deal with the Speaker and endorse it as well. This could become a major fight in the Second Session.

Professional betting is that Patterson's Committee won't be able to get to the House Floor for consideration until late in the Session, although even odds are being given on eventual passage.

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U.S. DEPARTMENT OF THE INTERIOR,
*Washington, September 18, 1979.*

To: Director.
From: Norm Williams.
Subject: Lobbying on S. 1403.

May I add my voice to those who are urging you to spend every possible moment during the next two weeks lobbying in the House against S. 1403?

Misperceptions of OSM and its regulations (as evidenced in the Senate debate) are rife. You are clearly the person most qualified to answer questions which key Congressmen may have about OSM's performance. I don't think we have much time.

In this effort, it might be well to assign Bruce Carroll to talk to members of the Massachusetts delegation and Rep. Santini on our behalf. I believe he could gain us some votes. While this may go against the grain somewhat, the issue is urgent enough to justify overlooking some of the usual inhibitions in the interest of stopping this bill.

## RECOGNITION OF SENATOR WARNER

The PRESIDING OFFICER (Mr. HEFLIN). Under the previous order the Senator from Virginia is recognized for not to exceed 15 minutes.

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## LOBBYING ACTIVITIES OF THE OFFICE OF SURFACE MINING

Mr. WARNER. Mr. President, I wish to commend my distinguished colleague from Oregon for his very forthright and courageous manner in bringing to the attention of the Senate, indeed the whole of the United States, these allegations which raise most serious questions, questions which in my judgment must be promptly examined by the Senate in hearings.

My colleague from Oregon has long been identified as a champion with respect to the preservation of our natural resources in this country, and I fully recognize and appreciate the sensitivity with which he approaches this issue.

I have had the opportunity in the past day to examine several internal documents prepared by officials of the U.S. Department of the Interior's Office of Surface Mining, concerning efforts by that agency to educate and influence Congress on legislation currently being considered—legislation which directly affects the Office of Surface Mining. These documents are among those which Senator HATFIELD has just inserted in the RECORD.

I have found these documents to be extremely disturbing. They provide a basis for allegations that OSM officials have engaged in concerted activities which come dangerously close to violating—if they do not, in fact, violate—section 1913 of title 18 of the United States Code, which prohibits lobbying with appropriated moneys.

Section 1913 in essence states that no moneys appropriated by any act of Congress shall be used directly or indirectly in any manner to influence a Member of Congress to favor or oppose, by vote or otherwise, any legislation or appropriation in Congress.

Funds appropriated by Congress must not be used to lobby Congress on pending legislation.

Persons found guilty of violating or attempting to violate that section of the United States Code are subject to fines of not more than $500 or imprisonment for not more than 1 year, or both, and after proper notice and hearing are subject to removal from office or employment.

Those are serious penalties—for a serious offense.

It appears from these documents that OSM initiated and carefully orchestrated an intense campaign to block passage, in the House, of legislation which had previously been approved by the Senate.

Moreover, the documents imply that OSM, in its scheme to thwart the will of the Senate, enlisted the aid not only of other Government agencies, including high administration officials, but also recruited private, nongovernmental organizations. These documents imply that OSM strongly suggested which arguments the private organizations should put forth to their congressional representatives in opposition to the legislation, and that the agency provided printed material for members of those organizations to send over their own signatures to their Representatives in Congress.

After S. 1403 was passed by the Senate on September 11, 1979, by an overwhelming mandate of 69 to 26, I was contacted by persons and groups who opposed the bill.

As a cosponsor and a strong supporter of the measure, I willingly made myself and my staff available to any and all who wished to talk to me about S. 1403.

Interestingly enough, I found that many of the groups opposing the bill used much of the same phraseology and raised identical points in their arguments.

When I talked to some of these groups, including some mentioned in the documents introduced by Senator HATFIELD, I found that they had been asked to oppose the bill after being given only a cursory explanation of the bill's provisions and after having inadequate time to carefully review it. Moreover, I found that the information being disseminated about the bill—about its force and effect—was full of half-truths and, in many instances, dead wrong.

It appeared that whoever was leading the opposition to S. 1403 was trading on long-past mining practices and playing on the fears of concerned citizens.

When I was able to discuss the merits of S. 1403 in a rational, quiet atmosphere which allowed both sides to air their views, I found, more often than not, that the opposition to S. 1403 was dissipated.

I thought at the time that this was just another orchestrated lobbying effort by private interest groups advocating their own vested interests. It appeared from my conversations that the leaders of this lobbying effort were playing fast and loose with the truth.

Little did I realize at the time how massive was this orchestration of effort, or who was the conducter of the symphony of lobbying that I was hearing.

If the facts are as they seem, this course of conduct by a governmental agency is, at best, highly improper—at worst, violative of 18 U.S.C. 1913.

If a governmental agency is indeed, expanding its own appropriated funds to change Congress mind on legislation, in effect substituting its will for that of the Nation's, then it is past time for Congress to scrutinize that agency's actions—and, indeed, to consider appropriate budgetary action.

I wholeheartedly support Senator HATFIELD's efforts to investigate allegations of wrongdoing and improper conduct by OSM in its daily operations. I appreciate his bringing these charges to my attention, and to the attention of the Senate.

However, this is not the first time that my attention has been drawn to alleged improper or questionable activities by OSM—actions which may well have thwarted the will of Congress.

In travels and meetings throughout

the coalfields of the Commonwealth of Virginia, my staff and I have heard an enormous number of complaints of alleged unfair treatment of Virginia's surface coal mine operators at the hands of OSM.

Generally, the complaints are that arbitrary OSM actions and policies have caused Virginia's coal operators irreparable financial harm and have forced many of them out of business.

The operators believe that OSM employees, operating under their own regulations and internal policies, are carrying out a vendetta against Virginia coal operators—in reprisal for the fact that Virginia's coal operators have chosen to assert their natural independent spirit and fight OSM's arbitrary actions through court litigation. The ultimate result of OSM's actions is that badly needed coal—coal necessary for this Nation's energy independence—is not being mined.

Last month, these same allegations—that OSM policies and actions under the Surface Mining Control and Reclamation Act of 1977 (Public Law 95–87) have stifled energy production—surfaced once again, this time in the Nation's newspapers in the form of charges made by a former OSM official.

He charged that OSM's regulations are incomprehensible, counterproductive, and not in the best interests of environmental and energy concerns. I found these allegations to be highly disturbing and of sufficient gravity to require congressional investigation. Consequently, on February 15, 1980, I sent a letter to our distinguished colleague, Senator Henry M. Jackson, chairman of the Energy and Natural Resources Committee, noting the seriousness of the former OSM official's charges and suggesting that, when Senator Jackson holds oversight hearings on OSM, his committee investigate these allegations thoroughly.

I ask unanimous consent to have printed in the Record at this point in my remarks a copy of my February 15 letter to Senator Jackson.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
*Washington, D.C., February 15, 1980.*
Hon. Henry M. Jackson,
*Chairman, Energy and Natural Resources Committee, Dirksen Senate Office Building, U.S. Senate, Washington, D.C.*

Dear Mr. Chairman: It has come to my attention that Ronald Drake, a high ranking official of the Interior Department's Office of Surface Mining (OSM), has been fired by the head of OSM following Mr. Drake's charges that the Agency's regulations are incomprehensible, counterproductive, and not in the best interests of environmental and energy concerns.

Although there can be no doubt that the Interior Department has the authority to dismiss its Schedule "C" appointees, Mr. Drake's dismissal is disturbing because of the reckless disregard it suggests for the balance between our Nation's environmental needs and energy needs—a balance called for in the law that Interior's OSM is responsible for carrying out.

OSM was created by the Surface Mining Control and Reclamation Act of 1977 (P.L. 95–87), a detailed piece of legislation enacted to regulate surface coal mining and land reclamation operations nationwide. Within the Interior Department, OSM was charged with carrying out that regulatory responsibility on the Federal level.

One of the major purposes of P.L. 95–87 is to . . . "assure that the coal supply essential to the Nation's energy requirements, and to its economic and social well-being, is provided and *strike a balance* between protection of the environment and agricultural productivity and the Nation's need for coal as an essential source of energy." (Emphasis added).

Mr. Drake, in various newspaper reports of his firing, has leveled some serious and highly disturbing charges regarding OSM's implementation of the Act.

He is quoted as charging OSM with attempts at enforcing "incomprehensible and counterproductive" reclamation regulations while buckling to pressures of "environmental extremists."

Mr. Drake, himself an environmentalist, states that OSM's regulations are so far beyond the intent of the Act "that they were improper, uncalled for and a political disaster, and not in the best interests of environmental concerns."

A recent newspaper account of the firing quoted Mr. Drake as follows: "This isn't a matter of Ron Drake and his job. The issue is whether or not we continue to overregulate with a runaway bureaucracy that is stifling energy production without a sound environmental return." According to that press account, Mr. Drake is concerned because environmentalists have had absolute, and virtually unlimited access to the OSM Director, far beyond the access of the industry that is subject to OSM's regulatory power.

At a time when the United States is trying to utilize and develop its large coal reserves, and thus become energy independent, it is troubling to read that OSM's operations are said by one of its own environmentalists to be "without a doubt crippling the coal industry." It appears from the newspaper accounts that OSM, due to outside influences in its operations, has completely lost sight of the balance between the Nation's environmental and energy needs called for by the Act.

Your Committee played a major role in drafting P.L. 95–87 and retained oversight jurisdiction over the Act's implementation and OSM's performance.

Oversight hearings on the Act, to examine how well the energy-environment balance is being met, have been held by your Committee on a regular basis. I believe the events surrounding Ronald Drake's dismissal are grounds for a renewed oversight examination.

The charges raised by Mr. Drake call into question OSM's implementation of a direct Congressional mandate. His statements strongly imply that OSM's operation is one of the factors preventing America from achieving energy independence. These points are serious enough to be aired fully before your Committee when it holds its annual oversight hearings this year on P. L. 95–87. Because of the weight of these charges, such hearings should be convened as soon as practicable, given the Committee's schedule. It is important, I feel, that the witness list should include Mr. Drake, as well as top officials from OSM and appropriate regulatory officials of the States.

Copies of news stories on the Drake dismissal are enclosed for your information.

With your permission, I would like to sit with your Committee during its oversight hearings on P.L. 95–87, and, if you think it is appropriate, be accorded the privilege of questioning the witnesses after the Committee members have completed their questions.

Respectfully,

John W. Warner.

[From Coal Outlook]

### Fired OSM Officials Blasts Heine

President Carter made a mistake when he named Walter Heine director of the Office of Surface Mining, according to a former Heine aide.

The aide, special assistant Ron Drake, was fired late last month.

Drake charges that Heine pushed OSM into environmental extremism, creating an excessive regulatory burden that will cripple coal production and ultimately set back the cause of mine reclamation.

Although OSM accepts comments from states, industry and labor, Drake says the agency generally ignores their opinions.

Public involvement "has been form without substance," Drake charges.

"The only folks who had access to Heine were the more extreme environmentalists like Louise Dunlap Brown."

OSM's guiding principle is that "you can't trust the states," Drake says.

"Congress made the judgment that states were competent to regulate surface mining and the bureaucracy doesn't have the right to substitute its judgment for Congress," he says.

At the same time, Heine is being disloyal to the administration by ignoring calls for reduced paperwork and bureaucracy, Drake charges.

OSM regs were created in an atmosphere of arrogance, Drake contends. He gives this example:

When OSM defined what constitutes "Best Available Technology" in strip mining, the drafters said that means any technology in existence in any part of the world.

Even if the machine or process wasn't actually available to U.S. miners because of political or patent problems, it would still be considered "best available" technology.

The regs state that the technology doesn't have to be proven effective before OSM can require its use.

Writing regs this way "is not an intellectually honest process," Drake says.

Drake was listed as No. 3 in the OSM bureaucracy and was supposed to function as Heine's confidant and aide.

"It just hasn't worked out very well," Heine told *Coal Outlook*. "He had opinions with which I didn't agree."

Heine didn't want to go into details on the policy split between the two men. But sources said Drake had been the only top OSM official privately calling for a withdrawal of the agency's regs for complete rewriting.

Drake came to his position after working in the Carter election campaign and transition team.

Drake also served two terms in the Indiana legislature, working for better reclamation laws. His seat was gerrymandered out of existance as a result, Drake says.

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[From the Kingsport Times-News, Feb. 7, 1980]

### Former Reclamation Official Blasts OSM

(By Sheryl Morris)

Washington.—A former high ranking official of the federal Office of Surface Mining has charged the agency is enforcing "incomprehensible and counter productive" reclamation regulations while buckling to pressures of "environmental extremists."

Ron Drake, former special assistant to the director of OSM, said the agency is determined to usurp the power of the states in regulating strip mining and is "without a doubt crippling the coal industry."

Agency policymakers "don't make any substantial decisions that aren't first cleared" with environmental heavyweights, such as those from the Environmental Policy Center, Drake charged.

B. V. Cooper, executive director of a Virginia coal industry group which recently waged the first successful court challenge to federal reclamation laws, said he will ask for a congressional investigation of OSM.

Spokesmen for state and national coal industry groups this week echoed the call for an inquiry.

William Kelce of the Alabama Surface Mining Reclamation Council concurred with Cooper's observation that "Drake's comments confirm OSM is staffed with abolitionists and known environmental extremists that are out to wreck the coal industry.

"Every company and state association will tell you the same thing," Kelce said, "except those afraid of OSM retaliation."

Cooper said he will help press for a full congressional investigation of OSM "because of the gravity of Mr. Drake's charges—especially since he is knowledgeable of the inside workings of OSM as the number three man there."

OSM director Walter Heine could not be reached for comment at his Washington office, nor could spokesmen of the Environmental Policy Center and Institute.

Drake said he was fired by Heine Jan. 21 because of his continued opposition to the agency's complex and voluminous" reclamation regulations. "Although I've always felt strip mining should be regulated, it should only be in a reasonable fashion," Drake said.

His efforts to give industry complaints a closer look were ultimately met with demands for his resignation, then his firing, he said.

"This isn't a matter of Ron Drake and his job. The issue is whether or not we continue to over regulate with a runaway bureaucracy that is stifling energy production without a sound environmental return."

He charged environmentalists "have had absolute access to the director, far beyond the access of industry."

Ben Lusk, head of the Mining and Reclamation Council of America, said OSM officials are upset "because one of their people is breaking ranks."

While the coal industry is eagerly pouncing on Drake's comments as vindication of their claims, Lusk indicated it could have been more a boon if the public disclosures and attention had been generated while Drake was still with OSM.

Drake is, however, bringing attention "to the fact that just about everyone at OSM has a background of environmental activism."

Some allege Heine is the "fair-haired boy" of a leading figure in the Environmental Policy Institute, who reportedly has family ties to an official in the Department of Interior—the department which oversees OSM.

Drake said he saw it demonstrated repeatedly that OSM decision makers have "a basic distrust of the states and belief that OSM knows more about regulating surface mining than they do. I think that is a false assumption."

Kelce, the Alabama industry spokesman, agreed that industry has said all along that "OSM never had any intent to let the states regulate the coal industry."

Heine was quoted in the January edition of Landmark, a coal industry publication, as saying "it would be naive for anybody to think that there is ever going to be a lot of sweetness and light between OSM and the states."

The 1977 U.S. Surface Mining Control and Reclamation Act was "built on the premise that the states are not regulating well enough," Heine said in the interview. "Therefore it is necessary to establish a federal agency and federal minimum standards to see to it there is a certain minimum level of enforcement in the country."

Lusk argued OSM was instead "establishing maximum guidelines that no state can follow. It's unlikely most states will be able to submit their own programs in time. And I don't think OSM is going to give up its bureaucracy without a fight."

Heine addressed that point in the LandMarc interview, saying OSM would withdraw to a "primarily oversight role" in states that have their permanent enforcement program approved during the next year.

Drake took the position that it would be "premature to pass judgment" whether OSM would make a sincere effort to allow state primacy in enforcement. But he warned, "I don't really foresee any substantial change in OSM's policy."

A U.S. District Court judge questioned in a recent opinion the option given to states for assuming the primary reclamation enforcement role in strip mining.

Judge Glen Williams wrote in a Jan. 3 memorandum opinion that the federal reclamation act "allows the state to elect to have its own regulatory program instead of having federal regulation, but then mandates that the state law comply in complete detail with the federal law."

"The choice that is purportedly given is no choice at all."

Williams' precedent-setting decision, expected to be appealed by the Justice Department to the U.S. Supreme Court, overturned major provisions of the federal act in Virginia. A federal spokesman said yesterday a decision could come in the next few days on the appeal.

Drake said his main concern was OSM's "addressing the means" for reclaiming strip mined land, rather than following the "intent of the act" to oversee the end result of reclamation efforts.

"The regulations just have to be modified, he said."

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[From the Richmond (Va.) Times-Dispatch, Feb. 7, 1980]

### U.S. Mining Official Is Fired

Roanoke.—A high-ranking U.S. Office of Surface Mining official who suggested the agency's regulations should be withdrawn and revised has been fired.

Ronald Drake, special assistant to OSM Director Walter Heine for nearly two years, told agency officials that proposed permanent regulations to enforce the 1977 Surface Mining Control and Reclamation Act went far beyond what Congress had in mind.

He criticized the regulations as too voluminous and so far beyond the intent of the act "that they were improper, uncalled for and political disaster, and not in the best interests of environmental concerns."

Surface mine operators in Virginia made similar complaints in their suit challenging the act. U.S. District Judge Glen Williams found parts of the act unconstitutional. OSM officials are appealing the decision.

Heine asked for Drake's resignation Jan. 21 and, when Drake refused to resign voluntarily, Heine fired him, The Roanoke Times & World-News has reported.

Drake said the main reason Heine gave was basic philosopical differences between them, mostly over the regulations.

"The reason given to me in writing was that my services were no longer needed," Drake said.

As an OSM official, Drake said, he kept his misgivings within the agency but now he was willing to express them publicly.

He said he thought small but vocal environmental groups—some of which were out to abolish the strip mine industry nationally—exerted an inordinate influence over the agency.

Drake and other OSM officials listened more to them than to industry spokesmen, state representatives and others, Drake said.

"I am requesting full and complete congressional hearings on Mr. Drake's charges," said B. V. Cooper, executive director of the Virginia Surface Mining and Reclamation Association Inc., which filed the suit challenging the constitutionality of the federal act.

Steve Griles, with the Virginia Department of Conservation and Economic Development, expressed surprise at Drake's dismissal.

"I'm really disappointed because he was one of the few people, I think, who understood the state's problems," Griles said.

Heine said he absolutely rejects the idea that environmental extremists have too much influence over OSM and that the matter had nothing to do with Drake's being fired.

"Well, he's obviously entitled to say anything he wants," Heine said when told of Drake's charges.

"He was hired to be my special assistant, my aide and confidante, and after a year and a half it was just clear that he had not gotten the confidence of the staff."

"I've thought of resigning any number of times," Drake said, but he felt his was the only moderating voice in OSM. "I stayed and this, of course, has been the end result.

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[From the Roanoke (Va.) Times & World-News, Feb. 7, 1980]

### Criticized Regulations—U.S. Official Fired From Mining Post

(By Paul Dellinger)

A high-ranking U.S. Office of Surface Mining Official who suggested the agency's regulations should be withdrawn and revised has been fired.

Ronald Drake, special assistant to OSM Director Walter Heine for nearly two years, told other top officials in the agency that its proposed permanent regulations to enforce the 1977 Surface Mining Control and Reclamation Act went far beyond what Congress had in mind.

He criticized the regulations as too voluminous and so far beyond the intent of the act "that they were improper, uncalled for and a political disaster, and not in the best interests of environmental concerns."

Surface mine operators in Virginia made similar complaints in U.S. Western District Court last year, in a suit, where parts of the federal act were found unconstitutional. OSM officials are appealing the decision.

On Jan. 21, Heine asked for Drake's resignation and, when Drake refused to resign voluntarily, fired him.

Drake said the main reason Heine gave was basic philosophical differences between them, mostly over the regulations.

"The reason given to me in writing was that my services were no longer needed," Drake said.

As an OSM official, he told the Roanoke Times & World-News, he had kept his misgivings within the agency, but now he was willing to express them publicly.

He said one of those misgivings was that small but vocal environmentalist groups—some of which were out to abolish the strip mine industry nationally—exerted an inordinate influence over the agency. Drake and other OSM officials listened more to them than to industry spokesmen, state representatives, and others, Drake said.

"I am requesting full and complete congressional hearings on Mr. Drake's charges," said B. V. Cooper, executive director of the Virginia Surface Mining and Reclamation Association Inc., which filed the suit challenging the constitutionality of the federal act.

He said operators in the association had been making the same charges for the past 2½ years, and they had been ignored by Rep. Morris Udall, D-Ariz., chairman of the House Interior Committee, and others "and now Mr. Drake is just confirming what we have been saying."

Steve Griles, with the Virginia Department of Conservation and Economic Development, expressed surprise at Drake's dismissal.

"I'm really disappointed because he was one of the few people, I think, who understood the state's problems," Griles said. OSM needed someone with the state perspective in working with coal-mining states in setting up their own programs to comply with the act, he said.

Heine said he absolutely rejects the idea that environmental extremists have too much influence over OSM, and said that matter had nothing to do with Drake's being fired.

"Well, he's obviously entitled to say anything he wants," Heine said when advised of Drake's charges. "He was hired to be my special assistant, my aide and confidante, and after a year and a half it was just clear that he had not gotten the confidence of the staff."

"Drake had held the position since April 1978.

"I've thought of resigning any number of times," he said, but he felt his was the only moderating voice in OSM. "I stayed and this, of course, has been the end result."

Drake, who now finds himself in the position of defending the surface mine industry, used to be seen as its opponent in environmental matters.

He ran for the state legislature in Indiana, where his family had been involved in coal mining for nearly 100 years and had helped organize the United Mine Workers union when it was established there.

He was elected from the coal-mining counties of Sullivan and Clay in southern Indiana, largely on an environmentalist ticket. He said his legislative career came to an end largely because the surface mine industry became vehement in its opposition to him.

He said he thinks the industry would now agree that he was on the right track at the time. But the result then was that he lost the seat he had held from 1962 to 1968.

He had been attending Indiana University law school while in the legislature, graduating in 1964. He practiced law in southern Indiana, taking many cases for citizens charging surface mine operators with illegal blasting, trespass and other offenses.

He participated in Robert Kennedy's 1968 presidential campaign in Indiana and California. In 1971, he coordinated the southeastern presidential campaign of U.S. Sen. Birch Bayh, D–Ind., working out of Georgia.

He stayed in Georgia and practiced law, and was Democratic Party chairman of his congressional district. He coordinated Bayh's southern campaign efforts in 1976 and, when Bayh withdrew, endorsed Jimmy Carter and joined that campaign.

His appointment to OSM came after that.

"I find myself in a rather uncomfortable position," he said of his defense of the industry. "The issue has been turned on its head for whatever reason."

Drake said he began finding himself in disfavor within the agency when he pushed for some of the same things that were in Senate Bill 1403, which U.S. Sen. John Warner, R–Va., took under his wing. The bill would have extended the deadline for states to submit their proposed permanent regulatory programs to OSM for approval.

An amendment to cancel OSM's implementing regulations and let the state come up with its own rules under the federal act, was incorporated in the bill at the urging of West Virginia Gov. John D. Rockefeller IV. The Senate passed it Sept. 11 by a 68–26 vote; it is pending in the House.

Drake said he felt that bill was a last resort for coal states because they had been unable to get a sympathetic ear from OSM. He termed it a political process to right bureaucratic wrongs and said he agreed with it.

When the amendment came forth, he said, he stated at a senior level staff meeting of OSM that the agency should withdraw its regulations and revise them. He said he felt complaints from the industry and from congressional critics were justified, and that was the only way the agency could deal with their objections.

"That was rejected out of hand by the director," Drake said. "And from that time forward my position with the agency became almost untenable."

He said he was left out of any agency policy decisions and got no regular assignments from that time until his dismissal.

Drake referred specifically to a Washington-based lobbying group called the Environmental Policy Center, which, he said, had an inordinate influence on OSM. "I think that the environmental group which has had an influence over the agency has an abolitionist leaning (toward strip mining)," he said.

The agency listens to such groups with a more sympathetic ear than to the industry or other parts of its constituency, he said.

"My position has not changed," he said. "If the coal operator is going to strip, he should put the land back in as good or better condition as he found it."

But Drake said the agency should establish the requirements for reclamation and then let the operator achieve them, rather than forcing voluminous requirements that might not achieve them on the operator "because I don't think that expertise exists within the agency."

He said he told others in OSM that the agency had gone far beyond the intent of Congress when the act was passed, and that the result could be a political disaster not only for the agency but the Carter administration too.

Mr. WARNER. On March 7, Senator JACKSON responded to my letter, indicating that he was asking the Director of OSM to report on the policy matters I raised.

I ask unanimous consent that Senator JACKSON's letter of March 7 to me, with enclosures, be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE ON ENERGY AND
NATURAL RESOURCES,
*Washington, D.C., March 7, 1980.*

Hon. JOHN W. WARNER,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR WARNER: Thank you for your letter of February 15, regarding the dismissal of Ronald Drake from the employ of the Office of Surface Mining—Reclamation and Enforcement.

I have asked the Director of that Office to supply me with an explanation of Mr. Drake's departure. Enclosed is a copy of my letter. I will be happy to share his response with you.

Sincerely yours,
HENRY M. JACKSON,
*Chairman.*

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COMMITTEE ON ENERGY AND
NATURAL RESOURCES,
*Washington, D.C., March 7, 1980.*

Mr. WALTER N. HEINE,
*Director, Office of Surface Mining—Reclamation and Enforcement, Department of the Interior, Washington, D.C.*

DEAR MR. HEINE: Enclosed is a letter I received from Senator John Warner asking the Committee on Energy and Natural Resources to hold hearings on the dismissal of Ronald Drake from the Office of Surface Mining—Reclamation and Enforcement.

It has always been Committee policy not to hold hearings on personnel matters. However, I believe that the policy issues raised by Senator Warner in his letter should be addressed.

Please explain the circumstances of Mr. Drake's departure from the employ of the Office of Surface Mining.

Sincerely yours,
HENRY M. JACKSON,
*Chairman.*

Mr. WARNER. Believing that it was imperative to our Nation's energy balance to investigate in a timely manner, by Senate Energy Committee oversight hearings, the charges raised against OSM, I renewed my request for such hearings to Senator JACKSON in a letter dated March 20, 1980.

I ask unanimous consent that my March 20 letter to Senator JACKSON, with enclosures, be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
*Washington, D.C. March 20, 1980.*

Hon. HENRY M. JACKSON,
*Chairman, Energy and Natural Resources Committee, Washington, D.C.*

DEAR MR. CHAIRMAN: Thank you for your response to my letter of February 15 concerning the serious policy issues raised by Mr. Ronald Drake following his dismissal from the Interior Department's Office of Surface Mining (OSM). I appreciate your asking the OSM Director to report on the policy matters I discussed.

Let me emphasize, however, that Mr. Drake's actual separation from OSM is not at issue. As I noted in my February 15 letter, Mr. Drake's dismissal seems to have been within the authority of the Department of the Interior. I wholly concur with the policy of your Committee not to hold hearings on personnel matters, and it was not my intention to suggest that Mr. Drake's dismissal should be made a subject of the Committee's oversight hearings. I regret any misunderstanding on this score which may have occurred.

What is at issue, instead, is the clear policy significance of Mr. Drake's allegations that OSM's implementation of the Surface Mining Control and Reclamation Act of 1977 (P.L. 95–87) has been unbalanced, counterproductive, and against the interests of both environmental and energy production interests.

It is this critical policy question, rather than Mr. Drake's dismissal, which I wished your Committee to address in a timely oversight hearing—a request which I now respectfully renew.

In particular, I am deeply concerned that OSM's rulemaking actions may have lacked the balance between coal production and environmental protection called for in P.L. 95–87, and thus may have stifled energy production without a sound environmental return in clear contradiction of Congressional intent. Mr. Drake's statements, from his perspective as former Special Assistant to the OSM Director, have served to reinforce that concern.

Further, Mr. Drake has alleged that OSM's rulemaking activities have been dominated by environmental extremists, and that OSM has systematically and deliberately ignored input to the rulemaking process offered by representatives of the coal industry subject to OSM regulations.

While such allegations have been made before by persons within the coal industry, never to my knowledge have they been made by an OSM official who, by virtue of his position while with the agency, had intimate knowledge of OSM's policy-making process.

If Mr. Drake's allegations should prove to be well-founded, it would mean that a program vital to this nation's goal of energy independence is being subverted and the will of Congress is being ignored. It would be unconscionable if a federal agency were allowed to thwart the production of our most abundant domestic energy resource—coal.

A thorough review of these charges by your Committee would be a proper and, in my view, a necessary exercise of its oversight responsibilities. I cannot doubt that OSM and all other interested parties—including environmental groups, industry leaders, the Administration, and Mr. Drake—would warmly welcome the opportunity of appearing before your Committee, in order to air these policy issues openly, remove the cloud of suspicion, and determine the true facts.

As you are undoubtedly aware, the House Committee on Interior and Insular Affairs, after receiving a similar request from eleven Congressmen, has scheduled hearings on this matter for March 27 and 28. Enclosed are copies of letters to Chairman Morris Udall, dated February 25, 1980, and his response dated March 11. It is my hope that the Senate will be accorded a similar opportunity.

Accordingly, Mr. Chairman, without contesting in any way the Administration's authority to dismiss Mr. Drake for any reason it sees fit, I respectfully renew my request that the substance of Mr. Drake's allegations about OSM be examined in timely fashion during your Committee's oversight hearings on P.L. 95-87.

Though there is no need to dwell on Mr. Drake's separation as an OSM personnel management issue, I believe there is an obligation to examine the validity of the serious questions Mr. Drake's statements have raised about OSM's subtantive policy and procedure.

Sincerely,

JOHN W. WARNER.

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COMMITTEE ON INTERIOR AND
INSULAR AFFAIRS,
*Washington, D.C., February 25, 1980.*

Hon. MORRIS K. UDALL,
*Chairman, Subcommittee on Energy and the Environment, Cannon House Office Building, Washington, D.C.*

DEAR MO: As you may know, there has been considerable controversy surrounding the recent firing of Mr. Ron Drake with the Office of Surface Mining (OSM). The former special assistant to the Director of OSM, Mr. Drake has made some very serious accusations concerning the manner in which OSM functions. For example, Mr. Drake alleges that Mr. Walter Heine has managed OSM in a manner that can only be characterized as one of "environmental extremism." Mr. Drake was also quoted as saying that public involvement in drafting surface mining regulations "has been form without substance."

This is an extremely serious matter which we, the undersigned, believe warrants an investigation by the Energy and Environment Subcommittee. Since you have previously indicated your commitment to hold oversight hearings annually over the implementation of the Surface Mining Control and Reclamation Act, we believe that Mr. Drake should be afforded an opportunity to testify at that time. Perhaps it would be timely if Mr. Drake could be available to testify at the upcoming OSM FY '81 authorization hearing.

We look forward to your early response to our request.

Sincerely,

Dan Marriott, Dick Cheney, Manuel Lujan, Nick Rahall, Steve Symms, Jerry Huckaby, Dawson Mathis, Mickey Edwards, Austin J. Murphy, Ron Marlenee, Doug Bereuter.

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COMMITTEE ON INTERIOR AND
INSULAR AFFAIRS,
*Washington, D.C., March 11, 1980.*

Hon. STEVE SYMMS,
*Rayburn House Office Building,*
*Washington, D.C.*

DEAR STEVE: This is in response to your request of February 25 that the Subcommittee on Energy and the Environment undertake an investigation of charges raised by Mr. Ron Drake regarding the Office of Surface Mining (OSM). You indicated that you believe Mr. Drake should be given an opportunity to testify at the Subcommittee's upcoming oversight hearings on the implementation of the Surface Mining Control and Reclamation Act.

Because the charges made by Mr. Drake referred to in your letter were of a very general nature, I asked a member of the majority staff to determine the basis of Mr. Drake's allegations. As you may know, two members of the minority staff were consulted about the possibility of a preliminary interview with Mr. Drake by staff and/or designated Members under groundrules of confidentiality agreed to by all parties. I am informed that a member of the minority staff has been told by Mr. Drake subsequent to these staff conversations that Mr. Drake is not interested in any preliminary discussions but seeks access to a public forum only.

Without knowing the substance of Mr. Drake's charges I am unable to determine whether this case involves allegations of a substantive nature meriting formal inquiry or strictly a personnel issue of little relevance to our oversight responsibilities. In any event, as is my custom in response to Member requests, I will schedule Mr. Drake to appear before the Subcommittee.

Sincerely,

MORRIS K. UDALL,
*Chairman.*

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### OSM INFLUENCED MOST BY SMALL EXTREMIST GROUPS, SAYS FORMER NO. 3 MAN

You either agree with Walter Heine or you don't work for OSM. That's why Ron Drake, the number three man in the Office of Surface Mining, was fired last month.

Drake, who was supposed to be Heine's confidant and first aide, got the OSM job after working in the Carter campaign and on the transition team. He had served in the Indiana legislature and was responsible for many of the reclamation laws in that state.

Here is what he told our Washington correspondent:

"From the time the regs were proposed, I felt that they had gone far beyond the Act, that they were too voluminous, almost incomprehensible, and in many instances, punitive.

"It's my perception that the agency has been in the thrall of small, extremist environmental groups. That in turn, has impacted the Director's decisions.

"Comments made by the states and the industry do not get the consideration to which they are entitled.

"On the other hand, others have inordinate access to the Director, and as a result of that, to the agency. They impact the direction of governmental regulations far beyond their numbers, their investment, and can skew the regulations to extreme positions.

"After all, if you have not lived in the coal regions of the country, and directly impacted the production and utilization of coal, and know the impact that that has on the society—and if you haven't lived in the struggle to try to get good and reasonable regulation, and if you haven't met a payroll, and you don't understand what it is to come up on Friday and be concerned whether you can make that payroll, and where your markets are, and where your cash flow is—then why should you be allowed to be the last voice, and get the last consideration given, before the regulations are finalized."

"During my experience with OSM, the Environmental Policy Center, under the direction of Louise Dunlap Browder, has had such an inordinate influence over the Director, and has had such pervasive impact through the various levels of the agency, that it has been contrary to good government. It has skewed the regulations, and it has harmed a cause that I had dedicated 20 years of my life to—the issue of reasonable and good reclamation and regulation. I'll put that up against any of these Johnny-Come-Latelies, who now substitute their judgment for mine, and for yours, and for labor's."

"My primary objection to OSM has been that a small group of people—the Environmental Policy Center—are extreme evironmentalists, whose judgments are substituted for a Gov. Rockefeller, whose career I have followed and observed all through the years as he involved himself first in the call for abolition of surface mining to where he has arrived today.

"I think the agency was started off with the leadership having been persuaded that you can't trust the states. When you consider the expertise the states have in coal mining, one can only wonder why Washington is the only repository of wisdom, particulary in the regulation of strip mining. It definitely is not.

"I do not think the bureaucracy has the right to substitute its judgment for a determination that has been made by the legislative process."

"Consistently, when regulations were discussed, or when any major decision of the agency was discussed, almost invariably the question arose in those staff meetings, what will Louise think? And we didn't have to put a last name on her to know who that referred to."

"I never really felt what Louise thought was the most important issue. I thought the most important issue was how would the regulations work in W.Va.? How will they work for Gov. Rockefeller? How will it work for Gov. Carroll in Ky.? Or how will it work for Gov. Hershler in Wyoming? Those were the issues I felt to be the most important.

"As a result of the Rockefeller amendment in S. 1403, there has been a change in OSM. I would call it primarily one of backing and filling and salvaging what you can, specifically, once S. 1403 passed the Senate, it was less than a week later at a staff meeting I was reminded very much of the Watergate process: how can we contain this, how do we best deal with it, how do we give the appearance of cooperating without giving away what we believe is right?"

"I've been surprised to see that there has consistently been a denial by the Director that S. 1403 had any impact at all. That's certainly an error."

Drake said that in that meeting after S. 1403 was passed by the Senate, he called for a complete withdrawal of the regulations for rewriting. This is when his downfall began, and eventually lead to his firing.

What was Heine's response to Drake when he called for a withdrawal of the regulations?

"Well it struck a sudden silence to begin with, his face just totally fell, the issue was glossed over, they merely returned then to the process of how do we contain it, and how do we deal with it."

"To a great extent within the agency there has been what I call a bunker mentality—it's we're right, I'm O.K., you're O.K.—and it's all those people out there who are raising the objections. Who just don't understand. And my position has been that those people out there are primarily the ones who do understand."

Officially, Drake was fired because Heine said he had failed to gain acceptance within the agency. Heine asked him to resign. Drake was not willing to resign, so he was fired.

How does Heine see OSM's future role?

"Past experience indicates that the agency has primarily felt it cannot trust the states." "There is an indication that contrary to what the Director said in his interview in LandMarc magazine that OSM does not appear to have the intent of fading away into the sunset."

"I think that if you watch closely now, the impact of S. 1403 has been so pervasive within the agency that there is a retrenchment going on within the leadership and the process itself."

S. 1403 is a sword hanging over their heads. It's one way to keep them responsive. If it were to go away, I don't know what would happen. I think that at this point the OSM leadership is confused, and they do not have a well thought out direction in which to go.

"I think the state regulatory agencies have felt themselves imposed upon and pressed from the very commencement of the program because of the arrogance they found within the agency (OSM)."

"Finally, I think that the states concluded they could only get the best of a bad deal."

"In many instances, the states have tired of the battle and have decided in fact that the only solution at this time is to substantially clone OSM's regulations."

"I do not believe that 1403 would ever have come into existence, would never have become an issue, had OSM been responsive to the authorities and the elected officials of the coal producing states."

"I believe S. 1403 came about as a political response to an out of control bureaucracy, an out of control agency, that would not respond in any other way. They would go to oversight hearings and be dressed down . . . and then walk away and shake their heads and say 'well that's over', and then we go on. Instead of really addressing the problems: Are we wrong? Are we going in the wrong direction? Are we on the wrong path? Consistently the attitude has been, why are they picking on me? What's wrong with them? Not, that they might have made a mistake."

Mr. WARNER. As of this date, I have not received a response to my renewed request.

As I noted in my letter, the House, upon receiving a similar request for hearings on this matter, promptly scheduled oversight hearings—which begin today.

Mr. President, 9 months have passed since the Senate, through oversight hearings, has had the opportunity to examine the implementation of Public Law 95-87 by OSM.

Much has happened in the last 9 months, including Senator Hatfield's disclosures of today, to cast a cloud of doubt and suspicion over OSM's operations.

The events of the past 9 months bring several critical questions sharply into focus:

First. Will one agency's policies and actions be allowed to thwart the will of Congress?

Second. Will an agency, through unilateral, questionable and arbitrary action, be allowed to bring economic hardship upon the people of the United States?

Third. Will an agency, through its policy and action, be allowed to subvert the energy goals of this Nation?

These questions will only be answered through the investigatory process of timely oversight hearings.

I renew my request for such hearings. I hope that my colleagues will join with me in my request.

Without in any way prejudicing the issue, Mr. President, it is my firm conviction that the Senate needs and deserves the opportunity for a full, fair and formal hearing to examine these numerous and serious allegations.

Again, I wish to commend my colleague from Oregon and yield the floor to Mr. Hatfield.

Mr. HATFIELD. Mr. President, I merely wish to express my appreciation to the Senator from Virginia (Mr. Warner) who has been very much in the forefront of this whole battle on the issue as well as on this matter relating to the lobbying activities of the Office of Surface Mining.

He has indicated his desire, as I mentioned in my comments, to have oversight hearings, and I assure him of my cooperation in seeking out that because I do believe this is one of those matters that should be clearly investigated and clearly assessed before it proliferates in other agencies where I am sure it does exist to some degree.

If we can bring into focus one such flagrant violation it may call the dogs off, so to speak, on this kind of activity in other agencies.

I think especially in a time when we are reducing budgets and cutting down programs we should make sure that the investments in those agencies, in the personnel, the materials, and programs are bringing the greatest returns to the taxpayers who are paying the bill.

I do feel this kind of activity is not only in direct violation to law but it is not giving the best return on the tax dollar.

Mr. WARNER. I thank my colleague for those remarks, and I also wish to mention that there are literally thousands of people out of work today as a consequence of some of the very rulings that are the subject of this inquiry.

I hope that this can be addressed in a most expeditious manner by the Senate.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 10 minutes and that Senators may speak therein.

The PRESIDING OFFICER (Mr. Metzenbaum). Without objection, it is so ordered.

The PRESIDING OFFICER. Is there further morning business?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ENERGY—THE DECADE AHEAD

Mr. HEFLIN. Mr. President, a friend of mine, Robert E. Strain, of Birmingham, who is connected with the United States Steel Corp., recently made a statement before the Alabama congressional delegation on the subject of energy—the decade ahead.

Bob Strain is an old friend. We played football together in college. I ask unanimous consent that his remarks be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

### ENERGY—THE DECADE AHEAD

Few things are more vital to the future well-being of our nation than those revolving around sources of energy. And none, perhaps, is more complicated: Where to get it? What sources to develop? How to pay for the research and the hardware to get it?

The task is clearly enormous. It is predicted that by 1990, the nation will need more than 450,000 new oil and gas wells. More than 20 new refineries will need to be built. More than 200 new large coal mines will have to be opened. Twenty-seven hundred unit trains will be required to haul the coal, along with 30 uranium mining and milling complexes and 17 synthetic fuel plants.

The capital requirements for these new facilities alone, without allowing for inflation, may amount to roughly $30 billion a year over the next ten years, which will probably more than double the energy industry's annual investment rate of the past ten years.

If the United States is to maintain a strong and healthy economy and provide for America's future needs so that life styles remain a matter of choice and not limited by the unavailability of energy, heavy investments will be required.

Even so, after two years of debate and compromise, our government has still fallen short of adopting a clear and comprehensive national energy policy that will make maximum use of this country's abundant energy reserves and lessen the dangerous dependence on unstable foreign sources of supply.

The problem isn't that there is not enough energy available; there is, when all the forms of energy are considered. Part of the problem is to get it into forms people can use, and to get it to them economically.

Implicit in the background of energy use and resource outlook are five major requirements:

(1) Unnecessary and wasteful use of energy must be reduced and energy-use efficiency must be improved.

(2) since the nation continues to rely heavily on oil and gas, it must explore, develop and produce domestic sources of petroleum and natural gas and synthetic fuels to avoid an even more precarious position than now exists.

(3) Use of oil, gas and coal for production of chemicals, plastics, synthetics and pharmaceuticals.

(4) The use of coal and nuclear energy must be increased.

(5) New forms and sources of energy must be developed.

With reference to these requirements, energy consumption has already been reduced by the equivalent of nearly 7 million barrels of oil per day. By 1990, conservation efforts are projected to be achieving a demand reduction equivalent to 17 million barrels per days, or a 25% reduction.

While conservation efforts must continue, there must be development of existing energy sources and a search for new ones.

Coal, for example, is our country's most abundant fossil fuel. More than half the coal deposits in the non-Communist world lie within U.S. borders. An estimated 1 trillion, five hundred billion tons of coal—of which more than 425 billion tons are believed to be economically recoverable with today's technology. That's enough coal to last us for 400 years, even if coal consumption were to double over current use. The Administration's proposed energy program calls for greater emphasis on the use of coal, but little will be done until capital is invested to make it happen, and building new coal facilities already is very costly.

But, here again, there are significant impediments to boosting coal production that go beyond the massive dollars involved. For instance, current air quality standards bar the use of millions of tons of coal, even though there is a strong possibility that environmental rules could be eased with no adverse effect on public health. A major deterrent to the mining and burning of coal is the Clean Air Act and its 1977 amendments which under the Environmental Protection Agency has issued new Source Performance Standards. These standards require, among other things, reduction in sulfur dioxide emissions regardless of the sulfur content of the coal burned. To meet the standard, every new coal-burning electric generating plant fueled by unrefined coal will require "scrubbers"—to remove sulfur from smokestack emissions—adding an estimated 25 per cent to the cost of building the plant, plus a significant amount to operating costs. Such a requirement could serve to eliminate coal as a reasonably priced source of raw energy to the detriment of Alabama and the nation. At the same time, the federal government could—but hasn't—stepped up the leasing of low sulfur coal fields in the Western states.

Government policies and legislation that hinder use of existing sources of fuel and the exploration and development of new sources can only result in higher energy costs. Only by stimulating investment in our domestic energy resources—coal, oil, natural gas, uranium, biomass and other sources—can energy supplies be increased, and the energy costs reduced.

Enactment of legislative proposals—such as Senator Kennedy's bill, S. 1246—to prohibit or restrict large oil companies from acquiring other firms, in or out of the energy business, would seriously complicate the solution of national energy problems. Such legislation would discourage needed investment in the petroleum industry and would hold back efforts to increase domestic energy production, to speed up development of synthetic and alternate fuels and to reduce the dangerous U. S. overdependence on foreign oil imports.

Solar energy is an alternate energy source for some applications in certain parts of the country and may be economically competitive for domestic hot water and air heating in those regions. This, too, may be many years away, but efforts should be directed to the earliest commercialization of solar energy as an alternate fuel.

AIA knows that you gentlemen support greater reliance on coal, exploration for oil and gas, production of synthetic fuels and the development of new forms and sources.

We are encouraged by President Carter's recent statement endorsing nuclear power, which he called "an option we must keep open," and by recent votes in the Congress favoring nuclear power, especially the overwhelming rejection of efforts to stop the construction and operation of nuclear generating plants. We appreciate the support of nuclear power by members of our Alabama Congressional Delegation.

A national energy policy and program should include those elements that would ensure a viable investor-owned electric utility industry capable of reliably responding to the requirements of all users of electrical energy and utilizing domestic fuel sources to the maximum extent practicable. Primary among such elements should be:

(1) Improving generation and transmission efficiencies.

(2) Encouraging development of efficient consumption patterns between utilities and industry and between industries.

(3) Reducing regulatory lag.

(4) Improving environmental programs to expedite new utility plant siting and licensing procedures.

Electric power rate structures should yield an equitable and adequate return from all customer service classifications, based on realistic "cost of service" determination for each classification rather than flat, inverted or incremental rates. Systems such as "lifeline" that are based on social and political considerations are not appropriate in the ratemaking area.

The establishment of industry/utility steam-power generation (co-generation) plants should be encouraged. One means would be the elimination of unnecessarily restrictive regulations that inhibit this mechanism for potentially more efficient service of industrial, commercial and residential energy needs.

More than one-third of the nation's energy consumption—37%—is devoted to residential and private auto use. Industry uses 41% of the total, providing jobs for the nation's work force, while 14% goes to commercial use and another 7% to other kinds of transportation. While these are national percentages, they could just as easily apply to Alabama.

When we as business representatives of Alabama observe our government's continuing lack of a clear and comprehensive energy policy, it is as if Congress has failed to see that the main road to solving the energy problems lies with action by private enterprise rather than by legislation. The energy program that was adopted will essentially extend government further into the workings of the energy industry. This will continue to frustrate and hamstring private enterprise, which is the one segment of our society that could do the most to ease the problem.

Industry of Alabama is already addressing itself to energy conservation. New and more technically advanced facilities are engineered for the greatest energy efficiency. Computers provide efficient use of electricity and fuel. Training programs have long been in use on energy efficiency. Energy saving ideas of employees are solicited. Energy conservation goals are established. Energy audits are conducted to identify practices and facilities where conservation can be achieved. But conservation alone is not enough if business and industry meets its obligations to its employees and to the public.

We believe that the companion roles of the private sector and the government can be performed most efficiently, and in the best interest of all, by allowing energy supply and demand to be established in the market place.

In recent years, government regulators have relaxed controls somewhat on oil products, but these, too, remain—largely on gasoline—as an outgrowth of the Arab oil embargo. These remaining controls should be lifted, as controls have a way of distorting markets and prices, no matter what the product.

The benefits of lifting controls on crude oil and petroleum products will be largely negated if punitive, excessive taxes are imposed on oil companies and other energy-producing firms which are already heavily taxed. Such taxation would deprive the petroleum industry of the capital needed to generate the level of domestic investment required for the U.S. to significantly reduce its reliance on the OPEC oil producing nations. It would also slow down efforts to develop more coal, uranium and other sources of energy within the U.S.

Yet, in view of that which government has done, there is something that clearly it should not have done: adopt the concept of incremental pricing of natural gas.

Under incremental pricing, large users pay more not only for their total consumption of the fuel, but more per unit of consumption than do smaller users. In effect, incremental pricing artificially lowers natural gas prices to groups of residential, small industrial and commercial gas users served through interstate pipeline systems by providing them with a subsidy at the expense of larger industrial users.

The Natural Gas Policy Act of 1978 provides for the gradual removal of federal price controls on natural gas. However, the political price of achieving decontrol was the inclusion of the concept of incremental pricing. Under this concept, the most increases resulting from the removal of these price controls must be passed on to the industrial users until their gas cost equals the price of fuel oil. The increased revenues resulting from incremental pricing are deducted from the rates charged residential and commercial customers.

The incremental pricing provisions of the Act take effect in two phases. The Phase I program started January 1, 1980. Pursuant to Phase I, the incremental price ceiling for interstate natural gas for certain large industrial boilers is pegged to the equivalent cost of No. 6 high sulphur fuel oil. The scope of Phase II, which will begin November 1, 1980, is indefinite, but the proposed Phase II regulations issued by the Federal Energy Regulatory Commission (FERC) include almost all industrial uses of natural gas. Also under the Phase II regulations, the incremental price ceiling for an industry would be based on the price of No. 2 fuel oil unless that industry has the installed capability of using No. 6 fuel oil. The final Phase II regulations must be issued by FERC by May 9, 1980.

The implementation of the incremental pricing program has caused confusion among industrial gas users and has left those users with no meaningful basis for future planning. Under incremental pricing the gas prices to industrial users will fluctuate monthly in response to changes in alternate fuel prices as fixed by the Department of Energy. Indeed, the prospect of such constantly changing natural gas prices, combined with the uncertainty of gas supply and the burdensome administrative requirements of incremental pricing, may force many industrial users to convert from natural gas to fuel oil. The result, of course, would be that the portion of the gas suppliers' fixed costs that are currently being borne by industrial customers will be shifted to other customers with a corresponding increase in residential gas rates and a further switch to imported fuel oil—the very result Congress wanted to avoid.

The administrative complexities of the incremental pricing program have created a nightmare for pipelines, distributors and industrial users alike. The orders implementing Phase I (nearly 300 pages long) require complicated surcharge reporting requirements, billing and rebilling procedures, special meter reading dates, expensive and unworkable submetering requirements, complicated bill calculation procedures and an intricate data collection process. As the effects of incremental pricing drive industrial users from natural gas, the substantial administrative expense involved in the effort to comply with these regulations will be increasingly borne by other customers. And for what purpose? The immediate run up in the cost of natural gas to industrial users will result in an increase in the cost of products produced by those users. The ultimate irony of the incremental pricing program, therefore, is that it will be paid for by all Americans in the form of higher prices for consumer goods manufactured by industries using incrementally priced natural gas. Furthermore, the higher gas costs associated with the production of many goods could significantly detract from their competitiveness in the marketplace.

Finally, under the proposed incremental pricing regulations, those consumers exempted from the incremental surcharge would not be paying the true cost of natural gas, thereby discouraging the national efforts for conservation of resources.

In short, incremental pricing offers much that is bad for America, and little that is good, when viewed in a national context.

Fortunately, there are two solutions open to the Congress to the incremental pricing problem. First, H.R. 5862 would repeal the incremental pricing provisions of the Natural Gas Policy Act of 1978. If this bill is passed, both Phase I and Phase II of the incremental pricing provisions would be removed. Secondly, the regulations covering Phase II of the incremental pricing provisions must be filed with the Congress not later than May 9, 1980 and within 30 days after the regulations are filed with Congress if either house should adopt a resolution vetoing the Phase II regulations, they will not go into effect. Since the Phase II regulations affect almost all industrial users of gas, it is imperative that a resolution vetoing Phase II be adopted.

Without doubt, more technological innovations will occur in the future, with consequent improvements in productivity, provided energy supplies remain adequate and competitively priced on world markets. Gains in output per worker and an expanding labor market (one study shows that at least 13 million more workers in the next decade) mean that the economy must continue to expand at a substantial rate if jobs are to be available to those seeking and needing work. The economic growth needed by the United States in coming years can be achieved only with adequate and reasonably priced energy.

With all that government can, could and should do, no one questions that it has a role to play in addressing America's energy problems. But the actions government should take are those which get it out of the energy business by removing controls which have already been imposed by government. Government can best serve the people of the nation if it first realizes that it is private enterprise, competing within our economic structure, that is best suited in the long run to solve our energy dilemma. And it is well past time for government to recognize this fact.

We are confident that American ingenuity can provide solutions to the critical energy crisis which the United States faces today, but it can do so if, and only if, politics and expediency give way to economically and environmentally sound decisions.

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## SMALL BUSINESS 1980

Mr. HEFLIN. Mr. President, I ask unanimous consent that a statement given before the Alabama congressional delegation by Mr. Frank L. Mason, of the Mason Corp., on the subject of small business in the year 1980 be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### SMALL BUSINESS 1980

In recent months, small business has united across the country and built a new awareness in Washington of its impact on the national economy. The time is right for the voice of small business to be heard and to influence the expansion of the Free Enterprise System for a healthier America.

There are 14 million businesses in the U.S. and 13.4 are small, including nearly three million farms. Together, they provide employment for 58 percent of the labor force and account for nearly 50 percent of the gross business product. They are an important source of the major innovations that create new markets and improve our quality of life. They have spurred the economy and played a vital role in the economic backbone of our country. Possibly, small business is America's most plentiful natural resource when we consider the amount of raw talent, innovative ideas and concentrated effort it has provided. As a resource and an institution, small business deserves not only our attention, but also our care and respect.

In April 1978, the President called for a White House Conference on Small Business to identify the many special problems facing small business and design a course of action to correct these problems. The initial stages of the conference began with a series of 57 open forums and regional conferences held throughout the country. The culmination of these various meetings, along with appointments by Governors and members of Congress, was the selection of more than 2,000 delegates and the staging of the White House Conference on Small Business held in Washington, D.C. on January 13–17, 1980. During the conference, delegates deliberated issues and prepared a report recommending policies that will significantly influence the future of business in America.

Some of the major areas of concern included: Capital Formation and Retention; Regulations and Paperwork; Innovation and Technology; Federal Economic Policy and Governmental Programs; and Inflation.

In concurrence with the White House Conference on Small Business, Associated Industries of Alabama has studied the policy recommendations prepared at the conference and have elected to adopt and support the following fifteen (15) positions:

(1) Replace the present corporate and individual income tax schedules with more graduated rate scales, specifying the graduated corporate tax scale up to $50,000.

(2) Adopt a simplified accelerated capital cost recovery system to replace the present complex Asset Depreciation Range (ADR) regulations, with provisions such as (A) immediately expensing capital costs less than a specified amount (B) immediately expensing government mandated capital costs, and (C) the creation of a maximum annual benefit that may be derived from the system.

(3) Balance the Federal Budget by statute in Fiscal Year 1981 by limiting total Federal spending to a percentage of the GNP, commencing with 20 percent and declining to 15 percent.

(4) Revise estate tax laws to ease the tax burden on family-owned businesses and encourage the continuity of family ownership.

(5) Congress shall exercise its oversight function with the assistance of the General Accounting Office, instituting sunset reviews of all laws, regulations, and agencies, to ensure that none exceeds original congressional intent. Sunset reviews, in an appropriate time frame (not less than every five years) should include economic impact analysis and proposed agency budget reductions, leading to reenactment of each agency's enabling legislation to permit its continued existence, or to reduce its size and cost.

(a) Establish a Regulatory Review Board composed of representatives from the Executive Branch, Congress and small business owners, with responsibility for impact statements and cost controls.

(b) Congress shall exercise line-item veto over regulations within a specified time through congressional oversight committees, with one-house floor vote.

(6) Support and urge passage of S. 1860, the Small Business Innovation Act of 1979, and companion bill H.R. 5607, as presently drafted with flexibility for minor future amendments, covering: small business research and development set-asides; small business innovation and research programs (as already encompassed by H.R. 5126 and S. 1074); patents, retention; amendments to the Internal Revenue Code; and regulatory flexibility.

(7) Provide for a tax credit for initial investment in a small business, and permit deferral of taxes for roll-overs of investments affecting small businesses.

(8) Reform the Social Security System by including, where constitutionally possible, all public and private sector employees as contributors and more closely tie benefits to contributions to move the system toward acturial soundness. Limit benefits to the original old-age and survivors benefits. Freeze the tax base and tax rate at the January 1980 level. Eliminate double dipping.

(9) Provide tax incentives in the form of a new security called a Small Business Participating Debenture (SBPD) to provide a source of capital for small businesses.

(10) The Office of Advocacy of the Small Business Administration must be maintained, reinforced and expanded so that activity be not less than 5 percent of the SBA salary and expense budget. The legislative mission of Advocacy must be considered the number one priority of SBA and the Office of Advocacy. The independence of that function of the Office of Advocacy must be protected so that it may continue to have the confidence of the small business community. SBA's Advocacy budget should be devoted to economic research and analysis as well as, small business advocacy. Small business advocates, under the direct supervision of the SBA Office of Advocacy, shall be assigned to OMB, Federal Reserve Board, Treasury, International Trade Policy Committee and other regulatory agencies.

(11) Small business should be eligible for magistrate review of agency civil penalties, and reimbursed for court costs, reasonable attorney's fees, and damages from administrative action, if successful in civil disputes with the Federal Government, including IRS.

(12) Revise minimum wage standards by freezing standards in January 1980 levels and establishing a two-tier minimum wage by exempting teenagers, seasonal workers and part-time workers.

(13) Require that all government agencies which develop fiscal, monetary, legislative and regulatory policies/practices shall submit small business "economic impact" statements that require the regulatory agencies to identify the anticipated benefits and to justify the costs of federal regulatory requirements to small business. In addition,

all regulatory policies shall be subject to sunset provisions to be reviewed every five (5) years in order to insure that only cost effective regulations shall be maintained and retained in the future.

(14) Repeal the Davis-Bacon Act.

(15) Provide greater incentives for savings and investments by eliminating income tax on investments and interest income up to $10,000.

Smaller companies, like the larger ones, cannot make notable progress if economic and political conditions are unfavorable to business as a whole. Therefore, it is imperative that elected representatives develop an ongoing effort for an environment conducive to the continued good health of the private competitive system, of individual initiative and freedom.

## FRANKING—AMENDMENT OF REGULATIONS

Mr. HEFLIN. Mr. President, a "Dear Colleague" letter dated March 26, 1980, was sent out over the signatures of the chairman and vice chairman of the Select Committee on Ethics to each Member of the body. This letter discusses a problem concerning the franking of mass mailings and is of particular importance to Members who are candidates for reelection this year. To insure that each Member is informed to the contents of the letter and the revised franking regulations, I want to read it into the Record at this time. The letter is as follows:

U.S. Senate,
Select Committee on Ethics,
*Washington, D.C., March 26, 1980.*

Dear Colleague: The Select Committee on Ethics has the responsibility for the administration of the Franking statute, 39 USC 3210 *et seq.*, and Senate Rule 48.1, which imposes a 60 day moratorium upon the use of the frank by candidates for purposes of a mass mailing prior to an action.

Chapter Four, paragraph 7, p. 15 of the Regulations Governing the Use of the Mailing Frank promulgated June 26, 1979, states in effect that a candidate who delivers material to the Senate Services Department for preparation more than 64 days prior to an election will be deemed to have complied with Rule 48.1. This was predicated upon the supposition that four days was an adequate time for the Service Department to complete its work and to make delivery to the Postal Service before the 60 days deadline.

On March 14, 1980, the Service Department advised the Committee that it was faced with a 22 working day backlog of requests for preparation of mass mailings, some of which were subject to the Rule 48.1 moratorium, and that the situation cast doubt upon its capacity to assure its users that their work orders could be completed in time for delivery to the Postal Service prior to the sixty day deadline.

Accordingly, effective Friday, March 21, 1980, paragraph 7 of the regulations have been amended to provide as follows:

"No mass mailings in behalf of any Member who is a candidate for re-election may be sent out under his or her frank unless such mailing is delivered to a postal facility more than 60 days prior to the date of a primary, its equivalent, or a general or special election."

It is incumbent upon each Member who is a candidate to ascertain from the Senate Service Department what its workload is and how many days in advance of printing, delivery of the material must be made and how many pieces it can prepare for timely delivery to the Postal Service as the Service Department is not authorized to deliver all or any part of a printing after expiration of the 60 day deadline.

Since the Ethics Committee does not have jurisdiction over the operation of the Service Department, additional questions, if any, should be directed to the Office of the Sergeant at Arms or the Committee on Rules and Administration.

Sincerely yours,

Howell Heflin.
Malcolm Wallop.

Mr. President, we enclosed with the letter a number of interpretative rulings which are related to the problem and I ask unanimous consent that the attachments to the letter be printed in the Record.

There being no objection, the rulings were ordered to be printed in the Record, as follows:

### Interpretative Ruling No. 112

Date issued: April 7, 1978.

Applicable Area: Franking.

Questions considered:

(1) May the frank be used to send an autographed picture of a Senator in his former occupation in response to a request for the picture; and

(2) May the frank he used to send such an autographed picture along with a written response on a legislative matter; and

(3) May the frank be used to return an item which was sent to the Senator with a request for an autograph?

Ruling:

Title 39 U.S.C. 3210(a) (3) (J) provides that frankable mail includes mail matter "which contains a picture, sketch or other likeness . . . and which is so mailed as a part of a Federal publication or in response to a specific request therefor. . ." Thus, the statute specifically allows use of the frank on autographed photographs when in response to a specific request and, by implication the statute allows for the return of items having been autographed as requested. The statute does not appear to allow either autographed items or photographs to be routinely sent along with other franked mail absent a specific request for such an item.

### Interpretative Ruling No. 137

Date issued: May 24, 1978.

Applicable Rule: 48.

Question considered:

Do the restrictions of Rule 48 on the use of the Senate Recording Studio and "mass mailings" prior to an election in which a Senator is a candidate for a federal office apply to the sixty days immediately prior to a primary election when the Senator has received his party's nomination at a pre-primary convention and under state law, such a nominee is not considered a candidate for the primary and the Senator's name will not appear on the primary ballot?

Ruling:

The Senator has been nominated by his party as its candidate for election to the Senate. This nomination was conferred at a party convention held prior to the date of the state's nominating primary election. Under state law, since the Senator had received the nomination and was the only candidate within his party for the office of Senator, he was declared the nominee and was thus no longer considered a candidate in the primary and his name was removed from the primary ballot.

Because of applicable state law, the Committee ruled that the Senator was not a candidate for the state primary and therefore that the restrictions of Rule 48 would not apply to the sixty day period immediately prior to the primary election.

### Interpretative Ruling No. 152

Date issued: June 22, 1978.

Applicable Rule: 48.

Question considered:

Is a Member a "candidate" for purposes of the franking and studio restrictions of Rule 48 if his name is on the primary ballot but he will have no primary opposition and no write-in votes are allowed under the applicable state law?

Ruling:

The restrictions of Rule 48 are intended to reduce the advantage of incumbent Senators over challengers.

Under the circumstances described, there will be no challengers in the primary election. The Committee therefore believes that the restrictions of Rule 48 are not applicable.

### Interpretative Ruling No. 154

Date issued: June 22, 1978.

Applicable Rules: 48, 49.

Questions considered:

(1) Is a Senator whose name appears on a primary ballot considered a "candidate" for purposes of Rule 48 restrictions when the Senator faces no announced opposition but state law authorizes write-in candidates?

(2) May a part-time staff assistant to a Senator, who also works half-time for the Senator's reelection campaign committee, engage in fund-raising activities for the campaign committee?

(3) Is it possible for a staff assistant, while engaged in Senate duties, to become involved to a minimal degree with a campaign-related activity without violating the Code of Official Conduct?

(4) Is it permissible for a staff assistant on the Senate payroll to engage in campaign-related activities during other than normal Senate office hours?

Ruling:

(1) The prohibitions imposed by Rule 48 on the use of the frank in mass mailings and on the use of the Senate Recording Studio were intended to restrict the advantages which incumbent Senators might have during a reelection campaign. The Committee previously ruled (Interpretative Rulings No. 137, dated May 24, 1978 and No. 152, dated June 22, 1978) that Senators who do not face a primary election or whose names appear on a primary ballot unopposed, and where no write-in candidates are authorized, are not "candidates" for the purposes of Rule 48. However, when a Senator's name is listed on a primary ballot and state law specifically authorizes write-in candidates, there is a possibility for a contested primary election. As such, the Senator would be considered a "candidate".

(2) A staff assistant, whether full or part-time, may not engage in any fund-raising activities on behalf of a Senator's campaign committee, unless that staff assistant had been previously designated by the Senator under Rule 49 as one of the two staff assistants to the Senator who may handle his or her campaign contributions.

## CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that morning business now be closed.

The PRESIDING OFFICER. Without objection, it is so ordered.

## WINDFALL PROFIT TAX ACT OF 1980—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume its consideration of the conference report.

The **PRESIDING OFFICER** (Mr. HEFLIN). The clerk will report.

The assistant legislative clerk read as follows:

A conference report on H.R. 3919, an act to impose a windfall profit tax on domestic crude oil.

The Senate resumed consideration of the conference report.

**Mr. ROBERT C. BYRD.** Mr. President, I ask unanimous consent that the controlled time not start running until 10:25 a.m. today as per the order entered previously.

The **PRESIDING OFFICER.** Is there objection?

**Mr. BAKER.** Reserving the right to object, I reserve for the purpose of inquiring from the majority leader—I believe he has already covered the point—that notwithstanding that we are prepared to start that this will not change the times allocated, I mean the times appointed, for votes under the previous order.

**Mr. ROBERT C. BYRD.** The Senator is correct.

**Mr. BAKER.** I might say I previously advised the majority leader that the Senator from Oklahoma (Mr. BELLMON) has indicated that he will not now wish a vote on his motion, the motion to refer to the Appropriations Committee, and I believe there may be a request, after we begin consideration of this matter, to transfer the time for the Bellmon motion to the control of the Senator from Louisiana and the Senator from Kansas on the Dole motion.

They are not now on the floor so I will not suggest that request at this moment, but I would advise the majority leader and my colleagues I think that that is the prospect.

**Mr. ROBERT C. BYRD.** So the prospect therein is that Mr. BELLMON will not make his motion at all?

**Mr. BAKER.** That is correct. I think the Senator from Oklahoma will wish to make some remarks in that respect but then probably will ask unanimous consent to transfer the time remaining to him to the Senator from Kansas.

**Mr. ROBERT C. BYRD.** All right.

**Mr. METZENBAUM** addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Ohio.

**Mr. METZENBAUM.** Mr. President, is the Senator from Ohio correct in his understanding that the debate on the windfall profit tax bill is now in order?

The **PRESIDING OFFICER.** The Senator is correct.

**Mr. METZENBAUM.** Mr. President, today we have arrived full circle on the issue of deregulating domestic oil prices and on the windfall profit tax.

The administration is hailing the legislation before you today as "a great victory," and others have described this conference report as a true compromise between the House and Senate bills.

This legislation surely is a compromise, Mr. President, but the compromise is with the interests of the people of this country.

I say again what I have said many times before—that the windfall profit tax bill is legislation that never should have been. That is so because there never should have been a windfall in the first place.

I think it is important, as we debate this conference report, to review the history of this legislation.

The origins of this bill can be found in President Carter's decision, announced in the middle of a gasoline shortage, to end the price controls that have been in place since 1973 on domestic crude oil. With that single stroke of the pen, President Carter imposed on the people of this country a tax that will cost Americans more than $1 trillion over the next 10 years. They will pay that tax every day in the form of higher gasoline prices and home heating costs and more additions to the spiral of inflation.

A trillion dollars—that comes to $5,000 for every man, woman, and child in this country. It means that, in the next decade, a family of four with a $20,000 annual income will sacrifice the equivalent of a year's pay for the benefit of the oil companies and the Federal Treasury.

But since the decision was made to decontrol, the issue has been not the wisdom of decontrol itself—as I believe it should have been. Instead, the debate has been over how much of that excessive increase in domestic oil prices will be recovered in the form of a windfall profit tax.

Now we have the answer to that question.

This legislation will impose a windfall profit tax of $227.3 billion over the next 10 years. That is only a small fraction of the money that will flow into the coffers of the oil companies in that period—about one-fourth of the total cost of deregulation.

That figure is far below the $300 billion goal originally set by President Carter when he first asked Congress to impose a windfall profit tax.

The House came close to meeting that modest goal when it passed a tax bill—drafted by oil-State Congressmen—that would have raised $278 billion. But the Senate said "no" even though it was drafted by those oil-State Congressmen.

The Senate saw fit to pass a weaker bill that would have cut the windfall tax to only $177 billion.

Thus, we have today's compromise figure—a figure that falls far short of what we should have demanded as a matter of fairness and equity for the people of this country.

Furthermore, Mr. President, one of the administration's strongest arguments for decontrol was the need to use windfall profit tax revenues to launch a major program to develop alternate energy resources here at home.

If I heard that representation made once, I heard it made 50 times. I heard it on the TV tube; I read it in the editorial columns. Wherever I looked I found that this great windfall profit tax program was somehow going to solve the energy needs, the energy shortage of the future; and with this windfall profit tax, we were indeed going to develop a synthetic fuels program.

It was to be a truly massive effort with projected investment of $88 billion by 1990. That investment was to bring about production of 2.5 million barrels per day of oil substitutes in areas like coal liquids, coal gases, peat, shale oil, and conventional natural gas.

But, indeed, Mr. President, the oil companies find no particular solace in the development of alternative energy resources. Because it is just possible that if you develop one or more of those alternative energy resources you may find that you do not have to import as much oil from the OPEC nations; you may find that the price of oil might come down; and you may find that the domestic producers will not be able to get that price which is permissible under decontrol in equaling the OPEC price.

So we have before us today a bill that has very little emphasis on the development of synthetic fuel.

It is a fact that we may yet have that program. But it does not appear in any substantial way in the conference report that is before us today. And if we have a development of a syntheic fuels program, it will be in spite of the conference report, not because of it.

The administration's proposal would have provided $2.4 billion annually for low-income energy assistance. The conference report authorizes this vitally needed assistance only for fiscal year 1981. It imposes one requirement that states administering the program provide assistance to all households defined as eligible under the act.

Once again, we see weakened one of the few redeeming features of the President's decontrol decision.

Once again, the people of this country are let down. Once again, the people are promised one thing and they find that they get something totally different when all the fine print is analyzed.

And once again, we see the people of this country having to bear the sacrifices that will occur under the misguided policy of decontrol, without any way being rewarded for their efforts.

There is something in the conference report that takes care of something called production incentives in the future, tax reductions in the future, and tax reductions for the corporations of this country.

But those for who are going to have to bear the burden of decontrol, there is very little for them that is left in the conference report.

I also find fault with this conference language because it leaves out a number of important provisions that were in the original Senate bill. The original bill passed by the Senate provided tax credits to residential consumers for passive solar construction, heat pumps, woodburning stoves, replacement of coal furnaces, radiant heat panels, and more efficient oil and gas furnaces.

But, of course, those tax cuts had some merit: They would mean something to the American consumer, they would mean something to the people of this country, they would help us to alleviate our energy problems in this Nation. But the conference committee has now rejected all of those credits.

The conference committee also rejected business credits for vanpooling, electric motor vehicles, heat pumps, and radiant heating panels.

In the residential area, the Senate bill included $8.7 billion in tax breaks to consumers who take steps to conserve energy and to cut their energy costs. But the conference committee cut that figure to only $600 million. And the conference cut in half the $11.9 billion in additional business energy incentives included in the Senate bill.

I believe the Senate was on the right track in including these tax incentives in the original bill. That action showed a concern for conservation and a commitment to innovative technologies.

And I am disappointed that so few of these Senate initiatives survived the conference.

So we have a conference committee report that nowhere resembles anything that the President originally talked about as far as using these funds for the development of synthetic fuels, a conference committee report that now has in it something about future tax reductions and uses 75 percent of the total amount for that.

That is a total letdown to the American people. That is not what we were promised. That is not what was debated. That was not the thrust of the Senate bill. As a matter of fact, Mr. President, it was not the thrust of the House bill. But it is the concoction of the conference committee, which is but a nullity and but a shadow of what the original legislation was intended to be.

Mr. President, this legislation is no victory for the administration. It falls woefully short of what the President promised the American people. It is no victory for the consumers of this country. It is all cost for the consumers and very few benefits, and it is no victory for Congress because if this is the best that we can do then it is too little, to late, and it is a far cry from that which the American people were told we were doing.

The only winners under this bill are the oil companies who will always, in the Congress, write their own rules. They dictate the terms. They indicate the way they want the legislation to go. They always wind up being the winners, no matter what it may appear on the surface. When push comes to shove, when all of the fine print is read through, we find that the windfall profit tax bill has pretty well been fashioned to their concerns and their directions.

Mr. President, I am going to vote for this conference report. I am going to vote for it reluctantly, and in the hope that we will begin someday to worry less about the oil companies and more about the American people.

I am going to vote for it because I believe that the alternative is one of taking this bill or no bill at all.

Too often in the political system we are given that kind of horns of a dilemma choice. That is, you get a bad piece of legislation or no legislation at all.

This legislation is not that which it should be. This legislation is a letdown to the American people. This legislation is nothing for the administration or for the Congress to crow about. It is a great victory, again, for the oil companies of this country, and it is a great disappointment to the American people. Anyone who would suggest that somehow with the windfall profit tax we are going to solve synthetic fuel problems in this country and provide the wherewithal to do it just is not going to find that solution, just is not going to find the money in this legislation. This is not the way it should have been. Unfortunately, this is the way it will be.

The PRESIDING OFFICER. Who yields time?

Mr. BELLMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BELLMON. Mr. President, I wonder if the special order relating to the motion to refer to the Appropriations Committee could be read. I understand we are to go into that matter at 10:25.

The PRESIDING OFFICER. Under the previous order, the hour of 10:25 having arrived, the Senate will now resume consideration of the conference report on H.R. 3919 which we have previously been considering because other business was not demanded.

Under the previous order when the hour of 10:45 arrives, the Senate will proceed to vote on the motion by the Senator from Oklahoma to refer the conference report to the Committee on Appropriations with instruction. It is my understanding that that is being withdrawn. Maybe the Senator had better make a statement.

Mr. BELLMON. Mr. President, the motion has not yet been made. I simply wanted to be recognized at this time to to discuss the matter. It is my intention a little later in my remarks to ask unanimous consent that that part of the special order be vacated, that we not take the matter up for a vote.

Mr. President, I might say the reason for my decision not to have a vote on the motion is very simply the fact that yesterday there were a series of colloquies on the floor that seemed to fairly well resolve the issue, at least so far as the Senator from Oklahoma is concerned.

The language in the report, which has been read many times and does not need to be repeated here at length, would appear on the surface to earmark these funds or allocate the funds for certain purposes.

It seemed very clear to the Senator from Oklahoma that that was what the bill did.

Yesterday, in lengthy colloquies with Senators Moynihan, Muskie, Long, and Dole, the matter seems to have been fairly well worked out, although I have to confess I am still slightly confused.

When we got into the Budget Committee markup yesterday, we asked the question whether or not these allocations were going to be binding upon our decisions, whether or not we need to make provision for the tax cut that is indicated by the language on page 29 of the report. We were told that we did not need to pay any attention to that language.

Senator Moynihan, who was there, became somewhat concerned that this language relating to flow income assistance was also meaningless. He came to the floor and a colloquy with Senator Moynihan and Senator Long then transpired.

I would like to read briefly from that colloquy to get the matter into the Record again.

Senator Moynihan said:

> The Budget Committee should so understand this as being something of substance and not just a gesture.

He is talking about the allocations. Continuing:

> It is an undertaking to do everything within our power to see that a quarter of this revenue goes to these programs.

He asked Senator Long if he shared his judgment. Senator Long said:

> Yes, I do. I regard this as a good-faith commitment.

This is all on page 6664 of yesterday's Record.

Senator Long goes on to say:

> It is a statement of intent, as the Senator has so well said, but it is a good-faith commitment.

Then he goes on to say:

> It is a commitment, but it does not bind anyone.

Mr. President, I have heard of a lot of commitments but I never heard of a nonbinding commitment before. Apparently, that is what we have here.

Yesterday, on page 6650, in a colloquy between myself and the Senator from Louisiana, he said:

> You can spend the money any way you want and give it no further thought.
>
> You go ahead and appropriate any amount of money you want to, for any purpose.
>
> This is a mere statement of desire and intent, and it does not bind anybody.

Well, Mr. President, in light of that it seems to me, then, that the Budget Committee and the Appropriations Committee are totally free to regard these funds as being general revenue funds, with no strings attached. We can use them any way we like. If that is the case, there is obviously no purpose in sending the bill back to the Appropriations Committee to see what impact it will have on our ability to meet our responsibilities in appropriating funds for what we consider to be the most necessary purposes of Government.

I have in hand, and I will ask unanimous consent to insert it into the Record, a table showing the controllability of budget outlays. This shows that already there are 97.9 percent of the funds available to the Appropriations Committee that are "uncontrollable" without some changes in the law.

If we had gone ahead the way the conference report seems to read, it would make it almost total. I did not want to make it any worse. I ask unanimous consent that this table be printed in the Record.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

WORST CASE (CURRENT YEAR)—CONTROLLABILITY OF BUDGET OUTLAYS (FISCAL YEAR 1979)

| | Actual spending (billions) | Percent of Federal budget |
|---|---|---|
| Payments to individuals | $214.5 | 43.4 |
| Interest and other fixed costs | 61.2 | 12.4 |
| Nondefense outlays from prior year contracts and obligations | 49.1 | 9.9 |
| Civilian personnel costs | 28.8 | 5.8 |
| Subtotal | 353.6 | 71.5 |
| Defense: | | |
| Personnel costs | 45.7 | 9.3 |
| Military retired pay | 10.4 | 2.1 |
| Prior year contracts and obligations | 30.9 | 6.3 |
| Other defense outlays | 30.7 | 6.2 |
| Subtotal | 117.7 | 23.9 |
| Domestic crude oil excise tax[1] | 13.4 | 2.5 |
| Total uncontrollable | 484.7 | 97.9 |
| Total controllable | 9.0 | 2.1 |
| Total budget outlays | 493.7 | 100.0 |
| OUT-YEAR CONTROLLABILITY | | |
| Subcontract out nondefense outlays from prior year contracts and obligations | −49.1 | −9.9 |
| Added to total controllables above | +9.0 | +2.1 |
| Total uncontrollable | 435.6 | 88.0 |
| Total controllable | 58.1 | 12.0 |
| Total budget outlays | 493.7 | 100.0 |

[1] Assumes 1st full-year impact of the domestic crude oil excise tax at $35 plus 2-percent per barrel and reduces estimates by 25 percent to adjust for the difference between fiscal year 1979 outlays and estimated fiscal year 1981 outlays, so the figure should be roughly comparable.

**Mr. BELLMON.** Mr. President, I want to make a few general comments about the bill before I yield back the time and ask that the motion be vacated.

First, I want to call attention to an editorial that appeared in this morning's Wall Street Journal. The title of the editorial is "Death of Reason."

It talks about how, in passing this bill, Congress is going to seriously weaken the ability of the petroleum industry to meet the energy needs of this country, now and in the future. The article says:

> But even with that record, we would have thought it beyond belief that Congress would set out to destroy *this* industry in *this* decade, hamstringing the domestic oil industry just when energy is a paramount concern not only economically but politically and militarily.
>
> Looking on the spectacle of Congress slapping a huge tax on domestic oil production just when it needs to reduce oil imports, our friends abroad look on with alarmed incredulity. Why is the United States doing this to itself? a cabinet member of one ally asked us recently. We could only reply, tongue-tied, that simple logic sometimes falls victim to complex political forces.
>
> The evolution of this latest self-inflicted blow is bound up in the broader history of U.S. economic policy through the 1970s. It began when Congress, led by many of the same people who lead it today, embraced wage and price controls as the remedy for the inflation its overspending had generated, and finally succeeded in inducing President Nixon to apply them in 1971. Most of the controls were blown off by inflation in 1973 and 1974, but the ones on energy continued. They indeed blossomed into a huge regulatory bureaucracy, the Department of Energy. The DOE became an instrument for strangling domestic energy production.

The article concludes:

> To find a similarly destructive single piece of legislation, you have to hark back to the Smoot-Hawley Tariff, which helped throw the world into the Great Depression.

Mr. President, I ask unanimous consent that the full text of this editorial be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### DEATH OF REASON

> Barring a redemptive miracle, the United States Senate today will sacrifice the nation's future security to its own unslakable thirst for revenues. It will give final approval to the massive falsely labeled, "windfall profits tax."
>
> It is hard for us to understand how the Congress could actually pass so misguided a piece of legislation. Admittedly, Washington has been picking off one major industry a decade: the steel industry with the price "jawboning" of the 1960s, and the auto industry with the safety, emissions and fuel standards of the 1970s. But even with that record, we would have thought it beyond belief that Congress would set out to destroy *this* industry in *this* decade, hamstringing the domestic oil industry just when energy is a paramount concern not only economically but politically and militarily.
>
> Looking on the spectacle of Congress slapping a huge tax on domestic oil production just when it needs to reduce oil imports, our friends abroad look on with alarmed incredulity. Why is the United States doing this to itself? a cabinet member of one ally asked us recently. We could only reply, tongue-tied, that simple logic sometimes falls victim to complex political forces.
>
> The evolution of this latest self-inflicted blow is bound up in the broader history of U.S. economic policy through the 1970s. It began when Congress, led by many of the same people who lead it today, embraced wage and price controls as the remedy for the inflation its overspending had generated, and finally succeeded in inducing President Nixon to apply them in 1971. Most of the controls were blown off by inflation in 1973 and 1974, but the ones on energy continued. They indeed blossomed into a huge regulatory bureaucracy, the Department of Energy. The DOE became an instrument for strangling domestic energy production.
>
> Public frustration with the fruits of this process—gasoline lines, rising energy costs and increased dependence on imports—was diverted by American political leadership to the oil industry, which, guided by its traditional opportunism, was an easy victim. This exercise in political cynicism was augmented by more virulent anti-business, anti-capitalist forces. Soon the attack on oil lost whatever rationality it ever had and became a religious movement bent on punishing the oil industry and diverting its cash flow into the public treasury. As it happened, this was just the ticket for a government that had through most of the 1970s enormously overspent its budget and generated progressively worse inflation. President Carter conceived the brilliant idea of removing price controls on domestic crude oil but taxing away most of the added revenues that he presumed would flow from letting prices rise above the ceilings. The DOE bureaucracy found ways, as we noted in this column yesterday, to preserve and expand its power even after decontrol.
>
> The oil revenues tax Congress will pass today—again barring some last-minute conversion—will combine with raging inflation to run the American crude oil production industry into the ground. It will solidify OPEC's grip on oil prices, leave us politically and militarily exposed from further dependence on imported oil, drain huge funds out of the savings/profit pool needed to stimulate investment and productivity, and increase the incentives for inflationary money creation. To find a similarly destructive single piece of legislation, you have to hark back to the Smoot-Hawley Tariff, which helped throw the world into the Great Depression.

**Mr. BELLMON.** Mr. President, my concern about this bill, having nothing to do with the earmarking part of it, is that we are making an enormous blunder here that we are going to have a difficult time recovering from because, once Congress gets hooked on spending these revenues, it is certain that these taxes will never be repealed. What we are doing here is taking away not $227 billion over the next 10 years, but probably $400 billion from oil producers and using it to buy more Government, which the country could certainly do without.

I was interested yesterday, in the colloquy between some of the Members, to hear references as to how this tax was justified because the price of oil in this country is somehow controlled by the foreign, OPEC cartel. Mr. President, that simply is not true. There may have been a time when there was some justification for that charge, but it is not true any longer. The fact is that we now have a free market in oil, not only in this country but worldwide, except in those cases where controls have been applied by the Government.

The top price for oil is not set by OPEC. Rather, it is set by the free market. For instance, the Federal Government recently sold its Elk Hill soil at $41 a barrel. Teapot Dome oil sold at prices up to $46 a barrel. OPEC certainly had nothing to do with setting those prices. Those prices were set by the free market. The fact is that there is now a very close balance between the world's supply and the world's demand for oil and the market has begun to operate. There may have been a time when OPEC did set prices, but that time has now passed. Saudi Arabia, the leader of OPEC, is actually selling its oil below the world prices, so there is certainly no justification for any windfall profit tax except our greed to get our hands on some additional tax dollars.

Mr. President, the Senator from Oklahoma once served in our State legislature. I recall a time when the State legislature's greed overcame its good judgment and we passed a bill which later came to be known as the "red worm" bill. This bill put a tax, which the legislature called a license, on every citizen who took a cane fishing pole and a can of red worms and went out to sit on a creek bank for a few hours of relaxation. This did produce some revenue, but it also produced the defeat of most legislators who voted for that bill. It came to be known as the "red worm bill" and any bill in the future that seemed to be loaded with the same kind of danger was always likely for that kind of treatment.

It seems we have the same situation here. This is not a tax on independent oil producers, as it is said to be. It is not a tax on foreign oil. It is a tax on every consumer in this country, because this tax is passed on by the big companies; but it is also a tax on the small producers, who simply cannot pass it on. It is particularly a burden on the small royalty owners.

Last night, I was in my office a little late and I had a call from one of my constituents in Keata, Okla. He sounded like an older person. He told me he had received from Exxon his royalty check, $17.23.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LONG. I yield 5 minutes to the Senator.

Mr. BELLMON. I thank the Senator.

Mr. President, he told me the royalty check was $17.23. He asked me if he were going to have to pay a tax on that royalty in future months. Seventeen dollars and twenty-three cents. I hold him sadly that he would, that his tax on the future royalty checks would be 60 percent above the $16 that is allowed in the law.

He was, naturally, very upset about this and wondered what could be done about it. He told me how much this small check meant to him and his wife in trying to cope with the constant increases in the cost of living.

Mr. DOLE. Will the Senator yield at that point?

Mr. BELLMON. I am glad to yield.

Mr. DOLE. I hope all those Senators who are present, whether they be from Alabama, Kansas, New Mexico, Oklahoma, California, or Louisiana, keep in mind what the Senator just said about the royalty owners. Here is a man who got a check for $17.23. These are not big oil people, they are little landowners living on social security. They are going to get to pay a 60-percent tax rate.

We did not do too badly when this bill left the Senate. When they finally added $52 billion on the revenue side in conference, everybody got their tax increase. I suggest these royalty owners are now starting to get the message.

I hope my colleagues who may not be on the floor and may be listening in their offices will make a little check, before they vote on the motion I shall offer later, to find out how many royalty owners they have. There are thousands and thousands. The Senator from New Mexico estimated that there are 2 million royalty owners in this country. They are all reflected in the Senators on the floor right now. They are not big-income people. They use this to supplement what little income they have. I hope we shall be able to send this back to the Finance Committee, at least for hearings on this issue

Mr. BELLMON. I thank my friend from Kansas. He is exactly right. This bill puts an enormous burden on small defenseless people, the royalty owners, particularly the operators of stripper oil wells. In many cases, they are going to be forced to plug those wells because they cannot afford the high operating tax. And this country is going to have to do without that very substantial amount of production.

Mr. President, my time has expired. I ask unanimous consent that the order for me to offer a motion to refer this matter to the Appropriations Committee be vacated.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Objection to what, Mr. President? Reserving the right to object.

The PRESIDING OFFICER. The Senator wants an order to have rescinded a vote on the motion to refer the conference report to the Appropriations Committee.

Mr. LONG. We are agreeing that there would not be a motion to refer?

Mr. BELLMON. That is correct.

Mr. DOLE. Parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. Can we use that time that we shall not be using for a rollcall to debate the other motion?

The PRESIDING OFFICER. It will take unanimous consent.

Mr. DOLE. Is there any objection to that from the distinguished majority leader?

Mr. ROBERT C. BYRD. No objection.

Mr. DOLE. And that the time be equally divided?

Mr. ROBERT C. BYRD. Yes.

The PRESIDING OFFICER. Does the Senator so move?

Mr. DOLE. Yes, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. It is my understanding that the Senator from Oklahoma (Mr. BELLMON) will not offer his motion and that we have now divided whatever time might have been consumed by that effort and the rollcall thereon to discuss the motion that will be offered. That is to send this conference report back to the committee, and that this motion be offered by myself and the distinguished junior Senator from Oklahoma (Mr. BOREN), to refer this back to the Committee on Finance with instructions that it hold hearings on the impact of this tax on royalty owners, independent producers, and on future domestic oil production and report back to the Senate within 15 days of actual session. So we put a limit on it and we are not trying to delay action on the conference report.

But we do believe, and it has been brought to our attention, I might say, rather sharply by hundreds and hundreds, literally thousands of royalty owners in this country, who have been learning in the past couple of weeks that they are going to be honored and privileged to pay this tax. They are starting to hear now from the oil companies with a little letter saying that, starting on a certain date, you will be paying a tax at the rate of 60 percent above the base price of $15.50 and the market price. That is going to be a very, very heavy tax.

I suggest that this motion should be adopted. I know the argument will be made, why send it back to the Finance Committee, who had it for a year, a half-year, or however long?

We had it long enough. But the point is that would demonstrate our good faith to the royalty owners and the small independent producers that we are concerned about their plight.

We were not able to do anything in conference, and I do not fault anybody there, certainly not the distinguished chairman who made every effort to try to ease the burden of the tax. But it would demonstrate that we mean business. If we cannot change the conference report, we will change something else. We will pass some exemption, maybe a 5-barrel royalty owner exemption, or a 10-barrel, or a 25-barrel, and somehow ease the burden of that tax which has not been felt yet, but will be very soon.

Mr. President, we have had a lot of discussion. I intend to have printed in the RECORD the total amount of days we have spent on this legislation. It is mind-boggling, but so is the amount of tax we will raise that the American people will pay—at least, we think they will pay, rather than it may be paid by the oil industry.

But we have had 23 to 28 days, I believe, of debate now on the floor, counting debate on the Senate bill, on the conference report. Probably, they may prevail, saying that we have had enough, no reason to send it back to the committee, we will have no impact on the conference report.

I suggest there are compelling reasons it ought to be sent back to the committee. That is why I will join the distinguished Senator from Oklahoma (Mr. BOREN) at the appropriate time and offer a motion to do that.

The Senator from Kansas does not want to delay the bill. I think my record has been one of cooperation on the bill. We have had our differences on the legislation. But, by and large, even though we may now have a difference of opinion on this aspect, the Senator from Kansas voted for the Senate bill, signed the conference report, and attended nearly every hearing on the bill itself, and every hearing on the markup and the conference, and almost every day on the Senate floor during the debate.

So it is not any effort, a last minute effort, to delay the impact of this bill.

I think President Carter should be looking to the number of royalty owners after the defeat in Connecticut and New York, when we survey the wreckage of this administration in those States. He is now going out to Kansas next week where we have a lot of royalty owners. He is going into Oklahoma and Texas with all these royalty owners who are just finding out about the Carter tax.

But the Carter 60-percent tax is going to have a big political impact on the royalty owners. It seems to me that the President would want to delay final passage and have some hearings, at least let people know there is compassion on the part of the administration about continuing to tax and tax the American people, particularly the royalty owners and numbers of independent producers.

That is the thrust of the statements on this floor yesterday, and will be on those made later on.

It may be that those who are going to be allowed to pay this tax will be very grateful to President Carter. They will get a rollback in their checks. They will pay about 36 percent of that check to the Federal Government, and they have not even realized up until about now, in the last couple of weeks, that they would have to pay the tax, because all they read in the press is an attack on big oil.

The man with the check of $17.52 in Keota, Okla., is not big oil. There are hundreds and hundreds, and thousands, of men and women and families receiving small royalty checks who are just beginning to feel the impact.

I say that it is going to be significant. It is going to mean taking millions and billions of dollars away from low-income Americans. It will be done by a tax proposed by this administration. Fortunately, we were able to help some in the process of the hearings on the Senate bill and the Senate amendments offered by Senators on this floor, and some who are not now on the floor.

Mr. President, the conference bill subjects royalty owners to the full rates of tax: 70 percent on upper and lower tier oil, and 60 percent on stripper oil. Royalty owners will not benefit from the special rates provided independent producers. This tax will dramatically reduce the amount of royalties received by royalty owners. On stripper oil, for example, the royalty payment per barrel would be slashed by about 36 percent, as I said before.

Mr. President, if I were a landowner and had a piece of property, just finding out I will have to pay, if it is newly discovered oil, a 30-percent tax rate, I am not certain I would want to leave it at this point. Why not wait until this tax expires, or we find what impact it has, and then decide, because nothing will happen to the oil, it will stay in the ground; why give 30 percent of it to the Government in another tax?

Mr. President, I yield to the distinguished Senator from Oklahoma (Mr. BOREN) and will then come back to this after he has spoken.

Mr. BOREN. I thank the Senator from Kansas.

Mr. President, I am very proud to join my colleague from Kansas in offering this motion to return the bill to the Finance Committee for further study.

In doing so, I want to point out again, as I did on the floor last week, that, certainly, this action was taken with no lack of respect for the distinguished chairman of the Finance Committee, the Senator from Louisiana (Mr. LONG), who for 30 years, as a Member of this body, has done as much as any other individual who has ever served in the Senate of the United States to promote the production of energy for the American people and to serve the national interest.

I realize that his responsibilities as chairman of the committee and chairman of the conference have made it difficult for him in this position, and he must exercise his broader responsibilities.

This bill would have been a far worse bill had he not had a position of leadership on it in the committee, as he has had.

But I am sure, in all conscience, that the Senate can prove itself the greatest deliberative body in the world and have further study on this tax before it is enacted.

My colleague from Oklahoma (Mr. BELLMON) has already read into the RECORD the editorial in the Wall Street Journal this morning, which is a very compelling editorial. It cries out to us to look again at what we are getting ready to do.

It says that even if we consider all the mistakes, the monumental mistakes, that have been made in the past few years, nothing can surpass what we are getting ready to do as far as the American people are concerned.

It says:

> But even with that record, we would have thought it beyond belief that Congress would set out to destroy *this* industry in *this* decade, hamstringing the domestic oil industry just when energy is a paramount concern not only economically but politically and militarily.

And the editorial goes on to recall:

> We could only reply, tongue-tied, that simple logic sometimes falls victim to complex political forces.

It goes on to say:

> Soon the attack on oil lost whatever rationality it ever had and became a religious movement bent on punishing the oil industry and diverting its cash flow into the public treasury. As it happened, this was just the ticket for a government that had through most of the 1970s enormously overspent its budget and generated progressively worse inflation.

Mr. President, even at this late hour, it is still possible for us to listen to logic for just a moment. Even those for whom the attack on "big oil" has become a religion, even those in this body who have become proponents of this religion, should stop and look at this bill for a moment.

First of all, this bill does not represent an attack on the profits of what has been called big oil. Last week, I challenged any Member of this body to come forward and show me where it is written in this bill that even one penny of tax is levied on the profits of the big oil companies. There is not one penny's worth of tax levied on profits. There is not penny's worth of tax figured on profit levels.

This bill is not an attack on the profits of anyone. It is an excise tax, an excise tax on barrels of oil. Is it a tax on barrels of oil produced overseas by the international oil companies—the oil we are buying overseas and bringing into this country, the oil which is imported into this country and which constitutes a continuing economic hemorrhage for this country of a magnitude that threatens to bring down our entire economy? No. It does not put one penny's worth of tax on oil brought into this country from overseas. It only taxes the oil produced in the United States.

The PRESIDING OFFICER. The time of the Senator has expired.

Who yields time?

Mr. BOREN. Mr. President, will the Senator from Kansas yield me an additional 2 or 3 minutes?

Mr. DOLE. I have about 8 minutes. I yield 2 minutes to the Senator.

Mr. BOREN. This is a tax imposed on oil produced in the United States. It punishes the small independent producers who do not engage in worldwide activities but produce oil only in this country. It puts a tax on the small companies that have been reinvesting 105 percent of their cash flow, using as assets the oil they have discovered, to go to the bank and borrow more, and go out and explore for oil and produce more oil.

It puts a tax on the little royalty owner that my colleague from Oklahoma and the Senator from Kansas just described. These are not big oil companies. In many cases, these are widows and small investors who invested their savings by buying royalties. They are like the man from Keota, Okla., who is getting a check of $16 a month.

This bill, I must say, is not what it is represented to be. I think we need additional time to look at this so that we can expose it as the fraud it is. It is called a windfall profit tax. It is not a tax on profits. It is an effort by those who preach this religion to get after the big international oil companies. It taxes only the small domestic producer. It taxes primarily the small royalty owner. Ultimately, it will take money out of the pockets of the American consumers, themselves.

Let us give ourselves more time to expose this bill for what it really is.

Mr. DOLE. Mr. President, the Senator from Kansas yields 3 minutes to the Senator from New Mexico.

Mr. DOMENICI. I thank the Senator.

Mr. President, first, I compliment the senior Senator from Oklahoma (Mr. BELLMON). He started this discussion this morning with an editorial that was styled the "Death of Reason."

I say to him that many Senators could have stood on the floor of the Senate and talked about a death of reason and they would not have been very credible. But in this body, one person stands out in terms of being a reasonable person, one who takes positions based upon commonsense, and that is Senator BELLMON.

On this final day, when it is certain to this Senator that we are going to pass this enormous fraud called a windfall profit tax, it is appropriate that it be opened by Senator BELLMON talking about the death of reason. It is exactly that which is going to occur here later this morning.

We have done it many times in the past, in our free and open society, for various reasons. We have abandoned commonsense and reason and voted inconsistently. Our economy and our people, for the most part, have been strong enough and resilient enough to succeed in the face of unreasonable activities by their National Government. But it is obvious to everyone in America and elsewhere in the world that by doing unreasonable things over and over to this great American economy and our people, we have reached a point at which the margin for error is becoming ever and ever more slim.

We probably never will be able to prove it, but today we are going to pass a bill which, instead of moving America toward energy independence, is going to cause us to remain for a longer period of time ever more dependent upon foreign oil.

This bill started out as the cornerstone of an energy policy, but it is the largest tax on the American people in the history of the Republic. Nothing in this bill is going to produce any energy. In fact, there are not even any tax credits or incentives by way of tax legislation to encourage energy production. All that has been abandoned.

The allocation system which, on the one hand, is commitment but is not binding, prescribes that most of this money will go for things other than energy. Whether it is binding or not, it clearly indicates the philosophy of Congress that this is nothing more than a giant tax. It started out as a tax on big oil. It is now a tax on big oil, but only so far as it produces domestic oil.

It is a tax on independent producers, 13,000 Americans who are trying to help us out of this energy crisis. It is a tax on hundreds of thousands of royalty owners. They already pay a tax. Everybody should understand that. Those of us arguing for them are not arguing that they deserve any privilege. They pay tax, just as any other American does.

Mr. President, I speak today on the windfall profit tax, not for the first time and, I am afraid, not for the last. This piece of legislation will only cloud our energy future in this country and not brighten it. This institution has not seen the last of the windfall profit tax. I am sure we will be forced to repair the damage it will cause very soon after its passage.

With this legislation will come a decrease in oil production. When the Congress saw fit to tax newly discovered oil, tertiary oil, and stripper oil we taxed the consumers of America, not the producers of oil. Let me explain what I mean by this using the example of stripper oil. When the price of stripper oil was decontrolled, it was done so to encourage continued production from these low volume wells which were not profitable to operate otherwise. This policy appeared to be working because in 1978 the fewest number of wells were abandoned since 1947.

Now, this Congress has chosen to tax stripper oil under the windfall profit tax. This legislation was intended to tax "excess" profits, but it is clear now that the price a producer will receive for stripper oil will be less than the price received prior to this tax. The result will be 50,000 capped wells over the next 2 years according to the National Stripper Well Association. That is a reduction of 13 percent in 2 years. So what? What difference do stripper wells make? They only produce an average of 3 barrels per day. I will tell Senators what a difference stripper wells make. They produced over 1 million barrels a day. As much as the Alaskan production. I have said this tax will be a tax on the American public not the big oil companies. Clearly, by reducing our domestic supply, and it is estimated that this tax will result in a decrease of 2 million barrels per day by 1990, this bill will bring on higher prices for consumers. On gasoline alone it is estimated to be a price rise of 16 cents per gallon.

Over the past few days of debate, Mr. President, I have said that this is a tax that was said to be a tax on big oil. During the debate on this legislation in the Senate, it became clear that it was also a tax on independent producers. A tax on 13,000 men and women who are producing more energy for America not just talking about it. Now this body is coming to the realization that this bill will not just tax big oil and little oil but royalty owners, also. Hundreds of thousands of investors who are the unseen and unheralded energy producers in this country.

If these things were not enough there are further inequities incorporated in this bill. For a state like new Mexico, this bill is a further insult. First, by creating disincentives for the way in which New Mexico applies its severance tax it will necessitate a change in that tax. The Federal Government has, in effect, dictated how a State will tax its own natural resources. Furthermore, this bill taxes Federal royalty oil which also in shares by those States where the oil is produced. This action will reduce the States' share of the royalty. In New Mexico, oil taxes do not go to luxurious State buildings or wasteful activities as some in this body have suggested. These moneys go primarily to the education of our young people.

Mr. President, I have said it many times but I feel it cannot be said often enough. Unfortunately this will not even be the last time we will speak on the faults of this tax. This tax is not just a tax on big oil; it is a tax on thousands of small producers and hundreds of thousands of royalty owners. It is a tax on the consumers of this country and it is a tax on the producing States of this Nation.

Mr. President, as a further example of the lack of reason, I ask unanimous consent to have printed in the RECORD actual cost estimates with reference to drilling of wells in my home State—No. 1, Landlady and No. 2, Lucky Larry. Also, I ask unanimous consent to have printed in the RECORD two articles, published in the Albuquerque Journal, which summarizes the oil industry in New Mexico and the feelings of the energy companies regarding the windfall profit tax.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AFE COST ESTIMATE—NO. 1 LANDLADY: E/2 SEC. 8–T12S–R32E (MARCH 1979)

| Item | Tangible | Intangible | Total |
|---|---|---|---|
| COST TO DRILL 11,000-FT TEST | | | |
| Road, location and damages | | $12,000 | $12,000 |
| Footage drilling (11,000 ft at $16.90/ft) | | 185,900 | 185,900 |
| Daywork operations (3 days at $3,800/day) | | 11,400 | 11,400 |
| Mud and water | | 28,000 | 28,000 |
| Surface casing (350 ft, 13⅜ in at $18/ft) | $6,300 | | 6,300 |
| Cement and service (13⅜ in casing, 375 sx) | | 3,500 | 3,500 |
| Intermediate casing (3,700 ft, 8⅝ in at $9/ft) | 33,300 | | 33,300 |
| Cement and service (8⅝ in casing, 1300 sx) | | 10,300 | 10,300 |
| Drill stem test service (2 DST's) | | 2,000 | 2,000 |
| Logging service | | 17,600 | 17,600 |
| Rental tools and equipment | | 4,000 | 4,000 |
| Wellhead and connections | 5,000 | | 5,000 |
| Supervision and expenses | | 3,000 | 3,000 |
| Transportation and miscellaneous labor | | 5,000 | 5,000 |
| Contingencies | | 32,700 | 32,700 |
| Cost to casing point | 44,600 | 315,400 | 360,000 |
| COMPLETION COST | | | |
| Production casing (11,000 ft, 5½ in at $6.50/ft) | 71,500 | | 71,500 |
| Cement and service (5½ in casing, 325 sx) | | 5,800 | 5,800 |
| Daywork (1 day at $3,700/day) | | 3,700 | 3,700 |
| Well service unit | | 7,000 | 7,000 |
| Perforating service | | 4,000 | 4,000 |
| Tubing (10,800 ft. 2⅜ in at $3/ft) | 32,400 | | 32,400 |
| Rental tools and equipment | | 5,000 | 5,000 |
| Acid treatment | | 8,000 | 8,000 |
| Wellhead and connections | 6,500 | | 6,500 |
| Separator-treater unit | 20,000 | | 20,000 |
| Supervision and expenses | | 3,000 | 3,000 |
| Transportation and miscellaneous labor | | 5,000 | 5,000 |
| Contingencies | | 13,100 | 13,100 |
| Completion cost | 130,400 | 54,600 | 185,000 |
| Total AFE cost | 175,000 | 370,000 | 545,000 |

AFE COST ESTIMATE—NO. 1 LUCKY LARRY: SEC. 5–T12S–R32E (MARCH 1980)

| Item | Tangible | Intangible | Total |
|---|---|---|---|
| COST TO DRILL 11,500-FT TEST | | | |
| Road, location and damages | | $15,000 | $15,000 |
| Footage drilling (11,500 ft at $22.50/ft) | | 258,750 | 258,750 |
| Day work operations (4 days at $4,650/day) | | 18,600 | 18,600 |
| Mud and water | | 50,000 | 50,000 |
| Surface casing (350 ft, 13⅜ in at $18.75/ft) | $6,600 | | 6,600 |
| Cement and service (13⅜ in casing, 375 sx) | | 3,900 | 3,900 |
| Intermediate casing (3,700 ft, 8⅝ in at $10.20/ft) | 37,750 | | 37,750 |
| Cement and service (8⅝ in casing, 1,600 sx) | | 15,600 | 15,600 |
| Drill stem test service (2 DST's) | | 2,000 | 2,000 |
| Logging service | | 26,400 | 26,000 |
| Rental tools and equipment | | 5,000 | 5,400 |
| Wellhead and connections | 3,000 | | 3,000 |
| Supervision and expenses | | 3,000 | 3,000 |
| Transportation and miscellaneous labor | | 5,000 | 5,000 |
| Contingencies | | 44,400 | 44,400 |
| Cost to casing point | 47,350 | 457,650 | 505,000 |
| COMPLETION COST | | | |
| Production casing (11,500 ft, 5½ in at $7.50/ft) | 86,250 | | 86,250 |
| Cement and service (5½ in casing, 550 sx) | | 9,100 | 9,100 |
| Day work (1 day at $4,650/day) | | 4,650 | 4,650 |
| Well service unit | | 9,000 | 9,000 |
| Perforating service | | 5,000 | 5,000 |

| Item | Tangible | Intangible | Total |
|---|---|---|---|
| Tubing (11,200 ft, 2⅜ in at $3.75/ft) | 42,000 | | 42,000 |
| Rental tools and equipment | | 5,000 | 5,000 |
| Acid treatment | | 8,000 | 8,000 |
| Wellhead and connections | 8,000 | | 8,000 |
| Separator-heater unit | 20,000 | | 20,000 |
| Supervision and expenses | | 3,000 | 3,000 |
| Transportation and miscellaneous labor | | 5,000 | 5,000 |
| Contingencies | | 20,000 | 20,000 |
| Completion cost | 156,250 | 68,750 | 225,000 |
| Total AFE cost | 203,600 | 526,400 | 730,000 |

### Uncle Sam's Looming Tax Stirs Sinking Feeling Among Oil Men

(By Ana Marie Fenimore)

Mention the windfall profits tax and you might see a grown oilman cry.

Gloom settles like the heaviest crude. Morose headshaking follows, often accompanied by dire forecasts for future exploration and drilling, not to mention production.

It is reminiscent of reaching the pot of gold at the end of the rainbow, only to slip on an oil slick and see it vanish.

In this case, the pot of gold was de-control of oil prices—a phased-in program eventually allowing producers to charge the higher uncontrolled world prices for the stuff when it comes out of the well.

The oil slick? Windfall profits tax, a tax that first rose to the surface last spring, a tax ranging from 30 to 70 percent on the price difference.

March 7, it was agreed on by Congress' Joint Committee on Taxation and last Thursday, it was passed by the full House of Representatives. Next week, it will go before the full Senate.

In the next decade, it will hit where it hurts.

The pocketbooks of just about every segment of the oil industry, from the landowner collecting a small royalty on a well to the independent producers to the major oil companies, will be affected.

At the same time, the decade brings with it the less publicized decontrol of interstate prices of natural gas.

Like oil prices, the lifting of the allowed ceiling is phased-in, but over a longer period of time. Final decontrol will be in 1985 for gas, 1981 for oil. And, like with the "windfall" coming to oilmen, the government gives and the government takes away from the industry's point of view.

What is given and what is taken away, indeed, how it is given and taken will have a major effect in New Mexico.

While the state ranks in the top 10 for both oil and gas production, it is a distant ranking compared to the major producers such as Texas and Louisiana.

Nonetheless, as a poor state with few people, the money from industry taxes, bonuses, royalties and leases goes a long way toward supporting state operations.

Today, New Mexico is described by petroleum people as mature or becoming mature, in industry terms.

In everyday words, it means the easy oil and gas have been found.

It means future production depends on finding new pools and fields, drilling deeper, drilling in new areas, keeping stripper wells going, secondary recovery, tertiary recovery.

The bottom line is money.

If what comes out of the ground doesn't pay for what it costs to get it out of the ground, then the independents and the majors are not going to go after it.

Thirty percent of New Mexico's oil production is already from secondary methods, most commonly water injection.

This involves drilling wells around an existing oil well and forcing the oil up.

Its future, according to the state Bureau of Geology, depends on "discoveries, developments and enhanced recovery programs."

Without that, the bureau's annual report states, oil production will continue to decline to the year 2000, possibly at an annual rate of 6 percent.

Casinghead gas, that which comes out of oil wells along with oil, is also declining. It can be arrested or reversed only by the discovery of significant oil pools.

And dry natural gas, that which comes out of gas wells, will continue to decline too, without new discoveries and removal of price controls. Discoveries in deeper areas are possible, along with development of marginal zones previously discovered, the report said.

The problem with well drilling, whether it be deeper or wildcat wells, as well as with enhanced recovery methods is that they are expensive—very expensive.

Take drilling a well, for example. "A million dollars is only a 13,000 foot well," said Robert Moran, owner of Moranco drilling company and state representative from Lea County.

"Every 3,000 feet the cost will double. A 16,000-foot-well could cost you $2 million. A wildcat might cost $500,000 and probably be dry."

Enhanced recovery programs bring into play what is called tertiary production, processes that are little more than a high-priced gleam in the industry's eye at this point.

The method can involve using expensive substances injected in a well to get at the oil water didn't push up. It also could use steam or carbon dioxide.

While most major companies are experimenting, California is one of the few places it has been tried and that was on a small scale. Using steam on thick, heavy oil, it was calculated that for every three barrels of oil produced, one had to go back to produce the steam.

Under existing technology, primary recovery is the stuff that is easy to get to, maybe 15 percent of the oil. Another 15 percent comes out with secondary methods.

"And I don't think anybody really knows what will happen the third time around," Moran said. "We hope it will be another 30 to 40 percent, but it will be very expensive."

New Mexico's northwest holds a potential key for tertiary recovery—carbon dioxide.

That corner of the state, said Ray Graham, director of the oil and gas division under the State Land Office, has picked up in terms of land leases.

Deposits of natural carbon dioxide have been found there and it is believed they may be extensive enough to warrant piping to oil fields in the area.

Leasing activity in the northwest, however, is still not quite as brisk as in the southeast part of New Mexico.

"They haven't started drilling yet," Graham said, "but they're acquiring every lease we offer."

The lure is the overthrust belt.

Two geological formations overlap on a line from Wyoming to Mexico. Oil has been found at both ends, Graham said, and it is thought part of the belt cuts across the southwest corner of the state.

He is optimistic about the state's petroleum future. "New Mexico still has great potential for oil and gas, we think," he said.

"We're selling every lease we put up for bid. Years ago, we put up parcels and no one would bid on them. Now, even stuff 200 miles away from production we can sell."

Alvin Baca is not quite as optimistic, but for other reasons.

As executive director of the Independent Petroleum Association of New Mexico representing independents primarily, he is worried about the possible negative effects of the windfall profits tax.

"It will just take money out of exploration and send it to Washington," he said.

And one of the hardest hit will be independent producers. "They only have one place where they make a profit and that's at the wellhead," Baca said.

Independents drill about half of all wells in the country and about 80 to 90 percent of wildcat wells. They account for a similar portion of the state's industry, he said.

Approximately 200 to 250 independents are New Mexico companies, says Baca. They get their drilling money through various combinations including their own money, bank loans, major companies and private investors. If a well turns out to be productive, they share in the profits. If not, they lose.

The money an independent gets out of it goes back into more drilling, Baca explained.

"Over the last five years, the Independent Petroleum Association conducted a survey and found independents tend to put back 105 percent of their revenue into the ground. They're borrowing against the future, betting in essence," he said.

One reason for this, says C. E. Usinger, partner and tax expert for Peat, Marwick, Mitchell & Co., is to offset income taxes.

Intangible development costs, that is, drilling costs other than equipment, fall into this category. "So the incentive to drill has been there all along," he said.

"I think the windfall profits tax will have the effect of taking this away, depending on what kind of oil. By taking away from 30 to 70 percent of the price increase due to decontrol," Usinger said, "the money won't be available to even make a decision to use it to drill or not."

On top of that, he added, New Mexico even more than other oil-producing states stands to lose from the tax.

"All those funds that come off the tax go to Congress and theoretically are going to be spread throughout the whole country so really it would make you think (oil producing states) would lose more than they gain.

"With our small population, I would think there would be a lot more funds taken out than returned in other benefits. We wouldn't get that much because we don't have many people. Our share is not going to be very great."

Baca's predictions are even more glum and often echoed by the industry.

"It means higher prices to consumers and it's going to mean a slowdown in production. People don't realize oil and gas are competing for the same dollar other industries are competing for.

"I do not suggest companies are going to go out of business, but supply certainly will be affected and oil will not come out of the ground as fast as it should, especially at the same time a higher price is being paid."

Uncertainty about the effects of the windfall profits tax could indeed slow down the industry, in the eyes of a 30-year oil and gas producer.

And, said Al Greer, president and owner of Benson-Montin-Greer Drilling Corp. in Farmington, that is bad.

"Industry has a tremendous job to do just to keep the production rate the same this year as last year and next year as this year."

That is something not generally understood, he contends.

"Almost everyone who doesn't know anything about the oil business views the oil patch in the same light as they do a corn patch.

"If you've got a field of corn that produced 100 bushels this year, it will do so next year and the year after as long as you take care of the land."

Oil doesn't work that way. "Sooner or later in any kind of natural resource that's limited, you're going to reach peaks and, as production falls off and you can't find new reserves as fast as it depletes, then you will have a decline.

"It takes a couple of things to stop that—one is incentive to look and the other is funds to do it."

Unfortunately, Greer said, the windfall profits tax puts obstacles in the way of secondary and tertiary recovery projects.

One of what Greer called the "devastating aspects" of the tax, is the higher rate on so-called older oil, generally oil discovered before 1979.

"The net result is going to be, especially as far as secondary recovery is concerned, the country is going to lose a large volume that the industry would recover if it weren't for this stupid tax.

"It doesn't make economic sense to expand secondary recovery."

To Greer, the tax provides a "double whammy" for New Mexico.

By cutting back production, the state's tax collections drop.

"If you pay 25 cents more for gas for your car, that much or more goes into the state funds," he said. "It's hard to go to the gas pump and say "The price is up' and smile, but in a sense that's New Mexico's position."

Payton Yates, president of Yates Drilling Co. and an oilman who traces his roots to his grandfather's Yates Petroleum Co., sees the problem in a slightly different light.

"I think one fault that all we Americans have is a function of instant communications, like television, so we expect instant results.

"The industry has not had the opportunity to gear up to maximum exploration efforts in the last six or seven years because of massive government intervention in pricing systems, leasing systems, environmental laws."

In New Mexico, he believes there are areas that have not been adequately explored and considerable deeper horizons in existing fields.

However, natural gas looks more promising than oil to Yates, unless "we can find the technology and money necessary to effect some good, efficient tertiary programs in existing oil fields."

His optimism about natural gas future is tempered by price controls still in effect from the Natural Gas Policy Act of 1978.

"At the time, those may have looked like they were setting the prices of natural gas near the market clearing value, that is, the price of competing fuels.

"My big concern now is that we have controls on prices that are rapidly becoming more and more unrealistic."

He forecasts more wells will be drilled below 15,000 feet, because the price of gas discovered at that depth is higher.

The controlled prices could also cause decreased exploration, he said. "We're at a very critical juncture in the search for natural gas, the relationship of the cost for the search and the regulated price."

Robert Moran, like Yates, attributes declining drilling activity in the past decade to price controls.

He is cautiously optimistic about the state's future in oil and gas production, despite the windfall profits tax.

"If it proves to be excessive, it will have a negative impact," he said. "But the oil industry has been very prone to adjust to adverse circumstances and it could be in this case as well."

Price decontrols are helping. "Eddy County, for instance, where there's been a lot of activity, has gas we passed up 20 years ago because it wasn't economical. Now it is and we are developing it because now we're getting a reasonable price even though we're still under some controls."

Whatever the final outcome of the windfall profits tax and the slow rising of natural gas prices, decontrol is having its effects.

Shell, for example, is drilling a deep well on the Isleta Indian reservation.

"It's a rank wildcat," said Wade Dover, division production manager for the mid-continent production division. "We'll take what we can get, but it will probably be gas because it's so deep."

The drilling permit is for 18,000 feet. Wells drilled in New Mexico in 1978, according to the Independent Petroleum Association of America, averaged 5,500 feet.

The company's major project in New Mexico is the North Hobbs unit near Hobbs. Shell will operate 75 injection and 180 producing wells for the 80 working interest and 90 royalty owners. It is expected production will climb from 6,900 barrels of oil a day to more than 10,000.

Although the project was first planned in 1972, Dover said it is going to end up costing much more than originally planned, $35 million instead of maybe $5 or $10 million.

"If we didn't have decontrol, I doubt we'd be doing it," he said.

Gulf, another major producer in New Mexico, will participate with other groups in 16 wildcat wells, said spokesman Sam Adelo.

"Gulf spent $2 million on leases in bidding at the State Land Office last year," he said.

Texaco, with most of its operations in southeastern New Mexico's Lea and Eddy counties, is still weighing the effects of the windfall profits tax.

Lloyd Hamann, general superintendent for the midland producing division of the producing department-western U.S., said the company drilled about 45 wells in 1978 and 35 last year.

"We presently don't plan to drill quite that many this year, but plans could change if the incentives are there to do so," he said.

El Paso Natural Gas Co., the state's largest natural gas producer, will be concentrating on infill drilling, reported spokesman Joseph Arnett. That involves drilling more gas wells in a producing area.

The company has raised its 1980 exploration and development budget to $203 million from last year's $163 million, he said.

Atlantic Richfield, the state's largest oil producer, will be drilling about the same number of wells as last year.

George Ricks, production drilling superintendent in New Mexico, said he expects to see deeper drilling.

The company is doing infill drilling and exploratory work in the Morrow gas zone in Eddy County. Last year, he said, they drilled wells northwest of Eunice that were 16,500 feet and involved a new gas discovery.

"But the windfall profits tax is our biggest problem right now," he said. That and government regulations that tie up drilling. "The best we've been able to manage for a permit to drill on federal lands is 60 days," he said, "and that's the best."

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### Giant N.M. Oil Industry Little Known

(By Ana Marie Fenimore)

New Mexico's oil and gas industry, in the eyes of one insider, means about as much to the average person here as it does to someone in downtown Philadelphia—the gasoline pump.

Few see the 35,000 oil, gas and injection wells clustered in two corners of the State.

The don't encounter the countless storage tanks dotting eight counties.

They don't come across the eight oil refineries or approximately 40 natural gas processing plants, the estimated 20,000 employees, 25,000 miles of pipelines.

Yet 528 operators were producing natural gas and 589 oil in 1978. Another 256 were drilling wells and 21 were selling most of the gasoline brands. About 1,400 service stations were pumping those brands into your car.

At least five state and federal divisions or departments were involved in some phase of regulation or finance.

The industry is considered a financial back bone in New Mexico's budget. It is the single largest source of income to the state, the second largest contributor to the general fund, exceeded only by sales taxes.

Nationally, the state's oil production ranks seventh and natural gas fourth.

Historically, the northwest's San Juan Basin has been the larger gas producing area and the southeast's Permian Basin the main oil producing area.

"But in recent years," said Richard Stamets, technical support chief with the state Oil Conservation Division, "the gas production from the two areas has been pretty close, maybe within 2 or 3 percent."

In 1978, according to the state Bureau of Geology in the Mining and Minerals Division, Lea and Eddy counties accounted for 89 percent of New Mexico's oil production.

But, while San Juan County produced 32.33 percent of the total gas production, it was closely followed by Lea, Eddy and Rio Arriba were next.

Oil and gas also surface in Chaves, Roosevelt, McKinley and Sandoval counties.

The companies involved in what has now become a very specialized industry range from the large major or integrated companies with operations in several phases of production, to independent companies handling only, say, servicing or perhaps drilling.

Fifty of the 528 operators, the New Mexico Oil and Gas Association reported, accounted for 88 percent of the 1.137 trillion cubic feet of gas produced in 1978.

Twenty-one of these, said association director Pete Hanegan, were larger or major companies. They produced 68.2 percent to the total gas.

El Paso Natural Gas Co. was the leader by far, with 233.5 billion cubic feet produced. Amoco Production Co. was second with 98.7 billion cubic feet. Other producers ranged from Gulf Oil Corp., Continental Oil Co. and Tenneco Oil Co. to Yates Petroleum Corp., Blackwood & Nichols, Delta Drilling Co. and Rial Oil Co.

Like natural gas production, oil is also dominated by relatively few companies.

The top 50 produced 87.2 percent of the 83.6 million barrels. Twenty of these, said the association, were major companies which accounted for 72 percent of total production.

Also like gas production, one company leads.

Atlantic Richfield Co. produced 16,413,352 barrels in 1978, Hanagan said. Texaco Inc. followed with 6,640,692.

Producers included Continental Gulf, Getty Oil Co., Mobile Oil Corp. and Amoco for the majors, and Reserve Oil Inc., Yates, Rial and Benson-Montin-Greer Drilling Corp.

Unlike the production phase, where a major company might have custody of wells drilled by others, the drilling phase brings in the independents in a major role. That is especially true for wildcat wells and subsequent discovery of new fields.

Approximately 200 to 250 of those drilling and producing oil are New Mexico companies, notes Alvin Baca, executive director of the Independent Petroleum Association of New Mexico.

Nationwide, such independents drill approximately 54 percent of all wells and 90 percent of wildcat wells. They discover about 75 percent of the new fields, Baca said.

New Mexico, he added, follows the national trends.

In 1978, 1,791 gas and oil wells were completed, reported the oil and gas association.

Of these 791 were drilled by 22 larger companies. Another 1,000 were done by 234 independents. The large companies drilled only 36 of the wildcats that year.

The oil and gas coming out of wells goes to refineries and gas processing plants, sometimes here in New Mexico, sometimes farther away.

The state's gasoline processing plants are owned by companies ranging from Amoco, to Cities Service Co., Continental, El Paso Natural Gas, Gas Co. of New Mexico, Northern Natural Gas, Perry Gas Processors Inc., Tipperary Resources Corp., Tuco; Inc., Warren Petroleum Corp. and Yates.

The oil refineries include those of Plateau Inc., Giant Refining, Navajo Refining, Shell, Southern Union, Caribou-Four Corner Corners Inc. and Thriftway.

Once refined, it goes to the service stations.

According to a state oil and gas association survey, 20 of the 21 companies are the main sellers of gasoline brands, sell to 1,914 stations. Only 67 of these are owned and operated by a producer or refiner.

Those companies, say Maurice Trimmer of the oil and gas association, include mostly the majors like Gulf and Phillips, with some independents like Plateau and Bell.

One aspect of New Mexico's oil and gas production unlike states such as Texas and Louisiana, is that so much of it is on government land, Hanagan said.

As a result, the state not only benefits from taxes on the oil and gas produced, but also gets income from leases, royalties and bonuses.

Out of 77.7 million acres, 2.8 million have been yet to show they have oil and gas, says the trade group. It considers this an indication that there are still reserves to be found.

Of the oil produced in New Mexico in 1978, Baca's records indicate 34 percent came from federal lands. 46 from state, 2 from Indian and 18 from private lands. Those figures are based on a sales analysis by the state Oil and Gas Division.

Gas produced was also mostly from government lands, although more came from federal than state land: 58 percent compared to 21 percent. Another 4 percent was from Indian land and 17 percent from private land.

New Mexico's income from the oil and gas industry breaks down into direct taxes on the products and equipment, and money from leases, bonuses and royalties.

Four of the six direct taxes can be passed on as price increases, Antonio Martinez, of the State Oil and Gas Accounting Division reported.

Emergency school tax—goes into the state general fund. $45.9 million in 1978. This is a value tax based on the wellhead price. The name is misleading, as it can be used for whatever the Legislature decides, Martinez said.

Severance tax—goes into the state severance tax bonding fund with any excess after meeting fund obligations going into the severance tax permanent fund. $77.8 million in 1978. For natural gas, it is a unit tax based on the volume produced; for oil, it is now a value tax based on the wellhead price. Severance taxes, Martinez explained, are placed on natural resources produced in the state. The idea is to get money from the resources while the state has them.

Ad valorem production tax—distributed to the local governments and districts where the production exists. $21.9 million in 1978. This is a value tax based on the wellhead price and is similar to property taxes.

Conservation tax—goes toward the operation of the state Energy and Minerals Department. $3.4 million in 1978. This is a value tax based on the wellhead price.

Two other taxes, Martinez said, are not considered severance taxes. The ad valorem equipment tax is a tax on the equipment necessary for production and is distributed where the equipment is located. It brought in $3.8 million in 1978.

The natural gas processors tax is a tax on the finished products of gas processing plants and goes to the state general fund. It brought in $3.3 million in 1978.

Rentals, bonuses and royalties contribute another big chunk.

Rental money is that paid each year to keep a lease alive, according to Ray Graham, director of the Oil and Gas Division of the State Land Office.

Bonuses are one-time payments offered to get a lease on certain parcels of land being auctioned, he said.

"Some might bring $5 or $10 an acre, or $3,300 an acre," he said, depending on the chances for finding oil or gas.

After a person or organization has been granted a lease—and this does not always involve a bonus—the annual rental can vary from 10 cents to $1 an acre, said Graham.

Leases run for five or 10 years. Payments must be made each year and the well must be drilled before the lease expires or it reverts to the state. If gas or oil is found, the lessee keeps the lease as long as the wells produce.

And production is where the royalties come in.

A five-year lease, Graham said, involves a ⅙ royalty; a 10-year lease a ⅛ royalty. That is the portion of the value produced that goes to the state.

State rentals and bonuses brought New Mexico $24.1 million in 1978; royalties, $76.1 million.

Like state land, federal land involves bonuses, leases, and royalties, stated Raul E. Martinez, chief of oil, gas and geothermal for the federal Bureau of Land Management.

Half of what the bureau collects for these is turned over to the state—an estimated $53.7 million was New Mexico's share in 1978.

Both the State Land Office and the BLM conduct monthly lotteries for oil and gas leases. However, the BLM's lottery activities in all 11 Western States is currently indefinitely suspended because of possible criminal violations in Wyoming.

Regulation of drilling and plugging wells, as well as production rates, fall to both federal and state agencies.

Drilling and plugging on state and private lands is regulated by the Oil Conservation Division, said Director Joe Ramey.

The same activity on federal lands is under the U.S. Geological Survey.

However, production on all land in the state is regulated by Ramey's division, which issues drilling permits.

For example, spacing requirements include only one oil well for each 40 acres, Ramey said, one shallow gas well for each 160 acres and one deep gas well for each 320 acres.

Special in-fill permits are granted for adding wells closer than that.

The idea is to prevent underground waste. "If you take it out too fast," Ramey said, "then you can produce coning of water and trap the oil."

The division gets monthly production reports on every well in the state, he explained, and maximum monthly production for gas and daily production for oil are monitored.

In addition to protecting the oil and gas supply, state regulations are geared toward protecting ground water from oil and gas spills, Ramey said.

Wells must be adequately cased and cemented so no fluids seep out. A plugging bond is required before a well is drilled to make sure money will be there to close the hole if it turns out to be dry. While it generally costs under $10,000 to plug a hole, said Ramey, it can cost to half a million.

Historical sites cannot be ruined and community requirements are honored.

The state Oil Conservation Commission—consisting of Ramey, the state geologist, and the land commissioner—hear appeals on division rulings, Ramey said.

Leasing, bonuses and royalties for state land are handled by the State Land Office and for federal land by the BLM.

The state Oil and Gas Accounting Division keeps track of the money coming in from the oil and gas industry.

On the unofficial level, lobbying and record-keeping activities are handled by the New Mexico Oil and Gas Association and the Independent Petroleum Association of New Mexico.

Each has about 350 members, but the oil and gas association represents all sizes of companies. The petroleum association represents primarily independents.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. I yield myself such time as I require.

Mr. President, the Senator from Louisiana wishes very much that he could have brought back from conference precisely the bill that the Senate sent to conference. But the whole purpose of a conference is to settle the differences that exist between the two Houses.

In this case, in terms of dollars, with both Houses feeling very strongly and both sides having a lot of troops supporting them, there is no way one could have done anything but split the difference so far as the dollar figures are concerned, and that is what we did.

Aside from that, from the Senate's point of view, this is a very favorable conference report. The Senate had all sorts of provisions to help low-income people, to help encourage alternative uses of energy, to encourage people to insulate their homes, and other measures of that kind, and the House was very considerate of the Senate. The House went along with most of the meritorious provisions of the Senate.

So those of us on the Senate side cannot complain about the failure of the House to consider the Senate amendments. They were very considerate. Although we would like to have it all. I do not think we could expect to do a lot better than we did.

The case has been made here today about the royalty owners. Mr. President, 85 percent of royalty owners are receiving their royalty from wells that are owned by the major oil companies. Nothing that the Senate added to this bill would make it possible for us to insist on a lower tax on that segment of 85 percent of the royalty owners. The only ones to benefit under the Senate amendment would be the 15 percent who had their royalty on the wells owned by independent producers. In that case, it would be rank discrimination to treat 15 percent of the royalty owners far, far better than we would treat the 85 percent.

Picture the situation of the overwhelming majority, the 85 percent, who find that they are being taxed 60 or 70 percent, as the case may be, depending upon whether it is a stripper well or just a better well while their neighbor is paying no tax at all.

Let us just picture a march of royalty owners on Washington, not that we had that, but let us assume we did. Suppose we had 50,000 royalty owners marching on Washington and we went out there and said, "I am happy to tell you people that of your 50,000 we took wonderful care of 7,500 of you; the only people who got treated badly were the other 42,500."

We would probably be lynched by the six out of seven who have their royalty on wells owned by the major companies, not the independents.

Mr. President, there was not one Senator, including me, I regret to say, who thought enough about this matter to offer an amendment out here in the Chamber when that bill was pending to exempt all those royalty owners, the 85 percent of them who have their royalty on major company wells.

Mr. President, they are not going to be doing all that badly. I figured it out with a pencil myself, and it works out this way. Assuming a person is in the highest bracket, he is going to pay the 70-percent tax, and let us assume he is also in a 70-percent tax bracket. His income will be increased by 70 percent.

What additional expense does he have to sustain to offset that? Nothing, not even the cost of a postage stamp, because he will still have to mail the royalty check, whether it is for the larger amount or the smaller amount.

I would think that when we talk about windfall those who have no expense whatever, who simply get an increase in their income, really have less to complain about than those who take the risk, those who put the money up, take the chance of losing every nickel they put into it. They are paying, by the way, the same 70 percent. So in terms of discrimination how can we justify saying that the man who takes all the risk, puts up his money, and risks every last nickel of it against 9 to 1 odds, should pay a 70-percent tax and the fellow who takes no risk at all should pay nothing?

Mr. President, I am for those people who take no risk. I am one of them, and I should know.

But I would be the first to say that, in terms of saying where the discrimination lies, we really cannot say that royalty owners have been treated unfairly when they are receiving a 70-percent increase in their income and this tax is the first tax that adjusts itself for inflation.

So, if the price continues to go up, they just get more money to offset that. If it is new oil, or if it is heavy or tertiary oil, they even get a 2-percent kicker. So it is just to their advantage to hope they do get inflation. They not only get the inflation increase but a kicker on top of that.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BELLMON. I think that may be true, but as far as stripper producers are concerned, and royalty owners, they are going to get a rollback. They are not going to get 70 percent. They will get a 36-percent rollback.

Mr. LONG. Yes. I understand that argument. But why is that? That is because we voted a couple of years ago to exempt these stripper wells from any price controls. We exempted them back at the time when the price was about $13 a barrel. Now the price has gone up to $40 a barrel. I have an example which assumes a price of $35 a barrel, which I ask unanimous consent to print in the RECORD.

There being no objection, the calculation was ordered to be printed in the RECORD, as follows:

| | Stripper oil | Lower tier oil | Upper tier oil |
|---|---|---|---|
| Current price of oil (assumed) | $35.00 | $35.00 | $35.00 |
| Base price[1] | 15.00 | 13.00 | 13.00 |
| Taxable windfall profit[3] | 20.00 | 22.00 | 22.00 |
| Tax rate (percent) | (60) | (70) | (70) |
| Windfall profit tax | 12.00 | 15.40 | 15.40 |
| Royalty after windfall profit tax | 23.00 | 19.60 | 19.60 |
| May 1979 price | 12.00 | [3] 6.00 | [3] 13.00 |
| Increased income from May 1979 to March 1980 | 11.00 | 13.60 | 6.60 |
| Increase as percent of income | (48) | (70) | (34) |

[1] Rounded for simplicity.
[2] State severance taxes disregarded for simplicity.
[3] Price determined by controls.

Mr. LONG. Mr. President, it will show the difference.

Let us assume that at the time that we deregulated strippers they were getting $12 a barrel, which is about what it was back at that time. That has been adjusted up to $14, but their net proceeds are going to be $23, assuming the price of oil is $35, so they get a net of $23 where they were only getting $12.

Admittedly they are paying no tax at this moment and they will have to pay a tax in the future. But when we take a look at the benefit that the people have had of the increased income, can we very well take the view that a stripper-well producer should be treated more favorably than someone engaged in tertiary production? In the latter case, the fellow is having to put chemicals and soapsuds down there. He will have to put eight barrels of soap for every barrel of oil he is getting out.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BELLMON. I am sure the Senator realizes that stripper wells are operated with antique equipment, with old, obsolete equipment that breaks down and has to be repaired. That increases the costs of stripper oil, where they have a lot of water to pump in, more than the cost of producing other oil.

Mr. LONG. What has that to do with the royalty owner? He does not have any of those costs to bear.

Mr. BELLMON. In many cases he has an investment he has made. He owns the land. He sits there waiting, and now gets a $17 check. I cannot see any justification in taking away from him the small return on his investment.

Mr. LONG. Mr. President, I know a little about this business, and I am sympathetic to the producers.

Mr. BELLMON. I agree.

Mr. LONG. I have been involved on both ends of oil production. I am a royalty owner, and also have been a stripper producer.

Let me say I would be delighted to exempt the stripper owner, and I so voted. But that could not be held in conference, and thus all these independents are getting a 30-percent tax while everyone else pays 60 percent on the same type well.

Mr. President, the Senator from Oklahoma (Mr. BELLMON) went down to Shreveport, La., and met with a group of people who are in the oil business, and explained to them his view that I had "dropped the ball," that I had not taken care of them. I then went down to Shreveport 2 weeks later and explained my viewpoint. After I got through speaking, a man rose and said, "Senator, everything I have is stripper oil. I think you have done everything you can do to look after our interest. And I want to tell you that, as far as I am concerned, I appreciate what you have done to look after our interest." And they all gave that statement a big hand.

Sure, I would like to see those people exempted. I represent them. Louisiana exports three barrels for every barrel it keeps inside the State.

But, on the other hand, Mr. President, if we do not pass this bill, the President is going to call off the whole decontrol program and producers generally would be worse off.

Admittedly, the stripper producers would be better off. What percent of the oil is that? It is only about 15 percent of the oil, and only about half of that is the independents. And that is the only part; 7½ percent of oil is the only part of it where we had any leverage to try to do anything for those people.

To do more would have been a discrimination against others. That is something, Mr. President, that people can understand.

I am happy to say, everyone I have had a chance to discuss it with has understood it. I have yet to have a single royalty owner or producer, be he a stripper owner or a major producer, come to me and say, "This does not represent the best you could have done under the circumstances."

So, Mr. President, while it is true that our friends on the House side from the Louisiana delegation voted against the bill—they have that privilege and I respect it; they can be in favor of every amendment to reduce the tax, and then vote against the whole thing, and hope that they will get the decontrol of prices in spite of all that—I do not have that privilege. I was chairman of the Senate conferees. I put my name on that conference report. I did everything I could to get the House of Representatives to go along with the Senate, and I feel it is my duty to support the conference report.

Overall, it is a better deal for Louisiana, than continued price controls would be.

So, I would think, Mr. President, we better just go ahead and pass the bill. The last thing I would want is to have the bill referred back to the Finance Committee. The majority of us on the committee are going to vote against referring the bill to our committee. We do not want the bill back in the committee. We had a chance to study it and hold hearings. We have lived with that bill for a solid year, practically, as far as we are concerned. We would like to vote on it now, even though some of us would have liked to exempt royalty owners and independents.

I hope very much the Senate will not vote to refer the bill to the committee, but go ahead and do its duty, vote the bill up or vote the bill down. Give us a judgment.

The VICE PRESIDENT. Who yields time?

Mr. DOLE. Mr. President, how much time remains for the Senator from Kansas?

The VICE PRESIDENT. Three minutes.

Mr. DOLE. And the Senator from Louisiana?

The VICE PRESIDENT. Seven.

Mr. DOLE. Mr. President, I yield myself 1 minute.

I certainly do not want to get into a quarrel with my distinguished chairman because I think, as he has indicated, we made every effort we could to improve the bill. But I think we recognize a mistake we made, and there is still time to correct it, or at least emphasize, send a signal to the royalty owners, that we did make a mistake.

That is all we are asking. We know we cannot change the conference report. What are 15 more days? Once this Carter tax starts hitting across the country, there is going to be a big, big uproar, and I suggest that in the State of Kansas, the State of Oklahoma, the State of Louisiana, the State of Alabama, everyplace you have oil production, that the royalty owners are just now finding out.

I do not share the view that they ought to be happy about paying this tax.

Nobody wants another tax, whether it is a Carter tax or any other tax. They do not want another tax. Senator KENNEDY is for the tax, too, so we cannot be partisan about this.

But I just suggest that the royalty owners have yet to be heard from, and when they are heard from we will probably make a change. But why not start doing it now?

I just hope those who have royalty owners in their States—I am not so worried about the independent producers. They are going to do all right. They did come out fairly well, but the royalty owners did not, and that is why we are making this effort to send it back to committee.

I reserve the remainder of my time.

The VICE PRESIDENT. Who yields time?

Mr. LONG. I yield 4 minutes to the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, the uncertain energy picture has triggered an abrupt change in our perceptions of the future. The impact of soaring energy prices and insecure oil supplies has reverberated throughout our economy. The finite nature of world petroleum resources, the capricious decisions that seem to determine price and production policies in some OPEC countries, and unstable political conditions that threaten some sources of supply, have led economists and political analysts to predict the bleakest energy prospects. However, the most significant element of the current energy dilemma may well not be the crisis itself, but our response to that crisis.

The windfall profit tax is the cornerstone of our efforts to achieve energy security. The starting point for this initiative was the President's decision to decontrol the price of domestic crude oil, with the dual objective of increasing production while encouraging conservation. This action was begun, on a phased basis, on the condition that the Congress enact a fair and meaningful windfall profit tax. The extraordinary revenues generated by decontrol were to be directed, in the private sector, toward exploration and production of new petroluem resources. In the public sector, windfall profit tax receipts are to fund critically needed programs, including the development of alternate fuels, mass transit construction, and assistance to those who are hardest hit by skyrocketing energy prices. Fairness and equity demand that some of the extraordinary profits to be reaped by the oil companies as a result of decontrol be recycled to benefit the Nation as a whole.

As we stand on the threshold of enactment of the largest tax ever imposed on a single sector of the economy, we must place in perspective the impact of this legislation. We have heard eloquent arguments in favor of the oil producers. It has been said that the windfall profit tax would stifle production; that the oil companies really suffer from poor economic performance; that a tax would destroy the capital base from which exploration and development would be financed. But the facts tell a different story.

U.S. oil company profits in 1979 were not only the highest in history, but they represented the largest 1-year increase on record. No matter how the industry's profits are measured—return on equity, actual dollar increase or percentage increase—the record is staggering. Overall, in 1979, the 20 largest oil companies reaped profits in excess of $22 billion, an increase over the previous year of 64 percent. The significance of 1979's recordbreaking oil profits is underscored by the fact that decontrol of domestic oil prices has barely begun. The oil companies are expected to reap over $1 trillion over the next few years as the decontrol program is fully implemented.

The compromise windfall profit tax bill achieved by the conferees is fair to the oil companies. It is at once good energy policy as well as wise public policy. Under the conference compromise, the tax is expected to raise $227.7 billion over the next 11 years. This represents an even split between the Senate bill of $178 billion and the House bill which raised revenues of $277 billion.

A number of substantive changes were made by the conferees from both the Senate and House versions of the bill which will improve the administration of the tax. Decisions were made to eliminate or cut back some energy tax credits in an effort to derive an energy policy which will be the most conducive to alternate energy production and renewed conservation efforts.

Although the conference report does not satisfy everyone, it was achieved on a bipartisan basis in the best spirit of legislative compromise. It is time for this bill to become law.

There has been extended discussion of these difficult and complex issues over the many months of committee and floor debate. The Senate Finance Committee spent 16 weeks shaping the Senate version of the bill. It was considered for 21 days on the Senate floor and consumed 11 weeks of discussion in conference. We have had enough debate. It is time for decision.

The motion to refer the conference report to the Finance Committee is ill advised and should be defeated. Referral of the report could seriously jeopardize final passage of the windfall tax this session.

Mr. President, the distinguished Senator from Kansas says it will only mean 15 days. Well, what it means, Mr. President, is 1 month, at least 1 month and 1 day, because the Senator is talking about 15 days of actual session and, of course, the Senate is going to be out on a legislative holiday during the Easter period, and it is not in on Saturdays, it is not in on Sundays. So what we are actually talking about here, Mr. President, this conference report, if the motion by Mr. DOLE should carry, would be reported back to the Senate on April 28, and that would be 1 month and 1 day. That would give the lobbyists the opportunity to work everybody over, just another month—not 15 days, but a month and a day.

So, let us not be misled, Mr. President, by this argument that it would just be for 15 days.

It is time to act in the best interests of the American people, not to protect special advantages for a few. Those who have studied the conference report are aware of the special tax concessions afforded independent producers in an effort to induce increased exploration and development of domestic oil resources.

The motion which Mr. DOLE would make would only delay action on this measure. Mr. President, this Nation can no longer afford to wait.

I urge my colleagues to vote against the motion and to vote for final adoption of the windfall profit tax conference report. Today, our foreign policy, economic health, and energy future are inexorably intertwined. For some years to come, we shall probably experience continued vulnerability and instability as a result of the foreign origin of many of our energy resources. But this legislation is an important first step toward energy independence. We must begin this effort, to let the world and the American people know that this Nation will meet the challenge.

I want to compliment the distinguished Senator from Louisiana (Mr. LONG) for the courage and the statesmanship he has demonstrated as a Senator from Louisiana, a great oil-producing State, in bringing this bill back to the Senate, the conference report back to the Senate, and for defending it.

Of course, it is not what he would like to have. He would like to have brought back a conference report that represented the bill that the Senate sent to conference. But he recognizes, as the man who has dealt in the legislative process for many years, that this has to be a compromise. He also recognizes that the Nation has to have a bill and, Mr. President, to me that is the epitome of statesmanship.

It does not take much courage for me to vote for this conference report, Mr. President. My State produces a little oil, a little gas, and a lot of coal. It does not take courage for me. But it takes a lot of courage for the Senator from Louisiana and his colleague to vote for this conference report, and I salute him, and I think the Senate is in his debt and the American people are in his debt.

Mr. President, I urge that the motion by the distinguished Senator from Kansas be roundly defeated and that the conference report be roundly voted up. I thank everyone.

The VICE PRESIDENT. Who yields time?

Mr. ROBERT C. BYRD. Mr. President, let me say a word of praise for the distinguished Senator from Kansas.

Mr. LONG. He will permit that. [Laughter.]

Mr. ROBERT C. BYRD. He goes down fighting. I hope he goes down. But if he does, he goes down fighting. He stands for what he believes. He lays it right on top of the board, calls the shots as he sees them, although he is doing a little misrepresenting here, not intentionally, when he says he is referring this conference report to the committee for 15 days. It is actually a month and 1 day.

Mr. DOLE. Yes, because we have a recess.

Mr. ROBERT C. BYRD. Yes, because we have a recess. But I admire him, I respect him, and it is easy for a man to win, myself, because I am not from an oil-producing State. We do have a little oil and we hope to produce more down there, but it is difficult to lose, and the Senator loses with a smile. I can see the smile now. [Laughter.]

Mr. DOLE. That is because I am used to losing. [Laughter.]

But I would just say that I appreciate that very much.

I also want to commend my chairman. I do not want anything to happen to that relationship we have in the Senate Finance Committee, because this was a great bipartisan effort to get this bill where it is.

I do not think the chairman wants all the credit for passing the windfall profit tax. I think we would like to share that because it is going to be rather unpopular. But I would just hope that we would send it back for 15 days—maybe it will be a month—I would be happy to make it 7 actual days. But the point is we want to send a signal to the royalty owners that we did not recognize their problem. That is the only point for offering this motion.

We are prepared to vote and prepared to win, whenever the time is ripe.

I yield to the Senator from Oklahoma.

Mr. BOREN. Mr. President, is it not true that we have been trying to determine how many royalty owners there are, and we found out in the process that they do not even have a national organization and they do not even have a lobbyist? So the point is that we are trying to talk for hundreds of thousands of people who are really not represented in an organized group in the Nation's Capital; is that not true?

Mr. DOLE. Mr. President, Senator PERCY's office had 200 calls yesterday. So somebody is getting the word.

Mr. BENTSEN. Mr. President, the conferees on the windfall profit tax have agreed to a provision which I sponsored on the Senate floor and which has strong support in both the Senate and the House. That provision is the interest and dividend exclusion which increases the amount of the existing exclusion for dividends from $100 to $200 and broadens the exclusion to apply to certain types of interest received by individuals from domestic sources, including interest from banks and thrift institutions, interest on certain types of corporate debt, and interest paid by the United States or a State or local government which is not already excluded from gross income. Mr. President, those of us that sponsored this provision—and there were 78 cosponsors in the Senate—believe that it will provide strong incentives for savings and investment in this country. With this in mind, I would like to ask the chairman a question to clarify and reconfirm my understanding of this provision.

First, Mr. President, it is my understanding that the interest and dividend exclusion provisions contained in the conference report list several specific types of interest that would be excluded from gross income. In addition, a provision is included that provides that to the extent prescribed in Department of Treasury regulations the exclusion includes interest on other evidences of indebtedness issued by a domestic corporation of a type offered by corporations to the public. Am I correct, Mr. President, that this provision concerning the inclusion of other types of interest was done in order that other types of interest on corporate obligations that were not specifically named in the bill will be eligible for the interest exclusion?

Mr. LONG. That is correct.

Mr. BENTSEN. Is it your understanding. Mr. President, that one type of interest that could be included in the Treasury regulations under this provision is the interest on amounts held by an insurance company under an agreement to pay interest on the amounts held?

Mr. LONG. Yes, that is my understanding. Of course, that type of interest is not the only type of interest which the Secretary could include, but it is a clear example of the type that could be included by regulation.

Mr. BENTSEN. I thank the chairman for the clarification.

Mr. MOYNIHAN. Mr. President, a sentence in the conference report causes me concern. I think I am reading it correctly, but let me ask you. It is at section 4994(c)(4)(C)—the definition of a "qualified property" for purposes of the tax exemption for front-end tertiary oil.

It says:

> The term "qualified property" means any property if, on January 1, 1980, 50 percent or more of the operating mineral interest in such property is held by persons who were independent producers.

I hope the Internal Revenue Service will understand that sentence to permit an independent producer to expand an existing tertiary project where the following circumstances are present: the potential expansion was recognized and permitted in a contract in existence on January 1, 1980, and the independent producer continues to own 50 percent or more of the expanded project and property on which it was located.

That was certainly my understanding of it as a conferee. Does the Senator also hope that a tax exemption would apply to front-end oil sold to finance an expansion like the one I have just described?

Mr. LONG. I hope that the Treasury will apply the front-end financing part of the act in a way that encourages the development of tertiary projects by independent producers.

Mr. MOYNIHAN. Let me ask the Senator two more questions, if I may. The conferees decided to exempt front-end tertiary oil, but with certain restrictions. Section 4994(c)(3) describes one such restriction. It denies the exemption to front-end tertiary oil released under the DOE program, but used to finance certain "prepaid expenses." Do I assume correctly that that section is intended to prevent oil producers from abusing the DOE program by using what would otherwise be exempt front-end oil to pay expenses that are not incurred in the ordinary course of business before October 1, 1981, or the costs of items that are not used or placed in service before October 1, 1981?

Mr. LONG. That generally is correct.

Mr. MOYNIHAN. Mr. President, it is also my understanding that where an item is depreciable, the full capital cost of that item may be financed with exempt front-end oil, particularly where the item is used in an unusual or unproven process.

More to the point, I understand the conferees to have wanted front-end oil to be exempt when it is used to pay the full capital cost of an item and, first, the Department of Energy specifically approves—by decision and order, for example—the use of front-end oil to pay for the item; second, the disbursement for the item is made in the ordinary course of business before October 1, 1981; and, third, the item is completed or placed in service before October 1, 1981. Am I correct in that understanding?

Mr. LONG. Well, I certainly hope that the front-end financing provisions are interpreted liberally by the Treasury to encourage tertiary projects.

Mr. CRANSTON. Mr. President, the conferees on H.R. 3919 agreed that the base price for stripper oil (tier 2) and for newly discovered, incremental tertiary and heavy oil (tier 3), should vary from the agreed-on base of $15.20 for tier 2 and $16.55 for tier 3 to take into account differences in quality and location.

In the conference agreement, as I understand it, the base price for tier 3 oil is set by reference to the posted price for uncontrolled (stripper) oil in a given location in December 1979.

Because California refinery postings in December were lagging at least 2 months behind prices in most other regions, the effect of the selection of this date is to discriminate against California production by establishing a lower base price—the price above which the tax applies—and hence a higher tax on California production, than on production from other regions.

Although, under an uncontrolled pricing situation, the price realized for California crude should ultimately catch up with crudes of similar quality from other areas, the selection of the December date for the ratio by which base prices are adjusted for quality and location insures that the discrimination against California producers, if not corrected, would last for the duration of the tax.

I know that the conferees and the conference staff have worked hard to find a solution for this problem. Initially, an October 1979, base date was chosen. This date would have created an even worse problem for California producers, because an even greater price disparity existed in October 1979, when California prices were especially depressed. Changing the date to December represented some improvement.

I know the conferees were well aware of the continuing inequity, which was discussed in the conference report and was again acknowledged by Congressman ULLMAN during the debate leading to acceptance of the conference report by the House of Representatives.

As I understand the last minute changes in the conference report, designed to alleviate the problem, for the initial few months of the tax, base prices will be determined under an interim rule in the bill which sets a minimum base price for tier 2 at $1 more than the upper tier price for May 1979, and for tier 3 at $2 more than the upper tier price for May 1979. This should relieve temporarily about 50 to 60 percent of the California problem.

After the interim period has expired, the conference agreement requires the Secretary of the Treasury to issue regulations for calculating permanent base prices, which remedy the continuing inequity that arises from using December 1979 as the base month, and fully take into account the problems of California oil and oil from any other areas where December 1979 prices were extraordinarily low. This task was left to Treasury because it will have better data available when final base prices are set, than is currently available.

Will the distinguished Senator from Louisiana tell me whether I have correctly understood the intention of the conferees?

Mr. LONG. The Senator from California has correctly understood the intention of the conferees. As the Senator pointed out, the conference report does deal with the probelm in the case of oil from California and some other areas.

First, for the initial few months of the tax, these base prices are determined under a temporary rule in the bill. This rule contains a provision which sets minimum tier 2 and tier 3 base prices, and is intended to relieve most of the problem experienced in California. Second, the bill requires the Treasury to issue regulations for calculating permanent tier 2 and tier 3 base prices not later than October 1980. The conference bill gives the Treasury adequate authority to remedy inequities that arise by using December 1979 as the month for establishing grade, quality, and location differentials. The conferees expect the Treasury to use this authority to take into account the special problems of California oil and oil from any other areas where December 1979 prices were extraordinarily low relative to the national average. The primary reason for leaving this task to the Treasury is that it will have much better data available later in the year when final base prices are set than was available to the conferees at this time.

Mr. CRANSTON. Mr. President, I thank the Senator. I very much appreciate his efforts to correct this inequity, and on other aspects of this very significant legislation that are very important to the people of my State.

Mr. President, I would like to comment on section 201 of the conference report, which extends the authority of the Treasury Department to designate items that will qualify for residential or commercial energy credit. I would appreciate the comment of the distinguished Senator from Louisiana, as well.

I introduced an amendment to the Senate bill to retain the Treasury Department's authority so that new devices which conserve energy could be considered for a residential or commercial energy credit. I do not believe that this important incentive for energy conservation should be discontinued so soon after it had been created or that the tax credits should be limited to those devices already approved. Nor do I believe that the judgment as to which devices deserve the credit should be legislative. I am, therefore, pleased that the conference committee retained my amendment and that the conference provided standards to guide the Treasury Department in using this authority. These standards emphasize that the amount of energy saved, not the manner in which energy is saved, is the key to qualifying for the credit.

My concern, however, remains that the Treasury Department will not exercise this authority broadly enough.

Mr. LONG. I agree with the Senator's analysis, and point out that the Treasury Department will be required to report to the Congress monthly as to its actions.

Mr. CRANSTON. I believe that is a valuable and important addition.

Mr. BENTSEN. This act provides so-called double-dipping rules for energy property which is financed by tax exempt industrial revenue bonds. Under existing law, the energy credit is cut from 10 to 5 percent for any item of energy property that is financed to any extent with tax exempt industrial development bonds. As I understand it, the double-dipping rules contained in this act would operate in a similar manner as existing law except that the energy credit would be cut from 10 percent to zero to the extent that tax exempt industrial development bond financing is used. Is this correct?

Mr. LONG. Yes; the new double-dipping rules would cut the energy credit not to 5 percent, but to zero to the extent that energy property is financed with tax exempt industrial development bonds. In identifying an item of energy property to be affected by the reduction in the credit, the new provision and the old provision are intended to operate in identical fashion.

To illustrate, under existing law, if a pollution control device costing $150,000 is financed with industrial development bonds and installed in a plant as part of a boiler installation costing $250,000, the pollution control device would be eligible for a 5-percent energy credit and that part of the remaining $100,000 of the installation which qualifies as energy property would be eligible for the full 10-percent energy credit. Under the new rules, the pollution control device would receive no energy credit. That part of the remaining $100,000 of the installation which qualifies as energy property would continue to be eligible for the full 10-percent energy credit.

Mr. JOHNSTON. Mr. President, after hearings in the Senate Energy and Natural Resources Committee before my Subcommittee on Energy Regulation, I concluded that fees or quotas on imported oil or products was such an important issue affecting our economy that any decision by the President to take such action should first be reviewed and approved by the Congress. Questions on what an import adjustment would do in relation to inflation, availability of fuel, and the future of our domestic refining policy should not only be asked but answered before imposition of such an action.

Therefore, I offered and the Senate accepted my amendment to H.R. 3919, the windfall profit tax bill, which would require that before imposition of any rule, regulation, or order establishing limits on the total amount of crude oil, residual fuel oil, or any refined product imported into the United States, or the placing of any fee, duty or tariff on the same the President would first have to seek the approval of Congress. The mechanism for approval of this action was that both Houses refrain from disapproving the plan sent to the Congress. The action would be expedited identical to the procedure for approval of a rationing plan set out in the Emergency Energy Conservation Act of 1979.

The conference committee modified my amendment in three major ways: The President would not have to seek prior approval before implementation of his plan; the plan would go to the Ways and Means and Finance Committees; and the expedited procedure was not retained.

However, it seems clear to me that the scope of Presidential actions covered by my original amendment—quotas, fees, duties and tariffs—is identical to the scope of actions encompassed by the conference agreement. I note that section 402 of the report provides a mechanism to review actions of the President "to adjust" imports of petroleum under section 232(b) of the Trade Expansion Act. The language "adjust" set forth in section 402 is identical to the language "adjust" in section 232(b) of the Trade Act.

This language was specifically interpreted by the U.S. Supreme Court in 1976 in the case of FEA against Algonquin SNG, Inc. In this case, the Court held that authorization "to adjust imports" encompassed not only the use of quantitative controls such as quotas but also the use of monetary exactions such as import fees. My amendment was intended to incorporate the finding in this case, and in fact made it explicit in the wording.

The statutory language of section 402, I believe, agrees with my position just discussed. However the statement of managers report at page 162 contains the statement that:

> The conference agreement amends the Trade Expansion Act of 1962 to eliminate the President's authority under that Act to impose oil import quotas.

My question to the distinguished chairman of the Finance Committee is, does the language of section 402 of the conference report intend that the procedure provided include the Presidential imposition of fees, duties, tariffs, and quotas as the original Senate-passed amendment?

Mr. LONG. The Senator's understanding is correct.

Mr. MATHIAS. Mr. President, the conference report on the Crude Oil Windfall Profit Tax Act has retained the Secretary of Treasury's discretionary authority to add products to the list of items qualifying for the residential energy tax credit and the business energy investment tax credit. The reinstatement of the Secretary's discretionary authority represents a significant breakthrough for companies that are striving to develop new products that encourage energy conservation.

It is my understanding that the conference report has established standards for the exercise of the Secretary's authority in order to ease the burden of administering the tax credit program while broadening its scope. In addition, it is my understanding that, under the residential energy tax credit provisions included in the conference report, the items which may be added to the list of qualifying property include products which are purchased by a taxpayer to supplement, or even replace, inefficient conventional heating and cooling systems provided that such products meet the standards enumerated in the conference report.

Is that the understanding of the manager of the bill?

Mr. LONG. That is my understanding.

Mr. MATHIAS. Further, Mr. President, the conference report indicates that the six items of equipment—that is, heat pumps, airtight woodburning stoves, replacement oil or gas furnaces, replacement coal furnaces and boilers, replacement woodburning furnaces or boilers, and low density infrared radiant heating panels—that would have been added to the list of qualifying residential items under the Senate's amendment to the act are to be evaluated by the Secretary using standards enumerated under section 201(b) of the bill after information required for this evaluation has been filed. While there is no corresponding statement regarding qualifying business items, it is my understanding that the two items—that is, industrial heat pumps and low density infrared heating panels—which would have been added to the list of qualifying business property—as "specially defined energy property"—are also to be evaluated by the Secretary using the standards enumerated under act section 201(b) after information required for this evaluation has been filed.

Is that the understanding of the manager of the bill?

Mr. LONG. That is my understanding.

Mr. MATHIAS. I thank the manager of the bill for his comments.

Mr. BENTSEN. Mr. President, I would like to clarify a point concerning the treatment of overriding royalty which is covered in section 4992(d)(2)(B). You will recall that the conference committee devoted extra time and attention to this issue which is of particular importance to independent producers.

It is customary practice for some independents to operate on their own without a staff or large capital structure to put together a wildcat prospect where they invest their time, talent, and expertise, plus perhaps providing the initial cash investment to acquire the oil and gas lease.

Then, lacking the significant amount of capital required to drill the first well on the property, they will assign a large part of their interest in the prospect to one or more other independents to drill the wildcat well, retaining an overriding royalty interest which they have the option to convert to a working interest at some future time.

Now, this person, so long as he retains his interest as an overriding royalty, will be taxed as a royalty owner subject to the maximum rates of 60 percent on tier 2 stripper well production and 70 percent on tier 1 production.

However, if they should at any time in the future exercise their option to convert the overriding royalty to a working interest, this working interest would then be eligible for independent producer treatment if the holder of it is otherwise qualified as an independent.

The fact that their overriding royalty contract provided them the option to convert to a working interest, rather than being automatically converted without any decision or action on their part, does not in any way affect the eligibility of the working interest once converted from an overriding royalty for treatment under the independent producer provision if the holder thereof is otherwise qualified.

Mr. LONG. The Senator is absolutely correct. The conference committee, as I understand their action, intended that any royalty interest, so long as it remains a royalty and does not pay its proportionate share of the cost of operating the property, will be taxed as royalty at the same rates which apply to integrated oil companies.

However, when an overriding royalty in existence on January 1, 1980, is converted to a working interest pursuant to a binding contract in existence on February 20, 1980, and therefore becomes liable for the appropriate share of the expense of operating and producing the property, then such converted overriding royalty will be eligible for independent producer treatment if the owner of the interest is otherwise qualified as an independent.

It does not make any difference whether the overriding royalty was convertible upon the option of the holder of the overriding royalty, or whether it was automatically converted upon the happening of some occurrence. The important fact is that an interest which did not previously pay part of the cost of operating or producing the property has become subject to payment of operating cost because it became a working interest and is no longer an overriding royalty.

Mr. BENTSEN. In other words, it is not the manner in which the overriding royalty becomes a working interest, but rather the fact that it has become a working interest that determines its eligibility for independent producer treatment. The important point is that the holder of the interest is now liable for his share of the cost of producing the oil. Is that your understanding?

Mr. LONG. The Senator has stated it correctly. We are not concerned with the technicality of how the overriding royalty was converted or could be converted to a working interest, as long as the conversion occurred pursuant to a contract in existence on February 20, 1980. We are concerned with the reality that it has been or is converted to a working interest.

Otherwise, many independents, who have taken their chances on wildcat wells and made possible the development of oil and gas resources that otherwise would remain undeveloped, would be denied a significant part of the value of their contracts and agreements they made in exchange for their services.

Mr. BENTSEN. Mr. President, I thank the chairman. I just wanted to be certain that no one misunderstands the language of section 4992(d)(2)(B). The use of the words "was to be converted" is intended to reflect the anticipated happening of a future occurrence, that is, the conversion of an overriding royalty to a working interest for whatever reason, and includes an optional as well as a mandatory conversion.

Mr. LONG. That is correct. My understanding is exactly the same as the Senator's.

Mr. BENTSEN. I thank the chairman for expressing so clearly the intent of the managers of the conference committee.

Mr. LEVIN. Mr. President, the conference report on the windfall profit tax may be the final stop of a very long itinerary through Congress. The breadth and size of this tax has made its journey long and difficult. Before us is a document which reflects the hard work and devotion of the principals involved. Their efforts have made this compromise possible.

Within the report, there are sections, if considered separately, I would not support. However, there is a need to judge the overall report. The essence of this windfall profit tax is an excise tax on oil company income resulting from decontrol. In the original text, revenues were to be employed in the development of new energy projects. They were intended to expand conservation incentives and stimulate alternative energy development in order to lessen our perilous dependence on foreign oil. Perhaps the most onerous section of the compromise is the conference language instructing how the revenues would be spent. But for authorization for low-income energy assistance for 1981, there is only a tenuous connection between energy goals and the disposition of windfall revenues. For this reason, I can support the compromise but only reluctantly.

The advisory language of section 102 is largely symbolic. It does not authorize spending. Future Congresses are not bound by the language of the report.

However, the language permits Congress, if my understanding is correct, to fund general revenue programs. If legislation committing annual windfall revenues to tax reductions to low-income energy assistance, to mass transit or to energy production is not forthcoming, those revenues become part of general revenues.

In our efforts to balance the budget, we are likely to postpone efforts to become energy independent and use too much of the windfall profit revenue for non-energy-related purposes. I believe that would be a tragedy of almost incalculable proportions and would visit on the heads of our children and grandchildren the same dependence on foreign oil, and resultant economic helplessness, that we face.

It would be far better to preserve the money in a general trust fund for a time when we can better determine our needs and the ways it can be spent constructively for energy independence. Forming a general trust fund would not have protected the money from any other use.

However, it would have required an affirmative act by Congress authorizing the funds for a specific purpose provided Congress felt such a purpose a priority.

The windfall profit tax as passed by the Senate included a number of new tax credits and other incentives to encourage the production of alternative fuels and the conservation of our remaining oil reserves. The importance of conservation and alternative energy development must not be lost. Despite the increase in money spent on new wells, in the number of wells drilled and total footage drilled, the amount of new oil found each year has steadily declined. We will reach the point, at least domestically, where our supply of nonrenewable crude oil will be exhausted.

The Senate bill included numerous additions to the conservation credits already in the law for both residences and businesses. It included a 50-percent tax credit for residential solar and wind expenditures including structural components, extension of the exemption from highway taxes for gasohol, new financing for small-scale hydroelectric investments, a 40-cent-per-gallon tax credit for the production of alcohol fuels, and new incentives for congeneration and district heat investments. In all, the Senate bill included $26 billion of energy credits for businesses, individuals, and landlords.

The Senate bill represented a more aggressive energy development program that used these tax credits and financial instruments to prepare our capital structure for efficient energy use and the maximum utilization for renewable resources. The conference report removed many of the energy credits and energy tax incentives. Only $9 billion remains in the compromise for energy credits. The $26 billion balance is a necessary part of the transition to energy independence. However, the bill does not guarantee that those revenues will even be used for the energy purposes set forth in section 102.

The conference bill does not authorize spending except in a few cases. For this reason alone, the language is not a totally grievous matter.

However, section 102 of H.R. 3919 does make it difficult to reserve funds for future energy use. The message it sends to the American people is that our commitment to energy independence is not what it should be and must be for our future economic health and political independence from threats of oil cutoffs.

The intent of section 102 dealing with the disposition of windfall revenues has been the subject of several discussions during the last 2 days here on the floor. I do not want to take the time of the Chairman on the same issue. I do, however, wish to set for the record my understanding of the instructions.

If he so chooses, the President does not have to recommend ways in which to dispose of windfall revenues for each year. On the other hand, he may recommend ways which are not specified in section 102. These recommendations of course are not binding.

Windfall revenues, whether Congress acts on specific recommendations or not, are placed in the consolidated budget. Provided the Federal Government spends as much as it takes in that year, including windfall revenues, Congress would, in effect, commit windfall revenues to general revenue programs, including defense programs and public works projects. In other words, windfall revenues could not be reserved for future use unless Congress specifically requests a trust fund in accordance with some specific program.

I have two short questions I hope the distinguished chairman could address.

If Congress decides to use the windfall revenues to balance the budget next year, a decision we will make in a matter of weeks, will we not violate the instructions of section 102?

Mr. LONG. No, we will not violate section 102.

Mr. LEVIN. In voting for this conference report, am I committed in any way in this Congress or later Congresses to spend the funds according to the instructions set forth in section 102?

Mr. LONG. No. Section 102 has no binding effect on this or future Congresses.

Mr. BENTSEN. Mr. President, I would like to clarify a point concerning the scope of the exemption from the windfall profit tax for educational and medical charities. It is my understanding that some qualified charities that received interests in oil production before January 22, 1980, turned those interests over to trustees or others to manage the production and to distribute all of the production income to the charity. Am I correct that such a charity could qualify for the exemption?

Mr. LONG. Under the conference agreement, which follows the Senate amendment, a qualified medical or educational charity is exempt from the windfall profit tax with respect to production from an economic interest held by that charity on January 21, 1980. Whether a charity owns the economic interest in any particular oil property must be determined under the applicable income tax provisions and will depend on the facts and circumstances of the particular arrangements under which the charity acquired its interest and then turned them over to a manager or a trustee.

Mr. TALMADGE. Mr. President, I would like to clarify the responsibility of purchasers to collect and deposit the tax. As I understand the conference report, a purchaser of crude oil is required to withhold and deposit the tax based on information certified by the operator of the property from which the oil is produced.

Mr. LONG. That is correct.

Mr. TALMADGE. I further understand that a purchaser may rely in good faith on the information certified by an operator and is not responsible for errors in withholding which result from improper certification if the purchaser has no reason to believe the certification is improper.

Mr. LONG. The Senator is correct.

Mr. TALMADGE. I would also like to point out that the conference committee accepted the option contained in the Senate version of the bill which would allow a purchaser and operator to assign responsibility for withholding and depositing the tax to the operator by joint election.

Mr. LONG. The Senator is correct. That option would be available.

Mr. TALMADGE. In a situation where the operator assumes responsibility for withholding and depositing the tax pursuant to such a joint election, is it also the intent that the purchaser would not have responsibility for withholding errors so long as the purchaser acts in good faith and has no reason to believe the amount withheld is erroneous?

Mr. LONG. Yes, that is the intent.

Mr. TALMADGE. I thank the Senator.

Mr. LONG. Mr. President, how much time remains?

The VICE PRESIDENT. All time has expired.

The Senator from Kansas will send his motion to the desk.

Mr. DOLE. Mr. President, on behalf of myself and the junior Senator from Oklahoma, I move that the conference report on H.R. 3919 be referred to the Committee on Finance with instructions that it hold hearings on the impact of this tax on royalty owners, independent producers, and on future domestic oil production and report back to the Senate within 15 days of actual session.

I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second. The yeas and nays are ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. RANDOLPH. Mr. President, may we have order in the Chamber?

The VICE PRESIDENT. The clerk will suspend. May we have order in the Chamber? The Senator is correct.

The legislative clerk resumed the call of the roll.

Mr. RANDOLPH. Mr. President, may we have order?

The VICE PRESIDENT. The Senator is correct. The Senate will be in order.

Mr. RANDOLPH. I am only asking that we have the opportunity to proceed in an orderly fashion. The Presiding Officer at this time has tremendous authority and I hope he will exercise it.

The VICE PRESIDENT. I am now exercising it. The Senate will be in order.

The legislative clerk resumed and concluded the call of the roll.

Mr. CRANSTON. I announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Illinois (Mr. STEVENSON) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Pennsylvania (Mr. SCHWEIKER) is necessarily absent.

The VICE PRESIDENT. Does any Senator desire to vote?

The result was announced—yeas 35, nays 61, as follows:

[Rollcall Vote No. 66 Leg.]

YEAS—35

Armstrong
Baker
Bayh
Bellmon
Bentsen
Boren
Boschwitz
Bumpers
Cochran
Dole
Domenici
Garn
Goldwater
Hart
Hatch
Hayakawa
Helms
Humphrey
Jepsen
Kassebaum
Laxalt
Lugar
McClure
Percy
Pressler
Pryor
Schmitt
Simpson
Stevens
Thurmond
Tower
Wallop
Warner
Young
Zorinsky

NAYS—61

Baucus
Biden
Bradley
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cohen
Cranston
Culver
Danforth
DeConcini
Durenberger
Durkin
Eagleton
Exon
Ford
Glenn
Hatfield
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Leahy
Levin
Long
Magnuson
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Proxmire
Randolph
Ribicoff
Riegle
Roth
Sarbanes
Sasser
Stafford
Stennis
Stewart
Stone
Talmadge
Tsongas
Weicker
Williams

NOT VOTING—4

Gravel
Kennedy
Schweiker
Stevenson

So the motion was rejected.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. CRANSTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The VICE PRESIDENT. Under the previous order, the Senate will now proceed, without intervening motion or debate, to vote on the conference report.

Mr. LONG. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, because there has been a request for some time, I ask unanimous consent that there be 5 minutes equally divided.

The VICE PRESIDENT. Without objection, it is so ordered. Who yields time?

Mr. DOLE. Mr. President, I yield 1 minute to the distinguished Senator from Oklahoma.

Mr. DOMENICI. Mr. President, could we have order?

The VICE PRESIDENT. Will the Senate please be in order.

The Senator from Oklahoma.

Mr. BELLMON. Mr. President, just so there will be no misunderstanding among the Members of the Senate when they vote on this matter, I want them to remember this is not an energy bill; it is a revenue bill.

Mr. President, as we complete the debate on the conference report of H.R. 3919, the so-called Windfall Profit Tax Act of 1980, there are several points I would like to address concerning the deficiencies of this act.

To begin Mr. President, this act will clearly increase our Nation's dependence upon foreign imports of crude oil as it will surely reduce domestic oil production. By siphoning away capital from energy producers especially small independents who cannot pass it on. It would take away capital which could otherwise be used to explore and find new oil supplies. We are cutting off our nose to spite our face.

Second, this act will effectively deny the petroleum industry capital needed to shift to alternate fuels. If we think it is expensive to drill an oil well—and it is, very expensive—it will cost even greater amounts to develop synthetic fuels in this country. Unfortunately, Congress has decided to tax away that capital and in so doing, we will delay even further the prospects of developing alternate fuels.

Third, Mr. President, the U.S. Government does not need this tax increase. We will experience a $77 billion revenue gain in fiscal year 1981 without the windfall profit tax. Last year we adopted a 3-year budget path what had a balanced budget in 1981.

Fourth, this tax will create a burdensome and costly regulatory body of law and guidelines which will frustrate both private industry and Government.

Fifth, and perhaps most astounding is the fact that this tax penalizes domestic producers while largely missing the international oil companies.

Sixth, and equally astounding is the heavy-handiness of this tax upon stripper production. H.R. 3919 will effectively shut down much stripper oil production in this country. This may be the most untenable aspect of this act.

Seventh, H.R. 3919 provides for a rollback of new oil.

Eighth, earmarking of funds.

Ninth, cuts general revenue.

Tenth, imposes a heavy tax upon royalty owners, many of whom are elderly, retired small farmers and small businessmen.

Eleventh, H.R. 3919 has as its purpose a leveling of the resource base between States. This sets a dangerous precedent which could lead to regional welfare.

Lastly, Mr. President, there are some serious constitutional issues surrounding this tax. On Monday of this week, I read from and inserted into the RECORD an analysis of the constitutional issues raised by the windfall profit tax written by Frank Burke, Jr. The constitutional questions raised in Mr. Burke's analysis can best be summarized as follows:

Is the WPT an excise tax on a privilege and geographically uniform as is constitutionally required; or,

Is it a direct tax which must be apportioned based upon population;

Or does it qualify as an income tax under the 16th amendment?

With respect to the excise tax issue, Mr. Burke points out that the WPT is imposed upon removal of crude oil, not upon the privilege of selling or using such crude oil. The constructive selling price is merely a measure of the tax imposed. Further, since crude oil may be subject to the WPT or not subject based upon geographic location—that is, Alaska—the tax appears not to be geographically uniform. Consequently, Mr. Burke concludes that a court may find it difficult to find the WPT a valid excise tax under the Constitution.

Similarly, according to Mr. Burke, since the WPT is not apportioned based upon population, it not appear to be a direct tax unless it is to qualify under the 16th amendment. Since the WPT is measured by gross receipts, and not by taxable or net income as presumably required by the 16th amendment, the WPT does not appear to qualify under the 16th amendment as an income tax.

Mr. Burke also raises some fifth amendment issues concerning the taking of private property without just compensation:

> The court has indicated that what appears to be an exercise of the taxing power may, in reality, constitute confiscation of property without due process of law under the fifth amendment.

All these issues will no doubt be afforded legal analysis at some point in the future. This is only to say that we may embark on some constitutional ground in enacting this conference report.

In closing Mr. President, I would like to restate that I would now be prepared to vote for this conference report if it more nearly reflected the original Senate bill. The Finance Committee bill as amended and passed by the Senate was a reasonable approach to our energy and taxation needs.

Even the distinguished majority leader remarked at the close of Senate debate on December 17, 1979, that H.R. 3919 was "above all, a fair and equitable bill" that "it was a bill which will produce energy." The majority leader pointed out that "to encourage greater oil production, some stripper and the first 1,000 barrels per day of independent production has been exempted."

Those remarks of the majority leader on December 17, 1979, are not applicable today to this conference report. This act will not produce energy. It does not encourage greater oil production as stripper and every barrel of oil produced by independents are now subject to taxation by this act. It is for this reason and others enumerated over the last several days that I urge my colleagues to defeat this conference report.

Mr. President, this bill is going to have the effect of shutting down many, many hundreds of stripper wells in the country. It hits the low royalty owner with a 60-percent tax. It misses the big oil companies, who produce most of their oil overseas. It hits consumers, who are going to pay more for the gas and the fuel they use. They are going to get less production as a result. There is a real question in the minds of a good many legal authorities about the constitutionality of this bill. I strongly feel the Senate is making the worst mistake that it has made since I have been a Member of this body. Again, I urge Members to vote against the conference report.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, as the chairman knows, the windfall profit tax conference committee took several significant actions in order to promote alcohol fuel production and gasohol use in the United States.

For example, the conferees adopted an extension of the 10-percent energy investment tax credit through December 31, 1985 so that the incentive to constructing alcohol fuel facilities would complement the incentives for increasing market availability of alcohol fuel. The energy tax credit provision establishes a new category of energy property called "biomass property," which is defined to encompass several designated types of property already eligible for the energy credit under the "alternative energy property" category. Both of these categories have the effect of providing a 10-percent energy investment tax credit for equipment which converts biomass into alcohol for fuel purposes. The primary distinction between alternative energy property and biomass property is that the latter is available through 1985 but is limited to qualifying equipment in facilities which do not utilize oil, natural gas, or any product thereof as the primary energy source.

The bill is somewhat ambiguous regarding the interaction of these two categories of energy property. It is my understanding that the conferees' limitations upon biomass property are not applicable to alcohol fuel production equipment which is eligible under the alternative energy property category. That is, I ask the chairman, is it not true that the conferees intend that the general rule set forth in section 221 of this bill, which retains the energy investment tax credit for alternative energy property through 1982, will continue to apply to facilities which currently qualify under that category?

Mr. LONG. Yes, the Senator is correct. The conferees intend to limit the energy investment tax credit only insofar as its partial extension through 1985 is available only for qualifying equipment at facilities not primarily fueled by oil, natural gas, or any product thereof. Investments in alcohol fuel equipment in plants which use oil, natural gas or any product thereof as a primary fuel will qualify for the energy investment tax credit through December 31, 1982 as alternative energy property.

Mr. DOLE. I thank the Senator.

Mr. LONG. Mr. President, I yield myself 1 minute.

This is the price we have to pay in order to have decontrol. I believe as far as all the other merits of the bill are concerned, we have discussed it ad infinitum. I yield back whatever time I have left, unless there is a question.

Mr. DOLE. I yield 30 seconds to the Senator from Tennessee.

Mr. BAKER. Mr. President, efforts having failed to improve this windfall profit tax legislation by returning it to committee for further consideration, I am prepared now to vote for its passage, though with significant reservations.

The Senate sent a better windfall profit tax bill to the House-Senate conference than we got back. This legislation has the perverse effect of favoring the major oil companies over the independents, which is far from the intended result.

The majors, vertically integrated, clearly have the ability to tailor their profits to meet their needs. The independents do not.

The bill, as sent to conference, provided a 1,000 barrel per day exemption for the 12,000 independent producers who do almost 90 percent of domestic drilling and exploration. It came back from conference with no exemption at all.

The bill, as sent to conference, provided a similar exemption for royalty holders who lease to independents. It came back with no exemption at all for royalty owners.

This legislation as presently written imposes an excise tax rather than a true profit tax, and this excise tax can be passed straight through to the consumer virtually penny for penny.

With the price of gasoline already at $1.25 a gallon and still climbing, the American automobile owner can expect even higher prices at the pump as a consequence of this tax. And we should remember, as the motorist will, that President Carter intends to levy an additional 10 cents conservation fee on every gallon of gasoline, as well.

Substantially higher prices are having some effect on energy consumption in this country. People are being forced to conserve, to use their energy resources more carefully and prudently.

But conservation is only part of the equation. Our most urgent need is to greatly expand the production of domestic energy—energy of every kind.

I had hoped that this windfall profit tax would provide for a "plowback" provision as an incentive for energy companies to plow back their increased profits into investments for increased production.

This provision is missing from the legislation, having fallen to the argument that it would be difficult to administer.

So we have, essentially, still another tax on the American consumer. We are left with a windfall profit for the Federal Treasury. And we have left both the Treasury and the oil companies with a vested interest in an increasing world market price for oil.

Some of the funds to be raised by this tax can be put to good and productive use—for research and development of a new generation of fuels, for assistance to those who cannot bear the full brunt of increased energy costs, and for other worthwhile purposes.

And if this legislation is necessary to securing approval of deregulation and decontrol of domestic oil and natural gas—as I believe it is—then it is necessary to the energy security and thus the national security of the United States.

It is on those terms that I have decided, with reluctance, to vote for passage of this legislation.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I yield 1 minute to the Senator from Oklahoma (Mr. BOREN).

Mr. BOREN. Mr. President, this bill is a tragic mistake. This country needs more oil and more energy to be produced here at home. All we are going to get as a result of this bill is people paying a higher energy price with more taxes and more Government instead of more oil. At a time when we need to look to our national security, when we need to make sure the lives of our young people will not ultimately be endangered or placed in jeopardy by reliance on overseas oil, we are taking action which will add to our problem by discouraging energy production here at home.

We have discussed this bill as a bill to put a tax on profits. It does not include any tax at all on profits. It ends up putting an undue share of the burden on the small, independent domestic producer, and on the small royalty owner. It is a mistake and not in our financial interest and should be rejected.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LONG. I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, I would like to summarize briefly why I shall vote against the conference report.

First. The conference report adds $50 billion more in taxes than the Senate bill.

Second. It now seems clear that the windfall profit tax will not be borne by oil companies but by all consumers of petroleum products.

Third. The tax will have substantial detrimental impact on domestic oil production. Some industry experts have suggested this tax will cause a loss of as much as 1.5 million barrels per day of domestic oil production.

Fourth. The bill unfairly subjects small royalty owners to the same onerous tax rates as imposed on the giant multinational oil companies.

Fifth. The bill represents a massive shift of resources from the private sector to the public sector at a time when the Nation should be reducing the tax drag on the economy and the size of the Federal Government.

Mr. President, I want to take 1 minute to put in the Record a number of tables on stripper oil prices, the Federal, State, and producer's share of $100 additional income from decontrol; the significant House concessions to the Senate position in the conference—I think that has been overlooked; I think some in the Senate feel we did not gain any concessions—the chronology of the time spent on the windfall profit tax, how the net income limitation would work, and other tables and a short statement in summary of the bill. I ask unanimous consent that those all be printed in the Record, and anything else we can find.

There being no objection, the material was ordered to be printed in the Record, as follows:

CHRONOLOGY—WINDFALL PROFIT TAX

| Period | Venue | Action |
|---|---|---|
| 5 days—May 7, to July 2, 1979. | Subcommittee on Energy and Foundations. | Hearings on crude oil tax proposals. |
| 6 days—July 10 to July 31, 1979. | Finance Committee. | Hearings on House-passed H.R. 3919, crude oil tax. |
| 27 days—Aug. 1 to Oct. 25, 1979. | do | Markup and reporting with amendments of H.R. 3919. |
| 23 days[1]—Nov. 13 to Dec. 17, 1979. | Senate floor | Consideration and passage (with amendments) of H.R. 3919. |
| 2 days—Dec. 17 and 18, 1979. | House and Senate | Determination that conference on H.R. 3919 is required. |
| 16 days—Dec. 19, 1979 to Feb. 27, 1980. | House-Senate conference. | Conference on H.R. 3919. |
| 6 days—Mar. 19 to Mar. 27, 1980. | Senate floor | Conference report on H.R. 3919. |

[1] Includes 2 days on low-income assistance later incorporated in H.R. 3919 (Nov. 13 and 14).

Committee on Finance,
*Washington, D.C., March 27, 1980.*

Dear Colleague: Today, before any vote on final passage of H.R. 3919, we intend to offer a motion to refer the Conference Report to the Finance Committee. This motion will instruct the Finance Committee to hold hearings on the impact of the tax on royalty owners, on independent producers, and on future domestic oil production and to report back to the Senate within 15 days of actual session.

The purpose of our motion is not to kill the windfall bill or to unnecessarily delay its passage. Rather it is intended to ensure that the Senate has all the pertinent facts before it acts on the Conference Report. Since H.R. 3919 is the largest single tax bill ever considered by the Congress, we should not act with haste and without a full understanding of the profound implications that the Conference Report will have.

### ROYALTY OWNERS

Some may not realize that the Conference Report would impose the same onerous 70 and 60 percent tax rates on small royalty owners as on giant multi-national oil companies. The vast majority of royalty owners are small farmers or landowners and many are retired individuals who rely on modest royalty checks to supplement Social Security payments. Finally, domestic production will be adversely affected if these landowners postpone new leasing until after the termination of the windfall profit tax.

### INDEPENDENT PRODUCERS

The Senate overwhelmingly approved an exemption for independent producers; however, this exemption was deleted in Conference. The reasons for originally exempting independents are still persuasive. Independent producers are small businessmen who find most of the oil in this country. As a group they reinvest 105 percent of their profits in new exploration and development. Imposing the windfall profit tax on independents will unquestionably have a serious impact on domestic oil production.

### FUTURE DOMESTIC PRODUCTION

Virtually all experts agree that the windfall profit tax will have a serious detrimental impact on domestic oil production, although there is no agreement about the exact size of the production loss. Estimates varied on the production loss caused by the original House bill from a low of 450,000 to a high of 2 million barrels per day by 1990. This is the most important piece of energy legislation that we have ever considered, yet no one has undertaken a careful study on its effect on future oil production.

For all of these reasons, it is essential that the Senate send this Conference Report back to the Senate Finance Committee for a short period of careful consideration.

Sincerely yours,

Bob Dole,
David Boren,
*U.S. Senators.*

WHERE DECONTROL REVENUE IS GOING—FEDERAL, STATE AND PRODUCER'S SHARE OF $100 ADDITIONAL INCOME FROM DECONTROL

| | No windfall profit tax | 70 percent windfall profit tax (old oil) | 30 percent windfall profit tax (new oil) |
|---|---|---|---|
| Federal share: | | | |
| Noncorporate producer | $44.87 | $63.87 | $53.23 |
| Corporate producer | 39.37 | 73.00 | 53.96 |
| State share: | | | |
| Noncorporate producer | 13.68 | 13.00 | 13.20 |
| Corporate producer | 14.42 | 13.20 | 13.50 |
| Producer's share: | | | |
| Noncorporate producer | 41.45 | 23.13 | 33.57 |
| Corporate producer | 46.21 | 13.80 | 32.54 |

The above table assumes no current reinvestment of the "producer's share." If on the other hand, it is assumed that the producer reinvested all of his share remaining after reserving enough funds to pay taxes, and that one-half of the amounts reinvested represented intangible drilling expenses or dry holes (thus causing reduction in income tax), the producer's share would be as follows:

| | | | |
|---|---|---|---|
| Noncorporate producer | $64.76 | $36.14 | $52.45 |
| Corporate producer | 60.48 | 18.15 | 44.13 |

One-half of these amounts would consist of the intangible drilling expense and dry hole expense, and the remaining one-half would consist of equipment costs, leasehold costs, geological and geophysical costs and other capital expenditures; no cash would remain on hand.

TABLE 2.—NONCORPORATE PRODUCER

| | No windfall profit tax | 70 percent windfall profit tax (old oil) | 30 percent windfall profit tax (new oil) |
|---|---|---|---|
| Additional income from decontrol | $100.00 | $100.00 | $100.00 |
| State severance tax (12.5 percent) | −12.50 | −12.50 | −12.50 |
| Total | 87.50 | 87.50 | 87.50 |
| Windfall profit tax | 0 | [1] −61.25 | [2] −26.25 |
| Total | 87.50 | 26.25 | 61.25 |
| Federal percentage depletion | −22.00 | −22.00 | −22.00 |
| Total | 65.50 | 4.25 | 39.25 |
| Individual State income tax (6 percent) | −1.18 | −.50 | −.70 |
| Total | 64.82 | 3.75 | 38.55 |
| Individual Federal income tax (70 percent) | −45.37 | −2.62 | −26.98 |
| Total | 19.45 | 1.13 | 11.57 |
| Add back percentage depletion | 22.00 | 22.00 | 22.00 |
| Producer's share | 41.45 | 23.13 | 33.57 |

[1] 70 percent times $87.50.
[2] 30 percent times $87.50.

TABLE 3.—CORPORATE PRODUCER

| | No windfall profit tax | 70 percent windfall profit tax (old oil) | 30 percent windfall profit tax (new oil) |
|---|---|---|---|
| Additional income from decontrol | $100.00 | $100.00 | $100.00 |
| State severance tax (12.5 percent) | −12.50 | −12.50 | −12.50 |
| Total | 87.50 | 87.50 | 87.50 |
| Windfall profit tax | 0 | [1] −61.25 | [2] −26.25 |
| Total | 87.50 | 26.25 | 61.25 |
| Federal percentage depletion | 0 | 0 | 0 |
| Total | 87.50 | 26.25 | 61.25 |
| State corporate income tax (8 percent) | −1.92 | −.70 | −1.00 |
| Total | 85.58 | 25.55 | 60.25 |
| Federal income tax (46 percent) | −39.37 | −11.75 | −27.71 |
| Producer's share | 46.21 | 13.80 | 32.54 |

[1] 70 percent times $87.50.
[2] 30 percent times $87.50.

PROFIT OF INDEPENDENT PRODUCER BEFORE AND AFTER DECONTROL

[Dollars per barrel]

| | With decontrol and windfall profit tax | |
|---|---|---|
| | Old oil at 70 percent | New oil at 30 percent |
| Selling price | $40.00 | $40.00 |
| Royalty (12½ percent) | −5.00 | −5.00 |
| State severance tax (12 percent) | −4.20 | −4.20 |
| Lifting costs | −5.00 | −5.00 |
| Windfall profit tax | [1] −16.093 | [2] −5.78 |
| State taxable income | 9.707 | 20.02 |
| State income tax (12 percent) | −1.165 | −2.40 |
| Percentage depletion (22 percent) | −7.70 | −7.70 |
| Federal taxable income | .842 | 9.92 |
| Federal income tax (70 percent) | −.589 | −6.94 |
| Percentage depletion | +7.70 | +7.70 |
| Net income per barrel | [3] 7.953 | [3] 10.68 |

[1] 70 percent times $22.99.

[2] 30 percent times $19.25.

[3] The royalty has been deducted for purposes of determining net income per barrel but has not been deducted from the amount subject to the windfall profits tax.

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CONFERENCE REPORT ON H.R. 3919: SIGNIFICANT HOUSE CONCESSIONS TO THE SENATE POSITION

A. The Windfall Profit Tax:

Special Tier 2 treatment for high water cut oil and Cook Inlet oil.

The merger of Tiers 1 and 2 adopted by the Conference accomplishes the same result as the Senate bill.

North Slope Alaska oil: The Conference followed the Senate bill by agreeing to tax Sadlerochit oil in the merged Tier 1.

Definition of newly discovered oil: The less restrictive definition in the Senate bill was adopted by the Conference.

Heavy oil: Although the tax rate was increased, the special treatment for heavy oil in the Senate bill was incorporated into the Conference report.

Incremental tertiary oil: The Conference generally adopted the Senate bill's provisions on incremental tertiary oil, with some modifications.

Deduction of State severance taxes: The Conference generally followed the Senate's position that even most March 31, 1979 increases in a State severance tax should be deductible except that a 15-percent limitation was added and Indian severance taxes were excluded.

Taxable income limitation: The Conference adopted the Senate 90% limitation rather than the 100% limitation in the House bill.

Exemption for oil interests owned by State and local governments: The Conference adopted the more liberal Senate position of extending the State exemption to oil revenue used for any public purpose, not just for educational purposes.

Exemption for oil interest owned by medical and educational charities: The Conference adopted the Senate's exemption with only a few modifications.

Exemption for Indian oil production: The Conference adopted the Senate Indian exemption, except that it limited the exemption to interests held on January 21, 1980.

Percentage depletion: The Conference followed the Senate bill in rejecting the restrictions on percentage depletion that were included in the House bill.

Delayed deposit rules for independent refiners and nonintegrated companies: The rules in Senate bill adopted by the Conference.

Termination of the tax: The Conference adopted a triggered phase-out of the tax as in the Senate bill, but agreed not to begin the phase-out before January 1, 1988.

B. Energy Tax Credits: The House bill contained no energy tax credit provisions and House Conferees strongly argued that no such credits should be included in the Conference Report. Nevertheless, the Conference adopted a majority of the credit provisions in the Senate bill, although a number were scaled back. The following credits were adopted:

Residential solar, wind and geothermal: The credit was increased to 40-percent on the first $10,000 of expenditures.

Treasury Authority: The Conference followed the Senate bill in retaining the Secretary of Treasury's discretionary authority to add items to the energy tax credit list and spelled out specific standards for the Treasury's authority.

Business solar, wind and geothermal credits: An increase to 15-percent and an extension through 1985 for the energy investment credit for solar, wind and geothermal equipment, and extension of the credit to equipment providing process heat.

Ocean thermal credits: A 15-percent energy credit for ocean thermal equipment.

Hydroelectric credits: An 11-percent energy credit for small-scale hydroelectric equipment.

Cogeneration credits: A 10-percent energy credit for cogeneration equipment not fueled by oil or gas.

Petroleum coke credits: Restoration of the investment credit and accelerated depreciation for boilers using petroleum coke and pitch.

Coke oven credit: A 10-percent energy credit for coke ovens.

Alcohol fuel equipment: Extension through 1985 of the energy credits for biomass and gasohol equipment.

Intercity bus credit: A 10-percent energy credit for intercity buses.

Affirmative commitment rule: A transition rule for those energy credits that will expire in 1982 to extend those credits through 1990 where affirmative investment commitments have been made for long-term projects.

Alternative energy production credit: A $3 per barrel tax credit for oil produced from shale, tar sand, or coal; gas produced from brine coal, tight sands, or shale; and steam produced from agricultural byproducts. Credits are also provided for "processed wood."

Gasohol exemption: Exemption through 1992 of the excise tax exemption for gasohol, plus other tax incentives for gasohol.

Hydroelectric bonds: Tax exemption for industrial revenue bonds used to finance small-scale hydroelectric, equipment, solid waste facilities, and renewable energy programs.

Tertiary injectants: Current expensing for the cost of injectants used in tertiary oil recovery.

C. Low Income Energy Assistance:

The Conference adopted the Senate's low income energy assistance programs for fiscal year 1981.

D. Repeal of Carryover Basis:

The House receded to the provisions in the Senate bill to repeal the carryover basis rule.

E. Interest and Dividends Exclusion:

The Conference adopted for two years the provision in the Senate bill to exclude from income up to $200 ($400 for a joint return) per year of qualified interest and dividends.

F. LIFO Inventories:

The Senate LIFO amendments were accepted by the Conference, except the effective date on the LIFO income recapture provision was extended to January 1, 1982.

HOW THE NET INCOME LIMITATION WORKS

NET INCOME LIMITATION

Under the Conference Committee bill, the excise tax base for a property cannot exceed 90 percent of the producer's actual net income from that property.

Without the net income limitation, it would be possible for the so-called "windfall profits" tax to tax away more than 100 percent of the producer's profit on a property.

The net income limitation was included in the bill in an effort to prevent the premature abandonment of high cost properties because of the burden of the new excise tax.

In applying this limitation, the net income attributable to a barrel generally is determined on the basis of the producer's special rules for using cost depletion instead of deduction for percentage depletion and intangible drilling to develop costs.

EXAMPLE

Hypothetical stripper oil producer's actual net income on a marginal property: $40, selling price for barrel of stripper oil; −$30 total cost attributable to barrel of production (cost basis, lift costs, local taxes, etc.); $10 net income per barrel.

Normal computation of windfall excise tax: $40, selling price; −$16 Tier 2 base price; $24 taxable "windfall profit."

$24×.30 independent stripper tax rate; $7.20 regular windfall excise tax.

Tax computation using net income limitation alternatives; $10 net income per barrel; ×.30 independent stripper tax rate; $3.00 income limitation.

*Stripper oil prices*

[Yearly average]

| Year: | *Price/barrel* |
|---|---|
| 1976 | $12.16 |
| 1977 | 13.59 |
| 1978 | 13.95 |
| 1979 | 21.14 |
| January 1979 | 14.55 |
| February 1979 | 14.88 |
| March 1979 | 14.88 |
| April 1979 | 16.71 |
| May 1979 | 17.53 |
| June 1979 | 20.24 |
| July 1979 | 24.76 |
| August 1979 | 26.01 |
| September 1979 | 28.05 |
| October 1979 | 29.41 |
| November 1979 | 31.45 |
| December 1979 | 33.49 |

NOTE.—These prices are national average stripper oil prices taken from the Monthly Energy Review and Platt's Oilgram Price Report. Kansas prices tend to be $2–$5 per barrel higher. Kansas producers are currently getting about $39–40 per barrel for stripper oil.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a statement by Mr. KENNEDY in support of the conference report on the crude oil windfall profit tax be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. KENNEDY

If I had been present for the final vote on the conference report of the Crude Oil Windfall Profit Tax, I would have voted for this report. However, I would have cast my vote with reluctance, because this tax is a direct result of the President's energy decontrol policies, which are imposing unfair burdens on consumers and dealing new setbacks in the fight against inflation.

I oppose the decontrol of domestic oil prices. In fact, I vigorously opposed this presidential action when it was taken last year. I believe that ultimately it will be judged as an unwise and futile action that crippled the effort to control our runaway inflation and failed to decrease our dangerous dependence on foreign oil.

We are asked to approve this windfall tax because it would be unjust to permit the oil industry to reap the huge unearned profits made possible by decontrol. The President seeks to blame OPEC for the soaring cost of oil. But it is the President, not OPEC, who is decontrolling domestic oil prices and creating the windfall that this bill would tax. The act of decontrol is an act that should never have been taken.

Over the next decade, decontrol is estimated to transfer $1.02 trillion from consumers to producers—an enormous drain on family and industry budgets in this country. More than $1,000 per year each year will be lost to the average family because of decontrol. Some of this revenue will be kept by the oil industry and some will be paid to various levels of government in the form of taxes. But from the perspective of the average family, the important issue is the fact that the family loses $1,000 a year.

The President said in 1976 that he would never let domestic oil be sold at prices determined by a monopolistic foreign cartel. He said he would stand up to the special interests. Now he has yielded to those interests and broken his promise on decontrol.

Last April, as Chairman of the Energy Subcommittee of the Joint Economic Committee, I held a hearing on the economic impact of oil decontrol. At that time, the Administration testified that its decontrol decision was premised on the assumption that energy consumer costs would rise $17 billion through 1981, the CPI would rise .5 percent through 1981, gasoline prices would rise 5–7 cents, and the average family would pay about $300 more.

It was clear even at that time that decontrol would be highly inflationary and unfair to the American public. But now the impact is far more severe. The overall increase in energy costs from decontrol through 1981 is now estimated at $57 billion—more than three times higher than the President's advisers estimated when they recommended decontrol.

The impact on the CPI will be even more dramatic—a 2.1 percent increase attributable to decontrol, or four times higher than the President predicted. The longer term inflation impact will be 3–4 percent.

One final point should be made. Gasoline prices have already soared at the gas pump. Yet the President has just said that the price of gasoline must be forced still higher through the oil import fee he has recently proposed. At a time when inflation is our most serious domestic problem, it makes no sense to take a step like this, which will add another full percentage point to the present inflation rate. If additional energy revenues are needed to balance the federal budget, they can be obtained by raising the windfall profits tax, instead of raising the price of gasoline by an oil import fee that only makes inflation worse.

**Mr. CRANSTON.** Mr. President, the passage of the conference report on the windfall tax on domestic crude oil, in these very tight budget times, is the sine qua non of our energy policy.

It will provide the resources which make the development of new energy sources possible, to relieve our dependence on foreign crude oil—a dependence which is weakening our economy and causing much of our current inflation.

It will permit us to offset some of the impact of rising energy prices on those with low incomes.

It will enable us to increase the availability of mass transit in this country and to encourage other kinds of energy conservation.

And, beyond our energy policy, it will assist us to keep the Federal budget in balance, and to consider future cuts in Federal taxes.

For all these reasons, I support adoption of the confernce report.

There are some technical deficiencies in this final work product which will ultimately need attention: One is the increase over the Senate-passed version in the taxation of California's heavy oil, which will partially offset the economic incentive to new production of heavy oil provided by the President's order to decontrol to 20° API—at my strong urging. I believe a 30-percent tax rate for oil 16° API or less and a 70-percent tax rate for oil 20° API or less is too severe and will take away some of the incentive which price decontrol provided for heavy oil production. With more favorable tax treatment we could get 500,000 new barrels a day in California alone produced by 1985. I thought the Senate-passed bill was far better in that respect.

Another is the base pricing problem in California that I addressed earlier, which hopefully Department of Treasury regulations will fully correct.

A third is the discriminatory treatment of producers using residual fuel to generate steam to produce heavy crude.

California producers use some unique processes to produce heavy crude oil. One is to inject steam into a formation to heat the formation so that oil will more readily flow to producing wells, so they can get it out of the ground.

A producer using steam-injection techniques produces his steam by burning either raw crude oil or residual oil—after "topping off" the barrel at the refinery to remove the "light ends."

The use of resid is more efficient both because the Btu content of the fuel is higher, resulting in the consumption of fewer barrels of fuel in the production process; and because the "light ends" are available for refining into heating oil, diesel fuel, jet fuel, and gasoline, rather than burned up with the rest of the barrel.

This "topping" has historically been used by some independent producers who rely on this activity for the economic survival, where a refinery is close enough to its field to justify the procedure.

Moreover, when resid is used, because fewer barrels are burned up in the production process, the net number of barrels of oil produced is increased, and the revenue generated for the Treasury by the windfall profit tax would also increase.

Since use of the "topping off" process and the burning of resid to produce steam, where it is economic, is more efficient, less costly, produces important, usable byproducts, and more oil and could produce more Federal revenues, I believe the windfall profit tax should not create a disincentive—as it now apparently does—to the use of resid for this steam production process by treating resid used in this way differently and disadvantageously from the way crude oil to generate steam is treated.

The windfall tax now seems to apply to the net barrel produced when crude oil is used, but applies to the gross barrel produced when resid is used after "topping." This will, for obvious economic reasons, force producers to burn crude to get their steam. The windfall tax should apply equally to the "net barrel," whichever method is used. Producers would then continue to use the "topping off" process and resid to get their steam, where they can, and everyone will benefit.

I am hopeful these deficiencies can ultimately be corrected.

But even in its present form, this legislation will have many very favorable impacts on my State.

Under the combination of price decontrol and special taxation for heavy oil—of which there are 20 billion barrels producible in California alone—the production of heavy oil will increase substantially in California, adding significantly to our national domestic crude oil supply, perhaps by as much as 40,000 barrels per day by later this year.

The exemption of State and local government-owned production from the windfall tax—for which the Senator from Louisiana (Mr. LONG) and I fought so hard—will not only increase the production of that oil, but will give the State and local governments some $2.6 billion in additional revenue.

In addition, the State of California will realize an additional $3.4 billion in new revenues from increased oil production in the private sector.

Finally, Mr. President, I want to remind my colleagues of the importance of title III of the conference report, the Home Energy Assistance Act of 1980, which authorizes, for fiscal years 1981, 1982, and 1983, a program of block grants to all States to provide assistance to low-income households for residential energy expectations.

In the days and months ahead, when we face difficult decisions on whether to eliminate or radically reduce Federal programs, many of which benefit poor and less advantaged people in our Nation, it is encouraging to note that the home emergency assistance program—totally funded out of revenues from the crude oil tax—in no way compromises our desire to balance the Federal budget.

The Home Energy Assistance Act will be of great assistance by providing a vital subsidy to individuals unable to withstand recent massive increases in the cost of residential energy.

I especially want to thank the conferees for agreeing to my suggestion to correct, during conference deliberations, a serious flaw in the allocation formula of the Home Energy Assistance Act as passed by the Senate. This formula had singled out and excluded California from the minimum allocation available to all other States in the Nation.

Mr. President, I believe the members and staff of the windfall profit conference led by the distinguished and remarkably able Senator from Louisiana (Mr. Long), have done a remarkable job not only in correcting this problem on low income energy assistance, but in putting together in a rational way the greatly divergent views of the House and Senate on this terribly complicated and tremendously significant piece of legislation. I, for one, am grateful to them.

Mr. BAKER. Mr. President, the Senate today is about to complete its work on one of the most complex and important legislative measures in recent history—the windfall profit tax.

Several Members of the Senate, on several sides of this intricate issue, are worthy of special praise in this monumental legislative effort.

Of course, great credit must go to the distinguished chairman of the committee, the Senator from Louisiana (Mr. Long), for his careful attention to the intricacies of this measure. While many Members on this side of the aisle were in profound disagreement with him on many of the aspects of the bill, all of us, I believe, recognize the great talent he brings to this matter and to this measure. I pay him tribute for his usual skillful job in managing this bill through its consideration by the Senate.

No Member deserves greater credit than the distinguished Senator from Kansas (Mr. Dole), who as ranking Republican on the Finance Committee has helped guide this legislation through a long and tortuous process from its first day to its final passage.

Senator Dole has been a model of diligence in this endeavor, devoting precious time to fashioning a workable and useful bill even at the expense of his campaign for the Republican nomination for the Presidency of the United States.

He has placed the public interest in this vitally important field above his own personal interest, and he has earned the enduring respect and appreciation of the entire Senate for his devotion to duty and his talented and tireless work.

I also pay special respect to the distinguished Senator from Oklahoma (Mr. Bellmon), the ranking member of the Budget Committee, who has once again rendered exemplary service to the Senate and its budgetary process by raising the important issue of congressional control over the future use and appropriation of these tax revenues.

Members of the Senate staff deserving special mention for their dedicated work on this legislation include Bob Lighthizer, minority counsel for the Finance Committee; Bob Boyd, minority staff director for the Budget Committee, and his associate Rod DeArment; and Carol Cox of the staff of Senator Bellmon.

A great many more people have brought credit on themselves in this laborious and endlessly complicated enterprise, and I commend everyone who played a part in the consideration of this bill.

Mr. HELMS. Mr. President, time and time again the Wall Street Journal has editorialized against approval of the massive, falsely labeled, "windfall profit tax." Today's Wall Street Journal carries another excellent editorial on this tax, once more asking the question, "Why is the United States doing this to itself?"

As for this so-called windfall profit tax, it seems to me that logic demands any Senator to oppose it purely on the basis of the energy supply situation in this country today. I do not need to tell any Senator that it is dangerous to fool around with the possibility, let alone the probability, of increasing even further our dependence on foreign oil. Instead, we should be doing everything we can to increase the production of energy here at home, and this bill goes 180 degrees away from that objective.

I simply cannot in good conscience vote for this legislation because it is bad for the country, it is harmful to the free enterprise system, and it will be a disaster for the consumer. This is a chance for all Senators to put up or shut up because how we vote on this issue will determine, first, whether we understand the free enterprise system; and, second, whether we believe in it.

Mr. President, I ask unanimous consent that the editorial entitled, "Death of Reason," in the March 27, 1980 Wall Street Journal be printed in the Record at the conclusion of my remarks.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

### Death of Reason

Barring a redemptive miracle, the United States Senate today will sacrifice the nation's future security to its own unslakable thirst for revenues. It will give final approval to the massive, falsely labeled, "windfall profits tax."

It is hard for us to understand how the Congress could actually pass so misguided a piece of legislation. Admittedly, Washington has been picking off one major industry a decade: the steel industry with the price "jawboning" of the 1960s, and the auto industry with the safety, emissions and fuel standards of the 1970s. But even with that record, we would have thought it beyond belief that Congress would set out to destroy this industry in this decade, hamstringing the domestic oil industry just when energy is a paramount concern not only economically but politically and militarily.

Looking on the spectacle of Congress slapping a huge tax on domestic oil production just when it needs to reduce oil imports, our friends abroad look on with alarmed incredulity. Why is the United States doing this to itself? a cabinet member of one ally asked us recently. We could only reply, tongue-tied, that simple logic sometimes falls victim to complex political forces.

The evolution of this latest self-inflicted blow is bound up in the broader history of U.S. economic policy through the 1970s. It began when Congress, led by many of the same people who lead it today, embraced wage and price controls as the remedy for the inflation its overspending had generated, and finally succeeded in inducing President Nixon to apply them in 1971. Most of the controls were blown off by inflation in 1973 and 1974, but the ones on energy continued. They indeed blossomed into a huge regulatory bureaucracy, the Department of Energy. The DOE became an instrument for strangling domestic energy production.

Public frustration with the fruits of this process—gasoline lines, rising energy costs and increased dependence on imports—was diverted by American political leadership to the oil industry, which, guided by its traditional opportunism, was an easy victim. This exercise in political cynicism was augmented by more virulent anti-business, anti-capitalist forces. Soon the attack on oil lost whatever rationality it ever had and became a religious movement bent on punishing the oil industry and diverting its cash flow into the public treasury. As it happened, this was just the ticket for a government that had through most of the 1970s enormously overspent its budget and generated progressively worse inflation. President Carter conceived the brilliant idea of removing price controls on domestic crude oil but taxing away most of the added revenues that he presumed would flow from letting prices rise above the ceilings. The DOE bureaucracy found ways, as we noted in this column yesterday, to preserve and expand its power even after decontrol.

The oil revenues tax Congress will pass today—again barring some last-minute conversion—will combine with raging inflation to run the American crude oil production industry into the ground. It will solidify OPEC's grip on oil prices, leave us politically and militarily exposed from further dependence on imported oil, drain huge funds out of the savings/profit pool needed to stimulate investment and productivity, and increase the incentives for inflationary money creation. To find a similarly destructive single piece of legislation, you have to hark back to the Smoot-Hawley Tariff, which helped throw the world into the Great Depression.

● Mr. JOHNSTON. Mr. President, it would not be an overstatement to say to my colleagues in the Senate that the debate on the windfall profit tax legislation has been a very painful one for me. Being from an oil- and gas-producing State, I have grown up in the midst of one of the most entrepreneurial industries in this country. I have found producers on the whole to be industrious, and honorable men and women with a very bullish view on the future of our country. With this in mind, it was not hard for me to cosponsor and actively work for the passage of Senator Bentsen's independent producer exemption from the tax. Independents, as the Senate is now well aware, do drill 90 percent of the wildcat wells in the country, and must depend on the revenues from the producing ones to continue to reach out in frontier areas for more discoveries.

The independent producer continues to be optimistic about the remaining oil and gas to be produced in the United States. But as one oil producer has noted, "All the slow rabbits have been shot," meaning that the oil and gas that is easy to find has already been found. To produce the less accessible oil will take more capital. That was the intent of the Bentsen amendment which I supported. Unfortunately, the House in conference was opposed to the 1,000-barrel exemption. However, the Senate was able to work out some special reductions in the tax rates for the independents that I feel will help in the exploration for new reserves.

Mr. President, the independent exemption amendment included stripper wells in its purview. This was important because the average production from these types of wells is only 2 to 3 barrels a day. It is important that reworking costs and other stimulative processes keep these wells in production. The extra capital from the amendment would have served this purpose. I am encouraged, however, that the price of stripper oil has risen from an average in 1976 of $12.16 to an average of $18.70 in 1979. Reports are that some stripper wells are receiving as high a price as $42. This rapid increase in price, hopefully, will keep our marginal wells producing.

It was unfortunate that the Senate rejected an amendment offered by Senator TOWER and myself which would have set up an adjustment procedure in the IRS to allow adjustments in the payment of the tax as may be necessary to prevent special hardship, inequity, or unfair distribution of burdens. The effect of the amendment would have been to prevent the shutting in or premature abandonment of wells. A similar provision currently exists in DOE regulations for adjustments in its pricing regulations and would have been a perfect complement to our proposed Treasury adjustment procedure. Perhaps in the years to come, data will show the need for such a procedure and the Congress will provide for the mechanism.

Mr. President, the windfall profit tax conference report is not a perfect piece of legislation but under the circumstances I think it is the best compromise that is obtainable. This is especially the case when one considers the President's public statements that he will reimpose and/or stop the phaseout of controls on domestic oil. American producers need decontrol, the conference report is not too great a burden in order to have the essential measure of decontrol.●

● **Mr. STONE.** Mr. President, the conference report includes provisions granting residential energy tax credits and business tax incentives designed to encourage energy conservation and to reduce the level of imported oil. Some items which qualify for these credits are listed specifically in the bill. There is also authority given to the Treasury Secretary to add items to the list of property eligible for both the residential and business energy credits with standards set forth governing the Secretary's authority.

The way the Secretary exercises his authority in this respect will greatly determine how effective this tax credit is. If not, I respectfully submit that the impact of these energy conservation tax credits will be limited indeed.

The way the Secretary exercises his authority in this respect will greatly determine how effective the residential and business energy tax credits will be in bringing about more energy conservation. I am concerned that the regulatory process becomes so discouraging and cumbersome that items which can clearly save energy may not ultimately qualify for the credit. It is my understanding that this has already been true to some extent under the existing energy tax credits.

Just this week I have had the opportunity to review the great energy savings which result from the installation of "heat exchangers." Attached to an air conditioning unit, these "water heat recovery units" can provide the heating source for all the water used in a home, saving oil or electricity normally used for hot-water heating. This device can also be used in small businesses, such as restaurants, which use large amounts of hot water. This kind of unit, Mr. President, is a proven and practical and affordable energy saver. I hope the Treasury Department will set up an expeditious and reasonable procedure by which items like a heat exchanger can qualify for this tax credit. If not, I respectfully submit that the impact of these energy conservation tax credits will be limited, indeed.●

● **Mr. PRYOR.** Mr. President, last December I voted for the Senate version of the windfall profit tax legislation. I did so because I support the concept that the major oil companies should not experience a sudden trillion dollar windfall as the result of decontrol of oil prices. In my judgment the Senate proposal struck the proper balance between the need to avoid any such windfall and, at the same time, the need to stimulate and encourage the development and production of new energy in America.

I do not believe the conference report strikes that same balance. To my mind, the exemption which the Senate-passed version of the windfall profits bill contained for independent producers was extremely important. My preference would have been a plowback provision whereby the oil companies would have been encouraged to turn back those revenues raised by decontrol into energy production. However, no workable plowback provision having been found, I felt that the exemption for oil produced by independents was the next best thing to insure that new energy production in this country would be encouraged. In fact, this exemption was largely what enabled me to cast my vote for the Senate version of the windfall profit bill.

Mr. President, this conference bill fails to recognize the critical role that independents must play if our Nation is to reduce our imports to a safe level. That the conferees at least saw fit to set lower rates for independents in the old oil and stripper categories is laudible, but it is not enough. Independents will still be required to pay almost $23 billion in taxes over what they would have paid under decontrol.

Because of the ever-higher risks and expenses associated with exploration and drilling, I think that we should give every possible incentive to insure that there will at least be some glimmer of hope that these risks will be worthwhile. Decontrol of oil prices presented such a hope. However, I fear that with the tax rate for independents in this bill, we are writing a guarantee that much of our oil is going to remain in the ground.

There is a most plausible rationale for treating the major oil companies and the independent producers differently. If we fail to adequately address this difference, we and our constituents will regret it for many years to come as it becomes increasingly apparent that our domestic production goals are not being met.

An independent producer is, by definition, an explorer and producer of oil only, and not a marketer. He has one activity, one source of income, and one purpose: to find new sources of oil and gas. No one can deny that the independent has proved his worth in this area, historically accounting for the discovery of more than 50 percent of domestic reserves in America and 90 percent of all wildcat wells drilled.

Any tax levied against the independent is directly deducted from cash flow and thus unavailable as drilling funds. I am sure that the integrated oil companies will take advantage of the opportunity to pass increased tax costs on to the consumer. However, nonintegrated independents have only their aftertax profits and borrowed funds for investment in drilling programs.

The 12,000 independent producers in America constitute over 99 percent of the oil producers in this country. They have a good record for plowing back their revenues into production, with a 105-percent turnback rate in recent years. Reinstating an exemption would thus serve the dual purpose of maximizing development of crude oil supplies at the lowest cost, while greatly simplifying the problem of administering the complex crude oil tax.

Another issue was, perhaps, not given due consideration during earlier debate on windfall profits, and I am glad to see that attention has been focused on it during debate on the conference report. It is the matter of taxing royalty owners.

I was very disappointed that the conferees destroyed the consideration we had given royalty owners in the Senate bill. I can see absolutely no justification for the way the conference report handles this issue.

I think that the American public, and we ourselves, had always conceived of this windfall tax as a tax against big oil and those with massive profits. Yet the bill before us today punishes the "little people" too, those whose involvement in the oil business does not and will not reap them excessive profits. Some may snicker at the "little old lady" argument, but I feel that it is a very real concern and one that we must deal with. Most royalty owners are not wealthy. Many are retired persons who invested in royalty interests to supplement their social security payments. I do not want to be the one to explain to them that they have to pay a windfall tax equal to the rate Exxon pays. For these reasons I am going to vote against the conference report.

Mr. President, there is yet another provision that I would like to see changed. It is how we are going to use the enormous revenues raised by this measure.

The conference report specifies that 25 percent will be used for aid to lower income households, 60 percent for income tax reductions, and 15 percent for energy and transportation programs. All of these are pressing and serious needs. However, an even more critical need which bears on all our other problems has demanded our attention ever since the conferees made their recommendations for disposition of the windfall tax proceeds. We have been jolted to the reality that inflation has an almost lethal stranglehold on our country. Republicans and Democrats, liberals and conservatives all alike are, I believe, unified in the conviction that we must take drastic measures to put this monster in check.

If we are going to pass this bill, knowing that it is likely to cause even higher prices for consumers, let us at the same time improve life for all Americans by improving the state of our economy.

Mr. President, if we pour this money into social programs, we are applying a bandage to the wound without getting at the disease. Let us first examine the problem. Why do social security taxes need to be increased? Because the cost of living continually outpaces social security benefits. Why does the cost of living continue to rise? Because of inflation.

To me it makes infinitely better sense to apply at least a part of the hundreds of billions this tax will raise over the next decade toward attacking our cancerous inflation problem. I think it is safe to say that the other economic ills of our Nation will only continue to deteriorate, no matter what we do, until we have brought inflation down to a reasonable level.

It is my understanding that the formula for disposition of the tax proceeds is advisory in nature only and that any allocation of the windfall profit revenues will be subject to the normal authorization and appropriation process. If we are successful in defeating the conference report, I hope the new conference will give serious consideration to providing that the first $10 billion recovered each year from the oil companies should be used to balance the Federal budget, or to reduce the national debt in the event the budget is balanced that year.

With $10 billion per year over a probable 10-year life of this tax, we are talking about $100 billion, or less than half of the revenues to be raised by this bill as it now stands. If our goal truly is to improve the lives of the elderly, the poor and the disadvantaged in this Nation, the best thing we can do is to halt the inflation which eats up a larger portion of their dollars with each passing day.

Mr. President, applying a substantial portion of the windfall profit tax revenues toward balancing the Federal budget will demonstrate that we are serious about getting our economy into shape. If we are not willing to take this course of action, I wonder just what steps we will be willing to take.

In the days ahead a myriad of squeaking wheels will be vying for the benefit of the windfall tax proceeds. We will be challenged again and again with the decision of how to best spend these revenues. I intend to stress repeatedly, with each authorization and appropriations bill, the need to use the windfall profit revenues to balance the budget and reduce our national debt. Mr. President, in the event that the conference report is adopted, I intend to introduce legislation to accomplish this reallocation of windfall profit tax revenues.●

● Mr. BOSCHWITZ. Mr. President, before the Senate takes final action on the so-called windfall profit tax, it is important to remember the contributions of the small, independent oil producer to our Nation's energy supply. These businesses are most willing to drill high-risk, low-yield wells. Since 1976, when stripper oil was decontrolled, there has been a boom in drilling marginal wells. Small, independent producers have built their capacity to a point where it now accounts for nearly one-fourth of the U.S. oil production. Many small producers often pump no more than 10 barrels each day.

Just as these independents are becoming more and more important for our country's energy security, the Federal Government is stifling their ability to generate adequate capital for more exploration and production by imposing a windfall profit tax. This is a punitive excise tax, Mr. President. It will hinder our effort in achieving energy independence and provide an enormous windfall for the Federal Government.

Mr. President, this article from the Los Angeles Times, dated February 26, 1980, is an excellent illustration of how important independent producers are to our Nation's energy security.

I ask that the article from the Los Angeles Times be printed in the Record.

The article follows:

### INDEPENDENTS—U.S. GROWING MORE RELIANT ON "TINY OIL"

(By Bill Curry)

Hondo, Tex.—There was a smile on Ted Baird's face as he pressed his ear against the 8,820-gallon steel tank. "Listen to that," he said. "Go ahead. Put your ear to it. You can hear production."

Inside, an echoing, drippy stream of thick black crude oil was splashing into the tank, rising by the inch, with each inch equal to about a barrel—and each barrel equal to about $40.

Ted Baird is an independent oilman, but he is not Big Oil, or even Little Oil. He can only be Tiny Oil. His eight-month-old Tresor Petroleum Corp. has but seven wells and one employee—himself. The average daily output from each well is 1.2 barrels.

In these piddling amounts, Tresor's oil nevertheless passes through the nation's largest refinery, the Exxon U.S.A. plant at Baytown, Tex. There most of it is turned into gasoline and shipped to the nation's service stations.

Although Baird's contribution is small, U.S. oil supplies are increasingly dependent on low-production wells. Because of the record prices for crude, oil from these stripper wells, those pumping 10 barrels a day or less, now accounts for one of every six barrels produced in the United States. Just four years ago, the figure was one of eight.

Once gladly abandoned or never brought into production because they were uneconomical, stripper wells today have become profitable ventures. And while most of them used to be mostly big wells petering out after years of production, people are now out drilling strippers.

All of this has made it possible for people like Baird, 35, who grew up in the "oil patch" (any petroleum producing area), to put a sign saying "Oil Operation" on a one-room office and go into business.

"I may never get rich, but I've got a shot at it," says Bill Mullen, 49, a child of the Texas oil patch and a former carpet salesman. His 18-month-old Cimarron Oil & Gas Co. in Oklahoma City has five small wells that had been left behind long ago as not worth further drilling. "We roll the dice every day," he says.

"Drippings, little bitty stuff," says Clyde La Motte, the executive vice president of the National Stripper Well Assn., which is run out of a post office box in Texas and a telephone in his Tulsa home. "But it adds up," he said. "It's just a little bit less than Prudhoe Bay . . ."

Domestic stripper wells—some of them mom-and-pop operations, some owned by Big Oil—now supply 1.4 million barrels of crude a day to the nation, 100,000 barrels more than Saudi Arabia, the largest exporter of oil to the United States, according to Department of Energy figures.

Although consumers may complain about paying more for their gasoline and home heating oil, the men of Tiny Oil say that without the higher prices the oil just wouldn't be on the market.

"At $10 a barrel, the numbers won't work," Baird said while driving around his oil field. At even twice that price, he said, he would be forced to plug and abandon his little wells.

As it is, Tresor plans to drill 100 wells on 220 acres of oil-producing acreage here. "That will be 35,000 barrels a year we won't have to buy from the Arabs," he said.

In the oil patch, stripper wells are seen as a textbook example of how higher prices can increase oil supplies, the kind of thing that oilmen say will happen when all oil price controls are ended. Stripper oil production began to boom in 1976 when the federal government freed strippers from price controls. Stripper oil sold then for about $12 a barrel, today it brings $35 and up, depending on the quality.

While the prices have gone up, the number of wells abandoned each year as uneconomical has dropped about 40%. And new wells are being drilled in long-abandoned fields where three- and four-barrel-a-day wells were once sold for the scrap value of their pipe.

This could be stunted, oilmen say, by the imminent windfall profits tax on oil sales. "We're gonna have to slow down (drilling) in '80 cause I've got 700,000 less bucks," says G. W. (Bill) Deck Jr., president of the Deck Oil Co. in Tulsa.

The firm pumps 325 barrels a day, most of it from stripper wells, and last year participated in the drilling of 23 wells, eight of which became producers. Deck Oil planned a $2.5 million drilling program for this year, but Deck figures the new tax will reduce that by $704,550.

The company puts together limited partnerships of up to 35 people who share the costs of drilling, or "making hole," as it's called. If oil is found they share the profits, if not, they share the losses at tax time.

Al Geiger, a 64-year-old oil operator who works out of his Tulsa home, says the windfall profits tax will force him to consider giving up several of his 60 wells, which produce an average of two barrels a day.

But whatever the future effect of the tax, the higher oil prices are producing, if not more oil, at least more oilmen.

"There's a deal on every corner in Oklahoma City," says Mullen as he wheels his pickup truck not far from the Phillips Petroleum pump that lifts oil right out from under the dome of the state capitol.

Mullen grew up, in his words, "wading around in the leases" of the Texas Gulf Coast, being a roustabout, testing oil, trucking—and he loved it. But the oil patch fell on hard times in the '60s because of cheap foreign crude.

So Mullen became a sales representative for a line of designer carpeting in Oklahoma City.

Although most Americans looked with horror on the Arab oil embargo of 1973–74, Mullen saw in it opportunity, a chance to get back into the patch.

He quit carpets and started putting together oil deals. He would round up drilling investors, find the money for drillers and keep a share as commission. "I was carrying most of my stuff in my briefcase," he recalls. "What I was doing was selling other people's deals."

Next he formed a small company that put its own deals together. Then, in September of 1978, he joined with a geologist and five financial backers to form Cimerron. They bought old seismic charts and drilling reports and began looking for prospects. The geologist would look for the oil while Mullen would look for the money to finance the drilling.

They drilled five holes and found oil on four. On the fifth they accidentally struck natural gas, a million cubic feet a day.

Now, he says, "we've finally reached the point where we'll be hiring our first full-time employee this month."

"We aren't shooting for bear," Mullen says. "We'll take a small well and, with prices the way they are, we'll get our money back and people (investors) will get their money back. You're always hunting a big one, a barn-burner, but you'll take less if you get it. And every barrel we get out of the ground is money spent right here, not sent to the Arabs.

"It's just like playing poker with a 25-cent limit. You'd like to win $50 but if you go home with $5 you're happy and it's been a good time."

Bill Mullen is having a good time. He missed those days in the 1950s when you could look out across the oil patch and see the lights twinkling like stars on the drilling rigs stretching across the countryside. Now, once again, the rigs are everywhere, and it seems that where there isn't a rig there is a pump.

As Mullen drives out to visit one of the wells, a man in a pickup truck passes him, signals him to stop, and there, by the side of the road, they talk about an oil lease Cimerron is negotiating with the man.

"It started producing in March," Mullen said after we arrived at an eight-barrel-a-day well in Noble County, Okla. "It's what used to be a marginal well; it's not any more." Last month the oil from it sold for $40.98 a barrel. "And we're going to punch some more holes, if the government doesn't mess it up."

Each of Baird's Texas wells are producing at the rate of about $18,000 a year, and of Tresor's share, he says, "every dollar the lease has produced in the last eight months has gone back into the lease." And while Mullen hopes for barn-burners, Baird says, "Here we're hoping to get a barrel (a day). Now if we hit a 10-barrel well . . . ."

"The whole thing," says Mullen, "is to keep on drilling."

● Mr. STENNIS. Mr. President, during 1973 and early 1974, we witnessed an oil price increase of 70 percent in October 1973 and within 2 months, a second increase of 130 percent which meant that the price of oil experienced a cumulative increase of 470 percent in 1 year. These price increases which were set by the Organization of Petroleum Exporting Countries—the so-called OPEC—heralded the greatest transfer of wealth in the history of the world. In those days it became very clear to me that the warning alarm had sounded. We as a nation had allowed our economy to become excessively dependent on oil that had to be imported from sources which were concentrated in a politically unstable part of the world.

Further, it was evident that the oil prices were not operating on a free market basis, but were being used as a political weapon. Prices could be established without regard for cost of production, and supply contracts were granted for political purposes rather than to the highest bidder. The citizens of our country endured the inconvenience and economic hardships of an embargo on oil to this country which was put into place for political reasons. In 1975, the full effect of the OPEC price increases were felt by the nation and the world as we plunged into a deep recession which stunned the economy with a severe blow which this Nation had not felt since the Great Depression.

We are well aware that we must reduce our dependence on foreign oil. We know that we have the technology to provide the energy this country needs. We know that we can develop our abundant coal and shale resources. We know that we have great potential in nuclear power. We know that we can in time harness the Sun, the wind, and our geothermal resources. It is my belief that we need to end our indecision and put our shoulders together on this problem.

This Congress has worked hard on a package of energy bills which I believe is a step forward in establishing a solid energy policy for this country. I am in support of the synthetic fuels bill. I am in support of cutting redtape and I am in support of the incentives programs which we have included in the windfall profit tax bill to encourage residential and business conservation, exploration, and the development of our oil resources.

I have reservations about each of these bills as they passed the Senate, but I believe that the Senate should approve the windfall tax conference report because the country needs action on its energy problems. Seven years have passed since the first warning was sounded. Three Presidents have struggled with an energy problem. I believe that time is running out; therefore, I urge my colleagues to pass this bill and I urge my colleagues conferring on the other energy bills to complete the work and bring it to the floor of the Senate. I am eager to get on with achieving energy independence and bring an end to our Nation's economic problems and an end to inflation. I hope that this conference report will be adopted.

For the sake of our military preparedness, we absolutely must make definite progress in assuring our fuel and other energy requirements for the present and the future. Time is running out on us. Time has been lost already. We must act. This is a major factor in my support of this bill. We must make a start on the energy program, and can never get exactly the measure we want.●

### RECOVERING A PORTION OF THE OIL WINDFALL

● Mr. CHURCH. Mr. President, after months of deliberation by the Congress, the Senate now has the opportunity to favorably vote on the Crude Oil Windfall Profit Tax Act of 1980. This bill is important to Idahoans who are watching to see whether the well-organized and financially lubricated interests of the oil companies will prevail over the deep concerns of the oil consuming public.

Half our oil requirements are purchased abroad from a cartel controlled by foreign governments. This cartel has pushed up the price of their oil by 1,000 percent since 1973. Last year alone this cartel rammed up prices again by doubling the price for oil in just 1 year.

Last year the President decided to remove price controls on our own domestically produced oil. That was a decision with which I did not agree, because I do not believe that the solution to our energy problems is to allow our own oil to be sold at the same high, politically dictated price that OPEC oil sells for. I can understand the motivation of the big, multinational oil companies that lobbied so heavily to win the decontrol battle. For each 1 cent per gallon that gasoline increases, the oil companies take in an additional $1 billion per year. The lure of fabulous profits to be made by selling domestic oil at OPEC prices proved to be a powerful stimulant to the giants of the oil industry.

Mr. President, there are those who argue that the only solution to this dire set of energy problems is to let the big oil companies charge as much for domestic oil as we are forced to pay for imported oil. They suggest that by "unshackling" the oil companies, by letting them charge what they like to call the free market price for oil, by putting their swollen profits to work, we will soon be awash in a glut of domestic oil. These medicine men peddle the story that if we just get the Government out of the way and unleash big oil, we will solve our energy problems in short order and happy days will be here again.

What nonsense. How many times do we have to be knocked in the head before we concede that no free market exists in the marketing of oil? Both the price and the supply of the world's oil are tightly controlled by an international cartel. A cartel is the exact opposite of the meaning of a free market. We are looking at a very determined monopoly, and monopolies ignore the conventional working of supply and demand.

For example, U.S. consumers have reduced their consumption of gasoline. We now are in the situation where consumers are cutting down on the use of heating oil and gasoline. What will be the result of this reduced demand? Will it stop the upward price spiral? The answer is clearly no. Our Nation's stockpile of crude oil is up. The inventory of diesel fuel, gasoline and heating oil is also up. In fact, our refineries have recently been running at only 79 percent of their capacity. World oil prices, especially on the spot market, are said to be softening. This should mean a slowdown in the runaway increases in prices to consumers.

Yet we now are told that Libya will reduce its output from 2.1 million barrels per day to 1.75 million barrels. OPEC as an entity is now expected to cut back production by 800,000 barrels per day with the prospect of further reductions this fall. That means supply will decrease so that prices can keep on rising and consumers who are battling to conserve will be rewarded for their efforts by having to pay $2 per gallon for gasoline by the end of this year. So much for the fairy tale that we have a free market in oil.

The impact of OPEC price and supply machinations and the decision to remove price controls from our own oil are now starting to be felt. During January and February, energy costs were the biggest components of an enormous inflationary surge. Idaho farmers, struggling to get the planting season underway, are faced with paying twice as much for diesel fuel and credit terms that require full payment within days in cash. Idaho's potato growers wonder how long they can continue to ship our marvelous bakers to distant markets when the cost of energy to ship those potatoes continues to skyrocket.

Virtually every product we buy is touched by the soaring cost of energy. Airline tickets, clothing, manufactured products, fertilizer, even record albums, to name a few items, are all costing more because of oil prices. The resultant inflation, fueled by extortionate energy prices, threatens the very survival of Idaho's small businesses, farmers, and forest products industry.

Yet the advocates of high energy prices, backstopped by expensive oil company advertisements, soothingly say this is all right because swollen profits for oil companies will mean more domestic oil. The facts are otherwise. First, the overall net income of the eight largest oil companies rose from $7.2 billion in 1975 to nearly $15 billion last year.

The decision to decontrol prices means that a trillion dollars more than would have been earned otherwise will flow into the oil companies during the decade of the 1980's. How will they use this money? A big chunk of past profits has gone into buying up nonenergy businesses. Thus, while Mobil bought Montgomery Ward for $1.7 billion, while Exxon bought Reliance Electric for $1.2 billion in cash, while Arco purchased Anaconda Copper for $784 million, an increasing number of Idahoans were finding it difficult to pay for gasoline, diesel, and home heating oil.

To add insult to economic injury, there are no upward domestic production developments to report to Idahoans as a consequence of the record oil company profits. Ever higher oil company profits do not mean energy independence is just around the corner. Why is this so? Part of the explanation lies in the fact that big oil does comparatively little exploration for new oil. The fact is that we have seen a boom in domestic exploration since 1973.

However, over 80 percent of this exploration has been done by the nonintegrated or independent oil companies. That is why I supported efforts in the Senate to exempt these producers from the windfall profit tax. The smaller independents reinvest heavily in exploration; big oil does not. The conference committee did not retain this exemption but did agree to lower tax rates for independents.

Despite this upsurge in exploration, oil production from domestic fields is declining, and by knowledgeable accounts, will continue to do so. The United States is the most explored land in the world. While there is more oil to be found, it is harder to find and discoveries are not keeping pace with the exhaustion of older fields discovered in the oil heyday of decades past. Even Exxon, the oil giant of U.S. corporations, acknowledges that U.S. production in 1978 totaled 10.7 million barrels of oil per day. With price controls removed and profits soaring, Exxon projects domestic production to decline to about 8.5 million barrels per day in 1985, and then continue on down to 7.2 million barrels in 1990.

Mr. President, we hear great cries of anguish from the oil companies that the tax in this proposed bill is "criminal" and "unjust." Yet of the $1 trillion of new unanticipated revenue they will gain in this decade, the net amount recaptured by this tax will be about 23 percent of the windfall. It is clear that, even with passage of this bill, oil company revenues will grow impressively.

While this bill will not right the ripoff which results from uncapping domestic oil prices at the wellhead, it will at least recapture part of the windfall for public use. Additionally, there are provisions in this bill that are of importance to Idahoans and that will prove to be beneficial:

Tax credits for the installation of solar, geothermal, and wind equipment in personal residences are expanded.

Tax credits are made available to businesses, small and large, to invest in solar, wind, geothermal, cogeneration, biomass, and other energy-efficient equipment.

The current 4-cents-per-gallon exemption from the Federal excise tax for gasohol is extended to provide incentives to get this promising source commercialized.

Farm cooperatives, for example, are encouraged to get into the gasohol business by other tax credit provisions for those who produce and consume their own alcohol fuel without buying it from others.

Favorable tax changes designed to provide expanded incentives for the installation of hydroelectric power are included in the bill.

Repeal of the 1976 estate tax carryover basis law is included in this bill. This repeal is extremely important to those Idahoans who will face the inheritance of a family farm or small business.

Provisions were included to change our tax laws to begin to encourage thrift, capital formation and thus lower interest rates. This provision exempts from taxation an initial amount of interest earned on savings accounts.

Mr. President, our choice is clear. We can continue to watch the major, integrated oil companies drain more and more of our national wealth into their treasuries, or we can insist that a portion of this trillion dollar, unearned windfall be returned to the public. This is not a new tax to be passed on to the consumer. Consumers are going to pay the decontrolled. OPEC price with or without this bill. With this bill, the consumer will at least know that a portion of this massive transfer of wealth will be recaptured for the public benefit. I urge the Senate to approve this bill, as our colleagues in the House have already done by a large margin.●

● **Mr. DURENBERGER.** Mr. President, the concept and particulars of the crude oil windfall profit tax have been difficult for me since President Carter first announced the proposal almost 1 year ago.

As a member of the Senate Committee on Finance, I helped construct a bill that fairly taxed the excess profits of producers and, more importantly, returned to the energy-conscious consumer a share of the higher price he or she will be paying for energy as a result of the President's decision to decontrol U.S. oil.

The committee bill was significantly changed on the floor of the Senate, but I voted for final passage because the elements I most strongly favored—tax credits for persons who conserved energy or switched to alternative sources of energy—and a program for income assistance to those unable to pay the huge increase in energy costs of shelter—remained intact.

Today, we are dealing with final passage of legislation that bears little resemblance to the bill structured by the Finance Committee or passed by the Senate in December. Not only has the concept of a windfall profit tax changed considerably through this legislation, the intentions of the administration are markedly different today from what they were last April when the President announced his proposal for a tax to recover a portion of the cost of his decision to decontrol oil prices.

On March 4, 1980, I asked the President to clarify the administration's position on the conference committee's report on H.R. 3919. In July 1979, President Carter stated that:

> The windfall profit tax will be paid by Americans to Americans.

However, the conference report has no such guarantees. Instead, it allocates 60 percent of the revenues from the tax to reductions in individual and corporate income taxes; 25 percent to fuel assistance; and 15 percent to energy and transportation programs. Considering the President's earlier statements, I asked him to detail how these allocations, which were not accompanied by authorizing legislation, would be transformed into specific programs and the role of those programs in the administration's new anti-inflation effort and the ongoing formation of a national energy policy.

This week, I received a response from Emil M. Sunley, Deputy Assistant Secretary of the Treasury, on behalf of the administration. I must admit that I am more confused now than ever. In one paragraph, Mr. Sunley says:

> The Administration . . . accepts the allocation formula . . . and will propose to Congress . . . how the net revenues for fiscal year 1981 are to be allocated.

In the next paragraph, the administration states, in Mr. Sunley's words:

> This is not the time for tax reductions. It is the time to reduce the Federal deficit, and

to this end the President has proposed spending reductions.

I agree that this is the time to balance the Federal budget. I agree that this is the time to reduce Federal spending. I agree that this is the time to fight inflation.

But, this is not the time to give up on our country's goal to become energy sufficient. And, this is not the time to balance the budget by placing the entire burden on the back of taxpayers and captive energy users.

Energy prices are a cause of the high inflation rate that we are now experiencing. The demand to balance the budget arises from the need to combat inflation. But, the primary tools that will be used to balance the budget, according to the President and reinforced by Mr. Sunley's letter, are new taxes on energy—taxes that will exacerbate the very inflation we are trying to combat.

There can be no avoiding the fact that decontrol of oil prices is a tax. It is an OPEC-created tax, but a tax, nevertheless. Decontrol allows domestic producers to impose the OPEC tax on U.S. consumers.

The President is apparently willing to use the $13.7 billion from the windfall profit tax in 1981 to help balance the Federal budget—to operate the same old programs in the same old way with little innovation to solve our energy problems. The administration's import fee—another tax on consumers—will contribute another $11 billion to balancing the budget. And, the corporate income tax on decontrol revenues—an indirect tax on the public—will add billions more to the budget.

Let us make no mistake about what we are doing. H.R. 3919 is no longer an energy bill. As it exists in it present form, it is a bill to balance the Federal budget at the expense of the public. Rather than take the opportunity to address the energy problem directly by efficiently investing the revenues from the decontrol and the tax, it now appears that vast sums will be swallowed up by the Federal budget to support existing programs and the offices of incumbent politicians.

Mr. President, this sad history has brought me near the point of abandoning my support for the windfall profit tax. My disappointment in the conference report led me back through the entire series of judgments to determine if there was some one decision that should be reversed. It even caused me to reconsider my basic support for the decontrol policy. But, as the representative of the people of one of a very few States which is totally dependent on fuel sources from outside its borders for its energy needs I will vote in favor of final passage of H.R. 3919.

I will vote yes on the windfall profit tax because I believe that producers should not be allowed to charge monopoly prices in domestic markets. I will vote yes because I do not believe that all the revenues from decontrol can be efficiently reinvested by the oil producers. I will vote yes because I believe the structure of the tax is better today than any future bill may be. I will vote yes because a vote in favor of this legislation will put a responsibility on me and I am willing to accept that responsibility.

And, finally, I will vote yes on the windfall profit tax because to vote to defeat it while Jimmy Carter is President is to vote to reinstate price controls and to destroy our fledgling efforts at energy independence.

I will not balance the budget by passing new legislation to tax the public. As President Carter said, we must balance the budget through the discipline of the administration and Congress, not by placing the burden on the public in the form of new taxes.

The revenues from this tax must be returned to the people who are paying the higher cost of energy. Over the course of the next decade I will make every effort to satisfy the public demand for wise investment of the revenues from this tax to secure energy independence. Every Senator who supports decontrol and votes for final passage of the windfall profit tax faces that same responsibility. I can only hope that others will join me in faithfully discharging this responsibility.

Mr. President, my specific objections to this legislation, and the objectives I will seek to implement for using the windfall profit tax revenues, are spelled out in a February 29 editorial in the Red Wing Republican Eagle. I ask that this editorial, my letter to President Carter, and Mr. Sunley's response be included in today's RECORD.

Thank you, Mr. President.

The material follows:

[From the Republican Eagle (Minn.) Red Wing, Feb. 29, 1980]

DURENBERGER'S "THIRD VIEW": NOT PRO, NOT ANTI BIG OIL

About the windfall profits oil tax bill, finally out of House-Senate conference and headed for Jimmy Carter's signature, you might identify three points of view:

(1) The "pro" viewpoint of Big Oil-hating liberals; (2) the "anti" viewpoint of industry-defending conservatives; and (3) Sen. Dave Durenberger's viewpoint.

We recommend the Durenberger article here today, but not so much for the views expressed as for what went into the article's preparation and what this says about Durenberger.

Keep in mind that Durenberger, unlike Sen. Rudy Boschwitz, voted FOR the windfall tax bill in the form it originally passed the Senate.

This was after he had thoroughly immersed himself in the subject—committee hearings May, June, July; bill drafting Sept.-Oct.; floor debate Nov.-Dec.—so that he was able to say, of himself and fellow Finance Committee senators, "I believe we were the only members of Congress who took the time to understand the issues before taking a position on the tax."

Durenberger accompanied today's "scam" denunciation with a very detailed exposition of his own views that occupies 16½ closely typed pages.

Plainly, Durenberger was stung by the charge from Nixon-Ford Treasury secretary William Simon (in the Wall St. Journal) that branded as a "Judas" those Finance Committee conservatives who helped frame the Senate bill rather than opposing it at every turn.

Some of Durenberger's conclusions run counter to our own preconceptions about the windfall profits issue. We'll try to summarize some of his major points:

(1) Contrary to the Wall St. Journal, "decontrol is NOT a return to free markets. It is only an admission that low domestic prices forced by government controls encourage consumption and, thus, make us more dependent on OPEC."

(2) Government should tax revenues from decontrol to speed development of oil alternatives—synthetics, solar.

(3) Price controls have not discouraged domestic oil drilling. "Investment in exploration and development quadrupled during the price control period . . . The decline in the domestic industry occurred in the 1960s when there were no price controls . . . Price control was a mistake because it encouraged consumption, not because of its impact on production."

(4) Big Oil's argument that the industry's return on investment has been no greater than for most U.S. manufacturing firms is true, but misleading. Decontrol without a windfall profits tax would create extraordinary profits in the production (as opposed to the refining, marketing, transportation) segment of the big, integrated oil firms.

(5) Durenberger disagrees that the industry needs all the decontrol revenues in order to expand domestic oil supplies. He doubts that we can "produce our way out of the energy crisis." "There simply is not that much additional oil to be found."

(6) While Pres. Carter initially asked a flat windfall tax rate of 50 percent, and the House passed its original bill at 60 percent, Durenberger backed a Republican amendment to raise the rate to 75 percent—on "old oil" only.

But he also favored a much lower or zero rate on new and hard-to-get oil, such as "tertiary production." Historically, for every three barrels brought up from a U.S. oil well, seven barrels are left in the ground—because they're so costly to get. Durenberger wanted maximum incentive to bring up these seven barrels, this "tertiary production."

(7) Durenberger thinks it's a crime that the Senate insisted on exempting state-owned oil from the windfall profits tax. As a result of decontrol, four states—Texas, Alaska, Louisiana, California—will reap $128 billion in extra revenue. This will permit them to "slash existing taxes" and give them "immense advantages" in pulling jobs and business investment away from other states. (Minnesota?)

(8) "I am insulted" by the earmarking of 60 percent of windfall tax revenues for unspecified future income tax reductions—something incumbent Congressmen will offer as vote bait but which represents only a portion of the tax increases that rising inflation and Social Security rates will force on the American people.

Without endorsing all Durenberger conclusions, we commend his exposition as reflecting a senator who laid philosophies and ideologies aside and delved deeply into this extraordinarily complex subject in an attempt to determine, objectively and pragmatically, where the true U.S. public interest lies.

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DEPARTMENT OF THE TREASURY,
*Washington, D.C., March 17, 1980.*

Hon. DAVE DURENBERGER,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR DURENBERGER: Thank you for your letter of March 4 to President Carter regarding the windfall profits tax. In your letter you specifically ask about the allocation of the funds and the Administration's position on a general tax cut.

The Administration would have preferred one trust fund for the development of new energy sources, mass transit, and low-income energy assistance. The Administration, however, accepts the allocation formula contained in the conference agreement, and it will propose to Congress within 90 days after enactment of the tax just how the net revenues for FY 1981 are to be allocated among the purposes specified in the legislation. For succeeding fiscal years, the President will propose in the annual budget how the net revenues are to be allocated.

The President's position on tax reductions has not changed since the State of the Union Address. This simply is not the time for tax reductions. It is the time to reduce the Federal deficit, and to this end the President has proposed spending reductions. When economic conditions permit, the President will propose individual and corporate income tax reductions.

Sincerely,

EMIL M. SUNLEY,
*Deputy Assistant Secretary.*

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U.S. SENATE,
*Washington, D.C., February 28, 1980.*

THE PRESIDENT,
*The White House,*
*Washington, D.C.*

DEAR MR. PRESIDENT: After many months of consideration, the Congress will soon consider final passage of a windfall profits tax on the revenues from the decontrol of crude oil prices. The legislation reported by the House-Senate Conference Committee on H.R. 3919 is significantly different from your original proposal of a windfall profits tax. Before the Congress acts on this legislation, we respectfully ask you to clarify several points.

First, in your April, 1979, address to the nation you proposed that revenue from the windfall profits tax be dedicated to specific energy-related programs. This proposal was repeated in July, 1979. In the July speech you added that the windfall profits tax "will be paid by Americans to Americans."

The Conference Committee does not guarantee Americans that the cost of decontrol will be returned to them. Instead, the conferees have chosen to "allocate" 60 percent of the windfall profits tax revenues to a reduction in individual and corporate income taxes, 25 percent to fuel assistance and 15 percent to energy and transportation programs. There is no authorization accompanying the windfall profits tax to implement these goals.

It is very important, therefore, that before we vote on this report we know whether you still favor the concept of dedicated funds. How do you propose to transform unspecific allocations into programs that will return a portion of the cost of decontrol to Americans as you promised?

Second, in your State of the Union Address you said that "the timing and structure of any tax reduction is of critical importance and must be dictated by our economic circumstances; the urgency of the anti-inflation fight requires that we defer such tax reductions at this time."

Does your reported support of the current windfall profits tax include acceptance of the allocation for general tax cuts? If so, what specific programs of tax reduction or tax reform will you support?

Finally, the Conference Committee estimates that the windfall profits tax will produce $3.14 billion in FY '80 and $13.1 billion in FY '81. Will you propose specific programs for the use of this revenue or will you encourage or allow the revenue to be used to reduce the federal deficit or increase current spending programs? If a tax reduction is approved, what spending cuts will you support to reduce the federal deficit?

We share your concern that the windfall profits tax relieve the burden of decontrol on the American public. Although it may be possible to achieve this goal within the context of the allocations recommended by the Conference Committee, it is important that we reaffirm our commitment to this objective. As the proponent of the windfall profits tax, your assistance now in establishing a clear record in regard to the future uses of this revenue is essential and will be greatly appreciated.

Respectfully,

DAVE DURENBERGER.●

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● Mr. WILLIAMS. Mr. President, I am most pleased to have the opportunity to rise and express my support for the conference report on H.R. 3919, the Crude Oil Windfall Profit Tax Act of 1980. This conference agreement is the product of many long months of negotiations by the House and Senate conferees to come to a satisfactory resolve on many difficult and complex issues. In this effort, my esteemed colleagues, Senator LONG, the chairman of the Senate Finance Committee, and Senator DOLE, the ranking minority member of that committee, and the other Senate conferees on H.R. 3919 deserve our praise and appreciation for their persevering efforts to arrive at an accord on this landmark legislative initiative.

While there are many important areas that I could address, I would most specifically like to focus my remarks on title III of the bill, which authorizes the Home Energy Assistance Act for fiscal year 1981. As my colleagues will recall, it was essentially this low-income energy assistance program that was brought before the Senate by the Labor and Human Resources Committee in November of last year. That measure, S. 1724, the Home Energy Assistance Act, was considered by the Senate and, as amended, was incorporated as an amendment to H.R. 3919 as a substitute for the Senate Finance Committee's fuel assistance program for low-income persons.

As the author of S. 1724, it is particularly gratifying that the many long hours of work that went into the Labor and Human Resources Committee deliberations on the Home Energy Assistance Act, the thoughtful efforts that the Senate Finance Committee members spent on their own low-income energy assistance program, and the efforts of House and Senate conferees on H.R. 3919 on this matter have been to a productive end.

The need for this low-income energy assistance program has been validated as a result of the rapid and continuous OPEC price increases. In the past, energy in the United States has traditionally been in abundant supply and the cost of energy for residential use was within the means of most households. Unfortunately, the era of cheap energy is over. OPEC price increases have translated into steady, upward surges in the price of home heating oil, natural gas, and electricity—the main sources of energy for heating American homes during winter.

One year ago, low-income households paid between 20 and 25 percent of their incomes on utility costs alone. One year from today, many of these households may be paying over 75 percent of their income for energy—leaving a scarce amount to pay for other necessities such as food, shelter, clothing, and medicine.

To respond to this growing crisis, the Congress approved legislation this past fall which appropriated $1.6 billion to provide energy assistance to SSI and AFDC recipients and low-income families at or below 125 percent of the Office of Management and Budget poverty line. Unfortunately, because of severe time pressures to get an assistance program in place for the winter, adequate time was not available to devise a program which was completely free of problems. The Home Energy Assistance Conference provision is designed to redress these problems and to rid the program of inequities, abuse, duplication, and other problems that may have occurred in this winter's fuel assistance program.

Before going into the details of the compromise, I would like to extend my sincere appreciation to my good friend and colleague, Senator LONG, who graciously invited me to participate in the Windfall Profit Conference deliberations on the low-income energy assistance provisions. As part of this process, I had the privilege of having the able assistance of my esteemed colleagues on the Labor and Human Resources Committee, Senator RICHARD SCHWEIKER, the ranking minority member of the committee, and Senator JACOB JAVITS, the senior minority member of the committee, to represent the Labor and Human Resources Committee views on these provisions.

Specifically, the conference agreement on H.R. 3919 would authorize the Home Energy Assistance Act for fiscal year 1981 but would add the following provisos to the Senate-passed measure:

First. An additional $90 million would be added to the authorization for the home energy assistance program for fiscal year 1981 for a total authorization of $3.115 billion;

Second. The allocation formula for the distribution of moneys under the act would remain the same as passed by the Senate, with the caveat that all States, including States which would receive allotments equal to or greater than $100 million, would now be entitled to the minimum allocation otherwise provided in the act;

Third. The Secretary of the Department of Health, Education, and Welfare would be empowered with the authority to waive compliance with any of the State plan requirements, when it is determined that such a waiver is likely to assist in promoting the objectives of the program; and

Fourth. For fiscal year 1982 and beyond, of the 25 percent of the base level revenues generated by the windfall profit tax set aside for low-income assistance, 50 percent would be reserved for an energy assistance program to be authorized and appropriated through the legislative process. In addition, of the revenues over the base windfall level (those revenues derived from oil priced above $30 per barrel), one-third is intended for use in programs for low-income households subject to the budget and appropriations process.

While it was our sincere hope that the Senate provision on the low-income energy assistance program would prevail in its entirety, and that a full 3-year authorization for the home energy assistance program could be secured, I believe that the compromise evolving from the negotiating process represents the best possible agreement that could be achieved under the existing circumstances. As chairman of the Labor and Human Resources Committee, which retains full jurisdiction over low-income energy assistance programs, I would like to state for the record, however, that the committee will soon be developing legislation to secure an energy assistance program for fiscal year 1982 and beyond to respond to the need for a long-term program.

Now with respect to the program itself, title III of the conference bill authorizes the Secretary of Health, Education, and Welfare to make grants to the States to distribute funds to eligible low- and lower-middle-income households to help pay for home energy costs.

Households eligible for home fuel assistance are those whose incomes fall below the Labor Department's Bureau of Labor Statistics (BLS) lower living standard level and families eligible for AFDC, food stamps, SSI, and certain needs tested veteran's pensions.

Approximately 18 million households will be eligible for assistance under title III, which is focused on the low- and lower-middle-income households which are least able to absorb the skyrocketing costs of home energy. This expanded eligibility will mean that many elderly and working poor households that did not qualify under last winter's program will be eligible for the fiscal year 1981 program.

The Secretary of HEW will distribute 95 percent of the funds to the States based upon a formula which takes into account: First, residential energy expenses for the States; second, the number of heating degree days; and third, the size of the eligible population.

The remaining 5 percent will be set aside for energy crisis activities of the CSA, home energy assistance to Puerto Rico and the territories, and for incentive grants to States which provide State funds for energy assistance.

To receive Federal funds, States must submit a plan describing the arrangements for administering the energy assistance program, including provisions for certifying eligible households. I would like to add, however, that in the instance where a State has opted to have the Department of Health, Education, and Welfare make direct payments to eligible households containing a recipient of supplemental security income (SSI), a point of clarification must be made. Since the SSI program is basically designed to make payments based on individual circumstances, there is no application of the household concept to the definition of eligibility. This caveat is very important since it clarifies the intent and makes this provision administratively practical for HEW.

Payments may be made either directly to the energy suppliers or to the eligible households, with States contracting agreements with home energy supplies on methods of payment, lines of credit, and reimbursements.

Each State will also make plans for outreach activities to contact those Americans who are often underserved by Federal programs and who are in the greatest need of home fuel assistance—the elderly, handicapped, the working poor, and those living in rural areas.

Overall, the basic framework of the program has been designed in such a way as to give appropriate flexibility to the States to best meet the needs of their eligible population, yet at the same time build in the necessary safeguards to assure that those with the lowest incomes and those with the highest energy costs will receive the highest benefits.

Mr. President, an extensive record has been built on the need for a fuel assistance program for low-income families and individuals. The Home Energy Assistance Act has been crafted with the valuable assistance of consumer, local, State, and Federal Government officials, industry and organizations representing the elderly, the poor, and the suppliers and consumers of energy.

In conclusion, Mr. President, I would like to give my personal thanks and express my deep appreciation to the members of the Labor and Human Resources Committee; the members of the Finance Committee; and the contributions of all the members who worked together diligently to secure the home energy assistance program.●

● Mr. HEINZ. Mr. President, ever since the dramatic increase in oil prices that followed the Arab oil embargo of 1973, the Congress has wrestled with the equity implications of such a massive transfer of resources from the consuming public to a single industry. As a Member of Congress, I have strongly supported efforts to insure that no one profiteered from the hardship experienced by Americans as a result of either a shortage of petroleum or the staggering increase in prices.

Attention was again focused on this transfer of resources last year by rapidly rising oil prices and President Carter's decision to decontrol the price of all domestic crude oil.

As a member of the Senate Finance Committee, I have been working to prevent unfair windfall for any segment of our society, in other words, to prevent a massive transfer of resources, but in a way that would allow us to maximize the production of new and additional oil from domestic sources.

I believe the legislation originally passed by the Senate would have achieved these goals better than the conference report before us. I am concerned that changes made during the conference with the House of Representatives to insure that the legislation will raise a specific amount of revenue jeopardize our ability to meet the goal of reducing our dangerous dependence on foreign oil which is the linchpin of our national energy policy. Specifically, I fear that, by placing a substantial tax on newly discovered oil, incremental tertiary oil, and heavy oil, the conference report limits the incentive to develop aggressively additional domestic oil reserves. Every barrel of oil produced domestically will directly replace a barrel that otherwise would have been imported at a high price paid to wealthy oil sheiks. A policy which significantly constrains the incentive to produce more domestic oil is clearly shortsighted.

In addition, I am disappointed that the legislation does not include an exemption for stripper oil produced by independents, as the Senate-passed bill did. This category of oil is extremely sensitive to variations in price because most of the wells are operating at the economic margin.

In fact, in recognition of the special conditions confronting stripper oil, Congress took legislative action in the Energy Conservation and Production Act of 1976 to exempt stripper oil production from price controls on domestic crude oil. While the contribution of each stripper well on its own may not seem significant, the cumulative impact of the more than 300,000 stripper wells in the country amounts to production of 1 million barrels per day or 14 percent of total domestic crude production. Imposing a tax on this oil effectively reduces our ability to extract more oil from existing wells by further limiting the economic viability of such marginal wells.

These two shortcomings concern me; nonetheless, I believe the limit on the applicability of the tax to 90 percent of net income, which I proposed during the Finance Committee markup of the legislation, and the sunset or phaseout provision will help restrict the potential negative production consequences of the bill.

On other fronts, such as solar and conservation, I believe the legislation contains very valuable incentives for individuals and businesses who invest in renewable energy resources and energy conservation measures. These alternatives offer the most immediate and enduring solutions to our need to become independent of imported oil.

Also on the plus side I am reassured to note that the legislation contains both a mechanism to provide Federal assistance to elderly and low-income individuals who are being hit the hardest by rising energy prices and guidance for "recycling" a substantial amount of the $227 billion in the form of tax reductions for hard-pressed taxpayers.

Mr. President, while the provisions of the conference report are not completely satisfactory to me, I believe President Carter's decision to decontrol domestic oil prices places a responsibility on us to pass this legislation, and I will vote for it.●

Mr. PERCY. Mr. President, today marks the completion of one of the most controversial and complicated taxing measures ever addressed by the U.S. Congress. Surely it is the most significant tax bill I have considered in my 13 years in the Senate.

Last winter, Congress placed the most awesome of responsibilities on the shoulders of House and Senate conferees, when we asked them to resolve our many differences and report out a final version of H.R. 3919, the Crude Oil Windfall Profit Tax Act of 1980. We asked them to settle a $100 billion disparity in the amount of revenues the House and Senate wanted to collect as a result of decontrol. We asked them to take a bill with $61 billion in residential and business tax credits and incentives, and make peace with another bill which contained absolutely none. We asked our conferees, in sum, to make some of the most exceedingly difficult and vital choices ever faced by a joint assembly of Congress.

From where should the windfall profit tax be collected? To whom should it be delivered? At what point should it end? Generally, in what way can our Government best seize this rare opportunity to take significant tax revenues and use them to improve our economy, turn our Nation away from its dangerous dependence on foreign oil, and turn it toward the development of abundant domestic alternative sources of energy?

Mr. President, the conferees balanced a great many interests during their preparation of this final bill. They deserve our commendation and respect for their efforts.

I am nonetheless forced to conclude that the bill we are asked to vote on today contains a great many problems which cause me concern. While the bill has many excellent and important provisions, in some respects I am afraid it is a poorer piece of legislation than that which this body approved last December. Earlier today I voted with 31 of my colleagues, to insist that the bill be re-referred to the Finance Committee on an expedited schedule, so that some of the problems which emerged during the conference's consideration of it could be resolved. We were defeated in that effort. Now, on our final vote on H.R. 3019, I am going to support this bill only with considerable reluctance.

The windfall profit tax does take important first steps in turning the United States toward building conservation, solar power, gasohol, and increased use of mass transit. The progress in these areas cannot be ignored; but they must be enhanced.

This particular tax may end up collecting much of the $227.3 billion to be gained from a sector of the population we tried very hard to protect last winter—the little man. I am going to support H.R. 3919 so that we have some taxing scheme to recoup a portion of the money coming to producers through decontrol, and so America can begin to develop the alternatives to imported oil that we so sorely need. But at the same time, I pledge to work closely with other Members of Congress to monitor the collection of this tax, and to insure that it ultimately lives up to the noble intentions we have long had for it—as a tool for, and not against, the American public.

Let me explain in a little more detail some of my more acute objections to this legislation.

I am highly concerned about the tax's application to the hundreds of thousands of royalty owners across the country, foremost among them the owners of stripper well property. Many of these individuals are elderly citizens; most are highly dependent on the small but steady dividend they receive from companies discovering and selling oil from their land.

The Senate last December voted to exempt royalty owners from the tax, if the working interests in their properties were owned by independent producers. Among these royalty owners were included many holding stripper property, some who bought after stripper oil was decontrolled in 1976. These people made considerable investments, and important leasing decisions, based on the expectation of certain secure dividend payments.

Mr. President, as the price of oil on their property reaches world value, the dividend checks for many of these people will increase as well; it is correct that some equitable tax be assessed on these increases. The Senate, however, is now faced with a bill which will tax royalty owners not at the rate of an independent producer—the individual so often responsible for the production on these private lands. Every royalty owner would now be taxed at the rate of a major oil producer; for example, either 70, 60, or 30 percent.

Royalty owners of decontrolled stripper property—and this means most of the royalty owners in my home State of Illinois—will actually experience a sizable drop in their monthly earnings. I fear that many of these citizens will be hard pressed to survive such a drop. I fear, too, that, as many of my constituents have pointed out to me, landowners may be unwilling to lease their properties to oil companies in the first place, if they have to contend with a tax of this size.

A second major concern of mine involves the conferees' removal of the Bentsen 1,000-barrel-per-day exemption for independents. The tax rate on independent oil is now 50 or 30 percent, depending on its tier.

During the Senate's original debate on H.R. 3919, I voted against the Bentsen amendment because of my belief that large independents could pay, and deserved to pay, a windfall profit tax on their 1,000-barrel production. I continue to believe that. I did support throughout that bill, however, the exemption for producers of stripper oil produced by independents. These independents often work on tiny profits and seldom reach anything close to 1,000 barrels of daily production. These producers were fully protected in the Senate bill.

The conference version now before us, however, taxes all independents regardless of size of production levels. With this tax, many may decide to close down marginal wells. Others may conclude that they cannot afford to reinvest in additional drilling. All will find the time and expense required to comply with this tax's highly complex requirements to be a burden on their limited resources.

Having said all this, Mr. President, it may seem at odds to report that I am now, and always have been, for a strong windfall profit tax. The $227.3 billion this tax will collect is not an unreasonable sum to expect, given the nearly $1 trillion expected in windfall revenues through decontrol. And I am convinced that we would revert to pricing controls if we did not adopt a so-called windfall profit tax now.

But the question we must ask ourselves is: From whom will this tax be collected? With independents exempted in the Senate bill—the group responsible for 90 percent of our domestic drilling and 75 percent of our new production—the answer at one time was the major oil companies.

Under the present conference report on H.R. 3919, however, I am not so sure. If our major oil companies are able to invest more capital on overseas production—something we must work to avoid—it will be, more and more, the independent producer of limited means who will end up footing much of the tab.

If the major producers paying the tax are able to pass through their assessments to the American consumer, through higher heating oil prices for example, once more it may be the independent producer, without this same passthrough ability, who suffers. If this tax has the net effect of creating the scenario I have just described, Mr. President—greater reliance on foreign supplies, a severe impact on America's small producer and consumer—then our energy future will be little brighter in 10 years than it is today.

An expedited re-referral of this bill would have been a good idea, I believe. Many of my colleagues in favor of a strong windfall profit tax have expressed similar concerns about some of the problems I have raised. A re-referral would have given the American consumer a tax that boosted domestic production, and alternative energy sources.

The defeat of that motion, however, has given the Senate a choice of this conference report, or no bill at all. Because of my belief that we cannot continue our important decontrol program without some institutionalized protection for consumers, without some targeting of windfall profit to new energy alternatives, I will support final passage of H.R. 3919. Furthermore, I do not believe that the doomsday scenario I have outlined need occur, if we are careful, and committed, to the essence of a strong tax.

An important element of H.R. 3919 is the requirement that the President submit a report to the Congress by 1983 on the overall production, import, profit, inflation, employment, economic growth, Federal revenue, and national security effects of decontrol and the windfall profit tax. This is a very important provision, one of Congress best hopes for monitoring and revising the tax wherever it needs improvement. I urge the President to examine and report on this tax on an even more regular basis, so that Congress is kept fully and continually apprised of the successes and failures of the important legislation we are acting on today.

The Congress has a tremendous opportunity to use the many excellent parts of this bill—and there are many excellent parts—as building blocks toward a truly comprehensive and equitable energy strategy. The tax credits we provide for conservation, solar, gasohol, biomass; the increased funding for mass transit; synthetic fuel production incentives: these things are direly important to us now. The small savers provision I cosponsored along with Senator BENTSEN is going to prove its tremendous value as an economy stabilizer, I am convinced. The moneys set aside for fuel assistance for the needy are necessary, basic tools we must provide to help these individuals offset the drastic effects of rising oil prices.

I have made it very clear that this bill is far from perfect. I have also made it clear that we need some bill, and soon. I thus go on record in support of this windfall profit tax, but committed to work for its improvement wherever I feel improvement is needed. I urge all of Congress to not rest with the bill we have now, but to scrutinize it continuously, thoroughly, and revise it where need be. This bill, as law, and all that goes with it must serve the strong purpose it was originally intended for—the strongest tool we have ever had to reduce our dangerous, crippling reliance on foreign oil.

● Mr. CULVER. Mr. President, among the provisions of the conference report on H.R. 3919, the windfall profit tax bill, I particularly support that section which makes railroad rehabilitation a "permissible use" of windfall profit revenues.

The decline of the midwestern railroads in recent years has placed a heavy burden on farmers, shippers, businessmen, and consumers throughout Iowa and the region. There has been an unchecked downward spiral of car shortages, "deferred maintenance," bankruptcies, and abandonments. One of the basic causes of this condition is the lack of capital to maintain track and equipment in sound condition. The industry faces a potential capital shortfall of as much as $16 billion by 1986, which would disrupt transportation and the economy of the midwest even more drastically.

In order to help avoid this situation, I co-authored the amendment to the Senate windfall profit tax bill reserving $1 billion in revenues for the rehabilitation of railroads. Investing in railroad improvement will not only help strengthen the industry but also promote energy conservation as well. Railroads are the most energy-efficient mode of transportation, if track and equipment can be kept in sound condition. With an energy future of even higher prices and reductions in imported oil, we can achieve substantial energy savings by improving the efficiency of the transportation sector which currently uses almost 25 percent of all the oil consumed in the United States.

Those of us who supported this amendment on the Senate side worked hard to have the conferees retain this provision. I am pleased that the conference report retains the principle of using windfall revenues for railroad rehabilitation. The report establishes a $34 billion energy and transportation fund that can be used for several kinds of projects and improvements. During the consideration of this provision, the conferees explicitly stated that some of the revenues from the fund could be used for rail rehabilitation.

I believe that windfall revenues can profitably be used to assure farmers, shippers, and consumers the sound and modern rail system we need for the future: One with no service disruptions, fewer abandonments, and more reliable transportation for our critically important agricultural and industrial goods.●

● Mr. HART. Mr. President, I opposed the conference report on the windfall profit tax because it represents substantial disincentives for new domestic oil production at a time when we face the very real possibility of being drawn into a war in the Middle East because of our our unfortunate reliance on Persian Gulf oil.

The colliding political and economic forces in the Middle East could cause Americans to shed their blood over OPEC oil. The surest way to avoid conflict there is for America to eliminate oil imports.

Unlike the Senate bill which I had supported, this bill increases the tax on new oil where we do not need it and places too low a tax on old oil where we can afford it. It would not achieve our goal of reducing oil imports through greater domestic production.

The stakes in our efforts to reduce our dependence on foreign oil are the highest imaginable. Unless we can increase domestic production and decrease consumption sufficiently, our economic and national security are at great risk. I cannot overemphasize the dangers in our continuing reliance on foreign oil and our current lax approach to eliminating it.

This bill places the wrong tax on the wrong oil. It does not put a high enough tax on "old" oil owned by the major oil companies. Higher revenues on old oil are the direct result of arbitrary OPEC cartel price increases and the President's decision to lift price controls. There should be no cartel-induced profits for major oil companies from the sale of previously-discovered oil that is already providing investors a fair return on their capital.

On August 2, 1979, I proposed an alternative to the windfall profit tax which eliminated the tax on new oil and oil produced by independents—to maximize new production—and imposed a "severance" tax on oil already in production—to insure revenues on it remain commensurate with the original cost of production. I worked to get that proposal adopted. Because I was unsuccessful, I voted for the Senate bill in December because it at least reduced the tax on new oil and provided an exemption for independents, who are responsible for 90 percent of all new exploration and production in this country.

This conference bill obviously puts the goal of raising revenues above the goal of raising domestic energy production. It puts a tax of 30 percent on new oil and hard-to-produce oil. It puts a tax of 50 percent on "old" oil for independents (only 20 percent below the tax on the majors).

These high tax provisions on independents will reduce the funds available to explore and develop new oil supplies. The tax on newly discovered oil will reduce the incentives to undertake the great risk of trying to find new supplies.

The Congressional Budget Office has estimated that the higher tax on new oil and the tax on independent producers in this bill would result in a loss of 100,000 barrels of oil per day compared to what would have been produced under the Senate bill. That is equivalent to the total production of oil from Colorado wells. We cannot afford that loss of domestic oil production.

I did not oppose this entire windfall profit tax agreement, and I strongly believe we need to pass a bill soon which would maximize the amount of new oil production.●

● Mr. BAYH. Mr. President, the Senate has before it the conference report on the crude oil windfall profit tax, H.R. 3919. Since July of last year, when President Carter began the process of decontrolling domestic oil prices, the Congress has been debating tht fate of the windfall profits which that action will bestow upon the major oil companies. Over these 9 months, the prices charged by the major oil companies for their petroleum products have risen dramatically, and have not been at all related to their production costs or the pressures of the marketplace. Rather, prices of domestic petroleum have risen in lockstep with the OPEC cartel's prices. The profits of the major oil companies have likewise risen dramatically.

In the face of these facts, I have favored a strong and permanent tax on these windfall profits to recoup some of these hard-earned dollars for consumers to help solve some of our pressing national problems. I did not favor the lifting of price controls on domestic crude oil because I disagree with the using pricing policy as a means of rationing gasoline, and because of the effect of decontrol on the consumer and inflation. I did not favor decontrol as a market mechanism to stimulate domestic oil production because the limitation of our reserves precludes dramatic increases. Letting the major oil companies reap huge windfall profits due to OPEC price increases cannot give us greater reserves or decrease our dependence on foreign oil.

The Congressional Budget Office estimates that by 1990 production of domestic crude oil under the conference report will be 7.4 million barrels per day. This compares with 7.9 million barrels per day with decontrol and no windfall profit tax. I would point out that either production figure lags behind 1979 production of 8.5 million barrels per day.

Decontrol does not reward the major oil companies for greater effort or bring America any closer to energy security. Decontrol has placed a tremendous burden on our economic structure and devastated those trapped on fixed incomes.

Mr. President, while I do not agree with the premises behind decontrol, I do agree that given decontrol we must act to use the opportunity to work toward greater energy security. On December 20, 1979, I called upon the House-Senate conferees to provide us with a conference report which would produce more revenue than the Senate version of the bill, while preserving the important energy incentives contained in that Senate bill. The conference agreement generates $227.7 billion over the next decade. The conference agreement retains most of the alternative energy incentives which are the truly significant developments produced by this legislation. I think we should enact the conference report.

### WINDFALL PROFIT

Mr. President, because of decontrol the major oil companies will receive more than $1.1 trillion in additional revenues over the next decade. $227.7 billion of that sum will be recycled into the economy through this tax. After other Federal and State taxes are paid, the major oil companies will be able to keep about a quarter of a trillion dollars of the profits attributable to decontrol. This figure will about double 1978 oil company profits, which were an all-time high. These profits have risen as the price of oil has been set by the sheiks, the shahs, and the ayatollahs beyond our shores. Decontrol permits the OPEC cartel to set domestic oil prices and only assures that our oil prices will continue to rise dramatically.

Since March of last year gasoline prices have risen more than 72 percent. Home heating oil prices rose at a rate of over 90 percent. These increases were a main cause of soaring prices for other consumer goods.

Opponents of this tax claim alternately that the taxing of windfall profit will discourage domestic production or that the cost of the tax will simply be passed on to consumers. I maintain that neither of these views is persuasive.

Our oil and gas reserves are finite, and they are being rapidly depleted. The U.S. Geological Survey and the oil companies themselves admit that domestic oil production will continue to decline because there is only so much oil and gas left within our borders. Simply pouring more money into the coffers of the major oil companies will not change that unwelcome fact. We want to get all our remaining oil out of the ground. But a sound energy policy must recognize that is limited.

Even the administration, which supports decontrol, has drastically scaled down its original projections about the amount of additional oil which we can expect to result from decontrol. What we face then, without a windfall profit tax, is the prospect of continually decreasing oil production, while companies charge more and more for their oil.

With a windfall profit tax, we can at least recoup some of the revenues which will flow from the pockets of American consumers to the treasuries of the oil companies and use those funds to address our energy problems. Our national security is jeopardized, Mr. President, every day that we remain dependent on other nations for the energy we need. If we are to have decontrol, then we must tax the windfall to reduce this dependence.

The prospect of the oil companies passing the burden of the windfall profit tax to the consumer was raised several times during the House of Representatives' debate on the conference report. While this clearly was not the intent of the conferees. I have endeavored to seek a definitive assurance on this point from the Department of Energy. Specifically, I have asked the Secretary of Energy to utilize his regulatory authority to prevent the pass through of the windfall profit tax to consumers. Mr. President, I ask that Mr. Duncan's reply to my request be printed in the RECORD at this point in my remarks.

The letter follows:

THE SECRETARY OF ENERGY,
*Washington, D.C., March 19, 1980.*

Hon. BIRCH BAYH,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR BAYH: My staff has apprised me of your concern that opponents of the windfall profits tax are suggesting that this Department's regulations permit the cost of the tax to be passed through on the price of gasoline as an additional increased cost. I, too, am concerned about this.

I asked the General Counsel to look into this allegation, and he assures me that our existing regulations absolutely prohibit refiners from treating the windfall profits tax as an increased cost that may be passed through in the price of gasoline. Therefore, the impact of the tax will be upon producer's profits, not upon consumer prices.

Sincerely,

CHARLES W. DUNCAN, Jr.

### DECONTROL AND INFLATION

Mr. BAYH. Mr. President, it is important to note that the oil company revenues in question here are only those revenues resulting from decontrol of domestic oil prices, not the total revenue of the oil companies. Moreover, it is of equal importance to note the effect the dramatic increases in major oil company profits have made on domestic inflation. During 1979 the profits of the 20 largest oil companies increased by 64 percent. During the same time the annual inflation rate has risen from about 11 percent in January 1979 to more than 18 percent in January of this year. There is little doubt that one of the most important contributors to this inflationary spiral has been the effect of surging crude oil prices. The price is paid by the consumer of oil and petroleum products and again by all consumers as these price rises ripple through the economy.

While I have disagreed with the premise which resulted in the decontrol of domestic oil prices, I have strongly supported the efforts of my colleagues in the House and Senate to use the revenues of the windfall profit tax to make changes in our basic tax structures, to encourage business and residential energy consumers to conserve, and to invest in alternative technologies all of which will reduce our Nation's dependence on oil.

### ALTERNATIVES TO CRUDE OIL

Mr. President, we need to strive for energy independence through conservation and reliance on domestically produced and renewable energy resources. Decontrol of crude oil is not, in my estimation, the answer to our energy problem. However, during our efforts to tax the windfall profit produced by pegging domestic crude oil prices to OPEC prices, we have made significant progress toward encouraging reductions in crude oil use. We have been able to provide incentives to business and homeowners to utilize domestic alternatives to crude oil. We have extended the Federal excise tax exemption for gasohol and alcohol fuels until 1992 and provided an alternative production tax credit for alcohol fuel production in industrial, farm and other applications. We have provided new incentives for investment in the production of fuel from solid wastes.

It seems particularly appropriate to me, that this bill provides tax breaks for consumers and businesses who have carried the burden of ever-increasing prices for energy, as well as the inflationary impact of those costs on the price of essential goods and services. The windfall profits tax bill will redistribute part of the huge windfall profits of the major oil companies to those Americans willing to invest in domestic energy sources that have not yet become widely commercialized.

### GASOHOL AND ALCOHOL FUELS

Mr. President, I was most pleased by the provisions agreed to by the conferees to provide for the rapid commercialization of alcohol fuels. Alcohol fuels can be produced from a broad range of renewable resources available in this country, including not only grains, but waste materials from food processing plants, surplus or distressed crops, sugar crops, and others. In the longer term they can be produced from cellulosic waste materials, including municipal solid waste. Alcohol fuels have tremendous potential to enable this Nation to convert urban and agricultural waste materials to much needed liquid energy supplies.

Mr. President, as chairman of the National Alcohol Fuels Commission, I am particularly gratified by the extension until 1992 of the 4-cents-per-gallon Federal excise tax exemption for gasohol—the 90–10 mixture of gasoline and alcohol fuel. The inclusion of this provision assures investors of a stable and reliable Federal tax incentive. Given the 30- to 40-year amortization periods for large-scale commercial alcohol production facilities, private financial institutions have been hesitant to make the needed investments in alcohol production facilities without a clear signal from Congress. The extension of the 4-cents-per-gallon Federal excise tax exemption for gasohol will provide the favorable financial climate necessary to stimulate rapid commercialization of this important renewable domestic petroleum extender. The provision of a 40-cents-per-gallon tax credit for those circumstances in which the tax exemption does not apply, such as the use of alcohol fuel (either blended or straight) in industrial plants, by State and local governments, in on-farm production, or as an octane booster by refiners in less than 90–10 blends, will provide further incentives for the use of homegrown alternatives to crude oil.

### BUSINESS ENERGY INCENTIVES

The conference report includes business energy investment tax credits to stimulate such alternatives to crude oil as: Solar and wind energy; geothermal; ocean thermal; small-scale hydroelectric, cogeneration and biomass equipment; and alternative fuels production.

The conference report will encourage the production of coke and coke gas from our abundant coal supplies and other sources. We have provided important investment tax credits for coke ovens which, as in my home State of Indiana, are important to foundry operations as well as providing additional supplies of gas to be mixed with natural gas. The credits will lead to the increased utilization of domestic energy supplies to produce diverse byproducts of fuel, chemicals, and feedstocks.

### RESIDENTIAL ENERGY INCENTIVES

Of equal importance are the residential energy tax credits which the conference report includes. Up to 40 percent of the first $10,000 of expenditures for solar, wind, and geothermal equipment will be eligible for energy tax credits. The list of items eligible for these credits has been expanded to include equipment to generate electricity from solar or geothermal energy, costs of drilling an onsite geothermal well, and a limited category of structural components of a dwelling need to install renewable energy property.

Also, the conference reports grants the Treasury Department authority to approve additional items if it determines that the use of such equipment would reduce the Nation's dependence on oil and that the equipment would not damage the environment or public health.

Encouraging households to use alternative energy sources will ease the demand for crude oil and free those households from the economic pressures of ever-increasing prices. These are the sound objectives of our energy policy which will be advanced by the conference report.

### LOW-INCOME ASSISTANCE

The conference report authorizes $3.1 billion for fiscal year 1981 to fund a program of block grants to the States to provide assistance to lower income families for heating and cooling costs. Households will be eligible for energy assistance if their incomes are less than the Bureau of Labor Statistics (BLS) lower living standard, which was $11,600 for a family of four in 1979. In addition, States may give assistance, regardless of income, to households which receive food stamps, AFDC, needs-tested veterans pensions or are eligible for the supplemental security income program. This aspect of the conference report provides help to those least able to pay the price of decontrol. We must provide assistance to those on fixed incomes to pay for higher energy costs brought on by decontrol. This assistance will allow all States to create programs like Indiana's project SAFE—the State allowance for energy—which helps people pay their energy bills. Programs like Project SAFE are vital to the well-being of citizens unable to pay the bill of decontrol.

### TAX RELIEF

The conference report increases the existing income tax exclusion for "small savers" interest from $100 to $200 (from $200 to $400 on joint returns). The report also repeals the "carryover" provisions for inherited property which will allow heirs to use the value of property at the time of their inheritance for income tax purposes. Both of these provisions will provide important tax breaks for the consumers who have carried the burden of decontrol.

### INDEPENDENT OIL PRODUCERS

While I generally support those elements of the conference agreement outlined above, and I recognize full well the true compromise that H.R. 3919 represents, I must criticize our failure to provide an exemption for independent oil producers and royalty owners.

When the Senate considered H.R. 3919, I supported Senator BENTSEN's amendment to exempt from this tax the first 1,000 barrels per day produced by independents. This provision of the Senate bill protected hundreds of family farmers in my State, and others in the Midwest, for whom the small additional income derived from a few oil wells can provide an economic backup in these days of rapidly escalating prices associated with food production material and equipment and clouded agricultural markets. In addition to this Hoosier concern, it is also true that the independent producers and royalty owners of this country fund most of our new oil wells and have an excellent record of reinvesting their profits in new energy explorations.

For these reasons, Mr. President, I believe we should have retained the independent producers exemption. It is the loss of production from small wells and the corresponding loss of income to the farmer and the landowner which has been the greatest concern to me in evaluating the conference report.

It is because of my concern for the independent producer and royalty owner that I have decided to vote for Senator DOLE's motion to refer the conference report to the Finance Committee for a limited time prior to any vote on final passage. I believe that we must have firm commitments on another bill to provide relief to independents and royalty owners before we can approve the conference. This is an extraordinary measure for the Senator from Indiana because I have fought so hard for the incentives to gasohol, business and households which are contained in the conference report. But extraordinary measures are called for to prevent injustice to the independents and royalty owners.

I urge the Finance Committee to move firmly and aggressively to forge the necessary vehicle to provide relief for the independents and royalty owners. I have every confidence that under Senator LONG's strong and able leadership the Finance Committee can hold hearings and get legislation moving to help the independent producer and the royalty owner.

This request is not unlike my desire to seek clarification of issues throughout our debate on the windfall profits tax. I sought clarifications from Secretary Duncan on the tax being passed on to consumer. Now, I seek a clarification and review of the effects of the tax upon a specific group of taxpayers. If the case for the independent and royalty owner can be made, then I want them to have the opportunity to make it.

### CONCLUSION

The conference report on the crude oil windfall profit tax is not all that any one of us desired. But it is necessary because of the decontrol of domestic crude oil price. I intend to support the conference report because of the alternatives to crude oil use which can be encouraged through the recycling of the windfall revenues into domestic renewable energy sources. We must end our dependence on crude oil, for it is a limited and insecure resource. This agreement provides an opportunity to use the profits of decontrol in sound and affirmative energy alternatives. To this end, the conference report is a significant and timely step in the right direction. It is a long journey to energy independence and we must do all in our power to advance that cause.

Mr. President, we need the conference report but, in my view we need to consider tempering its effects on the independent producer and royalty owner. But, Mr. President, we also need to advance the other elements of our Federal energy policy. I urge the conferences on the Energy Mobilization Board and synfuels legislation to move swiftly to provide the Nation with those crucial elements of our energy policy. And, I urge the Congress to deliver an aggressive coal conversion bill during this session with these elements of our energy policy in place. I believe the Nation can make great strides toward energy independence once all the elements of the energy progam are laid in place.●

● Mr. GLENN. Mr. President, I am voting today to approve the conference report on H.R. 3919, the crude oil windfall profit tax bill. I do so with reservation because the legislation has certain imperfections of an important nature. Given an alternative other than defeat of the entire tax measure, I would strongly strongly consider that other choice.

The windfall profit tax bill that passed the Senate contained an exemption for the first 1,000 barrels per day of oil production by independent producers. I support this exemption, believe it to be a wise and prudent way to encourage domestic production, and I am very concerned that the exemption was eliminated from the conference report.

I am also concerned about how the proceeds from this tax will be applied. It is my view that this country has not made the commitment that must be made in the field of energy research and development, and that this area should be funded in part by windfall profit tax revenues. This is extremely important if we are to work our way out of the clutches of the OPEC cartel.

It is clear, however, that in the absence of some form of windfall profits tax, we could not reasonably expect crude oil prices to remain decontrolled. I favor such decontrol because I believe it necessary to stimulate and encourage increased oil production in this country, and reduced reliance upon imported oil.

The conference version, however, retains some provisions which I do favor. Included among these provisions is the additional 10 percent energy property tax credit for coking facilities which I cosponsored, an energy production tax credit of 50 cents per thousand-cubic-feet for natural gas from Devonian shale which I authored, and an expanded exemption for interest and dividend income for small savers which I cosponsored. The bill also retains the important Senate-passed provision which repeals the 1976 tax provision pertaining to carryover basis on inherited property.

Mr. President, this bill is the better of two bad choices. My concern about independent producers remains, and I will still be working for ways to encourage additional production. Additionally, Congress must, in the future, consider how these tax revenues are to be applied, and not necessarily along the lines or in the amounts suggested by the conference committee report. I look forward to working with my colleagues in making the changes necessary to improve this legislation.●

Mr. ROBERT C. BYRD. Mr. President, there may be other votes during the afternoon—not on this measure, of course.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Alaska (Mr. GRAVEL) and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska (Mr. GRAVEL) would vote "nay."

Mr. STEVENS. I announce that the Senator from Pennsylvania (Mr. SCHWEIKER) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 66, nays 31, as follows:

[Rollcall Vote No. 67 Leg.]

YEAS—66

Baker
Baucus
Bayh
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cohen
Cranston
Culver
Danforth
DeConcini
Durenberger
Durkin
Eagleton
Exon
Ford
Glenn
Hatfield
Heinz
Huddleston
Inouye
Jackson
Javits
Johnston
Leahy
Levin
Long
Magnuson
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Randolph
Ribicoff
Riegle
Roth
Sarbanes
Sasser
Stafford
Stennis
Stevenson
Stewart
Stone
Talmadge
Tsongas
Warner
Weicker
Williams
Young

NAYS—31

Armstrong
Bellmon
Bentsen
Boren
Boschwitz
Byrd,
  Harry F., Jr.
Cochran
Dole
Domenici
Garn
Goldwater
Hart
Hatch
Hayakawa
Heflin
Helms
Hollings
Humphrey
Jepsen
Kassebaum
Laxalt
Lugar
McClure
Pryor
Schmitt
Simpson
Stevens
Thurmond
Tower
Wallop
Zorinsky

NOT VOTING—3

Gravel
Kennedy
Schweiker

So the conference report (H.R. 3919) was agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, not to exceed 30 minutes, with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate will be in order.

## THE 442D VETERANS CLUB CALLS FOR EARLY ENACTMENT OF S. 1647

Mr. MATSUNAGA. Mr. President, the 442d Veterans Club of Hawaii, whose membership is made up of Veterans of the 442d Regimental Combat Team of World War II fame, recently adopted a resolution calling for the early enactment of S. 1647, a bill which would provide for the establishment of a Federal commission to study the World War II detention of civilians under Executive Order 9066.

Members of the Senate will recall that the 442d Regimental Combat Team was the most decorated combat unit of World War II. Its exploits were immortalized in the movie entitled "Go for Broke," which was also the battle-cry of the Japanese-American regiment.

Upon its return from overseas, President Harry S Truman awarded to the 442d its seventh Presidential Unit Citation and told its Japanese American members:

> You fought not only the enemy, but you fought prejudice—and you won. Keep up that fight, and we will continue to win—to make this great republic stand for what the Constitution says it stands for: "The Welfare of all the people all the time."

The members of the 442d Regimental Combat Team, which include my colleague, the senior Senator from Hawaii, DANIEL K. INOUYE, and myself, have continued their fight to make sure all Americans enjoy the rights and privileges granted by our Constitution. I am sure that my colleagues will find of interest their views with respect to S. 1647, and I request unanimous consent that the text of their resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

### RESOLUTION

Whereas, on February 19, 1942, President Roosevelt signed Executive Order 9066 which resulted in the mass evacuation and incarceration of Japanese Americans in Concentration camps; and

Whereas, 1942 marked the beginning of a period of American history in which the ideals of democracy and individual freedom guaranteed under the Constitution of this Nation were denied to these citizens solely on the basis of ancestry; and

Whereas, apart from its economic and psychological impact on the victims, the Evacuation placed a stigma of guilt upon all Japanese Americans and, in the minds of most Americans, has led to the erroneous belief that the government's actions were completely justified in the name of national security; and

Whereas, after many, many years of continued effort by the Japanese American community and their legion of friends to bring before the United States Congress and the American public the events of this "sad episode in our history"; the unprecedented abridgement of the rights of American citizens; and

Whereas, with the courageous leadership of our esteemed comrades in arms, The Honorable Daniel Inouye and Spark Matsunaga, together with the co-sponsorship of Senators S. I. Hayakawa and Alan Cranston of California, and Frank Church and James McClure of Idaho, Senate Bill 1647 was introduced in the United States Senate on August 2, 1979; and

Whereas, on September 28, 1979, HR 5499 was introduced in the House of Representatives with 114 co-sponsors; and

Whereas, both measures seek to establish a Presidential study commission whose purpose will be to inquire into the events of 1942 through a series of public hearings and to determine whether the government's actions were justified, and if not, to recommend appropriate remedies; and

Whereas, the members of the 442nd Veterans Club of Honolulu, Hawaii, comprised of the original members of the 442nd Regimental Combat Team, and widely recognized as one of the most highly decorated combat units during World War II, firmly believe in the principle of "Redress" as proposed in HR 5499 and SB1647; now therefore,

Be it resolved by the 442nd Veterans Club of Honolulu, Hawaii, that its entire membership wholeheartedly endorse the immediate passage of the bill to establish the Commission on Wartime Relocation and Internment of Civilians Act and

Be it further resolved that copies of this resolution be transmitted to: The Honorable Abraham Ribicoff, Chairman of the Senate Governmental Affairs Committee, The Honorable Daniel Inouye, United States Senator; The Honorable Spark Matsunaga, United States Senator; The Honorable S. I. Hayakawa, United States Senator; The Honorable Alan Cranston, United States Senator; The Honorable Frank Church, United States Senator; and The Honorable James McClure, United States Senator.

Respectfully submitted,
EDWARD M. TAMANAHA,
*President.*

## HAWAII CELEBRATES KUHIO DAY

Mr. MATSUNAGA. Mr. President, the people of Hawaii are celebrating all this week the birthday anniversary of Prince Jonah Kuhio Kalanianaole.

Prince Kuhio was born on my own home island of Kauai. My claim to fame is that I was born within a few miles from where he was born. From 1902 through 1922, the prince served as Hawaii's nonvoting delegate to the U.S. Congress. Hawaii's new Federal building, in Honolulu, is named for Prince Kuhio and will be the site of part of the festivities today.

The record tells us that "Prince Cupid," as he was amiably called, was one of the best-liked Members of Congress of his time. He introduced the first measure providing for Hawaii's admission to the Union as a State. In addition, he introduced and guided to passage legislation which established the Hawaiian Homes Commission. The Hawaiian Homes Commission Act of 1920 was intended to permit Native Hawaiians retain some of their land by leasing homesteads and farmlots.

The adopted son of Queen Kapiolani, consort of the King Kalakaua of Hawaii, and a favorite of Queen Liliuokalani, Hawaii's last monarch, Kuhio was personally interested in the preservation of the Native Hawaiian culture. He was the founder of the Hawaiian Civic Clubs, a statewide organization, which will sponsor many of the festivities marking the anniversary of Kuhio's birth.

With the thought that my colleagues will find it of interest, I ask unanimous consent that a schedule of activities in honor of Prince Kuhio on the Island of Oahu be printed in the Record. Similar celebrations will take place on the Neighbor Islands of Hawaii.

There being no objection, the schedule was ordered to be printed in the Record, as follows:

### Hawaiian Civic Clubs Slate Kuhio Celebration Saturday

The Oahu Council of the Association of Hawaiian Civic Clubs will hold a day-long celebration Saturday at Kalanianaole Beach Park in Nanakuli in honor of Prince Jonah Kuhio Kalanianaole (1871–1922).

The royal prince and delegate from the territory of Hawaii to Congress was born on March 26 so Wednesday will be a holiday for state, city and county employees.

Hawaiian exhibits, demonstrations and entertainment will be featured from 11 a.m. to 2 p.m. Wednesday at the Prince Kuhio Federal Building, 300 Ala Moana.

And at Kawaiahao Church on Sunday, an "Alii Sunday" will be celebrated for Prince Kuhio.

Gov. George R. Ariyoshi has proclaimed Saturday Hawaiian Civic Club Day.

"Prince Kuhio's life was dedicated to the . . . enhancement of Hawaiian culture . . . which resulted in the establishment of Hawaiian Civic Clubs which today total 41 throughout the state of Hawaii and California," Ariyoshi said.

The theme for Saturday's Prince Kuhio Celebration is "Kuhio, Ke Kanaka Pa'ani" (Kuhio, the Sportsman) and there will be Hawaiian games competition conducted by the Queen Emma Hawaiian Civic Club at 1 p.m.

"The 'Pahe'e"—Sliding Spear, "ae'o"—stilts, "o'o ihe"——spear throwing, "ulu maika"—bowling, "moa pah'e"—sliding darts and "hukihuki"—tug of war are the games to be conducted by Aunty Elaine Mullaney.

Among the day's "VIPs" at the celebration will be six National Football League players from Hawaii: Rockne Frietas of the Detroit Lions, Karl Lorch of the Washington Redskins, Kale Ane, Arnold Morgado and Jim Nicholson of the Kansas City Chiefs, and Hal Stringert of San Diego Chargers.

The Saturday celebration will begin at 9:30 a.m. with a parade from Ulehawa Park to Kalanianaole Park along Farrington Highway. The NFL players, Miss Hawaii—Sheron Leihuanani Bissen—Pacific Joint Armed Forces Honor Guard, and the Royal Hawaiian Band will be among those marching in the parade.

There will be a number of Hawaiian celebrities who will entertain at the park beginning at 10:30 a.m.

Food booths will offer beef stew, shoyu chicken, chicken curry, and Hawaiian and teriyaki plates.

Prince Kuhio, a cousin of Queen Liliuokalani and King Kalakaua, was made a prince by royal proclamation in 1884. March 26, the day of his birth, will be a holiday for city, county and state workers, but not federal employees.

Buses will run on a Saturday schedule and there will be free on-street parking.

Banks will be closed, but stores at the major shopping centers will be open.

Refuse will be collected as usual and the Peoples' Open Market will be in operation.

Students at the University of Hawaii are on spring recess but administrative offices, open the rest of the week, will be closed Wednesday.

Hamilton Library will be closed all day, while Sinclair Library will be open for three hours, from 2 to 5 p.m.

The zoo, city firing range and swimming pools will remain open.

Federal workers may be able to enjoy some of the festivities scheduled at the Prince Kuhio Federal Building.

Feather crafts, coconut weaving, poi pounding, Hawaiian instruments and fresh flower lei making may be seen between 11 a.m. and 2 p.m. The exhibitions and demonstrations will be sponsored by the Kalihi-Palama and Waianae Coast Culture and Arts societies.

In addition, a Hawaiian quilt exhibit from the Kauai Museum and the private collection of Elizabeth Akana will be on view through March 28 in the Prince Kuhio Federal Building's courthouse lobby.

The Men of Waimapuna (hula) will perform from 1 to 2 p.m. and a special Hawaiian menu will be available in the fifth-floor cafeteria of the federal building.

About seven Hawaiian societies, whose members will be dressed in turn-of-the-century costumes, are expected at the 10:30 a.m. Sunday service. The societies were organized for benevolent work, to take care of scholarships and to help in orphanages.

The Kawaiahao choir will sing two Hawaiian anthems, "Hoonani Ika Haku Jesu" (Praise to the Lord Jesus) and "Nani O Ierusalema" (Beautiful is Jerusalem).

## ORDER OF BUSINESS

The PRESIDING OFFICER. Is there further morning business?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Boren). Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, may we have order?

The PRESIDING OFFICER. Will the Senate be in order please?

Mr. HARRY F. BYRD, JR. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Virginia is recognized.

## THE FEDERAL BUDGET

Mr. HARRY F. BYRD, JR. Mr. President, there are several figures in connection with the Federal budget to which I hope the Senate will give careful consideration.

The first figure is the spending for fiscal year 1980 that the Senate approved 4½ months ago—namely, on November 16, 1979. Congress approved spending for fiscal year 1980 of $548 billion; 4½ months ago, it projected a deficit for fiscal year 1980 of $30 billion. Today, the 1980 deficit is projected at $40 billion.

Is that restraining spending? Have Congress and the administration restrained spending, when the projected increase in the deficit has gone up $10 billion in 4½ months?

Another figure that I think it would be well to keep in mind is President Carter's proposed spending for fiscal year 1981. President Carter, on June 28, when he submitted his budget, called for spending of $616 billion for the new fiscal year.

Six weeks later, on March 14, in a television speech to the American people, he revised that figure, and his new spending figure is $613 billion.

In subtracting the $548 billion authorized for 1980 from the $613 billion sought by President Carter for fiscal year 1981, one will easily see that he has proposed a spending increase of $65 billion in that 1-year period.

## NOMINATION OF CURTIS ALAN HESSLER

Mr. HARRY F. BYRD, JR. Mr. President, I note on the Executive Calendar, the name of Curtis Alan Hessler to be an Assistant Secretary of the Treasury.

Mr. Hessler yesterday came before the Finance Committee, which committee unanimously approved his confirmation to this position of Assistant Secretary of the Treasury for Economic Policy.

I might say I was well impressed with Mr. Hessler. I was particularly impressed with his candor.

I had a rather lengthy dialog with Mr. Hessler in connection with Government spending, and at this point I ask unanimous consent that the transcript of the committee hearing of yesterday, containing the dialog between the new Assistant Secretary of Treasury for Economic Policy and the Senator from Virginia, be printed in the Record.

There being no objection, the transcript was ordered to be printed in the Record, as follows:

### Dialog Between Senator Byrd and the Assistant Secretary of the Treasury for Economic Policy

Senator Byrd. Mr. Hessler, you certainly have a fine background. Let me ask you this. What is our economic policy?

Mr. Hessler. As I understand it, the economic policy of the administration is to move—the fiscal policy is to move the budget into balance over a long term so it would remain balanced over swings of economic activity. In monetary policy, of course, it is not a direct matter for the Executive Branch, but my understanding of the policy of the Federal Reserve Board, in general terms, is to bring the rate of credit expansion methodically back into line with the rate of growth of the real economy.

Those would be the two major instruments over a very long period of time for assuring that we in the 1980s do not suffer the kind of inflation that we had through the 1970s. In addition, of course, in each sector of policy, there are important structural elements particularly in energy.

On fiscal policy and monetary policy, those rather conventional formulations, I take it to be the long-run policy of the administration and the Federal Reserve and I think they are promising over the long run.

But it will be very difficult in terms of the consequences in the short run.

Senator Byrd. You are, at the present time, Associate Director of the Office of Management and Budget. Is that correct?

Mr. Hessler. Yes, sir.

Senator Byrd. Prior to that, you were Executive Director of the Cabinet Economic Policy Group charged with formulating economic policy for the administration?

Mr. Hessler. That is right.

Senator Byrd. How do you propose that the inflation of 18 percent that we now have, how do you propose that that inflation rate be brought down?

Mr. Hessler. For the long term, Senator, I think the only way it can be brought down is to assure that the two policies I mentioned are carried out with conviction.

Senator Byrd. Excuse me. Just delay a moment. I cannot hear you.

Mr. Hessler. The long term policies on the fiscal side or the monetary side, the long term policy of budgetary balance over economic cycles for the fiscal side and the monetary side, controlling the rate of credit expansion and bringing impact in line with the real rate of growth of the economy, I would think would insure that we will not be suffering 18 percent inflation in the long term.

For the very short term, for the next five or six months, I think there is very little that can be done because those high rates have been built in by energy price increases and home financing price increases through higher interest rates that already have happened and we see them feed right through the indexes and there is virtually nothing you can do to stop those high rates of inflation in the near term from occurring.

Senator Byrd. Now, the American people are faced with a very high and apparently increasing inflation. My first question is, do you favor the policies that the Federal Reserve Board has been pursuing over the past few months, presumably tightening up on the expansion of money?

Mr. Hessler. I think those are sound policies. In general, I could not comment intelligently or in detail on this policy. I guess it is a tradition of Treasury not to comment in great detail on the monetary policies of the Fed in general.

I think they are moving in precisely the right direction and have been since last October.

Senator Byrd. Let us get, then, to fiscal policy, which is more in your area, I take it?

Mr. Hessler. Yes, sir.

Senator Byrd. On November 16, 1979, that is a little over four months ago, the Congress approved spending for fiscal 1980, outlays for 1980, of $548 billion. And it said that the appropriate level of deficit was $30 billion.

My understanding is—and you correct me, if I am wrong—my understanding is that the deficit for this fiscal year 1980 instead of being $30 billion as projected and approved by the Congress, a little over four months ago, will be between $39 billion and $40 billion, if not higher—say $40 billion, give or take, a little bit.

Mr. Hessler. I think that the administration hopes to squeeze that deficit down somewhat with the announcement of the details of its budget cut package on Monday but the general point, I think, is quite right, Senator. It has gone up significantly.

Senator Byrd. In the past four and a half months the deficit has increased in round figures $10 billion. Is that correct?

Mr. Hassler. That is correct. The projection of the deficit.

Senator Byrd. The projected deficit increased in four and a half months by $10 billion. Do you consider that getting spending under control?

Mr. Hessler. I do not think anybody could consider that. A lot of it is happening through entitlement programs.

Senator Byrd. I am not speaking of the cause. I just want to get the facts.

What we tend to overlook, many of us in the Congress, are what the facts are, what the facts and figures are.

Now the news media and the White House and members of the Congress give out figures, stating we are going to reduce spending, that we are going to reduce the President's budget, but when you look at the facts—or maybe I do not look at the facts accurately. That is why I am glad you are here today because probably you can straighten me out on my own facts.

Let me state the facts as I see them.

Senator Dole. If the Senator would yield for one moment?

Senator Byrd. Yes.

Senator Dole. I have to go to the Agriculture Committee for a quorum. I have no questions, Mr. Hessler, but I think Senator Byrd is on the right track.

Personally, we would like to know what the policy is. As far as we are concerned on our side, there are no questions. We are pleased to confirm your nomination.

Mr. Hessler. Thank you, Senator.

Senator Byrd. Now, when the President sent his budget message to the Congress which budget was developed by OMB, it called for spending in FY '81 of $616 billion. Is that correct?

Mr. Hessler. That is right.

Senator Byrd. When he spoke to the American people on March 14, about six weeks after his budget was submitted, he indicated that he felt that his original proposal was too high and he was going to reduce it, so he asked for spending of $613 billion.

Is that figure correct?

Mr. Hessler. I think that is correct. I do not recall exactly what those numbers were.

Senator Byrd. The way I do arithmetic, if you take $613 billion from $616 billion, that means a reduction of $3 billion.

Mr. Hessler. That is right. In absolute amounts, that is correct .

The base was going up, so a very large package of cuts brings the net cut down in spending to a small amount.

Senator Byrd. Now, the President consistently used the $13 billion reduction. Here is the way he got the $13 billion reduction. If I am not doing it right, you correct me.

He increased—he projected an increase in spending of $10 billion and a reduction in spending of $13 billion, giving a net reduction of $3 billion.

Is that correct?

Mr. Hessler. That is correct, but the net reduction is only $3 billion. The way the $13 billion or $14 billion list was compiled was going program by program and actually cutting out and then adding up the costs of all those cuts, so there is nothing cosmetic about that list.

Senator Byrd. The bottom line to the American people, to the taxpayer, the bottom line to the people who decide whether to buy bonds or not to buy bonds, the bottom line to the homeowners and the rest of the citizens is what is our spending?

Our spending, as I read the figures, will be in round figures $613 billion.

Mr. Hessler. I think that is correct, Senator.

Senator Byrd. That is correct.

His original proposal was $616 billion. Now, let's take that $613 billion, which the President now proposes. The Budget Resolution approved by Congress on November 15, four and a half months ago, was for $548 billion.

Now, when you subtract $548 billion from $613 billion, that gives an increase in spending of $65 billion.

That is correct, is it not?

Mr. Hessler. That is correct.

Senator Byrd. This afternoon, every homebuilder in the state of Virginia is coming to Washington. I guess they are here now, but I am meeting with them at 1:30 this afternoon.

What can I tell the homebuilders that the government is doing that will change the situation facing the homebuilders and, for that matter, the entire American public.

Mr. Hessler. I think first, Senator as far as the budget is concerned that the fiscal stance of the budget over a period of less than a year is going to swing $50 billion from the deficit, as you pointed out, of close to $40 billion to a surplus of $10 billion or more.

That is the biggest fiscal swing we ever had.

Senator Byrd. That does not result from a reduction in spending. That results from an increase in taxes. Is that not correct?

Mr. Hessler. From both.

There is the real reduction in spending programs of $13 billion to $14 billion.

Senator Byrd. Just a minute. Let's see where the real reduction is.

We have just established the fact—you just confirmed the fact—that there will be a $65 billion increase in spending?

Mr. Hessler. That is correct.

Senator Byrd. Then where do you get the reduction with the $65 billion increase?

Mr. Hessler. I fully agree that is by increases in revenues due to inflation in the income tax and a number of other sources—windfall profits tax and others.

Senator Byrd. The deficit is lessened by an increase in taxes, not by a decrease in spending.

Mr. Hessler. There is the decrease in spending program. But you are correct.

Senator Byrd. It goes from $548 billion to $613 billion; you have already said it is a $65 billion increase in spending.

Mr. Hessler. That is correct. That is correct in absolute numbers. Because of inflation, there is clearly a rise in the amount of spending and in large amounts, but in terms of real programs, inflation-adjusted programs, there are decreases throughout the budget.

Senator Byrd. In the total budget, it is up?

Mr. Hessler. That is correct.

Senator Byrd. Up $65 billion in total?

Mr. Hessler. In nominal terms, that is correct.

Senator Byrd. You explain to them how your figures work. I am just going to cite to them the figures and let them see whether they think you are going to get inflation under control by increasing your spending by $65 billion.

I do not know of anyone in the Congress, including myself, who advocates reducing spending below what we are spending now. My great quarrel with the administration is the sharp increases in spending.

It is the increase in spending that must be moderated. It is the increase in spending that must be reduced, not reduced below what we are spending now, but a reduction in the increase in spending.

Do you have any comment one way or the other on that?

Mr. Hessler. I do not disagree as a general principle, Senator. However, the increases that you cite are coming largely in two areas: defense and entitlement programs indexed to inflation.

Senator Byrd. Just wait a minute now. I happen to have some figures on defense.

On the total increase of $65 billion, no more than 25 percent goes to defense.

Mr. HESSLER. That is probably correct. That is about right.

Senator BYRD. That is about right.

Mr. HESSLER. That is about right, yes.

Senator BYRD. You cannot blame that on defense.

Mr. HESSLER. I do not want to blame it on anything. I am not saying that these are not worthy increases, particularly for defense, but it is very difficult if one is not going to deal with those two large spending areas to bring both rates down dramatically without severe cuts in programs which I believe these are, as I suggested.

Senator BYRD. Let me ask you this. Do you see a reduction in interest rates in the near future?

Mr. HESSLER. I would think over this calendar year. Beyond that, I do not think I could be more precise.

My guess would be there would be some reduction in this calendar year, no more than a guess.

Senator BYRD. Would you want to venture a figure?

Mr. HESSLER. No, sir. No, sir. I do not think that would serve you very well because it would not be worth a great deal. I do not think anybody is prescient enough to know what interest rates are going to be next week or next month.

Senator BYRD. You are certainly right. I know I am not competent enough to guess. I certainly do not hold you responsible for not being able to guess it either.

Let me ask you this. In developing your economic policies, do you rely pretty much on the economists who have been around this town for quite a while, or how do you do it?

Mr. HESSLER. Well, I have not started doing it yet, but my impression is that perhaps we rely too much on people who have been around this town too long of a time. The actual models or forecasts come off the commercial models: DRI, Chase Econometrics, etc. But those can turn out somewhat incestuous—you get to see the same people all the time.

Since we have not had great success in forecasting, I think it is probably a good reason to start casting about a little more broadly for different types of forecasting advice.

Senator BYRD. I am not speaking so much of forecasting as I am of direction of policy, formulation of policy.

Mr. HESSLER. I think there the sweep is much broader. I think you go out to the whole country then to hear people's views on whether or not there ought to be a liberalized depreciation measure and, if so, when, etc.

That is not a closed view.

Senator BYRD. I was speaking still in the context of spending. Let me give you my impression. It may not be right, but let me give you my impression.

My impression is that the administration has been relying pretty heavily on individuals who have been around this town quite awhile and who consistently through the years have favored heavy spending and have been advocates of deficit financing.

Could you enlighten me as to whether my assertion is reasonably correct?

Mr. HESSLER. I have not bumped into too many of those people in the Executive Office of the Treasury, recently. I am not sure to whom you are referring, Senator.

Senator BYRD. Well, I do not want to get into names. I guess maybe I will not pursue that subject. I just have the impression as one individual that some rather famous people in the sense of prominent in the field of economics and what-not have been consistent advocates through the years, go back 15, 20, 25 years, many of these people have been advocating heavy spending and have been advocating deficits.

My impression is that this administration has been receptive, to say the least, to the advice of those individuals. Maybe those individuals have changed their views.

Mr. HESSLER. I think there has been a lot of change of view.

Senator BYRD. There has been a lot of change of views?

Mr. HESSLER. I believe so.

Senator BYRD. You have noticed that among your colleagues?

Mr. HESSLER. I have heard of that, of course. I would not see most of these people after they have changed their views, so I am told.

Senator BYRD. You feel there has been a change of view in that respect?

Mr. HESSLER. Yes.

Senator BYRD. That is good news. That is the best news I have heard in quite awhile.

Let us get back to what, in addition, I can tell the homebuilders today.

Mr. HESSLER. Well I hope you will mention to them the $50 billion fiscal swing, even if much of it concerns revenue, because it will take the government out of the capital markets to a large extent and allow better financing.

I think the second thing——

Senator BYRD. Takes government out of borrowing by taking the money out of the pockets of the taxpayers? Is that the way it is done?

Mr. HESSLER. That is a colorful and correct way of putting it, I think.

Senator BYRD. Thank you.

Mr. HESSLER. I would also remind you in the direct credit control program invoked by the President, that housing is exempted from that and the deposit requirements that have been put on money market funds, we hope, will cause some flow of funds back into the thrift institutions which will improve housing finance.

There are several forces in motion, not terribly powerful and the markets are very difficult, but we are making an attempt to see a revival of the housing market over the course of the year. Times are very tough in that industry right now, of course.

Senator BYRD. Do you feel that our country is in a very grave, very serious economic situation today?

Mr. HESSLER. I think the economic situation is very serious, yes.

Senator BYRD. I hesitate to use the word, because I really think it is too strong, but I think some other words may be too weak. But some very knowledgeable people, not from Washington, but from elsewhere—New York, Chicago, Philadelphia—feel that we could very well have an economic collapse within the next three to six months.

Do you see anything like that?

Mr. HESSLER. I would think the odds on that are fairly small, partly because the international financial system and the position of the dollar is somewhat stronger and healthier than anyone had expected. A good deal of that is short term interest rates, but I think that situation is less of a crisis than it has been in some time and domestically there are going to be great difficulties coming down off this inflation rate.

No country has ever come off an inflation rate this high without undergoing very difficult and austere times, and I expect that we will, too, but I do not believe that it will amount to an economic collapse. In fact, I think the system will be settling back into a more stable pattern, but it will be very difficult in the short run, I imagine.

Senator BYRD. Do you see any painless way out of our present situation?

Mr. HESSLER. No, sir.

Senator BYRD. You mentioned the dollar's being strengthened. You are an expert on this and I am not, so let me ask you this.

Is not the basic reason that the dollar is stronger is because of the very high interest rates that now prevail in our country?

Mr. HESSLER. That, I think, is the major short-term reason. There is, however, a feeling on the part of many people in the foreign investment community that the President's package and the whole direction of fiscal and monetary policy is going to bring down the rate of inflation in the United States fairly swiftly relative to rising rates of inflation in Europe, and this is a good place to invest long term, but most of the money is flowing in the short terms in response to interest rates. You are right about that.

Senator BYRD. What you mention there, that many people may feel that the anti-inflation package will bring down the inflation rate, but I am wondering whether the very shrewd people—I am wondering, those who check into the figures, if they will feel that way when we see by your own assertions that there is going to be a $65 billion increase in spending?

I am very doubtful that the real experts, those with large sums of money involved, whether they are going to pay much attention to the headlines which says that the President is going to reduce spending by $13 billion and the commentators say that the President is going to reduce spending by $13 billion.

I think that those guys go to the figures and when they see the figures they see he is not reducing spending at all.

Mr. HESSLER. I expect, Senator, what they really would like to know and none of us know is whether this passion throughout the country for fiscal restraint that we have seen over the last couple of months is going to be a lasting thing.

Senator BYRD. Where do you see fiscal restraint?

Mr. HESSLER. Everything is relative.

Senator BYRD. I do not see any fiscal restraint.

Mr. HESSLER. The cuts that have been made in the controllable programs, both by the Congress and by the Administration.

Senator BYRD. In the first place, the Congress has not made any cuts. There have been no votes on cuts.

Mr. HESSLER. I was just referring to the work of the House Budget Committee last week.

Senator BYRD. That has not faced the House; it has not faced the Senate.

The Congress has voted no cuts in the President's budget. The President himself has only advocated a $3 billion reduction in his original budget proposal which increased spending by $68 billion.

I take exception to your statement that either the Congress or the President has shown fiscal restraint. You may argue your point and say whatever you wish, but I do not see any fiscal restraint.

Mr. HESSLER. I went through a week and a half and two weeks of trying to find places in that original 1981 budget to cut and watch constituency groups and Cabinet members wince, bleed, yell and scream, and if those were not cuts—I agree with you on the total numbers, because the base is rising through inflation and there is no way of getting around that. We are talking about cuts from a higher base.

But if those are not real cuts, an awful lot of people screamed and yelled in the night for no good reason and I think that they are not cosmetic. I think this is a real process. My question is, can it continue? Can it continue over a period of two or three years to bring the whole thing back into some kind of stable balance?

That is what I would ask, if I were an international investor.

Senator BYRD. I think that basically the proposed reductions are cosmetic. It gets back to what you said earlier—and I certainly agree with—that there is no painless way out of this. There is no easy way.

I think that this country is in trouble. I think that we are going to face greater trouble. I think that we have to take what many would consider very severe steps budgetwise. There must be substantial budget cuts in the budget—not these rhetorical cuts, but substantial cuts in the budget. Our nation is very much like someone who drinks too much whiskey at night: we have got to do one of two things—take the discomfort of a hangover the next morning or start drinking again.

And when we start drinking again, eventually we are going to become an alcoholic. And our country, for 15 years now, maybe 20 years, has been trying to solve every problem by more spending. We become a spendaholic. We cannot get back to sanity without some discomfort, and I am afraid that the longer it goes on the greater the discomfort will be.

I am glad to get your views today and I am glad to get these facts and figures confirmed. I wish you good luck in your new assignment and I want to work with you in any way that I can.

As one individual citizen, I urge this administration not to rely on gimmicks, not to rely on speeches and not to rely on rhetoric, but get down to brass tacks and make some sharp cuts in the increases in spending. It is not going to be easy. Every pressure group in the country will be down here and all of us in the Congress are going to have to face that vote, and none of us like to do it.

I assume the President does not like to do it. As a matter of fact, the President told the people in New York that the programs he cut out which would affect New York, that he was going to put the precise sum of money back in new programs.

If that is getting spending under control, I do not quite understand the idea, but that is not your problem.

Mr. HESSLER. No, sir.

Senator BYRD. Thank you.

I will be glad to support your confirmation.

## EXTREMELY LOW FREQUENCY COMMUNICATIONS FOR SUBMARINE IS THE LITMUS TEST FOR THE MX ICBM

Mr. HUMPHREY. Mr. President, on February 19, 1980, I expressed my concerns over the inordinate dependence we will have to place on the submarine-launched ballistic missile (SLBM) leg of our strategic nuclear TRIAD until we are able to increase the survivability of our land-based intercontinental ballistic missile (ICBM) and our bomber forces in the late 1980's.

I have talked to our military leaders and defense strategists about whether our strategic submarines are as invulnerable as is often proclaimed by the administration.

I hear varying opinions on U.S. submarine vulnerability, and, quite frankly, I have an uneasy feeling about whether we will even be able to know when our strategic submarines are vulnerable to Soviet detection and destruction.

Our current Under Secretary of Defense for Research and Development believes that our strategic submarines will not be vulnerable until at least the 1990's. I am disturbed about staking our entire national security on one man's judgment that our strategic submarines will be invulnerable until the 1990's. This view is contested by many outside experts not on the Carter administration's payroll.

Just last week, even a layman, Congressman BILL DANNEMEYER stated that recent Soviet antisubmarine warfare tests in the Pacific suggest that the Soviets have already developed sophisticated sensing devices that could enable them to track our strategic submarines.

Moreover, there are recent reports that the United States has actually allowed the sales of seismic technology useful in antisubmarine warfare to the U.S.S.R. Seismic technology, which was sold recently to the Soviet Union, contains a capability that may now be enhancing Soviet antisubmarine warfare (ASW).

Seismic technology has helped protect our military lead in an area which has a dual purpose, such as the small array transform processors, or ATP's.

ATP's are electronic devices which enhance computer speed in interpreting millions of tiny variations in the sounds of geologic formations below the earth.

These ATP's when attached to shipboard computers, perform the central functions of ASW. They assist the computer in digital signal processing and analysis, thereby enabling the computer to identify tiny differences in the sounds below the ocean surface. This in turn could locate a submarine.

It is remarkable that President Carter has allowed the sales of seismic technology useful for ASW to the Soviets, all the while unilaterally constraining our own capability to overcome Soviet ASW.

The history of the success of our strategic intelligence in forecasting Soviet technological progress shows that we have often been surprised. Look, for example, at our faulty forecasts of Soviet ICBM accuracy, Soviet warhead capability, SLBM range, Soviet hard target capability, new ICBM capability, and Soviet defense expenditures.

Because the Soviets have constantly surprised us with their progress in strategic technology, I am prompted to insist again that we do something now to insure against any unforeseen Soviet breakthrough in antisubmarine warfare.

Should we move now to increase the survivability of our strategic submarines, upon which we will be increasingly dependent for deterrence throughout the 1980's?

The answer is that it is imperative for us to insure the survivability of our strategic submarines.

Where is the weak link in the way our submarines operate?

The overriding limitation that our strategic submarines face today is the availability of a means of staying in communication with the National Command Authority at all times. At present the primary method of communicating with the strategic nuclear submarine is by low frequency and very low frequency (LF and VLF) radio transmissions from shore communications stations or from aircraft.

The LF or VLF radio wave can only penetrate a few feet of sea water, however, so it is necessary for the submarines to deploy some form of antenna near or at the surface. But this requires the strategic submarine to stay close to the surface and operate at very low speeds, thus greatly increasing the submarine's chance of detection.

In order to receive messages, an attack submarine operating at its designed depth must come up much closer to the surface. If the subs are in a hostile antisubmarine warfare climate at the time, such an ascent can be very dangerous, even suicidal.

Indeed, we need to ask a fundamental question about our present submarine operational procedures. There has long been a great disparity between the capabilities of our strategic submarines and the ways we are forced to operate them. We must ask why we build fast and deep-diving ballistic missile and attack submarines at all, if command, control, and communications requirements limit these submarines to slow speeds close to the surface, where they are most vulnerable to ASW?

The high costs of our modern nuclear missile and attack submarines derive primarily from the requirements that they be able to travel at high speeds and dive deeply.

We could save enormous sums of money in submarine procurement if we built slow, shallow-diving submarines which are consistent with existing communications requirements.

The United States has worked for 15 years and spent about $330 million to solve this communications problem. Radio energy at extremely low frequencies (ELF) penetrates the oceans to depths of hundreds of feet, and a submarine can receive messages even while traveling at high speeds.

Basic research on the use of ELF was started in 1958. An experimental test facility was installed in Wisconsin in 1969. Exhaustive environmental studies were conducted, and the National Science Foundation has given the ELF program a clean bill of health regarding biological and ecological concerns.

Why then do we not get on with deploying an operational ELF submarine communications facility? This answer is simply that it is politically difficult for President Carter. President Carter, prior to his election in 1976, told the people in the Upper Peninsula of Michigan—a prospective site—that he would not put Seafarer in Michigan against the wishes of the local people.

This is a novel approach to a national security issue. Must we now have the consent of every radical environmentalist in order to provide for the common defense mandated by the Constitution?

President Carter subsequently canceled the full Seafarer program and directed the Department of Defense to come up with a minimum, austere, ELF capability concept. The present austere ELF system emerged with about 120th of the land requirements of the full system, itself a very minor land use compared to the proposed MX ICBM basing mode or even the existing Minuteman ICBM.

In December 1978 the austere ELF program was presented to Mr. Carter with a request to go forward with the program. All that was missing from the President was his own certification that continued ELF R. & D. was in the national interest and his approval of a site for deployment. Nothing has happened since that time except that the Wisconsin Test Facility has been shut down, and development of the system has been stopped because the President has failed to make a decision.

As late as February 1, 1980, President Carter told a group of Wisconsin community and poltical leaders that project ELF "* * * still a viable necessity * * * we intend to go ahead eventually with that kind of program."

What must we do to get the President to act now to protect the survivability of our submarine forces?

Vice Admiral Charles H. Griffiths, U.S. Navy, Deputy Chief of Naval Operations for Submarine Warfare, before the Senate Armed Services Committee on February 20, 1980, testified that:

> Communications modernization affects both present SSBNs and Trident submarines, when they become operational. SSBN reliability for receipt of communications is extremely high. Our principal problem with submarine communications today, however, is that current systems can penetrate sea water only to limited depths. This means that our strategic submarines must have a receiving antenna constantly deployed at or near the surface of the ocean to receive command and control communications.
>
> In addition to restricting the freedom of the submarine to use its optimum speed and depth capability, this communications constraint increases the potential for detection of the submarine. Approval of the proposed ELF System, consisting of a small antenna system in upper Michigan electronically connected to the existing antenna network at the Wisconsin Test Facility, would provide significant coverage of the SSBN operating area with the much deeper penetrating ELF signals. Thus, this system would reduce restrictions on the SSBNs operating depth and speed, permitting greater operational flexibility to cope with postulated threats.
>
> Criticisms that the ELF System is both unnecessary and ineffective are not borne out by the Facts. The ELF System is a counter to future anticipated advances in ASW technology and will provide increased concealment which is not available to our strategic and attack submarines who must receive communications today.
>
> The effectiveness of ELF has been proven in test communications to attack and ballistic missile submarines operating deep and fast in locations throughout the Atlantic and Pacific Oceans, the Mediterranean Sea, and beneath the Polar Ice Cap. In its operational mode, the recommended system will greatly enhance the long term survivability of our Poseidon and Trident SSBN forces in the mid 1980s.

The mid 1980's. Dwell on that thought, my colleagues. That is when our top submariner, a lifelong naval officer, is telling us he needs ELF to protect our submarines. And what are we doing for him? We are second-guessing him and quibbling over the location while time is running out.

What more has to happen in the world to convince everyone of the danger that threatens our national security?

Does not simple logic dictate that we must do everything humanly possible now to assure the absolute survivability of our submarine force?

Do we have to lose one submarine or all of them before we accept that there is in fact a real submarine survivability problem?

As I noted, our ability to predict Soviet technology advancement is poor and getting worse. We may not survive as a nation if there is a gross judgment error on Soviet antisubmarine warfare capability.

For example, it is reported in the press that our intelligence recently estimated that the U.S.S.R. would not be able to attain ICBM accuracy to within 0.2 nautical mile for 3 to 5 more years.

Again, I refer to Congressman DANNEMEYER, who has also recently described successful Russian ICBM tests of a new guidance system that gives Soviet missiles accuracy to within 0.1 nautical mile, thus giving them the potential for a successful first strike capability much sooner than the United States previously anticipated.

Anyone who thinks that he is sure that the Soviets cannot also detect our strategic submarines at their present, shallow operating depths is dreaming a dangerous dream.

I urge my colleagues to join me in urging White House approval of the ELF program. We should pledge congressional support for providing the required funding.

No one in his right mind would publicly suggest that we deliberately continue to take the risk that all three legs of our strategic TRIAD become vulnerable to a Soviet attack at once. But that is precisely what we are doing, and the worst part is that there are no financial or technical reasons for allowing our strategic submarines to be vulnerable.

There is simply a lack of political will and political leadership to take on a minor political problem. What do we want—a 5-knot, shallow depth submarine force? We do not design and build our submarines that way, because it would endanger them.

We keep hearing about force multipliers. Force multipliers are technological capabilities which enhance the military capacity of our forces for little added cost.

What greater force multiplier can there be than ELF? What it does is double the depth and triple the speed of the whole submarine force, at a fraction of the cost of one attack submarine.

Mr. President, I know that President Carter is beset from all sides by demands to increase our real defense capacity but also to reduce the Federal budget. ELF is just the kind of force multiplier that will let us do it.

I am confident that a majority of the Senate will support President Carter to the hilt on this if he only decides to act now.

In conclusion, I want to reemphasize that ELF Seafarer is a good test case of President Carter's avowed intentions to improve our strategic posture and to deploy MX.

The "window" of our strategic vulnerability to Soviet attack is now wide open, yet the President will not insure the survivability of our strategic submarines by deploying ELF.

How will we ever get MX as promised, in any basing mode, if the President will not demonstrate his will now by deploying ELF?

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## THE CURRENT SITUATION IN EL SALVADOR

Mr. THURMOND. Mr. President, the persistent turmoil and the increasing Communist presence in El Salvador is a matter of great concern to me. The deplorable violence, such as the recent assasination of Archbishop Romero, gives evidence to the seriousness of the situation now prevailing in this Latin American nation. I fear that the freedom-loving people of El Salvador will fall prey to the shackles of communism unless a drastic revision is made in our foreign policy.

Mr. President, it is a very sad thing for a country to be torn by a revolution. However, it is even sadder for a nation to be overtaken by communism. Our own Declaration of Independence unquestionably recognizes the right and duty of the people to alter, abolish, or institute a new government.

I question whether the U.S. foreign policy recognizes this basic principle of democracy in regard to El Salvador. The U.S. Government has threatened to withhold its aid and isolate internationally any new regime established through repression against leftist opposition groups by El Salvador's Armed Forces.

Mr. President, this is exactly what Fidel Castro wants us to do. Intelligence sources which have been made available to me support the allegation that a revolution is unavoidable and that leftist guerrillas are now being trained in Cuba for this very purpose. If this is the case, it concerns me that we may be aiding the Communists by repressing opposition to their attempts to gain control of El Salvador until it is too late to stop them.

Mr. President, I believe that a revolution will occur in El Salvador in the very near future. I do not believe the Communist forces at work there, backed by Cuba, will rest until they have complete control of El Salvador, thus establishing a new base from which they can work to achieve their goal of world domination. It saddens me to think that we may be aiding them to achieve this end.

Mr. President, please do not misunderstand what I am saying. I am in no way advocating or endorsing a revolution in El Salvador. I deplore violence. The recent murder of Archbishop Romero is appalling. Regardless of who initiated this crime, there is no justification for such an atrocity.

I just want to say that I believe there is a time for the United States to have an active role in the affairs of other nations and there is a time for us not to interfere and allow them to shape their own destiny. I wonder if the latter is not the policy we should pursue in regard to El Salvador.

Mr. President, I was recently visited by several concerned U.S. citizens, including a U.S. Marine, as well as an El Salvador businessman. They expressed great anxiety over the Communist activities in El Salvador and the attitude of the State Department in this regard. I asked Mr. Alfredo Mena, the businessman from El Salvador, to formulate his views and concerns in a letter. Mr. President, I ask unanimous consent that this letter be included in the Record at the conclusion of my remarks.

Mr. President, I am asking today for Secretary Vance to inform Congress as to just what our foreign policy is with respect to El Salvador. I urge all my colleagues in the Senate to take an active interest in this matter, as I believe it to be of extreme importance.

Mr. President, I ask unanimous consent that a letter from me to Secretary Vance regarding the U.S. policy toward El Salvador and that an article appearing in the Washington Post Wednesday, March 26, 1980, be printed in the Record at the conclusion of my remarks. This article gives further evidence of the Communist pressures being applied in El Salvador.

There being no objection, the material was ordered to be printed in the Record, as follows:

March 20, 1980.

Senator Strom Thurmond,
*Old Senate Office Building,*
*Washington, D.C.*

Dear Sir: First of all I would like to thank you for your understanding and willingness to help my people, the Salvadorean people, choose their own destiny.

The Salvadorean people are being railroaded into Communism against their will by an unpopular and illegitimate government with the help of the U.S. State Department. I say it is unpopular because it hasn't been able to raise more than one thousand people for a political rally after one week of advertising, and I say it is illegitimate because the only reason the Christian Democratic Party is still in power is because pressure is being brought to bear by the U.S. State Department on the El Salvador Army.

I studied for nine years in the United States and learned to respect and admire the American people, the American political system, and the American economic system. It is difficult for me to understand how the U.S. State Department can advocate a system of government in my country which basically goes against the Bill of Rights that is the basis of the U.S. Constitution.

The United States is the bastion of democracy and free enterprise, yet the U.S. State Department is throwing one of the oldest allies of the United States into Communism by maintaining, through its pressure on the El Salvador Army, a "moderate" political party in power against the will of the people. I cannot call a political party moderate if the first thing it does after coming into power is to say publicly, through television, that it does not want to have anything to do with private enterprise; and then goes even beyond rhetoric and nationalizes all the private banks and makes an agrarian reform that bypasses the bounds of our Salvadorean Constitution, which, by the way, is one of the most liberal in Latin America.

We are not opposed to change. We want to eliminate social injustice and poverty in El Salvador. But we also believe in Democracy and free enterprise. I am coordinator of the National Broad Front (FAN), which is a conglomeration of civic, economic and political organizations that want to prevent Communism from taking over our Country.

The U.S. State Department accuses anybody who opposes its policies of defending the interests of "The Fourteen Families". Sir, we do have our Kennedys, Rockefellers and Fords, but we also have a strong and growing middle class, a strong and growgrowing number of small and medium size businessmen. All these people, Sir, are being railroaded into Communism against their will.

We believe that an agrarian reform can be carried out with government land, the land that is developed but is not being used, and the land that is being leased. We also believe that the Country's financial system can be made equitable by anti-trust legislation similar to that now in effect in the United States. We believe that exports can be supervised to insure that badly needed capital will not leave the Country illegally. In other words, Sir, we sincerely believe that we can combat poverty and social injustice without destroying private enterprise.

But what worries us the most is the military situation. We have evidence that leads us to believe that approximately 5 percent of the Officer Corps in the El Salvador Army either belongs to, or has strong sympathies for, the Communist Party. We also know for a fact that about 15 percent of the Officer Corps is deeply Nationalist. These two factions know they cannot co-exist, and we have reason to believe that they will start eliminating each other in the very near future. This will force the 80 percent of the Officer Corps who only follow orders, to choose sides and this, we think, will be the beginning of the end of our Army.

This situation will create a military vacuum, and the ones who are best organized and equipped to capitalize on it are the forces of the extreme left, which means creating another Nicaragua. The Nicaraguan Army was destroyed by isolation; the El Salvador Army may be destroyed by infiltration.

There is no need for me to point out the strategic implications of a "Cubanized" Central America with respect to the Mexican and Venezuelan oil fields and the Panama Canal.

The American public is not being made aware of the strategic implications of Central America becoming another Viet-Nam.

The only force that can effectively neutralize the mistaken and ruinous policies of the U.S. State Department is Congressional pressure.

It would be extremely helpful to my Country if the inevitability of a Central American civil war were made an issue in the upcoming Presidential elections.

The resulting exposure of the true facts I have outlined here could only be beneficial to the United States, and could very well mean the salvation of El Salvador.

In all sincerity,

Alfredo Mena,
*Coordinator, National Broad Front (FAN).*

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Committee on the Judiciary,
*Washington, D.C. March 27, 1980.*

Hon. Cyrus R. Vance,
*Secretary of State,*
*Washington, D.C.*

Dear Secretary Vance: Enclosed is a copy of correspondence I recently received concerning the policy of the United States with respect to El Salvador.

While the world's attention is focused on the Persian Gulf area, I am concerned about current activities in locations such as Cuba and El Salvador. Specifically with respect to El Salvador, I would like to hear the State Department articulate its current policy on the amount of foreign aid; whether that aid is indeed reaching the ruling government or the left wing Christian Democratic Party; and what the United States position will be once the "supposedly inevitable" revolution does occur.

I believe the United States should support people everywhere who strive to be free. I indeed hope that our current foreign policy with respect to El Salvador encompasses these principles.

With kindest regards and best wishes,

Sincerely,

Strom Thurmond.

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[From the Washington Post, Mar. 26, 1980]

### U.S. Cites Cuba's Role in El Salvador

The United States yesterday accused Cuba of directly contributing to violence in El Salvador by sending weapons and leftist insurgents into the country to try to topple the civilian-military junta backed by the United States.

The charge was made by Carter administration officials who sought congressional approval to supply military equipment worth $5.7 million to El Salvador's ruling junta.

The accusation of direct Cuban involvement came one day after the assassination in El Salvador of Archbishop Oscar Romero, a popular figure and nominee for the 1979 Nobel Peace Prize. There was no suggestion that Cubans were involved in the killing of the archbishop.

Romero himself had recently written President Carter asking him not to supply more military aid to the ruling junta until it succeeded in stopping the violence that has racked El Salvador for many months.

However, Secretary of State Cyrus Vance said yesterday that the United States still plans to give military and economic aid to El Salvador, noting that the country's rulers recently have taken steps aimed at "healing" the country's wounds and divisions, and that "the junta has been making progress . . . especially in land reform."

Vance condemned the assassination as "appalling, saddening and tragic."

Administration officials testified yesterday that American intelligence believes Cuba is using the territory of Honduras, neighbor of El Salvador, to ship men and arms for use against the Salvadoran junta. The United States also has evidence that Cuba has been training Salvadoran guerrillas for a matter of years, and is sending them back to fight through Honduras, officials said.

"The Hondurans believe, our intelligence agrees, that their territory is being used as a conduit for men and weapons into El Salvador by insurgents with Cuban support," said Franklin Kramer, deputy assistant secretary of defense.

"Cuban influence on El Salvadoran and Honduran leftist organizations is long-standing, and there are clear indications the Cubans are assisting these groups in their attempt to overthrow the current government of El Salvador," Kramer told a House subcommittee.

His charges were echoed by John Bushnell, deputy assistant secretary of state. Both appeared before the House foreign operations subcommittee to request $46 million in military and economic aid for Honduras and El Salvador.

El Salvador's civilian-military junta has enacted a series of sweeping economic and land reforms with U.S. support and about $50 million in American economic aid.

"There is evidence that mountainous and sparsely populated areas of Honduran territory are being used for the illegal smuggling with Cubans support of insurgents and weapons into El Salvador," said Bushnell.

Both officials noted the close ties between Castro and Central American communist leaders, and said Cuba has most to gain from political violence and instability in that region.

Bushnell stressed that, in the wake of Romero's murder, Washington will continue supporting the ruling junta, "which is committed to basic economic and social reforms and to the improvements of human rights."

Bushnell told the subcommittee that the

United States will not become militarily involved in El Salvador. "We will not use military force in situations where only domestic groups are in contention," he said.

## DECLINE IN U.S. DEFENSE STRENGTH

Mr. THURMOND. Mr. President, an excellent article entitled "Doubt and Disarmament Could Spell Doom" has been published in the March 1980 issue of Seapower magazine under the authorship of John J. Spittler, president of the Navy League.

Mr. Spittler points out how U.S. defense strength has declined in recent years and the dangers this weakness causes for our Nation.

Mr. President, the Navy League has been at the forefront over the past decade in warning about the huge risks we face if we allow our Defense Establishment to grow weaker. Finally, these warnings are beginning to take hold in the country and I hope that the Congress will respond by increasing defense spending in the current and future budgets.

Mr. President, I ask unanimous consent that this article by Mr. Spittler be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### DOUBT AND DISARMAMENT COULD SPELL DOOM

The seventies have been described as the decade of doubt. We doubted the damage inflation could and would do; we doubted that energy could become a crisis; we doubted the depth and breadth of dishonest politicians; and most of all, we doubted the information, sparse as the media kept it, that our military-industrial complex was rapidly being relegated to dangerous inferiority.

We doubted in spite of the fact that the Navy League and other like-minded organizations were sounding the alarm. The attitude in general: "Things couldn't be that bad," "We are the strongest nation in history," "We will always have adequate resources and materials," "Didn't we come off the ropes in World War II and win?" "So we were shaky in Korea and less than great in Vietnam, but those were unpopular wars," "Our superior industry, resources, technology, the oceans, and distance from the enemy will always protect us."

But what we didn't realize was that we were playing with a stacked deck. The nation was not aware of the debilitating influence of detente disarmament, and appeasement. And that was all right because we didn't really want to hear about it anyway.

Sure there were government regulations, but we doubted they were stifling industry and initiative. Of course the consumer needed protection, but the government would know where to stop. Children really don't need the three R's, because pride in ability and workmanship are old fashioned—besides, the government will take care of us. Taxes may be high, but then, we must take care of those less fortunate. Look the other way. I can't be bothered. Why vote? And so on, ad nauseam.

Well, while George and the rest weren't doing it, for whatever reason, the Kremlin was. Now we will pay the price. The chips are down. And what was so easy for so few to see has suddenly become obvious to all who will look. Our years of neglect have placed our lives, our families, our future, and our fortunes in jeopardy.

How bad is it? Very bad!

Here is the appraisal which the Chief of Naval Operations, Admiral Thomas B. Hayward, gave to Congress last month: "The U.S. Navy is clearly outnumbered by the Soviet Navy . . . more than 3:1 overall. Although we dominate in aircraft carriers, the Soviet Navy has 80 more principal surface combatants, 235 more submarines, six times as many auxiliaries, and a large land-based aviation strike force. Furthermore, the quality of their naval forces is steadily improving. . . ."

Between 1970 and 1979, the Soviets were launching 40 surface warships and seven submarines annually, while the United States was averaging a little over seven surface ships and less than three submarines. Between 1964 and 1979, the Soviets increased their number of major surface combatants and amphibious ships from 260 to 360, and their total naval tonnage from 2 million to 2.8 million. Ten years ago, according to Admiral Hayward, the U.S. active fleet totaled 926 ships to 1,670 for the Soviets; today that ratio is 426 to 1,764. This is not a typographical error—426 U.S. vs. 1,764 for the Soviets.

In 1980, the Soviets have reached a position wherein their naval forces could utilize sheer numbers to attain both political and military goals, and their improved capabilities make them that much more formidable on the high seas.

Significant, although less spectacular, gains were made by Soviet ground forces. The size of those forces has climbed steadily since the mid-1960s while U.S. numbers declined. The Soviets have 1.8 million men ready to wage ground warfare; the U.S. Army and Marine Corps combined total under a million men. Soviet tanks: 45,000; the United States: 12,100. Similar ratios hold true for other components of the ground warfare inventory. In the last three years, the Soviets outbuilt the United States by a yearly margin of 2,000 to 650 tanks, 350 to 150 helicopters, and 5,000 to 1,000 other combat vehicles. Remember the Kama River truck plant built for the Russians by the Americans?

In the air, strategic forces aside, U.S. and Soviet tactical air strengths are relatively equal. So are the collective NATO and Warsaw Pact strengths. Yet Soviet production of combat aircraft is far ahead of ours. Annual output since 1976: 500 to 275. Furthermore, the NATO air-base structure may be inadequate. In time of war in Europe, U.S. and NATO tactical air capability could be reduced by inability to handle and support the aircraft the United States could deploy. Thus, sheer numbers of less sophisticated Soviet planes would overwhelm individually superior U.S. aircraft.

But it is in the realm of strategic warfare that Soviet gains have been most fantastic. Fifteen years ago the United States had a 4:1 edge in intercontinental ballistic missiles (ICBMs), 10 times as many submarine-launched ballistic missiles (SLBMs), and seven times as many long-range bombers—and led 17:1 in nuclear warheads. Today, Russia has the lead both in ICBMs, 1,398 to 1,054, and in SLBMs, 950 to 656. The United States still has a 2:1 edge in numbers of long-range bombers, but that rapidly dwindling U.S. margin is based on a fleet of B-52s older than the men who fly them. U.S. technical ability to mount independently-targeted warheads on missiles provides a now slender and also decreasing 3:2 U.S. edge in the number of warheads, but Soviet capabilities once questionable have become phenomenal.

What the Soviets didn't buy, they stole, and they now have at least four ICBM series in development, are continuing to modernize their SLBM force, and have a high percentage of their ICBMs on quick-reaction alert—in the past, only a small percentage were maintained in alert status. Also anticipated are new long-range Soviet bombers; the United States has none under development and our ability even to build any is suspect.

A grim picture? Well, it is even grimmer than it first seems, considering that the vaunted U.S. industrial complex, which in World War II created the geratest arsenal the world had ever seen, is by no means ready to emulate those achievements. Our industrial base has been eroded. Our resources are depleted. Lacking are plants to make large forgings and castings, bearings, and semiconductors, all vital in the building of ships and planes. Titanium, cobalt, and chromium are in short supply, as are some specialty steels. Trained engineers, technicians, and skilled labor are lacking—the skilled labor shortage has never been so acute, in fact.

Too, if we went to war tomorrow, we would be short weapons and ammunition. Nor could lost aircraft be replaced quickly, since many firms could not increase their building rates. Consequently, U.S. fighting forces, already spread desperately thin, lack the support to take a heavy toll of the enemy prior to reinforcements. Yet President Carter and the Department of Defense have taken only isolated steps to institute production priorities in industry of the kind that could result in acceleration of output of military hardware for the services.

But apathy and indecision are not confined to the amazing Soviet buildup or to the contrast in this country. They exist, too, in Congress, as witness the lack of attention paid those who man our armed forces. In 1979, the carrier Midway—with over 4,000 men, including her air wing—spent only 84 days in port. And she was not the only ship so overworked. The carrier Independence had but 99 days in port. Jouett and Garcia, a guided missile cruiser and a frigate, were home 94 and 95 days, respectively; the destroyer Parsons, only 77 days. And those figures were compiled, for the most part, before the Soviets invaded Afghanistan and a task force was orderd into the Indian Ocean!

Is there any wonder that our Navymen, underpaid and overworked, are leaving the Navy by the thousands? Just how will they react as time away from home increases, while Congress considers a proposed defense budget that calls for a 1.3 percent—yes, only 1.3 percent—growth for the Navy, and the President proposes a pay increase that is smaller than the inflation allowed for by the government and far less than anticipated by business.

Yes, America is in danger. At home and abroad. But Americans have been underdogs before. Given the time and the will to overcome, they have fought back, persevered, and prevailed.

Are time and distance and all those other intangibles that have saved us before available in the decade of the eighties? If they are not, we are doomed. For we are not ready. And it has been wisely said that today you go with what you have when it starts, for there will be no time then to catch up.

Does the President, does the Congress, realize this? The answers will determine the future of America, and of the free world. We hope the answers are soon and correct. For sure, they are no longer in doubt.

## PAKISTAN'S REJECTION OF U.S. AID

Mr. THURMOND. Mr. President, the weakened position of the United States throughout the world has recently been highlighted by the refusal of the Government of Pakistan, a longtime ally, to accept U.S. aid.

This action demonstrates that past U.S. policies of denial to Pakistan of military support such as sale of the A7-D aircraft and more recent foreign policy failures such as in Iran have greatly undercut confidence in our ability to stand by our allies in the Middle East.

Mr. President, an excellent editorial on this subject appeared in the March

18, 1980 issue of the Aiken Standard newspaper in Aiken, S.C.

Mr. President, I ask unanimous consent that this editorial, entitled "Too Little, Too Late," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TOO LITTLE, TOO LATE

Pakistan's rejection of $400 million in American military and economic assistance has confused and dismayed the Carter administration. Here is Washington ostensibly engaged in a crash effort to shore up a traditional ally newly vulnerable to Soviet expansionism, and the ally responds by spurning U.S. aid.

Why? What happened?

For insights we must begin by examining the mechanics of U.S. foreign policy, and we must acknowledge the pervasive doubts around the world about U.S. power and resolve.

In the immediate wake of the Soviet invasion of Afghanistan, President Carter proclaimed it the most serious threat to peace since World War II and then proposed a $400 million aid package for Pakistan, a country now under the shadow of the Soviet army just across the Afghan frontier.

But Mr. Carter proclaimed this assistance program, including its specific dollar amount, as part of his bold new stance without bothering to consult the Pakistanis. As a rule, no country likes to learn of such initiatives in the newspapers. This thoughtlessness must have been particularly irksome to the Pakistanis, whose traditional ties to the United States have been seriously strained during most of the last decade.

More importantly, the President's $400 million figure obviously struck the Pakistanis as being inconsistent with the view of the Afghan crisis as the most serious in the last 35 years.

Under the American proposal, half of the $400 million was to be used for Pakistan's purchase of modern military equipment on lenient credit terms underwritten by Washington. Yet, $200 million could not begin to provide the weaponry necessary to modernize the armed forces of a country that still relies in part on jet fighters of Korean war vintage.

To Pakistan's ruling strongman, Gen. Mohammed Zia ul-Haq, the $200 million in military assistance must have seemed a dangerous half measure—too little to accomplish much in a military sense but more than enough to antagonize the truculent Soviets beyond the Khyber Pass.

Moreover, the inadequate military aid proffered by Washington presumably served to confirm the corrosive doubts about the reliability of the United States, and specifically the Carter administration, as an ally. Given the administration's erratic conduct of foreign policy and its record of backing and filling with the Soviet Union, such doubts are not altogether unwarranted.

What Pakistan seems to have decided is that the Soviet Union has become the dominant power in the region and that the United States has yet to give evidence of sufficient will to stay the course against this new reality. And just such a perception is undercutting U.S. initiatives to enlist other nations in a common effort to defend the Persian Gulf region.

Until we can change that perception, we are due for additional humiliations from countries which fear to gamble on us against the Soviet Union.

## NATIONAL DANCE WEEK

Mr. JAVITS. Mr. President, I am pleased today to introduce a joint resolution to honor a unique group of American artists by proclaiming the week beginning April 13, 1980, and ending April 19, 1980, as "National Dance Week." I am joined in this effort by Senators PELL, BAUCUS, CRANSTON, DECONCINI, DOLE, HATCH, MATHIAS, RANDOLPH, RIEGLE, STAFFORD, and WILLIAMS. I also greatly appreciate the courtesies extended to me by the chairman of the Judiciary Committee, Senator KENNEDY, and the ranking member of that committee, Senator THURMOND, in allowing me to call up this resolution at this time.

Mr. President, during my career in Congress, I have sponsored and supported legislation to assist the arts and humanities, including the original legislation which resulted in the establishment of the National Endowments in 1964. Both artists and audiences have reaped huge benefits from these efforts. Dance is among the foremost of the performing arts, and dance is now enjoying unprecedented success, both in the artistic realm and in terms of ticket sales. In the early sixties, the audience for dance was approximately 1 million, mostly centered around New York City. As we enter the eighties, dance companies around the Nation estimate their combined audiences at 20 million Americans—for dance in all forms, modern, ballet, jazz. Resident companies can be found in Des Moines and El Paso, Cleveland and Sacramento, and in hundreds of smaller cities and towns.

Dance in America is a multicultural experience, enhancing the lives of a multitude of individuals and providing a common ground for shared experiences through its myriad forms. In the face of our current domestic ills, we have come to look to dance, unique among the performing arts in its energy and vitality as a source of joy and emotional enrichment to both participants and audience, to provide an emotional and spiritual lift.

Mr. President, there is perhaps no greater expert on dance in our Nation than my great friend, Agnes DeMille, who last June testified before the Subcommittee on Education, Arts and Humanities on the reauthorization of the Arts Endowment legislation. In her brilliant testimony, Ms. DeMille emphasized the critical importance of the arts, and of dance in particular, in the history of Western civilization. I quote from her statement before the subcommittee:

> The Renaissance happened in Italy because the Italian Church and the Italian Courts wanted the best possible art, the best painting, the best architecture, the best jewelry, the best poetry. It got them. Suppose Pope Julius II had said to his painter, "Mike, that's enough for you, stop. Cool it. Get a matching funds." This is a rotten time to ask for more money. It is just rotten. We are facing the most terrible crises, and they are very serious.
>
> But I want to remind you that during the blitzes in London, when the city was in smoking rubble, and people walked up to find their neighbors bleeding all over the street, and in the ruins next door, at that time, the National Gallery was open, and Myra Hess played to the citizens of London, and they came and sat on the floor and found the courage to face the next night, and at the end of the war, when England had not the money to paint a house, to put up a fence, to buy a pair of stockings, that is really true—if you were over there you know—then they mounted, most lavishly, most graciously, and most splendidly, the "Sleeping Beauty," by the Sadler Wells Ballet, and brought it here to America, to show us and the world that they were not in the dust, and show themselves that their heads were high.

Mr. President, enactment of this resolution will focus further public attention on the art of dance in America. The resulting increased awareness will help to spread its benefits to millions of other Americans. Therefore, I am asking that my colleagues join me in declaring this working tribute to a vital American art form.

Mr. President, I send to the desk a joint resolution which is proposed by myself, Senators BAUCUS, CRANSTON, DECONCINI, DOLE, HATCH, MATHIAS, PELL, RANDOLPH, RIEGLE, STAFFORD, and WILLIAMS, to designate the week beginning April 13, 1980, and ending April 19, 1980, as "National Dance Week."

Mr. President, I ask unanimous consent that the joint resolution be considered immediately. It has been cleared on both sides.

Mr. ROBERT C. BYRD. Mr. President, may I say that the distinguished Senator from New York cleared this resolution with me earlier. He was under no obligation to wait until I came to the floor, but he very graciously did wait until I came to the floor. I appreciate that. There is no objection.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The assistant legislative clerk read as follows:

> A joint resolution providing for the designation of the week beginning April 13, 1980 and ending April 19, 1980, as "National Dance Week."

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration, and, without objection, the joint resolution will be considered to have been read the second time at length.

The joint resolution (S.J. Res. 155) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

> *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President of the United States is hereby authorized and requested to issue a proclamation designating the week beginning April 13, 1980 and ending April 19, 1980, as "National Dance Week," and calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, I thank very much the majority leader and the acting minority leader.

## OUR NATIONAL ECONOMY

Mr. BRADLEY. Mr. President, I rise to state in the strongest terms for the Senate and my colleagues that I fear that we are on the brink of a very serious downturn in our national economy.

I shall take a few minutes to explain my specific position.

We now have in place a policy to fight inflation that is composed first of the effort on the part of Congress to balance the budget in 1981, which begins about 8 months from now.

Second, we have in place an energy program consisting of the windfall profit tax, which the Senate just passed today, and the synthetic fuels bill and its solar and conservation and gasohol components, which should be passed soon, and the Emergency Mobilization Board, an energy package that for at least 4 to 5 years will not make a significant impact on our short-term vulnerability to oil supply interruption or on the level of our dependence on insecure sources of oil.

The third component of this policy is monetary policy. I am sure that every Senator has experienced the effects of 20-percent interest rates on his constituents in the last few weeks as they have come to him or her asking for a solution.

Mr. President, I would suggest that the monetary component of this anti-inflation policy is pushing us to the brink of a very serious break in our economy. In the last few days all Senators have been visited by members of their housing industry. Clearly with interest rates at 15, 18, 20 percent, housing is going to take a very serious and sharp downturn in the coming year.

Business investment, fixed business investment, will be dropping significantly as well, and consumers have already taken their money out of their savings accounts and spent it because of an inflationary whirl in which they expect prices of consumer goods to be higher tomorrow than they are today.

I think we have more or less guaranteed through monetary policy alone, not the balanced budget in 1981 and not the energy policy that is working its way through Congress, but through monetary policy alone, we have assured a very serious downturn in the economy in the next year and, perhaps, sooner.

I know there are those of us in the body, and the distinguished Presiding Officer is among that group in the Senate, who fear that downturn will come sooner than 1 year from now.

But, Mr. President, the theory behind that kind of monetary policy is that it will reduce inflation as sectors of the economy go into recession.

I would suggest that that will not be the result because there is still a strong enough component of cost-push inflation left over from last year's energy increases that we will have guaranteed inflation along with the very serious downturn in specific sectors of our economy. In the manufacturing sector, for example, that is heavily energy-intensive, that sector has had to increase its expenditure for energy in the past year 110 percent. That expenditure distorted its historic profit margin. Over the next 10 to 12 months you will see a gradual upping of price so as to come back to that historic margin. That guarantees us an escalating price in manufacturing and in the industrial sector and other sectors that are heavily energy-dependent, while, at the same time, you have other sectors such as housing that will be in a virtual depression, with the combined effect nationally that we have come to know in recent years as stagflation.

Mr. President, those are serious enough matters. Yet I fear that where it will have its most immediate impact, is in the financial markets. In some ways I feel that the economic policy today has not been as sensitive as it should be to the interaction of financial and economic markets in this world, for we have in this country in the last month entered the black hole of the bond market, where Britain entered in 1975.

Our economy is overheated, overextended, overcredited. We have a system that is built on the promise of long-term financing. But we do not have long-term financing in this country today. The housing industry cannot get 20-year mortgages. The utility industry cannot get 20- to 30- to 40-year mortgages. They are not there, and we have a structure where Government bodies are now borrowing at 17, 18 percent interest, thereby guaranteeing the future inflation because that is the only thing that will generate the taxes that will allow them to repay the interest rates they have obligated themselves to pay.

The phenomenon of this inflationary spiral has also created a series of decisions taken by consumers and businesses which have brought us to the brink. They are basically decisions that a person makes when he decides to borrow money and decides what interest rate he can pay. The first level is that he will borrow, with the knowledge that he can repay interest and principal out of future earnings.

The second level is where he borrows on the assumption that he will refinance his principal, but that he will be able to pay his interest out of his current income.

The third level, where we have arrived in our economy today, is where the individual or institution will borrow to pay the interest. So you have interest on interest.

Mr. President, this, in combination with the savings rate decline, only accentuates the fragility of our financial structure.

I would also parenthetically make the point that the savings rate decline from 6 to 3 percent in the past several years does not even represent the total vulnerability that we have because where the problem of reduced savings comes in and where there is overextension of credit is where a person decides that he can stand to owe 80 percent of the value of his home instead of 40 percent or where a person decides to borrow 3 to 4 times what he would in previous years because he assumes future inflation.

The result of this, Mr. President, is an incredibly fragile economic system, a fragile system that, with the smallest disruption in either the political or economic picture, could tumble our economy into a very serious recession—perhaps a depression.

Let me suggest to you where this interacts with the financial markets. For the last several days we have had the curious phenomenon of having all-time lows for stocks and bonds. Gold is up, and the dollar is at its high in the last 2½ years. There is a clear feeling that the high interest rate policy we have been pursuing has brought us significant quantities of dollars from abroad for investment in this country. There is also the feeling that it is not only interest rate policy but the combination of energy, fiscal, and monetary policy which has restored the faith in investment in this country because of a belief that we are really doing something about inflation.

But, Mr. President, I would suggest that that very phenomenon of high interest rates attracting capital into the country has increased the fragility of our system because as that capital comes in it comes into banks as deposits. It does not come into the stock market or into the bond markets. It comes into banks as deposits.

The banks with those deposits are able to extend loans, thereby creating money at whatever you choose the ratio, whichever economist you talk to, 4 to 1, 6 to 1, 8 to 1, 10 to 1, but certainly increasing the money supply. So foreign deposits are financing credit expansion in the United States, credit expansion that will frustrate our fight against inflation.

This is particularly so when you consider that the absence of long-term financing forces more and more people into the short-term market, generating more loans and increasing the money supply still further.

Those same people who put the money into our banks because the interest rates were high, will also in a few months get the money supply figures, see them going up and see that inflation in the country has not abated, because of the cost-push inflation and increasing money supply. I would suggest that it is at that point that the real danger to our economy lies, because as soon as that confidence is lost, as soon as people believe that the efforts we have made in Congress on the budget and energy and the efforts of the monetary authorities on interest rates have not decreased inflation, then that money will leave this country as quickly as it came in.

When it leaves the country, Mr. President, banks will not have the money to meet their reserve requirements; it will require those banks to call in those loans they have made from the deposits that came from abroad, and when they are called in, we will then be in a very, very serious economic crunch.

Sure, we have a Federal Reserve, a Federal Reserve that has responded in the past, a Federal Reserve that responded in 1974–75 when a major bank in New York failed, the Franklin National Bank.

But the real question, Mr. President, is whether in a credit crunch of the dimensions I have described we can have a Federal Reserve that will perceive the outflow of dollars soon enough to prevent the call on loans which will precipitate that crunch.

That is the question. If they fail to see it, it will be a major crash of unprecedented proportions. Mr. President, this is not a comforting picture, but we can take steps to avert it. Over the next few weeks I hope to be joining with several colleagues in making specific suggestions to put our economy back on the track of noninflation growth. Unfortunately, today's morning business has expired.

The PRESIDING OFFICER. The Senator's time under morning business has expired.

(Mr. ROBERT C. BYRD assumed the chair.)

Mr. BOREN addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma (Mr. Boren) is recognized.

Mr. BOREN. Mr. President, I want to associate myself with the remarks just made by my distinguished colleague from New Jersey. I think that the Senator has shared with the entire body insights of great importance.

I wish, in some ways, that I did not share his opinion, because he has spoken to us of grave possible consequences for our economy if emergency actions are not taken in the near future. Unfortunately, I think that his analysis of the current economic situation is exactly on target.

When we consider that the stock market has had a decline of over 140 points in the last 6 weeks, when we consider what has happened in terms of increasing rates of interest during this same very short period, when we consider that the savings ratios have fallen 60 percent in only 12 months and the impact that this has had on the reserves of many of our financial institutions forcing today a change in the liquidity requirement for important elements of our financial community, I can only conclude that we are, indeed, in a grave situation.

Mr. President, I do not think that it exaggerates the point to say that if something is not done now—and I do not mean 30 days from now, 60 days from now, or a year from now; I mean now, I mean in the next few hours, I mean in the next few days—if something is not done of a decisive nature to change the course of the economy, the effects could indeed be catastrophic and are likely to be.

Mr. President, the economy cannot survive with interest rates at 20 percent. The impact on industry after industry is now being felt—in the homebuilding industry, in the savings and loan communities, in industries which produce materials for construction, like the timber industry, and others. The interest rate is now being felt by farmers, who are unable to renew their loans and to meet payments at this high level.

The interest rate is being felt by auto dealers, small business people whose notes are coming due and they are having difficulty having them rolled over.

This Senator, Mr. President, will certainly not pretend to have all of the answers. I am now researching two or three different pieces of legislation that I expect to be introducing shortly.

But I will say this, Mr. President: It is my fervent hope that the President will undertake, on an emergency basis, to survey the current state of the economy and to prevent this sharp break in our economy, which I see is occurring without further action.

I think it is absolutely necessary that we consider action that will have the practical effect of sharply reducing the interest rate, at least in the near term, making funding available in particularly hard hit segments of the economy like the housing industry.

This is not necessary just for the housing industry. I think it is necessary to preserve the entire economy.

I think we must also take action to consider the possible effects of changes in investment decisionmaking by the international community, as outlined by my colleague from New Jersey just a few moments ago. The Government must set in place policies that will assure the financial soundness of all of our major financial institutions if sharp changes in investment decisions should occur in the international community.

Mr. President, I will be speaking on this subject again in the next few days and, as I said, proposing some pieces of legislation to deal with the situation. I can only say that I implore the President to make an immediate evaluation of where the economy is headed and to consider, in the very near future, additional actions that will be necessary to maintain the confidence of the American people in our economy and to assure that this country is not afflicted with the kind of tragic sharp breaks in the economy that we have known in the past.

I commend the Senator from New Jersey for bringing the nature of the situation to the attention of the Senate. I have confidence that the administration will act. I urge them to act now to prevent a very critical financial situation from developing.

I thank the Chair.

Mr. JEPSEN addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Iowa.

Mr. JEPSEN. Will the Senator yield?

Mr. HELMS. Mr. President, I am delighted to yield.

## ENCOURAGING OLDER AMERICANS TO PARTICIPATE IN THE TAKING OF THE 1980 DECENNIAL CENSUS

Mr. JEPSEN. Mr. President, I send to the desk a resolution and ask for its immediate consideration. This resolution is sponsored by myself and Senators Pressler, Lugar, Moynihan, Johnston, Pryor, McClure, Thurmond, Domenici, Warner, Simpson, Javits, Durenberger, and Heflin.

The PRESIDING OFFICER (Mr. Boren). The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 395) to encourage older Americans to participate in the taking of the 1980 Decennial Census.

Mr. ROBERT C. BYRD. Mr. President, this resolution has also been cleared on this side of the aisle. There is no objection to its immediate consideration.

There being no objection, the Senate proceeded to consider the resolution.

Mr. JEPSEN. Mr. President, on March 12, 1980, I introduced a resolution to encourage older Americans to participate in the 1980 decennial census. The resolution before us today is essentially the same resolution which was introduced on March 12 except for a few technical corrections which were recommended by the Governmental Affairs Committee.

I thank Senator Glenn and the staff of the Energy, Nuclear Proliferation and Federal Services Subcommittee, and Senator Percy and his staff for their expertise in perfecting this resolution.

Mr. President, my statement and those of Senators Pressler and Domenici are in the March 12, 1980, Record on pages 5356 through 5359. The primary concern of this resolution is "to put the Senate of the United States on record in support of encouraging all Members of Congress to request their States, citizens of their congressional districts, and the Bureau of the Census to encourage older Americans to participate as census workers in the taking of the 1980 decennial census."

As I noted before, "This is not a work order, or an employment act for older Americans. On the contrary, the sole purpose of this resolution is to try to facilitate an accurate count of older Americans in the 1980 census."

Older Americans more than any other group in our society can be of particular assistance in locating, understanding and speaking with other older Americans.

Again, I would like to stress that participation by older Americans in the census is not going to be an easy task. It will take some initiative and it will be demanding of both personal time and effort. It will also involve a great deal of climbing stairs in unfamiliar places and uncomfortable surroundings.

There are rewards, the most important of which is an anewed and continued acknowledgement that older Americans have an important role to play in the Nation's development. Second, that in order to plan and implement a national agenda to address the needs of older Americans an accurate count of who they are, and where they are located is essential.

Therefore, I urge the Congress, the citizens of this Nation, and government where necessary, to encourage older Americans to participate in the taking of the 1980 census as census workers. I further urge that we begin to utilize and fully develop this Nation's most precious untapped natural resource, "older Americans."

Mr. President, if there are no objections, I ask unanimous consent that the resolution be read for the final time and adopted.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 395) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 395

Whereas 1980 is a very important year to all Americans because it is a Decennial Census year;

Whereas a workforce of approximately 275,000 people will be needed by the Census Bureau to do this job;

Whereas it has been demonstrated that older persons are competent, dependable, loyal and experienced workers;

Whereas Americans have been undercounted in past Decennial Censuses;

Whereas it is in the best interests of all Americans that complete counts be made of every segment of the population;

Whereas the Census Bureau has encountered difficulties in hiring people as enumerators;

Whereas a large portion of older Americans are not in the work force full-time, making them available for employment as census workers: Now, therefore, be it

*Resolved*, That it is the sense of the Senate that all members of Congress request their States, the citizens of their Congressional Districts, and the Bureau of the Census to take advantage of a potential pool of experienced workers by encouraging older people to participate as Census workers in the 1980 Decennial Census.

Mr. JEPSEN. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand recessed subject to the call of the Chair.

The motion was agreed to, and, at 12:40 p.m., the Senate took a recess, subject to the call of the Chair.

The Senate reassembled at 2:27 p.m., when called to order by the Presiding Officer (Mr. BAUCUS).

## UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, with respect to the conference report on H.R. 4986, the Depository Institutions Deregulation Act of 1979, that when it comes over from the House later this afternoon, it be called up for debate, with no votes to occur thereon; that action not be completed on the conference report today; that the Senate resume consideration of the conference report on tomorrow, Friday, at circa 12:30 p.m. or 1 p.m.; provided, further, that there be no rollcall on final passage; that if the conference report is disposed of tomorrow, the Senate stand in recess at the close of business tomorrow until 10 a.m. on Tuesday of next week; provided, further, that on Tuesday of next week, after the two leaders or their designees have been recognized under the standing order, the Senate proceed to the consideration of Calendar No. 502, the railroad deregulation bill, on which there is a time agreement.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Republican leader, Mr. BAKER, and the distinguished Senator from Wisconsin (Mr. PROXMIRE).

## ORDER FOR RECOGNITION OF SENATOR SCHMITT ON TUESDAY AND WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Tuesday, April 1, after the two leaders have been recognized under the standing order and just prior to the consideration of the railroad deregulation bill, calendar No. 502, Mr. SCHMITT be recognized for not to exceed 15 minutes; that on Wednesday, after the two leaders have been recognized under the standing order, Mr. SCHMITT be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

## COMMUNICATIONS OF THE CONGRESSIONAL RESEARCH SERVICE

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a Senate resolution on behalf of myself and Mr. BAKER and I ask that it be stated by the clerk.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 396) determining that communications of the Congressional Research Service to the Congress are under custody and control of the Congress and authorizing Senate legal counsel representation in respect to Federal Trade Commission subpoena to the Congressional Research Service.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. ROBERT C. BYRD. Mr. President, on November 23, 1979, the oil company respondents in an FTC adjudicatory proceeding, In re Exxon Corporation, et al., Docket No. 8934, applied to an administrative law judge of the Federal Trade Commission for a sweeping subpena to the Congressional Research Service for documents which discuss the oil industry and governmental policy in relation to it. The companies applied for identical subpenas to a number of executive branch departments and the General Accounting Office. Thereafter, on February 15, 1980, the administrative law judge issued the requested subpenas, including the one to CRS.

Following the issuance of these subpenas, the Commission, on February 28, 1980, issued an order staying the return on them and inviting the Congressional Research Service, and the other subpenaed parties, to brief several issues. These include whether the Commission has the jurisdiction and authority to issue the subpenas to the parties in question, and who has custody of the subpenaed documents. The Director of the Congressional Research Service has requested the assistance of the Senate in protecting the confidentiality of communications from CRS to the Members and committees of Congress.

Title 2, United States Code, section 166 (d) provides that it is the duty of the Congressional Research Service to "advise and assist any committee of the Senate or House of Representatives and any joint committee of Congress in the analysis, appraisal, and evaluation of legislative proposals within that committee's jurisdiction. . . ." Pursuant to this mandate CRS prepares confidential memoranda to Members and committees on legislative issues before the Congress. The Congressional Research Service thereby provides a service to the Members and committees of Congress which is equivalent to that performed by the staffs of Members and committees.

The subpena power which the Congress has granted to the Federal Trade Commission does not authorize the Commission or the parties before it to inquire into the legislative process. The speech or debate clause of the Constitution, and the power of each House to protect its own papers, were not reduced when the Congress granted subpena authority to the regulatory agencies which it created.

Section 708(c) of the Ethics in Government Act of 1978, 2 U.S.C.A. section 288g(c) (Supp. 1979), provides that the Senate Legal Counsel shall perform duties consistent with the purposes and limitations of title VII of the act as the Senate may direct. Although the subpena is technically to the Director of the Congressional Research Service, the true parties in interest are the Members and committees of the Congress. The resolution which follows declares that the communications of the Congressional Research Service to the Members and committees of Congress are under the custody and control of the Congress and may only be released by the Congress, its Houses, committees, and Members in accordance with the rules and privileges of each House. The resolution would direct the Secretary of the Senate to transmit a copy of the resolution to the Secretary of the Federal Trade Commission and would direct the Senate Legal Counsel to represent the Secretary and the Director of the Congressional Research Service in this matter.

The PRESIDING OFFICER. The question is on agreeing on the resolution.

The resolution (S. Res. 396) was agreed to.

The preamble was agreed.

The resolution, with its preamble, reads as follows:

S. RES. 396

**Whereas, on February 15, 1980, an Administrative Law Judge of the Federal Trade Commission, at the instance of the respondents**

in *In re Exxon Corporation, et al.*, FTC Docket No. 8934, issued a subpoena to a number of executive departments, the General Accounting Office, and the Director of the Congressional Research Service, directing each to produce various documents;

Whereas, documents which answer to the specifications of the subpoena include confidential memoranda prepared by the Congressional Research Service for committees and members of Congress;

Whereas, on February 28, 1980, the Federal Trade Commission stayed the return on these subpoenas, pending review by the Commission, and invited the Congressional Research Service, along with other subpoenaed parties, to brief several issues, including:

(1) whether the Commission has the jurisdiction and the authority to issue the subpoena to the parties in question;

(2) whether the subpoenaed parties may have custody and control over the subpoenaed documents;

(3) whether other parties may have custody and control over identical or similar materials;

Whereas, the Director of the Congressional Research Service has requested the Senate to assist the Congressional Research Service in protecting the confidentiality of its communications to the members and committees of Congress;

Whereas, the communications between the Congressional Research Service and the members and committees of the Congress are an integral part of the legislative process and privileged under the Speech or Debate Clause of the Constitution;

Whereas, memoranda of the Congressional Research Service are in the custody and under the control of the members and committees for whom they have been prepared, and the Congressional Research Service has no authority to release them to anyone outside the Congress;

Whereas, pursuant to Section 708(c) of the Ethics in Government Act of 1978, 2 U.S.C.A. § 288g(c) (Supp. 1979), the Senate Legal Counsel shall perform such duties consistent with the purposes and limitations of Title VII of the Act as the Senate may direct. Now, therefore be it

*Resolved*, That it is the determination of the Senate that the communications of the Congressional Research Service to the members and committees of the Congress are under the custody and control of the Congress and may be released only by the Congress, its Houses, committees and members, in accordance with the rules and privileges of each House;

SEC. 2. That the Secretary of the Senate shall transmit a copy of this resolution to the Secretary of the Federal Trade Commission;

SEC. 3. That the Senate Legal Counsel is directed to represent the Secretary of the Senate and the Director of the Congressional Research Service in this matter.

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## RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

There being no objection, at 2:33 p.m. the Senate took a recess, subject to the call of the Chair.

The Senate reassembled at 3:01 p.m., when called to order by the Presiding Officer (Mr. PRYOR).

## DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY CONTROL ACT OF 1980—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order the conference report on H.R. 4986 will be stated.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the amendment of the Senate to the bill (H.R. 4986) to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. The Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of March 24, 1980.)

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the following staff persons be granted the privilege of the floor during the debate on the conference report on H.R. 4986: Ken McLean, Lindy Marinaccio, Steve Roberts, Howard Menell, Carolyn Jordan, John Quinn, Steve Rohde, Dan Wall, Tommy Brooks, John Collins, and Beth Climo.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, H.R. 4986, the Depository Institutions Deregulation and Monetary Control Act of 1980, which is the conference report now before us—and I am addressing myself to that conference report—is the most significant banking legislation before the Congress since the passage of the Federal Reserve Act of 1913; in other words, the most significant banking legislation before us in 67 years, two-thirds of a century.

Why is it so significant? Well, the bill will strengthen the ability of the Federal Reserve to control the Nation's money supply by extending the Board's reserve requirements to all depository institutions; it will allow consumers to receive interest on their checking accounts in the form of NOW accounts all over the country; it paves the way for all savers to realize a market rate of return on their savings deposits by phasing out Government-imposed rate ceilings.

At the present time they are limited, of course, on commercial banks' savings deposits, to 5.5 percent. We eliminate that.

It provides new lending powers to thrift institutions in order to enhance their competitive viability, which means that savings and loans can do many things banks can do, with trust powers, consumer loan powers, and so on. It removes various State usury restrictions. One of the leaders in that is the Presiding Officer at the present time. He knows how devastating those usury restrictions were to the thrift institutions. They impede the free flow of credit and prevent the payment of a market rate of return to savers and it streamlines and simiplifies the truth-in-lending law.

I want to commend my colleagues on the conference committee in both the House and the Senate for their hard work and perseverance in shaping a truly historic piece of legislation. All the members of the conference committee had strong feelings about some parts of the bill.

There were times when our disagreements were sharp and heated. But in the end, we resolved our differences and produced a fair and reasonable compromise of conflicting viewpoints. The bill that finally emerged from the conference committee will help to guide the evolution of our banking and monetary system for the remainder of the 20th century.

This legislation is the culmination of many years of work in both bodies to modernize our financial system. We started with the report of the Hunt Commission in 1972. The House completed its FINE study in 1975 while at the same time the Senate passed the Financial Institutions Act. Subsequent efforts at financial reform faltered until the conferees agreed on H.R. 4986.

It is unfortunate that one of our former colleagues who worked long and hard on banking reform cannot be here today to enjoy the fruits of his earlier labor. I refer, of course, to Senator Tom McIntyre of New Hampshire, who guided the first bank reform bill through the Senate in 1975. Senator McIntyre has been a tireless campaigner for a more competitive banking system and especially for nationwide NOW accounts which were first introduced in his native State of New Hampshire. Our success today in bringing H.R. 4986 to the Senate is in no small measure due to the dedicated efforts of Tom McIntyre in keeping alive the cause of bank reform.

I cannot let this moment pass without also paying tribute to another of our former colleagues whose work on behalf of banking reform has been no less dedicated—Senator Ed Brooke of Massachusetts. Throughout his career, Senator Brooke worked to make our banking system responsive to the needs of the average consumer. Like Senator McIntyre, Senator Brooke was an articulate champion of nationwide NOW accounts. It is sad that Senator Brooke cannot be here today to reap the benefit of his work over the years.

Finally, Mr. President, I want to express my appreciation for the cooperation and leadership given by the minority on this legislation, especially by Senator GARN and Senator TOWER, both of whom, as we all know, are outstanding Senators, brilliant and able Senators, Senators with the strongest kinds of conviction. They often prevail in that kind of conviction. But they also, and

I thought Senator GARN particularly, who is the ranking minority member of the committee, showed remarkable statesmanship and ability to recognize the importance of compromise in working up this bill. Like most of us, I know they have strong misgivings about some features of this bill. Nonetheless, they used their misgivings not to delay or obstruct, but rather to reshape and remold so that in the end we have a bill that is more balanced and workable than the one with which we started. As is the case with all historic legislation, the work on H.R. 4986 has been truly bipartisan.

Mr. President, there are three major and interrelated themes embodied in H.R. 4986. These are competition, equality and saver equity.

On the competition theme, H.R. 4986 marks an historic turn in the direction of most banking legislation over the last 50 years. It relies more on the forces of the marketplace and less on the forces of regulation in shaping the structure of our financial system.

On equality, the legislation removes many competitive inequities between different types of financial institutions. It seeks to create a level playing field so that all institutions may compete on the same terms.

On saver equity, the legislation again marks an historic departure from past efforts to lower the cost of credit at the expense of the saver—and this is mighty important these days, because, of course, one of the principal reasons for our serious inflation is that we discourage savings in this country, not encourage them. Our savings are the lowest they have been since we started keeping statistics, the lowest of any country in the world. People who do not save money contribute to the buildup of prices and do not make savings available for investment, which builds up prices rather than hold them down for the kind of efficiency that can only come with savings and investment for improvement.

Raising the return to savers is not only a matter of equity, it is an economic necessity. At a time when we have rampant inflation, we can ill afford to penalize saving by artificially restricting the rates that can be paid on saving deposits.

Mr. President, I would now like to describe the provisions of H.R. 4986 in greater detail.

### THE MONETARY CONTROL ACT OF 1980

Mr. President, title I of this legislation is to be known as The Monetary Control Act of 1980. It makes basic changes in the Federal Reserve System. These changes have become necessary because of the increase in importance of monetary policy in recent years and the need to provide equity among depository institutions. The evolution of the banking system and financial markets has indeed been dramatic during the past 40 years. Thus fundamental reforms in the Federal Reserve System are needed if it is to be a strong central bank.

The primary responsibility of the Federal Reserve today is the conduct of monetary policy, a function that was not even envisioned in 1913 when the Congress passed the Federal Reserve Act. In fact, the most important monetary policy body with the Federal Reserve, the Federal Open Market Committee, was not created until 1933.

In 1935 the Congress broadened the monetary policy role of the Federal Reserve, and recognizing that the central bank should have the authority to set reserve requirements for all banks provided that all insured banks would have to become members of the Federal Reserve System by 1941.

Unfortunately, the law was modified in 1939 so that membership remained voluntary and not a prerequisite to deposit insurance. The key to the monetary policy issue was not, and is not now, membership—but rather the ability of the central bank to set reserve requirements for all banks. Thus, reserve requirements until now continue to apply to member banks only. That is still the situation today. This legislation, the Monetary Control Act of 1980, would recognize that for monetary policy reasons, and for equity reasons as well, reserve requirements should apply to similar deposits at all depository institutions.

The innovativeness of the financial system has developed an expanded payments system that goes far beyond that of 1913, 1935, or even 1970. Our basic money supply used to be composed of only currency and coin plus demand deposits—that is, checking accounts—at commercial banks.

In recent years our means of payments have multiplied to include negotiable order of withdrawal accounts, credit union share drafts, telephone transfer and billpayer accounts, remote service units, automatic transfer savings accounts, and others.

Just this past January the Federal Reserve announced new official definitions for the money supply to take these financial innovations into account. Growth of these new monetary aggregates form the basis for the Federal Reserve's monetary policy debate.

The Fed's plans and objectives announced to the Congress as requirements by the Full Employment and Balanced Growth Act are given in terms of growth of these monetary aggregates.

Thus, the Federal Reserve must be in a position to use its policy tools to affect the growth in the money supply components, whether they are deposits at banks, at savings and loans, at mutual savings banks, or credit unions. Reserve requirements would be extended by H.R. 4986 to transaction accounts at all of the institutions in a fair manner that I shall describe in a moment.

Mr. President, let me briefly summarize the main features of the Monetary Control Act of 1980. Following this brief run-down I shall deal with each in expanded form. The main features of the legislation are as follows:

First, the legislation will insure on a permanent basis that the Federal Reserve has the ability to control money and credit by giving the Board the authority to set reserve requirements on a universal basis for all depository institutions. Membership is not made mandatory, but reserve requirements have been extended to nonmember institutions. This will lead to better monetary control and greater competitive equity among financial institutions.

Second, since the Federal Reserve Board no longer need worry about the problem of declining membership, it will be free to make policy decisions without having to consider the implications of such decisions on membership. This is of critical importance during this present period of extraordinary economic circumstances.

Third, the reserve requirement structure will be altered to provide for a lower, more uniform and more equitable system of reserves, while at the same time providing the Federal Reserve with a large enough reserve base to provide firm control over money and credit. The new reserve requirement system will be phased-in over several years to allow a smooth adjustment to the new reserve requirements for member banks and nonmember depository institutions.

Fourth, the legislation will enhance the safety and soundness of the banking system by providing access to the Federal Reserve's discount window for nonmember depository institutions offering transaction accounts or nonpersonal time deposits.

Fifth, the legislation will improve the efficiency of the payments mechanism by requiring the Federal Reserve to establish a system of fees for its payment services. These services are now provided to member banks free of charge. In the future, access to services will be open to all depository institutions willing to pay the established fees on the same basis as members. The fee schedule and open access will increase efficiency in the clearing of payments.

Sixth, the legislation will permit the Federal Reserve to collect data on the assets and liabilities of depository institutions as may be needed to discharge its monetary policy responsibility. It is very important for the Fed to be able to accurately measure the money supply on a timely basis if it is going to be successful at controlling money and credit growth.

Seventh, many of the changes set in place by this legislation will have an effect on Federal Reserve earnings. Since most of the Fed's earnings each year are turned back to the Treasury it has been important throughout the legislative process to recognize the effect of these changes on Treasury revenues. I am pleased to say that this legislation will have little or no effect on the Treasury or the budget or the deficit.

### SUMMARY OF MAIN FEATURES

### TREASURY REVENUES

Mr. President, I think that it is of critical importance to recognize that the Monetary Control Act of 1980 had in its developing stages the potential for costing the Treasury hundreds of millions of dollars in lost revenues. The Treasury said it would not approve of any legislation to solve the membership issue costing more than $200 million per year. I personally sought a solution costing far less than that. The original legislation as opposed to H.R. 4986 would have cost far more. The conferees recognizing the inflation problems and the adverse effect that a decrease in Treasury revenue could have on efforts to balance the budget, came up with a solution that protects Treasury revenue, and may actually result in a slight increase in revenue during the next several years.

Mr. President, this legislation would affect the revenues of the Federal Reserve and ultimately the Treasury in a number of ways. Each year, the Federal Reserve System pays the net earnings from its operations to the U.S. Treasury. This is generally a substantial sum, it totaled over $7 billion in calendar year 1978. The Federal Reserve System functions as the Nation's chief money manager and because of these duties acquires and holds large amounts of financial assets, mostly U.S. Government securities. The return on this portfolio accounts for almost all the System's income. A significant portion of the System's investable funds comes from reserve deposits held by the Federal Reserve banks. The Monetary Control Act contains provisions that would change reserve levels and thus affect net earnings of the Federal Reserve System.

Currently, demand deposits and time and savings deposits at commercial banks that are members of the Federal Reserve System are subject to the Systems reserve requirements. Reserve requirement ranges are established by law for various classes of banks and types of deposits. Ranges are specified for demand deposits at reserve city banks, demand deposits at nonreserve city banks and nondemand deposits. While Congress established the ranges, actual reserve requirements are set by the Board of Governors of the Federal Reserve System. The Board also has the authority to determine what constitutes a reserve city bank.

The Monetary Control Act would change existing reserve requirements in a number of ways. These new requirements would not only apply to members of the Federal Reserve System, but to all depository institutions with reservable liabilities as defined by the bill. Two categories of deposits would be established against which reserves would be maintained. The first would be demand deposits and other transaction balances; the second would be nonpersonal time deposits. The reserve requirements for transaction accounts would be set at 3 percent for each bank's first $25 million of deposits and 12 percent for deposits above this amount. Each bank's nonpersonal time deposits would initially have reserves of 3 percent.

The act also contains provisions that would require the Federal Reserve System to charge the banking system for services now provided free, including an interest charge on float. These charges would begin to be effective 18 months after the bill's enactment.

Two types of cost estimates have been prepared for the Monetary Control Act of 1980. The first set of estimates covers fiscal years 1981 to 1985 and take into account first, deposit growth; second, the phase-in requirements of the legislation; third, an estimate of what the reserves at the Federal Reserve banks would have been had membership attrition and the old reserve requirements continued; fourth, revenue to be received from charging for Federal Reserve services and Federal Reserve float; and fifth, an offset for tax revenues to be gained on increased bank earnings.

Mr. President, I ask unanimous consent that a table showing these calculations be inserted at the end of my statement along with a detailed memorandum describing the methodology and assumptions used in preparing the estimates.

I am pleased to indicate that according to these estimates the enactment of the Monetary Control Act of 1980 would result in no revenue loss to the Treasury through fiscal year 1985. In fact, there would be small net revenue gains.

However, it must be recognized that these are estimates. They are technically the best that the Federal Reserve Board staff can produce, yet nevertheless, they are only estimates. In order to provide a check on them the Federal Reserve Board staff has also made one-time estimates based on year-end 1979 data. These estimates assume that the new reserve structure would be put in place immediately, that Federal Reserve services and float would produce $657 million in revenue, and that deposits and vault cash are as of December 31, 1979. Thus they represent a long-run or steady-stage approximation.

This set of calculations indicates that after taxes there may be some loss of revenue to the Treasury. In particular, the so-called steady-state loss is calculated to be $179 million after-tax. This cost is lower than the $200 million loss (on the same basis) that the Treasury has testified would be acceptable. Every effort has been made to minimize this cost, and the $179 million estimate is lower than most other formulation of this legislation considered in the Senate or the House of Representatives.

Mr. President, I think my colleagues should be aware that even if it should turn out that the Federal Reserve's cost estimates through 1985 are wrong, that if a revenue loss due to this legislation results the Federal Reserve has assured the committee and the Treasury that it is prepared during the transition years, that is the 8 years during which nonmember reserves would be phased in, to transfer to the Treasury part of its $1 billion surplus to cover any revenue loss.

This safety net may not be needed, but the Treasury and the budget would be protected by this transfer of funds should a revenue loss occur. It is, therefore, I think justifiable to say that the Treasury's revenues have been well-protected by this legislation. Future annual reports to the Banking Committee by the Federal Reserve on its budget will include reports on the costs involved in implementing this legislation.

### RESERVE REQUIREMENTS

The Federal Reserve's current reserve requirement structure applies only to member banks and is very complex. There are 12 different reserve requirements with different types of graduation for size and for maturity of time deposits. This structure applies a reserves ratio to demand deposits as high as 16¼ percent, and it applies reserve ratios to savings deposits, and to all time deposits.

There is a general recognition that this situation is too complex and that some of the reserve ratios are higher than they need to be for monetary control purposes. These high reserve requirements impose a significant cost burden on member banks and create competitive inequities between member banks and nonmember banks, and between members and nonbank depository institutions. Therefore, the Monetary Control Act of 1980 has been structured so as to simplify the reserve structure, to make the reserve structure more uniform, and to have it apply to all depository institutions—member banks, nonmember banks, savings and loan associations, mutual savings banks, and credit unions.

Mr. President, at this point I ask unanimous consent to have a table summarizing the old reserve requirement structure and that of the Monetary Control Act of 1980 printed in the RECORD so that I may explain more closely the new requirements.

As I mentioned, the reserve requirements will apply to all depository institutions regardless of membership status. Depository institutions are defined in the legislation as are the two major categories of deposits that will be subject to the new requirements.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

RESERVE REQUIREMENT STRUCTURE

| Type of deposit in account | Current law (member banks only) | | Monetary Control Act of 1980 (all depository institutions) | |
|---|---|---|---|---|
| | Range | Actual | Range | Actual |
| Transactions | 7–22 | [1] 7–16¼ | 8–14 | 12 |
| Savings | 3–10 | 3 | 0 | 0 |
| Consumer time | 3–10 | [2] 1–6 | 0 | 0 |
| Nonpersonal time | 3–10 | [2] 1–6 | 0–9 | 3 |

[1] Graduated, with higher requirements for successively higher deposit intervals.

[2] Depends on original maturity.

Mr. PROXMIRE. Those categories of deposits are:

First, transactions accounts which are a deposit or account on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone transfers or similar items for the purpose of making payments or transfers to third persons or others. The legislation recognizes that financial innovation may result in the development of new types of transactions and gives the Federal Reserve Board authority to determine in the future whether an account or deposit is a transaction account.

Second, nonpersonal time deposits which are either a transferable time deposit or account or a time deposit or account representing funds deposited to the credit of, or in which beneficial interest is held by a depositor who is not a natural person. This category of deposit is meant to be broad enough to encompass traditional types of deposits and also managed liability that banks tend to rely on during periods of credit restraint.

I would like to emphasize that the new reserve requirement structure in the Monetary Control Act of 1980 does not apply reserve requirements to savings deposits or to consumer type time deposits. For a long time monetary experts have said that reserves on such deposits were not needed for monetary policy purposes. This was, I believe, a recommendation made by the Committee on Money and Credit in the early 1960's, by the Hunt Commission in 1973, and the FINE study in 1976. This places commercial banks on a par with nonbank thrift institutions.

Reserve requirements against transaction accounts would be significantly reduced. The Monetary Control Act of 1980 recognizes that institutions need not hold reserves to the same extent as large institutions. The act establishes a 3-percent reserve on transaction accounts below $25 million. This should permit the smaller depository institution to satisfy their reserve requirement with vault cash. The act also indexes the $25 million figure to the growth of total transaction accounts at all depository institutions annually. Above $25 million the initial reserve requirement would be 12 percent, and in recognition of the need for flexibility, the Federal Reserve is authorized to vary this reserve ratio between 8 and 14 percent. The transaction account reserve ratio will be uniform for all such accounts at all depository institutions.

Reserves against nonpersonal time deposits will initially be set at 3 percent for all depository institutions issuing such deposits. The Federal Reserve Board may vary the requirement against nonpersonal time between 0 and 9 percent. It is contemplated that during periods of monetary and credit restraint the ratio may need to go to the top of the range, and that during periods of ease the requirement may be reduced to zero. The Federal Reserve is given flexibility to set the reserve ratio according to maturity. I would just note that the Federal Reserve in its recent action of October 6 and under the authority of Credit Control Act authorized on March 14, imposed a special marginal reserve requirement on "managed liabilities" of banks—both members and nonmembers. Both of these actions covered time deposits in denominations of $100.000 or more with original maturity of less than 1 year. The 1-year or less maturity distinction could also be used by the Federal Reserve under the Monetary Control Act of 1980.

The Monetary Control Act of 1980 also recognizes that in certain circumstances the Federal Reserve may need broader reserve requirement authority than that granted by the basic provisions of the act. Two additional reserve provisions have been included.

First, upon a finding of at least five members of the Board that extraordinary circumstances require such actions, the Board may impose reserve requirements, with respect to any liability of depository institutions, outside the limitation as to ratios and as to types of liabilities for a period of up to 180 days. An exercise of this authority would have to be explained in a report to the Congress. This authority is exactly the type of authority that the Board would be expected to need and use during periods of high inflation such as the one we are faced with today.

Second, the Board may, upon a finding of five members, impose a supplemental reserve requirement on every depository institution; of not more than 4 percent of its total transaction accounts. The use of this supplemental reserve authority is envisioned to be limited to circumstances where the basic reserve provisions would not provide a large enough reserve base for the conduct of monetary policy.

Chairman Volcker requested this special standby authority as an insurance policy or safety net would be used, in his words—

> * * * only in the event experience demonstrates the need for a larger reserve base than would be produced by other provisions of the bill.

He also stated in testimony before the Senate Banking Committee that:

> The percentage of deposits to be held as supplementary deposits probably would change infrequently, if at all, over time, if the authority were used at all.

The Federal Reserve would be authorized by this act to pay interest on the supplemental reserves at a rate no more than the rate earned on the Fed's securities portfolio. I have been opposed to the interest payment on required reserves held at the Fed, and continue to oppose interest payment on the basic reserve requirements or even those reserves that might be required in extraordinary circumstances. Interest should not in my view be paid on reserves until regulation Q is abolished and the prohibition against interest payment on demand deposits is repealed.

To assure the Congress that the supplemental reserve authority will not be used lightly strict limitations have been placed on its use. The supplemental reserve requirement may be imposed only if:

First, the sole purpose of the requirement is to increase the amount of reserves maintained to levels essential for the conduct of monetary policy. The Board would have to file a report stating the basis for the determination that the additional reserves were needed for the conduct of monetary policy, and for no other reason.

Second, the supplemental reserve requirement could not be used to reduce the cost burden resulting from the basic reserve requirements. Thus, the supplemental reserve requirement is not to be viewed as a substitute for the basic reserves, but rather as a complement to those reserves. The Board could not use the supplemental as a vehicle to pay interest on reserves; they must make the case for the supplemental and establish the need for the additional reserves for monetary control purposes.

Third, the supplemental is not to be imposed for the purpose of increasing the amount of balances held at the Federal Reserve bank needed for clearing purposes. Other sections of the Monetary Control Act of 1980 and the Federal Reserve Act permit the Board to require of any depository institutions using its clearing services a balance sufficient for clearing purposes. The supplemental reserve authority may not be used to increase the balances held at the reserve banks for clearing purposes.

Fourth, the amount of basic reserves required on the date the supplemental reserve is imposed may not be less than the amount required if the initial reserve ratios (12 percent against transactions above $25 million and 3 percent for nonpersonal time deposits) were in effect. Thus, the reserve base envisioned by the bill, which is estimated to be $15.8 billion as of September 1979 and would increase over time as deposits grow, would have to be in place before the supplemental can be imposed.

The Board would have the flexibility to set the reserve ratios above or below either initial reserve ratio as long as the combination of reserve ratios that are in effect provides a reserve base at least as large as the initial ratios. The supplemental would terminate, once it is imposed, if for a period of 90 days the basic required reserves fall below the amount that would be required if the initial ratio were in effect.

The act also extends reserve requirements to foreign branches, subsidiaries, and international banking facilities of nonmember depository institutions, but only to the same extent such reserves are required of member banks.

### TRANSITION ADJUSTMENTS

The reserve requirement system that I have just described makes significant changes from the system now in place. It would be difficult and unfair to have it effective immediately. The Monetary Control Act of 1980 has a delay until the first day of the sixth month after the date of enactment before the new requirements become effective. In addition, the changes in reserve requirements are to be phased in over several years to permit an orderly adjustment process.

For nonmember depository institutions the new reserve requirements would be phased-in over an 8-year period, one-eighth each year. There is one exception to this—that is, any category of deposits or accounts first authorized by Federal law after April 1, 1980 would not have the reserve requirement phased-in. Thus, NOW accounts, except in the eight States when they are now authorized, would be subject to full reserve requirements as of January 1, 1981.

If a nonmember institution decides that it wants to join the Federal Reserve System, or if a nonmember State bank becomes a national bank, such institution would be treated as any other member bank and would be subject to the statutory reserve requirements immediately.

For member banks the new reserve requirements would be phased-in over 4 years. This phase-in would also apply to any bank which was a member bank on July 1, 1979 and which subsequently withdraws from membership, for such a bank would under the Act be treated for reserve requirement purposes as if it were a member bank.

The act gives special consideration to nonmember depository institutions organized under State law, with the principal office located outside the continental limits of the United States. Those few institutions that qualify for this special consideration would be exempt from the reserve requirement for 6 years and after that would have the same 8-year phase-in as other nonmembers.

The reserve requirements may be satisfied through the maintenance of balances held in the Federal Reserve bank, through vault cash as permitted by the Board, or for nonmembers through the maintenance of reserve balances in a depository institution which maintains required reserve balances at a Federal Reserve bank in a Federal home loan bank, or in a national credit union administration central liquidity facility, provided such reserves of a nonmember institution are passed through to a Federal Reserve bank. The act also permits balances maintained for reserve requirement purposes to satisfy liquidity requirements that may be imposed under other provisions of Federal or State law.

### ACCESS TO THE DISCOUNT WINDOW

Under existing law access to the Federal Reserve's discount window is limited under most circumstances to members only. Since the Monetary Control Act of 1980 would extend reserve requirements to all depository institutions on the same basis, there is no reason not to open the discount window to nonmember institutions on the same terms and conditions as members. Access to the Federal Reserve discount window will serve to enhance the safety and soundness of the entire banking system. This is especially important today with the highly inflationary conditions in the economy. Access will be granted to nonmember banks, many of which are small institutions in rural areas where the credit needs of farmers are crucial. Thrift institutions will also have access to the discount window on the same basis as members. This may be important in the coming months.

The act requires the Federal Reserve to take into consideration the special needs of savings and other depository institutions for access consistent with their long-term asset portfolios and the sensitivity of such institutions to trends in the national money markets. This may require the Federal Reserve to consider new types of lending through the discount window on a somewhat longer term basis than the regular liquidity adjustment basis which is for very short time periods. However, the Monetary Control Act does not envision the Federal Reserve discount window as a permanent source of borrowing. The act leaves to the discretion of the Board the terms and conditions for access to the discount window. Access to the discount window will become effective immediately upon enactment.

### ACCESS TO FEDERAL RESERVE SERVICES

The Monetary Control Act requires the Federal Reserve to publish for public comment a set of pricing principles and a proposed schedule of fees based on those principles for Federal Reserve bank services within 6 months after the date of enactment. Those pricing principles must provide for access to those services that are priced to all nonmember depository institutions. The Federal Reserve is also required to begin to price its services within 18 months after the date of enactment.

Initially access for nonmembers will be to those services that are covered by fees, those fees are to be the same for members and nonmembers, except that nonmembers may be subject to other terms, including a requirement of balances sufficient for clearing purposes, that the Fed may determine are applicable to members. The intent is to provide access to services that are priced, as they begin to be priced.

It is not the intent of the legislation to provide access to Fed services immediately or without charge. To do so would put members at a competitive disadvantage since they are now holding reserves that are interest free, and those reserves will be gradually reduced over 4 years. Nonmember reserves will be phased in over 8 years, so the combination of that long phase-in period and the fee schedule will have to be taken into consideration. After the 8-year period there will be no differences in reserves, nor should there be differences in access to Fed services, but until then it is likely that there will be differences. The final judgment on just what those differences will be is left to the Federal Reserve Board.

### EFFICIENCY OF THE PAYMENTS MECHANISM

The Federal Reserve System provides a large amount and variety of payment services to its member banks. In recognition of the non-interest-bearing reserves held by member banks, these services have historically been provided free of charge. Also, access to services has been limited to member banks only.

One of the original purposes of the establishment of the Federal Reserve System in 1913 was the need to have an efficient, nationwide payments system—one which would provide a basic level of services to the country as a whole. The Fed has been able to establish a uniform clearing system nationwide. At the same time, especially in recent years, the private sector has established both complementary and substitute systems to the Federal Reserve.

However, it is very difficult for the private sector to fully compete with the Federal Reserve when the Fed does not charge for the service it offers.

Further, since nonmember institutions will be required to hold reserves under the act it is reasonable that they should be provided access to Fed services. The Monetary Control Act seeks to create a more efficient payments mechanism by requiring the Federal Reserve to price its services at full cost and to permit access to all depository institutions on the same basis.

It is expected that open access and pricing will provide incentives for the private sector to offer services similar to those being offered by the Federal Reserve, but the private services would have to be more efficient and less costly if those private firms are to be able to attract customers from the Fed.

The act requires the Fed to publish a fee schedule based on a set of pricing principles in the act within 6 months after the date of enactment, and to begin to implement pricing within 18 months after the date of enactment. The act enumerates the services to be covered by the fee schedules and provides that any new services would also be priced. The act does not make a determination as to the types of services the Federal Reserve should offer.

The fees are to be established on the basis of all direct and indirect costs actually incurred including overhead and an allocated or imputed cost for taxes and the rate of return on capital that would have applied if such services were provided by private business firms, except where the Board determines that it is necessary to depart from this principle in order to prevent a serious and long lasting impairment of the Nation's payments system.

One of the services that the Federal Reserve provides—Federal Reserve float—arises from the clearing of checks and other paper items. The Fed is attempting to reduce the level of float by operational means and is studying possible changes in rules for clearing that may be needed to further reduce float. The legislation would require that any float remaining after such reductions be charged for at the current rate of interest applicable in the market for Federal funds.

It is possible that once pricing and open access is fully implemented and the private sector is competing with the Federal Reserve that the volume of Federal services offered would decline. The act requires that the Board shall require reductions in the operating budget of the Federal Reserve banks commensurate with any actual or projected decline in the volume of services to be provided by the Reserve banks, and that the full amount of saving so realized be paid into the U.S. Treasury.

### COLLATERAL FOR FEDERAL RESERVE NOTES

The Federal Reserve is required by the Federal Reserve Act to maintain collateral for all Federal Reserve notes. This collateral consists of gold certificates, special drawing rights certificates, eligible paper and U.S. Government and agency securities. The last category is by far the largest. However, a portion of the Federal Reserve's securities portfolio of U.S. Government and agency securities represent purchases made with reserves deposited by member banks. Since the Monetary Control Act would release about $15 billion in reserves, a comparable amount of securities would need to be sold. This would reduce the amount of collateral available for Federal Reserve notes.

The Monetary Control Act changes the provision for collateralization of Federal Reserve notes in order to handle the problem created by the reduction in required reserves. The act eliminates the current requirement that collateral must be provided for Federal Reserve notes held in reserve bank vaults. The act also expands the types of Federal Reserve accounts that can be used to collateralize Federal Reserve notes. It also authorizes the Federal Reserve to purchase and sell obligations issued by foreign governments.

Under existing statutory authority, the Federal Reserve, in the course of its normal activities in the foreign exchange markets from time to time acquires balances in foreign currencies. Under present arrangements there is no convenient way in which foreign currency balances held by the Fed can be invested to earn interest.

The Monetary Control Act would amend section 14 of the Federal Reserve Act to provide a vehicle whereby such foreign currency holdings could be invested in obligations of foreign governments and thereby earn interest. This authority would be used only to purchase such obligations with foreign currency balances acquired by the Federal Reserve in the normal course of business.

### CURRENCY AND COIN SERVICES

The bill requires the Federal Reserve to establish and implement a schedule of fees for currency and coin services. This provision is intended to cover services such as coin wrapping, transportation and the internal operating activities associated with the provision of these services. No charges are required for services of a governmental nature, such as the disbursement and receipt of new or fit coin and currency. Although the Federal Reserve will be required to charge for its coin and currency services, this provision will not interfere with the Federal Reserve's responsibility to provide the Nation with currency and coin of a high quality nor with the Federal Reserve's ability to expand or contract the amount of currency and coin in response to the public's demand.

Title II of this legislation seeks to deregulate insured financial intermediaries so that the full competitive benefits of the free market may be made available to the consumer.

Since 1966, the Government has imposed rate controls over the amount of interest banks, savings and loan associations and mutual savings banks are permitted to pay depositors.

Interest rate controls (or regulation Q as they are known in the marketplace) under which the maximum rate of interest that can be paid on deposits by financial institutions are fixed by regulatory agencies and were enacted in their present form in 1966 as a temporary measure. Even in 1966 these controls were recognized to operate discriminatorily against the small saver. Nevertheless, controls were authorized then to forestall disintermediation from savings and loan associations to commercial banks in order to protect the viability of thrift institutions and the flow of funds to the home mortgage market.

Unfortunately, what was enacted as a temporary measure in 1966 has become a permanent feature of the financial institutions landscape. Regulation Q has been extended 11 times since 1966. By now, however, it has become abundantly clear that rate ceilings have not been effective in shielding housing during periods of tight money. Instead they discriminate against the small savers, encouraging the flow of funds to unregulated intermediaries, discourage savings and contribute to inflation.

In 1975 legislation passed the Senate which would have comprehensively updated our financial institutions. This legislation—the Financial Institutions Act of 1975—unfortunately was not considered by the House, although in 1975 the House Banking Committee published its FINE study (financial institutions and the Nation's economy) which called for a 5-year phase out of regulation Q. Again, in the last Congress, this committee reported a bill to reform our financial institutions to the Senate. The passage of time since these actions has only reinforced the demonstrable need to update our financial system.

The present structure cannot fulfill the temporary mandate given in 1966 to regulation Q to provide an even flow of funds into housing. Regulation Q addresses only fund flows between commercial banks and thrift institutions. Market forces have made this intramural war irrelevant.

Such savings alternatives such as the so-called money market funds, which are uninsured, offer the small saver a market rate of return on savings, have grown enormously, at the expense of insured financial institutions.

Market innovators such as retailers have indicated their intent to market commercial paper in small saver denominations. It is thus clear that regulation Q and its mandate of below market rates to small savers is driving money out of the financial system, out of housing, and into noninsured intermediaries. Regulation Q's original purpose, temporary as it was, has been overrun by events in the marketplace.

Regulation Q has not prevented the housing market from bearing the brunt of every period of tight money and high interest rates in the economy since 1966. As market interest rates have risen above the regulation Q ceilings, depositors have withdrawn funds out of the depository institutions and placed them in money market instruments offering market interest rates. The most recent experience is an exception only because thrifts and commercial banks alike were authorized by the regulatory authorities to offer money market certificates paying a market rate of return on deposits of $10,000 or more.

The money market certificates succeeded in preventing an outflow of funds from insured financial institutions to uninsured intermediaries. But the price of thus maintaining regulation Q includes intolerable costs. For regulation Q now sanctions blatant discrimination against the small saver to justify its continued existence. It is grossly unfair to restrict by law an institution from paying more than 5½ percent to a small saver while at the same time offering to more affluent savers a market rate of return of over 15 percent, or 10 percent higher. Small savers should not be forced by a system of Government rate controls to subsidize borrowers. Regulation Q needs to be phased out so that all savers may be treated equitably.

Regulation Q is also out of keeping with the times because it is inflationary. Because regulation Q prevents savers from earning a fair rate of return, saving has become an unrewarding economic experience. Inflation eats away at savings and erodes savings as a store of economic value. Unfairly low returns on savings discourage savings and encourage current consumption.

It should come as no surprise to anyone that if low rates of return on savings erode the value of savings as a store of value, consumers will be encouraged to spend now, not to save. This is the wrong economic policy at a time when inflation is our number one economic problem. Regulation Q fuels inflation by encouraging spending.

It therefore should come as no surprise that the United States has one of the lowest savings rates of the industrialized world. Regulation Q discourages savings and thus discourages capital formation and increases in productivity.

In 1978, the President established an "Inter-Agency Task Force on Deposit Interest Rate Controls and Housing Credit" to examine the function and effectiveness of the system of deposit interest rate controls and to recommend changes in that system if warranted.

The members of the task force were the Department of the Treasury, the Department of Housing and Urban Affairs, the Office of the Special Assistant to the President for Consumer Affairs, the Office of Management and Budget, the Council of Economic Advisors, and the White House domestic policy staff.

The participating regulatory agencies were: The Federal Reserve Board, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the National Credit Union Administration and the Comptroller of the Currency.

The task force concluded in its report to the President that:

First. Regulation Q does not prevent disintermediation and the consequent curtailment of funds for housing finance;

Second. Regulation Q is unfair to small savers; and

Third. Regulation Q is responsible for inefficiencies in the marketplace.

Following the receipt of the task force recommendations, on May 22, 1979, the President asked Congress to:

First. Phase out regulation Q during a transition period during which all deposit interest rate ceilings would be permitted to rise in an orderly manner with regulatory flexibility to delay increases if economic conditions warranted or the safety and soundness of depository institutions was threatened.

Second. Provide variable rate mortgage authority to Federal savings and loan associations to improve earnings and the ability to pay depositors market rates;

Third. Permit Federal savings and loan associations to invest in consumer loans; and

Fourth. Permit all insured depository institutions, including savings and loan associations, to offer interest bearing transaction (or checking accounts) to individuals.

The Senate Banking Committee and the Senate carefully considered the need to phase out regulation Q and the need to provide thrift institutions with the powers they need to enhance their earnings and to be competitive in a market environment in which all depositors are paid a fair rate of return so that they are not discouraged from saving their money by low rates of return which do not even come close to matching inflation.

Mr. President, as I shall discuss later on in my statement this legislation gives savings and loan associations and mutual savings banks the powers they need to compete in a market environment.

The House and Senate conferees carefully considered the need to phase out regulation Q over a time span long enough to give the thrift institutions the time they need to incorporate the new competitive powers into their product lines and short enough to hold out hope to savers that the discriminatory aspects of regulation Q would be ended soon.

The conferees agreed on a phaseout of regulation Q over a maximum of a 6-year period and provided standards for insuring that savers will be paid a market rate on their savings as soon as feasible.

Title II finds that regulation Q discourages savings, creates inequities for depositors, impedes depository institutions from competing for funds, and fails to provide an even flow of funds for home mortgage lending. Title II specifically sets forth a purpose that "all depositors, and particularly those with modest savings, are entitled to receive a market rate of return on their savings as soon as it is economically feasible for depository institutions to pay such a rate."

In order to accomplish an orderly phaseout of regulation Q in 6 years the regulation establishes a "Depository Institutions Deregulation Committee" composed of the Secretary of the Treasury, the Chairman of the Federal Reserve, the Chairman of the FDIC, the Chairman of the FHLBB, and the Chairman of the NCUA. These are voting members. In addition, the Comptroller of the Currency is a nonvoting member. Actions of the Deregulation Committee can only be taken by a majority of the voting members and authority cannot be delegated.

All existing regulation Q authority is transferred from the Federal Reserve, FDIC, and FHLBB to the Deregulation Committee. At the end of 6 years all regulation Q authority expires. During the 6-year period, the Federal Reserve, the FHLBB, and the FDIC retain no independent authority to set regulation Q rates. Each of these agencies must enforce the interest rate regulations issued by the Deregulation Committee. Thus, no single regulatory agency retains the power to frustrate the fundamental purpose of this legislation which is to allow the free market to set deposit rate ceilings.

Title II of the legislation gives the Deregulation Committee complete authority over regulation Q. The Deregulation Committee is directed to provide for the orderly phaseout and ultimate elimination of interest rate controls as rapidly as economically feasible. Due consideration shall be given to the safety and soundness of depository institutions in this regard. The Deregulation Committee is given the authority to increase or decrease or establish new categories of accounts as it sees fit to accomplish its statutory purposes. But the Deregulation Committee may not increase ceilings on accounts above market rates.

In order to assist the Deregulation Committee in phasing out regulation Q as soon as feasible, title II establishes targets for increasing rates during the 6-year phaseout period. The Deregulation Committee is required to vote, not later than 18 months after date of enactment, on whether to increase savings rates one-fourth percent and to vote not later than the end of the third, fourth, fifth, and sixth years after enactment on whether to increase all rates—including on passbook accounts and all other accounts—by one-half percent in each of those years.

It should be understood that these are targets and that the Deregulation Committee may exceed the targets in its discretion or reduce rates if economic conditions so necessitate.

But let us be crystal clear on the mandate to the Deregulation Committee. This legislation has for its purpose the orderly phaseout of regulation Q in 6 years, and the Deregulation Committee should set rates during the period with that objective in mind.

Mr. President, I cannot finish this discussion on regulation Q without emphasizing that under title II the Deregulation Committee is given the power and directed to provide equity to the small saver. That is crystal clear from the history of title II in the Senate, where title II originated, and in the legislation reported by the House and Senate conference and the joint explanatory statement of the committee of conference.

The Deregulation Committee is required to meet in public session every 3 months. I can think of no higher priority for the Deregulation Committee in their public sessions than consideration of the matter of equity to the small saver.

Mr. President, this legislation also gives all insured financial institutions the authority to offer interest bearing checking accounts. These accounts are called NOW accounts (negotiable order of withdrawal accounts) at banks and thrifts and share drafts at insured credit unions.

Title III, the Consumer Checking Account Equity Act of 1980 contains these very important consumer provisions.

Federal law now prohibits payment of interest on checking accounts. Federal law also gives commercial banks a monopoly on the checking account business. With the exception of several States which have granted thrifts checking account type powers, a consumer must give his checking business to a commercial bank. Competition will be enhanced by giving all insured depository institutions checking account powers. The consumer will benefit by a wider number of institutions competing in the market. Thrifts will benefit because home mortgage borrowers will now be able to do all of their household banking business with them, including home mortgage loans and checking accounts but also consumer loans and trust services which are provided in this legislation. These new powers should serve to make thrifts a competitive force in the marketplace.

NOW accounts and share drafts also provide the consumer with the opportunity to earn interest on money deposited in checking accounts. This should provide a competitive alternative to existing checking accounts for those individuals who keep a large interest-free balance with their bank.

Title III of the legislation also provides authority for the continuance of automatic transfer services (ATS) from savings to checking at commercial banks and for the operation of remote service units (RSU) at savings and loan associations. The Senate will recall that last year the U.S. court of appeals held that the regulatory agencies had no authority to sanction ATS, RSU, and share drafts for credit unions. This legislation provides legislative sanctions to ATS, RSU, and share draft services.

Along with these checking account powers thrifts and credit unions are given the power to offer overdraft services and credit cards to their customers. This will place thrifts and credit unions on a level playing field with commercial banks. At the same time the Deregulation Committee and NCUA are expected to provide competitive equality on ATS, NOW accounts and share drafts by providing interest rate parity on these accounts.

In order to give thrift institutions the time they need to plan for and to incorporate a new product line into their marketing strategy, this legislation authorizes nationwide NOW accounts on December 31, 1980. However, ATS, RSU and share draft authority is effective upon enactment.

The bill authorizes the Federal home loan banks and the central liquidity facility to provide collection and settlement services to their members with respect to checks and other items drawn on or issued by their members. They are also granted those incidental powers that are necessary to provide such services. This authority will allow the home loan banks and the central liquidity facility to afford accounting services to facilitate the offering of transaction accounts by their members. The home loan banks and the central liquidity facility are not, however, authorized to clear items received by thrift institutions that are not drawn on other member institutions or on institutions eligible for membership. These services are to be provided upon nondiscriminatory terms.

Mr. President, title IV augments the powers of thrift—institutions—savings and loan associations and Federal mutual savings banks—so that they may better serve the consumer and remain viable in a market environment.

Thrifts are empowered to make unsecured or secured consumer loans, hold commercial paper and corporate debt securities up to an aggregate limit of 20 percent of their assets. In addition, Federal mutual savings banks are permitted to hold up to 5 percent of their assets in commercial, corporate or business loans and to accept demand deposits in connection with a commercial corporate or business loan relationship. This demand deposit power is intended to allow Federal mutual savings banks to service all of the demand deposit needs of a borrowing business customer and is not limited to demand deposits which merely service the loan. The demand deposit power is intended to permit service to the borrower who becomes a customer because of a loan relationship.

Thrifts are also given enhanced real estate lending powers by this legislation in order that they may better serve the community. The House and Senate conferees agreed to remove the first lien restriction on residential real estate loans, expands the authority of thrifts to make construction loans, substitutes a loan-to-value ratio requirement in place of dollar limits on home mortgage loans under existing law, and removes the current geographical limitation on home mortgage loans.

Mr. President, I think it important to point out that the enhanced lending powers for thrifts go hand in hand with the phasing out of regulation Q. If thrifts are going to be required to pay a market rate to savers (and they are) and if thrifts are going to have to remain viable and competitive in a free market environment (and they are) then it follows that restrictions on the asset side of the balance sheet must be removed so that they can earn a market rate as well as to pay a market rate.

One very important component in title IV is that one which increases the Federal insurance coverage over deposits at insured depository institutions from $40,000 to $100,000 effective upon the date of enactment of the legislation. Federal insurance protection has been a bulwark of stability for depository institutions since its enception in the 1930's. An increase from $40,000 to $100,000 will not only meet inflationary needs but lend a hand to stabilizing deposit flows among depository institutions and noninsured intermediaries.

In order to augment the capital of thrift institutions the House and Senate conferees have agreed to authorize thrifts to issue mutual capital certificates. Under the terms of the legislation such mutual capital certificates shall constitute part of the net worth and general reserve of the issuing thrift and provision must be made by the FHLBB for charging losses to the mutual capital certificate, reserves and other net worth accounts. The legislation also gives the FHLBB authority to set Federal insurance reserve requirements within a flexible range of 3 to 6 percent and would allow thrifts to satisfy liquidity requirements by holding shares in funds that only invest in permissible securities (in order to provide cost savings to small thrifts).

It is my hope that these actions will forestall the drive to convert community mutual institutions to the private stock ownership form. According to a General Accounting Office legal opinion, conversion from Federal mutual to Federal stock is illegal after June 30, 1976. But the FHLBB has insisted on processing conversions after June 30, 1976, principally on the ground that capital needs at converting institutions are enhanced by conversions. The provisions of this legislation should obviate this ground for conversions.

Furthermore, the House and Senate conferees agreed on a provision which would permit State stock associations to convert to Federal charter only if the State stock institution existed in State stock form for at least the 4 years preceding the date of enactment of this legislation. Since this legislation will be enacted before June 30, 1980, the 4-year period referred to will obviously be sometime before June 30, 1976. Institutions taking State stock form after June 30, 1976, obviously are not authorized to convert to Federal stock form under this legislation.

There is one provision of this legislation which must give all of us some pause—not because of what it does but because of the direction in which it wishes to take all of us. The provision to which I refer requires the administration to conduct a study of the options available through Federal agencies to assist thrifts in time of difficulty by subsidizing portfolios of low yielding mortgage loans. We must all keep an open mind on this situation. Nevertheless what appears to be sought here in the study is for a foundation to be laid to bail out some thrift institutions. Mr. President, let us give the message loud and clear: No bailouts.

This is a free and competitive economy. There is no guarantee of survival in a free economy. Managements of institutions must so manage their affairs that they will be able to survive in good times and bad. The Federal Government cannot underwrite the profitability of all institutions. The risks are too high. Can you imagine what havoc an inept or careless management could wreak on the public interest with that kind of a guarantee. No—no bailouts. We will all have to watch this one closely.

At the same time, I believe Congress should relieve unreasonable restrictions on the earning capacity of institutions. For example, credit unions are now prohibited by Federal law from charging more than 12 percent on loans. That is patently ridiculous in this economy. Therefore, the House and Senate conferees agreed on a provision which will allow credit unions to raise their loan rates up to an annual rate of 15 percent or higher for periods of 18 months in order to allow credit unions to earn a fair rate of return and to remain viable and competitive. Agent members of the NCUA central liquidity facility too are are authorized to charge their members a fair rate on CLF borrowings.

It seems to me clear that the Government must seek ways to remove competitive restrictions, not to provide a handout to institutions which are required to operate in the market on unrealistic terms.

Title V does this by preempting various usury laws while giving each State the opportunity to reestablish its usury limitations if it desires to do so. State usury limitations on first liens on home mortgage loans and on business and agricultural loans over $25,000 have distorted the economies of several States and parts of the national economy. Mortgage money has dried up completely in some States before Congress lifted the usury limit on mortgage loans temporarily in Public Law 96-161. Not only had flows of funds for loans been disrupted but deposit flows had begun to be affected before Public Law 96-161. In such circumstances it is perfectly proper for the Congress to pass legislation in the need of the national economy while providing for the States to reassert their usury limits if they see fit to do so.

Title V preempts usury limits on first liens on residential dwellings unless a State acts within 3 years to reimpose the usury limit by specific action.

I wish to reemphasize the point made initially in the Senate Banking Committee report that in exempting mortgage loans from State usury limitations, we intend to exempt only those limitations that are included in the annual percentage rate. We do not intend to exempt limitations on prepayment charges, attorneys' fees, late charges or similar limitations designed to protect borrowers.

Title V also preempts State usury limits on business and agricultural loans over $25,000 for a period of 3 years and provides that during the 3-year period a State can reimpose its usury limit by specific action. On business and agricultural loans the limit during the preemption period is the Federal Reserve discount rate (including surcharges) plus 5 percent.

Title V also contains a provision which provides parity, or competitive equality, between national banks and State chartered depository institutions on lending limits.

Under 12 U.S.C. 85, authorized to charge 1 percent over national banks are the Federal Reserve discount rate on loans. State chartered depository institutions are given the benefits of 12 U.S.C. 85 unless a State takes specific action to deny State chartered institutions that privilege.

Manufactured home financing by eligible lenders is covered by the mortgage usury preemption, as long as such financing complies with consumer protection provisions specified in regulations of the Federal Home Loan Bank Board. It is intended that in developing these regulations the Bank Board should look for guidance to regulations, handbooks and circulars of the FHA and VA regarding mobile home lending, the provisions of the standard conventional mortgage forms of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, and the provisions of the Uniform Consumer Credit Code.

The consumer protection regulations must take effect within 120 days from the date of enactment of the act. However, we concluded that because of the emergency situation which has developed, given the sharp rise in interest rates, the preemption should take effect immediately, even prior to the consumer protection regulations taking effect. However, as a condition for qualifying for the preemption, the rule of 78 would be prohibited immediately, even prior to the issuance of regulations.

The requirement that regulations must take effect within 120 days is mandatory with respect to balloon payments, prepayment penalties, late charges, deferral fees, 30 days' notice prior to instituting any action leading to repossession or foreclosure, and the prohibition against the rule of 78. In addition, the Bank Board is given authority to include such other consumer protections as the Bank Board may prescribe after a finding that additional protections are required. While the Bank Board is not required to implement such additional protections within the 120-day period, it should, nevertheless, act expeditiously.

With respect to the 30-day notice requirement, the conference report contains an exception for the case of abandonment or other extreme circumstances. The phrase "other extreme cirsumstances" is intended to provide flexibility to the Bank Board to prescribe other conditions which might necessitate some procedure other than the 30-day notice in order to reasonably protect the lender's security while at the same time providing adequate protection to the consumer.

With respect to prepayment penalties, it should be noted that such penalties are prohibited under the Uniform Consumer Credit Code. I believe therefore that in developing these consumer protection regulations, the Bank Board should consider prohibiting such penalties completely, particularly in situations involving the sale of a manufactured home.

Title VI is the Truth in Lending Simplification Act. I have worked long and hard to make truth-in-lending work. I believe truth-in-lending can be simplified so that business is relieved of unnecessary paperwork burdens while the consumer benefits by full disclosure of all he or she wants disclosed. Mr. President, I am greatly pleased that, at long last, we are on the verge of enacting a major simplification and reform of the Truth-in-Lending Act.

All too often the Congress is criticized for a perceived reluctance to exercise its oversight power and buckle down to the essential task of making the necessary improvements and modifications to legislation we have already enacted. This measure represents an excellent rebuttal to that perception. We have shown here that we can work together to sort through the various issues and make the hard decisions necessary to refine and improve a major existing law. I believe we can be justly proud of this measure as an example of how we can make Government work better.

Enacted 12 years ago, the Truth-in-Lending Act was the first credit law passed by Congress. Today, the "annual percentage rate" disclosure required by this law is the national standard for assessing the true cost of credit. Studies by the Federal Reserve Board have documented the impressive growth in consumer interest rate awareness since the enactment of this legislation. Today, the act remains one of the Nations most important consumer protection laws.

The basic premise behind the law has always been quite simple. By requiring creditors to disclose key credit terms in advance, using uniform computations, consumers should be able to compare available credit terms and utilize credit more wisely. Equally important, credit shopping should serve to increase competition among lenders.

As successful as the act has been, there has been increasing concern that the viability of truth-in-lending as a meaningful national standard was being severely undermined by the flood of technical impediments which have been heaped upon the act by waves of regulatory interpretations and conflicting court decisions.

Over the years, we have witnessed the growth of unnecessarily complicated disclosure forms, the spawning of regulations which have made it all but impossible to fully comply with the law, large numbers of creditors left open to civil liability for a myriad of technical violations and regulatory agencies which had turned their backs on millions of dollars of overcharges by creditors caught in violation of substantive truth-in-lending requirements. These deficiencies must be corrected.

The simplification and reform of truth-in-lending, now before you, represents our best effort to overcome these problems.

This bill will greatly simplify the typical disclosure statement provided to consumers by eliminating less important information and focusing upon the key credit shopping terms. We believe these important refinements will aid consumers in better understanding the actual cost of a credit transaction. In addition, these changes should bring about a substantial reduction in unnecessary paperwork.

Another important element of this legislation is the requirement that the Federal Reserve Board issue model disclosure forms. Many smaller creditors have anxiously awaited the development of model forms which would insure creditor's compliance with the act. The Board's model forms authorized by this measure will provide that protection. In addition, tolerances for certain numerical disclosures have been added to permit minute numerical errors.

Finally, as a way of preventing a stream of administrative rulings, the bill designates October 1 of each year as the effective date of new regulations. This, it seems to me, will cut creditor costs substantially.

In the area of limiting civil penalties, the bill restricts the imposition of a minimum penalty to only violations which are central to comparing a credit transaction. This should cut down on overly technical lawsuits.

Finally, the bill strengthens administrative enforcement of the act in several ways. This is an important counterpart to the easing of civil liability. For the first time, the agencies enforcing the act (the bank regulatory agencies and the FTC) will be required to order refunds to consumers in most cases where they discover that an interest rate was understated to a consumer. This will prove a potent enforcement tool and will result in a very substantial refund to consumers.

Finally, the bill authorizes the Federal Reserve Board to undertake a pilot project to determine the feasibility of publishing "shipper's guides to credit" in major cities. These publications would list the rates charged by all lenders in that area for common types of loans. A similar project now being conducted by the State of Massachusetts is producing promising initial results.

Regrettably, the Federal regulatory agencies have done precious little to promote the public's understanding and awareness of the true cost of credit. In fact, a number of States which have recognized the need to educate their citizens about the shopping tools provided consumers by truth-in-lending have been far more aggressive and innovative than the Federal Government.

We must awaken to the fact that much more must be done in the public interest to educate our people if truth-in-lending is to achieve its full potential.

This legislation is nearly identical to the simplification and reform measure initially approved by this body in May 1978 and again in May 1979. The six amendments to the bill agreed to by the conferees will have little material impact upon the operation and application of this reform measure.

I wish to thank my colleagues on the Banking Committee for their yeoman efforts in developing this legislation. In particular, I would like to commend the distinguished Senator from Michigan (Mr. RIEGLE) who presided over the subcommittee during most of the hearings on this bill. I would also like to personally thank the distinguished Senator from Utah (Mr. GARN) who has worked so hard and contributed so much to this legislation.

The truly consensus bill before you will serve to make an already effective consumer protection law in this critical area of consumer credit even more effective and less burdensome. I believe it is deserving of your support.

The various amendments in title VII are designed to update the national banking laws in several respects. Among other matters the Comptroller of the Currency is given rulemaking authority "to carry out the responsibilities of the office" except that this rulemaking power does not apply to the McFadden Act or to the Glass-Stegall Act. Since the rulemaking authority is only available to carry out the responsibilities of the office it carries with it no new authority to confer on national banks powers which they do not have under existing substantive law. To give national banks authority under this rulemaking provision which they otherwise do not possess under existing substantive law would not be carrying out the responsibilities of the Comptroller since only Congress can define those responsibilities so as to confer powers on national banks.

The provisions of title VII will permit banks to invest up to 10 percent of its capital in so-called banker's banks; and provide greater flexibility concerning the financing of one-bank holding companies. Title VII also prohibits, until October 1, 1981, the establishment, acquisition, and operation of a trust company across State lines.

Mr. President, I hope that someday we will be able to look back upon enactment of this legislation and find to our satisfaction that title VIII, the Regulation Simplification Act has proven to be a real benefit to sane regulation. One of the complaints I hear all too often from bankers is that they are being swamped by paper. I think their complaints are justified. How many times has Congress passed a short and simple provision of law only to find that the regulations are needlessly lengthy or worse yet, unintelligible. Title VIII requires regulations to be reviewed and revised to minimize paperwork and other burdens, eliminate duplication, and be written in clear and understandable English.

Finally, Mr. President, title IX of this legislation places a moratorium on foreign acquisitions of U.S. banks until July 1, 1980. This period will allow the Congress to reflect on the fact that increasingly our banks are coming under the domination of foreign persons.

In the 1970's foreign ownership of U.S. banks exploded to where now foreign ownership constitutes close to 15 percent of the U.S. banking system. In some areas, foreign banks control upwards of 30 to 40 percent of the loan business.

Foreign banks are welcome here. They potentially can increase competition. But lately foreign banks have not entered the United States by establishing de novo offices. Foreign interests now seek to purchase large established U.S. banks. Among others, this is so because the dollar is depressed as against other currencies.

Large foreign banks pose a threat to competition both in domestic markets and in world markets.

We need to ask ourselves the most serious question of whether it is desirable to have an increasing portion of our banking system coming under foreign denomination.

Will foreign interests prefer their own companies over domestic companies when credit is scarce?

Will foreign interests have the same local orientation and sense of community that our banking system has traditionally enjoyed?

Do foreign interests invest new capital in U.S. banks and are they bringing new money into the United States and if so how much?

What are the implications for a stable domestic economy and for monetary policy if our banking system comes under the control of foreign interests?

Why is it that in virtually every country in the world U.S. banks are restricted from acquiring large banks when our domestic market has been so open to foreign investment?

What are the implications for our domestic economy if a large sector of the banking system came under the control of foreigners in a country in which the government changed hands and became controlled by hostile elements?

These are some of the serious questions that must be studied between now and July 1, 1980. I sincerely hope that the time is not too short to resolve these questions. The GAO is in the process of doing a study on foreign takeovers of U.S. banks and I intend to ask the Federal Reserve to conduct a comprehensive study coordinating with other Government agencies such as the Comptroller, the FDIC and the Treasury. I can assure the Senate that such a study will receive the most thorough review in the Senate Banking Committee.

Mr. President, the legislation I have described is truly historic. It has for its purpose the updating of our financial system to better serve the public interest. Those of us who have worked directly on the legislation can assure the Senate that the steps taken in the legislation have the support of all of the diverse and important elements comprising the insured depository financial community and the support of the regulatory agencies responsible for the safety and soundness of these institutions. For myself, I believe that these are the steps that need to be taken now.

Inflation is our worst economic problem. Our savings and capital formation rate is the worst in the world among advanced industrial economies. This legislation is one significant step that we can take now to begin to find solutions to the problems we face.

Mr. President, there are certain tables and appendices which I have attached and which do explain in considerable detail this legislation, which is vital for its appropriate interpretation in the courts and elsewhere. I ask unanimous consent that they be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RESERVES AT FED AND CHANGES IN TREASURY REVENUE UNDER H.R. 4986, (BASE: DECEMBER 1978)

[In millions of dollars, fiscal years]

| | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|---|
| Attrition adjusted res at Fed old res structure | 27,196 | 27,078 | 27,165 | 27,369 | 27,742 |
| Member bank res at Fed new structure | 21,492 | 17,969 | 14,483 | 12,664 | 12,729 |
| Other institutions res at Fed new structure | 1,031 | 1,702 | 2,316 | 2,888 | 3,523 |
| Total reserves at Fed under new structure | 22,524 | 19,672 | 16,799 | 15,552 | 16,252 |
| Reserves released | 4,672 | 7,407 | 10,366 | 11,817 | 11,490 |
| Federal Reserve earnings loss from res released | −397 | −630 | −881 | −1,004 | −977 |
| Interest on reserves (−) | 0 | 0 | 0 | 0 | 0 |

| | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|---|
| Revenues from charging for Fed services (+) | 194 | 394 | 546 | 608 | 644 |
| Revenues from charging for Fed float (+) | 270 | 376 | 399 | 423 | 448 |
| Total change in gross Treasury revenues | 67 | 141 | 64 | 26 | 116 |
| Offset for tax revenues on increased bank earnings | −19 | −47 | −23 | −12 | −48 |
| Total change in net Treasury revenues | 48 | 94 | 41 | 15 | 68 |
| Memo: Net Trea rev loss avoided by halting attrition | 133 | 198 | 249 | 295 | 339 |

Note: The figures shown, in particular those for nonpersonal time deposits, are based on survey data and are necessarily imprecise estimates.

### FEDERAL RESERVE STAFF MEMORANDUM ON FIVE-YEAR COST PROJECTIONS FOR MONETARY IMPROVEMENT LEGISLATION

This paper describes the current set of assumptions used in preparing 1980–85 cost projections of alternative legislative proposals for monetary improvement. The resulting projections are shown on the attached tables.

1. *Deposit Coverage and Growth*. Transactions accounts at commercial banks are projected by assuming that the growth of net demand deposits prevailing in the 1973–78 (historical) period continued throughout the 1980–85 projection period. Congressional authorization of nationwide NOW accounts and ATS and share drafts is assumed to be enacted this spring.

In general accord with the New England NOW experience, it is assumed that forty percent of household demand deposits will transfer to NOW and ATS accounts at commercial banks by 1985. These balances, held by individuals for transactions purposes, are assumed to account for seventy percent of all NOW and ATS accounts at commercial banks and thrift institutions. Thirty percent of all NOW and ATS balances represent transfers from savings accounts; ten percent of these balances come from commercial bank savings accounts and twenty percent are from thrift institutions savings. Overall, eighty percent of NOW and ATS balances come from and remain in commercial banks while twenty percent come from and remain in thrift institutions. Market shares for total deposits are assumed to be unaffected by nationwide NOWs, an assumption consistent with the New England NOW account experience. Total NOW and ATS accounts in 1985 are estimated to be $88.2 billion, with $70.6 billion at commercial banks and $17.6 billion at thrift institutions.

Based upon the above assumptions, the NOW and ATS calculations were as follows: First, it is estimated that in the absence of NOWs, household demand deposits would have grown at their historical rate of 6.8 percent annually from the 1978 year-end base level of $97.4 billion to total $154.4 billion at the end of 1985. Forty percent of this amount ($61.8 billion) is assumed to transfer to NOW and ATS accounts at commercial banks, reducing household demand deposits.

The $61.8 billion figure represents seventy percent of all NOW and ATS accounts at all institutions. Of the remaining thirty percent ($26.4 billion), one-third of $8.8 billion transfers from commercial bank savings accounts while two-thirds or $17.6 billion transfers from thrift institution savings.[1] Correspondingly, total commercial bank demand deposits in 1985 are reduced by $61.8 billion from what they would otherwise be, and commercial bank savings deposits are reduced by $8.8 billion. The effect is to reduce the projected annual growth of total net demand deposits at commercial banks from 3.80 percent to .286 percent annually, once NOWs and ATS accounts are removed. The growth rate of all other comercial bank deposits, which includes savings deposits, is decreased from 10.4 percent to 10.3 percent annually for the same reason. All transactions accounts at commercial banks, the sum of net demand deposits, NOWs, and ATS grow at a 3.43 percent annual rate. The average growth rate of bank vault cash is projected to be 7.7 percent annually during the period.

Twenty percent of all NOW and ATS balances in 1985 ($17.6 billion) were assumed to be held at thrift institutions. This would represent a conversion of 7.85 percent of thrift institution savings balances to NOW accounts by 1985. It is assumed that this conversion to transaction balances is the same for mutual savings banks and savings and loan associations. At mutual savings banks, this conversion to NOW accounts increases the growth rate of time and savings deposits at MSBs from 7.93 percent to 11.22 percent. The increase occurs because time accounts, growing at 18.15 percent annually, are given a greater weight in the composite time and savings growth rate than if NOWs did not reduce savings deposits. Transactions accounts at MSBs, which are primarily NOW accounts, are projected to grow at 27.71 percent annually. With the extension of NOW accounts nationwide, savings and loan associations convert 7.85 percent of their savings deposits to NOW accounts by 1985 and thereby increase the growth of their non-transactions deposits from 13.68 percent to 14.41 percent annually.

Those banks and thrift institutions which currently do not have NOW or ATS accounts but are expected to have these accounts by 1985 (with the extension of NOW accounts nationwide), required special treatment.[2] For these institutions the annual percent rate of growth of (new) NOW and ATS balances is not a constant; the growth rate increases annually in the early years after nationwide NOW accounts are permitted, reaches a maximum rate of growth by 1981, and declines annually thereafter (always remaining positive).[3]

Total nonpersonal time deposits were estimated for commercial banks by adjusting total time deposits as follows: First, three percent of total time deposits in each year were assumed to be the government component of time deposits. The remaining time deposits, 97 percent of the total, are owned by individuals, partnerships, and corporations (the IPC component). Second, it was assumed that 75 percent of all large denomination IPC time deposits (deposits of $100 thousand or more) were owned by partnerships or corporations and therefore, along with government deposits, are reservable as nonpersonal time deposits. For small denomination IPC time deposits (deposits less than $100 thousand) the nonpersonal component was assumed to be ten percent. These nonpersonal government and IPC time deposit percentages were obtained from an earlier survey of time deposit ownership at commercial banks and were applied to the total time deposit estimates for 1980–85.

While survey data exist for commercial banks, it was necessary to rely upon expert opinion for estimates of nonpersonal time deposits at thrift institutions. For savings and loan institutions it was assumed that 92 percent of large denomination time deposits over 1980–85 were nonpersonal but that no small denomination time deposits were nonpersonal. The ninety-two percent figure is four percentage points above the commercial bank ratio of nonpersonal time deposits to large denomination time deposits.

Mutual savings banks in New York State, by regulation, have no time deposits from profit-making businesses and were assumed to have no nonpersonal time accounts. For all other MSBs, it was estimated that nonpersonal time deposits were $2.9 billion in 1979, or 10.2 percent of total time deposits at non-New York State MSBs. This percentage was applied to each MSB outside of New York State over 1980–85 to obtain estimates of non-personal time deposits at these institutions.

All deposit growth and reserve requirement calculations were performed on an individual institution basis, for reasons discussed below. The growth rate figures shown here are therefore weighted averages of these individual deposit growth calculations.

Although several of the plans would apply reserve requirements to share draft accounts at credit unions, data on credit union deposits are too incomplete to be used in analyzing the effects of the legislation. Therefore, credit unions are omitted from the calculations, and cost to the Treasury of all of the plans may be slightly overestimated. Most, but not all, of credit union reserve requirements would be offset by their holdings of vault cash and thus would have little effect on Treasury revenues.

2. *The Baseline.* To project the cost of a given legislative proposal, reserves held under that plan must be compared to the "baseline" level of reserves that would be held in the absence of any action to halt attrition of member banks from the Federal Reserve. In calculating the baseline, 1977 reserve requirement ratios were applied to deposit projections obtained by applying growth rates calculated as described above to base data for December 1978. Projected vault cash for each institution was then deducted from the projected required reserves giving reserves held at the Federal Reserve. Total reserves for all member banks were then adjusted for attrition.

In the absence of legislative action, attrition was assumed to follow the pattern shown in Table 1. The pattern is based on historical data through 1979. Thereafter, for 1980, it is assumed that failure to enact legislation in 1980 prompts withdrawal of those member banks that delayed action in earlier years because legislation was pending. After 1980, attrition is assumed to exceed recent history because of continued high interest rates which raise the burden of continued membership. Attrition is assumed to stop around 1985, when most banks with deposits less than $1 billion are assumed to have already withdrawn. Attrition among the largest member banks is assumed to be low.

TABLE 1.—*Year-end coverage of commercial bank deposits by Federal Reserve requirements*

| | |
|---|---|
| 1978 | 71.8 |
| 1979 | 69.8 |
| 1980 | 66.0 |
| 1981 | 64.0 |
| 1982 | 62.0 |
| 1983 | 60.0 |
| 1984 | 58.5 |
| 1985 | 57.0 |
| 1986 | 57.0 |

(Excludes U.S. branches and agencies of foreign banks.)

3. *Adjustments for Calendar and Fiscal Years.* Reserves for both the baseline and the alternative plans are calculated based on December, 1978 data and produce December estimates for subsequent years. The calendar-year estimate of reserves is the simple average of the December figure for that year and the previous year. The estimate for each fiscal year is determined by taking the sum of one-fourth of the calendar year figure for the preceding year and three-fourths of the calendar year figure for the current year, e.g., reserves in fiscal 1980 is the sum of one-fourth of the reserves in calendar 1979 plus three-fourths of the reserve estimate for calendar 1980. Identical procedures are applied below to obtain all other fiscal-year estimates such as revenue from service charges and float.

4. *Reserves Under the Proposals.* Reserves held by all institutions covered under each of the legislative proposals are calculated by applying the reserve requirements structure under each plan to projected deposits for each year. The resulting required reserve figure is reduced by the projected vault cash held by each bank, giving the amount of reserve balances at the Fed implied by each legislative proposal. Since most plans currently allow for certain amounts of deposits to be excluded from reserve requirements[4] and because institutions of the same size often hold different proportions of vault cash, accurate results require that these calculations be applied to each institution separately, rather than applied to aggregate deposits at different classes of institutions covered by the proposed legislation.

Each plan was assumed to halt attrition during 1980, because knowing that significant reductions in the burden of membership or universal reserve requirements would be implemented soon, member banks would be unlikely to withdraw. Adjustment was made for attrition already experienced in the early months of 1980. The member bank share of total bank deposits was assumed to decline to 69 percent before attrition stopped.

5. *Phase-In of New Reserve Requirements.* The reduction in reserve requirements on member banks implied by each plan were fully phased-in four years after date of enactment, June 1980. Fifteen percent of the reduction is assumed to occur in 1980, 25 percent in each of 1981, 1982, and 1983, and the remaining 10 percent in 1984. Reserve requirement reductions thus do not become 100 percent effective until 1984.

The imposition of reserve requirements on institutions not previously having such requirements would be phased-in over a 10-year period under H.R. 7, 10 percent of the increase occurring in each year, so that 60 percent of the increase is effective by 1985. Under other plans the imposition of reserve requirements is phased-in using the same four-year progression used for the reduction in member bank reserve requirements in the previous paragraph.

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[1] For simplicity it is assumed that all transfers to NOW and ATS accounts occur from balances already held at the bank receiving the NOW/ATS balance.

[2] If these accounts, which effectively start from a zero base, were treated using the same constant annual growth rate assumptions as above, more than 80 percent of the dollar value of new NOWs or ATS balances at these institutions would occur in the last year (1985). This would be very unrealistic and an alternative procedure was devised.

[3] Most real world phenomena exhibit growth along such a "logistic curve" as they are introduced, spread, and attain maturity. This sequence is followed here for institutions which did not have NOW or ATS balances as of December, 1978.

[4] Three plans (revised and modified S. 85 and S. 353) stipulate an exemption and leave it fixed over time. Two other plans (H.R. 7 and the Stanton version of H.R. 7) require the exemption applied to transaction balances to grow by 80 percent and 100 percent, respectively, of the growth rate of transaction balances. The plan adopted by the House-Senate Conference has a zero exemption but indexes the deposit level at which higher reserve requirements would apply at 80 percent of the growth in transactions deposits.

Under the plan adopted by the House-Senate Conference, reserve requirement reductions are phased-in over four years (as above) and reserve requirement increases over eight years (12.5 percent a year). There are two exceptions to this phasing, however. First, banks which withdrew from Federal Reserve membership after July 1, 1979 would not have any phase-in and would be required to hold the full amount of required reserves when the legislation becomes effective.[5] Second, those banks and thrift institutions which do not now have any NOW or ATS balances would have no phasing of reserve requirements on any NOW or ATS balances they may hold in the future; the *full* reserve requirement would apply immediately to the NOW and ATS balances only at these institutions. This difference in phasing treatment between NOW accounts and demand deposits can affect the reserve requirement calculation, depending upon whether NOWs and ATS or demand deposits are reserved at the (lower) rate which applies to the first $25 million in transactions balances. Therefore, reserve requirements against NOW and ATS balances at these institutions always were calculated prior to determining the reserve requirements which applied to demand deposits.

6. *Pricing of Federal Reserve Services and Float*. Like the phase-in for reserve requirements for nonmember institutions, the phase-in for pricing of Federal Reserve services also differs according to the plan being considered. Under revised S. 85, pricing for services would not start until 1981, at which time only 10 percent of the total potential revenue would be raised. Under all other plans, however, pricing would start in 1981, raise 50 percent of total potential service revenues in that year, raise 80 percent in 1982, and 100 percent in 1983 and thereafter.

Like pricing for Federal Reserve services, pricing for float would begin in 1981. There would be no phase-in; all float would be priced in 1981. Float is expected to be reduced to $4 billion by December 1980 as a result of efforts currently underway to reduce float from its present level.

Revenues from pricing, neglecting the phase-in, were assumed to grow by 6 percent annually. This growth rate is the net result of inflation, which raises the annual cost of providing the priced services, and the expected drop-off in total check volume (a negative growth rate). It is expected that check volume will fall when this important service, accounting for over 60 percent of total potential service revenues, is priced. Float is assumed to grow at 6 percent annually after 1980.

The interest rate used to determine the revenues raised by pricing float is the same as that earned on the System's portfolio in 1979, 8.5 percent. This interest rate is kept constant, reflecting long-run (versus short-run) rates of return on the portfolio. When interest is paid on reserves, as under S. 353, this same interest rate (less ½ of 1 percent) is the rate assumed to be paid.

7. *Offset for Tax Revenues*. The gross cost of each legislative proposal is the sum of: (1) the gross cost of the reduction in reserve requirements on member banks; (2) gross revenues from new reserve requirements on nonmember institutions; (3) gross revenues from pricing Federal Reserve services; and (4) gross revenues from pricing float. All these gross cost/revenue effects have a partially offsetting tax effect which is opposite in sign to the gross cost/revenue change which occurs under a given plan. If the overall impact of one plan is to reduce gross Treasury revenues by some amount, that amount is itself reduced to some extent by the extra taxes raised on increased bank earnings, dividends, capital gains, etc. and vice versa for any plan which on balance increases gross Treasury revenues.

The marginal federal income tax rates used to compute the offsetting tax effect, giving the net Treasury revenues or costs of a specific plan, were as follows. Thirty-five percent of any year's gross Treasury revenue decrease was assumed to return to the Treasury through increased tax revenues in the calendar year when the change occurred. This was done for each year over 1981–85. In addition, for each of the subsequent four years an additional 2.5 percent of that initial year's gross Treasury revenue change is returned through lagged tax effects. In this manner, the tax rate in effect rises from the 35 percent initial rate up to a maximum rate of 45 percent.

8. *Memo Item: Net Treasury Revenue Loss Avoided by Halting Attrition*. The baseline, to which each legislative plan is compared, represents the level of reserves that would be held in the absence of any action to halt attrition. Consequently, the passage of legislation which halts attrition will halt the forecasted reduction in reserves and limit the Treasury revenue loss which would have otherwise occurred. The amount of Treasury revenue saved by halting attrition is determined by applying the rate of return on the System's portfolio in 1979 (8.5 percent) to the amount of reserves which are saved by halting attrition. The Treasury revenue thus saved represents the continued cost of membership by banks who without the passage of legislation would have left the Federal Reserve, enjoyed higher earnings, and incurred greater taxes. Thus, any loss in gross Treasury revenues avoided by halting attrition also has an offsetting tax effect, as described in the previous section.

Mr. PROXMIRE. Mr. President, I yield the floor.

Mr. GARN. Mr. President, as a member of the conference committee on H.R. 4986, I wish to indicate my support of the bill agreed to by the conferees and encourage my colleagues to approve the conference report.

In my opinion, the bill will provide tangible benefits to consumers, through higher deposit interest rates, the issuance of NOW and other interest bearing transaction accounts, increased deposit insurance, and simplified and more understandable truth-in-lending disclosures. In addition, the financial system will be strengthened by allowing savings and loan associations to offer a wider range of consumer financial services—without altering the basic home financing function of associations—permitting all financial institutions more flexibility in setting interest rates on loans, and eliminating civil money penalties for technical violations of the Truth in Lending Act.

H.R. 4986 and its predecessor bills have been under consideration for several years. During the past year, as interest rates have gone up and the variety of financial products offered by nondepository organizations has grown, the need to end unnecessary restrictions on the types and extent of services offered by depository institutions has become readily apparent. That present statutes needed revision is also obvious from the Federal court of appeals decision issued last April prohibiting share draft accounts, automatic transfer services, and remote service units. Having served on the Banking Committee for 5 years and recognizing the need to alter present financial institution statutes, I have supported comprehensive banking legislation, exemplified by H.R. 4986, in the Senate Banking Committee, on the Senate floor, and in the Senate-House conference committee.

While I believe that the bill will provide tangible benefits to persons involved in or affected by our financial system, I do have reservations about title I of the bill, which establishes mandatory reserve requirements for all depository institutions. Universal reserves represent a departure from the voluntary reserve system in operation since the establishment of the Federal Reserve in 1913. The voluntary reserve system has served to preserve the voluntary nature of Federal Reserve membership and the strength of our dual banking system. By requiring all institutions to hold reserves at the Federal Reserve banks raises the possibility that many banks which are not presently members of the Federal Reserve System will feel compelled to become members.

Instead of mandatory reserve requirements, I would have preferred to have included Senator TOWER's voluntary membership proposal, S. 353, in H.R. 4986. I believe S. 353 is a much better solution to the Fed's membership and monetary policy problems not only because it would have a minimal effect on the dual banking system, but also because it would provide the Fed with more than the $20 billion of reserves that the Fed has claimed are necessary for the successful implementation of monetary policy. Under the initial reserve requirements of H.R. 4986, the Fed will have approximately $15 billion in reserves. To achieve the $20 billion figure under H.R. 4986, the Fed will have to impose the supplementary reserve requirements authorized by the bill.

Although my support of the reserve requirement provisions of H.R. 4986 is provided with a great deal of reluctance, and only because I want to see the entire bill enacted, I do realize that such provisions include some of the positive features of the Tower bill. For example, interest would be paid on supplemental reserve balances and vault cash may be used to satisfy the initial reserve requirements. Thus, while I am philosophically opposed to mandatory reserve requirements, I wish to note that title I of H.R. 4986 does contain provisions which will lessen the adverse effects of such requirements.

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[5] As noted earlier, the passage of legislation is assumed to stop attrition during 1980 and hold the member bank share of total commercial bank deposits at 69 percent. In July of 1979, this coverage ratio was 71 percent. Thus banks which withdraw from Federal Reserave membership from July 1, 1979 to the time that legislation is passed in 1980 account for 2 percentage points of total bank deposits, or 7 percent of nonmember deposits in 1980. Thus 7 percent of nonmember bank deposits are immediately subject to the new reserve requirements while 93 percent are phased-in over eight years.

One title of H.R. 4986 that I have no hesitation in supporting is the title containing provisions simplifying the Truth in Lending Act. I first introduced a truth-in-lending simplification bill with Senator TOWER shortly after I came to the Senate. While the act could still be substantially simplified and disclosures further reduced, H.R. 4986 is a major step toward providing consumers with understandable credit cost disclosures.

The truth-in-lending title eliminates unnecessary disclosures which have served to detract from the key credit cost disclosures that are so helpful to consumers in shopping for credit. It also provides for model forms which will be beneficial to consumers and creditors alike in highlighting the important credit data. Statutory penalties will now only attach to material disclosures and, therefore, the tremendous cost which has resulted from the thousands of technical lawsuits will be alleviated. Finally, there are reasonable provisions for reimbursing consumers for violations of the act which will compensate consumers who have relied upon erroneous annual percentage rate and finance charge disclosures.

I want to commend the Senate and particularly the Banking Committee and Senator PROXMIRE for working so long and hard on truth-in-lending simplification. I also believe special recognition should be given to Congressmen ANNUNZIO and WYLIE for leading this effort in the House. The length of time we have been working on truth in lending is evidenced by the number of staff people who I would like to thank for assisting me over the years: Pat Abshire, Phil Sampson, Beth Climo, and finally Dan Wall who helped first on my personal staff and then through his position as minority staff director to the committee. I would also like to take this opportunity to express my appreciation to Tommy Brooks, John Collins, Tony Cluffs, and again, Dan Wall for the fine support they have given me on all of the issues addressed in H.R. 4986.

Mr. President, I want to emphasize the importance of this particular piece of legislation.

When I first came to the Senate in 1975 and became exposed to Banking Committee legislation, I was impressed with the fact that we were dealing with it piecemeal, always attacking a particular problem, but so often we did not know what the side effects of that particular amendment or bill were.

Therefore, I think we continued to compound the problems of the financial institutions of this country.

Regulation Q extensions always became Christmas trees for adding other legislation that often was undesirable and simply would not have been passed if it had not been included on a regulation Q extension.

I guess I was naive in my first year in the Senate when we passed the Financial Institutions Act in the fall of 1975. I think we have done it in 1 year, but it never came up before the House. We never got to a conference. Each year thereafter, the Senate has attempted to do something in comprehensive financial reform legislation and failed because of not being able to get together with the House.

This is particularly true on the truth-in-lending simplification.

On what we have achieved, although not nearly as far as I would like to go, I believe the amendments I offered and fought for over the years could not have been passed without the help of Senator PROXMIRE and the other conferees. That was an issue we were in sharp dispute on with the House of Representatives, and had my colleagues on the Senate side not unanimously backed me with Senator PROXMIRE's leadership, we certainly would not have been able to achieve what I consider some major beneficial changes in the restitution sections of the truth in lending and also in the disclosures, so that the Federal Reserve will be able to print model forms and eliminate the civil liabilities penalties for technical violations.

I very much enjoyed my work, particularly the last year, as ranking minority member of the Banking Committee with Chairman PROXMIRE.

A lot of people would not believe this, but we agree a great deal more than we disagree. Because we have some sharp disputes on certain issues, I guess the image is built that we are constantly fighting. But if we added all the pluses and the minuses, it would surprise a lot of people to find that on most issues we probably agree 75 to 80 percent of the time.

I wish to extend my compliments to him for his help, particularly on the truth-in-lending simplification, on which I spent 5 years of work. I was beginning to wonder if we would ever see any benefits from that work.

So I do believe it is a bill that is worth passing, although if I could have written it differently, I am sure I would have. I am sure the chairman feels that way, and other members of the committee. But at least it is a big start.

I expect as we progress and see it implemented, we will probably see that necessary changes will be made in the future.

Mr. THURMOND. Mr. President, I rise in support of the conference report on H.R. 4986. Although I had reservations about this legislation when the Senate considered it last fall and voted against it, I have decided that the conference modifications represent a reasonable way to deregulate the financial industry in this country.

In recent days, I have discussed the latest version of this legislation with representatives of various segments of the financial sector, including persons associated with financial institutions in South Carolina. They are virtually unanimous in their feeling that the conference version is a reasonable compromise. I still have some concerns that this bill goes further than necessary in obliterating some of the characteristic differences among the types of financial institutions—differences that have heretofore existed because of the particular types of customers which the institutions specialize in serving. However, I certainly recognize that the financial industry needs to change with the times and am hopeful that this legislation now represents the right kind of comprehensive framework for the future of the industry and the millions of people it serves.

Mr. President, there is another important reason for my support of H.R. 4986. Unless we act favorably on this legislation, the authority for share draft accounts in Federal credit unions, NOW accounts, and other popular and convenient fund transfer services will expire at the end of this month. Share drafts are valuable services for credit union members, and prompt enactment of this bill will insure that these accounts will remain available.

Mr. PROXMIRE. Mr. President, before yielding to the distinguished Senator from Iowa, I say to my good friend from Utah what a great pleasure it is to work with him as the ranking member of the Banking Committee.

The fact is that he deserves the lion's share of credit on the truth-in-lending provision as well as many other sections in the bill.

But as to truth in lending, I was the author in 1968. I had the concept that it would be a very simple measure to provide. The consumer would be told the true annual rate and the finance charge and he would know what he was doing. He would have a very simple statement, real competition in borrowing, and I thought it would be a great advance.

Unfortunately, regulations complicated it. The Senator from Utah felt my indignation, because it hurt lenders and borrowers both. It did not do the job, and he persisted very vigorously.

As a result, we have a truth-in-lending bill that will provide for much simpler disclosure and eliminate a section of the bill which primarily was a method for lawyers to make a living at nitpicking.

Mr. President, I am happy to yield to my good friend from Iowa.

Mr. CULVER. I thank the distinguished floor manager very much for yielding to me.

I should like to address a question to the distinguished floor manager of the bill concerning the usury preemption provisions of H.R. 4986.

As the Senator from Wisconsin knows from our previous correspondence on this issue, a number of Iowa bankers have contacted my office seeking a clarification of those provisions as they apply to business and agricultural loans in excess of $25,000. Specifically, they note that the statutory language does not make clear whether interest rates higher than State usury limits can be charged only on individual loans over $25,000 or whether they are permitted when several loans to a single customer aggregate more than $25,000. The latter situation is a fairly common one in my State so the absence of clear guidance is a cause for concern and confusion there.

The Senator from Wisconsin has been good enough to write to me his judgment that use of the aggregate standard would be consistent with the intent and language of H.R. 4986. Can we make that understanding part of the discussion record on H.R. 4986 today?

Mr. PROXMIRE. I will be happy to do that.

The Senator from Iowa is correct. It would appear consistent with the statutory language if separate loans aggregating more than $25,000 which are the functional equivalent of an individual loan were deemed covered by the provisions.

Mr. CULVER. I thank the Senator very much for that clarification.

Mr. PROXMIRE. Let me add one note. Any lender or borrower should consult his own attorney for an opinion on the legality under applicable laws of any specific factual situation because of penalties which may be involved under State law.

Mr. CULVER. I appreciate the Senator's assistance.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

(Mr. PROXMIRE assumed the chair.)

Mr. PRYOR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRYOR. Mr. President, I take just a moment to express my very sincere thanks to the distinguished chairman of the Committee on Banking, Housing, and Urban Affairs, the Senator from Wisconsin (Mr. PROXMIRE), and the ranking minority member of that committee, the Senator from Utah (Mr. GARN).

On more than one occasion, I have come to these two very distinguished Senators and very close friends and asked for specific help for a State that has a 10-percent usury law which was placed in our 1874 Constitution. On more than one occasion during the last 12 or 14 months, these two distinguished Senators have come to the assistance of our State and other States which find themselves in a similar position.

I did not want this opportunity to go by this afternoon without expressing my sincere thanks as well as those of my colleague, Senator BUMPERS, and the other Senators who have come to their doorstep and laid their problems at their doorstep. Each time we have done so, we have been met with graciousness, understanding, and cooperation. I and other Senators in similar circumstances deeply appreciate the courtesies that have been extended to us by the Senator from Wisconsin and the Senator from Utah.

This legislation, as we all know, is far reaching. We hope that all the provisions will be digested thoroughly by the financial community of our country. It is, without question, one of the most far-reaching pieces of legislation, and it is a piece of legislative craftsmanship that will inure to the benefit of all States.

Mr. GARN. Mr. President, I thank the distinguished Senator from Arkansas for his kind remarks.

Whether or not friendship is involved, the Senator from Arkansas had an extremely serious problem that affected many people in his State, and it was easy to try to help because the need was serious.

I thank the Senator for his remarks.

(Mr. PRYOR assumed the chair.)

Mr. BAYH. Mr. President, I compliment the distinguished chairman of the Banking Committee in his management of these complex issues. I know the conference report before us represents an indescribable amount of work by the chairman, committee members, and staff.

I would like to ask the chairman a few questions regarding membership in the Federal Reserve System. The bill as written states that any depository institution which was a member of the Federal Reserve System on July 1, 1979, and withdrew from the Federal Reserve System after July 1, 1979, but prior to the enactment of this bill, would be treated as if it were a member of the Federal Reserve System for reserve purposes when this bill is enacted.

The language here is not clear to me and there are a small number of financial institutions which may be unduly penalized if restrictive interpretations are applied to this language, especially in light of recent interest rate moves. My office informs me that there are somewhere between 17 and 20 banks which would be singled out and treated differently than the other 14,000 banks in this country. Would you please explain to me the intent of Congress in using this language?

Also, is there any provision to insure that the Federal Reserve Board has the authority and direction to act to ameliorate the adverse effect of this change in reserves in specific cases where such a change in reserves would cause significant costs or losses?

Mr. PROXMIRE. The Congress and the conferees did take into account the chance that there might be certain circumstances where an immediate change in the reserve requirement would cause significant losses. In such cases, the conferees provided that the Federal Reserve Board should take into account such other matters as it deems appropriate and is to take such action as it deems necessary to ameliorate the adverse effect of this change in reserve requirements. Now, with regard to the specific language you mentioned, it was the intent of the conferees that for those depository institutions which were members of the Federal Reserve on July 1, 1979, and who had already submitted notification of withdrawal to the Federal Reserve Board prior to July 1, 1979, for purposes of setting the reserve requirements the date of withdrawal would be the date of receipt by the Federal Reserve of such notification of withdrawal. We had intended that for purposes of reserve requirements, withdrawal would occur at the time that an institution had taken all the steps in its power to withdraw from such membership.

Mr. LUGAR. May I propose a specific example to the chairman? In the case of State member banks there is a mandatory 6 months' waiting period after submitting notification to the Federal Reserve for completion of withdrawal. If a State member bank's board of directors had notified the Federal Reserve Board of its decision to withdraw prior to July 1, 1979, would it be deemed to have withdrawn for the purposes of this section?

Mr. PROXMIRE. That is correct. We certainly did not want to penalize any banks whose board of directors had notified the Federal Reserve Board of their decision to withdraw prior to July 1, 1979.

Mr. President, I think that one of the most important parts of this bill is the fact that when we override usury statutes we do it in a way that permits States to restore their usury statute if they wish.

As the Senator from Arkansas said, it was imbedded in the Constitution; and if anybody thinks that is not a complicated situation, he is mistaken. It is an extremely difficult thing to do.

At the same time, the usury statute in Arkansas, I understand, almost paralyzed much of the financial activity; and the farmers, small businessmen, and others who depended heavily on being able to borrow money were not able to do so. They could not borrow from their State banks. I think we have corrected this and have done it in an equitable way.

There is no question that the principal reason, the main initiative that lies behind this particular part of the bill, came from Arkansas. The junior Senator from Arkansas (Mr. PRYOR) did a marvelous job on this. He was ably supported and backed up by his senior colleague, Senator BUMPERS. I think this has been a great contribution.

It is very easily understood. People who want to override usury statutes always say, "What you are trying to do is to require people to pay higher rates of interest." What far too few people grasp is that there is no way you can have an interest rate that is below the inflation rate. As long as we have this inflation rate, we are going to have a high interest rate. A high interest rate is terrible and has a devastating effect on small business.

At this time, the homebuilders of this country are flat on their backs, and we will have to act one way or another to help them. The main thing we can do for them in the long run is to follow policies to get the inflation rate down so that we will have stable rates of interest. Without that, any cure will be strictly temporary and inadequate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I wish to put a couple of questions, if I may, to the distinguished chairman of the committee, the manager of the conference report, and Senator Garn, and it relates to a provision of title IX of the prospective law which deals with domestic banks with substantial U.S. shareholders that happen to be owned or controlled by a foreign person. Might they be prohibited, I ask Senator Proxmire, under title IX, section 902 of the legislation from taking over another domestic bank during the moratorium period provided for in this section?

Mr. PROXMIRE. The Senator is correct. Such a takeover would be prohibited by title IX unless it fell within one of the substantial exemptions, including that the bank to be acquired had deposits of less than $100 million or the takeover involved the less than 5 percent of a domestic institution.

I might say to the Senator that the moratorium applies to July 1, 1980, essentially 3 months. During this period the General Accounting Office and the Federal Reserve are expected to complete comprehensive studies. In my judgment, one specific area of inquiry should be situations like the one the Senator has described involving substantial U.S. stockholders and whether such institutions should be excepted from any contemplated extension of the moratorium.

Mr. JAVITS. It seems to me that such U.S. citizens and residents are disadvantaged by title IX because they now hold shares in domestic financial institutions which are restrained from participating in takeovers while domestic competitors of such institutions are not similarly affected.

I believe that one of the arguments in support of the moratorium was that the Federal banking authorities may encounter difficulties in obtaining from foreign owners of domestic banks adequate financial and other information about their affairs. But it is also my understanding that certain domestic banking institutions which are foreign owned and controlled comply with requirements of the Securities and Exchange Commission in providing extensive financial and other information in their registration statements and reports under the Securities Act of 1933 and the Securities Exchange Act of 1934. Some of them have a long history of doing this. It seems to me, Mr. Chairman, that with respect to such domestic institutions, the argument concerning the nonavailability of adequate information fails. Therefore, I suggest that should title IX be taken up before your committee between now and July 1, when the moratorium expires, you give consideration to exempting such domestic institutions from any takeover moratorium.

Mr. PROXMIRE. May I say to my good friend from New York that, as usual, the very intelligent, thoughtful and, I might say, almost omnipresent Senator from New York, who is so expert in so many areas and, particularly in this area—he served on the Banking Committee with me several years ago—makes a persuasive point. Certainly any institutions which were established prior to 1970 de novo by foreign persons with a substantial U.S. minority ownership interest are very deserving of grandfather privileges so that they may be treated as domestic banks for the purposes of this legislation. The ownership interests of U.S. persons should be protected.

I can assure the Senator that I would expect the Senate Banking Committee would be sympathetic to the situation he describes if and when it takes up any moratorium legislation in the future.

Mr. JAVITS. I am very grateful to the chairman—and he is always fair, and he certainly is showing it again in this case—and I thank Senator Garn, who has also been interested in this particular problem.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, the headlines of three recent articles are indicative of the plight of financial institutions across the country—"S & Ls Bemoan Squeeze on Costs," "Small Banks Discover Big City Interest Rates," and "Some Small Town Banks Have Trouble in Meeting Needs of Their Customers."

All of the problems described in these articles will not be solved by the passage of the conference report on H.R. 4986, the Depository Institutions Deregulation and Monetary Control Act of 1980. However, I commend the chairman of the Senate Banking Committee, Mr. Proxmire, and the conferees on H.R. 4986 for their work on this landmark legislation. It addresses many of the concerns expressed by lenders and consumers about the services provided by financial institutions. The sweeping changes in this bill will need to be monitored carefully to make certain that the efforts to deregulate provide a positive benefit for consumers and do not have an adverse impact on the financial solvency of the institutions affected by the legislation.

Mr. President, I am pleased that the conference report includes a provision permitting State-chartered insured banks, Federal- and State-chartered insured savings and loan associations, small business investment corporations, and Federal- and State-chartered insured credit unions to charge 1 percent over the Federal Reserve discount rate—or the rate permitted by State law if that is higher—on all loans, notwithstanding State usury statutes.

This provision is almost identical to legislation which Senator Pryor and I introduced last year. It is similar to a provision found in section 85 of title 12 of the United States Code which governs the rate of interest that national banks may charge on loans. National banks have been able to charge 1 percent over the Federal discount rate on all loans since 1933. State banks and all savings and loans have been at a distinct competitive disadvantage with national banks during this period of exorbitant interest rates.

As a result, an imbalance has been created in the economy of Arkansas and other States. Funds flow from the State-chartered institutions to the national bank system, and national banks become the primary source of loans. This leads to the concentration of capital in urban areas. Although this is normally the case, the trend is worsened, and the capital-poor rural areas become poorer.

This change in the law allows competitive equity among financial institutions, and reaffirms the principle that institutions offering similar products should be subject to similar rules.

Mr. President, I ask unanimous consent that the articles I mentioned earlier in my statement be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Mar. 25, 1980]

### S&Ls Bemoan Squeeze on Costs, Shift Funds Into Short-Term Paper

(By G. Christian Hill)

There's an odd case of nostalgia among the savings and loan associations. To them, 1974 now looks like the good old days. Earnings dropped 22 percent that year, and mortgage lending went down 24 percent.

This year, almost a third of the S&Ls are losing money, industry sources say, and mortgage lending is at a standstill. If present interest-rate levels persist, S&Ls around the country stand to lose nearly $700 million for the 1980 second quarter and $3 billion or more for the whole year.

"We haven't heard this kind of news since the Depression," laments Robert O'Brien Jr., president of Carteret Savings & Loan Association in Newark, N.J. "We are on our tail."

The ailing thrifts are the victims of soaring interest rates—and of miscalculations by themselves, federal regulators and and Congress about how S&Ls and the housing market could be protected against the dislocations caused by those same sky-high rates.

The malaise becomes clear if you look at the industry's profit margins, the spread between its cost of funds and the yield on funds it lends. The spread is shrinking to the vanishing point. Industry costs have been rising by as much per week as they previously did per year. The prospect is that a few failing home lenders will quietly be merged into stronger institutions.

#### SYSTEM CAN HANDLE IT

Officials are quick to say that current and potential losses probably won't cause many failures and in any case won't jeopardize the savings of any depositors. The industry has huge net worth and reserves, totaling about $32 billion, to run through before many firms start to go belly up.

In addition, the thrifts can call on the Federal Home Loan Bank Board, which is authorized to lend billions of dollars to the industry. And the Federal Savings and Loan Insurance Corp., or FSLIC, has $6 billion of reserves for bailing out really troubled firms.

"We may have trouble with individual associations," says Jay Janis, chairman of the Bank Board, "but nothing we can't handle within the system."

Meanwhile, the squeeze on the industry is having significant effects. The thrifts have cut mortgage lending to the bone, pouring funds instead into higher-yielding short-term investments. That policy change is contributing to a severe housing and real-estate downturn.

### A NEW SUBSIDY?

Thrifts expect the Bank Board—their main regulator—to shore them up with some new kind of subsidy, probably in the form of below-market-rate advances. The board and Congress are likely to get more interested in financial reforms benefiting the thrifts—for instance, the new type of mortgage whose interest rate is renegotiable by the lender every three to five years. This will supplant the fixed-rate mortgage as the chief way Americans finance their homes, the lenders predict.

Who would have thought, a couple of years ago, that interest rates would rise to their present levels? Not the thrifts, nor the federal regulators and Congressmen who changed the terms under which thrifts operate in an effort to help them. In previous periods of inflation and tight money, the thrifts had been plagued by "disintermediation"—savings outflows experienced when depositors took their money elsewhere to get a better return.

The thrifts had been hamstrung by congressionally imposed lids on the interest rates they could pay; they couldn't compete with money-market funds, government securities and various other investment vehicles. During the 1970s, Congress and regulators began to relax the interest limits on thrifts, however.

Home lenders also were allowed to sell a certain quantity of $100,000-plus certificates of deposit at market rates. The big change came in 1978, when the Interagency Coordinating Council, which includes the Federal Reserve Board, the Bank Board and other federal agencies, decided that savings institutions should be able to compete freely for money.

### ENDING THE CYCLES

The idea was to end the boom-or-bust cycles that had plagued the industry. In May 1978, the council, through the Bank Board, gave savings banks and associations the right to issue six-month certificates of deposit at money-market rates. Stewart McKinney, then chairman of the Bank Board, said this would keep money flowing into housing until inflation peaked.

Around Christmas of that year, he figured, inflation and short-term interest rates would start to drop, and the money-market certificates would "self-destruct" before they became too expensive for lenders.

It didn't work that way. Inflation proved more virulent and persistent than anyone had thought possible. Short-term interest rates kept climbing, and the money-market certificates naturally grew in popularity with depositors.

The certificates "has been an avalanche," says George Hanna Jr., president of First Federal Savings & Loan Association in Newton, Kans. The amount of "hot money" held by thrifts in the money-market accounts has soared to $145 billion, costing them an average of about 12 percent in interest and accounting for 30 percent of all deposits.

The industry's profit margins on mortgage loans have shrunk from 1.43 percent in the last quarter of 1979 to 0.76 percent in the first quarter of 1980, and industry people say the figure is approaching zero. The thrifts now believe that money-market certificates themselves have become a major cause of continuing inflation.

They reason that the Federal Reserve raised interest rates to induce an economic turndown that would reduce inflation. But then the money-market certificates were introduced by the Fed and the Bank Board to ease the pinch on housing. The two federal moves were a "contradiction," argues Jonathan Gray, an S&L analyst for Sanford C. Bernstein & Co.

Richard A. Larson, president of West Bend Savings & Loan Association in Wisconsin, says, "If any one thing contributed to inflation, as far as financial institutions are concerned, it was the money-market certificate." By keeping money flowing into housing, officials explain, the certificates frustrated efforts by the Federal Reserve to induce an inflation-curbing recession.

There was another problem, conceded by even the regulators. It was a matter of timing. In July 1979, the Bank Board authorized limited variable-rate mortgages nationwide, and further moves are afoot to give the thrifts short-term, variable-rate options such as making consumer loans and "roll-over" mortgages whose interest rates can be renegotiated to reflect changing money-market conditions.

All of that, say thrifts, is to the good, but it began too late, after the costly money-market certificates had become entrenched. "This is not the way things should have been done," says Kenneth Biederman, former chief economist for the Bank Board and now executive vice president of City Federal Savings & Loan Association in Elizabeth, N.J.

### LOCKED IN

Now the thrifts are thoroughly locked in to the certificates, and nobody knows what to do about it. Their $145 billion in short-term deposits is such a big stake that outflows—such as might be caused by federal efforts to put ceilings on their interest rates—could cause a crisis. A Bank Board economist points out that federal banks would have to make a "heroic effort" to lend S&Ls enough cash to cover even a 10 percent loss of these deposits.

But the thrifts are the victims also of their own miscalculations. Assuming that inflation would abate and that short-term interest rates would go down by the end of 1978, they used costly savings obtained at money-market rates to aggressively expand their mortgage lending.

A few thrift managers warned against this practice, saying it was imprudent to use such funds for loans of up to 30 years. They were right. Interest rates didn't go down, and many S&Ls are saddled with huge continuing costs. "It was just a bet on interest rates, and the S&Ls lost," says one financial analyst.

"This year we'll have very steep earning declines across the country and, I imagine, a fair number of S&Ls with losses for the year, unless the cost of money turns around pretty quickly," says William S. Mortenberg, president of the National Savings and Loan League.

The loss estimates vary according to assumptions about interest-rate trends. The gloomiest forecast comes from Merrill Lynch, Pierce, Fenner & Smith Inc., which expects prime rates (now at 19 percent) to peak at 20 percent around midyear and then to decline to about 17 percent by the end of the year.

### THE LOSERS

That could produce losses in the range of $3 billion for the year. The losses could be offset partly by high levels of "penalty" income paid by savers prematurely withdrawing funds from time deposits to put into higher-yielding investments.

The deficits will vary widely from region to region. A new forecast by Shearson Loeb Rhoades suggests that big, publicly held S&Ls in California may suffer earnings declines of 25 percent to 35 percent, while losses are seen for the majority of mutual savings banks in the Northeast.

Individual associations within regions also may report varying results. In the worst cost bind are institutions that aggressively expanded mortgage lending with money gained from money-market certificates and $100,000-plus certificates, such as Gibraltar Financial and First Charter Financial Corp. in Los Angeles.

Less affected are concerns like Golden West Financial Corp., an Oakland, Calif. based thrift that long ago began redirecting funds into high-yielding short-term investments. That, in fact, is what most S&Ls are trying to do now, by investing in bank certificates of deposit, government securities and other investments yielding up to 18 percent.

In the process, they are abandoning the mortgage market, leading housing experts to believe 1980 may produce an 80 percent decline in mortgage lending, the sharpest drop since the end of World War II. The National Association of Home Builders is predicting starts of about one million single-family homes this year, the lowest postwar level.

"This is not a housing recession; it is a housing depression," says Herbert Sandler, chairman of Golden West Financial.

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## SOME SMALL-TOWN BANKS HAVE TROUBLE IN MEETING NEEDS OF THEIR CUSTOMERS

(By Chuck Jones)

Increasingly tight federal monetary policies, coupled with a 10 percent usury limit, amount to a financial "double whammy" for small-town, state-chartered banks in Arkansas—and for their customers.

Bankers in Bentonville, Crossett, Morrilton and Mountain Home, all with populations of 7,000 or less, said in separate interviews that the current situation is making it extremely difficult for them to meet the needs of their communities.

Bills to provide relief have been proposed or are under consideration for legislative action, and Arkansans will decide the state's usury issue in the November elections.

"If we don't do something, we are going to have to do something else to earn our livelihoods," Jim Wilcox, vice president of the First State Bank at Morrilton, said. "We're just getting squeezed out" of the small loan market.

While nationally chartered banks are similarly affected by the Federal Reserve System's tight money edicts, they are not bound by the 10 percent interest rate. They are able to make loans and charge 14 percent and, at the higher rate, they have more money available than do the state banks.

Despite the unfavorable lending conditions, however, the smaller state bank can stay in business indefinitely through investing its money in high-yielding accounts, perhaps out of state.

The combination of tight money and a low usury ceiling has forced many state banks to place a minimum amount on loans they will make. A $25,000 minimum is not uncommon.

"We could go on with a $25,000 minimum loan and stay in business," Jack Walsh, president of the First State Bank at Crossett, said. "The banks could go on indefinitely. The ultimate loser is the consumer."

As recent as two years ago, the smaller banks were still making personal loans of $50 to $100 to loyal customers.

Not anymore.

So, what happens to the customer needing less than $25,000?

"It's extremely difficult for us to serve that customer right now," Neil Nelson, president of People's Bank & Trust in Mountain Home, said. "We are obligated to try to serve the community. That's part of our purpose for being here. But we have to do that within the bounds of operating a safe and sound institution.

"To do that, we have to get some profit. And it doesn't take our customer long to know that he can't borrow money at 10 percent when we're paying 13 to 14 percent for it. He does understand our position, I think, but it doesn't help him. He's really hurt."

Burton Stacy, president of the Bank of Bentonville, expanded on Nelson's comments. "A lot of people have saved with us all their lives and they have kept every dime they had in our bank. We've got an obligation to meet their needs and we're going to try to meet them. But woe be it to somebody who comes in here who hasn't banked with me or has a speck on their record. But, this old, dedicated customer: I've got to have him, even though it's going to be at a loss to me."

Wilcox said it is hard for any bank to turn down a longtime customer who seeks a loan. ("His needs are as important as ours are.") But it may be coming to that.

"Consumer loans in Crossett have come almost to a complete standstill," Walsh said, adding that his bank is "hard pressed" to make any loans.

A typical automobile loan under existing conditions might see the borrower required to make a 70 percent down payment.

The smaller banks are caught in a profit squeeze, but the bankers said it is not because they are small that they are hurting.

"I think we're as solid as the big banks," Nelson said.

"We are in a profit squeeze, not because we're a small-town bank, but because of the Arkansas usury laws," Stacy said. "You give me proper usury laws where I can charge a fair return on my investment and I can outearn most city banks.

"In fact, we were one of the top five earning banks for the last five years in the state of Arkansas. That's going to drop down this year."

Sam Walton, founder of Wal-Mart Stores Inc., is the majority stockholder in the Bank of Bentonville. His consumer-oriented philosophy affects the way Stacy does business, though Stacy is quick to add that the effect is not necessarily negative.

"He (Walton) is more concerned about the small man than anybody I know and he wants the small man taken care of," Stacy said. "And I'm sure we are going to take care of him—even at a loss. But how many people at how many banks are going to be that conscientious?"

Nelson said he is confident of some sort of legislative relief. "Recently, Sen. Bumpers and Sen. Pryor asked for legislative relief for state banks and savings and loans so we can charge the same rate that a national bank can now charge on the smaller loans. And that's one point above the federal discount rate," he said. "If that is included in the legislation, we will be able to take care of our small customers' needs."

### SMALL BANKS DISCOVER BIG CITY INTEREST RATES

(By James L. Rowe, Jr.)

HELENA, ARKANSAS.—Bart R. Lindsey gestured toward the sign displayed prominently near the tellers' cages in the First National Bank of Phillips County.

"Look at that sign," said the 35-year-old vice president of Helena's biggest bank. "It tells our problem."

The sign reads simply: "Our Six-Month Money Market Certificate Pays You 14.956 percent." Similar signs sit in lobbies of banks—large and small—across the United States.

"It didn't used to be that we worried much about what went on in New York. Now we do," said Lindsey.

Unlike big banks—which "buy" most of the funds they lend to their customers on the open market and adjust their business lending rates in tune with those fund-raising costs—small banks rely mainly on their own customers to supply the deposits from which they make loans to consumers, merchants, small businesses and farmers.

Bankers and their business customers are accustomed to fixed-rate loans—those based on the relatively stable cost of funds to the bank—not on the rates New York or Chicago banks must pay for their big certificates of deposit or commercial paper.

But with the advent of the consumer-size certificate of deposit—sold in minimum denominations of $10,000 with rates tied to the interest the Treasury pays each Monday when it auctions bills on the open market—small rural banks have discovered New York.

When farmers begin to come in for loans to finance their spring plantings, they will come face to face as well with New York interest rates.

"We had $2.8 million of our deposits shift to money market certificates in one week in February alone," said William H. Brandon Jr., president of the $42-million-asset bank. All of that $2.8 million came out of either passbook savings accounts which cost the bank 5.25 percent, or long-term certificates which depositors bought months or years ago at interest rates of about 6 percent or 7 percent. Brandon said that depositors are cashing in those certificates despite the heavy interest penalties federal regulations require when a certificate is redeemed prior to maturity.

He said a year ago the bank had $11 million in checking accounts (which pay no interest but cost the bank the equivalent of 4 percent), $9.5 million in 5 percent passbook accounts, and $12 million in certificates, which cost an average of about 6.5 percent.

Today, the checking accounts run about the same, but passbook savings deposits (which now pay 5.25 percent) have declined to $7 million. About $16.5 million is in "expensive, hot money," Brandon said, mainly the short-term consumer-sized certificates that have been yielding close to 15 percent in recent weeks.

The bank actually gained a temporary, if perverse, earnings boost last year because of the popularity of the new certificates. Brandon said that so many customers cashed in their old, low-interest certificates early and paid the interest penalty that the bank did not have to pay out thousands of dollars of interest as it had expected.

Of course this year "we'll be paying 15 percent on those funds compared to about 6½ percent last year," he said.

"Remembering 10 years ago when everyone was talking about how smart corporate treasurers had become in taking advantage of the earning power of their money? Well, consumers in small towns are just as savvy today. They don't leave their money at 5.25 percent when they can earn 15 percent," Lindsey said.

Federal regulators dreamed up the money market certificates so that banks and savings and loan associations would be able to compete for their depositors' money during periods of high interest rates. In earlier high-interest-rate periods, consumers often withdrew their funds from bank accounts—where interest ceilings were set by law—and used the proceeds to buy investments such as Treasury bills.

During those periods (although the interest rates then pale by comparison), big-city consumers were more prone to withdraw their funds, or disintermediate as the economists call it, then were their rural counterparts. But with the bank-offered money market certificates, depositors have to go no further than the nearest teller to triple their interest yields.

As a result, however, First National of Phillips County has money to lend its customers, especially the farmers who will need loans soon to finance their spring planting.

But that money is going to cost the farmers a lot more than it did last year.

John King, who farms about 4,000 acres in the county, found out last week that he will have to pay at least 16 percent for the $200,000 he thinks he will need to borrow between now and next fall's harvest. Last year he paid 10 percent.

"I'm happy to have the money. Price matters, but I've got to have the money," the 47-year-old farmer said. "There is no way a farmer can go without borrowing unless he goes out of business."

But King said he is being squeezed: All his costs are rising at the same time that the price he expects to get for his soybeans is down 25 percent because of the president's embargo on further grain shipments to the Soviet Union. Interest is not an inconsequential cost to King, reportedly one of the most successful independent farmers in this old Mississippi River town, about 65 miles southwest of Memphis.

Last year he paid an interest rate of about 8 percent, and this ate up 10 percent of the $700,000 he grossed, King said.

Although King will get the money he needs to finance his current harvest, bank officials told him he can just about forget borrowing any money if he wants to buy more land. King has been adding to his land holdings steadily for the last 25 years, but is resigned to buying no more in 1980.

If current customers cannot expect to have any new ventures financed by First National—there might be some limited exceptions to the general policy, Lindsey said—new customers might as well forget it, especially those who need to borrow small amounts of money.

Arkansas bankers face more strictures on the amount they can charge customers than do their counterparts in other states. The 100-year-old state constitution sets a usury ceiling of 10 percent that cannot be corrected by an act of the legislature as it has been in other states.

Nationally chartered banks such as First national use a loophole in the National Banking Act to charge one percentage point more than the Federal Reserve discount rate (now 13 percent). But state-chartered banks such as Farmers and Merchants here cannot use that loophole for loans of less than $25,000.

"We're turning down a lot of their customers." said Lindsey.

All Arkansas banks can charge up to 5 percentage points more than the discount rate on loans of more than $25,000 because Congress passed a special law to override the Arkansas constitution. That law expires at the end of the year.

"We'll have the money for our regular customers," said Brandon, who is bracing now for the big seasonal upsurge in farm lending. He expects farm loans to balloon from about $3.7 million to $8 million in the summer.

"Right now, we've got a loan-to-deposit ratio of 61 percent. We'll go close to 80 percent this summer. But we'll fight loans as much as we can. We're going to shoot for liquidity. We're a little scared," Brandon said.

That is just what the Federal Reserve wants the banking system as a whole to do: lend less money in order to restrain spending and fight inflation. But bankers such as Brandon say that rural banks do not make the speculative types of loans that fuel inflation.

Instead, he said, the loans his banks make go mainly from local depositors to local borrowers (usually the same people) who use the money to grow crops, buy necessities and finance inventories.

Indeed, Phillips County is fighting for its economic life. Agriculture, the backbone of its economy, has mechanized over the years, throwing thousands on the unemployment and welfare rolls and convincing many to leave for good. The county's population has shrunk in half in the last 30 years. More than 30 percent of its 35,000 citizens are on welfare, and its unemployment rate runs close to 13 percent, according to John Gatling, head of the newly organized Economic Development Council.

One victim of high interest rates and scarce money in Phillips County is Al Willinger, who heads a new barge building company that so far has put 50 Phillips County residents to work. Willinger needs $500,000 to finance steel and salaries for the $2.4 million worth of barges he has on order. His life is further complicated because Brandon is on his board of directors and First National could not make him a loan even if it were possible otherwise because of the interlock in directors.

Mr. BUMPERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The asistant legislative clerk proceeded to call the roll.

Mr. TSONGAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TSONGAS. Mr. President, there are two issues that I would like to address, both involving the flexibility given to federally chartered mutual savings banks.

It is my strong feeling that if these institutions are going to remain viable, they have to be given some flexibility.

The amendment that I introduced with Senator HEINZ in the Senate would permit Federal savings banks to invest up to 20 percent of their assets in commercial, corporate business loans or investments. That authority was reduced to 5 percent in conference. I would hope, given the mandated review in 2 years, that down the road we see the need for these expanded powers and raise these powers back up to the 20-percent level.

I am concerned about the viability of these institutions, it is imperative that they, and all thrift institutions recognize the necessity of expanding their operations beyond housing investments.

Mr. PROXMIRE. Will the Senator yield on that?

Mr. TSONGAS. I yield.

Mr. PROXMIRE. That was an excellent amendment and I was happy to accept it. In conference, the only reason we agreed to do it at 5 percent for 2 years was because, as the Senator submitted his amendment, as I recall, it would have started out the first 2 years at 5 percent and gone to 20 percent over the years.

I intend to do everything I can, with the Senator from Massachusetts, to see that the full 20 percent is provided. But the only way we could compromise this with the House was to do it in stages rather than do the whole thing and say we were definitely going to have 20 percent later on.

But we have exactly the same during the first 2 years as the Senator's amendment originally provided.

Mr. TSONGAS. Mr. President, I am aware of the difficulty that my chairman had in the conference. I very much appreciate his willingness to go to bat for me on this particular provision.

And I would appreciate his support as it comes up in the future.

I have one other issue. The floor discussion, hopefully, will make it clear that the authority provided for the mutual savings bank to accept corporate demand deposits in connection with a commercial corporate or business loan relationship is in no way limited by the dollar amount of loans outstanding at any given time.

Mr. PROXMIRE. I wholeheartedly agree with that. In fact let me just read what I have in my full statement.

Referring precisely to the Senator's amendment, I said:

> This demand deposit power is intended to allow Federal mutual savings banks to service all of the demand deposit needs of a borrowing business customer and is not limited to demand deposits which merely service the loan. The demand deposit power is intended to permit service to the borrower who becomes a customer because of a loan relationship.

Mr. TSONGAS. Mr. President, I appreciate the chairman's thoughts. I wish I was as persuasive in so many other issues that we deal with as I have been on this one.

I thank the chairman.

(Mr. TSONGAS assumed the chair.)

Mr. STEWART. Mr. President, today the Senate is considering the omnibus financial institution legislation which has had its various components debated in the halls of Congress for a number of years.

The Depository Institutions Deregulation and Monetary Control Act of 1980 is one of the most complex and least understood pieces of legislation that I have ever seen come before a legislative body. It has been referred to as everything from a Christmas tree to a forest primeval, the latter probably being the more appropriate phrase.

H.R. 4986 now finds itself nearing the end of the legislative process. I have no doubts that the bill will pass and probably by an overwhelming margin. Each individual component of the bill has the strong and very vocal support of some particular segment of the financial community. Through the combined efforts of all parties with a real interest in seeing the bill approved, it should glide through with very little effort.

Before it does find its way out of this Chamber, however, I would like to take a few minutes of the Senate's time to outline some of the concerns I have about several of the bill's provisions.

This legislation will fundamentally reshape the structure of the Nations financial institutions and alter their relationship with the Federal Government.

In order to create what has been called a more level playing field on which all financial institutions can more evenly compete, we are reshaping the role of the savings and loan industry. Savings and loans will now be able to offer interest bearing checking accounts, they will have broadened authority to invest a larger portion of there assets into areas other than housing, and they will now have to compete with banks in regards to the interest rate they will have to pay on savings accounts. These are just some of the major changes, the list gets very long and detailed.

This may well be a great boon to the industry by creating a higher level of savings than this country has seen for a long period of time, thus providing more funds for housing at the same time it gives the small saver a chance to earn a market rate of interest on his or her savings. The bill, in fact, is being supported by most of the savings and loan trade associations.

I just hope it works out this way, because frankly, I do not want to find myself on the floor of the U.S. Senate a few years down the road urging my colleagues to establish a new type of institution which would provide the necessary funds for housing, something similar to the present savings and loan system.

As I have indicated, the bulk of the legislation has been debated very carefully and thoroughly, both in the Banking Committee and on the floor of the Senate. The monetary control section which this bill has was never the subject of extensive debate on the Senate floor, at least during this session and, in fact, was never even the subject of a final markup in the Senate Banking Committee. The Federal Reserve legislation was written in the conference committee stemming from a House-passed version of the bill which was extremely different from the final product we now have before us.

As a freshman Member of this body, I am frankly concerned that legislation with such far-reaching consequences would be passed in such a manner.

It is not only the procedure in which it was considered, but the substance of the final bill—which I do not think many Members of this body recognize what that is—and the impact it will have on the financial community in the States that are represented by Members of this body which concerns me, which I think is unknown to a large number of the Members of this body and, very frankly, to a large number of the members of the financial community which they represent.

Under this section, every financial institution in the country will become a dues-paying, honorary member of the Federal Reserve System. The existing voluntary approach to Fed membership will become a thing of the past and the dual banking system, which has served this country for a number of years, though certainly imperfect, will, for all practical purposes, be eliminated.

Very frankly, I am concerned about the further concentration and centralization of power and influence in this country, and this reason alone causes me great concern about the effect that this legislation will have in regards to increasing that concentration.

Having closely watched the Federal Reserve in action now for the past several months does very little to ease my concerns.

Certainly we are in a difficult economic period at the moment, and our troubles are not likely to disappear rapidly just as they did not come about over night. I am also well aware that the excessive growth of the money supply was a contributing factor in the inflationary spiral we now find ourselves in. But the Federal Reserves tight money policies are having the effect of crippling the most productive and innovative sector of the economy—which is the small business sector of our economy—while doing very little to seriously reduce the availability of credit to those in our society who have very little trouble affording the present high interest rates.

In spite of my opinions on the Federal Reserve issue I still intend to offer my support for the passage of this legislation. It contains too many other provisions which are of immediate and vital importance to a great many of our Nation's financial institutions which compel my support. But I also want the record to show that if separated from the rest of the package, I would oppose the reserve legislation, not only because of its makeup, but because of the manner in which it was drafted, because it did not receive the proper scrutiny, either by the Banking Committee or by the Members of this body.

I think the issues it addresses should be the subject of careful Senate scrutiny, and I intend to focus the Senate's attention on those issues in the future. I think we will have ample opportunity to do so.

Mr. PROXMIRE. Mr. President, may I respond to my good friend from Alabama, who is a very valuable member of our Banking Committee?

The Senator makes the point—and he is absolutely correct—that this was not debated in any length on the floor of the Senate.

May I say to the Senator, however, that there are several considerations here. Number one, we had 17 days of hearings before our committee. I do not know of any issue that has been explored as thoroughly as this one was in our hearings.

We had three chairmen of the Federal Reserve—Chairman Burns, Chairman Miller, and Chairman Volcker—all of whom supported this.

Mr. STEWART. Mr. President, that may be the problem I have with the legislation.

Mr. PROXMIRE. Mr. President, may I say it was also sponsored by all of the institutions and institution groups, by the ABA, by the independent bankers—they did not oppose it, at least.

It was supported by the U.S. League, by the National Savings and Loan League, by the credit unions.

The Senator is correct. The situation was this: That the House went into great detail in consideration, discussing, and debating this. We did not have a chance to do so on the floor.

On the other hand, the House did not have a chance to discuss our phasing out regulation Q, which was an equally important action. We debated that, as the Senator knows, at great length for several days here on the floor of the Senate, as well as in the committee.

So we had a situation where, on the one hand, the House gave far more consideration on the floor to the membership issue. We had extensive hearings on it. We did not debate it on the floor.

But it seems to me that the combined record of the House and Senate is pretty clear on this issue. As I said, we did have all of the interested groups testifying. To the best of my knowledge, only the Conference of State Banking Supervisors opposed it. The great bulk of the testimony was overwhelmingly in favor of it.

May I say one more thing to my good friend, because we could not act on this legislation under the circumstances. But there is an economic situation which I think the Senator appreciates, which the Federal Reserve argued fervently that they were losing membership, that their ability to control monetary policy was subject to crucial attrition, and that, at a time when it was especially important to restrain inflation, they were losing their ability to do so, and that this legislation was essential in order for them to have the full power they felt they needed.

Mr. STEWART. Mr. President, if the Senator will yield, I assume I have the floor.

Mr. President, I will say that my disagreement with this sweeping change that we have made in this legislation is also caused by the fact that we did not consider it here in this body, nor did we consider it in what I felt, with all due respect to the chairman, was the proper approach in the Banking Committee.

I say that with respect and understanding for the constraints the chairman was under with regard to the economic situation. I am going to have some more to say about that. There are some people who would have loved to have testified about the Federal Reserve policy. I am sure they will be up here not only to see this Senator from Alabama but also the distinguished chairman of the Banking Committee.

Recent policies have impacted not only on the financial community but they have also impacted on some very productive sectors of our economy. There is a concentration here of even greater powers which will be of concern to them.

I will also say to the Senator that if we give them total control of the financial institutions which they now have control over and the allocation of credit, I do not think the Federal Reserve will have the capability to control the monetary policies of this country fully for a lot of reasons. We will be discussing that subject as we go along.

I would say that I hope in the future we will have the opportunity to fully consider these matters which are far-reaching changes we are making in the system. It is important not only to financial institutions but also to other citizens that we represent.

If we make these changes after we have had an opportunity to have input both at the committee level and on the floor in debate, that is the way the system ought to work. That is my only concern about it.

Mr. PROXMIRE. Mr. President, I am happy to yield to my good friend from California, who is also a valued member of our committee and was invaluable in our conference.

Mr. CRANSTON. I thank the Senator very much.

Mr. President, 1980 is appropriate for the start of a new decade for regulated financial institutions. We are ending the debate on whether or not to homogenize various elements of the financial system. Mr. President, this is landmark legislation.

Over the past 20 years, we have had the commission on money and credit, the Heller report, the Hunt Commission, the fine discussion, among others, all of which sought to address the problems caused when market interest rates rose above interest ceilings on deposits in cyclical periods of inflation. Today, we are to consider the Senate-House conference report on H.R. 4986, the culmination of arduous work on the future structure of the financial industry that began with the Hunt Commission in 1971.

This is a historic piece of legislation that is designed to move the Nations financial institutions into an evolving competitive environment and to address some of the issues of consumers needs in the financial market place of the future.

H.R. 4986 will provide for an orderly 6-year transition period during which all deposit interest rates will be permitted to rise to market levels as fast as possible. It is clear that the present system of deposit rate ceilings is manifestly unfair to small depositors and that such controls have fostered the development of new institutions and markets ready to meet the demands of the customer for high yields.

The transition to market interest rates requires the balancing of multiple interest. Depositors prefer the expeditious removal of the ceilings particularly when interest rates are high. Yet it is just at that time that the impact on banks and savings institutions of any change is most severe. In order to balance the interest of housing finance, depository institutions and depositors, the conference agreed to a 6-year timetable for the phasing out of regulation Q as promptly as possible and consistent with the safety and soundeness of depository institutions.

The movement toward market rates

on the liability side of the S. & L. ledger will prove beneficial to the consumer. However, this gives rise to the need for flexibility on the asset side of the ledger. The action of the Federal Home Loan Bank Board in proposing a rollover mortgage is a step in the right direction toward alleviating the pressures on the surety of the savings and loan industry to finance housing. It must be made clear that thrifts cannot pay market rates as mandated by this bill unless their earnings in the form of a more flexible mortgage instrument responds to market rates.

I would urge that the Federal Home Loan Bank Board approve a new mortgage instrument that is sensitive to market interest rate fluctuations in an expeditious manner.

In this bill, new investment opportunities are permitted thrift institutions so that they can be more competitive for funds for housing. These include: NOW accounts or interest bearing transaction accounts, authorized nationwide for individuals and nonprofit organizations. This will give to savings institutions throughout the country an important new tool in expanding the range of their services to consumers. This step will add some coordination to a world of bewildering array of interest bearing transaction and near transaction accounts being offered by various kinds of institutions.

In addition, savings and loans associations will be permitted to invest up to 20 percent of their assets in consumer loans, commercial loans, commercial paper, corporate debt securities, construction and leasehold loans. The bill also allows S. & L.'s to invest in open-end investment companies, to make second mortgage loans, to make residential loans up to 90 percent loan-to-value ratio. They will also be permitted fiduciary and credit card activity.

Federal savings and loans are authorized to issue mutual capital certificates and deposit insurance will be increased from $40,000 to $100,000.

These increased powers and other benefits will afford institutions the opportunity to increase the yields on their assets to help defray the higher cost of deposits and to offer consumers a broader range of services in order to maintain their deposit base.

The bill authorizes a lower range of reserves on depository institutions that are members of the Federal Reserve System and mandatory reserves on interest bearing transaction accounts held by all depository institutions. The disadvantage that arises because of the differences in reserve requirements between member and nonmember banks as the cost of doing business has caused an exodus of member banks from the Federal Reserve System, thereby hindering the ability of the Federal Reserve to conduct monetary policy. The disadvantage to members stems from the fact that member commercial banks must hold required reserves against their deposits liabilites in the form of non-interest-earning assets.

Nonmember commercial banks reserve requirements, however, can be met by both interest earning asset and by working cash balances. The introduction of NOW accounts and requiring increased reserves was expected to increase pressures on bank earnings and tend to encourage further attrition in Federal Reserve membership with consequent erosion of the effectiveness of the Federal Reserve System. This bill provides for mandatory reserves on NOW accounts on all depository institutions and for interest bearing reserves in certain circumstances. This section of the bill is a fine compromise between the Senate and House proposals and will lend itself to a more efficient national monetary policy.

One of the most important provisions of this bill is the usury override. The deregulation of interest rate controls on the liability side of thrift institution portfolios argues for similar action on usury laws that restrict the ability of depository institutions to earn a market rate on funds that are used for mortgage lending. It is well recognized by lending authorities that usury ceilings restrict the ability of financial institutions to make loans to those who can afford them and thereby distort the flow of funds by encouraging out-of-State investment of funds. Additionally, such laws restrict the ability of thrifts to earn a market rate of return on funds.

There are some State usury laws that prohibit not only lending at a usurious rate but also prohibit a consumer from knowingly receiving such a rate. These kinds of laws would interfere with the increased interest rates that consumers will be entitled to receive under the regulation Q phaseout section of the bill, when usury ceilings are below regulation Q ceilings. In addressing this problem this bill exempts deposit accounts from State usury laws so savers may receive a fair return on their deposits. While the usury override in the final bill is much broader than residential mortgages and deposits, clearly this is one of the most important provisions affecting the thrift industry's future. In order to give recognition to the States' interest in the usury laws, States are permitted 3 years to opt out of the provision exempting residential home mortgages from the usury laws.

This legislation encompasses an ending and beginning of a new decade for depository institutions. The Congress has been mulling over issues on the needed improvements in the structure of financial institutions to make them more competitive in the financial markets since the Hunt report in 1971. This bill is historic in that it is the first comprehensive step taken since the Banking Act of 1933 by the Congress to establish order and rationality by charting a course of the evolutionary process to change our financial industry. This will make the financial industry more responsive to consumer needs and economic reality.

I commend the chairman and the House-Senate Conference Committee on the fine job they have done.

I am proud to say that this bill had its beginnings in the Financial Institutions Subcommittee which I chair. I would also like to commend the chairman of the full committee, Senator PROXMIRE, and of the House-Senate Conference Committee for the fine job that has been done in bringing this legislation to resolution.

Additionally, I would like to thank the Senate Banking Committee staff persons who have worked on this bill over the years: Kenneth McLean, Lindy Marinaccio, Steve Roberts, and last but not least, my own staff Carolyn Jordan, counsel to the Senate Banking Committee.

Mr. STEWART. Mr. President, on Tuesday, March 18, the Senate Banking Committee heard testimony from Federal Reserve Board Chairman Paul Volcker in regard to the administration's recent credit tightening moves.

In a press release which accompanied the Chairman's statement, I noticed a sentence which read as follows:

> The Board also expects that banks, as appropriate and possible, will adjust lending rates and other terms to take account of the special needs of small business and other.

Now, this is a very interesting statement, but after hearing Chairman Volcker's testimony I am not convinced at all that it has much validity.

In attempting to slow the growth of the money supply, the Federal Reserve's present policy has the unfortunate effect of disproportionately reducing the availability of credit to the Nation's small business community. The effect this policy has on the housing industry is particularly devastating.

Just a few months ago, we were concerned about the 500,000 jobs that would be lost if Chrysler went under. Well, if we destroy the housing industry, then you can count on more than three times that many people put out of work. How in the world will that kind of unemployment stabilize our economy? I think that is a question that needs to be asked not only of Chairman Volcker but of all members of the Federal Reserve Board.

If we are going to get serious about tackling inflation, then we had better begin to look at the performance of the entire economy and tackle some of the root causes of this disease.

Declining productivity and innovation rates in this country are two of the most important reasons for our economy's poor performance on the inflation front. Whereas the United States used to lead the world in the development and use of new technology, we are now suffering a national slowdown in this area. Today, we rank seventh in productivity, capital investment, and economic growth behind Japan, West Germany, Italy, France, Canada, and the United Kingdom. I daresay we will slip even further if we drive the most innovative and productive segment of our free enterprise system—the small business sector—out of business.

Mr. President, last week I had the opportunity to meet with some 275 farmers from my State who were up here attending an Alabama farm bureau conference. These hard-working people are facing serious financial trouble this year. In fact, farmers in Alabama and across the Nation are having to decide whether they can even afford to continue farming in the face of the current high interest rates. Yet, Chairman Volcker proposes we escalate that rate even further. I would like Chairman Volcker to explain to me and to the people of my State just how his new policy is going to help the economy by driving our food growers out of business. What does the Federal Reserve Board think is going to happen to the price of food in this country if we devastate the family farmer?

Moreover, the family farmers are only one of a whole host of small business groups that will suffer unduly from the high interest rates. What about the homebuilders who are struggling to remain in business and ride out this current high interest rate period, and not having a great deal of success at it? Unfortunately, disrupting the housing industry in the short run entails serious long-term consequences as well. As we enter the 1980's, we are likely to experience a significant increase in housing demand as children from the postwar baby boom enter the home-buying market. It seems fairly clear that if we reduce the production capability at the same time the housing demand is escalating, we will have inflation in the housing market built into our economy for a long time to come.

What do we tell the potential homebuyer who has scrimped and saved for years to afford the downpayment on a home of his own? With mortgage interest rates as high as 17 percent fewer than 5 percent of the American population can afford to purchase the median-priced home today. What has happened to that old, often forgotten idea known as the "American dream," where a family could look forward to owning a home, a stake in the community? We are all aware of the sense of stability brought about by homeownership. I for one am not willing to abandon that idea and stand idle while the housing industry and all related industries are destroyed by the current monetary policies.

I understand the attempts of the Fed to restrain the growth of the Nation's money supply and I am sensitive to the effect that excessive money growth has upon the rate of inflation by devastating the most productive and efficient sector of our society—the small business community.

The Federal Reserve's monetary policies have succeeded in insuring that credit is available for investment if you can afford the price. But who can afford it when the prime rate is at 19 percent? That figure is higher than the farmer's, the homebuilder's, and the small businessman's average profit margin.

So the Federal Reserve's grand policy has the effect of crippling the most productive, and traditionally the most innovative sector of our economy—small business, while doing little to slow the speculative activity of those in our society who are immune from high interest rates. It is my understanding that during the first quarter of this year, while homebuilders and others in my State were going out of business, merger and acquisition activity in this country by the large-sized corporations skyrocketed. In fact, this activity was up over 40 percent from the first quarter of last year. While credit dried up for small- and medium-size businesses, large-size concerns, which could afford the expensive money, were paying the high price and still profiting.

Now, do not misunderstand me—I am not opposed to big business per se. What I am concerned with is that we maintain a healthy economic mix in our country comprised of small-, medium-, and large-size concerns. I am afraid, frankly, that the current policies of the Federal Reserve Board will strike a severe blow to that mixture by applying most harshly to the small- and medium-size businesses.

Something is clearly wrong with the present policy when it allows these kinds of inequities to exist.

The Federal Reserve has taken the initial step of recognizing the adverse impact of their policies on the small business sector of our economy. Chairman Volcker acknowledged this problem at last week's hearings. I want to suggest, however, that simply acknowledging the problem is not enough. I want to see some concrete proposals and guidelines issued by the Fed which will encourage banks to understand the special plight of the small businessperson, the farmers, the homebuilders, and the home buyers, and to adjust their lending policies accordingly. Without some strong guidance from the Fed, I fear that our Nation's financial institutions will simply find it inconvenient to carefully evaluate the needs of these special segments of our society.

● Mr. JACKSON. Mr. President, I would like to join in commending the distinguished chairman of the Banking Committee for his outstanding work in the management of this complex, essential piece of legislation, and for his clarifying the questions raised by the two Senators from Indiana. This colloquy assures that the relatively few financial institutions in question here will be treated equitably and not suffer the severe financial impacts that would have occurred in the absence of our discussion.●

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## JOINT CONGRESSIONAL COMMITTEE ON INAUGURAL CEREMONIES

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a concurrent resolution, on behalf of myself, Senator BAKER, and Senator PELL, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the concurrent resolution.

The assistant legislative clerk read as follows:

S. CON. RES. 84

*Resolved by the Senate (the House of Representatives concurring)*, That a Joint Congressional Committee on Inaugural Ceremonies consisting of three Senators and three Representatives, to be appointed by the President of the Senate and the Speaker of the House of Representatives, respectively, is authorized to make the necessary arrangements for the inauguration of the President-elect and Vice President-elect of the United States on the 20th day of January 1981.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the resolution.

The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. Mr. President, noting for the RECORD that I once had more interest in this resolution than I now have, I move to table the motion to reconsider. [Laughter.]

The motion to lay on the table was agreed to.

## MARCH GOLDEN FLEECE TO NATIONAL INSTITUTE FOR MENTAL HEALTH

Mr. PROXMIRE. Mr. President, I am giving my Golden Fleece of the Month Award for March to the National Institute for Mental Health for funding a study of why bowlers, hockey fans, and pedestrians smile.

In my opinion, the American taxpayers will say, with a puckish grin, that they are not bowled over by this pedestrian study.

The study was entitled "Social and Emotional Messages of Smiling: An Ethological Approach." It was part of a $75,000 grant to examine verbal and nonverbal cues in detecting deception.

Here is the abstract of the smiling study in the authors' own words:

> Did smiling evolve as an expression of happiness, friendliness, or both? Naturalistic observation at a bowling alley (N=1,793 balls) shows that bowlers often smile when socially engaged, looking at and talking to others, but not necessarily after scoring a spare or a strike. In a second study, bowlers (N=166 balls) rarely smiled while facing the pins but often smiled when facing their friends. At a hockey game, fans (N=3,726 faces) smiled both when they were socially involved and after events favorable to their team. Pedestrians (N=663) were much more likely to smile when talking but only slightly more likely to smile in response to nice weather than to unpleasant weather. These four studies suggest a strong and robust association of smiling with a social motivation and an erratic association with emotional experience.[1]

The researchers studied the smiles of bowlers by both openly videotaping some rolls of the bowling ball and by also secretly watching from near the pinsetting machine. According to the study:

> An observer knelt on a platform among the pin setting equipment at the end of the bowling alley behind the bowling pins and

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[1] *Journal of Personality and Social Psychology*, Vol. 37, Number 9, September, 1979, p. 1939.

watched bowlers through binoculars as they finished their roll. The observer was 19.2 meters from the bowlers and observed through a narrow slit in the facade of the pin setting equipment.[2]

### SMILES OF HOCKEY FANS STUDIED

The smiles of hockey fans were studied from photographs taken through a telephoto lens during a college hockey game.

The pedestrian smiles were observed along several sidewalks in a small city in both good and bad weather.

And what did it cost to observe people's smiling and unsmiling behavior? There is a controversy about that. The National Institute of Mental Health reported that only $1,325 was spent directly for salaries and expenses during the smiling study. However, that small figure does not include the cost of the equipment used in the study which was purchased under the grant for all aspects of the project on nonverbal cues. The taxpayers also paid for the video cassette tape recorder, two video cameras, two zoom camera lenses, two tripods, three 9-inch television monitors, one camera handler and special effects generator, two microphones, 50 video cassettes and other miscellaneous supplies and equipment. Clearly the real cost to the taxpayer is at least several thousand dollars more than the $1,325 suggested to my staff by the Institute.

### STUDY NEVER SPECIFICALLY MENTIONED

In addition, it is interesting to note that this particular study of smiling is never specifically mentioned in the elaborate grant proposal approved by the National Institute of Mental Health. In response to my staff's questions as to where this particular study fit into the research that was approved, the Institute replied:

> The basic purpose of this grant was to study the accuracy of interpersonal perceptions and how deception is communicated and detected. The purpose of the study of smiling is to assess whether people smile as popularly assumed to indicate an underlying emotion such as joy or for some other social reason.

They also concluded that:

> The study provided strong evidence that social involvement rather than emotional state was the major cause of smiling.

While the rest of the project may well be of value, does the smiling study really go beyond Herman Melville's century old observation "A smile is the chosen vehicle for all ambiguities?" Does it substantially add to the original contribution to knowledge made by Charles Darwin in The Expression of Emotions in Man and Animals which he published 108 years ago in 1872?

### QUESTION OF PRIORITIES

While I have no objections to a study of smiling as such, involved here is a question of priorities. In this period of double-digit, galloping inflation, should the hard-pressed taxpayer be asked to pay for an academic version of Bowling for Dollars?

It is my view that, like Darwin's, such studies might better be done under private auspices. I therefore smilingly award my Golden Fleece of the Month for March to the National Institute for Mental Health. I leave it to NIMH to determine whether my smile is a deception, an emotional state, or a sign of friendliness.

## THE SPIRIT OF LOWENSTEIN AND THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, when a man dies, it is the deeds of his life which we ought to remember and not the fact of his death. Just over a week ago, Al Lowenstein, an outspoken humanitarian and civil rights activist, was tragically murdered. We should remember his fighting spirit and relentless struggle for justice.

David Broder wrote a poignant article which recently appeared in the Washington Post. Lowenstein began his public career over 30 years ago as the activist President of the National Student Association. From the start, the breadth of his concerns was apparent. Broder tells us that Lowenstein was concerned not only with the protection of student rights but also the struggle for racial and economic justice in this Nation and in the world. The rest of his life was testimony of his devotion to these ideals.

David Broder's article portrays what he calls "vintage" Lowenstein. "Vintage" Lowenstein was a man who campaigned for his causes with "passionate conviction" and fought for them with "demonic intensity." His "tireless enthusiasm," "24 hour a day purposefulness," and his rare capacity for "perpetual rejuvenation" gave him an irresistible appeal. Above all, it seems that "vintage" Lowenstein refers to a man who insisted that our actions should be based on broad moral principles and not narrow self-interest.

David Broder pays the highest tribute which one can bestow on an activist such as Lowenstein. Men like Lowenstein may die, but their spirit and the causes for which they lived do not die with them. One such cause which we must consider is the Genocide Convention which continues to languish before the Senate. If Lowenstein left any legacy it would be his appeal that we act on a matter of such overwhelming concern to all men such as the Genocide Convention.

I urge my colleagues to immediately ratify the Genocide Convention.

## UPCOMING VISIT OF BEGIN AND SADAT

Mr. EAGLETON. Mr. President, as the world knows, Prime Minister Begin and President Sadat will be meeting separately with President Carter at the White House early next month. Such talks, of course, should be of enormous significance at any time, but take on an intensely heightened importance by reason of the United States affirmative vote in the United Nations on Resolution No. 465 on March 1, 1980.

I want to discuss that resolution in the context of American Middle East foreign policy and the future role of President Carter and his administration in the Middle East peace process.

Mr. President, I have read and re-read the March 1 U.N. resolution half a dozen times. In essence, the resolution is a castigation of Israel and by our affirmative vote we became a participating castigator.

The resolution's repeated references to Jerusalem leave the impression that there will be a time when Jerusalem once again will be jurisdictionally divided, which we all know will not and should not occur. My own first visit to Jerusalem with Mayor Teddy Kollek as my guide dramatically etched on my mind that Jerusalem never again should be divided either by barriers or by separate governmental authorities.

The resolution called for the dismantling of existing settlements which was not, is not, and should not be the policy of the United States. Whether existing settlements are at some time in the future to be dismantled is a matter to be decided in subsequent negotiations. It should be noted that in the Sinai, five settlements have been dismantled, but three in the South remain.

The resolution called upon Israel to forgo the creation of new settlements in the West Bank and Gaza. This is part of the American foreign policy posture. It was part of American foreign policy, under Presidents Nixon and Ford as well. The Rabin government (1974–77) was very cautious in the creation of new settlements, restricting them to military installations bearing a distinct security consequence. The Begin government has been far more expansive in the creation of new settlements and this policy shift has caused considerable division of opinion within Israel as a whole and strenuous disagreement within the Begin government itself. It should be noted that the Supreme Court of Israel has ruled that Israel does not have an unfettered right of settlement in the West Bank. For myself, I concur with our policy and with that body of opinion within Israel that the creation of new settlements in the West Bank does constitute an impediment to the successful conclusion of the Middle East peace process.

This brings me to the vote in the United Nations on March 1. It was a colossal blunder, a blunder not susceptible to instant erasure by the President's subsequent disavowal.

The March 1 vote seriously compromised the President's role as trusted mediator within the Camp David process. President Carter had established a high degree of credibility in both Israel and Egypt as a result of his personal, herculean efforts at the Camp David summit of September 5–17, 1978. For a mediator to succeed in his difficult role, he must be perceived by both sides as being fair. The March 1 U.N. vote was so patently wrong, so obviously unfair to Israel as to damage seriously the President's mediating capacity.

Considering the vital and delicate American mediating role in the Middle East peace process, I seriously question whether the United States should be an affirmative voting participant in future U.N. resolutions even if the subject matter of some future resolution be limited solely to the creation of new settlements.

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[2] *Ibid.* p. 1546.

Israel well knows our views thereon. They have been expressed privately and publicly time and time again. Can the United States both mediate and castigate simultaneously? Should the United States join the throng or should we not remember that we, as no other nation on Earth, have a special relationship with Israel and a special role to play in the Middle East peace process?

We must never be afraid to join with Israel in working for peace. At the same time, we must beware of overly intense pressure which could lead to an insecure peace. The United States cannot and should not dictate a settlement. A dictated peace is an unworkable peace. A dictated peace is no peace at all.

Thus, in my opinion, the upcoming talks in April between President Carter and Prime Minister Begin and President Sadat take on a significance of enormous proportions even transcending the immediate negotiations between Israel and Egypt. President Carter has to do more than try to bring Israel and Egypt closer together in the immediate negotiations. He has the even larger burden of restoring his and his administration's credibility in the overall peace process, a burden every bit as awesome as the one he successfully carried at the 1978 Camp David summit.

## MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

## REORGANIZATION PLAN NO. 1 OF 1980—MESSAGE FROM THE PRESIDENT—PM 189

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers, which was referred to the Committee on Governmental Affairs:

*To the Congress of the United States:*

I am submitting herewith to the Congress Reorganization Plan No. 1 of 1980, under authority vested in me by the Reorganization Act of 1977 (Chapter 9 of Title 5 of the United States Code). The Plan is designed to strengthen management of the Nuclear Regulatory Commission in order to foster safety in all of the agency's activities.

The need for more effective management of the Nuclear Regulatory Commission has been amply demonstrated over the past year. The accident at Three Mile Island one year ago revealed serious shortcomings in the agency's ability to respond effectively during a crisis. The lessons learned from that accident go beyond crisis management, however. They provide the impetus for improving the effectiveness of all aspects of the government regulation of nuclear energy.

In my statement of December 7, 1979, I responded to the recommendations of my Commission on the Accident at Three Mile Island and set forth steps now being taken to address those recommendations. I stated that I would send to Congress a Reorganization Plan to strengthen the Nuclear Regulatory Commission's ability to regulate nuclear safety. I am submitting that Plan today.

The Plan clarifies the duties of the Chairman as principal executive officer. In addition to directing the day-to-day operations of the agency, the Chairman would take charge of the Commission's response to nuclear emergencies and, as principal executive officer, would be guided by Commission policy and subject to Commission oversight.

### MANAGEMENT PROBLEMS

Intensive investigations undertaken since the Three Mile Island accident have revealed management problems at the Nuclear Regulatory Commission. These problems must be rectified if the Commission is to be a strong and effective safety regulator.

—My Commission, called the Kemeny Commission after its Chairman, Dr. John Kemeny, concluded that the underlying problem at Three Mile Island stemmed not from deficient equipment but rather from compounded human failures. This included the inability of the Nuclear Regulatory Commission to pursue its safety mission effectively in view of its existing management policies and practices. The Kemeny Commission reported a lack of "closure" in the system to ensure that safety issues are raised, analyzed and resolved. Kemeny Commission members also concluded that the Nuclear Regulatory Commission relies too heavily on licensing, and pays insufficient attention to ensuring the safety of plants once they are in operation.

—During the course of its investigation, the Kemeny Commission found serious managerial problems at the top of the Nuclear Regulatory Commission. It noted that the Commissioners and the Chairman are unclear as to their respective roles. Uncertain, diffuse leadership of this kind leads to highly compartmentalized offices that operate with little or no effective guidance and little coordination.

—A recently completed independent study authorized and funded by the Nuclear Regulatory Commission itself also found serious fault with the Commission's management and called for a major organizational overhaul. The report states that there is no authoritative manager but, instead, five equally responsible Commissioners who deal individually with office directors who, in turn, head their own "independent fiefdoms."

—Likewise, a recent report of the General Accounting Office notes the failure of the Nuclear Regulatory Commission to define either the authority of the Chairman or that of the Executive Director for Operations. The staff lacks policy guidance and top management leadership to set priorities and resolve safety issues. There are unreasonable delays in developing policies to guide the licensing and enforcement activities of the agency.

The central theme in all three of these studies is the failure of the Nuclear Regulatory Commission to provide unified leadership and consistent direction of the agency's activities. The present statutes contain conflicting and ambiguous provisions for managing the agency. Important corrective actions cannot or will not be taken by the Commission until the laws are changed. Failure to do so constitutes a continuing nuclear safety hazard.

The present Reorganization Plan would improve the effectiveness of the Nuclear Regulatory Commission by giving the Chairman the powers he needs to ensure efficient and coherent management in a manner that preserves, in fact enhances, the commission form of organization.

### COMMISSION

Under the proposed Plan, the Commission would continue to be responsible for policy formulation, rulemaking and adjudication as functions which should have collegial deliberation. In addition, the Commission would review and approve proposals by the Chairman concerning key management actions such as personnel decisions affecting top positions which directly support Commission functions, the annual budget, and major staff reorganizations. In carrying out its role, the Commission would have the direct assistance of several Commission-level offices as well as the licensing board, the appeal panel, and the Advisory Committee on Reactor Safeguards. The Plan would not alter the present arrangement whereby the Commission, acting on majority vote, represents the ultimate authority of the Nuclear Regulatory Commission and sets the framework within which the Chairman is to operate.

### CHAIRMAN

Under the Plan, the Chairman would act as the principal executive officer and spokesman for the Commission. To accomplish this, those functions of the Nuclear Regulatory Commission not retained by the Commission would be vested in the Chairman, who is currently coequal with the Commissioners in all decisions and actions. The Chairman would be authorized to make appointments, on his own authority, to all positions not specified for Commission approval and would be responsible to the Commission for assuring staff support by the operating offices in meeting the needs of the Commission. The Executive Director for Operations would report directly to and receive his authority from the Chairman. Heads of operating offices would also report to the Chairman or, by delegation, to the Executive Director for Operations. Office heads would also be authorized to communicate directly with members of the Commission whenever an office head believed critical safety issues were not being addressed.

### EMERGENCY MANAGEMENT

The Nuclear Regulatory Commission's ability to respond decisively and responsibly to any nuclear emergency must be fully ensured in advance. Experience has shown that the Commission as a whole cannot deal expeditiously with emergencies or communicate in a clear, unified voice to civil authorities or to the public. But present law prevents the

Commission from delegating its emergency authority to one of its members. The Plan would correct this situation by specifically authorizing the Chairman to act for the Commission in an emergency. In order to ensure flexibility, the Chairman would be permitted to delegate his authority to deal with a particular emergency to any other Commissioner. Plans for dealing with various contingencies would be approved by the Commission in advance. The Commission would also receive a report from the Chairman or his designee describing the management of the emergency once it was over.

### ACTIONS NOT INCLUDED IN THIS PLAN

Not included in this Plan are two actions that I support in principle but that need not or cannot be accomplished by means of a Reorganization Plan. First the Commission, as part of its implementation of this reorganization, can and should establish an internal entity to help oversee the performance of the agency as it operates under the Chairman's direction. This action does not require a Reorganization Plan. Second, I have consistently favored funding assistance to intervenors in regulatory proceedings. This is particularly important in the case of nuclear safety regulation. I therefore encourage the Commission to include consideration of intervenor funding as part of its review and upgrading of the licensing process, as called for by the Kemeny Commission. I have also requested Congress to appropriate funds for this purpose. This activity cannot be authorized by a Reorganization Plan.

### NO ADDED COSTS

This proposed realignment and clarification of responsibilities would not result in an increase or decrease of expenditures. But placing management responsibilities in the Chairman would result in greater attention to developing and implementing nuclear safety policies and to strict enforcement of the terms of licenses granted by the Commission.

Each of the provisions of this proposed reorganization would also accomplish one or more of the purposes set forth in 5 U.S.C. 901(a). No statutory functions would be abolished by the Plan; rather they would be consolidated or reassigned in order to improve management, delivery of services, execution of the law, and overall operational efficiency and effectiveness of the Commission.

By Executive Order No. 12202, dated March 18, 1980, I established a Nuclear Safety Oversight Committee to advise me of progress being made by the Nuclear Regulatory Commission, the nuclear industry, and others in improving nuclear safety. I am confident that the present Reorganization Plan, together with the other steps that have been or are being taken by this Administration and by others, will greatly advance the goal of nuclear safety. It would permit the Commission and the American people to hold one individual—the Chairman—accountable for implementation of the Commission's policies through effective management of the Commission staff. Freed of management and administrative details, the Commission could then concentrate on the purpose for which that collegial body was created—to deliberate on the formulation of policy and rules to govern nuclear safety and to decide or oversee disposition of individual cases.

JIMMY CARTER.

THE WHITE HOUSE, *March 27, 1980.*

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## MESSAGES FROM THE HOUSE

### ENROLLED BILL SIGNED

At 9:36 a.m., a message from the House of Representatives delivered by Mr. Gregory, one of its enrolling clerks, announced that the Speaker has signed the following enrolled bill:

S. 1515. An act to authorize the striking of Bicentennial medals.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. ROBERT C. BYRD).

### ENROLLED BILL SIGNED

At 1:35 p.m., a message from the House of Representatives delivered by Mr. Gregory, announced that the Speaker has signed the following enrolled bill:

H.R. 3919. An act to impose a windfall profit tax on domestic crude oil, and for other purposes.

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At 2:47 p.m., a message from the House of Representatives delivered by Mr. Gregory, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 3236) to amend title II of the Social Security Act to provide better work incentives and improved accountability in the disability insurance program, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. ULLMAN, Mr. CORMAN, Mr. PICKLE, Mr. JACOBS, Mr. COTTER, Mr. RANGEL, Mr. CONABLE, Mr. ARCHER, and Mr. DUNCAN of Tennessee were appointed as managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 4612) to amend title XVI of the Social Security Act to maintain for an additional 3 years the curent program of preventive services, referral, and case management for disabled children receiving SSI benefits; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. ULLMAN, Mr. CORMAN, Mr. RANGEL, Mr. BRODHEAD, Mr. CONABLE, and Mr. ROUSSELOT were appointed as managers of the conference on the part of the House.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4986) to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 309. A concurrent resolution directing the Clerk of the House of Representatives to make corrections in the enrollment of the bill (H.R. 4986).

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## ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, March 27, 1980, he presented to the President of the United States the following enrolled bill:

S. 1515. An act to authorize the striking of Bicentennial medals.

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## EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

Mr. STENNIS. Mr. President, as in executive session, from the Committee on Armed Services, I report favorably the following nominations: in the Regular Army, there are 48 appointments (24 temporary appointments to the grade of major general; 24 appointments to the grade of brigadier general) (list beginning with Charles J. Fiala); Brig. Gen. Cornelius Ottway Baker, Army National Guard, Adjutant General's Corps, to be brigadier general of the line; Vice Adm. William J. Crowe, Jr., U.S. Navy, to be admiral; Rear Adm. Earl B. Fowler, Jr., U.S. Navy, to be vice admiral; Brig. Gen. Kenneth W. Weir, of the Marine Corps Reserve for temporary appointment to the grade of major general; and in the Marine Corps Reserve, there are three appointments to the grade of brigadier general (list beginning with John J. Krasovich). I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. The nominations will be placed on the Executive Calendar.

Mr. STENNIS. In addition, Mr. President, in the Regular Army, there are 1,886 appointments to the grade of second lieutenant (list beginning with Dan F. Abahazy); in the Reserve of the Army and Army National Guard there are 1,024 promotions to the grade of colonel and lieutenant colonel (list beginning with Fred A. Abernethy); in the Navy, there are 2,536 temporary and permanent promotions to the grade of lieutenant (list beginning with Phillip M. Abbott); Maj. John R. Bourgeois, U.S. Marine Corps, for appointment to the grade of lieutenant colonel; and in the Marine Corps, there are 30 permanent appointments to the grade of second lieutenant (list beginning with Chester A. Arnold, Jr.). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk appeared in the RECORD on February 26, 1980, at the end of the Senate proceedings.)

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HEFLIN:

S. 2483. A bill to amend title 28 of the United States Code to require the Chief Justice of the United States to give an annual address to the Congress on the state of the judiciary; to the Committee on the Judiciary.

By Mr. RIEGLE (for himself and Mr. LEVIN):

S. 2484. A bill providing that certain foreign losses which were economically incurred before December 31, 1975, will not be subject to the loss recapture rules of the Tax Reform Act of 1976; to the Committee on Finance.

By Mr. LONG:

S. 2485. A bill to amend chapter 42 of the Internal Revenue Code of 1954 with respect to the determination of second tier taxes; to the Committee on Finance.

By Mr. CULVER (for himself, Mr. McGOVERN, and Mr. BAUCUS):

S. 2486. A bill to amend the Internal Revenue Code of 1954 to exclude from taxation interest earned on obligations substantially all of the proceeds of which are used to provide financing for railroad rehabilitation; to the Committee on Finance.

By Mr. BELLMON:

S. 2487. A bill to amend the Internal Revenue Code of 1954 to provide more equitable treatment of independent oil producers, including royalty owners, under the crude oil windfall profit tax; to the Committee on Finance.

By Mr. CHURCH (for himself, Mr. CULVER, and Mr. MAGNUSON):

S. 2488. A bill to establish a national soil conservation program; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CANNON (for himself and Mr. MAGNUSON) (by request):

S. 2489. A bill to authorize appropriations for the Coast Guard for fiscal years 1981 and 1982, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. METZENBAUM (for himself, Mr. BAUCUS, and Mr. LEAHY):

S. 2490. A bill to provide certain requirements for infant formula, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. PROXMIRE (for himself, Mr. GARN, Mr. WILLIAMS, and Mr. LUGAR):

S. 2491. A bill to provide for the monitoring of restrictions on Soviet trade; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. INOUYE (for himself, Mr. CANNON, Mr. HOLLINGS, Mr. MAGNUSON, Mr. MATHIAS, Mr. MATSUNAGA, Mr. PACKWOOD, Mr. SARBANES, and Mr. STEVENS):

S. 2492. A bill to regulate commerce, promote energy self-sufficiency, and protect the environment, by establishing procedures for the location, construction, and operation of ocean thermal energy conversion facilities and plantships to produce electricity and energy-intensive products off the coasts of the United States; to amend the Merchant Marine Act, 1936, to make available certain financial assistance for construction and operation of such facilities and plantships, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. JAVITS (for himself, Mr. BAUCUS, Mr. CRANSTON, Mr. DECONCINI, Mr. DOLE, Mr. HATCH, Mr. MATHIAS, Mr. PELL, Mr. RANDOLPH, Mr. RIEGLE, Mr. STAFFORD, and Mr. WILLIAMS):

S.J. Res. 155. A joint resolution providing for the designation of the week beginning April 13, 1980 and ending April 19, 1980, as "National Dance Week"; which was considered and passed.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HEFLIN:

S. 2483. A bill to amend title 28 of the United States Code to require the Chief Justice of the United States to give an annual address to the Congress on the state of the judiciary; to the Committee on the Judiciary.

Mr. HEFLIN. Mr. President, today I am introducing a bill which would request the Chief Justice of the U.S. Supreme Court to address on a periodic basis, at such times as are mutually agreed upon by the Chief Justice and the leadership of Congress, a joint session of Congress on the state of the U.S. judiciary.

Mr. President, under the Constitution of the United States the responsibilities for governing this Nation are divided among three coequal branches: the legislative branch, the executive branch, and the judicial branch. All of us here in the legislative branch are, of course, familiar with intricacies and the workings and the problems which face us as legislators because of our attention to business of Congress. Moreover, we are informed through various means and through numerous contacts with the executive branch of the many-faceted activities of that branch and specifically, we are given the Chief Executive's plan of action on an annual basis by means of a state of the Union address given by the President before a joint session of Congress.

Mr. President, in my judgment, we have for many years been giving scant attention to the third coequal branch of Government, the U.S. judiciary. Although there are numerous points of contact at the committee and subcommittee level with the judicial system, largely the Congress as a whole has ignored the third branch until some crisis situation demands that we provide additional Federal judges or implement some reorganization so that the judicial branch may accomplish its constitutional mandate without being overwhelmed with important, but time-consuming work.

At least a partial remedy to this situation, Mr. President, would be for the leadership of the Congress to periodically invite the Chief Justice of the United States to appear before a joint session of Congress to inform the entire Congress as to the "State of the Judiciary." Such an address by the Chief Justice would not eliminate the need for congressional hearings and oversight, but such address by the Chief Justice would focus attention of the Congress and the Nation on the many problems which face our judiciary and would allow us to set priorities and provide impetus to programs which require congressional action. Although there are some who would advocate an annual address by the Chief Justice, it is my judgment that an annual appearance by the Chief Justice, while desirable, is not absolutely necessary, and that flexibility should be built into the procedure so that during years when the congressional leadership and the Chief Justice feel that it is appropriate for him to appear in person he could do so, and in other years, the Chief Justice could transmit a written state of the judiciary message to the Congress which would be placed in the RECORD and made available to each Member of Congress.

A periodic address or annual written report by the Chief Justice would be proper and meaningful in a number of ways.

First, it would be an appropriate and dignified method for the head of one coequal branch of Government to coordinate and communicate its activities and desires for legislation to another coequal branch of Government.

Next, it would bring to public attention many of the problems which face the judiciary and which need to be remedied but for which there is only a small constituency because of a lack of public information. Further, it would force the justices and judges to face the shortcomings of the judiciary system and to come forward with solutions and recommendations for the Congress to act upon.

Finally, it would provide a forum and an opportunity to demonstrate the necessity for strengthening our Federal court system and would highlight the important role that an independent judiciary plays in protecting the rights and freedoms which are so much enjoyed by the people of this Nation.

It is my understanding, Mr. President, that legislation similar to this has been advocated since as far back as 1953 by our former Secretary of State and Attorney General Mr. William P. Rogers and moreover, it has the support of the American Bar Association. I might add incidentally, that the Chief Justice already delivers to the American Bar Association an annual state of the judiciary message; thus we could not be imposing a burdensome new requirement on the Chief Justice, since the machinery has already in hand for the preparation of such a report.

Mr. President, I would like to insert at this point in the RECORD the annual report on the state of the judiciary delivered by Chief Justice Warren E. Burger at the midyear meeting of the American Bar Association in Chicago, Ill., on February 3, 1980. It is my hope that my colleagues on both sides of the Capitol will take the time to read this report and I certainly hope that in the years to come, the Chief Justice will be afforded an opportunity to come before the Congress in person to deliver this message when he deems it in the interests of justice to do so, and that in other years we will receive the thoughts and recommendations of the Chief Justice in formal written reports to the Congress.

Mr. President, I encourage the Congress to take speedy action on this measure so that, hopefully, we will be able to invite the Chief Justice for his first state of the judiciary address at the beginning of the next session of Congress in early 1981.

I ask unanimous consent that my proposed bill be printed at this point in the RECORD and that immediately following such bill that the annual report on the state of the judiciary, dated February 3, 1980, be likewise printed in the RECORD.

There being no objection, the bill and report were ordered to be printed in the RECORD, as follows:

S. 2483

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title 28 of the United States Code is amended by inserting after section 6 the following new section:

"§ 7. State of the judiciary address

"The Chief Justice shall at such times as may be mutually agreed by the Chief Justice, the majority leader of the Senate, and the Speaker of the House of Representatives, address in person the Senate and the House of Representatives meeting in joint session. Each such address shall include information on the state of the judiciary and recommendations for the enactment of such measures as the Chief Justice deems are necessary and expedient. During any calendar year in which the Chief Justice does not appear personally to make such an address, a copy of such address shall be transmitted to Congress not later than March 15 of each such year.".

SEC. 2. The table of chapters for chapter 1 of title 28, United States Code, is amended by inserting immediately below the item relating to chapter 6 the following new item: "7. State of the judiciary address.".

SEC. 3. The amendments made by this Act shall take effect with respect to the first full calendar year occurring after the date of the enactment of this Act.

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### ANNUAL REPORT ON THE STATE OF THE JUDICIARY

(Remarks of Warren E. Burger, Chief Justice of the United States, at the Midyear Meeting, American Bar Association, Chicago, Ill., February 3, 1980)

Ten years ago as we entered the 1970's, and each year since, you have invited me to make a report on what you have called the state of the judiciary. Now we are at the turn of another decade, and it is useful to "take stock" of what has been going on and try to look ahead.

In the administration of justice, the 1970's were characterized by two significant factors. The first was an enormous increase in cases filed in both the Federal and the State courts. The second was the response in the form of changes in judicial administration and in facilities to deal with the onslaught of cases and the management of judicial business. The responses can be summarized briefly:

(1) Statistical information on the work of our courts, both State and Federal, has been improved, especially at State levels.

(2) The use of modern business methods and modern technology in the courts has been greatly increased.

(3) The use of trained court administrators or court managers has multiplied enormously in the 1970's. Today there are fifty times as many trained court administrators as a decade ago.

(4) The postgraduate or continuing training of judges has been greatly expanded. Ninety percent of all Federal judges now serving have taken part in one or more training programs of the Federal Judicial Center and more than 1500 State judges receive advanced training at the National Judicial College each year.

I regret not having been able to attend the National Conference on the Role of the Lawyer in the 1980's last week, sponsored by the General Practice Session and the Young Lawyers Division. I share your concerns about new problems facing the practicing profession and strongly endorse the effort to think about what our society will be asking of lawyers in the years ahead—and how lawyers can meet those demands at costs people can afford.

The focus you place on legal education and standards for admission to the bar, the regulation of the bar, and the relationship of these factors to the independence of the bar is very important. The legal profession exercises a monopoly and monopolies must be subject to regulation. It is particularly important, however, that a profession regulate itself. The choice is whether the bar will regulate itself and do it adequately in the public interest or whether it will be regulated by external authority.

#### DISCIPLINE OF THE BAR

It is now nearly eight years since the report on discipline of the bar was made by this association's committee chaired by my former colleague, the late Justice Tom Clark. That committee concluded that discipline of the bar, in the real sense, was virtually nonexistent. There has been some improvement since that time, chiefly under the stimulation of this association, but we have a long way to go.

Instruction in professional ethics should permeate the entire educational experience beginning with the first hour of the first day in law school. A token course on ethics might be worse than none for it may create an illusion pregnant with mischief. It is always a dangerous business to train people in the use of weapons—whether of the lethal kind or the legal kind—without inculcating ethical standards and sensitivity to guide their proper use. The function of legal education must be more than simply producing highly-skilled legal mechanics.

The association has begun a reexamination of the standards of professional conduct, but more important is what we do with those standards once we restate them. How we make them understood and how we enforce them is the test.

#### EDUCATION IN LAWYERING

Over the past five or six years, there has been an enlarged focus on the problems relating to the making of a lawyer. After a mild flurry over the dimensions of the problem of the quality of trial advocacy, a broad consensus was reached by judges, practicing lawyers and the academic community. There is no longer any doubt but that we have a "serious problem" in terms of the quality of some lawyers' performance in the trial courts. But the profession has now recognized its obligation to do whatever is necessary to make sure that the consumers of lawyers' services receive their money's worth.

#### CRAMTON REPORT

The law schools have responded by expanding existing programs of training and creating new ones where none existed. The report of the task force which you created in 1978, chaired by Dean Roger Cramton of Cornell, will, in years to come, be seen as a very important milestone in the continuing development of legal education.

#### TRIAL LAWYERS IN LAW SCHOOLS

For me, the two highlights of that report are first, acceptance of the idea that training in practical aspects of lawyering should begin in law school and should be available to every student who wants it; and, second, that experienced trial lawyers and trial judges must be drawn into the teaching process, working with the faculties. A particularly encouraging sign is that the Harvard Law School, long a pioneer in this area, has established a two and one-half million dollar program for training in trial advocacy jointly with Northeastern Law School. More than half of the law schools now have useful programs on advocacy.

#### ADMISSION TO FEDERAL COURTS

In a related matter, the committee created by the judicial conference of the United States to study trial court advocacy and to consider the need for standards for admission to practice in the Federal courts reported last September. Its report was unanimously accepted by the judicial conference. An implementation committee has been created to develop pilot projects in half a dozen or more Federal districts so that both the need and the value of special admission standards can be tested.

#### LAWYERS' FEES

There is a rising concern with legal costs. This affects both the public and the profession, and you have shown your concern with this problem. Lawyers, like all others, must contend with inflation, but in the past fifteen years or more, legal fees have increased more rapidly than the inflated cost of living.

We should make no mistake about it; there is a risk that lawyers may be "pricing themselves out of the market." This must be met by the profession, or it may well be dealt with by external forces. The seeds may be planted that will change the private practice of law as we have known it. I doubt whether that would be good for the public or the profession.

Fortunately, this association has been alert to the problem and during the past dozen years there have been some important developments: As late as 1965 only five percent of the poor were able to receive needed legal services. That year the Federal Government and this association joined forces to initiate the first federally-funded program for legal aid to the poor. The next step was creation of the Legal Services Corporation in 1973, with this association again giving leadership. Currently that body has 5,000 lawyers who reach more than ¾ of the nation's poor. Its current annual budget is in excess of 300 million dollars.

In the private sector, the expanded use of well-trained assistants, sometimes called "paralegals," has been an important development. Today there are 300 schools—double the number of law schools—for training paralegals; 49 of those schools are accredited by the A.B.A. The advent of the paralegal enables law offices to perform high quality legal service at a lower cost. I suspect we have only scratched the surface on this development. This is not new. Generations ago, lawyers here, as in England, made use of highly trained "clerks" for limited kinds of legal work that did not call for a full-fledged lawyer.

#### POUND CONFERENCE

Two other important projects which grew out of the 1976 Pound Conference in St. Paul, will, in time, prove very important. One is the experimentation with expanded use of arbitration for large claims; the other is finding alternative methods of resolving minor disputes of the kind which we had once hoped would be taken care of in small claims courts—without lawyers.

Our colleague Griffin Bell, who was an active member of the Pound Conference and chairman of the Association's follow-up and implementation committee, carried these programs with him when he became attorney general. The pilot programs he launched should be carefully studied.

### MISUSE OF JUDICIAL PROCESS

We must not let the situation develop to the point where only the more affluent individuals and large business enterprises can afford the services of private practitioners.

One factor which contributes to the high cost of legal services is the misuse and abuse of pretrial judicial processes. Yet we must not be too critical of lawyers for using the mechanisms permitted by statute or court rules. Roscoe Pound pointed out, nearly three-quarters of a century ago, that the very nature of our adversary system invites abuses. The responsibility for control rests on both judges and lawyers. Where existing rules and statutes permit abuse, they must be changed. Where the power lies with judges to prevent or correct abuse and misuse of the system, judges must act.

Litigation does not manage itself. Within reason, trial judges must take a more active role in the management of litigation by enforcing schedules and limiting freewheeling pretrial activities. Sanctions must be used to prevent or penalize abuses and judges are making greater use of this kind of control.

### EXCESS COSTS ON APPEALS

The Judicial Conference Committee on Appellate Rules is reexamining the whole subject of the Appellate process. A good many experienced lawyers believe—and this belief is shared by many Appellate judges—that we have "gone overboard" on the matter of printing records on appeal. There is not universal agreement on this subject. Some believe that an appellate court must have at least three printed copies of the record. Others believe that the original record is sufficient in the vast majority of cases.

The Fifth Circuit conducted a twenty-month experiment, relying primarily on the original record supplemented by a limited printed appendix covering critical material. This eliminated more than three and one-half million pages[1] of printed records in 20 months. In this one experiment, the savings to the litigants amounted to more than one million dollars in printing costs. It reduced fees for assembling the material. It is not unimportant that it also saved 1500 linear feet of shelf space in the court.

This is the type of imaginative experimentation by judges and lawyers which we should encourage and on which we have the cooperation of the bar. Chief Judge Brown of the fifth circuit, his successor Chief Judge Coleman, and their colleagues are to be congratulated for their initiative.

### INCREASED FILINGS

A striking change in the work of the courts in recent years is the tremendous increase in cases filed along with the novelty and complexity of questions presented. In 1970, there were 317 cases for each district judge. In 1980, we estimate that the figure will be approximately 400 cases. Filings in the courts of appeals have doubled in the past ten years. We can see that measured by the case filings per judgeship, the impact of 152 new Federal judges in the omnibus bill last year will soon be wiped out.

The quality of the performance of the courts is bound to suffer with this overload. The time has come to find some new method of providing judges for the Federal system when they are needed—not eight, nine or ten years later depending upon whether the same political party is in control of the White House and the Congress.

### DELAY IN PROVIDING JUDGES

We must devise a method for making an annual evaluation and projection of the need for additional judges. Congress should promptly consider authorizing the judicial conference to evaluate the need for additional judgeships and, subject to congressional veto, establish new judgeships as the needs require.

Plainly it is easier to define the problem than to spell out the details of a corrective statutory scheme. We must preserve the important constitutional checks and balances, and yet meet the needs of the public. People seeking justice in the Federal courts should not have to wait upon the winds and tides of the political processes to find a judge to hear a case.

As caseloads increased in the 1970's, the judicial machinery and judicial methods demanded greater attention. The antiquated methods used in the first half of this century were not adequate for the second half. Roscoe Pound's prophecies went unheeded for many decades but the voices of men like Chief Justice Vanderbilt, Judge John J. Parker and Justice Tom Clark began to get a greater audience in the fifties and sixties, and some important progress has been made.

### CIRCUIT EXECUTIVES

Nine years ago, court administrators were authorized for Federal courts for the first time in our history. Congress, however, granted only one for each of the eleven circuits. The circuit executives have demonstrated the value of trained personnel to assist chief judges and circuit councils in the management of the business of the courts. In the current budget requests, we are asking Congress to provide a counterpart of the circuit executives for each of the 15 largest metropolitan district courts. Although I am confident Congress will provide this necessary assistance, I urge the association to lend its efforts in support of this budget request.

### STATE-FEDERAL COUNCILS

A related development is that more than 40 States now have State-Federal councils which provide a clearinghouse for the two systems. This can eliminate conflicts in court calendars and jury calls, and coordinate litigation where both Federal and State courts have cases arising out of a single event, such as an airplane crash.

### NATIONAL CENTER FOR STATE COURTS

Ten years ago, there was no national or central mechanism for improving the administration of justice in the State courts. Some of the States, under strong leadership by their judges, had made great strides within their own borders. Since 1971 we have had the National Center for State Courts. It has a splendid headquarters at Williamsburg, Virginia with a staff of specialists to aid the State courts. It has brought 20th century management and technology into State court operations.

### METROPOLITAN CHIEFS CONFERENCE

Another useful development has been the conference of metropolitan chief judges, which now includes the chiefs of the 30 largest metropolitan Federal districts. The chiefs of these important courts meet and exchange information on procedures and practices to speed up the work of the courts on subjects ranging from jury utilization to calendar methods and pretrial proceedings.

### INCREASED PRODUCTIVITY

The accumulated results of these new methods, and others too numerous to mention—and harder work by the judges and court personnel—have increased the productivity of Federal judges by more than one third. Year end reports indicate a general decline in industrial productivity in the U.S., and this makes the performance record of Federal judges stand out as nothing less than remarkable.

### CREATING A NEW PROFESSION

At no time in history did the need for changes in methods and procedures come into such sharp focus as in the past dozen years when the caseloads in both Federal and State courts mounted. But in the 1970's, the unique American management genius and use of technology finally found its way into the judicial systems of the country.

At the 1969 annual meeting at Dallas, we took note that the United States had more astronauts qualified for space exploration than qualified court administrators. This association took the leadership in bringing the institute for court management into being. For ten years the institute has conducted a full-time, six-month training course and has certified 328 individuals as court administrators. It has also developed shorter courses, seminars and workshops for advanced training of court clerks, deputy clerks and judges. Several thousand individuals have participated in the training programs of the institute. This has brought about a revolution in court administration. Today there are more than 500 trained court administrators operating in the State and Federal systems compared with perhaps 20 in 1969. Without the help and support of this association the institute could not have been developed and we would not have seen the creation of the new profession of court managers.

### JUROR TIME WASTED

In one important area of court administration which affects a great many Americans, there has been some, but not enough, improvement. We deal far too casually with the time of citizens called for jury duty. This is reflected in a stream of letters to editors and to judges, and in articles in legal publications reciting the complaints of citizens whose time and patience are abused.

Recently a biting editorial in the New York Journal of Commerce echoed the complaint that too many citizens have several weeks of their lives wasted while waiting in the jurors' lounge for a call that may never come. The constant complaint is that time is spent in varying stages of boredom watching daytime television, reading outdated magazines or playing checkers with others whose time is being similarly wasted. All too many citizens who respond to the jury call, initially with a sense of performing a civic duty, are disillusioned by the lack of an adequately organized system or method to make reasonable use of their time.

We know that there cannot be total utilization of the time of every citizen called for jury duty. Some may serve in one case or two. Some are held for several weeks with no service at all. In the name of citizenship we ask them to accept far less than their normal earnings and sometimes make sacrifices in their family life.

Judges and court managers must minimize the waste of citizens' time. There are now tools at our disposal to improve the methods of screening, selecting, qualifying, summoning and assigning jurors. There are more accurate ways to identify the number of jurors needed and likely to be used. The important civic duty of jury service should not be embittered by frustration and disappointment.

I would like to be able to report great progress in the administration of our criminal justice system. In all candor, I cannot do so. Crime rates remain extremely high. The rate of violent crimes remains very high. The reasons are complex. There is no simple solution. But there are some things we can do and should do to avoid the fear that still infects many parts of our great cities.

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[1] I am reliably informed this is the equivalent of 450 pulpwood trees.

### NEED FOR DETERRENCE

The deterrent function of the criminal justice system has not been realized. The system must restore at least some degree of deterrence. The message we have failed to send—the message society must send—is that the consequences of criminal conduct are swift and certain. No such message is getting through today. The criminal process should not extend over a span of three, five or seven years, with repeated appeals and repeated collateral attacks on convictions. At some point there must be finality. Without finality deterrence is a myth.

A system of justice that provides the greatest protections for accused persons must not fail in the basic function of a civilized society—protection of all its members. When people came out of the trees and caves and banded together, they did so for mutual protection. They gave up the right to self help. Our criminal justice system has not given the kind of protection contemplated by this exchange. People should not be forced to resort to self help to protect themselves and their homes and property. Constitutional guarantees for the protection of accused persons must be enforced, but society has an obligation to protect not just some, but all its people.

There is a special category of criminal conduct that has increased significantly in recent years which might be called "bail crime". Recently Judge Harold Greene, now a United States District Judge in Washington, but then the Chief Judge of the Superior Court, wrote a provocative article.[2]

He deplored the brutal murder of a woman as she left a night school class in the heart of downtown Washington and went on: "Even more troubling was the fact that two of the men charged with the murder had been free on bail . . . awaiting trial for rape." One of these men at the time of his arrest for rape was on probation following an assault conviction.

He urged that stern measures be taken against those who violate terms of bail release and those who commit crimes while on probation or parole.

Recently an East Side New York priest wrote on the op-ed page of the New York Times deploring the lack of protection for the people in his parish. Similar articles, editorials and letters to the editor can be found in newspapers from coast to coast.

The priest wrote:

"I do not call for martial law. But I do call for a new marshaling of law to protect the liberties of all people and especially the first civil liberty—our lives and the security of our persons. Without these there is no freedom."

The problem is simply not one of overlenient judges. To a large extent it is the result of statutes relating to the standards for release on bail.

These are not exceptional cases. They occur time and time again in every part of the country. This association and its component state and local associations should conduct a study to determine precisely the extent to which criminal conduct persists by defendants on bail awaiting trial for serious crimes.

In the long run, confinement for punishment alone, however severe, will not solve the problems that disturbed Judge Harold Greene and Monsignor Byrne. Truly effective correction systems have not yet been developed in this country. It is folly to establish a system of justice allowing each criminal defendant the most elaborate due process, free counsel, and the most expensive trials known anywhere, and then cast the guilty into nineteenth century penal institutions. It is wrong. It is expensive. It is stupid.

We must develop educational and vocational programs so that prisoners will leave correctional institutions, at the very least, trained in some marketable skill. I repeat what I said to you 11 years ago in Dallas, that we must design a correctional program that will in a very literal sense encourage prisoners to "learn their way out of confinement". And then we must encourage employers not to reject indiscriminately the employment of all persons with criminal convictions.

This will cost more in the short run. But in the long run to put people behind walls and bars and do little or nothing to change them is to win a battle and lose a war.

In the past ten years, the lot of judges has not been easy. Although burdens became heavier and costs of living increased dramatically, Congress failed to provide needed judgeship and fell far short of maintaining a level of compensation called for by inflation as was done with virtually all other personnel of the Federal establishment.

The Judicial Conference of the United States is concerned about the need to attract and keep able lawyers as judges and has authorized the creation of a Committee on the Judicial branch to examine all aspects of Federal judicial service. That committee has been appointed and is chaired by the chief judge of the second circuit, Judge Irving Kaufman.

More judges alone will not solve our problems; more technology alone will not solve our problems; improved procedures, alone, will not solve our problems. To accomplish this will require a combination of these factors, plus the most important single ingredient—the service of dedicated judges and supported personnel in the courts. To achieve this we must attract to the bench the ablest practitioners at the bar. The standard for the appointment should be that the person is exceptionally well qualified by virtue of character, training, experience and temperament, to perform the high duties of a Federal judge.

Beyond the selection of exceptionally well qualified judges, we must continue to expand the use of trained court administrators, modern technology and modern business methods. Judges should be able to concentrate on the central task of adjudication. The management of the machinery should be in the hands of trained personnel, always subject, of course, to the control and guidance of the judges themselves.

This association has contributed more to improvements in the administration of justice than any single entity in the country, and whether we agree or disagree on particular details, I know that the courts will continue to have the support of the association in the years ahead.

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By Mr. LONG:

S. 2485. A bill to amend chapter 42 of the Internal Revenue Code of 1954 with respect to the determination of second-tier taxes; to the Committee on Finance.

● Mr. LONG. Mr. President, this bill corrects a deficiency in the structure of the excise tax system that is designed to insure the compliance of private foundations, pension trusts, and black lung benefit trusts with certain provisions of the Internal Revenue Code. In each of these areas, a two-tier tax system was enacted to make sure that certain prohibited acts were corrected.

In three recent Tax Court cases, the Tax Court held that the court lacked the authority to uphold a second-tier tax on a private foundation. The court found that since the second-tier tax is not "imposed" until after its decision is final, it did not have jurisdiction to redetermine a deficiency of the second-level tax.

The bill corrects this deficiency of present law by imposing the second-tier tax at the time the Internal Revenue Service mails a notice of deficiency to the taxpayer with respect to that tax. However, the second-tier tax would be abated if the prohibited act is corrected by the end of the "correction period." This would give the Tax Court jurisdiction to redetermine the second-tier tax while at the same time prohibiting collection of the tax during the period provided for court review and correction of the transaction.

This bill simply corrects a procedural defect in the provisions relating to private foundations, pension trusts, and black lung benefit trusts, in order to give the courts jurisdiction over these taxes. The bill in no way increases the taxes already imposed by these provisions.●

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By Mr. CULVER (for himself, Mr. McGovern, and Mr. Baucus):

S. 2486. A bill to amend the Internal Revenue Code of 1954 to exclude from taxation interest earned on obligations substantially all of the proceeds of which are used to provide financing for railroad rehabilitation; to the Committee on Finance.

### RAILROAD REHABILITATION BONDING ACT OF 1980

● Mr. CULVER. Mr. President, today I am introducing legislation to enable States to develop a financial mechanism to rehabilitate essential railroad main lines and branch lines. This legislation, "the Railroad Rehabilitation Act of 1980" allows States to offer tax exempt industrial development bonds (IDB's) to repair and upgrade essential lines.

The bankruptcies of the Milwaukee and Rock Island Railroads are symptomatic of the general decline of midwestern railroads in recent years. For the last decade, farmers and shippers have been plagued by car shortages, deteriorating track, abandonments, embargoes, and steadily worsening service. For the last year, many Iowans have gone to bed at night wondering if they would still have rail service when they awoke the next morning. This decline must be reversed.

The railroad industry is critically short of investment capital to maintain track and equipment. The Department of Transportation (DOT estimates the industry faces a potential capital shortfall of $16 billion by 1985. If some of this deficit cannot be made up, the industry faces more "deferred maintenance," abandonments, bankruptcies, and service suspensions. The continued decline of the industry—especially at a time when America must develop more energy-efficient modes of transportation—is not in the public interest.

Both public and private sectors—the railroad industry, as well as the Federal, State, and local government—must undertake a greater commitment to provide the resources needed to rehabilitate a national rail system. To provide more Federal funds for this effort, Senator McGovern and I coauthored the amendment to the Senate version of the windfall profit tax bill to reserve $1 billion in revenues for rail rehabilitation. The conference report retains the concept of using windfall profit revenues for this purpose by establishing a $34 billion energy and transportation fund which can be used for railroad rehabilitation and other projects.

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[2] "Criminals on our Streets," The Washington Post, November 25, 1979.

State governments must also be able to contribute greater revenues for this effort. One method that has been considered by several States, including Iowa, is the establishment of State authority to issue industrial development bonds, the proceeds of which could be loaned to railroads for specific projects. In the case of Iowa, for example, such authority could raise revenues to accelerate the State branch line assistance program, by which the Government, the railroad, and local shippers all contribute funds to the State and shippers are reimbursed out of the additional revenues generated over the rehabilitated track. Under the State branch line assistance program, Iowa has successfully rehabilitated over 800 miles of essential branch lines since 1972.

States are permitted to issue industrial revenues bonds under section 103 of the U.S. Internal Revenue Code. Normally, the interest earned on these bonds is subject to Federal income taxation. However, IDB's issued for the construction of facilities that have a public purpose—such as airports, docks, mass commuting facilities, and air water pollution control facilities—have been granted a tax exempt status under section 103 of the Code. Currently, Federal tax law does not allow bonds issued under this provision for railroad rehabilitation to be treated as tax-exempt bonds. This will limit their ability as a mechanism for raising the funds necessary to promote railroad rehabilitation at the State level.

The legislation I am introducing today amends section 103 of the Code in order to make industrial development bonds issued by States for the purpose of railroad rehabilitation tax exempt. Specifically, it amends title 26, section 103(b) (4) of the United States Code by adding to the list of tax-exempt facilities those obligations issued to finance certain railroad improvement projects, including the construction, repair, and upgrading of railbeds, trackage, depots, and switching and signaling equipment. It would not, however, provide a tax exemption for the purchase of rolling stock.

I believe this change in the Tax Code will provide States with a needed mechanism for raising revenue that can be put to good use to upgrade their most important trackage. The Iowa House of Representatives has already passed a resolution calling for the establishment of tax-exempt bonding authorities for railroad rehabilitation. I believe the potential revenue loss to the Federal Treasury will be more than offset by the benefits derived from well-maintained, efficient rail systems.

In conclusion, Mr. President, I believe that this change in the Federal tax code to add railroad improvements to the list of tax-exempt industrial development bonds is a prudent measure to encourage States to accelerate the rehabilitation of their essential rail lines that are so vital for the future economic health of the Midwest and the Nation. I recommend "the Railroad Rehabilitation Bonding Act" to my colleagues and urge its prompt enactment.

I ask unanimous consent that both Iowa House Concurrent Resolution 110 and a copy of the legislation be printed in the RECORD.

There being no objection, the bill and concurrent resolution were ordered to be printed in the RECORD, as follows:

### S. 2486

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) subsection (b) of section 103 of the Internal Revenue Code of 1954 (relating to industrial development bonds) is amended by redesignating paragraph (9) as paragraph (10) and by inserting after paragraph (8) the following new paragraph:

"(9) RAILROAD REHABILITATION.—Paragraph (1) shall not apply to any obligation which is part of an issue substantially all of the proceeds of which are used to provide financing for—

"(A) railroad rehabilitation, including the acquisition, construction, reconstruction, or erection of any roadbed, track, trestle, depot, switching and signaling equipment, or any related equipment, but not including rolling stock, or

"(B) acquisition of land or rights-of-way in connection with railroad rehabilitation.".

(b) Paragraph (10) of section 103(b) of such Code (relating to exceptions), as redesignated by subsection (a), is amended by striking out "and (7)" and inserting in lieu thereof "(7), and (9)".

SEC. 2. The amendments made by the first section of this Act shall apply to obligations issued after September 30, 1980.

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### HOUSE CONCURRENT RESOLUTION No. 110

Whereas, section 103 of the United States Internal Revenue Code provides for the issuance of industrial revenue bonds by a political unit for the construction of private or public facilities; and

Whereas, the majority of these tax-exempt bonds are limited to ten million dollars in any one instance; and

Whereas, certain facilities have been deemed to have a public purpose and are therefore not subject to the ten million tax exempt limit; and

Whereas, these exempt facilities include airports, docks, wharves, mass commuting, parking, and other transportation facilities; and

Whereas, the construction, repair, and upgrading of railbeds, trackage, and appurtenances, but not rolling stock, are also deemed to have a public purpose;

Now therefore, be it resolved by the House of Representatives, the Senate concurring, That the Iowa General Assembly urges the Congress of the United States to amend the United States Internal Revenue Code, section 103, to provide for unlimited exemptions on obligations issued to finance certain railroad improvement projects; and

Be it further resolved, That copies of this resolution be forwarded to members of the Iowa Congressional Delegation, the Speaker of the United States House of Representatives, the President of the United States Senate, and the chairpersons of the Ways and Means Committees of the United States House of Representatives and Senate.●

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By Mr. BELLMON:

S. 2487. A bill to amend the Internal Revenue Code of 1954 to provide more equitable treatment of independent oil producers, including royalty owners, under the crude oil windfall profit tax; to the Committee on Finance.

● Mr. BELLMON. Mr. President, moments ago, the Senate passed and sent to the President for his signature the largest single revenue measure enacted by Congress over the 204 year history of our Nation. This act, labeled the windfall profit tax, but more aptly designated the Domestic Crude Oil Excise Tax Act of 1980, is estimated to raise $227 billion over the next decade by placing an excise tax on every category of oil produced in this country. This is a tax mind you, in addition to the 46 percent corporate income tax rate which also applies to every category of oil produced in the continental United States. Producers and royalty owners also pay revenue taxes as well as State and Federal personal income tax.

Mr. President, as we all know, this legislation was originally proposed in response to the President's decision to decontrol crude oil prices as well as to respond to reports of what some considered as inordinate profits by the major international oil companies. The irony in all this, Mr. President, is that the measure just passed does not really impact the international oil companies as originally envisioned. However, one segment of the petroleum industry that this tax measure will impact is the independent producer and royalty owner.

Mr. President, when H.R. 3919 was before the Senate for consideration last fall, the Senate attempted and succeeded in shaping a bill that struck a balance between our taxation and energy policy. By providing a 1,000 barrel per day exemption from the windfall profit tax to the independent producer, the Senate bill recognized the productive capacity of the independent producer to find and produce oil and gas in this country. It specifically recognized the undisputed fact that the independents have a documented history of plowing back over 100 percent of their profits into new exploration and development.

The amendment by Senators BENTSEN and BOREN to provide a 1,000 b/d independent exemption was agreed to in the Senate by a vote of 53 to 42. In so doing, the Senate took a firm position in assuring the proper incentives for the most productive segment of the petroleum industry so that they might continue to explore and find additional oil supplies for this Nation. In this context Mr. President, the Senate was recommending a balanced policy which included taxing those entities most able to absorb the windfall profit tax while at the same time enabling the independent producers to retain adequate capital to assure continued exploration and development.

Unfortunately, Mr. President, when H.R. 3919 returned to the Senate from the joint conference committee, the Senate's balanced approach had been undone. The 1,000 b/d independent exemption from the windfall tax was dropped. While many thought the conference committee would arrive at a compromise as to the number of barrels of independent production that should be exempted from the tax, this did not occur. Instead, the Senate conferees brought back a bill that completely ignored the Senate position of attempting to encourage additional production from that segment of the oil industry that has demonstrated its ability to produce oil and gas. As a result Mr. President, H.R. 3919 became a revenue raising measure rather than a balanced approach to our energy and taxation policies as evidenced by the Senate bill.

In view of our now misguided policy, Mr. President, I am introducing today a bill which reflects a position concerning this tax that the Senate has already expressed its will upon. Very simply, this bill would provide a 1,000 b/d exemption from the windfall profit tax for independent producers and all royalty owners. I feel that it is important that we keep this issue before the Senate and the Congress so that the Senate will be in a position to act on a moment's notice once the opportunity presents itself.

Additionally, the bill I am introducing, if enacted in a timely fashion, will prevent any arguments that such a measure will rob the Treasury of needed revenues. In fact, it is my hope that this legislation can be enacted this year before we get hooked on these additional revenues from the windfall profit tax. Actually, an independent and royalty owner exemption will have little effect upon anticipated revenues. While it is estimated that the windfall profit tax will raise $227 billion over the next decade, this figure will look pale compared to the actual receipts. This $227 billion figure is based upon oil selling at $30 per barrel—we all know the world price of oil is closer to $40 per barrel. Using a $40 price, the tax will raise approximately $380 billion under the conference report just passed.

During Senate consideration of H.R. 3919, it was estimated the independent exemption would result in lost revenues of around $24 billion. If all royalty owners—both those leasing to independents and majors—were provided an exemption as my bill proposes, the effect on revenues would be $34 billion. So to provide such exemptions will not affect or in any way reduce the $227 billion to be raised by this tax so long as we all agree that the tax will raise in excess of $227 billion—actually closer to $380 billion. Consequently Mr. President, this bill will have minimal effect upon the actual revenues from the windfall profit tax.

As I have stated, the Senate has previously indicated its support for such an exemption. There is no rational basis for penalizing the independent producer and royalty owner who have done more to solve this Nation's energy dilemma than any other single group. If we are serious about producing more oil in this country, we must realize that it costs incredible amounts of capital to explore and drill for oil. To take this capital away from the independent producer and thereby severely limit their ability to find and produce new supplies of crude oil is sheer folly. The Senate must stand fast in its position of providing a balanced policy. We must strive to bring some reason into our energy production efforts. To do otherwise would be unforgivable.

Therefore, Mr. President, I urge the Senate to act favorably on the legislation I am introducing at this time so that we can get on with the task of solving our Nation's energy woes with as little delay as possible.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

### S. 2487

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. INDEPENDENT PRODUCER EXEMPTION.

(a) IN GENERAL.—

(1) REMOVAL FROM TAX.—Subsection (b) of section 4987 of the Internal Revenue Code of 1954 (relating to applicable percentage) is amended by striking out paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(2) EXEMPTION PROVIDED.—Subsection (b) of section 4991 of such Code (relating to exempt oil) is amended—

(A) by striking out "and" at the end of paragraph (3),

(B) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a comma and the word "and", and

(C) by adding at the end thereof the following new paragraph:

"(5) any independent producer oil.".

(b) QUALIFIED PRODUCTION.—Subsection (d) of section 4992 of such Code (defining qualified production of oil) is amended to read as follows:

"(d) QUALIFIED PRODUCTION OF OIL DEFINED.—For purposes of this section—

"(1) QUALIFIED PRODUCTION.—An independent producer's qualified production of oil for any quarter is the number of barrels of crude oil—

"(A) which are removed from the property during that quarter, and

"(B) with respect to which the taxpayer would be liable for the tax imposed by section 4986 if it were not for this section and section 4991(b)(5).

"(2) ROYALTY OWNERS.—In the case of the holder of any royalty or similar interest, the qualified production of an independent producer from each property shall be equal to an amount which bears the same ratio to the amount of the total number of barrels of production of such producer from such property (determined without regard to this subsection) as

"(A) the working interests held by all independent producers. bears to

"(B) the working interest held by all producers.

"(3) TRANSFERRED PRODUCTION.—An independent producer's qualified production does not include production from a property to the extent that the independent producer's interest in such property was held by an integrated oil company on October 24, 1979. For purposes of this paragraph, the term 'integrated oil company' means a person to whom section 613A(c) applies by reason of paragraph (2) (relating to certain retailers) or paragraph (4) (relating to certain refiners of section 613A(d).".

SEC. 2. EFFECTIVE DATE.

The amendments made by section 1 shall apply to periods after February 29, 1980.●

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By Mr. CHURCH (for himself, Mr. CULVER, and Mr. MAGNUSON):

S. 2488. A bill to establish a national soil conservation program; to the Committee on Agriculture, Nutrition, and Forestry.

### SPECIAL AREA SOIL CONSERVATION ACT OF 1980

● Mr. CHURCH. Mr. President, I am pleased to introduce legislation, entitled "The Special Areas Soil Conservation Act of 1980," which is designed to address and provide a solution for those areas of our land which suffer from severe and chronic soil erosion problems. This legislation is meant to be a companion bill to H.R. 6732, which has been introduced in the House by the Honorable ED JONES of Tennessee.

Our Nation has been blessed with an abundance of productive, fertile cropland. Yet we all understand that the soil will last only as long as we provide for the care it needs. That is why we long ago established a nationwide program providing soil conservation assistance to every farmer in every county. This effort has been important to retaining the productivity we sometimes take for granted. But there are areas of our land which face unique, special erosion difficulties which need to be targeted for special, long-term treatment. The legislation I am introducing today provides a mechanism, modeled on the successful Great Plains conservation program, to begin to make progress in these special problem areas.

In general terms, the activities of logging, mining, grazing, and tilling the soil create increased erosion. The resulting degradation of our cropland leads to increased efforts to retain productivity by using expensive fertilizers and creates pollution problems due to sediment particles and the runoff of fertilizers and pesticides.

Mr. President, the extent of this problem has been the subject of studies by the Department of Agriculture and the Soil Conservation Service. These studies show that 4.8 tons of soil, on the average, are eroded annually from each acre of cropland. This figure, alarming as it is, conceals the fact that special problem areas experience much higher loss figures. About 2 billion tons of soil is lost annually from our Nation's cropland. That is valuable, irreplaceable soil that is gone forever.

Mr. President, both the Senate and the House Agriculture Committees have been working hard to develop a comprehensive approach to resolving the heavy erosion problems being experienced in certain areas of our land. This bill is meant to bring to the Senate a starting framework to build a final national program. This bill commences by designating those areas that already have been identified by the Secretary of Agriculture as special problem areas. This list is open to further review and discussion. One of the previously identified problem areas is the Palouse Plains, which cover a large portion of northern Idaho and eastern Washington.

The Palouse Plains are representative of the problems faced by areas experiencing critical levels of erosion. During the past 40 years, these plains have lost a stunning total of 360 tons per average acre. Fully 10 percent of the cropland in this area has lost all of its topsoil. Erosion losses running between 20 and 30 tons per acre per year are common. Almost 60 percent of the cropland in this region has lost between 25 to 75 percent of its topsoil.

This bill designates five other areas as eligible for the special treatment offered by this bill. Once an area is designated as a special area, cost-sharing and technical assistance would become available to the landowners and operators. This assistance would be provided under the terms of a long-term contract between the Department of Agriculture and local land owners or operators after the formation of a conservation plan.

Mr. President, our soil resources are important if we are to continue to have an abundance of low-cost food for the future. All of my colleagues realize the importance of trimming Federal spending to be certain that Federal programs are prudent and necessary. This legislation is meant to provide a sound investment in soil conservation, on a cost-sharing basis. Each project would require the approval of Congress, giving us the opportunity to be sure that any projects which flow from this legislation will be needed and well organized. I ask my colleagues to join with me in sponsoring this bill and encourage the Committee on Agriculture, Nutrition, and Forestry to give this proposal serious consideration as it continues its work to fashion a national program for our severe erosion areas.

I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2488

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Special Areas Soil Conservation Act of 1980".

SEC. 2. The Congress finds that—

(a) studies by the United States Department of Agriculture indicate that four billion tons of soil are lost annually from non-Federal lands in the United States, with approximately two billion tons lost from cropland. Nearly one-half of the four hundred and thirteen million acres of cropland in 1977 were comprised of soils with moderate, high, or very high risk of damage by sheet and rill erosion;

(b) geographic areas tend to vary widely in the severity of soil, water, and related resource problems. Soils, land, slopes, climate, agricultural practices, and other related factors combine to make certain areas of the Nation highly productive yet subject to severe and longstanding soil erosion and water management problems;

(c) solutions to chronic soil and water resource problems must be tailored to address the local social, economic, and natural resource conditions that exist within the area of concern, and that goals and policies at the Federal level must be integrated with the concerns of the local community.

(d) some special areas of the country which have such critical problems are—

(1) Aroostook County, Maine;

(2) East bank of the mid-Mississippi River, including Crockett, Dyer, Gibson, Lake, Obion, Weakley, Carroll, Benton, Chester, Haywood, Henderson, Henry, Lauderdale, Madison, McNairy, Shelby, Fayette, Hardeman, and Tipton Counties in Tennessee; Marshall, Calloway, McCracken, Graves, Ballard, Carlisle, Hickman, and Fulton Counties in Kentucky; DeSoto, Marshall, Benton, and Tate Counties in Mississippi;

(3) East central Georgia, including Bleckley, Bulloch, Burke, Candler, Dodge, Emanuel, Evans, Jefferson, Jenkins, Johnson, Laurens, Montgomery, Richmond, Screven, Tattnall, Telfair, Toombs, Treutlen, Twiggs, Washington, Wheeler, and Wilkinson Counties;

(4) Green Hills area of Missouri, including Caldwell, Davies, Grundy, Harrison, Linn, Livingston, Mercer, Putnam, and Sullivan Counties;

(5) Loess Hills of southwestern Iowa, including Woodbury, Ida, Monona, Crawford, Carroll, Harrison, Shelby, Audubon, Pottawattamie, Cass, Mills, Montgomery, Fremont, Taylor, Adams, and Page Counties;

(6) Washington-Idaho Palouse area, including Lincoln, Spokane, Whitman, Garfield, Asotin, Columbia and Walla Walla Counties in the State of Washington; Benewah, Latah, Kootenai, Clearwater, Idaho and Nez Perce Counties in Idaho;

(7) Wiregrass area of southeastern Alabama, including the counties of Coffee, Covington, Crenshaw, Barbour, Dale, Geneva, Henry, Houston, and Pike.

SEC. 3. (a) The Secretary of Agriculture is authorized and directed to formulate and implement a program for the conservation of soil, water, and related resources in special areas designated pursuant to this Act by providing technical and financial assistance to owners and operators of non-Federal agricultural land. Assistance on State, county, and other non-Federal public land will be limited to those lands that are an integral part of a private farm operating unit and under the control of the private landowners or operators.

(b) To carry out the program authorized by this section, the Secretary is authorized, notwithstanding any other provision of law, to enter into contracts with owners and operators of non-Federal agricultural land in a designated special area having such control over the land as the Secretary deems necessary: *Provided, however,* That such contracts may be entered into with respect to lands, other than agricultural lands, where soil, water, or related resources conservation problems are so serious as to make such contracts necessary for the protection of the agricultural lands. Such contracts shall be designed to provide assistance to the owners or operators to make changes in their cropping systems or land uses which are needed to conserve, protect, or properly utilize the soil, water, and related resources of their agricultural and other lands; and to install the soil and water conservation treatment needed under such systems and uses.

(c) Conservation plans of landowners and operators shall form the basis for contracts. The landowners or operators shall furnish to the Secretary a plan of conservation operations and land use developed in cooperation with and approved by the soil and water conservation district in which the lands are situated. The plan shall incorporate such soil, water, and related resources conservation treatment as may be determined by the owner or operator to be practicable to protect such land from erosion and deterioration and which outlines a schedule of proposed changes in cropping systems or land use and of conservation treatment which is to be carried out on agricultural or other lands during the contract period. Such plan should be designed to fit the local social, economic conditions and the soil, water, and related resources problems of the designated area and may allow for varying levels of conservation application as is appropriate to address the problems. The plan may be developed to cover all or part of a farm, ranch, or other lands as determined to be necessary to solve the conservation problems. Such plan may also include conservation treatment for enhancing fish and wildlife and recreating resources and for reducing or controlling agricultural related pollution.

(d) The landowners or operators shall agree—

(1) to effectuate the plan for their agricultural or other lands substantially in accordance with the schedule outlines therein unless any requirement thereof is waived or modified by the Secretary pursuant to paragraph (f) of this subsection;

(2) to forfeit all rights to further payments or grants under contract and refund to the United States all payments or grants received thereunder including interest upon their violation of the contract at any stage during the time they have control of the land if the Secretary, after considering the recommendations of the soil and water conservation district board, determines that such violation is of such a nature as to warrant termination of the contract, or to make refunds, including interest, or accept such payment adjustments as the Secretary may deem appropriate upon determination that the violation by the owner or operator does not warrant termination of the contract;

(3) upon transfer of their right and interest in the agricultural or other lands during the contract period to forfeit all rights to further payments or grants under the contract period and refund to the United States all payments or grants received thereunder including interest unless the transferee of any such land agrees with the Secretary to assume all obligations of the contract;

(4) not to adopt any practices specified by the Secretary in the contract as a practice which would tend to defeat the purposes of the contract;

(5) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of the program or to facilitate the practical administration of the program;

(6) to such modifications as are determined by the Secretary to be necessary to accommodate adjustments in crop production.

(e) In return for such agreement by the landowners or operators, the Secretary shall agree to share the cost of carrying out conservation treatment set forth in the contract for which the Secretary determines that cost sharing is appropriate and in the public interest. The portion of the costs to be shared shall be that part which the Secretary determines is necessary and appropriate to effectuate the installation and, if applicable, the maintenance of the conservation treatment under the contract, including the cost of labor. The Secretary shall determine the amount of the shared costs to be borne by the Federal Government, taking into consideration the social and economic conditions unique to each designated geographic area and the degree of conservation to be achieved. The Secretary shall determine the maximum amount of cost-share assistance that may be provided to any single recipient. Where adjustments in land use from crops to permanent vegetative cover or changes in crop varities are undertaken as conservation treatment, financial assistance may be provided with regard to the income lost as a result of such land use or crop adjustments.

(f) The Secretary may terminate any contract with landowners or operators by mutual agreement with the owners or operators if the Secretary determines that such termination would be in the public interest and may agree to such modification of contracts previously entered into as the Secretary may determine to be desirable to carry out the purposes of the program or facilitate the practical administration thereof or to accomplish equitable treatment with respect to other similar conservation, land use, or commodity programs administered by the Secretary.

(g) In addition, the Secretary is authorized to enter into contracts with landowners or operators for the purpose of maintaining conservation treatment which was established under the program authorized by this Act or conservation treatment otherwise adequately established, and to provide such assistance as is necessary to retain the treatment on the land. The provisions and administration of such contracts will be in accordance with the requirements set forth in subsections (b) through (f).

Sec. 4. The program authorized by this Act is to be directed toward identifying and correcting specific soil, water, and related resource problems which are prevalent within each special area designed pursuant to this Act. The Secretary is authorized to provide assistance to those special areas described in section 2 and to such additional special areas as he designates as having chronic soil, water, and related resources conservation problems. For each designated special area, the Secretary will develop and implement a plan setting forth an assessment of the problems, objectives, priorities, and a schedule of implementation of conservation treatment to address the problems of the designated special area. In development of the plan, the Secretary shall take into consideration programs of Federal, State, and local agencies, including soil conservation districts having for their purposes the objectives of soil and water conservation, pollution abatement, and the improvement and protection of forest land.

Sec. 5. Special areas may be designated pursuant to section 4 during the period of ten years following the passage of this Act. Contracts authorized by subsections (b) and (g) of section 3 may be entered into during a period of ten years following the designation of the special area to which they relate. Such contracts may not exceed ten years in duration, and shall not exceed the amounts of appropriations as may be provided therefore.

Sec. 6. The Secretary shall submit two copies of the special area plans developed pursuant to section 4 of this Act to the Committee on Agriculture, Nutrition, and Forestry of the Senate and to the Committee on Agriculture of the House of Representatives. The Secretary shall enter into contracts with owners and operators of non-Federal agricultural land pursuant to section 3 only after the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives shall pass resolutions approving the designated special areas described in the plans.

Sec. 7. In carrying out the provisions of this Act, the Secretary may utilize the services of local, county, and State committees established under section 8 of the Soil Conservation and Domestic Allotment Act (49 Stat. 1149, as amended; 16 U.S.C. 590h) and the technical services of the Department, soil and water conservation districts, and other State or local agencies. The Secretary is authorized to utilize the services and facilities of the Commodity Credit Corporation in discharging departmental functions and responsibilities under this Act.

Sec. 8. The Secretary is authorized to expend funds directly or through grants for such research as is needed to assist in developing new technology for controlling soil, water, and related resource problems in the designated areas. Such research is to be coordinated with and related to specific conservation needs of the designated area to accomplish the objectives of the program authorized in section 3.

Sec. 9. The Secretary may provide grants to States with designated areas to conduct evaluation and analysis of the local and State tax structures, rules, and regulations and their impact on the acceptance, installation, and maintenance of conservation treatment or other pertinent items that may be needed for an effective program.

Sec. 10. There are hereby authorized to be appropriated, to be available until expended, such annual sums as may be necessary to carry out the program authorized by this Act.

Sec. 11. The Secretary shall prescribe such regulations as determined necessary to carry out the provision of this Act.

Sec. 12. The Secretary shall submit an evaluation report to the Congress annually for the first five years of operation concerning activities and results pursuant to this Act. Recommendations for additional legislative action necessary to apply related research findings or more effectively solve identified soil, water, and related resources problems of the authorized areas are to be included along with progress, effectiveness, impacts, findings, and other pertinent matters.

Sec. 13. The Secretary shall provide for protection of program participants from indirect or direct disqualifications, discrimination, forfeiture or reduction of eligibility, or penalty under other agricultural programs for participating in the program authorized by this Act.●

Mr. CULVER. Mr. President, I am pleased to join with the senior Senator from Idaho in introducing the Special Areas Soil Conservation Act of 1980. The legislation is designated to put much needed special effort into controlling soil and water degradation in areas of the country with severe soil erosion and other resource problems.

Uppermost in people's minds today are energy and the economy. The severe economic stresses we face will require governments, businesses and consumers to reassess their priorities. For the Federal Government, this reassessment naturally focuses largely on the Federal budget and the programs in place to deal with the multitude of needs and objectives that we as a nation are seeking to meet.

Among the most crucial of those needs and objectives is the protection and preservation of our vital soil and water resources. Soil erosion undermines the productivity of the land. It increases production costs to offset the loss of soil fertility and leads to higher energy use through the resulting additional fertilizer required to maintain yields. Much of the eroded soil becomes sediment in our waterways. This sediment and the chemicals and nutrients that accompany it represent the largest single source of water pollution in the Nation today.

I have long maintained that soil conservation has been among our most underrated national priorities. Soil conservation has, for several decades, received appropriations inadequate to even maintain the commitment that was once made to this effort. In the past decade alone the value of the funds provided for the agricultural conservation program has declined by over 50 percent. After inflation and budget cuts, the Federal soil and water conservation research effort is down 60 percent from 10 years ago.

The strength of the dollar depends on the strength of the land. Agricultural exports are critically important in offsetting our huge energy import bill. The unprecedented balance-of-payments deficits of 1977 and 1978, and the consequent dollar devaluations and inflation, would have been far worse had American farmers not been able to set record export levels.

The U.S. Department of Agriculture estimates that we lose every year 4 billion tons of topsoil. The national average rate of soil loss continues to exceed the rate at which that soil can be replenished. In the Loess Hills of southwest Iowa, one of the critical erosion areas addressed by this legislation, average per acre soil losses exceed 30 tons per acre annually.

In addition to the Loess Hills of southwestern Iowa, the bill identifies six other critically eroding areas in which the Secretary of Agriculture is authorized to carry out an intensive program of cost-sharing and technical assistance with farmers. These areas were identified by the Department of Agriculture as the most seriously eroding areas in the country. They include: Aroostook County, Maine; the east bank of the mid-Mississippi River which includes counties in western Kentucky, Tennessee, and Mississippi; central Georgia; the Green Hills area of Missouri; the Washington-Idaho Palouse area and the wiregrass area of southeastern Alabama.

The special areas Soil Conservation Act specifies these areas for treatment but other areas could be brought in as they are identified.

The basic elements of the program established by this act are:

First, cost-sharing and technical assistance to landowners and operators in a designated area.

Second, long-term contracts between the USDA and the farmer based on the conservation plans developed for the farm.

Third, owners and operators would agree to implement their plans in accordance with a firm implementation schedule and forfeit further rights if they violate the contract.

Fourth, the Secretary of Agriculture would determine the percent of allowable cost sharing.

Fifth, all projects would require the approval of the House and Senate Agriculture Committees.

The Special Areas Conservation Act was first introduced in the House of Representatives on March 6, 1980, by Congressman Ed Jones of Tennessee. It represents a sound and responsible approach to enhancing our soil conservation efforts in this time of tight budgets and limited resources.

If the land is depleted, every bushel of corn, every gallon of milk and every bale of cotton produced next year will cost more than it did this year, either in the price we pay in the market or in terms of vital resources forever lost. This rising cost will continue each year that we allow the land to be stripped of its productivity.

We can try to maintain crop yields by pouring fertilizer, irrigation or diesel fuel into the land each year but this approach will only forestall the inevitable.

Conservation programs are the best tool we have to stop the productivity decline that threatens American agriculture. This country has, and needs to maintain, an underlying base program of conservation assistance available in every county to every farmer. But, in addition, for those critically eroding areas of the country, the targeted approach of the Special Areas Soil Conservation Act provides a much needed mechanism to address our most pressing soil erosion problems.

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By Mr. CANNON (for himself and Mr. MAGNUSON) (by request):

S. 2489. A bill to authorize appropriations for the Coast Guard for fiscal years 1981 and 1982, and for other purposes; to the Committee on Commerce, Science, and Transportation.

● Mr. CANNON. Mr. President, today I am introducing legislation at the request of the administration to authorize appropriations for the Coast Guard for fiscal years 1981 and 1982.

The proposed bill contains the Coast Guard's request for authorization of appropriations, personnel strengths, and "student loads" (section 1–3). It would entitle the Coast Guard to make advance payments for leases in certain foreign countries (section 4), remove a limitation on capitalization of the Coast Guard Supply Fund (section 5), and remove a financial disincentive against certain Coast Guard members accepting promotions to warrant or commissioned officer status (section 6). The bill would also authorize the Coast Guard to pay its military members to move their own personal and household effects when transferred instead of only paying commercial movers (section 7). Finally, the bill would change the period which the President may proclaim "National Safe Boating Week," from the week that includes July 4 to the 7-day period that begins June 1 (section 8).

The Committee on Commerce, Science, and Transportation has received numerous indications that the appropriations levels authorized by this bill are not sufficient to permit the Coast Guard to perform adequately its many responsibilities. The General Accounting Office will soon be completing a report for the committee which concludes that the Coast Guard is suffering from severe resource shortages which have resulted in an insufficient number of vessels, serious personnel shortages and retention problems, and inadequate shore facilities. The administration's proposal not only would not begin to address these difficulties, it would aggravate them. The Coast Guard's budget request of roughly $2.1 billion was reduced by over one-fourth in the administration's request. Over three-fourths of this reduction came in the Coast Guard's acquisition, construction, and improvements budget, where the long-term welfare of the Coast Guard is determined.

An even more urgent example of the Coast Guard's resource shortages is its current dilemma brought on by the more than doubling of fuel costs in recent months. As a result of this increase, the Coast Guard has projected a funding shortfall of $27.9 million for the duration of fiscal year 1980. While the Department of Transportation has submitted a request for a second supplemental appropriations for this amount to the Office of Management and Budget, it is uncertain when or if that request will be forwarded to the Congress in the current budgetary climate. (The administration has sent up a first supplemental request for $13.5 million to cover a 31 percent fuel cost increase which occurred prior to this most recent doubling.) In fact, it is my understanding that the Budget Committee has not considered the need for this second supplemental in its current consideration of the budget ceiling for this fiscal year.

In the expectation that it will not receive funds to make up this shortfall, the Coast Guard has been forced to consider immediately reducing its enforcement activities (including 200-mile limit fisheries enforcement) by up to 75 percent and its marine environmental protection and port safety activities by up to 100 percent. While I am a strong supporter of those who believe it is necessary to reduce Federal expenditures and achieve a balanced budget for fiscal year 1981, I believe it is imperative that we recognize the specific consequences of those reductions and that we balance the need for a specific reduction against the need for the activities which will thereby be eliminated. Therefore, in considering the administration's fiscal year 1981 authorization request, the Commerce Committee will closely examine the administration's reductions from the Coast Guard's requests.

I ask unanimous consent that the bill, a section-by-section analysis, and Secretary Goldschmidt's letter of transmittal be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2489

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That funds are hereby authorized to be appropriated for necessary expenses of the Coast Guard for the fiscal years 1981 and 1982, as follows:

(1) for the operation and maintenance of the Coast Guard including expenses related to the Capehart housing debt reduction—for fiscal year 1981—$1,182,112,000 and such additional sums as may be necessary to meet unforeseen circumstances; for fiscal year 1982—such sums as may be necessary.

(2) for the acquisition, construction, rebuilding, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto: for fiscal year 1981—$324,392,000, to remain available until expended; for fiscal year 1982—such sums as may be necessary.

(3) for the alteration or removal of bridges over navigable waters of the United States, constituting obstructions to navigation: for fiscal year 1981—$16,200,000, to remain available until expended; for fiscal year 1982—such sums as may be necessary.

(4) for research, development, testing, and evaluation: for fiscal year 1981—$25,000,000, to remain available until expended; for fiscal year 1982—such sums as may be necessary.

SEC. 2. For fiscal year 1981, the Coast Guard is authorized an end of year strength for active duty personnel of 39,487: *Provided,* That the ceiling shall not include members of the Ready Reserve called to active duty under the authority of section 764 of title 14, United States Code.

SEC. 3. For fiscal year 1981, average military training student loads for the Coast Guard are authorized as follows:

(1) Recruit and special training: 4175 student-years.

(2) Flight training: 117 student-years.

(3) Professional training in military and civilian institutions: 595 student-years.

(4) Officer acquisition: 925 student-years.

SEC. 4. Subsection 475(a) of title 14, United States Code, is amended by adding "and, in accordance with local custom and practice, advance payment may be made for the lease." at the end of the second sentence, so that the second sentence reads as follows:

"When any such lease involves housing facilities in a foreign country, the lease may be made on a multi-year basis for a period not to exceed five years, and, in accordance with local custom and practice, advance payment may be made for the lease."

SEC. 5. Subsection 650(a) of title 14, United States Code, is amended by adding after the phrase, "whenever the fund is extended to include items not previously stocked," in the third sentence, the following language: "or spare parts obtained as part of a procurement under a different account of major items such as vessels or aircraft, whether or not such parts were previously stocked," so that the third sentence reads as follows:

"In such regulations, whenever the fund is extended to include items not previously stocked, or spare parts obtained as part of a procurement under a different account of major items such as vessels or aircraft, whether or not such parts were previously stocked, the Secretary may authorize an increase in the existing capital of the fund by the value of such usable materials transferred thereto from Coast Guard inventories carried in other accounts."

SEC. 6. Subsection 214(d) of title 14, United States Code, is amended by amending the last sentence to read as follows:

". . . A person who is appointed under this section may not suffer any reduction in the rate of pay and allowances to which he would have been entitled had he remained in his former grade and continued to receive the increases in pay and allowances authorized for that grade."

SEC. 7. Chapter 13 of title 14, United States Code, is amended by adding a new section 512 as follows:

"Section 512. Monetary allowance for transportation of household effects"

"The transportation and reimbursement authorized by subsection (b) of section 406 of title 37, United States Code, shall be available hereafter to pay a member who, under regulations prescribed by the Secretary, participates in a program designated by the Secretary in which his baggage and household effects are moved by privately owned or rental vehicle. Such allowance shall not be limited to reimbursement for actual expenses and may be paid in advance of the transportation of said baggage and household effects. However, the monetary allowance shall be in an amount which will provide savings to the government when the total cost of such movement is compared with the cost which otherwise would have been incurred under subsection (b) of section 406 of title 37, United States Code."

SEC. 8. Public Law 85–445 (72 Stat. 179) is amended by striking "week which includes July 4" and inserting in lieu thereof "seven day period beginning June 1."

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SECTION-BY-SECTION ANALYSIS

Section 1 authorizes $1,182,112.000 for FY 1981 Coast Guard operating expenses, an increase of $139.527.000 over the amount appropriated by Congress for FY 1980. An authorization for additional money to meet unforeseen circumstances is included in order to preclude the need for a supplemental authorization bill. The section also includes a $324.392.000 authorization for acquisition, construction, and rebuilding of aircraft, vessels, shore facilities and aids to navigation in FY 1981, an increase of $38,381,000 over the amount appropriated by Congress for FY 1980; $16,200,000 for removal or alteration of bridges, an $8,550,000 increase over the amount appropriated by Congress for FY 1980, and $25,000,000 for research and development, a $3,000,000 increase over the amount appropriated by Congress in FY 1980.

Section 2 authorizes an active duty personnel level of 39,487 for FY 1981. This is a decrease of 91 persons from the level authorized by Congress for FY 1980.

Section 3 of the proposed bill authorizes the student-year levels for recruit and special training (FY 1981–4175); flight training (FY 1981–117); professional training (FY 1981–595); and officer acquisition (FY 1981–925). In all categories, student-years are used as the unit of measure. A student-year is defined as the product of the number of students scheduled to attend each course in the category multiplied by the course length expressed in a fraction of a year (e.g., course length in weeks divided by 52 weeks per year).

All levels except officer acquisition represent increases over FY 80 levels. The lower officer acquisition figure, which includes Officer Candidate School and Academy training, is attributable to the Coast Guard's heavier reliance on officer candidate school (whose training is of much shorter duration than an Academy graduate's) to fill its officer needs. The increases are primarily attributable to the current retention problem as well as increased and expanded Coast Guard missions which necessitate more formal, specialized training as opposed to relying on informal on-the-job training.

Over half of the increase in the "professional training in military and civilian institutions" category is not an increase but attributable to reporting an existing program not heretofore reported. The training consists of experience tours at industry facilities so Coast Guard personnel who regulate aspects of maritime related industries understand the industry. This program was not previously reported since it did not neatly fit any of the four categories required by section 604 of Public Law 92–436.

However, since it also does not fit neatly into the category of unit or crew training which is specifically exempted by Section 604, the Coast Guard has determined it appropriate to request authorization for this training.

Section 4 of the proposed bill amends subsection 475(a) of title 14, United States Code, by authorizing the advance payment of leases in foreign countries where custom and practice require advance payment to obtain a lease. 31 U.S.C. 529 prohibits the making of advance payments of public money not specifically authorized by law. Several agencies, including the U.S. Customs Service (31 U.S.C. 529b) and the Departments of Defense (31 U.S.C. 529i) and Agriculture (7 U.S.C. 2231), already have authority to make advance payments in foreign countries.

The Coast Guard needs similar authority in order to lease housing for its marine inspectors stationed in countries, like Japan, where advance rental payments of up to six months rent are sometimes required by local custom. Presently, the Coast Guard must ask one of the other armed forces to lease housing for it on a reimbursable basis. This is not a satisfactory solution in that other armed forces' personnel may not be available where Coast Guard housing is needed and, of course, Coast Guard requirements would have lower priority. There are no cost implications in this proposal.

Section 5 of the proposed bill eases the 14 U.S.C. 650(a) restriction on the Secretary of Transportation's discretion to permit the Coast Guard Supply Fund to accept transfers of items already stocked in the Supply Fund. This section authorizes the Supply Fund to accept transfers of spare parts obtained as part of a procurement under a different account of major items such as vessels or aircraft.

The Coast Guard Supply Fund is a resolving fund which finances the procurement and maintenance of inventories of spare parts, uniform clothing, commissary provisions, fuel, and operating and maintenance materials with repetitive issue demand to meet the support requirements of Coast Guard operating units. Presently, the Secretary can increase the capitalization of the Supply Fund by the value of items transferred to it only if those items were not previously stocked in the Supply Fund. He is not authorized to do so if the transfer involves an additional quantity of items previously stocked in the Fund.

Removing the limitation on donations of spare parts included in major items whose funds were specifically appropriated by Congress, such as the construction of additional 41 foot boats, Coast Guard cutters, or aircraft, would enable the capital of the Supply Fund to be increased by the value of these spare parts. Elimination of this restriction will enable the Coast Guard to more efficiently provide spare parts to expanded programs of major procurement items through the Supply Fund.

Sec. 6. Section 6 of the proposed bill amends section 214(d) of title 14, United States Code, to ensure that Coast Guard members who accept appointments to temporary commissioned or warrant grade do not receive any less pay or allowances as a result. 14 U.S.C. 214(d) currently provides a measure of protection against temporary pay reductions, to which some senior enlisted personnel would otherwise be subject if they accepted promotion to junior officer status, by providing that the level of their pay cannot actually be less than what they were receiving at the moment they accepted promotion.

A financial disincentive still remains, however, inasmuch as their pay remains fixed at that level, until their officer's pay equals or exceeds it, while the pay of former counterparts in the lower grade continues to increase with longevity and annual pay increases. This proposed amendment will index this save-pay provision to the pay and allowances increases a temporary commissioned or warrant officer would have received had he remained in his former grade.

Sec. 7. Section 7 of the proposed bill amends title 14, United States Code, to grant the Secretary of Transportation authority to pay Coast Guard personnel a monetary allowance in lieu of furnishing transportation of household effects in kind. The Department of Defense presently has similar authority under section 747 of Public Law 94–212, (90 Stat. 176).

This program will allow an individual Coast Guard member to arrange for rental of necessary moving vehicles and tools and then move himself to his new duty station using his own labor. Department of Defense experience has shown this to be more than 50 percent cheaper than arranging for a mover to do the packing and moving. Under current guidelines, the Do-It-Yourself (DITY) program reportedly results in a 25 percent savings in costs to the Department of Defense. It also allows the individual service member to profit by keeping the difference between the cash payment received from the Government (75 percent of commercial van line costs) and the actual DITY cost (approximately 50 percent of commercial van line costs).

The Department of Defense experience indicates the following advantages to the DITY program: the member has greater flexibility in scheduling his move; the household goods arrive simultaneously with the member; there is a marked reduction in claims for damaged household goods; and the Government experiences a 25 percent savings. Given these advantages, it is in the interest of the Coast Guard to have the authority to implement similar programs.

Section 8 of the proposed bill amends Public Law 85–445, 72 Stat. 179 (36 U.S.C. 161) by authorizing a change in the date of the "National Safe Boating Week" for the week that includes July 4 to the seven day period that begins June 1, as proclaimed annually by Presidential proclamation. "National Safe Boating Week" is intended to bring to the attention of the American boating public the importance of safe boating practices.

Experience has shown that the proclamation of "National Safe Boating Week" during the week of July 4 is not as effective as it could be if proclaimed earlier in the boating season because a large percentage of the boating public has already been boating for several weeks before that date. By drawing national attention to the need for safe boating practices earlier in the season, many accidents could be avoided.

Although Coast Guard and leading boating safety interests have been concentrating their boating safety education activities into the first week in June for the past few years, their efforts would be far more effective if the President were authorized to shift the prestige of the official National Safe Boating Week Proclamation to this earlier period.

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Secretary of Transportation,
*Washington, D.C.*

Hon. Walter F. Mondale,
*President of the Senate,*
*Washington, D.C.*

Dear Mr. President: This letter transmits proposed legislation, "To authorize appropriations for the Coast Guard for fiscal years 1981 and 1982 and for other purposes".

The proposed bill contains the Coast Guard's request for authorization of appropriations, personnel strengths, and "student loads" (Section 1–3). It would entitle the Coast Guard to make advance payments for leases in certain foreign countries (Section 4), remove a limitation on capitalization of the Coast Guard Supply Fund (Section 5), and remove a financial disincentive against certain Coast Guard members accepting promotions to warrant or commissioned officer status (Section 6).

The bill would also authorize the Coast Guard to pay its military members to move their own personal and household effects when transferred instead of only paying commercial movers (Section 7). Finally, the bill would change the period which the President may proclaim "National Safe Boating Week," from the week that includes July 4 to the seven day period that begins June 1 (Section 8).

Sections 1 through 3 of the legislative proposal are responsive to Section 5 of P.L. 94–406 which requires authorization before funds may be appropriated to or for the use of the Coast Guard for operational expenditures, capital acquisition and construction, bridge alterations, and research and development.

For reasons of simplicity, individual items within each of the above categories have not been listed. However, the appropriate committees will be furnished detailed information identifying items for which authorization of appropriations is requested. Furthermore, the Department will be prepared to supply any other information requested by the Congress.

Sections 1 through 3 of the bill also respond to Subsections 6(a) and 6(b) of P.L. 94–406 which require authorization of the Coast Guard's "end strength" and "average military training load" respectively.

It would be appreciated if you would lay this proposal before the Senate. A similar proposal has been submitted to the Speaker of the House of Representatives.

The Office of Management and Budget has advised that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely,

Neil Goldschmidt.●

By Mr. METZENBAUM (for himself, Mr. BAUCUS, and Mr. LEAHY):

S. 2490. A bill to provide certain requirements for infant formula, and for other purposes; to the Committee on Labor and Human Resources.

### INFANT FORMULA ACT OF 1980

• Mr. METZENBAUM. Mr. President, Senators BAUCUS and LEAHY join me today in introducing "The Infant Formula Act of 1980" a bill designed to set minimum requirements and guidelines for the marketing of infant formula.

It does not please me to proposed legislation that would establish more Government regulation. However, the events of the past few months regarding adulterated or misbranded infant formula have convinced me that without such legislation neither the industry nor the FDA will take the firm action that is needed in order to prevent illness in infants due to adulteration or misuse of these products.

Recently we have seen not one, but four formula products recalled—"Neo-Mull-Soy", "Cho-Free" and "Soylac" because of the lack of an essential nutrient, chloride, and "S.M.A." because of poor processing.

In addition, we have seen that the FDA was slow in ordering a recall and was so lax in following up the manufacturer's efforts that 2 months after the recall, "Neo-Mull-Soy" was still on some pharmacy shelves.

The failure of a recall in and of itself is reason enough for concern; but the failure to recall a product that provides, in many cases, the sole source of food for new-born infants during the all-important and formative first 6 months of life is, to my mind, inexcuseable.

This failure is even more infuriating in the case of "Neo-Mull-Soy" since adulteration could easily have been prevented by requiring that minimum nutritional standards be met before the product could be marketed. Currently, FDA has no such requirements.

The bill that we are introducing today is designed to rectify this situation by directing the Secretary of HEW to establish minimum nutritional requirements for marketing infant formula. This would prevent the sale of formula products that do not contain sufficient nutrients for the healthy growth of newborns.

In addition, this bill would direct the FDA to establish and enforce good manufacturing procedures for infant formula and to detain formula found to be misbranded or adulterated upon inspection. I believe these provisions will improve significantly the quality of infant formula on grocers' and pharmacists' shelves.

Looking beyond the events of the past few weeks, I believe there are even more ways to improve the health and nutrition of infants in our country. This bill addresses itself, also, to the issues of product information for the consumer and product promotion by the manufacturer of infant formula.

The American Academy of Pediatrics has adopted a resolution stating that breast feeding of infants provides better nutrition than infant formula. In addition, human milk provides immunities to certain illnesses that infant formula cannot.

Parents have a right to know which foods are better for their infants and I believe that every can of infant formula should provide that information.

There are other problems in the labeling of infant formula. There have, for example, been documented reports of parents feeding undiluted formula concentrate to their infants, thinking it was ready to feed. As a result, the infants suffered serious side effects from a medical condition known as hypernatremia.

These and other mishaps have resulted from confusing labeling in some cases and from literacy or language difficulties in others. This bill would require that manufacturers provide clear written and pictorial instructions for safe use as well as a clear statement of the risks associated with improper use of the product or improper handling.

These problems are not new to the FDA. Last October I signed a letter along with Senators BAUCUS and LEAHY to the Commissioner of the FDA asking that labeling requirements be mandated through regulation that would alleviate this situation. To date, the FDA has not acted upon our recommendations.

In our letter we pointed out that Borden puppy formula already has a warning on it. Why not for children? The label on Borden's "Esbilac" puppy formula reads as follows:

> Feeding new-born mammals a milk formula always entails some risk, and your veterinarian should be consulted for advice on feeding "Esbilac" and on sound management practices. All puppies should receive their dame's milk for at least two days if possible. The colostrum milk gives extra nutrition and temporary immunity against some diseases.

Clearly, if we can take such precautions with puppies we can require the same precaution for our children.

Finally, the bill would explicitly prohibit the export of infant formula that does not meet U.S. levels of identity and quality. It was disturbing to hear that one company was even considering exporting a recalled product to some poorer, Third World nations. The problem of adequate infant nutrition in the developing countries does not need to be exacerbated by deficient formula products.

Mr. President, this bill is not meant to unduly regulate industry. Rather, it will provide parents with necessary and accurate information about infant feeding and insure the safety and quality of formula products that can be bought on store shelves.

Mr. President, I ask unanimous consent that our letter to the FDA, their response, the text of the bill, and a section-by-section analysis be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2490

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Infant Formula Act of 1980".

SEC. 2. (a) Section 201 is amended by adding the following new subsection at the end thereof:

"(aa) For purposes of this section, the term 'infant formula' means a food that purports to be or is represented for special dietary use solely as a food for infants by reason of its simulation of human milk or its suitability as a complete or partial substitute for human milk.".

(b) Section 301 of the Federal Food, Drug, and Cosmetic Act is amended by adding at the end thereof the following new subsections:

"(s) The violation of any requirement provided under section 412 with respect to infant formula, including the failure to meet the standards required pursuant to section 412(a), the failure to submit reports or test results in accordance with section 412(b), the failure to make any notification required by section 412(c), and the failure to make or retain records or make reports in accordance with section 412(d).

"(t) The movement of food in violation of an order under section 412(e) or the removal or alteration of any mark or label required by such order to identify the food as detained.".

(c) Section 301(e) of the Federal Food, Drug, and Cosmetic Act is amended—

(1) by striking out "section 703" and inserting in lieu thereof "section 412(d) or 703"; and

(2) by striking out "section 505" and inserting in lieu thereof "section 412(d), 505".

(d) Section 402 of the Federal Food, Drug, and Cosmetic Act is amended by adding the following new paragraph at the end thereof:

"(f) If it purports to be or is represented to be an infant formula unless it complies with the regulations promulgated by the Secretary relating to required standards of identity and quality including required levels of nutrients pursuant to section 412(a).".

(e) Section 403 of the Federal Food, Drug, and Cosmetic Act is amended by inserting the following new paragraph at the end thereof:

"(q) If it purports to be or is represented to be an infant formula unless the package or other container in which such infant formula is contained is labeled in accordance with section 412(h).".

(f) Chapter IV of the Federal Food, Drug, and Cosmetic Act is amended by adding the following new section at the end thereof:

"REQUIREMENTS REGARDING INFANT FORMULA

"SEC. 412. (a)(1) The Secretary shall promulgate regulations fixing and establishing for infant formula a reasonable definition and standards of identity and quality, including the required nutrients at minimum and maximum levels.

"(2) The Secretary may by regulation exempt from the requireemnts of this subsection any infant formula that is for use by—

"(A) any infant diagnosed by a physician or other appropriate health professional as having certain inborn errors of metabolism; or

"(B) any infant having unusual medical or dietary problems.

"(b)(1) Not later than the date 180 days after the date of the enactment of this section and annually thereafter, each processor of an infant formula shall submit to the Secretary reports or test results that show satisfactorily that the infant formula processed by such processor meets the requirements prescribed by the Secretary pursuant to subsection (a).

"(2)(A) Not later than the date 90 days before the date of the first processing for commercial purposes of an infant formula, the processor shall submit to the Secretary reports or test results that show satisfactorily that such infant formula meets the requirements prescribed pursuant to subsection (a).

"(B) For purposes of this paragraph, if the formulation or processing of an infant formula is changed, the date of the first renewed processing of such infant formula following such change shall be considered to be within the meaning of the term 'the date of the first processing for commercial purposes of an infant formula'.

"(c)(1) If a processor acquires information indicating that any infant formula processed by such processor may be adulterated within the meaning of section 402(f), or misbranded within the meaning of section 403(g), and that such infant formula is no longer located at an establishment subject to the control of such processor, and such processor has not promptly determined, after a reasonable opportunity to investigate the information, that such information is incorrect, such processor shall promptly notify the Secretary, in such form and manner as may be prescribed by the Secretary, of such information.

"(2) If a processor institutes a recall of an infant formula processed by such processor because such processor has reason to believe the infant formula may be adulterated within the meaning of section 402(f), or misbranded within the meaning of section 403(q), and such infant formula is no longer located at an establishment subject to the control of such processor, such processor shall notify the Secretary immediately, in such form and manner as may be prescribed by the Secretary, of such recall.

"(3) Information required to be contained in a notification provided to the Secretary pursuant to paragraph (1) may not be introduced as evidence in any proceeding against such person under section 303 with regard to a violation of section 301(s) or (t).

"(d)(1) Each processor of an infant formula shall—

"(A) make and retain such records respecting the distribution of the infant formula at any establishment owned or operated by such processor as may be necessary, as determined by the Secretary, to effect and monitor recalls of the formula and to otherwise trace the distribution of the formula; and

"(B) make such records available to the Secretary (or to a duly authorized representative of the Secretary) for examination and copying on or off the premises of such processor.

No processor shall be required under this subsection to retain any record respecting the distribution of an infant formula for a period of longer than two years from the date the record was made.

"(2) Each manufacturer of an infant formula shall maintain such records respecting the manufacturing of the infant formula and shall make such reports as the Secretary may reasonably require to assure compliance with the requirements of subsection (a).

"(e)(1) If during an inspection conducted under section 704 of a facility or a vehicle, an infant formula that the officer or employee making the inspection has reason to believe is adulterated or misbranded is found in such facility or vehicle, such officer or employee may order the infant formula detained (in accordance with regulations prescribed by the Secretary) for a reasonable period not to exceed 20 days unless the Secretary determines that a period of detention greater than 20 days is required to institute an action under section 302 or section 304 (a) of this Act, in which case the Secretary may authorize a detention period of not to exceed 30 days. A detention order under this paragraph may require the labeling or marking of an infant formula during the period of such detention for the purpose of identifying the product as detained. Any person entitled to claim such infant formula if it was seized under section 304 (a) of this Act may appeal to the Secretary a detention of such formula under this paragraph. Within 5 days of the date an appeal of a detention is filed with the Secretary (or within such other period as may be mutually agreed upon by the Secretary and the person bringing the appeal), the Secretary shall, after affording opportunity for an informal hearing, by order confirm or revoke the detention.

"(2)(A) Except as authorized by subparagraph (B), an infant formula subject to a detention order issued under paragraph (1) shall not be moved by any person from the place at which it is ordered detained until—

"(i) such formula is released by the Secretary, or

"(ii) the detention period applicable to such order has expired, whichever occurs first.

"(B) An infant formula subject to a detention order under paragraph (1) may be moved in accordance with regulations prescribed by the Secretary.

"(f) An officer or employee making an inspection under section 704 for purposes of enforcing the requirements of this section shall be permited, at all reasonable times, to have access to and to copy and verify any records (other than records of financial data, sales data other than shipment data, pricing data, and personnel data other than information as to the qualifications and responsibilities of technical, professional, and supervisory personnel performing functions relating to infant formulas subject to this section)—

"(1) regarding whether the infant formula processed or held in the facility inspected meets the requirements of subsection (a); or

"(2) required to be maintained under subsection (e).

"(g)(1) Each processor of infant formula shall prepare, in compliance with paragraph (2), information labeling for users respecting such product. Each such processor shall distribute such labeling to accompany the product.

"(2) Information labeling of infant formula shall contain—

"(A) a summary of the benefits and risks associated with the use of such product including an endorsement of breast feeding as the method of first choice unless otherwise advised by a physician;

"(B) adequate directions for use, including—

"(i) the purposes or indications for which the product is intended.

"(ii) the proper method of administration of the product including—

"(I) labels distinguished by color to indicate ready-to-feed, concentrate, or powder mix, and

"(II) clear written and pictorial instructions for proper use,

"(iii) precautions to be taken during the use of the product, and side effects and adverse reactions that may result from the improper use of the product, as well as instruction for recognizing, treating, or obtaining treatment for side effects and adverse reactions, and

"(iv) warnings against unsafe use of the product; and

"(C) information concerning the proper storage and handling of the product.

"(3) Any word, statement, or other information required under this subsection to appear on any labeling of infant formula shall be prominently and conspicuously placed on the labeling (compared with other words, statements, designs, or graphic matter in the labeling) and shall be in terms that render such information likely to be read and understood by the ordinary individual who would reasonably be expected to see the labeling.

"(h) With respect to an infant formula, the processor shall prepare information labeling for practitioners whenever such product is provided to practitioners or health care facilities for use or dispensing, and shall distribute such labeling to accompany the product. Information labeling for practitioners shall contain adequate directions for and other information concerning use of the product, including information regarding the risks and benefits of breast feeding, indications, administration, contraindications to use, warnings, precautions, and side effects, so as to permit the dispensing or administration of the product in a manner that promotes the safe use of the product.

"(i) No provision of this section which relates to labeling shall be construed to alter the provisions of existing law governing the tort liability of any person.

"(j) A formula product for infants may not be exported unless—

"(1) such product is not adulterated within the meaning of section 402(f);

"(2) the labeling of such product meets the requirements of subsection (g) in the language specified by the foreign purchaser; and

"(3) such product is not in conflict with the laws of the country to which it is intended for export.".

(g) Subsection (a) of section 412 of the Federal Food, Drug, and Cosmetic Act shall apply with respect to infant formulas introduced or delivered for introduction into interstate commerce on or after the date 90 days after the date of the enactment of this Act.

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### SECTION-BY-SECTION ANALYSIS: INFANT FORMULA ACT OF 1980

Sec. 1. Short title.

Sec. 2. Subparagraph (A) of this section amends section 201 of the Food, Drug, and Cosmetic Act and defines for purposes of this bill "infant formula."

Subparagraph (B) of this section amends section 301 of the Food, Drug, and Cosmetic Act, prohibited acts, so that violation of any provision of the proposed bill would be subject to penalties imposed for any other prohibited actions.

Subparagraph (C) of this section amends section 301 of the Food, Drug, and Cosmetic Act, prohibited acts, so that failure to maintain records or refusal to permit the FDA access to records for copying would be a prohibited act.

Subparagraph (D) of this section amends section 402 of the Food, Drug, and Cosmetic Act, adulterated foods, so that adulteration is defined for infant formulas.

Subparagraph (E) of this section amends section 403 of the Food, Drug, and Cosmetic Act, misbranded foods, so that misbranding is defined by failure to comply with the standards set forth in the proposed bill.

Subparagraph (F) amends chapter IV of the Food, Drug, and Cosmetic Act, the section entitled "food" by adding new requirements (section 412) for the marketing of infant formula. These requirements are the main substantive provisions of the bill.

Sec. 412(A). Nutritional content. This section directs the Secretary to establish minimum nutritional requirements for infant formula as a condition for marketing. Discretion is left to the Secretary to determine the optimum levels of nutrient content by regulation since future scientific evidence may reveal new information about important nutritional concerns. However, failure to meet the standards set by the Secretary would subject the processor to penalties under section 301. Special formulas are exempted under this provision.

Sec. 412(B). Pretesting. This section would require that all formula products be tested for nutrient content before being marketed.

Sec. 412(C). Notification. This section requires that the processor notify the FDA if the processor finds that a product is adulterated or misbranded. Failure to notify the FDA will result in penalties.

Sec. 412(D). Maintaining records. This section requires that processors make and retain records with respect to the distribution of infant formula.

Sec. 412(E). Administrative detention. This section gives the Secretary authority to inspect, at the manufacturing site, a sample of formula products to determine if the product is adulterated or misbranded. Adulteration or misbranding may be the result of contamination, poor processing, or failure to meet the nutritional requirements.

This section of the bill is based on language that already exists in law for medical devices. The application of this provision to infant formula would give authority to the FDA to prevent shipment of adulterated or misbranded products.

Sec. 412(F). Records access. This section would permit the FDA to have access to and to copy and verify any records regarding infant formula processing. FDA would not have access to records of financial data, sales data, pricing data, or personnel data.

Sec. 412(G). Information labeling. This section provides requirements for consumer labeling of all infant formula including: A summary of the benefits and risks associated with bottle feeding, an endorsement of breast-feeding as the method of first choice unless otherwise advised by a physician, color coded labels to distinguish different preparations, clear and pictorial instructions for proper use, warnings against improper use of the product, and information concerning proper storage.

Sec. 412(H). Practitioner information labeling. This section directs the processor to provide a balanced view of the risks and benefits associated with the product when it is being promoted to health professionals. Such information should include adequate directions of use, risks and benefits of bottle feeding, risks and benefits of breast-feeding, indications for use of formula, contraindications for use, warnings, precautions, and side effects that might be expected with the use of this product.

Sec. 412(I). Tort liability. This section states that even though a manufacturer may be in compliance with the regulations of this act, the manufacturer is still subject to existing laws regarding production and marketing.

Sec. 412(J). Exports. This section would apply the same standards of purity and labeling set in this country for infant formula to formula products to be shipped overseas. Two exceptions to this would be the language of the labeling as specified by the foreign purchaser and the laws of the country to which it is being exported.

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U.S. SENATE,
*Washington, D.C., October 10, 1979.*

DR. JERE EDWIN GOYAN,
*Commissioner, Food and Drug Administration, Department of Health, Education and Welfare, Rockville, Md.*

DEAR DR. GOYAN: We write to call to your attention the widesperad and harmful misuse of infant formula in the United States. We are not alone in our concern. The American Academy of Pediatrics, the National Council of Churches, and numerous other health and religious organizations have long protested the tragic misuse of infant formula.

The labels on most brands of commercially produced infant formula are inadequate. They do not guide the consumer to use the product safely or educate the consumer about the risk of improper formula use.

Even when correctly prepared, infant is a distant, second-best alternative to breast feeding, as has been shown in literally hundreds of clinical and epidemiological studies. In October, 1978, for example, the American Academy of Pediatrics recommended that breast milk be the exclusive food of most infants for the first four to six months of life. But when formula is incorrectly prepared, the health risks rise dramatically as do the costs of unnecessary medical treatment.

We, therefore, urge that the FDA use its authority to prevent the misuse of infant formula through stringent labeling requirements. We ask the FDA to act immediately to mandate that all labels of infant formula:

1. Contain clear written and pictorial instructions for safe use that are understandable to the consumer regardless of the level of literacy or language background;

2. Differentiate by color of can for different preparations: powder, concentrated liquid, ready-to-feed liquid. There are documented reports of mothers feeding concentrated liquid to their infants, thinking it was ready-to-feed, and infants suffering serious side-effects from hypernatremia;

3. Contain a clear statement of the risks associated with the failure to use the product correctly, including but not limited to failure to sterilize, dilute correctly, and/or refrigerate leftovers; and

4. Contain a clear endorsement of breast feeding as the method of first choice. This method should be no shorter and no less prominent than any claims about the product itself.

While improved labeling alone will of course not prevent all misuse of infant formula, it constitutes an important and highly feasible step in the right direction.

We are interested in ensuring a mother's right to a healthy child, free of influences which may cause her to make an ill-informed and ultimately harmful decision on a feeding method for her child.

We would like to point out the label on Borden's Esbilac Puppy Formula which establishes a precedent for our request:

Feeding new-born mammals a milk formula always entails some risk, and your veterinarian should be consulted for advice on feeding Esbilac and on sound management practices. All puppies should receive their dame's milk for at least two days if possible. The colostrum milk gives extra nutrition and temporary immunity against some diseases.

Certainly, if we can take such precautions for our pets, we will not hesitate to do the same for our children. Under your mandate to guard the public against potential harm from the products they consume, we ask you to take prompt action. We respectfully request a substantive response to our proposal by November 1, 1979.

Thanking you in advance for your cooperation, we are

Sincerely,
HOWARD M. METZENBAUM,
PATRICK J. LEAHY,
MAX BAUCUS,
*U.S. Senators.*

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PUBLIC HEALTH SERVICE,
FOOD AND DRUG ADMINISTRATION,
*Rockville, Md., Jan. 21, 1980.*

Hon. MAX S. BAUCUS,
*U.S. Senate, Washington, D.C.*

DEAR SENATOR BAUCUS: This is in further response to your letter of October 10, 1979, also signed by two of your colleagues concerning the misuse of infant formulas in the United States. I regret the tardiness of this reply, but I had delayed answering sooner in the belief that recent important developments relating to infant formulas should be included in this letter.

We share your concern that infant formula labels bear appropriate information to assure their correct use. While we in no way intend to minimize the importance of proper labeling, we do not believe by itself, labeling will prevent misuse. For example, a case of electrolyte imbalance in an infant fed concentrated formula was reported to us in April 1979 by our Cincinnati District staff. That case involved the concentrated liquid form of Similac, which was labeled clearly on the principal display panel:

ADD WATER BEFORE FEEDING CONCENTRATED LIQUID

The side panel repeated "Add water before feeding" and further stated "Make sure you are following dilution instructions for Similac Concentrated Liquid, not dilution instructions for Powder or the Instructions for Ready-to-Feed Forms." The side panel statement "Add water before feeding" was the only print in bold green ink on the entire label.

The top of the can stated in bold black letters: "Add water before feeding" and "Standard Dilution 1 part concentrated liquid plus 1 part water". Detailed instructions for dilution and preparation were also on the can body.

As part of our investigation, we also examined the labeling of the Ready-to-Feed form of Similac. This formula comes in cans twice as tall as the concentrated liquid. It is labeled on top, on the principal display panel, and on the side panel:

DO NOT ADD WATER

In the above described case, it was reported to us that the mother simply failed to read the label.

Labeling is an easily implemented way of conveying information to those consumers who take the time to examine product labels. However, as illustrated in the previously discussed situation, labeling alone can play only a partial role in combating electrolyte imbalance and dehydration or other illnesses in infants.

We do not believe the remedy for the potential dangers posed by misuse of infant formulas lies in the use of graphic symbols or additional warnings cautioning against improper use of these products, but rather by instructing mothers in proper formula preparation and making them aware of the very real dangers of feeding improperly sterilized, diluted, or stored formulas to infants. Such education should be provided on a one-on-one basis by a physician or other qualified health professional. A greater awareness by mothers of these risks is probably the most important factor in preventing illnesses due to misuse of infant formulas. Also, this type of education approach is a more appropriate course of action since, in addition to infant formulas, there are many highly concentrated protein products on the market (e.g., evaporated milk and skim milk) which are economical and frequently fed to infants, often without medical supervision.

As you note, the Committee on Nutrition of the American Academy of Pediatrics (AAP) (as well as the Nutrition Committee of the Canadian Pediatric Society) has endorsed breast feeding. The Committee also has recommended that, at the hospital level, efforts should be made to foster breast feeding by avoiding separation of mother and infant during the first 24 hours and by allowing breast feeding "on demand." In addition, it has recommended that, at the community level, there should be education about breast feeding for all school children, and a study should be made concerning the feasibility of day nurseries near mother's work to enable her to continue breast feeding.

While we endorse the AAP recommendations, we question that a statement on the label of an infant formula that breast feeding should be the first method of choice, would serve a useful purpose. The decision to breast feed or not to breast feed has generally been made before the baby is delivered and any formula purchased.

Since there are many reasons for not breast feeding an infant, such as chronic illness of the mother or a mother who must return to work, we believe that strong efforts should be made to foster breast feeding during antenatal clinic visits and continue into the postpartum period. After discharge from the hospital a nursing mother should be supervised by qualified health professionals to ensure that she receives encouragement, and appropriate nutrition counseling to nurse her infant as long as possible.

You are undoubtedly aware of the recent problems associated with two infant formula products marketed by Syntex Laboratories, Inc. of Palo Alto, California. In Commissioner Goyan's statement on that matter before the Subcommittee on Oversight and Investigations of the House Committee on Interstate and Foreign Commerce (copy enclosed) he discusses actions we are taking to deal with infant formula problems. We have provided those individuals working on these issues with copies of your letter so that your concerns also will be carefully considered.

As indicated in the Commissioner's testimony, one of the steps we undertook was a careful internal review of our administrative and statutory authorities to determine if revisions were needed. As a result of that review, we have concluded that the following improvements are needed:

Revise our existing regulation on the nutrient composition of infant foods (21 CFR 105.65) to incorporate additional essential nutrients such as chloride, and to ensure that the regulation is in full accord with the nutrient quality guidelines of the American Academy of Pediatrics (AAP) and current knowledge of the most appropriate composition of infant formulas. A proposal to revise the regulation is now in preparation. It will be published in the Federal Register for comment as soon as possible after public meetings on the subject in February and March (discussed below).

Establish a good manufacturing practice (GMP) regulation for infant formulas, primarily involving quality control and nutrient analytical procedures. Infant formulas in liquid form are low-acid canned foods, and hence are already adequately regulated as to microbiological safety and freedom from contaminants and filth under the provision of 21 CFR 113 (Thermally Processed Low-Acid Foods Packaged in Hermetically Sealed Containers.) The recommended GMP regulation, which calls for additional controls, is now being drafted and, like the infant formula composition regulation, will be published in the Federal Register promptly after completion of the public meetings.

Recommend to Congress, as we have in the past, that FDA be given records inspection authority applicable to all foods regulated by our Agency so that we could review quality control information to determine independently if manufacturers are in full compliance with the law and regulations.

Review the need for legislation to give us authority to require quality control GMP's for infant formulas so that we can prevent interstate shipment of any infant formulas that do not comply with the GMP regulations. Under our present authority, we can require only that the products be labeled that they were not processed in accordance with good manufacturing practices, rather than prohibit their sale.

As mentioned above, we are planning two public meetings in the near future concerning infant formulas. Both are now scheduled to be held for two days each in the Main Auditorium of the Department of Health, Education, and Welfare's North Building and will be chaired by the Director of the Bureau of Foods. The first will be an open public meeting to address quality control and quality assurance procedures for production of infant formulas and will be held on February 19 and 20, 1980. It is our intent to use this meeting as an information gathering session. Information generated and compiled as a result of this meeting will be utilized in finalizing the GMP proposal discussed above. The second meeting will be a legislative-type hearing on the nutrient composition of infant formulas. Again the results of this meeting will be utilized in finalizing the proposal to revise our existing infant formula regulation (21 CRF 105.65).

We are currently preparing a Federal Register announcement of the time, place, and subject areas for these meetings, and will provide you with a copy as soon as it is available. In addition, under contract, we are having a background working paper for these meetings prepared by the Federation of American Societies for Experimental Biology (FASEB). We anticipate receipt of this working paper no later than the first week of February and plan to make it available to you and all other interested parties as expeditiously as possible.

Problems associated with the Syntex recall made it apparent that our recall policies needed to be clarified and carefully communicated to FDA field offices. Therefore, in addition to the above actions, earlier this month we completed and published a revised recall policy and distributed it to field and headquarters staffs. To make certain that the revisions meet current needs, we will evaluate the new recall procedures after they have been in use for 3 months and again at 6 months. If additional changes are necessary, they will be made promptly.

We recognize that electrolyte imbalance and dehydration and other formula-related illnesses in infants are still important pubilc health problems and, therefore, will continue studying additional approaches to provide greater protection to the population at risk.

If we can be of further assistance, please let us know.

Sincerely yours,
ROBERT C. WETHERELL, Jr.,
*Associate Commissioner for Legislative Affairs.*●

● Mr. BAUCUS. Mr. President, I am pleased to join my distinguished colleagues, Senator METZENBAUM, and Senator LEAHY, in introducing the Infant Formula Act of 1980.

Though the United States spends more per capita on the health of its citizens than any other nation, we also have one of the highest infant mortality rates in the Western World. There are several reasons for this tragedy, including the move away from breast feeding and the misuse of infant formulas.

The ever-growing scientific evidence that breast feeding is superior along with the mounting evidence that infant formulas are being misused, perhaps widely, compel us, in my judgment, to insure that consumers are able to make truly informed, safe choices about ways to feed their babies.

We all agree that there is an appropriate and important need for infant formula. That is not the question. However, inappropriate composition, labeling, and promotion of formula poses a serious threat.

There are no Federal regulations that govern these areas. The law sets no quality control standards. Product labeling often appears to be composed more for marketing than for information purposes, and intense promotion of infant formula within health care institutions often undermines sound nutritional standards.

Likewise, there are no laws stipulating nutritional standards for infant formula, despite their obvious life or death importance to babies.

Recently, a formula manufacturer was found to be distributing formulas deficient in chloride, an essential nutrient. The result was hundreds of reported cases of infant sickness, with untold hundreds more going undetected and unreported. It was even more shocking to learn that weeks after the voluntary recall procedures were initiated by the manufacturer, this formula was still widely available to innocent consumers on the shelves of our drug stores. Other incidents of faulty product manufacturing and inadequate product recall procedures has been reported over the years.

Reports from health workers also are rapidly growing that infant formula are being improperly prepared.

The result of giving a young baby infant formula that is either too strong or too weak can be serious illness with possible irreversible damage. A pediatrician from the University of California (San Diego) complains that her Spanish-speaking patients cannot distinguish between concentrated formula liquid and the ready-to-feed variety. Feeding concentrates to a newborn can lead to growth failure, acute diarrhea, and other serious metabolic problems. A registered nurse at Los Angeles Women's Hospital asserts, "You could actually kill an infant if you feed it straight concentrate of dilute ready-to-feed mixture."

Though some manufacturers have recently greatly improved their labeling, it would seem that most labels are designed for promotional purposes, stressing quick brand recognition and pretty pictures or layouts, rather than for warning and instructing users.

The Infant Formula Act of 1980 would remedy many of these problems by making product composition, labeling, and product promotion a matter of Federal law rather than manufacturers' caprice. Tough labeling requirements would guarantee that consumers are given sufficient information in an easy-to-understand format about product preparation and use.

Labels would stress the superiority of breast feeding and warn of the hazards of improper formula use.

Minimum nutrient composition standards would protect the vulnerable public from substandard, adulterated, or incompletely manufactured formulas, and strict production detention provisions would protect consumers in the event of errors in manufacturer and quality control.

I believe that this bill will help to alleviate the tragic problems of painful, expensive, and preventable illnesses in young infants associated with the inappropriate use of infant formulas.

It is particularly appropriate that this bill be introduced now, when the adequate feeding of babies has finally begun to receive increasing national and international attention.

In 1978 the American Academy of

Pediatrics issued a sweeping recommendation that virtually all babies be breast fed for the first 4 to 6 months when possible.

In October of last year, the World Health Organization (WHO) and UNICEF organized an international meeting in Geneva to discuss ways to improve infant and young child feeding. The final recommendations, which apply equally to the developed and developing world, strongly endorse breastfeeding and highlight the need to restrict the widespread commercial promotion of infant formula.

The provisions of the Infant Formula Act of 1980 are totally consistent with these recommendations, making this bill a model that other nations may wish to study as they begin to transform the WHO/UNICEF recommendations into their own national policy commitments.

I urge my colleagues in Congress and the American people as a whole to endorse this simple but far-reaching step to protect America's youngest people. It is an important step down the road of responsibility that this generation owes to the future.●

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By Mr. PROXMIRE (for himself, Mr. GARN, Mr. WILLIAMS, and Mr. LUGAR):

S. 2491. A bill to provide for the monitoring of restrictions on Soviet trade; to the Committee on Banking, Housing, and Urban Affairs.

### MONITORING TRADE SANCTIONS

Mr. PROXMIRE. Mr. President, the bill that my cosponsors from the Banking Committee and I are introducing today is intended to assure the effectiveness of the trade sanctions imposed against the Soviet Union.

I am convinced that the trade sanctions will succeed in forcing the Soviet Government to pay a heavy price for its aggression against Afghanistan provided they are properly enforced and observed.

The present law does not provide a system for monitoring trade sanctions or for reporting to Congress on the results of the sanctions. My bill fills this gap.

### WE CANNOT DO BUSINESS AS USUAL WITH MOSCOW

We just cannot do business as usual with Moscow in light of its recent behavior On the other hand, it would be unrealistic and counterproductive to sever all relations to take military steps at the present time.

The economic measures taken so far, together with the Olympic boycott, constitute the most appropriate response that our Government can make to the Soviet actions in Afghanistan. But we must make sure that these measures will have the intended effect.

The bill requires all Federal agencies to give effective enforcement of the trade sanctions top priority. The first claim on the resources of each agency should be for purposes of implementation of the controls and obtaining the full cooperation of other countries.

Under the bill, the Department of Commerce is required to report immediately to the Congress any instances in which controls are reduced or exports licensed by reason of "foreign availability." This report would include identification of the source of such foreign availability in order for the Congress to consider what further steps to ensure the effectiveness of the sanctions might prove necessary.

### QUARTERLY REPORTS TO CONGRESS

It requires the Secretary of Commerce with the cooperation of all relevant Federal agencies, to report quarterly to Congress all compliance actions taken with respect to export controls imposed in response to the Russian aggression, as well as each license to export or re-export goods or technology to the Soviet Union.

To improve monitoring of the grain embargo, the Secretary's report would have to include data on world grain trade, especially shipments to the U.S.S.R., and an account of all actions taken to secure the cooperation of foreign countries, in particular, the extent to which such countries curtail agricultural shipments to the U.S.S.R.

### ASSESSMENT OF EFFECTS ON SOVIET ECONOMY

Finally, the Secretary's quarterly report would include an assessment of the effects of the sanctions on all sectors of the Russian economy. This portion of the report would be reviewed by the Joint Economic Committee, which has considerable expertise on the Russian economy.

The Joint Economic Committee's assessment would be provided to the committees of Congress with jurisdiction over export controls: The Senate Banking Committee which I chair, and the House Foreign Affairs Committee.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2491

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That it is the sense of Congress that effective monitoring and enforcement of the export control measures taken by the President in response to the Russian invasion of Afghanistan should receive the highest priority within the Department of Commerce and all other agencies with responsibilities related to those measures.

SEC. 2. Whenever for reasons of foreign availability the Secretary or the President remove or relax any export control which was imposed in response to the Russian invasion of Afghanistan, or, for reasons of foreign availability, approve the issuance of any export license for end use in the Union of Soviet Socialist Republics, such action shall be immediately reported to Congress together with the name of the foreign country and firms from which the goods or technology are determined to be available to the USSR.

SEC. 3. The Secretary of Commerce shall report to the Congress not less than quarterly with respect to the effectiveness of all export controls imposed in response to the Russian invasion of Afghanistan. Each such report shall include:

(a) a list indicating each compliance investigation or other compliance action undertaken by the Department of Commerce with respect to such controls, and any action taken under sections 11 or 12 of the Export Administration Act of 1979 to enforce such controls during the reporting period;

(b) a list indicating each export license and each re-export license approved during the reporting period for end-use in the Union of Soviet Socialist Republics;

(c) the latest available information on world grain trade shipments, including the sources, dates and amounts of any grain shipped to the Union of Soviet Socialist Republics;

(d) an account of actions undertaken to secure the cooperation of other countries in applying such controls and, in particular, the extent to which other countries have limited their shipments of agricultural commodities, high technology and other strategic items to the Union of Soviet Socialist Republics;

(e) an assessment of the economic effects of the controls on the Union of Soviet Republics, including effects on specific sectors of the economy as well as the overall impact.

SEC. 4. The Office of the United States Trade Representative, the President's Council of Economic Advisors, the Department of Agriculture, the Department of Defense, the Department of Energy, the Department of Treasury, the Board of Governors of the Federal Reserve System, the Central Intelligence Agency, and any other Federal agency having relevant information is authorized and directed to cooperate fully with the Department of Commerce in preparation of the report required by section 3.

SEC. 5. The Joint Economic Committee of the Congress shall review that portion of each report submitted by the Secretary of Commerce pursuant to section 3(e), and periodically provide an evaluation to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Foreign Affairs of the House of Representatives.

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By Mr. INOUYE (for himself, Mr. CANNON, Mr. HOLLINGS, Mr. MAGNUSON, Mr. MATHIAS, Mr. MATSUNAGA, Mr. PACKWOOD, Mr. SARBANES, and Mr. STEVENS):

S. 2492. A bill to regulate commerce, promote energy self-sufficiency, and protect the environment, by establishing procedures for the location, construction, and operation of ocean thermal energy conversion facilities and plant ships to produce electricity and energy-intensive products off the coasts of the United States; to amend the Merchant Marine Act, 1936, to make available certain financial assistance for construction and operation of such facilities and plant ships, and for other purposes; to the Committee on Commerce, Science, and Transportation.

### OCEAN THERMAL ENERGY CONVERSION ACT OF 1980

● Mr. INOUYE. Mr. President, I am today introducing the Ocean Thermal Energy Conversion Act of 1980, which will provide a Federal framework for the licensing, siting, and financing of ocean thermal energy conversion facilities and plant ships.

Ocean thermal energy conversion or OTEC is a method of converting solar energy which is stored by the Sun in the surface layers of the oceans into electricity. Temperature differences between ocean surfaces and depths can be utilized to generate electrical energy, fresh water, hydrogen, ammonia, and other products. The electrical energy which can potentially be generated is many times larger than the projected total energy needs of the United States.

The principles involved in OTEC are

basically simple and straightforward and it makes use of state-of-the-art technology. This past year a "Mini-OTEC" was successfully operated off the coast of Hawaii. This joint venture of the State of Hawaii, Lockheed, and Dillingham Corporations, with additional cost-sharing by Alfa-Laval, Worthington, and Rotoflow Corporations, demonstrated successful electrical production at sea.

OTEC energy can be delivered to the United States by electric transmission cables and can be fed directly into utility grids from offshore U.S. islands or Gulf of Mexico sites. Energy can also be delivered to all parts of the United States via production of an energy product produced on an OTEC plantship sited in tropical waters. Ammonia is such a product that is very useful in its own right, as well as a safe and easily transported product which contains large amounts of hydrogen which can easily be made use of as a fuel. OTEC ammonia can replace ammonia now made from natural gas, thus conserving natural gas, and it can serve a hydrogen carrier for use in fuel cells which can provide a stored source of power for all regions of the United States.

Ammonia is easily liquefied, stored and shipped, and can be stored indefinitely at room temperature in pressurized containers similar to propane gas. In 1978 the use of natural gas as a feed stock in the production of ammonia consumed about 3 percent of the total U.S. natural gas produced; an amount approximately equal to the total residental use of natural gas in California. It has been estimated that the substitution of OTEC ammonia for ammonia made from natural gas could conserve the equivalent of 300,000 to 500,000 bbl/day of oil.

Since ammonia is a principal ingredient in fertilizer, OTEC could also play a key role in our agricultural production and in our ability to produce food for ourselves and for export. In the long term, the greatest need in the world is not oil, but food. America's greatest strength is its ability to produce food and OTEC ammonia could free us from dependence on gas and oil based fertilizers.

Because fertilizer today is still made from natural gas which was purchased with long-term contracts for as little as $0.17 per 1,000 cubic feet, we know that the cost of fertilizer, and consequently food, will increase dramatically when these contracts expire. It has been estimatetd that fertilizer which sells for about $150 a ton today is being made from natural gas with an average price of less than $0.85. New natural gas is selling for $2.40, and its Btu equivalent price would be $5.17 with oil at $30 a barrel.

Since it takes a great deal of energy to produce a ton of fertilizer we can expect the cost of fertilizer to at least double, if not triple, in price simply as a result of the higher decontrolled prices of natural gas working their way through the market system over the next 5 years, quite aside from any other inflationary increases.

It is in this context that the uniqueness of OTEC is especially evident. Because its only "fuel" is the solar energy stored in the oceans, there is no fuel cost to increase. Of course there are the costs of building the plantships and facilities and the costs of operation, as there are in all plants, but there is no cost for fuel. Because the solar energy that is used is stored in the ocean, plantships or facilities can operate 24 hours a day the entire year.

They can operate at night or on days that the sun is not shining and will make use of only an infinitesimal part of the solar energy stored in the oceans. The higher the cost of oil and natural gas, the more attractive is OTEC energy since its fuel is free and the cost of building and operating OTEC facilities is comparable to other powerplants.

Significantly, OTEC technology is relatively benign and safe. There is no pollution from radiation or oilspills since it is totally nonnuclear and only makes use of the temperature differences in ocean water. Unlike the burning of coal or oil to generate electricity, OTEC does not pollute the air. In that sense, it is similar to hydrogenerated electricity. While some cold ocean water from the depths will be warmed a few degrees, this water will not significantly increase the surface temperature of the ocean. To make certain that the environment is not adversely affected, this act requires the monitoring of the effects of plantships and facilities.

One of the potential benefits of OTEC is the development of aquaculture in the immediate vicinity of plantships and facilities. The combination of warm surface water and cold ocean water has advantages for growing a variety of food products. Since OTEC involves no chemical changes in the ocean and does not add any chemical pollutants, it is especially suitable for food production. Some analyses suggest that the economic benefits of growing food at OTEC sites may even exceed the benefits from energy production.

As the cost of oil has increased, the cost of electricity has increased in all parts of the United States. But the increases have been especially large in those States, like Hawaii, in which almost all of the electricity is generated from oil. In January the cost of electricity increased by over 17 percent over December 1979, as a result of the fuel adjustment from the higher costs of oil. Eight years ago, fuel costs were less than 20 percent of the cost of electricity in Hawaii, this year they are 51 percent of the cost and next year when a long-term contract for oil at $22 a barrel expires and they will have to pay the market rate of $30 or more, fuel costs will be over 61 percent of the cost of electricity on Oahu.

How much higher oil costs will go is hard to know, but they are likely to go higher rather than lower. Electricity on Maui already costs over $0.13/KW and electricity costs in Hawaii rank second highest among the 50 States. Clearly, OTEC offers real promise of holding down or even reducing the costs of electricity in Hawaii and elsewhere. Most importantly, it breaks the cycle of higher fuel costs being directly passed on in higher electricity rates because the "fuel" is the free solar energy from the ocean.

Fuel cells store energy in a chemical form and can be used to change chemical energy into electrical or thermal energy. The development of fuel cells means that the benefits of OTEC can be provided to all parts of the United States and the world. Fuel cells are quiet and can operate efficiently in small sizes; this means that fuel cell power generation can be adapted to sites within factories or communities that would not tolerate nuclear or coal plant installations.

Fuel cell emissions are far below EPA limits. The energy efficiencies of fuel cells are also much higher than the conventional generation of electricity from coal or oil which range from 30 to 40 percent and then have losses of 5 to 10 percent in transmission. General Electric is developing various fuel cells with fuel efficiencies of 65 percent which could be located very near the need for the electricity and consequently, virtually all of the electricity would be available for use. Their use can also be readily adjusted to meet varying peak and slack demands for electricity.

Thus, the use of fuel cells, with ammonia as the fuel, has the potential of meeting energy needs throughout the United States or the world with virtually no pollution and no consumption of foreign or domestic oil.

While building large plantships or facilities is a substantial engineering task, it does not require a new technology or depend on future technological breakthroughs. In contrast to the hostile environment of the North Sea, OTEC vessels and facilities will operate in a relatively mild climate. But the extensive experience gained from building offshore oil stations in the savage environment of the North Sea can be useful in building OTEC plantships and facilities. At the Sixth OTEC Conference in June 1979, John Derrington of Sir Robert McAlpine & Sons, London, stated that:

> In 1964 it has been reported, a leading oil company geologist forecast that no resources of oil or gas under the North Sea could be exploited commercially. That geologist is unnamed—and probably now unemployed—for in the last 15 years the U.K. has become self-sufficient in oil and gas, and over 1.5 mbbd are being produced from the North Sea. Many major engineering obstacles have been overcome to achieve this.

He concludes:

> For bottom founded structures, the engineering problems have been satisfactorily solved, and that these monsters can be built to programme and within cost budgets within current engineering knowledge.

There is a great deal of interest in the United States in the development of OTEC. Private corporations and the State of Hawaii funded "MINI–OTEC" with no Federal funds. A consortium of U.S. companies in 1979 submitted a proposal to build a 40 megawatt OTEC pilot plantship for the production of 125 tons per day by 1983 of anhydrous ammonia and offered to put up $40 million in funding—$25 million in direct funding and at least $15 million in matching funds. In addition, Florida, Puerto Rico, and the Virgin Islands have expressed a strong interest in OTEC.

The open cycle system which evaporates sea water under low air pressure and produces fresh water as well as energy is of special interest to the Virgin Islands. The U.S. Senate has shown its interest in OTEC in its passage of Senator MATSUNAGA's bill, S. 1830, which provides for the funding of two demonstration OTEC plants and sets a national goal for OTEC development as well as providing funds for research and development costs.

This measure is complementary to Senator MATSUNAGA's bill and provides the needed legal basis for the licensing, siting, funding, and administering of OTEC plantships and facilities.

The principal barriers to immediate commercial application of OTEC are: First, the need for demonstration of large-scale OTEC systems, and second, the need for enactment of a Federal regulatory framework and financing assistance provisions. The OTEC demonstration bill sponsored by Representative FUQUA (H.R. 5796) and Senator MATSUNAGA (S. 1830) provides for the needed demonstrations. The Ocean Thermal Energy Conversion Act of 1980, which Representative STUDDS introduced in the House (H.R. 6154) and which I am introducing today, will establish the needed Federal regulatory framework and financing provisions. I believe that both of these two pieces of legislation are necessary, and that passage of both is needed to insure prompt commercial development of OTEC.

This bill provides for one-stop Federal licensing of OTEC facilities and plantships by the National Oceanic and Atmospheric Administration; provides that OTEC facilities and plantships be treated as vessels for most purposes under U.S. laws; allows owners of OTEC facilities and plantships to use the capital construction fund tax treatment now available to vessel owners under the Merchant Marine Act, 1936; and makes both commercial and demonstration OTEC facilities and plantships eligible for Federal loan guarantees under title XI of the Merchant Marine Act of 1936. The bill's provisions are completely in accord with the current negotiating text of the Third United Nations Conference on the Law of the Sea.

I believe this act is fiscally responsible; it relies almost entirely on private financing. The only costs to the Federal Government are the relatively small administrative costs (up to $3 million) associated with licensing and monitoring and development of a new energy resource and the provision of loan guarantees for private financing (not loans or grants) which should not cost the government any money. All vessels built in the United States require loan guarantees to secure private financing from banks, and appropriately this bill provides similar guarantees for these vessels and facilities. OTEC has great potential for increasing our energy supplies and reducing our need for imported oil at a very small cost to our treasury.

This bill will make it possible for private enterprise to proceed with the development of this energy resource. Without the legal and administrative provisions of this bill, private enterprise cannot proceed to develop the enormous potential of OTEC in a responsible and expeditious manner.

Mr. President, I ask unanimous consent that the text of this bill as well as the brief summary of the major provisions of the bill, be printed in the RECORD.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

S. 2492

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Ocean Thermal Energy Conversion Act of 1980".

SEC. 2. DECLARATION OF POLICY.

(a) It is declared to be the purposes of the Congress in this Act to—

(1) authorize and regulate the construction, location, ownership, and operation of ocean thermal energy conversion facilities connected to the U.S. by pipeline on cable, consistent with the Convention on the Continental Shelf, the Convention on the High Seas, and general principles of international law;

(2) authorize and regulate the construction, location, ownership, and operation of ocean thermal energy conversion plantships documented under the laws of the United States, consistent with the Convention on the High Seas and general principles of international law;

(3) authorize and regulate the construction, location, ownership, and operation of ocean thermal energy conversion plantships by United States citizens, consistent with the Convention on the High Seas and general prnciples of international law;

(4) provide for the protection of the marine and coastal environment, and consideration of the interests of other ocean users, to prevent or minimize any adverse impact which might occur as a consequence of the development of such ocean thermal energy conversion facilities or plantships;

(5) make applicable certain provisions of the Merchant Marine Act, 1936 to assist in financing of ocean thermal energy conversion facilities and plantships;

(6) protect the interests of the United States in the location, construction, and operation of ocean thermal energy conversion facilities and plantships; and

(7) protect the rights and responsibilities of adjacent coastal States by ensuring that Federal actions are consistent with approved State coastal zone management programs and other applicable State and local laws.

(b) The Congress declares that nothing in this Act shall be construed to affect the legal status of the high seas, the superjacent airspace, or the seabed and subsoil, including the Continental Shelf.

SEC. 3. DEFINITIONS.

As used in this Act, unless the context otherwise requires, the term—

(1) "adjacent coastal State" means any coastal State which (A) would be directly connected by electric transmission cable or pipeline to an ocean thermal energy facility as proposed in an application; (B) would be located within fifteen miles of any such proposed ocean thermal energy conversion facility; or (C) is designated by the Administrator in accordance with section 105(a)(2) of this Act;

(2) "Administrator" means the Administrator of the National Oceanic and Atmospheric Administration;

(3) "antitrust laws" includes the Act of July 2, 1890, as amended, the Act of October 15, 1914, as amended, and sections 73 and 74 of the Act of August 27, 1894, as amended;

(4) "application" means any application submitted under this Act (A) for issuance of a license for the ownership, construction, and operation of an ocean thermal energy conversion facility or plantship; (B) for transfer or renewal of any such license; or (C) for any substantial change in any of the conditions and provisions of any such license;

(5) "coastal State" means a State in, or bordering on, the Atlantic, Pacific, or Arctic Ocean, the Gulf of Mexico, Long Island Sound, or one or more of the Great Lakes;

(6) "facility" means an ocean thermal energy conversion facility;

(7) "Governor" means the Governor of a State or the person designated by law to exercise the powers granted to the Governor pursuant to this Act;

(8) "high seas" means that part of the oceans lying seaward of the territorial sea of the United States and outside the territorial sea, as recognized by the United States, of any other nation;

(9) "licensee" means the holder of a valid license for the ownership, construction, and operation of an ocean thermal energy conversion facility or plantship that was issued, transferred, or renewed pursuant to this Act;

(10) "ocean thermal energy conversion facility" means any facility which is connected to the U.S. by pipeline or cable and which is designed to use temperature differences in ocean water to produce electricity or another form of energy capable of being used directly to perform work, and includes any equipment installed on such facility to use such electricity or other form of energy to produce, process, refine, or manufacture a product, and any cable or pipeline used to deliver such electricity, freshwater, or product to shore, and all other equipment and appurtenances of such facility;

(11) "ocean thermal energy conversion plantship" means any vessel which is designed to use temperature differences in ocean water to produce, while moving through such water, electricity or another form of energy capable of being used directly to perform work, and includes any equipment installed on such vessel to use such electricity or other form of energy to produce, process, refine, or manufacture a product, and any equipment used to transfer such product to other vessels for transportation to users, and all other equipment and appurtenances of such vessel;

(12) "plantship" means an ocean thermal energy conversion plantship;

(13) "person" means any individual (whether or not a citizen or national of the United States), any corporation, partnership, association, or other entity organized or existing under the laws of any nation, and any Federal, State, local or foreign government or any entity of any such government;

(14) "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the United States Virgin Islands, Guam, the Commonwealth of the Northern Marianas, and any other Commonwealth, territory, or possession over which the United States has jurisdiction;

(15) "thermal plume" means the area of the ocean in which a significant difference in temperature, as defined in regulations by the Administrator, occurs as a result of the operation of an ocean thermal energy conversion facility or plantship, and;

(16) "United States citizen" means (A) any individual who is a citizen or national of the United States; (B) any Federal, State,

or local government in the United States, or any entity of any such government; or (C) any corporation, partnership, association, or other entity, organized or existing under the laws of the United States or of any State, which has as its president or other executive officer and as its chairman of the board of directors, or holder of similar office, an individual who is a United States citizen and which has no more of its directors who are not United States citizens than constitute a minority of the number required for a quorum necessary to conduct the business of the board.

## TITLE I—REGULATION OF OCEAN THERMAL ENERGY CONVERSION FACILITIES AND PLANTSHIPS

### SEC. 101. LICENSE FOR THE OWNERSHIP, CONSTRUCTION, AND OPERATION OF AN OCEAN THERMAL ENERGY CONVERSION FACILITY OR PLANTSHIP

(a) No person may engage in the ownership, construction, or operation of an ocean thermal energy conversion facility which is documented under the laws of the U.S. or which is connected to the U.S. by pipeline or cable, except in accordance with a license issued pursuant to this Act.

(b) The Administrator is authorized upon application and in accordance with the provisions of this Act, to issue, transfer, amend, or renew a license for the ownership, construction, and operation of an ocean thermal energy conversion facility or plantship.

(c) The Administrator may issue a license in accordance with the provisions of this Act unless—

(1) he determines that the applicant cannot and will not comply with applicable laws, regulations, and license conditions;

(2) he determines that the construction and operation of the ocean thermal energy conversion facility or plantship will not be in the national interest and consistent with national security and other national policy goals and objectives, including energy self-sufficiency and environmental quality;

(3) he determines that the ocean thermal energy conversion facility or plantship will not be operated with reasonable regard to the freedom of navigation on other reasonable uses of the high seas or authorized uses of the Continental Shelf, as defined by United States law, treaty, convention, or customary international law;

(4) he has been informed, within forty-five days after the conclusion of public hearings on that application, or on proposed licenses for the designated application area, by the Administrator of the Environmental Protection Agency that the ocean thermal energy conversion facility or plantship will not conform with all applicable provisions of any law for which he has enforcement authority;

(5) he has received the opinion of the Attorney General, pursuant to section 104 of this Act, stating that issuance of the license would create a situation in violation of the antitrust laws, or the ninety-day period provided in section 104 has expired;

(6) he has consulted with the Secretary of Energy, the Secretary of Transportation, the Secretary of State, the Secretary of the Interior, and the Secretary of Defense, to determine their views on the adequacy of the application, and its effect on programs within their respective jurisdictions;

(7) the proposed ocean thermal energy conversion facility or plantship will not be documented under the laws of the United States;

(8) the applicant has agreed to the condition that no vessel may be used for the transportation to the United States of things produced, processed, refined, or manufactured at the ocean thermal energy conversion facility or plantship unless such vessel is not documented under the laws of the United States;

(9) if the license is for an ocean thermal energy conversion facility, he determines that the facility, including any submarine electric transmission cables and equipment or pipelines which are components of the facility, will not be located and designed so as to minimize interference with other uses of the high seas or the Continental Shelf, including cables or pipelines already in position on or in the seabed and the possibility of their repair;

(10) if the license is for an ocean thermal energy conversion facility, he has consulted with the Governor of each adjacent coastal State which has an approved coastal zone management program in good standing pursuant to the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.) to determine his or her views on the adequacy of the application, and its effects on programs within his or her jurisdiction;

(11) if the license is for an ocean thermal energy conversion facility, any adjacent coastal State to which the facility is to be directly connected by electric transmission cable or pipeline does not have an approved coastal zone management program in good standing pursuant to the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.);

(12) if the license is for an ocean thermal energy conversion facility, he determines that the thermal plume of the facility is expected to impinge unreasonably on any other ocean thermal energy conversion facility already licensed or operating, without the consent of its owner;

(13) if the license is for an ocean thermal energy conversion facility, he determines that the thermal plume of the facility is expected to impinge on the territorial sea or area of national resource jurisdiction, as recognized by the United States, of any other nation, without the consent of such nation;

(14) if the license is for an ocean thermal energy conversion plantship, he determines that the applicant has not provided adequate assurance that the plantship will be able to operate in such a way as to prevent its thermal plume from impinging unreasonably on any other ocean thermal energy conversion facility or plantship without the consent of its owner, and from impinging on the territorial sea or area of national resource jurisdiction, as recognized by the United States of any other nation without the consent of such nation; and

(15) issuance of the license will cause to be exceeded any upper limit placed on the number or total capacity of ocean thermal energy conversion facilities or plantships established as a result of determinations made pursuant to section 107(a) of this title.

(d) (1) In issuing a license for the ownership construction, and operation of an ocean thermal energy conversion facility or plantship, the Administrator shall prescribe conditions which he deems necessary to carry out the provisions of this Act, or which are otherwise required by any Federal department or agency pursuant to the terms of this Act.

(2) No license shall be issued, transferred, or renewed under this Act unless the licensee or transferee first agrees in writing that (A) there will be no substantial change from the plans, operational systems, and methods, procedures, and safeguards set forth in his application, as approved, without prior approval in writing from the Administrator, and (B) he will comply with conditions the Administrator may prescribe in accordance with the provisions of this Act.

(3) The Administrator shall establish such bonding requirements or other assurances as he deems necessary to assure that, upon the revocation, termination, relinquishment, or surrender of a license, the licensee will dispose of or remove all components of the ocean thermal energy conversion facility or plantship as directed by the Administrator. In the case of components which another applicant desires to use, the Administrator may waive the disposal or removal requirements until he has reached a decision on the application. In the case of components lying on or below the seabed, the Administrator may waive the disposal or removal requirements if he finds that such removal is not otherwise necessary and that the remaining components do not constitute any threat to navigation, fishing, or the environment.

(e) Upon application, licenses issued under this Act may be transferred if the Administrator determines that such transfer is in the public interest and that the transferee meets the requirements of this Act and the prerequisites to issuance under subsection (c) of this section.

(f) Any United States citizen who otherwise qualifies under the terms of this Act shall be eligible to be issued a license for the ownership, construction, and operation of an ocean thermal energy conversion facility or plantship.

(g) Licenses issued under this Act shall be for a term of not to exceed twenty five years. Each licensee shall have a preferential right to renew his license subject to the requirements of subsection (c) of this section, upon such conditions and for such term, not to exceed an additional ten years upon each renewal, as the Administrator determines to be reasonable and appropriate.

### SEC. 102. PROCEDURE.

(a) The Administrator shall, as soon as practicable after the date of enactment of this Act, and after consultation with other Federal agencies, issue regulations to carry out the purposes and provisions of this Act, in accordance with the provisions of section 553 of title 5, United States Code, without regard to subsection (a) thereof. Such regulations shall pertain to, but need not be limited to, application, issuance, transfer, renewal, suspension, and termination of licenses. Such regulations shall provide for full consultation and cooperation with all other interested Federal agencies and departments and with any potentially affected coastal State, and for consideration of the views of any interested members of the general public. The Administrator is further authorized, consistent with the purposes and provisions of this Act, to amend or rescind any such regulation. The Administrator shall complete issuance of final regulations to implement this Act within one year of the date of its enactment.

(b) Not later than thirty days after the date of enactment of this Act, the Secretary of the Interior, the Administrator of the Environment Protection Agency, the Secretary of the department in which the Coast Guard is operating, the Chief of Engineers of the United States Army Corps of Engineers, and the heads of any other Federal departments or agencies having expertise concerning, or jurisdiction over, any aspect of the construction or operation of ocean thermal energy conversion facilities or plantships, shall transmit to the Administrator written description of their expertise or statutory responsibilities pursuant to this Act or any other Federal law.

(c) (1) Any person making an application under this Act shall submit detailed plans to the Administrator. Within twenty-one days after the receipt of an application, the Administrator shall determine whether the application appears to contain all of the information required by paragraph (2) of this subsection. If the Administrator determines that such information appears to be contained in the application, the Administrator shall, no later than five days after making such a determination, publish notice of the application and a summary of the plans in the Federal Register. If the Administrator determines that all of the required information does not appear to be contained in the application, the Administrator shall notify the applicant and take no further action with respect to the application until such deficiencies have been remedied.

(2) Each application shall include such financial technical, and other information as the Administrator determines by rule to be necessary to process the license pursuant to Sec. 101.

(d)(1) At the time notice of an application for an ocean thermal energy conversion facility is published pursuant to subsection (d) of this section, the Administrator shall publish a description in the Federal Register of an application area encompassing the site proposed in the application for such facility and within which the thermal plume of one ocean thermal energy conversion facility might be expected to impinge on another ocean thermal energy conversion facility.

(2) The Administrator shall accompany such publication with a call for submission of any other applications for licenses for the ownership, construction, and operation of an ocean thermal energy conversion facility within the designated application area. Any person intending to file such an application shall submit a notice of intent to file an application to the Administrator not later than sixty days after the publication of notice pursuant to subsection (d) of this section, and shall submit the completed application no later than ninety days after publication of such notice. The Administrator shall publish notice of any such application received in accordance with subsection (d) of this section. No application for a license for the ownership, construction, and operation of an ocean thermal energy conversion facility within the designated application area for which a notice of intent to file was received after such sixty-day period, or which is received after such ninety-day period has elapsed, shall be considered until action has been completed on all timely filed applications pending with respect to such application area.

(e) An application filed with the Administrator shall constitute an application for all Federal authorizations required for ownership, construction, and operation of an ocean thermal energy conversion facility or plantship. At the time notice of any application is published pursuant to subsection (d) of this section, the Administrator shall forward a copy of such application to those Federal agencies and departments with jurisdiction over any aspect of such ownership, construction, or operation for comment, review, or recommendation as to conditions and for such other action as may be required by law. Each agency or department involved shall review the application and, based upon legal considerations within its area of responsibility, recommend to the Administrator the approval or disapproval of the application not later than forty-five days after public hearings are concluded pursuant to subsection (g) of this section. In any case in which an agency or department recommends disapproval, it shall set forth in detail the manner in which the application does not comply with any law or regulation within its area of responsibility and shall notify the Administrator of the manner in which the application may be amended so as to bring it into compliance with the law or regulation involved.

(f) A license may be issued, transferred, or renewed only after public notice, opportunity for comment, and public hearings in accordance with this subsection. At least one such public hearing shall be held in the District of Columbia and in each adjacent coastal State. Any interested person may present relevant material at any such hearing. After the hearings required by this subsection are concluded, if the Administrator determines that there exist one or more specific and material factual issues which may be resolved by a formal evidentiary hearing, at least one adjudicatory hearing shall be held in the District of Columbia in accordance with the provisions of section 554 of title 5, United States Code. The record developed in any such adjudicatory hearing shall be part of the basis for the Administrator's decision to approve or deny a license. Hearings held pursuant to this subsection shall be consolidated insofar as practicable with hearings held by other agencies. All public hearings on all applications with respect to facilities for any designated application area shall be consolidated and shall be concluded not later than two hundred and forty days after notice of the initial application has been published pursuant to subsection (d) of this section. All public hearings on applications with respect to ocean thermal energy conversion plantships shall be concluded not later than one hundred and forty days after notice of the application has been published pursuant to subsection (d) of this section.

(g) Each person applying for a license pursuant to this Act shall remit to the Administrator at the time the application is filed a nonrefundable application fee, which shall be deposited into miscellaneous receipts of the Treasury. The amount of the fee shall be established by regulation by the Administrator, and shall reflect the reasonable administrative costs incurred in reviewing and processing the application.

(h)(1) The Administrator shall approve or deny any timely filed application with respect to a facility for a designated application area submitted pursuant to this Act not later than ninety days after public hearings on proposed licenses for that area are concluded pursuant to subsection (g) of this section. The Administrator shall approve or deny an application for ownership, construction, and operation of an ocean thermal energy conversion plantship submitted pursuant to this Act no later than ninety days after the public hearings on that application are concluded pursuant to subsection (g) of this section.

(2) In the event more than one application or ownership, construction, and operation of an ocean thermal energy conversion facility is submitted pursuant to this Act for the same designated application area, the Administrator, unless one or a specific combination of the proposed facilities clearly best serves the national interest, shall issue licenses to the first applicant.

(3) In determining whether any one or a specific combination of the proposed ocean thermal energy conversion facilities clearly best serves the national interest, the Administrator shall consider the following factors:

(A) the goal of making the greatest possible use of ocean thermal energy conversion by installing the largest capacity practicable in each application area;

(B) the amount of net energy impact of each of the proposed ocean thermal energy conversion facilities;

(C) the degree to which the proposed ocean thermal energy conversion facilities will affect the environment;

(D) any significant differences between anticipated completion dates for the proposed ocean thermal energy conversion facilities; and

(E) any differences in costs of construction and operation of the proposed ocean thermal energy conversion facilities, to the extent that such differentials may significantly affect the ultimate cost of energy or products to the consumer.

### Sec. 103. Protection of Submarine Electric Transmission Cables and Equipment.

(a) Any person who shall willfully and wrongfully break or injure, or attempt to break or injure, or who shall in any manner procure, counsel, aid, abet, or be accessory to such breaking or injury, or attempt to break or injure, any submarine electric transmission cable or equipment being constructed or operated under a license issued pursuant to this Act shall be guilty of a misdemeanor and, on conviction thereof, shall be liable to imprisonment for a term not exceeding two years, or to fine not exceeding $5,000, or to both fine and imprisonment, at the discretion of the court.

(b) Any person who by culpable negligence shall break or injure any submarine electric transmission cable or equipment being constructed or operated under a license issued pursuant to this Act shall be guilty of a misdemeanor and, on conviction thereof, shall be liable to imprisonment for a term not exceeding three months, or to a fine not exceeding $500, or to both fine and imprisonment, at the discretion of the court.

(c) The provisions of subsections (a) and (b) of this section shall not apply to any person who, after having taken all necessary precaution to avoid such breaking or injury, breaks or injures any submarine electric transmission cable or equipment in an effort to save the life or limb of himself or of any other person, or to save his own or any other vessel.

(d) The penalties provided in subsections (a) and (b) of this section for the breaking or injury of any submarine electric transmission cable or equipment shall not be a bar to a suit for damages on account of such breaking or injury.

(e) Whenever any vessel sacrifices any anchor, fishing net, or other fishing gear to avoid injuring any submarine electric transmission cable or equipment being constructed or operated under a license issued pursuant to this Act, the licensee shall indemnify the owner of such vessel for the items sacrificed, provided that the owner of the vessel had taken all reasonable precautionary measures beforehand.

(f) Any licensee who causes any break in or injury to any submarine cable or pipeline of any type shall bear the cost of the repairs.

### Sec. 104. Antitrust Review.

(a) Whenever any application for issuance, transfer, or renewal of any license is received, the Administrator shall transmit promptly to the Attorney General a complete copy of such application. Within ninety days of the receipt of the application, the Attorney General shall conduct such antitrust review of the application as he deem appropriate, and submit to the Administrator any advice or recommendations he deems advisable to avoid any action upon such application by the Administrator which would create a situation in violation of the antitrust laws. If the Attorney General fails to file such views within the niney-day period, the Administrator shall proceed as if such views had been received. The Administrator shall not issue, transfer, or renew the license during the ninety-day period, except upon written confirmation by the Attorney General that he does not intend to submit any further advice or recommendation on the application during such period.

(b) The issuance of a license under this Act shall not be admissible in any way as a defense to any civil or criminal action for violation of the antitrust laws of the United States, nor shall it in any way modify or abridge any private right of action under such laws. Nothing in this section shall be construed to bar the Attorney General or the Federal Trade Commission from challenging any anticompetitive situation involved in the ownership, construction, or operation of an ocean thermal energy conversion facility or plantship.

### Sec. 105. Adjacent Coastal States.

(a)(1) The Administrator, in issuing notice of application pursuant to section 102 (d) of this title, shall designate as an "adjacent coastal State" any coastal State which (A) would be directly connected by electric transmission cable or pipeline to an ocean thermal energy conversion facility as proposed in an application, or (B) would be located within fifteen miles of any such proposed ocean thermal energy conversion facility.

(2) The Administrator shall, upon request of a State, designate such State as an "adjacent coastal State" if he determines that there is a risk of damage to the coastal environment of such State equal to or greater than the risk posed to a State directly connected by electric transmission cable or pipeline to the proposed ocean thermal energy conversion facility, or if he determines that the thermal plume of the proposed ocean thermal energy conversion facility is likely to impinge on possible locations for ocean thermal energy conversion facilities which could reasonably be expected to be directly connected by electric transmission cable or pipeline to such State. This paragraph shall apply only with respect to requests made by a State not later than the fourteenth day after the date of publication of notice of application for a proposed ocean thermal energy conversion facility in the Federal Register in accordance with section 102(d) of this title. The Administrator shall make any designation required by this paragraph not later than the forty-fifth day after the date he receives such a request from a State.

(b) (1) Not later than ten days after the designation of adjacent coastal States pursuant to this section, the Administrator shall transmit a complete copy of the application to the Governor of each adjacent coastal State. The Administrator shall not issue a license without consultation with the Governor of each adjacent coastal State which has an approved coastal zone management program in good standing pursuant to the Coastal Zone Management Act of 1972 (16 USC 1451 et seq.). If the Governor of such a State notifies the Administrator that an application is inconsistent in some respect with the State's coastal zone management program, the Administrator shall condition the license granted so as to make it consistent with such State program.

(2) Any adjacent coastal State which does not have an approved coastal zone management program in good standing, and any other interested State, shall have the opportunity to make its views known to, and to have them given full consideration by, the Administrator regarding the location, construction, and operation of an ocean thermal energy conversion facility.

(c) The Administrator shall not issue a license for an ocean thermal energy conversion facility unless any adjacent coastal State to which the facility is to be directly connected by electric transmission cable or pipeline has an approved coastal zone management program in good standing pursuant to the Coastal Zone Management Act of 1972 (16 USC 1451 et seq.).

(d) The consent of Congress is given to two or more States to negotiate and enter into agreements or compacts, not in conflict with any law or treaty of the United States, (1) to apply for a license for the ownership, construction, and operation of an ocean thermal energy conversion facility or plantship or for the transfer of such a license, and (2) to establish such agencies, joint or otherwise, as are deemed necessary or appropriate for implementing and carrying out the provisions of any such agreement or compact. Such agreement or compact shall be binding and obligatory upon any State or other party thereto without further approval by the Congress.

### SEC. 106. DILIGENCE REQUIREMENTS.

(a) The Administrator shall promulgate regulations requiring each licensee to pursue diligently the construction and operation of the ocean thermal energy conversion facility or plantship to which the license applies.

(b) If the Administrator determines that a licensee is not pursuing diligently the construction and operation of the ocean thermal energy conversion facility or plantship to which the license applies, or that the project has apparently been abandoned, the Administrator shall cause proceedings to be instituted under section 111 of this title to terminate the license.

### SEC. 107. PROTECTION OF THE ENVIRONMENT.

(a) The Administrator shall initiate a program to assess the effects on the environment of ocean thermal energy conversion facilities and plantships. The program shall include baseline measurements of locations where ocean thermal energy conversion facilities or plantships are likely to be sited or operated, and research and monitoring of the effects of ocean thermal energy conversion facilities and plantships in actual operation. The purpose of the program shall be to assess the environmental effects of individual ocean thermal energy facilities and plantships, and to assess the magnitude of any cumulative environmental effects of large numbers of ocean thermal energy facilities and plantships. The program shall be designed to determine, among other things—

(1) any short-term and long-term effects on the environment which may occur as a result of the operation of ocean thermal energy conversion facilities and plantships;

(2) the nature and magnitude of any oceanographic, atmospheric, weather, climatic, or biological changes in the environment which may occur as a result of deployment and operation of large numbers of ocean thermal energy conversion facilities and plantships;

(3) the nature and magnitude of any oceanographic, biological, or other changes in the environment which may occur as a result of the operation of electric transmission cables and equipment located in the water column or on or in the seabed, including the hazards of accidentally severed transmission cables; and

(4) whether the magnitude of one or more of the cumulative environmental effects of deployment and operation of large numbers of ocean thermal energy conversion facilities and plantships requires that an upper limit be placed on the number or total capacity of such facilities or plantships to be licensed under this Act for simultaneous operation, either overall or within specific geographic areas.

Within one hundred eighty days after enactment of this Act, the Administrator shall prepare a plan to carry out the program, including necessary funding levels for the next five fiscal years, and submit the plan to the Congress.

(b) The program established by subsection (a) of this section shall be reduced to the minimum necessary to perform baseline studies and to analyze monitoring data, when the Administrator determines that the program has resulted in sufficient knowledge to make the determinations enumerated in subsection (a) of this section with an acceptable level of confidence.

(c) The issuance of any license for ownership, construction, and operation of an ocean thermal energy conversion facility or plantship shall be deemed to be a major Federal action significantly affecting the quality of the human environment for purposes of section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332 (2)(c)).

For all timely applications covering proposed facilities in a single application area, and for each application relating to a proposed plantship, the Administrator shall, pursuant to such section 102(2)(C) of this title and in cooperation with other involved Federal agencies and departments, prepare a single, consolidated environmental impact statement, which shall fulfill the requirement of all Federal agencies in carrying out their responsibilities pursuant to this Act to prepare an environmental impact statement. Each such consolidated draft environmental impact statement relating to proposed facilities shall be prepared and published within one hundred eighty days following the date established pursuant to section 102(e) as the deadline for submission of additional applications for the application area. Each such consolidated draft environmental impact statement relating to a proposed plantsite shall be prepared and published within one hundred eighty days of the date the application is received by the Administrator. Each final environmental impact statement shall be published not later than one hundred eighty days following the date on which the draft environmental impact statement is published. The Administrator may extend the deadline for publication of a specific draft or final environmental impact statement to a later specified time for good cause shown in writing.

### SEC. 108. MARINE ENVIRONMENTAL PROTECTION AND SAFETY OF LIFE AND PROPERTY AT SEA

(a) The Secretary of the department in which the Coast Guard is operating shall, subject to recognized principles of international law, prescribe by regulation and enforce procedures with respect to any ocean thermal energy conversion facility or plantship including, but not limited to, rules governing vessel movement, procedures for transfer of materials between such a facility or plantship and transport vessels, designation and marking of anchorage areas, maintenance, law enforcement, and the equipment, training, and maintenance required (1) to prevent pollution of the marine environment, (2) to clean up any pollutants which may be discharged, and (3) to otherwise prevent or minimize any adverse impact from the construction and operation of such ocean thermal energy conversion facility or plantship.

(b) The Secretary of the department in which the Coast Guard is operating shall issue and enforce regulations, subject to recognized principles of international law, with respect to lights and other warning devices, safety equipment, and other matters relating to the promotion of safety of life and property on any ocean thermal energy conversion facility or plantship.

(c) Whenever a licensee fails to mark any component of an ocean thermal energy conversion facility or plantship in accordance with applicable regulations, the Secretary of the department in which the Coast Guard is operating shall mark such components for the protection of navigation, and the licensee shall pay the cost of such marking.

(d) (1) Subject to recognized principles of international law and after consultation with the Secretary of Commerce, the Secretary of the Interior, the Secretary of State, and the Secretary of Defense, the Secretary of the department in which the Coast Guard is operating shall designate a zone of appropriate size around and including any ocean thermal energy conversion facility, and may designate such a zone around and including any ocean thermal energy conversion plantship, for the purpose of navigational safety. In such zone, no installation, structures, or uses will be permitted which are incompatible with the operation of the ocean thermal energy conversion facility or plantship. The Secretary of the department in which the Coast Guard is operating shall by regulation define permitted activities within such zone. The Secretary of the department in which the Coast Guard is operating shall, not later than thirty days after publication of notice pursuant to section 102(d) of this title, designate such safety zone with respect to any proposed ocean thermal energy conversion facility or plantship.

(2) In addition to any other regulations, the Secretary of the department in which

the Coast Guard is operating is authorized, in accordance with this subsection, to establish a safety zone to be effective during the period of construction of an ocean thermal energy conversion facility or plantship, and to issue rules and regulations relating thereto.

(e) For the purposes of the vessel inspection laws, an ocean thermal energy conversion facility or plantship shall be deemed to be a vessel.

(f) Subject to the Secretary of the department in which the Coast Guard is operating shall promulgate and enforce such regulations as he deems necessary to protect navigation in the vicinity of a vessel engaged in the installation, repair, or maintenance of any submarine electric transmission cable or equipment, and to govern the markings and signals used by such a vessel.

### SEC. 109. PREVENTION OF INTERFERENCE WITH OTHER USES OF THE HIGH SEAS.

(a) Each license shall include such conditions as may be necessary and appropriate to ensure that construction and operation of the ocean thermal energy conversion facility or plantship are conducted with reasonable regard for navigation, fishing, energy production, scientific research, or other uses of the high seas, either by citizens of the United States or by other nations in their exercise of the freedoms of the high seas as recognized under the Convention of the High Seas and the general principles of international law.

(b) The Secretary of the department in which the Coast Guard is operating shall promulgate in conjunction with the Administrator, and shall enforce, regulations governing the movement and navigation of ocean thermal energy conversion plantships to ensure that the thermal plume of one ocean thermal energy conversion plantship does not unreasonably impinge on the operation of any other ocean thermal energy conversion plantship or facility except in case of force majeure or with the consent of the licensee or owner of the other such plantship or facility, and to ensure that the thermal plume of an ocean thermal energy conversion plantship does not impinge on the territorial sea or area of national resource jurisdiction, as recognized by the United States, of any other nation without the consent of such nation.

### SEC. 110. MONITORING OF LICENSEES' ACTIVITIES.

Each license shall require the licensee—

(1) to allow the Administrator to place appropriate Federal officers or employees aboard the ocean thermal energy conversion facility or plantship to which the license applies, at such times and to such extent as the Administrator deems reasonable and necessary to assess compliance with any condition or regulation applicable to the license, and to report to the Administrator whenever such officers or employees have reason to believe there is a failure to comply;

(2) to cooperate with such officers and employees in the performance of monitoring functions; and

(3) to monitor any environmental effects of the operation of the ocean thermal energy conversion facility or plantship in accordance with guidelines issued by the Administrator, and to submit such information as the Administrator finds to be necessary and appropriate to assess environmental impacts and to develop and evaluate mitigation methods and possibilities.

### SEC. 111. SUSPENSION, REVOCATION, OR TERMINATION OF LICENSES.

(a) Whenever a licensee fails to comply with any applicable provision of this Act or any applicable rule, regulation, restriction, or condition issued or imposed by the Administrator under the authority of this Act, the Attorney General, at the request of the Administrator, shall file an action in the appropriate United States district court to—

(1) suspend the license; or

(2) if such failure is knowing and continues for a period of thirty days after the Administrator mails notification of such failure by registered letter to the licensee at his record post office address, revoke such license.

No proceeding under this section is necessary if the license, by its terms, provides for automatic suspension or termination upon the occurrence of a fixed or agreed upon condition, event, or time.

(b) If the Administrator determines that immediate suspension of the construction or operation of an ocean thermal energy conversion facility or plantship or any component thereof is necessary to protect public health and safety or to eliminate imminent and substantial danger to the environment, or if the President determines that such suspension is necessary to avoid a conflict with any international obligation of the United States established by any treaty or convention in force with respect to the United States, the Administrator may order the licensee to cease or alter such construction or operation pending the completion of a judicial proceeding pursuant to subsection (a) of this section.

### SEC. 112. RECORDKEEPING AND PUBLIC ACCESS TO INFORMATION.

(a) Each licensee shall establish and maintain such records, make such reports, and provide such information as the Administrator, after consultation with other interested Federal departments and agencies, shall by regulation prescribe to carry out the provisions of this Act. Each licensee shall submit such reports and shall make available such records and information as the Administrator may request.

(b) The Administrator shall not disclose information obtained by him under this Act that concerns or relates to a trade secret, referred to in section 1905 of title 18, United States Code, except that such information may be disclosed, in a manner which is designed to maintain confidentiality—

(A) to other Federal and adjacent coastal State government departments and agencies for official use, upon request;

(B) to any committee of the Congress having jurisdiction over the subject matter to which the information relates, upon request;

(C) to any person in any judicial proceeding, under a court order formulated to preserve such confidentiality without impairing the proceedings; and

(D) to the public in order to protect the public health and safety, after notice and opportunity for comment in writing or for discussion in closed session within fifteen days by the party to which the information pertains (if the delay resulting from such notice and opportunity for comment would not in the opinion of the Administrator be detrimental to the public health and safety).

### SEC. 113. RELINQUISHMENT OR SURRENDER OF LICENSES.

Any licensee may at any time, without penalty, surrender to the Administrator a license issued to him, or relinquish to the Administrator in whole or in part, any right to conduct construction or operation of an ocean thermal energy conversion facility or plantship, including part or all of any right of way which may have been granted in conjunction with such license: *Provided*, That such surrender or relinquishment shall not relieve the licensee of any obligation or liability established by this Act, or of any obligation or liability for actions taken by him prior to such surrender or relinquishment, or during removal of any components required to be removed pusuant to this Act.

(b) If part or all of a right of way which is relinquished, or for which the license is surrendered, to the Administrator pursuant to subsection (a) of this section contains an electric transmission cable or pipeline which is used in conjunction with another license for an ocean thermal energy conversion facility, the Administrator shall allow the other licensee an opportunity to add such right of way to his license before informing the Secretary of the Interior that the right of way has been vacated.

### SEC. 114. CIVIL ACTIONS.

(a) Except as provided in subsection (b) of this section, any person having a valid legal interest which is or may be adversely affected may commence a civil action for equitable relief on his own behalf, whenever such action constitutes a case or controversy—

(1) against any person who is alleged to be in violation of any provision of this Act or any regulation or condition of a license issued pursuant to this Act; or

(2) against the Administrator where there is alleged a failure of the Administrator to perform any act or duty under this Act which is not discretionary.

In suits brought under this Act, the district courts of the U.S. shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce any provision of this Act or any regulation or condition of a license issued pursuant to this Act, or to order the Administrator to perform such act or duty, as the case may be.

(b) No civil action may be commenced—

(1) under subsection (a)(1) of this section—

(A) prior to sixty days after the plaintiff has given notice of the violation to the Administrator and to any alleged violator; or

(B) if the Administrator or the Attorney General has commenced and is diligently prosecuting a civil or criminal action with respect to such matters in a court of the United States, but in any such action any person may intervene as a matter of right; or

(2) under subsection (a)(2) of this section prior to sixty days after the plaintiff has given notice of such action to the Administrator.

Notice under this subsection shall be given in such a manner as the Administrator shall prescribe by regulation.

(c) In an action under this section, the Administrator or the Attorney General, if not a party, may intervene as a matter of right.

(d) The court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines that such an award is appropriate.

(e) Nothing in this section shall restrict any right which any person or class of persons may have under any statute or common law to seek enforcement or to seek any other relief.

### SEC. 115. JUDICIAL REVIEW.

Any person suffering legal wrong, or who is adversely affected or aggrieved by the Administrator's decision to issue, transfer, modify, renew, suspend, or terminate a license may, not later than sixty days after such decision is made, seek judicial review of such decision in the United States court of appeals for the circuit within which the nearest adjacent coastal State is located. A person shall be deemed to be aggrieved by the Administrator's decision within the meaning of this Act if he—

(1) has participated in the administrative proceedings before the Administrator (or if he did not so participate, he can show that his failure to do so was caused by the Administrator's failure to provide the required notice); and

(2) is adversely affected by the Administrator's action.

## TITLE II—MARITIME FINANCING FOR OCEAN THERMAL ENERGY CONVERSION

### FACILITIES AND PLANTSHIPS

SEC. 201. (a) For the purposes of section 607 of the Merchant Marine Act, 1936 (46 U.S.C. 1177) any ocean thermal energy conversion facility or plantship licensed pursuant to this Act, and any vessel providing shipping service to or from such an ocean thermal energy conversion facility or plantship, shall be deemed to be a vessel operated in the foreign or domestic commerce of the United States.

(b) For the purposes of the shipping laws of the United States, any vessel documented under the laws of the United States and used in providing shipping service to or from any ocean thermal energy conversion facility or plantship licensed pursuant to this Act shall be deemed to be used in, and used in an essential service in, the foreign commerce or foreign trade of the United States, as defined in section 905(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1244(a)).

SEC. 202. (a) Section 1101 of the Merchant Marine Act, 1936 (46 U.S.C. 1271) is amended—

(1) in subsection (b) by striking "and" immediately before "dredges" and inserting in lieu thereof a comma, and by inserting immediately after "dredges" the following: "and ocean thermal energy conversion facilities or plantships", and

(2) by adding at the end thereof a new subsection (i) to read as follows:

"(i) The term 'ocean thermal energy conversion facility or plantship' means any at-sea facility or vessel, whether mobile, moored, or standing on the seabed, which uses temperature differences in ocean water to produce electricity or another form of energy capable of being used directly to perform work, and includes any equipment installed on such facility or vessel to use such electricity or other form of energy to produce, process, refine, or manufacture a product, and any cable or pipeline used to deliver such electricity, freshwater, or product to shore, and all other equipment and appurtenances of such facility or vessel.".

SEC. 203. (a) Section 1104(a)(1) of the Merchant Marine Act, 1936 (46 U.S.C. 1274 (a)(1)) is amended by striking "or (E)" and inserting in lieu thereof "(E) as an ocean thermal energy conversion facility or plantship; or (F)".

(b) Section 1104(b)(2) of the Merchant Marine Act, 1936 (46 U.S.C. 1274(b)(2)) is amended by striking "vessel;" and inserting in lieu thereof "vessel: *Provided, further*, That in the case of an ocean thermal energy conversion facility or plantship which is constructed without the aid of construction-differential subsidy, such obligations may be in an aggregate principal amount which does not exceed 87½ per centum of the actual cost or depreciated actual cost of the facility or plantship;".

SEC. 204. Title XI of the Merchant Marine Act, 1936 (46 U.S.C. 1271–1279(b)) is further amended—

(1) in section 1103(f) thereof (46 U.S.C. 1273(f)) by striking "$10,000,000,000." and inserting in lieu thereof "$12,000,000,000, of which $2,000,000,000 shall be limited to obligations pertaining to demonstration ocean thermal energy conversion facilities or plantships guaranteed pursuant to section 1110.", and

(2) by adding at the end thereof a new section 1110 to read as follows:

"SEC. 1110. (a) There is hereby created a special subaccount in the Federal Ship Financing Fund, to be known as the OTEC Demonstration Fund. The OTEC Demonstration fund shall be used for obligation guarantees authorized under this section which do not qualify under other sections of this title. Except as specified otherwise in this section, the operation of the OTEC Demonstration Fund shall be identical with that of the parent Federal Ship Financing Fund. The aggregate unpaid principal amount of the obligations guaranteed with the backing of the OTEC Demonstration Fund and outstanding at any one time shall not exceed $2,000,000,000.

"(b) Pursuant to the authority granted under section 1103(a), the Secretary of Commerce, upon such terms as he shall prescribe, may guarantee or make a commitment to guarantee, payment of the principal of and interest on an obligation which aids in financing, including reimbursement of an obligor for expenditures previously made for, construction, reconstruction, or reconditioning of an ocean thermal energy conversion facility or plantship owned by citizens of the United States. Guarantees or commitments to guarantee under this susbection shall be subject to all the provisos, requirements, regulations, and procedures which apply to guarantees or commitments to guarantee made pursuant to section 1104(a)(1), except that—

"(1) any other provisions of this title to the contrary notwithstanding, guarantees or commitments to guarantee made pursuant to this section may be in an aggregate principal amount which does not exceed 100 per centum of the actual cost or depreciated actual cost of the ocean thermal energy conversion facility or plantship;

"(2) the provisions of section 1104(d) do not apply to guarantees or commitments to guarantee made pursuant to this section; and

"(3) a guarantee or commitment to guarantee may not be made under this section unless the Secretary of Commerce determines, after consultation with the Secretary of Energy, that the ocean thermal energy conversion facility or plantship for which the guarantee or commitment to guarantee is sought is a demonstration plant for the development of alternative energy sources for the United States, and that sufficient guaranty of performance or payment is being provided by the Department of Energy and/or private industry to lower the risk of loss to a level which is reasonable, taking into account the need of the United States to develop new renewable sources of energy and the benefits to be realized from construction and operation of the proposed ocean thermal energy conversion facility or plantship.

"(c) The provisions of this section may be used to guarantee obligations for a total of not more than five separate ocean thermal energy conversion facilities or plantships.".

## TITLE III—ENFORCEMENT

SEC. 301. PROHIBITED ACTS.

It is unlawful for any person who is a United States citizen, or a foreign national on board a vessel documented or numbered under the laws of the United States, or otherwise subject to the jurisdiction of the United States—

(1) to violate any provision of this Act, or any rule, regulation, or order issued pursuant to this Act, or any term or condition of any license issued to such person pursuant to this Act;

(2) to refuse to permit any Federal officer or employee authorized to monitor or enforce the provisions of sections 110 and 303 of this Act to board an ocean thermal energy conversion facility or plantship or any vessel documented or numbered under the laws of the United States, for purposes of conducting any search or inspection in connection with the monitoring or enforcement of this Act or any rule, regulation, order, term or condition referred to in paragraph (1) of this section;

(3) to forcibly assault, resist, oppose, impede, intimidate, or interfere with any such authorized officer or employee in the conduct of any search or inspection described in paragraph (2) of this section;

(4) to resist a lawful arrest for any act prohibited by this section; or

(5) to interfere with, delay, or prevent, by any means, the apprehension or arrest of another person subject to this section knowing that the other person has committed any act prohibited by this section.

SEC. 302. REMEDIES AND PENALTIES.

(a)(1) The Administrator or his delegate shall have the authority to issue and enforce orders during proceedings brought under this Act. Such authority shall include the authority to issue subpenas, administer oaths, compel the attendance and testimony of witnesses and the production of books, papers, documents, and other evidence, to take depositions before any designated individual competent to administer oaths, and to examine witnesses.

(2) Whenever on the basis of any information available to him the Administrator finds that any person subject to section 301 of this title is in violation of any provision of this Act or any rule, regulation, order, license, or condition thereof, or other requirements under this Act, he may issue an order requiring such person to comply with such provision or requirement, or he may bring a civil action in accordance with subsection (b) of this section.

(3) Any compliance order issued under this subsection shall state with reasonable specificity the nature of the violation and a time for compliance, not to exceed thirty days, which the Administrator determines is reasonable, taking into account the seriousness of the violation and any good faith efforts to comply wtih applicable requirements.

(b) Upon a request by the Administrator, the Attorney General shall commence a civil action for appropriate relief, including a permanent or temporary injunction or a civil penalty not to exceed $25,000 per day of such violation, for any violation for which the Administrator is authorized to issue a compliance order under subsection (a)(2) of this section.

(c) Upon a request by the Administrator, the Attorney General shall bring an action in an appropriate district court of the United States for equitable relief to redress a violation, by any person subject to section 301 of this title, of any provision of this Act, any regulation issued pursuant to this Act, or any license condition.

(d)(1) Any person subject to section 301 of this title is guilty of an offense if he willfully commits any act prohibited by this section.

(2) Any offense, other than an offense for which the punishment is prescribed by section 103 of this Act, is punishable by a fine of not more than $75,000 for each day during which the violation continues. Any offense described in paragraph (2), (3), (4), and (5) of section 301 is punishable by the fine or imprisonment for not more than six months, or both. If, in the commission of any offense, the person subject to section 301 uses a dangerous weapon, engages in conduct that causes bodily injury to any Federal officer or employee, or places any Federal officer or employee in fear of imminent bodily injury, the offense is punishable by a fine of not more than $100,000 or imprisonment for not more than ten years, or both.

(e) Any ocean thermal energy conversion facility or plantship licensed pursuant to this Act and any other vessel documented or numbered under the laws of the United States, except a public vessel engaged in noncommercial activities, used in any violation of this Act or any rule, regulation, order, license, or condition thereof, or other requirements of this Act, shall be liable in rem for any civil penalty assessed or criminal fine imposed and may be proceeded against in any district court of the United States having jurisdiction thereof, whenever it shall appear that one or more of the owners, or bareboat charterers, was at the time of the violation a consenting party or privy to such violation.

### SEC. 303. ENFORCEMENT.

(a) Except where a specific section of this Act designates enforcement responsibility, the provisions of this Act shall be enforced by the Administrator. The Secretary of the department in which the Coast Guard is operating shall have exclusive responsibility for enforcement measures which affect the safety of life and property at sea, shall exercise such other enforcement responsibilities with respect to vessels subject to the provisions of this Act as are authorized under other provisions of law, and may, upon the specific request of the Administrator, assist the Administrator in the enforcement of any provision of this Act. The Administrator and the Secretary of the department in which the Coast Guard is operating may, by agreement, on a reimbursable basis or otherwise, utilize the personnel, services, equipment, including aircraft and vessels, and facilities of any other Federal agency or department, and may authorize officers or employees of other departments or agencies to provide assistance as necessary in carrying out subsection (b) of this section. The Administrator and the Secretary of the department in which the Coast Guard is operating may issue regulations jointly or severally as may be necessary and appropriate to carry out their duties under this section.

(b) To enforce the provisions of this Act on board any ocean thermal energy conversion facility or plantship or other vessel subject to the provisions of this Act, any officer who is authorized by the Administrator or the Secretary of the department in which the Coast Guard is operating may—

(1) board and inspect any vessel which is subject to the provisions of this Act;

(2) search the vessel if the officer has reasonable cause to believe that the vessel has been used or employed in the violation of any provision of this Act;

(3) arrest any person subject to section 301 of this title if the officer has reasonable cause to believe that the person has committed a criminal act prohibited by sections 301 and 302(d) of this title;

(4) seize the vessel together with its gear, furniture, appurtenances, stores, and cargo, used or employed in, or with respect to which it reasonably appears that such vessel was used or employed in, the violation of any provision of this Act if such seizure is necessary to prevent evasion of the enforcement of this Act;

(5) seize any evidence related to any violation of any provision of this Act;

(6) execute any warrant or other process issued by any court of competent jurisdiction; and

(7) exercise any other lawful authority.

(c) Except as otherwise specified in section 115, of this Act, the district courts of the United States shall have exclusive original jurisdiction over any case or controversy arising under the provisions of this Act. Except as otherwise specified in this Act, venue shall lie in any district wherein, or nearest to which, the cause of action arose, or wherein any defendant resides, may be found, or has his principal office. In the case of Guam, and any Commonwealth, territory, or possession of the United States in the Pacific Ocean, the appropriate court is the United States District Court for the District of Guam, except that in the case of American Samoa, the appropriate court is the United States District Court for the District of Hawaii. Any such court may, at any time—

(1) enter restraining orders or prohibitions;

(2) issue warrants, process in rem, or other process;

(3) prescribe and accept satisfactory bonds or other security; and

(4) take such other actions as are in the interest of justice.

(d) For the purposes of this section, the term "vessel" includes an ocean thermal energy conversion facility or plantship, and the term "provisions of this Act" or "provision of this Act" includes any rule, regulation, or order issued pursuant to this Act and any term or condition of any license issued pursuant to this Act.

## TITLE IV—MISCELLANEOUS PROVISIONS

### SEC. 401. EFFECT OF LAW OF THE SEA TREATY.

If the United States ratifies a treaty, which includes provisions with respect to jurisdiction over ocean thermal energy conversion activities, resulting from any United Nations Conference on the Law of the Sea, the Administrator, after consultation with the Secretary of State, shall promulgate any amendment to the regulations promulgated under this Act which is necessary and appropriate to conform such regulations to the provisions of such treaty, in anticipation of the date when such treaty shall come into force and effect for, or otherwise be applicable to, the United States.

### SEC. 402. EXEMPTIONS FOR DEMONSTRATION FACILITIES AND PLANTSHIPS.

The provisions of title I of this Act shall not apply to ownership, construction, or operation of any ocean thermal energy conversion facility or plantship which the Secretary of Energy has designated in writing as a demonstration project for the development of alternative energy sources for the United States which is conducted by, participated in, or approved by, the Department of Energy. The Secretary of Energy, after consultation with the Administrator, shall require such demonstration projects to abide by as many of the substantive requirements of title I of this Act as he determines to be practicable without damaging the nature of or unduly delaying such projects.

### SEC. 403. RELATIONSHIP TO OTHER LAWS.

(a)(1) The Constitution, laws, and treaties of the United States shall apply to an ocean thermal energy conversion facility or plantship licensed under this Act and to activities connected, associated, or potentially interfering with the use or operation of any such facility or plantship, in the same manner as if such facility or plantship were an area of exclusive Federal jurisdiction located within a State. Nothing in this Act shall be construed to relieve, exempt, or immunize any person from any other requirement imposed by Federal law, regulation, or treaty.

(2) Ocean thermal energy conversion facilities and plantships licensed under this Act do not possess the status of islands and have no territorial seas of their own.

(3) Except as otherwise provided by this Act, nothing in this Act shall in any way alter the responsibilities and authorities of a State on the United States within the territorial seas of the United States.

(b) The law of the nearest adjacent coastal State to which an ocean thermal energy conversion facility licensed pursuant to this Act is connected by electric transmission cable or pipeline, now in effect or hereafter adopted, amended, or repealed, is declared to be the law of the United States, and shall apply to such facility, to the extent applicable and not inconsistent with any provision or regulation under this Act of other Federal laws and regulations now in effect or hereafter adopted, amended, or repealed. All such applicable laws shall be administered and enforced by the appropriate officers and courts of the United States.

(c) Except insofar as they apply to vessels documented under the laws of the United States, the customs laws administered by the Secretary of the Treasury shall not apply to any ocean thermal energy conversion facility or plantship licensed under the provision of this Act, but all foreign articles to be used in the construction of any such facility or plantship, including any component thereof, shall first be made subject to all applicable duties and taxes which would be imposed upon or by reason of their importation if they were imported for consumption in the United States. Duties and taxes shall be paid thereon in accordance with laws applicable to merchandise imported into the customs territory of the United States.

### SEC. 404. SUBMARINE ELECTRIC TRANSMISSION CABLE AND EQUIPMENT SAFETY.

(a) The Administrator, in cooperation with other interested Federal agencies and departments, shall establish and enforce such standards and regulations as may be necessary to assure the safe construction and operation of submarine electric transmission cables and equipment over which the United States has jurisdiction. Such standards and regulations shall include, but not be limited to, requirements for the use of the safest and best available technology for submarine electric transmission cable shielding, and for the use of automatic switches to shut off electric current in the event of a break in such a cable.

(b) The Administrator, in cooperation with other interested Federal agencies and departments, is authorized and directed to report to the Congress within sixty days after the date of enactment of this Act on appropriations and staffing needed to monitor submarine electric transmission cables and equipment subject to the jurisdiction of the United States so as to assure that they meet all applicable standards for construction, operation, and maintenance.

### SEC. 405. ANNUAL REPORT.

Within six months after the end of each of the first three fiscal years after the date of enactment of this Act, the Administrator shall submit to the President of the Senate and the Speaker of the House of Representatives a report on the administration of this Act during such fiscal year. Such report shall include, with respect to the fiscal year covered by the report—

(1) a description of progress in implementing this Act;

(2) a list of all licenses issued, suspended, revoked, relinquished, surrendered, terminated, renewed, or transferred; denials of issuance of licenses; and required suspensions and modifications of activities under licenses;

(3) a description of ocean thermal energy conversion activities undertaken pursuant to licenses;

(4) the number and description of all civil and criminal proceedings instituted under title III, of this Act, and the current status of such proceedings; and

(5) such recommendations as the Administrator deems appropriate for amending this Act.

### SEC. 406. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary of Commerce, for the use of the Administrator in carrying out the provisions of this Act, not to exceed $3,000,000 for the fiscal year ending September 30, 1981, not to exceed $3,500,000 for the fiscal year ending September 30, 1982, and not to exceed $3,500,000 for the fiscal year ending September 30, 1983.

### SEC. 407. SEVERABILITY.

If any provision of this Act or any application thereof is held invalid, the validity of the remainder of the Act, or any other application, shall not be affected thereby.

## SUMMARY OF THE OCEAN THERMAL ENERGY CONVERSION ACT OF 1980

Section 2 of this bill states that the purposes of the Congress in passing the Act are to (1) authorize and regulate the construction, location, ownership, and operation of ocean thermal energy conversion (OTEC) facilities standing on or moored to the Continental Shelf of the United States beyond its territorial sea, consistent with international law, (2) authorize and regulate the construction, location, ownership, and operation of OTEC plantships documented under the laws of the United States, consistent with international law, (3) authorize and regulate the construction, location, ownership, and operation of OTEC plantships by U.S. citizens, consistent with international law, (4) provide for the protection of the marine and coastal environment and other ocean users, (5) make applicable to OTEC facilities and plantships certain of the financing provisions of the Merchant Marine Act, 1936, (6) to protect the interests of the United States, and (7) to protect the rights and responsibilities of adjacent coastal States.

Section 3 defines the major terms used in the bill. An OTEC facility is an OTEC plant which is connected to the United States by pipeline or cable and an OTEC plantship is an OTEC plant which moves through the water while operating. All Commonwealths, territories, and possessions over which the United States has jurisdiction are included in the definition of State.

Title I of the Act sets out the procedures and requirements to be followed in regulation of OTEC facilities and plantships. Section 101 prohibits any person from engaging in the ownership, construction, or operation of an OTEC facility without a license, and prohibits any U.S. citizen from engaging in the ownership, construction, or operation of an OTEC plantship without a license. The section also authorizes the Administrator of the National Oceanic and Atmospheric Administration (NOAA) to issue, transfer, amend, and renew licenses when applications meet the requirements of the Act. The Administrator is required to establish bonding requirements to assure removal of OTEC apparatus from the ocean and seabed when operations cease. The maximum term of a license is 25 years, with preferential rights for renewals not to exceed 10 years at a time.

Section 102 sets out the detailed administrative procedures to be followed in issuing regulations, receiving and processing applications, and issuing licenses. The Administrator is instructed to make every effort to complete issuance of regulations to implement the Act within 270 days after its enactment. Applications must include detailed plans of the proposed OTEC facility or plantship, other detailed information listed in subsection (d)(2), and such other information as the Administrator deems necessary or appropriate. When an application for a license relating to an OTEC facility (not a plantship) is received, the Administrator is to designate an "application area" which includes the proposed location of the facility. Other persons interested in applying for a license to place an OTEC facility within the designated application area have 60 days to submit notice of intent, and a total of 90 days to submit their completed applications. If more than one application to place an OTEC facility in the same application area is received, public hearings and other proceedings on those applications are consolidated. Subsection (i) specifies criteria to be used by the Administrator in choosing between competing applications for the same designated application area.

Section 101 also establishes a single-application procedure for all required federal approvals, with other involved agencies making recommendations to the Administrator of NOAA on elements of the licensing decision within their legal responsibilities. Public hearings must be held before issuance, transfer, or renewal of a license. All public hearings on plantship applications must be completed within 140 days, and all public hearings on facility applications must be completed within 240 days. Final decisions on properly filed applications must be made within 90 days of the time public hearings are concluded. The time schedule established by section 102 requires a final decision on an application relating to an OTEC plantship within 266 days of its submission, and a final decision on an application relating to an OTEC facility within 356 days of its submission.

Section 103 makes it a misdemeanor to break or injure any submarine electric transmission cable or equipment being constructed or operated under a license, and specifies penalties for any violation. The section requires licensees to pay the owner of any anchor or fishing gear which is sacrificed in order to avoid damaging the licensee's electric transmission cable or equipment, and requires any licensee who causes injury to any type of submarine cable or pipeline to pay for its repair.

Section 104 provides for a 90-day antitrust review of each application by the Federal Trade Commission and the Attorney General. The reviews and actions taken under this Act in no way prejudice any other actions to enforce the antitrust laws of the United States.

Section 105 requires the Administrator to designate as an "adjacent coastal State" for an application any State which will be directly connected to an OTEC facility by cable or pipeline, and any State within 15 miles of a proposed facility location. Other potentially affected States may also be designated as adjacent coastal States. If a designated adjacent costal State has an approved coastal zone management program, its Governor is given the right to veto the application. No license may be issued for an OTEC facility directly connected to a State by cable or pipeline unless that State has an approved coastal zone management program. The consent of Congress is given to two or more States to enter into agreements or compacts for the purpose of applying for licenses under the Act.

Section 106 requires each licensee to pursue diligently the construction and operation of the OTEC facility or plantship to which the license applies. If the Administrator determines that diligence is not being shown, he is required to start proceedings to terminate the license.

Section 107 requires the Administrator to start a program to assess (through research, baseline measurements, and monitoring of OTEC operations) the effects of OTEC facilities and plantships on the environment. Subsection (a) sets out several specific questions which the program must be designed to answer, including whether any of the cumulative environmental effects require that a ceiling be placed on the number or capacity of OTEC facilities or plantships to be licensed for simultaneous operation, either overall or within specific geographic areas. Subsection (c) states that the issuance of a license is deemed to be a major Federal action significantly affecting the quality of the human environment; this requires preparation of an environmental impact statement for the issuance of a license. The subsection provides that a single consolidated environmental impact statement be prepared, rather than separate statements by each agency involved.

Section 108 requires the Secretary of the department in which the Coast Guard is operating to issue and enforce regulations governing marking, safety equipment, vessel movement, and other aspects of OTEC facility or plantship operation which may affect pollution of the marine environment or safety of life and property. The Secretary is also authorized, after consultations, to establish safety zones around OTEC facilities and plantships. OTEC facilities and vessels are deemed to be vessels for the purposes of the vessel inspection laws.

Section 109 requires that each license include conditions to ensure that construction and operation of the OTEC facility or plantship are conducted with reasonable regard for navigation, fishing, or other uses of the high seas by U.S. citizens or other countries. The Secretary of the department in which the Coast Guard is operating is required, in conjunction with the Administrator, to promulgate regulations governing the movement of OTEC plantships to ensure that any ocean temperature changes caused by the plantship do not unreasonably impinge on other OTEC operations or on any other country.

Section 110 provides for placement of Federal observers on board licensed OTEC facilities and plantships, and requires licensees to provide environmental monitoring data to the Administrator.

Section 111 provides procedures for suspension or revocation of a license when a licensee has failed to comply, and permits the Administrator to issue orders to cease or alter construction or operation under certain specified conditions.

Section 112 requires licensees to keep records described in regulations and to submit such reports as the Administrator requests. The section also provides for availability of information and documents to the public, and contains provisions to protect trade secrets as defined in 18 U.S.C. 1905.

Section 113 provides that a licensee may at any time surrender a license, or relinquish part or all of his rights under the license, to the Administrator, but does not thereby relieve himself of any liabilities or obligations.

Section 114 provides authorization for citizen civil suits to force enforcement or compliance with the Act.

Section 115 allows any person who is adversely affected and who participated in the administrative proceedings, 60 days during which to seek judicial review by the United States Court of Appeals of the Administrator's decision with respect to an application.

Title II of the bill contains amendments to the Merchant Marine Act, 1936, which insure that OTEC facilities and plantships will be included within the coverage of certain provisions of that Act. Section 201(a) states that for the purposes of section 607 of the 1936 Act any OTEC facility or plantship licensed under this Act, and any vessel providing shipping service to or from such an OTEC facility or plantship, is deemed to be a vessel operated in the foreign or domestic commerce of the United States. The substantive effect of this statement is to clarify that OTEC facilities and plantships, and vessels serving them, are eligible to use the capital construction fund provisions of the 1936 Act.

Section 201(b) states that for the purposes of the shipping laws, any vessel documented under the laws of the United States and used in providing shipping service to or from an OTEC facility or plantship licensed under this Act shall be deemed to be used in, and used in an essential service in, the foreign commerce or foreign trade of the United States, as defined in section 905(a) of the 1936 Act. The substantive effect of this statement is to clarify that vessels serving OTEC facilities and plantships are eligible for construction and operating differential subsidies under the provisions of the 1936 Act if they meet the specific requirements for receipt of those subsidies.

Section 202 amends section 1101 of the 1936 Act to include a definition of OTEC facilities or plantships, and to include them in the definition of vessel. Section 203 amends section 1104 of the 1936 Act to include OTEC facilities and plantships in the list of items to which the section applies, and to provide a ceiling of 87½ per centum of actual construction cost for an OTEC facility or plantship which is built without the use of construction-differential subsidy. The net effect of all these amendments is that OTEC facilities and plantships would be eligible for mortgage obligation guarantees up to a maximum of 87½ per centum of their cost, under the program established by title XI of the 1936 Act.

Section 204 amends title XI of the 1936 Act to set up a special subaccount in the Federal Ship Financing Fund to handle mortgage obligation guarantees for OTEC demonstration facilities or plantships which would not satisfy the "economically sound" criterion of section 1104(d). Such demonstration plants would have to be approved by the Secretary of Commerce, after consultation with the Secretary of Energy, and the mortgage obligation guarantee could cover 100 per centum of the actual construction cost of the demonstration plant. The limit on all mortgage obligation guarantees for OTEC demonstration plants would be set at $2 billion, and the special provisions of section 204 could be used for not more than 5 OTEC demonstration projects.

Title III of the bill contains enforcement provisions, including specification of criminal and civil penalties, issuance of compliance orders by the Administrator, enforcement responsibilities, powers of enforcement officers, jurisdiction and venue of courts, and other enforcement matters.

Title IV of the bill contains miscellaneous provisions. Section 401 requires the Administrator to modify regulations issued pursuant to this Act to conform them to the provisions of any Law of the Sea treaty ratified by the United States.

Section 402 exempts demonstration OTEC projects designated as such by the Secretary of Energy from the licensing and other requirements of Title I of the Act, and requires the Secretary of Energy to make such demonstration projects abide by as many of the substantive requirements of title I as he determines to be practicable.

Section 403 specifies the relationship of activities under this Act to other laws. The Constitution, laws, and treaties of the United States would apply to licensed OTEC facilities and plantships to the same extent they would to a Federal enclave located within a State. If an OTEC facility is connected to a coastal State by cable or pipeline, the laws of that State would apply to the facility so long as the State laws do not conflict with Federal law. U.S. customs law would not apply to OTEC facilities and plantships, but payment of duty would be required on foreign articles used in the construction of the facility or plantship.

Section 404 requires the Administrator, in cooperation with other interested Federal agencies, to establish and enforce regulations for the safe construction and operation of submarine electric transmission cables and equipment under U.S. jurisdiction.

Section 405 requires the Administrator to submit an annual report to the Congress for each of the first three years after enactment of the Act. Section 406 authorizes appropriations of $3.0 million for fiscal year 1981 and $3.5 million for each of fiscal years 1982 and 1983 to implement the Act. Section 407 provides that if any provision or application of the Act is held invalid, the holding does not affect the validity of the remainder of the Act or other applications.

Mr. INOUYE. Mr. President, I ask unanimous consent that a paper presented by Dr. W. H. Avery of the Johns Hopkins Applied Physics Laboratory at the Institute for Electrical and Electronic Engineers 1980 Region 6 Conference held on February 20, 1980, in San Diego, Calif., be printed in the RECORD. He analyzes several ways of developing ocean thermal energy and products in various geographic locations and compares the projected costs of delivering electrical power and ammonia with the projected costs from coal or nuclear plants. His analysis indicates OTEC plants would be highly competitive.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

### THE OTEC CONTRIBUTION TO ENERGY NEEDS OF ALL REGIONS OF THE UNITED STATES*

[Figures mentioned in text not printed in RECORD]

#### ABSTRACT

OTEC energy can be provided to the U.S. via direct electric power transmission from offshore U.S. island or Gulf of Mexico sites, or via production of an energy product produced on an OTEC plantship sited in tropical waters. Ammonia provides an outstanding choice for the second option. OTEC ammonia can replace ammonia now made from natural gas to conserve fuel or serve as a hydrogen carrier for fuel cells, to provide a stored source of power for all regions of the U.S. Projected costs of delivered ammonia and electrical power after 1990 are competitive with projected costs from coal or nuclear plants.

Ocean Thermal Energy Conversion or OTEC is a method of converting solar energy which is stored by the sun in the surface layers of the tropical oceans into electrical energy. The electrical energy that can potentially be generated in this way is many times larger than the projected total U.S. energy needs. OTEC energy can be delivered to all regions of the U.S. via an energy product or to the Gulf States via direct transmission of electric power, at costs that will be comparable with energy derived from coal or nuclear power. Since OTEC power will be inexhaustible and the environmental impact will be relatively minor, we believe OTEC development should be a priority National program.

Two methods of operation of OTEC plantships are commercially attractive and are under development. In the first method OTEC plants will be moored in areas near shore where a suitable temperature difference is available and power will be transmitted by underwater cable to the utility grid on shore.

In the second method of OTEC operation maneuvering plantships will be sited in the areas of maximum △T in the tropical oceans and will move about slowly to remain in the warmest surface waters which drift with the seasons. Oceanographic data show that an annual average △T of 24°C (43.0°F) could be available for OTEC by this mode of operation. (The term "grazing" has been used to describe the ½ knot speed of the plants.) These grazing plantships are designed to use the electric power generated on the ship to operate an industrial plant that produces a chemical product which may be shipped to U.S. ports. There the product is used either to replace a product now requiring petroleum fuel or electric power for its manufacture, or the OTEC product may be used as a fuel for direct electric power generation.

Because of the temperature advantages and environmental tradeoffs the cost of energy delivered to mainland U.S. sites is approximately the same for the grazing OTEC system as for the moored plants.

The basic features of the OTEC power system were described in the paper by Dr. Craven[1] and will not be further elaborated here. However, it is important to discuss in more detail certain features essential for optimum performance of the OTEC energy product plantship system.

If a temperature differential of 22°C (39.6°F) between the surface water and the cold water at depth is available about one-fourth of the electric energy produced will be needed to drive the pumps and other auxiliaries, leaving a net output of 75% of the gross OTEC power to be used for other purposes. As shown in Fig. 1, the OTEC net temperature difference, △T. A 100 MW plant designed for operation in the Gulf of Mexico where the △T is 21°C (37.8°F) would deliver 140 MW with the same water flows when operating in the ocean near the equator where a △T of 24°C (43.0°F) can be found.

Figs. 2 and 3 show the vast region of the oceans where an annual average △T of 22°C (39.6°F) exists, which is suitable for OTEC operation. The area enclosed by the 22°C contours is approximately 60 million square kilometers, (22 million sq. miles). In Table 1 it is shown that this area could support 30,000 325 MW OTEC power plants if all of the suitable ocean area was utilized. About 1500 such plants would be able to supply the projected total needs of the U.S. for electric power in the year 2000 via ammonia and fuel cells at 50% power delivery via the OTEC-ammonia fuel cell route. One hundred plants could supply California's projected needs.

TABLE 1.—*Energy potentially available from OTEC*

Ocean area suitable for OTEC plantships = 60 million sq. km.

(ΔT greater than 22°C.)

Estimated minimum operating area per 325 MW plantship = 2000 sq. km.

Total OTEC power generation capability: $30{,}000 \times 325$ MW = 10,000 GW = $9 \times 10^{13}$KWH/year.

Energy demand;

U.S. total electric power generation 1977: Peak load 385 GU; total consumption $2.2 \times 10^{12}$ KWH; California = $0.15 \times 10^{12}$ KWH.

A survey of chemical compounds suitable for transporting OTEC energy to shore shows that ammonia is nearly ideal for this purpose.* It can be manufactured onboard the OTEC ship wherever the ship is operating, from nitrogen which can be extracted from the air, and from hydrogen which is made by electrolysis of water from the sea.

Ammonia is formed in an equilibrium process with small evolution of heat so that it efficiently transforms electrical energy into storable chemical energy. It is easily liquified, stored and shipped, and on land may be stored indefinitely at room temperature in pressure containers similar to those used for bottled propane gas. Ammonia is already a major industrial chemical, since it provides the basis for all nitrogen fertilizer made in the U.S. as well as other industrial materials. Ammonia production was 16 million metric tons (m.t.) (18 million standard tons) in 1978 and is expected to increase to 22–25 million m.t./year by 1995. Ammonia is now made in the U.S. using natural gas as a feedstock, and consumed 18 billion cubic meters (630 billion cubic feet) in 1978, 3 percent of the total U.S. natural gas produced, an amount approximately equal to the total residential use of natural gas in California. With a high priority program substitution of OTEC ammonia for ammonia made from natural gas could conserve the equivalent of 300,000 bbl/day of oil by 1995 and 500,000 bbl/day by 1999.

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*Paper presented at the IEEE 1980 Region 6 Conference Feb. 20, 1980 (Revised Feb. 28, 1980).

*It is a coincidence that ammonia is also the preferred medium for the heat exchanger. The two uses have no relation to one another.

Numbered footnote at end of article.

Ammonia is formed by combination of three parts hydrogen and one part nitrogen under high pressure in the presence of a catalyst. It may easily be decomposed, by application of higher temperature and lower pressure in the presence of the same catalyst, to provide hydrogen that is chemically pure* and is preeminently suitable for generation of electric power through reaction of hydrogen and air or oxygen in a fuel cell. Fuel cells convert chemical energy into electrical energy with efficiency of 50–90 percent compared to 30–35 percent attainable with gas turbine systems. The most efficient fuel cells currently available are those developed by the General Electric Company which employ a solid polymer electrolyte (SPE).[2]

At a current density of 300 amperes per square foot SPE cells employing hydrogen and oxygen as reactants have a maximum demonstrated efficiency of 65 percent (defined as the ratio of electrical energy output to heat of the reaction). Some improvement is expected with further research. However, for the present estimates a range of fuel cell efficiencies ranging from $\eta=0.5$ available in current SPE cells to $\eta$ 0.65 expected for the 1985–90 period appears appropriate. The system is shown in Fig. 4. See Footnote (1) also.

(1) The efficiency of the hydrogen-oxygen cell is limited by polarization at the oxygen electrode. G.E. has shown that such polarization does not occur with fuel cells employing chlorine and hydrogen. They have, therefore, proposed and demonstrated a fuel cell system which uses hydrogen and chlorine as the feed to produce hydrogen chloride as a reaction product and then regenerates the chlorine in a separate cycle by reacting the hydrogen chloride with oxygen to produce water and chlorine, which is returned to the fuel cell. The system is shown in Fig. 4a. With this system fuel cell efficiency referred to the hydrogen chlorine reaction could approach 100%, and practical efficiencies of 80–85% for the complete fuel cell system including power conversion are thermodynamically possible. With a fuel cell system efficiency of 80% an overall power transmission efficiency of 60% to 65% appears possible from the OETC busbar to the on-shore electricity consumer, via ammonia shipment to the land site followed by fuel cell power production: i.e. a 325 MW OTEC plantship will deliver 200 MW of electric power to the land site busbar. An R&D program to explore this possibility is desirable.

An analysis has been completed of the hydrogen-chlorine regenerative fuel cell cycle by E. Balko of G.E. which indicates that a cycle which employs a gaseous $HCl-O_2$ reaction to regenerate chlorine for the fuel cell will not achieve an overall thermal efficiency, based on the high heat of reaction of hydrogen and oxygen, better than approximately 65%, which is achievable with the SPE hydrogen-oxygen cell. The analysis shows that the benefit expected from the high efficiency of the $H_2Cl_2$ fuel cell can not be realized because of the requirement in the regenerative cycle to use a substantial part of the energy to gasify the dilute HCl solution produced in the fuel cell. A cycle in which the HCl oxidation occurs in the liquid phase offers promise of achieving the higher efficiencies quoted, based on strictly thermodynamic considerations. However, further study is necessary to evaluate this possibility.

There is a loss of energy in using OTEC power to form ammonia which will later be decomposed to produce electric power. However, compared with direct transmission of OTEC power to shore, the much larger power output of grazing OTEC plantships operating near the equator, as well as the transport and storage advantages of ammonia, compensate for the efficiency loss. Thus, the cost of delivered power is estimated to be about the same for moored OTEC plants delivering power to shore via underwater cable in the Gulf of Mexico, as for grazing OTEC ammonia plantships delivering ammonia to shore which is decomposed and used in fuel cells to produce electric power at coastal U.S. sites. The latter mode of operation allows OTEC to supply electric power anywhere in the U.S. and to draw on the vast tropical ocean area as an energy resource. Since fuel cells are quiet and can operate efficiently in small sizes, fuel cell power generation can be adapted to sites within factories or communities that would not tolerate large nuclear or coal plant installations. Operating data show that fuel cell emissions are far below EPA limits.

Fig. 5 shows a conceptual design of a 100 MW OTEC ammonia plantship which is made up of twenty 5 MW power modules. The ship shown is 150 meters long, 60 meters wide, and 20 meters deep and is of reinforced concrete construction. Fig. 6 identifies the system components.

### PROJECT COSTS

During the past two years major effort in the DOE program has been devoted to definition of baseline engineering designs of 40 MW pilot/demonstration plants that will provide a firm basis for industry proposals for construction to begin in 1981. The purpose of the pilot plants is to provide accurate data on cost and performance for follow-on construction of moored and grazing commercial plants which will deliver busbar power of 100 to 400 MW. Under DOE support and APL direction a two-year engineering evaluation effort has been conducted by representatives of the shipbuilding and marine construction industries to define a baseline barge type of configuration for the 40 MW pilot plant.[4] The design is similar to that shown in Fig. 5 scaled down to 40 MW. The pilot plant configuration is shown in Fig. 7. The barge type platform is of concrete construction and is 43 meters wide (140 ft), 135 meters long (444 ft) and has an operating draft of 20 meters (65 ft). The launching draft is 10 meters (33 ft) (without the CWP!) which will allow construction in existing U.S. shipyards. The CWP is 9.1 meters in diameter (30 ft) and is made of post-tensioned light weight concrete in 15 meter (50 ft) sections joined by flexible connections. The concrete density is 1360 kg/$m^3$ (85 lb/$ft^3$). The low submerged weight of the CWP and its sectional construction facilitate deployment and insure that dynamic loads under 100 year storm conditions will be well below safe limits for post tensioned concrete.[5] An FRP plastic CWP is an alternative.[6]

The capital costs of the pilot plants and expected commercial OTEC plantships for moored and grazing options are projected from work in progress to be as shown in Table 2.* Costs for the 40 MW pilot plants are based on engineering drawings, on industrial estimates of the costs of the platform and CWP, on detailed estimates of the cost of manufacturing the folded tube aluminum heat exchanger made by The Trane Company who built the full scale section tested at the Argonne Laboratory, on a quotation from the Alfa Laval Corp. who manufacture plate type titanium heat exchangers, and from quotations from vendors for the pumps, propulsion equipment, control systems, ammonia plant and auxiliary equipment. The cost differences among the pilot plants reflect the effects of differences in $\Delta T$, in heat exchanger life requirement and in environmental rigor. Costs of mooring equipment at Puerto Rico and Hawaii are based on preliminary industry estimates. Costs for power conversion/transmission from moored plants at Puerto Rico and Hawaii are based on current NOAA supported work and the Gulf of Mexico estimates are based on data of Winer and Nicol.[11]

The data in the tables are presented in a format similar to that used by the Nuclear Regulatory Commission, to show a range of costs reflecting uncertainty in the estimates. The range shown for OTEC options is taken to be from −10 percent to +80 percent of the nominal values based on the projected cost, derived from estimated uncertainties in the design estimates for moored and grazing barge configurations. This is approximately twice the uncertainty assigned by the NRC to their estimates. It will be recognized by all engineers who have followed R&D programs into production that projections of future costs are subject to the whims of chance. Nevertheless such estimates must be attempted, to distinguish the good options from the economically impractical ones. The author assumes sole responsibility for these estimates.

Cost reductions in dollars per kilowatt shown in Table 2 for the first commercial plants relative to the pilot plants are projected to result from scale-up of the platform, from establishment of production procedures for the heat exchanger modules, from rearrangement of the space-inefficient layout of equipment for convenient access in the pilot plant tests, and from design improvements and packaging volume reductions indicated by pilot plant experience. Further cost reductions shown for the eight plantships are expected to result primarily from volume production and improved manufacturing procedures. Learning curve factors used for the eight plantships are 0.9 for the heat exchanger modules, 0.95 for the ammonia plant, 0.85 for the basic hull and cold water pipe, 0.8 for other platform components, and 0.9 for other equipment.

The capital costs quoted for the grazing plantships are based on the preliminary engineering design of the grazing configuration planned for operation 350+ kilometers (200+ mi.) off Brazil or Central America where an annual $\Delta T$ of 24°C (43.0°F) will be available. Higher costs compared to the grazing plantship are estimated for the moored plantship off Puerto Rico because of the selection of a titanium heat exchanger to meet utilities requirement for guaranteed 30 year life, because of the need for heavier platform and CWP construction to meet the more severe environmental stresses, and because the lower $\Delta T$ causes diminished power output. Estimated costs for Hawaii are adjusted for lower $\Delta T$ compared with Puerto Rico. Costs for the Gulf of Mexico are the same as Puerto Rico except for the added cost of the long underwater power transmission system for which the engineering requirements have not been defined. The dashed upper boundary in Table 2 indicates this uncertainty.

Fuel cell costs are based on G.E. estimates derived from an on-going program to scale up their present SPE fuel cell to 5 MW utility use. Use of pure hydrogen* derived from ammonia will simplify fuel cell construction and make the SPE fuel cell system significantly lower in cost than phosphoric acid and carbonate fuel cells. The latter types are designed to be tolerant of impurities in hydrogen derived from coal or petroleum fuels, which are favored at present by the utility industry as sources of hydrogen.[7] Since such hydrogen contains sulfur and carbon monoxide contaminates, higher temperature operation and less efficient and much more costly fuel cell systems are required.

Costs of delivered electric power shown in Table 3 are presented for moored plantships near shore in Puerto Rico and Hawaii and 200 km (125 mi.) offshore in the Gulf of Mexico, and from grazing plantships producing ammonia which is transported to U.S. sites and there used to provide electric power via fuel cells. For the moored plants which are subject to severe tropical storms, 330 days per year operation is assumed. Power conversion and transmission efficiency of 97 percent are estimated for the Puerto Rico and Hawaii installations, and 95 percent for the Gulf of Mexico sites.

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*Except for the 25 percent volume fraction of inert nitrogen.

Numbered footnote at end of article.

*A report presenting updated cost estimates for both moored and grazing configurations is to be issued early in 1980. Data shown are provisional.

For the grazing plantship which operates in the Atlantic near the equator where tropical storms do not occur (the "doldrums") 345 operating days per year are projected, leading to an annual ammonia output of 345,000 metric tons per year for a 325 MW (net) plantship. (1.062 m.t./KW). The fuel cell costs shown in Table 3 are itemized in Table 5. A range of fuel cell efficiencies from 50 percent to 65 percent is used in estimating power costs. Costs for production and delivery of OTEC ammonia to U.S. sites are shown in Table 4. This table provides the basis for the fuel cost shown for the fuel cell installation in Table 3. A comparison of projected costs of OTEC ammonia vs ammonia made from fossil fuel stocks indicates that OTEC ammonia after 1985 will be lowest in cost.[8]

TABLE 4.—*Estimated OTEC ammonia delivered cash costs*

(1980 dollars)

| | |
|---|---|
| Plantship investment (P.I.) 8th plantship $/KWe. | 1200 |
| Annual ammonia production Metric tons (m.t.) Per plantship KW. | 1.062 |
| Cash costs $/KW: | |
| Interest 10% P.I. | 121 |
| Insurance 0.5% P.I. | 6 |
| Interest on working capital 120 days 10% | 4 |
| O&M cost 1.8% P.I. | 21 |
| Total $/KW | 152 |
| Total $/m.t. | 143 |
| Shipping cost, $/m.t. | 17 |
| Delivered cost: | |
| $/m.t | 160 |
| $/KG | 0.16 |

TABLE 5.—ESTIMATED OTEC—AMMONIA FUEL CELL SYSTEM COST

[Dollars per kW$_e$ output power (1980 dollars)]

| | Hydrogen-oxygen fuel cell | |
|---|---|---|
| | $\eta=.50$ | $\eta=.65$ |
| Ammonia converter | 90 | 70 |
| Fuel cell and power conditioning | 200 | 400 |
| Oxygen separation plant | 100 | 100 |
| Storage | 20 | 20 |
| Total (dollars per kW$_e$) | 410 | 590 |
| Ammonia cost dollars per Kq | .16 | .16 |
| kWh$_e$/Kq | 3.22 | 4.19 |
| Ammonia cost dollars per kWh$_e$ | .050 | .038 |

All of the costs listed in Table 3 are cash costs to the owner-operator for producing and delivering power to a land site busbar, based on the following assumptions:

a. Interest at 10 percent on plant investment. (P.I.)

b. Insurance at 0.5 percent on P.I.

c. Operation and maintenance at 1.8 percent of P.I.

d. Interest on working capital at 10 percent for 120 days/year.

e. Power transmission efficiency at 94 percent to 97 percent.

f. Ammonia shipment and storage cost of $17/per m.t.

These cash costs will be lowered if benefits accorded to other solar energy and synthetic fuel programs such as investment tax credits, loan guarantees, construction differential subsidies, etc. are available. On the other hand the cost of busbar power to the consumer will be higher because it must also include amortization of the investment, taxes and profit. Since all of these factors depend on the financing methods adopted to satisfy a particular industrial interest no attempt has been made to estimate the costs to the consumer. However, it is possible using the same assumptions to compare the OTEC cash costs with cash cost estimates for power from coal and nuclear power plants. Suitable data have been presented by the Nuclear Regulatory Commission.[9] Further information on recent costs has been provided by Roddis.[10] Fuel costs and operating costs are itemized in reference 9. The comparison indicates that OTEC power will be competitive in cost with coal and nuclear power if the estimated OTEC costs are attained. The data are shown in Table 3.

### COMMERCIALIZATION

Along with technical development of OTEC, studies and investigations have been conducted to determine what institutional, legal and commercial barriers must be overcome to permit OTEC to become a major new energy industry. The studies have shown that legal and environmental barriers to OTEC operation are minimal. However, industry interest has been low until recently. Developments within the past year have modified negative opinions and support is now emerging both from the electric utilities and from ammonia producers for early demonstration of OTEC capabilities.

Projected costs of delivered power from the first full-scale moored OTEC plants at sites a few kilometers offshore in Puerto Rico and Hawaii are in the range of 40 to 75 mills/KWH, which is lower than the projected cost of power from imported oil, the only present source of power in those islands. To facilitate early commercial plant development the Commonwealth of Puerto Rico and Puerto Rico Electric Power Authority with some local industry support have proposed sharing part of the costs of developing a moored 40 MW pilot plant, if after the initial shakedown DOE would assign the power produced by the pilot plant to the Puerto Rico utility. A similar proposal is expected from the State of Hawaii. A group of ammonia producers have submitted to DOE a proposal to provide 40 million dollars in cost sharing for the construction of a 40 MW pilot ammonia plantship if the 125 ton per day ammonia output is assigned to them for sale.

These proposals to share funding of the pilot plants provide encouraging evidence of industry commitment to rapid commercialization of OTEC after successful demonstration of expected pilot plant performance.

### CONCLUSION

OTEC plantships producing ammonia can supply electric power via hydrogen fuel cells to all regions of the United States and the world, and can conserve natural gas now used as a feedstock for ammonia based fertilizers and chemicals. Moored OTEC plants sited near Puerto Rico, Hawaii or offshore in the Gulf of Mexico can supply electric power directly to utility grids. Projected costs of OTEC ammonia and electrical energy after 1990 are comparable with those projected for conventional plants based on fossil fuel or nuclear power. Since OTEC energy will be inexhaustible, economical and environmentally benign OTEC deserves high priority among the Nation's energy programs.

### FOOTNOTES

[1] John Craven—Ocean Energy—The Promise. IEEE 1980 Region 6 Conf., Feb. 20, 1980.

[2] L. J. Nuttal—Status of Solid Polymer Electrolyte Technology, 6th OTEC Conf., Wash., D.C., June 19–22, 1979.

[3] W. H. Avery et al.—Maritime & Construction Aspects of OTEC Plantships, APL/JHU SR 76–1B, April 1976.

[4] J. F. George et al.—A Baseline Design of an OTEC Pilot Plantship, APL/JHU SR 78–3, May 1979.

[5] Ibid., p. 7–0.

[6] W. G. Sherwood, J. P. Walsh, OTEC Ocean Engineering Progress Report, p. 3A–1–1, 6th OTEC Conf., Wash., D.C., June 19–22, 1979.

[7] Arnold P. Fickett—National Fuel Cell Seminar, p. 5, Marriott Hotel, Bethesda, Md., June 26–28, 1979.

[8] E. J. Francis, Investment in Commercial Development of OTEC Plantships, U.S. Dept. of Commerce (MarAd), Dec. 1977.

[9] Nuclear Reg. Comm., Total Generating Costs—Coal and Nuclear Plants, NUREG–0248, Tbl 4–3, Feb. 1979.

[10] Louis Roddis, Private Communication, "Present Capital Costs in Range $1000–1200/KW for Coal & Nuclear. Nuclear Fuel $38–$40/lb."

[11] B. M. Winer and J. Nicol, "Electrical Energy Transmission for OTEC Power Plants," Proc. 4th OTEC Conference, New Orleans, La., p. III–26, Mar. 22–24, 1977.

Mr. INOUYE. Mr. President, I also ask unanimous consent for the printing of a statement by Jacques-Yves Cousteau, founder of The Cousteau Society, from the October 1979, Calypso Log Dispatch, Vol. 1, No. 7, p. 2.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Jacques Constans, our Vice-President for Science and Technology, has gathered abundant documentation about the various sources of energy that people could find and develop in and from the sea: OTEC (Ocean Thermal Energy Conversion), Wind (mainly from the constant trade winds), Tides (in a few preferred areas), Currents, Swell (and particularly the "wave lenses"), Salinity Gradients (at the estuaries of rivers), Bioconversion (open ocean kelp farms), Solar Ponds, etc. . . . Many of these techniques could be naturally associated with various forms of Aquaculture to produce food as a by-product of energy.

In short, the main handicap in harnessing solar energy is that it is thinly spread over immense areas and that it is difficult and costly to concentrate in order to exploit it. Not so in the sea, because the ocean is a natural concentrator of the enormous solar energy poured over 70 per cent of the planet, thanks to permanent tropical and equatorial currents, and to evaporation. We at The Cousteau Society are painfully surprised that such a potential resource (literally equivalent to millions of nuclear plants) be systematically omitted from federal or presidential plans, and we will endeavor to promote all forms of energy from the sea.

JACQUES-YVES COUSTEAU.

Mr. INOUYE. Mr. President, I have discussed the introduction of this bill, the Ocean Thermal Energy Conversion Act of 1980, with Mr. CANNON, chairman of the Commerce Committee, and Mr. JACKSON, chairman of the Energy and Natural Resources Committee. I ask unanimous consent for printing of a colloquy.

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

Senator CANNON. Up until now ocean thermal energy bills have been handled by the Energy and Natural Resources Committee since they have concerned research and development of energy resources. This bill, the Ocean Thermal Energy Conversion

Act of 1980, as drafted amends the Merchant Marine Act of 1934 and is primarily concerned with providing a Federal framework for the licensing, siting, and financing of ocean thermal energy conversion facilities and plantships and is properly referred to the Commerce Committee.

The Chairman of the Energy Committee, Senator Jackson, and I have agreed that we will review the situation when the bill is reported by the Commerce Committee and, if changes in the bill warrant, we will consider an appropriate rereferral.

Senator INOUYE. I also wish to thank Mr. Randolph, Chairman of the Environment and Public Works Committee, for his cooperation in expediting the consideration of the measure and his agreeing to have the measure referred to the Commerce Committee. I want to assure him that the Commerce Committee will consult the Committee on Environment and Public Works during its consideration of the bill, and that I will seek to incorporate the advice of the Environment and Public Works Committee on matters within its jurisdiction.●

## ADDITIONAL COSPONSORS

### S. 446

At the request of Mr. WILLIAMS, the Senator from Connecticut (Mr. RIBICOFF) was added as a cosponsor of S. 446, a bill to amend title VII of the Civil Rights Act of 1964 to prohibit discrimination against individuals because they are handicapped, and for other purposes.

### S. 1572

At the request of Mr. HELMS, the Senator from Oklahoma (Mr. BOREN), the Senator from Wyoming (Mr. WALLOP), the Senator from North Dakota (Mr. YOUNG), the Senator from Indiana (Mr. LUGAR), the Senator from Mississippi (Mr. COCHRAN), and the Senator from California (Mr. HAYAKAWA) were added as cosponsors of S. 1572, a bill to exempt family farms from the Occupational Safety and Health Act of 1970.

### S. 2147

At the request of Mr. CULVER, the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Utah (Mr. GARN), and the Senator from Michigan (Mr. RIEGLE) were added as cosponsors of S. 2147, a bill to establish the Regulatory Policy Board, to provide for the regulatory analysis of proposed major rules, to improve rulemaking procedures affecting small businesses and local governments, to require the Congress and the President to review certain regulatory agencies, to increase competition in regulated industries, to make other improvements in regulatory procedures, and for other purposes.

### S. 2435

At the request of Mr. CHILES, the Senator from Indiana (Mr. LUGAR), the Senator from Missouri (Mr. DANFORTH), the Senator from Illinois (Mr. PERCY), and the Senator from Vermont (Mr. STAFFORD) were added as cosponsors of S. 2435, a bill to rescind certain appropriations provided for the purchase of furniture by Federal departments, and for other purposes.

### SENATE JOINT RESOLUTION 115

At the request of Mr. RIEGLE, the Senator from Arizona (Mr. DECONCINI), and the Senator from Georgia (Mr. NUNN) were added as cosponsors of Senate Joint Resolution 115, a joint resolution designating July 1980 as "National Porcelain Art Month."

### SENATE CONCURRENT RESOLUTION 81

At the request of Mr. DOLE, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of Senate Concurrent Resolution 81, to express the sense of Congress against wage and price controls.

### SENATE RESOLUTION 382

At the request of Mr. DOLE, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of Senate Resolution 382, a resolution relating to wage and price controls.

### SENATE RESOLUTION 392

At the request of Mr. MAGNUSON, the Senator from Arkansas (Mr. BUMPERS), and the Senator from Indiana (Mr. BAYH) were added as cosponsors of Senate Resolution 392, a resolution expressing the sense of the Senate that the Board of Governors of the Federal Reserve System should immediately take steps to reduce interest rates.

## SENATE RESOLUTION 394—SUBMISSION OF A RESOLUTION HONORING COACH J. ROLAND LADNER

Mr. COCHRAN submitted the following resolution, which was referred to the Committee on the Judiciary:

### S. RES. 394

Whereas, Coach J. Roland Ladner has achieved a landmark record as a coach, teacher and builder of character for thousands of young people during his three decades of service in the schools of his home state; and

Whereas, after 28 years of serving as head basketball coach at Sellers, Harrison Central and Hancock North Central High Schools in Mississippi, J. Roland Ladner has guided his boys' teams to 806 wins against only 249 losses; and

Whereas, this outstanding record makes him the winningest active high school boys basketball coach in the United States; and

Whereas, Coach Ladner has dedicated his life and career as a coach and mathematics teacher to the young people of the rural communities he has served, interrupted only by a tour of duty with the United States Army in Korea in 1952–54; and

Whereas, Coach Ladner has given unselfishly of his time and talents to his church, his schools, his home community and his state and nation in providing educational guidance and leadership to the young people with whom he has worked:

Therefore, be it resolved by the Senate that this outstanding citizen, educator and athletic official be commended for his dedication and accomplishments in providing able stewardship for the young people whose education and athletic training have been entrusted to him.

## NOTICES OF HEARINGS

### COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. PROXMIRE. Mr. President, the Committee on Banking, Housing, and Urban Affairs has scheduled hearings on the Chrysler Corporation Loan Guarantee Act of 1979. The hearings will be held on March 31 (at 10 a.m.) and April 2 (at 3 p.m.), 1980, in room 5302 of the Dirksen Senate Office Building.

The act, which was signed into law on January 7, authorizes up to $1.5 billion in Federal loan guarantees to the Chrysler Corp. through December 31, 1983. It establishes a Loan Guarantee Board to administer the program consisting of the Secretary of the Treasury (as Chairman), the Chairman of the Federal Reserve Board, and the Comptroller General of the United States.

The purpose of the oversight hearings is to examine the proposed Chrysler financing and operating plans submitted pursuant to the act, prior to action by the Loan Guarantee Board, and to assess whether all of the requirements of the act are being met. Before any Federal guarantees can be issued, the Board must determine, among other things, that these plans are realistic and feasible, that all of the financing contemplated by the financing plan will be made available, and that there is reasonable assurance of repayment of the loans guaranteed.

For additional information, please contact Elinor Bachrach of the committee staff at 224–7391.

### COMMITTEE ON LABOR AND HUMAN RESOURCES

● Mr. WILLIAMS. Mr. President, I wish to announce that the Committee on Labor and Human Resources has scheduled a hearing on Monday, March 31, 1980, at 2:30 p.m. in room 4232, Dirksen Senate Office Building, on the nomination of Steven A. Minter, of Ohio, to be Under Secretary of Education.●

### COMMITTEE ON LABOR AND HUMAN RESOURCES

● Mr. WILLIAMS. Mr. President, on behalf of the Committee on Labor and Human Resources, I would like to announce that the committee will hold an additional hearing on oversight of the Occupational Safety and Health Act on Wednesday, April 2, 1980, commencing at 2:30 p.m. The hearing will be held in room 4232 of the Dirksen Senate Office Building.

Anyone desiring information on this hearing should contact Mike Goldberg, labor counsel, Committee on Labor and Human Resources, U.S. Senate, Washington, D.C. 20510 (telephone: (202) 224–3674).●

### SUBCOMMITTEE ON ENERGY REGULATION

● Mr. JOHNSTON. Mr. President, the Subcommittee on Energy Regulation of the Committee on Energy and Natural Resources will hold hearings on April 23 and April 25, 1980, on S. 2470, the Powerplant Fuels Conservation Act of 1980. These hearings will begin at 10 a.m. in room 3110 of the Dirksen Senate Office Building. Inquiries about this hearing should be directed to Elizabeth A. Moler, at 224–0611, or Benjamin S. Cooper, at 224–9894.●

## AUTHORITY FOR COMMITTEES TO MEET

### COMMITTEE ON ARMED SERVICES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate today to hold hearings on proposed revisions to the President's overall defense budget request for fiscal year 1980 and fiscal year 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate today to hold a hearing on the nomination of Peter N. Teige to the Federal Maritime Commission.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON FOREIGN RELATIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate today to hear Secretary Cyrus Vance's statement on the U.S. foreign policy objectives.

The PRESIDING OFFICER. Without objection, it is so ordered.

### CONSUMER SUBCOMMITTEE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Consumer Subcommittee of the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate today beginning at 2 p.m. to hold a hearing on the Federal Fire Prevention and Control Act authorization.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate today to hold hearings on proposed juvenile justice legislation.

The PRESIDING OFFICER. Without objection, so ordered.

## ADDITIONAL STATEMENTS

## THE SESQUICENTENNIAL CELEBRATION OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS

• Mr. CHURCH. Mr. President, today I wish to honor the Church of Jesus Christ of Latter-day Saints as it approaches the 150th anniversary of its founding. At the same time, I would like to honor its president, Spencer W. Kimball, whose 85th birthday celebration I will be attending tomorrow night in Salt Lake City.

The life of President Kimball and the history of the church have many similarities. Although coming from inauspicious beginnings, great nobility and strength of character were developed in the fire of adversity and severe trials. Before becoming president of the Mormon Church, Spencer Kimball successfully battled cancer and a series of heart attacks. Recently, in response to the faith and prayers of millions, he has sprung back to health after two serious brain operations. He is truly a man loved and honored by all who know him.

The church, over which President Kimball presides, was organized by the prophet Joseph Smith on April 6, 1830, in Fayette, N.Y. With only six members and a number of well-wishers, the church had its official organization in the small log cabin of Peter Whitmer, Sr. From that small beginning the church grew rapidly, with tens of thousands of devout members joining its ranks. Religious intolerance and persecution forced the body of the church to move several times.

Its leader Joseph Smith finally established a new city on the banks of the Mississippi. Reclaimed from swampland by the sweat and toil of the saints and called Nauvoo the Beautiful, the new city was as noble and grand as its prophet-planner had envisioned. With a population of over 20,000, it was larger, at that time, than the city of Chicago.

Yet still more persecution resulted in the assassination of the young prophet and forced the migration of tens of thousands of Mormon pioneers across the United States to a new haven in the Salt Lake Valley. Led by the great colonizer Brigham Young, the saints established a series of settlements stretching from Salt Lake City to Canada and Mexico, including many settlements in my native State of Idaho.

The greatness of the vision which the founder Joseph Smith had for his people and the soundness of the principles which he taught them are manifest in the great body of 4.4 million people who count themselves Latter-day Saints. Following the principles taught by the prophet Joseph Smith, the Church of Jesus Christ of Latter-day Saints encourages its members to seek educational opportunities; to be industrious and honest; and to be law-abiding citizens of their respective countries. The application of these principles, along with the church's emphasis on the importance of the family, accounts, in part, for its extraordinary growth and demonstrable appeal. Over 250,000 new converts come into the church each year, joining other members in over 90 different countries and territories throughout the world. Serving 2-year voluntary missions, 30,000 missionaries are bringing the message of the church to the world.

The Mormons have a long history of taking care of their own and of not relying on Government aid, and have an extensive self-help welfare system to sustain its members in economic hardship.

Also, it should be noted that the relief society of the church is the oldest and largest organization for women in the world. It was also founded under the direction of Joseph Smith in 1842. From the beginning, the relief society's purpose has been to provide an organization through which women might give compassionate service, continue their pursuit of knowledge, and meet the current needs of themselves, their husbands, their communities.

In a world beset by turmoil, the Mormon Church reaches out to those in need with a message of hope. It provides a strong base upon which the family unit, the most basic unit of any society, can anchor itself.

This 150th anniversary is indeed an historic time for the members of the Church of Jesus Christ of Latter-day Saints. And it is a happy occasion for millions around the world who join with me in celebrating the 85th birthday of President Kimball. These are significant milestones in the life of a great man and a great organization.

The celebration of the sesquicentennial of the church would not be complete without honoring its founder, Joseph Smith. It was he, through inspiration, who taught the principles and built the base upon which the church now flourishes. A recent essay authored by Gordon B. Hinckley of the Quorum of the Twelve Apostles, captures beautifully the greatness of this man and the strength of the roots of the early church.

I ask, Mr. President that Elder Hinckley's essay be included at this point in the RECORD.

### JOSEPH SMITH—HIS SHORT LIFE CHANGED THE FUTURE FOR MILLIONS

(By Elder Gordon B. Hinckley)

Joseph Smith! How common a name it is. By now there must have been thousands of boys born into this world who have been given that name. But among them all there is but one who ushered in the Restoration.

Born in obscure circumstances, reared in poverty, chosen by God, his name is spoken in honor by ever-increasing numbers of men and women across the world.

His life was not long—less than 39 years. His travels were not extensive—from Vermont to New York, to Ohio and Missouri, and then to Illinois; with a brief, disappointing visit to Washington, D.C. Yet every year millions of miles are covered by his followers in bearing witness of his worth to the people of the 67 nations where the cause he began is now established.

He came of a remarkable inheritance. His ancestral roots drew strength from the soil of England and Scotland. He was of the sixth generation of his people in America on his father's side and of the fifth on his mother's. Until his family moved to western New York in 1816 all of these generations had lived in Massachusetts, New Hampshire and Vermont. They, with others like them, had cleared the wilderness, established farms and built homes, participated in the affairs of local government, and served with honor in the War for Independence.

Self-reliant, they knew both good years and bad as they worked to wrest a living from the thin soil of the areas of their residence. They saw firsthand the pain and devastation of epidemics of disease that periodically swept their communities. Joseph himself, as a little boy, was the victim of an attack of typhus fever followed by a severe infection of the leg.

It seems more than coincidence that only a few miles away in Hanover, N.H., was Dr. Nathan Smith, perhaps then the only surgeon in the United States who had developed a procedure by which that leg might be saved. But the saving was not without terrible suffering. It is difficult to understand how the small boy stood it, held in the arms of his father while his mother walked and prayed among the trees of the farm to escape his screams, as the surgeon entered the leg and removed the diseased bone, all without benefit of anesthesia.

Remembrance of that intense suffering possibly made a little more bearable the later tarring and feathering at Kirtland, the painful winter in Liberty Jail, and the shouts and shots of the mob at Carthage.

Cumorah was in western New York, and the Smith family had to get there if Joseph was to become a participant in bringing to light the ancient record that lay hidden in its soil.

The moving force was a series of bitter late frosts, even reaching into summer, that took the crops of New England and caused the Smiths and many others to look elsewhere. Palmyra, a thriving community along the Erie Canal, became their temporary stopping place until they could acquire a farm in nearby Manchester Township.

They were participants in the religious revivals held in the area, and out of the confusion of these experiences came the determination of the boy Joseph, then 14 years of age, to ask God concerning which church he should join.

There followed, on a spring day in 1820. the remarkable vision in the grove. Joseph Smith was never the same after that. He was ridiculed, jeered at, belittled, threatened, but he was certain of what had occurred.

Three years later there was another miraculous experience, again in answer to prayer. Moroni visited him, Moroni the keeper of the record of peoples who centuries earlier had inhabited this land and had gone down to destruction in terrible civil war. Came later the translation of that record "by the gift and power of God," and its issuance from the press in March of 1830 as the Book of Mormon.

There were 5,000 copies in that first edition. A man whose business is books has commented that an edition of 5,000 under those circumstances would be the equivalent of an edition of 100,000 under today's press runs.

One is led to marvel at the boldness of Joseph Smith in so daring an undertaking. It becomes another evidence of the character of the man, of the certainty of his mission as he perceived it, of his absolute confidence that he was not doing his own work, but, rather, the work of God.

It is not reasonable to assume that a young man who was the product of a rural upbringing and largely without means, would declare that he had seen God the Father and the Risen Lord Jesus Christ; that he had spoken on a number of occasions with a resurrected prophet of ancient America; that he had conversed with John the Baptist, and Peter, James, and John; and that he had received under their hands the authority of the priesthood of God.

His statements of divine beings were arguable, and were much argued over by his detractors. But here was the book, tangible and real and to be read. His detractors would argue over that also. But those who read it carefully and prayerfully experienced an undeniable conviction of its truth as "the word of God."

Among them were men and women of education, of substance, and of achievement. Yet they were so moved that they were willing to leave friends, lands, and the security of their employment to follow Joseph Smith. Unlike most leaders who have attracted followers, he offered neither wealth nor worldly honor. Rather, they came to know bitter persecution with its pains and losses, long and lonely missions, separation from family and friends, and in many cases, death itself.

With the establishment of the Church on April 6, 1830 there came into being an organization that for 150 years has stood unchanged in its basic fundamentals, notwithstanding remarkable growth and adaptation to the various societies of the many lands in which it today functions.

It has been a remarkable test of the genius of Joseph Smith. But it is not the result of his native instincts. It is the result of the revelations of God received through him, as he testified.

There were the chapters following that organization, chapters penned sometimes in blood; at best, in suffering. in New York and Ohio, in Missouri and Illinois. There was the setting up of the same organization that existed in the Church established by the Savior, with apostles and prophets as its foundation, Jesus Christ being the chief cornerstone.

There followed the construction of temples and other houses of worship, the printing of books and other literature, the establishment of schools, and the building of good homes and beautiful communities, all under the personal direction of Joseph Smith, the planner, the builder, the Prophet.

With all of this there was the persecution, the great and unrelenting persecution. But through that fabric of pain was a thread of the future, interwoven by a divine hand.

Note these words of prophecy concerning Joseph Smith, in the misery and loneliness of Liberty Jail: "The ends of the earth shall inquire after thy name, and fools shall have thee in derision, and hell shall rage against thee; while the pure in heart, and the wise, and the noble, and the virtuous shall seek counsel, and authority, and blessings constantly from under thy hand."

Nauvoo the Beautiful was the flowering of his life. But its bloom was brief. He had come there in 1839, walking across the swampland. He left in 1844, looking back upon a beautiful city and a prosperous and happy people. He went to Carthage, and there on the sultry afternoon of June 27, a cowardly mob, their faces painted to disguise their individual identity, shot him and his brother, Hyrum, killing them both. His last words—"O Lord, my God."

John Taylor was with him in Carthage Jail that afternoon. Of his martyred leader and friend he wrote: "Joseph Smith, the Prophet and Seer of the Lord, has done more, save Jesus only, for the salvation of men in this world, than any other man that ever lived in it. . . . He lived great and he died great in the eyes of God and his people."●

## EXPORT EXPANSION: HOW SERIOUS IS THIS ADMINISTRATION?

● Mr. JAVITS. Mr. President, in the rush of events affecting the economy in the past year, it is easy to forget that it was 18 months ago—in September 1978 to be exact—that this administration unveiled its new export expansion program. At the time of the President's message, this export program was to signal a new era in export awareness, one in which all sectors of the economy—business, labor, and government—would work together to revive our international trade competitiveness.

Mr. President, we are in a position today to assess the results of this administration's commitment to exports enunciated 18 months ago and I would suggest that contrary to observations emanating from the administration the results are worrisome and should be of concern to very Member of this body.

The indications are clear that the fundamental weaknesses of our trade performance remain. The data on our 1979 export activities do reveal a modest improvement in the trade account from a deficit of $28 billion in 1978 to $25 billion last year, and this is certainly a positive development. But when trade in nonmonetary gold, including gold sold by the U.S. Treasury, is factored out, the trade balance shows almost no change.

Indeed, when scrutinized, the trade data reveals little in our 1979 export performance that represents real gains. The long-awaited improvement in the manufactured goods sector simply restores a surplus in this area that used to be the mainstay of our trade account and to some extent may be attributable to lagged trade effects of dollar depreciation.

In a recent statement by the President on "Reduction of Export Disincentives" he noted that "rebounding exports and overseas earnings of U.S. companies combined to overcome our chronic deficit . . . in the 'current account' balance." He went on to characterize this development as "heartening." Mr. President, such false optimism will only serve to deflect our energies away from the task before us—to rectify the rapid and continuing deterioration in our international competitiveness. Such false optimism will only serve to mask the stark realities of our weak trade position. Indeed, U.S. exports as a percentage of GNP fell to 6.8 percent in 1979 from 7 percent in 1975 and our share of world exports fell from 15.4 percent in 1970 to 12.2 percent in 1978.

This is no time for self-congratulations or complacency; we have work to do, across the board to buck up our exports. Much remains to be done in terms of Government disincentives and, of course, we have only begun to scratch the surface on what government can do positively to support exports. Yet even more fundamentally, the weakness in our trade performance can be traced to structural deficiencies in our ecomony such as inflation and lagging productivity.

Mr. President, in a recent interview with Financier, Mr. Robert H. Malott, the Chairman of FMC Corp., offered his own judgment of the past 2 years' trade performance and specifically matched the results with several export priority areas he identified in 1978. With the exception of the admirable performance of the Export-Import Bank and its chairman, John Moore, he sees little that is "heartening"; and in the vital area of productivity sees a severe deterioration that will continue to retard our international competitiveness. I commend the article to my colleagues and request that it be printed in the RECORD.

The article follows:

### ROBERT H. MALOTT: SCANT PROGRESS TOWARDS EXPORT POLICY

(By Willard C. Rappleye Jr.)

Two years ago, in a talk before the Chicago World Trade Conference, Mr. Malott listed six primary recommendations for the making of a successful National Export Policy. In this interview he evaluates progress towards each of his 1978 proposals (reprinted in italic); except for the improved performance of the Export Import Bank, he finds very little has been made.

The Chairman of FMC Corp. discerns within the private sector growing but still insufficient awareness of the need to export—and even less among the political formulators of national policy.

*First, America must aim for tax parity with foreign competitors.*

"I don't think we've moved very much," Mr. Malott says. "You know there are some countries with whom we're competing that do not tax profits on exports. There are countries who do not tax the profits on overseas-generated income at all. Certainly we have not moved toward that. We still have those tax disadvantages.

"The only good thing you can say in that area is that they have quit threatening to remove DISC, pending further resolution in GATT. And I gather that outside of the oil industry they've also stopped quite so vociferous about country-by-country offsets, too. So I think we're in a little better position.

"I think there's some improvement in general understanding, but in terms of actual improvement in terms of the facts of where we stand, I don't see a lot of change."

*Second, America must aim for credit parity with foreign competitors.*

"I would say that compared to two years ago the Ex-Im Bank is doing a substantially better job. Their rates are becoming more competitive. The percentage of exports that they will finance have improved. Their funding levels have gone way up. And I think you have to give John Moore, the head of Ex-Im Bank, a lot of credit for improving that situation."

Mr. Malott does not see the Ex-Im Bank pre-empting the work of private lending institutions: "I don't think you could expect commercial banks to take the kind of risks that Ex-Im has."

He notes that the agency is effectively extending this country's export reach into softer credit areas. "I wouldn't say they are soft loans," he insists. "I think the Ex-Im Bank performance, both collection and credit, has been very good. On the other hand, I think if you look very aggressively at the terms that are being offered you'd find very few banks that would take that kind of paper. So I don't think that Ex-Im Bank is replacing. Theirs are different kinds of loans.

"I think the Ex-Im Bank is addressing export assistance in a way that assists us in becoming competitive with what foreign countries are doing for their exporters."

*Third. America must achieve a reduction of non-tariff barriers to US exports.*

"Obviously that was the primary objective of the Tokyo Round," Mr. Malott observes, but "it is too early for us to be sure that in fact that was accomplished. I think that was their objective and they claim we've made some improvements. But because non-tariff barriers are fairly subtly applied, I dont think that the impact is measurable month by month. So we just haven't had long enough to see the full impact."

*Fourth, America must build positive economic relations with other nations.*

"Probably the situation is no better," Mr. Malott finds. "It might be somewhat worse. Certainly pre-Ayatollah I would say there was more antagonism in terms of commercial relationships for different reasons country by country around the world than there were two years ago.

"I mention the Ayatollah because he has treated us in a way that has engendered a lot of support from overseas, and I think that has improved our relationship, and diverted attention from some of the more mundane aspects of commercial relations.

"You have to talk about various areas of the world I think in many areas human rights, certainly in South America, in Argentina for example, where they have lived through terrorism in a way that we haven't, for the U.S. to be preaching to them about human rights was not regarded very kindly.

"I think in the Middle East it might be perceived as being unrealistically tough anti-boycott legislation.

"Human rights policies and Arab boycott legislation and the Corrupt Practices Act and our efforts to export our standards on the environment—you know that's all regarded by a big part of the commercial world as nonsense," Mr. Malott contends.

"It would sound terrible to come out and say that all we should stand for is commercial objectives. Obviously they have to be tempered by a move toward a more and more moral world. But I think in terms of the pragmatic. How we weigh both the moral and commercial is becoming increasingly important in this country. I think we have to weigh some questions as to whether or not that balance has been correct.

"The impact of all these things collectively it seems to me is a depreciating dollar, which is not doing us any good. It is an increasing rate of inflation in this country which can't be tolerated very long. And I don't think these moral objectives are necessarily contributing."

*Fifth, America must negotiate non-discriminatory treatment of international investment.*

"I don't think there's a great deal that's been done in that area," Mr. Malott comments. "Japan has talked about it, but when it has come to the practical aspects, it hasn't happened.

"There are two compartments on this argument of discrimination against U.S. investment," he points out. "One is Japan, specifically, because they had such an absolute policy. The other has been the threshold nations that have tended to go to a 51 percent local ownership against 49 percent overseas. We see some subtle signs of softening in Mexico—you might be able to do some things today with a majority ownership down there that you couldn't do a few years ago. But it isn't significant."

*Sixth. America must expand U.S. Government export programs.*

Mr. Malott reiterates his comments on the good work of the Ex-Im Bank, and affirms that a program to encourage small business "in entering international trade, assisting and promoting their participation, is a great idea.

"My only concern," he cautions, however, "is that I see the political rhetoric which addresses itself obviously to vast numbers of small businesses and trying to develop export opportunities for minority-owned enterprises or directing international development promotional programs to areas of high unemployment.

"Now, I'm all in favor of that if it happens to be a corollary to the main objective which is to increase US exports. But I find that unfortunately a lot of the rhetoric coming out of Washington puts these things very high on the agenda. And only incidentally talks about what I think is a very fundamental but less politically appealing fact of life. That large corporations are still going to do most of the exports in terms of percentage. They are going to provide most of the additional employment for this country that results from an improving export posture," he emphasizes.

"Now I'm not discriminating against high unemployment areas," Mr. Malott insists. "I'm not discriminating against minority businesses. And I'm not discriminating against small business. We ought to do everything we can to get all of those types of companies and those parts of the country that that describes involved.

"But let's put it in perspective. If our objective is to increase exports and create jobs as a result, the large corporations are going to carry the major thrust."

### US SHARE DECLINES

Overall, Mr. Malott finds scant progress towards development of a strong national trade policy. The US share of world exports has declined from 15.4 percent in 1970 to 12.2 percent in 1978; "our absolute magnitude of exports has been going up as our percentage of world trade is going down. At a time when Japan and UK and Germany have all been going up.

"In 1970 our percentage of GNP in exports was 4.3 percent; it has zoomed all the way up to 6.6 percent. Compare that to Germany with over 22 percent of their GNP in the export market, the UK at around 23 percent, Japan something like 10 or 12 percent. So we've got a long way to go. A very long way to go."

He acknowledges that "there's probably an increasing recognition in Washington about the importance of trade to this country." But he notes that the Commerce Department task force that was organized to address fundamental trade issues "might have addressed the issues, but its report did not reflect that it had. It was not fundamental in terms of addressing the kinds of things that I think in the long run this country has to do if we're going to really improve our trade position."

On the threat of rising protectionism, Mr. Malott observes: "I think we probably go through emotional cycles of expressing ourselves on the threat of foreign competition. I think if we continue to have these dramatic trade deficits there's going to be a trend towards more protectionism.

"Now maybe the first thing that people who are concerned in that direction ought to do is say that we shouldn't import any more energy. That is a logical extension of those who feel that we should retreat from the rest of the world. But I don't think you'd get many people to say that we should do that, at least in the near future.

### OIL NOT THE MAJOR CAUSE

"People must recognize the fact that oil importation or energy importation is really not the sole, and actually not even a major, cause of our increasing deficit. I think we had a $6 billion surplus in trade including oil in 1975 and we went from there to something like a $33 billion deficit—so that was a swing of $39 billion over that three or four year period. Only $15 billion of which was due to increasing importation of energy.

"It's politically attractive for the Administration to concentrate on that $15 billion as opposed to the balance, which is all due to our increasing lack of competitiveness in the manufactured goods sector. And I think that's where we have to give our attention."

Mr. Malott does not believe that the solution is necessarily export incentives. "Its more fundamental. We really have to address the matter of US competitiveness. That's a function of productivity, and productivity is a function of investment. We've got to create incentives in this country to encourage industry and individuals to invest.

"By the latest figures, our productivity has been negative. And you look at comparable figures on the part of our trading partners, and they're substantially higher than ours. That trend has got to be reversed."

National awareness of the need to export is growing, but not enough, he believes. In the private sector, Mr. Malott finds "a lot of people who recognize the problems and the opportunities, who are becoming increasingly vocal.

### BUSINESS SECTOR INEFFECTIVE

"But there obviously are not as many as there should be because I wouldn't agree that the business sector of the economy, if we really got behind something, would be as ineffective as we apparently have been to date.

"It seems to me that a responsible political approach would result in a position that's somewhat more courageous than I think we've taken. There is nothing anti-labor about the things that we're talking about. But it is either misunderstood or understood and not accepted by a broad segment of labor that these are all programs designed to replace American workers. And even overseas investment on the part of a lot of US companies do more to encourage US employment and US exports than were given any credit for by the labor unions.

"Now I think that a courageous political leader would take on the issue of that challenge and attempt to bring labor on board in terms of what we're all trying to do.

"And from that point of view I think we haven't been very successful."●

## AIRLINE DEREGULATION APPEARS TO BE BENEFICIAL

● Mr. CANNON. Mr. President, I would like to insert the attached editorial from the Muskegon, Mich., Chronicle in the RECORD. There are many communities that have positive views of airline deregulation in that they do not blame airline deregulation for their air service problems but on the contrary, look to its provisions to help improve their air service.

The editorial follows:

### AIRLINE DEREGULATION APPEARS TO BE BENEFICIAL

Airline deregulation became effective in late 1978, so now we have data on the first full year of experience under that law to give us a picture of how the traveling public and the airlines have benefitted or suffered.

Well, we have the word of Civil Aeronautics Board Chairman Marvin S. Cohen that, thanks to more efficient operations made possible by deregulation, airlines have been able to absorb substantial cost increases, saving consumers, he says, millions of dollars a week. Speaking recently to the New York Security Analysts, Cohen said "the most striking phenomenon of the law . . . has been the unparalleled increase in the overall efficiency of the industry."

Before airline deregulation became law, two of the benefits most frequently predicted by advocates were lower fares and higher profits. Yet in the first full year after enactment, according to a Newhouse News Service report late last week, the average standard coach fare jumped almost 30 per cent and earnings dropped $800 million—the sharpest one-year decline in the airline industry's history. Cohen says the industry's performance wasn't really all that bad and in fact, could have been a lot worse.

"Had the industry still been laboring under the yoke of the kind of regulations and regulatory thinking that prevailed in the (CAB) board and in the industry in the first half of the decade—and the preceding 30 years—profit probably would have plummeted into the red," he says.

In support of Cohen's contention, there is some evidence from the record that, in 1979, things didn't turn out as badly as they could have.

Fuel prices, the reason for higher fares and lower earnings, were the biggest single source of trouble. By the end of the year, a gallon of jet fuel had increased about 80 cents, pushing the total fuel bill from $2.5 billion in 1978 to $6.5 billion in 1979. Since 1973, the Air Transport Association notes, fuel costs have skyrocketed by 667 percent.

Other events last year didn't help the industry much, either; spot fuel shortages, grounding of the DC–10s for safety reasons, and strikes against several airlines. However, among the bright spots were passenger totals, hitting 300 million for the first time, a 7 percent increase over the previous year. And although standard coach fares were higher, half of all passengers were able to use discounts that cut their prices by 10 to 70 percent. Some first-class tickets were cut, too, so the average fare paid by passengers in 1979 was only 16 percent higher than the year before.

Deregulation made it easier for airlines to launch routes that previously had been the exclusive province of other carriers, and the increased competition often meant lower fares.

Muskegon experienced its own air service problems in 1979, but whether deregulation was a factor to any great extent is problematical. County Commissioner Donald Nutt, who is chairman of the Airport Board, says that prior to deregulation it was more difficult for airlines to pull out of communities because they were, in a way, "under contract."

Although deregulation helped United Airlines in its decision to pull out of Muskegon, a withdrawal to be finalized March 1, it would appear that the overall picture for Muskegon under deregulation has not been all bad. Republic Airlines has added space on its flights effective March 1, and Midstate Airlines has been boosting its commuter service here in the interim. Republic Airlines also has said it will move to fill in some of the service gaps.

Says Nutt, regarding the outlook in short for Muskegon under the new act: "I would say it doesn't look too bad." When United first announced its intentions regarding Muskegon, the picture was pretty bleak, Nutt agrees, but he feels it has improved appreciably since then.

The experience of only a year is obviously too little to tell us whether airline deregulation, in the long run, will do what it was supposed to do for the industry and the users. But it would appear that, despite problems, the move was worth the try. Another year will tell us more.●

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## MOMENTUM ON IRAN IS DOWNHILL

● Mr. DOLE. Mr. President, in this Presidential election year when there is a great deal of talk about momentum and large shifts of the public mood, it is worth noting that the scientific principle behind momentum and inertia is the same. Applied to political psychology, momentum and inertia are key indicators of the trend in human events, particularly with regard to this country's response to international events. Recently it has become all too clear that the momentum of the crisis involving our hostages in Iran is all downhill.

President Carter has been content so far to go where the force of events overseas has taken him, hesitant to initiate meaningful actions for fear they would precipitate a momentum beyond his managerial calculations. Instead an inertia has gripped American policy that turns our hopes and capabilities for action into sluggish indecision. The voters of New York and Connecticut last Tuesday finally turned on the President, demanding a reversal to the politics of inaction.

This public dissatisfaction with Mr. Carter's policies was heralded before the primary vote in a recent letter to the editors of Newsweek by a citizen of New Haven, Conn. Elia V. Chepaitis wrote:

> The President precipitates crises by ineptitude, and then exaggerates them to distract us from the business of replacing him. These three months of moral outrage may have felt good, but has any of it been effective? Can we afford four more years of this circus?

### HOW LONG CAN THE HOSTAGES HOLD ON?

The Senator from Kansas wonders how much longer the courage and hope of our diplomats held hostage in Tehran can sustain them. Can they afford further delay? We know their situation is desperate. The administration has time and again refrained from actions or even words that might intimidate the terrorists out of a deep concern for the hostages' safety. The success of this policy can be measured in the continued imprisonment of our diplomats, alive at least but not well. The hostages live but they have suffered greatly, and worldwide U.S. policy has been severely damaged. Our great dilemma has been that this gang of terrorists never has been given any incentive to release the Americans by any actions of the United States or by condemnations of the international community.

### OPPORTUNITIES FOR ACTION

There are avenues remaining to our Nation, short of military force, that we can take against Khomeini and his band of criminal fanatics. What is more the Senator from Kansas and many others have advocated these actions from the very beginning, when a firm response might have halted the radicals in their tracks, before the current inertia of the power stalemate set in Iran. In a resolution submitted November 13, the Senator from Kansas suggested the United States organize a unified, voluntary world boycott of Iranian oil. Yet in January the United States alone still received 7.3 million barrels of oil from Iran, and all the rest of Iran's oil is eagerly lapped up by the world market.

Little more than a week after the hostages were kidnaped, the Senator from Kansas proposed that Mr. Carter should enlist the support of our allies and all other nations, calling on them to close their Embassies, withdraw their citizens and diplomats and suspend diplomatic relations with Iran. Yet what has happened after nearly 5 months of captivity? Our friends the Japanese quickly moved in to buy the surplus Iranian oil and their financial experts helped Khomeini's government to get around the U.S. seizure of Iranian assets, the only firm action we have ever taken in response to the crisis.

The United States ought to put as much pressure on Iran as we possibly can, without further endangering the hostages. We have not yet done that. There is a great deal more pressure we can put on our so-called allies to back us up, and we have yet to do that. The Senator from Kansas suggested suspending all trade, including agricultural products, with Iran on November 6. I called for an economic embargo in January, urged the President to enforce economic sanctions again in March after the failure of the UN Commission of Inquiry, and today I repeat in the strongest terms possible: let us exercise our considerable economic might to close down Iran, using our naval forces to impose a blockade of goods going in to Khomeini and his people, and to squeeze the Iranians until they let our people go. Only when we provide an impetus strong enough can we expect there to be any movement toward freeing the hostages.●

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## DEATH OF ALLARD LOWENSTEIN

● Mr. KENNEDY. Mr. President, all of us were saddened by the recent tragic death of Allard Lowenstein. Last week in New York City, I delivered a eulogy to Al at the memorial service held for him at Central Synagogue. A few days earlier, I spoke of Al to the annual convention of the New York State Federation of Teachers.

Mr. President, I ask that my remarks on these two occasions may be printed in the Record.

The remarks follow:

### Statement of Senator Edward M. Kennedy, Lowenstein Memorial Service, Central Synagogue, Manhattan, March 18, 1980

What a friend we have all lost.

And far beyond the walls of this temple, or the borders of this city, there are countless human beings, whom Al Lowenstein had befriended, who did not even know his name.

There are Black people in Mississippi who can vote because he was there in the civil rights summer of 1964.

There are American sons, living out normal lives, who did not die in Vietnam, because he was there in New Hampshire in 1968 in the winter of our national discontent.

There are political prisoners in the Soviet Union whose cause was heard before the world because he was there, in the United Nations, to demand that their cases be stated and debated.

He was everywhere.

He was the man who lived for others. I always thought that somehow he was too good for this world. And in the end the world he reached out to broke him because he was the last friend left of a man scorned by everyone else.

But while we mourn his death, we remember most the light and the joy of his life. He was a person of impassioned political conviction, but personally he loved so many who so often disagreed with his politics. Who but Al Lowenstein could claim among his best friends both William F. Buckley and Robert Kennedy? Bill Buckley had the good sense to endorse him for Congress. And Al had the good sense not to endorse Bill for Mayor in 1965. Al would do almost anything for Bill.

As I said last Saturday, Al was a loyal friend who spoke with uncommon frankness.

No man was an island as long as Al Lowenstein was near.

Where Blacks were repressed he was Black.

When soliders were dying in a war that was wrong, he was a draftee to his own conscience.

Where children were hungry, he thirsted after justice.

Where families could not afford a house, he was homeless.

For me, he was more than a friend, though his friendship was rare. He was more than a counselor, though his counsel was wise.

For me, and for so many others, he was our brother.

Last Thursday, the day before he died, he was writing a speech he wanted me to give. His last words in that speech read: "Do we want four more years of what we have experienced to date?"

It was the wonder and the glory of Al Lowenstein that he never wanted more years of what we had experienced to date. Always he called us to do better. It is the last, and the least, that we can give to Al in return for all that he gave us—the pledge of our hearts that we shall, each in our own way, strive as he so tirelessly did, to do better.

Our brother left us his love.

He goes with ours.

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### Address of Senator Edward M. Kennedy to the New York State United Federation of Teachers Annual Convention, March 15, 1980

I had looked forward to our meeting today. As the strongest affiliate of the A.F.T. and the largest teachers' union in any state, you have been in the front rank of progressive leadership in American education and in the labor movement.

Your president, Tom Hobart, and your executive vice president, Dan Sanders, have been powerful voices for the teachers and children of New York. And your national president, Al Shanker, has made the A.F.T. a powerful force for justice here at home and for a strong America abroad.

And in all that, I have stood with you.

I had planned to come here today to speak of inflation and the economy, of education and the cities, and to state my opposition to the administration's policies.

But this is not the right day and that is not the right speech.

For yesterday in this city that he loved, in this state that he served, Allard Lowenstein was shot and killed. This peaceful, generous man became the latest victim of the senseless violence that stalks our generation, and of the arms race in our cities that threatens to make any citizen a casualty at anytime.

If no man is an island, then Allard Lowenstein was a continent, a universe, a vast expanse of compassion, conviction, and courage. These qualities drew out the best in all who knew him, but especially in the young, who heard his call and joined his ceaseless quest against injustice and indifference.

He was the irresistible force that made immovable objects move. Almost singlehandedly, twelve years ago, he set out to stop the relentless escalation in Vietnam. When others thought nothing could be done to change an incumbent administration and its war policy, and that no one could make a difference, he insisted that we had to try, that it had to be done—and so he did it.

With his endless energy, with his papers, his clothes, his books, and seemingly his whole life jammed into briefcases, envelopes and satchels—all of it carried with him everywhere—he was a portable and powerful lobby for progressive principles. All by himself, he was more effective than an organization of thousands. He was a one-man demonstration for civil rights; even when he walked alone, he was a multitude marching for peace. He had a gentle passion for the truth.

As much as anyone I know, he proved that one person truly can make a difference.

The only public office he was ever elected to was Congress, for a single term. But his memory, his work in 1968, his record of commitment will live in the history on which he had such impact of his own.

Even as he lay dying, Al Lowenstein struggled as fiercely for his life as he had struggled all his life on behalf of others. The flame resisted the loss of its spark to the last; the fire that had burned so brightly was not easily quenched.

Al was always intense, but never selfish. He was a man who lived for the many he sought to help, and for the America he sought to make.

Whenever Al came to see me, at home or in the Senate, I knew that he brought with him a challenge to be met, a wrong to be righted, a dream to be fulfilled. He would show up unexpectedly; he would pace the floor; he would loose a shower of ideas; he was impatient with our country's failures; he was hopeful for its prospects. Standing in a living room, he would try to move the world.

So, when this campaign began, it was inevitable that he was everywhere. He would speak in Portland in the morning, practice law in the afternoon, and be off that evening for a forum in Des Moines.

For Al, no precinct was too remote, no reporter too resistant, no voter to insignificant. Let others have their legions of surrogates; give me Allard Lowenstein, who could outpersuade all of them combined.

There was electricity in his thought, and eloquence his words. What this man, who was my friend, once said of my brother Robert Kennedy must be said of him: "He wanted everyone to see what seemed so obvious to him: that if people couldn't be roused to make a difference in the effort to reclaim their country, they would make a difference anyway by not trying . . . he managed to become a presence as well as a politician, an American resource."

Allard Lowenstein, who was also taken too soon, wrote his own epitaph when he wrote of Robert Kennedy: "If he were still around, he would be saying that we have dallied long enough, and that it is past time to do better."

Allard Lowenstein would say that we have a duty to protest when we know a policy is wrong—and that criticism of official error is not criticism of country. He was perhaps the greatest dissenter of his time, a patriot who understood that dissent is the essence of democracy.

In 1962, he left a Senate staff to travel across Southern Africa. And then he wrote a book warning us that we could not abide and abet the racism of that land—that once again we had to make "the word America sing out hope and generosity and compassion" to all the world."

His vision of justice recognized no national borders, no boundaries of race, or special concern, or political ideology. When Anatoly Shcharansky was sent to the Lubyanka prison, Allard Lowenstein stood in the United Nations and spoke the truth about the Soviet Union to the Soviet ambassador. He broke through the regular agenda; he cut through the diplomatic protocol—and he moved the Human Rights Commission, for the first time, to take up the individual cases of the human beings who were the victims of repression.

And if Allard Lowenstein were here, he would say that we must continue to speak for all those who have no voice in our own society. Minorities and the poor may be out of political fashion, but they were never far from his conscience. For him, inflation and unemployment were not statistics, but hardworking families who could not pay their bills. He thought not only of the deficit of dollars, but of the deficit of justice.

He was a gifted lawyer who could have made himself rich; instead he lived modestly, often it seemed from month to month, giving of himself to make this a better land.

If he were here, he would be speaking as he did last week, for economic justice, for energy that warms homes without bankrupting families, for taxes that treat both workers and the wealthy fairly, for schools with more teachers and less violence, for a public principle that puts the last and the least among us first in our priorities—and above all, for a government that cares about the people and their problems.

He would say the effort must be made; the promise must be kept; the work must go on. And if he were here, I would say to him: The work will go on.

We will not accept a society in which health is a function of wealth, where hospitals close in the inner city and millions worry that sickness will bring not only fear and pain, but financial ruin.

We will not accept a society in which houses are boarded up while hundreds of thousands of families wait in rat-infested tenements for decent shelter—and where other families lose the dream and the hope of owning a home.

We will not accept a society in which whole sections of our cities become a blighted wasteland—and where the urban crisis becomes a perpetual condition of decay and decline.

We will not accept a society in which prosperity rests on the backs of a permanent class of poor people—where young workers are made idle and children are told to go hungry for their country.

We will not accept a society in which students fail to learn because schools are understaffed and teachers are underpaid—and where half of an entire generation in New York City will never finish high school.

We will not accept a society in which discrimination still afflicts the minority who are not white and the majority who are women—and where crosses are still burned on suburban lawns and swastikas are still scrawled on synagogue walls.

We will not accept a society in which a handgun can be bought today and fired tomorrow to kill a man like Allard Lowenstein.

Two decades ago, Eleanor Roosevelt said of Allard Lowenstein in his youth: "I think he will always fight crusades because injustice fills him with a sense of rebellion."

He always fought crusades; he continually rebelled against injustice. And when he died at the age of 51, he was still young. He was a good man who could not stand by doing nothing. He sought to do everything, and he succeeded more than most people ever dream of. Sometimes he was called a gadfly; in fact he was a rare conscience for us all.

To me, he was a loyal friend who spoke with uncommon frankness.

To America, he was a loyal citizen who spoke the uncommon truth.

For him, the crusade is over.

For us, the cause continues—and in his spirit, with the memory to prod us through the man has passed away, let us resolve to seek justice, to search out the best in ourselves, to see and secure the bright possibilities of our country and of democracy itself.

Allard Lowenstein's life leaves us with the philosopher's question: "If not me, who; if not now, when?"●

## WHAT IS THE STATUS OF THE PANAMA CANAL COMMISSION?

● Mr. HELMS. Mr. President, as I have pointed out earlier on the floor, President Royo of Panama wrote to President Carter on January outlining his views on the Panama Canal Act of 1979, that is, the implementing legislation for the Panama Canal treaties. President Royo termed the legislation "illegal" and "unacceptable."

The letter was, in fact, a total rejection of the fundamental status of the Panama Canal Commission as organized under our law. It demonstrated once again that there has never been a meeting of minds on the Panama Canal issue, and that the treaties, in fact, were designed to paper over profound differences in outlook and interpretation of the U.S. role in operating the canal. The Royo letter is printed in the RECORD on page 5207, on March 11.

However, our negotiators ignored those differences, and wrote a text open to obvious ambiguities in semantic interpretation. These ambiguities came out in the Senate debate on the treaties in 1978, but the administration chose to ignore the problems, and resisted every attempt to clarify their meaning and define the U.S. status and rights. When the resolution of ratification was approved by the Senate, the Panamanian foreign ministry issued a lengthy white paper denouncing the administration's interpretations of the treaty, and rejecting the reservations and understanding attached by the Senate. The administration made no attempt to resolve the issues raised by Panama.

Once the exchange of ratifications had taken place, attention turned to the implementing legislation. As the Members of this body are aware, that legislation came in for severe criticism not only in this body but also in the House. The House, in particular, had very strong opinions about the legislation, and, because of this strong interest in the matter, shaped a law which successfully defined many of the problems, even though the administration once again resisted every effort to clarify our status in the canal. At that time, President Royo wrote to President Carter rejecting most of the key aspects of the legislation as conceived by the House. Despite the fact that it was clear that Panama rejected the essential points in the bill, the administration made no effort to resolve the differences either with Panama or with Congress.

Then on January 8, after passage of the legislation, President Royo wrote once again to reject the fundamental basis for cooperation. Once again, the administration ignored Panama's protests. Indeed, the administration proceeded as though nothing at all was wrong. The President sent the names of its five nominees for Panama Canal Commissioners to the Senate. When these nominees testified before the Armed Services Committee on March 7, they said that the President had not yet replied to President Royo. The committee, quite properly, refused to act until President Carter's reply to President Royo was made available.

The administration then proceeded to draft such a letter, but refused to make it available to the public on the grounds of executive privilege. On March 11, I wrote to President Carter urging him to make his letter available. That letter has finally been made available to the public. It now becomes apparent why the administration sought refuge in executive privilege. In the first place, it is backdated to March 3, 4 days before the administration testified to the Armed Services Committee that no reply had been sent. But more important the letter contains absolutely no response to the grave and fundamental issues raised by President Royo in his letter. The President says only that he finds President Royo's objections to be "interesting and useful." He is giving them "the most careful consideration."

Mr. President, imagine if you please, the President of one sovereign nation writing to the President of another. The President of the first nation says that the vehicle being set up for cooperation between the two nations is "illegal" and "unacceptable." In other words, there is no basis for cooperation. The second President simply ignores the objection. Two months later, after prodding from the U.S. Congress, he replies and says that the views of the other are "interesting and useful" and he is giving them "the most careful consideration."

Meanwhile, the President continues as though it were business as usual. He wants us to approve his nominees to the Panama Canal Commission even though the other country thinks the commission is illegal and unacceptable as organized.

Mr. President, this is an impossible situation that is going to lead us further and further into the morass. I think we all admit that, today, Panama is sovereign over the canal. I believed that the 1903 treaty transferred the sovereignty to the U.S. in the Canal Zone; but the Carter-Torrijos treaty unmistakably confirmed Panama as sovereign. We may have treaty rights over the canal, but Panama as sovereign can abrogate those rights whenever she so wishes. That is why I objected to the new treaties.

But we cannot treat Panama today as though she were not sovereign over the canal. If we continue to ignore Panama's objections, we will either have to give up the pretense of following international law and use military force to impose our interpretation of our rights, or we will have to give up the canal entirely. Obviously, no one wants either of those alternatives. Instead, we should use diplomacy to resolve these differences before they escalate into a crisis. But the administration refuses even to state our interpretation of our rights.

Mr. President, I have written once more to President Carter urging him to resolve the differences with Panama before we move ahead with confirmation of the Panama Canal Commissioners. Certainly the fundamental issues should be resolved before the Senate acts. Mr. President, exactly what is our status in Panama? What is the status of the Panama Canal Commission? How is the administration going to respond to President Royo's criticisms? Are we entering into permanent negotiation with Panama over the treaties? Will the positions demanded by the U.S. Congress be further compromised? The people of the United States, and the Members of the Senate, have a right to know before the Senate acts on these nominees.

Mr. President, I ask that my letter to President Carter and President Carter's letter to President Royo be printed in the RECORD at the conclusion of my remarks.

The letters follow:

THE WHITE HOUSE,
*Washington, D.C., March 3, 1980.*

Excellency ARISTIDES ROYO,
*President of the Republic of Panama,*
*Panama.*

DEAR MR. PRESIDENT: Thank you for your letter of January 9. Your comments and observations on various aspects of the Panama Canal treaties of 1977 and the related implementing legislation were interesting and useful. We are giving them the most careful consideration.

I share your views on the importance of monitoring the initial stages of treaty implementation. As you know, the Panama Canal Act of 1979 requires me to make recommendations to the Congress by October 1, 1981, regarding necessary or desirable modifications in the implementing legislation. In preparation for this task, it is important that we identify any specific problems that can be attributed to the legislation itself.

Many of the problems that have arisen so far, however, do not appear to be the result of legislative requirements and so we need not wait for legislative action to address them. In such cases, I believe problems might usefully be referred for study and recommendation to one or more of the committees established by the treaties. The Consultative Committee, with its collaborative and independent views, could be especially helpful.

I am pleased, as I am sure you are, that the spirit of cooperation built up during the negotiation of our new treaty relationship has carried over into the initial period of implementation. Because of the intrinsic technical and political problems, differences of opinion will undoubtedly arise from time to time. But I am confident that we will be able to resolve such differences satisfactorily by building on the firm and successful foundation we have already put in place.

In closing, I want to assure you once again that the United States is as deeply committed to making these treaties work as it was to building the Canal. I look forward to continued cooperation and correspondence on whatever difficulties may arise.

Sincerely,

Jimmy Carter.

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U.S. Senate,
*Washington, D.C., March 26, 1980.*

The President,
*The White House,*
*Washington, D.C.*

Dear Mr. President: On March 11, 1980, I wrote to you concerning the nominations of Messrs. Michael Blumenfeld, John A. Bushnell, John W. Clark, Clifford B. O'Hara and William Sidell to be Panama Canal Commissioners.

At that time I pointed out that President Aristides Royo of Panama had written to you on January 8 terming the implementing legislation passed by this Congress, and signed into law by you as President, to be "illegal" and "unacceptable". By implication, the appointment of Commissioners to an illegal and unacceptable Commission also would be considered illegal and unacceptable by Panama. I suggested that it would be prudent for the Senate to refrain from acting on these nominees until your response to President Royo had been made available to the Senate.

Now that you have made your letter to President Royo available to the American people, I am more deeply disturbed by the lack of substantive response to the Panamanian position. You state that President Royo's views were "interesting and useful", and that the problems involved could be referred to the Consultative Committee set up by the treaties.

This response sidesteps the main issue, namely, that President Royo is calling into question the fundamental basis of U.S.-Panamanian cooperation under the treaties. To call such fundamental criticism "interesting and useful" is to demean the sender. and to disparage the validity of the Panamanian criticism.

Mr. President, until the Administration is prepared to restate its position on the essential validity of the Commission, I do not think that it makes much sense for the Senate to act on the nominations. While many of President Royo's criticisms could be usefully referred to the Consultative Committee, the fundamental questions as to the validity and legality of the Commission's status cannot. I urge you to clarify the Administration's position on the status of the Panama Canal Commission so that the Senate may act intelligently and with dispatch upon the nominees.

Sincerely,

Jesse Helms.●

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## AGENT ORANGE

● Mr. HEINZ. Mr. President, the controversy surrounding agent orange continues to grow. In spite of the apparent wishes of administration officials, this issue will not disappear. We simply cannot follow their advice to postpone further consideration of the plight of our veterans who have been exposed to agent orange. While the Government pursues studies without deadlines, thousands of Vietnam veterans are going uncompensated for—and, far worse, some may die as a result of—disabilities received in service to their country. It is past time for the Congress to act to direct the Veterans' Administration to provide the benefits our Nation owes to those who have served their country and made sacrifices on its behalf.

An article in the March 18 New York Times describes the effects of agent orange in Vietnam and provides further evidence of the serious problems our own veterans must now endure. Mr. President, I ask that this article be printed in the Record and I urge my colleagues to read it, and consider its implications.

The article follows:

### Burnt. Orange.

(By Bill Kurtis)

Chicago.—The Agent Orange controversy has grown dramatically since a small group of veterans attributed their illnesses to the United States chemical defoliant used in Vietnam from 1962 to 1972.

In two years, more than 5,000 veterans have filed claims with the Veterans Administration; others exposed to the herbicide mixture have created the largest product-liability suit in history through a variety of individual actions against the various chemical companies that manufactured the defoliant.

North Vietnamese war veterans exposed to Agent Orange are also complaining of birth defects, and the Government in Hanoi is asking for war reparations to replant the vast forests destroyed by the United States defoliant.

Against this international background, the Vietnamese Government recently granted me a visa to return to Vietnam to inspect the damage to both the land and the people.

An aging Vietnamese river boat carried our party—two professors from Ho Chi Minh University had joined my television crew—north of Vung Tau into the delta of the Saigon River. We cut through choppy waters where American river boats had patrolled so extensively during the Vietnam War.

There had been impenetrable thickets of huge mangrove trees that provided perfect cover for Vietcong guerrillas infiltrating into Saigon (since renamed Ho Chi Minh City), and nearly 260,000 acres became a prime target for Agent Orange. Air Force C-123 planes passed back and forth across the area, spraying a white fog of defoliant until leaves dropped from the trees and then the trees themselves fell into the tidal water. Now, a few sun-bleached stumps are the only hint of what only a decade ago was a thick forest of trees reaching 70 feet into the air, supported by aerial roots extending deep into the mud of the delta.

We were driven northwest of Saigon, deep into Tay Ninh Province near the Cambodian border. No propaganda was needed to dramatize the damage here: 200,000 acres of eucalyptus trees had been reduced to a scrubby landscape. United States biological warfare had wiped out valuable timber throughout much of the 3.5 million acres where it was used.

I remembered that as a youngster I helped my father spray a pasture in Kansas with 2,4,5-T, one of the herbicides in Agent Orange. It killed the blackjack-oak trees and left a beautiful spread of virgin prairie that accommodated several hundred head of cattle. In Vietnam, lush grasses filled much of the empty forest and, it seemed to me, could provide an unexpected benefit. My Vietnamese companions were not amused, however. One said, "We are rice farmers, not cowboys."

Dr. Ton That Tung, one of Vietnam's most prominent surgeons, believes that Agent Orange has had a long-range effect on the people as well as the landscape of Vietnam. Since the war ended, he has been trying to link Agent Orange with an increase in birth defects and liver cancer. When Dr. Tung presented his findings to United States scientists during a scientific exchange visit to the United States last summer, they were disappointed at his lack of data linking the cancer to dioxin, a contaminant found in the herbicide 2,4,5-T. But during his visit Dr. Tung learned of the complaints of American veterans and returned to Hanoi to initiate a study of North Vietnamese soldiers who had been exposed to the herbicide spraying.

He led me into a room in Hanoi's Viet Duc University hospital where 10 couples were waiting. Their children had all been born with severe birth defects. Four children had no eyes, and one three-year-old constantly looked at the stump of his left arm, extending just below the elbow with five tiny appendages growing like small fingers out of the skin. The children were part of his new study, the results of which he felt suggested a significant link between exposure to Agent Orange and the birth defects.

The couples came from Yen Bai, a small town northwest of Hanoi. His surgical team had studied 670 couples, he said. All the men had been exposed to a "white spray from American planes" and had returned to marry women who had not been exposed. Dr. Tung's researchers studied 1,401 pregnancies from 1975 to 1979. They reported 214 abortions and premature deliveries. Among the remaining 1,187 births, his doctors found 43 birth defects, which Dr. Tung interpreted as double the rate he considers normal in Vietnam.

The team compared its findings among the exposed veterans against a controlled group of 116 couples from small towns around Hanoi. The men were civilians and veterans who had not been exposed to a defoliant. Among this group, he found no birth defects and 36 abortions and premature deliveries. Dr. Tung concluded in his reports: "There is a significant differences for the defects between the group of Vietnamese soldiers in the south and the others. About the characteristic of these defects, one must insist on the excessively high frequency of brain defects) nencephaly, microephaly and anophtalmy) in Vietnam on the second generation."

But researchers in the United States found this study just as vague as his attempted linkage of liver cancer with dioxin. Dr. Marion Moses of New York City's Sinai School of Medicine calls it "suggestive" but feels it needs far more work before it could provide the basis for solid conclusions about the effects on humans of exposure to dioxin. Dr. John Bederka, a toxicologist at the University of Illinois Medical Center, finds many inconsistencies in the report that, he says, preclude any conclusions, but he still finds it very "interesting"—the kind of study that should lead to further dialogue between scientists on the subject of dioxin exposure.

Dr. Tung is pressed into every medical task in Vietnam because there are so few specialists in any field. His hospital is so poor it can't even afford modern drugs to treat cancer. The population of Hanoi suffers most from malnutrition. His study may not provide definitive answers to the questions raised in the Agent Orange controversy but it cries out for help from the international scientific community.

I felt Dr. Tung knew of the shortcomings of his attempt at a health survey but hoped his data would provide enough interest so that both countries would begin to search for answers to one of the most controversial issues still left by the Vietnam War: Did the United States chemical warfare leave veterans on both sides with a deadly legacy that they must live with for the rest of their lives?●

## HENRY HEALEY WINS AUTO DEALER AWARD

● Mr. RIBICOFF. Mr. President, Henry F. Healey, Jr., secretary-treasurer of Healey Motors, Inc., a Subaru dealership in Derby, Conn., was named a Time magazine Quality Dealer Award (TMQDA) winner for 1980 at the National Automobile Dealers Association (NADA) convention in New Orleans, February 9.

He is also president of Healey Dodge, Inc., and Healey Car & Truck Leasing, Inc., in Branford, Conn.

I want to congratulate him on winning this award.

Mr. Healey, whose dealership is located at 21–25 New Haven Avenue in Derby, is one of only 70 dealers in the entire Nation selected for the Time honor.

The TMQDA program, sponsored by Time in cooperation with the NADA, annually honors outstanding new car dealers for "exceptional performance in their dealerships combined with distinguished community service." This year's winners were chosen by a panel of faculty members from the University of Michigan Graduate School of Business Administration.

Mr. Healey's award was announced by Michael M. Carey, director of the TMQDA program for Time. He and the other winners received their awards at the opening business meeting of the NADA convention which was attended by over 5,000 people involved in the automotive industry.

A native of Connecticut, Mr. Healey attended the National Sheriffs Institute at the University of Southern California and the FBI Academy at Quantico, Va. He served in the U.S. Navy during World War II and was awarded a purple heart.

He started in the automobile business in 1947 as a salesman for George J. Flint, Inc., a Dodge dealership in Ansonia. In 1949, he opened his own service station which he expanded into a new car dealership. He obtained the Subaru franchise in 1968.

A member of the Connecticut Automotive Trade Association (CATA), Mr. Healey was nominated for the Time award by that organization. He is a member of NADA, a member and past Auto Show Chairman of the Valley New Car Dealers Association and has served on the Subaru of New England Dealer Council since 1972.

Mr. Healey has led his dealership to many honors and was named CATA Dealer of the Year in 1979.

Active in community affairs, Mr. Healey is a director of the Derby Veterans Community Center, the Housatonic Bank & Trust Co., the National Sheriffs Association, and serves on the State of Connecticut Governor's Justice Commission.

His membership includes the Derby Eagles, the Knights of St. Patrick, American Legion, VFW, and the Derby Elks, where he served as exalted ruler in 1954. He also is a member of the neighborhood watch program for senior citizens.

In political affairs, he is a member of the State Democratic Central Committee and was president for 12 years of the Derby Board of Aldermen. He also serves as high sheriff of New Haven County.

Mr. Healey has received many civic honors, including the Civilian Award from Providence College in 1978 and Distinguished Service Awards from the Storms Fire Department in Derby, State of Connecticut Police Commissioners Association, and the Derby Democratic Town Committee.

In addition, he was named Civic Man of the Year by the Central Connecticut Council of U.S. Navy League, 1978, the New Haven East Rock Lodge of Black Elks, and the Hamden, Conn. Italian American Club.

Mr. Healey and his lovely wife, Jean, live in Derby and have six children. Their son, Michael, is vice president of Healey Motors, Healey Dodge and Healey Car & Truck Leasing. Their son Patrick is office manager of Healey Dodge.●

## FIFTIETH ANNIVERSARY OF THE INAUGURATION OF HERBERT HOOVER AS THE 31st PRESIDENT OF THE UNITED STATES

● Mr. HATFIELD. Mr. President, in the series of essays from scholars commemorating the 50th anniversary of the inauguration of Herbert Hoover, I would today like to place in the Record a paper entitled "Poland's Friend" which was written especially for this series by Prof. George J. Lerski of the University of San Francisco, California.

World War I had left much of Europe starving. President Hoover's concern was manifest from the war's outset, as he led efforts to feed the starving in Belgium and other nations occupied by Germany. To accomplish his goals, he had overcome military obstacles, such as a blockade, with his humanitarian appeals. Once the Armistice was signed, Hoover's actions turned toward Poland. He moved expeditiously, knowing that millions faced starvation before the harvest of 1919 would be available.

Under his leadership, the American Relief Administration for the next 3 years provided meals for over a million starving Polish children. Professor Lerski is well qualified to tell the story of Hoover's efforts in the 1920's. As a small child in Lwow, Poland, He himself was a recipient of food under this great humanitarian project.

Professor Lerski's paper is an updated summary of his book, "Herbert Hoover and Poland." Both documents are interesting reading and should help dispel the cold image of Mr. Hoover, perpetuated by later biographers, such as his alleged inability to relate emotionally to the suffering of others.

I request that Professor Lerski's essay, as well as a biographic sketch of the author, be printed in the Record.

The essay follows:

### Biographic Sketch—George J. Lerski

Born: January 20, 1917.

Education: Undergraduate studies: Foreign Trade Institute (A.H.Z.) Lwow, Poland; Law at Jan Kazimierz University of Lwow, Poland, 1936–39; LL.M. in Polish Law (valde bene degree) University of Oxford, England, 1945–46; Graduate studies in American History and History of Political Theory, Georgetown University, 1949–53.

Professional experience: Educational officer, Polish Army in Exile, 1940–42; (Special Envoy ("Emissary") of Allied Headquarters, 1939–45; Private Secretary to Prime Minister of Poland, 1944–45; Visiting lecturer for Council on Asian Affairs and Japan Institute of Foreign Affairs in Japan, 1954; Editor, "Polish Daily," Detroit, Michigan, 1955; Professor of Western History, University of Japan, Tokyo; lecturer, Chuo University Graduate School, Tokyo; Law department, University of Sacred Heart (Seisan University), Tokyo; International Christian University, Tokyo; seminar leader, Japan Institute of Foreign Affairs, Inc., Tokyo, 1955–58; Professor, American History and International Relations, University of Karachi, Pakistan, 1958–60; The Asia Foundation Program Specialist, Review and Development Department, San Francisco, California, 1960-62; Visiting professor of political science, University of Ceylon, 1962–64; Research associate, Hoover Institute on War, Revolution and Peace, Standard, California, 1964–65; Senior research associate, The Asia Foundation, San Francisco, 1965–66; Associate professor, Department of Political Science, University of San Francisco, 1966–68; Professor of History and Government, University of San Francisco, 1969–70; Professor of Modern European History, University of San Francisco, 1970.

Publications: "Herbert Hoover and Poland: A Documentary of a Friendship," Stanford, California: Hoover Institution on War, Revolution and Peace, Stanford, University, 1977.

"Origins of Trotskyism in Ceylon: A Documentary History of the Lanka Sama Samaja Party, 1935–1962," Stanford: Hoover Institute on War, Revolution and Peace, Publication No. 74, 1968.

"A Polish Chapter in Jacksonian America: The United States and the Polish Exiles of 1831," Madison: The University of Wisconsin Press, 1958.

"History of Western Political Thought," Tokyo: Risosna Co., 1958.

"The Economy of Poland," Washington, D.C.: Council for Economic and Industry Research, Inc., 1954.

Editor and co-author: "The Unseen and Silent: Adventures from the Underground Movement Narrated by Paratroops of the Polish Home Army," London and New York. Sheed and Ward, 1954.

### Poland's Friend

Dr. Vernon Kellogg, one of Herbert Hoover's earliest biographers, gives the following, moving account of a march of 32 thousand Polish children to honor Hoover in August of 1919, in Warsaw:

> They marched and marched and cheered and cheered * * * And all went by as decorously and in as orderly a fashion as many thousands of happy, cheering children could be expected to, until suddenly from the grass an astonished rabbit leaped out and started down the track. And then five thousand of these children broke the ranks and dashed madly after him, shouting and laughing. And they caught him and brought him in triumph as a gift to their guest. But they were astonished to see as they gave him

their gift, that this great strong man did just what you or I or any other human sort of human being could not have helped doing under the circumstances. They saw him cry * * *. But the children of Warsaw had no need to be sorry for him. For he cried because he was glad.[1]

As a child in a Lwow kindergarten, I happened to be among the lucky 1,315,490 recipients of the "Hoover Meals" and distinctly remember that as far as America was concerned Mr. Hoover's name was second in popularity only to that of Woodrow Wilson. It is therefore unfortunate that the post war Communist regime failed to restore, in an otherwise laudable effort of rebuilding Warsaw from ashes, the Hoover Square and Monument in the heart of the city so that those growing up in present day Poland are not sufficiently reminded of the great generosity of the man who became America's 31st president. In the period from 1919–1923, the sum total of the American Relief Administration headed by Hoover for Poland reached $200,864,857.73, while more than 150 American relief workers became deeply involved in Poland's needs—the largest such U.S. operation on Polish territory ever, reminiscent of a much earlier outburst of American sympathy to that far away country in the Jacksonian period.[2]

Asked in 1975, by Dr. Milorad Drachkovitch, director of the Hoover Institute Archives, to prepare a book on the experiences of the first U.S. envoy in Poland, Hugh Gibson, I instead proposed to first do the monograph on Mr. Hoover's long involvement in Poland. It was published in 1977, as the first in the series of Hoover Archival Documentaries, with a gracious forward by Senator Mark O. Hatfield.[3] Doing research in the Hoover Presidential Library at West Branch, Iowa, and at the Hoover Institute for War and Peace at Stanford, California, I realized that Mr. Hoover always showed a special interest in the underdog countries starting with his successful operation in German-occupied Belgium. His experiences in many parts of the world, both in engineering enterprises and in relief operations made him by far the most internationally minded member of the otherwise isolationist Harding and Coolidge Administrations.

Moreover, Hoover's insistence on the sort of "seed" help to assist the Poles in building their own relief institutions, as extensions of the network which he set up, created an interesting antecedent and model for post World War II American foreign aid such as the Point Four Program, the Marshall Plan, Food for Peace, the Economic Cooperation Administration (E.C.A.), etc. To be sure, Hoover's free enterprise philosophy determined not only his anti-communist but also his anti-socialist posture, but even in the case of the famine stricken Soviet Russia of Lenin's day, he was ready to serve with his unique organizational talents, the populace of that vast country whose government was not even recognized at that time by the U.S. By the way, such a substantial undertaking would not have been possible without the logistic cooperation of Poland despite her recent war with the Soviet Union.[4]

Unfortunately, the pro-German stance of Hoover's Secretary of State, Henry Stimson, following the Dawes and Young Plans to accommodate German financial grievances over war reparations serve some anti-American official historians of present Poland, (e.g., Professor Marian Wojciechowski) to attack Hoover as the supporter of the German Revisionism responsible for the new *Drang nach Osten* in the Nazi version. The unfortunate interview with the Chairman of the Senate Foreign Relations Committee, Senator William Borah of Idaho, indicating support for the German claims on Gdansk (Danzig) and the so-called Polish Corridor was immediately countered by a White House denial: "A press statement that the President has proposed any revision of the Polish Corridor is absolutely without foundation. The President has made no suggestions of any such character."[5] Hoover remained till the very end of his life one of the staunchest supporters of Poland's independence. Ever since his student days at Stanford he had a particular admiration for Mr. Paderewski, but was even-handed in his respect for Poland's strongman, Marshal Josef Pilsudski:

> Poland is fortunate in having in her leadership two out of the six or seven great idealist statesmen of the world, Mr. Pilsudski and Mr. Paderewski. Upon them the eyes of all liberals in all countries are today turned with hopes for their continued success. The helping hand of all liberal governments will be extended to these men and to the Polish people in the consummation of their task.[6]

In view of the Communist attempts to stifle the truth about Hoover's friendship towards Poland, I was particularly happy with Ambassador Richard Davis' suggestion that a special exhibit in Warsaw be arranged to show the Polish public the great accomplishments of Herbert Hoover and the American Relief Administration (A.R.A.) Present Ambassador William Schauffele seemed equally interested in implementing that project, but after a few phone calls from the State Department nothing further has been done. I believe that it would be most proper and timely to document America's genuine interest in the welfare of Polish children in 1919–1923.

Since President Wilson, the Polish people never had a more knowledgeable and dedicated friend in the White House than that Iowa Quaker who visited the country four times under different circumstances between 1913 and 1946, the last time, to use Hoover's own words, Poland had come:

> Under the heel of Communist oppression. The Polish people for more than a thousand years have suffered under repeated subjugation. But the indomitable spirit of the race has time and again led them out of oppression into freedom.
>
> The spirit of a great race does not die from oppression. A free Poland is not dead. It will rise again; and its people will once more live according to the spirit and the principles of its noble Constitution of 1791—the anniversary of which you are celebrating in your hearts today.
>
> There is more to nations than their soil, their cities, their wealth, and even their government. There is a soul in a great people. That soul is forged in the instincts of their race, their traditions, their heroic struggle, their heroic men, and their genius in art, music and literature. It is steeled in their sufferings. They may be impoverished. But the soul of a great people cannot be crushed. From that their national life and their freedom will rise again and again from the ashes of their homes.[7]

FOOTNOTES

[1] Vernon Kellogg, *Herbert Hoover: The Man and His Work* (New York: D. Appleton and Co., 1920) pp. 4–6. In his own memoirs, Hoover quotes the French Military Attache's comment on the event: "There never has been a review of honor in all history which I would prefer for myself to that which has been given you today!" See *The Memoirs of Herbert Hoover: Years of Adventure, 1874–1920* (New York: Macmillan Co., 1952) p. 360.

The above quotes should help to dispel the inhuman image of Mr. Hoover perpetuated by later biographers such as his alleged inability "to relate emotionally to the suffering of others, . . ." Cf. *Herbert Hoover: Forgotten Progressive* (Boston: Little, Brown and Co.).

[2] Jerzy Jan Lerski, *A Polish Chapter in Jacksonian America: the U.S. and the Polish Exiles of 1831* (Madison: The University of Wisconsin Press, 1958).

[3] George J. Lerski, *Herbert Hoover and Poland: A Documentary History of a Friendship* (Stanford: Hoover Institution Press, 1977).

[4] Harold H. Fisher, *The Famine in Soviet Russia, 1919-23: The Operation of the American Relief Administration* (New York: Macmillan Co., 1927) pp. 176-177.

[5] *U.S. Foreign Relations*, 1931, 1:603.

[6] Lerski, *Hoover and Poland*, p. 83.

[7] "Message of Herbert Hoover read over Radio Free Europe on the 162nd anniversary of the Polish Constitution", in Lerski, *Hoover and Poland*, p. 114.●

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## A NEW APPROACH TO ENERGY

● Mr. HEINZ. Mr. President, a recent editorial in the Washington Post forcefully makes a point about energy policy that we would all do well to heed. The editorial comments on the efforts of the Senate to delete from current law a provision that prohibits utilities from financing energy-conserving improvements in their customers' homes, and it contrasts those efforts favorably with the approach of the House, which has been to make the program more complex than it already is.

At the same time, however, the editorial is making a larger point about energy policy in general—that we need to let economic forces work for us rather than against us in our efforts to achieve energy independence. Utility financing of home conservation improvements takes advantage of an available industry-customer linkage utilizing available technology at a cost per barrel of oil saved that is considerably less than the current price of new oil. This is simple economic good sense, and it is past time that we recognized that and did something about it.

But this is not the only such case. The Mellon Institute's Energy Productivity Center has estimated that if we had invested $364 billion in energy efficiency techniques over the last 10 years, we could have reduced our fuel consumption by 19.3 quadrillion Btu's, and we could have eliminated the need for $401 billion of other expenditures—$240 billion in new electricity generating capacity and $161 billion worth of imported oil. In short, we could have reduced oil imports by 17 billion barrels.

Obviously we cannot have those 10 years back. But we can begin to make up for lost time. We can begin to understand the economics of energy and make it work to our advantage. Mr. President, I spoke to this subject at greater length recently in Philadelphia, and I ask that my remarks and the Post editorial be printed at this point in the RECORD.

The material follows:

### ANTI-CONSERVATION IN THE HOUSE

At a time when the exploding costs of imported energy are leading inflation, and when energy experts are in near-unanimous agreement that conservation offers the largest and lowest-cost near-term energy supply, the House of Representatives has agreed to fight in a House-Senate conference for a provision that will *prevent* the states from adopting one of the most promising conservation opportunities available.

The House set out, as did the Senate, to repair an acknowledged mistake in the Energy Conservation Act of 1978: a provision that prohibits utilities from financing energy-conserving improvements in their customers' homes. The Senate simply deleted the offending provision. The House replaced it with pages of new language that make matters worse.

An aggressive program to improve the energy efficiency of existing homes and businesses could save the country the equivalent of 2.5 million barrels of oil a day by the mid- to late-1980s—an amount equal to two-thirds of the oil now imported from the Persian Gulf states. But if individual homeowners can cut so much of their energy use by making energy efficiency improvement, why aren't more of them doing it? The answer is simple: the relatively high capital cost of the improvements; the time, hassle and difficulty of finding a bank loan; and, perhaps most important, the uncertainty of finding a contractor who knows what to do and who will do a quality job.

Utility financing is one way of solving all three problems. It is not the only way, but until an independent conservation service industry is built up, it is the only way *now available*. A properly regulated utility financing program does something else equally important—it gives utilities a stake in energy conservation. Instead of seeing conservation as a threat, utilities can, under such a program, turn conservation into another way of making a profit.

The key to the feasibility of utility financing is that the necessary home improvements cost much less than the cost of providing new energy to meet growing demand. Specifically, the cost is equivalent to $20 per barrel of oil *saved*, while the average cost of *new* oil is already about $36 per barrel. The difference is so great that a utility can finance the home improvements with low-interest loans, and make a profit, and keep all its customers' bills lower than they would otherwise be—and save energy.

Such programs are not merely wishful thinking; they already exist—in Oregon, California and elsewhere. But if the House position prevails, new programs like them would be illegal. None of the programs now in existence may be the best possible conservation program, but the best way cannot be found by forbidding experimentation in the states. Utility regulation should be left where it has traditionally been—with the individual state public utility commissions. All Congress has to do is lift its previous prohibition and let the utilities help with the job.

### Remarks of Senator John Heinz

Nowhere is a new look at policy more needed—nowhere is this nation more challenged—than in the area of energy.

Energy—the supply of energy and the cost of energy—is going to make the most significant, the most far-reaching, the most long-lasting changes in the American way of life . . . than any other force or factor in our entire history. It is already happening. The fact is that while Jimmy Carter has offered us clinches and cardigans, the American people have waited in gas lines and watched their heating bills skyrocket.

The energy crisis isn't a crisis of supply. There are plenty of energy sources. It is a question of utilizing them wisely.

And it's a crisis compounded by the unhealthy intrusion of government into the energy scene. Of all the bureaucratic nightmares in Washington, D.C., the worst by far is the Carter-created Department of Energy, whose annual budget, paid for by the American taxpayer, is $11 billion.

$11 billion. . . . That's more than the total profits of the seven biggest oil companies put together; that's more than the cost of all the oil we produce in Texas or import from Saudi Arabia in a year.

The energy crisis is not the result of purposely perverse overconsumption on the part of the American people. The American people will cooperate in energy conservation, and they will support energy innovation as long as their leaders take them into their confidence instead of treating them like children who have to be disciplined and regulated into energy submission.

While the key to our energy future is to reduce our use of imported oil, the United States is becoming daily more dependent on imports. In recent years our oil supplies from foreign sources have almost doubled. OPEC now provides almost half our oil. And if current trends continue we will be even more dependent on oil imports as we move into the energy-troubled 1980's.

The results of this dependence are painfully clear—in the economic and political intimidation we are subjected to by foreign oil producers.

We also see and feel it in the inflation which is led by soaring fuel prices, and which is eroding our purchasing power. We see it in the trade deficits which are robbing American industry of needed capital for expansion. And reduced capital investment means loss of jobs.

Everywhere we look we are reminded of one simple fact: our national energy policies have failed.

That is because the policies set by the Carter Administration have been self-contradictory.

The President's programs, planned to the last detail and administered by bureaucracies like the Department of Energy, have met inevitable failure.

Why? Because they ignore the basic economic forces that are capable of producing the energy results we want, and need, and, finally, must have to prosper as a nation.

I submit that we need a thorough reversal in our energy policy. The system of haphazard regulation we have been burdened with is clearly not the answer.

We need, instead, a policy which places a greater reliance on the marketplace and incentives to people not just to produce the energy we need—but to assure that we use our energy more wisely. We need to give incentives to unconventional sources such as solar and geothermal energy as well as to conventional sources. And we also have to start thinking about conservation as a source of energy supply.

Market regulation versus free market choice are two dramatically different ways of looking at energy. But the most dramatic difference between them is in their results: one will work; and one won't.

To understand why the Carter system of selective regulation cannot work, let's look at some of the fallacies and the failures of this administration's energy policies.

The Administration's operating assumption is that government can selectively allocate, regulate and price-fix a national system of energy efficiency and conservation.

It presumes that detailed regulations and narrow, technology-specific incentives will channel future energy use and conservation in the direction desired.

But consider some of the results of this monolithic way of thinking—two years ago the President proposed a program to discourage the installation of oil and gas boilers for new electric generating plants. This policy, as expected, increased the market for coal.

But last year, when we suddenly found ourselves with a surplus stock of natural gas, the President shifted to encouraging the use of natural gas instead of coal for generating electricity. And then, literally yesterday, the President sent down new specifications for conversion back to coal.

—Or you may remember how the Administration encouraged homeowners and commercial business to retrofit as a conservation measure. But then, with the help of Congress, it imposed a ban on utilities moving into the retrofitting business. This contradictory self-defeating move stopped utilities from making loans to customers to insulate and retrofit their homes under a plan whereby those customers could pay back the loan as part of their monthly utility bill.

The list goes on. But long or short, it illustrates one significant point: when conflicting, burdensome government policies get the marketplace for energy coming and going, the marketplace for energy gets nowhere.

But that need not be the case. We can institute an energy policy that corrects these distortions so that all energy sources will be able to compete more freely and on an equal footing.

We can achieve an energy policy of optimum economy by providing incentives for all energy sources, and by providing a positive motive for individuals and businesses to conserve and to adapt to changing energy conditions.

If we really mean to let the market work, and if we really want to provide an equitable and productive incentive system, I think we must start looking at energy in an entirely different way than we have in the past.

For example, we have to begin by asking the most basic question: What is energy? Is it coal, or oil, or a panel that traps the sun's rays? Or is energy a warm house, hot water, a moving freight train, or a microphone that amplifies my voice? Whether these results are provided by oil, natural gas, or solar power isn't of primary importance to us. What is important is how much fuel, and at what cost, is needed to obtain the energy services we want.

If we start thinking about energy in these terms, then incentives to conserve it and use it efficiently will naturally take precedence over efforts to allocate and direct the specific use of specified energy sources. The results of this change of approach will be immediate and substantial. According to the Mellon Institute's Energy Productivity Center, if we had invested $364 billion in energy efficiency techniques over the last ten years, we could have reduced our fuel consumption by 19.3 quadrillion BTU's. But more significantly, this would have eliminated other costs of $401 billion—$240 billion worth of new electricity generating capacity and $161 billion worth of imported oil—for a total savings of $36 billion. We would not have had to sacrifice any of the services derived from energy use, and we would be importing significantly less oil. In fact, we would have reduced oil imports by 17 billion barrels—the equivalent of the entire annual oil output of Saudi Arabia for six years!

As this example shows, energy can be acquired from the more efficient use of fuel equally as well as from the opening up of new sources. That is not a new idea. What is new is the idea that the achievement of greater energy efficiency should not be dependent upon the dictates, controls, and specifications of the government. And what is new is the idea that energy efficiency can be better achieved through the free choice of an informed public operating in the economic marketplace. What is new is that energy efficiency pays . . . if we let it.

We must abandon the idea that the Federal Government knows what is best for each and every home or industry, and instead focus on the economic sense of energy consumers provided with good information.

I suggest, therefore, that we re-orient our policies in line with a new energy efficiency strategy. This strategy would be directed to one end: the identification and removal of the institutional barriers in our economy that prevent the energy consumer from doing what makes most sense economically.

Such a strategy does not mean more large federal programs.

For example, in the residential sector, we need house-by-house examinations of energy use patterns and case-by-case recommendations for needed improvements by qualified experts.

This is the "house-doctor" concept, suggested in a study by Princeton University, and it is a step in the right direction.

The question is how to get people to do it. One way would be to provide a tax credit to anyone who had such a residential analysis performed. Another way would be to give people an annual tax credit on the energy savings they realize from year to year. Such an energy conservation tax credit would work as follows:

For the average homeowner, all fuel bills would be combined into one formula to establish how many BTU's the howeowner consumed in a given year. Thereafter, if that homeowner can establish that his home's consumption of energy declined from one year to the next, he would receive a tax credit that would be deducted from the Federal Income Taxes he owes each year.

For the automobile driver, the system would work largely as in prior years when people were permitted to deduct the federal excise taxes on gasoline from their federal income taxes. Only now, instead of being rewarded by the Treasury for consuming more gasoline, the taxpayer will be rewarded for consuming less.

In the commercial and industrial sectors, this energy efficiency strategy means a similar case-by-case analysis and the widespread adoption of techniques like cogeneration to take advantage of energy that currently goes to waste. This means a very different approach.

For example, right now, General Public Utilities is launching an innovative effort to make not just the supplying of electricity, but the conservation of electricity its business. Short on capital and forced to review its entire operation due to the events at Three Mile Island, this utility company has realized that it can't follow the traditional course of simply building more power plants to meet increased demand.

Instead, it will be working with all its customers—residential and commercial—to reduce demand by increasing the efficiency of current energy use and by developing their energy "sense".

It believes this will result in lower consumer costs and be more profitable than building power plants.

We must remove the institutional barriers erected by government to competition and ingenuity. And we must create an institutional structure that will show people how they can save at the same time that we are making it economical for them to do so. For as the "house-doctor" proposal illustrates, people do not necessarily know how to save energy, even if they want to, and therefore will not invariably or automatically do the right thing without information and help.

We need a new kind of energy policy which provides incentives for performance; which removes barriers rather than erects them; which reduces the role of government rather than increases it; and which is intelligence-intensive and cost reducing, rather than spending-intensive and cost increasing.

A policy which encourages people to be smart about their own energy use and planning.

This is a particularly important policy change because of the serious capital shortage our economy is experiencing. We just cannot afford to throw money away or invest one more non-productive dollar.

The policy I propose is one which is right for today, right for tomorrow, and right for America.●

## MILWAUKEE RAILROAD RESTRUCTURING ACT

● Mr. JEPSEN. Mr. President, the Congress passed the Milwaukee Railroad Restructuring Act in November of last year and one of the major provisions was to provide certain protections for Milwaukee Railroad employees. The act allocated $75 million for a smooth and responsible settlement of labor-related problems which may arise as workers lose their jobs and work their way into new ones on the lines.

However, I have heard nothing but complaints from ex-Milwaukee employees about the "mass confusion" they confront when seeking assistance under the restructuring act.

Because of my concern that this issue must be resolved immediately, I have sent letters to Department of Transportation Secretary Goldschmidt, Interstate Commerce Commission Chairman Gaskins, and Presidential Assistant Stu Eizenstat asking for a swift investigation of the enactment of the labor protection clauses in the act. It is time the agencies get themselves together to make sure that those benefits are received by the people in Iowa who need them.

Mr. President, I ask that the text of my letter to Secretary of Transportation Goldschmidt be printed in the Record.

The letter follows:

U.S. Senate,
*Washington, D.C., March 25, 1980.*

Hon. Neil Goldschmidt,
*Secretary, Department of Transportation,*
*Washington, D.C.*

Dear Mr. Secretary: In November of 1979, the Milwaukee Railroad Restructuring Act passed the U.S. Congress and was signed by the President. The legislation contained provisions for the protection of Milwaukee Railroad employees. However, in recent months I have received hundreds of complaints from Milwaukee employees in my state who have been hit with mass confusion as they attempt to seek compensation or assistance. In the following paragraphs, I will outline some of the problems.

According to the Railroad Retirement Board, the Milwaukee Railroad is responsible for administering separation allowance, interim employee assistance, employee incentive compensation, and moving expenses. Apparently, there is some question as to what the Railroad must be accountable to the Railroad Retirement Board for as regards their actions in these areas.

For instance, we have reliable reports that some of the railroads taking over the Milwaukee lines have hired new people off the streets when there were Milwaukee employees ready and willing to take those same jobs. This appears to be a violation of the law and must be addressed.

We also asked the Milwaukee Railroad whether they would create an organized system to enable disrupted employees to exercise their seniority rights as is required. The answer was "no." This has created complete chaos. Employee A has 15 years on the job, is approved by the supervisor for the area, and begins to work, perhaps even moving to the new locale. Along comes employee B with 20 years experience and he then bumps employee A who thought he had found permanent employment.

The sensible way to alleviate this situation is to compile a list of all employees and their seniority within a 125 mile radius.

The most senior would be asked if he wants to exercise his seniority, then the second most senior employee, and on down the line. If the Milwaukee Railroad is unwilling to institute such a system, can you instruct them to do so?

According to the Milwaukee Railroad Restructuring Act, $75 million was to be made available to the Milwaukee to allow for a smooth and responsible settlement of labor-related matters. Has the Railroad received the money? If so, it is obviously not being used in a responsible manner. The Milwaukee Railroad and the other parties involved must be held accountable to the Milwaukee employees.

A clarification of the Milwaukee Railroad Restructuring Act's labor protection provisions is desperately needed—not at some future date, but now, when the situation is volatile. I therefore respectfully request that the Department of Transportation, the ultimate overseer of the restructuring plan, immediately analyze and clarify the situation so that the employees will be treated fairly and equitably by all parties.

The employees are confused and bewildered; they do not know where to turn for the answers. I look forward to your forthcoming reply clearly defining those answers.

Sincerely,

Roger W. Jepsen,
*U.S. Senator.*●

## INTEREST RATE REDUCTION

● Mr. BAYH. Mr. President, I have joined Senator Magnuson in cosponsoring Senate Resolution 392 calling upon the Federal Reserve System to immediately take steps to reduce interest rates.

What I want to convey is a sense of urgency. I believe that the Federal Reserve does not fully appreciate the impact of its policies on people who have to live with them. Monetary aggregates and targets are numbers and dots on a piece of paper or computer printout. However, I have been receiving calls and letters from people who are telling me that tight money is not just a theoretical concept.

What my constituents are telling me about is the inability to purchase a home, the inability to plant a crop, the inability to finance a floor plan for a Chrysler dealership, loss of jobs, and bankruptcy, all because banks will not grant credit or because the price of that money is so much higher than it has ever been before.

I want to convey that the recession in my State of Indiana is already a reality. It is not something that may come in the future. It is here, it is deep, and no end is in sight. Nevertheless, the Federal Reserve continues to tighten the monetary noose.

We had 9.3 percent unemployment in Indiana in January, the third highest in the Nation. In the Anderson area 9,800 people were out of work which is 16 percent of the labor force. Anderson is not a Chrysler community. It is a General Motors community. Motor vehicle production in the United States fell to about 58 percent of last year's level in January.

Now the reason for this is not hard to find when consumer credit costs are at record highs. What is happening is that not only are people not able to buy homes and autos, but business cannot finance investments which they need to survive over the next few months. What is going on is particularly adverse to small business enterprises that used to be able to obtain financing from local banks at reasonable rates of interest. However, now independent businessmen simply cannot afford to borrow at present rates.

The recession is here, yet the Federal Reserve Board continues to raise interest rates by adhering to their monetary targets which won't have much impact on reducing inflation for several years. In the meantime, they are greatly aggravating inflation because interest rates not only impact on the consumer price index, but also affect the cost of everything we buy and everything that has to be refinanced.

The impact of high interest rates is immediate. Unlike in previous recessions, money does not dry up creating an immediate recession. Instead the price of money goes out-of-sight, intensifying the inflation which ultimately will cause an even deeper recession. That is why people are really scared.

Back in October, we were told that there was going to be a new type of monetary policy. The Fed was going to concentrate on limiting the supply of money rather than stabilizing interest rates. As a result, interest rates have skyrocketed to all time highs.

Now I would like to see monetary policy conducted by stabilizing monetary growth rather than having the Federal Reserve put on the brakes 1 month and step on the accelerator the next. Unfortunately, I think the policy has already been sufficiently restrictive to guarantee the recession the Federal Reserve seems so intent on creating. Its present policy only aggravates the recession and aggravates the rate of inflation going into it.

I have opposed creating recessions to fight inflation in the past and I continue to do so. They reduce productivity, halt new investment, and cause budgetary deficits of enormous proportions. Fiscal restraint is not designed to create a recession, but to provide an alternative to present monetary policies which threaten to engulf our economy with high unemployment, high interest rates, high inflation, and stagnation.

I believe that in view of the congressional willingness to balance this budget, that the Federal Reserve has good reason to back off its severe stance and allow fiscal restraint to play a larger roll in controlling inflation rather than the meat ax of monetary policy.

What present Federal Reserve policy insures is that the inflation rate going into the recession will be higher than it otherwise would be and that it will emerge from the recession at unacceptably high levels of inflation.

I join in this resolution because I believe the Fed has already overreacted to short run energy price increases. It is the energy component of the index which has driven up inflation rates to 18 percent annually in January and February. What the Fed is doing is adding fuel to the fire by driving up interest costs.

When combined, the consumer price index is going to embed these energy and interest charges in social security benefits, employment contracts, consumer prices, and the underlying inflation rate. Because inflation is so hard to bring down once begun, these additional increments will be paid for dearly over a long period of time in the future.

Therefore, I urge the Fed to carefully examine the current trends in housing, auto production, and business investment, and weigh the double costs its present policies will have on both inflation and recession against whatever potential benefits it anticipates receiving in the future.●

## MESSAGE FROM THE HOUSE ON HOUSE CONCURRENT RESOLUTION 309 TO BE HELD AT THE DESK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a message from the House of Representatives on House Concurrent Resolution 309 be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

## UNANIMOUS-CONSENT AGREEMENT—SENATE RESOLUTION 374

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Tuesday, April 1, at 1:50 p.m., the Senate proceed to the consideration of Calendar No. 672, Senate Resolution 374, on which there is a time agreement; that upon the expiration of the time for debate or the yielding back of the time, the Senate proceed to vote on the resolution; that following the disposition of the resolution, the Senate then return to consideration of S. 1946, the then pending business, the rail deregulation bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

## MESSAGE FROM THE HOUSE ON HOUSE JOINT RESOLUTION 520 TO BE HELD AT THE DESK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as a message from the House on House Joint Resolution 520 arrives in the Chamber, it be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER FOR CONSIDERATION OF FIRST CONCURRENT BUDGET RESOLUTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the reconvening of the Senate following the Easter holiday, on Tuesday, April 15, following the recognition of the two leaders under the standing order, the Senate proceed to the consideration of the first concurrent budget resolution, if it is available at that time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

## EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session, for not to exceed 2 minutes, to consider the nominations on the Executive Calendar, beginning on page 2, with "Department of Defense."

Mr. BAKER. Mr. President, reserving the right to object and I will not object—the reservation is to advise the majority leader that the items identified are cleared on our Executive Calendar and we have no objection to their consideration and the confirmation of the nominations.

Mr. ROBERT C. BYRD. I thank the distinguished Republican leader.

Mr. President, I ask unanimous consent that the nominations be considered en bloc and confirmed en bloc, that a motion to reconsider the votes en bloc be laid on the table, that the President be immediately notified of the confirmation of the nominations, and that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

### DEPARTMENT OF DEFENSE

William Eldred Peacock, of the District of Columbia, to be an Assistant Secretary of the Army.

### THE JUDICIARY

Robinson O. Everett, of North Carolina, to be a judge of the U.S. Court of Military Appeals.

(New Reports)

### DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Cesar A. Perales, of New York, to be an Assistant Secretary of Health, Education, and Welfare.

### DEPARTMENT OF THE TREASURY

Curtis Alan Hessler, of the District of Columbia, to be an Assistant Secretary of the Treasury.

## LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senator from North Carolina (Mr. HELMS) is recognized.

## THE POOR JUDGMENT OF U.S. AMBASSADOR WHITE

Mr. HELMS. Mr. President, the assassination of Archbishop Romero in El Salvador by an unknown assassin has brought the political climate in that embattled nation to the brink of explosion.

In this tense atmosphere, the new Ambassador to El Salvador, Robert White, has seen fit to add to the confusion, tension, and suspicion now running rampant in El Salvador by the Ambassador's very unwise press statement, distributed yesterday by United Press International.

Mr. President, only 2 days after the administration in Washington announced to Congress that Fidel Castro's Cubans were involved in large-scale gun running and subversion in El Salvador, Ambassador White has seen fit to circulate rumors, unconfirmed by any other American official, about the alleged hiring of a small band of anti-Castro Cubans to wage war against the left in El Salvador. Ambassador White also carelessly implied, apparently without providing any evidence, that the killing of Archbishop Romero was the work of what he described as a rightwing plot along the lines of "The Day of the Jackal," in France.

Mr. President, one wonders what Ambassador White is trying to accomplish by airing in the news media such unconfirmed speculation on the eve of the Archbishop's funeral.

Such statements by the U.S. Ambassador will be assumed to be based on more than idle speculation or rumor. It will be assumed that the Ambassador's comments would not have been made without verification by U.S. intelligence agencies or equally reliable sources. Ambassador White's remarks will inevitably add to the atmosphere of tension, violence, and suspicion now pervading in El Salvador.

Moreover, Ambassador White's comments about the rumored involvement of "anti-Castro Cubans," as he identifies them, will provide a propaganda bonanza for the Communists and other far-left elements in El Salvador. They will claim that Castro's large-scale gun running and terrorism are entirely justified in view of the charges by the U.S. Ambassador that anti-Castro Cubans are waging war against the left in El Salvador.

Mr. President, perhaps someone can explain why Ambassador White has been repeating charges of this nature at such a critical, crucial moment. Perhaps someone can explain why no other American official has thus far been able to confirm the charges circulated by Ambassador White. Perhaps someone can explain how Ambassador White's public speculation, and that is all it is, public speculation, about the assassination of Archbishop Romero and the involvement of "anti-Castro Cubans" served American interests in any way. Perhaps someone can explain how Mr. White's statement to the press served any purpose whatsoever other than to add to the explosive atmosphere in El Salvador on the eve of the archbishop's funeral.

Mr. President, I am today sending a letter to Secretary of State Vance requesting an explanation, and I ask unanimous consent that this letter, together with a copy of the original United Press International account of Ambassador White's comments be printed in the RECORD at the conclusion of my remarks, along with an assessment of Ambassador White's performance by a major Paraguayan newspaper on the eve of his departure from his last ambassadorship.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HELMS. I thank the Chair.

Mr. President, Ambassador White's conduct in his new position has demonstrated very questionable judgment and dubious professionalism.

As Senators may recall, the Senator from North Carolina was apprehensive about Ambassador White at the time of his nomination. That is why I opposed his confirmation.

I thank the Chair and I yield the floor.

EXHIBIT 1

U.S. SENATE,
*Washington, D.C., March 27, 1980.*

Hon. CYRUS R. VANCE,
*Secretary of State,*
*Department of State,*
*Washington, D.C.*

DEAR MR. SECRETARY: I am greatly concerned by remarks to the press made yesterday in El Salvador by Ambassador Robert White.

Ambassador White apparently disclosed to the press that he had received reports—which other members of the American Government say are unconfirmed—that anti-Castro Cubans have been hired by the right to wage war against the Salvadoran leftists, and that a professional killer had been retained to assassinate Archbishop Romero.

Ambassador White proceeded to compare the Archbishop's assassination with the Day of the Jackal episode. Even if the Ambassador did not mean to suggest that the right wing was responsible for the killing—as was the case with the French comparison—the careless analogy will certainly draw others to such a conclusion, and add to the tension and suspicion in San Salvador on the eve of the Archbishop's funeral.

However, in discussions yesterday with officials in the White House, State Department, and other agencies of the U.S. Government, my associates and I were unable to find even one officials who had certain knowledge as to the identity of Archbishop Romero's assassin, or had seen reliable evidence about the hiring of anti-Castro Cubans. Some officials speculated that the assassination was, in fact, the misguided work of a right wing fanatic. But others believed it likely that the killing was a provocation by the far left in El Salvador with the hope of creating a martyr, adding to local unrest, and discouraging the American Government from providing security assistance to the Government of El Salvador.

Regardless of what the facts may subsequently prove to be, I am appalled at Ambassador White's lapse of judgment. And I have several questions in connection with this episode:

1. Did Ambassador White have knowledge of the involvement of anti-Castro Cubans, or was he simply circulating rumors?

2. Does Ambassador White know who killed Archbishop Romero, and if so, has he conveyed this information to his colleagues in the U.S. Government?

3. What American interest was served by Ambassador White's lending official credibility to reports of involvment of anti-Castro Cubans in El Salvador—only one day after official American confirmation of large scale interference and gun running in El Salvador by Castro?

4. Did Ambassador White use good judgment in airing these opinions, especially at a volatile time in El Salvador?

I enclose a UPI report on Ambassador White's remarks. UPI officials in New York advise that they stand by their story.

Sincerely,

JESSE HELMS.

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### REPORTS OF ANTI-CASTRO CUBAN TERRORISTS, SALVADORAN FORCES PLACED ON ALERT

(By Juan D. Tahayo)

SAN SALVADOR, EL SALVADOR.—U.S. Ambassador Robert E. White said Tuesday he had reports anti-Castro Cubans have been hired to wage war against Salvadoran leftists and that a professional killer assassinated human rights advocate Archbishop Oscar A. Romero.

White, in an unusually candid interview, also said the Salvadoran Government ordered its 15,000-man armed forces on full alert and is considering an overnight curfew to crush any violent reaction to Romero's assassination.

But thousands of Salvadorans, rich and poor, marched peacefully through a Capital still rocking from terrorist bombs to pay a tearful homage to the assassinated Archbishop.

White said a Salvadoran Government official he would not identify told him a "small group" of anti-Castro Cubans, hired by Salvadoran rightists, were in the violence-torn Central American nation and may be responsible for part of a string of 27 high-explosive bombs that went off early Tuesday throughout the country.

The U.S. Ambassador, who came to El Salvador to take up his post only three weeks ago, also said the ruling military-civilian junta was considering clamping an overnight curfew and ordered all 15,000 troops on "full alert" because of Romero's assassination Monday night.

There were widespread fears the slaying of Romero, a steadfast defender of human rights who was nominated for the 1979 Nobel Peace Prize, would trigger massive anti-Government protests throughout the largely poor nation of 4.8 million.

White said he had been told by experts that Romero's slaying—with an explosive 22-bullet in the heart—was the work of a "paid, professional marksman."

"This seems to be a 'Day of the Jackal'-type assassination," White said, referring to the novel by Frederic Forsythe in which a professional assassin tried to kill the late French President Charles DeGaulle.

In Washington, Secretary of State Cyrus Vance reaffirmed American support and aid for El Salvador's centrist junta despite the "criminal assassination" of a leading religious critic and human rights advocate.

"We hope this tragic event will not throw things off the track and derail the positive and constructive progress the junta has been making," said Vance.

An estimated 5,000 people joined a procession carrying Romero's body from the Polyclinic Hospital to the Sacred Heart Basilica. Another 3,000, mostly peasants, waited outside the Basilica where the popular Archbishop had given his packed Sunday homilies that invariably demanded an end to repression.

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### EL SALVADOR ASSESSES AMBASSADOR WHITE'S PERFORMANCE

Mr. White's diplomatic mission in Paraguay ended along with the seventies, and he withdrew at the beginning of the eighties. He served as U.S. ambassador for just 2 years, but in that time, he got involved in episodes full of incidental controversies and heated polemics whose effects will probably endure until his successor manages to make us forget them. This was the reason for his promotion to the post of ambassador to El Salvador, where this jump ahead in his career—as an American historian said—will be marked by the scares which he undoubtedly will experience every day in that convulsed country, where his presence is more necessary than ever, not only to guide El Salvador's revolutionary junta, but also to preserve the legitimate interests of the United States. In this worthwhile and different task we honestly wish Mr. White the success he was unable to attain in our country.

At the beginning of this commentary we spoke of decades and not years because during the decade we got to know a number of U.S. ambassadors who came here, observed, worked and mingled with the official, political, social and cultural circles of the country and left with the sense of a job well done and surrounded by the affection, the regard and even the admiration of those who had the pleasure of knowing them. It would suffice to mention White's predecessor, George W. Landau, who was also his antithesis and this is why White's new diplomatic style—which caused his promotion into El Salvador's volcano—was so shocking to our idiosyncrasy.

Mr. White, who is an exceptional and intelligent diplomat, knew very well that he had not awakened any enthusiasm among us, only in the minute world of the mini-opposition. Thus, when he prepared the agenda for Mr. Eaton, deputy assistant secretary Inter-American affairs of the State Department, he took special care to include a working luncheon with the members of the national accord, providing—on the basis of his own friendly preferences—four seats for the Authentic Radicals and only two each for their equals and associates, the Febreristas and the Christian Democrats.

In addition, he accepted Mr. De Lara Castro's invitation to attend the only reception (vino de honor) arranged to bid him farewell, since he could hardly miss it, being the acknowledged expert in human rights. He hardly concerned himself with the opposition recognized by the JEC (Central Electoral Board) and represented in both chambers of the Congress, and only as a formality invited a few of its members to the reception in honor of Mr. Eaton, an occasion of which he took advantage to bid farewell socially to some government officials and members of the diplomatic corps, but especially to the opposition as a whole. The Radical Liberal and Liberal leaders felt snubbed and decided to protest their exclusion from the working luncheon. However, they mistakenly protested to Mr. Eaton—who, upon his arrival, had found ceremonies already prepared and invitations issued—and not to Mr. White, who had arranged the agenda.

In any case, Mr. White is gone! He left in a simple and austere manner in the midst of general indifference, that is, without saying goodbye as other ambassadors have done and as did George Landau, who said farewell to Paraguay fully satisfied and happy at having attained a degree of success which no other U.S. ambassador had ever attained and surrounded by the affection, the friendship and the regard of all social and political circles of the country, including the mini-opposition which monopolized Mr. White's attention and concern for 2 years. This is why we feel nothing in connection with his departure. We owe him so little! A mere acquaintance of a formal social or diplomatic nature and a marked decline in the formerly exceptionally friendly relations between our two countries. Nevertheless, and although he did not care to say goodbye to us, we want to tell him politely: Goodbye, Mr. White, and better luck in El Salvador!

The PRESIDING OFFICER. The Senator from Massachusetts (Mr. TSONGAS) is recognized.

Mr. TSONGAS. Thank you, Mr. President. I also wish to thank the Senator from West Virginia for taking the chair.

## THE RESEARCH REVITALIZATION ACT OF 1980

Mr. TSONGAS. Mr. President, I recently introduced the Research Revitalization Act of 1980, S. 2355, which can help rebuild an eroding foundation of the American economy. This legislation creates a cost-effective mechanism to encourage research with practical applications in business and industry. It is a vital antidote to economic stagnation and declining productivity.

The Research Revitalization Act provides an incentive for the private sector to invest in research and development on university campuses. The incentive mechanism is straightforward—a nonrefundable credit for 25 percent of the amount contributed in cash to a tax-exempt research reserve. The maximum credit is 5 percent of the business's income. A deduction is allowed for payment from the reserve if it is used for research by colleges and universities. There are penalties if reserve funds are used other than for basic research and if funds are retained in the reserve for more than 4 years.

This legislation faces up to current research conditions. During the 1960's and 1970's, there has been a gradual shift of university efforts away from industrial needs. The Federal Government now funds 70 percent of university research. Washington effectively controls the direction of much of the basic research done in the United States. Federally funded research has failed to lead to commercialization of enough productivity-enhancing developments.

The Research Revitalization Act will promote greater industry involvement in the basic research done at universities. It will restore some of the cooperation between industry and academia due to low return on investment. The bill recognizes that the benefits of innovation spread throughout an industry, and that it is in the national interest to encourage them. Federal spending on research and development, as measured in constant dollars, is falling. We have a national obligation—and opportunity—to do more.

During the Vietnam war and previous conflicts, defense spending served as a major Federal stimulant on technology, much of which had civilian applications. Now we need to stimulate research and development under a more positive condition—peace. The Research Revitalization Act creates a simple, straightforward mechanism to move in this important direction.

This is an effective first step toward revitalizing research and development in order to increase innovation and productivity. Our compounding economic problems indicate that the time is overdue. The current trade deficit is about $25 billion annually. Internationally, America's competitive edge is disappearing. U.S. productivity stopped growing in 1978, and dropped 3 percent last year. Without more productivity, the standard of living for Americans cannot climb. If productivity is allowed to atrophy, it will besiege us in a vicious circle: Profits and wages will shrink, foreign trade will stagnate, and inflation will loom even larger.

Mr. President, the research revitalization Act of 1980 can catalyze research and development in areas most likely to pay off practically. Representative VANIK has introduced it in the House of Representatives as H.R. 6632. I urge my colleagues to consider its simple, efficient approach to the urgent problem of lagging innovation.

Mr. HELMS. Mr. President, I suggest the absence of a quorum

The PRESIDING OFFICER (Mr. TSONGAS). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## RECESS

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to and at 4:54 p.m. the Senate recessed until tomorrow, Friday, March 28, 1980 at 12 meridian.

## CONFIRMATIONS

Excutive nominations confirmed by the Senate March 27, 1980:

### DEPARTMENT OF DEFENSE

William Eldred Peacock, of the District of Columbia, to be an Assistant Secretary of the Army.

### DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Cesar A. Perales, of New York, to be an Assistant Secretary of Health, Education, and Welfare.

### DEPARTMENT OF THE TREASURY

Curtis Alan Hessler, of the District of Columbia, to be an Assistant Secretary of the Treasury.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify be- the Senate.

### THE JUDICIARY

Robinson O. Everett, of North Carolina, to be a judge of the U.S. Court of Military Appeals for the remainder of the term expiring May 1, 1981.

# HOUSE OF REPRESENTATIVES—*Thursday, March 27, 1980*

The House met at 11 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious Lord, we thank You for the abundance of Your spirit and the magnitude of Your mercy. We praise Your name that You lift up saints and prophets of the faith who proclaim Your kingdom, who testify to the truth and who call us to repentance. Give us ears to hear and eyes to see Your mighty works, not only in ages past, but in the lives of Your people this day. Make us sensitive to Your word and open to Your leading that justice will roll down like waters, and righteousness like an ever-flowing stream. Amen.

## THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2269) entitled "An act to extend the Emergency Agricultural Credit Adjustment Act of 1978".

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2427. An act to encourage greater participation in the farmer-held reserve program for corn and wheat, and for other purposes.

## RESOLUTION INTRODUCED EXPRESSING DEEP CONCERN OF CONGRESS OVER PLIGHT OF CAMBODIAN PEOPLE

(Mrs. SPELLMAN asked and was given permission to address the House for 1 minute and to revise and extend her remarks).

Mrs. SPELLMAN. Mr. Speaker, the late humanitarian Albert Schweitzer, upon receiving the Nobel Prize in 1952, remarked that we "don't live in a world all alone. Our brothers and sisters are here too." It is with similar emotions that we introduce this afternoon our resolution expressing the deep concern of Congress over the continuing plight of the Cambodian people.

It is perhaps a measure of the seriousness of our foreign problems that the tragedy that is Cambodia today has been pushed temporarily from the front pages. The pitiful scenes of suffering and starvation no longer stare out at us daily from our newspapers nor flash nightly across our television screens. But the crisis is no less real. And we in Congress—if we have any feeling, any compassion at all—can no more ignore the situation in Cambodia today than we can ignore our problems in Iran and elsewhere around the globe.

We do not live in the world all alone. The people of Cambodia are indeed our brothers and our sisters. We cannot turn our backs on them. We cannot sit by and let war and starvation threaten their very existence.

The women Members of Congress played a crucial role last fall in focusing world attention particularly on the plight of the Cambodian children. The result was an unprecedented outpouring of concern that helped ease the crisis over the next few months.

Today, we plead not just for the children, but for all Cambodians. We must do what we can to help them in this, their new hour of need. We urge continued humanitarian assistance. We ask an immediate withdrawal of all foreign troops. We demand no more than the protection of their fundamental human rights. And we ask the support of all Americans in this effort. We do not live in a world all alone. And we cannot ignore the plight of the Cambodian people in light of the grave threats they now face.

## WHAT TO DO IN IRAN?

(Mr. DEVINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. DEVINE. Mr. Speaker, our President and the State Department continue to flounder around wondering what to do about the hostages illegally in custody after 145 days.

Remedies are available but unused due to timidity and indecision, including economic and military blockades.

Like so many others, hitting them in the pocketbook might well get the attention of that fanatic and radical Ayatollah Khomeini and his so-called students.

Accordingly, I have today introduced a House joint resolution to fine Iran at the rate of $25 million per day for each day the hostages remain in custody and authorizing payment from the blocked Iranian assets, starting immediately.

I urge my colleagues to cosponsor this legislation, demand immediate hearings, and support from the President.

## DEADLINE SHOULD BE SET FOR RELEASE OF HOSTAGES

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, I was shocked to see on television last night that Iranian citizens are continuing to pour into this country at the rate of more than 50 per day.

As our hostages approach their fifth month in captivity, more than 41,000 Iranians are enjoying all the benefits of the United States, including the freedom to move about without restriction.

Mr. Speaker, I think it is time to set a deadline for the release of our hostages. If that deadline is ignored, stronger measures must be taken.

Those measures should include closer scrutiny of those Iranians permitted to enter the United States. While some may be political refugees, I am not convinced all fall into that category.

We should consider a daily fine to be deducted from Iranian assets for each day our hostages are held after a certain date. We should terminate the training of Iranian military personnel, and we should limit the freedom of movement permitted Iranian diplomats.

Finally, we should take another look at those Iranian diplomats who were asked to leave this country months ago to see how many are still here.

Mr. Speaker, we need a tougher approach if we really expect to win the safe return of our hostages.

## THE IRANIAN IMMIGRATION SCANDAL

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, the President of the United States has publicly misled the American people on a matter of grave importance.

I do not make this charge lightly. But since the lives of American hostages are at stake, I am compelled to state that the President, in his recent news conference, gave false information to the American people concerning the immigration of Iranians to this country.

The President stated that the thousands of Iranians who have come to this country since mid-November 1979, were here because of humanitarian reasons. He also stated that immigration officials are making rigorous checks on these immigrants.

But quite bluntly, this is not the truth. United Press International has uncov-

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☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

ered what it calls "lax inspection policies" and an administration attitude that "frustrates immigration agents and undercuts FBI warnings that some (immigrants) may be student terrorists."

I will place the entire UPI story in the RECORD. As for the President's news conference remarks on Iranian student immigration all I can do is to quote the President's words back to him. As he said in August of 1976:

> If I should do anything to betray the trust that's been put in me, it would have a devastating impact on this country.

You are so right, Mr. President.

☐ 1110

## IRANIAN TERRORISTS

(Mr. SHUSTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHUSTER. Mr. Speaker, a UPI story today details yet another outrageous foreign policy decision of the Carter administration. Since the 50 American hostages were seized in Tehran last November 4, a total of over 11,000 Iranians have been admitted into the United States. This compares with a total of 11,079 that were admitted over the past 4 years. And this is a country against whom Carter is supposed to be imposing strict sanctions.

But worse than raw numbers, Mr. Speaker, this is a threat to our national security. Last Sunday at JFK Airport, a young man was admitted even though the customs inspector found that he was carrying a field manual that told how to make bombs, mines, and how to use automatic weapons.

An internal FBI memorandum states that Iranian students are entering the United States to engage in terrorist activity and are bringing with them supplies and other propaganda materials. Despite this warning, the Naturalization Service has ordered its agents to go so far as to even waive visa requirements so as to avoid any confrontation.

This administration is so gutless—that it doesn't even have the backbone to stop suspected terrorists from entering our country. When, oh, when are we going to start protecting America?

## FARMERS FACE IMMEDIATE CREDIT SHORTAGES

(Mr. ERDAHL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ERDAHL. Mr. Speaker, 20/20 vision is perfect eyesight, but 20-percent inflation and 20-percent interest is the result of many years of shortsightedness on the part of Congress and the administration. This is the harvest we are reaping now, but if we do not relieve the credit shortage for farmers immediately, they will harvest a much smaller crop this summer and fall. Then American consumers and foreign buyers will also feel the pinch of tight money, and the possibility of food shortages.

Mr. Speaker, I have heard from many farmers, small town bankers, seed and fertilizer dealers, and implement salesmen about the shortage of credit for the purchase of needed seed and fertilizer to put in the 1980 crop. Cash on the barrelhead is demanded for seed, fuel, fertilizer, and new equipment. With grain prices down due to the embargo, most farmers just do not have the cash.

Mr. Speaker, it looks to me like we are headed for the worst farm crisis since the Great Depression if the Congress does not act immediately. I urge the House leadership to schedule action on bills approved by the House Agriculture Committee to open up the 1979 loan program to nonparticipants and to increase loan rates for the 1980 crops, and urge passage of emergency farm credit legislation.

## WHAT DO THEY SAY IN THE SUPERMARKET?

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, a few days ago I had asked several of my Republican colleagues to join me at the start of our workday in an effort in which we were to leave these hallowed Halls and go out and talk to the American people a little bit. A number of my colleagues have already participated in that kind of effort, and I understand that more will do so in the near future.

I think we have learned enough across the country right now for a preliminary report on that effort. The preliminary report can be summed up in this way: The American people in the supermarket feel absolutely oppressed by the high cost of living.

It is interesting to note that they are not blaming the supermarket nor are they blaming the farmer; they are blaming the Congress and this administration. They are ready for a major change in both the administration and the Congress.

Why do they blame the Government? Because right in the supermarket they are seeing an example of Government mismanagement. Take a look at the food stamp program, for example. While the American people say that they see a need for the food stamp program to help our truly needy, they also see the program being misused and abused in many, many circumstances. In other words, the American people say right there that they see one example where the Government can tighten its belt a little bit so the American people would not have to tighten their belts a lot.

Mr. Speaker, I think more of our Members ought to get out of these marble Halls and get out in the supermarket and see what the American people are really saying.

## CARTER MIGHT LET HERBERT HOOVER OFF THE HOOK

(Mr. HAGEDORN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAGEDORN. Mr. Speaker, this morning's news from Iran was particularly distressing. The 54 hostages being held by the Khomeini terrorists might not be freed until this summer or later, according to news accounts. This is totally unconscionable, but the American people also suffer as a result of the hostage being held at home rather than those being held abroad.

At home? Yes, we should not forget the 54th hostage the Iranians are holding at 1600 Pennsylvania Avenue.

And what is worse, unless we can negotiate an early release for all 54 hostages, Jimmy Carter just might replace Herbert Hoover for presiding over the biggest economic disaster in American history.

The self-imposed hostage at the White House is totally isolated from the real world. But perhaps that is the best place for him. With farm prices at disaster levels, housing starts at a standstill, tight credit, soaring energy costs, and a freeze on highway projects throughout the country, the only fantasy island left is at the White House.

Mr. Speaker, I am no great supporter of Herbert Hoover, but I believe he has earned his place in history. Let us all get behind the efforts to release the 54 American hostages so that Jimmy Carter would not be able to take Herbert Hoover off the hook.

## ANNOUNCEMENT OF DEATH OF SUBCOMMITTEE STAFF DIRECTOR ROBERT M. PAUL

(Mr. OBERSTAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OBERSTAR. Mr. Speaker, yesterday this House lost one of its most able and dedicated staff members when Bob Paul succumbed to cancer. He was staff director of the Subcommittee on Economic Development of the Committee on Public Works and Transportation.

Bob Paul was an engineer, an economist, a wildlife biologist, a connoisseur of fine literature and fine French wines. He was a modern man with a renaissance sweep of mind. He brought to every task originality of thought, a willingness to question the conventional wisdom, an uncanny ability to reach for the innovative solution. He contributed enormously to the work of our Committee on Public Works and Transportation and of the Subcommittee on Economic Development.

More importantly, Mr. Speaker, Bob Paul was a complete gentleman. He was always considerate of the personal and intellectual integrity of others; I never heard him say an unkind word about another person. Bob was a dear and precious friend of mine. His loss will be great to our committee and to this House.

Mr. Speaker, I offer my deepest, most heartfelt sympathies to his wife Mabel and to their four children.

## A MILLION-DOLLAR BOONDOGGLE

(Mr. BETHUNE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BETHUNE. Mr. Speaker, a million dollars is not as much as it used to be, but the American people still have a fondness for "a million dollars." They make frequent reference to "the million-dollar band" in Alabama and "a million-dollar baby" in their songs.

This morning I want to call attention to a million-dollar boondoggle. When I first came to Congress, I learned that each year we are presented with a printed budget by the President. On January 28 this year we received three documents. One is called the budget in brief, one is called a special analysis of the budget for 1981, and the other is the budget for 1981 itself, which, of course, is only read by those people who already know what is in it.

In any case, these documents were presented to us early this year, and 6 weeks later we found out that the figures in the documents are incorrect because the inflation rate has soared to 20 percent and interest is at 20 percent. Besides that, the President revised the document to provide for spending restraints after he had proclaimed the budget to be austere and lean.

But never mind all that. Even if these documents had any validity—and they do not—I just want to thank Mr. Carter this morning for this million-dollar boondoggle. I have learned that the cost of printing these documents, which had a useful life of 6 weeks, was $1,116,000.

## DEMOCRATICALLY CONTROLLED CONGRESS

(Mr. SYMMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SYMMS. Mr. Speaker, the Democrats have just celebrated their 25th anniversary of control of both Houses of Congress and it is a sadly tarnished anniversary.

The Democrats have made the laws, set the budgets, spent the money, and built the bureaucracy that put this country where it is today. It is a party that is devaluating paychecks by 18 percent a year, and at the same time saying that wage earners should be satisfied with a 7-percent wage increase.

The Republican Party has been the only party continually offering sound fiscal advice and proposing sound fiscal policy throughout these years that the Democrats have continued in their "tax and spend" philosophy.

As the Democratic majority has multiplied Government programs, a greater portion of our country's resources have been transferred from the producer to the nonproducer, from those who are pulling the wagon to those who are riding it. As the Democrats have expanded this huge complex of social service programs, our Government has used enormous quantities of the financial capital that businesses would otherwise invest in productive assets. And, as the Government used increasing amounts of the country's savings and credit, it focused the Federal Reserve to create new money faster to replace the money being taken by the Treasury.

The result has been inflation—inflation caused by the irresponsible and excessive deficit spending of the Democrats supported by excessive money creation of the Federal Reserve.

The fiscal failures our citizens are having to live with today can be laid at the doorstep of the Democratically controlled Congress because it is the Congress that appropriates and the Congress that spends.

## INTRODUCTION OF RESOLUTION TO PROVIDE RELIEF FOR CAMBODIA

(Mrs. HECKLER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. HECKLER. Mr. Speaker, several months ago many members of the Congresswomen's Caucus of this body journeyed to Cambodia to witness the problems of starvation there and to try to attempt to find a solution to that problem.

As a result of our efforts, a breakthrough has been made. Food deliveries were increased; a great improvement was achieved.

However, current information indicates that the situation in Cambodia today is as deplorable as it was before our trip; things have the potential to be worse.

As a result of this dilemma—the Cambodian nightmare which simply will not disappear, I am today introducing a resolution, with the support of a majority of the women Members of Congress, to address this problem, first of all, to call upon the President of the United States and this Congress to continue to aid Cambodia with humanitarian assistance; and, second, to call for the establishment of an international conference to resolve the political problems of and in Cambodia.

The people of Cambodia are international pawns. The major players in the chess game are the People's Republic of China, which supports the Pol Pot regime, and the Soviet Union, which supports the Vietnamese who control food distribution and the Government of Cambodia.

Mr. Speaker, we call upon all fair-minded nations of the world to take the humanitarian steps which are needed to avoid the extinction of a nation and the starvation of an innocent people.

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## STRONGER ACTION NEEDED ON AMERICAN HOSTAGES IN IRAN

(Mr. KRAMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KRAMER. Mr. Speaker, increasingly, the patience of the American people is wearing thin with respect to our policies toward Iran. The hostages are now in their 145th day of captivity, and there is no sign that they will be freed until summer, if then. The spectacle of American Embassy personnel being put on trial in Tehran looms as a real possibility, and today we learn from news reports that 11,000 Iranians have been admitted into this country since the crisis began.

According to the reports, one of the "students" who arrived yesterday was carrying a book on how to make bombs, yet immigration officials were quoted as saying they were powerless to do anything about it since current U.S. policy is to do nothing which might provoke Iran. Until now, I have refrained from criticizing the President's policies on Iran in the belief that Americans must unite behind their President in times of crisis. However, we have exhausted every diplomatic channel, and have nothing to show for our efforts.

Therefore, I would suggest that the time has come for stronger action. A survey which I have been conducting the last few weeks in my own congressional district in Colorado found that 84 percent favor imposing a naval blockade if Iran does not free the hostages. I would strongly urge the administration to begin giving serious consideration to this and other moves which the United States might employ against Iran.

## TWENTY-PERCENT INTEREST FIRING INFLATION

(Mr. CARTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARTER. Mr. Speaker, I was aroused, alarmed, and disturbed when I learned that the Federal Reserve had raised the discount rate to 13 percent for members who do not borrow too often; but for those who borrow often, it is 16 percent. This record discount rate by the Federal Reserve is what lit the fire under the prime interest rate, which now stands at 19 percent, and no one knows when the big banks will begin charging even more than that. This means that every bank which borrows money from the Federal Reserve soon will likely charge a minimum of 19 percent interest also for its loans to small businessmen, to farmers, and to young people who are building or paying for homes.

The interest rate is what the Federal Reserve wants it to be, as the genial gentleman from Texas, the Honorable Wright Patman many times said.

This high interest rate will cause thousands of farmers to lose their farms, thousands of small businessmen to go bankrupt, and millions of young people to be unable to repay their loans. While the large, fat-cat banks borrow at 13 to 16 percent and lend at 19 percent, and while the millionaires in our country can invest in Treasury bills at more than 15 percent, the Federal Reserve System is making the rich richer and the poor poorer.

No doubt Paul Volcker believes in the brotherhood of man, the fatherhood of God, the neighborhood of New York City, and 20 percent interest. I trust something will touch the heart of Chairman Volcker and focus his attention on the plight of the little people of our country.

The high interest rate also further stokes the fires of inflation.

### ADMINISTRATION'S POLICY OFFENDS HOSTAGES IN IRAN

(Mr. JOHN L. BURTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOHN L. BURTON. Mr. Speaker, it is rare that I agree with my good friend, the gentleman from Pennsylvania, BUD SHUSTER, on certain issues, but I do have to agree with him concerning the administration's policy of letting Iranians come in with bomb-making books in their valises because they do not want to offend those who are holding American hostages in Iran.

At the same time, they offend the captives very greatly by their acts: First, letting the Shah into this country; and second, Mr. Brzezinski gratuitously saying that the Shah could have come back to America if he wanted to. I think the best way to get the hostages back may be for Mr. Brzezinski to resign his post and go back to private life where he could probably serve the country better than he is serving it in his instant capacity.

### BURDENSOME GASOLINE TAX

(Mr. CARNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARNEY. Mr. Speaker, in my opinion President Carter's 10-cent-per-gallon gas tax is poorly conceived, poorly constructed, and totally unacceptable to the American people. Americans have been cutting their gasoline consumption during the past year. Rapidly escalating gasoline prices are fueling the inflationary spiral and gasoline is rapidly becoming an unaffordable item for many poor and middle-income American families. This tax will permit the President to balance the budget with only cosmetic spending reductions.

I would like to inform my colleagues that "Platt's Oil Regulation Report" of March 19, 1980, informs us that President Carter has little to fear from Congress because Carter is taking the political heat off of our back. We cannot take the easy way out and allow the people of the United States to be hit with another burdensome tax.

Finally, you will be interested to know that the Department of Energy estimates that 107 people will be required to run this new tax program and those 107 people will cost the taxpayer $925,000 a year. That $925,000 is on top of startup costs that will total in excess of $1 million.

### FOREIGN AID NEEDS CUTTING, TOO

(Mr. YOUNG of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Florida. Mr. Speaker, inflation is out of control, interest rates are higher than anyone dreamed and gasoline, when you can get it, is outrageously priced. Now, finally, those who run our country have discovered the fact that we must have a balanced budget.

I welcome these new converts to fiscal responsibility. Had they only come around 3 years ago, we would not have the problems we have today. But with all of the talk about cutting people programs—education, highways, revenue sharing—do you know what they left out? Do you know what they have not talked about? Foreign aid. Can you believe that?

In fact, according to Secretary Miller's testimony yesterday before the Appropriations Subcommittee on Foreign Operations, rather than reductions in foreign aid the administration will probably add as much as $6.6 billion to the fiscal year 1981 budget request for institutions like the World Bank and the International Monetary Fund.

It seems to me, Mr. Speaker, that if we are going to ask the American people to cut back, we certainly should expect those who run our foreign aid programs to cut back as well.

### OUR VACUUM CALLED FOREIGN POLICY

(Mr. DORNAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN. Mr. Speaker, I rise this morning to join my minority whip, Battling BOB MICHEL, and six other Members to express outrage concerning the UPI Iranian immigration story that came over the wire services yesterday. Listen to the first line of this incredible report that over 11,000 Iranians have entered the United States since November 4.

> Thousands of Iranians are entering the United States under a lax inspection policy that hamstrings and frustrates Immigration agents and undercuts FBI warnings some may be student terrorists, a UPI investigation has uncovered.

I don't want to have to enter this well, as I know the gentleman from California (Mr. JOHN L. BURTON) will, and split this lectern in two with a verbal fist that says, "I told you so" when the first Iranian terrorist bomb goes off in this country.

On April 1, April Fool's Day, our 53 hostages will have been incarcerated for 150 days—and the word "tortured," is now accepted by every psychiatrist in this country to describe their abusive treatment. That our State Department and our President cannot come up with a forceful policy to bring an end to this insanity is more than frustrating. It is humilitating. The vacuum called foreign policy that we have now defies description. I have a special order tonight on this dangerous situation of the 11,000 Iranians allowed in our country over the past 5 months.

### INFLATION RATE IN SOUTHERN CALIFORNIA IS NOW RAGING AT 25 PERCENT

(Mr. ROUSSELOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Speaker, the inflation rate nationally is 20 percent or more. It is worse in southern California, where another so-called manager of the economy, Governor Brown is by his actions, kicking up the inflation rate.

According to the latest figure from the CPI, inflation in the southern California area is raging at a 25 percent annualized rate. So we have the double whammy of Carter and Brown socking it to us with inflationary government programs that are killing the working taxpayers of America. Our traveling Governor Brown is really socking it to the working people in southern California with his big inflationary policy.

☐ 1130

### THE PLIGHT OF THE HOMEBUILDERS' INDUSTRY

(Mr. MAZZOLI asked and was given permission to address the House for 1 minute and revise and extend his remarks.)

Mr. MAZZOLI. Mr. Speaker, yesterday, many of us were visited by representatives of our local chapters of the National Association of Homebuilders. The vote on yesterday afternoon in favor of the Mortgage Subsidy Bond Tax Act of 1979, a bill for which I voted, may be interpreted by our friends in the homebuilding industry as a negative sign of interest on the part of this House regarding their grievous plight. Their plight is almost beyond any comprehension.

I hope that the Congress will not use yesterday's vote as their only answer to the plight of the homebuilders. I would certainly ask those members of the committee who have control of the Brooks-Cranston Act, which would replenish funds for Ginnie Mae and Fannie Mae, to report those bills out very speedily.

I understand that the other body has reported its bill which would address the immediate need for a secondary market to encourage homebuilding in the United States.

Additionally, I urge the support of my colleagues for "supply-side" tax incentives, the Capital Cost Recovery Act and other measures which encourage investment and stimulate the productive capacity necessary to rebuild America's economy and relieve the burdens placed on the homebuilding industry.

Exemption of interest earned on savings accounts and providing tax credits to encourage homeowners and businesses to invest in construction to increase the energy efficiency of their homes and business structures are other steps which can be taken to aid those who are suffering unduly from high interest rates and our economic ills.

## WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 4986, DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY CONTROL ACT OF 1980

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 620, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 620

*Resolved*, That upon the adoption of this resolution it shall be in order to consider the conference report on the bill (H.R. 4986) to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes, all points of order against said conference report for failure to comply with the provisions of clauses 3 and 4, rule XXVIII are hereby waived, and said conference report shall be considered as having been read when called up for consideration. Debate on said conference report shall continue not to exceed two hours, equally divided between the majority party and the minority party.

The SPEAKER pro tempore (Mr. MINISH). The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield the usual 30 minutes for debate to the gentleman from Maryland (Mr. BAUMAN), and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 620 is the rule providing for the consideration of the conference report to accompany H.R. 4986, the Depository Institutions Deregulation and Monetary Control Act of 1980. The rule does two things. First, it waives points of order against the conference report under clause 3 and clause 4 of rule XXVIII.

Those waivers are necessary, Mr. Speaker, to protect the conference report against points of order for going beyond the scope of the conference, and for including nongermane Senate material, respectively. The conferees were unable to avoid violations of those two parts of rule XXVIII, Mr. Speaker, partly because of the passage of time since the House considered this legislation, but particuliarly because of the many provisions the Senate added to the legislation after it passed the House.

In fact, Mr. Speaker, there are two House-passed bills included in this conference report—H.R. 7, the Monetary Control Act and H.R. 4986, the Consumer Checking Account Equity Act—and there are still several more Senate provisions in this conference report that were not included in either House bill.

It is unfortunate that the House did not originally have an opportunity to consider all the provisions that are now in this conference report but, faced with what the Senate had passed, I think the conferees are to be commended for their diligent efforts in working out this agreement. It includes many important provisions which a number of us in this House have worked for many years to bring to pass. Among those are that it provides a means whereby the Federal Reserve will be able to maintain control of the money supply to assist in curtailing inflation, it liberalizes and eventually phases out regulation Q, it authorizes NOW accounts nationwide, it overrides state usury laws and it greatly simplifies current Truth in Lending Laws.

It is also noteworthy, Mr. Speaker, that the conferees have accomplished the rather remarkable feat of coming up with a bill that is supported by the great majority of those who will be affected, even though the interests of those parties are often competing. The bill is supported, for example, by the National Association of Mutual Savings Banks, the American Bankers Association, the National Savings and Loan League, the U.S. League of Savings Associations, the Credit Union National Association, and the National Association of Federal Credit Unions.

Finally, Mr. Speaker, the second part of this rule provides that, because this legislation is so sweeping, there will be 2 hours of general debate rather than the the usual one. That will permit a full discussion of all the major elements of this bill.

It has been said, Mr. Speaker, that this is "the most important banking bill since World War II," and I think that is a fair statement. I support the bill strongly, and I urge the support of all my colleagues, both for the conference report and for this rule so that the conference report might be considered.

Mr. BAUMAN. Mr. Speaker, the gentleman from Massachusetts (Mr. MOAKLEY) has more than adequately described the legislation before us and the rule. I concur in his remarks.

Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I wish to take this time to express appreciation to the chairman of the Committee on Banking, Finance and Urban Affairs for advocating and allowing a 2-hour discussion on the extremely complicated, far-reaching legislation which is contained in this conference report.

I know that both the chairman of the committee, and also my colleague from Ohio (Mr. STANTON), and my colleague from Rhode Island (Mr. ST GERMAIN), the chairman of the subcommittee; and my colleague from Ohio (Mr. WYLIE), and other members of this committee have struggled long and hard to try to amend, correct, and adjust the legislation relating to the depository institutions of this country.

I know that this has been a long effort. I want to compliment them on making the effort, but especially to thank both the gentleman from Wisconsin (Mr. REUSS) and the gentleman from Ohio (Mr. STANTON); the gentleman from Ohio (Mr. WYLIE); and the gentleman from Rhode Island (Mr. ST GERMAIN) for making sure that we had adequate time to discuss this highly complicated bill today by asking for an extra 1 hour so that those of us who had questions would be able to adequately make a record on what has been done.

As many of my colleagues on the Committee on Banking, Finance and Urban Affairs know, this conference occurred because a unanimous-consent request was granted last fall to merge two highly complicated bills, and we had a discussion on the floor at the time that that unanimous consent was requested, my recollection is, by the gentleman from Wisconsin.

I was, as an individual, a former member of the Committee on Banking, Finance and Urban Affairs, very resistant to the idea of merging that legislation into one conference, because of many, many concerns that there was just too much in it to handle in one bill, and I will state to my colleagues in the House that I am pleased that the conferees worked so hard.

I still have, and I believe that I can probably support about 70 percent of what is in this bill, but I have some very serious questions about the bill. I do have some questions I will address to my colleagues who were conferees relating to that 30 percent of the bill on which I have very substantial concern, because there are such tremendous new powers given to the Federal Reserve Board under this act. I want to be sure that they are understood.

Mr. STANTON. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I would be glad to yield to my distinguished colleague from Ohio.

Mr. STANTON. I do so, Mr. Speaker, for the sole purpose of pointing out to the House and to the Members and to all who are listening to us here this morning, that as the gentleman from Massachusetts said, this is good legislation, but when it is, you always ask yourself, could it have been better?

In this case, in looking at the gentleman from California, I want to tell him, it could have been better. The only reason it is not a little bit better is that the gentleman from California copped out on our committee last year for this very prestigious Committee on Ways and Means, and thus the Committee on Banking, Finance and Urban Affairs lost a most prestigious member, a man of great integrity, a man whose knowledge on this subcommittee would have been extremely worthwhile.

□ 1140

So I appreciate the compliments; at least 70 percent is really good. I know we could have had 80 or 90 percent, with the gentleman's help. On the other hand, the gentleman has been very helpful to members of the Banking Committee. In the past few weeks and months that we consulted with him from time to time, the gentleman helped to get the rule we wanted. The gentleman helped to get the bill to conference; so indirectly, I want to compliment the gentleman for the help that the gentleman has been on this legislation.

Mr. ROUSSELOT. Well, I appreciate

my colleagues comments; by yielding to the gentleman, I did not expect all that. I appreciate it.

As the gentleman well knows, I did not cop out on the Banking Committee. Unfortunately, my good colleague, the gentleman from California, Bill Ketchum, passed away. California wanted to be sure it had a member on the Committee on Ways and Means "on our side of the aisle."

So to that degree, I did yield.

Mr. Speaker, I urge my colleagues to be present when we discuss this highly complicated bill that will soon be before us.

I appreciate the indulgence of the Chair.

Mr. MOAKLEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 385, nays 5, answered "present" 6, not voting 35, as follows:

[Roll No. 163]

YEAS—385

Akaka
Albosta
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Ashley
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bowen
Brademas
Breaux
Brinkley
Brooks
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip

Butler
Byron
Campbell
Carney
Carr
Carter
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.

Duncan, Tenn.
Early
Edwards, Ala.
Edwards, Calif.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer

Hagedorn
Hall, Ohio
Hall, Tex.
Hammerschmidt
Hance
Haney
Hansen
Harkin
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Hollenbeck
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McCormack
McEwen
McHugh
McKay
McKinney
Maguire
Markey

Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pritchard
Pursell
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Rousselot
Roybal
Royer
Rudd
Runnels
Russo
Santini
Satterfield

Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—5

Bauman
Edwards, Okla.
Hamilton
McDonald
Paul

ANSWERED "PRESENT"—6

Bonker
Gonzalez
Holt
O'Brien
Quillen
Skelton

NOT VOTING—35

Abdnor
Addabbo
Alexander
Ambro
Anderson, Ill.
Badham
Boggs
Bouquard
Brodhead
Brown, Calif.
Cavanaugh
Chappell

Deckard
Diggs
Eckhardt
Edgar
Fenwick
Garcia
Gephardt
Holland
Jenrette
Kelly
McDade
Madigan

Mathis
Murphy, Ill.
Nolan
Patterson
Quayle
Roth
Sabo
Sawyer
Symms
Watkins
Wilson, Tex.

☐ 1150

The Clerk announced the following pairs:

Mr. Addabbo with Mrs. Fenwick.
Mrs. Boggs with Mr. McDade.
Mrs. Bouquard with Mr. Quayle.
Mr. Jenrette with Mr. Roth.
Mr. Eckhardt with Mr. Kelly.
Mr. Ambro with Mr. Madigan.
Mr. Brodhead with Mr. Badham.
Mr. Chappell with Mr. Abdnor.
Mr. Diggs with Mr. Murphy of Illinois.
Mr. Garcia with Mr. Nolan.
Mr. Patterson with Mr. Sabo.
Mr. Alexander with Mr. Watkins.
Mr. Brown of California with Mr. Symms.
Mr. Cavanaugh with Mr. Sawyer.
Mr. Gephardt with Mr. Mathis.
Mr. Holland with Mr. Edgar.
Mr. Charles Wilson of Texas with Mr. Deckard.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

☐ 1300

## PERMISSION FOR COMMITTEE ON ARMED SERVICES TO SIT TODAY DURING 5-MINUTE RULE

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services be permitted to sit today during any proceedings under the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object—and I am sure I will not object—what is the request? The Members present could not hear the request. Would you kindly restate the request?

Mr. PRICE. If the gentleman will yield, the request is that the Committee on Armed Services be permitted to sit this afternoon during proceedings under the 5-minute rule.

Mr. ROUSSELOT. Reserving the right to object, is the gentleman asking time for a hearing or a markup of a bill or both? What is it?

Mr. PRICE. We are in the markup of a bill, the annual defense authorization bill.

Mr. ROUSSELOT. The annual defense authorization bill?

Mr. PRICE. Yes.

Mr. BEARD of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Tennessee—a member of the Armed Services Committee.

Mr. BEARD of Tennessee. I thank the gentleman for yielding. I would like to say at this particular time that the importance of continuing on this afternoon is that we are in closed session discussing the CX rapid deployment airplane. We have witnesses from all over the country who have been flown in especially for this hearing, and it is very important that we continue this hearing at this time this afternoon.

Mr. ROUSSELOT. Further reserving the right to object, so the primary reason is to hear these important witnesses relating to the potential markup of this legislation, the annual defense authorization bill?

Mr. PRICE. The gentleman is correct.

Mr. BEARD of Tennessee. That is correct.

Mr. ROUSSELOT. Mr. Speaker, normally I would object because I think that this is a very critical piece of banking legislation we have before the House today, but knowing also how critical it is that we move on with the authorization of our defense apparatus, I certainly will withdraw my reservation.

The SPEAKER pro tempore (Mr. Danielson). Is there objection to the request of the gentleman from Illinois?

There was no objection.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On March 17, 1980:

H.R. 1829. An act for the relief of Loraine Smart and Robert Clarke; and

H.R. 5913. An act to amend section 502(a) of the Merchant Marine Act, 1936.

On March 18, 1980:

H.R. 3398. An act to adjust target prices for the 1980 and 1981 crops of wheat and feed grains; to extend the disaster payment programs for the 1980 crops of wheat, feed grains, upland cotton, and rice; and to authorize the Secretary of Agriculture to require that producers of wheat, feed grains, upland cotton, and rice not exceed the normal crop acreage for the 1980 and 1981 crops.

## FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8919) entitled "An act to impose a windfall profit tax on domestic crude oil."

## CONFERENCE REPORT ON H.R. 4986 DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY CONTROL ACT OF 1980

Mr. REUSS. Mr. Speaker, I call up the conference report on the bill (H.R. 4986) to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 620, the conference report is considered as having been read.

(For conference report and statement see proceedings of the House of March 24, 1980.)

The SPEAKER pro tempore. The gentleman from Wisconsin (Mr. Reuss) will be recognized for 1 hour, and the gentleman from Ohio (Mr. Stanton) will be recognized for 1 hour.

The Chair recognizes the gentleman from Wisconsin (Mr. Reuss).

Mr. REUSS. Mr. Speaker, the conference-reported bill we have before us today, H.R. 4986, the Depository Institutions Deregulation and Monetary Control Act of 1980, is the most significant package of financial legislation since the 1930's. I express my gratitude to my colleagues, the gentleman from Rhode Island (Mr. St Germain), the gentleman from Illinois (Mr. Annunzio), the gentleman from Georgia (Mr. Barnard), the gentleman from Ohio (Mr. Stanton), and the gentleman from Ohio (Mr. Wylie) for their outstanding efforts along the way, and to such devoted members of our staffs as Paul Nelson,. Mike Flaherty, Steve Verdier, Robert Auerbach, Robert Weintraub, David Secrest, Richard Still, Jeff Booth, Jim Sivon, Greg Wilson, Bob Feinberg, Lee Peckarsky, Cal Rosenberg, and so many others.

In easier times we might have continued to muddle through with the financial arrangements we have lived under, without much basic change, for the last four decades. But unprecedented interest rates have made it imperative that we act now to modernize our financial system in the interest both of the stability of financial institutions and the needs of consumers.

H.R. 4986 affects our financial system in three particularly critical ways:

The high interest rates available to savers from money market funds, certificates of deposits, and other instruments has sharply discouraged passbook savings accounts for those who can afford an alternative, and left the small saver dependent on his passbook account severely discriminated against. This bill will phase out interest rate ceilings to give small savers a better break and to encourage savings. At the same time it will broaden the services available from thrift institutions, and expand their opportunities for improving earnings.

Usury ceilings in some 24 States have left lenders unable to lend and borrowers unable to borrow, diverting credit availability out of these States and distorting the economy in myriad ways. The bill lifts usury ceilings to reflect the realities of the marketplace and makes it possible for banks and thrift associations to continue necessary lending. The provisions protect States' rights by allowing States to restore the usury ceiling promptly if they wish to do so.

High interest rates have made it very costly for banks to remain members of the Federal Reserve. Membership now requires keeping funds which earn no interest on deposit at the Federal Reserve. Now that alternative uses of these funds would bring percentage yields in the teens or higher, the cost of Federal Reserve membership has become exorbitant, and many banks have withdrawn from the System. In the absence of this legislation today, many more banks, including many large ones, would pull out, leaving our central bank depleted and weakened.

There is further urgent reason for completing legislative action this week. In April 1979, the U.S. Appellate Court for the District of Columbia ruled there is no legislative basis for credit union share drafts, automatic transfer accounts, and remote service units of savings and loan associations. Congress was given until December 31 to provide a legislative basis. On December 28, 1979, Congress legitimized these services only until March 31, 1980; in that legislation, Congress also suspended some State usury ceilings. All of this will expire next Monday unless this legislation is adopted this week.

This legislation has been the product of at least 2 years of intensive work in both House and Senate. Today, after much negotiation among all the interested parties, the bill has the wholehearted support of nearly all major segments of the financial community.

The latest endorsement comes from the Community Bankers Division of the American Bankers Association, the division which represents the ABA's small-bank membership. Community Bankers' Chairman Jack O. Weatherford in a letter to me dated March 20, 1980, expressed the strong support of the small banks for this legislation.

> As you know: more than 90 percent of the ABA's 13,100 full service banks or approximately 12,500 banks are community banks. These banks provide a major financial resource and leadership role in serving the nation's smaller communities.
>
> The Community Bankers Division has played a vital role over the past several years in helping to shape the ABA's consensus on many of the issues which make up this omnibus banking bill. You may recall that in January of 1979, a special meeting of communuity bankers was held in Washington, D.C., at which time we endorsed uniform universal reserves covering all depository institutions; as well as the concept of paying interest on reserves, which is included in the supplemental reserve section. I am especially pleased to note that the House and Senate conferees built upon this approach in response to the reserve issue.
>
> Mr. Chairman, community bankers recognize that this omnibus financial bill is the product of consensus by compromise and that on balance the bill takes major strides toward achieving a level playing field for all depository institutions. Therefore, the Community Bankers Division offers its wholehearted support to the legislative package agreed upon by House-Senate Conferees.

There already appeared in the Congressional Record of March 20, 1980 the endorsement of other major financial groups—American Bankers Association, United States League of Savings Associations, National Savings & Loan League, the National Association of Mutual Savings Banks, Credit Union National Association, and the National Association of Federal Credit Unions.

I would like to discuss in summary form what the conference reported bill does.

First, it makes permanent the authority for credit union share drafts, automatic transfer accounts at commercial banks and remote service units at Federal savings and loans. It also authorizes NOW accounts—in effect, interest-bearing checking accounts—for all Federally insured depository institutions beginning next January 1. Currently NOW accounts are authorized only in New England, New York, and New Jersey.

Second, it phases out interest rate ceilings on savings over a period of 6 years, so that small savers will be able to earn market rates by that time. This is absolutely essential to reverse the serious decline in savings and investment in this country. A special committee composed of the four bank regulators (Federal Reserve Board, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board, National Credit Union Administration) plus the Secretary of the Treasury will by majority vote manage the steps of the phase-out. This Deregulation Committee is given a strong directive by Congress to phase out the ceilings as expeditiously as economic conditions and viability of depository institutions permit, and the legislation sets some target rates for the phase-out.

In the process, thrift institutions are permitted to offer new consumer services which will allow them to become real family financial service centers. Besides offering NOW accounts, they will be allowed to offer lines of credit, trust services, consumer loans and credit cards. They will be enabled to lend without geographical restriction and without the $75,000 limit on mortgages. And to enable savings and loan's to pay higher interest rates to depositors, they are given an opportunity to improve their earnings by investing up to 20 percent of assets in consumer loans, commercial paper, and corporate debate securities. The quarter-point differential is maintained during the 6-year phase-out to help them continue to attract deposits.

Federal mutual savings banks similarly are permitted to invest up to 5 percent of their assets in commercial loans and accept demand deposits from corporate customers.

Credit unions, in addition to gaining permanent authority for share drafts, are given relief from prohibitive usury ceilings. The 12-percent ceiling is raised to 15 percent and the National Credit Union Administration is given authority to raise the ceiling above that level for periods of up to 18 months.

Additionally, the limit on Federal deposit insurance is increased from $40,000 to $100,000.

Third, relief is provided from State usury ceilings which have badly distorted credit markets as ceilings have skyrocketed to their present levels. State usury ceilings are largely preempted, although States rights are fully protected in that the State may reimpose the usury ceilings immediately if they wish to.

State usury ceilings are preempted permanently for mortgage loans, unless the State acts within 3 years to reimpose ceilings.

Ceilings on all business and agricultural loans over $25,000 are preempted for 3 years, after which State law shall prevail. The ceiling may go as high as 5 percentage points above the Federal Reserve discount rate (including any surcharge). During the 3-year period the State may act to reimpose ceilings on such loans.

In addition, the bill permits all federally-insured institutions to do what national banks are already permitted; namely, on any loan (consumer loans, second mortgages, etc.) they may charge 1 percentage point over the Federal Reserve's basic discount rate regardless of State usury limitations. The preemption is permanent, but the States may restore these usury ceilings whenever they wish.

Fourth, our system of reserve requirements for banks is completely overhauled to provide equity among financial institutions and to give the Federal Reserve more complete, more reliable and more uniform reserves so that it can manage monetary policy more effectively. Today the Federal Reserve's ability to control the money supply is seriously handicapped by the wide range of reserve requirements, and by the complete absence of reserve requirements at 60 percent of the Nation's banks.

Under this legislation, reserve requirements are imposed uniformly for all depository institutions on transaction deposits, and on nonpersonal time deposits. The initial rate is set at 12 percent of transaction accounts on deposits above $25 million and 3 percent on the first $25 million. The rate is 3 percent on nonpersonal time deposits. The Federal Reserve may impose a supplemental reserve requirement on transaction accounts when needed in order to manage monetary policy effectively, and interest will be paid on any supplemental requirement.

Additionally, the stability of our financial system will be enhanced by giving all institutions with transaction deposits access to the Federal Reserve's discount window.

While reserve requirements will be mandatory for all institutions, actual membership in the Federal Reserve remains completely voluntary.

Fifth, truth-in-lending requirements which have been the subject of much paperwork and much frustration on the part of both borrower and lender will be simplified. Among other changes, a standardized and simplified form will be issued by the Federal Reserve to make administration of truth-in-lending easier and more comprehensible.

Sixth, the legislation encompasses a number of other changes in the operation of financial institutions. Among these are a moratorium on foreign acquisitions of U.S. depository institutions until July 1, 1980, but providing that where the applicant has initially applied on or before March 5, 1980, the situation is exempt from the moratorium. There is also a moratorium on new interstate trust operations until October 1, 1981, with existing trust operations grandfathered, and a variety of "housekeeping" changes affecting banks.

Due to a problem which was brought to the attention of the conferees after the conference had completed its work, I wish to make a few further comments concerning title IX.

As written in the bill, a foreign owned or controlled domestic institution, even though substantially owned by U.S. shareholders, would be subject to the moratorium. Obviously, such shareholders are disadvantaged by title IX because their institution is restrained from participating in ownership and acquisition activities while its competitors are not so restrained.

It is regretted that this unintended effect will result from the language of title IX as now written. However, such was not our intent and I assure my colleagues that in any consideration by the Banking Committee of an extension of the moratorium or other legislation, an appropriate exemption will be provided for these uniquely situated institutions.

This is legislation badly needed in the battle against inflation and for the stability of our institutions and our economy. I urge its prompt adoption.

Federal Reserve System,
*Washington, D.C., March 26, 1980.*

Hon. Henry S. Reuss,
*House of Representatives,*
*Washington, D.C.*

Dear Chairman Reuss: I am writing to you to express my strong hope that the House of Representatives will approve without delay H.R. 4986, the "Depository Institutions Deregulation and Monetary Control Act of 1980."

Present conditions in the financial markets and the urgency of the anti-inflation program only emphasize the need to improve our systems of financial control, to strengthen the structure of our thrift institutions, and to achieve fair and equitable competitive conditions among institutions. H.R. 4986 would make enormous strides toward those objectives. And, the bill would also greatly expand the flexibility of the Federal Reserve in meeting any particular liquidity problems that might arise in the current circumstances.

After several years of debate in the Congress, I believe the proposed legislation does indeed represent a broad consensus among affected institutions about what is feasible and desirable, and, most importantly, meets the principal concerns of those of us charged with supervisory responsibilities and the conduct of monetary policy.

Put simply, the legislation provides us with the tools we need to conduct effective policy during a particularly sensitive period. The progress of this bill is being watched carefully by markets and all interested parties. Failure to secure enactment at this juncture of our financial and economic affairs could only work to undermine our efforts to restore economic and financial stability.

Sincerely,

Paul A. Volcker.

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Mr. REUSS. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. LaFalce).

Mr. LaFALCE. Mr. Speaker, I thank the gentleman for yielding.

I rise today in full support of the conference report on H.R. 4986, the Depository Institutions Deregulation Act of 1980. As reported out by the House/Senate conference committee, H.R. 4986 succeeds in making significant gains toward satisfying the changing needs of both the housing and banking industry, as well as addressing the concerns of the consumers of the Nation. This legislation is not a panacea, by any means, for the current ills of the financial community but I think that it does represent a long-overdue step in the right direction toward financial reform.

I would like to commend the House/Senate conferees for producing such an excellent compromise of the House/Senate measures. I was an original cosponsor of the bill as introduced in the House in the form of the Consumer Checking Account Equity Act, and I am pleased to have been a participant in its development into the wide-ranging financial reform measure before us today.

I have been a proponent of this bill since its inception, for its passage will be of real benefit to consumers, the housing industry, and the health of our financial institutions. Passage represents a significant step in the direction of deregulation and greater reliance on the free market system. Consumers will now be able to receive higher rates of interest on their savings and the housing industry will hopefully have a larger source of funds available to it and to home buyers for their borrowing needs. At a time when low interest rate ceilings are discouraging savings and crippling the housing industry, passage of this measure is a great boon to our economy.

Just 2 short months ago, I participated in the national convention of the National Association of Homebuilders. At that time, I joined a number of other participants in predicting that 1980 would not be a particularly good year for the housing industry.

Indeed, at that time I counseled the homebuilders that they should prepare for hard times and that they should not expect too much help from the Federal Government. I did not enjoy delivering such a dire message, for I know how important the housing industry is to the economy. I am also well aware that millions of Americans still do not have decent housing.

But what we faced—or thought we faced—at that time was far different from what we face today. Then, almost all housing economists were predicting that housing starts in 1980 would fall drastically—from nearly 2 million a year to a level of 1.4 million. That is a 30-percent decline; a disaster in any industry. But it now seems clear that even these predictions were incredibly optimistic. What we hear now is that housing starts in 1980 will fall below the million mark, only half of the average production during the past several years. In my home State of New York alone, homebuilders are predicting a production decline of 60 percent for the second half of this year.

Unfortunately, housing often takes the brunt in fighting inflation because, more than most industries, it must rely on sustained support from our money markets. Without mortgage credit, housing dies; without mortgage credit at reasonable rates of interest, the housing market narrows considerably. The single most important contributor to the rising costs of housing in recent years has been the cost of money. This increased cost has been passed along to the consumer and has affected every one of us. In New York State, for example, fewer than 5 percent of the buyers in the 25- to 34-year-old category can afford to buy a home.

There are no miracle cures for the ailments of the housing industry. What we do in Congress this year will not radically change the fate of the industry in the short run; but I believe it will lay the foundation for a new awareness of the needs of the housing industry and the role that financial institutions can play in addressing those needs.

The issue before us today, deregulation of the financial institutions, has been kicked around through numerous hearings and debates for a long time. Few issues affecting financial institutions have appeared with as much frequency during the past 15 years as regulation Q and the general issue of deregulation. Consideration of the elimination of deposit rate controls has been part of every legislative agenda during my 2½ terms in Congress. Deposit rate controls, however, have been around much longer than that. They were outgrowths of the Depression in the 1930's and were, originally, only on time and savings deposits of commercial banks. The controls were intended to prevent excessive interbank competition for funds and were administered with that objective until 1966.

In 1966, however, the situation took a drastic turn for the worse. Interest rates which had remained low and stable for some 30 years, rose steadily higher; credit grew increasingly tighter and the flow of funds to housing shrunk dramatically. A situation not unlike today's, I might add. At that time, in 1966, the Congress reacted by passing the Interest Rate Adjustment Act of 1966 to insure an adequate flow of funds to housing. This legislation subjected S. & L.'s, for the first time, to deposit rate controls and was viewed as a temporary measure for 1 year. Note that this "temporary" measure has been renewed at each expiration date for periods from 2 months to 2 years.

Experience has demonstrated, however, that these regulatory ceilings were not completely successful in preventing the flow of savings money from the thrifts. They did serve to reduce the competition from commercial banks for savings dollars but did little to stem the flow of funds into unregulated instruments such as money market funds. By 1969, the flow of funds to thrifts was deteriorating steadily and by 1970 had become a net outflow.

How did this happen? How did regulatory action designed to help the housing industry work toward its detriment? As inflation increased and interest rates rose, the small saver began to look for ways to earn more money on savings. As the small investor's sophistication increased, he was no longer content with keeping money in low-yielding passbook accounts when that money could earn twice the interest in money market funds or short-term securities. Hence, the flow of funds from housing-related institutions. Each successive high interest rate period saw the development of alternative short-term investments to meet the growing needs of an increasingly sophisticated public seeking new ways to invest their steadily shrinking dollar.

We have come out of this experience with deposit rate controls with the realization that not only do they not prevent the disintermediation of funds from housing but that they are also anticonsumer and promoters of inefficiency in the financial markets. I think there is no question that rate ceilings have proven to be blatantly unfair to the small saver. Larger depositors enjoy a wide-ranging choice of high-yielding instruments in which to invest while the small depositor is limited to lower-yielding accounts, such as passbook savings. It is estimated that from 1968 to 1979, deposit rate controls resulted in an interest loss to depositors of $42 billion dollars—$19 billion of which was lost interest to people over 65 years of age.

As a result, saving in regular passbook accounts has been discarded in favor of more exotic investments, such as gold or speculative real estate, and especially consumption. The passbook account has lost most of its attractiveness.

Unfortunately for many Americans, high-interest options such as money-market certificates are simply too costly, requiring minimum amounts of $5,000, and tie up needed funds for too long. Consequently, the average saver is left with the option of the passbook account or spending the money. The spending that results fuels inflation and makes the vicious cycle of discouraging savings and encouraging consumption even worse.

The bill the House passed today, H.R. 4986, is a step in the right direction toward breaking this vicious cycle by allowing for a gradual release of the ceilings on interest paid on bassbook accounts. This action, coupled with the House's recent passage of the windfall profit tax legislation, which contains a provision whereby a single person can escape taxation of the first $200 in interest on savings ($400 for couples) will provide the American citizen with the best new reasons for depositing money in a savings account in years.

Tax incentives have long been successfully employed by other countries as a tool to increase the savings rate. Countries with tax incentives for savings have higher savings rates and their economies are better off for it. Japanese save 20 to 25 percent of disposable income, while Western Europeans save between 15 to 20 percent. The United States, on the other hand, saved only 4.5 percent for 1979.

I am pleased, therefore, to be a cosponsor of H.R. 4986, which, if passed, will reaffirm our commitment to the consumers of this Nation. More importantly, it will reaffirm our commitment to the health of the housing industry by providing for the essential asset readjustment necessary for thrifts to enable them to compete in the deregulated environment of the future.

It is important to note that H.R. 4986 does not provide for an abrupt end to deposit rate controls, a move which would thrust thrifts head-on into a deregulated market environment. Rather, this legislation will provide for an orderly and gradual phaseout of the ceilings with the rate of phaseout to be determined by a five-member regulatory council made up of bank regulators and the Secretary of the Treasury. The bill establishes target increases in the ceiling of one-quarter of 1 percent within the next 18 months, one-half of 1 percent the next 18 months and one-half of 1 percent per year for the last 3 years of the 6-year rate phaseout. At any time during the 6-year period, the Council can decide to raise or postpone the increase depending upon the prevailing economic conditions and viability of the affected financial institutions. The emphasis, of course, will be on bringing the rate ceilings to market rates at the end of the 6 years. I applaud this approach and find it in keeping with the President's recommendation for an orderly transition to a banking system which will allow the consumer to receive a fair rate of return on his savings while at the same time allow the thrift industry time to adapt and to continue in their role as housing lenders.

To help the thrifts "over the hump" of earnings problems and expensive money during this phaseout, the bill provides the savings and loans with additional consumer lending powers, up to 20 percent of assets. This additional earning capacity will help to offset the mandated increase on remaining passbook deposits. Mutual savings banks are granted 5 percent leeway investment authority under the bill, which allows them to invest in commercial, corporate and business loans. The savings banks had originally requested 20 percent leeway investment authority, but after having spoken with many of the savings bankers in my district, I support this 5 percent authority as a step forward and a recognition of the special problems of the savings bank industry. Once the need for such investment authority is demonstrated, the percentage of assets allowed for such investments can be reevaluated.

In addition to addressing the needs of the thrifts, H.R. 4986 addresses the concerns of the consumer by providing for NOW accounts nationwide, as of December 31, 1980, and permanent statutory authority for remote service units, share drafts, and automatic transfer of funds. The consumer also benefits, of course, from the gradual lifing of rate ceilings on passbook accounts.

Another important provision in H.R. 4986 is the preemption of State usury ceilings on first lien mortgages and on business and agricultural loans over $25,000. There has been considerable concern expressed in New York about the extension of the usury override (previously extended to March 31, 1980) and I am very pleased to be able to report back to my constituents that if this legislation passes the Congress, the usury override will be extended permanently on mortgages, unless a State acts within 3 years to reimpose it, and on business and agricultural loans for 3 years.

The bill also contains an important provision which will impose mandatory reserve requirements on all financial institutions, including savings and loans offering transaction accounts. With the growing problem of declining membership in the Federal Reserve System, I believe this bill, which will bring an additional 5,000 nonmember banks within the System, is a major boost for our national monetary system. Additionally, it is necessary for the Federal Reserve to have a larger membership base in order to have an effective monetary policy. An effective monetary policy, in turn, is a necessary ingredient of an effective anti-inflationary policy. Hence, H.R. 4986 can be hailed not only as a boon to the small saver and consumer but also as an anti-inflationary measure.

The bill will also provide for simplification in truth-in-lending procedures and authorizes several other modifications of the activities of financial institutions. In his recent anti-inflation message to the Congress, President Carter called for prompt approval of this financial reform legislation before us today, urging its "quick passage." Let us do so today.

Mr. STANTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to join the distinguished chairman of the Banking Committee in supporting H.R. 4986, the Depository Institutions Deregulation and Monetary Control Act of 1980. As we enter the decade of the 1980's, it is befitting that we have such historic and far-reaching legislation before us early this year.

Today, we are all too aware that the economic problems which confront this Nation—and I am speaking primarily of inflation—seem beyond our control. By passing this legislation, however, I truly believe that we will be sending a signal to all concerned that the United States finally is beginning to correct some of the fundamental and structural economic problems—such as outdated and unnecessary Government control of the economy, overregulation of the financial community, a stifled competitive environment, and less than superior tools to conduct effective monetary policy—which presently plague our Nation's economy.

Although the conference reported bill contains a number of items that have not been considered previously by the House, this compromise bill represents good legislation nonetheless. Virtually every banking constituency—from credit unions to commercial banks, from the Federal Reserve System to especially the small saver—stands to benefit significantly from this legislation. Let me point out just a few examples.

### I. BENEFITS TO THE SMALL SAVER

All too often it is the small savers—young people, elderly people living on fixed incomes, everyday working people—who unfortunately have to shoulder the brunt of double-digit inflation and higher and higher interest rates. This bill provides for direct (though long-term) relief by raising and ultimately phasing out artificially low interest rate ceilings on savings accounts offered by all depository institutions. Over the long run the elimination of Federal Reserve regulation Q will bring current interest rates offered by depository institutions up to market rates of interest offered by other financial competitors. Only by reaching current market rates of interest—presently ranging from 12 to 15 percent—can the small saver hope to protect his savings from the bite of inflation. Moreover, H.R. 4986 permanently authorizes interest-bearing, nationwide NOW accounts as well as automatic transfer services and share drafts as an additional benefit to the consumer during these inflationary times.

### II. BENEFITS TO DEPOSITORY INSTITUTIONS

Mr. Speaker, under the provisions of H.R. 4986 all types of depository institutions will gain new powers and authorities to better compete for the consumer dollar. A brief listing will show how these institutions will benefit from our actions today:

#### 1. CREDIT UNIONS

Permanently authorized to offer share drafts;

Granted relief from current Federal usury ceiling restrictions; and

The central liquidity facility will be authorized to process share drafts and other instruments.

#### 2. FEDERAL SAVINGS AND LOAN ASSOCIATIONS

Permitted to invest up to 20 percent of their assets in consumer loans, commercial paper, and corporate debt securities;

Able to offer credit card and overdraft services, and to exercise trust and fiduciary powers;

Be authorized to issue mutual capital certificates, which may be counted as assets toward the Federal insurance reserve (FIR);

Permitted to make second mortgage loans and to make residential mortgage loans without geographic restriction; and

Finally, remote service units and NOW accounts for S. & L.'s are authorized permanently.

All of these new powers are intended to aid S. & L.'s and insure an even flow of funds for home mortgage lending during the phaseout of regulation Q.

#### 3. COMMERCIAL BANKS

Authorized permanently to offer automatic transfer services and NOW accounts;

Restrictions on the holding and development of real estate will be relaxed; and

Temporary moratoriums have been established on the foreign acquisition of U.S. banks and the operation of interstate trust companies.

### 4. RELIEF FROM REGULATIONS AND REDTAPE

All depository institutions will benefit directly from titles in H.R. 4986 pertaining to truth-in-lending simplification and financial regulation simplification.

### III. BENEFITS TO THE FEDERAL RESERVE SYSTEM

Certainly one of the most significant features of the conference reported bill is title I, the Monetary Control Act of 1980. Although this version of the act is greatly different from its predecessor, H.R. 7 which passed the House last July 20 by a vote of 340 to 20, it is nevertheless worthy of favorable consideration by the House once again.

The Monetary Control Act of 1980 goes a long way to reducing the burden for most banks of holding sterile reserves with the Federal Reserve, while at the same time assuring the Federal Reserve that it has sufficient control over enough bank deposits to effectively conduct monetary policy. We have achieved this at a cost of only $151 million, well within the $200 million ceiling imposed on the cost of this legislation by the administration. Even though under this new system some depository institutions which previously were not affiliated with the Federal Reserve will now have to post reserves with the Federal Reserve, the burden in my opinion is not great enough on balance either to erode seriously the dual banking system in which I strongly believe or to detract from the overall benefits of this title in particular or the legislation in general.

Given the overwhelming vote by the House last July for preserving a bank's freedom to choose whether or not it should or would be affiliated with the Federal Reserve System, my colleagues should be aware that this conference does extend the Federal Reserve's purview to nonmember, State-chartered commercial banks for the first time. The conferees opted for mandatory affiliation in the Federal Reserve System to give the Board the necessary authority to carry out its monetary policy responsibilities. I am sure that my colleagues know that the various State banking authorities repeatedly have expressed their deep concern about the dual banking system once the Federal Reserve begins to implement the new authority granted to it under this conference reported bill.

Mr. Speaker, as I stated earlier, I am a firm believer in the dual banking system. Under our decentralized banking structure, this Nation has benefited from flexible, innovative banking measures designed to serve the public interest. In this regard I am glad to see that the conference reported bill does contain a subtle penalty for those banks which switch their charters from being a State-chartered bank to a national bank on or after July 1, 1980.

In my view the Committee on Banking, Finance and Urban Affairs should conduct vigorous oversight of the impact of the Monetary Control Act of 1980 upon the dual banking system over the next several years.

While the provision of H.R. 7 which maintained the traditional, voluntary affiliation with the Federal Reserve System (the freedom of choice compromise) has been eliminated, the new system of mandatory affiliation with the Federal Reserve for all depository institutions is necessary at this time given current economic conditions. On October 6, 1980, the Federal Reserve Board switched its tactics for controlling the money supply—and thereby fighting inflation—from that of focusing solely on interest rates to a policy of concentrating on the growth of bank reserves. This fundamental switch in Federal Reserve policy lends even more importance to the successful passage of the Monetary Control Act as soon as possible to give the Federal Reserve the necessary monetary tools to bring inflation under control.

Finally, I particularly wish to concur in the remarks of the chairman concerning title IX. The few domestic institutions which are controlled by foreign persons but which are owned substantially by U.S. shareholders should not be treated the same as institutions which are wholly foreign owned. It was not our intent to so treat them, despite the language of the conference report and I wholeheartedly agree that the situation should be remedied at our first opportunity and that an appropriate exemption should be written into any legislation that is considered dealing with the extension or modification of title IX.

In summary, Mr. Speaker, this is good legislation that is in our national interest for the many reasons I have stated above. I urge my colleagues to support the conference reported bill, H.R. 4986.

Mr. Speaker, the chairman of our committee has just described what I personally believe is some of the most historic legislation in the field of banking and finance that has been my privilege in 15 years to be associated with here in the House. I believe if others had been here for 20 or 25 years, others could say the same thing.

Mr. Speaker, this legislation, I think, proves, above all else, that there is no such thing as a Republican financial institution or a Democrat financial institution and that truly the best interests of the consumers, the best interests of all financial institutions comes from legislation in which there is give and take and in which no one receives all of the benefits for their own particular interest but indeed experience a sense of compromise which we sincerely hope is in the best interests of our country and the financial stability of our dollar both at home and abroad.

Mr. Speaker, I am proud to be associated with this legislation. It is the result of years of work starting perhaps with the Hunt Commission over a decade ago.

Mr. Speaker, our chairman has further stated the need for this legislation. The gentleman stated what would happen to the share drafts, the credit unions, et cetera, if this legislation was not passed by March 31.

Further, in the climate which exists today and in view of the economic uncertainty of our times and with the degree of inflation which has burdened all of us, this is indeed an opportune time to get our house in order and to give to the financial institutions of this country a new realm of responsibility to meet the challenges that lie ahead.

Mr. Speaker, in closing, let me simply compliment all of the members of our committee, especially our chairman, the gentleman from Wisconsin (Mr. REUSS), and members of our staff who have worked hard and diligently on this legislation. We hope sincerely that it will accomplish what we have intended, which is to continue to make this country the strongest, most financially successful country in the history of the human race. Such is the purpose of the legislation we have before us today.

Mr. REUSS. Mr. Speaker, I yield such time as he may consume to the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Speaker, I, too, initially, would like to pay tribute to my colleagues, those on the conference committee in particular, as well every member of my subcommittee who worked so long and hard on this legislation.

Mr. Speaker, as has been stated, we are in an era which demands change. Change has taken place on the outside of the financial institutions industry and therefore there has to be a response. This legislation not only seeks to address that response but I feel does indeed provide many of the answers. Not all of them, but many.

Mr. Speaker, in many instances the House had to compromise with the Senate. In some instances, I might say, I personally feel, unhappily so. However, when we look at the overall picture, the overall piece of legislation, I feel that where we did compromise, contrary to our deep-seated beliefs, we nonetheless were able to do so in such a manner as to achieve a desired result and a good result.

Mr. Speaker, I want to pay particular tribute to a few individuals: The chairman of the full committee (Mr. REUSS) for his assistance, understanding, throughout this long period and then to the gentleman from Georgia (Mr. BARNARD), who, even before he was a member of the subcommittee, sat in on many of our hearings in the last Congress and who, in this Congress, as a member of the subcommittee. I do not think has missed a single hearing. More important than just attending the hearings has been his contribution. One might say that he and I in many instances would appear to come from different sides of the spectrum. However, as a result of listening to witnesses, to testimony, participating in the questioning, we found ourselves in most instances on the same track and that is what the legislative process should be all about. I want to thank the gentleman personally for his assistance in these trying, trying times.

Of course the gentleman from Ohio (Mr. WYLIE), our ranking minority member, also has been invaluable in his assistance and in his attendance and participation.

Mr. Speaker, when we go to conference it helps a lot if we have a knowledge of the issues. That is what we had when we went to conference on this legislation from members of the conference committe, in addition to the gentleman from Georgia (Mr. BARNARD) and our chairman, the gentleman from Wisconsin (Mr. REUSS), the gentleman from Illinois (Mr. ANNUNZIO), the gentleman from Ohio (Mr. WYLIE), and the gentleman from Ohio (Mr. STANTON).

Mr. Speaker, the bill before the House today addresses a number of issues affecting depository institutions. It provides a phaseout of regulation Q, provides expanded powers for thrift institutions to cope with the elimination of regulation Q, makes improvements in the National Bank Act, places in statutory language the thrust of the President's regulatory review program for Federal agencies, and provides the Congress time to consider the issue of foreign bank acquisitions of depository institutions in the United States. At this time I would like to briefly describe each of these items.

### REGULATION Q

The bill transfers the authority to set interest rates on deposits under Public Law 89-597 from the Federal Reserve Board, the FDIC, and the FHLBB to a six-member Depository Institutions Deregulation Committee made up of the heads of those agencies plus the Secretary of the Treasury, the Chairman of NCUA, with the Comptroller of the Currency as a nonvoting member. The committee will meet in public session no less than quarterly and will make its decisions by majority vote of the voting members.

Authority to control the rates paid on deposits by depository institutions under Public Law 89-597 was provided for a term of 6 years from the date of enactment of the legislation in order to give thrift institutions time to incorporate the new powers granted to them so they may increase their earnings and be in a position to attract deposits by paying market interest rates. During the 6-year period, the committee is directed to provide for a phaseout of regulation Q just as soon as is possible by increasing the permissible rates paid to depositors on all accounts to market rates, by a phased elimination of all interest ceilings on particular classes of deposits by the creation of new types of deposits, not subject to ceilings or with ceilings linked to market rates, or by any combination of these approaches.

In order to provide assurance that the committee will by majority vote increase permissible deposit rate ceilings to market rates just as soon as possible, specific targets for increasing rates are set forth in the legislation.

The committee is not bound by any target. It may exceed any target if economic conditions warrant; decide not to increase permissible rates at all; selectively increase or decrease permissible rates on any particular class of deposits; or lower permissible rates on any and all accounts if economic conditions warrant. The committee may exercise this authority to increase or decrease rates at any time during the 6-year period.

The provisions of section 102 of Public Law 94-200 remain in effect but all authority to administer its provisions is transferred to the committee. The committee may create new classes of accounts for all depository institutions and is not required to provide for a differential on permissible rates between thrift institutions and commercial banks on such accounts.

At the end of the sixth year after date of enactment of the bill, all regulation Q authority expires. The legislation provides for a 6-year extension of regulation Q to permit thrifts to organize themselves to compete in a market environment. Thus, all the committee's authority will expire and the committee will go out of existence.

### NOW ACCOUNTS, ATS, RSU, AND SHARE DRAFTS

The bill permits federally insured commercial banks, savings and loan associations, mutual savings banks and savings banks to offer NOW accounts nationwide, effective December 31, 1980. The authority of commercial banks to offer automatic transfer accounts is made permanent with the permissible rate on ATS accounts a matter within the discretion of the deregulation committee and the deregulation committee is expected to provide competitive equality between ATS and NOW accounts. Permanent authority of federally chartered savings and loan associations to operate remote service units is established as well.

Also included is a provision to permit Federal home loan banks to process NOW account drafts and other instruments issued by their members or those eligible for membership. Such services would be priced in accordance with the pricing principles applicable to Federal Reserve banks. This provision expands the Federal home loan banks' existing authority to engage in the processing and settlement of negotiable orders or other instruments of payment. In order for the Federal home loan banks to continue to have deposits available to fund advances to member institutions, it is important that the banks have the ability to service the broad and evolving financial service needs of their members.

A lawsuit is presently pending in which the primary issue is the question of whether the Federal home loan banks possess the authority to process and pay money orders issued by their member institutions.

It is my understanding that in addition to granting new authority in this area with respect to other instruments and transactions, the provisions in section 311 of title III of the bill are intended to reaffirm the existing authority of the Federal home loan banks with respect to the processing and paying of such money orders.

The bill permits all federally insured credit unions to offer share draft accounts as of March 31, 1980. The central liquidity facility is authorized to process share drafts and other instruments issued by CLF members, credit unions represented in the CLF by agent members, and those eligible for CLF membership. Such services would be priced in accordance with the pricing principles applicable to Federal Reserve banks and shall be available to all eligible institutions on a nondiscriminatory basis.

### POWERS OF THRIFT INSTITUTIONS AND MISCELLANEOUS PROVISIONS

Federal savings and loans are provided various new investment authorities. Such savings and loans may invest up to an aggregate limit of 20 percent of assets in unsecured or secured consumer loans, commercial paper and corporate debt securities. They may invest in, redeem, or hold shares or certificates of open-end investment companies.

The bill removes the geographical lending restriction from the Home Owners Loan Act; removes the first lien restriction on residential real estate loans; authorizes second trust loans; expands the authority to make acquisition, development, and construction loans; and substitutes a 90-percent loan to value ratio requirement in place of the dollar limit (now $75,000) on residential real estate loans.

The bill also allows Federal savings and loans to exercise trust and fiduciary powers and to offer credit card services.

Federal savings and loans are authorized to issue mutual capital certificates. Mutual capital certificates would be counted as assets eligible for inclusion in the Federal insurance reserve, and the FSLIC is given authority to set insurance reserve requirements within a range of 3 to 6 percent.

Shares or certificates of open-end management investment companies registered with the SEC would be included in the list of assets currently eligible to satisfy liquidity requirements.

State stock savings and loans are allowed to convert to a Federal charter if the institution existed in a stock form for not less than the 4 years preceding the date of enactment of this act.

The bill also provides for a study and recommendation on the options available to provide balance to the asset-liability management problems inherent in the thrift portfolio structure; the options available to increase the ability of thrift institutions to pay market rates of interest in periods of rapid inflation and high interest rates, and the options available through the Federal Home Loan Bank Systems and other Federal agencies to assist thrifts in times of economic difficulties. The report is to be completed in 3 months after enactment of the bill.

Federally chartered mutual savings banks are authorized to hold up to 5 percent of their assets in commercial, corporate or business loans provided such loans are made within the State in which the MSB is located or made within 75 miles of the home office of the MSB.

Several amendments are made to the Federal Credit Union Act. These amendments would permit Federal credit unions to make loans on individual cooperative housing units, strike the limitation on the contract authority on the CLF requiring appropriations and strike the term "Administrator" wherever it appears and insert "Board."

In addition, the conferees adopted a provision which would allow Federal credit unions to raise their loan rates up to an annual rate of 15 percent subject to rules issued by the National Credit Union Administration. The legislation would also permit the National Credit Union Administration to raise the loan ceiling above 15 percent for periods not to exceed 18 months, after consultation with appropriate congressional committees, the Department of Treasury, and the other Federal financial regulatory agencies. This special authority could be invoked by the National Credit Union Administration Board only after the Board determines money market interest rates had risen over the preceding 6-month period and when prevailing interest rate levels threatened the safety and soundness of individual credit unions as evidenced by adverse trends in liquidity, capital earnings and growth.

Another provision raises the limits on all Federal deposit insurance to $100,000 and permits the FDIC to change its assessments.

### AMENDMENTS TO THE NATIONAL BANKING LAWS

Several changes are made in the National Bank Act and the Bank Holding Company Act to improve their effectiveness. It gives the Comptroller of the Currency the authority to extend the current 5-year period during which a national bank is permitted to hold real estate for an additional 5 years subject to the bank having made a good faith effort to dispose of the real estate within the 5-year period would be detrimental to the bank. In addition, a bank may expend funds for the development and improvement of such real estate, subject to such conditions and limits as the Comptroller of the Currency shall prescribe, if such expenditures are needed to enable the bank to recover its total investment.

The Bank Holding Company Act is amended to authorize an extension of time for the divestiture of real estate or interests in real estate required to be divested by December 31, 1980. Such extension may be for up to 2 years and the Board of Governors of the Federal Reserve System must consider whether the company has made a good faith effort to divest such interests and whether such extension is needed to avert a substantial loss.

The 6-percent limitation on national bank preferred stock dividends is removed from the statutes.

The Comptroller of the Currency is granted authority to revoke the trust powers of a national bank when he determines, after hearing, that those powers are exercised unlawfully or unsoundly or that the bank has failed to exercise its trust powers for 5 consecutive years.

The report authorizes the Comptroller of the Currency in the event of a natural calamity or emergency to proclaim a legal banking holiday for the national banks so affected. When an authorized State official declares a legal banking holiday, that day automatically becomes a legal holiday for national banks within the State as well unless the Comptroller of the Currency specifically countermands.

Dissenting shareholders are allowed to select an appraiser for their shares by majority, rather than unanimous, vote when a national bank intends to convert, merge, or consolidate and the resulting bank will be State-chartered.

The Comptroller of the Currency is authorized to delegate any of his powers.

The Comptroller of the Currency is granted authority to issue rules and regulations to carry out his responsibilities. However, that rulemaking provision carries no authority to permit otherwise impermissible activities of national banks with specific reference to the provisions of the McFadden Act and the Glass-Steagall Act.

The Comptroller of the Currency is allowed to establish the timetable for examination of national banks and to authorize the Comptroller to examine foreign operations of State member banks upon request from the Board of Governors of the Federal Reserve System.

The bill amends 12 U.S.C. 72 which requires directors of national banks to own stock in the bank to allow such directors to own bank holding company stock instead of bank stock if the national bank is controlled by a holding company.

It allows national banks to invest in the stock of a bank, insured by the FDIC, owned exclusively by other banks (except for directors' qualifying shares required by State law), and engaged exclusively in serving other banks or their officers, directors, or employees. The total amount of stock owned may not exceed 10 percent of a national bank's capital account and no national bank may own more than 5 percent of the voting securities of such bank.

The bill places a moratorium on the direct or indirect establishment, acquisition, and operation of a trust company across State lines until October 1, 1981, unless the trust company was acquired and in operation on or before March 5, 1980.

It amends section 3(c) of the Bank Holding Company Act of 1956 to prohibit the Board of Governors from following a policy regarding applications to form one-bank holding companies if such policy would result in the rejection of an application solely because the transaction involves a bank stock loan with a repayment period of not more than 25 years. The Board shall consider transactions involving bank stock loans of a period of 12 years or more on a case-by-case basis and no such transaction shall be approved if the Board believes the safety or soundness of the bank may be jeopardized.

The National Bank Closed Receivership Fund is terminated by this bill.

### REGULATORY SIMPLIFICATION

The bill requires Federal financial institution regulatory agencies to insure that their regulations are needed; that the public and interested parties are given an opportunity to air their views; that alternatives to the regulations are considered; that costs and burdens are minimized; that regulations are written clearly and simply; and that conflicts, inconsistencies and duplications are avoided. The language makes it clear that the requirements of this provision will apply "to the maximum extent practicable." The conferees recognize that there may be some emergency situations such as monetary policy regulations or other regulation where compliance would be impracticable or unnecessary. Examples are, first, technical or clarifying amendments, second, regulations designed to eliminate a loophole or reduce a burden where a delay would cause unnecessary harm, third, regulations that would reformulate a proposal previously issued for public comment, and, fourth, regulations subject to a short statutory deadline. The conferees agreed that the agencies must follow the requirements of this provision except in limited circumstances such as those listed above.

### FOREIGN CONTROL OF U.S. FINANCIAL INSTITUTIONS

Another provision places a moratorium on foreign acquisitions of U.S. depository institutions until July 1, 1980. The conferees expect a GAO study, now in progress, to be completed by that date. Acquisitions of under $100 million were exempted as were corporate reorganizations and transfers of ownership interests already under foreign control. Applications where the applicant has applied on or before March 5, 1980, are exempted from the moratorium provisions but continue to be subject to existing statutory standards; also exempt is an acquisition of a financial institution which is a subsidiary of a bank holding company under orders to divest by December 31, 1980.

This moratorium is not designed to prejudice the case one way or the other but to provide a period for study and review by the Federal Reserve, the administration, and the Congress.

Due to a problem which was brought to the attention of the conferees after the conference had completed its work, I wish to make a few further comments concerning title IX.

As written in the bill, a foreign owned or controlled domestic institution, even though substantially owned by U.S. shareholders, would be subject to the moratorium. Obviously, such shareholders are disadvantaged by title IX because their institution is restrained from participating in ownership and acquisition activities while its competitors are not so restrained.

It is regretted that this unintended effect will result from the language of title IX as now written. However, such was not our intent and I assure my colleagues that in any consideration by the Banking Committee of an extension of the moratorium or other legislation, an appropriate exemption will be provided for these uniquely situated institutions.

It is the clear belief of those who have labored to bring forth this conference report that it will strengthen the soundness of our financial institutions, that it will establish equity and increase services to the public.

There are, however imponderables in the equation we have set forth. I would like to address some of these and give this House the benefit of my thinking in the hope that some may join me in a search for solutions.

Housing affordability is one imponderable.

"Where will our children live?" is the question being asked more and more as we view the downturn in housing production. This concern over the potential future gap in the supply of adequate housing is one that is growing. A similar and equally important concern, however, is "Where will the dollars come from to finance this housing?" As traditional sources of mortgage finance will be faced with higher costs and higher yielding investment powers as a result of this much needed reform which we wish to enact, equity requires that we also address the solution for providing an adequate supply of mortgage funds.

In initiating financial reform, it has never been my intent nor the intent of others on the Banking Committee to preside over the demise of the supply of mortgage funds. Indeed, the opposite has been our purpose. The means of providing shelter to our citizens has always been and continues to remain a concern of paramount importance to me.

While we do not know yet the effect that these new laws and their subsequent regulations will have upon the supply and cost of mortgage finance, we can take steps in advance to prevent unforeseen consequences. "Where will our children borrow (for housing)" is the question I am now posing.

I will be working on and hope to submit legislation that would encourage mortgage lending. For example, a most important corollary to the committee's work on financial reform would be legislation providing for incentives to encourage all lenders to invest in residential and mortgage loans. This would provide parity to mortgage lenders with business investors who now enjoy a 10-percent tax credit on business investment.

Such a proposal might provide that holders of mortgage loans on one- to four-family residential properties be entitled to a credit against Federal income taxes on a portion of the interest received from these mortgages. We could devise a tax credit on a sliding scale based on percentage of assets that investors held in mortgages. To guard against an unwarranted drain on the Treasury, limitations could be placed on how long a time that interest earned on mortgages would be tax-exempt. To assure against unwarranted windfall for high income borrowers, limitations could also be placed on the amount of the mortgage.

Advantages of such a proposal would be that it:

First. Provides an inducement for any lender to invest in residential mortgages.

Second. Provides an inducement to savings and loan associations and mutual savings banks to continue to invest heavily in mortgage loans. Because only new mortgages are covered, previous high investment in mortgages, while establishing the base, cannot be used to guarantee significant credits without continued investment.

In addition, depending upon how much of a tax credit benefit that competition encourages lenders to pass on to home buyers, such a proposal might even make mortgage loans available to home buyers at interest rates somewhat less than the rate would be without the tax credit, enabling more people to achieve homeownership.

Today's conference report will go a long way toward strengthening the institutions that provide for our Nation's financing needs. A step next may well be for legislation which will meet other needs by encouraging lenders to invest in mortgages.

Another situation which deserves further consideration is that of the individual homeowner who finances the sale of his home himself. Under this legislation, institutional lenders with $1 million or more in mortgage loans will be exempt from State usury ceilings. But today more and more homeowners are resorting to such "creative financing" techniques as vendors liens, land contracts, and purchase-money mortgages, where the homeowner takes back the mortgage. Also, real estate brokers sometimes engage in temporary financing in order to help out a seller.

In all fairness it seems clear that individual home sellers should be exempt from usury ceilings, and I would include partnerships and corporations as well. It would be my intention to address this problem during consideration of the upcoming housing and community development bill of 1980.

Mr. Speaker, Members of the House, again I say that it is a very extensive bill, but it is one that is demanded by the times we now face, and I hope that the House can expeditiously adopt the conference report, allow the Senate to do likewise, so that we can have this in place by March 31.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. ST GERMAIN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate my colleague yielding. The gentleman knows full well that we tried several years ago to make it possible for depository institutions to utilize the instruments known as NOW accounts. We were turned down on the floor, as the gentleman realizes, because there was great fear that this would cause disruption among certain kinds of commercial banks and others who felt that it would be unwarranted competition. In actual practice, mostly in the Northeastern States, that turned out to be incorrect.

I want to compliment my colleague because I know he has worked hard to make sure that NOW accounts were allowable nationwide. It is thus so under this bill, and I just wish that we had been able to do it several years ago when we tried, but at least the conference picked up on that at this time and place. I know the gentleman was in the forefront of that effort, as I was, and many others, and I think that is certainly progress for the consumer.

Mr. ST GERMAIN. I would certainly, naturally, want to thank my colleague for his remarks, but also state that indeed he and I tried in the past, and we never did give up. Although he left the committee, he was of great assistance last year when we sent the NOW account legislation over to the Senate. He was very helpful in seeing to it that we received a very overwhelming vote on that particular item. I agree with him, the consumers of this Nation will be well served by adoption of this provision.

Mr. ROUSSELOT. I thank my colleague.

Mr. ST GERMAIN. As I understand the provision of this legislation, institutional lenders with $1 million or more in mortgage loans will be exempt from State usury ceilings. Today more and more homeowners are resorting to "creative financing" techniques such as vendor's liens, land contracts, and purchase-money mortgages. In these instances, the homeowner himself takes back the mortgage.

Also, real estate brokers sometimes engage in temporary financing in order to help out a seller. Should not such individuals also be exempt from State usury ceilings?

Mr. REUSS. It would be my intention that this problem should be considered in the upcoming housing and community development bill of 1980.

Mr. STANTON. Mr. Speaker, the majority of this legislation came out of the Subcommittee on Financial Institutions, and I am pleased now to yield 5 minutes to the ranking minority member of the subcommittee, the distinguished gentleman from Ohio (Mr. Wylie).

Mr. WYLIE. Mr. Speaker, I thank the ranking minority member of the committee very much for yielding me this 5 minutes, and I rise in very strong support of this conference report today.

I have said it before and I will say it again, I have never been more proud to be a Member of Congress than I was during the deliberations of the conferees on this historic and landmark legislation which is before us today. I would especially like to commend our chairman of the full committee, Mr. Reuss, who was very professional and persistent in his efforts to get us to resolve our differences. As a matter of fact, he even rode back and forth with us from the conference committee room in Mr. Stanton's car, taking all of the conferees of the House with him so that we would not get lost in the catacombs, and in the process he was able to bring us to success in record time. It was indeed a pleasure to work with you, Mr. Chairman, on this conference and with you, my friend and colleague from Ohio (Mr. Stanton).

Mr. REUSS. Mr. Stanton, Mr. St Germain, Mr. Annunzio, and Mr. Barnard all worked mightily on this bill. Mr. Stanton and Mr. Reuss will certainly go down in history. They have made their mark with reference to the Federal Reserve membership section of the bill, which is so very, very important.

The bill, as has been said, does provide for the first time on a permanent basis for so-called interest-bearing checking accounts, such as automatic transfer accounts, remote service unit accounts, and share draft accounts along with NOW accounts, which add to the characterization of landmark legislation. I think financial institutions need these tools. I think they can indeed be characterized as marketing tools for banks, for all financial institutions, for thrift institutions and credit unions to encourage people to put their money into savings deposits. I think that is very, very important, because last month less than 3 percent of the disposable income of this country went to savings accounts. That is the lowest amount in the history of our country, and I think that is something that we really need to be concerned about. So, if we can do something to encourage people to put their money into savings accounts, I think it should be done.

Regulation Q has become an anachronism.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. WYLIE. I will be glad to yield to my colleague from California, who was a very distinguished and valuable member of the Committee on Banking, and ranking minority member of the subcommittee, and in whose footsteps I have followed as ranking member of the Financial Institutions Subcommittee.

☐ 1230

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman's comments.

I just want to reemphasize a very important aspect of this legislation before us today. One aspect of the legislation of which I am extremely supportive and on which I know my colleague, the gentleman from Ohio (Mr. WYLIE), was very instrumental is to make sure that we solve the problem of automatic transfer accounts. As the gentleman well knows, a Federal court directed Congress to solve important problems relating to the use of automatic transfer accounts, share drafts and what have become known as remote services units by depository institutions, which the court found violative of the Federal prohibition against the payment of interest on demand deposits. It is very seldom that the court does this. In this case the courts directed Congress to do something about these issues, actually by the first of this year, but because of all kinds of problems we were not able to meet the original deadline, but this conference resolved these issues.

Mr. Speaker, because this affects consumers of this country and relates to convenience for consumers and depositors, I wonder if the gentleman could explain what the provisions in this bill or in this conference report provide relating to automatic transfer accounts, share drafts, and remote service units.

Mr. WYLIE. Yes. Mr. Speaker, I will do that. Those matters have been touched on, but as the gentleman said, the situation is very unusual in that a court decision required legislative action.

The SPEAKER pro tempore. The time of the gentleman from Ohio (Mr. WYLIE) has expired.

Mr. STANTON. Mr. Speaker, I yield 5 additional minutes to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Speaker, I realize that time is being used all too rapidly and I will try to be brief.

Mr. Speaker, in this instance the Federal District Court of Appeals for the District of Columbia ruled that automatic transfer accounts, remote service units, and share draft accounts were illegal because Congress had not specifically authorized them, and the Supreme Court of the United States denied certiorari. At the same time, though, the unusualness of the procedure is that the Court said, "We will allow these accounts even though they are illegal, to remain in effect until December 31, 1979. That will give Congress plenty of time to do something on it."

Back in December we authorized those accounts on a temporary basis until March 31, 1980, as the gentleman from Rhode Island (Mr. ST GERMAIN) explained. In this bill we authorize them on a permanent basis.

I might say that an automatic transfer account is in effect an interest-bearing checking account. It is a hybrid in that a customer signs up for a zero balance checking account; he puts his money in an interest-bearing savings account, but he can write what looks like a check against funds in that savings account.

Mr. ROUSSELOT. He still gets interest on that?

Mr. WYLIE. He gets interest all the time on the money in his savings account.

When the check is presented to the bank, then money is transferred from the savings account into his zero balance checking account, and by that process—we call it an automatic transfer service—he gets paid interest on what amounts to a checking account.

There is a similar arrangement with the remote service unit account in a thrift institution although there are not two separate accounts as in the case of an ATS account in a bank. The account is accessed, say, from a shopping center area or from some other remote service unit away from the home office of the thrift institution.

Mr. ROUSSELOT. It is like those big machines that they have in shopping centers where one can make a deposit or withdrawal of cash from a given financial institution?

Mr. WYLIE. That is precisely correct. And all the time the consumer is drawing interest on it.

Here we are authorizing for the first time, as has been said, interest on certain checking accounts, and we are also authorizing interest-bearing NOW accounts after December 31, 1980. The gentleman was very instrumental in bringing NOW accounts into law.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield further, I would point out that the gentleman from Ohio (Mr. WYLIE), who has served as the ranking minority member of this subcommittee, made sure we did move on that before it expired this last year. We had to extend the authority for the various accounts and services because we were waiting for this conference.

Would you say that these accounts and services can fairly be described as consumer-oriented conveniences?

Mr. WYLIE. Very definitely.

Mr. ROUSSELOT. Mr. Speaker, I appreciate the fine explanation given by my colleague, the gentleman from Ohio.

Mr. WYLIE. Mr. Speaker, these provisions are definitely for the benefit of the small saver, and I thank the gentleman for asking the questions for purposes of this colloquy.

Mr. Speaker, the regulation Q extension was mentioned. Regulation Q will be phased out over a 6-year period, as has been stated. It was enacted as a temporary law back in 1966, and around here nothing is so permanent as a temporary law. As an offset to the loss of regulation Q, the thrifts get additional investment powers under this bill, and that has been something they have wanted for a long, long time. But hopefully we will get rid of it equitably.

I would like to mention the Federal Reserve membership issue, which is very, very important to me. The decline in Federal Reserve membership is very frightening. I think we need a very strong central bank in this country. We cannot blame banks for leaving the system under the present law, because their reserve money is placed in a sterile account with the Federal Reserve System. This bill requires all financial institutions to participate in the process of holding reserves.

There is something else, Mr. Speaker, that I would like to talk about for just a moment, because I have had more to do with this area probably than any other part of this bill, and that is the truth-in-lending simplification changes. I have been working on this for 5 years.

The truth-in-lending law has become a nightmare for both lenders and borrowers. After 12 years and 41 pages of regulation, nobody knows what is in a credit disclosure statement, and that is what was supposed to have been provided for in the original law. Truth-in-lending was supposed to be a mechanism by which consumers could shop for credit, but it has become chaos, and truth-in-lending is confusing. The consumer does not understand the present law, and it has been very difficult for lenders to comply. It has contributed mightily to costs.

Mr. STANTON. Mr. Speaker, will my colleague yield?

Mr. WYLIE. I yield to the gentleman from Ohio.

Mr. STANTON. Mr Speaker, directing my comment to that particular point, I think my friend, the gentleman from Ohio (Mr. WYLIE), is being a little bit too modest in that regard.

Not only did the gentleman make a very valuable contribution to our conference, but on the particular subject of truth-in-lending, I wish to especially compliment him. This was the first problem we faced, and it was the last problem we solved in the conference, and without the gentleman's help and without the cooperation especially of the gentleman from Illinois (Mr. ANNUNZIO), we would not be here today.

The SPEAKER pro tempore. The time of the gentleman from Ohio (Mr. WYLIE) has again expired.

Mr. STANTON. Mr. Speaker, I yield 3 additional minutes to the gentleman from Ohio (Mr. WYLIE).

Mr. Speaker, if the gentleman will yield further, I will say that if the gentleman had not had foresight and the strength to understand the issues and to stick by the issues, we would not have solved the problem, and I personally compliment him once again.

Mr. WYLIE. Mr. Speaker, I thank the gentleman from Ohio (Mr. STANTON) very much for his complimentary remarks.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield at that point?

Mr. WYLIE. Yes, briefly.

Mr. ROUSSELOT. Mr. Speaker, I, too, want to compliment the gentleman from Ohio (Mr. WYLIE) because he championed this cause of simplifying the paperwork relating to the truth-in-lending provisions in law.

Nobody wanted to eliminate truth-in-lending as a benefit to the consumer; what we wanted to eliminate was the unwarranted paperwork created by this law. The gentleman championed with me 2 years ago efforts to try to get this in the financial institutions bill, Regulatory and Interest Rate Control Act in 1978, but because of the press of time and other excuses, we did not get to it. We should have done it.

The gentleman from Ohio was very instrumental in making sure this was accomplished. This means a major reduction in paperwork for both the consumer and the lender, and in my judgment it is one of the better provisions of this conference report.

Mr. WYLIE. Mr. Speaker, I thank the gentleman.

The gentleman from California (Mr. ROUSSELOT) has been very strong on this issue. We would have had the provision in the law 2 years ago with his help except for the procedural difficulties in which we found ourselves.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield further, I know the gentleman tried to get it in the bill in the cloakroom on the final day of the 95th Congress, when we were both members of the Banking Committee.

Mr. WYLIE. Mr. Speaker, I would say that my bill which I introduced 5 years ago did provide for a model form. That model form language is in the bill.

I do not see the gentleman here now, but I do want to compliment the gentleman from Illinois, FRANK ANNUNZIO, the distinguished chairman of the Subcommittee on Consumer Affairs, who is truly a friend of the consumer. He wanted to have in the model form a provision for itemization of the amount financed on the disclosure form which would have made it very cumbersome. In the report before us today, if a consumer wants an itemization of the amount financed, he can request and get it separately by initialing an appropriate box on the model form. So we compromised on that, and we have a workable model form provided for now.

If a person wants an itemization of the amount financed then he can get that in writing on a separate form.

Mr. Speaker, all in all, this is an excellent piece of legislation, and I again want to compliment all the Members with whom I was associated on it. All the Members acted in a very professional manner, and I am proud to have been a member of this team.

Mr. REUSS. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. ERTEL).

Mr. ERTEL. Mr. Speaker, I intend to support the conference report accompanying H.R. 4986. I heartily support most of the reforms of this legislation, including the authority for interest-bearing checking accounts and the preemption of State usury ceilings. I do not support, however, the imposition of reserve requirements on nonmembers of the Federal Reserve. I think there are inherent advantages to a decentralized, dual banking system. I would urge my colleagues, therefore, to view the mandatory reserve requirement only as a temporary measure to put our monetary policy in order, after which the House will approve legislation to lift the requirement.

Mr. REUSS. Mr. Speaker, I yield 12 minutes to the gentleman from Georgia (Mr. BARNARD).

☐ 1240

Mr. BARNARD. Mr. Speaker, as a relatively new Member of the Congresss and of this Banking Committee, I want to say that I have benefited greatly from this participation on this conference committee because I have seen legislator's legislators function.

I would like to commend and pay tribute to both our distinguished chairman of the Banking Committee, Mr. REUSS, and the chairman of the Financial Institutions Subcommittee, Mr. ST GERMAIN, for their tireless efforts and great leadership during the consideration of this legislation.

I would also like to commend the contribution and cooperation of the minority, who have made this a most bipartisan bill. As a member of the conference committee, I can assure the Members of this House that all types of financial institutions were considered and consulted in drafting the version we are presenting to you today.

Mr. Speaker, this legislation is a milestone in our efforts to strengthen our economy and to fight inflation. It will give the Federal Reserve specific tools it needs to more precisely control the money supply. Equally important, it will eliminate unnecessary controls that it doesn't need, and modify a host of outdated and overly complex regulations.

This approach is especially important at a time when the economy is facing soaring inflation and declining productivity. Week after week, the economic statistics indicate the effects of too little control over the money supply and Federal spending, and too much control over competition and the day-to-day activities of business.

Almost all economists now agree that the growth rate of the money supply is central in any attempt to control inflation. Yet until today, reserves on deposits—the foundation of monetary policy—has been hampered by outdated laws.

Reserves were required in deposits where they served no purpose, and not required on others where they are critically needed. What is worse, the Fed lacked the authority to get some of the information it needs to precisely determine what the money supply is. This legislation will correct this absurdity, and the days when the Fed is forced to rely on estimates that may be off by 5 to 8 percent will soon be over.

By streamlining the reserve requirements, efforts will be directed to the areas that most need them. Monetary policy is far too important to be handled sloppily and under laws that have not reflected the realities of our many financial institutions for many years.

I am especially pleased that this bill fully takes into consideration the many innovations that financial institutions have made in the past decade, and incorporates them into monetary policy.

There is another aspect of this bill that I am also pleased to see. Over 100 changes in the Truth-in-Lending Act are contained in title VI. These changes will not affect the rights of the consumer, but rather eliminate much needless regulation that has obscured the needed information they must have to make knowledgeable credit decisions.

Mr. Speaker, excess regulation has been drowning our economy for far too long. By rationalizing the requirements of truth-in-lending, I hope that we are making the first of many efforts to closely examine all regulatory acts to see what in them can be simplified to reduce the load on business, while at the same time seeing that the rights of the consumer are effectively protected.

There is another part of this bill that I am especially proud of, for it incorporates several small changes in national bank laws that have been needed for years. While none of these changes are as dramatic as those in other parts of this bill, they are another step toward competitive equality among all financial institutions. The Comptroller's housekeeping amendments will reduce wasted effort on both the governmental and the institutional levels, and allow efforts to be concentrated where they are really needed.

This is a broad bill, and touches almost every aspect of the financial institutions in this country. More importantly, this is an anti-inflationary bill that is another step toward getting the Government out of where it has no business, while making sure that it has the tools to deal with problems that are its responsibility.

There has been a great deal of rhetoric about fighting inflation, especially in the past several months. This legislation is a concrete step that this Congress can take to insure control of the money supply, reduce excess regulation, and encourage the savings that we must have to increase productivity.

It is not a perfect bill, but it is a major step toward goals that we have espoused time and time again. I urge you to support it.

Mr. STANTON. Mr. Speaker, will the gentleman yield?

Mr. BARNARD. I yield to the gentleman from Ohio.

Mr. STANTON. I appreciate the gentleman's yielding, and I simply want to first compliment the gentleman for his part on this conference report and, second, to tell the Members of the House that the gentleman from Georgia is probably the champion, as far as I am concerned, in this House of the importance of the dual banking system in America. He fully appreciates what it has done for our country in the past and, hopefully, what it can do in the future.

I just wonder if the gentleman from Georgia would not agree with me that, while in this bill we have universal reserve requirements, we have at the same time, hopefully, preserved the dual banking system. At least that is our intent. I know the gentleman from Georgia will be watching very closely in the future to see that we do that. I wonder if the gentleman would not agree with me on that point?

Mr. BARNARD. Mr. Speaker, I thank the gentleman from Ohio for raising that point, because I think it is very important that throughout the consideration of this bill, in giving the Federal Reserve the necessary powers and the tools to conduct monetary policy, there has always been ever present the idea that we need in this country the dual banking system, and that we are not in any way in this legislation trying to destroy the dual banking system, that we want to preserve the aspect of State-chartered banks and federally-chartered banks. We will be watching the Fed as they operate under these new powers to see how effective they are. I know that, being on the Domestic Monetary Policy Subcommittee, on which we have the genuine leadership of the gentleman from Maryland (Mr. Mitchell), we will be conducting continued oversight to be sure that these powers are being used adequately and effectively.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. BARNARD. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding.

Mr. Speaker, I know that the gentleman has been very interested in maintaining the dual banking system of this country. What assurances do we have under this legislation that the Federal Reserve Board will not move in on the State banking system?

Mr. BARNARD. There is no indication in this bill, or, I should say, there is no encouragement in this bill that they should move into the dual banking system. They do provide the opportunities for those few banks that are brought under the reserve mechanism to have the opportunity of a discount window. For the next 18 months we will be structuring a pricing of which we will be overseeing very carefully, pricing services from the Fed that will be made available likewise. But these pricings will not be at a subsidized rate. They will be competitive with correspondent banking, and I can assure the gentleman our efforts will be toward protecting them.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. BARNARD. I yield to the gentleman from Ohio.

Mr. WYLIE. I thank the gentleman for yielding.

Mr. Speaker, I was going to respond to the gentleman's question. We do not really change the law in that respect here. I think the comment of the gentleman from Georgia on that was completely accurate. Of course, while I am here I want to compliment the gentleman from Georgia. He is certainly one of the most knowledgeable members of the Banking Committee, and when Doug Barnard from Georgia talks on banking legislation, we all listen to him because we know that he will give us some good professional advice.

Mr. ROUSSELOT. If the gentleman will yield, I want to second that statement of my colleague, the gentleman from Ohio, about the gentleman's (Mr. Barnard's) effectiveness on the Banking Committee. But let me pursue just a little further.

The fear of many of the State-chartered banks is that the new authority given to the Federal Reserve Board to impose reserve requirements, upon nonmember banks may eventually force the State-chartered nonmember banks under an umbrella controlled by the Federal Reserve Board which State banks have not experienced in the past.

Mr. BARNARD. This legislation does not mandate membership in the Federal Reserve and it is not intended to do so. The only thing this bill does is to bring all banks under the reserve mechanism. Not only banks, but savings and loans, and credit unions and others that have the important transaction accounts.

It is not intended that they are going to have supervision, control, examination of State banks. That is not the purpose under this bill.

Mr. ROUSSELOT. Well, we hope it does not drift that way.

Mr. BARNARD. I see no possibility under this bill that that can happen.

Mr. ROUSSELOT. I appreciate the gentleman's comments.

Mr. BARNARD. Mr. Speaker, there is one section that in which I would like to have a colloquy with the distinguished gentleman from Rhode Island. I would like to inquire about section 712 of H.R. 4986.

□ 1250

Mr. Speaker, the Bank Holding Company Act presently gives each State the right to decide whether it wishes to permit the establishment or acquisition of a federally or State chartered bank by an out-of-State bank holding company. In recent months, there has been a massive effort by large bank holding companies located outside of Florida to establish both federally chartered and State chartered trust institutions in Florida—a total of 17, I believe. It is my understanding that prior to the March 5 date mentioned in section 712, these out-of-State bank holding companies obtained approval from the Federal Reserve Board and filed applications for charters—some with the Comptroller of the Currency and some with the Florida Department of Banking—but as March 5 of this year none of those charters had been granted. It is my further understanding that Florida law does not expressly authorize the ownership or control of a bank or a trust company by an out-of-State bank holding company. Assuming the accuracy of those facts, is my understanding correct that as long as the provisions of section 712 are in effect those charters cannot be granted if the trust institutions are to be acquired or controlled by an out-of-State bank holding company?

Mr. ST GERMAIN. The gentleman's understanding is correct. Section 712 allows States the same rights with respect to permitting the acquisition or control of a national trust bank or a State chartered trust company by an out-of-State bank holding company, as the States now have with respect to commercial banks. Under this section, unless a trust company was opened for business and operating on or before March 5, 1980, that trust company cannot be acquired, established or controlled by an out-of-State bank holding company, regardless of any prior approval by the Federal Reserve Board and regardless of whether the bank holding company then owns or controls any other trust institution.

Mr. BARNARD. Would it be correct, then, to say that the effect of section 712 with respect to those bank holding companies with applications which are affected by this section, would be to require them to reinitiate applications after the date of the automatic repeal of section 712, if they then continued to have the desire to establish a trust institution in another State?

Mr. ST GERMAIN. No. That under no circumstances would any institution that has filed an application to establish a trust department in a state other than where it has its primary operation—under no circumstances would the institution have to file a new application during the period of the moratorium. In other words, a pending application remains pending throughout the period of the moratorium, and the moratorium only prohibits the approving of an application during the period of the moratorium.

Mr. STANTON. Mr. Speaker, will the gentleman yield?

Mr. BARNARD. I yield to the gentleman from Ohio.

Mr. STANTON. I was glad that the gentleman cleared that up, because the pending applications that are applicable, they can still stay in the Federal Reserve System and in the process of application. They just cannot allow it to proceed through the complete process.

Mr. Speaker, at this time, I yield 7 minutes to the gentleman from Texas (Mr. Paul), a member of the committee.

Mr. PAUL. Mr. Speaker, my colleagues, I think that it is necessary to point out a few things in this bill that I consider dangerous. I have heard only good things today about this bill, but there happen to be a few things in here that I consider rather dangerous for the future of this country and for the future of the monetary system.

There are some parts of this bill that

I have endorsed and cosponsored. I think the change to legalize the NOW accounts and the change in regulation "Q" and the truth-in-lending portion changes are commendable. I support these.

But the part that changes the Federal Reserve System is something that we should look at very, very carefully. This is a major and significant change. This is the most important change in the Federal Reserve System since 1913.

Now, my friend from California stated that he thought there was about 70-percent good in this bill and probably 30-percent bad, which from this I would gather he probably will vote for it.

I would like to suggest that the bad parts of this bill far outweigh the good parts. I think it deserves a "no" vote.

This bill increases the power tremendously in the Federal Reserve System, and I think that the Federal Reserve so far has had a very poor record in managing the money and has had a rather consistent record in producing recessions and depressions, and today, our condition that we have surely can be related to much of the monetary policy of the Federal Reserve System.

I do believe that the membership changes in the bill really have not helped at all. I think all it does is confuse the issue, because now they do not talk about members. Whether it is voluntary or compulsory does not matter, because we have indicated all depository institutions must fulfill the regulations, fill out the forms, and, of course, get the "benefits" the Fed is going to bestow upon them.

A major change in this bill that concerns me is the change in the reserve requirements. This portion is very significant because there is also one aspect of this bill which indicates these reserve requirements can be suspended entirely.

In the House version it was to be suspended for 30 days, but in the conference report reserve requirements can be suspended for 180 days.

The way I interpret this is that we could have no reserve requirements for 180 days, and then another 180 days. In reality, we have no restraint at all on the amount of money that can be created and printed by the Federal Reserve System.

In the House version, we had the discussion on the definition of collateral, and on the floor here we had this changed. There is a significant change in the definition of collateral from this bill versus what is in the Federal Reserve Act and has been there since 1913.

I think this bill does tell us something about what is coming in the future. I believe that these changes are necessary. They are necessary because, I believe, the Treasury and the Federal Reserve System is anticipating great needs to expand the money supply in a massive way.

If there are massive runs on the banks and bank failures, I do believe that they have to have some vehicle to massively increase the money supply, not only in the form of credit, but in forms of currency as well.

Under the circumstances that we will have after this bill is passed, we will not only have a vehicle for credit inflation, but we will move into an era where we are capable if having currency inflation as well, which will prove to be a very, very serious problem.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PAUL. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

The gentleman mentioned that this bill would allow a vast expansion of reserves in the banking system, enough to increase the money supply by $35 million.

Can the gentleman explain what that means to the average citizen?

Mr. PAUL. The most significant meaning to the average citizen is the prices for everything will go up.

Mr. ROUSSELOT. And what about inflation, when you increase the money supply?

Mr. PAUL. The average person interprets and thinks of this as inflation. When they go to the grocery store and pay more for their goods, they call that inflation. I happen to call inflation what we are doing here today with providing the vehicle whereby the supply of money can be increased indiscriminately.

So the gentleman is right. If we increase the supply of money, the consumer suffers from an increase in the cost of living.

Mr. ROUSSELOT. In other words, it means inflation to the average taxpayer and worker?

Mr. PAUL. Yes, this bill means more inflation.

I would like to mention very briefly, if I may, about the collateral. Right now, all Federal Reserve notes must be backed by collateral.

The definition in the final version of H.R. 7, as well as in today's bill, changed this. We had three versions before the banking commitee. Yet, mysteriously appeared in the third version. When it came to the House floor, the gentleman from Minnesota (Mr. VENTO) got this removed, which I applaud him for, but it has appeared again in the conference report. What has been done is that the definition of collateral, has been changed. Since 1913, 100 percent of the Federal Reserve notes outstanding have to be backed by collateral.

□ 1300

After this bill is passed, there is to be no collateral on the Federal Reserve notes held in the vaults. The definition now of collateral is any financial asset, which again means to me providing the vehicle by which the Federal Reserve System will increase the money supply. Since there is no sharp definition of collateral, they may be using German marks or yens. It is possible that they can use cash items in the process of collection as collateral in the backing of a Federal Reserve note.

There is another portion in this bill that concerns me, too, about the declaration of bank holidays. Not only can they declare bank holidays throughout the country, they can come into Texas, or California, or Los Angeles, and declare isolated bank holidays and close banks for purposes unbeknownst to us today.

There is a provision here for a Federal usury law. We should be getting away from setting and controlling interest rates, not establishing a new precedent.

Also, the FDIC now will be able to insure accounts up to $100,000. That, to me, does not indicate that the American people are going to get richer. It indicates to me that the Government assumes that the average man's money is going to depreciate to such an extent that we all will have $100,000 of worthless Federal Reserve notes in the bank.

I would like to further expand my views on this bill and point out the dangers of the Feds expanded power.

The expansion of the power by the Fed can be seen in that the words "member banks," which now appear in the act, are changed to "depository institutions." The duties and privileges of a nonmember under this conference report are similar to the duties and privileges of a member under present law. This conference report is, as some have said, an historic act, for it nationalizes the Nation's entire financial system under the Fed.

While consolidating the Fed's control over the financial system, the conference report would allow a massive decline in reserves. This, in turn, would fuel a massive increase in the money supply, and thus soaring prices, unless the Fed compensates through its open market operations by selling Government securities. However, the Fed is limited in the amount of Government securities it can sell by the present requirement of the law that all Federal Reserve notes be backed by collateral.

To remove this problem, H.R. 4986 changes both the definitions of, and need for, collateral.

The voluminous record of testimony before the House fails to disclose even one word of testimony by the Federal Reserve or anyone else on this vitally important change in the difinition of collateral.

Since passage of the original Federal Reserve Act in 1913, the law has provided:

> Any Federal Reserve bank may make application to the local Federal Reserve agent for such amount of the Federal Reserve notes heretofore provided for as it may require. Such application shall be accompanied with a tender to the local Federal Reserve agent of collateral in an amount equal to the sum of the Federal Reserve notes thus applied for and issued pursuant to such application.

The rewrite of this subsection scraps the above quoted sentences. However, it still requires at least 100 percent collateralization of Federal Reserve notes issued and outstanding, but it provides, "Collateral shall not be required for Federal Reserve notes that are held in the vaults of Federal Reserve banks" Taken literally, that provision would seem to create an administrative nightmare. Federal Reserve banks continually are taken in and paying Federal Reserve notes and presumably keep them in their vaults at night and over weekends for safekeeping.

Does that mean that no collateral would be required for "working" Federal Reserve notes temporarily in custody of a Federal Reserve bank? There is no excuse for language so loose and so broad that such a result could occur. What this provision actually does is to create two classes of Federal Reserve notes: collateralized notes and uncollateralized notes. Such a provision would allow the Fed to print and store as many notes as its inflationary heart desires. The present "cushion" between notes printed, and notes in use, would expand to become a featherbed of Federal Reserve paper.

The rewrite also broadens eligible collateral for Federal Reserve notes. Presently the law specifies that eligible collateral shall consist of:

> Notes, drafts, bills of exchange or acceptances required under the provisons of section 13 of this Act, or bills of exchange, or acceptances endorsed by a member bank of any Federal Reserve district and purchased under the provisions of section 14 of this Act, or bankers' acceptances purchased under the provisions of said section 14, or gold certificates, or Special Drawing Right certificates, or any obligations which are direct obligations of, or are fully guaranteed as to principal and interest by the United States or any agency thereof.

The new language of the rewrite simply makes any "financial asset" of a Federal Reserve bank eligible as collateral for Federal Reserve notes. Gone is any limitation on maturities of eligible collateral. Apparently the financial asset "cash items in process of collection" would be eligible collateral in full amount without giving any consideration to the partially offsetting liability "Deferred availability cash items." Another financial asset carried on the books of the Fed are the proceeds from the sale in the fall of 1978 and this spring by the Treasury of U.S. Treasury notes denominated in German marks and Swiss francs. In effect, the Federal Reserve is warehousing these proceeds for the Treasury. As of the end of April 1979, they amounted to the equivalent of $3,745,000,000. They certainly are a financial asset of the Fed, but hardly appropriate as collateral for Federal Reserve notes. Nonetheless, the rewrite of section 16 of the Federal Reserve Act would allow this financial asset to qualify as collateral.

Tinkering with the dollar, I suppose, is to be expected when one tinkers with language. The distinction between members and non-members of the Federal Reserve System is blurred by this bill. The use of the word "note" to describe the green paper we carry in our wallets is another example of Orwellian language. The Oxford English Dictionary defines a note as a "written promise to pay a certain sum at a specified time." Yet one cannot collect on Federal Reserve "notes": the "collateral" (another misuse of a word) cannot be used for payment of a "note." This corruption of the language reflects, or is reflected in, the corruption of our monetary system. When notes could be redeemed—in gold—they were genuine notes. Gold was genuine collateral. Retention of these words in this bill is simply an effort to delude ourselves into thinking that our monetary system is still as good as gold. But paper, despite all the declarations of all the governments and central banks in the world, is not as good as gold. If it were, this conference report would never have been written.

Mr. REUSS. Mr. Speaker, I yield 6 minutes to the gentleman from New York (Mr. Hanley).

Mr. HANLEY. Mr. Speaker, I too, want to join in the commendations, the extension of congratulations to my chairman, the gentleman from Wisconsin (Mr. Reuss); my chairman, the gentleman from Rhode Island (Mr. St Germain); the gentleman from Ohio (Mr. Stanton); the gentleman from Ohio (Mr. Wylie), and, in fact, to all the conferees for the magnificent work they have done in bringing to the floor of the House and succeeding in the Senate, for that matter, with a truly wonderful piece of legislation, a landmark piece of legislation in the history of banking in the United States; so I commend all of them.

Mr. Speaker, the entire House conference committee should be voted thanks and laurels for bringing to us a legislative package which embraces in agreement so diverse a universe as regulators, consumers, and institutions which normally engage in adversary associations.

I note, too, that the timeliness of this conference allows the Congress to proceed with passage sufficiently before the deadline envisioned in our action last year, that is April 1, 1980. Not only have the future-looking NOW accounts, and share-draft accounts, and remote-service units, and automatic-transfer accounts been redeemed as part of this conference, but the unique circumstance of the conference agenda precipitated by the Senate actions last year allowed resolution of issues longstanding and ready for remedy. The conference permitted action in the rarified milieu of compromise and accommodation without the tedium and diversion of yet another series of committee attempts to resolve in the slow evolution of their deliberations these very sensitive balances of opportunity and control.

Perhaps those who say that this legislation could not have happened in any other way are right. Perhaps those who say that a fuller dialog with the full committee may have added a finesse and a scope which did not characterize the limited opportunities which were provided in the deliberations and hearings this year are right. Whichever case may obtain, the fact is that agreement and compromise have been accomplished with dispatch and without rancor. This is worthy of note and of high praise.

The changing world of financial institutions has experienced a quantum acceleration with the mutations of form encouraged and stimulated by the provisions dealing with the savings and loan associations, and the mutual savings banks, and the credit unions. A blending and melding of functions of residential housing financing and other commercial activities hastens the day when the "family finance center" will evolve as a market force across the country. Even longer down the road is the transformation of institutions into financial planning and management instruments which will perform all functions now dealt with by a variety of service suppliers, a truly one-stop financial center.

I have another concern, too, Mr. Speaker, and that relates to the preemption of State usury laws. Taking the yoke from the backs of the State governments in lifting the usury rates and freeing their economies of the repression of too-low returns on investment lending seems a desirable objective. Even leaving the States the option of reimposing the usury ceiling which they may feel appropriate or necessary for their localized needs makes good sense and appears to be a concession that the States may see things differently than the Federal Government.

However, I am concerned that, in allowing the lending rates to rise with the market generally speaking, we have settled for the proposition that inflation is here to stay. To permit market interest rates without real impediments (other than the criminal usury statutes) is to travel on an upward moving escalator and then to start running—it hastens the move to the top, but exhausts the runner unnecessarily. Allowing interest rates no limit restricts the lending market to the lessened number of persons with disposable income or high earnings sufficient to endure a high-interest rate repayment. High rates also diminish the velocity of transactions in the marketplace and retard business activities, even those which can produce jobs and revenue streams vital to a sound economic development. High rates of return on investments by institutions do little to help those priced out of the housing market or the credit market altogether. Bank earnings heightened by the transactions of large institutional borrowers does little to help the man in the street when, as a consumer, he cannot compete for market-rate funds. His situation is further worsened when he must pay the higher interest rates of big borrowers when they pass those costs along in the product-pricing mechanism.

I hope that the opportunity to have a floating usury rate will not exacerbate the failings evident in our economy today. I hope that the influence of the credit controls proposed by the Federal Reserve Board will recognize the new world of banking encompassed in this conference legislation and will work to adapt its long-term policies to this emerging reality.

On one other topic, Mr. Speaker, I must share a concern and express a hope, and that relates to the interest-rate differential as it will operate under the conference plan. While we have enhanced the marketplace position of hard-pressed thrift institutions, quite justifiably in my view, we have not completely equalized competitive balance as regards the interest-rate differential.

As you recall, on February 20, 1980, I introduced H.R. 6547 which I felt at the time was a useful idea in resolving the interim differential question by maintaining the differential over the phase-out years of regulation Q, but by gradually eliminating the differential, both as new classes of accounts are established or existing accounts are modified by more than 1 percent as to their interest rates.

I realize that this question received much in the way of discussion and deliberation by the conferees and that it has been decided to leave the differential in effect for the life of the deregulation process—6 years. This is not an unrealistic compromise, especially in light of the discussion on page 73 of the conference report.

I especially note that this report encourages a monitoring of the progress that thrift institutions make in adjusting to their new powers and to market conditions. Reports required by the regulators specifically call for consideration of the question as to whether or not the differential should be eliminated at an earlier time.

I believe that this situation should be carefully monitored. Beginning on January 1, there will be the beginnings of a substantial change in our financial institutions system. If, in fact, the data proves that commercial banks are being unfairly disadvantaged by the differential, I believe that the differential should be eliminated in a manner as I describe, or in some other manner, at a time earlier than the expiration of the 6-year phaseout of regulation Q.

Mr. Speaker, I would like to ask a question of the distinguished gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. Speaker, title V of the legislation provides for a Federal preemption of the State usury laws. Part B of that title provides that a person making a business loan of $25,000 or over may charge an interest rate equal to the Federal Reserve discount rate on 90-day commercial paper, plus 5 percent.

If a securities broker/dealer makes a loan to a customer in the ordinary course of his business, that would be a business loan for the purpose of this section and title, would it not?

Mr. ST GERMAIN. Mr. Speaker, if the gentleman will yield, yes, the gentleman is correct. Such loans, commonly referred to as margin loans, are included in the scope of the legislation.

Mr. HANLEY. Mr. Speaker, just one more simple question. If this loan is in excess of $25,000, is it not true that the State usury law is preempted by this section?

Mr. ST GERMAIN. Yes, the gentleman is correct. I would reiterate my response to the question of the gentleman from New York and state in the affirmative, yes, the gentleman is correct.

Mr. HANLEY. Mr. Speaker, I appreciate the gentleman's response.

Mr. REUSS. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, I, too, want to commend the conferees for their work on what has to be considered a landmark legislation in terms of the financial system and financial institutions of this country. Certainly the Monetary Control Act which has been before us for the last 3 years, both in the 95th and the 96th Congresses, I think is a necessary step which I hope will provide additional stability and clarify the role of the Federal Reserve Board and our financial institutions which are beginning to look more and more alike; the financial institutions are beginning to offer similar services and of course seek equal treatment in providing an array of services to consumers.

The transaction account question with which this Congress and the Banking Committee have had a great deal of difficulty wrestling with over the past Congresses, and finally was addressed by the various regulatory agencies, then brought into court and that court decision was pushed on us, created a major dilemma of the financial institution role, based on the types of commitments of thrifts based on the types of actions taken by credit unions, and by the commercial banks, the interest-bearing demand accounts which were barred by this court decision caused a major problem for almost all institutions.

□ 1310

These issues, initially regulatory decisions, were shot down by the court, and addressed here in this conference, reinstated and provided a legal and viable system of providing for interest-bearing demand accounts service to consumers with an equal treatment.

Finally, the question of regulation Q is addressed. What, of course, makes it easier for Congress, and for this conference committee, to address that, is the disintermediation that has occurred over the past year in terms of the money-market certificate phenomena and the flood of funds into the money-market mutuals in which there is no insurance and that, of course, I hope will be a question that, in spite of the reserves that have been more recently put into effect upon them, which we must address if we are finally to end this particular odyssey in terms of the differences in financial institutions. I know my colleagues on the committee and myself are looking forward to engaging that issue and hope some actions by the Fed now with this new power will address itself as well to that particular concern.

Mr. Speaker, I am concerned about other aspects of the bill which were really demanded by the other body. They are not questions we have dealt with in subcommittee and committee as thoroughly as I would have chosen. That is to say, they were not addressed in as effective a manner as would normally be the process in the Committee on Banking, Finance and Urban Affairs. Therefore, I have some concerns.

The suspension of State usury law, I suppose, could be looked at as an emergency measure. However, the 3-year automatic extension will create pressure on many State legislatures which will be difficult to overcome.

Hopefully, high-interest rates will be short-lived and the States that may have limits will be appropriate to the marketplace.

This decision is of no small concern to those of us who believe in the dual-banking system—furthermore, it suggests that we in Congress know better than the States what is good for State-regulated financial institutions and programs.

The modifications of the truth in lending statute, some 20 pages of amendments in this conference committee proposal, certainly should have been clearly reviewed by the committee of this House. I applaud the elimination of paperwork that may be unneeded, but I fear that under this cloak, substantive modifications to the basic law are being enacted.

In addition to these concerns, the reinstatement of the collateral amendment proposed by the FRB in the Monetary Control Act after my amendment deleted it on the House floor is disturbing. I sincerely hope that the Federal Reserve Board's assurances of its intended use does not result in a drastic departure from the current utilization.

On the whole, we of course, under pressure must vote in favor of this report, but it would have been far preferable to address many of these "add on's" individually, or after further House committee review.

Mr. REUSS. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. BRADEMAS).

Mr. BRADEMAS. Mr. Speaker, section 103(8)(D)(1) requires that any depository institution which was a member of the Federal Reserve System on July 1, 1979, and withdrew from the Federal Reserve System after July 1, 1979, but prior to enactment of this bill, would be treated as if it were a member of the Federal Reserve System for reserve purposes when this bill is enacted.

The language here is not clear to me and there is a small number of financial institutions which may be unduly penalized if certain interpretations are applied to this language, especially in light of recent interest rate moves. My office informs me that there are anywhere between 17 and 20 banks which could be singled out and treated differently from the other 14,000 banks in this country.

Mr. Speaker, under the Federal Reserve's own regulations, State chartered banks, which are members of the Federal Reserve System, have a mandatory 6-month waiting period after submitting formal notification to the Federal Reserve Board of their intent to withdraw from the system.

Mr. Speaker, I have therefore the following question: If a State member bank had notified the Federal Reserve Board of its decision to withdraw prior to July 1, 1979, would not the date of withdrawal, for purposes of setting the reserve requirements under this section, be the date of receipt by the Federal Reserve of such notification?

Mr. REUSS. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman.

Mr. REUSS. Mr. Speaker, I can allay the gentleman's concern. The answer is "Yes." While the language of the statute we are acting on is not entirely free from ambiguity, I have been in touch with the regulatory agency, the Federal Reserve System, and I am assured State banks such as the gentleman describes will not be discriminated against but will be treated the same as national banks in that regard.

Mr. BRADEMAS. I thank the gentleman for his clarification.

Mr. STANTON. Mr. Speaker, I yield

10 minutes to the gentleman from California (Mr. Rousselot).

Mr. ROUSSELOT. Mr. Speaker, I thank the chairman of the committee once again and my ranking member Mr. Stanton, for making it possible to have this additional hour to discuss this very gigantic omnibus bill which is before us and affects every financial institution in the country. I am appreciative of the chance we will have now to discuss it.

This conference, as everyone knows, is 85 pages, has 9 titles. It is a major omnibus bill. There are a tremendous amount of items in this which I think we need to clarify.

I do not need to reiterate all of the good things. I personally believe about 70 percent of this bill is very worthwhile. I disagree with about 30 percent because I believe it still gives too much control to the Federal Reserve Board.

We have seen this past couple of weeks the results of the tremendous powers that this Congress gave to the President and the Federal Reserve Board under the Credit Control Act of 1969 to control credit, an act which I believe we should now repeal. I believe it was a mistake. Therefore, I think we should be cautious as to how we move today.

I want to direct some questions to some of my fellow conferees who were there in the conference, and I am sure can help us bring enlightenment to what occurred.

Mr. Speaker, if I may direct a question to you, will the provisions of authority for the Federal Reserve to impose reserve requirements for the first time upon State-chartered, nonmember banks tend to put undue pressure upon these institutions to join the national banking system on the basis that since the Fed is setting reserves, these banks may as well go all the way and submit to total Federal regulation by the Comptroller of the Currency and the Federal Reserve Board?

Mr. REUSS. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman.

Mr. REUSS. The answer is "No." The creative tension between the Federal and State regulatory systems will continue after the enactment of this act.

Mr. ROUSSELOT. It will be preserved?

Mr. REUSS. While it is true that the Monetary Control Act does impose reserve upon nonmember banks, it does not, in and of itself, disturb the traditional relationship between State-chartered institutions and their State supervisors. I would say that if the management of a State-chartered institution preferred State supervision and regulation before this legislation, it will probably still prefer State authority after this bill becomes law. There might be some switches on the part of banks which are not strongly committed to State regulation, but it is very difficult to predict the magnitude of any switch, and there is no a priori reason to believe it would be widespread. I would observe that a moderate amount of switching would just be a compensation for the undue amount of switching out of the Federal Reserve and national banking systems, a tide which this legislation is designed to stem.

Finally, I would state that with respect to relatively small banks, for which the burden of reserves has been dramatically reduced or eliminated, the States which have had no reserve requirements, or which have permitted their requirements to be satisfied with vault cash, have no guaranteed right to enjoy such a competitive advantage over the national banking system in perpetuity. Congress has the authority to alter this competitive balance in order to effectuate national banking policy, and it has seen fit to do so.

Mr. ROUSSELOT. It is the judgment of the chairman that the dual banking system is preserved, and other than the additional authorities given here, the Federal Reserve Board and the Comptroller of the Currency cannot infringe upon those State regulatory bodies?

Mr. REUSS. Yes.

Mr. ROUSSELOT. Or upon the State-chartered banks?

Mr. REUSS. Yes.

Mr. ROUSSELOT. I thank my colleague for that comment.

Maybe now I could direct a couple of questions to my colleague from Rhode Island, the chairman of the Subcommittee on Financial Institutions Supervision, Regulation and Insurance, which was engaged in the origination of much of this legislation. I would ask my colleague from Rhode Island, Mr. St Germain, I note that the conference-reported bill contains several provisions preempting State usury laws. The preemptions of mortgage usury ceilings and business and agricultural loan ceilings for loans above $25,000 are extensions of so-called temporary relief provisions enacted at the end of the last Congress. The mortgage preemption is permanent, with the State given 3 years to override, while the business and agricultural preemption is for 3 years.

My concern is that the States will be content to sit back and let Congress take over the usury issue, to the detriment of the traditional authority of States to determine these matters. Does the distinguished chairman share my concern?

Mr. ST GERMAIN. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman.

Mr. ST GERMAIN. I do share the concern of the gentleman from California, but I am sure the gentleman is aware of the groundswell of demand from the 20-odd States which are affected by the restrictive usury ceilings and of the demands which we received from across the country to do somthing to free up credit flows. It is ironic that some of the same State officials who are wringing their hands at the real or imagined harm which may come to the vaunted "dual banking" system have supported preemption of State usury ceiling, in the name of "deregulation."

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So we have to capitulate to these demands from our colleagues, from the officials in the States, the very officials, incidentally, who my colleague, the gentleman from California, will recall over the years while he served on the subcommittee with me would come before us wringing their hands and saying, "Whatever you do, preserve the dual bank system and States' rights." But in this instance they have asked us to do otherwise, and at least we have given the States at least 3 years, in each instance, to override the usury preemptions.

Mr. ROUSSELOT. My understanding is that many of the State regulatory people of which the gentleman speaks have supported the preemption of State usury ceilings in the name of deregulation.

Mr. ST GERMAIN. Absolutely.

Mr. ROUSSELOT. I think that helps clarify the matter. I have another additional question, if I may. I have heard that there are proposals afoot for additional preemptions of State usury ceilings beyond what is done in the conference-reported bill. Can the distinguished chairman of the subcommittee tell the House whether we can expect to revisit the usury area in the near future?

Mr. ST GERMAIN. Will the gentleman yield?

Mr. ROUSSELOT. Yes, I will be glad to yield.

Mr. ST GERMAIN. There are proposals floating around to provide additional preemptions to groups not covered in H.R. 4986. For example, there is that which covers the Farm Credit Administration; however, that legislation, as the gentleman knows, would come under the jurisdiction of the Committee on Agriculture. There is no doubt in my mind that there will be other demands put on us as time goes by.

Mr. ROUSSELOT. So the gentleman's subcommittee and full committee can expect additional appeals on this same basis?

Mr. ST GERMAIN. I anticipate that is inevitable.

Mr. ROUSSELOT. I appreciate my colleague's comments.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I will yield briefly to the gentleman from Ohio.

Mr. WYLIE. I thank the gentleman for yielding. I just wanted to ask a question on the subject of usury while we are here. The gentleman from California (Mr. Rousselot) is making a contribution to the legislative history on this bill, as usual, but he has been asking general questions on the usury ceiling. I would like to get more specific. With regard to the preemption of usury ceilings on business and agriculture loans above $25,000, is it contemplated that a mortgage loan on commercial property can be considered a business loan for purposes of this particular preemption? I think I know what the answer will be, but I would like to establish it in this colloquy as a matter of legislative history.

Mr. ROUSSELOT. I appreciate my colleague's question.

Mr. ST GERMAIN. If the gentleman will yield. I would answer in the affirmative on that.

Mr. WYLIE. That was my impression,

and I think the gentleman is absolutely correct.

Mr. ROUSSELOT. I appreciate my colleague's bringing that point up at this juncture.

Mr. Speaker, I will ask the chairman of the subcommittee, again. On page 72 of the conference report, the Statement of Managers contains the following passage:

> The legislation provides for a targeted increase of ¼ percent in the permissible passbook rate within eighteen months after enactment. The committee may increase any other rates during this period. Within the third, fourth, fifth and sixth years after enactment, the legislation provides for additional targeted increases of ½ percent on all classes of accounts. These targets are not limited to passbook accounts.

I believe there may be some ambiguity in this language, so I would ask the chairman whether the one-half percent increase in the target by the end of the third year is in addition to the one-quarter percent increase, for a total of three-quarters percent or whether the one-quarter percent passbook target is meant to be included within the one-half target?

Mr. ST GERMAIN. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to the Chairman.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. STANTON. Mr. Speaker, I will be happy to yield 5 additional minutes to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman.

Mr. ST GERMAIN. In answer to the question of the gentleman, I can see that there could be some confusion under this language as to just how the targets are to be applied, so I will attempt to clarify the point for the gentleman. The one-quarter percent target increase which applies specifically to passbook accounts is meant to be added to the one-half percent target increase which is supposed to take place within the first 3 years after enactment.

Therefore, yes, the target—and remember we are talking about targets now—would be three-quarters percent.

Mr. LEACH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my colleague, the gentleman from Iowa, a member of the committee.

Mr. LEACH of Iowa. I thank the gentleman for yielding. Will the Chairman further comment on this issue? In section 205(a) which deals with this issue, is there anything precluding the Deregulation Committee from making an assessment that actually the rate of increase in the first 18 months could go higher than that stipulated?

Mr. ST GERMAIN. Will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to the Chairman.

Mr. ST GERMAIN. To be honest with the gentleman, I attempted to get and sought a one-half percent increase within that period of time. We compromised at one-quarter percent. However, that is a target, and there is nothing that precludes them from setting a rate even higher.

Mr. LEACH of Iowa. I thank the gentleman. I must say that this could be the single most important provision in this legislation relating to this issue, because with interest rates skyrocketing as they have, the one-quarter and one-half of 1 percent targets, set above the existing low levels, may be completely inappropriate, and the possibility that a grant of this considerable flexibility to the Deregulation Committee is absolutely imperative for successful functioning of the banking system at this time. I appreciate the gentleman's clarifying statement.

Mr. ROUSSELOT. I thank my colleague, the gentleman from Iowa, for his additional input on this very complicated legislation.

Let me address another question if I can to our distinguished subcommittee chairman. The conference report includes a provision for a 3-month "Study if Impact of Low-Yield Mortgage Portfolios on Depository Institution." I have heard various estimates of the cost to the Treasury of buying up old mortgages, some of which are astronomical. Accordingly, I would ask the chairman two questions concerning this provision:

The heading in the Statement of Managers refer to "Depository Institutions," but the body of the discussion refers to "thrift institutions." Would the study be designed to cover only thrift institutions, or will it apply to all depository institutions?

Mr. ST GERMAIN. If the gentleman will yield, I would say to the gentleman that the main concern is undoubtedly for the adverse effects of low-yield mortgages upon the earnings of savings and loan associations and mutual savings banks, but there are many commercial banks which have a similar asset profile and a similar commitment to housing, and I would expect that the study would address itself to these institutions as well.

Certainly the main thrust does indeed apply to the thrift institutions because, again, the gentleman knows from his serving on the subcommittee, they hold the bulk of the mortgages. However, we also learned during our years together that a great many commercial institutions around the country, quite a few, have heavy portfolios.

Mr. ROUSSELOT. There are a lot of them in California.

Mr. ST GERMAIN. That is correct, and very definitely this would apply to them as well.

Mr. ROUSSELOT. I appreciate that clarification. My second question in this general area is, Does the distinguished chairman have any estimate as to what the cost would be if it were determined that the Federal Government should buy some of the old mortgages and hold them for a while?

Mr. ST GERMAIN. If the gentleman will yield again, various estimates, ranging from several billion dollars to more than $20 billion, depending on the extent and nature of the program, have been provided to the committee, but I would point out to the gentleman that buying the old mortgages is not the only option which is contemplated. The Statement of Managers refers to "options available to provide balance to the asset-liability management problems inherent in the thrift-institution structure" and to "options available to increase the ability of thrift institutions to pay market rates of interest in periods of rapid inflation," and to "options available through the Federal Home Loan Bank Systems and other agencies to assist thrifts." Buying the old mortgages is not the only, not necessarily even the most favored, option to be considered.

As a matter of fact, if the gentleman would look at the original language of the Senate bill, it was amended and changed because originally it would have gone in the direction he stated. However, we have asked for a study that would be all encompassing, looking at every option available and every option possible, because as the gentleman and I both know there is a question of how much we can afford.

Mr. ROUSSELOT. Absolutely, and that is an excellent point. I am glad the gentleman has helped clarify that. I have one more question, if I may, of our subcommittee chairman.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. STANTON. Mr. Speaker, I yield 3 additional minutes to the gentleman from California.

Mr. ROUSSELOT. I thank my colleague.

I note with approval that Federal mutual savings banks would be authorized under this conference report "to accept deposits from any source." However, I note that section 303(a)(2) of the bill limits NOW accounts, which are the major third party payment power available to savings and loan associations—

> To deposits or accounts which consist solely of funds in which the entire beneficial interest is held by one or more individuals or by an organization which is operated primarily for religious, philanthropic, charitable, educational, or other similar purposes and which is not operated for profit.

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Why are savings and loans not provided with as much authority to seek corporate deposits as the bill confers on mutual savings banks and when does the chairman anticipate the equivalent power may be extended to the savings and loans?

Mr. ST GERMAIN. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. The restrictive scope of the NOW accounts authority conferred upon the savings and loans reflects a desire to make these accounts available primarily to small savers as a service that all depository institutions may offer in order to maintain their retail customer base. Commercial banks that already serve the borrowing needs of corporate customers do not need NOW accounts to protect that base.

Mr. Speaker, with respect to savings and loans, the restriction reflects a desire to maintain a degree of specialization in the housing and household sectors during the period that regulation Q is to be phased out of existence.

As the nature of the thrift industry involves, evolves, and as savings and loans, gain experience in using the new powers conferred upon them under this act, it is highly possible that this authority to accept corporate deposits might be granted to savings and loans.

However, with respect to mutuals, I note that while at the present time there are no federally chartered savings banks, the provision of authority to accept demand deposits from sources—now listen to this carefully—from sources with whom there is a business relationship, and only during the time that that relationship exists, reflects the fact that the mutual savings banks typically have received and exercised this authority under those State charters.

Mr. ROUSSELOT. Again, Mr. Speaker, I wish to thank both the chairman of the committee, the gentleman from Wisconsin (Mr. Reuss), and our subcommittee chairman, the gentleman from Rhode Island (Mr. St Germain) for helping to clarify what I thought were important aspects of this conference report. I am again grateful to these two gentlemen and to the gentleman from Ohio (Mr. Stanton), and the gentleman from Ohio (Mr. Wylie), for encouraging this extra hour of discussion so that we can make sure that a record is made as to what are the intentions of the conferees.

Mr. REUSS. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. Patterson).

Mr. PATTERSON. Mr. Speaker, I strongly support H.R. 4986 and wish to join with my colleagues in so doing.

I have two questions that I think can be handled in colloquy with the distinguished gentleman from Rhode Island (Mr. St Germain), the chairman of the Financial Institutions Subcommittee.

My first concern is in regard to the language on page 76 of the conference report which states—

> Federal savings and loan associations will be authorized to make residential real estate loans to the same extent as national banking associations.

I am concerned, as other Members have indicated, here, as to whether or not Federal savings and loans will become subject to State requirements.

I would ask the gentleman from Rhode Island the following question, concerning the expanded investment authority of the Federal savings and loans:

I note that the conference report on H.R. 4986 indicates that Federals are to receive authority to make residential real estate loans to the same extent as national banking associations. Yet, there is not a word in the bill we have before us that makes any kind of reference to Federals' lending power being tied to that of national banks. Therefore, I would like to ask the distinguished chairman what the significance is of the language in the conference report.

Mr. ST GERMAIN. Mr. Speaker, will the gentleman yield?

Mr. PATTERSON. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. As the gentleman points out, the bill would establish no linkages, formal or informal, between Federal associations lending authority and national bank lending authority. The bill's expansion of Federal association lending authority was designed to correct the anomalous situation that Federals, which are overwhelmingly home mortgage lenders, currently operate under certain geographic, loan amount, lien and other restrictions on their residential lending authority that do not apply to national or other commercial banks. The conference language just points out that Federal S&L's will no longer be at a statutory disadvantage with regard to national banks—also chartered by the U.S. Government—on residential real estate loans.

Mr. PATTERSON. Will Federals immediately be able to use these greatly expanded powers to their full statutory extent?

Mr. ST GERMAIN. Only if the Federal Home Loan Bank Board permits. Under the Home Owner's Act, the Bank Board has complete authority to determine by regulation the lending practices of Federal associations. This has not been repealed. Furthermore, the original Senate bill incorporated by reference the National Banking Act. In conference we did not accept that incorporation by reference. We, on the other hand, adopted specific provisions, some of which come from the National Banking Act.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. REUSS. Mr. Speaker, I yield 2 additional minutes to the gentleman from California (Mr. Patterson).

Mr. ST GERMAIN. Mr. Speaker, will the gentleman yield?

Mr. PATTERSON. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Speaker, I want to make it very clear, we did not swallow whole hog the National Banking Act. We have included additional powers and authority for the savings and loan associations, but the power of the Federal Home Loan Bank Board to approve all of these things still remains, it is not repealed. It should be very, very clearly pointed out.

Mr. PATTERSON. Mr. Speaker, I thank the gentleman very much for his precise answers to my questions.

I have one final concern: On March 14, 1980, the Federal Reserve announced a series of credit controls including a requirement that money market funds set aside in a special non-interest-bearing account at the Fed 15 percent of the increase in their assets since March 14.

While the Federal Reserve's action may curb the growth of money market funds to some extent, it may not be sufficient. Total assets held by the Nation's money market funds exceed $60 billion; their asset size at the end of 1979 was four times what it had been at the beginning of that year.

An article in the Wall Street Journal of March 24 indicated that so-called "clone" funds, which will be offered by major firms such as Merrill Lynch, Dreyfus, and Rowe Price, will minimize the Fed's action and it seems likely that the disintermediation caused by these funds will continue. Mr. Speaker, I would like your assurance that the financial institutions subcommittee will conduct hearings on money market funds focusing on the important public policy concerns raised by their existence. These concerns include:

First. Whether money market funds offered by nondepository institutions and and whose features include check-writing privileges should come under the scrutiny of our banking regulators;

Second. The impact of these types of funds on the soundness and stability of our traditional financial and thrift institutions;

Third. The direct and indirect impact of such funds on our Nation's housing finance policies; and

Fourth. The possible adverse effects that money market funds produce by encouraging the transfer of funds from one community to another.

Mr. Speaker, I would ask my chairman if we in the Financial Institution Subcommittee could have a study in regard to this very serious intrusion, and perhaps hold hearings on this subject.

Mr. REUSS. Mr. Speaker, will the gentleman yield?

Mr. PATTERSON. I will be happy to yield to the chairman of the committee.

Mr. REUSS. Mr. Speaker, speaking for both Mr. St Germain and myself, the matter of money market funds is one of continuing concern to the committee and is under constant study. I think the gentleman's concern will be met.

Mr. PATTERSON. Mr. Speaker, I thank the chairman very much. I have no further questions.

Mr. STANTON. Mr. Speaker, I yield 3 minutes to the gentleman from Arkansas (Mr. Hammerschmidt).

Mr. HAMMERSCHMIDT. Mr. Speaker, I listened with interest and appreciation to the earlier colloquy between the distinguished chairman and the gentleman from Indiana.

Mr. Speaker, I am still somewhat troubled over a particular section of this legislation which could adversely impact on some banks in the congressional district that I represent. Banks in the Third District of Arkansas have been in contact with me to voice their strong objection to the phase in of reserve requirements for banks which have been withdrawn from the Federal Reserve as of July 1, 1979. I know that Mr. Stockman of Michigan has the same apprehension. There are certainly other Members with similar concerns.

My primary objection is that the numerous banks across the Nation who have withdrawn from the Federal Reserve System will be penalized by this provision for action they have taken over 6 months ago. It would certainly seem more logical and equitable to modify the July 1, 1979, effective date to the date of the enactment of this legislation and to have the longer, 8-year phase in period for nonmembers applicable to these banks which have withdrawn to date.

Mr. Speaker, may I direct a question and ask the distinguished ranking minority member, Mr. Stanton, to help clarify this provision? As we know, section 103(8)(D)(I) requires any institution which was a member of the Federal Reserve System on July 1, 1979, and withdraws after that date, to maintain reserves, beginning on date of enactment as if it were a member bank.

A number of banks notified the Board of Governors of their intention to withdraw prior to that date, but either because of the problem of acquiring a State charter, or because of the provisions of the Federal Reserve Act that require 6 months notice for State nonmember banks to withdraw, the effective date of leaving the Federal Reserve System was after July 1, 1979.

Many of these institutions to satisfy State reserve requirements invested in Treasury obligations. To force these institutions to sell these obligations to help satisfy reimposed reserve requirements could in effect be a "fire sale" for these institutions and could conceivably affect their safety and soundness.

I would hope this legislation would provide the Board of Governors some leeway in accomplishing the desired purpose of H.R. 4986 without forcing a "fire sale" and endangering these institutions. Is that the understanding of the gentleman of Board's discretionary authority?

Mr. STANTON. Will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from Ohio.

Mr. STANTON. It certainly was the intention of the conferees and the framers of this legislation to allow, just as the gentleman has described, the Federal Reserve Board to have the discretionary powers to recognize that there are some hardships in individual cases so that it could solve these problems on an individual basis.

Mr. Speaker, if the gentleman would yield further, his question is, of course, directed to national banks and reminds me of the question of the gentleman from Indiana (Mr. Brademas) with regard to State chartered institutions. Of course they both would be considered in the same manner.

Mr. HAMMERSCHMIDT. Mr. Speaker, actually, my question was also directed to State chartered institutions, but I realize that some national institutions have the same problems.

Mr. STANTON. It has been brought to my attention, as the gentleman says, by the gentleman from Michigan and the gentleman from Washington that there are certain individual banks in the country which were caught in a bind with regard to the grandfather date for withdrawing from the Federal Reserve System. I am very pleased to point up the congressional intent that indeed such flexibility will be given to the Federal Reserve Board in these particular cases.

Mr. HAMMERSCHMIDT. I am most appreciative for the full responses from Mr. Stanton regarding the clarification of section 103(D)(I) of the conference report accompanying H.R. 4986. It is my understanding from earlier comments that Chairman Reuss concurs with those responses just given. Furthermore, I would like to commend the members of the House Banking Committee for their prompt efforts to seek a fair and equitable understanding of this provision included in the legislative history of the conference report before it is approved by the full House of Representatives.

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Mr. STANTON. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. McClory).

Mr. McCLORY. Mr. Speaker, I thank the gentleman for yielding. I have considered this conference committee report, and I have various reactions from my constituents, especially from the small banking community, which seems to raise serious questions with respect to this legislation. I have the basic feeling that we are lumping together a variety of types of financial institutions which may make the competition for the small, independent bank more acute.

My general observation of the various types of financial institutions is that they should strive to retain their specialized identity, their particular characteristcs. I think that credit unions, by undertaking to take on powers of commercial banks; that savings and loan institutions by undertaking to depart from their traditional authority to finance housing, and generally to depart from their role as basic thrift institutions, and by getting into the commercial bank field by issuing drafts or checks under the so-called NOW accounts, we are confusing the identity of these individual institutions. I think that savings and loan associations and credit unions are going to regret this kind of legislation.

Considering this legislation generally, instead of entitling this measure as the Depository Institutions Deregulation Act, it seems to me that we are imposing additional regulations and that title is misleading. It is something like the regulatory reform bill that is pending before a subcommittee that I serve on. It seems to me in that proposal that we are, in one respect, making regulations more difficult to promulgate. In that way we are complicating the regulatory process instead of reducing the burden of regulation.

I do not know what is going to happen as far as the taxation of these institutions that have not been taxed in the past. I believe that credit unions have enjoyed a definite advantage, and I suppose if they are going to be granted prerogatives similar to commercial banking institutions, they had better prepare themselves to become subject to greater tax liability.

Mr. STANTON. Mr. Speaker, will the gentleman yield?

Mr. McCLORY. Mr. Speaker, I would be happy to yield, and inquire about that subject.

Mr. STANTON. Mr. Speaker, I can understand the concern of the gentleman, and especially those of the independent, smaller banks in this country, but in regard to the subject of deregulation I should point out to the gentleman, section 8 came out of the minority side of the committee in regard to the financial simplification regulation.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. STANTON. Mr. Speaker, I yield 2 additional minutes to the gentleman from Illinois.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. McClory) is recognized for 2 additional minutes.

Mr. STANTON. The Financial Regulation Simplification Act in this title addresses to the extent possible, where the regulatory agencies have to review the books and regulations they now have on the statute, may examine them, simplify them wherever possible, and report back to Congress along with their annual report in this regard. It is a tremendous improvement in the right direction. I understand the gentleman's concern.

Mr. McCLORY. I hope so. I might say that when I addressed the Association of Savings and Loan Institutions in my congressional district, the members were very enthusiastic about the NOW accounts, but when I asked them about the interest rate differential they said, "Oh, no, we can't eliminate that."

So, while we may think we are compromising the differences that exist between various types of financial institutions, I think we are going to make a lot of unhappy people. I doubt seriously that we are going to provide all of the various benefits that some people feel are going to emerge upon the enactment of this legislation. I question the wisdom of savings and loan institutions being ambitious to get into the commercial banking business, and I question the wisdom of credit unions accepting deposits or receiving funds from others than their members and making loans to others than their members, thus departing dramatically from their purpose and function, and I think credit union members and officers will live to regret those moves also.

Mr. Speaker, I am inclined to vote against the conference report for reasons which I have stated. However, I would not want my vote to be misinterpreted as a vote for or against any self-interest. And, of course, I would not want any charge made that I have any conflict of interest. I once worked for a large metropolitan commercial bank. I have numerous friends and supporters who are officers and members of savings and loan associations and credit unions.

I am a modest shareholder in several small local banks in my congressional district. Because of this latter circumstance—and in order to avoid any criticism of self-interest I may choose to vote "present" in this seemingly popular compromise conference report.

Mr. STANTON. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa (Mr. Leach).

Mr. LEACH of Iowa. Mr. Speaker, I thank the gentleman for yielding. I would like to make three brief points, the first of which is, excepting perhaps the budget resolution, this little-noticed bill is the most important legislation this body is going to deal with this session. It is a great credit to the distinguished full committee chairman, the gentleman from Wisconsin; the distinguished subcommittee chairman, the gentleman from Rhode Island; and the two ranking minority members, the gentlemen from Ohio.

Second, it should be stressed that we are in very difficult economic times with regard to international banking as well as domestic. As I have reviewed the year-end statements of my Iowa banks, virtually all lost money in 1979 if their loans and bonds are discounted. This is the only financial institutions legislation that has any serious hopes of righting the credit difficulties of rural America.

The flexibility that this bill establishes is very important. Savings and loans and small banks are in extraordinary difficulty. Fortunately an important part of this legislation relates directly to the safety and soundness of the banking and savings and loans system by increasing Federal insurance protection from $40,000 to $100,000 per account.

Finally, I would like to stress that inasmuch as many of us are concerned with the concept of a Federal Reserve Board getting substantial new authority, with that authority—by intent of this Congress—is a greater obligation. If the banking system gets in trouble, one distinction between the 1930's and the 1980's in banking is that the Federal Reserve Board has in place a system today to quickly provide liquidity to the small rural banks, to the medium-sized banks, as well as to the large banks. As to smaller banks, the Federal Reserve System is going to have to be very receptive in the immediate future—more so than it ever has in the past.

This legislation is mandatory for these times. It is an unusually fine reflection on this body, with the philosophical differences we have, with the partisan differences we have, that this has come before us today.

This legislation is vitally important; it is timely; and I urge its strong support by this body.

Mr. REUSS. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. EVANS).

Mr. EVANS of Indiana. Mr. Speaker, I thank the chairman. I would like to ask a question of the chairman of the Financial Institutions Subcommittee. It is a question for the record and clarification concerning title V, State usury laws, specifically section 501(a)(1) of the conference report on H.R. 4986.

Presently the State of Indiana—and it is my understanding several other States—prohibit the issuing of late charges on mortgages by financing institutions once the interest exceeds a certain level. In Indiana it is approximately 15 percent. I have talked with the banking committee general counsel and legislative counsel about this situation, and for the point of clarification I would like is this: Is it not the intention of this conference report to preempt State usury ceiling provisions such as the one I have just stated unless the State acts within 3 years to reimpose such provisions?

Mr. ST GERMAIN. Absolutely. Any other conclusion would have brought about an absolute nightmare. This is why we allowed the States 3 years to act if they want to reimpose anything such as the gentleman mentions. They can do so.

Mr. EVANS of Indiana. I thank the chairman, and congratulate my chairman.

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The SPEAKER pro tempore. The time of the gentleman from Indiana (Mr. EVANS) has expired.

Mr. REUSS. Mr. Speaker, I yield 1 additional minute to the gentleman from Ohio.

Mr. STANTON. Mr. Speaker, all I want to do is reiterate what the chairman of the committee said. This matter has come up before, and I fully agree with the provision.

Mr. EVANS of Indiana. Mr. Speaker, I thank the gentleman very much for his comments, and again I thank the chairman of the committee.

Mr. STANTON. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, the debate on this conference report is about to come to a close. I simply want to thank the members of the committee and the Members of the House here today who have cooperated so well with the chairman of the committee, with myself, and with other members of the committee in bringing to the membership all the facts we have about this legislation.

The other day, Mr. Speaker, my colleague, the gentleman from Ohio (Mr. WYLIE), made what I think is a very emphatic point when he said that he felt proud to serve on this conference committee, and that indeed this is historic legislation. I believe that is a proper description of it, Mr. Speaker. We have now given the tools to the financial industries of our country that will continue to make us strong and allow the people of this country, especially the consumers, to prosper.

Mr. Speaker, I yield back the balance of my time.

Mr. REUSS. Mr. Speaker, I yield 1 minute to the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Speaker, I have one question relating to title I, sections 103 through 107, relating to a clarification for the record of the status of so-called bankers' banks with regard to both the discount window and the use of Federal bank services. I would appreciate a clarification from the chairman of the committee.

Mr. REUSS. Mr. Speaker, will the gentleman yield?

Mr. WIRTH. I yield to the chairman of the committee.

Mr. REUSS. Mr. Speaker, the answer is that the so-called bankers' banks or other similar institutions are eligible as depository institutions for Federal Reserve bank services like check-clearing and settlement services. They are not eligible for the discount-window privileges. Bankers' banks, if they meet all other requirements for memberships of the Federal Reserve system, may be eligible for Fed membership.

Mr. WIRTH. Mr. Speaker, I thank the committee chairman for that clarification. Those institutions are growing around the country, in Wisconsin, Colorado, and elsewhere. They are very helpful.

Mr. Speaker, I also want to commend the subcommittee chairman and the minority leadership for their support, and I thank the committee chairman.

Mr. REUSS. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. MATTOX).

Mr. MATTOX. Mr. Speaker, I would like to engage in a colloquy, if possible, with the subcommittee chairman, the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. Speaker, I have four basic questions that concern me in this legislation, and I want to make sure I understand what the committee's intent is on those matters. If I may, I will ask the questions.

Does a loan issued to a builder for the construction of commercial property like a shopping center, for instance, constitute a business loan within the definition of the statute?

Mr. ST GERMAIN. Mr. Speaker, will the gentleman yield?

Mr. MATTOX. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Speaker, as the gentleman from Ohio (Mr. WYLIE) pointed out, the answer is: Absolutely.

Mr. MATTOX. Mr. Speaker, the next question is this: Does a loan issued to a builder, a homebuilder, for the purpose of constructing residential dwellings for the purpose of resale to homebuyers constitute a business loan, or is it a residential loan?

Mr. ST GERMAIN. Mr. Speaker, this would be business financing. It is a business loan in that there is indeed interim financing: Therefore, it would be a business loan.

Mr. MATTOX. Mr. Speaker, on floating rate loans, on which the interest is contractually tied to the prime interest rate, plus additional points, and where the total effective rate is stipulated in the contract could not be put into effect because of the existence of State or Federal usury ceilings, could the full effect of the contract interest rate be utilized on the total loan amount, assuming the enactment of this legislation and, then, would this rate as stated in the contract be legal?

Mr. ST GERMAIN. Yes, it would.

Mr. MATTOX. Mr. Speaker, let me ask my final question in the form of an example:

Let us assume that a commitment for a floating rate construction loan, as I have just described, was made in January 1980, but such loan is not closed until after the effective date of this act (April 1, 1980). Is the maximum interest rate "allowed by law" the rate which is in existence at the time of the commitment (January 1980), or is it the rate in existence at the time of closing after April 1980)?

Mr. ST GERMAIN. It would be the rate at the time of the closing.

Mr. MATTOX. Mr. Speaker, I thank the gentleman, and I yield back the balance of my time.

● Mr. BIAGGI. Mr. Speaker, I rise in enthusiastic support of the conference report on H.R. 4986. When history records March 27, 1980, it might best be remembered as the day of the small saver in Congress. Adoption of this conference report, coupled with the Senate's passage earlier today of the Windfall Profit Tax Act, will result in the following new benefits for the millions of small savers of this Nation:

Exemption from taxation of the first $200 (for individuals) and $400 (for those filing jointly) of interest earned on savings deposits—as contained in the Windfall Profit Tax Act; and

A gradual lifting and ultimate repeal of regulation Q interest rate ceilings, which establish arbitrarily low interest rates on passbook savings accounts—as contained in this Depository Institutions Deregulation Act.

It was last summer when I introduced my small savers legislation, which provided for the following:

Exemption from taxation of the first $1,000 of interest earned on savings deposits; and

A gradual repeal of regulation Q interest rate ceilings by the year 1989.

Obviously, as a pioneer in this movement I am gratified at the great legislative strides we have made. The small savers of this Nation—over two-thirds of whom are 55 and older—have seen the value of their savings dollar eroded by continuing inflation. It is perhaps appropriate that we take these actions when inflation is at its highest rate in history—18 percent.

There are other appealing and necessary features of this conference report. They include giving the Federal Reserve Board additional control over the monetary supply, expanding the authority of savings and loan associations, and repealing State usury ceilings.

Critically important is the permanent authorization of interest-bearing checking accounts. Under the provisions of the conference report, all federally insured depository institutions, including commercial banks, savings and loan associations, and mutual savings banks, would be authorized to offer the equivalent of interest-bearing checking accounts to individuals and nonprofit corporations nationwide beginning December 31, 1980. Credit unions could offer similar accounts beginning March 31, 1980. These accounts are commonly referred to as NOW (negotiated order of withdrawal) accounts at banks and thrifts and as share draft accounts at credit unions.

The U.S. court of appeals ruled last year that such accounts and services were not authorized by current law and directed that legislative authority would have to be granted. I joined a majority of my colleagues in passing legislation to temporarily extend the authority for such accounts and services until March 31, 1980. The conference report grants this authority on a permanent basis.

Certainly, this represents a significant and positive achievement for the consumer. These NOW accounts and share drafts enable consumers to earn additional interest income; they offer the consumer a more convenient form of transactions account; and they make it possible to spend less time and effort in managing deposits.

The need for a more equitable rate of interest payable on savings deposits is clear. For over a decade the Federal Government has limited the interest rates that consumers could receive on their savings deposits. Currently, Federal regulations limit the interest a small saver can receive on his or her deposit to not more than 5½ percent. In contrast, those persons who have $10,000 or more to invest can earn the market-level interest rate of over 10 percent.

With inflation rates standing around 18 percent, the current limitations are unrealistic and harmful to the consumer, who is losing about $25 a year in purchasing power on a $500 savings deposit. Studies indicate that between 1968 and 1979, interest rate ceilings resulted in $42 billion lost interest income, of which $19 billion was lost by people over the age of 65, many of whom depend in part on savings interest for their livelihood. According to the American Association of Retired Persons (AARP), interest income represents nearly 25 percent of the total income of persons age 65 and over.

After taxes and adjustment for inflation, the small saver is actually getting a negative return on his or her investment.

The conference report on H.R. 4986 is designed to correct this unjust situation. Federal control over interest rates on savings deposits, commonly known as regulation Q, would be gradually phased out over a 6-year period, allowing interest rates to ultimately rise to market-rate levels. During this 6-year period, thrift institutions could continue to offer interest rates one-fourth percent higher than those offered by commercial banks.

While I firmly believe that this issue must be dealt with promptly, this legislation takes into account the serious and adverse effect the complete or sudden removal of ceilings might have on our economy. This is due to the imbalance of short-term liabilities and long-term assets in the portfolios of most thrifts, which are vulnerable when interest rates are rising rapidly. The bill gives institutions sufficient time to adjust their portfolios and operating policies in an orderly manner.

Although the conference agreement does not include a specific program for phasing out regulation Q interest ceilings, it does set targets and encourages the phaseout to be completed as soon as possible within the 6-year period. The conference report suggests that interest rates be raised by one-quarter percent within the next 18 months, by one-half percent in the following 18 months, and by one-half percent each year for the following 3 years. The phaseout must insure equity for small savers, provide for competitive equity among financial institutions that compete for the savings dollar, and protect the financial condition of depository institutions.

The regulation Q phaseout provisions, together with the tax exemption for small savers, represent a major initiative necessary to increase American savings and capital investment—essential elements of any effective anti-inflation effort. Final approval of these two measures would signify an important and positive shift in U.S. economic policy which until now, had not included a savings incentive component.

Passage of the conference report on H.R. 4986 is an effective and responsible measure intended to strengthen financial institutions and insure that all consumers—especially the small savers—receive a more equitable return on their savings deposits. Simply stated, this legislation would significantly bolster our Nation's anti-inflation effort. I strongly urge that my colleagues join me in supporting this important measure.●

Mr. REUSS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. STANTON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 380, nays 13, answered "present" 11, not voting 27, as follows:

[Roll No. 164]

YEAS—380

Akaka
Albosta
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Anthony
Applegate
Archer
Ashbrook
Ashley
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bonker
Bowen
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Cheney
Chisholm
Clausen
Clay
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Diggs
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha

Hawkins
Heckler
Hefner
Heftel
Hightower
Hinson
Hollenbeck
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ireland
Jacobs
Jeffords
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McCloskey
McCormack
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel

Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Porter
Preyer
Price
Pritchard
Pursell
Quayle
Rahall
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Rousselot
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schroeder
Schulze

Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—13

Annunzio
Crane, Daniel
Fowler
Ichord
Jeffries
Jenkins
McDonald
Myers, Ind.
Paul
Pickle
Roberts
Simon
Taylor

ANSWERED "PRESENT"—11

Brooks
Cleveland
Hillis
Holt
Johnson, Colo.
McClory
McEwen
O'Brien
Quillen
Skelton
Winn

NOT VOTING—27

Abdnor
Addabbo
Alexander
Anderson, Ill.
Badham
Boggs
Bouquard
Chappell
Dingell
Eckhardt
Fenwick
Garcia
Holland
Jenrette
Kelly
Leath, Tex.
McDade
Mathis
Murphy, Ill.
Nelson
Railsback
Ritter
Roth
Spellman
Stockman
Waxman
Wilson, Tex.

□ 1410

The Clerk announced the following pairs:

On this vote:

Mr. Addabbo for, with Mr. Chappell against.

Until further notice:

Mrs. Boggs with Mr. Abdnor.
Mrs. Bouquard with Mr. Badham.
Mr. Jenrette with Mrs. Fenwick.
Mrs. Spellman with Mr. McDade.
Mr. Waxman with Mr. Railsback.
Mr. Dingell with Mr. Roth.
Mr. Eckhardt with Mr. Holland.
Mr. Mathis with Mr. Kelly.
Mr. Nelson with Mr. Murphy of Illinois.
Mr. Charles Wilson of Texas with Mr. Stockman.
Mr. Garcia with Mr. Ritter.
Mr. Alexander with Mr. Leath of Texas.

Mr. MARLENEE changed his vote from "nay" to "yea."

Mr. McCLORY changed his vote from "nay" to "present."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

### PERSONAL EXPLANATION

(Mr. RITTER asked and was given permission to address the House for 1 minute.)

Mr. RITTER. Mr. Speaker, on the previous vote, the conference report on H.R. 4986, I was unavoidably delayed in reaching the House floor and arrived moments after the voting time was completed. Had I been present, I would have voted "yea" to the conference report on H.R. 4986.

### GENERAL LEAVE

Mr. REUSS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

### DIRECTING CLERK OF THE HOUSE TO MAKE CORRECTIONS IN ENROLLMENT OF H.R. 4986, DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY CONTROL ACT OF 1980

Mr. REUSS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 309) directing the Clerk of the House of Representatives to make corrections in the enrollment of the bill (H.R. 4986), to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, and I probably will not, could the gentleman from Wisconsin (Mr. REUSS), the chairman of the committee, explain what is contained in these "technical corrections"?

Mr. REUSS. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Wisconsin.

Mr. REUSS. Mr. Speaker, the resolution is needed to make several minor technical corrections in the enrollment of the bill, such as the correction of cross references. There are no—I repeat, no—substantive changes.

Mr. ROUSSELOT. I appreciate the assurance that there are absolutely no substantive changes.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 309

*Resolved by the House of Representatives (the Senate concurring)*, That in the enrollment of the bill (H.R. 4986), to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes, the Clerk of the House of Representatives shall make the following corrections:

In proposed section 19(b)(8)(D)(i) of the Federal Reserve Act (as contained in section 103 of the bill), insert "of 1980" after "Control Act".

In proposed section 19(b)(8)(D)(ii) of the Federal Reserve Act (as contained in section 103 of the bill), insert "of 1980" after "Control Act".

In section 207(b)(11) of the bill, strike out "this Act" and insert in lieu thereof "the Depository Institutions Deregulation and Monetary Control Act of 1980".

In section 207(b)(12) of the bill, insert "of 1980" after "Control Act".

In the proposed amendment to section 5(i) of the Home Owners' Loan Act of 1933 (as contained in section 404 of the bill), insert "of 1980" after "Control Act".

In section 409 of the bill, strike out "therefor".

In proposed section 111(a)(1) of the Truth in Lending Act (as contained in section 609 of the bill) strike out "such" after "the Board shall determine whether".

In section 610(b) of the bill, (1) strike out "Section 18(f)(5)" and insert in lieu thereof "Section 18(f)(6)", and (2) strike out "(15 U.S.C. 57a(f)(5))" and insert in lieu thereof "(15 U.S.C. 57a(f)(6))".

Amend the title so as to read: "An Act to facilitate the implementation of monetary policy, to provide for the gradual elimination of all limitations on the rates of interest which are payable on deposits and accounts, and to authorize interest-bearing transaction accounts, and for other purposes.".

The SPEAKER pro tempore. The question is on the concurrent resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

## REV. ARTHUR S. JONES—DISTINGUISHED CITIZEN

(Mr. RODINO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. RODINO. Mr. Speaker, one of the outstanding citizens of the district I represent will be honored this weekend.

He is Rev. Arthur S. Jones, pastor of St. Mark's A.M.E. Church in East Orange, N.J. On Saturday afternoon, Reverend Jones and his wife will be saluted with a special "Service of Thanksgiving" at St. Paul's A.M.E. Church in East Orange.

The people of the church and community will be expressing particular recognition for the work of Reverend and Mrs. Jones throughout his 2½ years of service as president of the New Jersey Council of Churches. His term in that position will be completed on May 3.

A letter to me from one of the church officials says:

> The officers and members of St. Mark's Church are proud of the work and achievements of Reverend and Mrs. Jones. The New Jersey Council of Churches, under Reverend Jones' presidency, has taken great strides toward greater church unity and has lifted the quality of life for all of New Jersey citizens. Reverend Jones has traveled the length and breadth of the state without . . . any payment whatsoever.

Reverend Jones has always been a truly generous, caring, and skilled leader in his church and community. I am pleased that he has been able to extend that leadership throughout the State of New Jersey. But I and the others who will gather Saturday will be expressing appreciation for the many dimensions of Reverend Jones' service over all the years of his work.

He has been dedicated to much more than the institutions of his community and the organization of the statewide Council of Churches. His work through his church and recently through the council are labors of love, because his essential devotion is to human rights and justice.

Reverend Jones is, in the noblest sense of the term, a moral man and leader. I will be honored to join in the salute Saturday to Reverend Jones, not just for his successful term as president of the New Jersey Council of Churches, but for his continuing contributions to progress toward justice for his fellow human beings.

## RECORD STATEMENT OF CHAIRMAN ZABLOCKI ON EXTENSION OF UNITED STATES-UNITED KINGDOM NUCLEAR AGREEMENT

(Mr. ZABLOCKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Speaker, on November 28, 1979, the President approved and transmitted to the Congress, pursuant to section 123(d) of the Atomic Energy Act, an amendment to the 1958 agreement between the United States and the United Kingdom on the uses of atomic energy for mutual defense purposes. The purpose of this amendment is to extend for 5 years those provisions of the 1958 agreement which provide for the transfer of materials and equipment for research on, development of, or use in nuclear weapons or in military nuclear reactors.

The agreement itself serves as a framework for such cooperation; while specific exchanges of material, equipment, and information remain the subject of special joint determinations of approval by the Secretaries of Energy and Defense. In his November 28 submission the President certified that the amendment in question met all of the necessary statutory requirements and, further, that it was in the security interest of the United States.

The amendment extending the United States-United Kingdom agreement laid before the Committee on Foreign Affairs for the required 45-day review period. During that time it was examined by the committee, and briefings were presented by relevant officials of the Departments of Energy and State with respect to the contents and implications of the proposed amendment. No objections or reservations were voiced.

The nuclear forces of the United Kingdom remain dedicated to the defense of NATO. Thus, the cooperation made possible under this agreement serves the alliance as a whole and is, in that regard, a uniquely important manifestation of the unswerving U.S. commitment to NATO. I am pleased to bring the renewal and extension of this agreement to the attention of the House.

## CONFERENCE REPORT ON S. 2269, ECONOMIC EMERGENCY LOAN PROGRAM AMENDMENTS

Mr. FOLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the Senate bill (S. 2269) to extend the Emergency Agricultural Credit Adjustment Act of 1978, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the statement of the managers be read in lieu of the report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 25, 1980.)

Mr. FOLEY (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER pro tempore (Mr. BRODHEAD). Is there objection to the request of the gentleman from Washington?

There was no objection.

The SPEAKER pro tempore. The gentleman from Washington (Mr. FOLEY) is recognized for 30 minutes, and the gentleman from Illinois (Mr. MADIGAN) is recognized for 30 minutes.

The Chair recognizes the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on S. 2269, as reported by the conferees on March 24.

The conference report on S. 2269 extends the economic emergency loan program of Farmers Home Administration from May 15, 1980, to September 30, 1981, increases the funds available for the program and revises program provisions to tighten administration and make them more workable in the light of testimony received by the House and Senate Agriculture Committees.

Technically the conference report is not eligible for consideration under the 3-day rule (rule XXVIII) until tomorrow or whenever the House next meets. However, the Senate acted on this bill yesterday and time is of the essence in taking final action on this emergency measure.

The conference report on S. 2269 contains all the provisions of H.R. 6291 as passed by the House with the exception of deletion of an amendment authorizing the Secretary of Agriculture to pay interest subsidies to lenders on guaranteed operating loans and deletion of all amendments relating to the farm storage facility loan program. The bill previously before the House had widespread support and passed by a rollcall vote of 392 to 22.

In 1978, the Congress reacted to a rapidly deteriorating economy in the agricultural sector by enactment of the Emergency Agricultural Credit Adjustment Act of 1978 which established a new economic emergency loan program. At the time, farmers and ranchers were experiencing severe financial problems due to low prices, high costs of production, over extension of too much short-term credit and the lack of adequate credit from their normal creditors. The program has largely been successful in meeting its mandate. The funds available under the program—$4 billion—have been exhausted and the program is due to expire May 15, 1980.

Today there still remains a critical need for the type of credit provided by the act and, accordingly, the House and Senate Agriculture Committees have acted to extend and expand the program with additional safeguards to protect the public interest. On March 21 the New York Times reported that farmers in the Midwest are facing a troublesome immediate problem involving credit and its cost. The cost of the bank credit farmers need to operate has soared more than 50 percent in the past year, and with crop prices down, many are unable to clear up last year's operating debts before seeking new funds for another planting season. The problem has strained the liquidity position of many Midwest banks and left bankers worried about meeting all their farm clients' needs.

On Tuesday, February 26, the Wall Street Journal on the first page headlined an article "Rural Squeeze, Many

Small Banks Are Short of Money, Long on Worried Customers, Farmers and Little Concerns are Being Hurt." The headline concisely portrays the issue addressed by the conference report. The article states that ever since the Federal Reserve Board moved to restrict monetary growth last October, many small-town banks have been caught in a profit squeeze that is making it harder and harder to provide the credit needed by their communities. Credit tightening efforts by the relatively few local banks typically move quickly through a rural community and are felt more sharply than in an urban area. Because farmers are heavy seasonal borrowers after operating on their profit margins, they are particularly sensitive to tight and costly credit.

The USDA estimated, prior to the suspension of grain and soybean sales to the Soviet Union, that net farm income for 1980 could be 20 percent below the 1979 level. Post-embargo estimates indicate that there may be an increase in projected falloff. The estimated reduction in net farm income for 1980 will severely reduce the repayment ability of farmers; therefore, increasing the need for refinancing short and intermediate term debt provided by the economic emergency loan program.

The credit needs of agriculture continue to grow as the cost of production inputs rise. Farmers in the Southern areas of the Nation are beginning to plant their crops and they are finding credit unavailable through private credit sources while all available funds under the economic emergency loan program have been committed.

Federal policy decisions to raise interest rates hopefully to curtail inflation have placed an added burden on American farmers who are little able to pass their increased interest costs on up the economic ladder. When interest rates are high, farmers face particularly acute short-term liquidity and cash flow problems.

About 60,000 to 65,000 farmers have received economic emergency loans since the program began in August 1978. Some received a total refinancing package while others received loans to meet operating or current credit needs. The financial condition of many of these borrowers has improved during the past year, but many have not sufficiently recovered to be eligible for private credit. Without economic emergency assistance, especially operating loans, significant numbers of these borrowers and other new FmHA borrowers will not be able to continue operations.

A survey of bankers at the annual meeting of the American Bankers Association indicated strong support for extending the program. Of a total of 110 bank representatives from 25 States, 92 (83.6 percent) supported its extension.

To meet these needs the conference report on S. 2269 extends the economic emergency loan program from May 15, 1980, to September 30, 1981, and increases from $4 billion to $6 billion in the total amount of loans that can be outstanding at any time.

Loans made under the program are both insured and guaranteed. Only about 4 percent of the loans made to date have been guaranteed. S. 2269 contains several provisions which would encourage the making of guaranteed loans. It also tightens the requirement that a borrower can receive a loan only if he cannot obtain credit elsewhere. It requires as a prerequisite that there be at least one refusal of private credit in writing (two for loans over $300,000) with authority to waive this requirement in unusual situations. Also, it requires periodic review of the loan to determine when the borrower can be graduated to private credit.

In taking action on S. 2269 the conferees deleted the provision from the House amendment that would have authorized interest subsidies on guaranteed loans. They also deleted the provision from the Senate bill that would have required interest rates to be at prevailing market rates but not less than the rate charged by farm credit banks. As a result of this action, the interest rate would continue to be set under existing law as provided in section 204(b) of the Emergency Agricultural Credit Adjustment Act of 1978.

In its initial meeting on S. 2269, the committee of conference reached tentative agreement to accept all of the House provisions concerning the farm storage facility loan program. After this action, the conferees received a letter from Deputy Secretary of Agriculture Williams stating that S. 2269, as agreed upon, would likely be vetoed because of the provisions that would limit interest rates for farm storage facility loans to 8 percent a year and the deletion of the Senate language on interest rates for economic emergency loans. The conferees are concerned that there not be a delay in enactment of a bill that would provide $2 billion in economic emergency loans. The additional credit is urgently needed so that farmers can plant their crops. Operating capital is extremely tight, and funds for this program are exhausted.

Accordingly, to assure that S. 2269 will be signed into law the conferees have deleted the 8-percent interest rate cap from the bill. The other farm storage facility loan provisions—that is, removal of the 2-year storage limitation and the increase in the individual loan ceiling to $100,000—have also been eliminated because of the language of the House amendment making the provisions subject to the appropriations process. These issues will be handled as items in separate legislation to be considered in the very near future in the Senate and the House.

Mr. Speaker, total net outlays under S. 2269, as reported from conference, are estimated at $0 in fiscal year 1980, $0 in fiscal year 1981, $3 million in fiscal year 1982, $4 million in fiscal year 1983, and $1 million in fiscal year 1984.

Mr. Speaker, I urge the Members to join me in support of this important emergency legislation.

☐ 1420

Mr. FOLEY. Mr. Speaker, at this time I yield such time as he may consume to the gentleman from Tennessee (Mr. JONES), the chairman of the Subcommittee on Conservation and Credit.

Mr. JONES of Tennessee. Mr. Speaker, I thank the chairman for yielding. I will not take but a little time.

I would like to say to the Members of the House that I rise in support of the conference report on S. 2269—to extend the economic emergency loan program.

Any representative from a rural area knows of the severe credit problems farmers are facing. This week I was visited by a group of farmers and agricultural bankers who told me the problem is critical indeed, particularly for young uncapitalized farmers.

Farmers' cash prices are about 10 percent below where they were when the President embargoed grain sales to the Soviet Union. Inventories of commodities are building up, interest rates, and other production costs have skyrocketed. Many farmers who would prefer to keep last year's crop in storage are being forced to sell at these low prices in order to get operating money for this year.

Unfortunately, the administration threatened to veto this bill if the interest subsidy on the storage facility loan was not eliminated. I feel this was very shortsighted since this program is one of our best efforts to let farmers have some control over their own economic destiny.

However, the storage facility provisions have been entirely eliminated even though separate legislation may be brought to the floor later.

The economic emergency loan program has been the salvation of thousands of farmers since it was passed in August 1978. But, it was never needed more than it is at this moment. Farmers across the Nation are getting ready to plant and money is not available at reasonable interest rates.

The federally imposed interest rates we are now suffering under will wreck not only financial positions of farmers but all small businessmen and particularly homebuilders. Farmers cannot pass this additional cost on to the consumers and there is no way they can absorb further losses. The food producing sector of this economy is being jeopardized by Federal monetary decisions. It is most unfortunate that this administration feels it should demoralize the most productive, and efficient sector of the economy in order to combat inflation. I feel the policy should be reexamined and that farmers should be permitted to make a decent living.

There is some concern that the administration intends to attempt to increase the interest rate on the economic emergency loans. I will strongly oppose any such increase. As presently set, the rate is at the cost of money to the Government plus up to 1 percent. I believe the rate is now 12 percent and even that is higher than economically distressed farmers are able to pay. Any attempt to increase this interest rate will be resisted.

To conclude, let me say that this is a most important bill and I urge your support of it.

Mr. FITHIAN. Mr. Speaker, will the gentleman yield?

Mr. JONES of Tennessee. I will be glad to yield to my good friend, the gentleman from Indiana.

Mr. FITHIAN. Mr. Speaker, I thank

the gentleman for yielding. I commend the gentleman from Tennessee for his work on this legislation, as well as the gentleman from Illinois (Mr. MADIGAN), and all the people on the subcommittee.

I will just concur with the gentleman's remarks that this is an urgently needed piece of legislation. It ought to go to the President's desk at the earliest possible opportunity, because we are already behind in terms of having credit available to the farmers in our part of the country.

As does the gentleman from Tennessee, I regret the fact that the facility loan provision had been stricken from the bill, but let us salvage what is left of the bill and get on with it.

Mr. Speaker, I commend the gentleman for his work.

Mr. HARKIN. Mr. Speaker, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Speaker, I thank the gentleman for yielding. I know how hard the gentleman has worked on this program as chairman of our Subcommittee on Conservation and Credit and I know of the gentleman's commitment to the farmers of our country, the most productive sector of our economy.

I fully concur with my distinguished chairman in what he said about our interest rates. Although I am greatly worried, just this morning on the front page of the Des Moines Register was a great big headline, "U.S.D.A. To Boost Interest Rates on Farm Loans."

It quoted Secretary Bergland as admitting that this development was happening in the rural areas and was rapidly drying up credit, Bergland said.

Quoting Bergland:

> Nonetheless, I am under direct orders from the President to curtail government lending and not to pick up the slack.

Here we are going to have this EE program that is needed by farmers around the country. We have always had a policy of cost of money to the Government plus 1 percent, but it looks like what we are going to be facing now is something even more than that.

As the gentleman pointed out, the administration came to the Senate and tried to get an amendment on that bill that would have provided interest rates on this program at comparable market rates and not less than the rates being charged by the farm credit system.

I checked the other day and PCA's in my area are charging 15.7 percent; so on the one hand we have got the EE program and we have got the money in here, but I must say that I am quite fearful of what this administration is going to do in boosting up those interest rates.

I thank the gentleman for yielding.

Mr. JONES of Tennessee. Mr. Speaker, I thank the gentleman from Iowa (Mr. HARKIN). I share what the gentleman has said, but I fear the same problem.

Mr. SHARP. Mr. Speaker, will the gentleman yield briefly?

Mr. JONES of Tennessee. I would be glad to yield to the gentleman from Indiana.

Mr. SHARP. Mr. Speaker, I share the very intense concerns of my colleagues on this matter. I strongly urge the House to pass this bill.

Mr. Speaker, just last weekend, I held several farm meetings in Indiana and the overwhelming topic of concern was the cost and availability of credit in farm communities. I am pleased that we are considering S. 2269 to extend the Farmer's Home Administration emergency credit program today because I believe that this legislation is a vital step in providing some relief.

We are all aware that the problems of a tight money policy and inflation are affecting every segment of our economy—small business, the auto and housing industries, and others.

Many farmers depend on a yearly cycle of credit. Loans are acquired at the beginning of the season to provide operating expenses until the harvest is in. The cost of that credit has increased over 50 percent during the past year, and concern is growing that many rural or small town banks may not have the resources to cover farm credit needs this year.

Production costs have risen sharply this year also. Because farming is an energy-intensive industry, including fuel for farm machinery, transportation, and the production of fertilizer, it has been particularly susceptible to the skyrocketing costs of our imported energy resources. Since last spring the increase in those costs have soared from 30 percent to 50 percent.

Compounding the traditional cost-price squeeze facing the farmer this year is a depressed market caused in part by the anti-Soviet grain embargo. Prior to this embargo, USDA had already predicted a 20-percent drop in farm income. The long-range impact of the embargo will undoubtedly cause even a greater falloff. Even with good markets, the farmer has difficulty in recapturing his production costs, but the current situation presents a discouraging picture.

The legislation we are considering today will by no means resolve all these problems. But, it will at least keep some farmers from going under because they cannot now get credit.

Agriculture has been the brightest part of our export market and our farming industry has kept our balance-of-trade deficit down as the imported oil bill grew. Because our farm exports are so critical in fighting inflation, we must make sure that we do not damage the agriculture industry by national tight credit policies.

Although I am hopeful that the emergency credit program will help farmers survive their current credit problems, it is clear that Congress must take greater steps to improve the economy. One step is to balance the budget so we can reduce the Government's competing with the private sector for scarce credit resources.

Mr. MADIGAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on S. 2269 and urge that my colleagues support this report.

Passage of the conference report would extend the authorization for the economic emergency loan program through September 30, 1981, and would increase the total amount of direct and guaranteed loans which can be outstanding at one time from $4 to $6 billion.

In an attempt to ease the credit problems of American farmers, Congress enacted the Emergency Agricultural Credit Adjustment Act of 1978, authorizing USDA to make insured direct loans or to guarantee loans, through the Farmers Home Administration, of up to $4 billion. Over 60,000 farmers, unable to obtain credit from private sources, have received emergency loans under the program. The loans, which cannot exceed $400,000, can be used for any farm-related expense except the purchase of land. The program is due to expire on May 15, 1980; however, USDA has already committed all the authorized funds.

Though the emergency loan program has helped the financial condition of many farmers, the credit needs of agricultural producers are becoming more acute. With low commodity prices and high production costs and interest rates, farmers are finding fewer private lenders willing to extend credit.

Furthermore, the recent grain embargo imposed by President Carter increased the justification for extending the economic emergency loan program. Prior to the embargo, USDA estimated that farm income for 1980 could be at least 20 percent below the 1979 figure. The adverse economic impact of the embargo will decrease farm income even more.

Mr. Speaker, I would again like to emphasize the immediate need for extending this program and urge my colleagues to support this conference report.

☐ 1430

I yield such time as he may consume to the distinguished ranking member of the full committee, the gentleman from Virginia (Mr. WAMPLER).

Mr. WAMPLER. Mr. Speaker, I rise in support of the conference report on S. 2269, the economic emergency loan program amendments. It is interesting to note that this program, which was initiated in 1978 and funded in the amount of $4 billion was thought to be adequate to carry the farm sector under this program through what we believed would be the worst of times for farmers. It was hoped by the time we got to 1980, that the financial troubles of the farm sector would be largely behind us.

We now know that that is not true. The farmers are probably in more desperate straits today than they were in 1977 and 1978. There is evidence that the $2 billion that we add with the amendment to the Emergency Agricultural Credit Adjustment Act of 1978 will be "sucked up" so fast by credit-hungry farmers who are in dire financial straits that it may be used up before the end of calendar year 1980.

I am told that the number of applications that are pending with the Farmers Home Administration are tremendous, and that thousands of applications are merely awaiting the passage of this piece of legislation to be acted upon.

You will recall that prior to the passage of the Emergency Credit Adjustment Act of 1978 that the Congress had never ventured into the area of providing loans based on economic disasters. We had provided loan programs as a result of natural disasters, disaster payments under the farm programs for corn, wheat, cotton, et cetera, and those providing livestock emergency feed programs based on drought, floods, et cetera. But we had never ventured into the so-called emergency economic disaster conditions in the farm sector. We ventured into this area in 1977 and 1978 because of the exceedingly low farm prices.

Now we add to this program an additional $2 billion in funding, and as I said, the circumstances in the farm sector are more desperate today than they were 2 years ago, so it is important that we pass this bill. Let me list some of the problems that are more acute now than in 1978.

First. President Carter's embargo on grains has created a 17 million ton grain surplus in this country.

Second. Inflation rates as indicated in the consumer price index issued by the U.S. Government for January–February, 1980, are running at an annual rate in 1980 of approximately 18 percent.

Third. Interest rates for operating loans from country banks and other private lending institutions are running anywhere from 15 to 20 percent per annum.

Fourth. Short-term Government financing and Farm Credit Administration short-term financing are running anywhere from 13 to 15 percent based on the sales of their securities in the open market. That translates itself into much higher interest rates through the Farmers Home Administration programs and the Farm Credit Administration programs.

Fifth. Ranchers and cattlemen have been in a liquidation situation for some years. That has been aggravated since July 1979, when unusual amounts of pork and poultry were placed on the market. There is a good chance a liquidation phase in the cattle market may continue for some years and that beef may be scarce and high-priced for some time to come.

Sixth. The price of hogs per hundred pounds is in the low $30's. Inventory numbers of hogs are up appreciably. However, because roughly half the hogs are raised currently in large confinement facilities that purchase their feed, it can be expected that there will be large liquidations in the near future and shortages longer term.

Seventh. The U.S. Department of Agriculture (USDA) itself projected a 20 percent loss in income for farmers in 1980. Subsequently, the President imposed an embargo which State Department officials now say is largely "symbolic" since Soviet Russia is getting most of the grain it would have obtained from the United States. In addition, USDA refused to provide a land diversion program for 1980. Thus, the projections for loss in farm income for 1980 are now much greater than they were on January 1, 1980.

Eighth. The President has imposed credit controls by invoking provisions of the Credit Control Act of 1969. Even if farmers are given a priority in credit, interest rates will not go down and may go up.

Despite any cuts that are made in the area of $13 to $14 billion in the 1981 budget, Federal spending in 1981 will be up from 1980 by at least $40 billion. Thus, even if spending cuts materialize, the Federal Government will be spending the highest share of the country's income since World War II—22 percent in 1981. We can only hope that credit controls imposed will not be on the productive farm sector side of the economy.

Assuming the approval of this conference report—and I urge you all to approve it—what we will be doing here today is to address a very small segment of credit problems in the farm sector—only those in the most desperate of straits. The rest of the farm sector also needs credit badly to get through this production year. I supported in committee an amendment to a farm bill that would have opened up a limited conventional loan program of the Commodity Credit Corporation (CCC) for those who produced wheat and feed grains in 1979 so that they might have enough money to plant their crops in 1980.

The need for these support loans is largely because of the embargo imposed by President Carter on January 4, 1980. If farmers do not have adequate credit in the next few months to plant their crops, to hold their cattle to maturity, and to pay their debts coming due, then I am fearful that what is now a recession in the farm sector will become much more severe.

In the midst of World War II in 1943, we had a food scarcity in this country based on the Office of Price Administration's thinking with food prices, and so forth. It was a scarcity based on the Governments failures in its involvement in the farm economy. I fear that the same thing may happen in the next few months if we do not provide some badly needed credit to the farmers and producers to see them through this critical period. President Carter's embargo will have effects for many of the coming months.

I urge the Members to examine the farm situation between now and the time we return on April 15 and to give favorable consideration to the bills that hopefully we will be taking up on the floor shortly after that date to get some conventional CCC loans out to the farmers.

Mr. MADIGAN. Mr. Speaker, I yield such time as he may consume to our distinguished and valuable colleague from Missouri (Mr. COLEMAN).

Mr. COLEMAN. Mr. Speaker, I rise in support of the conference report because of the vast needs of America's farmers to receive the credit where they need it and the loan availability that they need. But I will rise also to point out a few things that concern not only myself but many members of the Conference Committee and those of us in rural areas.

I direct my remarks to the farm storage facility loans which originally the House position was to put a ceiling or a cap of 8 percent on the amount of interest which could be charged to the farmers for having these loans. Originally the conferees of the other body accepted our position. After they accepted the position the USDA came out with a letter from Mr. Jim Williams, the acting secretary, a letter which was made a part of the conference report before us now, in which they attempted to apparently change and apparently did change enough minds to have it reconsidered so that the farm storage facility loan is not in the conference report now. It is not going to be agreed to today.

The reason we need to have the farm storage loans in the first place for 1980 is as a result of the embargo that was placed by this administration. This administration embargoed grain to the Soviet Union and said that they would help out the farmer in trying to overcome the obstacles they had placed because of the embargo. Yet, we see that when they had an opportunity to help the farmer, that it really did not translate into any action.

Farmers are looking for loans today in the commercial market anywhere from 15 to 18 percent. That is well over the 8 percent cap or ceiling which we tried to place into position under this legislation as it passed the House.

I will point out the language by the Acting Secretary of Agriculture in which this administration goes on record as saying, "Unless the final bill is amended as recommended by the administration, the Secretary informs me that he will recommend that this bill be vetoed. The President's other key advisers on such matters also assure me they will recommend a veto."

These are the people who are making decisions, agricultural decisions in the White House, and the Secretary of Agriculture. It certainly does seem to be inconsistent with the standpoint of what the White House and this administration has said in trying to help the farmer overcome the obstacle of the embargo. At the very time we have tried to lend some assistanec to the farmers, they are reacting negatively and claim they are going to veto the legislation and everything else.

Let me just say the amount of money involved is a very, very small amount of money. If the 8-percent cap were to be kept in place, it would have cost in the form of outlay from the Treasury at most $15 to $20 million for this year. That is a very small amount compared with the billions of dollars that every day and every year is wasted by this Government when we consider a $600 billion budget. This was one small aspect that the administration could have kept their promise and, indeed, they did not. Again I point out this deficiency in this conference report, but I do think that the overall needs and the credit needs of the farmers outweigh this one deficiency. Therefore, I stand in support of the conference report because it is so necessary, but point out the failure of what this conference did and the administration did in failing to back up what it stated earlier in this year.

□ 1440

Mr. MADIGAN. Mr. Speaker, another of our distinguished and valuable colleagues who has worked on this bill from the subcommittee level all the way through the conference committee is the distinguished gentleman from Montana (Mr. MARLENEE), to whom I would now like to yield such time as he may consume.

Mr. MARLENEE. Mr. Speaker, I rise in support of the Emergency Agricultural Credit Act, H.R. 6291. The Agriculture Committee has extended a good program which has proved itself to be beneficial. Historically, loans administered by the Farmers Home Administration have a minimal rate of default. Yet, in writing this bill, we have again strengthened the credit-elsewhere tests to assure that funds go only to the individuals who are confronted with the most serious of financial crises.

The President failed to keep his promise of not allowing the full impact of the Russian grain embargo to fall on the farmer. He has not supported legislation designed to increase commodity loan levels and support agricultural income. Bank loans only extend the date at which a farmer and rancher must receive a profit on his product to service his debt. The administration must realize that agriculture cannot continue on borrowed funds, it cannot continue with high interest rates and rampant inflation. Agriculture will remain strong only with higher return on investment. And this means a higher price for their product. At this time of skyrocketing interest rates and farm prices far below the cost of production due to the administration, farmers and ranchers need credit made available to them in order to maintain a viable operation. These funds are designed to assure continued operation of a farm or ranch by providing the unavoidable expenses incurred in the normal operation of business. This is only an interim measure to allow farmers and ranchers to stay in business.

What farmers need are higher on-farm prices for their products and I will continue to push strongly for increased farm prices. But until such time arrives, credit must be available to keep these businesses going. These are operations which can be profitable if they receive some assistance in the current crisis. Farm income in 1980 is going to suffer drastically due to soft prices, a sagging economy ripe with inflation, and the increased cost of inputs. The legislation before us has proven its worth in the past, and I strongly urge its adoption.

Mr. JONES of Tennessee. Mr. Speaker, because of an emergency I would like to ask that we give 3 minutes to the gentleman from Iowa (Mr. HARKIN) for discussion of the conference report.

Mr. HARKIN. I thank the chairman for yielding. I thank my colleagues for letting me go out of order.

I also rise in support of the bill, but like the gentleman from Tennessee (Mr. JONES) before me, and others who have commented, I too, feel it was terrible not to delete the storage facility loan amendments from the House version. I do understand, however, that the Senate has acted upon that and that we will be taking up the facility loan program again. So perhaps we can salvage at least some semblance of that program.

I want to confine my remarks to the remainder of this bill that is left, the EE program and the interest rates that I am afraid will be charged. First of all, this program began in 1978. We had $4 billion in it. We have loaned out $4 billion at the cost of money to the Government plus 1 percent. This program has not cost the taxpayers in this country one red cent, and yet what it has done to bolster the farm economy, to keep farmers in business for those 2 years has been nothing short of miraculous.

So what does this administration do? They go over to the Senate, and they ask for an amendment that would raise the interest rate of this EE program to comparable market rates, but no less than the interest being charged in the farm credit system—no less than that.

Mr. ENGLISH. Mr. Speaker, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. I thank the gentleman for yielding. I certainly want to support the line that the gentleman is taking. I thought I might add a little additional information he may not be aware of. My father is a director with the Federal land bank, and he just returned from a Farm Credit Administration meeting. He learned at that meeting that the Farm Credit Administration is planning in the very near future to go to 17 percent, so that should point out and underscore the importance of what the gentleman is saying.

Mr. HARKIN. I thank the gentleman for saying that because I checked with the PCA (Production Credit Association) in my area last week, and they were charging 15.7 percent. So with this EE program, what the administration wanted to do with it was to boost those interest rates to 15.7 or 17 percent. So here we have a program to help the farmers that really need the help, that would put the money in it at the cost of money to the Government, plus 1 percent to protect the taxpayers. No, we are going to raise the interest rates on up to the comparable market levels. Just to underscore that, as I mentioned earlier, the headlines in the Des Moines Register this morning say "USDA to Boost Interest Rates on Farm Loans," and I quote Secretary Bergland. He said that what is happening is rapidly drying up credit in the rural areas. Nonetheless, Bergland said:

> I am under direct orders from the President to curtail government lending and not to pick up the slack.

There is no slack in this program.

Mr. MADIGAN. Mr. Speaker, will the gentleman yield?

Mr. HARKIN. I was just starting to make my point. Yes, I yield to the gentleman.

Mr. MADIGAN. I apologize for interrupting the gentleman at the zenith of his remarks, but I was so impressed and so overwhelmed by the remarks of the gentleman from Iowa concerning the attitude of this administration toward the American farmer that I felt impelled to tell the gentleman that Governor Reagan advised us that he was supporting this bill as it passed out of the House committee. I thought the gentleman in the well and the gentleman from Oklahoma (Mr. ENGLISH) might want to know that as we proceed through this election year.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. JONES of Tennessee. I yield 2 additional minutes to the gentleman.

Mr. HARKIN. I thank the gentleman for yielding. But I would respond that only 4 years ago we had two Presidential candidates running at that time, one Republican, one Democrat, both promising that they were not going to let the farmer down. So here is another one coming along down the line, and I do not know whether to believe him or not.

Mr. ENGLISH. Mr. Speaker, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. I thank the gentleman for yielding. I would simply like to ask the gentleman, has Mr. Reagan found out what parity is yet? Could he tie interest rates to parity? That is the important question.

Mr. HARKIN. If I could reclaim my time, I thank the gentleman for yielding back my time. But I would just want to state that what America really is fearful of is that we are going to pass this bill, we are going to put in the $2 billion, and you wait and see what is going to happen. The administration is going to raise the interest rates. For the last 2 years they have been charging, as I said, the cost of money plus 1 percent. If they raise these interest rates above that, I am hopeful that every farmer in this country will bring a lawsuit against the Department of Agriculture, because they have built this whole program based upon this, and I do not think that under the program as it was set up by the Congress, the way it has been administered for the last 2 years, that they have any legal basis on which to raise those interest rates above the cost of money to the Government plus 1 percent. So if they do intend to raise them above that, I hope they are flooded with lawsuits from Oklahoma to Illinois to Iowa to the northern tier of Minnesota.

Mr. ENGLISH. If the gentleman will yield, as the original author of this program, I want to assure the gentleman that was not my intent, and I certainly want to commend the leadership that he has given to this bill.

Mr. HARKIN. I know it is not the intent of any one of us to have the Government make a profit on this program by charging comparable market rates. I thank the gentleman for his comment and yield back the remainder of my time.

Mr. JONES of Tennessee. Mr. Speaker, I yield 3 minutes to the distinguished member of the subcommittee, the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Speaker, I rise in support of this bill, but I think that we have to be very honest with ourselves. The problem that is afflicting farmers, which I would echo as not only very, very serious, but it is a true crisis, is just an extension of the problem that we all face now—the problem of extraordinary high interest rates and the rate at which they have been going up which has been so dramatic; and the high oil prices as well as lower grain prices as a result of the embargo, have particularly caused farmers to be targeted much more directly than most segments of our society. But the general credit policies of this administration, which I think are placing an unfair burden on farmers and the small businessman are particularly going to hurt the American farmer.

I come here not only to support the bill but to offer one further comment. We in the Congress are going to balance the budget. I think that is absolutely clear. The Chairman of the Federal Reserve Board has stated:

> If you balance the budget, I will begin to take a less restrictive attitude toward credit in this country.

I think we ought to hold Mr. Volcker's feet to the fire, because if in fact we continue to tolerate this very, very restrictive credit policy after Congress has begun to adopt a much more responsible fiscal policy, then I do not think that we in Congress, nor the people in America, are going to be able to live very long with it.

It was Will Rogers who said "even if you are on the right track, you will get run over unless you move." Mr. Speaker, the farmers in America are being run over by a policy of very, very tight credit and low commodity prices, and the train is going to roll over them and the rest of America with them. We have to put a stop to it. This bill is not going to do any more than provide some modest temporary assistance to farmers, and therefore I support it, but it does not deal with the basic question of how we are going to improve our national economy, how we are going to get interest rates down to a reasonable level so that farmers who are most victimized by this policy of high interest rates can continue to operate.

Mr. ENGLISH. Mr. Speaker, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. I thank the gentleman for yielding. I would simply like to ask the gentleman from Kansas who has very deep concern and who has involvement with the farmers in his State. Does he have any explanation as to why the administration wants to increase the interest rates beyond the cost of money to the Government plus 1 percent that we originally had in this program?

Mr. GLICKMAN. No. I would suspect from reading the same story the gentleman from Iowa (Mr. HARKIN) was talking about that the administration, at least the Secretary of Agriculture and perhaps other departments, are under instructions from the Office of Management and Budget, perhaps from the President himself, that they are not to lose one dime in the fiscal pie. What I am just saying to the Members is unfortunately the farmers are on the front lines fighting this inflation battle and the ones who are going to suffer the most.

Mr. ENGLISH. From what it appears, then, not only are they trying to prevent their losing one dime, but they are trying to make a buck off the farmers at the same time.

Mr. GLICKMAN. If they are trying to make a buck, they are going to suffer a serious recession themselves, because the tax revenues that they expect from the American farmers will just evaporate. I agree with the gentleman, and I yield back the remainder of my time.

□ 1450

Mr. JONES of Tennessee. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from South Dakota (Mr. DASCHLE).

Mr. DASCHLE. Mr. Speaker, I rise in support of this legislation as do those before me. I want to reiterate one point that was made by the distinguished chairman of the House Committee on Agriculture (Mr. FOLEY) that this is not enough. Contrary to what the President and his Secretary would like to have us believe, it does not come close to being enough to what we have to do this year, as we face the agricultural economy of 1980.

It is not enough when we see interest rates going up 100 percent; it is not enough when we see the cost of energy up some 40 percent and it does not even come close to what the President promised the American farmer after the embargo.

Mr. Speaker, the House Committee on Agriculture this year has addressed this problem. Our committee has come up with a composite program that does deal with a comprehensive approach to the problems we are facing this year and unless the President, unless the Secretary of Agriculture recognizes that fact and supports the other parts of this comprehensive program, I fear for the American farmer this year.

Mr. Speaker, I am deeply disappointed with the President, his philosophy and program he has presented. I am disappointed with the opposition he showed to the farm storage facility loan program and the increase in interest rates that he has just announced. I am deeply disappointed that we have to face this kind of opposition in the face of the kinds of problems that the American farmer is now experiencing.

Mr. Speaker, while I urge passage of this piece of legislation, I also urge the Congress and the President to accept the fact that this is only part of what I think a comprehensive program must be.

Mr. JONES of Tennessee. Mr. Speaker, I yield 3 minutes to a member of our full committee, the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Speaker, my phone has literally been ringing off the hook all day, today. The calls are from dedicated, hard-working farmers, businessmen, and others who cannot believe the terrible economic situation which they face today. One of them was advised that I would be out there next week and he said that a week from now could be too late and that by then widespread bankruptcies are likely to occur.

Mr. Speaker, I support this bill. This bill is going to be of some help. However, as other people who have spoken have already indicated, unless we do something that enables the farmers who are producing corn, soybeans, cattle, and hogs, to at the very least recoup their production costs, they simply cannot continue to exist. At present prices, not only can they not pay their everyday operating expenses, they are absolutely unable to pay their living expenses.

Mr. Speaker, our committee has passed a land-diversion program. Our committee has passed a loan-increase program. We were promised when the grain embargo was imposed that the farmers would not have to carry the whole load. Today, it is clear that farmers are being expected to carry the whole load. Time is running out—unless the administration's decisionmakers realize that the situation is critical and, unless we start to concern ourselves with the situation in the farm area, just as we did for Chrysler Corp., and just as we did for the city of New York, the deterioration of the Nation's argricultural economy will spread to every other sector.

Mr. Speaker, I see economic disaster facing us in our area. I think all of my colleagues know that I have not been one to be screaming "wolf" in this Chamber. I hope somehow the message can get through to the administration that it had better start to support some of the changes that are needed if they do not want us to find ourselves in serious, serious, serious economic difficulties, not only in my area but throughout the country. If, in the process of "curing the economic disease" that grips this country, the agricultural sector dies, the whole patient will die.

Mr. MADIGAN. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Nebraska (Mrs. SMITH).

Mrs. SMITH of Nebraska. Mr. Speaker, I rise in support of the adoption of the conference report on S. 2269, legislation to amend and extend the Emergency Agricultural Credit Adjustment Act of 1978.

It is important that favorable action be taken on this report so that the legislation can go to the White House where reportedly it will be signed into law. The Senate has already approved the report. What is needed is similar action by this body. I am anxious to see the legislation signed into law at the earliest opportunity.

At the time the bill was adopted by the House of Representatives on March 5, I pointed out the severity of the credit crunch in Nebraska farm circles. In the past 3 weeks that situation has deteriorated. Not a day goes by that I do not hear from some hard-pressed stockgrowers or grain producers who need credit in order to survive. There are no funds for FmHA loans in Nebraska. They are all committed. Only through the extra money that we are making available under this expanded economic emergency loan program do they have any hope of hanging on.

I am sure that many of my colleagues noted the story in the New York Times of last Friday, March 21, under the headline, "Farmers Face a Credit Squeeze." The subhead read, "Borrowing Costs Up More Than 50 Percent."

The dateline for that story is Palmer,

Nebr., one of the many farming communities I represent in the Third District of Nebraska. The farmers and bank officials quoted in the story are my constituents. The situations they face, because of tight credit and escalating production costs that cannot be offset by embargo-depressed commodity prices, are typical of those in farming area after farming area across Nebraska.

Mr. Speaker, for those who may not have read this news story, I ask that it appear as a part of my remarks. I commend it to all my colleagues:

### Farmers Face a Credit Squeeze—Borrowing Costs Are Up More Than 50 Percent

(By William Robbins)

PALMER, NEBR.—This village in central Nebraska is only a dot on most maps, but it has a bank, several businesses and a population of about 400. Because it serves farmers who till level acres of good crop land stretching in all directions, it has some big worries.

There is trouble in farm country, and it clouded the faces of Dale Friedrichson, John Forbes and Dennis Joseph recently as the denim-clad growers of corn, hogs and cattle dropped by the State Bank of Palmer. Like farmers around Aurora and Central City and elsewhere in the Middle West, their most troublesome immediate problem is credit and its costs.

The cost of the copious bank credit farmers need to operate has soared more than 50 percent in the last year. With crop prices down, many are unable to clear up last year's operating debts before seeking new funds for another planting season. And the increased cost of bank loans come atop soaring prices of other needs, especially fertilizer and fuel, which have risen 30 to 50 percent this spring compared with last year.

The resulting problem has strained the liquidity positions of many Middle Western banks reached in the last few days, and it has left bankers worried about meeting all their farm clients' needs.

"It's like running into the wind with a funnel in your mouth—you're just sucking air," said John A. Dinsdale, vice president of the Palmer bank and a partner with his brother, Roy, in ownership of 13 other Nebraska banks, in describing the difficulties of farming clients.

Banks in Nebraska and elsewhere in the Middle West generally say they must charge farmers interest rates of 16 to 17 percent—less than the 19 percent prime rate in big cities but still a sharp increase of agricultural credit. Even so, they face a tight squeeze between the charges and their own money costs, and they see no prospect of immediate relief.

Nationally, total outstanding indebtedness of farmers, including mortgages on their land, reached $137.5 billion on Jan. 1, 1979, according to the Agriculture Department. That figure included $62.5 billion of loans not related to real estate, including $5.2 billion of low-interest Government price-support loans on crops. Of the total, real estate loans accounted for $72.3 billion.

### REFINANCED MORTGAGES

Preliminary figures as of Jan. 1, 1980, indicate that farmers' total indebtedness rose to $161.8 billion, including $4.5 billion of price-support crop loans. The Agriculture Department estimates that 53 percent of the total was real estate debt.

An increasing part of the real estate debt, Government economists say, is a result of farmers refinancing mortgages on their property—at prevailing interest rates—to provide funds to carry their rising operating costs. No estimate of the dollar amount of refinancing being done was available.

"This could take me out of farming," said Mr. Friedrichson, a tall, broad-shouldered grower whose blond hair and ruddy skin looked weathered beyond his 42 years. "Another year like this and I'll be lining up my equipment for a farm sale." Like Mr. Forbes, Mr. Joseph and others, he said increased costs would wipe out the profit margin he squeezed from his farming last year.

"My dream is that one day I'll be able to retire with some dignity," he said. "Now I just don't know. Last year my fertilizer cost was $37,000. They tell me that will be up over 30 percent this year. I paid $40,000 in interest and that will be up 50 percent. Fuel costs also will be up 50 percent."

Mr. Forbes, a slender young farmer with more precise data, spoke with seething anger and frustration over a situation that he said was not of the farmers' making. He blamed mainly President Carter's curtailment of grain sales to the Soviet Union and charged that not enough had been done to soften the impact.

"Last year I needed $2.30 a bushel to break even," he said. "This year it will be $2.42. And do you know what the price of corn is today?" A local grain elevator was quoting $2.18 a bushel.

Mr. Forbes pulled out a sheet of figures. "In 1976 repairs cost me $5,250," he said. "In 1979 it was $20,000. My interest cost was $38,000 in 1976. In 1979 it was over $100,000. God knows what it will be this year.

"In 1978, my fertiler cost $28,746 and it was $48,068 in 1979. Now they tell us it will be up another 30 percent this year. My diesel fuel and gas bills were $10,869 in 1976 and they were $24,215 in 1979, and they'll be up another 50 percent in 1980."

"Want to hear a real sob story?" said Mr. Joseph. "I'm a hog producer." He fell silent as if that were enough to say. Hogs were selling at about $35 a hundredweight, sharply below last year's figures. A year ago, hogs brought about $48 a hundredweight on the Omaha market. Most farmers also say today's prices are below the cost of production. Agriculture Department studies show that costs are more than 40 cents a pound.

In nearby Central City, Wayne Thompson, a fertilizer dealer, was also talking with his banker, Terry L. Trueblood, president of the Farmers National Bank.

"I've never felt so pessimistic starting a season," said Mr. Thompson, who said he was worried primarily about how farmers would pay for the fertilizer they will need this spring.

In Aurora, Dan J. Armbruster, president of the Farmers State Bank and Trust Company, pulled out a file and said: "Here's a farmer who could pay us off if he could get 25 cents more a bushel for the corn he's got in his bins. He'd like to wait for a better price, but we're going to have to insist that he sell his corn for what he can get now. That will leave him owing us $5,000, but that way we can carry him for another year."

Mr. Armbruster, like most other bankers reached, said the bank's current loan-to-deposit ratio was higher than he liked to see at this time of year. Most country bankers say they feel fairly comfortable with loans at 75 percent of deposits, but some were citing current levels as high as 90 percent.

Mr. Armbruster's current level was 88 percent, down from 98 percent last year. A bank examiner said in a written report last October, from which Mr. Armbruster quoted, "The sole source of relief from this severely strained liquidity position seems to rest entirely with the successful marketing of farm products."

I have also heard from Mr. James W. McBride, president of the First National Bank & Trust Co. of Aurora, Nebr., Mr. McBride is also president of the Nebraska Bankers Association. In this capacity he surveyed member banks in Nebraska and presented a report to the American Bankers Association on the state of the agricultural economy in Nebraska. Also, as a part of my remarks, I want to include in the RECORD a copy of his letter to me. In doing so, permit me to quote his plea in the closing paragraph:

> We are in need of some desperate, immediate help for the funding of the Farmers Home Administration loans . . .

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FIRST NATIONAL BANK & TRUST CO.
IN AURORA,
*Aurora, Nebr., February 21, 1980.*

Representative VIRGINIA SMITH,
*House of Representatives,*
*Capitol Building, Washington, D.C.*

DEAR REPRESENTATIVE SMITH: I enclose a copy of the material that I have accumulated as of this date for submission to the American Bankers Association in regard to the agricultural farm situation as it exists here in rural Nebraska.

I wanted you to have this information for your files. The Nebraska Bankers Association is compiling statistics from approximately 20 bankers across the state and we are going to forward this on to the American Bankers Association. We will forward to you a copy of each of these letters for your information and for your files.

I would like to point out what I feel is a very critical situation here in Nebraska today, which is the lack of funds in the Farmers Home Administration. At the present time there are $28,000,000 in EE loans that are pending in the Farmers Home Administration. There are, as of last Friday, $5,000,000 in funds available to fund these loans. The banks of this state cannot continue to carry these loans because of the very high loan-to-deposit ratio that exists today. The primary reasons for this lack of funds is a market for the corn, the continuing outflow of funds from the rural communities to the savings & loans, and now an ever increasing outflow of funds to the money market certificates of the different brokerage houses.

We are not seeing the deposit growth in the banks of the state keeping pace to fund the loans that are steadily increasing with the cost of operating loans in the farm economy. It is impossible today for a young farmer to purchase ground utilizing the Farmers Home Administration loans. If he were to buy a farm today, it would be at least two years before funds could be made available to him from the Farmers Home Administration for this purchase. With the tight money situation as it exists today in the banks of Nebraska, there is no way that they can carry this interim financing till the funds would be made available nor would the seller wait for this period of time before making a sale. This, in turn is freezing out the young farmers through the purchase or acquisition of a family farm.

We are in need of some desperate, immediate help for the funding of Farmers Home Administration loans and we need your help and input for any thing you could do to help us here in Nebraska and we would very much appreciate it.

Sincerely,

JAMES W. MCBRIDE,
*President.*

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It will be helpful to my colleagues, I am sure, to also read the letter that Mr. McBride wrote to the American Bankers Association to summarize the farm credit situation in Nebraska. I respectfully request that it, too, appear as a part of my remarks:

NEBRASKA BANKERS ASSOCIATION, INC.,
*Lincoln, Nebr., February 20, 1980.*
MR. DERL I. DERR,
*Director, Agricultural Division,*
*American Bankers Association,*
*Washington, D.C.*

DEAR MR. DERR: I wish to express to you concern of not only myself but also members of the Nebraska Bankers Association for the agricultural economy of our state.

I am situated in a rural community of approximately 4,000 people located in a county which is served primarily by deep well irrigation. We are one of the top counties in feed grain production in the state of Nebraska. I am located in a community bank with approximately $36,000,000.00 in total assets. I am this year serving as president of the Nebraska Bankers Association and from my background here as a rural banker and also from hearing many expressions of concern that come forth to me from bankers across our great state I wish to use this letter to forward on our many concerns for the future of agriculture and also of our community which does so sorely rely on agriculture for the back bone of their survival.

I enclose a copy of the year end survey that was taken by our association which was to indicate to us the growth of the money market certificates in our state. We also received in this survey the average loan to deposit ratio of the Nebraska Banks which reflects one, as of December 31st, in excess of 70 percent.

We have experienced very little pay down since this date from this high loan to deposit ratio and we are very concerned as to where funds will be generated to properly serve the agricultural needs of our farm customers and in turn our community in this 1980 operating year.

The grain embargo was imposed during the time of normal heavy marketing and movement of corn. The free corn in the country did not move to market because of depressed prices and again the lack of transportation facilities to move the grain from our area.

I express much concern to you that we have not seen, as of this date, a farm program developed by the administration in 1980. This farm program should have been developed in September or at the latest in October of 1979. There is no way that advanced planning which is very necessary for each year's crop can be made at this late date. The fertilization of the ground for the 1980 corn production was accomplished in the fall of the year and these farmers did work the ground at that time and start their necessary preparation for their 1980 crop. The purchase of chemicals, insecticides, seed corn and other necessary items for the years farm operation must be made either in the fall or early spring of each year to fully utilize the planning and discounts that are available for an orderly farm operation.

I have just completed obtaining many of the property statements and cash flow projections for the upcoming year from our farm operators. I compare these with past years statements and see a rise of approximately 35 percent in the average cost of operation as compared to one, two or three years ago but yet we have seen approximately a 5 percent rise in the price of the finished product which is marketed. This compounding of expenses over net income has forced many farm customers to go back on accumulated equities for additional term borrowings both in real estate and equipment to try to update their farming operations to maximize the yield and in turn to enable them to continue to farm. We all hope that the rise in feed grain prices will soon come closer to their operating costs so that we can see once again an advantageous net to the farm operator.

The Commodity Credit Corporation through the Agricultural Stabilization and Conservation Administration have had loans available for the building of facilities for grain storage. They have had a limit of $50,000.00 for any one farmer to build a facility for drying and storing their grain. This $50,000.00 today would purchase approximately 45,000 bushel of grain storage facility and this in turn will handle approximately one half section of irrigated ground of crop production. The terms and size of this loan has not kept up with the productive capabilities of the farmers of America.

We have been informed this last week by the Farmers Home Administration that they no longer have any economic emergency loan funds available. A small number of these that are still available on a very limited basis but subject to rationing of very limited funds. We could make guaranteed loans through this same program if the guarantees were available and in turn going to the money market centers to try to market these term notes. Again, we do have a problem in not only the processing time needed to obtain the guarantee from the Farmers Home Administration and again their being able to guarantee the loans so they can be sold. The Farmers Home Administration at this time are unable to provide this guarantee and we do not have the funds here in the banks of this state to provide this very necessary financing for this type of loan.

I cannot emphasize enough without going into too lengthly of details the urgency and seriousness of the problems that today exist in rural America. We see the farmers receiving approximately $2.30 a bushel for their corn. We have seen this same price level for the past five years while we have seen escalating costs of production of approximately 35% per year.

I ask you and everyone else how the efficiencies of production ever hope to keep pace with this type of inflationary spiral in production cost while again seeing no increase in the price of the finished product which is the corn itself.

I have asked for additional back up information to that which I have briefly outlined in this letter. Two of my better farm customers addressed to you letters spelling out the type of farming operations that are present here in Hamilton County, their production and also their frustrations in today's rural economy. I hope that these letters might in some way help stir the need in Washington for some action both by the American Bankers Association and by the Carter Administration to bring forth a strong program for the betterment of rural America.

I am strongly and firmly convinced that the basic economic factor of growth of this Nation is agriculture and if they are continually being shunted to the back seat we are going to see serious repercussions in all of our economy. The bankruptcy of our nations farmers unless we have some changes made in the general policy towards them might very rapidly spread across this nation once it has started in rural America.

I firmly believe that it is past time that the American Bankers Association, Agricultural Division, do take a very strong leadership role in helping develop a forthcoming agricultural program with adequate transportation to not only insure a strong market place but also a reliable method of transportation for the grain once produced.

Let us no longer sit back and talk of what we should have done yesterday but rather let the American Bankers Association through the Agricultural Bankers of this nation be a strong force in helping develop programs for our farm customers, with our farm customers and with our legislators for the future growth and development of our nation.

I sincerely hope that you will look favorably on helping we, here in rural America, develop these programs.

Sincerely,

JAMES W. MCBRIDE,
*President.*

Mr. Speaker, last Tuesday evening, I was among those who attended the buffet and briefing on inflation and the economy at the White House. I went prepared to ask the President some questions about the administration's response, or lack of same, to the crisis facing the farm economy.

I am convinced that the people at the White House either do not know, or do not care, what happens to farm prices and production costs, nor what the tight-money policy is doing to the farm producer who must have credit to survive.

I was unable to ask my questions and, furthermore, no one else was able to ask any questions about agriculture and the critical situation in which we find ourselves. The only reference the President made was to indicate that in the administration's view, agricultural prices have stabilized. If that is true, then we are in trouble, because there is no way that our producers can meet the increased cost of production at the stabilized prices they are receiving today.

It is another indication why the farmers and ranchers must look beyond the White House to the Congress for understanding and action. The adoption of this conference report will provide one more example of how Congress is moving to respond to a critical situation in the agricultural economy. It will join the legislation to increase target prices we sent to the White House earlier this session, and it will soon have the company of other bills dealing with various aspects of the 1980 wheat and feed grains program. These bills are awaiting rules so that they can be scheduled for debate. The earliest possible action on these bills is essential.

I urge my colleagues to join me in voting for the adoption of this report. The assistance it provides will in many instances make it possible for farmers to get desperately needed credit.

Mr. BEDELL. Mr. Speaker, will the gentlewoman yield?

Mrs. SMITH of Nebraska. I will be happy to yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Speaker, if someone over at the White House thinks agricultural prices stabilized in my area they had better take a look at the last 2 days of market reports.

Mrs. SMITH of Nebraska. I agree fully.

Mr. Speaker, may I conclude by saying I support this bill, but this is only a small part of what must be done if we are to avoid real economic disaster all across the agricultural section of our country.

Mr. MADIGAN. Mr. Speaker, I yield such time as he may consume to our distinguished colleague from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Speaker, I am pleased that this conference report is finally going to get consideration. Each day of delay brings some farmers closer to the edge of an economic precipice. This credit program will certainly not address all of their needs, nor will it meet the credit needs of much of the farm sector. It will help, though, to keep afloat some producers who would otherwise be facing some even harder choices than they have right now.

Credit is an essential tool for agriculture. It is not an answer to the basic economic problems of the farm sector. Price is the key to most of those problems. A fair return for their agricultural production would correct the balance sheet for the vast majority of farming operations in this country. It would restore economic health to rural communities. It would bring a new flush to the pallor of an agricultural sector that is reeling from the effects of the grain embargo, uncontrollable inflation and skyrocketing interest rates.

It is distressing that this legislation was further delayed by the Administration's veto threat. I hope all of my colleagues in the House will give special attention to the explanation of this delay contained in the statement of managers:

> In its initial meeting on S. 2269, the committee of conference reached tentative agreement to accept all of the House provisions concerning the farm storage facility loan program. After this action, the conferees received a letter from Deputy Secretary of Agriculture Williams stating that S. 2269, as agreed upon, would likely be vetoed because of the provisions that would limit interest rates for farm storage facility loans to 8 percent a year and the deletion of the Senate language on interest rates for economic emergency loans. The additional credit is urgently needed so that farmers can plant their crops. Operating capital is extremely tight, and funds for this program are exhausted.
>
> Accordingly, to assure that S. 2269 will be signed into law, the conferees have deleted the 8 percent interest rate cap from the bill. The other farm storage facility loan provisions (i.e. removal of the two-year storage limitation and the increase in the individual loan ceiling to $100,000) have also been eliminated because of the language of the House amendment making the provisions subject to the appropriations process. These issues will be handled as items in separate legislation to be considered in the very near future in the Senate and the House.

Mr. Speaker, the administration's action is further evidence of their lack of understanding of the seriousness of the situation agriculture is in right now. Because the need for this legislation is so great, we have no choice but to move ahead with it as quickly as we can under these circumstances. In the meantime, I hope the House will consider as soon as possible changes in the farm storage facility loan program dropped by the conferees. These include the provisions to increase the loan ceiling of that program from $50,000 to $100,000 and to repeal the 2-year size limitation. These changes are necessary to continue the viability of that successful program.

The House Agriculture Committee has acted on other legislation to help improve the economic situation for agriculture. Especially needed right now is legislation such as H.R. 6382 which mandates a paid grain acreage diversion program, and includes my amendment to require that producers be provided with a 75-percent advance payment under the program at sign-up time. Prompt action on this is essential, as is action to provide producers with the opportunity to participate in some degree in the commodity loan programs from the 1979 crop. Farmers must have the means to finance their operations and the flexibility to get the best possible price for their grain. These moves would help in that respect and assist in relieving some of the credit pressure that is squeezing producers so severely now. The bill we are considering today will aid a small number of farmers who are under this pressure, Mr. Speaker, so I urge my colleagues to give their approval to this conference report, and give us their support when we bring the other measures to the House floor.

□ 1500

Mr. JONES of Tennessee. Mr. Speaker, I yield 4 minutes to a former member of the Agriculture Committee, now a member of the Appropriations Committee, the gentleman from Missouri (Mr. BURLISON).

Mr. BURLISON. Mr. Speaker, I appreciate my friend from Tennessee yielding, and I want to commend him and the gentleman from Illinois (Mr. MADIGAN) and their subcommittee for the work that they have done in bringing us this bill, and ultimately this conference report.

Mr. Speaker, I support the conference report on S. 2269, the economic emergency loan program, though much more must be done. As my colleagues know, the Congress, in 1978, enacted the emergency Agricultural Credit Adjustment Act because of the increasingly deteriorating economy in our agricultural sector. This act established a new economic emergency loan program. In 1978, our farmers and ranchers were experiencing severe financial problems due to low prices for commodities, high costs of production, and lack of available credit from local creditors, to name only a few. Well, in 1980, we find that our farmers and ranchers are in even more desperate straits. The 2 years in between have only brought about greater difficulties with higher costs, higher interest rates, and lower prices for the product.

In addition, the administration announced on January 4 of this year the grain embargo, and the adverse economic impact of this action has caused prices for commodities to continue to fall at the marketplace. All these factors make the extension of the economic emergency loan program an urgent priority. The credit needs of agriculture are at a critical point. Our farmers are now preparing to plant their crops and they are finding credit unavailable through prior credit sources while all available funds under the economic emergency loan program have been committed. The farmers in the State of Missouri and my congressional district are dependent upon financial assistance to help them in dealing with a collapsing farm economy.

These are indeed hard times for our farm people. Seldom a day goes by when I am not contacted by a Missouri farmer who cannot obtain financing from his bank because it is holding back its loans due to Government tight money policy and he is unable to get funding through the Farmers Home Administration because it has already committed its funds through October. I do not have an answer for them when they ask, "Where can I get financial help—how am I expected to make a crop—how am I going to survive?"

Through February 1980, the amount of economic emergency loans made in Missouri during fiscal year 1980 was $45,043,870. The Department of Agriculture has tentatively set the allocations for the moneys contained in S. 2269, and if approved, Missouri should receive $41,900,000. This figure is based on the loans that have been made since the program began, and the applications on hand, in every State. Incidentally, the State of Missouri is one of the top three on the tentative allocation list. Therefore, you can see the strong need for assistance to my State and district. Many of my farmers have been told that if this measure is approved, financial help will be available. Without it, however, many farmers will be forced out of business.

Mr. Speaker, the need for continuation of the economic emergency loan program is crucial to our farm sector. Particularly is this so in view of the grain embargo which is presently compelling our farmers to bear the financial burden of American foreign policy. I urge passage of this important legislation.

Mr. MADIGAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. HAGEDORN).

Mr. HAGEDORN. Mr. Speaker, I thank the gentleman for yielding. I rise in support of this conference report, and I think that the urgency of the situation in rural America is such that we need to pass this, but we cannot stop at this point in time. There is much more that needs to be done in order to meet the very critical financial problems American farmers are facing at this time as they prepare to go to the fields and put in the crops.

I am disappointed in the fact that the conference committee did delete the storage loan aspects of this legislation because, as the growing season approaches, there is no question that we are going to need substantially expanded volume of on farm storage capacity to properly deal with the upcoming crops. In short, this is the first small step. There are going to be several more significant pieces of legislation before us, hopefully, in the next few weeks, and if we can get majority support in this body and in the Senate as well, we can send them to the President's desk for his consideration.

There is a dire economic emergency in rural America. I represent what I consider to be one of the most prosperous and affluent farming districts in this Nation. I can testify that I have received more calls in the last few days than I think in the 6 years I have had the privilege of serving in this body.

So, we do need to take this remedial action.

I think a lot of it is due to the failure of this administration to follow through with the commitments the President made to the American people, and particularly to American farmers, on January 4, when the President said that they would isolate the embargoed grain off the market that was to go to Russia. Right today, the Commodity Credit Corporation is trying to retender those very contracts assumed from the large multinational grain companies, where the Government covered their losses, and turn that grain back over onto the market at the very time when prices are declining at a very rapid rate and farmers have held out, attempting to get a price that would include the cost of production and, hopefully, a small profit. Their own Government, which at least ought to be an ally in these depressing times, turns against them and seeks to dump those stocks on the market to depress prices even further.

I think what we are having today is a fire-sale situation, when we see one of the chief economists of the Department of Agriculture testifying this week that they are disposing of their stocks because they think prices are going lower. If that is all the confidence this administration has in improving the lot and life of American farmers, then I believe we have got some severe times ahead, and there will be some profound changes made in the 1980 elections.

☐ 1510

Mr. FOLEY. Mr. Speaker, I urge support of the conference report, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore (Mr. BRODHEAD). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. EDWARDS of Alabama. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 380, nays 10, not voting 41, as follows:

[Roll No. 165]

YEAS—380

Akaka
Albosta
Ambro
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Ashley
Aspin
Atkinson
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bowen
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Cheney
Chisholm
Clausen
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Diggs
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
Ertel
Evans, Del.
English
Erdahl
Erlenborn
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Howard
Huckaby
Hughes
Hutto
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lehman
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McCormack
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Rangel
Ratchford
Regula
Reuss
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rosenthal
Rostenkowski
Rousselot
Roybal
Royer
Rudd
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Waxman
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—10

Collins, Tex.
Crane, Daniel
Crane, Philip
Dannemeyer
Holtzman
McDonald
Mottl
Paul
Russo
Weaver

NOT VOTING—41

Abdnor
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
AuCoin
Badham
Boggs
Bonker
Bouquard
Brooks
Chappell
Clay
Dingell
Eckhardt
Fenwick
Ford, Tenn.
Gingrich
Holland
Hubbard
Ireland
Jenrette
Kelly
Lederer
Leland
McDade
Mathis
Moffett
Moorhead, Pa.
Murphy, Ill.
Myers, Pa.
Nelson
Railsback
Rhodes
Rose
Roth
Runnels
Smith, Nebr.
Stockman
Watkins
Wilson, Tex.

☐ 1520

The Clerk announced the following pairs:

Mr. Lederer with Mrs. Fenwick.

Mr. Myers of Pennsylvania with Mr. Railsback.

Mrs. Boggs with Mr. Gingrich.

Mr. Jenrette with Mr. Kelly.

Mr. Addabbo with Mr. Badham.

Mr. Alexander with Mr. Abdnor.

Mr. Eckhardt with Mr. McDade.

Mrs. Bouquard with Mr. Roth.

Mr. Chappell with Mrs. Smith of Nebraska.

Mr. Ireland with Mr. Stockman.

Mr. Moorhead of Pennsylvania with Mr. Murphy of Illinois.

Mr. Moffett with Mr. Holland.

Mr. AuCoin with Mr. Bonker.

Mr. Brooks with Mr. Anderson of Illinois.

Mr. Anderson of California with Mr. Ford of Tennessee.

Mr. Clay with Mr. Hubbard.

Mr. Dingell with Mr. Mathis.

Mr. Leland with Mr. Runnels.

Mr. Rose with Mr. Watkins.

Mr. Nelson with Mr. Charles Wilson of Texas.

Mr. BROWN of Ohio changed his vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

## AUTHORIZING INVESTIGATION AND INQUIRY BY COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 608 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 608

Whereas rule XLIII of the Rules of the House of Representatives sets forth the Code of Official Conduct for Members, officers, and employees of the House of Representatives and, among other things, prohibits the acceptance of gifts, directly or indirectly, from foreign nationals or their agents or from any person having a direct interest in legislation before the Congress or the acceptance of compensation from any source for the exertion of improper influence, and provides that all such Members, officers, and employees shall conduct themselves at all times in a manner which shall reflect creditably on the House of Representatives; and

Whereas Federal law prohibits the receipt of anything of value by any Member of Congress to influence his performance of his official duties or to reward or compensate him, other than as provided for by law, for the performance of those duties (18 U.S.C. 201, 203); prohibits the receipt of unauthorized fees relating to naturalization or citizenship (18 U.S.C. 1422); and prohibits conspiracy to commit any offense against the United States (18 U.S.C. 371); and

Whereas information has come to the attention of the House of Representatives alleging that certain Members of the House of Representatives have improperly accepted or agreed to accept money from undercover Federal agents and others in the course of an investigation initiated and/or conducted by the Federal Bureau of Investigation; and

Whereas clause 4(e)(1) of rule X of the Rules of the House of Representatives entrusts the Committee on Standards of Official Conduct with the authority (1) to recommend to the House of Representatives from time to time such administrative actions as it may deem appropriate to establish or enforce standards of official conduct for Members, officers, and employees of the House of Representatives, (2) to investigate any alleged violation, by a Member, officer, or employee of the House of Representatives, of the Code of Official Conduct or of any law, rule, regulation, or other standards of conduct applicable to the conduct of such Member, officer, or employee in the performance of his duties or the discharge of his responsibilities and, after notice and hearing, to recommend to the House of Representatives, by resolution or otherwise, such action as the committee may deem appropriate in the circumstances, and (3) to report to the appropriate Federal or State authorities, with the approval of the House of Representatives, any substantial evidence of a violation by a Member, officer, or employee of the House of Representatives of any law applicable to the performance of his duties or the discharge of his responsibilities, which may have been disclosed in a committee investigation: Now, therefore, be it

*Resolved*, That the Committee on Standards of Official Conduct be and it is hereby authorized and directed to conduct a full and complete inquiry and investigation of alleged improper conduct which has been the subject of recent investigations (commonly referred to as ABSCAM) by the Department of Justice, including the Federal Bureau of Investigation, to determine whether Members, officers, or employees of the House of Representatives have violated the Code of Official Conduct or any law, rule, regulation or other applicable standard of conduct. The scope of the inquiry and investigation may be expanded by the committee to extend to any matters relevant to discharging its responsibilities pursuant to this resolution or the Rules of the House of Representatives.

SEC. 2. The committee may report to the House of Representatives any findings, conclusions, and recommendations it deems proper with respect to the adequacy of the present Code of Official Conduct or the Federal laws, rules, regulations, and other standard of conduct applicable to the conduct of Members of the House of Representatives in the performance of their duties and the discharge of their responsibilities.

SEC. 3. The committee, after appropriate notice and hearing, shall report to the House of Representatives its recommendations as to such disciplinary action, if any, that the committee deems appropriate by the House of Representatives and may provide such other reports of the results of its inquiry and investigation as the committee deems appropriate.

SEC. 4. (a) For the purpose of conducting any inquiry or investigation pursuant to this resolution, the committee is authorized to request or compel—

(1) by subpena or otherwise—

(A) the attendance and testimony of any person—

(i) at a hearing; or

(ii) at the taking of a deposition by one or more members of the committee; and,

(B) the production of things of any kind, including, but not limited to, books, records, correspondence, logs, journals, memorandums, papers, documents, writings, graphs, charts, photographs, reproductions, recordings, tapes (including audiotapes and videotapes), transcripts, printouts, data compilations from which information can be obtained (translated, if necessary, into reasonably usable form), and other tangible objects; and

(2) by interrogatory, the furnishing under oath of such information as it deems necessary to such inquiry or investigation.

(b) A subpena for the taking of a deposition or the production of things may be returnable at such places and times as the committee may direct.

(c) The authority conferred on the committee by subsections (a) and (b) of this section may be exercised—

(1) by the chairman and the ranking minority member acting jointly, or, if either declines to or is unable to act, by the other acting alone, except that in the event either so declines or is unable to act, either shall have the right to refer to the committee for decision the question whether such authority shall be so exercised, and the committee shall be convened as soon as practicable to render that decision; or

(2) by the committee acting as a whole.

(d) Subpenas and interrogatories authorized under this section may be issued over the signature of the chairman, or ranking minority member, or any member designated by either of them. A subpena may be served by any person designated by either of them and may be served either within or without the United States on any national or resident of the United States or any other person subject to the jurisdiction of the United States.

(e) In connection with any inquiry or investigation pursuant to this resolution, the committee may request the Secretary of State to transmit a letter rogatory or request to a foreign tribunal, officer, or agency.

(f) Any member of the committee or any other person authorized by law to administer oaths may administer oaths pursuant to this resolution.

(g) All testimony taken by deposition or things produced by deposition or otherwise, or information furnished by interrogatory pursuant to this section, other than at a hearing, shall be deemed to have been taken, produced, or furnished in executive session.

SEC. 5. For the purpose of conducting any inquiry or investigation pursuant to this resolution, the committee is authorized to sit and act, without regard to clause 2(m) of rule XI of the Rules of the House of Representatives, at such times and places within or without the United States, whether the House is meeting, has recessed, or has adjourned, and to hold such hearings as it deems necessary.

SEC. 6. The committee is authorized to coordinate its investigation with the Department of Justice and to enter into any agreements with that Department which the committee determines to be essential for the prompt and orderly performance of its duties: *Provided*, That such agreements shall not be inconsistent with applicable law or with any Rule of the House of Representatives unless otherwise provided herein for the purpose of this investigation. Without regard to clause 2(e)(2) of rule XI of the Rules of the House of Representatives, the committee may restrict access to information received from the Department of Justice to such members of the committee or other persons as the committee may designate.

SEC. 7. The committee is authorized to seek to participate and to participate, by special counsel appointed by the committee, on behalf of the committee and the House of Representatives in any judicial proceeding concerning or relating in any way to any inquiry or investigation conducted pursuant to this resolution, including proceedings to enforce a subpena.

SEC. 8. The authority conferred by this resolution is in addition to, and not in lieu of, the authority conferred upon the committee by the Rules of the House of Representatives. In conducting any inquiry or investigation pursuant to this resolution, the committee is authorized to adopt special rules of procedure as may be appropriate.

SEC. 9. Any funds made available to the committee after the adoption of this resolution may be expended for the purpose of carrying out the inquiry and investigation authorized and directed by this resolution.

Mr. DERRICK (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, and I probably will not object, could we hear the complete beginning of this resolution so that we know what it is we have here?

The SPEAKER pro tempore. The Clerk will read.

(The Clerk continued the reading of the resolution.)

Mr. ROUSSELOT (during the reading). Mr. Speaker, I withdraw my reservation of objection.

Mr. DERRICK. Mr. Speaker, I renew my unanimous-consent request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina to dispense with further reading of the resolution?

There was no objection.

The SPEAKER pro tempore. The gentleman from South Carolina (Mr. DERRICK) is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Tennessee (Mr. QUILLEN). Pending that, I yield myself such time as I may consume.

☐ 1530

Mr. Speaker, House Resolution 608 authorizes and directs the Committee on Standards of Official Conduct to conduct a full and complete inquiry and investigation of alleged improper conduct which has been the subject of recent investigations—commonly referred to as

Abscam—by the Department of Justice, including the Federal Bureau of Investigation.

This resolution is a matter of original jurisdiction for the Committee on Rules. After the Committee on Rules concluded its hearings on March 18, the committee voted to report House Resolution 608 favorably without amendment as a privileged resolution. The resolution is to be considered on the House floor under the 1-hour rule.

Mr. Speaker, under clause 4(e)(1) of rule X of the House rules, the Committee on Standards of Official Conduct has the authority to conduct such an investigation. However, the purpose of this resolution is to augment that authority as well as to more clearly define the intent of the investigations. House Resolution 608 provides the committee the discretion of determining the scope of the inquiry and establishes special procedures which may be used in the conduct of the investigation.

The resolution requires the committee to report any findings or recommendations it deems appropriate concerning the adequacy of the present code of official conduct, House rules, or Federal restrictions applicable to the conduct of Members in the performance of their duties and to report any recommendations it might have pursuant to violations by Members, officers, or employees of the official code of conduct.

The committee is authorized to participate by special counsel on behalf of the committee and the House in any judicial proceedings related to any inquiry or investigation conducted under the authority of House Resolution 608. This authority is similar to that granted for other investigations, including the Korean investigation. The resolution also specfies the procedure for authorizing and issuing subpenas and interrogatories, including requests to the Secretary of State for the transmittal of letters rogatory or request to foreign agencies. The subpena authority may be exercised by the chairman and the ranking minority member acting jointly, or alone if either declines or is unable to act, or by the committee acting as a whole.

Finally, the resolution permits the committee to utilize any funds made available to it subsequent to the passage of this resolution for the purpose of carrying out its responsibilities pursuant to the resolution.

Mr. Speaker, this resolution puts the House on record authorizing and directing this particular investigation. Over the past several weeks, allegations of wrongdoing on the part of several Members of the House have been made. This investigation will clarify these allegations. I am sure the Committee on Standards of Official Conduct will do an excellent job in conducting the investigation and I urge my colleagues to vote to adopt House Resolution 608.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

The gentleman from South Carolina (Mr. DERRICK) has explained the provisions of the resolution. This authority is badly needed by the House Committee on Standards of Official Conduct. There is no problem with this resolution as far as I know.

I remember when I was on this committee, having served on it up until January of 1979, that similar authority was asked to be given by this House for the Korean investigation, and it was given.

This authority is needed, Mr. Speaker, and I urge the adoption of the resolution.

Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. SENSENBRENNER. Mr. Speaker, I rise in support of House Resolution 608, which gives the Committee on Standards of Official Conduct the clear authority to conduct an investigation into the Abscam matter.

Many Members are wondering the difference between this resolution and the resolution introduced by the gentleman from New York (Mr. PEYSER), which was defeated by the House several weeks ago.

The differences are meaningful.

First of all, the Peyser resolution required the material that is in the Department of Justice's files to be given to the House of Representatives as a whole within 30 days after that resolution was adopted.

That means that the entire record of the criminal investigation under the Peyser resolution would have been disclosed to the House and thus become a matter of public record.

The principal difference between the resolution before us today and the Peyser resolution is that House Resolution 608 authorizes the committee to coordinate its investigation with the Department of Justice and to enter into agreements with that Department, which the committee deems essential and which are not inconsistent with applicable law or House rules.

The committee may restrict access to information received from the Department of Justice.

There is no thought on the part of the Committee on Standards of Official Conduct or any of its members to interfere with the criminal investigations that are going on.

Consequently, this provision of House Resolution 608 gives the essential protections that are necessary so that the Committee on Standards of Official Conduct and the House of Representatives can proceed with its constitutional function of disciplining any wrongdoing pursuant to article 1, section 5 of the Constitution.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. SENSENBRENNER. I yield to my colleague from New York.

Mr. FISH. I am very glad to hear what the gentleman said. We got it on the House Committee on the Judiciary. I know the gentleman is well aware of the objections we found in the previous resolution of inquiry before us and the unanimous vote of disapproval by the Committee on the Judiciary.

The SPEAKER pro tempore. The time of the gentleman from Wisconsin (Mr. SENSENBRENNER) has expired.

Mr. QUILLEN. Mr. Speaker, I yield 2 additional minutes to the gentleman from Wisconsin.

Mr. FISH. If the gentleman from Wisconsin (Mr. SENSENBRENNER) will continue to yield, what the gentleman is telling the Members right now, I gather, is that this is quite different, much narrower in scope and is not objectionable in any way in the way we felt in the House Committee on the Judiciary the resolution was?

Mr. SENSENBRENNER. I am in the unique position of being the only Member of this body who serves on both the Committee on the Judiciary and the Committee on Standards of Official Conduct.

I spoke in opposition to the Peyser resolution for the reasons I outlined.

The gentleman from New York (Mr. FISH) is correct in that this resolution is substantially different and will not jeopardize the material that is presently in the files of the Department of Justice or obstruct the criminal investigation in any way. That is why I support it.

Mr. FISH. I thank the gentleman very much.

Mr. DERRICK. Mr. Speaker, I yield 5 minutes for purposes of debate only to the distinguished chairman of the committee, the gentleman from Florida (Mr. BENNETT).

Mr. BENNETT. Mr. Speaker, I want, first of all, to express my gratitude to the members of the Rules Committee for their promptness in considering the resolution and for their unanimity in reporting it favorably. The members of the Committee on Standards of Official Conduct are also unanimous in their support of this measure, and I am hopeful that the full House will demonstrate similar support.

This resolution is essential for several reasons. First, it is important that the House of Representatives demonstrate to the American people its resolve to investigate allegations of wrongdoing by certain of its Members. We have a constitutional duty to keep this House in order, and we must never even appear to shrink from that duty.

As important as is our willingness to conduct our own investigation, it is also our firm intention to proceed in a way which will not endanger in any way the ability of the Department of Justice to perform its prosecutorial function. The committee is working closely with the Justice Department, and we have every reason to believe that the Department will cooperate in providing information to us, where ongoing prosecutions would not be compromised.

I want to stress to you today that the Ethics Committee has no present intention of using its subpena power to do battle with the Department. However, we need the power—and support of the House—to keep the executive branch moving expeditiously in this matter. The House should send a signal today that it will countenance no footdragging from Justice and it certainly will engage in none of it itself.

In addition, this resolution contains several procedural provisions which are vitally important to the ability of the

Ethics Committee to carry out its responsibilities in this matter. Most of the provisions are patterned after those authorized for the Korean influence investigation, during which they worked very well. The most important of these new procedural tools would allow:

The taking of depositions by one or more members of the committee;

The subpenaing of "things" of any kind; including videotapes;

The requiring of information by interrogatory; and

The deeming of all information taken during the information gathering stage to be in executive session.

These tools are especially useful in an investigation, such as the one at hand, where there are a large number of allegations to be investigated in a short period of time.

The resolution would also empower the committee to negotiate with the Justice Department and to enter into agreements with the Department. The resolution would not, however, relieve the committee of its obligation, under House rule X, to seek the approval of the House before turning over information to the Department.

Finally, the resolution would allow the committee, by special counsel, to go into court if necessary. Such action might soon be required, for example, to obtain protective orders to insure that information received by the committee from the Justice Department could not be subpenaed by third parties.

Mr. Speaker, I urge the adoption of House Resolution 608.

Mr. DERRICK. Mr. Speaker, I yield 3 minutes, for purposes of debate only, to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Speaker, I rise in support of this resolution, but I do have one or two questions I would like to ask.

As my colleagues know, the resolution of inquiry that I introduced, which was overwhelmingly defeated, was of a much broader scope. I would now like to ask the committee chairman on this particular issue, first of all, does this resolution give us the right, for instance, of requesting from the Justice Department the videotapes and the recordings?

Mr. BENNETT. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Florida.

Mr. BENNETT. Yes, it does. That is one of the specific things it does that is not in the existing law.

□ 1540

It does provide things to be brought in, in addition to the other matter. That is a real specific thing that this resolution does.

Mr. PEYSER. Mr. Speaker, may I also ask the chairman, has the Justice Department up to this point in its dealing with the gentleman's counsel been cooperative in providing this information?

Mr. BENNETT. They have been very cooperative, but there is pending between our lawyers and the Justice Department discussions about the content of a confidentiality agreement between the committee and the Justice Department. There is no real controversy about it, but it has taken some time. I have signed it and I think the Department of Jusitce probably has signed it now. That is the only thing that has held up specific information.

Mr. PEYSER. Then is it safe to assume that the real reason for this resolution is that if the Justice Department is reluctant or is not cooperating with the gentleman's committee, that this, in effect, gives the approval of the House to move ahead in judicial action, if you will, against the Justice Department?

Mr. BENNETT. It certainly is a purpose of this resolution, to do precisely what the gentleman has said.

I will say, however, that there are many other things in the resolution that make it easier, more expeditious, to go forward with the Abscam investigation, just as was done in the Korean investigation. Somebody asked when the Korean matter was up why these are not permanent rules. Why do we have to come in for a particular situation?

I think that is a valid criticism. I think we ought to write this into permanent law eventually; but we did not do it this time because we wanted to assure everybody that these were just going to use in Abscam; but my hope is that before the end of this year that many of the provisions of this law that are before us today are going to be presented to us in a permanent form, where we will not have to be coming back every time.

Mr. PEYSER. One other question I would like to present to the chairman is this.

The SPEAKER pro tempore. The time of the gentleman from New York (Mr. PEYSER) has expired.

Mr. DERRICK. Mr. Speaker, I yield 1 additional minute to the gentleman from New York.

Mr. PEYSER. Does the chairman feel, with the strength of this resolution, with the committee presently at work on this, is it reasonable to assume that the House of Representatives will be able to act, or that the gentleman will be able to reach a decision and the committee will be able to act prior to September, because after that we are basically gone. Is that a reasonable assumption?

Mr. BENNETT. It is a reasonable assumption. I hope it will be accurate. It is hard to say whether it is going to be accurate or not; but we cannot do it any better than we are doing in this resolution.

I do want to point out that although it has never been litigated to any great extent, if Members are reelected or come back to the Congress, it is my opinion that under the decisions I have read that they can be handled in the committee for offenses that occurred prior; so to the extent that people came back to the Congress, they would be prone to this matter.

Mr. PEYSER. In effect, if we do not act prior to the time of our own adjournment, those Members who do not return are beyond our reach at that point.

Mr. BENNETT. That is my opinion of the existing law, although there is some doubt about that. Some decisions indicate that for some purposes you can go against even an unseated Member, but that is my understanding.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SENSENBRENNER. Mr. Speaker, I object to the vote on the ground that a quoroum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 382, nays 1, not voting 48, as follows:

[Roll No. 166]

**YEAS—382**

Akaka
Albosta
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashley
Aspin
Atkinson
Bafalis
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bowen
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Cheney
Chisholm
Clausen
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Forsythe
Fountain
Fowler
Frenzel
Frost
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hinson
Hollenbeck
Holt
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lehman
Lent
Levitas

Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McDonald
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N..Y
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Pa.
Murtha
Natcher
Neal
Nedzi
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pritchard
Pursell
Quayle
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Rangel
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Reuss
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Rinaldo
Ritter
Roberts
Robinson
Rodino
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Rose
Rosenthal
Rostenkowski
Rousselot
Roybal
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Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Wilson, Bob
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—1

Gonzalez

NOT VOTING—48

Abdnor
Addabbo
Alexander
Anderson, Ill.
Ashbrook
AuCoin
Badham
Barnard
Boggs
Bonior
Bonker
Bouquard
Brooks
Chappell
Clay
Diggs
Dingell
Eckhardt
Fenwick
Ford, Tenn.
Fuqua
Hansen
Harkin
Hillis
Holland
Jenrette
Kelly
Lederer
Leland
McCormack
McDade
Mathis
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Myers, Ind.
Myers, Pa.
Nelson
Railsback
Rhodes
Roth
Rudd
Runnels
Stockman
Watkins
Williams, Ohio
Wilson, C. H.
Wilson, Tex.

☐ 1600

The Clerk announced the following pairs:

Mrs. Boggs with Mr. McDade.

Mr. Lederer with Mrs. Fenwick.

Mr. Brooks with Mr. Abdnor.

Mr. AuCoin with Mr. Railsback.

Mr. Addabbo with Mr. Stockman.

Mr. Fuqua with Mr. Rudd.

Mr. Harkin with Mr. Hillis.

Mr. McCormack with Mr. Hansen.

Mr. Moorhead of Pennsylvania with Mr. Ashbrook.

Mr. Charles H. Wilson of California with Mr. Roth.

Mr. Myers of Pennsylvania with Mr. Myers of Indiana.

Mr. Eckhardt with Mr. Kelly.

Mr. Chappell with Mr. Badham.

Mrs. Bouquard with Mr. Anderson of Illinois.

Mr. Jenrette with Mr. Watkins.

Mr. Murphy of New York with Mr. Holland.

Mr. Alexander with Mr. Bonior of Michigan.

Mr. Diggs with Mr. Mathis.

Mr. Dingell with Mr. Nelson.

Mr. Leland with Mr. Runnels.

Mr. Barnard with Mr. Murphy of Illinois.

Mr. Clay with Mr. Bonker.

Mr. Ford of Tennessee with Mr. Charles Wilson of Texas.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## PERSONAL STATEMENT

(Mr. HUBBARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUBBARD. Mr. Speaker, I rise to explain my absence on the previous vote. That was the conference report on the Senate bill, S. 2269, the Emergency Agricultural Credit Adjustment Act of 1979. I was delayed because of my testimony before the Subcommittee on Energy and Water Development of the Committee on Appropriations regarding a project in my district. I regret that I missed that vote. Had I been here for that vote on the conference report on the Senate bill, I would have voted yea to make it 381 to 10.

## REORGANIZATION PLAN NO. 1 OF 1980—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 96–288)

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, without objection, referred to the Committee on Government Operations and ordered to be printed:

(For message, see proceedings of the Senate of today, March 27, 1980.)

## COMMUNICATION FROM THE SERGEANT AT ARMS

The SPEAKER pro tempore laid before the House the following communication from the Sergeant at Arms:

WASHINGTON, D.C.,
*March 26, 1980.*

Hon. THOMAS P. O'NEILL, Jr.,
*Speaker, House of Representatives,*
*Washington, D.C.*

DEAR MR. SPEAKER: On March 26, 1980 I was served with a subpoena duces tecum by a representative of the U.S. Department of Justice; said subpoena was issued by the United States District, Eastern District of New York.

The subpoena commands me or my authorized representative to appear before a Grand Jury of said court, which is deliberating in secrecy pursuant to Rule 6(e) of the Federal Rules of Criminal Procedure, and requests the production of certain House Records. Attached to the subpoena is a finding by the Court that the records are material and relevant to the Grand Jury investigation, pursuant to House Resolution 10, Ninety-Sixth Congress, which authorizes any officer of the House to produce copies of House records pursuant to a subpoena of a court upon a finding of materiality and relevancy. The subpoena is available in my office for inspection by any Member.

Sincerely,

BENJAMIN J. GUTHRIE,
*Sergeant at Arms.*

## THE FOREIGN TERRORIST EXCLUSION ACT OF 1979

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DORNAN) is recognized for 20 minutes.

Mr. DORNAN. Mr. Speaker, it is with no pleasure that I take the floor to say, I knew this was coming.

I refer to the United Press International report of March 26 which states that—

> Despite President Carter's claim that all incoming Iranians undergo close scrutiny, UPI discovered a silent but official policy of avoiding any incident that might anger Iran and endanger the 50 American hostages.

The article went on to state that the Immigration and Naturalization Service "has not been able to stop at the borders 'students' carrying booklets on how to make bombs." An incident is described which occurred on Sunday, March 23 at J.F.K. Airport in New York in which a young man with a student visa allegedly issued at the U.S. Embassy in Tehran was going through what the administration describes as a "thorough secondary inspection." The following, according to UPI is what occurred:

> In going through his luggage, the inspector found a military-like field manual that told how to make bombs and mines, field-strip, the powerful Israeli Uzi machinegun, and use a wide range of other weapons.

Commonsense would dictate that such a suspicious individual would be detained and then returned to Iran on the first available plane. In fact, Mr. Speaker, this is not what happened. The inspector was not at fault. He told UPI that—

> I let him in. My hands are so tied that I couldn't stop him. Call the State Department and they say "give 'em a waiver. We don't want an incident."

Mr. Speaker, to describe this situation as incredible is an understatement. Of course, the administration denies this report. A member of my staff called the Iran Working Group and they denied the statement that they had advised the INS "to avoid any incidents that might anger Iran and complicate efforts to free the hostages." The next call was to the White House, where my staffer was referred to a staffer in Mr. Brzezinski's office. He denied all—he denied that there is a silent but official policy of leniency; he denied that the INS has such a policy; he even denied that the incident which occurred last March 23 had occurred. When Mr. Brzezinski's aide was asked whether he thought someone was not telling the truth, he replied by saying that since the UPI report was based upon statement from unnamed sources, that it was impossible to prove or disprove the allegations.

Well, Mr. Speaker, I do not know about you, but after the administration's sorry performance in handling this humiliation over the last 5 months, I have no reason to give the administration's denials any credibility whatsoever. Further, there is absolutely no reason for the UPI to have made up this report.

This is the bottom line: The Carter administration, through a curious policy, or rather, nonpolicy of appeasement, of weakness, of irresolution, is permitting terrorists to enter the United States.

Never mind that over 11,000 Iranians have entered the United States. Never mind that some of them may have had legitimate reasons for so doing. Under the "enlightened" and "tolerant" rule of the Ayatollah Khomeini, it is perfectly understandable that any Iranian who was unwilling to slavishly follow his line of anti-Americanism and medieval philosophy would want to flee Iran. I am entirely willing to concede that these people could, and should be permitted to enter the United States. However, we theoretically have an Immigration Service which is responsible for insuring that undesirables do not enter the country. Otherwise, why have an INS? why have visas? why have passports? The people of the United States have decided through their elected representatives that certain persons should not be permitted entry into the United States. Thus, immigration laws were enacted, and an Immigration Service was created. However, Mr. Speaker, under the Carter administration, we might as well not even have an INS or immigration statutes. Perhaps the administration needs some help in dealing with the problems such as are described in the UPI report. I am willing to offer that help. The people of the United States deserve better than to have their country invaded by terrorists.

Mr. Speaker, I urge my colleagues to support my bill, H.R. 4692, the Foreign Terrorist Exclusion Act of 1979. The United States must take steps to deal with terrorist violence which has already occurred here, and which may, and will occur here if the bankrupt Carter immigration policy persists. My bill would do the following:

First. Amend the Immigration and Nationality Act and related law by excluding admission to the United States of any alien affiliated with a terrorist organization;

Second. Direct the Attorney General to investigate the activities of any person registered as a foreign agent of a terrorist organization in order to determine whether such a person is, or has, engaged in illegal activities in connection with such an organization;

Third. Forbid any person registered as a foreign agent under the Foreign Agents Registration Act of 1938 from knowingly and willfully receiving funds from any foreign group engaging in acts of terrorism, and

Fourth. Provide for the Justice Department to monitor the collection of funds for organizations designated as terrorist organizations as defined by the law.

I am convinced that this bill strikes a judicious balance between our legitimate national security interests and the constitutional rights of American citizens. If enacted into law, this legislation will strengthen the investigatory machinery of the Department of Justice and serve to weaken and restrict the influence of alien, international terrorist activities.

I submit for inclusion in this special order the original wire service UPI transcript—A superb job of reporting by Mr. Lawrence McQuillan:

### Lax Policy Letting in Thousands of Iranians—Some Perhaps Terrorists

(By Laurence McQuillan)

Washington.—Thousands of Iranians are entering the United States under a lax inspection policy that hamstrings and frustrates immigration agents and undercuts FBI warnings some may be student terrorists, a UPI investigation has uncovered.

Despite President Carter's claim that all incoming Iranians undergo close scrutiny, UPI discovered a silent but official policy of avoiding any incident that might anger Iran and endanger the 50 American hostages.

Although projecting an image of cracking down on Iranians in this country, the administration has created a bureaucratic tangle that has not been able to stop at the borders "students" carrying booklets on how to make bombs.

Government officials pridefully point to "secondary inspections" as proof of America's vigilance. But those conducting the inspections ridicule them.

"I just about have to have the guy admit to me he is a terrorist before I can do anything," grumbled a frustrated inspector of the Immigration and Naturalization Service.

Since the embassy was seized Nov. 4, more than 11,000 Iranians have been admitted to the United States—a figure growing at a rate of about 50 a day. In the four previous years, 11,079 entered.

UPI interviewed officials in Washington and immigration inspectors at several U.S. ports of entry, and obtained secret government documents.

Last Sunday, at John F. Kennedy International Airport in New York, a young man with a student visa issued at the U.S. Embassy in Tehran was admitted to the United States after the INS conducted what officially is described as a thorough "secondary inspection."

In going through his luggage, the inspector found a military-like field manual that told how to make bombs and mines, field-strip the powerful Israeli Uzi machinegun, and use a wide range of other weapons.

"I'm ashamed to admit it," the examiner said later, "but I let him in. My hands are so tied up that I couldn't stop him. Call the State Department and they say 'give 'em a waiver. We don't want an incident'."

Several agents said that when they sought advice from the Iran working group at the State Department, they were told "to avoid any incident" that might anger Iran and complicate efforts to free the hostages.

In another case, an Iranian entered without the required visa, but promised to go on to Canada. He had with him photographs taken inside the U.S. Embassy in Tehran of hostages and conditions at the facility.

When an INS officer called Washington about this, he was told to waive the visa requirement. The FBI was contacted about the photographs "and the guy said they weren't interested. No one even wanted to look at them."

All are sent to immigration inspectors for a second examination, which officials at the White House, State Department and INS call an example of tight security.

A directive issued by INS headquarters in Washington instructs its interrogators that "Iranians . . . shall not be questioned as to whether they are pro- or anti-shah, Khomeini or USA."

The orders, sent to all offices, also specify that Iranians "shall not be questioned about past or future participation in demonstrations unless related to the details of an arrest."

David Crosland, Acting INS Commissioner, said: "It's kind of an unusual situation," but the instructions were put out to clear up "misunderstandings" that arose in the earlier days of the crisis.

"Just the fact that they had been in a demonstration didn't make any difference one way or the other," he said, "or whether they were pro-shah or pro-Khomeini, as long as their visas were valid and as long as they were not a threat to this country."

The possibility of a threat, however, so troubled the FBI that agents visited INS offices and discussed the danger of Iranian terrorists infiltrating the country.

"There are alleged to be about 50 Iranian students attempting to enter U.S. to engage in terrorist activity and bringing with them supplies, film and other propaganda material," warns a Nov. 30 memo posted at INS offices in New York.

It goes on to cite common characteristics, including the observation that "when questioned they will all claim to be 'humble Iranian students'." It noted that "apparently this pretext has been used several times."

INS inspectors are frustrated at what is happening.

"I pick up a piece of paper in one hand and it tells me terrorists might be coming," said one. "Then I pick up another and it tells me not to ask questions. Does that make any sense?"

Several agents said they had found materials that would apply to the warning about terrorists—but nobody carrying these materials had been denied admission. Back in November and December, they often were referred to immigration judges who allowed entry.

"It's not an isolated incident but now we just don't bother," one agent said, shrugging. "You can't fight city hall—and you get tired of trying."

Crosland repeatedly noted that the secondary searches for Iranians "was to screen out people who might be coming in for several reasons. One, obviously, is that we don't want to let people in who are potentially terrorists."

He admitted that "it's true that somebody could come in and not fit any particular profile and not have anything in their luggage that would indicate anything."

He said he was satisfied with the quality of the Iranian inspections and, at his last news conference, Carter also indicated satisfaction.

"We have screened the immigrants very closely, and in every instance, they have been determined to have a real, genuine legal interest and reason for coming to our country," Carter declared.

"This was a decision made by me, it's in accordance with the American law."

Some inspectors look at it differently.

"If the people coming in are not part of an active, dangerous group, it's by luck," one observed, "not because of anything we're doing."

"We don't even give then an opportunity to lie. We don't even ask the questions they would need to lie about."

Crosland responded to this charge by saying "sometimes you have people who don't understand the total picture and they are voicing their frustrations over the total picture."

UPI's investigation also pointed up a lack of coordination among Federal agencies. In

> addition to the incident over embassy photographs, there is confusion over whether the visa-issuing equipment at the embassy was destroyed before the takeover.
>
> Crosland said he was assured by the State Department that the plates were destroyed. The State Department, however, said it could not be certain the plates for the five machines were not still operable.

Mr. LUNGREN. Mr. Speaker, will the gentleman yield?

Mr. DORNAN. I wil be glad to yield to the distinguished gentleman from California, my colleague and friend, Mr. LUNGREN.

Mr. LUNGREN. Mr. Speaker, I appreciate the gentleman's yielding.

I compliment the gentleman for bringing this subject to the attention of the House.

The gentleman has certainly talked about the PLO and other terrorist groups and addressed that in his legislation but certainly the episode that was revealed in the wire service article at least brings up two subject matters.

One subject is Iran and our policy toward Iran and I think that the gentleman suggests we do not have a policy of restraint so much as we have a policy of doing nothing for fear if we do anything, it will be worse and I think that has been shown to be very misguided and the administration certainly needs to reassess that.

The second subject, however, goes to the point of the Immigration and Naturalization Service in this country. If there is one area where Government has really given the short shrift to itself it is in the area of the Immigration and Naturalization Service.

□ 1620

About 7½ years ago the President of the United States, Jimmy Carter, made a statement that he was going to add 2,000—2,000—new personnel to the Immigration and Naturalization Service because it was so undermanned and it needed to respond to the job it had been given. In effect, over the last 3 years this administration has cut the Immigration and Naturalization Service every single year, and this year they come before us and they do not even ask for the same amount of personnel that this Congress authorized and appropriated funds for in the last 2 years. Last year specifically, we identified funds to increase the numbers of INS because this is an area of Federal responsibility, and yet, while the administration has talked about what we want to do with it, they have done nothing.

In terms of what the administration has done with regard to responding to the Iranian situation, the President at one point in time said that we would ask the Iranian diplomats here, most of them, to leave. As of 2 weeks ago, from information we have received, some Iranians—113 of these Iranian diplomats—we do not even know their whereabouts. They were told to leave, but we cannot tell whether they are in this country or where they are, or whether they are attempting to leave for Iran. That is how bad it is in terms of the job we are giving the INS to do. Morale is at the lowest it has ever been because we tell them to do something and yet they cannot do it.

Some time ago I read where Fidel Castro was quoted as saying:

> Why are the American people concerned about what I am doing with Soviet troops? If I wanted to put terrorists into the United States, I would send them to Mexico and they could go across the border easily.

We have at least 800,000 aliens, illegal aliens, coming across the Southwest border on a yearly basis, and the suggestion is that for every one that is apprehended, two to three get across. So, the point is that we do not have any real grasp of the situation. As the gentleman said, if we are going to have immigration laws in this country, perhaps we ought to make some attempt—some attempt—to make sure that they are enforced. I suggest that this administration has not done it, and in fact the Iranian situation has only focused—focused—the lack of interest this administration has had in enforcing the law in this very, very important area.

This is not an area where local governments can pick it up. It is not an area where the States can pick it up. By the Constitution only the Federal Government has the responsibility and obligation to secure the borders of this country. That is not being done.

I congratulate the gentleman for bringing this matter to the attention of this body, and I hope the other Members will recognize the importance of this subject, and that we can get some meaningful legislation and oversight in this Congress, something which we have not been able to do in the past 2 years, so that we can make this administration move. Some of us think that perhaps a change of administration is necessary. Perhaps a lot of us think that, but we cannot afford to wait. We need a change of attitude of this administration, and I commend the gentleman for his efforts in making that come about.

Mr. DORNAN. I certainly thank the gentleman for his articulate analysis of the problem before us in this immigration area. I know that his frustration is deep, because he is a valuable member of the committee in the House of Justice, where much of this legislation is supposed to originate. I know he shares a sense of frustration, and that it does not do a minority party member any good at all to come on this floor and say, "I told you so," when a bomb goes off in this country.

A bomb went off in this very Capitol building March 1, 1971. Tour guides still show the scars on the wall down in the hallway underneath the Chamber of the other body. I hope to God something is reversed in this policy before a fifth column is in place in this country; where I do not believe this is only a cynical analysis, where a President, fearing for his administration's existence in the political process of a free country, decides that the basis of his support among the political base of the citizenry has been weakened desperately to his operation there in the 200th or 250th day of captivity.

It is ironic that the Presidential election will be on the very anniversary date of the overrunning of our Embassy, November 4, and a President who might decide to take some aggressive military action such as a blockade, taking of Kharg Island, he is thwarted by a fifth column's direct military action through use of explosive violence in this country because over a period of months we have allowed an unrestrained influx of students into this country coming from the very area where our Embassy people are being psychologically tortured.

Mr. Speaker, I yield to the distinguished gentleman from New York (Mr. SOLOMON).

Mr. SOLOMON. Mr. Speaker, I thank the gentleman for yielding. I just want to associate myself with the remarks of the gentleman from California (Mr. DORNAN), and the gentleman from California (Mr. LUNGREN), who is sitting on my right. I say that the gentleman in the well is one of the most respected Members of this House, and has done his homework as usual. I just want to commend him for bringing this shocking revelation to the floor and to the Members of this House.

It is one of the reasons, when we look at 11,000 Iranian students being admitted into this country since November 4, it is bad enough admitting them at all, but by not having any control over them whatsoever as to the type of individuals that are coming in, carrying pamphlets on how to assemble weaponry and how to construct bombs, is an absolute outrage.

This is why we have lost a lot of respect in the eyes of both our friends and our potential enemies alike. In New York City and in New York State, we have a problem with more than 700,000 illegal aliens that are creating a tremendous burden on the people of the State of New York and the people of America. It is because we do not have the policies in our country today to deal with this problem. I want to commend the gentleman from California for his work on the Judiciacy Committee and certainly thank him for bringing this to our attention.

Mr. DORNAN. I thank the gentleman for his excellent contribution, that New York has suffered grievously from bombings. I remember January 24 of 1975, a bomb went off in one of the most treasured historical sites in the United States, Fraunce's Tavern in New York City. That is where George Washington said goodby to his troops when he became our first President. Five people were murdered that day. A whole wall was blown out of the side of the restaurant right in the downtown business area, Wall Street, New York City.

The figure that most of us let slip away is the figure of, I believe, 69 people who were injured in a bomb explosion. That means limbs lost, people blinded, people confined to a bed and becoming invalids for the rest of their lives. That particular terror bombing was possibly traced back to Puerto Rican terrorists. We are not sure, but we still show visitors to this House, the bullet hole on the desk on the minority side, the leadership desk, where five terrorists came into the corner of this House, the southwest corner, and pumped bullets into this House. One of the five Members shot that day was the distinguished Member who died 2 days ago.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

## A TRIBUTE TO SOCIAL WORKERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. CORMAN) is recognized for 5 minutes.

● Mr. CORMAN. Mr. Speaker, for a number of years the month of March has been set aside as "Social Workers' Month" by the National Association of Social Workers. The goal of this organization is to increase the public awareness of social work and its professional contribution to society. The theme for March 1980 is "Professional Social Work: Advancing the Quality of Life."

Coincidentally, NASW in July 1980 celebrates its 25th year as the professional association of America's social workers. In 1955, seven separate social work associations then in existence banned together to form the national organization, today with a membership of more than 85,000 men and women. Their excellent work in the community and every phase of the profession they have chosen is widely recognized.

As a member of the House Ways and Means Committee and particularly as chairman of its Subcommittee on Public Assistance and Unemployment Compensation, it has been a privilege to know and work closely with members of the social work profession. As legislation is considered on welfare reform, social services, child welfare, assistance for the aged, blind and disabled, and health care through medicare and medicaid, I frequently find myself aided by the knowledgeable group of men and women in this profession.

Social work as a profession is young. Its big development came with the Depression of the 1930's and in the passage of the Social Security Act in 1935. Before that, public assistance services were a hodgepodge. The needs of those who were poverty stricken, ill or handicapped were met as best they could by church groups, voluntary organizations, in "old people's homes" or on "poor farms"—all with very limited public funds. Much assistance was provided in kind, such as food from local governmental authorities. The "Lady Bountifuls" helped with baskets of food at Thanksgiving and Christmas, and in large cities, food, clothing or perhaps a promise of a job came from ward politicians as a means to gain support at election time.

There were at that time outstanding professional social workers whose aim was to focus public and private attention on the needs and conditions of the poor. Their names are engraved with honor in the social work profession: Jane Addams of Chicago's Hull House; Lillian Wald and the Henry Street Settlement House in New York; Mary Richmond, who was the first to organize in writing the principles and methods of social work. These and many other valiant people blazed the trail for those who would follow them in this singular profession with a singular commitment—to make a nation and its government aware of those who were poor, deprived and disenfranchised and to take action to help them to break out of the cycle of their existence to achieve independence and human dignity.

With the onset of the Federal relief organizations in the 1930's and the availability of Federal funds, there was a subsequent increase in the numbers of schools of social work as part of universities. There were many problems to solve and questions to answer, for there was very little history of the profession that would be helpful in those dramatically changing times. Yet, with all of this, one overriding definition of social work seemed to gain priority and is still valid today—the need to help those who cannot cope with the stresses and demands of a complex social and industrial society. This seems to be the common bond that has brought together the many and varied specializations into what we know as the social work profession, and the various fields in which these professionals work: Psychiatric, medical, social welfare, child welfare, geriatric, rehabilitative, correctional, schools, domestic violence, and more. They are also active in community organization, research, private practice, administration, government, and more recently, even industry.

As chairman of the subcommittee dealing in welfare legislation, I consider it a privilege in committee hearings and in private conversations to know and listen to the views of the many social workers I meet. They represent every facet of the profession, those who labor in the fields and those who administer the laws. Their knowledge, resoluteness, realism and determination, to say nothing of enormous dedication, are an inspiration to those who would seek a better world for all.

My congratulations to the National Association of Social Workers on its 25 years of dedication to the professionals it serves and best wishes for continued growth and success.●

## AMBASSADOR GARDNER SPEAKS OUT ON CURRENT U.S. FOREIGN POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, I would like to call to the attention of my colleagues in the House of Representatives a speech recently delivered in Milan, Italy, by Hon. Richard N. Gardner, American Ambassador to Italy.

In his remarks, Ambassador Gardner urges European countries to join with the United States in blocking Soviet advances and aggression. He also emphasizes the continuing friendship between the United States and Italy and the need for greater development of bilateral programs which will benefit both countries.

The text of Ambassador Gardner's speech follows:

### UNITED STATES FOREIGN POLICY: A CURRENT VIEW

(Speech by Richard N. Gardner, Ambassador of the United States of America in Italy)

It is a special pleasure to be back in Milan at the Circolo della Stampa, where I had the privilege of speaking shortly after my arrival in Italy as Ambassador in the spring of 1977.

Several weeks ago I was in Washington for the official visit of Prime Minister Francesco Cossiga. The visit was a great success, first of all on a personal level. Between the Prime Minister and President Carter there was a close intellectual rapport and an immediate and reciprocal sympathy.

There was also a wide consensus on the international situation. As one who had the privilege of participating in their meetings, I would say that both Prime Minister Cossiga and President Carter share the view that detente is indivisible and that it must be pursued in all regions of the world on a secure and reciprocal basis.

At the same time, the two leaders also recognized the grave menace to peace and security that is represented by the Soviet invasion of Afghanistan and the presence of the Soviet Army 300 miles from the oil supplies of the Persian Gulf. They agreed on the importance of maintaining political solidarity between Europe and the United States in taking coordinated actions to make very clear to the Soviet Union that it cannot commit aggression with impunity.

The visit underlined the important role that Italy is playing as president of the European Community and as chairman of the Economic Summit of the seven major industrialized democracies that will take place in Venice in June. Before the Summit President Carter will reciprocate Prime Minister Cossiga's visit with an official visit to Rome on June 20 and 21.

The two leaders agreed in Washington that a special effort must be made at the Venice Summit to cope with the energy crisis and to relaunch the North-South dialogue. I shall be dealing with the latter subject in remarks tomorrow at the Universita' Cattolica and with the former subject at the Parma Chamber of Commerce on Thursday, so I hope you will excuse me if I say no more about them in these opening remarks.

The United States has no closer friend and ally than the Republic of Italy. Italy is vitally important to the United States: it is part of the heart and brain of the Atlantic Alliance. Moreover, our close ties of trade, culture, kinship and shared values unite Italy and the United States in a very special relationship.

In recent years our two countries have initiated or reinforced a wide range of bilateral programs that we call "The Strategy of Cooperation." The Prime Minister and the President agreed in Washington to carry forward these programs, with particular emphasis on research and development of new sources of energy and energy conservation, on the teaching of one another's languages and cultures in our respective school systems, on measures to prevent drug abuse and suppress the international drug traffic, and on the stimulation of private investment in the *Mezzogiorno*. While in New York the Prime Minister met with Nathaniel Samuels, former Under Secretary of State for Economic Affairs and now senior partner of Lehman Brothers/Kuhn Loeb, who will lead a high-level investment mission to Italy at the end of April.

My subject today is "United States Foreign Policy: A Current View," and that inevitably means that we must turn our attention to two grave international crises that now confront us—Iran and Afghanistan.

On Iran I will say very little today: the situation is too delicate. I will say that throughout this crisis, our response has been measured and prudent. We seek only the safe release of our citizens. President Carter has reminded Iran that it has no fundamental quarrel with the United States. He has reminded the Iranians that the true danger to their country comes not from the United States, but from the Soviet Union. We hope that the leaders of Iran will release the hostages soon and deal effectively with the real danger to their security.

The Soviet invasion of Afghanistan constitutes a grave threat to world peace. It is an unprovoked use of military power against a defenseless nation. It has been widely and universally condemned: by the United Nations General Assembly, by the vast majority of non-aligned nations, and by the Islamic world.

This action by the Soviet Union represents a very specific challenge to the security of Europe and the United States. It is the first time that the Soviet Union has used its military forces outside of the Warsaw Pact area. It puts the Soviet Army within 300 miles of the Persian Gulf and close to oil supplies which are vital to the world's industrialized democracies.

In his State of the Union address, President Carter made the American response abundantly clear. He said:

"An attempt by an outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States. It will be repelled by use of any means necessary, including military force."

The United States has responded in a measured and decisive way to the invasion and occupation of Afghanistan. We have cut Soviet access to high technology equipment and agricultural products. We have limited commerce with the Soviet Union, and asked our allies and friends not to replace these embargoed items. Further, the U.S. will not support sending an American Olympic team to Moscow. We have asked that all other nations, outraged by the events in Afghanistan, reconsider their own participation in the games. Many have already done so. We hope that number will increase.

Truth is the greatest ally of free men. In this time of trouble, it is more essential than ever that we emancipate ourselves from old myths and confront new realities. We need the ability to recognize the facts of life and the courage to speak about them without evasions and ambiguities.

It is a fact of life that there is only one imperialist power in the world today—and that is the Soviet Union. It is a fact of life that there is only one power that today threatens the independence and security of Western Europe and of other nations—and that is the Soviet Union. It is a fact of life that there is only one power that is imposing an arms race on nations who would much prefer to use their precious resources for the work of peace—and that is the Soviet Union. It was the Soviet Union that spent $100 billion more on its military budget during the last decade than the United States and which upset the balance of nuclear and conventional forces in Europe by deploying its SS–20 missiles and thousands of new tanks.

It is also a fact that no American President in history has pursued peace more fervently than President Carter. He was the first American President since President Kennedy to state categorically that his goal was the elimination of all nuclear weapons. He began his Administration by offering to cut our nuclear arsenal by one-quarter if the Soviet Union would do the same. He cancelled production of the B–1 bomber. He deferred production of the neutron warheads. He followed a policy of strict nonintervenion in Africa while the Soviet Union intervened blatantly with Cuban proxy armies. He tried for two years to persuade the Soviet Union not to deploy its SS–20 missiles in order to avoid the necessity of new missiles in Europe on the NATO side.

This restraint was not born of weakness, but from a sincere desire to move mankind from confrontation to cooperation, from an unending arms race to a global effort for peace, disarmament and development. It was an effort worth making. It lacked only one element for success—a reciprocal effort for peace, disarmament and development by the Soviet Union.

We will not abandon our efforts for detente, but we must draw the appropriate conclusions from recent experience and come to terms with future realities. The decade of the 1980s will be a decade of great dangers as well as great opportunities. Our ability to reap the opportunities rather than risk the dangers will depend above everything else on the political solidarity of the Atlantic Alliance.

One of the principal objectives of Soviet policy is to divide Europe and America. We are of course all independent nations who have the right to offer our distinctive national contributions to Alliance decision-making—unlike the members of the Warsaw Pact, we have no Brezhnev doctrine. But those who urge in the present dangerous international situation that Western Europe separate itself from the United States—or that the United States separate itself from Western Europe—are clearly serving the interests of the Soviet Union, even if they do not wish to do so.

Western Europe and the United States must be credible to one another if both wish to be credible to the Soviet Union. For American vital interests and those of Europe are inseparable. Our security is your security. And your security, irrevocably, is also ours.

Detente remains a necessary and worthy goal. But detente must be indivisible and reciprocal. If a hostile country should gain control of the oil of the Middle East, it could only have a disastrous effect on the Western democracies.

Moreover, detente is not possible while governments try to keep entire populations, or a great individual like Andrei Shakharov, isolated in ideological ghettos.

Our European allies have a right to expect from the United States a response to the Soviet challenge that is consistent and balanced, not influenced by the politics of an election year. In other words, a response that offers the Soviet Union incentives for cooperative behavior as well as deterrents to aggressive behavior, one that has peace and detente as its goal while at the same time demonstrating to the Soviet Union the determination of the Western alliance to defend its freedom and its vital interests. This is precisely the direction of our present policy, as is reflected in the President's State of the Union message.

At the same time, the United States has the right to expect of its European allies a willingness to accept the responsibilities as well as the benefits of the Atlantic Alliance, which means a fair sharing of the burdens of the common defense and a determination to make the Soviet Union pay a political and economic price for its aggression. Business as usual with aggressor nations can only encourage further aggression. This was true of Fascist aggressors yesterday and it is true of Soviet Communist aggressors today.●

☐ 1630

## THREE MILE ISLAND 1 YEAR LATER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WEISS) is recognized for 10 minutes.

Mr. WEISS. Mr. Speaker, the 1-year anniversary of the worst nuclear plant accident in our Nation's history is a fitting occasion on which to review the current state of the Three Mile Island plant, the effect the accident has had on the 40,000 people in the plant's vicinity, and the effect the accident has had on the future of nuclear powerplants in the United States.

Sadly, we in Congress have not learned the lessons that Three Mile Island attempted to teach us. Public awareness of the severe dangers of nuclear powerplant accidents has increased dramatically as a result of Three Mile Island. The Congress has not been as quick to acknowledge the harm that can come—and that has come—from a nuclear accident.

Nor has the administration been quick to respond to the many recommendations by the commissions the President established to determine the causes and effects of the accident at Three Mile Island.

As we continue to explore the feasibility—and liabilities—of the nuclear power industry, we should look closely at Three Mile Island today, and at the people who have been directly affected by last year's potentially disastrous accident.

Today, tons of deadly radioactive material and about a million gallons of radioactive water still sit inside the closed nuclear generating station of Three Mile Island. Crews have been cleaning up the mess since shortly after the accident occurred but the cleanup is months behind schedule. Decontamination equipment has failed to perform properly. Radiation protection at the site has been loose, resulting in overexposure to some workers. If vital elements of the reactor-cooling or radiation containment systems break down, some fear that the reactor core might reheat or that new radiation might be released into the environment.

General Public Utilities, the plant's owner, is in charge of the cleanup effort. Earlier this week, GPU filed a lawsuit against Babcock and Wilcox, the firm that built Three Mile Island. In the suit, GPU estimated the cleanup costs to be $400 million; the monthly capital and operating costs of the shutdown plant at $10 million; and future power replacement costs at $25 million monthly. Restarting the plant, if that can be accomplished, might cost an estimated $100 million more. That may be 4 years from now.

Three Mile Island taught us that nuclear powerplants are not immune from major mechanical failures. The full effects of the damage caused by such failures may not be known for years. The astronomical costs of cleaning up Three Mile Island are irrefutable evidence that nuclear power is not the inexpensive energy source its proponents have long claimed that it is.

The damage to the residents of Harrisburg, Pa., and its surroundings cannot be measured in dollars or deaths or in the number of years it may take before life in the area returns to normal—if it ever does. Robert Reid, the mayor of Harrisburg, said recently:

> This used to be a pretty unified community. Now it's divided between pronuke and antinuke. There's a tension here you can cut with a knife.

So fearful are they of the danger that has already been caused by last year's accident and the threat of further danger that may result from the cleanup effort, that Harrisburg residents jeered at officials of the NRC and the local utility who called a meeting to discuss reopening the plant.

So deep are the psychological scars on the residents of southeast Pennsylvania, that a psychologist recently warned that reopening Three Mile Island would cause mass unrest in the community. News articles continue to examine in some depth the powerful, divisive effect the accident has had on individuals and their families. Many doctors are quick to dismiss the physical symptoms that some residents complain of; other doctors have noticed the outbreak of boils and other unusual medical problems. While these conclusions are neither definitive nor agreed upon, it is clear that the accident at Three Mile Island has left deep psychological and possibly physical scars on the residents of Harrisburg.

I have often said that I fervently hope it will not take a major, catastrophic nuclear accident before the administration, the Congress, the utilities and the regulatory agencies acknowledge the dangers of nuclear power. Three Mile Island has been our closest brush with such a disaster to date, and even it has not forced us to move swiftly toward reducing our dependence on nuclear energy and developing alternative sources, such as solar, wind and tidal power generation.

Fundamental questions regarding the safety and future of nuclear power in the United States have not been answered, either by the administration or the Congress. These include:

Should existing plants be forced to close if evacuation plans are required but not feasible for a reactor near a major city?

Should existing plants be refitted if better designed control rooms prevent accidents?

Should there be a moratorium on the construction of new reactors until new safety rules are in place?

We cannot afford to wait for another, possibly more dangerous, nuclear accident before we answer the questions that have remained unanswered since 1957, when the first U.S. nuclear powerplant opened. The accident at Three Mile Island 1 year ago has made these literally questions of life and death.

## ELECTRICIANS FIRED FOR WEARING AMERICAN FLAG DECALS ON HARDHATS

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. HANLEY. Mr. Speaker, for those of my colleagues who might not have seen it, I would like to share with you a copy of a newspaper article carried in the March 12 issue of the Syracuse Herald Journal. Datelined North Perry, Ohio, it describes how 10 electricians were fired by the L. K. Comstock Co. of Danbury, Conn., for wearing American flag decals on their hardhats as a sign of their support for our hostages in Iran. I will not spend time in a long-winded denouncement of this action, for I can think of no one who cannot share my disgust and outrage over the total insensitivity of this company. I hope you will all join me in giving a solid Bronx cheer for the L. K. Comstock Co.

The article follows:

### 10 FIRED FOR WEARING FLAG AT NUKE SITE

NORTH PERRY, OHIO.—Ten electricians who placed American flag decals on their hard hats at a nuclear power plant construction site to show support for the American hostages in Iran have been fired for refusing to remove the decals.

"I've been an electrician for 26 years," said Arthur W. Crockett, 52, of Cleveland. "I've never been fired before and I'm so damned proud of being fired for this that I'd do it again tomorrow."

Those fired yesterday were employees of the L. K. Comstock Co. Inc., a Danbury, Conn., subcontractor at the Perry Nuclear Power Plant the Cleveland Electric Illuminating Co. is building in Lake County.

Douglas H. Brunswick, 37, of Bedford, Ohio, who also was fired, said the workers were warned last Friday to remove the decals because they violated company policy.

"The flag's a symbol of our country," Brunswick said, "We've been promoting patriotism on the job and thought this would help boost morale."

"Evidently they want us to pledge allegiance to Comstock. The decals don't damage or deface the hat, interfere with the quality of our work or slow down production."

A memo issued Jan. 30 to employees from Comstock's assistant project manager, Clarence Mitchell, states it is "company policy that anyone found defacing or adjusting company property of any kind is subject to dismissal."

Comstock officials told 13 workers wearing the decals yesterday to remove them or be fired, according to Brunswick, who said three workers removed them and the rest were told their jobs were terminated.●

## THE 25TH ANNIVERSARY OF PROCLAMATION OF THE INDEPENDENT BYELORUSSIAN DEMOCRATIC REPUBLIC

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. HANLEY. Mr. Speaker, every year on March 25 the people of Byelorussia celebrate the anniversary of their proclamation of the independent Byelorussian Democratic Republic. This year marks the 62d year since that independence was proclaimed. That independence was to be shortlived because Byelorussia was soon incorporated into the Soviet Russian state. From that moment on, the Soviet state has taken part in an effort to dismantle the cultural heritage of the Byelorussian people and to rewrite their history, a rewriting that denies the true historical accomplishments of the Byelorussian state: During the 17th century a golden age of democratic life and religious tolerance unseen in the rest of Europe, a statutory law system dating back to the 1500's, a literary history that begins with the first Byelorussian printing in 1517, the Byelorussian language being the culturally dominant language for all Eastern Europe during the Renaissance, and a tradition as a strong and dynamic people in the exchange of European culture and commerce.

The repression of Byelorussia continues today but the Byelorussian people have remained strong in their effort to maintain the cultural history, identity, and the spirit of independence. We issue every support for their effort. We can only look back on our own history with shame because of the cultural repression of the native Americans. We can never fully rectify our past mistakes, but we can work to assure that other peoples in America and around the world do not suffer a similar fate. It is in this spirit, and in the spirit of freedom that I say that we must continue our support and use every avenue possible to aid the Byelorussian people in their struggle for independence.

To assist with this effort, it is my firm 'belief that the Department of State should move more vigorously to press the issue of human rights abuses against Byelorussian dissidence and we should, through the Voice of America, provide programing in the Byelorussian language.●

## THE 1980 ZIMBABWE-RHODESIAN ELECTION: THE WEST'S DILEMMA

(Mr. DICKINSON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DICKINSON. Mr. Speaker, the world's media are now speaking in glowing terms of the assumption of power in Zimbabwe-Rhodesia of an avowed Marxist, Robert Mugabe. Mugabe and his fellow "former" terrorist, Joshua Nkomo, the man who proudly took responsibility for the shooting down of two Viscount airliners in the course of his guerrilla war, are now a coalition government.

The world press and a large percentage of the international observers who witnessed this recent election have offered conclusions that this exercise in the franchise was truly "free and fair." Let it be said that not all observers came to that conclusion.

One such observer report, that of Belden Bell, who formerly served as deputy director of the Republican Study Committee, was recently received by the prestigious Heritage Foundation, who sponsored Bell in his observer role. This report gives another perspective on these critical elections. The key word, notes Bell, is "intimidation," physical and psychological, that was ingrained in the entire process, including the campaign theme of winner Mugabe.

The West may have genuine cause to question an election conducted under such a cloud and should be well advised not to let down its collective guard as Comrade Mugabe offers the free world the promise of a "Portuguese honeymoon" in the immediate weeks ahead. The man, his origins, and the quality of the Zimbabwe-Rhodesian election itself offer us some signposts for the future. I include the following:

### THE 1980 ZIMBABWE-RHODESIAN ELECTION: THE WEST'S DILEMMA

(A report to the Heritage Foundation)

(By Belden Bell)

#### INTRODUCTION

This writer has just returned from Zimbabwe-Rhodesia travelling under the auspices of The Heritage Foundation as a "registered unofficial observer" and, by reason of Washington and Zimbabwe associations, was able to obtain a "priority" status which enabled me to cover far more territory than other "unofficial" observers. Moreover, having had the privilege of being an unofficial observer of the April, 1979 Zimbabwe elections, I had some grounding in the particular problems faced by this African nation of 6.7 million people in making the effort to peacefully transfer power from a white minority to a black majority.

The election itself covered a three-day period, February 27–29. By arriving on Sunday, February 24, three days prior to the commencement of voting, I had the opportunity to attend final press conferences of the two "Patriotic Front" candidates, speak with key Zimbabwe election and military officials, meet with the United State Liaison Office representative, speak with actual candidates for parliament, and, in general, sample the feelings of Zimbabweans, white and black, who will be affected by the change of government in the former British colony.

#### BACKGROUND

Following the Ian Smith government's unilateral Declaration of Independence from Great Britain in 1965 (UDI), Rhodesia's history, diplomatic, military, and political, has been a stormy and tumultuous one, marked by a violent conflict between Rhodesian security forces and Marxist-directed guerrillas and terrorists operating within Rhodesia and across the border from neighboring "frontline" states.

Rhodesia's economic stability was also affected by the resulting sanctions against the break-away nation imposed by the United Nations and, eventually, by executive order of United States President Lyndon Johnson.

Congress, in 1971, granted partial relief from these encompassing sanctions through adoption of the so-called "Byrd Amendment" which permitted the United States to import critical chrome ore despite the sanctions resolution; this language was repealed in 1977 when the President signed the United Nations Participation Act (PL 95–12).

British and American diplomatic pressures were brought to bear throughout the late '60s and '70s, resulting in failed initiatives such as the "Kissinger Initiative" and the "Anglo-American" plan; such failure being brought about by the unacceptance of Rhodesians of a return to British rule and the intransigence of the Patriotic Front in demanding a fatal compromise of Rhodesian security forces.

In 1978, Prime Minister Smith and three black leaders signed an "Internal Settlement" which provided, through the election process, an orderly transition to black majority rule in Rhodesia while guaranteeing certain basic constitutional protections to the white minority.

#### THE APRIL, 1979 ELECTION

A white referendum approved this proposal as a constitutional draft in January, 1979 and the subsequent elections, on April 17–21, 1979, represented the first national elections based on universal adult suffrage in Rhodesia's or, for that matter, the history of any other black African state. As a result of 1.9 million out of an eligible 2.9 million citizens voting (67 percent) in what was declared by nearly all present 70 international observers to be a "free and fair" election, Bishop Abel Muzorewa's party, the United African National Council, came to power with 51 of the 100-seat House of Assembly and the new nation took the name Zimbabwe-Rhodesia.

Immediate sharp controversy developed in Britain and the United States following the establishment of the new black majority government in Salisbury. In Britain, Margaret Thatcher and her Conservative Party has called for an end to sanctions against Rhodesia, and, following the Rhodesian elections, at which Mrs. Thatcher's observer team had found the procedure to be indeed free and fair, she renewed her call for a lifting of sanctions and called for recognition of the new government. American "unofficial" observers had reached a similar conclusion and a number of subsequent legislative initiatives in both the House and Senate sought to compel an Administration lifting of sanctions. It should be noted that President Carter chose not to send an official observer and a legislative effort to send such a team was defeated by a House committee following Senate approval.

Acting on State Department advice, mainly that of Ambassador Andrew Young, the Carter Administration remained intransigent; and, following a Conservative election triumph in Britain, Mrs. Thatcher's new foreign minister, Lord Carrington, while praising the Rhodesian voting and saying "It would be morally wrong to brush aside an election in which 64 percent of the people cast their vote," nevertheless appeared influenced by American policy. A Conservative "go-slow" policy replaced earlier enthusiasm for an end to sanctions and the new British strategy finally manifested itself in August.

#### LUSAKA

At the 1979 Commonwealth Conference which convened at Lusaka, Zambia, British representatives led by Mrs. Thatcher, fearing a drive by African Commonwealth members to expel Britain, sought to achieve a compromise. This effort was in part promoted by Nigeria's announcement on July 31 that British Petroleum assets in Nigeria would be nationalized. Prime Minister Thatcher announced the convening of a constitutional conference on Rhodesia in London in September with attendance by representatives of both the new Zimbabwe-Rhodesian government and those of the Patriotic Front. Britain pledged that it would agree to supervise a fresh election in Zimbabwe-Rhodesia following promulgation of a new constitution with Whitehall taking over responsibility for the planning. Britain's proposal brought it accolades from the "front-line" states and enabled the Thatcher government, in early October, to resist intra-party pressures to maintain the original antisanctions and recognition stance.

#### THE LANCASTER HOUSE CONFERENCE

The conference, chaired by Lord Carrington, opened on September 10 following unsuccessful appeals by Britain to the Patriotic Front for a cease-fire in Zimbabwe. Forty-seven plenary sessions, marked by great rancor, followed with negotiations centering around the issues of protection for the white minority under a new constitution and the transitional arrangements for the period between agreement to a new constitution and the coming to power of a new government elected under that constitution. The former issues were resolved in late October—apparently following reports that the United States would help underwrite compensation for land taken from white farmers for "land reform" purposes.

Transitional differences were resolved in mid-November and the final agreement called for a return to British administration of Zimbabwe on a caretaker basis, monitoring of elections by a Commonwealth contingent consisting of British, Australian, New Zealand, Fiji and Kenyan participants, a brief transition period between the time of arrival of the British governor and the elections, maintenance of law and order by Rhodesian police under British administration during the transition, and the relinquishment of power by the Muzorewa government once the election campaign period had begun.

The remaining "thorn" involved cease-fire arrangements as the military positions held by participants at the time the cease-fire came into effect was judged to have a possible major bearing on the voting outcome.

As finally adopted, these arrangements provided that Patriotic Front guerrilla forces, following an end to cross-border military operations by Rhodesian security forces and Patriotic Front armed units on December 21, would be concentrated in 16 "assembly camps" (APs). The cease-fire was to commence on December 28 with all guerrillas entering into camps by January 4—and being permitted to keep their arms. Rhodesian security forces were to be confined to 42 bases unless called upon by the Governor to deal with cease-fire violations.

The Commonwealth monitoring force, under direction of a Cease-Fire Commission, was assigned the task of keeping liaison with Patriotic Front and Rhodesian security forces, observing the maintenance of the cease-fire arrangements, and endeavoring to ensure that the respective forces remained in APs and bases during the period. It might here be noted that, although monitoring forces were permitted to carry personal protection weapons, they were given no powers, other than that of "oral persuasion" to ensure compliance with any element of the cease-fire arrangements. The final Lancaster House agreement was signed on December 21 by Prime Minister Muzorewa acting for Zimbabwe and by Joshua Nkomo and Robert Mugabe, representing their respective wings of the Patriotic Front.

Just prior to this, on December 16, the Carter Administration announced an end to economic sanctions against Zimbabwe and, on the day of the signing in London, the United Nations Security Council voted to lift the 1966-imposed sanctions. In Britain, Parliament passed the Zimbabwe Constitutional Amendment bill on December 11. On December 12, the Unilateral Declaration of Independence, declared in 1965, came to an end with the arrival in Salisbury of Lord Soames as Governor. On that day, Zimbabwe President Gumede signed the Constitutional Amendment bill after its passage by both houses of the Zimbabwe Parliament. On December 13, the British had established the monitoring headquarters in Salisbury.

#### THE PRE-ELECTION PERIOD

Significant events escalated rapidly. Immediately following the Lancaster House agreement, front-line states lifted economic sanctions against Zimbabwe, guerrillas fired on Royal Air Force transports, and Mugabe's military commander, Josiah Tongagora was killed in a "car crash" in Mozambique. This latter figure, Mugabe's heir-apparent, enjoyed an enormous following with ZANLA forces and allegedly had some ties to Patriotic Front rival Joshua Nkomo. Tongagora's death appeared to accelerate a breach between the Front leaders.

On December 28, Lord Soames set the election for February 27–29 and established the British supervisory machinery and the Commonwealth observer apparatus. Throughout this period, Soames, as had his colleagues at Lancaster House, reiterated his intent to preserve strictly the terms of the cease-fire and to use appropriate power to meet any violations or any cases of intimidation occurring during the election campaign. The Governor had the power to suspend campaigns of individual candidates or even disenfranchise parties where intimidation and violence should prove to be so high that free and fair elections became an impossibility. He held powers to disqualify parties from contesting entire districts. In London, the British gave repeated assurances to members of the Muzorewa delegation, including Security Forces Commander General Peter Walls, that he would exercise this power if sufficient intimidation could be documented. The Cease-Fire Commission and Walls' Operations Command, prepared the necessary documentation machinery. The British election supervisory machinery began to move into place as the key December 21 cross-border operations date and the December 28 assembly point rendezvous date arrived.

It was established that the Electoral Act of '79 would govern, following British ratification of this act by ordinance. A Senate of 40 members and a House of 80 black and 20 white legislators were to be chosen under the provisions of the new constitution. This analysis deals only with the election of the lower house black seats; the white Zimbabwe population held its election on February 14 with Ian Smith's Rhodesian Front party sweeping all 20 contests (only 6 seats were opposed). Unlike the 1979 elections, white citizens had no second vote in the subsequent election.

It was estimated that the eligible voting black population was 2.8 million people, composed of men and women over 18 who were citizens of Rhodesia, had been born in the country, or who had resided there for two years prior to the election. Zimbabwe contains eight electoral provinces, with borders following established tribal lines; within these lay 56 election districts. Eventually, 657 polling stations were established; 335 of these being "static" and 321 mobile with one "air" polling unit. Polls were staffed by Zimbabwe civil servants supervised by British election officials. A detail of 550 British constables flew in for poll duty, intending to assure the voters of procedure regularity, to discourage intimidation, and to guarantee secrecy in the handling of ballots during the polling period and throughout the subsequent counting procedure.

The parties to the election concurred that secrecy was a major necessary ingredient in the operation of a "free and fair" election. The Zimbabwe National Election Directorate had overall responsibility for conducting the elections and the "voter education" arm of this agency, in the time preceding the commencement of balloting, distributed millions of leaflets, pamphlets, and posters in all major native dialects describing the election process and guaranteeing its "secrecy" aspect. The NED even took radio and television spots and produced a widely-distributed film designed to reinforce this theme. Every detail of the balloting process was carefully explained. Finally, ballots, once counted, were removed to Britain for destruction.

The British electoral presence in Zimbabwe was represented by an Election Commissioner, Sir John Boynton, who presided over an Election Council at which two representatives from each participating political party sat. This Council would subsequently meet twice a week; its deliberations mainly concerned the intimidation charges raised by the competing parties to the election.

Besides the Council, two election supervisors were named by the British for each province, one to be recruited from British governmental service, the other to have had experience in Africa. In addition, each of the 55 election districts was to have at least one British election official with two in some of the larger districts. Over 100 British, not counting the 550 constables, would be on hand to supervise this second electoral experience in one year of black African democracy.

Double-voting was to be a cause of concern and eventually the 1979 election device was readopted wherein a voter's hand was inspected under an ultra-violet light for traces of an invisible dye which was subsequently applied to a voter's hand. This could not be removed by scrubbing as this writer will affirm; even after a week, strong evidence of the dye remains around the cuticles of fingers.

During the election itself, a great deal of interest was generated by a charge leveled by Nkomo's PR man that Coca-Cola would remove the dye. Thus, much of the subsequent evening's election briefing was devoted to a public demonstration with several participants which seemed to refute the charge.

### BALLOT SECURITY AND COUNTING

At the closing of each day's poll the ballot box was to be sealed in the presence of the party representatives with the seal then signed by the British constable. These "bobbies" brought field beds and stationed themselves outside the polls; party representatives were invited to do likewise. On subsequent days the box was to be opened in the presence of Zimbabwe officials, the British supervisor and constable and the party people. The presiding officer would then break the seal and open the ballot slot. Polling stations were to remain open at least eight hours daily.

At the close of balloting and following overnight storage of the sealed boxes at a safe location, still accompanied by the above representatives, an administrative "district return officer" (a Zimbabwe civil servant) would lay ballots from the box face down to ensure secrecy and make a reconciliation of their number with unused and "spoiled" ballots. Great liberty was allowed the voter here.

Although a cross was required to be placed in the party box by the regulations, any reasonable mark evidencing voter intent was to be accepted. These ballots were then sealed and forwarded to the province level where actual counting took place with the Electoral District returning officer collating these figures for each administrative district and then sending the results to the Registrar-General. The latter had the responsibility of applying a formula to the totals to ascertain the number of seats within electoral district that each party is entitled to. A "party list" system was utilized in 1979 and again in the present election. Ballots thus merely contained the party name, abbreviation, symbol and photograph of its leader.

### THE PARTIES

A proclamation by Governor Soames required parties to register their intent to participate by January 14, with the listing of details including names, addresses, abbreviations, symbols and a party constitution filed within a fortnight. Later, a list of candidates had to be filed for each electoral district in which a party was competing.

After some inter-party shuffling, nine parties finally made the ballot; world (and Zimbabwe) attention centered around three of these: Bishop Abel Muzorewa's United African National Council (UNAC), the Patriotic Front (PF) of Joshua Nkomo, and his rival front leader, Robert Mugabe with his Zimbabwe African National Union (ZANU–PF).

Only an outside chance was given for any of the other six parties to actually capture a seat. For example, Chief Kayisa Ndiweni's United National Federal Party, which had captured 9 seats in the 1979 elections found its stronghold in the two Matabeleland provinces which were now considered Nkomo territory. Ndabaningi Sithole's Zimbabwe African National Union Party (ZANU), after winning 12 seats in the 1979 contest, charged "gross irregularities" and for a time refused to let his contingent take their seats in Parliament.

The surprisingly lackluster showing in 1979 plus the seeming "poor sportsmanship" displayed after calling the elections "free and fair" during their running has caused ZANU and Sithole to lose credibility. Few, if any seats, would be the prediction. A total of 626 candidates entered the lists.

The Assembly Point period passed. During that period it was estimated that 17,000 Patriotic Front guerrillas of both camps entered the APs; another 5,000 entered the APs after the January 4 cut-off date and were in a technically illegal status during their time on the outside. But not all of the Patriotic Front troops complied.

Intelligence sources indicated that some 5,000 of Robert Mugabe's ZANLA terrorists remained at large in Zimbabwe, roughly 20 percent of his in-country force. Nkomo's ZIPRA troops responded better—only 400 of 6,400 ZIRPA guerrillas remained outside Zimbabwe's borders. It was estimated that 20,000 ZANLA troops remained over the border of neighboring Mozambique while 6,000 ZIPRA troops stood poised in Zambia.

The monitoring force took up its positions around the APs and the Rhodesian Security Forces bases. The RSF, normally 30,000 in number in all its branches, is augmented by some 16,000 black auxiliaries who were the target of "intimidation" charges by the Patriotic Front units. In addition, between 70 and 80 thousand civilians, including women, were mobilized by the Zimbabwe government as an added election security measure. Seventy-five days annual reserve active duty is mandatory for most able-bodied white males in the country.

I interviewed an official of the monitoring forces at their Salisbury headquarters. About 1,400 troops composed this force as it finally stood in place; over 1,100 of these were British. As the elections began, the APs had been reduced to 12 in number, permitting greater numbers of monitors at each site. One such shift was occasioned by the relocation of over 600 ZIPRA guerrillas into a Rhodesian Security Forces training camp on a trial basis to determine if the former enemies could work and train together successfully. A similar offer to the ZANLA leadership was under negotiation when I left Zimbabwe.

The largest of the ZANLA camps was "Foxtrot" with a population of 5,800 covering a 14 square mile area; the smallest, "Kilo" held only 189 guerrillas. The camps were not surrounded by wire or any other form of barricade. The average number of assigned monitors was 30 per camp (41 in "Foxtrot").

As noted earlier, only the powers of personal persuasion were available to monitors in discouraging armed terrorists from roaming off into the bush on various errands of mischief. As the election approached, small contingents of Rhodesian Security Forces and other police units supplemented the monitors in order to facilitate the pull-out of these forces at the conclusion of the election.

I visited "Papa" the largest ZIPRA AP (and third largest camp overall) on the last day of the election when the mobile polling stations were brought in to facilitate AP voting. It was a frightening feeling to find oneself surrounded by 2,000 of Joshua Nkomo's terrorists. They were young, but had the experienced look of killing.

Only 26 security troops and 20 BSA police stood between these guerrillas and a perceived target. I interviewed Tod Mpisis, the ZIPRA camp commander and his political counterpart Emmanuel Sziba, the Patriotic Front "liaison officer" for "Papa." Both were Soviet-trained and indoctrinated—both had been fighting in the bush for seven years. They, like most ZIPRA troops, were disciplined and espousing the official Nkomo accommodation line.

Events were to prove that accounts of intimidation and atrocities were leveled against ZIPRA forces far less often than in the case of Mugabe's ZANLA units who not only illegally stayed outside the confines of the APs in greater numbers but who also provided monitoring forces headquarters with far higher "incident" data. ZIPRA campers led spartan lives of male exclusiveness; ZANLA guerrillas brought their women with them.

The monitor spokesman advised me that little trouble had been involved with monitoring the security forces and their auxiliaries. They confirmed that most charges of intimidation leveled against auxiliaries, who Mugabe labeled a "personal army of Muzorewa," were unfounded, though undoubtedly isolated cases could be proven.

Most auxiliaries lived and served in their home areas, usually the Tribal Trust Lands (TTLs), where they were responsible for construction and sanitation projects and had little direct political interest. A monitoring force was disposed at each RSF Joint Operations Command center (JOC) consisting of 2 officers and 9 enlisted men; at the Sub-JOC level one officer and two enlisted men served. Though few problems were encountered with these forces, the monitoring task became increasingly difficult as widespread pre-election intimidation forced the Governor to mandate the use of these security forces.

### REFUGEES

A final problem that had been dealt with at the Lancaster House conference involved the estimated 210,000 Zimbabweans living outside the country and desiring to return both for the elections and permanent resettlement. Arrangements were made to process these as rapidly as possible at several border stations.

As the election began, 33,000 of these refugees had been processed. Nearly all of those refugees estimated to live in Botswana were accounted for in this figure; the Zambia repatriation program was well under way; but the Mozambique recovery operation had been slowed down considerably by a cholera outbreak in that country.

### THE ELECTION

In a mounting atmosphere of tension amidst escalating charges of election interference and intimidation by all the players, the balloting period approached. As in 1979, world attention began to focus on Zimbabwe. Hordes of international news media, including a substantial element from Communist-bloc nations, began to set up camp in overcrowded Salisbury hotels. As a whole, these journalists represented a considerable shift to the left from the 1979 election contingent.

A concerned world awaited honest reporting of the events in Zimbabwe; a reading of the dispatches being fed over the wires to the world's capitals indicated fair play in reporting was not uppermost on the media agenda. A survey of international news clips for any given day revealed that a far different campaign was being reported than the one actually unfolding before the impartial observer.

### THE OBSERVERS

This group, also, was not only considerably larger than its 1979 counterpart, but was generally "left" in its political orientation. While 1979 American observers had included representatives from such reliable organizations as the American Conservative Union, the American Legion, the Institute of American Relations and the American Security Council, to name the core of the U.S. "team," this year's local contingent involved such groups as the Washington Office on Africa, the American Committee on Africa, the NAACP and Transafrica. Freedom House, the major liberal organization of the 1979 event, appeared almost conservative by comparison with its average national colleague group.

Altogether, around 200 observers and attached staff found their way to Salisbury by February 27. Half of these bore the "official" status; 12 represented the Commonwealth Observer Group and the balance carried the credentials of 20 other nations. It might be noted that again, the Carter Administration chose to not send an "official" observer. This appeared strange considering how much Administration rhetoric had been devoted to Zimbabwe-Rhodesia in the time frame before and after the 1979 elections. On hand in an "unofficial" capacity were several members of the Zimbabwe-based U.S. Liaison office headed by Jeff Davidow, who arrived in Salisbury via a Pretoria, South Africa posting.

In an interview with Davidow at his office, the U.S. official described his duties as one of "reporting developments to the State Department and serving as a conduit with the Muzorewa government." Davidow took the position that the British did not give any assurances at Lancaster House that election intimidation would meet with a strong response. He also denied that the United States had specifically promised the Lancaster conferees financial assistance for a land appropriation program, but conceded that "human needs" assistance or "regional multi-donar type assistance" could involve land redistribution. Davidow admitted that massive intimidation did exist in the then-ongoing campaign, including that by Mugabe's ZANLA forces—he was quick to assert that Rhodesian auxiliaries were also guilty of some intimidation and that much of it was unreported as the British relied on "slanted" military reporting. Davidow saw Zimbabwe's major problem in the time ahead as the "redistribution of wealth." Like the Davidow, the balance of the observer contingent, including this writer, were labeled "registered unofficial" with the bulk representing the Commonwealth Group.

Official observers had red-letter identity tags as opposed to blue for the unofficial types. The former were supposed to get priority treatment in obtaining bookings on the facility trips that went into "the field" before, during, and after the actual balloting period. At polling places, some rule interpretation variances occured with respect to the two classes of observers. In a few places, unofficial observers, like the media, were denied access to the actual polling station; in other locations, no such differentiation occurred. At one polling station, unofficial observers were advised they could not interview voters awaiting their turn in line, but this appears to be an isolated instance.

The observers, most of whom were booked at the Monomatapa or Jameson hotels, were given a period the evening before each day's facility trips to book their preference on a "first come" basis. This booking took place at the election briefing center at the Meikles Hotel just prior to the daily evening press briefing.

Facility trips involved a 5:30 a.m. wake-up call, a bus ride to the air station south of Salisbury's regular civilian airport, and then transportation to some polling station in a distant part of the country by various forms of air travel. These included DC3s, DC7s, helicopters, Canadian-piloted "buffalos" and Heralds. Ground transportation in the field as well as in Salisbury consisted of buses, armored personnel carriers and mine sweepers, the latter a strange beetle-shaped device with rounded sides and blow-away tires. Most trip groupings contained about a two-to-one ratio of media to observers. A fairly edible box lunch of unvarying menu was provided all parties.

In the field, observers had the opportunity to interview polling officials, voters, party workers and Rhodesian security forces. Most poll runs in a given district were preceded by a three-part briefing involving presentations by the District Commissioner (the chief government civil servant in the district), the Rhodesian Security Forces officer for the region, and the British election supervisor. Topics covered involved voter turnout, reported "incidents" and intimidation, contacts between the military and guerrilla elements, population statistics, a rundown on region demographics, and a summary of campaign activities.

At many of these briefings, strong differences of opinion would be expressed by the different unit spokesmen. On several occasions, the British election supervisor would paint a picture of general harmony and tranquillity while the Zimbabwe civilian and military figures would give a drastic counter-point. The gut reaction of this writer is that the home-town fellows were vastly more aware of circumstances in their territory, as opposed to the British newcomers who little understood the land or its population.

At the polls themselves, with the isolated exceptions noted, observers and media had a pretty free reign in observing activities or conducting interviews. One was perfectly free to wander about picking at random an individual to be interviewed; there was no official effort to "suggest" who received this attention. Even in the rural areas it was not too difficult to find subjects that spoke English.

Even in remote areas such as Tribal Trust Lands, protected or communal villages, modest English would be the second language of a few. Sometimes colleague observers or press people spoke the native dialect and would assist in an interpretive role. This writer's working "tools" included a notebook and pen, a tape recorder and a camera. No effort was made to preclude my use of these.

Facility air trips were hampered by bad weather and mechanical difficulties. Heavy rains blanketed much of Zimbabwe during this period forcing aircraft to overfly destinations or, in some cases, get mired down in runway mud. Ground transportation in military vehicles was hardly luxurious, though more reliable; it was somewhat disconcerting to be riding through the bush in an open carrier with four machine-gun operators covering the major directions of the compass.

Observers had certain obvious limitations. We had no firsthand opportunity to investigate charges of intimidation occurring deep in the bush away from the polling stations. Occasionally, an interviewee would allude to some incident or occurrence but this, of course, is "third party evidence."

Observers, being caucasian and western, were generally unable, at first, to detect certain subtle forms of polling intimidation. Late in the game, we gathered some sophistication in spotting this sort of occurrence. Intimidation, after all, remained the key ingredient for this election and would necessarily affect the conclusions of any observer in determining whether or not a truly "free and fair" expression of voter will occurred.

### INTIMIDATION

Reported incidents of voter intimidation took many forms but can generally be divided into two categories: physical and psychological. The former was likely to be applied "in the bush," at tribal village sites, farms or at frontiers where the situation was strictly African to African.

Specific incidents of physical intimidation which came to this observer's attention included the burning of schools, the dynamiting of small businesses, threats, beatings, torture, murder, rape, mutilation, the stealing or slaughter of cattle, robbery and kidnaping—in fact the whole gamut of violent crime might be included in the repertoire of the intimidator. These devices were used so successfully in areas under control of the Patriotic Front that entire district populations could be influenced in their voting proclivities.

Although all of the major election element contestants were accused of individual acts of physical intimidation, it seemed clear that Mugabe's ZANLA terrorists possessed the real monopoly on perpetrating large-scale violence in the bush. The rival front military group, ZIPRA, was undoubtedly responsible for some acts of physical intimidation but only to a fractional degree of the ZANLA activities.

It is probably true that Muzorewa, through his political workers or, on occasion, through the auxiliaries, was guilty of physical intimidation, but certainly not of the scale to disenfranchise a region or a population group. It is possibly true that Rhodesian Security Forces committed occasional violent acts against "innocents."

These men had been at war for many years and their active duty against terrorists in the African bush does not permit the niceties of 18th Century battle order. But the intent of RSF actions was not to intimiate voters into bypassing their right to the franchise—it was to attack and kill terrorist elements.

Perhaps "retaliation" was a motive on occasion; examination of terrorist atrocity photos delineating what horrors men are capable of perpetrating on other men, their women and young children, were difficult to view, much less to forget. It is small wonder that RSF troops occasionally failed to stay their emotions in the field.

I spent several hours with a top-ranking Security Forces officer who made it clear his office could carefully document where the real intimidation in the election process was coming from—Mugabe and his ZANLA forces.

The Cease Fire Commission apparently has corroborating documentation. The Rhodesian military command could see this situation developing even as the delegates assembled at Lancaster House. Military representatives for the Muzorewa government at London requested that the monitoring force be comprised of two brigades or 9,000 men rather than the 1,200 eventually authorized. And these military spokesmen felt the monitoring force should have the power to enforce, with arms, confinement to the APs.

It was from these APs that Mugabe's thugs strode forth at night, unhampered, to deliver their message of terror and intimidation to the tribal villages. One officer indicated "they flowed in and out of the APs like a tide, unimpeded, always ready to be counted at the morning muster."

The psychological intimidation was also particularly effective. It was practiced both in the bush and at the polling stations and was often too subtle to observe. It took many forms:

ZANLA terrorists were often accompanied by "majibhas", young boys, anywhere in age from 6 to 16. They are adopted by the "regulars," taught certain fundamental military skills and then turned loose to work various escalating forms of mischief, depending on their age and skill level. They are often abductees from villages or mission schools—they eventually become full-fledged terrorists. These young majibhas would squat on their haunches at a polling station near the end of the line of potential voters, gently flapping their arms out from their sides representing the "sign of the cock," Mugage's party symbol. The African voter knew exactly who these innocent boys were and what their subtle symbol represented.

An African with a note pad in hand would take notes as the voters marched by. "Your name is going in Mugabe's little black book."

About every twelfth person in line at some polls might have, to the African, a distinctive hair style; a "Mugabe cut" if you will. Observers generally missed these people until it was called to their attention. Their presence in the line was significant and understood. "Comrade President Mugabe is watching you."

Immediately prior to the commencement of the balloting period, the word was passed in the bush that Mugabe's supporters were expected to cast their vote on the first day, that Nkomo people would vote the second day and that Muzorewa supporters would cast their ballot the final day. This, of course, was totally untrue but it had a tremendous impact and did much to destroy the "secrecy" assurances built up so carefully by the National Election Directorate efforts in the weeks preceding the voting. "You had better well be seen in line on Wednesday; if you are there any other day, Comrade President Mugabe will know it." The first day's vote total was enormous.

"There is a black box somewhere near the poll. It is a device that can see inside the polling station, can see inside the voting booth, can see where you put your mark. Comrade Mugabe will know what you do."

For the more sophisticated, urban African voter: "There is a Soviet satellite in the sky which can see down inside every voting booth. It tells Comrade President Mugabe what you are doing in there." The African is born and raised in superstition. He does not doubt these things he hears—it only remains to be seen whether he has the courage to resist these "facts" and cast a contrary ballot.

Finally, the most subtle form of Mugabe intimidation lay in the campaign theme of ZANU (PF) itself. It was simply "You are tired of war. Mugabe alone brought this war of liberation. Only Mugabe has the power to end it." A strong message for a people weary of violence and terror. Muzorewa had not made good his pledge to end the war and restore the economy.

### THE WIND-DOWN

Weary observers assembled back at the Meikles Hotel each evening for a summary of the day's events. These briefings were a macrocosm of the type delivered in the field; they contained national summaries of military "contacts," reported intimidation "incidents," a preview of the following day's facility trips and, finally, a summary of the vote cast through that period. Early on it became apparent that this vote would be enormous.

In 1979 the vote totals had reached just under 1.9 million or 64 percent of the eligible voting population. This time the first day's total reached just under 1.4 million; by the following afternoon totals exceeded the entire vote cast over a five-day period in the preceding year. It was a phenomenon and no one could readily interpret the results. The final count would involve 2.7 million African voters having cast their ballot—93.6 percent of the anticipated, projected eligible population.

### THE DILEMMA OF THE WEST

No accurate system of election forecasting exists in black, tribal Africa. Nevertheless, election pundits were not reticent to make their predictions. None of these anticipated that any candidate would gain an absolute majority; it was deemed likely by most students of Zimbabwe politics that Mugabe would emerge the leader with as high as 37 seats, Muzorewa would trail with around 25 and Nkomo would receive the balance of 18 seats.

With no clear majority, the task would fall to Governor Soames to select the man "best able to command the support of a majority of the members of the House of Assembly." Unless a clear majority of seats was obtained, Soames had no legal obligation to select the plurality holder as prime minister. With no clear winner likely, Soames would have to depend on the fast creation of a demonstrable coalition by two of the parties.

Such a coalition between any two of the three front-runners seemed virtually impossible to the outside observer. The Governor and his party were poised for an early withdrawal as soon a the results were announced, leaving Zimbabweans, black and white, to live with the consequences. Soames needed a quick coalition, but the results relieved him of this problem.

Observers were under great pressure, external and internal, to make a judgment on the quality of these elections as the polls closed. The key cliche began "free and fair"; at the end, even the British sought only a "fair and clear" expression of opinion by Zimbabwe's citizens. The Governor's PR man, Nick Fenn, was to explain, at the final Meikles briefing, that "no election is ideal; this one was held in the aftermath of war." But then so was the 1979 contest, one deemed "free and fair" by nearly all observers, but failed nonetheless to secure international approval.

Observer reports at the close of balloting began to hedge this time. The Commonwealth official observer group, chaired by the leftest ambassador Rajeshwar Dayal of India, noted in its report that "despite intimidation during the campaign, parties had adequate opportunity to get their views across" and concluded that polling was "free and fair to the extent that it provided an adequate and acceptable means of determining the wishes of the people in the democratic manner."

The four-man Freedom House delegation qualified their "essentially free" verdict with the observation that "the climate of fear" and intimidation in which some parties had to campaign reduced the fairness of the election. Their report also noted that criticism was due the successful efforts of "formerly externally-based parties," i.e., guerrillas, "in maintaining areas in which the messages of other parties could not be effectively presented."

### BRITISH BETRAYAL

At the twilight of balloting, the only mood which could describe the feelings of moderate Zimbabweans, black and white, was one of betrayal by Britain. These elements felt certain guarantees had been made in London regarding the willingness of the Governor to act with strength to meet wholesale intimidation. To these moderates, the Governor's failure to act in the face of evidence of massive intimidation was a betrayal of trust.

The moderate Zimbabweans had been able to choose a majority-ruled democratic government less than a year before, in an election that satisfied nearly all observers present as being free and fair. They felt they had a right to world acceptance of that expression, particularly from the Christian West. That acceptance was not only not forthcoming; the free elected government was "sandbagged" into relinquishing power to its former colonial master in the hope that one more election endeavor could gain them the respect and recognition they felt they had already earned.

The intransigence of the West dismayed them—but the war had been long and the killing endless. The Zimbabwean moderates were willing to give it another try, trusting in Britain and her allies to abide by generally accepted notions of right and wrong. In not holding fast, in not acting to proscribe those terrorist elements responsible for so much election intimidation, the British must accept the consequences of what follows in the beleaguered land.

The returns from Zimbabwe vindicated moderate fears. Robert Mugabe and his ZANU (PF) party won a clear majority (57) of seats in the next Parliament, thus relieving Lord Soames of any further responsibility in finding a leader who can command a coalition government. Instead, the only coalition will now bring Nkomo into the government and provide the Patriotic Front's leaders with a large enough majority to even alter all constitutional guarantees provided for in the Lancaster House agreement. The British may now retire from Southern Africa—the moderate Rhodesians will remain to face the Marxist panorama which will quickly unfold in the days ahead.

## SALT-FREE DEFENSE

(Mr. JOHNSON of Colorado asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. JOHNSON of Colorado. Mr. Speaker, our colleague, Dr. RON PAUL, consistently provides one of the outstanding voices in our country for sane defense and foreign policy.

Recently he wrote an article for Reason magazine about SALT II and related issues, and because I believe Dr. PAUL raises questions we should all consider, I would like to call this article to the attention of every Member of the House:

### SALT-FREE DEFENSE

(By Congressman RON PAUL)

Libertarians are understandably suspicious of the American military and foreign policy establishment because of the tragic consequences of our policy of intervention around the world. In their commitment to noninterventionism, some have supported the SALT II treaty. It is the vehicle, they believe, for improving (even if marginally) the prospects for peace by controlling nuclear weapons and for decreasing spending on offensive weapons and our interventionist foreign policy.

I believe that these hopes are false. This particular treaty and the process of SALT as a whole should be rejected because of the effects we have seen in the past (and are likely to see over the course of the proposed treaty) and because of the positive alternative to SALT: a true policy of nonintervention and national self-defense.

Noninterventionism was the American foreign policy laid down by the Founding Father. As George Washington put it in his often-quoted but seldom-endorsed Farewell Address: "The great rule of conduct for us, in regard to foreign nations is, in extending our commercial relations, to have with them as little *political* connection as possible. . . . It is our true policy to steer clear of permanent alliance with any portion of the foreign world." Unfortunately, we have spun 180 degrees from the policies consonant with the libertarian principles of the Founding Fathers, toward a systematic policy of intervention everywhere in the world.

SALT is the dead end of the "bipartisan" policy of interventionism: a series of treaties with a barbarous regime, stretching into the indefinite future, which limits our right as a nation to provide for our defense in any way we choose. The SALT process is decreasing rather than increasing our security, is leading away from rather than toward peace, is increasing instability and increasing the difficulty of changing the United States' interventionist policies.

#### SALT: OFFENSIVE POLICY

Postwar arms control negotiations with the Soviet Union began with the multinational Limited Nuclear Test Ban Treaty and the Nuclear Non-Proliferation Treaty of the 1960s. Bilateral negotiations with the Soviet Union on strategic arms limitations began in 1969, continued in 1970, and were concluded with the signing in 1972 of

The (perpetual) Treaty on the Limitation of Anti-Ballistic Missile (ABM) Systems, which restricted each side to two ABM sites—one to protect each capital and one Intercontinental Ballistic Missile (ICBM) site;

The five-year Interim Agreement on the Limitation of Strategic Offensive Arms, which froze the number of landbased ICBM launchers;

And the Interim Agreement Protocol on the Limitation of Strategic Offensive Weapons, which limited the number of Submarine Launched Ballistic Missiles (SLBM) launchers and the number of submarine carriers—44 for the United States and 62 for the USSR.

The outcome of the SALT I treaty and its parallel executive agreements had both military and political aspects. The Nixon administration had said that its negotiations were based on the assumption that Congress would approve major new funding for the development of the $100 billion B–1 bomber—when less costly and more effective alternatives were available. The B–1 program was not finally defeated until President Carter's decision to cancel it.

Research on the ABM was ended; while the system was planned to be employed only for the defense of American ICBMs (and politicians in Washington), it was a truly defensive system that could be aimed at protecting major population centers. Defensive use of the ABM was, and is still, prohibited by SALT I—at American insistence. It was (and is) our policy to depend on offensive strategic systems. Defending people, the Johnson-Nixon-Ford-Carter administration has believed, is "destabilizing."

At the insistence of the Soviets, the treaty allowed the alteration of missiles to carry Multiple Independently Targeted Reentry Vehicles (MIRVs) and placed limits on the size of the missiles so vague as to be irrelevant. The result was, in keeping with an offensive policy pursued by both sides, a tremendous multiplication in the number of nuclear warheads—without any provision for a defensive capability.

SALT II continues this process. The Carter administration has called for massive spending increases that may raise the defense budget to $160 billion in 1981. Limitations are placed on weapons systems that could increase our security: instead, expensive "toys" are proposed. Under the terms of SALT II, limits are placed on the testing and deployment of the technologically advanced system in which the United States has an advantage: the cruise missile, which looks like a small airplane without a pilot, is dropped from a bomber, and then cruises up to several thousand miles. With its terrain-following and interception-avoidance systems, the cruise missile would compensate for the fact that our aging B–52 bombers probably could not penetrate the Soviet Union's extensive air defense system.

#### GUARANTEED VULNERABILITY

Both sides are forbidden until 1982 to flight test or deploy submarine or land-based cruise missiles with a range of over 375 miles—although we have the capability of deploying missiles with a range of 3,000–4,000 miles. Testing or deployment of air-to-surface (cruise) missiles in aircraft is forbidden during this period. These restraints increase the clamor for production of the land-based MX and a new version of the B–1 bomber as the administration labors to buy conservative votes for SALT.

During the whole of the treaty, each side is limited to the development of one "new" missile, although new is so vaguely defined that a missile with new warheads, a changed system of propulsion, and an advanced guidance system would not qualify as a "new" missile if it looked like the old one. U.S. development of a land-based MX missile will take place under this provision of the treaty.

The MX will have highly sophisticated penetration capabilities as well as enhanced accuracy. By the time of its deployment we will have a counterforce or first-strike capability with regard to Soviet-land based ICBMs (70 percent of their strategic force).

Because of irrational devotion, however, to the triad of land-sea-air-based missiles—and the Carter administration's decision to build a 92-inch-diameter missile (in order to accommodate a slightly larger number of warheads), as opposed to a slightly smaller 83-inch missile that could be used in the Trident submarine—the new missile will of necessity be based in the United States. The basing mode apparently will be a $30–$70 billion "race-track" system.

The MX system in this proposed mobile mode will not be ready for deployment until at least 1986. Under the treaty, development in missile technology (and the 300 heavy SS–18 ICBMs they are allowed to keep) will give the Soviets a counterforce capability against American ICBMs (Minutemen II and III) by 1981 or 1982—an interesting advantage to them.

In order to protect our ICBMs during this period of vulnerability, Secretary of Defense Harold Brown has stated that the United States may be forced to go to a "launch on attack" or "launch on warning" command mode to prevent the ICBMs from being destroyed in their silos. As Robert L. Bartley noted in the Wall Street Journal (June 15, 1979), the prospect of first-strike vulnerability of our ICBMs is an outcome of SALT I:

"We would not be talking about launch on warning if [the] Safeguard [ABM] or some evolutionary descendent of it were now being deployed. Without the guarantees of American vulnerability in SALT I, it is even conceivable that the Soviets would have concluded that a big fleet of first-strike missiles was not worth the money. Without SALT I the Minutemen vulnerability problem would not exist, and we would not be headed toward a hairtrigger nuclear environment by 1982."

(Of course, at minor cost, the Minutemen could be placed on mobile truck launchers and moved randomly between various military bases—though, under the treaty, test flights from such launchers could not be undertaken until 1982. Or our land-based missiles could be installed on surface navy ships—thus reducing substantially the strategic targets within the United States—this is forbidden, however, during the life of the treaty.)

#### DOWNPLAYING DEFENSE

But the most important—and most neglected—aspect of the SALT II treaty (as well as SALT I) is that it perpetuates the irrational American policy of Mutual Assured Destruction (MAD), unilaterally adopted in the 1960s as an alternative to nuclear superiority. Under this doctrine, the United States has given up all defensive capabilities: a continental air-and-radar defense, ABMs, and a commitment to develop laser or particle-beam weapons. The MAD policy is based on the morally monstrous idea that Russians and American citizens are to be hostages and on the assumption that, so long as a sufficient force of American missiles could withstand a first Soviet attack, such a preemptive strike would be prevented by the knowledge that we would then proceed to kill hundreds of millions of Russian citizens at our leisure.

The Soviets, however, have never taken the advice of Robert Strange McNamara and adopted the assured destruction doctrine (or, for that matter, Kissinger's "minimum deterrence"): they have an extensive continental air defense system of fighter interceptors as well as Surface to Air Missiles (SAMs). Colin S. Gray, of the Hudson Institute, notes that "the Soviet Union has tested, and is deploying, a new surface-to-air missile system (the SA–10) which is almost custom-designed to bring down US air-launched cruise missiles (ALCM). Properly co-ordinated with ballistic missile defense radars, there is no reason why the SA–10 should not attain a good anti-ballistic missile (ABM) capability." (Note: the computer technology necessary for the coordination of such a system is beyond the capability of Soviet domestic technology but has already been supplied by IBM and Control Data.) Because of its fidelity to the MAD doctrine, the United States now has no air defense system capable of stopping either a Soviet bomber or missile attack.

SALT II perpetuates and intensifies our commitment to MAD. Because the treaty limits our reliance on submarine-launched cruise missiles and Trident II missiles (instead of penetrating bombers and land-based ICBM), the increased vulnerability of our land-based forces to a Soviet counterforce strike—as well as the continuing buildup of the Warsaw Pact's conventional forces in Europe—will create tremendous political pressure for

Development of the "race-track"—based MX missile system, at a cost of $30 to $70 billion;

Development of a new generation of manned/long-range bombers—the B–1 or a successor—at a cost of up to $200 billion; and

Reinstitution of the draft.

The irony of American military policy is that liberals, with a more benign view of the Soviet Union, have claimed these systems are directed against nonexistent threats, while conservatives, who have been more vocal in expressing their opposition to Communist tyranny or domination of the world, are willing to support practically every weapons program, regardless of the genuine needs of our own security and including the needs of the 120 countries in which the United States has intervened in the postwar world. They are both wrong: we should oppose systems such as the B–1 and MX—for military and economic reasons and not because someone dreams the world is immune from the possibility of nuclear war.

### INTERNATIONAL GUN CONTROL

Is nuclear arms control by treaty a good thing? More broadly, is general disarmament by treaty a good thing? Is it possible? I believe this question points out the fundamental fallacy behind the whole SALT process and every past attempt to limit the advance of arms technology or its deployment. That fallacy is thinking that disarmament brings peace; in fact, the disarmament of offensive weapons can only be the consequence of peace.

Peace between individuals may be defined as a condition in which each deals with the other as a free trader, without violating or threatening the violation of each other's rights. This is a condition of existence, not a contract or treaty (which can neither create nor enforce peace).

Look at it this way: if instead of vastly increasing the number of nuclear warheads, as SALT I allowed and SALT II would also, some future SALT III (or IV or V) treaty actually prevented new development and cut the number of warheads in half—would we be any more secure? When the superpowers have the capability to kill everyone in the world 20 or 30 or 50 times over, are we any more secure if they can kill everyone only a dozen times over?

A major problem of mutual reductions in strategic weapons is that at no point between the present level of strategic arms and zero is our security, or the possibility of peace, strengthened. Indeed, the strategic situation would become increasingly unstable. The necessary maintenance of an equality of forces becomes marginally more important as their numbers are reduced (becoming more difficult than an agreement between two competitions to set prices), and since the advantage held by either side may be the decisive one, the risks to both that their remaining forces may be destroyed grows larger.

The real issue with weapons is to employ them so as to be able to defend ourselves against aggression and to retaliate against the aggressor—without initiating aggression ourselves. But arms control makes the weapons themselves the issue. Like gun control, it is based on the assumption that weapons are evil in themselves and that, while individuals are untrustworthy, the collectivity is to be trusted. This is the rationale of disarmament, whether the collectivity consists of two nations, as in bilateral treaties, or many nations (for example, proposals to place all nuclear weapons under the control of the United Nations).

I have discussed the cruise missile precisely because it is a potentially offensive weapon (and indeed, under our present MAD policy would so be used) that is also an effective retaliatory weapon: one that can be aimed at naval convoys, attack submarines, and airfields from which an attack has been launched, rather than against civilian population centers.

### NONINTERVENTIONIST SECURITY

One of the consequences of the noninterventionist foreign and military policy favored by libertarians would be self-reliance by other nations in foreign, military, and economic policies. But this would very likely mean increased nuclear proliferation. It has only been a combination of blackmail and bribery by the United States and other signatories of the interventionist Nuclear Non-Proliferation Treaty that has prevented the achievement of nuclear capability by the dozen or so prospective nuclear powers: bribery through military and economic aid and the extension of our nuclear umbrella; blackmail through the threat of economic boycott and political intimidation. The pressure that is being brought to bear on Pakistan not to "go nuclear" is only the latest instance of this process (the bribe in this carrot-and-stick approach is advanced fighter aircraft paid for by American taxpayers). The Soviets, of course, would not let any nation under their domination obtain any independent nuclear capability.

This consequence of noninterventionism would, however, create more stable conditions, for development of a number of independent strategic or tactical nuclear forces would enhance the number of powers capable of retaliating against an aggressor. The French, who have doubts about the suicidal fidelity of America to its commitment to launch a nuclear attack if Europe is overrun, are planning to quadruple their submarine-based strategic nuclear force. To make an analogy: Which is the more stable defensive situation: one in which the town sheriff faces the gunslinger at high noon on Main Street? or one in which an armed citizenry presents a number of potential threats to the would-be marauder?

Whatever the ultimate strategic goals of the Soviet Union, the fact remains that mutual disarmament, between individuals or nations, implies a high degree of trust, which the Soviet Union has not earned, and honesty, which Marxism explicitly states is an attribute of one's opponent, to be exploited for self-interest. Are we not sanctioning the Soviet regime when an American president compares Lenin to Washington or hugs a "peace-loving" Brezhnev, or provides financial assistance to a State factory system? Do we not participate in the fraud of Soviet tyranny when we pretend that it is the moral equivalent of the freest of countries? Should we associate with, can we trust, thugs?

"As for the Soviet Union," Leonid Brezhnev recently protested in East Berlin, "I repeat again and again that we do not seek military superiority. We have never intended and do not intend to threaten any state or a group of states. Our strategic doctrine is purely defensive in nature. The assertions that the Soviet Union is building up its military might in the European continent above its defense needs have nothing in common with reality." This was said immediately after his thinly veiled threat to nuke any country "'lucky' enough to have American medium-range missile nuclear arms deployed in their territories."

But it is not necessary to take a sanguine view of Soviet motivations and aims in order to oppose increasing defense expenditures and to support a noninterventionist policy. Nor is it necessary to endorse detente and SALT in order to enhance the chances of peace and increase security. America can continue to pursue the defeatist "bipartisan" foreign policy of the last 37 years, or we can alter our military and foreign policy in the libertarian direction of noninterventionism, the most successful posture that has been taken in history.

### PROTECTION OF AMERICANS

American foreign policy should not be based on multilateral agreements or permanent, entangling alliances—either with friends or with enemies. American policy should have one goal: the protection of the lives, property, and liberties of Americans—not our global "national interests"; not the survival of "freedom anywhere, at any price"; not the ability to "project" our will everywhere simultaneously.

The military aspects of such a proper defensive policy are a matter for expert discussion. One option in place of a racetrack MX system is the construction of a new type of Anti-Ballistic Mission (ABM) system to protect American cities—and American lives. As Bartley pointed out in the WSJ article:

"U.S. research on active defense has slowed drastically; SALT I bans not-yet invented ABMs based on exotic physical principles. Ironically, information-processing technology now makes it possible to envision ABMs without nuclear warheads. A proposed Porcupine system, for example, would attack incoming missiles with a shotgun burst of one-pound metal darts. But no one pushes this system vigorously, because if it does not clearly violate the disarmament treaty someone will charge that it does."

The same is true of another advanced defensive weapons system that is well within our technical capability: space-based laser beams that can intercept ICBMs. Sen. Malcolm Wallop (R.-Wyo.) has explained the revolutionary potential of such a system—and the chief obstacle to its construction:

"There is outright reticence in much of the United States scientific and technical community toward putting together the several elements of space-based laser BMD (Ballistic Missile Defense) for the purpose of defense against ballistic missiles. The reason is clear—a widely shared presumption that the Carter administration and its congressional allies, committed as they are to the doctrine of mutual assured destruction, would quickly stifle the work now in progress on the several elements. Indeed the administration is unfriendly to the system precisely because it could be used against Soviet missiles!

"Assuming the United States chooses to provide itself with an active defense, the first space-based laser battle stations incorporating the above-mentioned elements could be in orbit by the mid 80's. They would work as follows. Each battle station would orbit the earth at an altitude of about 800 miles. With an effective range of some 3,000 miles, each station could cover about 10 percent of the earth's surface—about 20 million square miles. These battle stations would have to be moving in their orbits over the face of the planet, one would have to have some three dozen such stations in orbit in order to cover every spot on the globe at any given time. Each station would have enough fuel for about a thousand "shots"—meaning that each could theoretically handle the possibility that a thousand missiles would be launched near-simultaneously under it. But, of course, Soviet missile sites are widespread, and several battle stations would not be able to cover even a simultaneous launch. . . . As few as ten would be sufficient to protect against a small-scale attack, such as one by 300 SS–18's against American land-based missiles, or against a reduced retaliatory strike, such as one by missiles which had survived a counterforce attack.

"The nature of this weapon system is such that it could operate safely in an automatic, guns-free mode. It could be programmed, say, to disregard launches of less than three missiles, but to shoot down all others. If the system made a mistake in peacetime, the worst it could do would be to shoot down one of the Soviet Union's attempts to launch a weather satellite. We could apologize and pay for it. On the other hand, we could be confident that the system could keep clouds of missiles from descending on us. The point here is that space-based laser ABM is a wholly benign weapon. It can only destroy missiles—weapons of mass destruction."

The Soviets, faced with a defensive American policy, would have two alternatives: to increase their offensive missile capability to overcome our defenses, or to build their own ABM. If the Soviets follow the theory popularized by arms-controllers that their actions merely "ape" ours, they will build an ABM system. If not, their offensive military moves will be evident, and defensive countermeasures can be taken. If they build an ABM system, so much the better, for that would represent resources used for defensive rather than offensive purposes, which would allow us to maintain a retaliatory capability at a lower level. But the important point here is that our actions are not being controlled by the actions of the Soviet Union; they are unilateral assertions of our own will, our own power, and our own need to exist in peace.

### CUTTING DANGEROUS TIES

Modernization and development of new weapons can be undertaken within the context of lowered defense expenditures by using funds saved by the phased withdrawal of our troops in and our subsidies to our European allies and Japan. France, which benefits from our presence in Europe, spends 3.7 percent of its gross national product (GNP) on defense (compared to our 5–6 percent), Japan 0.9 percent, Britain 4.7 percent, West Germany 4 percent. U.S. taxpayers pay the difference (indirectly subsidizing these countries' expensive welfare-statist schemes).

Defense analyst Earl C. Ravenal of Georgetown University has estimated that half of our defense budget goes to the defense of NATO (both for the troops and materiel we maintain abroad and for the domestic defense resources to support them). The NATO nations in Europe collectively have an aggregate GNP twice that of the Soviet Union and a population equal to that of the Soviets and their Warsaw Pact allies. They are quite capable of mustering the resources to build their own nuclear forces, ABM systems, or conventional forces.

Not only would American withdrawal from the European scene free very substantial air, sea, and ground forces to protect America—while reducing our troop requirements and allowing for the modernization of our forces—but it would reduce the danger to Americans of any crisis in Europe, which might be precipitated, against our desires, by our present allies and which would automatically make the United States the target of a Soviet first strike. Naturally, several NATO nations are reluctant to have on their soil intermediate-range ballistic missiles capable of striking the Soviet Union. They would prefer that American cities and ICBMs, rather than their own, be the targets of Soviet missiles.

European political leaders plead that it is impossible for them to make any greater commitments to defense. The German government recently announced that it will not be able to fulfill the pledge made to President Carter to increase its real defense expenditures three percent per year. If the Germans care more about nationalized health care than they do about defending themselves, that is their problem—it should not be allowed to dictate American policy. But it does indicate the condition of dependency and blindness that intervention promotes.

Orderly withdrawal of our troops and nuclear umbrella would also reduce tensions—while allowing Europeans to take whatever actions they choose regarding the nuclear or conventional defense of Europe. It would decrease the chances of general nuclear warfare by ending the American commitment to sacrifice our citizens in order to quell a European crisis.

### UNDERCUTTING TYRANNY

In our general foreign policy, non-interventionism could have important positive effects on our security by ending the pillage of taxpayers to support economic and military aid programs around the world. This general policy would have direct important effects on the Soviet Union's capability to engage in global adventurism while attempting to maintain its defense establishment and keep its ailing economy going.

As Antony Sutton has detailed in his extensively researched works, the Soviet Union is a society that, because of its collectivist economic structure, cannot produce any technological innovation. It has been kept going only by financial capital, plant and equipment, and advanced technology from Western Europe and America. This transfer has been facilitated by American participation in and support for international lending institutions such as the International Monetary Fund and World Bank and by loan guarantees against expropriation that have been made to American firms selling to the Soviet Union. The reason Western businesses support Soviet enterprises and armaments industries is less ideological than venal: captive, monopoly markets are profitable for businessmen if they are some of the privileged few able to enter the market and particularly if they are insured by US taxpayers against expropriation.

Ideas are fought with ideas. It is toward the system of liberty that the people of the world can turn for peace and prosperity. It is through the diffusion of that system by voluntary means, by the example of American domestic and foreign policy, that a movement away from tyranny can be sustained.

The SALT process, and its latest embodiment in the SALT II treaty, undermines the chances for enhanced security and brings us closer to the brink of war by continuing the policy of Mutual Assured Destruction and by preventing the establishment of a secure military and political posture from which disengagement from America's far-flung military entanglements can take place. Rather than taking us away from war, it entrenches our overseas commitments, locks us into increased defense expenditures, and assures that we will continue to face the Soviets in an atmosphere of tension, armed only with offensive capabilities, and with the growing threat that one side or the other will take the fatal misstep toward World War III.

It is only with security—evident and independent of the intentions of the Soviets—that the American people will support general disengagement from interventionism abroad. Such security, and such disengagement, are antithetical to the SALT II treaty.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted, as follows, to:

Mr. Rudd (at the request of Mr. Michel), after 2:30 p.m. today, on account of official business.

Mr. Watkins (at the request of Mr. Wright), for March 27 and 28, on account of death in the family.

Mr. Williams of Ohio (at the request of Mr. Michel), today after 3 p.m., on account of official business.

Mr. Danielson (at the request of Mr. Wright), after 3:30 today and for March 28, on account of official business.

Mr. Nelson (at the request of Mr. Wright), for March 27 and 28, on account of official business.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Weiss, for 10 minutes, today.

(The following Members (at the request of Mr. Lungren) to revise and extend their remarks and include extraneous material:)

Mr. Dornan, for 20 minutes, today.

(The following Members (at the request of Mr. Hall of Texas) to revise and extend their remarks and include extraneous material:)

Mr. Rodino, for 5 minutes, today.
Mr. Corman, for 5 minutes, today.
Mr. Gonzalez, for 15 minutes, today.
Mr. Annunzio, for 5 minutes, today.

## EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Dickinson, and to include extraneous material, notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $1,768.50.

Mr. Johnson of Colorado, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $1,179.

Mr. Ritter, immediately after the vote on the conference report on H.R. 4986, the Consumer Checking Account Equity Act.

(The following Members (at the request of Mr. Lungren) and to include extraneous matter:)

Mr. Schulze.
Mr. Michel in two instances.
Mr. Hyde.
Mr. Symms in two instances.
Mr. Derwinski in two instances.
Mr. Hinson.
Mr. Tauke in two instances.
Mr. Philip M. Crane.
Mr. Bob Wilson in two instances.
Mr. Marlenee.
Mr. Lent in two instances.
Mr. Young of Alaska.
Mr. Grassley.
Mr. Rudd.
Mr. Dannemeyer in two instances.
Mr. Coughlin.
Mr. Forsythe.
Mr. Gingrich in two instances.
Mr. Jeffords.
Mr. Daniel B. Crane.

(The following Members (at the request of Mr. HALL) and to include extraneous matter:)

Mr. ALBOSTA.
Mr. NICHOLS.
Mr. EDWARDS of California.
Mr. STARK in two instances.
Mr. BRINKLEY.
Mr. LUNDINE.
Mr. BLANCHARD in two instances.
Ms. MIKULSKI.
Mr. PEYSER.
Mr. BINGHAM in two instances.
Mr. GUARINI.
Mr. MAZZOLI in two instances.
Mr. JACOBS.
Mrs. SCHROEDER.
Mr. LONG of Maryland in two instances.
Mr. McDONALD.
Mr. NOLAN.
Ms. OAKAR.
Mr. HALL of Ohio.
Mr. BONKER.
Mr. DONNELLY.
Mr. ADDABBO.
Mr. PANETTA.
Mr. WAXMAN.
Mr. CONYERS.

## ENROLLED BILL SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which were thereupon signed by the Speaker:

H.R. 3919. An act to impose a windfall profit tax on domestic crude oil, and for other purposes.

## A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on March 26, 1980, present to the President, for his approval, a joint resolution of the House of the following title:

H.J. Res. 514. Making additional funds available by transfer for the fiscal year ending September 30, 1980, for the Federal Trade Commission.

## ADJOURNMENT

Mr. WEISS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 36 minutes p.m.) the House adjourned until tomorrow, Friday, March 28, 1980, at 11 a.m.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3920. A letter from the Deputy Assistant Secretary of Defense (Military Personnel Policy), transmitting a report that the authority for special pay to military officers holding critical positions was not exercised during calendar year 1979, pursuant to 37 U.S.C. 306(f); to the Committee on Armed Services.

3921. A letter from the Assistant Secretary of the Navy (Manpower, Reserve Affairs, and Logistics), transmitting notice that a study has been conducted with respect to converting the operation and maintenance of bulk fuel operations at the Long Beach Annex (San Pedro Facility and Estero Bay Facility) of the Naval Supply Center, San Diego, Calif., and that a decision has been made that performance under contract is the most cost-effective method of accomplishing it, pursuant to section 806 of Public Law 96–107; to the Committee on Armed Services.

3922. A letter from the U.S. Commissioner of Education, Department of Health, Education, and Welfare, transmitting the annual reports of the three centers on educational media and materials for the handicapped, pursuant to section 653(c) of the Education of the Handicapped Act; to the Committee on Education and Labor.

3923. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense equipment to Denmark (transmittal No. 80–49), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3924. A letter from the Freedom of Information/Privacy Officer, Interstate Commerce Commission, transmitting a report on the Commission's activities under the Freedom of Information Act during calendar year 1979, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3925. A letter from the Director, Office of Administration, Executive Office of the President, transmitting notice of six proposed new records systems, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3926. A letter from the Secretary of Health, Education, and Welfare, transmitting notice of a delay in the submission of the first report on the ongoing study of the costs of environment-related health effects, required to be submitted in May 1980 by section 304 (d) of the Public Health Service Act, as amended; to the Committee on Interstate and Foreign Commerce.

3927. A letter from the Administrator, Energy Information Administration, Department of Energy, transmitting a report on the first annual survey of the Nation's oil and gas proved reserves, pursuant to section 657(2) of Public Law 95–91; to the Committee on Interstate and Foreign Commerce.

3928. A letter from the Acting Secretary, Interstate Commerce Commission, transmitting notice that the Commission is unable to render a final decision within the specified 7-month period in Ex Parte No. 311 (Sub-No. 1C), *Expedited Procedures for Recovery of Fuel Cost—Mechanical Protective Services*, pursuant to 49 U.S.C. 10707(b)(1); to the Committee on Interstate and Foreign Commerce.

3929. A letter from the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting notice of a proposed regulation governing the solicitation of funds and distribution of printed matter at metropolitan Washington airports, pursuant to section 501(d) of Public Law 95–193; to the Committee on Public Works and Transportation.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committee were delivered to the Clerk for printing and reference to the proper calendar, as followss:

By Mr. DANIELSON: Committee on the Judiciary. H.R. 6086. A bill to provide for the settlement and payment of claims of civilian and military personnel against the United States for losses in connection with the evacuation of such personnel from a foreign country; with amendments (Rept. No. 96–858). Referred to the Committee of the Whole House on the State of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BREAUX:

H.R. 6951. A bill to amend the mortgage amount, sales price, and interest rate limitations under the Government National Mortgage Association emergency home purchase assistance authority, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. FOUNTAIN:

H.R. 6952. A bill to amend the mortgage amount, sales price, and interest rate limitations under the Government National Mortgage Association emergency home purchase assistance authority, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. HUGHES:

H.R. 6953. A bill to amend Public Law 95–427 to permit certain State police officers to file a claim for credit or refund of Federal income tax with respect to certain subsistence allowances, without regard to whether the allowance was included in gross income; to the Committee on Ways and Means.

H.R. 6954. A bill to amend the Trade Expansion Act of 1962 with respect to the powers of the President to impose fees on imports of petroleum and petroleum products; to the Committee on Ways and Means.

By Mr. MICHEL:

H.R. 6955. A bill to amend title II of the National Labor Relations Act to revise the remedies available to the Government in the event of a national emergency, and for other purposes; to the Committee on Education and Labor.

By Mr. MURPHY of New York:

H.R. 6956. A bill to improve coastal zone management in the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. PEPPER:

H.R. 6957. A bill to amend section 312(1) of the Immigration and Nationality Act; to the Committee on the Judiciary.

By Mr. PETRI:

H.R. 6958. A bill to require any airport receiving Federal assistance to provide reasonable access to the terminal area of the airport to motor common carriers of persons seeking to provide transportation to and from the airport; to the Committee on Public Works and Transportation.

By Mr. PRITCHARD (for himself, Mr. BONKER, Mr. DICKS, Mr. SWIFT, Mr. FOLEY, and Mr. AUCOIN):

H.R. 6959. A bill to provide for the conservation and enhancement of the salmon and steelhead resources of Washington State, assistance to the treaty and nontreaty harvesters of those resources, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. RANGEL:

H.R. 6960. A bill to amend the Immigration and Nationality Act and the Public Health Service Act to reduce dependence on alien graduates of foreign medical schools in U.S. hospitals, and for other purposes; jointly, to the Committees on Interstate and Foreign Commerce and the Judiciary.

By Mr. WYDLER:

H.R. 6961. A bill to authorize and direct the Director of the Federal Emergency Management Agency to develop emergency evacuation plans for highly populated areas of the United States for use in the event of a nuclear attack and to use such plans as a model to the extent practicable in the development of supplemental emergency evacuation plans for use in the event of accidents at civilian nuclear powerplants or other nonmilitary disasters or accidents which threaten U.S. civilian populations, and for other purposes; to the Committee on Armed Services.

By Mr. DEVINE (for himself, Mr. Latta, Mr. Shuster, and Mr. Rudd):

H.J. Res. 525. Joint resolution authorizing the President to impose on the Iranian Government a $25 million fine, payable from blocked Iranian assets, for each day that U.S. citizens held hostage or otherwise illegally detained in Iran continue to be held hostage or so detained beyond a date designated by the President; to the Committee on Foreign Affairs.

By Mr. GRAMM (for himself, Mr. Waxman, Mr. Carter, Mr. Leland, Mr. Shelby, Mr. Walgren, Mr. Pursell, Ms. Mikulski, Mr. Preyer, Mrs. Heckler, and Mr. Wirth):

H.J. Res. 526. Joint resolution designating May 1980 as "National Arthritis Month"; to the Committee on Post Office and Civil Service.

By Mrs. HECKLER (for herself, Mrs. Chisholm, Mrs. Collins of Illinois, Mrs. Fenwick, Ms. Ferraro, Ms. Mikulski, Ms. Oakar, Mrs. Schroeder, Mrs. Smith of Nebraska, Mrs. Snowe, and Mrs. Spellman):

H. Con. Res. 310. Concurrent resolution expressing the deep concern of the Congress over the plight of the Cambodian people and its strong support for humanitarian assistance for those people and a peaceful resolution of the conflict in Kampuchea; to the Committee on Foreign Affairs.

By Mr. BROOKS (by request):

H. Res. 624. Resolution to disapprove Reorganization Plan No. 1 transmitted by the President on March 27, 1980; to the Committee on Government Operations.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

400. By the SPEAKER: Memorial of the House of Representatives of the State of Arizona, relative to construction of the Hualapai Dam; to the Committee on Interior and Insular Affairs.

401. Also, memorial of the House of Representatives of the Commonwealth of Kentucky, relative to the Tennessee Valley Authority's proposed electric rate increases; to the Committee on Public Works and Transportation.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII.

Mr. SHELBY introduced a bill (H.R. 6962) for the relief of Christina Boltz Sidders, which was referred to the Committee on the Judiciary.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1000: Mr. Porter.

H.R. 1785: Mr. Minish, Mrs. Fenwick, Mr. Corrada, Mr. Hall of Ohio, Mr. Andrews of North Carolina, Mr. Marlenee, Mr. Abdnor, Mr. Clinger, Mr. Ambro, Mr. Leach of Iowa, Mr. Carney, Mr. Nolan, Mr. Evans of the Virgin Islands, Mr. Weiss, Mr. Ashbrook, Mr. Fary, Mr. Bowen, Mr. Moore, Mr. Courter, and Mr. Stockman.

H.R. 1918: Mr. Whittaker.

H.R. 3200: Mr. Porter.

H.R. 5525: Mr. Dornan, Mr. Royer, Mr. Davis of Michigan, Mr. Forsythe, Mr. Abdnor, Mr. Fish, Mr. Lowry, Mr. Simon, Mr. Derwinski, Mr. Tauke, Mr. Edwards of Oklahoma, Mr. Mottl, Mr. Mitchell of New York, Mr. Shuster, and Mr. Goodling.

H.R. 5775: Mr. Bedell, Mr. Bingham, Mr. Gray, Mr. Hinson, Mr. Mitchell of Maryland, and Mr. Wolpe.

H.R. 5899: Mr. Philip M. Crane, Mr. Lungren, Mr. Goldwater, Mr. Gudger, and Mr. Rudd.

H.R. 6012: Mr. Fazio, Mr. Moorhead of California, Mr. Harkin, Mr. Jones of North Carolina, Mr. Beard of Rhode Island, Mr. Whitten, Mr. Royer, Mr. Boner of Tennessee, Mr. Andrews of North Dakota, Mr. Railsback, Mrs. Heckler, and Mr. Traxler.

H.R. 6041: Mr. Heftel.

H.R. 6062: Mr. Whitley.

H.R. 6070: Mr. Grisham and Mr. Frenzel.

H.R. 6203: Mr. Lundine and Mr. Bowen.

H.R. 6426: Mr. Beard of Rhode Island.

H.R. 6489: Mr. Barnes, Mr. Burgener, Mr. Carter, Mr. Davis of Michigan, Mr. Erlenborn, Mr. Frenzel, Mr. Garcia, Mr. Kindness, Mr. Lagomarsino, Mr. Mollohan, Mr. Neal, Mr. Roe, Mr. Sebelius, and Mr. Whitehurst.

H.R. 6617: Mr. Pepper, Mr. Wyatt, Mr. Gudger, Mr. Leach of Louisiana, Mr. Hollenbeck, Mr. Guarini, Mr. Railsback, Mr. Bailey, and Mr. Bedell.

H.R. 6622: Mr. Lowry.

H.R. 6683: Mr. Marks, Mr. Hawkins, and Mr. Ottinger.

H.R. 6718: Mr. Benjamin, Mr. Diggs, Mr. Ford of Michigan, Mr. Jones of Tennessee, Mr. Nedzi, and Mr. Mottl.

H.R. 6944: Mr. Watkins, Mr. Gonzalez, Mr. Hefner, Mr. Young of Missouri, Mr. Carney, and Mrs. Spellman.

H.J. Res. 69: Mr. Sebelius.

H.J. Res. 375: Mr. Addabbo, Mr. Albosta, Mr. Ambro, Mr. Anderson of Illinois, Mr. Annunzio, Mr. Archer, Mr. AuCoin, Mr. Barnes, Mr. Beard of Rhode Island, Mr. Beilenson, Mr. Benjamin, Mr. Biaggi, Mr. Bingham, Mr. Bolling, Mr. Boner of Tennessee, Mr. Bonior of Michigan, Mr. Brodhead, Mr. Broomfield, Mr. Brown of Ohio, Mrs. Byron, Mr. Carter, Mr. Cavanaugh, Mr. Chappell, Mr. Cheney, Mr. Conte, Mr. Corcoran, Mr. Corman, Mr. Coughlin, Mr. Courter, Mr. D'Amours, Mr. Robert W. Daniel, Jr., Mr. de la Garza, Mr. Derwinski, Mr. Dickinson, Mr. Diggs, Mr. Dixon, Mr. Dodd, Mr. Dornan, Mr. Dougherty, Mr. Downey, Mr. Drinan, Mr. Edwards of California, Mr. Ertel, Mr. Evans of the Virgin Islands, Mr. Evans of Delaware, Mr. Fary, Mr. Fascell, Mr. Fazio, Mrs. Fenwick, Ms. Ferraro, Mr. Findley, Mr. Fish, Mr. Fisher, Mr. Fithian, Mr. Ford of Tennessee, Mr. Forsythe, Mr. Frenzel, Mr. Frost, Mr. Fuqua, Mr. Giaimo, Mr. Ginn, Mr. Glickman, Mr. Goldwater, Mr. Gore, Mr. Gradison, Mr. Gray, Mr. Guarini, Mr. Hall of Ohio, Mr. Harris, Mr. Hawkins, Mr. Hinson, Mr. Hollenbeck, Mrs. Holt, Mr. Horton, Mr. Howard, Mr. Hughes, Mr. Jacobs, Mr. Jeffords, Mr. Kemp, Mr. Kildee, Mr. Kramer, Mr. LaFalce, Mr. Lent, Mr. Lloyd, Mr. Long of Maryland, Mr. Lundine, Mr. Lungren, Mr. McDade, Mr. Madigan, Mr. Markey, Mr. Marks, Mr. Marriott, Mr. Mazzoli, Mr. Matsui, Mr. Miller of California, Mr. Mineta, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Moffett, Mr. Montgomery, Mr. Moorhead of Pennsylvania, Mr. Murphy of Illinois, Mr. Nelson, Ms. Oakar, Mr. Oberstar, Mr. Ottinger, Mr. Panetta, Mr. Pepper, Mr. Petri, Mr. Peyser, Mr. Pursell, Mr. Quayle, Mr. Rahall, Mr. Railsback, Mr. Rangel, Mr. Richmond, Mr. Rinaldo, Mr. Roe, Mr. Rosenthal, Mr. Royer, Mr. Santini, Mr. Scheuer, Mr. Simon, Mr. Skelton, Mrs. Spellman, Mr. Stack, Mr. Stark, Mr. Stewart, Mr. Stokes, Mr. Stratton, Mr. Thompson, Mr. Traxler, Mr. Ullman, Mr. Van Deerlin, Mr. Vento, Mr. Walgren, Mr. Walker, Mr. Weaver, Mr. Weiss, Mr. Whitehurst, Mr. Whitley, Mr. Charles Wilson of Texas, Mr. Winn, Mr. Wolff, Mr. Wolpe, Mr. Waxman, Mr. Wright, Mr. Young of Florida, Mr. Zeferetti, Mr. Edwards of Oklahoma, Mr. Dellums, Mr. Hanley, Mr. Goodling, Mr. Leach of Iowa, Mr. Maguire, Ms. Holtzman, Mr. Leland, Mr. Akaka, Mr. Boland, Mr. Bowen, Mr. Myers of Pennsylvania, Mr. Hyde, Mr. Ireland, Mr. Jenkins, Mr. Kastenmeier, Mr. Long of Louisiana, Mr. Duncan of Oregon, Mr. Minish, Mr. Conyers, Mr. Florio, Mr. Corrada, Mr. Nolan, Mr. Daschle, Mr. Perkins, Mr. Brademas, Mr. Rodino, Mr. Porter, Mr. Hall of Texas, Mr. Sabo, Mr. Kazen, Mr. Preyer, Mr. Levitas, Mr. Phillip Burton, Ms. Mikulski, Mr. Gilman, Mr. Mitchell of New York, Mr. Murphy of New York, Mr. Anthony, Mr. Atkinson, Mr. Bailey, Mr. Barnard, Mr. Coelho, Mr. Donnelly, Mr. Evans of Georgia, Mr. Ford of Michigan, Mr. Garcia, Mr. Gephardt, Mr. Heftel, Mr. Holland, Mr. Leath of Texas, Mr. Lederer, Mr. Lowry, Mr. Mattox, Mr. Mavroules, Mr. Murtha, Mr. Neal, Mr. Nedzi, Mr. Nowak, Mr. Sharp, Mr. Smith of Iowa, Mr. Watkins, Mr. Anderson of California, Mr. Clay, Mr. Gonzalez, Mr. Carney, Mr. Reuss, Mr. Dingell, and Mr. Bonker.

H.J. Res. 474: Mr. Gilman, Mr. Royer, Mr. Phillip Burton, Mr. Buchanan, Mr. Rodino, Mr. Bennett, Mr. Corman, Mr. Courter, Mr. Derwinski, Mr. Dicks, Mr. Dingell, Mr. Dornan, Mr. Drinan, Mr. Edwards of California, Mr. Edwards of Oklahoma, Mr. Florio, Mr. Guyer, Mr. Harris, Mr. Hightower, Mr. Howard, Mr. Kostmayer, Mr. Lehman, Mr. Ottinger, Mr. Porter, Mr. Rangel, Mr. Ratchford, and Mr. Symms.

H.J. Res. 505: Mr. Edwards of Oklahoma.

H.J. Res. 511: Mr. Corrada, Mr. Roe, Mr. Ertel, Mr. Simon, and Mr. Symms.

H. Con. Res. 298: Mr. Courter.

H. Res. 603: Mr. Maguire, Mr. Harkin, Mr. Miller of California, and Mr. Fithian.

## AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

### H.R. 6837

By Mr. BEREUTER:

—Page 72, line 7, after the word section, strike the period and insert the following: "; *Provided*, That for an eighteen month period beginning on the date of enactment of this title, the Secretary shall ensure that no portion of the rail line or related facilities of the Rock Island Railroad line between Omaha, Nebraska, and Colorado Springs, Colorado, shall be scrapped, *And further provided*, That in no case during that period shall the Secretary approve a disposition of said portion of the rail line or related facility to any carrier or other entity not engaged in providing railroad services or not formed for the purpose of providing railroad services.".

By Mr. HAGEDORN:

—Page 49, strike out line 13 and all that follows down through and including line 25 on page 58.

Renumber the succeeding sections and references thereto accordingly.

—Page 58, line 11, strike out "; and" and insert in lieu thereof a period.

Page 58, strike out lines 12 through 17, inclusive.

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### S. 2009

By Mr. SYMMS:

(An amendment offered in the nature of a substitute.)

—Strike all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "All-Idaho Multiple-Use Land Management Act of 1980".

Sec. 2. (a) In the furtherance of the purposes of the Wilderness Act of September 3, 1964 (78 Stat. 890), the following National Forest lands in the State of Idaho, totaling about one million eight hundred thousand acres, as generally depicted on a map entitled "The All-Idaho Multiple-Use Land Management Proposal", dated January, 1980, are hereby designated as wilderness and, therefore, as components of the National Wilderness Preservation System:

(1) certain lands in the Boise, Challis, Payette, Nez Perce, and Salmon National Forests, Idaho, situated north and south of the Salmon River generally centered on 115 degrees west longitude and extending from the crest of the Breaks north of the Salmon River south to about 44 degrees 45 minutes north latitude, which comprise approximately one million four hundred and ten thousand acres, and shall be known as the Central Idaho Wilderness. The previous classification of the Idaho and Salmon River Breaks Primitive Areas is hereby abolished.

(2) certain lands in the Clearwater National Forest which comprise approximately fifty-six thousand one hundred and ninety-seven acres, and shall be known as the Hoodoo Wilderness;

(3) certain lands in the Targhee National Forest, which comprise approximately sixteen thousand eight hundred and sixty acres, and shall be known as the Lionhead Wilderness;

(4) certain lands in the Targhee National Forest, which comprise approximately six thousand seven hundred acres, and shall be known as the Sawtell Peak Wilderness;

(5) certain lands in the Panhandle and Clearwater National Forests, which comprise approximately forty-seven thousand nine hundred and twenty-five acres, and shall be known as the Mallard-Larkins Wilderness;

(6) certain lands in the Boise National Forest, which comprise approximately twenty-two thousand acres, and shall be known as the Steel Mountain Wilderness;

(7) certain lands in the Sawtooth National Forest, which comprise approximately fifty-eight thousand one hundred fifty-two acres, and shall be known as the White Cloud Wilderness;

(8) certain lands in the Challis National Forest, which comprise approximately one hundred nineteen thousand eight hundred and sixty-four acres, and shall be known as the Borah Peak Wilderness;

(9) certain lands in the Boise and Sawtooth National Forests, which comprise approximately forty thousand nine hundred and ninety-nine acres, are hereby incorporated in and shall be deemed to be a part of the Sawtooth Wilderness as designated by Public Law 92-400;

(10) certain lands in the Clearwater National Forest, which comprise approximately five thousand eight hundred and ninety-eight acres, are hereby incorporated in and shall be deemed to be a part of the Selway-Bitterroot Wilderness, as designated by Public Law 88-577.

### ADMINISTRATION OF WILDERNESS

SEC. 3. (a) (1) Within three years after the date of enactment of this Act, the Secretary of Agriculture (hereinafter referred to as "the Secretary") shall develop and submit to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Interior and Insular Affairs of the House of Representatives comprehensive wilderness management plans (hereinafter referred to as "the management plans") for the wilderness areas designated by this Act which shall consider a broad range of land uses and recreation opportunities.

(2) The management plans shall be prepared in coordination with the relevant national forest plans required by section 6 of the National Forest Management Act of 1976 (90 Stat. 2949).

(3) In preparing the management plans, the Secretary shall provide for full public participation as required under section 6 of the National Forest Management Act.

(4) The management plans shall, among other things, address the need for, and alternative means of access to, the wilderness; and shall include a report from the Secretary of Defense, after consultation with the Secretaries of the Interior, Agriculture, Commerce, Transportation, and State and the Federal Emergency Management Agency shall report to the Congress on the strategic sigficance of the materials and minerals found in the wilderness areas designated by this Act.

(b) In administering the wilderness areas designated by this Act, the Secretary shall, to the maximum extent practicable, consistent with the management plans required by this section, clear obstructions from all of the national forest trails within or adjacent to the wilderness on at least an annual basis.

(c) Subject to valid existing rights, the wilderness areas designated by this Act shall be administered by the Secretary in accordance with the provisions of the Wilderness Act; *Provided*, That any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act: *Provided further*, That with respect to the wilderness areas designated by this Act, all references in section 4(d) (3) of the Wilderness Act to December 31, 1983, shall be deemed to be December 31, 1999, and any reference to January 1, 1984, shall be deemed to be January 1, 2000.

SEC. 4. As soon as practicable after this Act takes effect, the Secretary of Agriculture shall file maps and legal descriptions of each wilderness area designated by this Act with the Committee on Energy and Natural Resources, United States Senate, and the Committee on Interior and Insular Affairs, House of Representatives, and each such map and legal description shall have the same force and effect as if included in this Act: *Provided, however*, That corrections of clerical and typographical errors in such legal descriptions and maps may be made. Each such map and legal description shall be on file and available for public inspection in the office of the Chief of the Forest Service, Department of Agriculture.

### CONTINUATION OF ESTABLISHED USES

SEC. 5. (a) Within the wilderness areas established by this Act the use of aircraft and motorboats, where these uses have already become established, shall be permitted to continue and may be allowed to increase in intensity subject to such restrictions as the Secretary of Agriculture deems desirable.

(b) Within the wilderness areas established by this Act, and as provided in subsection 4(d) (4) of the Wilderness Act, the grazing of livestock, where established prior to the effective date of this Act, shall be permitted to continue subject to such reasonable regulations, policies and practices as are deemed necessary by the Secretary of Agriculture, and as are consistent with the intent of Congress regarding grazing in such areas.

(c) Commercial services may be performed within the wilderness areas established by this Act, to the extent necessary for activities which are proper for realizing the recreational or other wilderness purposes of the area.

(d) Nothing in this Act shall be construed as affecting the jurisdiction or responsibilities of the Department of Fish and Game of the State of Idaho with respect to wildlife and fish within the lands and waters subject to this Act.

(e) Nothing in this Act shall constitute an expressed or implied claim or denial on the part of the Federal Government as to exemption from State water law.

### NONWILDERNESS LANDS

SEC. 6. (a) Lands within the National Forest System in the State of Idaho recommended for wilderness, nonwilderness, or further planning designation under the roadless area review and evaluation conducted by the Secretary of Agriculture (RARE II) but not designated as wilderness by this Act, and lands whose designation as primitive areas is terminated and not replaced by designation as wilderness by this Act, shall henceforth be managed, notwithstanding any other provisions of law, for uses other than wilderness in accordance with regulations promulgated pursuant to the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended (88 Stat. 476, as amended). No such lands shall again be considered for designation as wilderness in the National Wilderness Preservation system unless further study or consideration for such designation is provided by Act of Congress.

(b) Of those lands referenced in subsection (a) of this section for which multipurpose resources development plans have been filed with the Chief of the Forest Service, the Secretary of Agriculture shall within sixty days of enactment of the Act implement all such plans.

(c) Of those lands referenced in subsection (a) of this section for which multipurpose resource development plans have not been filed with the Chief of the Forest Service, the Secretary of Agriculture shall implement within two years from the date of enactment of this Act such multipurpose resource development plans.

(d) Upon the date of enactment of this Act the Secretary of Agriculture shall manage all lands referenced in subsections (a), (b), and (c) of this section as nonwilderness, multiple-use in accordance with the Acts referenced in subsection (a) of this section and, with respect to such lands, the environmental reviews and studies heretofore conducted pursuant to the roadless area reviews and evaluations are hereby determined to be in full compliance with the requirements of section 102 of the National Environmental Policy Act of 1969 (83 Stat. 852) for purposes of commodity production including, but not limited to, timber harvest and other nonwilderness commercial and recreation activities;

(e) The lands referenced in subsection (a), (b), (c), and (d) of this section shall not be the subject of further studies by any department or agency of the Federal Government for possible inclusion in the National Wilderness Preservation System, National Parks System or National Monument System, nor shall commodity production and other nonwilderness activities be delayed or prohibited for any reason other than as a product of normal land management planning.

SEC. 7. (a) The Wild and Scenic Rivers Act (82 Stat. 906, as amended: 16 U.S.C. 1271 et seq.), is further amended as follows: In section 3(a) after paragraph (23) insert the following new paragraph:

"(24) (A) Salmon, Idaho.—The segment of the main river from the mouth of the North Fork of the Salmon River downstream to Long Tom Bar in the following classes:

"(i) the forty-six mile segment from the mouth of the North Fork of the Salmon River to Corn Creek as a recreational river; and

"(ii) the seventy-nine mile segment from Corn Creek to Long Tom Bar as a wild river; all as generally depicted on a map entitled Salmon River dated November 1979, which is on file and available for public inspection in the office of the Chief, Forest Service, United States Department of Agriculture.

"(B) This segment shall be administered by the Secretary of Agriculture: *Provided*, That after consultation with State and local governments and the interested public, the Secretary shall take such action as is required by subsection (b) of this section within one year from the date of enactment of this paragraph.

"(C) The use of motorboats, including motorized jet boats, within this segment of the Salmon River shall be permitted to continue at a level not less than the level of use which occurred during calendar year 1978.

"(D) For the purposes of this river segment, there is hereby authorized to be appropriated from the Land and Water Conservation Fund, after October 1, 1980, not more than $6,200,000 for the acquisition of the lands and interests in lands."

(b) That segment of the main Salmon River designated as a component of the Wild and Scenic River System by this Act, which lies within the Central Idaho Wilderness or the Gospel-Hump Wilderness designated by Public Law 95-237 (92 Stat. 40), shall be managed under the provisions of the Wild and Scenic Rivers Act, as amended, and the regulations promulgated pursuant thereto, notwithstanding section 10(b) of the Wild and Scenic Rivers Act or any provisions of the Wilderness Act to the contrary.

SEC. 8. Within sixty days after the date of enactment of this Act, the Secretary of Agriculture shall implement the multipurpose resource development plans on file with the Chief of the Forest Service, identified as the Warren Planning Unit Land Management Plan and Final Environmental Statement, Payette National Forest, Idaho, dated May 9, 1979; and the Landmark Planning Unit Land Management Plan and Final Environmental Statement, Boise National Forest, Idaho, dated May 17, 1979.

Amend the title so as to read: "A bill to designate the Central Idaho Wilderness and nine other wilderness areas within the Boise, Challis, Clearwater, Nez Perce, Panhandle, Payette, Salmon, Sawtooth, and Targhee National Forests; to provide for management for uses other than wilderness certain other national forests lands within the State of Idaho; to amend the Wild and Scenic Rivers Act to include portions of the Salmon River; to provide for the implementation of the multipurpose development plans for the Warren and Landmark Planning Units, and for other purposes.".

# EXTENSIONS OF REMARKS

## WE NEED A FREE MARKET IN HEALTH CARE

### HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● **Mr. DANIEL B. CRANE.** Mr. Speaker, national health insurance—the expansion of taxpayer-financed health programs by the Federal Government—is the wrong way in which to meet America's health needs. Instead, we need a strong dose of the free market complete with competitive delivery programs and meaningful financial incentives. Such advice was recently presented in testimony by the American Conservative Union to the Subcommittee on Health of the Committee on Ways and Means. Following are the highlights of that testimony:

#### STATEMENT OF THE AMERICAN CONSERVATIVE UNION

Chairman Rangel, distinguished members of the Subcommittee, it is a pleasure and a privilege to be able to appear before you today to offer the views of the American Conservative Union with respect to the major health issues facing the nation, such as national health insurance, "catastrophic illness" health insurance, and suggestions for improvement of the nation's health care system. My name is Jeffrey Hollingsworth; I am a legislative assistant for ACU and I am speaking to you on behalf of ACU National Chairman Rep. Bob Bauman (R-Md.), who regrets that other business prevents him from being able to be present today.

The major theses underlying the call for political medicine, which is what NHI and catastrophic illness insurance are, include these: that the free market is somehow deficient in allocating goods and resources; that the government is a messianic instrument for the imposition of this or that social good as defined by government; that government can create a perfect society by means of controls, regulations, and expenditures of dollars taken from the productive sector and redistributed in accordance with the particular social goal in vogue at the moment; that there is no commonality of interest between doctor and patient or between employer and employee, thus resulting in class conflict; that there are a myriad of "needs" and "rights" going unsatisfied in society today which only government can address. To the collectivist who thinks in terms of welfare-state ecomomics, a case can be made for a government program to cover anything.

Perhaps the Number One health issue today is that of cost. Presently, over 9% of the Gross National Product goes to health. Demand continues unabated. We must, before moving ahead with anything else, ask why costs are high and why demand has increased.

While health accounts for 9% of the GNP, the cost of government will soon eat up 30% of the GNP. The average working person now labors from January 1 to mid-May each year just to pay his annual tax bite from taxes by all units of government and Social Security, without even accounting for the cruelest tax of all, inflation. The first thing government must do to restrain health care costs is to muster the willpower to stop inflation, and stop blaming everyone else but itself for it. High costs are not the cause of inflation, they are a symptom. If doctors or hospitals or businessmen are greedy and cause inflation, why should they settle for raising prices only 13%; why not 130% or 1300%? Are they any more greedy than in the 1950's, when inflation was much lower? Union workers, businessmen, consumers and Arabs are no more greedy today than in the past, unless human nature is different today than 1,000 years ago. The government is directly and solely responsible for inflation. This is so because it spends more than it takes in, creates deficits, and simply prints more money to pay its debts, thereby inflating the money supply and debasing the value of the currency. It robs people and business of savings and capital, it creates its own demands by spawning ever more and bigger spending programs, of which NHI would be a spending orgy to beat all spending orgies, and it is unable to control its own hemorrhage of dollars.

Increasing demand in health care is directly attributable to government programs such as Medicare, Medicaid, CHAP, and others. They have put an end to any incentive to control demand by means of price. They have put an end to any incentive to obtain private health insurance best suited to personal needs, because all of the programs are uniform and perceived as either "free" or nearly so. From a modest start of a few billion dollars in 1965, Medicaid has mushroomed to a nearly $60 billion program today. Medicaid is approaching the $30 billion figure. If CHAP is adopted, it can expect to witness similar increases into the billions of dollars.

In Britain, rationing is evident by queues: in America, it is in terms of what is affordable. The reimbursement system cannot help but invite fraud and abuse by its nature, in that it removes the direct payment exchange between buyer and seller. As a report by the National Center for Health Services Research recently pointed out, the "usual, customary and reasonable" system of political medicine merely fuels inflationary trends. It also points to the Canadian experience, where the inability of the government to contain its own costs is a matter of fact, where the imposition of national health insurance has resulted in no change in the quality of care except in areas where doctors no longer wish to practice, and where the maldistribution of physicians has continued. In fact, because of the Canadian uniform system, rural and poor areas are less served than ever; there is no financial incentive to go to such places. Slowly but surely, more attractive regions in Canada are also feeling the pinch, the Canadian health professionals leave the country for better conditions elsewhere. Senator Kennedy's NHI scheme is based in large measure on the Canadian model. Does he seriously expect the nation to follow him on a road to disaster after Canada? Again, here is a testimony to the fact that governments talk costs, but are ignorant of value.

Beside inflation, government adds to cost through regulation. Here, the evidence is staggering to prove that government is the least efficient and most expensive allocator of goods, services and resources, while the private free market is just the opposite. For example, a well-known study by the Hospital Association of New York State showed that up to 25% of the average hospital bill is directly attributable to the costs of complying with the rules and regulations of dozens of local, state and Federal bureaucracies. The GAO has reported that PSROs are overstaffed, uncoordinated, duplicative, and ineffective, not to mention costly. The NCHSR has also reported that certificate-of-need programs, the lynchpins of Health Systems Agencies, have had "no discernible effect on total hospital investment." Patient labelling regulations for various prescription drugs proposed by the FDA last year would result in a possible increase in the cost of these drugs of up to one-third, all by themselves, according to one knowledgeable source. In her book "Technology in Hospitals," Dr. Louise B. Russell of the Brookings Institution makes clear beyond measure that wherever government pays for medical care, it does and will ration it, including medical research and technology. This latter point is especially true in Britain, the country where the famous CAT scanner was invented.

Today it has a comparative handful of these devices; the U.S. has hundreds, with their costs of production decreasing as refinements are made through research and testing. It has been government, through HSAs and its reimbursement programs, which has inhibited the proliferation of CAT scanners and other new equipment. As a result of regulation and interference, Brooklyn Jewish Hospital, an inner-city institution, went bankrupt. One hospital official said that "with national hospital rate controls, each of us will have a Brooklyn Jewish in our own neighborhood.

There is not doubt that this disaster is, in fact, just one of the results of New York State's decade-old hospital rate program that former DHEW Secretary Califano touted in promoting the Carter hospital cost control plan." A just-released study by New York State hospital officials shows that almost all New York hospitals lost money last year, again in consequence of the state rate control program. The deficiencies are greatest for those whose fortunes are tied to the beneficence of government through Medicaid/Medicare—the bad results are first seen there. Can anybody recall such catastrophes in the pre-political medicine days? Again, do the advocates of more political medicine expect people to take them seriously when the contrary evidence is now threatening to back them into a corner? Should the health and welfare of the nation be entrusted to such as FTC Chairman Michael Pertschuk, who has vowed that he wants to regulate medicine not as a profession, but as a trade and break what he calls "one of the last strongholds of private entrepreneurship"?

If you like Amtrak and the postal service, if you have faith in the track record of the Department of Energy, if you are happy with the way the Congress spends your tax money, and if you have full faith in the soundness of Social Security, then certainly, NHI is for you. On the other hand, there are those, such as the Australians, who see that NHI is a concept whose time is past, and have repealed it. Arizonans finally grew weary of political medicine and health care by committee, and opted out of the Medic-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

aid program by action of the legislature. Mayor Ed Koch of New York City, a former member of Congress, now admits that yes, he voted for many of these same programs, but he was dumb. "We were all dumb," he confessed. He now knows first-hand that the theories and concepts and notions and plans fostered by government were wrong then and are wrong now, as conservatives have long said.

When the British National Health Service was established, the arguments were the same as we are hearing today: there is no access to health care for the poor and the uninsured, the free market does not take care of such people, the government can assure health care at minimum cost, etc. What is the record today?

The average British physician earns a pretax salary of not more than $16,000 a year. To make that much, he must see an amazing 80 or more patients a day, plus make 8 house calls. The British doctor, because of the inevitable rationing of health care which results from nationalized systems, spends an average of three minutes per patient. Health care in Britain is conducted in an assembly-line fashion. Further, for every practicing doctor there are 1.8 bureaucrats administering the system. Health care is not determined on the basis of need or value, it is established by the bureaucracy, which gets its cue from the political interests of the party in power. So-called "health planning" has been a miserable failure as costs have blasted from an outlay of 200 million pounds in 1949-50 to an astronomical 5.458 billion pounds by the end of 1976. The waiting list remains at 600,000, the same as in 1948 when the NHS began. Patients routinely wait five years or more for routine hip surgery, hernia repairs, or tonsillectomies.

On the hospital end, there were no new hospitals built in Britain for 20 years after the NHS began. Today, most in Britain are over 100 years old. There is one bureaucrat for every 4.8 hospital beds. Technology and quality have sagged as the government has attempted to perpetuate the myth that there is "free" health care for all in Britain at "reasonable" cost. Here, then, is the premier example of the future that doesn't work, of the maxim that cost is not the same as value. This is a system which has been in place for more than three decades. It has been studied, and studied again. Many American health care professionals have visited Britain to participate in the system first hand. Virtually every one has returned with universally negative reports. It is no wonder, then, that American collectivists no longer point to Britain as the envy of the world, as they did in the Truman and Eisenhower years. Soon, if trends continue apace, their latest darling, the Canadian health system, will be in shambles, leaving nothing but the shell of a bad idea.

The fact that we are here today, talking about political medicine, is the strongest evidence I can think of that we indeed do not learn the lessons of history and are therefore doomed to repeat them. The President's NHI scheme, H.R. 5400, and Senator Kennedy's H.R. 5191, may differ in detail but are both fundamentally unsound due to the reasons cited at the outset of these remarks. Thus, as with Britain, Australia, Canada and elsewhere, these too would be doomed to an existence of rationing, overutilization, expense almost beyond comprehension, regulations and controls, dissatisfaction, and ultimately, collapse. The irrefutable fact is that such things are unknown in a free market system, and that by keeping government out of medicine, we will be doing the people a far greater service than by imposing the schemes of this or that politician.

What, then, of "catastrophic illness insurance?" This too is an extreme answer to a minute problem. At present, nearly 90 percent of the American people are covered by some means of private health insurance. The proportion of people who incur a medical expense all at once of as low as $5,000 is a small fraction of a percent each year. In other words, the statistics show that contrary to belief in some quarters, there just aren't that many catastrophic illnesses occurring out there which are not being picked up by the private health insurance system. What's more, because there are so few, this has made insuring against catastrophic illness a very stable and predictable actuarial market. Consequently, catastrophic illness insurance, either by itself or as a rider to existing policies, is both very inexpensive and very much available, though it is not always known by that name. The chief reform needed here is not another spending spree, but greater consumer education and information. It is not the province of government to insulate people from the consequences of bad economic decisions or choices, nor to protect them from themselves. It is the Constitutional requirement of government to foster an economic and social system which allows people the maximum freedom to improve themselves and their standing without wealth-redistribution programs or ever more regulations. This applies to health care just as much as it does to small business or agriculture or Chrysler.

There is great concern professed today about the issue of "access to health care." This implies that for all the billions spent and all the programs created, government hasn't solved a problem that was never much of a problem to begin with. Through most of its health programs, government has removed the marketplace economic regulator, which was price. In pre-Medicare and Medicaid days, people would go to doctors and hospitals when it was both medically necessary and affordable. The destitute never lacked for care when it was truly needed, because doctors and hospitals always took into account that a certain percentage of their services would be rendered at no charge. Hospital budgets absorbed the costs, doctors assumed it as a cost of practicing in a profession. The church, the philanthropist and the charitable organization played a major role in those times as well.

Then came Medicare and Medicaid. At last the government became directly responsible for the greater part of the medical bills of a segment of the population. Demand increased. Rationing resulted. Expenses skyrocketed. Today, many Medicare and Medicaid patients receive care at the hands of the unscrupulous practitioner who has taken advantage of the reimbursement system to the fullest. Controls have been instituted, as always when government spends other peoples' money, yet they are not working, and cannot hope to work when a concept which is faulty at its roots is in question.

The answer to Medicare and Medicaid ideally, short of abolishing them, is to again halt inflation, reform the tax laws to improve philanthropic and charitable activities while ending the persecution of America's most productive elements, and restore the opportunity for the poor and the elderly poor to purchase private health insurance suited to their needs rather than have them at the mercy of political medicine. Just as government irresponsibility has made the Social Security system the trough of first and last resort for many, not a supplement to thrift as it was supposedly intended, so to is it making Medicare and Medicaid for health concerns. The question becomes whether we are to spread the risk among the pool of all available taxpayers, or whether we will permit the marketplace to adapt itself to assume the risk.

There are better answers to be had than more of the same. Certainly, when any of us becomes ill, we expect the best possible medical care. Yet when we remain ignorant of costs, we do ourselves and the health care delivery system a disservice. Answers to the cost problem, besides ending inflation and cutting away the cancer of government intervention, include:

Encouraging medical schools to institute medical economics courses in their curricula.

Making medical economics among the criteria for certification under continuing medical education programs.

Establishing cost containment and cost consciousness programs on the medical staffs of all hospitals.

Creating more and better incentives among private health insurance policies by increasing deductibles and structuring plans with different levels of benefits. Tax benefits such as deductions or rebates up to an established maximum can be used for employers and employees selecting from among competing plans who opt for the lease expensive plans which are best suited to individual needs.

Instituting group purchasing plans and shared-service programs among hospitals, to restore some measure of price competition and overhead reduction in the obtaining of supplies and equipment.

Eliminating preferential treatment for HMOs by the government, allowing them to be established and compete on their own in the private market. Transfusions of dollars to failing programs which people don't want but the bureaucrats do merely enhances the case for private, fee-for-service health care delivery.

We at ACU firmly believe that there is not now, nor has there ever been a need for NHI. We further feel that catastrophic illness insurance, which is not insurance at all, but merely wealth redistribution and risk transfer, is needed even less. For all the schemes and notions tried by this government and others, the problems, real or imagined, have appeared to grow in direct proportion to the expenditures made—by trying to please all, government has of course pleased very few.

We submit that the answer here lies in restoration of sound free market principles to the allocation of health care. The health insurance market and certain segments of organized medicine (who do not speak for all health care providers, to be sure), cannot escape responsibility for their share of abandonment of these principles by hitching their fortunes to the star of political medicine, a star now plummeting. Imaginative and eminently workable programs to provide incentives in health insurance and health care for the poor and the elderly poor have already been proposed by Reps. Dave Stockman (R-Mich.), Paul Trible (R-Va.), Phil Crane (R-Ill.), David Satterfield (D-Va.), Ron Paul (R-Texas), Sen. Richard Schweiker (R-Pa.) and others. Those truly interested in workable reform will set aside partisan concerns in favor of the intelligent ideas of these and others outside the Congress, putting away the old welfare-economics nostrums which have failed, are failing, and will always fail. Let us look again at our overseas friends, and learn the lessons: Australia tried it, found it wanting, and repealed it. Britain is undergoing the painful ordeal of a dream become a nightmare, its experiment in a welfare wonderland starting to fall to pieces. Canada, with 12 years of socialized medicine in place, already shows signs of the bitter results inimitable to collectivization. If we follow those paths, we will indeed get the health care system we deserve, and we need expect nothing better.●

## TRIBUTE TO ALLARD LOWENSTEIN

### HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 20, 1980*

● Mr. PANETTA. Mr. Speaker, the death of Allard Lowenstein is an event which should sadden the entire Nation. We have lost an individual who fought, and continued to fight, for what he believed in, and, despite some reversals, had a profound effect on the course of the Nation.

I first worked with Allard when he was a Member of this body and I was Director of the Office for Civil Rights. At that time, he was working to block efforts to reduce or eliminate the enforcement activities of OCR, and it was a pleasure to work with a man who not only stood firmly by his principles but also was eager to make the legislative process work as it was meant to.

In later years, I worked with Allard on other issues, in both domestic and foreign affairs. At those times, as in my earlier experience, I found him to be a strong inspiration, someone who provided motivation through his own passion for people and for issues.

Allard Lowenstein touched the lives of millions of Americans—either in a personal way or through his effect on political events over the past decade and a half. The senseless way he died prevents us from truly comprehending our loss. Instead, let us look once again at his life and be reminded of what principles and commitment are all about.●

## INDUSTRIAL INNOVATION HEARINGS

### HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. KASTENMEIER. Mr. Speaker, last fall the President sent to the Congress a major statement outlining a program to encourage industrial innovation in America.

The President's program consists of a wide variety of initiatives, both legislative and executive, which are designed to improve the Government's ability to stimulate the development of new products and processes in U.S. industry—a goal which is critical to our ability to create new jobs, improve productivity, and compete in the international marketplace.

A good deal of the Presidential message on industrial innovation deals with the patent system, Government patent policy, and recommendations for legislative change in those two areas.

These recommendations will constitute the focus of a series of hearings to be held by the Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice beginning at 10 a.m., on Thursday, April 3 in room 2226, Rayburn.

At that time, the Secretary of Commerce, the Honorable Philip P. Klutznik, will set out in detail the administration program. He will be followed by Hon. Ky Ewing, Deputy Assistant Attorney General, Anti-Trust, and Arthur Levine, Esq., the former Executive Director of the Commission on New Technological Uses of Copyrighted Works.

Additional witnesses will be heard on April 15, 17, 22, and 24.

Among specific bills to be considered during the April hearings are the following: H.R. 6933 which sets forth a uniform government patent policy, restructures the fee system of the patent office and authorizes a system of reexamination of patents; H.R. 2414, the University Small Business Patent Policy Act; H.R. 3806, creating a unified patent appeals court, and H.R. 6934, embodying the recommendations of the Commission on New Technological Uses of Copyrighted Works. Comments on other patent related bills pending in the subcommittee will also be welcomed. The tentative witness list is as follows:

HEARINGS ON THE PRESIDENT'S INDUSTRIAL INNOVATION PROGRAM

TENTATIVE WITNESS LIST

*Thursday, April 3, 1980*

Hon. Philip Klutznik, Secretary of Commerce.

Ky Ewing, Deputy Assistant Attorney General, Antitrust.

Arthur Levine, Esq., former Executive Director, Commission on New Technological Uses of Copyright Works.

*Tuesday, April 15*

Pinadaros Roy Vagelos, M.D., President, Merck, Sharp and Dohme Research Laboratories.

Donald Dunner, Esq., President, American Patent Law Association

Prof. John Stedman, University of Wisconsin School of Law.

*Thursday, April 17*

Howard Bremer, Esq., Patent Counsel, Wisconsin Alumni Research Foundation.

Harry Manbeck, Esq., Chairman, Committee for Economic Development, Patent Counsel, General Electric Corporation.

Morton Goldberg, Esq., Chairman; and

Robert Benson, Esq., Past Chairman, Section on Patents, Trademark and Copyright Law, American Bar Association.

*Tuesday, April 22*

Hon. Jordan Baruch, Assistant Secretary of Commerce for Productivity Technology and Innovation.

Hon. Sidney Diamond, Commissioner of Patents.

Hon. Maurice Rosenberg, Assistant Attorney General, Office for Improvements in the Administration of Justice.

*Thursday, April 24*

Paul Gomory, Esq. and Edward J. Brenner, Former Commissioner of Patents, representing the Association for the Advancement of Invention and Innovation.

James D'Ianni, American Chemical Society.●

## SORROW IN EL SALVADOR

### HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Ms. OAKAR. Mr. Speaker, may I take this opportunity to share with my colleagues a very timely editorial in this morning's paper by Coleman McCarthy, who brings to light a very real inequity in our foreign aid policy with respect to the country of El Salvador. Archbishop Romero, a great advocate of human rights, had petitioned for a decrease in U.S. military aid to a government which has fostered oppression as well as repression in El Salvador for many years. I implore this Congress to honor Archbishop Romero by employing itself to earnestly reexamine our foreign military assistance policy toward El Salvador and the rest of the world.

The article follows:

SORROW IN EL SALVADOR

When he visited San Salvador last year, Rep. Thomas Harkin (D-Iowa) went to mass at the city's Catholic cathedral. It was Holy Thursday. The service was packed with poor peasants from the countryside.

Harkin was moved by their piety, but what he noticed most was the cathedral's state of disrepair. Birds flew in and out of the broken windows and caved-in doors. A paint job, inside and out, was needed. Construction work remained unfinished.

As a good can-do American, Harkin asked why something wasn't being done about this eyesore. He was told that San Salvador's archbishop, Oscar Romero, had begun a building and renovation program, but had had second thoughts. A sparkling cathedral was no longer a priority. It would be left unfinished as a monument to El Salvador's poor, who need homes, food, jobs and justice more than another church building needs paint.

Suddenly, a new destitution pervades the lives of El Salvador's poor: Archbishop Romero was slain by gunmen late Monday afternoon as he celebrated mass in a hospital chapel. Even at prayer, he was a threat.

When I talked with Harkin last week, he told a number of stories about the bravery of the archbishop he had come to know. All of them confirmed what those familiar with the current violence and chaos in El Salvador already understood: Romero's forceful views on social justice and a fair distribution of the wealth and made him the poor's most resolute ally. Harkin, one of the few in Congress who have taken the trouble to examine the United States' role in Latin America (Rep. Robert Drinan is another), said it was regrettable that few Americans knew about Romero.

By coincidence, the same day of my conversation with Harkin, one of Romero's assistants—a young priest—came to my office to share his thoughts about El Salvador and the archbishop. He told of Romero's letter last month to President Carter. Drop your plans to send military aid to our country, Romero warned: "Instead of favoring greater justice and peace in El Salvador [the $5.7 million in aid] undoubtedly will sharpen the repression."

The priest, an educated and politically sophisticated man, was aware that congressional hearings would soon be held on American policy in El Salvador. But he wondered: why does the United States reflexively send military aid to impoverished countries like El Salvador when the military is already a powerfully corrupting force?

After the priest left—he was returning to El Salvador to rejoin Romero in what were the last days of the latter's life—I spoke to a State Department official about the military aid question. The archbishop, he claimed, was operating from "a misunderstanding." It's not military aid the United States has in mind, but "security assistance." That would include police equipment. It would be used to "maintain order, as well as improve the professionalism of the junta's security forces so they won't go out and beat heads."

That's almost the opposite of what needs to be done, Archbishop Romero had said. In a sermon to his people last November, he stated that if the United States wants to be helpful, it should condition its aid to a "purification of the security forces," not a bolstering of them. Its aid should also help resolve the problem of the large number of political prisoners who have disappeared.

Others also reject the State Department's approach. The Washington Office on Latin America, a religious-based human rights organization, argues that "military assistance to El Salvador will only increase the tension and make more difficult a political solution to a political problem." Harkin of Iowa bluntly dismisses the fine distinctions between military aid and "security assistance." Either way, he says, "it's another signal to everyone in El Salvador that the United States sides with the military. In turn, that strengthens the military in its conviction that it's all right to repress certain segments of the population, beginning with the left."

However the Carter administration and Congress resolve this, it will still have to deal with the objections raised by Archbishop Romero. He took too many stands, saw too many of his priests and parishioners killed or abducted, and risked his own life too often, for his ideas to be brushed aside now that he is dead.

American presidents may not be used to frank talk from Latin American bishops. But then again, few in Latin America—not the militarists and not the oblivious Catholic rich who like well-painted churches—were used to it either. Romero, the latest in a growing number of martyred heroes in Latin America, knew that terrorists, angered by his frequent sermons on economic justice, were out to kill him. That he was gunned down during mass is an indication of how desperate the brutality in El Salvador has become and how, more than ever, Romero's vision is needed.●

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## U.S. DEFENSE INVESTMENT

## HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. BOB WILSON. Mr. Speaker, as we approach the time when we will be considering the fiscal year 1981 defense authorization bill, I believe a few thoughts are pertinent concerning our current state of national security, how we got here, and what it will take to get us moving again.

In a statement to the Senate Armed Services Committee last October, former Secretary of Defense Donald Rumsfeld spelled out his concerns about our present defense position and the steps he considers necessary to alleviate the situation. The statement is lengthy, so I have taken the liberty of excerpting a portion which deals with the fiscal side of our national security policy. I would hope my colleagues would take a moment to review Secretary Rumsfeld's observations prior to our discussion of the defense authorization bill.

### U.S. Defense Investment

There are many reasons for the relative decline in U.S. defense capabilities and they stretch over two decades. But the principal reason, more important in weight than the others, has been the persistence, the breadth and depth of the Soviet military effort in military investment, research and development, production and deployment. No one can study their progress without being impressed by their steadiness of purpose and the reality that they have not been distracted by the fact of concurrent arms control negotiations.

As this became better understood in the mid-1970's, as the war in Viet Nam ended, and as Presidential leadership was provided to reverse the adverse trends in relative military capabilities, Congress was generally cooperative in helping to address the problem. During my tenure at the Pentagon, this Committee, when told the facts, measured up to its responsibilities. Regrettably, since that time, with Executive leadership in a generally different direction, the nation has again been set on the path to inferiority. The question is not "Where did we go wrong?" but rather, "How do we set the defense funding shortfall right?"

The last Ford Administration defense budget request to Congress, for fiscal 1978, would have resulted in a 6.3 percent real growth in defense investment; that on top of the 5.8 percent real increase actually appropriated for fiscal year 1977. This was the order of magnitude thought necessary the last time I took a detailed look at U.S. defense programs. Since that time, two things have happened adverse to our situation which affect the level of effort required today.

First, there have been substantial reductions from what was needed as set forth in the January 1977 five-year defense plan, as a result of the reductions, and because of inflation growing at a higher than anticipated rate. Already, since January 1977, there is roughly a $38.6 billion shortfall in budget authority, on an inflation adjusted basis. If the Administration's five-year plan for fiscal years 1978-82 proceeds, the shortfall will aggregate to $83.8 billion in budget authority.

In considering the shortfall problem, if one takes into account the fact that the tendency has been to fully fund the pay and retired benefits portion of the budget, it is clear that the situation is actually more serious than the numbers cited indicate. In fact, the shortfall has actually hit hardest in the procurement and R & D accounts. Through fiscal year 1980, the procurement account alone is $26 billion short of that which was proposed in January 1977, or roughly a 22-percent shortfall in three years. If this pattern continues through fiscal year 1982, the Procurement shortfall will be $53.8 billion on an inflation adjusted basis.

In addition, U.S. intelligence estimates, on which defense planning and thus budget decisions are based, have been found to have again underestimated Soviet efforts, progress, and capabilities. In the strategic realm, Soviet ICBM accuracy improvements and MIRVing rates, among other things, have been more rapid and impressive than were officially forecast. U.S. intelligence underestimates have also afflicted U.S. assessment on regional capabilities. Since we know more today, and it is for the most part adverse, it logically makes the task more difficult and calls for an increase in the U.S. level of effort. For the sake of argument, one could reasonably add $2 billion, to select a conservative figure, as necessary to offset Soviet progress in excess of what had been projected when the five-year Defense Plan was submitted in January, 1977.

The funding shortfalls from reductions and inflation of $38.6 billion, and the intelligence underestimates estimated at roughly $2 billion, aggregate to a total defense shortfall of some $40 billion in fiscal year 1980 dollars from the amount that we projected was essential to our national security. I believe there was validity to that 5-year plan. Therefore, I conclude that the task today, if we are to provide for our national security and reverse the adverse trends, is to make up that shortfall. Accepting that refinements may be needed on these rough estimates, the question becomes not whether to make up the shortfall, but rather over what period of time can we risk waiting to get back on track.

If Congress decided to do so in one year, it would mean a $40 billion increase in fiscal year 1980 over the pending $135.5 billion request and then the widely discussed minimum of 5 percent real growth per year on top of the Ford proposed levels for fiscal year 1981 and thereafter. If it were decided to make it up over two years, roughly the amount of time it took to create the problem, it would be roughly $20 billion per year over the Administration's pending request for fiscal year 1980, another $20 billion over the Ford administration's proposed level for fiscal year 1981, and then the necessary real growth each year over the Ford administration's proposed level for fiscal year 1982 and thereafter.

As a result of the above, I am persuaded that simply a 5 percent real increase each year over the next several years will not meet the true defense needs of our country. Admittedly, it would be better than where we are, but we would be fooling ourselves if we believed we could safely forgo the funding shortfall I have described. To do so would be to repeat the error and to impose crushing costs on our future and unnecessarily increase the risk of further instability.

One might reasonably ask how the additional funds might be spent. I do not provide a definitive program, but several areas in need of attention are indicated in attachment II.

However, one might choose to calculate the shortfall, the U.S. cannot afford to ignore it. Present military investment provides future military capabilities. Capabilities provide deterrents and the options for the President and the nation so necessary to contribute to peace in our increasingly dangerous and untidy world.●

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## NAVY COMMUNICATIONS SYSTEM—ELF

## HON. ROBERT W. DAVIS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. DAVIS of Michigan. Mr. Speaker, 2 weeks ago, I inserted into the Congressional Record a letter from a constituent of mine expressing her concern over the proposed Navy communications system, ELF. To provide equal time, I am today submitting a rebuttal to the statements made in that letter from another constituent who advocates construction of the system. I am doing so only to provide an opportunity for an alternative point of view to be published and do not intend to make a practice of submitting such statements.

The statement follows:

### IN SUPPORT OF ELF

In her anti-ELF statement read into the Congressional Record on March 13, 1980, by Rep. Davis of Michigan, Bonnie Passamani has taken out of context a few obscure passages from the Navy's Environmental Impact Statement in an attempt to prove that electromagnetic fields at the frequencies and levels to be employed by the proposed ELF submarine communications system will have long-term effects on human health. The facts of the matter are:

1. The National Academy of Sciences' Committee on Biosphere Effects of Extremely Low Frequency Radiation studied all the references she cites, and considered not only lax controls in the conduct of experiments but also the much lower field levels of the ELF system compared to the experiments (often hundreds and thousands of times lower). The recognized and respected scientists who donated their time to the year and a half study of possible radiation effects concluded simply, "A number of concerns raised over the years that Seafarer ELF fields might constitute a source of dangerous—even catastrophic—environmental contamination have been examined and found invalid and unwarranted."

2. Except for power level the ELF system fields will differ from the much stronger fields created by electric power lines and appliances only in minute detail. We have had a 60 Hz electric power system operating in the United States for several decades now. If there is any general, long-term effect on humans living in that environment it should have become evident by now.

It is inexcusable for those who oppose the Navy's ELF project, whatever their motives, to employ irrevelent or discredited data to scare the lay public; especially at a time when we have more than enough real problems to deal with such as the creeping Russian menace which the ELF system will help neutralize.●

## IN MEMORIAM TO ARNOLD E. PAULSON

### HON. RICHARD NOLAN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. NOLAN. Mr. Speaker, Arnold Paulson, past president of the National Organization for Raw Materials, died of cancer on March 25, 1980. Arnold never gave up, but just as he was marshaling his inner resources to fight the biggest battle of his life, death came swiftly.

For the past 16 years Arnold traveled across the Nation trying to awaken people to the worsening economic crisis eating away like a cancer at financial stability, bank liquidity, and the economic well-being of individuals. He warned that the massive injection of credit through debt-financing, while postponing economic collapse for a time, could not stave it off indefinitely. Indeed, the very process of debt-financing would mushroom, Paulson said, thus crushing the people of the United States, and perhaps the Republic itself, under an oppressive burden of debt.

Paulson also identified the cause of the mounting economic crisis: The failure to generate sufficient earned income in the economy through parity pricing in the marketplace of agricultural commodities and other raw materials. The cure, Paulson stated, is to return to a system of parity pricing for raw materials, understanding full well that all new wealth comes from the soil.

For many years, Arnold Paulson, devoted his life to building support for parity pricing in the marketplace, not as a farm program but as an economic and monetary program to restore balance to the entire economy of the United States. Paulson worked tirelessly, taking the message about parity to farmers, businesses and elected officials all over the country. Whenever a parity fight was lost in Congress, Paulson would moan about the vast ignorance in Washington but he always continued his work of educating the public and building support.

Previous efforts by Paulson's predecessors, especially Carl H. Wilken, to demonstrate the observable relationship between parity and economic stability were met with a gale of silence. The economists who advocated a system based on cheap commodity prices and debt-financing smugly refused to acknowledge that their policies had failed and refused to debate parity on its merits. Instead, they resorted to ridicule and character assassination.

During the 1970's, the U.S. economy rapidly deteriorated, as Wilken and Paulson knew it would, awakening more people to the realization that the economic concepts which guided the Government's commodity and monetary policies were leading to bankruptcy. Economics, Paulson once said, is the science of failure—a science of corruption and exploitation of humanity. Today's high interest rates, inflation, unemployment, and the mounting burden of debt bear testimony to the accuracy of Paulson's statement.

Thanks to Paulson's organizational work with the National Organization for Raw Materials and with various farm organizations and business groups, economists have been placed on the defensive. Paulson's criticism and the rapidly deteriorating economy have caused the spotlight to be turned on the economists who are the architects of the pending disaster. The cheap food economists now are on the run in Government, in colleges, and in business. They will turn around and regroup for a fight to maintain their influence, but because of Arnold Paulson's efforts, increasing numbers of American citizens are challenging the authority of economists whose intellectually bankrupt policies are paving the way for an economic collapse.

Granite Falls, Minn. (which was Arnold Paulson's home), the Sixth District and the Nation's farmers and businessmen who recognized the need for a parity economy, have lost a true friend. Personally, I found Arnold's assistance and advice invaluable during my three terms in Congress. I feel the loss as well. In recognition of Arnold's courage and tenacity, those of us who knew him share an obligation to continue his work. There is no better way to serve his memory well.●

## ARCHBISHOP OSCAR ARNULFO ROMERO OF EL SALVADOR

### HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, March 26, 1980*

● Mr. DOWNEY. Mr. Speaker, I would like to congratulate my colleague, Father ROBERT DRINAN for recommending this special order in honor of the late Archbishop Oscar Arnulfo Romero of El Salvador.

Yesterday, the 24th of March, when Archbishop Romero was brutally and senselessly shot down while saying Mass, it was a tragedy for everyone who wants to see peace and an end to human suffering in Central America.

The disgraceful and cowardly murder of Archbishop Romero is an ironic tragedy. The archbishop spent his entire life advocating the cause of peace amid the violent politics of El Salvador. In his last sermon before he was so brutally slain, he spoke to his fellow Salvadorians about giving one's life to the cause of peace.

The people of El Salvador have suffered the loss of a truly great leader. Archbishop Romero was tireless and relentless in the struggle for human rights. Many Salvadorians have now been left without their guiding force. The followers of Archbishop Romero and his crusade for peace and human rights have suffered a terrible shock that is only worsened by the fear that this tragic killing is only the beginning of even more violent turmoil in their already troubled country.

The mourners of Archbishop Romero must not forget the work to which he devoted his life. Salvadorans must now continue the endeavors of their late protector, and the policy of the United States should encourage them in this pursuit. Archbishop Romero espoused the cause of human rights for his people, and his people must now continue their own efforts in the struggle for peace and human dignity without this man to lead them. Surely, the spirit of Archbishop Romero has not been killed despite his tragic loss.

The brutal death of Archbishop Oscar Arnulfo Romero is an outrage that will stand out in the troubled history of Central America for as long as human decency has any meaning.

I can only hope that the spirit of this one man's work for peace will continue, not only in his country of El Salvador but throughout the world.●

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## CONCERN OVER ADMINISTRATION ANTI-INFLATION PROGRAM

### HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. BONKER. Mr. Speaker, today I have sent a letter to the President voicing some concerns I have over the direction the administration has chosen in fighting inflation.

I bring this correspondence to the attention of my colleagues:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
*Washington, D.C.*

Hon. JIMMY CARTER,
*The White House,*
*Washington, D.C.*

DEAR MR. PRESIDENT: I am writing to express my concern over several aspects of your recently announced anti-inflation package. I fear that the over-all program may not lessen inflation, but may actually worsen the problem.

I totally support efforts to balance the budget. It is absolutely necessary that Congress and the Administration demonstrate the will to impose fiscal restraint and responsibility on Federal spending. But we should not fool ourselves or mislead the American public into thinking that a balanced budget will solve inflation.

Consumer prices are rising at the rate of 1.4 percent a month, the highest increase in almost 6½ years. Rising prices are concentrated in two key areas of the economy: energy and housing costs. A balanced budget will not bring down the price of a home or reduce the cost of gasoline at the pump.

Your proposal for a 10-cent-a-barrel gasoline tax will only add to the inflationary cost of energy. Gasoline rationing is a better alternative to a policy that favors higher prices as a means of promoting conservation. The people in the Third District of Washington State have repeatedly responded 2-to-1 in favor of rationing as opposed to higher prices, whenever the issue has been addressed in a questionnaire.

In addition, the policy of higher interest rates is having a crippling and punitive effect on one segment of our economy—the housing industry. High interest rates only fuel the inflationary spiral, they do not control it. A sounder policy would institute some form of credit allocations, to penalize unsecured loans involving credit cards, and provide lower credit and interest terms for home mortgage applications.

I fear a program that encourages higher interest rates and energy costs will send the economy into a severe and widespread recession. This would have the effect of triggering unemployment compensation benefits, foods stamps, and the other social services that are needed during economic hard times, the result of which would throw the budget out of balance once again.

We need an anti-inflation policy that does not kill the patient with the cure. We should concentrate on reducing inflation in the "basic necessities"—housing, energy, food and medical costs. It will not be painless nor will it bring healing overnight. But at least we would be applying the medication in the proper places.

Sincerely,

DON BONKER,
*Member of Congress.*●

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## TRIBUTE TO REV. WILLIAM GOEDERT

### HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. RUSSO. Mr. Speaker, on April 27, Father William Goedert, pastor of Saint Germaine Catholic Church in Oak Lawn, Ill., will be celebrating 25 years as a priest. It is an occasion worth noting, for since his ordination in 1955, Father Goedert has served with energy, dedication, and love.

Most recently he has led a drive to remodel and refurbish Saint Germaine Church, a project that will be completed by Easter of this year. Such achievements are a common part of Father Goedert's story. He has always been active in his church and community and has served as an inspiration to those who know him and work with him.

Father Goedert studied educational administration and guidance counseling at Loyola University in Chicago and studied as well at Saint Mary of the Lake Seminary and took additional graduate courses in education at Northwestern University and the University of Chicago.

But it is not just educational credentials that make one a success in serving as spiritual director and dean of students at Saint Mary of the Lake Seminary, a position Father Goedert served in with distinction. His skill with people stood him in good stead while president of Niles College at Loyola and dean of studies at Niles College and assistant superintendent of the archdiocese of Chicago School Board.

The range of Father Goedert's work is impressive. To name but a few areas, he has been a member of the editorial advisory board of Encyclopedia Britannica, on the executive committee of the Chicago Area School Television, Inc., was appointed to the technical advisory committee of the Joint Youth Development Project in the city of Chicago and has served on the Cardinal's committee for Spanish speaking.

Father Goedert is to be commended for his 25 years of Christian service and I wish him continued success in the future.●

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## THE MX MISSILE: A $100 BILLION WASTE

### HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. CONYERS. Mr. Speaker, one of the most grandiose, expensive, and questionable weapons projects to come along in many years is the MX missile. From a technical point of view, the 20,000 square miles of area that it will operate over, the 200 race tracks on which the missile will be pulled along, and the millions of pounds of concrete and steel involved are simply outlandish. From a fiscal point of view, the system is budget busting. From the point of view of the Nation's security, the MX missile simply will compel the Russians to build a competitive system of their own and the endless arms race will further escalate and destabilize the world. Fortunately, citizens in Utah and Nevada, where the missile system is to be built, are solidly opposed to it, and the Pentagon is having second thoughts.

Herbert Scoville, Jr., a leading expert on weaponry, president of the Arms Control Association, and a former Deputy Director of the CIA, has performed a major service in his article on the MX, that appeared in the New York Review of Books, March 20, 1980. Commonsense in putting a stop to the arms race will have to prevail someday, and Dr. Scoville's analysis will enable that to happen.

The article follows:

AMERICA'S GREATEST CONSTRUCTION: CAN IT WORK?

Although the SALT II Treaty is now in limbo and may never be resurrected in its present from, a furious debate is still continuing over the MX missile, the latest brainchild of the Pentagon planners and scientists. This will be the most expensive weapon ever produced—some estimates run as high as $100 billion to deploy 200 missiles. Building its "race track" bases will involve the largest construction project in US history. Because the MX threatens a first strike at the heart of the Soviet strategic forces—its land-based ICBMs—it could increase risks of a nuclear Armageddon. Because it could lead the Soviet Union to build strategic missile systems that we cannot verify, it could also undercut all future attempts to control strategic weapons, and could result in the US and the Soviet Union running blindfolded in an endless nuclear arms race.

WHAT IS IT?

The MX missile that President Carter approved for full-scale development is the largest of all designs that were being considered for a new land-based intercontinental ballistic missile (ICBM). The MX will weigh 190,000 pounds and will initially be capable of launching to the Soviet Union ten of the new models of the Minuteman III nuclear warhead, each with an explosive force, or "yield," of about 350 kilotons. An even higher yield will be substituted in the 1980s. The missile will have a range of 6,000 nautical miles and a new guidance system which will give it an accuracy significantly better than that of the advanced Minuteman III. As currently proposed the full MX deployment will comprise 200 missiles with 2,000 warheads, powerful and accurate enough to threaten the entire Soviet ICBM force of 1,400 missiles.

Carter has also approved the so-called "race track" scheme to provide bases for these missiles. Each of the 200 missiles will be assigned to its own road loop with twenty-three blast-resistant shelters. These twenty-three shelters will be separated by a minimum of 7,000 feet in order to ensure that a single Soviet warhead cannot destroy more than one shelter. Thus, unless the Soviets have a way of knowing which shelter in a "race track" holds the single missile, they would have to destroy all twenty-three hardened shelters in order to be sure of disabling the missile. Success depends on fooling the Russians in a multi-billion-dollar shell game. Depending on local terrain the "race tracks" will be deployed in Nevada and Utah in clusters of about four with a single external assembly area.

After having been assembled outside the "race track" the missile will be placed horizontally on a transporter-erector-launcher (TEL) 180 feet long and weighing 670,000 pounds, and then moved into its "race track" by a special railroad. In order to show the Russians that only one missile is in each "race track," a barrier will be place across the railroad after the missile and TEL are inside. This is supposed to prevent additional missiles from being moved secretly onto the track in violation of a SALT ceiling—should we ever again agree to such a ceiling. Final assembly and maintenance of the missile will be conducted within this barrier.

The TEL with the missile aboard will be covered with a 210-foot shield weighing 140,000 pounds to conceal the missile from external observation as it moves along the road loop from one shelter to another. Thus the total weight of the TEL, missile, and shield, which must be transported around the "race track," will be more than one million pounds. The missile and TEL will be dropped off in one of the shelters, but the shield will slowly lumber on to all twenty-three shelters so that the Soviets cannot know which shelter houses the actual missile. To make the deception more effective, it may at a later time be necessary to substitute a concrete dummy under the shield to simulate the weight of the missile and TEL. But each shelter will have four portholes in the roof which can be opened from time to time to permit a Soviet observation satellite to see that only a single shelter in a "race track" contains a missile and that all others are empty.

The transporter and the missile without the shield will be designed to move unmanned and by remote control along the road at a speed of thirty miles an hour, so that even after warning that the Soviets have launched an attack, a missile could, in theory, be moved to any one of the twenty-three shelters in the twenty minutes before the Soviet warhead arrives. It will be possible to fire a missile from the TEL while on the open "race track" as well as directly from the shelters.

Each "race track" will be approximately fifteen miles long and cover an area greater than thirty square miles. Thus 200 MX "race tracks" will cover an area of at least 6,000 square miles; considerable additional land will be needed for other facilities, exterior roads, and rail lines. Construction camp areas will also be required. According to the Environmental Impact Statement more than 20,000 square miles may be involved for this system. Security fencing will only be provided for an area of about 2½ acres around each shelter so the Defense Department claims that only about twenty-five square miles of the entire complex will be denied to public use. However, this would appear somewhat disingenuous since the remainder of the area will be covered with roads capable of handling or moving a TEL vehicle weighing a million pounds—hardly ideal campgrounds. Even if it is not fenced, the entire area will need some type of security to prevent sabotage.

The construction necessary for this system will be stupendous and will dwarf any other in the sparsely inhabited states of Utah and Nevada. Some 10,000 miles of heavy duty roadway will be required, and perhaps 5,000 additional miles of road. This is more than one-third the length of the total Federal Interstate Highway System which has been built since the 1950s. The MX will thus require the biggest construction project in the nation's history, bigger than the Panama Canal and much bigger than the Alaskan pipeline. Recent studies show that some 172 billion gallons of water will be required for construction and twenty years of operation of the system in a region where water is precious. (Indeed the four senators from Nevada and Utah have recently urged President Carter to seek alternatives to the MX "race track" basing scheme.)

The cost of the entire system with two hundred MX missiles is now officially estimated to be $33 billion, but we can be sure this estimate is low. Only very preliminary work has been done on the detailed design of these systems. The history of other military programs suggests the costs will be at least twice as large. Senator Helms, an eager supporter of most military appropriations, has estimated them at over $100 billion.

### THE DECISIONS

The MX program shows how erratic the Carter administration has been in its nuclear security policies. In 1977 and 1978 Carter's officials expressed skepticism about the MX, but as SALT began to run into political trouble, the MX program was increasingly viewed as a "bargaining chip" to appease senators who opposed the treaty. Then on June 8, 1979, and only eleven days before Carter signed the SALT II Treaty in Vienna, his administration announced the decision to develop the MX missile. Although the White House vigorously denied it, there seems no doubt that their decision was made to reduce opposition in the Senate to the SALT II Treaty. But even if the treaty had been promptly ratified, the decision to build the MX would have done much to make SALT unworkable.

How was the MX justified? The administration argued that without the MX our current Minuteman ICBMs would become vulnerable to a Soviet attack in the 1980s. Yet Carter's decision of June 1979 did not deal with the method of basing the MX—which is what determines vulnerability—only with the characteristics of the MX missile itself. The administration, moreover, chose a 190,000-pound missile, the largest of all the proposed new MX designs, and the one that makes invulnerability *more* difficult to achieve, since the larger the missile the more difficult and expensive it would be to make it mobile and to build a number of hardened launch points from which it could be fired.

The only rationale for so huge a missile would be to carry more warheads with greater explosive power. Along with the higher accuracy of the new missiles, this will give the United States for the first time the power to threaten all of the Soviet Union's landbased ICBMs. Since ICBMs comprise more than 70 percent of the entire Soviet strategic force, the US will be viewed by the Soviet Union as seeking the power to make a first strike on the Soviet deterrent. Administration spokesmen deny that this is our intention. They claim that there are other blast-resistant targets in the USSR besides ICBM silos—such as command posts or nuclear weapon storage sites—that would require MX warheads. However the small number of such targets would not require us to build 2,000 MX warheads. They could be adequately dealt with by our existing Minuteman III missiles with their new guidance system and their new warheads of higher explosive power. The conclusion is inescapable that the military wants the MX in order to threaten Soviet ICBMs.

Carter's National Security Adviser Zbigniew Brzezinski argues that the improved strategic power of the MX will "reduce Soviet incentives to initiate an attack against our forces by giving us the ability to respond in kind." This argument makes no sense at all. First, the knowledge that US missiles could destroy their silos would increase, not decrease, Soviet incentives to make a preemptive attack in the first stage of any conflict. Next, a silo-busting force is of value only for a "first strike" since an attack in response would only hit empty silos. The Soviets would have launched some of their missiles from their silos in their first strike, and they would fire any remaining missiles when their radars detected that the US was launching its retaliatory strike. Why should they leave their ICBMs in their silos to be destroyed after a large-scale nuclear war has broken out?

Defending the MX decision, Brzezinski claimed that "proceeding with this new system should improve Soviet incentives in SALT III by demonstrating our determination to maintain essential equivalence." One might have hoped that after the sad experience of Nixon and Kissinger in buying weapons as negotiating bargaining chips, the Carter administration would not fall into the same trap. In the early 1970s the US refused in the SALT I negotiations to limit MIRVed missiles—missiles that can launch multiple warheads at separate targets. Instead it deployed MIRVed missiles for several years before the Soviets had even tested their first model. This deployment, it was argued, would pressure the Soviets into favorable negotiations in SALT II.

But of course the opposite happened. Inevitably, the Soviets followed in our footsteps with a MIRV program of their own. In 1973, a year after SALT I was signed and five years behind the United States, the Soviets tested their first MIRVs and in 1975 began deploying them on their ICBMs. Because their missiles were larger than our Minuteman, they could put more warheads on them, with higher yields, and thus would have a potential advantage over the US. For example their heavy SS-18 missile has been tested with ten warheads, and intelligence experts say it could carry thirty. The lighter SS-19 has been tested with six but could carry twelve. With their currently tested numbers of warheads, the SS-18 and SS-19 would in theory be able to knock out our Minuteman force. With the increased numbers of warheads that they can be designed to carry, the MX "race tracks" themselves would be threatened.

Although Secretary Kissinger opposed including MIRV limits in SALT I, he later admitted that he wished he had understood the MIRV problem better. Now he and the Carter administration profess to be alarmed and Carter is prepared to spend well over $30 billion to make our ICBMs invulnerable—mainly because we did not halt the MIRV race before it got out of hand.

The Carter administration did not choose the "race track" basing system—the key element in reducing vulnerability—until September 7, 1979. A year earlier the Defense Department favored a quite different scheme: each missile would be moved in a vertical position in its launch canister from one empty blast-resistant silo to another on a random basis. Thus if the deception were good enough, the Soviets would never know which silo held the missile—the old shell game. More careful analyses however demonstrated that this approach was literally full of holes. It was probably not verifiable by the USSR and probably contravened the SALT Treaty limiting the number of launchers. In the past years a number of other schemes have been circulated and found wanting. Although the "race track" scheme is now said to have been firmly decided on, the more this plan is scrutinized, the more likely it is that it too may be superseded by some other scheme.

### THE THREAT

The primary military argument for the MX is that it will, in the 1980s, eliminate the potential vulnerability of our fixed land-based ICBMs to a Soviet attack using ICBMs of unprecedented power and accuracy. However this threat is more theoretical than real. It is one thing for the Soviet Union to have a missile warhead able to knock out a single blast-resistant silo. It is quite another to be confident of destroying 1,000 US silos with 1,000-2,000 warheads in a near simultaneous attack at a time specified well in advance. The opportunities for failure are enormous, particularly since additional warheads cannot be fired at the same target to compensate for warheads that don't reach their target. The explosion from the first salvo, even if inaccurate, would destroy the others. Furthermore, even were such an attack completely successful, the US would still be in a position to destroy most Soviet military targets, its industry, and its society with its thousands of submarine- and aircraft-launched missile warheads.

US strategy still depends on a "triad" of submarine missiles, intercontinental bombers, and land-based missiles. Carter, by emphasizing the invulnerability and mobility of the Trident submarines, could have made a powerful argument that the US would remain secure even if one leg became potentially vulnerable. However, now that our land-based missiles—and only our land-based missiles—are becoming theoretically vulnerable because we failed to limit MIRVs in SALT I, Carter has allowed his administration to be stampeded into building a premature expensive Rube Goldberg system that in the long run will not work.

### THE BASING SYSTEM

If the MX system were to be installed by the early 1980s, one might argue that—in view of the Soviet forces estimated for those years—it could protect the land-based missiles on its "race track" loops. But the entire MX system will not be in operation until the end of the 1980s and it would have to remain effective in the 1990s if its deployment is to be justified.

In fact, the MX will, before very long, be outmoded. Its effectiveness depends on having more launch points than the Soviets have ICBM warheads to attack it. The SALT II Treaty would have put a finite limit of approximately 6,000 on such Soviet warheads. This was probably not enough to give the Russians confidence they could destroy the 4,600 shelters on the proposed MX "race track" loops. But even if ratified, SALT II would have expired in 1985, some five years before the MX system will be fully in operation. Pity the poor US SALT negotiator in the 1980s having to persuade his Soviet counterpart that the USSR must sign or extend a treaty in order to make our MX program, costing between 30 and 100 billion dollars, an effective weapons system. If SALT II is not ratified, no multiple launch point scheme has a chance of assuring invulnerability. It will be out of date before the first MX can be deployed in 1986. By that time, according to official US estimates of Soviet MIRV capacity, the Russians could easily have 10,000 warheads, more than enough to hit every shelter that is planned for every MX "race track."●

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## SMOOT-HAWLEY REVISITED

## HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. KEMP. Mr. Speaker, the U.S. Senate is about to pass the most dangerous piece of legislation this country has seen in 50 years—the so-called windfall profits tax. This incredible new tax will depress U.S. drilling and exploration, increase our dependence on OPEC, wipe out the independent wildcatters, and insure higher and higher fuel prices for all Americans. It will bring on a surge of Government spending, more inflation, an increasing tax burden, and an ever-expanding Government bureaucracy. This is no windfall profits tax—it is an excise tax on American oil, just when we need it most, and like all sales taxes it will be paid for by the American people.

You have to go back 50 years to find a piece of legislation with such destructive power, as the Wall Street Journal pointed out in this morning's paper. It was the Smoot-Hawley Tariff Act of 1933 that threw the United States into the Great Depression. If the Senate passes this dangerous new tax today, what devastation can we look forward to in the 1980's?

Mr. Speaker, I ask that all my colleagues in the House and Senate take time to read this important editorial by the Wall Street Journal.

The editorial follows:

### DEATH OF REASON

Barring a redemptive miracle, the United States Senate today will sacrifice the nation's future security to its own unslakable thirst for revenues. It will give final approval to the massive, fasely labeled, "windfall profits tax."

It is hard for us to understand how the Congress could actually pass so misguided a piece of legislation. Admittedly, Washington has been picking off one major industry a decade: the steel industry with the price "jawboning" of the 1960s, and the auto industry with the safety, emissions and fuel standards of the 1970s. But even with that record, we would have thought it beyond belief that Congress would set out to destroy this industry in this decade, hamstringing the domestic oil industry just when energy is a paramount concern not only economically but politically and militarily.

Looking on the spectacle of Congress slapping a huge tax on domestic oil production just when it needs to reduce oil imports, our friends abroad look on with alarmed incredulity. Why is the United States doing this to itself? a cabinet member of one ally asked us recently. We could only reply, tongue-tied, that simple logic sometimes falls victim to complex political forces.

The evolution of this latest self-inflicted blow is bound up in the broader history of U.S. economic policy through the 1970s. It began when Congress, led by many of the same people who lead it today, embraced wage and price controls as the remedy for the inflation its overspending had generated, and finally succeeded in inducing President Nixon to apply them in 1971. Most of the controls were blown off by inflation in 1973 and 1974, but the ones on energy continued. They indeed blossomed into a huge regulatory bureaucracy, the Department of Energy. The DOE became an instrument for strangling domestic energy production.

Public frustration with the fruits of this process—gasoline lines, rising energy costs and increased dependence on imports—was diverted by American political leadership to the oil industry, which, guided by its traditional opportunism, was an easy victim. This exercise in political cynicism was augmented by more virulent anti-business, anti-captialist forces. Soon the attack on oil lost whatever rationality it ever had and became a religious movement bent on punishing the oil industry and diverting its cash flow into the public treasury. As it happened, this was just the ticket for a government that had through most of the 1970s enormously overspent its budget and generated progressively worse inflation. President Carter conceived the brilliant idea of removing price controls on domestic crude oil but taxing away most of the added revenues that he presumed would flow from letting prices rise above the ceilings. The DOE bureaucracy found ways, as we noted in this column yesterday, to preserve and expand its power even after decontrol.

The oil revenues tax Congress will pass today—again barring some last-minute conversion—will combine with raging inflation to run the American crude oil production industry into the ground. It will solidify OPEC's grip on oil prices, leave us politically and militarily exposed from further dependence on imported oil, drain huge funds out of the savings/profit pool needed to stimulate investment and productivity, and increase the incentive for inflationary money creation. To find a similarly destructive single piece of legislation, you have to hark back to the Smoot-Hawley Tariff, which helped throw the world into the Great Depression.●

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## ST. FINBAR'S CHURCH CELEBRATES ITS 100TH ANNIVERSARY OF SERVICE

## HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. ZEFERETTI. Mr. Speaker, I would like to take this opportunity to pay tribute to St. Finbar's Roman Catholic Church as it marks its 100th anniversary of service to the people of Bath Beach, Brooklyn, on April 26.

St. Finbar's Church was founded by a group of Irish immigrants to meet their spiritual as well as social needs. However, in the succeeding years, the parish became a haven for Italian immigrants and helped them adjust to their new land by providing not only spiritual, but physical, social, psychological, and community services as well. Throughout its 100 years of existence, St. Finbar's Church has always been a respected parish in the area, and a forerunner in many areas of spiritual and social action.

Today, St. Finbar's Church cares for many Italian-speaking immigrants and a heavy concentration of Italo-Americans. It ministers, in both English and Italian, to over 2,000 worshiping members each Sunday. In addition, St. Finbar's supplies a multitude of service, both religious and secular, to even more people from many parts of the adjacent communities.

In celebrating the 100th anniversary of its founding, the parishioners of St. Finbar's Church will reenact the historic passage taken by thousands of Italian immigrants, who settled within the limits of the parish. On April 19, they will go to Ellis Island and will be processed through the Immigration Depot. They will then travel by boat, to land at Battery Park as many of their relatives and friends had done years before. The joyous celebration will be climaxed by the Centennial Dinner Dance the next weekend, April 26.

Mr. Speaker, I feel that the motto for St. Finbar's centennial celebration "St. Finbar's Church—100 years and still going strong" is very appropriate. The church has served the people of Brooklyn for a century and it is my sincere hope that it will serve another century for the betterment of the people and our country.●

## THE SALVATION ARMY SALUTED FOR 100 YEARS OF SERVICE TO AMERICA

## HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. GUARINI. Mr. Speaker, I have been invited to ceremonies celebrating the 100 years of dedicated service by the Salvation Army to the people of America.

This invitation comes from Lt. Clark Berkhouldt, officer in charge of the new Salvation Army Community Center at 562 Bergen Avenue, Jersey City.

I would be remiss if I do not ask my colleagues today to share this salute as the "Army" has indeed touched the lives of all of us. All of America is thankful.

Webster says that the word "salvation" means "to save, to help liberate, to help preserve."

I am sure that William Booth had all these terms in mind when in 1865 he began to preach as an independent evangelist in the slums of London's east side. The conditions he saw caused him to name his organization the Salvation Army. His ministry was to serve the poor, the downtrodden, the troubled. His pulpits were the street corners of the ghettos and his men become corps, and its members called soldiers and the ministers called officers.

General Booth directed his army to meet wherever the people were—in tents, theaters, dance halls, street corners. Despite opposition from within the church and from some of the very people he helped to serve, the army continued, and under General Booth's direction successfully overcame opposition by attacking the terrible social ills of homelessness, poverty and hunger.

His book entitled "The Darkest England and the Way Out" served as a catalyst for modern social problems.

The Salvation Army, because of its success, grew and on March 10, 1880, was established in the United States when seven "hallelujah lassies" landed in Battery Park, N.Y.

By 1900 the army had thousands of officers and soldiers in 36 countries. After General Booth's death in 1912 he was succeeded by his son, Bramwell Booth, who was succeeded over the years by Edward Higgins, Evangeline Booth, and George Carpenter.

They suffered a great loss during World War II when their international headquarters in London was destroyed by fire during a blitz. Many of their officers and members were forced underground. This was ironic because the service of the Salvation Army during World Wars I and II was notable for serving the men in the trenches.

They assisted setting up the U.S.O. during World War II which was a home away from home for millions of servicemen serving their country.

Their work during later world conflicts, including Korea and Vietnam is well known. Their work after the wars helping the refugees of the various nations is outstanding.

Today they are at work all over the world, in Hong Kong teaching trades, Vietnam and Cambodia helping refugees, in Paris bringing food and shelter for the homeless, in India with more than 5,000 centers serving patients in and out of the hospital, in Africa with 3,000 centers bringing trades and teaching people, and in Hawaii where their famous children's home teaches culinary arts.

Here in America, in addition to weekly religious meetings, there are almost 1,200 full-fledged corps operating weekly religious meetings, home leagues for various women's groups engaging in community service.

Their League of Mercy conducts thousands of hospital visits.

Their children's groups are outstanding. The Boy Scouts and Girl Scouts groups, the Red Shield Youth Organization, the Young People's Legion should be replicated throughout the world.

In prison they are noted for education and social services to those who are incarcerated.

For the elderly, their golden age clubs have provided a haven long before other groups in America took up the cry.

The list goes on. More than 1,000 other centers provide foster care services, day nurseries, social service centers, summer camps, employment service, servicemen's clubs, and residences for businessmen.

The bright star of community service in my mind includes the great work that the Salvation Army does in times of disaster, be it an earthquake, or flood, or community fires, the Salvation Army is there with its mobile canteen bringing food, clothing, and medical supplies and comfort in times of need.

In my congressional district, they have an excellent community center in operation where I am attending a ceremony on Sunday. The Salvation Army has indeed covered the wide terrain needed internationally for not only the poor but the rich who need comforting and counseling, especially in the areas of drug or alcohol abuse.

On the skid rows of America they have served hundreds of thousands of faceless, nameless men and women who lost the will to live, who lost their sense of direction, their firm family foundations, and their destiny. Men and women who are lonely in the midst of teeming millions in the skid rows of New York, Chicago, San Francisco, and other communities received humanized attention.

The Salvation Army has given help to America and indeed the world.

Of special interest to me is the Salvation Army's youth program because if our society is to survive it is because of the involvement of the youth. They must be led—they must be guided and continue to receive the inspiration that the Salvation Army is providing, beginning with day care centers, as they have in Jersey City and elsewhere.

I believe the paragraph in the poem "Branch of the Vine" excellently portrays the Salvation Army's contributions for so many years.

Thou constant Friend with outstretched hand,
  Always ready to enclasp mine,
How I long to take hold and stand
  Side by side as a branch of the Vine.

I believe Gen. Arthur Brown, commander of the Salvation Army and Ernest W. Holz, our national commander, deserve the attention and gratitude of our grateful Nation.

There are Salvation Army centers in every State, Puerto Rico, and the Virgin Islands with 5,000 officers, 25,000 lay leaders, and more than 200,000 business and professional men and women who are members of their auxiliary associations, committees, and advisory councils.

I am sure that all my colleagues in Congress will join in this 100th anniversary of the army in the United States of America, serving God and man, which will be observed at the 5-day national conference in Kansas City, Mo., from June 12 to June 16.●

## ALLARD LOWENSTEIN

### HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 20, 1980*

● Mr. PEYSER. Mr. Speaker, Al Lowenstein was an outstanding man who worked tirelessly throughout his life for a better America. He was a champion of the civil rights movement from its very earliest days.

I had the great privilege of being personally acquainted with Al and knew him to be a warmhearted individual as he vigorously pursued the causes in which he so firmly believed.

Al was a rare individual. Not only did he have the courage and strength of his convictions, but he also inspired others to work within the system for human rights throughout the world. Al touched the lives of many Americans with his commitment to justice and equality. This House and the Nation mourn his passage and will sorely miss him.●

## THE 40TH ANNIVERSARY OF KATYN MASSACRE

### HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. DERWINSKI. Mr. Speaker, one of the most diabolical crimes of the Soviet Government was the perpetration of the Katyn Forest massacre in which approximately 15,000 Polish Army officers were murdered by their Russian captors. The scene was the Katyn Forest area of the Ukraine on March 30, 1940.

The Katyn massacre remains the last unpunished and largest ignored crime of genocide committed during World War II. It was a part of the savage plan to deprive the Polish nation of its intellectual military leadership. Among those murdered were two generals, hundreds of scientists, doctors, professors, chaplains, judges, lawyers, engineers, and students.

The Katyn massacre was not just another war atrocity executed in the blind fury of a battlefield. It was a premeditated, planned mass murder and should have been classified as a crime against humanity and brought to the docket of the International War Crimes Tribunal in Nuremberg.

Unfortunately, it was conveniently overlooked by the Western Powers in order to placate the Soviet Union.

Then in 1951, a select committee of the House of Representatives thoroughly investigated the Katyn massacre, and formally accused the Soviet Government of the Katyn crime and asked the State Department to present the case to the United Nations. Although since that time, there has been occasional discussion of the event, the committee's groundwork has never been effectively implemented. Here, again, it was deemed inopportune to offend the Soviet Union with incontrovertible facts.

The massacre was, and remains, a classic example of the untrustworthiness of the Communists. It is especially important that we ponder the historic lesson of the Katyn massacre at a time when the administration is frantically confronting the Soviet Union with its weak foreign policy.

Mr. Speaker, history dictates that until a legitimate legal action is taken against the Soviets the victims of the Katyn massacre and the thousands of other Polish troops who gave their life for freedom during World War II have died in vain.●

## LATEST ADVANCES IN CANCER THERAPY

### HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. WAXMAN. Mr. Speaker, cancer is a disease that will strike one out of four Americans and two out of three American families. The word "cancer" is the diagnosis Americans fear the most.

Yet thanks to the tremendous commitment our Nation has made to medical research on how best to diagnose and treat this disease, startling advances have been made in prolonging the lives of cancer patients.

The Interstate and Foreign Commerce Committee will soon mark up H.R. 6522, the Health Research Act of 1980. This bill extends funding for an additional 3 years to continue research at NIH into the causes and treatment of cancer and other serious diseases.

In preparation for that markup and further congressional action to adequately fund biomedical research for fiscal years 1981, 1982, and 1983, I am inserting in today's CONGRESSIONAL RECORD an update on recent breakthroughs in cancer therapy. These encouraging statistics were presented by Dr. Vincent T. DeVita, acting Director of the National Cancer Institute at the American Cancer Society's Science Writer's Seminar at Daytona Beach, Fla., on March 23.

Dr. DeVita's findings prove that Federal dollars spent on biomedical research have tangible lifesaving results that benefit us all.

The article follows:

#### OPPORTUNITIES IN CANCER TREATMENT

We often hear that cancer is the disease Americans fear most. A surprising paradox is that cancer is one of the most curable chronic diseases in the country today. Fully 58 percent of more than the 1 million Americans who develop cancer this year can expect to be cured using currently available therapies. Even if one subtracts the 400,000 patients with skin cancers and in situ cancers of the uterine cervix, which can be treated simply by surgery, approximately 41 percent of patients with the more serious forms of cancer are still curable using one or more of the three main therapies: surgery, radiotherapy and chemotherapy. By cure we mean that a patient remains free of disease and has the same life expectancy as a person who never had cancer.

Our ability to cure cancer is a relatively recent achievement. Before 1900, few cancer patients survived their disease. Around the turn of the century, the principles of cancer surgery were developed and X-rays were discovered. These two therapies were able to take care of local disease (the tumor itself and lymph nodes that might be involved in surrounding tissue). About 33 percent of patients were surviving by 1955. Development of anticancer drugs following World War II enabled physicians to treat cancer systemically. The use of drugs along with local therapies increased the cure rate to the current 41 percent.

We have been particularly successful in treating the cancers peculiar to children and young adults—leukemia, Hodgkins's disease, osteogenic sarcoma, testicular cancer, Wilm's tumor. Cancer mortality and U.S. population trends now reflect the overall improvement in the treatment of cancer patients from 1954 to 1976. Since 1970, cancer mortality has decreased among those Americans under the age of 55, where cancer is the major cause of death.

In the 70's survival and quality of life have improved substantially for patients with 7 of the 10 major forms of cancer (cancers of the endometrium, uterin cervix, breast, colon, rectum, prostate, and bladder). These data are from Surveillance, Epidemiology and End Results program—known as SEER—that continuously monitors cancer incidence, mortality and survival in 5 metropolitian areas, 5 states and the Commonwealth of Puerto Rico.

We would like to see a decrease in the incidence as well as the mortality of cancer. This is an area where prevention efforts could help. In our budget this year, we have made a major commitment to cancer prevention. Our research activities in the area of environmental carcinogenesis have increased 43 percent between 1978 and 1980, while the Institute's total budget has increased only 15 percent.

I would like to discuss just one example of our basic research efforts in prevention. Several years ago NCI epidemiologists published a survey of cancer death rates for the period 1950 to 1969 for all continental U.S. counties. Maps of the United States showing "hot spots" for various cancer sites were a part of this survey. Many of you are familiar with the "cancer atlas". Over 40 subsequent epidemiologic studies have addressed these "hot spots."

One of the survey's findings, for example, was a higher cancer rate among male residents of 39 counties where the primary industry was petroleum manufacture. Through the Oil, Chemical and Atomic Workers Union, NCI scientists gained access to employee health records at 5 specific plants in Texas. They found increased frequencies of cancers of the brain and central nervous system in a large petroleum refinery where most of the employees are production workers. In another plant that also produces sulfuric acid, the scientists found increased frequencies of stomach, skin, and kidney cancers. In a third refinery, the number of brain and lung cancer deaths observed was greater than expected. No excesses of cancers were found in the other two plants. NCI epidemiologists are now examining workers' records in detail for suggestions of a common workplace exposure that may account for the increase in cancers.

An explosion of information has come from fundamental research on chemical carcinogenesis. A two-stage mechanism of carcinogenesis has been proposed to explain how chemicals may act. This is not a new theory. In fact, Berenblum in 1941 described the theory based on experiments in mice that revealed the combination of two chemicals given at noncarcinogenic doses caused skin tumors, whereas neither alone had an effect. The first stage—initiation—is not sufficient to cause cancer in itself but does result in a permanent, heritable change in the cell. A second event—promotion—causes expression of the malignant transformation.

I mention this mechanism because we believe that by removing a promoter from the environment the incidence of cancer can drop quickly. You will recall the increase in endometrial cancer among women in the United States that was associated with the widespread use of replacement estrogens at menopause. The 1976 incidence data show a drop in endometrial cancer, coincident with stricter labeling practices by the FDA and more judicious use of the drugs.

We are proposing a new division at NCI to complement fundamental research in prevention. It would incorporate cancer centers, training and education activities. This division will be concerned with applied prevention activities in areas of smoking and health, diet and nutrition, asbestos, exposure to low-level radiation, and occupational cancer. It is our hope that by combining these areas in one division we will establish an effective pipeline for a better flow of research findings into the community.

NCI's emphasis on prevention does not mean that we have in any way abandoned treatment. In fact we have several promising new avenues to explore.

High energy subatomic particles elicit a radiation beam that is more deeply penetrating and is less dependent on oxygen than the traditional photon beam. Dr. Mary Catterall of London's Hammersmith Hospital was a pioneer in clinical trials of particle radiotherapy. She demonstrated that fast neutrons are superior to megavoltage cobalt-60 for treating patients with cancers of the head and neck.

Neutron generators are very sophisticated radiotherapy devices but they are also costly. In the past, physics research cyclotrons have been converted to supply neutrons for cancer therapy. These machines were big, clumsy, and often located at great distances from hospitals. This past October, NCI awarded ten year contracts totalling $40 million to three U.S. Medical Centers for construction of neutron generators and for clinical trials on 3,000 cancer patients. The three centers are UCLA, Fox Chase Cancer Center in Philadelphia and the University of Washington at Seattle. Other forms of particle radiotherapy waiting in the wings use pi-mesons and stripped nuclei such as helium.

In the drug development area, we are exploring second generation anticancer drugs. This is a term we have borrowed from the antibiotic field. When an effective antibiotic was found, pharmaceutical companies took the time to go back and explore chemical variants (analogs) of that compound to improve upon its therapeutic properties. We are taking a similar second look at various classes of anticancer drugs in an attempt to find less toxic agents. One candidate currently being evaluated in the clinic is aclacinomycin A, an analog of Adriamycin. Clinical studies in Japan suggest that aclacinomycin A may be as active as Adriamycin yet it causes neither hair loss nor cardiotoxicity.

This year we begin a new program to explore biological response modifiers. These substances do not act by killing cancer cells directly. Rather they control the growth of cells of the immune system and act indirectly through this system on cancer cells. Their effect on the host rather than the rapidly dividing cell suggests that biological response modifiers too may be less toxic.

Over the past 15 to 20 years, scientists studying tumor immunology and other host-tumor biological interactions have accrued an enormous amount of data. We now know that at least some human tumors are recognized as foreign or antigenic in the host. This field is reminiscent of the early days of chemotherapy where there is hope surrounded by considerable skepticism, largely as a result of unrealistic expectations from early clinical experiences.

Our biological response modifiers program responds to a signal from scientists and physicians around the country that promising leads in the field suggest that these agents may play a significant role in cancer treatment and are ready to be explored in a systematic way. A subcommittee of the board of experts that advises our Division of Cancer Treatment, in a report to the Institute, listed by priority those projects ready for immediate attention. We will spend $13.5 million on biological response modifiers this year, of which approximately $6 to 9 million will be used to purchase interferon. This will allow us to treat about 450 additional patients and confirm some of the promising results seen in the trials sponsored by the American Cancer Society. Our efforts will complement the new $3.4 million purchase of leukocyte interferon announced by the Society in February.

The Finnish Red Cross has supplied the bulk of human leukocyte interferon used in clinical studies. Because it is species-specific, interferon has been made from human white blood cells discarded in the processing of whole blood for transfusions. The material has been scarce and expensive enough to be a candidate for the Neiman-Marcus Christmas catalog.

In an attempt to expand the supply, NCI has been in the process of awarding contracts for the production of three types of human interferon: leukocyte, lymphoblastoid, and fibroblast. The latter two types can be made from cells that continuously grow in culture. Some preliminary studies suggest that the different types have different properties.

Existing supplies of interferon consist of a fairly impure product. The Swiss pharmaceutical firm Biogen recently announced that it had successfully produced a material similar to human leukocyte interferon using recombinant DNA techniques. The product is somewhat different in that it possesses only the protein component of natural interferon and not the sugar portion. We do not know whether this will make a difference in its therapeutic activity. Despite these and other unknowns, this new development is very exciting. In fact, several other pharmaceutical concerns also are exploring a similar approach toward producing a purer, less expensive product.

The thymus gland hormone thymosin fraction V is another biological response modifier that will begin clinical trials this year. Purification and identification of the chemical structure have enabled chemists to synthesize this compound. Early clinical studies used a product extracted from calf thymus glands.

Thymosin appears to restore immune function in cancer patients whose system is often suppressed by their disease as well as treatment. Preliminary clinical studies on this immunomodulating agent were reported several years ago by NCI physicians. They showed an increased survival for a certain subset of lung cancer patients receiving thymosin in addition to extensive combination chemotherapy.

This preliminary study posed the question of how much thymosin is necessary to achieve an effect. Such studies to establish dose, called Phase I studies, are crucial as we begin exploring this new area. These studies form the basis for later therapeutic trials. We will apply the lessons we have learned in the development of anticancer drugs—a systematic evaluation of each agent with attention to adequate numbers of patients and well-controlled clinical trials.

Fine years ago, at this seminar, I discussed early studies in adjuvant chemotherapy. Those trials have now matured and we expect to see the impact, especially in breast cancer, on national cancer mortality statistics soon. Our new venture into the area of biological response modifiers is equally exciting and I hope in five years from now to give you a glowing report on our initial successes.

OPPORTUNITIES IN CANCER TREATMENT [1]

| | 1960–63 | 1970–73 |
|---|---|---|
| 5-Year relative survival rates (percent) for 10 leading cancer sites in whites: | | |
| Endometrium | 73 | [2] 81 |
| Breast | 63 | [2] 68 |
| Cervix | 58 | [2] 64 |
| Bladder | 53 | [2] 61 |
| Prostate | 50 | [2] 63 |
| Colon | 43 | [2] 49 |
| Rectum | 38 | [2] 45 |
| Stomach | 11 | 13 |
| Lung | 8 | 10 |
| Pancreas | 1 | 1 |
| 5-Year relative survival rates (percent) for cancers of young Americans: | | |
| Acute lymphocytic leukemia | 4 | [2] 34 |
| Hodgkin's disease | 40 | [2] 67 |
| Bone | 31 | 37 |
| Wilm's tumor | 33 | [2] 70 |
| Testis | 63 | [2] 72 |

[1] Presented at the Science Writers' Seminar, American Cancer Society, Daytona Beach, Fla., March 23, 1980, by Vincent T. DeVita, Jr., M.D., Acting Director, National Cancer Institute.

[2] Statistically significant increase. ●

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## H.R. 3904, THE MULTIEMPLOYER PENSION PLAN AMENDMENTS ACT

### HON. AL ULLMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. ULLMAN. Mr. Speaker, on March 27, 1980, the Committee on Ways and Means ordered favorably reported to the House H.R. 3904, Multiemployer Pension Plan Amendments Act, with a committee amendment in the nature of a substitute. Upon introduction, the bill was jointly referred to the Committee on Education and Labor and the Committee on Ways and Means. The Committee on Education and Labor ordered the bill reported with amendments on January 30, 1980. The purpose of the bill is to restructure the multiemployer plan termination insurance program administered by the Pension Benefit Guaranty Corporation (PBGC).

Pursuant to the rules of the Democratic Caucus, I take this occasion to advise my colleagues as to the nature of the rule that I will request for consideration of H.R. 3904 on the floor of the House. The Committee on Ways and Means specifically instructed me to request the Committee on Rules to grant a closed rule which would only provide for:

One: Committee amendments which would not be subject to amendment;

Two: 4 hours of general debate—2 hours for the Committee on Education and Labor and 2 hours for the Committee on Ways and Means—to be equally divided between the chairman and ranking minority member of each committee;

Three: Waiving all necessary points of order; and

Four: One motion to recommit, with or without instructions, such motion to be debated for not to exceed 30 minutes, equally divided.

The Committee on Ways and Means intends to officially report H.R. 3904 on April 15, 1980. It is our intention to request to be heard before the Committee on Rules concurrently with the Committee on Education and Labor at the earliest opportunity.●

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## LT. WILLIAM T. COLE RETIRES

### HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. RUSSO. Mr. Speaker, on April 15 a fine police officer will be retiring from the Oak Lawn Police Department after 20 years on the force. Lt. William T. Cole was first appointed to the police department back in 1960, with promotion to sergeant in 1969 and lieutenant in 1971.

During these years he worked continually on his education and skills, taking training courses in areas such as firearms, crowd control, civil disturbance, and he studied advanced law enforcement at the University of Illinois at Champaign.

But along with his distinguished service career with the police, Lieutenant Cole also has an outstanding record in the military, serving his country in two wars. With the U.S. Navy in World War II, he was in areas ranging from Normandy to Mopup, Africa, earning for himself awards such as the Middle East Bronze Star, the Philippine Liberation Ribbon, and the Asiatic Pacific Ribbon (two stars). He was honorably discharged in 1946, an aviation ordnanceman second class (temporary).

Four years in the Active Reserves found him teaching aerial gunnery at Glenview Navy Air Station. Then, in 1951 he was called back to active service for the Korean war and served with the U.S.S. *Antietam* Attack Squadron 728. He received the Korean Service Ribbon and his honorable discharge in 1952 as first-class petty officer. This same year he joined the Oak Lawn Police Department as a special police officer and was commissioned in April of 1960.

I know my colleagues join with me in extending congratulations and best wishes to Lieutenant Cole and his wife of 31 years, Betty, on the occasion of his retirement. He has served his country well both abroad and at home and deserves our thanks and acknowledgement.●

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## GRANDMA CATALDO WILL BE A HARD ACT TO FOLLOW

### HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. ADDABBO. Mr. Speaker, I was recently sent a copy of an article written by Mrs. Norma Morgillo Downey, which appeared in Newsday on March 2, 1980. This article brought back many fond memories of my own and I am sure that many of my colleagues will find it to be equally as enjoyable.

I request unanimous consent to place the following into the CONGRESSIONAL RECORD:

[From Newsday, Mar. 2, 1980]

GRANDMA CATALDO WILL BE A HARD ACT TO FOLLOW

(By Norma Morgillo Downey)

It was Tom's 31st birthday. I had called to say, "Happy birthday." He was so excited he barely let my words come out—"I have a birthday present for you, Ma. You are going to be a grandmother!"

I screamed with joy. My reaction matched his excitement. You would swear it was the first baby announcement ever made. For the next few days, all meetings I attended had to stop until I made my announcement. Everyone was so kind and enjoyed sharing my great news.

It was strange, too. My maternal grandmother had been in my thoughts constantly the last few months, and I had started to write small vignettes about her.

Grandma Margarita Cataldo was always a lot of fun. I never think of her but that I smile and remember.

"Little Grandma," the greatgrandchildren called her. If she was 4 feet, 11 inches tall that was with 2 inch heels and her head held high or held back while she laughed at one of her outrageous stories or somewhat off-color jokes. They were told in half-English and half-Italian, with constant interruptions of her laughter. Her stories were not always easy to follow. It didn't matter though; we laughed at her infectious laughter, not her jokes.

I remember the priest calling my embarrassed and dignified mother, "Could you please speak to your mother, Mrs. Morgillo? She is playing craps in the back of the church again." Grandma laughed! She loved to gamble and did so every chance she got, whether it was bingo, horses, numbers, sweepstakes, anything! Her little black dream book was always by her bed. When she dreamed, she would wake up to jot down the dreams so she could interpret them for numbers to bet on the next day. Where is that dream book? I always wanted to read it. Did it really exist?

I remember her stories of the "other side," as Italy was called, told to a romantic granddaughter who asked many questions. Grandma told about her wedding night, when she was a breathless bride anticipating passions to be shared with her bridegroom.

He wasn't the man she really wanted to marry. He had been picked for her, and they learned to care for each other. He was very good to her.

Grandpa was a rather silent, mean man. We were all afraid of him. His big redeeming quality was his love for Grandma. When he looked at Grandma, his pride was evident. How he adored her! She brought all the sunshine into their hard, struggling lives with her laughter and great joy for living.

I still can see her at 90 with her hands lifting her skirt slightly, her eyes the eyes of a beautiful maiden doing the "tarantella" for her charming prince. I can still see my grandfather cranking the Victrola on a Sunday afternoon, playing their opera records. How I love opera, especially Puccini and Verdi.

I remember the water on the stove for the macaroni. The sauce is simmering—delicious smells—and Grandma is singing "La Donna e Mobile" along with Caruso.

I remember Grandma's stories of her uncle who gambled away the family castle, step by marble step, until the family was impoverished. And I remember her story of her trip to this country with her son, Carl, and my mother to join her husband, who had been here almost 10 years by himself. She told of the boat ride in steerage, the arrival at Ellis Island and reunion with Grandpa to continue their family and marriage.

My mother said Grandma was always the center of attention in the many tenement houses they lived in. She was funny, wise, reliable and a fighter! She probably started the first adult education class in New York City. Everyone in the tenement would get together when Grandma called the meetings. The lesson to be learned was how to speak, read and write English. Everyone had to become a citizen and everyone had to vote. Grandma was proud that she always had voted.

She had few regrets in her life. It had been lived with a dignity that still makes me feel humble. Her honesty was impeccable. If her children borrowed and did not pay back, she paid back little by little until the debt was paid. Her kindness was extended to all with whom she had contact. Relatives or friends always had a home with Grandma until they were established. There was always a young man or young woman just over from Italy staying at Grandma's house. She wasn't 4-feet, 11—she was 10 feet tall.

No one who knew my Grandma has ever forgotten her!

Her silk roses are dusty now, and I'm afraid to wash them. My husband keeps telling me to cover them, but I like to look at them. I keep them in the dining room and remember her sitting there sewing and talking, telling funny stories and laughing.

Grandma, you set quite an example for your oldest granddaughter to follow. Soon I shall be a grandmother. Could that really be true? Little Grandma, I hope I do you proud! I hope you'll help me to give such wonderful memories to my soon-to-be-born grandchild, who will be my "bella bella!"

[Norma Morgillo Downey of West Islip has two sons, Rep. Thomas Downey (D-Amityville) and Jeffrey, a student, and is coordinator of geriatric services for the State Department of Mental Health's Long Island region.]●

## TRIBUTE TO DR. JOHN W. MAUCHLY

### HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. COUGHLIN. Mr. Speaker, the death of Dr. John W. Mauchly, a pioneer of the computer industry and a founder of Sperry Univac, is a loss which is deeply felt by family, friends, and associates in Pennsylvania.

There are very few whose contributions to technology have had a more profound and far-reaching impact on a nation than the electronic computer. Dr. Mauchly's discoveries opened a field of knowledge that birthed an industry which has shaped the present in remarkable ways.

In 1946, Dr. Mauchly and his partner, Dr. J. Presper Eckert, Jr., rocked the scientific world when the War Department announced their invention of a machine which applied the speed of electronics to mathematical tasks for the first time. ENIAC (electronic numerical integrator and computer) was mammoth in size covering the entire 15,000 square feet of basement at the Moore School of Engineering in the University of Pennsylvania.

Three years later, the team presented their BINAC computer which had an electrical memory 25 times that of ENIAC and was a fraction of the size. In rapid evolution, Univac I followed which was utilized by the Department of Census in 1951 to handle the alphabet and simple written material, as well as, play a good game of chess.

Dr. Mauchly and Dr. Eckert in 1947 established the Univac Co. in Philadelphia. Remington Rand purchased this company in 1950, which merged in 1955 with the Sperry Corp. Dr. Mauchly remained with the company for 10 years as director of Univac application research

In 1959, he formed Mauchly Associates, which in 1962 introduced a critical path computer which was designed to permit the scheduling of complicated projects. That year he also announced he was working on a pocket-sized computer to replace another of his inventions, the suitcase-sized one.

After founding Dynatrend, a computer consulting company in 1967, Dr. Mauchly returned in 1973 to the Sperry-Univac Corp., where he remained as a consultant.

John Mauchly possessed the impudent curiosity to question the established ways of thought and view a problem or concept from a fundamental, unbiased perspective. His adventurous quest for answers allowed him to break the constraints of traditional thought and advance technology in fresh, innovative directions. He combined this zest for knowledge with a synergism which melded individuals into uniquely effective technical teams.

He was not only a brilliant thinker, inventor, and businessman, but a dedicated teacher and father. His remarkable talents will be sorely missed.●

## FOOD STAMP PROGRAM

### HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. WEISS. Mr. Speaker, recently there has been much discussion about reducing Federal spending by eliminating so-called duplication in the food stamp program. This would be accomplished by adjusting the food stamp benefits for families with children who receive free school lunches. Legislation to this effect has already been introduced in the House and Senate, and had been erroneously endorsed by the New York Times. Yesterday, March 26, the Times retracted their support of their bills, and printed a letter by Bob Bergland, the Secretary of Agriculture, which explains the callous and faulty reasoning behind this legislation. I would like to add my opposition to this kind of budget savings. Balancing the Federal budget must not be accomplished at the expense of the well-being of children. The following is the letter from Mr. Bergland and the editorial comment in the Times topic section:

#### FOOD STAMPS AND SCHOOL LUNCHES ARE NOT A DOUBLE SUBSIDY

WASHINGTON, D.C.,
*March 21, 1980.*

To the EDITOR:

Your March 21 editorial "Squeeze the Budget, Not the Poor" outlined important considerations for all of us on how a "fair and concerned society" should protect the poor from "budget savagery." Unfortunately, you appear to be advancing a proposal that would have seriously damaging effects on some of the poorest and most vulnerable members of society.

I refer to the mistaken notion that food stamp recipients whose children also get free school lunches are receiving a double subsidy and that elimination of this "duplication" would save $1 billion next year.

First, food stamp and school lunch benefits are not duplicate benefits. Food stamp benefits are based on the lowest-cost diet plan this department has ever devised. Studies have consistently found that few families spending at this level get a nutritionally adequate diet. Our National Food Consumption Survey found that only 10 percent of families spending on the level of this plan received all of the recommended daily allowances of nutrients.

Over the years, Congress has provided for three low-income groups to be eligible for food to supplement food stamp benefits and protect their health: children, the elderly and pregnant women and infants at nutritional risk. Major nutrition surveys have consistently found poor children to be an especially vulnerable group. School lunches supplement, rather than duplicate, the food stamp program for these children.

The proposal you seem to be advancing has recently been offered as a way to cut the Federal budget. That proposal would penalize all low-income families with children, no matter how poor they are.

It envisages a cut in food stamp benefits for all children enrolled in a school with a lunch program, regardless of whether the children actually receive the lunch. If a child is sick at home and does not get a school lunch—or brings a lunch from home, or goes home at lunch time to eat with his or her family—the child's food stamp benefits would still be cut.

The penalty imposed on low-income children would be extremely severe. To save $1.2 billion, a Congressional Budget Office figure which grossly overstates the savings from this provision, would require reducing a child's daily food stamp benefits by an amount far in excess of what the food stamp program actually provides for a meal. Food stamp benefits would have to be cut 96 cents for each school lunch for which a poor child is eligible. Yet the average food stamp benefit is only 36 cents for each meal.

To get the $1.2 billion figure, the Congressional Budget Office assumed that food stamp benefits would be reduced by the amount of the Federal reimbursement provided for each free school lunch. This ignores the fact that nearly half of the reimbursement goes for labor, administrative and overhead costs at schools, not for food.

The proposal also raises serious administrative problems and would be extremely complicated to administer. States in all parts of the country are convinced it would increase food stamp error rates while driving up administrative costs.

Both the Senate Agriculture Committee and the House Budget Committee have rejected this proposal, and the Department of Agriculture opposes it. The tone of your editorial indicates that, with full knowledge of the likely results, you also would oppose a damaging budget cut of this type.

The Carter Administration plans to recommend ways to reduce food stamp spending in the year ahead, but this harsh proposal will not be among them.

BOB BERGLAND,
*Secretary of Agriculture.*

#### A POOR WAY TO SLICE FOOD

As a letter today from the Secretary of Agriculture rightly points out, the $1-billion cut in food stamps that we recently proposed among many possible budget savings is less attractive than it first appeared. Although food stamp benefits do overlap with school lunch subsidies for millions of poor children, the programs together seem to fill critical nutritional needs of the young. Ending the duplication in one swoop would be an unfortunate way to balance the Federal budget; it could jeopardize the health of those who rely most on food stamps.

Still, as we observed, if the Federal budget is to be cut fairly and expeditiously, even the poor cannot remain immune. Last week, the House Budget Committee dealt neatly with the problem. It decided to continue the double subsidy, but it proposed saving about $450 million on food stamps by tightening eligibility standards and adjusting benefit levels for inflation once, rather than twice, each year. The committee was wise to use a knife instead of a cleaver. The Senate should take note.●

## JERRY ERNST AND REED CITY COYOTES CAPTURE MICHIGAN BASKETBALL CROWN

### HON. DONALD JOSEPH ALBOSTA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. ALBOSTA. Mr. Speaker, the more than 2,000 residents of Reed City, Mich., are celebrating this week. They are celebrating because a group of fine high school athletes and their coach, Jerry Ernst, have won Michigan's State class C basketball title.

Last week, an undefeated Reed City High School basketball team traveled to the University of Michigan at Ann Arbor to compete in the finals of the State tournament. After Saturday night's final game, these dedicated young men returned home, still undefeated, as champions.

The road to the championship game was difficult. Reed City met its toughest challenger in the semifinals. Reed City's Coyotes tied the Ecorse team with only 3 seconds remaining in the game. As time ran out, Chuck Holmquist of Reed City was fouled. He converted a free throw and Reed City outlasted Ecorse 56–55.

In the championship game, the Coyotes opened up a big lead over South Christian High School's Sailors and breezed to a 71–58 victory. That game capped a perfect 28–0 season for coach Jerry Ernst and his Coyotes. In recognition of Coach Ernst's accomplishments, the Michigan coaches association has named him State class C coach of the year for the second season in a row.

The Coyotes and Coach Ernst have worked hard this year. All their practice and play earned them a berth in the championships. Their dedicated efforts have paid off. It is with great pleasure and pride that I congratulate Jerry Ernst and his team and submit this tribute to them.●

## NEW YORK STATE ASSEMBLY SUPPORTS CONTINUATION OF GUARANTEED STUDENT LOAN PROGRAM

### HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. BIAGGI. Mr. Speaker, I wish to bring to the attention of my colleagues a resolution which was recently passed by the New York State Assembly supporting our Federal guaranteed student loan program under the Higher Education Act of 1965.

As an original cosponsor of H.R. 5192, legislation overwhelmingly approved by this House last November by a vote of 385 to 15, I am pleased to see that my New York colleagues have joined us in reaffirming our support for this program which was a part of this bill.

The guaranteed student loan program has provided students the opportunity to pursue postsecondary educational studies and has been the cornerstone of our student financial aid policy for middle income students. In 1978, this body passed the Middle Income Student Assistance Act which assured all students the right to financial assistance, regardless of family income, thanks to the guaranteed student loan program. In H.R. 5192, we extended this program for another 5 years, based both on its success and our desire to reaffirm our commitment to providing college aid to the hard-pressed middle income student.

Much has been said in recent weeks in criticism of this loan program. While it is true that the costs have increased considerably, the fact is that the demand for these loans has increased as well. While the rising expenditures in some part are due to the larger demand for guaranteed loans, the outlays for loan subsidies for this program are a result of the skyrocketing inflation we are faced with in this country today. The program does not need to be cut back or contained, rather, we should be looking to attack the spiraling inflation which has played havoc with this loan program.

I share the enthusiasm of my New York Assembly colleagues for the guaranteed student loan program which has allowed our students increased access to postsecondary education, particularly the nontraditional, adult student, who rely heavily on this program to finance tuition costs. It is a program which has proven itself worthy of our continued support, for ultimately, providing a balanced and coordinated package of Federal student aid programs, should remain our primary commitment to all our students.

The New York State Assembly resolution follows:

LEGISLATIVE RESOLUTION

Legislative resolution memorializing the Congress of the United States to enact legislation continuing the existence and authorization of the federal guaranteed student loan program in its current statutory form.

*Background*

The federal guaranteed student loan program (20 U.S.C. § 1071 et seq) is the single largest source of financial aid available to New York State students enrolled in institutions of higher education.

During 1979 this program provided over $600,000,000 in assistance to over 300,000 students in New York State. Since the inception of the New York guarantee agency program, it has provided over 2 million loans in amounts exceeding $2.75 billion.

In recent years the Congress has expanded and refined the guaranteed student loan program to provide students broader access to private loan capital which is guaranteed and administered by strengthened state guarantee agencies. This has been achieved through the Education Amendments of 1976, the Middle Income Student Assistance Act of 1978 and the Higher Education Technical Amendments of 1979.

As a result of these Congressional actions, the guaranteed student loan program is now a well established source of assistance in most areas of the nation and a growing source in those areas previously underserved.

Alternative programs before the Congress will restrict students' access to loans, thereby restricting their access to higher education opportunities. This will have an especially severe impact on New York State's students who have come to rely on this form of financial assistance in meeting the ever rising costs of higher education.

*Resolution*

The Congress of the United States is hereby respectfully memorialized by these Legislative Bodies to enact legislation renewing and extending the authorization of the guaranteed student loan program. It is also hereby memorialized to enact the amendments to the existing loan program contained in H.R. 5192, as approved by the House of Representatives, or contained in S. 1870, as introduced in the Senate.

Copies of this Resolution, suitably engrossed, shall be transmitted to the chairs of the Labor and Human Resources Committee and the Education, Arts and Humanities Subcommittee of the Senate of the United States, to the chairs of the Education and Labor Committee and the Postsecondary Education Subcommittee of the House of Representatives, and to each Member of the Congress of the United States from the State of New York.●

## MR. PRESIDENT, SPEAK OUT FOR ISRAEL

### HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. LENT. Mr. Speaker, throughout my career in the U.S. House of Representatives, I have held the strong conviction that American interests in the critical Middle East are best served by American support for a strong and secure Israel. That conviction has been based on the historical fact that for the three decades of its life as an independent nation, Israel has demonstrated at every available opportunity that it is a staunch, dependable ally of the United States. Israel's strength and reliability have played a major role in protecting America's vital interests in what is perhaps the most volatile area of the world.

It is with this important fact in mind, Mr. Speaker, that I rise to express the gravest concern over the still-deepening crisis in United States-Israeli relations; a crisis which began with the infamous U.S. vote in support of the U.N. Security Council resolution condemning Israel. We all know that 48 hours after the vote, President Carter belatedly disavowed it, saying he disagreed with part of the resolution. Thus began great confusion as to what the Carter policy toward Israel really was.

At the time of the Carter blunder, I called upon the President to clarify his policy, and to reaffirm—in the strongest terms—U.S. support for Israel. Such clarification and support for Israel was needed to put to rest a growing feeling—in this country and throughout the world—that a major shift in U.S. policy toward Israel was underway.

That was nearly a month ago, Mr. Speaker. Sadly, the confusion and controversy have grown, not lessened in that time. In fact, right now, we have the two highest officials of the Carter administration on record with directly contradictory statements on U.S. policy toward Israel.

Secretary of State Cyrus Vance, in recent testimony before the House Foreign Affairs Committee, stated that the controversial U.N. anti-Israel resolution reflected U.S. policy. This directly contradicted an earlier news conference statement by President Carter that the resolution was "in violation of my policy."

Who really speaks for the foreign policy of the United States, the President or his Secretary of State? We do not know.

What is the foreign policy of the United States regarding the U.N. resolution? We do not know.

Incredibly, the conflict in these two statements by the highest officials of the Carter administration still is not resolved.

Mr. Speaker, this is unconscionable. It is shameful abuse of one of the best friends the United States has in the entire world. The unresolved controversy disheartens our allies, and encourages our foes. The President must not let this dangerous situation continue. He must make clear to Israel—and to the world—that the United States cannot endorse a U.N. resolution which, from beginning to end, is nothing but a one-side attack on our staunch ally, Israel.

Mr. Carter must speak out in clear and unmistakable terms, before it is too late.●

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## APRIL 15—TAX INCREASE DAY

### HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. GINGRICH. Mr. Speaker, as we discuss the Federal budget during the next 2 months, I think the most important question we will face is: How do we balance that budget?

Do we balance it by increasing taxes? Or do we balance it by cutting Government waste and creating a healthy economy? The first method puts the burden on the victims of inflation—working Americans. The second method says that every family's budget should be as important as the Federal budget. We should ask, after we have guaranteed the security of our Nation and preserved the social fabric, "Is this dollar of spending justified when it is weighed against the added inflation it will cause, the tax cuts it prevents, and the pain it causes American families?"

April 15 is the day most Americans really notice their taxes have gone up without any improvement in the living standards. John Crown, a distinguished writer for the Atlanta Journal, wrote an excellent article about this. I include it here:

[From the Atlanta Journal, Mar. 25, 1980]

### Tax Increase Day

(By John Crown)

Over the years April 15 has come to signify one thing and one alone to the average American. It is the deadline for paying what is due to Uncle Sam's Internal Revenue Service.

And every year what is due is a higher sum than was the case in the preceding year.

It is fitting and appropriate, therefore, that this coming April 15 be officially designated Democrat Tax Increase Observance Day. It is not a day to celebrate anything. Only the Democrats' IRS has something to celebrate on that day. But it is a day to duly observe and remember that it is the Democratic-controlled Congress which is responsible for the escalating tax bill you pay.

It should come as no surprise that the general sponsor of Democrat Tax Increase Observance Day is none other than the national Republican Party in general, and 67 Republican representatives and senators together with Republican challengers to Democratic incumbents in particular.

After all, the Democrats are not interested in drawing public attention to the fact that they—the Democrats—bear sole responsibility for the outrageous tax burden which weighs so heavily on the average American's shoulders. The Democrats would rather that you not think about where the responsibility lies.

The purpose of Democrat Tax Increase Observance Day as set forth by the GOP is this:

"To emphasize the fact to the American people that since 1955 the Democratic-controlled Congress has been responsible for the high tax burden that taxpayers must now bear; that the house Democratic leadership refuses to permit an immediate vote on tax cut legislation; that it is time for a change by electing a Republican Congress."

It should be noted by those Americans who continue to pay taxes that last year the Democrats—who control both Congress and the White House—increased taxes on the American people by $53 billion. In a cosmetic election year maneuver, Jimmy Carter would have the American public believe that he is going to finally balance the budget. What he hopes the American public will not notice is his proposal to increase taxes by $87 billion in order to balance the budget—or at least to balance it until after the general election in November.

That means that in a two-year period the Democrats will have increased taxes by $134 billion—which averages out to a tax increase of more than $1,700 for the average American family.

House Republican Leader John J. Rhodes of Arizona put the issue in proper perspective:

"Just since Jimmy Carter entered office, the annual federal tax take has risen from just over $400 billion in 1977 to more than $525 billion this year—because the Democrats who control Congress have refused to cut taxes and have refused to contain inflation by cutting deficit spending. Now, thanks to Jimmy Carter's new gasoline tax, the American people will be presented with an additional tax bill of $90 billion due April 15, 1981. That is not how the American people want the budget balanced.

"April 15 is the day of the year when the American people are really thinking about what they pay in taxes to support the federal government. If the American people really want to cut inflation, and cut down their federal tax bill, they must elect a Republican Congress."

And so it is singularly appropriate that April 15 be designated Democrat Tax Increase Observance Day. It is the day you pay the price—exorbitant as it is—for a Democratic controlled Congress.

Sen. Bill Roth of Delaware, an author of the celebrated Kemp-Roth Bill, said it like it needs to be said:

"This country is in the biggest economic crisis since the 1930s. Make no mistake—inflation is out of control and Americans are drowning in runaway taxes.

"For 25 years this Democratic Congress spent and taxed like there was no tomorrow. Well, I'm here to tell you—tomorrow is here.

"And now that all of their past economic sins are catching up to them, who are they asking to take the tough medicine? The very same people who have been bleeding and suffering with higher and higher tax bills—our hard-working American families. . . ."

And so it is consistent and apt that April 15, the day when the tax bills come due, be recognized as Democrat Tax Increase Observance Day.

It is the day that belongs to the Democratic controlled Congress. And it will continue to be drearily more of the same each year that the Democrats continue to control Congress.

For 25 years the Democrats who control Congress have increased your taxes and have spent money that doesn't exist which creates inflation and diminishes the value of your dollar.

Reflect on that when you pay your new taxes on April 15, the day known as Democrat Tax Increase Observance Day.●

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## NORTHERN IRELAND DESERVES OUR ATTENTION

### HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. PEYSER. Mr. Speaker, the situation in Northern Ireland is one that disturbs every sensitive American. People are fighting and dying every day in what seems to be an unresolvable dispute between two groups of people, each of whom are doing what they think is best for their land.

It was in this light that I read the recently prepared State Department report on human rights which discusses the situation in Northern Ireland. It is not my intention to assess who are the guilty parties in Northern Ireland—who has caused the suffering and who has been responsible for the abridgement of human rights in that riot-torn area. But at the same time, it is noteworthy that human rights are being abridged in Northern Ireland, and that these violations have been documented in countless publications. The situation in Northern Ireland resembles a war scene more than anything else. It is not a pleasant place to live and raise families.

The land of Northern Ireland is replete with inequities. Catholic unemployment, for example, is 2.5 times the rate for Protestants. And this problem is compounded by the fact that American firms locating in the area rarely if ever locate in areas that will help alleviate the Catholic unemployment problem. Taxicabs in Northern Ireland cannot travel into Catholic zones unless they are marked with an identifying sticker. Body searches are commonplace—but most of the victims are Catholics.

The situation in Northern Ireland is not going to get better overnight. But I feel that the Department of State and our Nation in general must look at the situation there as it really is. And through whatever resources are available to us, we must strive to make it better for all people.●

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## RUSSIA'S MINERAL POLICY—GOLD IS BUT A PART

### HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. SANTINI. Mr. Speaker, for several weeks I have attempted to bring to the attention of my colleagues in the House the aggressive, careful, well-thought-out, purposeful manner in which the Soviet Union has approached the matter of strategic and critical minerals. While America languishes in the midst of administrative strife and turmoil regarding a strategic and critical minerals policy, the Soviet Union moves forward, always with one objective in mind, the enhancement of the Soviet Union at the expense of the free world. The Soviet Union treats the matter of minerals far different from the United States; that is, the Soviet Union uses minerals as a tool of their foreign policy. In the wake of Afghanistan I need not remind my colleagues of that policy.

During the Mines and Mining Subcommittee tour of southern Africa I noted the commentary of the Evening Standard regarding the Soviet's approach regarding gold. In the words of the article "The Soviet Union is expert in marketing and sales from the East are never allowed to depress the gold price." Again, "Moscow is coy on gold sales." Mr. Speaker, I place in the RECORD an article from the London Evening Standard of January 4, 1980, entitled "Russia Sits Back and Hoards." I recommend it to my colleagues both for what it says regarding gold as well as what it says regarding the Russian attitude regarding minerals in general.

#### RUSSIA SITS BACK AND HOARDS

Russia, the world's second-largest producer of gold, is beating the capitalists at the bullion market. Experts in London reckon the USSR cut gold sales by almost half in 1979. That would mean only 250 tons of Soviet gold sold, against 410 tons the year before. It already looks a clever move.

Moscow is coy on gold sales, but bullion men get a fair idea of Russian sales by what comes on offer in Switzerland where the world's biggest producer, South Africa, also markets much of its output. The Soviet Union is expert in marketing and sales from the East are never allowed to depress the gold price. Some London bullion people think the Russians may have run into some problems with production—hence the heavy fall in sales last year.●

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## CONGRESSMAN TONY P. HALL SPEAKS ON THE ECONOMY

### HON. TONY P. HALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. HALL of Ohio. Mr. Speaker, the rate of inflation is now over 18 percent, and the prime rate has been raised to 19 percent by some banks. High interest rates have caused housing construction to drop to its lowest level in more than 3 years. Further, according to statistics compiled by the housing industry, only 5 percent of the families in America today can afford a median-priced home. Twenty years ago, that figure was nearly 50 percent.

To help lower soaring inflation and interest rates, Congress must take action to reduce Federal spending. While excessive Federal spending is not the sole cause of inflation, it certainly is a principal cause of inflation. We simply must end deficit Federal spending.

Earlier this year, I cosponsored H.R. 6021, a bill which would limit annual Federal spending, including tax expenditures, to a percentage of the gross national product and which would place a ceiling on Federal loan and loan guarantee programs. I also have cosponsored two sunset bills, H.R. 2 and H.R. 5858, to provide for congressional review and oversight of Federal spending, regulatory, and tax programs. Unnecessary programs would be terminated under these measures.

I believe that the best way to reduce Federal spending is to set a limit on Federal spending each year, and then proceed to examine carefully which programs no longer should be continued, and which should be cut back. In my opinion, the interaction of the spending limitation legislation and sunset legislation which I have cosponsored would establish the necessary workable mechanisms to achieve the objective of eliminating unnecessary Federal expenditures.

Another reform bill I have cosponsored is H.R. 4717, which would restrict Federal agencies from obligating more than 20 percent of their annual funds during the final 2 months of the fiscal year. Government Accounting Office investigations document the fact that funds are being wasted on unnecessary projects and purchases during the last 2 months of the fiscal year. Federal agencies operate under a use it or lose it policy which reflects a fear that their budget will be cut the following year unless all funds are expended. In fiscal year 1979, seven major Federal agencies spent more than 20 percent of their single year appropriations in the last 2 months of that fiscal year. The Department of Housing and Urban Development alone spent nearly half of its $34 billion annual budget in that time period. The Federal Government could have saved $13.2 billion last year if these seven agencies had not indulged in a yearend spending spree.

In addition to cosponsoring these bills to reform the way Congress handles Federal spending, I also have voted against specific measures that I considered to be highly inflationary. For example, I voted against the $4.2-billion water projects bill. This legislation, nicknamed the pork barrel bill, will fund water projects across the country which are costly, unnecessary, and environmentally unsound. I was one of only 127 Representatives to oppose this bill. I also voted against the sugar stabilization bill, the meat import bill, and the milk price support bill. All of these bills involved Federal policies which will cause food prices to go up sharply.

Last year, I voted for an amendment to the budget resolution to reduce the deficit by $2.7 billion by cutting unobligated balances in the budget by 15-percent across-the-board. The objective of this amendment was to get the Federal Government to spend the money it already has before it requests new funding from Congress. I also supported an amendment to the budget resolution to reduce Federal spending by $1.4 billion through belt-tightening and management improvements with respect to Federal spending on travel, filmmaking, consultant services, printing, and supplies.

After originally submitting to Congress a budget with a deficit of $16 billion for fiscal year 1981, the administration decided to send a revised budget which would provide for a balanced budget with between $13 billion and $14 billion in unspecified spending cuts. However, on March 21, the House Budget Committee approved a budget resolution that contains spending reductions of $16.5 billion. This resolution would provide for a balanced budget in fiscal 1981, and actually would yield a small surplus.

The budget recommended by the House Budget Committee faces an uncertain future in the full House of Representatives. While I do not support all of the specific reductions made by the Budget Committee, I do support the overall resolution and the effort of the committee to achieve a balanced budget this year. When the resolution comes to the House floor, I intend to work with my colleagues to fashion a balanced budget.

If the budget can be balanced, I would favor a tax cut to promote productivity and investment. I have cosponsored H.R. 4646, the Capital Cost Recovery Act, which is known as the "10-5-3" accelerated depreciation bill. In my opinion, any tax cut should include productivity incentives of this kind. In addition, a tax cut also should be directed to defraying next year's scheduled increase in social security payroll taxes.

I also have been a supporter of legislation to provide tax exemptions for savings. The Crude Oil Windfall Profit Tax Act, which recently received final House approval, contains a provision to exempt from taxation the first $200 ($400 for joint returns) in interest or dividend income from savings or stocks. Hopefully, this measure will help to encourage savings in the midst of the inflation we are experiencing.

These are some of the actions I have taken and will be taking to try to cut Federal spending and reduce inflation. There are some tough decisions the Congress is going to have to make in order to bring inflation under control. The effort is not going to be easy, but it has to be made. We just can't afford to let the current economic chaos and uncertainty continue.●

## INTRODUCTION OF ADMINISTRATION'S BILL TO REAUTHORIZE COASTAL ZONE MANAGEMENT

### HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. MURPHY of New York. Mr. Speaker, today I have introduced a bill to reauthorize and make certain modifications to the Coastal Zone Management Act of 1972. I am introducing this legislation at the request of the administration but will be cosponsoring another coastal management reauthorization bill with other members of the Merchant Marine and Fisheries Committee.

The administration's legislation is in accordance with the President's recent designation of 1980 as the "Year of the Coast." The bill calls for reauthorization of the Coastal Zone Management Act to maintain Federal support to State coastal management programs. The bill declares the need for such reauthorization to insure that recently developed State and local coastal management efforts become fully established and accepted functions of government.

Additionally, the administration's proposed legislation recommends enactment of amendments to the CZMA to incorporate clearly significant coastal needs which require full consideration during the implementation of coastal management programs. It is the intent of this bill that the management of coastal programs be strengthened and directed toward critically important coastal goals.

Although there is much to commend this legislation, there are other provisions which, in my judgment, require further modification. Clearly, those Members of the Congress who represent coastal States and have observed the progress made under coastal management, support reauthorization of the basic statute. The administration's bill that I introduced today provides for such reauthorization and is an important vehicle for consideration in the Merchant Marine and Fisheries Committee when we reach the markup stage.

As noted, other bills will also be introduced for such consideration and the legislation that we will bring to the floor for approval by the entire House will reflect the most reasonable elements of these various legislative proposals.●

## A SHORTAGE OF SKILLS IS HURTING THE ARMED FORCES AS HIGHER CIVILIAN PAY LURES AWAY PERSONNEL

### HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. NICHOLS. Mr. Speaker, underestimating our national defense needs would have serious consequences in times of national emergencies. I am pleased that this Congress and the administration are recognizing that providing modern and technically superior weapons will greatly enhance our defense posture. Without the proper managers within our Armed Forces, however, such weapon systems cannot be utilized to their fullest capabilities.

Our armed services are presently experiencing critical shortages in many highly skilled areas. If these shortages continue, the implications on our defense posture will be just as serious as deficiencies in hardware items.

The Subcommittee on Military Compensation of the House Armed Services Committee has considered several proposals which will enhance our ability to recruit and retain these skilled technicians and managers. Other pieces of legislation is pending in the subcommittee at the present time.

In the very near future, members of this body will have an opportunity to support legislation which will ameliorate many of the manpower problems facing our military services. To provide a better understanding of the seriousness of this situation, I am submitting to the RECORD of the House a recent article from the Wall Street Journal which effectively outlines some of the forces which have contributed in creating shortages in the ranks of our enlisted personnel and junior officer corp. I urge all my colleagues to read this interesting and informative article:

[From the Wall Street Journal, Mar. 25, 1980]

### A SHORTAGE OF SKILLS IS HURTING THE ARMED FORCES AS HIGHER CIVILIAN PAY LURES AWAY PERSONNEL

(By Kenneth H. Bacon)

WASHINGTON.—While military leaders are trying to bolster America's ability to wage distant wars, they're losing a crucial battle at home.

The armed forces can't keep enough highly trained enlisted personnel and junior officers to operate and maintain the equipment they already have, let alone the new weapons they hope to buy. Military technicians and middle managers are turning in their uniforms for higher-paying and less arduous civilian jobs. So many are quitting after six to 12 years of service that military readiness is suffering.

The Navy, for example, rates nearly 40 percent of its ships deployed in European waters as "marginally combat-ready" or "not combat-ready" because their crews lack the required numbers of noncommissioned officers to operate radar, boilers and electronic gear. Overall, 96 ships, nearly 25 percent of the Navy's total fleet, fall into these categories of doubtful readiness or plain unreadiness. The Navy's shortage: 20,000 senior enlisted men.

A number of Army platoons in outfits on active duty exist only on paper: They lack the soldiers to fill the ranks or the sergeants to lead them—or both. The Army's shortage: 46,000 noncommissioned officers.

#### WHY PLANES DON'T FLY

The Air Force is facing "very serious problems" caused by shortages of skilled maintenance technicians and engineers, reports Air Force Secretary Hans Mark. "Airplanes don't fly because we don't have maintenance people," he says. The Air Force also is suffering from an exodus of experienced pilots. Last year nearly 3,000 of its pilots shed their uniforms, 1,000 more than expected. So serious is the shortage that the Air Force is doubling the number of new pilots it trains to 2,000 a year.

"We have some fairly serious personnel problems," Gen. David Jones, chairman of the Joint Chiefs of Staff, admits. "Our professional people are leaving the services, and when you lose someone with eight or 10 years of experience, you can't replace him easily."

Congress is so alarmed by the departures that it's working on a quick increase in reenlistment bonuses and allowances designed to slow the exodus. The Senate recently voted a military-retention package that would cost $3.2 billion over the next five years, and the House is expected to adopt a similar plan. But military leaders contend that this a small fraction of what's needed to cure the problems of retention and readiness.

These leaders add that President Carter's plan to resume draft registration won't do anything to keep discontented military personnel in uniform. "Our biggest problem is the retention of people who have been in six, eight, 10 years," says Defense Secretary Harold Brown. "The draft won't help that."

But military chiefs do believe that draft registration, by raising the possibility of inductions in the future, would ease recruiting problems. "We expect some more enlistments, especially in the reserve forces," because of registration, says Secretary Brown. At last count, the total strength of reserve and National Guard forces fell roughly 133,000 short of the 940,000 level considered necessary for war mobilization.

Secretary Brown doesn't rule out a return to draft induction if circumstances warrant. But a serious move toward conscription seems unlikely now, particularly after recent campus demonstrations and last weekend's Washington rally of about 25,000 protesters opposing the President's call for draft registration.

To keep the people now in uniform, generals and admirals want more money—billions of dollars more—for military pay and benefits. "People think military benefits are high. But if they're so high, why are so many people leaving the services?" Gen. Jones asks.

Pentagon officials give a terse answer: Military pay has failed to keep pace with inflation. Since the abolition of the draft in 1973, consumer prices have risen 76.5 percent, while military compensation—the sum of basic pay plus housing and food allowances for military personnel who live off base—has risen only 50.6 percent. This decline in purchasing power has made it difficult for the armed forces to compete with civilian employers.

### PENSIONS DON'T HELP NOW

It's true the pay-price comparison doesn't take into account the privilege of buying at bargain prices in military commissaries and post exchanges. Most important, the comparison doesn't reflect the generous pension system that allows military people to retire at half-pay after 20 years of active duty. But Pentagon officials point out that future pensions don't help soldiers deal with today's living costs.

"The all-volunteer force is in trouble, and the reason is that Congress hasn't kept the promises it made at the time the volunteer force war created," complains Sen. William Armstrong, a Colorado Republican who favors higher military pay. "Congress pledged to keep pay and benefits for the military comparable to those in the private sector, but Congress has reneged on that pledge."

But now, confronted with losses of essential military specialists, Congress may feel compelled to try to make good on this promise. To do so, it will have to overcome significant pay deficiencies for military pilots and other highly trained people.

A military-civilian pay disparity begins when anyone enters the service. Starting pay for an enlisted person is $448.80 a month, not counting housing and food allowances for personnel living off base. Assuming a 40-hour week, which is far less than recruits actually work, this means an hourly rate of $2.81, less than the federal minimum wage of $3.10.

### PAY IS HIGHER OUTSIDE

The disparity widens as people acquire certain skills. For example, a Navy boiler technician, a noncommissioned officer who keeps a ship's engines running, earns base pay of $12,516 a year after eight years in uniform. Civilian counterparts with similar experience earn an average of $22,680.

As a result, only 39 percent of the boiler technicians completing their second term now reenlist for third, although the Navy strives for a retention rate of 60 percent. Because of the gap, ships are going to sea with two-thirds the number of boiler technicians they're supposed to have. Frequently technicians have to work 72-hour weeks in hot noisy boiler rooms without overtime pay. "Overworked, undersupervised crews represent poor retention prospects, and this brings us back to the start of the cycle," says Adm. Thomas Hayward, chief of naval operations.

The Navy as well as the Air Force is finding it difficult to retain pilots in the face of lucrative pay prospects from commercial airlines. The retention rate for Navy pilots, trained at a cost of $600,000 each, has fallen from 62 percent after the minimum five-year first tour in 1977 to a projected 28 percent this year.

That's not all. Gen. Alton Slay, commander of the Air Force Systems Command, says he has 1,000 fewer engineers than the 6,139 he needs to help develop and purchase weapons. Civilian engineers earn about $10,000 more than Air Force lieutenants and captains who do comparable work.

Such gaps would be partially closed by the bill recently passed by the Senate. It would increase by 25 percent to a maximum of $306 a month, the flight pay that military aviators receive on top of their base pay; it would more than double, to a maximum of $115 a month, the sea-duty pay that enlisted sailors can receive on top of their salaries; it would increase housing allowances for military people living in high-cost areas such as San Diego and Washington, and it would raise the allowances that uniformed personnel receive when they move. (The Pentagon estimates that military people currently pay $1 billion a year out of their own pockets for moving expenses not covered by the government.)

In addition, the bill would expand the number of military people with critical skills who can receive reenlistment bonuses. The Navy currently pays bonuses of $20,000 to officers trained to run nuclear-powered submarines who sign up for a second four-year tour; even so, the retention rate is only 38 percent. The Army pays reenlistment bonuses of $3,000 to enlisted infantry soldiers, tank crewmen and intelligence-equipment operators who understand Russian.

Altogether, these incentives should allow the services to retain 12,000 people they would otherwise lose this year, a Pentagon official calculates. But the military says that added monetary attractions are needed.

On the basis of a Pentagon study completed late last year, the military is campaigning for an across-the-board pay increase of 19.6 percent over the next three years—on top of the 21 percent rise that military personnel are already likely to get during that period. This proposal, which lacks Carter administration backing, would eventually cost $6.6 billion a year. Unlike the Senate plan to raise bonuses and allowances, an increase in base pay would also increase the basis on which military pensions are calculated.●

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## WELCOME NEW AMERICAN CITIZENS

### HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. LONG of Maryland. Mr. Speaker, it is with particular pleasure that I congratulate 39 residents of Maryland's Second Congressional District who have chosen to become American citizens, accepting all of the responsibilities that freedom and citizenship entail. I hope that my colleagues will join me in welcoming these new Americans and extending to them our wishes for a happy and prosperous life in the land we love.

They are: Manuel W. Penna, Igenz A. Penna, Radha N. Pathak, Cecilia P. Guzman, Sung C. Cho, Savitriben K. Patel, William Campell, Reynaldo O. Guzman, Zvi Picovski, Yong K. Song, Darron Miricanyan, Yun Wang, Sung Lee, Yung Lee, Eui Lee, Aroon Suansilppongse, William Chan, Jean Everhart, Yon Kwon, Naomi Clarke, Hossein Golpira, Aye Oung, Gabriel Porres, Maria Seeman, Sui Tsk, Carlos Ruiz, Angel Ruiz, Brunilda Ruiz, Kyung Yoo, Se Yoo, Andrew Whelton, Mehm Thaung, Khin Win, Flordeliz Paloma, Sueko I. Tsutsui, Richard and Karen Pfunder in behalf of Craig Pfunder and Paige Pfunder, Mildred Walger and Harry Walger, Jr., on behalf of Kristyn Walger.●

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## RUSSIA'S MASTERMIND FOR SOUTHERN AFRICA STRATEGY

### HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. SYMMS. Mr. Speaker, I wish to submit to the Congressional Record an article by Sol W. Sanders which appeared in the international outlook section of Business Week magazine on March 17, 1980. This article discusses the skillful policy which the Soviet Union has followed in southern Africa in order to gain influence in the mineral-rich nations of Zambia, Zaire, and Zimbabwe-Rhodesia. The mastermind of this Soviet policy is the Soviet Ambassador to Zambia, Vasilii Grigorevich Solodovnikov, who is most likely a high-ranking KGB member. The Soviets can be quite proud of Solodovnikov, in that he has accomplished a great deal for them in a short space of time. The West has witnessed a major shift in southern Africa in favor of the Soviet Union, and the nations where the Soviets have gained the strongest foothold contain mineral reserves absolutely vital to the U.S. economy. I urge my colleagues to read this article and carefully consider the implications of these Soviet gains in southern Africa on the United States. I fear that our military forces and our economy will shortly feel the effects.

[From Business Week, Mar. 17, 1980]

### Russia's Mastermind for Southern Africa Strategy

(By Sol W. Sanders)

The Soviet Ambassador to Zambia, Vasilii Grigorevich Solodovnikov, is having his 62nd birthday in Lusaka in early March—and he has plenty to celebrate. The recently negotiated deal for Soviet arms for Zambia (BW—Mar. 10), plus the strong possibility that the guerrilla leaders whom the Soviets have supported will hold on to power in neighboring Zimbabwe-Rhodesia, are arguments that the Ukrainian scholar's strategy for Soviet domination of southern Africa is winning.

Since his arrival in Lusaka in 1976, Solodovnikov, who is probably a high-ranking member of the KGB, the Soviet secret police, has proved himself as effective an operator as a theoretician. One example of his diplomatic skill is the involvement of radical Iraq (below) in the arms deal he has negotiated with Zambian President Kenneth Kaunda, once a staunch anti-Communist. Iraqi pilots and ground crews are already arriving in Lusaka to begin training Zambians for a small fleet of MiG 21s, which Kaunda is paying for with cobalt.

Few readers. Solodovnikov, an economist by profession and former director of the prestigious Africa Institute of the U.S.S.R. Academy of Sciences, was the Russian official most instrumental in turning Moscow's Africa policy around in the late 1960s. More practical than his ideological predecessor at the institute, Ivan Potekhin, Solodovnikov has argued that Africans' traditional values are breaking down, thus allowing their mobilization in the cause of communism. And in a 1970 book, which got rave reviews in official Moscow organs, he argued for a more aggressive policy of exploiting Western weakness in Africa. His Political Parties of

Africa is considered "a primer for subversion".

During Soviet President Nikolai Podgorny's visit to Zambia in March, 1977, Solodovnikov was able to arrange a meeting between key Russians and leaders of the southern African revolutionary movements. The Russians included the general responsible for delivery of weapons to guerrilla groups. The guerrillas themselves included Joshua Nkomo and Robert Mugabe, working separately at that time to destroy the former white-dominated government in Salisbury. They also included Sam Nujona, the leader of the Southwest Africa People's Organizations, which is still waging war against Pretoria for control of that territory, plus a representative of South Africa's own banned Africa National Congress.

Low Profile. It was Solodovnikov's intervention that helped to patch together a temporary alliance between the two anti-Salisbury guerrilla armies—and Mugabe will now apparently control the new government of Zimbabwe-Rhodesia.

Solodovnikov maintains a low profile in Lusaka with a Russian mission that, considering it runs Soviet policy throughout all of southern Africa, is relatively small. But it has been extremely successful. He can also take credit for elbowing out the Chinese Communist influence that was once prominent in Lusaka, and for reducing it in other newly independent African regimes and guerrilla organizations.●

## THE CASE OF YAKOV KARMANITSKY

### HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. BLANCHARD. Mr. Speaker, this year I am once again pleased to participate in the congressional vigil to highlight our concern over the plight of the oppressed in the Soviet Union. Quite properly, this effort, sponsored during this session of Congress by my colleague from New Jersey, the Honorable ANDREW MAGUIRE, is given a title to remind us of commitments made yet broken by the Soviets in the area of human rights. It is entirely fitting that this vigil be entitled "The Spirit of Helsinki, 1980."

Specifically, I would like to remind the House of Representatives and the country of the ongoing plight of Mr. Yakov Rekhlenko Karmanitsky of Moscow. Mr. Karmanitsky and his mother have been trying to emigrate from the Soviet Union to join his sister in Israel for the past 8 years. Their applications to emigrate have been refused on the dubious grounds that Mr. Karmanitsky supposedly served in the Soviet Army between 1969 and 1971. Anything we in America can do to help reunite this family must be encouraged.

Again, I am pleased to join Congressman MAGUIRE in this vigil. It is incumbent upon all of us in the United States to zealously maintain a watch on how the Soviet Government treats its own people. Only then can America credibly continue its call for improved human rights around the world.●

## NEW STORM GATHERING OVER U.S. FOREIGN AID

### HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. EDWARDS of California. Mr. Speaker, I would like to bring to my colleagues' attention the following article which appeared in the latest edition of U.S. News & World Report.

The article discusses the climate prevailing in Congress regarding foreign aid. I feel that at this time of budget austerity, we must remember that aid payments are both a charitable contribution to the needy in the world and an expression of American concern in different parts of the world. However, we must be very wary of emphasizing the latter role of aid payments mentioned above, to the detriment of the former. Our preoccupation with correlating American aid dollars with the advancement of American interests rather than the advancement of the living standards of the people can only result in skepticism on the part of the recipients of aid. I think the following quote from the article clearly illustrates the thinking I fear the most:

> Closer scrutiny has revealed that many aid programs are not advancing U.S. foreign policy and, indeed, are counterproductive to our objectives in some cases.

It is no wonder that many Third World nations are suspicious of American foreign aid payments. When it is viewed in these terms it begins to look more like a contribution by the American Government's Political Action Committee than a genuine effort to assist the poor and needy citizens of the world.

It is true that some nations in which we have contributed vast sums of money in the past have changed political orientation and now hold views vastly different from ours. But I think the lesson to be learned from this is articulated by our colleague DON BONKER, who states:

> Iran, if anything, is a statement of how not to support a developing country. We should have relied more on people-oriented programs. We're not going to make the same mistake in Saudi Arabia.

The article follows:

### NEW STORM GATHERING OVER U.S. FOREIGN AID

Economic concerns at home and U.S. setbacks abroad are stirring up the heaviest opposition in years to America's foreign-aid programs.

As a result, fewer and fewer members of Congress are willing to defend foreign assistance or resist a growing effort on Capitol Hill to slash aid programs as a step toward balancing the federal budget.

What discourages many lawmakers is that instability and anti-American hostility continue to flourish around the globe despite U.S. foreign-aid expenditures of nearly 195 billion dollars since World War II.

Says Representative C. W. Bill Young (R-Fla.): "There is a general feeling the world is ripping us off. The American people are just fed up with the way their foreign-aid dollars are being spent."

But, argues Representative Paul Findley (R-Ill.): "Despite its failures, foreign aid is indispensable for our nation. We have no choice."

The foreign-aid debate is growing at a time when wealthy nations are being urged as never before to increase their economic and military help to countries hard hit by spreading hunger and chaos.

An international commission headed by former West German Chancellor Willy Brandt said in February that the world faced a "somber future" unless wealthy nations accepted drastic trade and aid reforms. Among its proposals: Changes that would increase aid to developing nations by 50 billion to 60 billion dollars a year by 1985.

Secretary of State Cyrus Vance, testifying in behalf of the administration's proposed 10.5-billion-dollar foreign-aid budget for 1981, told Congress that a beefed-up aid program is essential if the U.S. is to challenge Russia's bid for influence among so-called nonaligned nations of the Third World. "A policy which addresses in their own terms the genuine needs and priorities of Third World nations is a policy which also has the effect of helping us compete effectively with the Soviets," Vance said.

Yet, critics argue that all too often America's generosity has been wasted on corrupt, repressive and unstable governments. In some cases, billions of dollars have gone to countries without producing any noticeable improvements in global stability, living standards or official support for U.S. interests.

Many say that they are particularly discouraged by the explosion of anti-American violence in Iran, which has received some 1.3 billion dollars in U.S. economic and military aid since 1946. "Iran was a classic example of our foreign aid being made as an investment," says Representative Robert E. Bauman (R-Md.). "Then a new government overthrew the old, and we wasted all that money." Adds Representative Don Bonker (D-Wash.): "Iran, if anything, is a statement of how not to support a developing country. We should have relied more on people-oriented programs. We're not going to make the same mistake in Saudi Arabia."

Afghanistan, it is argued, fell under Communist rule despite a half-billion dollars in U.S. aid since 1946. In Nicaragua, nearly 300 million dollars in aid bolstered the dictatorship of Anastasio Somoza but failed to make the regime more democratic or to prevent its ouster by leftist insurgents.

Disillusioned over failures and feeling pressure from taxpayers to curb federal spending, Congress since the mid-1970s has reflected increasing skepticism of U.S. aid priorities. "Closer scrutiny has revealed that many aid programs are not advancing U.S. foreign policy and, indeed, are counterproductive to our objectives in some cases", contends Representative Eldon Rudd (R-Ariz.).

Not only have lawmakers routinely cut Carter administration requests for new spending authority, they have insisted on greater congressional control over the distribution of such money.

Restrictions barring aid to a long and growing list of countries—from Turkey to Rhodesia—have been tacked on to aid legislation. The result: The U.S. effort has become so erratic and inflexible that experts are questioning how long foreign aid can remain an effective instrument of foreign policy.

Special targets of congressional critics are international financial institutions such as the World Bank, through which billions of dollars in U.S. economic aid flows. Financed largely by industrialized nations, these organs make low-interests loans to developing nations for roads, dams and other major projects.

Critics contend that multinational lending groups too often funnel money to governments that are opposed to U.S. interests. For this reason, American participation in such financing should be reduced, they argue. A showdown came last fall when the House voted to cut by nearly a third President Carter's request for 3.6 billion dollars in multinational aid for 1980.

Administration officials, contending that multilateral programs are an important conduit for U.S. aid, have spent much of the past year fighting to kill a House amendment to the still pending 1980 foreign-aid bill. The rider would bar international lending groups from using any U.S. aid for loans to Vietnam, Cuba and other countries deemed hostile to U.S. interests. Only after World Bank President Robert S. McNamara promised to make no loans to Vietnam this year did the House agree to shelve the restrictions, at least for now.

Reflecting Congress's deep division over foreign aid: Six months into the fiscal year, the lawmakers still have not appropriated funds to operate aid programs in 1980.

Although both houses approved separate bills last year, differences were so wide that a House-Senate committee set up to draft a compromise remained stalemated until March.

However, with overall federal spending for the year already exceeding the limits set by Congress, the 1980 foreign-aid funding bill is still in jeopardy and may never be enacted. To do so would require raising the budget ceiling—an unlikely prospect in light of the President's call for fiscal austerity. Meanwhile, agencies that administer aid have been allowed to continue spending at last year's levels.

The bill hung up in Congress calls for 1980 aid expenditures of 8.1 billion dollars—about 1.4 billion less than the administration requested.

At the projected 1980 level, U.S. foreign aid would be 0.3 percent of total national income. That compares with 0.7 percent in 1970, and with substantially larger shares of income that nations such as Norway, France, Canada or Britain devote to foreign aid.

About half of U.S. assistance is earmarked for direct economic aid administered through the Agency for International Development (AID). Other major foreign-aid expenditures include subscriptions to multinational financial institutions, military assistance, contributions to international development organizations, the Peace Corps, refugee aid, narcotics control and Food for Peace, which distributes U.S. surplus commodities overseas.

Although the trend in foreign-aid spending has been generally upward since 1946, there have been distinct shifts in the objectives of aid and the pattern of its distribution.

The earliest programs—notably the highly successful Marshall Plan—were aimed primarily at helping war-torn European countries rebuild their economies after World War II. Most aid went to Western Europe, Japan, Taiwan and the Philippines.

Later, in the Cold War era, emphasis turned to mutual security, with more and more money earmarked for military purposes. As economic aid to Western Europe tapered off, new economic and military assistance flowed into Iran, Turkey, India, Pakistan and South Korea. Greece and Yugoslavia continued to get substantial aid.

The pattern shifted again in the early 1960s with the establishment of more programs of direct help to economically weak countries in hopes of making them self-sufficient. Other programs were set up to aid the war-ravaged Middle East and Indo-China.

In 1973, Congress directed AID to shift its effort away from big capital projects and to focus on helping to provide for basic human needs in the poorest countries—those with per capita incomes below $625 a year.

By 1979, U.S. aid reached 102 countries and territories. Of some 13.8 billion dollars spent last year, about half was in the form of grants, the rest loans. The 1979 figure includes an increase of 4.6 billion, mostly military sales credits, provided to Israel and Egypt under the Camp David accords.

For 1981, Carter is asking Congress for an aid package that Vance has labeled "austere in view of the challenges with which we must deal." It includes 4.9 billion dollars for security assistance, 2 billion for bilateral development assistance, 1.9 billion for international financial institutions and 1.6 billion for Food for Peace.

In the wake of Russia's adventurism in Afghanistan, Congress is believed ready—despite the misgivings of many Senators and House Members—to give the administration additional funds for security-related aid. Asserts a White House aide: "Afghanistan may bring home to people that we have been scaling down security assistance."

Until the administration decided to scrap its own proposal, quick approval had been predicted for legislation to furnish some 400 million dollars in economic and military help to Pakistan, considered a last line of defense against further Soviet adventurism in Southwest Asia. Pakistani President Zia ul-Haq reportedly rejected the offer of U.S. help, after contemptuously referring to the amount as "peanuts."

Political furor. In February, the House approved, over strong opposition, a bill authorizing resumption of aid to Nicaragua, which was halted after the Somoza regime was toppled by leftists. Arguing that Nicaragua has become "another Cuba," conservatives demanded restrictions on any U.S. aid, while the administration countered that unrestricted aid was needed to help the Nicaraguan people "resist social turmoil and possible Communist domination." The measure won Senate approval and is awaiting final congressional action.

Congress also is under pressure this year to provide more military aid to other Mideast and Central American nations, and to Turkey and Thailand.

Where will this additional money come from? Many Senators and House Members are predicting that budget constraints will require Congress to shift funds away from long-term economic aid in order to meet growing demands for security assistance. Also there is a good chance that the President, currently revising his 1981 budget, may lower his requests for development aid, particularly to areas not involved in immediate crises.

Looking ahead, AID Administrator Douglas J. Bennet sees mounting difficulty in convincing Congress and the public that foreign aid is money well spent. Says Bennet: "We will simply have to find a way to accomplish more with less."●

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## HE'S IN MY CORNER

## HON. JON HINSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. HINSON. Mr. Speaker, the House "poet in residence" could well be Jim Balukevich, an elevator operator in the Longworth Building. Jim provides yeoman service to the House, but he is also a lifelong fan of boxing.

Jim has written a poem, "The Boxer's Prayer," which I commend to the attention of my colleagues:

THE BOXER'S PRAYER

Look, God, I have not spoken to you,
But now I must say hello.
Some say you do not exist,
And some believe this.
Here I am in the boxing ring with only a prayer.
To you, I shall put out my hand,
And if you take it, we'll both understand.
While I have no fear, my moment of truth is near,
And I pray you are always here.
There's the bell!
I must come out fighting like hell!
With you as guardian, I must do well.
Well God, it is time to go,
I just want you to know
I met you tonight.●

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## ONE WOMAN'S THOUGHTS ON THE DRAFT

## HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. HYDE. Mr. Speaker, Mrs. Susan Storcel Olen, a Berwyn, Ill., constituent and former intern in my Washington and Cicero offices, recently wrote to President Carter expressing her personal views on reinstatement of the draft.

Mrs. Olen is a strong advocate of draft registration, knowing full well it may eventually include women. She is 25 years old, her husband is 26, and she has two sisters, ages 15 and 26. As she states in her letter, "I'm hardly immune to the situation. Should the United States go to war, chances are, my loved ones, and/or I will be called to duty."

Reinstitution of the draft is an issue that we in Congress are eventually going to have to act on. I think it is important that we hear all sides of the argument, pro and con. Unfortunately, it appears that the militant demonstrators on this issue—as on most issues—get most of the attention. I am pleased to share with my colleagues the text of Mrs. Olen's letter to the President, which, I think, represents the views of the silent majority that is not heard from often enough.

The text of the letter follows:

AN OPEN LETTER TO PRESIDENT CARTER

MARCH 3, 1980.

DEAR MR. PRESIDENT: I wish to respond to your recommendation to reinstate draft registration. I fully approve of your action, and in fact, feel it is long overdue. The decision to rescind the draft was irresponsible at best. It has left us in a very vulnerable position. We have found ourselves in an emergency situation, possibly at the brink of war, and we don't even know the whereabouts of those eligible for military service.

It may seem that it's easy for me to talk. I'm not 19 to 21 years of age, nor am I a male. But, I am 25, my husband is 26 and I have sisters 15 and 26 years old. I'm hardly immune to the situation. Should the U.S. go to war, chances are, my loved ones, and/or I will be called to duty. Don't misunderstand. I don't advocate war. I simply respect democracy, and realize the need for us to fight to protect our freedom.

I recently read a letter in the March 3rd issue of Time Magazine. The writer suggests a discrimination against age in your draft proposal. He states that perhaps if eligibility were extended to include those 18 to 62, people may be less apt to support the draft. Obviously, this gentleman has forgotten about WWI, WWII and the Korean War. Most men, and many Congressmen who will have to vote on your proposal, no doubt have some bitter memories of their experiences in previous wars, and I'm sure many of their children witnessed the pain and suffering of the Viet Nam War. We're all in this together and the sooner Americans realize this, the sooner we can begin to regain the respect our country deserves, and enjoyed in the past.

How long can we sit back and have our embassies overrun by radical minorities looking for notoriety? How long can we sit back and hear our country's name tossed about in international circles as if it were trash? How long are we going to allow desperately needed oil to be held ransom by Arab sheiks and the OPEC nations? How long are we going to permit the U.S.S.R. to devour what remains of the free world? Maybe the time has come for the United States to stop supporting the rest of the world. If we stop sending food supplies to South American and Middle Eastern nations, and if we decided to collect war debts from European countries, and if we once and for all showed the U.S.S.R. that we will no longer close our eyes to her expansionism, I think our country would be held in higher regard than it is now. I think it's time to remind these people that they shouldn't "bite the hand that feeds them."

I hope our current problems can be solved without military conflict. And I hope that when I have children, they will be living in a peaceful, free and non-aggressive world. But I also hope that they will never take advantage of, or be afraid to work and even fight for the freedom they enjoy.

SUSAN STORCEL OLEN.●

## PUBLIC HEALTH AND NUCLEAR WASTE DISCHARGE IN IDAHO'S SNAKE RIVER PLAINS AQUIFER

### HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. SYMMS. Mr. Speaker, last December, I conducted hearings on behalf of the Energy and Environment Subcommittee of the House Interior Committee to investigate the dangers to public health of the Idaho Nuclear Engineering Laboratory's low-level nuclear waste discharges into the Snake River aquifer in Idaho.

The results of that hearing are published in a committee report dated February 1980, but generally, the committee found that while public sentiments were opposed to the discharges, and that alternative means of nuclear waste discharge should be explored, that there was no immediate or future threat to public health and safety. Further, the discharges were discovered to be in compliance with State and Federal standards. The Department of Energy has, nonetheless, set a target date of October 1980 to conclude a study of alternative methods of disposal of the low-level wastes, and I, for one, will be anxious to survey their findings to determine a disposal method that will continue to present no danger to public health, and yet be more acceptable to the general public.

There has been, as was expected, a significant colloquy in Idaho about this issue, and today I present for the benefit of my colleagues a statement of Mr. Richard Lindsay, who is a nuclear scientist for the Argonne National Laboratory. The interview appeared in the March 9 edition of the Caldwell News-Tribune, and I commend its reading to the Members of the House. It aptly points out the need for Congress to place issues such as this and Three Mile Island into perspective before making decisions which severely damage the future generation of energy from nuclear sources. I draw the attention of the Members to Mr. Lindsay's contention that while there "is room for improvement" in safety procedures at nuclear installations, that background radiation from soil, rocks, water, et cetera is some 10 million times greater than that exhibited in the Snake River aquifer. The article reads as follows:

### SCIENTIST REFUTES CLAIMS OF AQUIFER CONTAMINATION

(By Sam Lang)

Declaring that "cup for cup there is more affective radiation in a cup of milk than in the water from the INEL injection well," an Idaho nuclear scientist said reports of dangerous conditions at the Idaho Nuclear Engineering Laboratory have been blown greatly out of proportion.

Richard Lindsay, who works at INEL for Argonne National Laboratory and who recently promoted nuclear power in a series of public speeches in Southern Idaho, said there is little danger from nuclear power but conceded there "is room for improvement" in safety procedures at nuclear installations.

Lindsay said the recent Three Mile Island nuclear crisis in Pennsylvania, described by federal officials as the nation's worst nuclear accident, resulted in no deaths and probably no physical health problems—at least readily discernable health problems—for those living in the vicinity of the plant.

He said statistics suggest approximately 325,000 of the some 2 million residents living near the plant will contract natural forms of cancer in their lifetimes and "we will probably never know" how many cases of cancer resulted from exposure to radiation from the Three Mile Island plant.

Lindsay, who said he was not speaking for INEL or Argonne National Laboratory, is a member of the eastern Idaho section of the American Nuclear Society and said his recent speeches were designed "to tell people, as factually as possible, the story of nuclear energy."

He said recent reports of problems at INEL, located near Arco, have been exaggerated, that most of the radioactive isotopes dumped into a well at the nuclear facility have a radioactive count of less than one picocurie per liter of water. Although the well water into which waste is dumped feeds the Snake River aquifer, unusual levels of radioactivity are largely undetectable seven miles downstream from the discharge well, he said. A picocurie is a measurement of radioactivity.

Lindsay said most of the waste water injected into the ground contains picocurie counts as high as 195, due to the presence of Tritium, which makes up 98 percent of the INEL waste. He contended, however, that picocurie measurement decreases to between one to two picocuries seven miles downstream from the well.

Lindsay contended the level of radioactivity in water seven miles from the well is less than the picocurie count that can be detected in a cup of milk.

Lindsay also said one pound of printed newsprint emits some 3,000 picocuries of C-14 (carbon) radioactivity. Lindsay conceded, however, that some forms of radioactivity are more dangerous than others, with radioactivity emitted from such substances as Radium being far less potentially harmful.

State and federal regulations require tests to determine the source and kind of radioactivity if a detectable count exceeds 5 picocuries per liter in water used for consumption.

Referring to a "fact sheet" on waste water disposal at INEL, Lindsay drew attention to three sections of the statement.

The "fact sheet" notes "* * * plutonium (is) mistakenly labeled by some as the most toxic substance known to man. It, too, has a drinking water standard measured in parts per million.

"The levels of plutonium detected in the (Snake River) aquifer water, sampled only a few feet from the injection well, are at least one million times lower than the allowable level for drinking water. In fact, if plutonium were not radioactive, it could not be chemically detected at such low concentrations."

The statement notes, "In the 25 years to 1978, about 15 billion gallons of water have been discharged through the injection wells. At the time of discharge, the water contained about 60,000 curies. (The curie is the basic unit for measuring radioactivity.) However, the naturally occurring radioactivity already in Idaho's environment (soil, rocks, water, etc.) is estimated to be at least 10 million times greater.

"The types of radiation from the radioactive chemicals discharged are identical to the radiation from natural sources. The majority of the radioactive materials injected have already decayed to become nonradioactive."

And lastly, "The Snake River Aquifer is one of the most thoroughly studied and monitored major underground water systems in the world. Mathematical and computer models are used to calculate the decay rates, dilution, and migration of radioactive chemicals in the aquifer in great detail.

"Monitoring tests with samples drawn from dozens of wells, on and off the INEL site, show that these decay rates, dilutions, and migrations are occurring just as the calculations predicted." The statement goes on to say that the "overwhelming majority" of scientists who have studied the calculations "consistently agree that the low levels of radioactive chemicals injected into the aquifer at the INEL do not present any immediate or foreseeable hazard to the public or workers at the INEL."

But Lindsay also said he believes INEL is suffering from a "communication problem," that the facility needs to institute "better communication with the public."

He said one issue centers on public concern over the low-level radioactivity waste material stored at the facility. Much of that waste, he said, comes from the Rocky Flats weapons center in Nevada.

Idaho Gov. John Evans has argued that such waste should be stored in the states where it originates and not in Idaho.

"I agree with him (Evans)," Lindsay said. "Each state ought to be responsible for its own low-level waste."

Referring to high-level radioactive wastes, which he said result from "the reprocessing of radioactive fuel," Lindsay said the amount of such waste stored in Idaho is small.

A 1,000 megawatt nuclear generating plant "produces about two file cabinets a year of high level radioactive waste," he said.

But he noted it takes "from 450 to 500 years" before the radioactivity reaches picocurie counts "less than the uranium it comes from."

Lindsay stressed the need for proper safety procedures as nuclear facilities and in the storage of nuclear waste, but also said safety problems "have to be identified first."

He was also critical of such antinuclear advocates as Jane Fonda and her husband, Tom Hayden, who he said are socialists who oppose nuclear energy because they want to bring the U.S. to its knees by helping to create an energy shortage. He said Fonda and Hayden want to reorganize the U.S. socially and economically, and he believes they want to create chaos through the country's energy problems by opposing nuclear energy and then "take over" and form a socialistic order.●

## THE IRANIAN IMMIGRATION SCANDAL

### HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. MICHEL. Mr. Speaker, earlier today I stated that the President of the United States had given false information to the American people on a grave matter. He stated in a news conference that the reason Iranians were being allowed to come to this country after our Embassy people had been taken hostage is because the Iranian immigrants were humanitarian cases.

I questioned that statement when it was made because the President did not account for the over 2,000 students allowed to come to this country.

But I was shocked when I read a United Press International article that appeared yesterday. The UPI article states that administration policy on the Iranian immigrants has hampered FBI antiterrorist activity and has hurt immigration officials' attempts to investigate the immigrants.

Mr. Speaker, this is nothing short of a scandal. The American people are being asked to accept terrorists as immigrants while our people are being tortured. That's right—tortured. Under the United Nations definition of torture, that is precisely what our people are enduring.

This is the most outrageous and inexcusable conduct on the part of an administration in memory. When will the President tell the truth to the American people?

At this point I insert in the RECORD the UPI story as it appeared on the wires, March 26, 1980:

WASHINGTON.—Thousands of Iranians are entering the United States under a lax inspection policy that hamstrings and frustrates immigration agents and undercuts FBI warnings. Some may be student terrorists, a UPI investigation has uncovered.

Despite President's Carter's claim that all incoming Iranians undergo close scrutiny, UPI discovered a silent but official policy of avoiding any incident that might anger Iran and endanger the 50 American hostages.

Although projecting an image of cracking down on Iranians in this country, the administration has created a bureaucratic tangle that has not been able to stop at the borders "students" carrying booklets on how to make bombs.

Government officials pridefully point to "secondary inspections" as proof of America's vigilance. But those conducting the inspections ridicule them.

"I just about have to have the guy admit to me he is a terrorist before I can do anything," grumbled a frustrated inspector of the Immigration and Naturalization Service.

Since the Embassy was seized Nov. 4, more than 11,000 Iranians have been admitted to the United States—a figure growing at a rate of about 50 a day. In the four previous years, 11,079 entered.

UPI interviewed officials in Washington and immigration inspectors at several U.S. Ports of Entry, and obtained secret government documents.

Last Sunday, at John F. Kennedy airport in New York, a young man with a student visa issued at the U.S. Embassy in Tehran was admitted to the United States after the INS conducted what officially is described as a thorough "secondary inspection."

In going through his luggage, the inspector found a military-like field manual that told how to make bombs and mines, field-strip the powerful Israeli uzi machinegun, and use a wide range of other weapons.

"I'm ashamed to admit it," the examiner said later, "But I let him in. My hands are so tied up that I couldn't stop him. Call the State Department and they say 'Give 'em a waiver. We don't want an incident'."

Several agents said when they sought advice from the Iran working group at the State Department, they were told "To avoid any incident" that might anger Iran and complicate efforts to free the hostages.

In another case, an Iranian entered without the required Visa, but promised to go on to Canada. He had with him photographs taken inside the U.S. Embassy in Tehran of hostages and conditions at the facility.

When an INS officer called Washington about this, he was told to waive the Visa requirement. The FBI was contacted about the photographs "and the guy said they weren't interested. No one even wanted to look at them."

All are sent to immigration inspectors for a second examination, which officials at the White House, State Department and INS call an example of tight security.

A directive issued by INS headquarters in Washington instructs its interrogators that "Iranians . . . shall not be questioned as to whether they are pro or anti-Shah, Khomeini or USA."

The orders, sent to all offices, also specify that Iranians, "shall not be questioned about past or future participation in demonstrations unless related to the details of an arrest."

David Crosland, acting INS commissioner, said "it's kind of an unusual situation" but the instructions were put out to clear up "misunderstandings" that arose in the earlier days of the crisis.

"Just the fact that they had been in a demonstration didn't make any difference one way or the other," he said, "or whether they were pro-Shah or pro-Khomeini, as long as their visas were valid and as long as they were not a threat to this country."

The possibility of a threat, however, so troubled the FBI that agents visited INS offices and discussed the danger of Iranian terrorists infiltrating the country.

"There are alleged to be about 50 Iranian students attempting to enter U.S. to engage in terrorist activity and bringing with them supplies, film and other propaganda material," warns a Nov. 30 memo posted at INS offices in New York.

It goes on to cite common characteristics, including the observation that "when questioned they will all claim to be 'humble Iranian students'." It noted that "apparently this pretext has been used several times."

INS inspectors are frustrated at what is happening.

"I pick up a piece of paper in one hand and it tells me terrorists might be coming," said one. "Then I pick up another and it tells me not to ask questions. Does that make any sense?"

Several agents said they had found materials that would apply to the warning about terrorists—but nobody carrying these materials had been denied admission. Back in November and December, they often were referred to immigration judges who allowed entry.

"It's not an isolated incident but now we just don't bother," one agent said, shrugging. "You can't fight city hall—and you get tired of trying."

Crosland repeatedly noted the secondary searches for Iranians "was to screen out people who might be coming in for several reasons. One, obviously, is that we don't want to let people in who are potentially terrorists."

He admitted that "it's true that somebody could come in and not fit any particular profile and not have anything in their luggage that would indicate anything."

He said he was satisfied with the quality of the Iranian inspections and, at his last news conference, Carter also indicated satisfaction.

"We have screened the immigrants very closely, and in every instance, they have been determined to have a real, genuine, legal interest and reason for coming to our country," Carter declared.

"This was a decision made by me, it's in accordance with the American law."

Some inspectors look at it differently.

"If the people coming in are not part of an active, dangerous group, it's by luck," one observed, "not because of anything we're doing."

"We don't even give them an opportunity to lie. We don't even ask the questions they would need to lie about."

Crosland responded to this charge by saying "sometimes you have people who don't understand the total picture and they are voicing their frustrations over the total picture."

UPI's investigation also pointed up a lack of coordination among Federal agencies. In addition to the incident over embassy photographs, there is confusion over whether the visa-issuing equipment at the embassy was destroyed before the takeover.

Crosland said he was assured by the State Department the plates were destroyed. The State Department, however, said it could not be certain the plates for the five machines were not still operable.●

## FFA CELEBRATES 50TH ANNIVERSARY

### HON. RON MARLENEE

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. MARLENEE. Mr. Speaker, it is my pleasure to inform the Members of the House that the Montana Association of Future Farmers of America is celebrating its 50th anniversary. Members of the FFA continue the heritage of farming in this Nation—a heritage based on hard work, skill, and desire. FFA members are the spearhead of future agricultural production. They are the new generation that will continue to supply this Nation and the world with abundant food supplies.

The basic industry of the Nation, agriculture, has its future in these young people. In visiting with these FFA members, I am confident that the future of agriculture is in capable hands. Their enthusiasm and openness will lead this Nation into even greater advances in agricultural production than we have seen in the past. I am proud of these young people from my State. And I remind Members of the House that we must assure these eager individuals the opportunity to fulfill their dreams by pressing for measures which will strengthen agriculture. We must support a climate where talent is encouraged to engage in farming, where individuals can be proud to be a farmer, and where a return can be made for the work involved. These FFA members are agriculture, they are the future of this Nation, and I am proud and encouraged to be associated with their organization.●

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## POSITIVE STEPS TO IMPROVE PRODUCTIVITY

### HON. STANLEY N. LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. LUNDINE. Mr. Speaker, I am convinced that productivity growth is the neglected, long-term key to our fight against inflation. Without improvement in productivity, wage increases will ultimately be translated completely into higher prices, adding to the inflationary spiral. Productivity gains, conversely, allow real wages to increase, and production and employment to expand.

A number of businesses in the United States have taken positive steps to increase their productivity growth and therefore keep their costs under control. A leader in these steps is the Corning Glass Works, in Corning, N.Y., where innovative and unique measures have been undertaken to analyze, coordinate, and increase productivity.

I urge my colleagues to review a very informative article from the Monday, March 10, 1980, Fortune magazine, by Mr. Edward Meadows entitled "How Three Companies Increased Their Productivity." The article highlights the innovative efforts of the Corning Glass Works and other corporations in improving their productivity growth.

The article follows:

### HOW THREE COMPANIES INCREASED THEIR PRODUCTIVITY

(By Edward Meadows)

Problem: How to keep your Whoppers really hot without warming the iced drinks stationed next to them. When a Burger King restaurant manager in Des Moines came up with the answer by sculpting a $25 piece of sheet metal to concentrate heat in the Whopper bin, he made a major contribution to the Whopper Hotness Program, part of the productivity drive at Burger King's Miami headquarters. Food researchers there had painstakingly calculated that, *ceteris paribus*, hotness is what sells Burger King's hamburgers, and they set about calibrating that hotness to a precise 130 degrees. A consistently hot Whopper, and ice in the drinks, mean more sales per hour, which in the fast-food industry is how you measure higher productivity.

Burger King can't do much all by itself to reverse the alarming trend in American productivity, which grew by more than 3 percent a year in the Sixties and by only 1.4 percent in the Seventies. (It actually fell 0.9 percent last year, as the economy's growth slowed.) The solutions for this grave problem include sensible government policies to control inflation and encourage capital investment (see "Better Prospects for Our Ailing Productivity," Fortune, December 3, 1979).

But if it's true that God is in the details, more often than not so is productivity, and corporate managers are looking at the tiniest details these days. Many of them see productivity improvement as the only way to keep ahead of the pack in an era when they can't easily pass on cost increases without losing market share. Collectively, the efforts of all these companies may add up to quite a lot.

The kinds of changes that pay off vary widely from company to company, of course. With this in mind, Fortune sampled unusually successful productivity programs at three very different corporations. Burger King is a fairly typical service company. Corning Glass Works is a high-technology, energy-intensive manufacturer, and Crompton Co., the second-largest maker of corduroy in the U.S., is a successful competitor in a low-technology industry.

Businessmen see productivity through a wider lens than is customarily used by economic analysts. On the factory floor, almost any sort of improvement may be counted as a productivity booster. It isn't one, however, unless it increases output by more than the increase in inputs—or reduces the amount of inputs needed to produce the same amount of output. When output and inputs are counted in dollar terms, this latter technique becomes manifest as a cost-reduction program. In fact, it is by way of cost-reduction programs that most corporations tackle productivity.

One of the most sophisticated such programs in American industry is in force at Corning Glass. Throughout Corning's appropriately glassy corporate headquarters building in upstate New York, productivity is on the tip of almost everyone's tongue. In their zeal to spread the doctrine, the company's executives are apt to draw Corning's learning curve on the back of an envelope. That curve is a downward-sloping line illustrating how the cost of making glass has fallen as the cumulative total of units produced has risen over the years. In 1880, when Thomas Alva Edison asked Corning to make him up a batch of glass envelopes that he could fashion into light bulbs, glassmaking was a handicraft. By 1926 a "ribbon" machine was invented to replace hand blowing, and Corning's cost curve dropped dramatically. More recently, Corning developed an all-electric furnace . . . [which] . . . has been responsible for another large downward swoop in the curve.

Important as those big improvements were, small innovations are what keep the curve coursing in the direction of lower costs. The company's planners makes a guess at what inflation will be for the next five years and then figure how to keep their own costs under control. "I'll be darned if I can figure out how we're going to do it," says Thomas C. MacAvoy, president of Corning. I think, as in all technically innovative businesses, frequently you don't know what new inventions will come along, so you don't know how in heck you're going to achieve the goal."

So far, Corning has done well. Productivity in the glass industry has been growing at a 3 percent rate throughout the 1970's, but Corning has got its productivity growth up to 6 percent—the goal it set for itself after an eye-opening company study in 1970 revealed that it was doing no better than the industry as a whole. MacAvoy says most of the gains have come from technology. "We are always trying to redesign jobs, motivate people, and whatnot," he says, "but frankly I don't think people are basically lazy and ineffective. I don't think it's possible to get them to work 20 percent harder. To get them to work smarter is different, and that involves the application of technology."

A tour through the Corning Pressware plant, which makes laminated-glass dinnerware, reveals the sort of small improvements the managers have devised. Next to one of the long kilns in which the dinnerware is fired stands a plain white cubicle that will soon become a centralized control panel. Because the kiln operators will be working together rather than at separate stations, they will be able to control the flow of production more smoothly, nudging productivity up a few points.

Farther down the line, the molds for the dinnerware yielded another kind of improvement in efficiency. Their vacuum holes, which adhere the melted glass to the shape of the mold, were changed from pinholes to slots. This change strengthened the plates, got rid of the tiny blemishes created by the pinholes on the bottom of the plates, and made possible a speedup in the pace of the production line.

Right in the center of the plant are three big sets of traffic lights hanging from the ceiling. A green light means a production line is running smoothly; amber advertises the fact that a line needs close inspection because defects were found in some of its dinnerware. Red is shutdown. The signals are regulated by quality inspectors, who used to check each plate, but who now take a sampling. The new method has led to better quality control. It's also much faster.

The Pressware plant, like all thirty-nine Corning plants in the U.S., has its own productivity coordinator. Usually an engineer himself, he works closely with the plant's engineering staff and can call in help if needed from the corporate manufacturing and engineering division. But the attention to productivity doesn't end with the engineers. Ronald Matthews, the plant manager, has to come up with a zero-base budget each year, and he has to analyze where "cost opportunities" lie for the next five years.

Cost opportunities for every plant go into each division's cost-reduction "portfolio." In fact, only when a plant has firm cost objectives and cost-reduction plans is it said to be "under management." Coming under management is a process that brings the manufacturing people together with marketing men and financial executives to iron out cost reduction and pricing. This is a formal program, and it gets complex, with charts showing how every expenditure and price increase affects the gross margin.

Sometimes getting a unit under management can spell its demise. John Rudolph, planning manager for the manufacturing and engineering division, tells of the company's experience with Dur-Cor, an exotic coating used in the manufacture of electronic components. "Since it wasn't doing well at all in the marketplace," says Rudolph, "the managers sat down and said something's got to give here. They looked at what had to be done in terms of cost reduction and at the capital spending that was required to do it. They decided it ain't worth it." Corning got out of the Dur-Cor business.

White-collar productivity is also crucial at Corning since the corporation depends heavily on bright, innovative scientists and engineers. The company hopes to improve the productivity of the corporate engineering people by bringing them together under one roof in a new building. The coffee lounges will be equipped with blackboards to encourage the engineers to talk out technical problems with each other. Escalators will be installed instead of elevators, to facilitate movement from floor to floor and make face-to-face communication easier.

Corning's productivity system is pretty advanced, but Rudolph thinks it is crude compared with the new system he hopes to see installed by next year. When the company updates its computerized accounting system, Rudolph and his staff want to incorporate programs to regularly measure total factor productivity at each plant. This will tell managers exactly how much productivity they are squeezing out of labor, capital, energy, and materials. "Labor productivity alone masks too many things," explains Rudolph. "It hides the trade-offs." In some cases, he points out, mechanizing a production line can cost more than it's worth.

The more refined productivity data should be especially helpful to Thomas Howitt, Jr., Corning's energy expert. "Our total energy cost in 1972 was $18 million," he says, "but between then and 1978 our volume grew and so did the price of energy, so that if we had been operating the same as in 1972 our energy bill would have been $80 million in 1978." Instead, the company ended up paying only $56 million that year.

The resulting $24 million of "cost avoidance" is no mean sum to Corning's executives. It was achieved mostly through conversion of glass-melting furnaces from natural gas or oil to electric firing, which is three times as efficient. To hasten the conversion, Corning developed its own patented electric furnace. More energy was saved by such measures as removing alternate fluorescent bulbs in offices and watching room temperatures closely. Still, Howitt feels his job has just begun. As energy costs continue to rise, new cost opportunities will materialize. "We will have more plums to pick off the tree," he says, "plumbs which were not at all attractive to us in the past."

Much in contrast to Corning's sophisticated technology is the relatively uncomplicated and old-fashioned machinery used by Crompton, a New York-based manufacturer of corduroy and velveteen. Crompton has six plants in the South and is one textile company that isn't being beaten to death by cheap imports; instead Crompton aggressively exports its fabrics throughout the world. The exporting strategy is not a cause but an effect of Crompton's productivity. In order to push the efficiency of its weaving equipment as high as possible, the company keeps the machines running twenty-four hours a day, 350 days a year. New markets provide the customers to buy the extra output produced by the nonstop operation. Of Crompton's $158 million in sales last year, more than $52 million came from overseas.

"In my experience," says William Lord, Crompton's president, "ever since the time of the Korean war you couldn't survive in the textile business in this country unless you were getting pretty close to the most out of your equipment. It's so damn competitive." In this industry, a plant running at 88 percent of capacity is considered inefficient, while one going at 92 percent is doing fine. The 4 percent range doesn't leave much room for error.

Still, Bill Lord is leery of rushing to buy the newest generation of looms, which are highly productive yet hard to reprogram. He believes Crompton has to stay flexible enough to suit the changing tastes of his high-fashion customers. To compensate for the less efficient machinery, Crompton's executives must work harder to extract greater productivity.

The overriding ingredient in this business is people. Though many of the jobs are semiskilled, the way workers perform them determines the quality of the fabric. Alongside the low-skilled employees, there are some whose tasks approach an art form, such as the men and women who watch over the cutting of "ribs" in corduroy and velveteen. One wrong move and a worker can tear yards of fabric into wasted shreds that have to be sold for pillow stuffing. Even in the best-run plants, a lot of imperfect goods come off the production line. It would be hard to imagine an auto plant where more than 10 percent of the cars turn out to be defective, but it is not unusual for that percentage of the finished cloth to be rated second-quality. It has to be sold at price discounts of up to 70 percent, if it can be sold at all. Holding rejects to under 4 percent, as Crompton does in its most efficient mill, is considered an accomplishment.

At the Crompton plant in Leesburg, Alabama, the latest productivity wrinkle is a three-day, twelve-hour work schedule that gives the mill hands a full week off once every eight weeks. Other textile companies also use multiple shifts to keep their plants running around the clock, but usually the arrangements are harsh on the workers, with constantly rotating schedules that result in heavy absenteeism. Crompton's plan has the extra attraction of bonus pay for employees who stay on the job; they are paid for forty hours if they complete the required thirty-six. While the schedule sounds grueling, Lord says his studies show that the last few hours of the three-day week are actually the most productive.

Crompton's work arrangement is a boon to the many employees who have small farms to tend. It has held the rate of labor turnover to 9 percent a year, an impressively low figure in an industry where the average rate is over 50 percent. The Leesburg plant has a backlog of applicants for any jobs that come open, and the workers voted in a bargaining election to remain nonunion. Impressed by the low training costs and high productivity at Leesburg, Crompton is installing the new work schedule in its Arkansas and Georgia plants.

A bit of computerization has added some competitive spirit at Leesburg. With the push of a few buttons, the loom operators can check up on what their output is and compare it with that of their cohorts. Plant officials say that the workers do check up on themselves, often cutting a lunch break short to stroll by the terminals for a readout.

Crompton does its share of engineering to improve the efficiency of its equipment, but has found that the results sometimes aren't worth the effort. For instance, it tried out a complicated new piece of equipment to replace the workers who change the bobbins on spinning machines. But Bill Lord noticed that the contraption had to be constantly attended by three engineers, so he got rid of it. The payoff was decidedly more satisfactory when Crompton's engineers found a replacement for the spring-steel blades used to cut the tiny grooves that give velveteen its plushness. The spring-steel blades didn't keep a sharp edge, so the engineers substituted ordinary Wilkinson razor blades and got a 60 percent boost in efficiency.

Company-wide, the emphasis on productivity at Crompton has yielded an annual increase of 8 percent in output per labor-hour since 1974—well above the average for the textile industry and more than five times the average for the U.S. labor force as a whole. Given the high utilization of Crompton's capital equipment, the increases in efficiency would be even more impressive if they were figured in terms of total factor productivity.

Burger King's bright, sunny corporate headquarters in Miami bubbles with talk about "justifying breakfast on a capital-cost basis" and restaurants that have a "disco capability." Burger King has got hamburger making down to a science, and the essence of that science is productivity. The conventional wisdom is that productivity is hard to achieve and hard to measure in service industries such as fast food, where quality is important. Burger King disagrees. Everything it does is measured and fed into computer simulations.

Burger King's executives like to say theirs is a company run by 50,000 teenagers, and those kids are getting more expensive. "We've had a lot of scares about beef prices," says Donald Smith, Burger King's president, "but the truth is that labor costs have risen at a much faster rate. We see the pressure to increase the minimum wage continuing because it seems very popular among the politicians."

To fight those higher labor costs, Burger King looks equally hard at its people and its machines. Each Burger King restaurant is thought of as a small food factory. There is, however, one salient difference between a fast-food factory and other assembly lines: an increase in production translates immediately into extra sales rather than into inventory. "The demand at the peak hours is so great that if we can produce more we can sell more," says Donna Nicol, Burger King's pretty communications director, who is in line to become the company's first woman vice president. "We have to do it within a very tight time frame," she says. "Nobody cares how many hamburgers we can make between 11:00 p.m. and 6:00 a.m."

Every movement of each employee in a prototypical Burger King restaurant is calculated and readjusted in time-and-motion studies that are over a half-century old by now but seem to have lost none of their validity. For example, at drive-in windows, just moving the bell hose—which triggers a loud ring when cars drive over it—can make a big difference. As members of the company's Drive-through Task Force found out, order takers needed eleven seconds to react when the bell hose was located near the drive-in window. The productivity experts move the hose back ten feet, so that by the time a car had braked, the order taker was waiting to scribble down what the customer wanted. With this and other small changes, the company has been able to cut transaction time down to thirty seconds. That means the drive-in window can handle an extra thirty cars an hour.

To serve those extra cars, the chain has to have more food coming off the production lines inside. So the engineers at Burger King installed computerized french-fry machines. They are putting television terminals in the kitchen, so that the chefs can read incoming orders off the screen. The company's engineers have visions of machines that will mix, pour, and cap soft drinks automatically.

All this is first tested on a computer model of a typical Burger King restaurant. If it passes there, the scientists try the new wrinkles at one or more of the five research-and-development restaurants in the Miami area. The R. and D. restaurants, which do $5 million of business a year themselves, provide real-life testing labs for the company. They serve unsuspecting customers with the latest refinements in hamburger technology.

Much of the impetus for productivity improvement comes from the specialists at work in such team efforts as the Drive-through Task Force and the Whopper Hotness Program. But plenty of good ideas come from individual Burger King store managers, who can get cash rewards when they turn in useful productivity suggestions. On the other hand, when the company devises a neat productivity-enhancing plan that calls for a bit of capital spending, the onus is on the company to sell the idea to its restaurant managers, the majority of whom are franchisees. (Burger King likes to own and operate at least one-fifth of the units in an area so the corporation can get a feel for the market.)

When Burger King puts up its own restaurants, land and building costs now run to $500,000 a unit. So Ronald Petty, Burger King's real-estate chief, looks hard to find efficiencies, and with some success; he says he saved the company roughly $1.4 million last year. By using computers stocked with predigested demographic information, he has cut down the average time spent on site approval from two weeks to a seemingly incredible one day. By putting construction specialists in the company's ten regional offices, and making sure they know all about their area's various building codes, he pared the time spent on design of each outlet from six weeks to two. Before this program got underway, Burger King had five different restaurant plans. Petty eliminated all but two—one for small towns and the other for large volumes. Just teaching the regional staffers how to negotiate real-estate deals has saved plenty, too.

The immense amount of constant fine-tuning that goes on at Burger King has helped bring the corporation neck and neck with its archrival, McDonald's. A lot of the improvements have been made since 1977, when Don Smith moved over from McDonald's to take charge. Since then, Burger King's pre-restaurant sales have grown apace with McDonald's. The operating margin is still 12 percent versus McDonald's 18, but Burger King is catching up and is already Pillsbury's fastest-growing division.

Efforts like these seem of tremendous import to the country's burgeoning band of productivity specialists, such as C. Jackson Grayson Jr., chairman of the American Productivity Center in Houston. They say that if the best technology and best practices of the most efficient companies could be widely and rapidly diffused, U.S. productivity would make an impressive spurt, closing much of the productivity "gap" that opened in the Seventies. They also point out that this new attention to productivity amounts to nothing more than getting back to basics.

There have always been two fundamental ways to widen business profit margins. One is by increasing demand for a product. The other is by reducing unit costs. During the ebullient 1960's, when horizons seemed boundless, corporations put much of their effort into marketing. Now, as the examples of Corning, Crompton, and Burger King attest, corporate managers are paying increasing attention to the supply side of the equation. Indeed, in an environment of stagflation, many corporate executives say productivity is really what the game is all about. Getting good at it is also, nowadays, one of the most promising ways to get to the top corporate office.●

## REFORMING THE REGULATORY PROCESS—A PROCESS WHICH HAS JUST PLAIN GOTTEN OUT OF CONTROL

### HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. MAZZOLI. Mr. Speaker, I am very pleased that, in passing the Paperwork Reduction Act of 1980, the House of Representatives has formally gone on record against the Federal redtape and paperwork burden which is strangling America's taxpayers.

Generally, the Paperwork Reduction Act decreases the paperwork burden on individuals, businesses, State and local governments, and others outside the Federal Government by:

Streamlining current paperwork requirements to make them more consistent and fair;

Making Federal agency information more accurate and accessible; and

Setting up a Paperwork Reduction Office with specific authority to apply paperwork standards to the Federal section and to report periodically to the President, the Congress, and the public on which Federal agencies are cutting down on paperwork and which are not.

Passage of the Paperwork Reduction Act is a step in the right direction toward streamlining paperwork and controlling burdensome recordkeeping requirements.

Congress must also focus attention on other much-needed and long-overdue reforms to reduce burdensome rules and regulations.

In this connection, the Judiciary Subcommittee on Administrative Law, on which I serve, has spent weeks drafting an omnibus regulatory reform bill.

That bill, I hope, will emerge from our committee with a provision to allow Congress to veto, if necessary, rules and regulations which go beyond the scope of the law passed by Congress or which pervert the clear intent of these laws.

The regulatory reform bill, especially with the legislative veto provision included, will take us yet another step closer to reforming the regulatory process—a process which has just plain gotten out of control.●

## STATEMENT ON HECKLER CAMBODIAN RESOLUTION—MARCH 27, 1980

### HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Ms. MIKULSKI. Mr. Speaker, I am gravely concerned about the tragedy which has befallen the Cambodian people. Since 1971, 4 million Cambodians have died as a result of the violence in Indochina—half of that nation's population. Those Cambodians still alive are suffering from famine, war, disease, and malnutrition. Hundreds of Khmer continue to die daily. We are seeing the destruction of a whole people while much of the world stands by doing nothing.

The civilized nations of the world, in particular the United States, have a moral obligation to save the Cambodian people from extinction. America must take the lead in working to end the Cambodian nightmare. We must insure that sufficient humanitarian aid is sent to the Cambodian refugees. Our Government must pledge its support and urge the support of other nations during the Cambodian pledging conference. America must continue to accept adequate numbers of refugees for resettlement. Our Government must act to protect the well-being of those Cambodians both in Thailand and along the Thai-Cambodian border by preventing any forced repatriation of refugees into Cambodia. Finally, we must work for the convening of an international conference on Cambodia designed to end the fighting and bring about the establishment of a representative government in that land.

I am strongly in support of Congresswoman HECKLER's resolution because I believe that it describes the vital goals which our Nation must pursue in helping to bring about an end to the Cambodian horror.●

## TRIBUTE TO ALLARD LOWENSTEIN

### HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 20, 1980*

● Mr. O'NEILL. Mr. Speaker, it is with a profound sense of sadness that I join my colleagues in paying tribute to a distinguished former Member of the House, Allard Lowenstein, who devoted the full measure of his life's energies to help make this world a better place for all.

His death was tragic and untimely—the victim of an assassin's bullet, the recipient of the brutal violence which he always abhorred. For Allard Lowenstein was a man of peace. He espoused the humanitarian ideals upon which this Nation was founded: That human dignity was colorblind; that liberty for one implied civil liberties for all; that individual rights were absolute imperatives for the poor, the underprivileged, the ethnic and racial minorities, the downtrodden and the forgotten, just as they were for the rich, the privileged, and the majority. He was a leading proponent of equal justice under the law, long before it became a fashionable liberal view.

Allard Lowenstein understood fully the moral turpitude of the Vietnam war. I can recall vividly our mutual efforts in the latter part of the 1960's, right here on the floor of this Chamber, as we stood almost alone in a distinctly minority position. It was an arduous ordeal in those days to win over converts, one at a time, to achieve a majority vote to end the American involvement in Indochina. No other Member spent more time or energy and exerted greater powers of persuasion in this effort than Allard Lowenstein. No other American, with perhaps the single exception of the late Dr. Martin Luther King, had any greater impact on the revolutionary movements of the 1960's; no other American was any more forceful an advocate of civil rights, human dignity, justice, and compassion; no other contemporary American was any more opposed to the Vietnam war, and no other American could inspire so many young people to become involved. At all times and under every circumstance, Allard Lowenstein advocated a nonviolent approach to achieve social change, and he always believed in working within the system, not against it.

Yet, he was astute enough to see some of America's shortcomings, and through that vision, the means by which those adverse qualities could be corrected. In his mind there were no tragic flaws in America's character, only minor shortcomings and abuses of power that defied the fundamental building blocks of American democracy: Life, liberty, and the pursuit of happiness. Allard Lowenstein was a patriotic American. He loved his country, and wherever he saw injustice, he tried to stamp it out; wherever he saw bigotry and prejudice, he tried to educate, and wherever he saw hope and a willingness to change, he inspired.

He had a firm belief in the fundamental goodness of America, and he genuinely loved people. Yes, he was an idealist, but he had a marvelous way with people, and he could become pragmatic and realistic to accomplish his goals.

The famous conservative philosopher, Edmund Burke, warned nearly two centuries ago that if the foundations of a society are uprooted by violent and bloody revolutions, anarchy and chaos result and the beastly instincts in human nature are released. Though he would have perceived his own philosophy as more attuned to the views of Burke's liberal contemporary—the famous pamphleteer, Thomas Paine—Allard Lowenstein underscored the importance of working through peaceful means within the system to achieve the consensus that brings about social, political, and economic changes.

Allard Lowenstein will be greatly missed by all of us who are dedicated to the dignity, growth, and development of every individual. I extend my deepest sympathies to his family and close friends.●

## PRESIDENTIAL PLAN FOR SELECTIVE SERVICE REFORM

### HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mrs. SCHROEDER. Mr. Speaker, the January 14, 1980, Department of Defense report used in preparing President Carter's February 11, 1980, report to Congress, the "Presidential Plan for Selective Service Reform," considered the question of the legality of a males-only draft registration. The report, which I obtained pursuant to a Freedom of Information Act request, concluded that excluding women would risk "adverse court action during a time of crisis."

Tomorrow I will discuss additional documents I obtained under my FOIA request.

The report follows:

### PRESIDENTIAL PLAN FOR SELECTIVE SERVICE REFORM

#### 1. ISSUE

Whether women should be subject to registration and induction for training and service in the Armed Forces under the Military Selective Service Act.

#### 2. BACKGROUND

#### *A. Current statutory authority*

The statutory authority for the draft expired in June 1973, ending a nearly continuous period of over thirty years of compulsory service for men. The current Military Selective Service Act provides standby authority to the President for the reinstitution of registration and classification for service in the Armed Services for young men between the ages of 18 and 26. There is no provision for the registration and classification of women. The President does not have authority to reinstate inductions for men or to induct women.

#### *B. The impact of the courts*

During the era of the draft, exclusion of women was seldom questioned. Where it was challenged it was consistently upheld by the courts. Today, however, as a result of two major developments since the end of the draft, the outcome of a constitutional challenge is questionable.

First, in the 1970s the Supreme Court adopted a standard of review in equal protection cases that subjects sex-based classifications to much closer judicial scrutiny than in the past. The Court has stated that such classifications will not be sustained unless the legislative objective to be served is important and the classification is clearly and substantially related to the objective.

Second, the influx of women into the military during this decade has provided substantial evidence that women are capable of high quality performance in many military skills. The number of women in the military services has increased from 38,000 in 1968 to over 150,000 in 1979. They represent 6 percent of the force and are projected to represent approximately 11.5 percent by 1985.

#### *C. Current laws and policy*

The Secretary of Defense and the Secretaries of the Military Departments set policy for the assignment of women within statutory restrictions imposed by Congress. The Department of Defense has asked that the statutory restrictions be removed. Current assignment policies are described below:

#### (1) Army

Within the Army there are no statutory restrictions on the assignment of women. The Secretary of the Army determines where women may serve and, in conjunction with the Chief of Staff, develops policies and programs to employ Army women effectively. Current Army policy exclude women, both officer and enlisted, from those specialties and units which relate to close combat (infantry, armor, cannon field artillery, combat engineer and low altitude air defense units of battalion/squadron or smaller size). Women are assigned to combat support and combat service support units in divisions, including maintenance battalions, signal battalions, brigade level headquarters and certain artillery units.

#### (2) Navy

For the Navy, Title 10 U.S.C. 6015, as amended, prohibits the assignment of women to permanent duty on vessels and aircraft that are engaged in combat missions. Female officers may be assigned to positions within all unrestricted line career fields, except submarine warfare and special warfare. These two specialties remain closed to women because of their close relationship to combat. Enlisted women in the Navy have access to 86 of the 100 ratings. The fourteen ratings excluded contain skills found primarily on combatant ships.

#### (3) Air Force

Female officers in the Air Force may serve in all officer career fields but are excluded from some specific positions due to the provision in 10 U.S.C. 8549 that restricts women from being assigned to air crew positions on combat aircraft engaged in combat missions (primarily fighters, bombers, reconnaissance and tactical aircraft). Only four of 230 Air Force military enlisted occupations are closed to women. These exclusions are due to either the legislative combat restrictions in Title 10 U.S.C. 8459 or Air Force policy.

#### (4) Marine Corps

By policy the Marine Corps, like the Army, does not assign women to units whose primary mission is one of combat nor are they assigned to those military occupations which are primarily associated with combat units. Marines in the Fleet Marine Force must be frequently rotated from land duty to sea duty aboard combat vessels. Women are precluded by law from serving aboard these vessels. Sufficient billets must be set aside ashore for men assigned to these positions to provide for an equitable rotation policy. Therefore, no occupational field is allowed to have more women assigned than can support the established rotational policy of overseas tours for men. Moreover, no unit of the Fleet Marine Force is allowed to contain more than 10 percent women.

#### (5) Effect of restrictions

From the standpoint of overall military personnel management and utilization, the effect of these restrictions is much greater than would be assumed on the surface. For example, women are now allowed to serve in 6 percent of the Army's enlisted skills, but those skills represent 21 percent of the Army's active peacetime force.

#### ALTERNATIVES

The following were considered:

Women should be exempt from Selective Service registration and induction into the Armed Forces.

Women should be subject to registration and induction. However, the rate of induction of women should be based on the needs of the Armed Forces.

Women should be subject to registration and induction for training and service in the Armed Forces on an equal basis with men.

#### CONSIDERATION OF ALTERNATIVES

Three arguments have been advanced for changing the law to allow women to be drafted:

The Armed Forces may need a female draft to meet total wartime personnel requirements.

It is inequitable to limit the burden of compulsory service to males.

A male-only draft would be challenged on constitutional grounds which could call a halt to the induction of males during a national emergency.

#### *A. The military requirements for drafting women*

If the Military Selective Service Act were to be amended to provide for the registration and classification of both men and women, the pool of people available to be drafted would be doubled. But it is doubtful that a female draft can be justified on the argument that they are needed to meet wartime personnel requirements. The pool of draft eligible men (ages 18 to 26) is sufficiently large to meet projected wartime requirements. Furthermore, men, unlike women, can be assigned to any military position, including combat jobs.

However, women can be used in large numbers in the peacetime and wartime force. The maximum number of women that can be used is subject to three constraints: (1) legislative prohibitions against the use of women in certain military positions, (2) the policy to reserve certain assignments, such as ground combat roles, for men only and (3) the need to reserve a substantial number of noncombat positions for men in order to provide a pool of ready replacements for ground combat positions.

A change in the Selective Service Act to permit the registration and induction of women would not necessarily mean that significant numbers of women would be drafted. If women were subject to the draft, the Department of Defense would determine the maximum number of women that could be used in the military forces without diminishing national security. If there were not enough women volunteers to bring total female strength up to that number, a separate draft call from the pool of registered women would be issued.

#### *B. The issue of equity*

The argument has been advanced that it would be inequitable to impose registration and induction only on males. This is a sound argument. Since women have proven that they can serve successfully in the Armed Forces in peace they should be asked also to serve in the Armed Forces during a national emergency or war to the extent that they can make a contribution. However, women should be conscripted only if volunteering fails to provide as many women as could be used.

Although the equity argument is important, it does not lead to the conclusion that men and women should be inducted in equal numbers. A sex-blind draft would be inefficient since women cannot be used in the same proportion as men, given current policies and legal prohibitions which restrict the use of women on aircraft, vessels and in ground combat. Equity is achieved when both men and women are asked to serve in proportion to the ability of the armed forces to use them effectively.

#### *C. Potential action by the courts*

Women have proven that they can successfully serve in a large number of occupations in our peacetime military force and also could serve successfully in large numbers in an expanded wartime force. Consequently, if registration or induction is reinstated and women are excluded, it is likely that sex discrimination suits would be brought against the U.S. Government. An injuction arising from these suits could cause damaging delays during a period of national emergency or war. Extending the Presidential authority to register, classify and, with Congressional approval, to induct women as well as men would reduce the risk of adverse court action during a time of crisis.

#### CONCLUSION

In order to expand the potential manpower pool and minimize the risk of adverse legal determines against the Armed Forces, women should be subject by law to registration, induction and training for service in the Armed Forces. This does not mean women would be inducted along with men on a sex-blind selection but that they would constitute a part of the manpower inventory from which the Services could draw to meet requirements as desired. The utilization of women would be determined in accordance with the needs and mission of each Service.

#### RECOMMENDATION

The Military Selective Service Act (50 U.S.C. App. 451 et seq) should be amended to provide standby Presidential authority to register and classify women as well as men for training and service in the Armed Forces. If Congress authorizes the conscription of men, authority should also be extended to provide for the conscription of women.●

## EXPLORATION EXPENDITURES OF SMALL INDEPENDENT OIL PRODUCERS

### HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● **Mr. STARK.** Mr. Speaker, during the debate on H.R. 3919, the windfall profit tax, there was a great deal of controversy surrounding the appropriate tax treatment of small independent oil producers. Although the bill is through the House, it is clear that this debate will continue for some time.

One of the more frequently discussed issues was the extent to which these small producers engaged in exploration for oil as compared to larger producers. At my request the staff of the joint committee prepared the following table showing exploration expenditures of companies with varying daily production. It may be of some interest to Members.

The table follows:

EXPLORATION EXPENDITURES BY SIZE OF DAILY CRUDE AND CONDENSATE PRODUCTION VOLUME FOR 1977 [1]

[Dollars in millions]

| Company size in barrels per day | Numbers of companies | Expenditures | Percent | Cumulative percent |
|---|---|---|---|---|
| 0 to 500 | ([2]) | $673.4 | 8.6 | 8.6 |
| 501 to 1,000 | ([2]) | 337.7 | 4.3 | 12.9 |
| 1,001 to 2,000 | 136 | 510.9 | 6.5 | 19.4 |
| 2,001 to 3,000 | 61 | 374.5 | 4.8 | 24.2 |
| 3,001 to 5,000 | 45 | 442.5 | 5.6 | 29.8 |
| 5,000 to 10,000 | 26 | 532.6 | 6.8 | 36.6 |
| 10,001 and over | 42 | 4,971.8 | 63.4 | 100.0 |
| Total |  | 7,843.3 | 100.0 |  |

[1] Unpublished data from 1977 Annual Survey of Oil and Gas conducted by the Bureau of the Census.

[2] Unknown number of companies.●

## SAVING SOIL AND ENERGY ON THE FAMILY FARM

### HON. THOMAS J. TAUKE

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● **Mr. TAUKE.** Mr. Speaker, there is no question that the farming sector of our economy is the most productive. The ability of the American farmer to produce food for our Nation and the world has resulted in relatively low prices at the supermarket, as the latest Consumer Price Index shows. For the second month in a row, grocery store prices have fallen while energy, housing, and all other aspects of the index continue to rise.

Two of the major reasons for this are the innovative soil and energy conservation practices being implemented by America's farmers.

Mr. Speaker, I would like to bring to the attention of my colleagues a farming operation located in my district in northeast Iowa. This family farm operation is exemplary of the productivity and innovativeness of the farm sector.

The family farm operation of Dan and Diana Stadtmueller of Monticello, Iowa, is the cover story of this month's Farm Journal magazine. The Stadtmueller's have developed a conservation tillage system that allows them the opportunity to use continuous row cropping on rolling land. This minimum tillage system has decreased production and energy costs while controlling erosion and increasing crop yields.

The Stadtmuellers, including valuable help from their two children, Debbie, 12, and Darren, 8, are operating a farm of a little over 1,100 acres of row crop. Last year the family averaged 161 bushels per acre of corn on 855 acres and 48 bushels per acre of soybeans on 260 acres. That compares with State averages of 127 bushels per acre of corn and 38 bushels per acre for soybeans.

The system utilized by the Stadtmueller's not only cuts costs by reducing the number of required tillage operations, but fewer trips across the field cut their labor and energy needs.

The Stadtmueller's have shown the importance of the family farm to agriculture and society by increasing production, saving energy and providing inexpensive food to our Nation's residents.

I would like to take this opportunity to applaud Dan, Diana and their family on their outstanding accomplishments in their farm business. The examples set by this Northeast Iowa family have wide implications for everyone in this country.

Mr. Speaker, I would now like to share with my colleagues the article on the Stadtmueller's farming operation appearing in this month's Farm Journal magazine:

### THEY FIND PROFIT IN CONSERVATION TILLAGE

(By Dick Seim, Farm Journal field staff)

Dan and Diana Stadtmueller reduce field trips, combine operations, save time, labor and fuel—and get high yields in 36 inch rows. Here's how:

You hear no apologies about profits from the supercharged production team of Dan and Diana Stadtmueller, Jones County, Iowa. And they offer you no "because it's good" phrases in defense of conservation. Diana summed it up after the three of us had poked into the "what and why" of their operation on a recent snow-dusted morning: "Farming is a business—we're in it to make a profit. We stick with minimum tillage because we see the increased yields, decreased costs, saved energy . . ."

"And controlled erosion," Dan cut in. "We wanted a system that would allow us to use continuous row cropping on rolling land. We wanted to grow, and we wanted to handle it all without hiring labor." Tall order, right? Take a look at their numbers for 1979. They averaged 161 bu. of corn on 855 acres; 48 bu. of soybeans on 260 acres. They totaled just 822 tractor hours (all uses) producing that 1,115 acres of row crops, and used less than 5 gal. of fuel per acre. And they did it all themselves, with some valuable help from Debbie, 12, and Darren, 8, who already are working onto the team.

(They're organizing their farm business into a corporation. But don't try to tell them they're not a family farm!)

The system lets them do it—the Stadtmueller "Conservation tillage for profit" system. It melds minimum tillage, row fertilizer and ridge planting. No plow, no chisel. For corn after corn, they need only four trips over the field plus harvest. Corn after soybeans requires only three passes plus harvest.

They didn't jump to this system between one season and the next. Dan started farming in 1963 with his father, and then a brother. He progressed from conventional tillage through chisel tillage to a till-planter system to the present approach. He has a feel for machinery and has designed or adapted units. He and Diana have farmed on their own since 1975. They have evolved from the till planter to the present system.

First job (in the spring)—chop stalks. They do this with an implement Dan put together. Rolling, blade cage units (Lilliston), 18" wide, following each row ridge. Each unit, spring-loaded, weighs 150 lb. They cut stalks, kick out roots and work ridge soil a bit—helps it dry, warm up. (No fall work in fields, except liming or tiling.) Diana guns through chopping. "You can cover ground fast—around 20 acres an hour."

Next up—corn planting. Dan's job. He starts the last week in April, usually. He uses a six-row, 36" John Deere Max-Emerge planter to which he has added notched-disk openers. He bands herbicide (Lasso, Bladex, atrazine mix) and on corn after corn, an insecticide (Counter in 1980). He also applies all dry fertilizer as he plants, using disk openers to place it 2" to one side and 2" below seed level. He plants corn 1½" deep in the ridges.

Corn gets 200 lb. per acre of a mixture of 18-46-0 and 0-0-60—comes out 9-23-30. Soybeans receive half that rate. He pulls a fertilizer cart behind the planter. He can refill planter fertilizer boxes from the tractor by switching on a hydraulic motor.

Soybean planting usually follows before corn cultivation. Dan bands just Lasso on beans. He spot-treats broadleaves with Basagran; sprayer is mounted on cultivator.

At first cultivation he also side-dresses anhydrous ammonia—160 to 170 lb. of nitrogen—on corn after corn, 120 lb. after soybeans. This cultivation, he uses disk hillers to cut away from the row; a 24" sweep between rows.

At second cultivation, Dan again uses the 24" sweep between rows now builds ridges with the disk hillers. "Our fall plowing in June." By now you've figured why he likes 36" rows. Right. "I want room to work in there—side-dressing, cultivating. We've halved our herbicide bill by banding, then cultivating. Sure it cost something to cultivate. But when we look at our total program, we're coming out way ahead."

He points out that they save big on capital investment. "We've got the lowest power and machinery cost per rotated acre in our farm record association—and it's going down." Top tractor—125 hp. The real power, though, lies in the Stadtmueller team.●

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## AN OLD WARRIOR'S MONUMENT

## HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. BRINKLEY. Mr. Speaker, what does it take to make one man stand out among many great men as a legend in his own time—especially when that time is already full of heroes? World War II was such a time. There was F.D.R. and MacArthur, Nimitz and Halsey, Tom Doolittle, and Churchill commanding America and her great ally.

And there was, in the midst of this turbulent era, another giant who led on another front. His commanding presence as chairman of the powerful House Armed Services Committee inspired the respect of all who served with him. That incomparable leader was Carl Vinson, who today is a robust 96-year-old living in my home State of Georgia.

I wish to commend the following March 13, 1980, Atlanta Constitution profile of this uncompromising and uncommon man to the attention of my colleagues.

### AN OLD WARRIOR'S MONUMENT

(By Frederick Allen)

MILLEDGEVILLE—"I feel fine, yes," Carl Vinson was saying. "I have all the ailments that a man should have when he's the age I am."

At age 96, with his wits and wit still firmly about him, Carl Vinson is about to receive a military honor never before accorded a living man.

On Saturday, Vinson plans to watch as a 94,000-ton, nuclear-powered aircraft carrier is christened in his name—dedicated to his record 50 years, one month and two days as a congressman from rural Georgia who championed the Navy.

Vinson has declined recent requests for formal interviews—his friends want him to conserve strength for Saturday's ceremony in Newport News, Va.—but he chatted cheerfully for about half an hour Wednesday with a visiting reporter.

"I'm not going to make any statement," he explained politely. "I figure when a man has reached my age, going on 97, he should be seen and not heard."

As he sat in the parlor of his 147-year-old townhouse in Milledgeville, however, he couldn't help saying a few words about the launching of the fourth nuclear-powered U.S. aircraft carrier—the third of the giant Nimitz class—a 1,092-foot-long behemoth that has a flight deck covering more than four acres and accommodations for 6,000, nearly the population of Milledgeville.

"I sent invitations to all of my family," he said smiling gently, "and found out that I had 68 kin-people."

One of them is his grand nephew, U.S. Sen. Sam Nunn, who will deliver the keynote address Saturday at the christening.

Vinson expressed his deep sense of honor at the naming of the warship and later observed brightly that it was "a fine way to celebrate my youthful age of 96."

Vinson's eyesight and hearing are poor, and he walks with the aid of two metal canes, but he stands straight and his mind is keen. His first question was whether U.S. Sen. Edward Kennedy, D-Mass., had managed to steal a delegate from President Carter in the 5th Congressional District in Tuesday's presidential primary—an issue that had remained in doubt until the early morning hours of Wednesday.

He was not terribly impressed that Kennedy had, in fact, taken one of Georgia's 63 delegates.

He made it pretty clear in an interview last year that he thought Georgians owed Carter their loyalty. "There is a country saying," he observed, "that it's a pretty poor cow that won't lick its own calf."

"Uncle Carl," as he is nicknamed, had to miss the laying of the Vinson's keel five years ago when his excitement contributed to a stroke that had him hospitalized for several weeks.

He intends to make it to the christening, which explains the protective and determined attitude of Tillman and Molly Snead, with whom he lives.

A fact sheet on Carl Vinson:

He was born near Milledgeville in November 1883 when the president of the United States was Chester A. Arthur and people traveled by horse and buggy.

He was the youngest of eight children born to Ed Vinson, who as a child during Sherman's March to the Sea had single-handedly stalked the Union soldiers who stole a family mule and recaptured the beast.

He won his first election to Congress on Nov. 3, 1914. He was re-elected to 25 consecutive two-year terms, including an election in 1918 when he campaigned in a Model T Ford and his opposition was the firebrand populist and isolationist Tom Watson.

He served under nine presidents, starting with Woodrow Wilson and ending with Lyndon Johnson.

Among the honors heaped on Vinson was the naming of a mountain range in Antarctica, the Vinson Massif.

He served as chairman of the House Armed Services Committee for 14 years, and before that for 16 years as head of the House Naval Affairs Committee, setting a congressional record for length of service as a chairman.

He made his first speech in Congress before the United States entered World War I, and said, "I devoutly hope the casting of every gun and the building of every ship will be done with a prayer for peace."

Carl Vinson was the father of the modern, two-ocean Navy.

The Saturday Evening Post, in an article entitled "He Makes the Generals Listen" in 1951, asserted that "if the communists understood the extent of his influence, they would probably label him Imperialist War Lord No. 1."

Very little has been written of Vinson's uses of power—he has scrupulously refused to discuss his decades of secrets—but the basics are fairly simple: He worked the military men who came before his committee like a country lawyer dismantling a city slicker, and when he was satisfied he fought for them tenaciously in Congress.

"He talked with presidents and dismissed admirals like cabin boys," U.S. Sen. Herman Talmadge once observed.

Vinson once pierced the long-winded speech of an admiral by admonishing him, "Never mind the hemmin' and hawin', admiral, just give us the facts."

Another time, he objected to the unsupported conclusions being tossed out by a general. "Now, general," he said, "don't take off your shoes till you get to the creek."

He tolerated little free-thinking from his committee members, forcing them to serve several terms before they were "commissioned" and allowed to interrupt. A freshman once approached him after a key vote and said, "Well, I voted with you." Vinson replied, "What the hell do you think I put you on this committee for?"

Vinson's was the most persuasive voice for a strong Navy before World War II and the Korean War, and in both instances he proved he was right and the defense-cutters wrong.

In the early 1940s, he had a forceful ally in President Franklin Roosevelt. Later, during the Truman administration, he often fought alone.

One of Vinson's secrets was his own asceticism. He never took the junkets to military posts in foreign countries that appealed so much to other congressmen. A general once prefaced his remarks by saying, "As you know, Mr. Chairman, from your travels to Europe. . . ." Vinson cut him off: "Nossir, I have never been out of this country. I stay right here."

Vinson never evidenced much interest in leaving Congress for the Cabinet, despite several feelers for defense posts. Once, when his name came up for secretary of defense, he shook his head. "Shucks," he said, "I'd rather go on running the Pentagon from up here."

He was asked once about the presidents he battled. "I've had fusses with all of 'em, disagreements anyway," he answered. "I've seen many a bill passed."

His use of influence was judicious. "When a boy comes up from my district and calls me and says he's a contractor and wants some Navy business, I tell him there's no use calling me for a contract," Vinson once said. "'Go on over there and tell them who you are,' I always say, 'and if you get the business I'll be investigating you like I do everybody else.'"

When it came to his home state, however, Vinson was adept. When the Air Force published a list of possible sites for a large base after World War II, Vinson suggested that middle Georgia be added. Warner Robins was soon picked.

Former President Richard Nixon announced plans for the U.S.S. Carl Vinson in 1973.

"A monument must be built to this man," Nixon said of Vinson. "I don't think he would want a statue. I've never seen how he looks on a horse."

He will look small on the aircraft carrier.

The Vinson, to be launched at the Newport News Shipbuilding Co., is a $2 billion warship with space for a waterworks plant, printing plant, weather bureau, machine shop, post office, fire stations, hospital, laundry, library, tailor shop, radio and television repair shops, and an ice-cream parlor.

It may be the last ship of its type, as congressional approval has not yet come for a proposed fifth nuclear carrier.

When Molly Tillman shatters the bottle of champagne over the Vinson's prow Saturday, about two years of work will still be needed to put the ship into commission.

Vinson, who likes to say that he is "trying to wear out instead of rusting out," plans to be around for that moment as well.●

## ARIZONA SEEKS CLOSER RELATIONS WITH THE REPUBLIC OF CHINA

## HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. RUDD. Mr. Speaker, surely one of the most disappointing actions of the Carter Presidency has been the President's decision to terminate our full diplomatic relations and defense treaty with the Republic of China in order to establish relations with the People's Republic of China.

For over three decades American Presidents had resisted the temptation to scuttle our friendship with Taiwan in exchange for diplomatic relations with the Communist mainland, a conditional prerequisite of the Communists.

I opposed the President's unilateral decision to abrogate our mutual defense treaty with Taiwan and joined my distinguished colleague in the other body (Mr. GOLDWATER) in a law suit challenging the constitutionality of the President's action.

The relegation of our long-time ally to a sort of second-class diplomatic relationship with our Nation is shameful.

In light of the administration's actions, I have joined with a number of my colleagues recently in serving as a member of the Congressional Advisory Board of the Coalition for Asian Peace and Security.

This organization is dedicated to monitoring the situation in Asia to insure that Communist China does not attempt overt or covert actions intended to injure, harass, destroy, or seize control of society on Taiwan and that the President fulfills our country's commitment to provide our friends on Taiwan with the necessary defensive weapons to insure their continued independence and freedom.

The most recent attempt to further reduce our commitment to Taiwan is demonstrated by the action of the conference committee on the international development banks bill, H.R. 3829, to eliminate the House-passed language providing that continued U.S. support for the Asian Development Bank be conditioned upon Taiwan's continued membership in this international bank. This guarantee is necessary because of the behind-the-scenes rumblings that the Communist Chinese will make an effort to oust Taiwan and claim representation on the bank.

In light of these rather depressing examples of U.S. ambivalence toward Taiwan, I am encouraged by the following resolution from the Legislature of the State of Arizona expressing my State's desire to maintain close and friendly ties with the Republic of China on Taiwan.

The people of Arizona recognize, even if the President does not, the importance of maintaining strong alliances with countries dedicated to preventing the spread of communism. Arizonans are noted for their belief in fulfilling promises and supporting friends even in times of distress. I am proud of the Arizona Legislature's support for improved ties with Taiwan, and bring this resolution to the attention of my colleagues.

Hopefully, Mr. Speaker, our Nation—and our allies—can weather the inconstancies of the present Carter administration until more consistent and responsible leadership is restored to the White House.

Mr. Speaker, I insert the resolution concerning Taiwan by the Arizona Legislature at this point in the RECORD:

### SENATE CONCURRENT RESOLUTION 1001

A concurrent resolution proposing the establishment of a sister state relationship between the Province of Taiwan, the Republic of China, and the State of Arizona, United States of America

Whereas, the Republic of China has overcome great adversity and has built a successful, prosperous, free economy emulating our country; and

Whereas, the people of Taiwan have been the closest friends of the people of Arizona for many years; and

Whereas, the Republic of China has been and continues to be one of the most faithful allies of the United States; and

Whereas, strong ties now exist between the citizens of the Province of Taiwan and the citizens of the State of Arizona; and

Whereas, the people to people program, initiated by President Eisenhower in 1956 and endorsed by President Kennedy in 1961, was designed to bring the people of the world closer together in the interest of peace; and

Whereas, a sister state relationship between Taiwan and Arizona is in the best interests of a cooperative relationship between the two states involved.

Therefore, be it resolved by the Senate of the State of Arizona, the House of Representatives concurring:

1. That the Legislature, on behalf of the people of Arizona, extends to the people of

Taiwan, through the Provincial Legislature of Taiwan, an invitation to join with Arizona as a sister state and as such to conduct such mutually beneficial social, economic, educational and cultural programs as to bring our citizens closer together and strengthen international understanding and goodwill.

2. That the Secretary of State of the State of Arizona transmit copies of this Resolution to the Governor and to each Member of the Arizona Congressional Delegation.

3. That the Secretary of State of the State of Arizona send copies of this Resolution to T. S. Lin, Speaker of the Taipei City Council, Lin Yang-Kang, Governor of Taiwan, Tsai Hung-Wen, Speaker of the Provincial Legislature of Taiwan, and Nieh Wen-Ya, President of the Legislature Yuan, Republic of China.●

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## WALL STREET JOURNAL ARTICLE GOES TO THE HEART OF THE CONTROVERSY OVER THE U.S. VOTE FOR THE UNITED NATIONS ANTI-ISRAEL RESOLUTION

### HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. LENT. Mr. Speaker, the growing controversy over President Carter's appalling blunder in first supporting, then disavowing the U.S. vote for the United Nations resolution condemning Israel has tended to obscure the major issue involved. The major issue is the vital question of the Carter administration's attitude toward its allies.

The Wall Street Journal in a recent article entitled "Bungle Fever" has a most perceptive and instructive examination of this critical issue. The article provides a clear and thoughtful view of the entire controversy regarding the U.S. vote. In my opinion it goes to the heart of the issue, and illustrates graphically the need for positive action by the Carter administration to reassure our allies.

I commend to my colleagues this perceptive and realistic appraisal of a dispute of major importance to future U.S. foreign policy and insert the article, in full, in the RECORD at this point:

#### BUNGLE FEVER

The Carter administration's repudiated UN vote has now given Washington one of those scandals that make dinner parties hum. It's better than greed, better than lust: The affair tells a convoluted tale of rampant incompetence. The papers are all hot on the trail of the precise sequence of events in the decisionmaking process; the U.S. Congress is going to convene special hearings to ask the quintessential Washington question, "What did the President know and when did he know it?"

The general delight is in no way diminished by the fact that such questions don't much matter.

True, the clear public facts of the story have been rather unusual. Over the weekend, the U.S. joined with other members of the UN Security Council to pass a resolution condemning Israel's settlement policies in the West Bank and Jerusalem.

But then, a little more than two days after the vote, President Carter made a statement trying to reverse it. He couldn't actually take the vote back, but he said that he had approved it only on the understanding that all the UN resolution's mentions of Jerusalem would be deleted, which they weren't.

Observers already seem to be dividing into Two Schools on how the mess came about. One subscribes to the general confusion theory of history, and argues that things probably happened just about as the White House says they did. President Carter, never reading the final text of the resolution, thought he was giving one set of instructions on it; our UN Ambassador Donald McHenry thought he was receiving another.

The second school can't believe that the White House could be so stupid and therefore concludes that it must be sinister. The President, this group argues, couldn't possibly have been unaware of the details of a resolution as incendiary as this, and must have calculated that he could slip this one by.

But he calculated wrong; the Israelis announced that the resolution would make it impossible to progress on the autonomy talks, and the Kennedy campaign turned it into a major attack on the eve of the Massachusetts primary. So the President turned tail and ran; in the process he proved cheerfully willing to make Secretary of State Vance the fall guy for the "failure to communicate."

It's not so hard to believe the White House story; once you've read one UN resolution, you're not likely ever to read another one again unless someone practically presses it up against your eyeballs. And it is very hard to communicate dispassionately to State Department types smitten with UN fever, secretly yearning to transcend national differences and stand shoulder to pin-striped shoulder with their brothers in a wall of diplomatic solidarity.

But the question of who left the "Jerusalems" in doesn't even touch all the parts of the resolution that the President did not disavow. This resolution is, one discovers upon reading through its turgid text, utterly obnoxious. It casts aspersion on Israel's treatment of Jerusalem's religious places, West Bank Arabs, and even water resources; it puts the label "Palestinian territories" on lands that are still being negotiated about; it calls not only for a halt to new Israeli settlement but for a dismantling of existing Jewish housing. The U.S. finally expressed a reservation about this last provision.

With or without the "Jerusalems," in short, the resolution is not a dispute over particulars of Israeli settlements policy, but a broadside attack on a U.S. ally. The pertinent question of U.S. policy is not so much what to do about the settlements, but whether to join gangs beating up on our friends.

It is of course easy enough to disagree with parts of Israeli's present settlements policy; certainly there is no missing the extent to which the policy is tied up in Israeli domestic politics. But the U.S. is, to say the least, no stranger to domestic politics of its own; we have no cause to be so intolerant of its operations in our dealings with democratic allies. And there's nothing in the Israeli policies we disagree with that's bad enough to justify our abandoning Israel in an enemy forum like the UN. Still less is there justification for doing so when the very things the UN is shooting off its collective mouth about are the subjects of negotiations which we supposedly endorse.

It's a good thing for us to try to find new openings to the Arab world, but we are not likely to gain much respect in that or any other world by adding yet another name to the list of allies we have undercut or sold out. President Carter apparently thinks otherwise; that is the meaning of his endorsement of the approach that produced the current resolution and the current flap. This fundamental decision, and not the small reversal of the week, should be the crux of the current debate.●

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## PROBLEMS WITH OIL IMPORT FEE

### HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. FORSYTHE. Mr. Speaker, in announcing his intention to impose a 10-cent-per-gallon import fee on gasoline, President Carter is proposing a plan which will only add to this country's serious economic problems.

The result of this latest move by the administration to attempt to cope with the extraordinary inflation rate which is ravaging our economy will be to increase the financial burden upon consumers and to create a regulatory nightmare for oil refiners which will certainly prove to be a disincentive to increase their production of oil. I commend to the attention of my colleagues the following editorial from the Wednesday, March 26, 1980, issue of the Wall Street Journal which I believe raises some very important points:

#### OIL FLIP-FLOP

Throughout the Carter administration, and even before, one of the principal objectives of national energy policy has been trying to get rid of the entitlements system, a regulatory nightmare under which refiners of domestic oil subsidize refiners of imported oil. Now, however, the administration is proposing a new entitlements program, superimposed on the old one.

We got into the entitlements mess because the U.S. government was determined to hold the price of U.S. oil below the world price. This meant that refiners of domestic crude would have a cost advantage over refiners of imported crude. To make things "fair," the government required refiners of domestic crude to pay an entitlement for the right to refine oil. This payment was then transferred to the refiner who had to pay OPEC prices.

You don't need entitlements, or the bureaucracy that administers them, if there is only one price of oil. So a year ago the President accepted decontrol; his backers cited the advantage of ending entitlements. The "windfall profits" tax, you remember, was supposed to substitute for them. But the President stretched decontrol out into 1981 on the grounds that the price at the pump should be allowed to rise only slowly.

Now, in another of the flip-flops that have marked his administration, the President wants the price of gasoline to go up fast. But instead of speeding decontrol, he has imposed an oil import fee and directed that all of its price effects must be passed through on the part of the barrel made into gasoline. The fee once again creates a two-price oil market, and market forces may not dictate the pass-through solely on gasoline. To deal with these problems, the White House has put forth, guess what? Yes, a brand new, sparkling entitlements system.

Under this scheme, refiners would have to obtain entitlements to refine gasoline. The proceeds would be used to reimburse importers of oil for the $4.62 oil import fee collected by the Treasury. All the bizarre results of this new regulatory nightmare cannot be known in advance, if indeed the detailed regulations to implement it can ever be written. But the broad outline is as follows.

The effect will not be to discourage imports of OPEC oil, since importers will be reimbursed for the fee. Rather, since the tax will fall on gasoline refiners, the effect will be to discourage the production of gasoline. Refiners can avoid paying entitlements to the extent that they can switch production from gasoline to diesel fuel and other products. There are limits to the switching that is possible, of course, but the incentive definitely exists for the refiners to move away from the production of gasoline.

Hoping to reduce our dependence on OPEC oil, the President set out to lower the demand for gasoline by raising its price with a tax. But in the process he gave refiners an incentive to reduce the supply of gasoline, increasing the likelihood of supply tightness and gasoline lines this summer.

At the same time, he has reversed the thrust of decontrol and clamped the oil industry tighter into the regulatory vise. How the $4.62 import fee translates into an entitlement for gasoline depends on the quantities of oil imported and gasoline refined. Since this relationship is constantly shifting, and since the program itself contains incentives that affect it, the DOE bureaucrats will have years of work ahead, trying to keep everything straight.

It's hard to explain a foul-up of this magnitude. If the government that believes in the windfall profits tax is after more revenues and a higher gasoline price to reduce demand for gasoline, it could simply proceed faster with crude oil decontrol. The higher price in the market would discourage demand and also produce more oil company revenues subject to both the windfall profits tax and the corporate income tax. This approach would avoid both an incentive to produce less gasoline and a new layer of regulation.

The consequences of the oil import fee are a good indication of the way things work when regulators take over from the market. It also shows that regulators faced with being phased out are very good at phasing themselves back in. It would be wonderful indeed if somehow all this bureaucratic resourcefulness could be channeled into the production of energy.●

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## THE ROAD TO PRODUCTIVITY AND ECONOMIC GROWTH, PART VI—MORE COMMENTS FROM THE NATION'S PRESS

### HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. SCHULZE. Mr. Speaker, a short time ago I inserted in the Record editorials and commentaries by various newspapers on H.R. 6300. Today, I include additional comments by other newspapers. They are writing on the Individual Investors Incentive Act of 1980.

At the same time, I would like to point out that the need for this legislation has become increasingly apparent in light of the stock market's progressive decline.

Incentives are needed to encourage individuals to invest in all types of securities. I strongly believe that my legislation offers a realistic means of providing that badly needed capital which is necessary to keep the wheels of our economy functioning.

The articles on this proposal follow:

[From the Hazleton (Pa.) Standard-Speaker, Feb. 16, 1980]

### Panel Eyes Tax Credits for Stock Investments

Washington.—The House Ways and Means Committee is studying a Pennsylvania congressman's proposal to allow income tax credits for stock market investments.

The bill, introduced by Rep. Richard Schulze, R-Paoli, would provide a 10 percent tax break to individuals who buy the stocks and bonds of domestic corporations.

The measure limits the annual amount of credit to $1,000 for an individual and $2,000 for married couples.

A handful of national business groups already have endorsed Schulze's effort since the bill was introduced late in January. Corporate backers of the bill say they hope to rebuild dwindling capital formation by attracting new investors.

"American companies, particularly the small and medium-sized companies . . . are substantially deprived of access to capital funds," said Ira Corn Jr., a director of the Committee of Publicly Owned Companies, one of the organizations supporting the bill.

"While American companies were able to raise 20 percent of their long-term financing needs in 1971 by issuing new stock, only 4 percent was raised by equity offerings in 1978," Corn said.

Schulze, the ninth-ranking Republican on the Ways and Means panel, said the committee has heard much favorable testimony for his bill. But the lawmaker's measure is only one of dozens of capital formation bills sponsored by Democrats and senior committee members.

"I'm not discouraged. As soon as we have another tax measure to vote on, I'm going to put (committee members') feet to the fire and try to get them to vote to include my amendment to the tax code," said Schulze, who is also sponsoring a bill to provide new tax deductions for small businessmen.

Under the Schulze bill, an investor would have to hold securities for at least 12 months to qualify for the tax credit.

Congressional staffers say the Ways and Means Committee will be grappling with capital formation bills throughout the year. A major tax bill including breaks for stock purchases is an outside possibility, the staffers said.

If enacted as written, the Schulze bill would take effect Dec. 31. In addition to the Committee of Publicly Owned Companies, the National Association of Investment Clubs and Stockholders of America have also endorsed the legislation.

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[From the Greensboro Record, Feb. 16, 1980]

### Tax Credit for Stock Eyed

Washington.—A bill to provide a 10 percent tax credit to people who invest in the stock market is under consideration by the House Ways and Means Committee.

Based on a 1978 French law, the measure would limit the annual amount of credit to $1,000 for an individual and $2,000 for married couples.

A handful of business groups have already endorsed the bill since it was introduced in late January by Rep. Richard Schulze, R-Pa. Corporate backers say they hope the bill would help them rebuild dwindling money supplies by attracting new investors.

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[From the Oil City (Pa.) Derrick, Feb. 16. 1980]

### Investment Tax Break Eyed

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[From the Atlanta Journal and the Atlanta Constitution, Feb. 17, 1980]

### House Considers 10 Percent Tax Credit for Stock Buyers

Washington.—A bill to provide a 10 percent tax credit to people who invest in the stock market is under consideration by the House Ways and Means Committee.

Based on a 1978 French law, the measure would limit the annual amount of credit to $1,000 for an individual and $2,000 for married couples.

A handful of business groups have already endorsed the bill since it was introduced in late January by Rep. Richard Schulze (R-Pa.). Corporate backers say they hope the bill would help them rebuild dwindling money supplies by attracting new investors.

"American companies, particularly the small and medium-sized companies, are substantially deprived of access to capital funds," said Ira Corn Jr., a director of the Committee of Publicly Owned Companies.

Many economists believe increasing capital would improve business productivity. A higher productivity rate, in turn, could help reduce inflation by reducing the unit cost of consumer items.

Schulze said the Ways and Means Committee has heard much favorable testimony for his bill.

[From the Boston (Mass.) Herald American, Feb. 17, 1980]

### BILL CALLS FOR 10 PERCENT TAX CREDIT TO STOCK MARKET INVESTORS

WASHINGTON.—A bill to provide a 10 percent tax credit to people who invest in the stock market is under consideration by the House Ways and Means Committee.

Based on a 1978 French law, the measure would limit the annual amount of credit to $1,000 for an individual and $2,000 for married couples.

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Schulze said the Ways and Means Committee has heard much favorable testimony for his bill. Economists say a similar measure in France has bolstered that country's economy.

Under the Schulze bill, an investor would have to hold securities for at least 12 months to qualify for the tax credit.

Congressional staffers say the Ways and Means Committee will be grappling with capital formation bills throughout the year. A major tax bill including breaks for stock purchases is an outside possibility, the staffers said.

[From the Elmira (N.Y.) Star-Gazette, Feb. 18, 1980]

### HOUSE MEASURE WOULD PROVIDE CREDITS ON MARKET INVESTMENTS

(By Gene Grabowski)

WASHINGTON.—The House Ways and Means Committee is studying a Pennsylvania congressman's proposal to allow income tax credits for stock market investments.

The bill, introduced by Rep. Richard Schulze, R-Paoli, would provide a 10 percent tax break to individuals who buy the stocks and bonds of domestic corporations.

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[From the Flint Journal, Feb. 19, 1980]

### PANEL CONSIDERS TAX CREDIT FOR STOCK MARKET INVESTORS

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Congressional staffers said that the Ways and Means Committee will be grappling with capital formation bills throughout the year. A major tax bill including breaks for stock purchases is an outside possibility, the staffers said.

[From the Philadelphia Bulletin, Mar. 17, 1980]

### HOUSE BILL WOULD IMPORT FRENCH INVESTMENT TAX BREAK

(By A. Joseph Newman, Jr.)

Back in 1978, the French passed a law to encourage people to buy stocks and bonds by giving them a tax break: A tax credit up to $1,200 a year.

This would give business more money to build new factories and buy new equipment.

What was good for French investors, it was reasoned, was good for France. New factories and new machinery mean increased production—more goods and services.

Since then, the amount of new stock sold by French corporations has jumped tenfold. Prices on the Paris Bourse rose 44 percent in the nine months after the law went into effect. More than a million Frenchmen have used the tax credit. Half of them had never bought a share of stock before.

Rep. Richard T. Schulze (R-Pa) wants to borrow the break from the French.

The suburban Philadelphia congressman is sponsoring the Individual Investor Incentive Act of 1980 modeled on the French innovation. The bill was introduced in January into the House Ways and Means Committee, of which Schulze is a member.

Here is how the bill would work:

Individual investors who buy stocks and bonds of U.S. companies would get a tax credit of 10 percent of their cost, up to $1,000.

The credit would be $2,000 for married couples filing joint returns.

It would apply also on purchases of shares of mutual funds and other investment companies if at least 60 percent of the funds' own investments were in stocks and bonds of U.S. companies. Shares of money-market funds and of funds investing chiefly in gold and other metals would be excluded.

You would have to hold the securities at least 12 months to get the tax credit. If you sold before a year was out, the credit would be recaptured. This is designed to discourage giving a tax break to speculators.

In France, the holding period is three years. Schulze indicated he would not object to a longer holding period.

If you already own securities, the credit would apply only to "net" additions to your holdings. You would have to subtract the value of securities you sold during the year.

The credit would apply to purchases both of new issues of stock and bonds and to securities already in the marketplace, like those of American Telephone, for example.

Limiting the tax credit to new issues of securities, according to the Pennsylvania congressman, would penalize existing companies seeking new capital for new ventures. It could force them, he said, to constantly spin off new companies to handle new ventures.

There would be no limit on the size of the companies whose shares would qualify for the credit. The effective date would be Dec. 31. Stocks and bonds bought after that would qualify for the credit on your 1981 income tax return.

Schulze talked about his proposal at a meeting last week at the Wharton School of the University of Pennsylvania, sponsored by the Securities Industry Association, a national investment trade group. The tax break, he said, would help stem the "mass defection" of individuals from the stock and bond markets.

As in France, he said, it would encourage people to invest and stimulate production, a vital part of any campaign to fight inflation.●

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## THE LEGACY OF THREE MILE ISLAND

## HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. BINGHAM. Mr. Speaker, today is the first anniversary of the nuclear accident at Three Mile Island. Despite the oratory of those nuclear power enthusiasts who would belittle the seriousness of the accident, the looming hulk of the decrepit powerplant stands as a monument to a $1 billion investment which today, and for the indefinite future, is producing no power. The best experts do not know how or whether the plant can ever be cleaned up and put back on line. And all this because of an accident the experts said could never happen.

The same enthusiasts boast that no one died as a result of the Three Mile Island accident, but it is far too early to make that claim. We should bear in mind that only now, in 1980, is the U.S. Government conceding that Americans in Utah and Nevada did contract cancer and died as a result of the atmospheric atomic tests of the fifties and early sixties.

Already today there are a number of disturbing reports about increases in infant mortality in the Harrisburg area since the accident. Farmers report that their animals are dying of strange diseases with surprisingly large numbers of farm animals being born dead. I am asking the Nuclear Regulatory Commission for an analysis of these ominous developments.

Under unanimous consent, I herewith include two articles, one from today's New York Times and the other from today's New York Daily News, which deal with the legacy of Three Mile Island.

The articles follow:

[From the New York Times, Mar. 27, 1980]

## ONGOING FALLOUT—FEAR

(By Harvey Wasserman)

NEWBERRY TOWNSHIP, Pa.—It's been a year since the accident at Three Mile Island but the air in the community surrounding the plant is thicker than ever with anger and fear. In fact, in seven years of working to stop atomic reactors in my own home town, Montague, Mass., and elsewhere, I've never encountered a community so close to the brink of an upheaval over the nuclear issue.

The reasons are many. For one thing, people in the farm country surrounding Three Mile Island now believe that the plant has been harming their animals since well before the accident. For four years now, Jane Lee, who lives on a farm in the village of Etters, has been collecting affidavits from area farmers on what they call "strange goings-on" with their animals. Their accounts include a frightening array of biological problems in animals ranging from cats to cows. The list includes spontaneous abortions, stillbirths, sterility, mutant offspring, blindness, defective bone structure and sudden death—all without clear causal explanation.

Dr. Robert Weber has also noticed problems. He is veterinarian in Mechanicsburg, 15 miles from the plant, who has practiced in the area for 32 years. Early this month, he testified before the Public Utilities Commission in Harrisburg that since 1976 he has been encountering widespread bone problems among cows in the area. After giving birth, he said, the cows "go down and can't get back up." Dr. Weber said further, in an interview, that in the summer and fall of 1979, "after the plant went bad," he began performing one caesarean-section operation a week on pigs that were unable to dilate properly despite sizeable hormone injections. He said that previously he had been called on to perform only one or two such operations a year. At the moment, he says, he is also performing two such operations a week on goats and sheep; one or two a year had been the normal rate.

Privately, both Jane Lee and Dr. Weber suspect that the problems are coming from the power plant, possibly from radiation, possibly from substances sent into the atmosphere through the cooling towers that may be altering the chemistry of the soil.

Charles Connolly, who lives in clear view of the four cooling towers, also has his suspicions. He says that when the reactors were operating, rainfall running off his roof would kill the grass around his house and would wash into his cisterns a milky white substance that would make animals who drank it "lie down and get sick." When the reactors stopped operating, the milky substance disappeared, he said. Mr. Connolly, who has lived on his farm since 1913, says that yields from his farm have dropped noticeably since the opening of the first reactor in 1974 and that since the accident at the second reactor, wild birds, game animals and snakes have greatly diminished in numbers.

In recent weeks, hot debate has developed over statistics indicating increased infant mortality and infant hypothyroidism in area hospitals. One York family has filed suit against Metropolitan Edison, operator of the reactor, over the post-accident stillbirth of their child. One Mechanicsburg couple wonders quietly if the birth of their daughter with the dreaded Down's Syndrome, a genetic defect, might have somehow been linked to the accident. One Hershey woman chose to have an abortion and then had herself sterilized rather than rear an infant where "it will never be clean."

No one has definitive scientific proof of what health problems the emissions have or have not caused. But local residents are furious that no official study has been done on their animals, and many are nervous to the point of breakdown about what might be happening to them and their children. Some have begun a multi-million-dollar class-action suit for psychological damages stemming from the accident. Many say they would move "in a minute" if they could sell their farms or houses and find jobs elsewhere.

Indeed, there are hundreds here who once welcomed nuclear power into their neighborhood but who now curse Metropolitan Edison, the Nuclear Regulatory Commission and the state. Many are starting to turn public meetings with utility, state and Nuclear Regulatory Commission officials into harsh confrontations. They don't want more krypton gas vented into the atmosphere. They don't want reactor No. 1 restarted. They do want reactor No. 2 dead and buried. Most of all, they want some clear answers about the health of their animals and families.

As a nation we have an obligation to make sure that those answers are forthcoming. There are 67 reactors licensed for commercial operation in this country, and 87 under construction. To my knowledge, none of them is immune to what happened at Three Mile Island and none of us is immune to the kinds of emotions its neighbors are feeling.

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[From the New York Daily News, Mar. 27, 1980]

## WE'LL NEVER FORGIVE OR FORGET

(By Steve Lawrence)

Six months after Unit Two at Three Mile Island threatened to blow up and melt down, Becky Mease was still badly frightened. Her home is Middletown, Pa., the clean, quiet village that runs along the Susquehanna's muddy east bank, almost alongside the massive Three Mile Island cooling towers.

Mrs. Mease thought she and her 1-year-old daughter had gotten out in time. They had evacuated on Friday, March 30, with 21,000 of her neighbors—about 60%—who lived within five miles of what looked like a probable nuclear nightmare.

"But my daughter got real sick," the 26-year-old secretary to a local doctor recalled later. "She had diarrhea for three days straight and headaches and she became anemic. I didn't know what to do."

For a brief second there are tears in Becky Mease's eyes, then they are steel. "My little girl is still getting colds and sinus problems," she says. "Now if that's not because of that power plant, you tell me what it is."

Not quite 30 days after Unit Two forced the evacuation of pregnant women and pre-school children for five miles, Bill Bitner shelled out a cool $400,000 for 325-acre Hill Island with 85 summer cottages off the west bank of the Susquehanna. His new property was barely 800 yards from the still steaming atomic reactor. But the cottages sold out almost immediately.

Nearly a year ago, up to its neck in disaster, Metropolitan Edison decided to stonewall. Utility officials oozed bland reassurance. They issued inaccurate and contradictory information. They insisted nothing serious was wrong.

And today, the people who live in Met Ed territory are still getting what they consider a healthy dose of nukespeak from the utility. Witness the recent performance of Robert Arnold, vice president in charge of the badly wounded and severly contaminated plant.

Arnold was presiding over his sixth community meeting in three weeks, attended by some 300 curious, confused, frightened and frustrated citizens. He was trying to explain why these people should tolerate a 30 to 60-day "controlled release" of radioactive krypton gas from inside the plant.

Arnold knew the dark mood of these folks. "We've had enough," they had screamed at earlier meetings. "No release, no release." "Shut down TMI forever."

Yet Robert Arnold insisted on plowing through a 40-minute lecture on how the plant works. "We don't want to hear this again," they shouted. "Just tell us, are we in danger of a meltdown?"

Finally Arnold shook his head. "No matter how badly the reactor core is damaged, we are confident it can't go critical," he said flatly. But 30 minutes later he allowed, "I don't expect that in the next few months there will be a threat to the reactor core." This was too much for Tom Bainbridge, a third grade teacher from Lancaster. "You are treating me like someone who's stupid," he shouted at Arnold, jumping on the stage to confront the Met Ed official nose to nose. "Are you going to have a meltdown, yes or no?" Bainbridge spat.

"I can't assure you we would not have a meltdown," Arnold conceded. "If something happened, if pipes broke, I can't give assurance that the core would not go critical again because we can't be sure of the extent of the damage to the core."

Three Mile Island Unit Two is stewing in its own juices these days.

A lethal, radioactive drizzle falls continually inside the 20-story, reinforced concrete and steel containment structure that stands between more than 100 tons of nuclear garbage and local people. A half-million gallons of seriously contaminated water sit seven feet deep in the containment. It is constantly evaporating, then condensing at the top of the structure into poisoned precipitation.

The air inside the containment structure is krypton-85. Just as important, no one can work inside the plant for more than a few minutes at a time until that krypton-85 is out. Still, as radioactivity goes, there is apparently not that much there. The best estimates are that maybe 10 million curies of radioactivity (curies are a standard measurement of radiation) escaped from Three Mile Island during the accident. That's not enough, say the government experts, to cause a perceptible increase in cancer deaths among the 2 million people that might be affected.

The krypton inside contains no more than 57,000 curies of radioactivity, says the Nuclear Regulatory Commission. Met Ed, the NRC staff and Pennsylvania's Governor Richard Thornburg say the quickest and safest way to get rid of it is "controlled venting." Just push the hot gas slowly out of the containment, they say. It will become so diluted in the atmosphere, this venting "will be no more dangerous than smoking an extra cigaret in your lifetime," says Dr. Bertrand Brill, a health effects consultant to the NRC from Brookhaven National Laboratory.

A lot of people around Three Mile Island believe none of this. It is easy to see why. Met Ed, after all, has been caught in misstatements since the accident began. And lately there have been small "leaks" or "accidental releases" of radioactivity into the air and Susquehanna River that have given an already jumpy citizenry a chronic case of nuclear jitters.

Clean-up at the plant has not gone well. Water purifiers have broken down; workers have been overexposed to radiation; there have been spills and leaks.

Combine this with utility officials and NRC experts who can't seem to understand the public anger they face, and the result is a traumatized citizenry.

"You technologists approved building TMI in the flight path of an airport and you approved the procedures that created that accident," Ann Sessa, a Middletown mother of five, angrily told an NRC panel last week. "Now why should we believe any of you when you have made such collosal blunders all the way down the line," she yelled at the Middletown hearing.

You can see it on their faces—the fear, anger and sense of betrayal. Young husbands and wives who thought rural Pennsylvania with its quiet towns and picture-postcard farmland would be the perfect place to raise children. Old hands with deep village roots abruptly racked with the suspicion that their land and lives are poisoned.

"We will never forgive or forget what you have done here," 26-year-old Michelle Siewert, five months pregnant, told the NRC panel. "You have uprooted homes, divided friends and families, created tension between husbands and wives. You have turned us into cynical people, and showed yourselves to be worth no more than a hunk of cow manure."

Strong talk, but not as strong as the black rumors of chronic disease, miscarriages, mutations and animal deaths that swirl through the area. "I'm just afraid for my kids," says Joyce Corradi, mother of four. "I run a day care center in my home, 12 or so kids a day, and after the accident all of a sudden I've got kids with funny rashes and sores and sick stomachs."

Physicians in the area realize that something is going on. But none are willing to pin it on radiation.

"This area has always been bad for sinus troubles because it's damp all the time and mold spores grow well here," says Dr. Glen Wheeler, one of Middletown's busiest pediatricians. "My bias is definitely anti-nuclear, but what we're seeing here is a lot of people, and that definitely includes the children, who're depressed and anxious about Three Mile Island.

"This doesn't mean their symptoms aren't real," he cautions. "They really have stomach troubles, trouble sleeping. But I think it's going to be a very long time before anything will show up that might be caused by that plant."

"I'm sure no one really knows how much radioactivity was actually released from TMI," says Dr. Paul Milvy, a radiation biophysicist with the Council on Environmental Quality. "But even so there's no way that people got a high enough dose to create any of these symptoms."

In any case, it is just as easy to find many who seem threatened not at all by those looming towers. They care that their electric rates are up an average 25 percent since the accident, primarily because of the high cost of replacing TMI power. But beyond that: "I can't really feel it's a problem because the small amount of radiation that got out shouldn't be a problem," says Clair Nissley, a farmer who can see TMI from his 230-acre spread.

Nissley's family settled the area 200 years ago. Now he keeps 150 head of beef cattle, 90 hogs and 50,000 hens. "I haven't had any trouble with my animals," he says. "And as for land values, these farms around here are still bringing a nice price, the one or two that's for sale."

And while last summer might have hurt a few, this summer looks like fat city for the fishing and resort business around Three Mile Island. "We have no vacancies and the boat slips are all rented," says Amos Hedges, manager of the Goldsboro Marina, across the Susquehanna from Middletown. "And it looks like all those summer cottages on the other islands around Three Mile are rented or sold. I can see how folks with children would be concerned about all this, but a lot of us just think it's been overplayed."

"Nineteen-seventy-nine was our best year here," says William Bitner, who owns the biggest real estate agency in the Middletown area. "Oh yeah, April was dead. I mean we sold practically nothing, but for the whole year we did more than $8.3 million worth of business, sold 228 houses, up from 200 houses and nearly $7 million in '78."

"Right after the accident, it was rough," Bitner says. "I sat here and the phone didn't ring and I could see my life and career going right down the drain.

"But then we bought Hill Island and those cottages sold quickly and things began to turn around. You know the clean up work has created its own boom around here because there are maybe 1,500 new workers in town, and they all have money and a lot of them are buying houses.

"I have faith in this area," says Bitner. "A lot of those TMI cleanup workers are young professionals earning good salaries and they are going to be here three, four years, maybe a lot longer."●

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## NATIONAL AND FOREIGN AFFAIRS QUESTIONNAIRE

## HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. GRASSLEY. Mr. Speaker, in January of this year, I sent a questionnaire to the Third District constituents in Iowa asking for their opinions on a number of public issues. Approximately 5,500 constituents responded over the next several months. I would like to share the interesting composite of those responses on various national and foreign affairs:

### RESULTS OF THE 1980 QUESTIONNAIRE

#### NATIONAL AFFAIRS

1. Do you support the reinstatement of registration for the military draft?

A. Yes 80.3 percent.
B. No 13.4 percent.
C. Undecided 6.3 percent.

2. Which of the problems most concern you as a citizen?

A. Inflation 76.4 percent.
B. Energy supply and costs 52.6 percent.
C. Taxes 37.1 percent.
D. National defense 33.7 percent.
E. Moral decline 32 percent.
F. Lack of leadership 28.5 percent.
G. Crime 20.2 percent.
H. Environmental problems 10.9 percent.
I. Unemployment 6.3 percent.

3. The nation has suffered gasoline shortages, and possible shortages of heating oil may also occur. Which of the following do you believe to be the most responsible for those energy problems?

A. The actions of U.S. oil companies 54.6 percent.

B. Federal government regulations and allocation policies 46 percent.

C. The action of OPEC nations (Organization of Petroleum Exporting Countries) 29.8 percent.

D. Events in foreign countries 8.8 percent.

4. Do you favor the following policies to solve our energy problems?

A. Relaxation of environmental restrictions on energy-producing projects 54 percent.

B. Decontrol of oil and natural gas 33 percent.

C. Abolition of the U.S. Department of Energy 22.4 percent.

D. Rationing by the federal government 20.6 percent.

E. Increased gasoline taxes to discourage consumption 11.9 percent.

F. Takeover by the federal government of all energy (such as oil) companies 11 percent.

5. Do you approve of the expansion of nuclear power facilities and the building of new nuclear power plants in the U.S.?

A. Yes 59.6 percent.
B. No 23.5 percent.
C. Undecided 16.9 percent.

#### INTERNATIONAL AFFAIRS

6. Do you think the United States is ahead of the Soviet Union in total military capability and power?

A. Yes 11 percent.
B. No 73.6 percent.
C. Undecided 15.4 percent.

7. Do you think the United States should give foreign aid to countries under pro-Communist regimes?

A. Yes 7.9 percent.
B. No 81 percent.
C. Undecided 11.1 percent.

8. Do you favor Senate ratification of the SALT II treaty (Strategic Arms Limitation Treaty)?

A. Yes 17.8 percent.
B. No 64.1 percent.
C. Undecided 18.2 percent.

9. Have you changed your position regarding the ratification of SALT II since answering the same question on last year's questionnaire?

A. Yes, from favoring to opposing 14.9 percent.

B. Yes, from opposing to favoring 1.3 percent.

C. No change 44.6 percent.

D. Did not answer last year's questionnaire 39.3 percent.

10. In recent years, restrictions have been imposed on our intelligence agencies, such

as the CIA (Central Intelligence Agency) and the FBI (Federal Bureau of Investigation). Do you believe we have gone too far in curbing the powers of such agencies?

A. Yes 66.5 percent.

B. No 22 percent.

C. Undecided 11.6 percent.

11. Do you think the United States should use its export products (grain, technology, manufactured products) as a bargaining tool against foreign nations such as Iran and other OPEC nations?

A. Yes 79.7 percent.

B. No 12.7 percent.

C. Undecided 7.7 percent.●

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## THE FEDERAL BUDGET: A BALANCING ACT IS NOT ENOUGH

### HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. DANNEMEYER. Mr. Speaker, everyone is rushing to balance the Federal budget. It is the new political religion. But the real problem is not the balance but the incredible weight of the Federal budget. Balancing a budget of $616 billion is a mockery of the word "balance."

Just 4 years ago, the Federal budget stood at $366 billion. Since then it has almost doubled. That is the biggest problem—the growth in the spending of our increasingly taxed dollars, not just the absence of a balanced budget. Nobel laureate economist Milton Friedman stated recently:

> Government outlays of $400 billion with a $100 billion book deficit would be far healthier for the economy than Government spending of $600 billion with a balanced budget.

Balancing a budget of $616 billion is thus an evasion of Congress real responsibility: to reduce the high level of government spending, alias taxation.

Nevertheless the Carter administration believes that consumer spending, not Government spending, is the big problem. Thus the Carter plan calls for higher gasoline taxes, tighter credit controls, and early withholding of income taxes on interest and dividends. While the Carter cuts in the consumer budget are specific, the $16 billion cuts in the Federal budget are less so—which it is claimed will balance next year's Federal budget.

The administration proposes no tax cuts. Indeed, their plan represents an increased tax burden, on top of the estimated additional tax burden of $52 billion this year due to the January 1 increase in social security taxes, the new tax on crude oil—the so-called windfall profit tax—and the impact of inflation pushing taxpayers into higher tax brackets.

Oil prices are not the primary source of inflation. Germany imports 96 percent of its oil and has an inflation rate of 6 percent. Japan imports nearly 100 percent of its oil and has an inflation rate of 5 percent. It is interesting to note that the $11 billion that will be brought into the Federal treasury by the new oil tariff is the same amount of money that it costs to run the Department of Energy. In effect, we get to pay twice for DOE, which has yet to produce a drop of oil.

Credit controls authorized by the President and imposed by the Federal Reserve Board would tackle a problem that does not exist. Retail sales—without inflation—have been flat for a year. Real consumption spending has increased only 1 percent over the past year. High debt and low savings rates are characteristic of a population with more young people and two-income families. It is also characteristic of a rational defense against increasing inflation rates. However, the House Budget Committee reports that consumer credit expansion showed a marked slowdown in the last quarter of 1979, which contradicts the President's claim about increasing consumer debt.

Finally, credit controls are another one of those symbolic gestures that are the last gasp of ineffective policies.

The President has now declared a state of economic siege—just weeks after declaring his unbalanced fiscal year 1981 budget "prudent and responsible"—yet he withholds any real defense until next year. The $16 billion cuts in the fiscal year 1981 budget will not repel the likely deficits. Indeed, last year the administration underestimated this year's spending by $30 billion.

The weight of the Federal budget is crushing our economy. Balancing that weight will not relieve its burden. Three things must be done:

First, effective action must be taken this year, not postponed;

Second, Federal spending must be cut by $40 to $60 billion—excluding social security/veterans programs critical defense programs, and interest on the national debt; and

Third, a tax cut of $30 to $40 billion must be approved.

Since the Democrats have controlled the Congress for the past 25 years and have consistently voted for the expansion of Federal spending to its current level, is it realistic to think the same majority will now refuse spending? One can always hope.●

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## ELMWOOD ELEMENTARY GRAND TOUR OF WASHINGTON

### HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. LONG of Maryland. Mr. Speaker, I rise to welcome the students from the fourth grade, the parents, and the teachers from Elmwood Elementary School in Baltimore who are today visiting the Capitol.

My young friends are taking the grand tour of Washington. They will visit the Supreme Court, the Smithsonian, and the Congress. I am delighted that the students from Elmwood are making this trip and am certain that their day here will be memorable and interesting.

The teachers are:

Mrs. Anna Mae Lotz, Mrs. Leslie Mauler, and Mrs. Elizabeth Weigand.

The parents are:

Mrs. Rose Hammann, Mrs. Dorothy Wilson, Mrs. Joan Green, Mrs. Ruby Kennedy, Mrs. Sandra Ellerman, and Mrs. Ann Huth.

Mrs. May Brown, Mrs. Janice Hulse, Mrs. Mary R. Krystkiewicz, Mrs. Regina Smith, and Mrs. Kimberly LaValley.

Mrs. Susan Calloway, Mr. Lionel Gary, Mrs. Nancy Kosmicki, Mrs. Mary Caldwell, Mrs. Karen Henderson, Mrs. Evelyn Lucchese, and Mrs. Waynick.

The students are:

Charles Allen, Chris Brown, James Crowley, Kevin Davis, Scott Finn, Charles Guthrie, Donald Harmon, Joe Hulse, David Krystkiewicz, Richard Logan, Bryant Poole, Anthony Simmons, Linwood Smith.

Ronnie Borlie, Monik Batty, Suzanne Braun, Keyia Donaldson, Michele LaValley, Kelly Reed, Mia Scales, Tina Spencer, Laura Tawney, Kim Zimmer, Tricia Hoskins, Yvonne McDowell, Antoinette Cloude.

John Belcastro, Charles Calloway, Steve Cunningham, Scott Epifanio, Derricco Gee, Antonio Graham, Shawn Hawkes, Christopher Hutson, Phil Kosmicki, Bryan Ness, Carl Newson, Timothy Reagan, Steven Reed, Joseph Rogers, Kevin Solomon, Stephen Thompson.

Elgin Watkins, Brian Weber, Brian Winkelman, Robert Rene, Melissa Bichell, Julie Caldwell, Tanya Daye, Kimberly Fitch, Kenya Green, Lisa Grove, Shannon Henderson, Chris Huddleston, Dale Keller, Jessica Mador, Erica Mooring, Karen Waynick.

Sean Arrington, Paul Carlson, Stephen Connors, George Dakos, Keith Davis, Larry Dougherty, Shawn Evans, Brian Hammann, Michael Healy, Michael Johnson, Jeffrey Jones, Louis Julian, Edward Kasper.

Paul Schlothauer, Brian Augustyniak, Rachel Albrecht, Tandra Campbell, Dawn Cracchiolo, Nicole Ellerman, Carole Frederick, Joanne Georgilli, Christina Green, Spring Haley, Stacy Huth, Karen Litzinger, Elizabeth Zook.●

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## THE UNITED STATES NEEDS A STRONG MERCHANT MARINE

### HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. YOUNG of Alaska. Mr. Speaker, very shortly, the House will be considering H.R. 6554, the maritime authorization bill. As I have many times in the past, I would like to speak for a few minutes about the need for this legislation and its importance to the strength and security of our Nation.

The recent events in Afghanistan and Soviet activities near the Straits of Hormuz have underscored the need for increased response capabilities on the part of the United States. For the most part, attention has been directed to developing a rapid deployment force that would be available to shuttle troops and equipment into "hot spots." However, in the long run, any military force is only as good as its supply lines. As Napoleon once said, "the army travels on its stomach." This means that we must have the capability to provide food, ammunition and equipment to troops in the field. The only means by which this can be accomplished is through sea-borne supply. Sadly, our Nation's merchant marine may not be sufficient to serve as a supply line. The House Merchant Marine and Fisheries Committee has looked at this problem over the years and has constantly advised that the merchant fleet be strengthened. The maritime authorization bill would help accomplish this by continuing the ODS and CDS programs that allow our merchant fleet to remain competitive.

Another recent problem that strikes me close to home is the pending difficulty with an expected high salmon harvest in Bristol Bay, Alsaka. According to the Alaska Department of Fish and Game, the red salmon harvest in Bristol Bay alone in 1980 is expected to reach 37.5 million fish. Unfortunately, processing capacity in Bristol Bay can only handle 34 million fish. Thus, the State has suggested that transport vessels be chartered to bring the excess salmon to other ports in Alaska where processing capacity is available. However, it is likely that the transport vessels will be foreign flag because American vessels simply are not available. It is tragic when we must rely on foreign fleets to solve a domestic problem. Yet, it is the only course of action possible if we hope to take advantage of the U.S. 200-mile law. While the maritime authorization bill will not solve the problem this year, it certainly will help prevent a recurrence in the future.

I have only mentioned two examples of many, but the bottom line is the same: the United States needs a strong merchant marine and we need the maritime authorization bill to achieve that strength. I urge every Member to vote in favor of H.R. 6554.●

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## GOVERNMENT STATISTICS CONTRIBUTE TO INFLATION SPIRAL

### HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. DANNEMEYER. Mr. Speaker, the cost-of-living figures released day before yesterday underscore once again the need for a major reduction in Federal spending. While an 18.2-percent annualized inflation rate may be a numerical abstraction to some, the resulting 5.3-percent loss of purchasing power suffered by the average American worker in the past year is anything but abstract. The American working person simply cannot afford such a high rate of inflation, nor will American business be able to long tolerate the equally high interest rates that have accompanied it.

In response, the President offered, on March 14, what he claims is a new anti-inflation budget, and the House Budget Committee has proposed what it claims will be a surplus budget, but when one looks more closely, it becomes apparent that neither involves a great degree of fiscal restraint and both are built on some very optimistic assumptions. In fact, when you add the slightly lower spending level the President has recommended for fiscal 1981 to the new estimates for spending in fiscal 1980, which were revised upward, the total spending for the 2-year period is exactly the same as was proposed by the President in his budget message back last January. Or, to put it another way, what the President is really recommending, and almost the same can be said for the House Budget Committee's proposal, is that the budget deficit be eliminated by raising taxes rather than by cutting spending. The only problem is raising taxes, while doing little about spending, is hardly a cure for inflation.

Inflation occurs when the growth of the money supply exceeds the growth of productivity; to continue current spending levels will do little to curb monetary expansion, but raising taxes, by virtue of the fact it will further erode purchasing power and inhibit capital investment, is likely to slow the growth of productivity. The combination of the two, therefore, may well have just the opposite effect of that intended; either that or it will encourage the very recession the Democratic Party claims to fear the most.

If raising taxes is not the answer, it should be obvious we must balance the budget by making major cuts in Federal spending. Not just phantom cuts, but a real honest-to-goodness effort to eliminate waste, to cut back on moneys being paid out under false pretenses, and to drop, defer, or diminish programs that are less than essential or that have produced only marginal results.

Much attention has been paid, and deservedly so, to cutting waste and developing spending priorities, but little has been said about programs, the significance of which may be overstated due to reliance upon outdated statistical "triggers." Put another way every dollar that is expended for a program based on an outdated statistical index is a dollar spent under false pretenses and, by all indications, millions, if not billions, of dollars are being so spent. That being the case, it behooves us to reexamine not only the content of the programs but, as Dr. Alfred Kahn has suggested relative to the cost-of-living index, the methodology of the indexes and, where artificially inflated, revise downward the latter.

An excellent case in point is the unemployment indexes, especially the unemployment rate as currently calculated. Within the last 2 months—on February 6 as a matter of fact—Dr. Alice Rivlin, in testimony before the Task Force on Federal Expenditures of the House Rules Committee, indicated that a percentage point increase in the unemployment rate would mean a $5 to $7 billion increase in Federal expenditures in fiscal year 1981. That being the case, and the $5.5 billion reduction in unemployment related expenditures that accompanied a 1 percentage point decrease in the unemployment rate from 1977 to 1978 lends substance to the argument, it stands to reason that the converse holds true as well. That is to say, a 1 percentage point decrease in the unemployment rate could produce a $5 to $7 billion decrease in Federal outlays.

Dr. Rivlin's testimony, and the inference that can be drawn from it, takes on added significance in light of recent articles by several economists. These scholars convincingly argue that, due to the influx of women and young people into the work force, many of whom are seeking part-time or temporary work and cannot get it due to minimum wage increases, the expansion of unemployment, food stamp and welfare benefits, which encourage people to say they are seeking work when they are not, and the growth of the "off-the-books" economy, wherein people work while saying they are unemployed, the unemployment rate is being overstated by 1.5 to 1.9 percentage points. If that be true, then assuming Dr. Rivlin's estimate of the effect of a 1-percent increase in unemployment is accurate, we stand to spend $7.5 to $9.5 billion more in fiscal 1981 that we have any business spending.

Inasmuch as the Congressional Budget Office has estimated that President Carter's fiscal 1981 budget, as proposed last January, could be as much as $49 billion in deficit, if one includes the offbudget items, we cannot afford to be wasting billions of dollars simply because the statistical basis for unemployment policy has not kept pace with developments affecting unemployment itself. The basic thrust of our unemployment programs has always been directed toward those who needed a job to provide for themselves and/or their families; to give equal weight to those who are not really looking for work, who are secretly employed, or who want to work only part time or temporarily, not only does the American taxpayer a disservice but the unemployed breadwinner as well.

To correct this situation, it is my hope that Congress will pass legislation that will enable us to have a better idea of how severe unemployment really is. The legislation I would recommend, and have introduced as

H.R. 6856, requires the Bureau of Labor Statistics to compile job vacancy statistics that could be compared with unemployment statistics. Were job vacancy data available, it would be possible to ascertain a job vacancy rate which, if Congress so chose, could then be deducted from the current, or gross, unemployment rate to arrive at a net unemployment rate that would more truly reflect the percentage of the work force that is truly looking for work and cannot find it. In turn, that rate could, and should, be used as the basis for Federal job programs.

What effect would that have? Even if one assumes a job vacancy rate of only 0.5 percent in 1981, using a net, instead of the current, unemployment rate as the basis for a variety of programs would mean a reduction of Federal outlays of $2.5 to $3.5 billion, assuming again that Dr. Rivlin's estimates are correct. Depending on which figure one uses, a savings of that magnitude represents 19 to 21 percent of the total budget cuts the President recommended in March and 16 to 21 percent of the $16.5 billion in spending cuts the House Budget Committee has tentatively recommended. That is not to suggest that the spending cuts being recommended by either the President or the House Budget Committee are sufficient; what it does suggest is that, by the simple expedient of updating statistical indexes, billion of dollars that would otherwise be wasted, can be saved in the fight against inflation.●

## IMPRISONMENT OF IGOR GUBERMAN

### HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. DONNELLY. Mr. Speaker, today I rise in this Chamber to protest the recent, unwarranted imprisonment of Igor Guberman, a Soviet Jew, in a Soviet labor camp for a 5-year term on the false charge of holding stolen religious icons. This cowardly retribution by the Soviet authorities is nothing new to Guberman and his family. For years, Igor Guberman, his wife, and two children have been victims of KGB harassment. These attacks increased markedly when Igor and his family applied for exit visas in December of 1978. This good and brave man was arrested August 13, 1979, and dragged off to Dmitrov, one of the countless areas in the Soviet Union that no foreigners are allowed to enter. To add insult to injury, his family's sparse personal belongings were confiscated last week.

It is clear that Igor Guberman was persecuted not because of a trumped-up accusation, but solely because of his noble involvement in the movement to promote Jewish awareness in the Soviet Union. He is no petty criminal, in fact, Igor Guberman is a noted journalist and poet. His only crime is his refusal to kneel at the feet of the forces of tyranny that afflict his people. Truly, here is a man who had the innate courage to sacrifice so that others could study their cultural ties to the past. Igor Guberman's efforts to preserve those sacred bonds should not have been silenced. They are to be commended.

Igor Guberman believes, and I am sure we all agree, that one's heritage should never be kept a secret, one's right to explore that heritage should never be questioned or savagely denied. Igor Guberman has been denied that right.

It is time for all Americans to raise a strong voice of protest so that this good and brave man's struggle is not forgotten, is not in vain.

It is time for all Americans to raise our voices in support and honor of Igor Guberman, and other brave men and women in the Soviet Union who continue to stand tall for what they believe against the cruel tyranny of the Soviet authorities.●

## IN PRAISE OF THE MONTEREY INSTITUTE OF INTERNATIONAL STUDIES

### HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. PANETTA. Mr. Speaker, during foreign language week and as a followup to the work of the President's Commission on Foreign Language and International Studies, I would like to call attention to a small, private international studies institution in my congressional district in California.

The Monterey Institute of International Studies has about 500 students and a faculty of 60. Founded primarily as a foreign language school in 1955 by a group of concerned and distinguished citizens of the Monterey Peninsula, MIIS has grown into a fully accredited, independent, nonsectarian, upper division college and graduate institution. I am extremely proud of the institute's impressive record of achievement and excellence, and I am honored to have such a showcase of sound international education in my own district. While I treasure the uniqueness of the institute, I sincerely wish that all of my colleagues had the good fortune of having a similar institution in their own districts. If that were the case, I believe our country's security and foreign trade would be in much better shape than is the case today.

Since its inception, MIIS has gained distinction because of the excellence of its foreign language training, which is provided by native-born instructors. The institute's proximity to the defense foreign language institute in Monterey also enhances the multilingual atmosphere of the area, enabling the students to enjoy broad exposure to their target language.

Guided during its first 23 years by four distinguished presidents: Weiss, Freeman, McIntyre, and von Pagenhardt, MIIS is now headed by Dr. Jack Kolbert, a graduate magna cum laude and a Ph. D. from Columbia. Under his leadership, MIIS continues in its efforts to enhance its national and international reputation through academic excellence and the accomplishments of its graduates. During the academic year 1978–79 the institute dedicated two new buildings: A multipurpose student center and the William Tell Coleman Memorial Library. On July 5, 1979, President Kolbart announced the official launching of a $5 million national capital drive.

All students in degree programs at MIIS must take courses in international policy studies, as well as in a foreign language. The entry requirement of the Monterey Institute is a minimum of 2 years of foreign language study at the college level, or 16 semester units at the institute, up to the master of arts degree.

The curriculums of the institute are structured around common requirements in foreign language and international studies, irrespective of major. At the undergraduate level, the various programs are coordinated so as to provide every student with a thorough grounding in the language and in international issues. The content of every course is as interdisciplinary as the teacher and student can make it, and the knowledge imparted is related consciously and constantly to the demands of public policy.

At the graduate level, the research activity follows the same basic philosophy and builds upon the concepts included in the undergraduate programs. The fundamental standards of a good graduate education are rigidly adhered to, but in addition, the student is required to participate in seminars or colloquia which provide the opportunity to delve deeper into the human problems which transcend national boundaries. The special topics for seminars and the subjects of interdisciplinary colloquia are designed each year to take the fullest advantage of the research experience of the faculty and the relevant interest of the individual graduate student.

In pursuing its educational objectives, the Monterey Institute prepares students of varied backgrounds for graduation into an increasingly interdependent and complex world of diverse cultures and languages. Its educational program reinforces an awareness of the peoples and nations of the world, knowledge of their particular cultures, understanding of their languages, and empathy for their aspirations, institutions and technologies. Further, the institute stresses comprehension of the more significant interrelationships among states, regions, and peoples of the globe.

For the attainment of their goals, students are encouraged to draw upon knowledge of the humanities in examining the moral and ethical aspects of human problems; to analyze issues and alternative choices through the use of scientific methods and appropriate techniques of analysis; and to participate effectively in the formulation and implementation of decisions. An atmosphere of close and constant contact between students and faculty is provided. This is seldom possible on large campuses, but with a faculty-student ratio of approximately 1 to 12, an easy give-and-take between students and teachers becomes an integral part of study at the institute, and makes each student's education a unique and highly personalized experience.

The programs are designed to prepare students to serve in international agencies, government service in various countries, or private enterprise at the transnational level. Students will thus eventually play active roles in facilitating international and intercultural communication. They are also being educated to serve the cause of human development and educational advancement across cultures.

Mr. Speaker, the report to the President from the President's Commission on Foreign Language and International Studies pointed to a number of serious deficiencies in foreign language training and international studies all across our Nation. These deficiencies often compound our problems in international relations; they hurt our overseas trade, frequently preventing our businessmen from effectively competing against traders from other nations who are better equipped linguistically and culturally. As the report of the President's Commission states:

> International trade involves one out of every eight of America's manufacturing jobs and one out of every three acres of America's farmland. American investment abroad is around $300 billion, and foreign investment in the U.S. is an estimated $245 billion.

Further, the report stresses the fact that international trade has become more important to our economic well-being then ever before, but our trade performance has deteriorated ominously. And the Commission expressed the view that one serious barrier to American business is its lack of foreign language and area expertise.

The Monterey Institute of International Studies is doing its part to help remove that barrier. The institute's work has been truly pioneering and innovative in a number of key areas, including summer intensive language training programs. An intensive tutorial program, called "Training for Service Abroad," is designed to help business executives, journalists, and private citizens to acquire the language skills and area background necessary for dealing effectively on the international scene. In addition, MIIS has an internationally recognized and respected program in translation and interpretation. In point of fact, MIIS is the only school in the United States which offers a master of arts degree in intercultural communication with a post-graduate certificate in translation, translation and interpretation or conference interpretation. Under the capable direction of Prof. Wilhelm Weber, this program is especially effective, enjoying a remarkable 97 percent employment rate for its graduates.

Mr. Speaker, I am very proud of the important educational contribution which the Monterey Institute of International Studies has been able to provide. I am also very concerned that this kind of program is not more available to American college students. My membership on the President's Commission on Foreign Language and International Studies convinced me that our Government must take an important leadership position in these fields, not because it is good in an abstract way, but because it is essential for the continued welfare of the United States. The support of my colleagues for strengthening international education programs would be most welcome.●

## LAWYERS VERSUS SOCIETY

### HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 27, 1980*

● Mr. McDONALD. Mr. Speaker, Admiral Rickover addressed the New York Patent Law Association in New York City last year on March 30, 1979. He discussed the increasingly negative role being played in our society by lawyers. I strongly agree with this view. The Congress, in my view, is top heavy with lawyers and I wish there were more businessmen, engineers, doctors, and tool and diemakers here in Congress. We would be a better Congress. Therefore, I am placing Admiral Rickover's speech in the CONGRESSIONAL RECORD for the edification of my colleagues:

STATEMENT OF ADM. H. G. RICKOVER, U.S.N.

Several weeks after I agreed to address this group, officials of your association began expressing interest in the topic of my speech. They urged me to talk about my career, national defense, history, philosophy, my perception of the future—anything but patents. They said Federal judges and corporate executives would be present and that the members and guests would want to enjoy themselves.

I do not have the slightest interest in providing entertainment for dinner parties or for anyone else. I have always lived, among other rules, by the one "Heaven is blest with perfect rest, but the blessing of Earth is honest toil." My sole reason for coming here is to impress upon you the need and importance for the legal profession to start playing a truly responsible role in our society.

In the legal community and elsewhere, the pedestal of professionalism is now shaky. Abuses of power by businessmen, accountants, doctors, and lawyers—make it obvious that something is wrong. Instead of working for the benefit of society, many professionals seem to be working for the benefit of a few or for themselves. Professional organizations appear unable or unwilling to police their members. Public confidence in them has declined. Although other professions are also at fault, lawyers are the brunt of the criticism.

It has been my experience that members of the legal profession are contributing substantially to the erosion of values and institutions on which our society is based. In their quest for money and power many lawyers seem to have forgotten their obligations—by so doing, they alienate their countrymen; breed distrust of our institutions and those who run them; and undermine the traditional values of honor, humility, and honest dealing.

The problem stems largely from the growing obsession with money in our society. Preoccupation with profit creates incentives and pressures on individuals to act in ways they would not otherwise consider.

Lawyers are supposed to be officers of the court; it is to them that society has entrusted the administration of justice. The American people expect our so-called officers of the court to be more than mercenaries. Yet in pursuit of their own interests, many lawyers have lost sight of the public good. Instead of holding back the attack on our institutions and values, many have instead led it.

There has been a breach of faith by lawyers—and the public knows it. A recent national poll found them ranked below garbage collectors in public esteem and that but a small part of the public has confidence in law firms. The Chief Justice of the Supreme Court recently concluded that a majority of lawyers practicing in court are not properly equipped to do so. The President himself has stated publicly that we are "over-lawyered and under-represented." A foreign official has commented: "You have lawyers like other people have mice."

It is argued that our adversary system of law demands that attorneys litigate vigorously, regardless of the merits of their client's case. This view has become a rationalization for practicing the law in a way that frequently offends justice and debases the integrity of our judicial system. Too often the finances, patience, and time available to a litigant have become more important to the outcome of a case than its legal merits. Lawyers should instead strive to focus the court's attention on the legal or factual issues in dispute quickly and efficiently. But many of them do the opposite; law practiced in this manner does not aim to reconcile the parties and resolve the disputes. It strives to benefit those who have the resources to dominate the court by distracting it.

One of the most frustrating and wasteful practices in society today, and one that contributes most to the breakdown in our system of justice, is the deliberate obfuscation of issues by lawyers. Faced with a weak case, many seek to redirect attention to irrelevant matters and technicalities, by so doing they can delay or altogether avoid unfavorable decisions on the legal merits of a case.

Although complaints about delays in the judicial process are widespread and often discussed in legal circles, I wonder how many lawyers even care, or have a realistic appreciation of the detrimental effects frivolous litigation, legal maneuvering, massive discovery campaigns, and delaying tactics have, not only on the judicial process, but on other worthwhile human endeavors.

Caught up in the heat of their legal battles, and with an eye towards the rewards, many lawyers seem indifferent to the effect their litigative tactics have on their victims.

I have had first hand experience with these effects and I doubt they are unique. I am responsible for the design, construction, and safe operation of 152 operating nuclear reactors in naval ships and ashore—more than the total of all other operating commercial reactors in the U.S. today. Like many other projects in government and industry, this work requires meticulous attention to detail and long hours by many dedicated people. Every year it becomes harder and harder for them to do a proper job. Their efforts and attention must increasingly be redirected to extraneous matters. In this respect, the legal profession is making a great negative contribution to our defense.

As one minor example, fifteen years ago, the General Accounting Office reported that a large defense contractor had overcharged the government $500,000 on one of my contracts. Last December the issue finally came to trial. I expect a ruling in about a year. The issue is simple. Yet the lawyers representing the contractor have managed to drag it out. Meantime, their client has use of the money in dispute.

In another case, a large conglomerate refused to honor its contract, contending it was invalid and should be repriced. Four years of massive discovery and legal maneuvering have now elapsed, and validity of the contract has yet to be tried in court. Meanwhile, the time of many key navy personnel is diverted from their primary duties.

In this case I have been subject to more than 40 hours of detailed interrogation under the guise of discovery by a team of experienced lawyers over a period of several weeks. Had they been interested only in gathering information about the case, they could have completed the questioning in one to two hours; of course, the longer they take, the more money these high-priced lawyers make. A few days ago, I received word that the lawyers want to resume my deposition.

How is the common good served when lawyers obfuscate issues, delay and harass the opposition, and attempt to abrogate contracts? How is justice served by frustrating the legal institutions and procedures that have been established and are available to the public for resolution of disputes? Even when both parties can afford the legal costs, the delay and harassment now typically involved in litigation make it increasingly unattractive to all except the lawyers. Moreover, through delay, one party can effectively deny his adversary's right to a judicial determination.

Last summer, the Secretary of the Navy decided to grant the Navy's three largest shipbuilders extra-contractual relief totaling more than $500 million under a special law congress had enacted to cover extraordinary actions determined to be necessary to facilitate the national defense. The Secretary said that not granting such relief would inevitably mean long years of litigation and a disruptive relationship which would unreasonably jeopardize the national defense.

Large contractors and their well-paid law firms have thus made litigation unpalatable and difficult for their adversaries. In such a climate the concept of justice is lost; victory will usually go to those in the strongest negotiating positions.

The tactics of delay and obfuscation which serve some lawyers well in court have now permeated the government procurement process. By dragging out disputes, law firms make it possible for their clients to defer or perhaps avoid reporting large losses to stockholders. Several large shipbuilders were for many years able to avoid reporting such losses, simply by predicting optimistic recoveries from pending litigation, and the longer a case drags on, the greater the likelihood of government people leaving for other jobs, memories fading, and the case being finally settled independent of the legal merits.

There are now law firms which specialize in omnibus claims against the government. These claims have distinguishing characteristics. They often go from tens to hundreds of millions of dollars. They are grossly inflated, so that settlement at a fraction of the claim will still yield the desired amount. They are based on unsubstantiated allegations that the government is at fault. They do not show a cause and effect relationship between alleged government responsible actions and the amount claimed.

Some draw an analogy with other types of litigation, such as personal injury suits where a lawyer might ask for $1 million in damages in the hope of recovering $25,000. In such cases, no one takes the initial amount seriously. The judge or jury arrives at a figure independently, based on the testimony of witnesses.

But contract claims against the government are different. Since public funds are at stake, every element of these claims must be scrutinized for legal entitlement and the cost audited and evaluated. Large claims of this sort tie up many key people for many years who must evaluate the valid and invalid portions of the claim. Those on whom the government must rely for claims analyses are the very ones who are also responsible for other on-going work.

One conglomerate submitted claims totaling about $1 billion against the Navy. The claims comprised 64 volumes, each two inches thick, and covered many years of performance under various contracts.

Government teams under the direction of a special independent board required a year and a half to evaluate these claims. They were eventually settled for less than one-fourth the amount claimed. To justify even this figure, the government has to include large sums to cover litigative risk and litigative cost—that is, the likelihood of unfavorable decisions by a court, and the estimated cost for the government to spend years litigating.

Abuse of the discovery process, harassment, obfuscation, and delay are not practices unique to claims lawyers.

Wide ranging interrogatories and extensive discovery requests have become a standard legal tactic. I understand some law firms have thousands of questions stored in computers, available at the press of a button, thus, even the limits of an attorney's imagination or time need no longer be a constraint on the mischief he can cause.

Another example of lawyer mischief involves the Freedom of Information Act. The act was designed to ensure public access to government information.

Now, law firms are using it to conduct, in effect, unilateral discovery proceedings in disputes with the government, and at times when the latter has no comparable right to the corporate data. The law firms are able to use the act to give their clients an unfair advantage over the government in litigation.

Some law firms try to obtain for their clients, through the Freedom of Information Act, information they could not otherwise get about their commercial competitors, such as labor and overhead rates, estimating practices, and so on—information that is furnished to the government in the procurement process.

In such instances, the government often ends up in the middle. Under the Freedom of Information Act, government employees can be disciplined for improperly withholding such information. Yet under another statute, they can be fined and imprisoned for releasing a company's proprietary data. One company sues the government to disclose data about a competitor, the competitor then sues to forbid its release. This is an example of the chaos produced by the fertile minds of our lawyers. It is also an example of the advantage lawyers are taking of the system to promote the interests of their clients—and themselves. I doubt that those who enacted the Freedom of Information Act envisioned the uses to which it has been put by lawyers.

The patent lawyers here tonight may have been wondering why so far I have not alluded to them. Yet patent lawyers exhibit the same tendencies that pervade other segments of the profession. They too are skilled in the tactics of obfuscation and delay. Moreover, I believe that many patent lawyers do harm to the economy and to the credibility of the patent system. Frequently they represent the narrow economic interests of their clients, to the detriment of the public, by using such tactics as indiscriminate patenting of minor design details.

Members of the patent bar, while purporting to be looking out for the public interest, frequently promote concepts which favor their large clients. The dogma of the patent lawyers is contradictory. On the one hand, they contend that government contractors should get exclusive rights to inventions developed at government expense. Yet rarely, if ever, have I heard patent lawyers criticize these contractors for requiring their employees to give up all rights to inventions developed at contractor expense.

The patent lobby speaks eloquently of freedom, the free enterprise system and competition, in connection with patent issues. In practice, however, they help large companies fence out competition by blanketing fields of technology with patents and patent applications on ideas and items not worthy of a patent. Small firms that cannot afford the delay and cost of infringement litigation do not enter the market.

The patent lobby is actively promoting the concept that the government should provide businessmen greater incentives to invest in technology in order to combat a perceived decline in this country's technological growth. The recommended incentives take the form of increased government spending for research and development and granting contractors exclusive rights to patents developed at government expense.

I am not convinced that there is actually a decline in technology or that the infusion of government funds would be an appropriate solution. In any event, should the government spend more, large companies will probably get the lion's share of the increase—as they always do.

Patent lawyers well know that increased government research and development spending and giving government contractors exclusive rights to government financed inventions, will promote greater concentration of economic power in large conglomerates, and at public expense. Suppose, with vast sums of government money, a large company makes a major discovery in energy. What would an ordinary taxpayer think if that company could, for 17 years, legally control the dissemination, use, and pricing of this invention? Yet this is what the patent lobby advocates.

Most professions have a group that sets standards of conduct for its members, and is supposed to discipline transgressors—an organization whose charter places professionalism above money considerations. In the legal community, this group is the American Bar Association.

Unfortunately, this organization seems to be further undermining respect for the legal profession. By responding with a counter attack to thoughtful criticism by our president and our chief justice, the ABA showed it is more interested in preserving its customs, than in being a professional organization. Perhaps it should be renamed the American Bar Protective Association, or ABPA.

The ABA's disciplinary procedures are widely recognized as a token effort, with disbarment reserved primarily for the rare member who is occasionally convicted of a felony. Even where misconduct is found, punishments are often light. A Pennsylvania attorney, found guilty of embezzling $10,000 from a client's inheritance, was merely suspended from the ABA. A New York attorney refused to allow his client to be brought to trial until his fee had been paid. He then deducted the fee from the bail money, which he intercepted. The ABA called the incident a mere fee dispute and took no disciplinary action.

The ABA has done nothing to solve the revolving door problem—where lawyers get experience in government, and then join private firms which represent clients against their former government agency. One Washington law firm that specializes in claims against the Navy is headed by a former Navy General Counsel. Another such firm was headed by a former member of the Defense Department's Armed Services Board of Contract Appeals. And only last month the chairman of this very same board resigned to become a partner in this very same firm. There he will join an ex-Navy Deputy Counsel who was responsible for defending the government against shipbuilding claims.

Several months ago, the Wall Street Journal carried an advertisement by a former Navy attorney who touted his experience with claims while employed by the Navy. He solicited clients who desired to submit claims against the government. Despite years of debating this subject, the legal profession and the ABA have yet to enforce their own rules against lawyers switching sides.

The ABA often operates more like a trade association than a professional society. For example, its public contract law section represents the association in matters relating to government procurement, yet it has become a front for the claims lawyers who dominate its membership and actions.

Last year, the ABA was actively lobbying Congress in favor of a bill governing disputes under government contracts. The views of this organization carry great weight in such arcane subjects.

Buried in their proposed legislation were numerous loopholes, all of which favored claims lawyers and their conglomerate clients. For example, the bill set a double standard which invariably worked against the government, also, agencies would, for the first time, be given authority to horse-trade claim settlements without regard to their legal merits. But this was not clearly spelled out in their proposal; it would be apparent only to those well versed in the claims business.

I pointed this out in Congressional testimony, and the bill was changed to eliminate these loopholes. In addition the bill was modified to require certification of claims and to provide stiff penalties for submission of false claims. As you may by now surmise, the ABA did not endorse these modifications.

Later I learned that the ABA lobbyists who worked on this bill were senior partners of prominent, claims oriented law firms. Claims lawyers, like other citizens, are entitled to lobby Members of Congress in their own behalf. But for them to do so by using the American Bar Association as the umbrella degrades the entire profession. Why does the ABA tolerate such actions taken in its name?

Today, our nation faces important problems of unprecedented difficulty—declining energy reserves, the economy, the environment, foreign affairs, slowing productivity growth. Faced with these problems we cannot afford so many who, in the pursuit of money, exacerbate the difficulties of these problems.

Lawyers occupy key positions and exert great influence in our society. Many other citizens, also seeking success, emulate them. Is the example being set by many in the legal profession of benefit to our society, or is it harmful? What happens to traditional values when signed contracts are broken with no moral stigma attached to those who break them; when people are driven, under threat of litigation, to pay sums they may not owe; when those skilled in thwarting justice are considered successful men?

I do not mean to indict all lawyers. Many dedicated ones serve in government, on the bench, and in private practice. Nevertheless, the practice of law is today replete with problems that demand correction. And lawyers are the ones who must do the job.

I have some specific recommendations:

1. Take steps to discourage frivolous litigation. In this regard, the present requirements to certify pleadings in civil litigation need strengthening—these requirements are full of loopholes, and are no deterrent to those who would bring frivolous charges before the courts. Criminal penalties should be established and strictly enforced for attorneys who certify pleadings they know or have reason to know are false.

2. Establish within the legal community a truly professional forum for dealing with the problems of law and justice—a forum that would place professional responsibility above commercial considerations; effectively discipline members; and recommend ways of reducing litigation and streamlining judicial procedures.

Judges and others responsible for the administration of justice should act more firmly than they now do in policing our courts. Some judges seem to equate justice with ensuring that each side takes as much time as it wishes to make its case. Where would we be if the Supreme Court operated on that basis?

A free society cannot exist unless the public has confidence that justice through the legal system is available equally to all; that courts can and will deliver justice in a timely manner which people of ordinary means can afford; and that lawyers, as officers of the court, are men of integrity, well trained, and dedicated to resolving differences in society fairly. Further, the responsibility must rest with each member of the bar.

Responsibility is a unique concept: It can only reside and inhere in a single individual. You may share it with others, but it is still with you. Even if you do not recognize it or admit its presence, you cannot escape it. If responsibility is rightfully ours, no evasion, or ignorance, or passing the blame can shift the burden to someone else.

At all levels of our society, there is today much talk of rights and too little of duties. Here is a great opportunity for lawyers, for men who have benefited greatly from the law and from a benign and bounteous land. Here is the opportunity to contribute something in return.

The Freedom and privilege you presently enjoy will not last, nor will it be available to future generations, unless you do so; unless you act as responsible professionals and citizens; unless you treat those who act irresponsibly as they deserve to be treated.

In coming here I feel a bit like Eurystheus of Greek mythology. The Augean stables housed three thousand oxen and had not been cleaned for thirty years. Eurystheus did not have the wherewithal to clean the stables himself. But he did point out the problem to Hercules, who cleaned them by diverting two rivers.

In similar vein, I can only hope that some of you will take on the Herculean task of cleansing the legal profession. This is well worth the effort, even if you have to drown a few oxen in the process.●

# SENATE—*Friday, March 28, 1980*

*(Legislative day of Thursday, January 3, 1980)*

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the Acting President pro tempore (Mr. ROBERT C. BYRD).

## PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, who has loved Thy creation with an everlasting love and provided salvation for all who trust in Thy finished work, prepare us for that week which so many people in so many lands call Holy Week. In sacraments and in scripture, in song, in proclamation, and in holy silences minister to the needs of Thy people. Open our hearts that we may love Thee better. Open our minds that we may know Thee better. Open our hearts to receive Thy spirit. May the sacred memories and abiding truths of Passover and Holy Week illuminate our work in this place that our service to the Nation, in this Chamber and beyond, may advance Thy kingdom on Earth. Amen.

## RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The time of the majority leader has been temporarily yielded to the minority leader, and the minority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair.

Mr. President, I believe there are no orders this morning for the recognition of Senators, and I have no need for my time under the standing order.

Mr. HARRY F. BYRD, JR. Mr. President, will the distinguished minority leader yield to me 3 minutes?

Mr. BAKER. I would be pleased to yield any portion of the leadership time, my leadership time, to the distinguished Senator from Virginia.

## THE JOURNAL

Mr. BAKER. Mr. President, before I yield to the Senator from Virginia, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. The Senator from Tennessee has yielded time to the Senator from Virginia (Mr. HARRY F. BYRD, JR.).

## RECOMMENDATIONS OF THE WHITE HOUSE COMMISSION ON SMALL BUSINESS

Mr. HARRY F. BYRD, JR. Mr. President, 2 weeks ago the President of the United States appointed a White House Commission on Small Business. This Commission, with a membership totaling some 1,700 individuals, deliberated at some length, and they agreed to a number of provisions in the tax law and in other areas of government which, in their judgment, should be changed or in some cases additional legislation should be enacted.

In recognition of the formation of the White House Commission on Small Business, the able majority leader of the Senate appointed a small business task force under the chairmanship of the distinguished Senator from Wisconsin (Mr. NELSON).

Senator NELSON moved immediately to make certain that hearings would be held at early dates to give full consideration to the recommendations made by the White House Commission on Small Business.

As the chairman of the Subcommittee on Taxation. I held hearings today—it is the second hearing that I have held, and I will hold additional hearings—on some of the proposals which were made by the small business group in the field of taxation.

At the hearing today testimony was presented by a number of witnesses. One was Wilbur S. Doyle, president of Doyle Lumber, Inc., of Martinsville, Va.

I appointed Mr. Doyle to the White House Commission on Small Business and I was impressed with his testimony this morning. He attempted to put in capsule form for the committee this morning the theme and the thinking of the 1,700 small businessmen who comprised the White House Commission. Mr. Doyle ended with these few words:

> Gentlemen, in conclusion, let me point out to you that the theme of the recommendations—

Namely, of the White House Commission on Small Business—

> is for less spending, less government, less regulations, and a balanced Federal budget. The only request for more is not a budget item. Simply, we want more economic freedom. Individual freedom is worthless without it. Our Nation was founded on these principles.

In a moment I shall ask unanimous consent that his testimony before the committee be printed in the RECORD. First, let me pay tribute to the distinguished majority leader for having acted so quickly in appointing a Senate task force to give consideration to and go over carefully the recommendations made by the President's Commission on Small Business.

Small business is certainly vitally important to the future of our Nation. Small business provides most of the jobs, and I think it was a very desirable effort on the part of the President to appoint, to have, that White House Commission. I think it is a very desirable effort on the part of the majority leader to see that those recommendations are given full consideration, and I want to commend my colleague, Senator NELSON, for moving with such dispatch on this matter.

At this point, I ask unanimous consent that the testimony by Wilbur S. Doyle before the Senate Finance Subcommittee on Taxation be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### TESTIMONY PRESENTED AT THE FINANCE COMMITTEE HEARING ON SMALL BUSINESS MATTERS

Gentlemen, I am Wilbur S. Doyle, president of Doyle Lumber, Inc., of Martinsville, Va. We are a small lumber manufacturing company who works about 85 people and produce lumber predominantly for the housing and furniture industry.

For me, this is a great opportunity to appear before you today and to express some of the concerns expressed by small businessmen attending the White House conference. As Senator Byrd's appointment from Virginia, I was asked to give him a complete report. In doing so I said that I felt you could basically transmit the sense of the conference in the sentence which was, "reduce Government spending, balance the Federal budget, get off our backs, and allow the free enterprise system to work." Through the discussions, there seemed to be four major themes. One, small business wants a more favorable climate in which to function. Two, they want to remove Government interference by removing unnecessary regulations. Three, Government should use its influence to enhance small business in certain areas, such as in research, foreign trade, education, and investment incentives. And four, small business should have a stronger voice in the formulation of the policies and laws. To do this, we must have people involved at the policymaking level.

Participating in the White House conference was an exciting experience. These 1,700 delegates, who incidentally paid their own way and insisted on not being reimbursed, seemed to have a remarkably clear understanding of the free enterprise system. The recommendations coming out of that conference were basic and far reaching. Today, I want to discuss four of the top five just briefly. It will be my goal to help you better understand why these are priority items with small business, and why these recommendations are worthy of your support.

The four items are as follows:

1. Rework the graduated tax schedule both for corporations and individuals so that the

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

maximum rate is not reached until the $500,000 level.

2. Reduce the size and spending of the Federal Government and require it to work on a balanced budget.

3. Revise the estate tax laws to encourage perpetuation of the family owned business.

4. Place all regulations and agencies under sunset laws and be certain the actions of these agencies are within the scope of action intended by Congress.

In the breakout discussion section on capital formation and retention, it was obvious that available and affordable capital was the major concern of the delegates. In studying the enclosed worksheets on effective tax rates, it becomes quite evident that although all businesses operate on the same graduated income tax schedule, small businesses pay a much higher effective tax rate. Let me attempt to explain the worksheets which you have before you.

You will note from the worksheet A that there are just under 2 million active manufacturing corporations and that of those 88.11 percent have total assets of under $1 million. Only 1.22 percent of all manufacturing firms in the United States at that time had over $10 million in total assets. Now let's look at worksheet B under profits of manufacturing corporations in 1974, which incidentally was just at the beginning of the interest crunch during that cycle. The significant column of figures on that page to me is the second column "after tax profit per dollar of sales." This figure is a very consistent 3.4, 3.2, and 3.5 percent from the smallest up through $10 million in assets. Those firms having over $10 million in assets averaged twice the firms under $10 million with a 7.6 percent after tax profit on sales.

Proceeding to the right hand side of the page under 1976, it is evident that the small companies fared much worse by the Government's policies to bring inflation under control. The 88 percent of the firms having under $1 million in assets dropped from 3.4 percent after tax profit to 2.9. The $1 to $10 million category showed only a slight change; whereas the over 10 million category pre-tax profit went up to 11.7 percent and after tax at 7.6, or exactly what it was prior to the Government's action to bring inflation under control. This points out dramatically the position of small business. That is, that uniform application of standards does not mean equitable treatment. If the 1974–1976 history repeats itself in this cycle, 88 percent of the corporations in manufacturing will lose from 15 to 20 percent of their after tax profit; whereas those with $1 million of assets or more will generally be unaffected.

Gentlemen, when we ask for a better environment in which to function, we are not asking for special treatment, only that we receive fair and equitable treatment. You can see by this explanation why small business is falling farther and farther behind in its percentage of GNP. Small businesses are less able to finance long term projects, have less access to credit particularly during periods such as 1974–1976 and the one we are in now, whereas the larger corporations are not as adversely affected by these policies and continue on a more steady course.

Certainly, a reworking of the graduated income tax schedule as suggested would make it possible for small business to retain more capital internally generated. This would allow small business to expand, to create jobs, to improve productivity, and thereby help America fight its number one problem, inflation.

Recommendation No. 2: The delegates agreed that inflation was our number one problem, further, that this problem is caused by excessive Government spending, deficit financing, and the printing of money to make up the difference. At the present time, there seems to be considerable interest in a balanced budget. The delegates did not have confidence that that mood would last and called for a mandatory balanced budget by constitutional amendment and a limitation on spending to 20 percent of gross national product and reducing gradually to 15 percent.

If only 1 in $4 of credit is available to the private productive sector, it seems reasonable that balancing the budget of the Federal Government would greatly increase the funds available for expansion of plant and equipment. Such moneys would create jobs, improve productivity, increase government revenue, and make us better able to compete on world markets. In my 33 years in the lumber business, we have never reduced the price of lumber unless we have too much lumber. Forced high interest rates may force a recession and a temporary cooling-off of inflation. The true solution would come from producing more product and printing less money until a fair balance is reached. Only then would the consumer benefit from the potential of our free enterprise system.

The present policy of high interest rates is bankrupting many small businesses through no fault of their own. For example, last fall we were being told that the housing sector in 1980 would be off 10 to 15 percent from 1979. We were further assured by government officials that they recognized what they did to the home building industry in 1974 and 1975 and certainly did not expect to allow the same results to happen this time. What has really happened? Exactly the opposite. Higher and higher interest rates have essentially reduced the home building industry to the 74–75 situation and appears headed for much worse.

High interest rates will discourage those who have a choice about borrowing. For those certificates of deposit, high interest rates may appear to be a blessing. Many small businesses were heavily in debt when the Government decided to make us pay for their sins. Interest rates went from 10 to 15 percent. The man who was already in debt found his debt service increased by 50 percent. He could not pay out a debt when interest rates were 10 percent, now he may or may not survive with 15 percent rates. If he does manage to stay in business, his customers will ultimately have to pay this high debt service cost. As always, the consumer pays the bill.

Recommendation No. 3: Estate tax law changes were also a principal concern of the delegates. Indications are that four out of five business ventures fail during the first year. Those hardy, innovative ones that survive employ 59 percent of the work force according to the Bureau of Census for the year 1975 and produce 48 percent of the business in the GNP.

These businesses also pay taxes. Yet, these closely held small firms quite often are destroyed by estate taxes when a principal dies. In my own experience, we have had many good customers who were ruined by estate taxes. Their company never had sufficient cash flow to pay their bills and operate the company after the estate of the principal was settled. The alternative would have been to liquidate during the life of the principal, thus destroying jobs and productivity, or selling to a large company. Certainly, our estate tax policy is a disincentive to initiative and productivity. We urge action which will help these small family enterprises to survive. They are one of our Nation's great assets.

Recommendation No. 4: Finally, there were strong outcries by the delegates to reduce the oppressive hand of Government on small business through excessive regulation. During the debates in Congress as to whether or not to help Chrysler, the point was made that because Chrysler was so much smaller than Ford or General Motors, the cost of complying with regulations was much, much harder on Chrysler. This is true. Carry that argument to its logical conclusion. Imagine how the inequity multiplies. A 200 pound man riding a horse is reasonable; on a pony, the burden is unbearable. We urge prompt and decisive action to remedy these inequities.

There are 14 million small businesses in this country. They are owned by 40 million people who are awakening to the new hopes and expectations as a political entity. Drastically reducing Government regulations that are unneeded and placing others under sunset review would be greatly appreciated by this large group of deserving constituents.

Gentlemen, in conclusion, let me point out to you that the theme of the recommendations is for less spending, less Government, less regulations, and a balanced Federal budget. The only request for more is not a budget item. Simply, we want more economic freedom. Individual freedom is worthless without it. Our Nation was founded on these principles. We urge you in Congress to help us reclaim these ideals. Thank you.

ACTIVE CORPORATIONS BY TOTAL ASSETS (PG. 7 NFIB) 1974

| Total assets | Number | Percentage |
|---|---|---|
| No assets or nonreporting | 97,248 | 4.92 |
| Under $1 million | 1,742,818 | 88.11 |
| $1 to 5 million | 98,988 | 5.00 |
| $6 to 10 million | 14,827 | .75 |
| Over $10 million | 4,178 | 1.22 |
| Total active corporations | 1,978,059 | 100.00 |

Source: "Preliminary Report, Corporate Income Tax Returns," Statistics of Income—1974 Business Income Tax Returns, IRS, Department of the Treasury.

(Mr. TSONGAS assumed the chair.)

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished senior Senator from Virginia (Mr. HARRY F. BYRD, JR.) for his comments concerning small business of this country, and with reference also to the White House Small Business Conference and, in addition thereto, with reference to the task force which I appointed on small business.

The distinguished Senator from Virginia has long been an advocate of our paying attention to the needs of small business, and he continues to remind us that 14 million small businesses in this country make a great contribution to the total economy and they are very basic to our economic and political system.

## ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period of transaction of routine morning business, that Senators may speak during that period of morning business, and that the period not extend beyond 30 minutes.

The PRESIDING OFFICER. Is there objection? If not, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TSONGAS. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER (Mr. Glenn). Without objection, it is so ordered.

## NATIONAL YOUTH SERVICE CONCEPT PUSHED

Mr. TSONGAS. Mr. President, an article was published in Congressional Quarterly, entitled "National Youth Service Concept Pushed," which goes into detail as to the national service concept in my bill which is now pending before Senator Cranston's committee.

I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### NATIONAL YOUTH SERVICE CONCEPT PUSHED

To coal and iron mines, to freight trains, to fishing fleets in December, to dishwashing and clothes washing and window washing and road building and tunnel making, to foundaries and stoke holes, and to the frames of skyscrapers would our gilded youth be drafted to according to their choice, to get the childishness knocked out of them.

Philosopher William James' call for a national youth service, first sounded in his famous 1910 essay "The Moral Equivalent of War," still echoes faintly in the halls of Congress.

The idea of giving young people the chance—or maybe even giving them the order—to serve their country, in peace as well as in war, continue to strike a chord in the hearts of many Americans.

But 70 years have brought the idea of national youth service only a few steps toward realization—the Civilian Conservation Corps during the 1930s, the Peace Corps and Volunteers in Service of America (VISTA) since the 1960s. And given the enormous difficulties involved—in cost, organization and control—it may never come about.

Still, there is enough interest in the idea that Congress may move this year to establish a commission to study how a national service program could be run.

President Carter's call for a resumption of draft registration has sparked new interest in the national service concept. As it was in James' day, the idea of getting young people to serve their country in peaceful ways is closely bound up with the question of military service.

For James, the civilian national service was a way to instill in people the "manly" virtues of discipline and self-sacrifice that previously had been associated only with war.

But some current supporters of national service see things differently. They think the spirit of voluntarism fostered by a national service program would encourage more people to sign up for the military.

For example Sen. Alan Cranston, D-Calif., a supporter of all-volunteer armed forces, sees a national service program as a way to "put an end to the rising demand for the draft."

Carter administration officials, on the other hand, think that broad-based voluntary service could make it harder to keep a volunteer army. They worry that such a program would compete for the same shrinking pool of young people that the military does.

### GOOD FOR "ME GENERATION"?

Advocates of national service think it would have an effect on society that would go far beyond any temporary effect on military enlistments, positive or negative.

Most importantly, say backers like Sen. Paul E. Tsongas, D-Mass., a national service program would restore what they see as a failing spirit of service and self-sacrifice among members of the "me generation."

"A new, national commitment to service could be the right medicine for our ailing national spirit," says Tsongas, a former Peace Corps volunteer.

Actually, supporters say, there are many young people who want to volunteer to help others, but lack the structured opportunities to do so. Existing volunteer programs such as the Peace Corps and VISTA can provide places for only a few thousand volunteers. But, according to a Gallup Poll, there are four million young people who would be willing to donate a year of their time to help others.

Moreover, there is plenty of work that could be done by young volunteers, even though they probably would not be sent out to the difficult working-class jobs of James' original vision. One study has estimated that society could use the efforts of two million unskilled young people to help out in ways ranging from environmental conservation to care for the elderly. "There's a big need out there," said Don Eberly, an ACTION agency officials who is a longtime private advocate of national service.

Despite the admirable idealism behind the national service concept, however, the practical difficulties of organizing such a program are immense. Even if volunteers were provided with bare subsistence allowances, the costs of a big voluntary program would be huge—$12 billion in 1978 dollars, the Congressional Budget Office (CBO) has estimated.

In addition, there could be endless problems in matching the estimated 1.6 million youths who might sign up for a large-scale volunteer program with specific jobs. Clearly there would be great potential for administrative foul-ups, fraud, meaningless make-work jobs, displacement of regular workers, and a host of other problems.

For now, most backers of national service are asking only that there be a presidential commission to study the idea and give it more visibility. They want Congress to approve Tsongas' bill (S. 2159) to establish a 25-member commission to report on the issue within two years.

The Child and Human Development Subcommittee of the Senate Human Resources Committee is scheduled to consider Tsongas' proposal March 26 as an amendment to legislation (S. 1843) authorizing federal support for assistance to the victims of domestic violence.

### RELATION TO DRAFT

A central question about a big new civilian volunteer program is what effect it would have on the prototype of all national service, the military.

Supporters of the presidential commission argue that now is the time, with the nation considering a return to registration and maybe even the draft, to look at the whole question of youth service to the country.

National service advocates think the spirit of self-sacrifice and duty that would grow up around a massive volunteer program would carry over into young people's attitudes toward military service. If there were a resurgence of the service ethic, supporters think, young people might begin to look at the military as one of a number of ways of fulfilling their responsibility to their country, instead of just in terms of its pay and benefits.

"The generation of trust that would follow from this type of activity would stimulate more people to volunteer for the armed forces," Eberly says. In fact, "the future of the all-volunteer force may depend upon our ability to resurrect an ethic of service and voluntarism in our youth," said Rep. Leon E. Panetta, D-Calif.

But one problem with that argument is that, while the spirit might be there to enlist in the military as part of a broad national service ethic, there might not be enough young people to go around. Carter administration planners worry that the military might come up short of eligible youths in a competition with a civilian service program.

For one thing, in the future there will be a smaller pool of young people from which both the military and any civilian service program would have to recruit. Because of lower birthrates during the 1960s, there will be an estimated 17 percent fewer males aged 17–21 in 1990 than there are in 1980.

In addition, the prospect of a relatively comfortable year in civilian service might make the hardships and dangers of military life seem all the more onerous.

"Any program that would compete for the same pool of qualified individuals as the military must be viewed as deleterious in its impact on the morale and discipline as well as on the force levels of the Armed Forces," according to the Carter administration's Feb. 11, 1980, report on the Selective Service system.

### VOLUNTARY OR COMPULSORY?

The other basic question about any future national service program is whether it should be voluntary or compulsory.

While there have been some proposals in the past to make civilian national service mandatory, most current advocates of a program think it should be based on young people's free choice. Compulsory participation would undermine the spirit of voluntary service and pose difficult problems of enforcement, they say. Moreover, the idea of a civilian draft would raise serious constitutional problems, since it would come perilously close to the involuntary servitude prohibited by the 13th Amendment.

One argument for compulsory service is that the people who might benefit most from the program might be the ones who would be least likely to volunteer. Alienated street youth, for example, or the children of the rich, might not sign up precisely because they lacked the ethic of service the program was intended to instill.

According to the Justice Department, mandatory civilian service could be constitutional if it were closely linked to a return to the military draft. Since Congress has the power to draft people for the military, and to exempt persons who perform alternative service, it could require people to enter either the military or the civilian service, this argument goes.

One national service proposal with some coercive aspects has been introduced by Rep. Paul N. McCloskey Jr., R-Calif. His bill (H.R.

2206) would give young people the opportunity to sign up for either the military or the civilian program after high school. People who didn't choose either one would be put into a reserve pool. If military needs were not supplied by volunteers, the people in the pool would be drafted by lottery.

MODEL FOR NATIONAL SERVICE

Backers of Tsongas' bill to set up a presidential study commission shy away from specific ideas about how a national service program would run, arguing that concrete plans should be left to the commission.

Existing programs like VISTA, with its 3,900 volunteers, might provide some ideas about how a new program would operate. But the scale of a broad-based program would be so much larger that reliance on any existing models would be impossible.

In general, however, advocates seem to be thinking about a program which would concentrate on young people right after they got out of high school. Youths probably would sign up to serve for a year, and would receive a stipend for living expenses.

Since they would have few job skills, the youths would probably concentrate on social services that require little specific knowledge, but a great deal of caring. They could help the elderly and the handicapped, for example, or assist teachers in the classroom. A different sort of activity would be in the area of energy conservation, such as helping poor people make their homes more energy-efficient.

To avoid creation of a massive federal bureaucracy, volunteer efforts could be organized by local communities or non-profit groups, with the federal government paying the stipends.

Mr. TSONGAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. TSONGAS). Without objection, it is so ordered.

## THE UNITED STATES SENATE

Mr. ROBERT C. BYRD. Mr. President, while awaiting the arrival of any Senators who wish to speak during morning business, may I say, as I indicated a few days ago, that in the year 1989, the Senate will observe its 200th anniversary.

The Constitutional Convention was held in Philadelphia in 1787. During that hot summer—of course, there was no air conditioning then—the delegates to the Convention met with considerable discouragement. There were times that the Convention's efforts appeared to be destined to failure.

One day, a man stood to his feet. He was the oldest man in the gathering. His name was Benjamin Franklin. He addressed the Chair in which sat George Washington, the first Commander in Chief, a man who led our forces through the ravages of the terrible winter at Valley Forge.

There were other illustrious men in that gathering—for example, Alexander Hamilton and James Madison. I do not believe there has ever been, prior to that day or since that day, such a gathering of truly wise and illustrious men anywhere in the world as came together on that occasion.

This man who stood to his feet said to the Chair:

> Sir, I have lived a long time. And the longer I live, the more convincing proof I see that God still governs in the affairs of men. And if a sparrow cannot fall to the ground without our Father's notice, is it possible that we can build an empire without our Father's aid?

He went on to say that the Scriptures tell us that "Except the Lord build the house, they labor in vain that build it." And "except the Lord keep the city, the watchman waketh but in vain."

He said:

> I move, sir, that henceforth we open our daily sessions with prayer, else we shall succeed no better than did the builders of Babel.

And they voted to adopt the recommendation that Benjamin Franklin made. And it seemed that almost immediately there was an acceleration in the progress of their deliberations.

We can see on many of the public buildings in this capital city the inscriptions that reflect the spiritual awareness that runs like an unbroken thread through these nearly 200 years that have transpired since Dr. Franklin stood to his feet on that occasion.

The Senate opens its daily sessions with prayer by the Senate Chaplain. From time to time, there are visiting chaplains who open the Senate with prayer and, on occasion, Members of the Senate themselves have been selected to open the Senate with prayer.

That is the first thing that is done in each daily session, reminding us, as the words in back of me on the Chamber wall say, "In God we trust," and as they say to my left, Novus Ordo Seclorum, which I am told translates into the words "A New Order of the Ages," and the words to my right, Annuit Coeptis, which translates into, "He, God, has Favored our Undertaking."

For the benefit of those who read the RECORD and those who from time to time sit in the galleries, there are seven stars over the doors to the north which I now face. The star on the far right is presently lighted, which indicates that the Senate is now in session. That light is always burning when the Senate is in session.

The other six stars also have meaning. They will indicate events in the Senate. If the first star on the left comes on, a bell will ring, which means that a rollcall vote is in progress.

If the first two stars on the left light up, then two bells will ring and that means there is a quorum call. The Senate cannot do business without a quorum. But it is always presumed that a quorum is present. Obviously, there are only three Senators on the floor at the moment, the distinguished Republican leader (Mr. BAKER), the distinguished Senator from Massachusetts (Mr. TSONGAS), and the junior Senator from West Virginia (Mr. ROBERT C. BYRD).

It is presumed, however, that a quorum is present, but if a Senator at any time should desire to establish the presence of a quorum, he will suggest the absence of a quorum. When he does that, there will be two bells and two lights, just as we will see now.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. One light, 1 bell; 2 lights, 2 bells. Mr. President——

The PRESIDING OFFICER. The Senator is reminded that a quorum call is in progress.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. The Chair was reminding me that during the call of the quorum, debate is not in order. So I was properly admonished by the Chair, and I called off the quorum.

If Senator BAKER or the Presiding Officer or any other Senator had objected to my request that the quorum call be called off, then the two lights would still be on and the clerk would continue to call the roll.

The Presiding Officer of the Senate is elected by the American people. He is the Vice President of the United States, according to the Constitution. He is not a Member of the Senate. The Vice President of the United States does not take part in the debates in the Senate. He does not cast a vote under the Constitution except for the purpose of breaking a tie.

In the House of Representatives, the Speaker of the House normally does not cast a vote except to break a tie, but he may vote if he so desires. But not so with the Vice President of the United States as the Presiding Officer of this body. He can only vote in the case of breaking a tie, and he does not have to vote then. When he is absent, the President pro tempore, who is elected by the majority party, presides over the Senate. The President pro tempore of the Senate today is Senator WARREN MAGNUSON, the senior Senator from the State of Washington. But the President pro tempore may assign in writing the name of a Senator to act in his stead, or he may do so in open Senate simply by stating that he appoints such and such a Senator to preside over the Senate during his absence from the Chair.

That assignment does not carry beyond an adjournment.

Today, Mr. TSONGAS, a fine, young Senator from the State of Massachusetts, is presiding over the Senate.

The Senate has its Calendar of Business, this item which I hold in my hand. As committees report resolutions and bills from within the committees—which indeed are miniature legislatures—those bills and resolutions go on this Calendar of Business. Occasionally, bills and resolutions are placed directly on the calendar by unanimous-consent and in other instances they are forced on the calendar through procedures that are made possible by Senate Rules.

In the Senate, the minority and the majority work closely together and cooperate, as a usual thing, in the calling up of measures, by unanimous consent, which means that there is no objection on the part of any Senator to the calling up of a particular bill. A single objection will, of course, block the calling up of a measure by unanimous consent. The measure may then be called up by a motion, but except in certain circumstances such motions to proceed are subject to debate.

The Senate normally meets at 12 o'clock, by resolution passed at the beginning of the session. There are two regular sessions to every Congress. This is the 96th Congress. This is the second session of the 96th Congress. I hope to be around, the Lord willing, when we have the 100th Congress. I hope the distinguished Republican leader will be here. I would like to be here on the 200th anniversay of the founding of the U.S. Senate. It is a great institution.

I am told that there were only 100 Senators in the original Roman Senate. There are 100 Senators in the U.S. Senate.

When I first came to the Senate there were only 96 Senators in the Senate, because there were only 48 States. That was prior to the admission of Hawaii and Alaska, and each State having two Senators under the Constitution, there were 96 Senators.

In the House of Representatives there have for many years been 435 Members. I served in that body with the distinguished late father of the Senator from Tennessee (Mr. BAKER), who served in the House.

Mr. BAKER's father-in-law was minority leader in this body. He was a great minority leader. I have never heard anyone who could excel Everett Dirksen in the exercise of oratorical talents. Few men could ever equal Everett Dirksen.

But we now have 50 States and 100 Senators. Each Senator has the privilege, upon being recognized by the Chair, of speaking as long as he wants to speak—generally, except under certain circumstances. It is that quality, which is sometimes referred to as unlimited debate, that is one of the things that distinguishes the U.S. Senate from the House of Representatives.

Revenue-raising bills, under the Constitution, must originate in the other body, but no bill can become law without passing both bodies, the House and the Senate. Bills may originate in either body. They may originate in this body and go over there, or they may originate in the House of Representatives and then be taken up here. But revenue-raising bills must originate in the other body. And by custom, appropriations bills originate in the other body.

There are regular appropriation bills, there are special appropriation bills, which deal with one subject only, and there are supplemental appropriation bills.

Also, membership in the other body cannot be appointed. No individual was ever appointed to serve in the House of Representatives. If a seat becomes vacant in the House of Representatives, that seat can only be filled by the people, through the election process. If a seat becomes vacant in this body—for example, if something were to happen to a Senator in this body today and the Lord were to call him home, the Governor of the State represented by that Senator could appoint an individual to fill the vacancy until the general election this fall takes place.

Just as I have said that the House has some prerogatives, the Senate also has some unique prerogatives under the Constitution. I hold in my hand the Executive Calendar. That is a separate calendar from the calendar of business. The Executive Calendar contains any treaties that may have been reported from committees. There is now one treaty on the Executive Calendar. That is the SALT II treaty. Only the Senate can approve the ratification of treaties. The House has no voice in the ratification of treaties under the Constitution.

For the Senate to approve the ratification of a treaty, two-thirds of the Senators who are present and voting must vote to approve the treaty.

Also on this Executive Calendar are the nominations that have been made by the President, submitted to the Senate, approved by the appropriate Senate committees, and reported to the Executive Calendar. Only the Senate can confirm the nominations that are made by the President. Under the Constitution, the House has no voice in the nominations process. So, the Senate, by virtue of the fact that it has jurisdiction under the Constitution over the approval of the ratification of treaties, has, in that respect, a foreign relations functions that the other body does not have.

Members of the other body serve 2-year terms. Members of the Senate serve 6-year terms.

I shall hurry to the end of my desultory discourse.

There are three classes of Senators. The first Senators assembled following the establishment of a quorum in April 1789—and it required over a month to assemble a quorum. Several letters were sent out by the few Senators who had gathered to their colleagues urging them to please enter their attendance and help to establish a quorum. After a month of such, there was a quorum established.

Under the Constitution, Senators serve 6-year terms. But one-third of the Senate is up for reelection every 2 years. Not so with the other body, where each Member serves 2 years and the entire House is up for reelection every 2 years. Theoretically, there could be a complete turnover in the House of Representatives every 2 years. In the Senate, that would be impossible, because only one-third of the Senate is up for reelection every 2 years, which means that two-thirds of the Senate always continues. Consequently, the President always has a Senate to which he can refer treaties and nominations and which can counsel him in foreign affairs and so on.

Just this word about the three classes of Senators. In the beginning, when those Senators first met, I believe there were only 22 Senators, because only 11 States were represented when the Senate first met.

In any event, the Senators, in order to determine who would serve only the first 2 years and who would run again after 4 years and who would serve a full 6-year term, established three classes. I suppose they drew straws. In any event, I do remember that when Alaska's and Hawaii's Senators came into the Senate, they drew numbers from a hat or a ballot box or something. They drew lots to see which of the Senators would be the senior Senators and which would be the junior Senators from the States.

Those Senators, when the Senate first met, drew lots somehow. I do not recall precisely now, but a third of the Senators drew the 2-year term. That was the first class. The second class drew the 4-year term, and the third class drew the 6-year term. I am in the third class.

All through the years since then, just as in an ancestral line, a Senator from one of those original 11 States will fall into that class which goes all the way back to the beginning. I have not looked this up in quite some time. But I believe that I am in the third class. In other words, the first Senator in my line when West Virginia became a separate State happened to draw the 6-year-term lot.

I am just this minute reminded by the best chief counsel and staff director ever of the Senate Democratic policy committee staff, Miss Mary Jane Checchi, that I am in the first class, not the third.

Mr. President, one of the characteristics that I like to think constitute an attribute of a good Senator is the characteristic of patience.

Oh, I did not finish my earlier thought. I will finish. The third light and the third bell I referred to, signals a "live quorum." Under the Constitution if any Member suggests the absence of a quorum, the clerk must forthwith be ordered by the Presiding Officer to call the roll to establish a quorum.

So I put in a quorum call a little while ago. I started talking during that quorum and the Chair admonished me that I was not supposed to do that. So I called off the quorum. So we did not have to go through the whole kit and caboodle of having a quorum of 51 Senators assembled.

But suppose Senator BAKER had objected to my calling off that quorum, or Senator DOLE, or the Senator in the Chair, who, in his capacity as the Senator from Massachusetts, could have objected? Then that quorum call would have continued, and it would have continued until 51 Senators assembled here.

Now, when the clerk completes the rollcall of 100 Senators, if there is still no quorum, it is impossible to call off that quorum call. I would not be able to say, "I ask unanimous consent that the order for the quorum call be rescinded," because it would have been, indeed, established that there was no quorum present.

Once that Presiding Officer says, "A quorum is not present," we are locked in, meaning we cannot transact any business, we cannot call off that quorum, we have to establish the presence of a quorum.

The only thing the Senate then can do is adjourn or, if a previous order to recess has been entered, it can recess.

Once the Chair states that a quorum is not present, three lights come on and three bells ring, and if perchance 51 Senators still do not come to the floor, a Senator may move that the Sergeant at Arms be instructed to request the attendance of absent Senators and there could be a rollcall vote on that motion. Under the Constitution, if one-fifth of the Senators present indicate they want a rollcall vote, there has to be a rollcall, in which case one star would light up, and one bell would ring. That would mean the rollcall is on.

Now, at the end of the day, if the Senate adjourns, or recesses, there will be four lights and four bells.

If five lights come on and there are five bells, that means we are half way through a rollcall vote. Rollcall votes, by unanimous consent, in the Senate last 15 minutes. So midway, in other words, after the passage of 7½ minutes, five lights come on and five bells ring, which indicate to Senators who are in committees, or who are in their offices talking to their constituents, that it is time to get to the floor because they only have 7½ minutes remaining in which to cast their vote, and they can do this only by coming to the floor.

Now, when six bells ring and when six stars light up, that is the close of morning business.

## CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The Chair will remind the majority leader that the time for morning business has expired.

Mr. ROBERT C. BYRD. All right. Morning business has expired. Now we will see six lights come on.

It could not have been better timing. That is the close of morning business.

The PRESIDING OFFICER. The Senator from West Virginia.

## ORDER FOR EXTENSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Now, Mr. President, I ask unanimous consent that morning business may be extended for 2 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from West Virginia.

## THE UNITED STATES SENATE

Mr. ROBERT C. BYRD. Now, Mr. President, what does morning business mean?

That is a certain category of business that is transacted automatically when the Senate adjourns from one day to another. It is to be transacted under the heading of certain standing rules.

During the period of morning business, Senators may introduce bills, resolutions, petitions, memorials, committees may submit reports, but no Senator can speak, that is, debate, except by unanimous consent.

Senators may speak during morning business only by unanimous consent. That is why we usually get unanimous consent that there be a period for the transaction of routine morning business, and that Senators may speak therein up to 2 minutes, or up to 5 minutes, and so on.

Unless that request is entered, Senators cannot speak. They can say, "Mr. President, I introduce a bill," to do thus and so, and send it to the desk, and that is all they can say.

So after morning business ends, Senators are not supposed to introduce bills and resolutions except by unanimous consent. And morning business, except when it is allowed by unanimous consent, does not transpire except when the Senate adjourns over to the next day, when at a certain point in the proceedings there will be morning business.

One final note. When the Senate recesses, morning business is not automatic the next day the Senate meets. Morning business is not automatic, and there is no so-called morning hour.

We will talk about the morning hour on another day.

The Senate has been recessing this year from day to day since January 3. There has not been an adjournment of the Senate since January 3. It has recessed over every day. So although today is calendar day Friday, March 28, 1980, we are still in the legislative day of January 3, 1980, because the Senate has never adjourned since it came in on January 3.

If we should adjourn today over until Tuesday—let us say Tuesday—then, on Tuesday, the legislative day would have caught up with the calendar day, because we then would be in a new legislative day.

Strange as it may seem, it is recorded in the Bible that Joshua wanted the Sun to stand still, and history tells us that there was a long day somewhere back in antiquity. Well, this has been a long day—1 long legislative day, and we are still in it, since January 3. Why? Because the Senate has not adjourned from one day to the next during that period. It has recessed.

Finally, back to my attribute of patience: The distinguished Senator from Nebraska (Mr. Exon), a former Governor of that State, is here, and he is ready to speak on the conference report. The conference report was called up yesterday by the senior Senator from Wisconsin (Mr. Proxmire). The conference report has to do with depository institutions. It already has been adopted by the House, the other body.

When the House and the Senate pass a bill and there is any disagreement at all between the two Houses, the House and the Senate then appoint conferees. The conferees meet out there in a room somewhere—a little handful of Senators and a little handful of House Members. I have often referred to that as the "third House," the meeting of the conferees. It is there that the differences between the two Houses are resolved.

The agreed-upon language of the bill is then brought back to the House and the Senate in the form of a conference report and is voted on by both Houses—that is the usual thing—and then the bill is sent to the President. It is agreed upon down to the last comma and semicolon and word.

So, today, we have the conference report that was called up yesterday, and it will be continued at this time, now that the Chair is about to conclude my 2 minutes, at which point I will sit down and the conference report will be back before the Senate; and the very patient, good natured, affable, dedicated, and effective Senator from Nebraska (Mr. Exon) can speak on the conference report.

The PRESIDING OFFICER. The Senator's 2 minutes have long since expired.

Mr. BAKER. Mr. President, I want to speak at this time for the sole purpose of commending the majority leader for his scholarly, his illuminating, and his very, very useful exposition on the structure, organization, and function of Congress, the Senate in particular.

I have been here for 13 years. My father and my mother were in Congress. My wife's father was the minority leader to whom the Senator from West Virginia referred, Ev Dirksen, from Illinois. But throughout that experience and my own experience here, I have never heard a more tantalizing view of Congress than that given by the Senator from West Virginia.

I have said this before, but I repeat it for the Record today: In all my experience, I have never known a man who was more uniquely a man of the Senate than the majority leader; nor have I ever known a Senator who had a greater grasp of and appreciation of not only the substance but also the form and flavor of the rules and procedure of this body.

Someday, both of us will leave this place; and people will look back, no doubt, and regard his tenure as majority leader as the time when the rules and precedents and orderly procedure of the Senate were extended and the traditions of the Senate were preserved for the future growth of the country.

Mr. ROBERT C. BYRD. Mr. President, I express my profound gratitude to the distinguished and very able minority leader, the senior Senator from the State of Tennessee, Mr. HOWARD BAKER.

I believe that from time to time in the Senate, when there is nothing else to do at a particular point, perhaps on a Thursday or Friday, it might be well to remind ourselves of the traditions and customs of the Senate. I took advantage of that opportunity last Friday; I have done so today. I may do so again, with the indulgence of the Chair and my colleagues.

Mr. EXON. Mr. President, will the Senator from West Virginia yield to me before we return to the conference report?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent for a 1-minute extension of the discussion that has just taken place.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, before we take up the next business of the Senate, I wish to add my words of praise and understanding with respect to the difficulty of the job of the majority leader, which has been well articulated by the minority leader.

I am very new in this body. I do not know whether in the past there have been two men who have so distinguished themselves in the matter of fairness and the understanding of the rules, and especially in helping a junior Member such as myself, as well as the rank and file old warhorses of the U.S. Senate. I suggest that the Senate will be well off, indeed, if it is run as well in the future as it has been run under the direction of these two outstanding gentlemen.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may proceed for 1 minute and that the distinguished Republican leader may do so, also.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Nebraska.

We always refer to our colleagues as distinguished Senators or able Senators. They are all distinguished. Every individual who comes to the Senate has something that recommended him to the electors of his State which caused them to send him here.

The distinguished Senator from Nebraska is indeed a distinguished Senator. As I said earlier, he is a former Governor, and he is making a fine contribution to the work of the Senate. He is diligent.

Franklin said that one of his favorite scriptures was this:

> Seest thou a man diligent in his business? He shall stand before kings.

The Senator from Nebraska is diligent in his business. He has earned the high respect of his colleagues. He is entitled to the love and affection I have for him. He will continue to be a great addition to the Senate, a great servant of his State, and a great servant of the American people. I salute him and thank him.

Mr. BAKER. Mr. President, I should like to express my profound appreciation to the Senator from Nebraska. He is very kind and generous to make those remarks and to include the Senator from Tennessee in that description. I am grateful for it.

For those who have shared my interest in the exposition by the majority leader today, I can only say that it was useful and instructive and serves as an important document for the study of the Senate in the future.

I am sure that I am not out of order in pointing out that one of the responsibilities of the leadership of the Senate is to make the place run, and there was no way we could move the business of the Senate today much before this point. So it was a good dedication of the time.

We now have reached the time when the real business of the Senate is to be conducted. We could not do that before 1 o'clock, and both of us together have managed to use up all the time before 1 o'clock. I think that is a service to the Republic. [Laughter.]

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Republican leader, whose charm is unexcelled, whose chivalry is well-known, whose courtliness helps us to manifest a spirt of equanimity in this body that is often tested but rarely fails, and who is one of the most articulate Senators and leaders of his party—bright, courageous, and dedicated. I am grateful for what he has said today. I cannot say that I would be more proud of the kind words of anyone than I am of those spoken by the distinguished Senator from Tennessee (Mr. BAKER).

Mr. BAKER. I thank the Senator.

## DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY CONTROL ACT OF 1980—CONFERENCE REPORT

The PRESIDING OFFICER (Mr. FORD). Under the previous order, the Senate will now resume consideration of the pending business, the conference report on H.R. 4986 which the clerk will state.

The legislative clerk read as follows:

> A conference report on H.R. 4986 an act to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes.

The Senate resumed consideration of the conference report.

Mr. EXON. Mr. President, I rise in the Senate to express my concern and my opposition to the conference committee action on H.R. 4986, the Depository Institutions Deregulation and Monetary Control Act. Although there are several areas in this legislation which concern me and some which I support, the provision for overriding State usury laws is one of the worst invasions of States rights that I have seen in the U.S. Senate.

Despite several doubts I had last fall when H.R. 4986 was passed by the Senate, I was able to vote for it since the Senate unanimously adopted an amendment I sponsored to limit the Federal override of the usury laws. Even though I preferred no usury override, my amendment as adopted by the Senate allowed for a Federal override of State usury laws only until July 1 of 1980. Every State, under my amendment, would have had the opportunity to amend its usury laws as it saw fit during the intervening time. The way the conference committee has reported this legislation, State usury laws will be rendered completely meaningless unless a State legislature acts within 3 years to reestablish a usury ceiling. That is akin to Federal repeal of the States laws against horse thieves, but being magnanimous by allowing the States to reenact them if they so desire.

Even then, State usury laws can be overridden by action of the Federal Reserve Board, since the legislation as it now stands permits State chartered depository institutions to make loans at 1 percent above the Federal Reserve discount rate, irrespective of State usury laws. This would apply even if a State acts to reestablish a usury ceiling within 3 years.

At the very minimum, this virtual elimination of State usury statutes is a gross violation of States rights. Indeed, while there are important plus features of this legislation, it correctly can only be interpreted as further centralization of control of money into Federal hands, which has been one of the centerpieces of this Nation's failure in economic soundness. Not being a lawyer, I am not necessarily qualified to pass judgment on the constitutional aspects of this latest Federal encroachment on States rights. However, it appears suspect to me.

Mr. President, my point here is not that each State should have usury laws. States should be free to choose whether they wish to have ceilings on certain types of loan rates or not. This is for the States to decide for themselves. If a State wishes to impose usury ceilings, then it should also expect that it will have to revise these rates periodically to reflect economic conditions. With H.R. 4986 one more important right of the States will be lost, which should be of great concern to those who cherish our federal system of government with its divisions of powers.

But I fully appreciate, Mr. President, that the votes are well marshaled and in line to pass the conference report, since it includes many items on which there is apparently a solid consensus. But I felt compelled to take to the floor today, Mr. President, to note the attack this legislation makes on fundamental States rights. I offer the "fickle fleece" award to the perpetrators of this all-encompassing, Federal takeover legislation.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. Mr. President, do I understand that the pending business is the conference report on H.R. 4986?

The PRESIDING OFFICER. The Senator is correct.

Mr. ARMSTRONG. Mr. President, I have several matters regarding that bill that I would like to take up first.

May I direct a question to the distinguished chairman of the Senate Banking Committee who, of course, has been the leader of the Senate conferees on this bill.

Mr. President, as the chairman knows, the so-called bankers' bank may be admitted to the Federal Reserve System. To date, the Board has not approved such membership applications.

In light of the need for bankers' banks to have access to Federal Reserve services and to be members of the Federal Reserve System, provide complete correspondent banks for the independent banks which they own, would you not agree, Mr. Chairman, that the Board should proceed to grant membership, assuming all appropriate conditions are met? This is particularly meritworthy, it seems to me, since H.R. 4986 gives such banks access to the full Federal Reserve services.

Mr. PROXMIRE. May I say to my good friend from Colorado, I agree wholeheartedly that they ought to be members of the Federal Reserve. They ought to have access to the Federal Reserve services, and I will tell the Senator why.

If the banks of this kind give small independent banks the option of receiving services from one of their own rather than a competitive organization, these bankers' banks, if properly managed, can maintain the flexibility of the banking system and will work against undue concentration, because I think they will help the industry to survive and not be swallowed up because they cannot meet all their obligations.

I think this is an excellent way to meet it with some flexibility. So I join with Senator ARMSTRONG in exhorting the Board to work on such applications expeditiously and to approve them, provided all the normal conditions for membership are met.

Mr. ARMSTRONG. Mr. President. I appreciate the response and observations of the distinguished chairman. I am especially grateful to him for his response because the chairman knows that I am about to say a word in opposition to the bill which he has shepherded through the Senate and through the conference committee, and it is generous of him to accommodate me in this way, particularly since he knows it is my intention to vote against the bill, and I would like to take a few moments to explain to Senators why I am disposed to do so.

Mr. President, when the Senate Banking Committee last October passed H.R. 4986, the Depository Institutions Deregulation Act of 1979, I doubted whether the direct and indirect consequences of the bill itself and of the proposed reforms of the Nation's financial institutions' structure were fully understood. Therefore, with some misgivings, I voted against the legislation both in committee and on the floor.

I have even more reservations about the desirability of the legislation as it has emerged from conference. No less than 42 revisions of the Nation's financial institutions' structure are contained in this measure. Undoubtedly, many of these changes are prudent and necessary to update the Nation's banking laws.

Yet many of the revisions were not considered by either the House or Senate prior to the conference. It seems to me that that circumstance, the fact that the legislation, many of the substantive provisions, were not considered by the Senate itself raises serious doubts about the merits of the legislation.

I would like to particularly draw the attention of my colleagues to title I, the Monetary Control Act of 1980. That is a case in point. It reflects, perhaps, what someone has said that no one's life, liberty or property are safe while the legislature is in session.

For the first time in American history all depository institutions will be required to place a portion of their deposits with the Federal Reserve. This amounts to a tax on deposits. In so doing, title I will affect all of the Nation's 16,000 financial institutions and their customers in ways which I think are even now not fully understood.

One provision even allows the Federal Reserve to impose any reserve requirement for up to 6 months during what are termed extraordinary circumstances. So the bill compels all institutions to place reserves in the Federal Reserve, and then gives the Federal Reserve virtually unlimited authority to regulate these reserves.

In my judgment, this is not good policy. It will only further concentrate national economic decisionmaking in Washington, increase Federal control over banking deposits, and erode the States' role in regulating banking.

Checks and balances now provided in regulating financial institutions are altered in ways which are not now understood, at least by this Senator, and I would guess by other Senators who are soon to vote on this matter.

But what is so extraordinary about this legislation is that prior to the House-Senate conference committee on H.R. 4986, the Senate never considered or voted on any Federal Reserve membership legislation. In fact, the mandatory aspects of this bill are directly opposite to the voluntary solution to Federal Reserve membership which were voted and agreed to by the Senate Banking Committee, the House Banking Committee, and the House of Representatives.

What we are seeing here is a very, very significant policy decision being made without consultation of the Senate, in a way which is contrary to the express will of the Senate Banking Committee, made behind closed doors in a conference committee by a handful of people operating against a deadline and in a high-pressure environment.

I will suggest to you that is not a good legislative procedure. Whether or not one thinks that the final solution is a good one or not is entirely separate from whether or not Senators can endorse and condone this kind of a legislative procedure. I think it is a serious mistake.

The solution to the Federal Reserve membership problem contained in this bill is, in a sense, typical of the so-called solutions which are enacted by the Congress. Rather than to entice banks to join or remain with the Federal Reserve through economic incentives—that is the approach, by the way, which was recommended at least tentatively by the Senate Banking Committee—this bill mandates banks to place reserves in the national bank when it is, in fact, uneconomical for them to do so.

Therefore, although there are a number of desirable provisions within H.R. 4986, the substance and procedure followed in enacting title I are sufficient reason to oppose this bill.

Mr. President and my colleagues, this concludes the statement which I intended to make on this occasion. I intend, however, to raise an entirely different issue which has only now come to my attention, unless the distinguished chairman is seeking the floor.

Mr. PROXMIRE. May I respond to my friend from Colorado? The Senator from Colorado is extraordinarily able and intelligent, and he is particularly well informed on Banking Committee issues. He is a valued member of our Banking Committee, and what he says is correct.

What the Senator does not say, however, is that part of the bill, the Federal membership part of the bill, was in the first place heard before our committee more than any other issue in the 23 years I have been on the Banking Committee. We had 17 days of hearings on this particular issue—17 days of hearings—and we had a discussion, as the Senator will recall, in the markup in which the Senator is correct, we decided to take a different route than was eventually taken by the conferees.

Now, on the House side, they not

only had hearings on it, but they discussed it at great length in a markup session. They had tremendously detailed debate on the floor of the House of Representatives on the bill. And this was the principal part of the bill that they sent over to the Senate.

Now, on our side, we did something else. We phased out regulation Q. We gave the savings and loan institutions banking powers they never had before. We are going to have a far more competitive banking system.

That regulation Q phaseout was not considered by the House, so that, on the one hand, we did not have an opportunity on the floor of the Senate, the Senator is correct, to debate the Fed membership bill or to debate it in committee. But they did not have an opportunity to debate another important part of it.

As the Senator, who is a veteran of the House of Representatives as well as a Senator, recognizes, this happens with legislation. It is unfortunate that we cannot take up every single part of a bill and debate every part in detail. But sometimes the House has a part we do not consider; sometimes we have a part they do not consider.

This part of the bill that the Senator from Colorado opposes would primarily affect—it would affect the consuming public, of course, very directly—but it would primarily affect the institutions.

Now, where do they stand? In the first place, the American Bankers Association supports the bill; the Savings and Loan League supports the bill. The regulators all support the bill. Arthur Burns, former Chairman of the Federal Reserve, supports the bill; William Miller, former Chairman of the Federal Reserve, supports the bill; Paul Volcker supports the bill; the Treasury Department supports the bill; the administration supports the legislation.

Under the circumstances, I think the Senator would agree that there are two parts of the bill that are especially timely and appropriate. No. 1, the Federal Reserve is given the independence of monetary authority and power that they need to provide for an effective monetary control system. They did not have that before, because they were losing membership, and this gives them that kind of power.

No. 2 is the fact that—and the Senator from Colorado is an outstanding exponent of this view—one of the reasons we have serious inflation is that people are not saving enough money. They are not given the incentive to save.

But what this bill does is phase out that limitation on interest, which is now 5½ percent by banks and 5¾ percent by savings and loans, and permits that to go to the market over time.

Now, both of those are important anti-inflation provisions. And I think, for that reason, this is a bill that is not only vital in the long run—and I think it is the most important banking bill that we have acted on in the Senate since 1913, when the Federal Reserve Act was passed—but it is most timely.

I am happy that the Senator from Colorado is discussing it in this way. The Senator is correct. It would have been far better if we had acted on the Fed membership part of this bill on the floor. But we did not do that. But, under the circumstances, there is ample precedent in proceeding this way.

Mr. ARMSTRONG. Mr. President, it appears to me that if this legislation enjoys the support of the Nation's savings and loan associations, the Nation's banks, the Federal Reserve Chairman, the Secretary of the Treasury, and the distinguished former Chairman of the Board of Governors of the Federal Reserve, Mr. Burns, that it certainly could withstand any questions that might be directed to the proponents of the legislation by the Senator from Colorado.

Certainly if all of these authorities are convinced that this is a desirable objective and that this is good legislation, there is no reason in the world why, on the floor of the Senate, it would not be passed by 99 to 1; or, it is even possible—certainly, likely—that if the matter were fully and openly debated on the floor of the Senate, I would also be persuaded.

Because, as I have previously said privately to the distinguished chairman of the Banking Committee, my concerns are intellectual in nature. I have no emotional commitment to this issue, one way or the other. I do not really know all that much about it. Certainly, I have not had the 23 years of experience on the Banking Committee that the chairman has had. It is my instinctive disposition to follow his lead in this matter and on all others, because I find his judgment to be sound.

However, based on what I have heard on this issue in the 13 months that I have been a member of the Senate Banking Committee, I am disposed to think that, on the contrary, it is not a good decision.

I also note that after 17 days of hearings over the past 23 years, the Senate Banking Committee was not disposed to favor the solution that it recommended in this bill. And it is not only that the Banking Committee took a different position, it took exactly the opposite position from that reflected in this bill with respect to mandatory membership in the Federal Reserve system.

Mr. PROXMIRE. Mr. President, if the Senator will yield, the Senator makes a good point, except that what the Senate Banking Committee really did, if the Senator will recall, was to vote to make the Tower approach the basis for the markup. It was a procedural vote. It was not a determination that the Tower proposal was a bill that they would adopt. It simply approved the Tower bill, instead of the bill that I introduced, as their preference for the basis for being marked up. We did not make any decision at all on what parts of the Tower bill we could keep.

Mr. ARMSTRONG. Mr. President, the chairman is absolutely correct. What that underscores is the value of debate on the floor of the Senate.

If I merely asserted in another forum or in a written report that the Senate Banking Committee had actually endorsed the principal of incentives for membership in the Fed, that more clear definition which the chairman has provided would never have come to light.

The chairman is correct, it was not a decision final; it was a procedural decision. I must say that probably the two most surprised members of the committee when that happened may have been the chairman of the committee and the Senator from Colorado. It was certainly not the outcome that I expected, although I voted with the majority in that case.

My point is that it did not come to the floor. We are not talking about a detail, we are not talking about a nitpicking adjustment, we are not talking about an administrative matter. We are talking about an issue which has been about one of the most important issues facing the banking industry.

While it is true that many support it—and after extended debate, I might well have supported it myself—let me point out that there are many bankers who do not support it. There are at least some economists who do not support it. The State banking regulators are opposed to it.

I think there are two sides to the question on an issue of this importance. I instinctively am inclined to object when a major policy decision is made in conference when it has never been considered on the floor.

Mr. PROXMIRE. Will the Senator yield?

Mr. ARMSTRONG. Yes.

Mr. PROXMIRE. Mr. President, one more point in connection with this, and that is that both the ranking Republican member, Senator GARN, and Senator TOWER, who, as the Senator knows, was the author of the alternative, both support this bill and think it is a good bill and indicated they will vote for it.

Mr. ARMSTRONG. Mr. President, I think that again underscores why, if the Senator from Colorado had had an opportunity to hear all that has been heard by the chairman and by the ranking member and others, maybe I would arrive at the same conclusion.

On the other hand, if it had been debated on the floor of the Senate, where I would have had a chance to express some of my concerns, perhaps I would have persuaded others. I might have even persuaded the distinguished chairman or the Senator from Texas or the Senator from Utah. Maybe I would not have persuaded them.

What I am really most concerned about—and I hope I am making it clear—is the procedure. I do not like the bill on its substance, but I am not worked up about that. I am worked up about the idea that we are coming back from conference with a bill which is quite different in its main intent and thrust than anything that was considered on the floor of the Senate.

I would like to get off that aspect of the question and really get to the thing that is sticking in my craw today, and that is the unanimous-consent agreement which was entered into yesterday.

At this point, I would be glad to withhold any further remarks on this subject if there is any reason to call the proponent of the unanimous-consent agreement to the floor.

But I will just say that the agreement which was entered into yesterday, the effect of which is to preclude my having a rollcall vote on this issue, is violative, in my opinion, of the rights of Senators under the best traditions of this body.

Since I am about to discuss that, I will suggest the absence of a quorum and invite at least those who may wish to be present when I do so to come to the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. I note the arrival of the distinguished majority leader. Since he is otherwise engaged, I will suspend for a moment.

Mr. President, I see that the distinguished majority leader has arrived. It was in order to permit him to come to the floor that I asked for the quorum call because a matter which I wanted to discuss with the Senator is a matter about which I believe the majority leader is knowledgeable. I was reluctant to raise the concern which I feel during his absence.

Mr. President, just to recap where we are, we are considering the conference report on a banking bill that has just come back from the conference committee containing some sweeping revisions of the laws governing the Nation's financial institutions. Among the changes which are made are some important changes in Federal Reserve membership requirements, which were never considered on the floor of the Senate, and which were added in the conference committee.

This is a very important change in the Nation's banking laws. As I have previously said, I personally object to the idea that such changes would be made in conference without an opportunity for full debate here on the floor of the Senate.

It was my plan, recognizing that such changes had been made in the conference, to come to the floor and make a statement of my objections, as I have done earlier, and then simply to vote against the bill so that I at least would have been on record, and would have expressed my point of view, and other Senators would have the opportunity to do the same.

In fact, I even considered the possibility, since this is a busy day for me, being in the middle of a budget markup, that I might even send my statement to the floor to be inserted in the Record because I do not really entertain, and did not at any point seriously entertain, the thought of defeating the bill. I recognize the reality is that the bill enjoys very broad support within this Chamber and across the country. Whatever my reservations may be, I expect the bill to pass.

But the concern I feel, and I hope I have the attention of the majority leader, is that there has been an effort to foreclose the possibility of a rollcall vote on this very, very important legislation, legislation which incorporates amendments never considered by the U.S. Senate in open debate on the floor of the Senate.

So imagine my surprise when I noted for the first time this morning the unanimous-consent agreement which appeared in the Record of Senate proceedings at page 6892, in which, on the request of the distinguished majority leader, it was agreed that the Senate would resume consideration of the conference report at approximately 12:30 or 1 o'clock, "Provided further, that there be no rollcall on final passage."

There are other provisions to the unanimous-consent agreement.

My concern, I would say to the distinguished majority leader, is that by precluding a rollcall vote, the majority leader has, and I am sure inadvertently, deprived those of us who wish to have a recorded vote of the opportunity to even request it.

I understand, of course, that if a Senator wishes a vote, he has to obtain the agreement of at least one-fifth of the Senate in order to be granted that prerogative. But that is routinely granted on an important piece of legislation involving policy issues that affect the future of the country. Ordinarily, if a Senator asks for a rollcall vote, he is able to obtain a rollcall.

I am dismayed that that is not the case in this particular instance. I do understand, and I would acknowledge, that there are reasons why it is inconvenient to have a rollcall vote this afternoon. I am appreciative of the majority leader for arranging the business of the Senate so that rollcall votes are by and large refused on Friday afternoon during the spring so that Members can be in their home States meeting with their constituents and also to take part in scheduled committee meetings. I do appreciate that. But it seems to me in this particular case to schedule an important piece of legislation for decision on Friday afternoon perhaps is unfortunate, but then to preclude even the possibility of a rollcall vote is most unfortunate.

I wanted to express that concern to the majority leader and to ask if we may have assurances that this would not be a regular practice and that, in the future, we shall not expect to have rollcall requests precluded by this means. Or perhaps there is an aspect that I do not understand.

(Mr. CULVER assumed the chair.)

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. ARMSTRONG. Of course, I am pleased to yield.

Mr. ROBERT C. BYRD. Has the Senator discussed this matter with his own leader?

Mr. ARMSTRONG. No, I must say I have not had an opportunity to do so. I learned of this just a while ago—now about 2 hours ago—and have been in committee meetings throughout the day. I have not had an opportunity to discuss it with any Senators save those who have been on the floor during this time period.

Mr. ROBERT C. BYRD. I wish he had discussed it with the distinguished minority leader first before taking the floor. He would probably have had a better understanding of the matter and the reasons for the agreement and the efforts that went into securing the agreement.

On my side of the aisle, the cloakroom was asked to inquire of Senators if any Senator wanted to insist on a rollcall vote on this conference report, so it was cleared through my cloakroom with Democratic Senators. No Democratic Senator indicated that he wished to insist on a rollcall vote.

I do not know what procedures may have been followed on the minority side, but the distinguished Republican leader is here now, and I feel that, in view of the fact that this agreement was cleared with the minority, the distinguished Republican leader will be in a position to explain what procedures were followed in the course of the clearing of the agreement on his side of the aisle.

May I say to the distinguished Senator from Colorado that there is no attempt, ever, here, to preclude Senators from having a rollcall vote. If a Senator wishes a rollcall vote, all he needs to do is indicate that he wants a rollcall vote, and if that request is seconded by one-fifth of those present, under the Constitution, there has to be a rollcall vote. There was no request for a rollcall vote in this instance, and no expression of such desire by one-fifth of the Senators present.

Occasionally, it is agreed among Senators that there will be no rollcall vote on a matter. If it is unanimous to that extent and nobody indicates an objection—for whatever reasons may recommend themselves at that particular point—an understanding is entered into whereby there will not be a rollcall vote. There were extenuating circumstances in this instance which resulted in this unanimous consent agreement.

I suggest to the distinguished Senator that he may want to discuss these agreements with his own leader before taking the floor to question the majority leader. I am quite sure that his own leader very ably protects not only his colleagues on that side of the aisle, but there are times when each of us protects our colleagues on the other side of the aisle as well. His own leader, I am sure, will be very willing and able to explain to him the circumstances that resulted in this agreement.

I would appreciate in the future—I cannot keep the Senator from doing it; he can come to the floor and say whatever he wants whenever he wants, and he can direct his questions to the majority leader and I am happy to try to answer them—but in the future, if he has a question on a time agreement already entered into, it seems to me he would certainly owe his own leader the courtesy of discussing the matter with him. Then, after that, if he wants to complain to the majority leader, he has the right to do so.

I have never seen a Senator who more ably protects his colleagues and who is more meticulous in entering into time agreements before acquiescing in them than is the distinguished Republican leader (Mr. BAKER). I can say that for all the leadership on the other side of the aisle. They are all very diligent in those matters when they are called upon to assume the position of leadership.

That would be my very gentle rejoinder to the distinguished Senator and I make it in the most friendly spirit, that, in the future, he first discuss his discomfort with respect to unanimous-consent agreements with his own leadership. I am quite sure that that leadership will be able to explain adequately the circumstances that resulted in any given time agreement.

Mr. BAKER. Mr. President.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BAKER. Mr. President, I have just arrived on the floor, but I have been advised that the colloquy between the distinguished Senator from Colorado and the majority leader has to do with a unanimous-consent agreement entered into on yesterday with reference to the consideration and adoption of the conference report on the Depository Institution Deregulation and Monetary Control Act, the measure pending before the Senate, and, more particularly, about that provision of the agreement which deals with a prohibition against a rollcall vote. Mr. President, I accept full responsibility for that, and I regret that this has caused the Senator from Colorado concern. I might take just a moment to explain, as I am sure he knows, how the leadership on this side proceeds to clear unanimous-consent agreements and how he did, in fact, attempt to clear this one.

Not unlike most other agreements, this matter was dealt with at some length on yesterday. There were a number of consultations with a number of people. It is my view that my first responsibility or, more particularly, the first one with whom I deal directly on this side, in the absence of some notification from somebody else, is the senior Republican, the ranking Republican on that committee. In this case, it would have been, and was, Senator GARN, who is not here today. He is back in his State and will not be back here until Monday.

In addition to Senator GARN, I believe that we submitted the unanimous-consent agreement to at least two other Senators. We did not submit it to the Senator from Colorado, and I accept full responsibility for that. I regret it.

The only additional remark in that respect that I can make is that it is in the nature of the unanimous-consent procedure, on which so much of the business of the Senate is conducted, that, occasionally, as to someone who does have an interest, a special interest, in a special aspect of a particular bill, their concern has not been transmitted to the leadership or to the ranking member of the committee.

I am certain I did not know of that concern, and I would be almost equally certain that the Senator from Utah did not know of that concern. But that is in the nature of proceeding by the unanimous-consent technique. That is the technique that we employ in running the Senate. Occasionally, it does produce unfortunate anomalies of this sort.

I say once again that I am not shifting the blame, I am not trying to explain it away. I accept the responsibility for it. I am sorry that it has caused the Senator from Colorado difficulty. I would like to do whatever I can do to try to accommodate his needs in this respect, and I should be glad to proceed from that point, beginning now.

But it is my responsibility. I accept it as my responsibility. I regret that it has occurred.

Mr. ARMSTRONG. Mr. President, it is characteristic of the minority leader that he would attempt to shoulder the responsibility and that he would speak with such courtesy to his colleague. It is characteristic of the majority leader that he would speak as he has spoken here today. I appreciate that.

But the issue that is presented at this moment is not the concern of the Senator from Colorado, it is not the convenience of the Senator from Colorado, it is not even the substance of this bill. I have already made it clear that, while I object to both the procedure under which this bill was amended in the conference committee and the substance of the amendment, that is not the main issue.

Before the arrival of both the majority and minority leaders, I made clear that it had been my intention to make a routine statement and then vote against the bill and that I might indeed have inserted my statement in the RECORD. This thing, I say again, that sticks in my craw is that the right of all Senators—not just the Senator from Colorado, but the right of any Senator—to stand up and say, in the usual manner, "Mr. President, I demand the yeas and nays," has been precluded by the unanimous-consent agreement.

I understand and appreciate the practical reasons and, again to repeat, since the minority leader has entered since I made this observation before, I deeply appreciate the leadership's need to arrange the floor work in a way that does suit the convenience of the Members, particularly as to Fridays. I think that is very useful.

But the particular unanimous-consent agreement which was entered into on March 27 is quite different from the unanimous-consent agreement that sets aside rollcall votes.

Often, we have said that there will be no rollcall votes on Friday, or there will be no rollcall votes until 3 o'clock, or there will be no rollcall votes after 3 o'clock.

That is not what this says. This does not say anything about Friday or a time.

It says that there will be no rollcall vote on final passage of this conference report.

As I understand the situation, and I may misunderstand, but as I read this, there is nothing to prevent me from moving to postpone this matter until Monday and getting a rollcall vote on that, or to prevent me from asking it be referred back to the Senate Banking Committee, and asking for the yeas and nays on that question.

What is precluded is not a rollcall, but only a rollcall on final passage of this very important bill.

Mr. President, particularly in light of the observations of the majority and minority leaders, I am not disposed to carry this any further. I am certainly not in a frame of mind to cause difficulties for my colleagues. It certainly is not my purpose to put those who are away from the Chamber at this moment, and unable to vote, in a difficulty, especially since they have absented themselves in the belief there would not be a rollcall on this matter, or other business.

But I did not think I ought to let this issue go by without making the point that such a unanimous-consent agreement, in my judgment, is injurious to the rights of Senators and, more importantly, a unanimous-consent agreement on my bill, on any conference report, which by its terms precludes even the request for a rollcall, is injurious to the rights of all Americans.

That is what is really at stake here. The reason we have record votes is not for Senators. It is for the public, so they may know how we conduct our business.

That is a pretty heavy statement. I do not mean to be melodramatic about it because I am sure no such questions were in the minds of anyone in front of or behind the sense of this unanimous-consent agreement. But that is involved. I wanted to make that point.

I only wish to make one other point, or perhaps two.

First, I refer my colleagues to the provisions of section V, of article I of the Constitution.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. ARMSTRONG. Of course. I am pleased to yield to the Senator.

Mr. ROBERT C. BYRD. Mr. President, if the Senator insists on a rollcall vote, I can tell him how to get it.

Mr. ARMSTRONG. Mr. President, I appreciate that. I think I know how.

Mr. ROBERT C. BYRD. How?

Mr. ARMSTRONG. Well, if I may be permitted to complete my statement, I will be pleased to discuss that after, or I will be happy to yield the floor.

Mr. ROBERT C. BYRD. I can tell the Senator how to get a rollcall vote. Can he tell me?

Mr. ARMSTRONG. I believe I have

mentioned two ways in the last 2 minutes. If I may complete my discussion——

Mr. ROBERT C. BYRD. Yes.

Mr. ARMSTRONG. On the constitutional issue?

Mr. ROBERT C. BYRD. Yes. But I wanted to assure the Senator that if he wants a rollcall vote in relation to the conference report, he can get it, in spite of this agreement.

Mr. ARMSTRONG. I am pleased to yield to the majority leader for that purpose.

Mr. ROBERT C. BYRD. All right.

Voice vote on final passage, the Senator can then move to reconsider and demand the yeas and nays on the motion to reconsider. The Senator can, if he wishes, get a rollcall vote on the motion to reconsider the passage, which, in essence, would be a rollcall vote, though indirectly, on the report.

Mr. ARMSTRONG. I thank the distinguished majority leader.

I am happy to yield to the Senator. I am within a minute of yielding the floor.

Mr. BAKER. I think it is a good time to do it.

It is clear to me there should be an answer to this without going through the travail of trying to contrive ways of getting a rollcall vote, or without challenging the very good points and very fundamentally important points made by the Senator from Colorado.

I hope we could sit down and see if we can find a way to do this. I am delighted to do it. I think it would not be appropriate to try to have a rollcall today.

Mr. ROBERT C. BYRD. Mr. President, it is not appropriate. We entered into the agreement.

I am just suggesting to the able Senator, if it is something that will, otherwise, keep him awake at night, and cause him to lose his good humor, and his equanimity, and possibly impair his health, we can find a way for him to get a rollcall vote—not directly, but, in essence—is all I am saying.

Mr. ARMSTRONG. Mr. President, I point out to the majority leader that the Senator from Colorado has not lost his equanimity, his health is not in danger, and, as a matter of record in this body, the Senator from Colorado is an amiable Senator. I have no less an authority to cite than the distinguished majority leader himself, who is on record as saying so.

I am not unduly upset about this. But it is not a matter to be passed over lightly.

Let me conclude, it is Friday afternoon, I have a meeting to go to, and others do, as well. I want to sum up.

First, there is a fundamental policy issue; and second, in my opinion, the unanimous-consent agreement is violative of the provisions of article I, section V of the Constitution.

It is that basic document of our land which gives Senators the right to demand the yeas and nays. I quote:

> Each House shall keep a Journal of its Proceedings, and from time to time publish the same, excepting such Parts as may in their Judgment require Secrecy; and the Yeas and Nays of the Members of either House on any question shall, at the Desire of one fifth of those Present be entered on the Journal.

The reason for my raising the issue today is simply to express my concern and announce my intention to resist unanimous-consent agreements of this type, should they be offered in the future.

I thank my colleagues, and on the voice vote which is about to ensue, I urge my colleagues to vote against the pending conference report.

Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I am very grateful to the Senator from Colorado, especially for his final remarks, except, his great regret that we will have a voice vote. If that were not so, it would probably take until Tuesday, and that could be disastrous.

I cite that for two reasons. In the first place, Tuesday is April 1, and that is the beginning of the next quarter. The end of the quarter is a rollover. At that point, it could be crucial for savings and loans, and banks, which many are in difficulty because of the very high interest rates, and the extremely difficult position homebuilders, and others, are in.

For that reason, the $100,000 insurance provided in this bill goes from $40,000 to $100,000, by far the biggest increase the Government provided.

It is very important that come on track promptly and that we act for that purpose, so the President can sign the bill on Monday.

The second point is that the credit unions have been authorized to issue share drafts, and that will expire on the 31st. If we cannot act on this until Tuesday, it would mean, of course, that credit unions would be paralyzed and would be in a difficult position.

All that can be remedied, but we would be causing great difficulty and travail among those two institutions and their customers.

So I thank my good friend from Colorado for agreeing that we could act on this finally today by voice vote, in spite of his very sincere and very well expressed opposition to not having a rollcall vote.

Mr. MORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. MORGAN. Mr. President, I regret that I was not able to be present yesterday afternoon when this matter was called up. I appreciate the majority leader and my distinguished chairman accommodating me, to some extent.

I say to the distinguished Senator from Colorado that I, too, would have liked to have had a rollcall vote. I believe I am the one who really should take the responsibility for it.

Frankly, if I had known there would be a little more opposition to it, other than myself, I would have canceled some commitments I had back home, fulfilling my duty to inform my constituents.

But I looked around and felt that probably I was going to be, maybe, one of those who would vote against it and I did not see any need to inconvenience my colleagues.

Mr. ARMSTRONG. Will the Senator yield for a moment?

Mr. MORGAN. Yes.

Mr. ARMSTRONG. I do not want to be putting an idea in the head of the Senator, and we have already decided about the vote. But under the terms of the unanimous-consent agreement, I point out that it would not be out of order to ask for a division vote.

In looking around the Chamber, I believe we might win a division vote and defeat the bill. Has the Senator considered that?

Mr. MORGAN. I have not considered it. It probably would be unbecoming of me. It would not be in keeping with the spirit that I sought yesterday afternoon.

Mr. President, as I said last November when this matter was on the floor, I believe that provisions in this bill are going to do a number of things. I think they are going to expedite the demise of the savings and loan institutions in this country as we have known them, and they are going to eliminate the distinctions between the dual banking systems in this country.

As I was walking over to the Chamber, I was thinking that the provisions in this bill, taken in conjunction with the action of the Home Loan Bank Board last year with regard to money market certificates, and so forth, probably will be fatal to many savings and loan institutions.

As in the old childhood fable as to who killed Cock Robin, I think some of my colleagues who have been insistent on putting the savings and loan institutions in the banking business and some of our distinguished leaders on the Home Loan Bank Board will be able to walk the highways and byways of this Nation and say, as in "Cock Robin," "I killed the savings and loan institutions."

As I flew back from North Carolina this morning, I read in the Wall Street Journal what happened with respect to a savings and loan institution in Washington, one of the biggest in the country, which I believe has been taken over by some of the Federal agencies.

Nevertheless, the NOW accounts authorized by this bill are now law. They were debated fully last November or October, or whenever we considered this bill, and the pros and cons were debated at length. Although I opposed this, I am willing to yield to the majority of my colleagues who voted in favor of it. While I am very much opposed to this philosophically, I learned long ago that I sometimes have to accept things I do not agree with. I am willing to accept this with respect to the savings and loan institutions.

That, I understand—and I ask the chairman to correct me if I am wrong—was in both the House bill and the Senate bill.

Mr. PROXMIRE. The Senator is correct.

Mr. MORGAN. It certainly was in the Senate bill, at any rate.

However, now there are two or three provisions in the conference report that were in neither the House bill nor the Senate bill, as I understand. Will the chairman tell me whether I am correct? If I am correct, will he tell me what those provisions are? Frankly, I am seeking information. I had some notes but I have misplaced those notes. I am not asking this for the purpose of trapping the Senator.

Mr. PROXMIRE. I say to the distinguished Senator that there are a number of provisions in this bill that were not in the House bill but were in the Senate bill, or provisions that were in the Senate bill but not in the House bill. As a matter of fact, the very major provision for phasing out regulation Q was not in the House bill. The very major provision for Fed membership was not in the Senate bill. But it was in one or the other, so that when we went to conference, we could do it.

There was one provision with respect to usury, to give State-chartered institutions the same rights with respect to usury as national banks have—to charge 1 percent over the discount rate.

That is a kind of technical provision. It is important, but it is not one of the important provisions of the bill.

Mr. MORGAN. It is my understanding that the original bill, as we considered on the floor of the Senate, contained a provision for reserve requirements, Federal Reserve requirements, for transactional accounts.

Mr. PROXMIRE. That was on NOW accounts.

Mr. MORGAN. It was my understanding that I offered an amendment to strike that and that it was stricken on the floor of the Senate.

Mr. PROXMIRE. The Senator is correct.

Mr. MORGAN. Therefore, when the bill went to the conference committee, there was nothing in either the House or the Senate bill that had anything to do with requirements of reserve accounts.

Mr. PROXMIRE. As I understand it, the Senate bill went to the House; the House struck everything after the enacting clause, put in the Fed membership, and put in that which did provide for what we ended up with in conference with respect to this matter.

It is in the RECORD of November 7, on page 31322.

Mr. MORGAN. When the chairman is through looking at it, will he permit me to look at it?

Mr. PROXMIRE. I will ask the staff to do this.

Mr. MORGAN. I am doing half of my homework on the floor of the Senate. It has been a busy week.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORGAN. Mr. President, I do not mean to and I am certainly not going to reflect on any Member of this body unfavorably. But I am disturbed at the way we go about legislating here.

I know that the seniority system in the Senate is tremendous. But I think sometimes it breeds somewhat of an arrogance of power.

We debated in the Chamber a long, long time this bill last fall, and then it seems to me that what happened is the chairman took it to the conference committee and did exactly what he wanted to do with it and when it was brought back the report that was made by the conference committee does not spell out the things that were different and the things that were dropped.

One of the major issues that has been pending in this Senate for a year under the leadership of the chairman has been the requirement for State banks to have to put up reserves with the Federal Reserve System.

We discussed it in the Banking Committee, and the chairman presided over it, time and time again. A motion was made and his position was defeated and a motion offered by the distinguished Senator from Texas (Mr. TOWER) passed.

As much respect as I have for the chairman, and I do not know a Member of the Senate who works any harder, he failed and would not report it to the Chamber.

Then we come here, and we debate it for weeks in the Chamber and the Members of this body struck the provisions of a reserve requirement from the bill, struck them out completely.

Even those requirements did not apply to State banks. They did not even apply to State S. & L.'s unless they had NOW accounts.

So what does the chairman do? He appoints a conference committee that very carefully eliminates anyone who possessed views contrary to that.

I do not have much seniority, and I did not expect to be on it, but I would have thought that my chairman would have consulted with me or would have at least shown me the courtesy to say, "Robert, we are going to talk about putting in State banks."

We are talking about destroying the dual banking system that has existed for nearly 100 years.

Yet the chairman goes to a conference committee with two of his colleagues from the Democratic side who supported his position in the committee and he comes back here with a bill that is far reaching, far reaching beyond the bill that went out of here.

Now every State bank in America will be required to put up reserves with the Federal Reserve System.

The chairman says, "There is not going to be any undue burden on them because we are going to let them phase it in over an 8-year period."

I grant the chairman that that is better than doing it next week. But it gives one more bit of leverage to the Federal Government to eliminate the distinctions between the dual banking system.

I do not believe it is right. I do not believe it was in keeping with the spirit of the Members of this Senate who deleted it. It was not even in the House bill. But it goes back to the House of Representatives and then the House strips our bill and puts the bill in which contains the provisions, and then the chairman goes to conference.

I am sorry I have not been here to hear all of the debate, but what I am saying is that apparently it does not make a whole lot of difference what some of us in the Senate think. Apparently it does not make a whole lot of difference what a majority of this Senate thought.

I know we have the right to come here and debate this bill in the Chamber, but the chairman also knew that this was a privileged matter. When was it called up? It was called up on Thursday afternoon. It also was called up after the House of Representatives acted on it which, if I understand my parliamentary rules correctly, precludes the opportunity for this body to recommit with instructions.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORGAN. I ask the Chair if it would be proper now to offer a motion to recommit with instructions, the House of Representatives having already acted on this?

The PRESIDING OFFICER. It is only in order to make such a motion when the Senate is acting first on a conference report. Therefore, it would not be in order.

Mr. MORGAN. If I may pursue that, Mr. President, one step further, would it have been in order had the House of Representatives not acted first?

The PRESIDING OFFICER. It would on this occasion if the Senate was the first body to act on the conference report.

Mr. MORGAN. I thank the distinguished President.

(Mr. BRADLEY assumed the chair.)

Mr. MORGAN. We were caught in a dilemma. I do not know what kind of arrangement was made for this bill to be considered in the House of Representatives first. But I was told that is what was going to happen and we could not take it up until the House of Representatives did.

So all that we could do was take this bill up on the Thursday afternoon and take it or leave it at a time when my colleagues were going back to their respective States to carry out a very vital and important role of informing their constituents as to the goings-on in Washington.

So we are taking, yesterday afternoon and today, actions that are going to diminish this difference between a dual banking system which has existed for nearly 100 years or more than 100 years and which has been guarded so jealously by not only our predecessors but also the legislators in State houses all across this Nation.

And it disturbs me. I feel like that I am fulfilling a futile task. I sometimes get up and I see on my calendar committee meetings, and I say to myself, "It really does not make much difference what I do because the seniority system in this Senate is going to do about what they want to do anyway."

And this is one of the blatant examples of it.

Mark my word. Why would a State bank want to remain a State bank if it has to pay all the Federal Reserve dues and then not have the privileges of it?

I talk to the State banking leaders across the country, and some of them state: "All right. Conceding for the sake of argument that monetary control in this country is important enough to require reserves, then if that is the case we should have all the advantages of the system. We are going to get to the discount window."

But I cannot offer an amendment or a motion to recommit with instructions to amend it to give them the privileges of the Federal Reserve System.

So what I am really doing here is futile except I guess just getting it out of my system which may help me but it will not help the State banks across the country.

The Conference of State Bank Supervisors across the country almost unanimously opposed this.

But what we are doing is we are taking it up in such a way that my colleagues are not here to listen to the debate and they really would not be in position to do much about it if they were here because we are caught on the horns of a dilemma again and I recognize it.

We extended the share draft privileges for the credit unions all across America to April 1, and that is going to expire Monday, I take it, and the automatic transfer accounts, several matters that would upset the financial institutions of this country because of the Supreme Court decision last year that held that they could not do it and we in the Senate passed a resolution extending them, I believe, for 90 days or to April 1.

So whether I like this or not, I have to accept it. I have to accept it because, first of all, I do not have the opportunity to persuade my colleagues that it is wrong, and if they were here, I would have to probably urge them to do something anyway because of the deadline of all of these other things expiring Monday.

We go into another matter which I debated and argued here on the floor of the Senate last fall, and about which I feel very strongly. But I must say in all candor that it was debated on the floor of the Senate, we had a full hearing on it, and my point of view was not accepted and, therefore, I accede to the majority, to the wishes of the majority, of my colleagues, and that is the preemption of State laws. I do, however, want to comment briefly on it, Mr. President.

I believe that the Founding Fathers of this country, and especially those two great stalwarts James Madison and Thomas Jefferson, were right when they argued that the best government was the government closest to the people. Alexander Hamilton wanted a President elected for life and he wanted that President to be able to appoint the Governors of the States, who would serve at the will of the President. In other words, he wanted a central government. He wanted this whole country run from a central government.

Well, we are fast approaching that position. Usury laws have historically been the prerogative of the States of this Nation, with some few exceptions with regard to Federal programs, and even there I think they should have been. But here in one fell swoop in this bill, which we did pass last year but, as the chairman stated, we have expanded somewhat to include State-chartered institutions, it goes a little further—we had preempted not only legislative acts of the States of the United States of America, in most States, but in some States we have preempted provisions of the State constitution adopted by the people of the State.

Now, if the usury laws cause hardships on the people of the State, and they do in my State, then all in the world they have to do is to talk to the Governor and to their legislators and say, "Look, we have got a problem. We cannot borrow any money with our low usury laws, and we need a session of the legislature."

I was meeting last night with about 300 home builders in North Carolina and they were talking about the same problem. I said, "Why haven't you been talking to the Governor earlier?" They want States' rights—and this goes to the people of my State and a lot of other States—whenever it is convenient to have States' rights, and then they want the Federal Government to move in and preempt State laws when it suits their convenience.

I am not always consistent in my views, but I try to be—I try to be consistent, I try to work to keep as much power as close to home as I possibly can. Maybe I served too long in local and State governments. I served in the lowest division of Government, in the county, and then I served as a part of the State legislature for about 10 years, and I know what it is like to try to enact laws and then have them preempted or taken over by the Federal Government.

I served in the executive branch of Government, and maybe I just trust the people back home more than some others.

But I think we make a mistake in it. That really is not the point for me to consider here today because it was debated on the floor of the Senate, with the exception, as the chairman has already pointed out, that it was extended to State-chartered institutions, which we have no business doing, but we have done it, and it is so far along now that it does not matter.

There was another question on which we reached a compromise with my distinguished chairman, which was with regard to money market certificates. In the bill as it came from the Banking Committee we would have had money market certificates down to as low as $1,000, which would have been an absolute disaster to the thrift institutions of this country. I think we reached an agreement that we would delete that on condition that they could not be issued in denominations that low without the unanimous consent of the monetary control committee. I understand it has now been referred to as the Financial Institutions Deregulation Committee which, in effect, gives them a little more discretion. It can act now with but a majority, by a majority vote. That is not much of a change, but I think it does diminish the agreement that we reached here on the floor of the Senate.

So, Mr. President, what I have to say is I am going to vote against this conference report. I voted against most of the provisions before. I want my vote to indicate that I oppose it, and I want the Senate and the people of the country to know when we start putting savings and loans into the checking account business in competition with the banks, when we start putting savings and loans into the consumer finance business—I know it is only 20 percent, but they will be back next year wanting 30 percent, 40 percent, 50 percent, it is a foot in the door—and when we start putting savings and loans into the trust account business, then we are working to homogenize the financial institutions of this country.

Then where will we go to get our home loans? We are going to find more and more of our money tied up in consumer financing, and then we will go back, I suppose, to the point where we will get on our hands and knees to some Federal agency, and we will find eventually enough money to build a house providing we can persuade the Congress to provide enough money.

Savings and loans finance about 60 percent of the home loans in this country. I predict in the next 2 years that will drop to 40 percent or less.

I predict you are going to see failures of savings and loan institutions all across America within the next 6 months, and I sort of facetiously gibed my colleague, the Senator from California, who introduced this bill, and then exempted the State of California from it, that it smelled so bad that he could not stand it for his own home State, but at least the conference committee did take out that exemption. I see this as a road to disaster for financial institutions that, I think, have worked so well for this country.

I hope we will reconsider in future legislation this business of putting the State-chartered, State-supervised banks into the business of dealing with the Federal Reserve Bank. Maybe I will offer it as an amendment to other bills. I do know we cannot do it here.

Mr. President, I want to say to my chairman, notwithstanding my remarks, that I want the Senate to know I appreciate the hard work the Senator from Wisconsin (Mr. PROXMIRE) does.

The committee room is right across from my offices. I do not know of a Member of the U.S. Senate that works longer or harder. He carries out the responsibilities of oversight, which I think is something we in the Senate as a whole have been derelict in.

It is just that I disagree on this particular matter. I feel that somehow or another I have sort of been caught in a position where I cannot do much about it. I do not think I have helped the matter much, except I have gotten it out of my system.

Mr. PROXMIRE. Mr. President, the distinguished Senator from North Carolina did make a direct and blunt attack on what I have done as chairman of the committee. And I deserve it.

I am glad to get that kind of direct talk. It is characteristic of my good friend from North Carolina. That is the kind of Senator he is. He never leaves you in doubt as to where he stands. He certainly did not leave us in doubt on this one.

I want to defend that report. But first I would like to say something very quickly about the bill.

I do not know any major bill that is as controversial as this bill that has had the overwhelming support of the President of the United States, the Secretary of the Treasury, the Federal Reserve's past two Chairman, Arthur Burns and William Miller, as well as Paul Volcker, and the Comptroller of the Currency.

The Federal Home Loan Bank Board, which is responsible for the savings and loan institutions and very concerned about them and is not only their principal regulator but, in some ways, their principal champion in the country, supports this bill; the Federal Deposit Insurance Corporation; the National Credit Union Administration.

Take the institutions themselves. The Senator from North Carolina talked about the effect this is going to have on the institutions. I think the institutions ought to know something about that.

What organization represents the 14,000 banks in this country? The American Bankers Association. Where do they stand? They are for the bill.

The National Savings and Loan League, representing the savings and loan institutions, are supposed to be devastated by this bill. Well, they must have idiots running the association and must have people, who are members and who run the savings and loan institutions, who do not know what they are talking about, because they are for the bill.

The U.S. Savings and Loan League, another outstanding organization representing the savings and loan institutions. They favor this bill.

The Credit Union National Association favors the bill.

The Independent Bankers Association. Now, there is an organization that represents what? It represents the small banks, the independent banks, not Chase-Manhattan, Bank of America or Continental Bank. It represents the small banks in this country. Where do they stand? They are for the bill. They say the banks will be helped by the bill.

This bill was voted on by a rollcall vote in the House of Representatives yesterday. What was the vote? Three hundred and eighty yeas, 13 nays.

Now, it is hard for me to feel that we have people in the House of Representatives, including six members of the overwhelming majority of the House Banking Committee, that studied this bill very carefully, because they know it is the most important banking bill we have had since 1913, who were so misinformed and so wrong that they were all, the overwhelming majority, were wrong in this case.

Mr. President, my good friend from North Carolina said that this could result in some banks being in greater trouble and possibly in failures.

The fact is that I predict if there is any piece of legislation that is likely to be very helpful to the banks and savings and loan institutions in keeping their head above water, it is this bill.

I will tell you why. We have in this bill the biggest increase in insurance for depositors that they ever had. Right now, today, FDIC insurance of State chartered bank deposits are insured up to $40,000. This bill brings it to $100,000. That makes a tremendous difference. And it should make a difference in the confidence people have.

We also have in this bill access to the discount window by these institutions that never had it before. So that when they get in trouble, they get in difficulty, they can now go to the Federal Reserve and they can get the kind of funds that they need.

Mr. President, this is not a destruction of the dual banking system. If it were, you would not get the tremendous overwhelming approval of the bill by the institutions themselves. The dual banking system is retained.

Membership in the Fed is not required, although the Senator from North Carolina does make a good point. Where you do have universal reserve, you can argue—and I think argue strongly, as he has, and properly—that membership, at least in a sense, may be in part mandated.

Nevertheless, the fact is that the Federal Government does not replace the State chartering of banks. The Federal Government does not replace the Federal insurance for State banks. The Federal Government does not replace examination and supervision of State banks by the State examiners and the State instructors under State control.

The States retain authority to define the power of State-chartered banks.

This bill does require, as I said a minute ago, reserves for all banks for monetary policy purposes. And it is about time. It is about time we treat all banks of the same size the same.

We do provide for lower reserve requirements, so all the banks will be somewhat better off. We do provide for very low reserve requirements for small banks, so they can, in effect, count their bulk cash as their reserve. The intention is to ease the cost on the banks and I think we should do that. And I think that will ease the cost to their consumers, because we all want to do that.

Interest rates are too high. This is one small way, but one more way of easing that pressure.

As I say, it gives all the banks the benefit of the discount window. I do not think we should confuse that.

My good friend from North Carolina said that, in demonstration of the arrogance of power as chairman of the Banking Committee, to the conference who were favorable to my viewpoint on this crucial issue of universal mandatory reserve instead of a voluntary system.

The fact is that the only vote we had in committee that would indicate the position of members was on whether or not we would have the so-called Tower substitute, which had majority support in the committee by a 9 to 6 vote, as the vehicle for a markup. It was a procedural vote, but an important vote.

The fact is that three of the five conferees that I appointed voted with Senator TOWER and for the Tower substitute. Only two of those conferees voted with me.

And I did it in the most objective way I could. I agree that there is a lot wrong with seniority. But what you do when you make appointments and want to be objective, you go to the seniority list. The Republicans did it on their side. Their two senior members were appointed. I had nothing to do with that. It is up to the minority to appoint anyone they wish. But they appointed their two senior members, and I appointed the three senior members, as we usually do. That is the way we went to conference on the bill. There is nothing unusual about it.

At times, of course, we have overlooked seniority. But in this particular case, it seems to me that it was a vital bill and the senior members wanted to serve. They asked to serve. It seems to me, under those circumstances, we did exactly what was done in the past. There was no arrogance, it seems to me, on my part. But it was a matter of simply following the procedures that we have followed in the past.

May I say, Mr. President, that the vote in the Banking Committee on the Tower proposal was procedural. It was to establish a vehicle for markup. There was no final decision. The distinguished Senator from Texas, who is on the floor, said he was open to substantial amendments. He did prevail. I think that was an important and significant vote. It probably did indicate the sentiment at that time of the committee.

Mr. TOWER. Will the Senator yield?

Mr. PROXMIRE. Yes.

Mr. TOWER. Mr. President, I would say that it did indicate that, on the basic principle of voluntary versus mandatory membership in the payment of reserves, it did represent the majority thinking of the committee.

Mr. PROXMIRE. Mr. President, I think the Senator is correct.

After that, we did have the subsequent hearings and many members of the committee and the five Senators who were conferees had detailed discussions. At least one Senator, apparently, changed his views on that. But the Senator is absolutely correct.

Mr. President, finally, let me say that, as far as usury laws are concerned, the Senator from North Carolina indicated that, of course, as he stated everything else, accurately and truthfully. But I think we should put this in perspective.

The presumption of usury laws does not derogate State authority.

Under the usury provisions, each State may reimpose its usury limits, if it so desires. We do not take that away from the States. They can put those usury laws back into effect.

But what this bill does—and it is extremely important, as any banker or savings and loan institution executive who has been in the business will tell you—it meets the needs of the national economy in which usury limits have resulted in loan money drying up in some States and funds just flowing out of the State. That is what happened in Arkansas. It was beginning to happen in my State of Wisconsin. It happened in every State that has a usury limit of 10 or 12 percent, or something of that level. It just results in the State banks not being able to make any loans and it is not a matter of people being charged higher interest rates and they cannot get any money at all.

So, Mr. President, I am responding with some force to my good friend from North Carolina. But I want to end up, as I stated, by saying I greatly value his friendship and his membership on the committee. I think it is good for those of us who have been around here for awhile to be taken down once in awhile and to be reminded of the fact that we are only one Senator out of 100 and that every Senator should have equal consideration.

I regret very much that I did not have an opportunity to consult with my good friend from North Carolina more on the bill. I should have done that. We did have one conversation, I remember, in his office at some length, on the bill in which I tried to persuade him to support my position against the distinguished Senator from Texas, and I was unsuccessful.

But, as I say, I think he has made a gallant fight on this bill. As a matter of fact, he made one of the strongest and most effective stands against this bill when it was before the Senate. He talked on it for a couple of days and he was, I thought, in a minority, but he acquitted himself with great force. I was concerned for a while that the whole bill was going to go down the drain. Fortunately, from my standpoint, that did not happen.

I yield the floor.

Mr. TOWER. Mr. President, if the distinguished Senator from Wisconsin will indulge me, I have a question about a provision of the bill I would like to get clarified. It relates to preemption of State usury laws for agricultural and business loans over $25,000.

It is my understanding that, on floating rate loans where the interest is contractually tied to the prime interest rate plus additional points, and where the total effective rate that is stipulated in the contract could not be put into effect because of the existence of State or Federal usury ceilings, the full effect of the contract interest rate could be charged on the total loan amount, assuming the increase does not exceed the limitations of this bill.

As an example, let us assume that a loan was made in January 1980, which called for an interest rate of prime plus 5 percent. Let us assume that a State usury law limiting such loans was 18 percent, and the effective contract rate could not be charged, because the prime rate was at 18 percent and, if the 5 percent was added, the total would exceed the State usury law. With enactment of this bill, however, the State usury law would be preempted and, while the lender could not charge the maximum amount allowable in this example, 23 percent, it could charge up to 21 percent, the maximum amount allowed today under this bill.

Mr. PROXMIRE. May I say to my friend from Texas that I agree that a loan which called for an interest rate of prime plus 5 percent, and in this example the assumption is that prime is 18 percent, this bill would allow floating rate loans to be adjusted upward to the maximum amount allowed under this bill.

The precise language of the particular contract would be governing, in any particular case. But, if a contract stated that the interest rate to be charged would be prime plus 5 percent, or the maximum amount allowed under law, not to exceed prime plus 5 percent, or other similar language which would provide flexibility in determining what the rate would be, I see no reason why the rate allowed under this bill could not be charged on existing floating rate loans.

Of course, any person governed by these provisions should consult with their own lawyer about particular factual situations because of possible penalties under State usury laws, which, of course, differ.

Mr. TOWER. I thank the distinguished chairman.

Mr. President, today we are going to act on the most important piece of legislation affecting financial institutions since the 1930's. The Depository Institutions Deregulation and Monetary Control Act of 1980 represents the culmination of almost 10 years of effort by the House and Senate Banking Committees to structure reforms so that the various types of financial institutions would be better able to compete among each other in order to more effectively serve the public.

I shall not recite the litany of positive changes this legislation makes. Rather, I should like to briefly comment upon some of the more significant ones.

### ADDED POWERS FOR THRIFT INSTITUTIONS

As we know, one of the more severely depressed industries today is the thrift industry. For years it has made long-term loans to provide mortgage credit in order to make home ownership a reality for most Americans. As long as inflation was at a minimum level, the system worked. But, in recent years, we have seen the cost of short-term money soar during certain periods. When this occurs, money flows out of these institutions to higher yielding investments. These periods of disintermediation, combined with a continuing high inflation, has resulted in an environment where thrift institutions are having an increasingly difficult time in providing an adequate supply of mortgage credit at reasonable rates.

This bill goes a long way in correcting this problem. It allows thrift institutions to use a greater portion of their assets in making consumer loans and other shorter term, higher yielding investments. This should greatly improve their earnings capacity and enable them to more easily provide mortgage credit.

I should like to note that one proposal that needs no legislative authorization, but would significantly improve the availability of mortgage credit would be the approval by the Federal Home Loan Bank Board of regulations authorizing the so-called "rollover" mortgages. These are mortgages whose interest rate would be renegotiated every 3 to 5 years, although the contract would be for a 25- or 30-year term. I strongly urge the Bank Board to expedite this program.

### USURY LAWS

This bill continues, with some substantial changes, important provisions of the temporary banking law (Public Law 96-161) which we passed in December, and which expires this coming Monday night. In all but about 10 States, there are no usury limits on loans made to businesses. This bill continues the preemption of the usury laws of those 10 States for business and agricultural loans over $25,000. It provides that any person can make such a loan up to 5 percent above the discount rate, including any surcharge thereon, or the State limit, whichever is higher.

It is important to note that any surcharge that is prescribed by the Federal Reserve is included in computing the maximum rate, regardless of whether or not it is ever collected from any institution. As an example, the Fed has just prescribed a 3-percent surcharge on discount loans for banks with assets of over $500 million, under certain conditions.

By the mere fact of prescribing the surcharge to this class of institution, any person, be it an individual or bank of any size or other entity, can include the 3 percent in ascertaining the maximum amount of interest it can charge on a loan. It is not necessary that any institution ever have to pay the surcharge for the surcharge to be included in the calculation.

As of today, with the discount rate at 13 percent and the surcharge at 3 percent, the maximum amount chargeable under this provision would be 5 percent above the sum of these figures, or 21 percent. Any State could rescind this preemption within 3 years. In any event, it would lapse after 3 years.

### FEDERAL RESERVE RESTRUCTURING

Another, and perhaps the most important, element of the bill involves trying to find a solution to the problem of banks defecting from the Federal Reserve System. The reason banks defect from the System is that it is too costly to remain a member. All reserves held at the Fed bear no interest. In fact, this is an additional tax on these banks. The reason why these defections are a problem to the Fed is that the Fed claims that as it has fewer reserves, it has less and less control over its ability to effectively conduct monetary policy.

The resolution to the defection problem is to develop a system which would result in a sufficient number of banks being members so that the deposits covered by reserves would be adequate for the Fed to conduct monetary policy. One way to resolve the problem is to provide mandatory reserves for all depository institutions, including credit unions, savings and loan associations, commercial banks, and mutual savings banks.

The conference committee adopted this approach.

The other way to resolve the defection problem is the voluntary approach—an approach I strongly favor. Under my approach, which is embodied in S. 353, with printed amendments Nos. 1642 to 1644 thereto, I structured a voluntary system, but with a major difference from today's system. I used the carrot approach to keep it intact. It provided for the payment of interest on reserves. It is my thought that if institutions are receiving income from reserves, the onerous tax on sterile reserves would be removed and defections would cease.

What is truly unfortunate is that the Senate never will have the option of deciding for itself whether or not it approves of a voluntary or mandatory approach. At the markup on Fed membership proposals on November 7, 1979, the Banking Committee voted overwhelmingly to use my proposal, S. 2353, as the legislative vehicle for the markup. After the 9-to-5 vote occurred, the markup was recessed and it has not reconvened since that time.

As a result, the issue was decided in the conference, as the House bill contained a provision to resolve the Fed membership question. At the conference, I offered a compromise which would have resulted in initially adopting my voluntary approach. If defections continued, I would have agreed that my approach was unworkable, and a mandatory reserve plan, covering all depository institutions, would have been triggered into existence. This proposal was rejected by the conferees.

Consequently, we will now have a system whereby every depository institution in the country will be subject to keeping reserves at the Fed. This approach will retain the additional tax burden to these institutions, as no interest will be paid on the basic reserves. In my opinion, this will further erode the dual banking system and increase the possibility of creating a single bank regulatory agency, at the Federal level, for all financial institutions. I think these results could be avoided, and the Fed membership problem could have been resolved, by using a voluntary, rather than a mandatory system.

Everything considered, however, I think this bill has more positive than negative attributes. Significant and important changes will be made in all types of financial institutions. While many interested persons and groups will not be satisfied with all that is contained in the bill, I think that it is the best compromise that we could reach with the House on the various issues we had to resolve.

Mr. MORGAN. Mr. President, I do not care to belabor the debate any more, even to answer all the statements made by my distinguished chairman. But I will say that my distinguished chairman is one who keeps himself informed of what is going on with his people. I read in the papers from time to time where he goes home and works 1 day on a garbage collection truck and works 1 day in some other enterprise. But I doubt that my chairman has ever plowed with a mule.

Back home on the farm where I grew up, we had mules. Every once in a while the mule or the horse, in flapping his tail around, would get it caught in an old fence post that was about half split. The more he would pull on it to try to get it out, the tighter the post would get on it. In other words, the worst jam he got in.

There is an old saying down there when you get in a tight spot and you cannot get out, you got your tail in a split stick.

Some of these organizations that he says are endorsing this program are sort of like the old horse or mule—they have their tail in a split stick. If they pull very hard to get out from under these provisions, Monday morning they will find themselves unable to issue share drafts, the credit unions will. Some of the banks which have already been offering automatic transfer funds will not be able to do that. The savings and loans are going to reconcile themselves to the fact that NOW accounts, at some time or another, will need that $100,000 credit insurance very badly.

Without enumerating or getting into the various aspects of who did support it and who did not support it, I will concede to my chairman that I think perhaps most all of them have caved in now, with the exception of the Conference of State Bank Supervisors, because they found themselves in a position where to put off the enactment of this bill would cause them more harm and more hurt than if we go ahead with it.

There are a lot of provisions in it that I am sure all of them would like to get out of, some of the cracks in it, but I do not think they can. I will be watching it and monitoring it. Maybe we can salvage some of the things later on.

I do fully intend at this time to offer some amendments to whatever bills I can find to attach them to later on, to try to make sure that we preserve the integrity of the dual-banking system, or if we are going to require that they pay the dues, that they at least be entitled to the benefits to those who do pay the dues. But those are all issues that we will have to talk about later on.

Mr. President, I thank the distinquished majority leader, the minority leader, and the distinguished chairman for accommodating me yesterday afternoon so that I could be here to express my views today. As far as I am concerned, I think we have probably discussed it about as much as we can to accomplish anything. I thank my chairman and the Chair.

Mr. TOWER. Mr. President, I would like to discuss briefly, and ask the Chair for a ruling on, the consent agreement of yesterday by which it was agreed that there would be no rollcall on final passage of this bill.

I do not want to delay final action on the bill, and it is not my intention to do so. I think the bill could still be disposed of this afternoon by a voice vote.

I was not a party to this consent agreement, and I was not informed that such an agreement was being considered. I was not consulted when it was made. But it is my considered view, one that I think has already been expressed by the distinguished Senator from Colorado (Mr. ARMSTRONG), that that consent agreement is not consistent with the Constitution of the United States and, should we proceed under that consent agreement, we might raise a constitutional question which could be pursued in some litigation on this legislation. Therefore, I should like to ask for a ruling of the Chair on the matter of the consent agreement of yesterday, "Provided further, that there be no rollcall on final passage."

My understanding of article I, section 5, of the Constitution is that the prevailing language in this instance would be, "that the yeas and nays of the Members of either House on any question shall, at the desire of one-fifth of those present, be entered on the Journal."

I ask the Chair to rule whether or not one-fifth of the Senate could, by its action demanding the yeas and nays, vitiate the unanimous-consent agreement of yesterday.

The PRESIDING OFFICER. If that issue were raised as a constitutional point of order, the Chair, as has always been done in the Senate since 1789, would submit the constitutional point of order to the Senate for its decision ab initio. The Chair does not rule on constitutional points of order.

Mr. TOWER. Mr. President, may I further inquire if the question could be raised for disposition by the Senate after the bill under current consideration has been acted on by voice vote.

The PRESIDING OFFICER. It would be too late.

Mr. TOWER. It would be too late?

The PRESIDING OFFICER. The Chair thinks the constitutional question could arise, if a request were made for the yeas and nays on agreeing to the conference report.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. TOWER. Any failure to raise the constitutional point of order on this specific bill operating under the unanimous-consent agreement of yesterday would not, it is my understanding—and I should like the Chair to confirm it—prejudice the issues being raised and acted on on some future legislation or conference report at a future date?

That is to say, the fact that we proceed to adopt this conference report by a voice vote would not constitute the establishment of a precedent to the effect that the constitutional provision of the yeas and nays on the order of one-fifth of the Members present in the Senate can be vitiated by unanimous consent?

The PRESIDING OFFICER. If the question is not raised today and the situation arises at some time in the future where the same question is presented again, the Chair would not consider this as a precedent. Only an instance where the Senate agreed to a unanimous-consent request "that there be no rollcall on final passage."

Mr. TOWER. I thank the Chair and I do not raise the point of order.

● Mr. DOLE. Mr. President, first of all, I congratulate the members of the conference committee on the Depository Institutions Deregulation and Monetary Control Act of 1980. For months they have been attempting to resolve a number of controversial issues. At times it appeared that no one agreed on anything. Yet, they have managed to fashion a bill that has the support of financial institutions across the country.

More specifically, I would like to thank the Senate conferees for their support of the Financial Regulation Simplification Act of 1980. I added this provision to the Senate bill during consideration last October. Though the House version did not include this title, the conference committee agreed to retain it in H.R. 4986 as finally approved.

I hope that title VIII is helpful. Its aim is to eliminate many of the unnecessary costs and burdens imposed on our Nation's financial community by Federal regulations. It will accomplish this by requiring the regulatory bodies to periodically review existing regulations to see that the need for the regulation is clearly established, meaningful alternatives are considered, compliance costs are minimized, conflicts and duplication are avoided, participation and comment is available, and regulations are simple and clearly written. The agencies will be required to report to Congress on their progress.

I am sure that many regulators already follow these guidelines, but this legislation will insure that all regulators do so, and will make those considerations uniform.

Through this and other reforms, we can reach our regulatory objectives in an efficient and cost-effective manner, and eliminate costly, duplicative, and unnecessary burdens on both financial institutions and consumers.

Again, I thank the Senate conferees for sticking with the Financial Regulation Simplification Act of 1980.●

Mr. HEFLIN. Mr. President, today the Senate stands ready to give final approval to a comprehensive and far-reaching banking bill.

This bill (H.R. 4986), as fashioned by the Senate and House of Representatives, and finally in a conference committee, is truly landmark legislation. Both Houses of Congress have been diligently working on some of the provisions of this bill for a number of years now. I wish to take this opportunity to congratulate those Senators and Members of the House of Representatives who have been intimately involved in the development of this comprehensive legislation.

I know of the many hours of dedicated work that have gone into the final conference report which we have before us today. There were times when it appeared that it would be impossible to finish work on this legislation this year; however, Members kept to the task and have come up with a truly unique and, I hope, beneficial proposal.

While I realize that there are many, many beneficial provisions in this bill, I must rise today to express some reservations with respect to certain sections of this proposal. I refer mainly to a specific section of title III, the so-called Consumer Checking Account Equity Act of 1980. This section permits federally insured commercial banks, savings and loan associations, and mutual savings banks, to offer the equivalent of interest-bearing checking accounts nationwide as of December 31, 1980. These accounts are called NOW accounts.

In discussions with many officials of small independent banks, located in less-populated areas throughout my State of Alabama, I have been advised that these particular accounts could prove detrimental to our smaller, independent banks. I have been told that these NOW accounts will raise the cost of checking accounts to small consumers; that their main benefits will flow to more affluent customers; that they could jeopardize the survival of small banks as independent community-owned institutions.

Approximately 71 million or 75 percent of all checking accounts have average monthly balances of below $1,000. If these accounts are converted to NOW accounts, paying 5-percent interest, that would earn a maximum of $50 per year. The annual cost of maintaining these accounts is estimated to be $65. When these costs are passed on to NOW account customers they would exceed the interest earned by $15 and would, therefore, be more costly to them than most of the checking accounts presently available.

Another point made by my constituents who operate small independent banks is that the impact of these NOW accounts would be greatest on some 35 million checking account users whose average balances are below $200. These customers would pay $65 per year for their NOW accounts while earning a maximum $10 per year in interest.

I do not wish to appear negative toward this important legislation, Mr. President. I know overall this is a well-intentioned piece of legislation and has many excellent provisions. I just hope that we have not sacrificed the stability—and in some cases the existence—of many of our small, independent banks in order to obtain approval of this proposal.

I realize that what I have said will not affect the outcome of this legislation, since it is a foregone conclusion that this conference report will be agreed to easily. In fact, a voice vote has been ordered by agreement between the majority leader and the minority leader. However, I feel that I should voice my reservations.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. TOWER. I move to reconsider the vote by which the conference report was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

### HOUSE CONCURRENT RESOLUTION 309

Mr. PROXMIRE. Mr. President, I call up House Concurrent Resolution 309. I understand this is a technical amendment to the conference report, making clerical and technical corrections, and so forth. I ask unanimous consent that the Senate proceed to consider the resolution.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (H. Con. Res. 309) was considered and agreed to.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

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## ROUTINE MORNING BUSINESS

Mr. PROXMIRE. Mr. President, out of order—and I understand the Pastore rule no longer applies, since we have been in session for 3 hours.

The PRESIDING OFFICER. We have not been in session for 3 hours.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business and that Senators may speak therein up to 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I thank the majority leader very much.

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## ROOTS OF GENOCIDE

Mr. PROXMIRE. Mr. President, over 30 years ago, the world was swept with repulsion at the horrors inflicted by the Nazi state, the holocaust. To trace this atrocity back to its roots, we go to a volume written by Adolf Hitler, "Mein Kampf."

In a very real sense, the thoughts expressed in Mein Kampf, the antisemitic hatred, the call for vengeance against the Jews, were the roots of genocide. His writings, particularly in Mein Kampf, were to serve as the ideological base of the Nazi state and the vengeance he directed toward the Jews. In a very real sense, these thoughts were the roots of genocide.

Many of Hitler's fundamental beliefs were cloaked in relatively innocuous statements. Early in Mein Kampf he speaks of the drive of a species to propagate its own kind. As his argument develops, he speaks of Nature's will to breed life to a higher evolutionary plane. Consider this quote from Mein Kampf:

> The strong has to rule and he is not to amalgamate with the weaker that he may not sacrifice his own greatness.

On the surface, such statements may sound like crude but harmless derivations of Darwin's theory of natural selection.

In fact, those early statements in Mein Kampf set the stage for some of the most morally offensive remarks ever uttered. He spoke of the purity of the Aryan race which he considered to be at the vanguard of civilization. He warned his countrymen of the physical and mental regression which would result from mixing with inferior races. To Hitler, the Jews stood in stark contrast to his concept of the pure and noble Aryan. Any joining of the races was considered to be an intolerable offense against the "will of the Eternal Creator."

From these thoughts, Hitler would draw his bold justification for the holocaust. He declared that the highest purpose of the German state should be to preserve the purity of the Aryans, to determine those who are unfit for propagation, and to educate the public in the necessity of these beliefs. The crux of his repugnant convictions was stated as follows:

> He who is not physically and mentally healthy and worthy must not perpetuate his misery in the body of his child.

Though few may have realized it at the time, a monstrous force was loose in the world.

Oliver Wendell Holmes once said that "eloquence may set fire to reason." Hitler's speeches, drawn in large part from Mein Kampf, were so forceful as to ignite the antisemitism which lay smoldering in the German people. The rest is history.

Mr. President, I urge that we take the necessary measures so that human tragedies such as the holocaust may never again occur. I urge that we ratify the Genocide Convention.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MORGAN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

## EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

## REPORT ON MINE SAFETY AND HEALTH ACTIVITIES—MESSAGE FROM THE PRESIDENT—PM 190

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Labor and Human Resources:

*To the Congress of the United States:*

In accordance with Section 511(a) of the Federal Mine Safety and Health Act of 1977, as amended (30 U.S.C. 958 (a)), I transmit herewith the 1978 Annual Report on Mine Safety and Health Activities as submitted by the Secretary of Labor.

JIMMY CARTER.

THE WHITE HOUSE, *March 28, 1980.*

## PRESIDENTIAL APPROVALS

A message from the President of the United States reported that on March 27, 1980, he had approved and signed the following acts:

S. 1682. An Act to amend the Act of August 9, 1955 (69 Stat. 539) (25 U.S.C. 415), as amended, to authorize a ninety-nine-year lease for the Moses Allotment Numbered 10, Chelan County, Washington.

S. 2222. An Act to extend the time for commencing actions on behalf of an Indian tribe, band, or group, or on behalf of an individual Indian whose land is held in trust or restricted status.

## MESSAGE FROM THE HOUSE

At 12:03 p.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2269) to extend the Emergency Agricultural Credit Adjustment Act of 1978, and for other purposes.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 5741. An act to amend the Internal Revenue Code of 1954 to provide that interest on certain mortgage subsidy bonds will not be exempt from Federal income tax.

## HOUSE BILL REFERRED

The following bill was read twice by its title and referred as indicated:

H.R. 5741. An act to amend the Internal Revenue Code of 1954 to provide that interest on certain mortgage subsidy bonds will not be exempt from Federal income tax; to the Committee on Finance.

## ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, March 28, 1980, he presented to the President of the United States the following enrolled bill:

S. 2269. An act to extend the Emergency Agricultural Credit Adjustment Act of 1978, and for other purposes.

## EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3373. A communication from the Principal Deputy Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a secret report updating the Selected Acquisition Reports submitted for the quarter ended December 31, 1979; to the Committee on Armed Services.

EC-3374. A communication from the Principal Deputy Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a secret report on contract award dates for the period March 15 to June 15, 1980; to the Committee on Armed Services.

EC-3375. A communication from the Director of Defense Security Assistance Agency, transmitting, pursuant to law, a report on a proposed letter of offer to Germany for the sale of defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC-3376. A communication from the Assistant Secretary of the Navy (Manpower, Reserve Affairs, and Logistics), transmitting, pursuant to law, a report on a study with respect to converting the operation and maintenance of bulk fuel operations of the Long Beach Annex (San Pedro Facility and Estero Bay Facility) at the Naval Supply Center, San Diego, California, and the decision that performance under contract is the most cost effective method of accomplishing it; to the Committee on Armed Services.

EC-3377. A communication from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize appropriations for the international affairs functions of the Department of the Treasury for fiscal years 1981 and 1982, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

EC-3378. A communication from the Chairman of the Federal Home Loan Bank Board, transmitting, pursuant to law, the first annual report on the activities of the Board under section 18(f) of the Federal Trade Commission Act for calendar year 1979; to the Committee on Banking, Housing, and Urban Affairs.

EC-3379. A communication from the Secretary of Transportation, transmitting, pursuant to law, an evaluation of the procurement process used to purchase rolling stock and technical equipment for mass transit; to the Committee on Commerce, Science, and Transportation.

EC-3380. A communication from the Secretary of the Interior, transmitting, pursuant to law, the Missouri National Recreational River Management Plan and Cooperative Agreement; to the Committee on Energy and Natural Resources.

EC-3381. A communication from the Acting Secretary of the Interior, transmitting, pursuant to law, the second annual report on the current status of completion or revision of general management plans for each unit of the National Park System; to the Committee on Energy and Natural Resources.

EC-3382. A communication from the Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, a report on sales of refined petroleum products and sales of retail gasoline for December 1979; to the Committee on Energy and Natural Resources.

EC-3383. A communication from the Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, the first annual report on a survey of the Nation's oil and gas proved reserves; to the Committee on Energy and Natural Resources.

EC-3384. A communication from the Acting Administrator of the National Oceanic and Atmospheric Administration, Departpartment of Commerce, transmitting, pursuant to law, the biennial report of findings for 1978-1979 of the Program for Research and Monitoring for Early Detection of Stratospheric Ozone Change; to the Committee on Environment and Public Works.

EC-3385. A communication from the Director of the United States Office of Personnel Management, transmitting, pursuant to law, a report on a proposed system of records for the Office of Personnel Management for implementing the Privacy Act to the Committee on Governmental Affairs.

EC-3386. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, the annual report of the Department under the Freedom of Information Act for calendar year 1979; to the Committee on the Judiciary.

EC-3387. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the State Leadership Programs; to the Committee on Labor and Human Resources.

EC-3388. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Women's Educational Equity Act Program; to the Committee on Labor and Human Resources.

EC-3389. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Cooperative Education Program; to the Committee on Labor and Human Resources.

EC-3390. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for grants to States Educational Agencies to Meet the Special Educational Needs of Migratory Children; to the Committee on Labor and Human Resources.

EC-3391. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for Title I, Elementary and Secondary Education Act; Awarding of Special Grants to Local Educational Agencies; to the Committee on Labor and Human Resources.

EC-3392. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Education Appeal Board; to the Committee on Labor and Human Resources.

EC-3393. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Metric Education Program; to the Committee on Labor and Human Resources.

EC-3394. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Consumer's Education Program; to the Committee on Labor and Human Resources.

EC-3395. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for Financial Assistance for Environmental Education Projects; to the Committee on Labor and Human Resources.

EC-3396. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Youth Employment Program; to the Committee on Labor and Human Resources.

EC-3397. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Community Education Program; to the Committee on Labor and Human Resources.

EC-3398. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Consolidated Grant Applications for Insular Areas; to the Committee on Labor and Human Resources.

EC-3399. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Adult Education State-administered Program and Commissioner's Discretionary Programs; to the Committee on Labor and Human Resources.

EC-3400. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Gifted and Talented Children's Education Program; to the Committee on Labor and Human Resources.

EC-3401. A communication from the United States Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Arts in Education Programs; to the Committee on Labor and Human Resources.

EC-3402. A communication from the Acting Assistant Secretary for Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, the fifth annual report of the Advisory Council on Education Statistics for calendar year 1979; to the Committee on Labor and Human Resources.

EC-3403. A communication from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for the Education Division General Administrative Regulations (EDGAR); to the Committee on Labor and Human Resources.

EC-3404. A communication from the Secretary of Health, Education, and Welfare, transmitting, for the information of the Senate, notice that the report on the ongoing study of costs of environment-related health effects will be submitted no later than December 31, 1980; to the Committee on Labor and Human Resources.

EC-3405. A communication from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Federal Food, Drug, and Cosmetic Act, and for other purposes; to the Committee on Labor and Human Resources.

EC-3406. A communication from the President and the National Executive Director of the Girl Scouts of America, transmitting, pursuant to law, the thirtieth annual report of the Girl Scouts of the United States of America; to the Committee on Labor and Human Resources.

## PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table, as indicated:

POM-635. A concurrent resolution adopted by the Legislature of the State of Michigan; to the Committee on Banking, Housing, and Urban Affairs:

"HOUSE CONCURRENT RESOLUTION NO. 561

"Whereas, As stated in its initial section, the Federal Home Mortgage Disclosure Act of 1975, P.L. 94-200, is designed to provide the citizens and public officials of the United States with sufficient information to enable them to determine whether depository institutions are filling their obligation to serve the housing needs of their communities and neighborhoods. Congress, through this legislation, has acted on the need to combat what is referred to as "redlining"; and

"Whereas, Information made available by the Home Mortgage Disclosure Act is being used by community groups and neighborhood organizations throughout Michigan and other states. Data relating the numbers and amounts of mortgage loans originated or purchased by census tracts or zip codes have provided a ready measure in assessing the amount of investment in any given geographical area; and

"Whereas, On the State level, the Michigan Legislature has addressed this issue of redlining in a number of ways, including Act No. 135 of the Public Acts of 1977, which prohibits certain lending practices and requires disclosures relative to mortgage loans. Michigan is vitally concerned with eliminating redlining; and

"Whereas, Despite the continuing need for the information mandated by the House Mortgage Disclosure Act of 1975, this act, which does not apply to small lenders, is slated to expire in 1980. There is clearly a need to make this statute a permanent part of law, for only through the data it makes possible can discrimination mortgage lending practices be eradicated; now, therefore, be it

"Resolved by the House of Representatives (the Senate concurring), That the Michigan Legislature hereby respectfully urges the Congress of the United States to extend the authority provided in the Federal Home Mortgage Disclosure Act of 1975, P. L. 94-200; and be it further

"Resolved, That copies of this resolution be transmitted to the Speaker of the U.S. House of Representatives, the President of the U.S. Senate, and to each of the members of the Michigan Congressional Delegation."

POM-636. A concurrent memorial adopted by the Legislature of the State of Arizona; to the Committee on Energy and Natural Resources:

"SENATE CONCURRENT MEMORIAL 1002

"Whereas, the federal government controls approximately seventy-three per cent of the area within the boundaries of this state, of which approximately thirty per cent is on Indian reservations and approximately forty-three per cent is being administered by the military and other federal agencies, especially the Bureau of Land Management and the Forest Service; and

"Whereas, similar conditions prevail in all of the states west of the one hundredth meridian, ranging from the State of Hawaii, with twelve per cent of its area under federal control, to the State of Nevada, with eighty-seven per cent of its area under federal control, altogether totaling some seven hundred million acres of land; and

"Whereas, the State of Alaska has more acres of federal land than any other state, a condition which may be aggravated by efforts to withdraw an additional one hundred ten million acres of land which is known to contain large amounts of mineral and fossil energy resources; and

"Whereas, the contemplated action, now before the Congress, has a potential adverse impact for all of the United States, inasmuch as the Federal Land Policy and Management Act of 1976 has been cited as one authorization for the withdrawal of lands of Alaska, and may be used as precedent for the same action elsewhere; and

"Whereas, state sovereignty is being repeatedly eroded, as evidenced by the announced intention to hold federal lands in the Western states 'in perpetuity", which limits the ability of a state to set its own course and to control events and development within its own borders; and

"Whereas, this nation needs the oil and mineral resources found in the one hundred ten million acres proposed for withdrawal in Alaska to supply this nation's energy needs and to supplement our current supplies, especially those imported from the Middle East; and

"Whereas, the announced policy will interfere with the development of resources in other Western States and assumes the inability of the states to responsibly develop such resources while protecting the general health, welfare and safety of their citizens, a clearly fallacious view. Wherefore, your memorialist, the Senate of the State of Arizona, the House of Representatives concurring, prays:

"1. That the Congress of the United States be advised of the Arizona Legislature's support for the efforts of the State of Alaska to achieve a settlement to questions regarding federal lands that is agreeable to that State.

"2. That Congress enact legislation to amend the existing federal land policies to provide that, in the absence of a clear and overriding need to do otherwise:

"(a) Mineral and fuel resources would not be included in federal reserves if such inclusion would prevent the development of such resources.

"(b) Traditional uses of lands under federal administration could continue.

"(c) Access to state and private lands across federal holdings would not be restricted.

"3. That Congress enact legislation to restrict the ability of the President of the United States or the Secretary of the Interior to establish or add to any conservation system unit by means of any executive or administrative authority.

"4. That Congress defeat any legislation relating to land withdrawals that are unacceptable to the government of the State of Alaska, or any other state, if such legislation is proposed, and oppose legislation that may further diminish the ability of a state to control lands within its boundaries.

"5. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the United States House of Representatives, to each Member of the Arizona Congressional Delegation and to the President of the Senate and Speaker of the House of Representatives in the states of Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming."

POM-637. A memorial adopted by the House of Representatives of the State of Arizona; to the Committee on Energy and Natural Resources:

"HOUSE MEMORIAL 2003

"Whereas, this country is faced with an energy supply inadequate to meet its rapidly increasing needs; and

"Whereas, preservation of our natural environment must be balanced with the development of energy needed to maintain a sound economy; and

"Whereas, electric energy produced in hydroelectric projects is highly desirable from the standpoint of reliability, cleanliness, efficiency and safety; and

"Whereas, the Hualapai Hydroelectric Project (Bridge Canyon) is potentially a major clean energy source for supplying a significant amount of energy for the Southwest Region; and

"Whereas, it would take approximately nine million one hundred thousand barrels of oil per year to generate the electricity which can be developed from this project; and

"Whereas, the water which would be the power to run the hydroelectric generators is a vast renewable resource now being wasted down the river; and

"Whereas, the Hualapai Indians support construction of the dam on their reservation recognizing it as their only opportunity for economic development and full tribal employment; and

"Whereas, this project would not interfere with the free-flowing Colorado River through the Grand Canyon; and

"Whereas, construction of the dam will create a ribbon of blue in the narrow inner gorge, making the Hualapai section of the Colorado available to all for recreational uses; and

"Whereas, no federal funds will be required or used in the construction of this dam; and

"Whereas, Harza Engineering Company, in a recently completed feasibility study on the Hualapai Hydroelectric Project dated August 21, 1979, estimates that this dam would result in a net savings in the first year of operation of one hundred seventeen thousand four hundred dollars at the 1979 price levels for energy.

"Wherefore your memorialist, the House of Representatives of the State of Arizona, prays:

"1. That the President and Congress review promptly the many benefits of hydroelectric development along the Colorado River, particularly the proposed Hualapai Project, and take action to approve its construction at a time when the country could greatly use the electrical energy derived from it, and support the efforts of the Arizona Power Authority and the Hualapai Indian Tribe to preserve the viability of the Hualapai Dam site.

"2. That the President and Congress authorize the licensing of the Arizona Power Authority to construct the Hualapai Dam.

"3. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation."

POM-638. A memorial adopted by the House of Representatives of the State of Arizona; to the Committee on Governmental Affairs:

"HOUSE MEMORIAL 2002

"Whereas, the federal government of the United States, by actions of both the legislative branch and the executive branch, requires the states to implement new programs and provide increased levels of service under existing programs; and

"Whereas, in order to implement new programs and provide increased levels of service as required by the federal government, the states must incur significant costs which must be paid for out of state revenues, existing or to be raised by the imposition of additional taxes; and

"Whereas, there exists, throughout the United States, a growing resentment of the heavy burden of taxation and an active rejection of existing and proposed levels and methods of revenue raising; and

"Whereas, the public outcry against taxation makes it increasingly difficult for the states to raise the revenues necessary to finance the programs and services which the states are required to provide by the federal government; and

"Whereas, it is a matter of simple equity that a level of government which establishes programs or services in the public interest should provide the means for financing those programs and services. Wherefore your memorialist, the House of Representatives of the State of Arizona, prays:

"1. That the President and Congress of the United States undertake such actions as may be necessary to ensure that the federal government reimburses each state for all costs incurred with respect to implementing new programs or providing increased levels of service under existing programs pursuant to any law enacted by the United States Congress after January 1, 1980 or any executive order or regulation issued by the President of the United States after January 1, 1980.

"2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation."

POM-639. A resolution adopted by the Senate of the State of Washington; to the Committee on Foreign Relations:

"SENATE RESOLUTION 1980-240

"Whereas, The history of the United States of America is deeply entwined with that of the island of Ireland; and

"Whereas, Its traditional concern for international human rights and self-determination of all peoples compels the United States to play a positive role to seek an end to injustices, discrimination, and all types of violence in Northern Ireland;

"Now, therefore, be it resolved, By the Senate of the state of Washington, That the Congress of the United States be asked to take all appropriate action to direct the United States government to encourage the British government to embark upon initiatives that would end all violations of human rights in Northern Ireland and promote self-determination of the whole people of the island of Ireland; and

"Be it further resolved, That the Congress of the United States should take all appropriate action to ensure that no American economic or political aid will reinforce discrimination or any other human rights violations in Northern Ireland; and

"Be it further resolved, That the Congress of the United States should take all appropriate action to ensure that all American enterprises operating in Northern Ireland are in full compliance with United States fair employment laws; and

"Be it further resolved, That the Congress of the United States should pass and enact House Resolution 122, sponsored by Congressman Biaggi; and

"Be it further resolved, That copies of this resolution be transmitted by the Secretary of the Senate of the State of Washington to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of the congressional delegation from this state."

POM-640. A resolution adopted by the Legislature of the State of New York; to the Committee on Foreign Relations:

"LEGISLATIVE RESOLUTION

"Whereas, There have been many contributions made by men and women of Irish ancestry to the State of New York, to the building of our Nation, and to the Cause of Freedom everywhere since the earliest times; and

"Whereas, The fact that Ireland is artificially partitioned against the wishes of the overwhelming majority of the Irish people; and

"Whereas, The Irish people in the six-county area of Ireland known as 'Northern

Ireland' are denied basic civil and human rights, and are unable to obtain either adequate protection or equal justice under law; and

"Whereas, The explosive situation in 'Northern Ireland' presents an imminent and realistic threat to the peace and is, therefore, the legitimate concern of all men; and

"Whereas, It is in the best interests of the United States that there be a just and equitable solution to this problem in order that peace, order, justice and well-being be restored to that part of the world; and

"Whereas, For humanitarian reasons, as well as out of respect for the principles of freedom, liberty, natural law, justice and history we hereby take notice of the dangerous and deplorable state of affairs in Ireland; now, therefore, be it

"*Resolved*, That this Legislative Body respectfully, yet firmly, urges, memorializes and petitions the President and the Congress of the United States to manifest our country's traditional position as guardian of freedom and republican-democracy, the dignity of all mankind, freedom of conscience, and mankind's universal natural rights, by taking such affirmative actions as will tend to persuade all concerned parties, and the world commonwealth of nations, to seek a speedy, just and equitable solution to the dangerous situation in the 'North' of Ireland, and to formally express the moral opinion that:

"The Irish people ought to be permitted to exercise the Right of National Self-Determination, thus returning the disputed six countries of northeast Ireland to the Irish Republic, unless a clear majority of all the people of Ireland, in a free and open plebiscite, determine to the contrary; and be it further

"*Resolved*, That copies of this resolution, suitably engrossed, be transmitted to the Honorable Jimmy Carter, President of the United States, to the Honorable Cyrus R. Vance, Secretary of State of the United States, to the President of the Senate of the United States, to the Speaker of the House of Representatives of the United States and to each member of the Congress of the United States from the State of New York."

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POM-641. A resolution adopted by the House of Representatives of the State of Hawaii; to the Committee on Finance:

"HOUSE RESOLUTION 142

"Whereas, an International Sugar Agreement (ISA) has been negotiated; and

"Whereas, the United States has no domestic sugar legislation in effect at this time; and

"Whereas, the United States Senate has ratified the ISA; and

"Whereas, the ISA is of profound significance to the viability of the world sugar industry and hence to the sugar industry in Hawaii; and

"Whereas, the ISA would effect considerable control over world sugar with the probable beneficial outcomes to Hawaii and the other sugar producing regions in the United States to include stabilizing world sugar prices and preventing inundation of the United States by imported foreign sugar; and

"Whereas, enactment of legislation effectuating the provisions of the ISA is under active consideration in the United States Congress; now, therefore,

"Be it resolved by the House of Representatives of the Tenth Legislature of the State of Hawaii, Regular Session of 1980, that the Congress of the United States is respectfully urged to move as quickly as possible to enact enabling legislation for the effectuation of the recently negotiated International Sugar Agreement; and

"Be it further resolved that certified copies of this Resolution be transmitted to the Honorable Walter F. Mondale, President of the Senate, United States Congress; Honorable Thomas P. O'Neill, Jr., Speaker of the House of Representatives, United States Congress; President Jimmy Carter; Honorable Daniel K. Inouye, United States Senator; Honorable Spark M. Matsunaga, United States Senator; Honorable Cecil Heftel, United States Representative; Honorable Daniel K. Akaka, United States Representative; J. W. A. "Doc" Buyers, Chairman, Board of Directors, Hawaiian Sugar Planters' Association; Karl H. Berg, President, Hawaiian Sugar Planters' Association; Honorable George R. Ariyoshi, Governor of Hawaii; Honorable Eduardo E. Malapit, Mayor, County of Kauai; Honorable Frank F. Fasi, Mayor, City and County of Honolulu; Honorable Hannibal Tavares, Mayor, County of Maui; Honorable Herbert T. Matayoshi, Mayor, County of Hawaii; Honorable John Marias, Jr., Chairman, Board of Agriculture, State of Hawaii; Honorable Hideto Kono, Director, Department of Planning and Economic Development, State of Hawaii; Tadashi Tojo, Executive Director, Governor's Agriculture Coordinating Committee, Office of the Governor of Hawaii; George Tsuji, President, United Cane Growers Association; Francis Pacheco, President, United Cane Growers Cooperative; Dickey Nitta, President, Hawaii Farm Bureau Federation; and Allan Grant, President, American Farm Bureau Federation."

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POM-642. A resolution adopted by the Legislature of the State of Massachusetts; to the Committee on Finance:

"RESOLUTIONS

"Whereas, Many of our citizens receiving fixed and inadequate income are unable to participate in private or public health insurance programs covering medical, surgical, hospital, nursing and dental care and treatment; and

"Whereas, Many of our citizens now covered by Medicare are still unable to meet the ancillary costs of medical, hospital, surgical, nursing, pharmaceutical and prosthetic care and treatment; and

"Whereas, Many of our citizens now covered by private health insurance programs are unable to meet the costs of increasing premiums for adequate medical care and treatment; and

"Whereas, The care and treatment of the health of our citizens and the prevention of diseases and illnesses afflicting them are now recognized as prime obligations of the Federal Government; now therefore be it

"*Resolved*, That the General Court of Massachusetts respectfully urges the Congress of the United States to enact legislation providing for a national health insurance program to cover all of its citizens to be administered by Federal Government agencies and financed, in part at least, by Social Security financing; and be it further

"*Resolved*, That copies of these resolutions be sent forthwith by the Clerk of the House of Representatives to the President of the United States, the presiding officer of each branch of the Congress, to the chairman of the Ways and Means Committee of the United States House of Representatives, to the chairman of the Committee on Labor and Public Welfare of the United States Senate, to the Secretary of Health, Education and Welfare, and to the members thereof of each branch of Congress from this Commonwealth."

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POM-643. A resolution adopted by the Senate of the State of Massachusetts; to the Committee on the Judiciary.

"RESOLUTIONS

"Whereas, The United States Supreme Court ruled that an abortion during the first three months of pregnancy is to be determined by the medical judgment of a physician; and

"Whereas, The United States Supreme Court ruled that an abortion after the third month of pregnancy is to be determined by the woman and her physician; therefore be it

"Resolved, That the Massachusetts General Court respectfully urges the Congress of the United States to enact legislation presenting to the states a proposed amendment adding the following to the Constitution of the United States:

"'All men are conceived and born free and equal, and have certain natural, essential, and unalienable rights; among which may be reckoned the right of enjoying and defending their lives and liberties from the moment of conception; that of acquiring, possessing, and protecting property; in fine, that of seeking and obtaining their safety and happiness.

"'The United States shall not make or enforce any law which shall abridge the privileges or immunities of its citizens; nor shall it deprive any persons, including the unborn, of life, liberty, or property without due process of law, nor deny to any person, including the unborn, within its jurisdiction, the equal protection of the laws'; and be it further

"Resolved, That copies of these resolutions be sent forthwith by the Clerk of the Senate to the President of the United States, the presiding officer of each branch of Congress and to the members thereof from this Commonwealth."

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POM-644. A resolution adopted by the Legislature of the State of Massachusetts; to the Committee on the Judiciary:

"RESOLUTIONS

"Whereas, Two members of the Cuban community, Eulalio Negrin and Carlos Muniz were assassinated by Cuban extremist groups in New Jersey and Puerto Rico; and

"Whereas, Numerous threats have been made on the lives of many members of the Cuban community by such extremists groups; and

"Whereas, Explosive devices have been used against the Cuban community at various locations; and

"Whereas, Residents of the Commonwealth of Massachusetts and their families have been subject to harassment, threats and intimidation, such as the assault perpetrated by two armed men against members of the Antonio Maceo Brigade, interrupting the presentation of a film at the Church of the Covenant in Boston, endangering their lives and those of innocent bystanders; and

"Whereas, These actions and many other acts of terrorism not mentioned herein constitute a violation of the most fundamental constitutional rights to life and property and a violation of the laws of the United States and the Commonwealth; therefore be it.

"*Resolved*, That the Massachusetts General Court demand a complete, formal investigation of the actions of these terrorist groups by the Department of Justice of the United States and the office of the Attorney General of the Commonwealth; thereby guaranteeing the fundamental human and constitutional rights being violated by ensuring that the members of the Cuban community are not subject to acts to terrorism against their persons and property; and be it further

"*Resolved*, That copies of these resolutions be forwarded by the Clerk of the Senate to the Attorney General of the Commonwealth, the President of the United States, the Department of Justice of the United States, the presiding officer of each branch of Congress, and to each member thereof from this Commonwealth."

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POM-645. A resolution adopted by the American Legion, Department of Alabama, in support of voluntary school prayer; to the Committee on the Judiciary:

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. GLENN:

S. 2493. A bill to amend the Internal Revenue Code of 1954 to adjust the time for payment of manufacturers excise tax on tires, tubes and tread rubber; to the Committee on Finance.

By Mr. RANDOLPH (on request):

S. 2494. A bill to authorize the Secretary of the Army, acting through the Chief of Engineers, to study the water resources needs of the Northern Mariana Islands; to the Committee on Environment and Public Works.

S. 2495. A bill to amend Section 1812, Revised Statutes, pertaining to the Annual Report of the Chief of Engineers; to the Committee on Environment and Public Works.

S. 2496. A bill to extend by two years the Streambank Erosion Control and Demonstration Program; to the Committee on Environment and Public Works.

S. 2497. A bill to amend Section 107 of the River and Harbor Act of 1948, Public Law 80–858, as amended, (22 USC 275a), to remove the limitation on funding for United States participation in the Permanent International Commission of the Congresses of Navigation; to the Committee on Environment and Public Works.

S. 2498. A bill to amend Section 167 of the Water Resources Development Act of 1976, Public Law 94–587, to extend by one year and increase the funding authority for the National Hydroelectric Power Resources Study; to the Committee on Environment and Public Works.

S. 2499. A bill to amend the Act approved August 8, 1972, Public Law 92–367, "To authorize the Secretary of the Army to maintain and update periodically the National Inventory of Dams"; to the Committee on Environment and Public Works.

By Mr. MOYNIHAN (for himself, Mr. Javits, and Mr. Heinz):

S. 2500. A bill to amend the Internal Revenue Code of 1954 to provide for an investment tax credit for theatrical productions; to the Committee on Finance.

By Mr. NUNN:

S. 2501. A bill to amend chapter 5 of title 37, United States Code, to revise the special pay provisions for medical officers in the Armed Forces and to make permanent the existing special pay provisions for other health professionals in the uniformed services; to the Committee on Armed Services.

By Mr. HUMPHREY:

S. 2502. A bill to limit the applicability of certain penalty provisions of title 13, United States Code, relating to failure to answer questions presented in the decennial and mid-decade census; to the Committee on Governmental Affairs.

By Mr. BURDICK:

S.J. Res. 156. Joint resolution to authorize the President to issue annually a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week"; to the Committee on the Judiciary.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GLENN:

S. 2493. A bill to amend the Internal Revenue Code of 1954 to adjust the time for payment of manufacturers excise tax on tires, tubes and tread rubber; to the Committee on Finance.

Mr. GLENN. Mr. President, today I am introducing a bill to amend the Internal Revenue code so as to allow for the deferral of the payment of the Federal excise tax on tires, tubes, and tread rubber.

At present, manufacturers must pay an excise tax of 10 cents a pound for the tires and tubes, and 5 cents a pound for tread rubber which they produce. This tax must be paid to the Treasury twice monthly. This is the case even though the manufacturers generally do not receive payment from their customers for up to 90 days after sale to them. The disparity between the payment of the tax and the receipt of revenue has exacerbated an already serious cash flow problem which the tire manufacturers are experiencing.

The excise tax payments which the tire manufacturers must make are considerable. In 1979 the tire industry paid $878 million to the U.S. Treasury due to the tire excise tax. With an average financing period of 90 days and with the prime rate at 19 percent, the cost of financing the excise tax payments is running at a $42 million annual pace.

If the excise tax payments could more closely coincide with the customer payments to the manufacturers, the excise tax financing expenses could be substantially reduced or eliminated. The bill which I have introduced today seeks to achieve that result by changing the time for payment of the excise tax from the present twice monthly, to 90 days after the end of the month in which the product is sold by the manufacturer.

It is my hope that this legislation can help to reduce financing expenditures for an industry which is undergoing severe financial difficulties due to the downturn in domestic automobile sales.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

### S. 2493

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

Section 1. In General.—Section 6302 of the Internal Revenue Code of 1954 (relating to mode or time of collection of taxes) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) Time for payment of manufacturers excise tax on tires, tubes, etc.—The tax imposed by section 4071(a) (relating to manufacturers excise tax on tires, tubes and tread rubber) shall be due and payable 90 days after the last day of the month in which the manufacturer, producer or importer of articles subject to tax under that section sells such articles."

Sec. 2. Effective Date.—The amendments made by the first section of this Act, shall apply to tires, tubes and tread rubber sold on or after the first month beginning after the date of enactment of this Act.

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By Mr. MOYNIHAN (for himself, Mr. Javits, and Mr. Heinz):

S. 2500. A bill to amend the Internal Revenue Code of 1954 to provide for an investment tax credit for theatrical productions; to the Committee on Finance.

Mr. MOYNIHAN. Mr. President, I am introducing a bill today that would provide private citizens an incentive to put up money for commercial productions of plays, ballets, and operas.

Fewer and fewer new plays are being produced each season in commercial theaters in New York and other big cities. During the 1920's and 1930's, 161 new plays opened on average each season on Broadway. According to Variety, that number fell to 65 a year in the 1940's, to 50 in the 1950's and 1960's, and only 38 a year during the last decade. The trend is decidedly downward.

In London, the big West End theaters have fallen on hard times. "West End theater has just tottered through one of the worst fortnights in its history," the Sunday Times reported last month. "Six theaters are dark—a greater number than at any time since the war * * *. There are fears that some could close for good." The paper said producers are having trouble recouping mounting production costs and finding good new material.

If eventually the play disappears from the English-speaking stage, economies will be to blame. The theater cannot compete with the television and film industries for writers. It does not pay as well. A good playwright can earn more writing 30-second television commercials than he can turning out full-length drama.

It is not as easy as it was before to find individuals willing to put money into shows. Production costs have skyrocketed, requiring that a play run for months—if not a year—before just the cost of staging it can be repaid.

Investing in theater "is an area fraught with hazard," Warren Hoge wrote 2 years ago in the New York Times. "Four out of five shows lose money—Of the profitable ones, half produce only meager returns."

Hoge said a small number of shows make "colossal profits," and that it is the possibility of such profits that keeps moneymen rolling against the odds. But now, even those odds are getting longer. "The opportunity for substantial profits to justify the risks is becoming less," (said one longtime investor). "Due to the higher cost of operating, you can have a show that will run for a year and keep paying everyone except the investor. The profit is so small that recouping is impossible, let alone making any money."

The cost of musicals has increased 4.7 percent a year recently, but investment in them is up by only 4.1 percent. The figures for straight drama are worse —10.7 percent and 6.4 percent, respectively.

The bill I am introducing today would help to eliminate that investment shortfall. It would make investors in "theatrical productions" eligible for the 10 percent investment tax credit. A "theatrical production" is "a presentation of a dramatic work, like a play, musical, ballet, or opera, in a commercial theater before a live audience."

The tax credit is already available to investors in movies. It was given to them in 1976. Providing investors in theater the same incentive is good cultural policy; it is sound urban policy, as well.

Our cities are in a state of economic

decline. Crime, pollution, and congestion are causing industry to desert them for other locations, pulling jobs and people along. Out-migration from city to suburb leads to an erosion of city tax bases, and leaves cities unable to pay for the kinds of services that make life in them worthwhile. A dangerous pattern is set in motion that leads to an acceleration of the decline.

Last year the congressional subcommittee on fiscal and intergovernmental policy of the Joint Economic Committee surveyed 2,611 companies in 10 central cities to determine what it is that causes industry to move. It is not tax rates, business costs, or local labor practices, the subcommittee found, but the quality of life—is it better elsewhere?

Survey respondents said they look to several factors, among them a city's crime rate, the adequacy of its public facilities and services, and local cultural attractions, when deciding whether to move or expand.

Reviving commercial theater will put tourists and local residents back on city streets at night, combating crime. It will bring new jobs to restaurants and hotels, and in inner-city stores where theatergoers can shop in the evening before shows start. It will boost city revenues, making it possible for municipalities to upgrade local services, and attract industry and new jobs.

Mr. President, I ask that the "Theatrical Production Investment Tax Credit Act of 1980" appear in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

### S. 2500

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

Section 1. Short Title.

This Act may be cited as the "Theatrical Production Investment Tax Credit Act of 1980."

Sec. 2. Investment Tax Credit for Theatrical Productions.

(a) Theatrical Productions Treated as "Section 38 Property".—Section 48 of the Internal Revenue Code of 1954 (relating to the definition of "section 38 property") is amended by adding at the end of subsection (a) the following new paragraph:

"(11) Theatrical productions.

"(A) In general.—The term 'section 38 property' includes theatrical productions.

"(B) Theatrical production defined.—For purposes of this subpart, a 'theatrical production' is a presentation of a dramatic work, like a play, musical, opera or ballet, in a commercial theatre before a live audience. It is not, however, a presentation primarily for use on television or radio, or in a night club or film."

(b) Special Rules for Theatrical Productions.—Section 48 of such Code is amended by redesignating subsection (q) as subsection (r) and by inserting immediately after subsection (p) the following new subsection:

"(q) Theatrical Productions.

"(1) Entitlement to credit.—

"(A) In general.—A credit shall be allowed under section 38 to a taxpayer for the costs of a theatrical production, but only to the extent that the taxpayer has an ownership interest in it.

"(B) Ownership interest defined.—A taxpayer's 'ownership interest' shall be determined on the basis of his proportionate share of any loss that may be incurred with respect to the theatrical production.

"(2) Proportion of Investment Qualifying for the Credit.—For purposes of theatrical productions, the term 'qualified investment' in section 46(a)(2) means, for each theatrical production placed in service by the taxpayer during the taxable year, an amount equal to 66⅔ percent of the qualified United States production costs.

"(3) Predominant use test.—Section 48 (a)(2) shall not apply to theatrical productions.

"(4) Qualified united states production costs.

"(A) In general.—For purposes of this subsection, the term 'qualified United States production costs' means with respect to any theatrical production—

"(i) direct production costs allocable to the United States, plus

"(ii) if 80 percent or more of the direct production costs are allocable to the United States, all other production costs other than direct production costs allocable outside the United States.

"(B) Direct production costs defined.—'Direct production costs' are costs directly associated with the theatrical production, like the cost of equipment and supplies, and compensation (other than participation described in (c)(iv) below) for services performed by actors, production personnel, directors and producers. However, 'direct production costs' do not include advertising and promotional expenses.

"(C) Allocation of direct production costs.—For purposes of this paragraph—

"(i) compensation for services performed shall be allocated to the country in which the services are performed, except that payments to United States persons for services performed outside the United States shall be allocated to the United States. For purposes of the preceding sentence, payments to an electing small business corporation (within the meaning of section 1371) or a partnership shall be considered payments to a United States person only to the extent that such payments are included in the gross income of a United States person other than an electing small business corporation or partnership.

"(ii) Amounts for equipment and supplies shall be allocated to the country in which, with respect to the theatrical production, the predominant use occurs.

"(iii) All other items shall be allocated under regulations prescribed by the Secretary which are consistent with the allocation principle set forth in clause (ii).

"(D) All other production costs defined.—For purposes of this paragraph, the term 'all other production costs' includes—

"(i) a reasonable allocation of general overhead costs,

"(ii) the cost of the rights to present a theatrical production (but not ancillary rights such as rights for television, films, radio, or night club presentations),

"(iii) residuals payable under contracts with labor organizations, and

"(iv) participations payable as compensation to actors, production personnel, directors and producers.

"But participation in all theatrical productions produced by a taxpayer during a taxable year shall be taken into account only to the extent of the lesser of 25 percent of each such participation or 12½ percent of the aggregate qualified United States production costs (excluding costs described in clauses (iii) and (iv) of this paragraph) for such theatrical productions, taking into account, however, for both the 25 percent limit and the 12½ percent limit no more than $1,000,000 in participations for any one individual for any one theatrical production. For purposes of this paragraph (other than clauses (iii) and (iv) and the preceding sentence), costs shall be taken into account only if they are capitalized.

"(5) United states.—For purposes of this subsection, the term 'United States' includes possessions of the United States."

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By Mr. NUNN:

S. 2501. A bill to amend chapter 5 of title 37, United States Code, to revise the special pay provisions for medical officers in the Armed Forces and to make permanent the existing special pay provisions for other health professionals in the uniformed services; to the Committee on Armed Services.

### UNIFORMED SERVICES HEALTH PROFESSIONALS SPECIAL PAY ACT OF 1980

● Mr. NUNN. Mr. President, I am today introducing a proposal to revise the special pay provisions for medical officers in the armed services.

My purpose in introducing this measure is to provide a specific legislative proposal in order to facilitate discussions on pay for military physicians. Simultaneously, Congressman Bill Nichols of House Armed Services Committee is introducing this proposal for consideration by our colleagues there.

This bill is similar to H.R. 5235, recently passed by Congress and subsequently vetoed by the President. In the spirit of compromise with the President's veto message, this bill will apply the same increases in special pay as H.R. 5235, but only to physicians in the armed services. Other health professionals included in the vetoed bill will be given a permanent extension of current policy, since their pays are due to expire on September 30, 1980.

The Armed Services Committee has received testimony that more than half of the military physicians on active duty are eligible to make career decisions this summer. Without an increase in benefits many of these officers have pledged to leave the service. This would cause a major worsening of an already severe shortage.

I urge the Members of the Senate and of the Armed Services Committe to join me in the endeavor to forge a new proposal on special pays. Without such action the men and women of the armed services will continue to receive less than adequate medical care.●

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By Mr. HUMPHREY:

S. 2502. A bill to limit the applicability of certain penalty provisions of title 13, United States Code, relating to failure to answer questions presented in the decennial and mid-decade census; to the Committee on Governmental Affairs.

● Mr. HUMPHREY. Mr. President, today I am introducing legislation that eliminates the $100 fine for refusing to answer questions in the U.S. census. This bill is similar to H.R. 5899, introduced in the House by Congressman Jeffords, of Vermont.

It is especially timely that this bill should be introduced on the day that the 1980 census is being mailed to households all across America. The 1980 census is a new, longer version that many feel constitutes an invasion of privacy. Several questions are personal in nature, and Americans will be reluctant to answer them. Some of the questions are of dubious significance, and it is wrong for the Government to coerce citizens to answer them by threatening a $100 fine.

This bill would forbid the imposition of a fine on individuals who do not respond to census questions unless the questions have been previously approved by a concurrent resolution of Congress. Title 13 of the United States Code has been amended in the past to address the problem of excessively harsh penalties. In 1976, a provision was stricken that authorized imprisonment for up to 60 days for refusing to answer census questions. That same year, the House passed an amendment offered by Congressman Ashbrook, of Illinois which eliminated the fine, but the amendment was not agreed to in conference.

I feel that this legislation is necessary in light of the breadth of the census and the resulting objections of American citizens who feel the questions are an improper intrusion in their lives. The new census represents an expanded Federal reach at a time when the American people have demonstrated their desire to limit Federal interference in the private sector. As the people of this country work to complete their lengthy census forms, they do not deserve to have the specter of a $100 fine hanging over their heads. I hope that my colleagues will agree that it is time to do away with this loathsome penalty.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2502

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (a) of section 221 of title 13, United States Code, is amended—

(1) by inserting "(1)" after "(a)";

(2) by striking out "Whoever" and inserting in lieu thereof "Subject to the provisions of paragraph (2) of this subsection, whoever"; and

(3) by adding at the end thereof the following:

"(2) The provisions of paragraph (1) of this subsection shall not apply in connection with any census conducted pursuant to section 141 of this title unless the question not answered has been approved for the particular census by concurrent resolution passed by the Congress.

"(3) No person shall be compelled to answer any question which is submitted to such person in connection with any census conducted pursuant to section 141 of this title and which applies to such person or to the family to which such person belongs or is related, or to the farm or farms of which such person or such person's family is the occupant, unless the question involved has been approved for the particular census by concurrent resolution passed by the Congress.".●

By Mr. BURDICK:

S.J. Res. 156. A joint resolution to authorize the President to issue annually a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week;" to the Committee on the Judiciary.

NATIONAL FAMILY WEEK

● Mr. BURDICK. Mr. President, I am today introducing a joint resolution to authorize the President to issue an annual proclamation designating the week in November which includes Thanksgiving as "National Family Week."

I introduced an identical resolution in the first session of this Congress which passed by the Senate. In the House, however, it was amended to authorize Family Week for November 1979 only. That resolution was passed by both Houses and signed into law. This new resolution will authorize National Family Week for November 1980 and, hopefully, for future years as well. Congress has approved National Family Week resolutions for the last 4 years as well as in 1972. With this consistent support, I hope very much that the House will consider approving a permanent resolution so that National Family Week can become an annual event.

The purpose of National Family Week is very simple: It is a specific time to recognize the importance of the family in American life and the fundamental role it has played in forming the values upon which our Nation is based. Although many may be skeptical about the proliferation of official holidays, I think it is important to remember that National Family Week is neither commercial nor promotional. Its purpose is not to promote sales or festivities or a person or a disease. Rather, it is simply a way to encourage people to pause for a moment and reflect on the way families have affected their lives and the course of this Nation.

Last year 28 Senators cosponsored the National Family Week resolution with me, and over half the Members of the House cosponsored a similar measure. I urge both Houses to again recognize the value of National Family Week and approve the resolution I am introducing today.

I ask unanimous consent that the resolution be printed in the Record.

There being no objection, the joint resolution was ordered to be printed in the Record, as follows:

S.J. Res. 156

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President is hereby authorized and requested to issue annually a proclamation designating the week beginning on the Sunday preceding the fourth Thursday in November of each year as "National Family Week", and inviting the Governors of the several States, the chief officials of local governments, and the people of the United States to observe such day with appropriate ceremonies and activities.●

## ADDITIONAL COSPONSORS

S. 1647

At the request of Mr. Inouye, the Senator from Illinois (Mr. Percy) was added as a cosponsor of S. 1647, a bill to establish a commission to gather facts to determine whether any wrong was committed against those American citizens and permanent resident aliens affected by Executive Order 9066, and for other purposes.

S. 1858

At the request of Mr. Bayh, the Senator from Rhode Island (Mr. Pell) and the Senator from Mississippi (Mr. Cochran) were added as cosponsors of S. 1858, a bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and procedures resulting from federally authorized National Guard training activities, and for other purposes.

S. 2176

At the request of Mr. Inouye, the Senator from Michigan (Mr. Levin) and the Senator from Montana (Mr. Melcher) were added as cosponsors of S. 2176, a bill to amend titles XVIII and XIX of the Social Security Act to provide for the coverage of clinical social work services under the supplementary medical insurance benefits program and the medicaid program.

S. 2435

At the request of Mr. Chiles, the Senator from Tennessee (Mr. Sasser), the Senator from New Hampshire (Mr. Durkin), and the Senator from Wisconsin (Mr. Proxmire), and the Senator from Mississippi (Mr. Cochran) were added as cosponsors of S. 2435, a bill to rescind certain appropriations provided for the purchase of furniture by Federal departments, and for other purposes.

AMENDMENT NO. 1687

At the request of Mr. Tower, the Senator from Arizona (Mr. DeConcini) and the Senator from Arizona (Mr. Goldwater) were added as cosponsors of amendment No. 1687 intended to be proposed to S. 1946, a bill to reform the economic regulation of railroads, and for other purposes.

## SENATE RESOLUTION 397—SUBMISSION OF A RESOLUTION OF DISAPPROVAL OF REORGANIZATION PLAN NO. 1 OF 1980

Mr. GLENN (for Mr. Ribicoff) submitted the following resolution, which was referred to the Committee on Governmental Affairs:

S. Res. 397

*Resolved,* That the Senate does not favor the Reorganization Plan Numbered 1 transmitted to the Congress by the President on March 27, 1980.

Mr. GLENN. Mr. President, I ask unanimous consent that the Presidential message concerning, and the text of, Reorganization Plan No. 1 of 1980 be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

*To the Congress of the United States:*

I am submitting herewith the Congress Reorganization Plan No. 1 of 1980, under authority vested in me by the Reorganization Act of 1977 (Chapter 9 of Title 5 of the United States Code). The Plan is designed to strengthen management of the Nuclear Regulatory Commission in order to foster safety in all of the agency's activities.

The need for more effective management of the Nuclear Regulatory Commission has been amply demonstrated over the past year. The accident at Three Mile Island one year ago revealed serious shortcomings in the agency's ability to respond effectively during a crisis.

The lessons learned from that accident go beyond crisis management, however. They provide the impetus for improving the effectiveness of all aspects of the government regulation of nuclear energy.

In my statement of December 7, 1979, I responded to the recommendations of my Commission on the Accident at Three Mile Island and set forth steps now being taken to address those recommendations. I stated that I would send to Congress a Reorganization Plan to strengthen the Nuclear Regulatory Commission's ability to regulate nuclear safety. I am submitting that Plan today.

The Plan clarifies the duties of the Chairman as principal executive officer. In addition to directing the day-to-day operations of the agency, the Chairman would take charge of the Commission's response to nuclear emergencies and, as principal executive officer, would be guided by Commission policy and subject to Commission oversight.

### MANAGEMENT PROBLEMS

Intensive investigations undertaken since the Three Mile Island accident have revealed management problems at the Nuclear Regulatory Commission. These problems must be rectified if the Commission is to be a strong and effective safety regulator.

My Commission, called the Kemeny Commission after its Chairman, Dr. John Kemeny, concluded that the underlying problem at Three Mile Island stemmed not from deficient equipment but rather from compounded human failures. This included the inability of the Nuclear Regulatory Commission to pursue its safety mission effectively in view of its existing management policies and practices. The Kemeny Commission reported a lack of "closure" in the system to ensure that safety issues are raised, analyzed and resolved. Kemeny Commission members also concluded that the Nuclear Regulatory Commission relies too heavily on licensing, and pays insufficient attention to ensuring the safety of plants once they are in operation.

During the course of its investigation, the Kemeny Commission found serious managerial problems at the top of the Nuclear Regulatory Commission. It noted that the Commissioners and the Chairman are unclear as to their respective roles. Uncertain, diffuse leadership of this kind leads to highly compartmentalized offices that operate with little or no effective guidance and little coordination.

A recently completed independent study authorized and funded by the Nuclear Regulatory Commission itself also found serious fault with the Commission's management and called for a major organizational overhaul. The report states that there is no authoritative manager but, instead, five equally responsible Commissioners who deal individually with office directors who, in turn, head their own "independent fiefdoms."

Likewise, a recent report of the General Accounting Office notes the failure of the Nuclear Regulatory Commission to define either the authority of the Chairman or that of the Executive Director for Operations. The staff lacks policy guidance and top management leadership to set priorities and resolve safety issues. There are unreasonable delays in developing policies to guide the licensing and enforcement activities of the agency.

The central theme in all three of these studies is the failure of the Nuclear Regulatory Commission to provide unified leadership and consistent direction of the agency's activities. The present statutes contain conflicting and ambiguous provisions for managing the agency. Important corrective actions cannot or will not be taken by the Commission until the laws are changed. Failure to do so constitutes a continuing nuclear safety hazard.

The present Reorganization Plan would improve the effectiveness of the Nuclear Regulatory Commission by giving the Chairman the powers he needs to ensure efficient and coherent management in a manner that preserves, in fact enhances, the commission form of organization.

### COMMISSION

Under the proposed Plan, the Commission would continue to be responsible for policy formulation, rulemaking and adjudication as functions which should have collegial deliberation. In addition, the Commission would review and approve proposals by the Chairman concerning key management actions such as personnel decisions affecting top positions which directly support Commission functions, the annual budget, and major staff reorganizations. In carrying out its role, the Commission would have the direct assistance of several Commission-level offices as well as the licensing board, the appeal panel, and the Advisory Committee on Reactor Safeguards. The Plan would not alter the present arrangement whereby the Commission, acting on majority vote, represents the ultimate authority of the Nuclear Regulatory Commission and sets the framework within which the Chairman is to operate.

### CHAIRMAN

Under the Plan, the Chairman would act as the principal executive officer and spokesman for the Commission. To accomplish this, those functions of the Nuclear Regulatory Commission not retained by the Commission would be vested in the Chairman, who is currently coequal with the Commissioners in all decisions and actions. The Chairman would be authorized to make appointments, on his own authority, to all positions not specified for Commission approval and would be responsible to the Commission for assuring staff support by the operating offices in meeting the needs of the Commission. The Executive Director for Operations would report directly to and receive his authority from the Chairman Heads of operating offices would also report to the Chairman or, by delegation, to the Executive Director for Operations. Office heads would also be authorized to communicate directly with members of the Commission whenever an office head believed critical safety issues were not being addressed.

### EMERGENCY MANAGEMENT

The Nuclear Regulatory Commission's ability to respond decisively and responsibly to any nuclear emergency must be fully ensured in advance. Experience has shown that the Commission as a whole cannot deal expeditiously with emergencies or communicate in a clear, unified voice to civil authorities or to the public. But present law prevents the Commission from delegating its emergency authority to one of its members. The Plan would correct this situation by specifically authorizing the Chairman to act for the Commission in an emergency. In order to ensure flexibility, the Chairman would be permitted to delegate his authority to deal with a particular emergency to any other Commissioner. Plans for dealing with various contingencies would be approved by the Commission in advance. The Commission would also receive a report from the Chairman or his designee describing the management of the emergency once it was over.

### ACTIONS NOT INCLUDED IN THIS PLAN

Not included in this Plan are two actions that I support in principle but that need not or cannot be accomplished by means of a Reorganization Plan. First the Commission, as part of its implementation of this reorganization, can and should establish an internal entity to help oversee the performance of the agency as it operates under the Chairman's direction. This action does not require a Reorganization Plan. Second, I have consistently favored funding assistance to intervenors in regulatory proceedings. This is particularly important in the case of nuclear safety regulation. I therefore encourage the Commission to include consideration of intervenor funding as part of its review and upgrading of the licensing process, as called for by the Kemeny Commission. I have also requested Congress to appropriate funds for this purpose. This activity cannot be authorized by a Reorganization Plan.

### NO ADDED COSTS

This proposed realignment and clarification of responsibilities would not result in an increase or decrease of expenditures. But placing management responsibilities in the Chairman would result in greater attention to developing and implementing nuclear safety policies and to strict enforcement of the terms of licenses granted by the Commission.

Each of the provisions of this proposed reorganization would also accomplish one or more of the purposes set forth in 5 U.S.C. 901(a). No statutory functions would be abolished by the Plan; rather they would be consolidated or reassigned in order to improve management, delivery of services, execution of the law, and overall operational efficiency and effectiveness of the Commission.

By Executive Order No. 12202, dated March 18, 1980, I established a Nuclear Safety Oversight Committee to advise me of progress being made by the Nuclear Regulatory Commission, the nuclear industry, and others in improving nuclear safety. I am confident that the present Reorganization Plan, together with the other steps that have been or are being taken by this Administration and by others, will greatly advance the goal of nuclear safety. It would permit the Commission and the American people to hold one individual—the Chairman—accountable for implementation of the Commission's policies through effective management of the Commission staff. Freed of management and administrative details, the Commission could then concentrate on the purpose for which that collegial body was created—to deliberate on the formulation of policy and rules to govern nuclear safety and to decide or oversee disposition of individual cases.

JIMMY CARTER.

THE WHITE HOUSE, *March 27, 1980.*

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## REORGANIZATION PLAN NO. 1 OF 1980

Prepared by the President and submitted to the Senate and the House of Representatives in Congress assembled March 27, 1980, pursuant to the provisions of chapter 9 of title 5 of the United States Code.

### NUCLEAR REGULATORY COMMISSION

Section 1. (a) Those functions of the Nuclear Regulatory Commission, hereinafter referred to as the "Commission", concerned with:

(1) policy formulation;

(2) rulemaking as defined in section 553 of title 5 of the United States Code;

(3) adjudications, as defined in section 551 (6) and (7) of title 5 of the United States Code;

shall remain vested in the Commission. The performance of any portion of those functions may be delegated by the Commission to a member of the Commission, including the Chairman of the Nuclear Regulatory Commission, hereinafter referred to as the "Chairman", and to the staff through the Chairman.

(b) (1) With respect to the following officers or successor officers duly established by statute or by the Commission; the Chairman shall initiate the appointment, subject to the approval of the Commission; and the Chairman or a member of the Commission may initiate an action for removal, subject to the approval of the Commission:

(i) Director of Nuclear Reactor Regulation;

(ii) Director of Nuclear Material Safety and Safeguards;

(iii) General Counsel;

(iv) Secretary of the Commission;

(v) Director of the Office of Policy Evaluation;

(vi) Director of the Office of Inspector and Auditor;

(vii) Chairman, Vice-Chairman and Members of the Atomic Safety and Licensing Board Panel, and

(viii) Chairman, Vice-Chairman and Members of the Atomic Safety and Licensing Appeal Panel.

(2) The Chairman shall also initiate the appointment of the Members of the Advisory Committee on Reactor Safeguards which shall take effect upon the approval of the Commission. The provisions for appointment of the Chairman of the Advisory Committee on Reactor Safeguards and the term of the members shall not be affected by the provisions of this Reorganization Plan.

(c) The Commission shall act as provided by subsection 201(a)(1) of the Energy Reorganization Act of 1974, as amended (43 U.S.C. 5841 (a) (1)) solely in the direct performance of functions of the Commission, described in subsections (a) and (b) of this section, and only when such functions have not been delegated pursuant to subsection (a) of this section.

(d) Each member of the Commission shall continue to appoint, remove and supervise the personnel employed in his or her immediate office.

Section 2. (a) All other functions of the Commission, not specified by section 1 of this Reorganization Plan, are hereby transferred to the Chairman. The Chairman, in the performance of such functions, shall be the principal executive officer and shall:

(1) exercise all of the executive and administrative functions of the Commission, including the appointive powers of the Chairman as provided by this Plan and the supervision of personnel employed under the Commission;

(2) distribute business among such personnel and among administrative units and offices of the Commission;

(3) determine the use and expenditure of funds of the Commission; and

(4) prepare and submit to the Commission for its consideration and approval—

(i) proposals for the reorganization of the major offices within the Commission;

(ii) the budget estimate for the Commission; and

(iii) the proposed distribution of appropriated funds according to major programs and purposes.

The Chairman as principal executive officer shall be governed by the general policies of the Commission and by such regulatory decisions, findings, and determinations, including those for reorganization proposals, budget revisions and distributions of appropriated funds, as the Commission may by law, including this Plan, be authorized to make.

(b) The Chairman shall be responsible for assuring that the staff under the Chairman's direction is responsive to the requirements of the Commission in the performance of the functions continued in the Commission by section 1 of this Reorganization Plan.

(c) There is hereby transferred to the Chairman the function of appointing and removing, without any further action by the Commission, all officers and employees under the Commission other than those whose appointment and removal are specifically provided for by subsections 1 (b) and (d) of this Reorganization Plan. In exercising such function, the Chairman shall consult with other members of the Commission as the Chairman deems appropriate.

(d) The Chairman shall delegate the function of appointing, removing, and supervising the staff of the following offices or successor offices to the respective head of such offices: General Counsel, Secretary of the Commission, Office of Policy Evaluation, Office of Inspector and Auditor. The Chairman shall delegate the function of appointing, removing and supervising the staff of the following panels and committee to the respective Chairman thereof: Atomic Safety and Licensing Board Panel, Atomic Safety and Licensing Appeal Panel and Advisory Committee on Reactor Safeguards.

Section 3. (a) Notwithstanding section 1 of this Reorganization Plan, there are hereby transferred to the Chairman all the functions vested in the Commission pertaining to an emergency at a particular facility or concerning materials licensed or regulated by the Commission, including the functions of declaring, responding, issuing orders, determining specific policies, advising the civil authorities and the public, directing and coordinating actions relative to such emergency incident.

(b) The Chairman may delegate the authority to perform such emergency functions, in whole or in part, to any of the other members of the Commission. Such authority may also be delegated or redelegated, in whole or in part, to the staff of the Commission.

(c) In acting under this section, the Chairman, or other member of the Commission delegated authority under subsection (b), shall conform to the policy guidelines of the Commission. To the maximum extent possible under the emergency conditions, the Chairman or other member of the Commission delegated authority under subsection (b), shall inform the Commission of actions taken relative to the emergency.

(d) Following the conclusion of the emergency, the Chairman, or the member of the Commission delegated the emergency functions under subsection (b), shall render a complete and timely report to the Commission on the actions taken during the emergency.

Section 4. (a) The Chairman may make such delegations and provide for such reporting as the Chairman deems necessary. The head of any component organization within the Commission may communicate directly to the Commission, or to any member of the Commission, whenever in the view of such officer, a critical problem of public health and safety or common defense and security is not being properly addressed.

(b) The Executive Director for Operations shall report to the Chairman and shall be responsible for such functions as the Chairman shall direct.

(c) The functions of the Directors of Nuclear Reactor Regulation, Nuclear Material Safety and Safeguards, and Nuclear Regulatory Research of reporting directly to the Commission is hereby transferred so that such officers report to the Chairman, or as directed by the Chairman. The function of receiving such reports is hereby transferred from the Commission to the Chairman.

(d) The heads of the Commission level offices or successor offices, of General Counsel, Secretary to the Commission, Office of Policy Evaluation, Office of Insoector and Auditor, the Atomic Safety and Licensing Board Panel and Appeal Panel, and Advisory Committee on Reactor Safeguards shall ocntinue to report directly to the Commission and the Commission shall continue to receive such reports.

Section 5. The provisions of this Reorganization Plan shall take effect October 1, 1980, or at such earlier time or times as the Persident shall specify, but no sooner than the earliest time allowable under section 905 of title 5 of the United States Code.

## AMENDMENTS SUBMITTED FOR PRINTING

## AUTHORITY TO SELL OBSOLETE VESSELS—H.R. 4088

### AMENDMENT NO. 1688

(Ordered to be printed and to lie on the table.)

Mr. MAGNUSON submitted an amendment intended to be proposed by him to H.R. 4088, an act to authorize the Secretary of Commerce to sell two obsolete vessels to Coast Line Co., and for other purposes.

Mr. MAGNUSON. Mr. President, the amendment I am introducing to amend H.R. 4088 is very simple and is consistent with prior Senate action during this Congress on these obsolete vessels.

Mr. President, there are presently seven vessels in the Government's obsolete fleet which are capable of conversion and use in the fisheries. The bill, H.R. 4088, deals with only two of these vessels. It provides for the open, competitive bidding on these vessels—which is the proper manner for disposing of them. However, the other five vessels should also be dealt with in this manner and in the same bill. The Senate in its passage of S. 1656, the National Fishery Development Act, during the last session agreed and provided for competitive bidding on all seven vessels. This is the proper approach. My amendment merely deals with all seven of these vessels the same way the Senate did earlier. My amendment does, however, acknowledge the House version's requirements regarding the citizenship requirements of potential purchasers, and the use of formerly purchased obsolete vessels in the fisheries.

## NOTICES OF HEARINGS

### SUBCOMMITTEE ON ECONOMIC STABILIZATION

● Mr. RIEGLE. Mr. President, on Thursday, April 3, 1980, the Subcommittee on Economic Stabilization will hold an oversight hearing on the effect of expanding Japanese automobile imports on the domestic economy.

The complete list of witnesses has not been finalized. However, Dr. George Eads, a member of the Council of Economic Advisers has agreed to testify and will discuss the Council's estimates of the domestic employment, inflation, and energy consumption effects that would result from a reduction in imports.

The hearing will be at 10 a.m. in room 5302 of the Dirksen Senate Office Building. Questions concerning the hearing may be addressed to Thomas Dernburg, staff director of the Subcommittee on Economic Stabilization, at 224–3608.●

### SUBCOMMITTEE ON ENERGY CONSERVATION AND SUPPLY

● Mr. DURKIN. Mr. President, the Subcommittee on Energy Conservation and Supply of the Committee on Energy and Natural Resources has scheduled a hearing on the Community Energy Act (not yet introduced) in Durham, N.H.

The hearing will be held on Saturday, April 12, 1980 starting at 9 a.m. at the

New England Center, University of New Hampshire, Durham, N.H.

## ADDITIONAL STATEMENTS

### THREE MILE ISLAND—ONE YEAR LATER

● Mr. HEINZ. Mr. President, 1 year ago both national and international attention were focused on Middletown, Pa. by the malfunction of the Three Mile Island nuclear powerplant. This accident, which brought the unthinkable fear of a nuclear meltdown (at a commercial nuclear powerplant) closer to reality than ever before, dramatically demonstrated the need to carefully reevaluate the ability of the Federal regulatory system to insure the protection of the health and safety of the public from the dangers of nuclear power generation. One year after the accident, I believe that it is important to review what progress has been made toward improving the effectiveness of our Nation's nuclear regulatory program.

The accident at Three Mile Island has spawned more than a half dozen investigations of what went wrong and how a recurrence can be prevented. At or near the top of the list of recommendations made by those investigations which have been completed is that the Nuclear Regulatory Commission be restructured in a manner that clarifies the emphasis that must be placed on public health and safety considerations. In responding to the report issued by the Kemeny Commission, President Carter promised to present to Congress a reorganization plan for the Nuclear Regulatory Commission. Such a plan was proposed only yesterday, but fails to give the Advisory Committee on Reactor Safeguards the authority to intervene in Commission proceedings, which I proposed last December. This is an essential element in effective oversight of the NRC.

Another recommendation of the Kemeny Commission was to establish an independent board to oversee the actions of the Nuclear Regulatory Commission and the nuclear industry and to monitor the progress toward improving the protection of the health and safety of the public. Just last week, President Carter announced that he signed an Executive order establishing this body. The delay of 6 months since the Kemeny report recommended this action is inexplicable and inexcusable.

The effectiveness of the nuclear regulatory program is hampered by unreasonably low limits on the amount which violators of the regulations may be fined. The Senate took action last year in the Nuclear Regulatory Commission Authorization Act to raise the per violation fine limits and eliminate the monthly maximum fine limit. Unfortunately, this legislation has been tied up in conference since December.

In addition to the amendments to the fine limits the authorization legislation contains additional funding for the resident inspector program which will enable NRC to put an inspector onsite at every operating nuclear powerplant across the country to monitor operations on a daily basis. It is imperative that the conference resolve the differences between the House and Senate bill as rapidly as possible so that these significant improvements can be implemented.

While the events at Three Mile Island do not make the front page of national newspapers as they did 1 year ago, they are of equal significance to the residents of the area. The Metropolitan Edison Co. has requested permission from the Nuclear Regulatory Commission to vent radioactive gas that was trapped in the containment building at the time of the accident. Estimates of the radioactive level in the containment building have gone as high as 50,000 curies. The NRC has held several meetings in the Middletown area to discuss the options for dealing with the radioactive gas problem, and in the course of these meetings has discovered that the residents of the area harbor a deep mistrust of the agency and its commitment to protecting the health and safety of the public.

In fact, during a Senate hearing last week Nuclear Regulatory Commission Chairman John Ahearne cited the mistrust of the area residents as "the major obstacle" to the cleanup operation at Three Mile Island. I believe that it is imperative that NRC establish and maintain open channels of communications with the residents of the Middletown area throughout the cleanup procedure.

The sensitivity to health and safety considerations among residents of the Middletown area should serve as a model for the framework in which we should evaluate our national nuclear program. The future of nuclear energy will be determined by the nuclear industry's and the Government's ability to respond positively to improving the protection of public health and safety. Achieving this goal must be a priority for the President and Congress, and on this anniversary of the accident at Three Mile Island I urge the President and my colleagues to redouble their efforts to take the actions necessary to insure that the protection of public health and safety is the priority of our nuclear program. Without strong leadership from the Government the changes in the Nuclear Regulatory Commission will not be implemented and the regulatory program will continue to operate under business as usual procedures.●

### THE RETIREMENT OF ROBERT DORNIN

● Mr. HARRY F. BYRD, JR. Mr. President, Robert Dornin will retire this June after 20 years as a teacher at the Hill School at Middleburg, Va. He has been an excellent teacher. But he will be remembered for far more, especially his dedication to the preservation and protection of the environment. In recognition of his work in this important area, he was presented the 1978 Individual Award for Community Improvement by the Piedmont Environmental Council.

I ask that the text of this citation be printed in the RECORD.

The citation follows:

#### CITATION

The most significant and enduring contributions to a better environment are frequently the least publicized. Some of our Piedmont communities are blessed with individuals whose life-long personal commitment to environmental improvement serves as a quiet example for all to follow. Robert T. Dornin stands out as a special example of such an individual.

For 19 years, Bob Dornin has taught science at the Hill School in Middleburg where, through his knowledge and enthusiasm, he has instilled an appreciation and respect for the natural environment in countless students. Also by his calm and forceful leadership, he has set a personal example which remains with them permanently. For the last 8 years, he has singlehandedly operated a recycling center in Middleburg to conserve glass and aluminum, and has helped with roadside litter pickups. His noteworthy projects range across the spectrum of community interests, from establishing habitats for migratory birds to organizing annual field trips for biology students. Regardless of whether the task is large or small—whether it is organizing a community wide effort, driving the truck, or digging the hole, Bob Dornin can be counted on to do more than his part.

Over a period of two decades, Bob Dornin has demonstrated his dedication to the environment, his love of teaching, his capacity for Christian leadership and his strong community spirit. The Piedmont Environmental Council takes pleasure in presenting the 1978 Individual Award for Community Improvement to Robert T. Dornin.●

### POLITICS AND IRAN

● Mr. DOLE. Mr. President, the Senator from Kansas learned from the news media last night that President Carter plans to announce some tough new policy changes toward Iran on Monday. It is our hope that he will incorporate some of the suggestions many of us have made over the last 146 days since the hostages were first kidnaped. The Senator from Kansas wonders, however, why these new actions cannot be announced today? What changes does the President expect over the weekend in the plight of the hostages or in the attitude of either the ayatollah or the terrorists? Which primaries are scheduled for the day after the President's announcement?

Since this crisis began Republicans and most others have refrained from making the hostage crisis a partisan issue. At times like these the Nation rallies around its leader to confront the foreign dangers. As soon as the crisis began this Senator urged that our foremost concern should be for the lives of our diplomats, the need for prudence in public statements due to the volatility of the situation, and backed any firm actions the administration might take. On November 7, 3 days after the hostages were taken, I introduced a resolution in the Senate supporting the President, and the next week, as the crisis continued, sent a telegram to all Presidential candidates asking them to pledge their unity and support to the President.

#### CARTER USES THE IRANIAN CRISIS

Yet, the phenomenal swing in the political polls as the American people rallied to their President had its effect on Mr. Carter. Emerging from one of the lowest job ratings in recent times, Mr. Carter's stock soared with the primary voters and virtually eliminated the once high-flying candidacy of his chief rival. In primary after primary the President received overwhelming majorities.

But if the Iranian crisis saved Mr. Carter, his lack of any real actions or long-range policy toward the radicals in Tehran laid the groundwork for an equally sudden reversal of his political fortunes. His indecision and uncertainty has not provoked a serious danger to the lives of the hostages, but as we approach the 5-month mark and see no hope of a release coming, the American people are beginning to grow restless over an incompetent foreign policy. The President's stunning and unexpected defeats in this week's New York and Connecticut primaries prompted a serious reappraisal in the White House.

Now we are told that the President will announce—not today or tomorrow, but on Monday—a new plan of action. This plan will not feature any miracles to save the hostages—there are no easy answers or sure-fire solutions, and we all recognize that. Nevertheless, the Senator from Kansas and many others have urged, since November 4, a much tougher policy that would place some pressure on the Iranians, and provide an incentive on their side to seek an end to the crisis. A gradually stepped-up series of responses might have had the desired effect long before now. We have suggested a voluntary oil embargo, deportation of Iranians who support the new regime, a halt of U.S. trade including agricultural products, economic sanctions, a complete embargo and naval blockade. We called for these months ago. Perhaps these actions are still appropriate and will have some benefit.

The Senator from Kansas hopes whatever actions the President finally decides upon will increase the likelihood of freedom for the hostages. The Nation's foreign policy has suffered too much damage, the hostages and their families have suffered too long, and evidently the President's polls are also beginning to deteriorate. When we hear the President's announcement on the day before the vital Wisconsin primary, we will all have something to hope for.●

## THE CONFERENCE REPORT ON THE CRUDE OIL WINDFALL PROFIT TAX ACT

● Mr. LEAHY. Mr. President, I wish to voice my support for the conference report on the Crude Oil Windfall Profit Tax Act of 1980 which passed the Senate yesterday.

After months and months of hard work, heated debate, and careful compromise, I believe the bill that has finally emerged represents a sound and appropriate response to our Nation's pressing energy and economic needs.

It recognizes the need to stimulate increased domestic oil production on the one hand, and to capture revenues to promote energy conservation, alternative energy production, and expanded mass transportation facilities on the other hand. And it recognizes the need to provide assistance to those whose very well-being is threatened by soaring energy costs.

Mr. President, as a result of OPEC pricing policies, and the President's decision to lift domestic price controls, U.S. oil producers will receive an estimated one trillion dollars ($1,000,000,000,000) in windfall revenues over the next decade. This trillion dollars will come from the pockets of American consumers, and from businesses, and it will hurt.

In my State of Vermont, and the entire New England region, the pains inflicted by soaring oil prices will be especially severe. Higher oil prices for us mean not only higher gasoline costs, but also higher costs for home heating, and for electricity which is generated to a large extent by oil-fired powerplants.

Mr. President, as painful as soaring oil prices will be, they will not be a total negative because we enacted Crude Oil Windfall Profit Tax Act of 1980 yesterday.

For years we have grown accustomed to paying less for petroleum products than their true value on world markets. This has encouraged us to waste oil and gasoline; it has discouraged us from developing alternative forms of energy; and it has slowed the pace of American oil exploration and production.

We must act fast to reduce our dangerous and costly dependence on foreign oil. Higher domestic oil prices will, to some extent, hold down petroleum consumption, promote greater efforts to develop and produce alternative forms of energy, and increase the pace of domestic oil exploration and production.

But we must also face the fact that our domestic oil supply is finite. Under the most optimistic set of circumstances, we will do well to maintain our current levels of production over the next 2 decades. Petroleum production, by itself, cannot bring about American energy independence. It is tempting to dream of simple solutions to our energy problems.

The fact is that we cannot rely exclusively on conventional energy sources to meet our Nation's increasing energy demands. Nor could the range of alternative sources, even if totally utilized, meet those demands. If we continue to expect more from both conventional and alternative sources than either can supply, we will block the transition to a more balanced energy system.

Mr. President, it was, therefore, critically important that we enacted a strong windfall profit tax to capture, primarily for energy-related purposes, that portion of the trillion dollars in windfall revenues that will not contribute to increased domestic oil production. The windfall tax is needed to accelerate and assist the development and production of alternative energy sources. It is needed to encourage businesses and consumers to conserve energy to their greatest ability. It is needed to develop a national energy-efficient mass transportation system. And it is needed to assist those who simply cannot cope with soaring energy costs.

Mr. President, the proposal passed by us would raise an estimated $227 billion in revenues over the next decade. It would provide a total of $15.5 billion in tax reductions, $8.9 billion of which is in the form of tax credits for residential and business energy conservation and alternative energy production. The remainder of the revenue would be set aside for tax reductions (60 percent), energy aid to lower income families (25 percent), and energy and mass transportation programs (15 percent).

Mr. President, I support the major provisions of the windfall tax proposal, but I believe it is deficient and flawed in one major respect.

The energy needs of this country cannot be met without a massive conservation effort, and without the rapid acceleration of energy production from alternative sources. It is, I believe, unwise and shortsighted to limit the tax incentives provided for these purposes to $8.9 billion of the more than $227 billion in available revenues.

Mr. President, I believe that time and events will soon compel this body to provide increased tax incentives for conservation and alternative energy production. I will continue to advocate that course of action.

In the meantime, I have urged the adoption of the windfall conference report. Vast financial resources will be required as we gear up for the full-scale production of alternative energy sources—sources such as low-headed hydro, wood, synthetic fuels, solar, and wind.

We cannot afford to sit and wait for large-scale investment in these sources to occur. Our dependence on OPEC oil must be reduced today. This windfall profit tax is needed to insure that large-scale investment in these sources begins immediately. It is a positive first step.●

## CARTER IMPORT FEE—BURDEN ON CONSUMER

● Mr. DOLE. Mr. President, I would like to bring to the attention of my colleagues an editorial which appeared in the Wall Street Journal on March 26, 1980, entitled "Oil Flip-Flop."

In an effort to raise gasoline prices in the short run ostensibly to lessen the demand, President Carter has imposed an oil import fee of $4.62 per barrel, which is to be directly passed on to only the users of gasoline. The President has used his authority to impose the fee and establish the tax passthrough to consumers via a new regulatory entitlements program.

The following editorial points out the pitfalls in this ill-conceived program, and I ask that the article be printed in full at this point in the RECORD.

The article follows:

### OIL FLIP-FLOP

Throughout the Carter administration, and even before, one of the principal objectives of national energy policy has been trying to get rid of the entitlements system, a regulatory nightmare under which refiners of domestic oil subsidize refiners of imported oil. Now, however, the administration is proposing a new entitlements program, superimposed on the old one.

We got into the entitlements mess because the U.S. government was determined to hold the price of U.S. oil below the world price. This meant that refiners of domestic crude would have a cost advantage over refiners of imported crude. To make things "fair," the government required refiners of domestic crude to pay an entitlement for the right to refine oil. This payment was then transferred to the refiner who had to pay OPEC prices.

You don't need entitlements, or the bureaucracy that administers them, if there is only one price of oil. So a year ago the President accepted decontrol; his backers cited the advantage of ending entitlements. The "windfall profits" tax, you remember, was supposed to substitute for them. But the President stretched decontrol out into 1981 on the grounds that the price at the pump should be allowed to rise only slowly.

Now, in another of the flip-flops that have marked his administration, the President wants the price of gasoline to go up fast. But instead of speeding decontrol, he has imposed an oil import fee and directed that all of its price effects must be passed through on the part of the barrel made into gasoline. The fee once again creates a two-price oil market, and market forces may not dictate the pass-through solely on gasoline. To deal with these problems, the White House has put forth, guess what? Yes, a brand new, sparkling entitlements system.

Under this scheme, refiners would have to obtain entitlements to refine gasoline. The proceeds would be used to reimburse importers of oil for the $4.62 oil import fee collected by the Treasury. All the bizarre results of this new regulatory nightmare cannot be known in advance, if indeed the detailed regulations to implement it can ever be written. But the broad outline is as follows.

The effect will not be to discourage imports of OPEC oil, since importers will be reimbursed for the fee. Rather since the tax will fall on gasoline refiners, the effect will be to discourage the production of gasoline.

Refiners can avoid paying entitlements to the extent that they can switch production from gasoline to diesel fuel and other products. There are limits to the switching that is possible, of course, but the incentive definitely exists for the refiners to move away from the production of gasoline.

Hoping to reduce our dependence on OPEC oil, the President set out to lower the demand for gasoline by raising its price with a tax. But in the process he gave refiners an incentive to reduce the supply of gasoline, increasing the likelihood of supply tightness and gasoline lines this summer.

At the same time, he has reversed the thrust of decontrol and clamped the oil industry tighter into the regulatory vise. How the $4.62 import fee translates into an entitlement for gasoline depends on the quantities of oil imported and gasoline refined. Since this relationship is constantly shifting, and since the program itself contains incentives that affect it, the DOE bureaucrats will have years of work ahead trying to keep everything straight.

It's hard to explain a foul-up of this magnitude. If the government that believes in the windfall profits tax is after more revenues and a higher gasoline price to reduce demand for gasoline, it could simply proceed faster with crude oil decontrol.

The higher price in the market would discourage demand and also produce more oil company revenues subject to both the windfall profits tax and the corporate income tax. This approach would avoid both an incentive to produce less gasoline and a new layer of regulation.

The consequences of the oil import fee are a good indication of the way things work when regulators take over from the market. It also shows that regulators faced with being phased out are very good at phasing themselves back in. It would be wonderful indeed if somehow all this bureaucratic resourcefulness could be channeled into the production of energy.●

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## ADVISORY COMMITTEE TO 1981 WHITE HOUSE CONFERENCE ON AGING ANNOUNCED

● Mr. CHILES. Mr. President, on March 21, 1980, a 52-member advisory committee to the upcoming 1981 White House Conference on Aging was sworn in by HEW Patricia Harris.

The committee includes a broad cross-section of Americans representing business, labor, cultural, religious, and political groups, as well as individuals who work on behalf of the aged. The committee members will assist in planning, conducting, and reviewing the conference.

I join with Secretary Harris in her statement that:

> The insight and advice of these talented individuals will contribute immeasurably to the establishment of aging goals in America for the 1980's.

The 1981 White House Conference on Aging was called by President Carter and the Congress in response to the growing numbers of older Americans and the need for the development of a long-range policy for the Nation's elderly. Over 25 million Americans are 65 and older and make up more than 11 percent of the Nation's total population. By the year 2020 an estimated 16 percent of the population will be 65 and over.

Jerome R. Waldie, executive director of the conference and former U.S. Congressman from California, and his deputy Mrs. Lou Glasse, on loan from her position as director of the New York Office on Aging, are designing the conference process to provide for the greatest amount of grassroots and minority participation.

It is my understanding that the preconference activities will begin in May with local community forums, followed by individual State conferences and regional hearings. This State and local activity will culminate with 1,800 delegates to gather in Washington, in December 1981, for the national meeting. Also during the next 18 months of preconference activity, a series of miniconferences will be held to focus on special issues including work and retirement, urban and rural elderly, older women, and the minority aged.

In December, HEW announced that Mrs. Sadie T. M. Alexander, an 82-year-old attorney from Philadelphia (the first black woman in the United States to receive a Ph.D.) will chair the conference and that conference cochairpersons are: Dr. Arthur Flemming, former U.S. Commissioner on Aging and chairman of the 1971 conference; Dr. Bernice Neugarten, psychology professor and gerontologist, Chicago, Ill.; Mrs. Lupe Morales, a community activist for Hispanics, Los Angeles, California; and Dr. Ellen Winston. home health services advocate and former U.S. Commissioner on Welfare, Raleigh, N.C.

The chairperson and cochairpersons will serve as members of the advisory committee. The other members of the committee sworn in by Secretary Harris, are:

Robert M. Ball, former U.S. commissioner of social security, Alexandria, Va.

Morrison H. Beach, chairman of the board and chief executive of Travelers Corporation, Hartford, Conn.

Mother Bernadette, administrator of homes for the aged and infirm for the Congregation of the Carmelite Sisters for the Aged and Infirm, Trumbull, Conn.

Dr. Virginia Boyack, social gerontologist, Valencia, Calif.

Cyril Brickfield, executive director of the National Retired Teachers Association and the American Association of Retired Persons, Washington, D.C.

Anna Brown, executive director of the Cleveland Mayor's Commission on Aging, Cleveland, Ohio.

Bertha Brown, community activist and former executive director of Our Neighbor Civic Association, Philadelphia, Pa.

Cyril Carpenter, president of the Minnesota Farmers Union, Minneapolis, Minn.

Dr. Margaret Clark, author of Culture and Aging and professor of anthropology, Kentfield, Calif.

Jacob Clayman, president of the National Council of Senior Citizens, Bethesda, Md.

Homer Cunningham, president and chairman of the board of Progressive Medical Group, Inc. and a regional vice president of the American Health Care Association, Virginia Beach, Va.

Bina Davis, director of a two-county Retired Senior Volunteer Program in Missouri, Bethany, Mo.

Dr. Michael DeBakey, recipient of the President's Medal of Freedom With Distinction, president of the Baylor College of Medicine and expert in cardiovascular diseases, Houston, Tex.

Monsignor Charles Fahey, past president of the American Association of Homes for the Aged, Bronx, N.Y.

David Gee, president of the Jewish Hospital of St. Louis, St. Louis, Mo.

Dr. William Gee, dentist and president of the board of directors of the On Lok Senior Health Services, San Francisco, Calif.

Georgia Neese Clark Gray, former United States treasurer, Topeka, Kan.

Elvina Gray Bear, secretary of the Standing Rock Tribal Council, Fort Yates, N.D.

Nancy Hanks, member of the board of directors of Continental Oil and a trustee of Duke University, Washington, D.C.

Helen Hayes, "first lady" of the American Theatre, Nyack, N.Y.

Dr. Aaron Henry, chairman, National Caucus on the Black Aged, civil rights advocate and member of the Mississippi State Legislature, Clarksdale, Miss.

Harry Holland, former district Social Security administrator, Phoenix, Ariz.

Marshall Holleb, chairman of the Illinois State Council on the Aging, Chicago, Ill.

Margaret Jacks, former director of the Florida Bureau on Aging, Tallahassee, Fla.

William Kieschnick, vice chairman of the board of Atlantic Richfield Company, Los Angeles, Calif.

Margaret Kuhn, founder of the Gray Panthers, Philadelphia, Pa.

Dr. Inabel Lindsay, retired professor of gerontology and social worker, Washington, D.C.

Dr. Helena Lopata, expert on widowhood, Evanston, Ill.

Olga Madar, first female vice president of the United Auto Workers Union, retired, Detroit, Mich.

Florence Mahoney, advocate for the creation of the National Institute on Aging, Washington, D.C

Ernesto Martinez, former government consultant to Puerto Rico and former social service agency director, New York, N.Y.

Dr. Benjamin Mays, president emeritus of Morehouse College and president of the Atlanta Board of Education, Atlanta, Ga.

Dr. Margaret Ohlson, expert in nutrition, retired, Seattle, Wash.

Dr. Masako Osako, sociologist and expert on elderly Japanese-Americans, Chicago, Ill.

Esther Peterson, President Carter's adviser on consumer affairs, Washington, D.C.

Dr. Eric Pfeiffer, author of Behavior and Adaptation in Late Life and professor of psychiatry, Tampa, Fla.

Gloria Saca, director of the Lower Rio Grande Valley Area Agency on Aging, Edinburgh, Tex.

James Sykes, chairman of the Wisconsin Board on Aging, Madison, Wis.

Bert Seidman, director of the AFL-CIO Social Security Department, Falls Church, Va.

Dr. Herbert Shore, author and an executive of the Dallas Home for the Jewish Aged, Dallas, Tex.

Dr. Virginia Stone, professor emeritus, Duke University, gerontology consultant, Durham, N.C.

Anthony Thomopoulos, ABC television executive, Chappaqua, N.Y.

Dr. Annie Wauneke, Navajo Indian and former adviser to the U.S. surgeon general on Indian health of older persons, Ganado, Ariz.

Dr. Robert Weaver, author and former secretary of Housing and Urban Development, New York, N.Y.

Dr. Cynthia Wedel, deputy national volunteer consultant, Blood Services of the American Red Cross, Alexandria, Va.

Sara-Alyce Wright, executive director of the U.S. Young Women's Christian Association, New York, N.Y.

Coleman Young, mayor of Detroit, Detroit, Mich.

Non-voting members are: William Kerrigan, general secretary of the International Federation on Aging, Bethesda, Md., and one representative each from the World Health Organization and the United Nations.●

## THE WINDFALL PROFIT TAX ACT

● Mr. DOLE. Mr. President, the Senator from Kansas voted against the windfall profit tax yesterday not because he is against all taxes on oil production during the period of decontrol and certainly not because he wants to defend the big oil companies. This Senator accepts the need for some tax to help fund the development in this country of alternate sources of energy. In fact, the Senator from Kansas worked for 11 months in the Finance Committee, on the floor of the Senate, in conference and again on the Senate floor to mold a tax that would be good energy policy.

This Senator voted in the Finance Committee for a tax of $138 billion on the oil industry. That bill exempted newly discovered oil from the tax and exempted small independent stripper production. It also did not tax many royalty owners on stripper properties.

The Senator from Kansas also voted for the $178 billion windfall profit tax bill that passed the Senate last December. That bill exempted from the tax the first 1,000 barrels per day of independent production and only placed a 10 percent tax on newly discovered oil. This would have been the largest tax ever placed on a single industry in the history of this country, but I considered it to be, on balance, an appropriate response to our energy crisis.

The bill that resulted from the weeks of conference work lacked this balance. While some parts of H.R. 3919 are important improvements in the current tax law, the bill as a whole will slow this country's move toward energy independence and will make more difficult the attempts of this Senator to slow the perilous growth of the Federal Government.

It should be recalled that when this tax was first proposed by the Carter administration last April it estimated that it would raise a mere $3.8 billion through 1982. The House-passed bill, using the then current assumptions, would have raised $105 billion from 1980 to 1990. The Finance Committee bill, using then current assumptions, would have raised $138 billion over the next decade. Over the same period, the Senate-passed bill raised the Federal take to $178 billion. The final conference report would increase it $50 billion more. In each case the administration professed a need for the added revenue.

### REDUCED DOMESTIC PRODUCTION

Perhaps the most significant reason why the windfall profit tax bill is bad energy policy is that it will greatly reduce future domestic oil production. Price controls on oil have tended to increase consumption and decrease production. Removing the controls was intended to correct this problem. Decontrolling crude oil production and imposing a tax will tend to lower consumption because prices paid by consumers will be raised. The tax, however, will decrease the new production that otherwise would result from decontrol.

The tax will lessen the economic incentives in exploration and, more importantly, greatly reduce the capital available to those who would look for new oil. Some have estimated this loss in new production to be as much as 1.5 million barrels per day by 1990. This is 1.5 million barrels per day that we will have to buy from undependable foreign countries at inflated prices. In the opinion of the Senator from Kansas, we simply cannot afford to lose this production. The serious negative effects of this on our economy and the aspirations of our citizens are obvious.

### BURDENS INDEPENDENT PRODUCERS

The final version of the windfall profit tax will not burden small independent producers as much as the administration or the House would have liked. Still it does require those small companies to pay a heavy toll. Independents traditionally reinvest in exploration 105 percent of their profits. They drill most of the wildcat wells in this country and find a large amount of the oil. By taking away some of the money that would have been used for exploraation, this tax will diminish domestic exploration activity and thus production.

### BURDENS NEWLY DISCOVERED OIL

The bill passed by Congress imposes a heavy 30-percent tax on all new production. It is incredible that some can argue that a "windfall" exists on production that has not even been discovered. If we are to become energy independent, we must maximize, not lower. the incentives for finding new oil.

### TAX WILL BE PAID BY CONSUMERS

Another factor that compelled the Senator from Kansas to vote against the conference report was his belief that the windfall tax will ultimately be borne by the American consumers. That was not the intent of the Finance Committee nor the Senate when the tax was originally approved. In proposing the windfall profit tax, the Carter administration theorized that it would not be passed on in higher crude oil prices, because OPEC, not the domestic oil industry, sets world oil prices. Thus, it was reasoned that the windfall tax could reclaim a portion of the OPEC-set price for crude oil, without leading to higher prices of domestic petroleum products.

Many, including this Senator, have come to doubt this theory. Given the market power of the major oil companies and their integrated operations, it seems reasonable to expect that these companies will be able to shift the burden of the windfall tax forward through their refining and retail operations to consumers of petroleum products. Of course small nonintegrated independent producers and royalty owners do not have the same market power to pass the tax along. Nevertheless, even these groups may be able to pass on the windfall tax if domestic crude oil prices rise to compensate for the tax. Virtually all experts concede that the tax will be passed on if the President imposes restrictions on imported oil as he has announced he will do.

Not only is this tax likely to be ultimately paid by American consumers, but it does not extract a dime of tax from the enormous profits that the multinational oil companies earn on the oil they produce outside the United States.

### UNFAIR TO ROYALTY OWNERS

Another extremely important factor in this Senator's opposition to the conference report is the unfair treatment the bill accords the approximately 2 million small royalty owners throughout the United States. Under the conference bill these royalty owners are subjected to the full rates of tax: 70 percent on upper and lower tier oil, and 60 percent on stripper oil. Royalty owners will not benefit from the special rates provided independent producers, but rather have to pay the same tax rates as Exxon and the other oil giants. This tax will dramatically reduce the amount of royalties received by royalty owners. On stripper oil, for example, the royalty payment per barrel would be slashed by about 36 percent. The majority of these royalty owners are small farmers or landowners and many are retired persons dependent on royalties to supplement social security payments.

Domestic oil production will be adversely affected if these landowners postpone new leasing until after the termination of the windfall tax. Because small royalty owners were largely ignored when this tax was shaped, the

Senator from Kansas is disappointed that the Senate rejected his motion to refer the conference report to the Finance Committee to consider the effect this tax will have on small royalty owners. Hopefully, this problem can be promptly addressed in subsequent legislation.

### MORE BIG GOVERNMENT

The windfall profit tax bill is also troubling because it vastly increases the size of the Federal Government at a time when the Senator from Kansas and many of his colleagues strongly believe that we should be shrinking not expanding the burden from Washington. The $13 billion in tax increases for fiscal 1981, for example, is in addition to $55 billion in other new taxes that the American people are asked to bear by the Carter administration.

The full amount of this tax, $227 billion over the next 11 years, will be used to fund new Federal spending programs, many of which we do not need. It is inconsistent, in the opinion of this Senator, to preach fiscal restraint on the floor of the Senate and then to turn around and vote to greatly expand the size of the Federal Government.

Because of the windfall profit tax, the real beneficiary of decontrol is going to be the Government in Washington. For each $100 of additional income to a corporate oil producer that results from decontrol of old oil, for example, $73 will go to the Federal Treasury from assorted taxes. The State's share will be $13.20. The producers will only receive about $13.80. Although not as dramatic, the same is true of noncorporate producers and for other kinds of oil. Clearly if anyone will receive a windfall it is the Federal Government.

### CONSTITUTIONAL DOUBTS

In addition serious questions have been raised about the constitutionality of this bill. If this is an "indrect tax" as it purports to be, it may not be geographically uniform as the Constitution requires. It may also be attacked for treating some Americans more harshly than others without adequate public purpose. Surely the courts will take a close look at this in the coming months.

### POSITIVE PROVISIONS OF BILL

Even though the Senator from Kansas ultimately concluded that he could not vote for the windfall profit tax, there are many positive provisions in the bill that he is proud to have helped shape. For example, the conference report contains an important first step in reducing the tax bias against savings by providing that up to $200 ($400 for joint returns) in interest on savings and dividends can be excluded from income taxation. This provision was originally coauthored by this Senator, the Senator from Texas, Mr. BENTSEN and the Senator from Georgia, Mr. TALMADGE. It is absolutely essential that we do everything we can to reverse the alarming downturn in personal saving in America. We now have one of the lowest saving rates of any country in the industrialized world and the lowest in our history. Increased personal savings will facilitate expanded capital improvement of American industry, and will boost productivity.

The Senator from Kansas is also proud to have coauthored the provision in H.R. 3919 which repeals the onerous and misguided carryover basis rules. For several years this Senator has worked closely with the Senator from Virginia, Mr. BYRD, to delay the effective date of the carryover basis provision and ultimately to repeal it. Under the carryover basis rules, the tax basis of a descendant's property would be "carried over" to his heirs for purposes of determining any gain or loss upon the sale of such property.

This rule has proven to be a complicated disaster. The complexities of the rule defy even the most sophisticated tax practitioners and would necessitate extremely burdensome recordkeeping. Moreover, with the carryover basis rule, the cumulative effect of Federal estate taxes, State death taxes, and Federal and State income taxes imposed on an estate might consume nearly all of the assets. The Senator from Kansas was deeply concerned that this harsh result would have a profoundly detrimental effect on many farmers and small businesses.

The Senator from Kansas is also pleased to be associated with a number of the tax credits in H.R. 3919 which are designed to foster greater conservation of energy and increased reliance on alternative energy sources such as solar, wind, geothermal, ocean thermal, biomass, coal, and hydroelectric energy. The tax incentives for expanded production and use of gasohol are of particular importance to this Senator. The comprehensive package of tax incentives for gasohol that the Senator from Kansas authored should provide a substantial impetus to the development of this vital alternate energy source.

Finally, the Senator from Kansas would like to note that the low-income energy assistance provisions in the windfall profit tax bill had his full support throughout the debate on the bill. Although it was essential for this country to decontrol crude oil prices, we must be vigilant to protect the poor and the elderly from any undue hardship that may arise as a result of the decontrol program.●

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## HYDROELECTRIC POWER GENERATION

● Mr. DURKIN. Mr. President, 2 years ago I succeeded in getting enacted a 3-year, $330 million authorization program to speed the development and construction of small-scale hydro at existing dams. This year, the Senate passed my legislation substantially increasing the investment tax credit for small-scale hydroelectric property. Now is the time to pursue aggressively the cost savings of hydroelectric generation.

A recent report by the Army Corps of Engineers confirms that over 325,000 gallons of oil per year could be saved by retrofitting the Jackson Mills Dam site in Nashua, N.H., for hydroelectric generation. As oil prices quickly approach a dollar per gallon this will mean a tremendous savings for the citizens of Nashua. In fact, a conservative estimate is that this hydro facility could cut Nashua's tax rate by $2.40 per thousand, surely a welcome change in this day of spiraling taxes and double digit inflation.

For the past 4 years, I have consistently led the fight in the Senate for the development of renewable energy sources. The United States is at the empty and expensive end of the oil pipeline; we must reduce our dangerous dependence on high-cost fossil fuels. Solar, wood, wind, and hydroelectric power generation hold the key to our energy self-sufficiency.

Hydroelectric generation is feasible now. The industrial revolution had its beginning on the waterways of New England. The rivers are still there and, in many cases, the dams are still there. The Jackson Mills Dam is just one example of this untapped potential.

I would like to commend Nashua Mayor Maurice "Mo" Arel and the Nashua City Council for their untiring efforts to restore the considerable savings to the Nashua taxpayers of hydroelectric power generation.

I ask that the executive summary of the Jackson Mills Dam hydro feasibility study be printed in the RECORD.

The material follows:

### EXECUTIVE SUMMARY

This study of hydroelectric development at Jackson Mills and Mine Falls Dams in Nashua, New Hampshire, is contained in two volumes: Volume 1—Jackson Mills Dam and Volume 2—Mine Falls Dam.

This report, Volume 1, has determined that reinstallation of hydroelectric power at Jackson Mills Dam is feasible. The New England Division's role in the project was to give technical assistance to the City of Nashua. This reconnaissance report will form the basis for any additional actions taken by the city for hydroelectric development.

Hydroelectric power was generated at Jackson Mills Dam until the 1950's. Then, cheap oil became readily available and the generating equipment was scrapped. The region's current dependence on expensive imported oil, however, has aroused new interest in using New England's numerous rivers for hydroelectric power. Senator John A. Durkin of New Hampshire requested this study of hydroelectric feasibility to once again use Jackson Mills Dam to generate electricity. Specific authority is contained in a resolution, dated 6 December 1978, by the U.S. Senate Committee on Environment and Public Works.

Jackson Mills Dam was built on the Nashua River in 1920 to operate the Jackson Mills. It is located in downtown Nashua, near the public library. The dam is now used by its owners, Sanders Associates, to maintain the water level for the protection. The City of Nashua is in the process of acquiring the ownership of the dam and water rights.

Alternate sites, systems and marketing methods were evaluated during the study. Four alternatives for generating power at Jackson Mills Dam were evaluated. The architectural, aesthetic and equipment impacts were assumed to be equal for all four sites. Evaluation factors used in the decision-making process were ownership, construction access and impacts, and educational access for local groups of school children and adults.

The recommended alternative, a new powerhouse at the southern abutment adjacent to the public library, best met the evaluation criteria. This site would not have any of the ownership, construction or maintenance problems that the other sites have. Environmental impacts of the recommended alternative are expected to be short-term and minimal. The site also provides easy access for educational purposes and coordination with the library.

The powerhouse would contain two horizontal shaft propeller turbines with runners of 1500-mm diameter, each capable of passing 460 cfs through an average head of 21 feet. The installed capacity is 1,300 Kw, and the average annual energy generation is estimated to be 5,450,000 Kwh. The plant would be operated as an automatic run-of-river installation with no manned control room.

Three possible marketing methods are discussed in this report: (1) Sale to the grid system of the total power produced, (2) Wheeling of power (Paying a utility for the use of its transmission lines), (3) Installing direct transmission lines, with provisions for standby power. The first plan, sale to the grid, would appear to be the best overall marketing method.

It was assumed for this analysis that the project would be funded and managed by the City of Nashua and that power would be sold directly to the Public Service Company of New Hampshire at the established rate of 4¢/Kwh. The project is expected to have a minimum life span of 40 years.

Total capital costs of the recommended plan are estimated at $1.98 million. Annual operation and maintenance are estimated at $34,600. Revenue from the sale of power is estimated to be $218,000 annually. Using a 6-percent discount rate, the benefit-cost ratio of the recommended alternative is 1.31.

Another benefit to the city would be its ownership of an inflation-proof system: water is renewable and free. The hydroelectric power generated at the dam represents a savings in oil of 325,000 gallons each year.

Now that the Corps of Engineers' role has ended, the next step for the City of Nashua is procurement of a license from the Federal Energy Regulatory Commission (FERC).●

## ORDER TO RESCIND DEADLINE FOR FINANCE COMMITTEE TO REPORT S. 1691

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the deadline for the Finance Committee to report S. 1691 be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER FOR CERTAIN ACTION TO BE TAKEN

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senators may have until 5 p.m. today to introduce statements and bills and resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the recess of the Senate over until the convening hour next Tuesday, the Vice President of the United States, the President pro tempore of the Senate, and the Acting President pro tempore, be authorized to sign all duly enrolled bills and joint resolutions, and that the Secretary of the Senate may receive messages from the House of Representatives and the President of the United States, and that they may be appropriately referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

## AUTHORIZATION TO RELEASE CERTAIN SENATE TELEPHONE RECORDS

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a Senate resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 398) authorizing Senator Harrison A. Williams, Jr., to release certain Senate telephone records.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the resolution be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. STEVENS. Mr. President, my concern for the Senate's protection of its telephone records also focuses on an additional constitutional consideration, the constitutional right to petition for redress of grievances. In addition to documenting communications regarding legislative matters, records of Senators' telephone calls reflect communications of Senators and their staffs with individuals who wish to present their grievances to the Congress.

I believe that the right to petition, based on the first amendment, protects the right of these individuals to communicate with their representatives in Congress without fear of inquiry into their exercise of this right. The right to petition involves not only the individual's right to participate, through speech, the press, and other media, in the formation of the Nation's social and political thought, but it also involves the legislative process.

In the course of debate on the Bill of Rights, Madison, who drafted the provisions which became the first amendment, addressed the significance of the first amendment in terms of citizens' relations with Congress:

> The people have a right to express and communicate their sentiments and wishes . . . The right of freedom of speech is secured; the liberty of the press is expressly declared to be beyond the reach of their Government; the people may therefore publicly address their representatives, may privately advise them, or declare their sentiment by petition to the whole body; in all these ways they may communicate their will.
>
> (1 Annals of Cong. 738 (Gales & Seaton eds. 1789).

Madison noted that constitutional privileges encompased a variety of forms of communications, including private communication.

Since this early history, rights of expression and political participation have enjoyed a preeminent position in our constitutional and judicial history.

Courts have not been alone in their sensitivity to these rights. Congress, for example, demonstrated its concern for the right of petition by enacting a statutory provision guaranteeing unrestricted communication between members of the Armed Forces and Members of Congress 10 U.S.C. 1034 (1976). Congressional concern for Executive interference with the presentation of grievances to the legislative branch also extends to employees of the Executive or persons within the Executive who may wish to present their grievances to Members of Congress. If the Executive could inquire into the records which reflect these communications, the right to petition would be severely curtailed.

Because the right of petition is inextricably connected with the legislative process, we in the Senate must consider this aspect of citizen communication and legislative process when records reflecting such communications are sought by our coequal branches.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 398) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

Whereas, the Clerk of the United States District Court for the Eastern District of New York has issued a grand jury subpoena to an employee of the Chesapeake and Potomac Telephone Company seeking telephone toll records, subscriber records, and local unit dialing records for a telephone number assigned by the Senate to one of its members, Senator Harrison A. Williams, Jr.;

Whereas, subsequently, the United States Attorney for the Eastern District of New York, on behalf of the grand jury, by a letter to the Sergeant at Arms, an officer of the Senate, requested that the United States Senate provide these records for the period January 1, 1979, to the present, and temporarily excused the Chesapeake and Potomac Telephone Company from complying with the subpoena;

Whereas, Senator Williams has requested the permission of the Senate to voluntarily provide these records to the United States Attorney;

Whereas, by the privileges of the Senate of the United States no records of the Senate may be taken from its control or possession but by permission of the Senate;

*Resolved*, That the Hon. Harrison A. Williams, Jr., is authorized, in response to the request of the United States Attorney for the Eastern District of New York, to provide the telephone records for the number requested for the period January 1, 1979, to the present.

SEC. 2. The provision of these records pursuant to the request of the United States Attorney does not constitute a waiver of any privilege which may be asserted under the Speech or Debate Clause of the Constitution in respect to the use of these records in a judicial proceeding.

## EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nominations on the Executive Calendar beginning on page 2 with U.S. Army, through new reports, going through page 3, page 4, page 5, page 6 including U.S. Navy, and page 7 including U.S. Marine Corps, and nominations placed on the Secretary's desk in the Army, Navy, and Marine Corps.

Mr. BAKER. Mr. President, reserving

the right to object—and I will not object—the reservation is for the purpose of informing the majority leader that the items on the Executive Calendar just identified by him are all cleared on this side, and we have no objection to the consideration and confirmation of the nominations.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, therefore, that the nominations be considered en bloc and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

(The nominations considered and confirmed en bloc today are printed at the conclusion of the Senate proceedings.)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the vote en bloc by which the nominations were confirmed be reconsidered.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President of the United States be immediately notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

## LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

There being no objection, the Senate resumed the consideration of legislative business.

## AUTHORIZATION FOR COMMITTEES TO FILE REPORTS TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that committees may have until 6 p.m. today to file committee reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

## AUTHORIZATION FOR COMMITTEES TO FILE REPORTS AND CONFERENCE REPORTS ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that committees may be authorized on Monday, March 31, between the hours of 12 noon and 5 p.m., to file reports and conference reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER FOR RECESS UNTIL 11:30 A.M., TUESDAY, APRIL 1, 1980

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 11:30 a.m. on Tuesday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

## RECESS UNTIL 11:30 A.M., TUESDAY, APRIL 1, 1980

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 11:30 a.m. on Tuesday next.

The motion was agreed to; and, at 3:12 p.m., the Senate recessed until Tuesday, April 1, 1980, at 11:30 a.m.

## NOMINATIONS

Executive nominations received by the Senate March 28, 1980:

### Securities and Exchange Commission

Stephen J. Friedman, of New York, to be a member of the Securities and Exchange Commission for the remainder of the term expiring June 5, 1981, vice Roberta S. Karmel, resigned.

### The Judiciary

John David Holschuh, of Ohio, to be U.S. district judge for the southern district of Ohio, vice a new position created by Public Law 95–486, approved October 20, 1978.

Ann Aldrich, of Ohio, to be U. S. District judge for the northern district of Ohio, vice a new position created by Public Law 95–486, approved October 20, 1978.

George Washington White, of Ohio, to be U.S. district judge for the northern district of Ohio, vice a new position created by Public Law 95–486, approved October 20, 1978.

### In the Navy

The following-named (Naval Reserve Officers Training Corps candidates) to be permanent ensigns in the line or staff corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Josef W. Christ

Beverly R. Dart

Kevin P. Dopart

The following-named Navy enlisted scientific education program candidates to be permanent ensigns in the line or staff corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Alfred J. Auleta
Richard L. Bainbridge
Michael C. Coldwell
Mary Crawford
Diane A. Dewitt
Leonard F. Evans
Dale L. Goble
Thomas R. Grafton
James D. Johnson
George C. Matthews
Joseph A. Monachino
Brice C. Morich
Paul A. Muffler
John J. Panichelli
Ricky S. Powell
Thomas M. Spears
Daniel K. Steuer
Steven E. Thornton
Ronald J. Untreinner
James K. Wass
Michael Williams
Steven M. Williams
Charles L. Wood

The following-named (U.S. Naval Reserve officer) to be appointed a permanent captain in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Cesare R. Valeri

The following-named (U.S. Naval Reserve officers) to be appointed permanent commanders in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Richard A. Cahill
Richard O. Carstensen
Patrick B. Coleman
William R. Davis
Richard E. Harrison
Dennis K. Heffner
James D. Johannes
Stuart H. Myster
Agop Tashchian
Tommy Turner
James N. Woody

The following-named (U.S. Naval Reserve officers) to be appointed permanent lieutenant commanders in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Alexander V. Abary
Walter D. Ashe, Jr.
Robert P. Banka
Tony C. Bartley
John F. Beamis, Jr.
Bruce D. Beck
Charles A. Bullaboy
Michael A. Clark
Louis I. Cooper
Donnie D. Culpepper
Richard E. Danziger
James L. Gentry
Johnny R. Glenn
John R. Gorman
Robert E. Hain
Lafloyd H. Hobbs, Jr.
Robert E. Hughes
Michael E. Kilpatrick
Kenneth R. Koskella
Lee C. Krapin
James L. Larson
Thomas M. Mabee
Robert H. Malstrom
Hank H. Nakahara
Joseph K. Petway, Jr.
William R. Rowley
Robert J. Sbaschnig
Kenneth L. Sims
John R. Stamm
Theodore R. Sunder
George C. Swanson
Martin Taub
David B. Wilson, Jr.

The following-named (U.S. Naval Reserve officers) to be appointed permanent lieutenants in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

James F. Graves, Jr.
Hubert T. Greenway, Jr.
George W. Haggerson
Rogers C. Toffle

The following-named (U.S. Navy line officers) to be appointed permanent lieutenants in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Martin E. Bacon
William J. Bigham
Herbert H. Bowden, Jr.
Johnny B. Green
Richard F. Kuehne
David P. Laskoski
John M. Lawson
Luther M. Mays
Casimir Napora
Michael L. Smith
Mark K. Stevens
John H. Wilckens

The following-named (U.S. Naval Reserve officer) to be appointed a permanent lieutenant commander in the Dental Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Peter V. Rogers.

The following-named (U.S. Navy officers) to be appointed permanent chief warrant officers, W–2, in the U.S. Navy, subject to the qualifications therefor as provided by law:

Gregorio A. Contreras
Francis M. Wickersham

The following-named Navy enlisted candidates to be appointed permanent chief warrant officers, W–2, in the U.S. Navy, subject to the qualifications therefor as provided by law:

Mack L. Anderson
James M. Arnold
Clair H. Auchey
Melfred D. Calheim
Cecil C. Cox
Charles R. Dodd
Edwin F. Humes
Wallace T. Lovin
Michael D. Luepkes
Russell E. Olson
Harlod F. Thoms
Donald R. Wilbur

The following-named (U.S. Naval Reserve Chief Warrant Officer) to be appointed a permanent chief warrant officer, W–2, in the line of the U.S. Navy, subject to the qualifications therefor as provided by law:

Uwe H. K. Krumreich

The following-named temporary chief warrant officers to be appointed permanent chief warrant officers in the U.S. Navy, subject to the qualifications therefor as provided by law:

James T. Compton
Sheldon M. Schrager

The following-named (U.S. Navy officer (ret.)) to be reappointed from the temporary disability retired list as a permanent lieutenant commander in the line of the U.S.

Navy, subject to the qualifications therefor as provided by law:

Lcmdr. William J. Fulton, USN (ret.)

The following-named (U.S. Naval Reserve officers) to be appointed temporary commanders in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

Walter D. Ashe, Jr.
John F. Beamis, Jr.
Richard E. Danziger
Robert E. Hain
Michael E. Kilpatrick
James L. Larson
William R. Rowley
Robert J. Sbaschnig
Kenneth L. Sims
Martin Taub
David B. Wilson, Jr.

The following-named (U.S. Naval Reserve officers) to be appointed temporary lieutenant commanders in the Medical Corps of the U.S. Navy, subject to the qualifications therefor as provided by law:

James F. Graves, Jr.
Hubert T. Greenway, Jr.
George W. Haggerson
Rogers C. Toffie

The following-named (U.S. Naval Reserve chief warrant officer) to be appointed a temporary chief warrant officer, W-3, in the line of the U.S. Navy, subject to the qualifications therefor as provided by law:

Uwe H. K. Krumreich

The following-named chief warrant officers to be appointed lieutenants (junior grade) in the line of the U.S. Navy, for limited duty, for temporary service, subject to the qualifications therefor as provided by law:

Kameron E. Bates
Peter L. Darling
John D. Harritt
Steven J. Kelley
Philip D. McGaughey
William C. Milby
Robert S. Yoke

The following-named Navy enlisted candidates to be appointed ensigns in the line of the U.S. Navy, for limited duty, for temporary service, subject to the qualifications therefor as provided by law:

Alan M. Clock
Thomas L. Donnellan
Stephen D. Kelley

The following-named (Ex-U.S. Naval Reserve officer) to be appointed a permanent captain in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

Marion G. Peterson

The following-named (civilian college graduates) to be appointed permanent captains in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

Anthony G. Gristina
John C. Pellosie

The following-named (U.S. Navy officer) to be appointed a permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

Phillip S. Metz

The following-named (U.S. Naval Reserve officers) to be appointed permanent commanders in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

Robert C. Kingsbury
Frank S. Maruyama
Luis G. Ortiz

The following-named (civilian college graduates) to be appointed permanent commanders in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

James E. Cranford
James H. Donnell
Arnold J. Frank
D. Vertrees Hollingsworth
Robert M. Irick
Barry M. Kaufman
Truman E. Long
Donald J. Maraist
Santiago Perez, Jr.
Jack C. Siebe

The following-named (Ex-U.S. Naval Reserve officer) to be appointed a permanent commander in the Reserve, for special duty (Merchant Marine (deck)), subject to the qualifications therefor as provided by law:

Jack A. Rath

The following-named (Ex-U.S. Naval Reserve officer) to be appointed a temporary captain in the Reserve, for special duty (Merchant Marine (deck)), subject to the qualifications therefor as provided by law:

Jack A. Rath

The following-named (U.S. Naval officer) to be appointed a temporary commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

Robert J. Clubb

The following-named (Ex-U.S. Navy officer) to be appointed a temporary commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

David L. Rayl

The following-named (civilian college graduates) to be appointed temporary commanders in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

Christopher K. Holmes
Terence G. Klingele
Joost Sluis

The following-named (U.S. Navy officer) to be appointed a temporary commander in the Supply Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:
George J. Tyson, Jr.

## CONFIRMATIONS

Executive nominations confirmed by the Senate March 28, 1980:

### IN THE ARMY

The following-named officers for temporary appointment in the Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 3442 and 3447:

*To be major general*

Brig. Gen. Charles J. Fiala [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Donald R. Lasher, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John A. Hemphill, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Harry L. Dukes, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Edward A. Dinges, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Max W. Noah [redacted], Army of the United States (colonel, U.S. Army).

Brig . Gen. David W. Einsel, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Edward M. Browne, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph L. Fant III, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. James P. Maloney, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Neal Creighton [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Henry H. Harper, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James A. Williams, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Howard G. Crowell, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Roderick D. Renick, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Duane H. Stubbs [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert A. Sullivan, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Vincent M. Russo, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John D. Granger [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James E. Freeze [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Benjamin F. Register, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. James H. Johnson [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Henry Doctor, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Daniel W. French, [redacted], Army of the United States (colonel, U.S. Army).

The following-named officers for appointment in the Regular Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 3284 and 3306:

*To be brigadier general*

Brig. Gen. Roderick D. Renick, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. James H. Johnson [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Daniel W. French, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. David W. Einsel, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John A. Hemphill, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph L. Fant, III, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Duane H. Stubbs [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Harry L. Dukes, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Edward M. Browne, [redacted]

Army of the United States (colonel, U.S. Army).

Brig. Gen. Donald R. Lasher, [redacted], Army of the United States (colonel, U.S. Army).

Brig Gen. Robert A. Sullivan, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Vincent M. Russo, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James E. Freeze, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles J. Fiala, [redacted], Army of the United States( colonel, U.S. Army).

Brig. Gen. Max W. Noah, 260–42–5646, Army of the United States (colonel, U.S. Army).

Brig. Gen. Neal Creighton, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Edward A. Dinges, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James A. Williams, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. James P. Maloney, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John D. Granger, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Henry Doctor, Jr., [redacted], Army of the United States (colonel, U.S' Army).

Brig. Gen. Howard G. Crowell, Jr., [redacted] Army of the United States (colonel, U.S. Army).

Maj. Gen. Robert L. Berquist, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Benjamin F. Register, Jr., [redacted] Army of the United States (colonel, U.S. Army).

The Army National Guard of the United States officer named herein for appointment as a Reserve Commissioned Officer of the Army, under the provisions of title 10, United States Code, sections 593(a) and 3385:

*To be brigadier general of the line*

Brig. Gen. Cornelius Ottway Baker, Adjutant General's Corps, [redacted].

### IN THE NAVY

The following-named officer, having been designated for command and other duties of great importance and responsibility in the grade of vice admiral within the contemplation of title 10, United States Code, section 5231, for appointment while so serving as follows:

*To be vice admiral*

Rear Adm. Earl B. Fowler, Jr., U.S. Navy.

The following-named officer having been designated for command and other duties of great importance and responsibility in the grade of admiral within the contemplation of title 10, United States Code, section 5231, for appointment while so serving as follows:

*To be admiral*

Vice Adm. William J. Crowe, Jr., U.S. Navy.

### IN THE MARINE CORPS

The following-named brigadier general of the Marine Corps Reserve for temporary appointment to the grade of major general under the provisions of title 10, U.S. Code, section 5902:

Kenneth W. Weir

The following officers of the Marine Corps Reserve for appointment to the grade of brigadier general under the provisions of title 10, U.S. Code, section 5902:

John J. Krasovich
Ronald K. Nelson
John J. Salesses

### IN THE ARMY

Army nominations beginning Fred C. Abernethy, to be colonel, and ending John M. Wallace, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on February 26, 1980.

Army nominations beginning Dan F. Abahazy, to be second lieutenant, and ending William C. Zolp, to be second lieutenant, which nominations were received by the Senate on February 29, 1980, and appeared in the CONGRESSIONAL RECORD on March 4, 1980.

### IN THE NAVY

Navy nominations beginning Philip M. Abbott, to be lieutenant, and ending Patti A. Young, to be lieutenant, which nominations were received by the Senate on February 22, 1980, and appeared in the CONGRESSIONAL RECORD on February 26, 1980.

### IN THE MARINE CORPS

Maj. John R. Bourgeois, U.S. Marine Corps, for appointment to the grade of lieutenant colonel, pursuant to title 10, United States Code, section 6222.

Marine Corps nominations beginning Chester A. Arnold, Jr., to be second lieutenant, and ending Billy D. Martin, to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on February 26, 1980.

# HOUSE OF REPRESENTATIVES—*Friday, March 28, 1980*

The House met at 11 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

*O give thanks to the Lord, call on His name, make known His deeds among the peoples.*—Psalms 105: 1.

Gracious Lord, we confess that often we are ineffective witnesses to Your mighty acts of love in history and our own day. Yet, we ought proclaim and testify to Your creation, redemption, and all the blessings of life. Encourage us, O Lord, to be confident in the power of the truth and aware of our opportunities to speak the message of healing and reconciliation between people in our Nation and in the world.

In Your holy name, we pray. Amen.

## THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

## FIRST ANNIVERSARY OF THREE MILE ISLAND NUCLEAR ACCIDENT

(Mr. WEAVER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEAVER. Mr. Speaker, today is the anniversary of one of the sorriest events in this Nation's industrial history. It is the anniversary of the accident at Three Mile Island nuclear plant. Much is still unknown about Three Mile Island, what damage it actually did, how much radioactivity escaped. But one thing is clear, and that is that it is a financial disaster for the utility and for the people in Pennsylvania and New Jersey that the utility serves.

Hundreds of millions of dollars must now be spent to clean up the plant, further hundreds of millions of dollars to put it back into repair, although it is extremely doubtful that the plant will ever operate again.

Mr. Speaker, in a day when conservation is so much cheaper, so much more ready to deliver the energy we need, the energy savings we need, we should reevaluate the enormous cost of nuclear and whether we should proceed with a nuclear option.

## TRIBUTE TO BOB PAUL

(Mr. CLINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CLINGER. Mr. Speaker, along with everyone who knew him I was deeply saddened to learn of the death of my friend, Bob Paul, this week.

I first met Bob when I came to Washington in 1976 to serve as Chief Counsel for EDA. Bob was enormously helpful to this green country lawyer in easing my adjustment to the intricacies of this sometimes Byzantine institution.

He was a wise and unfailingly good-humored counselor to me during my tenure at EDA and I learned more about the public policy issues of economic development from Bob Paul than from any other single individual.

Since coming to the Congress, I have continued to benefit from Bob's nearly encyclopedic knowledge of economic development issues and benefited even more from his friendship.

There is, of course, no such thing as the indispensable man but Bob Paul comes very close. During the all too brief 4 years that I have been privileged to know and work with this talented and gentle man, he has worked skillfully and ceaselessly toward his vision of a better America. He will be sorely missed.

## NATION NEEDS A PRODUCTION-ORIENTED ENERGY POLICY

(Mr. SOLOMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SOLOMON. Mr. Speaker, this morning, on NBC's "Today Show," we learned that 75 Catholic sisters at a convent in Erie, Pa., have discovered a rich reserve of natural gas literally in their own backyard.

It seems these sisters wanted to help their convent and their community meet ever-rising energy bills. So they took a chance, invested $100,000 and made a discovery which will save them more than $500,000 in energy costs during the next 10 years.

Mr. Speaker, if these enterprising and dedicated sisters can find the wherewithal to produce more domestic energy, why cannot this Congress and this administration, with the resources and expertise of the entire Nation at our disposal, develop a national, production-oriented energy policy?

The American people demand and deserve an answer to that question. So let us stop our petty bickering about energy and get down to business—today.

## THE EVILS OF HIGH INTEREST RATES

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, I have recently been reviewing the almost prophetic statements of a former Member of this body who served as an economic mentor to many generations of legislators. The gentleman to whom I refer is the former chairman of the House Banking Committee, Wright Patman of Texas, who regularly warned this House about the evils of high interest.

As I reviewed Mr. Patman's statements, it occurred to me that we should try to find some way to bring his concerns to the attention of those who today govern the Nation's economic policies. Perhaps there should even be an award of some sort given to people who have failed to heed the Wright Patman prophecy—something on the order of a "Wright Patman, Where Are You When I Need You Award."

Mr. Speaker, in that regard, I would call the attention of the Members of this body to one Patman statement which might serve as the basis for such a memorial when on January 13, 1969, with the prime rate standing at 7 percent Mr. Patman stated:

> Mr. Speaker, the adverse effects of soaring interest rates on moderate income groups, the housing industry and state and local governments are widely recognized. These are the groups which have neither the resources nor the privileged access to the financial markets, to insulate themselves from the ballooning costs of obtaining funds.

## MIDSOUTH FARMERS WRITHING AS CREDIT VISE TIGHTENS

(Mr. JONES of Tennessee asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. JONES of Tennessee. Mr. Speaker, the lead story in this morning's edition of the Memphis Commercial Appeal had a headline that read: "Mid-South Farmers Writhing as Credit Vise Tightens." For those not acquainted with agricultural operations, that is an ominous sign. I am finding that the current monetary policy of the Federal Reserve Board is having a severe and debilitating effect on farmers and small businesses who depend on credit to finance their normal operations.

I have already contacted Fed Chairman Paul Volcker to express my own

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☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

reservations about the present policy of high inflation rates. The principle that we can dampen demand by raising interest rates is a two-edged sword. That policy also hits the small businessman and farmer in the operation of their businesses. It causes the farmer higher costs and he has no way to pass along those increased costs of planting, harvesting, and marketing the crop he financed with borrowed money. The small businessman can and must pass along those higher interest costs to his customers if he or she is to remain in business.

I want to emphasize that I am not talking about money borrowed to expand a small business or farm. I am talking solely about money borrowed to finance their operation. If this current high interest rate policy continues, I fear that we will see fewer products on shelves, and less crop production from our farms. These independent businessmen and farmers have no choice but to cut back. The bottom line is that there will be fewer goods and higher prices. Maybe more importantly, there will be fewer businesses, fewer farms, and less competition.

The policy of high interest rates can result in economic disaster for the many millions of small businessmen and farmers who have formed the backbone of our economy throughout our history.

## EXTENDING BY 60 DAYS EXPIRATION DATE OF DEFENSE PRODUCTION ACT OF 1950

Mr. VENTO. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Finance and Urban Affairs be discharged from further consideration of the joint resolution (H.J. Res. 520) to extend by 60 days the expiration date of the Defense Production Act of 1950, and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 520

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the first sentence of section 717(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended by striking out "March 28, 1980" and inserting in lieu thereof "May 27, 1980".

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5563, PERMITTING THE USE OF SPANISH LANGUAGE IN FEDERAL COURTS IN PUERTO RICO

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 96–859) on the resolution (H. Res. 625) providing for the consideration of the bill (H.R. 5563) to amend title 28 of the United States Code to provide that certain judicial pleadings and proceedings in the Commonwealth of Puerto Rico may be conducted in the Spanish language, and for other purposes, which was referred to the House Calendar and ordered to be printed.

## PROVIDING FOR CONSIDERATION OF H.R. 6837, PASSENGER RAILROAD REBUILDING ACT—ROCK ISLAND RAILROAD EMPLOYEE ASSISTANCE ACT

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 621 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 621

*Resolved,* That upon the adoption of this resolution it shall be in order to move, section 402(a) of the Congressional Budget Act of 1974 (Public Law 93–344) to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6837) to amend the Railroad Revitalization and Regulatory Reform Act of 1976 to authorize additional appropriations for the Northeast Corridor improvement project and to require the Secretary of Transportation to begin development of energy efficient rail passenger corridors, to provide for the protection of the employees of the Rock Island Railroad, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered for amendment by titles instead of by sections and each title shall be considered as having been read, and all points of order against said substitute for failure to comply with the provisions of clause 5, rule XXI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 6837, the Committee on Interstate and Foreign Commerce shall be discharged from further consideration of the bill S. 2253, and it shall then be in order in the House to move to strike out all after the enacting clause of said Senate bill and to insert in lieu thereof the provisions contained in H.R. 6837 as passed by the House. It shall then be in order in the House to move to insist on the House amendments to said Senate bill and to request a conference with the Senate thereon.

The SPEAKER. The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield the usual 30 minutes for debate only to the gentleman from Maryland (Mr. BAUMAN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 621 is the rule providing for the consideration of the bill H.R. 6837, the Passenger Railroad Rebuilding Act and Rock Island Railroad Employee Assistance Act of 1980. It is an open rule, which will allow all germane amendments to be offered, and it provides for 1 hour of general debate. In addition, Mr. Speaker, there are two waivers of points of order.

The first is a waiver of section 402(a) of the Budget Act. It is necessary because this bill as introduced had one section that might possibly have allowed money to be spent in this fiscal year. And, under section 402(a), any spending legislation for this fiscal year should have been reported out of committee by last May 15, which this bill was not. However, the Interstate and Foreign Commerce Committee has reported a committee substitute for the bill which completely cures the Budget Act violation, so this waiver is purely technical.

The second waiver is of clause 5 of rule XXI, which prohibits appropriations in an authorization bill. It is necessary because there is a provision in the bill making $4 million available immediately for emergency assistance to the bankrupt Rock Island Railroad. The $4 million is to come from money that has already been appropriated for other purposes, so by definition it constitutes an appropriation in an authorization. Since this is money that has already been appropriated, however, the provision does not involve increased Federal spending and this waiver is also essentially technical.

In addition to the waivers of points of order, Mr. Speaker, the rule makes in order the committee amendment in the nature of a substitute as an original bill for the purposes of amendment, and provides that the substitute will be read by titles instead of by sections. And finally, since the Senate has already passed a bill with similar provisions, the rule provides that after this bill has been passed it will be in order to insert its provisions under the Senate number and request a conference.

Mr. Speaker, this bill—the Passenger Railroad Rebuilding Act—is a very important piece of transportation legislation. The first title contains an authorization of $750 million for the Northeast Corridor improvement project. This is the amount requested by the administration in order to complete the improvement of the Northeast Corridor over the next 5 years.

The committee has carefully reviewed this program and has made a number of recommendations; it is to be commended for its excellent work. They have, for instance, identified the Baltimore and Potomac Tunnel as the major bottleneck on the route and have earmarked part of the total authorization specifically to ease the congestion in that problem area. Also, they have insured that there will be sufficient money to complete the proposed station improvement program, which is an important step in assisting the redevelopment of major urban areas in the Northeast. As the committee report points out, the 34 million people who live in urban areas along the Northeast Corridor offer a substantial market for economic development linked to rail station improvements.

The Northeast Corridor is expected to attract 20 million passengers by 1984, Mr. Speaker, and the CBO has estimated that without this Amtrak service in the corridor, each of those riders would be using 17 percent more energy per passenger mile by taking alternative transportation modes. Also, it is projected that within 5 years after completion of the improvement project its annual revenue from operations over the corridor should cover its annual operating costs.

The ultimate goals of this important project, Mr. Speaker, are to provide high-speed, energy efficient service between Washington, D.C., New York, and Boston. A great deal of progress has already been made toward achieving those goals and, with the help of this bill, they will be reached by 1985. Once they have been achieved, the Northeast Corridor will serve as a model for service throughout the Nation.

Finally, the last part of title I directs further study of 13 additional corridors, across the Nation, that might eventually be candidates for the same kind of upgrade as the Northeast Corridor, using money from the windfall profit tax. This bill does not, however, actually designate any of the corridors for improvement, nor does it authorize any money for that purpose.

The second title of the bill deals with the Rock Island Railroad, a bankrupt carrier that has been ordered by the court to initiate liquidation proceedings. Thus far, there are 17 carriers who have indicated willingness to continue rail service to over 75 percent of the present traffic, so the provisions of this title of the bill are twofold: First, to provide interim emergency assistance to insure a smooth, orderly transition and continued service to needy shippers and second, to provide labor protections for employees who are not picked up by the other carriers. The protections are similar to those that have already been provided for employees of the Milwaukee Road.

This is very important legislation to people all over the country, Mr. Speaker. It is vital for the continued viability of our passenger and freight rail service, particularly in the Northeast, the Midwest, and the South. And, it is very important for energy conservation, which affects us all.

I would urge all of my colleagues to give their strong support to this bill, and to the rule in order that the bill may be considered as soon as possible.

□ 1120

Mr. BAUMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first of all, I want to say it is nice to be here on a Friday with the Speaker and with the few other Members of the House legislating. I am sure we will all enjoy our activities today.

I commend the very adequate explanation of the rule given by the gentleman from Massachusetts, but I did want to comment on the substance of this bill as an early warning to the Members of the House. I am sure that the distinguished chairman of the subcommittee and the ranking minority member will explain it from their viewpoint; but I have some concern about what I would have to call a budget-busting bill of this nature.

Title I has certainly much to commend it to those of us who have portions of the northeast rail corridor in our districts, and in fact title I deals with the problem of the tunnel through Baltimore that has been a bottleneck for some years. But I want to call to the attention of the House that title I is held hostage to other less worthy titles of this legislation which are not related to the northeast corridor problem and which, if enacted, could cause a great many problems.

I will not comment at length on title II, dealing with the bailout of the Chicago, Rock Island & Pacific Railroad and its bankrupt state, because I am quite sure that will be addressed by the Members who are directly affected; but the very least that can be said is that issue ought to be considered on its own in a separate bill.

I do want to address myself to the title of this bill, which deals with the authorization for 13 new high speed rail passenger corridors in various parts of the United States. This is a most extraordinary type of authorization bill. It is a first in one sense, because it is the first authorization bill since the windfall profit tax passed both Houses of Congress, that seeks to begin carving up the pie produced by that bill, the $227 billion plus pie that will be produced by that tax bill.

If you will address yourselves to pages 57 and 58 of the bill, it is a most extraordinary type of authorization. It says that there are authorized to be appropriated out of the windfall profit tax proceeds. for the implementation of numerous corridor improvement projects, not to exceed $850 million to remain available, but only upon the subsequent enactment by the Congress of legislation specifically authorizing the implementation of each individual project.

Now, I am not exactly sure what this hybrid authorization means. I read it as a nearly $1 billion authorization, but not earmarked for any specific projects. That to me is not terribly good legislating.

I would call attention to the fact that the provision which I just mentioned creating 13 new rail passenger corridors is opposed by the Carter administration and only on Thursday the Secretary of Transportation, Mr. Goldschmidt, threatened that he would recommend a veto of this railroad assistance bill unless this provision of the bill is removed.

What I am saying is that the new rail corridor provision could be the first, nearly $1 billion down payment on a program that could cost at least $13 billion, if the figures are to be believed that the administration has suggested. It will probably cost many billions more.

I believe now is time, when these authorization bills come up, to nip these spendings in the bud. We are often told, "Well, you don't have to appropriate all the money, that the Congress will have a second chance on this," but here we are struggling in this Congress to bring a balanced budget to the floor and in this present bill we have the seeds of many unbalanced budgets in the future.

I hope that those who have received a fact sheet from the National Taxpayers Union in their offices this week will address the points raised there.

I also commend to them the statement of the Secretary of Transportation threatening a veto.

There will be an amendment offered by the gentleman from Minnesota (Mr. HAGEDORN) that will remove completely these new and costly rail passenger corridors from the bill. I hope that is successful.

Mr. Speaker, I have no further requests for time. I yield back the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

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## LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I have asked to proceed for 1 minute to inquire of the acting majority leader the program for next week.

Mr. MURTHA. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am happy to yield to my friend, the gentleman from Pennsylvania.

Mr. MURTHA. Mr. Speaker, the program for the House of Representatives for the week of March 31, 1980, is as follows:

On Monday the House meets at noon to take up H.R. 6837, the Passenger Railroad Rebuilding Act of 1980, to complete consideration.

□ 1130

Next we consider H.R. 5563, permit use of Spanish language in Federal courts in Puerto Rico, open rule, 1 hour.

On suspensions we have two bills and recorded votes on suspensions will be postponed until Tuesday, April 1. We have Senate Concurrent Resolution 48, accept statue of Mother Joseph, and H.R. 5410, notification to spouses of retiring Federal employees.

The Speaker intends to adjourn fairly early on Monday so that some Members can get home for the Jewish holiday.

Tuesday and Wednesday, April 1 and 2, we will have recorded votes on the suspensions debated Monday. Then we have the conference report on H.R. 3824, revenue bonds for District of Columbia Housing Finance Agency. I expect to ask to come in at 10 o'clock on that day when I am finished with the schedule and will ask unanimous consent to do so.

Then we have H.R. 6464, exchange of property between Michigan Army missile plant and Michigan Job Development Authority. Of course, that is subject to a rule being granted.

H.R. 6554, the maritime authorizations, subject to a rule.

H.R. 6614, sea grant authorizations, subject to a rule.

The conference report on S. 662, International Development Banks.

S. 2009, the Central Idaho Wilderness Act of 1979, subject to a rule.

At the close of business on Wednesday the House will adjourn until noon on Tuesday, April 15 for the Easter district work period.

The House will adjourn by 3 p.m. on Wednesday and by 5:30 on Tuesday. As I mentioned, we will adjourn fairly early on Monday.

Mr. MICHEL. Might I inquire of the gentleman whether or not that resolution of inquiry regarding the U.N. settlements, I think it was Ms. HOLTZMAN's of New York, would there be any prospect of that being on the floor next week?

Mr. MURTHA. It is my understanding that there is no plan to bring it up next week.

Mr. MICHEL. Furthermore, I see nothing in the schedule having to do with the budget resolution or the rule thereon. Do we assume from that that it is definitely put off until after the Easter recess?

Mr. MURTHA. As I understand, the budget resolution and the rule, and also the draft registration probably will be put off until after the recess.

Mr. MICHEL. I thank the gentleman.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman.

Mr. BAUMAN. Request has been made by the chairman of the Foreign Affairs Committee to grant a rule on Monday that would send the Nicaraguan aid bill to conference. Could the gentleman tell me whether there is any plan to schedule that legislation next week, the rule sending it to conference?

Mr. MURTHA. Will the gentleman yield?

Mr. MICHEL. I yield to the gentleman.

Mr. MURTHA. There are no plans to schedule that next week.

Mr. MICHEL. I thank the gentleman and yield back the balance of my time.

## ADJOURNMENT TO MONDAY, MARCH 31, 1980

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday, March 31, 1980.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I have one further question that I should have asked earlier of the gentleman from Pennsylvania. He said that votes on suspensions on Monday will be put over until Tuesday, but that does not mean there will not be a number of rollcalls on amendments to the railroad bill or other matters; is that correct?

Mr. MURTHA. Will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman.

Mr. MURTHA. That is correct.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

## ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair would like to explain that in this particular instance regarding Monday, as my colleagues know, there is a religious holiday and there are many Members of that faith who would like to get home before sundown. It is the hope that the House would adjourn on that particular day at a reasonable hour if the House has not completed the bills. If the first two bills are completed, then the House can go forward with the suspensions knowing that the rollcalls will be the following day.

## HOUR OF MEETING ON TUESDAY, APRIL 1, 1980

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that when the House convenes on Tuesday, April 1, 1980, it convene at 10 a.m.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania.

There was no objection.

## HOUR OF MEETING ON WEDNESDAY, APRIL 2, 1980

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that when the House convenes on Wednesday, April 2, 1980, it convene at 10 a.m.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

## DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

## AUTHORIZING THE CLERK TO RECEIVE MESSAGES FROM THE SENATE AND THE SPEAKER TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS DULY PASSED, NOTWITHSTANDING ADJOURNMENT

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that, notwithstanding any adjournment of the House until Monday, March 31, 1980, the Clerk be authorized to receive messages from the Senate, and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

## MR. BRZEZINSKI SHOULD RETIRE

(Mr. JOHN L. BURTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOHN L. BURTON. Mr. Speaker, I would just like to renew my request of yesterday that Mr. Brzezinski should retire from his present job and better serve the country in the private sector.

## PASSENGER RAILROAD REBUILDING ACT—ROCK ISLAND RAILROAD EMPLOYEE ASSISTANCE ACT

Mr. FLORIO. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6837) to amend the Railroad Revitalization and Regulatory Reform Act of 1976 to authorize additional appropriations for the Northeast Corridor improvement project and to require the Secretary of Transportation to begin development of energy efficient rail passenger corridors, to provide for the protection of the employees of the Rock Island Railroad, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from New Jersey.

The motion was agreed to.

### IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 6837, with Mr. HIGHTOWER in the Chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from New Jersey (Mr. FLORIO) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. MADIGAN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FLORIO).

Mr. FLORIO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, many sectors of our Nation's economy are dependent upon the continuation and improvement of vital rail service both passenger and freight. This bill is critical to the development of energy efficient transportation alternatives and continued rail freight service.

It provides funding to complete the Northeast Corridor improvement project, provides funding to begin development and engineering plans for at least 13 other rail passenger corridors throughout the country, and insures continued freight service over most of the presently bankrupt Rock Island Railroad.

Significant energy savings have been realized by providing high quality rail service in the Northeast Corridor. When completed, it will carry over 21 million passengers per year, at an enormous energy savings. Without the Northeast Corridor, each passenger would use almost 20 percent more energy by taking alternative modes of transportation.

I would also point out that it can be operated without the use of a single barrel of oil since it is electrified and the electricity can be generated by nonpetroleum sources.

Through hearings held by the subcommittee, I have become convinced that the benefits of high speed rail passenger service, as demonstrated by the Northeast Corridor, can be realized in other densely populated regions of the country.

This bill authorizes $55 million for design and engineering plans for other corridors around the country. The corridors which will be chosen are those with the greatest potential to attract riders and save energy. This bill represents sensible planning in the development of high-speed rail passenger service, with adequate congressional review at all stages of the process.

The Midwestern and Southern portions of the Nation are experiencing a rail freight crisis. The Rock Island Railroad has been ordered to liquidate over 7,000 miles of track.

This bill is similar to that approved by the Congress last year for the Milwaukee Railroad. It provides authority for other carriers to operate parts of the Rock Island at no expense to the Federal Government.

In areas where other carriers will not provide temporary service, $4 million is available for emergency targeted directed service. For employees who will not go to work for other carriers, employee protection claims are reduced, but payment is guaranteed.

This legislation is critical to many vital components of our Nation's transportation system and to many sections of our Nation's economy. Increasing petroleum costs and dependence on foreign energy sources is the greatest inflationary pressure in our economy today. If we are to plan for transportation alternatives which reduce our dependence on foreign oil, we must begin now.

☐ 1140

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. MADIGAN).

Mr. MADIGAN. Mr. Chairman, I rise in support of H.R. 6837 which contains two titles. The first includes provisions for the completion of the Northeast Corridor and for the funding of new emergency corridors.

The President has included $750 million in his budget recommendation to carry out the goals of the Northeast Corridor. We have adopted his recommendation because we think the Northeast Corridor should be completed, and only by making it clear that Congress is going to pay for that project will it be completed.

Although the project was fraught with problems during its beginning stages, many of these obstacles have been cured. The Federal Railroad Administration and Amtrak have entered into a memorandum of understanding defining their respective roles. The bill further clarifies the responsibility for track construction by vesting Amtrak within 90 days after the enactment of the bill with all the responsibility for contracting for the Northeast Corridor project track improvements. The bill also makes it clear that the entire corridor will be transferred to Amtrak as of January 1, 1985.

The emerging corridors provision likewise makes sense, Mr. Chairman. The Transportation and Commerce Subcommittee requested that Amtrak, the Federal Railroad Administration, and the Department of Transportation study various potential corridor sites. This study analyzes rail corridors under various energy scenarios. The study demonstrated that people will use reliable rail corridor service between major metropolitan centers.

H.R. 6837 requires the Secretary, upon the submission of an evaluation method, to rank the corridors listed in the bill, and any additional corridors which qualify under the method, and to submit the ranking to Amtrak. The bill also calls for a fiscal year 1981 authorization of $55 million for the development of design and engineering plans for these corridors. It is vital that the design and engineering work be accomplished prior to the authorization of construction. This is an important lesson learned from the Northeast Corridor project.

There is a contingent authorization of $850 million once the corridors have been ranked and once the design and engineering work has been done. This has been the subject of some discussion this morning between the gentleman from Maryland and the gentleman from New Jersey. This bill requires the enactment of specific legislation authorizing the corridors before any of that $850 million could be spent. The money authorized for the emerging corridors is allocated out of funds available from the windfall profit tax account. The money for the Northeast Corridor is allocated from money already in the President's budget. Neither of those things can hardly be described as being budget busting in nature. If the President chooses to revise his budget, we will certainly cooperate with him and have indicated that from the outset. However, until that happens, we think we ought to proceed with these projects.

Title II of the bill, the Rock Island Railroad Employee Assistance Act, is essential if rail service is to be provided to the citizens of the Midwest, particularly the 13 States now dependent upon the Rock Island Railroad for their free transportation service. Since going into bankruptcy, the Federal Government has spent $121 million to keep the Rock Island Railroad operating. Directed service costs taxpayers approximately $15 million a month. This bill provides for the orderly transfer of the rail lines of the Rock Island to the private sector operators and to State governments. This will result in a substantial savings to the Federal Government. At the same time it will maintain 77 percent of the service currently provided by the Rock Island Railroad.

There is a $75 million guaranteed obligation in this bill for labor protection payments to the Rock Island employees whose jobs are terminated. That is not an appropriation of Federal funds that will not be returned; it is a priority claim against the estate of the Rock Island Railroad, and it is structured exactly the same as the Milwaukee bill which we passed late last year.

With a legal cloud hanging over the operation of the Rock Island lines, the fate of many midwestern shippers is in jeopardy. We believe that we must act quickly to influence the smooth flow of commerce and to avoid the needless expenditure of more Federal funds.

At the risk of being redundant, I would like to repeat, the $750 million for the Northeast corridor is in the President's budget. The money for the Rock Island Railroad will be paid back from the estate of the Rock Island Railroad. The emerging corridors funding comes from the windfall profit tax account, but it is not appropriated in this bill, and this bill specifically requires that future legislation would be necessary before that money could be spent.

I personally appreciate the flattering remarks of the gentleman from Maryland concerning the Northeast corridor project, which with this additional three-quarters of a billion dollars will finally have cost the taxpayers over $3 billion total. I do not think it is unreasonable to consider spending less than one-third of the amount of money on 13 corridors that we have spent on 1 corridor in the Northeast sector of the country.

Mr. Chairman, I reserve the remainder of my time.

Mr. FLORIO. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan (Mr. WOLPE).

Mr. WOLPE. Mr. Chairman, I rise in support of the Passenger Railroad Rebuilding Act of 1980. I would like to pay particular tribute to the gentleman from New Jersey (Mr. FLORIO) and to the gentleman from Illinois (Mr. MADIGAN) for their coordinated leadership on this very important legislation.

As has been stated by the previous speakers, the issue before us is not whether or not we are calling for unbalancing the Federal budget. Indeed, some of the statements that have been made with respect to the dollar implications of this legislation bear no relationship to the actual substance of the language in front of us. But, more to the point, the issue is not whether or not we want to unbalance the budget, but whether we are going to begin to get our priorities straight and to adopt a series of consistent policies that can begin to address once and for all our dangerous dependence upon petroleum.

☐ 1150

It turns out that 54 percent of all the petroleum in this country goes for the sole purpose of our transportation system. If we are going to be serious about reducing our petroleum consumption nationally and, in particular, reducing our dangerous dependence upon imported foreign oil, we are going to have to address the energy inefficiency of a transportation system that captures more than half of all the petroleum this Nation consumes. Clearly, mass transit initiatives such as are proposed in this emerging corridor legislation must play a central role in any coherent national energy policy.

Mr. Chairman, I find it extraordinary, frankly, that the administration could, in the same breath, impose a fee on imported oil, ostensibly as a conservation measure, and then come right back and suggest they are going to actually cut funding for mass transit programs in this country—programs which can impact immediately upon our petroleum consumption, programs that can help us displace the petroleum that we are now consuming at such a horrendous rate.

Mr. Chairman, I submit this legislation is not out of line with either our energy requirements or our budgetary requirements. Fast and efficient inner-city corridor rail service is not a novel concept. Its utility has already been proven throughout the world. The high-speed rail services of Europe and Japan are an example of what a national commitment to excellent rail service in important city corridors can produce.

Mr. Chairman, the Northeast Corridor of the United States, which is only partially developed, has already demonstrated that good rail service can attract substantial ridership in competition with less fuel-efficient modes of transportation. The success of this system can and should be extended to other innercity rail corridors connecting major population centers. If we ignore the tremendous potential of emerging corridors, we will not only shortchange the entire rail transportation system of this country but we will also miss a major opportunity to contribute to our stated national goal of greater energy self-sufficiency.

Mr. Chairman, I hope that this House will act favorably on this leigslation and will do so expeditiously.

**Mr. MADIGAN.** Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. COLLINS).

**Mr. COLLINS of Texas.** Mr. Chairman, this bill provides $1.8 billion for railroad subsidies. The American people are asking Congress to control its spending. We talk of cutting the budget, and yet, this bill means increasing budget expenditures.

America today is suffering under an 18-percent inflation rate. This has brought on 19-percent interest rates which stifle business. At the same time it loads the average American with 42 cents in taxes out of every dollar that he earns.

It was said in the Commerce Committee that this bill would do a lot of good for America. We have done more good for America today than the average citizen can carry with 18-percent inflation and 42-percent tax burden. More good means more inflation and more taxes.

This railroad legislation should be considered as two separate bills. The section dealing with the Rock Island Railroad involves labor preferential separation. Congress already provides for all labor in this country through the social security system at retirement. Congress provides transition for unemployment through its unemployment compensation plans. But in the railroad industry, we give preferential benefits over what would be provided for any other industry. The question arises with this law about equity and fairness for all Americans who work in every walk of life.

We have a continuing problem with Amtrak. America would like to see Amtrak succeed, but year after year Amtrak's performance record is discouraging. In the Interstate Commerce Commission's Report on the Effectiveness of Amtrak, it was stated that Amtrak's operations trend has remained on a downward slide. Total expenses were 2.6 times greater than the total corporate revenues, resulting in a net loss of $619.8 million for fiscal year 1979. At the end of fiscal year 1979, Amtrak's total corporate deficit had increased from $2.5 billion to $3.1 billion.

Federal grants are the main source of funds for Amtrak, accounting for $755.9 million or 68 percent of all funds provided. For every dollar of revenue generated, Amtrak incurred $1.56 in additional expenses. The on-time performance on long distance trains was 60 percent in 1976. The on-time record gets worse each year, and Amtrak now is only 48 percent on time. This bill provides nothing to improve work rules or productivity to give labor on the railroads a greater opportunity to run the passenger trains on a profitable basis.

There is a great deal of talk about the roadbeds and good tracks are essential. But they need a different type of superior roadbed for a fast passenger train compared to the roadbed that is needed for a regular heavy freight train. Who is qualified to decide on where the money goes on installing the new rail tracks? We have been told in past years that these tracks would be provided in past budgets, but the big cost overruns have eliminated tracks.

Various studies have been made on the Northeast Corrdidor improvement project (NECIP) which noted that cost overruns and construction delays contributed to a significant reduction in the project scope than formerly anticipated.

The Federal Railroad Administrator stated before the Transportation Subcommittee that the $750 million estimate for NECIP was made on the assumption of a 7 percent inflation rate. Amtrak's president has stated that completion of NECIP would require a total authorization of $3.7 billion.

The emerging corridors section of the bill is based on a study conducted by Amtrak and the Department of Transportation. The Federal Railroad Administrator stated before the subcommittee that the data in this study is not adequate as a means of judging the undertaking of major new investments in facilities and improvements in service. This legislation authorizes almost $1 billion for an emerging corridors program. It does not address the problems of increased operating subsidies for additional trains, incremental maintenance costs and the method of analyzing the selected corridors.

The committee has held no hearings on how this legislation will effect other transportation industries. The bus and airline industries and the National Taxpayers Union were denied the opportunity to testify on this bill. And the Secretary of Transportation as stated that he will recommend a veto on the emerging corridors legislation. Additional high speed corridors would cost the American taxpayers as much as $1 billion each, and the busiest of these new corridors would not carry more than one-fifth of the traffic in the Northeast Corridor. The Northeast Corridor cost $238 million in operating expenses last year and recovered only $118 million in fares.

We should not consider spending billions of dollars in new expenditures at a time when Congress desperately needs to restore fiscal responsibility to the budget.

**Mr. FLORIO.** Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. YOUNG).

**Mr. YOUNG of Missouri.** Mr. Chairman, I would like to bring to the chairman's attention the rail service currently operating between three cities of Chicago, St. Louis, and Kansas City.

Mr. Chairman, through the support of the Missouri General Assembly, the commencement of service under the 403(b) program has made a tremendous increase. During the first month of service, about 3,900 individuals got off and on the train in Missouri. After 3 months, that activity generated up to around 6,100. At the present, the on-time performance of Amtrak in that corridor was 90 percent, which is way above the national average.

Mr. Chairman, because of the support of the system by the Missouri General Assembly it is now in the process of approving additional funds under the 403(b) program for the second train. Because of the dramatic increase in gasoline prices, more Missourians are turning to the rails for transportation between the three cities.

Mr. Chairman, I believe the Secretary should consider the Chicago, St. Louis, Kansas City corridor during this evaluation.

Mr. Chairman, I wonder if the chairman of the subcommittee would reply to a question at this point in the RECORD.

Mr. Chairman, in the debate, today,

section 901(d) would permit the Secretary to describe additional corridors that have the potential of attracting riders. Would that corridor between Chicago, St. Louis, and Kansas City be one the gentleman could consider for future evaluation?

Mr. FLORIO. Will the gentleman yield?

Mr. YOUNG of Missouri. I will be happy to yield to the gentleman from New Jersey.

Mr. FLORIO. As a matter of fact, Mr. Chairman, the gentleman understates the responsibilities of the Secretary. In fact the Secretary under the legislation would be required to consider all corridors under the new and expanded criteria that this bill provides so that, yes, the Secretary will be considering that corridor as well as all other corridors that have potential usage, for further development.

Mr. YOUNG of Missouri. Mr. Chairman, I want to thank the subcommittee chairman for bringing this bill up.

□ 1200

Mr. MADIGAN. Mr. Chairman, one of our Members who has been very helpful to the subcommittee in working out what we would do with the Rock Island Railroad is the gentleman from Kansas (Mr. SEBELIUS), to whom I would now like to yield 5 minutes.

Mr. SEBELIUS. Mr. Chairman, I want to thank the gentleman from New Jersey (Mr. FLORIO) and the gentleman from Illinois (Mr. MADIGAN) for their expeditious action in this matter.

I rise in support of this bill, not so much because I think it addresses all of the problems we are facing in my district and other districts along the Rock Island Railroad, as because it is the only vehicle we have leaving the station. If you have one train leaving and it is the last train going out, and if there is a chance it will take you where you want to go, you get on it.

The Senate sent over a bill that addressed some of the problems our shippers face as the Rock Island Railroad moves toward liquidation. Part of the Senate bill is in the bill we are addressing today. My colleague, Mr. BEREUTER, would like to amend this bill to restore part of the Senate language and to add language preventing sales of Rock Island assets for salvage until we have had time to address this problem in the next Congress. I support these amendments.

The Rock Island Railroad cuts through the northern and southern parts of my district. It looks like the Southern Pacific Co. will acquire the rail line running through the southern part of the district, but there are no takers for large portions of the northern line, the line of the Rocky Mountain Rocket that went from Chicago to Denver and Colorado Springs.

Mr. Chairman, there are 58 elevators located in the 37 communities from Kanorado to Mahaska, Kans. Those grain elevators have a combined capacity of almost 34 million bushels. On the Rock Island Branch from Belleville through Clay Center, there are 11 elevators in six communities. Those elevators hold almost 6 million bushels. Together, those two Rock Island lines serve 69 grain elevators with combined capacities totaling 39,772,000 bushels. Of those 69 elevators, only 5 are served by other railroads. What are these elevator oprators and the farmers they serve to do when the Rock Island stops running?

The shippers in the communities along this line want to get together and form a port authority to buy up the line and operate it themselves. This is the kind of initiative I wish we could see in more of our people today. However, they do not have all of the money they need to rehabilitate the line immediately, so they would need to borrow some from the Federal Government. That is where Mr. BEREUTER's amendment comes in. This amendment is similar to language in the Senate bill introduced by Senator KASSEBAUM in the Senate and by myself in the House.

I would be willing to let this issue ride and let the conferees adopt the Senate language, if withholding the amendment would speed passage of this bill.

Under the amendment, the Transportation Secretary would purchase not less than $25 million in stock, bonds or trust certificates. These secured loans to shippers could make the difference between life and death for many small communities along the Rock Island.

Regardless of whether we adopt the amendment providing secured loans to nonrailroad entities seeking to purchase and operate the Rock Island, we must provide time for additional legislative action on the Rock Island issue.

Mr. BEREUTER's other amendment would prevent the sale of track for salvage until the next Congress has had time to review the Rock Island problem. This is essential to keep the structure of the line intact long enough for shippers along it to work with us to develop plans to save their service. Should the conferees adopt the Senate language with respect to loans, this provision could be dropped.

Mr. Chairman, I may also offer an amendment to enlarge the authorization for directed service funds. I feel it is definitely needed.

Mr. Chairman, the most important thing is to get a bill moving before time runs out. I would prefer we support these amendments, but the most important thing is to put a bill before the conference committee.

Thank you.

Mr. FLORIO. Mr. Chairman, I yield 2 minutes to the gentlewoman from Maryland (Ms. MIKULSKI), a very helpful member of the subcommittee.

Ms. MIKULSKI. Mr. Chairman, I rise to speak in support of this bill, and, especially, section 104, which gives statutory recognition to the congestion problem along the Northeast Corridor caused by the Baltimore and Potomac Tunnel in Baltimore, Md.

The B. & P. Tunnel was completed in July 1873, when the Pennsylvania Railroad extended its lines from Baltimore to Washington. As early as 1915, the tunnel was recognized as an impediment to traffic along the Pennsylvania Railroad's New York to Washington line. In 1928, the railroad decided to build a larger tunnel parallel to the B. & P. But, as we all well know, the Great Depression sounded the death knell for many capital projects, and this was one of them. To this day, no major renovation or expansion of the tunnel has taken place, except for some minor alterations around the turn of the century.

In testimony before the Subcommittee on Transportation and Commerce on February 26, 1980, Alan S. Boyd, president of Amtrak, confirmed what many have said for years: that the B. & P. Tunnel is the largest, single bottleneck in the Northeast Corridor for passenger and freight service. If we are ever to achieve the triptime goals of NECIP, and not hinder freight traffic in the Northeast, we must take steps to alleviate this great bottleneck.

Besides being a major impediment to the flow of rail traffic in the Northeast, the tunnel in its present state is a safety hazard. I have walked through the tunnel and observed the great water seepage into it. I have seen the scraped sides of the tunnel where cars a bit too large have tried to squeeze through.

Section 104, which states that the elimination of congestion at the B. & P. Tunnel is one of the goals of this legislation, and the accompanying authorization in section 105, are the beginnings of the measures that will be needed to achieve the intent of this House when it passed the 4R Act, which established the Northeast Corridor improvement project.

I commend the gentleman from New Jersey and my colleagues on the Subcommittee on Transportation and Commerce for recognizing the great problem that exists on the Northeast Corridor at Baltimore.

Mr. Chairman, the bill before this House is an important one. Its goals are ambitious, but achievable. I urge my colleagues to support this bill in its entirety.

Mr. MADIGAN. Mr. Chairman, I yield 3 minutes to an important member of our committee, the gentleman from Pennsylvania (Mr. MARKS).

Mr. MARKS. Mr. Chairman, I thank the gentleman from Illinois for yielding. I rise this morning to advise my colleagues that on Monday, when we go into the 5-minute rule, I will be offering an amendment to H.R. 6837 which I believe will improve this legislation. For those Members who feel it very important that we have a national rail policy and a national rail system that are sensible, this amendment will make more possible the passage of this piece of legislation, which has been worked on so hard by the gentleman from New Jersey and the gentleman from Illinois and their subcommittee.

The amendment that I will be offering on Monday will require that a study be made for a high-speed rail corridor from Buffalo, N.Y., by way of Erie, Pa., to Cleveland, Ohio. On Monday, I hope to be able to show more dramatically the necessity for this study. At this moment, however, I would call to my colleagues' attention that if they have looked at a map with the 13 routes which will be studied for the high-speed rail corridors, they will note that there is a glaring omission. The omission I am talking about is that there is no connection between the two most populous portions of the country, the Northeast and the Midwest. They will see, I believe, that by requiring a study of the corridor from Buffalo, N.Y. through Erie, Pa., to Cleveland, Ohio, we will be studying the one area that, more easily than any other, can connect the Northeast and the Midwest for national defense purposes as well as for the sake of saving energy.

I thank the gentleman for yielding.

Mr. FLORIO. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts (Mr. Markey).

□ 1210

Mr. MARKEY. Mr. Chairman, I rise in strong support of the legislation we have before us today. I wish to commend the gentleman from New Jersey for bringing to the floor a bill that is sound in concept, and far-reaching in its approach to the energy and transportation challenges besetting the Nation.

Mr. Chairman, I represent an area that is still forced to place much of its economic future on a thin line of oil tankers steaming from the Persian Gulf. It is also one of the most congested population centers in the Nation. These two factors alone, Mr. Chairman, make this legislation vital.

A revitalized Northeast Corridor that is competitive with planes and cars will save us oil. A standard six-passenger car carrying two persons consumes almost four times as much energy per passenger mile as an Amstrak train that is half full. Moreover, because corridor trains will be electrified, they will have the capacity to be powered by cheaper, more abundant forms of energy, such as coal.

A revitalized corridor will reduce pollution. Indeed, it is estimated that emissions will be reduced by 3.7 percent with corridor usage.

A revitalized Northeast Corridor makes for better use of our lands. I am convinced that the four-lane highways that this Nation has spent billions to construct will one day assume the destiny of those forgotten dinosaurs that perished eons ago. They will be collosal monuments, Mr. Chairman, empty monuments to an era of cheap energy and poor planning.

From a regional level, Mr. Chairman, this legislation is extremely significant. Yet from a national perspective, it is equally important. With this legislation we are laying the groundwork for other corridors that exhibit the same promise for attracting passengers and saving energy. The Northeast Corridor can well be thought of as a model for similar initiatives in different regions of the country. We have learned from our mistakes, and we can put what we have learned to good use elsewhere.

Mr. Chairman, the Passenger Railroad Rebuilding Act is a well-conceived, responsible approach to a national need. If we are sincerely concerned about polluted and congested highways, if we are sincerely concerned about energy saving transportation alternatives, let us support this legislation. And let us avoid those initiatves that would turn a competent piece of legislative work into a pork barrel free-for-all.

Mr. MADIGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Colorado (Mr. Kramer).

Mr. KRAMER. Mr. Chairman, this is the second time in this Congress that we have had to enact legislation to deal with the problems surrounding a bankrupt railroad in order to provide for the orderly transition of service provided by a defunct railroad to other entities.

The effects of discontinued or interrupted service are disastrous, not just for the immediate areas and interests served, but for the nation as a whole. The Rock Island serves much of the grain belt, and in much of that area is the only railroad which provides service. This is the case, for example, in Kit Carson County, which is one of the top winter wheat counties in Colorado, producing more than 12 million bushels of crops last year.

Trucking this grain adds 25 to 30 cents per bushel to the farmers' costs which will raise the price of commodities to the consumer and could result in driving the farmer off the farm as he becomes even less competitive and less able to make a living off his farm. This, too, will result in higher prices to the consumer.

The shift from rail to truck service is also energy inefficient, requiring four trucks to carry the capacity of one grain car. The effect is not only damaging price-wise, but also is an inefficient use of available fuel supplies, thus restricting supplies for other economic activities; (for example, tourism); and further, creates greater burden on our highway system, leading to higher highway construction and rehabilitation costs.

This bill addresses one of the major obstacles to disposition of the Rock Island, and that is the resolution of labor problems for those employees not picked up by other carriers. This will allow progress by other carriers in efforts to acquire portions of the Rock Island, and continue providing service to many customers.

Unfortunately, the bill does not address another major problem inhibiting disposition of some of the Rock—principally that portion which services Colorado, Kansas, Nebraska, and Oklahoma—and that is the seriously deteriorated physical condition of the line. The high costs of rehabilitation of that line, just to allow operation at 10 miles per hour, have precluded other major carriers from offering to purchase, thus threatening termination of service altogether along major segments of the line east of Denver and Colorado Springs.

While the FRA estimates that about 77 percent of the line will be provided continued service under interim operating authority and intents to purchase, much of the remaining track which would not be served is in the States I have noted, primarily because that section of the line is in much worse physical condition than the rest and it is simply not economically feasible for either a major carrier to assume the acquisition and rehabilitation costs, and net operating losses while the track is made serviceable, nor for a shipper group or smaller carrier which would not generate sufficient revenue on a short-line operation to cover acquisition and rehabilitation costs.

Several examples will illustrate the problem:

FRA investigation found that on about half of the total trackage, 24 percent did not comply with class I standards (able to run train at 10 mph); on the line between Omaha and Colorado Springs, nearly 50 percent of the track is below class I standards.

Rehabilitation cost estimates that I have seen range from $100,000 to $300,000 per mile.

I have introduced legislation designed to spur rehabilitation of deteriorated railroads in conditions of bankruptcy, such as the Rock Island, through the use of tax credits to entities which purchase and invest in rehabilitating the line to serviceable condition. The credits would offset the rehabilitation costs incurred.

There are tremendous advantages to this approach. It will attract the interest of major carriers. It will assure an initial investment by a purchasing entity before providing public help. It anticipates revenue return as a line becomes operational and profitable. And, more importantly, it uses the free enterprise system rather than Government bureaucracy to administer loans or grants programs with cumbersome requirements.

I would like to offer this approach as an amendment to this bill to address the remaining major problem with the Rock Island, but I recognize that it would not be considered germane since it falls under another committee's jurisdiction. Nevertheless, I feel this is a new and attractive approach to the continuing problems affecting rail service in this country.

Mr. Chairman, I hope that Members from affected States and those familiar with rail problems throughout the Congress, and especially in the appropriate committees, will examine this concept and consider it carefully in future legislative efforts to resolve rail problems and will help to promote it in the appropriate committees of jurisdiction.

Mr. MADIGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Nebraska (Mr. Bereuter.)

Mr. BEREUTER. Mr. Chairman, I thank the gentleman for yielding me this time.

I appreciate the comments of my colleague, the gentleman from Kansas (Mr. Sebelius), in support of the amendments that I have had printed in the Congressional Record. I would say that the kind of economic data he cited for his own district in Kansas is equally applicable to my own.

Mr. Chairman, the bill that is before us today, H.R. 6837, could be one of the most crucial proposals affecting my district this year. Unlike much of the Rock Island system which will be eventually purchased by other lines, an application for purchase of that portion of the Rock Island that runs from Omaha, Nebr., to Colorado Springs, Colo., and through my congressional district, has not been received. This is unfortunate, Mr. Chairman, since that line is, and can remain, I believe, a profitable route. Furthermore, I have received virtually thousands of names, petitions, and affidavits from my constituents and business organizations in southeast Nebraska, voicing strong support for the continuation of this rail line. For these people it is a necessity that some sort of rail service be kept in place. A crucial element in the economy of the entire area is hanging in the balance.

That is why I am disappointed that the House has not followed the lead of the Senate on this matter. The distinguished gentlewoman from the State of Kansas, Senator KASSEBAUM, has recognized the importance that this legislation holds, not just for her State or my State, but for the whole Midwest and Great Plains areas. For this reason, the gentlewoman has carefully shepherded a bill through the Senate, S. 2253, which, among other things, addresses this specific issue. Certainly that is not to say that the labor provisions for Rock Island Railroad employees addressed in the House bill are not needed. They are, and I fully support them.

However, this legislation does not go far enough in assuring ample support to the people who reply so heavily on this line. I am speaking Mr. Chairman, about such people as the farmer and the shippers along this vital line in Nebraska, Kansas, and Colorado. Now I am sure I do not have to remind my colleagues about the perennial problem of rural rail transportation. It is something each and every one of us have pledged to improve because it directly or indirectly affects all Americans. By abandoning those routes that are relied upon so heavily for the transport of agricultural commodities, we are doing a great disservice to the agriculture community and to the Nation as a whole.

Mr. Chairman, with the very real energy shortages we face today, it appears to me to be ludicrous to write off such a cost-efficient method of transportation because of short-term problems resulting from the neglect and poor management of a particular railroad company. It is time that this body realized that we have got to begin preserving those rural rail lines instead of abandoning them, and, Mr. Chairman, I can think of no better place to start than the Rock Island Lines. Certainly we should do everything reasonable to prevent their premature abandonment and scrapping. Accordingly, I expect to offer amendments to this legislation which I believe the majority and minority members of the Committee of Interstate and Foreign Commerce and this body should be able to support; I certainly hope they will, for they are reasonable and do not require the appropriation of funds.

Mr. Chairman, I would like to ask the distinguished gentleman from New Jersey (Mr. FLORIO) if he would answer one question for me.

Mr. FLORIO. Certainly.

Mr. BEREUTER. Mr. Chairman, on section 212(a)(2) regarding the application for purchase of such lines as is pending before the Commission, my question is this: Is it "pending" with the Commission at the time of the passage of his act, or it is "pending" as long as the Secretary has $4 million for directed services?

Mr. FLORIO. Mr. Chairman, if the gentleman will yield, the intent of the legislation is to insure that that condition be satisfied before the money can in fact be used by the Secretary for that purpose. In fact, should the legislation be passed and an application comes in subsequent to that time, that condition would be met and the Secretary would be authorized to go forward and evaluate the application.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman for his kind response.

Mr. FLORIO. Mr. Chairman, I yield such time as he may consume to my colleague, the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. Mr. Chairman, I thank the gentleman for yielding me this time.

I rise in strong support of H.R. 6837, the Passenger Railroad Rebuilding Act—Rock Island Railroad Employee Assistance Act.

Mr. Chairman, In 1976, Congress embarked on a far-reaching and comprehensive effort to improve the rail passenger service along our highly populated Northeast Corridor. The major intent of this legislation was to develop a fast, reliable rail system, to serve as an alternative to other forms of transportation, especially automobiles. At the time this legislation passed, our country was first struggling to come to grips with our growing energy shortage. Today, our energy situation has grown even more perilous, and the need to complete this rail system is more apparent than ever.

Railroads are one of the most fuel efficient and dependable forms of transportation available today. They offer the potential for significant energy savings, reduced wear and tear on our highways, and major relief from the pollution caused by automobile exhaust. The Northeast Corridor rail project is projected to attract 20 million passengers by 1984. The energy savings which this ridership will produce is simply too important to ignore.

I think it is unfortunate that our original goal of completing the development of this corridor by 1981 proved to be a little too optimistic, and that the timetable must now be extended by an additional 5 years. I also regret that inflation and other factors have pushed the total cost of this project beyond our original expectations, and that an additional $750 million is now needed to complete this project. However, I firmly believe that the long-term benefits of developing this rail system far outweigh the costs involved, and I would urge my colleagues to support this legislation.

I would particularly like to express my support for section 906 of this bill. This section authorizes $200,000 for the U.S. Department of Transportation to encourage the private sector development of direct passenger rail service between Philadelphia, Pa., and Atlantic City, N.J.

Mr. Chairman, there was a time many years ago when passengers could board a train in Philadelphia and travel directly to Atlantic City, with the entire trip taking about 90 minutes. That service no longer exists today. There is a commuter line which winds its way into Atlantic City and other shore points, but the service is unreliable and generally unattractive.

On February 14, 1980, the House Subcommittee on Transportation and Commerce conducted a field hearing in Atlantic City, to study the possibility of reestablishing direct rail passenger service between Philadelphia and Atlantic City. The testimony we received at that hearing demonstrated that there is widespread support among all levels of government, and among private concerns, for the establishment of this rail service. One of the key facts brought out at this hearing was that as many as 17,000 visitors a day can be expected to utilize this service by 1990.

Unfortunately, there are a number of major obstacles hindering the development of this rail link. Foremost among them is the fact that ownership of the existing tracks, equipment and right-of-way is split among ConRail, Amtrak, the New Jersey Department of Transportation, and the Delaware River Port Authority. Anyone who is interested in developing this line—and such interest has already been expressed by at least one private company—faces the prospect of having to negotiate among all of these agencies.

Under the legislation we are considering today, the Federal Department of Transportation will be established as the lead agency in this matter, to coordinate all actions which are necessary to allow for the private development of this line. This coordination is needed to resolve any disputes over rights-of-way, interference with existing freight service, or problems of labor contracts. In addition, the DOT will be responsible for ensuring that the needs of commuters in the South Jersey-Philadelphia area are met by this rail system.

Mr. Chairman, my district in south Jersey is one of the fastest growing districts in the entire country, both in population and in the number of annual visitors to our popular seashore resorts. Despite this growth, there is virtually no mass transportation available to serve our region. I foresee the establishment of a direct rail line between Philadelphia and Atlantic City as just the beginning of a regional rail system in our area, which hopefully will extend directly into Wildwood, Vineland, and Toms River in the years ahead.

The $200,000 provided in this bill is a

very modest sum to help clear the way for the establishment of this rail service. I am grateful that the committee has given its blessing to this request, and I hope the full House will offer its approval as well by passing this entire rail legislation. I would, in closing, like to express my sincerest congratulations to the chairman of the subcommittee, my distinguished colleague from New Jersey (Mr. Florio).

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. McClory).

Mr. McCLORY. Mr. Chairman, I thank the gentleman for his generous yielding of time to me, and I rise in support of this legislation.

Mr. Chairman, today this body is considering H.R. 6837, which includes an emergency provision to allow the resumption of most of the Rock Island Railroad's freight service.

This provision excludes Federal subsidies and insures a speedy return of the viable sections of the system to the private sector. Although the Rock Island does not have tracks in my own congressional district, its viability will continue to have a critical effect upon shippers and suppliers living within the 13th District of Illinois.

Over 350 businesses in the State of Illinois depend upon the railroad for inbound materials and for the movement of processed goods to market. Freight services over the Rock Island lines have been suspended since Sunday night, causing an immediate hardship to these businesses.

A continued shutdown of Rock Island freight services will force these firms to reduce production and will lead to widespread layoffs. In fact, businesses located on the Rock Island Line began laying off employees this week. Within a short period, the number of nonrailroad employees laid off in Illinois could total over 1,600. The economic costs in lost production and idle capacity will be enormous; the social cost in disrupted family lives will be equally traumatic.

Other railroads have asked the Interstate Commerce Commission (ICC) for the right to provide service over the rail lines of the discontinued Rock Island. In Illinois, agreements now in place between the ICC, the railroads, and the labor unions which would provide service for 90 percent of the freight traffic previously served by the Rock Island. However, these agreements cannot be implemented for two reasons:

First, last Thursday the Seventh Circuit Court of Appeals struck down the ICC's right to exercise such operating authority to these railroads.

Second, the agreements with labor unions are contingent upon passage of the labor protection provisions of H.R. 6837.

Mr. Chairman, the bill we are considering today would permit the other railroads to implement their agreements and to start up service over the discontinued Rock Island Line immediately. Specifically, H.R. 6837 would first, give the ICC the authority to let other railroads operate over the Rock Island without Federal subsidy, overriding the adverse decision by the seventh circuit; second, implement the labor agreements reached between the railroad labor unions and the railroads seeking to operate over the Rock Island.

These agreements are similar to the provisions included in the Milwaukee Railroad Restructuring Act enacted last fall.

Mr. Chairman, the Senate has already passed its version of a Rock Island bill, S. 2253. Upon passage of H.R. 6837, the measure can go directly to conference for a speedy resolution of the Rock Island problem.

To minimize the hardships already resulting from the service shutdown and to avoid the massive layoffs which are likely to occur, I urge my colleagues to support passage of this vital measure.

Mr. Chairman, I wish to compliment the chairman of the subcommittee and the ranking minority Member for their diligence and their complete competence in providing this very worthwhile legislation.

□ 1220

Mr. MADIGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. Conte).

Mr. CONTE. Mr. Chairman, I rise in support of that portion of H.R. 6837 which authorizes an additional $750 million for the completion of the Northeast Corridor improvement project.

The Northeast Corridor improvement project makes good sense, not only for New England and other Northeastern States, but for the country as a whole. This 456-mile corridor is a valuable transportation asset which should provide viable inter-city rail passenger service with lower social and governmental costs than alternative transportation investments. While I have been concerned and disturbed that the corridor project has not proceeded more quickly, I still look forward to the time when the railroads will provide fast and efficient passenger transportation between Boston, New York, and Washington.

It is my belief that if there is any place in the United States where passenger train service can stage a survival, it is in the Northeast Corridor area.

The rationale for NECIP is of course based on the fact that the Northeast Corridor area contains the heaviest population density in the country. By way of illustration, the area served by the rail corridor between Boston and Washington includes a total population of 34 million, or over 1,100 people per square mile. Indeed, of the 38 Standard Metropolitan Statistical Areas (SMSA's) and the New England County Metropolitan Statistical Areas (NECMA's) in the Northeast, 22 are served by the Northeast Corridor mainline or feeder services.

Not only do we have the heavy population densities in the Northeast, we also have the greatest number of well used trains. Although the corridor tracks encompass only 2 percent of the entire Amtrak system, they carry an astounding 60 percent of Amtrak's entire passenger load. And it should be emphasized that the passenger ridership is gradually increasing. Between 1972 and 1977, corridor patronage grew from 8.1 million to 10.5 million a year.

From these population and usage figures, it is no wonder that the Department of Transportation continues to back strongly the full revitalization of the Northeast Corridor. If the project is carried out fully as planned, the Federal Railroad Administration has predicted that rail patronage could rise to 26.4 million on an annual basis by 1990, a projection which certainly justifies the Department of Transportation's continued support of NECIP.

The redirection study, prepared by the Department of Transportation does a good job in making the basis case for a fully funded Northeast Rail Corridor. Let me take this opportunity, however, to briefly mention a number of programs which are currently underway.

First, FRA has embarked on a program which is designed to reduce trip times from Boston to New York to 3 hours and 40 minutes, and from New York to Washington to 2 hours and 40 minutes. At present, the route times on those lines averages about 4 hours and 40 minutes between Boston and New York and 3 hours between New York and Washington. The redirection study and countless other economic analyses have demonstrated that if we are to increase passenger train ridership, we must reduce the trip times.

Second, the full authorization of $750 million is critical to the long-term viability of the Northeast Corridor. As transportation officials have indicated to the members of the New England Caucus and others, if this amount is not provided the first budget reductions to be made will be in the area of stations and facilities. But this is exactly the kind of expenditure which will be required if we are going to encourage increased ridership.

The gentleman from Texas, my good friend, Mr. Collins, I wish he were here, mentioned there are no subsidies to the airlines, that the air passenger service pays for all of the airline traffic, and that is not so. In this year's budget, which we are hearing now on DOT appropriations, we have a figure of $86.3 million for airline subsidies. In a 10-year period, we have subsidized $729 million to the airlines. In the 10-year span in the decade of the 1970's and the 1980's, we have subsidized the airlines to the tune of $729 million. And I might say that, up until last year, Texas International, was one of them that had its hand in that particular pot.

Third, energy is becoming a greater problem for this country all the time. As energy supplies tighten the future viability of many of our transportation systems comes into question. Trains are energy efficient. Let us not shortchange rail passenger service at this time only to discover that we will need the trains in the next decade when energy supplies are unavailable or too expensive for the average consumer.

In conclusion, if rail passenger service is going to make it anywhere, it is going to succeed in the Northeast Corridor. It is for this reason that the total number of daily Amtrak trains already approaches 140 on an average weekday, a number greatly exceeding that in any other part of the country. But unless the corridor project is fully completed, reducing trip times and increasing the dependability of rail passenger service, trains will have a tough time making it even in the highly populated Northwest.

Mr. FLORIO. Mr. Chairman, I yield myself such time as I may consume, and I do so for the purpose of responding to a question which has been provided to me.

The question is with regard to railroads being the exclusive entity that would be authorized to provide interim service or temporary authority under the legislation, and the intent of the question is to determine whether groups of shippers or States would be in a position to provide such authority.

The direct response to the question is that this legislation does not specifically confine temporary authority only to railroads.

● Mr. RAILSBACK. Mr. Chairman, I would like to rise in support of H.R. 6837, which would amend the Railroad Revitalization and Regulatory Reform Act of 1976, authorize additional appropriations for the Northeast Corridor improvement project, and provide for the protection of employees of the Rock Island Railroad.

All of us here today are aware that the Chicago, Rock Island & Pacific Railroad is bankrupt. This railroad operates a 7,025-mile rail system in a 13-State area in the South and Midwest and carries over 10 percent of all Midwest grain shipments to areas within the United States as well as abroad. In the last few years, the railroad's financial status has been continually plagued by questionable management practices and such circumstances as the impact of the worst winter in 10 years, doubled fuel prices, double-digit inflation, and a dismal economy.

Not unlike many of my colleagues, the urgency of the Rock Island Railroad's situation has left me feeling helpless and frustrated during the last few months. Local and export shipments of grain and other commodities have been threatened, over 7,000 employees have been furloughed, and literally hundreds of businesses throughout my district alone could be forced to close down due to the lack of rail service.

I prefer the bill passed by the Senate, S. 2253, that would continue directed service over the Rock Island for a period of 45 days. I intend to support H.R. 6837 to get it to conference with the hope that many of the Senate's provisions will be included in this important legislation to help employees of the Rock Island Railroad.

Despite attempts made by the Interstate Commerce Commission to implement temporary operating authority over 77 percent of the Rock Island's lines, in the last few days there has been an almost complete shutdown of the railroad. On March 20, 1980, the U.S. Court of Appeals for the Seventh Circuit overturned the ICC's grant of emergency temporary operating authority to the St. Louis-Southwestern Railroad Co. to operate over the lines of the Rock Island. By passage of the legislation we are considering today, such a precedent would be averted. Section 217 of title II of this bill would insure that the ICC will be able to provide the needed operating authority to run the Rock.

Labor protection issues must be resolved for those employees who will be picked up by other carriers, as well as for those who will be furloughed. It is my understanding that labor agreements have been worked out by the Brotherhood and private carriers for those employees who will later be picked up under a temporary operating authority. However, this legislation is greatly needed to provide labor protection for those employees who will lose their jobs. The FRA has notified me that approximately 1,100 employees within the 19th Congressional District of Illinois alone have been furloughed. Many of these employees have dedicated most of their lives to maintaining this essential transportation service. It is only fair that they receive protection coequal to that of Milwaukee Railroad employees by provisions that are included in this bill.

It is becoming increasingly apparent that it is absolutely imperative for the Federal Government to finance a rail network that can provide essential services needed to those areas that are vital to our economy. For instance, agricultural exports are the one bright spot in an otherwise dismal balance of trade. In the future, if our farmers are unable to transport their produce to foreign as well as domestic markets then we will have lost one of the most favorable contributors to our economic well being.

In the 19th Congressional District of Illinois, there are both small and large businesses that must utilize rail transport. We are out of time and any prolonged disruption of service is certain to wreak havoc. Because I believe it imperative to get the two conflicting versions of this bill to a House-Senate conference, I intend to support this legislation with the hope that the Senate language relating to directed service will prevail.

For these reasons, I urge my colleagues to concur with me in support of H.R. 6837.●

The CHAIRMAN. All time has expired.

Mr. FLORIO. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. MURTHA) having assumed the chair, Mr. HIGHTOWER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6837) to amend the Railroad Revitalization and Regulatory Reform Act of 1976 to authorize additional appropriations for the Northeast Corridor improvement project and to require the Secretary of Transportation to begin development of energy efficient rail passenger corridors, to provide for the protection of the employees of the Rock Island Railroad, and for other purposes, had come to no resolution thereon.

## PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO FILE SUPPLEMENTAL REPORT ON H.R. 6837, PASSENGER RAILROAD REBUILDING ACT—ROCK ISLAND RAILROAD EMPLOYEE ASSISTANCE ACT

Mr. FLORIO. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be permitted to file a supplemental report, correcting a technical error made in the transmission of Report No. 96–839, submitted on March 20, 1980. The supplemental report changes a single sentence of the original report which was transmitted incorrectly.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

□ 1230

## GENERAL LEAVE

Mr. MADIGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the bill, H.R. 6837.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

## A MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 155. Joint resolution providing for the designation of the week beginning April 13, 1980 and ending April 19, 1980 as "National Dance Week."

## ADVERSE EFFECT WAGE RATE

(Mr. DAN DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAN DANIEL. Mr. Speaker, the Department of Labor, in the March 11 Federal Register, has proposed an "adverse effect wage rate" for foreign workers of $4.51 per hour—or $1.41 more than the Federal minimum wage for American workers.

A comment period of only 30 days has been designated for this dramatic change in policy—and I believe this is of vital interest to every Member of this body.

In my district, this is of special concern to our agricultural producers—some of whom are unable to find sufficient domestic workers to harvest their crops. Under the Labor Department proposal, if implemented as planned, the fact that a grower files early in the year a request for workers under the H-2 visa program would, in and of itself, trigger the application of the $4.51 minimum wage. This is regardless of whether he ever actually employs a foreign worker. Not only that, the grower would be obligated to pay at least $4.51 to all of his domestic workers as well, since he applied for one or more alien workers.

This is obviously establishing a minimum wage by regulation rather than legislation and is contrary to the concept which the Department has long held—that an adverse effect wage rate should be determined on the basis of "similarly employed" individuals. Representatives of agricultural interests in Virginia have expressed the well-founded view that this proposal—if fully implemented—could put many of our growers out of business. We have received many confirming statements from other parts of the country, as this proposal gets more and more attention.

Further, this could produce a rippling effect which could seriously damage our economy. It is ironical that at the same time the President's Council on Wage and Price Stability is advocating holding the line on wage increases, the Department of Labor has come up with a proposal which would increase the adverse effect wage rate in some areas more than 50 percent over last year.

By setting a national adverse effect wage rate, the Department is establishing a pattern of paying foreign workers more than Congress requires American workers to be paid. At the same time, it appears to give those who employ illegal help a preferential position—and encourages resort to that source of labor.

There are many things wrong with this whole scheme, but it clearly discriminates against those who need labor and are trying to operate within established legal guidelines. It provides a totally unrealistic agricultural wage rate which would adversely affect every farm and orchard in the areas where criteria orders may be filed. Again the victim will be the consumer.

It is most important that the views of the people be presented to the Department—and that they be received prior to April 10. We in Virginia have asked that the comment period be extended to 90 days, but at present the deadline is only 2 weeks away. I would urge Members to send in their written comments—and urge their affected constituents to do so.

These should go to: Mr. David O. Williams, Administrator, U.S. Employment Service, Employment and Training Administration, U.S. Department of Labor, Suite 8000, Patrick Henry Building, 601 D Street NW., Washington, D.C. 20213.

It is important that we not leave this usurpation of authority unchallenged. The precedent which would be set by this regulation could be further expanded from a broader base than we have heretofore known.

I urge you to take the time to read the insertion in the Federal Register of March 11, on pages 15914 to 15918, and I believe you will agree with me that this is an unwise regulation which should be held up for further study.

### IMPACT OF BALANCED BUDGET ON SENIOR CITIZEN NEEDS

(Mr. ROE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROE. Mr. Speaker, Washington is buzzing with talk that a balanced Federal budget is the key to solving the Nation's economic woes. While the concept of reduced Federal spending is a good one, which I strongly support, we must be careful to insure those cuts do not result in damage to the very quality of life for senior citizens in New Jersey and around the Nation.

One reduction, being proposed by some congressional groups, would be a reduced cost-of-living adjustment in social security checks and other entitlement benefits beginning this summer.

I believe that would be a very dangerous course to take, and I would strongly oppose such an action. People like senior citizens, who are living in most part on fixed incomes, are already paying a high price for the skyrocketing inflation that has drastically reduced the value of the dollar.

The imposition of a reduction in social security payments at this time would be a devastating blow to the hopes of millions of senior citizens and retirees across the Nation who count on those funds to meet basic daily needs.

My congressional office has received many letters from such people who are rightfully frightened about what will happen to them if such a budget cutback was approved.

The senior citizens write they are having a hard enough time buying food to sustain themselves and fuel to keep their homes warm without having to worry about an additional further reduction in their purchasing power.

The situation makes one wonder why, at a time when living costs are so very high, that there would be serious talk of limiting income to the most vulnerable members of our society. There are an estimated 35 million social security beneficiaries in this Nation, not counting the recipients of food stamps, SSI and veterans benefits who would suffer unduly by a budget cutback in social service funding.

Before cutting into those areas, both the President and Congress should make every possible effort to make reductions in other areas that would not have such harmful effects on a large segment of our population.

While a balanced Federal budget is of great benefit to the Nation, it is not the panacea some claim it to be. According to the Congressional Budget Office, reducing the Federal budget by $16 billion will reduce inflation by three-tenths of 1 percent. We must realize we are dealing with an economy operating at an annual output rate of $2½ trillion a year. Cutting back needed social services to senior citizens by $5 billion, as has been discussed, will do very little to reduce our records high inflation rates.

In addition to balancing the Federal budget, we should also be attacking soaring energy prices (our energy balance of trade deficit this year will exceed $80 billion) crippling interest rates and exorbitant medical and hospital fees.

Our senior citizens must not be offered as the sacrificial lamb on the altar of a balanced budget.

### ABSCAM INVESTIGATION CREATES A HOUSE STAR CHAMBER

(Mr. GONZALEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

● Mr. GONZALEZ. Mr. Speaker, I voted against the resolution presented yesterday by the Committee on Ethics, authorizing an investigation into the so-called Abscam case. I was the only person voting "no," and questions have been asked why.

The committee is empowered to go anywhere, do anything, and undertake all efforts to investigate matters that have yet to lead to a single indictment, and no complete presentments even to a grand jury. The committee is invested with every authority to work its will, save use of rack and thumbscrew.

As if all that is not enough the resolution empowers the committee to conceal its own evidence from its own members. Section 6 of the resolution says that the committee can, notwithstanding the rules of the House, "restrict access to information received from the Justice Department to such members of the committee or other persons as the committee may designate." In other words, the committee can hide its information from itself, or from any member or members that it finds unworthy of seeing the grail.

But if the committee is to render judgment, how can it do so unless all its members are equally entitled to see its evidence? How can some members be considered more worthy than others? It is not possible, for every member has the same privilege, the same responsibilities and the same rights. It is folly to endorse a power to reduce some members below the status of others, when in the House all Members are equal. But the resolution says that some are more equal than others, some are more worthy to see evidence than others. If each member of that committee has an equal responsibility, as plainly they do, it is manifestly impossible for them to discharge their obligation if they do not have equal rights as members of the committee.

This resolution was passed because we are in the grip of a paroxysm of election year fear, and many feel the need to appear righteous, while others are driven by a fit of moral excess. In that fear and fit we have approved a resolution that creates a new star chamber, invested with awesome enough power to make it a superstar chamber, and invested it with the right to contravene the most basic rules and concepts of the House. The committee has been given the power of an intergalactic court, one that can receive information that it can draw into a veritable black hole, and render judgments based on light that no one else can see or be permitted to come near.

If the House had been less somnolent

yesterday afternoon, or less seized with fear, I would not have been voting alone, as I did.

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## ALLEGATIONS OF CONFLICT OF INTEREST ON THE PART OF THE CHAIRMAN OF THE POSTAL RATE COMMISSION

(Mr. HANLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HANLEY. Mr. Speaker, I ask for this time today to report to the House the results of an inquiry which I directed be conducted by the majority and minority staff of the Committee on Post Office and Civil Service, into allegations that the Chairman of the Postal Rate Commission, Mr. A. Lee Fritschler, has a financial or personal conflict of interest which was not made known during the Commission's consideration of the case of an electronic communications system for the Postal Service—commonly known as the ECOM case. Mr. Derwinski, the ranking Republican on the committee and I agreed to look into this matter and instructed the staff to interview individuals and review the pertinent documents. The investigation is complete. Since this matter received some publicity, at least locally, and is of interest to individuals engaged in various aspects of postal affairs, I think that it is appropriate to make a statement in the record as to what transpired and what our conclusions are.

The allegations suggested this:

Because Chairman Fritschler owns a condominium apartment at the Sea Colony in Bethany Beach, Del., with Joel Yohalem, who is an attorney employed by Western Union, and because Chairman Fritschler failed to reveal that information in a public manner to his colleagues on the Postal Rate Commission, he is in violation of section 208 of title 18, United States Code, relating to the requirements for disclosure of information pertaining to potential conflicts of interest. The rules of conduct applicable to the Commission also require disclosure of potential financial interests which may affect a case before the Commission. The allegations also suggest that Chairman Fritschler's personal friendship with Yohalem was such that he should not have participated in the ECOM decision.

Western Union had a strong interest in ECOM and the Commission's decision had some impact upon Western Union. I shall not dwell upon the details of the ECOM case, or the role of Western Union in that case, but I think it is accurate to say that Western Union, which originally had an exclusive contract with the Postal Service for ECOM messages, rescinded that contract with the Postal Service before the ECOM decision was rendered by the Postal Rate Commission, and under the proposal made by the Commission, would have been one of several companies competing for ECOM business. Western Union would also have continued to send Mailgrams.

There is disagreement about the impact of the ECOM decision upon Western Union. Postal Rate Commissioners Jim Duffy and Kieran O'Doherty contend that the majority decision in the ECOM case (which was approved by a 3 to 2 vote) is a benefit to Western Union. According to their reasoning, Fritschler's participation was prejudiced, and the prejudice resulted from his association with Yohalem. These are very serious charges.

Now I think we should go back a bit to review the facts. A. Lee Fritschler, dean of the College of Public Administration and International Affairs of American University, was nominated by President Carter to be Chairman of the Postal Rate Commission in March 1979. He was subsequently confirmed by the Senate, after public hearings, and took office in August 1979.

About July 1, 1979, he and Joel Yohalem contracted to buy a condominium apartment at Sea Colony in Bethany Beach, Del. The Fritschlers and the Yohalems have been friends for about 15 years. Mrs. Yohalem was Mr. Fritschler's secretary when he first joined the faculty at American University. The couples had shared a beach house for several summers and once attempted to buy a beach house during the 1960's.

In the purchase of their beach house in 1979, they entered as owners in the purchase of a condominium apartment making a down payment of $7,500 each and sharing equally the liability for the balance. A few days later, Fritschler met with the staff of the Senate Committee on Governmental Affairs to discuss his upcoming hearings.

On July 14, 1979, he wrote Mr. James Graham, a member of the Senate committee staff, supplementing his earlier financial statement by including the pending purchase of the beach apartment. The identity of Joel Yohalem and his occupation is included in that letter. When Fritschler became Chairman of the Commission in August, he did not include the beach house as one of his properties on his financial disclosure statement as of August 1, 1979, because he did not then own the property. He did, however, discuss the purchase with the General Counsel of the Postal Rate Commission, David Stover. He discussed with Stover several aspects of his personal finances, including outside income from lectures and royalties on publications. The General Counsel told him that he saw no conflict of interest.

Section 208 of title 18, United States Code, provides that it is a crime for a Government employee to participate personally in a judicial or administrative proceeding if he has a financial interest in the outcome of the proceeding. Chairman Fritschler is a one-half owner of a beach apartment. The co-owner is an employee of a business enterprise interested in the ECOM case. The question is, Does that relationship cause a "financial interest" within the meaning of the disclosure law?

Clearly, if Fritschler owned stock in Western Union, he would have a direct financial interest. Since that is not the case, one must step far away to determine whether his joint ownership in a beach property, on equal terms, with an employee of Western Union involves a financial interest causing a conflict. In our review, including conferences with officers of the executive branch—who are extremely careful and well versed on these laws and Government regulations—only two individuals have found that a financial interest, and therefore a conflict of interest, exists. These two are the dissenting Commissioners in the ECOM case, Jim Duffy and Kieran O'Doherty. In the judgment of the majority and minority staff of our committee, the General Counsel of the Postal Rate Commission—who is not the employee of Chairman Fritschler, but is the employee of the Commission and can be removed from his position only by a majority vote of the Commission—and in the opinion of the Director of the Office of Government Ethics, no financial interest exists.

From that point we move to whether a "personal conflict" existed—whether the friendship between Lee Fritschler and Joel Yohalem would affect Chairman Fritschler's impartiality. Only Chairman Fritschler knows the answer to that question, but no evidence has been brought to my attention which suggests that this was the case. Western Union is not the beneficiary of the ECOM decision—except in the view of Commissioners Duffy and O'Doherty, so any proof that a personal bias was there is hard to find; and in any event, Chairman Fritschler was only one of three Commissioners who made the majority decision. I do not know Chairman Fritschler very well, but my association with him during the past year causes me to believe that he is a man of integrity who can differentiate between friendship and professional responsibilities.

It is our conclusion that neither a financial conflict of interest nor a personal conflict of interest existed in this case. That is a conclusion shared by the majority and minority staff, attorneys on the staff of the Senate Committee on Governmental Affairs, who looked into this case, the General Counsel of the Postal Rate Commission, the Director of the Office of Government Ethics, and I understand from Mr. DERWINSKI, the opinion of attorneys in the Department of Justice.

In my opinion, Lee Fritschler made an error in judgment by not disclosing to his colleagues, in a more public manner, that he and Joel Yohalem were coowners of a beach house. He clearly did not attempt to keep it secret. He told the Senate Committee on Governmental Affairs of the property and coownership in writing before his confirmation.

He advised the General Counsel of the Commission when he joined the Commission; and he mentioned the condominium and the joint ownership to Commissioner Simeon Bright, of the Postal Rate Commission. So, it was not a secret. But perhaps it was not as well known as it should have been. I have the benefit of hindsight, which Lee Fritschler did not have. I have come to the conclusion that he honestly did not think of it as a matter of any importance to the Commission's proceedings. Technically and legally, he was correct. Diplomatically, he may have erred.

What we have here, in my opinion, is

not a tempest in the teapot, but an unfortunate and sometimes ugly misunderstanding. A new chairman of the Commission comes in without prior Government experience. Chairman Fritschler perhaps did not display the delicate touch of political expertise that is sometimes needed to find unanimity on a politically appointed Commission made up of three Democrats, one Republican and one Conservative. The political and postal philosophies of the members of the Commission are widely divergent.

It was a touchy situation. In my opinion, the allegations of conflict arose only in part because of the possible appearance of a conflict of interest. Closer to the truth I believe, is the conflict of personalities.

It would be nice to think that this matter could now be laid aside. That the Commissioners could return to the cases which are pending before the Commission and attempt to work in harmony to produce the best postal rate and mail classification decisions possible. The Commission has had a rocky history. During the period when Chairman Clyde DuPont presided, its record was distinguished and the demands by some to abolish the Commission and restore ratemaking to the Congress abated. I hope that the dissension and acrimony which has characterized this episode will disappear. Honest disagreement of principle is expected, but the events which have characterized this do not fall in that category.

I ask unanimous consent to insert in the RECORD at this point the opinion of the Director of the Office of Government Ethics. The memorandum of the General Counsel of the Postal Rate Commission, and other materials, are on file in the committee office, and may be examined by any interested party.

OFFICE OF GOVERNMENT ETHICS,
*Washington, D.C., March 14, 1980.*

Hon. JAMES M. HANLEY,
*Chairman, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your letter of March 11, 1980, wherein you requested an opinion as to whether the conduct of the Honorable A. Lee Fritschler, Chairman of the Postal Rate Commission, involving the ownership of residential property jointly with an individual employed by an interested party in proceedings before the Postal Rate Commission (PRC) constituted a violation of applicable conflict of interest statutes.

Based upon a thorough review of the facts and circumstances known to this Office, I find that Chairman Fritschler's joint ownership of a residential condominium unit with an individual employed by an interested party in proceedings before the PRC, does not constitute a relationship upon which the prohibition found in 18 U.S.C. 208 is predicated.

Accordingly, in these circumstances, 18 U.S.C. 208 would not be applicable. I trust these comments will be of service to you.

Sincerely,

J. JACKSON WALTER,
*Director.*

## ALLEGATIONS OF CONFLICT OF INTEREST BY THE CHAIRMAN OF THE POSTAL RATE COMMISSION

(Mr. CLAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CLAY. Mr. Speaker, I rise to support the distinguished chairman of the Committee on Post Office and Civil Service, the gentleman from New York (Mr. HANLEY) relating to the allegations of conflict of interest on the part of the Chairman of the Postal Rate Commission. There is no evidence that A. Lee Fritschler was involved in either a financial or personal conflict of interest in the E–COM case.

The Subcommittee on Postal Personnel and Modernization, which I am privileged to chair, is conducting extensive oversight hearings on the developing role of the Postal Service in electronic message service systems (EMSS). I have had several opportunities to meet with the Chairman of the Postal Rate Commission. My staff was a full and active participant in the thorough and impartial investigation which was conducted on a bipartisan basis by committee staff.

On the basis of this information, I found nothing to support that charge that A. Lee Fritschler is guilty of a conflict of interest. My distinguished colleague from New York has cogently stated the facts and interpretations which lead to this conclusion. I need not restate what he has expressed so adequately. I endorse his views.

A. Lee Fritschler appears to be an honest man. He has adhered to the highest moral and ethical standards in the conduct of his professional responsibilities, to the best of my knowledge. If Mr. Fritschler has erred—and I do not concede that he has—he has done so in assuming that the Postal Rate Commission is an agency of professional congeniality; free of personal and political conflicts. Regretfully, such is not the case at this time. If relations were less strained at the PRC, there is little question in my mind that Mr. Fritschler's ownership of personal recreational property, as tenants in common with Joel Yohalem, would have passed without notice.

Regretfully, given the strained relations within the Commission and with the Postal Service, such is not to be. Instead, a line of convoluted reasoning was put forward, suggesting that Western Union was the beneficiary of the recommended E–COM decision of the Postal Rate Commission. I do not accept that line of reasoning.

Three other aspects of this situation cause me grave concern: It appears to me that Mr. Fritschler has been victimized—through trial by media—at substantial financial and personal expense. Energies which some parties have invested in this character assassination could and should be more constructively expended by addressing the critical policy issues facing the Postal Rate Commission, the Congress, the administration, and the U.S. Postal Service. I regret that some of these energies and talents have been dissipated.

Second, I am concerned about the role of the media in this situation. Certain publications seem to derive vicarious excitement by focusing on rumors, personality differences, and internal and external agency conflicts to the neglect of more substantive matters. Whether motivation is increased circulation or personal gain, I neither know nor care. I do know from firsthand experience the damage that a reckless, irresponsible media can bring to bear upon the personal, financial, and professional life of public figures. I regret that there have been elements of such questionable behavior in this situation.

Third, I am concerned that persons within the Commission, reportedly learned of the alleged conflict of interest in October 1979 but waited 4 months—until mid-February 1980—before publicly expressing their concerns. It is not for me to judge the motivations of others. I note, however, that the charge of conflict of interest was made only after the recommended E–COM decision of the Postal Rate Commission. I further note that these parties did not use the opportunity to express these views when they testified before my subcommittee on EMSS.

A. Lee Fritschler was candid and forthright in revealing his ownership of personal recreational property for residential use as tenants in common with Joel Yohalem of Western Union. The bitterness with which these unfounded allegations have been pursued by some parties leads me to conclude that some individuals may be hell-bent upon the destruction of the Postal Rate Commission by intent or design.

The responsibilities of the Commission—as a truly independent body—are great and important to our Nation. Hopefully, it will not be tarnished by events of these past few weeks. I trust that those involved in this serious matter will set aside their differences and turn their fine talents and energies to the more pressing public policy issues which confront our Nation in the postal areas.

## THE TRIGGER-PRICE MECHANISM ON STEEL

(Mr. VANIK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VANIK. Mr. Speaker, in recent weeks I have become gravely concerned with the economic decisions made by the administration in several areas. One week ago our Government announced the abandonment of the "trigger price mechanism" simply because the United States Steel Corp. exercised its right to file seven antidumping cases with the International Trade Commission. I was shocked that a decision of our Government would have been premised on the exercise of this right by an American corporation. While the trigger price mechanism may be of less value to the large steel producers of America, it was an absolutely essential tool to the smaller plants. These companies are not as well prepared to utilize the antidumping provisions and they were considerably stabilized by the trigger price mechanism which, while being slightly inflationary, permitted them to look to a level of profitability on which they could contemplate modernization, expansion, and in some cases, salvation.

A few days earlier, in testimony before the Trade Subcommittee of the Ways and Means Committee, a panel of Government representatives disavowed any interest in a voluntary restraint on the importation of automobiles from Japan. At that time I had recommended a restraint of 100,000 auto units in 1980 and an additional 100,000 auto units in 1981, to bring the Japanese share of our market down to their 1977 levels—still a considerable portion of the market in which they would be selling 1.5 million units in America. This temporary period of restraint would allow the domestic auto industry time to retool and modernize, thus saving American jobs and creating new jobs opportunities in the future.

At the same time the administration seems to be supporting the "free market" in interest rates which has encouraged interest levels to ascend to unprecedented levels, depressing all segments of our economy and, in particular, "wiping out" the domestic building industry.

I believe the automobile problems of the United States and the shift to meet new consumer requirements will bring about, by this summer, a job loss of about 1.5 million auto workers, component makers and suppliers in the automobile industry. This, coupled with 1.5 million jobless construction workers raises the likelihood of the addition of 3 million unemployed workers in America, to whom Labor Day may be the beginning of an unwanted long holiday.

Our threatened cascade into a deep recession is so serious that it has shifted the critical problem of inflation to a secondary concern. It is time that the administration and its economic advisers indicate some sensitivity to the critical nature of the problem.

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## CONGRESS CAN SPEED HOSTAGE RELEASE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Idaho (Mr. HANSEN) is recognized for 20 minutes.

Mr. HANSEN. Mr. Speaker, the longer we delay a congressional investigation, the longer we delay getting our hostages home.

First. Do you know who the militants are who hold Americans hostage in Iran?

Second. Do you really know how the hostages have been and are being treated?

Third. Do you know the extent of secret documents lost to the militants (and, no doubt, to the Soviets) by the takeover of the U.S. Embassy in Tehran?

Fourth. Do you know how much the release of the hostages might be delayed if Iran demands, as a condition, the release of their assets from the freeze and resultant injunctions from the 100 court cases now filed?

Fifth. Do you know how we got into our distressing predicament in Iran and why we have failed to get out of it?

Sixth. Do you know what it is that Iran really wants or needs to enable hostage release?

Five months have passed. Is it not time for Congress to find out? The information is available, from former hostages this body has never interviewed, from those of us who have been there, and from other sources which I have spelled out in detail in the CONGRESSIONAL RECORD, March 26, 1980, pages 6759–6771.

An investigation is imperative to end the crisis and we would better get on with it if we want to get the hostages home without further months of suffering and delay.

Even the biggest holdbacks, like Secretary of State Vance, are now admitting that my call last November for congressional hearings was right when he told the Senate Foreign Relations Committee this week, as reported in the March 27 Washington Star, that congressional action "might be useful in winning release of the 53 American hostages being held in Tehran."

I herewith enclose a letter dispatched yesterday to Senator FRANK CHURCH, chairman of the Senate Foreign Relations Committee, which tells it like it is. I hope you will support the following proposed House concurrent resolution calling for immediate congressional hearings and investigation to enable the earliest possible release of our hostages:

### RESOLUTION FOR IMMEDIATE CONGRESSIONAL HEARINGS AND RELEASE OF AMERICAN HOSTAGES IN IRAN

Whereas, current attempts to secure release of Americans held hostage in Iran have been unsuccessful, and whereas congressional action has been deemed essential to derive the truths necessary for the release of these hostages: Now therefore be it

*Resolved*, That the appropriate standing or special committees of the Senate and House of Representatives of the Congress of the United States be directed to conduct investigations and hearings as necessary to resolve the crisis between the Governments of Iran and the United States and procure release of the detained Americans.

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HOUSE OF REPRESENTATIVES,
*Washington, D.C., March 27, 1980.*

Hon. FRANK CHURCH,
*Chairman, Senate Foreign Relations Committee, Dirksen Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: I read today of your letter to Secretary Vance on the so-called Lackland agreements and appreciate your interest in this development. Certainly such covert "commitments" must be reviewed, especially in light of the statement on March 26th by the President's National Security Advisor Zbigniew Brzezinski that the United States has no further obligations or commitments to the fallen Shah of Iran. Obviously the White House continues to be so deeply involved in the Shah's controversial medical and travel plans that any commitments they may have made must be examined.

However, Mr. Chairman, two things about your letter and the news stories concerning it are most disturbing.

First, while the substance of assurances made by the State Department and President are important and perhaps even critical, your thrust seems to indicate that they arose in a vacuum.

I would think that the focus of your Committee's attention should be more on resolving the crisis in Tehran and bringing the hostages home than in merely conducting a post-mortem on a narrow, relatively insignificant aspect of the case.

Second, it was shocking to find that the leadership of the Senate Foreign Relations Committee only learned about the reported Lackland Agreements yesterday from the newspapers. Doesn't this tell us something about the value of briefings which you, as key members of Congress, have been receiving from the State Department?

As you must be aware, I have now for the past five months been raising questions about the intentions and professional conduct of the Department of State regarding the Iran crisis. Other public figures have done the same.

Are we to infer, Mr. Chairman, that the State Department has been suppressing vital information from the central Foreign Affairs Committee of the Congress?

Now you report that your Committee will issue a "white paper" on the relationship between the United States and the deposed Shah of Iran. It is difficult to understand what credibility such document will have since it will necessarily be based upon information provided by this same State Department. In fact, aren't you dangerously locking yourself into such a limited source of information when you predetermine that there will be no hearings?

Mr. Chairman, I have worked for five months with concerned and reliable sources to provide you and your Committee with voluminous evidence regarding the Iran crisis compiled from credible sources totally divorced from the State Department. This material demands an investigation, not a "white paper" whitewash.

The State Department resisted Congressional involvement to the detriment of hostage release in November; the State Department resisted United Nations hearings in November and again in December. Only after months of frustrating diplomatic paralysis over Iran and the Afghanistan invasion has the Department of State grudgingly come to accept the idea of investigation by the United Nations or the Congress. However, it would be most unfortunate and discouraging if a cosmetic pacification effort by the Senate, encouraged by an obstructive State Department, in lieu of an honest indepth study, came to the same fate as the recent abortive United Nations effort.

Mr. Chairman, I am sure you will agree that the lives and well-being of the hostages and their families, not to mention our national security and the cause of world peace, deserve better than this. Nothing less than a full and straight-forward investigation will answer our dilemma.

Sincerely,

GEORGE HANSEN,
*Member of Congress.*

Mr. Speaker, I also submit the following letter to Chairman HENRY REUSS of the House Banking Committee regarding a critical new development in the financial aspects of the Iran crisis which further emphasizes the need for Congress to act quickly and decisively.

MARCH 28, 1980.

Hon. HENRY S. REUSS,
*Chairman, Committee on Banking, Finance and Urban Affairs, Rayburn House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: I am enclosing a copy of an article from The Wall Street

Journal dated Friday, March 28, 1980 entitled, "Chase Bank and Others Face Court Challenges on Huge Loans to Iran," which I think you will find an interesting and provocative supplement to the material I sent you requesting an investigation of the Iran crisis.

If there was ever any question as to whether or not the Banking Committee has a responsibility to take up this issue, these huge questionable loans of $1.3 billion which could threaten the solvency of our banking system should remove that doubt.

I am sure you are anxious to see the Chase advice of counsel letter recommending against the Iranian loan commitments for the following determinations:

(1) Did that letter suggest that the Commitment by Chase and other banks was a violation of the law over which we have oversight?

(2) Did the letter suggest that these loans would violate the regulations of the Federal Reserve Board or other regulatory agencies?

(3) Did the letter suggest that the loans were in violation of Chase's own internal criteria and were operational ethics among the banks observed?

In addition to the specific questions of law and banking procedures, other serious areas of concern must be considered.

(1) Are the big banks, particularly the Chase Manhattan, over-extended in their foreign operations to a point seriously endangering solvency and risking loss to hundreds of thousands of depositors?

(2) Did the Chase and other big banks force the U.S into an international crisis to precipitate a freeze and shore up their shaky debt structure?

I continue to remain available to assist you in procuring information and holding hearings to determine the truth in this very sensitive matter. Certainly there can be no place for partisan politics where the economic well-being and national security are involved.

Sincerely,

**George Hansen,**
*Member of Congress.*

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[From the Wall Street Journal, Mar. 28, 1980]

## CAVEAT LENDER: CHASE BANK AND OTHERS FACE COURT CHALLENGES ON HUGE LOANS TO IRAN

(By Bill Paul)

In the final years of the shah's reign, many major international banks, led by Chase Manhattan Bank, quietly disregarded the Iranian constitution and lent hundreds of millions of dollars to Iran without specific approval of the loans by that nation's parliament.

If the new Iranian government challenges the legality of the loans in court—as now seems almost inevitable—Chase and its partners face the possibility of having to return several hundred million dollars of interest paid on the loans and conceivably part of the principal as well.

The loans in question total more than $1.3 billion and were made between January 1977 and June 1978. "They (the banks) stand to lose a bundle of money," says a Wall Street lawyer whose clients include several international banks.

Chase was advised by Mehran Tavakoli, its legal counsel in Tehran, that the loans had a problem because they seemed to be in violation of Article 25 of Iran's constitution. This provision of the constitution then in force stated, "No state loan at home or abroad may be raised without the knowledge and approval of the National Consultative Assembly," or parliament.

### CHASE MANHATTAN'S STATEMENT

There isn't any indication that the banks ever told their stockholders that a constitutional question existed with the loans. However, a Chase spokesman in a written statement says, "Chase does not, nor is it required to, inform stockholders of such risks in its normal lending process."

The Chase statement concedes that Mr. Tavakoli had "qualifications" about all four of the loans that were made within 18 months' time. But, the statement adds, referring to the first loan of $500 million. "In Chase's judgment, based on its assessment of all relevant circumstances and advice of counsel, the loan was and is in consonance with all applicable laws, and the loan agreement is enforceable."

"Until President Carter's recent freeze order, Iran had made prompt payment of all sums due on the loan," Chase points out as evidence of Iran's acceptance of the loan's legality.

The bank acknowledges that "a question was also raised by Tavakoli as to the authority of the government to guarantee the other three loans," but Chase says it received "unqualified opinions" from outside non-Iranian counsel on these loans. Chase's primary outside counsel in the U.S. is the prestigious Wall Street law firm of Milbank Tweed Hadley & McCloy.

### A FLURRY OF LITIGATION

While 50 Americans remain as hostages in Tehran, there is slight possibility that lawyers for the revolutionary government will push its claims in U.S. courts, particularly since the U.S. State Department has asked the courts to defer action on cases involving Iran until the hostage crisis has passed. Once that issue has been resolved, however, a flurry of litigation seems likely as the Iranians endeavor to obtain the return of funds seized by U.S. banks last November as an offset to loans that were declared in default.

An attorney with Rabinowitz & Budin, a New York law firm that represents Iran's central bank and thus presumably would be active in such litigation, says, "We are aware of" the Article 25 matter.

Besides Chase, more than 30 banks around the world participated in one or more of the four loans about which questions have been raised. The U.S. lenders include Bank of America, Bankers Trust Co., Chemical Bank, Citibank, Manufacturers Hanover Trust Co. and Morgan Guaranty Trust Co.

The first loan of $500 million was to meet a big budget deficit by the Iranian government, according to Iranian officials at the time. About six months before the loan was signed, Mr. Tavakoli, a senior partner of the Iranian law firm of Ghani & Tavakoli, which represented Chase and a host of other foreign firms, advised the bank of his doubts about Article 25 and whether the loan would be "enforceable." (Mr. Tavakoli wasn't available for comment on this story.)

### FEAR OF SAVAK

To the best of anyone's knowledge, this was the first time an Iranian attorney had dared to raise this objection, and, indeed, Mr. Tavakoli did so at great personal risk. According to a close friend, officials of the Iranian Finance Ministry demanded that Mr. Tavakoli drop his objection or face the wrath of Savak, the shah's sometimes-brutal secret police force. The friend says, "They (Iranian officials) said that they were going to tell Savak about the law firm's anti-state activities and that everyone in the firm was going to be put under house arrest."

While the threats were never carried out, the psychological effect was chilling. "Everyone was scared to death," says Mr. Tavakoli's friend. "They didn't know what might happen to them or their families."

Nevertheless, Mr. Tavakoli refused to change his opinion. That left Chase in an awkward position: make the loans with its constitutional problem intact or risk losing some fat fees and interest payments.

"The bank was making a tremendous amount of money in Iran and it wanted to make even more. It didn't want to lose the momentum," says a source close to the negotiations.

Mr. Tavakoli was persuaded to add to his opinion a statement that basically said that the shah's government was a good credit risk. However, Mr. Tavakoli's views on Article 25 remained unchanged. The final wording of the opinion letter sent by Ghani & Tavakoli to Chase said that "some doubt" existed as to the "enforceability" of the loan agreement because of Article 25, which the letter then quoted in full.

In its own account of the affair, Chase says that the "Tavakoli opinion was but part of the overall assessment by counsel of the legality of the loan."

### CHASE GETS A SECOND OPINION

The Chase statement indicates the bank took a seemingly unusual step by going to Iran's minister of justice to get an opinion to counter the one already provided by its own counsel in Iran. The statement says: "Chase was advised by the Ministry of Justice that, under Iranian law then extant, as well as custom and practice, parliamentary approval of government borrowing from foreign lenders was granted in the course of the Iranian government's normal planning and budgeting approval process."

The statement adds: "An unqualified opinion of the minister of justice was given, and Tavakoli advised the banks that it would not be imprudent for them to rely on this opinion."

To be sure, Chase didn't make the decision to go ahead with the loan by itself. As is customary with syndicate loans, Chase says it advised the other syndicate members banks "of all relevant matters, including qualifications in legal opinions." The syndicate included all the U.S. lenders plus National Westminster Bank of Britain, Swiss Bank Corp., Toronto Dominion Bank and Union Bank of Switzerland.

In late 1976 or very early in 1977, these banks met at Chase's New York offices to discuss the loan. Not much is known about who attended the meeting or what was said, but the outcome is clear: The loan was made. The Fnancial Times of London reported on Jan. 17, 1977, that "the loan (was) arranged on most favorable terms from a group led by New York's Chase Manhattan Bank."

### AVOIDING RED TAPE

Ironically, the question about the loan's legality could have been avoided had the finance-ministry officials been willing to submit the loan to a vote in parliament, which was basically a rubber stamp for the shah's policies. Why didn't they? "They were arrogant. They thought they were above the constitution," says one source. "And they were afraid the loan might get held up by bureaucratic red tape."

A few months after the $500 million loan was made, Chase found itself in line for an equally juicy plum as agent on two separate loans with a total principal of $560 million.

Both loans were to Iranian state-owned enterprises and were to be guaranteed by the government. One was for $250 million to Telecommunications Co. of Iran, while the other was for $310 million to National Petrochemical Co. of Iran.

Chase again asked Mr. Tavakoli to give a legal opinion, and the Iranian attorney raised the same constitutional problem. This time, Chase didn't have a meeting of the participating banks, which included a great many Japanese banks. Instead, Chase simply sent Mr. Tavakoli's opinion letter to the other banks, all of which decided to participate in the loans anyway. Among the Japanese banks that participated were Fuji Bank, Mitsubishi Bank, Mitsui Bank, Taiyo Kobe Bank, Tokai Bank and Sumitomo Bank.

The loans to the telecommunications and petrochemical companies were signed in December 1977. At this point, more than $1 billion had been lent to or guaranteed by the Iranian government. The fourth and last loan on which Mr. Tavakoli raised his objection was for $300 million in June 1978 to National Iran Gas Co.

### MR. TAVAKOLI WANTS OUT

On the next-to-last loan, Mr. Tavakoli told Chase that he didn't want to be its lawyer. He told the bank he felt he would be taking too great a personal risk to differ once again with Iranian government officials. But Chase, according to sources familiar with the situation, persuaded Mr. Tavakoli to stay on the job. The reason, as one of them explains it:

"Chase was afraid that if Tavakoli quit, another Iranian law firm might word its qualification even stronger. Also, if Tavakoli left, Chase's British counsel would have been duty-bound to raise the constitutional question itself, and it didn't want to have to do that."

Chase states firmly that every bank that participated in the loan agreement was fully aware of the Tavakoli opinion, including its qualifications. One of the banks that was checked for comment, Toronto Dominion Bank, claimed to have no knowledge of the letter.

Other banks had varying reactions. In London, National Westminster Bank said that Chase and the other banks realized there was a question about the agreement. Therefore, National Westminster added, they specified that the Iranian ministry of economic affairs must, within one month, notify the parliament so that body could take whatever action it wanted. National Westminster said this was a condition that had to be met before the Iranian government could take down any of its $500 million.

### A QUESTION FROM TEHRAN

However, there is a question whether the ministry ever carried out that requirement. A personal secretary to the former chairman of the senate, the upper house of the Iranian parliament, said in Tehran last week that the senate never knew about the initial $500 million loan.

Union Bank of Switzerland, after checking with the directors of the divisions that were involved, issued this statement: "The Union Bank did not know about this alleged warning from the Tehran legal firm to Chase Manhattan at the time and has no knowledge of such a warning today."

In response to the Union Bank statement, a Chase spokesman emphasized that the Tavakoli opinion was that it wouldn't be "imprudent" for the banks to make the government loan, and hence there wasn't any "warning."

In Tokyo, Sumitomo Bank said that if it had been aware that the Iranian parliament hadn't approved the loans it participated in, it would have withdrawn from the banking syndicate.

U.S. bank members of the Chase syndictes, with the exception of Citibank, either had no comment or didn't return a reporter's phone calls. Citibank stated: "As is customary in international financing transactions at this time, (Citibank) relied upon the continuing representations and warranties of the borrower and the legal opinion of the minister of justice of Iran, the highest legal official of the borrower."

### IRAN'S LOOMING TROUBLES

When the gas loan was signed, in late June 1978, it was already apparent to some observers that the shah's reign was in trouble. Indeed, by then, there had been serious disturbances in some Iranian cities, and a religious leader by the name of Ayatollah Ruhollah Khomeini was exhorting his followers to rise up and throw the shah out. Says a Westerner who was living in Tehran at the time, "It was an unstable political environment."

Nevertheless, Chase and the other banks (which by this time included Lloyds Bank of Britain, Algemene Bank of the Netherlands, Canadian Imperial Bank of Commerce, Banque Europeenne de Credit and Sanwa Bank of Japan) again accepted the Tavakoli letter. This was exactly seven months before the shah left his homeland.

One source maintains that, despite the written assurances the bank had that the shah was a good credit risk, what Chase may have been really banking on in case the shah was deposed was the millions the shah's government had on deposit in Chase branches around the world.

Indeed, last November Chase declared in default the original $500 million government loan and demanded "accelerated" payment of the outstanding balance. The new Iranian government protested, but with Chase holding an estimated $300 million in official Iranian funds, it appeared that the bank was in a good position to follow through on its default declaration. (Chase says the other $800 million of loans is in default but that bank syndicates so far haven't asked for accelerated payment.)

Now, however, if that loan agreement is found to be unenforceable, Chase will be in a poor position to keep any of that $300 million as an offset on the loan, according to legal and banking experts. Practically speaking, nothing will happen until President Carter lifts his freeze on all Iranian assets within U.S. jurisdiction.

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## KING CRIME

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, once again, I rise in continuation of the subject matter of what I have titled "King Crime." I have pointed out repeatedly, even though it antedates the murder of Federal Judge John Wood last year, that indeed, we have had far more than a safe, sound, and healthy society should tolerate, the reign of King Crime.

Ever since 1970, in which I undertook not less than 55 similar special orders to the House, during the regime that was involved in what we called the Sharpstown scandals in Texas and which showed up in very dramatic form some of the endemic situations in our criminal justice system, in our political system, and in our governmental system, which showed the time between the highly sophisticated, highly organized crime, governmental and political figures and business.

Now, this situation is intolerable. It is contradictory to the basic things of safe, sound, and free government, to the liberties of the people in general, to the ability to compete fairly and honestly in business, because no man in a competitive business can compete with a subsidized crime line of credit such as exists now in every line of business, whether it is shopping centers, banks, savings and loans, insurance companies; these all have been in many instances taken over by organized crime.

There is no question, and I have stated since 1970, that organized crime has penetrated the highest levels of our Government. So that when we finally have the reprehensible, the abominable crime, unprecedented crime of the cold-blooded murder, assassination, if you please, of a Federal U.S. district judge, which followed the attempted assassination of an assistant U.S. Federal district attorney in the western district of Texas, I think then that if we need any more factual presentation as to the state of illness that we find ourselves, that then we are beyond redemption, if we need any more. For the first time since last year, I have allowed 2 weeks in a row to pass without encumbering myself in the House during these special order periods, but I think we ought to realize that it will be almost a year that Judge Wood was murdered. It is the first time in our judicial history that this kind of crime has happened.

We had one judge who was murdered about 100 years ago, but under entirely different circumstances. It had nothing to do with an obviously planned, intended, and calculated act of murder, homicide, in order to intimidate the third branch of the Government, the judiciary, and this is exactly what has happened.

The judiciary is needed intimidated, at least in that area where every one of the judges, many of the law enforcement gentlemen in the Attorney General's Division, and in the District Attorney's Division in that part of the district are under U.S. Marshal surveillance and have been now for almost a year.

Now, this is absolutely unacceptable, reprehensible, abominable, and intolerable.

I have done the best I know how, as one man can, and I can truly say that I was speaking out back home in the district, not up here, at the time when it was obvious to me that you did not have to be a prophet, you did not have to be a clairvoyant, to know that you were going to have this type of crime happen.

I made up my mind last year that I would do everything humanly possible to, one, marshal the resources of law enforcement from the highest level in our country in order to concentrate on these abominable acts, beginning with the attempted murder of Assistant Federal District Attorney James W. Kerr.

Now, what has happened? What has happened is that Kerr had to be removed from employment in that area because of the fear that he could not even under marshal surveillance receive the proper care and safekeeping that he would be entitled to and particularly after the murder of Judge Wood.

I came up here after that attempt in November of 1978. I finally, after 3 months, managed to get the ear of the President's assistant for domestic affairs, and he came to the office. He brought representatives from the Drug Enforcement Agency and one from the Justice Department, and they assured me that they were going to upgrade the coordination of Federal agencies at least on that level.

It was obvious to me that the fact

that Kerr had not been killed, sort of mollified, and pacified things, and there was no real sense of urgency.

I then started to speak out back home. The Congress was not in session. Then when it did open its session for the first month of the 96th Congress, I addressed the House and have to this point not really penetrated almost any level. And on top of that, the ability and the skill with which the top level law enforcement agencies of our Nation and Government could handle this type of situation has been reduced. It has been practically paralyzed.

☐ 1240

Our law enforcement agencies, whether it is from the Federal, State, or local level, do not have the capacity to penetrate, much less control, the type of crime that has literally taken over this country, to our great detriment.

I have said, and I repeat now, we need not fear Communists or an invasion from Russia. That, I think, is less apt to happen than what is already happening, destroying our form of government, shaking the very framework of our liberties, and certainly in the case of the affected businessmen, for example, jeopardizing their ability to stay in business, and the corruption reflected in the penetration of our Government and its political process.

I swore that I would not allow the Judge Wood case to fall into the void like a quasar falling into the black hole of yet to be defined space, as the case of Jimmy Hoffa, for one. Nobody has even found the corpus delicti, the body. There is no solution to the Jimmy Hoffa case, and why not? What dastardly crime was that that has yet to be resolved, even in a criminal way?

Well, the Judge Wood case is falling into that category, much to my despair and despondency and there seems to be very little hope of receiving any kind of a sense of priority or urgency.

I have submitted, for instance, a simple House resolution which would say that it was our hope and our wish that the President would advise those involved in the Justice Department that they would be permitted to go up to $3 million in the offering of reward money leading to the arrest and the conviction of those culpable and guilty of the murder of Judge Wood and the attempted murder of James Kerr. So far, I think I have gotten about six cosponsors. I wanted to go that way because I am used to being like a coyote out in the brushwood baying to the moon needlessly. I have had a whole trunkful of lost cases, but in this case I importuned the House, not only because this is a local issue, because the crimes did not happen in my poor district, they happened over in the affluent, the silk stocking area, the quiet neighborhoods of America. You could not find a more affluent, more quiet, more sedate neighborhood than Alamo Heights in San Antonio where both these crimes were committed, very well planned, obviously arranged, and not a lead can our law enforcement agencies or machinery even point to at this time; so I will continue to importune the House. If nothing else, I will raise my voice.

There was a famous Russian writer who said that every smug and complacent and satisfied citizen ought to have somebody come from behind the door and tap him over the head with a hammer to remind him there was a lot of suffering and poverty and distress in the world. I wish we could have done that, even though our range of jurisdiction is limited.

I think the House and the Congress generally can play a decisive role if it would so seek to do in bringing a sense of urgency and priority of the first kind on the executive branch of Government, where the main responsibility lies, and particularly the atrocious, low grade of efficiency that seems to pervade, or the inability—not inefficiency, because I do not know what law enforcement agents can do if the process has been corrupted from on high and if the penetration of organized crime is of such a nature that, for example, over 65 percent of the middle and top level informants available to such agents of the FBI have been knocked off.

They have been murdered in the last 2 years and they cannot do anything about it; so they are reduced in their ability to penetrate even this underworld of activity, much less the more open, but still mysterious upper world of the syndicate, the highly sophisticated corporate-like structure of organized crime that has already debilitated the roots of this great governmental tree of freedom and democracy.

## PROCEDURE FOR CONSIDERATION OF HOUSE CONCURRENT RESOLUTION 307

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. BOLLING) is recognized for 5 minutes.

● Mr. BOLLING. Mr. Speaker, on Thursday, March 27, 1980, the Committee on Rules heard testimony pursuant to granting a rule on House Concurrent Resolution 307, the first concurrent resolution on the budget for fiscal year 1981.

The committee heard from some 19 witnesses and received communications from several others. A number of members who testified before the Rules Committee indicated support for a rule which would structure debate on the budget resolution by allowing the House to focus its attention on amendments dealing with the most serious issues. Such a rule would allow the House to conclude its work on the budget resolution in a timely fashion without jeopardizing the ability of Members to fully debate and make decisions on the most important policy issues.

As a point of information, I would like my colleagues in the House to know that the Rules Committee has been asked to grant a complex rule on the budget resolution which might of necessity preclude the offering of some germane amendments. The Rules Committee has this suggestion under advisement and will meet for further consideration of the matter on Monday.●

## PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. PEASE) is recognized for 5 minutes.

● Mr. PEASE. Mr. Speaker, due to a personal medical appointment, I was not present or recorded for three rollcall votes on March 24.

If I had been present, I would have voted "yes" on rollcall No. 151, the Bankruptcy Tax Act of 1980, "yes" on rollcall No. 152, sale of obsolete vessels, and "yes" on rollcall No. 153, the Paperwork Reduction Act of 1980.●

## VANCE TESTIFIES ON U.N. VOTE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. MICA) is recognized for 10 minutes.

● Mr. MICA. Mr. Speaker, there has been a great deal of concern and number of questions regarding the recent vote cast by the United States at the U.N. Security Council on March 1, 1980.

In an attempt to obtain an explanation for this vote the Foreign Affairs Committee, upon which I serve, heard testimony from U.S. Secretary of State Cyrus Vance.

It is my feeling that his testimony did not totally answer all questions that Americans have with regard to this vote. However, I do want to share with my colleagues this testimony for their review. I hope additional information will be forthcoming.

### STATEMENT BY SECRETARY OF STATE CYRUS VANCE BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE, MARCH 21, 1980

Mr. Chairman, there has been a great deal of discussion about the subject of today's hearings: The events surrounding the United States' vote in the United Nations Security Council on March 1. Mr. Chairman, I know that all of us here are aware of the importance of approaching our discussions today with a view to their possible impact on our efforts for a comprehensive peace. In this regard, Ambassador Linowitz is leaving tomorrow for a round of particularly sensitive negotiations with the Egyptians and Israelis:

Over the years the United States has been forthright in stating its position on these issues. We have made clear:

Our unwavering support for Israel's security and well-being;

Our longstanding commitment to the independence and territorial integrity of all the states of the Middle East, including Israel's right to live in peace within secure and recognized boundaries;

Our support for Security Council Resolution 242 in all its parts as the foundation of a comprehensive peace settlement;

Our belief confirmed by Egypt and Israel at Camp David that negotiations are necessary for the purpose of carrying out all the provisions and principles of Resolutions 242 and 338;

Our conviction shared by Egypt and Israel that a comprehensive peace must include a resolution of the Palestinian problem in all its aspects;

Our firm position that we will not recognize or negotiate with the PLO so long as the PLO does not recognize Israeli's right to exist and does not accept Security Council Resolutions 242 and 338;

Our unswerving commitment to the negotiating process laid out at Camp David; and

Our strong view that in the interim the parties should conduct themselves in accordance with international law and common-sense restraint so as to build trust that a sequence of successful negotiations can bring about a just, honorable and lasting peace for all.

After nearly thirty years of stalemate and strife, we finally have seen concrete progress toward peace through negotiations. President Sadat, Prime Minister Begin, and President Carter embarked on a process that has led to the Camp David Framework, the Egypt-Israel peace treaty, and the present negotiations to establish full autonomy in the West Bank and Gaza. At the request of the parties, the United States is a full partner in these negotiations.

It is important to stress that the objective of all three partners is a peaceful settlement compatible with the Camp David Accords and achieved through negotiation. The approach which has begun to bear fruit in the last two years is to reach accommodation on those issues that can be tackled now and then to use the progress made in the present stage to facilitate resolution of the tougher issues in later phases of negotiations. It is critical to this process that each side gain trust that a negotiated settlement on fair terms is possible.

Let me turn now to several specific issues.

### THE PRESENT NEGOTIATIONS

The current negotiations provide the context for concrete discussion of individual issues. It is important to define what the current negotiations are and what they are not.

They are not, for example, designed to define the final status of the West Bank and Gaza. All issues relating to permanent institutions in these areas are to be resolved in a later negotiation where the Palestinians can participate in the determination of their own future through the process set forth in the Camp David Accords. Our concern is that unilateral acts tend to prejudice the outcome of those negotiations and therefore to undercut the avenue to a peaceful and honorable resolution of those complex issues.

The current negotiations *are* an effort to establish a Self-Governing Authority in the West Bank and Gaza for a transitional period while fully protecting Israel's security. In order for that effort to succeed, some important issues will have to be resolved.

The current negotiations must also define the powers and responsibilities of the Self-Governing Authority to be exercised in the West Bank and Gaza. These arrangements should assure full autonomy for the inhabitants of these territories while providing for the legitimate security concerns of the parties involved.

There is, also, the question of how the elections will be conducted which will produce the freely-elected body called for by the Camp David Framework. Those elections should assure that that body has the popular support necessary to carry out during the transitional period its responsibilities as agreed among the parties.

On the question of security, let me reaffirm the statement in the Camp David Accords that "all necessary measures will be taken and provisions made to assure the security of Israel and its neighbors during the transitional period and beyond." That commitment is an integral part of the Camp David Framework, and this Administration intends to see that it is honored in full.

### THE UN RESOLUTION

In February, we were faced with a draft resolution on the question of Israeli settlements which was circulated in the Security Council.

We disagreed with a reference in the Resolution to dismantling existing settlements, and sought unsuccessfully to have it removed. As often happens in the UN Security Council, therefore, we stated our reservations without opposing the resolution as a whole. President Carter has stated clearly our view that this call for dismantling was neither proper nor practical.

As you know, we did succeed in removing paragraph seven of the draft, which called on Israel to assure the exercise of religious freedom in Jerusalem, thereby wrongly implying that it is not already doing so.

There was a misunderstanding, however, with regard to our position on other references to Jerusalem in the resolution. The President understood that all references to Jerusalem would be removed before we would vote for the resolutions, believing that in the present phase of the autonomy negotiations it would not be helpful to raise the issue of Jerusalem in a UN resolution concerning settlements. I believe that what the President wished to have removed were the reference to Jerusalem and related material contained in paragraph seven. I was mistaken and have accepted full responsibility for this misunderstanding.

As Ambassador McHenry stated in the Security Council immediately following the vote, the U.S. considers Resolution 465 as recommendatory rather than binding. With regard to the references in the Resolution to "Palestinian and other Arab lands", it is our position that this phrase should not be construed as in any way prejudicing the outcome of the autonomy negotiations or negotiations on the final status of the West Bank and Gaza.

As the President unequivocally stated on March 3, our policies with respect to settlements in occupied territory, and with respect to Jerusalem, have not changed. I think it is important that I take a moment to reiterate briefly our policies on these two issues.

### SETTLEMENTS IN OCCUPIED TERRITORY

U.S. policy toward the establishment of Israeli settlements in the occupied territories is unequivocal and has long been a matter of public record. We consider it to be contrary to international law and an impediment to the successful conclusion of the Middle East peace process. We have consistently urged Israel to halt actions to create new settlements or to seize land to expand existing ones. We regard such restraint as particularly important while the autonomy negotiations are underway.

The Camp David Framework does not refer specifically to Israeli settlements in the West Bank and Gaza. Nevertheless, certain questions concerning the status of the settlements during the transitional period will obviously have to be resolved in the course of the autonomy negotiations.

The permanent resolution of the settlements issue must then be decided in the subsequent negotiations on the final status of the occupied territories.

### JERUSALEM

Our policy on Jerusalem has remained consistent under the past four Presidents. As President Carter stated on March 3, our position on the status of Jerusalem has not changed. That position remains as indicated by the President in his letter to President Sadat signed at the time of the Camp David Accords.

With respect to the future of Jerusalem, it has been our consistent position that the final status of the city must be settled in the context of negotiations for a final peace. We believe that whatever solution is eventually agreed upon should preserve Jerusalem as an undivided city. It should provide for free access to the Jewish Muslim, and Christian holy sites without distinction or discrimination for the free exercise of worship. The solution should assure the basic rights of all the city's residents. We have taken no position on exactly how the final status of Jerusalem might be defined.

### THE PEACE PROCESS

In sum, Mr. Chairman, there has been no change in U.S. policy as we continue our dedicated efforts toward a comprehensive settlement. Before turning to your questions, I would like to say a few final words about the Middle East peace process as a whole. Over the past three years, there is no foreign policy goal on which the President and I have worked harder than a genuine peace in the Middle East. The achievement at Camp David the peace treaty between Egypt and Israel, the launching of negotiations to establish full autonomy in the West Bank and Gaza are historic accomplishments particularly when viewed against the past history of this tragic conflict.

It is critically important that we concentrate our full and undivided attention on the autonomy negotiations and do all we can to give these talks the best possible prospect for success. The autonomy negotiations offer the first real opportunity for Palestinians living in the West Bank and Gaza to achieve full autonomy within the context of assured Israeli security, as the next step toward achieving a just, lasting and comprehensive peace settlement.

As reflected in the agreement reached at Camp David, such a peace is deeply in the interests of the United States, of Israel, of Israel's neighbors, and of the world. Every decision we have made—and will make is designed to move us toward that goal.

With this in mind, the President has invited President Sadat and Prime Minister Begin each to come to Washington in early April to discuss with him how best we can accelerate the movement toward our mutual objective.●

## THE BENEFITS OF TAX WITHHOLDING FOR AGRICULTURAL EMPLOYEES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 10 minutes.

● Mr. PANETTA. Mr. Speaker, I am today introducing legislation that would achieve a very important reform in our tax structure. It would extend the benefits of withholding income taxes to agricultural employees.

Under current law, most employees have a proportional amount of their paychecks withheld in order to assist them in prepaying their income taxes. This permits the Government to make use of the taxes they owe, and it enables the individual employee to avoid a large payment to the Internal Revenue Service every April. This method of tax collection has worked effiicently and to the benefit of employees, employers, and the Government for several decades.

Agricultural employees were originally exempted from withholding for good reason. The migratory nature of their work, along with the scattered and very low pay they received, made withholding unnecessary and inefficient. It also posed an additional paperwork burden on employers. Thus, it made little sense to go through the process of withholding from individuals who, most likely, would not owe any taxes at the end of the year in any event.

Today, however, a number of factors have come together to alter this situation significantly. Primarily, the rapid rate of inflation and increased wages have pushed farm employees into higher tax brackets. They now face the reality of owing the Government a higher share of taxes at one time. The lack of withholding has saddled them with a very large debt every April 15.

Thus, withholding is for them as it is for millions of other employees a necessity if they are going to avoid this tremendous financial burden. In addition, most agricultural employees now have social security payroll taxes withheld on a regular basis. This means that the basic administrative work related to withholding is largely in place.

There are obviously some important benefits for this country as well. The more difficult it is for people to pay their taxes, the less likely it is that they will in fact comply with the law. Unfortunately, as a member of the House Budget Committee, I have seen statistics compiled by the Treasury Department and the General Accounting Office that indicate that over a third of all agricultural workers do not file tax returns at all. Treasury estimates that $1.3 billion of income goes unreported by farm employees.

There is little doubt that withholding is a very effective method of increasing the legitimate reporting of taxable income. Assistant Secretary of the Treasury Donald C. Lubick cites expansion of withholding as the most important step that can be taken to reduce noncompliance with the law. In fact, the General Accounting Office, in a 1975 report entitled "Mandatory Tax Withholding Recommended for Agricultural Employees," urged that Congress, for the sake of both the workers and the Federal Government, expand the benefits of withholding to agricultural employees.

My bill would eliminate the exemption from withholding for most agricultural employees. Nonwithholding would be retained for those employees who are now exempt from paying social security employment taxes—those who work for an employer for fewer than 20 days in the year or are paid less than $150 by an employer. This would permit the smallest farm operations to avoid the administrative difficulties of withholding and allow an individual employee to work for a short amount of time without facing excessive withholding.

My bill is a sound approach to one facet of the "underground economy," which has drawn a great deal of attention in recent months. It would significantly reduce the nonreporting of income and would permit the collection of legitimate Federal revenues. I strongly urge my colleagues to support this legislation.

Mr. Speaker, at this point in the Record, I would like to insert a copy of my bill:

### H.R. 6967

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) paragraph (2) of section 3401(a) of the Internal Revenue Code of 1954 (defining wages for purposes of income tax withholding) is amended to read as follows:

"(2)(A) in any medium other than cash for agricultural labor; or

"(B) in cash for agricultural labor unless (i) the cash remuneration paid in the calendar year by the employer to the employee for such labor is $150 or more, or (ii) the employee performs agricultural labor for the employer on 20 days or more during such year for cash remuneration computed on a time basis; or".

(b) Section 3401 of such Code is amended by adding at the end thereof the following new subsection:

"(g) Agricultural Labor.—For purposes of subsection (a)(2), the term 'agricultural labor' has the meaning given such term by section 3121(g)."

(c) The amendments made by this Act shall apply to remuneration paid on or after January 1, 1980.●

## RABBI MENACHEM M. SCHNEERSON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. O'Neill) is recognized for 60 minutes.

● Mr. O'NEILL. Mr. Speaker, yesterday it was my honor to be a cochairman, along with the distinguished President pro tempore of the other body, of a special ceremony honoring one of the world's great spiritual leaders, Rabbi Menachem M. Schneerson, the Lubavitcher Rebbe, on the eve of his 78th birthday. At this ceremony a National Scroll of Honor was signed by numerous Members of the House and of the Senate, paying tribute to Rabbi Schneerson's three decades of leadership at the head of the worldwide Lubavitcher Hasidic movement, which has its world headquarters in Brooklyn, N.Y.

Rabbi Schneerson is renowned and revered for his many contributions to mankind, especially in the realm of education. Under his leadership, the Lubavitcher movement has established more than 60 centers in 35 States, as well as centers in more than 20 foreign countries. Rabbi Schneerson was honored by the Congress and the President on his birthday 2 years ago by the passage of House Joint Resolution 770 authorizing and requesting the President to proclaim his birthday as "Education Day U.S.A." Not long ago, on January 28, 1980, the Lubavitcher movement marked the exact 30th anniversary of Rabbi Schneerson's ascension to the leadership of the movement. A gathering of several thousand followers of Rabbi Schneerson, as well as Representatives of our Government, the Government of Israel and the world Jewish community at large, took place at the main Lubavitcher headquarters at 770 Eastern Parkway in Brooklyn.

We in the Congress have chosen to honor Rabbi Schneerson on this day, his 78th birthday, by the signing of this special scroll. Many Members of the House and Senate who were unable to sign the scroll at the ceremony yesterday when I did so will, I am sure, have the opportunity to affix their signatures to the scroll in the days ahead.

I hereby wish to insert in the Record first, the text of the National Scroll of Honor and second, the text of Rabbi Schneerson's own remarks on January 28, 1980, at the gathering marking his 30th anniversary at Rebbe, which Rabbi Schneerson made in response to the many good wishes he received at that time from all parts of the world. I am sure that Rabbi Schneerson's own words, included here, will demonstrate to all my colleagues the profound wisdom and humanity of this spiritual leader who cares for the education and wellbeing not only of the Jewish people but of all mankind as well:

Whereas the Lubavitcher Rebbe, Rabbi Menachem M. Schneerson, has completed 30 years of service to world Jewry;

Whereas his venerated wisdom and leadership have contributed greatly to the promotion of education and the betterment of mankind;

Whereas the United States Congress has accordingly recognized his accomplishments by proclaiming "Education Day U.S.A." on his birthday;

Whereas the Lubavitcher movement, through the scores of its educational centers in this country and abroad, dedicates itself to preserve, protect and foster universal values that all free men hold dear;

Now, therefore, on the occasion of his birthday, March 28, 1980, corresponding to the 11th of Nisan 5740, we, the undersigned, do present to the Lubavitcher Rebbe, Rabbi Menachem M. Schneerson, the National Scroll of Honor recognizing his three decades of brilliant achievement, and wishing him health, long life and many more years of leadership to crown his celebrated career.

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On all occasions we take our cue from the Torah, for *Torah* means "instruction."

Noting that the first word of the Torah (Bereshith, "In the beginning") begins with the letter *Beth*, which stands for *Berachah* (blessing), our Sages taught, "It is proper to begin with a blessing."

Accordingly, I will begin with the traditional *Beruchim Haba'im*, Blessed are the guests.

It is a pleasure to welcome all of you who came here in person, from near and far, to participate in this Farbrengen (get-together) and to express my heartfelt appreciation of all the good wishes that have been conveyed to me on the occasion of this Thirtieth Anniversary—which I prayerfully reciprocate to each and all.

At first glance it may be asked, What can a blessing reiterated by a human being add to the Divine blessing already assured in G-d's promise, "I will bless them that bless you" (Gen. 12:3)?

The answer is twofold. The Torah teaches us—and it is also self-evident—that one should acknowledge and reciprocate good for good. Secondly, we find in our sacred literature many references to the efficacy of the spoken word, and that by pronouncing a benediction a person hastens the realization of the Divine blessing in a tangible and *manifest* form here on earth (in preference to "a blessing in disguise").

It is therefore my very pleasant duty to express here and now my prayerful wish that G-d's blessings to all the well-wishers be materialized in full measure, in all three aspects of "health, children, and sustenance."

After beginning with (the letter *Beth* for)

*Berachah*, the opening words of the Divine fiat are, "And G-d said, Let there be light!" Commenting on this, the Midrash quotes the verse, "Let your opening words give light" (Ps. 119: 130).

The ultimate accomplishment of light is that it not only dispels darkness ("even a little light dispels a lot of darkness"), but it has the power to transform darkness itself into light.

In terms of good and evil, corresponding to light and darkness, it means that there are two ways of overcoming the negative: one is to eradicate it; the other and more desirable—to transform the negative into positive.

The Torah is synonymous with light (Prov. 6: 23). It illuminates our everyday life, and teaches us how to illuminate the world around us, to achieve the truly good life. But the choice is left to the individual. Every person is free to choose the path of Life, or to turn in the opposite direction. "Choose life," the Torah exhorts (Deut. 30: 19).

That a person should need exhortation where the choice is so obvious is due to the fact that a person is subject to the influence of two conflicting forces within him: one advocating the good, the other—under the guise of misconceived self-interest—often pulling in the opposite direction. In our sacred literature, these conflicting forces are called the good inclination and the bad inclination. In other words, the Divine in man and the animal in man.

The path of life entails a sustained vigilance and effort; and not merely to conquer the animal that is in human nature, but also to ultimately refine and sublimate the lower passions to the good and positive—much in the way that a brute animal is tamed and harnessed in the service of man and thus helps him accomplish his human tasks all the better. In this sense our Sages interpret the commandment, "And you shall love the L-rd your G-d with all your heart," (Deut. 6: 5) to mean, "with both your inclinations."

The inner conflict, due to the said inherent conflicting forces, is further compounded by the fact that we live in a multifarious world, in which there are many seemingly irreconcilable forces at work. In such a world—termed in the philosophy of Chabad as "Public Domain," it is often difficult to grasp how this world could be ruled by one and the same Creator and Master; an orderly world ruled and conducted not by coercion and brutal force, but by mutual respect and love.

Here again the light of the Torah helps us to recognize the unifying force behind the external multifariousness; and by spreading the Divine light in the world around us, we can transform the "Public Domain" into a "Private Domain"—the domain of G–dliness, where everything is attuned to the service of the One and Only G–d, the Creator and Master of the Universe. This is what our great teacher and Guide for the Perplexed (Maimonides) epitomized by quoting in his Codex of Laws (end of Book of Zemanim) the declaration that "the entire Torah was given to make peace in the world."

In connection with the above, we recall the adage of my saintly father-in-law, on this thirtieth anniversary of his demise: "An individual is a multitude," which reflects the teaching of the Mishnah, "For this reason man (Adam) was created single—to teach you. . . (that an individual is like) a whole world."

This means—in a deeper sense—that an individual comprises within him, as mentioned earlier, a world of diverse forces, often conflicting, which are parallel to those in the world at large, or, in more familiar terms, a human being is the microcosm reflecting the macrocosm.

However, it is man's duty and purpose in life to refine, mold and transform the multiplicity and diversity of his complex nature—his desires, capacities, etc.—into a single entity of a higher order. And everyone is given the full capability and is therefore expected, to achieve this end both on the individual level, as well as to work for, and contribute to, the harmony and peace in his community, his country, and in the world at large.

The concept of transforming the "Public Domain" into a "Private Domain" in the above sense, has an analogy in the principle of democracy.

Contrary to popular saying—all people are not created equal. (We are not talking about human rights, of course.) In his infinite wisdom, G–d created the human race so that "no two persons are alike, nor are their opinions identical." However, in a democracy this problem is resolved on the basis of the principle of majority rule (which is the law of the Torah). According to this principle, the members of a society, or the citizens of a country, delegate power to, and confer authority on, freely elected representatives to conduct the affairs of the entire group for the good of each and all. More than that. The democratic system provides the process by which a multitude of diverse individuals becomes one entity, indeed one organism—be it in the form of a congregation, a community, a municipality, a state, or a United States.

In a free democracy, and seeing that no two persons think alike, no unanimity should be expected. There are bound to be more than one candidate for the elective office. But once the voice of the majority has spoken, the minority and every individual that voted for another candidate must readily and willingly submit to the will of the majority and accept the elected official as one's personal candidate, as though one had voted for him.

Nevertheless, this submission and acceptance is limited only to one's actions, but does not imply the surrender of one's judgment and reason, which one may freely express as before.

And even in respect of control over the individual's actions, it applies only in the realm of general public interests, not the individual's rights of free religious exercise, his right to choose the kind of education for his children and his right to order his family life as he sees fit. Indeed, a true democracy has built-in constitutional safeguards to protect the individual's inviolable rights, and the right of minorities to preserve their ethnic and cultural identities, each contributing to, and enriching, the society as a whole.

On his part, every elected official must regard himself as the representative of each and every one, regardless of the voter's personal preference at the ballot. Moreover, having been elected by the people, he exemplifies the unity of the multitude, rising above all division and discord. It is in this way that the "Public Domain" of the society can be transformed into a "Private Domain" of a higher order, where there is unity of purpose and interest, overriding the narrow, divergent, egoistic interests of many different individuals; or groups of individuals.

We are indeed fortunate to live in such a democracy, and it is up to each and everyone, Jew and non-Jew, to make the most of it.

What is true on the communal and national level is true on the universal level—to achieve the ideal of "one world," where all nations can live in peace and concord, and work in concert for their mutual advancement, both materially and spiritually.

But before this can be achieved, there must be a recognition of a supreme overriding principle for all mankind. This principle will be found only in those basic values of morality and justice, including human rights of course, laid down by the Supreme Being, without which there can be no decent human society. Hence, in accord with Divine Providence and aided by it, it is incumbent upon each and all to work for the dissemination of these Divine laws and precepts.

The doctrine of Divine Providence as expounded by the Founder of the Chassidic movement and by his successors, the Rebbes of Chabad, teaches us that Divine Providence extends to the minutest detail of everything in this world, even in the realm of the inanimate. A corollary of this doctrine is his adage that "everything one sees or hears should serve as instruction how better to serve G-d."

In light of the above, it is highly significant and instructive that American money bears the inscriptions "In G–d We Trust" and "E Pluribus Unum."

Jews in this country, constituting the largest single Jewish community in the world, are fortunate to live in a country that so proudly proclaims its national mottos and gives them the widest possible "currency." We profoundly appreciate and identify with these concepts. Indeed, this is what we have been discussing above.

It should be noted, moreover, that not only are these mottos instructive in substance, but also in form. The motto "In G–d We Trust" is inscribed in plain language—plain English, whereas "E Pluribus Unum" (out of many—one) is expresed in Latin. I do not know what brought the authors of these national mottos to adopt this semantic difference, but they must have been guided by Providential design.

The American dollar is international currency, and it has become even more universally familiar by the substantial help and financial aid this country has distributed to less fortunate nations all over the world. English, too, has become an international language, and certainly more familiar than Latin.

Thus, the motto "In G–d We Trust" is a constant and clearly understood reminder all over the world of a basic concept that pertains to every human being on earth, since it is an inherent universal concept that requires no special intellectual acumen, and it has to be implemented, as the basis and motive of everyone's daily activities, including those who are quite ordinary, plain folk and lead a simple life.

On the other hand, the realization of the concept of "E Pluribus Unum,"—the endeavor to make it a reality, which is the essential thing, particularly in the context of our discussion on transforming the "Public Domain" into the "Personal Domain," requires a great deal of preparation, keenness of mind, study and insight, and therefore more appropriate to the experienced and trained intellectual. Hence, the symbolism of the Latin language.

In conclusion, since "the essential thing is the deed," and when it comes to actual deeds everyone has been endowed by the Creator with the capacity to be master over one's conduct, it behooves everyone, man and woman, to work for the achievement of the higher goals in life, beginning with one's self—to reinforce one's trust in G–d, which is so essential to inner peace and harmony, and to enabling one to mobilize and unify all one's inner forces, as well as resources, for the common weal, to speed the realization of the Prophetic ideal of one world and one humanity, of unity in the midst of diversity, all living in harmony and peace under the reign of the One G–d.●

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Solomon) to revise and extend his remarks and include extraneous material:)

Mr. Hansen, for 20 minutes, today.

(The following Members (at the request of Mr. Gonzalez) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 15 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Mr. Bolling, for 5 minutes, today.
Mr. Pease, for 5 minutes, today.
Mr. Mica, for 10 minutes, today.
Mr. Panetta, for 10 minutes, today.
Mr. O'Neill, for 60 minutes, today.

## EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Solomon), and to include extraneous matter:)

Mr. Philip M. Crane.
Mr. Michel.
Mr. Derwinski in two instances.
Mr. Roth.
Mr. Courter.
Mrs. Heckler.

(The following Members (at the request of Mr. Gonzalez) and to include extraneous matter:)

Mr. Coelho in three instances.
Mr. Kildee.
Mr. Jacobs.
Mr. Hamilton.
Mr. Howard.
Mr. Solarz.
Mr. Benjamin.
Mr. Ottinger in eight instances.
Mr. Dixon.
Mr. Stark in two instances.
Mr. Edgar.
Mr. Santini.

## SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 155. Joint resolution providing for the designation of the week beginning April 13, 1980 and ending April 19, 1980 as "National Dance Week"; to the Committee on Post Office and Civil Service.

## ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

### PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BAUMAN. Mr. Speaker, if the gentleman from Maryland demands a division and the majority party Member votes "aye" and the two minority party Members vote "no" on adjournment, what would happen?

The SPEAKER pro tempore. The Chair would vote for adjournment.

Mr. BAUMAN. But we would have a tie vote; would we not?

The SPEAKER pro tempore. We would have a tie vote.

Mr. PEASE. Mr. Speaker, I would then rush in to save the House.

The motion was agreed to; accordingly (at 12 o'clock and 46 minutes p.m.), under its previous order, the House adjourned until Monday, March 31, 1980, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3930. A letter from the President of the United States, transmitting a report on progress toward the conclusion of a negotiated solution of the Cyprus problem, pursuant to section 620C(c) of the Foreign Assistance Act of 1961, as amended (H. Doc. 96–289); to the Committee on Foreign Affairs and ordered to be printed.

3931. A letter from the Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting the financial report of the Corporation for the month of January 1980, pursuant to section 308 (a)(1) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Interstate and Foreign Commerce.

3932. A letter from the Comptroller General of the United States, transmitting a report on U.S. energy assistance to developing countries (ID–80–7, Mar. 28, 1980); jointly, to the Committees on Government Operations, and Foreign Affairs.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STAGGERS: Committee on Interstate and Foreign Commerce, supplemental report on H.R. 6837 (Rept. No. 96–839, pt. 2); Referred to the Committee of the Whole House on the State of the Union.

Mr. FROST: Committee on Rules. House Resolution 625. Resolution providing for the consideration of the bill (H.R. 5563) to amend title 28 of the United States Code to provide that certain judicial pleadings and proceedings in the Commonwealth of Puerto Rico may be conducted in the Spanish language, and for other purposes (Rept. No. 96–859). Referred to the House Calendar.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOWNEY:

H.R. 6963. A bill to require the Secretary of the Treasury to issue guarantees with respect to the payment of the principal and interest of bonds to be issued by the Suffolk County Sewer Authority, in Suffolk County, N.Y., and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. EDGAR (for himself, Mr. Mineta, Mr. Fithian, Mr. Fazio, Mr. Kostmayer, Mr. Nowak, Mr. Lundine, Mr. LaFalce, Mr. Moakley, Mr. Wolpe, Mr. Brown of California, Mr. Edwards of California, Mr. Wolff, Mr. Porter, Mr. Bedell, Mr. Downey, Mr. Moffett, Mr. Carr, Mr. Maguire, Mr. Atkinson, Mr. Sharp, Mr. Gray, and Mr. Bonior of Michigan):

H.R. 6964. A bill to amend title 23 of the United States Code to allow the Secretary of Transportation to make grants and loans for carpooling and vanpooling programs and to establish a national office of ridesharing; to the Committee on Public Works and Transportation.

By Mr. ERTEL:

H.R. 6965. A bill to establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad; and for other related purposes; jointly, to the Committees on Science and Technology and the Judiciary.

By Mr. NICHOLS (for himself and Mr. Mitchell of New York):

H.R. 6966. A bill to amend chapter 5 of title 37, United States Code, to revise the special pay provisions for medical officers in the Armed Forces and to make permanent the existing special pay provisions for other health professionals in the uniformed services; to the Committee on Armed Services.

By Mr. PANETTA:

H.R. 6967. A bill to amend the Internal Revenue Code of 1954 to provide that agricultural labor which is subject to FICA tax withholding shall also be subject to withholding for income tax purposes; to the Committee on Ways and Means.

By Mr. PICKLE (for himself and Mr. Hall of Texas):

H.R. 6968. A bill to amend title 49 of the United States Code to require a rail carrier having market dominance to demonstrate that its proposed rates do not exceed a reasonable maximum, and to prohibit the Interstate Commerce Commission from allowing a rail carrier to impose subsidy burdens on certain shippers in order to achieve adequate overall revenue levels; to the Committee on Interstate and Foreign Commerce.

By Mr. SKELTON:

H.R. 6969. A bill to require the Secretary of Labor to treat enlistment in the Armed Forces the same as any other employment or placement for purposes of the Wagner-Peyser Act; to the Committee on Education and Labor.

By Mr. SWIFT:

H.R. 6970. A bill to designate certain lands in the Mount Baker-Snoqualmie National Forest, Wash., for inclusion in the national wilderness preservation system; jointly, to the Committees on Interior and Insular Affairs and Agriculture.

By Mr. VOLKMER:

H.R. 6971. A bill to amend title 28 of the United States Code to provide that the counties of Audrain and Montgomery shall be in the northern division of the eastern judicial district of Missouri; to the Committee on the Judiciary.

By Mr. WON PAT:

H.R. 6972. A bill to amend title 27, United States Code, to provide that members of the Armed Forces who are residents of Guam and who are serving in Guam shall receive foreign duty pay on the same basis as other members of the Armed Forces serving in Guam; to the Committee on Armed Services.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. SIMON presented a bill (H.R. 6973), for the relief of Madhev Prasad Sharma, which was referred to the Committee on the Judiciary.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2248: Mr. Addabbo, Mr. Gonzalez, Mr. Lee, Mr. Petri, Mr. Fazio, Mr. Ratchford, Mr. Porter, and Mr. Ford of Tennessee.

H.R. 5211: Mr. Mitchell of New York.

H.R. 5225: Mr. Findley and Mr. Lee.

H.R. 5862: Mr. Luken, Mr. Quayle, Mr. Whittaker, and Mr. Campbell.

H.R. 5981: Mr. Downey, Mrs. Heckler, Mr. Lagomarsino, Mr. Long of Maryland, Mr. Pepper, Mr. Richmond, and Mr. Wolpe.

H.R. 6070: Mr. Rose.

H.R. 6303: Mr. Fazio, Mr. Pritchard, and Ms. Mikulski.

H.R. 6396: Mr. Moakley, Mr. Murphy of Pennsylvania, Mr. Downey, Mr. Mottl, Mr. Weaver, and Mr. LaFalce.

H.R. 6468: Mr. Spence, Mr. Charles H. Wilson of California, Mr. Evans of the Virgin Islands, Mr. Lagomarsino, Mr. Fuqua, Mr. Corrada, and Mr. Loeffler.

H.J. Res. 451: Mr. Broomfield, Mr. Guarini, Mr. Fary, Mr. Reuss, Mr. Fazio, Mr. Murphy of Pennsylvania, Mr. Green, Mr. Jeffords, Mr. Simon, Mr. Lent, Mr. Neal, Mr. de la Garza, Mr. Gonzalez, Mr. Evans of Delaware, Mr. Vento, Mr. Matsui, Ms. Oakar, Mr. Brown of Ohio, Mr. Young of Florida, Mr. Daschle, Mr. Myers of Indiana, Mr. Goodling, Mr. Howard, Mr. Duncan of Tennessee, Mr. Madigan, Mr. Corman, Mr. Mitchell of New York, Mr. Nedzi, Mr. Florio, Mr. Rahall, Mr. Oberstar, Mr. Kramer, Mr. Grassley, Mr. McClory, Mr. Kostmayer, Mr. Conte, Mr. Nichols, Mr. Roybal, Mr. Leach of Louisiana, Mr. Hyde, Mr. Chappell, Mr. Addabbo, Mr. Frost, Mr. Edgar, Mr. Brinkley, Mr. Horton, Mr. Winn, Mr. LaFalce, Mr. Lloyd, Mr. Blanchard, Mr. Roe, Mr. Hammerschmidt, Mr. Murphy of Illinois, Mr. Panetta, Mr. Walgren, Mr. Guyer, Mr. Collins of Texas, Mr. Ford of Michigan, Mr. Lederer, Mr. Heftel, Mr. Montgomery, Mr. Akaka, Mr. Coelho, Mr. Wright, Mr. McDonald, Mr. Lagomarsino, Mr. Royer, Mr. Pursell, Mr. Marriott, Mrs. Collins of Illinois, Mr. Hubbard, and Mr. Donnelly.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

319. By the SPEAKER: Petition of the Board of Trustees, Hanover Park, Ill., relative to studies of the health effects of barium and radium in drinking water; to the Committee on Interstate and Foreign Commerce.

320. Also, petition of the Arkansas Legislative Council, Little Rock, Ark., relative to additional motor fuel taxes; to the Committee on Ways and Means.

# EXTENSIONS OF REMARKS

## VANDALISM AND ARSON IN CHURCHES AND SYNAGOGUES

### HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. SOLARZ. Mr. Speaker, I would like to draw the attention of my colleagues to the following article that appeared recently in the Los Angeles Times, which discusses the high incidence of vandalism and arson in churches and synagogues across the country.

In November 1979, after a series of malicious acts of vandalism in my district, including the destruction of nine 100-year-old sacred Torah scrolls, I introduced H.R. 5917, which would make the destruction of houses of worship a Federal offense.

At present, Federal civil rights statutes protect private homes and multiple dwellings from cross burnings but leave prosecution for church or synagogue burnings and for the desecration of their contents to local law enforcement authorities. I believe that unless there are substantial penalties for interfering with a congregation's right to worship without fear, the spirit of freedom of worship is violated—individual civil rights are abused.

Vandalism of churches and synagogues is not merely a crime against property but a crime against people. While a house of worship can be rebuilt, the trauma of watching one burn is not easily forgotten. Destruction of a church or temple often causes congregations to scatter, as the members lack the means to replace the buildings and the destroyed religious articles, many of them hundreds of years old and of great historic and traditional value.

The legislation I have introduced would make the destruction of a house of worship or its religious contents a Federal crime punishable by up to $10,000 fine, 5 years imprisonment or both, in addition to the penalties which would be imposed by local courts for violations of State arson or vandalism laws.

I hope my colleagues will join me in working to enact this badly needed legislation. The unacceptably high rate of desecration of houses of worship and of damage and theft to their property is a concern this Congress must promptly address.

The Los Angeles Times article follows:

#### VANDALISM UP—ARSON, THEFT AT CHURCHES ON INCREASE

(By Russell Chandler)

One Sunday morning last summer a stranger quietly slipped down the hall of First Baptist Church of Cleveland, Tenn., while several hundred parishioners were at prayer.

But the stealthy figure had not come to worship.

Instead, he entered the pastor's office, 10 feet away from the sanctuary, and took $10,000 in checks and cash from a safe. He then snatched up 17 wallets and billfolds in the choir robing room.

At Koyasan Buddhist Temple in downtown Los Angeles, a man entered an anteroom during a prayer service recently and stole a "priceless scroll" containing a likeness of the Buddha.

Last October, night marauders twice broke into Temple Ner Tamid in Simi Valley, desecrating the temple and causing thousands of dollars in damage.

The vandals painted red swastikas on the floor, mutilated Torahs, or holy Jewish writings, and splattered paint over the rabbi's robes and prayer shawl. But in this case, valuable stereo and office equipment as well as cash in plain view were left untouched.

These are but recent examples of what appears to be a nationwide tide of sometimes callous and often costly crime against churches, temples and synagogues. Houses of worship, long the symbols of freedom and peace, are increasingly the targets of armed robbers, gold-grabbing thieves, vindictive arsonists and sacrilegious vandals.

Definitive figures on church crimes are either nonexistent or difficult to obtain. But the Board of Underwriters in Washington, D.C., has estimated that losses relating to houses of worship total $1.5 billion annually.

Arson has now become the leading cause of church fires, accounting for 37% of those for which the cause could be determined, according to the National Fire Protection Assn.

And insurance companies that specialize in policies covering property owned by religious groups confirm that claims and costs are up—particularly for thefts involving worship and ornamental items, such as chalices and candelabra, and electronic equipment.

Church burglaries in the city of Los Angeles increased 27% from 1978 to 1979, up from 293 to 372, according to Los Angeles police records.

I'm surprised there are as many church burglaries as there are," said Lt. Jack Carter of the Automated Information Division of the Los Angeles Police Department. "Most are pretty slim pickings."

Nonetheless, Roman Catholic and Episcopal officials of Los Angeles have warned their parishes in recent weeks to review church security and insurance protection in light of "the startling rise in the price of precious metals."

Not all cities across the country have been hit by waves of church- and synagogue-related crime. But many religious groups have tightened their security practices, locked their doors—sometimes even when buildings are in use—installed sophisticated alarm systems and replaced altar fixtures of gold and silver with ones of wood, aluminum or other common metals.

Heavy metal gates guarding churchyards are now locked during off hours. Iron grates bar lower windows, and in many cases, floodlights bathe the grounds at night.

Because of a rash of suspicious church and synagogue fires in Brooklyn, a bill was introduced in Congress last November that would make destruction of a house of worship or religious articles inside it a federal crime punishable by a $10,000 fine, five years in jail, or both.

Nor is the problem of church crime confined to the United States.

With a massive rise in reported theft and vandalism in England and Canada, Church of England parishes are forming vigilante groups and hiding their silver. The Ecclesiastical Insurance Office reported that claims doubled from 2,000 to 4,000 between 1976 and 1977.

Anti-Christian vandalism has plagued Jerusalem in recent months. Targets of these assaults, blamed on Jewish extremists by Mayor Teddy Kollek, have included a Christian bookstore, a Baptist church, a Russian Orthodox church and the Benedictine Abbey on Mt. Zion. A package containing three bombs was discovered on the premises of the Gethsemane Franciscan Church of All Nations.

One of the largest and most daring modern church thefts occurred several years ago in West Germany. Thieves, using mountain-climbing gear, clambered down the north wall of the famed 13th Century Cologne Cathedral into a cellar treasury. They escaped with millions of dollars worth of precious gems, gold and silver in crosses, diamond-studded Communion vessels and nine bishops' rings.

Not all the news is bleak.

Despite worldwide gold fever, pious meditation continues at the Bangkok Temple of the Golden Buddah. Though the huge statue is 75 percent pure gold and would command about $80 billion at current prices, thieves would have a gargantuan task hauling off the rotund deity—it weighs 5.5 tons.

Things are quieter now in Austin, Tex., where University Baptist Church attracted national attention five years ago when the pastor hired uniformed security guards and asked for extra police patrols to keep young drifters and thieves off church property.

The guards were dismissed about a year ago, according to a church secretary, and the only incident since has been the arrest of a drunk who broke into the church freezer looking for food.

After a string of church robberies in Gary, Ind., local ministers considered hiring armed guards. They decided, after much soul-searching, against using weapons to ensure church security, and, fortunately, the crimes subsided.

With the exception of Buddhist and Jewish officials, Southern California religious leaders reported no unusual outbreaks of crime against area houses of worship during the last few months.

Despite the overall 27 percent increase in church burglaries in Los Angeles last year, there has been no significant increase in burglaries or vandalism of Roman Catholic churches here for the last five years, according to Msgr. Clement Connolly, who handles insurance for the Archdiocese of Los Angeles.

A sheriff's deputy for East Los Angeles, where there is concentration of Chicano Catholic parishes, noted that vandals "don't even write on church walls, though they write on buildings right next door."

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Still, 50 burglaries, each involving at least $400 to $500 worth of stolen goods, are reported in the archdiocese each year, Connolly said. This means that about one out of very eight of the archdiocese's churches is broken into annually.

Interviews with religious leaders and insurance and law enforcement officials throughout the country indicated that many of the crimes are committed against houses of worship in inner cities, where merchants close up early and churches are among the few buildings open and populated in the evenings.

Jack Vail, claims manager for the Catholic Mutual Relief Society of Omaha, said thieves are after precious metals "all over the country."

In Massachusetts, he added, there has been a run on copper lately, with robbers ripping off gutters and downspouts from elegant church edifices. (The price of scrap copper was running about $1.20 a pound last week.)

Vail, whose company handled 2,700 claims for Catholic properties in 43 states last year, said there has been a rash of incendiarism in Corpus Christi, Tex. "Fanatics" entered the premises to steal, then set the buildings on fire.

John Jahrling of Church Insurance Co., New York, which handles policies for the nation's Episcopal churches, also noted that arson is on the increase, accounting for Episcopal church losses of more than $4 million in 1979. But burglaries, many of them involving silver, gold and office equipment, accounted for one-third of all Episcopal claims last year, Jahrling said.

A property processor for Church Mutual of Merrill, Wis., an interdenominational firm insuring 25,000 churches in 26 states, pointed with alarm to an increase in "wholesale desecration."

"Deranged persons ransack the whole place," said Ruth Wengeler, adding that vandalism claims submitted to Church Mutual have probably doubled in the last five years.

The Jewish temple desecration in Simi Valley and a similar incident involving destruction of Torahs at Verdugo Hills Hebrew Center in Tujunga last month seem to be the only major acts of vandalism against Los Angeles-area synagogues reported in recent months.

But the problem has been so acute nationally that Rep. Stephen J. Solarz (D-N.Y.) has introduced a bill to make the destruction of a house of worship or its religious contents a federal crime.

Solarz's action followed an incident in Brooklyn in which a synagogue was gutted and nine Torahs were destroyed by a fire set by vandals in the course of a burglary.

"If it's a federal crime to burn a cross on someone's lawn, then it should be a federal crime to burn a Torah scroll in someone's synagogue," Solarz said. "The spirit of freedom of worship is violated unless there are substantial penalties for interfering with a congregation's right to worship without fear."

Believing they have no legal jurisdiction, U.S. Justice Department officials have sidestepped church and synagogue burnings unless they thought that other statutes, such as those regarding explosives, were violated.

The Solarz bill would amend federal civil rights statutes, which already protect private homes and multiple dwellings from cross-burnings but leave prosecution for church and synagogue burnings to local law enforcement authorities.

The proposed federal panalties—a $10,000 fine, five years in jail, or both—would be in addition to any imposed by local courts for violations of state arson or vandalism laws.

One of the most opprobrious forms of vandalism, religious leaders agree, stems from internal conflict between religious groups.

In New Jersey, a Hasidic Jewish group recently desecrated the temple of an Orthodox Jewish group, according to Rabbi Bernard Zlotowitz of the Union of American Hebrew Congregations in New York.

The recent anti-Christian vandalism in Jerusalem drew official denunciation and apologies from the union and Israeli Prime Minister Menachem Begin. He called the outbreak "shocking" and said he hopes that police will prevent "any more of these terrible acts."

Why the upsurge in aggressive acts against synagogues and churches?

"If there's something that causes real tension in the community," said Rabbi Steven Jacobs, president of the San Fernando Valley Inter-faith Council, vandalism "rises up again. I think a lot of it is racist-oriented."

Jack Vail of Catholic Mutual Relief put it succinctly: "It's a grudge against the church or against God."

Dr. Leo Rangell, past president of the American and International Psychoanalytical Assns. and a clinical professor of psychiatry, agreed.

Vandalism against religious groups "seems to be a rebellion against the most forbidden . . . the restrictions which religion comes to represent, against a holy or saintly attitude of the parents, or else against a sanctimonious or insincere saintliness," he said.

Sometimes, the UCLA psychiatrist added, "wanton aggressiveness" is directed "where dignity is most characteristic and expected—worship." And it is usually done stealthily and under the cover of night, Rangell said.

Rangell and Dr. Melvin Mandel, director of the Los Angeles Psychoanalytic Institute, said desecration of religious places displays an inner prejudice and a "Nazi mentality" projected onto others who are considered "different."

Mandel said persons desecrating religious symbols derive "great satisfaction" because the act releases resentment repressed and denied in a family setting but "projected outward on others on the larger screen of the world."

"This is the stuff from which religious wars of the past have been created," Mandel said.

Religious leaders said crimes against houses of worship reveal a disintegration of respect for religion and the attitude that "nothing is sacred anymore."

But at least a twinge of moral conscience remained in the heart of a thief who stole $7,000 in jewelry, old coins and cash from a widow and her children three months ago.

Among the loot taken from their Lodi, N.J., home were church offering envelopes containing $10. The thief never opened the envelopes, police said. Instead, he put them in a large white envelope and mailed it to the Church of St. John the Divine in nearby Hasbrouck Heights.

"It's really strange," said Detective Frank Luciano. "Maybe the guy thinks God is going to forgive him for stealing from a widow and her children."●

## TOWARD A NEW WORLD-SECURITY SYSTEM

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## HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. OTTINGER. Mr. Speaker, in these difficult times, it is challenging to formulate a strategy which protects our national interests without promoting international confrontation. Richard Barnet made a significant contribution to that difficult task in an insightful article, "A Strategy of Survival," which recently appeared in the New York Times. I commend the article to the attention of my colleagues:

[From the New York Times, Mar. 7, 1980]

### A STRATEGY OF SURVIVAL

(By Richard J. Barnet)

WASHINGTON.—Although President Carter was indulging in Nixonian hyperbole when he called the invasion of Afghanistan the greatest threat to world peace since World War II, the extremely serious danger of nuclear war in the 1980's is being underestimated. With the breakdown of United States-Soviet negotiations, the two countries appear to be on a collision course in which events beyond the control of either will push them into further confrontation.

The opportunities for the Russians and us to misread each other's signals are multiplying. The most probable locus of a major war is not the Persian Gulf but rather the Soviet-Chinese border. The United States is moving rapidly toward a military alliance with China that would virtually assure our involvement in such a conflict.

It is more urgent than ever to develop a strategy of survival for the 80's. In my view, this ought to include the following considerations.

1. Negotiations with the Soviet Union on the control of weapons should be resumed promptly.

The projected United States military buildup will be matched by the Russians, and at the end of it we will both be less secure. They have an obvious economic interest in avoiding the next round of military expenditures and in preventing the increased threat of United States military power in prospect by the end of the decade. Therefore, SALT II should be ratified promptly and negotiations for a comprehensive test ban concluded. As part of SALT III, negotiators ought to consider a three-year freeze on further testing and deployment of nuclear-weapons systems. A freeze is verifiable and will help build the confidence to negotiate significant cuts in the nuclear arsenals.

2. New ground rules on using military power that apply equally to both superpowers must now be explicitly established.

The old tacit cold war ground rules that permitted the United States to deploy forces around the world and kept the Russians confined to the area previously occupied by the Red Army have broken down with the Afghanistan invasion. New rules will be forged either by confrontation or by explicit agreement. Both superpowers should agree not to deploy their forces in any country in which they are not now situated. The freeze would expressly include proxy armies and the acquisition of bases. The fact that the United States is considering taking over the old Soviet base in Somalia suggests something about the stability of superpower bases in today's world. United States plans to establish a military presence in Egypt, Israel or the Persian Gulf area will succeed in inflaming the Islamic world against us further, widening the war in the region, and, as in Iran, creating a symbol of foreign interference that will catalyze revolutionary fervor.

3. Soviet expansionism can be contained only by creating a regional and global political consensus that builds confidence in the stability of existing frontiers, meets legitimate Soviet security concerns, and creates incentives, positive and negative, for respecting weak nations' sovereignty.

The United States' strength to accomplish these security objectives is political, not military. (In the end, the only military response is to heighten the threat of nuclear war; rapid-deployment forces are totally inadequate to meet a major Soviet military challenge.) But a realistic foundation of a new security system is the burning desire of every nation to be independent of all the big powers—the Russians, the Chinese, and ourselves. If the United States is willing to accept the same restrictions on its future conduct in the third world that we wish to see imposed upon the Russians, there is a chance to make the nonaligned movement truly nonaligned.

4. The process of great-power nonintervention must begin with Afghanistan.

It is in the interests of world peace that the Russians leave promptly. Arming the guerrillas will prolong the war, increase Soviet casualties, and at some point cause them to conclude that they have shed enough blood there to justify staying—particularly if the Chinese involvement grows. The European Economic Community proposal for neutralization of Afghanistan is a good start. All the Afghanistan borders should be recognized and monitored by United Nations forces. The long-time interest of some Asian nations in a zone of peace and neutrality should be explored. An Afghanistan settlement might become the starting point for a wider regional-security system of nonaligned countries.

5. Secure access to oil requires a political, not military strategy.

The greatest national-security vulnerability of the United States and the West is our dependence on Persian Gulf oil. Oilfields are easy to seize but hard to operate in the face of sabotage by hostile workers or terrorists. Here again imaginative diplomacy, not outmoded military-strike forces, is our only hope. We should build on the strong mutual interest of the producer countries, the Russians, the West and Europeans, the Japanese, and ourselves to keep the oil flowing. Secure access to vital resources on equitable terms should be established as a principle of international security. The principle should be implemented by a multilateral agreement that would include a formula for determining the price for a fixed number of years and for allocating the share among the consuming countries. America should commit itself to a steadily declining share and should implement a crash domestic energy program, including rationing, where necessary, to meet the goal of significantly reduced imports by 1990. A similar agreement on grain should be negotiated. It would be explicitly agreed that access to vital resources would not be interfered with under any circumstances except in the case of overt military aggression.

Hopes for navigating the dangerous 80's lie in a new world-security system that integrates the familiar East-West issues and the critical North-South issues—the crushing debt burden, energy costs, unemployment and instability that threaten the world economy—for which solutions must now be found.●

## THE MORTGAGE SUBSIDY BOND TAX ACT OF 1979

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## HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, March 28, 1980*

Mr. FISHER. Mr. Speaker, H.R. 5741, the Mortgage Subsidy Bond Tax Act, which the House recently passed, is a good example of the type of balance which this Congress will have to try to strike during this year's legislative deliberations. It is obvious to all that the housing industry in our country is in deep trouble and needs help. At the same time, it is clear that a determined effort to balance the budget must be an essential part of any anti-inflation program. I believe that H.R. 5741 weaves these two concerns together in a coherent program for helping home buyers in a fiscally responsible manner.

This bill, by permitting States and localities to continue a limited program of tax-free mortgage bonds for single family homes, will allow for the supplementing of the conventional mortgage market in a way that allows financing of a reasonable amount of moderate priced housing at reasonable interest rates and with reasonable downpayment requirements. Given the current difficulty of obtaining a mortgage through the conventional mortgage market, this legislation will serve a useful purpose. While it is true that H.R. 5741 puts a limit on the total dollar amount of the bonds that could be issued in a State each year, many States such as my own State of Virginia will still be able to expand their mortgage bond programs to a certain degree from what they are doing now. At the same time, it would prevent the opening of the floodgate of tax-exempt mortgage bond financing which would eventually result from the failure to pass this legislation and which would totally undermine the savings and loan and other thrift organizations in the mortgage credit business.

Furthermore, this bill will significantly limit the revenue loss associated with the issuance of the tax-exempt mortgage revenue bonds by several billions of dollars each year. It is currently estimated that if no restrictions were put on these bonds, then by 1984 there would be a loss to the Treasury of over $11 billion a year. This is compared with an estimate of about $2 billion a year under H.R. 5741. Clearly, the loss of this $11 billion would make it more difficult to balance the budget. As a result, the inflation to which an unbalanced budget contributes would be even more difficult to control. Ironically, this would increase the pressure for the high interest rates which have such an adverse impact on homebuilding and home buying.

In addition, by passing the bill for a windfall profit tax on oil companies, which included a more generous interest income exclusion than was provided for by H.R. 5741 as it was reported out of the Ways and Means Committee, we have not sacrificed the concerns of the small savers. They have already been assisted by the small savers provision of the windfall profit tax bill.

Therefore, H.R. 5741 is an improvement on the current situation. Nevertheless, it has its defects. One of them is that only a portion of the revenue loss associated with this bill will go directly to finance the purchase of homes. The Joint Committee on Taxation has estimated that over 50 percent of the revenue loss will result from tax breaks given to individuals who buy these tax-exempt bonds. This appears to me to be a painfully inefficient way of helping people to buy a home. In fact, Congressman ANDY JACOBS and I worked on a proposal which involved tax credits to assist individuals with both the downpayment and the subsequent monthly mortgages. This would have allowed almost all of the revenue loss to benefit the actual home buyers. Unfortunately, the Rules Committee did not grant a rule to make this proposal in order as an amendment to an earlier version of H.R. 5741. It would have been a preferable approach.

Futhermore. H.R. 5741 was amended on the floor to include a transition rule which is likely to cost several times the amount of the bond program itself. I can understand efforts to accommodate States and localities which had made some commitment to go forward with a bond issue prior to the effective date of this bill. However, in defining what constitutes "an official action," I believe that the committee bill is overly generous in that even the most tentative steps, such as an authorization by a State agency to make a market analysis with respect to a specified bond issue, are considered as a sufficient commitment to issue the bonds. I cannot give undiluted praise to a bill for which the cost of the transition rule has ballooned from $200 million less than a year ago to over $14 billion today.

Therefore, I believe that this legislation is a step forward for fiscal responsibility and for assisting individuals in purchasing homes. It is not perfect, but it is an improvement.●

## FARMING WITHOUT A TRACTOR

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## HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. COELHO. Mr. Speaker, my colleagues in the House are probably not familiar with the new policy direction of the U.S. Department of Agriculture calling for an end to Federal funding of research into mechanization of farm-labor devices. This is a retreat from the administration's earlier comments that California should be commended on the way it had balanced the interest of production and employment in the farm sector.

Research and mechanization is the best way in which to expand U.S. production at the lowest cost. Academic studies indicate that money spent on improving the efficiency and yield of the American farm sector pays for itself many times over in lower food prices. The average annual return on investment for public research in agriculture is 50 percent.

Mechanization drives up wages and creates better jobs by offering workers opportunities for higher productivity and by contributing to general economic growth.

It is being argued that mechanization causes a loss in jobs for farm laborers, but in fact many mechanized laborsaving devices do not especially save on labor costs as they increase crop yield and eliminate backbreaking manual labor.

It is estimated that about one-fourth of the growth in U.S. farm productivity can be attributed to research activities. Without the funds to help promote research, where would agriculture be today?

I might point out that hampering farm mechanization research could also result in the exporting of U.S. agricultural production to other countries, where labor is cheaper, and actually cost jobs.

We should be concerned with improving agricultural productivity and the quality of living for all Americans. This major policy change will be detrimental to agriculture producers and consumers throughout the Nation.

When farm labor productivity has increased tenfold in the past half century, when the average American farmer today clothes and feeds 75 of his fellow citizens and much of the world besides, there is no need to start evaluating the mission of research and development in the U.S. Department of Agriculture.

The policy shift at USDA has incensed the California agricultural community to no end. As their Representative to Congress, I plan to share with this body the serious implications of Secretary Bergland's action on this issue. Unless we proceed with a firm commitment to Federal funding of agricultural mechanization research, the consequences of inefficient farm productivity will be felt by food consumers around the world.●

## WINDFALL PROFITS TAX

## HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. PHILIP M. CRANE. Mr. Speaker, yesterday the Senate passed what can only be considered a contemporary Smoot-Hawley by way of the windfall profits tax. As a historian, I am confident that the Wall Street Journal's assessment of the grave ramifications this tax will levy on both oil production and the welfare of future generations of Americans is correct. To think that this monstrosity, born of political expediency, will prove a positive solution to our energy crisis is a sad commentary on those who govern. This measure will haunt us through the remainder of this century as we see domestic production decrease. It has been estimated by the American Petroleum Institute that the windfall profits tax will decrease domestic oil production 40 percent by 1990. No doubt we will look back and say that this bill is as devastating a proclamation as Congress has produced. I sincerely urge my colleagues to take a minute and read the following article which appeared on the March 27, 1980, editorial page of the Wall Street Journal:

### DEATH OF REASON

Barring a redemptive miracle, the United States Senate today will sacrifice the nation's future security to its own unslakable thirst for revenues. It will give final approval to the massive, falsely labeled, "windfall profits tax."

It is hard for us to understand how the Congress could actually pass so misguided a piece of legislation. Admittedly, Washington has been picking off one major industry a decade; the steel industry with the price "jawboning" of the 1960s, and the auto industry with the safety, emissions and fuel standards of the 1970s. But even with that record, we would have thought it beyond belief that Congress would set out to destroy this industry in this decade, hamstringing the domestic oil industry just when energy is a paramount concern not only economically but politically and militarily.

Looking on the spectacle of Congress slapping a huge tax on domestic oil production just when it needs to reduce oil imports, our friends abroad look on with alarmed incredulity. Why is the United States doing this to itself? a cabinet member of one ally asked us recently. We could only reply, tongue-tied, that simple logic sometimes falls victim to complex political forces.

The evolution of this latest self-inflicted blow is bound up in the broader history of U.S. economic policy through the 1970s. It began when Congress, led by many of the same people who lead it today, embraced wage and price controls as the remedy for the inflation its over-spending had generated, and finally succeeded in including President Nixon to apply them in 1971. Most of the controls were blown off by inflation in 1973 and 1974, but the ones on energy continued. They indeed blossomed into a huge regulatory bureaucracy, the Department of Energy. The DOE became an instrument for strangling domestic energy production.

Public frustration with the fruits of this process—gasoline lines, rising energy costs and increased dependence on imports—was diverted by American political leadership to the oil industry, which, guided by its traditional opportunism, was an easy victim. This exercise in political cynicism was augmented by more virulent anti-business, anti-capitalist forces. Soon the attack on oil lost whatever rationality it ever had and became a religious movement bent on punishing the oil industry and diverting its cash flow into the public treasury. As it happened, this was just the ticket for a government that had through most of the 1970s enormously overspent its budget and generated progressively worse inflation. President Carter conceived the brilliant idea of removing price controls on domestic crude oil but taxing away most of the added revenues that he presumed would flow from letting prices rise above the ceilings. The DOE bureaucracy found ways, as we noted in this column yesterday, to preserve and expand its power even after decontrol.

The oil revenues tax Congress will pass today—again barring some last-minute conversion—will combine with raging inflation to run the American crude oil production industry into the ground. It will solidify OPEC's grip on oil prices, leave us politically and militarily exposed from further dependence on imported oil, drain huge funds out of the savings/profit pool needed to stimulate investment and productivity, and increase the incentives for inflationary money creation. To find a similarly destructive single piece of legislation, you have to hark back to the Smoot-Hawley Tariff, which helped throw the world into the Great Depression.●

## CARTER'S JERUSALEM PERFIDY

## HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. OTTINGER. Mr. Speaker, the administration's bungling of Middle East policy, particularly the Jerusalem issue is inexcusable. Foremost is the disasterous U.S. vote on the U.N. resolution, but also U.S. condemnation of Israeli expropriation of lands in Jerusalem exposes the administration's duplicity in its relations with our closest friend and surest ally in the Middle East. As the sponsor of House Concurrent Resolution 171, which would have the United States recognize Jerusalem as the capital of Israel and relocate the Embassy there in which is the Democratic platform position on which President Carter ran, I vehemently oppose the administration's recent actions.

First the record should be set straight. Only eight Arab-owned houses sit on the predominantly barren and rocky expropriated land, and none of the residents will be displaced by the order. Furthermore, those whose land is expropriated will be offered either cash compensation or alternate land. As Americans we understand the government's right to eminent domain when it is in the public interest to do so, for example for highway construction. It should not be difficult for us to understand that these lands are fundamental to Israel's public interest—the maintenance of their national security. Moreover, we should note that Israel has protected all peoples' freedom of access, regardless of their faith, to their holy city. This is unprecedented in modern history. Jerusalem under Israel sovereignty is a haven for all peoples who seek to practice their beliefs, freely and without fear.

Only 4 years ago the President came to office on the Democratic Party platform which called for the recognition of Jerusalem as Israel's capital and relocating the Embassy. Four years later not only has this plank not been upheld but the depth of Carter's commitment to Israel is in doubt.

Most importantly, though, the question of the future of Jerusalem was specifically left to negotiation among the parties by the Camp David accords. President Carter's actions are a clear breach of faith and violation of them.

The primary election results in New York and Connecticut are telling, voters clearly indicated their dissatisfaction with the current administration's domestic and foreign policies. Congress has consistently demonstrated its support for Israel, recognizing that it is a constant ally, the only democracy and the most stable government in the volatile Mideast. The administration must understand that the American people want a just and lasting peace in the Middle East that protects the security of all nations in this strategically important region, and any move to compromise our support for Israel will never be tolerated.●

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## WE CANNOT COMPROMISE WITH INFLATION

### HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. GINGRICH. Mr. Speaker, we cannot compromise with inflation. That is more true at this time in our history than it ever was. Whether we will compromise with inflation is the essence of next month's debate on the fiscal 1981 budget.

We have two choices. The budget proposed by President Carter and the leadership is one choice. It is predicated upon a 1-year increase in revenues of $100 billion. Almost all of this is due to explicit tax increases and the "bracket-creep" tax increases implicit in an inflationary spiral. The majority budget not only refuses to fight inflation; it makes inflation an ally in its attempts to balance the budget.

Recent history proves this will not work. We never arrive at a balanced budget when we depend on a streetcar named "inflation" to get us there. We tried in 1974. With 12 percent inflation, President Ford proposed a 5-percent surcharge and a fiscal 1975 budget balanced at about $305 billion. We were then on the brink of recession. From fiscal years 1972 through 1975 Federal revenues rose 33 percent even though living standards rose barely at all. Inflation hurt working Americans while it delivered windfall revenues to Washington.

The result was the great recession of 1974-75. President Ford's hoped-for balanced budget at $305 billion became in fact the worst red ink budget since World War II. When the books were closed on fiscal 1975, revenue was $281 billion and spending totaled $326 billion. That is a $45 billion deficit. That is what you get by attempting to balance the budget by tax increases and inflation on the brink of an economic downturn.

The majority budget proposes to rerun this sad bit of history. They think revenues can escalate 19 percent in 1 year—from $524 billion in 1980 to $625 billion in 1981—and get by with a small recession. It would not be small. Signs are that it will be big. People in my district tell me every day that things look bleak. Millions of Americans will suffer or be outrightly crushed. The fiscal year 1981 budget will not be balanced, no matter what the present Democratic book juggling seems to indicate. In fact, the title of the 1981 Democratic budget should be, "Why our 'balanced budget' will lead to the biggest 1-year deficit in American history."

So that is one choice. It is not one I will take. The Federal budget is the central governing document of this country, and the majority budget is a disaster waiting to happen. Our other choice is to pass the Republican alternative budget. The alternative budget, its foundation having been brilliantly fashioned by my colleague and friend from Michigan, DAVE STOCKMAN, features a tax and spending reduction of $32 billion. Our budget strengthens national defense. Its spending cuts put the burden of sacrifice on Washington, rather than on working Americans.

Our budget will prevent the crash of 1980. I cannot emphasize that strongly enough. Because it allows for economic growth and balances at a much lower level of taxing and spending than the majority budget, it provides for a genuine balance rather than a phony balance. Our budget has a four-way tax package that will fight inflation and recession at the same time. We propose to cut income taxes across the board. We propose to dramatically lower the tax rates on interest earned on savings accounts. More savings will mean lower interest rates, and help remedy the frightening situation now faced by America's homebuilders. We will stimulate investment by making the changes called for in the Conable-Jones "better jobs bill," because having more jobs, more goods and services, and more industrial growth is the only fair answer to inflation. Our budget will also mean the end of the unfair, anticonsumer Carter gas tax.

Mr. Speaker, the Republican alternative budget for fiscal 1981 does not compromise with inflation. And it does not invite recession. It should be the answer to the inherent despair of the majority's budget—and our response to the serious problems the country faces.

At this point, I share with my colleagues a letter the National Federation of Independent Businessmen has just sent to all its members. The NFIB has long been a voice for sensible fiscal policies and economic growth. This letter stresses that we in Congress must balance the budget, and we must do that by controlling spending—not through phony accounting and massive tax increases. The wise counsel of the NFIB should be with us as we debate the budget next month.

The letter follows:

DEAR NFIB MEMBER: Rampant, double digit inflation, of over 18 percent annually, is sapping the strength and vitality of America. It's forcing small business owners across the country to the wall and reducing the United States to a second class economic power.

If you believe, as I do, that inflation and wasteful government spending must be stopped, you finally have an opportunity to do something about it. Within the next month, Congress will vote on balancing the 1981 budget and limiting Federal spending. Don't wait. Contact your Member of Congress and your Senators today, and ask them to support these long overdue and needed steps toward fiscal sanity.

But beware, this is an election year, and talk is cheap. There is also more than one way to balance the budget. Most of us believe that the proper way to achieve this goal is to reduce government spending, but there are those in Washington who would do this by either raising taxes or by bookkeeping "sleight of hand."

There has been enough tricky bookkeeping and taxes are already too high. Federal spending is the real problem—it is out of control and must be curbed.

The federal budget must be balanced now, before it is too late, and a tough spending limit must be imposed at the same time. In other words, simply balancing the budget is not enough. It is only the first step. The second, and more important, step is to begin a planned reduction in federal spending.

But Congress is going to be under tremendous pressure from special interests, who want to protect their slice of the pie, to balance the budget in some other way, and unless it sees that there is broad support for cutting spending and fighting inflation, it won't act. So don't waste this opportunity to let your elected officials know that you support fiscal sanity.

Ask them to vote for (1) a balanced 1981 budget by cutting spending, not by raising taxes, and (2) a limit on federal spending as a percentage of the gross national product.

These issues are now before both houses of Congress. Write or call today and express your views about federal spending and inflation—and ask your friends and business associates to write also.

Sincerely,

WILSON S. JOHNSON,
*President.*●

## JAPANESE TRADE BARRIERS MUST BE CHANGED

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### HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. KILDEE. Mr. Speaker, an issue that is receiving increasing attention from the United Auto Workers Union and others concerned with the U.S. auto industry is the subject of the Japanese trade barriers and the resulting imbalance of trade. The auto industry is the major industry in America, and while it is facing severe competition from Japanese cars imported into this country, the Japanese trade barriers make it very difficult to sell American cars and trucks in Japan. The UAW's president, Douglas Fraser, has called for legislation to provide a North American content of up to 75 percent for any foreign cars imported into the United States, and also for commitments by Japanese automakers to curb their exports while the North American auto companies make the transition to production of more fuel efficient cars over the next few years. The UAW campaign to have Japanese plants built in the United States has won the suport of Ichiro Shioji, president of the 570,000-member Confederation of Japan Automobile Workers, who has called the present trade situation an exceedingly dangerous situation.

An excellent presentation of the trade issue recently was provided by Jean Heller, a reporter for Newhouse News Service. I would like to share with my colleagues her article as it was published in the February 24, 1980, issue of The Flint (Mich.) Journal.

The article follows:

JAPAN "PRICES OUT" AMERICAN AUTOS

DETROIT.—The automobile bridge across the Pacific is a one-way street.

Foreign cars, particularly Japanese models, are capturing an ever-increasing share of sales in the United States and American cars simply don't sell in Japan.

The situation exacerbates an already critical balance-of-trade problem for this country and is starting to breed a growing sense of international economic ill will.

UAW President Douglas Fraser, irate that import sales are flourishing while slumping sales of U.S. cars are putting thousands of his members out of work, has just returned from a trip to Japan where he sought some relief. He would like to see Japanese auto exports to the United States cut back and would like to have the Japanese automakers start manufacturing some of their cars in this country.

Whether Fraser's mission has any impact remains to be seen. But it is unlikely that any of the trade problems between the United States and Japan will be solved in the foreseeable future by a growing Japanese market for American-made cars.

(Meanwhile, UAW spokespersons said last week the union will push legislation in Congress that would require at least four foreign car manufacturers to operate assembly plants in the United States in order to continue selling in the U.S. market.

The four—Toyota Motor Co., Nissan Motors (Datsun), Honda Motor Co. and Volkswagen—accounted for two-thirds of the 2.3 million passenger cars imported last year.

The bill has not been drafted yet, but Rep. Charles A. Vanik, D/Ohio, plans to hold hearings on the UAW and other proposals starting March 7.

The problem can be traced directly to Japanese customs and regulations that add up to trade barriers. Taken all together, they can turn a car which would sell for $6,000 in this country into a car that would cost a Japanese customer over $20,000.

According to a State Department study done by the American consulate in Osaka, Japan, and obtained by the Newhouse News Service, these are some of the factors that jack up the price of American cars in Japan to a point where only the most wealthy can afford them:

The Japanese levy a commodity tax of 20 percent on the landed cost of every American car. The tax is figured on the car's wholesale value, plus entry fees and transportation costs. The commodity tax on Japanese cars, on the other hand, is only 15 percent and is assessed at the factory so shipping costs are not included.

Japanese standards for new cars are not the same as U.S. standards. They are not necessarily tougher, just different. Modifications which dealers must make to meet those standards can add more than $1,000 to the price of each car. The modifications include additional mirrors, raising some seats, covering some chrome and paint to meet light reflection requirements, shielding catalytic converters to prevent heat radiation and adding buzzers to speedometers to alert drivers when they exceed 100 kilometers per hour.

Dealer markups on American cars can run up to nearly 37 percent. The markups are justified by the Japanese as necessary because American car sales volume is too low to afford a profit without the markups, and because Japanese automakers generally will not allow a dealer who sells foreign cars to sell Japanese cars, too.

Moreover, Japanese cars are sold door-to-door, much as vacuum cleaners and encyclopedias are sold here. Dealers in Japanese models don't have showrooms and don't maintain inventories, so overhead is virtually non-existent. American cars in Japan are sold out of showrooms and from in-stock inventories, creating high overhead which is passed through to customers.

The Osaka study traces three American models—a luxury car, an intermediate and a subcompact—through the marketing steps in Japan, and produces a clear picture of the problem.

The intermediate carries a factory price in this country of $6,350. The landed priced in Japan is $6,960, an increase due largely to shipping costs and entry fees.

The 20 percent commodity tax then adds $1,392 to the price, bringing it to $8,352. Landing fees, unloading costs, options packages on which dealers insist because customers demand them, modifications to meet Japanese regulations and pre-delivery service add another $5,089. The car now costs $13,441, wholesale.

Internal freight costs are about $44, dealer prep charges are $478, warranty charges are another $478 and advertising costs per car average about $350.

The final cost to the dealer therefore is $14,791. To this, he adds his markup of 36.4 percent, and the price of the car to the Japanese buying public is $20,175.

A luxury car running through the same system will run over $30,000. A subcompact would be close to $14,000, while a Japanese buyer could get a similar car built in his country for about $3,500.

"If you want to stand out in Japanese society, one of the ways to do it is to drive an American car," says Bob Watkins of the Motor Vehicle Manufacturers Association. "American cars are a status symbol, even cars like Mustangs and Firebirds which are pretty common here. The Japanese who can afford them want them packed with every luxury and every option available. They want to stand out, and they do. But there aren't many who can afford to stand out."

Another problem is that American cars don't generally fit very well into Japanese society. Most Japanese streets are narrow, and larger American cars are difficult to jockey around. In addition, the Japanese drive on the left side of the street, and American cars shipped to Japan have left-hand drive, which can make visibility difficult, even dangerous.

Most cars can be modified for right-hand drive for the Japanese, but that only adds to the cost.

"It's a simple and troublesome fact of life that a huge market exists here for Japanese cars and virtually no market exists there for American cars," said one State Department trade analyst. "The American manufacturers are planning smaller cars aimed at a world market, but they're not due out for a couple of years, and even when they come out, they'll be prohibitively expensive for most Japanese.

"There's not anything patently discriminatory about the Japanese system, but they don't do anything to make it easy for us."●

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## THE REAL DISASTER AT TMI

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### HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. PHILIP M. CRANE. Mr. Speaker, the anniversary of the incident at the Three Mile Island nuclear powerplant is an opportune time to put the events of the past year in perspective.

As we now know, the incident at the Three Mile Island facility was not a disaster; it was a learning experience. Most important, we learned that nuclear safety technology, although not perfect, is more than adequate in preventing hazardous radiation leakage. What else we learned is that the media and government are not friends of nuclear power.

The Media Institute, a nonprofit organization located in Washington, D.C., did an interesting study on how the electronic media covers nuclear power. Keeping in mind that two-thirds of the American population rely on television as their primary source of news information, the Media Institute's findings help to understand current public opinion of nuclear power. Television coverage of nuclear power continues to focus on insignificant color rather than factual information on its risks and benefits. By color I mean the attention-getting marches and antinuke rallies that help up Nielsen ratings, rather than sound scientific evidence.

In light of the fact that 7 out of 10 outside sources or experts on nuclear power interviewed during TMI were, in general, outspoken critics of nuclear power, it is little wonder why the only health consequence of the incident was psychological in nature. More of an effort could have been made to calm the public with facts rather than agitate the situation through speculation.

For American society to survive as we know it, we must produce. We need energy to grow economically; and 95 percent of America's physical scientists, in addition to numerous scientific organizations including the National Academy of Sciences, concur that this energy should largely be nuclear. However, our present administration and Congress do not share this scientific viewpoint, as evidenced by the fiscal year 1981 energy budget. The President is clearly not interested in moving the nuclear option ahead, since overall funding for nuclear initiatives has dropped dramatically. The budget reflects President Carter's emphasis on safety through regulatory measures, rather than on developing new technologies such as breeder reactors.

Although no new domestic nuclear plants have been ordered for 1980, the market in foreign countries is thriving. The major American manufacturers continue to develop their overseas markets, where governments are much more receptive to the idea of nuclear-generated power.

How do we get past the barrier of negative public opinion that is further reinforced by Federal actions? How do we make the public believe in the industry's 23-year safety record?

Changing the public's attitude toward the use of nuclear power is one of the greatest challenges the industry and scientific community must face. There is a stridently vocal element in our society that views industry and business with unabashed animosity. This attitude has reached an almost religious moral status and, obviously, is detrimental to the production America and the entire world need.

Elitism of this nature is dangerous. Americans must be deprogramed from this no-growth mentality and reeducated to the idea of progress. Our country must restore a commitment to economic growth and prosperity, to reason, and to material advancement as one of the signs of intellectual and moral progress. Until our Nation disregards the nogrowth policies that have stifled both our economy and energy production, we will continue to be vulnerable to unpredictable changes in the world's economic and political climate. And this could very well be the real disaster of Three Mile Island.●

## ORT CELEBRATES ITS 100TH ANNIVERSARY

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### HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. OTTINGER. Mr. Speaker, this year marks the 100th anniversary of the Organization of Rehabilitation through Training, one of the largest and most successful nonprofit voluntary vocational and job training programs in the world. As a cosponsor of House Joint Resolution 372 which mandates the President to designate April 10, 1980, as "ORT Centennial Day," I am extremely pleased that well over 200 of my colleagues have joined in supporting this important resolution.

Women's American ORT has had a profound impact on the lives of countless underpriviledged people through its 1,000 supporting chapters. Twenty-five of ORT's most vital chapters are located in the Westchester region, its members working relentlessly to improve the lives of those in need in the Westchester community. I commend the members of ORT for their many achievements as they move into their second century of service to humanity. I would therefore like to call to the attention of my colleagues the inspiring article, "Women's American ORT, The Vocational Program of the Jewish People."

The text follows:

WOMEN'S AMERICAN ORT—THE VOCATIONAL TRAINING PROGRAM OF THE JEWISH PEOPLE

In a profound sense, the story of ORT is the story of ascent—an ascent from degradation and squalor, deprivation and sterility, to the boundless heights of productive and creative capacity.

ORT (Organization for Rehabilitation through Training) began in Czarist Russia on April 10, 1880, where its five million Jews were confined to the "Shtetls" condemned to earn their living by peddling goods in the marketplace. With the coming of the industrial age, a group of five influential Jews petitioned the Czar to allow a "fund" to be established which would aid Jews in improving their lives. And so ORT was born and has thus far trained more than a million people, providing them with the modern skills which have proven "passports" to independence, security and human dignity.

Through the World War Years (one and two) ORT was available with help and support, and continued to function on a very low key throughout the Holocaust, in England and Switzerland. At the end of World War II ORT became more mobile once again and set up schools right in the Displaced Persons camps where the survivors of the Holocaust were taught skills and trades that would help them to function as productive citizens and eventually enter the mainstream of life, wherever they might relocate. More than 80,000 people, one in every four, of the displaced persons passed through ORT vocational centers during this trying period.

Women's American ORT was born in 1927 when five women gathered in a private home in the Flatbush Section of Brooklyn to found what would become, decades later, the most dynamic, innovative and fastest growing Jewish women's organization in the United States. The early meetings concerned themselves with the formulation of overall plans for the growth of the organization. Efforts centered about the three New York boroughs of Brooklyn, Manhattan and the Bronx.

In 1939 ORT came to Westchester. What now consists of 2600 women in 25 Chapters throughout Westchester County, had its beginning in 1939. Hitler had smashed into Poland and the German Jews by the thousands had fled to England. To tell the story of the rescue operations and to beg American Jews to join in trying to save the millions of Jews still in Germany, Lady Marley, the head of ORT, England, came that Fall to New York City to enlist the aid of her American colleagues, at the invitation of Mrs. Belle Greisser, National President of Women's American ORT. Jean Greenfield, sister of Henrietta Schecter of New Rochelle, both of whom were to be Charter members of the first ORT Chapter in Westchester County, approached Renee Wender, now of New York City, but then residing on Oxford Road, New Rochelle, to recruit the women leaders in the county for a meeting to be addressed by Lady Marley.

The forty representative women who arrived at her home came together from all parts of Westchester. So impressed were they by Lady Marley and what she had to say, they made plans for further meetings. Two hundred women from every strata of Westchester society met for the next meeting and from this meeting came a solemn resolve to form a Westchester Chapter of Women's American ORT, the realization of which occurred early in 1940, with Mrs. Wender as the first President.

The initial major project of the chapter was to work to bring German Jews overseas to America, and in this they were highly successful! Via Russia, China and India, they brought thousands of German refugees into this country.

As minor projects they initiated study groups, formed a cultural center and conducted lecture series on Art and economics, and held many diversified discussions. The National organization thought so much of the ideas of this new chapter in Westchester, they adopted their programs for use by all chapters everywhere in the United States.

When membership in the New Rochelle Chapter, the name of this first Westchester Chapter of Women's American ORT, grew to over 500 women, it was determined that to promote future growth of the organization, it would be prudent to spin off area chapters. So came into being Central, Shore, Roosevelt, North End, all in New Rochelle, and Larchmont and White Plains chapters.

The current 25 chapters cover every corner of Westchester County and plans for additional chapters are in various stages of development. ORT's members have expanded their activities into many varied areas. They are involved with the Yonkers Jewish Council, concerned with the need for the upgrading of Vocational and Career education in the public schools, from kindergarten through High School, involved with Soviet Jewry, anti-semitism, the missionaries and cults, and all American and Jewish affairs.

Today, everywhere across the nation, and here in Westchester County, Women's American ORT works to reshape attitudes toward Vocational education—and fights for Quality education for everyone.

Women's American ORT looks back on a century of incredible accomplishment with a profound sense of pride . . .

Women's American ORT looks forward to the next century with the thrill of excitement in meeting the challenges to come . . .

Women's American ORT, Westchester Region, will be there to help.●

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## THEY CANNOT KILL THE VOICE OF JUSTICE

### HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, March 26, 1980*

● Mr. SOLARZ. Mr. Speaker, "They can kill me," Archbishop Oscar Anulfo Romero of El Salvador said in a recent speech, "but it should be very clear that they cannot kill the voice of justice."

On Monday, March 24, while delivering a mass at a hospital he had established for the terminally ill, Archbishop Romero was shot fatally in the chest. He died shortly thereafter.

The brutal assassination of this man was a devastating example of the tragedy and strife that has recently engulfed the small Latin nation of El Salvador. In a country torn between ultraright and ultraleft factions, where 600 deaths attributed to political violence have occurred already this year, and where full-scale civil war becomes a more likely possibility each day, Archbishop Oscar Romero was one of the few leaders committed to the attainment of social justice through peaceful means.

Archbishop Romero remained a staunch advocate of human rights and of equality and justice for the poor until his death. Ironically, it was his devotion to the achievement of these ideals through nonviolent methods and his attempts to promote peaceful conciliation between rival political extremes in his country that made him a likely target for assassination by terrorists from both the left and right.

Archbishop Romero was a voice of justice and humanity to the 4½ million people of El Salvador, whose suffering has increased daily as tortures, massacres, and acts of vengeance intensify. His mission was to awaken his countrymen to the efforts needed to peacefully eliminate the opposition and injustice that characterize life for so many of El Salvador's people. In a country shrouded in darkness he was a guiding light.

An individual outstanding in his time, Archbishop Romero was nominated in 1979 for the Nobel Peace Prize by several Members of Congress, including myself. That he died such a violent death is a tradegy that will be suffered by men and women around the world.

At this time, as so many of us mourn the loss of this noble selfless man, I insert the following article about the archbishop from the Christian Science Monitor. As we look to the future of El Salvador and other troubled nations, we can only hope that the inspiration this one individual provided to his country and to men and women everywhere will live forever in the lives of those who follow him:

#### SALVADOR SLAYING STIRS TALK OF "FULL CIVIL WAR"

(By James Nelson Goodsell)

The slayers of Salvadorean Archbishop Oscar Arnulfo Romero must have realized that his death would be the one single event that could propel the Central American country into full civil war.

For Archbishop Romero was the conscience of his troubled land. A force for moderation, he was widely respected throughout the country. Thoroughly committed to the human rights of all Salvadoreans, he became "the symbol of hope for the masses," as he was described early this year in a ceremony honoring him.

In the wake of his assassination while performing a mass in San Salvador's Metropolitan Cathedral March 24, a new wave of violence erupted with the Left and the Right accusing each other of killing the churchman.

At this writing, it is not clear which of the many terrorist groups in El Salvador was responsible. But both leftist and rightist terrorists previously had threatened to kill the Archbishop. And the result itself is all too clear: The Central American nation has been propelled one step nearer total breakdown.

Archbishop Romero and many other Roman Catholic churchmen felt the church could not stand aloof from the turmoil in which El Salvador is enveloped. Fully recognizing the horror of the terrorism stalking the country and particularly its poor people, he told this writer last October that "the worst violence is the social injustice in which an elite minority oppresses an entire people."

Statements of this sort put him at odds with some of his much more conservative fellow bishops in El Salvador and also placed him in the forefront of the Roman Catholic Church's present debate over whether the church should play an activist role in temporal affairs.

In many ways, Archbishop Romero's struggle within his church was atypical of the struggle facing the more liberal elements within the Roman Catholic Church everywhere. The debate centers on whether the church should play an activist role in contemporary life or limit itself chiefly to more pastoral matters.

In El Salvador, the Catholic hierarchy is much divided on the issue. In the Conference of Bishops, made up of the six bishops of El Salvador Archbishop Romero has often been in the minority. On a variety of secular and religious issues, such as whether the church should champion labor groups seeking higher wages, the vote has frequently been 4 to 2 with Archbishop Romero on the losing side.

It is not overlooked, for example, that the Archbishop was not a delegate to the 1979 conference of Latin American churchmen, held in Puebla, Mexico, and that the Salvadorean church voted on the conservative side of almost all the issues brought before the Puebla meeting.

Yet Archbishop Romero stood out among churchmen in El Salvador because of his dogged determination to have the church play an active role in the economic and social struggle enveloping the country.

And it was this activist role that propelled him into public and ecclesiastical controversy. He often tangled with the head of El Salvador's bishopric conference, Pedro Arnoldo Aparicio y Aparicio, the Bishop of San Vicente.

Late last year, Bishop Aparicio's supporters took out full-page advertisements in El Diario de Hoy and La Prensa Gráfica, two of San Salvador's major newspapers, to reprint his Sunday sermons. They complained that his remarks were often eclipsed by those of Archbishop Romero, which not only were heard on radio, but also were reprinted in Orientación, the bishopric newspaper in San Salvador.

Bishop Aparicio, in those sermons, argued that the leftist groups occupying many of the principal churches in San Salvador were living off money that they had collected as ransom in kidnappings—and were essentially criminals. He accused Archbishop Romero of tacitly supporting terrorists.

But Archbishop Romero took issue with these critics, arguing that the church "must support those who suffer from the terror of the oligarchy" and must be tolerant of their views.

Not all the radical leftist groups in El Salvador thought kindly of Archbishop Romero, for some of these elements want to do away with the church as an institution. But for the majority of the leftist elements, he became a symbol of the activist priest, a liberal espousing change and reform.●

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## MILITARY PERSONNEL LOSSES AND DRAFT REGISTRATION

### HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mrs. SCHROEDER. Mr. Speaker, the armed services are rapidly losing their best and most experienced personnel. That is the word from our senior military and naval officers.

Yet the administration persists in pushing for peacetime draft registration, a proposal that everyone agrees will not affect our military personnel problems one whit.

The article, from the March 22, 1980, New York Times, follows:

#### ARMED FORCES CHIEFS SAY PERSONNEL LOSSES WEAKEN U.S. DEFENSE

(By Richard Halloran)

WASHINGTON, March 21.—For the last several weeks, the nation's senior military and naval officers have been marching up to Capitol Hill to sound an alarm: The armed services are rapidly losing their best and most experienced personnel.

The generals and admirals have been warning that the exodus of senior noncommissioned officers and middle-grade officers and of pilots and physicians has done more to weaken the military readiness of the United States than shortages of guns or gasoline.

The military chiefs of staff have cited what they consider inadequate pay and benefits as the main reasons for the drain. Other officers agree but privately add that they feel the absence of vigorous leadership, from President Carter down to the battalion, ship and squadron commanders, is equally to blame.

The men and women who are leaving are not the corporals and the colonels but the first-class petty officers who drive the ships and work the sonar, the crew chief sergeants who keep the planes flying and the senior specialists who operate the Army's computers and fix the radios.

In a day of sophisticated weapons and equipment, the armed forces rely on skilled, experienced career people with six to 15 years of service. "Without those people," said a naval officer, "we do less, we do it less safely and we don't maintain things. It could be fatal."

The litany has been relentless as the military leaders testified on the 1981 budget. Gen. David C. Jones, chairman of the Joint Chiefs of Staff, said, "Increasing numbers of these people are interpreting lagging compensation as a message from their country that they are not worth the cost."

Adm. Thomas B. Hayward, Chief of Naval Operations, whose service has been the hardest hit, observed that what he described as "the hemorrhage of talent" was approaching the point "where we may have no realistic alternative but to consider standing down some ships and aviation units."

Gen. Lew Allen Jr., Air Force Chief of Staff, testified, "Our manpower situation has never been more critical than it is today." Gen. Edward C. Meyer, Army Chief of Staff, said, "The most urgent challenge facing the Army today is that of adequately manning the total army." And Gen. Robert H. Barrow, Marine Corps Commandant, testified, "Critical shortages have resulted in several fields where experience is an absolute requirement and the training investment is high."

### CARTER CRITICAL OF COMPLAINTS

President Carter, weary of the drumfire of warnings, sent a memorandum to Secretary of Defense Harold Brown last week telling him to have the service chiefs tone down the complaints, especially about pay.

Mr. Carter was reported to have said that, when he was in the Navy, pay was not the major factor in decisions whether to stay in the service. The President, a graduate of the Naval Academy, spent seven years in the service before leaving to take over his family's farming business.

Just before Mr. Carter wrote his memorandum, Admiral Hayward and General Barrow sent directives to the Navy and Marine Corps to advise enlisted men and women to find out whether they were eligible for food stamps. About 100,000 in all services are believed to be.

### EFFECT OF PAY-RISE OPPOSITION

That seemed to underscore a problem. The President and Congress have given top priority to balancing the Federal budget to fight inflation, holding the line on military spending. The Administration has opposed a stopgap measure passed by the Senate and awaiting House action to raise re-enlistment bonuses and specialty pay. But it is clear that experienced people will leave the services unless they are better compensated.

Moreover, military officers are quick to say that draft registration, which President Carter has proposed, or even a resumption of the draft itself, would do nothing to retain experienced people. On the contrary, according to Secretary of the Navy Edward Hidalgo, "When an eight- to 12-year enlisted person or officer leaves the service, we cannot buy a replacement. We must wait another 8 to 12 years to regain the lost training, experience and leadership."

Among the shortages of people today are these:

Navy—23,300 electronic technicians, communications electricians, air traffic controllers and other petty officers of whom extensive sea duty is required; 2,400 officers, especially those qualified for nuclear submarines. Pilots are a special problem in the Navy, which currently can man only 86 percent of the billets other than in the senior ranks. It is projected to get worse, with only 82 percent being filled in 1985. That is a shortage of 1,800 pilots, the Navy estimates.

Air Force—2,100 pilots this year, rising to 3,400 in 1982, for a shortage of 14 percent; 1,200 engineers of 9,200 required; navigators today are in relatively good supply but a shortage of 900 is expected in 1982; shortages among the enlisted range across the spectrum of skills, with technicians in air traffic control, electronics, computers and communications the most critical.

Army—600, or 15 percent, of such specialists as computer operators, electronic machinery repairers and programmers; 6,000 or 8 percent, of infantry sergeants, and 2,200, or 6 percent of senior sergeants in the field artillery.

Marine Corps—6,000, or 12 percent, of technicians such as fire controllers, computer operators, radar operators and data processors; 720 pilots, or about 16 percent, with the decline leveling off.

The exodus of pilots from all the services began several years ago when the commercial airlines went on a hiring splurge after Government controls were reduced and air travel spurted.

The shortage of doctors, already severe, may become critical this summer. Of the 11,200 doctors on active duty, which is already 2,850 below peacetime requirements, 5,800 will be eligible to leave in the summer.

After President Carter vetoed a special bonus bill for doctors as "unjustified Federal largess" last week, Assistant Secretary of Defense Thomas B. Ross said Pentagon medical officials expected 3,700 to leave when they could. That will leave the services about 30 percent short.

Pentagon officals have said that the problem is not just the numbers of people leaving the military services but also the quality. Indeed, the military services are at nearly full strength in numbers alone.

### REASONS OTHER THAN PAY

While the military chiefs mostly cite lagging compensation as the reason for the exodus, other officers here and and officers and enlisted personnel outside Washington often point to more intangible reasons.

High among the intangibles cited was a lack of leadership.

"That memo telling us to quit bellyaching about pay was a real kick in the shins," said one officer, noting the "pay caps," or limitations on pay raises, imposed by the Administration for the last several years.

Some senior officers cite the 1981 budget as evidence that the Carter Administration is indifferent to the military. While procurement of weapons and research on equipment have healthy increases inked in, spending for personnel would go up only six-tenths of 1 percent.

"I thought it was really nice that the President had the hockey players to the White House," said one officer, referring to the triumphant Olympic team, "but where was he when Kitty Hawk came home?"

### HOME AFTER LONG SEA DUTY

The crews of the aircraft carrier Kitty Hawk and her escorting vessels recently spent nine months away from San Diego, their home port, including nearly three months of constant steaming in the Arabian Sea south of Iran.

When the ships returned to San Diego on Feb. 25, the Secretary of the Navy, Mr. Hidalgo, went out to greet the crews. The Chief of Naval Operations, Admiral Hayward, sent a videotaped message. Navy officials said there was nothing from the White House.

While Pentagon officials almost uniformly admire Secretary of Defense Brown's technical knowledge, command of the strategic deterrent and economic management, they say he has shown little interest in manpower issues. They also assert that no one else in the Pentagon hierarchy has taken up the slack.

### JOINT CHIEFS NOW INVOLVED

Nor have the service chiefs paid much attention until recently. General Meyer, the Army Chief of Staff, was quoted not long ago as saying, "I have never—I'll repeat, never—seen personnel matters or pay matters brought to the Joint Chiefs of Staff before the past year or so."

Commanders in the field must put much time and attention into management: keeping up with the paperwork, solving problems of housing, worrying about the post exchange and the day-care center. General Meyer says. "One of the biggest complaints that you hear from soldiers and commanders in the field is that they're not able to get their views to a responsible commander."

Still another reason widely cited for the departures is the contempt of the public and often their political leaders, felt by military people, that is a residue from Vietnam. Good people in the service are not given the esteem they seek, explained a senior officer here. "They just don't feel good about themselves," he said.

### PURCHASING POWER DROPS

On the tangible side, any senior officer here who is asked what the problems are will rattle off a list like a machine gun. Limits on compensation have caused service people's purchasing power to drop 15 to 17 percent over the last seven years.

Melvin R. Laird, the former Secretary of Defense, said recently that a third-class petty officer handling $25 million airplanes on the deck of an aircraft carrier made less than a cashier at McDonald's.

In contrast, a middle-grade petty officer with technical training making $12,000 a year can go into civilian life and easily double his salary. And he can do that working a five-day, 40-hour week instead of a 60- or 70-hour week plus standing watch on the weekend.●

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## RESOLUTION ON CAMBODIA

### HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mrs. COLLINS of Illinois. Mr. Speaker, I wish to express my strong support for the House concurrent resolution on Cambodia just introduced by my colleague, Representative MARGARET M. HECKLER.

I am sure that my colleagues would certainly agree with me in calling for humanitarian assistance and a peaceful resolution of the conflict in Kampuchea. Attention to this matter is critical in order to focus on the tragedies in Cambodia and also to call again for an international conference on the future status of Kampuchea.

I rise in support of this resolution because it is in support of action to protect the most precious gift we have aside from life itself—human rights. I submit to you that to deny protection of human rights anywhere in the world toward any peoples be they Haitian refugees, blacks, whites, or women, is to threaten the very basis of our existence.

The resolution follows:

### Resolution on Cambodia

Expressing the deep concern of the Congress over the plight of the Cambodian people and its strong support for humanitarian assistance and a peaceful resolution of the conflict in Kampuchea.

Whereas war and starvation continue to pose grave threats to the very existence of the people of Kampuchea, their heritage and culture;

Whereas the occupation of Kampuchea by Vietnamese forces has helped to create and maintain these threats and to hamper relief efforts;

Whereas even greater food shortages in the coming months can be expected to exacerbate the already critical food situation in Kampuchea;

Whereas the unrest in Kampuchea has forced many residents to flee their homes;

Whereas continued hostilities in Kampuchea and Foreign intervention threaten the stability of the entire region;

Whereas the United Nations has called for the withdrawal of all foreign troops from Kampuchea and for a United Nations Conference on Kampuchea;

Whereas the just concluded session of the United Nations Human Rights Commission has strongly condemned the deprivation of food and medicine, the gross and flagrant violation of basic human rights, and the presence of foreign forces in Kampuchea: Now, therefore, be it

*Resolved by the House of Representatives (the Senate concurring)* That the Congress—

(1) Strongly supports continued humanitarian assistance for the people of Kampuchea;

(2) Calls upon the President to pledge United States support and urge the assistance of other nations at the upcoming pledging conference;

(3) Reiterates its call for the convening of an international conference on Kampuchea aimed at ending the fighting and bringing about the establishment of a representative government in Kampuchea;

(4) Calls for the immediate withdrawal of all foreign forces from Kampuchea and the interference in the internal affairs of that country; and

(5) Urges the President, through the United States Permanent representative to the United Nations, to support action by the United Nations on behalf of protecting the fundamental human rights of the people of Kampuchea.●

## BLEAK DAYS AHEAD FOR NATION'S SCHOOLS

## HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. OTTINGER. Mr. Speaker, I am including in today's Congressional Record a column from the New York Times by Albert Shanker, president of the United Federation of Teachers, which ably describes the disastrous effect of the President's proposals for cuts in essential programs to balance the budget. I wholeheartedly concur with Mr. Shanker when he asks:

> If the budget does need to be balanced, why should this be done by depriving the people of education, health and other services? Why not keep these services and make sure they are paid for by those who can afford it?

The budget ax will have a devastating impact on our Nation's schools, which already are suffering the ravages of inflation and budget cuts. All around the country, local school budgets are being cut as localities simply cannot afford higher property taxes to pay for public education. As budgets are cut, children are deprived of enrichment courses; class sizes are increased and the quality of our educational system is jeopardized.

Just 1 month ago, I introduced the Federal Elementary and Secondary Education Assistance Act. This bill, H.R. 6598, authorizes grants directly to local educational agencies in an amount equal to $100 for every child in that school district. The administration is simple, the paperwork minimal. These grants could be used for those needs which the local educational agency determines are most pressing. For example, the school district could hire needed teachers, eliminate architectural barriers to the handicapped, reduce class size, or do many other things for which assistance is not presently available. With the passage of this act, more of the cost of education would be shifted from the regressive property tax to the more progressive Federal income tax, and the Federal Government would become a partner with the States and localities in assuring the availability of high-quality education for all children in this country.

Unfortunately, since this bill was introduced in February, the President has revised his 1981 budget and has proposed indiscriminate cuts in domestic programs. While I strongly support the principles contained in H.R. 6598, it is clear to me now, the crucial task ahead will be to hold the line on cuts in the present Federal education budget. I will be working hard to insure that we do provide adequate funding in this area. Mr. Speaker, I believe it would be a travesty if the current inflation leads to counterproductive efforts to cut back on our public education system—this is our most important investment in our Nation's future.

As we consider the various proposals put forth to balance the budget, I believe Mr. Shanker's column is very worthy of consideration. The text of this article follows:

### BLEAK DAYS AHEAD FOR NATION'S SCHOOLS

School systems have reason to be worried. It's hard to get local taxpayers to support schools, and, on top of local problems, the schools are about to be hit by Washington.

First there is President Carter's commitment to balance the budget. Early reports stated that the Administration was considering almost $1 billion in education cuts. It will certainly tell us a lot about the President's commitment to education if, at the same time he is establishing his new, costly and unneeded separate Cabinet-level Department of Education, he deprives the schools of almost a billion dollars.

But the rumored reductions in education aid are not the only way in which Washington can hurt the schools. There is great pressure to do away with revenue sharing to states and cities, or to greatly reduce the program. If the program is eliminated, states would lose $2.7 billion. There is evidence that nearly 50 percent of revenue sharing funds are used in education, so this could mean a loss of more than another $1 billion to the schools. What's more, states would also be forced to increase taxes to make up for the loss of the other half—or, if they were unwilling or unable to raise state taxes, they would be forced to cut programs. Since state aid to elementary, secondary and higher education is a huge part of every state budget, the losses to school districts and public higher education could be even larger.

But even this double loss of funds—the loss of federal aid to education and the loss of state aid—does not tell the whole story. There's more bad news on the way.

Interest rates have been moving up very quickly. With interest rates as high as they are, school districts as well as local and state governments will have to pay much more interest on bonds they offer for sale. New York State may be forced to pay hundreds of millions more in its spring borrowing, as will school districts throughout the state. This means that hundreds of millions which will be paid in the increased cost of borrowing money will not be available for educational programs unless additional taxes are collected to cover these new expenses.

Energy costs are going up and will continue to go up, especially with the deregulation of domestic oil. And some are talking about an additional federal tax on gasoline. This would be designed to bring more money into the federal purse to help balance the budget, but at the same time it would again increase the cost of running schools, colleges, state and local governments.

The schools of this country cannot survive these blows. Even without these problems, urban school systems in New York, Chicago, Cleveland and San Francisco, to name just a few, are at the brink of disaster. Thousands of other school systems are not in such bad shape but have been deteriorating in recent years. If Washington proceeds with its agenda, almost all our schools will be in trouble. Sure, inflation is a major issue—but so are education and the provision of adequate social services. The President and Congress have been hearing that inflation must be dealt with. They need to hear from the parents and teachers that we hold the preservation of public education more important than balancing the budget.

Sacrificing education for the purpose of balancing the budget is especially questionable because there is no solid evidence that budget balancing would do very much to end inflation. The Congressional Budget Office estimates that balancing the federal budget would reduce inflation by two-tenths of one percent; that is, the current rate would move from 18.3 percent to 18.1 percent. Other economists have other figures, but the track record of economists in dealing with inflation has not been very good in the last decade. Only the foolhardy would gamble on the destruction of public services in order to test a dubious economic doctrine.

But what is going on is even more tragically wasteful. It's very clear that an effort is being made to control inflation by creating unemployment. Jacking up the interest rates didn't create enough unemployment, apparently—so now there is talk of eliminating programs that provide jobs in order to have a more direct effect. For example, up for killing is the countercyclical aid program, which provides $1 billion to cities with high unemployment rates, and threatened with extinction is the CETA Title VI jobs program, providing about $500 million to urban areas. If New York City has to face these losses, we will have 60 and 70 children in many of our classes, not the mere 40 Mayor Koch now threatens us with. The insanity is that the federal government will gain nothing by this. Every 1 percent increase in unemployment costs about $20 billion in lost tax revenues and increased costs due to unemployment, welfare and Medicaid payments, food stamps and other provisions for assistance to the indigent.

If the budget does need to be balanced, why should this be done by depriving the people of education, health and other services? Why not keep these services and make sure they are paid for by those who can afford it? If we have to have balanced budgets, we ought to be looking at our tax structure, which President Carter once called "a national disgrace."

But holding the line on present services is not enough. Even without this new assault, public services are deteriorating. This is a time not to destroy the services but to halt the deterioration. This is an election year. It's a good time to remember the promises of 1976 and ask that they be kept: federal relief in welfare and Medicaid, adequate funds for educating the handicapped, a move toward national health insurance, and so forth.

When this budget process is all over, there will be winners and losers among the people of our country. Now is the time to send the message that those who permit our schools, colleges, libraries and hospitals to go down the drain may be among the losers, too, next November, balanced budget or not.●

## IN RECOGNITION OF MR. SCOTT CHILCOTT AND YOUTH CITY OF AMERICA

### HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. COELHO. Mr. Speaker, I want to take this opportunity to commend a fine young man from my district, Mr. Scott Chilcott, who was awarded earlier this month a $500 savings bond by the Department of Labor as the outstanding young participant in the CETA program at Youth City of America. Scott, at age 16, was selected from among nominees from 27 counties as the outstanding contributor for his fine work in last summer's CETA youth program at Youth City.

Youth City of America, located near Cathey's Valley and Yosemite National Park in Mariposa County, Calif., is a unique community deserving of special recognition also. A 750-acre home and school for neglected or abandoned youngsters, Youth City was founded in 1978 by Mr. Joseph Ortega, who is himself a graduate of the famed Boys Town in Nebraska. A ranch community of individual homes caring for youngsters of various ages, Youth City provides schooling, guidance, moral and spiritual development, self-government, and recreational and social activities. Up to six youngsters are placed in each home which is headed by a professional, trained, husband-wife team of teaching parents who provide the guidance and support these troubled young people need to set them on the road to success in life.

Our congratulations go out to Joe Ortega and Youth City for their fine mission of building responsible, independent young adults. And our congratulations and best wishes go to Scott Chilcott who is already well on the way to success.●

## NATIONAL RIDESHARING ACT OF 1980

### HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. EDGAR. Mr. Speaker, I am introducing today the National Ridesharing Act of 1980. Briefly, this legislation would establish and provide funding for a National Office of Ridesharing under the Secretary of Transportation to assist municipalities, regional planning groups, and the private sector in developing and implementing ridesharing programs. Now let me explain the justification for a larger Federal role in promoting ridesharing.

I think everyone will agree that ridesharing is a valuable energy conservation tool. Every vanpool on the road today saves at least 5,000 gallons of gasoline each year. According to Secretary Goldschmidt, the cumulative saving is as high as 3.5 billion gallons each year. Last October, President Carter described how ridesharing could be a major energy conservation initiative. In that announcement, he stated that the Nation could save 22.5 million gallons of gasoline every day if the 50 million Americans who drive alone to and from work carried just one additional passenger. The President has also set up a National Task Force on Ridesharing to serve as a forum for the promotion of the concept. One important function of the task force is to assist the Secretary of Transportation in solving problems related to vehicle insurance, financing, and labor-management relations, which have sometimes been impediments to large scale carpool and vanpool projects.

In addition to conserving gasoline, ridesharing relieves traffic and parking congestion, reduces air pollution, cuts down on personal commuting costs, and improves employer-employee relations.

While most people agree on the significance of ridesharing, some might not believe there is a need to increase Federal involvement and funding. I would disagree. Congress has already set up the foundation in Public Law 95-599, the Surface Transportation Assistance Act of 1978, for an expanded role by endorsing the concept of a single lead office with its own pool of funds. We now need to expand on that legislation to actually establish a national office and to reauthorize funds for categorical grants and loans for ridesharing programs. Nine million was authorized under Public Law 95-599 for fiscal year 1980 and my bill would reauthorize the program at a level of $20 million for each of the fiscal years 1981 and 1982.

I am aware of and sympathetic to demands that Congress cut Federal spending but I am convinced that the benefits of an expanded ridesharing program to both our Government and our constituents would be immense. Our national security and domestic economic health is proving fragile in the face of spiraling energy costs and dependence on foreign oil imports. A clear financial and moral commitment to ridesharing by the Federal Government would be a visible and effective step on the road to energy independence and security.

Text of bill follows:

H.R. 6964

A bill to amend title 23 of the United States Code to allow the Secretary of Transportation to make grants and loans for carpooling and vanpooling programs and to establish a National Office of Ridesharing.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "National Ridesharing Act of 1980".

SEC. 2. Section 146 of title 23, United States Code, is amended to read as follows:

"§ 146. Carpool and vanpool projects

"(a) It is hereby declared to be national policy that special effort should be made to promote commuter forms of transportation which conserve energy, reduce pollution, and reduce traffic congestion. The Secretary shall assist both public and private employers and employees who wish to establish carpooling and vanpooling programs where they are needed and desired and shall assist local and State governments, and their instrumentalities, in encouraging such modes of transportation by removing legal and regulatory barriers to such programs, supporting existing carpooling and vanpooling programs, and providing technical assistance for the purpose of increasing participation in such modes.

"(b) In order to conserve fuel, decrease traffic congestion during rush hours, improve air quality, and enhance the use of existing highways and parking facilities, the Secretary may approve for Federal financial assistance from funds apportioned under sections 104(b)(1), 104(b)(2), and 104(b)(6) of this title, projects designed to encourage the use of carpools and vanpools. Such a project may include such measures as providing carpooling and vanpooling opportunities to the elderly and handicapped, systems for locating potential riders and informing them of convenient carpooling and vanpooling opportunities, acquiring vehicles appropriate for carpool and vanpool use, designating existing highway lanes as preferential carpool or vanpool highway lanes, providing related traffic control devices, and designating existing facilities for use as preferential parking for carpools and vanpools.

"(c) The Secretary may make grants and loans to States, counties, municipalities, metropolitan planning organizations, other units of local and regional government, and recipients of any financial assistance under section 3 or 5 of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1602 or 1604) consistent with the policy of subsection (a). Such grants and loans shall be awarded in a manner which emphasizes energy conservation, although the Secretary may use other factors as deemed appropriate. The Federal share of the costs of any project approved under this subsection shall not exceed 75 percent. No grant awarded under this subsection may be used for the purchase or lease of vehicles, or for the construction of highway lanes as preferential carpool or vanpool highway lanes, or for the construction of parking facilities.

"(d)(1) A project authorized by this section shall be subject to and carried out in accordance with all provisions of this title, except those provisions which the Secretary determines are inconsistent with this section.".

"(2) The Secretary shall not approve any project under this section which will have an adverse effect on any mass transportation system.

"(e) The Secretary shall establish, in the Department of Transportation a National Office of Ridesharing, directly responsible to the Secretary, which shall coordinate all carpooling and vanpooling activities within the Department of Transportation and which shall—

"(1) set national goals for the reduction through the use of carpools and vanpools of pollution and traffic and for the conservation of motor fuel;

"(2) compile statistics related to carpooling and vanpooling;

"(3) perform economic analyses with respect to carpools and vanpools;

"(4) promote carpools and vanpools at State, local, and national levels;

"(5) provide technical assistance to facilitate carpooling and vanpooling activities;

"(6) respond to inquiries from the public related to carpooling and vanpooling;

"(7) report to the Congress concerning developments in carpooling and vanpooling, activities of the National Office of Ridesharing, and national carpooling and vanpooling trends;

"(8) evaluate the national impacts of carpooling and vanpooling programs and assure that all steps are taken in cooperation with other departments and agencies of the Federal Government to eliminate any potentially adverse impact which such programs may have on other transportation modes;

"(9) identify local, State, and Federal laws, regulations, and policies which are obstacles to the expansion of carpooling and vanpooling opportunities and programs; and

"(10) recommend legislation to the Congress to achieve the goals and purposes of this section.

"(f) The Secretary shall submit to the President and the Congress not later than the date occurring 12 months after the date of the enactment of this subsection, and each date occurring 12 months after such date, a report on the operation of this section. Each such report shall include—

"(1) an estimate of the motor fuel conserved and the pollution reduced because of the operation of this section;

"(2) an analysis of State, local, and private participation in carpools and vanpools;

"(3) a description of carpooling and vanpooling programs undertaken by States, localities, and recipients of financial assistance under this section; and

"(4) recommendations for legislation to carry out this section.".

Sec. 3. Section 134 of title 23, United States Code, is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(2) by inserting after subsection (a) the following new subsection:

"(b) The Secretary shall not approve after January 1, 1982, the granting of any financial assistance under section 146 of this title to be used in any urban area of more than 50,000 population unless the Secretary finds that such assistance is based on a continuing comprehensive transportation planning process carried on cooperatively by States and local communities in conformance with the objectives of this section.".

Sec. 4. Section 126 of the Federal-Aid Highway Act of 1978 is amended—

(1) by striking out subsections (d), (e), (f), and (g);

(2) by redesignating subsection (h) as subsection (d); and

(3) by inserting after subsection (d) (as redesignated by paragraph (2)) the following new subsection:

"(e)(1) There is authorized to be appropriated from the Highway Trust Fund $1,000,000 for the fiscal year ending on September 30, 1979, $1,000,000 for the fiscal year ending on September 30, 1980, $1,500,000 for the fiscal year ending on September 30, 1981, and $1,500,000 for the fiscal year ending on September 30, 1982, for expenditures incurred by the Secretary of Transportation in carrying out section 146(a) of title 23, United States Code.

"(2) There is authorized to be appropriated from the Highway Trust Fund $3,000,000 for the fiscal year ending on September 30, 1979, $9,000,000 for the fiscal year ending on September 30, 1980, $20,000,000 for the fiscal year ending on September 30,1981, and $20,000,000 for the fiscal year ending on September 30, 1982, to carry out section 146(c) of title 23, United States Code.

"(3) In addition, to the extent authorized by Acts governing the use of funds available in the Windfall Profits Tax Account, such funds shall be available, as provided in appropriation Acts, to carry out this section, except that—

"(A) Not more than $5,000,000 of such funds shall be available for the fiscal year ending on September 30, 1982; and

"(B) Not more than $10,000,000 of such funds shall be available for the fiscal year ending on September 30, 1982, to carry out section 146(c) of title 23, United States Code.".●

## DRAFT REGISTRATION TWISTS AND TURNS

### HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mrs. SCHROEDER. Mr. Speaker, administration efforts to jam draft registration through the House went awry Thursday when the House Appropriations Committee, to its credit, refused to use the transfer procedure to circumvent the 1980 budget ceiling.

I understand, however, that the draft registration drovers, fearlessly anfractuous, have set up camp in the Rules Committee to devise a subterfuge for attaching the registration funds to an amendment to the 1980 budget resolution.

Two articles from the March 28, 1980, Washington Post and New York Times, follow:

[From the New York Times, Mar. 28, 1980]

#### House Panel Postpones Key Vote on Draft Issue

Washington.—The House Appropriations Committee handed President Carter another setback in his effort to resume registration for the draft when the committee chairman postponed a crucial vote on the issue today.

Congressional officials said that Representative Jamie L. Whitten, Democrat of Mississippi, called off a scheduled committee meeting at the last minute without giving a reason. A spokesman for Mr. Whitten was unavailable for explanation.

Informed officials on Capitol Hill speculated, however, that Mr. Whitten feared he did not have enough votes to carry the measure. A reading yesterday suggested that the outcome was too close to call.

The measure, calling for the appropriation of $13 million to pay for registering 19- and 20-year-old men for military service, has been stalled in the committee because the Government has exceeded its budget ceiling.

The vote postponed today was on a plan to transfer funds to pay for registration from an account in the Pentagon. But Congressional officials said that a similar vote on another issue yesterday was so close that the measure on draft registration might have been defeated if a vote had been taken today.

In his State of the Union Address in January President Carter called for a resumption of draft registration as a signal of national resolve to resist Soviet aggression, and the Administration has been pushing for a vote in the committee and on the floor of the House.

[From the Washington Post, Mar. 28, 1980]

#### Request on Draft Hits Another Snag

President Carter's request for $13 million to register men for the draft ran into another delay in the House Appropriations Committee yesterday.

Earlier this month, a subcommittee refused to appropriate the money on a tie vote. Then house leaders regrouped and set to work to win approval in the full committee to show support for this part of Carter's response to the Soviet invasion of Afghanistan. But before the full committee could act, the congressional Budget committees reported that projected spending for this year would break through the budget ceiling. No more new spending can be approved until the spending ceiling is increased, and that won't happen until after the Easter recess.

So committee leaders came up with the idea of transferring already appropriated funds from some other military account to the draft registration program. The committee scheduled a meeting yesterday to approve it, but canceled the meeting just before it was to begin.

Speaker Thomas P. (Tip) O'Neill Jr. (D-Mass.) said Appropriations Committee Chairman Jamie Whitten (D-Miss.) told him there was a growing feeling in the committee that authorizing spending by transfer was a bad precedent, that there would be several more requests coming along if this were approved and that they should pull back and think it over some more.

The committee may also have been made nervous by the close vote by which a transfer of funds to keep the Federal Trade Commission alive squeaked through the day before.

An administration official on hand for the meeting was distressed by the delay. The administration fears each day's delay gives more time for opposition to registration to grow. It had carefully cleared the way for the transfer through the Senate,-and now it was derailed again in the House.

Registration of women, which Carter has also proposed, is unaffected. It would require separate authorizing legislation.●

## KAMA RIVER TRUCKS

### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. HAMILTON. Mr. Speaker, American technology, designs, and equipment were purchased by the

Soviet Union in order to build a large truck factory on the Kama River in Siberia. The appearance of Kama River trucks as Soviet military vehicles in Afghanistan has heightened a controversy over what export control regulations were applied to American participation in building the truck factory and what end-use statements or agreements were made at the time of the sale.

When this controversy surfaced in December 1979, I wrote a letter to the Commerce Department requesting an explanation. I did not receive a reply to my questions until March 18, 1980. For the information of my colleagues, I am including my letter and the response. The Commerce Department letter also lists the testimony they have given on this subject and that should be helpful to those who wish information on the Commerce Department's position regarding the Kama River trucks and export licensing procedures.

Apparently, the Commerce Department has determined that no violation occurred of end-use statements filed during the export licensing process by U.S. exporters. Many questions, however, remain: What could the Commerce Department do if it could determine there had been violations? Why was there no end-use agreement prior to entering the Kama River project? Does the Commerce Department have the legal authority and practical means available to shut off exports and to stop the flow of technology and spare parts to Kama River if there had only been a violation of end-use statements as opposed to end-use agreements? These issues should be considered.

It should be pointed out that since the Soviet Union's invasion of Afghanistan, two outstanding validated licenses for the Kama River project have been revoked.

Several committees of the Congress are working now to resolve this issue of technology transfers that have potential military uses. These inquiries are important in order to find a way of balancing the contribution foreign sales of technology that may be available elsewhere make to our balance of payments, and the risks involved not only to our country but to third countries of transferring this technology to another country which may use it militarily.

The Kama River truck controversy has highlighted the importance of this issue and Congress should certainly carefully scrutinize the evidence of the Kama River case and our burgeoning technology sales to other countries such as the Peoples Republic of China in light of our experience with the Soviet Union and elsewhere.

The correspondence follows:

DECEMBER 3, 1979.

Hon. PHILIP M. KLUTZNICK,
*Secretary-Designate of Commerce, U.S. Department of Commerce, Washington, D.C.*

DEAR MR. SECRETARY: I have noted with some concern the continuing debate within the Department of Commerce regarding the Kama River truck factory in the Soviet Union.

I would like to know more about this case and what evidence we have of diversion of some of the trucks for military purposes, including the percentage of trucks that we think might have been diverted. Specifically, what end-use agreement preceded the construction of the factory, what is the judgment of the Department on the nature and extent of any violations of the original agreement, what does the Department intend to do to resolve this matter with the Soviets, and if there is any violation, will the project be terminated?

I would appreciate the Department's judgment on these questions.

With best regards.

Sincerely yours,
LEE H. HAMILTON,
*Chairman, Subcommittee on Europe and the Middle East.*

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THE SECRETARY OF COMMERCE,
*Washington, D.C., March 18, 1980.*

Hon. LEE H. HAMILTON,
*Chairman, Subcommittee on Europe and the Middle East, House of Representatives, Washington, D.C.*

DEAR MR. HAMILTON. Thank you for your letter of December 3 concerning trucks manufactured by the Kama River truck factory. I apologize for the delay in responding to your letter.

The Department of Commerce has testified before the Congress concerning this subject on several occasions. Enclosed is a copy of the testimony given by Stanley J. Marcuss, Acting Assistant Secretary for Trade Administration, on November 28, 1979, before the Subcommittee on International Finance of the Senate Committee on Banking, Housing, and Urban Affairs. For additional information you may want to refer to the hearing records of the testimony listed below:

January 22, 1980 testimony by Philip Klutznick, Secretary of Commerce, before the Subcommittee on International Finance of the Senate Banking, Housing, and Urban Affairs Committee.

February 4, 1980 testimony by Kent Knowles, Director, Office of Export Administration, and Sharon Connelly, Director, Compliance Division, before the Subcommittee on General Procurement of the Senate Armed Services Committee.

February 6, 1980 testimony of Philip Klutznick, Secretary of Commerce, before the Commerce Subcommittee of the Senate Appropriations Committee.

February 20, 1980 testimony of Homer Moyer, General Counsel, before the Permanent Subcommittee on Investigations of the Senate Governmental Affairs Committee.

Following are the answers to your specific questions:

Question 1. What evidence do we have of diversion of some of the Kama River trucks for military purposes, including the percentage of trucks so delivered?

Other than the information that has appeared in the press and in the statements before Congress, the evidence that the Commerce Department has received as to the use of Kama River production by the Soviet military originates within the Intelligence Community and is classified. The CIA advises us that it will be willing to answer any questions you may have on this subject. We suggest that you contact the Legislative Counsel of the Central Intelligence Agency, Mr. Frederick Hitts, at 351-6121. In the meantime, we are forwarding a copy of your letter to Mr. Hitts so that he is aware of your inquiry.

Q.2. What end-use agreement preceded the construction of the Kama River factory?

We are not aware of any end-use agreement entered into by the U.S. Government before it approved participation in the Kama River project. Because of the availability of the technology involved from other sources, however, the U.S. Government had concluded that while some of these trucks could be put to military uses, the transaction would not make a significant contribution to Soviet military potential which would be detrimental to our security. Moreover, if the U.S. had refused the sale, the necessary equipment for the truck plant could probably have been provided by other countries. The result would have been to deprive the U.S. of an export assisting its balance of payments while the USSR would still have been able to produce trucks. "End-use statements," as opposed to "end-use agreements," were filed during the export licensing process by U.S. exporters and some foreign consignees. The answer to question 3 discusses the Department's investigation of these "end-use statements."

Q.3. What is the Commerce Department's judgment on the nature and extent of any violations of the original agreement?

The Compliance Division of the Office of Export Administration has recently conducted an investigation to determine whether there has been any violation of the Export Administration Act in connection with the use of Kama-built trucks by the Soviet military. Findings of the investigation do not substantiate any violation of the Act's provisions. Thus, no compliance action appears to be warranted.

Q.4. What does the Department of Commerce intend to do to resolve this matter with the Soviets? If there is any violation, will the project be terminated?

Only two validated licenses were outstanding for the Kama River Plant at that time of the Soviet invasion of Afghanistan. In response to that action and concurrent with the overall review by the President of U.S. export policy toward the Soviet Union, I have revoked these two licenses.

If this Department can be of further assistance to you, please let me know.

Sincerely,
LUTHER HODGES Jr.,
*Acting Secretary of Commerce.*●

## LIBRARY OF CONGRESS: ACCOMMODATING THE DISTURBED

### HON. ADAM BENJAMIN, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. BENJAMIN. Mr. Speaker, I rise today to share my correspondence of this date to the Librarian of Congress, Dr. Daniel P. Boorstein, with my colleagues.

This letter was prompted by an article appearing in this morning's Washington Post. My purpose in sharing this correspondence is to provide my colleagues with yet another example of waste contractural services within the Government.

In light of the recent publicity surrounding this subject, I invite my colleagues to join with me in working to eliminate such abuses of our taxpayer's money.

Dr. DANIEL P. BOORSTEIN,
*Librarian, Library of Congress,*
*Washington, D.C.*

DEAR DR. BOORSTEIN: The Washington Post article, "Library of Congress: Accommodating the Disturbed" advises that the Psychiatric Institute of Washington is conducting a 19-week program entitled Successfully Dealing with Disruptive/Disturbed Patrons" involving 25 staff persons each week in the Library of Congress.

Apparently the program was instituted because of:

1. The behavior of certain persons and "that of a dozen other homeless, friendless and unwashed patrons who regularly seek asylum in the building's unthreatening atmosphere," and

2. Other disturbed patrons and "prima donnas from Congress who aren't necessarily psychotic, but close to it."

Please be kind enough to present, within two weeks, the particulars of the contract entered into with the Psychiatric Institute of Washington to include time, cost, objections and necessity.

Also be kind enough to advise of the numbers of Congressional prima donnas inhibiting the Library, their impact and the cost of instruction regarding their idiosyncrasies.

Editorially, I have yet to find a prima donna serving in Congressional ranks. The role of a Member of Congress is a humbling one—not only must the Member account for personal inadequacies—but the thousands of follies of their staffs including those who supposedly support the Congress as librarians.

The more appropriate answer, instead of hiring another unneeded consulting group, would be to reduce staff, including the prima donnas in the Library of Congress. This would resolve the dilemma without brooking another unwarranted criticism of the institution of Congress.

Sincerely,

ADAM BENJAMIN, JR.,
*Member of Congress.*●

# MOST AMERICANS FAVOR POPULATION STABILIZATION

## HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. OTTINGER. Since I introduced H.R. 5062, legislation calling for a policy of planning for population stabilization, 21 Members have joined me in cosponsoring it, and 17 national organizations, including the American Public Health Association, the National Wildlife Federation, and the World Population Society, have called for congressional action on it.

Most importantly, H.R. 5062 is consistent with public opinion over the past decade. Repeated polls have found that the majority of Americans say the country should try to limit its population growth. Reporting on the research of the Roper Center at the University of Connecticut, the ZPG Reporter recently published the following article which documents Americans' concern about population growth:

### MOST AMERICANS FAVOR LIMITED GROWTH FOR U.S., WORLD

### MORE PEOPLE IN THE U.S.?

Six in 10 Americans say the U.S. "must try to limit" its population growth. According to a Roper survey in 1976, 57 percent said limiting population growth is necessary, and 35 percent said it's not.

U.S. population growth is a "serious problem," according to 65 percent of those polled in 1971 for the U.S. Commission on Population Growth and the American Future. Another 26 percent said growth is a problem, but and not a serious one.

If U.S. growth "slowed down and gradually levelled off," 67 percent said they *wouldn't* be concerned.

Americans don't want to sit back and do nothing. In June 1977, 73 percent of a Roper sample *disagreed* with the position: "Don't do anything to slow population growth. Let nature take its course."

Instead of doing nothing, 87 percent said, "make birth control information and devices widely available at low cost," and large majorities favored restrictions on immigration. (See "Limit immigration?" at right.)

In fact, there's a bigger majority today for government action than in 1971. Back then, in a poll for the U.S. Commission on Population Growth and the American Future, 56 percent said the government should try to slow down U.S. population growth. Disagreeing were 35 percent.

Americans were concerned decades ago. Back in 1947, when the U.S. population was about 140 million, Gallup asked whether the country would be "better off or worse off if there were more people living here." Worse off, said 55 percent. Better off, said 16 percent. Same, said 14 percent.

Population growth is bad news for their home communities, Americans believe. That was the case in the 1947 Gallup poll, when a plurality (46 percent) said their town or city would be "worse off" with a larger population. Better off, said 31 percent.

And that feeling was more intense 27 years later, in 1974, when Gallup interviewers asked Americans whether they wished there were more people in their home communities. No, said 83 percent.

Americans would prefer their country to stop growing. Gallup asked in 1974, "Do you wish there were more people in this country." No, said 87 percent of the sample.

That's consistent with responses to the 1971 survey for the U.S. Commission on Population Growth and the American Future. The question: "Do you think the present size of the U.S. population is about right or should it be smaller or larger?" The answers: About right, 57 percent. Should be smaller, 22 percent. Should be larger, 8 percent.

Many people believe the country has already reached the largest population size it can reasonably support. Roper's February 1979 survey asked, "What do you think is the maximum population we can reasonably support?" Nearly half, 48 percent, could give no answer, but 25 percent—half of those who did answer—said, "no more than we now have."

Concern about U.S. growth has waned since 1972, when U.S. media began reporting that the end to growth was at hand. In government-sponsored polls of married white women, the National Fertility Studies (NFS), found that concern peaked in 1970, before the announcements that U.S. childbearing had decreased to the "replacement level."

According to NFS results, 56 percent of married women considered U.S population growth to be a "serious problem" in 1965. In 1970, the view was held by 70 percent, and in 1975, by 62 percent.

Many Americans, like many news reporters, mistakenly confused "replacement-level" childbearing with zero population growth. Even with birth rates below replacement level, net immigration helps keep the U.S. population growing today. Also, today's huge "backlog" of young adults of childbearing age could keep the population growing for decades, even without net immigration.

Most Americans would prefer to stop population growth, as reported above. And a substantial minority go farther, seeing it as a "serious threat." In Roper's March 1978 survey, 21 percent said that the increase of the population threatens society and the American life.

### WORLD GROWTH A PROBLEM?

Six in 10 Americans say people "must try to limit would population growth." In a 1976 Roper survey, 59 percent held that view, and 32 percent said it's "not necessary" to try to limit growth.

Is concern growing or decreasing? It depends on whom you ask, and how you ask them. Roper polls show a moderate and decreasing concern, while the National Fertility Studies show high and increasing concern.

Differences between the two series of surveys may explain the difference in outcomes. Roper asked the general public; the National Fertility Study figures cited here are for white women of childbearing age.

Also, the questions asked were somewhat different. The National Fertility Study asked, "Do you think that the growth of the world population is a serious problem or not?" Yes, said 81 percent of the women in 1965; 86 percent in 1970; and 88 percent in 1975.

Roper asked whether overpopulation "will or will not be a serious problem your children or grandchildren will be facing in the year 2000?" It will be, said 60 percent in 1974; 50 percent in 1975; 44 percent in December 1978.

Before the first Earth Day in 1979, and before Paul Ehrlich's book, "The Population Bomb," concern about world population growth was much less widespread. In 1959, 70 percent of Gallup's sample was "not worried" about "the great increase in population which is predicted for the world."

In 1966, of those who had heard about the predicted growth, 66 percent still was not worried, according to Gallup.

Many people give hunger as the reason for their concern. In 1966, Gallup probed the thinking of people who had agreed that world growth is a serious problem. Why did they think so? "Not enough food," said 57 percent. Not enough space, said 15 percent. Unemployment, said 12 percent. Overpopulation leads to poverty, said 10 percent. And there were other reasons given.

### HOW MANY CHILDREN?

Young married women want to have an average of 2.1 children during their lifetimes. That's the latest result of birth expectation surveys by the U.S. Census Bureau.

In 1978—as in the four previous years—the Census Bureau survey found that wives, ages 18-24, expect an average of 2.1 lifetime births.

That indicates that birth rates may rise somewhat. Even though U.S. women (of all ages, including both married and unmarried), have been having an average of about 1.8 children per woman since 1973, Census Bureau demographers say the young wives' birth expectations may indicate that slightly larger families are ahead.

On the other hand, other demographers expect childbearing rates to continue their historical decrease, due to later marriage and pregnancy, greater female employment and other trends.

Between 1965 and 1976, wives' average birth expectations generally decreased by one child per woman. That was true of white wives, 18-24 (whose lifetime expectation decreased from 3.1 to 2.1 children) and black wives of the same age (from 3.4 to 2.3 children).

It was also true of both white and black wives in the age groups 25-29 and 30-34.

Women want to end their childbearing years earlier. In 1976, 99 percent of the wives, ages 35-39, believed they had completed their childbearing, the Census Bureau found—compared with only 75 percent in 1955.

The two-child family has become the American standard. Between 1960 and 1976, the percentage of wives, 18-39, expecting to have two children in their lifetimes nearly doubled from 25 percent to 45 percent.

Meanwhile, the Census Bureau surveys found, the number of those wives expecting four or more children was cut in half—from 37 to 16 percent. Three-child expectations decreased from 27 to 23 percent, and one-child expectations increased from 7 to 11 percent.

The public view of "ideal family size" has followed a similar trend toward smaller families. Between 1957 and 1978, the percentage regarding certain family sizes as "ideal" changed this way:

No children—stayed at 1 percent.

One child—up from less than 1 percent to 2 percent.

Two children—up from 18 to 51 percent.

Three—down from 34 to 24 percent. Four or more—down from 38 to 17 percent.

(The 1957 poll was Gallup's, the 1978 poll, the National Opinion Research Center's.)

Notably, smaller percentages of the public regarded childless ("childfree?") or one-child families as "ideal," than the proportion of young women expecting those options for themselves. This may indicate that Americans would have more children if they felt they could afford them.

### LIMIT IMMIGRATION?

Support for limits on immigration has increased in the 1970s.

Before the 1970s, polls showed the public split between the status quo and support for limits. In 1955, the National Opinion Research Center asked whether the U.S. was admitting too many immigrants, or not enough. Too many, said 39 percent. About right, said 37 percent. Not enough, said 13 percent.

Likewise, a Gallup sample in 1965 was split on the question of immigration levels. Keep the level the same, said 39 percent. Decrease it, said 33 percent. Increase it, said 8 percent.

By 1971, opinions had shifted somewhat. In the poll for the population commission by Opinion Research Corporation, 50 percent said immigration into the U.S. should be reduced. Leave it the same, said 41 percent. Increase it, said 3 percent.

Gallup's March 1977 survey found a smaller margin favoring limits. Decrease immigration, said 42 percent. Keep it the same, said 37 percent. Increase it, said 7 percent.

Thus, in 1977, 79 percent of the public said immigration levels should be decreased or kept the same.

Americans would end illegal immigration and reduce legal immigration. Roper's June 1977 survey found that 91 percent agree that the U.S. "should make an all-out effort to stop illegal entry of foreigners without visas." Disagreed, 5 percent.

In the same poll, 75 percent agreed that the U.S. should reduce quotas for legal immigration. Disagreed, 19 percent.

To reduce illegal immigration, the public backs a law against hiring illegal workers, and a forge-proof Social Security card to identify legal workers.

Gallup's September 1977 survey found that 72 percent said it should be "against the law to employ a person who has come into the U.S. without proper papers." That should not be illegal, said 23 percent.

In a Roper survey the same month, 80 percent supported issuance of "a forge-proof Social Security card which you would only have to show a prospective employer at the time you were being hired, but would not have to carry with you at all times, and would not have to show to police or anyone else on demand." Opposing the issuance of such cards was 9 percent; 8 percent had mixed feelings.

Roper found much less support for issuance of a "national identity card," which the holder would have to show to police on request. Supporting, 51 percent. Opposing, 33 percent. Mixed feelings, 12 percent.

Similarly, Gallup's poll the same month found that 65 percent believe "everyone in the United States should be required to carry an identification card such as a Social Security card." No, said 30 percent. The question did not raise or clarify any questions about police use of the ID card.

About half of the public disagreed with President Carter's "amnesty" proposal for illegal immigrants, while 30 to 40 percent agreed with it.

In August 1977, the President proposed that illegal immigrants resident in the U.S. on or before January 1, 1970 be given legal resident status. More recent illegal immigrants, resident on or before January 1, 1977, would be given temporary legal residence.

The next month, Roper's poll found that 51 percent would choose to "deport" more illegal immigrants than the President proposed. But 31 percent said Carter proposed "a good policy," and 10 percent said, "Let all illegal aliens stay.

Similarly, Gallup's poll the same month found 51 percent opposing the amnesty proposal, and 39 percent favoring it.

### WHAT ABOUT REFUGEES?

The most recent polls show that 60 or 70 percent oppose greater admission of refugees from Southeast Asia.

Roper's results from August 1979 showed the widest opposition. Roper interviewers asked whether refugee admissions should be increased to 14,000 a month, as President Carter ordered, kept at the level of 7,000 a month, or reduced. More than 70 percent opposed the increase, 46 percent said "lower the number," and 26 percent said "leave the number at 7,000." Another 12 percent said "raise to 14,000," and 7 percent backed an even greater increase.

In July 1979, CBS News/New York Times poll showed 62 percent disapproving the increase of refugee admissions to 14,000 a month. Approving was 34 percent.

Gallup's survey, published in August 1979, sought the public views on "the U.S. relaxing its immigration policies so that many (Indochinese refugees) could come to live in the U.S." Opposing, 57 percent. Favoring, 32 percent.

Yet a majority of Americans say refugees would be welcomed if they came to their communities.

In the CBS/Times survey in July 1979, 60 percent said refugees "should be welcomed," and 31 percent said they shouldn't be.

At about the same time, Gallup found 57 percent saying that refugees "would be welcomed" in their communities, and 30 percent disagreeing.

"Would you, yourself, like to see some of these people come to live in this community, or not?" Gallup asked. Yes, said 47 percent. No, said 40 percent.

Opposition to refugee admissions has increased somewhat in the last few years. Back in 1975, Harris found 49 percent opposing admission of 130,000 Vietnam refugees. Favoring, 37 percent. Not sure, 14 percent.

Similarly, in a Harris survey in July 1977, 57 percent opposed admission of an additional 15,000 Indochinese refugees. Favoring was 31 percent. Not sure, 12 percent.

Those public views aren't far removed from U.S. opinion of other decades, when the refugees were mostly European. In 1947, Gallup asked if the U.S. should admit any of the "million homeless people in Europe who must find new homes." No, said 55 percent. Yes, said 39 percent.

In 1955, the National Opinion Research Center asked about admission of a limited number of additional refugees "who have left their own homes because their countries were taken over by the Communists." Approved, 52 percent. Disapproved, 42 percent. Of those who disapproved, 65 percent gave job-related or economic reasons.

### A WELL-INFORMED PUBLIC?

Not on population matters. Large minorities—sometimes, a majority—were uninformed or misinformed on basic population facts.

For example, as much as 29 percent of the public believes the U.S. population is "holding steady," according to a Roper survey in 1976. Another 10 percent said it was "decreasing." Yet, according to federal statistics, the population was growing by about 1.6 million that year—a conservative estimate. Other replies: "Increasing at a moderate rate," 39 percent. "At a rapid rate," 15 percent.

In a March 1978 Roper survey, only 50 percent said the population is "likely" to increase during "coming years." Yet, even with the deliberate growth-limiting policies that ZPG advocates, the U.S. population is projected to continue growing for almost 30 years.

In 1971, the population commission survey found that only 16 percent knew that the world population then was between 3 and 4 billion, and only 37 percent knew the U.S. population.

### ABOUT THESE POLLS

Major polling firms have found that they can test the public opinion with a fairly small sample of the population. The Roper Organization, for instance, questions a sample of about 2,000 adult Americans for its national polls, and Gallup has used both smaler and larger samples.

Interviewers question a scientifically selected cross-section of the public—weighted by age, race, sex, religion and region to reflect the whole public.

To compile the poll results above, ZPG commissioned a search of the pollsters' archives at the Roper Center, University of Connecticut. We're also thankful for the assistance of the Roper Organization, which gave permission to reprint its most recent poll results.

Most of the poll responses given below don't add to 100 pereent. The missing factor is the percentage of respondents who replied, "don't know," "no opinion," or "undecided."●

## A TRIBUTE TO DWIGHT R. G. PALMER

### HON. JAMES J. HOWARD

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. HOWARD. Mr. Speaker, on February 24, one of New Jersey's finest public servants passed away. Dwight R. G. Palmer, State highway commissioner from 1954 to 1966, was widely recognized for his innovative approach to transportation policy as well as his skills as a leader and administrator.

Coming from a very successful career in business, Mr. Palmer demanded efficiency and productivity from his employees. At the same time, he displayed tremendous generosity and compassion toward his subordinates and virtually everyone with whom he came in contact.

The State owed him a particular debt of gratitude for his progressive approach to mass transportation. In 1956, before most people understood the concept and the need for public transportation, Mr. Palmer enunciated the responsibility of the State highway department to undertake transit planning and projects. In 1959, the division of railroad transportation was created within the highway department. The rail subsidy program was insituted a year later.

It should be noted that almost all of New Jersey's interstate and noninterstate freeway system was laid out during Commissioner Palmer's tenure.

I'm sure I speak for the others in the New Jersey delegation in lauding the tremendous accomplishments of this great public servant and in offering sincere condolences to his family and friends.●

## INFLATION AND THE POOR

### HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. STARK. Mr. Speaker, inflation hits everybody—but it hits the poor particularily hard. For the poor inflation does not mean going without a vacation this year—it can mean going without food, without heat—and perhaps without hope too.

The Wall Street Journal examined this problem in an article that appeared on March 27. I commend this article to the attention of my colleagues—especially those who are trying to determine what some of the cuts in social programs that we are now talking about mean in terms of people—not a balance sheet.

I specially commend this article to President Carter and his budget staff—as they continue to balance the budget on the backs of the poor:

THE HAVE-NOTS—STEEP INFLATION MEANS CUTBACKS IN ESSENTIALS FOR POOREST FAMILIES

(By Jonathan Kaufman)

CHICAGO.—To listen to Betty Watson is to hear the complaints of housewives and mothers just about everywhere these days. "They really have to do something about this inflation," she says. "Prices are just too high."

But Mrs. Watson's complaints carry an especially plaintive tone. She is poor. This month she will have $175 left over from her welfare check to feed herself and her nine children (her husband doesn't live with her). That isn't enough, and the more Mrs. Watson thinks about it, the more she worries that things soon may become as bad as they were four years ago.

Back then, out of work because she was pregnant, she went to sleep hungry several nights a week so her children could have enough to eat. Her daughter Ruthina, now three, was born with a cleft palate and webbed fingers on her right hand. The doctor told Mrs. Watson the fetus hasn't received enough nourishment.

For most middle-class and better-off Americans, soaring inflation at times has imposed significant changes on the way they live: a new car unbought, a vacation curtailed, a savings account dipped into far too often. But for the nation's poor—roughly defined as the 24 million people who fall below the government's poverty level and thus qualify for a variety of public-assistance programs—the choices are much more stark.

NO FAT LEFT

"For the middle class, inflation means taking money away from less essential things and using it for essentials," says Judy Masterman, director of family and aged services for Chicago's Catholic Charities. "There's a cushion. But the public aid given to poor families never included any fringes. There is no fat to cut."

In New York City, for example, the basic welfare grant—established in 1974—allocates $14 a month for gas, electricity and telephone combined. Today, however, the average electricity bill in New York is $31, the minimum phone bill $9 and the average gas bill $32, according to New York's Human Resources Administration.

Similarly, families receiving welfare benefits and food stamps in Chicago have less to spend today, in real terms, than they did five years ago. Since 1975, welfare benefits and food stamps for a family of four have increased 33 percent to about $500 a month. During the same period, prices have risen almost 50 percent.

What that has meant for Betty Watson is a diet for her children that is too heavy on starches and leads to anemia; for Patricia Willingham, it has meant having to scour alleyways for Christmas presents and furniture; and for Benjamin Cabrera, it has meant having to think less about moving to a larger apartment in a safer neighborhood and more about how he will support a family of five on $125 a week.

GHETTO DWELLERS

Mrs. Watson, Mrs. Willingham and Mr. Cabrera all live in ghetto sections of this big city—Mrs. Watson and Mrs. Willingham on the black South Side and Mr. Cabrera on the Hispanic West Side. The two women have been on welfare for several years. Mr. Cabrera only recently turned to welfare after a job-related disability and a brain tumor forced him to quit his job as a spray painter. Along with millions of other urban poor, rural poor and poor elderly, these three and their families are facing hard, even desperate, times as inflation continues to push up the cost of their food, clothing and rent.

Nor are things likely to improve soon. President Carter's anti-inflation plan envisions millions of dollars in cuts in federal and state programs that benefit the poor. The plan is expected at best to hold prices near their current level, where they already put many items beyond the poor's reach. And the nation's current political mood seems to foreclose any possibility that the government will step in to help the poor on a huge scale. Referring to the federal program to guarantee loans to Chrysler Corp., an elderly woman on welfare here says with a scornful laugh. "The government wants to give all that money to Chrysler so they don't end up on welfare like us."

Here is a look at how three Chicago families on welfare are coping—and aren't coping—with today's high cost of living:

BETTY WATSON

The 11 members of the Watson family—Mrs. Watson, her nine children, and Mrs. Watson's 70-year-old mother—live in three rooms on Chicago's South Side. Six beds, two tables and a few chairs furnish the apartment. Along the baseboards are plastered-up holes where rats ate through the walls. When the house is still, you can hear a scraping and scurrying behind the walls where the rats have begun to eat again.

The neighborhood is dangerous. Mrs. Watson insists that her daughters walk in groups when they go to school, and when she goes to pick up and cash her welfare check once a month, she brings along her oldest boy, who is 16, and carries a butcher knife in her pocketbook. "I don't know if I would ever have the courage to use it," she says with a shrug of her shoulders and a self-conscious smile, "I've never cut anyone."

When she can, Mrs. Watson works as a cook. She has tried to learn all she can about nutrition—especially since Ruthina was born and the doctor told Mrs. Watson that her son Barry was both overweight and anemic because he was eating too many starchy foods and not enough vegetables.

"Like tonight, we'll be having rice and beans with maybe some corn bread," she says. "Beans contain a lot of protein and rice has calcium." Mrs. Watson's children like her spaghetti with meat sauce, but she hasn't been able to make that for several months because the price of ground beef is so high. And she recently had to quit her $140-a-week job as a part-time cook because it meant leaving the house at 4:30 in the morning and the children weren't getting to school on time. So now fresh vegetables and fruit are out too, and the bread Mrs. Watson buys "isn't very good quality." But it costs only 25 cents a loaf. A good-quality loaf costs 89 cents.

"Sure I get angry," says Mrs. Watson. "But I get angry at myself because I know there are things the kids need and I can't afford them."

She pauses. "There was this girl where I worked. She could afford to go the best places to eat, to wear nice clothes, to live in a nice place. I'm paying $175 a month for this apartment, and there's no heat and half the windows are out."

"But I can't get angry at that woman," says Mrs. Watson, shrugging again. "It's not her fault that she's there and I'm here. You just do the best you can where you are."

PATRICIA WILLINGHAM

The worst thing, says Patricia Willingham, is that "you can't do anything like a normal woman would do. You can't go to the beauty parlor. You can't buy new shoes. Every time you go into a store you have to stand there and figure out a way to say—

tactfully—'I don't want that. I want the cheapest you have.'"

Mrs. Willingham and her six-year-old son have been on welfare for six years in two states. They always have had to struggle, but these past few months, says Mrs. Willingham, have been the worst. "I should be embarrassed telling you this," she says, "but I do a lot of garbage shopping. Last Christmas I was walking down an alley and saw this toy that someone had thrown out that my son had always talked about. So I took it home and cleaned it up and gave it to him. I've also found some chairs in the garbage, too."

Shopping for food annoys and exhausts Mrs. Willingham. Prices in local grocery stores are high, and she can't afford the carfare to shop around much.

"If I make one mistake, like buying something that's not on sale or a dessert that my son really wants, I pay for it for the next two weeks," she says. She has become a connoisseur of vegetables "that are a little brown and soggy; I can get a head of lettuce like that for 39 or 49 cents instead of the 79 cents you pay for a fresh head."

Mrs. Willingham usually runs out of food money several days before her next welfare check arrives. She then makes the rounds at the "emergency pantries" that have been set up by the city of Chicago and by private charities to distribute free canned goods. "All they seem to give out in these pantries is canned mackerel," she says. "I don't like it and neither does my son, but that's what they give out and that's what you got to eat." She breaks into a laugh. "I must know 60 ways now to make canned mackerel taste better. We struggle, but we get it down."

As she jokes about it all, the strain of living on $300 a month—$200 of which goes for rent—doesn't seem to affect Mrs. Willingham very much. On her wrist, however, she still carries the plastic identification bracelet from a visit to the hospital the day before. In the pocket of her raincoat is a bottle of Valium, the tranquilizer. For the past few months, Mrs. Willingham says, she has suffered from persistent headaches, has "screamed a lot," and now has been put on a low-cholesterol diet, to reduce the risk of heart disease.

(The taking of Valium and the painkiller Darvon seems widespread among the ghetto poor. All of the nine women interviewed for this article said they regularly were given Valium or Darvon by doctors in local hospitals and health clinics. "All you have to do is go into a doctor and say you're upset and they give you pills," says Mrs. Willingham.)

It is the humiliation of being on welfare that bothers Mrs. Willingham the most. Starting next month, after six months of job hunting, she is leaving the welfare rolls for a job in a neighborhood school that pays $3 an hour. "I'll be scrubbing floors, taking out garbage, doing whatever they tell me," she says. Leaving welfare will mean losing free medical care for herself and her son. Mrs. Willingham worries about that. But, she says, "You lose your self-respect when you go on welfare. I want that back."

### BENJAMIN CABRERA

Up until last June, Benjamin Cabrera, who is married and has three children, brought home $864 a month from his job as a spray painter. He remembers that even then he worried about high prices. "The companies, they don't increase the prices they pay their workers," he says. "But they increase the price of their products—whoosh—sky-high." Last June, doctors told Mr. Cabrera that he had become allergic to certain chemicals in the spray paint and could no longer work. He also was found to have asthma, diabetes and a brain tumor.

Disability payments from the company he had worked for ran out in December. Mr. Cabrera soon spent his savings paying off his gas, electricity and telephone bills (heating alone cost him $75 a month this winter). "I kept on going down there"—Mr. Cabrera never mentions the welfare office by name—"and they kept making me fill out forms and telling me to wait. The bills kept piling up." Finally, a few weeks ago, Mr. Cabrera received an emergency grant and paid off his bills. An emergency grant of food stamps helped restock the refrigerator.

For the moment, life in the Cabrera house continues much as it did before Mr. Cabrera went on welfare. The living room, with its two television sets and red upholstered furniture, could fit easily into any middle-class suburban living room. While Mrs. Cabrera says she buys less meat now, she still has enough money to buy chicken, pork chops, and Rice-A-Roni.

But Mr. Cabrera worries about the future; now he will be receiving only $500 a month from welfare—$364 less a month than he brought home when he could work. He would like to move to a larger home in a better neighborhood. The current neighborhood has too many gangs, he says, and his daughter, who attends a local college, still must share a bedroom with her two brothers. But a new apartment would cost Mr. Cabrera $200 to $300 a month. His rent now is $90.

"If there were no inflation, we could move to a better house," says Mr. Cabrera's daughter, Evette. "The high prices hurt you most when you try to move ahead a little bit, when you try to leave the old neighborhood."

Mr. Cabrera is more reticent. "I don't know what will happen," he says. "With prices so high, I can't see that the money they say they will give me will be enough. But I will have to wait. I will have to see what it is like."●

## GREEK INDEPENDENCE DAY

### HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. COURTER. Mr. Speaker, March 25, 1980, marked the 159th year of Greek independence. It is very admirable that the cradle of modern democracy, Greece, has been able to emerge intact by surmounting its internal problems. Today, Greece is guided by the principles of democracy and her citizens enjoy freedom of thought and action. She is a vibrant and important member of the community of nations.

The Greek people have made immeasurable contributions to the ancient and modern worlds. Western man's philosophical and moral birth began with the Greeks. The concept of government and the principles of democracy, which were the basis of the government of ancient Greece, are also the principles of American Government today. American kinship for the cause of Greek independence goes back to the administration of President James Monroe, when on March 25, 1821, the occupation of Greece, by Ottoman Turkey, ended after a 9-year struggle.

Today, Greece is one of the most important nations in the Mediterranean area, owing to its geostrategic position in regard to Europe and the Near East. I believe that sound and friendly relations between our two nations is in our national interest.

I salute Greece and the many Greek Americans who continue to make invaluable contributions to American society in every endeavor they pursue.●

## DON'T BOTHER ABOUT DRAFT REGISTRATION DETAILS

### HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mrs. SCHROEDER. Mr. Speaker, the administration is trying to rush the House, by one means or another, into a vote on draft registration funding prior to our Easter recess. The fear is that when we go back to our districts over the recess we may all come to our senses and, upon our return, reject draft registration just as we did last September.

In any event, some of the stickier details of the administration's draft registration proposal are beginning to surface, and I want to share them with my colleagues.

The articles, from the March 27, 1980, Washington Post and New York Times, follow:

[From the New York Times, Mar. 27, 1980]

#### CARTER URGED TO DEFINE PENALTIES FOR AVOIDING DRAFT

(By Richard Halloran)

WASHINGTON.—The chairman of a House Judiciary subcommittee challenged the Carter Administration today to define the penalties it intends to recommend for violations of the draft registration that President Carter has proposed.

Representative Robert W. Kastenmeier, Democrat of Wisconsin, said at a news conference that he wanted to know whether the Justice Department intended to prosecute violators, and if so, what implications that would have for Federal courts and prisons.

The issue of enforcement has come up at every Congressional hearing on draft registration in recent weeks, but Administration officials have repeatedly said only that it was under study. Mr. Kastenmeier, an opponent of registration, said today that the question "must be explored, and answered, before proceeding further with the President's proposal." He has scheduled a subcommittee hearing for mid-April.

The status of the Administration's study of the issue appeared to be confused. A spokesman for the Selective Service System said, in response to an inquiry, that enforcement was the province of the Justice Department. A Justice Department spokesman said that no study was under way there but that the application of criminal laws was being discussed between the department and Selective Service.

The current law holds that those who fail to register for the draft can be sentenced to a maximum of five years in prison and be fined a maximum of $10,000, or both.

Mr. Kastenmeier, who is chairman of the Judiciary Committee's Subcommittee on Courts, Civil Liberties and the Administration of Justice, also released a Selective Service report urging that the category of conscientious objector be severely restricted if the draft is renewed.

Mr. Kastenmeier said that a Selective Service official told him that the report was a "training assignment" and that the recommendations represented only personal opinions and not policy.

Bernard D. Rostker, director of the Selective Service System, said in an interview that he and the Selective Service System were committed "to protecting the rights of conscientious objectors."

Mr. Kastenmeier noted that if only 2 percent of the 19-year-old and 20-year-old men required to register for the draft failed to do so, that would constitute 80,000 new lawbreakers.

He added that nearly 40,000 criminal cases were filed every year in the Federal courts, and that 24,000 convicts were being held in Federal prisons.

To ascertain the Administration's intentions, Mr. Kastenmeier said, he will hold a hearing on April 14 in his home district in Madison, Wis., at which testimony from Government officials and public witnesses will be taken.

Meanwhile, the House Appropriations Committee scheduled a vote tomorrow on the long-stalled measure to provide funds for the registration of young men for military service.

The bill has been held up because the Government has exceeded its budget ceiling for the current fiscal year. However, the Administration has been putting pressure on Congress to transfer funds from another account and to push through a vote. Congressional officials said the Administration feared that the issue was losing urgency and that registration might be defeated if the vote was put off until after the Easter recess.

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[From the Washington Post, Mar. 27. 1980]

### CONSCIENTIOUS OBJECTOR PROBLEM SEEN

(By George C. Wilson)

The nation can "reasonably expect" that half the people required to register for the draft in a future emergency will declare themselves conscientious objectors, according to an internal Selective Service report released yesterday.

A Selective Service representative said the report was one man's opinion, not the agency's, while Rep. Robert W. Kastenmeier (D-Wis.) asserted it represents a "shocking" inside view that has yet to be officially disavowed by the Carter administration.

Released by Kastenmeier at a news conference, it was written last September by Donald Guritz, a former Selective Service regional counsel for six Midwestern states. The report recommends a series of stringent measures to deal with the "enormous problems" presented by conscientious objectors.

The federal government should draft emergency legislation to effect "complete rescission of the conscientious-objector exemption" or at least restrict it to "practicing members of religious sects that specifically prohibit participation in military service," the report said.

Also, Selective Service should have the final say on whether someone is qualified for the conscientious-objector exemption to military service. "Claims shall not be subject to review by any other agency, official or court of the United States in any manner or any proceeding whatever," the report stated.

Those who are granted conscientious objector status, the report continued, should be severely taxed "in lieu of military or alternate service.

"This might include," the report continued, "a property tax taking all property owned in any amount exceeding 500 (excluding work tools, etc.), coupled with an income tax amounting to a virtual forfeiture of all income of more than $5,000 per year for a period anywhere from five to 20 years.

"While this is a novel idea," the report said, "it does have a certain appeal and should be kept in mind for use at some future time."

Guritz, the report's author, in the papers obtained by Kastenmeier said he was a Phi Beta Kappa graduate of Northwestern University, served as an Air Force legal officer from 1966 to 1971 and then worked for Selective Service in Chicago until 1973 as a counsel for the region of Minnesota, Wisconsin, Michigan, Illinois, Indiana and Ohio.

"I dealt almost exclusively with problem cases," Guritz wrote in his biography, "so that my experience at that time with respect to conscientious objectors was mainly limited to those who were recalcitrants and political radicals."

He said the Vietnam experience together with the recent court decisions liberalizing the law on who could qualify as a conscientious objector were the basis for his prediction that about half the people called to register would claim conscientious-objector status. He wrote the report released yesterday while serving as an Air Force major doing two weeks of reserve duty at Selective Service's Washington headquarters.

Selective Service assistant Joan Lamb said yesterday that Guritz's report "doesn't represent an inside view of the agency. It was his thinking; just a training exercise. We said thanks but no thanks."

Kastenmeier at his press conference said "I have been constantly rebuffed" in attempting "to obtain Selective Service's current thinking on conscientious-objector status. I therefore released this document because it represents an inside view of the agency's thinking

President Carter has recommended that the nation's 8 million 19- and 20-year-old men and women be registered for the draft this year. He has the authority, but not the money, to begin registration of men. He needs congressional legislation to register women. Congress will not give him that authority this year.●

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## ANGOLA

## HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. DERWINSKI. Mr. Speaker, 4 years of Marxist oppression, Soviet/Cuban style, have still not undermined the hopes of the Angolan people that they will one day be freed from foreign domination. Despite the constant atrocities committed against them, the guerrillas continue their valiant resistance. A great leader in the fight for liberation is Dr. Jonas Savimbi, president of the Union for the Total Independence of Angola. During his November 1979 visit to the United States, he made the following statement to Freedom House Press, printed in Freedom at Issue, March-April 1980, No. 55: "A General View of the Situation in Angola":

### A GENERAL VIEW OF THE SITUATION IN ANGOLA

Observed adherence of the popular masses of Angolans clearly shows that if free, general elections were held today in Angola, UNITA could win by a very large margin. As a matter of fact, it is thanks to this vast popular support that we have been able to resist, and achieve a steady political and military progress over the four-year struggle against the nearly 32,000-man Cuban army of occupation.

The present Luanda regime (MPLA) was created by a Cuban expeditionary force of about 15,000 men in the aftermath of the 1975 Angolan civil war. This Cuban force has been increased steadily to over 30,000 men, topped by a corps of several thousand advisors from East European countries, especially the Soviet Union and East Germany.

These forces of occupation are destroying Angola: they behave in a wantonly repressive manner; they foster disunity and bitterness among the Angolan populations; and they create serious difficulties in the future task of national reconstruction.

There are atrocities, horrors, and brutalities committed daily by the Cubans against our people. The Cubans direct raids against villages; they carry out arbitrary imprisonments; they burn down Protestant and Catholic churches, transforming most of them into army barracks; they control almost every department of the Luanda government. Cuban neocolonialism has brought back slavery into Angola. Children aged seven to fifteen are shipped continuously to Cuba to undergo a ten- to fifteen-year ideological indoctrination, thereby becoming victims of a most vicious cultural imperialism of our time. Over the last four years, about 6,000 Angolan children have already been sent to Pine Island in Cuba. In reality, these children are abusively used as a labor force in Cuba's sugar-cane fields, working under very inhuman physical conditions. Upon their return home, they no longer identify with their Angolan culture.

We have seen human rights advocated all over the world except in Angola. Democracy, freedom of religion, and all other fundamental aspects of human rights are being wantonly violated, with total impunity, in Angola, reflecting the agonizing double standards in the international community. With the demise of the repressive regimes in Equatorial Guinea and Uganda, Angola should not be left as a showcase of human-rights violations.

#### THE POLITICO-MILITARY SITUATION

Over the last two years, improved military training of our cadres, as well as the successful mass mobilization of the people, have enabled UNITA to achieve the following conditions:

1. We have succeeded in paralyzing the enemy communication systems, including the Benguela (CFB) and the Mocamedes (CFM) railway lines. Any attempt to reopen the vital Benguela line will be a regrettable, costly exercise for all those who might otherwise make the CFB a profitable economic asset. If we allowed the CFB to function, it could be used to transport Cuban troops to massacre our population. Moreover, the CFB, if allowed to operate normally, could also become a powerful tool of political and economic pressure in the hands of Russia against the neighboring countries of Zambia and Zaire. The leaders of these sister countries understand that our action is not at all aimed at undermining their economies. They also understand that real regional economic progress and cooperation will only be possible when peace and stability come to the region, especially to Angola.

2. Our forces are fighting in two-thirds of Angola's territory. We have engaged the enemy in battles around the cities of Dondo and Dalantando (Cuanza-Norte Province), about 150 kilometers south and northeast of the capital (Luanda), respectively. Our urban guerrilla action has rendered it unsafe to live in many major cities. As a result, the MPLA government has imposed almost a permanent curfew on the cities of Benguela, Lobito, Huambo, and others.

3. Destroyed or damaged enemy property in military actions includes downed aircraft, dozens of locomotives and trains, trucks, bridges, and buildings.

4. The morale of the enemy troops is visibly shaken. The Cubans did not expect this war to become so fierce and so protracted. They know it has been a no-win war for them. The image of "Cuban invincibility," created in the aftermath of Cuba's novel and successful use of the "Stalin Organ" in Angola's 1975 civil war, has now vanished. Revolts, mutinies, coup attempts, purges, and desertions characterize the internal instability of the MPLA forces and government.

5. In desperation, starting in mid-1978, the late Agostinho Neto, leader of the MPLA, initiated a series of political and diplomatic maneuvers termed "Neto's overtures to the West." Such gestures appeared to be aimed solely at isolating our resistance from those countries that support us. Having become more and more unpopular at home, Neto appeared to seek comfort abroad. Of course, the MPLA could not and should not seek peace with Zaire while fostering war and discord at home; Neto could not effectively speak of reconciliation with neighboring countries while shirking dialogue with his countrymen. He could not be sincere in his overtures to the West while clinging faithfully to the Soviet and Cuban orientation.

6. In reality, however, we know that for several months before his sudden death Dr. Neto was becoming increasingly aware of the inevitability of coming to grips with the reality of dialogue and reconciliation with UNITA. Such a position may have displeased the Soviets; but Neto had realized that the majority of his own militants would have been in favor of dialogue and reconciliation for the sake of lasting peace and the country's economic reconstruction. Shortly before Neto's death, Mr. Jose Eduardo dos Santos, the new MPLA leader, was almost a nameless person, hardly known to the average MPLA member. Was he hand-picked by the Soviets in order to ensure the continuation of the aggressively pro-Soviet policy in the country?

7. We have earned the sympathy of a growing number of countries, especially in Africa, where many leaders have become increasingly aware of the fact that our struggle is a direct contribution to the overall cause of defeating Soviet expansionism and Cuba's destructive interventionism.

### CONCLUSIONS

1. We remain open to dialogue as an inevitable step to national unity and peace. We pursue vigorously every effort leading to these objectives. But the choice is not entirely in our hands: it takes two to dialogue.

2. Despite our success in war efforts at home, we believe the ultimate solution to the Angolan crisis requires the understanding and cooperation of the international community, especially of the countries that believe in freedom, liberty, and democracy.

3. Both in our armed resistance and in our efforts to search for peace, we need help from peoples around the world. The strategic importance of Angola to Western interests in southern Africa and in Africa as a whole has already been sufficiently defined by numerous analysts. The Soviet hold on all other positions in Africa, in fact, depends on Russia's ability to maintain a puppet regime of hers in Angola.●

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## ALLARD K. LOWENSTEIN

## HON. RICHARDSON PREYER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 20, 1980*

● Mr. PREYER. Mr. Speaker, the death of Allard K. Lowenstein was a tremendous loss to this Nation and to all of us who enjoyed his friendship and had the opportunity to serve with him in this body. Al had a special spirit that touched all Americans, young and old alike.

Al was an adopted son of my State, North Carolina, although he may have seemed an unlikely Carolinian at first glance. He was educated at the University of North Carolina at Chapel Hill and began his career there as assistant to the president of the university, his beloved mentor Frank Porter Graham. He returned to Chapel Hill and to North Carolina often to renew old friendships and to make new ones.

Al Lowenstein was a symbol of vision and hope in a world that is sometimes too practical. His dimensions of goodness and greatness transcended philosophic differences. His admirers ranged from the late Robert Kennedy to William F. Buckley.

Al Lowenstein had a special sense, a special perception of the mood of the country and of young people in particular. His special vision and hope for the future is expressed in the following article, written in 1971, "For As Long As It Takes." It is a statement of Al Lowenstein and that vision. I commend it to my colleagues:

### For as Long as It Takes

(By Allard K. Lowenstein)

Perhaps the first thing that might be said is that all the problems that have borne down on us for so long as a people now are at some turning. When we consider the lawlessness and violence on our campuses and in our streets over the past several years, I think that it is important to clarify the sequence of that lawlessness which the President and Vice-president have seen fit to condemn. While I imagine that I have condemned lawlessness as much as any person, I think it's important to remember that, in fact, what has produced the kind of atmosphere in the United States that can turn young people against their government in such bitterness that they would march on other young people wearing its uniform, which has become a sadly common affair, is not something planted from some alien place. It's not conspired into or organized by "kooks." Rather, it's something done to our people, to our young people especially, by our government. And that's an atrocious fact, which our government ought to recognize and remember. It isn't something that could have been done by anyone but our government. Because our kids, our people, grow up loving this country, caring about it as much as any generation ever has, and more than most; and they find themselves in a situation where all the things that they love, and all the things which they are told are true, seem not to be true. And so, their tremendous sense of gratitude for being American, and their fidelity to the traditions and heritage of this country, are precisely what lead to hostility, resentment, and frustration and, finally, to outbursts of protest and, occasionally, even of violence, which then produce a wave of repression and even of killings, which are then justified as necessary and appropriate responses to arbitrary violence. And that's the sequence.

It wasn't random children gone crazy under foreign sedition that ran up against guns at Kent State and Jackson State. They were not lunatics who were poisoned by money to turn against their own people. Those young men and women, whose disillusionment and depression resound all over this country, in every university and most schools, are the most dedicated, the most concerned, the most generous, the most hopeful of our own future generation, who have somehow, in the period since 1963, been made to feel so sour about what their government does and says that they are now in a condition that leads to the kind of events that have marked the past few years and have scarred the memory of our people with such moments as Kent State and Jackson State.

Now all of this needs to be understood by the President and the Vice-president, because if they don't understand it, and if all they think that they need do is to pin libelous labels on people they don't care for, people who don't agree with them, then they are, in fact, going to wreak extraordinary havoc on this country. They are virtually going to lose for us our sons and our daughters. They are going to refuse their loyalty, their love of country, their spirit, and their generosity. They are going to turn these into something embittered and negative; they are going to make of our people a country that cannot stand. Because a house divided in that fashion cannot stand.

There was a quote from Vietnam some time ago, after the events at My Lai; a colonel was asked about the complaints of some of the draftees about those events. What he said was: "The young are idealistic; and they don't like man's inhumanity to man. But as they get older, they will become wiser and more tolerant." I suppose that if one could summarize the horror-show of the last few years in one paragraph, it would be that.

The side of the ledger that we don't talk about enough, the fact that we don't face clearly enough, is the extraordinary, altogether tangible fact that the feeling of frustration with this country's policies and its failures is now not limited to the groups usually cataloged "young" and "poor" and "black." That frustration reaches now throughout the country; if we regroup and take it on ourselves to explain why things are as bad as they are to all the other people who know they are as bad as they are and who are being misled into thinking that they are this bad because of something that has to do not with the way the country is led, but with the way the protesters complain about the way the country is led, then we can, with rather extraordinary dispatch, I think, change the direction of this country.

On every one of these questions, the war, poverty, racism, pollution, on the questions that afflict the American people, we happen to be standing for what is right, we happen to be standing for the interests not just of the minorities, not just of the young, but for the interests of the American people. That's the fact. We ought to stop pretending it's not the fact; we ought to stop acting as if we have to hoodwink them. It's the Nixon administration that has the problem of hoodwinking the American people. And it was the Johnson administration that had to hoodwink them. And it was the American people who said "no" to the Johnson administration, when they realized that they were being hoodwinked. And why in the world is it necessary now for all of us to act as if somehow we're all licked? Why is it necessary to pretend that somehow or other the hope has gone out of the change we sought to make in 1968 and came just up to the point of making? It is nonsense. We need only get the facts to people about the situation. They are not boobs.

Put the facts about the situation into the information booth in every state, and we'll discover how quickly people will come back to where they were in 1968 when they were turning against those who misled them and were trying to find leadership that would in fact end wars and right our serious wrongs. So I hope that in understanding what the facts are and instead of just talking to each other all of the time, escalating our own miseries and frustrations, we will remember just exactly what power is represented by people, ordinary people like ourselves, who did so remarkable a job in 1968. I hope that we don't go on with the self-pity that I hear from every side that says "We've been trying to change the system for years and nothing works" as if we've been storming the Bastille with bare fists. It was three months in 1968; it began in New Hampshire with McCarthy in March and ended in Los Angeles on June fifth. That was that we did then. There were three months of effort, which was not extreme, either. And yet there followed a most profound change in the attitudes of this country, there followed for the first time the possibility of reuniting our people in a program that would make sense. All this was taken away by bullets.

And that's part of the story. For it's obvious that the problem we face now, in near despair, is not because we failed then, but because we succeeded and yet nothing changed. And that's where this terrible gap comes. It was Hannah Arendt who once said that what drives people from being engagé to enragé is the sense that words have lost their meaning and that nothing one does is consummated, because there is always some way in which it can be distorted. It's that sense, I think, of distortion that interrupts the achievement and makes it all so sour.

It's honest to say that we don't know whether, if the right leaders had come along and not been taken away when we needed them most, we could have salvaged the country. What would have happened in the United States in 1933 if Franklin Roosevelt had been assassinated and we would have had to cope with the depression and John Garner at the same time? I don't know; thank God we never had to find out. But it surely isn't clear or certain that we can't succeed, because, in fact, a measure of success was nearly had a few seemingly long years ago. In a very, very clear way this country turned. And it's my judgment that if we get back into this with the effort that we're capable of making, with the facts that are on our side, we can effect a similar turn again. Are we such summer soldiers that whenever it looks like something will change only slowly and with great difficulty, we immediately opt out of trying to change it at all and leave the state to the things we see happening when we quit? I just don't believe that. There's too much at stake in this whole test, this whole turning that we're at, to allow such a response.

In conclusion, I wish to quote two things. The first is from John Garner who made a very remarkable speech some time ago in which he said:

"As we enter the 1970s, there are many curious aspects of our situation, but none more strange than our state of mind. We are anxious but immobilized. We know what our problems are, but we seem incapable of summoning our will and our resources to act. We see the murderous threat of nuclear war. We know our lakes are dying, our rivers growing filthier. And we have racial tensions that can tear the nation apart. We understand that oppressive poverty in the midst of affluence is intolerable. We see that our cities are sliding towards disaster. But these are not problems that stop at our borders; problems of nuclear war, or population, or environment are impending planetary disasters. We are in trouble as a species. But we are seized by a kind of paralysis of the will that becomes a waking nightmare. . . . Systemic inertia is characteristic of every human institution and is overwhelmingly true of this nation as a whole. Our system of checks and balances dilutes the thrust of positive action. Competition of interests inherent in our pluralism acts as a brake and the system grinds to a halt. Madison designed it in such a way that it simply won't move without vigorous leadership."

That's democracy and not a cult of personality. It says that individuals matter and that great individuals can inspire other individuals to do things they might not otherwise do, so that cumulatively individuals can make a difference. That's what the history of this country has shown. And that is, of course, what we know in our hearts is not now happening.

These next words were spoken several years ago in Indiana by Robert F. Kennedy on the day that Martin Luther King was killed. We recall them now with the very haunting sense that everything said then is so much more true now than it seemed to be then.

"Some Americans who preach nonviolence abroad fail to practice it at home. Some who accuse others of inciting riots, by their own conduct invite them. And some look for scapegoats, some for conspiracies; but this much is clear, violence breeds violence, repression wins retaliation. And only a cleansing of our whole society can remove this sickness from our soul. But there is another kind of violence, slow but just as deadly, destructive as the shot or the bomb in the night. This is the violence of institutions, indifference, inaction, and slow decay. This is the violence that afflicts the poor and poisons relations between men because their skin is different colors. This is the slow destruction of the child by hunger in schools without books and in homes without heat in the winter. So that really we are asked to look at our brothers as aliens, men with whom we share a city but not a community, men bound to us in common dwelling but not in common effort, men who learn to share only a common fear, only a common impulse to meet disagreement with force. What we need in the United States is not division or hatred or violence, but love and wisdom and compassion toward one another, and a feeling of justice toward those who still suffer within our country, whether they be white or whether they be black. My favorite poet was Aeschylus who wrote: "In our sleep, pain, which we cannot forget, falls drop by drop upon the heart until, in our own despair and against our will, comes wisdom through the awful grace of God." So let us dedicate ourselves to what the Greeks wrote so many years ago, to tame the savageness of man and to make gentle the life of this world. Let us dedicate ourselves to that and say a prayer for our country, for our people."

The President, I think, would do well to note that we who oppose his policies are not bums but men, that we are not cops but neither are we cop-outs, that we are alien neither to this land nor to its Constitution. We are, on the contrary, the heart of this land and the pillars of its Constitution. We are a vital part of the broad, intelligent mind and powerful pulse beat, with reason and compassion, which courses all the way back through our history from a hundred far-off shores and through two hundred extraordinary years. We are Washington, Jefferson, and Madison, the Adamses, Robert E. Lee, Lincoln, and Whitman, Holmes and Audubon, La Guardia and Einstein. We are Woodrow Wilson, Norman Thomas, and Wendell Willkie, Franklin and Eleanor Roosevelt, and, yes, Dwight Eisenhower. We are John F. Kennedy, and we are Martin Luther King; and we are Robert F. Kennedy. We are Ethel Kennedy and Charles Evers; we are Shirley Chisholm, David Harris, and Caesar Chavez. We are grieved, and we are wounded. We are alive and we are tough; and we have just begun to fight. We are in the Valley Forge of the American spirit; but we have been to Valley Forge before, because America has been to Valley Forge before, and we are part of what is best in America. We are going to survive these perversions of America during the past years to become one nation, indivisible, with liberty and justice for all, one nation where we can eat grapes and sing joyous songs and be able at last to love justice and still love our own country. We are the majority; and we shall no longer be silent. We shall march henceforth not to taps but to reveille. And soon our country shall march not to war but to stop war. We are in the battle to reclaim this country that we love so very dearly. And we are in the battle for as long as it takes to reclaim it. We speak both for our children and to them when we say that we shall prevail.●

## GAGGING THE FTC

## HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. OTTINGER. Mr. Speaker, I wish to bring my colleagues' attention to a March 12 editorial that appeared in a number of newspapers in my district connected with the Gannett Westchester Newspaper Group. This editorial illustrates how much of an issue the FTC authorization bill has become across the country. It also illustrates how the country sees this issue: it is a question of whether we will be able to keep the special interest from dominating this bill.

It is a question that will greatly influence the public perception of the integrity of the Congress.

The editorial, "Gagging the FTC," follows:

### GAGGING THE FTC

An assault on the federal Freedom of Information Law is under way in Washington, concentrated on the ability of the Federal Trade Commission (FTC), the FBI and the CIA to keep Americans informed on vital matters.

The most imminent of the threats is the one directed at the FTC. Without public hearings, the House and Senate have passed legislation letting the FTC withhold "any documentary (or) written reports" provided by a business firm to the FTC. This would include such important consumer information as quality and safety tests, pricing policies and advertising costs.

Business firms would merely have to rubber-stamp information they give to the

FTC as "confidential" in order to exempt it from disclosure. The business foxes would be minding the disclosure chicken coop.

Immediate action is needed by consumer-protection groups and concerned citizens to defeat this measure. The legislation gagging the FTC is scheduled to go before a House-Senate conference committee, which is almost the last step before congressional enactment. Reps. Richard L. Ottinger, D-Mamaroneck, and James H. Scheuer, D-N.Y., are committee members.

Business groups feel they need protection from FTC regulatory zeal. They may have good reason in some cases, but withholding details of all dealings with the FTC while the agency struggles, sometimes interminably, with matters that may even spell life or death for some product users could be a far greater danger and ultimately boomerang against industry.

There's an important postscript to all this. One of the biggest issues affecting the public in Washington today is the degree of special-interest control over Congress represented by corporate political action committees and their contributions to congressional campaigns. It's an interesting phenomenon, in that respect, to see this example of congressmen acting speedily and oh, so quietly, to make life easier and less accountable for the big corporations.●

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## STUDY MISSION TO ASIA

## HON. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● **Mr. MONTGOMERY.** Mr. Speaker, recently a congressional study mission to Asia was conducted under the auspices of the Subcommittee on Asian and Pacific Affairs. Hon. GEORGE E. DANIELSON was a member of this mission and has filed additional and separate views concerning Americans still missing and unaccounted for in Southeast Asia. I call this to your attention and hope you will read Mr. DANIELSON's views.

### ADDITIONAL AND SEPARATE VIEWS OF REPRESENTATIVE GEORGE E. DANIELSON

In very large part I agree with and support fully the report of the study mission to Asia conducted under the auspices of the Subcommittee on Asian and Pacific Affairs. A prodigious amount of work was done in a relatively short time, and the report accurately reflects it. It is only with respect to the POW/MIA portions of the report that I am compelled to set forth these additional and separate views.

### WILLINGNESS OF VIETNAMESE TO SUPPLY INFORMATION

The Country Report on Vietnam states that "The Vietnamese * * * appear unwilling to provide additional information on American MIAs and POWs at this juncture."

This necessarily implies that we know that the Vietnamese have additional information concerning American MIAs and POWs which they can provide at this time. No facts, no evidence, came to our attention during our visit to Hanoi which support that implication. More accurately, the Vietnamese denied the report that they are withholding the remains of some 400 Americans listed as Missing in Action in Southeast Asia and stated that they had no additional information on American MIAs and POWs to provide at this time.

### THE CREDIBILITY OF THE REFUGEE-INFORMANT

I do not share the confidence of my study-mission colleagues in the credibility of the informant who has stated that he knows that the remains of some 400 Americans listed as Missing in Action are being withheld by the Vietnamese.

The informant's credibility hangs by four threads which, in my opinion, cannot support the burden. They are:

1. The informant described specifically a fairly large building, with a courtyard, at No. 17 Ly Nam De in Hanoi;

2. An aerial photograph clearly confirms that, indeed, there is such a building at that site;

3. The informant passed a polygraph (lie detector) test; and

4. The delegation notes that "the informant gained nothing personally by communicating the information."

The first two points are actually one, namely, that there is a building at the designated site, which was accurately described by the informant. The existence of such a building at that site was confirmed by an aerial photograph. Those facts prove only that there is such a building at that site. The informant is a semi-professional adult male of more than 40 years who lived in Hanoi until he left as a refugee in the summer of 1979. It is submitted that any normal adult person who has lived in a given city for more than forty years can describe at least one fairly large building which is at some designated location in that city. It is further submitted that a good aerial photograph will clearly confirm that fact. No other inferences can be drawn, logically, from these two points.

That the informant passed a polygraph (lie detector) test is of no probative value. It is notorious that the results of such tests are often unreliable, and that they can be "defeated" by artful persons. Throughout our land, our courts have refused to accept polygraph tests as evidence.

Lastly, the contention that the informant gained nothing personally by communicating the information is both an unfounded assumption and contrary to the facts. No one can know what motivations the informant may have for his story, he may have had a number of reasons. For example: Having escaped, or having been expelled, from Hanoi as a refugee he has been uprooted from his home and has lost whatever place and status he had in the only economy and society he has ever known; he also lost whatever wealth and assets he may have acquired in his lifetime. It is understandable that he may have a resentment or animosity against the Hanoi establishment and may wish to retaliate by causing problems for them. Then, too, by telling his story he has achieved an instant and highly desired betterment of his own status. At a time when tens of thousands of his fellow Vietnamese "boat people" and other refugees are languishing in miserable refugee camps throughout southeast Asia, his story bought him an immediate ticket by air to the Eden which all such refugees seek, —America—, where he has received more care and attention than he ever knew in all his prior life, at no cost to himself except repeated and frequent interviews—not too high a price.

### VIETNAMESE REFUSAL TO PERMIT INSPECTION BY FOREIGN TEAMS

The delegation report also points out, (as though it were somehow significant), that the Vietnamese declined to permit the delegation to inspect the site. That is true. Yet for the sake of full understanding it is necessary to recall other well established facts. In recent years it has been noted by many observers, and mentioned in their reports, that the nations of southeast Asia, including Vietnam, have become very much aware of their own independence and sovereignty and are highly sensitive to any encroachment upon it, no matter how slight. As this Subcommittee on Asian and Pacific Affairs observed in its report, "Prospects for Regional Stability: Asia and Pacific," "The nations of Southeast Asia are moving to shape their own destiny * * *." Another example, during our visit to Thailand on January 16, 1980, Prime Minister Kriangsak firmly rejected the idea of having an external force police the troubled Thai-Kampuchean border, expressing confidence that the Thai forces can protect their own border and asking for additional U.S. military materiel assistance only.

The Final Report of the Select Committee on Missing Persons in Southeast Asia, "Americans Missing in Southeast Asia" (House Report No. 94-1764), reflects the same policy in its conclusion, at page 242, "That it is highly unlikely that the Indochinese Governments will permit non-indigenous teams of any kind to conduct field investigations." This same policy was observed and reported by the Special Committee on Southeast Asia in its report dated September 7, 1978, at page 4.

Finally, it is submitted that few, if any, sovereign states will today permit inspection of their own territory and facilities by foreign teams in connection with disputed and controversial matters. Would the United States permit such an inspection?

### RETROSPECT AND PROSPECT

This writer urges that those who have reason to study in depth the questions of American MIAs and POWs in Vietnam and Southeast Asia should study carefully the one authoritative work on the subject, namely, "Americans Missing in Southeast Asia," the Final Report of the Select Committee on Missing Persons in Southeast Asia, House Report No. 94-1764. That report has set the benchmark for quality in its thoroughness, organization, detail, objectivity, compassion and accurateness. The distinguished Chairman of that Select Committee, Rep. G. V. (Sonny) Montgomery (D. Miss.), has provided the Congress, the American people and the entire world with an exhaustive and fully credible report of all available data and all reasonable inferences therefrom, on this very sad and emotional chapter in our national life. This writer commends it to all who wish to know the information which is available on the subject.

Past experience has shown that if we are to obtain further information on America's MIAs and POWs, if any there is, we will need the cooperation, not the resistance, of the Indochinese governments. That, in turn, means that we must develop and maintain good working relationships with their governments in order that we can enlist their cooperation whenever necessary.

Meanwhile, it is probable that the remains of one or more of our Missing will be found and returned from time to time. History has established that even today, 35 to 40 years after the event, the remains of American MIAs of World War II are found and returned from time to time.

To illustrate the point, on Monday, March 24, 1980, the Director of Casualty and Memorial Affairs, of the Office of the Adjutant General, Department of the Army, testified before the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs of the House Committee on Veterans Affairs. The Director informed the Subcommittee that at present, each year, the remains of from one (1) to three (3) American servicemen, who have been Missing in Action from

World War II, are still being recovered in Europe. Further, the Director testified, in 1979 a World War II U.S. Army Air Corps air crash was found in New Guinea and the remains of eight (8) crew members, Americans all, were recovered and identified.

The probabilities of such casual finding and return are less in the case of the Vietnam war since Southeast Asia presents more troublesome problems of terrain, climate and geography. The Montgomery Committee report describes some of these problems, at page 197, as follows:

"DIFFICULTIES

"It must be recognized at the outset that many of the missing men cannot be accounted for, either by former enemies or by our own forces. This inability to render an accounting derives from one or more of the following factors: Some losses occurred in remote areas or at sea where it is highly unlikely and even impossible to gain access to the crash site or wreckage of an aircraft. Other men simply disappeared while on an aerial combat mission. Still others were lost while engaged in ground combat or on reconnaissance patrols deep in enemy territory. Where aircraft losses are involved, the traumatic nature of many of the crashes suggests there will be few identifiable remains, particularly in cases where local indigenous persons are the only witnesses to an event which may have occurred many years ago. Since they are not skilled in crash site investigation, natives could not be expected to search aircraft wreckage or to sift through the debris to identify, collect, and save partial remains of an unfortunate aircrewman. The ravages of time and climate and actions of predatory animals combine to destroy traces of crash and grave sites, particularly in remote areas where other humans are unlikely to have witnessed combat incidents or to have chanced on the scene afterwards. In some crashes disintegration is so complete that no recognizable debris or remains can be located."

The report then goes on with case histories to establish that there are many remains which are simply non-recoverable and therefore non-accountable.

To the same effect, see the report of the Special Committee on Southeast Asia dated September 7, 1978.

Any study of this subject must include the conclusions of the Montgomery Committee report, which begin at page 238 and are fully supported by the record. Among them are the following:

"That, compared to previous wars, the proportionate number of Americans missing in Vietnam is remarkably small.

"That in Indochina the missing Americans total only 4 percent of the number killed in action, compared to 22 percent in World War II and Korea."

"That the governments of Indochina may be capable of returning the remains of more than 150 Americans, including any located through crash site investigations."

Since that time a number of remains have been located and returned to the United States, estimated at less than 75 by knowledgeable persons.

In conclusion I respectfully submit that we must continue our efforts to encourage the Indochinese governments to be alert to the finding of remains, and that we should make every reasonable effort to maintain good working relationships with those governments in order to achieve that end. We can do far more with cooperation and good will than can ever be achieved by confrontation.

GEORGE E. DANIELSON,
*Member of Congress.*●

## FACE FACTS ON OLYMPIC BOYCOTT

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## HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. DERWINSKI. Mr. Speaker, the President, after a very vigorous and dramatic start, has displayed a definite lack of followthrough in the movement for an Olympic boycott. The March 26 edition of the Chicago Sun-Times, in a forceful and timely editorial, calls for stronger and more consistent leadership from the President. I wish to insert this editorial for the Members' attention:

FACE FACTS ON OLYMPIC BOYCOTT

The unofficial word cautions patience: Just wait, some sources say, until it's absolutely clear the United States won't go to the Moscow Olympics, and most of Western Europe will boycott, too. "Once America's allies realize that [President] Carter's position is firm," one magazine says, they'll follow suit.

Unfortunately, their plan has some defects: It's redundant, stupid and cowardly.

So is the continual simpering by the U.S. Olympic Committee and some U.S. athletes, who seem intent on undercutting Carter and his administration if it's at all possible.

What more can the Olympic committees and the athletes hope for? Only last weekend, Carter went on the record for the umpteenth time in a White House meeting with 100 U.S. athletes. "I can't say what other nations will not go," the president said. "Ours will not go. I say that without any equivocation."

Was that too wishy-washy for the Olympic committees to understand? Apparently.

Fifteen European committees snubbed the boycott the next day. Their giant sports bureaucracies seem too firmly entrenched for Carter's well-taken point to have impact.

The committees aren't the only culprits, of course. Other sports special interests have been weighing in with a vengeance. But Carter has a trump card against the Soviets—a multimillion-dollar ace, with honors, points against their giant propaganda show as well—and he is most certainly playing it.

Sure, the boycott's political. Just as Moscow's sports sideshow is political. Listen to Bernhard Levin of the Times of London:

"The Soviet Union, contrary to the letter as well as the spirit of the Olympic Charter, uses the Olympic movement entirely for propaganda purposes, pays her Olympic athletes, discriminates among athletes on grounds of race and political opinion . . . and concludes her list of offenses against the Olympic rules by invading and occupying a fellow member of the Olympic movement."

The Soviets themselves gloat that the Moscow site "is convincing proof of the universal recognition of the historical importance and correctness of . . . our foreign policy."

The committees that still wavered in the weekend vote ought to get off the fence. The boycott is a fact. They might as well face it.●

## KELLY SERVES—THE PEOPLE WIN

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## HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. McDONALD. Mr. Speaker, sometimes in our rush to judgment, and this is particularly so when public figures are tried in the press, we tend to overlook the positive contributions of the person involved. Therefore, in the interest of fairness to a colleague and a friend, I would like to try and lend some balance to the discussion of the so-called Abscam by placing in the RECORD at this time a column on Representative RICHARD KELLY from the Largo Sentinel of February 28, 1980. The column follows:

KELLY SERVES—THE PEOPLE WIN

One conclusion comes from the disclosure by the FBI that they have tried to trap Congressman Richard Kelly. Congressman Kelly was acting within his Constitutional legislative and official authority.

The FBI was acting illegally!

This Constitutional authority is expressed in Article I, Section 6, Clause 1 of the Constitution which specifies that Congressmen . . .

". . . shall in all cases, except treason, felony and breach of the peace, be privileged from arrest during their attendance of any session of their respective houses or in going to or returning from the same."

This power exists and has been recognized as one . . .

"necessary to the public good so that Congressmen would be immune from any deterrence to the uninhibited discharge of their legislative duty."

The Supreme Court has further ruled that . . .

"Information gathering whether by issuance of subpoena or field work by a Senator or his staff, is essential to informed deliberation over proposed legislation." (1976)

Congressmen are the eyes and ears of the public. They are the persons who have a duty to know everything they can know about what is going on anywhere in the nation, or in the world for that matter. Congress is the only truly representative branch of the Government. It is the one branch of Government biennially refreshed by the vote of the people. That, of course, is the ultimate safeguard against any abuse of the Congressional power.

"Neither the judiciary nor the executive branch of Government has the power to inquire into the motivation of a Congressman's conduct."

"Once it is determined that Members of Congress are acting within their legislative sphere of activity the speech and debate clauses afford absolute protection from outside challenge."

These rules of law in cases approved by the Supreme Court of the United States show the Constitutional question that is raised by a Department of Justice scheme to try to trap certain Senators and Congressmen.

The question is whether it is in the public good and in the public interest for a Congressman to have the immunity which the Constitution gives him. Consider two facts that have come out of this whole sordid executive department operation so far.

Example 1. Senator Larry Pressler is invited to the Abscam house, solicited to "help an Arab Sheik" and is offered money. Senator Pressler says, "that is not why I was invited here. The whole thing would be improper." He leaves. He reports the matter to no one. The public never hears of it. Commendable for Senator Pressler but was the public interest served?

Example 2. Congressman Kelly is invited to the same house on the same pretext and offered money on the same circumstances, that is to "help the Shiek." The implied help requested is the same asked of Senator Pressler. Kelly goes along with the scheme that far. He is not asked to do anything improper and he does not do anything or even take a single step toward doing anything improper. Now the whole matter is leaked to the public. On those facts which of these representatives served the public. The one who said "No" and went away or the one who pursued the matter and took no illegal action. Each individual's reaction will be colored by their present opinion of the Government in general, their Congress and the particular Congressman who took each of the foregoing actions.

I am a friend of Judge Kelly, I admire his courage and integrity, his willingness to tackle entrenched bureaucracy on behalf of the public, and his absolute loyalty and dedication to this country.

Even some of his detractors have said that in seventeen years of public office no one has ever accused him of a single dishonest act.

With that out of the way, we can now proceed to an objective examination of the public good. My conclusion is that a Congressman who is subjected to a bribery attempt serves the public best by going along as far as he can in order to get to the root of the matter, find out who the principals are, understand why bribes are being offered and who is offering them and what they are trying to do to the public on account of it. A report by a Congressman to an FBI agent is obviously futile. Senator Pressler did not even bother to report the offer of money! The persons involved are obviously intermediaries. Their language is such that they could claim to be misunderstood and that ends the matter with one exception. When a briber passes money with intent to influence official action, he commits a criminal offense on the spot. The person taking the money can take it for several proper reasons and only one improper reason. That is where the matter stands today. What Congressman Kelly's motivations were in taking the money may be suspect, but certainly they have not been proven to be felonious! Congressman Kelly undoubtedly had Constitutional authority to pursue the scammers until he reached the top if he chose to do so.

Let us examine his entire record to see if that will help us in deciding whether he was working in the public interest or whether he was committing a dishonest act for the first time. Here is his record of twenty years of public service.

1960—Richard Kelly elected Circuit Judge in the Sixth Judicial Court for Pinellas and Pasco County, Florida.

1961—Judge Kelly sworn in as Circuit Judge. First big hassle. Judge Kelly finds that defendants are sitting in jail for a month or more before being brought before the Court for arraignment. The Senior Judge of the Court had directed all criminal cases be brought before him. At arraignment indigent defendants would then ask for a lawyer and be sent back to jail while their case was processed to determine whether they were eligible to have the Public Defender appointed. Then they were kept in jail while the Public Defender prepared to defend them and in some instances because of crowded calendar and a single Judge taking criminal cases, were not tried until six months after their arrest. Meanwhile Judge Kelly and other "Civil Judges" occasionally sat idle in their Chambers.

### JUDGE KELLY ACTS

Judge Kelly says this is wrong. "I don't care what the other Judge said. My authority is the same as his." He ordered the Sheriff to bring unarraigned prisoners before him so that they could be arraigned within a day after their arrest and the Public Defender appointed on the spot where they could not afford counsel of their own.

Anyone not living in the Sixth Judicial Circuit at that time could only imagine the huge furor that this caused. The Senior Judge was furious. The other judges were upset. The newspapers had a field-day with this upstart Judge Kelly who dared buck the system imposed by a popular and highly respected Senior Judge.

The Senior Judge ordered the Sheriff not to take prisoners before Judge Kelly. Judge Kelly stood his ground and told the Sheriff that he, the Sheriff, would go to jail for Contempt of Court if he, the Sheriff, refused to obey the orders of the Court. "My authority is the same as his, no less." The Sheriff submitted, brought prisoners before Judge Kelly and they were promptly arraigned, assigned Public Defender where appropriate, and trial date set. This system, or something close to it, has been in effect ever since. Judge Kelly served the people with intelligence, guts, backbone and determination and the people win.

1961—In challenging the system Judge Kelly made a lot of enemies within the system. In defeating a Judge at the election he made a number of enemies of the supporters of that Judge. In winning as a Republican he created resentment among the hierarchy of the Democratic party who resented this upstart Republican. These considerable forces now created a new Judgeship for the Sixth Circuit and had the Judge who had been defeated at the polls appointed to the new Judgeship. As soon as that was done Kelly's next big hassle was in the making.

1961—The first Judges' Conference of Sixth Judicial Circuit Judges in 1961 turned into a knock down, drag out fight. The effort was to confine Judge Kelly to Pinellas County and keep him out of Pasco County where the appointed Judge was spending the bulk of his time. The Senior Judge is quoted reliably as saying: "Well, Dick, you are going to have to come down here and work with us." Judge Kelly replied; "My authority is the same as yours. I will come down here and run my Court the way it ought to be run."

Judge Kelly ordered the Clerk to bring before him the docket of all pending civil cases. Kelly finds some cases that had been left on the pending docket for fifty years with no action. He dismisses eleven thousand cases which had been pending for more than one year with no action. This created furor on the bench. It created fury and embarrassment to many lawyers who had neglected their clients' cases. This earned the Judge the respect of many lawyers but the enmity of those who were caught. The docket was cleared, Kelly served the people once again.

Judge Kelly then ordered the Clerk to submit the docket of all unresolved cases on appeal. The Senior Judge ordered the Clerk to ignore Judge Kelly's order. Judge Kelly threatened to cite the Clerk for contempt and gave him a specific time to produce the appeal docket. On the day the Clerk obeyed the order the Senior Judge dismissed one hundred and thirty-five appeals and sent the balance of the docket to Judge Kelly. Again Judge Kelly served and the people won. The docket was cleared, the administration of justice was improved.

1962—Judge Kelly's next big hassle. He was dividing his time between Pinellas County and Pasco County as a Circuit Judge is supposed to do. In rural Pasco County Judge Kelly ordered lawyers to wear coats and ties to Court. This made many lawyers furious who had been accustomed to a more informal system. Judge Kelly demanded that lawyers be prepared for their cases, showed impatience with lawyers fumbling through their evidence in his Court and by his questions clearly embarrassed some lawyers in front of their clients. Fury would be a mild word to describe the reaction of the embarrassed lawyers. He also declined to discuss cases over the telephone and refused to allow other informal ways in which the Courts had been operated. This upstart Republican Judge sitting in an eighty percent Democratic rural stronghold now had made so many people angry with his reform that they persuaded their Democratic representatives to introduce a Bill in the Florida Legislature "impeaching" Judge Kelly.

1962—The Florida House of Representatives conducted a hearing on the Articles of "Impeachment." After hearing the witnesses they found the charges insufficient and declined to vote out the Articles of Impeachment.

### 1962—KELLY'S FIRST VIDEO TAPE

On the evening that it was announced that the House had declined to vote the Articles of the Impeachment, Judge Kelly in an interview on television, said that he had just been doing his duty and that now "I am going back to Pasco County and really run my Court the way it ought to be run." This quote on video tape so infuriated the Democrats that they reconvened the House the next day, reversed themselves and voted to adopt the Articles of Impeachment which they had refused to adopt the day before. No new evidence. Now a Senate trial would have to be held on the validity of these charges.

1963—February 1961, Senate trial of Judge Kelly on Articles of Impeachment. Judge Kelly was acquitted and returned to his duties as Circuit Judge in the Sixth Judicial Circuit.

1964—Judge Kelly is now elected as presiding Judge of the Sixth Judicial Circuit. Then comes the next big hassle. Judge Kelly finds that most divorce cases are being referred to Masters while some Judges are sitting around with time on their hands. This is a waste of the Court's time and a disservice to the people who experience the extra delay as well as the extra expense of having their cases presented to a Master. This requires that the record be transcribed and then submitted to a Judge on the Master's recommendation. Judge Kelly proposes to assign the responsibility for the expeditious hearing of all divorce cases on one Judge. There was resistance to this proposal on the Bench since cases were then being assigned on a rotation basis. Judge Kelly accepted the decision of the other Judges concerning their cases but ordered all cases assigned to him to be brought before him without a Master. "Their authority is the same as mine," he said. Judge Kelly's cases were handled expeditiously. Some other Judges started following his example and hearing their own cases. Again Kelly served and the people won.

1964—Again another big hassle. Presiding Judge Kelly finds waste in the jury system. Jurors are being summoned to hear cases only to be told after they arrived at the Courthouse that the cases had been settled that morning. The jury was then paid and sent home. The Judge of the settled cases now had no work for the rest of that day. Sometimes because of settlement a Judge did not hear a single case all week. This was a huge inconvenience to the people summoned as jurors only to be sent home and a needless expense and waste of taxpayers money. Judge Kelly ordered twenty cases set for jury trial each Monday. He ordered all lawyers to be ready to try their cases as soon as the case ahead of them on the docket was decided or settled. If one case was settled the next case went immediately to trial before the jury that had been summoned for that week. After the jury verdict the next case was called. At the end of the week twenty cases had been disposed of, the jurors had served their term and could now be discharged. Again Kelly served and the people won. Kelly was quoted publicly as saying, "We don't need more Judges, we just need to work the ones we have." This earned him a few more enemies in office and a lot more friends among people who were not in public office.

1966—Judge Kelly re-elected overwhelmingly. He carried Pinellas County solidly and received over seventy percent of the vote in Pasco County, where Democrats outregister Republicans by a wide margin.

1968—Another hassle. This time there was a different effort by the Kelly enemies "to get" Kelly. There had been written into the Florida Constitution, 1968 revision, a provision that allowed the appointment of a Judicial Qualifications Commission with power to investigate and recommend the removal from office of any Judge whose conduct "after November 1, 1966" "demonstrated unfitness to hold office" whatever that means. This law was clearly aimed at Judge Kelly and constituted a departure from the long settled rule that if Judges were to truly represent the people they had to be free of the fear of retaliation or reprisal and free to exercise their authority under the law. The old law was based upon the system in which Appeals could correct any legal mistakes, and the next election could effect the removal of any Judge not favored by the people. The argument in support of this new law was that it was "too hard" to impeach a Judge. Judge Kelly's prior trial had showed that you had to prove that a Judge had done something wrong. Now under the new law his enemies complained to the Judicial Qualifications Commission that Judge Kelly was "crazy," that he had embarrassed lawyers, that he had bucked the system, etc., etc. From their point of view that made him "crazy."

1969—Judge Kelly is certified as "not crazy" by the Johns Hopkins Hospital and The Duke University Medical Center. The report of the J.Q.C. was submitted to the Supreme Court. The Supreme Court dismissed the action of the Judicial Qualifications Commission, but administered a "reprimand" to Judge Kelly. The Chief Judge of the Supreme Court of Florida wrote a dissent saying that this action in reprimanding this Judge on the facts before it was improper.

1972—Judge Kelly reelected without opposition. No Kelly hater would submit himself to the voters in a popular election against Judge Kelly.

1974—This is the Watergate year. Republicans generally were not in favor. Judge Kelly is the only Republican elected to Congress in the sixteen southern and border states. Obviously, he had widespread support among both Democrats and Republicans.

1976—November 1976 Congressman Kelly reelected to the 95th Congress. Elected as vice president of his class of Congressmen.

1978—Congressman Kelly reelected to the 96th Congress, also elected president of his class of Congressmen.

Congressman Kelly's record as a Congressman is a continuation of his record as a Circuit Judge. He has continued to stand for what he believed to be right and has exercised his authority and office for the good of the people. He is outspoken and straightforward. He has incurred the enmity of people in the Congress and the administration who have succeeded in weakening our national defense. The public record confirms that the Senators and Congressmen who pride themselves on being "liberals," such as McGovern, Hart, Bayh, etc., regard Congressman Kelly as an enemy. He fought valiantly to prevent the Panama Canal give-a-way. This did not make him any more enemies but it did make his liberal enemies madder. He has opposed unilateral disarming of this nation, the attempt to disarm the people and all efforts to expand the power of the Central Government over the lives of the citizens.

### SCAMGATE

If it was an impeachable offense for then President Nixon to authorize the entry of the Democrats political office to search for evidence, in the case that later came to be called Watergate, then we ought now to inquire whether this President Carter knew beforehand that his Attorney General's office was going to set up a ruse in order to try to knock off certain Congressmen. There was considerable suspicion in that 1972 election that McGovern and others were accepting contributions from Communist sources. Where else could you hope to find evidence of this other than in the Democratic headquarters.

There is absolutely no evidence that Congressman Kelly or Judge Kelly has ever committed an illegal, disloyal or dishonest act. Even the evidence "leaked" by the FBI does not show such an act. What it does show is that the FBI initiated the idea of trying to set-up Judge Kelly. The "scam" was carefully arranged so that what he would be asked to do would not be illegal. Under the Constitution Congressman Kelly had the right, the duty, the authority and the obligation to trace this matter down to its source and find out who it was that was trying to bribe Congressmen and what it was that they were trying to do. The FBI, on the other hand, had absolutely no authority to manufacture a fake attempt at influence and then to try to trap certain selected Congressmen with it. If the executive branch of Government has that power they will have the unbridled power to control Congress. A Congressman's career can be jeopardized and his public support eroded by "leaks," in an election year. The fact that he is later exonerated or acquitted after he is defeated at the polls will be small comfort to him or to the people he served. Perhaps it is time to start a congressional inquiry concerning "what did the President know and when." If he knew beforehand that the Attorney General's office was setting up a scam to try to engineer the political defeat of a particular Congressman, then the same rule should be applied to this President Carter as it was applied to Richard Nixon.●

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## CARTER'S SHABBY TREATMENT OF THE SHAH OF IRAN

### HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. BAUMAN. Mr. Speaker, every now and then one reads something in the newspapers that makes you say to yourself, "Yes, that is exactly what I have been thinking."

I had that feeling this morning as I read Peter A. Jay's column in the Baltimore Sun, entitled "The Traveling Man."

While neither I nor others are prepared to defend any excesses committed during the regime of the Shah of Iran, such events cannot be isolated from the assistance he gave to the United States over many years as well as the horrible and irrational character of the current Government of Iran which replaced him.

Our paramount interest should be to do what is best for our own Nation, including what must be done to free the hostages in Tehran unharmed. But it surely is not in the interest of our country's future to treat our foreign friends and allies in the manner in which President Carter has chosen to treat the Shah. It is small wonder that the U.S. Government finds itself increasingly alone in the world.

The article follows:

### THE TRAVELING MAN

Back go the shah and his retinue of poodles and bodyguards, hippity-hop, across the ocean. The Statue of Liberty's promise to accept the tired, the poor and the tempest-tossed having proved about as sound as the Carter dollar, the familiar perils of the Old World are deemed preferable to the uncertain hypocrisies of the New.

This time it's to Egypt, where the resident strongman happens to be an individual of principle and courage, as well as the sort of Muslim who would die rather than betray a guest. For the shah, this will be a pleasant change from Panama; in Egypt he will be able to undergo surgery without the locals going through his pockets while he is on the operating table.

The Egyptians, moreover, have a psychological strength quite lacking in Panama, which permits them to allow the shah to import any gringo surgeons he chooses without considering it an affront to the national honor. The Panamanians apparently believed that if one of their own meatcutters couldn't hack out the shah's spleen, nobody else ought to be allowed a try.

If you're hardboiled about it, like the self-righteous sermonizers who are currently making what passes for American foreign policy, you will not find it difficult to suppress your sympathy for the deposed monarch of Iran.

He and his unattractive family have, after all, too much money for their own good, milked from the country they once ruled and which now howls for their blood. They lived luxurious lives until they were ejected; now, while some of the luxury remains, they are reaping a whirlwind. It is simple, and hardboiled, to shrug.

When he was in charge, the shah's secret police undoubtedly tortured people, in the time-honored custom of the Persian Gulf police states. That wasn't nice—and perhaps it really isn't relevant that the religious crusaders who replaced him, always on the lookout for more titillating diversions than chanting feverishly or chopping up terrified camels in honor of Allah, would welcome the opportunity to torture him in return.

The Carter administration, which in a little over three years has devalued the phrase "human rights" from a sacred cause to an empty slogan, now takes the position that the shah was a pretty unsavory fellow, and has washed its hands of him.

It allowed him into the United States furtively and guiltily, as though to offer medical care to a sick man were a criminal act. Then, faced with the seizure of the embassy in Tehran, an event about which it had been warned but still remained blithely unprepared for, it forced him out again, this time into the clutches of the Panamanians. There, it gave every evidence of hoping, perhaps he would conveniently die. Instead, he decamped—or escaped.

A quarter-century of American support for the shah of Iran might, perhaps, have been a mistake—though his contribution to years of relative stability in the Middle East, not to mention the production of many million barrels of oil, suggests that it wasn't. But it did represent a commitment made by five consecutive American presidents, including—most effusively, back in 1978—the incumbent.

This administration's behavior toward the shah since his downfall, and especially since his illness, is the most unprincipled treatment of a friendly present or former head of state since John F. Kennedy and his whiz kids conspired in the murder of Ngo Dinh Diem.

In many respects, the Carter actions have been even worse. Diem was a genuine obstacle to American foreign policy in South Vietnam, which in 1963 was seeking to encourage the formation of a less hard-line regime. If he had agreed to leave, and had asked for protection, he would have been given it, no questions asked. His death only came about when he insisted on clinging to power.

But the shah has abandoned his throne. He holds no power. There is a price on his head, and he is of political consequence only because Jimmy Carter's willingness to make him a pawn in a card-game with terrorists has made him so. If Mr. Carter were serious about "human rights," he would have granted asylum to the shah as a political refugee the moment he left Iran, and made his security here non-negotiable.

Had he done so, there is no way imaginable that the situation in Tehran, or in the entire Middle East for that matter, could be any worse than it is today. Quite possibly, the seizure of the embassy would never have occurred. And certainly the shah in the United States would be less a threat to the stability of the Arab world than the shah in Egypt.

The shah is no hero. He was a petty tyrant, with whom it suited our purposes—and Mr. Carter's—to deal. He doesn't perhaps, warrant any more sympathy then any other cancer patient.

But he must feel that in his dealings with the government of the United States, at least during the administration of Jimmy Carter, he has been dealing with cowards and fools. If he does, he's right. He can't be blamed for fleeing Mr. Carter and his Panamanian clients for Anwar Sadat's Egypt, where he is protected by someone he can both respect and trust.●

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## ISRAEL'S FUTURE AND AMERICAN FOLLY

### HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● **Mr. OTTINGER.** Mr. Speaker, Americans often do not realize the trying conditions under which the Israeli people must exist. Surrounded by belligerent peoples pledged to their destruction, Israelis must cope with constant fear for their survival. Israel wants peace, but a just and lasting peace in which every state in the area can live in security.

We have a deep-rooted commitment to the vital democratic nation of Israel based in common values as well as national security interests. We cannot compromise our support for our true friend and surest ally by acquiescing to extremists Arab demands. The clamor for "self-determination for the Palestinians" is extremely ill advised and can only jeopardize the peace process already set in motion. Eugene V. Rostow's insightful article "Of Israel's Future and American Folly" which recently appeared in the Washington Star elaborates on the absolute destructiveness of the administration's newly apparent policy orientation toward the Middle East.

I commend this article to my colleague's attention:

OF ISRAEL'S FUTURE AND AMERICAN FOLLY

The proverbial man from Mars might well conclude that the puppets were in charge. The Soviet ventriloquist moves his lips, and the leaders of Western Europe and the United States recite his words. For a number of years our minds have been bombarded with "détente," "Helsinki" and "SALT II."

Now, and with the same piety, the chorus is chanting "Self-determination for the Palestinians." We and our West European allies are behaving as if the Israeli policy of establishing settlements on the West Bank were the only obstacle or, indeed, an obstacle of any kind to achieving peace between Israel and Jordan, Syria, Lebanon, Iraq and Saudi Arabia.

We are told with increasing vehemence that unless the West Bank and the Gaza Strip are made into a PLO mini-state, or transferred to Jordan, it will be impossible to unite the Arab world in a solid alliance against the Soviet conquest of the Middle East and all that it would imply.

Why Arab willingness to resist Soviet conquest should depend upon Israeli settlements in the West Bank is never explained. If the Arab states really were exercised about the Israeli settlements, there is a simple and effective remedy they could pursue: They could make peace with Israel in accordance with Security Council admonitions and orders going back to 1949. They would find that in the West Bank as in the Sinai, Israel would make sacrifices and take risks for peace.

But this course is never discussed. Instead of pressing Jordan to make peace, the United States presses Israel to make concessions without peace. For good and well understood reasons of history, this is precisely the course forbidden by Security Council Resolution 242, which was adopted five months after the Six Day War in 1967.

The flap over the American vote for the U.N. resolution of March 1 is misdirected. Of course there was confusion, ineptitude, vacillation and capitulation to domestic political pressure. That has been so normal a feature of the Carter administration's conduct of foreign relations that we take it as the order of nature.

The real objection to Mr. Carter's position is much deeper. He was willing to cast the American vote for the resolution if it did not mention Jerusalem. That is, he was willing to treat the areas in question as "Arab territory" in some undefined sense, and demand that all the Israeli settlements established in the West Bank since 1967 be dismantled. In this policy, Carter is wrong legally, wrong politicaly and wrong militarily.

It is true that since the Six Day War the United States government has taken the nominal position that Israel held the Sinai, the Golan Heights, the West Bank and the Gaza Strip only as the military occupant under international law. The State Department has pointed out that under Article 49 of the Fourth Geneva Convention a state administering the territory of another state as military occupant cannot in the absence of military necessity or governmental need displace the inhabitants of the territory and establish its own citizens in their place.

This provision was drafted to deal with "individual or mass forcible transfers of population," like those in Czechoslovakia, Poland and Hungary. Israeli administration of the areas has involved no forced transfer of populations or deportations.

The Israelis responded to the State Department in an argument of great cogency which the State Department has never answered. The Israeli view is that while the Geneva Conventions apply to the Israeli occupation of the Golan Heights and the Sinai, which the Syrian or Egyptian territory in the contemplation of international law, they do not apply to the Israeli occupation of the West Bank and the Gaza Strip, which have not been recognized as parts of any state but are still unallocated territories of the Palestine Mandate.

Since the Conventions deal only with military occupation by one state of territory belonging to another, Israel said, it is not obliged to apply the Conventions in the West Bank and the Gaza Strip but would do so in general terms as a matter of its own policy. This approach to the problem has just been confirmed and upheld by the Israeli Supreme Court, in a case holding a settlement illegal under Israeli law.

The disagreement between the United States and Israel on this subject slumbered for years. No effort was made to push it to a definite conclusion until the Carter administration, with its fervent enthusiasm for the so-called "Palestinian" cause, took office in 1977.

The American argument weak at best in terms of the language and history of the Conventions, has been further eroded by the development of international law since 1967 in connection with the future of the Southwest African Mandate, now known as Namibia.

In a series of decisions dealing with the situation, the International Court of Justice and the Security Council have decided that South Africa breached its obligations as Mandatory in Namibia; that the Mandate Administration must cease; and that the Mandate itself survives as a trust until its terms are fulfilled through the creation of a new state.

The State Department should long since have reconsidered its 1967 position on Israeli settlements in the West Bank in the light of the principles confirmed by the *Namibia* decisions. It is obvious that Israel's position in the West Bank and the Gaza Strip is much more than that of a military occupant under international law.

According to the reasoning of the *Namibia* decisions, Israel's rights under the Palestine Mandate—including its right of close settlement in the West Bank—survived the end of the Mandate and will continue until Jordan and Israel settle what is essentially a territorial dispute between them, make peace and divide the land in accordance with the provisions of Security Council Resolution 242, which is based on the Mandate.

Mr. Carter's administration often says that whatever the correct answer to the legal dispute may be, Israeli settlement policy interferes with the process of peace and is therefore politically unwise. Since Jordan refused to make peace with Israel when it held the West Bank as military occupant between 1949 and 1967, and there were no Israeli settlements in the area, Mr. Carter's case is hardly self-evident.

The Arab leaders have somewhat different attitudes towards the problem of peace with Israel. Some refuse to make peace as a matter of principle. They believe that the Mandate and all that flowed from it is illegal, and that the existence of Israel is an aggression against the inchoate rights of the Patestinian people—that is, in their definition, the descendants of the people who lived within the boundaries of the Mandate in 1922.

Yasser Arafat, the leader of the PLO, confirmed that position in a recent interview with France-Soir. Israel, he said, must be destroyed and a unitary state established for the whole of Palestine (including Jordan). The Jews, he added, are not a people who have rights of self-determination.

King Hussein has never committed himself whole-heartedly to this view, although he joined the wars of 1967 and 1973 to destroy Israel. For him, probably, the main obstacle to peace is his basic anxiety about whether we or the Russians are going to win in the great game of power politics now convulsing the world.

As it is with every other head of government, the effectiveness of American policy is necessarily his first concern. King Hussein has openly expressed his doubts about Mr. Carter's will and capacity to defend the vital interests of the United States. He does not want Jordan to endure the ordeals of Iran, Lebanon, Afghanistan, Syria, Yemen or Ethiopia. So being doubtful about the adequacy and coherence of Mr. Carter's policy, he keeps his distance.

It will take a great effort on our part and on the part of our allies to contain the Soviet rush for dominion and restore a semblance of order to the world political system. We should be pressing forward in that effort on a crash basis. While we are becoming uneasily aware of the need to do so, we have not yet really started to become the arsenal and leader of the democratic coalition.

In that perspective, Mr. Carter's policy toward Israel, Israeli settlements in the West Bank and the so-called Palestinian issue is the height of folly. Israel is the strongest military power in the area. Her strength is indispensable to any program for restoring the regional military balance. By necessity and conviction, Israel is the most faithful ally of the West in the Middle East. Her existence depends not only on her own valor but on her alliance with the United States.

Yet we and the Europeans have been frantically pursuing a policy of urging Israel to weaken its opposition in the West Bank without peace. This is not only contrary to Security Council Resolution 242, but profoundly contrary to our own security interests. We are behaving as the British did at the time of the Runciman Mission, when they forced the Czechs to make concessions to Hitler, and broke their will to resist.●

## TO MY DEAD COMRADES

## HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mrs. COLLINS of Illinois. Mr. Speaker, I wish to express my deepest sadness over the assassination of Archbishop Oscar Romero, a leader of the human rights movement in El Salvador.

Unfortunately, the archbishop—the voice of those who cannot speak—was the latest victim of violence in El Salvador. He was gunned down in cold blood while celebrating a Catholic Mass in a small church.

His death grieves me not only because we have lost a great and compassionate human being, but also that violence still seems to claim the lives of universally respected, nonviolent human rights advocates.

Archbishop Oscar Romero is dead—but his ideals, his dedication to such a righteous cause of voicing support for the poor and oppressed lives on in the heart of all his children. Accordingly, I would like to share with my colleagues a poem taken from "Freedom Has No Price," an anthology of poems in celebration of the revolution which took place in Grenada last year in March. I also dedicate this to our slain comrade:

### TO MY DEAD COMRADES

For my dead comrades
I claim no vengeance
For their lives were priceless
It is not by blood that we redeem
The lives of those who died
For their country.

The murderers cannot pay
With their own lives for them
The only tribute worthy of them
Is the happiness of our people
What is more my comrades are neither
Dead nor forgotten.

They live today more than ever
And with dismay their murderers will view
The victorious spirit of their ideas
Rising from their corpses.

There is limit to the tears we can shed
At the graveside of our comrades
For our homeland and it's glory
A love that never falters loses hope nor grows dim
For the graves of the martyrs
Are the highest alters
Of our reverence.

Beloved corpses you that once
Were the hope of my homeland
Touch my heart with your cold hands
Cast upon my forehead
The dust of your decaying bones.

Groan at my ear, each of my moans
Will turn into the tears of one more tyrant
Gather round me roam about
That my soul may receive your spirit
And give me the honour of thy tombs
For tears are not enough
When one lives in infamous bondage.

—GEM BELFON●

## THE ZAIRIAN PLIGHT

## HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. SANTINI. Mr. Speaker, I would like to take this opportunity to share with my colleagues in the House of Representatives a letter from Miss Carolyn Saltenberger of the Africa Inland Mission in Bunia, Zaire. Her comments vividly portray the conditions of life there, and give color to the dry facts and figures with which Zaire's plight is most often drawn.

I have just recently returned from my own fact-finding trip to five southern African nations, including Zaire, in my capacity as chairman of the Subcommittee on Mines and Mining. I cannot overstate how pleased I was to receive Miss Saltenberger's comments. They back up my own observations and add further depth to perceptions of the obstacles faced on a daily basis in the back country of Zaire.

The letter follows:

RETHY, REPUBLIC OF ZAIRE,
*February 28, 1980.*

Hon. J. SANTINI,
*U.S. Congress, House of Representatives,*
*Washington, D.C.*

DEAR SIR: About a week ago I heard your name mentioned on AFRTS, about the need of helping Zaire with its economy. You mentioned specifically the mines and reopening the railroad to transport copper, etc, in Shaba province. I'm not exactly sure why I'm writing because I've heard said that one should not criticize what is being done about a problem without having a solution to the problem.

At the end of December a Washington Post article also told about the economy of Zaire and its problems. That particular article was very much oriented to Kinshasa and the more évolué people. What I'm wondering is if anyone really knows what the problems are in the rest of Zaire.

It is true that this is a rich country, and almost every kind of food can be grown here. However at this point with practically NO transportation, nothing can get from one place to another and so does practically no good.

We used to have rice factories which cleaned and packed the rice—but now the factories are defunct—machinery doesn't work. Replacement parts not available. Trucks broken down, so people can't get rice to the factories anyway. Roads bad (We speed along at averages of 12 to 15 MPH these days.) Palm fat used to supply, fat, oil, shortening, soap—and now beginning with lack of means of getting the palm nuts to the factories, and the factories being unable to function, THAT supply is cut off. Same with cotton. Same with coffee. And most other things. We live near the Uganda border and some things come in from Kenya, through Uganda, but a little further into the interior the people have very little. Mail is about at a standstill. Airmail letters from Kinshasa take a month or more to get to Bunia.

Freight—since truck transport is minimal and the river boats are very irregular, and the planes very few—getting supplies to our Bunia area from Kinshasa is just about impossible. Not completely impossible but almost. I had five metal barrels of hospital supplies that were sent through the Zaire Protestant Relief Agency—or rather through the Mennonite Central Committee, through the ZPRA to me. They arrived in Kinshasa in August 1977. ZPRA wrote and asked me how to ship them. It has taken so long to get letters back and forth, and apparently they couldn't find a way to ship them, so as of now I still have not got those things. Parcel post boxes from U.S. via Kinshasa take a year or more, if they get here. Many don't.

When the relief organizations sent food, like wheat or beans, it was always so buggy that it was good for neither food nor even planting. And we used to have to pay the cost of transport from Kinshasa.

So however you hope to help the economy of Zaire would probably be best begun by starting with fixing up the communication and transportation lines. As I mentioned above, I wouldn't know how it could be done. The Belgians worked years to get all these interior roads into condition and nothing has been done on any grand scale since they left. There have been some countries who have sent people to fix roads but they seem to do a hundred miles or so and then fade out. And then those improved bits go back to their previous condition.

Some years ago an article in the Saturday Evening Post (about 1954!) talked about helping the health in Belgian Congo. They mentioned that it wasn't a matter of sending money or even medicines—but that it would probably be more helpful in the long run to send a couple thousand toilet-hole-diggers. The Public Health Department of this country has a good program but it is also very difficult to follow. Last year when I was trying to organize some Mother-Baby clinics in the districts (I have them here at the hospital) I could not get gas for months . . . about 4. And then when I got gas both my vehicles had gear trouble, and it was another 4 months till I was able to get parts from Kenya and have the vehicles fixed. The proper word for this kind of living is "hassle".

I've been in Zaire since the Belgian Congo days. It is a beautiful country, with lots of potential. I'm glad that people are at least thinking of trying to help, but I realize that it isn't only the economical situation but it is the problem of where it fits politically. Somewhere I read that before independence Zaire's (Congo's) chief export to Europe was bananas! Nowadays the trees have probably gone to ruin, and I know the trucks and boats don't function like they used to.

So I don't think I've written anything of importance but just maybe you'd be interested in some in-put from the interior.

Yours very truly,

CAROLYN SALTENBERGER.●

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## REGISTRATION AND THE DRAFT

### HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. PHILIP M. CRANE. Mr. Speaker, the increasing concern over U.S. military manpower capability has captured nationwide attention. Last year, after heated debate, legislation to compel draft-age American youth to register with the Selective Service System was rejected. The argument has been renewed and will reach a peak during the 2d session of the 96th Congress. We must realize the difficulties we face in manpower recruitment and recognize that registration is not the real problem before us. Registration per se may alleviate the symptoms, but cannot cure our weak mobilization capabilities. The call for registration is being used to divert attention from the real issue of inadequate recruitment incentives. What is needed to solve our current military manpower shortage is a commitment to maintain an acceptable standard of living for those who are willing to risk their lives in defense of this country. We need to improve the pay scales, living conditions, and equipment of our Active and Reserve Forces. Only after the military becomes competitive with the civilian sector will the All-Volunteer Force become a successful defense program. A February 3d article in the Washington Post, by Martin Anderson of the Hoover Institute, and an article which appeared in the Wall Street Journal on March 19, address this point. I commend these articles to the attention of my colleagues:

#### BUILD THE RESERVES, NOT LISTS

(By Martin Anderson)

President Carter's call to "begin registration" for the military draft was obviously a part of his effort to send the Soviets a message about our concern for their naked aggression in Afghanistan. But in this case he is sending Moscow the wrong message.

Carter is right in his belated recognition of the potential military threat that the Soviet Union poses to world peace and to our own security. But taking down the names and addresses of the young people of America under the threat of five years in jail or a $10,000 fine is a weak and possibly dangerous response.

What the Soviets would understand is a clear, effective move to strengthen the combat capability of the armed forces of the United States. Registration does not do this. Rather, if enacted, it could easily lull us into a truly dangerous state of complacency.

If there ever was a sudden threat to our national security, any form of a military draft would be virtually worthless. Even with the names and addresses of young men and young women neatly typed on computer printouts, it would take at least three to four months to contact them, induct them and hastily train them—if the training facilities were ready. Without advance registration, it would take a few weeks longer. The end result—with or without registration—would be hundreds of thousands of teenage soldiers, some serving reluctantly, most with no experience and little training, flooding into the ranks of the armed forces many months too late.

As the Defense Manpower Commission noted in its report to the president and the Congress on April 19, 1976: "The changing nature of war and its technology will not allow for any lengthy period of time for national mobilization for a major conflict. Thus, the national security relies on the ability to mobilize our reserve forces from a peacetime 'citizen soldiers' status to a combat-ready status in a relatively short time."

What is vital to our national security is a large, well-trained reserve force, one that is really ready, one that can be called into service in a matter of days in case of an emergency.

Registration for the draft would not do this, but it will do something else. The conventional wisdom that seems to be held by many in the upper ranks of government, the academic world and the media is that our all-volunteer force has problems, especially in the reserves, and that the military draft will solve them. Half of that wisdom is true. We have severe problems, particularly in the reserves. We should have 1 million men and women in the active reserves, we have about 800,000. There should be 700,000 members of the Individual Ready Reserve; we have about 200,000. But the draft, or its advance proxy, registration, will not solve these deficiencies in a timely or sensible fashion.

As Richard Danzig, the principal deputy assistant secretary of defense for manpower, reserve affairs and logistics, stated a few weeks ago, "although, if constantly updated, peacetime registration would give us a ready list of people that we could call instantly in an emergency, I think our capacity to call them would exceed our ability to begin training . . . we would not be able to accept draftees within the first weeks of an emergency mobilization."

The danger is that so many people sincerely believe that our military manpower problems can be solved by the draft. If registration is enacted, they will view this as leading directly to the reinstitution of the draft, sigh contentedly and turn their efforts and talents to solving other problems. The passage of a draft registration law will only give a false sense of security to our people and to many of our political leaders. It will be used as a reason by some, and as an excuse by others, for not taking the hard steps that will strengthen our reserve forces to the point where they can effectively back up our active forces.

It will also give a false signal to the Soviets. The political-military leadership of the Soviet Union understands and respects military power. They are fully capable of distinguishing between the military capability of computer lists as potential additions of young, inexperienced draftees and that of a significantly strengthened reserve force. They will view registration more as a stamping of our feet than as a shouldering of arms. And they will act accordingly.

What we should do is:

Immediately bring our active forces up to full combat capability. While our active forces are very close to their targeted manpower levels, the quality of their weapons and other equipment—including tanks, planes and ships—often falls far short of the military needs of the 1980s.

Announce that from now on the reserves are serious business, not a paid routine gambol. Anyone staying in the reserves or the National Guard should fully realize that in the event of a military threat to this country they will be called first to supplement our active forces. And that they will be called regardless of whether they are married, have children or know a congressman.

Arm the reserves and National Guard with modern weaponry and other equipment that is fully comparable to what the active forces will have.

Take steps to encourage more people to join the reserves and, for those already serving, to reenlist. These steps should include improved recruiting efforts, competitive levels of pay, reenlistment bonuses and improved management of our current reserve forces. For example, current planning in the Department of Defense assumes that only 70 percent of the Individual Ready Reserve would show up if we mobilize. This percentage could be increased significantly if assignments were made in advance and addresses were kept current. Some of these relatively simple measures are now beginning to be taken, but there is still vast room for improvement.

Institute an effective program of lateral entry into the armed forces so that more mature men and women, from their late 20s through their 40s, and, in special cases, up to 65, can enlist for a period of time—both in the active forces and the reserve forces. This could provide the armed forces with a potential pool of talented people that could be utilized in many positions, and could reduce their almost total reliance on people coming up through the ranks. Further, it is the one effective way to ensure that the upper ranks of the military do not become isolated from the rest of our society.

And, finally, the president of the United States should address the nation and explain clearly and comprehensively exactly why he feels that the Soviet invasion of Afghanistan is such a threat to world peace and the United States. The history of this country's response to a call to arms shows that Americans have always turned out in overwhelming numbers when they felt their country was threatened and they believed that our cause was just. There is no evidence to suggest that this would not also be the case today. If the only way we can induce our citizens to participate in the defense of this country is to threaten them with five years in jail or a stiff fine, then our leadership has failed to convince them of the seriousness of the situation and the validity of the course of action proposed to deal with it.

Enactment of the draft registration law would diminish our national security by increasing the chances that our reserve forces will be left in limbo, at a time when we need to strengthen them the most. It would in time lead to a new military draft, one that would almost certainly include women. And it would call into question the commitment this nation made almost a decade ago when we decided to raise an armed force in a manner consistent with the principles of freedom on which this country was founded.

If we really wish to respond to the Soviet move in Afghanistan, let us do it directly by arming and training a combat-ready active and reserve force that is second to none. Let's forget about making lists.

### The Retention Problem

In President Carter's promised budget revisions, if we read the tea leaves correctly, the Defense Department's contribution to budget "austerity" will be a squeeze in personnel and operations and maintenance costs. If this does turn out to be the case, it will foreclose the one thing we could do in the short run to increase military preparedness.

Right now and probably over the next few years, the most pressing problem of the armed services is that they are bleeding dry of experienced personnel. The most skilled servicemen—who operate and maintain sophisticated submarines, electronic equipment, planes, computers and the like—are leaving the military in record numbers.

None of the services is currently retaining more than six out of 10 of its personnel after their second term of service; the retention rate for the Navy and the Marine Corps is as low as 45 percent. The declining reenlistment rates among non-commissioned officers have resulted in a shortfall of about 74,000 men affecting every branch of the service, particularly the Army.

The cost of this attrition is enormous for it may take 10 years and as much as $150,000 to train a replacement for, say, an aviation mechanic. Moreover, the cost is not just monetary; it is sickening to know that dedicated servicemen have lost their lives in accidents because of faulty maintenance by inexperienced personnel.

Former Defense Secretary Melvin R. Laird addresses this issue in an American Enterprise Institute monograph entitled "People, Not Hardware: The Highest Defense Priority." As one of his last official acts, Mr. Laird ended the draft in 1973 and the All-Volunteer Force was born. As to why the volunteer concept is not working, both in terms of attracting adequate numbers of raw recruits and retaining them, Mr. Laird concludes that the government has not been willing to pay them enough. Pay for military jobs has been held down by linkage to more popular civilian civil service jobs, and by anti-inflationary pay caps. Will Mr. Carter's new budget repeat these mistakes?

Over the past seven years, the purchasing power for all military personnel declined an average of more than 14 percent, with some grades slipping almost 25 percent behind the rate of inflation. The average compensation for an enlisted man is currently $9,900 a year, which is below the government-defined "lower" standard of living level for a family of four. At least 100,000 and possibly as many as 275,000 military families may be eligible for public welfare assistance such as food stamps.

As a concrete example, a plane handler on the carrier Nimitz—recently rushed to the Indian Ocean—works about 100 hours a week on $25 million F-14 aircraft. Yet he makes less per hour than a cashier at McDonald's, lives below the poverty line, is eligible for food stamps and probably has not seen his family for six months.

Of course, military pay has never equaled the levels of private industry. But perks, such as the cheap prices at the PX, housing allowances and free health care, were an important supplement to cash income for military personnel. In recent years, however, these perks have become miserly. Housing allowances are no longer adequate; servicemen often have to seek private medical attention because of a 10% shortage of doctors in the military; food prices have risen sharply; dental care is no longer provided to dependents, and reenlistment bonuses have been eroded by inflation.

Senator Armstrong, aware of the problem of military pay, introduced a motion to give a 3% across-the-board raise to military personnel costing $4.9 billion over the next five years. However, such a move would not target the money where it is most needed—among the skilled ranks. The Senate instead decided wisely to pass a measure—sponsored by Senators Warner and Nunn—that attempts to rectify the pay and allowance anomalies by targeting $3.2 billion over the next five years into key areas such as reenlistment bonuses, housing subsidies, flight pay and sea pay. The measure is now under consideration in the House.

Even under its old budget proposals, the Carter administration opposed the Warner-Nunn measure, though it does recognize the retention problem. And last week President Carter unleashed budget-balancing rhetoric in rejecting a bonus pay bill for military medical personnel, even though the forces are already far too short of doctors. This scarcely bodes well for his new budget proposals when they are finally revealed.

Even if we reinstituted a full peace-time draft, we would still face the retention problem for experienced personnel. If we are to maintain a serious fighting force, the immediate problem is to retain the skilled servicemen we already have, and the only way that can be done is to pay them their due.●

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## SOVIET JEWRY

### HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mrs. HECKLER. Mr. Speaker, for Christian and Jew alike, the coming week has special, enduring significance. This seems a particularly fitting time for those of us who have involved ourselves in the victimization of Soviet Jewry to rededicate ourselves to the still unfinished task of bringing freedom to these innocent men and women.

I have written a letter to Ida Nudel, whose life has been given to that cause. And I ask that my letter be printed at this point in the Record:

Poselok, Krivosheino, U.S.S.R.

Dear Ida Nudel: The joy of this Passover season is shadowed by the knowledge that you and too many other children of Israel are captives of a regime as totalitarian and cruel as that of ancient Egypt.

Like your ancestors, you have not lost the thirst for freedom—a thirst that will not be quenched until freedom is achieved for every prisoner in the Soviet Union.

Passover, 1980, has a special—proud, yet humbling—significance for me. For in cooperation with the Student Coalition for Soviet Jewry, I have been privileged to "adopt" you. In so doing, I re-affirm my eagerness not only to stand with you in your fight for justice, but also to actively remind the Soviet officials, again and again and again, of my own and the United States Congress' commitment to your freedom, and good health, and well being.

Your life is the personification of the word intrepid. But all of us know how lonely it can be to be a living symbol when the solitary incarceration is a daily fact of life. You who have so stalwartly and courageously supported other refuseniks have set us an inspiring example. We will do our best not to fail you in your own season of need. We will remember you in our prayers; your cause is ours and we will not allow the Soviet government to forget the injustice they have imposed and support.

This cannot be a happy Passover for you. But my promise to you, in which millions of others join: we will continue to press for your release until the Passover comes when you and the captivity you share with so many others has ended. Forever.

With best wishes, I am

Yours truly,

Margaret M. Heckler,
*Member of Congress.*●

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## PRESIDENTIAL PLAN FOR SELECTIVE SERVICE REFORM

### HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mrs. SCHROEDER. Mr. Speaker, the January 14, 1980, Department of Defense report used in preparing President Carter's February 11, 1980, report to Congress, the "Presidential Plan for Selective Service Reform," considered the "desirability and feasibility of providing authority for the President to induct persons into the Individual Ready Reserve (IRR)."

Next week I will discuss additional documents I obtained under my Freedom of Information Act request.

The report follows:

### Presidential Plan for Selective Service Reform

#### 1. ISSUE

The desirability and feasibility of providing authority for the President to induct persons into the Individual Ready Reserve (IRR).

#### 2. BACKGROUND

The Department of Defense determines its need for mobilization manpower based on the capabilities of potential adversaries. The most demanding situation would be an outbreak of intense conflict between the Warsaw Pact and NATO nations preceded by very little warning time. Under this condition, there would be a dramatic rise in manpower needed to man units at wartime rather than peacetime strength and to replace casualties.

To meet those wartime manpower requirements, the Department of Defense must, therefore, rely not only on the active forces and the Selected Reserve but also on additional manpower that has already been trained when mobilization is declared. This pretrained manpower pool must be sized to meet military manpower requirements until a wartime draft can be activated and inductees trained. If a period of rising tensions precedes an outbreak of war, and if during that period a decision to resume induction and increase the size of the active force is made, a smaller pretrained manpower pool would be needed. Planning for this less demanding circumstance is subsumed under planning for the "worst case".

The Individual Ready Reserve (IRR) is the primary but not the sole pool of pretrained manpower. The IRR comprises the portion of the Ready Reserve strength consisting of trained personnel not organized into units. Its purpose is to provide in an emergency trained individuals to bring active and Selected Reserve units from their peacetime to their wartime strength and to provide replacements for combat casualties in the first few months of mobilization.

Individuals who have completed their tour of duty with the active or Reserve Component forces but still have time remaining on their six year military service obligation are transferred to the IRR and are subject to call in an emergency. The IRR also contains volunteers, both officers and enlisted personnel, who have extended beyond their statutory obligation. However, its size is primarily a function of the number of people leaving active and reserve service and the period of time remaining in their obligation.

The IRR can be ordered to active duty upon a declaration of national emergency by the President or the Congress or upon a declaration of war by the Congress. It has declined in strength from its average of 890,000 in the 1960's and its peak of 1,600,000 in 1971 to a low of 354,000 in early 1978. The decline was due primarily to a small active force. Secondarily, it reflects longer average enlistments in the volunteer era. Since early 1978, the IRR has increased in strength to 396,000 as of September 30, 1979. The programs that have caused that increase and promise further strength increases will be addressed later.

The IRR has been regarded by some as the only source to fill the pretrained manpower requirement. Clearly this is not so. There are other important sources of pretrained manpower, including the Standby Reserve and retired military personnel.

At current levels the IRR and other sources of manpower are inadequate to meet the Army's needs for pretrained manpower. Currently a shortage of 200,000 trained personnel for the Army is expected to develop in the first few months if a major war with the Soviet Union were to start with little warning.

Currently the Congress has reserved for itself the authority to induct persons into the Armed Forces. Induction directly into the IRR, a component of the Ready Reserve, would require not only new legislation but increased appropriations, for pay and allowances for trainees, training base operations, and the costs of processing people through the draft mechanism.

### 3. ALTERNATIVES

The Administration considered the following alternatives:

Provide the authority for the President in peacetime to induct persons into the active forces for training and then transfer them to the IRR after completion of training.

Do not induct persons into the IRR but rebuild the IRR with voluntary programs.

### 4. CONSIDERATION OF ALTERNATIVES

The alternatives represent dramatically different choices for the nation. In the sections that follow we present the arguments for and against an IRR draft as well as describing and evaluting the volunteer alternative to the draft.

### *A. The IRR draft*

A return to induction, however small in numbers of those called annually, entails registration up to 2 million male youths (and, as discussed elsewhere of up to 2 million female youths) of the country for each year of birth group that would be subject to the lottery process.

There are two major advantages to an IRR draft:

It would eliminate the present Army shortfall in pretrained manpower in about two and a half years.[1]

To the extent that some of the IRR draftees would want to join an active or reserve unit after training, an IRR draft would help active force and Selected Reserve recruiting.

The major disadvantages lie in the social and dollar costs of a draft and with the relatively marginal value of IRR draftees as compared with other trained soldiers.

An IRR draft could rekindle some of the anti-draft activities and social unrest experienced in the late 1960s.

Enforcement might prove difficult particularly if the 1972 experience is repeated: failure-to-register rate of 5 percent and failure-to-report-for-induction rate of 12 percent.[2] Since only about one out of every twenty of an all male draft pool, or one out of every forty of a male and female draft pool would likely be drafted, it is likely that these conscripts would feel a particularly sharp sense of grievance that they were drafted. In the draft of the Korean War, one out of every three rather than one of twenty or forty were inducted. However this opposition may be offset since inductees for the IRR would only serve on active duty for a short period of time.

A recent Defense Department study estimated the cost of an IRR draft to be in excess of $500 million annually.[3]

IRR draftees, would by definition, suffer from lack of unit experience. Their skills would severely erode over their five and one-half year military obligation following training. (Present IRR members typically are in this category for only one or two years after unit experience.) Their draft status would be expected to adversely influence their acquisition of skills within the first six months of training, their retention of skills over the next five and one-half years and their yield rates if mobilized. However, some of these adverse effects could be reduced if the draft process included a requirement for additional training two or three times during the five and one-half year period of obligation. This would, of course, increase the cost and the amount of opposition to the draft.

### *B. The volunteer alternative*

The main alternative to the IRR draft is to enhance the volunteer program for both the IRR and the Selected Reserve. Enlistment and reenlistment in either of these components of the Ready Reserve will help resolve the Army's mobilization manpower shortfall because fewer IRR personnel would be needed at time of war to bring the Selected Reserve up to wartime strength. Thus, a better manned Selected Reserve reduces the need for IRR personnel.

The following sections of this paper present:

The fiscal year 1981 programs to increase IRR strength and to manage that pool better.

The major elements of the fiscal year 1981 programs to improve Selected Reserve strength.

The measures being taken that will at least partly offset the shortfall until the volunteer programs have eliminated it.

### *C. Increase in IRR strength*

Currently, the Department of Defense has underway and is enhancing its volunteer program to increase the size of the IRR as well as better manage the people in it. The following is a short description of that program and its recent initiatives:

All individuals leaving the Army from active duty and the Selected Reserve prior to the end of their enlistment are being screened to insure that only those with no mobilization potential are discharged. The remainder are transferred to the IRR. By this technique the Army estimates about 80,000 people can be added to the IRR by 1985.

Each of the Services has an IRR reenlistment program underway to encourage members reaching the end of the six-year service obligation to reenlist in the IRR. The need for a reenlistment bonus for the Army is apparent. Consequently, legislation has been prepared and will be submitted to authorize the payment of a reenlistment bonus for the IRR. The fiscal year 1981 budget request includes funds for this program. If successful, the program would increase the Army IRR by more than 30,000 members by 1983.[4]

Women enlistees now receive the same six-year military service obligation as their male counterparts. This legislative change will begin to show results in 1981.

DOD no longer allows enlistees to count the time spent after enlistment, but before they entered service for initial training, toward fulfillment by the six-year military service obligation. This will increase the Army IRR by 14,000 by the end of 1985.

The legal provision that exempted enlistees 26 years of age or over from incurring the six-year military service obligation was eliminated in 1979. Currently, all enlistees incur a six-year obligation. The Army will experience a 10,000 increase in the IRR by 1985 as a result of that change.

The active forces' test of two-year active duty enlistments and the Selected Reserve's use of three and four year enlistments will also increase the strength of the IRR.[5] The shorter periods of time spent in the active forces or the Selected Reserve means a longer period in the IRR in order to fulfill the six-year obligation. The active test for the Army for one year is expected to add about 1,000 members to the IRR, but for fiscal year 1981 only.

In 1979 the Army tested an IRR direct enlistment program in which non-prior service persons were allowed to enlist directly into the IRR and, after successfully completing training, were given the option of transferring to the active Army, the Selected Reserve or remaining in the IRR. About 30 pecent went into the active Army and 15 percent into the Selected Reserve. Based on these initial results the IRR direct enlistment option is being expanded to most of the country. This program is expected to provide additional accessions into the IRR and to serve also as another source of accessions for the active force and the Selected Reserve. No reliable estimates can now be made as to the size or to the potential gain from this program.

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[1] Assuming 100,000 draftees per year with 20,000 choosing the active force or Selecting Reserve in lieu of remaining in the IRR after training. (The Army training base can only accommodate about 80,000 people annually in addition to those programmed.) After two years the number drafted would likely be less. The exact number would depend on the extent to which draftees opted to volunteer for the active force or the Selected Reserve after training.

[2] If two year of birth age groups are registered, 300,000 induction calls are issued to gain 100,000 draftees and 1972 experience is repeated, about 235,000 persons will be in violation of the law.

[3] See "America's Volunteers, A Report on the All Volunteer Force," Dec. 31, 1978, Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics). These costs include reconstitution of the Selective Service System, registration, induction, examination, classification, training, and pay and allowances. 300,000 induction calls are made; 100,000 are inducted and trained for a four month period.

[4] The increase would be maintained through fiscal year 1985.

[5] Excludes the Air Force.

As Army members leave the active forces and are tranferred to the IRR, they are being matched with mobilization assignments and given orders telling them where to report upon mobilization. This will greatly speed the reporting of IRR members when they are needed.

These programs will make the IRR pool more responsive to a mobilization call and will increase it in size for DOD as a whole from 396,000 at end-fiscal year 1979 to 540,000 by end-fiscal year 1981 and 680,000 by end-fiscal year 1985. The projected increases in Army IRR strength for the programs discussed are shown in the following table.

PROJECTED ARMY IRR STRENGTH INCREASES FROM FISCAL YEAR 1979

| Program | End fiscal year 1981 | End fiscal year 1985 |
|---|---|---|
| Screen dischargees | 30,000 | 80,000 |
| IRR reenlistment bonus | 15,000 | 30,000 |
| MSO for women | 3,000 | 25,000 |
| Elimination of time in DEP |  | 14,000 |
| Age 26 MSO policy |  | 10,000 |
| Total | 48,000 | 159,000 |

The expected increase of 159,000 Army IRR members will not be sufficient to eliminate the 200,000 shortfall mentioned earlier. Consequently, increases in the strength of the Selected Reserve will be needed also to insure that wartime manpower requirements can be met.

### *D. Selected Reserve strength increases*

The programs to increase Selected Reserve strength are in four major areas:

Varied enlistment options are now being offered in the Selected Reserve. New accessions may enlist for four or five years in the Selected Reserve with the balance of the six year obligation in the IRR. These options are in addition to the standard six-year enlistment.

More flexibility is available to individuals in scheduling their initial periods of training. In the past, all new accessions were required to serve a minimum of 12 consecutive weeks during which they received basic military training and their specialty training. Split-training is now offered which permits enlistees to take basic military training and specialty training in two separate sessions; e.g., two consecutive summers.

Enlistment and reenlistment bonuses as well as educational benefits are now being offered. The incentive programs are designed to attract and retain people in Selected Reserve units scheduled to deploy in time of war. These programs have been in effect since December 1978.

A full-time Army Reserve recruiting force under the control of the Army's Recruiting Command is now in operation and is using a centralized referral system, an automated system for accession management, and recognition programs for outstanding performance by individual recruiters. This management program has been a major contributor in reversing the decline in Army Reserve strength.

These programs all deal with encouraging enlistment and reenlistment in the Selected Reserves. We recognize the importance of reducing attrition. Lower attrition will lead to increased strength, even without more enlistments. We intend to make significant efforts to reduce attrition in the Selected Reserve as we have done in the active force.

Together the increases in IRR and Selected Reserve strength are expected to reduce the Army's shortfall of pretrained manpower to about 125,000 at the end of fiscal year 1981 and eliminate it by fiscal year 1985.

### *E. Other management actions*

In addition to the programs for increasing the strength and better managing the IRR and Selected Reserve, we are improving the responsiveness and utility of the retiree and Standby Reserve pools of trained individuals.

Members of the Standby Reserve are being screened to determine their mobilization potential and those with valuable skills are being asked to transfer to the IRR. The frequency of contact with the members in order to validate home address, physical status and other important data is being increased.

All the Services have programs underway to identify positions that can be filled upon mobilization by retired personnel. Efforts are also underway to identify retirees and pre-assign them to specific mobilization positions. Retired personnel represent a valuable and experienced resource who could be used for jobs in the training and support establishments to replace active duty personnel who would then be available for assignment to combat units.

### 5. CONCLUSIONS

The programs underway for increased manning in the IRR and Selected Reserve should eliminate the shortfall by 1985.

Since the full set of volunteer programs will not be operational until fiscal year 1981, it would be premature to opt for a draft alternative before evaluating fiscal year 1981 performance.

A draft will not solve the IRR problem much sooner than the improvements contained in the current program. Current Army training base expansion capabilities would limit the amount of accessions to about 80,000 people annually, in addition to those programmed. Therefore, it would take an IRR draft about two and one-half years to fill the 200,000 shortfall. An IRR draft could not start delivering draftees until about 6-12 months after enactment of draft legislation because of the time needed to reconstitute the Selective Service System for a peacetime operation.

The cost and impact on society which a draft would generate is not worth the advantage of raising the IRR strength more quickly.

### 6. RECOMMENDATIONS

That the Congress not provide authority for the President to induct persons into the IRR.

That the Congress support the Administration's fiscal year 1981 programs for increased Selected Reserve manning as well as IRR strength initiatives and management improvements within the context of the All Volunteer Force.●

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## KICKING THE POOR

## HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● **Mr. DIXON.** Mr. Speaker, next week we will begin the long and cumbersome task of ordering the Nation's priorities through our consideration of the first concurrent budget resolution for fiscal year 1981. Amidst the inflamed rhetoric which will no doubt surface during this debate, I hope that Members will keep in mind the very real human costs of many of the proposed budget cuts, and act in a manner which they can later defend, both to their constituents, and to their consciences. In the rush to jump on the budget-balancing bandwagon, we must take care to insure that the poor and neglected in our society are not crushed beneath its wheels.

I am particularly concerned about a proposal which has recently surfaced in bill form in both the House and Senate. This legislation would cut the already inadequate level of food stamp benefits for families whose children participate in the national school lunch program. Though thankfully not embraced by the Budget Committee, there are indications that this invidious proposal may be offered as a floor amendment to the budget resolution. Mr. Speaker, I can think of no action which would better confirm this body's growing reputation as a collection of springtime Scrooges than the adoption of such a measure. To take the food out of the mouths of our children in order to fatten an already bloated military budget would constitute an unconscionable act of callousness and indifference, while weakening our investment in this Nation's most precious resource, its children.

A recent Washington Star article by syndicated columnist Carl Rowan places this particular effort, as well as the overall budget-cutting mania, in its proper perspective. I hope all my colleagues will take time to review Mr. Rowan's incisive commentary.

The article follows:

[From the Washington Star, Mar. 26, 1980]

### KICKING THE POOR

Suppose you know of a poor family—a mother earning the minimum wage with three children—that gets $129-worth of food stamps each month (the average).

Suppose someone tells you that the children in that family eat in the school lunch program every day. Would you insist on taking away up to 45 per cent of the family's food stamp benefits as part of your program to cut the budget?

That is the kind of moral and human issue we Americans confront as we try to whip inflation by balancing the budget.

Sen. Jesse Helms has made his decision. He is sponsoring legislation that would save some $600 million a year by reducing food stamp benefits by over $9 a month for each child of school age in a household. An even more drastic cutback, about double that amount, has been suggested by the Congressional Budget Office.

These proposals stem from the belief that school lunch benefits "overlap" with food stamps and thus constitute duplication and waste. But that line of thinking outrages Americans who believe that the school lunch program "complements" food stamps and that no person can be well fed in the U.S. today on 58 cents per meal, which is the most the stamp program allots in its Thrifty Food Plan, the Agriculture Department's lowest-cost menu.

The food stamp fracas is just one of many current bits of evidence that in our society bad situations often produce terrible "solutions."

With President Carter's encouragement, much of the Congress is whacking away recklessly at the 1981 budget, as though it is trying to pound the life out of a snake called inflation. In its frenetic, sometimes conscienceless slashing, the Congress can inflict wounds upon this society that will last far longer than inflation.

One of the few laudable innovations in Mr. Carter's 1981 budget is a program to give meaningful training to the thousands of unemployed teen-agers who blight the streets of our cities. But now, in this atmosphere of Herbert Hooverism-gone-mad, House Budget Committee Chairman Robert N. Giaimo and a coalition of conservative Democrats and Republicans, have voted to defer such training.

On paper this looks like fiscal frugality; in the real world it would pump poison into the social mainstream of America. For every million dollars "saved" by leaving these young Americans unable to cope in this society, you and I are going to pay billions in welfare, food stamps, Medicaid and losses through crime.

In the current madness, reactionary forces in Congress want to block child health programs, reduce legal services for the poor, repeal portions of the Truth-in-Lending Law so that a store that has signed an agreement that a family will pay $20 a month on its bill can demand that the family pay $40 a month—which could drive many families into bankruptcy.

Let me say more about the implications of putting the food stamp program on the anti-inflation "hit list." It illustrates perfectly what Rep. William Brodhead said to Giaimo:

"We can kick the hell out of poor people because they aren't numerous and they aren't represented (among the lobbyists) in this room. This is not political courage; this is a political cheap shot."

A recent Agriculture Department study found that only 1 in 10 families in its Thrifty Food Plan gets the recommended daily allowances of the seven basic nutrients. So a child fortunate enough to receive lunch at school is simply getting a better chance at a minimally adequate diet—just as other food programs for the elderly and pregnant women complement the food stamp program.

There are other flaws in the Helms proposal, but the most discouraging thing is what it says about the conscience of America in this era of anti-inflation panic. Over the past dozen years we documented the widespread existence of hunger in this country and we developed programs to wipe that blot off of our society.

Are we now ready to take a step backwards toward more hunger and malnutrition?●

## RESTRICTION OF WEEKEND BOATING

### HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. ROTH. Mr. Speaker, recently the Department of Energy held hearings in Washington, D.C., regarding their proposed standby Federal emergency plan. This proposal has several provisions but the one that directly affects thousands of people in the State of Wisconsin is the restriction on weekend boating.

Because this matter is also of such great concern to many other Members of Congress whose State's economy is largely dependent on the tourism industry I submit for the RECORD testimony I presented to the Department of Energy at their hearing on March 20, 1980.

The testimony follows:

STATEMENT OF CONGRESSMAN TOBY ROTH BEFORE THE DEPARTMENT OF ENERGY

Mr. Chairman, I appreciate the opportunity to appear before you today to discuss the Department of Energy's proposed Standby Federal Emergency Plan, dealing with the restriction on weekend boating. I recognize the necessity of developing a standby emergency plan to be used in the event of an extreme energy shortage. Today, I am representing thousands of people from the state of Wisconsin who are greatly concerned, as I am, over the proposal that DOE is considering. We have no illusions about the gravity of the energy situation facing this country and want to make it very clear that we are willing to do our part and make the difficult sacrifices in order to conserve our energy resources.

However, Wisconsin's economy is dependent to a great extent on tourism. It is the third largest industry in Wisconsin and generates almost $5 billion each year in sales through 32,000 individual businesses.

In a broader context, travel and tourism is also the nation's third largest industry, generating about 7 percent of this country's gross national product, and is directly responsible for providing approximately 6 million jobs.

There are basically five reasons why residents of my state are adamantly opposed to the restriction of weekend use of recreational watercraft.

1. This measure would result in minimal fuel savings at best. Boating consumes little fuel, less than one-half of 1 percent of the annual U.S. oil consumption. Estimates of marine fuel usage by DOE in projecting potential energy savings are too high.

2. It would severely impact on small businesses, specific towns and certain geographic areas. As indicated earlier in my testimony, there are more than 32,000 individual businesses in my state alone that will be directly affected by this proposal. It was recently brought to my attention that just the rumor of this proposed regulation has caused such a negative psychological impact that one of the biggest ship manufacturers in Wisconsin has recently laid off hundreds of employees and more lay-offs are expected.

3. Directly related to that, this proposal would impact a select industry for several billion dollars and would be disabling. There are more than 8 million registered boats, and more than 50 million Americans who boat annually. The travel and recreation industries employ a large number of people. Hotels, motels, restaurants and attractions add to their payrolls thousands of part-time and seasonal workers who depend upon this income for their livelihood. Hundreds of students count on their summer jobs in the tourism industry for the dollars to pay their tuition and living expenses during the following school year. For workers with minimal skills this industry serves as a means of survival and, not infrequently, a training opportunity that can lead to more permanent employment. Negative economic indicators in the tourism industry can spell real trouble for people who can least afford to bear it.

4. This proposal would be illegal because it discriminates against a limited class of users, and a weekend ban on sale of gasoline is prohibited by law. Needless to say, those connected with the boating industry in my state do not like being singled out and feel the restriction would be illegal discrimination. There are at least five laws which prohibit discrimination among the weekend users of energy, and this proposal to restrict or ban weekend boating is a direct and blatant violation of these laws. Furthermore, it establishes a precedent that seriously endangers a segment of our society that yields many social and economic benefits while achieving only an insignificant reduction in fuel consumption.

There is no similar ban proposed for other forms of fuel using recreation and, in fact, DOE has exempted other low fuel consumers from such discriminatory restriction. For example, there are no such restrictions applied to general aviation, snowmobiling, or recreational vehicles.

Moreover, the proposed rule contradicts the statements of DOE Secretary Charles Duncan to the Recreation and Tourism Caucus on January 30, 1980 in which he said that no segment of the recreation industry would be "singled out" for discriminatory treatment.

5. Finally, this proposal sacrifices one segment of the travel and tourism industry as a "symbol" for fuel consumption. It appears that the Department of Energy is deliberately singling out the boating industry because they see boating as having a high public visibility. Unfortunately, it would prove to be a very costly symbolic scapegoat. Moreover, there is a noticeable lack of a precise disengaging trigger mechanism for any such program. Nowhere do I find what circumstances would be necessary to resume business as usual or even effect any modifications to the restriction. In short, it appears to be both unwise and unfair to implement the proposed regulations, and I would strongly encourage some corrections and revisions to the plan.

Everyone concedes that in an "energy emergency" priority uses exist. Once these priority needs have been met, all other current and future user requirements should be met or curtailed on an equitable basis. Such an approach embodies basic notions of fairness that all should share the burdens of a shortage and is one of the few principles upon which a national consensus exists with respect to energy problems.

Again, Mr. Chairman, I thank you and the Department of Energy for the opportunity to present these views and concerns on behalf of the thousands of individuals affected by this proposed plan.●

## INTERVIEW WITH ADMIRAL MOORER

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### HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

• Mr. CARTER. Mr. Speaker, Adm. Thomas H. Moorer has long been a friend of mine. He was a great Chairman of the Joint Chiefs of Staff, and his ability and patriotism have long been recognized by many leading Americans.

A weekly publication entitled "The Review of the News," carried an interview with Tom Moorer in its March 26 edition. I am glad to include that interview for the RECORD:

### AN INTERVIEW WITH THE FORMER CHAIRMAN OF THE JOINT CHIEFS OF STAFF

(By John Rees)

Thomas H. Moorer was graduated from Annapolis in 1933. In 1967, President Johnson named Admiral Moorer to be Chief of Naval Operations, and in 1970 the Admiral became Chairman of the Joint Chiefs of Staff. He retired from the Navy in 1974 after 41 years of distinguished service.

Admiral Moorer now serves on the boards of a number of America's major industrial concerns, including Fairchild and Texaco. He is also a member of the board of the U.S. Strategic Institute, and serves on the advisory board of the Georgetown University Center for Strategic and International Studies, which recently published his monograph, "U.S. Overseas Bases: Problems Of Projecting American Military Power Abroad."

Question. Admiral Moorer, what is the chief role of the U.S. Navy?

Answer. For years the United States has had what we term a Forward Strategy; that is, our goal is to keep war away from our country's shores. For this reason, we have kept our military forces, particularly the Navy, deployed some distance from our shorelines. Thus our Sixth Fleet is in the Mediterranean; our Seventh Fleet has been deployed in the Western Pacific ever since the end of World War II; and, now we have stretched the Seventh Fleet to cover the Indian Ocean in response to developments in the Middle East.

Question. We hear that a strong Navy is essential to coping with local "brushfire" wars. Why is that so?

Answer. In the first place, our ships can be deployed in the threatened area without actually participating in combat. The very presence of a naval force is an indication of U.S. intent and capability that can be enough by itself to cool hot spots. On many occasions in the past, such demonstrations of American naval strength have served to forestall hostilities.

Secondly, the Navy can move around on the world's oceans without finding it necessary to get permission from sovereign nations to be present. This is not the case with either the U.S. Army or the Air Force, which must depend on the good graces of friendly foreign countries to provide them with base sites.

It is especially important to keep this in mind because in the last few years the United States Government has managed to dispose of allies at a remarkably rapid rate. The number of bases available to us has been so reduced that we now have but one-fifth the overseas bases we had even 15 years ago. Some of our losses have adversely affected us in critically important regions. For example, when the military *coup* led by Colonel Qaddafi overthrew King Idris of Libya, his first action was to throw us out of our vast Wheelus Air Force Base. That was a base from which the United States was able to provide logistics as well as military airpower over a large section of the Mediterranean. Now it is the Soviets who are operating out of Wheelus.

The same thing goes for the periphery of Africa. Only six years ago the Portuguese airbases in the Cape Verde Islands, Angola, Mozambique, and so on were available to U.S. forces. Quite the contrary is true today. Now Soviet forces are in command of those bases.

Q. Well, don't we have Diego Garcia?

A. Diego Garcia is the only sovereign base the United States has in the Indian Ocean, and it's not really a base but a "facility." What I find amazing is that ever since we selected Diego Garcia, and began seeking appropriations from Congress to build an adequate runway and port facilities, there has been a powerful group in Congress which has fought time after time to stop any kind of improvements.

Since the Iran and Afghanistan crises, of course, such congressional opposition has become very quiet. It was nevertheless extremely shortsighted of Senators like John Culver (D.-Iowa) and others to make it almost impossible to develop Diego Garcia over the past several years.

Q. We understand that the Administration is now considering making use of port facilities and airfields in Oman at Masira Island, at Berbera in Somalia, and at Mombassa in Kenya. Considering the Soviet naval buildup in the Indian Ocean—just a few weeks ago they added at least two new guided-missile cruisers, various frigates, and support ships—do you think the United States should seek to build up real bases either in East Africa or in Oman?

A. Well, I think we should at least make arrangements to use such ports and facilities in an emergency. But the Sultan of Oman said on television the other day that he and his people did not want a permanent U.S. military presence in their country in peacetime. That brings us back to the question you asked me about the utility of the Navy in a brushfire situation. The Navy can be on the scene, as it is right now in the Indian Ocean, without requiring access to territory of a sovereign nation.

Q. Then, in effect, a forward position of U.S. Navy forces produces fewer irritations to the sensibilities of foreign governments than land-based forces?

A. Exactly. When I was commander of one of our carriers, the *Saratoga*, we visited Istanbul at a time when relations between our country and Turkey were quite strained. As a matter of fact, there had been an incident in which the Turks had burned the feet of a U.S. Army sergeant who had been accused of black market activity. But, when the *Saratoga* paid that visit, everything went as smooth as silk. Our sailors were there for five days; the Turkish Government knew they would be there for that precise amount of time. And, when we went back out to sea, we were completely gone—out of sight, out of mind.

That sort of U.S. Navy presence does not impinge on the day-to-day activities of the public in foreign countries; no land has to be appropriated by the local government for base housing; there is no problem like those which might result from a sudden inundation of U.S. military dependents with customs and habits that grate on local sensibilities; and, visits by the U.S. Navy are far more acceptable to other nations than the arrival of a large Army or Air Force contingent.

Q. Since the end of World War II there has been a continuing reduction in the power of the U.S. Navy. What are the strategic implications of the giveaway of the Panama Canal, which effectively splits our naval forces between the Caribbean and the Pacific Ocean?

A. I believe that paying the Panamanian regime millions of dollars to take the Panama Canal off our hands will turn out to be the most damaging action to both the defense and the economic well-being of the United States of America that has occurred in this century.

Despite what the Administration's civilian defense advisors say, we do not have a two-ocean Navy. We barely have even a one-ocean Navy. This means that whenever we have to mount any sort of concentrated naval effort we must transfer forces from one ocean to another. If our ships are forced to sail around The Horn it will add 30 days to their transit time. This problem has been aggravated recently because of the tremendous drain that would have on our fuel reserves.

Q. Then the Panama Canal is still important for the U.S. Navy, despite what the Carter Administration has claimed?

A. The Panama Canal is critical, if not vital, to the use of the Navy that the United States now has. During the Cuban missile crisis in 1962, for instance, we moved very large amphibious forces from the Pacific through the Panama Canal into the Caribbean in preparation for invading Cuba. Rather than have that happen, Khrushchev and Castro decided to deal. Had the Panama Canal then been under the control of a hostile government which closed it to our Navy, that type of pressure operation would have been impossible.

Q. Admiral Moorer, what sort of naval facilities do the Soviets now have in Cuba?

A. The largest Soviet facility is at the port of Cienfuegos on the southern coast. In addition there are continual visits of Soviet naval ships to Havana. These two port facilities permit the U.S.S.R. to station forces in Cuba and to provide logistical support to the Red Navy's ships that pay visits there. In the case of any likelihood of hostilities the Soviets could greatly expand the number of their ships operating out of Cuba. So the strategic implications are very great; and, in my opinion, this Soviet presence constitutes a violation of the Monroe Doctrine.

It is clear that the situation in Cuba has been ignored since the time of the Cuban missile crisis. Cuba has never received enough attention as a threat to U.S. security. It gives the U.S.S.R. not only a military capability against the United States directly, but it also has had a significant political impact throughout the Caribbean and in Central America. The fact that the Russians have been permitted to maintain military forces so close to the United States adds to Soviet prestige and diminishes ours.

Q. Recently there were some stories floating about that exercises in and around Guantanamo, our base in Cuba, indicated our radar net monitoring Cuba was less than effective. Have you heard that?

A. That exercise was presented as an answer to the presence of a Soviet brigade at a moment when the status quo was declared "unacceptable" by the President. But the fact was that this exercise had been scheduled for about two years. It was not laid on for the benefit of showing a tough face to the Russians. It was pure coincidence that this exercise coincided with the controversy over the Soviet military force in Cuba. Nevertheless, the White House tried to present it to the media and the public as a show of force on the part of the Administration as if the President were wagging his finger at the Soviet Union. That's a lot of garbage.

Now you hear these complaints that our radar didn't work or something else like that. What is behind such reports? There seems to be some sort of psychological compulsion on the part of reporters to find something wrong with our defense forces. Some sectors of our society have become very big at self-flagellation.

Q. Admiral Moorer, we are all aware of the capital-intensive nature of our naval forces. How do they compare with those of the Soviet Union?

A. It is difficult to compare them in terms of dollars and cents. In the Soviet totalitarian society their Minister of Defense Controls all the raw materials, the factories, in fact the whole system that develops the Soviet military forces. In addition, the pay of their personnel is so low compared to ours. Where we pay about 55 percent of our annual defense budget for personnel, the Soviets spend about 25 percent or less on the manpower. For instance privates in the Red Army fighting in Afghanistan are being paid about $7.50 a month.

But, in terms of military expenditure as a percentage of Gross National Product, the Soviets have been investing about five times as much in their Navy as we have in ours. When I was Chief of Naval Operations in 1967, our Navy had more than 900 ships. Today, we have about 390.

Q. Hasn't the Fiscal 1981 Budget been promoted as greatly increasing all our defenses, including provision of plenty of new ships?

A. The Administration's shipbuilding program calls for building about 17 ships a year. Ultimately this will reduce the U.S. Navy to less than 300 ships. Now, with the Middle East crisis, the Carter people haye suddenly become mindful of the need for saltwater capacity. They have suddenly discovered that in a crisis such as we have in the Middle East the U.S. Navy might prove to be the only branch of the Armed Services that could respond. We don't have any Army or Air Force in the Middle East, but we certainly do have a large Navy contingent in the Arabian Sea.

Q. Didn't candidate Carter present himself four years ago as a "seapower" advocate?

A. That's not what he has done in office. One year he used his veto against an appropriation to build a nuclear-fueled aircraft carrier. The second year, when he saw that Congress was determined to build it, he didn't use his veto. Now, every time he gets into difficulties, he sends for the aircraft carriers.

When President Park of South Korea was assassinated, the first thing Mr. Carter did was to send a carrier taskforce to stand off Korea just in case the North Koreans planned to take advantage of the situation. Then, when the Shah was being overthrown, he ordered a carrier into the Arabian Sea—only to countermand its sailing orders. On third thought, he changed his mind again and sent the carrier through the Indian Ocean. Then he decided the U.S. needed still more force in the Arabian Sea, so two more carriers joined the first at the mouth of the Persian Gulf.

Q. May I ask if that leaves us with anything in the Pacific Ocean?

A. Unfortunately the answer is that all our carriers in the Western Pacific that had guarded the waters off Japan, Red China, Taiwan, The Philippines, and other countries of East and Southeast Asia, are now gone. This has made the Japanese very nervous because they have come under increasing naval pressure from the Soviet Union which maintains large forces at Vladivostok and in the Sea of Japan.

Q. Then we now have nothing off the Japanese coast?

A. That's right.

Q. How does the U.S. Navy stand against the Red Navy in terms of quantity and quality?

A. In terms of quantity, the Soviets exceed us in every category except aircraft carriers. In terms of quality, it is much more difficult to say. The Soviet Navy has ships much newer than ours, but there is no indication that they are as advanced technologically. There's no simple answer to such considerations as whether our better technology offsets their marked preponderance in numbers.

Our chief problem is that the U.S. Navy no longer has the number of ships it needs to protect American interests. We have too few ships for the area that must be covered.

Q. What about the activities of the Soviet merchant fleet? Doesn't it play a military role?

A. The Soviets control their fishing fleet, their oceanographic fleet, their merchant marine and their naval combat forces all from the same headquarters. The Soviet objective is to establish a worldwide presence one way or another, and their merchant fleet is very modern and very new, in excess of 20 million tons.

During the Vietnam War the Soviet merchant marine would deliver war supplies to Haiphong for the North Vietnamese. Then they would sail to Australia and pick up a cargo of wool and charge an incredibly low price for transporting it, undercutting the competing Norwegian cargo rates. Since the Soviet merchant marine is an agency of the Soviet government it is not motivated by making a profit from its shipping fees. Rather, its objective is to undercut and put Western shipping lines out of business while at the same time gaining foreign exchange. Doubtless they were pleased to undercut and take business away from the Norwegians, all the more so because Norway is a member of N.A.T.O.

Q. Why has so little public attention been given to this Soviet strategy of destroying the Western shipping lines by undercutting their prices with a government-subsidized, government-controlled merchant fleet?

A. I don't know, and I've been making speeches for 10 years pointing out this dangerous strategy. Maybe it's because Americans are so crisis-oriented. They are all from Missouri in the sense that they don't believe there is a problem until it has reached crisis proportions. Once it hits them, they can put forth a fantastic amount of effort. But there has to be some sort of crisis.

Remember that the so-called isolationists were a strong, even dominant, force in this country one year before World War II started. You should remember that Congress passed the draft law by only a single vote. Then, when the Japanese hit Pearl Harbor, Congress declared war unanimously—with the exception of a single vote cast by a female Representative who was not returned to Congress.

Q. But isn't that the way Americans are? They want to be left alone to go about their business; but when they realize the leaders of some foreign country are trying to damage America, watch out.

A. Just so. In fact, the Japanese are still shaking their heads about that. They would never be able to pass a draft law or a military budget by just one vote and then shortly thereafter declare war unanimously. They are much less flexibile than we are.

Q. Well, one can certainly say that America's forward defense strategy worked well in World War I and II. The Japanese took The Philippines and bombed Pearl Harbor, but they never were able to invade Hawaii or bomb California or Oregon.

A. That's right; it's been very successful. We've been through World War I and World War II, and never has the United States been invaded or bombed. Practically every other nation in the world has been decimated by war on two or three occasions during the same period. The American people are not therefore conditioned to understand what a war means in terms of hardship and suffering of the civilians.

Leaving aside the British raid on Washington in the War of 1812, the Second War of Independence, the South is the only part of the United States that has ever been invaded and suffered the destruction of war and the injustice of occupation by conquerors. I think that is why we now find that Southerners in general, and their Congressmen, are much more inclined to support a real defense budget than are the others. Southerners have a living memory handed down from their grandparents and great-grandparents that other Americans do not.

Q. Then the burning of Atlanta and Reconstruction still serve as lessons of what happens when you lose a war—lessons the Southerners have never forgotten?

A. Yes, it is true. Look at the Senate and House for Members who support a strong defense—Stennis of Mississippi; Thurmond of South Carolina; many of the Southern Congressmen. With the exception of the South, however, the United States doesn't really seem to understand what war is all about. One result is that our defense barriers have been pushed back and our forces spread very thin.

Q. How do the personnel of the Soviet Navy compare with ours?

A. Well, they are not as experienced as we are in operating at a long distance from their home ports. They lack technical expertise in replenishment and things of that sort. Tactically, they are not as sophisticated as we are in carrying out maneuvers. Usually when we hold maneuvers Soviet ships get in as close as they can. Many people, particularly journalists on our ships as observers, have thought that the Soviets were just showing off or trying to be threatening or were carrying out espionage. But, from the way the Soviet captains and officers were busy with binoculars, I always had the feeling they were also trying to find out how to do the things we were doing—how you actually go about doing these things—and so would get as close as they possibly could without any immediate hostile intent so as better to prepare themselves to be hostile later.

Q. How is the all-volunteer military working out for the U.S. Navy? Is the Navy getting all the recruits it needs?

A. You didn't ask me the right question, and let me explain why. During Vietnam and the college demonstrations against the draft, the White House got the idea that the reason for opposition to the draft was that draftees earned so little. Young men were drafted and paid less than others were earning as civilians; therefore you could see it in terms of a discriminatory tax. So the way to institute a volunteer force, according to the University of Chicago economist Milton Friedman, was to increase the pay of recruits. Congress went along.

Well, the problem is that they ignored all the really valuable people—the skilled machinists and engineers and mechanics, the sergeants and Boatswain mates—the men who really run the military.

It is total nonsense to pay $15 million for a military aircraft and then have a crew chief who can not even read the instruction book. That is what is happening today—the U.S. military is running the largest grade school in the world. They are always recruiting people, and boast about the percentage of recruits who are high-school graduates. But, unfortunately, the bulk of high-school graduates in the United States can't read or write even at the level of the average sixth-grade pupil in 1950.

You know here in Washington, D.C., the other day, they took some young people who all had high-school diplomas and left them up in Northeast Washington. They were told to ride the bus to another place. But, since they couldn't read the bus schedules, they couldn't find their way. These were high-school graduates.

Q. That's not funny; that's frightening.

A. Damn right! The school system has been virtually destroyed. They decide to teach "new math," and the result is that graduates cannot do the multiplication, division, and subtraction of basic arithmetic. They let them use tables and calculators in tests, and none of them can multiply nine by 6. And the discipline that once ensured an orderly, scholarly, learning atmosphere in the classroom is out the window. Our schools must get back to teaching the three R's. Everywhere you look there is a depreciation of quality and personal discipline in American life.

Q. Have you any idea how we might get our country out of this mess?

A. We are in this situation because we have sent rascals and rogues—better just call them politicians—to run both the Executive and Legislative branches of government. These politicians have learned how to use the taxpayers' money to bribe the taxpayers—one segment of them at a time.

Instead of a united republic, we now have a conglomerate of special interests. Every identifiable segment of society—young, old, urban, suburban, employee, employer, white collar, blue collar, every ethnic and racial group—is being encouraged to demand special consideration of their "rights" and forget about the needs of the country as a whole.

Every two years all Congressmen have to run for office, so in effect they are running all the time. Each of them looks around and determines what groups will give him the biggest support, and then he acts accordingly. If they represent a city district, they boast about how much federal money they brought into their districts for housing, job training, environmental protection; and, if they represent a rural area, they talk about how much federal money they got for crop price supports or an irrigation project.

Q. And if the American people don't like the way elected officials are spending their money, they should vote them out of office?

A. Often when I ask people who they are going to vote for, they say that they're not going to vote at all. And I ask, "Why not?" They reply, "All the candidates are bad, so I'm not going to vote for any of them." And then when I ask them, "Did you work in the primaries for a candidate?" they invariably say, "No."

Well, it seems clear that if you don't like the candidates being offered in the general election, and you didn't work in the primaries for a candidate you do like, you have no call to complain about the quality of the officials being sent to Washington.

Q. In your speaking tours around the country, Admiral Moorer, have you found any evidence that Americans are becoming more aware of the issues and what needs to be done?

A. Yes. They're getting really concerned, and damn well should be. I hope this brings about a major change very soon.●

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# TOWARD TRUE INTERNATIONAL SECURITY

## HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. OTTINGER. Mr. Speaker, I am profoundly distressed by the administration's strictly reactive responses to international crises. Clearly absent from our current foreign policy is a consistent and well-thought-out plan which promotes international security. An effective security policy must include economic, political and diplomatic as well as military components. The administration's policies fail to do so. New Directions Policy Action Committee's statement, "Toward True International Security," sets forth a viable framework by which we can begin to address this very pressing problem. I commend the statement to my colleagues' attention.

The statement follows:

### TOWARD TRUE INTERNATIONAL SECURITY

The brutal Soviet invasion of Afghanistan has triggered a U.S. response that deals with security problems on too narrow a track. It has brought into sharp focus the popular perception that our international frustrations stem from an erosion of our military power and could be relieved by its expansion and exercise.

Further Soviet interventions must be prevented, and we support those careful measures—including the boycott of the 1980 Olympics and the suspension of sales of grain and technology—that will strengthen deterrence by emphasizing the cost of military intervention.

But an across-the-board military build-up, already in the works before the invasion, must not be sanctified as the guarantor of security in the dangerous 1980's and '90's. Other, broader-gauged approaches should not be ignored in an emotional pursuit of security through military means.

The invasion of Afghanistan has properly outraged, but should not have astonished the American public and government. There were cruel precedents in Hungary in 1956 and Czechoslovakia in 1968. Although Afghanistan was the first time Soviet troops crossed a border outside of Eastern Europe, the Soviets had previously shown a willingness to use proxy forces to extend their influence, as they did in Angola, Ethiopia, and South Yemen.

The commitment to a massive U.S. military build-up, however, reflects an oversimplified view of security threats. Soviet military power is certainly a major threat, but by no means the only one. Other threats capable of undermining our economy, poisoning our environment, or destroying our country would remain even if Soviet troops were withdrawn from Afghanistan. These threats include: shortages or disruptions in the supply of raw materials; worldwide inflation; population pressures; the growing income gap between industrialized and developing nations; pollution of the oceans and the biosphere; the spread of nuclear weapons, and the Soviet-American arms race.

These threats will not yield to military solutions.

An effective security policy must include economic, political and diplomatic as well as military components.

#### MILITARY COMPONENTS

New Directions supports a system of prudent deterrence.

The United States already possesses, vis-a-vis the Soviet Union, roughly equal military strength and enormous destructive power. Even before another bullet is added to the U.S. arsenal, the Soviets must be wary of any conflict that might lead to a direct clash between the superpowers.

The United States leads the Soviet Union in significant military categories: numbers of nuclear warheads, submarine and ballistic missile technology, strategic bombers and cruise missiles, size and firepower of naval vessels, quality of combat aircraft. Moreover, the United States heads an alliance of real partners, while Soviet military leaders must wonder which way their Eastern European "allies" would fire their guns in case of war.

To enhance deterrence against an attack with conventional forces in the Middle East, the United States needs to emphasize combat readiness, reliability and flexibility. This is largely a matter of training, partly a matter of available transport. It does not demand a massive build-up across the entire gamut of conventional and nuclear forces.

Whatever the needs in the conventional area, further pursuit of the nuclear arms race can only create greater insecurities for both superpowers. The deployment on both sides of greater numbers of more accurate, multiple-warheaded missiles will increase the levels of nervousness in periods of tension. Sophisticated anti-satellite weapons may soon multiply the uncertainties unless space is blocked off as an arena of armed competition. Continued additions to superpower nuclear arsenals will remove any hope of exercising political and moral pressure on near-nuclear countries in an effort to dissuade them from developing their own atomic bombs.

Despite Soviet behavior in Afghanistan and elsewhere, and in part because this behavior has made the world a still more dangerous place, agreements to control and reduce strategic weapons must be vigorously pursued. In this connection, we support the Carter Administration's decision to seek reciprocal adherence to the key restraints of SALT I and II while awaiting ratification of SALT II. We look forward to the resumption and acceleration of arms talks that have been interrupted or slowed by the crisis in Afghanistan, and to the initiation of talks on NATO and Warsaw Pack medium-range nuclear delivery systems.

Because of the forward momentum of weapons technology and the threat of spread of nuclear weapons to additional countries, there is no time to lose in halting and reversing the nuclear arms race.

Even as arms are bulit up in some areas and, hopefully, reduced in others, it is important to remind ourselves of the limits of military power. This power is essential for deterrence. In the Middle East, deterrence also depends on stable nations who are prepared to protect their independence—a condition that is not easy to attain. If deterrence fails in that oil-producing region, there will be war but no oil. A superpower conflict that stopped short of nuclear war would nonetheless prevent oil from getting out of the Persian Gulf and, probably, out of the ground. And, in a great variety of situations, military power is either not directly relevant or not effective.

#### ECONOMIC COMPONENTS

The U.S. dependence on Middle East oil that now propels us toward armed confrontation could have been reduced—and can still be reduced—through a vigorous policy of conservation. The simple means are available, without waiting years for the future contributions of new technologies. The President should prod government at all levels to provide incentives, disincentives, and practical information to promote energy efficiency. Gasoline rationing should be instituted to curb non-essential driving.

The resulting cut in demand would permit a reduction both in oil imports and in the chances that Americans will have to go to war to assure their sources of fuel and heating.

Beyond the current need for this basic fuel, we view a strong economy at home and worldwide economic development as fundamental foundations of long-term security.

We see the indefinite commitment to increased military spending as weakening our economy through ever-higher inflation and shortages in the consumer sector.

We agree with the Preliminary Report of the Presidential Commission on World Hunger, which declared:

"Promoting economic development in general, and overcoming hunger in particular, are tasks far more critical to the U.S. national security than most policymakers acknowledge or even believe. . . . Military force is ultimately useless in the absence of the global security that only coordinated international progress toward social justice can bring."

Fortunately, such progress can be built on the high degree of interdependence that already exists between the industrialized and developing nations. The United States, for example, imports over half of 18 basic commodities, mostly from the Third World. We export more to the non-OPEC developing countries than we export to all of Europe, the Soviet Union and China combined.

The path toward social justice at the global level lies in economic bargaining, not in military intervention.

An additional means of overcoming hunger has been offered, ironically, by the U.S. policy of punishing the USSR for the invasion of Afghanistan. Of the 17 million tons of grain denied to the Soviet Union, there are 4 million tons of wheat. That is the precise size of grain reserves proposed by the Administration in 1979.

This is the opportune moment to create government-held grain reserves as a backstop to the Public Law 480 food aid program. Reserve stocks—the ever-normal granary of the Old Testament—would be released under this arrangement solely to meet emergency food needs in developing countries.

We stongly support the creation of grain reserves as a major step toward the elimination of mass hunger and the removal of the desperation of hungry people as a factor in international relations.

### POLITICAL COMPONENTS

The United States needs to define and maintain a consistent attitude toward the Soviet Union and the Third World.

At various times the Carter Administration has offered the USSR a choice between "confrontation or cooperation" or "competition and cooperation". The United States should conduct a firm, clear policy of taking prudent action to deter Soviet military moves, continuing to compete non-militarily for political influence, and seeking cooperation with the Soviet Union in areas of common interest such as preventing nuclear war and the proliferation of nuclear weapons.

The Soviet moves most responsible for the deterioration in U.S.-Soviet relations even before the invasion of Afghanistan include the build-up of its military forces, including intermediate-range missiles targeting Western Europe, the use of Cuban proxies, and the repression of dissidents at home.

However, we should candidly recognize that the United States is not without responsibility for this deterioration. Among the U.S. moves that have contributed to this situation are congressional obstacles to normalized trade, the overt playing of the "China card" at critical moments, the treatment of the issue of Soviet "combat" troops in Cuba as a new and baneful development, delays in SALT II ratification, and the premature decision to deploy new NATO missiles. Some of these moves might have been avoided by accepting the reality that, while Soviet foreign policy can often be ugly, the USSR also has legitimate security interests.

U.S. relations with the Third World are a mixture of growing economic links and continuing anti-U.S. sentiment. The United States is resented for its economic dominance and its occasional embrace of dictators who repress, torture and rob their own people. Such an embrace reflects a U.S. tendency to defend the status quo around the world. Yet, the status quo is repugnant to millions of people in the Third World and our own security doesn't rest on its preservation.

A strategy of support for peaceful change must include: (1) real efforts to accommodate the interests of Third World nations on trade and resources (2) U.S. aid that reaches the poorest people in these countries, and (3) correct relations with existing governments so that we are not disabled from establishing rapport with their possible successors.

### DIPLOMATIC COMPONENTS

The United States has brought the disputes involving Iran and Afghanistan to the United Nations, and the hostage situation to the World Court. For years, however, the UN has not been adequately utilized in efforts to resolve international conflicts. While the world body lacks enforcement powers, it can be useful in mobilizing world opinion, in peace-keeping, and in mediation.

Among the intitiatives which, without awaiting basic changes in the UN system, would help improve world security in the immediate future are:

#### 1. NONINTERVENTION MEASURES

Both the UN Charter and the 1972 U.S.-Soviet Declaration on Basic Principles were designed to prevent military intervention in other countries. However, there is no international security system to deter such intervention, and governments have generally failed even to bring presumed threats to the peace before the UN Security Council. Despite widespread criticism, for example, no nation went to the Security Council to charge the United States with violating the Charter in Indo-China. Nor did the United States go to the UN to accuse the USSR of violating the 1972 Declaration when the Soviets used Cuban proxies in Africa.

This situation leaves nations that fear attack with limited options. They can build up their own military forces, buy outside arms, and/or seek outside protectors. The so-called "Brezhnev Doctrine" would provide any Marxist government with more Soviet "protection" than it ever sought. But military intervention, whatever its name, is incompatible with international security.

One alternative approach would be to formulate a non-intervention agreement that defines intervention more specifically than either the UN Charter or the 1972 U.S.-Soviet Declaration on Basic Principles, then to seek the widest possible number of adherents. Such an agreement, while not sufficient by itself to prevent military intervention, would more clearly place any attacker in the position of an international outlaw.

In the current confrontation in the Persian Gulf and Southwest Asia, it might be useful to seek a regional agreement where the neutrality and the security of participating nations are guaranteed by both the United States and the Soviet Union. The neutrality provisions of such a treaty would, of course, require the withdrawal of all Soviet troops from Afghanistan—a step the Soviets might accept if their southern neighbors were neutralized by international agreement in the fashion of Austria in 1955. A refusal of the Soviet Union to participate would expose the true nature of their action in Afghanistan.

#### 2. STRENGTHENED UN PEACEKEEPING FORCES

The UN has often been ineffective in the maintenance of international security because there is no system of quickly mobilizing national forces of member states as provided for in the Charter.

One means of overcoming this problem would be to encourage each country willing to provide forces to the UN to inform the Security Council of its willingness to negotiate an agreement, specifying the conditions under which these troops could be used. Each separate agreement could reflect the individual country's own situation in matters of cost, number and types of troops, where and when they could be deployed, and the duration of their use.

Having such individual agreements would assure more permanency in the UN peacekeeping system and permit the Security Council to dispatch troops with greater speed and flexibility.

#### 3. UN MEDIATION

Many industrialized countries use mediators in labor-management disputes, yet the practice is still in its infancy in the UN system. The efforts of the UN Secretary-General to release the U.S. hostages in Tehran represent a vivid example of what might be accomplished in conflict situations, especially those in which the perceptions of the two parties are far apart. The United States should actively encourage the development of a UN mediation service.

* * * * *

We live on a dangerous, crowded planet where conflicts among nations will not disappear during our lifetimes. Faced in coming years with shortages of food and resources, angry nationalisms, and weapons of mass annihilation, we have to find ways to tame these conflicts and to coexist with all the branches of a turbulent human family.

This requires more brainpower, not more destructive power; more accurate judgments, not more accurate missiles; more give-and-take, not more eyeball-to-eyeball.

Above all, it requires an awareness that no nation, however powerful, can assure its security by itself. If we are to survive the last 20 years of the 20th Century, we will have to protect each nation's security by creating a workable system of international security.

JOHN J. GILLIGAN,
*Chairman of the Board.*
PAUL C. WARNKE,
*Chairman of the Policy Action Committee.*●

## IRAN: TELL THE TRUTH

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## HON. ANDREW JACOBS JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 28, 1980*

● Mr. JACOBS. Mr. Speaker, I insert in the RECORD the following Indianapolis Star editorial:

### IRAN: TELL THE TRUTH

For years the United States has undergone character assassination as a global super-villain in spite of huge outlays of money, goods, know-how and human effort to help other peoples, one of the latest examples being the Iranians.

Now Iranian radicals and international leftists are busy tarring and feathering the USA for its role in Iran while the shah still ruled. But they are not telling the true story.

Victor Riesel wrote recently on this page of medical and technical teams that virtually wiped out Iran's perpetual plague of malaria, built a modern textile factory and low rent cooperative housing for the workers, organized workers' rights movements and unionism, set up vocational and other technical training schools around the country.

The Americans shipped in lathes, milling machinery, grinders and other equipment, trained skilled machinists, toolmakers and auto mechanics, built scientific hatcheries which produced chickens that ate less but were meatier and laid larger eggs.

Many young Americans spent their own money in this broad campaign to modernize Iran and improve the quality of life.

If it had not been for the U.S. medics and technical teams, Riesel said, many of the anti-American protestors who demonstrated at the occupied U.S. Embassy in Tehran "would have been dead or crippled or grieving over families cut down by malaria."

When "the highest U.S. administration officials" were asked why this story of generous and far-reaching American help was not being told, the reply was—"Don't rock the boat."

Official silence about America's generous gifts to other peoples does not make a particle of sense. Lack of the truth makes falsehoods about "ugly, exploitive" America fester in uninformed minds. It fosters a dark, infected atmosphere that helps prepare minds for anti-American propaganda at home and in other lands.

The free media should tell the truth about Iran, be it "bad news" or "good news," and so should the government. In the current crisis our stand may be needlessly self-effacing.●

# HOUSE OF REPRESENTATIVES—*Monday, March 31, 1980*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

*Be strong and of good courage; be not frightened, neither be dismayed; for the Lord your God is with you wherever you go.*—Joshua 1: 9.

Eternal God, our Creator and Sustainer, be with us as we travel along life's way. We confess that we have not always trusted in Your word or realized the strength and the power that comes from Your spirit. Sustain our Nation and give wisdom to all people that we will know Your truth and through that truth we shall be free. Bless the representatives of our Government that they will sense Your presence and be encouraged to serve for the benefit of all. In Your name, we pray. Amen.

### THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

### GOVERNMENT WASTE AT CLINCH RIVER BREEDER REACTOR

(Mr. WEAVER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEAVER. Mr. Speaker, a newsstory on the Clinch River breeder reactor appeared Saturday in the Washington Post. The headline read: "Equipment Is Piling Up for Disputed A-Reactor." The story began:

> Each month for the last 56 months, the Federal Government has spent an average of more than $13.5 million buying machinery for an electric power plant that may never be built.

The Federal taxpayer in these days of extreme budget consciousness is being asked to pay millions more for parts which go into storage. The storage costs alone now amount to a million dollars a year.

In the newsstory, two persons are quoted. Under Secretary of Energy John Deutch says it would have been appropriate to cancel Clinch River because its design is outdated, its technology obsolete, and its construction premature.

Also quoted in the story is Congressman Mike McCormack, chairman of the subcommittee that has just committed another $155 million for the Clinch River breeder reactor. Mr. McCormack said:

> As long as President Carter persists in this obstructionism, Congress can do nothing but appropriate the money to buy the components for Clinch River.

Congress can do nothing but spend more money for parts which will end up in storage, costing the taxpayers more and more and more for this obsolete and outdated mistake?

I ask my colleagues: Is this what Congress must do? I ask Mr. McCormack, Does he really mean that we should continue this kind of spending?

### AN INFORMED PEOPLE ARE MORE LIKELY TO BACK THE PRESIDENT THAN A POPULACE FILLED WITH SKEPTICISM AND MISTRUST

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, over a century ago the English bard Sir Walter Scott wrote:

> Oh, what a tangled web we weave, when first we practice to deceive.

The events of the past weekend indicate that our Government is terribly tangled in a sticky web of its own creating, over the status of negotiations to free the hostages in Iran.

The strange case of the unletter typifies the lack of straightforward communication with the American people on the hostage crisis. First there was denial of a letter at all. Then when the Swiss blew that cover and said they had delivered two letters, there was a denial that any apology had been stated. A similar cloud of unclarity hovers over the Administration's performance in shipping the Shah around, amid conflicting reports that he was, or was not offered medical treatment in the United States. There is the on again, off again sanctions nonpolicy.

The American people cannot be blamed for wondering if there is any foreign policy, aside from expediency and playing politics from the Rose Garden.

I believe it is time the Administration tells us what is going on, and just what our Iranian policies are. An informed people are more likely to back the President than a populace filled with skepticism and mistrust. Disbelief is not a sturdy foundation for public trust and support.

### THE MESSAGE OF PASSOVER IS THE MESSAGE OF FREEDOM—IT IS TIMELY AND NEEDS TO BE HEARD

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, tonight Jewish people around the world will gather at the traditional Seder table to begin the celebration of the festival of Passover.

Passover is a religious observance of great significance. It is the festival of freedom. It commemorates the freedom of Jewish people from the bondage of the Pharaohs thousands of years ago. The light of freedom their exodus lit—freedom from slavery, whether physical or spiritual or political or economic—that light has burned bright in the hearts of men of all faiths and creeds through the ages.

The annual observance of Passover for these thousands of years provides a constant reminder that freedom must never be taken for granted and must be fought for and earned in every generation.

This year the message of Passover speaks to the oppressed Jews and Christians in the Soviet Union and elsewhere who seek to follow their religious beliefs or freely emigrate. That message of freedom speaks to the imprisonment of the American hostages in Iran; it speaks to the slaughter and subjugation of the Afghan people by Russian aggression; it speaks to the oppression of human beings everywhere who struggle for the right to be free physically and spiritually, economically and politically.

The message of Passover is the message of freedom. It is timely and needs to be heard. I pray that it will be heard and heeded from its roots in the history of the Jewish people at the time of their exodus down through the ages to the four corners of our planet today.

### PERSONAL EXPLANATION

(Mrs. SMITH of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Speaker, last Thursday March 27, my "Yes" vote on the conference report on S. 2269, extending the Emergency Agriculture Credit Adjustment Act, was not recorded for reasons not known to me.

The Record shows that I spoke in favor of the conference report on that day and I was present on the floor during consideration of that legislation.

I take this time to say that had my vote been properly recorded, I would have been shown as voting "Yes."

### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

### COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

WASHINGTON, D.C.,
*March 28, 1980.*

Hon. THOMAS P. O'NEILL, Jr.,
*The Speaker, House of Representatives, Washington, D.C.*

DEAR MR. SPEAKER: Pursuant to the permission granted March 28, 1980, the Clerk has received this date the following message from the Secretary of the Senate:

That the Senate agree to the Report of the Committee of Conference on the disagreeing votes of the two Houses on the amendment of the House of Representatives to the amendment of the Senate to the Bill H.R. 4986, An Act to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes;

That the Senate passed without amendment H. Con. Res. 309, a Concurrent Resolution directing the Clerk of the House of Representatives to make corrections in the enrollment of the bill H.R. 4986;

That the Senate passed S. Con. Res. 84, a Concurrent Resolution providing for a joint Congressional Committee on Inaugural Ceremonies.

With kind regards, I am,
Sincerely,
EDMUND L. HENSHAW, Jr.,
*Clerk, House of Representatives.*
By W. RAYMOND COLLEY,
*Deputy Clerk.*

## ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to the authority granted the Speaker on Friday, March 28, 1980, he did on that day sign the following enrolled bills:

H.R. 2318. An act for the relief of Casimir Jan Kray;

H.R. 4986. An act to facilitate the implementation of monetary policy to provide for the gradual elimination of all limitations on the rates of interest which are payable on deposits and accounts, and to authorize interest-bearing transaction accounts, and for other purposes; and

S. 2269. An act to extend the Emergency Agricultural Act of 1978, and for other purposes.

## COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
*March 28, 1980.*

Hon. THOMAS P. O'NEILL, Jr.,
*The Speaker, House of Representatives, Washington, D.C.*

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House received in the Clerk's Office at 1:55 p.m. on Friday, March 28, 1980, and said to contain a message from the President wherein he transmits the 1978 Annual Report on Mine Safety and Health Activities as required by the Federal Mine Safety and Health Act of 1977, as amended.

With kind regards, I am,
Sincerely,
EDMUND L. HENSHAW, Jr.,
*Clerk, House of Representatives.*
By W. RAYMOND COLLEY,
*Deputy Clerk.*

## THE 1978 ANNUAL REPORT ON MINE SAFETY AND HEALTH ACTIVITIES—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore (Mr. MINISH) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Education and Labor.

(For message, see proceedings of the Senate of Friday, March 28, 1980, page 7074.)

## 1981 BUDGET REVISIONS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 96-290)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

*To the Congress of the United States:*

During the first two months of the year, inflation took another sharp upward leap, both in the United States and abroad. Actual prices and interest rates worsened, along with expectations about future inflation. Continued price increases of the size we have experienced would do grave harm to American society and the American economy.

OPEC's December oil price discussions in Carcacas proved inconclusive, and world oil price increases were far beyond expectations. But inflation outside of the energy sector also rose. The American economy continued to be unexpectedly strong. Consumer demand and business investment remained at higher levels than predicted. Since the Federal Reserve continued, correctly, to restrict the growth of the money supply, the surge in inflation and credit demands produced a sharp upward spiral in interest rates.

To reverse these dangerous trends, I announced a five-point anti-inflation program. This program consists of spending cuts necessary to balance the budget for 1981, additional restraints on credit, wage and price actions, further energy conservation measures, and structural changes to enhance productivity, savings, and research and development.

These measures are interrelated and interdependent. Taken together, they will be more than the sum of their parts. They will not reduce inflation immediately, but together they will produce a significant decline in inflation as the year progresses.

At the center of this policy is my decision to cut Federal spending so as to balance the 1981 budget. In January, I submitted to the Congress a budget for 1981 that provided for substantial restraints on Federal spending and the lowest deficit in 7 years. After adjustment for inflation, the 1981 spending level was virtually level with that for 1980. It was a budget that followed in every respect the policies of restraint I have set during the past three years. However, in view of the continued high level of economic activity, and what has recently happened to inflation and interest rates, I have had to consider new policies. I must now ask the Congress and the American people to support a revised budget that is even more restrained and austere.

REVISED BUDGET OUTLOOK

[In billions of dollars]

| | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Budget receipts | 465.9 | 532.4 | 628.0 | 724.8 | 837.8 |
| Budget outlays | 493.7 | 568.9 | 611.5 | 683.3 | 759.0 |
| Surplus or deficit (−) | −27.7 | −36.5 | 16.5 | 41.5 | 78.9 |
| Budget authority | 556.7 | 665.8 | 691.3 | 777.3 | 849.1 |

Let me first explain the extraordinary way in which my budget reduction proposals have been developed.

The budget, as it is finally enacted, is—as it should be under our Constitution—the joint product of the Congress and the executive branch. Because of the great importance we attach to reduced spending, the leadership of the Congress and I have done everything within our power to reach general understandings in advance on reduction proposals. I and senior members of my Administration met with Members of the Congress hour after hour, literally day and night, in order to reach consensus. The importance of cutting spending to achieve a balanced budget was never seriously in dispute. But agreements on the approach necessary to achieve this balance were not easy to reach. They could be worked out only through a lengthy and sometimes tedious process of consultation.

The revision of the 1981 budget that accompanies this message describes my proposals for increased budget discipline. The principal actions are:

—deferral, reduction, or cancellation of most of the new and expanded programs originally proposed in the 1981 budget;

—a cut in expenditures for personnel, operations, and maintenance throughout the government;

—an immediate limitation on Federal civilian employment, and rigid maintenance of employment ceilings to ensure that there will be at least 20,000 fewer Federal employees by the end of fiscal year 1980 than there are now;

—a reduction in ongoing spending programs throughout the Federal Government;

—re-emphasis of the savings and revenue measures submitted in the January budget, including hospital cost containment, Federal pay reform, and cash management reforms;

—defense efficiencies and savings that do not affect military readiness and are consistent with my continued commitment to real increases in defense spending;

—a 15% reduction in the use of consultants throughout the Federal establishment; and

—a freeze on basic salary increases for senior executive branch officials and members of the White House staff.

These budgetary decreases are being supplemented by a series of actions taken by the Federal Reserve to achieve greater restraint on the expansion of credit in the private sector. Some of these actions have been taken under the authority granted by the Credit Control Act of 1969. The measures taken by the Federal Reserve will help to reduce inflation by slowing the growth of business loans and some forms of consumer credit.

In addition to the actions of the Federal Reserve on private credit, the Administration will increase restraint of Federal credit programs:

—Federal loan guarantees will be cut by $4 billion in fiscal year 1981.

—My new system to control Federal credit activities will be strengthened by expanding significantly the amount of Federal insurance and guarantee activity subject to limits within the system.

I urge the Congress to include Federal credit limitations in the concurrent budget resolutions. These measures will enable the Federal Government to control more effectively total lending and loan guarantee activity.

As part of this anti-inflation program, I have used my existing authorities to impose a gasoline conservation fee on imported oil. In the budget revisions, I am proposing to replace this fee with an ad valorem equivalent gasoline tax that, at current prices, will yield 10 cents per gallon. I am also proposing the withholding of taxes on interest and dividend payments at the source to ensure that Federal income taxes owed on those payments are in fact paid, and paid promptly. The resulting receipts will *not* be used to balance the 1981 budget. They will not be used as a substitute for necessary spending cuts. Rather, these receipts will give the budget, which will be balanced independently of these sources of income, a margin of safety. This will ensure that the budget will remain in balance if estimates change in a way that cannot be predicted now.

Success in reducing spending to achieve a balanced budget will require prompt action by the Congress. To achieve substantial outlay savings for 1981, the Congress must act before the fiscal year begins. I particularly urge prompt and constructive action on rescissions of 1980 budget authority, so as to produce outlay reductions at least equal to my proposals. I also urge prompt enactment of proposals to modify certain programs that now have automatic inflation adjustments a year so that they conform to the normal practice of annual adjustments.

I will do everything in my power to ensure that my budget proposals are realized. I repeat that I intend to veto any legislation that threatens the spending reductions required for a balanced budget. I will use the powers available to me to defer spending or to rescind funds. If adequate steps are not being taken by the Congress to achieve the required fiscal restraint, I intend to seek from the Congress a temporary grant of extraordinary budget restraint powers.

* * * * *

We are not alone in facing recent rapid inflation at annual rates nearing 20%. Wholesale prices have been increasing at annual rates in excess of 25% in Italy, Great Britain, and Japan. Even in Germany increases have been over 13%. Many other countries are responding as we are, by reevaluating their budgets and seeking reductions.

There are no quick or easy answers to this worldwide inflation. It is deep-rooted, the result of many forces built up over the past decade and a half. No single measure—by itself—will stop inflation. My five-point program to strengthen the fight against inflation has as an essential element the spending reductions needed for a balanced 1981 budget. Those who say that we cannot stop inflation simply by balancing the 1981 budget miss the point. Balancing the budget is not a cure-all, but it *is* an essential element in the more comprehensive program. I believe that no overall anti-inflation program can work until the Federal Government has demonstrated to the American people that it will discipline its own spending and its own borrowing—not just for one year or two, but as a long-term policy.

JIMMY CARTER.

MARCH 31, 1980.

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☐ 1220

## SECRET APOLOGIES SECRETLY CONVEYED

(Mr. LEACH of Iowa asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEACH of Iowa. Mr. Speaker, there are times in the course of great countries when it takes more courage to swallow pride than to bluster or threaten the use of force. But the American people have the right to know what the President communicated to the Iranian Government. A former Georgian, Woodrow Wilson, 65 years ago challenged the world to seek "open covenants openly arrived at." A new Georgian in the White House has reversed this plea. His policy appears to be "secret apologies secretly conveyed."

There is a time and place for confidential diplomacy, but the American people deserve to be told the truth. What was communicated to the ayatollah; when did the President do it; and why?

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## PASSENGER RAILROAD REBUILDING ACT—ROCK ISLAND RAILROAD EMPLOYEE ASSISTANCE ACT

Mr. FLORIO. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 6837 to amend the Railroad Revitalization and Regulatory Reform Act of 1976 to authorize additional appropriations for the Northeast corridor improvement project and to require the Secretary of Transportation to begin development of energy efficient rail passenger corridors, to provide for the protection of the employees of the Rock Island Railroad, and for other purposes.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make a point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device and there were—yeas 308, nays 3, answered "present" 3, not voting 117, as follows:

[Roll No. 167]

YEAS—308

Akaka
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Ashley
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Blanchard
Boggs
Bolling
Boner
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, John
Butler
Byron
Carney
Carr
Carter
Cavanaugh
Clausen
Clay
Clinger
Coelho
Collins, Ill.
Conable
Conte
Corcoran
Corman
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
de la Garza
Deckard
Dellums
Derwinski
Devine
Dickinson
Dingell
Dixon
Dodd
Drinan
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Okla.
Emery
English
Erdahl
Evans, Ga.
Evans, Ind.
Fary
Fazio
Findley
Fish
Fisher
Flippo
Florio
Foley
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grisham
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hansen
Harris
Hawkins
Heckler
Heftel
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Jacobs
Jeffries
Jenkins
Johnson, Calif
Jones, Tenn.
Kastenmeier
Kelly
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Latta
Leach, Iowa
Leath, Tex.
Lee
Lehman
Leland
Lent
Levitas
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
McClory
McCormack
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patterson
Paul
Pepper
Perkins
Porter
Preyer

Price
Pursell
Quayle
Quillen
Railsback
Rangel
Ratchford
Regula
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roe
Rose
Roth
Rousselot
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Seiberling

Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Stanton
Stark
Stenholm
Stewart
Stokes
Stratton
Studds
Swift
Symms
Synar
Tauke
Taylor

Thomas
Thompson
Trible
Udall
Ullman
Van Deerlin
Vento
Volkmer
Walgren
Walker
Wampler
Waxman
Weaver
White
Whitley
Whitten
Williams, Mont.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Zablocki

NAYS—3

Gingrich
Lloyd
McDonald

ANSWERED "PRESENT"—3

Abdnor
Green
Whittaker

NOT VOTING—117

Addabbo
Albosta
Anderson, Ill.
Anthony
Applegate
Aspin
Beilenson
Bethune
Biaggi
Bingham
Boland
Bonior
Bonker
Bowen
Brademas
Buchanan
Burton, Phillip
Campbell
Chappell
Cheney
Chisholm
Cleveland
Coleman
Collins, Tex.
Conyers
Cotter
Coughlin
Crane, Philip
Dannemeyer
Davis, S.C.
Derrick
Dicks
Diggs
Donnelly
Dornan
Dougherty
Downey
Duncan, Oreg.
Eckhardt

Edwards, Calif.
Erlenborn
Ertel
Evans, Del.
Fascell
Fenwick
Ferraro
Fithian
Ford, Mich.
Frenzel
Gilman
Grassley
Gray
Guarini
Hanley
Harkin
Harsha
Hefner
Holland
Holtzman
Howard
Ireland
Jeffords
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kazen
Kemp
Lagomarsino
Leach, La.
Lederer
Lewis
Livingston
Lungren
McCloskey
McDade
Marlenee
Mathis

Mitchell, Md.
Moffett
Murphy, Ill.
Myers, Pa.
Neal
Nolan
Patten
Pease
Petri
Peyser
Pickle
Pritchard
Rahall
Reuss
Richmond
Rodino
Rosenthal
Rostenkowski
Runnels
Scheuer
Simon
Staggers
Stangeland
Steed
Stockman
Stump
Traxler
Vander Jagt
Vanik
Watkins
Weiss
Whitehurst
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Young, Alaska
Young, Mo.
Zeferetti

☐ 1240

So the motion was agreed to.

The result of the vote was announced as above and recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 6837, with Mr. HIGHTOWER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Friday, March 28, 1980, all time for general debate had expired.

Pursuant to the rule, the committee amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the reported bill as an original bill for the purpose of amendment shall be considered for amendment, and each title shall be considered as having been read.

The Clerk will designate title I.

Title I reads as follows:

H.R. 6837

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

TITLE I—RAIL PASSENGER CORRIDORS

SHORT TITLE

SECTION 101. This title may be cited as the "Passenger Railroad Rebuilding Act of 1980".

FINDINGS AND PURPOSES

SEC. 102. (a) The Congress hereby finds that—

(1) the growing scarcity of fossil-fuel resources in the United States has resulted in escalating energy prices and increasing national dependence on insecure foreign energy sources;

(2) this growing scarcity of resources is contributing to the escalating inflation which threatens the United States economy;

(3) transportation accounts for a large portion of the energy consumption in the Nation, and accordingly greater national energy conservation efforts should be focused on the transportation sector;

(4) safe, modern, and efficient high-speed intercity rail passenger service in regional corridors affords significant potential for energy savings, as well as for providing environmental benefits and alleviating congestion on the highways and overcrowding of airways and airports;

(5) such intercity rail passenger service will assume growing importance in meeting long-range national transportation needs in view of the continuing increased demand for public transportation services;

(6) Federal financial assistance is necessary in order to develop modern and efficient high-speed intercity rail passenger service;

(7) the Northeast Corridor improvement project has demonstrated the potential for attracting passengers from private automobiles and airplanes;

(8) significant benefits are expected as a result of the substantial Federal financial assistance that has been provided for the development of modern and efficient high-speed intercity rail passenger service in the Northeast Corridor, and similar benefits can be anticipated from such assistance for corridors in other areas of the United States;

(9) a national rail passenger corridors program is in the public interest in order to provide modern and efficient high-speed intercity rail passenger service in all regions of the United States, and such service must provide revenues which cover operating expenses, excluding the capital costs of maintaining rights-of-way;

(10) reliable intercity rail passenger service will assist in national land use planning and will promote orderly residential and industrial growth and development in urban and suburban areas; and

(11) the National Railroad Passenger Corporation presently has insufficient equipment to provide service on existing passenger routes and to increase service on additional routes, and new equipment requires substantial time to order and deliver.

(b) It is the purpose of this title to provide for the development of high-speed intercity rail passenger service in corridors throughout the United States, which will—

(1) provide public transportation alternatives between heavily traveled city pairs;

(2) encourage the use of convenient alternatives to the automobile, thereby reducing energy consumption and traffic congestion;

(3) provide for an accelerated program of equipment acquisition to ensure more frequent and reliable service;

(4) promote commerce and tourism between key city pairs;

(5) maximize public benefits derived from Federal, State, local, and private investments in equipment, track, and related facilities;

(6) contribute to the revitalization of urban areas;

(7) assist in rational land use planning and promote orderly residential and industrial growth and development in urban and suburban areas;

(8) encourage intermodal coordination with respect to operations and facilities; and

(9) provide improved mail and package express.

DATE CHANGES FOR REQUIRED GOALS

SEC. 103. Section 703 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853) is amended—

(1) in paragraph (1)(A)(i), by striking out "this Act" and inserting in lieu thereof "the Passenger Railroad Rebuilding Act of 1980"; and

(2) in the fourth sentence of paragraph (1)(E), by striking out "6" and inserting in lieu thereof "9".

ADDITIONAL GOAL

SEC. 104. Section 703 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853) is amended by adding at the end thereof the following new paragraph:

"(6) ELIMINATION OF CONGESTION.—The elimination, to the maximum extent practicable, of congestion in rail freight and rail passenger traffic at the Baltimore and Potomac Tunnel in Baltimore, Maryland, by the rehabilitation and improvement of such tunnel and the rail lines approaching such tunnel, for purposes of implementing the Northeast Corridor improvement project under this title.".

AUTHORIZATION OF APPROPRIATIONS FOR THE NORTHEAST CORRIDOR

SEC. 105. (a) Section 704(a)(1) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(a)(1)) is amended—

(1) by striking out "$1,600,000,000" and inserting in lieu thereof "$2,322,000,000"; and

(2) by striking out "and after such goals have been achieved, the goals of section 703(1)(A)(ii)".

(b) Section 704(a) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(a)) is further amended—

(1) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(2) by adding at the end thereof the following new paragraph:

"(4) $28,000,000 to remain available until expended in order to effectuate the goal of section 703(6) of this title.".

(c) The amendments made by this section shal take effect on October 1, 1980.

AUTHORITY OF THE SECRETARY

SEC. 106. (a) Section 704(c) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(c)) is amended—

(1) by striking out "COORDINATION.—The Secretary" and inserting in lieu thereof "COORDINATION AND CONSULTATION.—(1) The Secretary"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The Secretary shall consult with the Secretary of Housing and Urban Development and the Secretary of Commerce and with other appropriate Federal officials to take steps to utilize, on a priority basis, Federal funds from the several Federal departments to assist and encourage public and private redevelopment in the vicinity of urban rail stations on the Northeast Corridor served by intercity and commuter rail service for purposes of aiding in the revitalization of urban areas around such stations. The Secretaries shall, within one year after the date of the enactment of this subsection, report to the Congress on the methods by which Federal funds from the several Federal departments have been and will be coordinated to achieve urban redevelopment and revitalization in the vicinity of such stations.".

(b) Section 704 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854) is amended by adding at the end thereof the following new subsections:

"(h) ACQUISITION OF REAL PROPERTY.—The Secretary is authorized to acquire for the United States, by lease, purchase, condemnation, or otherwise, any interest in real property (including lands, easements, and rights-of-way, and any other property interests, including contract rights) which the Secretary considers necessary to effectuate the goals of section 703 of this title.

"(i) REIMBURSEMENT AGREEMENTS.—Where a portion of the costs of improvements authorized under section 703 of this title are to be borne by a State or local or regional transportation authorities or other responsible parties, the Secretary is authorized to enter into agreements with such cost-sharing parties providing for the Secretary to carry out such improvements with funds appropriated pursuant to this section and requiring reimbursement to the Secretary by the cost-sharing parties of their portion of the costs of such improvements. Where the Secretary has entered into such reimbursement agreements, the Secretary is further authorized, to the extent and in the amounts provided in appropriation Acts, to incur obligations for contracts to carry out such improvements in anticipation of such reimbursement. Funds reimbursed to the Secretary shall be credited to the appropriation originally charged for the costs of such improvements and shall be available for further obligation.

"(j) EXCESS EQUIPMENT AND OTHER PROPERTY.—Notwithstanding the provisions of section 202 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483) or of any other law, the Secretary may transfer to the National Railroad Passenger Corporation, in accordance with procedures which the Secretary shall establish, excess real or personal property from the Northeast Corridor improvement project. As consideration to the United States for such transfer, property so transferred shall be made subject to the mortgage entered into pursuant to subsection (e) of this section. For purposes of this subsection, the term 'excess real or personal property' means—

"(1) any interest in real property acquired under the authority of subsection (h) of this section which is determined by the Secretary to be (A) usable by the National Railroad Passenger Corporation, and (B) no longer required by the Federal Government in order to implement the Northeast Corridor improvement project; or

"(2) any item of personal property, such as equipment, which is acquired with funds authorized under this section.".

### MANAGEMENT GOAL

SEC. 107. Section 701 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 851) is amended by adding at the end thereof the following new subsection:

"(d) MANAGEMENT GOAL.—It shall be a goal of the National Railroad Passenger Corporation to manage its operating costs, pricing policies, and other factors so that, beginning not later than 5 years after completion of the Northeast Corridor improvement project authorized by this title and continuing thereafter, annual revenues derived from the operation of intercity rail passenger service over the Northeast Corridor route between Washington, District of Columbia, and Boston, Massachusetts, shall equal or exceed the annual operating costs of providing such service. Within 5 years after the date of completion of the Northeast Corridor improvement project, the National Railroad Passenger Corporation shall submit to the President for transmission to the Congress a report on the success of the National Railroad Passenger Corporation in meeting the goal set forth in this subsection.".

### TRANSFER OF AUTHORITY

SEC. 108. (a) Title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 851 et seq.) is amended by redesignating sections 705 and 706 as sections 706 and 707, respectively, and by inserting after section 704 the following new section:

"TRANSFER OF AUTHORITY

"SEC. 705. (a) TRACK IMPROVEMENT.—Within 90 days after the date of enactment of the Passenger Railroad Rebuilding Act of 1980, the Secretary and the National Railroad Passenger Corporation shall agree on the reallocation to the Corporation of authority and responsibility with respect to the contracting of construction solely related to track improvements in connection with the Northeast Corridor improvement project.

"(b) OTHER AUTHORITY.—Effective 5 years after the date of enactment of the Passenger Railroad Rebuilding Act of 1980, the Secretary shall transfer to the Corporation all authority and responsibility (except with respect to outstanding contracts) for carrying out the Northeast Corridor improvement project and implementing the goals of section 703 of this title.".

(b) Section 703 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853) is amended—

(1) by striking out "Secretary" the first place it appears and inserting in lieu thereof "National Railroad Passenger Corporation";

(2) in paragraph (1)(D), by striking out "by the Secretary and";

(3) in the fourth and fifth sentences of paragraph (1)(E), by striking out "Secretary" and inserting in lieu thereof "Corporation";

(4) in the first sentence of paragraph (5), by striking out "Secretary" and inserting in lieu thereof "Corporation";

(5) by striking out the second sentence of paragraph (5); and

(6) in the last sentence of paragraph (5), by striking out ", together with the Secretary,".

(c) The table of contents of the Railroad Revitalizaiton and Regulatory Reform Act of 1976 is amended by striking out the items relating to sections 705 and 706 and inserting immediately after the item relating to section 704 the following:

"Sec. 705. Transfer of authority.
"Sec. 706. Conforming amendments.
"Sec. 707. Facilities with historical or architectural significance.".

(d) The amendments made by subsection (b) of this section shall take effect 5 years after the date of enactment of this Act.

### DEMONSTRATION SERVICE

SEC. 109. Section 601(b)(1)(B) of the Rail Passenger Service Act (45 U.S.C. 601(b)(1)(B)) is amended by inserting immediately after "1980," the following: "of which $500,000 shall be expended for the purchase of a self-propelled single car capable of carrying 50 to 60 passengers for purposes of demonstrating the feasibility of developing feeder service to basic system service and State subsidized service,".

### RAIL PASSENGER CORRIDORS

SEC. 110. The Rail Passenger Service Act (45 U.S.C. 501 et seq.) is amended by adding at the end thereof the following new title:

"TITLE IX—RAIL PASSENGER CORRIDORS

"SEC. 901. DEVELOPMENT OF EVALUATION METHOD.

"(a) The Secretary, in consultation with the Corporation, shall develop a method for evaluating the following rail passenger corridors:

"(1) The Cincinnati-Chicago Corridor (between Cincinnati, Ohio, and Chicago, Illinois).

"(2) The Cleveland-Chicago Corridor (between Cleveland, Ohio, and Chicago, Illinois).

"(3) The Detroit-Chicago Corridor (between Detroit, Michigan, and Chicago, Illinois).

"(4) The Los Angeles-Las Vegas Corridor (between Los Angeles, California, and Las Vegas, Nevada).

"(5) The Los Angeles-San Diego Corridor (between Los Angeles, California, and San Diego, California).

"(6) The Miami-Jackson Corridor (between Miami, Florida, and Jacksonville, Florida).

"(7) The New York-Buffalo Corridor (between New York, New York, and Buffalo, New York).

"(8) The Saint Louis-Chicago Corridor (between Saint Louis, Missouri, and Chicago, Illinois).

"(9) The San Jose-Sacramento Corridor (between San Jose, California, and Sacramento, California).

"(10) The Seattle-Portland Corridor (between Seattle, Washington, and Portland Oregon).

"(11) The Texas Corridor (between Dallas-Fort Worth, San Antonio, and Houston, Texas).

"(12) The Twin Cities-Chicago Corridor (between Minneapolis-Saint Paul, Minnesota, and Chicago, Illinois).

"(13) The Washington-Richmond Corridor (between Washington, District of Columbia, and Richmond, Virginia).

"(b)(1) The evaluation method developed by the Secretary under this section shall be designed to determine which of the corridors listed in subsection (a) of this section (A) have the greatest potential for attracting riders on rail passenger service in the corridor, (B) have the greatest potential to reduce energy consumption, and (C) are capable of providing the most cost-effective rail passenger service.

"(2) In developing an evaluation method for purposes of making the determinations described in paragraph (1) of this subsection, the Secretary shall consider at least each of the following factors for each corridor:

"(A) The ratio of passenger miles to train miles.

"(B) The short-term avoidable loss per passenger mile.

"(C) The ratio of revenue to long-term avoidable cost.

"(D) The minimum long-term avoidable loss plus annual capital cost per passenger mile.

"(E) Economic and demographic growth projections.

"(F) The evidence of State commitment to rail passenger service.

"(G) The adequacy and energy efficiency of other transportation modes in the area served.

"(c)(1) The Secretary shall, within 45 days after the date of enactment of this title, submit the proposed method for evaluating rail passenger corridors (together with explanatory material) to both Houses of the Congress and to the Committee on Interstate and Foreign Commerce and the Committee on Appropriations of the House of Representatives and to the Committee on Commerce, Science, and Transportation and the Committee on Appropriations of the Senate. The proposed method shall be deemed approved at the end of the first period of 45 calendar days of continuous session of the Congress after the date such method is to be submitted, unless either the House of Representatives or the Senate adopts a resolution during such period stating that it does not favor such method.

"(2) If either the House of Representatives or the Senate adopts a resolution of disapproval of the proposed evaluation method of the Secretary, the Secretary shall develop a new method within 45 days after passage of such resolution. Such new method shall be submitted to the Congress for review in accordance with paragraph (1) of this subsection.

"(3) For purposes of this subsection—

"(A) continuity of session of Congress is broken only by an adjournment sine die; and

"(B) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 45-day period.

"(d) The Secretary shall submit an annual report to the Congress (1) evaluating the potential for extending the rail passenger corridors listing in section 901(a) of this Act, and (2) describing additional rail passenger corridors which the Secretary determines have potential to attract riders and to reduce energy consumption and are capable of providing cost-effective rail passenger service.

"SEC. 902. CORRIDOR EVALUATIONS.

"Upon the submission to the Congress of the evaluation method developed under section 901(c) of this Act, the Secretary shall use such method to evaluate each corridor listed in section 901(a) of this Act. On the basis of such evaluation, the Secretary shall compile a ranking of such corridors beginning with the corridor which the Secretary determines has the greatest potential to attract riders and reduce energy consumption and is capable of providing the most cost-effective rail passenger service. The Secretary shall immediately submit such ranking of corridors to the Corporation.

"SEC. 903. DESIGN AND ENGINEERING PLANS.

"(a) Upon receipt of the Secretary's ranking of corridors under section 902 of this Act, the Corporation shall, to the extent of funds available under section 909(1) of this Act, immediately begin to develop design and engineering plans for those corridors which, on the basis of the Secretary's rankings, have the greatest potential to attract riders and reduce energy consumption and are capable of providing the most cost-effective rail passenger service.

"(b) The Corporation shall, no later than February 15, 1981, submit a report to both Houses of the Congress with respect to each corridor for which a design and engineering plan is developed under subsection (a) of this section. Each such report shall contain a summary of the plan, and shall include—

"(1) construction and cost information for the corridor;

"(2) ridership projections for rail passenger service in such corridor;

"(3) operating cost and revenue projections for such corridor; and

"(4) projected capital expenditures for improvements in such corridor.

"(c) In preparing a design and engineering plan for a corridor under this section, the Corporation shall consult with the Secretary and shall request the views of the appropriate officials of each State in such corridor.

"(d)(1) The Corporation shall develop each design and engineering plan for a corridor under this section cooperatively with the rail carriers that own tracks and facilities used or to be used in providing passenger service in such corridor.

"(2) If a rail carrier described in paragraph (1) of this subsection is unwilling to cooperate with the Corporation in developing a design and engineering plan, the Corporation may apply to the Secretary for assistance in obtaining such cooperation. The Secretary may require such a private rail carrier to cooperate with the Corporation in developing such plan, and shall fix an amount which the Corporation shall reimburse such carrier for the work it performs.

"(e) A plan developed by the Corporation under this section shall not include information with respect to station improvements or upgrading.

"SEC. 904. EQUIPMENT ACQUISITION.

"The Corporation shall, to the extent of funds available under section 909(2) of this Act, acquire necessary equipment for purposes of providing rail passenger service in corridors listed in section 901(a) of this Act.

"SEC. 905. STATE REIMBURSEMENTS.

"The Secretary shall reimburse any State for 10 per centum of the amount such State expends, prior to the date of enactment of this title, for capital upgrading and design and engineering work in any corridor listed in section 901(a) of this Act.

"SEC. 906. PRIVATE SECTOR DEVELOPMENT.

"(a) The Secretary shall encourage the private sector development of potential rail passenger corridors, including the corridor between Atlantic City, New Jesey, and Philadelphia, Pennsylvania.

"(b) In order to carry out the purposes of this section, the Secretary shall—

"(1) in cooperation with private rail carriers, the Corporation, the Consolidated Rail Corporation, commuter agencies, and State and local transportation authorities, take all necessary steps to remove institutional and legal barriers to the private development of rail passenger corridors;

"(2) ensure that investment of Federal funds in contiguous corridors is coordinated with privately developed corridors; and

"(3) coordinate the investment of Federal funds with State, local, and private funds for nonoperational improvements, such as stations, in privately developed corridors.

"(c) The Secretary shall, no later than February 15, 1981, submit a report to the Congress describing the action taken under this section.

"SEC. 907. SERVICES BETWEEN CORRIDORS.

"If the Corporation determines that improvements in rail passenger service on a route between particular corridors listed in section 901 of this Act would increase overall ridership on Amtrak trains, the Corporation shall undertake such improvements in such service as it considers appropriate in order to maximize ridership on such route and in the connecting corridors.

"SEC. 908. SPEED RESTRICTIONS.

"(a) The Corporation shall identify any restriction imposed by a State or local government on the speed of Amtrak trains that the Corporation determines impedes the achievement of high-speed intercity rail passenger service by the Corporation.

"(b) The Corporation shall consult with each State or local government that imposes a speed restriction identified under subsection (a) of this section, for purposes of (1) evaluating alternatives to such speed restriction, taking into account the particular local safety hazard which is the basis for such restriction, and (2) considering the possibility of eliminating or modifying such speed restriction in order to permit safe operations at higher speeds in the State or locality involved.

"SEC. 909. AUTHORIZATION OF APPROPRIATIONS

"(a) There are authorized to be appropriated to the Secretary for the benefit of the Corporation, out of funds in the Windfall Profit Tax Account allocated for transportation programs under section 102 of the Windfall Profit Tax Act of 1980—

"(1) for the development of design and engineering plans under section 903 of this Act and for State reimbursements under section 905 of this Act, not to exceed $55,000,000 for the fiscal year ending September 30, 1981;

"(2) for the acquisition of equipment under section 904 of this title, not to exceed $50,000,000 for the fiscal year ending September 30, 1981; and

"(3) for the implementation of corridor improvement projects, not to exceed $850,000,000, to be available beginning with the fiscal year ending September 30, 1982, but only upon the enactment by the Congress of legislation specifically authorizing the implementation of such projects.

"(b) There is authorized to be appropriated, out of funds available under section 704(a)(1) of the Railroad Revitalization and Regulatory Reform Act of 1976, for private sector development under section 906 of this Act, not to exceed $200,000 for the fiscal year ending September 30, 1981.

"(c) Amounts appropriated under subsection (a)(2) of this section are authorized to remain available until expended.".

### AMTRAK INTERCITY SERVICE

SEC. 111. Section 403(d)(2) of the Rail Passenger Service Act (45 U.S.C. 563(d)(2)) is amended by striking out "April 1, 1981" and inserting in lieu thereof "October 1, 1981".

### OPERATION OF ADDITIONAL TRAINS

SEC. 112. Section 402 of the Rail Passenger Service Act (45 U.S.C. 562) is amended by adding at the end thereof the following new subsection:

"(h) Upon receipt of an application from the Corporation in any situation where the Corporation is unable to obtain a satisfactory, voluntary agreement from a rail carrier for operation of additional trains on the rail lines of that rail carrier, the Secretary shall order such rail carrier, within 60 days, to permit or provide requested operation of Amtrak trains over any of its rail lines on schedules based upon the fastest legally permissible elapsed running times for operation of a passenger train over such rail lines. In establishing such running times, the Secretary shall give proper consideration to the statutory goal the Corporation shall implement schedules which will attain a systemwide average speed of at least 55 miles per hour which can be adhered to with a high degree of reliability and passenger comfort. The compensation payable by the Corporation to a rail carrier for an operation ordered pursuant to this subsection shall be that which is properly established pursuant to an agreement between the Corporation and such rail carrier, or, in the absence of an applicable agreement, shall be determined by the Commission in a proceeding pursuant to subsection (a) of this section.".

### CONRAIL EMPLOYEE PROTECTION

SEC. 113. (a) The Consolidated Railroad Corporation shall make payments in accordance with title V of the Regional Rail Reorganization Act of 1973, and the United States Railway Association shall not, as a result of such payments, withhold any funds from the Corporation.

(b) This section shall take effect as of March 1, 1980, and shall remain in effect until the expiration of the 45-day period beginning on the date of enactment of this Act. After the expiration of such 45-day period, payments by the Consolidated Rail Corporation under title V of the Regional Rail Reorganization Act of 1973, and funding of the Corporation by the United States Railway Association, shall be governed by applicable law.

### AMENDMENT OFFERED BY MR. FLORIO

Mr. FLORIO. Mr. Chairman, I offer an amendment to title I.

The Clerk read as follows:

Amendment offered by Mr. FLORIO: Page 48, strike out lines 1 through 17.

Page 48, line 18, strike out "(c)" and insert in lieu thereof "(b)".

Page 49, strike out lines 1 through 3.

Page 51, after line 3, insert the following new paragraph:

"(14) Any other rail passenger corridor which the Secretary determines should be included for purposes of this title on the basis that such corridor has potential to attract riders and to reduce energy consumption and is capable of providing cost-effective rail passenger service.

Page 51, line 6, insert "or included under" immediately after "listed in".

Page 53, line 7, insert "or included under" immediately after "listed in".

Mr. FLORIO (during the reading). Mr. Chairman, I ask unanimous consent that the technical amendment be considered as read and, printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. FLORIO. Mr. Chairman, this amendment simply makes a number of technical changes to title I of the bill. It clarifies some of the responsibilities of Amtrak and DOT in the Northeast corridor and other corridors around the country. It clarifies the funding provisions which provide reimbursement for States which have already expended funds for the construction of other corridors.

Mr. Chairman, I believe there is no controversy concerning these amendments, and I ask for their adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. FLORIO).

The amendment was agreed to.

Mr. CORCORAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Rock Island Railroad portion of H.R. 6837, and I want to stress the vital importance of adopting this legislation. The money contained in this bill for temporary loans and assistance to the Rock, though relatively small in amount, will literally mean the difference between continued financial success and bankruptcy for many businesses along that line during the critical transition period involved.

Already many of the businesses in the 15th district of Illinois and throughout the country have been forced to lay off workers, operate under reduced hours, and in some cases completely shut down as a result of the current loss of rail service. If this is allowed to continue, thousands of jobs will be lost, as well as much needed capital for our already crumbling U.S. economy. The damage will not be contained only in those districts directly served by the Rock Island; the far-reaching effects will include all the suppliers and customers of the stranded businesses.

Some have suggested that these businesses switch to other modes of transportation, but this is not as simple as it may sound. For many of the companies using the rails to ship high-volume, low-cost bulk materials, the much greater cost of shipping by truck or any of the other alternatives would totally negate any profit. In fact, it would be costing more to ship the material than would be paid for it by the purchaser. Once again, the outcome could be bankruptcy.

Furthermore, Mr. Chairman, not only are the funds desperately needed, but, just as important, the Interstate Commerce Commission must be unequivocally given the power to grant temporary service rights to independent railroad companies. The necessity of this provision was made known only a short time ago when the U.S. Court of Appeals in Chicago handed down the ruling that the ICC does not have the authority to grant temporary service. The result of this decision is the current shutdown of service over the Rock Island lines.

Now, even with an ICC directed service order without compensation, the private rail companies which were willing to operate the Rock's lines at their own expense are afraid to begin service for fear the Court will once again force them off the lines.

Finally, the terms of H.R. 6837 concerning employee protection are needed to adequately insure that those railroad employees laid off due to the Rock Island's bankruptcy will be able to reenter the work force as quickly and smoothly as possible. These are men and women who want to work, and with the already established precedent of the Milwaukee bill which we passed last year and knowing that this is only a loan which will be paid back, I see no reason for Congress not to support it.

However, Mr. Chairman, I cannot in all good conscience support the portion of this bill authorizing nearly $1 billion for high-speed rail corridors. I do not say this because my district would not be included. On the contrary, one of the proposed stops for the St. Louis to Chicago corridor listed in this bill would be Streator, Ill., a town in the 15th district. I say this because I firmly believe that we are trying to mix apples and oranges. These are two totally distinct issues and should be treated as such.

The Rock Island is an emergency issue well known to all of us and costing the taxpayer very little. However, the proposition for high-speed corridors is being rammed through Congress with very little deliberation, is opposed by the Carter administration, will cause many problems and delays in conference, and will cost the taxpayers billions of dollars in the long run.

At a time when we have inflation running at 20 percent, a Federal debt approaching $900 billion, and a tax burden so preponderous that the average citizen can barely make ends meet, it is nothing more than gross irresponsibility for Congress to throw away money on this half-baked idea.

With these facts in mind, I intend to support Mr. HAGEDORN's amendment to delete the high-speed corridors from this bill. I urge my colleagues to join me and not let the direly needed Rock Island provisions be buried under a mountain of unrelated and inappropriate legislation. However, regardless of the outcome on this aspect of the bill, I urge passage of H.R. 6837 by the House with the hope that the aforesaid defect will be corrected in conference with the Senate.

### AMENDMENT OFFERED BY MR. MARKS

Mr. MARKS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARKS: Title IX—Rail Passenger Corridors. On page 49, after line 21, insert the following new paragraph:

"(1) The Buffalo-Cleveland Corridor (between Buffalo, New York, and Cleveland, Ohio, via Erie, Pennsylvania).

Redesignate the succeeding paragraphs accordingly.

Mr. MARKS. Mr. Chairman, my amendment is extremely simple in language, but it will have a far-reaching ramification on the future of rail travel in this Nation.

My amendment simply adds 1 more corridor to the 13 listed in this bill for study, a corridor from Buffalo to Cleveland by way of Erie, Pa.

No doubt many of the Members will at first glance view this amendment as self-serving and provincial. Indeed the argument will be made that if this corridor is added, the floodgates will be opened and every Member's pet corridor will be added.

I assure the Members that if my district were in a State that had no potential for high-speed service, I would be here today offering the same amendment. The commonsense of my amendment is readily seen by simply looking at the map that we have in front of us today.

Mr. Chairman, the stunning fact that there is no proposed high-speed link between the midwestern web of corridors originating in Chicago and the Northeast high-speed corridors network literally leaps out at us as we look at the map. The map shows us those 13 corridors that are suggested in the bill itself.

The argument will be made that DOT will study more than simply the 13 corridors listed. Indeed, technical amendments to the bill would seem to indicate that. Let me, however, very quickly give the Members an historical perspective on how the 13 corridors listed in this bill were chosen by DOT and Amtrak working jointly.

In 1977, Amtrak and DOT reviewed 47 potential corridors and picked 10 which they considered priority corridors, corridors selected for maximum potential ridership and potential energy savings. Subsequently, they elected to drop the Los Angeles-to-Oakland corridor and the New York-to-Montreal corridor, but they added links from Milwaukee to the Twin Cities and from Indianapolis to Cincinnati.

Subsequently, they added 3 more and submitted this list of 11 to the Committee on Interstate and Foreign Commerce. Incredibly, neither the original list of 10 nor the revised list of 11 included the 1 corridor which could link the Northeast and the Midwest networks.

The chairman of the committee, the gentleman from West Virginia (Mr. STAGGERS), and the gentleman from Illinois (Mr. MADIGAN) asked DOT to review five more corridors, not including the missing link from Buffalo to Cleveland. When DOT and Amtrak made their final presentation, they offered 13 corridors, including their original 11 plus Washington to Richmond, and Jacksonville to Miami. What is significant is that these latter two were now ranked fourth and eighth in priority—two corridors which over a period of 3 years neither DOT nor Amtrak had even included in their priority lists.

Disturbed by this incredible shuffling of priorities, I tried to determine before the subcommittee ever met how the 13 were chosen. The gentleman from Pennsylvania (Mr. WALGREN) and I asked to be provided a detailed explanation as to how the 13 corridors were selected. After a month of trying and being promised we would have that information on March 25, that information has never been forthcoming.

I do not seek to belittle the merit of any corridor listed among these 13. I only say that any objective criteria could not possibly have left out the Buffalo-to-Cleveland corridor. Some will say that the 13 corridors listed have greater potential ridership than Buffalo to Cleveland. I do not know that because DOT has not responded to our inquiries. I would submit, however, that a truly fair comparison would be one that compared the Richmond-to-Washington corridor, for example, with the potential ridership from the entire East to the Midwest, because that is truly what we are talking about when we talk about interconnection and the missing link.

The subcommittee chairman, the gentleman from New Jersey (Mr. FLORIO), has graciously put language into the report referencing the Buffalo-to-Cleveland corridor.

☐ 1250

However, DOT is specifically directed to study the 13 listed.

Instead, despite having heard Chairman FLORIO's assurances before the full committee on March 19 that other corridors would be studied, the Government relations vice president of Amtrak, Mr. Larry Gilsen, before a meeting of the National Governors Association on March 24, stated specifically that—and I quote him—"Only the 13 corridors specifically defined in section 901 would be studied."

I would submit that DOT and Amtrak have made the final decision as to which corridors they will study; there will be 13, and they have already been recommended.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. MARKS) has expired.

(By unanimous consent, Mr. MARKS was allowed to proceed for 3 additional minutes.)

Mr. MOTTL. Mr. Chairman, will the gentleman yield?

Mr. MARKS. I yield to the gentleman from Ohio.

Mr. MOTTL. I sincerely appreciate the gentleman's yielding.

Mr. Chairman, I would like to state enthusiastically that I endorse this amendment and the remarks made by the gentleman from Pennsylvania, and I would entreat my colleagues of the committee to enthusiastically support the amendment.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. MARKS. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I thank the gentleman for yielding.

Mr. Chairman, while I believe that the 13 corridors and the designation thereof is ill timed—and at the proper time I will speak against the designation of the 13 corridors—nevertheless, in the interest of simple equity, if any corridors are going to be designated it seems that the corridor that the gentleman has introduced should indeed be a part of this package. For that reason I, therefore, vigorously support the gentleman's amendment. At the proper time I will oppose the entire package.

Mr. MARKS. I thank the gentleman from Pennsylvania.

Ms. OAKAR. Mr. Chairman, will the gentleman yield?

Mr. MARKS. I yield to the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman for yielding.

Mr. Chairman, I certainly want to commend the gentleman for this amendment, and I also support it.

I cannot understand how they could cut off this important area, Cleveland to Erie to Buffalo, when they are trying to supply a viable corridor system for our country. This link from the Northeast to the Midwest is extraordinarily important, and I know that many people depend on it. So I certainly hope my colleagues will support this important amendment.

Mr. MARKS. I thank the gentlewoman for her remarks.

Mr. WALGREN. Mr. Chairman, will the gentleman yield?

Mr. MARKS. I yield to the gentleman from Pennsylvania (Mr. WALGREN).

Mr. WALGREN. Mr. Chairman, I simply take this time to restate and draw again the attention of the Members present to the gap between the corridors in the Northeast and Midwest. I think we all realize that any successful passenger-train system must have a critical mass that it addresses, and without that connection being made, and as someone who does not represent any of the territories involved in that connection, without that connection being made, I think the bill would be fatally flawed, and I want to encourage my colleagues to support the amendment offered by the gentleman from Pennsylvania (Mr. MARKS).

Mr. MARKS. I thank the gentleman for his remarks.

Mr. Chairman, those who would oppose my amendment will argue that DOT and Amtrak can only proceed after they gain final congressional approval of their proposals. I respectfully submit that is not the case. I urge each and every one of my colleagues to read sections 901, 902, and 903 of this bill.

Despite repeated statements that Congress will have to approve DOT's plans, you will see that the Secretary of DOT is ordered to submit to Congress an evaluation methodology only.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. MARKS) has again expired.

(By unanimous consent, Mr. MARKS was allowed to proceed for 3 additional minutes.)

Mr. MARKS. Mr. Chairman, only the evaluation methodology is submitted to Congress. Most importantly, it is not submitted to Congress for approval; rather, the methodology is a fait accompli unless Congress disapproves it within 45 days. More importantly, as soon as the Secretary submits the evaluation methodology to Congress, he is to submit to Amtrak his ranking of priority corridors.

Can anyone really believe that the list of priority corridors will be any different than the 13 already submitted? Certainly not.

Most important of all, upon receipt of the list of priority corridors from the Secretary, Amtrak is ordered under this bill immediately to begin design and engineering studies on the priority corridors submitted by the Secretary.

The only input after today which we in Congress will have on how the $55 million for engineering studies will be spent is the 45 days Congress has in which to disapprove the evaluation methodology, not the priority list of corridors.

I do not believe that Members of this body want to spend $55 million to study high-speed corridors which will not permit interconnection of the urban centers of the Midwest to those of the Northeast. I sincerely believe that if we approve this bill with only the 13 specified, this body will be viewed as being devoid of reason.

I implore you not to approve a system of high-speed corridors with no specific provision for interconnection. If you do not specify the missing line today, the die will—for all intents and purposes—be cast permanently.

In the future, if we try to correct our mistakes, we will be told by Amtrak that the Buffalo to Cleveland corridor is not feasible because no engineering studies have been undertaken. You can assure interconnection now between the Northeast and the Midwest.

You can assure that this Nation will have a truly national or, at the very least, an interregional high-speed passenger rail system.

You can show by your vote that you are as baffled as I am that, after 3 years of study, DOT and Amtrak would recommend regional corridors without providing for specific interconnections. Anything less than this amendment will doom for years to come the opportunity for interconnection.

I appeal to all of the Members to look at the map and cast a vote—not for a special interest link—but for a national system based on commonsense.

I say to my colleagues that the map is a very dramatic description of the missing line, the missing area necessary to connect the Northeast to the Midwest.

Mr. FLORIO. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise in reluctant opposition to the amendment, largely because I regard the amendment as superfluous in the sense that what the gentleman seeks to do is already done in the bill and clearly in the report language.

By way of background, what happened initially was that DOT and Amtrak were charged with the responsibility by our subcommittee of evaluating the corridors that they felt should be developed under criteria that they developed. The criteria are the first four points that are contained in the bill.

As a result of the very detailed hearings that our committee held, a full day's hearing in which we went into depth on the desirability of the criteria used, our committee has extended the criteria to take into account other considerations, and that expanded criteria is contained in the legislation. We have now written into the law that DOT is to go back and review all corridors to see if in fact they come under the new scope of the criteria as expanded by the committee.

As an accommodation to the gentleman from Pennsylvania (Mr. Marks), and others, we have specifically required in the report language that the Secretary review his particular corridor. But the language is clear that all corridors are to be reviewed and will be given an evaluation by the agency.

In fact, what the gentleman is asking is that there be some special consideration given to his corridor and, in fact, I am suggesting to him and I have suggested to him in the past that consideration will be given to all of these corridors.

I would just like to raise one final point with regard to the very attractive map that is put forward. If you look at the map you might think that there is this tremendous gap wherein a rail line goes to a certain point, stops, no train goes to another point, and we have this large transportation gap from the East to the Midwest. The map, unfortunately, gives a somewhat unfortunate impression that there is no line that runs from these two corridors.

What we are talking about is not the rail line that runs from the East to the West. That line certainly runs. What we are talking about in this proposal is how to utilize our scarce resources, our scarce dollars, to develop high speed corridors that are deserving of funding in these difficult times by virtue of those corridors measuring up to some objective criteria with regard to usage and energy conservation and other legitimate objective factors.

To take one line and single it out and say that it shall be developed runs counter to what we have done in this legislation, which is to develop a whole process, a process that in fact will be able to be scrutinized in an objective way.

So I would just, in conclusion, state that what the gentleman's concern is, that this particular route be evaluated, is addressed within the legislation, and I would hope that he would accept that fact.

Mr. MARKS. Mr. Chairman, will the gentleman yield?

Mr. FLORIO. I yield to the gentleman from Pennsylvania.

Mr. MARKS. Mr. Chairman, I appreciate very much what the chairman of the subcommittee, the gentleman from New Jersey (Mr. Florio), has suggested. I cannot agree, however, for a number of different reasons.

First of all, certainly there is a line presently between Buffalo and Cleveland, Ohio. There is an Amtrak line that runs down there, and it is that line, a distance of less than 200 miles, that, if a study were made and it was determined that it should be attached to this proposed 13 studies that you are asking for, would connect and would be the only reasonable connection between the Northeast and the Midwest, to bring the people from New York to Buffalo, to Chicago, to Milwaukee, to all points in the Midwest.

Second, when the chairman says that the criteria has been expanded, yes, the criteria has been expanded, but it comes from the Department of Transportation itself to say that the only 13 lines that are going to be studied are the 13 that are presently in the bill.

Mr. FLORIO. Mr. Chairman, reclaiming my time, the gentleman's last representation is not 100 percent accurate because, in fact, what we have done is to charge DOT with reviewing all of the corridors that are eligible.

And the gentleman's previous point about that being the only route between those two connecting points is open to some dispute. As a matter of fact, I understand there will be others who will say there are preferable ways of connecting those two positions.

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I would just conclude by saying to the gentleman, we believe that the process we have established is a valid process. We believe that we have provided for an orderly evaluation and that his line, his route, will be evaluated under the terms of this legislation and that there is no discretion on the part of the appropriate agency to undertake or not undertake that evaluation.

Mr. MARKS. Mr. Chairman, will the gentleman yield?

Mr. FLORIO. I yield to the gentleman from Pennsylvania.

Mr. MARKS. I thank the gentleman for yielding.

If in fact that is so, and the chairman of the subcommittee indicated the law is different than we understand, because it does provide——

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. Florio) has expired.

(By unanimous consent, Mr. Florio was allowed to proceed for 1 additional minute.)

Mr. MARKS. If the gentleman will continue to yield, as I suggested we do not agree with that, that if that were the case there would be no reason in this world why the corridor between Buffalo, N.Y. and Cleveland, Ohio, should not be agreed to be one of those that are going to be studied. And he says it will not be in the legislation.

Mr. FLORIO. As I said, it is one of those that is going to be studied.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. FLORIO. I yield to the gentleman from Michigan.

Mr. DINGELL. I am sympathetic to the goals of the gentleman from Pennsylvania (Mr. Marks), on this matter, but it just so happens that there are two facts, and I hope the gentleman from New Jersey will correct me if I am in error. The first is there are two routes around the Great Lakes.

Is it not a fact there are in fact two routes around Lake Erie, the first of which is to the north, on which we have already agreements with the Canadians on which they will share part of the cost of upgrading the route and the second is that there is a route around the south shore.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. Florio) has expired.

(At the request of Mr. Dingell and by unanimous consent, Mr. Florio was allowed to proceed for 3 additional minutes.)

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. FLORIO. I yield to the gentleman from Michigan.

Mr. DINGELL. Is it not a fact there are two potential routes around the Great Lakes area, east to New York, that potentially can be corridors under this legislation? First is to the north. The second is to the south. Although they are not denominated as corridors, they may be recommended as corridors by the Secretary? Is that not a fact?

Mr. FLORIO. The gentleman is correct. There are alternative corridors that could be evaluated and will be evaluated under this proposal.

Mr. DINGELL. The next point is that the fact that we have not been denominated areas as corridors does not foreclose them from either carrying Amtrak passenger traffic or to be upgraded to corridors if the traffic and the justification is sufficient? Is that correct?

Mr. FLORIO. The gentleman is correct. This provision provides for the upgrading and evaluation of alternative methods of traffic that could be elevated to corridors.

Mr. DINGELL. That could include the route our good friend from Pennsylvania (Mr. Marks) is suggesting, the Cleveland-Buffalo route. It could include also the route across the northern part of the Great Lakes, across the Windsor Peninsula.

Am I correct in that?

Mr. FLORIO. The gentleman is correct.

Mr. MARKS. Mr. Chairman, will the gentleman yield?

Mr. FLORIO. I yield to the gentleman from Pennsylvania.

Mr. MARKS. May I say to the gentleman from Michigan what he is suggesting is a matter of perhaps, that there is nothing in this piece of legislation that provides for these studies other than for the 13 studies in the legislation itself. I suggest to the gentleman that the line between Buffalo and Cleveland, just within the last year of Amtrak study, showed the Buffalo-Cleveland was more cost efficient than the Buffalo-Detroit or any other line.

I suggest that if in fact that is true, by Amtrak's own study, that this line should be studied.

We are not saying that it should come up and have a fast track order, that it should be it. All we are asking for is a study of the line, just like they are studying the other 13, and not to have an interconnection between the Northeast and the Midwest as this would give us, in my opinion, makes this legislation very poor legislation.

Mr. FLORIO. To conclude on the point, the conversation illustrates the difficulty of trying to legislatively write into law the lines that should be studied.

We have expected and put into operation a process, and the process will hopefully evaluate all of the appropriate corridors and come up with some suggestion that this Congress ultimately will have the say as to how we go forward.

Mr. MARKS. I take it the gentleman has indicated all of the lines which are going to be studied under the process, and he has written it into the report?

Mr. FLORIO. That is correct.

Mr. MARKS. Why is it necessary to designate 13 for some special treatment, and what way are they going to be treated differently?

Mr. FLORIO. The gentleman makes references to the 13 lines that were originally stated as being the ones that fit the original criteria. They are the benchmark from which we work.

Mr. MADIGAN. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Pennsylvania.

Mr. Chairman, if I may I would like to read the language of the amendment previously offered by the gentleman from New Jersey (Mr. Florio), which has been adopted by the House, and which says:

> Any other rail passsenger corridor which the Secretary determines should be included for purposes of this title on the basis that such corridor has potential to attract riders and to reduce energy consumption and is capable of providing cost effective rail passenger service.

It would seem to me the language of that amendment which has already been offered in the House, which has already been adopted by the House, takes care of the problems that the gentleman from Pennsylvania (Mr. Marks) is talking about.

The 13 corridors were originally identified, because suggestions that we had from transportation officials led us to believe that those were the routes most profitable to be studied.

In deference to the gentleman from Pennsylvania and to other Members of the House, who have wanted other corridors studied as well, the language that I have just read has been added to the bill. Thus, in my judgment, any other language is redundant.

If I may go just beyond that and address the point of connecting the Northeast and Midwest, that is not the purpose of this section of the bill. We do not believe, in sponsoring this section of the bill, that the future of rail passenger service lies in long-distance trains. We think the future of rail passenger service in the United States lies in short-distance, high-density routes that people are using and likely to use in the future.

For that reason, we want to upgrade those routes, because we believe there is an energy crisis in the United States, and because we believe it is desirable to attract people out of private passenger cars if that is at all possible.

Thus, we never intend to connect the Northeast and the Midwest or the Midwest and the Far West, because we do not believe the people are going to ride trains those long distances.

We think people traveling those long distances are going to use airplanes, and this Member personally hopes that they will. As far as the gap referred to by the gentleman from Pennsylvania, if the cities that represent the far ends of that gap are actually a rail passenger corridor in the judgment of the Secretary of Transportation and meet the criteria that we have put in the bill, then that is going to be studied as a corridor unto itself, just like everything else that is portrayed on the map.

For that reason, because of the language offered by the gentleman from New Jersey, I suggest to the House that the amendment of the gentleman from Pennsylvania is redundant.

Mr. MARKS. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman from Pennsylvania.

Mr. MARKS. I thank the gentleman for yielding.

May I suggest that if the gentleman looks at the map that there is in fact a gap. There is a gap. It is very important to national rail service. When the gentleman from Illinois says that we do not intend to have people riding from New York City or Boston to Cleveland or Chicago or Milwaukee I find that somewhat stunning.

Mr. MADIGAN. The gentleman is talking about people riding from New York to Chicago or New York to St. Louis. This gentleman is not talking about that. This gentleman said if there are people between Boston and Cleveland in sufficient numbers, that the Secretary of Transportation determines that that could be a corridor, then it will be studied under the purposes of this bill by virtue of the amendment that the gentleman from New Jersey has offered.

Mr. MARKS. If the gentleman will yield further, at that point, I must say we do not understand that amendment to mean the same thing.

Mr. MADIGAN. At the risk of being redundant, let me repeat the amendment:

□ 1310

> Any other rail passenger corridor which the Secretary determines should be included for purposes of this title on the basis that such corridor has potential to attract riders and to reduce energy consumption and is capable of providing cost effective rail passenger service.

If the gap the gentleman describes, visually with his chart and verbally with his argument, if that gap fits this criteria of being cost effective, and if having potential to attract riders under the terms of this amendment that has already been adopted, it is going to be studied the same as anything else is going to be studied.

Mr. MARKS. Mr. Chairman, will the gentleman yield further?

Mr. MADIGAN. I yield to the gentleman.

Mr. MARKS. May I say to the gentleman that the Vice President, Mr. Gilson, himself has suggested the only studies that are going to be made are the 13 corridors that are recommended in this bill.

Mr. MADIGAN. If the gentleman will allow me to reclaim my time, both the chairman of the subcommittee, the distinguished gentleman from New Jersey (Mr. Florio) and myself have asked the Vice President of Amtrak if he made that statement, and he reported that he did not make that statement.

Mr. FLORIO. Will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman from New Jersey to clarify in case I am wrong.

Mr. FLORIO. By way of some clarification, reference was made to a statement made prior to a full understanding of what the House was doing.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(At the request of Mr. Marks and by unanimous consent Mr. Madigan was allowed to proceed for 1 additional minute.)

Mr. FLORIO. Will the gentleman yield further?

Mr. MADIGAN. I yield to the gentleman from New Jersey.

Mr. FLORIO. I thank the gentleman for yielding. There is no question that Amtrak regards itself as under a charge under this legislation to go forward and to evaluate all corridors under the new expanded criteria so that there is no apprehension or misapprehension as to where the agencies will be coming from and what they perceive as their responsibilities.

Mr. MARKS. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I am happy to yield to the gentleman.

Mr. MARKS. Mr. Chairman, in response to the gentleman from New Jersey, the Vice President of Amtrak, who made that statement, was at the markup of this bill. He heard my concerns, Mr. Walgren's concerns, and other Members' concerns, Mr. Shelby's concerns and the gentleman's concerns. He still, subsequent to that time, went out and made that statement.

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman.

Mr. FLORIO. I would say to the gentleman that the President of Amtrak has more authority than the Vice President of Amtrak, and I can represent to the gentleman that the agency understands what its responsibilities are and is prepared to go forward with those responsibilities.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. MARKS).

The question was taken; and on a division (demanded by Mr. FLORIO) there were—ayes 10, noes 16.

Mr. MARKS. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 168]

Abdnor
Akaka
Ambro
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Applegate
Ashbrook
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Blanchard
Boggs
Boland
Bolling
Boner
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Conable
Conte
Corcoran
Corman
Cotter
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dingell
Dixon
Dodd
Donnelly
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Evans, Ga.
Evans, Ind.
Fary
Fazio
Findley
Fish
Fisher
Flippo
Florio
Foley
Ford, Mich.
Forsythe
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Green
Grisham
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hansen
Harris
Hawkins
Heftel
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hutto
Hyde
Jacobs
Jeffries
Jenkins
Johnson, Calif.
Jones, Tenn.
Kastenmeier
Kelly
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Latta
Leach, Iowa
Leath, Tex.
Lee
Leland
Lent
Levitas
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lujan
Luken
Lundine
McClory
McEwen
McHugh
McKay
Madigan
Maguire
Markey
Marks
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Panetta
Pashayan
Patten
Patterson
Paul
Pepper
Perkins
Peyser
Pickle
Porter
Preyer
Price
Pursell
Quayle
Quillen
Railsback
Rangel
Ratchford
Regula
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roe
Rose
Rosenthal
Roth
Rousselot
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stanton
Stark
Steed
Stenholm
Stewart
Stokes
Stratton
Studds
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Trible
Udall
Ullman
Van Deerlin
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
White
Whitley
Whittaker
Whitten
Williams, Mont.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

☐ 1320

The CHAIRMAN. Three hundred and seventeen Members have answered to their names, a quorum is present, and the Committee will resume its business.

☐ 1330

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Pennsylvania (Mr. MARKS) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 63, noes 275, not voting 93, as follows:,

[Roll No. 169]

AYES—63

Applegate
Atkinson
Bailey
Baldus
Breaux
Brown, Ohio
Burgener
Carter
Clinger
Coughlin
Edgar
Fish
Garcia
Gaydos
Gilman
Goodling
Gore
Heckler
Hillis
Horton
Hyde
Kindness
Kostmayer
Lee
Long, La.
Long, Md.
Luken
Lundine
McEwen
McHugh
Marks
Michel
Miller, Ohio
Mitchell, N.Y.
Moakley
Moorhead, Pa.
Mottl
Murphy, Pa.
Murtha
Myers, Ind.
Nowak
Oakar
Oberstar
Regula
Rhodes
Ritter
Schulze
Seiberling
Shelby
Shuster
Snowe
Solomon
Stanton
Stark
Steed
Stokes
Stratton
Trible
Van Deerlin
Walgren
Walker
Yatron
Zablocki

NOES—275

Abdnor
Akaka
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Ashley
AuCoin
Badham
Bafalis
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Blanchard
Boggs
Boland
Bolling
Boner
Bouquard
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr
Cavanaugh
Chisholm
Clausen
Clay
Cleveland
Coelho
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dingell
Dixon
Dodd
Donnelly
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Evans, Ga.
Evans, Ind.
Fary
Fazio
Findley
Fisher
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Gephardt
Giaimo
Gibbons
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gradison
Gramm
Green
Grisham
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hansen
Harris
Harsha
Hawkins
Heftel
Hightower
Hinson
Holland
Hollenbeck
Holt
Hopkins
Hubbard
Huckaby
Hughes
Hutto
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Jones, Tenn.
Kastenmeier
Kelly
Kildee
Kogovsek
Kramer
LaFalce
Latta
Leach, Iowa
Leath, Tex.
Lehman
Leland
Lent
Levitas
Lloyd
Loeffler
Lott
Lujan
McClory
McDonald
McKay
McKinney
Madigan
Maguire
Markey
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Miller, Calif.
Mineta
Minish
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Murphy, N.Y.
Natcher
Nedzi
Nelson
Nichols
O'Brien
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pepper
Perkins
Peyser
Pickle
Porter
Preyer
Price
Pursell
Quayle
Quillen
Railsback
Rangel
Ratchford
Rinaldo
Roberts
Robinson
Roe
Rose
Rosenthal
Roth
Rousselot
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Schroeder
Sebelius
Sensenbrenner
Shannon
Sharp
Shumway
Skelton
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stenholm
Studds
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Udall
Ullman
Vento
Volkmer
Wampler
Watkins
Weaver
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Winn
Wirth
Wolff
Wolpe
Wyatt
Wydler
Wylie
Yates
Young, Fla.
Young, Mo.
Zeferetti

NOT VOTING—93

Addabbo
Albosta
Anderson, Ill.
Anthony
Aspin
Beilenson
Bethune
Biaggi
Bingham
Bonior
Bonker
Bowen
Brademas
Burton, Phillip
Chappell
Cheney
Coleman
Collins, Ill.
Collins, Tex.
Crane, Philip
Dannemeyer
Dicks
Diggs
Dornan
Dougherty
Downey
Eckhardt
Erlenborn
Ertel
Evans, Del.
Fascell
Fenwick
Ferraro
Fithian
Frenzel
Grassley
Gray
Guarini
Hanley
Harkin
Hefner
Holtzman
Howard
Ichord
Ireland
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kazen
Kemp
Lagomarsino
Leach, La.
Lederer

Lewis
Livingston
Lowry
Lungren
McCloskey
McCormack
McDade
Mathis
Mitchell, Md.
Murphy, Ill.
Myers, Pa.
Neal
Nolan
Pease
Petri
Pritchard
Rahall
Reuss
Richmond
Rodino
Rostenkowski
Runnels
Scheuer
Simon
Stewart
Stockman
Stump
Swift
Traxler
Vander Jagt
Vanik
Waxman
Weiss
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wright
Young, Alaska

The Clerk announced the following pairs:

On this vote:

Mr. Dougherty for, with Mr. Livingston against.

Mr. HORTON changed his vote from "no" to "aye."

Mr. BUCHANAN changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

### AMENDMENT OFFERED BY MR. SHELBY

Mr. SHELBY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SHELBY: Page 49, after line 21, insert the following new paragraph:

"(1) The Atlanta-Birmingham-New Orleans Corridor (between Atlanta, Georgia, Birmingham, Alabama, and New Orleans, Louisiana).

Redesignate the following paragraphs in section 901(a) accordingly.

Mr. SHELBY. Mr. Chairman, my amendment would call for a study for a corridor not just for the Northeast and parts of the Far West but for the Deep South. This amendment would set up a study of a rail corridor in my area. This would call for a study by the Department of Transportation for the Atlanta, Birmingham, New Orleans route.

☐ 1340

These are the three—not the only three—but they are three of the largest cities in the South. They are three of the growing areas. All of us know how the Southeast is growing. It is growing along with the West as part of the Sun Belt region in the country.

As a member of the Commerce Committee, I have been engaged in the committee in this work, and I respect the distinguished chairman of the subcommittee, the gentleman from New Jersey (Mr. FLORIO). We have been working on this to include a lot of corridors, but especially this corridor and perhaps the corridor from Nashville, Tenn., to Birmingham to Atlanta. Mr. FLORIO earlier offered an amendment based on conversations that we had had last week, and conversations he had had and correspondence he had had with the members of the Amtrak Executive Board, and also the Secretary of the Department of Transportation. I believe that the technical amendment that Mr. FLORIO offered, which was adopted, will cure what are some of my misgivings on this bill, but I would like to yield to the gentleman from New Jersey for a minute to engage in a colloquy for clarification of this, because I want to make sure that a provision of this bill would call for a study of a rail corridor between Atlanta, Ga., and Birmingham, Ala., and New Orleans, La., and perhaps Nashville, Tenn., to Atlanta or to Birmingham—these specific routes.

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. SHELBY. I yield to the gentleman from New Jersey.

Mr. FLORIO. Mr. Chairman, I thank the gentleman for yielding. As indicated, as a result of the gentleman's valuable contributions, the committee in fact expanded the criteria so as to take into account those routes which were not initially included in the preliminary funds. The gentleman is correct, that the language now contained not only in the report but in the language of the body of the bill will direct DOT and Amtrak, in consultation, to go forward and study all the corridors, including those the gentleman made reference to. Yes, the language of the bill does require that those studies be in fact directed.

Mr. SHELBY. Would the gentleman go as far as to say on the floor, which would be part of the report and proceedings, Mr. Chairman, that the Birmingham to Atlanta—the Atlanta to Birmingham to New Orleans—and the Nashville to Atlanta to Birmingham will be included in this study?

Mr. FLORIO. I will go as far as to say that all corridors, including those three grants, will in fact be evaluated under the nature of this law by the Department of Transportation.

Mr. SHELBY. Of course, it was not in there until earlier in this debate today.

Mr. FLORIO. Correct. What we have done is to place into the law the clear understanding of the Committee.

Mr. SHELBY. And some of my objections would be removed.

Mr. FLORIO. I am sure they would.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. SHELBY. I yield to my colleague from Alabama.

Mr. BUCHANAN. Mr. Chairman, I thank my colleague for yielding, I want to commend him for his amendment which would set up a study of rail corridors in my area and also commend the chairman of the subcommittee, the gentleman from New Jersey (Mr. FLORIO), for the inclusion he has made and the colloquy he has just had. With increasing efforts being focused on energy conservation, it is wise to study the possibility of further development of additional routes. I think the gentleman from Alabama has made a fine contribution, and I strongly support my brother's efforts.

Mr. SHELBY. Mr. Chairman, with the understanding that I have from Mr. FLORIO, the gentleman from New Jersey, and the language in his amendment, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

### AMENDMENT OFFERED BY MR. KOSTMAYER

Mr. KOSTMAYER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KOSTMAYER: Page 60, after line 19, insert the following new section:

RELOCATION OF FACILITIES

SEC. 114. (a) The Secretary of Transportation may not take any action with respect to the relocation of the Amtrak maintenance-of-way facility at Bristol, Pennsylvania, until 60 days after the date the Secretary reports to the Congress under subsection (b) of this section.

(b) The Secretary of Transportation shall consider and report to the Congress with respect to—

(1) preliminary design plans for sites which are potential alternatives to the maintenance-of-way facility referred to in subsection (a) of this section;

(2) the current value, current use, and alternative uses of such potential alternative sites;

(3) potential labor protection costs to be incurred in the maintenance-of-way relocation; and

(4) potential problems arising from jurisdictional labor disputes arising as a result of such a relocation.

Mr. KOSTMAYER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KOSTMAYER. Mr. Chairman, this will preclude the Secretary of Transportation from relocating or requiring the relocation of the Amtrak maintenance-of-way facility currently located in Bristol, Pa., until a number of outstanding issues outlined in the amendment are satisfactorily resolved.

Those issues include the evaluation of the true costs and benefits of moving the maintenance-of-way facility, currently located in Bristol, to a site in Wilmington, Del., where a maintenance-of-equipment shop is presently located.

In 1977, a report prepared by a consultant to the Federal Railroad Administration concluded that "the overall construction costs could be reduced if the existing facility at Bristol was extended, rather than building a new shop."

Despite this recommendation, the FRA decided, for reasons which are as yet unclear, that the facility should be moved to the Wilmington site. As a result of hearings before the House Appropriations Subcommittee on Transportation last year, the distinguished chairman of that subcommittee, Mr. DUNCAN, wrote FRA Administrator Jack Sullivan asking for a detailed cost justification of the proposed relocation before final action could be taken.

That FRA study was completed in February of this year. After carefully examining the FRA study and the analysis contained therein, I have serious reservations about the methodology and assumptions employed. Apparently, I am not the only one. In discussions with the GAO a number of serious questions have been raised, including the credibility of FRA support. Unfortunately, the decision to relocate the facility seems to have acquired a momentum of its own, based on bureaucratic inertia which disregards the facts of the situation.

I want to make it clear that if a positive cost benefit analysis can be shown, one which will show actual savings for taxpayers, I would fully support the move. But I believe, at this point, that effect has not been demonstrated.

My amendment requires the Secretary of Transportation to prepare a report on the proposed relocation which would include the criteria which have been lacking from previous reports. These criteria, or additional requirements, are clearly stated in the amendment. They include the examination of such critical cost factors as labor protection payments and trade union requirements.

The amendment also prohibits the Secretary from taking any action with respect to the proposed relocation for at least 60 days after the report is submitted to the appropriate committees of Congress. This time period, I believe, will provide the committees with the opportunity to review the actual costs and benefits of the proposed relocation, and to make any recommendations which may be necessary to provide for the most cost-effective approach to the establishment of necessary maintenance facilities. Clearly, given the past actions of the FRA, this kind of vigorous oversight by the Congress is required.

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. KOSTMAYER. I yield to the gentleman from New Jersey.

Mr. FLORIO. Mr. Chairman, I will just indicate that in fact, in the current activities with regard to these two facilities, nothing is going to happen to them in the next 60 days. Therefore, I have no quarrel with the gentleman's amendment.

Mr. KOSTMAYER. I thank the gentleman.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. KOSTMAYER. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I thank the gentleman for yielding. I will say to the gentleman that we have had the opportunity to review his amendment on this side of the aisle, and have no objection to it and would be pleased to support it.

Mr. KOSTMAYER. Mr. Chairman, I thank the gentleman from New Jersey and the gentleman from Illinois.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. KOSTMAYER).

The amendment was agreed to.

### AMENDMENT OFFERED BY MR. HAGEDORN

Mr. HAGEDORN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAGEDORN: Page 49, strike out line 13 and all that follows down through and including 25 on page 58.

Renumber the succeeding sections and references thereto accordingly.

Mr. HAGEDORN. Mr. Chairman, my amendment will delete section 110 of the bill, which deals with the development of 13 additional rail-passenger corridors around the country. There are many very compelling reasons to delete this section from the bill. Let me give you some of them:

First. The Secretary of Transportation has indicated that he will "have great difficulty in recommending to the President that he sign any bill containing" the emerging rail provisions. Secretary Goldschmidt has argued that this issue should not be dealt with as part of the bill which addresses such a high-priority matter as the Rock Island labor protection. In addition, he has indicated that the administration's concern for controlling Federal spending should preclude the start of any new initiatives involving substantial spending.

Second. H.R. 6837 is a perfect example of "railroading" legislation through the Congress without providing all interested and concerned parties an opportunity to testify. The bus and airline industries and the National Taxpayers Union were all denied the opportunity to testify, thus precluding a discussion of how this legislation will affect other transportation industries.

Third. The Rock Island Railroad labor protection provisions of this bill should be considered separately. This important legislation is being held hostage in order to increase the chances of passage of the other parts of the bill. It is wrong to play this game with legislation so crucial to a majority of the Midwestern States. In fact, there have been indications from the Senate that a conference on the Rock Island legislation will not be scheduled so long as the House burdens it with other controversial matters.

Fourth. Similarly, the northeast corridor program is endangered by being burdened with the emerging corridors provision. If you support the $750 million authorization to complete work on the northeast corridor improvement project, then support this amendment to delete section 110.

Fifth. In a time when the Congress and the President are seeking to balance the Federal budget by cutting many important social programs, this section of the bill increases budget expenditures. It would be irresponsible to cut such programs as revenue sharing, child nutrition, education training, and Saturday mail delivery, then turn around and support an authorization of $1 billion for the emerging corridors program; a program founded on a faulty Government report and supported only by inadequate evidence and testimony.

Sixth. Section 110 is based on a faulty report issued by the Federal Railroad Administration which erroneously leads one to conclude that the proposal is viable. This report was characterized by one rail expert who reviewed it as "a defense of the contention that heavily subsidized corridor-style rail services are in the national interest." In fact, the FRA Administrator stated before the Transportation Subcommittee that the data in this study is not adequate as a means of judging the undertaking of major new investments in facilities and service.

Seventh. The bill stipulates that the $1 billion authorized for this program is to come from the revenues from the windfall profit tax.

Last year, the Surface Transportation Subcommittee of the Public Works and Transportation Committee held several days of hearings on a bill to establish a public transportation trust fund with windfall profit tax revenues. By doing so, the subcommittee indicated those highway and mass transit programs it would like to see funded with windfall profit tax revenues.

These measures would aid urban growth and revitalization, provide for energy-efficient improvements to the highway system, and place a greater emphasis on public transportation.

If the emerging rail corridors provision of H.R. 6837 is permitted to remain in the bill, many of these important energy saving initiatives will never be realized because only a limited amount of windfall profit tax revenues is earmarked for transportation and energy.

Eighth. The legislation authorizes nearly $1 billion for an emerging rail-corridors program, yet does not address the problems of increased operating subsidies for additional maintenance costs, and the method of analyzing the selected corridors.

Do not be fooled. The emerging corridors program of H.R. 6837 is costly and irresponsible. It should be opposed by all Members to promote fiscal responsibility, energy efficiency, and "sunshine" in Government.

I urge you to support my amendment in the name of sane and rational Government.

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The CHAIRMAN. The time of the gentleman from Minnesota (Mr. HAGEDORN) has expired.

(By unanimous consent, Mr. HAGEDORN was allowed to proceed for 1 additional minute.)

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. HAGEDORN. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, as I understand the gentleman's point, he is indicating that the $955 million in additional authorized funds is really not part of the administration's request; is that correct?

Mr. HAGEDORN. Mr. Chairman, the gentleman from Illinois is correct.

Mr. Chairman, I thank the gentleman for asking that very fine and very important question, because as a matter of fact it is not part of the administration's program, and Secretary Goldschmidt said he would have to recommend to the administration in all likelihood that this legislation be vetoed. Therefore, it is going to delay dealing with the crisis that exists for our Rock Island labor workers and shippers, as well as the employees who are out of work.

Mr. Chairman, to make this process move forward more expeditiously, we ought to oppose this amendment.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield to me?

Mr. HAGEDORN. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, could the gentleman tell me how much money the U.S. Department of Transportation spent in the gentleman's State of Minnesota last year?

Mr. HAGEDORN. I do not recall that figure but fail to see any relevance to this discussion regarding the deletion of the 13 rail corridors.

Mr. MADIGAN. Mr. Chairman, the total figure is $298 million, almost one-third of a billion dollars that was spent by the Department of Transportation in the gentleman's State alone last year. I thought the gentleman would like to know how much is flowing to his State from the Department of Transportation.

The CHAIRMAN. The time of the gentleman from Minnesota (Mr. HAGEDORN) has expired.

Mr. RAILSBACK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wonder if I could have the attention of my friend, the gentleman from New Jersey (Mr. FLORIO), for the purpose of asking him a question in just a moment.

I believe that many of us who are involved with the Rock Island Railroad are very much concerned that in the bill that we have before us, which is very much different from what the other body passed, there are two titles. One title would provided for so-called emerging corridors and also for the Northeast corridor?

I, frankly, have no objection to that, but I am very much worried that the Rock Island Railroad, which comes under title II, may get caught up in a controversy which may mean there is going to be some unintended results from the combination of title I and title II.

My particular situation is this: I have 1,100 employees who are now thrown out of work and who are signing up today for unemployment compensation benefits. I know there are other areas of the Rock Island Railroad that are confronted with the same thing. I know that we also have certain deadlines that are coming up, and that if the Congress does not act, we are going to be faced with an imminent shutdown of the Rock Island Railroad, with all of the corresponding problems and results that would then occur.

Do the chairman and the ranking minority member of the subcommittee recognize the urgency and the emergency nature of title II? I will first ask the gentleman from New Jersey if he will respond to that question.

Mr. FLORIO. Mr. Chairman, if the gentleman will yield, I am happy to respond.

As the gentleman knows, because we have worked very closely with him and a number of other people who are interested in the Rock Island legislation, the reason why we dealt with the Rock Island in the northeast corridor bill is because this is the bill that is going through. We are aware of the concerns of the gentleman, and so we have tacked the Rock Island legislation onto the northeast corridor bill.

I would just say to the gentleman that we are as concerned as he is and are concerned that this is the way to go in order to deal with his concerns about the Rock Island.

Mr. RAILSBACK. Mr. Chairman, I thank the gentleman. Then let me ask the gentleman this question, and I ask it very sincerely:

What if the other body does what it has indicated that it may do? What if this bill goes to conference with the other body and the other body remains very adamant in its position? That is, it insists on only the Rock Island legislation. Even though some of us support the gentleman's bill, we do not wish to jeopardize title II, which is of a very urgent nature and beneficial to all of us. How would the gentleman feel about that?

Mr. FLORIO. Mr. Chairman, if the gentleman will yield, I am happy to respond.

We all assume that everyone is going to do the responsible thing, and, therefore, we are assuming the other body will cooperate in going forward. I think that is a reasonable assumption.

I am not sure that I have seen any definitive policy from the other body as to what it is going to do. We are already working toward the end of having this matter resolved as quickly and as judiciously as possible.

Mr. RAILSBACK. But, Mr. Chairman, the distinguished subcommittee chairman does recognize that in the case of the Rock Island Railroad there are actually some employees who have been thrown out of work just recently, and the gentleman is aware also that there are some deadlines that are coming up? The gentleman is aware of the importance of reaching an agreement with the Senate, is he not?

Mr. FLORIO. Mr. Chairman, once again, we are aware of the importance of this legislation and the importance of formulating a piece of legislation that we think directs its attention to the points the gentleman is making. I am optimistic that we can resolve this matter so as to have no disruption of shipments and no disruption of traffic in the area.

Mr. RAILSBACK. Mr. Chairman, just one other thing, if I may continue:

The gentleman from Minnesota (Mr. HAGEDORN) has made some points which I believe need answering and which have to do apparently with the $955 million relating to title I or relating, rather, to the emerging corridors part of title I that really is not included in the President's budget.

Where would that money likely come from? I refer to the $105 million and the additional $850 million.

Mr. FLORIO. Mr. Chairman, if the gentleman will yield further, I will be glad to respond to that question. I intended to respond to it on my own time, but if the gentleman is willing to yield, I will be happy to say that the whole discussion about a billion-dollar authorization is just erroneous. It is factually incorrect.

The Secretary of Transportation now has come to realize that it is factually incorrect, and if in fact this is going to be described as a "budget-busting" bill, that is not correct either.

Mr. RAILSBACK. Mr. Chairman, I thank the gentleman from New Jersey (Mr. FLORIO) for his response.

Mr. Chairman, all of us here today are aware that the Chicago, Rock Island and Pacific Railroad is bankrupt. This railroad operates a 7,025-mile rail system in a 13-State area in the South and Midwest and carries over 10 percent of all Midwest grain shipments to areas within the United States as well as abroad. In the last few years, the railroad's financial status has been continually plagued by questionable management practices and such circumstances as the impact of the worst winter in 100 years, doubled fuel prices, double digit inflation, and a dismal economy.

Not unlike many of my colleagues, the urgency of the Rock Island Railroad's situation has left me feeling helpless and frustrated during the last few months. Local and export shipments of grain and other commodities have been threatened, over 7,000 employees have been furloughed, and literally hundreds of businesses throughout my district alone could be forced to close down due to the lack of rail service.

I prefer the bill passed by the Senate, S. 2253, that would continue directed service over the Rock Island for a period of 45 days. I intend to support H.R. 6837 to get it to conference with the hope that many of the Senate's provisions will be included in this important legislation to help employees of the Rock Island Railroad.

Despite attempts made by the Interstate Commerce Commission to implement temporary operating authority over 77 percent of the Rock Island's lines, in the last few days there has been an almost complete shutdown of the railroad. On March 20, 1980, the U.S. Court of Appeals for the seventh circuit overturned the ICC's grant of emergency temporary operating authority to the St. Louis-Southwestern Railroad Co. to operate over the lines of the Rock Island. By passage of the legislation we are considering today, such a precedent would be averted. Section 217 of title II of this bill would insure that the ICC will be able to provide the needed operating authority to run the Rock.

Labor protection issues must be resolved for those employees who will be picked up by other carriers, as well as for those who will be furloughed. It is my understanding that labor agreements have been worked out by the brotherhood and private carriers for those employees who will later be picked up under a temporary operating authority. However, this legislation is greatly needed to provide labor protection for those employees who will lose their jobs. The FRA has notified me that approximately 1,100 employees within the 19th Congressional District of Illinois alone have been furloughed. Many of these employees have dedicated most of their lives to maintaining this essential transportation service. It is only fair that they receive protection coequal to that of Milwaukee railroad employees by provisions that are included in this bill.

It is becoming increasingly apparent that it is absolutely imperative for the Federal Government to finance a rail network that can provide essential services needed to those areas that are vital to our economy. For instance, agricultural exports are the one bright spot in an otherwise dismal balance of trade. In the future, if our farmers are unable to transport their produce to foreign as well as domestic markets then we will have lost one of the most favorable contributors to our economic well being.

In the 19th Congressional District of Illinois, there are both small and large businesses that must utilize rail transport. We are out of time, and any prolonged disruption of service is certain to wreak havoc. Because I believe it imperative to get the two conflicting versions of this bill to a House-Senate conference, I intend to support this legislation with the hope that the Senate language relating to directed service will prevail.

For these reasons, I urge my colleagues to concur with me in support of H.R. 6837.

Mr. BEREUTER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to reiterate some of the points just made by the gentleman from Illinois (Mr. RAILSBACK) and associate myself with his remarks.

Tomorrow is April 1, April Fool's Day. We do not want the kind of trick that may create great numbers of problems for the Rock Island employees in this Nation. I have many such employees in my district who will be officially out of work tomorrow.

Title II is essential not only for my district, of course, but for Rock Island employees throughout the great central part of this Nation.

I note the fact that the subcommittee chairman reminded us that title II was added to the act as an expedient to help the employees of the Rock Island. I appreciate that effort and want to commend the subcommittee chairman and the members of the subcommittee for that action.

I, too, would like to emphasize the fervent hope of the gentleman from Illinois (Mr. RAILSBACK) that the conference may proceed expeditiously, and that if those conferees run into an adamant position against title I from the other body, at least they will consider the necessity that title II move forward to passage as quickly as possible.

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from New Jersey.

Mr. FLORIO. Mr. Chairman, I would just like to remind the gentleman that it is my opinion and perhaps the opinion of others here that if this amendment passes, it may very well jeopardize the passage of the bill containing the Rock Island Railroad provisions. Certainly none of us wants to see that happen.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman from New Jersey (Mr. FLORIO). It is for that reason that I am supporting the committee in opposition to the adoption of this amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. PURSELL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, let me stress, this is not an authorization of $1 billion for emerging corridors. It is a groundwork for future development, and unfortunately, nothing more. The bill only earmarks probable revenues from the windfall profit tax account for the various aspects of rail passenger service and upgrading for corridors designated as energy savers. The only money truly authorized is $750 million for the Northeast corridor.

Second, the report issued by the Federal Railroad Administration is not faulty. The information it contains strongly supports the fact that an emerging corridors program needs immediate congressional action. This is not a new theorem. The FRA report says nothing that has not already been recognized. For instance, Amtrak's 1978–82 5-year corporate plan has already pointed to the energy and cost saving potential of short-term corridor development. A real opportunity exists here to begin meeting the needs of an energy-constrained future in several of the corridors studied.

We are presented with an opportunity to finally create some groundwork to build upon the limited Amtrak base and to improve upon the U.S. rail system. No such development has occurred outside the Northeast corridor. Without such a commitment our Nation's rail system will not develop. Without that commitment now, 10 years forward we will still be reacting to a crisis situation rather than preparing ahead to meet a crunch.

Mr. Chairman, let me emphatically urge my colleagues to vote against this deletion.

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Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. PURSELL. I yield to the gentleman from New Jersey.

Mr. FLORIO. Mr. Chairman, I would just like to thank the gentleman for raising the point that what we are doing is establishing an orderly process for evaluating the feasibility of these corridors, and that there are no massive amounts of money that are authorized in this bill, and, for the record, to argue in opposition to the suggestion that we have procedurally gone forward in an appropriate way.

We have had 6 days of hearings on this bill and particularly dealing with this aspect of the corrdors.

I thank the gentleman for his support, and I would urge the committee to oppose this amendment.

Mr. PURSELL. I thank the gentleman for his remarks.

Mr. Chairman, I also thank the chairman for allowing my colleague, the gentleman from Michigan (Mr. WOLPE), and myself to testify before the gentleman's subcommittee, and I appreciate the gentleman's support.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. PURSELL. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I want to thank the gentleman for yielding to me and to thank him for his testimony before our subcommittee and for his support of the subcommittee bill.

Very briefly, if I may do this, I would like to point out that the gentleman who has offered this amendment has made some statements that are not correct. He has stated from the well that the bus people and the airline people were not allowed to testify before the subcommittee on this bill, and that is not a correct statement. They testified not only in New Jersey, but also in California, at hearings of the subcommittee on this particular piece of legislation.

The gentleman from Minnesota also stated that this legislation authorizes a billion dollars of money, and it does not do that. The bill specifically provides that any authorization must subsequently be passed by Congress in a specific piece of legislation.

And, finally, the gentleman from Minnesota indicated that the FRA had stated that the data presently available is not adequate on these corridors, and I would simply say to the gentleman from Michigan and to the committee that that is the purpose of this particular piece of legislation, to provide for an additional study by the Department of Transportation and by Amtrak to compile the necessary data.

Again I want to thank the gentleman from Michigan for his support.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. PURSELL. I yield to the gentleman from Minnesota.

Mr. HAGEDORN. Mr. Chairman, in light of the statements made by the gentleman from Illinois about the ample opportunity for the various transportation industries to testify before the committee, I will place in the RECORD at this time a letter from the National Taxpayers Union, several letters from the American Bus Association, a letter from the New Jersey Motorbus Association, Inc., and a letter from the chairman of the Subcommittee on Transportation and Commerce to Mr. Arthur D. Lewis, president, American Bus Association:

NATIONAL TAXPAYERS UNION,
*Washington, D.C., March 24, 1980.*

DEAR CONGRESSMAN: In our letter to you last week, we promised to send you a critique of the Department of Transportation's report concerning thousands of miles of additional Amtrak rail corridors. Dr. Mulvey's critique, which is enclosed, points out in careful detail several areas concerning costs, energy and ridership that totally refute any basis upon which the Congress should proceed.

The minimum capital required to offer 79 mph service is $928 million and if Amtrak's estimates of probable track and signal expenses are used, the cost could reach $1.6 billion—for each corridor.

To achieve any cost-benefit energy savings, then the real price of oil in 1985, to justify this investment, would have to be $250–$500 per barrel.

Potential demand for passenger train services was based on criteria for existing services and is not necessarily valid for new services. In fact, it is totally inappropriate, and alternative evaluative criteria should have been proposed.

In spite of these flaws, the bill to develop 13 high speed corridors has been rushed through the legislative process. Under the most obvious guise of political strategem, three major pieces of legislation were lumped together by Chairman Florio; the Northeast Corridor Improvement Project, the Emerging Corridors issue, and the Rock Island Railroad Employees Assistance Act. In less than two days, H.R. 6837, the Passenger Railroad Rebuilding Act of 1980 was maneuvered through the Committee process.

This legislation was moved forward without giving the taxpayers an opportunity to express their views, in spite of repeated requests by the National Taxpayers Union. Only the views of those in favor of the legislation were heard. Even major industry groups such as the Air Transport Association and the American Bus Association were denied the opportunity to express their position concerning intercity passenger travel, and the resulting impact on these industries.

As for additional rail corridors, Title I of this legislation authorizes $105 million for FY 1981, and $850 million to be available in FY 1982 for corridor improvement plans. Does all this sound familiar? You need only review the Railroad Revitalization and Regulatory Reform Act of 1976 to see the pattern emerging. $1.75 billion was initially authorized for the Northeast Corridor Improvement Project, which has now grown to $2½ billion—and this is for one corridor, not thirteen as proposed in this legislation. This is a blatant attempt to fleece the taxpayers and mislead the Congress.

In my view, the whole issue of rail corridors should be excised from the legislation and be considered openly and honestly with the true costs revealed to both the Congress and the American people. Adding billions of dollars in new expenditures to the federal budget in this period of economic crisis is unconscionable. Your vote against this bill will help to restore fiscal sanity to the legislative process.

Sincerely,

GEORGE E. SNYDER.

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AMERICAN BUS ASSOCIATION,
*Washington, D.C., March 28, 1980.*

Hon. JAMES J. FLORIO,
*U.S. House of Representatives,*
*Washington, D.C.*

DEAR MR. FLORIO: In answer to your letter of March 25, 1980, I would like to emphasize that I wrote the letter to Chairman Staggers with copies to you and your colleagues, as well as the letters to the House leadership, and that I personally signed them. As I stated in my letters, I believe the intercity bus industry has been treated shabbily by you and your staff and that the "emerging" corridors legislation is being jammed through Congress without adequate hearings and without receiving testimony from us on the adverse effect it will have on the intercity bus industry and on fuel consumption.

I would like to correct several statements in your letter. First, there were not six hearings on the "emerging" corridor legislation as you imply, there were only four including one that was not truly a part of the "emerging" corridors proposal, i.e. high-speed service between Philadelphia and Atlantic City. Second, I have never held a conversation with you on the "emerging" corridor legislation, nor has the American Bus Association been permitted to testify before your subcommittee at any of the field hearings, nor the one hearing held in Washington.

On January 9 it came to our attention that the California hearings were scheduled for January 14 and 15. We contacted a member of your staff to request permission to testify. We were told by Ms. Swartz that the witness list had already been set and that it was not possible to put us on the calendar . . . however, there would be hearings later in Washington at which we might testify. We were a little shocked to hear this on Wednesday, January 9, since the first public announcement of the hearings had been issued just the preceding Friday, January 4. We later found that the list of witnesses at that time included only six entities; Amtrak, Citizens for Rail-California, California Transit (The California DOT), the Orange County Board of Supervisors, State Senator Mills, and the Santa Fe Railroad. All but the Santa Fe were strong advocates of an expanded rail service. The list for Sacramento contained only five names and they were similarly disposed to Amtrak. It did not seem to me that this represented a very heavy hearings schedule. Later Greyhound was able to get to testify in San Diego, but only in regards to that corridor.

Let me make it clear—Greyhound is not the American Bus Association—and its testimony, limited to the San Diego-Los Angeles run, is not the testimony you would have heard from me on the effect of 18 potential corridors on the entire intercity bus industry. Later on we were told by Ms. Swartz that the staff did not appreciate Greyhound's testimony.

On January 25 we were notified that a subcommittee hearing on the Northeast Corridor Project would be held. We did not ask to testify since we had testified on that subject last year. However, on February 1 we were notified that hearings on the "emerging" corridors might be scheduled for late February or March. That day we formally requested permission to testify at any hearings on these corridors. A copy of this letter is attached.

On February 4, the Association advised Mr. Frank Gallagher, president of the New Jersey Bus Association (NJBA) that there would be hearings at Atlantic City on the Philadelphia-Atlantic City Corridor (not listed among the potential 18 set up for study). Mr. Gallagher indicated that the New Jersey Association would be interested in testifying at the hearing and would contact you accordingly. We understand that on February 8 a person representing the New Jersey Association contacted you personally and requested an opportunity to testify. He reports that you told him that your subcommittee had no jurisdiction over bus operations and therefore that NJBA testimony was unnecessary. In a letter to us from Mr. Gallagher, he later states that, "Consequently, Mr. Florio cordially barred us from appearing at his recent hearing in New Jersey." A copy of his letter is attached.

On February 20 the subcommittee published a hearing notice announcing NECIP hearings on February 26. Through rumors we heard that a hearing on the "emerging" corridors was also scheduled for February 28. Although we had not been given formal notice we contacted Ms. Swartz on February 23 and asked to testify at the hearing on the 28th. She told us that the bus industry had been heard from in San Diego and that if The American Bus Association wanted to make additional comments it could submit them for the record. We reminded her that Greyhound testified in San Diego and that Greyhound was not the American Bus Association. We also emphasized that merely submitting a statement for the record was not equivalent to testifying on such an important issue before the subcommittee. We reiterated again the adverse impact such a corridor development of this nature would have on the more fuel efficient intercity bus industry.

Even so, the first and only hearing held in Washington in "emerging" corridors legislation took place as scheduled on February 28 and we were not permitted to testify.

On March 13 our executive vice president, Mr. Norman Sherlock, received a call from Ms. Swartz saying she was calling at your request in regard to a conversation you had had with me and stated that the subcommittee was moving immediately to mark up on the 18th and that there would be no more hearings. There would be no opportunity for us to testify and that all we could do was to submit a written statement for the record if we wished to do so. Mr. Sherlock again told her that this was not adequate consideration of an issue which was of such great consequence to the intercity bus industry, and certainly would not substitute for a personal appearance before the subcommittee. He was told that the hearings could not be reopened for one witness. Mr. Sherlock stated that he understood there were other prospective witnesses who had not been able to testify, but that made no difference. Mr. Sherlock sent the enclosed letter to Ms. Swartz protesting the action.

It was at this time that we realized that we had to protest vigorously to the full committee and to the leadership in the House as well as the public. This is the most arrogant misuse of power by a subcommittee chairman I have experienced in the seven years I have been in Washington, first as Chairman of the United States Railway Association, and later as president of the American Bus Association.

You state in your letter that, "the intent of developing rail passenger service is not to divert traffic from the bus industry, but to divert it from the private automobile." Whether it is your intent to damage the bus industry or not is not the issue. The basic question is whether the bus industry will be damaged or not, and on this issue, we have not been allowed to present testimony. The purpose of hearings, among other things, is to determine all ramifications of legislation and you have not done that. We will be hurt. The only impartial and authoritative analysis of the extent of harm Amtrak has done to the bus industry has been conducted by the General Accounting Office and its report finds that:

"The intercity bus industry competes with Amtrak for passengers, a rivalry made possible by the large Federal subsidies Amtrak receives.

"There is little question that subsidized Amtrak service has attracted customers that would have otherwise ridden buses."

We have testified in other hearings that the drop in bus traffic in the Northeast Corridor (down 27 percent) since Amtrak's start-up in May, 1971 has been much greater than in other areas throughout the country (down 9 percent). We believe this is clearly due to the aggressive development of Amtrak in the corridor and Amtrak's use of Federal subsidies to price its services to be directly competitive with the bus. Furthermore, the Environmental Impact Statement on the Northeast Corridor estimates an additional 28.4 percent of bus traffic in the corridor will be diverted to Amtrak by NECIP by 1990. Yet, you say you do not believe an extension of such service to possibly 18 more corridors will have a heavy impact on the bus industry.

The justification for the "emerging" corridor legislation is based on an assumption as to the fuel efficiency of the train which is unrealistic. It does not exist today nor will it come about in the future. The forecast of fuel use made by the FRA analysis shows a train mile fuel efficiency of these corridors two and one-half times the experience of Amtrak in 1978. There is simply no technological breakthrough in the offing which will bring this massive change about. All we know at present is that Amtrak has the current fuel efficiency of the car used in intercity service. The bus has a fuel efficiency 4 to 6 times that of either of them. The negative impact on the fuel efficient bus will mean that the "emerging" corridors will actually consume more fuel than will be consumed if the corridors do not emerge. That information is not in your record either.

In your last paragraph you state, "I sincerely hope that the bus industry will support the legislation as reported by the Commerce Committee." Mr. Florio, this legislation will lead to very serious harm to this industry and will bring about unknown consequences for this, the most fuel efficient form of transportation which exists.

There is no way we can support such a program which is contrary to the interests of this country in conserving fuel and has such potential for harm to this industry.

Since you state in your letter that your colleagues are "extremely upset" by my original letter, I am taking the liberty of sending them copies of our letters so that they have the full background on the issue, as we see it.

Sincerely yours,

DAVID H. MILLER.

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AMERICAN BUS ASSOCIATION,
*Washington, D.C., February 1, 1980.*

Hon. JAMES J. FLORIO,
*Chairman, Subcommittee on Transportation and Commerce, House Office Building, Washington, D.C.*

DEAR CHAIRMAN FLORIO: The American Bus Association respectfully requests the opportunity to testify before your subcommittee with regards to the emerging corridors issue. As you know the development of these corridors may have a substantial impact on the operations of our members and we should therefore appreciate the opportunity to present our views.

Thank you for your consideration.

DAVID H. MILLER.

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NEW JERSEY MOTOR
BUS ASSOCIATION, INC.,
*West Orange, N.J., March 5, 1980.*

Mr. DAVID H. MILLER,
*Director of Governmental and Industry Affairs, American Bus Association, Washington, D.C.*

DEAR DAVE: Thanks for the fund raiser ticket for Congressman Jim Florio. You may recall that he advised that his subcommittee was not concerned with bus transportation, only with trains. He further told us that Congressman Jim Howard's Public Works Subcommittee dealt with bus transportation.

Consequently, Florio cordially barred us from appearing at his recent hearing in New Jersey.

If you receive any invitations for a Jim Howard fund raiser, please let us know.

Cordially,

FRANK P. GALLAGHER,
*President.*

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AMERICAN BUS ASSOCIATION,
*Washington, D.C., March 13, 1980.*

Ms. DEBBIE SWARTZ,
*Staff Assistant, Subcommittee on Transportation and Commerce, House Office Building, Washington, D.C.*

DEAR MS. SWARTZ: This is to be sure that the record is straight.

(1) Arthur Lewis, and no one else here, had any conversation with Congressman Florio today.

(2) We do not consider your notification, at the request of the Chairman, to be any reason for retreating from our February 1 request to testify before the Subcommittee on the whole issue of expanding Amtrak service to corridors outside the Northeast.

(3) We consider it a shocking travesty that the Chairman will not allow us to testify on a matter that is of great consequence to this industry.

(4) The existing hearing record is not adequate to justify moving forward on this issue. The full and accurate facts concerning cost energy impact, and the consequence of proposed action on bus companies or others have not been fully and fairly analyzed and considered.

Sincerely,

NORMAN R. SHERLOCK.

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SUBCOMMITTEE ON
TRANSPORTATION AND COMMERCE,
*Washington, D.C., March 25, 1980.*

Mr. ARTHUR D. LEWIS,
*President, American Bus Association, Washington, D.C.*

DEAR ART: I just wanted to inform you that someone has sent out over your signature, on your stationery, a letter which is inaccurate, intemperate, and extremely unprofessional in content and style. I have conveyed to my colleagues who have received it, and they were extremely upset over this less than mature communication, my feeling that an individual of your stature could not have had anything to do with this letter. The letter discusses the Subcommittee's development of legislation on rail corridors around the country.

As you are well aware from our conversations, the Subcommittee on Transportation and Commerce has spent a great deal of time and effort reviewing the need for these corridors around the country. The Subcommittee held four days of hearings on these corridors and two other days on the Northeast Corridor.

Both the American Bus Association and the Greyhound Bus Company have testified at these hearings and submitted statements for the record. We appreciate your input into the development of this legislation.

As I have said to you and others in the bus industry many times, "the intent of developing rail passenger service is not to divert traffic from the bus industry, but to divert it from the private automobile. The San Diego to Los Angeles Corridor is a perfect example of what we are attempting to accomplish. Over 95 percent of the traffic in that corridor is by automobile or airplane. Both bus and rail traffic is a minute percentage. We are attempting to get some of the 95 percent out of their automobiles and into more efficient modes of transportation.

We would hope that the bus industry can cooperate with Amtrak to attract people out of private automobiles. Both the bus and rail industry will benefit, and the public will benefit as well.

I sincerely hope that the bus industry will support the legislation as reported by the Commerce Committee.

Sincerely,

JAMES J. FLORIO,
*Chairman.*

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Mr. Chairman, at this point in time it is my understanding that the bus association did testify in California—it was the Greyhound Bus Co.—which certainly does not speak for the American Bus Association. But be that as it may, when you are talking about establishing 13 potential corridors that would cost at least $1 billion each and more, depending upon studies, that is rather comprehensive legislation.

Whether this is a preliminary authorization to a more formal authorization, be that as it may, it does kind of earmark potentially $13 to $18 billion in funds out of the $34 billion that will be available over the next 10 years out of the windfall profit tax legislation.

Mr. PURSELL. Mr. Chairman, reclaiming my time, which has about expired, I think the gentleman will have ample opportunity to testify before the Authorization Committee and the Appropriation Committee at a later date when we have more projected costs from an economic standpoint.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. PURSELL) has expired.

(On request of Mr. HAGEDORN and by unanimous consent Mr. PURSELL was allowed to proceed for 1 additional minute.)

Mr. HAGEDORN. If the gentleman will yield further, then what is the urgency of putting it in this legislation? It is just perfunctory?

Mr. PURSELL. I think it is very important, in terms of our energy and the crisis with which we are faced in this Nation, that a balanced transportation program is essential. This country is behind, 50 years behind, in public transportation. So I think the urgency is very obvious from an energy, land use, cost efficient standpoint, and I commend the committee for putting it in the bill so that we can move ahead in public transportation.

Mr. HAGEDORN. The gentleman favors the obligation, then, of these future commitments in lieu of all of the other tremendous mass transit energy-saving, conservation measures that this body might adopt.

Mr. VAN DEERLIN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, it should be noted that the gentleman from New Jersey (Mr. FLORIO) and the gentleman from Illinois (Mr. MADIGAN) brought this bill along with the Rock Island crisis and the urgency of that deadline in mind. But if we are going to have national legislation, we cannot limit our consideration to the needs of the Rock Island Railroad, or to the needs of the Northeast States alone. The section that the gentleman from Minnesota would strike from the bill is what makes this act truly national in scope.

I am not moved overmuch by veto threats conveyed to us, as they were, by the conversations carried on by the Secretary of Transportation. But even if they had been conveyed directly, it is not the function of this body to go hat in hand to the administration and ask what will be vetoed or what will not be vetoed. We have to put together what we consider the best, most balanced legislation, and send that down to the White House. My guess is that this bill will not be vetoed.

Far more than about the veto threat, I am concerned about the OPEC threat and what we are doing as a nation to insure that we can get from one place to another if we again have a shortage of oil. In such crises, great burdens must be borne by forms of transportation which are most efficient in consumption of fuel. Great numbers will switch to the trains. This bill allows us to prepare for that eventuality.

It happens that a part of the justification for this bill is the changing economics of air travel. The principal cost of operating a great jet liner is to get that plane off the ground. And so between cities less than 200 miles apart, airlines are doing their best to reduce the service. It is almost impossible, for example, to get a seat on a plane now from San Diego to Los Angeles. Further, it is becoming difficult to get a seat on a train between San Diego and Los Angeles. This run is at the top of the list that has been picked, among the 13 emerging corridors, for future study. If I had my way, I would have made the bill even stronger by an amendment that would have removed the reauthorization that will be necessary to begin construction on any of these routes. It was my opinion that in coming back one at a time to have routes authorized we might very easily run into the regionalism that sometimes overtakes this widely representative body.

But we must understand that the measure before us provides money for design and engineering only. It is not going to lay any new track in these corridors that are under attack and would be removed by the gentleman's amendment.

Without this section, the bill would be totally regional. It would not deserve the support of any Member of this body from west of the Mississippi.

Mr. CARTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this is indeed a very interesting bill. And I think it will be extremely helpful to parts of our country, particularly the Northeast corridor which needs further strengthening.

As we know, throughout our country the roadbeds, the railroad beds, are in disastrous condition. The future transportation needs of our country depend upon upgrading our railroads.

It is a sad thing that a large line like the Rock Island Line is bankrupt and that thousands of people will be without jobs. However, part of that has been taken care of, in that they have 6 months' severance pay, and after that, at least $3,000 for retraining.

Yes, there are many reasons why this bill should be passed, and it does represent various sections of the country. I regret that the Northeast corridor, although it goes through the most densely populated area of our country, is not paying. There is some reason why. I hardly know why that is, why it should not pay off. But there is one line in this country, and it involves the area of my dear friend from south California, and I could understand why he supports the bill, because it definitely will pay off. It goes, as I understand it, from San Diego to Los Angeles to Las Vegas.

I submit, Mr. Chairman, that there will be more riders for that train than for any train going on any corridor throughout the United States.

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Mr. TAUKE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, for those of us who come from the Middle West where the Rock Island is a very important railroad and a very important part of our transportation system, this proposal before us presents us with a real quandary. On the one hand we are anxious to have this measure pass this body, and we are anxious to show our support for the subcommittee and the fine work of the subcommittee and committee.

But, on the other hand, we recognize that the Senate and the administration are apparently opposed to everything in this measure except title II. Without the passage of this amendment, we may have a prolonged battle between the two Houses of the Congress and with the administration over the enactment of this legislation.

We in the Middle West are faced with a very serious emergency. We have railroads that are not running. We have employees who are unemployed.

We have shippers who are not shipping. And through each day this legislation is delayed, we are watching the deterioration of our railroad system. Shippers who depend on the Rock Island are gradually finding alternative methods to ship their goods.

Employees are scattering to find other kinds of employment. This is not something we can allow to drag on and on.

I was considering whether or not I should support this amendment when I listened to the colloquy between my colleague from Illinois (Mr. RAILSBACK) and the chairman of the subcommittee.

While I commend the chairman of the subcommittee for his excellent work in this area, I did not sense any indication in that conversation that if this measure did get bogged down in conference committee there would be a willingness to recognize that part of this bill is emergency legislation, while part of it is legislation that is not of an emergency nature. I think we need that kind of commitment if we who see the necessity of legislation passing affecting the Rock Island are going to be able to oppose the Hagedorn amendment.

So in view of the lack of that kind of commitment from the distinguished subcommittee chairman, I feel compelled to support the Hagedorn amendment and hope that we can consider first the emergency legislation which is a part of this bill and then, secondly, give due deliberation to that additional legislation which is important for the overall future transportation of the country but is not of an emergency nature.

Mr. Chairman, with that background in mind, I support Mr. HAGEDORN's amendment to delete from H.R. 6837 section 110, which deals with the development of 13 additional rail passenger corridors around the country. Today, we are considering a bill that is of vital importance to Iowa and the Midwest. Title II of H.R. 6837 deals with the bankrupt Rock Island Railroad system. We need to pass this bill as expeditiously as possible in order that the provisions of title II can become effective to mitigate the adverse impacts that the liquidation of the Rock Island will have upon Midwest shippers and Rock Island employees. However, without the passage of Mr. HAGEDORN's amendment, it is likely this bill will be delayed and perhaps rejected.

The Rock Island system covers roughly 7,000 miles over a total of 13 States. One thousand, five hundred, ninety-one miles of this system are located in Iowa. This system is essential to both the principal grain producing and industrial areas within Iowa. Thirty-two multiple-car grain loading facilities and 171 grain elevators depend upon this rail service. The Rock Island Railroad carried 28 percent of all orginating and terminating rail traffic in Iowa. This includes movement of 26 percent of Iowa agricultural products originating in the State. Keep in mind, I am speaking of Iowa alone—there are 12 other States that rely on the service from the Rock Island system.

The Rock Island Railroad, however, has been ordered by bankruptcy court to liquidate. This decision has left the Midwest in a very precarious position. Extensive efforts have been made to insure that service not be disrupted and that arrangements be made for the sale of as many lines as possible.

Gains have been made in negotiating sales. Furthermore, railroads have been lined up to take over temporary operating authority for 77 percent of the Rock Island system. Unfortunately, not all of our objectives have been accomplished. Title II of H.R. 6837, however, goes far in reaching these critical goals.

Title II provides $4 million for continued service over emergency areas of the system that will likely be purchased, but have not attracted offers from other railroads for temporary operating authority. Of equal importance is section 217 of title II, which gives the Interstate Commerce Commission clear authority to grant temporary operating authority to carriers willing to operate lines for an interim period during which sales of these lines can be finalized. A recent court decision had left this earlier-assumed authority in doubt.

Another key element of title II is the labor protection provision to cover those Rock Island employees who are not hired by purchasing or interim operating railroads. Only about 30 percent of the 8,280 Rock Island employees will likely be hired; consequently, it is essential to these people that this legislation be passed—and passed soon—in order that they will know better what their options and alternatives are and, therefore, will better be able to plan for their futures. For too long these employees have not known what lies ahead for them.

Notwithstanding my support for title II, I am concerned about the overall bill. I am dismayed that two other major pieces of railroad legislation were included with the consideration of the Rock Island Railroad. I would have much preferred debating these three significant proposals separately. I believe the Senate was more on-track with its passage of a bill dealing exclusively with the Rock Island.

My concern about H.R. 6837 is founded upon two major considerations: First, the critical time element involved with the Rock Island situation, and second, the absence of a real opportunity to consider the passenger rail provisions separately and on their own merits.

The Kansas City Terminal Railway

Co. has been providing directed service over the Rock Island lines. Carriers assuming interim service are scheduled to take over most of the system's operations on April 1. Most of the Rock Island employees will be dismissed at this point. The longer this legislation is delayed, the longer these employees will have to wait for their labor protection benefits.

In addition, some carriers have felt hesitant to take over temporary operating authority until the labor protection issue is settled. More serious is the complete shutdown of service over areas that will probably be purchased, but have not attracted offers for interim service. Until this legislation is enacted, these areas will suffer needlessly. Adverse impacts will also be felt indirectly by those who rely on these areas for products and supplies. Delays in the enactment of this legislation could cost shippers dearly. Each day that goes by without service over the Rock Island costs Iowans alone nearly $500,000. We must act quickly.

Unfortunately, because the Rock Island legislation was not left a separate issue, and, instead, was attached to the passenger rail service legislation, swift action is now in jeopardy. Both the Senate and the administration have expressed their objections, in particular, to the "emerging corridors" provisions of H.R. 6837. It seems likely that enactment of this bill will be stalled in conference committee because of the addition of this provision. Moreover, the administration has threatened a veto if the "emerging corridors" provision remains in this bill. The potential adverse ramifications that this could have upon midwestern areas served by the Rock Island system are very disturbing.

The second basis for my concern about H.R. 6837 is derived from the fact that many midwestern Representatives have been deprived of the real opportunity to consider the passenger rail legislation on its own merits. Mindful of the emergency Rock Island Railroad situation that hovers over us in the Midwest, we are being forced into a position of support of this entire bill regardless of our true judgment of the merits of the various provisions. However, Mr. HAGEDORN's amendment will free this legislation of the provisions that are jeopardizing swift action and approval by Congress and the administration.

I suggest that we come back at a later date to consider the "emerging corridors" legislation. At that time, we will be able to take a close, careful look at its merits. But today, we must delete this provision from our consideration in order to avoid extended delays that would be detrimental to the Midwest and the Nation. I strongly urge the passage of Mr. HAGEDORN's amendment.

Mr. SHUSTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the Hagedorn amendment. Some of the Members know I served as chairman of the National Transportation Policy Commission and indeed am deeply committed to a balanced transportation system in America, but this is the wrong bill on which to deal with questions of increasing corridors for Amtrak.

I realize maybe a billion dollars would not be actually spent. I realize that maybe the close to a billion dollars that is talked about here for Amtrak and new corridors will never actually come out of the Federal Treasury, but the point is we have a transportation emergency in America today.

Indeed, part of the language of the legislation talks about the emergency Rock Island assistance. I say that it would be wrong to encumber this emergency legislation with the language that deals with new Amtrak corridors. That is an issue which should be taken up by itself in other legislation.

Remember, the administration has given a signal that they are against these Amtrak corridors, at least the language in this legislation. Remember, the Senate has indicated that they are not in support of it.

I say it would be wrong to jeopardize the truly emergency part of this legislation by encumbering it with the new language that deals with the possibility of new corridors.

For that reason and the interest of moving ahead to deal with needed emergency transportation legislation, I urge the support of the Hagedorn amendment so that we might strip away this controversial section which indeed could jeopardize the emergency part of the bill.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Maryland.

Mr. BAUMAN. The gentleman has given a very convincing argument on one point against the legislation, but I also want to point out again that despite the protest of the sponsors of the bill, one title of the bill has a potential for budget busting that will go on for years to come.

The figures I have seen, and they have not been refuted, indicate that each rail corridor could cost as much as a billion dollars or more. The Northeast corridor is losing money as it stands now. This bill is the place to start balancing budgets, with authorizing legislation that provides a downpayment, nearly a billion dollars in this bill, for untold deficit spending in the future. We do not have the money. We should not kid these areas of the country that are under study that we are going to have the money. If you love the balanced budget, as everybody says they do these days, this amendment allows you to kill a potential $13 or $14 billion or more in unnecessary Federal spending.

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from New Jersey.

Mr. FLORIO. I cannot let go unrefuted the points that have been made. We have now escalated the $1 billion nonauthorized in this bill to a $13 billion nonauthorization. This bill does not provide an authorization for $1 billion or $850 million. The representation has been made; the administration is not supportive of this bill. It is based upon—and I saw the letter—the statement by the Secretary that this creates an authorization of $1 billion; that is not correct.

I assume the administration will reevaluate its position on the basis of what the law does do.

Mr. SHUSTER. Mr. Chairman, I would simply say, in concluding, let us not encumber this legislation with these controversial provisions—underline the word "controversial"—there are two sides to this issue, but let us not even put ourselves in the position where we must deal with these controversies. Let us limit ourselves to the emergency at hand and that way proceed expeditiously to solve it.

Mr. VAN DEERLIN. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. VAN DEERLIN. Had I been more persuasive in committee, everything that the gentleman says would have been true.

Mr. SHUSTER. I thank the gentleman.

Mr. LEACH of Iowa. Mr. Chairman, I move to strike the requisite number of words.

I rise just to ask the chairman of the committee if he could explain exactly how much money will be expended outside the Rock Island portion of this bill. We have heard that it is not $1 billion and it is not $13 billion. How much does the gentleman visualize is obligated under this section?

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. LEACH of Iowa. I yield to the gentleman.

Mr. FLORIO. The provisions outside of the Rock Island, the provisions other than those that are in the budget, are about $155 million.

Mr. LEACH of Iowa. I thank the gentleman.

Mr. BAUMAN. Mr. Chairman, I move to strike the last word and rise in support of the amendment.

Let us not kid ourselves, Mr. Chairman. We hear statements made by the people managing this bill that it is not going to cost but a pittance, just a few million dollars. Well, a few million dollars is important to the taxpayers who pay it. This rail corridor study section would not be in the bill unless eventually the sponsors want to see these corridors treated as the Northeast corridor has been treated, and that means massive deficit spending.

We know the history of the Northeast corridor. It runs through my district for about 90 miles. Without criticizing Amtrak, because they inherited a very bad situation, we were originally told back in 1976 that the corridor was going to cost about $1.75 billion. Now it is estimated at $2.5 billion. That is just one corridor. This bill proposes that 13 more such corridors in various parts of the Nation be financed out of whatever source. The statistics, if my colleagues will look at Amtrak's own estimates for revitalizing and rebuilding track, and signals, and all of the other expenses, could reach in excess of $1.5 billion for each one of these corridors.

We always talk about balancing the budget on the appropriation bill and ignore the authorization bill. This bill is the down payment on a multibillion dollar nationwide railroad system financed by the Federal taxpayers, and it cannot possibly pay for itself. Such ventures have not paid for themselves in the past. We should not kid ourselves, this is the kind of a vote that starts these programs rolling, food stamps, or whatever it may be. You always say it will not cost much, it is only going to be a study, and then you come back later and address it and, of course, once the foot is in the door the special interests come in and demand expansion. First, they want the study and then the money.

Regardless of the source of the funding we should reject this. The gentleman from Illinois has pointed out this money would come from the windfall profit tax proceeds. Those are taxes just like any other taxes. Maybe one of these days instead of spending everything we could use it to pay off the national debt. What an amazing idea. Maybe we could even fight inflation a little bit if we would just stop spending.

We have gotten so bad in this Congress collectively with a lack of will on economic and fiscal matters that we cannot control ourselves. We see money about to come in under the windfall profit tax and we say "Spend it quick, let us spend it for something, we have to spend it." Why not use it to pay our debts? That is what is at issue in the Hagedorn amendment. If my colleagues are going to vote after the Easter recess for a balanced budget they can start today showing their will, their guts and their fortitude and good intention, and start by stopping a program in its tracks. I mean literally in its tracks.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Illinois.

Mr. MADIGAN. I want to thank the gentleman for yielding. As the gentleman from Maryland knows, we have already authorized $1.75 billion on the Northeast corridor, and this bill contemplates spending another $750 million on the Northeast corridor. The gentleman from Maryland has not said anything about either of those expenditures, but continues to talk about the other 13 corridors.

Mr. BAUMAN. I regret the huge costs of the Northeast corridor despite the fact that it goes through my district for about 90 miles. When Amtrak took over the first thing they did was to cut out all of the stops in the 90 miles in my district, and I had to fight for 3 years to get one stop reactivated, and they finally did that and it is making money. But the U.S. Government ought not to be in the railroad business. Government does not do any better running railroads than they do with the post office. They ought to leave it to private enterprise.

Mr. MADIGAN. Is the gentleman at all troubled by the inconsistency of his having supported the $750 million and his remarks the other day on the Northeast corridor?

Mr. BAUMAN. As I just said, I regret the costs of the Northeast corridor, but we should learn from our past mistakes. The Government of the United States should not assume the role of private enterprise unless it is absolutely necessary. It certainly should not go further than it has with the example of the money-losing Northeast corridor before us.

Mr. MADIGAN. But the gentleman is not in any way troubled by the fact he has supported the corridor that serves his district?

Mr. BAUMAN. As I said, I certainly am troubled. I can hardly go to sleep nights for thinking about the cost of Amtrak and of government in general.

Mr. MADIGAN. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. HAGEDORN).

The question was taken; and on a division (demanded by Mr. HAGEDORN) there were—ayes 23, noes 20.

Mr. FLORIO. Mr. Chairman, I demand a recorded vote, and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. A quorum is not present. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 170]

Abdnor
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Applegate
Archer
Ashbrook
Ashley
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bouquard
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr
Carter
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Collins, Ill.
Conable
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dingell
Dixon
Dodd
Donnelly
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Ertel
Evans, Ga.
Evans, Ind.
Fary
Fazio
Findley
Fisher
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Green
Grisham
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Harris
Hawkins
Heckler
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hutto
Hyde
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Jones, Tenn.
Kastenmeier
Kelly
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lehman
Leland
Lent
Levitas
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
McCormack
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Nedzi
Nelson
Nichols
O'Brien
Oakar
Oberstar
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Peyser
Pickle
Porter
Preyer
Price
Pursell
Quayle
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roe
Rose
Rosenthal
Roth
Rousselot
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stokes
Stratton
Studds
Swift
Symms
Synar
Tauke
Taylor
Thomas
Traxler
Trible
Udall
Ullman
Van Deerlin
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

The CHAIRMAN. Three hundred and thirty-eight Members have answered to their names, a quorum is present, and the Committee will resume its business.

☐ 1550

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Minnesota (Mr. HAGEDORN) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 84, noes 266, not voting 81, as follows:

[Roll No. 171]

AYES—84

Abdnor
Andrews, N. Dak.
Ashbrook
Barnard
Bauman
Breaux
Broomfield
Butler
Cheney
Clinger
Conable
Corcoran
Crane, Daniel
Daschle
Derrick
Derwinski
Devine
Edwards, Okla.
English
Erdahl
Evans, Ga.
Forsythe
Fountain
Goodling
Gradison
Gudger
Guyer
Hagedorn
Hammerschmidt
Harsha
Hillis
Hinson
Holt
Hopkins
Hubbard
Huckaby
Hutto
Jacobs
Jenkins
Kelly
Kindness
Kogovsek
Kramer
Latta
Leach, Iowa
Lott
Lujan
McDonald
Martin

Miller, Ohio
Montgomery
Moore
Mottl
Myers, Ind.
Paul
Porter
Quayle
Roberts
Rousselot
Rudd
Sabo
Schulze
Sharp
Shuster
Smith, Iowa
Snyder
Solomon
Stangeland
Stanton
Steed
Stenholm
Symms
Synar
Tauke
Taylor
Thomas
Vento
Walker
Watkins
Whitley
Whitten
Williams, Mont.
Wydler
Wylie

### NOES—266

Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Applegate
Archer
Ashley
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bouquard
Brademas
Brinkley
Brodhead
Brooks
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chisholm
Clausen
Clay
Cleveland
Coelho
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Courter
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Dickinson
Dingell
Dixon
Dodd
Donnelly
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
Ertel
Evans, Ind.
Fary
Fazio
Findley
Fish
Fisher
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Gore
Gramm
Green
Grisham
Hall, Ohio
Hall, Tex.
Hamilton
Hance
Harris
Hawkins
Heckler
Heftel
Hightower
Holland
Hollenbeck
Horton
Hughes
Hyde
Jeffords
Jeffries
Johnson, Calif.
Jones, Tenn.
Kastenmeier
Kildee
Kostmayer
LaFalce
Leach, La.
Leath, Tex.
Lee
Lehman
Leland
Lent
Levitas
Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Luken
Lundine
McCormack
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Murphy, N.Y.
Murphy, Pa.
Murtha
Natcher
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Pickle
Preyer
Price
Pursell
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Robinson
Roe
Rose
Rosenthal
Roth
Roybal
Royer
Russo
Santini
Satterfield
Sawyer
Schroeder
Sebelius
Seiberling
Sensenbrenner
Shannon
Shelby
Shumway
Skelton
Smith, Nebr.
Snowe
Solarz
Spellman
Spence
St Germain
Stack
Staggers
Stark
Stewart
Stokes
Stratton
Studds
Swift
Traxler
Trible
Udall
Ullman
Van Deerlin
Volkmer
Walgren
Wampler
Waxman
Weaver
White
Whitehurst
Whittaker
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

### NOT VOTING—81

Addabbo
Anderson, Ill.
Anthony
Aspin
Beilenson
Bethune
Bingham
Bonior
Bonker
Bowen
Burton, Phillip
Chappell
Coleman
Collins, Tex.
Crane, Philip
Dannemeyer
Dicks
Diggs
Dornan
Dougherty
Downey
Eckhardt
Erlenborn
Evans, Del.
Fascell
Fenwick
Ferraro
Fithian
Frenzel
Giaimo
Goldwater
Grassley
Gray
Guarini
Hanley
Hansen
Harkin
Hefner
Holtzman
Howard
Ichord
Ireland
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kazen
Kemp
Lagomarsino
Lederer
Lewis
Livingston
Lungren
McClory
McCloskey
McDade
Mathis
Murphy, Ill.
Myers, Pa.
Neal
Nolan
Petri
Pritchard
Rahall
Richmond
Rodino
Rostenkowski
Runnels
Scheuer
Simon
Stockman
Stump
Thompson
Vander Jagt
Vanik
Weiss
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Young, Alaska

□ 1450

Mr. CAMPBELL, Mr. SPENCE, Mrs. SMITH of Nebraska, and Mr. MARRIOTT changed their votes from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

### AMENDMENT OFFERED BY MR. GLICKMAN

Mr. GLICKMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GLICKMAN: On page 57, insert at the end of line 2, "or institution of", and insert at the end of line 5, "service or".

Mr. GLICKMAN. Mr. Chairman, the purpose of this amendment is simply to clarify that the services between corridors authority in section 907 of the bill would include not only upgrading and connecting services, but institution or reinstitution of previously terminated services should it be determined that such new services would maximize ridership on the route.

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from New Jersey.

Mr. FLORIO. Mr. Chairman, the gentleman's proposal is not incompatible with the thrust of the legislation. The committee is prepared to accept the amendment.

Mr. GLICKMAN. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas (Mr. GLICKMAN).

The amendment was agreed to.

Mr. PEYSER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take the floor at this time to rise in support of the legislation that has been proposed today. I must say, Mr. Chairman, hearing some of the debate on the Hagedorn amendment that was just defeated would lead me and, I think, many in the public to believe that there was not a mass transit problem in this country. Obviously, there is a major mass transit problem, and we have to continued to address it through legislation such as we are enacting today.

But, Mr. Chairman, I also wanted to make a comment at this time, and also ask the chairman of the subcommittee a question. In my area of the country, in the metropolitan New York City area, ConRail has for the last several years taken over the operation of all passenger lines, of the commuter lines which handle hundreds of thousands of people daily. This line, since ConRail was taken over, has deteriorated, has become a practical hazard for commuters to travel on a day-by-day basis.

It is for this reason, Mr. Chairman, that I have met with Mr. Boyd, the President of Amtrak, and have asked him to undertake a study, which they now have underway, on the possibilities of Amtrak taking over the ConRail operation. ConRail takes great pride in its freight operation, and I say fine, more power to them. Amtrak is a passenger line, and what we need in the metropolitan area are people who are concerned with passenger service.

So, I would like to ask the chairman at this time if, when we have the full reports that are available, and we have also worked out some very practical problems that exist with the Metropolitan Transit in New York, the MTA, as to who controls the line, if the committee will give consideration in the future to this particular problem. We are certainly not asking for commitments at this time except a willingness to study a problem that affects hundreds of thousands of people every day I would appreciate it if the chairman would respond.

Mr. FLORIO. As I indicated to the gentleman in private conversation certainly in his problem we would be happy to look into it.

Mr. PEYSER. I thank the chairman very much because what we have here is a situation where hundreds of thousands of citizen taxpayers every day are being faced with insurmountable problems in getting in and out of New York City.

□ 1500

### AMENDMENT OFFERED BY MR. HAGEDORN

Mr. HAGEDORN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAGEDORN: Page 58, line 11, strike out "; and " and insert in lieu thereof a period.

Page 58, strike out lines 12 through 17, inclusive.

Mr. HAGEDORN. Mr. Chairman, this amendment will delete that section of title I which contains the $850 million in fiscal year 1982 for the implementation of the emerging corridor improvement projects.

I have indicated earlier my displeasure about the entire emerging corridor section of the bill. I think it is somewhat costly and irresponsible in these times of tight budgetary restraints to do that, but in light of the recent vote which would allow $50 million for equipment expenditures and allow $55 million for design and engineering work to proceed on these emerging corridors, I do think we ought to at least eliminate that $850 million in budgetary authority or preliminary budgetary authority, as I believe the chairman of the subcommittee chooses to call it.

The strange thing about the authorization is that it will only be effective upon subsequent congressional enactment of legislation specifically authorizing the implementation of projects. If additional legislation by the Congress is required, then why is it necessary to authorize this $850 million today?

I think the $850 million section has been accurately characterized as a down payment on a program that could possibly cost up to $13 billion or $1 billion or more for each proposed corridor.

Now is the time, I think, to put a stop to this very unusual type of authorizing legislation. We should not wait for the appropriations process to kill this spending provision.

I would remind my colleagues again that the Carter administration is opposed to creating 13 new rail corridors, and Secretary Goldschmidt did indicate there would be problems with it, I think, however it is written.

Mr. Chairman, if we support the Northeast corridor program, if we support the emergency situation that exists for the Rock Island Railroad employees and shippers, I would hope now that we would support this amendment. Let us do something to hold down this spending in the future.

Mr. CAMPBELL, Mr. Chairman, will the gentleman yield?

Mr. HAGEDORN. I yield to the gentleman from South Carolina.

Mr. CAMPBELL, Mr. Chairman, let me ask the gentleman, if I may, concerning the striking of the authorization for the expenditure of $850 million, is it not true that the bill now requires the Congress to reauthorize? This just puts in place an appropriation, and we would not have a reappropriation; is that the way the gentleman looks at it?

Mr. HAGEDORN. Mr. Chairman, this in a sense, I believe, gives this particular aspect of mass transit an advanced start or a running start to attract and attach the revenues of the windfall profit tax legislation.

Mr. CAMPBELL. Mr. Chairman, nothing in the gentleman's amendment would jeopardize the studies of the capital cost improvements and this sort of thing in the $55 million that we already provided? As a matter of fact, what the gentleman is saying is that we need now just to wait, and after that has been finished, if then we need to go ahead with another piece of legislation, we can do that rather than proceed now with any further authorization?

Mr. HAGEDORN. The gentleman is correct.

Mr. FLORIO, Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I shall be brief. I wish to state that what this amendment does is to try to knock out an authorization that is not contained in this bill. The amendment achieves no purpose. In fact, there is no amount of $850 million authorized, and the gentleman, in offering his amendment, serves no purpose, and I would suggest that the amendment is not worthy of consideration.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield for a question?

Mr. FLORIO. I yield to the gentleman from Minnesota.

Mr. HAGEDORN. Mr. Chairman, may I ask the gentleman, what exactly is the purpose of mentioning the $850 million if it is not an authorization? Why is that provision in the bill, then, if it is insignificant and not even worthy of consideration or worthy of a vote in this body?

Mr. FLORIO. Mr. Chairman, let me state to the gentleman that the $850 million was the preliminary estimate as to what it would cost to complete the 13 corridors that preliminarily were designated.

In fact, what the provision in the bill does is to state that the windfall profit tax money considered by the conference committee has already been specified as a percentage of the appropriation that should be devoted to energy and transportation allocations. In fact, we are looking forward at the appropriate time, after a due process procedure has been provided, to an evaluation, provided that at that time the Congress would be called upon to authorize the moneys that would be needed.

If the gentleman will look at the language in the bill, he would see that there is a specific statement that moneys are required to be authorized by separate legislative authorization before any capital construction is undertaken.

Mr. HAGEDORN. I understand that, Mr. Chairman.

If the gentleman will yield just a bit further, then what he is saying is that the $850 million in his opinion will be the total cost to upgrade these various corridors?

Mr. FLORIO. Mr. Chairman, that is the preliminary estimate, and it bears no significance beyond that. We have now set into motion a process to find out what the real cost will be, whether it will be less or more. The fact of the matter is that really what we are talking about is an estimate, and there is no authorization of $850 million contained in the bill.

Mr. MADIGAN. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I rise also for the purpose of engaging the gentleman from New Jersey (Mr. FLORIO) in a brief colloquy. I wonder if the gentleman from New Jersey could give me some indication of how much longer we are going to be working on this bill this afternoon.

Mr. FLORIO. Mr. Chairman, if the gentleman will yield, it is my understanding that as soon as we dispose of this amendment, there will be one or two other amendments to title II that are noncontroversial and that in fact will be dealt with in a very expeditious way so that we can then proceed to final passage.

It is my understanding that we are to terminate our proceedings by 3:30, but if that is not the case and we do not terminate by 3:30, we will carry this bill over and the ramifications for the Rock Island situation will be extremely serious. We want to get this matter to the conference committee. We want to get to the point of dealing with the Rock Island matter. I would hope, therefore, that we could finish this bill by 3:30.

Mr. MADIGAN. Mr. Chairman, what the gentleman is saying is that if we are not finished by 3:30, this bill containing the Rock Island emergency provision continues in the House for another day?

Mr. FLORIO. Mr. Chairman, that is exactly what I am saying.

Mr. MADIGAN. Mr. Chairman, I thank the gentleman for his response.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. HAGEDORN).

The amendment was rejected.

The CHAIRMAN. Are there other amendments to title I?

If not, the Clerk will designate title II.

Title II reads as follows:

### TITLE II—ROCK ISLAND RAILROAD EMPLOYEE ASSISTANCE

#### SHORT TITLE

SEC. 201. This title may be cited as the "Rock Island Railroad Employee Assistance Act".

#### CONGRESSIONAL FINDINGS

SEC. 202. The Congress hereby finds that—

(1) uninterrupted continuation of services over Rock Island lines is dependent on adequate employee protection provisions covering Rock Island Railroad employees who are not hired by other railroads; and

(2) for those Rock Island Railroad employees not hired by other rail carriers, there is no other practicable means of obtaining funds to meet the necessary costs of such employee protection that are assumed by the Rock Island Railroad.

#### DEFINITIONS

SEC. 203. As used in this title—

(1) the term "Board" means the Railroad Retirement Board;

(2) the term "Commission" means the Interstate Commerce Commission;

(3) the term "employee" includes any employee of the Rock Island Railroad employed by the Kansas City Terminal Railway Company on March 1, 1980, in its capacity as a directed service operator, but does not include any individual serving as president, vice president, secretary, treasurer, comptroller, counsel, member of the board of directors, or any other person performing such functions;

(4) the term "Rock Island Railroad" means the Chicago, Rock Island and Pacific Railroad Company; and

(5) the term "Secretary" means the Secretary of Transportation.

#### RAILROAD HIRING

SEC. 204. (a) Each person who is an employee of the Rock Island Railroad on August 1, 1979, and who, prior to January 1, 1981, is separated or furloughed (other than for cause) from his employment with such railroad, or from his employment with another rail carrier providing temporary service over lines of the Rock Island Railroad, as a result of a reduction of service by such railroad or such temporary service carrier shall, unless found to be less qualified than other applicants, have the first right of hire by any other rail carrier that is subject to regulation by the Commission for any vacancy that is not covered by (1) an affirmative action plan, or a hiring plan designed to eliminate discrimination, that is required by Federal or State statute, regulation, or Executive order, or by the order of a Federal or State court or agency, or (2) a permissible voluntary affirmative action plan. For purposes of this section, a rail carrier shall not be considered to be hiring new employees when it recalls any of its own furloughed employees.

(b) The rights afforded to Rock Island

Railroad employees by this section shall be coequal to the rights afforded to Chicago, Milwaukee, Saint Paul and Pacific Railroad Company employees by section 8 of the Milwaukee Railroad Restructuring Act (45 U.S.C. 907).

### EMPLOYEE PROTECTION AGREEMENTS

SEC. 205. (a) No later than 10 days after the date of enactment of this title, the Rock Island Railroad and labor organizations representing the employees of such railroad may, with the assistance of the National Mediation Board, enter into an agreement providing protection for employees of such railroad who are adversely affected as a result of a reduction in service by such railroad. Such employee protection may include, but need not be limited to, employee relocation incentive compensation, moving expenses, and separation allowances.

(b) If the Rock Island Railroad and the labor organizations representing the employees of such railroad are unable to enter into an employee protection agreement under subsection (a) of this section within 10 days after the date of enactment of this title, the parties shall immediately submit the matter to the Commission. The Commission shall impose upon the parties by appropriate order a fair and equitable arrangement with respect to employee protection no later than 30 days after the date of enactment of this title, unless the Rock Island Railroad and the authorized representatives of its employees have by then entered into a labor protection agreement. For purposes of this subsection, the term "fair and equitable" means no less protective of the interests of employees than protection afforded under section 9 of the Milwaukee Railroad Restructuring Act (45 U.S.C. 908), subject to the limitations set forth in section 211(d) of this title.

(c) If an employee protection arrangement is imposed by the Commission under subsection (b) of this section, the court having jurisdiction over the reorganization of the Rock Island Railroad (hereinafter the "reorganization court") shall immediately authorize and direct the Rock Island Railroad trustee to, and the Rock Island Railroad trustee and the labor organizations representing the employees of the railroad shall, immediately implement such arrangement.

(d)(1) An order of the Commission under subsection (b) of this section may not be stayed by the Commission or by any court, and an order of the reorganization court under subsection (c) of this section may not be stayed by any other court.

(2) Any order described in paragraph (1) of this subsection may be appealed only to the court of appeals of the United States having jurisdiction to review decisions and orders of the reorganization court. Any such appeal to such court of appeals shall be filed within 5 days after the date of entry of the order of the Commission or the reorganization court, as the case may be, and such court of appeals shall finally determine such appeal within 60 days after the date such appeal is filed. No determination by the court of appeals under this subsection may be reviewed in any other court.

(e)(1) Any claim of an employee for benefits and allowances under an employee protection agreement or arrangement entered into under this section shall be filed with the Board in such time and manner as the Board by regulation shall prescribe. The Board shall determine the amount for which such employee is eligible under such agreement or arrangement and shall certify such amount to the Rock Island Railroad for payment.

(2) Benefits and allowances under such agreement or arrangement entered into under this section shall be paid by the Rock Island Railroad from its own assets or in accordance with section 211 of this title, and claims of employees for such benefits and allowances shall be treated as administrative expenses of the estate of the Rock Island Railroad.

(f) The first sentence of section 7(b)(7) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(b)(7)) is amended by striking out "and the Milwaukee Railroad Restructuring Act" and inserting in lieu thereof ", the Milwaukee Railroad Restructuring Act, and the Rock Island Railroad Employee Assistance Act".

### EMPLOYMENT OF ROCK ISLAND RAILROAD EMPLOYEES

SEC. 206. (a) The Board shall prepare and maintain—

(1) a list of employees separated from employment with the Rock Island Railroad who indicate a desire to appear on a list to be available to rail carriers; and

(2) a list of employment, by class and craft, available with rail carriers,

based upon information submitted to the Board by the Rock Island Railroad and other rail carriers. Upon the request of any rail carrier, the Board shall make available to such carrier a copy of the list described in paragraph (1) of this subsection.

(b) The Board shall maintain the lists required by subsection (a) of this section through December 31, 1984.

### NEW CAREER TRAINING ASSISTANCE

SEC. 207. (a) An employee who elects to receive a separation allowance from the Rock Island Railroad under an employee protection agreement or arrangement entered into under section 205 of this title may receive from the Board reasonable expenses for training in qualified institutions for new career opportunities.

(b) To be eligible for assistance under this section, an employee—

(1) must first exhaust any Federal educational benefits available to such employee under any existing program; and

(2) must begin his course of training within two years following the date of such employee's separation from employment with the Rock Island Railroad.

(c) Reasonable expenses for assistance under this section shall be determined by the Board on the basis of an application therefor filed by an employee with the Board.

(d) No assistance may be provided under this section after April 1, 1984.

(e) As used in this section—

(1) the term "expenses" means actual, reasonable expenses paid for room, board, tuition, fees, or educational material in an amount not to exceed $3,000; and

(2) the term "qualified institution" means an educational institution accredited for payment by the Veterans' Administration under chapter 36 of title 38 of the United States Code.

### ELECTION

SEC. 208. Any employee who receives any assistance under an employee protection agreement or arrangement entered into under section 205 of this title or any new career training assistance under section 207 of this title shall be deemed to waive any employee protection benefits otherwise available to such employee under the Bankruptcy Act, title 11 of the United States Code, subtitle IV of title 49 of the United States Code, or any applicable contract or agreement.

### ELIGIBILITY FOR ASSISTANCE

SEC. 209. An employee shall not be eligible to receive any assistance (other than moving expenses) under an employee protection agreement or arrangement entered into under section 205 of this title or any new career training assistance under section 207 of this title—

(1) during any period in which such employee is employed by any rail carrier providing temporary service over any lines of the Rock Island Railroad; or

(2) at any time after the date such employee receives an offer of employment, in his craft and for which such employee is qualified, from a rail carrier acquiring lines of the Rock Island Railroad.

### AUTHORIZATION OF APPROPRIATIONS

SEC. 210. (a) Section 14(b) of the Milwaukee Railroad Restructuring Act (45 U.S.C. 913(b)) is amended—

(1) by inserting "and section 207 of the Rock Island Railroad Employee Assistance Act" immediately after "this Act"; and

(2) by adding at the end thereof the following new sentence: "Effective October 1, 1980, there is authorized to be appropriated an additional $1,500,000 for new career training assistance under section 12 of this Act and section 207 of the Rock Island Railroad Employee Assistance Act.".

(b) Section 14(c) of the Milwaukee Railroad Restructuring Act (45 U.S.C. 913(c)) is amended—

(1) by inserting "and the Rock Island Railroad Employee Assistance Act" immediately after "this Act"; and

(2) by adding at the end thereof the following new sentence: "Effective October 1, 1980, there is authorized to be appropriated to the Board an additional $1,000,000 to carry out its administrative expenses under this Act and the Rock Island Railroad Employee Assistance Act.".

### OBLIGATION GUARANTEES

SEC. 211. (a) The Secretary, under the authority of section 511 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 831), shall guarantee obligations of the Rock Island Railroad for purposes of providing employee protection in accordance with the terms of any employee protection agreement or arrangement entered into under section 205 of this title.

(b) Any obligation guaranteed pursuant to this section shall be treated as an administrative expense of the estate of the Rock Island Railroad.

(c) The aggregate unpaid principal amount of obligations which may be guaranteed by the Secretary pursuant to this section shall not exceed $75,000,000.

(d) The total liability of the Rock Island Railroad in connection with benefits and allowances provided under any employee protection agreement or arrangement entered into under section 205 of this title shall not exceed $75,000,000.

(e) Except in connection with obligations guaranteed under this section, the United States shall incur no liability in connection with any employee protection agreement or arrangement entered into under section 205 of this title.

(f) Section 511(g) and section 516 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 831(g) and 836) shall not apply to any obligation guaranteed under this section.

### EMERGENCY ROCK ISLAND ASSISTANCE

SEC. 212. (a) The Commission shall order directed service over any line of the Rock Island Railroad if the Secretary finds and certifies to the Commission that—

(1) a transportation emergency exists which cannot be resolved by a grant of interim operating authority over such line or by any other means; and

(2) an application for the purchase of such line is pending with the Commission, and all circumstances indicate that the purchase transaction will be consummated.

(b) The Secretary shall immediately make available $4,000,000 to the Commission for directed service provided under this section. Such amount shall be provided out of funds appropriated under Public Law 96-131 to implement section 505 of the Railroad Revitalization and Regulatory Reform Act of

1976 or such other previously appropriated funds as the Secretary considers appropriate.

### DIRECTED SERVICE

SEC. 213. (a) The Commission shall order directed service, for the two-year period beginning on the date of enactment of this title, over any commuter line of the Rock Island Railroad that was in operation on March 1, 1980, if the directed service carrier agrees to provide such service without payment under section 11125(b)(5) of title 49 of the United States Code.

(b) Notwithstanding any other provision of law, a commuter line of the Rock Island Railroad over which directed service is provided pursuant to this section may not be abandoned, and service over such line may not be discontinued, during the period of such directed service.

### TEMPORARY RAIL BANKING

SEC. 214. During the 45-day period beginning on the date of enactment of this title, no rail line or facility of the Rock Island Railroad which has been approved for abandonment by the Commission may be downgraded, scrapped, or otherwise disposed of without the approval of the Secretary under this section. The Secretary, upon application by the Rock Island Railroad, shall grant such approval unless he finds that—

(1) a rail carrier, shipper, State, or other interested party has expressed in writing an interest in purchasing the particular rail line or facility for purposes of providing rail service; and

(2) there is a reasonable expectation that such purchase transaction will be consummated.

### EXPEDITED PROCEEDINGS

SEC. 215. The Commission shall give any proceeding involving the Rock Island Railroad preference over all other proceedings pending before the Commission, and shall expedite such proceeding and make its decision therein at the earliest practicable time.

### CONTINUATION OF TERMS OF COMPENSATION

SEC. 216. The terms of compensation for all trackage rights, joint facilities, and similar arrangements between other rail carriers and the trustee of the Rock Island Railroad which are in effect on the date of enactment of this title on portions of the lines of the Rock Island Railroad involved in temporary emergency operations shall be continued in effect during the duration of the temporary emergency operating authority with the carrier providing temporary emergency service substituting for the trustee. Such continuation shall not alter or affect the ultimate rights of other rail carriers under trackage rights, joint facilities, or similar arrangements, nor prejudice the ultimate determination of any controversy or proceeding concerning rights of the parties with respect to assignment by the trustee of rights in or to the facilities or under the arrangements.

### TEMPORARY OPERATING APPROVAL

SEC. 217. (a) Section 11123(a) of title 49 of the United States Code is amended—

(1) by inserting immediately after "United States," the following: "including the inability of a rail carrier providing transportation subject to the jurisdiction of the Commission to transport the traffic offered to it for any of the reasons set forth in section 11125(a) of this title,";

(2) by striking out "and" at the end of paragraph (3);

(3) by striking out "permits." in paragraph (4) and inserting in lieu thereof "permits or service orders; and"; and

(4) by adding at the end thereof the following new paragraph:

"(5) authorize another rail carrier willing to do so voluntarily to utilize the tracks and facilities of the disabled carrier on terms of compensation the carriers establish between themselves subject to subsection (b) (2) of this section.".

(b) Section 11123(b)(2) of title 49 of the United States Code is amended—

(1) by striking out "or on terms for" and inserting in lieu thereof ", on terms for"; and

(2) by inserting after "subsection (a)(3) of this section," the following: "or on terms of compensation for the use of tracks and facilities under subsection (a)(5) of this section,".

(c) The amendments made by this section shall apply to any application for approval of a transaction that is pending before the Commission on the date of the enactment of this title or filed with the Commission on or after such date.

### APPLICABILITY OF NEPA AND EPCA

SEC. 218. The provisions of the National Environmental Policy Act and section 382(b) of the Energy Policy and Conservation Act (42 U.S.C. 6362(b)) shall not apply to transactions carried out pursuant to this title.

### AUTHORITY OF THE RAILROAD RETIREMENT BOARD

SEC. 219. (a) The Board may prescribe such regulations as may be necessary to carry out its duties under this title.

(b) In carrying out its duties under this title, the Board may exercise such of the powers, duties, and remedies provided in subsections (a), (b), and (d) of section 12 of the Railroad Unemployment Insurance Act (45 U.S.C. 362 (a), (b), and (d)) as are not inconsistent with the provisions of this title.

### PUBLICATIONS AND REPORTS

SEC. 220. Within 45 days after the date of enactment of this title, the Board shall publish, and make available for distribution by the Rock Island Railroad to all eligible employees, a document which describes in detail the rights of such employees under sections 204, 205, 206, and 207 of this title.

### SAVINGS PROVISION

SEC. 221. If any provision of this title or the application thereof to any person or circumstances is held invalid, the remainder of this title and the application of such provision to other persons or circumstances shall not be affected thereby.

### AMENDMENT OFFERED BY MR. FLORIO

Mr. FLORIO. Mr. Chairman, I offer a technical amendment.

The Clerk read as follows:

Amendment offered by Mr. FLORIO: Page 61, after line 13, insert the following new paragraph:

(1) the term "bankruptcy court" means the court having jurisdiction over the reorganization of the Rock Island Railroad;

Redesignate the following paragraphs in section 203 accordingly.

Page 61, line 20, strike out "March 1, 1980" and insert in lieu thereof "October 1, 1979".

Page 64, line 10, insert "bankruptcy" immediately before "court".

Page 64, strike out lines 11 and 12.

Page 64, line 19 and line 25, strike out "reorganization" and insert in lieu thereof "bankruptcy".

Page 65, line 2, strike out "reorganization" and insert in lieu thereof "bankruptcy".

Page 71, strike out lines 5 through 11 and insert in lieu thereof the following:

(b)(1) Not more than $4,000,000 of the funds available for expenditure by the Secretary out of the Railroad Rehabilitation and Improvement Fund established under title V of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 821 et seq.) may be made available by the Secretary to the Commisssion for purposes of providing directed service under this section.

(2) Funds may be made available for directed service under this section without regard to the findings of the Secretary required under title V of the Railroad Revitalization and Regulatory Reform Act of 1976, and section 516 of such Act (45 U.S.C. 836) shall not apply to any directed service provided with such funds.

Page 72, line 5, insert "or the bankruptcy court" immediately after "Commission".

Page 73, strike out line 14 and all that follows through line 22 on page 74 and insert in lieu thereof the following:

Sec. 217. (a) The Commission may authorize any rail carrier willing to do so voluntarily to use the tracks and facilities of the Rock Island Railroad or the Milwaukee Railroad. The use of such tracks and facilities shall be under such terms of compensation as the carriers establish between themselves, or if the carriers are unable to agree, under such terms of compensation as the Commission finds to be reasonable.

(b) In carrying out the provisions of this subsection, the Commission shall require, to the maximum extent practicable, the use of the employees who would normally have performed work in connection with the traffic subject to the action of the Commission.

(c) As used in this section, the term "Milwaukee Railroad" means the Chicago, Milwaukee, St. Paul and Pacific Railroad Company.

Page 75, after line 19, insert the following new section:

### DEFINITION OF RESTRUCTURED MILWAUKEE RAILROAD

SEC. 221. Section 3(6) of the Milwaukee Railroad Restructuring Act (45 U.S.C. 902 (6)) is amended to read as follows:

"(6) the term 'restructured Milwaukee Railroad' means the entity that is designated as the reorganized railroad under the reorganization plan for the Milwaukee Railroad finally certified by the Commission.".

Page 75, line 21, strike out "221" and insert in lieu thereof "222".

Mr. FLORIO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. FLORIO. Mr. Chairman, this amendment makes technical changes to title II, the Rock Island portion of the bill, by conforming eligibility dates for employees throughout the bill, and making a change in the emergency assistance language to indicate more clearly the method of funding.

It also makes a technical change to a provision in the Milwaukee Restructuring Act, by defining more clearly the reorganized Milwaukee Railroad.

I do not believe any of these changes are controversial and urge their adoption.

Mr. MADIGAN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this technical amendment to title II offered by Mr. FLORIO contains an important provision which permits the Interstate Commerce Commission to go forward in providing as much service as possible to shippers served by the Rock Island prior to the actual sale of lines to other carriers. As you know, the Commission originally had authorized temporary interim service under section 11123 of title 49, United States Code. The court in the seventh circuit held that the Commission did not have authority to do so under that provision of law which is primarily a provision which permits the Commission to issue emergency car service orders. The Commission has now provided directed service orders without compensation under section 11125 of title 49, United States Code.

I believe their action has been the proper one and is justified under the law. The provision contained in this technical amendment simply clarifies that with respect to the Rock Island and Milwaukee railroad properties, the Commission has authority to grant temporary interim operating authority without an application pending at the Commission and without temporary limitation.

It should be pointed out that there is no requirement for traditional employee protection in this situation. However, the carriers providing the temporary authority should give preference to former Rock Island or Milwaukee employees to the extent that they will be hiring employees to continue the service.

All of us are concerned about finding as many jobs as possible for employees adversely affected by the bankruptcies of the Rock Island and Milwaukee Railroads. However, none of us wants to discourage the operation and acquisition of lines in order to provide service to shippers who otherwise would not have that service.

Therefore, this amendment gives the authority to the Commission to provide the interim service without requiring either employee protection or an implementing agreement between the carrier and labor organizations.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. Florio).

The amendment was agreed to.

### AMENDMENT OFFERED BY MR. BEREUTER

Mr. BEREUTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Bereuter: Page 72, line 2, delete the phrase "45-day" and replace it with the phrase "180-day".

Page 72, line 7, after the word section, strike the period and insert the following: "; *Provided*, That in no case before abandonment has been approved and before the 180-day period has elapsed shall the Secretary approve a disposition of said portion of the rail line or related facility to any carrier or other entity not engaged in providing railroad services or not formed for the purpose of providing railroad services."

Mr. BEREUTER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. BEREUTER. Mr. Chairman, I previously had a similar amendment printed in the Congressional Record. This amendment, and that one, might appropriately be titled "the antiscrapping amendment."

The amendment is crucial in that it guards against the premature scrapping of any of the Rock Island lines. It, contrary to what was said in one of the legislative summaries, has nothing to do with stopping the abandonment of rail lines. The purpose of this amendment is to delay for 180 days after abandonment any scrapping of the line, and, furthermore, to restrict purchase of such rail lines within that period of time only to railroads and other entities formed for providing rail services.

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from New Jersey.

Mr. FLORIO. Mr. Chairman, I will say on behalf of myself and the other members of the committee that we have reviewed the gentleman's amendment. We feel it is important, and, therefore, we are willing to accept it.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman for his comments.

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Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I would just like to associate myself with the gentleman's remarks and point out that, like the State of Kansas, we need time, if they are going to try to junk it, because we have a constitutional problem, and we cannot get a vote until November. I think the gentleman has a meritorious amendment.

Mr. BEREUTER. I would like to say one brief word beyond this. This amendment buys us time for two situations; first, it provides an opportunity for public and private organizations to act and to form associations of shippers and employees to purchase and operate viable rail lines for which no railroad has offered a purchase bid; second, it provides additional time for existing railroads to purchase this property before it is scrapped by another entity.

Additionally, it provides time for action by State governments and their political subdivisions to devise methods for the purchase and rehabilitation of such lines by private entities, political subdivisions, or combinations thereof.

I ask for the adoption of this amendment, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska (Mr. Bereuter).

The amendment was agreed to.

### AMENDMENT OFFERED BY MR. SEBELIUS

Mr. SEBELIUS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Sebelius: On page 70 at line 25 strike the word "and".

On page 71 at the end of line 4 strike the period and substitute "; and".

On page 71 after line 4 add the following new paragraph:

(3) "grains or foods are ready to be shipped to market."

On page 71 at line 6 strike $4,000,000 and substitute in lieu thereof "$6,000,000".

Mr. SEBELIUS. Mr. Chairman, this bill provides for a comparatively small item called emergency Rock Island assistance; authorizing $4 million for directed service. I am raising it to $6 million because I am adding one more emergency item to the two that are already in the bill. The third item is for emergency grain and foods ready to be shipped to market.

The reason for this is the fact that I have 69 elevators in 43 communities with 40 million bushels of grain in my district that fall into this emergency category. Only five of these elevators have service from some other railroad. Without question, grain and food movement falls in the emergency category and should be of priority consideration.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, we have had the opportunity to review the amendment offered by the gentleman from Kansas (Mr. Sebelius) on this side of the aisle, and I rise in support of the gentleman's amendment.

Mr. SEBELIUS. I thank the gentleman for his comments.

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from New Jersey.

Mr. FLORIO. Mr. Chairman, I, too, have reviewed the amendment. It is a modest increase, and we will support it.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, I commend my colleague, the gentleman from Kansas (Mr. Sebelius) for his foresight in trying to protect the people who ship grain who will not be able to because of the nature of the Rock Island. I urge adoption of the amendment.

Mr. BEREUTER. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Nebraska.

Mr. BEREUTER. Mr. Chairman, I, too, commend my colleague, the gentleman from Kansas (Mr. Sebelius), for his forethought in offering this amendment, which is important to a great many of us. I would point out further that the initial authorization provided in the act of the other body is $25 million, and this is a modest proposal indeed.

Mr. SEBELIUS. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas (Mr. Sebelius).

The amendment was agreed to.

### AMENDMENT OFFERED BY MR. BEREUTER

Mr. BEREUTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Bereuter: page 72, renumber sections 215–221 as sections 216–222 and insert the following language as section 215.

Sec. 215. Section 505 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 825) is amended by adding at the end of thereof the following new subsection:

"(h) Purchase of Essential Properties for Common Carrier Service.—(1) Notwithstanding subsections (a) through (g) of this section (other than subsections (b) (2) and (d) (3)), the Secretary shall, to the extent applications are filed, immediately purchase no less than $25,000,000 in redeemable preference shares, bonds, or trustee certificates convertible to redeemable preference shares under this section as necessary to facilitate the purchase of properties of the Rock Island Railroad by responsible noncarrier entities to be used for common carrier rail service. Such entities may include, but are not limited to, an association or associations composed of representatives of national railway labor organizations, employee coalitions, and shippers (or any combination thereof) which wishes to acquire and rehabilitate Rock Island Railroad lines pursuant to a feasible employee or employee-shipper ownership with the property being acquired by the association. Such business plan shall be submitted to the Secretary on or before June 1, 1980, or such later date as the Secretary shall deem advisable. For purposes of this subsection, the term 'railroads' in subsection (a) of this section shall be deemed to include responsible noncarrier entities. This subsection shall apply only to purchase applications filed with the Commission prior to June 1, 1980.

"(2) The loan shall be granted upon such terms and conditions as insure that the applicant will be financially capable of making the requisite interest and principal payments without a drain on its financial resources: *Provided*, That the Secretary shall insure that all indebtedness under this section is secured."

Mr. BEREUTER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. BEREUTER. Mr. Chairman, this amendment may be found on page 6779 of the RECORD of March 26, 1980. It is exactly similar to section 12 in Senate bill 2253, the handiwork of Senator KASSEBAUM.

The purpose of this amendment is to provide an authorization that the Secretary would be able to immediately purchase not less than $25 million in redeemable preference shares, bonds, or trustee certificates convertible to redeemable preference shares under this section to facilitate the purchase of properties by responsible noncarrier entities to be used by common carrier for common carrier service. The purpose of that is to insure the such noncarrier entities are formed—entities made up of associations of representatives of national railway labor associations, employee coalitions and shippers, or, more likely, some combination thereof—that they would be able to purchase those rail lines for which bids have not yet been received.

I would like to emphasize that this should not cause additional undue delays because such business plans must be submitted to the Secretary on or before June 1, 1980.

I would furthermore point out that the existing authorization for purchase by the Secretary under section 505 of the Railroad Revitalization and Regulatory Reform Act of 1976 is $700 million. Furthermore, a second point I would like to emphasize is that, under section 505 (b) (2) of the Railroad Revitalization and Regulatory Reform Act of 1976, there is to be preference or priority given in situations where coal is being moved by railroad to powerplants. That point of highest priority is also emphasized by section 803 (a) and (b) of the Power Plant and Industrial Fuel Use Act of 1978. There is just such a situation at Hallam, Nebr., where the Sheldon station of the Nebraska public power district, a major coal-fired powerplant, is served only by the Rock Island Rail line between Lincoln, Nebr. and Fairbury, Nebr. No purchase offers for that line have thus far been received. The importance of this line to Nebraska, Kansas, and Colorado was previously explained to Members of this House by this Member and others during several floor debates on this bill last Friday; only the lack of time prevents me from repeating them at this point.

As I said, Mr. Chairman, this amendment exactly parallels language found in S. 2253. And my purpose in offering this amendment today is to emphasize to the members of the subcommittee and the committee that there is substantial support for this kind of approach in the House of Representatives today. I would hope that, of course, they would consider that kind of support when they are due to go to conference, and that accordingly they might accept the problem of the conferees from the other body on this matter.

It is my expectation to shortly withdraw this amendment but I would like to give the opportunity to several of my colleagues to make comment on the proposed amendment which a number of us believe to be quite important and appropriate.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I agree with the gentleman in the thrust of his amendment. It is in the Senate bill. We are against a time concern and the members of the subcommittee, those who are conferees, are aware of our feeling. I think that we can withdraw the amendment and go to conference on it.

I appreciate the gentleman's remarks and I associate myself with his remarks.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, I rise in support of the Bereuter amendment which would provide transaction assistance for the purchase of portions of the Rock Island Railroad which are not otherwise subject to purchase contracts by operating railroads.

This amendment shows a great deal of foresight, because its premise recognizes that there are vast segments of trackage in this country that will probably not, in the near future, be purchased by operating railroads, and that thousands of cities, communities, and farms will be totally without railroad service unless we find some innovative means of financing the purchase of portions of railroads not otherwise served. The Bereuter amendment offers financing for interested parties to purchase such otherwise unwanted trackage.

Perhaps in the future we might want to consider building in the example set in rural cooperative electric legislation, whereby electricity was furnished to vast rural areas and expand such type of financing to rebuild railroads in otherwise unserved areas. But until that time, the Bereuter amendment offers us some hope.

Mr. BEREUTER. Mr. Chairman, I thank both gentlemen from Kansas, and I will say that they are representative of other support for this amendment and the parallel language in S. 2253 which is found within this body.

Mr. Chairman, I would conclude by saying two things. I wish to convey my appreciation to the chairman, the gentleman from New Jersey (Mr. FLORIO), and to the ranking minority member, the gentleman from Illinois (Mr. MADIGAN), and to members of the subcommittee and their staff for assistance in helping a number of us, especially myself, in solving some of the problems that are occurring because of the bankruptcy of the Rock Island Railroad.

Mr. Chairman, I ask unanimous consent to withdraw this amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. ABDNOR. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I have a point of inquiry on section 212, which perhaps the floor managers could address.

Mr. Chairman, section 212 provides for an additional $4 million in emergency directed service on certain lines of the Rock Island Railroad.

Might I inquire how these provisions compare with what was done with respect to the Milwaukee Road in legislation adopted by this body several months ago? I would like to ask the chairman that question.

Mr. FLORIO. If the gentleman will yield, the difference is that under the Milwaukee proposal we had some $19 million in emergency rail services which was in fact directed service, which continues to this day.

The approach in the Rock Island is to have the targeted directed service, because there has already been application submitted to have some 77-percent of the traffic carried by private carriers at no expense to the Government.

Mr. ABDNOR. Mr. Chairman, I wish the gentleman would say that again. What is the difference there? I do not think I quite understood the gentleman's response.

Mr. FLORIO. What I am suggesting is that there is some $77 million in ERSA funding that was included in the Milwaukee. We have not taken this approach in this bill because it is not required.

Mr. ABDNOR. Could I bring the chairman up to date on what the situation is in South Dakota? Let me continue. I gave the gentleman the question. I would like to have a response if I can.

Mr. Chairman, my constitutents who have traditionally shipped on the Milwaukee and are now cut off from service, at least in part due to the actions of the Congress, feel they are being unjustly discriminated against relative to what is being done for shippers on the Rock.

If possible, I would like to have the provisions of the measure before us today explained in a way that would justify to my constituents the apparent discrimination.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. ABDNOR. I yield to the gentleman from Illinois. I would like to have the question answered.

Mr. MADIGAN. Mr. Chairman, I think I understand what the gentleman is getting at. I think the gentleman is getting at the fact that the Milwaukee legislation allowed for $75 million of directed service, and the gentleman sees only $4 million of directed service in the Rock Island legislation.

Is that the issue that is of concern to the gentleman?

Mr. ABDNOR. Federal assistance for service on most lines of the Milwaukee in South Dakota ceased on March 1. Since then there has been some concrete action taken by the State of South Dakota in good faith to try to keep certain lines in operation. We are not asking for an unreasonable amount of Federal assistance. We simply seek equality with what is being done for the Rock Island at this time.

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Mr. MADIGAN. If the gentleman will yield further, I think there are two points that can be made. One of those points is that we have already spent $80 million on directed service on the Rock Island Railroad, so that with the $4 million now raised to $6 million by the gentleman from Kansas, we will have spent $86 million as opposed to $75 million on the Milwaukee. Beyond that the substantial difference in the way their two things are proceeding——

Mr. ABDNOR. The gentleman means to tell me we have had $75 million worth of directed service?

Mr. MADIGAN. We have already had $80 million worth of directed service on the Rock Island Railroad. That money has already been spent by this Government.

The other thing I think the gentleman probably would be wise to understand is the difference in the attitude between the trustee of the Milwaukee Railroad and the trustee of the Rock Island Railroad. The trustee of the Milwaukee Railroad has been moving very rapidly and effectively to get things done and the turnover of certain lines to people who want to operate them, and cooperating with Congress to see that things are done.

If the trustee of the Rock Island was half as effective in dealing with these things as the Milwaukee trustee has been, then I doubt the gentleman's concerns would be sufficient to take him to the well.

Mr. ABDNOR. I have to take disagreement with that.

Mr. Chairman, first I want to point out the Rock Island Railroad declared bankruptcy in March of 1977, and the Milwaukee declared bankruptcy in December of 1977. Second, the Rock Island has continued service in bankruptcy for 60 months, or 5 years. Service on all lines of the Milwaukee in South Dakota, except one, terminated after only 26 months in bankruptcy. Third, directed service has been provided and extended twice on the Rock Island for a total of nearly 200 days of additional service, but the Milwaukee Rail Restructuring Act prohibited any directed service on the Milwaukee. Fourth, the measure before us provides an additional $4 million for directed service on the Rock, and the Senate bill provides for an additional period of 45 days of directed service on the Rock.

Fifth, and this is a point I want to direct to both the chairman and the ranking member of the subcommittee, if I might: Additional directed services on lines of the Rock would be conditioned on the lack of any other alternative for continued operation of such lines, as well as upon the likelihood of sale and continued operation of such lines beyond the period of directed service.

Mr. Chairman, it is this point which is most frustrating of all to my constituents because it describes the very position in which certain lines of the Milwaukee in South Dakota are at the present time. The State intends to acquire them and see that they continue to operate, but the State has been afforded insufficient time in which to implement its plans.

If some clarification of the apparent discrimination can be given, I'm sure my constituents would appreciate having a better understanding of the justifications.

The CHAIRMAN. The time of the gentleman from South Dakota (Mr. ABDNOR) has expired.

(By unanimous consent, Mr. ABDNOR was allowed to proceed for 3 additional minutes.)

Mr. ABDNOR. All I am pointing out is the South Dakota State Legislature in good faith made this their No. 1 priority. They dealt with it this year, and they added an additional tax in order to take over and purchase portions of the Milwaukee trackage which is scheduled for abandonment in our State. That is enacted into law in good faith by the South Dakota Legislature, and it seems to me the least we could do is pay it some attention and not discriminate against the Milwaukee Railroad.

Mr. DASCHLE. Mr. Chairman, will the gentleman yield?

Mr. ABDNOR. I yield to my colleague from South Dakota.

Mr. DASCHLE. Mr. Chairman, I would like to associate myself with the remarks made by the gentleman from South Dakota.

I have one question. I know, in the interest of time, and we are running out, but I would like to ask the chairman if he would, given the fact that the ICC has rejected the new Milwaukee and the Milwaukee Two Plan, given the fact that the State has now come up with a plan to purchase some of those lines, if indeed he would accept the Senate language here to insure that we allow for directed service for at least the 30-day period during that time that the State is dealing to purchase those lines. Would he accept that?

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. ABDNOR. I yield to the gentleman from New Jersey.

Mr. FLORIO. I will convey to the gentleman we will consider it as we go into conference and certainly give it consideration as the circumstances dictate. We are aware of the situation he is talking about, and that is not contained in this bill, but as we go to conference, there will be certain individuals who will put forth the argument for that consideration.

Mr. DASCHLE. I certainly hope the chairman will do so, because it is at a very key point right now, and to have that additional legislation, and if we could get the gentleman's assurances, indeed, he will accept the Senate language, we will refrain from offering a similar amendment on this side.

Mr. WILLIAMS of Montana. Mr. Chairman, will the gentleman yield?

Mr. ABDNOR. I yield to the gentleman from Montana.

Mr. WILLIAMS of Montana. I appreciate and bring the attention of the House to the colloquy that has developed here and particularly appreciate the chairman's assurance that in conference committee the House will consider the Senate amendment that passed that orders continued directed service to the Milwaukee.

Those of us in the West are in a desperate situation with the loss of the Milwaukee Railroad, and I have been surprised at the committee's abrupt refusal to accept in this bill the amendment which was accepted in the Senate which would continue directed service to the Milwaukee.

Mr. ABDNOR. In conclusion, let me say I want the Members of this body to know the State of South Dakota, the legislature and the Governor, have enacted legislation that will make possible the purchase of segments of the Milwaukee in our State. They are asking for time, and that is all. They are imposing additional taxes on the people of South Dakota to make the purchases possible, and it would seem to me with the matters of such great importance facing South Dakota, and for that fact, the Nation, that we would get equal consideration to that given shippers on the Rock Island Railroad.

Mr. RUSSO. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of this legislation. I would like to make one brief comment. I want to compliment the gentleman from New Jersey for his work on this matter, and also the gentleman from Illinois (Mr. MADIGAN) for the work they have done to help us in the Rock Island situation. I would also like to bring to the attention of my colleagues the extreme amount of work that was done by the gentleman from Illinois (Mr. RAILSBACK), the Congressman from Rock Island, for all the hard work he has done in helping us address the Rock Island situation as quickly as he can.

Mr. Chairman, I rise in support of the legislation we have before us today, and will limit my remarks to that portion of H.R. 6837 which pertains to the Rock Island Railroad.

I would like to impress upon my colleagues the urgency of resolving the Rock Island situation. The railroad operates over 7,000 miles of track in a 13-State area. It has played the vital roles of employer, transporter, and source of energy efficiency. Discontinuing this rail traffic would have devastating consequences for the national economy, for individual shippers, and for thousands of employees.

Over 294 miles in Illinois are served by the Rock Island. Nearly 3,000 persons are employed by the railroad and 4,000 passengers commute daily on the line between Joliet and Chicago. How would these people cope with a disruption of Rock Island service?

More than 350 businesses in the State depend on the Rock for shipment of goods and for inbound materials. Shutting down the Rock would force these businesses to severely cut back production and would result in widespread layoffs. Permitting conditions of idle capacity and lost production is simply inexcusable during a time when boosting the Nation's productivity is essential to reducing our inflation rate and helping Americans make ends meet.

Let us be clear about what this legislation is not. It is not a Federal bailout; it does not reward an economically unviable corporation, and, most important, it does not nurture a private firm's dependence on the Federal Government, or on individual taxpayer's hard-earned dollars.

What the bill does do is promote a speedy return of viable sections of the railroad to the hands of the private sector. It provides for an orderly transition to that period when service will be provided on a permanent basis without Government compensation. The Federal Government has already spent $121 million to keep the Rock operating. Directed service costs taxpayers about $15 million monthly. The $75 million loan guarantee provided in this legislation is not another Federal appropriation but a priority claim against the estate of the Rock Island. It is very similar to the provisions approved for the Milwaukee Railroad last year.

Mr. Chairman, in Illinois, agreements are now in place between the ICC, the railroads and the labor unions which provide service for 90 percent of the traffic served by the Rock. But the agreement with the labor unions is contingent upon passage of the labor protections provisions of H.R. 6837. Without this legislation, negotiations for private sector takeover of the Rock in many States will be stalemated.

In view of the urgency of the Rock Island situation, and the massive economic and personal hardships which we can avoid by taking swift and expeditious action, I earnestly implore my colleagues to vote in favor of this important legislation.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

● Mr. PICKLE. Mr. Chairman, the Passenger Railroad Rebuilding Act we consider today is an important first step in getting one aspect of our nationwide rail network on the right track. A modern, integrated railway system is essential to energy-efficient transportation.

But there is another crucial railroad-energy issue we must address. It involves the skyrocketing freight charges for shipping Rocky Mountain coal. Since the oil embargo of 1973, more and more utilities either have built or converted to coal-fired powerplants to cool the energy crunch.

For the utilities, switching to coal was in the national interest. Coal was, and is, our most abundant power source. Its price was reasonable. And it was a source of domestically produced power, loosening the grip of foreign nations on America's energy future.

What has happened—in some instances—since then is a story of railway "robbery."

The Interstate Commerce Commission, ostensibly regulating rail rates in the public interest, has allowed the Burlington Northern Railroad Co. to pump up rates on coal shipments so high that it has become more economical to import coal from other nations. Not from our neighbors, mind you, but from South Africa.

Consider the case of the Central Power & Light Co. of Corpus Christi, Tex., so ably described in the March 23, 1980, Baltimore Sun by Stephen Nordlinger. Moving 44,000 tons of coal 300 miles by rail in South Africa, 7,000 miles across the Atlantic Ocean and Gulf of Mexico and finally 88 miles by truck to Corpus Christi, the shipment cost 76 cents a ton less than the freight charges to carry coal by rail from Colorado.

The costs of moving coal from Wyoming and Montana, the two largest coal-producing Northwestern States, have increased almost 100 percent since 1977 with the ICC's benevolent blessing. Keeping in mind that Burlington Northern has a monopoly on that rail route, the needed course of action becomes even clearer: The ICC must derail the freight rate hustle.

I had considered offering an amendment to today's bill to try and end this problem, but I shall not sidetrack today's business. But today I am introducing a bill to alter the Railroad Revitalization and Reform Act by shifting the burden of proof for railroad rate hikes to the railroad themselves in cases of market dominance like Burlington Northern's monopoly. It will force the freight carrier to prove its fee is reasonable, allowing for costs, capital, and a reasonable rate of profit. And it will allow the crucial transfer to coal power to proceed in the manner it should.

At this point, I would like to insert "Rails, Utilities Battle Over Coal Rates," from the Baltimore Sun, March 23, 1980.

### Rails, Utilities Battle Over Coal Rates

(By Stephen E. Nordlinger)

Washington.—A shipment of 44,000 tons of coal was hauled 300 miles by rail in South Africa, carried 7,000 miles by sea and then trucked 88 miles inland to a power plant near Corpus Christi, Texas, last summer.

The bill to the Central Power & Light Company for the small supply to test fuel-burning equipment was 76 cents a ton less than the cost of bringing the coal by rail from the utility's usual source 1,400 miles away in Colorado.

"It is ridiculous that you can bring in coal 7,000 miles from Africa for less than from Colorado," said James Burkhardt, an official of Central Power. "We probably would be buying our coal from Africa if it weren't for a 30-year contract with Colorado."

There is one big reason foreign coal supplies look so attractive to some utilities, particularly those near deepwater ports: the ever-rising cost of rail freight, which on some routes is exceeding the cost of the coal itself.

"We are looking at coal from Australia right now," said Mayor Lila Cochrell of San Antonio, which three years ago began operating a $250 million coal-fired power plant. "It is amazing that you can ship coal halfway around the world for less than bringing it in from a state north of us."

Utilities along the Gulf Coast and elsewhere, including Detroit Edison, are using foreign coal or closely examining the economics of tapping this source.

The United States, with the world's largest coal reserves, enough to last hundreds of years, imported 3 million tons of coal last year, almost twice the level of two years ago and several times the 47,000 tons of 1972, before the Arab oil embargo.

Although the imports are still small compared to the 770 million tons produced domestically last year, they are taking on symbolic importance in what has developed into a tough battle between two giants of American industry—the railroads and the utilities.

The fight will reach a key vote in the Senate this coming week. At stake will be the future of the administration's drive to cut back on railroad regulation.

The utilities, represented by the Edison Electric Institute, maintain that rail costs will add more than $10.6 billion to utility bills in 20 years unless the government continues to provide regulatory protection. Baltimore Gas & Electric Company, which is building a $600 million coal-fired plant, is among those warning of the consumer impact of rail costs.

"This issue is of tremendous importance to us," said E. John Neumann, of the utility's Washington office, who reported that B. G. & E. is hoping to bring Western Maryland coal to the new facility but might have to turn to more distant points in Appalachia, raising the rail costs.

The railroad industry, represented by the Association of American Railroads, is telling congressmen that without the ability to gain significant new revenues from coal shipments the railroads will continue to crumple financially, depriving the country of the chief means of hauling coal. Rails now carry three-fourths of the nation's coal.

The Carter administration is backing the bill as another step toward deregulating the economy, but there is a deep division between Energy and Transportation officials reflecting the underlying conflict in the rate issue.

The Department of Transportation, siding with the rail industry, is arguing that higher rail rates are desperately needed to bring new revenues to the railroads and that deregulation will help.

But officials of the Department of Energy are concerned that sharp rail increases will discourage utilities from converting their plants from oil to coal, another chief goal of the administration's effort to reduce oil imports.

Such groups as the Consumer Federation of America and the Consumer Energy Council of America are fighting the White House on the issue in hopes of keeping some regulatory lid on rail rates.

Ironically, these groups are backing Senator Russell B. Long (D, La.), rarely noted for his support of consumer interests. Out of concern that Louisiana utilities that are converting to coal will be socked by high rail rates, Mr. Long is sponsoring an amendment that will keep some measure of control on rates unless the railroads can prove that costs justify rate increases.

In what could be one of the fiercest floor battles of the year, Mr. Long is confronting Senator Howard W. Cannon (D, Nev.) chairman of the Commerce Committee and manager of the deregulation bill, who is sponsoring an amendment that eases the way to higher railroad rates.

"If the Long amendment is passed we will withdraw our support from the deregulatory bill," said Daniel L. Lang, assistant vice president of the Association of American Railroads.

But Bob Horn, chief of the legislative committee of the Edison Electric Institute, says the utilities will pull back should the Cannon amendment pass.

Experts from both sides said that the vote is too close to predict, but it is possible no legislation will be passed by Congress this year, which will keep intact the present system of haphazard rate increases by the Interstate Commerce Commission and endless litigation by shippers using the rails.

In this event, it is hard to predict whether the interests of the railroads or utility customers seeking limits on bill increases will prevail.

Over the last three years, coal-shipment railroad rates approved by the ICC have more than doubled, but the standards used for justifying the increases have become so uncertain that the Justice Department took the unusual step recently of filing a suit challenging the new rates from Wyoming mines to San Antonio.

The biggest impact of the higher rates has come on the long hauls from the Western coal fields to Texas, but utilities warn that as the nation relies more heavily on the massive amounts of coal in Wyoming, Montana and Appalachia, the higher rates will be felt throughout the country.

Critics of the rail industry cite San Antonio as an example of what can happen when the railroads, backed by the ICC, exercise their power to gain higher rates as sole shippers of coal to a given market. Almost all utilities are served by only one railroad.

While coal costs have remained stable at about $7.20 a ton for San Antonio's new plant, the rail charges have zoomed for the haul from the Wyoming mines from $10.93 in 1977 to $19.25 now.

Shirl Thomas, administrative assistant to San Antonio's City Council, said utility rates for an average family have risen from $14.13 a month in 1973, when inexpensive gas was burned to generate power, to $34.82 this month.

"What we are seeing is cultural shock by the people in Texas, where they had cheap oil and gas," said Mr. Lang, of the railroad group: "They switched to coal thinking it would also be a cheap fuel but it is not as cheap as they hoped it would be."

Mr. Lang contends that rail rates on the average, except for long-haul markets, come to about $5 to $6 a year on the typical family utility bill so that "even free delivery wouldn't save much."

But Mr. Horn, who runs Detroit Edison's Washington office, says that an "educated guess" would be that $80 to $150 a year was added to a typical utility bill in Detroit from rail-rate costs. He also notes that Detroit Edison invested $6 million in two 90-car trains to haul the Western coal, $43 million for a facility to shift the coal from rail to barge and $343 million in a new coal-fired plant.

Senator Long's amendment would shift the burden in arguing cases before the ICC from the shippers to the railroads, which would be required to defend proposed rate increases. Presently, users of railroads generally have to present a case attacking the rate increases and the burden falls on them to prove their point.

Jerry L. Pfeffer, asistant administrator in the Energy Department's Economic Regulatory Administration, says such a shift is needed so that railroads show coal shipments are not bearing an unfair amount of the financial burden to rescue the ailing industry.

"What we are saying is that there may have to be some subsidy but the rates don't have to be open-ended," said Mr. Horn. "If the railroads prove that they really are in trouble they would be able to get rate increases."

But Mr. Lang, of the railroad association, says that it would cost the railroads $5 million to defend a rate case. He also says that it would be difficult for railroads to dispute arguments that shippers have been injured by the higher rates or that proposed increased rates fail to conform with the nation's overall need to cut back on oil imports, a keystone of the Long amendment.

"Coal was once a small part of our business but now it is a major part and it has to take its place alongside grains and other commodities and pay its share," said Mr. Long, who noted the major investments made by railroads to haul coal.

For the utilities, there is no direct cost no matter what the outcome. They are allowed to pass along to the consumers all their fuel and transportation expense.●

● Mr. DERWINSKI. Mr. Chairman, the passenger railroad rebuilding bill is of major importance to salvaging as much as possible of the bankrupt Rock Island lines. This bill has a special meaning to me because of the vital commuter lines in my district, but of equal significance is the freight traffic carried by the Rock Island, much of which terminates and originates in Chicago.

There are over 350 businesses in Illinois alone that depend on the services of the Rock Island, and they are already feeling the effects of the shutdown. It is estimated that over 1,600 nonrailroad employees could be laid off if regular service does not continue, and the jobs of 3,000 Rock Island employees are in jeopardy.

This bill would make it possible to continue service on 77 percent of the Rock Island lines, and not only would all the commuter service in Illinois be able to continue, but all the freight service in the Chicago area would remain intact. In fact, 90 percent of the Rock Island lines in Illinois could remain in operation under the provisions of this legislation.

Because the demise of the Rock Island is the direct result of overregulation, I feel this legislation is the least we should do. Therefore, I am supporting this bill. It is a responsible approach to a great economic tragedy.●

● Mr. ANDERSON of California. Mr. Chairman, I rise briefly today to express my support for the emerging corridors provision of H.R. 6837, the Passenger Railroad Rebuilding Act of 1980.

Data related to the use of the Northeast rail corridor is encouraging. It shows that people will leave their cars at home and take the train when traveling to cities a few hundred miles away. But they can do this only if rail service—fast, reliable rail service—is available.

The Department of Transportation, along with Amtrak, has released a study indicating that among the best locations for new rail corridor work are two in California. They are the Los Angeles-San Diego corridor, and the line between Los Angeles and Las Vegas. I believe that both these routes would prove popular, and that we would see ridership soar once basic improvements were made on them.

Mr. Chairman, from my service on the Public Works and Transportation Committee, I know that one of the best, most valid indicators for transit route efficiency is population density. It makes sense to put a bus or a train where the people are. And I can tell you, that the population density in southern California is comparable to the Northeast corridor. Our need for efficient rail service is also comparable, and I believe that utilization of such service would also be similar to utilization of the Northeast corridor.

This is important, because we want to be sure that we get as great a return as possible on the investment of Federal dollars.

Mr. Chairman, ever since my days in the California State government, I have been advocating the creation of a speedy rail line that would traverse the length of California, similar to the Bullet train lines in Japan. So, needless to say, I was quite pleased to join our colleague, Congressman VAN DEERLIN, as a cosponsor of his legislation that would create a Southwest rail corridor. I know that Mr. VAN DEERLIN worked hard in the Commerce Committee on behalf of the emerging corridors, both those within and outside of California, when that panel was writing this bill.

Congressman VAN DEERLIN knows how important efficient rail transportation can be as a contributor to eventual energy independence. I hope that more of our colleagues are appreciative of this fact. If they are, I believe they will favor the $105 million this legislation includes to meet the design, engineering, and equipment needs related to the 13 suggested rail corridors. Also included is $850 million of windfall profit money that is needed to implement corridor improvements. These funds, I should point out, can only be used after additional legislation is passed specifically authorizing their expenditure.

Mr. Chairman, the legislation before us represents a necessary step on the road to efficient passenger rail service and energy independence. These two factors go hand in hand. Therefore, I hope our colleagues will support H.R. 6837 so long as the emerging corridors provisions remain intact. Emerging corridors must be an integral part of any meaningful Passenger Railroad Rebuilding Act. Surely, those in this Chamber today must realize this fact, and will oppose amendments to delete the funding of emerging corridors.●

● Mrs. HECKLER. Mr. Chairman, the passenger railroad revitalization bill, H.R. 6837, is well named. Its adoption will transform the concept and practice of mass transit in the most heavily populated section of our country, even as it regenerates the overall economic life of the cities and towns in the Northeast corridor.

I commend my distinguished colleagues, Mr. STAGGERS, chairman of the Commerce Committee, Mr. BROYHILL, its ranking minority member, Mr. FLORIO, the chairman of the Transportation Subcommittee, and Mr. MADIGAN, its distinguished ranking minority member. They have succeeded in skillfully melding in one piece of legislation sound solutions for many of the key problems which will confront our Nation in this new decade: energy consumption, urban revitalization, and improved mass transit.

That is the bill's merit; it attacks unsolved problems on many fronts with excellent prospects for victory on each battleground. Sixty-one percent of the funds authorized in the bill go to New England; the spinoff effects of that capital investment and the resulting increase in employment are of paramount importance, particularly so since the Northeast region is still reeling from the adverse impact of the last recession.

Rail and freight transport have been of primary concern to me since I came to Congress, as essential means of developing the economies of the 10th District in Massachusetts. Sharon, Attleboro, Foxboro, and Mansfield will all benefit from the electrification of the rail system which will speed transport.

The words "urban renewal" and "rehabilitation" will take on new meaning in the wake of this bill's passage. Already, the $60 million in contemplated/improvements at the South Station in Boston, is serving as a catalyst for $500 million in new development in that area. A handsome Federal Reserve building has already transformed an area of Boston that was—at best—stagnant. Bostonians eagerly await a restoration of that beautiful old station to its original grandeur. That story of economic regeneration is repeated in Providence, where $5 to $9 million in the railroad station's improvements has sired almost $30 million in growth and development: a hotel and office building project.

If the benefits stopped there, the bill would be a boon. But the significance of this legislation transcends regional concerns. By 1990, it is estimated that the improved Northeast rail corridor will bring about a net saving of 171,600 barrels of oil. And because trains are able to utilize other kinds of fuel, up to 467,200 barrels may be replaced by coal or other energy sources. If that New England model is imitated in the 13 other contemplated new rail corridors, the needed metamorphasis from oil dependence to fuel independence will—at last—actually occur.

As a representative of the Northeast I can assure my colleagues that we have been seeking to upgrade its rail service for a very long time. While the rest of the country spent only 2.4 percent of its transportation funds on rail, the Northeast has been spending 13.2 percent. And significantly, this was done without massive Federal support, on a per capita basis, the Northeast received 11 percent fewer transportation dollars than States outside our region.

Given the region's commitment to rail traffic the corridor tracks encompass only 2 percent of the entire Amtrak system but carries 60 percent of Amtrak's passenger load—it is a genuine model for the rest of the Nation's rail system to emulate. There have been massive problems to overcome in developing the system but the fact is that they are now being solved. That will help to make the nationwide development of a viable rail system far easier.

This bill reduces our Nation's oil consumption; it puts into practice all the conservation sermons of the last 6 or 8 years. Those of us who support it are serving well our constituents of today and the future of our Nation tomorrow.●

● Mr. GOLDWATER. Mr. Chairman, I rise in opposition to the bill H.R. 6837, the Passenger Railroad Rebuilding Act of 1980. I have a number of basic objections to this piece of legislation.

This bill is indefensibly expensive in light of the current rate of inflation and confiscatory tax structure. Congressional Budget Office projections place the overall cost of the railroad subsidies provided by H.R. 6837 at $1.8 billion. I do not understand how my colleagues can justify a vote in favor of this piece of legislation on the basis of this cost alone. The American people have repeatedly demonstrated that they are sick and tired of ever-escalating congressional spending. We will be faced with numerous entitlement spending bills this year; we should seriously consider the wisdom of layering additional, and in this case, questionable, discretionary funding bills on top of spending which is mandated by existing law.

Beyond the cost, I see little reason for continued congressional bailout of Amtrak's poor performance. A year ago, when we were debating the Amtrak Reorganization Act of 1979, I observed that the case for Amtrak was unwinnable. The system at that time was amassing huge deficits and had been unable to prove any appreciable pollution control or energy efficiency. Today, Amtrak's expenses are over 2½ times its revenues; its on-time performance is down to less than 50 percent. Ridership is not growing at a sufficient rate to offset the skyrocketing costs of maintaining the system.

This bill would provide three-quarters of a million dollars for completion of the Northeast rail corridor and an additional near-$1 million for the study and design of 13 additional "emerging corridors." This is not the first time we have given NECIP additional operating money and time to meet the goals outlined in the original 1976 act. It was scheduled to be fully upgraded by 1981. We are now considering pushing that date back to 1985. The original startup cost of NECIP was $1.75 billion; this bill would bring the total to $2.5 billion with no guarantee that more would not be needed in 1985. The other 13 corridors, as well, could cost the taxpayer over $1 billion apiece. I believe that the "emerging corridors" network study should be carefully conducted in order not to duplicate the NECIP debacle. The budget-busting potential is massive for 13 additional such projects.

Another major concern I have regarding this piece of legislation is the preferential treatment it provides for the now bankrupt Rock Island Line. I have no problem with extending the line's 45-day directed service order, but I cannot support spending $6.5 million to guarantee retraining, severance pay, and relocation pay for the employees of the defunct line. This employment consideration is not provided for any one other industry.

In sum, Mr. Chairman, I cannot support the bill H.R. 6837. I urge my colleagues in the House to carefully consider the unfortunate spending levels and preferential consideration precedents that this bill establishes.●

● Mr. LEACH of Iowa. Mr. Speaker, the passage of H.R. 6837, the Passenger Railroad Rebuilding Act of 1980, is a necessary response to a growing transportation crisis of enormous nationwide consequence. Most importantly, passage of title II, the Rock Island Employee Assistance Act, is essential if rail service is to be maintained for the agricultural heartland of this Nation. Spring planting is upon us. In the face of rising costs of imported oil, we have maintained the stability of our economy primarily through the sale of our agricultural products abroad. If we are to have the grain, foodstuffs, and fiber necessary to maintain our present tenuous balance of payments, we must not only have a viable rail system in operation this coming fall to move our harvest to our Atlantic, Pacific, and gulf coast ports, we must be able to move now to the farmers who will use them the tremendous quantities of seed, fertilizer, herbicides, and pesticides without which there will be no harvest.

Timely affirmative action on this bill will make this possible. It will provide for the orderly transfer of the rail lines of the Rock Island to private sector operators and to State governments. The result will be the saving of the approximately $15 million a month taxpayers are now spending to operate the line under Federal direction, while at the same time maintaining 77 percent of the service currently provided by the Rock Island Railroad.

The bill provides for $75 million in loan guarantees for payments of benefits and allowances to terminated Rock Island Lines employees. This does not represent the expenditure of public funds which will not be returned to the U.S. Treasury; it represents a priority claim against proceeds realized from the sale of the Rock Island for use in paying these benefits. The structure of the bill is essentially the same as that passed last year for the Milwaukee Railroad. The payments provided for by the bill have been agreed to by the unions representing the workers affected. Sale of the Rock Island cannot be successful concluded until the employee protection issue has been resolved.

The expense in human suffering has been great and can be ended with passage of this act. Thousands of Rock Island employees in my district and throughout the Midwest have been in limbo for months concerning the fate of the jobs at which many have earned their livelihood for 20 or more years. Much the same may be said for many of the employees of shippers heretofore served by the Rock Island. The deaththroes of the Rock Island Railroad will continue until the provisions of title II of this bill are enacted into law.●

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HIGHTOWER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6837) to amend the Railroad Revitalization and Regulatory Reform Act of 1976 to authorize additional appropriations for the Northeast Corridor improvement project and to require the Secretary of Transportation to begin development of energy efficient rail passenger corridors, to provide for the protection of the employees of the Rock Island Railroad, and for other purposes, pursuant to House Resolution 621, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. Pursuant to the provisions of House Resolution 621, the Committee on Interstate and Foreign Commerce is discharged from further consideration of the Senate bill (S. 2253) to provide for an extension of directed service on the Rock Island Railroad, to provide transaction assistance to the purchasers of portions of such railroad, and to provide arrangements for protection of the employees.

The Clerk read the title of the Senate bill.

### MOTION OFFERED BY MR. FLORIO

Mr. FLORIO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FLORIO moves to strike out all after the enacting clause of the Senate bill, S. 2253, and to insert in lieu thereof the provisions of the bill, H.R. 6837, as passed, as follows:

## TITLE I—RAIL PASSENGER CORRIDORS

### SHORT TITLE

SECTION 101. This title may be cited as the "Passenger Railroad Rebuilding Act of 1980".

### FINDINGS AND PURPOSES

SEC. 102. (a) The Congress hereby finds that—

(1) the growing scarcity of fossil-fuel resources in the United States has resulted in escalating energy prices and increasing national dependence on insecure foreign energy sources;

(2) this growing scarcity of resources is contributing to the escalating inflation which threatens the United States economy;

(3) transportation accounts for a large portion of the energy consumption in the Nation, and accordingly greater national energy conservation efforts should be focused on the transportation sector;

(4) safe, modern, and efficient high-speed intercity rail passenger service in regional corridors affords significant potential for energy savings as well as for providing environmental benefits and alleviating congestion on the highways and overcrowding of airways and airports;

(5) such intercity rail passenger service will assume growing importance in meeting long-range national transportation needs in view of the continuing increased demand for public transportation services;

(6) Federal financial assistance is necessary in order to develop modern and efficient high-speed intercity passenger service;

(7) the Northeast Corridor improvement project has demonstrated the potential for attracting passengers from private automobiles and airplanes;

(8) significant benefits are expected as a result of the substantial Federal financial assistance that has been provided for the development of modern and efficient high-speed intercity rail passenger service in the Northeast Corridor, and similar benefits can be anticipated from such assistance for corridors in other areas of the United States;

(9) a national rail passenger corridors program is in the public interest in order to provide modern and efficient high-speed intercity rail passenger service in all regions of the United States, and such service must provide revenues which cover operating expenses, excluding the capital costs of maintaining rights-of-way;

(10) reliable intercity rail passenger service will assist in rational land use planning and will promote orderly residential and industrial growth and development in urban and suburban areas; and

(11) the National Railroad Passenger Corporation presently has insufficient equipment to provide service on existing passenger routes and to increase service on additional routes, and new equipment requires substantial time to order and deliver.

(b) It is the purpose of this title to provide for the development of high-speed intercity rail passenger service in corridors throughout the United States, which will—

(1) provide public transportation alternatives between heavily traveled city pairs;

(2) encourage the use of convenient alternatives to the automobile, thereby reducing energy consumption and traffic congestion;

(3) provide for an accelerated program of equipment acquisition to ensure more frequent and reliable service;

(4) promote commerce and tourism between key city pairs;

(5) maximize public benefits derived from Federal, State, local, and private investments in equipment, track, and related facilities;

(6) contribute to the revitalization of urban areas;

(7) assist in rational land use planning and promote orderly residential and industrial growth and development in urban and suburban areas;

(8) encourage intermodal coordination with respect to operations and facilities; and

(9) provide improved mail and package express.

### DATE CHANGES FOR REQUIRED GOALS

SEC. 103. Section 703 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853) is amended—

(1) in paragraph (1)(A)(i), by striking out "this Act" and inserting in lieu thereof "the Passenger Railroad Rebuilding Act of 1980"; and

(2) in the fourth sentence of paragraph (1)(E), by striking out "6" and inserting in lieu thereof "9".

### ADDITIONAL GOAL

SEC. 104. Section 703 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853) is amended by adding at the end thereof the following new paragraph:

"(6) ELIMINATION OF CONGESTION.—The elimination, to the maximum extent practicable, of congestion in rail freight and rail passenger traffic at the Baltimore and Potomac Tunnel in Baltimore, Maryland, by the rehabilitation and improvement of such tunnel and the rail lines approaching such tunnel, for purposes of implementing the Northeast Corridor improvement project under this title.".

### AUTHORIZATION OF APPROPRIATIONS FOR THE NORTHEAST CORRIDOR

SEC. 105. (a) Section 704(a)(1) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(a)(1)) is amended—

(1) by striking out "$1,600,000,000" and inserting in lieu thereof "$2,322,000,000"; and

(2) by striking out "and after such goals have been achieved, the goals of section 703 (1)(A)(ii)".

(b) Section 704(a) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(a)) is further amended—

(1) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(2) by adding at the end thereof the following new paragraph:

"(4) $28,000,000 to remain available until expended in order to effectuate the goal of section 703(6) of this title.".

(c) The amendments made by this section shall take effect on October 1, 1980.

### AUTHORITY OF THE SECRETARY

SEC. 106. (a) Section 704(c) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(c)) is amended—

(1) by striking out "COORDINATION.—The Secretary" and inserting in lieu thereof "COORDINATION AND CONSULTATION.—(1) The Secretary"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The Secretary shall consult with the Secretary of Housing and Urban Development and the Secretary of Commerce and with other appropriate Federal officials to take steps to utilize, on a priority basis, Federal funds from the several Federal departments to assist and encourage public and private redevelopment in the vicinity of urban rail stations on the Northeast Corridor served by intercity and commuter rail service for purposes of aiding in the revitalization of urban areas around such stations. The Secretaries shall, within one year after the date of the enactment of this subsection, report to the Congress on the methods by which Federal funds from the several Federal departments have been and will be coordinated to achieve urban redevelopment and revitalization in the vicinity of such stations.".

(b) Section 704 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854) is amended by adding at the end thereof the following new subsections:

"(h) ACQUISITION OF REAL PROPERTY.—The Secretary is authorized to acquire for the United States, by lease, purchase, condemnation, or otherwise, any interest in real property (including lands, easements, and rights-of-way, and any other property interests, including contract rights) which the Secretary considers necessary to effectuate the goals of section 703 of this title.

"(i) REIMBURSEMENT AGREEMENTS.—Where a portion of the costs of improvements authorized under section 703 of this title are to be borne by a State or local or regional transportation authorities or other responsible parties, the Secretary is authorized to enter into agreements with such cost-sharing parties providing for the Secretary to carry out such improvements with funds appropriated pursuant to this section and requiring reimbursement to the Secretary by the cost-sharing parties of their portion of the costs of such improvements. Where the Secretary has entered into such reimbursement agreements, the Secretary is further authorized, to the extent and in the amounts provided in appropriation Acts, to incur obligations for contracts to carry out such improvements in anticipation of such reimbursement. Funds reimbursed to the Secretary shall be credited to the appropriation originally charged for the costs of such improvements and shall be available for further obligation.

"(j) EXCESS EQUIPMENT AND OTHER PROPERTY.—Notwithstanding the provisions of section 202 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483) or of any other law, the Secretary may transfer to the National Railroad Passenger Corporation, in accordance with procedures which the Secretary shall establish, excess real or personal property from the Northeast Corridor improvement project. As consideration to the United States for such transfer, property so transferred shall be made subject to the mortgage entered into pursuant to subsection (e) of this section. For purposes of this subsection, the term 'excess real or personal property' means—

"(1) any interest in real property acquired under the authority of subsection (h) of this section which is determined by the Secretary to be (A) usable by the National Railroad Passenger Corporation, and (B) no longer required by the Federal Government in order to implement the Northeast Corridor improvement project; or

"(2) any item of personal property, such as equipment, which is acquired with funds authorized under this section.".

### MANAGEMENT GOAL

SEC. 107. Section 701 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 851) is amended by adding at the end thereof the following new subsection:

"(d) MANAGEMENT GOAL.—It shall be a goal of the National Railroad Passenger Corporation to manage its operating costs, pricing policies, and other factors so that, beginning not later than 5 years after completion of the Northeast Corridor improvement project authorized by this title and continuing thereafter, annual revenues derived from the operation of intercity rail passenger service over the Northeast Corridor route between Washington, District of Columbia, and Boston, Massachusetts, shall equal or exceed the annual operating costs of providing such service. Within 5 years after the date of completion of the Northeast Corridor improvement project, the National Railroad Passenger Corporation shall submit to the President for transmission to the Congress a report on the success of the National Railroad Passenger Corporation in meeting the goal set forth in this subsection.".

### TRANSFER OF AUTHORITY

SEC. 108. (a) Title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 851 et seq.) is amended by redesignating sections 705 and 706 as sections 706 and 707, respectively, and by inserting after section 704 the following new section:

"TRANSFER OF AUTHORITY

"SEC. 705. (a) TRACK IMPROVEMENTS.—Within 90 days after the date of enactment of the Passenger Railroad Rebuilding Act of 1980, the Secretary and the National Railroad Passenger Corporation shall agree on the reallocation to the Corporation of authority and responsibility with respect to the contracting of construction solely related to track improvements in connection with the Northeast Corridor improvement project.

"(b) OTHER AUTHORITY.—Effective 5 years after the date of enactment of the Passenger Railroad Rebuilding Act of 1980, the Secretary shall transfer to the Corporation all authority and responsibility (except with respect to outstanding contracts) for carrying out the Northeast Corridor improvement project and implementing the goals of section 703 of this title.".

(b) The table of contents of the Railroad Revitalization and Regulatory Reform Act of 1976 is amended by striking out the items relating to sections 705 and 706 and inserting immediately after the item relating to section 704 the following:

"Sec. 705. Transfer of authority.

"Sec. 706. Conforming amendments.

"Sec. 707. Facilities with historical or architectural significance.".

### DEMONSTRATION SERVICE

SEC. 109. Section 601(b)(1)(B) of the Rail Passenger Service Act (45 U.S.C. 601(b)(1)(B)) is amended by inserting immediately after "1980," the following: "of which $500,000 shall be expended for the purchase of a self-propelled single car capable of carrying 50 to 60 passengers for purposes of demonstrating the feasibility of developing feeder service to basic system service and State subsidized service,".

### RAIL PASSENGER CORRIDORS

SEC. 110. The Rail Passenger Service Act (45 U.S.C. 501 et seq.) is amended by adding at the end thereof the following new title:

"TITLE IX—RAIL PASSENGER CORRIDORS

"SEC. 901. DEVELOPMENT OF EVALUATION METHOD.

"(a) The Secretary, in consultation with the Corporation, shall develop a method for evaluating the following rail passenger corridors:

"(1) The Cincinnati-Chicago Corridor (between Cincinnati, Ohio, and Chicago, Illinois).

"(2) The Cleveland-Chicago Corridor (between Cleveland, Ohio, and Chicago, Illinois).

"(3) The Detroit-Chicago Corridor (between Detroit, Michigan, and Chicago, Illinois).

"(4) The Los Angeles-Las Vegas Corridor (between Los Angeles, California, and Las Vegas, Nevada).

"(5) The Los Angeles-San Diego Corridor (between Los Angeles, California, and San Diego, California).

"(6) The Miami-Jacksonville Corridor (between Miami, Florida, and Jacksonville, Florida).

"(7) The New York-Buffalo Corridor (between New York, New York, and Buffalo, New York).

"(8) The Saint Louis-Chicago Corridor (between Saint Louis, Missouri, and Chicago, Illinois).

"(9) The San Jose-Sacramento Corridor (between San Jose, California, and Sacramento, California).

"(10) The Seattle-Portland Corridor (between Seattle, Washington, and Portland, Oregon).

"(11) The Texas Corridor (between Dallas-Forth Worth, San Antonio, and Houston, Texas).

"(12) The Twin Cities-Chicago Corridor (between Minneapolis-Saint Paul, Minnesota, and Chicago, Illinois).

"(13) The Washington-Richmond Corridor (between Washington, District of Columbia, and Richmond, Virginia).

"(14) Any other rail passenger corridor which the Secretary determines should be included for purposes of this title on the basis that such corridor has potential to attract riders and to reduce energy consumption and is capable of providing cost-effective rail passenger service.

"(b)(1) The evaluation method developed by the Secretary under this section shall be designed to determine which of the corridors listed in or included under subsection (a) of this section (A) have the greatest potential for attracting riders on rail passenger service in the corridor, (B) have the greatest potential to reduce energy consumption, and (C) are capable of providing the most cost-effective rail passenger service.

"(2) In developing an evaluation method for purposes of making the determinations described in paragraph (1) of this subsection, the Secretary shall consider at least each of the following factors for each corridor:

"(A) The ratio of passenger miles to train miles.

"(B) The short-term avoidable loss per passenger mile.

"(C) The ratio of revenue to long-term avoidable cost.

"(D) The minimum long-term avoidable loss plus annual captial cost per passenger mile.

"(E) Economic and demographic growth projections.

"(F) The evidence of State commitment to rail passenger service.

"(G) The adequacy and energy efficiency of other transportation modes in the area served.

"(c)(1) The Secretary shall, within 45 days after the date of enactment of this title, submit the proposed method for evaluating rail passenger corridors (together with explanatory material) to both Houses of the Congress and to the Committee on Interstate and Foreign Commerce and the Committee on Appropriations of the House of Representatives and to the Committee on Commerce, Science, and Transportation and the Committee on Appropriations of the Senate. The proposed method shall be deemed approved at the end of the first period of 45 calendar days of continuous session of the Congress after the date such method is to be submitted, unless either the House of Representatives or the Senate adopts a resolution during such period stating that it does not favor such method.

"(2) If either the House of Representatives or the Senate adopts a resolution of disapproval of the proposed evaluation method of the Secretary, the Secretary shall develop a new method within 45 days after passage of such resolution. Such new method shall be submitted to the Congress for review in accordance with paragraph (1) of this subsection.

"(3) For purposes of this subsection—

"(A) continuity of session of Congress is broken only by an adjournment sine die; and

"(B) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 45-day period.

"(d) The Secretary shall submit an annual report to the Congress (1) evaluating the potential for extending the rail passenger corridors listing in or included under section 901(a) of this Act, and (2) describing additional rail passenger corridors which the Secretary determines have potential to attract riders and to reduce energy consumption and are capable of providing cost-effective rail passenger service.

"SEC. 902. CORRIDOR EVALUATIONS.

"Upon the submission to the Congress of

the evaluation method developed under section 901(c) of this Act, the Secretary shall use such method to evaluate each corridor listed in or included under section 901(a) of this Act. On the basis of such evaluation, the Secretary shall compile a ranking of such corridors, beginning with the corridor which the Secretary determines has the greatest potential to attract riders and reduce energy consumption and is capable of providing the most cost-effective rail passenger service. The Secretary shall immediately submit such ranking of corridors to the Corporation

"SEC. 903. DESIGN AND ENGINEERING PLANS.

"(a) Upon receipt of the Secretary's ranking of corridors under section 902 of this Act, the Corporation shall, to the extent of funds available under section 909(1) of this Act, immediately begin to develop design and engineering plans for those corridors which, on the basis of the Secretary's rankings, have the greatest potential to attract riders and reduce energy consumption and are capable of providing the most cost-effective rail passenger service.

"(b) The Corporation shall, no later than February 15, 1981, submit a report to both Houses of the Congress with respect to each corridor for which a design and engineering plan is developed under subsection (a) of this section. Each such report shall contain a summary of the plan, and shall include—

"(1) construction and cost information for the corridor;

"(2) ridership projections for rail passenger service in such corridor;

"(3) operating cost and revenue projections for such corridor; and

"(4) projected capital expenditures for improvements in such corridor.

"(c) In preparing a design and engineering plan for a corridor under this section. the Corporation shall consult with the Secretary and shall request the views of the appropriate officials of each State in such corridor.

"(d)(1) The Corporation shall develop each design and engineering plan for a corridor under this section cooperatively with the rail carriers that own tracks and facilities used or to be used in providing passenger service in such corridor.

"(2) If a rail carrier described in paragraph (1) of this subsection is unwilling to cooperate with the Corporation in developing a design and engineering plan, the Corporation may apply to the Secretary for assistance in obtaining such cooperation. The Secretary may require such a private rail carrier to cooperate with the Corporation in developing such plan, and shall fix an amount which the Corporation shall reimburse such carrier for the work it performs.

"(e) A plan developed by the Corporation under this section shall not include information with respect to station improvements or upgrading.

"SEC. 904. EQUIPMENT ACQUISITION.

"The Corporation shall, to the extent of funds available under section 909(2) of this Act, acquire necessary equipment for purposes of providing rail passenger service in corridors listed in or included under section 901(a) of this Act.

"SEC. 905. STATE REIMBURSEMENTS.

"The Secretary shall, to the extent and in the amounts provided in appropriation acts, reimburse any State for 10 per centum of the amount such State expends, prior to the date of enactment of this title, for capital upgrading and design and engineering work in any corridor listed in or included under section 901(a) of this Act.

"SEC. 906. PRIVATE SECTOR DEVELOPMENT.

"(a) The Secretary shall encourage the private sector development of potential rail passenger corridors, including the corridor between Atlantic City, New Jersey, and Philadelphia, Pennsylvania.

"(b) In order to carry out the purposes of this section, the Secretary shall—

"(1) in cooperation with private rail carriers, the Corporation, the Consolidated Rail Corporation, commuter agencies, and State and local transportation authorities, take all necessary steps to remove institutional and legal barriers to the private development of rail passenger corridors;

"(2) ensure that investment of Federal funds in contiguous corridors is coordinated with privately developed corridors; and

"(3) coordinate the investment of Federal funds with State, local, and private funds for nonoperational improvements, such as stations, in privately developed corridors.

"(c) The Secretary shall, no later than February 15, 1981, submit a report to the Congress describing the action taken under this section.

"SEC. 907. SERVICE BETWEEN CORRIDORS.

"If the Corporation determines that improvements in or institution of rail passenger service on a route between particular corridors listed in or included under section 901 of this Act would increase overall ridership on Amtrak trains, the Corporation shall undertake such service or improvements in such service as it considers appropriate in order to maximize ridership on such route and in the connecting corridors.

"SEC. 908. SPEED RESTRICTIONS.

"(a) The Corporation shall identify any restriction imposed by a State or local government on the speed of Amtrak trains that the Corporation determines impedes the achievement of high-speed intercity rail passenger service by the Corporation.

"(b) The Corporation shall consult with each State or local government that imposes a speed restriction identified under subsection (a) of this section, for purposes of (1) evaluating alternatives to such speed restriction, taking into account the particular local safety hazard which is the basis for such restriction, and (2) considering the possibility of eliminating or modifying such speed restriction in order to permit safe operations at higher speeds in the State or locality involved.

"SEC. 909. AUTHORIZATION OF APPROPRIATIONS.

"(a) There are authorized to be appropriated to the Secretary for the benefit of the Corporation, out of funds in the Windfall Profit Tax Account, allocated for transportation programs under section 102 of the Windfall Profit Tax Act of 1980—

"(1) for the development of design and engineering plans under section 903 of this Act and for State reimbursements under section 905 of this Act, not to exceed $55,000,000 for the fiscal year ending September 30, 1981;

"(2) for the acquisition of equipment under section 904 of this title, not to exceed $50,000,000 for the fiscal year ending September 30, 1981; and

"(3) for the implementation of corridor improvement projects, not to exceed $850,000,000, to be available beginning with the fiscal year ending September 30, 1982, but only upon the enactment by the Congress of legislation specifically authorizing the implementation of such projects.

"(b) There is authorized to be appropriated, out of funds available under section 704(a)(1) of the Railroad Revitalization and Regulatory Act of 1976, for private sector development under section 906 of this Act, not to exceed $200,000 for the fiscal year ending September 30, 1981.

"(c) Amounts appropriated under subsection (a)(2) of this section are authorized to remain available until expended.".

### AMTRAK INTERCITY SERVICE

SEC. 111. Section 403(d)(2) of the Rail Passenger Service Act (45 U.S.C. 563(d)(2)) is amended by striking out "April 1, 1981" and inserting in lieu thereof "October 1, 1981".

### OPERATION OF ADDITIONAL TRAINS

SEC. 112. Section 402 of the Rail Passenger Service Act (45 U.S.C. 562) is amended by adding at the end thereof the following new subsection:

"(h) Upon receipt of an application from the Corporation in any situation where the Corporation is unable to obtain a satisfactory, voluntary agreement from a rail carrier for operation of additional trains on the rail lines of that rail carrier, the Secretary shall order such rail carrier, within 60 days, to permit or provide requested operation of Amtrak trains over any of its rail lines on schedules based upon the fastest legally permissible elapsed running times for operation of a passenger train over such rail lines. In establishing such running times, the Secretary shall give proper consideration to the statutory goal that the Corporation shall implement schedules which will attain a system-wide average speed of at least 55 miles per hour which can be adhered to with a high degree of reliability and passenger comfort. The compensation payable by the Corporation to a rail carrier for an operation ordered pursuant to this subsection shall be that which is properly established pursuant to an agreement between the Corporation and such rail carrier, or, in the absence of an applicable agreement, shall be determined by the Commission in a proceeding pursuant to subsection (a) of this section.".

### CONRAIL EMPLOYEE PROTECTION

SEC. 113. (a) The Consolidated Railroad Corporation shall make payments in accordance with title V of the Regional Rail Reorganization Act of 1973, and the United States Railway Association shall not, as a result of such payments, withhold any funds from the Corporation.

(b) This section shall take effect as of March 1, 1980, and shall remain in effect until the expiration of the 45-day period beginning on the date of enactment of this Act. After the expiration of such 45-day period, payments by the Consolidated Rail Corporation under title V of the Regional Rail Reorganization Act of 1973, and funding of the Corporation by the United States Railway Association, shall be governed by applicable law.

### RELOCATION OF FACILITIES

SEC. 114. (a) The Secretary of Transportation may not take any action with respect to the relocation of the Amtrak maintenance-of-way facility at Bristol, Pennsylvania, until 60 days after the date the Secretary reports to the Congress under subsection (b) of this section.

(b) The Secretary of Transportation shall consider and report to the Congress with respect to—

(1) preliminary design plans for sites which are potential alternatives to the maintenance-of-way facility referred to in subsection (a) of this section;

(2) the current value, current use, and alternative uses of such potential alternative sites;

(3) potential labor protection costs to be incurred in the maintenance-of-way relocation; and

(4) potential problems arising from jurisdictional labor disputes arising as a result of such a relocation.

### SHORT TITLE

SEC. 201. This title may be cited as the "Rock Island Railroad Employee Assistance Act".

### CONGRESSIONAL FINDINGS

SEC. 202. The Congress hereby finds that—

(1) uninterrupted continuation of services over Rock Island lines is dependent on adequate employee protection provisions covering Rock Island Railroad employees who are not hired by other railroads; and

(2) for those Rock Island Railroad em-

ployees not hired by other rail carriers, there is no other practicable means of obtaining funds to meet the necessary costs of such employee protection that are assumed by the Rock Island Railroad.

### DEFINITIONS

SEC. 203. As used in this title—

(1) the term "bankruptcy court" means the court having jurisdiction over the reorganization of the Rock Island Railroad;

(2) the term "Board" means the Railroad Retirement Board;

(3) the term "Commission" means the Interstate Commerce Commission;

(4) the term "employee" includes any employee of the Rock Island Railroad employed by the Kansas City Terminal Railway Company on October 1, 1979, in its capacity as a directed service operator, but does not include any individual serving as president, vice president, secretary, treasurer, comptroller, counsel, member of the board of directors, or any other person performing such functions;

(5) the term "Rock Island Railroad" means the Chicago, Rock Island and Pacific Railroad Company; and

(6) the term "Secretary" means the Secretary of Transportation.

### RAILROAD HIRING

SEC. 204. (a) Each person who is an employee of the Rock Island Railroad on August 1, 1979, and who, prior to January 1, 1981, is separated or furloughed (other than for cause) from his employment with such railroad, or from his employment with another rail carrier providing temporary service over lines of the Rock Island Railroad, as a result of a reduction of service by such railroad or such temporary service carrier shall, unless found to be less qualified than other applicants, have the first right of hire by any other rail carrier that is subject to regulation by the Commission for any vacancy that is not covered by (1) an affirmative action plan, or a hiring plan designed to eliminate discrimination, that is required by Federal or State statute, regulation, or Executive order, or by the order of a Federal or State court or agency, or (2) a permissible voluntary affirmative action plan. For purposes of this section, a rail carrier shall not be considered to be hiring new employees when it recalls any of its own furloughed employees.

(b) The rights afforded to Rock Island Railroad employees by this section shall be coequal to the rights afforded to Chicago, Milwaukee, Saint Paul and Pacific Railroad Company employees by section 8 of the Milwuakee Railroad Restructuring Act (45 U.S.C. 907).

### EMPLOYEE PROTECTION AGREEMENTS

SEC. 205. (a) No later than 10 days after the date of enactment of this title, the Rock Island Railroad and labor organizations representing the employees of such railroad may, with the assistance of the National Mediation Board, enter into an agreement providing protection for employees of such railroad who are adversely affected as a result of a reduction in service by such railroad. Such employee protection may include, but need not be limited to, employee relocation incentive compensation, moving expenses, and separation allowances.

(b) If the Rock Island Railroad and the labor organizations representing the employees of such railroad are unable to enter into an employee protection agreement under subsection (a) of this section within 10 days after the date of enactment of this title, the parties shall immediately submit the matter to the Commission. The Commission shall impose upon the parties by appropriate order a fair and equitable arrangement with respect to employee protection no later than 30 days after the date of enactment of this title, unless the Rock Island Railroad and the authorized representatives of its employees have by then entered into a labor protection agreement. For purposes of this subsection, the term "fair and equitable" means no less protective of the interests of employees than protection afforded under section 9 of the Milwaukee Railroad Restructuring Act (45 U.S.C. 908), subject to the limitations set forth in section 211(d) of this title.

(c) If an employee protection arrangement is imposed by the Commission under subsection (b) of this section, the bankruptcy court shall immediately authorize and direct the Rock Island Railroad trustee to, and the Rock Island Railroad trustee and the labor organizations representing the employees of the railroad shall, immediately implement such arrangement.

(d)(1) An order of the Commission under subsection (b) of this section may not be stayed by the Commission or by any court, and an order of the bankruptcy court under subsection (c) of this section may not be stayed by any other court.

(2) Any order described in paragraph (1) of this subsection may be appealed only to the court of appeals of the United States having jurisdiction to review decisions and orders of the bankruptcy court. Any such appeal to such court of appeals shall be filed within 5 days after the date of entry of the order of the Commission or the bankruptcy court, as the case may be, and such court of appeals shall finally determine such appeal within 60 days after the date such appeal is filed. No determination by the court of appeals under this subsection may be reviewed in any other court.

(e)(1) Any claim of an employee for benefits and allowances under an employee protection agreement or arrangement entered into under this section shall be filed with the Board in such time and manner as the Board by regulation shall prescribe. The Board shall determine the amount for which such employee is eligible under such agreement or arrangement and shall certify such amount to the Rock Island Railroad for payment.

(2) Benefits and allowances under such agreement or arrangement entered into under this section shall be paid by the Rock Island Railroad from its own assets or in accordance with section 211 of this title, and claims of employees for such benefits and allowances shall be treated as administrative expenses of the estate of the Rock Island Railroad.

(f) The first sentence of section 7(b)(7) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(b)(7)) is amended by striking out "and the Milwaukee Railroad Restructuring Act" and inserting in lieu thereof ", the Milwaukee Railroad Restructuring Act, and the Rock Island Railroad Employee Assistance Act".

### EMPLOYMENT OF ROCK ISLAND RAILROAD EMPLOYEES

SEC. 206. (a) The Board shall prepare and maintain—

(1) a list of employees separated from employment with the Rock Island Railroad who indicate a desire to appear on a list to be available to rail carriers; and

(2) a list of employment, by class and craft, available with rail carriers,

based upon information submitted to the Board by the Rock Island and other rail carriers. Upon the request of any rail carrier, the Board shall make available to such carrier a copy of the list described in paragraph (1) of this subsection.

(b) The Board shall maintain the lists required by subsection (a) of this section through December 31, 1984.

### NEW CAREER TRAINING ASSISTANCE

SEC. 207. (a) An employee who elects to receive a separation allowance from the Rock Island Railroad under an employee protection agreement or arrangement entered into under section 205 of this title may receive from the Board reasonable expenses for training in qualified institutions for new career opportunities.

(b) To be eligible for assistance under this section, an employee—

(1) must first exhaust any Federal educational benefits available to such employee under any existing program; and

(2) must begin his course of training within two years following the date of such employee's separation from employment with the Rock Island Railroad.

(c) Reasonable expenses for assistance under this section shall be determined by the Board on the basis of an application therefor filed by an employee with the Board.

(d) No assistance may be provided under this section after April 1, 1984.

(e) As used in this section—

(1) the term "expenses" means actual, reasonable expenses paid for room, board, tution, fees, or educational material in an amount not to exceed $3,000; and

(2) the term "qualified institution" means an educational institution accredited for payment by the Veterans' Administration under chapter 36 of title 38 of the United States Code.

### ELECTION

SEC. 208. Any employee who receives any assistance under an employee protection agreement or arrangement entered into under section 205 of this title or any new career training assistance under section 207 of this title shall be deemed to waive any employee protection benefits otherwise available to such employee under the Bankruptcy Act, title 11 of the United States Code, subtitle IV of title 49 of the United States Code, or any applicable contract or agreement.

### ELIGIBILITY FOR ASSISTANCE

SEC. 209. An employee shall not be eligible to receive any assistance (other than moving expenses) under an employee protection agreement or arrangement entered into under section 205 of this title or any new career training assistance under section 207 of this title—

(1) during any period in which such employee is employed by any rail carrier providing temporary service over any lines of the Rock Island Railroad; or

(2) at any time after the date such employee receives an offer of employment, in his craft and for which such employee is qualified, from a rail carrier acquiring lines of the Rock Island Railroad.

### AUTHORIZATION OF APPROPRIATIONS

SEC. 210. (a) Section 14(b) of the Milwaukee Railroad Restructuring Act (45 U.S.C. 913(b)) is amended—

(1) by inserting "and section 207 of the Rock Island Railroad Employee Assistance Act" immediately after "this Act"; and

(2) by adding at the end thereof the following new sentence: "Effective October 1, 1980, there is authorized to be appropriated an additional $1,500,000 for new career training assistance under section 12 of this Act and section 207 of the Rock Island Railroad Employee Assistance Act.".

(b) Section 14(c) of the Milwaukee Railroad Restructuring Act (45 U.S.C. 913(c)) is amended—

(1) by inserting "and the Rock Island Railroad Employee Assistance Act" immediately after "this Act"; and

(2) by adding at the end thereof the following new sentence: "Effective October 1, 1980, there is authorized to be appropriated to the Board an additional $1,000,000 to carry out its administrative expenses under this Act and the Rock Island Railroad Employee Assistance Act.".

### OBLIGATION GUARANTEES

SEC. 211. (a) The Secretary, under the authority of section 511 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 831), shall guarantee obligations of the Rock Island Railroad for purposes of providing employee protection in accordance with the terms of any employee protection agreement or arrangement entered into under section 205 of this title.

(b) Any obligation guaranteed pursuant to this section shall be treated as an administrative expense of the estate of the Rock Island Railroad.

(c) The aggregate unpaid principal amount of obligations which may be guaranteed by the Secretary pursuant to this section shall not exceed $75,000,000.

(d) The total liability of the Rock Island Railroad in connection with benefits and allowances provided under any employee protection agreement or arrangement entered into under section 205 of this title shall not exceed $75,000,000.

(e) Except in connection with obligations guaranteed under this section, the United States shall incur no liability in connection with any employee protection agreement or arrangement entered into under section 205 of this title.

(f) Section 511(g) and section 516 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 831(g) and 836) shall not apply to any obligation guaranteed under this section.

### EMERGENCY ROCK ISLAND ASSISTANCE

SEC. 212. (a) The Commission shall order directed service over any line of the Rock Island Railroad if the Secretary finds and certifies to the Commission that—

(1) a transportation emergency exists which cannot be resolved by a grant of interim operating authority over such line or by any other means;

(2) an application for the purchase of such line is pending with the Commission, and all circumstances indicate that the purchase transaction will be consummated; and grains or foods are ready to be shipped to market.

(b)(1) Not more than $6,000,000 of the funds available for expenditure by the Secretary out of the Railroad Rehabilitation and Improvement Fund established under title V of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. et seq.) may be made available by the Secretary to the Commission for purposes of providing directed service under this section.

(2) Funds may be made available for directed service under this section without regard to the findings of the Secretary required under title V of the Railroad Revitalization and Regulatory Reform Act of 1976, and section 516 of such Act (45 U.S.C. 836) shall not apply to any directed service provided with such funds.

### DIRECTED SERVICE

SEC. 213. (a) The Commission shall order directed service, for the two-year period beginning on the date of enactment of this title, over any commuter line of the Rock Island Railroad that was in operation on March 1, 1980, if the directed service carrier agrees to provide such service without payment under section 11125(b)(5) of title 49 of the United States Code.

(b) Notwithstanding any other provision of law, a commuter line of the Rock Island Railroad over which directed service is provided pursuant to this section may not be abandoned, and service over such line may not be discontinued, during the period of such directed service.

### TEMPORARY RAIL BANKING

SEC. 214. During the 180-day period beginning on the date of enactment of this title, no rail line or facility of the Rock Island Railroad which has been approved for abandonment by the Commission or the bankruptcy court may be downgraded, scrapped, or otherwise disposed of without the approval of the Secretary under this section: *Provided*, That in no case before abandonment has been approved and before the 180-day period has elapsed shall the Secretary approve a disposition of said portion of the rail line or related facility to any carrier or other entity not engaged in providing railroad service or not formed for the purpose of providing railroad services. The Secretary, upon application by the Rock Island Railroad, shall grant such approval unless he finds that—

(1) a rail carrier, shipper, State, or other interested party has expressed in writing an interest in purchasing the particular rail line or facility for purposes of providing rail service; and

(2) there is a reasonable expectation that such purchase transaction will be consummated.

### EXPEDITED PROCEEDINGS

SEC. 215. The Commission shall give any proceeding involving the Rock Island Railroad preference over all other proceedings pending before the Commission, and shall expedite such proceeding and make its decision therein at the earliest practicable time.

### CONTINUATION OF TERMS OF COMPENSATION

SEC. 216. The terms of compensation for all trackage rights, joint facilities, and similar arrangements between other rail carriers and the trustee of the Rock Island Railroad which are in effect on the date of enactment of this title on portions of the lines of the Rock Island Railroad involved in temporary emergency operations shall be continued in effect during the duration of the temporary emergency operating authority with the carrier providing temporary emergency service substituting for the trustee. Such continuation shall not alter or affect the ultimate rights of other rail carriers under trackage rights, joint facilities, or similar arrangements, nor prejudice the ultimate determination of any controversy or proceeding concerning rights of the parties with respect to assignment by the trustee of rights in or to the facilities or under the arrangements.

### TEMPORARY OPERATING APPROVAL

SEC. 217. (a) The Commission may authorize any rail carrier willing to do so voluntarily to use the tracks and facilities of the Rock Island Railroad or the Milwaukee Railroad. The use of such tracks and facilities shall be under such terms of compensation as the carriers establish between themselves, or if the carriers are unable to agree, under such terms of compensation as the Commission finds to be reasonable.

(b) In carrying out the provisions of this subsection, the Commission shall require, to the maximum extent practicable, the use of the employees who would normally have performed work in connection with the traffic subject to the action of the Commission.

(c) As used in this section, the term "Milwaukee Railroad" means the Chicago, Milwaukee, St. Paul and Pacific Railroad Company.

### APPLICABILITY OF NEPA AND EPCA

SEC. 218. The provisions of the National Environmental Policy Act and section 382(b) of the Energy Policy and Conservation Act (42 U.S.C. 6362(b)) shall not apply to transactions carried out pursuant to this title.

### AUTHORITY OF THE RAILROAD RETIREMENT BOARD

SEC. 219. (a) The Board may prescribe such regulations as may be necessary to carry out its duties under this title.

(b) In carrying out its duties under this title, the Board may exercise such of the powers, duties, and remedies provided in subsections (a), (b), and (d) of section 12 of the Railroad Unemployment Insurance Act (45 U.S.C. 362 (a), (b), and (d)) as are not inconsistent with the provisions of this title.

### PUBLICATIONS AND REPORTS

SEC. 220. Within 45 days after the date of enactment of this title, the Board shall publish, and make available for distribution by the Rock Island Railroad to all eligible employees, a document which describes in detail the rights of such employees under sections 204, 205, 206, and 207 of this title.

### DEFINITION OF RESTRUCTERED MILWAUKEE RAILROAD

SEC. 221. Section 3(6) of the Milwaukee Railroad Restructuring Act (45 U.S.C. 902 (6)) is amended to read as follows:

"(6) the term 'restructured Milwaukee Railroad' means the entity that is designated as the reorganized railroad under the reorganization plan for the Milwaukee Railroad finally certified by the Commission.".

### SAVINGS PROVISION

SEC. 222. If any provision of this title or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of such provision to other persons or circumstances shall not be affected thereby.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to amend the Railroad Revitalization and Regulatory Reform Act of 1976 to authorize additional appropriations for the Northeast corridor improvement project and to require the Secretary of Transportation to begin development of energy efficient rail passenger corridors, to provide for the protection of the employees of the Rock Island Railroad, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill, H.R. 6837, was laid on the table.

## AUTHORIZING CLERK TO CORRECT SECTION NUMBERS, PUNCTUATION, AND CROSS REFERENCES IN ENGROSSMENT OF H.R. 6837

Mr. FLORIO. Mr. Speaker, I ask unanimous consent that, in the engrossment of the bill, H.R. 6837 the Clerk be authorized to correct section numbers, punctuation, and cross references and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in amending the bill, H.R. 6837.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

## GENERAL LEAVE

Mr. FLORIO. I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 6837.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

□ 1530

## APPOINTMENT OF CONFEREES ON S. 2253, PASSENGER RAILROAD REBUILDING ACT—ROCK ISLAND RAILROAD EMPLOYEE ASSISTANCE ACT

Mr. STAGGERS. Mr. Speaker, pursuant to the rule, I move that the House insist on its amendment to the Senate bill (S. 2253) to amend the Railroad Revitalization and Regulatory Reform Act of 1976 to authorize additional appropriations for the Northeast Corridor improvement project and to require the Secretary of Transportation to begin development of energy efficient rail passenger corridors, to provide for the protection of the employees of the Rock Island Railroad, and for other purposes, and request a conference with the Senate thereon.

The motion was agreed to.

The SPEAKER. The Chair appoints the following conferees: Messrs. STAGGERS, VAN DEERLAN, FLORIO, SANTINI, Ms. MIKULSKI, MESSRS. MURPHY of Pennsylvania, MATSUI, BROYHILL, MADIGAN, and LEE.

## PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. LONG of Louisiana. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the gentleman explain what is happening here?

Mr. LONG of Louisiana. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman.

Mr. LONG of Louisiana. Mr. Speaker, the principal matter we were interested in, the gentleman from California will be pleased to know, is H.R. 6464, which is the exchange of property between Michigan and the Michigan Job Development Authority with the military. The matter is scheduled for the floor tomorrow afternoon and we were hoping to get unanimous consent to file the report prior to that time.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, does this in any way involve a waiver of the budget rule?

Mr. LONG of Louisiana. It does not. There is no budget authority involved in this matter at all.

Mr. ROUSSELOT. Further reserving the right to object, the gentleman is a member of the Rules Committee, and can the gentleman tell us whether the budget resolution will come up?

Mr. LONG of Louisiana. We had that matter on our schedule today, but we did not take it up because we have not yet been able to successfully structure a rule that we think would be fair. We are going to work on it again some more this afternoon.

Mr. ROUSSELOT. Further reserving the right to object, what I was trying to determine for the House is whether it is likely we will have the budget resolution rule tomorrow.

Mr. LONG of Louisiana. It would be nothing more than a guess on my part at this time as to whether or not we would succeed. We are going to work on it again this afternoon. I would think, frankly, the best we could get tomorrow would be to get it through the Rules Committee if we can structure something, and the Rules Committee would hear it tomorrow and report it out.

Mr. ROUSSELOT. Further reserving the right to object, the gentleman thinks that it is highly unlikely that we will have the rule on the floor tomorrow?

Mr. LONG of Louisiana. That would be my guess at the present time, yes.

Mr. ROUSSELOT. I appreciate the gentleman's comments. Further reserving the right to object, does the gentleman happen to know whether we are going to have the Nicaraguan aid tomorrow? Will that rule come up?

Mr. LONG of Louisiana. It is not scheduled for the floor action tomorrow. I would say also with respect to anything on the rule on the Budget Committee or the budget resolution that it would surprise me if we were successful in getting that rule agreed to and on the floor prior to the recess.

Mr. ROUSSELOT. I appreciate the gentleman's comment.

Further reserving the right to object, what is the gentleman's opinion about the Nicaraguan aid bill?

Mr. LONG of Louisiana. I would not venture a guess on that, but I know it is not scheduled for floor action tomorrow.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

## PERMISSION FOR SUBCOMMITTEE ON HEALTH AND SAFETY OF THE COMMITTEE ON EDUCATION AND LABOR TO SIT TOMORROW FROM 10 A.M. to 12 NOON

Mr. GAYDOS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Health and Safety of the Committee on Education and Labor be permitted to sit for the purpose of conducting hearings tomorrow, April 1, 1980, from 10 a.m. until 12 noon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, the gentleman can assure us that it is for hearings only?

Mr. GAYDOS. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman.

Mr. GAYDOS. I would assure the gentleman it is for hearings only, and the ranking minority Member has condescended.

Mr. ROUSSELOT. That has been agreed, and the gentleman can assure us that there will be no attempt to mark up any legislation?

Mr. GAYDOS. No markup.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 3(b) of rule XXVII, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

After all motions to suspend the rules have been entertained and debated and after those motions to be determined by "nonrecord" votes have been disposed of, the Chair will then put the question on each motion on which the further proceedings were postponed.

Such rollcall votes, if postponed, will be taken on Tuesday, April 1, 1980.

## NOTIFICATION OF LOSS OF OR REDUCTION IN CIVIL SERVICE SURVIVOR BENEFITS FOR SPOUSES

Mrs. SPELLMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5410), to amend title 5, United States Code, to require any Federal employee who elects at the time of retirement not to provide survivorship benefits for the employee's spouse to notify (or take all reasonable steps to notify) the spouse of that election, as amended.

The Clerk read as follows:

H.R. 5410

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 8339 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(p) Any written notification (or designation) by any employee or Member under the first sentence of subsection (j) shall not be considered valid unless—

"(1) the spouse of that employee or Member acknowledges, by signature, the loss of survivorship benefits resulting from that notification (or designation), or

"(2) the employee or Member otherwise establishes to the satisfaction of the Office that the spouse has been notified of the loss of benefits or that the employee or Member has complied with such notification requirements as the Office shall prescribe.".

SEC. 2. The amendment made by the first section of this Act shall take effect with respect to notifications and designations made under the first sentence of section 8339(j) of title 5, United States Code, on or after the ninetieth day after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentlewoman from Maryland (Mrs. SPELLMAN) will be recognized for 20 minutes, and the gentleman from Illinois (Mr. CORCORAN) will be recognized for 20 minutes.

The Chair recognizes the gentlewoman from Maryland (Mrs. SPELLMAN).

Mrs. SPELLMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, an old proverb has it that "want of decency is want of sense." I suspect most of us here would agree with that. And because we do, I hope we can join together in support of H.R. 5410, a bill that simply seeks to bring a measure of decency and commonsense to a situation under our existing civil service laws that is sorely lacking in both qualities.

I am referring, Mr. Speaker, to the fact that today a married federal employee upon retiring from Government service, may elect to provide no survivor benefit for his or her spouse and then not inform the spouse of that vitally important decision.

It is sad but true that this happens far too often under our system as it currently operates. The partner in marriage is totally unaware of not having been provided for until the retiree dies. Then, in the aftermath of the death, at the most vulnerable of times, comes the rude and cruel awakening to the fact that no survivor annuity will be forthcoming. The financial consequences of such a decision can be disastrous. And the problem is made worse because civil service survivor benefits frequently are the only means of financial support for widows of Federal retirees.

"I can't believe my husband would have done this to us. He loved our family. He would not have been so selfish. This must be a mistake." How many times our committee and the staff of the retirement section of the Office of Personnel Management have heard such words.

But there was no mistake. The facts were that these people—totally without knowledge of their families—had elected to receive larger retirement annuities themselves rather than provide for their spouses in the event they should predecease them.

Let me quote briefly from just one such letter I received 2 years ago. It came from a woman in southern Maryland who had recently lost a husband of 36 years. His decision not to provide a survivor benefit, the woman wrote—

> left me at age 60, and (in) not very good health, with a small amount of insurance and no income except a social security check for $98.10 a month. I even lost the Blue Cross/Blue Shield coverage he had carried. When I became aware of the predicament I was in . . . you can imagine how upset and distraught I was. We had been married and living together for over 36 years. I had honestly worked hard all that time being a housewife and a helper and the mother of seven children. Now it is a worry and a struggle to live and to keep my bills paid.

Of course, many older Americans are finding their hopes and dreams of a comfortable retirement dashed forever today on the shoals of dangerously high, sustained national inflation. The difference in this particular case is, there is something we can do to lessen the blow, to ease the burden on these women. Ironically, the solution would also save the American taxpayers approximately $1.4 million over 5 years, according to the Congressional Budget Office.

I want to stress, Mr. Speaker, that H.R. 5410 would not require a married civil service retiree to provide a survivor benefit for his or her spouse. Nor would it require that the spouse consent to the retiree's decision on this matter. All the bill would do is require that, in the event a retiree decides not to provide a survivor benefit, or to provide a reduced benefit, the spouse be made aware of this decision at the time it is made.

In theory, of course, that should lead to more joint decisions on the survivor benefit question. But, if a joint decision is not made, H.R. 5410 at least will see to it that the spouse is aware of the decision and its possible impact.

In the case of the 60-year-old mother of seven, the bill might not have changed the fact that her husband, for whatever reason, failed to provide for her in the event of his death. But it would have at least given her several years' warning. It would have given her several years to prepare for the day she would be left with little or nothing on which to live. It would have avoided the cruel shock she suffered in discovering her predicament as she was settling her late husband's affairs. Quite simply, it would have been the decent, sensible, compassionate thing to do.

Mr. Speaker, data obtained from the Office of Personnel Management, which supports this legislation, indicates that 36,000 of the 287,000 married Federal employees retiring within the past 4 years elected not to provide survivor benefits for their spouse. Thus, it is possible that almost 1 out of every 8 persons otherwise eligible for a survivor annuity may be unaware that he or she will not receive any financial support in the event of the retiree's death.

In light of such statistics, I think it is imperative that we move quickly to pass this bill. The administration supports its enactment. The Congressional Budget Office says it will save us money over the first 5 years it is on the books. And most important, Mr. Speaker, it is the right, the decent, the compassionate thing to do. I, therefore, respectfully ask all my colleagues to support this bill in its current form.

☐ 1540

Mr. WHITE. Mr. Speaker, will the gentlewoman yield?

Mrs. SPELLMAN. I yield to the gentleman from Texas.

Mr. WHITE. I thank the gentlewoman for yielding. I want to commend the gentlewoman and her committee for passing out this legislation. Several years ago the Committee on Armed Services adopted a survivor benefits bill which we actually built from scratch because the retirement system had been inequitable to the survivors, and we did the very thing that the gentlewoman has done in this bill—giving the wife notice of the fact that she is not going to be covered so that she will know and be able to prepare herself. We found that by being able to do this, it was more likely that the survivors would be covered. We found by our hearings that in the military only about 10 percent of the survivors were covered prior to the enactment of the survivor benefits bill, and the experience since that time has been dramatic and very satisfactory.

I commend the gentlewoman from Maryland (Mrs. SPELLMAN) for this and hope that it will pass.

Mrs. SPELLMAN. I thank the gentleman. That certainly is an excellent testimonial and certainly speaks well for the benefits of such a bill. I thank the gentleman very much.

Mr. CORCORAN. Mr. Speaker, I yield myself so much time as I may consume.

Mr. Speaker, I rise in support of H.R. 5410, providing for notification of the spouse when a Federal retiree elects not to provide a survivor annuity for the spouse or elects to reduce the amount of the survivor annuity. I would like to commend Congresswoman SPELLMAN for her initiative in introducing this bill.

H.R. 5410 addresses a very sad situation. A Federal retiree may elect not to provide his or her spouse with a survivor's annuity. There are many reasons for such a choice. For example, the Federal retiree's spouse may have a very adequate pension plan, investment or independent means of support. Such a choice is no problem at all in such cases.

Unfortunately, in what I suspect is a very few cases, the retiree may choose not to provide for his or her spouse even though the spouse has no other means of support in the event of the retiree's death. In addition, the spouse may not be told of this failure to provide for a survivor's benefit. If the Federal retiree then predeceases his or her spouse, we have the tragic case of a person finding himself or herself at an advanced age with no financial resources whatsoever in a very expensive world. Such a devastating reality is especially likely in the case of a wife who has devoted her life to homemaking and who has no pension of her own to fall back on. Imagine the blow to the unsuspecting wife—the death of her husband and no financial resources with which to support herself.

H.R. 5410 addresses this problem at least partially. It does not require the retiree to provide for his or her spouse, but it does require the retiree to notify the spouse, if possible, in the event of a decision not to provide a survivors' annuity at all or to reduce the amount of the annuity. The Office of Personnel Management would be empowered to set down a method to be followed, but the report language specifies that the retiree shall "not be burdened with unreasonable notification requirements."

The cost effect should be minimal, as the Congressional Budget Office estimates that this would affect less than 1 percent of annuitants.

I urge my colleagues to support this bill, which was reported favorably out of the Committee on Post Office and Civil Service by voice vote.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. CORCORAN. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding. Do I understand my colleague, the gentlewoman from Maryland (Mrs. SPELLMAN), is informing us that this legislation will save money over a period of 4 years?

Mrs. SPELLMAN. Mr. Speaker, will the gentleman yield?

Mr. CORCORAN. I yield to the gentlewoman from Maryland.

Mrs. SPELLMAN. I thank the gentleman for yielding. It will, according to the Congressional Budget Office, save about $1.4 million in the next 5 years.

Mr. ROUSSELOT. If the gentleman will yield further, that is certainly a new direction for everybody here. I certainly compliment my two colleagues for bringing us legislation that saves money over a 4-year period. I am overwhelmed.

Mrs. SPELLMAN. I am glad that the gentleman is overwhelmed.

Mr. CORCORAN. Reclaiming my time, Mr. Speaker, I would just say to my good friend, the gentleman from California (Mr. ROUSSELOT), that were he here, our leader on this committee, the gentleman from Illinois (Mr. DERWINSKI) would attest to that fact. One of the key points in his testimony was to the fact that there is a savings, so I think he would join us in urging that we support this bill.

Mr. Speaker, I yield back the remainder of my time.

Mrs. SPELLMAN. Mr. Speaker, I yield back the remainder of my time.

● Mr. DERWINSKI. Mr. Speaker, it is a rare occurrence when our Committee on Post Office and Civil Service can bring to the floor a Federal employee benefits bill which reduces Federal outlays, but nevertheless, projected over the next 5 years, H.R. 5410 does just that to the tune of $1.4 million.

Under current civil service retirement law, a retiring Federal employee automatically receives a reduced annuity with surviving spouse benefits unless that employee elects not to provide such survivor benefits. An employee is permitted to designate only a portion of the allowable survivor benefits, if that is his or her decision.

However, there is no requirement in law that the spouse of a retiring Federal employee be made aware whether or not a survivor's benefit has been elected.

This legislation simply requires that a retiring employee give notification to his or her spouse if the election is made not to provide a survivor benefit. It does not require that the spouse agree to this decision nor does it entitle a spouse to a portion of the retiree's annuity in the absence of notification.

The bill does not impose any undue burden on a retiring employee who may not know the whereabouts of his or her spouse. In such cases, the committee feels that notification by publication would be sufficient.

This notification requirement is similar to the notification required of retiring military personnel.

It is estimated by the Congressional Budget Office that with this requirement in law an additional 110 retiring employees each year will provide for survivor annuities, thereby decreasing the annual outlay of retirement benefits from the fund for at least a 5-year period. Eventually, however, survivor benefits paid to spouses will offset the early reductions.

Mr. Speaker, this legislation offers a practical approach to correct those cases in which widowed spouses are unaware that they are not entitled to survivor benefits until after becoming widowed. It is a fair arrangement that places no financial obligation on either spouse, but merely insures a line of communication.●

● Mr. HARRIS. Mr. Speaker, I would like to voice my support for H.R. 5410, a proposal which I cosponsored and which is being considered today under suspension of the rules. Although this legislation is very modest in scope and will actually result in savings, it guarantees that surviving spouses of retired Federal workers are made aware of their financial future.

Upon retirement Federal employees may opt to have their annuities computed under different schedules. If the annuitant chooses to receive the annuity for the remainder of his or her life alone, the annuity is computed on a straight schedule. However, should the annuitant choose to provide survivors' benefits upon his or her death, the annuity is actuariALLY reduced in order to compensate for the longer payout period.

H.R. 5410 would in no way restrict an individual's right to choose whether to provide survivors' benefits. What it would do is require spouse notification should the annuitant choose not to provide full survivor benefits.

I believe this legislation is long overdue, and I commend Mrs. SPELLMAN for bringing it to the floor today.●

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Maryland (Mrs. SPELLMAN) that the House suspend the rules and pass the bill, H.R. 5410, as amended.

The question was taken.

Mr. ASHBROOK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3, of rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

## GENERAL LEAVE

Mrs. SPELLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill, H.R. 5410.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Maryland?

There was no objection.

## TRIBUTE TO JESSE OWENS—A GREAT AMERICAN

(Mr. DEVINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DEVINE. Mr. Speaker, over the weekend this Nation lost a great and dedicated American. I am sure we all heard it last night on the late news or the early morning television. Jesse Owens passed away at the age of 66 from lung cancer.

Jesse Owens was a teammate of mine at Ohio State University back in the 1930's. He was a man of great patience, of great honor. He had patience with those of us of lesser talents and of mediocre ability and helped us to try and better ourselves, not only on the track but around the Nation.

After having graduated from Ohio State University, Jesse Owens went out into the world and tried to help human beings. He went to Berlin as a representative of this Nation in 1936 at a time when Hitler was degrading everything that did not have to do with blue-eyed white Aryans. Jesse Owens accomplished a great honor for his country and for all Americans, especially for blacks in this Nation, by excelling and winning four gold medals in the 1936 Olympics.

Jesse did not stop there. He dedicated his life to helping youth up to and including the time that he passed away in Arizona over the weekend.

A lot of people thought his name was Jesse. According to a respected sports writer, it was not, Mr. Speaker. His name was James Cleveland Owens, but when he went to school the first day the teacher asked the class what their names were and he said his name was J. C. Owens, and he was misunderstood. The teacher thought he said Jesse Owens and he has become known as Jesse Owens throughout America and the world.

Mr. Speaker, this morning in the Columbus Citizen-Journal Kaye Kessler, a noted sportswriter, has an excellent article outlining the accomplishments of this great American, some of which occurred back in the days when I was a teammate of his at Ohio State University. Under the guidance of our track coach, Larry Snyder, he went to Ann Arbor, Mich., and ran in the Big Ten track meet, and he broke three world records and tied the fourth one all on that same day, an accomplishment that I do not think has ever happened before, and I am sure will never happen again.

On and off the field, Jesse was a warm, considerate, and friendly human being. He was humble, never arrogant, and always helpful to his teammates, classmates, the university, his family, and mostly to the youth of this Nation.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. DEVINE. I am happy to yield to my colleague.

Mr. ASHBROOK. I thank my colleague for bringing this sad announcement to the attention of the House. We, indeed, lost a great American. I can recall one incident that I think is one of the most poignant memories that I have. It happened one day at an Ohio State football game with 86,000 people here, at the height of the anti-American crusade in our country Jesse Owens' daughter had been selected as the homecoming queen. I think about everybody in that audience had a tear in their eye because he stood up and he said, in effect, to his daughter:

> Darling, don't let anybody tell you this isn't a great country. It is the greatest country in the world.

That is the kind of man that Jesse Owens was—always for his country.

Mr. DEVINE. I might add that the gentleman from Canton, Ohio, has intended to include that in his remarks, and also that Jesse Owens had said that of all of the honors he had had worldwide and in this country, that the greatest thing that had ever happened to him was the recognition by Ohio State University in naming his daughter, one of his three daughters, by the way, as the homecoming queen.

I wish to express my sympathy and that of the House to his wife, Ruth, and his three daughters, Gloria, Marlene, and Beverly.

Mr. MARKS. Mr. Speaker, will the gentleman yield?

Mr. DEVINE. I am happy to yield.

Mr. MARKS. Mr. Speaker, may I join with the gentleman in his remarks about Jesse Owens and mention that many, many years ago in the late 1930s I had the privilege of meeting Jesse Owens in Farrell, Pa. He came there after being so successful in the Olympics, and he walked around the track, and those of us who already had come to idolize him were standing there. He stopped, and I was one of those fortunate young guys upon whom he put his hand and patted my head and said, "Remember, everybody can do it if I can." I thought it was worthy of mentioning that today.

Mr. DEVINE. I thank the gentleman for his comments. The column by Kaye Kessler follows:

### OWENS IS A LONG-RUNNING LEGEND

(By Kaye Kessler)

I always was charmed by his oratorical eloquence, his social grace, his impeccable appearance and most of all by his willingness to stand up and be counted when he fought for what he knew was right. He is the epitome of class.

I never saw James Cleveland (Jesse) Owens run for or from anything in his athletic prime.

But, I cherish the fact that I was privileged to know this remarkable human being, who is fighting the only losing battle of his life. Cancer is an opponent no one yet has conquered.

Despite what some of my colleagues on this staff think, I was neither in Ann Arbor that incredible 1935 May day when he stood the track world on its ear. Nor was I in Berlin in 1936 when he flaunted der Fuehrer and took four Olympic golds.

It is gratifying to me, however, that the deeds of so great a sports hero still are meaningful to my young cohorts, no two of whose ages on this staff add up to Jesse's 66 years.

Jesse was beating race horses in Havana by the time any of them were born. Yet, most of them can recite Owens' astonishing statistics from Ann Arbor the single day he set three world records.

Owens' records include, the 200-yard dash (20.3), the now extinct 220-yard low hurdles (22.6) and the broad jump (it's "long jump" today to give you an idea of the aging processes) with a 26-8¼ leap. He tied another world mark of 9.4 in the 100-yard dash.

They'll tell the world, too, that they knew Jesse took four Olympic gold medals in Berlin, though they may not remember it was with a 10.3 in the 100 meters, 20.7 in the 200 meters, a 26-5 5/16 broad jump and a leg on the 400-meter relay.

That was the year MVP Lou Gehrig hit 46 homers and led the Yankees over the New York "Gints" in the World Series. It was when a still unknown Tony Manero won the U.S. Open golf title; Denny Shute copped the PGA; Norway's Sonja Henie won her third Olympic figure skating title; Jim Braddock was world heavyweight champ, and the Boston Redskins (that's right, they became Washington the next year) lost the National Football League playoffs to Green Bay, 21–6.

If it seems macabre to recite a man's most proclaimed achievements when he's answering the last bell, it is probably more indecent that Jesse Owens' more significant deeds aren't chronicled weekly for the world to remember.

Happily, there is more to this son of an Alabama cotton farmer than simply running and jumping for his life.

Nobody knows this better than his 84-year-old mentor, retired Ohio State coach Larry Snyder.

Jesse returned to Columbus last November as the Si-U's paid tribute to Snyder. He showed no overt signs of the throat cancer that is silencing him now.

"Jesse looked great then, no complaints at all, but then he never did complain," Snyder recalled. "He was remarkable, always had the ability to reach down and come up with something extra when he needed it.

"Just like my fondest memory of Jesse," Larry added. "Nope, not the great day in Ann Arbor, not the Olympics, but the Big Ten outdoor meet here in Columbus just before the Olympics.

"It was the 220 low hurdles and Jesse was off to a very bad start. I had another man at the last hurdle yelling for Jesse to stretch it because he was last by 20 yards with only 100 to go.

"Bob Osgood of Michigan was leading and he told me later when Jesse went by him to win the darned race, it sounded like a thunderstorm. That was Jesse."

Jesse (the name came from a grade school teacher who asked him his name and when he gave his initials, "J. C. Owens," she thought he said Jesse) blossomed at Cleveland East Tech. There he set three national scholastic records in the 100 (9.4), the 220 (20.7) and the broad jump (24-9⅝). The latter record stood until current OSU gridder Todd Bell broke it at Middletown four years ago.

Owens never regretted being born at the wrong time, even though his talents were abused after the Olympics. He was exploited as the leader of a swing orchestra, danced exhibitions, beat race horses and had minor movie roles.

Later, he ran dry cleaning establishments and served as secretary of the Illinois Athletic Commission. He was always polishing his vocabulary until in later years he was in constant demand worldwide as a speaker.

His 1955 goodwill tour of India for the State Department had him proclaimed as "a perfect envoy in a country which has violently exaggerated ideas about the treatment of Negroes in the United States."

In 1950, he was voted the track athlete of the half-century. He was chosen ahead of Jim Thorpe and Paavo Nurmi.

But, in 1960 came his crowning glory when Marlene, one of his three daughters, was voted OSU Homecoming Queen. It was "the proudest moment of my life," he told a packed Ohio Stadium audience.

Two years later, Owens and Jack Nicklaus received honorary Doctor of Athletic Arts degrees at Ohio State.

Since then he has toured tirelessly. He spoke at five different Columbus high schools one recent spring and his message never wavered.

"Believe in your educational system and make it work. Yes, young people have the right to dissent, but they also have a responsibility to build a better future. You must drink of the cup of knowledge and combine it with what you believe. Change is good. But you cannot change something unless you have some alternative. You have to have a plan first. You just don't say, 'Well, we'll think of something later.' That won't work."

Until now, Jesse Owens never quit working.

We have spent the word "legend" so wantonly that it seems cheapened alongside Jesse Owens' name. But name me a greater legend.

## TRIBUTE TO JESSE OWENS—A GREAT AMERICAN

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, Jesse Owens moved to Arizona in 1972, as the gentleman from Ohio has just mentioned. He was my friend, my constituent, and I will miss him more than I can possibly tell.

I want to extend my personal sympathy to his wife, Ruth, and to the Owens children at the loss of a truly great man and a great American as well as a good father and a good husband.

Jesse's exploits are well known: That he upset Adolf Hitler's best plans for making the 1936 Olympiad a memorial to the so-called Aryan race. Jesse Owens upset them by winning four gold medals. I am told that the official films of the Olympic games, showing Jesse Owens winning those four gold medals, were altered; but that Leni Riefenstahl, who made the films, would not allow them to take out all of the sequences about Jesse Owens. There is one left in, and it shows Jesse Owens winning the 100-yard dash.

Last night night, CBS' "60 Minutes" showed part of the life of Leni Riefenstahl and showed the part of that film of the 1936 Olypmics which depicts Jesse Owens winning the 100-yard dash. I think it was almost providential that it should occur at approximately the very moment in Arizona that Jesse Owens was breathing his last.

## JESSE OWENS: EXAMPLE FOR EVERY AMERICAN

(Mr. PORTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, his father was a sharecropper. His grandfather was a slave. Yet Jesse Owens was one of the greatest athletes of all time.

We remember him best when he went to the 1936 Olympic games in Germany and knocked Adolf Hitler's theory of Arayan supremacy into a cocked hat as he broke record after record in track and field events while Hitler looked on in stony silence.

But though he returned to the United States a national hero, it was not long after the ticker tape parades had stopped that Jesse Owens taught us something about ourselves, too. Because it was not long after that, that he was told to go sit in the back of the bus, was turned away from hotels because he was not white and suffered numerous other personal indignities. The mistreatment of this national hero, this man of good will who worked all of his life to help young people, was a harbinger of change that awakened Americans to the horrible degradation and discrimination to which black Americans were subjected in our country.

Some say Jesse Owens was born too early. For him, yes, it was too early to make millions as others with his athletic talents have done in more recent years. But not too early for us, to teach us leadership and personal dignity and caring about each other and pride in being countrymen together on his team. Jesse Owens' death yesterday was a loss for every American.

## GENERAL LEAVE

Mr. DEVINE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the life and times of Jesse Owens.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

## THE APRIL FOOL'S BUDGET

(Mr. ASHBROOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ASHBROOK. Mr. Speaker, April Fool's Day came a bit early this year as Jimmy Carter sent his new improved budget to Capitol Hill. I do not know if my colleagues have looked over this document, but I would like to share some of its wisdom with you. The cover sheet proudly proclaims:

> The 1981 outlay cuts will result in a balanced budget under current estimates without taking into account the new revenue proposals for gasoline conservation and withholding of interest and dividends.

In January, Mr. Carter sent his budget to the Hill. It was out of balance by almost $20 billion. His administration had spent a year and millions of dollars in preparing that budget. Less than 2 months later Mr. Carter called his own budget a disaster and started cutting it. Can anyone believe in his sincerity? At least it shows that public opinion counts although the politics of Mr. Carter's conversion are apparent.

This is pretty heady stuff. In a gullible world most people would not go past the cover sheet, confident that their President had finally seen the light and had delivered a budget reflective of this Nation's outrage at Federal spending. For most of us, however, the seven pages of documentation shows that it is still business as usual at the budget busting White House.

First off, the budget cuts are not cuts at all. They are rather obvious accounting flim-flams designed to play games with people's expectations. Words like "delay", "hold", and "defer" pepper the document. What this means is that a supposedly tight budget will help Mr. Carter's sagging showing in the polls until the nomination is wrapped up and maybe even the general election. But then watch out as the second or third budget resolutions and all of those supplemental funding resolutions come rolling out to unmask the real Carter budget for fiscal year 1981. By that time enough voters may have been fooled to the point of having President Jimmy for 4 more years.

What of the other portions of the April Fool's budget? There are such bargains as no funding for programs that do not exist anyway. Imagine how hard it must be to stop funding of programs like "antirecession fiscal assistance," "child health assurance," and certain energy grants when there are no funds authorized in the first place. This is really tight fisted accounting.

The deferrals of spending and the phantom budget cuts amount to over $11 billion of the $15 billion being cut in fiscal year 1981 outlays. Which means that Jimmy has not conducted any substantive analysis of the budget at all save for what Gerald Rafshoon has probably told him he can get away with. The remaining $4 billion is made up of some major cuts in existing programs, but over a billion dollars of this comes from deep cuts in weapons procurement and R. & D. I think this is interesting in light of Mr. Carter's posturing that he has seen the light on the Soviet menace and the need for America to be become strong again.

The Carter April Fool's Day budget would be laughable were it not for the fact that the taxpayers have to foot the bill for this joke. My hope is that this Congress does not fall for this April Fool because the joke will not be on us but on the Nation. I do not think the electorate will be in a joking mood come November 4 if this happens.

## THE 1980 CENSUS HURT BY INS ROUNDUPS

(Mr. GARCIA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GARCIA. Mr. Speaker, over the weekend the Immigration and Naturalization Service announced new rules with respect to its apprehension of undocumented residents in the country. The directive which takes effect immediately and extends through July 1, was prompted by the public backlash which followed recent indiscriminate sweeps of areas in Phoenix, Austin, and Los Angeles that netted approximately 1,000 persons. These ill-timed raids which occurred a few days before the census began were aimed almost exclusively at commercial establishments and as such purportedly fell outside the scope of the Attorney General's earlier order prohibiting roundups in residential neighborhoods.

Basically, the directive bans apprehensions of undocumented persons in places of residence or employment unless a specific individual is investigated or INS has first obtained a search warrant or court order authorizing such activity. This should effectively put an end to random sweeps.

Mr. Speaker, for over a year now I have traveled to many communities in minority areas in my capacity as chairman of the Subcommittee on Census and Population to urge citizens and noncitizens alike to participate in the census. I have repeatedly stressed the fact that the census is absolutely confidential and that no one including the President could see an individual's answers.

Yet, in a matter of a few days INS agents have done more to destroy public confidence and heighten suspicions among the poor and minorities of this country than anything else.

Yet, in a matter of a few days INS agents have done more to destroy public confidence and heighten suspicions among the poor and minorities of this country than anything else.

Mr. Speaker, last week when these reports reached me, I immediately pressed the Attorney General for some type of moratorium on INS apprehension during census time. Thus, I am generally supportive of the new directive. However, due to INS activities in these communities the census undoubtedly will encounter stiffer resistance which may in turn impair a full and accurate account. And that, Mr. Speaker, is a real tragedy—one that could have been averted by this administration if it had thought about the census earlier on.

□ 1550

## ECONOMIC DESPAIR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. TAUKE) is recognized for 10 minutes.

● Mr. TAUKE. Mr. Speaker, much to my chagrin, neither the President nor the Congress has been effective in dealing with the economic troubles of the Nation. Let us look at the trends: Our inflation rate has climbed to a staggering 18.2 percent; unemployment figures have risen to 6.2 percent; the prime interest rate has skyrocketed to 19 percent; productivity rates are stagnating; and the taxes are increasing. The result of these intolerable events is that we are experiencing a declining standard of living, coupled with a widespread natonal feeling of gloom and despair. While these indicators are extremely discouraging, it is quite possible that our economic situation will get worse in the future.

Runaway inflation continues to be our No. 1 problem. The reasons for the dramatic rise in consumer prices are complex, but it is clear that a number of factors have contributed to our incredible rate of inflation: First, the decline in productivity; excessive Government spending, which has resulted in 21 budget deficits during the last 25 years; second, an overexpansion of the Nation's money supply, which has been used to finance the Federal deficits; third, the big jump in OPEC oil prices; fourth, Government regulations which have burdened the Nation with $100 billion worth of compliance costs; and fifth, the rising expectations of the business and labor communities, who seek price and wage increases to offset the damaging effects of inflation.

Rising expectations contribute to on going or prolonged inflation, regardless of the original causes. This factor reflects a continuous cycle of rising prices, rising wages, and rising government spending. Workers feel they need to catch up with the increases in prices, particularly as their real incomes remain the same or fall. Producers, on the other hand, pass along cost increases to their customers to maintain margins. Overall, there is a continuing demand for improvements in the standard of living, even in the face of material shortages and lagging productivity. The result of these actions is a wage-price spiral, whereby wages chase prices and prices chase wages. The ultimate effect is higher prices and higher inflation.

Our Nation is, indeed, facing a unique—yet very serious—challenge today. Not only are we experiencing rampaging inflation, we are also experiencing a stagnating economy. The combination of these two conditions has produced "stagflation," a new economic phenomenon. The new twist is that our Nation's productivity, the output of resources per worker hour, is declining at a disturbing rate and is now insufficient to maintain our current standard of living. In fact, our level of productivity trails the figures of our Western allies by a significant amount.

The question, therefore, is: What do we do about our current economic woes? It would be easy to adopt traditional economic solutions. In the past, remedies have focused almost exclusively on the demand side of the economy, and, as a result, policymakers have faced the inevitable tradeoffs between rising unemployment and declining inflation. Unfortunately, these kinds of policies, aimed primarily at restricting the money supply, will not provide the answers. They will only result in a serious recession, which I consider an inefficient and inhumane way of fighting inflation.

What we need is a policy that does more than "fine-tune" the economy, one that attempts to crush inflation from a variety of fronts. Such a policy must not only incorporate fiscal and monetary measures, but it must also be directed at improving the productivity of this Nation.

First, a comprehensive program should be built on a solid base of fiscal responsibility. The Federal Government must not live beyond its means. It must discontinue its dependence on deficit spending. Reduced Government spending and a subsequent balanced budget are essential to a program that is designed to reduce inflation, particularly the psychology of "expectational inflation." The Federal Government must be perceived by the American public as an institution that is seriously committed to stemming the tide of inflation.

Coupled with fiscal restraint, we must implement a restrictive monetary policy to hold down the rising money supply. However, such a monetary policy, managed by the Federal Reserve, must also be a stabilizing influence and one that is not counterproductive. Interest rates that are too high will only stifle the economy and lead us into a recession. Monetary policy must be used in the context of long term economic policy and must not be implemented in response to a crisis.

Finally, declining levels of productivity, investment, and savings present us with, perhaps, our most serious economic challenges. U.S. productivity levels, approaching zero, are lagging far behind nations like France, Japan, and West Germany, whose figures range from 2.8 to 3.2 percent. And Americans are saving at the rate of 3 percent, a far cry from our allies who are saving at the rate of 17 percent or more.

Again, we must examine new economic approaches to solve these problems. The disappointing performance of productivity in the 1970's was not due, as many economists first thought, to a trend in the business cycle. Rather, it was and continues to be, the result of a series of other factors including the following: A jump in OPEC energy prices; the slow growth of capital formation; the diversion of capital formation from market-oriented production to Government regulated goals—clean air and occupational health and safety regulations—and the changing composition of the labor force.

Productivity is not a temporary cyclical aberration. However, the source of the problem remains complex. Nevertheless, it is clear that the factors mentioned above all contribute in one way or another to the decline in labor productivity. The quadrupling of energy prices in 1974 undoubtedly encouraged businesses to switch from energy-intensive production methods to labor-intensive production methods to Greater reliance on labor in the production process reduces the average output per hour, thereby hampering productivity. The slow growth of capital formation, perhaps more than anything, has contributed to a decline in productivity. The cost of purchasing new plants and equipment, the cost of operating capital accounts, and the rise in inflation have all made it too expensive and risky for businesses to increase their capital investments. Compliance with Government regulation, particularly pollution abatement measures, and employee safety and health plans, have added other costs to business operations and have diverted real resources from production. And, finally, due to the influx of new, nontraditional workers into the labor market, the work force has become less experienced and has, thus, contributed to thus, the decline in productivity.

There is reason to believe that our productivity will improve during the 1980's. After all, it cannot get much worse than it is now. Nonetheless, we must institute policies that will increase the rate of productivity and permit a healthy rise in our gross national product.

A study by Data Resources, Inc., for the Joint Economic Committee shows that a combination of enlarged investment tax credits and liberalized depreciation allowances could result in a 4-percent drop in inflation and a 3.3-percent increase in productivity by 1990. To achieve a similar reduction in inflation by demand management policies would necessitate a sustained unemployment rate of 9 percent and a virtual shutdown of the American economy.

By stimulating the supply side of the economy—providing incentives to businesses to increase the quanity and quality of plant equipment and research and development—and also by providing incentives to businesses to produce and utilize energy resources efficiently, we will not only increase the level of productivity but prevent the drastic effects of a recession. In addition, we must develop incentives to improve labor skills and remove the unnecessary regulatory restraints on businesses.

Tax cuts, therefore, designed to encourage productivity, investment, and savings are in order and are necessary for the future well-being of our country.

The task of curbing inflation is not easy. It will take the cooperation of the President, Congress, and the Federal Reserve Board. We all must "bite the bullet" if we are going to get this country back on the right economic path once again.●

## A LABOR-MANAGEMENT BILL THAT WORKS

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Illinois (Mr. MICHEL) is recognized for 10 minutes.

● Mr. MICHEL. Mr. Speaker, on July 19, 1977, over 30 months ago, I addressed the House on the subject of labor law reform. At that time I said:

> If there is a strike affecting all the people and imperiling the national health or safety, we need more than a board of inquiry by the President. We need to establish a procedure for obtaining a settlement of national emergency labor disputes.
>
> We cannot wait for the next emergency with its devastating costs to millions of innocent bystanders and to the Nation itself. If we desire labor reform for the people, I urge that we not wait for the next emergency, but rather join together in acting upon it now before another crippling emergency arises.

Since then I have made similar points during debates on the floor and in insertions into the RECORD. Government-by-crisis, which seems to have been institutionalized in recent years, has done nothing to set up the kind of procedures I have long called for.

Well, we had bettter realize that the Nation cannot afford to drift from crisis to crisis. U.S. News & World Report recently gave this dim view of the near future:

> Undaunted by layoffs and government wage restraints, millions of union workers are threatening to strike in 1980 unless their wages catch up with inflation.
>
> Experts foresee many bitter labor-management confrontations during contract talks covering about 3.7 million blue-collar workers. Industries facing a strike threat in the coming year include oil, telephone, steel, aluminum, copper, construction, maritime, and aerospace. The prospects for labor strife are even greater in the public sector.

We cannot deal with such a potentially devestating labor dispute with the old, rigid, unworkable ways. Presidential threats of implementation of Taft-Hartley provisions, as they currently exist, simply cannot do the job.

Inertia, indifference, unimaginativeness and inaction—the four horsemen of bad government—can no longer be tolerated. The current international situation is a warning to us: We cannot survive with hasty, ad hoc government decisions, either in domestic or foreign affairs. We have to bring some rational order to the process of dealing with potentially high stakes.

I am proposing a workable solution to the problems faced by the President and the public when faced with labor disputes that constitute a national emergency. I call this bill "The Emergency Remedies Act of 1980." Briefly, it recognizes the inadequacies of current procedures for dealing with such crises and proposes replacement of five key sections of the National Labor Relations Act—or, as it is commonly known, the Taft-Hartley Act.

At the end of these remarks I will insert into the RECORD a section-by-section analysis of my bill, H.R. 6955. Before I do so, however, I want to point out that this bill is a bill for action, that it contains provisions that seek to bring about an effort on the part of both parties involved to reach an equitable settlement.

Thus, the bill provides for board of inquiry chosen by the President to look into the facts of any dispute that imperils the health, safety, or economic stability of the Nation or of a substantial part thereof. When this body reports to the President it is free to recommend that any injunction sought by the Attorney General in a national emergency situation should be accompanied by a request for related orders compelling the employer to pay the employees a wage supplement during the injunction period if the board determines a return to work at existing wages would be disadvantageous to employees. In short, this bill seeks effective action, not punishment of dragooning works back to their jobs. The President needs this kind of flexibility and room to maneuver, in order to help bring about a solution equitable to all parties, including the public.

But this wage supplement will be in effect for 60 days only. After such time, if the dispute is not settled, another provision goes into effect. A 5-percent per-day reduction in the wage supplement originally instituted begins. At the same time, a civil penalty in an amount equal to twice the sum of the wage supplement reduction imposed on employees will be imposed on the employer.

This is a bill with teeth in it. But it is a fair bill. It is fair to employees because the board of inquiry has the power to send the employees back to work under an injunction with a wage supplement. It is fair to employers because the wage supplement will not last forever. At the same time, the employer knows he will have to pay a penalty for dragging his feet.

Most of all it is fair to the Nation.

I believe the machinery set up by this bill will work. The machinery is needed and it is needed now. It is my hope that we can get action on this bill as soon as possible.

At this point I wish to insert in the RECORD a chart of major contract expirations and a section-by-section analysis of H.R. 6955, to amend title II of the National Labor Relations Act to revise the remedies available to the Government in the event of a national emergency and for other purposes:

MAJOR CONTRACT EXPIRATIONS

| Major expiration date (other significant dates) | Industry | Companies | Unions | Workers affected |
|---|---|---|---|---|
| Mar. 31 | Glass containers | Anchor Hocking, Brockway Glass, Owens, Illinois, others. | Glass Bottle Blowers, Flint Glass Workers | 52,000 |
| May 31 | Aluminum | Alcoa, Kaiser, Reynolds, others | United Steel Workers (USW), Aluminum Workers (AWIU), others. | 51,000 |
| June 30 (July–October) | Nonferrous metals | Kennecott, American Smelting & Refining, Anaconda, Phelps Dodge others. | United Steel Workers (USW), others | 53,600 |
| Aug. 1 | Steel | United States Steel, Bethlehem, Republic, National, Armco, others. | United Steel Workers (USW), others | 349,000 |
| Aug. 9 | Communications | Bell Telephone, General Telephone, others | Communications Workers (CWA), Electrical Workers (IBEW) others. | 611,400 |
| Sept. 30 | Longshore (Atlantic and gulf coasts). | Atlantic and Gulf Coast Shipping Associations | Longshoremen (ILA) | 48,000 |
| Sept. 30 | Garment | Clothing Manufacturers Association of U.S.A | Clothing and Textile Workers | 80,000 |
| October (April, November and December). | Aerospace | Boeing, Lockheed, Rockwell International, McDonnell Douglas, others. | Machinists (IAM), Autoworkers (UAW) | 114,000 |

SECTION-BY-SECTION ANALYSIS OF H.R. 6955

Section 1. Short Title—Section 1 declares the title of this Act to be the "Emergency Remedies Act" of 1980.

Section 2. Findings—In this section the Congress finds that current procedures established by the "Taft-Hartley" provisions of the National Labor Relations Act for dealing with labor disputes which imperil the Nation's health and safety are inadequate and, in some cases, have produced a deterioration of the collective bargaining process. The Congress also finds that present procedures not only fail to prevent serious disruptions in essential goods and services but also unduly penalize the employee and benefit the employer by requiring employees to return to work at the wage levels of the old contract.

Section 3. Replacement of Current Law—Section 3 provides for the replacement of sections 206, 207, 208, 209, and 210 of the National Labor Relations Act (29 U.S.C. 176–180), popularly known as the Taft-Hartley Act with the provisions of this legislation as follows:

Section 206. National emergencies; Board of inquiry—Section 206 gives the President authority to appoint a board of inquiry to look into the issues involved in a labor dispute in an industry or a part of an industry engaged in trade, commerce, transportation, transmission, communication, or energy production or distribution either domestically or with foreign nations if the President believes that continuation of the dispute will imperil the health, safety, or economic stability of the Nation, or a substantial part thereof. The board shall present a written report to the President, within a time prescribed by him, which is to include a statement of its position. The report shall not include recommendations except with regard to special wages during an injunction issued pursuant to this act.

The board may recommend that any injunction sought by the Attorney General under this act should be accompanied by a request for related orders compelling the employer to pay the employees a wage supplement during the injunction period if the board determines that compelling employees to return to work at existing rates would be unduly advantageous to the employer and unduly disadvantageous to the employees. The board shall consider relevant factors such as the last offer of either party involved in the dispute, the increase in the cost of living since the last contract negotiation, and working conditions in the industry in determining the amount of any wage supplement.

The board of inquiry shall be composed of a chairman and such other members as the President shall determine. It shall have the power to sit and act in any place within the United States, to conduct necessary hearings, either public or private, and to exercise subpoena powers and other authority granted under the provisions of the existing Federal Trade Commission Act. The members of the board shall be paid at the daily rate prescribed for a GS–18 for each day actually spent in the work of the board as well as necessary travel and subsistence expenses.

Section 207. Injunctions during a national emergency—Section 207 enables the President to direct the Attorney General to seek an injunction from any U.S. district court having jurisdiction over the parties involved in the dispute, and allows the court to grant the injunction if it finds that the threatened or actual strike or lock-out affects all or part of the industries specified in the preceding section and does threaten the health, safety, or economic stability of any part of the nation. The court is also given authority to determine whether any proposed wage supplement included in the Attorney General's petition is fair and equitable and if the court agrees with the recommendation, may issue the appropriate orders to see that such supplement is initiated.

Any injunction issued under this section shall be in effect for 80 days unless the Attorney General seeks an earlier discharge or petitions the court for an extension as provided for in Section 209.

If the court agrees that compelling employees to return to work at the existing wage rates would be unduly advantageous to the employer and unduly disadvantageous to employees, and the wage supplement proposed by the Attorney General is fair and equitable, the court shall issue an order instituting the wage supplement. However, such an order will be in effect no more than 60 days. At that time, and until settlement of the dispute is reached, the supplement will be reduced by an amount equal to 5 percent per day of the total supplement originally instituted. At the same time, a civil penalty against the employer in the dispute will be imposed in an amount equal to twice the sum of the wage supplement reductions imposed on employees. Such penalty will be paid to the Department of the Treasury. These provisions will remain in effect until discharged on motion of the Attorney General upon settlement of the labor dispute.

The injunctions and orders of the court shall be subject to review by the appropriate circuit court of appeals and by the Supreme Court.

Section 208. Injunctions during a national emergency; adjustment efforts by parties during the injunction period—Section 208 directs that when a dispute is under an injunction brought under this act, it is the duty of both parties to the dispute to make every effort to settle their differences, with the aid of the Federal Mediation and Conciliation Service. However, neither party is obligated to accept, in whole or in part, any settlement proposal made by the Service.

When an injunction has been issued, the President reconvenes the board of inquiry. At the end of a 60-day period, unless the dispute has been settled, the board reports to the President on the current position of both parties and the efforts which have been made for settlement. This report includes a statement by each party of its position and a statement of the employer's last offer of settlement. This report shall be available to the public.

After the report has been published, the President may, at any time while an injunction is in effect, direct the Board to conduct a secret ballot; and/or direct the Attorney General to petition the appropriate district court to extend the injunction period as provided for in section 209.

If the President orders a secret ballot, the National Labor Relations Board shall take such a ballot of the employees within 15 days to determine if the final offer of settlement made by their employer is acceptable. Results must be verified to the Attorney General within five days. Acceptance by a majority of the employees shall represent a settlement of the dispute.

If a settlement is reached, the Attorney General will move for the court to discharge the injunction. The President shall then submit a full and comprehensive report to the Congress, including the findings of the board and the ballot taken by the NLRB, together with any recommendations he wishes to make.

Section 209. Injunction extension and civil penalties—Section 209 provides that if the President determines that significant progress is being made toward the settlement of the dispute and that the approaching conclusion of the original 80 day period is likely to prevent an acceptable settlement from being secured, he may direct the Attorney General to petition the court to renew the injunction for 30 additional days. The Court shall have jurisdiction to continue the injunction for that period. The civil penalty on the employer remains in effect during this period at the level reached on the 80th day and the employees are not permitted a wage supplement.

If the President determines that the parties have failed and are failing to make reasonable efforts to settle their dispute during this period, he may direct the Attorney General to petition the court to extend the injunction for an additional 30 days and to impose additional sanctions.

These sanctions provide that for each day for which an injunction is in effect under this provision, any wage increases finally agreed to by the parties to the dispute shall be deferred for one week and that a civil penalty of twice the sum of the wage increase deferrals will be paid by the employer to the Treasury.

Any injunction issued under this section may be discharged upon motion of the Attorney General after certification of a secret ballot resulting in a settlement of the dispute. However, such a discharge will not provide for relief from sanctions which have already been imposed under this section.

During any such injunction period, the President shall reconvene the board of inquiry to monitor the dispute and continue to report to the President on the status of the negotiations.

If, after the 30 day extension of the injunction period, the President has submitted legislation to the Congress providing for a settlement of the dispute, the President may direct the Attorney General to petition the court for an extension of the injunction and the sanctions for either 30 additional days, or until legislation providing a settlement is enacted into law, whichever occurs first.

Section 210. Enforcement of provisions under Section 207 and Section 209—Section 210 directs the board of inquiry to report to the President immediately if there are any violations of the injunction or accompanying orders issued under sections 207 or 209 of this act.

Section 211. Inapplicability of Norris-Laguardia Act—Section 211 provides that provisions of the 1932 Norris-Laguardia Act which limit the jurisdiction of the courts in labor disputes and define an appeals process shall not be applicable to any proceeding brought under this Act.

Section 212. Separability—Section 212 provides that individual sections of this act may be held invalid without affecting other provisions of the Act.●

## FIVE-YEAR LEASING SCHEDULE FOR OUTER CONTINENTAL SHELF IS INADEQUATE TO ENERGY NEEDS OF THE NATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. FORSYTHE) is recognized for 5 minutes.

● Mr. FORSYTHE. Mr. Speaker, on Friday, March 25, 1980, the Secretary of the Interior Andrus released his most recent 5-year leasing schedule for the Outer Continental Shelf. That schedule, while an improvement over the previous schedules, is completely inadequate and in no way responsive to the energy needs of this Nation. Current OCS leasing policies, as well as leasing policies concerning public lands generally, are reminiscent of the 1930's when this country had more oil than it knew what to do with.

I do, however, want to congratulate Secretary Andrus on the record he has established over the past 2 years. Last year was a record year for OCS leasing. The Federal Government was the recipient of over $6 billion in bonuses, royalties, and rentals alone. Unfortunately, the new OCS leasing schedule approved by the Department of the Interior on Friday, fails to recognize both the realistic energy needs of this Nation, and the tremendous potential the OCS has for oil and gas production.

Unfortunately, the Department of the Interior is using the number of sales, and OCS acreage offered for sale as a gage of the quality of their lease schedule. Acreage and the number of sales has little to do with the amount of oil and gas production of a lease schedule, particularly if acreage offered is in areas of very low hydrocrabon potential.

Currently the United States has a proven oil reserve of only 24.1 billion barrels, at a time when our annual consumption is 6.4 billion barrels. It only takes a little arithmetic to calculate the predicament this Nation faces. If you think we are having problems today with imports of 44 percent, just wait until you see what happens in the late 1980's when we are expected to import over 60 percent of our oil needs.

This Nation has approximately 155 billion barrels of untapped estimated oil resources; 90 percent of that oil is under the direct control of the Federal Government, with up to 60 percent of that figure estimated to be located on the Outer Continental Shelf. While the Department of the Interior has accepted the recommendation of the OCS committee staff report to utilize a "constituent sale" concept, the leasing schedule approved by the Department of the Interior on Friday will do little to tap the billions of barrels of oil and the trillion cubic feet of natural gas located on the OCS.

In other words, the Federal Government is an energy monopoly. It has complete control of lands that contain over 140 billion barrels of oil, trillions of cubic feet of natural gas, and billions of tons of coal. All the administration needs to do is to determine what production this Nation needs and lease accordingly.

In return for accelerated leasing of high potential areas, the Federal Government reaps billions of dollars annually in the forms of bonuses, royalties, and rentals which go directly to the Federal Treasury.

Over the past 27 years, the U.S. Treasury has received just over 70 percent of all revenues from production on the Outer Continental Shelf, and an additional 7 or 8 percent in Federal taxes.

I am aware of the numerous pressures on the Secretary, particularly environmental pressures. However, I am convinced, as any rational person would be, that we can accomplish our goal of decreasing our dependence on foreign oil, and protect our environment and endangered species.

The administration has everything to gain and nothing to lose by altering current leasing policies as they pertain to the public lands. By not altering these policies, the citizens of this Nation may have everything to lose and nothing to gain.●

## WHY CONGRESS MUST AUTHORIZE APPROPRIATIONS FOR THE NORTHEAST RAIL CORRIDOR AND OTHER PROMISING RAIL ROUTES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

● Mr. KEMP. Mr. Speaker, I support H.R. 6837, which would amend the Railroad Revitalization and Regulatory Reform Act of 1976 and authorize additional appropriations, because of my firm conviction that improved rail passenger and freight service is vital to the economic restoration and physical growth of the Northeast and a better quality of life for the people of this region.

Since 1971, my first year in the Congress, I have consistently supported refurbishment of our ailing rail system. With the help of 85 of my colleagues in this body and the Senate, I was able to help secure U.S. Department of Transportation approval of Amtrak service between Boston and Chicago through Buffalo in 1974. Since that time, with the help of my colleagues in western New York and other Members, I have supported improvements in terms of equipment, track restoration, station facilities and scheduling for the Empire State route. And I will continue my efforts for the upgrading of this route as well as the completion of improvements of the Northeast corridor serving the Northeast from Boston through New York City to Washington.

I wish to reiterate my belief, shared here by a number of my colleagues on both sides of the aisle, that a modernized rail system for both passengers and freight is essential if our Nation is to have a balanced transportation system, if we are to lessen our dependence upon imported foreign oil, if we are to compete more successfully with other industrialized nations with modernized rail systems, if we are to more efficiently move both raw materials and finished products, peculiarly suited to rail transportation, and if we are to improve the quality of our environment.

I am disappointed that both Amtrak and ConRail have not met our earlier expectations in terms of efficiency, modernization and safety. I am alarmed and concerned about the increasing incidence of derailments and equipment breakdowns. But I am also optimistic that we can solve these problems with track and equipment improvements, better inspection and other efforts, including an upturn in the economy through enactment of reductions in tax rates, capital gains taxes and other incentives for capital formation. In this way, we can enhance the production of steel, automotive products and other goods which contribute to ConRail revenues, and rail improvements for passenger as well as freight service.

At the same time, Mr. Speaker, I oppose amendments to H.R. 6837 which would authorize appropriations for passenger route studies beyond the 13 corridors provided for in the last part of title I. Much time, money, and deliberation already have been spent in the designation of these 13 promising corridors. In my judgment, we should move forward with our support for finishing the necessary work on the Northeast corridor to serve the 34 million people in the urban areas it serves and completion of the study of the corridors already commenced.

By so doing, the Northwest corridor will become a model for future corridors. In my own State of New York, we are well along on track and other improvements on the Empire route which, I am confident, will—in the immediate years ahead—provide the level of rail passenger service we continue to strive for.●

## EVALUATING OUR FINANCIAL SITUATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. WHITTEN) is recognized for 15 minutes.

Mr. WHITTEN. Mr. Speaker, the tougher the going, the more imperative it is to fight. While our Committee on Appropriations has held appropriation bills below the budget for 36 out of the last 37 years, our national financial situation has gotten almost completely out of hand to a great degree because the Congress has passed laws making Federal commitments which bypass our committee.

### OUR CURRENT SITUATION

We must bring inflation under control and we must reduce the interest rates that are now running approximately 18 percent. We must balance the budget while keeping up income, for we cannot repay a cheap dollar we borrowed with a hard-to-get dollar.

We must pay our debts with real money. To do this we must tie our money to something of value.

We must get real defense for our dollar instead of measuring defense by how much money we spend. We must somehow get out of our involvement in foreign countries. But back of it all we must keep up the development of our own country where we have done a reasonably good job. For it is to the real wealth of our own country that we must look to meet all these other problems.

On the energy front, we must relax unreasonable restrictions on coal, return to proper depletion allowance for oil taken from the ground, and remove restrictions on new sources of power where now we lag 5 years behind our competitors.

And with all this, we face some belt tightening.

We must, with it all, restore law and order where people are once again safe on the streets and in their homes.

We are a rich country—but we do have serious financial problems which we must correct.

While we have held appropriation bills well below the budget, just about every nation in the world holds our dollars. Those dollars represent our promise to pay and are being used to run prices up and the value of the dollar down. We simply do not have the gold and silver to back them up.

Our only way out is to produce, regain our domestic markets, and sell overseas. To do this we must throw off the restrictions we impose on ourselves. Industry now has to meet so many Federal requirements that domestic companies are opening their branches in other countries so they can use coal if they want to, and use gas or oil whichever is available without having to obtain a permit. Where in the United States, they have to clear almost every move and should they be lucky enough to obtain a permit, the next month the demand may be doubled. Apparently, no effort is made to separate the necessary from the merely desirable. Many times EPA actions are ridiculous in the extreme.

Examples—the Marine Corps had to file an environmental impact statement for maneuvers in Alaska—and 720 reports had to be filed in California in connection with pipelines, and it has been testified that the Department of Defense would have to file an environmental impact statement before defending the country.

We cannot afford a billion dollar expenditure by the TVA to be passed on to the already overburdened users of electricity merely because the directors, the courts or even the Congress listed that which is merely undesirable as being dangerous.

We must distinguish between the undesirable and the downright dangerous—we must regain our nerve. We must quit trying to repeal the whole principle of immunization or vaccination where we subject ourselves to minor quantities to toughen mankind to meet the dangerous.

We can provide energy—so let us do so. Definitely, we could be sending 2,000,000 barrels of oil through the Alaskan pipeline to the west coast instead of 1,200,000. We could pipe it to the Northeast. We could be refining it there. We must authorize the President to cut through the redtape imposed by regulation or unsound laws which required former Secretary Schlesinger to prepare and file 720 requests for permits in California alone before a pipeline could be built at all—and construction of the pipeline was held up for 4 years on account of lawsuits to protect the elk, more than doubling the cost.

Our dollar has depreciated 50 percent in purchasing power since 1967. Anyone should see that we must review and correct this situation. We must have the nerve to build, to add to, instead of merely prorating shortages.

I am convinced we must make economic peace with Mexico. They have the gas and oil—we have the capital, the know-how and the need. We could do this now if we would quit meddling with their internal affairs. We must do so or else we will find Russia on our doorstep, tradewise.

### OUR COUNTRY

Fortunately, we do have a nation rich in real wealth—physical resources, human talent, character and ingenuity. With the support of our people, we have restored the fertility of our land, replanted our trees, and developed our highways, factories, rivers, and harbors.

Our progress in rural areas to achieve better housing, hard surfaced roads, water and sewer facilities, and rural telephones has never been surpassed. Now we need area coverage. In this year's appropriations, we provided that 30 percent of the funds for water systems be for expansion of existing systems. This represents our efforts to obtain area coverage in this area just as we had to do with electricity years ago.

### AGRICULTURE

In agriculture, we can out-produce the world and the world needs our production—yet we are dependent upon big international corporations to sell our commodities. Thus they can keep us as the residual supplier. We must see that the Department of Agriculture uses its Commodity Credit Corporation to move our production into world trade as the Secretary has promised to do. And at home, farm prices must reflect increases in cost.

Mr. Speaker, agriculture and the relatively few people, with huge investments and great risks, are the basis of our economy. It has been my primary job through the years to get money through the Congress to finance existing farm programs. Money made necessary because of farm costs which reflect increases for labor and industry—leaving those engaged in agriculture today getting far less for their labor, investment and risk than other segments of our society. They certainly do not need increased interest rates to add to this burden. What they need is fair prices reflecting increased cost. To me this is absolutely essential.

## PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. NELSON) is recognized for 5 minutes.

● Mr. NELSON. Mr. Speaker, due to official business in Florida, I was not present for three rollcalls on Thursday.

If I had been present, I would have voted "yes" on rollcall No. 164 to agree to the conference report on H.R. 4986, to amend the Federal Reserve Act; "yes" on rollcall No. 165 to agree to the conference report on S. 2269, to extend the Emergency Agricultural Credit Adjustment Act of 1978; and "yes" on rollcall No. 166 to agree to House Resolution 608, authorizing an investigation and inquiry by the Committee on Standards of Official Conduct.●

## EXTENSION OF TAX INCENTIVES TO PRESERVE HISTORIC STRUCTURES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 10 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, in 1976, the Congress as part of the Tax Reform Act of 1976 adopted four related provisions designed to provide economic incentives for the preservation of historic structures. In a sense, these provisions are somewhat unique in that not only do they provide positive economic inducements to preserve and rehabilitate but they also contain economic disincentives to those seeking to remove structures that have been deemed worthy of preservation for future generations.

The first of the four related provisions allows the taxpayer to amortize the costs of rehabilitation of a certified historic structure over a period of 5 years rather than over the remaining life of the structure.

The second provision permits the taxpayer alternatively to use the accelerated method of depreciation, usually available only for new buildings, for a substantially rehabilitated historic building.

In addition to these incentives, the Tax Reform Act of 1976 provided parallel disincentives. The first prevents the taxpayer from expensing the costs of demolition of a certified historic structure. The second disincentive prohibits the use of accelerated depreciation in connection with any new structure built on a site where a certified historic structure has been razed or substantially rehabilitated in a manner inconsistent with the preservation of the historic character of the structure.

During the next 18 months, these provisions are due to expire. Today, I am pleased to join with many of my colleagues on the Committee on Ways and Means including Messrs. GEPHARDT, COTTER, STARK, JENKINS, DOWNEY, FOWLER, GUARINI, SHANNON, RUSSO, CONABLE, DUNCAN of Tennessee, VANDER JAGT, FRENZEL, SCHULZ, and MOORE in introducing an extension until January 1, 1976 of the historic structure provisions.

It is my hope that during the next few months the Subcommittee on Select Revenue Measures will have the opportunity to explore in some depth the effectiveness in operation of these provisions. In particular, we will focus on areas where these incentives have been used and also how these particular tax incentives interrelate with other provisions of the Internal Revenue Code and Federal grant programs designed to accommodate the same or similar results.

Since these provisions were originally agreed to as Senate floor amendments to the Tax Reform Act, these hearings will be the first time that the House of Representatives will have the opportunity to review the historic structure provisions of the Internal Revenue Code in detail. Because I anticipate that the subcommittee review will take some time, I do not anticipate that work on the extensions will be completed in the near future. It is being introduced at this time, however, so that groups who are interested in utilizing the tax provisions in this area will be aware that we are seriously committed to extending these provisions past their present 1981 expiration dates.

In addition, as the subcommittee prepares for its review in this area, we will work very closely with both the Department of the Interior and the Department of the Treasury and groups in the private sector who have taken an active role in the preservation of many of America's historic structures in order that we might best focus on all the relevant issues.●

## PARTIAL INTEREST EXEMPTION PASSED ALONG WITH WINDFALL PROFIT TAX

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ADDABBO) is recognized for 5 minutes.

● Mr. ADDABBO. Mr. Speaker, I was most pleased to note that the Senate, following the House's footsteps, has agreed to the windfall profit tax conference with the provisions on excluding part of savings interest from taxation as gross income. I am now told the President will sign the bill into law on Wednesday.

This has clearly shown to be the most popular issue of the day. The volume of mail I have received has been so overwhelming that a personalized individual response to each person who took the time to share their views with me would be near impossible. I would like to take this opportunity then, to thank my constituents for writing and to assure them of my strongest support for these tax changes.

As you may know, I was one of the original sponsors of this tax exemption and have long felt that such an incentive for "small savers" would be beneficial, not only to the individuals concerned, but to the economy as well. Though I would much rather have seen the adoption of a permanent program, as was intended in several of the bills introduced, the 2-year "experiment" beginning next January 1 will provide needed relief at an opportune time. The $200 income exclusions from interest and dividends for individuals—$400 for married couples—would apply to tax years 1981 and 1982. This is a "first" for the interest exclusion and doubles the present law exclusion for dividends.

I would also like to thank my colleagues for their long and intensive efforts on the windfall bill itself. This is a comprehensive measure, covering diverse areas, worthy of a short review.

The crude oil tax portions, which form the core of the measure will levy various tax rates on different categories of oil. Major oil companies will be paying $205 billion of these taxes with independent producers paying $22.5 billion for a total of $227 billion in revenues. These taxes will be phased out toward the end of the decade but will take effect retroactively to March 1.

As it stands, this oil tax bill reserves 60 percent of the Government's share of the windfall for economic programs. About $137 billion will be available for tax cuts or deficit reductions over the next 10 years. The remaining 40 percent is to be earmarked for special area projects such as transportation, energy development and fuel cost relief for low-income families. The total tax levied is only about 23 percent of the more than $1 trillion that will accrue to the oil companies in the form of profits stemming from the decontrol of crude oil prices President Carter instituted last June.

Due to the differences between versions of the bill as originally passed by the House and the Senate, extensive provisions dealing with other tax areas besides oil were added and included in the conference report sent to the President. These deal with tax credits such as the savings interest issue noted above, and incentives for energy conservation. In addition, provisions were provided for alternative energy development and extending the exemption of gasohol from Federal gasoline taxes.

Business energy tax credits are provided or increased for additional energy-related investments in solar and wind energy, geothermal equipment, ocean thermal equipment, small-scale hydroelectric facilities, cogeneration equipment, biomass fuels, and other production programs. Alternative fuel production and sale of energy from shale oil, synthetic sources, tar sands and processed woods would also qualify.

In addition, the conference provides for a 10-percent tax credit through 1985 for certain intercity buses designed to help the investor increase seating capacity.

The present exemption from the 4-cents-a-gallon Federal excise tax on gasohol is due to expire on October 1, 1984. When signed by the President, the new law extends this exemption through December 31, 1992. Use of gasohol in industrial plants, by State and local governments and on farms does not now qualify for the tax exemption. The recommendation was made in the conference to extend the exemption to include such usages, the amount of exemption depending upon the gasoline/alcohol mix rate.

Since production in certain areas cannot proceed without adequate facilities, industrial development bonds were also recommended to help finance these projects. Solid-waste disposal facilities, hydroelectric power plants and other renewable-energy facilities and equipment would be eligible for the tax-exempt interest on these bonds.

Not to be forgotten, individuals will also be given assistance. Right now, a taxpayer can claim a 15-percent tax credit on the first $2,000 invested in insulation and other types of energy conservation measures, up to a maximum tax credit of $400. He or she can also claim a 30-percent tax credit on the first $2,000 invested in solar, wind or geothermal energy equipment and 20 percent on the next $8,000 investment, up to a maximum of $2,200. Both apply only to the principal residence of a taxpayer.

The new bill expands the present tax credit for solar, wind and geothermal equipment to 40 percent of the first $10,000, with a maximum of $4,000 in credits allowable. It also expands the credit to equipment used to generate electricity from solar or geothermal energy, the costs of drilling an onsite geothermal well, and some of the dwelling structures needed to install renewable energy equipment. These credits will be available for taxable years after January 1, 1980. Other items can be included for tax credit if the Treasury Department determines that such equipment would reduce our dependence on oil and would not damage the environment or public health.

Low-income energy assistance is made available to the States for fiscal year 1981 in the form of block grants to help defray heating and cooling costs. The total amount available will be $3.1 billion.

I would like to point out that all the revenue from the windfall profit tax will be placed in a separate account of the Treasury. These funds, however, are not being used to create a special trust, or are they earmarked for any special purpose. This year, the agreement allocates portions of the funds for the special areas noted above, but use of the revenues in the future will require annual congressional authorizations and appropriations. In this way, we will be able to ascertain that should special needs arise, or priorities change, the Congress can react accordingly. Money for the various tax incentives and credits approved are not covered by this provision, as these funds will come from the general revenue.

One last tax change of a general nature which will be of interest to many of my constituents is the repeal of the carryover basis provision adopted in the Tax Reform Act of 1976. Under this law, recipients of inherited assets would take the same basis for the property that the decedent had, so that when the asset was sold, all of the appreciation during the decedent's lifetime and after death would be subject to income tax.

Some exclusions and limitations were provided ultimately limiting applications of the carryover basis to a very small portion of beneficiaries with inherited assets. Many have complained of these discriminatory assets, and the new bill reinstates the prior rule allowing the appreciation in value of an asset during a decedent's lifetime to escape Federal income tax when the beneficiary sells the asset.

Lastly, a small, but potentially important amendment was made to the Trade Expansion Act of 1962, which will allow Congress to override a Presidential decision to impose oil import quotas whenever the Congress passes a joint resolution disapproving such executive action. The resolution would require the signature of the President, but any veto by him could be overridden by a two-thirds vote of both the House and the Senate.

Over a year of hard work and effort has gone into this measure, and though there were times when many feared its provisions were to be weakened beyond recognition, I think we have made a good beginning. Let us hope that we accomplish what we have set out to do—recoup some of the huge profits the oil industry would enjoy from decontrol, returning it to our people and boost our independence on oil-related energy sources at the same time. If not, we must not hesitate to find other remedies.●

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## THE FACTS ABOUT AGENT ORANGE: A TIME FOR REASON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. ROBERTS) is recognized for 5 minutes.

● Mr. ROBERTS. Mr. Speaker, I rise to express my very serious concern about statements which have been made in the past several days by some of my colleagues in this Chamber. These statements concern the controversy surrounding the herbicide defoliant, agent orange.

There is no doubt that agent orange is an extremely puzzling and disturbing issue. It is one which has lent itself to emotionalism, and to very serious charges of governmental insensitivity and bureaucratic inertia. I personally am not convinced of the validity of these charges, and wish to share with you some facts concerning official efforts to resolve the question of exposure to dioxins.

But first I wish to comment upon the methods and expressed attitudes of some Members of this body who have taken it upon themselves to champion the cause of certain Vietnam veterans who believe that they suffer from a variety of ailments alleged to have been caused by exposure to agent orange.

On Tuesday, March 18, two of my distinguished colleagues held a press conference on agent orange. The stated purpose of this press conference was to introduce "evidence" that the Government, or its agencies, had knowingly and deliberately suppressed information showing that there was a definite causative link between herbicides used in Vietnam and serious long-term health impairments experienced by persons exposed to these herbicides.

The sole "evidence" as a two-page document, purported to be a photocopy of a memorandum written on October 12, 1977. The photocopy is typed and appears to be on a Veterans Administration form of a U.S. Government memorandum. It is not signed. It is not directed to an addressee. The writer is not identified.

Although certainly a press conference is not a court of law, I think that Members of this Chamber who are attorneys would agree with me that to accord such a document the dignity of the term "evidence" would be stretching the rules of evidence to their utmost limits.

In any event, the document refers to agents orange and blue as used in defoliation operations in Vietnam from 1965 to 1969. It states, among other things, that these defoliants have been clinically proven to be mutagenic, teratogenic, and carcinogenic; that is to say, that these herbicides have the ability to cause human mutations, birth defects, and cancer.

Prominently typed on the front page is:

> Person contacted: Captain Al Young-Plant Physiologist Occupational and Environmental Health Lab, Kelly AFB, Texas.

I am reliably informed that when one of my colleagues holding the press conference was asked by a member of the news media if the putative source of this information had been contacted, the answer was in the negative. The reason given was twofold: first, to prevent Captain Young and his superiors from concocting a fictitious story prior to investigative reporting by media; and second, to prevent a lessening of the "impact" of the press conference.

Upon my instructions, the staff of the House Committee on Veterans' Affairs, of which I have the honor to be chairman, immediately contacted the now-Major Young by telephone. When informed of the circumstances of the press conference, Major Young, referring to his own notes, stated that:

The memo could have been prepared by Ms. Maude DeVictor, a benefits counselor of the Chicago VA regional office, by whom we had been telephoned on October 12, 1977;

That in the telephone conversation Major Young described the uses of three herbicide defoliants in Vietnam—agents white, blue, and orange;

That none of these agents had been proven to be carcinogenic in humans;

That in laboratory animals, some of the agents had proven to be carcinogenic without being teratogenic or mutagenic, while others had been shown to be teratogenic or mutagenic without being carcinogenic;

That there was no discussion of any of these agents affecting human male gametes or DNA and that there was no discussion of the military "observing extreme caution" in the use of defoliants; and

That Major Young agreed to send Ms. DeVictor three technical papers on dioxins and that these documents were mailed the next day under a cover letter dated October 13, 1977.

Major Young offered to send my staff a "Memorandum for the Record" of his current best recollection of the conversation, as well as a copy of his cover letter dated October 13, 1977, and a copy of his handwritten minutes of the telephone conversation dated October 12, 1977. These documents were duly received and I will insert at the conclusion of my remarks Major Young's memorandum of March 18, 1980, as well as the March 24, 1980 response of Max Cleland, the Administrator of Veterans' Affairs, to inquiries about the mystery memorandum.

The New York Times of March 18, 1980, quotes one of these gentlemen holding the press conference as saying, "I'm angry and frustrated," I should like to state now to this body that I, too, am angry and frustrated—angry at the refusal to grant to the U.S. Government the presumption of innocence until proven guilty which devolves to any private citizen of this country, and frustrated by the rush to judgment on the agent orange issue in contravention of the most basic tenets of scientific inquiry.

There has been a continuing barrage of statements—both in this Chamber and in media—to the effect that the Government is unconscionably dragging its feet on getting to the bottom of the agent orange issue. I wish now to relate to my colleagues some, but not all, of the initiatives taken by official agencies to discover the truth about agent orange's alleged adverse human health effects. I beg my colleagues' indulgence; the list is a long one. However, I think it vitally important to use this public record as a forum to lay to rest charges of governmental indifference and inaction.

The Veterans' Administration reports that it received the first suggestion in March 1978 that use of herbicides almost 10 years earlier was suspected by some veterans as being an adverse factor in their health. These veterans had all been interviewed by a Chicago television station for a special on herbicides. It is my understanding that all had been counseled by one Veterans' Administration benefits counselor in the Chicago regional office, Ms. Maude DeVictor. As a layperson responsible for advising veterans on their VA benefits, Ms. DeVictor apparently thought that she detected a common cause in the wide range of medical problems reported by the veterans she interviewed. She apparently theorized that these medical problems all started with exposure to agent orange during service in Vietnam.

The Administrator of Veterans' Affairs, on his own initiative, and before the Chicago television program was aired, ordered an investigation of agent orange exposure, and this investigation continues at this time. The Veterans' Administration:

Mobilized all staff agencies into a steering committee to insure a complete and uniform response to the alleged problem;

Advised all VA hospitals of veterans' concern and instructed them to report details of each examination made as a result of this interest;

Centralized claims adjudication to insure that no veteran was denied benefits without Veterans' Administration central office concurrence;

Studied the entire world literature on herbicides covering the 30 years of their use;

Contacted all Government agencies with any known experience on the subject;

Established a computer search of medical data generated in the course of treating some 1.2 million veterans per year with the goal of identifying any health patterns which might be related to exposure;

Launched a study of human body fat to determine what, if any, body mechanism might account for any delayed health effects and to develop a diagnostic technique if such a mechanism was confirmed; and

Urged the study of all populations with known exposure to the chemicals in the past.

The Administrator believes that his response is as thorough as is possible in compiling data for present and future adjudication of claims. The General Accounting Office, the investigative arm of Congress, apparently agrees; recommendations made by GAO investigators indicated that the VA should continue along the scientifically analytical lines already established. But investigation of herbicide exposure issues is not limited to the VA alone:

The House Committee on Veterans' Affairs held hearings on agent orange as early as October of 1978;

Followup hearings were held by the committee on February 25 of this year;

The Air Force is studying the health records of aircrew who had unusually heavy exposure to agent orange as they loaded and dispensed it in Vietnam;

The Center for Disease Control in Atlanta is monitoring U.S. birth statistics to determine whether the normal rate of birth defects remains stable or if types of defects change in any way:

The Senate Veterans' Affairs Committee, under the able leadership of Senator ALAN CRANSTON, has held hearings on agent orange both in Washington and in the field;

The National Cancer Institute, in collaboration with the Armed Forces Institute of Pathology, is studying the possible role of chemicals such as those in agent orange in the development of cancer;

The National Institute of Environmental Health Sciences is in the midst of a long-range study of the effects of environmental chemicals on the health of man;

The Environmental Protection Agency is monitoring the continuing use of agent orange chemicals in this country and is following health statistics of populations worldwide in the areas where they are used;

University scientists are working independently on their own studies of dioxins, including the effects on animals from ingesting these chemicals on a daily basis;

Congressional legislation mandating the Administrator of the Veterans' Administration to conduct a study of any long-term health effects of exposure by Vietnam veterans to agent orange was signed into Public Law 96-151 on December 20, 1979; and

In December 1979, the President's Assistant for Domestic Affairs and Policy ordered the establishment of an Interagency Work Group to study the long-term health effects, if any, of this class of chemicals. This Group will coordinate all ongoing investigations and the evaluation of data.

On March 19, a Member of this body stated on the floor of this Chamber that, "the herbicide clinics and all that has been done by the VA for the Vietnam era combat veteran is a fraud * * *."

I leave it to my colleagues in this Chamber to decide if this very lengthy list of initiatives, encompassing the expenditure of tens of millions of dollars and hundreds of thousands of man-hours of effort, can reasonably be considered to constitute "fraud."

At this time, I wish to report to this body that, based upon the best available scientific information, the only human health hazard which has been positively linked to dioxin exposure is chloracne, a skin condition. No human deaths or long-term disabilities have been determined as a result of exposure. This is not to say, however, that the possibility of adverse long-term effects does not exist. But that is a conclusion which can only be determined after a considerable amount of properly scoped, conducted, and evaluated scientific study.

So little is presently known scientifically about the long-term human health effects of exposure to agent orange that it may be several years before a proper accounting of suspected hazards can be rendered or identified. However, two serious industrial accidents involving gross exposure to dioxin may possibly produce some valid scientific evidence in an earlier time frame to confirm or refute charges of agent orange's alleged serious health hazards. The effects of chemical explosions in Nitro, W. Va., in 1949 and in Seveso, Italy, in 1976 are being studied to determine how their exposed populations' subsequent health patterns might differ from unexposed groups. To date, the Nitro population shows no increase in mortality norms 30 years after the event. Although the Seveso population, encompassing a much larger number of lives, also shows no increase in mortality, morbidity, or birth defects, it may be too early after the accident only 4 years ago to reach any scientifically valid conclusions about adverse health effects resulting from dioxin exposure.

And this fact reinforces a most important point; it is going to take time—probably quite a bit of time—to reach conclusions about agent orange exposure which will stand the test of scrutiny under established standards of scientific inquiry. Major epidemiological studies of exposed and unexposed populations still appear to be the best way to establish if there is, in fact, a link between exposure to agent orange in Vietnam and the present or future health of our Nation's veterans.

In closing, I wish to quote from the remarks of the Honorable DAVID E. SATTERFIELD III, chairman of the Subcommittee on Medical Facilities and Benefits, during hearings on agent orange on February 25, 1980:

> If a problem does exist with regard to certain Vietnam veterans, we on this Committee want to know it. If, on the other hand, no problem exists, we want to know that as well. Whatever the results of our inquiries into this matter, we want the Vietnam veteran to be fully advised of testimony received here for two reasons. First, to alleviate his trepidation if in fact such fears are unwarranted; and, second to provide health care and/or indemnification if indeed there is a causative link between exposure to agent orange and any medical problem.
>
> Expressed otherwise, the subcommittee wants to get at the truth about agent orange and we want to get at it as soon as is reasonably possible on an objective, thoroughly scientific basis. Nothing less will satisfy this committee, nor should anything less satisfy the American public or the Vietnam veteran.

I believe that the overwhelming majority of the Members of this body agree with Congressman SATTERFIELD and with me that statements which can be construed to be inflammatory and provocative do nothing to advance the cause of getting at the truth about agent orange. And, on behalf of more than 2 million veterans who may have been exposed in Vietnam to this chemical and who have very recently been exposed to a frightening plethora of unsubstantiated and emotional charges, I ask that the Members of the House exercise reason, judgment and restraint in future public statements relating to this issue of great concern to our Vietnam-era veterans, the people of this country, and their Government.

Here follows the previously mentioned correspondence.

VETERANS' ADMINISTRATION,
*Washington, D.C., March 24, 1980.*

Hon. DAVID E. BONIOR,
*House of Representatives,*
*Washington, D.C.*

DEAR MR. BONIOR: I must confess I am disturbed by the fact that you and Representative Thomas A. Daschle saw fit to hold a press conference attacking the integrity of the Veterans' Administration solely on the basis of an anonymous and unsubstantiated memo.

Copies of your March 18, 1980, letter to me were distributed to media before I even received the letter, and you apparently made no effort to check the facts before going public.

The anonymous October 12, 1977, memo you distributed to media was purported to be the summary of a telephone conversation with Captain Alvin L. Young, now a Major serving with the Environmental Sciences Epidemiology Division of the U.S. Air Force School of Aerospace Medicine in San Antonio. Your letter correctly identifies Major Young as "probably one of the world's leaders in knowledge of plant herbicides."

Shown a copy of the anonymous memo, Major Young stated the report of the information conveyed by him "is inaccurate in numerous points." In the enclosed March 18, 1980, statement, Major Young points out some of the inaccuracies and areas of misinformation and notes he did not discuss some of the points attributed to him in the memo.

Although Major Young's statement reports on his telephone conversation with Ms. Maude DeVictor on October 12, 1977—the same date appearing on the anonymous memo—Ms. DeVictor informs us she did not write the memo in question. In October 1977, Ms. DeVictor was employed as a GS–7 veterans benefits counselor in the Chicago VA Regional Office.

Despite a thorough search of VA records, we have not been able to locate the mystery memo or identify its author. I can assure you I had never seen the memo before it was transmitted with your letter, and we have established that no one on my top staff in Washington involved in resolving the Agent Orange issue had previously seen the memo.

Since we don't know at this time who wrote the memo or where the original might be, it is not possible to tell you to whom the memo was addressed or who might have received copies of the memo—if indeed it was addressed to anyone or was circulated.

You asked particularly if the VA Advisory Committee on Agent Orange had the information contained in the memo. Since we had no knowledge of the existence of the memo, we could not, of course pass it on to the committee. Had we been able to do so, I'm sure the distinguished scientists on this committee would have noted the many inaccurate statements just as Major Young did.

I asked the top physicians and scientists in our Department of Medicine and Surgery to factually review the anonymous memo, and their comment (also enclosed) further highlights the numerous errors of fact and interpetation contained in the memo.

I would also add that a review of the HEW testimony of February 25, 1980, fails to disclose any statement indicating that exposure to 2,4,5–T and/or TCDD can cause irreversible liver damage in humans. VA experts have reviewed again the rationale behind EPA's Rebuttable Presumption Against Registration of 2,4,5–T. That review indicates the EPA action was based on the possibility 2,4,5–T induced a higher rate of spontaneous abortions in one particular area in Oregon, a conclusion that has been challenged by several competent scientific groups.

I am deeply concerned about, and categorically deny, the implication in your letter that some of my February 25, 1980, testimony before Congress may have been less than factual and forthright. I assure you I stand behind every word of that testimony. I also emphatically deny your allegations VA has withheld or is now withholding material.

We have shared to the greatest extend possible the knowledge we have acquired with other Federal agencies, interested scientific experts, veterans' organizations, the Congress, and members of the general public. The sessions of VA's Advisory Committee on the Health Effects of Phenoxy Herbicides have been fully open to the public. Minutes of the VA's internal Steering Committee, comprised of the various elements within the VA that deal with herbicide-related issues on an almost daily basis, have been made available for public inspection. I believe VA has been fully open in identifying and responding to the various viewpoints which have been expressed by the scientific community and the public.

Although I respect your no doubt sincere concern for your fellow Vietnam Era veteran, I want you to know no one feels more concern for these veterans than I do. I was there in Vietnam on the ground during two of the three peak spraying years (1967 and 1968) for Agent Orange. I myself was exposed.

As both a concerned veteran and as VA Administrator, I can assure you that resolving the many legitimate questions about the human health effect of herbicides is a top VA and Administration priority. I will continue to pursue this important matter openly and with all the vigor at my command.

Sincerely,

MAX CLELAND,
*Administrator.*

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### COMMENTS ON UNSIGNED MEMO BY VA DEPARTMENT OF MEDICINE AND SURGERY

#### PARAGRAPH 1

Memo: "Both agents (Orange and Blue) contained 2,4–D and 2,4,5–T."

Fact: Agent Blue contained cacodylic acid, an organic arsenical.

Memo: "They (2,4–D and 2,4,5–T) are mutagens and tetragenics."

Fact: 2,4–D apparently is neither a significant carcinogen or mutagen for any animal species. 2,4,5–T has carcinogenic properties in certain species such as rats, under experimental conditions. However, neither chemical has been shown to be carcinogenic for humans.

Memo: "They intercept the genetic DNA message to unborn fetuses."

Fact: There is no evidence that males of any species exposed to 2,4,5–T or 2,4–D suffer damage to their genetic materials.

#### PARAGRAPH 2

Memo: "2,4,5–T is a chlorophenoxyacidic acid."

Fact: 2,4,5–T is trichlorophenoxy acetic acid.

Memo: "These two ingredients are used . . ."

Fact: 2,4–D and 2,4,5–T are utilized in a 50:50 ratio only in Agent Orange. Both substances have been incorporated into commercial weed killers since the mid-1940s. They have been widely utilized in these applications over major parts of the world since then. TCDD was not "used" in Agent Orange. On the contrary, it was an unanticipated contaminant arising during the manufacture of 2,4,5–T, whose presence in Agent Orange was not recognized until late in the 1960s. TCDD is probably not the "most toxic substance known to man," although it is highly toxic on a molecular basis. Interestingly enough, humans appear to be more resistant than other species to the toxic effects of TCDD.

#### PARAGRAPH 3

Memo: "The adipose tissue and liver would be the primary sites of damage."

Fact: Adipose tissue and liver are not the "primary sites of damage" of TCDD. The adipose tissue is a temporary storage site for TCDD but does not appear to be otherwise affected by it. The liver, in contrast, has been shown to undergo both acute and chronic changes in animal species under experimental conditions, but never in man.

#### PARAGRAPH 4 ("NOTE")

Memo: "This (chloracne) would be indicative that a person has had direct exposure."

Fact: Chloracne is a specific "marker" for exposure to TCDD and other related chemicals. However, the amount of exposure required to produce this lesion varies among individuals. In addition, the occurrence of chloracne does not necessarily indicate "direct" exposure.

### PARAGRAPH 5

Memo: "The acceptable concentration required . . ."

Fact: The concentration of TCDD that might produce "symptoms" remains unknown. Accordingly, the figures offered in this paragraph on this matter are purely speculative.

Memo: "The following resource material will assist the VA. . . ."

Fact: "T.T. Tung"—Dr Tung's observations have not been scientifically validated. Accordingly, there are significant doubts among many scientists about the appropriateness of his conclusions.

Fact: "R.M. Oliver"—The article by Dr. Oliver deals with short-term effects on the health of laboratory workers exposed to TCDD.

Fact: "Dr. Renee Kimbrough"—Dr. Kimbrough's review article primarily concerns experiments on laboratory animals. The relationship of the studies reported in these articles to the Agent Orange issue is unclear.

Memo: "Agent Blue . . . contains cacodylic acid . . ."

Fact: Agent Blue, whose principal active ingredient is cacodylic acid, has not been shown to be a human carcinogen.

### Herbicide Orange Memo/News Conference, March 18, 1980

I have reviewed the 12 Oct. 77 Memorandum "Re: Defoliation Operations from 1955–1959 During Vietnam War", and found the memo inaccurate in numerous points.

On the date of 12 Oct. 77, I received a call from Ms. Maude DeVictor, Veterans Administration Regional Office, 536 South Clark Street, Chicago IL 60605, Phone: 312–353–9464. Ms. DeVictor called concerning the death of a military retiree (a Sgt. Owens) who had recently died from a adenocarcinoma.

Sgt. Owens' wife had talked with Ms. DeVictor and stated that her husband was repeatedly exposed to Agent Blue while assigned in South Vietnam. Ms. DeVictor asked me if Agent Blue could have caused the cancer and hence compensatable. I told her the Agent Blue contained an organic pentavalent arsenical called cacodylic acid and that in laboratory studies it had not been shown to be a carcinogen. As a matter of fact it was classed as "non-toxic" with an $LD_{50}$ of 3,000 mg/kg in white rats.

Ms. DeVictor then inquired about other herbicides used in South Vietnam. I described Herbicide White (2, 4–D and Picloram) and that it too was non-toxic, nor was it a carcinogen. I also described Herbicide Orange (a 50:50 mixture of 2, 4–D and 2, 4, 5–T). I told her that laboratory studies on 2, 4, 5–T found that it (and/or a contaminant in 2, 4, 5–T) did cause birth defects (teratogenesis) in laboratory animals.

The contaminant (from the manufacturing process) was called 2, 3, 7, 8-tetrachlorodibenzo-para-dioxin (TCDD or "Dioxin").

Although TCDD caused birth defects, it had not (at that time) been shown to cause cancer or mutation in laboratory animals. She asked me if there were any scientific reports immediately available on TCDD. I referenced her to a report by Kimbrough and one by Oliver. She asked what effects were known concerning TCDD and human exposure. I stated that chloracne (which I described) had been shown to occur 3 to 6 weeks following exposure to TCDD. She asked if any reports were available on TCDD and cancer. I referred her to a article published by T. T. Tung, a North Vietnamese Scientist, claiming an increase in human liver cancer in Vietnamese soldiers allegedly exposed to Agent Orange.

I cautioned her that Tung's report was not scientifically conducted and hence should be viewed as observations without confirming cause and effect. I told her I would furnish all three articles to her immediately (I sent them the following day under a cover ltr).

No discussions were held on Agents Orange and Blue affecting male gametes or DNA; nor that the military was "observing extreme caution". I did describe the use of all three chemicals as they were used in Vietnam.

Immediately following my conversation with Ms. DeVictor, I briefed my Commander, Colonel Gale Taylor, USAF. OEHL, and I prepared a memo for my records.

Alvin L. Young,
*Major, USAF, Ph. D.*

## PASSOVER REMINDS US OF THE JEWS IN THE SOVIET UNION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. Drinan) is recognized for 5 minutes.

● Mr. DRINAN. Mr. Speaker, tonight at sunset Jews around the globe will celebrate Passover, the holiday which commemorates freedom from the bondage of the ancient Egyptians. It is a joyous holiday because of the freedom Jews have today to live in a Jewish homeland, but is also a holiday of sadness when we think of the Jews, particularly in the Soviet Union, who are not allowed to celebrate this occasion.

Mr. Speaker, Michael Patlach, a 38-year-old physician in Kishniev left his home one evening before Passover 2 years ago. He was accosted by a group of men appearing to be hooligans. They beat him severely and shouted:

> Moses won't help you here like he did in Egypt. You will never leave. You will rot in Russia.

They left him lying unconscious on the street.

On Passover, Jews throughout the world read the words:

> If the Most Holy, blessed be He, had not brought our ancestors from Egypt, we and our children and our children's children would still be in bondage to the Pharaohs in Egypt.

And we remember the plight of 3 million Jews in the Soviet Union who are still not free, free to live as Jews.

> The Egyptians ill-treated us, afflicted us, and laid heavy bondage upon us.
>
> And we are reminded of the Prisoners of Conscience, the Jews who languish in prison camps, subjected to poor diets and strenuous work, minimal medical attention and harassment from guards; even their twice-yearly visitation rights are often denied or delayed.

The Passover story relates how the children of Israel "cried unto the Eternal, the G-d of our fathers, and the Eternal heard our voice, saw our affliction, our sorrow, and our oppression." And we recall the Jews of the Soviet Union crying out, demonstrating in Red Square, hanging banners pleading for exit visas, meeting with Western journalists, activists, tourists, and diplomats, while risking imprisonment, internal exile, conscription into the army, expulsion from school, and dismissal from work.

On Passover, Jews sing:

> If G-d had brought us out of Egypt, that would have been enough for us.

Now Jews gather outside the Moscow synagogue and sing:

> If G-d had brought us out of Russia, that would have been enough for us.

For centuries, Jews placed three matzas—the flat bread necessary for celebrating Passover—on their Passover tables to represent the Jewish priests, their assistants, and the Israelite congregation. They now place a fourth matza to commemorate the Jews who live in the U.S.S.R., where the supply of matza is restricted, where the government does not even allow it to be mailed into the country.

The Passover meal is ended with a wish, "Next year in Jerusalem." They call, "This year in Jerusalem."

I call upon my colleagues and the President to work toward fulfilling their wish.●

## LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to:

Mr. Phillip Burton (at the request of Mr. Wright), for March 31 through April 2, on account of official business.

Mr. Charles H. Wilson of California (at the request of Mr. Wright), for today, on account of official business.

Mr. Jenrette (at the request of Mr. Wright) for this week on account of medical reasons.

Mr. Rodino (at the request of Mr. Wright), for today, on account of illness in the family.

Mr. Watkins (at the request of Mr. Wright), until 1:15 p.m. today, on account of death in the family.

Mr. Williams of Ohio (at the request of Mr. Rhodes), for today, on account of official business.

Mr. Chappell (at the request of Mr. Bennett), for today, on account of official business in the district.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Pashayan) to revise and extend their remarks and include extraneous material:)

Mr. Tauke, for 10 minutes, today.
Mr. Michel, for 10 minutes, today.
Mr. Forsythe, for 5 minutes, today.
Mr. Kemp, for 10 minutes, today.

(The following Members (at the request of Mr. McCormack) to revise and extend their remarks and include extraneous material:)

Mr. Whitten, for 15 minutes, today.
Mr. Nelson, for 5 minutes, today.
Mr. Gonzalez, for 15 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Mr. Rostenkowski, for 10 minutes, today.
Mr. Mica, for 10 minutes, today.

Mr. ADDABBO, for 5 minutes, today.

Mr. ROBERTS, for 5 minutes, today.

Mr. DRINAN, for 5 minutes, today.

## EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PASHAYAN) and to include extraneous matter:)

Mr. MICHEL in three instances.

Mr. GREEN.

Mr. FINDLEY in two instances.

Mr. MARLENEE.

Mr. PHILIP M. CRANE.

Mr. MCKINNEY.

Mr. ASHBROOK in two instances.

Mr. LEE.

Mr. ROTH.

Mr. MOORHEAD of California.

Mr. SEBELIUS.

Mr. DANIEL B. CRANE.

Mr. CLINGER.

Mr. DERWINSKI in two instances.

Mr. LEACH of Iowa.

Mr. CARTER.

(The following Members (at the request of Mr. MCCORMACK) and to include extraneous matter:)

Mr. RICHMOND.

Mr. DE LA GARZA in 10 instances.

Mr. PATTERSON.

Mr. STOKES in two instances.

Mr. PEPPER.

Mr. ANDERSON of California in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mrs. HOLTZMAN in 10 instances.

Mr. JONES of Tennessee in 10 instances.

Mr. BONER of Tennessee in five instances.

Mr. ZABLOCKI.

Mr. MAZZOLI in two instances.

Mr. ALEXANDER.

Mr. GAYDOS in two instances.

Mr. MCKAY.

Mr. EDGAR.

Mr. SOLARZ.

Mr. UDALL.

Mr. BOLLING.

Mr. DASCHLE.

Mr. MURTHA.

Mr. MCDONALD.

Mr. WHITTEN.

Mr. WOLFF in two instances.

Mr. GEPHARDT in two instances.

Mr. WOLPE.

## SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2269. An act to extend the Emergency Agricultural Credit Adjustment Act of 1978, and for other purposes.

## ENROLLED BILLS SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 2318. An act for the relief of Casimir Jan Kray.

H.R. 4986. An act to facilitate the implementation of monetary policy to provide for the gradual elimination of all limitations on the rates of interest which are payable on deposits and accounts, and to authorize interest-bearing transaction accounts, and for other purposes.

## BILLS AND A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills and a joint resolution of the House of the following titles:

On March 27, 1980:

H.R. 24. An act to improve budget management and expenditure control by revising certain provisions relating to the Comptroller General and the Inspectors General of the Departments of Energy and Health, Education, and Welfare, and for other purposes;

H.R. 2676. An act to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1980, and for other purposes;

H.R. 2797. An act to make technical corrections related to the Revenue Act of 1978;

H.R. 4996. An act to restore to the Shivwits, Kanosh, Koosharem, and Indian Peaks Bands of Paiute Indians of Utah, and with respect to the Cedar City Band of Paiute Indians of Utah, to restore or confirm, the Federal trust relationship, to restore to members of such Bands those Federal services and benefits furnished to American Indian tribes by reason of such trust relationship, and for other purposes; and

H.J. Res. 463. Joint resolution designating the week of October 5 through October 11, 1980, as "National Diabetes Week."

On March 28, 1980:

H.R. 2318. An act for the relief of Casimir Jan Kray;

H.R. 3919. An act to impose a windfall profit tax domestic crude oil, and for other purposes; and

H.R. 4986. An act to facilitate the implementation of monetary policy to provide for the gradual elimination of all limitations on the rates of interest which are payable on deposits and accounts, and to authorize interest-bearing transaction accounts, and for other purposes.

## ADJOURNMENT

Mr. WHITTEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 53 minutes p.m.), the House adjourned until tomorrow, Tuesday, April 1, 1980, at 10 a.m.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3933. A letter from the President of the United States, transmitting a request for supplemental appropriaitons for fiscal year 1980 for the Small Business Administration (H. Doc. No. 96-291); to the Committee on Appropriations and ordered to be printed.

3934. A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, transmitting a report that various appropriations have been apportioned on a basis which indicates a necessity for supplemental appropriations for fiscal year 1980, as a result of statutory pay increases, pursuant to section 3679(e)(2) of the Revised Statutes, as amended; to the Committee on Appropriations.

3935. A letter from the Chairman, National Advisory Council on International Monetary and Financial Policy, transmitting the Council's special report on U.S. participation in the sixth replenishment of the International Development Association; to the Committee on Banking, Finance and Urban Affairs.

3936. A letter from the U.S. Commissioner of Education, Department of Health, Education, and Welfare, transmitting his annual report for fiscal year 1977, together with the annual reports of various advisory councils and committees serving the Office of Education, pursuant to sections 422 and 443 of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

3937. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of coproduction outside the United States of defense articles of U.S. origin, pursuant to section 42(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3938. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment to France (Transmittal No. 80-55), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3939. A letter from the Director, Federal Mediation and Conciliation Service, transmitting a report on the Agency's activities under the Freedom of Information Act during calendar year 1979, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3940. A letter from the Chairman, Board of Trustees, Harry S Truman Scholarship Foundation, transmitting a report on the Foundation's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3941. A letter from the Administrator of General Services, transmitting a followup report on the recommendations contained in the report on the November 29 and 30, 1976, meeting of the Board of Visitors, U.S. Naval Academy, pursuant to section 6(b) of the Federal Advisory Committee Act; to the Committee on Government Operations.

3942. A letter from the Administrator of General Services, transmitting a followup report on the recommendations contained in the December 1978 report of the National Commission on Manpower Policy, pursuant to section 6(b) of the Federal Advisory Committee Act; to the Committee on Government Operations.

3943. A letter from the Comptroller General of the United States, transmitting a report on available opportunities to expand and improve the application of user charges by Federal agencies (PAD-80-25, Mar. 28, 1980); to the Committee on Government Operations.

3944. A letter from the Secretary of the Interior, transmitting the annual report for calendar year 1979 on the anthracite mine water control and mine sealing and filling program, pursuant to section 5 of the act of July 15, 1955, as amended (76 Stat. 935); to the Committee on Interior and Insular Affairs.

3945. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on the primary health care needs of immigrants, pursuant to section 116(a) of Public Law 95-626; to the Committee on Interstate and Foreign Commerce.

3946. A letter from the Administrator, Energy Information Administration, Department of Energy, transmitting the quarterly report for the period October through December 1979 on imports of crude oil, residual fuel oil, refined petroleum products, natural gas, and coal; reserves and production of crude oil, natural gas, and coal; refinery activities; and inventories; together with data on exploratory activity, exports of nuclear energy and electric power, pursuant to section 11(c)(2) of the Energy Supply and Environmental Coordination Act of 1974, as amended; to the Committee on Interstate and Foreign Commerce.

3947. A letter from the Comptroller General of the United States, transmitting a report on free and reduced-rate transportation Amtrak provides to railroad employees and retirees and their spouses and dependents under the Rail Passenger Service Act (CED-80-83, Mar. 28, 1980); to the Committee on Interstate and Foreign Commerce.

3948. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to amend the act to authorize appropriations for the fiscal year 1980 for certain maritime programs of the Department of Commerce; to the Committee on Merchant Marine and Fisheries.

3949. A letter from the Administrator of General Services, transmitting an amendment to a previously approved prospectus proposing a retroactive increase in the firm term rental payments and an increase in renewal period annual rental for space occupied at the World Trade Center, New York, N.Y.; to the Committee on Public Works and Transportation.

3950. A letter from the Administrator of General Services, transmitting a prospectus proposing alterations at the U.S. Post Office-Federal Annex, Atlanta, Ga., pursuant to section 7(a) of the Public Buildings Act of 1959; as amended; to the Committee on Public Works and Transportation.

3951. A letter from the Director, Office of Technology Assessment, transmitting the annual report of the Office for calendar year 1979, pursuant to section 11 of Public Law 92-484; to the Committee on Science and Technology.

3952. A letter from the Comptroller General of the United States, transmitting a report on means for eliminating Amtrak's debt to the Government (PAD-80-45, Mar. 28, 1980); jointly, to the Committees on Government Operations and Interstate and Foreign Commerce.

3953. A letter from the Secretary of Commerce, transmitting drafts of proposed legislation to amend the patent and trademark laws; jointly, to the Committees on the Judiciary and Science and Technology.

3954. A letter from the Administrator, Health Care Financing Administration, Department of Health, Education, and Welfare, transmitting proposed revised requirements for a uniform method for hospitals participating in the medicare and medicaid programs to report the cost and volume of services provided to patients, required by section 19 of Public Law 95-142; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LONG of Louisiana: Committee on Rules. House Resolution 628. Resolution providing for the consideration of H.R. 6464. A bill to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Mich., in return for two new office buildings at the Detroit Arsenal, Warren, Mich. (Rept. No. 96-860). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 629. Resolution providing for the consideration of H.R. 6554. A bill to authorize appropriations for the fiscal years 1981 and 1982 for certain maritime programs of the Department of Commerce, and for other purposes (Rept. No. 96-861). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 630. Resolution providing for the consideration of H.R. 6614. A bill to authorize appropriations to carry out the national sea-grant program for fiscal years 1981, 1982, and 1983, and for other purposes (Rept. No. 96-862). Referred to the House Calendar.

Mrs. CHISHOLM: Committee on Rules. House Resolution 631. Resolution providing for the consideration of S. 2009. A bill to designate certain public lands in central Idaho as the River of No Return Wilderness, to designate a segment of the Salmon River as a component of the National Wild and Scenic Rivers System, and for other purposes (Rept. No. 96-863). Referred to the House Calendar.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PRICE (for himself and Mr. Bob Wilson):

H.R. 6974. A bill to authorize appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1981 for civil defense, and for other purposes; to the Committee on Armed Services.

By Mr. FORD of Tennessee:

H.R. 6975. A bill to eliminate the duty on hardwood veneers; to the Committee on Ways and Means.

By Mr. PASHAYAN:

H.R. 6976. A bill to prohibit the compensation of certain fees by the Federal Trade Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. RICHMOND:

H.R. 6977. A bill to amend the Federal Hazardous Substances Act to establish labeling requirements applicable to substances which cause chronic health side effects, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROSTENKOWSKI (for himself, Mr. Gephardt, Mr. Cotter, Mr. Stark, Mr. Jenkins, Mr. Downey, Mr. Fowler, Mr. Guarini, Mr. Shannon, Mr. Russo, Mr. Conable, Mr. Duncan of Tennessee, Mr. Vander Jagt, Mr. Frenzel, Mr. Schulze, and Mr. Moore):

H.R. 6978. A bill to amend the Internal Revenue Code of 1954 to extend until January 1, 1986, the tax incentives to encourage the preservation of historic structures; to the Committee on Ways and Means.

By Mr. STUDDS (for himself, Mr. Murphy of New York, Mr. McCloskey, and Mr. Pritchard):

H.R. 6979. A bill to improve coastal management in the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. TAUKE:

H.R. 6980. A bill to amend title XVI of the Social Security Act to increase the dollar amount of the resources which an individual or couple may have and still be eligible for SSI benefits, and to provide for periodic cost-of-living increases in such dollar amount; to the Committee on Ways and Means.

By Mr. THOMAS (for himself and Mr. Coelho):

H.R. 6981. A bill to amend the Internal Revenue Code of 1954 to provide that, in the case of an employee annuity, the employee may elect to exclude from gross income all amounts received by the employee under the annuity until the employee recovers his consideration for the annuity, without regard to whether such consideration is recovered during the first 3 years of the annuity; to the Committee on Ways and Means.

By Mr. DAVIS of South Carolina:

H.J. Res 527. Joint resolution designating the week beginning April 5, 1981, as "National Vegetable Garden Week"; to the Committee on Post Office and Civil Service.

By Mr. HANSEN (for himself and Mr. Harkin):

H. Con. Res. 311. Concurrent resolution expressing the sense of the Congress that the Congress should immediately hold hearings and conduct an investigation to find facts necessary for the release of the American hostages in Iran; to the Committee on Foreign Affairs.

By Mr. HANSEN:

H. Res. 626. Resolution to direct the President to furnish to the House of Representatives information and facts regarding understandings made with the former Shah of Iran at Lackland Air Force Base and elsewhere; to the Committee on Foreign Affairs.

By Mr. HANSEN (for himself and Mr. Derwinski):

H. Res. 627. Resolution to direct the President to furnish to the House of Representatives information and facts regarding the U.S. decision to submit to the Government of Iran concessions as to United States conduct in Iran on or about March 25, 1980; to the Committee on Foreign Affairs.

## MEMORIALS

Under clause 4 of rule XXII,

402. The SPEAKER presented a memorial of the House of Representatives of the State of Indiana, relative to the withholding of Federal funds due to noncompliance with Federal standards for federally funded programs, which was referred to the Committee on Government Operations.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 30: Mr. McClory.

H.R. 527: Mr. Kostmayer, Mr. Livingston, and Mr. Oberstar.

H.R. 1297: Mr. Heptel.

H.R. 3245: Mr. Stack.

H.R. 4773: Mr. Kildee and Mr. Ottinger.

H.R. 5200: Mr. Rodino, Mr. Railsback, Mr. Fish, Mr. Conyers, Mr. Hollenbeck, Mr. Patterson, Mr. Seiberling, Mr. Corman, Mr. Dixon, Mr. Downey, Mr. McCloskey, Mr. Ottinger, Mr. McKinney, Mr. Solarz, Mr. Fazio, Mr. Richmond, Mrs. Spellman, Mr. Bingham, Mr. Scheuer, Mr. Reuss, Mr. Price, Mr. Waxman, Mr. Evans of the Virgin Islands, Mr. Maguire, Mr. Long of Maryland, Mr. Glickman, Mrs. Chisholm, Mr. Dellums, Mr. Diggs, Mr. Hawkins, Mr. Leland, Mr. Gray, Mr. Eckhardt, Mr. Barnes, Mr. Phillip Burton, Mr. Garcia, Mr. Wolpe, Mr. Panetta, Mrs. Collins of Illinois, Mr. Stewart, Mr. Ford of Tennessee, Mr. Rangel, Mr. Fauntroy, Mr. Stokes, Mr. Brown of California, Mr. Hughes, Mr. Clay, Mr. Weiss, Mr. Neal, Mr. Mitchell of Maryland, Mr. Tauke, and Mr. Pepper.

H.R. 5433: Mr. Fazio and Mr. McDonald.

H.R. 6050: Mr. Walgren.

H.R. 6377: Mr. Courter, Mr. Mitchell of New York, Mr. Stack, and Ms. Holtzman.

H.R. 6436: Mr. LaFalce, Mr. Mitchell of Maryland, Mr. Evans of Georgia, and Mr. Stack.

H.R. 6472: Mr. Murphy of Pennsylvania, Mr. Clinger, Mr. Benjamin, Mr. Lederer, and Mr. Coughlin.

H.R. 6485: Mr. Jenrette, Mr. Phillip Burton, Mr. Cavanaugh, and Mr. Hall of Texas.

H.R. 6540: Mr. Conyers.

H.R. 6565: Mr. Lowry and Mr. Corrada.

H.R. 6572: Mr. AuCoin, Mr. Dicks, Mr. Foley, Mr. McCormack, Mr. Weaver, Mr. Williams of Montana, and Mr. Lowry.

H.R. 6616: Mr. Evans of Delaware.

H.R. 6657: Mr. Coelho and Mr. Ichord.

H.R. 6683: Mr. Corman, Mr. Fary, and Mr. Dan Daniel.

H.R. 6756: Mr. Evans of the Virgin Islands and Mr. Cleveland.

H.R. 6782: Mr. Royer, Mr. Pashayan, Mr. Sebelius, Mr. Stump, Mr. Solomon, and Mr. Dan Daniel.

H.R. 6968: Mr. Gramm and Mr. Gonzalez.

H.J. Res. 474: Mr. Akaka, Mr. Albosta, Mr. Annunzio, Mr. Applegate, Mr. Aspin, Mr. Atkinson, Mr. AuCoin, Mr. Bailey, Mr. Baldus, Mr. Biaggi, Mr. Boner of Tennessee, Mrs. Bouquard, Mr. Breaux, Mr. John L. Burton, Mr. Clay, Mr. Cotter, Mr. Davis of South Carolina, Mr. Dellums, Mr. Fary, Ms. Ferraro, Mr. Ford of Tennessee, Mr. Ford of Michigan, Mr. Fuqua, Mr. Garcia, Mr. Glickman, Mr. Gonzalez, Mr. Hawkins, Ms. Holtzman, Mr. Jones of Tennessee, Mr. Jones of Oklahoma, Mr. Jones of North Carolina, Mr. Lederer, Mr. Leland, Mr. Long of Louisiana, Mr. Lowry, Mr. Lujan, Mr. Lundine, Mr. McCormack, Mr. Miller of California, Mr. Minish, Mr. Moffett, Mr. Mollohan, Mr. Montgomery, Mr. Moorhead of Pennsylvania, Mr. Mottl, Mr. Myers of Pennsylvania, Mr. Nedzi, Mr. Nowak, Mr. Patterson, Mr. Rousselot, Mr. Roybal, Mr. Sabo, Mr. St Germain, Mr. Sharp, Mr. Steed, Mr. Stewart, Mr. Thompson, Mr. Vento, Mr. Weaver, Mr. Whitten, Mr. Young of Alaska, Mr. Zablocki, Mrs. Boggs, Mr. Fischer, Mr. Flippo, Mr. Mitchell of Maryland, Mr. Murtha, Mr. Barnard, Mr. Fountain, Mr. Gore, Mr. Price, Mr. Rinaldo, Mrs. Spellman, Mr. Ullman, Mr. Won Pat, Mr. Hughes, Mr. Mica, and Mr. Wolpe.

H.J. Res. 511: Mr. Johnson of California, Mr. Hopkins, Mr. Dan Daniel, and Mr. Young of Florida.

H. Con. Res. 248. Mrs. Spellman.

H. Con. Res. 290: Mr. Bauman, Mr. Bowen, Mr. Mitchell of New York, Mr. Stump, and Mr. Lewis.

H. Con. Res. 298: Mr. Thomas and Mr. Dan Daniel.

H. Res. 525: Mr. Campbell, Mr. Fithian, and Mr. Russo.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

321. By the SPEAKER: Petition of William E. Conrad, Florissant, Mo., relative to redress of grievances; to the Committee on the Judiciary.

322. Also, petition of the Arkansas Legislative Council, Little Rock, Ark., relative to relief for the homebuilding industry; jointly, to the Committees on Ways and Means and Banking, Finance and Urban Affairs.

## AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

### H.R. 6554

By Mr. WOLFF:

—Page 3, strike lines 1 through 12 inclusive, and insert the following:

(4) For maritime education and training expenses, not to exceed $31,863,000 for fiscal year 1981, including not to exceed $18,201,000 for maritime training at the Merchant Marine Academy at Kings Point, New York, $11,780,000 for financial assistance to State marine schools, and $1,882,000 for supplementary training courses authorized under section 216(c) of the Merchant Marine Act, 1936, and such sums as may be necessary for fiscal year 1982;

# EXTENSIONS OF REMARKS

## REFUGEES FROM EAST TIMOR REPORT FAMINE SITUATION

### HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. WOLPE. Mr. Speaker, during recent months, there has been a growing controversy over the war and famine in East Timor. According to many reliable reports, more than 100,000 people have died since Indonesia invaded that Portuguese territory in 1975. There is a serious need for expanded international relief programs in East Timor, particularly in the area of medical care. There have been many disturbing reports about human rights violations in the territory, including many summary executions carried out by the Indonesian military. I would like to draw the attention of my colleagues to a recent article by the noted New York Times correspondent James Markham, based upon interviews in Lisbon with recent refugees from the island:

[From the New York Times, Jan. 29, 1980]

### REFUGEES FROM EAST TIMOR REPORT FAMINE SITUATION

(By James M. Markham)

LISBON.—Newly arrived ethnic Chinese refugees from the former Portuguese colony of East Timor say that famine conditions and some fighting have been continuing there, that Indonesian soldiers behave as a harsh occupying army and that high-ranking officers systematically divert and sell international relief supplies.

The accounts furnished by the refugees are current from September to Oct. 31, when the last of them left East Timor. More recent reports from East Timor have said that international relief efforts have had some effect in moving the area from war and famine toward survival.

A woman who got out of the East Timorese capital of Dili in October and, like others, said she paid bribes totaling roughly $2,000, reported: "Everyone wants to leave. It is the land of the devil."

All the fresh arrivals, who have joined a Timorese colony of 2,000 refugees here, are from the dwindling Chinese community in East Timor, which is 350 miles north of Australia in the eastern end of the Indonesian archipelago. They freely acknowledged that Indonesian officers permitted them to leave because, as one man put it, "they think that Chinese will not cause problems for them." It is impossible, they say, for Timorese or the few Portuguese stranded there to leave.

#### A GROUP APART IN EAST TIMOR

Like overseas Chinese scattered around Southeast Asia, those in Timor were a group apart, more interested in commerce than in politics. Four days of intensive interviews here, involving 11 people whose remarks were translated from the Chinese, suggested that their community had suffered as severely from the Indonesian occupation as have the non-Chinese Timorese.

Some were extremely reluctant to speak, and all pleaded that their identities and even their dates of leaving be kept confidential for fear of Indonesian reprisals against family members whose freedom they hoped to purchase.

A lanky teen-age boy just arrived in Lisbon with two siblings virtually refused to answer questions until an interpreter suggested jokingly that perhaps he liked the Indonesians. The boy smiled slyly and, barely audibly, said, "The Indonesian soldiers beat us, but we ran away."

Asked what happened after the invasion of Dili in December 1975 he said: "The Indonesians lined us up on the wharf, making us face the sea, and they shot many people. Maybe a hundred." He said that he and others, expecting execution, were spared, perhaps because of their age. An impassive man in his 50's said that Indonesian parachutists on landing in Dili, fired wildly at anyone in sight. Other refugees recounted that if an Indonesian soldier was found dead in front of a house, its occupants, with the exception of women, were summarily shot.

The refugees interviewed all came from Dili, and only one said he had recently visited villages outside, to the east, where, he said, "it is normal that 30 people die in a day."

#### DIVERSION OF AID ALLEGED

Among the refugees' assertions were these:

Ranking Indonesian officers have organized a system, using soldiers as middlemen, to divert Indonesian, Red Cross and other humanitarian relief, chiefly rice, to shops in Dili. "We talked to the small soldiers and they complained they were not getting enough from the big ones for selling it," a man replied when asked to furnish evidence of the corruption. Added another: "If they receive from the Red Cross of Australia, they give it as if it came from the Indonesian Red Cross. But they give only a little bit to the people and sell most."

Last April the International Committee of the Red Cross invited people in Dili to fill out forms permitting them to declare whether they wanted to become Indonesian or Portuguese citizens; many opted for Portuguese nationality, and many of those who did were discharged from whatever jobs they might have held and were otherwise discriminated against. "It was a trick to make people take Indonesian nationality," a young man asserted. "If you changed and said you wanted to be Indonesian, you could get your job back."

The refugees said that there was little genuine commerce in Dili and that economic activity centered on selling food to Indonesian troops garrisoned in the seaside town. The soldiers were depicted as eager to serve out their six-month tours, take advantage of the time to extort money and other favors from the local population, and go home.

Questioned intensely, one man insisted that when he left Dili in mid-October planes, which from his description and drawings appeared to be small American-made Bronco observation planes, were conducting bombing runs in the nearby mountains. "I saw with my own eyes the bombs brought to the planes on little carts," he said emphatically. He also said that twice a week transport planes from Surabaya, Java, flew out Indonesian casualties that had been ferried to the military hospital in Dili by helicopter. Others, including the young man who said he visited villages in the eastern section of the island between January and May, related that anti-Indonesian guerrillas from Fretilin, the revolutionary group, were still conducting resistance around the town of Baucau. He and others said that the fragmented leftist movement maintained a good information network "and anything that happens in Dili they know about."

Dili, in the words of one refugee, is "a world of terror" full of informers and spies. Police units forcibly break up small groups on the streets, residents are afraid of being arrested for listening to foreign radio broadcasts, mail is censored, the use of Portuguese is forbidden and the Timorese live in fear of being denounced as sympathizers of the guerrillas by members of an Indonesian-sponsored group called the Timorese Popular Democratic Association.

#### SUFFERING, TORTURE, JAIL

One of the men, saying that his brother had been falsely denounced as a Fretilin member, added: "He suffered a lot. He was tortured with electricity. He was in jail for 16 months. If it is a lady, they go with cigarettes on the face and on the body."

Several refugees said that guerrillas who had surrendered under an amnesty program were initially allowed to return to their homes but later "disappeared" and were believed to have been slain. Low-level former members were obliged to serve as scouts in the Indonesian Army, the refugees added.

Last year, according to the refugees, prisoners held in Dili were freed and then fled into the mountains. "They always fight," said a woman who related that her husband, a Portuguese, was seized and taken into the mountains by Fretilin—the name is an acronym from the Portuguese for Revolutionary Front for an Independent East Timor—after the 1975 invasion. "They are weak, but they do not care," she went on. "Now I do not know where my husband is. Some say he is fighting with Fretilin. Others say he is dead. I do not know."

When important outsiders, particularly foreign journalists, visited Dili, the refugees said, the Indonesians removed tanks and other military vehicles from the town, naval vessels were withdrawn from sight and soldiers and policemen went into the streets in plainclothes, pretending to be Timorese and warning people against talking to the visitors. "When journalists go there they are never free," a man recounted adding, in reference to the Indonesian President: "And people are forced to shout 'Viva Suharto!' There are many police in mufti watching, and if people say anything else they are dealt with later."

#### FEW FIXED POLITICAL VIEWS

Few of the newly arrived Chinese appeared to have any fixed political views. A tall, tough-looking man said that after the invasion he was taken into the mountains by the guerrillas because they suspected him of being a member of the Timor Democratic Union, a group that initially supported association with Portugal leading gradually to independence. During his time in the mountains, he said, the Indonesian Air Force constantly bombed the guerrillas. He said he managed to surrender to the Indonesians and served briefly as a scout.

His sentiments seemed to lie more with his one-time Fretilin captors than with the Indonesians. "When they hit you," he said of the Indonesians, rising angrily to his feet, "you have to say 'thank you'!"

The Chinese maintained that a tight Indonesian naval blockade and the absence of a seagoing tradition among the Timorese prevented people from fleeing by boat. To depart legally from Timor, they said, they paid large bribes, which varied according to their suspected wealth, to two Indonesian colonels, whose names on documents they showed were recorded, with official stamps, as J. F. Sinaga and Bam Bang. Using Indonesian identity cards, they were then permitted to fly to Jakarta.

### NO BRIBES—SOMETIMES

In the capital, they said, the Portuguese-interests section of the Dutch Embassy issued them Portuguese passports. "And there you do not have to pay anything," a refugee said. "They are very nice." The Netherlands, which was the colonial ruler of Indonesia, including the western part of Timor, has represented Portuguese interests in Jakarta since Portugal broke diplomatic relations after the invasion of East Timor.

Further bribes to immigration officials in Jakarta are required to secure departure from Indonesia, the refugees said, with the result that dozens of Timorese Chinese have been stranded. Most who manage to get out fly to Singapore, whence they follow a low-cost Aeroflot air route that takes them through New Delhi and Moscow to Lisbon.●

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## ARCHBISHOP OSCAR ROMERO

## HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, March 26, 1980*

● Mr. MAGUIRE. Mr. Speaker, we have assembled to commemorate the work of Archbishop Oscar Romero, who was assassinated while at the altar in a small chapel at a hospital he had established for patients with terminal cancer.

Constantly advocating peace, the Salvadoran prelate was martyred in the cause of human rights. He had been feared by a series of military governments for his outspoken defense of the poor and the unrelenting condemnation of human rights violations. A powerful symbol of courage, Romero was awarded three European Peace Prizes in recent years. Last year, the British Parliament and the U.S. Congress nominated him for the Nobel Peace Prize.

The assassination occurred just 1 day after the archbishop, in his Sunday sermons, had warned that El Salvador faced full-scale civil war unless profound economic, political, and social changes were made, particularly an equal distribution of wealth. He had denounced the continuing violence by both left and right.

Also, Romero's last address on Sunday had specifically called for soldiers to refuse to obey orders that ran contrary to God's will, his words being: "I ask you, I pray you, I order you in the name of God, stop the repression." He also denounced U.S. offers of military aid to the junta, calling instead for the United States to channel the aid to feed the Salvadoran people.

Such demands turned the right wing against him, and his faith and insistence on nonviolence made enemies among leftists as well. The Salvadoran prelate recognized this too. But it could not shatter his strong belief in the significance of his fight. It was only last Sunday that he said: "They can kill me but it should be very clear that they cannot kill the voice of justice."

Archbishop Oscar Romero died in his fight for peace, for truth, for justice, for love.

His assassination was an attack on the dignity of man.●

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## VIETNAM VETERANS OF AMERICA

## HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. DASCHLE. Mr. Speaker, I would like to insert into the Record the following testimony of Mr. John Terzano, of the Vietnam Veterans of America, presented before the House Veterans' Affairs Subcommittee on Education, Training, and Employment, on March 6, 1980.

I feel that Mr. Terzano's testimony accurately reflects the desire of the teams operating the new psychological readjustment outreach centers as well as veterans themselves that there be a followup service available to help the thousands of Vietnam veterans presently inundating the centers. And that service is an opportunity for meaningful, full-time employment.

Without concrete services to offer, the vet centers will be unable to effectively assist Vietnam veterans beyond rap group counseling and token, ineffective, social welfare jobs presently available under CETA and HIRE II. Mr. Speaker, I would hope that my colleagues in the House and especially on the Veterans' Affairs Committee will read this testimony, and support legislation I have introduced which will assist our Vietnam veterans in obtaining meaningful employment opportunities.

### Vietnam Veterans of America

Mr. Chairman, I am happy to be here today to address the continuing employment needs of Vietnam veterans. I am particularly happy to endorse H.R. 5581. It offers us a unique opportunity to finally address the continuing employment problems that are affecting too many Vietnam veterans.

Mr. Chairman, this committee faces a difficult decision in a time of budget crisis. This committee has to decide where to allocate increasingly scarce resources. Today, especially, the budget crises comes home, for the Committee is looking at two expensive proposals: Fifteen percent increase in GI Bill payments; and H.R. 5581, the Career Development and Training Program.

There very well may not be money for both proposals. Where should the Committee allocate its funds?

Mr. Chairman, I think a proper sense of priorities answers the questions clearly. The first priority is to help those who bore the greatest service. The first need is to ensure that those most in need secure help.

Unfortunately, the mechanics of delimitation date are such that few veterans who actually served in Vietnam will ever see any cost-of-living increase in the GI Bill. They simply aren't eligible.

Of the nearly three (3) million veterans who served in Southeast Asia, only 877,000 were discharged in 1972 or later. The rest, over two (2) million simply will not see a cost-of-living increase.

But equally important, for Vietnam combat veterans approaching average age 35 with a wife and two children, school is no longer, for most, a viable option.

The recently released study by the Center For Policy Research found that 53 percent of the veterans who served in Vietnam never returned to school.

Mr. Chairman, a cost-of-living increase to the GI Bill responds to clear needs. But equally clear, a cost-of-living increase cannot be allowed to entirely crowd out other high priority needs. I urge the Chairman to look carefully at available funds, and the budget requirements of an employment program and educational cost of living, and seek a viable middle road.

Mr. Chairman, the urgent need for an employment program can be seen from another perspective. Earlier today, Mr. Chairman, you expressed a real concern. How do we reach the unreachable veteran?

Last year, the House Veterans Affairs Committee secured passage of the Readjustment Counseling Program that is now opening the first of more than eighty centers across the country. Mr. Chairman, on the basis of our field experience, we can tell you that the program has met its first test. Vietnam veterans are coming to the centers.

The message from across the country is that where the centers are properly run, Vietnam veterans are coming in. That is an important success.

But, Mr. Chairman, success breeds responsibilities. If Vietnam veterans have come through the door—if they are using the readjustment counseling centers—the question then becomes, what services do the centers have to offer them?

The problem, Mr. Chairman, is simple. Many of the veterans who are coming to the centers are underemployed or unemployed. But, few will be eligible for the GI Bill, and the existing employment programs outside of Title 38 simply are not working.

What are the VA centers to do? How can they make the invitation to come into the new readjustment counseling centers anything but a hollow promise? Is the VA just saying, "Come see us, but we can't do anything for you."

Mr. Chairman, the success of the VA readjustment counseling centers is an opportunity. It is an opportunity to bring many Vietnam veterans back into the system. It is an opportunity to reach many veterans that have never been reached before. But, it is also a danger. For, if the readjustment counseling centers are just another empty promise—just more rhetoric with no programs—then you will lose the veterans you have such an opportunity to win.

The Career Development and Training Program gives the VA centers what they need—a serious employment program.

Mr. Chairman, without providing the centers with meaningful services—without tying the veteran into a meaningful job program—you will incur dire consequences.

Mr. Chairman, out of 200 veterans who were "serviced" in a Chicago center within the last two weeks, two (2) have overdosed and a third was stopped from jumping in front of a train. Those are the realities—those are the consequences.●

## IDAHO WILDERNESS BILL

### HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. SEIBERLING. Mr. Speaker, S. 2009, the River of No Return wilderness bill, is scheduled for floor action tomorrow or Wednesday, subject to a rule being granted. This bill, offered by Senator FRANK CHURCH of Idaho, passed the Senate by an overwhelming margin and was reported out of the Interior Committee by a voice vote.

The bill would grant legislative wilderness designation to the existing primitive areas in central Idaho and would designate 178 miles of the Salmon River as part of the Wild and Scenic Rivers System. This is a carefully drawn bill, which protects the base of the local timber industry, assures development of strategic cobalt deposits, protects crucial fish and game habitat, and accomplishes many long-range goals of conservationists in this portion of Idaho.

On Sunday, the Washington Post contained an editorial strongly supporting the bill. The full text of the Washington Post editorial follows these remarks.

"GOD'S COUNTRY"

Out in Idaho, Sen. Frank Church reports, the Salmon River basin and the land adjoining are known as "God's Country." Quite so. The area, rich in mountains, streams and wildlife, is among the nation's most beautiful and unspoiled places. The House of Representatives has a chance to keep it that way this week when it takes up the River of No Return Wilderness bill.

The Senate voted last November to set aside 2.2 million acres of federally owned land—almost 5 percent of the state of Idaho—in this new wilderness area. The tract would be the largest in the continental United States to be placed in this category of federal property where controls on development and exploitation are most stringent.

Unfortunately, the bill has emerged from the House Interior Committee with 50,000 acres carved out. This land, winter home of a large herd of bighorn sheep, may contain cobalt, and a majority of the committee apparently believed access to that important resource would be too severely impaired if it were included in a wilderness area. But this is not a justified anxiety: the Senate bill made provision for mining of the cobalt—if it exists—in ways that would permit some of the wild values of the area to be maintained. The Senate provision strikes a careful balance between exploitation and preservation. The House should overrule its committee's exclusion of the West Panther Creek/Clear Creek areas from the bill.

It seems likely that an attempt will be made on the House floor to use this bill as a vehicle for opening up all the other roadless areas in Idaho. The idea sounds plausible: with this much wilderness, why not ease the restrictions on how the rest of the federal land in the state is used? The answer is that the proper disposition of each large tract of federal land, in Idaho or elsewhere, should be decided independently after careful consideration of whether it should be used as wilderness or national forest or something else.

The version of the River of No Return Wilderness bill that Sen. Church skillfully guided through the Senate produced an unusual accord among loggers and backpackers and even some miners. They recognized that the real value of this large area of Idaho is its unspoiled condition and that it is unspoiled because it has been inaccessible until recent times. By voting to designate it as a wilderness, the House can help keep it that way.●

## DISASTER AT A VIRGINIA PAPERMILL

### HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. GAYDOS. Mr. Speaker, this past Saturday, March 22, a 100-foot storage tower at a papermill in southwestern Virginia exploded into flames killing seven workers and injuring seven others. It was one of the worst industrial accidents in the State of Virginia in 7 years. The fire at the Westvaco plant in Covington, Va., demolished all but 10 feet of the 100-foot tower. The workers who were killed—four men and three women—were employed by a subcontracting firm—International Reinforced Plastics of Denmark, S.C. They were attempting to reline a wood pulp storage tower with fiberglass and were working with potentially explosive chemicals when the disaster occurred. Federal OSHA, with assistance from Virginia OSHA, has launched an investigation of the disaster.

This disaster brings to mind other workplace disasters in Virginia. One of these was the 1973 collapse of a high-rise under construction at Bailey's Crossroads, in northern Virginia, which killed 14 workers. The other involved the Life Science Products Co. in Hopewell, Va., where several workers suffered a serious disabling disease from excessive exposure to kepone.

The true tragedy in all these cases lies in the immeasurable suffering of the workers and their families. Workers place a great deal of faith in their employers' knowledge of the nature of the work to be performed. They expect their work environment to be a safe and healthful one with the prime responsibility resting with the employer. They are also guided by assurances that the Government will monitor the workplace in order to spot those employers who are not living up to their responsibility.

There are approximately 5 million workplaces in the United States and OSHA, with approximately 1,500 inspection officers, is severely hampered in carrying out its mandate. Many workplaces must go uninspected. For this reason, I have continually stressed the need for additional OSHA compliance officers and industrial hygienists. Unless we substantially increase OHSA's current staffing, how many more workers will be killed or incapacitated?

The problems we face in the health and safety area are real and deadly. For workplace deaths and diseases to be prevented, employers must live up to their responsibilities and comply with health and safety regulations. Furthermore, it is important that OSHA, employers, and employees work together, through education and training, to build awareness of occupational hazards.●

## SURPRISES YET TO COME

### HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. DERWINSKI. Mr. Speaker, one of the most penetrating newsletters reporting on international events is the American Bulletin, published by the Czechoslovak National Council of America. The American Bulletin reports, for the most part, on the situation that exists in Czechoslovakia but also in the broader sense, wherever communism exists.

I insert for the Members' attention excerpts from the March issue of this publication, which address some of the major foreign policy issues of the day:

SURPRISES YET TO COME

The situation in the Middle East has changed very little since February: Afghanistan has not been pacified and American hostages have not been freed by the newly elected Iran president and ministers.

In Moscow, official newspaper Pravda dwells on the declining power of the United States in the world and predicts the failure of the U.S. boycott of the Olympics. "The country's ruling forces, having encountered the realities of the present day world and the objective growth of the forces of peace, progress and socialism, obviously are unwilling to make their policy in keeping with their (United States') real weight in the present day world." The United States is accused of impeding the march of history and preventing "changes that are ripe in some or other countries or whole regions to conserve antipopular regimes." Pravda lashes out the threat that U.S. attempts at world leadership are doomed (Soviet World Outlook, Advanced International Studies Institute, Febr. 16, 1980) and scoffs at Washington's attempt to advance its sphere of influence in Iran and the Persian Gulf.

Moscow may ridicule Washington's failure but its own situation is not without pitfalls. Moscow has failed to convince world Communists that the Soviet Army was in Afghanistan to "defend its national independence and territorial integrity." Soviet New Times defends in vain "the moral and political rightness" of the invasion, which was an "international duty, a new extension of Brezhnev's interventionist doctrine" . . . "To refuse to use the potential . . . would be to return the world to the times when imperialism would stifle any revolutionary movement with impunity." Throughout the turmoil, Moscow has made it very clear that it intends to promote revolutions anywhere and everywhere.

### WHO WAS SURPRISED?

The Afghanistan invasion should not have come as a surprise because it was just one step further in the direction of Moscow's obvious ultimate goal. What was surprising, however, was the fact that the West was taken by surprise; that it was "dismayed" by Soviet behavior. According to experts, the invasion "broke what had been assumed to be an unwritten rule of current behavior. The world had accepted the idea that Moscow would use its own armed forces to protect its military and ideological forefield in Eastern Europe (the satellites). And the world had grown accustomed to the use of Cuban proxy forces in Africa. But it had been assumed that Moscow would not use its own forces elsewhere"—("Politics vs. Foreign Policy," Joseph C. Harsch, the Christian Science Monitor, Febr. 20). The invasion was "a major departure from anything they (the Soviets) have done since the second World War; the Soviets have now exhibited a willingness to use their military forces beyond their own borders" (White House broadcast, Febr. 13).

### CZECHOSLOVAKIA—AN IDEOLOGICAL FOREFIELD

On television and radio one heard it repeated that this was the first time that the Soviet Union invaded an independent country beyond its own border. But was it? In 1948-1968—was not Czechoslovakia a sovereign state? Though Czechoslovakia had found herself in the Soviet sphere of influence at the close of the war, she was nevertheless a sovereign state; so were Poland and Hungary.

Why was it assumed in the West that Moscow would not use its forces elsewhere inasmuch as it has openly and repeatedly declared its intention of engaging in "wars of liberation" and of enforcing the Brezhnev doctrine?

When the first grab was perpetrated, Moscow insisted that the Soviet Union, twice ravaged by Germany, had the right to secure its borders; Moscow only wanted "friendly neighbors." But Czechoslovakia was friendly and so anxious to assure Moscow of her allegiance that she even turned down America's Marshall plan after World War II. In 1968, Czechoslovakia's Communist government was friendly, but not completely subservient in spirit. As soon as Czechoslovak Communists showed an inclination to think for themselves and as a consequence to take steps toward making communism less oppressive, the Red army was ordered to march in. It is always ready.

### THE LESSON OF AFGHANISTAN

It is not easy for Soviet propagandists to downplay the Islamabad conference of the Muslim leaders. At first, Izvestia threatened to "overthrow" any Muslim leader who lined up with the United States on the Afghan issue. The Soviet media took great care to misinform their listeners and readers about the outcome of the conference. Instead, they are doing their utmost in depicting the Soviet Union as "a true friend of all Islamic peoples" (Gromyko in Damascus, Jan. 27).

The Afghanistan intervention has placed Fidel Castro in an awkward position as a representative of the non-aligned nations and the third world. His chairmanship of the non-aligned states, confirmed in Havana last year, has become somewhat problematic. After battling through 154 indecisive ballots for a seat on the United Nations Security Council, Cuba finally gave up as a result of the Soviet invasion of Afghanistan.

Western sources were delighted to report an alleged remark Castro was to have made in an unpublished report. He was to have said that only 140,000 tons of Soviet lumber had arrived in Cuba last year of the ordered 500,000 tons. "A country that has had as many as 36,000 soldiers in Angola and 12,000 in Ethiopia could organize a brigade of 10,000 volunteers to go to Siberia to cut timber."

Be that as it may, Castro's Cuba is dependent on Soviet aid. (For years, some American businessmen, supported by their senators, have been trying to join in and supply some of that aid for Cuba). Cuba compensates the USSR by being the avantguard for Soviet takeovers.

IDEOLOGICAL FOREFIELD

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In an editorial, the New York Times adds this information: "The original decision to hold the games in Moscow was treated by Soviet propaganda as a victory for communism. An official handbook for Communist Party activists says the Olympics will be a test of strength between 'socialism and decadent capitalism.' All aspects of the games, the handbook says, will be affected by the acute ideological struggle between the two opposed social systems."

Consequently, the selection of Moscow has been a triumph. "That such a great international event was to be held for the first time in the Soviet Union had been taken as a symbol of legitimacy: a sign that the world accepted the Soviet system. That meant a good deal to people who, despite their military power, display a continuing sense of inferiority, of defensiveness about the legitimacy of their system.

"If the Games are moved or postponed, or if American and many other athletes stay away, ordinary Soviet citizens will know exactly what happened. Propaganda will not be able to mask the reality of opposition to Soviet aggression. The humiliation will cut deep . . .

"The conclusive argument, for me, is that going to Moscow next summer while Soviet forces remain in Afghanistan would be to show that our attention span is short. The West would be signalling the Soviets that we are ready to resume business as usual—as we did, to our shame, six months after the 1968 Soviet invasion of Czechoslovakia.

"That is why I found especially compelling a statement on the Olympics by Czech dissidents, published by the Palach Press in London. Speaking of 1936, they said: "The moral boost which Hitler's Germany received by the organization of the games drowned the warning voices for a long time to come."

### OPEN LETTER TO LORD KILLANIN

Vladimír Škutina, the most popular humorist, editor and television commentator in Czechoslovakia before, during and after his five-year imprisonment, who is now in exile in Switzerland, expressed the shock and disgust of many escapees from the Soviet satellites with the attitude of the President and the International Olympics Committee. Mr. Škutina continued in part: "Just 30 years ago, the Czechoslovak hockey team, about to board a plane for London, was arrested and sentenced to long prison terms. Do you know why? Czechoslovakia was at that time the reigning World and European champion. Obviously, the Soviets could not allow Stalin's heroes to lose to a satellite, to a Soviet colony. So Czechoslovak Security was ordered to lock up the team in a Gulag. The Soviets then magnaminously left it to Czechoslovak authorities to justify this action; in such small matters, the Soviets do not interfere in internal affairs. When the Czechoslovak players were finally released, in poor health after years in prison, they were rehabilitated—for sport is not politics and no athlete can be locked up just because he happens to play better hockey than a Soviet athlete.

"Has anyone told you, Mr. President, that Věra Cáslavská, the gold medal gymnast of the Olympics held in Mexico, was silenced and not permitted to take part in any competition only because she was not a member of the Communist Party? Do you know that thousands, hundreds of thousands of talented athletes in Communist states are not allowed to compete only because the totalitarian regime doesn't want them to? Does it not bother you that part of this summer's Olympics will take place in the capital of Estonia, which—together with Latvia and Lithuania—has been occupied since 1939 by the Soviet Union and that over five million people were either murdered or deported to Siberia? You really don't know, or you only pretend not to know, as the naked Emperor in Hans Anderson's tale? Perhaps it does not bother you? After all, sport is non-political, as you keep telling the world.

"Don't get angry, Mr. President, but you remind me of the vegetarian who invited a cannibal to lunch and served him a vegetable dish to persuade him that vegetables are more wholesome than human flesh. Do you know what the cannibal did? First, he ate at ease the vegetable dish, thanked for it, and then finished his meal by eating his host. Only then did he declare that vegetables are, indeed, more healthful than human flesh."

Vladimír Škutina awarded the gold Olympic medal for literature, Mexico, 1968.●

## NATIONAL FARMERS UNION

### HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. DASCHLE. Mr. Speaker, at a time when farm families are faced with the highest cost of production figures ever, and receive for their products, in many cases, a return that cannot even cover these astronomical expenses, it is with regret that I rise today to express my regrets that one of the Nation's foremost advocates of the family farmer is stepping down from his position of leadership.

This week Mr. Tony Dechant, president of the National Farmers Union for the last 13 years, will be relinquishing his position. The aggressive leadership that he has shown during his tenure as president of the National Farmers Union in championing the cause of the family farmer and rancher will sorely be missed by many of us representing the national agricultural sector.

The Farmers Union and the farm community generally will miss the tremendous leadership which Tony's departure as National Farmers Union president will mean to all of us. With the example he has set, and the organization he has sustained will most certainly guarantee that the commitment to the survival of the Nation's family farmer and rancher that has been shown by the Farmers Union will continue on into the future.●

## COST OF GOVERNMENT GETTING FEDERAL NOTICE

### HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. GEPHARDT. Mr. Speaker, one of the most serious financial problems facing States and localities is the unexpected and unanticipated impact that Federal legislation often has on the costs of State and local government.

The State and Local Cost Estimate Act (H.R. 3697), which was introduced by our colleague, Representative ELIZABETH HOLTZMAN, would address that problem by requiring the Congressional Budget Office to provide estimates of those costs when bills are recommended by congressional committees. Missouri and 45 other States have already established procedures and methods for estimating the impact of State legislation on their counties, school districts, and other units of local government. It would be a logical extension of that extremely useful practice to apply it to Federal legislation.

A recent article in the Missouri Times describes how passage of H.R. 3697 would improve the legislative process by providing the Congress with information on the costs to all levels of government of proposed Federal actions. I would like to share the article with my colleagues and I insert it in the RECORD at this point:

### COST OF GOVERNMENT GETTING FEDERAL NOTICE

(By James Morris)

A bill, duplicating on a national scale the legislative fiscal note system pioneered in Missouri and two other states, has gained widespread support in Congress including that of two Missouri Congressmen.

But the fate of the measure will depend greatly on the wishes of yet another Missourian—Congressman Richard Bolling of Kansas City, who chairs the influential House Committee on Rules.

The bill, sponsored by Congresswoman Elizabeth Holtzman of New York, would force Congress to consider the financial impact on state and local governments of any pending legislation.

"The bill is designed," says Holtzman, "to protect hard-pressed state and local governments from the unanticipated and unexpected fiscal hardships resulting from Federal legislation." This would be done, she says, by requiring the Congressional Budget Office to provide estimates of these costs when the bills are recommended by Congressional committees.

The idea for the state and local government cost estimate act came from the fiscal note systems presently in use in 46 states. Most of the fiscal note procedures are spelled out by statute, though some are adopted by legislative rule.

Missouri added fiscal notes to its statutes in 1963 and became the third state to have such a system.

Wisconsin and New Jersey, which adopted their systems in 1956, were the first.

Since Missouri adopted fiscal notes as part of the legislative process, they have undergone two significant changes. First, the responsibility for the notes was moved from the executive to the legislative branch of government. Secondly, the notes now include local government fiscal impact statements.

Ralph Bryant, Missouri director of fiscal affairs, worked on Wisconsin Gov. Walter Kohler's budget staff in 1956. According to Bryant, the original thinking was that the executive budget office would prepare the fiscal notes on bills affecting state revenue. The change in Missouri and in other states, explains Bryant, came as the logical outgrowth of the legislature's increased participation in the making of the annual budget.

In July of last year the state also began to include local fiscal impact with all notes. Since the state controls the means by which localities can raise taxes, the change was also a logical one.

This year there is a measure before the General Assembly to set aside funds to pay for any local fiscal impact. At least one state, California, requires that the state pay for all costs incurred by local governments because of state mandates.

State Senate Majority Leader John Schneider of Florissant, who isn't convinced the state should have to fund local costs, says the fiscal note system does insure the legislature at least consider whether the locality affected has the means to pay for it.

Additionally, says Schneider, a lawmaker can know the impact of a proposed bill "specifically not speculatively."

The bill before Congress, according to supporters, would help states by preventing the federal government from unknowingly dropping expensive programs onto sales governments.

For example, in 1976 Congress passed the Unemployment Compensation Amendments mandating numerous changes to state unemployment compensation laws. Among the changes made to the law was one providing for mandatory coverage for states and local government employees.

In Missouri alone, the increased benefit costs were estimated to be $7.3 million, according to testimony given before the Congressional task force on the budget process. Most of that burden fell on local governments.

Failure by the state to comply would have cost Missouri business approximately $250 million due to the loss of the compensation tax credit, and another $34 million in unemployment administration funds.

Another example is the passage of Section 504 of the Rehabilitation Act of 1973 mandating equal access to citizens.

Bill Dye, the state budget director, says the 1981 budget includes more than $2 million to pay for the requirements of the act and Dye anticipates a considerably higher amount will be needed for fiscal year 1982.

Dye believes at the time the amendment was being added to the act there was no assessement made of what it would cost state governments.

Dye says he supports the legislation "but that sort of legislation should be passed with the knowledge of what it is going to cost the taxpayers. Regardless of whether the taxpayers are paying in the federal income tax form or the state income tax form they have a right to know what the actions are costing."

With the future holding less money for and greater demands from state governments, Earl Mackey of the National Conference of State Legislatures believes strict compliance with federal mandates may not be feasible or even possible.

"In short," explains Mackey "strict Federal mandates for state and local participation in programs has and will place state and local governments in contempt of law when they do not have the resources to comply."

Rep. Wayne Goode of Normandy and Sen. Harriett Woods of University City have been pushing for the passage of the Holtzman bill as part of their service on the Government Operations Committee of the National Conference of State Legislatures. Woods says "Missouri is in a good position to ask for it (Holtzman bill) because we follow the same principal in regards to our local governments."

Woods, who calls it "a vital bill for the states," claims even the best intentioned Washington lawmaker might not be fully aware of the bill's impact without such a system.

Goode says from the vantage point of appropriations committee chairman that fiscal notes have had a significant effect on the way legislators approach bills. Such a process duplicated in Congress, says Goode, is bound to have an influence, have an influence.

Almost every significant state and local government association has endorsed the bill. Many of these organizations are concerned that as Congress strives to balance the budget that federal lawmakers may simply pass costs of programs on to the states. Woods is "not sure Holtzman bill will mean they will appropriate more for us, but they might mandate less."

Goode, on the other hand, says such costs may well be passed on as Congress strives to balance the budget, but if the Holtzman bill were enacted it will be done with the knowledge of the costs so that states will not be caught off guard.

The measure has been before Bolling's committee since its introduction last year. Holtzman has been pushing for a hearing.

Bolling insists he hasn't made up his mind on the legislation. However, he does say "it is, in effect, another burden on the federal government to do things that are advantageous to states."

While it is perfectly natural, admits Bolling, for representatives to introduce these kinds of measures "you can raise questions as whether we need to pass them all."

Some observers theorize that Bolling may be hesitant to pass the bill out of committee until he has completed putting together a reform package for the budget act. The same observers say it is possible that a measure like Holtzman's would help such a package gain approval.

The Congressional Budget Office has given the whole idea a lukewarm reception. It estimates that 10 percent of all reported bills or resolutions have some impact on state and local governments; of these probably half are likely to have a significant impact.

Robert Reischauer, deputy director of the Congressional Budget Office, insists the computations necessary to prepare the notes will be difficult. The budget office also estimates it will need eight additional staff members and an annual appropriation of $800,000 to do local impact statements on approximately 150 bills annually.

Supporters question the expensive price tag and the need for the additional staff. According to Ralph Bryant in Missouri "we are implementing the new local impact requirement with no increase in staff and no budget increase."

This is accomplished, says Bryant, by using the resources of existing state agencies, local governments and organizations of counties, cities, public schools and local officials. Bryant and others suggest that the Congressional Budget Office should use the same techniques and resources developed by the states which now do fiscal notes.

States, points out Bryant, have "preceded the federal government by about 20 years in this function."●

## GREEK INDEPENDENCE DAY

### HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. WOLFF. Mr. Speaker, I rise today to join with my colleagues in commemorating the independence of the modern Greek nation, celebrating 159 years of freedom, rising from beneath nearly four centuries of Turkish domination.

On March 25, 1821, the Greek nation undertook the arduous struggle for freedom and independence. Rallying behind Archbishop Germanos, and instilling their trust in God, the people of Greece set out to restore their longstanding Hellenic tradition, the philosophical cornerstone of our own great Nation. Their battle did not meet with immediate success, but the persistence and determination of their cause carried them forward in their march toward freedom.

The Greek nation continues to exhibit a degree of strength and determination akin to that of its independence movement of 1821, as she struggles to find a just and timely solution to the Cypriot question. We as a nation should be thankful for the participation of the Greek nation in maintaining the stability of Europe as a standing member of the North Atlantic Treaty Organization.

The emigrants from Greece who have chosen the United States as their home have been a positive force in my district, and can take great pride in their ancestry and the role which it continues to play in the growth of this great Nation.

The principles of democracy were first conceived by the Greeks in ancient times, yet the strength of these principles remains very much alive today in the hearts and minds of all who cherish freedom.

We celebrate Greek Independence Day therefore, not only as the anniversary of their successful rise to freedom, but also in gratitude for their rich culture and tradition which forms the foundation of the democratic society we enjoy today.●

## AMERICAN CITIZENS ABROAD

### HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. ALEXANDER. Mr. Speaker, I would like to bring to the attention of Members two more issues which affect Americans living abroad. These issues bring to the front the problems which this Congress needs to correct. I hope my colleagues will find these issues useful:

#### ISSUE NO. 33

Short title: Tax Treatment of Income Blocked by Exchange Controls Abroad.

Summary of the problem: Many foreign countries have currencies that are not freely convertible into dollars, or even if convertible have exchange controls that prohibit exporting currency of any kind. The U.S. tax code calls for income earned by an American in a country that has blocked currency provisions to be considered as all earned in the year that such income eventually becomes unblocked. This can lead to several years' income being taxable by the United States as if it had occurred in a one-year period. Given the high marginal U.S. tax rates, this means that the tax liability of such an individual could be much higher than it should be if U.S. law reflected economic reality.

ACA's question: Asked the President to address the question of what definition of equity necessitated such tax practice by the United States?

The President's reply: "The rules which American residents abroad must observe with respect to blocked foreign income are the same rules which apply to Americans living in the U.S. Blocked income can be taken into income when earned. If taxpayers elect to treat it as income in the year it becomes unblocked, it becomes analogous to receiving a lump-sum payment for services performed in a prior year. The income averaging provisions of U.S. tax law may be used to reduce the tax."

ACA's renewed question: Why does the U.S. have a practice that causes such added complications for Americans living overseas? The question is not an idle one, particularly since the 1978 tax law changes brought many more overseas Americans into the tax liability picture through abolition of income exclusion provisions.

Also, why is there not a recognition that living in a blocked currency country is quite different from living in the United States with some income coming from such a country? Why cannot the taxation from such sources be deferred until the income becomes unblocked and then simply have the individual file back returns to pick up the missing years?

Many low income Americans abroad, teachers, and workers at charitable institutions in blocked currency countries face much more complicated tax problems from U.S. taxes than ever before. The U.S. should address this added complexity and find a better solution.

#### ISSUE NO. 34

Short title: Discriminatory Taxation of Americans With an Alien Spouse.

Summary of the problem: If an American is unmarried and lives abroad, he files U.S. income tax as a single person and has the maximum tax protection benefit. If he marries an alien, his U.S. tax status changes. Unless he accepts to file a joint return with his alien spouse, who may never have been to the United States and have no intention to ever go there, and accepts to have his spouse also pay U.S. income taxes on all of her worldwide earned and unearned income, he must file as a married-filing-separately individual and he also forfeits his maximum tax protection.

ACA's question: Why does the United States want to tax non-resident aliens abroad, and why are Americans living abroad with a non-resident alien spouse faced with either paying tax on the spouse's income or losing significant U.S. tax benefits?

The President's reply: "The rules concerning joint filing status, where one spouse is a non-resident alien are the same for Americans living in the U.S. as they are for Americans abroad. Both spouses must be subject to U.S. tax in order to qualify for the benefits of the maximum tax on earned income. Married taxpayers who choose not to file a joint return must file as "married filing separately" rather than as single persons. This is the so-called "marriage-penalty" for which there seems to be no solution satisfactory to all. If these rules, including the prohibition against an annual option on filing a joint or separate return, were changed only for U.S. citizens abroad married to non-resident aliens, such citizens could escape tax on their share of the spouse's community income. This is not possible for U.S. citizens living in the U.S. who are married to non-resident aliens."

Once again we don't know how to take the reply given by the President. First of all, it seems to us to say that Americans abroad with an alien spouse must be taxed the same as Americans living at home is one thing, but to say that Americans abroad with a non-resident alien spouse must be taxed the same as an American at home with a non-resident alien spouse is quite another. We wonder just what kind of household it is that has a non-resident alien spouse in the United States. Surely this must be a rare exception rather than the general rule. Abroad, on the contrary this is the rule in almost every case.

Second, why does the United States feel that it has any right to tax a non-resident alien at all? The overseas American has precious little to show for his tax dollar. Surely the non-resident alien abroad has nothing at all. Indeed it is just such non-resident aliens who suffer from our discriminatory citizenship laws and other unfortunate practices. We would ask the President what principle of American or even international law makes such taxation justifiable?

Third, we would ask the President to tell us why an American marrying a non-resident alien abroad must either pay the U.S. Government a full tax on his or her worldwide income or else lose some very important U.S. tax benefits himself? The President has mentioned this as a "marriage penalty" situation. Indeed it is, but not at all the same type as occurring in the United States where both individuals would have a tax liability in any case. The non-resident alien spouse abroad before the marriage did not have such a liability.

ACA's renewed question: We would ask the President to please address the basic question of why the United States wants to tax overseas non-resident aliens? What is the basis for this tax? Surely it must be the most ambitious reach of any national tax authority in the world.●

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## ADVANCES IN BIOMEDICAL RESEARCH

### HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. CARTER. Mr. Speaker, the importance of biomedical research cannot be emphasized enough. The increases in our understanding of various disease processes brought by advances in biomedical research have led to a measurable reduction in human suffering. I am convinced that this area of endeavor is vitally important to the future health and well-being of the citizens of this country and of the people of the world. There is no doubt in my mind that the directions and priorities set by the Congress for ongoing and future research can significantly alter the nature of disease as we know it.

We are all well aware of the shift in morbidity caused by our ability to control the communicable diseases—smallpox, for example, has been wiped out. Undoubtedly, advances in biomedical research during this century, including the development of a wide range of vaccines and the discovery of penicillin and other antibiotics, have contributed to longer and healthier lives for people all around the world. Nevertheless, we now find that we are faced with the much greater challenges imposed by the chronic diseases, particularly when we consider the aging of our population. Diseases such as cancer, coronary heart disease, arthritis, and diabetes afflict millions of our citizens.

There have been bright spots in this picture—for example, the death rate from coronary heart disease has fallen one-fourth in this decade. In the case of children with acute lymphocytic leukemia, not a single child studied in 1956 survived more than 15 months after being diagnosed—as biomedical research has revealed more and more about this disease, later studies demonstrate that about 50 percent of afflicted children now survive at least 5 years without evidence of disease.

Another bright spot, in which I am particularly interested, is the development of interferon. It certainly appears that this substance, naturally produced by the body, may be helpful in the treatment of a wide variety of cancers as well as a wide variety of viruses. Certainly any research breakthrough must be cautiously evaluated before claims are made on its behalf, but I believe that interferon may be the most promising development in the last several years. This belief has led me to urge higher levels of support for interferon research, a position I have expressed on many occasions to representatives of the National Institutes of Health and to my good friends on the Appropriations Committee. Because of my strong support for interferon research, I share with my colleagues an article from a recent issue of Time magazine which does an excellent job of describing why interferon must be assigned a very high priority in our biomedical research efforts.

The article follows:

[From Time magazine, Mar. 31, 1980]

### THE BIG IF IN CANCER

Now, after years of agonizingly slow progress in cancer research, there is a growing and barely suppressed sense of excitement among medical specialists. Just as a fortuitous confluence of developments in rocket, electronic and computer technology resulted in the space feats of the 1960s and 1970s, recent achievements in chemistry, molecular biology and genetic engineering are contributing to what could be, in several years, a major advance in cancer therapy. If all goes well, they will make possible ample supplies of what is now a rare, extremely expensive, but promising new cancer drug: interferon, or, as scientists abbreviate it, IF.

The designation is appropriate, because doctors still precede their cautiously hopeful statements with serial "ifs." If longer-range tests show good results. If interferon can be manufactured in the massive quantities needed for effective treatment. If it proves not to have unexpected side effects. Should these and other ifs become fact, IF will be an ideal cancer drug, for it is a natural substance, produced in infinitesimal amounts by the body. Unlike existing treatments, interferon seems not to damage healthy cells or produce horrendous side effects. Its only apparent shortcomings seem temporary and confined to slight fever, fatigue, and a small decrease in the bone marrow's production of blood cells.

Even now, at ten medical centers across the U.S., the largest test ever of interferon is under way. Bought with an initial $2 million provided by the American Cancer Society (the most generous research grant in the organization's history), tiny quantities of the drug are being administered to some 70 patients with four different types of cancer—most of them advanced—that were no longer responding to conventional treatment. As more interferon becomes available, at least an additional 75 victims will be treated.

Last week the first data from the test were revealed. The details were fragmentary, but the results looked promising. Of 16 patients with breast cancer that had metastasized (spread to other parts of the body) seven cases showed noticeable improvement, five of them enough to be classified as partial remissions. Tumors shrank substantially in three of eleven patients with multiple myeloma, a cancer of the bone marrow. Though it is too early in the treatment of patients with lymphoma (a cancer of the lymph system) or melanoma (skin cancer) to assess the effect of the drug, the attending doctors see encouraging signs. Discussing the early results, Frank Rauscher, head of research at the A.C.S., was emphatic. Said he: "The answer is yes. There is definitely activity against cancer. Abundantly, clearly, yes."

The substance that has caused all this excitement was discovered in 1957 by Virologists Alick Isaacs and Jean Lindenmann. Isaacs, who died of a nonmalignant brain tumor at age 45 in 1967, was investigating influenza viruses at London's National Institute for Medical Research. There he met Lindenmann, who had arrived from Switzerland in July 1956. Lindenmann, now head of experimental microbiology at the University of Zurich, stayed in London only a year. But it was time well spent. Over a cup of tea that August, the two scientists discovered a mutual fascination with a biological phenomenon known as viral interference. It was so called because doctors had observed that a victim of one kind of virus-caused illness practically never came down with another viral disease at the same time; the presence of one kind of virus seemed to inhibit infection by any other.

But why? Isaacs and Lindenmann had the answer by early the next year, a remarkably quick solution to a major scientific puzzle. In a series of experiments, they took pieces of the thin membranes that line the inside of chicken eggshells, grew them in a nutrient solution, and exposed them to influenza viruses. When they added other viruses to the culture, they found that the cells resisted further infection. True to form, the first set of viruses seemed to be thwarting the attack of the second. The researchers next removed all traces of viruses and chicken cells, leaving only the culture brew. They added this solution to a batch of healthy cells and "challenged" them with a new virus. The cells remained uninfected. It was apparent that the initial virus infection had stimulated the cells to produce something that interfered with further viral assaults; this substance remained behind in the solution when the original cells and viruses were removed.

Lindenmann decided to call the mysterious stuff interferon, a hybrid of "interference" and the suffix "on," which was in vogue among biologists, who were using such names as cistron, recon and muton to describe new genetic concepts. The initial discovery was made in November and duly recorded in Isaacs' lab notebook under the entry: "In search of an interferon." Lindenmann took it all in stride. Said he: "I thought it quite natural that when you did research you discovered things."

But the implications were staggering. Here at last, it seemed, was an agent that would mow down a broad spectrum of viruses, just as penicillin does with bacteria.

But many scientists had their doubts, one of them disdainfully calling the finding "misinterpreton." Recalls Microbiologist Samuel Baron, who worked with Isaacs in 1960: "It was too good to believe. Other inhibitors of viruses had been debunked, so they thought interferon was another false claim." Baron, from the University of Texas Medical Branch in Galveston, had his own doubts when he arrived in England to join Isaacs: "I remember saying to the technician, 'Let's see how this thing works.' It was so impressive that at the end of the week I was fully convinced of its potential. I rolled up my sleeves and went to work."

Baron was one of the few to persevere. He and other interferon researchers had little to go on, for there was practically no interferon available to be studied. The chemical is produced only in minute quantities in living cells, and extracting it proved difficult and costly, liabilities that are only now beginning to be overcome.

Throughout most of the 1960s, a handful of interferon enthusiasts continued working with only the tiniest amounts of material, gradually unlocking interferon's secrets. They found that it is a protein produced by cells in response to some stimulation, usually by a virus. To date, at least three varieties of IF have been identified. One kind is produced by leukocytes, or white blood cells. A second type is generated by fibroblasts, cells that form connective tissue in skin and other organs. (A prime source of fibroblast IF is the foreskin of circumcised infants.) The third, called immune interferon, is apparently made by T lymphocytes, soldier cells that attack invaders and are part of the body's immune system. Each seems to work best in protecting cells similar to those that produced it.

The mechanism of IF's defense against viruses has also emerged. Explains Mathilde Krim, a researcher at Manhattan's Memorial Sloan-Kettering Cancer Center: "Interferon is a kind of chemical Paul Revere." When a virus invades a cell, instead of turning out the proteins needed to sustain the cell and other parts of the body, the manufacturing plant begins to produce carbon copies of the virus. Eventually bloated with the alien bodies, the cell almost literally comes apart at the seams and dies, spilling out its cargo of new viruses, which promptly moves toward healthy cells to repeat the process and spread the infection.

Enter interferon. The initial infection somehow triggers the first cell into producing IF. In turn, the interferon assumes the role of an intercellular messenger; it passes through the cell membrane and moves on to warn surrounding cells of the viral invasion. The healthy cells respond by producing antiviral proteins, which meet any invader head on. The entering virus will not be able to replicate within the new cell; if it does manage to reproduce, its progeny find that they are unable to leave the cell. The cycle of infection is broken.

The small band of interferon researchers were able to produce or get their hands on enough interferon to analyze its nature, but the stuff was far too scarce for any significant tests on humans. Most of the credit for relieving that acute shortage goes to a stubborn Finnish virologist, Kari Cantell, who proudly admits that "interferon has been my hobby and main scientific interest for over 20 years." Cantell began his career by studying the role of leukocytes, or white blood cells, in fighting infection. He became intrigued when he learned from other reseachers in 1961 that these cells could produce IF. By 1963 he had concluded that they might yield enough of the elusive substance to get research efforts off the ground. For the next ten years, he devoted all his time to developing the method that today supplies most of the world's leukocyte IF.

Cantell's manufacturing facility is unimposing, at best. It consists of a suite of labs in Helsinki's Central Public Health Laboratory. There, Cantell works with white cells derived from the 500 to 800 pints of blood donated daily to the Finnish Red Cross by citizens in and near the nation's capital. The Red Cross spins the whole blood in a centrifuge to separate its elements; the heavy red blood cells sink to the bottom, white cells settle just above, and the liquid plasma rises to the top. The Red Cross keeps the plasma and red cells for transfusions and turns the white cells over to Cantell. He infects the leukocytes with Sendai virus, an influenza-like virus harmless to humans, and incubates them at 37.5°C (99.5°F) for 24 hours. The resultant IF solution is centrifuged to separate out the white cells and partly purified to destroy the virus. What remains is a highly impure IF preparation; even after it is partly purified it consists of only one part IF for every 999 parts of other substances. To purify it totally is both impractical (99% of the interferon is destroyed) and prohibitively expensive. By last year Cantell and a small staff were turning out 400 billion units annually (one unit is the amount of IF that protects half of a cell culture in a laboratory plate from being destroyed by a test virus). That may sound like a lot, but daily doses of millions of units are needed for each patient being tested, and in the early 1970s Cantell's impure product did not go very far.

Still, researchers now had enough interferon to move studies out of the laboratory and into the clinic. In 1972 Virologist Thomas Merigan, of Stanford University, and a group of British researchers began studying IF's effect on the common cold. Soviet doctors were claiming success in warding off respiratory infections with weak sprays of IF made in a Moscow laboratory. Merigan and his colleagues gave 16 volunteers a nasal spray of interferon one day before and three days after they were exposed to common cold viruses. Another 16 volunteers were subjected to the same viruses without any protection. The results seemed miraculous. None of the 16 sprayed subjects developed cold symptoms, but 13 of the unsprayed did. There was one catch: at the IF strengths that Merigan used, each spray cost $700.

In the years since, Merigan and his Stanford team have successfully used IF to treat shingles and chicken pox in cancer patients. In other studies, IF has prevented the recurrence of CMV, a chronic viral disease that sometimes endangers newborn babies and kidney-transplant patients. Israeli doctors have also used IF eyedrops to combat a contagious and incapacitating viral eye infection commonly known as "pink eye." Researchers are now trying a combination of IF and the antiviral drug ara-A in patients with chronic hepatitis B infections. Interferon investigators have high hopes that the drug will be equally active against other viral diseases.

The concept that IF might also be effective against cancer may have occurred spontaneously to several researchers after the work of Isaacs and Lindenmann was confirmed. After all, it has already been shown that some animal cancers were caused by the polyoma virus. Though no human cancer virus has yet been definitely identified, some tumors seem to be linked to viral infections. In recent years, for example, it has been shown that women with the genital disease caused by the herpes type II virus are more likely to develop cervical cancer than those who are free of that virus.

One scientist was an American, Harvard-trained Ion Gresser, at the Institut de Recherches Scientifiques sur le Cancer in Villejuif, France. He made his own interferon by injecting viruses into the brains of laboratory mice; that stimulated the production of IF. After mashing the brains and processing them, he was left with a crude but potent solution of interferon. He gave the IF to a group of mice injected with a virus that causes leukemia, a blood cancer. After a month, the interferon-treated mice were in good health; those in an untreated control group had leukemia. Gresser then went on to demonstrate that IF actually prevented leukemia in mice that had been specially bred to develop it. Says he. "The interferon inhibited the multiplication of tumor cells."

News of Gresser's work inspired Hans Strander, a cancer doctor at Stockholm's Karolinska Institute, who had gone to Helsinki to work with Cantell in the 1960s and had done his doctoral dissertation on IF production. In 1972, using IF from Cantell's lab, Strander began injecting it into children with osteogenic sarcoma, a rare and deadly form of bone cancer. Conventional treatment of this disease is to amputate the affected limb, in the hope that the cancer has not yet metastasized. In most cases, that hope is futile. Without additional treatment, the cancer spreads rapidly to body organs, killing almost 80 percent of its victims within two years. Strander has now treated 44 of these patients with IF after surgery. More than half are alive after five years (in a group that did not get IF, less than 25 percent are alive).

Strander has also used IF with seven children who have an appalling condition called juvenile laryngeal papillomatosis. In this disease, noncancerous, wartlike growths cover the vocal cords of the victim, sometimes filling up the entire larynx so that the child can barely breathe. The only treatment has been to cut them out, but they tend to recur quickly, requiring new surgery; one of Strander's patients had had 400 operations. Here too IF worked, though it was unclear whether its antiviral or antigrowth action was responsible. It diminished the growths in four cases and completely eliminated them in three. When the injections stop, though, the growths recur. Says Strander: "We're now trying to work out a maintenance schedule."

Strander's results sounded exciting to Dr. Jordan Gutterman, of the M.D. Anderson Hospital and Tumor Institute in Houston. He flew to Sweden to observe Strander's work and soon became a convert. Says he: "The was no question. He was having good results." Back home, Gutterman obtained money from a private foundation to buy enough Finnish IF to try it on 38 patients with advanced breast cancer, multiple myeloma or lymphoma. Again the results were encouraging. Seven of 17 breast cancer patients had positive results, as did six of ten with myeloma and six of eleven with lymphoma.

Midway during this study, with some favorable response already obvious, Gutterman applied to the A.C.S. for money to expand the research. To support his appeal, he noted among other evidence the response of his first breast cancer patient: "She had a mass under her left arm, and couldn't raise her arm. Within 48 hours of her first injection, she could lift it." Another breast cancer victim is in remission after 15 months of interferon therapy. Gutterman also reports a wide range of sensitivity among patients, some showing improvement within 48 to 72 hours and a 50% reduction in the size of their tumors within three to four weeks after IF therapy. One patient with myeloma received interferon for three months with no apparent effect. But one month after the treatment ended, his tumor began to shrink. Presumably IF had had a delayed effect.

Gutterman's application to the A.C.S. reached the desk of Frank Rauscher, who before becoming the society's research chief in 1976 had been director of the National Cancer Institute for five years. At the institute he had been urged repeatedly to "do something about interferon." But Rauscher, himself a virologist, had moved cautiously. He did send an NCI team to Sweden to look at Strander's IF tests with bone cancer, and the institute co-sponsored a 1975 interferon conference in Manhattan. But during his tenure, Rauscher increased the NCI commitment to interferon by a scant $1 million yearly. Says he: "Quite frankly, I dragged by feet—in part because I didn't believe the results. They could be explained by other factors. Strander's study was not rigidly controlled; it didn't have the built-in scientific safeguards." He was also worried about possibly "killing something good" only because there was not enough of it for a really fair test. "I was about the most negative person in the country about interferon."

But by July 1978, as Rauscher surveyed the evidence assembled on his desk, his outlook had changed. New data from Strander, with better controls, were impressive. There were reports by other researchers of positive IF effects on tumors. Cantell had upped his production of interferon, and the evidence accompanying Gutterman's request for $1.5 million to buy IF was persuasive. Rauscher was convinced. He left his office, went upstairs to the A.C.S. executive offices and declared: "It's time to bite the bullet on interferon." The big drive of IF had begun.

In effect, it was like starting an armaments program without fully understanding how the weaponry works. If interferon is the body's Paul Revere, designed to warn against viral invasion and stimulate the defense forces, why does it also appear to work against cancer? Though viruses are suspect in some human cancers, interferon also seems to work against tumors generally thought to be caused by nonviral agents such as radiation and chemicals.

What scientists do know is that IF inhibits the growth of both healthy and abnormal cells by slowing cell division. Unlike most cancer drugs it does not kill malignant cells outright, but it somehow alters them so they stop proliferating. Another important difference: rather than killing cancer cells when they are rapidly dividing, IF works best when they are dormant and in the so-called resting stage. Interferon also seems to issue a call to arms to the general immune system. It marshals macrophages, scavenger cells that gobble up foreign material, and increases both the numbers and activity of another specialized group of lymphocytes, known as natural killer cells. All types of interferon boost the defense system, but the IF produced by T cells may do it best, perhaps because, as Pathologist Robert Friedman of the National Institutes of Health says, it is more of an "insider," a substance tailor-made by the immune system cells themselves. According to Samuel Baron, the Texas virologist, immune IF is 20 times more potent an antitumor agent than the interferon produced by fibroblast or leukocyte cells.

Whatever questions remain about both the role and effectiveness of interferon as a cancer drug, most could be answered if larger amounts of IF were available. Admits Gutterman: "We don't really know what we're doing yet. It happens with every new drug. In its early days penicillin was good at treating minor infections but not the big ones, like endocarditis [a bacterial infection of the heart valves]. It took years to figure out that it would work there too—but only at very high doses. But everyone said at first it would be crazy to try that level. There was just not enough material to work with to find out. The same is true of interferon. It's frustrating."

Some of that frustration may be eased over the next few years, as the pharmaceutical companies develop techniques for mass-producing interferon. Most of that IF will be produced initially by scaling up existing techniques: the stimulation of either white blood cells or fibroblasts cultivated in the laboratory. But less conventional routes are also being explored. One is to provoke the body into boosting its own manufacture of IF by injecting inducers, usually double strands of synthetic RNA that resemble viruses. The method was tried in the 1960s by Maurice Hilleman and others at the Merck Institute. But inducers were virtually abandoned when they proved largely ineffective and, on occasion, highly toxic. A new inducer, though, has been showing some promising early results.

Other researchers are concentrating on unraveling IF's molecular structure. Caltech scientists are working with a "sequencing" machine that needs as little as ten picomoles (less than a millionth of a gram) of pure IF to determine the composition and sequence of the IF molecule's amino acid chain, which consists of about 150 links. Explains Molecular Geneticist Leroy Hood: "It's like having pearls of different colors on a string and clipping them off one by one and identifying the color of each."

So far, the Caltech researchers have sequenced 40 of fibroblast interferon's amino acid "pearls." When the structure of the chain is fully determined, which it probably will be before the end of 1980, chemists will try to re-create IF in the laboratory. That promises to be a difficult task: so long a chain tends to break apart in synthesis. But if they succeed, pharmaceutical companies may some day be able to mass-produce this and other types of interferon using only off-the-shelf chemicals.

Perhaps the most promising avenue to ample IF supplies is the recombinant DNA technique being tried by Biogen and other companies. Scientists chemically snip a gene from the DNA of one organism. The gene, which contains the code for producing a certain protein, is then chemically spliced into the DNA of another life form, usually a harmless laboratory strain of the common intestinal bacterium *Escherichia coli.* Now the genetically reprogrammed bug has the ability to produce something new. It begins cranking out the protein and, given the proper nourishment, making millions of carbon copies of itself, each capable of producing the same protein. Though each creates only a tiny amount, the cumulative output can be substantial. Biogen's accomplishment, brought off by Swiss Molecular Biologist Charles Weissmann and his international team of colleagues, was to reengineer *E. coli* so that it would produce largely complete molecules of human leukocyte IF. At Harvard, Biochemist Tadatsugu Taniguchi, who first isolated an interferon gene while at the Japanese Foundation for Cancer Research, and Molecular Biologist Mark Ptashne seem on the verge of getting their restructured *E. coli* to spew out human fibroblast IF.

Despite all the recent achievements, the growing excitement and the favorable early test results, the verdict is not yet in on interferon. Even IF's most fervent advocates warn against prematurely raising the hopes of cancer victims and their families. They appraise IF's prospects in the subjunctive, peppering their comments with "if" and "would" and "could." Were interferon finally to prove an effective cancer drug, there would still be a long way to go. At least a few—and possibly quite a few—years will pass before it becomes widely available. "In terms of research," says Dr. Ernest Borden, a cancer specialist at the University of Wisconsin, "we're only about 2% of the way along toward widespread clinical application." And should interferon become plentiful, it would probably be used as a supplement to, rather than a replacement for existing treatment. Warns Dr. James Holland, of Manhattan's Mount Sinai School of Medicine: "There are no breakthroughs in cancer treatment." Then he adds: "Come back in a year and ask me about interferon then. I bet I'll have some really exciting things to tell you."●

## BYELORUSSIAN INDEPENDENCE DAY

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### HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. WOLFF. Mr. Speaker, I rise today to join with my colleagues in commemorating the independence of the Byelorussian Democratic Republic, according to the declaration of March 25, 1918, celebrating 62 years of the continuous and unconquered spirit of the Byelorussian people in striving for liberty and national independence.

The history of Byelorussia has had short-lived periods of freedom and independent statehood which have unfortunately been interrupted by periods of subjugation by others, particularly the Soviet Union. In 1918 the Bolsheviks seized power in Russia and began a conquest to regain all recently liberated countries. They mislead internal and international public opinion, while invading and ultimately conquering Byelorussia in 1921.

Since that time, Byelorussia had been subordinated by the central Moscow Government and has been completely ruled as a colony, losing half its ethnographic territory in annexation to the Russian SFSR. The Byelorussian people are denied many natural and human rights. During the 62 years of Soviet rule, they have exhibited mass terrorism and official repression. In addition, the involuntary imposition of the Communist economic system is exacting boundless exploitation of both working people and natural resources. Thus, what appears evident is a systematic "Russianization" of the Byelorussian people and their country indicating further permanent Soviet expansion.

We celebrate Byelorussian Independence Day, then, not because the Republic is an independent state. Rather, we commemorate this day to remind us all of the bondage of this nation by the Soviet Union and its obvious message of eminent danger to the United States and other free countries if U.S.S.R. expansionism in a quest for world domination is left unnoticed.●

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## TWENTY-SEVEN STATES AND D.C. MAY LOSE SOME FUNDS IN THE FISCAL YEAR 1980 ALLOCATION OF TITLE I—ESEA

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### HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. GOODLING. Mr. Speaker, a few days ago, the National Education Association (NEA) released documentation based on estimated fund allocations for fiscal year 1980 which showed a significant change in funds for some States under title I of the Elementary and Secondary Education

Act (ESEA) in the basic grant program—Part A.

NEA suggested that the shifts resulted from significant data changes in two States and the new formula for Puerto Rico. Texas reported an increase in State average per pupil expenditure of 17 percent. Most States increased theirs by about 11 percent. Puerto Rico is receiving additional funds now due to formula changes mandated in Public Law 95-561, the Education Amendments of 1978.

Most puzzling was the increase California reported for the count of children from families receiving aid to families with dependent children (AFDC) payments which are above the national poverty level—using the Orshansky index. The title I formula allows States to count 100 percent of the children ages 5 to 17, inclusive, from families that receive AFDC payments that are above the Orshansky index.

California reported that those children increased from October 1978 to October 1979 from 74,551 to 122,535. This represents a 64.3-percent increase in the number of children living in families receiving AFDC payments above the national poverty level. Especially perturbing was the fact that most States were reporting a decrease of as much as 25 percent for the same year. New York reported a decrease of 35 percent. Why the unusual increase in California when the trend has been toward much smaller AFDC counts under title I?

Of further interest is the fact that when comparing the months of October for 1978 and 1979, data shows that California actually served fewer children in AFDC as a whole in 1979—actual figures were 901,185—than in 1978—where total children served was 941,271. How can the number of AFDC eligibles above the poverty line rise when the total number served fell?

BACKGROUND

California is one of three States—Hawaii and Massachusetts are the others—which has an automatic escalator clause in State law which requires the maximum benefit payment under AFDC to increase annually with the Consumer Price Index (CPI). In July 1978—sometime after the effects of proposition 13 began to take hold—the California Legislature rescinded the escalator clause provision due to insufficient funds. The following year, around July 1979, the State reenacted the automatic escalator clause and made it retroactively effective. The net effect was an increase of 15 percent in the AFDC maximum benefit payment in the State of California.

CALIFORNIA—AFDC MAXIMUM BENEFIT PAYMENTS

| | Per month |
|---|---|
| July 1978: | |
| Orshansky | [1] $515 |
| 4 family members | 423 |
| 5 family members | 483 |
| 6 family members | 543 |
| July 1979: | |
| Orshansky | [1] 555 |
| 4 family members | 487 |
| 5 family members | 556 |
| 6 family members | 625 |

[1] For purposes of ESEA–I, the national poverty index is a standard family of four (nonfarm) measurement.

The above data shows that for 1978 only families with six or more received maximum benefit payments in California above the national poverty index, which was $515 per month. The effect of reenacting the escalator clause retroactively, boosted the maximum benefit payments for families of five or more above the national poverty level, which was $555 per month in 1979.

Because California increased the maximum benefit payments under AFDC for a family of five over the national poverty index—even though the boost was only $1 per family—the State picked up an extra $17 million in title I allocations for fiscal year 1980.

Was California's action legal? Yes. The title I statute does not require the national poverty level to be indexed. To put it another way, the $555 per month in 1979 is what the Orshansky index says a nonfarm family of four must have in countable income to be at the poverty level. That per month dollar figure would go up for each increase in the number of family members in the Orshansky index, but the title I statute does not require it to move. Hence, State social services administrations—which do the collecting for the AFDC count—only require the number of children in families above the nonfarm family of four poverty level.

For those who were not around for either the Education Amendments of 1974 and 1978—both of which dealt with reauthorizing the Elementary and Secondary Education Act—the AFDC count was always a hot issue. In fiscal year 1966, only 10 percent of the title I children were AFDC children. Contrast that figure to fiscal year 1974 where over 60 percent of the title I children were AFDC children. In 1974 the statute was changed to allow only two-thirds of the AFDC children to be counted. Most of them were in the urban areas.

Since 1974 the AFDC count has begun to go down. Much of this is accounted for in the fact that the average size of the AFDC family is either two or three persons. Rarely is the maximum benefit payment for two or three persons in any State going to exceed the national poverty level, and so the bulk of AFDC/title I eligibles will be in the larger families. It is the middle size family—four or five—that is receiving AFDC maximum benefits payments that are close to the national poverty level. This is what made the California count possible. By the way, the Education Amendments of 1978 boosted the AFDC count back to 100 percent.

Due to the data change—and the other two I mentioned, 27 States and the District of Columbia are targeted to lose funds under the title I 1980 allocations. Below is a list of those States which will most likely be among the losers.

STATES SCHEDULED TO LOSE UNDER FISCAL YEAR 1980 TITLE I ALLOCATIONS

Percentage of loss from last year's award: Alaska (−0.6 percent) Arizona (−7.2 percent) Connecticut (−0.2 percent) Delaware (−3.1 percent) Florida (−2.1 percent) Hawaii (−11.0 percent) Idaho (−0.5 percent) Illinois (−2.2 percent) Indiana (−2.6 percent) Iowa (−1.8 percent) Kansas (−2.6 percent) Maryland (−1.2 percent) Massachusetts (−4.2 percent) Michigan (−1.7 percent) Minnesota (−2.1 percent) Nebraska (−2.7 percent) New Hampshire (−4.2 percent) New Jersey (−1.4 percent) New York (−5.5 percent) Ohio (−0.5 percent) Oregon (−1.3 percent) Pennsylvania (−3.3 percent) Utah (−1.3 percent) Vermont (−4.5 percent) Virginia (−6.6 percent) Wisconsin (−1.9 percent) Wyoming (−0.7 percent) District of Columbia (−0.5 percent).●

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# THE RULE FOR S. 2012, THE SPECIAL CENTRAL AMERICAN ASSISTANCE ACT OF 1979

## HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. ZABLOCKI. Mr. Speaker, the technical changes in the House amendment to Senate bill S. 2012, the Special Central American Assistance Act of 1979, as provided for in a rule requested today in the Rules Committee, are as follows:

In the engrossment of the House amendment to the text of the Senate bill (S. 2012), make the following corrections (all page and line citations are to the House engrossed bill H.R. 6081):

On page 1, line 4, strike out "1979" and insert in lieu thereof "1980".

On page 3, line 22, strike out "The President shall transmit" and insert in lieu thereof "Prior to releasing any assistance to the Government of Nicaragua under this chapter, the President shall transmit a certification"; beginning in line 24, strike out ", certification prior to releasing any assistance to the Government of Nicaragua under this chapter,"; and on page 4, line 2, strike out "harbors" and insert in lieu thereof "harbored" and strike out "or is" and insert in lieu thereof "and is not".

On page 5, line 9, strike out the quotation marks; at the end of line 15, strike out the quotation marks; line 16, strike out the quotation marks and run in the text on line 16 so that it follows immediately after the text on line 15; line 18, strike out "the Foreign Assistance" and insert in lieu thereof "this"; line 19, strike out "provision" and insert in lieu thereof "subsection"; line 19, strike out "report" and insert in lieu thereof "reports"; line 20, strike out "(e)" and insert in lieu thereof "(f)"; and at the end of line 20, strike out the quotation marks and the second period.

On page 6, line 4, strike out "(k)" and insert in lieu thereof "(l)"; and at the end of line 8, strike out the quotation marks and the second period.

On page 6, line 9, strike out "(k)" and insert in lieu thereof "(m)"; and at the end of line 13, strike out the quotation marks and the second period.

On page 6, line 14, strike out "(k)" and insert in lieu thereof "(n)"; line 14, strike out "authorized" and insert in lieu thereof "made available for Nicaragua"; and at the end of line 17, strike out the quotation marks.

On page 6, lines 18 through 22, beginning after the quotation marks in line 18, strike out "(K) THE PRESIDENT SHALL TERMINATE ASSISTANCE UNDER THIS CHAPTER IF HE DETERMINES THAT THE GOVERNMENT OF NICARAGUA ENGAGES IN SYSTEMATIC VIOLATIONS OF FREE SPEECH AND PRESS." and strike out the quotation marks at the end of line 22 and insert in lieu thereof the following: "(o) The President shall terminate assistance to Nicaragua under this chapter if he determines that the Government of Nicaragua engages in systematic violations of free speech and press.".

On page 6, line 23, strike out "(k)" and insert in lieu thereof "(p)"; on page 7, line 3, strike out "U.S." and insert in lieu thereof "United States"; and at the end of line 3, strike out the quotation marks and the second period.

On page 7, line 4, strike out "(k)" and insert in lieu thereof "(q)"; line 7, strike out "U.S." and insert in lieu thereof "United States"; and at the end of line 9, insert a period after the quotation marks.●

## H.R. 6859—THE COMMUTER TAXPAYER ASSISTANCE ACT OF 1980

### HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. GEPHARDT. Mr. Speaker, as we seek the means to reduce our Nation's energy consumption to effectively deal with expected supply problems in the coming decade, public transit becomes a more likely candidate to accompany additional energy savings. Yet, according to the Department of Transportation, only 6 percent of the work force in metropolitan areas rely upon mass transportation to get to work. Of the daily commuters in the United States, 65 percent drive their own cars. If we could get just 5 percent of our commuters to use public transit instead of their cars, we would save 6 million gallons of gasoline per day or 44 million barrels of oil in fiscal year 1981.

An added incentive for using public transit is needed. For this purpose, I have introduced H.R. 6859, the Commuter Taxpayer Assistance Act of 1980, to encourage employers to provide their employees with free transit passes. Under present tax law, an employer is permitted to deduct the cost of such passes as a business expense. H.R. 6859 would provide an additional 5 percent refundable tax credit to the employer for the cost of the pass incurred. To encourage the employees to use the passes, this legislation would also treat the transit pass as a tax-free fringe benefit.

In addition to the benefits gained by reducing oil consumption, the Commuter Taxpayer Assistance Act would help: Reduce auto emissions in major metropolitan areas and, thus, better enable the cities to meet EPA regulations under the Clean Air Act Amendments of 1977; remove commuting costs from the family budgets of both lower and middle income individuals; and postpone the immediate need for further tax subsidies to local transit authorities via personal property taxes or other methods.

I believe this legislation could accomplish much in the way of lessening our daily energy usage by reinforcing our commitment to maximum use of our present transit systems as funded by the windfall profit tax. Neglected during the highway boom of the past decades, public transit is now under a major recovery period. The legislation I have introduced would encourage energy conservation while expediting the growth of our transit systems to accomplish this.●

## FRESHMEN DEMOCRATIC CAUCUS MEETS WITH AAM REPRESENTATIVES

### HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. DASCHLE. Mr. Speaker, I recently had the pleasure of hosting an informal meeting between the Freshmen Democratic Caucus and the representatives of the American Agricultural Movement.

One of the AAM representatives, Polly Woodham of South Carolina, delivered to the caucus one of the best statements describing the plight of the agricultural sector that I have ever heard.

So that all of my colleagues might have the benefit of Polly's description of the effect the cost-price squeeze has had on family farming and ranching operations, I insert the text of her statement in the RECORD:

#### TESTIMONY BEFORE THE FRESHMEN DEMOCRATIC CAUCUS

My name is Polly Woodham from South Carolina and I am a wife. First and foremost I am Willis' wife . . . but also I am a woman involved in farm economics.

WIFE is a national association of women dedicated to the promotion of agriculture and to the preservation of the family farm as a quality of life in America. Our purpose is to educate and inform those who may be less knowledgeable that the health of our national economy is a direct result of the health of agriculture. Our ultimate goal is economic prosperity for agriculture and the Nation.

In spite of the talk from Government about improving prices for farm commodities, the principal object is simply to keep prices high enough to keep enough people and capital involved to keep the production mechanism producing. In other words—a cheap food policy.

If you will notice the copy of the Congressional Record, you will see a 5-year plan to liquidate America's farmers. It was issued by the USDA in June 1972. Officially known as the young executive's report, the plan was written by 15 carefully selected men, 40 years of age or under, chosen from each of the 15 USDA Departments in April 1971 when Clifford W. Hardin was Secretary of Agriculture. All of the men were rated G-12 or above and held positions of great responsibility. No farmers but they were devising farm policy!

The planners wanted only a few thousand farms in the United States and they said, "National policy should not be directed at assuring any particular level of income from farming. (In other words, profit isn't necessary.) Income from farms should be of concern only to the extent that it affects the industry's ability to produce adequate supplies of food and fiber."

The report goes on at length to recite that farm prices are the key to making "farming an industry rather than a way of life" in just 5 years. "Over the 5-year period", the report says, "non-resource loan rates would be reduced to a 'disaster price' for feed grain crops and wheat, and to zero for all other crops." The report continues, "the industry should not be evaluated on its ability to provide an adequate level of living for participants regardless of the size of their operation or managerial ability. If adequate supplies of food and fiber are being made available at reasonable prices, we should conclude that the Nation has a healthy, viable agricultural industry."

There it is gentlemen—in black and white—the USDA is saying that if we are not hungry, then agriculture is healthy. Our farm policy has been based on this premise for the past 7 years—and I don't think there is any question that agriculture today is anything but healthy. Our debt load continues to rise and the projection for next year is an increase in costs of 12 percent to 50 percent for fertilizer, seed, and fuel and a decrease of 20 percent in income. More and more farmers are forced off the land because of agricultural policy based on advice—not from farmers—but from a librarian, a plant health inspector, a commodity exchange authority and the like. They have just as much business writing farm policy as a farmer has assisting a doctor with open heart surgery.

Unfortunately, all the rhetoric about economic and social issues affecting agriculture obscures the real danger that confronts us today—the gradual disintegration of our economic system and our free society. Prices that will allow for a balanced exchange between agriculture, business, and labor represents the only solution to our farm and economic problems—lack of earned income, now being substituted with borrowed dollars. Agriculture is our basic industry—and records prove that gross farm income determines the amount of national income each year. Each $1 of gross farm income generates $7 of national income—and each $1 that agriculture is denied, removes a like amount. Disregarding this ratio of economics is crushing America's private enterprise system with a public and private debt beyond comprehension. The individual's right to own and operate his own business, ranch or farm or even to own his own home—the very foundations of freedom—are being threatened because of this debt and resulting inflation.

We as private citizens cannot enforce laws—we cannot write laws—we can only witness to our elected representatives and our Government agencies. We in agriculture know we cannot exist without earned income. What can you do? You must help us convince those in policymaking positions that agriculture must make a profit if Americans want agriculture to remain a viable part of our economy, we must work together. You may have to use every political trick you ever heard about—but this message must be clear—or we will all be losers.●

## HUD'S AREAWIDE HOUSING OPPORTUNITY PLAN DISCRIMINATES AGAINST SMALL TOWNS AND CITIES

### HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. CLINGER. Mr. Speaker, recently I mailed a letter to many of my colleagues describing a regulatory peculiarity that has definitely removed many small communities from eligibility for small cities grants. It is a complicated issue, I must admit, yet it is one of vital importance to the Nation's small communities, who are slowly being maneuvered out of the funds Congress originally intended for their relief.

In 1977, Congress reauthorized the small cities grant program, initially created by the Housing and Community Development Act of 1974. The community development block grant program (CDBG) provided a competitive program of grants to meet the many community development and service needs of small municipalities. A national selection system was established to insure that grants would be awarded to those communities with proposals that best met the objectives of the act.

Also in 1977, the Department of Housing and Urban Development created another program, the areawide housing opportunity plan (AHOP). This program was created, according to HUD, pursuant to the authority granted to them in the legislation originally establishing the Department of Housing and Urban Development. The AHOP program's goal is to provide funds for the construction of housing units that will help to deconcentrate low income and/or minority populations throughout surrounding suburban areas.

As one can see from the description of the two programs, they are clearly very different from each other. However, HUD's Office of Housing and Community Development has effectively conditioned the awarding of small cities grants on the applicant community's participation in an approved AHOP by granting a bonus of 50 points to community development block grant applicants who also belong to an approved AHOP.

The agency is placing an unfair burden on the large number of nonmetropolitan communities applying for small cities grants. Many towns are, by HUD definition, inappropriate for an AHOP. HUD has said:

> The AHOP program was created to provide a broader choice of housing opportunities for lower-income persons outside areas of undue low income or minority concentrations. Many regions of the country contain little or no concentrations of lower-income or minority persons, particularly in rural non-metropolitan areas. This raises questions of the appropriateness of an AHOP if the problem does not exist.

Indeed, though these towns may be largely composed of low- to moderate-income families, they may be deemed unsuitable for an AHOP and, therefore, because of HUD's 50-point regulation, may be placed at a distinct disadvantage in competing for small cities grants for which they ought to be eligible.

HUD has agreed consistently that this 50-point bonus serves as an incentive plan to local communities to accept the responsibilities involved in an areawide housing opportunity plan. They are willing to admit that it hurts small communities that are not appropriate for the AHOP plan. However, as of yet, the only action on the part of HUD regarding this matter has been the recent announcement on their part to reissue the regulation with an even stronger emphasis on its importance. All this will succeed in doing is further tightening the rope which is currently strangling small cities in the small cities grant program.

I firmly believe that HUD's use of the 50 points is in conflict with the intent of Congress in the Housing and Community Development Act. The block grant program was clearly intended to provide our small communities with funds for the many necessary projects they could not afford to fund alone. HUD's attachment of the small cities grant program to the AHOP program through the 50 bonus points changes the entire purpose of the CDBG program, to the material injury of many of our smaller communities. I believe if a community is inappropriate for an AHOP it should not be penalized in its application for other grant programs. It is important that we understand the dangerous implications of the 50-point incentive plan and realize that rural communities which suffer unjustifiably due to their low concentrations of low-income families should not be condemned for this by removal from successful participation in other CDBG grant programs.●

## NOISE POLLUTION THREATENS CITY DWELLERS

### HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. SOLARZ. Mr. Speaker, for some time I have been concerned about the serious problem of noise pollution caused by mass transit vehicles, particularly that caused by New York City's subways and elevated trains. My district includes three elevated train lines and my constituents suffer from the noise of aging tracks and equipment and poor maintenance.

The preliminary results of an acoustical study recently compiled indicate that the average level of noise produced by one train is 89 LDN. To give you an idea of the seriousness of the situation, speech becomes significantly distorted at 75 LDN. Obviously this noise situation poses a serious threat to the health of those working or residing in the area.

This noise problem is far from an isolated situation. Transit systems throughout the Nation are plagued with similar noise pollution problems.

Fortunately, in my district the community has been effectively organized by Carmine Santa Maria, a local resident who has dedicated himself to improving New York City's mass transit system. Mr. Santa Maria has formed an organization known as the Big Screechers. In addition to engaging in noise studies, the Big Screechers, under Mr. Santa Maria's tireless direction, have brought media attention to this serious local issue, as well as to the problems of poor maintenance and faulty equipment on the elevated lines.

I would like to reprint in the RECORD a recent New York Times article that provides further information on the seriousness of the noise problem for city residents:

#### ELEVATED TRAINS' NOISE AFFECTS QUALITY OF LIFE IN SECTION OF BROOKLYN

(By Barbara Basler)

Dominic Mirgalia owns a funeral chapel in the Bensonhurst section of Brooklyn and at least once a day the front windows of the chapel begin to rattle, the big crystal chandelier in the reception room begins to shake and a wave of noise rolls over the building, sometimes drowning out the prayers and the grief of the mourners.

Mr. Miraglia said, in his neighborhood, sometimes you just can't bury your dead in peace.

"Nobody" he said, "should have to say goodbye to friends and loved ones like that. You can't even hear yourself cry."

And yet, all that sound and fury is nothing more than a passing elevated train.

The New York City Transit Authority says that the city has 182 miles of elevated track and Brooklyn has more than any other borough.

##### NOISE SAID TO GROW WORSE

For years, thousands of residents have lived and worked in the shadow of the elevated transit tracks that cut through 66 miles of Brooklyn. And over the years, countless trains have roared and rumbled and screeched along those tracks and through their lives.

Many people near the West End elevated tracks say the noise from the trains has grown worse in the last few years. And the experts know that whether the noise has increased, decreased or remained the same, it is still much more than people can live with comfortably.

Indeed, experts say that all of the 250,000 New Yorkers who live and work in buildings near the city's elevated trains are assaulted by noise at a level that aggravates and disturbs the normal flow of life.

The West End tracks run through four and a half miles of Borough Park and Bensonhurst over New Utrecht Avenue and into Coney Island. For the most part, they cut through thriving working-class neighborhoods where many of the same Italian and Jewish families have lived for 50 years.

Along the route, there are some warehouses and factories but for the most part, the streets beside the tracks are lined with two-story frame houses, prosperous little stores and businesses, and some high-rise buildings. Some of the small houses are now apartments occupied by families who can only pay the low rents common to rental properties near the elevated tracks. But many of the two-story frame buildings are owned by families who have their shops on the first floor and their homes on the second. And many of these residents believe the train noise is growing and that it may begin to drive their customers to stores farther out.

Some residents say the elevated line is stealing more and more of their time and dignity, as day after day, month after month the noise from the passing trains blocks out what they can say and hear and do for moments on end.

"We wind up reading lips or screaming when the train goes by," said Catherine Ferraro, who lives at 8418 18th Street in a second-floor walk-up just yards from the 18th Street station in Bensonhurst—the same station that sits above and behind the Miraglia Funeral Chapel.

Charles Rinaldi, a retired pharmacist who recently sold his drugstore on New Utrecht Avenue, said that when the trains thundered by, "I couldn't hear the doctors give their prescriptions over the phone."

Residents say the noisy trains also shake their houses, rattle their windows, and crack their plaster.

Acoustical experts recently completed one part of a huge Federal study of elevated railway noise throughout the country. And a city Transit Authority official conceded that "our people here are very frightened of this whole study." "It may have uncovered a very serious health hazard," he said, "and we're afraid that eventually the feds are going to say, 'this noise is intolerable, and you're going to have to shut down these lines or move all the people near them.'"

In this part of the three-part study, experts measured the noise levels of every elevated train in the country, and at the West End line (B line), measurements were taken at the 18th Street station.

David A. Towers, the acoustical expert who wrote the report, said the noise was measured in decibels that reflect the sensitivity of the human ear, and the measurements were recorded as average day/night sound levels, or LDN's.

According to Mr. Tower, the Federal Environmental Protection Agency has set 55 LDN as the ideal noise level, and to qualify for Federal funds, the Department of Housing and Urban Development says a housing project must meet a noise standard of no more than 65 LDN. At the 55 LDN level, normal conversation can be heard; at 75 LDN, Mr. Towers said, there is "a very significant distortion of speech."

"Generally, along the West End line, 83 LDN was the lowest average noise level and 89 LDN was the highest," Mr. Tower said.

At the 18th Street station, where shops and houses are crowded within 15 feet of the steel tracks, Mr. Tower said the average LDN was 89, and that when a train passed through the station, "the lowest noise level we measured was 98 decibels, the highest 106." The noise of a jackhammer is rated at 95 decibels.

Spokesmen for the New York City Transit Authority, when asked about the noise complaints, pointed to the city's multimillion dollar noise abatement program, and then conceded that most of that money was spent on underground routes.

SILENCE IS FOR SUBWAYS

"That's just great, isn't it? They're making the subways quiet for the people who ride in the cars for 20 minutes and the rats who live in between the tracks," said Dominic Santa Maria, a Bensonhurst mailman. Mr. Santa Maria organized the "Big Screechers," a community group that demanded and won more lubrication on the West End tracks to cut the screeching of the train brakes.

According to Mr. Tower, the third and final part of the study will assess the health hazards of the train noise, "and then the Government will know where and how to spend its money on this problem."

A bill that would mandate noise levels on all city subways, including the elevated lines, has passed the State Assembly and has been reported out of committee in the Senate. And, while the bill gives the city three years to cut peak noise levels to 90 decibels, a Transit Authority spokesman said the organization opposed the bill because "we don't have the money to meet those standards."

Anthony Paolillo, a staff engineer in the authority's environmental division, acknowledged that the city's decision to cut and defer its subway maintenance program might have left the old steel track "more rickety and even noisier." But, he said, the city is strapped for funds.

As for a noise abatement program that would significantly improve life by the tracks, Mr. Paolillo said, "I know how little I'd like to live under the noise of the el, and I feel very frustrated."●

## WILL LIBERAL BIG SPENDERS SHOW CONCERN FOR OPPRESSED TAXPAYERS?

### HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. DANIEL B. CRANE. Mr. Speaker, those whose political gospel is that the Federal Government should provide womb-to-tomb welfare have some explaining to do: Namely, to tell us why it is that virtually every time we create a Federal agency to "help" people, the only people it ends up helping are the bureaucrats.

Frankly, a lot of the people are sick and tired of bureaucrats, accountable to no one, helping themselves to our tax dollars.

The Sullivan (Illinois) Progress has raised this important issue once again, and once again we must face reality, as painful as it is for some of our liberal colleagues. I suggest that a few moments spent with this editorial will go a long way toward convincing our liberal big spending friends that the most oppressed group in this country—the taxpayers—need the kind of compassion and concern they have so generously given to other deserving groups in the past.

The editorial follows:

"WAR ON POVERTY" PROGRAMS POUR MONEY INTO SAME BOTTOMLESS PITS

One of the major topics of just about every political campaign in recent years has been the so-called "War on Poverty". Our lawmakers have tried their best to convince us that their best interests are being directed to making every family in our country free from the problems of want and poverty. In reality, however, this war on poverty has been assuming all the aspects of a war on the taxpayers instead considering all the graft and corruption that accompanies it.

The Office of Economic Opportunity was the main government agency set up to head this "war". Investigation after investigation has revealed that the OEO has been very busy wasting the taxpayers money in the usual manner. Money has even been stolen directly; there has been widespread overloading of offices, and personnel; funds have been drained away through graft; and payroll padding has been the usual practice, not the exception.

As Congressional investigations have continued to reveal the unpleasant facts, the office in charge has promised to correct them, but apparently has continued instead to pour the tax money into the same old bottomless pits.

What started out as a most noteworthy cause, has instead turned into one of the greatest examples of government ineptness coupled with waste that our country has ever seen. Some divisions have undoubtedly done much good work, but this is overshadowed by the accompanying scandal. The abuses include paychecks made out to non-existant persons, and bearing phoney signatures; overpayment for services; diversion of funds for illegal purposes; the financing of groups and projects that turn out to be illegal—sometimes even of Communist origin. The list goes on and on without end, and still Congress continues to continue its funding.

There is little doubt that this will be a major issue in next year's elections once more. However, we can possibly look forward to some enterprising candidates making a major issue out of the major waste of the whole affair, instead of campaigning for enlargement of the program as has been the practice previously. Taxes and waste of tax money coupled with soaring inflation have made every taxpayer more conscious of the need for a change, and they are still of far greater numbers than those who benefit most from the government programs.

Congressional investigations have revealed time after time that anti-poverty organizations have been misusing federal funds and in spite of protests, those federal funds have continued to be dished out generously in the same old way. The time for a review of the entire program, plus some constructive action, is long overdue, and next year's campaign is the very thing that may bring it to pass.●

## ANOTHER CARTER BLUNDER IN THE MIDDLE EAST

### HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. FINDLEY. Mr. Speaker, the Carter administration's vote in the United Nations and its repudiation was not a unique blunder in the President's conduct of Middle East policies. Although I shall not take the pages in the RECORD necessary to elaborate the mistakes made up to that point, I would like to criticize sharply a more recent blunder—namely, President Carter's shabby treatment of King Hussein of Jordan. The sorry details are provided in the following March 27 New York Times article by Bernard Gwertzman.

King Hussein has played and will continue to play a crucial role in the Middle East peace process. Hussein is a thoughtful, moderate leader who has been a good friend of the United States and who has viewed a peaceful settlement of the Middle East conflict as the best option for all Arabs. Despite a current difference in views with the United States over the best approach to achieving peace in the Middle East, it is evident that King Hussein still wants that peace very much.

And King Hussein deserves much greater consideration by the Carter administration than he has received. President Carter's policies toward Jordan are extremely shortsighted and are not designed to win the eventual support of the King which will be so important in the long run.

I hope that other Members of Congress who have had, as I have, the opportunity to meet the King will continue to recognize that this wise and gentle man is a friend of the United States and is important to peace in the Middle East. And I hope they will join me in urging President Carter to rectify his shortsighted and unjust approach toward this important Middle East leader.

The article follows:

### HUSSEIN RULES OUT TRIP TO WASHINGTON

(By Bernard Gwertzman)

WASHINGTON, March 26.—The Jordanian Embassy issued a brief statement today that said King Hussein would not be coming to the United States next month and that no date had yet been set for him to accept President Carter's invitation to visit Washington.

That seemingly bland press release was the source, however, of considerable anguish among Middle East specialists in the Government and it culminated a week of urgent messages between Washington and Amman to avoid a major rift in relations.

The future is unclear, but the latest events were seen by officials and diplomats as typical of the mistakes and mishaps, some of which seem almost comical, that have marred Jordanian-American relations for more than a year.

King Hussein, one of the most pro-Western Arab leaders, used to visit the United States at least once a year, sometimes more often than that. Inevitably, he would stop in Washington to meet the President, entertain his old American friends and see his older children at American schools.

He was a state guest of President Carter in April 1977, but that was the last time he visited the White House. The King stayed away in the spring of 1978, rather than be drawn into American efforts to gain his cooperation in the dialogue that had begun between Egypt and Israel.

Following the Camp David agreements among President Carter, President Anwar el-Sadat of Egypt and Prime Minister Menachem Begin of Israel in September 1978, King Hussein spurned an invitation to visit Washington that October. But plans went ahead for him to come the following May.

President Carter, for reasons still not clear, canceled that invitation at the last minute, upsetting plans for the King to bring his American-born bride, the former Lisa Halaby, to the United States for the first time as Queen Noor al-Hussein.

State Department experts felt King Hussein's participation was vital for carrying out the Camp David accord dealing with Palestinian self-government. Many of them were upset by the White House cancellation, which caused an additional chill in relations. A sharp deterioration was avoided, officials said later, only because news of what happened had been kept secret.

Meanwhile, at the urging of many of his friends, King Hussein decided to visit the United States in September after attending the third-world meeting in Havana.

He was to speak for the Arab nations at the United Nations General Assembly in New York, and it was expected by State Department and Jordanian officials that he would be received by President Carter in Washington.

Secretary of State Cyrus R. Vance conferred with the King in New York, but the President declined to receive the monarch. The White House was concerned that King Hussein would try to use a visit to push an anti-Camp David line.

#### LINOWITZ RELAYS INVITATION

When Sol M. Linowitz became special Middle East negotiator, a new effort was launched to bring King Hussein to Washington. In London on Jan. 26, Mr. Linowitz conveyed to the King an invitation from the President that said, in effect: "I'd like to see you the next time you are in the United States."

The King said he would like to visit the President and officials on both sides prepared for a thaw in relations.

A few weeks ago, officials said, the State Department began considering an appropriate time for King Hussein to come. Officials believed that late May, when the target date for the Egyptian-Israeli talks on autonomy for Palestinians was approaching, would be a bad time, because they thought Mr. Sadat and Mr. Begin would be coming to Washington in May. As a result, the State Department asked, and received permission from the White House, to suggest April 17 as a date for King Hussein.

#### A COINCIDENCE OF EVENTS

Nicholas Veliotes, Ambassador to Amman, was told to seek an audience with the King and raise the April 17 date. He was received last Wednesday, about the same time that the White House was announcing that Mr. Sadat and Mr. Begin would be coming to Washington for separate visits in April.

A senior White House official also told reporters that day that King Hussein would probably be coming to Washington after Mr. Sadat and Mr. Begin, inadvertantly suggesting that Jordan was being involved in their talks.

The King, in his discussion with Mr. Veliotes, noted that Queen Noor was in the last stage of pregnancy and that April 17 seemed too soon for them. Neither he nor Ambassador Veliotes knew then about the White House announcement. To protect the secret, no one but a few senior officials knew about the announcement and none of them thought to head off Mr. Veliotes.

Jordanian officials quickly let it be known to the Ambassador that the King was angry at being invited to Washington at about the same time as Mr. Sadat and Mr. Begin and that he resented the whole affair.

American officials hurried to explain that it was all a mistake.

Because the Israeli and Arab press was focusing on the possibility of King Hussein's visiting Washington in late April, the Jordanian Embassy was ordered today to announce that, despite reports in the foreign press, King Hussein "will not have the opportunity to visit the United States during the coming month."

No date has been set, it said. Officials here hoped one would be agreed upon soon but there were no predictions.●

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## PASSENGER RAILROAD REBUILDING ACT OF 1980

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## HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. EDGAR. Mr. Speaker, the Northeast-Midwest Congressional Coalition strongly supports the Passenger Railroad Rebuilding Act of 1980 (H.R. 6837). We have worked hard to educate the entire House to the value of revitalization of passenger rail service on the whole Nation. I share with my colleagues the legislative alert on this important issue:

### PASSENGER RAILROAD REBUILDING ACT OF 1980 (H.R. 6837)

#### BACKGROUND

The Passenger Railroad Rebuilding Act of 1980 (H.R. 6837) was reported out of the House Committee on Interstate and Foreign Commerce on March 19. The bill authorizes funding for the completion of the Northeast Corridor, design and engineering for 13 potential corridors, and emergency protection for workers of the Rock Island Railroad. The $750 million authorized for the Northeast Corridor will be used for major station improvements, construction of service facilities, and the installation of new signaling and electrification systems, enabling it to meet congressionally mandated trip-time goals by 1985.

#### ANALYSIS

The first part of Title I (Passenger Railroad Rebuilding Act) authorizes $750 million for completion of the Northeast Corridor Improvement Project. Within five years of the project's completion, Amtrak's annual revenues should equal or exceed the Northeast Corridor's annual operating costs. Amtrak is immediately given primary responsibility for allocating and monitoring the progress of construction contracts solely related to track improvements, and five years after enactment of this legislation, all authority for the Northeast Corridor will be transferred from the Transportation Department to Amtrak.

The second part of Title I authorizes funds from windfall profits tax revenues for improvements to designated corridors: $55 million for design and engineering, and $50 million for Amtrak to begin purchasing equipment for new corridor services. In addition, the bill reserves $850 million from windfall profits tax revenues not to be available before fiscal 1982, for construction of corridor improvements. Construction funds will be available only upon specific authorizing legislation by Congress—after Amtrak has completed design and engineering plans.

Six rail corridors in the Northeast-Midwest region are included in the bill: Cincinnati to Chicago; Cleveland to Chicago; Detroit to Chicago; New York City to Buffalo; St. Louis to Chicago; and Minneapolis/St. Paul to Chicago.

The Rock Island Railroad is bankrupt and under court order to liquidate. Title II (Rock Island Railroad Employee Assistance Act) provides $75 million in loans for benefits and allowances provided under employee protection agreements; $1.5 million for new career training assistance; $1 million to the Railroad Retirement Board for administrative expenses; and $4 million in emergency funds to continue essential operations of the Rock Island not provided by other railroads.

SUMMARY

The Northeast-Midwest region has an important stake in the passage of H.R. 6837. The Northeast Corridor Improvement Project will serve as a model for rehabilitation of other rail corridors throughout the nation and, coupled with other corridors designated in the bill, is an essential part of the region's recovery to full economic vitality.

These rail corridors in the Northeast and Midwest will provide the region with high-speed, energy-efficient transportation service and help reduce congestion and pollution at the same time. Better passenger and freight service will help generate needed jobs, commerce, and capital investment. A comprehensive rail system must be part of the nation's commitment toward reducing its dependence on imported oil.

The Passenger Railroad Rebuilding Act of 1980 is a balanced and fiscally responsible approach to the pressing need for continued and improved rail freight and passenger service. In this period of tough decisions about the allocation of scarce federal resources, we believe H.R. 6837 merits your strong support.●

## MORE PAPERWORK

## HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. MAZZOLI. Mr. Speaker, inflation is the No. 1 domestic problem facing the Nation. If every segment of society assumes the responsibility for fighting inflation, together we will be able to put our economy on a sounder foundation.

When Congress enacted the medicare-medicaid antifraud and abuse amendments, Public Law 95-142, it was seeking an effective means of managing the $25 billion that the Federal Government pays to hospitals each year. But, Congress did not intend to place highly costly and overly burdensome regulations upon the hospital industry in order to meet this goal.

Unfortunately, two sets of proposed regulations released by the Department of Health, Education, and Welfare will add to the mountains of paperwork already required by the Federal Government, and will also add to our skyrocketing inflation rate.

Proponents of these regulations say they are simplified in comparison to earlier proposed regulations. Their proof: The book of instructions for answering the questionnaire, which is part of the regulations, has been reduced from 600 to 305 pages. Some simplification.

Mr. Speaker, I bring to my colleagues' attention the following Washington Post article about the recently released second proposal for hospital cost reporting:

### U.S. SEEKS TO CUT HEALTH COSTS WITH NEW REPORTING RULES

(By Spencer Rich)

The government proposed a new means yesterday of cutting costs in the Medicare and Medicaid programs: a uniform cost-reporting system for the nation's hospitals.

Hospital industry groups, which killed a similar plan last year, showed no enthusiasm for the new one.

The revised reporting system was proposed by Leonard D. Schaeffer, administrator of the Department of Health, Education and Welfare's Health Care Financing Agency (HCFA).

He said reporting methods by hospitals for Medicare/Medicaid reimbursement differ so sharply that HEW has difficulty comparing costs and evaluating charges.

As a result, he said, there is no way for HEW to determine why one hospital has far higher costs for the same item than another—for example, 38 cents for a bottle of 500 aspirins at one hospital and $2.66 at another.

Schaeffer said a hospital with a delivery room might not be completely segregating its obstetrical costs when applying for Medicare reimbursement, and therefore might be collecting Medicare reimbursement for its delivery room even though no elderly Medicare patients had babies.

The new system would exclude delivery room costs from Medicare reimbursement, he said.

Under current reporting methods, an aide said, a hospital also may report some services in a category that receives high reimbursement under the Medicare program (50 percent or 60 percent) when those services should be reported in a lower-reimbursement category. As a result, the hospital gets more government money than it should.

The new uniform reporting rules proposed yesterday—a year after the earlier, longer set of rules was shot down by the hospital industry and Congress as excessively cumbersome—would enable HEW to make clear cost comparisons and locate inefficient practices, Schaeffer said. With time allowed for public comment, congressional reaction and final revisions, the rules probably couldn't be published in binding form until the end of the year, he said.

The regulations, billed by Schaeffer as simpler and less costly than last year's proposals, drew little enthusiasm from the American Hospital Association, the nation's main hospital organization, or from the Federation of American Hospitals, representing 1,000 for-profit hospitals.

An AHA spokesman said the proposed requirements may be somewhat less burdensome than last year's—the instruction book for answering the questionnaire is 305 pages instead of 600—but still appear cumbersome. "We are not ready to embrace and endorse this in any way," said the AHA spokesman.

Mike Bromberg, executive director of the FAH, said he felt many of the changes from the earlier proposal are "relatively cosmetic." He said the aim is still the same—to impose on hospitals, by a new system of reporting, a basic reduction in Medicare and Medicaid reimbursement, the result of which he said would be to force hospitals to charge private patients and insurance companies more to maintain quality services.

"The hospital profit margin is only 3 percent. Costs are high," Bromberg said, "but that doesn't mean someone's ripping us off. Quality care is costly."

Schaeffer said Congress, recognizing that the federal government is paying about 40 percent of the nation's basic hospital costs by pumping out $25 billion a year to hospitals under Medicare and Medicaid, mandated a uniform reporting system in 1977 legislation.

Schaeffer said HEW simplified last year's proposal by reducing the size of the manual forms to be filled out. As a result, he said, instead of costing $10,000 a year per hospital, the reporting would add $5,330 to operating costs, and HEW would pay for one-third of this.

Schaeffer said hospitals today generally report their expenses by organizational units, but because each hospital is organized a bit differently from others, the accounts aren't comparable. Under the new proposal, accounts would be reported according to activities, using uniform definitions.●

## IRELAND'S NEW PRIME MINISTER CALLS FOR SOLUTION TO ULSTER CONFLICT

## HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. BIAGGI. Mr. Speaker, for the past 2½ years I have served as chairman of the Ad Hoc Congressional Committee for Irish Affairs. The committee, which now has 132 members, was created to help advance a more positive U.S. role in the development of peace and justice for war-ravaged Northern Ireland.

As we assess the progress we have made, it is clear that the committee has raised the issue from a position of relative obscurity to one which now enjoys national and international visibility. However, the most significant prospects for change may in fact rest with the new leadership of the Republic of Ireland's Government. I refer to Prime Minister Charles Haughey who succeeded Jack Lynch as Taoiseach.

Charles Haughey's first major speech as Prime Minister came in mid-February when he addressed the party conference of his Fianna Fail Party in Dublin. His speech concentrated on the continued strife in the north of Ireland. However unlike the previous Governments' policy of noninvolvement, the new Prime Minister made his point very clear: "This Government sees Northern Ireland as the major national issue and its peaceful solution as our first political priority".

I consider these to be most encouraging words. They can be the catalyst for real movement. Mr. Haughey in this same speech proposed the convening of an international commission on Northern Ireland which would include participation by the United States. I have communicated directly with top officials of the State Department to urge serious consideration be given to the idea.

As we evaluate the present situation in Ulster, we find that the so-called Thatcher peace conference initiative, as welcome as it was, has failed. Its demise can be traced to two major factors. The first was the limited nature of the participants, or more specifically, that only the four major political parties in the north were invited. Wide segments of political thought were overlooked and most conspicuous was the absence of any involvement by the Irish Government. The other problem was the limited nature of the agenda for the conference. There was in fact no Irish dimension built into these discussions, and despite the many proposals which have surfaced regarding the future of Ireland, the conference limited itself to a rehashing of old formulas for limited self-rule in the north.

I have urged repeatedly that Mrs. Thatcher simply apply the same techniques that she used in achieving her remarkable accomplishments in Rhodesia to the Irish question. This means involving all parties to the dispute in the discussions. Most certainly this includes the Haughey government.

Our committee continues to feel that the United States is in an excellent position to assist in the peace process in Ireland. We speak of our involvement in terms of being a neutral broker—as compared to seeking to impose any conditions or solutions. Above all we believe that dialog is essential to the process—a free and open dialog between all sides.

At this point in the RECORD, I insert excerpts from the excellent speech made by Prime Minister Haughey as published in the March edition of Europe magazine:

NEED FOR SOLUTION INCREASINGLY URGENT

(By Charles Haughey)

We must all be conscious of the fact that even as we gather here, the tragedy of the North continues. Violence, suffering, and death are a normal part of everyday life. There are whole neighborhoods that can hardly remember normal conditions and where thousands of young people have grown up knowing only tension and strife.

The need for a solution becomes increasingly urgent. Unless one can be brought forward soon, the situation could well become irretrievable. We know from history that under such stresses it is possible for society to deteriorate beyond recovery. In the view of some observers, Northern Ireland may well be on the verge of such a phase.

The picture is a depressing one. Agriculture and industry in Northern Ireland now produce less than in the early 1970's. The population has been static or has fallen. Unemployment in some places is more than 20 percent.

In these conditions, feelings of hopelessness, isolation, and despair among individuals and families can become so deep and so widespread that the will to restore the values and relationships of a normal society may well disappear over large areas and leave behind communities that are utterly deprived in human and social terms. Surely the fine people of Northern Ireland deserve better than this.

All but a tiny minority understand that violence can never bring a solution and that it serves only to perpetuate division and hatred.

Let us make it absolutely clear that no Irish Government will tolerate any attempt by any group to put themselves above the law or to arrogate to themselves any of the functions of government.

There is one army in this state, one police force, and one judiciary, appointed under the Constitution, to uphold our laws. The Government, acting for the people, will ensure that these laws are effective and are enforced. Democracy will be defended and the rule of law upheld. That is an essential element of national policy.

For over 60 years now, the situation in Northern Ireland has been a source of instability, real or potential, in these islands. It has been so because the very entity itself is artificial and has been artificially sustained. In these conditions, violence and repression were inevitable.

Should the present constitutional conference help to ensure civil rights and equality for all the people of Northern Ireland and to ensure also that security operates impartially, then so much the better. But the conference itself cannot provide a conclusive settlement. We must face the reality that Northern Ireland, as a political entity, has failed and that a new beginning is needed. The time has surely come for the two sovereign governments to work together to find a formula and lift the situation on to a new plane that will bring permanent peace and stability to the people of these islands. No settlement can be contemplated now that merely sows the seeds of future discord.

There are massive financial, security, and constitutional questions to be solved, guarantees to be worked out. But a start must be made. In my view, a declaration by the British Government of their interest in encouraging the unity of Ireland, by agreement and in peace, would open the way towards an entirely new situation in which peace, real and lasting, would become an attainable reality.

For our part, we gladly declare that we have no wish to dominate or coerce. The evils of domination and coercion at the hands of others are too deeply embedded in our folk memory for us ever to start down along that reprehensible road.

Let me also say that in any discussion or negotiation that may be embarked upon, or any settlement that may be proposed, the safety and welfare of our fellow countrymen of the protestant faith in Northern Ireland would be for me, personally, a special priority. I have lived among them as a boy. I know their qualities, I admire their virtues, I understand their deeply held convictions. It would be my concern to ensure that their place in the Ireland of the future was secure, that their talents and industry were given every opportunity to flourish, that their traditions were honored and respected.

Northern Ireland casts a long, dark shadow into every corner of these islands. The effects of the violent and unstable situation there are felt in a hundred different ways.

Because of it, political life in this part of the country is a great deal less fruitful and constructive than it would otherwise be. We are forced to accept unpalatable measures, restrictions, and curtailments of freedom that are alien to our outlook and our character.

In the economic situation that confronts us, the cost of the security measures directly attributable to the Northern situation—about 70 million pounds—is becoming increasingly onerous for us to bear. It represents an allocation of scarce resources that could well be used for many urgent, desirable social purposes. Northern Ireland distorts official relations between Britain and Ireland. It hinders too the development of friendship and cooperation at every level between ordinary people in these islands who have such a great deal in common and who have such close personal ties going back over many generations.

Perhaps more than anything else however, the situation in the North prevents the coming together of all our cultural traditions in a full flowering and the harnessing of the energies of all the people of this island in a combined effort for their betterment, their welfare, and their happiness.

We look forward to some new free and open arrangement in which Irishmen and women, on their own, without a British presence but with active British good will, will manage the affairs of the whole of Ireland in a constructive partnership within the European Community.

This Government sees Northern Ireland as the major national issue and its peaceful solution as our first political priority.●

## RECLAMATION LAW AMENDMENTS

### HON. GUNN McKAY

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. McKAY. Mr. Speaker, at some time during the next several weeks we will have before us a bill to modernize the Reclamation Act of 1902. I would like to take this opportunity to comment on one aspect of the controversy that surrounds this legislation and that is the issue of farm productivity.

The consumers of the United States should be made aware that one of the reasons they eat better for less cost than any people in the world is because of the productivity of American agriculture. We are now being treated to the spectacle of the U.S. Department of Agriculture trying to choke off Federal funds into research into cheaper ways to grow food in this country. This is being urged upon us on the ground that it is not good for the Federal Government to do anything that would reduce the number of jobs available for farmworkers.

What is not said is that these laborsaving devices have made it possible to provide cheaper food to put on American tables.

The same issues are at stake in the reclamation law amendments which are now being considered by the Water and Power Resources Subcommittee of the House Interior Committee. The question is whether the Federal Government is going to decide by decree how big a farm should be, or whether we are going to let the farmer decide how big his farm should be. It is not a question of whether a 160-acre farm or a 1,280-acre farm is more efficient than a 2,000- or 4,000-acre farm. The question is whether enough food can be produced on small farms to produce the food this country needs, at prices people can afford.

American farmers, left to their own initiative, can grow the food we need in this country. Social planners cannot. American consumers should not be asked to subsidize social experiments with the most successful farming system in the world.●

## "I DON'T WANT TO BE THE LAST FARMER IN THIS FAMILY"

### HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. JONES of Tennessee. Mr. Speaker, I would like to call to the attention of my colleagues an article in the March issue of Nashville magazine. It is a statement of our times and one which I fear is becoming all too common across our country. The article deals with the plight of the small farmer. This particular article deals with a longtime, close, personal friend of mine, Mr. Herschel Ligon. I hope the Members of this body will take the time to heed Herschel's plea, because once the small farmer is gone, he will never be replaced. I feel the title of the article says it all—"I Don't Want To Be the Last Farmer in This Family."

The article follows:

### "I DON'T WANT TO BE THE LAST FARMER IN THIS FAMILY"

(By Michael J. Kosser)

The drive east from Nashville to Lebanon is a classic lesson in the paving of America. Lebanon Road beyond Donelson is patchwork of shopping centers, franchise food monstrosities and subdivisions, occasionally interrupted by a stretch of green waiting only for the right price to be turned into more shopping centers, franchise food monstrosities and subdivisions.

Yet a mile and a quarter east of the Metro line you'll find Herschel Ligon, who calls himself "the last of Middle Tennessee's poverty farmers." Unlike most everyone else in the area with a bit of open space and a few cows, Herschel doesn't farm for a hobby. Year after year he scratches a living out of 250 acres of clay just as his Cloyd forebears have done since John Cloyd settled the land in 1789. Herschel uses a tractor instead of mules, of course, but only grudgingly. "If I were able," he insists, "I'd go back to mules right now. It's more economical."

Realtors and developers would scoff at Ligon's claims of poverty. What he sees as a fine place to raise kids and food for America, they see as a million dollars worth of prime business and residential property, Nashville's gateway to the east in the modern-day scheme of suburban sprawl.

"I've got enough high-priced land," says Herschel, "that my wife and I could live like royalty in Florida . . . but then what would the children have?" He pauses. "And my forefathers must have felt the same way or we wouldn't have this land today." He shakes his head. "What my father went through in the Depression. How he had to struggle to hold this thing together.

His father is dead now. He died last year at the age of 90, the last of 13 children. He's buried in the family graveyard on a hill not far from the Cloyd farm, the same hill where Herschel buried his two mules who died two and four years back.

But the sixth generation of Cloyds has stayed with the land. Both of Herschel's sons, Bill and Jim, earned agricultural degrees from the University of Tennessee. Bill, the oldest, teaches vocational agriculture in Westmoreland and Jim manages the farm at Tennessee Tech.

To city folks, 250 acres sounds like a lot of land. But that's not much to support a modern American farmer—prices aren't high enough—unless there's something very special being raised on the farm. Herschel raises something special: prize-winning Poland China hogs, which last year swept their division at the Arkansas State Fair and won Grand Champion Boar at the Kentucky State Fair and the Mid-South Fair in Memphis. Herschel sells first-class Poland breeding stock, as well as cattle, lambs and even an occasional turkey. Yet in spite of the great prestige of the Cloyd farm's southern swine breeding stock, Herschel did not make enough money to pay income tax last year.

"I'd love to pay taxes," he says. And then he launches into his favorite subject, on behalf of which he has traveled thousands of miles to speak before farmer groups, consumer groups and government committees: parity for the American farmer. (Parity is a price for certain farm products designed to keep the purchasing power of the farmer at the level of a designated base period.)

In his book "The Americanization of Dixie," John Egerton describes Herschel Ligon as a "Jeremiah in brogans and khaki pants, a warning voice in the emptying rural countryside."

"You've seen what's happened to the price of oil," says Ligon, his square jaw sternly set. "When they liquidate the private enterprise farmers like me and the big corporations take over, food'll be next to skyrocket in price.

"Until a few months ago, hog prices were better," he continues, "and with my working 12 hours a day seven days a week, wife working away from home, me using worn-out equipment and my sons lending a hand when they could, the overdrafts at the bank weren't as frequent. Now hog prices are at half price, and you don't move much breeding stock at that price."

"But if I knew I could get parity of price, I could borrow $100,000 to spend on essentials. We could get our sawmill going, work a couple of families on the farm in addition to us. We could build the boys a house and they could be here full time. I'm positive that if they could make the kind of living that society expects, they'd both be here now—and my wife wouldn't have to work. There's three more jobs to unemployment. Look what we'd do for the economy."

The more you listen to Herschel Ligon, the more you realize that he never, ever entertains the slightest thought of giving into the signs of the times and selling out. Each year the noose of subdivisions around the farm gets tighter and tighter, and the menace of municipal government with its high taxes and restrictive ordinances gets closer and closer. Yet he'd no more give up the land of his fathers than he'd give up his life or the lives of his sons. Early every fall and again in the spring he drives his polled shorthorn cattle from one pasture to another right down the street of an intervening subdivision without undue fear for the future of his threatened way of life.

He chuckles. "Some of the cows, they've gone that way before and the rest follow. Once in a while a bush or something gets damaged, but we set it right. We've never had a complaint. Most of the neighbors are nice folks and they love living near a farm."

Yet farming in the middle of suburbia is practically a daily struggle.

"For one thing," says Herschel, "there are the dogs. Dogs have killed at least 100 sheep and lambs and 100 pigs over the years. They got 13 of my ewes at one time. Those dogs come with the civilization. But I've got some of the finest neighbors in the world.

"Another pressure is the kids," he adds. "They cut your fences, tear your haystacks down—and that turns the livestock into your crops. And they set fires. They burned down the building with my grain fan in it and I could sure use it now. I don't intend to build another barn up yonder until somebody lives up there."

Then there's a local independent fire department, which Herschel says burned down the barn "trying to scare us into protection."

While Ligon's farm does not fall within the clutches of Metro and the potentially spiraling tax structure that is the lot of most of today's cities, Mount Juliet, to the east, has over the past three years been casting hungry eyes around for land to annex to broaden its tax base. An attempt to gobble up almost 20 square miles several years back brought the countryside to the brink of revolution. This year Mount Juliet very quietly went after a couple of subdivisions along Lebanon Road. Saddened by what he judged as a lack of fighting fervor among the city's potential new citizens, Herschel decided to seek a separate peace.

"I called the mayor," he remembers, "and told her I'd be more trouble than I was worth and she agreed. They've annexed all around me, except for a couple of neighboring farms."

A political scientist would have a difficult time classifying Hershel Ligon's position on the political spectrum. A World War II veteran who went in a private and came out a captain, Herschel believes in universal military training. His feelings about the late Vietnam war are classically conservative ("They should have let us win it and get out") and his attitude toward private property is what one would expect from an independent farmer working a 200-year-old birthright.

But his farm would be a positive joy to today's young liberals who are so concerned about ecology.

"Crops are earning a diminishing return from chemical fertilizers," he says earnestly. "I don't use chemicals' I use natural fertilizer and crop rotation. We produce all our own hay on that 70 acres up the road and most of the grain—wheat, oats, barley, grain-sorghum—that we need for our stock. We don't bail our hay; we stack it like they did in the old days. And we winter the cattle up there, then all the hay that falls to the ground goes back into soil.

"We used to bail hay when we had the barn, but the fire department burned it down. Three years later the guy who did it admitted it. Now we use a stacker.

"We can succeed," he insists, looking the odds against him squarely in the eye, "because we produce prize-winning hogs and we do it by hard work and careful attention to detail—food, buildings. . . . We also provide lambs to Vanderbilt for baby research and they give parity of price. They say lambs have systems a lot like human babies."

The turkeys and the gaming chickens that flap around the barn are there because "I never denied the boys any animal they ever wanted, except I wouldn't have goats."

Then there are the horses. "I hope the mares get bred this time," he says, "because this'd be the first time the family's been out of horses [the horse business] in 190 years."

When Herschel is not out in the field, he is highly visible as the unpaid president of the Registered Farmers of America (RFA), an organization he formed more than a decade and a half ago. More accurately, he IS Registered Farmers of America. "As I go, so RFA goes," he admits.

The creed of the RFA is summed up neatly in the quotes and paraphrases included by Egerton in The Americanization of Dixie:

"Reduced to its barest essentials, the idea is this: anybody who earns at least two-thirds of his annual income from the sale of agriculture products produced by him on the farm should be designated as a 'registered farmer'; the federal government should guarantee 100 percent parity of price for all such agriculture products sold by registered farmers. . . ."

"If you make farming profitable for real farmers," Egerton quotes Herschel as saying, "people who love the land will return to it. They could pay their debts and pay their taxes. People who have migrated to the cities because they couldn't make a decent living on the farm would come back. We could make the price of food reasonable and give a lot of people a new sense of purpose."

By now you might well get the feeling that even in the seventh decade of his life, this tough warrior who once led troops onto Utah Beach must tilt at windmills when instead he could be enjoying the pleasures of the good life America has to offer those with the cash it takes to buy it. He fights politicians and bureaucrats and speaks his mind with a minimum of tact.

He comes from tough stock. At the age of 87, his mother still runs an antique shop in Donelson, as she has since 1941. As for his father: "When the war came, I could have stayed home and farmed if I'd wanted to. Father said, 'Now son, you do your part and I'll get by somehow.' He took care of his bed-ridden uncle and three farms—alone. He'd feed his team then he'd walk down the road and feed his uncle, then he'd walk back."

His brow darkens as conversation returns to thoughts of the Registered Farmers of America. In recent years he's seen the need to unite farmers and consumers and to that end his organization has been admitting consumers as associate members of the organization.

"Agriculture," he claims, "produces 71 percent of our raw material. See those big raises Congress has been voting themselves in recent years? That's their version of parity. Congress thinks they're entitled to parity but farmers aren't!"

Sooner or later, the battle will take Herschel back to Washington, D.C., where he has testified and visited with powers-that-be. "I don't mind telling you," he says, "I'm gonna make an effort to get a hold of Jimmy Carter."

Look into Herschel Ligon's face and you'll see strength of purpose. You'll also see a little humor. But you'll see sadness, too—too much sadness for a man who loves life as he does. A man who does his job as well as he does shouldn't have to fight so long and hard just to exist. He should be able to draw an occasional breath of clear air and be able to put his head on a pillow at night without worrying that in the morning someone is going to find a legal way to steal his life from him.

"I've been fighting this farmer thing since 1960," he says, "and I have a selfish motive.

"I don't want to be the last farmer in this family."●

## ITC AID EXTENSION URGED

## HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. LEE. Mr. Speaker, I would like to call to the attention of my colleagues the plight of the color television industry and its workers. The jobs of more than 65,000 Americans depend upon this, the only remaining large segment of the domestic consumer electronics industry.

Ten labor organizations and five companies have joined in a coalition called Compact, the Committee to Preserve American Color Television. Their purpose is to save the color TV industry from going the way of the black-and-white television industry—into oblivion.

This coalition has petitioned the U.S. International Trade Commission and the President for an extension of the import limitations on color TV sets from Japan, Taiwan, and Korea. In 1977 the President granted 3 years of relief after the ITC had recommended 5. But because Taiwan and Korea and other countries sprang end runs around the limitations, the import relief has been effective for only 1 year.

I commend to my colleagues a news article which appeared recently in the Corning, N.Y. Leader. It touches on some of the highlights of the testimony given before the ITC by the cochairmen of the Compact coalition, Jacob Clayman, representing the Industrial Union Department of the AFL-CIO, and Allen W. Dawson, executive vice president of Corning Glass Works.

### ITC AID EXTENSION URGED

WASHINGTON.—The U.S. International Trade Commission was told today the American consumer electronics industry is on the verge of a "new and explosive era of telecommunications growth."

But it was quickly added that this is incumbent on President Carter extending the import relief program for color television receivers, the industry's financial mainstay.

Allen W. Dawson, executive vice president of Corning Glass Works, emphasizing that color TV prices have proved anti-inflationary for a decade, said the alternative to an extension of import relief would be to see the consumer electronics industry "wither up and disappear from our shores."

Jacob Clayton, representing the Industrial Union Department, AFL-CIO, testified at the ITC hearing that employment in color television plants has continued to decline in spite of the Orderly Marketing Agreements the U.S. signed with Japan, Taiwan and Korea. All three OMAs expire June 30 unless the President extends relief.

Clayman and Dawson are cochairman of COMPACT, the Committee to Preserve American Color Television, a labor-industry coalition comprised of four companies and 11 labor organizations.

Other witnesses supporting an extension of import relief at the hearings today include: Charles Pillard, president, International Brotherhood of Electrical Workers (IBEW); George M. Parker, president, American Flint Glass Workers; George Konkol, president, Consumer Electronics, GTE Product Corp.; Thomas M. Hafner, senior counsel, Magnavox Consumer Electronics Co., and Stanley Nehmer, president, Economic Consulting Services, Inc.

Richard Sturgeon, IBEW local business representative, testified to the hardships suffered by Sioux City, Iowa, workers when imports forced Zenith Corp. to eliminate 5,000 jobs and close several plants in late 1977 after the OMA with Japan took effect.

The OMA with Japan, which came too late to save the jobs of many thousands of workers, did cut Japanese color TV imports. However, Taiwan and Korea made up for the Japanese cutback and 1978 was a near record year for TV imports. OMAs with Taiwan and Korea were signed in 1979 but the first two years of the relief program had already been undermined and the domestic industry has had less than a year of effective relief against the five years recommended by the ITC and the three granted by President Carter.

Dawson, an engineer who has spent 32 years with Corning Glass, testified that although the OMAs have enabled the industry to survive the results "have been far from what he hoped." Profitability has not improved significantly, employment is down, and import levels remain high.

Clayman pointed out that "a sharp increase in imports of incomplete (TV) receivers or subassemblies—had particularly devasting effects on employment because this is the most labor-intensive part of the television production process."

He pointed out that direct employment in color TV manufacturing declined from almost 42,000 in 1973 to 29,000 in 1976 to 26,000 today. "Additional thousands of workers in supplier industries have lost their jobs as well." Clayman said. COMPACT estimates that a total of 65,000 jobs are at stake in the present effort to extend import relief.●

## HENRY HYDE

## HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. MICHEL. Mr. Speaker, the Chicago Tribune magazine recently carried an article about our distinguished colleague, HENRY HYDE. As a fellow Representative from Illinois and a long-time admirer of HENRY's legislative and oratorical skills, I am delighted to place this article in the RECORD.

At this point I wish to insert in the RECORD, "Ever the Thunder From the Right" from the Chicago Tribune, March 23, 1980.

### EVER THE THUNDER FROM THE RIGHT

HENRY HYDE, ANCHORED FIRMLY IN AN OLD-FASHIONED CONSERVATISM, HASN'T YET SHAKEN THE "ONE ISSUE" IMAGE BROUGHT ON BY HIS MILITANT OPPOSITION TO ABORTION

(By Raymond Coffey)

It was "almost an accident * * * dumb luck * * * we fell into it," Henry J. Hyde recalls now of the day that put him into the history books and his name into the American political vocabulary.

This was also an occasion that sent battling Bella Abzug and some of her militantly feminist congressional colleagues "right through the roof," Hyde recalls with lingering and unfaded relish. The date was June 24, 1976, and Hyde was an obscure freshman congressman from Chicago's western suburbs, sitting on the floor of the House of Representatives with Rep. Robert Bauman (R., Md.) when along came a bill that included a $50-million appropriation for abortions for poor women under the Medicaid program.

Both Hyde and Bauman favor a constitutional amendment to ban abortions and thus negate the 1973 U.S. Supreme Court decision that largely undid state laws against abortion. But the chances, if any, for getting that kind of amendment into the Constitution are years down the road.

The $50-million appropriation, though, struck both representatives as at least an opportunity to make a point. So they sat down and "scribbled out in longhand, right on the spot," an amendment to the bill to bar federal funding of Medicaid abortions unless the mother's life was endangered.

Bauman was for some reason reluctant to introduce the amendment, so Hyde marched up to the clerk's table and put it in himself. No one was more surprised than Hyde when the amendment was adopted. Hyde says he and Bauman had just wanted a recorded vote to test the strength of anti-abortion sentiment and force members of Congress to stand up and be counted. "We didn't know it (the strength) was there." Hyde said.

That amendment or a compromise version has been passed in both the House and Senate every year since. And even though, in some years, the language was not always Hyde's, the amendment has always borne his name in the emotionally charged political and legal controversy that it provoked.

That controversy, once again before the U.S. Supreme Court, has permanently ended Henry Hyde's political obscurity. And winning one's way into the history books as a first-termer is a fate most members of Congress would suffer with some enthusiasm. But Hyde is uneasy about the fact that the "Hyde Amendment" has given him something of an image as a "one issue" politician. The amendment has become a totem that threatens to smother the identity of Henry Hyde.

His fiercer critics among the proabortion lobby tend to paint Hyde as a political dinosaur; an unfeeling, uncaring conservative who might regard Genghis Khan as an Eastern liberal; an unread yokel; a stern, forbidding, unsmiling fanatic; an uptight ogre.

They send him hate mail and rusty coat hangers, symbols of the illegal back-alley abortion butchery they feel his amendment will revive. They distribute leaflets depicting him as a wild-eyed, wild-haired ogre draining a drink from a goblet while wretched urchins look on. The caption reads "The Infamous Mr. Hyde," an effort to equate him with the evil half of the Dr. Jekyll-Mr. Hyde phenomenon in Robert Louis Stevenson's famous story.

"The problem" says a veteran Capitol Hill staffer, "is that people have this idea that liberals are a lot of fun and have a lot of fun and that conservatives are a bunch of pokes." The problem with that idea, and with much of the picture painted by his critics, is that it does not fit Henry Hyde.

Actually, finding anything that fits Henry Hyde is a bit of a problem. He is a huge man—6-feet-3-inches and (to be fittingly conservative about it) about 265 pounds, topped with a distinguished-looking, silver-white mane.

He hardly fits the stereotype of the austere fanatic or crusader. He is an indelibly Chicago-style politician—complete with blue-stone pinkie ring, white-on-white shirt, and big cigar—who would look comfortable in a smoke-filled room.

And he is anything but uptight. Colleagues in both parties count him one of the most jovial, genial, relaxed men of Capitol Hill. He has a bottomless bag of gags, jokes, one-liners, and stories; there is nothing he enjoys more than sitting around telling them; and no one laughs harder or oftener than Hyde.

There's his story (true) about the little guy named Vito who wanted desperately to be a Chicago cop but was a half-inch too short. After weeks of being put through stretching exercises by a doctor, Vito was still an eighth of an inch too short.

"No problem," said the doctor, "bend over." Vito bent over the and the doctor thumped him on the head with a hammer—raising a bump that was just big enough and lasted just long enough for Vito to pass the physical and get on the force. Then there's the one about the "lesson in humility" Hyde got in a men's washroom at O'Hare Airport. Some wise guy had printed on the air blower for drying hands, "Press button and listen to your congressman."

Hyde, in fact, seems generally less uptight than his critics. He loves to tell the story of the time the American Civil Liberties Union (ACLU) had a "private eye" tail him to Sunday mass at St. Thomas More Cathedral in Arlington, Va., where he was taking part in a ceremony supporting the anti-abortion movement. The ACLU idea, apparently, was to try to demonstrate that Hyde, in his anti-abortion drive, was trying to impose on the country the doctrine of the Catholic Church, of which he is a devout member.

The ACLU, Hyde says, tried to file an affidavit, in a court case attacking the Hyde Amendment, that reported he had attended the mass and received communion and noted that in the basement of the cathedral there was a statue of St. Thomas More.

The statue was emblazoned with the saint's statement, when King Henry VIII of England had him beheaded, that "I die the king's good servant but God's first."

Hyde finds "outrageous" the idea that anyone, especially the ACLU with its * * * Washington seems ever to have heard of him before the "Hyde Amendment," that was not Hyde's first taste of celebrity in the nation's capital. Unlikely as it may seem now, given his girth, Hyde was an outstanding basketball player in his youth. He made All-Catholic at old St. George high in Evanston and went on to Georgetown University in Washington where, as a 19-year-old freshman, he held the mighty George Mikan of De Paul, later to become pro basketball's first giant superstar, to one free throw in the second half of the NCAA Eastern championships in New York in 1943.

Georgetown's starting center fouled out of the game, and then Hyde was assigned to guard Mikan, who at 6-feet-11 was 8 inches taller than he. "I could barely see under his armpits," Hyde recalls, "but I gave him a push every time he got the ball (and got away with it), and he only got one lousy free throw the whole second half. I got one basket, so I outscored him," Hyde recalls. "I was a skinny 180 pounds then," he adds ruefully. (Georgetown, incidentally, won the game, 53-49.)

Henry John Hyde was born in Chicago April 18, 1924. His father, of English Descent, was a coin collector for the telephone company; his mother, the former Monica Kelly, was Irish. He had one adopted brother, who died as a young man, and one sister.

Hyde and everyone close to him agree that his intensely Catholic Irish mother was the principal influence on his life.

He grew up in Rogers Park in an Irish environment in which, he says, the three institutions everyone put their faith in were "God, the Democratic Party, and the White Sox."

After his freshman year at Georgetown, Hyde joined the Navy and was sent to the V-12 officers training program at Duke University—where he also played basketball on a team that won the Southern Conference Championship.

He was commissioned in the Navy in October, 1944, and, just out of his teens, served as the skipper of a transport ship in the South Pacific until August, 1946. Then he returned to Georgetown to get his degree, going on to Loyola University law school in Chicago, where he graduated in 1949.

At a basketball game in Washington soon after the war, Hyde met his future wife. He insisted on taking her home in a cab because "this was no neighborhood for a young lady to be out in alone," Jeanne Simpson Hyde recalls. "That night he asked me out again," she says. "On our third date he asked me to be his prom date," and two weeks after that they were engaged. They were married in November, 1947, while Hyde was still in law school.

The Hydes are the parents of four: Henry Jr., 30; Robert, 27; Laura, 23; and Tony, 18, who is the only one still at home and who will be graduating from high school this year.

When Henry Hyde was in college, he was, true to his Chicago Irish heritage, a Democrat—a vehement one. He cast his first presidential vote for Harry Truman in 1948. "He was a feisty little guy, and I just couldn't warm up to the other guy (Thomas E. Dewey)," Hyde says.

"I was raised a Democrat. We were working people. The Republicans were WASPs, the entrepreneurs. My folks didn't have any money. I paid my high school tuition by doing janitor work. I went to Georgetown on a basketball scholarship."

But during the war, Hyde says, he began to have doubts about the Democrats. A fellow Navy officer, Hyde says, was—a Communist and had a lot of Marxist literature that Hyde borrowed and studied. "I became concerned," he says now, that (President) Roosevelt did not understand the Communist threat. . . . I thought the party of the working man was being taken over by a well-off academic elite that thought 'left was beautiful.' "

### HYDE CONTENDS THAT ABORTION IS "NOT A BURNING ISSUE" IN HIS OWN DISTRICT

Finally, Hyde says, he decided the Democrats had "moved too far left" and, while still a registered Democrat, he campaigned for Dwight D. Eisenhower in 1952.

Meanwhile, he had become a successful trial lawyer, well-known for his eloquence and skill in courtroom dramatics. His first political campaign was for Congress in 1962, and he lost to Roman Pucinski, now a Democratic alderman in Chicago.

Hyde took office as a state representative in 1967 and served in the legislature for four terms, until 1974, becoming Republican majority leader in 1971-72 until he fell victim to some intraparty warfare at the hands of former Gov. Richard Ogilvie and his supporters.

It was while serving in the legislature that Hyde first became involved in the abortion issue, opposing a bill to liberalize Illinois' abortion law. And it was in the process of that battle, he says, that he formed the attitude that has brought him his present prominence.

It was also in the legislature that Hyde pulled off what he still considers one of his proudest political achievements—passage of a law requiring county treasurers to deposit funds in interest-bearing accounts, a law that has produced millions of dollars in revenue and ended the cozy system under which favored banks got huge deposits of public money without having to pay any interest.

In 1974 Hyde won a five-man Republican primary race to succeed the retiring U.S. Rep. Harold Collier in Illinois' 6th Congressional District and went on to defeat former Cook County State's Atty. Edward V. Hanrahan in the general election. Mr. Hyde went to Washington and has been there ever since.

Hyde beat Hanrahan 66,000 votes to 57,000 in the 1974 race, and his victory margins have widened spectacularly since then; he beat Marilyn Clandy 105,000-69,000 in 1976 and Jeanne Quinn 87,000-44,000 in 1978. His Democratic opponent in this year's race is Mario Reda.

By the time he arrived in Washington, Hyde's Democratic past, like that of his hero, Ronald Reagan, had been long abandoned. Not only had Hyde become a Republican, he had become a staunchly, combatively conservative Republican. He makes no bones about it.

In a day when politicians seem always to be seeking the center, when liberals call themselves progressives and conservatives prefer to be described as moderates, Hyde is unabashedly, unblushingly on the political right.

The anti-communism that Hyde says first started giving him doubts about being a Democrat is now an important ingredient in his conservatism. So is the old-fashioned, flag-waving sort of patriotism that some people now seem to find corny.

Last January, Hyde, who does a lot of traveling abroad on the kind of congressional trips often criticized as junkets, made his first visit to Hanoi and Peking on a trip that also took him to Thailand, East Timor, Indonesia, and the Philippines. For all the recent American fascination with China, Hyde remains largely unimpressed. "A grim, dismal existence" is what Communist China looked like to him.

While they were being escorted around Peking, the guide pointed out to Hyde and his colleagues big portraits of Marx, Engels, Lenin, and Stalin hanging in a public square.

Never one to duck the direct approach, Hyde asked the guide if she thought portraits of Lincoln and Jefferson would ever hang along with those of the Communist heroes. The guide looked absolutely dumbfounded. Hyde recalls with a hearty laugh.

As far as he is concerned the Chinese Communists are "still interested in world revolution" and "I think we should count our fingers when we shake hands with them.

"I hope." he says, with a sarcastic dig at recent U.S. policy on allowing the Russians to buy U.S. high technology, "that we won't burden the Chinese with too much American high technology."

While in Peking he asked about the fate of the Catholic archbishop of Shanghai, who has been in prison for 20 years. Hyde feels that under President Carter's much-touted human rights program "we only burden our friends with human rights questions" while letting Communist regimes get away with murder.

Hyde is strong on patriotism, and he doesn't feel the United States gets all the credit it deserves in the world. What seemed to please him most about his January trip to Asia was seeing the American flag imprinted on the bags of rice being given to refugees in East Timor.

Hyde played a key role recently in the congressional move to honor the late movie star John Wayne with a special gold medal. Hanging on Hyde's office wall is a photograph of him and actress Maureen O'Hara, a leader of the Wayne medal campaign. "Without your assistance, Duke's medal might not have read John Wayne—American." O'Hara's inscription on the photo reads. "My thanks forever and ever."

Hyde's office walls also are lined with pictures of him with Ronald Reagan, the Pope, conservative columnist William F. Buckley, Jr., and assorted Presidents.

It clearly bothers Hyde that some people think of him as a "one issue" (abortion) politician. Hyde says it is "not even a burning issue" in his own district that takes in suburbs including Cicero, Berwyn, Melrose Park, Maywood, Franklin Park, Oak Park, and River Forest, and stretches to Addison Township in Du Page County.

Some of the other issues, almost all conservatively oriented, on which he is active include pushing for a constitutional amendment requiring a balanced federal budget and a bill to allow taxpayers to designate $1 a year of their income-tax payment to be used to reduce the national debt.

He also is sponsoring a constitutional amendment to limit U.S. Supreme Court justices to a single 12-year term, instead of their present lifetime appointments. He opposes the Equal Rights Amendment and draft registration of women.

And he is co-sponsor of bills to restore deductions for state and local gasoline taxes on federal income-tax returns and of a proposed "American Dream Act" to help more people buy homes. The idea is to allow "graduated mortgage payments," which would start out low and then increase over the life of the mortgage as the homebuyer's income increased.

Along with such larger matters, Hyde also is a firm believer that a politician must provide "personal service" to his constituents—an idea Chicago ward committeemen and precinct captains have turned into a high art.

Hyde currently is active in opposing any move by President Carter or Mayor Byrne to remove military facilities from O'Hare Airport to make room for construction of a new international terminal. Opponents of the Carter-Byrne plans contend moving the Air Force Reserve and Air National Guard facilities at O'Hare would cost taxpayers millions of dollars and a proposed move to Cleveland of the Defense Contracts Administration office now at O'Hare would cost the Chicago area hundreds of jobs and a $20-million annual payroll.

Hyde goes back to his district almost every weekend to give speeches, attend church and civic and political functions, and listen to and help out with voters' complaints and requests.

"The weakness of the Republican Party in the suburbs is complacency," Hyde says. "Service to people is the secret of political success." And Hyde, on a weekend visit to his district, is the very picture of the skillful, successful, Chicago-style politician.

On the streets, in a coffee shop in Cicero, at a Lithuanian Independence celebration at St. Anthony's Catholic Church, he seems to know—and be known by—almost everyone.

In the coffee shop he has a big hello and a big slap on the back for Frankie Belmonte, the Cicero Democratic committeeman and candidate for mayor. "We work with them all," Hyde chortles as Democrat Belmonte moves on.

At one of his three offices in the district Hyde listens and issues instructions as his aides give him a rundown on problems constituents have come in with that week.

Soon Hyde is off on another story, about all the bizarre requests for help a congressman gets. There is the man whose daughter is engaged to a sailor at sea on an aircraft carrier. The sailor hasn't written for weeks, and the voter's daughter is distraught. Can Hyde get the Navy to order the sailor to write his daughter? Well, Hyde doesn't do it that way exactly, but the sailor gets the message and writes.

On the way to St. Anthony's, he talks about how the Lithuanians—fiercely anti-Communist—are "good people, the salt of the earth." In their neighborhoods, he says, echoing the conservative law-and-order theme, "you can walk the streets at night and feel pretty comfortable."

There is one stop on this particular winter weekend where Hyde is obviously a little uncomfortable himself. He has been invited to speak on abortion at a public-issues forum on Sunday morning at the Pilgrim Congregational Church in Oak Park. The church has a husband-wife pastoral team, and the church is part of the United Church of Christ, which has taken a stand basically against the Hyde Amendment.

Hyde is speaking from the pulpit of the church's small chapel to about 30 people. He starts out saying he is "not here to evangelize or proselytize," and "I am not an extremist." Then, in a style deliberately more restrained than the "stemwinder" speech he gives on abortion to groups that support the Hyde Amendment, Hyde says he feels that abortion amounts to the killing of human life. He talks about government protection for such lower species as the snail darter and the lousewort and the lack of such protection for the unborn child.

"I feel abortion is the ultimate in child abuse. . . . There is very little difference between squirting cyanide Kool-Aid into a child's mouth (as at the Jonestown massacre) and using a surgical instrument to scrape an unborn child out of its mother's womb," Hyde says.

There is a question from the woman pastor about the ethics of denying federal funds for abortions for poor women, while rich women can easily get abortions. Hyde responds that he's against all abortions unless the mother's life is in danger, and the Hyde Amendment is only a "stopgap" measure until a constitutional amendment banning abortions can be passed. "It's the unborn of the rich who are now absolutely defenseless," he says.

There are other questions about when a fetus actually becomes a person, some questioners taking the view that in the first three months of pregnancy the fetus is not yet a person and abortion therefore does not amount to killing human life.

To Hyde, "birth is just a change of address," and the fetus is a human being from the moment of conception—"Personhood is an endowment, not an achievement."

It all goes at least politely, and afterwards Hyde says of his restrained approach: "If they're my people (antiabortion), I'll wind their stems (in his speech), but if they're not, I just want to get out of there alive."

In an interview he also rejects the argument of some pro-abortionists that he, as a Catholic, is trying to impose his religious belief on a secular society. "That is nonsense," he says. "There are too many prominent Catholics not with us on this issue" (for that argument to stick). He mentions specifically Sen. Edward M. Kennedy, New York Gov. Hugh Carey, New York Sen. Daniel P. Moynihan, and Rev. Robert Drinan, a Catholic priest who is a member of Congress.

"I just wish some of the celebrated Catholics in this country . . . like Father (Theodore) Hesburgh, president of Notre Dame, one of the great show Catholics, would come out" and join him on the abortion issue, Hyde says, "The strongest advocate against abortion in the Senate is Jesse Helms (R., N.C.)," Hyde notes, "and he's a Baptist."

Hyde gets furious, too, about the ACLU complaining that the antiabortion movement is religiously motivated. When the ACLU was opposing the death penalty, he notes, they brought in clergymen of all faiths and tried to make the point that religious teaching opposed the death penalty. That suited them on that issue, Hyde says, but now, he adds, the ACLU takes the position that religious thought should have nothing to do with the abortion issues.

### HE HAS BEEN DESCRIBED AS "AN INTELLIGENT BIGOT"

Hyde doesn't want to guess out loud how the Hyde Amendment will fare in its current test in the U.S. Supreme Court. He figures the anti-abortion movement is at least four years away from having enough votes in Congress to win approval for a constitutional amendment banning abortions. But he feels that the overall political tide, which runs in "cycles," is now running in a conservative direction.

He is convinced, he says, that "there are people to whom the paramount virtue is equality—as opposed to freedom, which has implications of inequality." But freedom, he says, "is more important to me than inequality. There will always be inequality, and we should try to minimize it by providing equality of opportunity." But if in the name of equality, "you take away all reward for effort, you're going to have the gray, gelatinous mass that is the society of most communist countries."

He thinks "the liberal orchestration" of recent history is "beginning to play itself out" because "the world isn't coming out according to the liberal plan. Liberal remedies have been found wanting. People are learning to see the limits of government."

Hyde himself prefers Ronald Reagan for President this year, though he could be comfortable with any of the other Republican candidates "except John Anderson," the liberal Republican who is an Illinois congressional colleague of Hyde. He thinks President Carter is "dangerous" ("rattling the scabbard" of the Persian Gulf and the Soviet invasion of Afghanistan when "all he's got in it is a letter opener instead of a sword") but that Sen. Kennedy would be "disastrous."

Given the strong stands he takes and the direct approach he generally favors, not everyone, of course, is just wild about Henry Hyde. But even his bitter foes do not question his intelligence and his mastery of an issue. He is a "bigot," says one liberal woman who has known and disliked him for a long time, "but he is an intelligent bigot."

Sue Ellen Lowry, Washington lobbyist for the National Abortion Rights Action League, one of the principal foes of the Hyde Amendment, says Hyde is "somewhat obsessed" with the abortion issue and that it is "an issue of zealots." She says that Hyde, in his anti-abortion stance, proclaims himself "pro-life" and yet "on almost all other issues important to the quality of life in this country, he votes against them." She mentions specifically Hyde votes to "weaken minimum-wage laws" and curtail summertime school lunches for children. Lowry also is not impressed with Hyde's geniality. "He says some reprehensible things, but he's always smiling," she says. "I think he comes across as rather patronizing."

Hyde's colleagues in Congress, those who know him well, generally tend to have considerable admiration for his sincerity and intelligence even when they disagree with him. "I like him very much," says Rep. Paul Simon, the basically liberal Democrat from Carbondale, "and not just because he's a jovial fellow. But because he thinks, he has class, in a good sense. He has some very conservative views, but he has an open mind; he's learning all the time." Simon notes that Hyde lately has become an important defender of U.S. foreign-aid programs, which conservatives historically have passionately opposed. But Hyde, says Simon, "sees both the national interest and the humanitarian concerns" in such programs. "I think he is regarded by the public as a one-issue person," says Simon, "but he has more dimension than that."

Rep. Tom Railsback, a Republican from Moline who knew Hyde in the state legislature as well as in Congress, says he and Hyde don't always vote alike, including on abortion, "but he's one of my best friends." People who paint Hyde as an ogre "don't know him," Railsback says. "There is not a mean bone in his body. He is basically a very compassionate guy. His appearance kind of disguises his intellect. He is a very bright guy, and he is absolutely sincere."

Frank Sullivan, a Democrat and former press secretary to the later Mayor Daley, has known Hyde for more than 30 years, going back to Georgetown University days. He calls Hyde "the last of the idealists" and "next to Bob Hope, the best toastmaster I've ever heard." "It's easy to like someone who doesn't really stand for anything," Sullivan says, "but Henry takes very strong stands, and everyone likes him. He never gets petty, and he never gets ponderous."

For all his political celebrity status, Hyde lives a notably prosaic life away from the office. He and his wife, an attractive, matronly, gray-haired, soft-spoken woman, bought a new townhouse late last year in suburban Falls Church, Va. Neither Hyde nor his wife drink, and "neither one of us is party people," Mrs. Hyde says as she chats with a reporter in the living room of their blue-carpeted, white-walled living room.

Hyde's "idea of heaven," she says, "is to sit there in that chair and read." He is a constant and avid reader, mostly of history and politics and biography, and he is forever underlining with a yellow pen the parts of a book that strike him.

He is also something of a television fiend. "We have a TV set in every room except the dining room and bathroom," Mrs. Hyde says, and her husband never misses such public-affairs programs as "Meet the Press." Every night when he gets home from the office, he watches the MacNeill and Lehrer news program on public TV, on a set propped on the kitchen table.

And his favorite TV program? "Laverne & Shirley." Mrs. Hyde doesn't like it at all, but her husband won't miss it. "He loves it because it's so preposterous."

Hyde only recently has gone on the Scarsdale Diet. he is finding it a struggle, and he "is not ready to announce any success to the world yet." Until he went on the diet, his wife said, his favorite dish was "anything I put in front of him." His favorite restaurant was "right here" at home.

While he might enjoy a quiet home life, Hyde also clearly loves being a politician. "Yeah, I like it," Hyde says. "I haven't lost my zest for it."

Hyde's political ambition is now focused on running for the post of House Republican whip in the next Congress. His prospects are highly uncertain because Rep. Robert Michel, the Republican veteran from Peoria and current whip, is the favorite to succeed Rep. John Rhodes of Arizona as House GOP leader, and it is most unlikely that the party would bestow both its top leadership jobs on one state.

Nonetheless, Hyde says that is what he is aiming for—and back in 1946 the idea that he could hold the giant Mikan to one free throw in Madison Square Garden seemed pretty unlikely, too.●

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## A SALUTE TO EUGENE MACKE BENTLEY IV

### HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. STOKES. Mr. Speaker, I would like to take this opportunity to salute a young man in Cleveland who has excelled in an area of athletics which has few black stars—ice hockey. At the age of 17, Eugene Macke Bentley IV has become the star of the Shaker Heights High School hockey team. He has also captured the attention of the sports enthusiasts in the Cleveland metropolitan area.

This achievement is the result of years of hard work. His hard work has been buttressed by the support of his parents, Dr. and Mrs. Eugene M. Bentley III.

"Macke," as his friends call him, learned to ice skate at the age of 4. When his family moved to Shaker Heights, he was enrolled in the ice hockey program at Thornton Park.

He immediately made the traveling team at Thornton Park. This was his first experience at organized team play. During the 8 years he participated in the program, he was elected captain of his team and was selected to the allstar team at each age level.

When he entered high school at Shaker Heights in 1977, he began to polish his already exemplary skills and made the school team. That year, his team won the Lake Erie league championship, the Baron Cup championship, the Thornton invitational championship as well as the State sectional and district championships. He also won his first high school athletic award—the "hat trick patch."

During Macke's junior year, he progressed to become the second leading point scorer on the team. This achievement, in turn, contributed to the team's 27-1-1 record. That year, the team won the Lake Erie League championship the Baron Cup championship, sectional and district State championships, and was runner-up in the State of Ohio finals.

Macke amassed the following honors that year: "hat trick patch," all Lake Erie league ice hockey team, all-scholastic ice hockey team, high school all-American ice hockey team and election as team captain for the next season.

As his senior year began, Macke knew that he would be challenged with his new position as the team's captain. This year, he met that challenge and surpassed everyone's expectations. The team's record this year was 24-4. The team won the Thornton Park invitation consolation championship, the Baron Cup championship as well as sectional and district championships before losing the State semifinals.

His list of accomplishments this year reads like who's who in high school athletics. He was named to the "hat trick patch" for the third consecutive year, all Lake Erie League team for the second time, most valuable player for the Lake Erie League, all-scholastic ice hockey team, Sun Press hockey player of the year and high school all-American ice hockey team.

Macke is an intensely dedicated young man. He set goals for himself and has more than surpassed them.

Undoubtedly, he has some of his father's dedication and perseverance. Dr. Bentley has an exhaustive list of accomplishments to his credit and is the vice-president of the Nation's largest black consulting firm, Polytech, Inc. His educational motivation is probably drawn from his mother who is the adviser to the Cleveland scholarship program.

Therefore, Mr. Speaker, I would like my colleagues to join me in saluting Eugene Macke Bentley IV. As we continue to bathe in the splendor of the U.S. ice hockey team's gold medal at the 1980 winter Olympics, Macke clearly has become our hope for medals in the future.●

## GERALD W. JOHNSON

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## HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. BOLLING. Mr. Speaker, somehow I did not learn of the death of a truly remarkable writer, Gerald W. Johnson, until more than a week after his death.

It seems to me that the following article by James H. Bready, which appeared in the Baltimore Sun of Sunday, March 30, sums up my impressions of this prolific and long-lived commentator on America and its politics. As the article makes clear, among other things he was independent, gifted, and a gentleman.

I never met him, but what he said influenced me for about 40 years.

The article follows:

### GERALD W. JOHNSON: LOOKING BACK OVER 30 YEARS

Gerald W. Johnson died March 22, in a North Baltimore nursing home, some months short of his 90th birthday. Had he sadly aspired to survive on into his 90s? Was he intending to try for 100? Lordy, lordy, as he used to say. No. On the contrary, since the removal from Bolton place to Bellona avenue, in January, his weight had gone down: he was eating less and less. That last Sunday, at noon, his greeting to a visitor was stark: "Is there any way to get out of here?" No bad marks for the nursing home, where nurses knew who he was and tried to be nice to him. But how unhappy a contrast with the life he was used to, with home and library (his working/reading room) and the freedom to move around. No one had the heart to apprise him of the plan for him and his wife to move out to Indiana, where their daughter Kathryn could look after them; the holdup being the need to sell the Johnsons' house. The plan could hardly have delighted him. He did perhaps realize that, wherever, he would have to be guarded against occasional moments of dizziness (which was why the last weeks' bed and chair straps). Even more than his weight, those winter weeks, it was his spirit that went down.

Because he had been more or less a shut-in during his 80s, thanks to the ice one day on a downtown merchant's sidewalk and a resultant broken hip, and also because his hearing had been bad for decades, Gerald Johnson's acquaintance among younger people was nowhere near as broad as he would have liked. They were aware of him as that rarity, a Baltimorean of national literary ranking, but they knew him only from print—one more of his books reviewed, one more demolitionary Perspective article homing in on this or that metropolitan evil, one final letter to the editor that lauded the President for keeping a cool head in the Tehran hostage crisis (his last one to *The Sun* was published November 19). Herewith, lest ever-younger people start becoming unaware who Gerald Johnson even was, some recollections. They go back only to when he was turning 60.

He was a hero then for the manner of his life, as much as the matter. Securely on a payroll, but professionally cramped and politically balked, he cut the umbilical—at age 53. Writing books instead of newspaper editorials was going to mean no pension, no office, no free copy paper and typewriter ribbons, no adjacent librarians and library clippings, no collective pace; it would mean staying home all day, and living on royalty advances—particularly, as a good Manhattan agent got him assignments from various publishers, at times it meant the pick-and-shovel feeling of working on articles and books that didn't much interest him. The obituaries, which noted that his ashes are being placed in Green Mount Cemetery, could have mentioned that the standard history of the cemetery, published in 1938 for its centennial, is by Gerald W. Johnson. Many newspaper people dream of telling off management, of writing for bookstore windows and library catalogues instead of for sanitation-truck pickups. Few of us ever venture the leap; very few land safely, and make a go of it. Gerald Johnson never hit the ten-bestseller lists, but "Incredible Tale" was Book-of-the-Month Club; if about half his three dozen titles are in the stacks at Pratt Library, the other half are open-shelf (or charged out); he couldn't afford insurance but he did buy a house at age 75; he was still writing for pay in his upper 80s—because he needed to; because, having so much to say, he wanted to. Often, in those letters to the editor, he gave away better stuff free than what other writers on the same pages were paid for.

In modern times, he was the first of many Sunpapers North Carolinians. A distinguished roster: R. P. Harriss, Miles H. Wolff, Burke Davis, Jesse Glasgow, Odell Smith, Bynum Shaw, Bob Murray, John Eslinger, Ralph Simpson, Lloyd Preslar, et many al. They have tended to move on—observing, as one puts it, that Gerald Johnson ahead of them had set the performance standards too high.

What was the nature of his excellence? Combinings, perhaps. Unlike most editorial writers, he sounded off to advantage on local, national and world. He was equally good on today and on waybackwhen. Immaculate in grammar and spelling and typing—in his first draft—he combined 1800s learning with 1900s idiomaticalness; and Baptist-forefather testamental with World War I earthy. Now he was solemn-ass, now uproarious. Lesser men spoke of a Gerald Johnson Law of Editorial Writing: the fewer facts the better; meaning, more suasion, less dullness. And: he stood out, from New Deal days onward, amid the frightened and the sour, for his mix of gloom and sanguinity.

He was born in Scotland county, N.C., the son (plus four daughters) of McIans and MacNeills. (This is a Robin Harriss story.) Generations back, McIan, sometimes spelled McKean, was translated, literally, into John-son. They still hold Johnson family reunions, down there. Gerald Johnson relished ancestry, but not ethnicity; Scotland itself would have been out of his way and he never went there. He was a southerner, but stayed on above the Potomac when book-writing gave him full choice of places to live. He was, simply and eagerly, an American.

He was a human being, with virtues, with faults. He revered Andrew Jackson, Woodrow Wilson, Franklin Roosevelt, Adlai Stevenson. As an old overseas sergeant of infantry, he tended to be disrespectful of those with military, corporate and other commissions who have never served in the ranks. One way to tease Gerald Johnson was to point out that he was the same age as Dwight Eisenhower. Nor were the Kennedys any heroes of his. That last Sunday at Edgewood Nursing Home, a visitor asked whom he liked for president, and the answer was unchanged from 1976: Jimmy Carter. Famously, Gerald Johnson got along with a Baltimore Republican, T. R. McKeldin; the latter smilingly proclaimed indebtedness to the former for some noble speechwriting. Yet Gerald Johnson lost something important, when McKeldin died: the influence of a man who liked and understood blacks.

Baltimore somehow overlooks, when counting its numerous blessings, the parties that Baltimoreans throw. With the best, anywhere. The individual best, well, so far in this century, was the one celebrating Gerald Johnson's 70th birthday. The guest list was drawn up by Gerald and Kathryn Johnson. As for a site, Kate Coplan chartered the staff lounge at Pratt's Central Building (hard liquor? on public property? When the party was repeated, five years later, Teddy McKeldin had become mayor, so no worry—except, he was a teetotaler). At one point, 1960's guest of honor saw, coming through the crowd toward him, Adlai Stevenson. The look on Gerald Johnson's face, the utter joy, is something to remember forever. Nobody having thought to mention it to The Sun reporter covering, who was J. Anthony Lukas, the fact that Stevenson's stopoff was a surprise went unrecorded. Then the sound apparatus failed to register Stevenson's handsome remarks; back in Chicago, uncomplaining, he reconstructed them, in writing.

Morris A. Soper, then 87, was 1960's toastmaster; to start, he addressed the new septuagenarian. "Dear boy," he said, and the house was his. Lou Azrael, presiding in 1965, had to put up with another surprise: Steve Bready on bongo drum and a classmate on trumpet, entering in mid-discourse to do Happy Birthday and For He's a Jolly Good Fellow—loud enough for the guest of honor to hear every note.

Usually, Gerald Johnson was doing the favor. His letter last June on Steve's death was tremendous. In the 1930s, after Augusta Tucker's novel had gone the rounds of half a dozen New York publishers, it was a letter from Gerald Johnson addressed high enough in Harper's that finally enabled "Miss Susie Slagle's" to become a book (and movie and TV show and item of basic Baltimoreana). Meantime, a man without pettiness, he did no disfavors. When it came time to print his obit—let Baltimoreans be impressed—The New York Times and The Washington Post spiked the wire-service accounts and each composed its own, glowingly. The Times credited him with writing mystery novels (he read them) and did not mention "An Honorable Titan," his 1946 biography of its owner, Adolph S. Ochs. At most, Gerald Johnson would have shrugged. At the nursing home, March 16, Robin and Margery Harriss were, unknowingly, his final visitors, and it was a perfect farewell: he blew her a kiss.

Kathryn Johnson was his curator during nearly 60 years of writing (a labor gloriously justified in the anthology thereby possible, "America-Watching," from Barbara Holdridge's Stemmer House, in 1976). Mrs. Johnson reports that from along the way, only a few never-published pieces and bits survive. For the published stuff, "America-Watching" is essential and invaluable. With time, dive into the reviews he did for Irita Van Doren's weekly New York Herald Tribune Books, and his Thursday byline edpage articles for The Evening Sun, as far back as 1924, then from 1926 when Hamilton Owens hired him, down to November 4, 1943 when he bowed out, reviewing a Navy Day parade along Howard Street. Don't miss an occasion when he was a reporter—of the 1966 World Series (we won!), via television, for the New Republic.

When Gerald Johnson was about to reach 60, I did a feature on him for The Evening Sun. Then "Books and Authors" started, and he became a natural subject for quinquennial birthday columns—in 1955, 1960, 1965, 1970, 1975. The trick was to make them all different. The best was 1975's: his boyhood, stuff that belonged in the autobiography he refused to write. Nice of him to stick around for 1980's column. What you should understand about Gerald Johnson is that he wasn't one to muck about with symbolism, with make-believe (he did write two published novels), with vanity (what a moment, two years after joining the editorial page here, when he explained an upcoming day's absence—he had to go back to North Carolina to accept an honorary doctorate). Live to be 100? Jee-rusalem! (This is a Walter Sondheim story.) What do numbers matter? But life mattered, so long as he could go on receiving the news of it, and responding to it in commentary. Baltimore and Maryland, the United States, the world beyond, the people small, great and middle-sized—his last spoken phrase, March 16, was a gentleman's: "You don't know how much I appreciate this." That day's newspaper having been located in a closet and spread out on the bed before him, section by section, Gerald Johnson sat there leaning forward in his wheelchair, and pored over what was going on everywhere.●

## PERSONAL EXPLANATION

### HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. ROTH. Mr. Speaker, due to my absence on Thursday, March 27, I missed a number of votes. Had I been present, I would have voted as follows:

Rollcall No. 163: Agreeing to the rule to consider the conference report on H.R. 4986, the depository institutions deregulation bill. "Yes."

Rollcall No. 164: Agreeing to the conference report on H.R. 4986, a bill to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share accounts. "Yes."

Rollcall No. 165: Agreeing to the conference report on S. 2269, to extend the Emergency Agricultural Credit Adjustment Act of 1978. "Yes."

Rollcall No. 166: Agreeing to H. Res. 608, authorizing an investigation and inquiry by the Committee on Standards of Official Conduct. "Yes."●

## EAGLE SCOUT HONORS FOR MARK HANSEN

### HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. PATTERSON. Mr. Speaker, it is truly an honor and privilege to recognize today the accomplishments of Mark Hansen, a constituent of mine from Westminster, Calif., who will be awarded the rank of Eagle Scout at a court of honor on Monday, April 14, 1980.

Attainment of the rank of Eagle Scout is truly a noteworthy accomplishment. In Mark's case, however, the achievement is magnified by the fact that he has reached Scouting's highest honor at age 14, and in the process earned a total of 24 merit badges. A clear indication of Mark's dedication to Scouting is reflected in the fact that he undertook two Eagle Scout projects. He not only organized a car wash to benefit the Behcets Foundation, but conducted a sail-a-thon in which he raised $1,232.42 for the Lung Association as well.

Mr. Speaker, Mark Hansen has truly earned the recognition of Congress. I ask today that all of my colleagues join with me in saluting Mark for his remarkable achievements.●

## REPRESENTATIVE DRINAN TESTIFIES ON BEHALF OF OLDER AMERICANS

### HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. PEPPER. Mr. Speaker, I wish to call to the attention of my colleagues the testimony presented by Representative DRINAN on March 18 before the Platform Committee of the Democratic Party concerning older Americans. I commend him for his eloquent and accurate statement detailing the needs of the elderly and proposing methods to respond to those needs.

As Representative DRINAN points out, inflation is increasingly squeezing the already limited incomes of older Americans. It is therefore all the more important for the Congress to reassert its commitment to the advancement of the quality of life of our elderly citizens.

Our colleague, Father DRINAN, has proven himself to be one of the most dedicated advocates of the Nation's elderly. Now he has demonstrated that this commitment stretches beyond this House. He was truly the driving force behind the creation of the Platform Advisory Committee on Older Americans and I want to commend him for his leadership in this area. All of us concerned with the elderly owe him and the other four members of the task force—Ms. Billie Carr, Mr. Harry Matthews, Ms. Arwilla Davidson, and Dr. Elizabeth Welch—our gratitude for their work in drawing up these recommendations. I am especially pleased that one of the key planks proposes the total elimination of all age discrimination including mandatory retirement without exceptions.

I insert the full transcript of Father DRINAN's remarks in the RECORD:

TESTIMONY OF THE PLATFORM ADVISORY COMMITTEE ON OLDER AMERICANS

Members: Ms. Billie Carr, Mr. Arwilla Davidson, Hon. ROBERT F. DRINAN, Mr. Harry Matthews, and Dr. Elizabeth Welch.

We, the members of the Platform Advisory Committee on Older Americans, are pleased to present testimony today before the National Democratic Platform Committee.

However, before presenting our testimony, we wish the Democratic Party to know that we are extremely disappointed in the progress that has been made by the Party regarding the concerns of our older American citizens. To emphasize this point, we should all be aware that in writing the 1980 Platform it is possible to use, word for word, the same platform statement on older citizens that was written for the '76 Platform—that is how little progress we have made these past four years on behalf of older Americans.

Traditionally, the Democratic Party has stood as the Party of vision, our history a history of struggle and hope. Armed with knowledge of what is right, we have conquered what seemed insurmountable odds to chart in our country the course of full participation by blacks, women, and the young. The time has come to build on the foundation we laid for civil rights in the '60s and for women's rights in the '70s and establish in the '80s a record of concern and action to assure that older Americans have a full place in our national life.

Our older citizens make up 11 percent of the total population. This figure represents 24 million Americans and is expected to grow to 31.8 million by the year 2000. Seventy-five percent of the nation's population now reaches age 65. Approximately 20 percent of the men and 8 percent of the women over 65 years of age are employed. Most are concentrated, however, in low paying jobs that are part-time, agricultural or selfemployed. One-seventh of the elderly population have incomes below the official poverty level. According to a recent study, "older persons are subject to more disability, see physicians 50 percent more often, and have about twice as many hospital stays that last almost twice as long as is true for younger persons." Yet, due to major medical advances, the life expectancy of Americans continues to increase. In fact, the over-65 age group now represents the fastest growing segment of our population. If we do not take decisive steps now to overcome the cycle of poverty, unemployment and poor health which inflicts our older population, we will be condemning thousands more to a life of indignity at a time when they will be living longer.

These overwhelming statistics indicate the need for programs and policies which will improve the health care, employment, retirement income, housing, and social services available to the elderly. If the Democratic Party is to remain a "Party of the People", committed to the humane and compassionate principles for which this Party has traditionally stood, it must recognize the positive contributions that our older Americans have always made and will continue to make to help this great nation.

The Democratic Party must commit itself to the rights of older citizens to lead independent, productive, and secure lives. To meet this end, the following proposals are made:

1. The Democratic Party must make every effort to pursue policies and positions that will restrain or curb inflation, and it must make a real commitment to protect the elderly from the ravages of an 18 percent inflation rate.

At the grassroots level, the one concern voiced most often by the elderly is how to deal with the tremendous problem of inflation. As we well know, inflation pervades every aspects of our daily lives, making inroads on the purchasing power of all Americans. Those most seriously threatened, however, are the elderly and poor living on fixed income who are totally helpless in the face of an inflationary spiral which according to all indicators is expected to continue upwards.

If inflation persists, thereby undermining the financial soundness of pension and retirement systems, the elderly have no hope of being able to defend themselves financially. This reality is causing real and legitimate fear among the elderly who are having already to cut down on the basic necessities of life. Therefore in discussing the following proposals in the areas of health, energy, housing, social security, and so forth, it is critical that we view these proposals in the proper perspective: by recognizing the impact of inflation on all areas of concern to the elderly.

2. The Democratic Party must continue to attach a high priority to the development of a national health insurance system which will ensure comprehensive care of high quality for everyone.

While we celebrate the 15th anniversary of Medicare and the health protection it affords older persons, we are nevertheless distressed that senior citizens pay more now for health care than before the program was enacted. In fiscal year 1978, Medicare covered only 44 percent of the health care costs of older persons. Moreover, its acute, episodic illness orientation results in denial of the most pressing needs of the elderly: care for chronic illness and health maintenance. No coverage is provided for eyeglasses, hearing aids, dentures or outpatient prescription drugs. Coverage for mental health care is not on a par with care for physical illness, despite the fact that some 25 percent of suicides are committed by older persons.

Any program of national health insurance should incorporate the principles of preventive care and health maintenance. The acute, episodic illness orientation of the present system is no longer viable. A good example is the lack of Medicare coverage for routine phsyical check-ups. Because check-ups represent out-of-pocket costs by the individual, many elderly persons will put off or forego having their annual check-ups because they simply cannot afford them. As a result, many health problems go undetected until they are serious enough to require hospitalization—at which point, Medicare will begin to pick up the costs. On the other hand, if preventive measures are followed, the problem could be treated earlier, perhaps delaying or eliminating the need for hospitalization altogether. In terms of public health policy, a preventive focus would be not only more cost-effective in the long run, but would enable our elderly to continue leading full and productive lives through the maintenance of good health.

3. The Democratic Party must support steps to amend Medicare to include routine physical check-ups. It should also include coverage for much needed items as out-of-hospital prescription drugs and prosthetic devices such as eyeglasses, dentures, and hearing aids and for other preventive health services, particularly mental health services.

Efforts must be made to reduce escalating health costs. With health care costs doubling every five years, it is expected that national health cost will rise from $206 billion in 1979 to $368 billion in the fiscal year 1984. For an elderly person, the average cost of health care is expected to rise from $2,259 in 1979 to $3,868 in 1984, which represents a staggering 71 percent increase over a five year period.

Hospital costs continue to account for a disproportionate share of total health care costs. While inflation is a major factor, hospital costs outpace the inflation rate, rising faster than the costs of food, housing or fuel. Even with Medicare, the cost of hospitalization and other health care services is a particularly heavy burden on the elderly, who require the most health services but who have a limited income to pay for these services. Moreover, Medicare restrictions on home health and other community-based care continue to promote reliance on more expensive and often less appropriate care in hospitals and nursing homes. And under the present system of Medicare reimbursement, health maintenance organizations, which offer comprehensive, cost-efficient care are discouraged from enrolling Medicare beneficiaries.

4. Thus, the Democratic Party must support renewed, vigorous efforts to control spiraling health care costs through an equitable system of hospital cost containment and development of cost-efficient health care delivery systems such as health maintenance organizations.

Hospital costs are by law tied to the Medicare inpatient hospital deductible. As a result, this deductible has increased by 450 percent since 1965.

5. To help the elderly meet hospital costs, the Democratic Party must support steps to amend Medicare to prevent the deductible from rising for those persons over 65 years of age.

Moreover, shrinking Medicare coverage and the resultant increase in out-of-pocket payments has left many elderly persons vulnerable to unscrupulous insurance agents who prey on their fears, attempting to sell often unnecessary and duplicative "Medigap" policies.

6. As a consumer protection measure to guard against abuses, the Democratic Party must support the development of regulations providing standardized certification procedures for health insurance policies supplementing Medicare.

Older persons deserve to be able to live independently in their own communities in familiar surroundings. Greater attention must be paid to development of satisfactory community-based alternatives if we are to prevent the unnecessary institutionalization which has become a fact of life in America. These alternative services should include home health care, adult day health services, congregate and home-delivered meals, social services, and other health and social services necessary to maintain older persons at home. Not only are such alternative services preferred by the elderly, but they are the more cost-effective. According to a report by the General Accounting Office, "Until older people become greatly or extremely impaired, the cost of nursing home care exceeds the cost of home care including the value of the general support services provided by family and friends."

7. Thus, the Democratic Party must support efforts to develop community-based alternatives to institutionalization. While it is believed that much of the responsibility rests with State and local agencies, the Federal government should promote and encourage steps which address the proliferation and fragmentation of programs, act to remove undue impediments to community-based care, and undertake such reorganization as necessary to assure the most effective use of existing authorities.

Toward this end, it should support the Medicare Amendments of 1979, which would liberalize home health benefits for the elderly, and also the Medicare and Medicaid Amendments of 1979, which among other provisions would improve the quality and availability of long-term care services. The Party should also support the Medicaid Community Care Act of 1980, which would provide incentives for States to develop community care programs for the elderly and disabled.

8. Moreover, families who wish to care for their elderly relatives should be encouraged and assisted through a system of incentives such as tax credits and expanded day care programs for the elderly.

9. And, elderly persons who reside in long-term care facilities should be protected through enactment of a Bill of Rights, including enforceable penalties for abridgement or violation of those rights.

To improve the general health of the elderly, geriatric medicine must be given greater attention. The investment placed in research and training today will lead to a more satisfying and fruitful life for future generations of older Americans.

10. To this end, research and training in the field of geriatrics must be emphasized—specifically, to increase our knowledge of the aging process and to make greater use of space age technology to aid the elderly and handicapped.

The elderly also have a right to economic security. While great strides have been made to provide income security in the form of Social Security benefits (primarily through Old-Age, Survivors, and Disability Insurance (OASI) benefits), some 3.3 million elderly persons remain in dire financial circumstances. And with inflation continuing to restrict the resources available to older persons, estimates indicate that in real dollar terms one-fourth of the elderly continue to live at "near-poor" levels.

11. To ensure economic security, the Democratic Party must not allow further erosion of Social Security benefits and should oppose any cuts in current benefits. To combat the effects of inflation, the Party should also support a twice-a-year living increase in the computation of OASI benefits. Moreover, a permanent financing formula consisting of one-third employee contributions should be adopted. This approach will not only ease the burden of payroll taxes on the working poor by allowing for a less regressive tax structure, but will place the Social Security program on a much sounder long-term financial footing without Social Security taxes becoming so onerous a burden that workers become alienated.

Of the elderly living in poverty, a disproportionate share are women. Because of sex discrimination in the job market, women continue to be paid lower wages than men. Their lower wages, plus their greater likelihood of having interrupted careers due to child raising, tend to result in lower Social Security benefits for women than men. In fact, their benefits as dependents are often higher than their primary benefits as salaried workers. Moreover, divorced women receive little or no Social Security protection in their own right, while widows under 60 years of age with no entitled children are not even eligible for benefits.

12. The Democratic Party must support steps to remove from the Social Security System the last vestiges of sex discrimination, to fully recognize the contributions made by working women, and to assure that older women and their dependents receive equitable treatment in the determination of benefits.

Of the elderly living in poverty, a disproportionate share are Blacks and other minority groups. Yet, these minority elderly continue to be underserved in many age-based programs. Often this failure is due to a lack of knowledge about programs on the part of minority elderly. More often than not, there is a lack of outreach by various programs to find these underserved groups.

13. The Democratic Party should support mandates providing greater minority representation among the administrators and service staff of aging programs. By including minority representatives who are sensitive to the needs of elderly minority group members, we will be better able to develop

strategies for ensuring better access to services for these underserved members.

As a nation, we should recognize the important contributions that older persons who are willing and able to continue working can make. According to the House Select Committee on Aging—

"Studies indicate that older workers can produce a quality and quantity of work equal or superior to younger workers, that they have as good, or usually better, attendance records as younger workers, that they are as capable of learning new skills and adapting to changing circumstances as younger workers, and that they are generally more satisfied with their jobs than younger workers."

While it is difficult to predict performance in older workers since individuals tend to age at different rates, the older worker invariably brings good judgment and experience to any job. And with the population growing older and forecasts of labor shortages, older workers should be provided with greater work opportunities. Performance and not age should dictate job opportunities.

14. Therefore, the Democratic Party must oppose mandatory retirement at any age. It should oppose age discrimination or age-based mandatory retirement in both federal and private sector employment. The Party should also support steps to develop a national policy encouraging the use of older workers in both federal and private sectors. Such a policy must include efforts to adopt flexi-time and part-time work schedules, shared jobs, retraining, and gradual retirement programs for older workers wishing to continue working or to pursue second careers. Moreover, the Democratic Party should support liberalization of the Social Security earnings test so that older workers will not be unduly penalized for staying on their jobs.

Hand and hand with increased job opportunities is the need for increased educational opportunities for the elderly. Learning opportunities will not only aid the elderly by improving work-related experiences but will assist them in remaining active and contributing members of their communities.

15. The Democratic Party should support efforts to increase educational opportunities for the elderly through new legislation to provide qualified older persons with tuition-free access to institutions of higher learning.

The lack of decent housing for the elderly remains a crucial problem. With persons over sixty-five living in 30 percent of the nation's substandard housing, adequate and affordable housing remains a primary concern for our elderly. New initiatives by the Federal government in this area should include housing for the elderly that is more than four walls and a roof overhead, but involves the type of congregate services such as health, social, and nutritional services that tend to enable older persons to remain independent in their own homes. All housing for the elderly must contain adequate facilities to protect them from violent crime.

16. To meet elderly housing needs, the Democratic Party must support efforts to expand congregate housing for the elderly. The Party must also support expansion of Section 202 Housing Program for the Elderly and Section 8 Rent Subsidy Program.

More than any other age group, the elderly are victims of violent crime. Concern over their public safety has led many elderly to lead restricted lifestyles—often resulting in extreme personal and social isolation for fear of leaving their homes or answering their doorbells.

17. The Democratic Party should support a Federal program to aid those States which adopt programs to indemnify victims of crime.

This year, heating oil cost consumers an average of 50 percent more than last year. Such costs are a real burden on low-income families who must forego other necessities in order to heat their homes. According to the Department of Energy, the median-income family spends approximately 10 percent of their income on direct household expenditures for energy, while the low-income family must spend 25 percent. For elderly persons living on fixed incomes, this poses a severe hardship. Moreover, unlike the young and healthy, elderly persons cannot simply turn down their thermostats to conserve energy, since this action may actually endanger their lives through a condition known as "accidental hypothemia". Even mildly cool temperatures can trigger accidental hypothermia, which results in a drop in one's deep body temperature and is fatal if not detected and treated properly.

18. In developing a permanent national energy plan, the Democratic Party must support the inclusion and sufficient funding of an adequate program of assistance to meet the particular needs of elderly persons. In addition, public utilities should be encouraged to provide discount rates to the low-income elderly and not to discontinue utility services to older persons during the winter months.

The programs encompassed by the Older Americans Act provide desperately needed nutritional and social services. Yet, they are severely underfunded. For example, some 500,000 persons participate each day in the hot lunch program, but there are still twice as many persons on the waiting list hoping to participate.

19. The Democratic Party must support increased funding of programs administered under the Older Americans Act. Moreover, administration of these programs should be directed by a Commissioner on Aging whose status will be that of an Assistant Secretary as originally proposed in the Act. State agencies are urged to follow this example in their own departments.

Lastly, we are deeply concerned over the lack of coordination of programs intended to serve the elderly.

20. There must be an immediate and thorough re-examination of the 134 existing programs for the elderly to insure better coordination at both the Federal and State levels. Moreover, a commitment must be made to develop outreach programs to advise senior citizens of the benefits available to them.

In conclusion, we believe our twenty proposals reflect the true concerns of all older Americans, and we strongly urge the Platform Committee to adopt these proposals as part of its 1980 Democratic Platform. It is the responsibility of this great Party to recognize the right of elderly persons to a dignified old age. The time to act is now if it is to carry out its responsibilities to all older Americans.●

## EXPLANATION OF VOTES

### HON. S. WILLIAM GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. GREEN. Mr. Speaker, on March 28, 1980, while H.R. 6837 was under consideration by the House of Representatives, Mr. GREEN made the following statement:

Mr. Speaker, for clarification I wish to note that members of my family and I have a financial interest in the Chicago, Rock Island, and Pacific Railroad and that line will be affected by certain provisions of the legislation currently pending before the House—H.R. 6837, the Passenger Railroad Rebuilding Act of 1980. Consequently, I will vote "present" on any amendments dealing with the Rock Island portions of the bill and any votes relating to the bill as a whole. However, I wish to emphasize that other provisions of the legislation, especially those authorizing changes in the Northeast Corridor Improvement Project which will upgrade passenger and freight service between Washington, New York, and Boston, are very important and I support them. If I were not compelled to vote "present" on final passage because of the Rock Island portions of the bill, I would certainly vote in favor.●

## BUREAUCRATIC NONCOMPLIANCE WITH THE FREEDOM OF INFORMATION ACT

### HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. ASHBROOK. Mr. Speaker, the U.S. Congress enacted the Freedom of Information Act in order that citizens might obtain the information to which they are entitled about the workings of their Government. The purpose of the statute was to allow people of the United States broad access to Government documents and to insure that some response is received within a short period of time. For this reason, Congress required Government agencies to respond within 10 days of the receipt of a request under the Freedom of Information Act.

It is apparent that the Freedom of Information Act simply doesn't work as presently written. Government agencies habitually fail to respond within the 10 days prescribed by statute. It often takes a lawsuit filed under the Freedom of Information Act after the 10 days has expired in order to jolt the agency into action. Thus, a citizen interested in obtaining information to which he is entitled is forced to pay a lawyer and file suit before he can obtain the information to which the statute gives access. And even then, the answer is frequently less than responsive.

A perfect example of this situation was recently brought to my attention. On April 16, 1979, the president of Associated Builders and Contractors—ABC—a construction trade association representing more than 14,000 merit shop contractors, requested certain information from the Department of Labor regarding CETA procedures. By May 30, well after the 10-day period prescribed by statute, no response had been received. Suit was filed on June 22. The Labor Department finally responded—probably under prodding by the Department of Justice—by letter on July 20.

This is not the end of it. The Labor Department's letter was completely unresponsive to the request. It contained no documents and gave only the most general of answers to the question posed in the request.

However, the Government indicated that it would oppose disclosure of any further information. To proceed with the case would require interrogatories and depositions of Government witnesses and eventually a trial, and thus entail significant expense. At this point, ABC decided that the legal expenses required to pursue the trial procedure would simply be too great, even though the association remained convinced that it was entitled to such information under the act.

This situation demonstrates graphically the inadequacies of the statute, as administered by the various Government agencies. The agencies follow a seemingly intentional course of obfuscation, delay, and refusal to disclose. Despite the clear directive of the act, they seem to spend more time fighting disclosure than in actually attempting to comply. This is not the way the act should work. Congress should reconsider the statute, examine Government compliance with its terms, and enact remedial legislation to force Government agencies to observe the statute without requiring legal action by aggrieved citizens.

Mr. Speaker, I understand these delays. On a number of occasions I have been promised—repeat promised—information from the Department of Labor only to wait months for it and then only get it after repeated correspondence. Bureaucracy moves slowly and rarely in the right direction.●

## PULLING JAPAN INTO THE BIG LEAGUES

### HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. FINDLEY. Mr. Speaker, Kenneth L. Adelman, in his March 27 Washington Post editorial, presents still another case of concern over Japan's continued passive role in Asian Pacific defense. He contends, as more and more of us are, that Japan most definitely has the economic and technological capabilities to make a very valuable contribution to regional security—and it is high time that it did.

However, Mr. Adelman quite realistically acknowledges that this accommodation on the Japanese part is out of the question in the immediate future given the unwavering concensus among the Japanese people that the Japanese Peace Constitution does in fact set the legitimate and appropriate framework for the conduct of both national and international affairs. Thus, it is senseless for the United States to try browbeat the Japanese into doing something that they feel goes against the grain that nearly 30 years of postwar democracy has established.

Instead, Mr. Adelman proposes several nonmilitary ways in which Japan could contribute its tremendous economic strength to help alleviate some of the defense burdens shouldered by the United States, such as increasing its military aid to certain strategic allies, or assuming more of the costs for maintaining U.S. forces on its islands.

The point is, Japan can indeed play a more active role in enhancing regional security without necessarily violating its constitutional prohibitions. And, it is clearly the only conceivable way we can immediately ease the rising tension in United States-Japanese relations over this defense issue, not to mention build a more comprehensive defense relationship within our very important alliance.

I include the following text of Mr. Adelman's editorial so that others can read it:

### Pulling Japan Into the Big Leagues

Americans are losing patience with Japan, feeling they are being taken for a ride on economics while Japan enjoys a free ride on defense. Once-latent resentment is now surging.

U.S. international analysts see that Japan's postwar foreign policy has been yen-dimensional. What the Japanese tout as "all-directional diplomacy" smacks of downright accommodation to outsiders.

Last year, Japan scooped up Iranian oil after the U.S. cutoff, and its financial wizards advised Iran on how best to skirt the U.S. freeze of its assets. And already this year, Prime Minister Masayoshi Ohira has characterized the Soviets as a "cautious, defensive people" as they were storming into Afghanistan.

Granted, the view from Tokyo gives rise to trepidation and some cause for accommodation. For the first time in the postwar era, the Pacific recently was barren of a U.S. aircraft carrier; indeed, the only carrier patrolling those waters was the Russian Minsk. This U.S. defense drawdown coincided with a three-pronged threat upturn: (1) uncertainty on the Korean Peninsula, which sends shivers up Japanese spines now as it has through the centuries; (2) a doubiing of Soviet Far East naval operations and a massive military buildup on the four northern islands Moscow seized during World War II; and (3) turmoil engulfing the Persian Gulf, from which Japan imports 72 percent of its oil, which constitutes a whopping 53 percent of its total energy needs.

Such a cascade of concerns coaxes some Japanese toward greater accommodation. One eminent economist there unveiled a "new theory" on defense in the leading publication "Bungei Shunju." In case of Soviet attack, "the Japanese should receive the Soviet force coolly with both a white flag and a red flag. . . . So far we stand firm"—Michio Morishima wrote without noting the contradiction—"we can build a socialist economy . . . in a new life under Soviet dominance."

Japanese of sterner stuff urge defense increases above the announced 0.9 percent of GNP or $9.3 billion in the fiscal year beginning April Fool's Day. They point out that a Japanese defense boost to 5 percent of GNP (the U.S. and U.K. level) would boost the total defense efforts of Western allies by a robust 20 percent.

U.S. security types relish the thought. They now look to allies to share more of the common burden, particularly to Japan, which has the most to give—from the world's second-highest GNP—and which has given the least relatively: its 0.9 percent is near rock-bottom around the world.

But all this is wishful thinking. Barring some volcanic eruption such as a second Korean conflict or a first Sino-Soviet one Japan will not undergo a defense "breakout." Government there is strictly by consensus. A consensus has emerged that Japan's security is slipping but not that much should be done about it. Tokyo will stick to augmenting defense by a microscopic 1/100th of 1 percent of GNP each year for the next five.

Given Tokyo's refusal to bust the 1 percent barrier under current circumstances, what then can be done?

First and foremost, the United States can pull Japan into the big leagues of world affairs, to become an active player pitching in for the industrialized democracies. Last summer's economic summit paved the way as the first gala, summit held in Tokyo since the war.

To further this new role, Japan can help bail out distant yet desperate Western friends such as Pakistan, Egypt and Turkey.

Last year, Tokyo did give Pakistan $54 million, Egypt $115 million and Turkey nothing; but this year all should be vastly increased—by strong pressure from Washington if need be. For a large infusion of Japanese *economic* aid to such states serves vital and mutual *security* interests. Yet it avoids Tokyo's sending tremors through its own polity and through unforgetting Asian states that sudden Japanese rearmament might entail.

Second, Japan can also help bail out the United States in emergencies. It could purchase some or all of the American grain once destined for Russia and dispense it in Southeast Asia.

Third, Japan should assume more than its current half of the $1.2 billion doled out annually for U.S. forces stationed on its islands.

To come full circle, the Japanese should launch a full-blown national debate about their nation's role in the real world, the threats it faces from brazen Soviet expansion, the durability of childlike dependence on U.S. protection, etc. Surely the days of tolerating an "all directional" Japanese diplomacy have ended in Washington and should now end in Tokyo. It is mind-bending to think that Japan held recently a general election that evoked scarcely a peep on security issues—certain to be the democracies' burning issues of the 1980s.

In essence, capitalism's practitioners par excellence in Asia must come to heed the sublime words of their godfather, Adam Smith: "Defense is of much more importance than opulence."●

## UPAO EDUCATORS MEET IN THE DISTRICT OF COLUMBIA

### HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. PHILIP M. CRANE. Mr. Speaker, the University Professors for Academic Order began as a group because a number of concerned professors wanted to establish intellectual and physical order as well as standards of academic excellence on our college and university campuses. Its first meeting in 1969 was held here in Washington, D.C., and the group returned to the

**District of Columbia this past December to hold its 10th anniversary meeting. During this decade, UPAO has continued to make a major contribution to the improvement of the education climate in the United States.**

**The December 1979 meeting included the distinguished junior Senator from California, Senator S. I. HAYAKAWA, a well-known educator before his senatorial career. A number of other distinguished educators also participated as the group examined the present situation of American higher education.**

**In order to bring to the attention of my colleagues information on this worthy organization, I would like to enter into the CONGRESSIONAL RECORD an account of the UPAO annual meeting written by Dr. Donald J. Senese. This article appeared in the UPAO's newsletter Universitas:**

## UPAO MEETING TACKLES CHALLENGES IN HIGHER EDUCATION

(By Dr. Donald J. Senese)

Born in the tumultuous years of campus disorders of the late 1960s, University Professors of Academic Order held its tenth anniversary meeting on December 15, 1979, in the place and city where its first gathering had been held—George Washington University in Washington, DC.

A decade ago, a small group of college professors and academics gathered together to establish a national organization which upheld the function of the college and university to impart knowledge, wisdom, and culture rather than serve as a center for political activity and social activism. During this period, the war in Indochina extended to the university campuses as leftist professors and militant "professional" students used their time and status to "politicize" the academic institutions through strikes, protest marches, petition drives, etc. The Kent State incident became the focus of both the symbol and substance of the protests.

The war wound down, the Paris Peace Accords were signed, American troops came home, the college campuses calmed down, and then one day, weakened by a Congress refusing to provide aid and by the steady encroachments of its Communist enemies, South Vietnam fell under Communist control. The Communist noose tightened on Laos and Cambodia. The radicals on campus—students and professors—had helped stop the war, but as a subsequent event have shown, the killing did not stop and it still continues. The devastation of Cambodia is testimony to that misbegotten era. Present surveys, however, indicate that the college students presently on campus are more concerned with achieving a job and status and a good income, than with the complexities of international relations.

UPAO had a more far-reaching mission than restoring the physical order on campus. Its decade of existence has made it a force to establish intellectual order on campuses by upholding academic standards, encouraging quality in scholarship, and resisting what it views to be the great present threat to academic freedom—unionization of college and university faculty. Its annual meeting, promoted as a seminar on higher education, focused on the current maladies in higher education and sought some remedies for these persistent problems.

At this annual meeting, Senator S. I. Hayakawa of California gave the keynote address, highlighting his embattled career as president of San Francisco State College confronting radical students and professors. He identified the degree of radicalism of intellectuals with their distance from the nonverbal world. He noted that the "intellectuals" yearn for a government without politics—a condition achieved in such areas, he observed, as the Soviet Union and North Korea. He concluded by observing that although universities should be in advance of the public, it makes little sense to have the universities dominated by foes of the American political and economic system.

After the Senator's departure for an unusual Saturday Senate session on the so-called windfall profits tax bill, Dr. Howard L. Hurwitz, who took on the New York education establishment by refusing to bow to pressure in admitting students lacking qualifications, discussed the "disorder" which had afflicted American education leading to abuses through a watering down of curriculum and "students rights" movements. He recounted his experiences with faculty unionization, the "heritage of hate" remaining after a school strike, and such programs as bilingual education which ruin the very children they were designed to help. Dr. Hurwitz, one of the newly elected directors of UPAO, hoped the group would continue to be a force to bring "order" back into higher education.

A panel discussion focused on collective bargaining in education with Susan Staub of the Concerned Educators Against Forced Unionism (CEAFU) and David Denholm of the Public Service Research Council. Denholm stressed that "collective bargaining" and strikes are part of the same process. George Mason University Professors James T. Bennett and Manuel H. Johnson presented an informative paper based on extensive research showing that the disadvantages of faculty unionization outweighed the so-called benefits. Three reasons have been cited for unionization of faculty—fear of a budget cut, fear of job security, and fear of teacher oversupply. The authors concluded that unionization of faculty had not led to satisfactory dealing with these three issues in the past and it was unlikely that it would do so in the future. (Even in times of prosperity, Unions cannot protect jobs at institutions if the jobs no longer exist.) Although concluding that the benefit from collective bargaining for teachers is more perceived than real, the authors detailed how "costly" collective bargaining agreements could be—unionization brought a cut in funds for curriculum and faculty salaries and brought a new area of governance into the academic structure (e.g., a "union" structure was added to departments, divisions or schools, faculty senate); rewards in teaching were no longer based on performance; and a certain sacrifice of academic freedom resulted since teachers were unlikely openly to oppose the union policy. Faculty unionization, noted Bennett and Johnson, brought really not much benefit compared to the significant costs involved.

A highlight of the meeting was a stirring luncheon address by Dr. Russell Kirk, who had addressed the UPAO annual meeting in Florida in 1973. Kirk's address followed the theme of his recently published tome on education (Decadence and Renewal in the Higher Learning: An Episodic History of American University and College Since 1952, South Bend, Indiana: Regnery Gateway, Inc., 1979, 354 pages, $15) as he identified the quarter century of education "disorder" in American colleges and universities (e.g., growth of the multi-university, and decline of academic standards). Kirk saw signs of hope for the reconstruction of the American education system: (1) the diminishing number of students in institutions of higher learning may give a renewed competition for quality rather than quantity; (2) the diminished popular enthusiasm for college education may lead to a more realistic and critical examination and help to overcome the past over-expectation and exaggerated claims of a college education ("Everyone goes to college and can become a king"); (3) the increasing conservatism of the American public is extending to college undergraduates and the disruption of the 1960s is looked upon as a fad, a passing ideological fascination ("When the public is in a conservative mood, conservative ideas come back"); and (4) an increasing interest in a coherent curriculum will strengthen the attempt to integrate knowledge, develop order, and abandon a "cafeteria" approach to education subjects. Even Harvard University, noted Kirk, was moving away from the open curriculum and returning to requirement of essential subjects.

All was not roses as the scholar from Piety Hill reminded his audiences that large obstacles still worked against these reforms: the state of American primary and secondary schools was "ghastly still" with no improvement and the situation was made worse by a growing addiction to television, drug problems, and interference by the courts. The graduates of high schools, entering college as "functional illiterates," caused problems for the institutions of higher education. The unionization of teachers, led by the ideological cliques of unions like the National Education Association, substituted a desire for power rather than dedication to improved education. There was also the erroneous American preoccupation with vocational education leading to discarding courses of humane studies which did not give "immediate results." Kirk emphasized that the American public needed to be reminded that the higher learning does matter and that every society needs a certain number of people genuinely educated.

Kirk entertained the audience with his own bizarre examples of the failure of American education via students he had met. Noting G. K. Chesterton's words, "There is no joy without a cause," Kirk told his audience they would be bored if they didn't have a cause to fight for and urged them to continue the cause of harmony and order in education with all the resulting rights and obligations.

The afternoon session featured a videotape preview of Dr. Milton Friedman's new television series on the future of the American economy, "Free to Choose." The afternoon seminar included an open discussion led by Dr. Charles Moser's appraisal of some current university problems including how to deal with declining enrollments, upgrading faculty, grade inflation, improved curriculum, and incentives for faculty for professional improvements. Dr. Moser described recent developments at GWU. The discussion was lively as members sought to find the practical means to make institutions of higher learning a better embodiment of the task to promote wisdom and virtue.

Not a group to shy away from controversy, the UPAO members passed two resolutions. One supported the University of Maryland's decision not to hire a professed Marxist as the head of its department of government and politics and rejecting the censure of the University of Maryland by a rival organization of university professors. The resolution noted that the University of Maryland's action, in rejecting someone who would impose his views on students, had advanced and not retarded academic freedom. A second resolution opposed collective bargaining and compulsory unionism for faculty members as not being compatible with academic freedom and academic standards. Both resolutions passed unanimously.

After ten years, University Professors for Academic Order is a group alive and well and still active in the cause of excellence in college and university education. There are some hopeful signs for improvements in American higher education, as Dr. Kirk reminded the group, but there are also serious obstacles to this progress and much remains to be done. UPAO will not find itself short of challenges in its next decade.●

## BALANCING THE BUDGET AND KICKING THE POOR

### HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● **Mr. STOKES.** Mr. Speaker, what many of us regarded last year as the budding "proposition 13 mentality" has grown this year into the administration's and Congress move to balance the Federal budget. Last year, proponents of proposition 13 and individuals dedicated to cutting back Government spending advocated cuts in public sector jobs and services in the hope of getting tax relief. This year, advocates of the balanced budget seemingly have decided that programs for the poor, minorities, and our cities must be sacrificed in the hope of reducing inflation.

These gestures point out the growing conservatism in this country. They also point to the use of ineffective symbols by our leaders to please certain segments of the population at the expense of other segments with little or no political clout.

From my perspective, this means that 1980 will be the year of two races—the race for reelection and the race to balance the budget. These races are not mutually exclusive. If the politically powerful segments of this Nation are to help our leaders win reelection then the population segment with little political clout will be the victims of a balanced budget.

The odds on this race are becoming more evident every day as the Budget Committee moves to bring the first resolution to the House floor and the President proposes his new balanced budget proposal. The cuts in an attempt to balance the budget would eliminate or severely curtail programs designed to aid the poor and disadvantaged in this country. Translated, this means that there will be fewer jobs, less money for the essential items like food and housing, dwindling health care coverage, and energy subsidies for the already underfed, ill housed, and unemployed in this country. If we pass the Budget Committee's resolution, we will be forgetting the race that the disadvantaged and the poor are confronted with every day when they try to make ends meet.

Recently, I read an article by Carl Rowan on the devastating impact of just one program cut—the food stamp program. Taking into account cuts in other social programs, the impact as underscored by Carl Rowan would be devastating. At this time, I would like to enter in the RECORD Mr. Rowan's excellent article.

KICKING THE POOR

(By Carl T. Rowan)

Suppose you know of a poor family—a mother earning the minimum wage with three children—that gets $129-worth of food stamps each month (the average).

Suppose someone tells you that the children in that family eat in the school lunch program every day. Would you insist on taking away up to 45 per cent of the family's food stamp benefits as part of your program to cut the budget?

That is the kind of moral and human issue we Americans confront as we try to whip inflation by balancing the budget.

Sen. Jesse Helms has made his decision. He is sponsoring legislation that would save some $600 million a year by reducing food stamp benefits by over $9 a month for each child of school age in a household. An even more drastic cutback, about double that amount, has been suggested by the Congressional Budget Office.

These proposals stem from the belief that school lunch benefits "overlap" with food stamps and thus constitute duplication and waste. But that line of thinking outrages Americans who believe that the school lunch program "complements" food stamps and that no person can be well fed in the U.S. today on 58 cents per meal, which is the most the stamp program allots in its Thrifty Food Plan, the Agriculture Department's lowest-cost menu.

The food stamp fracas is just one of many current bits of evidence that in our society bad situations often produce terrible "solutions."

With President Carter's encouragement, much of the Congress is whacking away recklessly at the 1981 budget, as though it is trying to pound the life out of a snake called inflation. In its frenetic, sometimes conscienceless slashing, the Congress can inflict wounds upon this society that will last far longer than inflation.

One of the few laudable innovations in Mr. Carter's 1981 budget is a program to give meaningful training to the thousands of unemployed teen-agers who blight the streets of our cities. But now, in this atmosphere of Herbert Hooverism-gone-mad, House Budget Committee Chairman Robert N. Giaimo and a coalition of conservative Democrats and Republicans, have voted to defer such training.

On paper this looks like fiscal frugality; in the real world it would pump poison into the social mainstream of America. For every million dollars "saved" by leaving these young Americans unable to cope in this society, you and I are going to pay billions in welfare, food stamps, Medicaid and losses through crime.

In the current madness, reactionary forces in Congress want to block child health programs, reduce legal services for the poor, repeal portions of the Truth-in-Lending Law so that a store that has signed an agreement that a family will pay $20 a month on its bill can demand that the family pay $40 a month—which could drive many families into bankruptcy.

Let me say more about the implications of putting the food stamp program on the anti-inflation "hit list." It illustrates perfectly what Rep. William Brodhead said to Giaimo:

"We can kick the hell out of poor people because they aren't numerous and they aren't represented (among the lobbyists) in this room. This is not political courage; this is a political cheap shot."

A recent Agriculture Department study found that only 1 in 10 families in its Thrifty Food Plan gets the recommended daily allowances of the seven basic nutrients. So a child fortunate enough to receive lunch at school is simply getting a better chance at a minimally adequate diet—just as other food programs for the elderly and pregnant women complement the food stamp program.

There are other flaws in the Helms proposal, but the most discouraging thing is what it says about the conscience of America in this era of anti-inflation panic. Over the past dozen years we documented the widespread existence of hunger in this country and we developed programs to wipe that blot off of our society.

Are we now ready to take a step backwards toward more hunger and malnutrition?●

## ARCHBISHOP ROMERO AND EL SALVADOR

### HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● **Mr. BROWN** of California. Mr. Speaker, as events continue to unfold in El Salvador in the wake of the assassination of Archbishop Oscar Arnulfo Romero, it is useful for us to consider the views of this dedicated man.

Two days before his murder, Archbishop Romero was interviewed by two reporters from KPFA-FM radio from Berkeley, Calif. A transcript of that interview was printed in the March 27, 1980, Los Angeles Times. I ask that it be reprinted here for all to review.

The interview follows:

AN INTERVIEW WITH ARCHBISHOP ROMERO

The following interview with Archbishop Oscar Arnulfo Romero of El Salvador was conducted by John Clements and Arnoldo Ramos for KPFA-FM, Berkeley, two days before the archbishop's murder Monday.

Question: The Carter Administration wants to give El Salvador about $55 million in economic and what U.S. officials describe as "nonlethal" military aid. What is your response to this offer?

Archbishop Romero: I have made this quite clear in my letter to President Carter last month. We appreciate this aid, but the conditions accompanying the aid will decide whether it will be welcome. What is important for us is that the aid not be used to repress our people. The aid must not bring U.S. intervention against our people. If those are the conditions, the aid will not be welcome by our people.

Q: Do you think such aid constitutes intervention?

A: The aid in itself is not intervention, and it is necessary. But this aid is only to the government, and it reenforces the government's program. It does not support a program drawn up by the people as a whole.

Q: Recently, the civilian-military junta now ruling El Salvador passed an agrarian-reform law. Critics charge that it is being used to cover up increased repression in the countryside.

A: The agrarian reform is, by all means, a good thing. It has taken away all the landholdings larger than 1,200 acres, and they are to be given to the people. In itself, this is good. but the danger is that along with the reform has come a state of siege, supposedly to keep the right from interfering with the reform. But, in reality, repression against the people has increased tremendously. In areas not affected by the reform, the military is quite active, the people are being repressed. People are fleeing the countryside, coming here to San Salvador, or going into the mountains to sleep, because if they are found at night by the security forces they will be killed. Armed troops search farmhouses, burn peasants' possessions and kill people. Terror is rampant in the countryside. The agrarian reform is in itself a good thing, but it is accompanied by torture and repression which distorts the good will implicit in reform, and therefore the law is not supported by the people. I cannot verify repression against specific organizations, but, since the reform is being carried out by the armed forces, the people fear it will lead to the militarization of the countryside.

Q: Recent press reports say there may be a significant number of U.S. military advisers in El Savador. Is that true?

A: I've heard of this. In my letter to President Carter, I asked him to refrain from direct military intervention in our country, because it would mean support for the repression of our people. Carter says any military aid would be in noncombat activity such as transport, communications and logistics. But this answer does not satisfy me, because the aid is going directly to the security forces, and it is well known that they are repressing the people. I don't deny that there are provocations by the left, but the response by the security forces is totally out of proportion. In many cases the repression comes down with no provocation at all. In fact there is a clear program aimed at destroying the popular organizations. Leaders of unions and other popular organizations are being systematically persecuted. Some people, looking just at the right wing, think that social injustice is responsible for all the violence. And there are those who see provocations from the left as the only problem, but really there are three sources of violence: the right, the left and the government. The people are confused, but we cannot see the popular outburst as just the demands of the left. The popular organizations are voicing the needs of the people. The demands of the people are just. But sometimes the people's anger goes too far and there are acts of violence which I do not support.

Q: Some observers consider the current upheaval to be caused by an extremist minority. Is this true?

A: There is a terrorist minority within the left . . . But, in the left there are two sectors, the popular organizations and the armed clandestine organizations. But they support the popular organizations because they articulate the basic needs of the people.

Q: The Carter Administration believes that unless the people of El Salvador support the junta only chaos will occur.

A: Those are not the only two alternatives. The United States is ignoring the alternative presented by the people, who are already involved in their liberation process.

Q: You have been criticized for overstepping the bounds of the church as a shepherd of your flock. How do you respond to this?

A: In good conscience I can say that I am very comfortable with my role as what you call the shepherd of my flock . . . The church cannot separate itself from the politics and daily life of the people. I must illuminate with evangelical light. I will criticize the bad and support what is good. Within this lies the autonomy of the church. I am not at the service of any ideology. I am at the service of the popular organizations, although not with the violent groups. I feel complete freedom to tell you, in this interview, the areas in which I disagree with the popular organizations and the areas in which I agree with them. And I have tremendous hope in the popular organizations. By involving myself in the people's struggle, I am not making an opportunistic move. I am taking the position which the church has to take.

Q: The Christian Democratic Party along with members of the armed forces make up the government. Does it have a broad, popular backing?

A: They have lost a lot of ground. Their intentions are good; they are operating in good faith, but, on the level of actions, it is clear that the people see them as responsible in part for the repression which is being carried out against them. Perhaps they are responsible for the reforms which, I repeat, are good, but they are also responsible for the broadening of repression. This confuses the people. They pass their reforms as if everything would be OK, and this makes the reaction by the popular organizations appear unjust. But the popular organizations are not reacting to reform. They are reacting to repression. And their moves are just.

Q: Do you have a message for Salvadorans in the United States?

A: Yes. Salvadorans, regardless of your faith, I think God has given us the role of supporting the people's struggle. Whether you live in El Salvador or not, you must participate in the Salvadoran process; you cannot regard the United States as a refuge. You can do magnificent things for your people.●

## WEST GERMAN CANCER SPECIALIST VISITS THE UNITED STATES

## HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. McDONALD. Mr. Speaker, the use of laetrile in treating cancer has been going on for years elsewhere. It is one of the standard treatments used in Germany, for example. Dr. Hans Nieper, a well-known cancer specialist from Germany, is a strong proponent of laetrile. He visited the United States this March and made some statements on this subject. I would commend his statements to the attention of my colleagues who have not yet cosponsored my bill—H.R. 4045—to legalize the use of laetrile, to thoughtfully consider his statements. What follows are excerpts from a press release dated March 15, 1980, by Gertrude Engels Public Relations Firms:

From Hannover, West Germany, Dr. Hans Nieper, 51, world-famous cancer specialist, who prescribes Laetrile, was recently honored in Beverly Hills, California. This charming doctor has every reason to boast of his triumphant career.

The dinner was hosted by Edith Goetz, daughter of the late movie mogul Louis B. Mayer. Among the guests attending were Fred MacMurray; his wife, June Haver; Red Buttons; his wife, Alicia; Nancy Sinatra; Jack Lemmon; Natalie Wood; Robert Wagner; Chuck Feingarten; Laura Mako, David Selznick, Jr. and many others.

Fred MacMurray, Alicia Buttons, and Chuck Feingarten, cancer victims are patients of Dr. Nieper.

Before returning to Germany, Nieper and his lovely wife, Helga, visited Washington and were feted at the Cosmos Club. Hosts were Dr. and Mrs. Dean Burk. Dr. Burk worked as a bio-chemist for 35 years at the United States Cancer Institute.

He is pleased with the results of his metabolic therapy, including Laetrile, enzymes and vitamins for cancer patients. He receives about 1,000 applicants per month from the states. He glowingly speaks of the many incurables whose symptoms he has completely controlled. He emphatically states, "Laetrile is officially declared a cancer supportive treatment in Germany and has been since the middle of the last century."

He recalls, "When I was a graduate student studying internal medicine in 1951, part of my official examination was to treat a patient suffering from stomach cancer and I remember so vividly the examining professor's suggestion to try Laetrile. As my practice grew, I became more absorbed with what Laetrile could remedy, and I have used it faithfully for the past 15 years with tremendous success."

Dr. Nieper was indeed surprised by the U.S. 10th Circuit Court of Appeals second decision, reversing and remanding the case back to Judge Luther Bohanon for further proceedings. Their first decision upheld the Oklahoma judge's decision that terminally ill cancer patients would get Laetrile under the affidavit system signed by a physician.

What happened since then? Have we lost faith in our doctors?

Dr. Nieper declared, "I cannot believe it. What is the stir of the Food and Drug Administration "Grandfather clause" to determine the validity of Laetrile when we have had success all over the world? We don't have this trouble in Germany."

Nieper explained the difference between injectables of Laetrile and the tablets. He stated, "No one dies from taking Laetrile; and occasional abrupt drop in blood pressure can be caused by large doses of the intravenously injected substance.

"The patient has to lie down for about one to two hours and must be monitored. This occurrence very seldom happens because the cyanide detoxication process takes place. Tablets of Laetrile work slower; therefore, tablets do not produce the low blood pressure."

"What do you prescribe for High blood pressure?" I asked.

"High blood pressure can be decreased by injection if necessary with sodium prusside, the magnesium salt of vitamin B-13."

Nieper explained, "I talked with the celebrities about metabolic diseases and the energy crises."

He stated that measures to prevent cancer were being taken by Natalie Wood, who takes bromelain (a product manufactured from pineapple plants.) Robert Wagner, Nancy Sinatra, and Red Buttons consume magnesium orotate (one gram per day). Jack Lemmon does likewise. Nieper also recommends selenium (one half milligram per day). Stephanie Powers "devours" bromelain and selenium by taking 2 capsules a day.

Neiper believes in carrot juice: 1 tsp. of cream added to an 8 oz. glass of carrot juice.

"What does the cream do?" I asked.

He answered, "The cream helps to absorb the beta carotene which inactivates the blocking shields on the surface of the cancer cells."

Neiper asserted that the effective preventive measures should be used before and after surgery.

For the past two years Nieper has been searching to eliminate cancer formation. He is working in concert with chemist Rudolph Klemke in Mannheim, Germany, on a steroid hormone, tumosterone, which is in the body. "This product can be synthesized and amplified by a natural mechanism. One needs education to understand it. It is a substance which inactivates cancer cells. I was able to prove that in clinical reality with our minute quantity this concept works. It is not generally available yet," said Nieper.

"In studies now we use tumosterone-like substances which are imitating the action because they are closely related chemically or by giving the precursors from vitamin D-2 derivates."●

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## AGC NATIONAL CONVENTION

### HON. KEITH G. SEBELIUS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. SEBELIUS. Mr. Speaker, over 8,000 Associated General Contractors, affiliates, and associates participated in the 1980 AGC national convention this week in Honolulu. Ival Cianchette of Pittsfield, Maine, was installed as the 1980 president at the convention, which was the largest in AGC history.

My colleague from Kansas, Senator Bob Dole, speaking on matters of tax and fiscal affairs, emphasized that current policies concerning inflation, taxation, and regulation have worked to crush economic growth and the moral fiber of our Nation. I commend the Senator's speech to my colleagues and ask that a portion of it be included in the Record:

### A Crisis of Confidence

As we meet this morning, Americans are confronted with the highest interest rates in our history. Inflation of nearly 20 percent is tearing at the vitals of our society, the stock market has plunged below the 800 figure and no one knows where it will all end.

A week has passed since the President unveiled his latest anti-inflation package. It might best be described as nibbling the inflationary bullet, of course, how can you expect an administration to bite the bullet when it's spent the last 3 years firing blanks.

The President seems to understand the link that exists between runaway inflation and crushing interest rates. There is no way to avoid that connection, and no slogans that will solve one without tackling the other.

To bring interest rates down, we've got to get a handle on inflation itself. To do that—to exercise the political courage to say no when there are a lot more votes to be gained by saying yes—this is the ultimate test of a democratic system of government.

The American people do not deserve an economy worthy of a banana republic, but that is what they are getting. The phrase "economic crisis" is gaining more and more currency. But a crisis implied something sudden and unanticipated. Many of us in Congress have warned that compounded government deficits, combined with ever rising levels of federal spending and taxation, would bring the nation to a point where only wrenching, painful adjustments could dampen inflation.

Now it appears that the hour may have arrived, and public relations gestures and prime time press conference are not going to do the trick. The problem goes beyond appearances. People lack confidence in their ability to invest and gain over the long term, and that is a very dangerous sign for the economy. Less investment means lower growth, fewer jobs, a dwindling tax base. And yet, we have borrowed nearly a trillion dollars from that future, as the national debt continues to accumulate.

Last Friday President Carter unveiled yet another program to halt inflation. Rather, he unveiled parts of a program—according to Alfred Kahn, the President meant to talk about the need for regulatory reform, but that portion of this speech was omitted because several pages stuck together. This may be the first time Mr. Carter has gotten something to stick. It does not, however, help the President to convince the public that he has a serious, comprehensive program in hand.

Nor was Mr. Carter helped by stating he proposed $18 billion in spending cuts, when he meant to propose $13 billion. But that error dramatized the inadequacy of the administration's program—how much difference can $5 billion make in a $600 billion budget?

What then does the President offer? I have said it before and I say it again—the administration offers unprecedented increases in taxation, and will propose modest, short-term cuts in spending. Let us try to consider some of the details, painful though that may be. Unfortunately, most of the detailed spending cuts have yet to be made public. But what we have does not inspire confidence.

For example, look at some of the proposed cuts within the jurisdiction of the finance committee, where I serve as ranking Republican. $400 million to be saved by delaying a new Medicaid program for one year; $1 billion by delaying countercyclical revenue sharing for one year. These are not spending cuts, they are deferrals. What has become of the President's commitment to long-term spending restraint? On the taxation side, we do have specifics. Social Security taxes are up over $20 billion. The windfall profits tax will bring $13 billion. We will have an oil import fee later converted to a gas tax—adding another $10 billion, and $3 billion through withholding taxes on interest and dividends. Then again, in the "precrisis" Carter budget, inflation had already boosted personal income taxes by about $16.5 billion for fiscal year 1981—now the administration further proposes to squeeze the taxpayer, already hit by taxflation, even harder.

The Carter people don't mention that this will mean a further disincentive to savings and investment, at a time when we desperately need to encourage both. They haven't added up their new math—to discover that overall taxes will rise by about $92 billion in fiscal year 1981. To an all time record in Peace time—21.9 percent of GNP.

In short, we have a prescription for continued low productivity, sluggish economic growth—and fewer jobs. It is not an antidote to inflation, it is a program looking for a rationale—but then, what else is new in the Carter White House?

If the President has no answers for our dilemma, what can we do? I submit that we need deeper and lasting spending cuts, not just one-year deferrals—and a commitment to tax reduction in future fiscal years.

Tax policy in this country has tended, in recent years, to encourage consumption and discourage investment, savings, and capital formation. Among major industrialized nations, the United States ranks last in savings as a percent of income, last in fixed investment as a percent of GNP and last in productivity growth. This is no accident. It is not caused by the profligacy of our citizens. It is caused by tax policy.

The extreme progressivity of our income tax system is one problem. High tax rates for middle income taxpayers discourage productive activity. This problem is made more acute by inflation. Individuals often must pay a higher tax although they receive no real increase in their income. Such taxflation is, to me, the biggest windfall profit of all—and it is directly attributable to a federal government that equates a printing press with sound currency. We have a capital crisis in this country. Capital needed for investment is eroded because our tax system does not recognize inflation-caused underdepreciation of assets. It makes no sense to depreciate assets at a price that is only a fraction of their replacement cost. Investment is discouraged in other ways also. For example, dividends are taxed twice in our system—once as profit to the corporation and again as income to the recipient.

Tax reduction should take the form of indexing the income tax to inflation, to eliminate future revenue windfalls to the treasury: tax incentives for savings and investment: and some form of corporate tax relief to stimulate real, non-inflationary growth—perhaps by adopting one of the proposals for accelerating depreciation of capital assets. By planning tax relief for future fiscal years, we can avoid upsetting the current budget, yet give the nation a clear commitment to a policy of stable growth, and show our determination to battle our way out of the mire of stagflation. If we can do that, we will make the job of monetary policy easier. By deflating people's expectation of continuing inflation and slow growth, we will reduce incentives for incurring debt. Then the FED can permit interest rates to moderate, and we can all breathe easier. Those rates would never have gone so high had the President followed clear, consistent, fiscal and monetary policies over the last three years.

Now is the time for America to pass judgment on 3 years of Carter economics. The 1980 elections are truly a watershed. This year we will make decisions that determine for decades to come the shape of our economy, the extent of our individual freedoms and opportunities, and the leadership we give to the troubled world in which we live. In 1980, we will decide what promises we wish to keep, to ourselves and to humanity.

I hope that each of you will get involved in the decision-making process. We need to hear your voices. We require your viewpoint, and we can benefit from your imperishable conviction that the best economy is a free economy, and the best America is one in which opportunity's door is not closed off by the deadening hand of bureaucracy.

It is a fight that never ends—and in which we must all remain always on guard. Keep up the fight, and one day even Washington, D.C. may get the message that we can never spend our way to national happiness—but we very easily spend ourselves into national disaster.●

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## THE SOVIET UNION'S SELECTIVE TECHNOLOGY STRATEGY

### HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. MICHEL. Mr. Speaker, there has been much said and written about the very great lead the United States has over the Soviet Union in matters of technology. What is not examined, however, is that this lead is bigger in some areas than in others. Yes, we do have a lead in computer technology and in chemical and plastic technologies as well. But in weaponry the United States "retains a lead in defense technology but the Soviet Union is coming on fast and is ahead in some ways."

The words in quotation marks come from a recent article in the Wall Street Journal, an overview of the technology race. I commend it to your attention, for it underscores something many of us forget: The Soviet Union has the capability of concentrating its resources on weaponry. In many areas of defense the Soviet Union is either equal to or well ahead of the United States. We should stop being so smug about our technological lead in other areas and start realizing that the Soviet Union is putting all its efforts into becoming the strongest military power in the world.

At this point I wish to insert in the RECORD, "Soviets Strive To Catch the United States in Technology and Make Some Gains," from the Wall Street Journal, March 21, 1980.

## SOVIETS STRIVE TO CATCH THE UNITED STATES IN TECHNOLOGY AND MAKE SOME GAINS

### BUT U.S.S.R. FACES OBSTACLES, AMONG THEM A SYSTEM THAT DETERS RISK-TAKING

### *Smuggling home a computer*

The U.S. and Russia are glaring at each other again. With the Soviet Union swarming over Afghanistan and exiling its dissidents, the Carter administration has tabled SALT and seemingly put detente, too, on the shelf.

Whether it is the start of a new cold war or only a chilly spell remains to be seen. But U.S.-Soviet skirmishing is under way on several fronts: wheat, human rights, the summer Olympics, public opinion in Moslem lands.

As competition overshadows cooperation, one battleground emerges as critical. It is technology. How the U.S. and the Soviet Union fare in economics, defense and even world prestige in the future will depend increasingly on their scientific and industrial innovation. President Carter's embargo on high-technology exports to the Soviet Union—broadened this week—only underscores the importance of this rivalry.

It is almost reflexive to think of the Soviet Union as inferior in technology. But to some extent this impression is due to differing priorities: The Soviets may not be making their very best effort in, say, videotape recorders. On the other hand, the Soviets are mounting an expensive and high-priority effort to close the technological gap where they consider it most critical. How are they doing?

### *Secret science*

The Russians, of course, aren't saying. They are so secretive about science and industry that visiting U.S. businessmen are sometimes barred from sites where equipment they have sold to the Russians is being installed. Soviet scientists often don't participate in international conferences at which papers are presented (and at which foreign colleagues can judge other nations' progress).

Outside observers thus aren't always certain, or in agreement, in their evaluations of Soviet expertise. Some see the Russians making rapid strides in specific fields. And there are some areas, such as welding techniques and high-voltage power lines, where the Soviet technology is thought to be superior.

But overall, a lot of observers seem to agree with Lawrence Klein, professor at the University of Pennsylvania and chairman of Wharton Economic Forecasting Associates, who says of Soviet technology: "The gap isn't closing. They're putting money into it, but I can't see that they're getting results."

Explaining the obstacles to innovation, many Westerners cite peculiarities of the Soviet economic system. At its most basic, the problem is a disinclination to take chances. "There is a constant fear among bureaucrats," says a U.S. metals executive, "that if an unproven technology doesn't work, they will end up in Siberia." But to a U.S. manager, one Western economist comments, "risk is an opportunity, because that's where the payoffs are."

### *Production lag*

Many Russia-watchers perceive a broad gulf between laboratory and factory. In case after case, the Russians seem to be close to the West in their theoretical grasp of a field of technology but far behind in applying it.

It is necessary, too, to distinguish between military and civilian technology in the Soviet Union. The military gets priority in money and resources. It also is ultrasecret, and Westerners tell of cases where Soviet civilian industries have labored to invent devices that the armed forces already had.

But the Soviet system has some major advantages in the technology race. One is a large pool of workers with technical training. Soviet planners can allocate this manpower, along with other resources, strictly in accordance with national needs. They are freer of constraints of public opinion or environmental worries. And despite the Carter administration's clampdown on exports, they can buy or copy much western technology.

What follows is an assessment of Soviet technology in some important fields as seen by knowledgeable Western observers.

### *Computers*

The Russians appear to trail the U.S. in all aspects of computer technology but particularly in the manufacture and use of the machines. One student of Soviet technology says, however, that "a catching-up process is definitely under way."

Large Soviet computers are modeled on the IBM 360, which the U.S. company introduced about 15 years ago, and on the IBM 370, introduced in 1970. But the Russians didn't begin mass-producing their versions, called Ryads, until the mid-1970s. Richard Merwin, a George Washington University professor and former IBM engineer, recalls a visit to Soviet computer centers: "It looked as though they had a set of manufacturing prints for IBM computers," he says. "Even the colors were the same."

Production is a big problem, however. Reinhold Sell, who researches East European markets for International Data Corp. of Waltham, Mass., says that though the Russians "are capable of duplicating any machine we have," when it comes to mass production they "almost always fall flat on their face." A major advantage the U.S. has is its ability to make huge quantities of sophisticated electronic parts cheaply.

Mr. Sell explains that the Soviets have trouble making precision parts and therefore don't use high-speed disc drives needed for quick access to computer memories. He also says the computer programs often don't do all they should because they aren't designed by manufacturers or users but by Soviet mathematical institutes. In addition, the poor quality of its telephone system keeps the Soviet Union from developing one important innovation in computer technology, communication among numerous machines.

A Rand Corp. study estimates the number of installed computers in the Soviet Union will be 40,000 to 42,000 by year-end, including minicomputers and special-purpose machines. The U.S. will have about 130,000 installed general-purpose computers and a half a million minicomputers.

An even wider gulf exists in the use the Soviets get from their computers. Mr. Sell says the Soviet Union seems to treat them as "fast adding machines," using them for repetitive tasks such as payroll and inventory calculation rather than sophisticated modeling or medical applications. "They're 20 years behind in the applications area and falling further behind," he believes.

Though the U.S. has halted high-technology exports to the Soviet Union and has even barred Soviet scientists from an international computer conference, observers doubt the freeze will hamper Soviet computer development in the long run. "There's no way we can keep the Soviets from getting our units," says Steven Puthuff, vice president of engineering for Memorex Corp. "They have been known to take a computer in the U.S. and break it down and carry the components out in suitcases."

But the U.S.-Soviet technological freeze has some more-immediate effects. The Carter administration has blocked shipment of parts for an IBM computer used at Russia's big Kama River truck plant.

It also held up spare parts for a Univac computer that Aeroflot, the Soviet airline, uses for international reservations. An executive of Sperry Corp., which built the computer, says the Russians' spare-parts supply normally would last only three to six months. Eventually, he believes, "that computer is going to become useless." Aeroflot expects to carry 3.6 million international travelers this year.

Even with the Univac working, says John Linvill, electrical-engineering chairman at Stanford University, "the Soviet concept of using computers for scheduling and storing data is incredibly behind us. On plane and hotel reservations, the difference is just astounding." He adds that "apart from the Afghanistan matter, I would have been wary of attending the Moscow Olympics. I don't think they can manage such a large influx of people."

### *Machine tools*

The Soviet Union is catching up with the West in many areas of machine-tool technology, although perhaps not in sophisticated, computerized machinery.

"The Russians are two or more generations behind other countries, but they're catching up faster than a generation every 10 years," says William Ritter, vice president for international sales at Giddings & Lewis Inc., Fond du Lac, Wis.

They do so largely by acquiring Western technology. It is available from many countries besides the U.S., so that President Carter's embargo on sales of high-technology items to the Soviet Union may not have any great effect.

The North American distributor of Russian machine tools believes the Soviet Union is improving rapidly in certain basic areas. "Soviet technology is approaching a competitive position with the West in areas such as machining centers and boring, milling and drilling machines, where they've placed priorities," says Russell Gardner, sales manager for Stan-Canada Machinery Ltd., Toronto.

The president of one machine-tool concern adds that the Soviets "are principally making drills, simple mills and lathes rather than anything involving electronics." Developing countries offer a market for these basic machines.

Improving their machine-tool technology might seem a way for the Soviets to attack the practical production problems that hobble them in so many fields. Ironically, however, such problems also afflict the Soviets in manufacturing machine tools themselves.

"The Russians have absolutely no way of controlling and monitoring a plant the way we do in the U.S.," an executive of a big U.S. industrial-products concern says. "Some equipment isn't maintained and is in total disarray." Another industry source describes the quality of Russian machine tools as "all over the map from good to very poor."

*Chemicals and plastics*

The consensus is that the Soviet Union is well behind the U.S. in these areas and isn't catching up.

"The Soviets are not known for breakthroughs in chemical processes or plastics," says Melvin Duncan, an East-West trade consultant and former corporate director for East Europe at Union Carbide Corp. "What they have is either a reinvention of the West's or technology purchased from the West," he adds.

This seems to be so by design. Materials like polyester fibers and synthetic rubber and plastics aren't of high priority for the Russians. Leonard Triggiani, president of the research division of W.R. Grace & Co., notes that "the technology isn't that sophisticated or abstruse that they couldn't do it."

Thus, in a field where the Soviets do place emphasis, fertilizer, they have what Mr. Duncan terms "some of the biggest and best nitrogen production in the world."

One chemicals executive, who has visited the Soviet Union many times and has met with government ministers, believes bureaucrats there aren't even especially eager for innovation in such low-priority areas. He explains, "When a man makes an invention, what he is doing is creating trouble" in a centralized planning system.

Even in the technology needed to produce industrial gases, which are used in all kinds of basic industry, the Russians are still some years behind, says a spokesman for Air Products & Chemicals Inc. of Allentown, Pa. As a result, the Soviet chemical industry hasn't been much of a competitor in international markets.

Western experts agree that the embargo on high-technology exports won't hurt the Soviets much. Some say it will only divert business to Europe and Japan. And Mr. Duncan suggests it could even backfire. "It might slow them down for four or five years," he says, "but it could cause them to shape up their own efforts and make them stronger in the long run."

*Weaponry*

The U.S. retains a lead in defense technology, but the Soviet Union is coming on fast and is ahead in some ways.

The Soviets spent about $100 billion more than the U.S. on military research and development in the decade just ended, according to William Perry, under secretary of defense for R&D. "We've been losing our (technological) advantage year by year," he believes.

Analysts say the Soviet Union is even with the U.S. in aerodynamics, nuclear weapons and radar sensors. One says that the Russians have made rapid strides in night-vision equipment. Experts describe the Soviets as equal to or ahead of the U.S. in lasers and other focused-energy beams, which are a promising antiballistic-missile technology.

The Soviet Union also seems to be ahead in many categories of ground-combat equipment. Percy Pierre, assistant secretary of the Army for research and development, observes that in the past "we had a tendency to smirk at Soviet equipment as either crude and unsophisticated or as merely poor copies of Western equipment." That advantage has eroded, he believes, "to the point where the U.S. Army now is inferior in virtually every major category of items with which wars can reasonably be expected to be won."

The U.S. Army hopes to start restoring the balance with billions of dollars worth of new-model tanks, armored personnel carriers, helicopters and missiles that are just beginning to reach the troops. The Pentagon also is requesting a $3 billion increase in fiscal 1981 spending for research and development. F. X. Kane, a former Air Force space-program planner now with TRW Corp., notes that the Vietnam war turned many U.S. scientists away from military technology but adds, "That's starting to change."

In the air, the Soviets are believed to trail the U.S. in the accuracy of their missile-guidance systems, those for nuclear-tipped missiles as well as those for peaceful space missions. Russia turns out large numbers of warplanes, but of generally lower technology. It trails the U.S. in developing the low-flying cruise missiles.

There are two sides to competing with the Soviet Union in technology, observes Mr. Perry, the defense under secretary: "One half of that is enhancing our own R&D; the other half is to stop giving it away. They've gotten very significant benefits from the technology we've willingly sold them." Mr. Perry says Russians subscribe to U.S. technical publications and buy vast quantities of technical and patent data from the U.S. government.

Robert Hotz, retired editor of Aviation Week magazine, adds that "technical espionage in this country is hot and heavy. All their (the Russians) embassies are vastly overstaffed with people, many of whom have aerospace capacilities."

Mr. Hotz says he once asked a Russian friend why so much spying goes on when a lot of the purloined information could be gleaned from publicly available sources. He relates that the Russian, used to a society where publicly available technical information isn't worth much, replied, "We only believe what we steal."

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## THE STEEL SITUATION—MORE PROGRESS NEEDED TO PROTECT JOBS

### HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. MURTHA. Mr. Speaker, America is facing a new round of decision-making that will set the progress of the steel industry for the next 5 years.

The recent decision by the United States Steel Corp. to bring antidumping suits against foreign steel producers, and the resulting decision by the Commerce Department to suspend the "trigger-pricing" system controlling imports dramatizes the need for a renewed congressional debate on the steel industry.

You will recall that in 1977 in the face of massive steel layoffs and plant closings across the country, the Congressional Steel Caucus was formed to coordinate Government policy to aid the steel industry and its workers, and insure a strong industry for our country.

The major result of that summer's work was the "trigger-pricing" mechanism, a pricing system designed to reduce foreign imports coming into the United States. In 1979 steel imports were 19.2 percent lower than in 1978. Over the 5-year period of 1974-78, before the "trigger-price" mechanism was in place, plant closings, phasedowns, and layoffs eliminated 42,700 jobs in Pennsylvania.

The year before the "trigger-price" mechanism was in place, total employment in Pennsylvania's primary metals industry was 176,870. A year after the pricing controls were in place, the average employment had jumped to 203,200. Moreover, we had seen the job situation stabilize throughout western Pennsylvania. The Steel Caucus work coincided with our successful community effort to retain as many jobs as possible at Johnstown's Bethlehem Steel plant.

The overall economic impact of these decisions is even greater since the steel industry remains Pennsylvania's No. 1 employer. Pennsylvania is also the biggest producer of anthracite and a major producer of bituminous coal. Since 1,660 pounds of coal are needed to produce 1 ton of steel, it is obvious why every decision concerning steel has a multiple effect on the State's economy. According to the Pennsylvania Department of Commerce, every million tons of steel produced creates an estimated 5,000 steelworker jobs and 15,000 ancillary jobs. Retaining and adding to those jobs is vital to west-central Pennsylvania.

So let us take a moment to focus on some of the key steel issues I believe Congress must face.

Imports.—We must assess the impact of the antidumping suit over the coming months. If it leads to lesser imports and more secure American jobs, then we are in better shape. Personally, I was very pleased with the constant progress made by the "trigger-pricing" system. I think it was a success. If imports make another spurt further threatening jobs of American workers, I will urge the Steel Caucus to intervene again with industry, labor, and the administration to find some new way to prevent further sagging of the American steel industry. The key is to control imports by whatever method proves best.

A second import question involves specialty steel. I joined in petitioning the White House to retain the specialty steel quotas but they were dropped beginning in February. If jobs in this segment of the industry—affecting our area at the Allegheny Ludlum plant in Leechburg—are threatened, then I will urge the Steel Caucus return to the White House demanding new import controls.

We simply cannot allow our American steel industry and our American steelworker jobs to be eaten away by foreign imports.

Modernization.—Domestic plant capacity utilization has increased in the last few years. That utilization must continue to improve, and ways must be found to use more capital in modernization and increased plant productivity. I have cosponsored legislation that would improve depreciation allowances and alter tax writeoffs in a way that would allow more plant expansion and improvement. Using new technology will strengthen the American steel industry and make jobs more secure.

Pollution control.—No one wants to go backward on environmental progress, but we need to allow room for American industry to grow and create jobs. Much of the steel industry's capital investment has gone into required pollution control equipment instead of plant modernization. I have sponsored one of several versions of legislation being considered to provide a speedier tax writeoff for industry of such equipment. This would do several things. First, it would provide an incentive to put the best available antipollution equipment in place; second, it would free more money for industry to use in steelmaking improvements. We must also work for reasonable pollution regulations so jobs and economic stability are not lost in our desire for clean air and water.

Coke.—We must solve the coke problems facing the steel industry so we can mine more metallurgical coal—also a boost to our coal industry—and also end the huge imports of coke that have been needed by the industry. Here again, we need reasonable environmental rules to keep the coke operations in production.

Defense.—Behind all of this lurks a key concern of mine—namely that we must have a domestic steel industry strong enough and with enough capacity and trained workers to insure that we could meet our steel production needs in a time of military crisis. Right now, that remains uncertain, and further shows why we must take these steps to insure a strong steel industry which is a key for all Americans.

All of the Nation has double-digit inflation, but we have also got double-digit unemployment throughout our region. The steel industry remains a vital key to future employment stability in our area and throughout all of western Pennsylvania. In recent years through the work of the Steel Caucus we have formed the basis for a government-labor-industry coordinated effort to work for a strong steel industry. This latest action on imports calls for a reevaluation of all our programs and goals, and a renewed effort to solve the remaining problems. I will be working as a member of the Executive Board of the Steel Caucus to continue to use the creative, productive skills of Congress to find additional solutions to the problems we face.

I believe it is now time to develop new ideas and initiatives along these lines to stimulate the steel industry. That is the goal for the remainder of 1980, and it is one which must be reached.●

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## PROTECTING ARTISTS' HEALTH

## HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. RICHMOND. Mr. Speaker, today I have the pleasure of introducing a bill that is the result of my 2-year investigation into the toxicity of artist supplies. I am sure that my colleagues will be shocked to learn that artists of all ages used materials which, if used incorrectly, can cause severe health side effects. In case after case artists have suffered blindness, neuromuscular disorders, and even death from the use of artist supplies. Yet these hazards could be prevented simply by the use of sufficient precautions when using certain materials. The following are a few of the numerous incidents which have been brought to my attention:

### ARTISTS AFFECTED BY ART MATERIALS

One. Erica Barton, who has been an artist all her life, suffers from distal axanopathy (similar to muscular sclerosis) of both the central and peripheral nervous systems. The suspected cause is chronic exposure to hexane found in various 3M spray adhesives which Mrs. Barton used in her artwork. There is little expectation that she will ever recover completely or be able to return to her work as an artist.

Two. For a year and a half, Bruce Beasley, a California sculptor, ran a low-grade fever and broke out in shakes and sweats every time he climbed the stairs. A doctor finally traced his illness to the arsenic compound Mr. Beasley was using to color his aluminum sculptures. It took a year and a half for the artist to regain his health.

Three. Art professor Tadeusz Lapinski spent 7 months in a hospital fighting for his life against aplastic anemia—a blood disease—caused by the solvent benzene, which he used in photolithography classes.

Four. Sculptor Harry Bertoia, who recently died of cancer, had frequent exposure to poisonous copper alloy fumes, as well as silver solder and brass welding, which emit toxic fumes. Under current law, none of these products require warning labels.

Five. New York professional artist, Masuo Ikeda, suffered unexplained headaches, dizziness, and nausea, following 20 years of exposure to fumes from the acids and solvents he used in etching. After he was away from the studio for an extended period, his symptoms cleared up.

Six. Harvey Mueller, a potter, suffered blackouts in his studio. It was diagnosed that he had been subjected to barium poisoning while firing glazes containing barium carbonate.

### A SOLUTION

There is a simple, inexpensive, and obvious solution to prevent the misuse of certain chemicals: On the label of each product that contains a potentially hazardous substance would be a listing of chemcials by their common name; the precautions to take when using the product; the physical side effects to be aware of when using the product; how to counteract the side effects; and, finally, how to properly dispose of the product.

The Federal Hazardous Substances Act now includes most of these criteria for products which could cause acute illnesses (immediate effect), however those which could cause chronic illnesses (long-term effect) are not yet covered. In the past, determining the chronic toxicity of most chemicals and substances was either too costly, too time-consuming, or technologically impossible. Fortunately, scientists have now developed tests for determining chronic toxicity of many substances, thus changes in the law that I am proposing are both timely and reasonable.

The bill that I have introduced today mandates proper labeling of all materials containing potentially hazardous substances. If the consumer decides not to follow the precautionary measures listed on the label, it is his/her choice. But, unless the user is sufficiently warned about the potential hazards of these products, we are remiss in our responsibility to protect the consumer.

### THE RESPONSE FROM THE INDUSTRY

Art supply manufacturers have almost unanimously stated that they are opposed to my legislation. Their arguments include: there is no room on the label for such information; if they did place this information on the label it would be so small that it would be unreadable; the labels would have to be redesigned and hence increase costs—costs which would be passed along to the consumer; tubes of paint are often rolled up as they are used and the warning would be hidden and hence useless; if the tube was too small and the required information was explained on a sheet of paper given separately to the consumer the paper would most probably be misplaced; and so forth and so on.

Each of these arguments could readily be answered. Under present law each bottle of nail polish must have on its label—or the bottle itself—a complete listing of the chemicals found in the product. If this can be done on a small bottle of nail polish it can certainly be done on a tube of paint. If the warning information is found on the product and it is small, artists will still find ways to read the information, even if it means using a magnifying glass. The argument about increased costs for the consumer is specious. Every artist I have spoken to about this believes that if the cost per unit were increased to protect the health of the consumer, it would be well worth the investment. Once an artist reads a label and takes the necessary precautions to prevent physical side effects, it won't matter if the tube of paint is rolled up or the paper thrown away.

The most unreasonable argument I have heard from industry representatives is that, "If we place these warnings and information on the label, people may no longer buy the product and we are in business to make money." Such business people, Mr. Speaker, place profits over the safety of the very people who keep them in business.

In March 1979, I went before the National Art Materials Trade Association and asked for some outlines of plans to protect their consumer/public. To my knowledge, no response has been made. It is obvious that the industry is unwilling to regulate itself and is challenging Congress to take the necessary steps. I am certain that my colleagues in the House will join with me in helping to protect unsuspecting artists from the inherent dangers in so many products.

### EXAMPLE OF INDUSTRY NEGLIGENCE

To the industry people who claim their labels are already sufficient, let me respond with just one example: Hexane is a chemical found in spray adhesives and rubber cement, though it is not listed on most labels. Technical Petroleum Co. of Chicago manufactures hexane. Illinois Bronze buys hexane from Technical Petroleum and is told in writing that the chemical causes headaches, dizziness, nausea, blurred vision, and "possibly even nerve damage known as peripheral neuropathy." Yet the Illinois Bronze label on their adhesives used as artist supplies only reads. "* * * inhalation may cause discomfort or illness. Get fresh air * * *."

### SCOPE OF THE PROBLEM

To provide my colleagues with an idea of the scope of this problem, I have prepared a list to show a few of the professions which routinely use hazardous chemicals and the health-related problems associated with various degrees of use of the chemicals:

*Painting*

Gum Acacia (gum arabic), can lead to: Severe respiratory allergies and skin allergies.

Flake White (cremnitz white, white lead, Pigment White I), can lead to: Teratogen (causes developmental malformations) and suspected mutagen. Lead poisoning.

Phenol (carbolic acid), can lead to: Death. Very corrosive to skin.

*Printing*

Chrome Green (Milori green, pigment Green 15), can lead to: Human carcinogen, teratogen, suspected mutagen.

Molybdate Orange (Pigment Red 104), can lead to: Human carcinogen, teratogen, suspected mutagen.

Sulfuric Acid (oleum), can lead to: Death. Chronic bronchitis and emphysema. Corrosive to skin.

*Ceramics, glassblowing and enameling*

Beryllium Oxide, can lead to: Death. Chronic skin ulcers. Lung damage.

Manganese Carbonate, can lead to: Serious nervous system disease.

Arsenic Oxide (arsenic trioxide), can lead to: Death. Human carcinogen.

*Sculpture*

Fluorspar (fluorite, calcium fluoride), can lead to: Skin irritation, anemia, loss of appetite, teeth defects.

Cedar Wood Dust, Western Red (Thuja plicata), can lead to: Skin allergies, asthma, bronchitis, and gastrointestinal irritation.

Organic Phosphates, can lead to: Paralysis, convulsions, anesthetic effects.

*Metalworking processes*

Beryllium, can lead to: Death. Chronic ulcers. Lung damage. Cancer.

Cadmium, can lead to: Severe lung irritation. Cancer, Anemia.

Iodine, can lead to: Burns, respiratory irritation. Can be fatal.

*Photography and photoprocesses*

Acetic Acid, can lead to: Skin corrosion, chronic bronchitis. Can be fatal.

Cathechin (catechol, pyrocatechol, o-dihydroxybenzene), can lead to: Allergies, acute poisoning, vomiting. Can be fatal.

Sulfamic Acid, can lead to: Corrosive to skin, eyes, respiratory system.

*Crafts*

Ammonia (ammonium hydroxide), can lead to: Severe respiratory irritation. Skin corrosion. Can be fatal.

Ocalic Acid, can lead to: Severe skin corrosion and ulcers, kidney damage, gangrene.

### PUBLIC AWARENESS

Over the past 2 years, innumerable articles on this subject have appeared in the New York Times, the Los Angeles Times, the Washington Post, as well as regional and local papers throughout the country. Art Hazards News, Art Workers News, Ocular Magazine for Visual Artists, and a host of other trade papers have started regular series on this vital subject. One of the country's leading experts in the field, Dr. Michael McCann, has recently published a 378-page book entitled "Artist Beware" that explains in detail the dangers involved with the misuse of hundreds of artists products and chemicals.

At my request, the Consumer Product Safety Commission undertook a major study of this problem. Battelle Columbus Laboratories was commissioned to determine which art professions were most susceptible to the health hazards inherent in artist products; which chemicals used by these artists were hazardous; and, which companies produce and distribute the products. Their three-volume study was released in December 1979. It gives conclusive evidence that the health-related problems precipitated by the misuse of art supplies is an industrywide problem.

### THOSE AFFECTED

A 1975 Louis Harris poll found that 39 percent of individuals over age 16 (56.7 million people) are currently engaged in woodworking, weaving, pottery, ceramics, and other crafts where harmful products may be used. The poll also found that 16 percent of persons over age 16 (21.8 million people) are currently engaged in painting, drawing, and sculpture.

National studies performed at some of our country's most prominent schools of art have shown that 40 percent or more of the students suffer from health problems related to artist materials. Fortunately for those students, the schools have taken the necessary steps to correct the health-threatening situations.

School aged children are also using art and craft materials in and out of the classroom. Based on my investigation, I believe that most of the typical children's art materials are quite safe. However, unsuspecting parents may buy art supplies for their children which are not safe and they would have no way of knowing otherwise. Worse yet, many products that adults use in producing artwork can have adverse effects on their children, through constant exposure to fumes and dust. If parents and artists were aware of the potential dangers, they could take the necessary precautionary measures to insure their children's health.

### SUMMARY OF LEGISLATION

Mr. Speaker, a summary of the legislation follows:

SECTION 1. Amends the Federal Hazardous Substances Act (FHSA) to include "chronic toxicity" under the definition of hazardous substances. This section also provides the Consumer Product Safety Commission with the authority to issue regulations concerning substances that cause chronic illnesses.

SECTION 2. Defines the term "chronic toxicity" as any substance which causes tumors or cancer, has an adverse reproductive or genetic effect, has an adverse effect on the central nervous system or peripheral nervous system, or any other chronic effects as determined by the Commission. The section goes on to add the word "chronic" to the term "toxic."

SECTION 3. Mandates that all labels of products containing substances that cause chronic or acute illness have: (a) a description of the physical side effects that could result from the misuse of the product; (b) a description of how to counteract the possible physical side effects resulting from misuse of the product; (c) a description of the proper precautionary measures to avoid misuse; and, (d) instructions for safely disposing of the product. Substances which may be carcinogenic must carry the following: WARNING: HAS BEEN SHOWN TO CAUSE CANCER IN ANIMALS.

SECTION 4. Includes technical amendments to the FHSA and mandates that all labels of products containing substances that cause either chronic or acute illness provide instructions for procedures to counteract possible health side effects.

SECTION 5. Allows the Consumer Product Safety Commission two years to issue appropriate regulations under this Act.

The complete text of this bill follows:

### H.R. 6977

A bill to amend the Federal Hazardous Substances Act to establish labeling requirements applicable to substances which cause chronic health side effects, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 2(f)(1) of the Federal Hazardous Substances Act (15 U.S.C. 1261(f)(1)) is amended by adding at the end thereof the following new clauses:

"(E)(i) Any substance or mixture of substances which possesses chronic toxicity (as defined in paragraph (g)(2)(A)), if such substance or mixture is capable of being ingested, inhaled, or absorbed into the human body through any customary or reasonably foreseeable handling, use, or misuse (including any reasonably foreseeable handling, use, or misuse by children).

"(ii) The Consumer Product Safety Commission shall have the authority to issue regulations, in accordance with the procedures prescribed in section 553 of title 5, United States Code, which provide that any particular substance or mixture of substances shall not be classified as a hazardous substance under subclause (i) if the Commission determines that such substance or mixture does not present any risk to humans if such substance or mixture is ingested, inhaled, or absorbed into the human body through any customary or reasonably foreseeable handling, use, or misuse (including any reasonably foreseeable handling, use, or misuse by children).

"(F) Any substance or mixture of substances which the Consumer Product Safety Commission determines, in accordance with the procedures prescribed in section 553 of title 5, United States Code, or in accordance with the procedures established in section 3(a), to possess chronic toxicity (as defined in clause (B), clause (C), or clause (D) of paragraph (g)(2)), except that a substance or mixture shall not be considered to be a hazardous substance under this clause unless such substance or mixture is capable of being ingested, inhaled, or absorbed into the human body through any customary or reasonably foreseeable handling, use, or misuse (including any reasonably foreseeable handling, use, or misuse by children).

"(G) Any substance or mixture of substances which—

"(i) possesses chronic toxicity, as defined in subclause (A), subclause (B), or subclause (C) of paragraph (g)(2), or as determined under subclause (D) of paragraph (g)(2); and

"(ii) is present as a contaminant in any household substance or mixture of household substances;

if the Consumer Product Safety Commission determines, in accordance with the procedures prescribed in section 553 of title 5, United States Code, or in accordance with the procedures established in section 3(a), that such substance or mixture is capable of being ingested, inhaled, or absorbed into the human body through any customary or reasonably foreseeable handling, use, or misuse (including any reasonably foreseeable handling, use, or misuse by children).".

SEC. 2. Section 2(g) of the Federal Hazardous Substances Act (15 U.S.C. 1261(g)) is amended—

(1) by inserting "(1)" after the paragraph designation;

(2) by inserting ", and to any substance which possesses chronic toxicity" after "body surface"; and

(3) by adding at the end thereof the following new subparagraph:

"(2) For purposes of this paragraph, substances which possess chronic toxicity include the following:

"(A) Any substance which causes tumors or cancer (or which is metabolized to a substance which causes tumors or cancer) in humans or other mammals, including—

"(i) any substance which—

"(I) the Secretary of Health and Human Services (or the head of any bureau, administration, or other organizational unit in the Department of Health and Human Services); or

"(II) the International Agency for Research on Cancer;

reviews and determines to cause tumors or cancer in humans or other mammals, if any such determination is based upon valid studies and procedures; and

"(ii) any substance which is regulated by the Environmental Protection Agency, the Food and Drug Administration, or the Occupational Safety and Health Administration as the result of a determination that such substance causes tumors or cancer in humans or other mammals, if any such determination is based upon valid studies and procedures.

"(B)(i) Any substance which causes any adverse reproductive effect or any adverse genetic effect.

"(ii) For purposes of this clause, adverse reproductive effects and adverse genetic effects include any birth defect, toxicity to a fetus, sterility or impaired reproductive capacity, spontaneous abortion, any mutagenic effect, and any damage to genetic material.

"(iii) Any determination of the Consumer Product Safety Commission that a substance causes any adverse reproductive effect or any adverse genetic effect shall be based upon valid studies and procedures. Such studies and procedures may include the use of human subjects, experimental animals, micro-organisms, culture cells, or other test systems.

"(C)(i) Any substance which causes any adverse effect upon the central nervous system or any peripheral nervous system.

"(ii) Any determination of the Consumer Product Safety Commission that a substance causes any adverse effect upon the central nervous system or any peripheral nervous system shall be based upon valid studies and procedures. Such studies and procedures may include the use of human subjects, experimental animals, or other test systems.

"(D) Any substance which the Consumer Product Safety Commission determines (in accordance with the procedures prescribed in section 553 of title 5, United States Code, or in accordance with the procedures established in section 3(a)) to possess any form of chronic toxicity, other than those forms of chronic toxicity specified in clause (A), clause (B), or clause (C), if such substance or mixture is capable of being ingested, inhaled, or absorbed into the human body through any customary or reasonably foreseeable handling, use, or misuse (including any reasonably foreseeable handling, use, or misuse by children).".

SEC. 3. Section 2(p) of the Federal Hazardous Substances Act (15 U.S.C. 1261(p)) is amended—

(1) in subparagraph (1) thereof—

(A) by inserting ", in the case of any substance other than any substance or mixture of substances which is defined as a hazardous substance under clause (E) or clause (G) of paragraph (f)(1) and other than any substance which possesses chronic toxicity (as defined in paragraph (g)(2)(A))," after "(1) which"; and

(B) by adding at the end thereof the following: "(K) in the case of any hazardous substance which causes any physical side effect, a statement which describes the nature of such side effect and explains procedures which may be followed to counteract such side effect;";

(2) in subparagraph (1)(I) thereof—

(A) by striking out "and storage" and inserting in lieu thereof ", storage, and disposal"; and

(B) by striking out "or storage; and" and inserting in lieu thereof ", storage, or disposal;"; and

(3) by redesignating subparagraph (2) as subparagraph (3), and by inserting after subparagraph (1) the following new subparagraph:

"(2) which, in the case of any substance or mixture of substances which is defined as a hazardous substance under clause (E) or clause (G) of paragraph (f)(1) and which possesses chronic toxicity (as defined in paragraph (g)(2)(A)), states conspicuously (A) the information required in clause (A), clause (B), and clause (I) of subparagraph (1); (B) the phrase 'WARNING: HAS BEEN SHOWN TO CAUSE CANCER IN ANIMALS' on any substance which has been determined to possess chronic toxicity (as defined in paragraph (g)(2)(A)), based upon any valid study or procedure using experimental animals; (C) the phrase 'WARNING: HAS BEEN SHOWN TO CAUSE CANCER IN HUMANS' on any substance which has been determined to possess chronic toxicity (as defined in paragraph (g)(2)(A)), based upon any valid study or procedure using human subjects; and (D) precautionary measures which describe actions to be followed and actions to be avoided in connection with any use of the substance; and".

SEC. 4. Section 20(a)(1)(A) of the Federal Hazardous Substances Act (15 U.S.C. 1275(a)(1)(A)) is amended—

(1) by inserting ", 2(p)(2)," after "sections 2(p)(1)";

(2) in clause (i) thereof, by inserting "and section 2(p)(2)(D)" after "section 2(p)(1)(F)";

(3) in clause (ii) thereof, by striking out "and" at the end thereof; and

(4) by adding at the end thereof the following new clause:

"(iv) instructions for procedures to counteract side effects under section 2(p)(1)(K); and".

SEC. 5. The amendments made in the foregoing provisions of this Act shall take effect at the end of the 2-year period following the date of the enactment of this Act. The Consumer Product Safety Commission shall have authority to issue regulations (in accordance with the Federal Hazardous Substance, Act, as amended by such foregoing provisions) during such 2-year period for purposes of carrying out such amendments, except that the effective date of any such regulations shall not occur before the end of such 2-year period.●

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## THANKS, VA

### HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. UDALL. Mr. Speaker, in this time when public servants are being hit from several different directions, it was a good feeling to receive the following letter from an old friend and constitutent, Mr. Clyde Roberts, publisher of the Arizona Range News in Willcox, Ariz.

The letter speaks for itself and I wanted to share it:

ARIZONA RANGE NEWS, INC.,
*Willcox, Ariz. March 4, 1980.*

Hon. MORRIS K. UDALL,
*House of Representatives,*
*Washington, D.C.*

DEAR MO: I want to express my deep appreciation for the kind treatment of a friend at the VA Hospital in Tucson by their staff.

Last night, I took Fred Potterf, Benson, to the VA Hospital for examination.

The admission desk clerks were courteous, and sent him to receive medical assistance immediately.

The doctor in charge began his examination at once. He examined him thoroughly, and ordered lab tests and X-rays.

I remained in the waiting room during the examination, but he reported to me on their findings and progress at regular intervals.

Most important, the medical officer in charge showed that he cared about the patient. His kindness and consideration for the patient were obvious to me.

This was my first visit to a VA Hospital. Although a former combat veteran, I've been blessed with good health.

In any facility such as the VA Hospital, there are bound to be complaints. We're both aware of this, but I want you to know how delighted I was with Potterf's treatment.

Furthermore, I want you to know I appreciate the good work and the many accomplishments you have done for the people of your district.

There's hardly a day goes by that I don't remind some "hardhead" of the many good things you have done for our district. You have my support again, naturally.

I would like the persons involved in handling Fred Potterf's case to be thanked for me.

Keep up the good work, and hope to see you on one of your trips down our way.

Sincerely,

CLYDE S. ROBERTS.●

## DRUG ABUSE—THE CAUSE—PREVENTION

## HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. MOORHEAD of California. Mr. Speaker, my purpose is twofold: First, to do whatever I can to curtail drug abuse within our society, and to laud the Burbank Elks Lodge 1497 for its enlightened drug abuse prevention program.

The key to the program, according to Daniel E. Goodwin, chairman of the drug abuse committee, is to destroy the myth that drug use is tolerable or chic or acceptable.

The crux of the Elk's drug abuse preventive program is as follows:

### DRUG ABUSE—THE CAUSE—PREVENTION

To prevent drug abuse it is first necessary to establish the cause and how it is spread. Scientifically the understanding of a phenomenon or solution of it is the simplest one that covers all the facts.

The cause of drug abuse is people believing it is alright to use drugs to get high. That is the germ that causes drug abuse.

To understand how a person comes to believe an idea we must realize that a person is a living human being and as such has certain built in instincts and needs. He needs to eat, sleep, make love, needs clothing, needs a roof over his head, warmth, etc. He has a need and a desire to survive. For his survival he has natural curiosity. In his evolution he learns. He has found he not only learns from experience, but if he listens to others he can learn from their knowledge without having to try every way himself. In other words, he has become conditionable. Just like Pavlov's dogs.

Knowing people are conditionable and how to condition them is a knowledge in the field of sales, marketing, public relations, propaganda and hypnotism, amongst others. Even animals use it in the mating pattern. The steps are very scientific and they really work because they have been tried and used and proven over billions of times and thousands of years. The steps are: attention . . . interest . . . desire . . . action. It is called AIDA. Since this is the way we accept all other ideas, this too, is the way the idea it is alright to use drugs to get high is accepted, or if we want to use the word "bought" we can. It is the same.

Drug abuse is spread by one person (a doper) who believes the drug rationale—it is alright to use drugs to get high—sells, or turns on at least four others. They in turn become missionaries for the idea, spreading it to twenty others, who spread it to a hundred, etc. At the ninth time, it is one million and at the eighteenth time it is a million million.

The spread of drug abuse or popularization of it can be followed. The use of marijuana was first brought up from Mexico. It was introduced and caught onto by our musicians, then people that associated with them. They believed it helped them to play better. Many show people dropped out of the drug scene when it reached the point where some were skin popping their babies with heroin to keep them from crying.

Before drug abuse reached epidemic scale the country as a whole was becoming pill oriented. Use a pill for this and that—an upset stomach, a headache, dieting, sleeping, tranquilizers—doctors passed out pills for everything. To merchandise the idea, or make it socially acceptable, the missionary work was assisted by experiments with LSD claiming a wider consciousness. Many psychiatrists and psychologists helped spread the disease by very authoritative statements on the inocuousness of marijuana, or LSD not realizing that using any drug to get high was spreading the drug rationale (it is alright to use drugs to get high). Also many were publicizing and pushing to make marijuana legal.

Everyone that uses drugs remembers by whom and when they were turned on. Usually it was someone in their peer group. Generally it was in a room where the drug was available and others were using it. There, the drug, usually marijuana, was offered—try it, it will make you feel good. The whole sales process, or steps were gone through. Attention, interest, desire, and if they did smoke, the action. How it actually affected the person, what they thought of the person offering, how much they believed the missionary statements—it won't hurt you, it's not a narcotic, it's not habit forming, it helps glacoma, it's good for asthma, you want to be one of the crowd, makes you more sexy—"aw, come on, try it." If you try it, and like it, and continue to use it, you have bought the drug rationale—it is alright to use drugs to get high.

The gradient to drug addiction is the same as the sales AIDA. First, using occasionally, regularly, heavy and then the fourth step, addiction or necessity. Between the third and fourth step something happens to a persons mind. Because they are using heavy they are practically physically addicted and being a living human being, they have living problems. You know if you go out a door and the door sticks you have a living problem. When answering a living problem (regardless if it is sex, work, parents or any other troubles) with drugs or alcohol at that point one becomes addicted or an alcoholic. There is like a post hypnotic suggestion impressed on the brain that the only answer is to use. This is the mental addiction. To unbend the mind at this stage, one has to almost be born again.

In the steps to hard drugs, every addict remembers the sales pitch he got from an old hipe when he got turned on to the so called hard stuff. "Instead of smoking ten or twenty times, one sniff, or shot will turn you on all day. The higher you go, the better you feel. Why ride in a Ford when you can drive a Cadillac?" Many pushers claim every addict is really reaching for an over dose.

Every user is a source of infection to a non-user and reinfection to any other user or ex-user. Many ex-users, that are now clean from hard drugs, are a source of infection if they believe it is alright to use soft drugs.

Since man began living with others he has been conditioned into following social acceptance of the group, by the instinct to survive. If he acted differently or looked differently, he was killed or ostracized. That is how mob psychology, or custom works. Our epidemic is caused by it becoming socially acceptable to use drugs to get high. To stop the epidemic we must make it socially unacceptable to use drugs to get high, or to associate with anyone who does.

The last phase of AIDA is when a person has actually become addicted to the use of drugs and has to use them, thinking they will solve a living problem. In thinking of the drug problem, too many people put the cart before the horse and say drugs are used because of the living problem, such as being a member of some down-trodden minority group, domestic troubles, lack of parental understanding, a general feeling of inferiority, etc. when in actuality this is not so. The beginning of the use of drugs is simply being sold on the idea it is alright to use drugs to get high. To become totally addicted, one must actually be using drugs heavy, having become physically addicted and then turning to the drugs to solve a living problem he also becomes mentally addicted, thus making total addiction.

Now that we understand how the idea of using drugs is bought, what are we going to do about it? The first step in preventing drug abuse is to have the people themselves, now handling the drug abuse problem understand that the cause of drug abuse is the idea that it is alright to use drugs to get high; that it is spread by one doper selling his idea to others and being spread geometrically; that there are no "soft" or "hard" drugs—it is using any drug to get high that is causing the problem. Until they know this, they are in no position to handle the drug problem. The reason that the education on drugs has not been effective is that the individual drugs have been minutely explained together with the effects of each individual drug so people have become curious about the drugs and it starts them on the AIDA step or brings their attention to the use of drugs. However, in the education of drugs it must be spoken of generally and shown that the use of any drug to get high is detrimental to mental and physical health. The only way to stop the drug problem is to make it socially unacceptable to abuse drugs or be in the company of, or even associate with anyone who does. The only way to merchandise an idea is to be truthful about it. What we have to show is that the idea it is alright to use drugs to get high is a lie. It is a "con" game; it is propaganda. The simplest way to show this is real live pictures and examples of people that have followed the idea, what has become of them and how they have lost their way in life. What we need now is the greatest publicity campaign on the idea that it is not alright to use drugs to get high—it may kill you or you may lose your whole way of life.●

## PITTSBURGH CHAMBER TESTIFIES AT HEARING

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## HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● **Mr. GAYDOS. Mr. Speaker, many States, including Pennsylvania, are now adopting State implementation plans (SIP) to comply with provisions of the Federal Clean Air Act. Allegheny County in Pennsylvania opened a series of hearings on the SIP last week.**

**Among the many witnesses testifying at the proceedings was the Greater Pittsburgh Chamber of Commerce, which has a great interest in the future of that city and the surrounding area. I believe my colleagues would be interested in the chamber's position on this matter as outlined by Mr. J. David Barnes, chairman of the board and president of Mellon Bank.**

COMMENTS OF THE GREATER PITTSBURGH CHAMBER OF COMMERCE ON THE ALLEGHENY COUNTY SIP

Good morning, my name is J. David Barnes, Chairman of the Board of the Greater Pittsburgh Chamber of Commerce and President of Mellon Bank. The Chamber has over 2,000 members in the Greater Pittsburgh area and is grateful to have this opportunity to appear today to present its comments on the proposed Allegheny County SIP revisions.

At the outset I would like to stress that The Chamber is dedicated through its Environmental Affairs Task Force to the objective of attaining clean air to the extent necessary to protect the public health of our community. At the same time, we believe it must be recognized that as important as this goal is in itself it must be tempered in order to obtain a balance with the other elements of community goals and objectives that will also improve the quality of life. These include the social, economic, and employment goals as well as other important aspects that insure a balanced community environment. We strongly believe that the SIP must contain realistically attainable environmental regulations and must avoid requirements that would lead to unnecessary limitations on job developments, employment disruptions, adverse economic consequences and other dislocations in our community.

Over the past several months, many segments of our community have been working together through the various technical and management SIP meetings to develop an appropriate SIP proposal. This represents a positive approach to a community-wide problem, as all parties have been working objectively to solve the remaining air quality problems by means which will not disrupt the fabric of our local economy and society. Certainly this approach to attainment of clean air is commendable and has great advantages over the purely political or philosophical approach of trying to legislate clean air in the absence of factual information.

Unfortunately, however, several of the original recommendations of the Allegheny County technical and management SIP committees are not included in the final draft of today's SIP proposal because of the outside interference of the state and federal governments. Specifically, Allegheny County's technical consultant, Engineering Science Incorporated, recommended the "bubble concept." This was approved by various Allegheny County technical and management committees. In fact, Allegheny County had drafted a proposal "bubble concept" regulation. Subsequently, however, Pennsylavania DER told Allegheny County that they would not approve a bubble concept at this time and that it must not be part of Allegheny County's SIP. This uncalled-for action is extremely unfortunate since the federal EPA has already sanctioned the "bubble concept" approach and, if omitted from our SIP, could cause Pennsylvania to be uncompetitive with other manufacturing states, thereby jeopardizing thousands of jobs in this region.

We believe that the bubble concept as originally recommended by Allegheny County's committee should be included in the SIP for Allegheny County. The use of the bubble concept allows the operator of a facility having several sources of emissions or potential emissions, to develop, in cooperation with the environmental agencies, a plan which would achieve the most cost-efficient level of control needed to attain clean air goals. The bubble concept can be developed in a manner which is effective, enforceable and consistent with the air quality improvement goals of the state as well as the EPA program. We strongly urge that the final draft of the Allegheny County SIP proposal being considered here today be revised to include opportunities to utilize alternative emission strategies within the bubble concept thereby allowing our emission sources the opportunity to utilize the advantages of this approach.

The second area where the original plan was overturned—this time by the federal EPA—and in which we have a grave concern, represents a more realistic approach to the provisions for "replacement and modernization of production facilities" under provisions for the definition of new sources and the conditions for permitting new sources. Without these provisions, Allegheny County's current industrial capacity and related jobs will be adversely affected. We believe that facilities which are constructed or rehabilitated expressly to replace or preserve older or outmoded facilities in the County should be constructed without added permit limitations as long as the source owner/operator can demonstrate that a net decrease in air emissions will occur. The presently proposed SIP contains provisions that are needlessly stringent, administratively difficult and not in harmony with the the balanced approach to improving air quality. One of these conditions requires that all sources that an individual owns in the state must be in compliance or on a compliance schedule.

On the surface, this does not seem to be controversial until one discovers that compliance is based on new interpretations of existing regulations—and these interpretations are constantly changing. Suddenly, technology that does not now exist could be required in order to obtain a new permit not only for new sources but also for all renewal, whether or not they are located in clean areas. As you can see, this provision could have a substantial impact on businesses within a community which may want to replace or rehabilitate obsolete equipment with new—but due to economic conditions are unable to do so since the cost of replacement or rehabilitation would have been vastly increased by the new permit conditions or because the source owner has other facilities in Pennsylvania (which, although located in clean areas, would themselves be subject also to the new technology requirements). We therefore strongly recommend—as Allegheny County originally intended and as supported, in our opinion by the very recent Federal court decision (*Alabama Power Co.* v. *Environmental Protection Agency*, No. 78-1006 (D.C. Circuit June 18, 1979)—that replacement sources which do not increase emissions should be exempted from all conditions of Federal EPA's offset policy.

Our third area of concern is in regard to the present monitoring network in Allegheny County. We are encouraged that the Air Pollution Bureau is re-examining some of the present air pollution monitoring sites. We would further encourage that this item be considered a top priority and a determination be made to see if the monitors are presenting a representative picture of air quality. We feel that it is unrealistic to locate monitors in areas that do not depict air quality in our communities and is not representative of the air that our citizens breathe.

These sites must conform with the rules and regulations governing monitor siting. They should inform our citizens of the general quality of air in Allegheny County. We believe that certain monitors are strongly influenced by heavy traffic in their vicinity or other localized factors, and therefore, in reality are representative of only a few areas instead of the populated areas of our community. We are not advocating that the monitors ignore pollution problems where they exist. However, we strongly believe that the present system is not properly developing data useful for a meaningful understanding of the County's air pollution problem nor does it provide input that depicts how air quality improvement might be better attained for our communities. We urge that an integrated monitoring and modeling effort should be established in the SIP.

Our fourth comment is in regard to non-traditional sources of pollution, such as construction sites, parking lots, roadways, etc. We believe that research may be necessary to identify and classify all of the sources within the non-traditional source category. Such a complete classification would assure that, first, these new control efforts are necessary; second, that the standards set are reasonable and attainable; and third, that the controls, if implemented, will in fact reduce pollution.

All too often our regulators place "the cart before the horse"; imposing regulations before the necessary research is completed. In many cases, the route the regulator chooses is neither cost-effective or more importantly, the regulation, when complied with, does not result in measureable improvement in the air quality or public health.

The final comment I would like to make centers on the fact that over the past 30 years the air quality in Allegheny County has been steadily improving. As demonstrated by the table, the number of air pollution episodes and episodes with alerts have dramatically decreased. An Air Pollution Episode is a period of time during which high air contaminant concentrations are or may be brought about by meteorological conditions which interfere with the natural dispersion of air contaminants. An Air Pollution Episode is defined to exist only when either a County-Wide or Localized Air Pollution Watch is in effect.

A County-Wide Air Pollution Watch is a period of time, defined solely on meteorological criteria, during which poor dispersion of air contaminants may occur throughout Allegheny County.

An Alert Stage is one of the three degrees of severity of air quality deterioration which can occur during a County-Wide Air Pollution Watch, and which require specific control measures. An Alert is not necessarily county-wide, but can occur only during a County-Wide Watch.

As displayed on the chart our County has experienced a marked reduction in the number of pollution episodes. In 1974 there were 26 episodes; in 1979 there were 9. This is a 65-percent reduction. In the category of episodes with alerts, in 1974 there were 11; in 1979 there were 3. This is a dramatic 73-percent reduction. The major factor behind this reduction is the tremendous effort, expenditures, and most importantly commitment to clean air that was and continues to be made by local business and industry.

In closing, I would like to stress that we all know that Allegheny County must submit a SIP which demonstrates attainment by December 31, 1982, If we fail to submit such a SIP, the consequences would be severe. First, the County will be subject to additional federal demands and controls, placing additional economic hardship on our businesses and industries; and second, the federal government could delay, or even, halt federal grants and fundings to our area. The latter consequence could literally stop all economic growth and development in our region.

In conclusion, let me re-emphasize that the Greater Pittsburgh Chamber of Commerce is supportive of the goal of attaining air quality that is adequate to protect public health. We are prepared to work with the County toward achieving this goal while continuing to maintain the essential balance of social, economic, employment, energy and the many other objectives that are also very important to the well-being of the citizens of our community. We urge that the several changes we have recommended be incorporated in the SIP before submittal for final approval.

On behalf of the many Greater Pittsburgh members I wish to thank you for this opportunity to present these comments to you today.●

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## WHO WILL HAVE THE LAST LAUGH?

### HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. MICHEL. Mr. Speaker, the disarray of the Carter administration in both foreign and domestic policy has become an open scandal. It reminds me of an army beaten and driven from the field of combat, totally unable to regroup and take a stand. Things are so bad that Chancellor Helmut Schmidt of West Germany is said to have remarked recently: "We don't trust you any more. Your policies are too inconsistent, your actions too indecisive."

If this were all we had to contend with, we might count ourselves fortunate. But it would seem that the Governments of the Persian Gulf region are taking lightly the threat of a Soviet invasion. Confident to the point of arrogance in their ability to destroy the oil fields and sabotage the pipelines if the Soviets attack, the Persian Gulf Governments are almost begging to be the victims of a quick strike. Do these Mideast leaders really believe that the Soviet Union would stand idly by and allow them to blow up oil fields? They do not know that the Soviet Union no doubt has its agents in every oil field in the area, ready and able to stop any attempt to sabotage? And any widescale attempts at sabotage will be met by the Soviet Union with massive and bloody reprisals, even by the standards of this bloody region. And yet the Persian Gulf leaders chuckle with bemused contempt when they listen to warnings of a Soviet takeover. Do they really believe the Communists will send them a telegram announcing a desire to take over the oil fields? Do they really believe the threat will come totally from outside the area and not partially from the region itself?

At this point I insert in the RECORD, "A U.S. Foreign Policy in Disarray," from the New York Times, March 21, 1980, and "Persian Gulf Nations Call Soviet Threat a Joke * * *" and "* * * While Moscow Prepares To Have the Last Laugh," both from the Chicago Tribune, March 1980:

[From the New York Times, Mar. 21, 1980]

### A U.S. FOREIGN POLICY IN DEEP DISARRAY

(By Richard Burt)

WASHINGTON, March 20.—A few days before Chancellor Helmut Schmidt's recent visit with President Carter, a ranking representative of the Bonn Government sat in the White House and listened to an American official complain about West Germany's reaction to the Soviet military intervention in Afghanistan.

Asked why Bonn was so reluctant to follow Washington's lead in imposing economic and political sanctions against Moscow, the West German envoy is said to have replied: "We don't trust you any more. Your policies are too inconsistent, your actions too indecisive."

The comment highlighted a concern shared by a growing number of American foreign-policy officials. After a series of setbacks and surprises, including the Administration's repudiation two weeks ago of its vote against Israel at the United Nations, foreign-affairs specialists in and out of government are questioning whether the United States can chart a long-term course in foreign policy and stick to it.

#### A POSITIVE DEVELOPMENT

For the moment the Administration has been strengthened by the announcement yesterday that President Anwar el-Sadat of Egypt and Prime Minister Menachem Begin of Israel would visit Washington next month in an effort to make a progress on the issue of Palestinian antonomy. Nonetheless, a member of the White House staff said, the Administration has "a long way to go in reversing the impression that we don't know what we are doing."

Several officials, while acknowledging that Administration policy has often appeared uncertain, maintained in interviews that the United States was in a particularly complex era in international affairs. The combination of Soviet activism with rapid change in the third world, they said, has made it difficult if not impossible for Washington to adhere to a consistent line in dealing with Moscow or with such volatile regions as the Middle East.

#### SELF-IMPOSED HANDICAPS

At the same time many officials said that American policy suffered from a variety of self-imposed handicaps, among them these:

Failing to reconcile conflicting views in making policy. Some of the officials said that contrary to protestations in the Administration, its dealing with the Soviet Union continued to be torn between the approach favored by Zbigniew Brzezinski, Mr. Carter's national security adviser, and that advocated by senior State Department officials. While Mr. Brzezinski and the State Department are said to have agreed that Moscow's move into Afghanistan required a firm response, the officials reported that in recent days there were sharp differences over whether new restrictions on trade and the export of advanced technology to the Soviet Union should become permanent elements of American policy, as they now have with regard to technology.

Staking out positions that must be scrapped. After declaring that the presence of Soviet combat troops in Cuba was "unacceptable" last September, Mr. Carter was forced to back away when it became clear that Moscow would not remove them. Recently, the Administration was embarassed when it assigned high priority to reviving security links with Pakistan, only to have the Government there turn down an offer of $200 million in military aid.

Sending confusing signals about policy. Moscow's intervention in Afghanistan was decribed by Mr. Carter several weeks ago as causing the "most serious crisis since World War II." Then he surprised visitors and officials alike this month when he declared at a White House banquet for Chancellor Schmidt that the action had created a "potential crisis." Similarly, in the early weeks of the crisis in Iran, the Administration seemed to reverse its position several times on whether to threaten military force to retalitate for the seizure of the American Embassy and its staff. Later Mr. Carter agreed to the dispatch of an international commission to investigate the situation after saying repeatedly that the hostages must be freed before he would endorse such a move.

Catching foreign governments off guard with unexpected initiatives. In 1978 Mr. Carter set off a furor in the Western alliance when, with almost no warning, he decided against production of the neutron bomb. Officials said that the Administration's decision in January to boycott the Olympic Games in Moscow and to ask other countries to do the same also came as a surprise to allied governments.

#### CENTRAL CAMPAIGN ISSUE

The coherence and consistency of the Administration's record abroad have emerged as a central issue in the Presidential campaign, with Senator Edward M. Kennedy asserting last month that the Soviet Union's decision to move into Afghanistan might have been prompted in part by Mr. Carter's uncertain handling of the dispute over its troops in Cuba.

On the Republican side, both Ronald Reagan, the front-runner for the nomination, and George Bush have criticized the vote against Israel in the United Nations Security Council and other moves, particularly the decision against starting production of the neutron bomb. In conversations with reporters, Henry A. Kissinger, the former Secretary of State, who called recently for a new bipartisan consensus of foreign affairs, was unusually blunt in his criticism of the Administration, saying that an increasing number of foreign leaders no longer felt that they could do business with Washington.

A number of officials maintained that a basic problem underlay the diversity of difficulties besetting American policy: the apparent inability of Mr. Carter and his senior advisers to establish an effective system for making important decisions and carrying them out. "Our failure to make clear and consistent policy is the biggest problem we face," said a ranking State Department official.

Other officials said the United Nations episode demonstrated that it was time for a shake-up in the foreign-policy area along the lines of the changes made last summer among domestic advisers. On the other hand, officials in both the State Department and the White House said that the Administration's problems were so deep-seated that the blame could not be put on individuals.

In analyzing the basic problem, the officials attribute largely to Mr. Carter's early decision to establish an open and decentralized system of decision-making. Rejecting what he termed the Lone Ranger style of diplomacy associated with Mr. Kissinger's period in government, Mr. Carter, when he entered the White House in 1977, created a so-called collegial policy process that enabled several senior officials to mold important decisions.

As a result neither Mr. Vance nor Mr. Brzezinski has been able to gain the upper hand in policy debates and both have been forced at times to defer to the views of other senior people, including Vice President Mondale, Secretary of Defense Harold Brown and Hamilton Jordan, Jody Powell and Robert S. Strauss of the White House staff.

More recently Lloyd N. Cutler, the White House counsel, and Hedley Donovan, Mr. Carter's adviser on domestic and international matters, have been involved in major debates.

### WIDE RANGE OF VIEWS AVAILABLE

White House officials stressed that the open style of decision-making had succeeded in exposing Mr. Carter to a wide range of views. However, some said the system suffered from important drawbacks.

In some cases, such as charting policy toward the Soviet Union, they said, the Administration has been caught in what one of them termed the bureaucratic crossfire between the firmer line promoted by Mr. Brzezinski and the more conciliatory stance sought by such aides as Mr. Cutler and Mr. Vance's expert on Soviet affairs, Marshall D. Shulman.

In other cases, such as Mr. Carter's unexpected action on the neutron bomb, Mr. Vance and Mr. Brzezinski are said to have adopted similar views, but the President relied on advice from other quarters. While Mr. Vance and Mr. Brzezinski are said to have favored the bomb, Mr. Carter is said to have listened to Andrew Young, then United States representative at the United Nations, in deciding not to proceed.

The problem of coordinating disparate views has been intensified by the reliance placed on informal sessions, such as Presidential breakfasts with senior officials, for making important decisions. In particular, there are complaints that decisions reached at the President's regular Friday breakfast with senior foreign-policy officials were sometimes ambiguous and were imperfectly communicated to the rest of the Government.

### WARNING APPARENTLY IGNORED

The officials said that in a report six months ago Philip Odeen, a management consultant and a former aide to Mr. Kissinger, warned Mr. Carter that decisions taken at the breakfasts "are not systematically translated into action." The officials said that the advice was ignored.

Other officials said that the United Nations episode underscored another serious problem: the intrusion of domestic political considerations into the international arena. Arguing that the disavowal of the vote was much more embarrassing than the communications mix-up that led to it, a ranking State Department official criticized Mr. Strauss, Mr. Carter's campaign chairman, and other political advisers for intervening and persuading Mr. Carter to repudiate the action.

"Sure the vote was bound to antagonize the Israelis and thus cost the White House some Jewish votes in Florida and New York," the official said. "But to create the impression that our foreign policy is a hostage to Presidential campaign politics undermines our effectiveness all over the world."

At the White House few officials disagreed with this assessment, but they said that the problem was hardly unique. They noted, for example, that Mr. Reagan's drive for the Republican nomination in 1976 led President Gerald R. Ford to shelve efforts to complete a strategic arms treaty with the Russians when the negotiators were close to agreement.

Although Government officials as well as critics of the Administration see little chance of insulating foreign policy from domestic politics, a debate is under way on how Mr. Carter's approach to making vital decisions could be changed. Writing in the current issue of the magazine Foreign Policy, I. M. Destler, a senior associate at the Carnegie Endowment in Washington, suggests that there would be less disarray if the President's national security adviser spent less time trying to influence decisions and more time serving as a neutral manager of the policy-making process.

Mr. Destler says that rather than serving as "low-profile, inside operators," national security advisers such as Mr. Brzezinski and Mr. Kissinger before him "have become highly visible policy advocates, identified with particular viewpoints and involved in specific negotiations." He adds that "for the sake of clarity, consistency and responsibility, the President's most important foreign policy counselor must be, clearly and visibly, his Secretary of State."

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[From the Chicago Tribune, Mar. 19, 1980]

## PERSIAN GULF NATIONS CALL SOVIET THREAT A JOKE * * *

AL-AHMADI, KUWAIT.—The threat of a Soviet invasion of gulf oil fields may seem real to American military strategists, but to oil men in the region, it is a joke.

"No way," said Sulaiman Mutawa, a director of the Kuwait Oil Co. (LOC). "It simply can't be done. I don't know who dreams up such problems."

Oil industry experts from Kuwait to Abu Dhabi are convinced the idea of a Soviet blitzkrieg to seize, pump, and use the crude oil of a gulf producer is straight out of James Bond spy novels.

No one disputes that the Soviet invasion of Afghanistan brings the Russians uncomfortably close to the source of 60 per cent of the West's oil imports. Few deny that the Russians will have to import oil themselves by the end of the decade if not sooner.

But no one expects them to come over the dunes to get it.

"Trying to take over the oilfields by force," said an American oil executive in Abu Dhabi, "is like trying to grab a very fragile vase with red hot tongs. The second you touch it, it shatters.

"Same with the oil fields. The second you try to grab them, they will be destroyed. All you will be left with is blowing sand.

"Let me tell you—taking over an oil field is not just pushing a few buttons," said Mutawa in his office at the headquarters of the KOC in Al-Ahmadi.

Nothing could be more vulnerable to sabotage than the fragile, widely spread, highly pressurized installations that make up an oil field. In a Russian grab there would be no shortage of homegrown saboteurs in this fiercely anti-communist region.

Oil production could be choked off at any of dozens of points in the network. First at individual wells—Kuwait has 700, Saudi Arabia 800. Then at pipelines from each producing well to gathering centers. Then in the centers which separate gas and crude oil, which surface together. Then at larger pipelines which carry crude to row on row of "tank farms" near coastal shipping terminals.

"As soon as these people get wind of an invasion, and presumably they would have some warning time, the first thing they will do is blow up the gathering centers, all of which have police guards," said the American oilman, for 10 years an adviser in the United Arab Emirates.

"It would not take a genius to blow one up. They are rather combustible with all that pressurized gas and crude oil."

If gas separators in the gathering stations are "disturbed," wells are immediately closed and all production halted. Destroying the gathering station power plants would cut off electricity to pump oil, push it through pipelines, or perform other processes like gas or water injection.

Rebuilding a blasted gathering station would be a major enterprise, requiring some of the most sophisticated oil industry technology.

Under the best conditions, industry sources estimate, this would take the Russians two years. All new equipment—pumps, turbines, separators—would have to be produced and flown from the Soviet Union, which cannot satisfy its own oil industry needs. Last year it had to go to the West for relatively simple items like drill bits and pipe which were in short supply.

Even it if could be rebuilt, the cost would be enormous. A U.S. congressional study estimated repairing the gathering center at Abqaiq, Saudi Arabia, destroyed by accident in May, 1977, to cost $100 million.

Even if the Soviets could make the fields operational again, how could they be kept in operation?

"There are miles and miles of pipeline running across the open desert," said the American oilman. "It is the easiest thing in the world to rip a hole through some pipe with an explosive charge.

"Do you patrol the pipes? Rubbish Saboteurs would be constantly nipping in as soon as your patrol went by. The only way to safeguard the pipes would be to have men stationed along them every few hundred yards."

Saudi Arabia alone has more than 3,000 miles of pipe connecting its wells. A fence to protect its five principal fields would enclose 10,000 square miles—twice the size of Connecticut.

Probably the biggest headache would be finding skilled personnel to keep the fields running.

"We have 5,000 highly trained people here working on a 24-hour-a-day rotation," said Mutawa about Kuwait. "They would not be too cooperative to a foreign occupier."

If the Russians could solve all these problems, how would they get the oil back home to use it? This problem really draws smiles from oilmen.

Unless the Soviets built a pipeline across Iraq or Iran—which would take years, assuming they could manufacture enough pipe—they would have to ship the oil out in tankers.

Not only is the Soviet tanker fleet wholly inadequate for such a task, it would be exposed to all manner of harassments, blockades, and mining operations.

"We are not afraid of any action by Russia," Kuwait's foreign minister, Shaikh Sabar Al-Ahmad Al-Saban told UPI.

"This is something we are 100 per cent sure about. Not only Kuwait, but all the gulf. You have to know that: 100 per cent."

### * * * WHILE MOSCOW PREPARES TO HAVE THE LAST LAUGH

NEW YORK.—While American attention has focused on the Soviet forces in Afghanistan and the U.S. naval response in the Indian Ocean, Israeli and Western military planners have been watching with growing concern the establishment by the Soviet Union of what they term an outer circle of danger.

They refer to the thousands of unmanned tanks and hundreds of cocooned or crated aircraft sent to Libya by the Russians, the steady introduction of the most advanced Soviet weapons to Syria, and the methodical buildup of Soviet, East German, and Cuban strength in weapons, communications systems, and advisers in Southern Yemen and Ethiopia.

Military men such as Ariel Sharon, the Israeli minister of agriculture and a seasoned general, believe that whatever the Soviet Union's preoccupations in Afghanistan, it intends to "go for the oil in the Persian Gulf."

One analyst said that the Soviet Union had been positioning weapons and equipment in the Middle East for six years. The United States Defense Department has begun to arrange for its own prepositioning of military supplies aboard ships close to the Persian Gulf so they could be used by marines flown from the U.S. in the event of a crisis.

Military analysts in Israel, Europe, and the U.S. maintain that the most likely users of the idle weapons in Libya are the Russians themselves.

Libya has 2,000 Soviet medium tanks, the 10th largest tank force in the world. The Libyan army deploys a tank brigade with a strength of just under 100 tanks. The air force, with 200 combat planes, relies for crew on Soviet, North Korean, Palestinian, and Pakistani airmen.

According to U.S. officials, there are at least 300 more aircraft in Libya, including sophisticated MiG-25 interceptors. Some have been assembled, but others are still in crates; all are serviced and guarded by Soviet personnel.

Col. Muammar Khadafy, the Libyan leader, has said that the arms have been assembled so that his country can serve as "the arsenal of Islam" in a new war with Israel.

Sharon also reported that the Soviet Union was expanding the Libyan military support system. According to his information, the port of Bardia, on the coast northeast of Benghazi, is being deepened and the shore installations are being expanded.

With regard to the other military concentrations cited by the Israeli minister, U.S. and British intelligence sources have reported steady increases in the numbers of Soviet, East German, and Cuban military personnel serving in Southern Yemen and Ethiopia as instructors, as commanders of special units in the armed forces, as pilots, and as supervisors of military construction.

Reviewing the extent of the dangers around the outer circle, Sharon sees little in present U.S. military preparations that provides a credible answer to future Soviet moves, nor was he impressed by the measures taken thus far.●

## SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extension of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, April 1, 1980, may be found in the Daily Digest of today's RECORD.

### MEETINGS SCHEDULED

### APRIL 2

8:00 a.m.

Appropriations

*Agriculture, Rural Development and Related Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Agriculture.

1223 Dirksen Building

Armed Services

Research and Development Subcommittee

To continue closed hearings on S. 2294, authorizing funds for fiscal year 1981 for military procurement programs of the Department of Defense.

224 Russell Building

9:00 a.m.

Finance

Taxation and Debt Management Generally Subcommittee

To hold hearings on proposed legislation to extend the temporary limit on the public debt.

S-207, Capitol

9:30 a.m.

Banking, Housing, and Urban Affairs

Housing and Urban Affairs Subcommittee

To resume hearings on S. 2383, authorizing funds for fiscal year 1981 for housing, community development programs, and the urban development action grant of the Department of Housing and Urban Development.

5302 Dirksen Building

Commerce, Science, and Transportation

Science, Technology, and Space Subcommittee

To hold hearings on S. 1393, authorizing funds for fiscal years 1981 and 1982 for programs under the National Earthquake Hazards Reduction Act.

6226 Dirksen Building

Governmental Affairs

To hold hearings on S. 2458, to extend the President's reorganization authority through April 6, 1981.

Room to be announced

Judiciary

To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

2228 Dirksen Building

*Veterans Affairs

Business meeting, to consider S. 1188, to revise the vocational rehabilitation program administered by the Veterans' Administration.

412 Russell Building

10:00 a.m.

Appropriations

Energy and Water Development Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for energy and water development programs.

1114 Dirksen Building

*Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the National Commission on Air Quality, the American Battle Monuments Commission, and U.S. Army cemeterial expenses.

1318 Dirksen Building

Appropriations

Interior and Related Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Office of Territorial Affairs.

1224 Dirksen Building

Armed Services

Manpower and Personnel Subcommittee

To resume hearings on S. 2294, authorizing funds for fiscal year 1981 for military procurement of the DOD, receiving testimony on active duty, reserve, and civilian manpower programs, and on the manpower requirements for mobilization.

212 Russell Building

Budget

To continue consideration of the first concurrent budget resolution setting forth recommended levels of total budget outlays, Federal revenues, and new budget authority.

6202 Dirksen Building

Commerce, Science, and Transportation

To hold hearings on proposed legislation authorizing funds for hazardous materials programs of the Department of Transportation.

235 Russell Building

Energy and Natural Resources

Business meeting, to consider pending calendar business.

3110 Dirksen Building

Finance

International Trade Subcommittee

To hold hearings on the protocol to the Multilateral Trade Negotiations customs valuation agreement.

2221 Dirksen Building

Foreign Relations

Business meeting, to consider pending legislation and nominations.

4221 Dirksen Building

Labor and Human Resources

Employment, Poverty, and Migratory Labor Subcommittee

Business meeting, to markup S. 2337, authorizing funds through fiscal year 1983 for the Legal Services Corporation.

4232 Dirksen Building

Select on Intelligence

To continue hearings on S. 2284, proposed legislative charter governing the intelligence activities of the United States.

5110 Dirksen Building

Select on Intelligence

Budget Authorizations Subcommittee

To resume closed hearings on proposed legislation authorizing funds for fiscal year 1981 for intelligence activities of the United States.

S-407, Capitol

Select on Small Business

To resume hearings on Title I, Research and Development Contracts, of S. 1860, proposed Small Business Innovation Act.

424 Russell Building

1:00 p.m.

Office of Technology Assessment

The Board to hold a joint meeting with the Technology Assessment Advisory Council on pending business items.

EF-100, Capitol

2:00 p.m.

Appropriations

Defense Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the defense establishment.

S-126, Capitol

Appropriations

Energy and Water Development Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for energy and water development programs.

114 Dirksen Building

*Appropriations

Transportation Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Federal Aviation Administration.

1318 Dirksen Building

Armed Services

Procurement Policy and Reprogramming Subcommittee

To resume hearings on S. 1687, to eliminate certain limitations imposed on excess profits from contracts with the Department of Defense for the construction of aircraft or naval vessels, S. 2232, to exempt those contracts of $1 million or less from accounting requirements with the Department of Defense for the construction of aircraft or naval vessels, and S. 2331, to eliminate certain limitations imposed on excess profits arising from any contract with any military department for construction or manufacture of certain aircraft, or any contract with the Secretary of the Navy for construction or manufacture of certain naval vessels.

212 Russell Building

Select on Intelligence

Budget Authorizations Subcommittee

To begin closed markup of proposed legislation authorizing funds for fiscal year 1981 for intelligence activities of the U.S.

S-407, Capital

2:30 p.m.

Labor and Human Resources

To continue oversight hearings on the implementation of the Occupational Safety and Health program.

4232 Dirksen Building

### APRIL 3

8:00 a.m.

Armed Services

Research and Development Subcommittee

To continue hearings on S. 2294, authorizing funds for fiscal year 1981 for military procurement programs of the Department of Defense, receiving testimony on civil defense.

224 Russell Building

Commerce, Science, and Transportation

Science, Technology, and Space Subcommittee

To hold hearings on proposed revisions to S. 2240, authorizing funds for fiscal year 1981 for NASA.

5110 Dirksen Building

9:00 a.m.

Select on Small Business

To hold oversight hearings on a S.B.A. report on retail auto dealers and current economic impact on them.

424 Russell Building

9:30 a.m.

Appropriations

Agriculture, Rural Development, and Related Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Agriculture.

1114 Dirksen Building

Governmental Affairs

To resume hearings on S. 1010, proposing a twelve-month commission to study the international applications of U.S. antitrust laws as they related to the effects on U.S. antitrust policy on international commerce.

3302 Dirksen Building

Governmental Affairs

Civil Service and General Services Subcommittee

To resume joint hearings with the House Post Office and Civil Service Subcommittee on Human Resources on proposed legislation to curb the Federal Government's use of consultants.

357 Russell Building

Judiciary

To continue hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

2228 Dirksen Building

Judiciary

Constitution Subcommittee

To hold hearings on S. 1858, to acknowledge National Guard members as Federal Government employees and grant them rights enjoyed by all Federal employees; and on proposed legislation authorizing funds for fiscal year 1981 for the U.S. Commission on Civil Rights.

457 Russell Building.

*Labor and Human Resources

To hold hearings on S. 500, proposed Consumer-Patient Radiation Health and Safety Act.

4232 Dirksen Building

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Home Loan Bank Board, and the National Institute of Building Sciences.

1318 Dirksen Building

Appropriations

Interior and Related Agencies Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for certain programs of the Department of Energy.

1224 Dirksen Building

Armed Services

Research and Development Subcommittee

To continue closed hearings on S. 2294, authorizing funds for fiscal year 1981 for military procurement programs of the Department of Defense, receiving testimony on Navy research and development programs.

224 Russell Building

Banking, Housing, and Urban Affairs

Economic Stabilization Subcommittee

To hold hearings on the economic impact of foreign auto imports.

5302 Dirksen Building

Commerce, Science, and Transportation

To hold hearings on proposed legislation authorizing funds for ocean pollution research and monitoring programs.

235 Russell Building

Energy and Natural Resources

To hold hearings on the climatic effects of carbon dioxide buildup in the atmosphere.

3110 Dirksen Building

2:00 p.m.

Appropriations

Defense Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the defense establishment.

S-126, Capitol

Appropriations

Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Highway Administration, and the St. Lawrence Seaway Development Corporation.

1223 Dirksen Building

Foreign Relations

To hold hearings on S. 2141, to establish priorities in the payment of claims against the People's Republic of China.

4221 Dirksen Building

Judiciary

To hold hearings on the nominations of Odell Horton, to be U.S. District Judge for the Western District of Tennessee; John T. Nixon, to be U.S. District Judge for the Middle District of Tennessee; and Norma H. Johnson, to be U.S. District Judge for the District of Columbia.

2228 Dirksen Building

Select on Small Business

To hold hearings to review food marketing proposals and their relationship to antitrust laws and small business.

457 Russell Building

3:00 p.m.

Banking, Housing, and Urban Affairs

International Finance Subcommittee

To resume hearings on S. 864, including amendment No. 1674, and S. 2379, bills to facilitate the formation of U.S. export trading companies to expand export participation by smaller U.S. companies.

5302 Dirksen Building

### APRIL 4

10:00 a.m.

Joint Economic

To hold hearings on the employment-unemployment figures for March.

2222 Rayburn Building

### APRIL 15

9:30 a.m.

Labor and Human Resources

To hold hearings on S. 2153, 1486, and 1572, bills to provide an exemption from OSHA regulation for certain workplaces with good safety and health records.

4232 Dirksen Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Inspector for Alaska pipeline,

and the Energy Information Administration of the Department of Energy.
1223 Dirksen Building

Appropriations
Transportation Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.
1224 Dirksen Building

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.
1318 Dirksen Building

Banking, Housing, and Urban Affairs
*International Finance and Subcommittee
To hold hearings on S. 2097, proposed Joint Export Marketing Assistance Act, and on the substance of S. 2040, proposed Small Business Export Expansion Act and S. 2104, proposed Small Business Export Development Act.
5302 Dirksen Building

*Energy and Natural Resources
Energy Regulation Subcommittee
To review those items in the President's budget for fiscal year 1981 which fall within its legislative jurisdiction and consider recommendations which it will make thereon to the Budget Committee receiving testimony from officials of the Federal Energy Regulatory Commission and for the Office of Hearings and Appeals.
6226 Dirksen Building

Energy and Natural Resources
Energy Resources and Materials Production Subcommittee
To hold hearings on S. 1455, authorizing the Secretary of the Interior to issue coal leases on other Federal lands in the State of New Mexico to the owner of a specified coal lease upon surrender of such lease; and S. 1529, a private relief bill.
3110 Dirksen Building

2:00 p.m.

Appropriations
Transportation Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.
1224 Dirksen Building

2:30 p.m.

Foreign Relations
To hold hearings on the Maritime Boundary Settlement Treaty with Canada (Exec. U, 96th Cong., 1st sess.), and the Agreement on East Coast Fishery Resources with Canada (Exec. V, 96th Cong., 1st sess.).
4221 Dirksen Building

APRIL 16

9:00 a.m.

*Veterans' Affairs
To hold hearings on the recruitment and retention of qualified health-care professionals to staff the Veterans' Administration's health-care facilities.
412 Russell Building

9:30 a.m.

Labor and Human Resources
To continue hearings on S. 2153, 1486, and 1572, bills to provide an exemption from OSHA regulation for certain workplaces with good safety and health records.
4232 Dirksen Building

Labor and Human Resources
Health and Scientific Research Subcommittee
To hold hearings on S. 1424, proposed International Health Act.
6226 Dirksen Building

10:00 a.m.

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the National Gallery of Art, and the Commission of Fine Arts.
1223 Dirksen Building

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.
1318 Dirksen Building

Banking, Housing, and Urban Affairs
International Finance Subcommittee
To resume hearings on proposed authorizations for fiscal year 1981 for the international affairs programs of the Department of the Treasury S. 2271, to increase the U.S. quota in the International Monetary Fund, and S. 1963, to control Government purchases and sales of gold.
5302 Dirksen Building

Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold hearings on S. 2193, authorizing funds for fiscal year 1981 for the United States Railway Association.
235 Russell Building

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Foreign Relations
To hold hearings on the role and accountability of the National Security Advisor.
4221 Dirksen Building

Judiciary
To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.
357 Russell Building

Select on Intelligence
To begin closed markup of proposed legislation authorizing funds for fiscal year 1981 for intelligence activities of the United States.
S-407, Capitol

2:00 p.m.

Appropriations
Military Construction Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.
1224 Dirksen Building

APRIL 17

9:30 a.m.

Commerce, Science, and Transportation
Science Technology, and Space Subcommittee
To hold hearings on S. 1391, authorizing funds for fiscal years 1981 and 1982 for the National Climate Program.
235 Russell Building

Labor and Human Resources
To continue hearing on S. 2153, 1486, and 1572, bills to provide an exemption from OSHA regulation for certain workplaces with good safety and health records.
4232 Dirksen Building

Labor and Human Resources
Child and Human Development Subcommittee
To hold oversight hearings on the development of children who benefit from adoption by facilitating their placement in adoptive homes.
457 Russell Building

10:00 a.m.

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Forest Service, Department of Agriculture.
1223 Dirksen Building

Appropriations
Transportation Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.
1224 Dirksen Building

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.
1114 Dirksen Building

Energy and Natural Resources
Parks, Recreation and Renewable Resources Subcommittee
To hold hearings on S. 1842, proposed National Heritage Policy Act.
3110 Dirksen Building

Foreign Relations
To continue hearings on the role and accountability of the National Security Advisor.
4221 Dirksen Building

Select on Indian Affairs
To hold hearings on H.R. 2102, to modify the law regulating the devise or descent of interests in trust or restricted property on the Standing Rock Sioux Reservation in North and South Dakota.
357 Russell Building

2:00 p.m.

Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.
1318 Dirksen Building

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.
S-146, Capitol

2:30 p.m.

Foreign Relations
To resume hearings on the Maritime Boundary Settlement Treaty with Canada (Exec. U, 96th Cong., 1st sess.), and the Agreement on East Coast Fishery Resources with Canada (Exec. V, 96th Cong., 1st sess.).
4221 Dirksen Building

APRIL 18

10:00 a.m.

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Emergency Management Agency.
1318 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

### APRIL 21

10:00 a.m.

Judiciary

To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

2228 Dirksen Building

Select on Indian Affairs

To hold hearings on proposed legislation authorizing funds for fiscal year 1981 for the Indian Health Care Improvement Act.

1202 Dirksen Building

2:00 p.m.

Finance

Social Security Subcommittee

To hold hearings on H.R. 5295, S. 248, 1287, 1418, 1498, 1554, 2034, 2083, and 2208, bills to correct certain problems with the social security earnings limitation as a result of the enactment of the Social Security Amendments of 1977 (Public Law 95-216), eliminating the monthly earnings test.

2221 Dirksen Building

### APRIL 22

9:30 a.m.

*Energy and Natural Resources

To resume hearings to assess the political, military, economic, and social factors affecting world oil production and consumption over the next decade.

3110 Dirksen Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Economic Regulatory Administration, Department of Energy

1223 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury, and on the U.S. Postal Service.

1318 Dirksen Building

Labor and Human Resources

Health and Scientific Research Subcommittee

To hold hearings on S. 1865, proposed Radiation Exposure Compensation Act.

4232 Dirksen Building

Select on Indian Affairs

To continue hearings on proposed legislation authorizing funds for fiscal year 1981 for the Indian Health Care Improvement Act.

5110 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of DOD

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.

S-146, Capitol

### APRIL 23

9:30 a.m.

Veterans' Affairs

To hold oversight hearings to examine the need for a central data monitoring service in V.A. hospitals for veterans with surgically implanted pacemakers.

412 Russell Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the National Endowment for the Arts.

1223 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Executive Office of the President.

1318 Dirksen Building

*Commerce, Science, and Transportation

To hold hearings on S. 2489 authorizing funds for fiscal years 1981 and 1982 for the U.S. Coast Guard.

235 Russell Building

Energy and Natural Resources

Energy Regulation Subcommittee

To hold hearings on S. 2470, proposed Powerplant Fuels Conservation Act.

3110 Dirksen Building

Rules and Administration

To receive testimony on Senate Resolution 207, to create a Select Committee on Narcotics Abuse and Control; and to consider other legislative and administrative business.

301 Russell Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1224 Dirksen Building

### APRIL 24

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the National Aeronautics and Space Administration.

1318 Dirksen Building

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Bureau of Land Management.

1223 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Executive Office of the President.

1114 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1224 Dirksen Building

### APRIL 25

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the National Aeronautics and Space Administration.

1318 Dirksen Building

Energy and Natural Resources

Energy Regulation Subcommittee

To resume hearings on S. 2470, proposed Powerplant Fuels Conservation Act.

3110 Dirksen Building

### APRIL 28

9:30 a.m.

*Judiciary

To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

228 Dirksen Building

10:00 a.m.

*Energy and Natural Resources

Energy Regulation Subcommittee

To review those items in the President's budget for fiscal year 1981 which fall within its legislative jurisdiction and consider recommendations which it will make thereon to the Budget Committee, receiving testimony from officials of the Economic Regulatory Administration, the Energy Information Administration, and the Assistant Secretary for Conservation and Solar Applications, all of the DOE.

3110 Dirksen Building

### APRIL 29

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal years 1981 for the Heritage Conservation and Recreation Service.

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Office of Personnel Management, Merit Systems Protection Board, Federal Labor Relations Authority, U.S. Tax Court, and President's Commission on Pension Policy.

1318 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

### APRIL 30

9:30 a.m.

Energy and Natural Resources

To hold hearings on the potential for improved automobile fuel economy between 1985 and 1995.

3110 Dirksen Building

Veterans' Affairs

Business meeting, to consider proposed legislation on the recruitment and retention of qualified health-care professionals to staff the Veterans' Administration health-care facilities, S. 759, to provide for the right of the United States to recover their costs of hospital, nursing home, or outpatient medical care furnished by the Veterans'

Administration to veterans for non-service-connected disabilities to the extent that they have health insurance or similar contracts, and S. 1523 and H.R. 4015, proposed Veterans Senior Citizen Health Care Act.

412 Russell Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for conservation programs of the Department of Energy.

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Elections Commission, Advisory Commission on Intergovernmental Relations, Advisory Committee on Federal Pay, Committee for Purchase From the Blind and Other Severely Handicapped and the Administrative Conference of the United States.

1318 Dirksen Building

Governmental Affairs

Oversight of Government Management Subcommittee

To resume oversight hearings on Federal agencies spending practices that occur just prior to the end of the fiscal year—"hurry-up spending problem"—focusing on administrative and legislative proposals to remedy this situation.

3302 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

### MAY 1

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development.

1318 Dirksen Building

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Land and Water Conservation Fund of the Heritage Conservation and Recreation Service.

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the General Services Administration.

1114 Dirksen Building

Governmental Affairs

Oversight of Government Management Subcommittee

To continue oversight hearings on Federal agencies spending practices that occur just prior to the end of the fiscal year—"hurry-up spending problem"—focusing on administrative and legislative proposals to remedy this situation.

3302 Dirksen Building

*Judiciary

To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

2228 Dirksen Building

*Labor and Human Resources

Child and Human Development Subcommittee

To hold hearings on issues Congress might consider which would affect youth in the coming decade.

6226 Dirksen Building

### MAY 2

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development.

1318 Dirksen Building

### MAY 6

9:30 a.m.

Appropriations

Agriculture, Rural Development, and Related Agencies Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Agriculture.

1318 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

### MAY 7

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the U.S. Geological Survey.

1224 Dirksen Building

### MAY 13

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the National Park Service.

1224 Dirksen Building

### MAY 14

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Department of the Interior.

1223 Dirksen Building

Appropriations

Transportation Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.

1224 Dirksen Building

### MAY 15

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development, and Independent Agencies.

1318 Dirksen Building

Appropriations

Transportation Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.

1224 Dirksen Building

### MAY 16

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development, and Independent Agencies.

1318 Dirksen Building

### MAY 21

9:00 a.m.

*Veterans' Affairs

To resume hearings on the Federal Government's efforts to assist Vietnam-era veterans in readjusting to society, and the use of excepted appointments for disabled veterans.

412 Russell Building

### MAY 22

9:30 a.m.

Labor and Human Resources

Child and Human Development Subcommittee

To hold oversight hearings to examine issues affecting infant mortality, and preventable birth defects.

4232 Dirksen Building

### MAY 29

9:30 a.m.

*Veterans' Affairs

To hold hearings on proposed legislation to establish a cost-of-living increase for service-connected disability compensation.

412 Russell Building

### JUNE 11

9:30 a.m.

*Veterans' Affairs

To hold oversight hearings on the activities of the Inspector General of the Veterans' Administration.

412 Russell Building

## CANCELLATIONS

### APRIL 2

10:00 a.m.

Appropriations

Transportation Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation

S-126, Capitol

*Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To resume hearings on title II, proposed Youth Education and Training Act, of S. 2385, proposed Youth Act.

4232 Dirksen Building

### APRIL 3

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on title II, proposed Youth Education and Training Act, of S. 2385, proposed Youth Act.

4232 Dirksen Building

# SENATE—*Tuesday, April 1, 1980*

*(Legislative day of Thursday, January 3, 1980)*

The Senate met at 11:30 a.m., on the expiration of the recess, and was called to order by Hon. MAX BAUCUS, a Senator from the State of Montana.

## PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

Eternal God, in all our prayers and church services and work this week, grant that we may discover the profounder meaning of these holy days. May we behold that love so broad and so deep as to encompass all mankind and lay down His life for others. Lead us over the way to the Cross to learn again that the way to gain life and have it more abundantly is to give it for others. May ours be the self-giving life which follows Him who came not to be ministered unto but to minister. In His name we pray. Amen.

## APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
*Washington, D.C., April 1, 1980.*

*To the Senate:*

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable MAX BAUCUS, a Senator from the State of Montana, to perform the duties of the Chair.

WARREN G. MAGNUSON,
*President pro tempore.*

Mr. BAUCUS thereupon assumed the chair as Acting President pro tempore.

## RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, I have no requests for time.

Does the Republican leader wish to have any of my time?

Mr. BAKER. Mr. President, I thank the majority leader. I believe I have adequate time. I am prepared to yield that time or most of it to the assistant Republican leader, but I have no need for additional time.

Mr. ROBERT C. BYRD. Mr. President, I yield.

I reserve the remainder of my time. If it is not later needed I yield it.

## RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the minority leader is recognized.

Mr. BAKER. Mr. President, I yield my time under the standing order to the distinguished Senator from Alaska.

Mr. STEVENS. Mr. President, I thank the minority leader.

## JESSE OWENS—A GREAT AMERICAN

Mr. STEVENS. Mr. President, I was deeply saddened to learn of the death of Jesse Owens, perhaps the greatest track and field competitor the world has ever known.

It was my privilege to personally meet and discuss the Olympics movement with Jesse Owens in January 1979. I shall never forget it.

He is fondly regarded by all of us who remember the 1936 summer Olympics in Berlin.

Mr. Owens won four gold medals during those games, but his outstanding triumph represented much more than just a sports victory. It was during the Berlin summer games that Adolf Hitler made it a point to showcase the Nazi doctrine of Aryan supremacy.

Hitler expected the moment of victory for Germany to come during the broad jump, an event predicted to be won by Lutz Long, the German champion. Long did establish a new Olympic record in that event, but his performance was soon overshadowed by Jesse Owens who not only shattered Long's newly established record, but took away the gold medal as well.

Americans will never forget the sight of "der Fuehrer" waiting in his box to congratulate his countryman for the great feat of finishing second to an American Negro. To add to Hitler's dismay was Lutz, the blond Aryan, strolling along the track with his arms draped around Owens' shoulders. But it should not go unmentioned, the fact that Hitler refused to recognize any of our American black athletes. That snub was the catalyst in Jesse Owens' career. In his words, "It was all right with me. I didn't go to Berlin to shake hands with him anyway. All I know is that I'm here now and Hitler isn't."

Jesse Owens was born in Alabama, the son of a sharecropper and grandson of slaves, and moved shortly thereafter to Cleveland, Ohio. He quickly became a standout on the track and achieved national prominence as a sprinter at East Technical High School. After high school, he went on to Ohio State University, where he paid his way as a night elevator operator. He did not have an athletic scholarship.

Actually, Jesse Owens' greatest accomplishments in track and field came a year before his Olympic victories. At the Big Ten championships, with an injured back and all, Jesse Owens broke all records for the 100-yard dash, the broad jump, the 220-yard dash, and the 220-yard low hurdles.

Jesse Owens' participation in the 1936 summer Olympics in Berlin, Germany, came amidst many cries of protest from Americans who felt we should boycott the games as a symbol of our opposition to the rising German state.

Mr. President, today we face a similar situation in terms of the Olympics with the President's request for a U.S. boycott of the 1980 summer Olympics in Moscow, Russia, to show our opposition to the Soviet troops moving into Afghanistan.

My position with respect to this issue is clear. I am strongly opposed to boycotting the Moscow Olympics and precluding our American athletes from world competition. My reasons for maintaining this position have been previously stated.

Mr. President, let me, however, share with you a quote from one of Mr. Owens' speeches on the moment before Olympic competition:

> You think about the number of years you have worked to the point where you are able to stand on that day to represent your nation. It's a nervous, terrible feeling. You feel, as you stand there, as if your legs can't carry the weight of your body. Your stomach isn't there, and your mouth is dry, and your hands are wet with perspiration. And you begin to think in terms of all those years you have worked. In my particular case, the 100 meters, as you look down the field 109 yards 2 feet away, and recognizing that after eight years of hard work that this is the point that I had reached and that all was going to be over in 10 seconds. Those are great moments in the lives of individuals.

Mr. Owens' performance in 1936 proved that sport could overcome politics. And he did so in a way that made all Americans proud. Let us not back down from the opportunity to do the same in Moscow this summer.

Mr. President, Jesse Owens wrote a story which was published by the Independent News Alliance this year. In that story he points out his position with regard to the 1980 summer games. He said:

> Having competed in the 1936 Olympics, so heavily laden with politics, I understand why President Carter urges us to boycott the summer games in Moscow. I know what it is he is trying to do.
>
> But I also understand the Olympics and know what it can mean, both to the United States and, even more important, to what the United States is all about. A way must be found, I feel, to have our boycott and our Olympics, too.

Mr. Owens talked about winning the 1936 games and about his beating Lutz Long.

He said:

The instant my recordbreaking win was announced, Lutz was there, throwing his arms around me and raising my other arm to the sky. "Jazze Owenz!" he yelled as loud as he could.

More than 100,000 Germans in the stadium joined in. "Jazze Owenz, Jazze Owenz, Jazze Owenz!"

Hitler was there, too, but he was not chanting. He had lost that day. Lutz Long was killed in World War II and, although I don't cry often, I wept when I received his last letter—I knew it was his last. In it he asked me to someday find his son, Karl, and to tell him "of how we fought well together, and the good times, and that any two men can become brothers."

That is what the Olympics are all about.

The road to the Olympics does not lead to Moscow. It leads to no city, no country. It goes far beyond Lake Placid or Moscow, Ancient Greece or Nazi Germany. The road to the Olympics leads, in the end, to the best within us.

The problem that I have now with the President's position on the Olympics is that I wonder how many Jesse Owens there would be in this country today who might go to Moscow in 1980.

I wonder whether we can afford to have a policy established by the President alone, without conferring with our allies. One by one our allies have announced they will not stand by the President's policy. The President announced that policy without conferring with our athletes and without conferring with the U.S. Olympic Committee.

Now we begin to see the fallacy of that kind of position and in my opinion it is most unfortunate. I think Americans have always been inspired by the Olympics. After all, it provides one way for us to create not only national heroes but heroes of the world, and Jesse Owens was certainly one of them.

I think the world will miss Jesse Owens, and I am certain the Olympics movement of the United States will miss Jesse Owens.

Mr. President, I ask unanimous consent to have printed in the RECORD the Jesse Owens story which was printed in the Independence News Alliance, and the article that appeared in the New York Times this morning concerning Jesse Owens, his life and his contributions to this country.

There being no objection the material was ordered to be printed in the RECORD, as follows:

### STORY BY JESSE OWENS

I can never adequately repay this country for what it has given me and I would never do anything that would be against the best interests of the United States.

Having competed in the 1936 Olympics, so heavily laden with politics, I understand why President Carter urges us to boycott the summer games in Moscow. I know what it is he is trying to do.

But I also understand the Olympics and know what it can mean, both to the United States and, even more important, to what the United States is all about. A way must be found, I feel, to have our boycott and our Olympics, too.

To find that way, we first must know what the games were truly meant to be and what they can and should be again.

The Olympics never were meant to be contests between nations, only between individuals. Winning was never intended as the ultimate goal. That goal, as Pierre de Coubertin, founder of the modern games, put it, is "achieving one's full potential." The sweetest victory, in other words, is doing what's best.

Except for a small minority of misguided athletes who attempted to use the games as political platforms, the Olympics to the participants have been just what they were meant to be.

Because of this, the games are more than a great athletic spectacle: they are a spectacle of peace. Barriers of distance and language are broken in a few moments, a few hours at most. Lifelong friendships are made. Fierce rivalries are transformed into a beautiful brotherhood.

The Soviet Union is wrong, dangerously so, in doing what it is doing in Afghanistan. So is Iran wrong in taking and keeping hostages, and South Africa for its policy of apartheid.

Such aggressive, bigoted behavior should not be allowed to slip by unnoticed. Our authorities should boycott the perpetrators of such acts, not by staying away, but by being there with the individuals of other countries, thereby proving they are not bigoted, that there is such a thing as peaceful competition.

In other words, the United States should publicly disavow any official role for itself in the Olympics while allowing its athletes to participate in the games as the free individuals they are.

In any event, it is not the United States Government that sends our athletes to the Olympics. It is you and I who send them through our contributions, with the added sponsorship of private United States companies. Therefore, if the United States Government cannot sanction the Olympic games, so be it.

That, however, should not stop our athletes performing as individuals from competing in the games. What's more, our government's objections to Soviet activities certainly do not stop our businessmen from traveling to Moscow, nor do they curtail our diplomatic relations with the Kremlin. Why, then, punish the least political individuals of all, runners, swimmers and gymnasts?

These are not new beliefs of mine. They have been ingrained in me since 1936 when Adolf Hitler hosted the games in Berlin. Hitler had hoped to use the games to demonstrate the validity of his racial theories. "Jews and Negroes are inferior to my Aryan athletes," he bragged. "We are superior and should rule the world and we shall prove it in these Olympic games."

What the Berlin games proved, however, was that Hitler's "supermen" could be beaten.

Ironically, it was one of his blond, blue-eyed Aryan athletes who helped do the beating.

I held the world record in the broad jump. Even more than the sprints, it was "my" event. Yet I was one jump from not even making the finals. I fouled on my first try and playing it safe the second time I had not jumped far enough.

The broad jump preliminaries came before the finals of my other three events and everything, it seemed then, depended on this jump. Fear swept over me and then panic.

I walked off alone trying to gather myself. I dropped to one knee, closed my eyes and prayed.

I felt a hand on my shoulder, I opened my eyes and there stood my arch enemy, Luz Long, the prize athlete Hitler had kept under wraps while he trained for one purpose only: to beat me. Long had broken the Olympic mark in his very first try in the preliminaries.

"I know about you," he said. You are like me. You must do it all the way, or you cannot do it. The same that has happened to you today happened to me last year in Cologne. I will tell you what I did then." Luz told me to measure my steps, place my towel 6 inches on back of the takeoff board and jump from there. That way I could give it all I had and be certain not to foul.

As soon as I had qualified, Luz, smiling broadly, came to me and said, "Now we can make each other do our best in the finals."

We did, too, in the finals. Luz did jump and break an Olympic record, then I did jump just a bit further and break Luz's new record. We each had three leaps in all. On his final jump, Luz went almost 26 feet, 5 inches, a mark that seemed impossible to beat. I went just a bit over that and set an Olympic record that was to last for almost a quarter of a century.

I won that day, but I'm being straight when I say that even before I made that last jump, I knew I had won a victory of a far greater kind—over something inside myself, thanks to Luz.

The instant my record-breaking win was announced, Luz was there, throwing his arms around me and raising my other arm to the sky. "Jazze Owenz!" he yelled as loud as he could.

More than 100,000 Germans in the stadium joined in. "Jazze Owenz, Jazze Owens, Jazze Owenz!"

Hitler was there, too, but he was not chanting. He had lost that day. Luz Long was killed in World War II and, although I don't cry often, I wept when I received his last letter—I knew it was his last. In it he asked me to someday find his son, Karl, and to tell him "of how we fought well together, and the good times, and that any two men can become brothers."

That is what the Olympics are all about.

The road to the Olympics does not lead to Moscow. It leads to no city, no country. It goes far beyond Lake Placid or Moscow, Ancient Greece or Nazi Germany. The road to the Olympics leads, in the end, to the best within us.

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[From the New York Times, Apr. 1, 1980]

### JESSE OWENS DIES OF CANCER AT 66; HERO OF THE 1936 BERLIN OLYMPICS

(By Frank Litsky)

Jesse Owens, whose four gold medals at the 1936 Olympic Games in Berlin made him perhaps the greatest and most famous athlete in track and field history, died of lung cancer yesterday in Tucson, Ariz. He was 66 years old.

In Berlin, Mr. Owens, who was black, scored a triumph that would come to be regarded as not only athletic but also political. Hitler had intended the Berlin Games to be a showcase for the Nazi doctrine of Aryan supremacy.

A member of what the Nazis mockingly called America's "black auxiliaries," Mr. Owens achieved a feat unmatched in modern times in Olympic track competition. The year before, with a wrenched back so painful that he could not dress or undress without help, he broke five world records and equaled a sixth, all within 45 minutes.

But the Jesse Owens best remembered by many Americans was a public speaker with the ringing, inspirational delivery of an evangelist. Later in his life, he traveled 200,000 miles a year making two or three speeches a week, mostly to sales meetings and conventions, and primarily to white audiences. With his own public relations and marketing concern, he earned more than $100,000 a year.

Mr. Owens, a pack-a-day cigarette smoker for 35 years, had been hospitalized on and off since last Dec. 12. Doctors said the cancer was inoperable, and since January he had received radiation and chemotherapy treatment at hospitals in Phoenix and Tucson.

He re-entered the University of Arizona Health Sciences Center in Tucson a week ago. He lapsed into a coma Saturday night and died at 3:40 A.M., Tucson time, yesterday without having regained consciousness. His wife, Ruth, and other family members were at his bedside.

### NO RESPONSE TO DRUGS

Dr. Stephen E. Jones of the university hospital, who headed the medical team treating Mr. Owens, said his patient had remained "remarkably optimistic and hopeful that he was going to survive." However, Dr. Jones said, there was no positive response to experimental drugs tried on Mr. Owens.

"We made no heroic attempts to try to save him," said Dr. Jones. "There was very little else we could offer."

The White House issued a statement yesterday in which President Carter said, "Perhaps no athlete better symbolized the human struggle against tyranny, poverty and racial bigotry."

In Vienna, Simon Wiesenthal, who has spent years tracking former Nazis, proposed that an avenue leading to the Olympic Stadium, now in West Berlin, be renamed for Mr. Owens. Mr. Wiesenthal said that when he made similar suggestions in the past, he was told that streets could not be named for living persons.

### FATHER WAS A SHARECROPPER

James Cleveland Owens was born Sept. 12, 1913, in Danville, Ala., the son of a sharecropper and the grandson of slaves. The youngster picked cotton until he and his family moved to Cleveland when he was 9. There, a schoolteacher asked the youth his name.

"J.C." he replied.

She thought he had said "Jesse," and he had a new name.

He ran his first race at age 13. He became a nationally known sprinter at East Technical High School in Cleveland, slim and lithe at 163 pounds. He ran with fluid grace. There were no starting blocks then; sprinters merely dug holes at the starting line in tracks of cinder or dirt.

After high school, he went to Ohio State University, paying his way as a $100-a-month night elevator operator because he had no athletic scholarship. As a sophomore, in his first Big Ten championships, he achieved a harvest of records even greater than the Olympic glory he would attain a year later.

A week before the Big Ten meet, which was held in Ann Arbor, Mich., Mr. Owens and a fraternity brother were wrestling playfully when they tumbled down a flight of stairs. Mr. Owens' back hurt so much that he could not work out all week. Coach Larry Snyder and teammates had to help him in and out of the car that drove him to the track for the meet.

There, in a vain attempt to lessen the back pain, he sat for half an hour in a hot tub.

He did not warm up or even stretch. At the last minute, he rejected suggestions that he withdraw from the meet and said he would try, event by event.

He tried, and the results are in the record book. On May 25, 1935, from 3:15 to 4 p.m., Jesse Owens successively equaled the world record for the 100-yard dash (9.4 seconds), broke the world record for the broad jump, now called the long jump, with his only attempt (26 feet 8¼ inches, which remained the record for 25 years), broke the world record for the 220-yard dash (20.3 seconds, which also bettered the record for 200 meters) and broke the world record for the 220-yard low hurdles (22.6 seconds, which also bettered the record for the 200-meter low hurdles).

Kenneth L. (Tug) Wilson, the Big Ten commissioner, watched in awe and said: "He is a floating wonder, just like he had wings."

The next year, with the Italians occupying Ethiopia, the Japanese in Manchuria, the Germans moving into the Rhineland and a civil war starting in Spain, the Olympic Games were held in Berlin. Despite pleas that the United States boycott the Olympics to protest Nazi racial policies, American officials voted to participate.

### 10 BLACKS ON TEAM

The United States Olympic track team, of 66 athletes, include 10 blacks. The Nazis derided the Americans for relying on what the Nazis called an inferior race, but of the 11 individual gold medals in track won by the American men, six were won by blacks.

The hero was Mr. Owens. He won the 100-meter dash in 10.3 seconds, the 200-meter dash in 20.7 seconds and the broad jump at 26 feet 5½ inches, and he led off for the United States team that won the 400-meter relay in 39.8 seconds.

His individual performances broke two Olympic records and, except for an excessive following wind, would have broken the third. The relay team broke the world record. His 100-meter and 200-meter times would have won Olympic medals through 1964, his broad-jump performance through 1968.

Actually, Mr. Owens had not been scheduled to run in the relay. Marty Glickman and Sam Stoller were, but American Olympic officials, led by Avery Brundage, wanted to avoid offending the Nazis. They replaced Mr. Glickman and Mr. Stoller, both Jews, with Mr. Owens and Ralph Metcalfe, both blacks.

Hitler did not congratulate any of the American black winners, a subject to which Mr. Owens addressed himself for the rest of his life.

"It was all right with me," he said years later. "I didn't go to Berlin to shake hands with him, anyway. All I know is that I'm here now, and Hitler isn't.

"When I came back, after all those stories about Hitler and his snub, I came back to my native country, and I couldn't ride in the front of the bus. I had to go to the back door. I couldn't live where I wanted. Now what's the difference?"

Having returned from Berlin, he received no telephone call from President Franklin D. Roosevelt, was not asked to visit the White House. Official recognition from his own country did not come until 1976, when President Gerald R. Ford presented him the Presidential Medal of Freedom. Three years later, President Carter gave him the Living Legends Award.

Nor were there any lucrative contracts for an Olympic hero after the 1936 Games. Mr. Owens became a playground janitor because he could not find a better job. He ended his career as an amateur runner and accepted money to race against cars, trucks, motorcycles, horses and dogs. He toured with the Harlem Globetrotters basketball team.

"Sure, it bothered me," he said later. "But at least it was an honest living. I had to eat."

In time, the four gold medals changed his life.

"They have kept me alive over the years," he once said. "Time has stood still for me. That golden moment dies hard."

He became a disk jockey, then ran his public relations and marketing concern, first in Chicago and then in Phoenix.

### CELEBRATED AS A SPEAKER

He also became celebrated as a speaker, using about five basic speeches with interchangeable parts. Each speech praised the virtues of patriotism, clean living and fair play. His delivery was old-fashioned spellbinding, a far cry from the days when he stuttered. Even in casual conversations, he spoke in sweeping tones.

"When he enters a room," wrote Jon Hendershott in Track and Field News, "he doesn't so much take it over as envelop it."

William Oscar Johnson, writing in Sports Illustrated, described him as "a kind of all-round super combination of 19th-century spellbinder and 20th-century plastic p.r. man, full-time banquet guest, eternal gladhander, evangelistic small-talker . . . what you might call a professional good example."

Not everyone agreed. During the 1968 Olympics in Mexico City, when Mr. Owens attempted to mediate with militant American black athletes on behalf of the United States Olympic Committee, critics called him "Uncle Tom." He wrote a 1970 book, "Blackthink," decrying racial militancy, and a 1972 book, "I Have Changed," saying the ideas in his first book were wrong.

In his later years, Mr. Owens walked two miles every morning and swam and lifted weights at the Phoenix Y.M.C.A. He weighed 180 pounds.

"I don't jog," he said, "because I can't run flat-footed. And at 60 years old you're crazy to be out there running."

Mr. STEVENS. I thank the leader for yielding.

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## ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. The Senator from Tennessee.

Mr. BAKER. Mr. President, do I have any time remaining under the standing order?

The ACTING PRESIDENT pro tempore. The Senator has 1 minute remaining.

Mr. ROBERT C. BYRD. Mr. President, I yield my time to the distinguished minority leader for his usage.

Mr. BAKER. Mr. President, I thank the majority leader. I see the Senator from Kansas (Mrs. KASSEBAUM) on the floor, and I would like to yield to her, if I may. How much time, if I may inquire, does the Senator wish?

Mrs. KASSEBAUM. Five minutes.

Mr. BAKER. Mr. President. I yield 5 minutes of the majority leader's time, which he has so kindly yielded to me, and the 1 minute remaining, to the Senator from Kansas.

Mrs. KASSEBAUM. I thank the Senator.

## S. 2503—AGRICULTURAL EMERGENCY CREDIT RELIEF ACT

Mrs. KASSEBAUM. Mr. President, I am going to introduce a bill at this time which I feel is important to us today as we are trying to address the stress and strains of our economic policies.

Mr. President, we cannot effectively restrain inflation without the confidence of the American people. Popular support, essential to the success of our economic policies, cannot be built unless we inspire trust in the equity and viability of those policies. That trust will not spring from the vacuum of empty promises. It can only flow from a demonstrated commitment to programs that are perceived as practical attempts to fulfill our promises. Failure to take into account this fundamental political precept endangers the success of the administration's policy of monetary restraint.

The Agricultural Emergency Credit Relief Act which I am introducing at this time, I think, will go quite a distance in helping the agricultural community adjust to the credit crunch they now find facing them.

When President Carter announced his new approach to monetary policy, he assured that "special attention" would be given to the "particular needs" of farmers. That special attention turned out to be a single line in a Federal Reserve press release:

> The Board also expects that banks, as appropriate and possible, will adjust lending rates and other terms to take account of the special needs of small business and others.

In a moment, Mr. President, I will introduce legislation to provide more substantial "special attention," but first I would like to describe the "particular needs" of farmers to which I believe the President alluded.

In the last quarter century, family farmers have rapidly increased their use of credit to make great gains in agricultural productivity. Farming has become a highly capital-intensive enterprise today. As of the beginning of fiscal year 1980, outstanding farm debt was estimated at an all-time high of $157 billion. This debt is expected to exceed $182 billion in 1981. It has more than tripled since 1970.

The action of the Federal Reserve to tighten credit and make it more costly is needed to restrain nonessential consumer spending. However, farmers do not borrow today because they want to, they borrow because they have to. Credit provides essential operating cash flow as farmers approach spring planting.

This continuing cash flow assures the consumer of a continuing flow of food. Tight, costly credit in an industry such as agriculture can cause economic disruptions for both producer and consumer.

As an example, Kansas is a leading State in beef production. However, major feedlots are now closing or consolidating their operations since cattlemen cannot get or afford the financing to buy animals for feeding out. This has a multiplier effect. A major meat-packing plant in Garden City, Kans., has laid off all 400 of its employees. Seventy-three federally inspected meatpacking plants have closed since January 1. The consumer will feel the effects in the months ahead, in the form of reduced supplies and higher prices.

Credit is particularly important when the cost-price squeeze on farmers is tight, as it is today. From 1979 to 1980, fuel prices have increased 83 percent, fertilizer 35 percent and other farm input costs are also higher. Meanwhile, grain prices have not kept pace with inflating costs. In part, this is due to the administration's intervention in export markets and their inadequate actions since the grain embargo.

Wheat is selling at approximately $3.19, while USDA estimates that the cost of production for wheat is over $4. The high cost of credit is particularly difficult when farm prices are depressed. It is estimated that a 2-percent increase in the interest rate decreases net farm income by 6 to 8 percent. Farmers, unlike most other businessmen, are not in a position to pass these increased costs directly through to the consumer.

Ultimately, what farmers need is not increased ability to borrow, but increased ability to repay. Aggressive export marketing is needed to strengthen world markets and alleviate the current cost-price squeeze. In the meantime, we must move quickly to address the credit crunch facing farmers today. Last week's change in Farmers Home Administration loan authority, increasing interest charges to commercial rates, makes it imperative that we provide some relief to the farm economy now.

That, Mr. President, is the purpose of the legislation I am introducing today. My bill authorizes refundable tax credits for interest charges exceeding a 12-percent rate on agricultural operational loans. Operating loans in this bill are defined as they are in the Consolidated Farm and Rural Development Act, with the additional qualifications that the payout period may not exceed 12 months and the principal may not exceed $25,000. Hypothetically, under the provisions of my bill, a farmer who obtained a $10,000 loan at 14 percent with a $1,400 interest charge would be allowed a $1,200 deduction and $200 in dollar-for-dollar tax credits. If he had no tax liability, he would receive a $200 refund from IRS.

Mr. President, my intention is to make essential capital available to continue farm operations. I am offering the legislation as a starting point. I am not wedded to its every provision. For example, I would be receptive to any reasonable floor rate, such as the March 1, 1980 rate for the Farmers Home Administration operating credit. While I envisage that the bill would expire in 24 months, expert testimony during committee consideration may indicate that an earlier or later termination date may be advisable. My intention is to set the legislative process in motion. My commitment is to the concept not to the detail. I do believe that the urgency of the situation demands prompt action.

Mr. President, I have a strong interest in the farm economy. I represent an agricultural State. While I try to support the farmer's interest, I also maintain a firm commitment to the broader national interest. Occasionally, those interests may conflict. This is not one of those occasions. If one economic sector is disproportionately threatened by an otherwise valuable monetary policy, I feel certain that pressures will build, particularly in an election year, that will defeat that policy to the detriment of the entire economy. As one who believes in the necessity of a tight money policy, I am urging that that policy take into account the diverse nature of our economy and provide for the equity which is essential to its success.

Mr. President, I ask unanimous consent that the text of the bill be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

### S. 2503

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowed) is amended by inserting before section 45 the following new section:

"Sec. 44F. Qualified Interest on Agricultural Operating Loans

"(a) In General.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the qualified interest paid or incurred by the taxpayer during the taxable year on agricultural operating loans.

"(b) Definition of Qualified Interest.—For purposes of this section—

"(1) In general.—The term 'qualified interest' means the excess (if any) of—

"(A) the amount of interest paid or incurred during the taxable year on an agricultural operating loan, over

"(B) the amount of such interest which would have been paid or incurred if the annual percentage rate of interest on such loan had been equal to 12 percent.

"(2) Limitations on interest taken into account.—

"(A) Aggregate principal amount in excess of $25,000.—If interest was paid or incurred by the taxpayer during the taxable year on agricultural operating loans the aggregate original principal amounts of which exceeded $25,000, that portion of the interest attributable to such excess, as determined under regulations prescribed by the Secretary, shall not be taken into account in determining the amount of the credit allowable under subsection (a).

"(B) Rate of interest.—If the rate of interest on an agricultural operating loan exceeds the rate of interest which is 5 per centum in excess of the discount rate, including any surcharge thereon, on ninety-day commercial paper in effect at the Federal Reserve Bank in the Federal Reserve district where the taxpayer resides, that portion of the interest attributable to such excess rate shall not be taken into account in determining the amount of the credit allowable under subsection (a).

"(C) Interest paid to related person.—

"(i) In general.—No credit shall be allowable under subsection (a) in the case of interest paid to a related person.

"(ii) Related persons.—Persons shall be treated as related to each other if such persons would be treated as a single employer under the regulations prescribed under section 52(b).

"(c) Other Definition and Special Rules.—For purposes of this section—

"(1) Agricultural operating loan.—The term 'agricultural operating loan' means any loan—

"(A) the proceeds of which are to be used for a purpose described in section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942); and

"(B) the principal of which is required by the terms of the loan to be repaid within 12 months.

"(2) Credit in lieu of deduction.—No deduction shall be allowable under this chapter with respect to any amount for which a credit is allowable under subsection (a).

"(3) Pass through in the case of subchapter s corporations, etc.—Under regulations prescribed by the Secretary, rules similar to the rules of subsections (d) and (e) of section 52 shall apply.".

(b) Section 6401(b) of such Code (relating to amounts treated as overpayment) is amended—

(1) by striking out "and 43 (relating to earned income credit," and inserting in lieu thereof "43 (relating to qualified interest on agricultural operating loan)," and

(2) by striking out "and 43" and inserting in lieu thereof "43, and 44F".

(c) Subsection (e) of section 163 of such Code (relating to interest deductions) is amended by adding at the end thereof the following new paragraph:

"(6) For disallowance of deduction for interest relating to agricultural operating loans, see section 44F(c)(2).

(d) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 44F the following new item:

"44F. Qualified interest on agricultural operating loans.".

(d) The amendments made by this section shall apply to taxable years beginning after December 31, 1979.

## ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have no further request for time and no further need for time, and if the majority leader is agreeable at this point, I yield back our combined time.

Mr. ROBERT C. BYRD. I agree.

Mr. BAKER. I yield back our combined time.

## RECOGNITION OF SENATOR SCHMITT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from New Mexico is recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there may be a quorum call without prejudice to the Senator from New Mexico.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SCHMITT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## WE NEED QUICK NATIONAL DEFENSE FIXES NOW

Mr. SCHMITT. Mr. President, for nearly a decade the defense posture of the United States has been deteriorating. In the early to mid-1970's, the Congress embarked on a defense policy, unfortunately, based on "less is enough." The attitude prevailed that somehow the United States is to blame for everything wrong in the world and that if we cut defense spending everyone else would do the same and be grateful. There would be peace in the world because we were weak rather than strong.

In spite of all evidence that peace can only be protected if the United States is strong, this administration continued to weaken our military posture. Necessary defense programs have been eliminated or held to dangerous and irresponsible levels. Desperately needed weapon systems such as a new bomber, the MX missile and the neutron bomb were either killed or delayed. Ship building declined and the size of our fleet decreased below already dangerous levels. Procurement in virtually all areas declined or was postponed. Manpower resources were allowed to deteriorate.

In the spirit of the SALT talks, this administration failed to take the type of actions which would not only insure our national defense but also would improve our bargaining position for SALT II and future SALT treaties. The Soviet Union, from their totalitarism perspective, did not make this mistake. During the 1970's as our defense spending declined, as a percentage of the Federal budget, as a percentage of the gross national product and in real dollar terms, Soviet defense spending increased. During the 1970's the Soviet Union spent about $100 billion more than we did on defense. In 1979 alone the Soviet Union spent about 50 percent more on defense than did the United States in spite of the much lower manpower costs which the Soviet Union has. In the area of strategic forces, the Soviets outspent us by a factor of three. Mr. President, I think it is now common knowledge that through trade policies we have subsidized these kinds of activities on the part of our principal adversary, the Soviet Union.

The President came to the Congress and told us that it is imperative that the Senate ratify the SALT II treaty, because without the treaty the Soviet Union will build even more strategic missiles and that we cannot keep up. It is incredible that the President can even suggest that the Soviet Union, with an economy 60 percent of ours, an inefficient economic system at that, and a society lacking most modern conveniences, and certainly very few for their consumers, can outproduce the United States in any regard, much less when our national security is at stake.

Mr. President, whatever have been the mistakes of the past, it is this administration that has led us further down this intolerable path and now has been dishonest with the Congress and the American people. Today, we are left in a position of relative inferiority for which the President must take full responsibility. He has proposed a defense budget for fiscal year 1981 which he claims will begin rebuilding our defense posture. The President maintains that the fiscal year 1981 budget is a 5.4-percent increase over fiscal year 1980 after inflation.

The fact is that the first budget submitted by the President only claims a 5.4-percent real increase in budget authority and a 3.3-percent increase in outlays, and these increases are only illusions. Even if they were real, it is outlays and not budget authority that will put weapons in the field, provide adequate pay for our military and allow for operation and maintenance of equipment. Unfortunately, this 3.3-percent increase in outlays is based on unrealistic assumptions. If the Congress does not increase military pay to stem the mass exodus from the military, if inflation now running at 18 percent and increasing drops to 8.4 percent by October 1, if fuel prices decrease rather than increase, then we would have a 3.3 percent real growth in the defense budget. I submit that these are a lot of big "ifs".

If the American people have lost faith and confidence in what the President is telling us, then we must supply that faith and confidence in the Congress. Many of our colleagues as well as our citizens back home, believe that the administration does not intend to increase the defense budget. In the March 12 issue of the Washington Post appeared an article by Rowland Evans and Robert Novak entitled "Carter's Fine Print." They argue that now a born-again, inflation-fighting administration intends to "reduce the real rate of defense spending from the pre-Afghanistan level." Mr. President, I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Carter's Fine Print

The transformation of President Carter from cold-eyed critic of the Soviet military takeover of Afghanistan will come into focus in a few days when the world learns his intention to reduce real defense spending from levels established before the rape of Afghanistan.

The fine print of the new anti-inflation budget will belie much of what Carter told the nation in his celebrated State of the Union address on Jan. 23. Instead of the 5 percent "real" defense increase he pledged then, the budget as now taking shape inside the White House will show a spending increase only about 1.5 percent higher than the rate of inflation.

"I'm determined that the United States will remain the strongest of all nations," Carter said to rousing applause on Jan. 23. Two days later, Gen. Richard Ellis, top commander of the Strategic Air Command, quietly revealed to the House Armed Services Committee that the United States now is on the short side of what he called an "adverse" balance of strategic strength—long-range nuclear missiles.

Yet despite the president's pledge and the general's testimony that Moscow's new strategic margin frees it for military actions without the old worry over U.S. reactions, Carter plans to reduce the real rate of defense spending from the pre-Afghanistan level. He will blame this transformation—from matching to ignoring Soviet power—on the need for a balanced budget, Carter's front-line weapon in the battle against soaring inflation.

In fact, however, the decision to cut back defense spending as a budget-balancing aid, while Soviet military spending continues its non-stop rise in real growth at an annual rate of 4 percent, is perceived by some politicians and military analysts as more ominous than its started target—balancing the budget.

These Carter critics believe that the president's State of the Union rhetoric rallied the nation around the flag—and Jimmy Carter—at immense political cost to Sen. Edward M. Kennedy, that it was more political than intellectual. Kennedy is Carter's only competitor in the Democratic presidential campaign.

Supporting the critics are important pieces of evidence that point strongly to this conclusion: some powerful members of the Carter administration genuinely doubt that the United States can match Soviet military power, strategic or conventional, in the foreseeable future, if ever.

Indeed, as we reported in the spring of 1978, one of the key technical advisers on Zbigniew Brzezinski's National Security Council staff, Victor Utgoff, privately questioned the wisdom of U.S. strategic superiority but went a long step further by adding, almost as an afterthought but "we cannot afford to allow ourselves to drift into significant strategic inferiority." Some "inferiority," in other words, was quite acceptable.

Now, almost two years later in an international climate far rougher than then, another White House aide shocked a senator last week during a talk on U.S.-Soviet relations held in the senator's office. This White House staffer said that the Soviet Union is now producing military weapons on what is virtually a "mobilization or wartime footing" that is simply beyond U.S. capacity to match.

Carter's apparent willingness to hold down defense spending, on grounds that it is a major budget-balancing tool, flatly contradicts this careful statement made by Defense Secretary Harold Brown last Dec. 13: "Should our assumptions as to future inflation . . . later prove to have been underestimates, the administration will take appropriate action to preserve the integrity of this program."

The sudden spurt in the rate of inflation is why Carter should be making major additions to his defense budget—if he and Brown really meant what they said. Confidential estimates from the Office of Management and Budget to key congressional committees show no such additions. Just to keep the pre-Afghanistan budget intact, for example, Carter needs to ask about $7.5 billion in new money for the fiscal year starting Oct. 1.

This display of presidential decisionmaking has its counterparts. Right after the Afghan invasion, promises were made with fanfare to arm Pakistan. But the amount of money offered, military experts uniformly agree, was too paltry for Pakistan to take the chance of alienating Moscow. The whole deal dissolved into embarrassing thin air.

Likewise, a series of proven underground Soviet nuclear tests believed by the United States to violate the test-ban treaty, the latest on Dec. 23, have gone unchallenged by the United States.

The most likely explanation is found in that same transformation of Jimmy Carter that has turned him from a pledged advocate of strong defense to a Pentagon budget-cutter, he truly does not perceive the Russians as dangerous enemies but as partners, with the partnership momentarily distracted by Afghanistan.

Under this theory, widely held by the president's critics, the transformation of Jimmy Carter was not his move toward military budget-cutting; it was his unaccustomed tough talk right after the Soviet move into Kabul. What is now coming into view, then, is the real Jimmy Carter following a very brief metamorphosis.

Mr. SCHMITT. As we face this dangerous period, the Congress is left with no guidance from the administration. Secretary Brown informed us last year that in the early 1980's the Soviet Union will have the capability to destroy the bulk of our ICBM's while retaining the bulk of their ICBM's for further strikes.

We are acutely aware of the serious short-fall in our air and sealift capability which is even more ominous in light of the superior air-lift capability of the Soviet Union as demonstrated in Afghanistan. There is serious concern about the ability of our navy to protect the vital sea lanes that are required not only for oil but for far more critical raw materials such as cobalt, manganese, bauxite and chromium.

We are aware that the Soviet Union outnumbers us 5 to 1 in heavy and medium tanks and better than two to one in fighters and bombers. We know that the Warsaw Pact forces outnumber NATO forces in medium tanks by three to one.

Mr. President, the recent antidefense attitude brought us less security, not more; less freedom and democracy in the world, not more; more aggression in the world, not less; and more human suffering, not less. We must learn from the mistakes of the last decade and start to repair our military capability.

We must all be concerned about the position in which the President finds himself when he is forced to deal with crises such as Soviet troops in Cuba, the takeover of our Embassy in Iran, and the Soviet invasion of Afghanistan. The options available to the President now, because of past folly, are limited because of our limited capability to project military power anywhere in the world where there is a significant threat to our national interest. Those options will become even more limited for future Presidents in their efforts to protect the security and national interests of our Nation and of the free world unless we act now. We simply cannot tolerate this situation any longer.

While the defense budget submitted by the President purports to deal with some of our vulnerabilities, the solutions are all in the distant future. It is important that we continue these programs for long-term solutions, but it is just as important to meet some of the threats in the short run. The Congress, the administration, and the Defense Department must work together to provide for "quick fixes" for some of the problems we now face. These "quick fixes" must be programs that can be operational in the short run, say within 3 years, and which utilize existing technology and resources. Let me stress, however, that these "quick fixes" are supplements and not substitutes for carefully thought out, long-term solutions and programs, although I would submit that they may provide us with some maneuvering room as we attempt to balance the budget.

Mr. President, let me take a few minutes to discuss one area that desperately requires "quick fix" solutions. In the coming days, I will discuss other areas which need to be addressed.

The increasing vulnerability of our land-based ICBM's to a Soviet preemptive first strike must be addressed now. We cannot tolerate a window of vulnerability which will last almost a decade, if we do nothing and will last just that long even if we develop the MX system.

"Quick fix" programs would not completely eliminate that vulnerability; it is too late for that, but they would increase the number of surviving warheads and the efficiency of their retargeting after a first strike.

This is the threat we must rekindle in countering the Soviet threats of a preemptive first strike.

This Senator intends to submit to the Armed Services Committee, as he did last year, a package of "quick fix" proposals addressing this vunerability issue. The package consists of four low-cost proposals which, together, would increase our deployed number of warheads and their flexibility and effective use as a counter to any Soviet threat.

Currently we have deployed 550 Minuteman III missiles, each with 3 MIRV'ed reentry vehicles, and 450 Minuteman II missiles, each with 1 reentry vehicle. These missiles can be launched by either the land-based Launch Control Facility (LCF) or the Airborne Launch Control Center (ALCC) if the LCF is destroyed. The ALCC currently utilizes the Air Launch Control System (ALCS) Phase II which has a launch only capability. That is, it can only require the launching of missiles, not their retargeting.

In addition, the ability to launch after outside power sources are destroyed is dependent on an internal power source of short duration in each missile system.

Proposal one is a Minuteman III upgrade program consisting of two parts. The first part is the extension of the more-capable ALCS Phase III system to all 550 Minuteman III's, rather than just 200 Minuteman III's as currently planned. Phase III of ALCS provides increased flexibility and effectiveness to the Minuteman force through quick assessment of the number of surviving missiles and their retargeting, if necessary. Depending on scenario, this ability is a force multiplier by a factor of 2 to 5. Phase III is also baselined as the MX prime command and control method, and so it would be consistent with continued development and procurement of the MX.

The second part of this proposal would accelerate the Minuteman extended survival power (MESP) program which would provide for an independent power source with a life of days rather than the present life of hours. Since the Minuteman force is the only manageable leg of the strategic triad, it is important that we have maximum flexibility in its use. At the present time, after a first strike we would be in a position of having to use our ICBM's immediately or lose them. The MESP would provide the Commander in Chief with additional options he does not now have.

Proposal 2 is a Minuteman II upgrade program consisting of three parts. The first part would extend the ALCS phase III program to 300 Minuteman II missiles, those at wings I and IV. The 150 Minuteman I's at Ellsworth are not programed for this type of upgrade. Related to the ALCS phase III is a remote retargeting program for the 300 missiles which is the second part of the proposal. Finally, the MESP program would be extended to the full Minuteman II force.

Proposal 3 is the deployment of 100 Minuteman III missiles for 100 Minuteman II's. Currently we have about 130 Minuteman III missiles in storage from which about 7 are tested annually. By substituting 100 of these missiles for the II's we would be deploying 200 additional warheads. With a 10-percent survival rate from a Soviet first strike, this would provide 20 additional surviving warheads; with a 20-percent survival rate, 40 additional warheads.

The deployment of III's for II's also offers advantages in that the Minuteman II is a more capable missile, is harder against nuclear attack, and does not suffer the same pin-down problems as the Minuteman II. Two of our Minuteman II wings can accommodate the Minuteman III missiles without modification, and wing I is already a mixed wing with 150 Minuteman II's and 50 Minuteman III's.

The fourth proposal would expand the Mark 12A reentry vehicle deployment from the current 300 Minuteman II's to the full 550 Minuteman III force. The Mark 12A warhead is a more capable reentry vehicle, and this proposal would increase the effectiveness of the full Minuteman III force.

Mr. President, we cannot afford to allow our strategic deterrence as represented by our ICBM force, to become theatened at any time. The cost of these four proposals that I am offering is minimal, considering that the security of our Nation depends on the effective deterrence value of our ICBM force. Then they are much less expensive than one might imagine at first. They are losing that deterrence value and we simply cannot afford to wait until MX is deployed to close the window of vulnerability. We cannot afford not to implement these proposals.

## ORDER OF PROCEDURE

**Mr. ROBERT C. BYRD.** Mr. President, does the distinguished Senator have any time remaining?

The **ACTING PRESIDENT** pro tempore. The Senator has 1 minute remaining.

**Mr. ROBERT C. BYRD.** Will he yield that time to the distinguished Senator from Wisconsin?

**Mr. SCHMITT.** I am happy to yield that time to the distinguished Senator, Mr. President.

**Mr. PROXMIRE.** I thank my good friend from New Mexico.

## THE LIVING VICTIMS OF GENOCIDE

**Mr. PROXMIRE.** Mr. President, the holocaust of World War II claimed over 6 million lives. We are all painfully aware of this tragedy. Yet, the holocaust is to be remembered also for the sake of those who survived and were left in the wake of its wrath to live in misery and despair. Their story is of relevance to our own day and age, particularly now, as we are asked to consider for ratification the Genocide Convention.

The holocaust extracted a heavy toll in lives, but those who witnessed and survived its horrors also paid a heavy price. Even as Jews and others were being killed in Auschwitz, Treblinka, Sobibor, Belzac, and Chelmno, at a rate of 5,000 to 10,000 a day, thousands of Jews went into hiding and many hundreds escaped from Nazi-held territory via an underground railway. Hundreds even escaped from the camps which millions were to be sent to die.

What was to become of these survivors? One of the prominent Jewish leaders in Europe at the time, Richard Lichtheim, posed this very question:

> What will become of the Jews of Europe? Even if their civil rights can be restored, what about the property confiscated, the shops looted, the schools destroyed, the commercial undertakings of every description closed or sold or stolen? Who will restore all that and how? . . . And what will be left of the Jews of Europe? There are the refugees in Europe who tried to escape but did not go fast and far enough . . . What will become of them after the war?

Hundreds of thousands were left after the war with no home, no family, and no material means to support themselves.

In this sense, the Jews and other national groups who survived the holocaust suffered like millions of other Europeans. Yet, those who had experienced the holocaust were additionally burdened by the severe sense of isolation caused by their unique suffering. It was difficult to communicate the intensity of the horrors they had faced. For those who had lost entire families, the circumstances of their deaths did not even allow for a burial or a site at which the memorial Kaddish could be prayed.

Mr. President, after so many years, we still have the opportunity to make some constructive response to the holocaust. Our first small but significant step should be the immediate ratification of the Genocide Convention.

## ROUTINE MORNING BUSINESS

**Mr. ROBERT C. BYRD.** Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business not to exceed 15 minutes and that Senators may be recognized therein.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

## MILLION DOLLAR AIRPORTS KEEP THEIR MONEY

**Mr. CANNON.** Mr. President, the present administration is acting like Robin Hood in reverse with today's revised budget message—taking from the poor and giving to the rich.

I support the efforts to balance the budget as soon as possible, and I agree that all programs must share in the austerity that will have to be applied to meet the balanced-budget goal. But I also believe in applying some rationality in setting priorities among the programs and needs of the recipients.

On the merits alone, the Senate has voted by a 2 to 1 margin to eliminate Federal grants for airports which generate more than $100 million annually in passenger revenues. These multimillion dollar airports are all capable of self-reliance and, in fact, the grants they receive do no more than offset user fees the airlines would otherwise have to pay.

We have pointed out also to this administration how these large, self-sufficient businesses use their Federal grants. The Atlanta airport used part of its last grant to purchase a statue and an electric flagpole. The New York-New Jersey Port Authority takes its millions in Federal funds and, at the same time, funnels hundreds of millions in revenues generated on the airports to subsidize the losses of the World Trade Center. One of the smallest airports to be defederalized—Omaha, Nebr.—enthusiastically supports giving up its Federal grants and testified to their capability to better operate Omaha Eppley Field without Federal grants.

Considering these facts, the administration has come to the conclusion that it would be better to cut the food stamp program, the cost-of-living increases for retirees, the increase in Defense spending, and to slow down additions to our strategic oil reserve, while we keep those electric flagpoles and statues flowing to multimillion and billion-dollar airports.

The President's new budget message does not even consider taking the Federal grants away from these self-supporting, monopoly landlords, while it does require real and measurable sacrifices by cities, States and, most importantly, the people in this country who need help the most.

I believe the President should reconsider this upside-down setting of priorities in his effort to achieve the balanced budget we must have.

## CONCLUSION OF MORNING BUSINESS

The **ACTING PRESIDENT** pro tempore. Is there further morning business? If not, morning business is closed.

## RAILROAD TRANSPORTATION POLICY ACT OF 1979

The **ACTING PRESIDENT** pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 1946, which the clerk will state by by title.

The assistant legislative clerk read as follows:

A bill (S. 1946) to reform the economic regulation of railroads, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Commerce, Science, and Transportation with an amendment to strike all after the enacting clause and insert the following:

That this Act may be cited as the "Rail-Transportation Policy Act of 1979".

### RAILROAD TRANSPORTATION POLICY

SEC. 2. Section 10101 of title 49, United States Code, is amended—

(1) in subsection (a), by striking the first word and inserting in lieu thereof "Except where policy may have an impact on rail carriers, in which case the principles of subsection (b) of this section shall govern, to";

(2) by redesignating subsection (b) as subsection (c); and

(3) by adding immediately after subsection (a) the following new subsection:

"(b) In regulating transportation provided by rail carriers, the Commission shall consider the following as being in the public interest:

"(1) development and maintenance of a healthy, efficient freight transportation system, in the private sector, in which various modes of transportation are subject to impartial regulation;

"(2) maximum reliance on competitive market forces and on actual and potential intramodal and intermodal competition to provide transportation services at fair prices and to enable efficient and well-managed carriers to earn adequate profits and to attract capital;

"(3) avoidance of undue concentrations of market power on the part of rail carriers and the maintenance of regulatory protection for shippers and receivers against the abuse of market power;

"(4) reduction of regulatory barriers to entry into and exit from the industry;

"(5) maintenance of fair wages and working conditions;

"(6) operation of transportation facilities and equipment without detriment to the public health and safety;

"(7) development ond maintenance of a transportation system responsive to the needs of the public, in which regulatory decisions are reached fairly and expeditiously;

"(8) encouragement of the establishment and maintenance of reasonable rates for transportation without unreasonable discrimination or unfair or destructive competitive practices;

"(9) cooperation with each State and the officials of each State on transportation matters in an effort to assure that intrastate regulatory jurisdiction is exercised in a manner consistent with the standards established in this subsection;

"(10) elimination of noncompensatory rates for rail transportation; and

"(11) encouragement and promotion of energy conservation.".

## TITLE I—RATEMAKING

### REASONABLENESS OF RAIL RATES

SEC. 101. Section 10701(b) of title 49, United States Code, is amended—

(1) in paragraph (1), by striking the last two sentences; and

(2) in paragraph (2)(B), by striking "and incremental".

### MAXIMUM RATE REGULATION

SEC. 102. Section 10701 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(e)(1) A rail carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title may establish any rate for such transportation if such rate yields a revenue-to-variable cost ratio that is equal to or less than the average ratio of revenue-to-variable cost established by the Commission pursuant to this subsection.

"(2) At regular intervals, but in no event less often than annually, the Commission shall determine and publish the average ratio of revenue-to-variable cost that rail carriers would be required to realize from transportation provided by such carriers under honest, economical, and efficient management in order to cover total operating expenses including depreciation and obsolescence, plus a reasonable and economic profit or return (or both) on capital employed in the business sufficient to attract and retain capital in amounts adequate to provide a sound transportation system in the United States. The first such average ratio shall be determined and published by the Commission no later than 120 days from the date of enactment of this subsection, until which date a ratio of revenue-to-variable (expressed as a percentage) of 150 percent shall be considered to constitute such average ratio for the purposes of this section and the related provisions of sections 10704, 10705, 10707, and 11701 of this title.

"(3) Within 1 year after the date of enactment of this subsection, the Commission shall complete and submit to the Congress a study to determine the feasibility and desirability of the use of a return-on-investment standard as an alternative to the ratio of revenue-to-variable cost standard set forth in paragraph (2) of this subsection.

"(4) Notwithstanding any other provisions of this subchapter, the Commission shall not have authority to find any rate for transportation authorized under this subsection to be unjust or unreasonable on the basis that such rate exceeds a reasonable maximum for the service rendered or to be rendered, nor may the Commission suspend or investigate such rate as unreasonably high under section 10707 of this title.".

### RAIL COST ADJUSTMENT INCREASES

SEC. 103. Section 10701 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(f)(1) A rail carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title may increase any rate for such transportation so long as the new rate is equal to or less than the adjusted base rate for such transportation.

"(2) For the purposes of this subsection—

"(A) the base rate for the transportation of a commodity shall be the rate in effect on January 1, 1980: *Provided, however,* That if the Commission finds such rate to be unreasonably high, the Commission may prescribe a different base rate for the transportation of such commodity;

"(B) if no commodity rate existed for the transportation of a commodity on January 1, 1980, the base rate for the transportation of such commodity shall be the commodity rate for the most nearly comparable commodity and service, divided by the latest rail cost adjustment factor published by the Commission pursuant to paragraph (3) of this subsection at the time the transportation is commenced: *Provided,* That a base rate determined pursuant to this subparagraph shall be subject to challenge on the issue of whether it represents the most nearly comparable commodity or the most nearly comparable service; and

"(C) the adjusted base rate for the transportation of a commodity shall be an amount determined by multiplying the base rate for the transportation of such commodity by the latest rail cost adjustment factor published by the Commission pursuant to this subsection.

"(3) As often as practicable, but in no event less often than quarterly, the Commission shall publish, commencing with the fourth quarter of 1979, a rail cost adjustment factor which shall be a fraction, the numerator of which is the latest published Index of Railroad Costs (which index shall be compiled or verified by the Commission, with appropriate adjustments to reflect the quality and mix of material and labor), and the denominator of which is the same index for the fourth quarter of 1979.

"(4) Notwithstanding any other provision of this subchapter, the Commission shall not have authority to find any rate for transportation authorized under this subsection to be unjust or unreasonable on the basis that such rate exceeds a reasonable maximum for the service rendered or to be rendered, nor may the Commission suspend or investigate such rate as unreasonably high under section 10707 of this title.".

### RATE FLEXIBILITY ABOVE COST INCREASES

SEC. 104. Section 10701 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(g)(1) During any calendar year a rail carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title may increase the rate for such transportation by an amount not exceeding 4 percent of the adjusted base rate for such transportation as defined in subsection (f)(2) of this section: *Provided,* That in no event shall the total increase under this subsection during the period from January 1, 1980 to December 31, 1984, or during each consecutive period of 5 years thereafter, result in rates which exceed an amount equal to 112 percent of the adjusted base rate for such transportation as defined in subsection (f)(2) of this section.

"(2) Any part of a rate increase authorized under paragraph (1) of this subsection which is not implemented in a calendar year may be implemented in the next succeeding calendar year: *Provided,* That in no event shall the total increase under this subsection in any calendar year result in rates which exceed an amount equal to 108 percent of the adjusted base rate for such transportation as defined in subsection (f)(2) of this section.

"(3) Notwithstanding the provisions of section 10707 of this title, the Commission may not suspend any rate increase authorized by this subsection as unreasonably high pending final Commission action, nor may it begin an investigation proceeding under section 10707 of this title with regard to the reasonableness of a rate increase authorized by this subsection: *Provided,* That an interested party may file a complaint under section 11701(b) of this title alleging that such increase violates the provisions of this subtitle.

"(4) Not later than 3 years after the date of enactment of this subsection, and at least every 3 years thereafter, the Commission shall submit to the Congress a report that analyzes the revenue needs of rail carriers and makes such recommendations for the modification of this subsection as the Commission determines may be necessary.".

### GENERAL RATE INCREASES

SEC. 105. Section 10701 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(h)(1) A rail carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title may put into effect a general rate increase described in section 10706(a)(3)(B)(i) of this title for the purpose of recovering increased costs, provided the increase does not exceed the following:

"(A) demonstrated cost increases if such general rate increase is filed with the Commission in the 1st year after the date of enactment of this subsection;

"(B) 90 percent of demonstrated cost increases if the increase is filed with the Commission in the 2d year after the date of enactment of this subsection, except that increases attributable to increases in the cost of fuel shall not be subject to such percentage limitation;

"(C) 85 percent of demonstrated cost increases if the increase is filed with the Commission in the 3d year or the first 180 days of the 4th year after the date of enactment of this subsection, except that increases attributable to increases in the cost of fuel shall not be subject to such percentage limitation; or

"(D) unless the Congress provides otherwise, 80 percent of demonstrated cost increases if such general rate increase is filed with the Commission at any time after the end of the 180th day of the 4th year after the date of enactment of this subsection, except that increases attributable to increases in the cost of fuel shall not be subject to such percentage limitation:

*Provided, however,* That the resulting rates in the aggregate may not exceed the adjusted base rates for such transportation as defined in subsection (f)(2) of this section: *And provided further,* That increases taken under this section shall be considered in determining whether increases proposed under subsections (f) and (g) of this section equal or exceed the adjusted base rates for such transportation.

"(2) Each time that the Commission publishes a rail cost adjustment factor pursuant to section 10701(f)(3) of this title, it shall indicate what portion of any increase or decrease in such rail cost adjustment factor is attributable to an increase or a decrease in the cost of fuel used in providing rail transportation.

"(3) The Commission and the Secretary of Transportation shall each conduct a study of the need for general rate increases, the effect of the phase-down of general rate increases provided in this subsection, the impact of the additional rate flexibility provided by the amendments to this title made by the Rail Transportation Policy Act of 1979, and the feasibility of eliminating general rate increases. At the end of the 3d year after the date of enactment of this subsection, the Commission and the Secretary shall separately transmit the results of such studies, along with any recommendations for legislative changes in this subsection, subsection (g) of this section, or any other provision of this title to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives.

"(4) As soon as practicable, but in no event later than 9 months after the date of enactment of this subsection, the Commission shall promulgate such final regulations as may be necessary to implement this subsection.

"(5) Nothing in this subsection shall be construed as limiting (A) the Commission's authority to deny or limit the application of general rate increases to particular movements; or (B) broad tariff changes described in section 10706(a)(3)(B)(ii) of this title.".

### CONTRACT RATES

SEC. 106. (a) Title 49, United States Code, is amended by inserting the following new section immediately after section 10701:

"§ 10701a. Authority for rail carriers to establish contract rates and service

"(a) One or more rail carriers may enter into contracts with one or more purchasers of rail services to provide specified services under specified rates and conditions. Such contracts may contain provisions on subjects including, but not limited to, extension of credit to such purchasers, cancellation or termination, service, safety and inspection standards in excess of those required under existing law, escalation or reduction of charges, car compensation, force majeure, and financing of or investment in railroad equipment, plant and other facilities.

"(b)(1) Service under such a contract shall be deemed to be a separate and distinct class of service, and the equipment used in the fulfillment of such a contract shall not be subject to car service decisions under section 11123 of this title.

"(2) Notwithstanding the provisions of paragraph (1) of this subsection, the existence of a contract shall not eliminate the obligation of a rail carrier to provide transportation or service on reasonable request, as set forth in section 11101 of this title. Upon complaint, the Commission may limit the right of a rail carrier to enter into future contracts under this section following a determination that additional contracts would impair the ability of the rail carrier to fulfill its common carrier obligations under section 11101 of this title.

"(3)(A) A contract entered into under this section may be investigated or suspended under section 10707 of this title only upon the following grounds:

"(i) that fulfillment of the contract will cause the carrier to be unable to fulfill its common carrier obligations under section 11101 of this title,

"(ii) that the carrier has discriminated by refusing to enter into a contract for rates and services with a prospective purchaser of rail services under similar conditions to the contract at issue, and that the complainant or affected shipper was ready, willing, and able to enter into such a contract at a time essentially contemporaneous with the period during which the contract at issue was offered, or

"(iii) that the proposed contract constitutes a destructive competitive practice.

If the Commission does not suspend or investigate a contract entered into under this section, it may not modify, abrogate, or otherwise impair the obligations under such contact: *Provided, however,* That the provisions of this subparagraph shall not interfere with the Commission's authority to order a carrier to provide rates and services substantially similar to the contract at issue upon a showing of discrimination.

"(B) If the Commission determines that the carrier has discriminated against a complainant or a prospective purchaser by failing to enter into a contract for rates and services under similar conditions to the contract at issue, and such complainant or prospective purchaser was ready, willing and able to enter into such a contract at a time essentially contemporaneous with the period during which the contract at issue was offered, the Commission shall order the carrier to provide rates and service substantially similar to the contract at issue with such differentials in terms and conditions as are justified by the evidence.

"(c)(1) Any carrier may, without specific authorization from the Commission, enter into contracts involving utilization of carrier owned or leased equipment not in excess of 35 percent of the capacity of such carrier's owned or leased equipment by major car type (plain boxcars, covered hopper cars, gondolas and open top hoppers, coal cars, bulkhead flatcars, pulpwood rackcars, and flatbed equipment, including TOFC/COFC): *Provided, however,* That with regard to proposed contracts between class I carriers and shippers originating an average of 1,000 cars or more per year during the past 3 years by major car type on a particular carrier, no more than 40 percent of carrier owned or leased equipment utilized on the average during the prior 3-year period may be used for such contracts without prior Commission authorization.

"(2) Carriers or other parties may seek relief from the limitations of paragraph (1) of this subsection, and the Commission may grant such relief as it deems appropriate, if it appears that additional equipment may be made available without impairing the carrier's ability to meet its common carrier obligations under section 11101 of this title.

"(3) Any interested party may request modification of the Commission's findings upon a showing of changed circumstances or other good cause.

"(d) Except as expressly provided in this section or in other sections of this title, contracts authorized under subsection (a) of this section shall not be subject to the provisions of chapter 107, subchapter II of chapter 111, or section 11701 of this title, except that complaints may be filed alleging violations of sections 11101 or 10741 of this title, subject to the limitation that available remedies for a violation of such sections shall not include modification or abrogation of contracts which have become effective without suspension or investigation. Contracts authorized under subsection (a) of this section shall be subject to the provisions of sections 10704, 10705, 10706, 10707, 10726, 10741, 10761, and 10762 of this title.

"(e) The Commission shall establish a railroad contract rate advisory service. The advisory service shall:

"(1) compile and disseminate to interested parties nonconfidential summaries of the provisions of individual contract information relating to the provisions of contracts entered into under this section with regard to various goods, items, and commodities covered by such contracts; and

"(2) provide the Commission and interested parties with advice regarding contracts.".

(b) The index to chapter 107 of title 49, United States Code, is amended by inserting the following immediately after the item relating to section 10701:

"10701a. Authority for rail carriers to establish contract rates and service.".

### EXPEDITIOUS DIVISIONS OF REVENUE

SEC. 107. Section 10705(e)(1) of title 49, United States Code, is amended to read as follows:

"(e)(1) The Commission may begin a proceeding under subsection (a) or (b) of this section on its own initiative or on complaint. The Commission must complete all evidentiary proceedings to adjust the division of joint rates for transportation by a rail carrier within 9 months after the complaint is filed if the proceeding is brought on complaint or within 18 months after the commencement of a proceeding on the initiative of the Commission. The Commission must take final action by the 180th day after completion of the evidentiary proceedings, except that—

"(A) when the proceeding involves a railroad in reorganization or a contention that the divisions at issue do not cover the variable costs of handling the traffic, the Commission shall give the proceeding preference over all other proceedings and shall take final action at the earliest practicable time, which in no event may exceed 100 days after the completion of the evidentiary proceedings; and

"(B) in all cases other than those specified in subparagraph (A) of this paragraph, the Commission may decide to extend such a proceeding to permit its fair and expeditious completion, but whenever the Commission decides to extend a proceeding pursuant to this subparagraph, it must report its reasons to Congress.".

### RATE BUREAUS

SEC. 108. Section 10706 of title 49, United States Code, is amended—

(1) in the first sentence of subsection (a)(2)(A), by inserting immediately after "facilities and equipment" the following: "and including intrastate rates that affect interstate commerce";

(2) in subsection (a)(3)(A)(i), by striking "or" at the end thereof;

(3) in subsection (a)(3)(A), by redesignating clause (ii) as clause (iii);

(4) in subsection (a)(3)(A), by inserting immediately after clause (i) the following new clause:

"(ii) permit a rail carrier to participate in an agreement unless the terms of such agreement provide that transcripts or sound recordings shall be made of all meetings, that records of votes shall be made, and such trancripts or recordings and voting records shall be submitted to the Commission and made available to other Federal agencies in connection with their statutory responsibilities over the rate bureaus: *Provided, however,* That such material shall be kept confidential and not subject to disclosure under the provisions of section 552 of title 5, United States Code or"; and

(5) by adding at the end of subsection (a)(3)(A) the following new sentences:

"Notwithstanding clause (i) of this paragraph, a rail carrier may participate in discussions related to single-line rates proposed by another rail carrier or rates related to a particular interline movement. Such discussions may include such matters as whether the proposed rates are noncompensatory, would result in discrimination between shippers or localities, would adversely affect the movement of traffic, would result in violations of section 10726 of this title, or would necessitate adjustments in other rates. Such discussions shall be limited to comments upon the proposal and shall exclude any agreement, express or implied, to approve, modify, disapprove or withdraw the proposals, except that in the case of a proposed interline movement, such agreements may be made by a rail carrier that can practicably participate in that movement.".

### INVESTIGATIONS AND SUSPENSIONS OF RATES AND ORDERS SETTING RATES

SEC. 109. (a) Section 10704(a)(1) of title 49, United States Code, is amended by inserting immediately before the period at the end thereof the following: ", subject to the limitations of sections 10701 and 10701a of this title".

(b) Section 10707 of title 49, United States Code, is amended—

(1) in the first sentence of subsection (a), by inserting immediately after "party," the following: "subject to the limitations of sections 10701 and 10701a of this subchapter,";

(2) in the first sentence of subsection (b)(1), by inserting immediately before the period at the end thereof the following: ", unless the proposed rate, classification, rule or practice is suspended, in which case the proceeding must be completed by the end of the 5th month after the rate, classification, rule or practice was to become effective";

(3) in the second sentence of subsection (b)(1), by inserting immediately after "7th month" the following: ", or the 5th month if suspension is involved,"; and

(4) in subsection (c)(1), by striking "7" and "10" and inserting in lieu thereof "5" and "8", respectively.

### APPLICABILITY

SEC. 110. Section 10711 of title 49, United States Code, is amended—

(1) by designating the existing language as subsection (a); and

(2) by adding at the end thereof the following new subsection:

"(b) With respect to the relationship between water carriers and rail carriers, none of the amendments to this subtitle made by the Railroad Transportation Policy Act of 1979 shall be construed to modify the application of existing law with respect to competition and coordination, or to make lawful a competitive practice that is unfair, destructive, predatory or otherwise undermines competition.".

### DEMAND-SENSITIVE RATES

SEC. 111. Section 10727 of title 49, United States Code, is amended to read as follows:

"§ 10727. Demand-sensitive rates

"A rail carrier may establish a tariff, subject to section 10701 of this title and other provisions of this chapter, for any movement or group of movements, under which rates, except those rates involving the movement of grain, may be raised and lowered, between published maximum and minimum levels, in response to either expected or actual fluctuations in demand for rail service. The Commission shall facilitate the establishment of such demand-sensitive rates.".

### RELEASED RATES

SEC. 112. Section 10730 of title 49, United States Code, is amended—

(1) by designating the existing language as subsection (a);

(2) by inserting ", other than a rail carrier," immediately after "carrier" the first time it appears; and

(3) by adding at the end thereof the following new subsection:

"(b) A rail carrier providing transportation or service subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title may, subject to the provisions and procedures set forth in this chapter and the general tariff requirements of section 10762 of this title, establish rates for the transportation of property under which the liability of the carrier for such property is limited to a value established by written declaration of the shipper or by written agreement between the carrier and the shipper.".

### TRANSPORTATION OF RECYCLABLE MATERIALS

SEC. 113. Section 10731 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of this title or any other law, within 90 days after the date of enactment of this subsection, all rail carriers providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title shall take all actions necessary to reduce and thereafter maintain rates for the transportation of recyclable or recycled materials at revenue-to-variable cost ratio levels that are equal to or less than the average revenue-to-variable cost ratios initially established and thereafter published annually by the Commission pursuant to section 10701(e)(2) of this title, and any such rate which equals or exceeds such average revenue-to-variable cost ratio established by the Commission shall not be required to bear any further rate increases. The Commission shall have jurisdiction to issue all orders necessary to enforce the requirements of this subsection.".

### NOTICE AND PUBLICATION OF TARIFFS

SEC. 114. Section 10762 of title 49, United States Code, is amended—

(1) in the first sentence of subsection (a)(1), by inserting immediately after "motor common carrier" the following: "or service by a rail carrier pursuant to a contract authorized under section 10701a of this title";

(2) in subsection (a), by adding at the end thereof the following new paragraph:

"(3) A rail carrier which has entered into a contract authorized under section 10701a of this title shall publish and file with the Commission, in such manner as the Commission may provide, the essential terms of such contract. Such filing shall constitute a tariff for the purposes of compliance with the provisions of section 10761 of this title. Such contracts shall not be subject to the normal tariff rules promulgated pursuant to this section (49 CFR 1300 et seq.), but the Commission if necessary may promulgate special tariff rules for such contracts. Any party to such a contract may, with the consent of the other parties to the contract, elect to file with the Commission information in addition to the essential terms of the contract. In such cases, the Commission shall, upon the request of any party to the contract, place any such additional information (other than the essential terms of the contract) in a confidential file. Notwithstanding such a request, the information filed with the Commission and kept in a confidential file, may, at the discretion of the Commission, be made available to any party to a proceeding as authorized under section 10701a or other provisions of this title.";

(3) in subsection (b)(1), by striking the first sentence and inserting in lieu thereof: "Except in the case of a rail carrier, the Commission shall prescribe the form and manner of publishing, filing, and keeping tariffs open for public inspection under this section. In the case of a rail carrier, the Commission shall insure that tariffs are published, filed, and kept open for public inspection and may, in its discretion, prescribe the form and manner of such publishing, filing, and keeping tariffs open for public inspection.";

(4) in subsection (c)(3), by striking the second sentence and inserting in lieu thereof the following: "Except in the case of a rail carrier, a proposed change or a new or reduced rate may not become effective for 30 days after the notice is published, filed, and held open as required under subsections (a) and (b) of this section. In the case of a rail carrier, a proposed change or a new or reduced rate shall not become effective for 20 days after the notice is published, except that, within the first 60 days after the date of enactment of this sentence, such change or rate shall not become effective for 30 days after the notice is published: *Provided, however,* That a contract authorized under section 10701a of this title shall not become effective for 30 days: *And provided further,* That a tariff authorized under section 10727 of this title shall not become effective for 30 days, nor shall rates raised or lowered within the published minimum and maximum levels of such a tariff become effective for 5 days, after the notice is published, filed, and held open as required under subsections (a) and (b) of this section."; and

(5) in subsection (d)(1), by striking "30-day" and inserting in lieu thereof "notice".

### REPEALS

SEC. 115. (a) Section 10709 of title 49, United States Code is repealed, and the item relating to section 10709 in the index to chapter 107 of title 49, United States Code, is stricken.

(b) Section 10729 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(d) A proposed rate, classification, rule or practice for transportation by a rail carrier may not become effective under this section unless notice of intent to establish such rate, classification, rule, or practice under this section is filed with the Commission not less than 90 days prior to the date of enactment of this subsection.".

(c) Sections 15(8)(c) and (d) of the Interstate Commerce Act, as amended by section 401 of the Local Rail Service Assistance Act of 1978 (Public Law 95-607, 92 Stat. 3067), are repealed.

### SAVINGS PROVISION

SEC. 116. (a)(1) Notwithstanding any other provision of law, rail rates in existence on the date of enactment of this Act may not be challenged as exceeding maximum reasonableness, except in accordance with the procedures set forth in paragraph (2) of this subsection.

(2) A rail rate described in paragraph (1) of this subsection may be challenged as exceeding maximum reasonableness under the procedures set forth in chapter 107 and section 11701 of title 49, United States Code, if—

(A) such rate yields a revenue-to-variable cost ratio that exceeds the average ratio of revenue-to-variable cost described in section 10701(e)(2) of title 49, United States Code, and

(B) a complaint alleging that such rate exceeds maximum reasonableness is filed with the Interstate Commerce Commission within 270 days after the date of enactment of this Act.

(b) Effective on the date of enactment of this Act, rail rate increases may only be challenged in accordance with the provisions of chapter 107 of title 49, United States Code, as amended by this Act.

### CAR UTILIZATION

SEC. 117. (a) Subchapter II of chapter 107 of title 49, United States Code, is amended by inserting at the end thereof the following new section:

"§10732. Car utilization

"In order to encourage more efficient use of freight cars, carriers shall be permitted to establish tariffs containing premium charges for special services or special levels of services not provided in any tariff otherwise applicable to the movement. The Commission shall facilitate development of such tariffs so as to increase the utilization of equipment.".

(b) The index to chapter 107 of title 49, United States Code, is amended by inserting the following immediately after the item relating to section 10731:

"10732. Car utilization.".

(c) The first sentence of section 511(a) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 831(a)) is amended by inserting immediately after "equipment" the following: "which includes but is not limited to computerized car management systems".

## TITLE II—STRUCTURE

### MERGERS AND OTHER TRANSACTIONS

SEC. 201. (a) Section 11344 of title 49, United States Code, is amended—

(1) in subsection (b), by inserting immediately after "section" the following: "which involves the merger or control of at least two class I railroads, as defined by the Commission"; and

(2) by adding at the end thereof the following new subsection:

"(d) In a proceeding under this section which does not involve the merger or control of at least two class I railroads, as defined by the Commission, the Commission shall approve such an application unless it finds that—

"(1) as a result of the transaction, there is likely to be a substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States; and

"(2) the anticompetitive effects of the transaction outweigh the public interest in meeting significant transportation needs.

In making such findings, the Commission shall, with respect to any application that is part of a plan or proposal developed under section 5 (a) through (d) of the Department of Transportation Act (49 U.S.C. 1654 (a) through (d)), accord substantial weight to any recommendations of the Secretary of Transportation.".

(b) Section 11345 of title 49, United States Code, is amended to read as follows:

"§ 11345. Consolidation, merger, and acquisition of control: rail carrier procedure

"(a) If a rail carrier providing transportation subject to the jurisdiction of the Interstate Commerce Commission under subchapter I of chapter 105 of this title is involved in a proposed transaction under section 11343 of this title, this section and section 11344 of this title also apply to the transaction. The Commission shall publish notice of the application in the Federal Register by the end of the 30th day after the application is filed with the Commission and after a certified copy of it is furnished to the Secretary of Transportation. However, if the application is incomplete, the Commission shall reject it by the end of that period. The order of rejection is a final action of the Commission under section 10327 of this title. The published notice shall indicate whether the application involves:

"(1) the merger or control of at least two class I railroads, as defined by the Commission, to be decided within the time limits specified in subsection (b) of this section;

"(2) transactions of regional or national transportation significance, to be decided within the time limits specified in subsection (c) of this section; or

"(3) any other transaction covered by this section, to be decided within the time limits specified in subsection (d) of this section.

"(b) If the application involves the merger or control of two or more class I railroads, as defined by the Commission:

"(1) Written comments about an application may be filed with the Commission within 45 days after notice of the application is published under subsection (a) of this section. Copies of those comments shall be served on the Secretary of Transportation and the Attorney General, each of whom may decide to intervene as a party to the proceeding. That decision must be made by the 15th day after the date of receipt of the written comments, and if the decision is to intervene, preliminary comments about the application must be sent to the Commission by the end of the 15th day after the date of receipt of the written comments.

"(2) The Commission shall require that applications inconsistent with an application, notice of which was published under subsection (a) of this section, and applications for inclusion in the transaction, be filed with it and given to the Secretary of Transportation by the 90th day after publication of notice under that subsection.

"(3) The Commission must conclude evidentiary proceedings by the end of the 24th month after the date of publication of notice under subsection (a) of this section. The Commission must issue a final decision by the 180th day after the date on which it concludes the evidentiary proceedings.

"(c) If the application involves a transaction other than the merger or control of at least two class I railroads, as defined by the Commission, which the Commission has determined to be of regional or national transportation significance:

"(1) Written comments about an application may be filed with the Commission within 30 days after notice of the application is published under subsection (a) of this section. Copies of those comments shall be served on the Secretary of Transportation and the Attorney General, each of whom may decide to intervene as a party to the proceeding. That decision must be made by the 15th day after the date of receipt of the written comments, and if the decision is to intervene, preliminary comments about the application must be sent to the Commission by the end of the 15th day after the date of receipt of the written comments.

"(2) The Commission shall require that applications inconsistent with an application, notice of which was published under subsection (a) of this section, and applications for inclusion in the transaction, be filed with it and given to the Secretary of Transportation by the 60th day after publication of notice under that subsection.

"(3) The Commission must conclude any evidentiary proceedings by the 180th day after the date of publication of notice under subsection (a) of this section. The Commission must issue a final decision by the 90th day after the date on which it concludes the evidentiary proceedings.

"(d) For all applications under this section other than those specified in subsections (b) and (c) of this section:

"(1) Written comments about an application may be filed with the Commission within 30 days after notice of the application is published under subsection (a) of this section. Copies of those comments shall be served on the Secretary of Transportation and the Attorney General, each of whom may decide to intervene as a party to the proceeding. That decision must be made by the 15th day after the date of receipt of the written comments, and if the decision is to intervene, preliminary comments about the application must be sent to the Commission by the end of the 15th day after the date of receipt of the written comments.

"(2) The Commission must conclude any evidentiary proceedings by the 105th day after the date of publication of notice under subsection (a) of this section. The Commission must issue a final decision by the 45th day after the date on which it concludes the evidentiary proceedings.

"(e) If the Commission does not issue a decision that is a final action under section 10327 of this title, it shall send written notice to Congress that a decision was not issued and the reasons why it was not issued.

"(f) The Commission may waive the requirement that an initial decision be made under section 10327 of this title and make a final decision itself when it determines that action is required for the timely execution of its functions under this subchapter or that an application governed by this section is of major transportation importance. The decision of the Commission under this subsection is a final action under section 10327 of this title.

"(g) The Secretary of Transportation may propose changes in transactions governed by this section when a rail carrier is involved. The Secretary may appear before the Commission to support those changes.".

### ABANDONMENT

SEC. 202. (a) Section 10903 of title 49, United States Code, is amended—

(1) in subsection (b)(1), by striking the first sentence; and

(2) by striking subsection (c).

(b)(1) Section 10904(a) of title 49, United States Code, is amended—

(A) by striking all after "Commission" through "effective" in paragraph (1);

(B) by striking "and" at the end of paragraph (2)(A);

(C) by striking the period at the end of paragraph (2)(B) and inserting in lieu thereof "; and";

(D) by adding a new paragraph (2)(C) to read as follows:

"(C) a statement that the line is available for subsidy or sale in accordance with section 10905 of this title; a statement that the carrier will promptly provide to each interested party an estimate of the subsidy and minimum purchase price required to keep the line in operation, calculated in accordance with section 10905 of this title;

and the name and business address of the person who is authorized to discuss sale or subsidy terms for the carrier."; and

(E) by inserting in paragraph (3)(E) immediately after "satisfied" the following: ", and certifying that clauses (A)–(D) have been satisfied within the most recent 30 days prior to the date the application is filed".

(2) Section 10904(b) of title 49, United States Code, is amended to read as follows:

"(b) If no protest is received within 30 days after the application is filed, the Commission shall find that the public convenience and necessity require or permit the abandonment or discontinuance. In such a case, the Commission shall, within 45 days after the application is filed, issue a certificate which permits the abandonment or discontinuance to occur within 75 days after the application is filed.".

(3) Section 10904(c) of title 49, United States Code, is amended to read as follows:

"(c)(1) If a protest is received within 30 days after the application is filed, the Commission shall, within 45 days after the application is filed, determine whether an investigation is needed to assist in determining what disposition to make of the application.

"(2) If the Commission decides that no investigation is to be undertaken, the Commission shall, within 75 days after the application is filed, decide whether the present or future public convenience and necessity require or permit the abandonment or discontinuance, taking into consideration the application of the railroad and any materials submitted by protestants. If the Commission finds that the present or future public convenience and necessity require or permit the abandonment, it shall within 90 days after the date of application, issue a certificate which permits the abandonment or discontinuance to occur within 120 days after the application is filed.

"(3) If the Commission decides that an investigation should be undertaken under this section, the investigation must be completed within 135 days, and an initial decision must be rendered within 165 days, of the date the application is filed. Thirty days after such decision, the initial decision shall become the final decision of the Commission unless, during the interim, the Commission decides to hear appeals. If an initial decision is appealed and considered by the Commission, the Commission shall issue a final decision within 255 days of the date of application. Whenever the Commission decides upon investigation that the present or future public convenience and necessity require or permit the abandonment or discontinuance of rail service, it shall, within 15 days of the final decision, issue a certificate which permits the abandonment or discontinuance to occur within 75 days of the date of the final decision.

"(4) The effective date of any certificate which permits abandonment or discontinuance may be stayed by the Commission pursuant to the provisions of section 10905 of this title.".

(4) Subsection (d) of section 10904 of title 49, United States Code, is redesignated as subsection (e), and immediately after subsection (c) the following new subsection is inserted:

"(d)(1) The burden is on the person applying for the certificate to prove that the present or future public convenience and necessity require or permit the abandonment or discontinuance.

"(2) For applications approved by the Secretary of Transportation as part of a plan or proposal under section 5 (a) through (d) of the Department of Transportation Act (49 U.S.C. 1654 (a) through (d)), the Commission shall consider whether any detriment from the abandonment or discontinuance exceeds the transportation benefit from the plan or proposal as a whole.".

(5) Section 10904(e) of title 49, United States Code, as redesignated by paragraph (4) of this subsection, is amended by inserting immediately before the period at the end thereof the following: ": *Provided, however,* That the requirement of such description or identification in such diagram may be waived by the Commission if the application was approved by the Secretary of Transportation as part of a plan or proposal under section 5 (a) through (d) of the Department of Transportation Act (49 U.S.C. 1654 (a) through (d)), or the application is filed by a railroad in bankruptcy."

(c) Section 10905 of title 49, United States Code, is amended to read as follows:

"§ 10905. Offers of financial assistance to avoid abandonment and discontinuance

"(a) In this section—

"(1) 'avoidable cost' means all expenses that would be incurred by a rail carrier in providing transportation that would not be incurred if the railroad line over which the transportation was provided were abandoned or if the transportation were discontinued. Expenses include cash inflows foregone and cash outflows incurred by the rail carrier as a result of not adandoning or discontinuing the transportation. Cash inflows foregone and cash outflows incurred include—

"(A) working capital and required capital expenditure;

"(B) expenditures to eliminate deferred maintenance;

"(C) the current cost of freight cars, locomotives, and other equipment; and

"(D) the foregone tax benefits from not retiring properties from rail service and other effects of applicable Federal and State income taxes.

"(2) 'reasonable return' means—

"(A) if a rail carrier is not in reorganization, the cost of capital to the rail carrier, as determined by the Interstate Commerce Commission; and

"(B) if a rail carrier is in reorganization, the mean cost of capital of rail carriers not in reorganization, as determined by the Commission.

"(b) Any rail carrier which has filed an application for a certificate of abandonment or discontinuance shall provide promptly to a party considering an offer of financial assistance and shall provide concurrently to the Commission—

"(1) an estimate of the annual subsidy and minimum purchase price required to keep the line or a portion of the line in operation;

"(2) its most recent reports on the physical condition of that part of the railroad line involved in the proposed abandonment or discontinuance;

"(3) traffic, revenue, and other data necessary to determine the amount of annual financial assistance which would be required to continue rail transportation over that part of the railroad line; and

"(4) any other information that the Commission may deem necessary to allow a potential offeror to calculate an adequate subsidy or purchase offer.

"(c) When the Commission finds under section 10903 of this title that the public convenience and necessity require or permit abandonment or discontinuance, it shall, concurrently with services of the decision upon the parties, publish the finding in the Federal Register. Within 10 days following the publication, any person may offer to pay the carrier a subsidy or offer to purchase the line. Such offer shall be filed concurrent with the Commission. If the offer to subsidize or purchase the line is less than the carrier's estimate provided under subsection (b)(1) of this section, the offer shall explain the basis of the disparity, and the manner in which the offer of subsidy or purchase is calculated.

"(d) If, within 15 days after the publication required in subsection (c) of this section, the Commission find that—

"(1) a financially responsible person (including a government entity) has offered financial assistance to enable the rail transportation to be continued over that part of the railroad line to be abandoned or over which all rail transportation is to be discontinued; and

"(2) it is likely that the assistance would be equal to—

"(A) the difference between the revenues attributable to that part of the railroad line and the avoidable cost of providing rail freight transportation on the line, plus a reasonable return on the value of the line; or

"(B) the acquisition cost of that part of the railroad line;

the Commission shall postpone the issuance of a certificate authorizing abandonment or discontinuance in accordance with subsections (e) and (f) of this section.

"(e) If the carrier and a person offering financial assistance enter into an agreement which will provide continued rail service, the Commission shall postpone the issuance of the certificate for so long as the agreement, or an extension or modification of the agreement, is in effect. If the carrier and a person offering to purchase a line enter into an agreement which will provide continued rail service, the Commission shall approve the transaction and dismiss the application for abandonment or discontinuance. If the carrier and a financially responsible person (including a government entity) fail to agree on the amount or terms of the subsidy or purchase, either party may, within 30 days after the offer is made, request that the Commission establish the conditions and amount of compensation. If no agreement is reached within 30 days after the offer is made and neither party requests that the Commission establish the conditions and amount of compensation during that same period, the Commission shall immediately issue a certificate authorizing the abandonment or discontinuance.

"(f)(1) Whenever the Commission is requested to establish the conditions and amount of compensation under this section—

"(A) the Commission shall render its decision within 60 days;

"(B) where subsidy has been offered, the Commission shall determine the amount and terms of subsidy based on the avoidable cost of providing continued rail transportation, plus a reasonable return on the value of the line; and

"(C) where an offer of purchase has been made in order to continue rail service on the line, the Commission shall determine the price and other terms of sale. In no case shall the Commission set a price which is below the fair market value of the line (including, unless otherwise mutually agreed, all facilities on the line or portion necessary to provide effective transportation services).

"(2) The decision of the Commission shall be binding on both parties, except that the person who has offered to subsidize or purchase the line may withdraw his offer within 10 days of the Commission's decision. In such a case, the Commission shall immediately issue a certificate authorizing the abandonment or discontinuance, unless other offers are being considered pursuant to paragraph (3) of this subsection.

"(3) If a carrier receives more than one offer to purchase or subsidize, it shall select the offeror with whom it wishes to transact business, and complete the sale or subsidy agreement, or request that the Commission establish the conditions and amount of compensation prior to the 40th day after the date on which notice was published under subsection (c) of this section. If no agreement on subsidy or sale is reached within the 40-day period and the Commission has not been requested to establish the conditions and amount of compensation, any other offeror may request that the Commission establish the conditions and amount of compensation. If the Commission has established the conditions and amount of compensation and the original offer has been withdrawn, any other offeror may accept the Commission's decision within 20 days of such decision, and the Commission shall require the carrier to enter into a sale or subsidy agreement with such offeror, if such sale or agreement incorporates the Commission's decision.

"(4) No purchaser of a line or portion of line sold under this section may transfer or discontinue service on such line prior to the end of the second year after consummation of the sale, or may such purchaser transfer such line, except to the carrier from whom it was purchased, prior to the end of the fifth year after consummation of the sale.

"(5) Any subsidy provided under this section may be discontinued on notice of 60 days. Unless, within such 60-day period, another financially responsible party enters into a subsidy agreement at least as beneficial to the carrier as that which was or was to be discontinued, the Commission shall, at the carrier's request, immediately issue a certificate authorizing the abandonment or discontinuance of service on the line.".

ENTRY

SEC. 203. (a)(1) Section 10901(a) of title 49, United States Code, is amended by striking "will be enhanced by" and inserting in lieu thereof "permit".

(2) Section 10901 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(d) Where a railroad has been issued a certificate of public convenience and necessity by the Commission authorizing the construction or extension of a railroad line, no other railroad may block the construction or extension by refusing to permit the carrier to cross its property: *Provided*, That (1) the construction does not unreasonably interfere with the operation of the crossed line; (2) the operation does not materially interfere with the operation of the crossed line; and (3) the owner of the crossing line shall compensate the owner of the crossed line. The carriers are responsible for establishing the conditions of such compensation. However, if the carriers cannot agree, the Commission may establish conditions of compensation.".

(b) Section 11103 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) The Commission may require railroads to enter reciprocal switching agreements where it finds such agreements to be practicable and in the public interest. The carriers are responsible for establishing the conditions and compensation for such agreements. However, if the carriers cannot agree, the Commission may establish the conditions and compensation for such agreements.".

## TITLE III—GENERAL PROVISIONS

CAR SERVICE

SEC. 301. (a) Section 11123(a) of title 49, United States Code, is amended by striking "in a section of the United States,", and inserting in lieu thereof the following: "of such magnitude as to have substantial adverse effects on rail service to the Nation or a substantial region of the Nation,".

(b) Paragraph (3) of section 11123(a) of title 49, United States Code, is amended by striking "terminals, including mainline tracks for a reasonable distance outside of those terminals,", and inserting in lieu thereof "facilities,".

(c) Section 11123 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(c) No action undertaken or order issued under the emergency powers of this section shall extend for more than 30 days from the date of initial Commission action unless, during the interim, the Commission has begun a proceeding to resolve the service problems on a more permanent basis. When the Commission has begun such a proceeding, an emergency order may be renewed and extended by the Commission for a maximum of 60 days.".

EXEMPTION

SEC. 302. Section 10505 of title 49, United States Code, is amended to read as follows:

"§ 10505. Authority to exempt rail carrier transportation

"(a) In a matter related to a rail carrier providing transportation subject to the jurisdiction of the Interstate Commerce Commission under this subchapter, the Commission shall exempt a person, class of persons, or a transaction or service when the Commission finds that the application of a provision of this subtitle is not necessary to carry out the transportation policy of section 10101(b) of this title and either the transportation or service is of limited scope or the application of a provision of this subtitle is not needed to protect shippers from the abuse of market power: *Provided, however*, That the Commission may not issue any exemption which will substantially lessen competition and coordination between water and rail carriers.

"(b) No exemption order issued pursuant to this section shall operate to relieve any common carrier by railroad from the common carrier liability for claims imposed under section 11707 of this title.

"(c) The Commission may where appropriate begin a proceeding under this section on its own initiative or on application by the Secretary of Transportation or an interested party. The Commission may specify the period of time during which the exemption is effective.

"(d) The Commission may revoke an exemption, to the extent it specifies, when it finds that application of a provision of this subtitle to the person, class, or transportation is necessary to carry out the transportation policy of section 10101(b) of this title.".

FEDERAL-STATE RELATIONS

SEC. 303. Section 11501 of title 49, United States Code, is amended—

(1) in subsection (a)(1), by striking the first word and inserting in lieu therof the following: "Where the Interstate Commerce Commission under other sections of this title has the authority to do so, the";

(2) in subsection (b)(1)(B), by striking "120th" and inserting in lieu thereof "90th";

(3) in subsection (b)(2), by inserting the following immediately after "Commission" the second time it appears: ", subject to its authority as provided in the other sections of this title,"; and

(4) by adding at the end thereof the following new subsection:

"(d) Federal withdrawal from certain areas of regulation shall not be construed as relinquishing Federal jurisdiction and State authorities are encouraged to exercise their regulatory jurisdiction in a manner consistent with standards established in the railroad transportation policy set forth in section 10101(b) of this title.".

FUEL ADJUSTMENT SURCHARGES

SEC. 304. (a) Chapter 115 of title 49, United States Code, is amended by adding at the end thereof the following new section:

"§ 11508. State authority over fuel adjustment surcharges

"Notwithstanding any other provision of law, no State (including the Commonwealth of Puerto Rico) shall have authority to prevent a rail carrier providing intrastate rail transportation from increasing rates for such transportation in order to pass through increases in the cost of providing such transportation that are attributable to increases in the cost of fuel used in such transportation if such increases do not exceed increases in the cost of fuel used in rail transportation as determined by the Commission pursuant to section 10701(h)(2) of this title.".

(b) The index to chapter 115 of title 49, United States Code, is amended by inserting the following immediately after the item relating to section 11507:

"11508. State authority over fuel adjustment surcharges."

CONVERSION OF ABANDONED RAILROAD RIGHTS-OF-WAY

SEC. 305. Section 809(d) of the Railroad Revitalization and Regulatory Reform Act of 1976 is amended—

(1) by inserting "(1)" immediately before the first sentence thereof; and

(2) by adding at the end thereof the following new paragraph:

"(2) There are authorized to be appropriated, for the purposes of carrying out the provisions of subsection (b)(2) of this section, not to exceed an aggregate amount of $20,000,000 for the fiscal years 1981, 1982, and 1983. Such sums shall remain available until expended: *Provided, however*, That, notwithstanding the provisions of subsection (b)(2) of this section, the Federal share for each grant made from the funds authorized to be appropriated pursuant to this paragraph may not exceed 80 percent of the total cost of any project.".

RAIL TECHNOLOGICAL IMPROVEMENTS AMENDMENT

SEC. 306. Notwithstanding any other provision of law, the Federal Railroad Administration shall have the authority and discretion to exempt from the mandatory requirements of the provisions of the Act of March 2, 1893, the Act of March 2, 1903, and the Act of April 14, 1910 (45 U.S.C. 1 through 16), also referred to as the Safety Appliance Acts, any railroad equipment, or equipment which will be operated on rails, when such requirements preclude the development or implementation of more efficient railroad transportation equipment or other transportation innovations under the existing statutes.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. CANNON. Mr. President, I yield myself 5 minutes.

I ask unanimous consent that the committee amendment in the nature of a substitute be agreed to and that the bill, as amended, be treated as original text for the purpose of further amendment.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered.

Mr. CANNON. Mr. President, it is the purpose of this bill to promote the revitalization of the railroad industry in the United States by providing substantial regulatory reform. The bill takes steps to provide the railroads with greater pricing flexibility while retaining protection for captive shippers; it would also streamline the administrative process by simplifying transportation regulation and providing for expedited time frames wherever practicable.

Judged by any standard, the railroads are not a healthy industry. Earnings have not been adequate to maintain the system. As long ago as the midsixties, when the cost of capital was only a fraction of today's rate, rail returns on investment of 4 percent were characterized as "substandard" and "inadequate." Yet last year the railroads' rate of return was less than 3 percent. And the marginal railroads and roads in bankruptcy outnumbered the railroads with an adequate rate of return. I am submitting for the record several tables setting forth the railroads' earnings and comparing these earnings with the cost of debt capital and with returns experienced by other industrial groups.

It was with this background in mind that we approached reform of rail regulation. The committee report, for example, notes that the ability of the railroad industry to meet its future responsibilities is considered by many to be in doubt. This capital-intensive industry must achieve improved earnings if investment levels of recent years—and even higher levels called for in the future—are to be sustained.

At the same time, the committee was cognizant of the need for shipper protection. Captive traffic should not be required to bear any undue burdens. S. 1946 is the result of a careful balancing of these conflicting interests. The bill is designed to simplify rate regulation, thus providing both carriers and shippers with greater certainty and more timely regulatory action.

In brief, the legislation establishes a clear threshold test, a free zone for rate increases which do not exceed cost increases, and a limited rate flexibility zone which is free from investigation and suspension but which may be challenged on complaint. All other rate proposals are subject to the full range of maximum rate protection. In addition, present provisions prohibiting discrimination remain unchanged. S. 1946 also explicitly authorizes contracts, a provision which offers great potential benefits to carriers and shippers, regardless of size. Contracts will give the railroads assured levels of revenues and assure shippers of specified levels of service at agreed rates. By eliminating the capital incentive provision incorporated into law in the 4R Act, the committee intends to discourage unilateral action and encourage the parties to negotiate their differences.

Let me stress again that S. 1946 represents balanced legislation designed to simplify rate regulation and streamline the administrative process. I am adamantly opposed to any amendments which would negate the flexibility the railroads must have to adopt more innovative pricing policies. Our effort here is to eliminate unnecessary regulation and, where possible, to return decisions to the marketplace.

We have had extensive testimony in support of S. 1946—from the administration, the ICC, carriers and shippers. All viewed the proposal as responsible and responsive legislation. In this regard, I point out that shippers today are suffering from service deficiencies which will surely worsen unless something is done to improve the railroads' earnings. The only alternative is more Government subsidy. Subsidy programs are highly inflationary and in the end are more costly and less efficient than allowing the railroads to earn adequate revenues. The amount of money that has already been put into the railroad system in the last 10 years is staggering—more than $12 billion. And that figure does not include directed service which has cost another $60 million. Can this Nation afford more ConRails, Rock Islands, and Milwaukee Railroads? I ask unanimous consent that statements identifying Federal expenditures for rail programs during the past 10-year period be printed in the RECORD at the conclusion of my statement.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered.

(See exhibit 1.)

Mr. CANNON. I would now like to briefly describe the principal provisions of the bill. The bill is divided into three titles. Title I of the bill provides new standards and procedures for regulation of rail rates. It reaffirms the basic concept of the 4R Act—greater pricing flexibility for railroads where there is effective competition from other carriers or modes of transportation. S. 1946 establishes a simple test for jurisdiction based on revenue-to-variable cost. Below this threshold level, no rate may be challenged as exceeding maximum reasonableness except during a 9-month transition period. A free zone is also provided for rate increases which do not exceed the railroads' increased costs, based on a rail index to be compiled or verified by the ICC no less than quarterly. Above cost increases, a 4-percent rate flexibility zone is set forth, subject to a 5-year maximum of 12 percent. Increases within this zone are not subject to suspension or investigation procedures, but they may be challenged by filing a formal complaint.

The bill further provides for a phase down of general increases to 85 percent of cost increases in 3 years, and it explicitly authorizes contract rates. The statute is clarified with regard to permissible rate bureau discussions. In addition, tape recordings or transcripts of rate bureau meetings and records of votes are required.

Title II relates to industry structure. It imposes more stringent deadlines for abandonments and most merger proceedings and other restructuring transactions. This title also makes it clear that a railroad which has been issued a certificate of public convenience and necessity may cross another railroad's line, and it provides that the Commission may require railroads to enter into reciprocal switching agreements where such agreements are in the public interest.

Title III clarifies the Commission's power to exempt rail transportation from regulation. It restricts the Commission's car service powers to emergency situations, and encourages State authorities to exercise their regulatory jurisdiction in a manner consistent with standards established in the railroad transportation policy. Another provision authorizes Federal grants for conversion of abandoned railroad rights of way.

### MAXIMUM RATE REGULATION

The bill is designed to simplify rate regulation by setting forth a clear threshold test, a free zone for rate increases which do not exceed the railroad's increased costs and a rate flexibility zone which is free from investigation and suspension but may be challenged on complaint.

The jurisdictional test is based on an average ratio of revenue-to-variable cost that rail carriers would be required to realize, under honest, economical, and efficient management, to cover total operating expenses, plus a reasonable return sufficient to attract and retain capital. The Commission is directed to establish such an average ratio within 120 days, but in the interim the legislation specifies a ratio of revenue-to-variable cost of 150 percent.

A phase down of general increases is provided in the bill in order to deemphasize this type of ratemaking. At the end of 3 years, the legislation requires that separate studies be submitted by ICC and DOT to determine the feasibility of eliminating general increases.

### CONTRACTS

Explicit authorization for contracts is provided under section 106 of the bill. Once entered into and allowed to become effective without investigation or suspension, the contracts cannot be modified or abrogated by the Commission and are enforceable only in the courts. However, the bill retains the carriers' common carrier obligation, and it provides that Commission authorization is necessary to enter into contracts involving more than a specified percentage of the capacity of carrier owned or leased equipment. An additional limitation is imposed with regard to contracts between class I carriers and shippers which originated an annual average of 1,000 cars or more (by car type) over the preceding 3-year period.

### DIVISIONS

Since the 4–R Act made important changes in the divisions area, and these new procedures have not been fully tested as yet, the bill does not adopt major changes in the divisions statute. Nevertheless, the bill further tightens the time frames in section 10705 to encourage increased use of the divisions procedures, and it requires special expedited action in cases involving railroads in reorganization or divisions which do not meet the variable costs of the complaining carrier or carriers.

### RATE BUREAUS

The committee closely examined the function of rail rate bureaus and concluded that their role should be continued essentially in its present form. The bill clarifies the scope of permissible votes which must be submitted to the Intrastate rates that affect interstate commerce, and requires transcripts or sound recordings of meetings and records of votes which must be submitted to the Interstate Commerce Commission and made available to other Federal agencies concerned with rate bureaus.

Mr. President, I hope that the Senate will adopt the bill.

EXHIBIT 1

FEDERAL FINANCIAL ASSISTANCE TO RAILROADS, FISCAL YEARS 1971–79

[Dollar amounts in millions]

| | Loan guarantees | Loan agreements | Grants | Other | Total |
|---|---|---|---|---|---|
| Emergency Rail Services Act of 1970 | [1] $200 | | | | $200.0 |
| Emergency Rail Facilities Restoration Act | | $25.7 | | | 25.7 |
| Regional Rail Reorganization Act of 1973: | | | | | |
| Sec. 213 | | | $262.1 | | 262.1 |
| Sec. 215 | | | | [2] $286.3 | 286.3 |
| Sec. 211(a) | | 49.0 | | | 49.0 |
| Sec. 211(h) [3] | | 365.1 | | | 365.1 |
| Railroad Revitalization and Regulatory Reform Act of 1976: | | | | | |
| Sec. 505 | | | | 700.0 | 700.0 |
| Sec. 511 | 1,000.0 | | | | 1,000.0 |
| Subtotal | 1,200.0 | 439.8 | 262.1 | 986.3 | 2,888.2 |
| Amtrak funding [4] | | | | | $4,060.0 |
| ConRail funding | | | | | 3,300.0 |
| Northeast Corridor project [5] | | | | | 1,750.0 |
| Employee protection benefits: [6] | | | | | |
| ConRail | | | | | 250.0 |
| Milwaukee RR | | | | | 75.0 |
| Rock Island RR | | | | | 75.0 |
| State rail assistance | | | | | 339.75 |
| Total | | | | | 12,757.95 |

[1] Total amount guaranteed. Amount outstanding at Sept. 30, 1979, is $92,400,000.

[2] Funding of agreements with railroads for the acquisition, maintenance or improvement of railroad facilities and equipment necessary to improve properties pursuant to the Regional Rail Reorganization Act of 1973, with all or part of the obligation to be assumed by ConRail.

[3] Financing through purchase by United States of redeemable preference shares issued by railroads and trustee certificates issued by trustees of railroads in reorganization.

[4] Includes loan guarantees of $727,500,000 under sec. 602 of the Rail Passenger Service Act of 1970. This amount, reached in December 1975, was the maximum level of guarantee assistance provided to Amtrak under sec. 602.

[5] Includes $7,900,000 for emergency maintenance pursuant to sec. 704(d) of Railroad Revitalization and Regulatory Reform Act of 1976.

[6] Pursuant to title V of Regional Rail Reorganization Act of 1973.

*Rate of return on net worth—leading corporations, calendar year 1978*

| Industrial group | *Percent return on net worth* |
|---|---|
| 1. Amusements | 24.7 |
| 2. Soft drinks | 22.8 |
| 3. Office equipment, computers | 22.5 |
| 4. Air transport | 22.1 |
| 5. Building, heating, plumbing eqpt. | 21.8 |
| 6. Other business services | 21.8 |
| 7. Drugs and medicines | 21.5 |
| 8. Soap, cosmetics | 20.8 |
| 9. Total services | 20.5 |
| 10. Property and liability insurance | 20.2 |
| 11. Baking | 20.1 |
| 12. Tobacco products | 19.8 |
| 13. Aerospace | 19.7 |
| 14. Cement | 19.7 |
| 15. Lumber and wood products | 19.7 |
| 16. Instruments, photo, goods, etc | 19.1 |
| 17. Variety chains | 18.5 |
| 18. Restaurants and hotels | 18.5 |
| 19. Construction | 18.5 |
| 20. Trucking | 18.4 |
| 21. Hardware and tools | 18.4 |
| 22. Printing and publishing | 18.4 |
| 23. Farm, construction, material-handling eqpt. | 18.3 |
| 24. Miscellaneous finance | 18.2 |
| 25. Electrical eqpt. and electronics | 18.0 |
| 26. Automotive parts | 17.8 |
| 27. Other stone and clay products | 17.5 |
| 28. Autos and trucks | 17.2 |
| 29. Other machinery | 17.0 |
| 30. Miscellaneous transportation | 16.7 |
| 31. Other food products | 16.5 |
| 32. Miscellaneous manufacturing | 16.4 |
| 33. Shoes, leather, etc | 16.3 |
| 34. Real estate | 16.2 |
| 35. Miscellaneous retail | 16.0 |
| 36. Food chains | 16.0 |
| 37. Total financial | 16.0 |
| 38. Total manufacturing | 15.9 |
| 39. Household appliances | 15.7 |
| 40. Department and specialty | 15.7 |
| 41. Dairy products | 15.6 |
| 42. Total trade | 15.2 |
| 43. Chemical products | 15.0 |
| 44. Grand total | 14.9 |
| 45. Total nonfinancial | 14.8 |
| 46. Clothing and apparel | 14.7 |
| 47. Petroleum production and refining | 14.3 |
| 48. Distilling | 14.2 |
| 49. Paper and allied products | 14.0 |
| 50. Commercial banks and holding companies | 13.9 |
| 51. Glass products | 13.9 |
| 52. Other metal products | 13.6 |
| 53. Telephone and communications | 13.5 |
| 54. Total public utilities | 12.1 |
| 55. Sugar | 12.0 |
| 56. Sales finance | 11.4 |
| 57. Wholesale trade | 11.4 |
| 58. Brewing | 11.4 |
| 59. Electric power and gas | 11.3 |
| 60. Meat packing | 10.5 |
| 61. Other transportation eqpt. | 10.3 |
| 62. Nonferrous metals | 10.2 |
| 63. Textile products | 9.6 |
| 64. Iron and steel | 9.6 |
| 65. Furniture and fixtures | 9.6 |
| 66. Total transportation | 8.2 |
| 67. Paint and allied products | 8.1 |
| 68. Other mining, quarrying | 6.5 |
| 69. Rubber and allied products | 6.2 |
| 70. Investment funds | 6.1 |
| 71. Total mining | 3.3 |
| 72. Class I railroads | 1.3 |
| 73. Metal mining | 0.5 |

NOTE.—Computation for Class I Railroads is based on net worth at beginning of year. Data for Long Island Rail Road and Amtrak are included.

Source: Citibank (formerly First National City Bank of New York), Monthly Economic Letter, April 1979.

Mrs. **KASSEBAUM**. Mr. President, I wish to say as a member of the Commerce Committee that it has been with great awe and, really, respect and admiration that I have watched the chairman, the distinguished Senator from Nevada (Mr. CANNON), guide this legislation through the Commerce Committee.

It has been a long time in coming. There have been many questions that have been of concern regarding the captive shipper, the small shippers, which have been important to me in Kansas and many other States, as well.

I think these have been successfully addressed in this legislation. It is a major piece of legislation. I am glad I have had a small part in being able to work on it.

Certainly, I offer the chairman congratulations in working out this rather complex but productive piece of legislation.

Mr. President, the legislation which we are about to consider, the Railroad Transportation Policy Act of 1979 (S. 1946) has been long in coming. In 1976 Congress had hoped that the Railroad Revitalization and Regulatory Reform Act would have been the saving measure for our Nation's railroads. Unfortunately, that was not the case. The 4–R Act, as it is more commonly referred to, failed to give rail carriers the desperately needed rate flexibility to adequately respond to the changing demands of the marketplace.

Up until today, rail carriers' ability to adjust rates to meet changing market demands has been stifled by unnecessary regulatory burdens inflicted upon them by statute and by Interstate Commerce Commission regulations. This present situation can no longer go on.

The regulatory burden upon the railroads is not limited to rate inflexibility. The ability of carriers to abandon lines that are no longer contributing to the going concern of the railroad, the ability to merge healthy railroads, and the ability to rationalize existing lines between carriers has certainly been stifled by statute and administrative regulations. The most flagrant example of the regulatory strain on the railroad industry is a situation involving a proposed merger of the prosperous Union Pacific Railroad with the Rock Island Railroad.

The Union Pacific filed an intent to purchase with the Interstate Commerce Commission in the early 1960's. The Commission took almost 13 years to decide whether or not the merger should be approved. When the merger finally was approved more than a decade after the request was filed, the Union Pacific had subsequently made other management decisions and no longer desired to purchase the Rock Island Railroad.

On Monday night at midnight the Rock Island Railroad ceased to operate and is now in the process of liquidation. If the regulatory burdens had not been imposed upon the Union Pacific and the Rock Island Railroads, the Rock Island might not have deteriorated to such an extent that liquidation became the ultimate resolution of that line. Rather, the combination of the Union Pacific and Rock Island Railroads might have resulted in a stronger system throughout the Midwest, more service to shippers, more revenues channeled back into the industry, and a healthier national rail network.

The inability to effectuate a timely merger is not the sole reason that the Rock Island is in the position it is today—but there is no question that it was a major contributing factor to the present state of affairs. Fortunately the 4–R Act did impose a maximum limit of 31 months on all subsequent merger decisions. I am pleased to note that this legislation further refines the 4–R Act to enable speedier resolutions of merger applications by railroads.

Mr. President, it is most important that Members understand the intricacies of drafting the legislation we are considering today. More than a year of testimony was heard on the administration's railroad deregulation proposal (S. 796) and general railroad oversight before the committee drafted S. 1946. Testimony from witnesses was as diverse as anyone could imagine. The needs of the shipping public differ from geographic region to geographic region. Their needs also differ industry by industry. To meet the needs of shippers, railroads have to invest hundreds of millions of dollars into the purchase of different types of rail cars. It is not unusual that any particular rail carrier will own and operate more than 20 different types of rail cars which cost between $30,000 and $60,000 each to purchase. It is clear that the railroad industry is certainly a capital intensive one and must have the revenues to support their investments.

Several Members are concerned that there is not enough "protection" for shippers from certain aspects of the bill. The committee's response is that this legislation directs the Interstate Commerce Commission to place maximum reliance on competitive market forces. At the same time the bill maintains maximum rate regulations and prohibitions against predatory pricing to insure that all shippers are served on a fair and undiscriminatory basis.

It is clear that the industry has not been able to respond well to changes in railroad markets and competitive conditions because of the statutory and administrative boundaries that exist. This is demonstrated by the fact that the industry earned only a 2.6-percent rate of return on investments in 1979—a rate far below the 10- to 11-percent return for other major industries and far below the return considered necessary by the Interstate Commerce Commission for the maintenance of a healthy rail industry.

Without the substantial regulatory changes provided in this legislation, I feel that we will see an ever-increasing demand on the Treasury for additional Federal financing to meet necessary railroad rehabilitation costs. We will not be able to reverse this trend until we establish a regulatory structure which permits the railroads more freedom to set rates, to market their services competitively, and thereby earn the rate of return sufficient to support an efficient rail system.

I would like to briefly highlight sections of S. 1946. First, I would note the redefinition of our national railroad transportation policy provided in section 2 of the legislation. This important section makes it clear that the Interstate Commerce Commission must place, to the greatest extent possible, reliance on competitive market forces in its regulation of the national railroad system. This is a most important step forward for the industry and the quality of the transportation service provided to all shippers. Allowing railroads to aggressively seek new markets, institute new pricing options for shippers, and rationalizing rail lines can only have a most positive effect on future railroad service.

Later, during consideration of the bill, it is anticipated that an amendment will be proposed that would attempt to put a presumptive cap on all railroad rates. I should like to point out that section 102 of this legislation already provides for maximum rate regulation. That section only gives a railroad flexibility to adjust its rates at any level so long as that rate is equal to or less than an average ratio of revenues to cost established by the Commission. Accordingly, it is important from the outset to understand that this legislation does have maximum rate regulation for the protection of all shippers.

All Members are aware of the constantly escalating rate of inflation which has taken its toll on every aspect of our economy. Certainly, the railroads are no exception. Section 103 provides that the Interstate Commerce Commission shall adjust all railroad rates on no less than an annual basis to make sure that they are able to recover their inflation-induced cost increases. The degree of cost increases will be measured by a weighted index of labor and materials cost as applied to the individual movements base rate. I would like to emphasize that this is another important step forward in railroad pricing which will benefit the carriers as well as the shippers.

At present railroads recover inflation by utilizing a general rate increase formula approved by the Interstate Commerce Commission. That is an "across the board" increase in all rates. Section 103 is designed to help railroads recover inflation only to the extent experienced on an individual commodity movement basis.

To enable railroads additional pricing flexibility, the committee provides in section 104 that a carrier can increase its rate up to 4 percent annually but no more than 12 percent over a 5-year period without fear of suspension of the rate. However, the rate can be investigated upon complaint from any shipper and retroactive reimbursement can be ordered by the Commission if the shipper complaint is found to be valid.

General rate increases will not allow carriers to recover their costs on a commodity-by-commodity basis. Because a general rate increase has an "across-the-board" application, many commodities cannot catch up with the inflationary rate while other commodity movements which are not as severely affected by inflation enjoy increases above and beyond the necessary levels. Section 105 phases out general increases over a 3-year period.

After that time, carriers must adjust their rates on a commodity-by-commodity basis. More responsive pricing by the carrier to each movement can only have a positive effect on the economy resulting in more reasonable transportation rates to the shipping public.

Section 106 of the bill authorizes contracting for rates and services between carriers and shippers. This particular section was one of the most controversial items in this legislation. It was indeed a very difficult task for the committee to design a contract rate provision that would respond to the carriers' needs to contract for rates and services and also insure that the availability of cars to small shippers would not be diminished. The agricultural community was especially active in assisting the committee in designing a contract rate provision that we hope will have minimal impact on small agricultural shippers.

The concerns of the agricultural community were very real that car supplies to small shippers could be severely impaired if adequate protections were not integrated in the contract rate provision. I am satisfied that protections for small shippers are contained in the contract rate provisions and will guarantee that small shippers will continue to receive cars at no less than the existing level they receive today.

The contract rate provision provides that carriers are free to lease up to 35 percent of their equipment by major contract. However, shippers originating an average of 1,000 cars or more per year during the past 3 years by major car type on a particular carrier are prohibited from contracting for more than 40 percent of the average number of cars they receive per year over the 5-year period.

On the other hand, shippers who receive an average of less than 1,000 cars per year over the prior year period are free to contract for 100 percent of their total needs. It is important that members understand the significance of this particular aspect of the contract rate provision. It virtually guarantees small shippers the right to contract for 100 percent of their needs. However, large shippers are limited to contracting for only 40 percent of what they had been receiving within the prior 3-year period.

This will hopefully serve as an incentive for small shippers to begin contracting for rates and services and be guaranteed delivery of cars and the rates on those cars as per their contract negotiations. For further protection against discriminatory practices by railroads, a common carrier obligation still remains intact. If a small shipper feels that he is being discriminated against, the common carrier obligation will act as a safeguard to insure that cars are being provided to the shipper on a nondiscriminatory basis.

I cannot overstress the need for shippers and carriers to be able to contract for rates and services. As I mentioned earlier, railroads have a tremendous investment in rolling stock and they must be able to determine exactly what their needs and utilization of cars will be. For example, my colleagues in agricultural States and I were most concerned about the severe shortage of covered grain hopper cars over the past year when grain sales were at their peak. It was the concern of many that railroads should be investing in more cars to meet the demands of the agricultural community.

However, today I am advised that 1 railroad alone has more than 3,600 covered hopper cars sitting idle in rail yards because the grain is no longer moving and again being stored as it was during the period of late 1976 to mid 1977. That 1 particular railroad which has 3,600 covered hoppers sitting idle is paying more than $8 million per week only on interest expenses from financing arrangements on those particular cars.

Mr. President that $8 million per week is certainly part of the railroad's general costs and must be shared by all shippers. Contract rate provisions will enable railroads to better project car needs and better utilize cars to assure shippers service. The burden of projecting market trends will be more equalized between shippers and carriers. A contract could result in a commodity movement at a time of low prices. But savings in transportation rates through contracts will make up the loss in the price of the commodity.

Section 107 and 108 provide long needed reform for enabling carriers to readjust their division of revenues and joint line movements and to make important reforms in rate bureau discussions and voting. The next section on which I would like to focus Members' attention is section 111 which provides authority for railroads to institute demand sensitive or peak seasonal rate schedules. This particular provision does not necessarily give the railroads "carte blanche" to drastically raise rates during high demand periods.

However, it provides that rail carriers shall file a demand sensitive rate schedule which will contain a high and a low rate between which carriers may exercise flexibility according to the marketplace. It is important to note that this demand sensitive rate schedule must be filed just like any other tariff filing of a rate. Accordingly, shippers would have adequate notice and ample time to start a complaint proceeding, if they felt the rate was unreasonable.

Finally, it is important to note that the movement of grain is exempt from demand sensitive rates. Because grain movements are conditioned upon grain sales, particularly foreign sales, carriers and shippers cannot predict when the movements will occur. Further, demand sensitive rates were designed to move a particular commodity during low seasons. However, it is most important to note that during the low seasons there is an inadequate amount of storage at the various ports where the grain will await movement to its foreign destinations.

Accordingly, without adequate storage at the ports during low periods, the grain could not move from the agricultural originating points. In some situations during the peak demand periods, the grain is actually stored in the vessels at the ports. Accordingly, the committee was impressed by the fact that the existing practices in grain markets and the storage facility problems inhibit the ability of shippers and rail carriers to respond to demand sensitive rates in the same fashion that industries involved with other commodities can.

The next section I would like to review is section 117 dealing with car utilization. At present, many shippers are desirous of obtaining specialized levels of service and are more than willing to pay higher rates for that specialized service. Unfortunately, carriers do not have the rate flexibility to cater special rates for the highly specialized levels of service that are required by some shippers. Section 117, an amendment offered by Senator SCHMITT, is designed to meet the needs of a rail shipper who wants to negotiate a rate sufficient to provide specialized services.

Among the key measures included in this bill is section 202 which streamlines the present abandonment structure. Where abandonments are not opposed, applications for abandonment must be granted within 75 days. Applications for an opposed abandonment must be granted in no more than 9 months. This is a substantial improvement from the present situation. It enables rail carriers to be able to cut away from their system those lines that are not contributing to the going concern value of the carrier. It is important for all Members to understand that section 202 merely cuts the time limit for the decision on railroad abandonments. The existing criteria that the Commission considers in determining whether an abandonment is in the public interest or not remains unchanged.

As I mentioned earlier, the provisions for restructuring have certainly been streamlined by the legislation before us today. Simpler rules would be established for allowing consolidations which do not qualify as mergers. A balancing of transportation benefits and anticompetitive effects would replace the numerous and often contradictory tests which the ICC must now apply.

Finally, I would like to note section 301 which requires the Interstate Commerce Commission to use car service orders only on an emergency basis when it is in the public interest. At present, service orders are used by the Interstate Commerce Commission to actually manage a railroad's car fleets. Certainly no one would argue with the fact that a railroad is more capable of determining the best way to utilize their car fleets.

Many Commission car service orders have worked to the detriment of the railroads' ability to find revenues and provide optimal service to shippers. However, in view of a clear emergency, the Commission would still have the ability to order a railroad to provide cars in a particular manner to resolve the emergency situation.

As you can see, the scope of this legislation is extensive. It provides long awaited regulatory reform vital to the future of our Nation's rail industry. Many times Members have cited examples of how efficient and well-run rail systems of other nations are, and questioned why our national rail system is so inferior. Mr. President, I suggest to you and to my colleagues that in many respects we do have a good rail system.

As a matter of fact, some of our Nation's rail carriers are examples for rail systems for other nations to follow. However, we have the Rock Islands and we still have the ConRails. These deteriorating systems must be rationalized into a profitable national rail system or we face the specter of nationalization and expensive subsidization of the operations for rail lines. This is what the foreign systems we sometimes praise depend on and I do not think it is something Congress or the public wants. Accordingly, I urge my colleagues to support this bill and to support the refining amendments that will be proposed by Chairman CANNON and myself.

I thank the Chair.

Mr. SCHMITT. Will the Senator yield?

Mrs. KASSEBAUM. I am happy to yield to the Senator.

Mr. SCHMITT. Mr. President, I compliment the Senator from Kansas and the Senator from Nevada for their efforts on this matter.

I think it is important for the Senate and the Congress and the public to realize that the Commerce Committee of the U.S. Senate has responded to the national cry for less unnecessary regulation of our economy, of our lives, and of other aspects of commerce.

This is the second of major pieces of legislation that have been brought to the floor. I believe the airline deregulation bill was the first. This railroad deregulation bill is the second. We are working, of course, on a trucking measure that has been reported.

The communications deregulation bill is in work within the committee.

I believe in our general activities, such as those connected with the FTC, that we clearly are sympathetic with the public cry for deregulation and the elimination of unnecessary regulation, which may be more properly phrased.

I hope our colleagues will join us in this, as they have in the past.

Again, my compliments to the two managers of the bill and to the staffs that have worked so diligently to make this bill possible.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. LONG addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Louisiana.

Mr. LONG. Mr. President, I ask unanimous consent that Bill Johnson and Gail Geary of the Commerce Committee staff, Jim Guirard and Wiley Jones of my personal staff, and Al Buckberg and Mark McConaghy of the Joint Tax Committee, and Jack Curtis of the Finance Committee, be granted privilege of the floor during the consideration of S. 1946, the pending measure.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

### UP AMENDMENT NO. 1019

(Purpose: Make technical amendments)

Mr. CANNON. Mr. President, I have a technical amendment providing for consideration of national defense in railroad policy, which I send to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated by title.

The assistant legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) proposes an unprinted amendment numbered 1019.

Mr. CANNON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered.

The amendment is as follows:

On page 44, line 22, strike "public," and insert in lieu thereof the following: "public and the national defense.".

On page 67, line 16, insert a comma immediately after "Code".

On page 68, lines 4–5, strike "Local Rail Service Assistance Act of 1978" and insert in lieu thereof "Act of November 8, 1978, entitled 'An Act to amend section 5 of the Department of Transportation Act, relating to rail service assistance, and for other purposes' ".

On page 68, line 20, strike "Code," and insert in lieu thereof "Code;".

On page 91, line 22, strike "that" and insert in lieu thereof "That".

Mr. CANNON. Mr. President, this is a technical amendment. It provides for consideration of national defense in railroad policy. It is not controversial, to the best of my knowledge, and I hope it will be acted upon.

Mr. President, I yield back the remainder of my time.

Mrs. KASSEBAUM. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment (UP No. 1019) was agreed to.

### UP AMENDMENT NO. 1020

(Purpose: Make technical amendment to section 1020)

Mr. CANNON. Mr. President, I send to the desk an amendment, which is also technical, and ask that it be stated.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) proposes an unprinted amendment numbered 1020:

On page 46, line 9, insert immediately after "determine" the following: "on the record after a hearing".

Mr. CANNON. Mr. President, this is purely a technical amendment. I yield back the remainder of my time.

Mrs. KASSEBAUM. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment (UP No. 1020) was agreed to.

### UP AMENDMENT NO. 1021

(Purpose: Amend section dealing with base rates with respect to rail cost adjustment increases)

Mr. CANNON. Mr. President, I have here a clarifying amendment regarding the relationship between sections 103, 104, and 105.

In section 103, railroads are given the right to adjust rates so long as the adjustment does not exceed cost increases. In other words, the ICC would have no jurisdiction over rate increases which did no more than readjust rates for the effects of inflation.

Section 104 provides a limited additional zone of rate freedom. Within the zone, rates would be raised 4 percent a year (but not to exceed 8 percent in any 2 years or 12 percent over a 5-year period). The freedom to price in this zone is limited both in terms of the percentage limits and the fact that shippers can challenge rate increases. Nevertheless, railroads would find price increases within this zone easier to justify and less burdensome than price increases which exceed this zone.

In view of the financial situation of the Nation's railroads, it was clearly the intention of the committee that these two zones, taken together, should provide the railroads the ability to keep up with inflation and, at the same time, to improve their net revenue position. However, as currently drafted, the pricing adjustments permitted in the two zones overlap. Thus, the purpose of this amendment is to clarify the relationship between sections 103 and 104 so that the zone we intended to provide in section 104 is not inadvertently rendered meaningless. Similarly, deletion of a proviso in section 105 is intended to correct an ambiguity in that section.

Mr. President, I send the amendment to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated by title.

The assistant legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) proposes an unprinted amendment numbered 1021.

The amendment is as follows:

On page 47, line 22, insert the following immediately before the period at the end thereof: "plus any increases effected under subsection (g) of this section ",

On page 47, line 25, strike "January 1, 1980:" and insert in lieu thereof the following: "January 1, 1980 and on January 1 of every fifth year thereafter:".

On page 49, line 6, insert the following immediately before the period at the end thereof: "or for the fourth quarter of every fifth year thereafter as appropriate".

Mr. CANNON. Mr. President, I yield back the remainder of my time.

Mrs. KASSEBAUM. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment (UP No. 1021) was agreed to.

### UP AMENDMENT NO. 1022

Mr. LONG. Mr. President, on behalf of myself and the distinguished chairman of the committee, I send to the desk an amendment.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG), for himself and Mr. CANNON, proposes an unprinted amendment numbered 1022.

Mr. LONG. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 51, line 3, strike " 'necessary.' " and insert in lieu thereof the following: "necessary.

"(5) (A) Within 120 days after the date of enactment of this subsection, the Commission shall determine on the record, after a hearing, a single ratio of revenue to variable cost (expressed as a percentage) which, for the purpose of this subsection and other rate increases which exceed those authorized under this subsection, and new rates which exceed the adjusted base rates authorized under subsection (f) of this section, shall constitute a point at which, upon challenge by an affected shipper, the Commission shall be authorized to investigate the reasonableness of the proposed rate or new rate. Notwithstanding the provisions of paragraph (3) of this subsection, any rate increase which is above that allowed under subsection (f) of this section which would reflect a ratio which is greater than the ratio determined by the Commission as provided in this subsection, to the extent of the increase, may be investigated by the Commission on complaint of a shipper, or may be investigated on the Commission's own motion, under section 10707 of this title and shall also be subject to challenge by filing of a complaint under section 11701(b) of this title.

"(B) In determining whether to investigate or not to investigate such proposed rate or new rate, the Commission shall set forth its reasons therefor, giving due consideration to the following factors:

"(i) the amount of traffic which is transported at revenues below variable cost and efforts made to minimize such traffic;

"(ii) the amount of traffic which contributes only marginally to fixed costs and the extent to which, if any, rates on such traffic can be changed to maximize the revenues from such traffic; and

"(iii) the impact of the proposed rate or rate increase on the attainment of the national energy goal, taking into account the railroads' role as a primary source of energy transportation and the need for a sound rail transportation system in accordance with the revenue adequacy goals of section 10704 of this title.

This subparagraph shall not be construed to change existing law with regard to the non-reviewability of such determination.

"(C) In determining whether a rate is reasonable, the Commission shall consider, among other factors, evidence of the following:

"(i) the amount of traffic which is transported at revenues below variable cost and efforts made to minimize such traffic;

"(ii) the amount of traffic which contributes only marginally to fixed costs and the extent to which, if any, rates on such traffic can be changed to maximize the revenues from such traffic; and

"(iii) the carrier's mix of rail traffic to determine whether one commodity is paying a disproportionate share of the carrier's overall revenues.

"(D) In establishing the ratio in accordance with subparagraph (A) of this paragraph, the Commission shall consider all relevant factors, including but not limited to:

"(i) the average ratio developed pursuant to the provisions of subsection (e) of this section and the need for a differential between that ratio and the ratio developed under this subsection in order to realize the revenue adequacy goals of section 10704 of this title, as measured by economical and efficient rail management;

"(ii) inflationary impact of various levels of revenue to variable costs, particularly as such impact relates to the attainment of national energy goals; and

"(iii) the extent to which railroad revenue shortfall is not the result of unprofitable branch line service, rail traffic moving below variable cost or only marginally contributing to fixed costs, and excess capacity and the extent to which these factors are not the result of existing regulatory practices.

"(6) Notwithstanding the provisions of this subsection (except the provisions of paragraph (5)(B) of this subsection), the Commission shall be authorized to investigate the reasonableness of a rate proposed under this subsection if such rate is proposed by a carrier or carriers which have achieved an adequate revenue level (including fair return on equity) developed by the Commission for the purpose of this paragraph in accordance with the provisions of section 10704 of this title."

On page 49, line 23, strike "4" and insert in lieu thereof "5".

On page 50, line 4, strike "112" and insert in lieu thereof "114".

On page 50, line 11, strike "108" and insert in lieu thereof "110".

On page 50, line 20, strike "tion:" and insert in lieu thereof "tion, except as otherwise provided in paragraph (5) of this subsection:".

Mr. LONG. Mr. President, the amendment I am proposing on behalf of myself and the chairman of the committee is a compromise between the positions that we have previously supported.

Under this amendment, the Commission would set a revenue-to-variable-cost-ratio with regard to a commodity. If the rate charged by the railroad exceeded that amount, it would be discretionary with the Commission whether to institute an investigation. If the Commission saw fit not to institute the investigation, the Commission would explain its reasons why it did not do so, taking into consideration, among other things, the impact the proposed rate or rate increase would have on the attainment of the national energy goal.

As provided in the language of the amendment, the Commission, in determining whether or not a rate is reasonable, is to consider, among other factors, those listed under subsection (c).

Mr. President, this is a compromise as worked out, after a great deal of consideration of the factors involved, by those consumers who must ultimately pay the transportation rate and by those representing the railroad. Each is looking at their essential interests and the necessity of having sufficient income for the railroad to assure a viable and healthy railroad industry.

While the Senator from Louisiana would favor a mandatory investigation of the type referred to here, it seems to me that, in the spirit of compromise, the Commission should look at the matter and determine whether an investigation is justified. If they decide it is not, the Commission will be required to give their reasons for not going forward with the investigation. This is a fair compromise of the contending forces.

Recognizing that no one is going to have his way entirely about these matters and that the merits of each person's position should be considered, I believe this is a fair compromise.

As I have already pointed out the Commission would consider national energy policy in deciding whether to institute an investigation. It would not be mandated to consider national energy policy in determining the reasonableness of the rate. The Commission would consider, of course, factors it deemed to be relevant under the law; and it may very well be that it, even now, is considering national energy policy in determining the reasonableness of a rate. But the factors that are currently mandated legislatively do not include that provision. We simply leave it to existing practice for the Commission to determine the factors it considers relevant under existing law. We are not seeking to change that. We merely are saying that in addition to the factors that the Commission considers relevant, it should consider the additional factors indicated.

Mr. President, I thank the chairman of the committee and his able assistants for the advice they have given in working out a compromise to better protect the interests of all consumers.

Mr. CANNON. Mr. President, I thank the distinguished Senator from Louisiana, whom I have joined in offering this amendment as a substitute for the proposed Long amendment and Cannon substitute.

The bill we are considering, S. 1946, continues maximum rate protection for captive shippers. The bill itself is designed to provide additional flexibility for carriers while maintaining appropriate protection where competition is not adequate.

In a spirit of compromise, and in order to provide additional protection for shippers, we are offering a substitute amendment which we believe achieves many of the objectives of the Long proposal without, however, resulting in more regulation than we have now.

The bill itself provides a limited rate flexibility zone, free from investigation and suspension—but subject to complaint. Our proposed amendment limits the freedom available in this zone by providing that, when a rate proposal produces a revenue-to-cost ratio over a "trigger point" to be developed by the Commission within 180 days, then investigation is authorized within the zone. In such an investigation proceeding, the burden of proof is on the carrier. This provision protects shippers, but it retains the balance intended under existing law and under S. 1946.

Under present law, a shipper may request investigation. If the request has merit, the ICC institutes an investigation, with the burden of proof on the carrier. If an investigation is not instituted, the complaint remedy is available to a shipper. However, it must bear the burden of proof. This careful balancing process has been the law for many years—and it would be continued under the amendment.

In addition, the zone would be broadened to 5 percent, maximum 14 percent in any 5-year period. A broader zone is needed, since the rate flexibility zone does not now provide as much freedom as originally intended. I would stress that the broader zone amounts to less than 3 percent a year which is not very much whom you consider that this zone must be used, both for normal marketing changes and for revenue needs. Our bill limits the use of general increases, both by a phasedown and by limiting the use of such increases to cost increases as opposed to revenue needs. This makes an adequate rate flexibility zone even more important. In this regard, I would also stress that the railroads will not be able to use the zone to impose the full increase on captive commodities over the trigger point. On the contrary, those are the rates that will be subject to investigation.

S. 1946, with our amendment, provides sufficient safeguards for shippers, but also provides the railroads with an opportunity to become more competitive and to improve their financial situation. In summary, our amendment:

First, requires the Commission to develop an appropriate trigger point or additional threshold;

Second, permits investigation within the rate flexibility zone for rate proposals yielding revenue-variable-cost ratios over the trigger point;

Third, preserves exiting law on burden of proof (on carrier in investigation proceeding—on shipper in complaint proceeding);

Fourth, slightly broadens the rate flexibility zone; and

Fifth, provides the zone may not be used if all the carriers involved have achieved an adequate revenue level (including fair return on equity) developed by the Commission for the purpose of this paragraph in accordance with the provisions as set forth in section 10704 of this title. Our amendment meets the shippers' legitimate claims for protection, balanced against the carriers' need for flexibility. I hope the Senate will support our amendment.

I thank my colleague for his cooperative effort in trying to work out an agreement that will be in the best interests of the shippers, the consumers, and the railroads.

Mr. BAUCUS. Mr. President, I support this amendment. I cosponsored Senator LONG's original amendment because it is critical to protect captive shippers from unreasonable rail freight rates.

Senate debate has centered on the impact this amendment would have on coal shipments and freight rates. However, I want to emphasize that the amendment applies to all commodities that are "captive" to rail transporation. It is especially important to Montana grain shippers.

I do not think anyone would disagree that there are some captive rail shippers. There are commodities and locations where market forces simply do not protect shippers from monopolistic pricing.

Without regulation, carriers are able to extract monopoly profits from these captive shippers.

### PRESENT LAW DOES NOT PROTECT CAPTIVE SHIPPERS

Mr. President, present railroad ratemaking practices and interstate Commerce Commission oversight have failed to protect shippers in my State from unreasonable and unfair freight rates.

Montana is a transportation disaster area. My State, with its vast distances, poorly developed highways and lack of water transportation, is a striking example of an area without transportation alternatives.

Railroads have exploited this lack of competition by imposing the Nation's highest grain freight rates. Roughly one-third of the value of Montana grain is consumed in transportation costs.

Mr. President, I ask unanimous consent that at this point in the Record a table be printed showing selected charges for wheat shipments from locations in Nebraska and in Montana to Portland, Oreg.

There being no objection, the table was ordered to be printed in the Record, as follows:

SELECTED CHARGES FOR WHEAT SHIPMENTS[1]

[Rate in cents per hundredweight]

| Origin/Destination | Distance | Rate |
|---|---|---|
| Culbertson, Nebr./Portland, Oreg | 1,712 | 140.5 |
| Hyannis, Nebr./Portland, Oreg | 1,522 | 140.5 |
| Northport, Nebr./Portland, Oreg | 1,489 | 140.5 |
| Saco, Mont./Portland, Oreg | 1,012 | 155.0 |
| Miles City, Mont./Portland, Oreg | 1,134 | 171.5 |
| Opheim, Mont./Portland, Oreg | 1,315 | 174.5 |

[1] Ex parte 311-1.2 rates.

Mr. **BAUCUS**. This table shows that shippers can send grain from Culbertson, Nebr., to Portland, Oreg. (a distance of 1,712 miles) for 145.5 cents per hundredweight. The rate from Saco, Mont., to Portland (a distance of 1,012 miles) is 155.0 cents per hundredweight.

The Montana shipper, protected neither by the forces of competition nor the Interstate Commerce Commission, pays almost twice as much on a per-mile basis to ship his grain.

High freight rates for grain transportation from Montana prevail in spite of continual protests by shipper representatives, especially the Montana Department of Agriculture, Montana Wheat Research and Marketing Committee, women involved in farm economics, and myself. The Commission's position has been that railroad revenue needs to justify exorbitant grain rates.

### THE CANNON ALTERNATIVE

Under Senator Cannon's original proposal, shippers would be even worse off than they are now.

That amendment would have allowed rates to rise at the rate of inflation plus 6 percent per year. Let me use a specific example to show the adverse impact.

Assume that the index of rail costs inflates at a rate of 10 percent per year, and that the railroad adds the maximum allowable rate increase above inflation in each of the first 3 years.

The freight rate would increase to $1.39, then $1.61, then $1.86 per bushel in the third year.

Studies by Montana State University and the Montana Department of Agriculture have estimated that the ratio of revenue to variable costs for grain shipments from eastern Montana locations frequently exceeds 200 percent.

Assuming that the revenue to variable cost ratio is 200 percent in the initial year, railroad costs would increase from 60 cents to 80 cents per bushel in the 3-year period.

By the end of 3 years the ratio of revenue to variable costs would have increased from 200 to 232 percent. In other words, the monopoly profit now enjoyed by the railroad would be substantially increased.

Under Senator Cannon's original proposal, shippers would not be able to ask the ICC to suspend and investigate these rate increases. The Commission would retain its authority to investigate those rates it feels are too high.

But I can say from long experience that an Interstate Commerce Commission investigation of grain rates is unlikely.

The same arguments can be applied to coal. The Interstate Commerce Commission has in several cases, especially the San Antonio rate case, shown its willingness to approve coal rates which substantially exceed levels that cover full railroad costs plus reasonable profits.

I think it is significant that the National Association of Wheat Growers, the American Farm Bureau Federation, the National Council of Farmer Cooperatives, the Fertilizer Institute, the National Coal Association, and other shipping organizations support our amendment to protect captive shippers.

### INCREASED REGULATION

Railroads have argued that the amendment cosponsored by Senator Long and myself to provide additional protection for captive shippers creates substantial new regulations, redtape, and litigation.

Their argument is baseless. Such redtape, regulation, and litigation as may be involved already exists.

But under present law, most of the burden is on the shipper. The amendment proposed by Senator Long and myself would only transfer the burden of proof to railroads in complaint proceedings. Railroads already have this burden in investigation cases.

Under present law, shippers who feel that railroad rates are too high must develop cost studies that will prove their case. This is an extremely burdensome process for shippers, especially those with limited resources.

Railroads, on the other hand, have access to necessary data and have legions of lawyers and cost specialists. They are in a much better position to justify their rate increases.

The New York Times, in an editorial opposing our amendment, pointed out that arguing rate cases before the Interstate Commerce Commission "is an extremely cumbersome and time consuming process."

The issue we are considering here is who should bear that cost: The railroads with their vast technical and legal sources or shippers who are frequently small businessmen with very limited financial and legal resources.

### RAILROAD REVENUES

U.S. railroads must have increased revenues. Having spent a good deal of the past year dealing with the bankrupt Milwaukee Railroad, I recognize this country will have a viable railroad system only if railroads achieve greater profitability. I think Congress has a responsibility to provide a more favorable economic climate for railroads.

But, railroads should not be given free rein to achieve higher profits by the simple means of exploiting captive shippers.

A recent study by A. T. Kearney concludes that 20.4 percent of all rail traffic is carried at rates below voidable costs for the movement. What this means is that railroads lose money on a substantial percentage of the freight they carry.

The Long amendment does not prevent railroads from earning adequate revenues. On the contrary, it establishes a threshold that will cover all railroad costs, and provide a reasonable return on investment; returns substantially higher than railroads on average earn now.

Under the Long amendment railroads could charge rates above full costs, and above the level they need to achieve economic profits. The only requirement would be that they justify these rates before the Interstate Commerce Commission.

Mr. President, captive shippers from Montana, and I am sure this is the case nationally, are not opposed to paying the full cost of railroad service including reasonable returns on capital. Better than anyone, captive shippers recognize the need for healthy and viable railroads.

But captive shippers should not be required to subsidize the vast amount of railroad traffic carried at noncompensatory rates. The only aim of the Long amendment is to eliminate this unfair and unjustified cross-subsidization of railroad rates.

This point was recently eloquently stated by the Department of Energy:

> A commodity should bear a higher than proportionate share of fixed costs only if all other commodities are at least bearing rates equal to their respective incremental costs and otherwise are generating maximum possible revenues.

That is what our amendment seeks to achieve.

### SUMMARY

Mr. President, strong, viable, privately-owned railroads are an essential part of this Nation's transportation future.

Congress has a responsibility to eliminate unreasonable regulation of railroads, to prevent inequitable transportation subsidies, and to help make private-sector funds available for rehabilitation of railroad plant and equipment.

With the reasonable protection for captive shippers provided by this amendment, the Railroad Transportation Policy Act is a step in the right direction.

I urge my colleagues who are in favor of equitable freight rates, and concerned about the impact of high freight rates on captive shippers in their States, to support this critical amendment.

Mr. **BENTSEN**. Mr. President, I rise today as a cosponsor of the Cannon-Long compromise.

I would like first to thank the chairmen of the full committee and the subcommittee, Senators Cannon and Long, for their tireless efforts on this legislation and this compromise.

How much protection should we provide for captive consumers, who want to ship goods but find only one means of transportation available?

Should we provide strong protection for those who could fall victim to monopoly pricing?

Should we protect or punish those who want to use more coal, to help us meet our energy needs?

We are talking about an important confluence of transportation, energy and economic issues.

The Joint Economic Committee held hearings into this complicated problem, and we found that the problems of the captive consumer are real and immediate.

There is a legitimate need for strengthened railroads, for reasonable utility rates for consumers, and for less reliance on foreign oil.

Let us take a look at one captive consumer: the city of San Antonio. They wanted to convert their utility to coal.

The President says this is important.

Congress says this is important.

Energy experts of many varieties say this is important.

Energy dependence is dangerous, yet America has large coal reserves that could move us down the road to energy independence.

We can create jobs and energy; we can strengthen ourselves at home and abroad.

So San Antonio converted to coal.

It was then that the problems began.

There was only one way to ship it: the railroads. And there is only one railroad. There is no competition, no choice, no free enterprise.

They could not bring the coal by bus, by plane, or by truck.

The people of San Antonio are essentially captive to that railroad. They are held hostage by monopoly conditions, with all the dangers that monopolies bring.

They expected coal shipping rates of some $7 a ton.

They experienced coal shipping rates of $20 a ton.

They saw rail hikes that grew like Pinocchio's nose, and since there was no competition, they had nowhere to turn.

I think all of us understand the injustice of this.

We understand the need to fight inflation—the need to convert to coal—the need to protect against noncompetitive pricing.

We understand the impact of shipping rates that go up and up and the impact of utility rates that go up and up.

I wish the people of San Antonio could be here today.

They would say they were led down the primrose path. They would say: Give us some competition—or some protection—but do not give us neither.

They would ask why coal shipping rates are so high the utilities are looking at coal from Poland or South Africa—rather than from Wyoming and Montana.

Does this make sense? Does this reduce energy dependence? Does this really help the railroads in the long run?

Certainly we must deregulate where possible, but we must protect consumers where there is no competition, no choice, no free enterprise.

I believe the Cannon-Long compromise is vital.

It would move toward a limit on shipping rates to captive consumers. It would authorize the ICC to investigate unfair rate increases, and to set clear and fair standards in general.

The ICC would first consider a wide range of factors, including the needs of the railroads and the energy needs of the Nation.

Remember: This compromise would allow rates that meet costs and allow for profit. It would simply mean that when a certain level of profit has been reached, enough would be enough.

The railroads could charge more, but would have to justify it. Is that too much too ask?

The consumers would have additional protection from a marketplace dominated by one railroad. Is that too much too ask?

The energy needs of this Nation will be considered alongside the revenue needs of the railroad.

There will be less need to look to South Africa, or Poland, for coal.

There will be allowance for fair profits, for a generous return for the railroads, to meet the financial demands they face.

Mr. President, whether we are talking about coal or other goods, we must recognize the dangers facing captive consumers.

All they ask is that if they cannot have competition, that they have protection, real protection.

I support the compromise, because I do not believe this is too much to ask.

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. CANNON. Mr. President, this compromise amendment now takes the place of the Long amendment and the proposed Cannon substitute which were covered in the unanimous-consent agreement.

I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

### UP AMENDMENT NO. 1023

(Purpose: To aid in the implementation of an employee stock ownership plan for ConRail)

Mr. LONG. Mr. President, I send an amendment to the desk.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG) proposes an unprinted amendment numbered 1023.

Mr. LONG. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 92, immediately after line 14, insert the following new section:

"AMENDMENTS TO THE REGIONAL RAIL REORGANIZATION ACT OF 1973

"SEC. 307. (a) Section 216(f)(5) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 726(f)(5)) is amended by adding the following sentence after the first sentence thereof: 'For purposes of this subsection, the Railway Labor Executives' Association shall be deemed to represent all of the representatives of crafts or classes of employees of the Corporation and its subsidiaries as though that organization held powers of attorney from each representative of a craft or class for the limited purposes of negotiating and agreeing upon an employee stock ownership plan.'

"(b) Section 216(f)(5) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 726(f)(5)) is further amended by adding the following sentence after the second sentence thereof: "The plan shall not be subject to change under the provisions of section 6 of the Railway Labor Act until after such time as securities have been distributed from the plan to the participants in the plan or their beneficiaries pursuant to the terms of the plan.'

"(c) Section 216(f) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 726(f) is further amended by adding the following at the end thereof:

'(8)(A) Except as provided in subparagraph (B), no person described in subparagraph (C) shall have or be subject to any fiduciary responsibility, obligation or duty, nor shall any such person be subject to civil liability, under any Federal or State law, as a fiduciary or otherwise, (i) in connection with the employee stock ownership plan and related trust established by the Corporation pursuant to the requirements of this subsection or with ConRail Equity Corporation (x) on account of any reorganization or restructuring of the Corporation, its successors or assigns, or their assets or capital structure, or (y) on account of any action taken or not taken by the Corporation which may affect its ability to attain the performance levels established in connection with the plan pursuant to paragraph (2)(A)(ii) of this subsection, (ii) for or in connection with the establishment, continuation or implementation of the plan and related trust or of ConRail Equity Corporation or the acquisition of, investment in or retention of any security of the Corporation or ConRail Equity Corporations, or of any of their successors and assigns, by the plan or ConRail Equity Corporation, or the disposition of any such security to the extent that such disposition is made in connection with a reorganization or restructuring of the Corporation, its successors and assigns, or their assets or capital structure, as directed or approved by or on behalf of the Association or the United States, or the acquisition or retention of any cash, security or other property received in connection with any such reorganization or restructuring, or (iii) for or in connection with any other action taken or not taken pursuant to any term or condition of the plan or related trust agreement or of the articles of incorporation or bylaws of ConRail Equity Corporation: *Provided*, That any directions described in clauses (1)(x), (ii), or (iii) are taken at the direction, or with the consent, of the Association or of the Secretary or his designate.

'(B) Subparagraph (A) shall not be interpreted to relieve any person from any fiduciary or other responsibility, obligation or duty under any Federal or State law to take or not to take actions in respect to the plan in connection with (i) receiving contributions, (ii) exercising custodial responsibilities, (iii) determining eligibility to participate in the plan, (iv) calculating, determining and paying benefits, (v) processing and deciding claims, (vi) preparing and distributing plan information, benefit statements, returns and reports, (vii) maintaining plan records, (viii) appointing plan fiduciaries and other persons to advise or assist in plan administration and (ix) other than as provided in subparagraph (A), acquiring, holding or disposing of plan assets.

'(C) The term "person" as used in subparagraph (A) shall mean each of the following:

"(i) the trustee or trustees of the plan, the Corporation and its subsidiaries, ConRail Equity Corporation, the Association, and any of their successors and assigns;

'(ii) each director, officer, employee and agent of the Corporation of any of its subsidiaries, of ConRail Equity Corporation, of the plan, of the Association or of any of their successors and assigns; and

'(iii) each member of the Finance Committee and any of their employees and agents.

'(D) Neither this paragraph nor paragraph (9) shall be construed to grant immunity for any criminal law of the United States or of any State or the District of Columbia.

'(9) The United States shall indemnify, defend and hold harmless the persons described in paragraph (8) (C) from and against any and all liabilities, claims, actions, judgments, amounts paid in settlement, and costs and expenses (including reasonable fees of accountants, experts and attorneys) actually incurred in connection with the establishment, implementation or operation of the plan or ConRail Equity Corporation or with any transaction which is required by or is appropriate to effectuate fully the provisions of this subsection, except as may arise in connection with the execution of a responsibility, obligation or duty excluded from paragraph (8)(A) by paragraph (8)(B), if it is determined that such persons were acting in good faith. The indemnity provided in this paragraph shall be a full faith and credit obligation of the United States.

'(10) All securities of the Corporation, all securities of any subsidiary of the Corporation and of ConRail Equity Corporation and all interests in the employee stock ownership plan which are issued or transferred in connection with the employee stock ownership plan established by the Corporation pursuant to the requirements of this subsection shall be deemed for all purposes to have been issued subject to and authorized and approved pursuant to section 11301(b) of title 49 of the United States Code and any corresponding provision of any successor statute.' ".

Mr. LONG. Mr. President, this is an amendment intended to aid in implementing an employee stock ownership plan for ConRail by providing indemnification for ConRail directors, agents and employees, and trustees of the plan from liabilities actually incurred in connection with: First, the establishment, implementation, or operation of the plan or ConRail Equity Corp. or second, any transaction which is required by, or appropriate to, effectuate fully the provisions of this subsection if such persons were acting in good faith. ConRail was directed by Congress in 1978 to establish an employee stock ownership plan before obtaining additional funding and recommend to Congress additional legislation to implement the ESOP, this provision is the result.

Mr. President, this amendment was offered and agreed to on the Rock Island bill. The reason I am offering it on this bill is that the Rock Island bill does not appear to be moving as expeditiously as some would like it to move, and perhaps we may be able to agree to the amendment on this bill.

In view of the fact that the Senate has already agreed to this on the Rock Island bill, but in the event that the Rock Island bill should run aground somewhere, we might be able to get this little matter taken care of in connection with this bill.

I hope the managers of the bill, and others, as well as the minority, will be willing to accept the amendment.

Mr. CANNON. Mr. President, the Senator has stated the case correctly and, as far as I am concerned, I am willing to accept the amendment and yield back the remainder of my time.

Is the amendment acceptable to Senator KASSEBAUM?

Mrs. KASSEBAUM. Yes.

Senator YOUNG had wished to speak at some point.

Mr. CANNON. But not on this amendment?

Mrs. KASSEBAUM. No.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

(Later the following occurred:)

Mr. CANNON. Mr. President, on the compromise amendment heretofore introduced by Senator LONG and myself, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

### UP AMENDMENT NO. 1024

(Purpose: Amend section of title 49, United States Code, relating to joint rates)

Mr. CANNON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) proposes an unprinted amendment numbered 1024.

Mr. CANNON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

### "JOINT RATE SURCHARGE

"SEC. 118. Section 10705 of title 49, United States Code, is amended by adding at the end thereof the following new subsections:

'(g)(1)(A) During the period in which this paragraph is effective, a rail carrier may publish and apply a surcharge increasing or decreasing a joint rate only in accordance with this subsection. This paragraph shall expire three years after the date of enactment of this subsection unless extended for one additional year by the Commission upon petition of any carrier and for good cause shown.

'(B) A carrier may publish and apply a surcharge increasing or decreasing any joint rate between any points without the concurrence of other carriers participating in such joint rate provided that the surcharge is applied in equal dollar amounts to all of the routes participated in by that carrier between each affected origin and destination and, when the surcharge increases the joint rate, to all of its competing single-line routes between each such origin and destination. The change in revenue resulting from such surcharge shall accrue solely to, or be borne solely by, the carrier applying the surcharge.

'(C) A carrier applying a surcharge which would increase a joint rate must notify the other carriers party to the joint rate 45 days before the proposed effective date of the surcharge.

'(D) In addition to any other remedy available under this chapter, a carrier which participates in any route subject to a surcharge applied pursuant to subparagraph (B) of this paragraph may by tariff or tariff supplement cancel the application of such surcharge to any such route if such carrier demonstrates that, under the applicable joint rate without the surcharge, or a new rate division increasing the share of the surcharge proposing carrier, or a new lawful rate, the surcharging carrier's share of the revenues for its participation over such route is not less than 110 percent of its variable costs of providing service over such route. Such cancelling tariff may be suspended by the Commission pursuant to section 10707 of this title only on the grounds that the carrier proposing the cancellation has not made or is not likely to make such demonstration. Any rate differential resulting from such a cancellation shall not constitute unreasonable discrimination or a destructive competitive practice. For purposes of this paragraph, variable costs shall be determined only by using the unadjusted costs of the surcharging carrier calculated using the Commission's Rail Form A cost finding methodolgy (or an alternative methodology adopted by the Commission in lieu thereof) and indexed to account for current wage and price levels in the region in which the surcharging carrier operates.

'(E) A carrier may not apply a surcharge pursuant to this paragraph unless, for one year prior to the surcharge, it has participated in all increases in rates of general applicability agreed to by all other parties to the rates in question.

'(F) For purposes of maximum rate regulation under this title, only the carrier proposing a surcharge shall be required to defend the surcharge, and the lawfulness of the surcharge shall be determined without regard to the amounts received and the services performed by other carriers party to the joint tariff to which the surcharge is applied. The Commission may not investigate the lawfulness of the joint rate resulting from the application of a surcharge. In any subsequent proceeding to investigate the lawfulness of the joint rate to which a surcharge applies, that surcharge shall not be taken into consideration unless the Commission determines that each carrier participating in the surcharge is earning adequate revenues as defined in section 10704(a)(2) of subchapter I of this title.

'(2) A rail carrier may, without the concurrence of any connecting rail carrier, publish surcharges applicable to traffic originating or terminating upon any line of railroad originating and terminating less than three million gross ton miles of traffic per mile in the most recent calendar year for which traffic data are available if, prior to the application of any such surcharge, the through charges applicable to traffic to and from any such line do not provide the surcharging carrier revenues adequate to cover 100 percent of the reasonably expected costs (including the cost of capital) of continuing to operate the line involved. The change in revenues resulting from any such surcharge shall accrue solely to the carrier applying the surcharge. The Commission shall not require, as a condition to the filing of an application to abandon a line of railroad or as a condition to the abandonment of such a line, a carrier to use the rights conferred herein; nor shall the Commission, in ruling upon any abandonment application, consider or give any weight to the failure of the applicant to have used the rights conferred herein.

'(h)(1) Notwithstanding any other law, prior agreement, or requirement of the Commission to the contrary, a carrier may cancel the appliaction of such rate to any through route without the concurrence of any carrier party to the rate unless another carrier party to the rate over that route demonstrates to the Commission that the cancelling carrier's share of the revenue under the joint rate or under a new rate division increasing the share of the carrier proposing to cancel the application of the rate or a new lawful rate is not less than 110 percent of the cancelling carrier's variable cost of providing service over that route. For purposes of this subsection, revenue share may, at the option of the carrier cancelling the application of a rate, be determined by reference to past revenue settlements actually made in the most recent calendar year by connecting lines, and variable cost shall be determined only by using the unadjusted costs of the cancelling carrier calculated using the Commission's Rail Form A cost finding methodology (or an alternative methodology adopted by the Commission in lieu thereof) and indexed to account for current wage and price levels in the region in which the cancelling carrier operates.

'(2) A carrier cancelling the application of a joint rate pursuant to this subsection must notify the other carriers party to the rate 45 days before the proposed effective date of the cancellation.

'(3) When the application of a joint rate to a specific route or routes is cancelled and a through rate other than a joint rate thereafter applies to such route or routes (irrespective of whether the newly-applicable through rate displaces a higher applicable joint rate), the through rate shall divide as the separate factors of such rate are made. The cancellation of the application of a rate pursuant to this subsection shall not constitute unreasonable discrimination or a destructive competitive practice.

'(i) To ease the burden imposed upon small businesses desirous of challenging actions authorized by subsections (g) and (h) of this section, the Commission shall obtain, make readily available, and provide to Class III railroads upon request analysis of the date necessary to support a challenge under subsection (g)(1)(D) and subsection (h) of this section. The Commission's Special Counsel or Public Counsel is authorized to assist such railroads in preparing actions under subsection (g)(1)(D) and subsection (h) of this section.'"

Mr. CANNON. Mr. President, one of the matters carefully studied by the committee was the joint-rate issue. The bill itself, as introduced, did not contain a specific provision with regard to joint rates. However, possible statutory language prepared by committee staff, based on a compromise approach suggested by certain railroads, was set forth in the record to generate comments and suggestions.

The preponderance of rail traffic moves over the line of more than one railroad, and in most instances a joint rate applies over the entire movement. The resulting revenues are divided among the participating roads on the basis of agreement between the carriers. If agreement cannot be reached, the Commission is authorized to prescribe reasonable divisions of joint rates. The Commission also has authority to prescribe joint rates and to require through routes.

Having considered the hearing record and the various approaches and statutory changes suggested during the hearing process, the committee decided to make no changes with regard to joint rates. This action had the effect of maintaining the status quo: The Commission's authority to prescribe joint rates is unchanged. In making this decision, the committee recognized that the Commission is presently looking into the problem of below-cost divisions.

Subsequently, we have learned that a substantial number of major railroads have worked out a compromise in this area. I believe it is a satisfactory accommodation of the interests involved, and I am prepared to offer the amendment at this time, together with Senator BAYH, since I believe really effective reform legislation must address this important issue.

The amendment, which is generally limited to a 3-year term, unless extended by the Commission for an additional year, provides as follows:

First. A carrier may publish a surcharge without the concurrence of other carriers and retain the surcharge revenue. A connecting carrier can require the surcharge to be removed if it demonstrates that, under the rate without the surcharge or under a new division, the proponent carrier's share of the revenue is at least 110 percent of variable costs for the movement. To avoid the necessity of extensive cost studies, the variable costs are to be measured by unadjusted rail form A costs.

Becaue of concerns of smaller railroads, a provision has been added which would require the Commission to provide assistance to class III railroads in develing necessary data to challenge surcharges.

Second. A separate provision governs publication of surcharges on traffic moving over lines originating or terminating less than 3,000,000 gross-ton-miles of traffic per mile. In this instance, there is no specific percentage limitation, and the carrier's own costs are used rather than rail form A. The 3-year time limit does not apply to this section which is intended to permit surcharges on light-density lines as an alternative to abandonment.

Third. A carrier may also close a route if the connecting carrier cannot demonstrate that the closing carrier earns 110 percent of variable costs or if the connecting carrier does not offer its connecting carrier a larger division of the existing through rate.

The purpose of this provision is to allow each railroad to insist that rail traffic move only via its compensatory routes while at the same time giving connecting lines sufficient control over the joint rate levels to avoid diversion of traffic. This means that there would be opportunity for each carrier to maximize the contribution over its variable cost made by competitive traffic and eliminate cross-subsidy of routes. Since this would tend to maximize the contribution of competitive traffic, it should to some extent relieve the concerns of those who have urged that a cap ought to be put on the rates on certain commodities to protect those commodities from having to cross-subsidize competitive traffic that is not paying a sufficient contribution to full costs.

I now provide a more detailed summary of the amendment for the RECORD:

SUMMARY FOR THE RECORD

First. A carrier may publish a surcharge without the concurrence of other carriers if the surcharge is applied in equal dollar amounts to all of the routes participated in by that carrier between the same points and, if an increase in joint rates, to all of its competing single-line routes between each such origin and destination. The change in revenues shall accrue solely to the carrier applying the surcharge.

Second. The proposing carrier must give 45 days' notice to other carriers partly to the joint rate.

Third. A carrier which participates in any route subject to a surcharge may by tariff cancel the application of such surcharge to any route if such carrier demonstrates that, under the applicable joint rate without the surcharge or under a new lawful rate or division concurred in by the carrier, the sucharging carrier's revenues for its participation over such route are less than 110 pecent of its variable costs.

Fourth. A carrier may not apply a surcharge unless, for 1 year prior to the surcharge, it has participated in all increases in rates of general applicability agreed to by other parties to the rates.

Fifth. Only the carrier proposing a surcharge shall be required to defend the surcharge, and the lawfulness of the surcharge shall be determined without regard to the amounts received and the services performed by other carriers party to the joint tariff to which the surcharge is applied.

Sixth. A rail carrier may, without the concurrence of any connecting rail carrier, publish surcharges applicable to traffic originating or terminating upon any line of railroad originating and terminating less than 3 million gross ton miles of traffic per mile in the most recent calendar year for which traffic data are available if, prior to the application of any such surcharge, the through charges applicable to traffic to and from any such line do not provide the surcharging carrier revenues adequate to cover 100 percent of the reasonably expected costs (including the cost of capital) of continuing to operate the line involved. The change in revenues resulting from any such surcharge shall accrue solely to the carrier applying the surcharge.

Seventh. A carrier may cancel the application of a joint rate to any through route without the concurrence of any connecting carrier unless another carrier party to the rate over that route demonstrates that the canceling carrier's share of revenue under the canceled rate is not less than 110 percent of the canceling carrier's variable cost of providing service over that route.

Eighth. The carrier would be required to provide an estimate to class III carriers or other parties upon a showing of good cause in developing necessary data to challenge surcharges.

Mr. President, I yield such time as Senator BAYH may require.

The PRESIDING OFFICER (Mr. LEVIN). The Senator from Indiana is recognized.

Mr. BAYH. Mr. President, I compliment the chairman of the Commerce Committee, Senator CANNON, and the other members of the committee for the efforts they have made in bringing forth this entire bill to the Chamber.

During the last 5 years I have had the responsibility and the privilege of chairing that subcommittee which has appropriated the moneys to keep ConRail running and to deal with the other transportation problems of our country. During that period we have appropriated over $11 billion in Federal funds for the Nation's railroads. By far the biggest chunk of this money has gone to ConRail.

Upon assuming that chairmanship I was impressed that time after time, year after year, the amount needed by ConRail seemed to go on up and that we semed to be in a position of reaching the need for a permanent subsidy, contrary to the original purpose when we established ConRail of establishing a rail structure in this country that could be a pay-as-you-go rail operation.

We asked Mr. Jordan, the president of ConRail, to make some suggestions. We talked to a lot of other folks. And many of these suggestions are incorporated in this bill that is now brought before us by the Commerce Committee under the leadership of the distinguished Senator from Nevada.

The joint rate question, in my judgment, is one of the most significant parts of the problem. It is a matter of some significant controversy.

But I again express my appreciation to the Senator from Nevada and am glad to join with him in supporting this amendment which he now has recommended to the Senate.

The railroads involved, I think, need really a word of compliment and congratulations, ConRail, the Union Pacific the Southern Pacific, the Sante Fe, the Chessie; and certainly the Southern has played a major role in providing leadership to try to get this group together to resolve a very controversial problem involving the crux of who makes how much profit over what route.

It seemed to the Senator from Indiana that if we are trying to find a way in which we can put ConRail on its feet, they at least should be reimbursed for the expenses that they incur in concluding the journey of goods from another rail service on through their rail service to a point of ultimate destination, and because of the part of the country, because of the type of structure that ConRail inherited, the large number of yards, the heavy winters that they are forced to contend with, ConRail was in a very disadvantageous position. I think they pretty well worked this out.

I compliment all those involved.

I wonder if the Senator from Nevada will permit me to ask him a question or two.

I understand that this joint-rate compromise has been supported by railroads that carry well over 60 percent of our Nation's freight. Is that accurate?

Mr. CANNON. The Senator is correct. That is my understanding.

However, there are some railroads that are opposed to this proposal. But it is a fact that it is supported by railroads that carry well over 60 percent of our national rail freight.

Mr. BAYH. I just had a lengthy conversation with some of the folks from the Seaboard, Vice President Lanier, and some other folks there with the Seaboard, Woody Price, who was the right arm of our former Secretary of Transportation, in which they make other suggestions. I assume as we go forth in the conference the Senator from Nevada is prepared to listen to other ideas and reasons that this is not set in concrete but it is certainly going in the right direction.

Mr. CANNON. Absolutely. I think it is important that we try to resolve this issue, and I certainly am not locked into any particular proposal and would be willing to consider other possible solutions when we get to conference with the House of Representatives.

Mr. BAYH. That sounds like the normal, reasonable approach of the Senator from Nevada.

This compromise was the result of long hours of negotiations between ConRail and Southern. The outcome was endorsed by a number of others besides Southern and ConRail.

Mr. CANNON. The Senator is correct. The result was a compromise, and these negotiations had the support of other railroads that have endorsed the outcome, and the compromise is supported by a number of other railroads in addition to Southern and ConRail.

Mr. BAYH. I appreciate the opportunity to work with the Senator from Nevada. We have exchanged correspondence on this important question of trying to fulfill our individual responsibility in the Senate committee structure, and I am glad that we have reached an agreement that, given the previous division within the industry, perhaps this subject of joint rates can be resolved now. We had earlier thought it could be left to another bill, but I am glad to see that with his leadership and with the cooperation of the railroads we now have it in this particular bill, and I just think the Senate and the country and everybody who is concerned about a good railroad system owe these railroads, the Senator from Nevada, and his committee a debt of gratitude. I am delighted to join with the Senator in cosponsoring this amendment.

Mr. CANNON. I thank my distinguished colleague. I, too, am pleased that the issue has been resolved to the satisfaction of most, if not all, of the rail carriers, and I think the amendment, if adopted, will avoid a good deal of future litigation. This certainly was a most troublesome area, and if we have a substantial majority of the carriers agreed upon a compromise, I think it will resolve the difficult problem.

Mr. BAYH. I think this amendment will relieve ConRail of a significant portion of its future financial burden. It appears that it could well be, and I hope the case is, that ConRail is heading toward a pay as you go profitability operation point of view. That trend, combined with this legislation and a shrinkage in plant, may solve the problem. It is too early to determine that, but this step we take today is clearly essential if we are to keep future requirements to an absolute minimum, and I just am very grateful to the Senator and his Republican colleagues and the entire membership of the committee.

Mr. CANNON. As I said, I share the Senator's view, and I want to express my thanks for his assistance in regard to the rail bill and, particularly, in his efforts to resolve this very difficult joint rate matter. In offering the amendment, I am aware that not all of the railroads have had the opportunity to fully study the joint rate proposal and that there is some opposition to the language on the part of some carriers.

But, as I said to my colleague earlier, I want to offer my assurance that appropriate changes can and will be made as we proceed to the conference process and that we try to satisfy the legitimate concerns of most everybody.

Mr. BAYH. I appreciate that, and I will be glad to join with the Senator in his continued efforts or continued efforts together to find an equitable resolution of this joint rate question.

I think it is important to have a good rail system. We cannot have three-fourths of it good and a fourth of it bad. I think we have to have it by working together harmoniously, and I am confident that with his leadership, with the rest of us working to support him, we can resolve this in a manner that will be equitable to all the railroads.

Mrs. KASSEBAUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. KASSEBAUM. Mr. President, because this joint rate issue has been a controversial one, we heard a great deal of testimony in committee on this issue, and it was decided by all the 17 to do nothing, to not include this in the legislation, and I think there are some serious reservations concerning it. I think, given that, that it is important we do have an expression by the Senators who have strong feelings regarding joint rates, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is all time yielded back?

Mr. CANNON. I yield back the remainder of my time.

Mrs. KASSEBAUM. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Idaho (Mr. Church), the Senator from Alaska (Mr. Gravel), and the Senator from Massachusetts (Mr. Kennedy) are necessarily absent.

Mr. STEVENS. I announce that the Senator from California (Mr. Hayakawa) is necessarily absent.

The PRESIDING OFFICER. Are there any Senators in the Chamber wishing to vote?

The result was announced—yeas 52, nays 44, as follows:

[Rollcall Vote No. 68 Leg.]

YEAS—52

Bayh
Bentsen
Biden
Boren
Bumpers
Byrd, Robert C.
Cannon
Chafee
Cochran
Cohen
Cranston
DeConcini
Durenberger
Eagleton
Exon
Ford
Glenn
Hatch
Hatfield
Heflin
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Laxalt
Levin
Long
Magnuson
Mathias
Matsunaga
Metzenbaum
Morgan
Moynihan
Muskie
Nunn
Pell
Percy
Pryor
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Stennis
Stevenson
Stewart
Thurmond
Tsongas
Weicker
Zorinsky

NAYS—44

Armstrong
Baker
Baucus
Bellmon
Boschwitz
Bradley
Burdick
Byrd,
Harry F., Jr.
Chiles
Culver
Danforth
Dole
Domenici
Durkin
Garn
Goldwater
Hart
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Leahy
Lugar
McClure
McGovern
Melcher
Nelson
Packwood
Pressler
Proxmire
Roth
Schmitt
Schweiker
Simpson
Stafford
Stevens
Stone
Talmadge
Tower
Wallop
Warner
Williams
Young

NOT VOTING—4

Church
Gravel
Hayakawa
Kennedy

So Mr. Cannon's amendment (UP No. 1024) was agreed to.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. CANNON. Mr. President, I was going to yield the floor. I think Mr. McGovern is the next Senator.

The PRESIDING OFFICER. Who yields time?

Mr. McGOVERN addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

### UP AMENDMENT NO. 1025

(Purpose: To improve transportation services to adequately served shippers)

Mr. McGOVERN. Mr. President, I have an amendment which I send to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. McGovern) proposes an unprinted amendment numbered 1025.

Mr. McGOVERN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 37, insert the following between lines 15 and 16:

(c) Section 11344 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) A rail carrier, or a person controlled by or affiliated with a rail carrier may apply for approval of a transaction which involves motor carrier transportation prior or subsequent to rail transportation to serve inadequately served shippers located on another railroad. Such application shall be approved by the Commission if the shippers demonstrate present evidence of impaired rail service and inadequate motor common carrier service which results in the serious failure of the railroad serving the shippers to meet the rail equipment or transportation schedules of shippers or to seriously fail to otherwise provide adequate normal rail services required by shippers and which shippers would reasonably expect the railroad to provide. The Commission shall approve or disapprove applications under this subsection within thirty days after receipt of such application. The Commission shall approve applications which are not protested by interested parties within thirty days following receipt of such application."

Mr. McGOVERN. Mr. President, section 203 of the Railroad Transportation Policy Act is a much needed provision to improve competition among railroads as well as between railroads and other transportation modes. It recognizes that while two or more carriers may operate in a certain geographic area, shippers located there are often disadvantaged by poor service on the part of the only carrier that directly affects them.

Section 203, as reported, would permit a railroad to cross the line of another railroad in order to serve a shipper if it meets certain reasonable requirements. This provision also authorizes the ICC to require railroads to enter into reciprocal switching agreements to improve competition and service.

Section 203 would be greatly improved by the amendment I am offering to add a third provision designed to provide disadvantaged shippers with the opportunity to truck their shipments to a competing carrier. The amendment specifically provides for a shipper to obtain trucking services to transport his commodity to another carrier with ICC approval. The ICC must approve the application if shippers demonstrate evidence of serious failure of the serving railroad to meet equipment requirements, transportation schedules or to otherwise fail to furnish adequate rail service.

Beyond this, my amendment would promote greater expansion of the capacity of railroads to improve intramodal competition in terms of the number of potential shippers and areas that could be served. By its very nature, section 203, as reported limits improved intramodal competition to those cases where a railroad wishes to make a heavy investment required to build new track and related facilities to a relatively few shippers.

For many of the shippers served by more marginal carriers, particularly in the Midwest, the existing provision is inadequate in light of the immense cost of new construction. My amendment would allow for the provision of service from another carrier without new construction through the use of trucking.

The purposes of this amendment, then, is simply to promote the alternate methods of transportation to disadvantaged shippers and thereby stimulate intramodal competition in cases where shippers are experiencing serious impairment of rail service. It does this, in these instances, by stripping away other considerations, and requiring the ICC to allow such service solely on the basis of convincing evidence of the need for it.

Mr. President, the recent ICC deregulation of fresh fruits and vegetable shipments by rail, coupled with the independent truckers strike, present a graphic demonstration of the need for this amendment. When the independent truckers strike occurred, fruit and vegetable growers in the Southwest who had depended almost exclusively on truck transportation, found themselves having to rely on two rail carriers, the Southern Pacific and the Santa Fe, to move their produce to the east coast. Although both railroads had raised their rates appreciably, grower associations served by the Southern Pacific found the Santa Fe providing better service at less cost, but were unable to switch to that line because it did not have trucks available for short hauls to its rail siding. Had the Santa Fe been able to compete for fresh fruit and vegetable shipments located on the Southern Pacific tracks, growers feel certain they would have witnessed substantial improvement in service and lower rates by the Southern Pacific.

Mr. President, with these thoughts in mind, I urge the committee to accept this amendment.

Mr. CANNON. Mr. President, the amendment of my colleague from South Dakota would amend section 11344 to provide that a rail carrier may apply for approval of a transaction which involves motor carrier transportation to serve inadequately served shippers located on another railroad. The Commission would be required to approve the application if there is evidence of seriously impaired rail service. Action must be taken on the application within 30 days.

This amendment would have limited effect. It is intended to deal with emergency-type situations where there is a serious failure of services by a particular railroad. I have no objection to the amendment.

Mr. President, I yield back the remainder of my time.

Mr. McGOVERN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from South Dakota.

The amendment (UP No. 1025) was agreed to.

Mr. McGOVERN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. CANNON. Mr. President, I suggest the absence of a quorum, on my time.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McGOVERN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

### UP AMENDMENT NO. 1027

(Purpose: To make investment credit for railroad property refundable)

Mr. McGOVERN. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from South Dakota (Mr. McGOVERN) proposes an unprinted amendment numbered 1027.

Mr. McGOVERN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, insert the following new section:

### REFUNDABLE RAILROAD INVESTMENT TAX CREDIT

SEC. . (a)(1) Subparagraph (A) of section 46(a)(9) of the Internal Revenue Code of 1954 (relating to special rules in the case of energy property) is amended—

(A) by inserting "or the application of the regular percentage to railroad property" after "energy percentage" in clause (i),

(B) by striking out "and" at the end of clause (i),

(C) by striking out the period at the end of clause (ii) and inserting a comma and "and", and

(D) by adding at the end thereof the following new clause:

"(iii) then with respect to so much of the credit allowed by section 38 as is attributable to the application of the regular percentage to railroad property.".

(2)(A) Section 46(a)(9) of such Code is amended by adding at the end thereof the following new subparagraphs:

"(C) REFUNDABLE CREDIT FOR RAILROAD PROPERTY.—In the case of so much of the credit allowed by section 38 as is described in subparagraph (A)(iii)—

"(i) paragraph (3) shall not apply, and

"(ii) for purposes of this title (other than section 38, this subpart, and chapter 63, such credit shall be treated as if it were allowed by section 39 and not by section 38.

"(D) RAILROAD PROPERTY DEFINED.—For purposes of this paragraph, the term 'railroad property' means section 38 property used by the taxpayer directly in connection with the trade or business carried on by the taxpayer of operating a railroad (including a railroad switching or terminal company).".

(B) Paragraph (8) of section 46(a) of such Code (relating to alternative limitation in case of certain railroads and airlines) is amended—

(i) by striking out "to railroad property or" in subparagraph (A)(i),

(ii) by striking out "railroad property or" in subparagraph (B)(ii),

(iii) by striking out subparagraph (D) and redesignating subparagraph (E) as subparagraph (D), and

(iv) by striking out "railroads and" in the heading thereof.

(3) The heading for section 46(a)(10) of such Code are each amended by inserting "or railroad" before "property". .

(b)(1) Each person who, by reason of section 46(a)(9)(C) of the Internal Revenue Code of 1954 or subsection (c)(2), receives a refund of the credit allowed by section 38 of such Code which is attributable to the application of the regular investment percentage to railroad property (within the meaning of section 46(a)(9)(D) of such Code) shall estabilsh and maintain a separate account for amounts so received.

(2)(A) All refunds described in paragraph (1) and subsection (c)(2) shall be credited to the account established under paragraph (1).

(B) No amount may be withdrawn from an account established under paragraph (1) unless the funds are to be used for—

(i) normal maintenance, rehabilitation, or capital improvements made in connection with railroad property,

(ii) acquisition of railroad property, or

(iii) payment of the tax imposed by section 3221 of such Code.

(C) If funds are withdrawn from such an account and are not used for a purpose described in subparagraph (B), then there is hereby imposed on such person for the taxable years in which such amount is withdrawn a tax in an amount equal to such amount.

(c)(1) Except as provided in paragraph (2), the amendments made by subsection (a) shall apply with respect to—

(A) property to which section 46(d) of the Internal Revenue Code of 1954 does not apply, the construction, reconstruction, or erection of which is begun or completed by the taxpayer after December 31, 1979, but only to the extent of the basis thereof attributable to construction, reconstruction, or erection after such date,

(B) property to which section 46(d) of such Code does not apply, acquired by the taxpayer after such date, and

(C) property to which section 46(d) of such Code applies, but only to the extent of the qualified investment (as determined under subsections (c) and (d) of section 46 of such Code) attributable to qualified progress expenditures made after such date.

(2)(A) In the case of an unused credit for an unused credit year ending before January 1, 1982, which—

(i) is attributable to the application of the regular percentage to railroad property which is property not described in paragraph (1), and

(ii) is an investment credit carryover to a taxable year beginning after December 31, 1980,

that portion of the unused credit which would expire after the 7th taxable year following the unused credit year by reason of section 46(b) of such Code shall be treated as if it were a credit allowed by section 39 (and not section 38) of such Code for the 8th taxable year following the unused credit year.

(B) For purposes of this paragraph, the terms "unused credit", "unused credit year", "regular percentage", and "railroad property" have the same meaning as when used in section 46 of such Code.

(d) The Secretary of the Treasury shall reserve such receipts of the tax imposed by section 4986 of the Internal Revenue Code of 1954 as he determines are equal to the decrease in revenues attributable to the amendments made by this section.

Mr. McGOVERN. Mr. President, this amendment is offered on behalf of Senator DURENBERGER, Senator DURKIN, Senator JAVITS, Senator STAFFORD, and myself.

Critical segments of the Nation's rail industry are on the brink of collapse. Many of my colleagues and I are painfully aware of the economic disruptions caused by the bankruptcies of the Rock Island and Milwaukee Railroads. Many of us now view the future of other carriers with uncertainty, especially during this period of high inflation and tight money policy.

The roots of the railroad problem lie deep in our Nation's economic history. Congress was compelled to establish or adjust the legislative environment for railroads more than a dozen times in the last century. Each of these acts was in direct response to a major economic crisis, a perceived need to control rates, or some perceived failing within the industry.

In the past few months alone, Congress has again acted, targeting financial aid to both the Rock Island and Milwaukee Railroads. These two carriers consist of more than 15,000 miles of track serving the Nation's agricultural heartland. Yet, even with considerable Federal assistance the majority of this service will evaporate in the coming months.

Both railroads have illustrated the immense human and financial costs associated with such bankruptcies. I have no hesitancy in saying that in my State, the collapse of rail service is the most serious economic problem we face.

Each carrier will drain more than $200 million in Federal funds during their restructuring and liquidation. Little, if any of this money will be directed toward maintenance or equipment expenditures.

In reviewing past congressional response to rail crises throughout the country, it becomes obvious that almost all Federal programs have been targeted at bailing out carriers that can no longer survive. Economic aid and assistance is rarely made available until a carrier enters bankruptcy proceedings. Such a band-aid approach to resolving rail service problems has resulted in the needless expenditure of billions of taxpayer dollars in the last decade alone.

Today, our Nation's railroads are crippled by nearly $4 billion in deferred maintenance. Deferred maintenance on trackage and other physical plant is the signal of a winding down railroad. When a carrier brings in $90 million in revenues against $100 million in expenditures something must be cut. Maintenance deferrals usually occur first.

It is this deterioration of physical plant that results in the tremendous cost rail revitalization programs.

Mr. President, the amendment we are considering today would help prevent such deterioration by extending the same capital investment incentives enjoyed by profitable carriers to marginal railroads.

The Ford administration originally suggested and supported refundability for all businesses in 1974. At that time, Assistant Secretary of the Treasury Frederic Hickman testified:

> The businesses that will benefit most are those for which the present credit works

unfairly—including, particularly, small businesses, growing businesses, businesses in financial difficulty and utilities. These limitations cause the present credit to be seriously unneutral.

Since that time, the concept of refundability has received increasing support in both Houses of Congress and was once reported favorably by the Senate Finance Committee, chaired by Senator LONG. I know that the chairman of the committee has been a strong supporter of the concept of refundability.

Mr. President, it is my understanding that the distinguished Senator from Louisiana has introduced legislation to extend refundability to all industries. I applaud his leadership on this issue and hope that the bill will move through the committee as soon as possible. I am sure if it does it will have strong support here in the Chamber.

Given the serious deterioration of the Nation's rail industry, however, I firmly believe that refundability should be extended to this sector of the economy immediately. And it is on that basis, frankly, that I along with Senator DURENBERGER, and others, have attempted to make it a part of the rail bill now before us, although I readily recognize that that is a procedure that would ordinarily not be followed in this type of legislation.

The existing investment tax credit provides little investment incentive to marginal and break-even railroads. Because these carriers have little if any tax liability, they are in no position to take advantage of the credit on their income tax. Yet these same carriers have the greatest need for capital improvements and track rehabilitation. Without any investment incentive to invest, these railroads will continue to defer maintenance and other improvements and will, ultimately, enter in bankruptcy or massive abandonment programs at great economic loss to the country.

Future rail bankruptcies will result in the expenditure of additional taxpayer dollars, without preserving essential rail service. Major abandonment programs will result in the diversion of considerable traffic to energy-inefficient trucks and increase transportation costs as the cost of motor fuel continues to spiral.

The amendment we are proposing would prevent this kind of needless taxpayer expenditures by providing marginal carriers with a strong incentive to reinvest in their physical plant, and is a far cheaper alternative than bankruptcy and emergency congressional action.

Overall, this amendment would increase the cost of the existing investment tax credit by about 3 percent. Although the first-year cost of refundability may exceed $150 million, all experts agree that the amount would decline as the track structure is rebuilt.

Mr. President, I ask unanimous consent that a table provided by the Association of American Railroads, detailing the unused investment tax credit in the industry be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

ATTACHMENT NO. 5

UNUSED INVESTMENT CREDIT,[1] AS OF DEC. 31, 1978

[Dollar amounts in thousands]

| | Total | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 |
|---|---|---|---|---|---|---|---|---|
| Class I roads with: | | | | | | | | |
| Eastern District | $270,777 | $93,949 | $71,727 | $82,046 | $16,925 | $2,573 | $2,538 | $1,019 |
| Southern District | 128,192 | 23,793 | 27,843 | 20,828 | 20,555 | 15,798 | 13,846 | 5,529 |
| Western District | 175,747 | 59,884 | 56,170 | 24,102 | 15,492 | 9,540 | 6,329 | 4,230 |
| Total, class I | 574,716 | 177,626 | 155,740 | 126,976 | 52,972 | 27,911 | 22,713 | 10,778 |
| Other roads | 56,433 | 6,291 | 16,038 | 19,770 | 9,465 | 3,677 | 772 | 420 |
| Total | 631,149 | 183,917 | 171,778 | 146,746 | 62,437 | 31,588 | 23,485 | 11,193 |

[1] Represents information supplied to the AAR, which includes all class I railroads except 1.

Mr. McGOVERN. Mr. President, I urge my colleagues to support this amendment.

The PRESIDING OFFICER. Who yields time?

Mrs. KASSEBAUM. Mr. President, I am happy to yield time to the Senator from Minnesota, such time not to exceed 5 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. DURENBERGER. Mr. President, I am pleased to join my distinguished colleague from South Dakota, Senator McGOVERN, in submitting this amendment to create a refundable investment tax credit for the rail industry.

America enters the 1980's with a rail system weakened by nearly $4 billion in deferred maintenance. Power shortages and railbed deterioration touch every region of the country, and even on their main lines, few railroads can maintain the operating speed they were accustomed to just three decades ago. Because the bulk of maintenance deferrals occur on the Nation's branch lines, rural communities—which depend so heavily on rail transportation—are paying the greatest price.

The difficulties experienced by midwestern farmers in their efforts to ship last year's record harvest provided a dramatic illustration of the interdependence between our regional economies and their transportation systems. We need to recognize that the Nation's railbeds are an indispensable national asset. Yet under present regulatory and tax structures, it is difficult to see how the industry can raise the billions of dollars necessary to preserve that asset over the last two decades of the 20th century.

The refundable investment tax credit is a mechanism to extend the benefits of the investment tax credit to marginal railroads, whose investment needs uniformly exceed those of their more profitable competitors. In doing so, it will fill an important gap in our present rail assistance program.

Although the Federal Government invests hundreds of millions of dollars each year in emergency rail assistance, most of this money is targeted toward subsidizing or rebuilding railroads that are already insolvent.

Unfortunately, most of the damage done to the physical plant of a weak railroad occurs during the "wind down" stage prior to bankruptcy. When a railroad's cash flow declines, the easiest obligation to defer is track maintenance. But as maintenance is deferred, service declines, which forfeits business and further weakens the railroad itself. This is more than a theoretical argument; the cycle has been evident in dozens of railroad bankruptcies across the Nation throughout the past few decades.

The need for investment capital is not a problem unique to the railroad industry. It was the precise problem Congress sought to address by enacting the investment tax credit, and that bill has achieved some dramatic results.

But because it is a tax credit, its impact is confined to the most profitable industries, and the most profitable members within each industry.

By common admission, rail is among the most labor and capital intensive of American industries. But its net return on investment has hovered around 1 percent in recent years, so the ITC has had little effect on the industry as a whole.

Within the industry, ITC has had a particularly skewed impact because of the unique economics of the rail industry. Invariably, when weak railroads cut back on expenditures, they begin by deferring railbed maintenance. As a consequence, the great bulk of the Nation's $4.1 billion in deferred maintenance is concentrated in the Nation's weakest railroads—the ones that draw little or no benefit from the ITC. And deferred maintenance, by weakening service, weakens the rail companies themselves. The Rock Island is the best example of this secondary impact. ITC has strengthened the stronger railroads, but had little impact on the weaker, investment starved lines. In effect, it has widened disparities within the industry, intensifying the trend toward merger and acquisition.

Rail companies come and go, but the railbeds are an essential national asset. And the RITC is a mechanism to induce failing railroads to maintain their railroad property investment during times of economic difficulty. Under present law, a railroad with, say, $8 million in income and $10 million in obligations will place railbed miantenance at the bottom of its priority expenditure list. But with RITC in place, a dollar invested in railbed rehabilitation yields a 10 cent return—making this a more desirable source of resource allocation than of the railroads other debts. The RITC is a crucial incentive for losing railroads to maintain their investment in the railbeds even during times of economic difficulty.

This effort to spread the effects of the ITC to weaker railroads is no corporate bailout. It has a direct impact on the future of the Nation's rural transportation system. Rail companies come and go, but the railbeds are a national asset. When railroads begin deferring maintenance, they starve the branch lines first because those lines produce a weaker cash flow. This process focuses the impact of a failing railroad on rural—agricultural areas, creating the type of difficulties experienced throughout the Nation's agricultural areas over the past 24 months.

Railroads are the lifelines that link these agricultural regions with national and international markets. Farmers, consumers, and exporters alike have a stake in preserving those lifelines.

Even from a purely social standpoint, insuring the viability of the Nation's rail system is an essential step in preserving the vitality of rural America. Railroads determined the settlement patterns in much of the country, as elevators were built along branch lines, and settlements sprung up at key junctions. A century later, the economies of these rural towns still depend on their access to rail transportation. Preserving the rural rail system is an indispensable part of the effort to maintain rural vitality.

And at a time when the American public is spending hundreds of billions of dollars in the search for alternative energy sources, railroads remain the most energy efficient form of freight transportation.

By any public criteria, this special investment in the rail industry is a sound investment.

The rail industry needs help, and this amendment is an efficient means to provide an infusion of desperately needed investment capital. During the last decade, we have repeatedly witnessed the immense human and financial costs that follow a major rail bankruptcy. It makes far more sense to provide the industry with some preventive medicine than to face these costs again in the decade ahead.

I hope that every Senator will join Senator McGovern and myself in supporting this amendment.

I thank the Senator from South Dakota for his leadership on this issue and for his cooperation in bringing this amendment up.

Mr. McGOVERN. Mr. President, I thank the Senator from Minnesota for the work he has done on this amendment from the very beginning and for his strong support for it as well as for his words here today.

Mr. CANNON. As I understand this proposal, it is intended to provide a refund or grant to carriers which are unable to use the investment tax credit. The amendment would provide assistance to less profitable roads or to roads which cannot use the ITC because they are investing so heavily that accrued credits exceed profits. This amendment specifies that the funds may be used only for such purposes as maintenance, rehabilitation, and acquisition of railroad property. It is intended to provide the railroads—particularly marginal railroads—with the cash they need to finance essential construction and maintenance programs.

I certainly agree with Senator McGovern that action must be taken if the railroads are to meet their future responsibilities in transporting coal and other commodities. S. 1946, which provides the carriers with greater flexibility and streamlines the administrative process, is intended to assist in revitalizing the railroads. Thus, I am fully in accord with the intended purpose of this amendment.

However, I am concerned about the possible cost of the amendment—over $600 million a year while the program is in effect. There have also been contentions that an amendment of this nature is counterproductive to capital formation because the funds go generally to the least efficient producers. While I do not necessarily subscribe to that position, it does appear that important questions are involved here, and that these issues deserve the full attention of the appropriate committees.

The PRESIDING OFFICER. Mr. President, who yields time?

Mr. LONG. Mr. President, I ask unanimous consent that 5 minutes of the time in opposition be yielded to the Senator from Louisiana.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I favor the concept about which the Senator is speaking. As the Senator from South Dakota (Mr. McGovern) has so well stated, I have for a long time favored the refundable investment tax credit, and it is particularly appropriate that it should apply to railroads.

I introduced legislation along that line, and I have voted to report legislation along that line, and I wish to see it become the law.

Unfortunately, that cannot happen as an amendment to this bill because this is not a revenue bill. And the House of Representatives has been very sticky about the provision of the Constitution that revenue bills must originate in the House of Representatives.

If this amendment were attached to this bill, surely the point of order would be made on the House side that this was a revenue bill, in view of this proposal, and it is not a proposal that would escape notice. This is a significant suggestion which I think has a lot of merit.

The only thing that would be achieved by adding this amendment is that the bill would be sent back to us with one of the slips the House puts on to accompany this kind of amendment to inform us that in the view of the House of Representatives, revenue bills must originate in the House of Representatives and they would regard that amendment in the nature of a revenue bill.

So, nothing would be achieved at this point by adding this amendment to this bill except to jeopardize the passage of this bill.

I would suggest that the Senator introduce his measure as a bill, and let the Chair refer it to the appropriate committee. I am sure that the refundable tax provision would find its way to the Committee on Finance, and there I would hope the matter would be considered.

One of the cosponsors of the amendment, the Senator from Minnesota (Mr. Durenberger), is a member of the Committee on Finance. He is a very much admired and respected member of the committee, and I feel sure that he would be able to direct this matter to the attention of the appropriate subcommittee chairman and that a hearing could be held on the matter, and the Senate Finance Committee could give its judgment in this matter.

I do think it is for the subcommittee to conduct the hearings rather than the full committee, because we do have a very busy schedule in the months ahead in the Committee on Finance; nevertheless, I do think it would be appropriate that it should be in that committee where the matter should be considered.

Perhaps the Senator might at a future time want to offer this proposal to one of the Finance Committee bills, a revenue bill, that did originate in the House of Representatives and, of course, if he wanted to do so, that would be his privilege.

For the outcome of that procedure, we would have to trust the judgment of the Senate.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. McGOVERN. I think the Senator from Louisiana makes a cogent point. As I indicated in my remarks, I was not aware that this was an unusual legislative procedure we were using here. I offered it on this railroad bill because we are faced with such a serious crisis in these marginal rail lines that I fear some of them are going to go under, as the Rock Island and the Milwaukee have already, if we do not move quickly.

Nevertheless, as a realist, I am sure the point the Senator from Louisiana makes would probably be raised in the other body, if not here in the Senate, and I think the two alternatives he suggested, either that the measure be introduced as a separate bill and be referred to the Committee on Finance or that it be added as an amendment to a revenue bill, are both worthy suggestions, and on that basis, if Senator Durenberger would agree, I would suggest that we withdraw the amendment from further consideration at this time and pursue one of those other alternative routes.

But I would like to, if I may, ask the Senator to yield to Senator Durenberger for his comments.

Mr. DURENBERGER. I thank the Senator.

Mr. President, if I might yield for a minute to my colleague from Kansas after I indicate my agreement to withdrawing the amendment, particularly after the comments of the chairman of the Committee on Finance which he made relative to my status and stature on the committee, which I appreciate a great deal, just to add a sense of timing to all of this, we have chosen this particular vehicle because of the urgency of the situation.

Those of us who have worked long and hard to try to save the Milwaukee Railroad, in effect to save it both from bankruptcy and from the Federal Government, have been getting very frustrated by our inability to achieve any success. There is a beautiful illustration of what did not have to be had this been in effect. So with a sense of urgency with regard to the consideration of this matter, I would be happy to follow the suggestion of the chairman of the Finance Committee relative to the introduction, referral, hearing, and/or amendment to a revenue bill.

I now yield to the Senator from Kansas.

Mr. DOLE. I thank the Senator from Minnesota for yielding.

I would just like to reiterate and underscore what the distinguished chairman of the Committee on Finance said. As one member of the Committee on Finance, the ranking Republican member of the committee, I certainly supported the concept of my colleague from Kansas (Mrs. KASSEBAUM) when she introduced similar legislation.

I would just suggest to my friend from South Dakota and my friend from Minnesota that they let us proceed with hearings in the Senate Finance Committee. You have a lot of support, there are a lot of us trying to figure out some way to accomplish what was suggested by the Senator from South Dakota and the Senator from Minnesota.

Speaking for the Republican side, we would be very happy to cooperate with the chairman, the subcommittee chairman, to work out a date for hearings, do it as quickly as possible, and then in that way either pass a separate bill, as the chairman suggests, or after hearings, and maybe some modifications, add whatever final agreement is reached as an amendment on some other revenue bill.

I thank my colleague for yielding.

Mr. McGOVERN addressed the Chair.

Mr. LONG. Mr. President, I ask that I might use 5 minutes of the time in opposition.

The PRESIDING OFFICER (Mr. BOREN). Without objection, it is so ordered.

Mr. LONG. Mr. President, there is no doubt in my mind that the Senator is right on the merits of what he seeks to do because when we provide the investment tax credit that is just as much a subsidy as if we were doing it by way of appropriation. We say to a businessman or to a corporation:

> If you will buy this modern equipment, we would like to see you put it into operation in the Nation's interest, and we will give you a tax credit. We will give you 10 percent of the amount that you spend on that equipment as an incentive to encourage you to buy that equipment or to put those rails in place.

The unfortunate part about it is when we use the tax law for that purpose it works out that those who need it the most do not get it. That is the case of a company having a very difficult time making it. Congress certainly had in mind a railroad company, which needs very much to improve some of their rails—they need to put some new rails in place, and they need to lay some ballast and crossties to hold those rails in place where they should be.

To do this, they need that tax credit. They need that 10 percent, but because the company at this point is not in position to pay an income tax, it is denied the benefit of it.

Now, this means that those who need the credit the most will not get it; the same thing would be true, by the way, of a new company, a company just starting out. All new companies are short of capital. Here is an incentive that we provide in the law to buy new equipment, and a new company, just starting out, would be denied the immediate benefits of it.

It is inequitable, it is unfair, in that respect. It ought to be corrected, and I hope we can come to terms with the Appropriations Committee, which fears that the refundable tax credit might be abused and that it might be used in a situation where an appropriation bill would be a better answer.

I know as far as my friend from South Dakota is concerned he is not particular about a refundable tax credit or an appropriation. He would be glad to accept an appropriation to achieve the same purpose, if the Appropriations Committee would insist on providing the benefit that way. He is looking at a problem that needs an answer, and I wish we could provide him the answer. But at this moment we cannot do it on this bill by way of a refundable tax credit, because it would have to be a part of a revenue bill.

Mr. McGOVERN. Mr. President, in view of the assurances given by the distinguished chairman of the Committee on Finance, Senator LONG, and the Senator from Kansas, the ranking Republican member of that committee, Senator DOLE, as well as the cooperation of my cosponsor, Senator DURENBERGER, I think under those circumstances, it would be wise to withdraw this amendment and proceed to the method they have suggested, either in hearings before the Finance Committee or in attaching it to another revenue measure, and on that basis I withdraw the amendment.

The PRESIDING OFFICER. Is there objection? The amendment is withdrawn.

## AGE FACTORING INTO THE CONSIDERATION OF FEDERAL JUDGESHIPS

The PRESIDING OFFICER. Under the previous order, the hour of 1:50 p.m. having arrived, the Senate will now proceed to the consideration of Senate Resolution 374, which the clerk will state by title.

The legislative clerk read as follows:

> A resolution (S. Res. 374) expressing the sense of the Senate with respect to the policy of the Standing Committee on Federal Judiciary of the American Bar Association and the United States Department of Justice pertaining to potential nominees for lifetime Federal judgeships who, but for their age, might otherwise be found qualified.

The Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The time for debate on this resolution shall be limited to 20 minutes, to be equally divided and controlled by the Senator from Arizona (Mr. DECONCINI) and the Senator from South Carolina (Mr. THURMOND), with no amendment to be in order and with debate on any debatable motion, appeal, or point of order to be limited to 10 minutes.

Mr. DECONCINI. Mr. President, I ask for the yeas and nays on this resolution.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DECONCINI. Mr. President, I am proud to call up for Senate consideration, Senate Resolution 374 which expresses the sense of the Senate that the Standing Committee on Federal Judiciary of the American Bar Association and the Attorney General of the United States take immediate steps to end the invidious age discrimination that presently characterizes their policy on the appointment of Federal judges.

This resolution was initially drafted in conjunction with Senator KENNEDY, chairman of the Judiciary Committee, and Senator THURMOND, the ranking minority member. Both of these distinguished colleagues have given me every possible support and assistance. Both are totally committed to the elimination of age discrimination within the Federal judiciary. I believe that with their continued support we will be successful in eliminating the practice of disqualifying individuals from consideration solely on the basis of age.

I initially became aware of the discriminatory policy followed by the ABA and the Department of Justice as a result of nominating Nicholas Udall for a Federal judgeship. Mr. Udall is an able and distinguished Phoenix attorney. Despite receiving extremely high ratings in a survey of Arizona attorneys and despite being in excellent health, the Justice Department would not recommend that Nick Udall be appointed to the Federal district bench. Nick Udall is not a Federal judge today only because he happened to be 65 when I recommended him for appointment.

On February 13, 1980, I testified before the House Select Committee on Aging. At that hearing I heard testimony from several people, including Judge Sara Hughes of Texas. Sara Hughes was 65 when President Kennedy appointed her in 1963. She is now 83, and as able and as intellectually keen as many people half her age. To have denied her a seat on the Federal bench would have been a great waste of talent and a loss to the Nation.

As a result of my experience with Nick Udall, and my appearance before the House Select Committee on Aging, I decided that the Senate should forcefully express its disenchantment with the policy pursued by the ABA and the Department of Justice. On February 26, 1980, I introduced Senate Resolution 374.

The ABA policy discriminates solely on the basis of age in the following way. The Standing Committee on Federal Judiciary of the ABA will not recommend for an initial appointment to a lifetime Federal judgeship any individual who has reached his or her 64th birthday. An individual who is 60 years of age or older, but not yet 64 must be evaluated by the ABA as "well qualified" or "exceptionally well qualified" and be in excellent health. Finally, the ABA policy requires that strict criteria be employed for considering district judges over 60 years of age for appointment to the courts of appeals.

In a recent letter from Attorney General Civiletti to CLAUDE PEPPER, chairman of the House Select Committee on Aging, Attorney General Civiletti stated that he finds the ABA guidelines, which have been in constant use since the 1950's, to be generally wise and in the public interest. I disagree. Discrimination is never in the public interest. It is a mockery of our principles to use discriminatory policies in selecting the men and women who must implement the constitutional and legal mandate against discrimination.

The policy, besides contradicting American notions of fairness, contradicts the spirit of Executive Orders 12059 and 12097 concerning the merit selection of Federal circuit and district judges. These orders list a variety of criteria to be used in the selection of judges; neither makes reference to age as a factor. The ABA policy also violates the spirit of the Age Discrimination in Employment Act Amendments of 1978.

The Senate Judiciary Committee unanimously voted to report this resolution favorably. Twelve of my colleagues on the Judiciary Committee, six Democrats and six Republicans, are cosponsoring this resolution. I urge my other Senate colleagues to support this resolution. We must send the Committee on Federal Judiciary of the American Bar Association and the Attorney General of the United States a clear message that we do not approve of age discrimination.

Unless the Department of Justice decides to heed this resolution and begin the process of revising its current practices, I intend to draft legislation to achieve that end. I am hopeful, however, that the administration will take to heart the Senate's wish that this practice of discrimination be discontinued and develop new guidelines on its own.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. Mr. President, how much time is there on this resolution?

The PRESIDING OFFICER. Ten minutes to each side.

Mr. THURMOND. Mr. President, I yield myself such time as I may require.

Mr. President, I rise to speak in favor of Senate Resolution 374. I commend the able Senator from Arizona for the position he has taken on this particular matter.

It is my opinion that the key to decide the question of fitness to sit as a Federal judge is merit. Of course there are other matters which should be considered, but it finally comes down to the question, "Is this particular nominee fit to be a Federal judge?"

The policy of the Standing Committee on Federal Judiciary of the American Bar Association is as follows:

> An individual 60 years of age or older is not recommended for an initial appointment to a lifetime federal judgeship unless in excellent health and evaluated as "well qualified" or "exceptionally well qualified". In no event are persons over 64 recommended for initial appointment.

The Department of Justice is in general agreement with this policy.

This resolution calls on both the ABA and the Department of Justice to end discrimination against nominees who are adversely affected solely as a result of arbitrary age barriers.

Mr. President, it is not a question of age; it is a question of qualifications. I have known some people who are 40 and 50 years of age who are not in good shape, either mentally or physically. I have known other people 80, 90, and older, who were in good shape, mentally and physically. There are many examples to point to that one cannot base qualifications just on age. Mr. Tito, the head of the Yugoslavian Government, is, I believe, about 87 years old. He is in bad shape now, but until recently he has been a strong leader of his nation. Mr. Adenauer was an active, effective and vigorous President of Germany at the age of 88. Prime Minister Churchill was 80 years of age when he served as Prime Minister of England. There are many others in their later years who have served in high positions with distinction.

The criterion for appointment to a Federal judgeship should not be age. The Senate should be concerned with the nominees' mental, physical, and professional qualifications. If a nominee has good qualifications in those areas then the question of age should not enter into the picture.

I feel this is a good resolution and I hope the Senate will see fit to adopt it unanimously.

Mr. DOLE. Will the Senator yield?

Mr. THURMOND. I am pleased to yield to the able Senator from Kansas.

Mr. DOLE. I thank my colleague. I join in the remarks of the Senator from Arizona and the Senator from South Carolina.

Mr. President, as a matter of policy, the American Bar Association's standing committee on the Federal judiciary has held that "an individual 60 years of age or older is not recommended for an initial appointment to a lifetime Federal judgeship unless in excellent health and evaluated as 'well qualified' or 'exceptionally well qualified.' In no event are persons over 64 recommended for initial appointment." The Department of Justice is in general agreement with this policy. The Senator from Kansas finds this policy to be unconscionable. In essence, an entire class of competent individuals is prevented from serving on the Federal bench.

### EQUAL JUSTICE

To my knowledge, there is no evidence that proves that persons over 60 years of age are not fit to be Federal judges. I find it ironic that in a country whose legal system is based on the notion of equal justice under law, age discrimination is allowed to flourish. People who are older than 60 are unfairly prohibited from being Federal judges. These persons are no less wise, honest, sincere, or intelligent than other attorneys but for reasons that are unknown to the Senator from Kansas, these lawyers are not recommended to the bench. It is inconceivable that this discriminatory policy is practiced by lawyers, individuals who are intimately familiar with the laws of our land. In my opinion, the hallmark of a good judge is character, integrity, experience, and ability, certainly not age. To have age effectively serve as the sole criterion, is such a simplistic approach that it is almost laughable. Age discrimination is as offensive as discrimination because of race or sex or national origin. Congress has taken stringent measures to eradicate these forms of discrimination in the United States.

Mr. President, there is no doubt about it, there are attorneys over 60 years of age who are eminently qualified to be Federal judges, just as, quite naturally, there are attorneys who are older than 60 who are not qualified to be Federal judges. But the Committee on the Judiciary reviews each nominee as an individual to determine if our high standards are satisfied. The ABA should not fail to recommend qualified lawyers because of their age.

I hope that not only the passage of this resolution but action in other areas will discourage the American Bar Association from a misdirected policy.

### DAY BY DAY

Day by day, our youth-oriented society is growing older. In the year 2000, 3.9 percent of the population will be between the ages of 60 and 64, and persons older than 65 will comprise 12.2 percent of the population.

We cannot afford to overlook a pool of qualified and diverse individuals as candidates for the bench. Older individuals possess a wealth of experience and information. This country's legal history is replete with examples of distinguished jurists who served over the age of 60.

### THE ESSENCE

The Senator from Kansas is reminded of Emerson who said, "The essence of age is intellect." It could be said that the essence of a good judge is intellect.

I urge my colleagues to join me in repudiating this anachronistic policy of the ABA by supporting Senate Resolution 374.

Mr. HATCH. Mr. President, I rise in strong support of Senate Resolution 374, expressing the sense of the Senate with respect to age as a factor in judicial nominations. It states that age, while being a legitimate consideration in nominating candidates, should not be a factor automatically disqualifying individuals.

I find it highly ironic that an administration so ostentatiously devoted to insuring the proper mix of races and sexes and ethnic backgrounds in the Federal judiciary should be so cavalier in eliminating qualified candidates on the basis of advanced age. Justice Department officials, including former Attorney General Griffin Bell, were explicit last year in attributing age as a factor in the tentative rejection of Archibald Cox for a seat on the First Circuit Court of Appeals. Cox, the Harvard law professor and former Watergate special prosecutor, is 66 years of age.

I also find it ironic that an administration that has given us legislation prohibiting mandatory private sector retirement programs at age 65 should be so adverse to individuals that age serving on the Federal courts. Apparently, the administration has adopted the view of the American Bar Association that all judicial candidates nominated from outside the ranks of the Federal judiciary after age 64 are suspect.

The ABA has also determined that individuals should have had a minimum of 12 years of practicing experience before being eligible for nomination. While this is generally a responsible and prudent requirement, there are instances where this rule should be waived, and where it has been waived by both the President and the Senate. It is the same with the age requirement. Individual nominees should be judged individually, on the basis of their wisdom, their temperament, their ability to handle the rigors of judicial position, and their experience. One should not automatically be disqualified because they may have had too much legal experience.

I remind my colleagues that there have been 19 individuals nominated to the U.S. Supreme Court after age 60, including such notables as Oliver Wendell Holmes, Louis Brandeis, William Howard Taft, and Charles Evans Hughes. Chief Justice Hughes was nominated at age 68 and served on the highest Court in the land for more than a decade. In addition, there have been a total of 71 Justices who have served past age 65, 31 Justices who have served past age 75, and 10 Justices who have served past age 80. Justice Holmes served on the Bench past age 90.

Mr. President, in retrospect, I believe that it might have been a pretty fair idea at the time that we were considering the Omnibus Judgeship Act not only to have specified something along the lines of Senate Resolution 374, but to have required the nomination of a certain number of older judges. It is disturbing to me the disproportionate influence over the future course of the judiciary that the present administration will have simply because they were in place at the time the judgeship act took effect. Requiring a certain number of older nominees might have avoided the "windfall" influence over the judiciary that the judgeship act conferred upon the present administration. It is frightening, at least in my opinion, to consider the exceedingly large number of Federal judges nominated in the last year by the present administration who will still be serving on the bench well into the 21st century.

I ask unanimous consent to have printed in the RECORD an editorial published in the Washington Star of September 8, 1979.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### A CAUSE FOR GRAY PANTHERS?

Professor Archibald Cox of Harvard Law School, who until a memorable autumn evening six years ago served as Watergate special prosecutor, would like to be a federal appeals judge. There is a new seat on the First Circuit and Senator Edward Kennedy of Massachusetts would like Professor Cox to have it. So would the special nomination commission for the circuit set up last winter by the Carter administration. It was asked to submit five names in alphabetical order but overlept its instructions to recommend Mr. Cox unanimously. So, we suspect, would a lot of people in and out of the legal community.

But President Carter does not want to nominate Professor Cox and the matter is now on hold. Some are rude (or cynical) enough to suggest that politics is involved—Carter-Kennedy politics. The most extreme version is that Mr. Carter, or his White House mafia, has balked at the Cox boomlet as a way of "standing up to Teddy Kennedy." That theory, needless to say, is regarded as asinine at the Justice Department and the White House.

It may be helpful for a relatively neutral party to observe that, whatever the covert politics of the affair (if any) it illustrates the tendency of high-minded aims and procedures (in this case, the Carter administration's quest for "merit" appointments to the federal bench) to cause more trouble than they're worth and, on occasion, to produce perverse results. If "merit" is a useful notion in the assessment of judicial capacity, Prof. Archibald Cox illustrates it. In scholarly attainment, in uprightness of character, in clarity and precision of mind, in attachment to constitutional fundamentals, he seems an ideal candidate.

But the snag, it seems—the official snag anyway—is that Professor Cox is "too old." At 67, although he's in excellent health, his appointment would be exceptional and maybe even unprecedented. Here, of course, one encounters the remarkable deference paid in these matters to the clearance procedures of the American Bar Association—at least when its views are convenient.

Since the Truman era, the ABA has informally assessed the qualifications of federal judicial appointees, although it is a private and extra-constitutional body. (Wherein is this to be distinguished, really, from the clearance of U.S. Public Health physicians by the American Medical Association or, God forbid, the submission of government press secretaries for inspection to the American Society of Newspaper Editors?)

Still, the ABA's views are often deferred to, and sometimes—as in the case of some of President Nixon's worst candidates for the Supreme Court—even welcomed. The ABA considers that judges nominated from private life after age 62 are suspect on that account. Atty. Gen. Griffin Bell, before his recent departure, gave age as his reason for declining the Cox appointment. And he supplemented the objection with the practical point that a number of senators are looking on in hopes of pressing a host of overaged candidates, some of them far from being Archibald Coxes, on the administration.

The ABA's influence enters the Cox affair from still another angle, too. After declaring its reluctance to nominate Professor Cox, on account of his age, the administration bruited its intent to nominate another candidate from the commission's list: Ms. Miriam Naveira de Rodon of Puerto Rico, a law professor in San Juan. She would be the first Puerto Rican, indeed the first non-WASP non-male, on the First Circuit if confirmed. Her nomination would be an affirmative act, and President Carter is quite bent on affirmative action in judicial appointments. But alas, it was learned two weeks ago that the ABA might declare her "unqualified."

So now everyone seems to be back at square one. But there, on square one, still looms the attractive figure of Professor Cox, arbitrarily excluded on a ground (age) that is sometimes a handicap for judges but, perhaps as often, no bar to distinguished service. Shouldn't the White House relent, making an exception of an unquestionably exceptional candidate? We think so. The judiciary is a silly place for ageism. Indeed, Professor Cox's looks to us like a good cause for the Gray Panthers.

● Mr. DOMENICI. Mr. President, as the ranking minority member of the Senate Special Committee on Aging, I have a keen interest in seeing our Nation overcome the archaic prejudices of age discrimination. Prejudices are not limited to the United States but we are unique in our willingness to admit them and to tackle them head on. In recent generations we have sought to address discrimination against people on the grounds of race, color, creed, or national origin. We have struggled with the problems of sex discrimination. And now, as we begin to experience the phenomenon known as the "graying of America" we will come to more directly face the problems of age discrimination.

Congress has addressed ageism in two statutes, the Age Discrimination in Employment Act (ADEA) and the Age Discrimination Act (ADA). The Age Discrimination in Employment Act is designed to eliminate, or significantly reduce, discrimination against workers on the basis of age. The Age Discrimination Act is designed to eliminate ageism from Federal programs except where the program is specifically targeted at a particular age group.

No group in our society should be more familiar with the statutory prohibitions on age discrimination than America's lawyers. In spite of our efforts to prohibit age discrimination in employment below the age of 70, the American Bar Association and unfortunately many of the attorneys within the U.S. Department of Justice continue to apply arbitrary age requirements in the selection of Federal judges. It is ridiculous on its face to treat a potential judgeship nominee who is 60 or 65 years old differently than we treat younger applicants. There are many fine young lawyers in this Nation but there are also many young lawyers who are unfit to serve on the Federal Bench. The same can be said of middle-aged lawyers and the same can be said for older lawyers. Many of our greatest jurists have served with distinction after the "normal retirement age". In fact, many of our truly great jurists have made their most valuable contributions in their later years.

In the 95th Congress I introduced legislation that would totally remove the upper age limit on the Age Discrimination in Employment Act. Unfortunately the consensus in both the House and the Senate was to take a less sweeping position and raise the age limit from 65 to 70 instead.

I was disappointed that we were not able to completely "uncap" ADEA but I saw the 1978 Amendments to the Age Discrimination in Employment Act as a significant step toward protecting older workers.

Mr. President, I would hope that Senate Resolution 374 would send a very direct and telling signal to the American Bar Association's Standing Committee on the Federal Judiciary and to the U.S. Department of Justice that the Senate expects to receive qualified nominees for the Federal Bench, regardless of age. In recent decades the Federal Judiciary has played a very significant role in shaping public policy in the United States and I think we should do everything in our power to see that this important and coequal branch of government is not tainted by residual ageism.●

### EXPERIENCE IS THE KEY

● Mr. CULVER. Mr. President, I am pleased to join my distinguished colleagues on the Judiciary Committee in urging passage of Senate Resolution 374.

I have always believed that men and women in our society who are being considered for Federal judgeships should reflect the highest degree of wisdom and knowledge. In addition, each individual should be judged on the basis that they maintain a deep concern for the basic rights of all persons. Experience can be the best guarantee that our jurists strongly adhere to the fundamental principles of law that assure those basic rights.

The passage of Senate Resolution 374 will serve to insure that wisdom, knowledge, and experience will be the key factors for consideration in reviewing the qualifications of judicial nominees.

By supporting this resolution, I am joining my colleagues in expressing our deep opposition to the positions of the American Bar Association and the Attorney General of the United States who have refused to recommend any individual to a Federal judgeship who happens to be over the age of 64 and will only recommend those individuals over 60 if they are deemed in "excellent health" and evaluated as "well qualified" or "extremely well qualified".

These differing standards based solely upon age represent a discriminatory policy which has no place for consideration in our role of confirming the nomination of Federal judges.

Mr. President, the last Congress enacted the "Age Discrimination in Employment Act" to insure that older individuals who are qualified to work will not be denied employment opportunities solely on the basis of age. I supported this important measure so as to prevent these types of discriminatory practices from taking place.

If a person builds the substantial record of achievement and honor necessary to be considered for appointment to the Federal bench, it seems ludicrous to deny that respected person such an appointment because he or she may arbitrarily be considered "too old."

Older Americans have made great strides in this country in recent years to tearing down unjust barriers of discrimination.

Passage of this resolution will serve to facilitate the removal of one more important obstacle. In addition, it will move to guarantee that we are blessed with a judiciary full of the wisdom, knowledge and experience we have come to demand of our respected jurists.●

The PRESIDING OFFICER. Who yields time?

Mr. DeCONCINI. Mr. President, I yield whatever time the Senator from Alabama may need.

Mr. HEFLIN. Mr. President, I am going to vote for this resolution, but I do have some reservations about sense-of-the-Senate resolutions which tell private associations our thoughts on these sorts of matters. I think one can see that this could go to extremes in many instances, when sense-of-the-Senate ressolutions would be directed toward private associations or private groups in regard to some standard that they might have.

I hope that this will not be a precedent. I think it is dangerous for us to make statements pertaining to organizations or their determinations. However, I agree with the concept that we should not be discriminating because of age in the selection of Federal judges.

I thank the Chair.

The PRESIDING OFFICER (Mr. BRADLEY). Who yields time?

Mr. THURMOND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator does not have sufficient time, under the precedents, to do so.

Mr. THURMOND. Well, if anybody wants to speak, let him go to it.

The PRESIDING OFFICER. The Senator would have to yield back the remainder of his time to suggest the absence of a quorum.

Mr. THURMOND. Mr. President, I hesitate to yield back my time before I see if anybody else wants to speak. I wonder if there is anybody who wants to speak.

The PRESIDING OFFICER. The Senator could ask unanimous consent that the time for the quorum call not be charged to either side.

Mr. THURMOND. Mr. President, I suggest the absence of a quorum without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, does any time remain on this legislation?

The PRESIDING OFFICER. There is time remaining.

Mr. ROBERT C. BYRD. How much time?

The PRESIDING OFFICER. Three and a half minutes for the Senator from South Carolina and 2 minutes, 18 seconds, for the Senator from Arizona.

Mr. THURMOND. Mr. President, I yield back the remainder of my time on this resolution.

Mr. DeCONCINI. Mr. President, I yield back the remainder of my time on the pending resolution.

The PRESIDING OFFICER. The question is on agreeing to the pending resolution. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Alaska (Mr. GRAVEL) and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 97, nays 0, as follows:

[Rollcall Vote No. 69 Leg.]

YEAS—97

Armstrong
Baker
Baucus
Bayh
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cochran
Cohen
Cranston
Culver
Danforth
DeConcini
Dole
Domenici
Durenberger
Durkin
Eagleton
Exon
Ford
Garn
Glenn
Goldwater
Hart
Hatch
Hatfield
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Jepsen
Johnston
Kassebaum
Laxalt
Leahy
Levin
Long
Lugar
Magnuson
Mathias
Matsunaga
McClure
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Ribicoff
Riegle
Roth
Sarbanes
Sasser
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevens
Stevenson
Stewart
Stone
Talmadge
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Young
Zorinsky

NOT VOTING—3

Church
Gravel
Kennedy

So the resolution (S. Res. 374) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

Whereas the Standing Committee on Federal Judiciary of the American Bar Association does not recommend an individual sixty years of age or older for an initial appointment to a lifetime Federal judgeship unless in excellent health and evaluated as "well qualified" or "exceptionally well qualified";

Whereas the Standing Committee on Federal Judiciary of the American Bar Association does not recommend an individual over sixty-four years of age for initial appointment to a lifetime Federal judgeship;

Whereas the Standing Committee on Federal Judiciary of the American Bar Association employs stricter criteria for considering district judges over sixty years of age for appointment to the courts of appeals;

Whereas the Attorney General of the United States is in general agreement with the policy of the Standing Committee on Federal Judiciary of the American Bar Association;

Whereas the policy of the Standing Committee on Federal Judiciary of the American Bar Association, as followed by the Attorney General of the United States, contradicts the spirit of the Age Discrimination in Employment Act Amendments of 1978 (29 U.S.C. 621 et seq.), and contradicts the spirit of the merit selection guidelines set forth in Executive Order 12059, pertaining to the selection of circuit judges, and Executive Order 12097, pertaining to the selection of district judges; and

Whereas the effect of the policy of the Standing Committee on Federal Judiciary of the American Bar Association, and the general concurrence with that policy by the Attorney General of the United States is to discriminate against qualified individuals solely on the basis of age: Now, therefore, be it

*Resolved*, That it is the sense of the Senate that the Standing Commitee on Federal Judiciary of the American Bar Association and the Attorney General of the United States immediately take all measures necessary to end discrimination against potential lifetime Federal judges who do not qualify solely as a result of arbitrary age barriers.

Mr. MORGAN. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mrs. KASSEBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

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## RAILROAD TRANSPORTATION POLICY ACT OF 1979

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 1946, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1946) to reform the economic regulation of railroads, and for other purposes.

The PRESIDING OFFICER. Who yields time?

Mr. YOUNG. Mr. President, will the Senator yield me 7 minutes?

Mrs. KASSEBAUM. I am happy to yield.

Mr. YOUNG. I thank the good Senator.

Mr. President, I rise in opposition to this bill.

The transportation of farm commodities from my State to the terminal elevators or ports has become a very serious problem. It is both a problem of far from adequate grain cars and high freight rates.

In North Dakota and in most upper Midwest States, we have a special problem in that we have no water compelled rates, and railroads have sharply increased their inland rates almost every year. Grain which is produced in abundance by our farmers has to travel long distances before it can be finally marketde. For most of the State, it just is not economically feasible to ship grain by any means other than rail. The result is exorbitant freight rates which are paid by the farmer.

Shipping rates for wheat near Minot, N. Dak., in the north central part of the State to the west coast are $1.38 per bushel. This transportation cost is deducted from what the selling price would be.

Recently, when the price of wheat at Portland was $4.80 a bushel for hard red spring wheat, the farmers in Minot, N. Dak., after deducting $1.38 a bushel for freight rates, only received $3.42. Wheat prices are even lower today.

These extremely high freight rates in North Dakota are in sharp contrast to those across the border in Canada. As I stated, the freight rate from Minot to the west coast is $1.38 per bushel for wheat. From Estavan, Manitoba, a distance of less than 100 miles from Minot, to Vancouver, the freight rate per bushel is only 17.4 cents. These great differences in freight rates available to Canadian farmers and American farmers make it all but impossible to be competitive in the big Asian market.

With diesel fuel selling at double the price of a year ago, sharply increased fertilizer and chemical costs, and high interest rates, $3.42 for a bushel of wheat does not cover the cost of production. Continuing freight rates and a low return will force North Dakota farmers out of business.

Country buyers, because of the lack of availability of grain cars, are forced to offer lower grain prices than otherwise would be possible. They are limited in what they can pay farmers because they may be forced to keep the grain indefinitely due to grain car shortages. They have to do this to cover their storage costs and the farmers in my area are paying 18 or 19 percent interest. If the elevator cannot deliver grain at the specified time, they are subject to huge penalties. The big loser is the producer.

The North Dakota State Wheat Commission is filing a proposal for a voluntary reduction in freight rates to the west coast so that our rates would be more in line with those from major winter wheat States to the west coast.

There has been a lower rate from Kansas or Nebraska to the west coast on winter wheat for many years. Differences from rates for North Dakota spring wheat have increased sharply just recently. The North Dakota Wheat Commission reports that single car rates of wheat to Portland, Oreg., are 90 cents per bushel from Denver compared to $1.38 from Minot, N. Dak., for a difference of 48 cents. The distance from Denver to Portland is 1,358 miles compared with 1,327 miles from Minot. West coast shipments of grain to the Republic of China would exclude North Dakota wheat because the rate difference would give winter wheat an advantage.

Huge quantities of wheat are stored on North Dakota farms due to a truck strike and the grain handlers strike at Duluth and Superior ports last year. Added to this is the administration's recent embargo of wheat and feed grains to Russia. Since the embargo, wheat prices have dropped more than 60 cents a bushel, but the administration has failed to keep their promise to maintain prices at preembargo levels.

This legislation would give railroads even greater authority to increase freight rates in inland areas which are far from water compelled rates. Inland farmers in North Dakota and Montana who are a long distance from lower water navigation will face an impossible situation if railroads are permitted to continue their unfair practice of unreasonable increases in rates where they have no competition. I cannot help but feel that this bill will mean even more exorbitant freight rates to already financially hard-pressed farmers in North Dakota and other Upper Midwest States. These high freight rates which are increasing year by year are making for an impossible situation for farmers. The ability of railroads to impose unreasonable freight rates under existing law would be immeasurably worse under the pending legislation.

Mrs. KASSEBAUM. Mr. President, I wish to thank the distinguished Senator from North Dakota for his very thoughtful remarks about concerns that I shared at the time we were working on this legislation.

But I do feel that we have hopefully addressed them so that it will be something that can work to the benefit to the small shippers.

Mr. YOUNG. I hope so.

I think the situation in Kansas may be better than ours in North Dakota, although the rates in Kansas are terribly high.

Mrs. KASSEBAUM. We hope that those concerns will be protected.

Mr. YOUNG. The Senator from Kansas has always worked hard for more equity for farmers.

Mr. DOLE. Mr. President, the Senator from Kansas has a colloquy, which I think has been agreed upon, between the distinguished chairman and the distinguished Republican manager of the bill. The two amendments I think will be acceptable. And we have another very brief colloquy. Unless there is some objection, I wish to proceed with those matters now.

Is that all right with the chairman?

Mr. CANNON. That is all right.

Mr. DOLE. Fine.

First, with reference to the colloquy, I wish to engage the chairman of the Commerce Committee, Mr. CANNON, and the minority floor manager of the bill, Mrs. KASSEBAUM, in a brief colloquy to discuss the contract rate provisions contained in section 106.

The use of contract rates has been authorized to give the railroads assured levels of revenues and assure shippers of predictable service at known rates. Despite the possible utility of these contract rates in many circumstances, I have serious concerns about the possible impact of these rates upon small shippers, particularly the small grain handlers, shippers and processors of Kansas and the Midwest.

Is it the understanding the Senator from Nevada that contract rates for the shipment of grain could be lower than the published single-car rate?

Mr. CANNON. That is not clear. Because railroads will have to commit to making equipment available, these contract rates may actually be higher in most cases. But it is possible that large grain shippers could contract for rates that would be less than the published rate because of the large volumes they would be contracting to ship.

Mr. DOLE. While the effect on rates of these contract rates is unclear, the possibility of substantially lower rates could be dangerous to the survival of the smaller elevators of my State. If a larger elevator operating under contract rates would save as much as 2 to 5 cents per bushel in transporting grain, they would be able to pay from 2 to 5 cents more for that grain than smaller elevators.

I am concerned that if that is the

case, the small elevators will be unable to survive. The independent elevators will not be able to buy any grain. A farmer in my State of Kansas may have a dozen or so elevators in his market area. If the 3 or 4 largest of those 12 elevators offer contract rates, the farmers will naturally sell there, and the small elevators unable to offer contract rates will be endangered.

This is a problem unique to the agricultural industry, because market prices are set backwards. The Board of Trade sets the market price. Any difference in transportation costs, therefore, alters the price paid the farmer.

In light of these possible dangers to grain transportation, what does S. 1946 do to protect small shippers?

Mr. CANNON. I can assure that the Commerce Committee took these concerns into account. A number of steps were taken to protect the small shipper.

First, the discrimination provisions remain applicable to contract rates. Subsection (b)(3)(A) of section 106 provides that a contract may be suspended or investigated by showing that the contract would be discriminatory.

Second, the Commission will be able to determine if contract rates are unfair or constitute destructive competitive practices. Under subsection (b)(3)(A), the ICC could suspend or investigate such rates.

Third, the common carrier obligation is retained for contract rates. Subsection (b)(2) allows the ICC to limit any additional contracts if the contracts would impair the ability of the railroad to fulfill its common carrier obligation to any complaining parties. Subsection (b)(3)(c) provides that contract rates may be suspended or investigated if they interfere with the common carrier obligation.

Fourth, subsection (c)(1) restricts these contracts to no more than 35 percent of carrier-owned equipment, and larger class I carriers and shippers are limited to 40 percent of their equipment. This is an important limitation aimed at reserving rail cars for those unable to take advantage of contract rates.

Fifth, under section 114 contract rates would be subject to a longer notice period of 30 days before becoming effective to allow smaller shippers adequate time to review and contest any rates which violate any of the safeguards I have already described.

Finally, we are establishing a contract rate advisory service to keep small shippers informed of the provisions of contracts filed with the ICC, as well as advise the commission on these contract rates.

Mrs. KASSEBAUM. Mr. President, I would like to add to this. As I mentioned to the Senator from North Dakota, certainly it is a concern which I share with my colleague from Kansas and tried to keep foremost in mind as we worked on fashioning this legislation.

We worked diligently in the committee to assure fair treatment of small shippers in contracting for service. In this regard, I want to stress the retention of the common carrier obligation for contract rates. Often this obligation is difficult to enforce and, therefore, not useful to the small shipper. However, I would like to make clear that the attitude of the Senate is that the obligation is critical, and must be strictly enforced by the ICC. Another provision that I do not think has yet been mentioned is the provision which allows small shippers (1,000 cars or less) to contract for 100 percent of their rail service needs. I hope this will serve to encourage both carriers and small shippers to get together and work out equitable contracts for dependable service.

Mr. DOLE. Mr. President, I thank my distinguished colleague from Kansas and the distinguished chairman, Senator CANNON.

I appreciate this discussion of the safeguards included in this legislation to protect small shippers, such as grain elevators. I think it is important that the ICC recognize the reasons for including these provisions and the importance of carefully scrutinizing possible objections to proposed and existing contract rates and vigorously enforcing these safeguards.

Mr. CANNON. I agree with the Senator from Kansas. After a careful look at the implications of authorizing contract rates, the committee included the provisions we have been discussing for the express purpose of eliminating the possibility of the abuse of contract rates. We expect the ICC to take note of these sections of the bill and actively enforce them.

I want to stress also the benefits of this provision to both carriers and shippers.

Mr. DOLE. I thank my colleague from Nevada.

Mrs. KASSEBAUM. I would like to add that because of this concern, the Commerce Committee included antidiscrimination provisions, retained the common carrier obligation, limited the equipment to be used for contract hauling, and created an advisory service. The ICC should be aware of this potential problem, and should diligently enforce these safeguards.

Mr. DOLE. Again let me thank my colleagues because I think this legislative history and the colloquy we just had will provide that protection that some feel is necessary. I think this is outstanding work done by the conference committee in this area.

UP AMENDMENT NO. 1028

(Purpose: To assure proper consideration of all economic factors with regard to contract rates and service)

(Purpose: To protect against negative impacts upon small shippers with regard to contract rates)

Mr. President, I send to the desk two unprinted amendments and ask that they be considered en bloc.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will report the amendments.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 1028.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 55, insert the following between lines 20 and 21: "In making a determination under clause (iii) the Commission shall consider the difference between contract rates and published single car rates.".

On page 58, line 8, strike "and".

On page 58, line 10, strike "contracts." and substitute "contracts; and".

On page 58, insert the following between lines 10 and 11:

"'(3) assess the impact on competition among shippers of variations between contract rates for various shipments and the published single car rates and submit a report on such impact to the Congress not later than 90 days after the date of enactment of this section.'".

Mr. DOLE. Because of the concerns we have been discussing, I am proposing two changes in section 106 which would further protect small shippers against the possible dangers of contract rates.

My first amendment would require the Commission to consider the variation between contract rates and published rates in assessing whether a contract rate constitutes destructive competition.

My second amendment requires the contract rate advisory service to assess the impact on competition of variations between contract rates and published single-car rates and report to Congress within 15 months of enactment. Since it will take about 1 year for contract rates to be instituted, this assessment will be due about 90 days after contract rates become effective. This assessment should consider the potential problems we have been discussing. In light of the discussion we have just had about the fears many in my State have about possible impacts of contract rates, I would hope that these amendments would be accepted. They do not hamper the goals of the Commerce Committee in authorizing contract rates. They merely provide additional safeguards.

Mr. CANNON. Mr. President, I find no problem with the amendments. They would be acceptable to me.

I yield back my time.

Mr. DOLE. I yield back the remainder of my time.

The PRESIDING OFFICER. Is all time yielded back? The question is on agreeing to the amendments of the Senator from Kansas.

The amendments were agreed to.

The PRESIDING OFFICER. Who yields time?

Mrs. KASSEBAUM. I would be happy to yield time to the Senator from Kansas.

Mr. DOLE. Mr. President, on another matter concerning the ICC investigation of complaints many small shippers face persistent problems and obstacles in receiving rail service. Often these problems prompt them to seek the assistance of the Interstate Commerce Commission. Am I correct in my understanding that the Commission has the authority and ability to investigate these shippers' complaints?

Mr. CANNON. You are correct. Under the common carrier obligation provision (49 U.S.C. 1101). The ICC has a responsibility to look into complaints it receives from rail users.

Mr. DOLE. I have been contacted by shippers in my State of Kansas who are concerned that the Commission follow through with these investigations, and not merely answer the complaint and drop it in a file. Is it your understanding that under existing law the Commission is to investigate every complaint it receives, and take whatever action it finds appropriate to address the problem?

Mr. CANNON. Yes, the Commission is expected to seriously look into all of the complaints it receives.

Mr. DOLE. I thank the distinguished chairman again, and I thank my colleague from Kansas for their consideration of these problems.

I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. CANNON. I suggest the absence of a quorum on my time.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. COHEN. Mr. President, will the Senator from Kansas yield?

Mrs. KASSEBAUM. Mr. President, I am delighted to yield time to the Senator.

Mr. COHEN. Mr. President, an adequate, affordable, and reliable transportation network is an essential ingredient for the economic health of New England. Maine's agricultural economy is particularly sensitive to transportation considerations because of its relatively isolated geographical location and low density of economic activity.

The major agricultural products now hauled by the Maine railroads are corn and soybean meal for use in Maine livestock industries. The poultry industry, our largest user of livestock feed—consuming more than two-thirds of a million tons of feed grain each year—is almost wholly dependent on rail imports from the midwestern grain belt. Ninety-eight percent of our grain is imported, more than 90 percent of which is shipped by rail. For this reason, Maine poultrymen are highly sensitive to all factors affecting transportation, especially rail rates. The poultry industry experiences periodic shortages of railcars, and unreasonable transit times.

Since local storage facilities do not permit more than 3 to 5 days of reserve grain supply, any disruption of rail shipments can have a disastrous effect. During recent winters, grain cars from the Midwest have sometimes been enroute 20 to 30 days—three to four times the normal transit time. And the very survival of our broiler and layer flocks is extremely vulnerable to inconsistencies in the availability of feed.

Last week, events in Maine brought to the attention of this body the economic problems of my State's potato producers. Like their counterparts in the potato industry, Maine poultrymen now face a growing threat to their economic viability because of worsening transportation and energy problems.

Several months ago, one of Maine's largest broiler processors commenced bankruptcy proceedings, citing feed transportation costs as a major cause of its decline. Hundreds of jobs are in jeopardy, both as a direct and indirect result of this action. Two other Maine poultry firms have undertaken recent expansion—not in New England, but in Maryland and Pennsylvania where the feed grain transportation outlook is more favorable. Maine's present position as one of the largest broiler producing States in the Nation is threatened largely by Federal transportation policies which continue to discriminate against the region.

Some changes in transportation costs are borne equally by all producers regardless of their location. The rising costs of energy, for example, are reflected in higher grain costs to the producers and, finally, to the consumer. This expense, however, is a factor with which producers must deal regardless of the region of the country they operate in. Other transportation costs, however, are not equally borne by producers throughout the country and, in fact, substantial and even crucial differences exist between the transportation costs borne by New England producers and by their competitors in the Southwest.

For years, the New England poultry industry, supported by the New England Congressional Caucus, has protested to the ICC concerning disparities in rates which New England feed grain users pay compared to those paid in the Southeast. Since 1972, the disparity in freight rates between New England and other regions has widened alarmingly, almost doubling. Yet, the ICC response to this obvious threat to the viability of the New England poultry industry has been inadequate.

The most recent rate increase has created a disparity in shipping costs of $10 to $15 per ton between southern and northeastern producers, further adding to the economic disadvantages facing the poultry industry of my State and other areas in New England. While I recognize the need of the Nation's rail carriers, and particularly the eastern carriers, for increased revenue, annual rate increases on a flat percentage basis are destroying what was once a viable New England industry.

While a Member of the House, I sponsored legislation which led to the creation of the Rural Transportation Advisory Task Force. At my request, the task force held a hearing in Portland, Maine, on July 31, 1979, to examine such problems as branch line abandonments, rail regulatory reform, boxcar shortages, the economics of unit trains, and water, highway, and air transportation problems facing agriculture.

On January 1, 1980, the task force submitted its final report to the House and Senate Agriculture Committees and the ICC. Recognizing the problems facing captive shippers, such as New England poultry producers, the task force concluded that rail service and rates should be provided under three options: negotiated contracts, regulated contracts, and common-carriage service.

The option of a regulated contract holds promise for alleviating the economic plight of the New England poultry industry because producers would be able to petition the ICC for unit train rates. In past years, the New England poultry producers have been urging the railroads to offer unit train rates for the transporting of feed grains. The use of a unit train would not only reduce the present disparity of feed grain rates, but would insure the economic feasibility of privately owned feed grain storage facilities, which would provide an added measure of protection against emergency situations which might jeopardize the delivery of feed grains to New England.

I recognize that the Senate Commerce Committee did not have an opportunity to thoroughly examine the task force recommendations during its lengthy deliberations on this bill. Because I believe the committee should have an opportunity to carefully assess the implications and effects of the task force recommendations, I do not intend to take any action today which would have the effect of implementing these recommendations. Since the other body has not acted on this bill yet, I am hopeful, however, that the task force recommendations will receive the attention they deserve before final action is completed on this bill.

Mr. President, the hour is late for the New England poultry industry. Without immediate attention to its increasingly serious transportation and energy problem, this once strong New England industry faces virtually certain economic extinction.

In the coming months, I look forward to working with my colleagues on the Senate Commerce Committee in a joint effort to examine and resolve the plight of the New England poultry industry.

I am confident these efforts will succeed.

### UP AMENDMENT NO. 1029

(Purpose: To provide that the base rate used to compute future cost-justified increases shall not include any seasonal increases or surcharges)

Mr. COCHRAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Mississippi (Mr. COCHRAN) proposes an unprinted amendment numbered 1029.

On page 48, line 4, strike the semicolon after "commodity" and insert in lieu thereof the following: ": *And Provided Further*, That such base rate shall not include any rates authorized under section 111 of this Act;".

Mr. COCHRAN. Mr. President, the bill before the Senate now provides for rate adjustments based on cost increases. Under this provision a rail carrier may increase any rate without it being considered unjust so long as the new rate is equal to or less than the cost adjusted base rate.

To compute the adjustment, the rate for the transportation of a commodity in effect on January 1, 1980, is multiplied by the latest rail cost factor published by the Interstate Commerce Commission.

Since March 9, 1974, the Nation's rail carriers have received 16 general rate increases amounting to over 82 percent. On September 16, 1979, a 20-percent demand-sensitive rate increase was imposed on grain shipped into my State by the Illinois Central Gulf. In addition, on October 15 another increase of 14.1 percent was assessed on most agricultural products. Thus, in less than a month, shippers in my State received a 34.1-percent increase on grain rates.

The 20-percent seasonal increase ran from September 19, 1979, to February 16, 1980. Therefore, it was in effect on January 1 when the base rate is determined for future cost-justified increases.

It would not be fair to shippers to permit temporary, seasonal rate increases to be included in the base rate. Because of the need to spell this out so it could not be misunderstood, I propose an amendment which provides: "That such base rate shall not include any rates authorized under section 111 of this Act."

This new provision is intended to make it clear that the base rate shall not include any demand-sensitive or seasonal rates or surcharges in effect at the time of determining the base rate.

It would be appreciated very much if my amendment could be accepted by the managers of the bill.

Mr. CANNON. Mr. President, I understand that Senator COCHRAN's amendment is intended to insure that temporary increases caused by seasonal rates or interim surcharges are not taken into account in determining base rates under section 103. While I believe the provision was adequate as reported out of committee, I have been informed that this change would not have a major impact. Under the circumstances, I will reluctantly accept the amendment.

Mr. President, I yield back the remainder of my time.

Mr. COCHRAN. Mr. President, I yield back the remainder of my time, and I thank the manager, the Senator from Nevada.

The PRESIDING OFFICER. All time has been yielded back. Without objection, the amendment is agreed to.

UP AMENDMENT NO. 1030

(Purpose: To allow a reasonable time for abandonment proceedings)

Mr. COCHRAN. Mr. President, I send another amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Mississippi (Mr. COCHRAN) for himself and Mr. DURKIN proposes an unprinted amendment numbered 1030.

Mr. COCHRAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 76, strike line 6.

On page 76, strike lines 9 and 10.

On page 76, line 11, strike "(B)" and substitute "(A)".

On page 76, line 13, strike "(C)" and substitute "(B)".

On page 76, line 15, strike "(D)" and substitute "(C)".

On page 77, line 1, strike "(E)" the first time it appears and substitute "D".

Beginning on line 14, page 77, strike out through line 2, page 79.

On page 79, line 3, strike "(4)" and substitute "(3)".

On page 79, line 18, strike "(5)" and substitute "(4)".

On page 79, line 19, strike "(4)" and substitute "(3)".

Mr. COCHRAN. Mr. President, in addition to the significant issues of rate increases and deregulation of rail carriers addressed in S. 1946, another major change in the law relative to the abandonment process is also a part of this legislation. My amendment would correct what I believe to be a serious problem in the committee bill which if adopted would significantly shorten the process under which abandonment proceedings are now carried out. The committee bill would amend sections 10903 and 10904 of title 49 U.S.C. to set a much more compressed time frame under which abandonment applications will be considered by the Interstate Commerce Commission, and in so doing, will put a much greater burden on those communities, States and shippers who are faced with the prospect of joining together to make a case in opposition to an abandonment.

Under the existing law, adequate time is provided to protestants to compile the necessary data to challenge an abandonment or to work out alternative methods of financing and operating a line to be abandoned. All rail carriers are now required to have on file a system diagram map showing the lines they have under review in four categories. Category 1 lists the carrier's lines which it will seek to abandon within 3 years. Category 2 lists all lines under study which may be subject to future abandonment applications. Category 3 consists of all lines for which the carrier has actually filed an abandonment application with the Commission. Category 4 lists the carriers lines that are being operated under the rail service continuation provisions of the 3–R Act.

Several major protections are provided to communities and shippers who may face the loss of rail service under the current law. There is now provided a 4-month limitation on moving a line from category 1 to category 3. That is, if a State, political subdivision or significant user of a line opposes the abandonment of a line, the line must have been listed in category 1 for at least 4 months prior to an abandonment application being filed. In addition, a carrier must file notice of intent to abandon within 30 days prior to actual filing of the abandonment application, and the abandonment application cannot be filed less than 60 days prior to the proposed effective date of the abandonment.

If a protest is filed, the Commission must order an investigation within 55 days from the date the application for abandonment is filed. If an investigation is to be conducted, the Commission shall postpone the effective date of any part of the abandonment or discontinuance for a reasonable period of time to allow it to complete the investigation.

Mr. President, I believe the provisions of the law that allow a reasonable opportunity for those about to lose rail service to have their case heard should be preserved. The provisions of the committee's bill in section 102 would not, in my view and that of my constituents, who are now faced with a loss of rail service, provide an adequate period of time to make their case. The committee bill would compress the total time frame for abandonments which are opposed to a total of only 9 months.

As I understand the committee bill, this is accomplished by several significant changes in current law. No longer would a 60-day period be required between the date an application is filed and its effective date. Further, when a protest is received, the Commission would be limited to 45 days in determining whether an investigation is needed. If the Commission decides to investigate, the committee bill would limit the investigation to 135 days and require a final decision within 165 days, and even if this decision is appealed, the final decision must be issued within 255 days of the date of the application.

Mr. President, the amendment I am proposing today would negate these drastic changes in the current law where abandonment applications are challenged by communities, States, and shippers dependent upon rail service. In view of the enormous amount of rail mileage that is now listed in category 1—to be abandoned within 3 years—we must insure that those communities in this country who are put in the position of having to make their cases against abandonments have sufficient time to find alternative financing and means of operating these lines. In many cases, service can be provided by short-line railroads, but to accomplish the negotiations and arrangements to bring in outside operators requires tremendous resources and time.

Mr. President, I cannot speak for the problems that have been encountered by communities outside of my own State in attempting to find solutions to the problem of loss of rail service. However, I have become familiar with this problem in Mississippi.

As I said this amendment relates to the abandonment provisions of the bill before the Senate. When the Railroad Transportation Policy Act was proposed by the committee, it involved more than just the issue of rate flexibility. There are some very significant changes in the rail abandonment process in the bill before the Senate. Under existing law, affected communities—communities, States and shippers which have an interest in the rail transportation system which may be subject to an abandonment—have a right to protest and contest the abandonment before the Interstate Commerce Commission. One of the key issues, Mr. President, in determining whether or not the ICC decides that an abandonment can be permitted is the issue of the economic impact that that abandonment whould have on the community or State or shippers who are involved. Existing law gives opportunities which are sufficient, in my judgment, to these interests to make their case—not only to make their case before the Interstate Commerce Commission, but a sufficient period of time to determine whether or not they want to try to get another rail company or another business entity to obtain the line and equipment that is being abandoned or to explore alternative modes of transportation that may be available.

(Mr. HEFLIN assumed the chair.)

Mr. COCHRAN. Under the committee bill, however, Mr. President, this period of time during which one may contest, assess the economic impact, explore alternative means of transportation, try to see whether or not the State or local government entities can provide assistance, is shortened to 9 months. The problem with this, Mr. President, is that this is just too short a period of time within which communities, shippers, and States which may be affected by abandonment procedure can try to respond in an effective way to an abandonment petition. My amendment seeks to keep the law as it is with respect to timetables for action by the ICC in respect of contested claims. There is no effort and no intent by the offering of this amendment to frustrate the uncontested filings of abandonment applications.

To cite an example, Mr. President, which is close to the State of Mississippi—it involves my State now—the Illinois Central and Gulf merged a few years ago with what is called the GM&O Railroad. The Gulf, Mobile, and Ohio's main line in Mississippi ran down through the heart of the State, from the north of the State down into the central part of the State of Mississippi. After the merger was permitted, and it took place just a few years ago, the Illinois Central and Gulf filed an application, or is preparing to file an application, to abandon that main line of the old GM&O Railroad.

If this is permitted to be done and no alternative means for handling shipments that were handled on that railroad are found, this is going to disrupt in a catastrophic way the economy of the State of Mississippi. It will set back economic development efforts 20 years or more in these towns and communities that are served by the railroad.

I bring that up not as a reason to say that abandonments ought not to be permitted under proper circumstances, but if we do not watch out, we are going to streamline the procedures so much that we shall not permit affected communities, States, or shippers time to find alternative means of transportation, to be able to take advantage of their rights under the law, if we just give them such a short period of time within which to assess the economic impact and do all the other things they have to do in order to be able to respond effectively to an application for abandonment.

At this point, Mr. President, to show what an impact nationwide the abandonments may have on the entire economy of our country, I ask unanimous consent to have printed at this point a listing by State of rail line mileage in category 1. This category relates to lines which are to be abandoned within 3 years under the rules and law as they now exist.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

*Mileage carrier will seek to abandon within three years*

| State: | |
|---|---|
| Alabama | 21.76 |
| Arkansas | 72.70 |
| Arizona | 63.79 |
| California | 414.00 |
| Connecticut | 2.60 |
| Delaware | 9.39 |
| Florida | 203.24 |
| Georgia | 21.10 |
| Iowa | 1,838.24 |
| Idaho | 134.77 |
| Illinois | 844.25 |
| Indiana | 330.83 |
| Kansas | 159.01 |
| Kentucky | 146.02 |
| Louisiana | 112.31 |
| Massachusetts | 67.80 |
| Maryland | 11.01 |
| Maine | 25.38 |
| Michigan | 404.67 |
| Minnesota | 927.07 |
| Missouri | 359.00 |
| Mississippi | 100.30 |
| Montana | 264.05 |
| North Carolina | 139.84 |
| North Dakota | 418.60 |
| Nebraska | 140.40 |
| New Hampshire | 74.06 |
| New Jersey | 2.80 |
| New York | 143.18 |
| Ohio | 156.23 |
| Oklahoma | 118.29 |
| Pennsylvania | 166.72 |
| South Carolina | 116.92 |
| South Dakota | 875.17 |
| Tennessee | 105.20 |
| Texas | 287.75 |
| Utah | 2.75 |
| Virginia | 2.97 |
| Vermont | 3.23 |
| Washington | 35.72 |
| Wisconsin | 1,137.29 |
| West Virginia | 3.61 |

From Interstate Commerce Commission system diagram maps as of October 1, 1979.

States not listed did not have mileage under category 1.

Mr. COCHRAN. Mr. President, this listing refers to mileage that is to be abandoned within 3 years as of October 1, 1979. Of course, there have been changes in the system diagram maps as railroads have moved additional lines from category II, which indicates they are under study and may be subject to future abandonment, to category I, which indicates that they will be subject to abandonment application within 3 years. Since the October 1979 compilings by the Commission, the total mileage in category I in Mississippi has increased from 100 miles, which is shown on that listing, to over 400 miles. So I caution the Members who may be reviewing that listing to decide the impact of abandonments in their own States that that is as of October 1 and those mileage figures may be substantially greater now than they were then.

Two lines that are listed in category I in our State have created very serious problems. I mentioned the Illinois Central Gulf Line that goes from Bemis, Tenn., to Ackerman, Miss. That is right in the heart of our State. There is another line that goes from Bemis, Tenn., to Water Valley Junction, Miss. That is an equally important segment of that railroad's lines that serve our State. I ask unanimous consent to have printed at this point in the RECORD a summary of the features of the economic base data relating to these abandonments, which will be addressed in depth in the final study.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

### SUMMARY

#### INTRODUCTION

The proposed abandonment of the ICGRR line from Bemis, Tennessee to Ackerman, Mississippi will more than likely have a very strong adverse economic impact on the economy of the railroad corridor. This corridor area includes eight counties in Tennessee and Mississippi, including: Choctaw, Webster, Chickasaw, Pontotoc, Union, Tippah, Hardeman, and Madison. The total economic impact will be exhibited in a "ripple" or "domino" effect beginning with a displacement or loss of employment in all sectors, especially agricultural and natural resources, and culminating in a loss of labor and proprietor's income, labor force, per capita income, and possibly population. In general economic growth and even maintenance will suffer. This study will examine the demographic characteristics of the corridor area and the possible economic impact of the abandonment of a major mode of freight transportation.

Any dependence upon this study should be tempered with the realization that it is a cursory study, not involving an in-depth correlation of demographic factors and economic impact. Two studies of interest being conducted by the Governor's Office of Planning and Coordination will provide more detailed information on the specific issue of abandonment of this line and others. Roger Creighton and Associates is exploring the economic impact on the local area of the abandonment of the ICGRR line from Bemis to Ackerman and from Bemis to Water Valley. The University of Mississippi's Center for Population Studies is conducting a mail survey of 2,000 shippers in Mississippi to determine their attitudes about the various modes of freight transportation and to gather empirical data on their use of the various modes. These two special studies should be complete in about a month and will be available for review from the State office having primary responsibility for rail planning—the Governor's Office of Planning and Coordination.

Specific data from shippers in the corridor area will not be included in this study. What will be shown is a present demographic and economic profile of the corridor, its relationship to the rail form of transportation, and the possible economic effects of abandonment of that form of transportation.

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THE "DOMINO EFFECT" OF THE PROPOSED ABANDONMENT OF A RAIL LINE

X number of shippers depend upon rail transportation to export and import goods inexpensively. (Manufacturing concerns of this type primarily produce light density, high bulk commodities for shipment (e.g. furniture). Many raw agricultural and forest products are conducive to export by rail due to their relative bulk.)

These shippers employ directly and affect indirectly X number of employees who receive X amount of dollars for their services.

Rail transportation is abandoned leaving shippers to turn to other modes of freight transportation, primarily trucking. For these X shippers trucking is more expensive than rail. There is a given circumference by which hauling outside of this circumference would no longer be profitable.

This increase in cost is reflected in possible layoffs and absorption of the extra cost by consumers.

Employees laid off are added to unemployment rolls—transfer payments increase—etc.

This leads to a loss of per capita and total income—affects buying power—which affects retail and wholesale trade, local commerce.

Affects tax rolls; sales and ad valorem—thus affecting the quantity and quality of municipal and county services rendered.

Lack of a rail system has a negative impact on the draw of prospective manufacturing industries to the area.

Minorities are particularly affected due to their increased involvement in some sectors of forest and lumber products development (i.e. pulpwood extraction)

SOCIO-ECONOMIC IMPACT ANALYSIS

Abandonment of "light density" lines such as the ICGRR line from Ackerman, Mississippi to Bemis, Tennessee can have a wide-ranging effect on all aspects of socioeconomic development and growth in the corridor area, and contiguous areas. Impacts on rail users include increased transportation costs and subsequent forced diminishment of production and thus sales, and forced relocation or closing of businesses and industries. The community suffers through increased costs to the consumer, loss of jobs (present and potential), loss of revenue (including important tax revenues), and a reduction in attractiveness to potential new industry.

In the six county Mississippi segment of the corridor area (Choctaw, Chicksaw, Pontotoc, Tippah, Union and Webster counties) it is obvious from demographic data presented that abandonment of the line will have detrimental economic impact upon this area. For example, in some counties timber and pulpwood production is a major segment of the economy, in terms of employment, and more importantly in terms of the raw materials' "export" potential. Abandonment of the line will certainly cause timber and pulpwood haulers and producers to seek out new rail lines on which to ship their goods (rail transportation is the most economically feasible mode for transportation of raw timber commodities). This will increase their transportation costs, affect jobs adversely, and possibly eradicate many small and large timber and pulpwood industries.

This section will discuss the possible impacts the rail line abandonment will have on population growth, labor force growth, employment, personal income (particularly disposable income), tax revenue, wholesale and retail trade, and other factors which make up the local economy.

POPULATION ANALYSIS

Population trends for the six county corridor area indicate that three of the counties have had significant population growth since 1970—Tippah at 15.7 percent, Pontotoc at 11.2 percent, and Union at 10.5 percent. Projections show four counties to have populations over 20,000 persons in the year 2000.

Population increases correlate directly with the availability of jobs and other amenities in an area. The loss of the rail line in these counties will affect present and potential jobs and job opportunities, thus increasing the possibility for population loss. A loss of population will, of course, affect tax revenues of all kinds—ad valorem property and personal, sales, income, etc. and will also affect revenue sharing monies and the general vitality of the corridor area. The effect will be particularly felt by the 32,396 persons between 15 and 44 who make up the labor market in those counties.

LABOR FORCE AND EMPLOYMENT

The most direct effect will be felt by the 41,370 persons who make up the labor force in those six counties (those who have or are searching for employment). The abandonment will also be directly experienced by the approximately 35,130 persons presently employed in the corridor area. At present the average unemployment rate in the area is 6.4 percent. Individual county employment rates range from 4.9 percent in Pontotoc County to 7.5 percent in Chickasaw County.

The distribution of employment in the counties indicates the possible impact of loss of jobs to the economy. Although agricultural products are primary users of the rail form of transportation, the loss of the line will not directly affect major job loss in the corridor area as greatly as some other sectors of employment. This is due to the decreased use of human resources in agriculture. It will, however, indirectly affect the jobs of those who sell farm equipment, and food and fiber, among others, as well as consumers who will face even higher prices. In this six county area agriculture accounts for about three percent (3 percent) of the total employment. Manufacturing industries employ on the average 54 percent of all employed in the corridor area. The percentage is as high as 63.6 percent in Pontotoc County and as low as 46.1 percent in Choctaw County.

Wholesale and retail trade, which will be greatly affected by a loss of jobs and disposable income, employs over 25 percent (average) of the total employed in the corridor. The Service and Miscellaneous sector employs almost 21 percent and will certainly feel the pinch with a loss of disposable income.

Government and government enterprises employ a great many people in this area. In Webster County almost 50 percent of all nonmanufacturing employment is in the government sector. Personal income figures indicate that state and local government income accounts for 78.8 percent of all income from government employment. The loss of tax revenues would of course decrease the operating budgets of most of the counties and cities in this area, demanding decreases in labor expenditures and possible cuts in service.

The labor force, and employment have increased in all areas except agriculture since 1970, an expected trend. The increased mechanization has increased yields and revenue but decreased need for human resources. Some increases worth noting are the 110.4 percent increase in manufacturing employment in Pontotoc County in the eight year period (1970–1978). The construction industry registered dramatic increases in employment. Transportation and public utilities had the most sporadic growth—from no change in Choctaw County to a 60 percent increase in Tippah County and a 27.3 percent decrease in Union County.

The stable and consistent increases in employment of most sectors indicates good overall growth—growth which will cease or downturn with the loss of a major form of freight transportation.

The Mississippi State Rail Plan (1978) indicates that for the year 1976 Lumber or Wood Product shippers used the majority of carloads (132,900) shipped the greatest tonnage (8,187,900 tons) and produced the greatest revenue ($51,310,800) in the state. It is estimated from the shipper's list and manufacturers' data that approximately eleven (very low estimate) industries in the corridor area, employing about 233 people, are directly involved in the production or hauling of Lumber or Wood Products. Pulpwood and Paper Products, also a major industry in the area, were responsible for 41,700 carloads, (9.6 percent of total) 2,013,700 tons (8.2 percent), and $38,214,300 in revenue (14.0 percent).

Chemicals and Allied Products, Food and Kindred Products, Farm Products and Furniture and Fixtures are also sectors well represented in the corridor area who made the top ten Mississippi commodities shipped by rail in 1976.

AGRICULTURAL IMPACT

The "corridor area" is not totally agriculturally homogenous, but does share a common interest in some crop production, especially soybeans, and forest products. Choctaw and Webster Counties appear to be the largest producers of raw forest products, particularly pulpwood. In 1977 Choctaw County drained over 55,000 cords of pine and hardwood from that county's forests. Webster County removed over 40,000 cords. These counties also rank high in timber production with Choctaw producing 20,462 (million board measure) and Webster 11,895 (million board measure). In 1979 Choctaw County had 183,600 acres of land in forestry cultivation and Webster County had approximately 145,000 acres. In all the counties forestry is an important contributor to the economy. In all counties well over 600,000 acres are in forestry cultivation. Severance tax revenues totaled $84,125.77 for the six counties in 1977.

Mr. COCHRAN. I do not want to take up unnecessarily the time of the Senate to dwell on these two matters. So, for the purpose of moving along, I have had that material printed in the RECORD.

In conclusion, Mr. President, this amendment is about the necessity to be sure that we have a protection written in this bill for communities such as those along these lines that I am discussing.

The examples I have discussed here today reflect only part of the national problem. As railroads seek to abandon what they determine to be unprofitable lines in the years ahead, we will see more and more communities faced with the loss of jobs and industry. I believe that railroads should be provided an adequate return on their investment; however, we must insure that communities and towns are not arbitrarily cut off from rail service without an adequate opportunity to contest the loss with the Commission or to find alternative financing and means to operate lines that are to be abandoned, or some other means of transportation to take their place.

My amendment would simply provide that the abandonment process in cases where the abandonment is protested would provide the necessary opportunity and give affected communities and shippers the time they need.

The amendment would leave intact those provisions of existing law setting out the procedures to be followed where proposed abandonments are contested.

Mr. President, I reserve the remainder of my time.

Mr. CANNON. Mr. President, I yield myself 5 minutes.

Mr. President, the Senator is not arguing the procedural matters of abandonment. He is arguing the validity of the abandonment itself, the determination that an abandonment should be made.

The abandonment provisions of this bill are designed to accomplish two major objectives: Significantly reducing the time spent processing such cases at the Commission and improving the process by which abandoned lines can be subsidized. No changes are made in the standards under which the ICC decides whether or not to grant the abandonment of railroad lines.

The Senator is simply arguing they should not abandon some lines, they ought to continue service.

But in the committee hearings, Mr. President, there was no opposition to these procedural reforms the committee adopted. For abandonment applications which are opposed, the Commission would be required to decide the cases within 9 months instead of the 2 or 3 years—or even more—it now takes. These procedural reforms will benefit everyone—for neither the communities involved nor the railroads benefit from protracted litigation. The Cochran amendment would eliminate these procedural reforms and abandonment cases would continue to be as long and expensive as they now are.

It is worth emphasizing that neither S. 1946 nor the Cochran amendment would alter the substantive legal standards under which abandonment cases are decided. The only question is how long it takes to make the decision. Because procedural reform is long overdue, this amendment should be rejected.

Mr. President, what we are trying to do in this bill is the adoption of procedural reforms to help make it more favorable than it is today.

We should not be rolling the clock back to preserve the status quo.

Mr. President, I reserve the remainder of my time.

Mrs. KASSEBAUM. Mr. President, I certainly am very aware of the concerns of the Senator from Mississippi, which he has addressed.

The State of Kansas is presently plagued with a total cessation of service of one of the major carriers of the Midwest—the Rock Island Railroad. Recently, the Northeast and the Northwest suffered a serious blow with massive abandonments by the Milwaukee Railroad.

Stretching out the time to make a case against an abandonment does nothing more than prolong the inevitable.

I think that making a railroad line operate that desires to abandon for 2 or 3 years is a case that is going to not only add a financial drain to the railroad and deprive it of needed financial resources, but it places an additional financial burden on the shippers along that line.

Prolonging the inevitable is not only counterproductive to shippers and States, but, certainly, it is, I think, detrimental to the railroads.

Maintaining the status quo of stretching abandonment proceedings before the ICC for an average of 2½ years must not be perpetuated.

I feel that the Senator from Mississippi's amendment, which is pending before us today, would do just that.

When the Railroad Transportation Policy Act began at the beginning of this Congress, it was essentially a deregulation bill, designed to revitalize the railroads and help them aggressively seek new markets and growth with the economy.

What this really does do is simply shorten the period of time the case can be made.

I think we have taken a step, in this legislation, that will be a productive one for both the railroads and the shippers.

I urge my colleagues to consider this in the light of the fact that if we are going to maintain a vital transportation system, we are going to have to do all we can to strengthen the railroads as well as add protection for the communities which will be losing service.

I would be glad to yield time.

Mr. COCHRAN. Mr. President, I ask unanimous consent that Senator STENNIS be added as a cosponsor to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COCHRAN. Mr. President, I have great respect and high regard for the chairman and the manager of the bill on the minority side.

I am constrained to point out at this time that only 58 percent of the applications for abandonment which were decided by the ICC during the 1979 calendar year were subject to contest and, therefore, would be subject to the provisions of the amendment which I am offering.

It is not the kind of procedure that is going to unnecessarily delay the consideration of these applications by the ICC.

I cite in support of that conclusion the fact that of those applications which were contested, or opposed, there were 85 in all, 49 were set for what is called a modified hearing procedure to investigate, which means the matter was handled through exchange of written documents, without an oral hearing.

Thirty-six of that number were handled under the oral hearing process before an administrative law judge.

So out of a total of 146 abandonment cases, only 36 ever went to the administrative law judge stage with all arguments and, basically, a full fledged fight over the abandonment application.

So we are not talking about the usual, the ordinary abandonment procedure.

What we are trying to identify here is that unusual set of circumstances involved in the abandonment process where it may be difficult to develop information on which to base a contest at filing.

I suggest that even the railroads would probably be hard put to fuss about this kind of opportunity to have a full hearing of the issues, the factors that are historically considered by the Commission in determining public convenience and necessity, include such things as evidence of deliberate downgrading of a property by the railroad, availability of alternative service, present and future traffic potential, economic burden on the railroad—for example, cost of operation, condition of track, cost of rehabilitaton, economic viability of carrier.

Community impact is another very critical factor that is examined by the Commission, and environmental considerations are looked at.

The reason I cite those various factors, Mr. President is to illustrate the complexity of some of these issues. We cannot run out to the Commission and say, "What is going to happen to us if the railroad is shut down," and everybody has got all these facts and figures at their fingertips and can put them in a pleading and file it with the ICC. It is not that simple.

In our State right now, there are meetings going on, economists are reviewing the effects of a proposed abandonment, alternatives are being studied, with experts being called in from other localities and regions where they have had experience with a substantial line abandonment. It is a complicated ordeal.

My point is that if we impose a 9-month limit on the ICC and tell the parties to this abondment process that from the beginning to the end they have 9 months, and the railroad has had an opportunity to accumulate its information and its facts over a long period of time, planning the abandonment, but if it has kept that from the community involved until it transferred that listing into category 1, then that community is going to be up against it if it plans to come up with facts and figures to support its contest.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. COCHRAN. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CANNON. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Idaho (Mr. Church), the Senator from Alaska (Mr. Gravel), the Senator from Massachusetts (Mr. Kennedy) and the Senator from North Carolina (Mr. Morgan) are necessarily absent.

Mr. GOLDWATER. Mr. President, regular order.

The PRESIDING OFFICER. Reguular order has been called for.

Anyone else in the Senate wishing to vote come forward and vote.

The result was announced—yeas 37, nays 59, as follows:

[Rollcall Vote No. 70 Leg.]

YEAS—37

Boschwitz
Bumpers
Burdick
Chiles
Cochran
Cohen
Culver
DeConcini
Dole
Durenberger
Durkin
Goldwater
Heflin
Heinz
Helms
Javits
Johnston
Laxalt
Mathias
McGovern
Melcher
Muskie
Pressler
Pryor
Sarbanes
Sasser
Schweiker
Simpson
Stennis
Stewart
Stone
Thurmond
Tower
Tsongas
Weicker
Young
Zorinsky

NAYS—59

Armstrong
Baker
Baucus
Bayh
Bellmon
Bentsen
Biden
Boren
Bradley
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Cranston
Danforth
Domenici
Eagleton
Exon
Ford
Garn
Glenn
Hart
Hatch
Hatfield
Hayakawa
Hollings
Huddleston
Humphrey
Inouye
Jackson
Jepsen
Kassebaum
Leahy
Levin
Long
Lugar
Magnuson
Matsunaga
McClure
Metzenbaum
Moynihan
Nelson
Nunn
Packwood
Pell
Percy
Proxmire
Randolph
Ribicoff
Riegle
Roth
Schmitt
Stafford
Stevens
Stevenson
Talmadge
Wallop
Warner
Williams

NOT VOTING—4

Church
Gravel
Kennedy
Morgan

So Mr. Cochran's amendment (UP No. 1030) was rejected.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MAGNUSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Texas is recognized.

AMENDMENT NO. 1687

(Purpose: To provide a procedure for reopening certain established capital incentive rates)

Mr. TOWER. Mr. President, I call up my amendment No. 1687 and ask for its consideration.

May we have order, Mr. President? I cannot hear myself.

The PRESIDING OFFICER. The Senate will be in order.

The clerk will report.

The legislative clerk read as follows:

The Senator from Texas (Mr. Tower) proposes an amendment numbered 1687.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 67, line 21, strike out the word "section" and insert in lieu thereof the word "sections".

On page 68, line 2, strike out the quotation mark and the end period.

On page 68, between lines 2 and 3, insert the following:

"(e) Notwithstanding the provisions of subsection (b) of this section, in the case of any rate, classification, rule, or practice established under this section which was contested by the affected shipper or shippers, the Commission shall, upon request of an affected shipper, conduct an investigation into the lawfulness of such rate, classification, rule, or practice in a proceeding, to be completed within 180 days of such request, in which the burden of proof shall be upon the carrier or carriers participating in such rate.".

The PRESIDING OFFICER. Is this the Tower amendment upon which there is to be 1½ hours' limitation of debate?

Mr. TOWER. I am not certain of the time limitation, Mr. President. This is amendment No. 1687. It is the only amendment I will call up.

It is my understanding that there are 1½ hours evenly divided.

The PRESIDING OFFICER. Under the agreement, there is a limitation of 1½ hours on debate on this amendment.

Mr. TOWER. Mr. President, I think I can assure my colleagues that, unless the opponents want to take a great deal of time, this amendment can probably be disposed of in much less time than the hour and a half allotted to it.

Mr. President, this amendment would amend section 115(b) of the committee bill, which deals with the so-called capital incentive rate provision in existing law. The amendment is designed to rectify an inequity that would otherwise exist should that section of the bill become law.

Mr. President, this Chamber sounds like a tree full of squirrels, and only one of them is in possession of a nut. I wonder if we could have a little order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. TOWER. Mr. President, the committee bill provides for prospective repeal of the capital incentive rate provision, but does nothing to address the problems already created by that provision. This amendment would provide a procedure to permit early review by the ICC of the few rates already established under the provision.

The amendment would affect only the rail rates already established under the capital incentive rate provision. There are only four such rates in existence, but failure to provide for review of these rates would do a great disservice to the shippers and electric ratepayers involved.

In a real sense, this amendment would finish the job begun by the committee bill. It would provide an opportunity for relief for those shippers and ratepayers now burdened with excessive coal freight rates established under the capital incentive rate provision. Without an amendment such as this, ICC review of these established rates would be precluded for a period of 5 years from the rate's effective date.

The capital incentive rate provision became law as part of the 1976 4–R Act. The purpose of the capital incentive rate provision was to encourage capital investment and thus assist in the rehabilitation of the railway system. The provision was intended to encourage shippers and carriers to negotiate rate agreements for innovative services requiring the outlay of large capital investments in rail-related facilities.

Unfortunately, the capital incentive rate provision has not served its intended purpose. Despite the intent to facilitate negotiated rate filings, the language of the enacted provision contains no requirement for negotiation and agreement between shipper and carrier.

Because of the way the capital incentive rate provision was drafted and has since been interpreted, a railroad gains significant procedural advantages if a proposed rate qualifies for treatment under this provision of the law. ICC rate review in these cases is limited to 180 days, a relatively short period. In addition, the ICC has construed the law to require that the burden of proof in such cases be imposed on the shipper rather than the railroad. This combination makes these rate proposals unusually difficult for shippers to contest.

I think it is fair to say that the railroads involved have taken full advantage of the procedural benefits of the capital incentive rate provision. Together with their dominance of the coal hauling market, they have used the procedure as a weapon to impose extremely high freight rates on captive coal customers in these cases.

It has become increasingly apparent that the capital incentive rate provision has not achieved its purpose. The Commerce Committee, in its report on this bill, concluded that incentive rates are not the answer, and recommended repeal of the provision for the future. Among other things, the committee found that carriers in some instances have used the capital incentive rate provision to avoid agreements previously entered into with shippers.

In the House, the Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce recently completed a very thorough study of railroad coal rates. That study found that capital incentive rates invariably exceed rates approved in other individual rate cases involving unit train coal movements, even though the applicable ratemaking standards are supposed to be the same. The House study concluded that the capital incentive rate provision impedes sound ratemaking, and the subcommittee recommended legislation similar to this amendment.

Since enactment of the 4-R Act, only four capital incentive rates have been established. These rates involved the transportation of coal for Arizona Electric Power Cooperative between Gallup, N. Mex. and Cochise, Ariz.; Houston Lighting and Power Co., between Cordero, Wyo., and Smithers Lake, Tex.; Celanese Chemical Co., between Hayden, Colo., and Kings Mill, Tex.; and Central Power and Light Co., between Axial, Colo. and Coleto Creek, Tex. Each of these cases involved the transportation of western coal by western rail carriers and each rate was approved over the vigorous opposition of the shippers.

The Arizona, Houston, and Celanese coal rate cases were among the first of the post-OPEC embargo western coal cases decided by the ICC. These cases were decided at a time when the Commission's current coal ratemaking policy was still evolving.

The rate methodology approved by the ICC in these early cases has been significantly altered in subsequent rate cases. In these subsequent cases, the ICC has utilized a rate methodology known as the 7-percent solution, by which a coal rate is set at 7 percent above all the costs associated with moving the coal.

Had these three cases been decided in accordance with the now-prevailing 7-percent solution, the result would be demonstrably lower rates. Given the high volume of coal involved, the savings to these shippers and their ratepayers would be substantial.

Without counting the customers of Celanese, there are approximately 4.5 million persons, already burdened with high utility bills, who are served by the three electric utilities involved.

The Central Power & Light, Coleto Creek rate, although established under the capital incentive provision, is in a somewhat different category.

In that case—and get this, this is really rich—the ICC did not reach the issue of rate reasonableness because it found that it lacked jurisdiction to do so since the market offered substantial competition—in the form of coal from South Africa.

In other words, what they said was, "Buy coal from South Africa if it costs so much to bring it in from Colorado," and that is exactly what we will do. Is it not ridiculous that we can import coal into Texas cheaper from South Africa than we can from Colorado simply because of the inordinately high freight rates imposed under the capital incentive provision of the previous bill?

This does nothing for our balance-of-payments situation, I might add.

Had these four established capital incentive rate cases been decided under another section of the Interstate Commerce Act, they could be reopened and reviewed. Because they were decided under the capital incentive provision, however, they are immune from challenge or review for 5 years. Yet, in the time since these rates were approved, The ICC has changed its coal ratemaking policy, and section 115(b) of the committee bill would repeal the capital incentive rate provision for the future.

Under these circumstances, I believe it would be grossly unfair to repeal this provision prospectively without also taking action to provide an avenue of possible relief for those shippers and electric ratepayers now burdened by capital incentive rates already established. This amendment will provide this opportunity for relief.

My amendment would require that the ICC reopen and investigate the lawfulness of any established capital incentive rate, if the rate was initially contested by the affected shipper, and if the affected shipper requests that the case be reopened. The ICC's investigatory proceedings in such a case would have to be completed within 180 days, and the burden of proof in the investigation would be upon the carrier.

No new formula for rate reasonableness would be prescribed in the amendment. The ICC would have the opportunity to apply prevailing standards to the facts of the case. Assuming that the ICC would apply the 7-percent solution now being utilized by the Commission, the result would be significantly lower rates in these cases.

I fully support the committee's decision to recommend repeal of the capital incentive rate provision. However, I believe it would be very inequitable to take that action without also providing for review of the rates already established.

This amendment would cure that inequity and finish the job that the committee bill has begun.

In the interest of fairness, Mr. President, I urge the Senate to consider this amendment favorably.

Mr. GOLDWATER. Will the Senator yield 2 minutes?

Mr. TOWER. I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I am in agreement with the Senator from Texas (Mr. TOWER). To my way of thinking, it would be unfair to repeal the capital incentive rate provision and not give the four affected companies some opportunity to seek relief.

Under the 4-R Act, rates established under the capital incentives section are immune from challenge for a period of 5 years. This audit will not repeal the rates the railroads get from the ICC, it will merely afford the ICC an attempt to review the rates under a more deregulated climate.

Arizona Electric Power Cooperative, one of the four companies affected by capital rates, serves 120,000 people. It is a relatively small, nonprofit cooperative.

As a direct result of rising costs for natural gas and oil, it began to shift to coal-fired generators in the late seventies. AEPCO arranged for a long-term coal supply from a mine near Gallup, N. Mex., 423 miles northeast of the Cochise generating site.

When it came time to deliver the coal, AEPCO was charged $8.64 per ton in freight. AEPCO had calculated the variable cost of the deliveries at $3.31 per ton. Using AEPCO's figures, the railroads were permitted a rate 260 percent above variable costs.

On the other side of the coin, it is undeniable that the Interstate Commerce Commission pegged the variable costs at $5.44. Using this figure, the revenue ton-cost ratio was 159 percent.

I might add the ICC's rules under the capital rate provision were sustained in the courts.

Because we are establishing a new regulatory framework for the railroads, I think it is only fair that the ICC review the four outstanding capital rate cases. Supporters of the audit are only asking the Senate to provide for reconsideration. We are not trying to dictate a change.

I thank my friend from Texas for yielding.

Mr. TOWER. Mr. President, I yield such time as he may require to my distinguished colleague from Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mr. BENTSEN. Mr. President, I rise today in support of Senator TOWER's amendment, which will allow the ICC to reconsider coal freight rates established under the capital incentive rate provision of current law.

Under this provision, railroads and shippers were expected to engage in cooperative efforts to provide innovative service. In return, the railroads were to enjoy procedural advantages, designed to serve as encouragement and assistance to this effort.

Unfortunately, this provision did not work out as planned. A very small number of cases were involved, generally with captive consumers finding themselves with unusually high coal-shipping costs. In particular, several Texas cases and one Arizona case were decided in an unfair manner.

When the cases were considered, the ICC allowed higher shipping rates than in later cases. Yet once these early decisions were reached, they were frozen, without the possibility of challenge or review, for 5 years.

Since then the ICC has used standards justifying a smaller coal-shipping rate.

Today, the Senate will pass legislation that will eliminate the capital incentive rate provision itself, but as the bill stands now, the four cases decided under it will stand.

This is despite the fact that the rates allowed would not likely be justified under prevailing standards.

Mr. President, this amendment would allow the ICC to reopen this small group of cases, to have them decided in light of current standards.

The ICC would not be required to lower rates, only to reconsider them, recognizing that the capital incentive provision will now be eliminated, recognizing that new standards now prevail.

I believe this amendment is reasonable and fair, and I believe it will be a step forward toward equitable coal-shipping rates.

I congratulate the senior Senator from Texas for his foresight and his judgment in this matter. I urge the adoption of the amendment.

Mr. TOWER. Mr. President, I thank my friend from Texas for his formidable support. If the Senator from Texas is not listed as a cosponsor, I ask unanimous consent that he be added to the list.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I reserve the remainder of my time.

Mr. CANNON. Mr. President, I yield myself 10 minutes.

S. 1946 would repeal section 10729 of the Code pertaining to capital incentive rates. This provision, added by the 4–R Act, has been a source of continued litigation, and will no longer be needed now that contracts will be explicitly authorized. However, the committee bill allowed the incentive provision to remain in effect with respect to notices of intent to establish such rates filed 90 days prior to date of enactment. One of the reasons we took this action was that the terms of the statute specifically provided that such rates could not be suspended or set aside as unlawful for the period of 5 years after the effective date.

As I understand the Tower amendment it would provide for reopening of proceedings involving capital incentive rates upon complaint of an affected shipper even where there has been final court action and the Commission would be required to conduct further investigation—with the burden of proof upon the carrier.

I am opposed to this amendment. The four cases which would be affected by the amendment have been finally decided; two of the decisions—Cochise and Smithers Lake—have been affirmed by the courts.[1] The parties made substantial investments, many millions of dollars in each case, in reliance upon the capital incentive provision of the 4–R Act, under which the approved rates are not subject to attack for 5 years.

To relitigate the cases at this time would be unfair. Large investments in track improvements and equipment have been made. If these investments are now jeopardized by retroactive removal of statutory protection, the railroads' ability to attract capital and their willingness to spend capital generated internally could be adversely affected.

In addition, the amendment raises substantial constitutional questions. Carriers who made large capital investments in reliance on the 5-year immunity of section 10729 would have strong arguments that the retroactive application proposed by the amendment would violate the due process protection of the fifth amendment. There is recent authority to the effect that substantive due process precludes legislation that retroactively imposes liabilities on transactions made in reliance on the state of the law at the time. *Usery* v. *Turner Elkhorn Mining Co.*, 428 U.S. 1, 16–18 (1978), and cases discussed therein.

I shall submit for the record the preliminary views of the General Counsel of the Interstate Commerce Commission discussing the constitutional questions raised by the amendment.

Mr. President, because of these constitutional questions and the parties' reliance on the statute, as well as the adverse impact it could have on future investments, I oppose amendment No. 1687 offered by my colleague from Texas. I would also say as I have mentioned earlier, that the bill itself resolves the problem for the future by eliminating the incentive provision and explicitly authorizing contracts.

Mr. President, I reserve the remainder of my time. I ask unanimous consent that the statement from the General Counsel for the ICC be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

INTERSTATE COMMERCE COMMISSION,
*Washington, D.C., March 25, 1980.*

JANICE M. ROSENAK, Esq.,
*5202 Dirksen Senate Office Building,*
*Washington, D.C.*

DEAR MRS. ROSENAK: This letter responds to your request for my views on the constitutionality of certain proposals to repeal the capital incentive rate provision of the 4R Act, 49 U.S.C. 10729. As I understand it, one proposal would also apply retroactively to rates that had been established under that provision and make such rates subject to investigation and possible determinations of unlawfulness (with consequent refunds or reparations) notwithstanding the five-year immunity that Section 10729(b) now provides to such rates from being suspended or set aside. This proposal would also shift the burden of proof in any such investigation from complainants to the carriers. Questions have been raised with respect to the constitutionality of these proposals and particularly with respect to the proposed retroactive application of the repeal.

The urgency of the request has precluded the degree of research appropriate to this important question, and my views are therefore necessarily quite tentative. With that qualification, they are in brief as follows:

1. The proposed retroactive application of the repeal would raise a substantial constitutional question. Carriers who had made large capital investments in reliance on the five-year immunity of Section 10729(b) and who had established rates that were effective under that Section would have a strong equitable argument that it would be highly unfair later to repeal that immunity and make those rates subject to investigation and being set aside. In legal terms, they would have a reasonable argument that such retroactive application violated the substantive due process protections of the Fifth Amendment, and there is some support in the cases for the proposition that substantive due process precludes legislation that retroactively imposes liabilities on transactions made or conduct taken in reliance upon the state of the law at the time. See, *e.g.*, *Usery* v. *Turner Elkhorn Mining Co.*, 428 U.S. 1, 16–18 (1976), and cases discussed therein.

2. Although the constitutional question seems to me substantial and difficult, I think a stronger case could be made in favor of the proposed retroactive applications. While I have not yet found any closely analogous cases, my conclusion rests on a number of considerations.

First, except in criminal cases (which are governed by the Ex Post Facto Clause), the retroactive application of a statute is not *per se* unconstitutional, and such applications have been frequently sustained even when they are contrary to settled expectations and impose substantial financial burdens. *Usery* v. *Turner Elkhorn Mining Co.*, *supra*, 428 U.S. at 16; *Newport News Shipbuilding & Dry Dock Co.* v. *United States*, 374 F. 2d 516, 525 (Ct. Cl. 1967); *Springdale Convalescent Center* v. *Mathews*, 545 F. 2d 943, 955 (5th Cir. 1977).

Second, it is well settled that systems of rate regulation are not unconstitutional deprivations of property rights but rather well recognized aspects of a government's police power. The initial creation of such a system is not unconstitutional even though it may require a roll-back of rates that were lawfully established prior to the regulatory scheme. Cf. *F.P.C.* v. *Hope National Gas Co.*, 320 U.S. 591 (1944); *Union Dry Goods Co.* v. *Georgia Public Service Corp.*, 248 U.S. 372 (1919). If it is constitutional to enact a system of rate regulation under which a rate that was lawfully established may be found unlawful, it is difficult to see why it would be unconstitutional retroactively to repeal limited exemptions from a system of rate regulation, which would be the effect of the proposal at issue.

Finally, Section 10729(b) never established that all capital incentive rates established under that section were lawful; in effect it simply deprived the Commission of jurisdiction to find them unlawful. It would seem somewhat tenuous to claim a "property" right protected by the Fifth Amendment in a statutory bar of an agency's jurisdiction to investigate possibly unlawful rates.

3. Apart from the legal uncertainties, practical considerations may militate more strongly against the proposal to apply a repeal retroactively.

Virtually all the capital incentive rates now in effect were the subject of Commission investigation proceedings under Section 10729(b) and (c) and were found lawful prior to their effectiveness. Consequently, retroactive repeal of the five year capital incentive guarantee would have little practical effect because the Commission would probably have little or no basis for departing from its earlier determinations that the rates were lawful.

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[1] *HH&P* v. *U.S. et al; Arizona Electric Power Cooperative, Inc.* v. *U.S. et al.*, 506 Fed 2d 1131, cert denied February 19, 1980.

In sum, although retroactive application of the repeal of Section 10729 might survive the serious legal challenges that it would almost certainly engender, it is questionable whether it would have much practical effect.

Sincerely yours,
RICHARD A. ALLEN,
*General Counsel.*

The PRESIDING OFFICER (Mr. STEWART). Who yields time?

Mr. TOWER. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged equally to both sides.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TOWER. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time consumed be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I am prepared to yield back the remainder of my time.

Mr. CANNON. I yield back the remainder of my time.

Mr. TOWER. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from North Carolina (Mr. MORGAN) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Nevada (Mr. LAXALT) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 38, nays 57, as follows:

[Rollcall Vote No. 71 Leg.]

YEAS—38

Armstrong
Baker
Bentsen
Boschwitz
Byrd,
Harry F., Jr.
Chafee
Chiles
Cochran
Cohen
DeConcini
Dole
Domenici
Garn
Goldwater
Hatch
Heinz
Helms
Humphrey
Jackson
Jepsen
Johnston
Long
Lugar
Magnuson
McClure
Packwood
Percy
Pressler
Roth
Schmitt
Simpson
Stennis
Stevens
Stone
Thurmond
Tower
Warner
Young

NAYS—57

Baucus
Bayh
Bellmon
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Cranston
Culver
Danforth
Durenberger
Durkin
Eagleton
Exon
Ford
Glenn
Hart
Hatfield
Hayakawa
Heflin
Hollings
Huddleston
Inouye
Javits
Kassebaum
Leahy
Levin
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Moynihan
Muskie
Nelson
Nunn
Pell
Proxmire
Pryor
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Schweiker
Stafford
Stevenson
Stewart
Talmadge
Tsongas
Wallop
Weicker
Williams
Zorinsky

NOT VOTING—5

Church
Gravel
Kennedy
Laxalt
Morgan

So the amendment (No. 1687) was rejected.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mrs. KASSEBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 1031

Mr. BUMPERS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS) proposes an unprinted amendment numbered 1031.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

S. 1946 is amended by adding a new Section 307 to read as follows:

"SEC. 307. Chapter III of title 49, United States Code, is amended to add a new Section 11109 to read as follows:

'Any carrier subject to the jurisdiction of the Commission under Subchapter I of Chapter 105 of this subtitle, notwithstanding any exemption granted pursuant to section 10505 thereof, shall, without undue discrimination or preference, grant to any pipeline carrier subject to such jurisdiction rights, rights-of-way, or easements under, over, in, or across any lands, rights-of-way, easements, or property of such grantor carrier subject to the terms and compensation as the carriers may agree upon or, if the carriers are unable to agree upon such terms and compensation after good faith negotiations, the pipeline carrier seeking such rights, rights-of-way or easements may acquire same by exercising the right of eminent domain in the appropriate state court or the district court of the United States for the district in which the grantor carrier's lands, rights-of-way, easements, or property are located. The practice and procedure in any action or proceeding for that purpose in the district court of the United States shall conform as nearly as may be practicable with the practice and procedure in similar actions or proceedings in the courts of the State where the property is situated:

*Provided,* That the United States district courts shall only have jurisdiction of cases when the amount claimed by the owner of the property to be condemned exceeds $10,000. In the event such pipeline carrier, in the exercise of the power of eminent domain granted hereunder, makes necessary the relocation, raising, lowering, rerouting, or changing the grade of, or altering the construction of any railroad, electric transmission, telegraph or telephone lines, properties and facilities, or pipeline, all such relocation, raising, lowering, rerouting, changing of grade or alteration of construction shall be accomplished at the sole expense of such pipeline carrier. The term 'sole expense' shall mean the actual cost of such relocation, raising, lowering, rerouting, or change in grade or alteration of construction in providing comparable replacement without enhancement of such facilities, after deducting therefrom the net salvage value derived from the old facility.' "

Mr. BUMPERS. Mr. President, this amendment is designed to insure intermodal competition for coal transportation, one of the main purposes of this act. The amendment provides that pipeline companies that want to build coal slurry pipelines have the right of eminent domain across lands belonging to the railroads.

The railroads are obstructing the building of slurry pipelines in this country.

Their lobbying efforts in the State legislatures and their ownership of untold millions of acres of lands between where the coal is and where the coal will be used is the reason we do not have a viable transportation system of coal by slurry pipeline.

A point of order is going to be made on this amendment in a moment.

Before I continue with the substance of the argument, I want the Members of the Senate to listen to the purposes of the bill.

On the top of page 44 of the bill it states:

"(1) development and maintenance of a healthy, efficient freight transportation system, in the private sector, in which various modes of transportation are subject to impartial regulation;

"(2) maximum reliance on competitive market forces and on actual and potential intramodal and intermodal competition to provide transportation services at fair prices and to enable efficient and well-managed carriers to earn adequate profits and to attract capital; . . .

Keep these purposes in mind, when the Chair rules on this amendment. This amendment is designed to develop a healthy, efficient transportation system. This amendment would create a maximum reliance on competitive market forces.

Let me tell Senators what is happening in this country.

In my State of Arkansas we are building a coal generating electrical plant. When the coal from Gillette, Wyo., gets to that plant, the cost of the transportation will be twice as much as the cost of the coal.

For those who are interested in those rate payers who are buying electricity from their utility companies, tell them that they are not for this, when in some instances they can transport coal through a slurry pipeline for half the cost of rail.

A slurry pipeline, which was proposed years ago from Gillette, Wyo., to Redfield, Ark., would carry 25 million tons of coal a year.

Does the Senator know what it takes to carry that much coal by rail? It will take eight-unit trains a day crossing between 500 and 700 crossings, across roadways, between Gillette, Wyo., and Redfield, Ark.

How many cars are going to be stacked up every day while eight-unit trains, 110 cars long, cross those highways?

How much particulate is going to be thrown into the air from those railroad cars?

Finally, if we are going to have 2.5 billion tons of coal produced in this country by the year 1990, how on earth are we going to build the hopper cars to carry it?

I will tell Senators the answer is simple. We are not. It cannot physically be done.

Railroads transport virtually all of the domestic coal in this country. There is only one slurry pipeline, and it is in Arizona.

But coal hauling rates have increased so dramatically in the past few years that the utility companies in Texas and Florida are importing coal from Poland and South Africa. And we next to China hold the greatest coal resources on Earth.

Yet the railroads are culprits.

I am for a viable railroad system, and I want them to be profitable.

I am appalled, that right now only 1,400 of the 6,000 miles of the Rock Island Railroad which is absolutely vital to my State are being operated.

If there were ever a time in the history of this country when we should not be abandoning the most efficient method of transportation of freight, it is now.

But the railroads see it coming. And I am not really criticizing them. After all they have to make a profit and report to their shareholders. But they should not obstreperously block an efficient competitive method of transporting more coal than they can transport. They are still going to be able to raise their prices because even with slurry pipelines that have been proposed over the next 10 years, the railroads cannot even begin to meet the demand.

Mr. President, a recent study of the economic benefits of the east coast coal slurry pipeline, which was prepared by the National Economic Associates, Inc., found that one pipeline could provide the following economic and energy benefits in the decade from 1990 to 2000:

First, save the Nation 633.2 million barrels of diesel fuel, No. 2 heating oil, and railroad fuel;

Second, it could save $4.8 billion to $9.2 billion in transportation costs to utility customers;

Third, save $19 billion in our Nation's balance of payments;

Fourth, create 5,200 coal-mining jobs. Now, Senators from coal-producing States listen to that: One slurry pipeline will increase employment by 5,200 in jobs in the coal industry; and

Finally, increase coal industry revenues by $432 million a year.

The three utility powerplants in my State estimate that they are going to require about three times as much coal in 1990 as they required in 1980, and their demand is going to increase from 3.75 million tons today to 11.175 million tons in 1990.

Within the next 3 years alone their demand for coal is going to double from 3.75 to 8.25 million tons. I defy the railroads to tell me they can carry that much coal, along with all the other demands. They are not going to be able to do it.

Mr. President, this amendment is simply designed to give the slurry pipeline companies the right of eminent domain across railroad property only—not private property. If they cannot negotiate with the private owners for land to get a right-of-way across them, they cannot build it, but at least this will keep the railroads from blocking this economic, efficient method of carrying coal.

Even the railroads will tell you that slurry pipelines are at least 20 percent cheaper than they are, and that is in today's dollars. Once the line from Gillette, Wyo., to Little Rock, Ark., is built to carry 25 million tons of coal a year, it will require 75 employees, to operate the 1,030-mile line.

Mr. President, I could say a lot of other things in support of this amendment, but I know there is a time agreement. There are a couple of other Senators who want to speak. I have offered this amendment, Mr. President, on behalf of Mr. Jackson, Mr. Johnston, and myself, and I will yield to my colleague from Washington, Senator Jackson.

Mr. JACKSON. I thank the distinguished Senator from Arkansas.

Mr. President, I want to associate myself with the remarks of the able Senator from Arkansas. I think we should remember that this body passed unanimously the slurry pipeline bill in 1974 and, Mr. President, that bill provided much broader authority than is covered in the amendment that is now before the Senate.

The Bumpers amendment, Mr. President, is very, very limited. It gives the power of eminent domain to coal slurry pipelines only over the land owned by the railroads. That is the first point, Mr. President.

The second point I want to make is that the amendment carries out the purposes of S. 1946 to provide, and I quote, "maximum reliance on actual and potential intermodal competition; and, two, avoid undue concentrations of market power on the part of the rail carriers."

Mr. President, I want to see a strong and healthy railroad system. I think in the interests of conservation of energy it is very important that we have a strong and viable railroad system in this country. I think more of our heavy goods must be carried by rail for obvious reasons of savings that can occur in the use of energy.

But, Mr. President, I do think it is important, as the distinguished Senator from Arkansas has pointed out so effectively, that we must find the most efficient means possible to move the raw material necessary to support thermal energy plants. Coal must be moved all around this country, north, south, east, and west, in order to carry out this new program that the distinguished Senator from Louisiana has done such an outstanding job of in working month after month, I may say now, in the conference between the House and the Senate on the synthetic fuels program. I am referring to Mr. Johnston.

Coal is a fundamental requirement in the kind of mix we need to avoid and cut back as best we can on the importation of oil from abroad.

This country is on the verge of serious internal financial and economic trouble because we have failed, Mr. President, to develop sensible and reasonable alternative courses of action to the importation of, and the dependence on, oil from abroad.

Mr. President, this economy would come back to normal life, financial institutions would be more secure, inflation would abate, if we could finally say that we are able to hold down the price of imported oil.

The heart of our inflationary troubles—and there are many, but a major part of the proximate cause of our trouble, at least—stems from that dependence. What we are addressing this afternoon is a course of action to improve the efficiency in the use of coal.

Slurry lines are one course of action. They are not an exclusive course of action, but the railroad industry should realize that they are not entitled to have an exclusive monopoly in the movement of coal.

Mr. President, I want to see, and have always supported, a healthy railroad system. But what is there to fear from the kind of reasonable competition, Mr. President, in having slurry lines that will be able to move the coal, not in all instances, Mr. President, but in many, at least, over an area that will be more efficient and will save the consumer a lot of money?

I would be opposed to the indiscriminate running of slurry lines in every direction. Where the railroad industry can handle it more efficiently, more economically, then that course of action should be followed. But there should not be, Mr. President, an exclusion of the slurry line approach to the movement of coal.

Now, as I pointed out, Mr. President, the Bumpers amendment is very limited in its authority. The bill that passed this Senate unanimously 6 years ago provided——

The PRESIDING OFFICER. If the Senator will suspend, all the time of the Senator from Arkansas on the amendment has expired.

Mr. BUMPERS. Mr. President, will the floor manager grant us a little additional time on the bill? There are a couple of other people who would like to say a few words.

Mr. CANNON. Mr. President, I ask unanimous consent that the proponents be entitled to 5 additional minutes.

Mr. JACKSON. I will wind up in 1 minute.

Mr. President, let me simply conclude by pointing out that in the West we have been terribly concerned about the shortage of water. Water is essential, Mr. President, to move the coal. I want to point out that the Bumpers amendment does not impinge on any of the rights of the States, particularly as they relate to water. The Bumpers amendment does not touch that, so the water rights issue is certainly not one to be concerned about in this particular amendment now before the Senate.

I only ask that the Senate give this optional approach on the movement of coal a chance, to see how it works. There is plenty of business for the railroad companies, even with the adoption of the Bumpers amendment.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. BUMPERS. I yield such time as remains to the Senator from Louisiana, Mr. President.

Mr. JOHNSTON. I thank my colleague from Arkansas.

Mr. President, in 1973, at the time of the first embargo, President Nixon announced Project Independence. By 1980 he said we were going to have no imports of oil from abroad.

Well, here it is April Fools' Day, 1980, and we are importing not 6 billion barrels as we were in 1973, but 8 billion. The joke is on us. The problem is 20–20 economics, almost 20-percent inflation and 20-percent interest rates fueled by imports. No, we did not reach Project Independence.

In 1977, President Carter comes along with NEP I, National Energy Plan I. Do you know what he said? He said in order to reach the needs of this country, we are going to have to almost triple coal production. We are going to have to double it from 665 million tons in 1977 to 1.2 billion tons by 1985. That was 1977, National Energy Plan I.

Do you know what has happened, Mr. President, since that time? Capacity has been increased almost not at all. There are 200 million tons a year, almost a third of our capacity, which is idle. There are 20,000 skilled miners who are not working in this country. And the people who need the coal down in my part of the country and Florida are importing it from South Africa, from Australia, and from Poland.

Indeed, it is a joke on us, Mr. President, because we are not reaching that goal of doubling coal by 1985. Indeed, we are sliding backward.

The President also said for nuclear we are going to have to quintuple that by the year 2000. What happened? We have discontinued more plants than we have started. We have a phase, and a pause, and a stop, in nuclear construction.

So, Mr. President, here we are, a country without a plan in the midst of 20–20 economics. No plan, no progress. We are sliding backward.

If we are really serious in this country about trying to get a grip on the energy problem and keeping 20–20 economics from going to 40–40 economics, then we better have a way not only to transport that coal but to burn it because as we stand right now we can neither transport it nor burn it, and we cannot use nuclear either way. It looks like the only alternative we have, Mr. President, is to go to solar panels on homes and I have not seen the first home with photovoltaic panels on it yet.

So, Mr. President, this is one essential part of the solution, an essential part. It is not to take it from the railroads, but to give the railroads all they can do and we still have to have this.

Mr. President, I hope that the Senator from Arkansas, the Senator from Washington, and I in this amendment, can prevail today. If we do not, Mr. President, we will be back here on April Fools' Day a couple of years from now and we will still have a couple hundred million tons of coal capacity still idle in this country. We will still have the miners without jobs, and we will have worse economics than we have today.

Mr. President, this amendment fits in as a germane and essential part of this bill.

The PRESIDING OFFICER. The time of the Senator from Arkanas has expired.

Mr. CANNON. Mr. President, before making a point of order I yield 3 minutes to the Senator from Montana.

Mr. MELCHER. Mr. President, this amendment dealing with the right of eminent domain should not be taken lightly. Granting the power of eminent domain to a private company is a very serious and weighty problem that should always be considered with a great deal of thought and judgment before it is agreed to by the Senate.

But the issue on this amendment is not the right of eminent domain. The issue on this amendment is water. These coal slurry lines that are proposed for the West to transport coal require water to make the slurry, water that would come from areas of the West which have very little water to spare. Water is not only removed with the coal but the water stays. The water is not returned to where it is derived and needed.

The taking of this water for a coal slurry purpose quite simply cannot be tolerated.

There is no limit in this amendment at all on how much water would be used, nor is there a limit on how many coal slurry lines would develop as a result of this amendment. It would remove water from counties in Western States which simply cannot give up water and which water is vital to the agricultural economy of our area. An agricultural area which feeds or helps feed this Nation and the world. Water from our streams is vital to our municipalities. Water is the very lifeblood in our Western States. Water from our streams is vital for fish habitat.

Stripped down to the basics, this amendment would simply remove water from areas that cannot afford to give up water.

Periodically, in Western States, we have droughts. We may be approaching one this very year. The water situation in my State is quite desperate at this point. We simply cannot be foolish enough to try to solve an energy problem by taking water out of the West and removing the West's capability for agriculture and for other purposes.

Transportation is available to move the coal. Coal cars are available to carry the coal and so is the power to pull these cars by rail. Equipment and facilities are ready and waiting. Whether or not the transportation of coal is cheaper by pipeline, using slurry, or cheaper than moving it by rail, really is not the basic question here. The basic question is, Can the West afford to give up the water it takes to transport the coal by slurry? The answer to that, I can assure you, Mr. President, in our State is no. We cannot afford to give up that water. It would drastically hurt us. It would be trading off what is so vital to us for a transportation means that can be met by existing railroad systems.

The PRESIDING OFFICER (Mr. TSONGAS). The time of the Senator has expired.

Mr. CANNON. I yield 2 minutes to the Senator from Montana.

Mr. BAUCUS. I thank the Senator.

Mr. President, this is not the time for extended debate on coal slurry.

I oppose the amendment offered by the Senator from Arkansas which would grant the power of eminent domain to coal slurry pipelines. My opposition to this type of legislation is well known.

I am still not convinced that there is a basic need for this type of legislation or that this specific amendment represents sound public policy.

This amendment is not necessary to insure that there will be adequate capacity to ship the vast volumes of coal this Nation needs in the 1980's and beyond.

Pipelines are water-intensive means of transporting coal. The use of surface water or the disruption of ground water for this purpose may have secondary and cumulative impacts beyond the geographic area affected by the pipeline.

Water is the key to continued development and prosperity of our Western States. Agriculture, additional energy resource development, industrial development, maintenance of natural resources and recreation areas all depend on a reliable and stable supply of water.

If it were only one pipeline we were dealing with, the problems of water utilization and availability could possibly be overcome, but we are not talking about one pipeline. On the drawing boards are five potential lines: The ESTI line from Gillette, Wyo., to Arkansas and Louisiana; the Montana to Houston line; the Colorado to Houston line; the Nevada Power Line from Alton, Utah, to Las Vegas, Nev., and the line from Gillette to the Oregon/Washington region.

A cumulative effect of these five lines would require at a minimum an estimated 150,000 acre feet of water annually.

Energy development and normal agricultural uses and population growth will require vast amounts of water. It is not sound public policy to use water to transport coal when railroads can handle the job without using water.

Developers of coal slurry pipelines should look to the States for eminent domain authority. The network of interstate oil pipelines—with one exception—together with ammonia fertilizer pipelines and railroads, have been built with only State eminent domain authority.

Unless and until there is demonstrated public need for Federal sanctioning of construction of coal slurry pipelines, the right of these lines to be granted Federal eminent domain power must be withheld.

There are, of course, many other areas of concern which must be taken into account when considering the effects of construction of coal slurry pipelines, and many of these cannot be measured from a cost/benefit standpoint. For example, there are social implications, employment implications, and serious environmental impacts centering around this amendment.

I urge my colleagues to consider seriously the points I have stressed today concerning coal slurry legislation. There is no reason, at this time, to enact this amendment from either a transportation standpoint, an energy standpoint, and certainly not from an equity standpoint.

Mr. CANNON. Mr. President, I yield back the remainder of my time. I make a point of order that the amendment is not germane.

The PRESIDING OFFICER. The agreement under which this bill is being considered provides for germaneness of amendments. The amendment does add a new subject; therefore, the Chair sustains the point of order.

Mr. BUMPERS. Mr. President, in exchange for not appealing from the ruling of the Chair, I ask unanimous consent that I be permitted to speak for 1 minute.

The PRESIDING OFFICER. Who yields time to the Senator from Arkansas?

Mr. CANNON. I yield 1 minute to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator is recognized for 1 minute.

Mr. BUMPERS. Mr. President, first of all, with all due respect to our friend in the chair, I think the ruling is wrong. The bill is designed to promote intermodal methods of transportation. If a slurry pipeline is not an intermodal part of a transportation system, then I do not know what "intermodal" means.

I just wanted to make the argument this afternoon that this is an idea whose time has come. If this were going to affect the railroads adversely, I would not mind. This is not designed to replace railroads, it is designed to supplement them and increase this country's ability to reach that happy day when we are energy independent.

Those people who vote against this amendment when it is offered in a couple of weeks on another bill—and it will be germane—should just bear in mind: Everybody is for a tax cut. How many arguments have I heard about a tax cut? Well, when you vote against slurry pipelines, you are voting against a tax cut for the American consumer.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BUMPERS. I thank the Chair.

Mr. CANNON. Mr. President, I understand some shipping interests have expressed concern as to the scope of section 301 of S. 1946 as to car service. An important distinction must be borne in mind. Section 11123 of title 49 is being amended as to the required regional or national type emergency before the Interstate Commerce Commission can issue car service orders, as well as the duration and the scope of the car service orders.

I want to emphasize that the provisions of section 11122 of title 49 of the United States Code as to permanent rules and regulations on railroad car service are unaffected and remain intact. We must remember the importance of insuring on a day-to-day basis the efficient functioning of our unified national rail system and network. The Commission still retains its power to issue permanent mandatory car service rules such as those which are now in effect and which govern the movement of railroad cars throughout the country.

Mr. President, I thank my colleagues for the assistance they have provided me and the Commerce Committee in taking a significant step today toward constructive reform of the manner in which our railroad industry is regulated. I was particularly pleased with the way the Members of the Senate and the Commerce Committee have been able to work in a close and meaningful manner with the various and often differing views of the railroad industry, shippers, laborers, and other interested parties to achieve a balance reflected in this legislation, which I believe will be a benefit to their objectives and the overall improvement of our rail transportation system. I thank the administration and the Interstate Commerce Commission for their support and assistance during the many months the Commerce Committee has been working on this legislation.

I am particularly grateful for the leadership of the distinguished ranking minority member of the Commerce Committee (Mr. Packwood) for his leadership and cooperation, as well as that of the distinguished floor manager for the minority today (Mrs. Kassebaum) for her dedication and interest in this legislation. Finally, I wish to recognize and thank the distinguished Senator from Louisiana, who, as chairman of the Surface Transportation Subcommittee, along with Senator Exon of Nebraska, helped chair the many hearings in Washington and around the country in developing this legislation.

In closing, I thank the Commerce Committee staff for their hard work and assistance in developing this legislation, particularly the persistence of Jan Rosenak, and the excellent work of Bill Johnson, Peyton Wynns, Linda Morgan, Kevin Curtin, and Matt Scocozza and Bill Diefenderfer of the minority staff, as well as the assistance of Dr. Steven Thompson of the Congressional Research Service of the Library of Congress.

● Mr. GLENN. Mr. President, I strongly support S. 1946. It is vitally needed legislation that attempts to define a modern, workable, and efficient policy for national railroad transportation. Its stress on encouraging competitive market forces, with protection for shippers, is much needed.

I commend the distinguished chairman of the Commerce Committee, Senator Cannon, and the ranking minority member, Senator Packwood, for their hard work on this bill and for the excellent provisions in it, several of which I want to comment upon today.

In 1976, I supported, with enthusiasm, the Railroad Revitalization and Regulatory Reform Act, the 4-R Act. I felt that traditional rail markets had changed, that direct and indirect Government subsidization of alternate modes had hurt the railroads, and that Government regulatory policy had effectively tied up and limited management efforts to adjust rates, effect mergers and abandonments, promote joint use of facilities, traffic consolidations and other efficiencies attuned to modern times. I knew that the railroad industry was increasingly caught in a vicious cycle of service reduction causing more revenue loss, in turn causing more service reduction, and so on.

So, in 1976 we enacted the 4–R Act and put in it significant features designed to encourage rate competition and innovative marketing arrangements, such as demand-sensitive rates and peak-period pricing. We provided for a limited, 2-year no-suspend rate zone except in cases where a railroad possessed "market dominance" over the service associated with the rate. Unfortunately, the ICC set up an overly rigid and cumbersome mechanism for interpretation that had the effect of nullifying and stultifying what we attempted to encourage. Both shippers and carriers are unhappy with the regulatory quagmire that was created.

### S. 1946

S. 1946 revitalizes and clarifies many of the features that we attempted in 1976 and has additional tools which will hopefully lead to a greater dynamic within the rail industry, while continuing to protect captive shippers. I would like to briefly describe several specific provisions that I particularly support.

Section 106 specifically authorizes contract rates and exempts them from maximum or minimum rate regulation. This provision clearly allows both railroads and shippers to honestly negotiate at arm's length and reach reasonable, economically sound arrangements that assure service levels to shippers and revenue levels to carriers. The certainty provided by contract would also improve the railroad's capital investment picture, car utilization and equipment allocations.

Section 111 allows for the filing of demand-sensitive tariffs in response to expected or actual fluctuation in the demand for rail service. These rates would be within maximum and minimum levels that would be subject to challenge for the protection of shippers. This is a very important feature of a modern transportation system as it recognizes that there are seasonal, regional and peak-period transportation patterns and that market innovation and responsiveness may lead to greater overall financial stability and better utilization of equipment. I do believe that grain was properly excluded because grain movement is so often conditioned upon market prices themselves, and because there is so little storage capacity and a limited number of final destinations.

I am also supportive of the features of S. 1946 that expedite the onerous, often expensive, time-consuming bureaucratic delays that have created a moribund air around rail transportation. I am speaking of the lengthy deliberations over divisions of revenue, the time consumed in abandonment proceedings, and in nonmajor mergers and other transactions. The bill's provisions encouraging and allowing those proceedings to be expedited are excellent.

On the overall question of rates, I think that it is important to phase down general increases and to move more to a system where costs are more associated with particular traffic movements. The committee's approach of allowing for carrier increases of demonstrated inflationary costs on a sliding scale, while encouraging greater rate flexibility, is a correct one.

Of course, I am very concerned with the question of coal rates. Sixty-five percent of all coal produced in the United States is transported by railroad. Coal accounts for 30 percent of total freight tonnage and 20 percent of all railroad car loadings. Fifty percent of the coal shipped by rail moves by unit trains. Eighty-five percent of coal tonnage shipped by rail has no practical transportation alternative, so that the coal industry is an example of a classic "captive shipper." Coal being transported by truck is likely to become less competitive with rails as diesel fuel costs escalate rapidly. Waterway fuel taxes will give rails a more favorable position vis-a-vis barges also.

On the other hand, the railroad industry must be able to have revenue levels adequate to invest in physical plant to maintain normal maintenance over equipment and rights-of-way that depreciate very rapidly when engaged in heavy-duty coal hauling. Consumers, coal companies and utility companies should not, however, be asked to be engaged in arbitrary, unfair, mass subsidization of railroads. At the same time, we must insist that railroads be allowed a reasonable rate of return so that they can physically continue to help us rely more on domestic coal use, clearly a national priority and one very vital to Ohio.

In the context of this bill, the real coal rate question has been what form of rate protection is best, given our goals of providing for a more deregulated environment. Does a deregulated environment conflict with our national goal of encouraging domestic coal use? Specifically, we are asking, is the "no-suspend" rate zone compatible with a vigorous ICC role in scrutinizing rates for potential unreasonableness? The two approaches being presently discussed turn on whether the ICC may, or must investigate above the threshold of reasonableness and whether the burden of proof for both investigation and complaint proceedings rests with the carrier or the shipper. Carriers already have the burden in investigation proceedings. S. 1946 itself does direct the Commission to carefully scrutinize further rate increases and insure that all traffic bear a fair share of costs. Under present law, the ICC has discretion to investigate and suspend, or investigate or do nothing. Part of today's program is attributable to poor past performance by the ICC in this area.

The contract rate provisions of this bill hold out a long-term solution to this procedural dilemma. Utilities can, under these provisions, decide on the best sources for coal and enter contracts with coal mine operators and railroads that have built-in, legally enforceable protections. Unfortunately, utilities that are already situated and have basically one feeder pattern with little choice as to modes of transport, do need protection from gouging and from unreasonable rates.

Mr. President, S. 1946 is a good bill. It is a modern mandate that will hopefully help us develop a national transportation policy that encourages safe, efficient service at reasonable rates, performed by strong members of the private sector. I urge my colleagues' support of this very important bill.●

● Mr. MUSKIE. Mr. President, the legislation before us, S. 1946, the Railroad Transportation Policy Act, embodies a comprehensive revision of the framework for regulating our Nation's railroads and is described as part of the effort to reduce Federal regulation of the transportation network in this country. I am concerned with the impact of this proposal on shippers in my State and will vote against the bill because of those concerns.

The Maine poultry industry in particular is entirely dependent on rail shipments of grain from suppliers in the Midwest and is extremely vulnerable to increases in rail rates for grain shipments which place them at a disadvantage vis-a-vis poultry growers in other regions who are less dependent on rail, have access to competing transportation modes, such as water transport, and therefore enjoy more favorable rates. Maine's poultry industry has suffered under the existing regulatory framework and could be fatally injured by higher rates possible under this scheme.

This legislation will expose Maine's poultry industry to increased rates without review by the Interstate Commerce Commission. Rate increases which may be unjustified, will be inflationary, will increase the competitive disadvantage for the Maine poultry industry, and potentially sound the death knell for the most vulnerable members of an industry which is already weak.

Shipment of feed grain into Maine constitutes a major portion of our total rail traffic, second only to paper industry traffic; yet because no alternative transportation modes are available, the Maine poultry industry has not been able to negotiate rates which would permit multicar shipments or unit train shipments, an arrangement which could provide efficiencies to the railroads and rate advantages to the poultry industry.

I am concerned that the legislation before us does not address this "best efficiencies" issue to encourage railroads to negotiate with shippers for multicar rates or unit train rates which would offer increased efficiencies to the railroads and lower rates to the shippers.

Our poultry industry, under present circumstances, is close to an ideal client for the railroads. As captive shippers with limited storage capability, poultry growers are steady, predictable customers. There is little incentive for the railroads to negotiate with grain shippers under these circumstances and efforts to negotiate unit train rates have produced no results to date and offer little promise of success. This legislation contains nothing which will encourage such negotiations in the future. So our most vulnerable shippers face the prospect of higher rates, with no promise that cost-saving measures will be adopted.

I am also concerned, Mr. President, about the provisions in the bill which allow for expedited abandonment procedures.

Our experience in Maine under the airline deregulation bill has not encouraged me to approach other deregulation proposals with enthusiasm. We have lost major air carrier service to Presque Isle which was previously provided by Delta Airlines. The replacement carrier has encountered difficulties obtaining the fuel necessary to provide direct service from Presque Isle to Boston, yet it does not appear under this deregulated framework that the CAB is prepared to act to assure adequate service.

Rail line abandonment presents problems perhaps more severe than those experienced when our major air carrier cancelled service to northern Maine. We have lost rail lines under the present abandonment procedures and I am not persuaded we should allow for more expedited procedures.

Finally, Mr. President, I am concerned about the immediate and direct inflationary impact of this legislation. While the long-range picture is uncertain, it is clear that the immediate effect of this legislation will be higher rail rates which, of course, will be passed on to consumers in the cost of goods and commodities shipped. At a time when we are exercising restraint in Federal spending programs where we know we shall have to spend more to get less in the future in order to control inflation today, I am concerned that in this bill we are allowing inflationary increases now in the hope of saving money in the future. An approach which may not be appropriate to our times and is certainly contrary to painful measures we are taking elsewhere.●

Mr. BAKER. Mr. President, I wish to commend the distinguished Senator from Kansas, Mrs. KASSEBAUM, for her talented management of this very complex and controversial railroad deregulation legislation.

This is only her second experience as a floor manager, but she is already gaining a well-deserved reputation as a skillful parliamentarian, a Senator who pays attention to detail, a legislator of considerable gifts and great promise.

I know my colleagues on both sides of the aisle join me in applauding Senator KASSEBAUM and her diligent staff for playing a very constructive role in the Senate's consideration of this bill.

The Senator from Kansas came to Washington last year perhaps best known as the daughter of one of America's great men, Alf Landon. But with performances such as we have witnessed today, she is shining very much in her own light.

Mr. CANNON. Mr. President, I am prepared to yield back the remainder of my time and go to a third reading.

Mrs. KASSEBAUM. Mr. President, I yield back my time.

Mr. CANNON. I yield back my time.

The PRESIDING OFFICER. Are there further amendments to be proposed to the bill? If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. CANNON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mrs. KASSEBAUM. Mr. President, the minority leader wanted to be on the floor when we had the yeas and nays. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. The yeas and nays have been ordered. The Senator from Kansas still has time.

Mrs. KASSEBAUM. Mr. President, I yield back any time I may have remaining.

The PRESIDING OFFICER. All time having been yielded back, the question is, Shall the bill pass?

Mr. CANNON. Mr. President, I ask unanimous consent that S. 1946 be printed in the CONGRESSIONAL RECORD and printed in the form as it will be passed by the Senate today.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from North Carolina (Mr. MORGAN), are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. MORGAN) would vote "yea."

Mr. STEVENS. I announce that the Senator from Nevada (Mr. LAXALT) is necessarily absent.

The PRESIDING OFFICER. Are there other Senators wishing to vote?

The result was announced—yeas 91, nays 4, as follows:

[Rollcall Vote No. 72 Leg.]

YEAS—91

Armstrong
Baker
Baucus
Bayh
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cochran
Cranston
Culver
Danforth
DeConcini
Dole
Domenici
Durenberger
Durkin
Eagleton
Exon
Ford
Garn
Glenn
Goldwater
Hart
Hatch
Hatfield
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Jepsen
Johnston
Kassebaum
Leahy
Levin
Long
Lugar
Magnuson
Mathias
Matsunaga
McClure
McGovern
Metzenbaum
Moynihan
Nelson
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Ribicoff
Riegle
Roth
Sarbanes
Sasser
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevens
Stevenson
Stewart
Stone
Talmadge
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Zorinsky

NAYS—4

Cohen
Melcher
Muskie
Young

NOT VOTING—5

Church
Gravel
Kennedy
Laxalt
Morgan

So the bill (S. 1946) as amended, was passed as follows:

### S. 1946

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Railroad Transportation Policy Act of 1980."

### RAILROAD TRANSPORTATION POLICY

SEC. 2. Section 10101 of title 49, United States Code, is amended—

(1) in subsection (a), by striking the first word and inserting in lieu thereof "Except where policy may have an impact on rail carriers, in which case the principles of subsection (b) of this section shall govern, to";

(2) by redesignating subsection (b) as subsection (c); and

(3) by adding immediately after subsection (a) the following new subsection:

"(b) In regulating transportation provided by rail carriers, the Commission shall consider the following as being in the public interest:

"(1) development and maintenance of a healthy, efficient freight transportation system, in the private sector, in which various modes of transportation are subject to impartial regulation;

"(2) maximum reliance on competitive market forces and on actual and potential intramodal and intermodal competition to provide transportation services at fair prices and to enable efficient and well-managed carriers to earn adequate profits and to attract capital;

"(3) avoidance of undue concentrations of market power on the part of rail carriers and the maintenance of regulatory protection for shippers and receivers against the abuse of market power;

"(4) reduction of regulatory barriers to entry into and exit from the industry;

"(5) maintenance of fair wages and working conditions;

"(6) operation of transportation facilities and equipment without detriment to the public health and safety;

"(7) development and maintenance of a transportation system responsive to the needs of the public and the national defense, in which regulatory decisions are reached fairly and expeditiously;

"(8) encouragement of the establishment and maintenance of reasonable rates for transportation without unreasonable discrimination or unfair or destructive competitive practices;

"(9) cooperation with each State and the officials of each State on transportation matters in an effort to assure that intrastate regulatory jurisdiction is exercised in a manner consistent with the standards established in this subsection;

"(10) elimination of noncompensatory rates for rail transportation; and

"(11) encouragement and promotion of energy conservation.".

## TITLE I—RATEMAKING

### REASONABLENESS OF RAIL RATES

SEC. 101. Section 10701(b) of title 49, United States Code, is amended—

(1) in paragraph (1), by striking the last two sentences; and

(2) in paragraph (2)(B), by striking "and incremental".

### MAXIMUM RATE REGULATION

SEC. 102. Section 10701 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(e)(1) A rail carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title may establish any rate for such transportation if such rate yields a revenue-to-variable cost ratio that is equal to or less than the average ratio of revenue-to-variable cost established by the Commission pursuant to this subsection.

"(2) At regular intervals, but in no event less often than annually, the Commission shall determine on the record after a hearing and publish the average ratio of revenue-to-variable cost that rail carriers would be required to realize from transportation provided by such carriers under honest, economical, and efficient management in order to cover total operating expenses including depreciation and obsolescence, plus a reasonable and economic profit or return (or both) on capital employment in the business sufficient to attract and retain capital in amounts adequate to provide a sound transportation system in the United States. The first such average ratio shall be determined and published by the Commission no later than 120 days from the date of enactment of this subsection, until which date a ratio of revenue-to-variable cost (expressed as a percentage) of 150 percent shall be considered to constitute such average ratio for the purposes of this section and the related provisions of sections 10704, 10705, 10707, and 11701 of this title.

"(3) Within 1 year after the date of enactment of this subsection, the Commission shall complete and submit to the Congress a study to determine the feasibility and desirability of the use of a return-on-investment standard as an alternative to the ratio of revenue-to-variable cost standard set forth in paragraph (2) of this subsection.

"(4) Notwithstanding any other provisions of this subchapter, the Commission shall not have authority to find any rate for transportation authorized under this subsection to be unjust or unreasonable on the basis that such rate exceeds a reasonable maximum for the service rendered or to be rendered, nor may the Commission suspend or investigate such rate as unreasonably high under section 10707 of this title.".

### RAIL COST ADJUSTMENT INCREASES

SEC. 103. Section 10701 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(f)(1) A rail carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title may increase any rate for such transportation so long as the new rate is equal to or less than the adjusted base rate for such transportation plus any increases effected under subsection (g) of this section.

"(2) For the purposes of this subsection—

"(A) the base rate for the transportation of a commodity shall be the rate in effect on January 1, 1980 and on January 1 of every 5th year thereafter: *Provided, however*, That if the Commission finds such rate to be unreasonably high, the Commission may prescribe a different base rate for the transportation of such commodity: *And provided further*, That such base rate shall not include any rates authorized under section 111 of this Act;

"(B) if no commodity rate existed for the transportation of a commodity on January 1, 1980, the base rate for the transportation of such commodity shall be the commodity rate for the most nearly comparable commodity and service, divided by the latest rail cost adjustment factor published by the Commission pursuant to paragraph (3) of this subsection at the time the transportation is commenced: *Provided*, That a base rate determined pursuant to this subparagraph shall be subject to challenge on the issue of whether it represents the most nearly comparable commodity or the most nearly comparable service; and

"(C) the adjusted base rate for the transportation of a commodity shall be an amount determined by multiplying the base rate for the transportation of such commodity by the latest rail cost adjustment factor published by the Commission pursuant to this subsection.

"(3) As often as practicable, but in no event less often than quarterly, the Commission shall publish, commencing with the fourth quarter of 1979, a rail cost adjustment factor which shall be a fraction, the numerator of which is the latest published Index of Railroad Costs (which index shall be compiled or verified by the Commission, with appropriate adjustments to reflect the quality and mix of material and labor), and the denominator of which is the same index for the fourth quarter of 1979 or for the fourth quarter of every 5th year thereafter as appropriate.

"(4) Notwithstanding any other provision of this subchapter, the Commission shall not have authority to find any rate for transportation authorized under this subsection to be unjust or unreasonable on the basis that such rate exceeds a reasonable maximum for the service rendered or to be rendered, nor may the Commission suspend or investigate such rate as unreasonably high under section 10707 of this title.".

### RATE FLEXIBILITY ABOVE COST INCREASES

SEC. 104. Section 10701 of title 49, United States Code, is further amended by adding at the end thereof the following subsection:

"(g)(1) During any calendar year a rail carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title may increase the rate for such transportation by an amount not exceeding 5 percent of the adjusted base rate for such transportation as defined in subsection (f)(2) of this section: *Provided*, That in no event shall the total increase under this subsection during the period from January 1, 1980 to December 31, 1984, or during each consecutive period of 5 years thereafter, result in rates which exceed an amount equal to 114 percent of the adjusted base rate for such transportation as defined in subsection (f)(2) of this section.

"(2) Any part of a rate increase authorized under paragraph (1) of this subsection which is not implemented in a calendar year may be implemented in the next succeeding calendar year: *Provided*, That in no event shall the total increase under this subsection in any calendar year result in rates which exceed an amount equal to 110 percent of the adjusted base rate for such transportation as defined in subsection (f)(2) of this section.

"(3) Notwithstanding the provisions of section 10707 of this title, the Commission may not suspend any rate increase authorized by this subsection as unreasonably high pending final Commission action, nor may it begin an investigation proceeding under section 10707 of this title with regard to the reasonableness of a rate increase authorized by this subsection, except as otherwise provided in paragraph (5) of this subsection: *Provided*, That an interested party may file a complaint under section 11701(b) of this title alleging that such increase violates the provisions of this subtitle.

"(4) Not later than 3 years after the date of enactment of this subsection, and at least every 3 years thereafter, the Commission shall submit to the Congress a report that analyzes the revenue needs of rail carriers and makes such recommendations for the modification of this subsection as the Commission determines may be necessary.

"(5)(A) Within 120 days after the date of enactment of this subsection, the Commission shall determine on the record, after a hearing, a single ratio of revenue-to-variable cost (expressed as a percentage) which, for the purpose of this subsection and other rate increases which exceed those authorized under this subsection, and new rates which exceed the adjusted base rates authorized under subsection (f) of this section, shall constitute a point at which, upon challenge by an affected shipper, the Commission shall be authorized to investigate the reasonableness of the proposed rate or new rate. Notwithstanding the provisions of paragraph (3) of this subsection, any rate increase which is above that allowed under subsection (f) of this section which would reflect a ratio which is greater than the ratio determined by the Commission as provided in this subsection, to the extent of the increase, may be investigated by the Commission on complaint of a shipper, or may be investigated on the Commission's own motion, under section 10707 of this title and shall also be subject to challenge by filing of a complaint under section 11701(b) of this title.

"(B) In determining whether to investigate or not to investigate such proposed rate or new rate, the Commission shall set forth its reasons therefor, giving due consideration to the following factors:

"(i) the amount of traffic which is transported at revenues below variable cost and efforts made to minimize such traffic;

"(ii) the amount of traffic which contributes only marginally to fixed costs and the extent to which, if any, rates on such traffic can be changed to maximize the revenues from such traffic; and

"(iii) the impact of the proposed rate or rate increase on the attainment of the national energy goal, taking into account the railroads' role as a primary source of energy transportation and the need for a sound rail transportation system is accordance with the revenue adequacy goals of section 10704 of this title. This subparagraph shall not be construed to change existing law with regard to the non-reviewability of such determination.

"(C) In determining whether a rate is reasonable, the Commission shall consider, among other factors, evidence of the following:

"(i) the amount of traffic which is transported at revenues below variable cost and efforts made to minimize such traffic;

"(ii) the amount of traffic which contributes only marginally to fixed costs and the extent to which, if any, rates on such traffic can be changed to maximize the revenues from such traffic; and

"(iii) the carrier's mix of rail traffic to determine whether one commodity is paying a disproportionate share of the carrier's overall revenues.

"(D) In establishing the ratio in accordance with subparagraph (A) of this paragraph, the Commission shall consider all relevant factors, including but not limited to:

"(i) the average ratio developed pursuant to the provisions of subsection (e) of this section and the need for a differential between that ratio and the ratio developed under this subsection in order to realize the revenue adequacy goals of section 10704 of this title, as measured by economical and efficient rail management;

"(ii) inflationary impact of various levels of revenue-to-variable costs, particularly as such impact relates to the attainment of national energy goals, and

"(iii) the extent to which railroad revenue shortfall is not the result of unprofitable branch line service, rail traffic moving below variable cost or only marginally contributing to fixed costs, and excess capacity and the extent to which these factors are not the result of existing regulatory practices.

"(6) Notwithstanding the provisions of this subsection (except the provisions of paragraph (5)(B) of this subsection), the Commission shall be authorized to investigate the reasonableness of a rate proposed under this subsection if such rate is proposed by a carrier or carriers which have achieved an adequate revenue level (including fair return on equity) developed by the Commission for the purpose of this paragraph in accordance with the provisions of section 10704 of this title."

### GENERAL RATE INCREASES

SEC. 105. Section 10701 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(h)(1) A rail carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title may put into effect a general rate increase described in section 10706(a)(3)(B)(i) of this title for the purpose of recovering increased costs, provided the increase does not exceed the following:

"(A) demonstrated cost increases if such general rate increase is filed with the Commission in the 1st year after the date of enactment of this subsection;

"(B) 90 percent of demonstrated cost increases if the increase is filed with the Commission in the 2d year after the date of enactment of this subsection, except that increases attributable to increases in the cost of fuel shall not be subject to such percentage limitation;

"(C) 85 percent of demonstrated cost increases if the increase is filed with the Commission in the 3d year or the first 180 days of the 4th year after the date of enactment of this subsection, except that increases attributable to increases in the cost of fuel shall not be subject to such percentage limitation; or

"(D) unless the Congress provides otherwise, 80 percent of demonstrated cost increases if such general rate increase is filed with the Commission at any time after the end of the 180th day of the 4th year after the date of enactment of this subsection, except that increases attributable to increases in the cost of fuel shall not be subject to such percentage limitation:
*Provided, however,* That the resulting rates in the aggregate may not exceed the adjusted base rates for such transportation as defined in subsection (f)(2) of this section: *And provided further,* That increases taken under this section shall be considered in determining whether increases proposed under subsections (f) and (g) of this section equal or exceed the adjusted base rates for such transportation.

"(2) Each time that the Commission publishes a rail cost adjustment factor pursuant to section 10701(f)(3) of this title, it shall indicate what portion of any increase or decrease in such rail cost adjustment factor is attributable to an increase or a decrease in the cost of fuel used in providing rail transportation.

"(3) The Commission and the Secretary of Transportation shall each conduct a study of the need for general rate increases, the effect of the phase-down of general rate increases provided in this subsection, the impact of the additional rate flexibility provided by the amendments to this title made by the Rail Transportation Policy Act of 1979, and the feasibility of eliminating general rate increases. At the end of the 3d year after the date of enactment of this subsection, the Commission and the Secretary shall separately transmit the results of such studies, along with any recommendations for legislative changes in this subsection, subsection (g) of this section, or any other provision of this title to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives.

"(4) As soon as practicable, but in no event later than 9 months after the date of enactment of this subsection, the Commission shall promulgate such final regulations as may be necessary to implement this subsection.

"(5) Nothing in this subsection shall be construed as limiting (A) the Commission's authority to deny or limit the application of general rate increases to particular movements; or (B) broad tariff changes described in section 10706(a)(3)(B)(ii) of this title.".

### CONTRACT RATES

SEC. 106. (a) Title 49, United States Code, is amended by inserting the following new section immediately after section 10701:

"§ 10701a. Authority for rail carriers to establish contract rates and service

"(a) One or more rail carriers may enter into contracts with one or more purchasers of rail services to provide specified services under specified rates and conditions. Such contracts may contain provisions on subjects including, but not limited to, extension of credit to such purchasers, cancellation or termination, service, safety and inspection standards in excess of those required under existing law, escalation or reduction of charges, car compensation, force majeure, and financing of or investment in railroad equipment, plant and other facilities.

"(b)(1) Service under such a contract shall be deemed to be a separate and distinct class of service, and the equipment used in the fulfillment of such a contract shall not be subject to car service decisions under section 11123 of this title.

"(2) Notwithstanding the provisions of paragraph (1) of this subsection, the existence of a contract shall not eliminate the obligation of a rail carrier to provide transportation or service on reasonable request, as set forth in section 11101 of this title. Upon complaint, the Commission may limit the right of a rail carrier to enter into future contracts under this section following a determination that additional contracts would impair the ability of the rail carrier to fulfill its common carrier obligations under section 11101 of this title.

"(3)(A) A contract entered into under this section may be investigated or suspended under section 10707 of this title only upon the following grounds:

"(i) that fulfillment of the contract will cause the carrier to be unable to fulfill its common carrier obligations under section 11101 of this title,

"(ii) that the carrier has discriminated by refusing to enter into a contract for rates and services with a prospective purchaser of rail services under similar conditions to the contract at issue, and that the complainant or affected shipper was ready, willing, and able to enter into such a contract at a time essentially contemporaneous with the period during which the contract at issue was offered, or

"(iii) that the proposed contract constitutes a destructive competitive practice.

In making a determination under clause (iii) the Commission shall consider the difference between contract rates and published single car rates. If the Commission does not suspend or investigate a contract entered into under this section, it may not modify, abrogate, or otherwise impair the obligations under such contract: *Provided, however,* That the provisions of this subparagraph shall not interfere with the Commission's authority to order a carrier to provide rates and services substantially similar to the contract at issue upon a showing of discrimination.

"(B) If the Commission determines that the carrier has discriminated against a complainant or a prospective purchaser by failing to enter into a contract for rates and services under similar conditions to the contract at issue, and such complainant or prospective purchaser was ready, willing and able to enter into such a contract at a time essentially contemporaneous with the period during which the contract at issue was offered, the Commission shall order the carrier to provide rates and service substantially similar to the contract at issue with such differentials in terms and conditions as are justified by the evidence.

"(c)(1) Any carrier may, without specific authorization from the Commission, enter into contracts involving utilization of carrier owned or leased equipment not in excess of 35 percent of the capacity of such carrier's owned or leased equipment by major car type (plain boxcars, covered hopper cars, gondolas and open top hoppers, coal cars, bulkhead flatcars, pulpwood rackcars, and flatbed equipment, including TOFC/COFC): *Provided, however,* That with regard to proposed contracts between class I carriers and shippers originating an average of 1,000 cars or more per year during the past 3 years by major car type on a particular carrier, no more than 40 percent of carrier owned or leased equipment utilized on the average during the prior 3-year period may be used for such contracts without prior Commission authorization.

"(2) Carriers or other parties may seek relief from the limitations of paragraph (1) of this subsection, and the Commission may grant such relief as it deems appropriate, if it appears that additional equipment may be made available without impairing the carrier's ability to meet its common carrier obligations under section 11101 of this title.

"(3) Any interested party may request modification of the Commission's findings upon a showing of changed circumstances or other good cause.

"(d) Except as expressly provided in this section or in other sections of this title, contracts authorized under subsection (a) of this section shall not be subject to the provisions of chapter 107, subchapter II of chapter 111, or section 11701 of this title, except that complaints may be filed alleging violations of sections 11101 or 10741 of this title, subject to the limitation that available remedies for a violation of such sections shall not include modification or abrogation of contracts which have become effective without suspension or investigation. Contracts authorized under subsection (a) of this section shall be subject to the provisions of sections 10704, 10705, 10706, 10707, 10726, 10741, 10761, and 10762 of this title.

"(e) The Commission shall establish a railroad contract rate advisory service. The advisory service shall:

"(1) compile and disseminate to interested parties nonconfidential summaries of the provisions of individual contract information relating to the provisions of contracts entered into under this section with regard to various goods, items, and commodities covered by such contracts;

"(2) provide the Commission and interested parties with advice regarding contracts; and

"(3) assess the impact on competition among shippers of variations between contract rates for various shipments and the published single car rates and submit a report on such impact to the Congress not later than 90 days after the date of enactment of this section."

(b) The index to chapter 107 of title 49, United States Code, is amended by inserting the following immediately after the item relating to section 10701:

"10701a. Authority for rail carriers to establish contract rates and services.".

### EXPEDITIOUS DIVISIONS OF REVENUE

SEC. 107. Section 10705(e)(1) of title 49, United States Code, is amended to read as follows:

"(e)(1) The Commission may begin a proceeding under subsection (a) or (b) of this section on its own initiative or on complaint. The Commission must complete all evidentiary proceedings to adjust the division of joint rates for transportation by a rail carrier within 9 months after the complaint is filed if the proceeding is brought on complaint or within 18 months after the commencement of a proceeding on the initiative of the Commission. The Commission must take final action by the 180th day after completion of the evidentiary proceedings, except that—

"(A) when the proceeding involves a railroad in reorganization or a contention that the divisions at issue do not cover the variable costs of handling the traffic, the Commission shall give the proceeding preference over all other proceedings and shall take final action at the earliest practicable time, which in no event may exceed 100 days after the completion of the evidentiary proceedings; and

"(B) in all cases other than those specified in subparagraph (A) of this paragraph, the

Commission may decide to extend such a proceeding to permit its fair and expeditious completion, but whenever the Commission decides to extend a proceeding pursuant to this subparagraph, it must report its reasons to Congress.".

### RATE BUREAUS

SEC. 108. Section 10706 of title 49, United States Code, is amended—

(1) in the first sentence of subsection (a)(2)(A), by inserting immediately after "facilities and equipment" the following: "and including intrastate rates that affect interstate commerce";

(2) in subsection (a)(3)(A)(i), by striking "or" at the end thereof;

(3) in subsection (a)(3)(A), by redesignating clause (ii) as clause (iii);

(4) in subsection (a)(3)(A), by inserting immediately after clause (i) the following new clause:

"(ii) permit a rail carrier to participate in an agreement unless the terms of such agreement provide that transcripts of sound recordings shall be made of all meetings, that records of votes shall be made, and such transcripts or recordings and voting records shall be submitted to the Commission and made available to other Federal agencies in connection with their statutory responsibilities over rate bureaus: *Provided, however*, That such material shall be kept confidential and not subject to disclosure under the provisions of section 552 of title 5, United States Code or"; and

(5) by adding at the end of subsection (a)(3)(A) the following new sentences:

"Notwithstanding clause (i) of this paragraph, a rail carrier may participate in discussions related to single-line rates proposed by another rail carrier or rates related to a particular interline movement. Such discussions may include such matters as whether the proposed rates are noncompensatory, would result in discrimination between shippers or localities, would adversely affect the movement of traffic, would result in violations of section 10726 of this title, or would necessitate adjustments in other rates. Such discussions shall be limited to comments upon the proposal and shall exclude any agreement, express or implied, to approve, modify, disapprove or withdraw the proposals, except that in the case of a proposed interline movement, such agreements may be made by a rail carrier that can practicably participate in that movement.".

### INVESTIGATIONS AND SUSPENSIONS OF RATES AND ORDERS SETTING RATES

SEC. 109. (a) Section 10704(a)(1) of title 49, United States Code, is amended by inserting immediately before the period at the end thereof the following: ", subject to the limitations of sections 10701 and 10701a of this title".

(b) Section 10707 of title 49, United States Code, is amended—

(1) in the first sentence of subsection (a), by inserting immediately after "party," the following: "subject to the limitations of sections 10101 and 10701a of this subchapter,";

(2) in the first sentence of subsection (b)(1), by inserting immediately before the period at the end thereof the following: ", unless the proposed rate, classification, rule or practice is suspended, in which case the proceeding must be completed by the end of the 5th month after the rate, classification, rule or practice was to become effective";

(3) in the second sentence of subsection (b)(1), by inserting immediately after "7th month" the following: ", or the 5th month if suspension is involved,"; and

(4) in subsection (c)(1), by striking "7" and "10" and inserting in lieu thereof "5" and "8", respectively.

### APPLICABILITY

SEC. 110. Section 10711 of title 49, United States Code, is amended—

(1) by designating the existing language as subsection (a); and

(2) by adding at the end thereof the following new subsection:

"(b) With respect to the relationship between water carriers and rail carriers, none of the amendments to this subtitle made by the Railroad Transportation Policy Act of 1979 shall be construed to modify the application of existing law with respect to competition and coordination, or to make lawful a competitive practice that is unfair, destructive, predatory or otherwise undermines competition.".

### DEMAND-SENSITIVE RATES

SEC. 111. Section 10727 of title 49, United States Code, is amended to read as follows:

"§ 10727. Demand-sensitive rates

"A rail carrier may establish a tariff, subject to section 10701 of this title and other provisions of this chapter, for any movement or group of movements, under which rates, except those rates involving the movement of grain, may be raised and lowered, between published maximum and minimum levels, in response to either expected or actual fluctuations in demand for rail service. The Commission shall facilitate the establishment of such demand-sensitive rates.".

### RELEASED RATES

SEC. 112. Section 10730 of title 49, United States Code, is amended—

(1) by designating the existing language as subsection (a);

(2) by inserting ", other than a rail carrier," immediately after "carrier" the first time it appears; and

(3) by adding at the end thereof the following new subsection:

"(b) A rail carrier providing transportation or service subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title may, subject to the provisions and procedures set forth in this chapter and the general tariff requirements of section 10732 of this title, establish rates for the transportation of property under which the liability of the carrier for such property is limited to a value established by written declaration of the shipper or by written agreement between the carrier and the shipper.".

### TRANSPORTATION OF RECYCLABLE MATERIALS

SEC. 113. Section 10731 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of this title or any other law, within 90 days after the date of enactment of this subsection, all rail carriers providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title shall take all actions necessary to reduce and thereafter maintain rates for the transportation of recyclable or recycled materials at revenue-to-variable cost ratio levels that are equal to or less than the average revenue-to-variable cost ratios initially established and thereafter published annually by the Commission pursuant to section 10701(e)(2) of this title, and any such rate which equals or exceeds such average revenue-to-variable cost ratio established by the Commission shall not be required to bear any further rate increases. The Commission shall have jurisdiction to issue all orders necessary to enforce the requirements of this subsection."

### NOTICE AND PUBLICATION OF TARIFFS

SEC. 114. Section 10762 of title 49, United States Code, is amended—

(1) in the first sentence of subsection (a)(1), by inserting immediately after "motor common carrier" the following: "or service by a rail carrier pursuant to a contract authorized under section 10701a of this title";

(2) in subsection (a), by adding at the end thereof the following new paragraph:

"(3) A rail carrier which has entered into a contract authorized under section 10701a of this title shall publish and file with the Commission, in such manner as the Commission may provide, the essential terms of such contract. Such filing shall constitute a tariff for the purposes of compliance with the provisions of section 10761 of this title. Such contracts shall not be subject to the normal tariff rules promulgated pursuant to this section (49 CFR 1300 et seq.), but the Commission if necessary may promulgate special tariff rules for such contracts. Any party to such a contract may, with the consent of the other parties to the contract, elect to file with the Commission information in addition to the essential terms of the contract. In such cases, the Commission shall, upon the request of any party to the contract, place any such additional information (other than the essential terms of the contract) in a confidential file. Notwithstanding such a request, the information filed with the Commission and kept in a confidential file may, at the discretion of the Commission, be made available to any party to a proceeding as authorized under section 10701a or other provisions of this title.";

(3) in subsection (b)(1), by striking the first sentence and inserting in lieu thereof: "Except in the case of a rail carrier, the Commission shall prescribe the form and manner of publishing, filing, and keeping tariffs open for public inspection under this section. In the case of a rail carrier, the Commission shall insure that tariffs are published, filed, and kept open for public inspection and may, in its discretion, prescribe the form and manner of such publishing, filing, and keeping tariffs open for public inspection.";

(4) in subsection (c)(3), by striking the second sentence and inserting in lieu thereof the following: "Except in the case of a rail carrier, a proposed change or a new or reduced rate may not become effective for 30 days after the notice is published, filed, and held open as required under subsections (a) and (b) of this section. In the case of a rail carrier, a proposed change or a new or reduced rate shall not become effective for 20 days after the notice is published, except that, within the first 60 days after the date of enactment of this sentence, such change or rate shall not become effective for 30 days after the notice is published: *Provided, however*, That a contract authorized under section 10701a of this title shall not become effective for 30 days: *And provided further*, That a tariff authorized under section 10727 of this title shall not become effective for 30 days, nor shall rates raised or lowered within the published minimum and maximum levels of such a tariff become effective for 5 days, after the notice is published, filed, and held open as required under subsections (a) and (b) of this section."; and

(5) in subsection (d)(1), by striking "30-day" and inserting in lieu thereof "notice".

### REPEALS

SEC. 115. (a) Section 10709 of title 49, United States Code, is repealed, and the item relating to section 10709 in the index to chapter 107 of title 49, United States Code, is stricken.

(b) Section 10729 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(d) A proposed rate, classification, rule or practice for transportation by a rail carrier may not become effective under this section unless notice of intent to establish such rate, classification, rule, or practice under this section is filed with the Commission not less than 90 days prior to the date of enactment of this subsection.".

(c) Sections 15(8)(c) and (d) of the Interstate Commerce Act, as amended by section 401 of the Act of November 8, 1978, entitled "An Act to amend section 5 of the department of Transportation Act, relating to rail service assistance, and for other purposes". (Public Law 95-607, 92 Stat. 3067) are repealed.

### SAVINGS PROVISION

SEC. 116. (a) (1) Notwithstanding any other provision of law, rail rates in existence on the date of enactment of this Act may not be challenged as exceeding maximum reasonableness, except in accordance with the procedures set forth in paragraph (2) of this subsection.

(2) A rail rate described in paragraph (1) of this subsection may be challenged as exceeding maximum reasonableness under the procedures set forth in chapter 107 and section 11701 of title 49, United States Code, if—

(A) such rate yields a revenue-to-variable cost ratio that exceeds the average ratio of revenue-to-variable cost described in section 10701(e) (2) of title 49, United States Code; and

(B) a complaint alleging that such rate exceeds maximum reasonableness is filed with the Interstate Commerce Commission within 270 days after the date of enactment of this Act.

(b) Effective on the date of enactment of this Act, rail rate increases may only be challenged in accordance with the provisions 10701(e) (2) of title 49, United States Code; as amended by this Act.

### CAR UTILIZATION

SEC. 117. (a) Subchapter II of chapter 107 of title 49, United States Code, is amended by inserting at the end thereof the following new section:

"§ 10732. Car utilization

"In order to encourage more efficient use of freight cars, carriers shall be permitted to establish tariffs containing preminum charges for special services or special levels of services not provided in any tariff otherwise applicable to the movement. The Commission shall facilitate development of such tariffs so as to increase the utilization of equipment.".

(b) The index to chapter 107 of title 49, United States Code, is amended by inserting the following immediately after the item relating to section 10731:

"10732. Car utilization.".

(c) The first sentence of section 511(a) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 831(a)) is amended by inserting immediately after "equipment" the following: "which includes but is not limited to computerized car management systems".

### JOINT RATE SURCHARGE

SEC. 118. Section 10705 of title 49, United States Code, is amended by adding at the end thereof the following new subsections:

"(g) (1) (A) During the period in which this paragraph is effective, a rail carrier may publish and apply a surcharge increasing or decreasing a joint rate only in accordance with this subsection. This paragraph shall expire 3 years after the date of enactment of this subsection unless extended for 1 additional year by the Commission upon petition of any carrier and for good cause shown.

"(B) A carrier may publish and apply a surcharge increasing or decreasing any joint rate between any points without the concurrence of other carriers participating in such joint rate provided that the surcharge is applied in equal dollar amounts to all of the routes participated in by that carrier between each affected origin and destination and, when the surcharge increases the joint rate, to all of its competing single-line routes between each such origin and destination. The change in revenue resulting from such surcharge shall accrue solely to, or be borne solely by, the carrier applying the surcharge.

"(C) A carrier applying a surcharge which would increase a joint rate must notify the other carriers party to the joint rate 45 days before the proposed effective date of the surcharge.

"(D) In addition to any other remedy available under this chapter, a carrier which participates in any route subject to a surcharge applied pursuant to subparagraph (B) of this paragraph may by tariff or tariff supplement cancel the application of such surcharge to any such route if such carrier demonstrates that, under the applicable joint rate without the surcharge, or a new rate division increasing the share of the surcharge proposing carrier, or a new lawful rate, the surcharging carrier's share of the revenues for its participation over such route is not less than 110 percent of its variable costs of providing service over such route. Such cancelling tariff may be suspended by the Commission pursuant to section 10707 of this title only on the grounds that the carrier proposing the cancellation has not made or is not likely to make such demonstration. Any rate differential resulting from such a cancellation shall not constitute unreasonable discrimination or a destructive competitive practice. For purposes of this paragraph, variable costs shall be determined only by using the unadjusted costs of the surcharging carrier calculated using the Commission's Rail Form A cost finding methodology (or an alternative methodology adopted by the Commission in lieu thereof) and indexed to account for current wage and price levels in the region in which the surcharging carrier operates.

"(E) A carrier may not apply a surcharge pursuant to this paragraph unless, for one year prior to the surcharge, it has participated in all increases in rates of general applicability agreed to by all other parties to the rates in question.

"(F) For purposes of maximum rate regulation under this title, only the carrier proposing a surcharge shall be required to defend the surcharge, and the lawfulness of the surcharge shall be determined without regard to the amounts received and the services performed by other carriers party to the joint tariff to which the surcharge is applied. The Commission may not investigate the lawfulness of the joint rate resulting from the application of a surcharge. In any subsequent proceeding to investigate the lawfulness of the joint rate to which a surcharge applies, that surcharge shall not be taken into consideration unless the Commission determines that each carrier participating in the surcharge is earning adequate revenues as defined in section 10704(a) (2) of subchapter I of this title.

"(2) A rail carrier may, without the concurrence of any connecting rail carrier, publish surcharges applicable to traffic originating or terminating upon any line of railroad originating and terminating less than 3,000,000 gross ton miles of traffic per mile in the most recent calendar year for which traffic data are available if, prior to the application of any such surcharge, the through charges applicable to traffic to and from any such line do not provide the surcharging carrier revenues adequate to cover 100 percent of the reasonably expected costs (including the cost of capital) of continuing to operate the line involved. The change in revenues resulting from any such surcharge shall accrue solely to the carrier applying the surcharge. The Commission shall not require, as a condition to the filing of an application to abandon a line of railroad or as a condition to the abandonment of such a line, a carrier to use the rights conferred herein; nor shall the Commission, in ruling upon any abandonment application, consider or give any weight to the failure of the applicant to have used the rights conferred herein.

"(h) (1) Notwithstanding any other law, prior agreement, or requirement of the Commission to the contrary, a carrier may cancel the application of such rate to any through route without the concurrence of any carrier party to the rate unless another carrier party to the rate over that route demonstrates to the Commission that the canceling carrier's share of the revenue under the joint rate or under a new rate division increasing the share of the carrier proposing to cancel the application of the rate or a new lawful rate is not less than 110 percent of the canceling carrier's variable cost of providing service over that route. For purposes of this subsection, revenue share may, at the option of the carrier canceling the application of a rate, be determined by reference to past revenue settlements actually made in the most recent calendar year by connecting lines, and variable cost shall be determined only by using the unadjusted costs of the canceling carrier calculated using the Commission's Rail Form A cost finding methodology (or an alternative methodology adopted by the Commission in lieu thereof) and indexed to account for current wage and price levels in the region in which the canceling carrier operates.

"(2) A carrier canceling the application of a joint rate pursuant to this subsection must notify the other carriers party to the rate 45 days before the proposed effective date of the cancellation.

"(3) When the application of a joint rate to a specific route or routes is canceled and a through rate other than a joint rate thereafter applies to such route or routes (irrespective of whether the newly applicable through rate displaces a higher applicable joint rate), the through rate shall divide as the separate factors of such rate are made. The cancellation of the application of a rate pursuant to this subsection shall not constitute unreasonable discrimination or a destructive competitive practice.

"(i) To ease the burden imposed upon small businesses desirous of challenging actions authorized by subsections (g) and (h) of this section, the Commission shall obtain, make readily available, and provide to class III railroads upon request analysis of the data necessary to support a challenge under subsection (g) (1) (D) and subsection (h) of this section. The Commission's Special Counsel or Public Counsel is authorized to assist such railroads in preparing actions under subsection (g) (1) (D) and subsection (h) of this section.".

## TITLE II—STRUCTURE

### MERGERS AND OTHER TRANSACTIONS

SEC. 201. (a) Section 11344 of title 49, United States Code, is amended—

(1) in subsection (b), by inserting immediately after "section" the following: "which involves the merger or control of at least two class I railroads, as defined by the Commission"; and

(2) by adding at the end thereof the following new subsection:

"(d) In a proceeding under this section which does not involve the merger or control of at least two class I railroads, as defined by the Commission, the Commission shall approve such an application unless it finds that—

"(1) as a result of the transaction, there is likely to be a substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States; and

"(2) the anticompetitive effects of the transaction outweigh the public interest in meeting significant transportation needs.

In making such findings, the Commission shall, with respect to any application that is part of a plan or proposal developed under section 5 (a) through (d) of the Department of Transportation Act (49 U.S.C. 1654 (a) through (d)), accord substantial weight to any recommendations of the Secretary of Transportation.".

(b) Section 11345 of title 49, United States Code, is amended to read as follows:

"§ 11345. Consolidation, merger, and acquisition of control; rail carrier procedure

"(a) If a rail carrier providing transportation subject to the jurisdiction of the Interstate Commerce Commission under subchapter I of chapter 105 of this title is involved in a proposed transaction under section 11343 of this title, this section and section 11344 of this title also apply to the transaction. The Commission shall publish notice of the application in the Federal Register by the end of the 30th day after the application is filed with the Commission and after a certified copy of it is furnished to the Secretary of Transportation. However, if the application is incomplete, the Commission shall reject it by the end of that period. The order of rejection is a final action of the Commission under section 10327 of this title. The published notice shall indicate whether the application involves:

"(1) the merger or control of at least two class I railroads, as defined by the Commission, to be decided within the time limits specified in subsection (b) of this section;

"(2) transactions of regional or national transportation significance, to be decided within the time limits specified in subsection (c) of this section; or

"(3) any other transaction covered by this section, to be decided within the time limits specified in subsection (d) of this section.

"(b) If the application involves the merger or control of two or more class I railroads, as defined by the Commission:

"(1) Written comments about an application may be filed with the Commission within 45 days after notice of the application is published under subsection (a) of this section. Copies of those comments shall be served on the Secretary of Transportation and the Attorney General, each of whom may decide to intervene as a party to the proceeding. That decision must be made by the 15th day after the date of receipt of the written comments. and if the decision is to intervene, preliminary comments about the application must be sent to the Commission by the end of the 15th day after the date of receipt of the written comments.

"(2) The Commission shall require that applications inconsistent with an application, notice of which was published under subsection (a) of this section, and applications for inclusion in the transaction, be filed with it and given to the Secretary of Transportation by the 90th day after publication of notice under that subsection.

"(3) The Commission must conclude evidentiary proceedings by the end of the 24th month after the date of publication of notice under subsection (a) of this section. The Commission must issue a final decision by the 180th day after the date on which it concludes the evidentiary proceedings.

"(c) If the application involves a transaction other than the merger or control of at least two class I railroads, as defined by the Commission, which the Commission has determined to be of regional or national transportation significance:

"(1) Written comments about an application may be filed with the Commission within 30 days after notice of the application is published under subsection (a) of this section. Copies of those comments shall be served on the Secretary of Transportation and the Attorney General, each of whom may decide to intervene as a party to the proceeding. That decision must be made by the 15th day after the date of receipt of the written comments, and if the decision is to intervene, preliminary comments about the application must be sent to the Commission by the end of the 15th day after the date of receipt of the written comments.

"(2) The Commission shall require that applications inconsistent with an application, notice of which was published under subsection (a) of this section, and applicants for inclusion in the transaction, be filed with it and given to the Secretary of Transportation by the 60th day after publication of notice under that subsection.

"(3) The Commission must conclude any evidentiary proceedings by the 180th day after the date of publication of notice under subsection (a) of this section. The Commission must issue a final decision by the 90th day after the date on which it concludes the evidentiary proceedings.

"(d) For all applications under this section other than those specified in subsections (b) and (c) of this section:

"(1) Written comments about an application may be filed with the Commission within 30 days after notice of the application is published under subsection (a) of this section. Copies of those comments shall be served on the Secretary of Transportation and the Attorney General, each of whom may decide to intervene as a party to the proceeding. That decision must be made by the 15th day after the date of receipt of the written comments, and if the decision is to intervene, preliminary comments about the application must be sent to the Commission by the end of the 15th day after the date of receipt of the written comments.

"(2) The Commission must conclude any evidentiary proceedings by the 105th day after the date of publication of notice under subsection (a) of this section. The Commission must issue a final decision by the 45th day after the date on which it concludes the evidentiary proceedings.

"(e) If the Commission does not issue a decision that is a final action under section 10327 of this title, it shall send written notice to Congress that a decision was not issued and the reasons why it was not issued.

"(f) The Commission may waive the requirement that an initial decision be made under section 10327 of this title and make a final decision itself when it determines that action is required for the timely execution of its functions under this subchapter or that an application governed by this section is of major transportation importance. The decision of the Commission under this subsection is a final action under section 10327 of this title.

"(g) The Secretary of Transportation may propose changes in transactions governed by this section when a rail carrier is involved. The Secretary may appear before the Commission to support those changes.".

### ABANDONMENT

SEC. 202. (a) Section 10903 of title 49, United States Code, is amended—

(1) in subsection (b)(1), by striking the first sentence; and

(2) by striking subsection (c).

(b)(1) Section 10904(a) of title 49, United States Code, is amended—

(A) by striking all after "Commission" through "effective" in paragraph (1);

(B) by striking "and" at the end of paragraph (2)(A);

(C) by striking the period at the end of paragraph (2)(B) and inserting in lieu thereof "; and";

(D) by adding a new paragraph (2)(C) to read as follows:

"(C) a statement that the line is available for subsidy or sale in accordance with section 10905 of this title; a statement that the carrier will promptly provide to each interested party an estimate of the subsidy and minimum purchase price required to keep the line in operation, calculated in accordance with section 10905 of this title; and the name and business address of the person who is authorized to discuss sale or subsidy terms for the carrier."; and

(E) by inserting in paragraph (3)(E) immediately after "satisfied" the following: ", and certifying that clauses (A)–(D) have been satisfied within the most recent 30 days prior to the date the application is filed".

(2) Section 10904(b) of title 49, United States Code, is amended to read as follows:

"(b) If no protest is received within 30 days after the application is filed, the Commission shall find that the public convenience and necessity require or permit the abandonment or discontinuance. In such a case, the Commission shall, within 45 days after the application is filed, issue a certificate which permits the abandonment or discontinuance to occur within 75 days after the application is filed.".

(3) Section 10904(c) of title 49, United States Code, is amended to read as follows:

"(c)(1) If a protest is received within 30 days after the application is filed, the Commission shall, within 45 days after the application is filed, determine whether an investigation is needed to assist in determining what disposition to make of the application.

"(2) If the Commission decides that no investigation is to be undertaken, the Commission shall, within 75 days after the application is filed, decide whether the present or future public convenience and necessity require or permit the abandonment or discontinuance, taking into consideration the application of the railroad and any materials submitted by protestants. If the Commission finds that the present or future public convenience and necessity require or permit the abandonment, it shall, within 90 days after the date of application, issue a certificate which permits the abandonment or discontinuance to occur within 120 days after the application is filed.

"(3) If the Commission decides that an investigation should be undertaken under this section, the investigation must be completed within 135 days, and an initial decision must be rendered within 165 days, of the date the application is filed. Thirty days after such decision, the initial decision shall become the final decision of the Commission unless, during the interim, the Commission decides to hear appeals. If an initial decision is appealed and considered by the Commission, the Commission shall issue a final decision within 255 days of the date of application. Whenever the Commission decides upon investigation that the present or future public convenience and necessity require or permit the abandonment or discontinuance of rail service, it shall, within 15 days of the final decision, issue a certificate which permits the abandonment or discontinuance to occur within 75 days of the date of the final decision.

"(4) The effective date of any certificate which permits abandonment or discontinuance may be stayed by the Commission pursuant to the provisions of section 10905 of this title.".

(4) Subsection (d) of section 10904 of title 49, United States Code, is redesignated as subsection (e), and immediately after subsection (c) the following new subsection is inserted:

"(d)(1) The burden is on the person applying for the certificate to prove that the present or future public convenience and necessity require or permit the abandonment or discontinuance.

"(2) For applications approved by the Secretary of Transportation as part of a plan or proposal under section 5 (a) through (d) of the Department of Transportation Act (49 U.S.C. 1654 (a) through (d)), the Commission shall consider whether any detriment from the abandonment or discontinuance exceeds the transportation benefit from the plan or proposal as a whole.".

(5) Section 10904(e) of title 49, United States Code, as redesignated by paragraph (4) of this subsection, is amended by inserting immediately before the period at the

end thereof the following: ": *Provided, however*, That the requirement of such description or identification in such diagram may be waived by the Commission if the application was approved by the Secretary of Transportation as part of a plan or proposal under section 5 (a) through (d) of the Department of Transportation Act (49 U.S.C. 1654 (a) through (d)), or the application is filed by a railroad in bankruptcy".

(c) Section 10905 of title 49, United States Code, is amended to read as follows:

"§ 10905. Offers of financial assistance to avoid abandonment and discontinuance

"(a) In this section—

"(1) 'avoidable cost' means all expenses that would be incurred by a rail carrier in providing transportation that would not be incurred if the railroad line over which the transportation was provided were abandoned or if the transportation were discontinued. Expenses include cash inflows foregone and cash outflows incurred by the rail carrier as a result of not abandoning or discontinuing the transportation. Cash inflows foregone and cash outflows incurred include—

"(A) working capital and required capital expenditure;

"(B) expenditures to eliminate deferred maintenance;

"(C) the current cost of freight cars, locomotives, and other equipment; and

"(D) the foregone tax benefits from not retiring properties from rail service and other effects of applicable Federal and State income taxes.

"(2) 'reasonable return' means—

"(A) if a rail carrier is not in reorganization, the cost of capital to the rail carrier, as determined by the Interstate Commerce Commission; and

"(B) if a rail carrier is in reorganization, the mean cost of capital of rail carriers not in reorganization, as determined by the Commission.

"(b) Any rail carrier which has filed an application for a certificate of abandonment or discontinuance shall provide promptly to a party considering an offer of financial assistance and shall provide concurrently to the Commission—

"(1) an estimate of the annual subsidy and minimum purchase price required to keep the line or a portion of the line in operation;

"(2) its most recent reports on the physical condition of that part of the railroad line involved in the proposed abandonment or discontinuance;

"(3) traffic, revenue, and other data necessary to determine the amount of annual financial assistance which would be required to continue rail transportation over that part of the railroad line; and

"(4) any other information that the Commission may deem necessary to allow a potential offeror to calculate an adequate subsidy or purchase offer.

"(c) When the Commission finds under section 10903 of this title that the public convenience and necessity require or permit abandonment or discontinuance, it shall, concurrently with service of the decision upon the parties, publish the finding in the Federal Register. Within 10 days following the publication, any person may offer to pay the carrier a subsidy or offer to purchase the line. Such offer shall be filed concurrently with the Commission. If the offer to subsidize or purchase the line is less than the carrier's estimate provided under subsection (b)(1) of this section, the offer shall explain the basis of the disparity, and the manner in which the offer of subsidy or purchase is calculated.

"(d) If, within 15 days after the publication required in subsection (c) of this section, the Commission finds that—

"(1) a financially responsible person (including a government entity) has offered financial assistance to enable the rail transportation to be continued over that part of the railroad line to be abandoned or over which all rail transportation is to be discontinued; and

"(2) it is likely that the assistance would be equal to—

"(A) the difference between the revenues attributable to that part of the railroad line and the avoidable cost of providing rail freight transportation on the line, plus a reasonable return on the value of the line; or

"(B) the acquisition cost of that part of the railroad line;

the Commission shall postpone the issuance of a certificate authorizing abandonment or discontinuance in accordance with subsections (e) and (f) of this section.

"(e) If the carrier and a person offering financial assistance enter into an agreement which will provide continued rail service, the Commission shall postpone the issuance of the certificate for so long as the agreement, or an extension or modification of the agreement, is in effect. If the carrier and a person offering to purchase a line enter into an agreement which will provide continued rail service, the Commission shall approve the transaction and dismiss the application for abandonment or discontinuance. If the carrier and a financially responsible person (including a government entity) fail to agree on the amount or terms of the subsidy or purchase, either party may, within 30 days after the offer is made, request that the Commission establish the conditions and amount of compensation. If no agreement is reached within 30 days after the offer is made and neither party requests that the Commission establish the conditions and amount of compensation during that same period, the Commission shall immediately issue a certificate authorizing the abandonment or discontinuance.

"(f)(1) Whenever the Commission is requested to establish the conditions and amount of compensation under this section—

"(A) the Commission shall render its decision within 60 days;

"(B) where subsidy has been offered, the Commission shall determine the amount and terms of subsidy based on the avoidable cost of providing continued rail transportation, plus a reasonable return on the value of the line; and

"(C) where an offer of purchase has been made in order to continue rail service on the line, the Commission shall determine the price and other terms of sale. In no case shall the Commission set a price which is below the fair market value of the line (including, unless otherwise mutually agreed, all facilities on the line or portion necessary to provide effective transportation services).

"(2) The decision of the Commission shall be binding on both parties, except that the person who has offered to subsidize or purchase the line may withdraw his offer within 10 days of the Commission's decision. In such a case, the Commission shall immediately issue a certificate authorizing the abandonment or discontinuance, unless other offers are being considered pursuant to paragraph (3) of this subsection.

"(3) If a carrier receives more than one offer to purchase or subsidize, it shall select the offeror with whom it wishes to transact business, and complete the sale or subsidy agreement, or request that the Commission establish the conditions and amount of compensation prior to the 40th day after the date on which notice was published under subsection (c) of this section. If no agreement on subsidy or sale is reached within the 40-day period and the Commission has not been requested to establish the conditions and amount of compensation, any other offeror may request that the Commission establish the conditions and amount of compensation. If the Commission has established the conditions and amount of compensation and the original offer has been withdrawn, any other offeror may accept the Commission's decision within 20 days of such decision, and the Commission shall require the carrier to enter into a sale or subsidy agreement with such offeror, if such sale or agreement incorporates the Commission's decision.

"(4) No purchaser of a line or portion of line sold under this section may transfer or discontinue service on such line prior to the end of the second year after consummation of the sale, nor may such purchaser transfer such line, except to the carrier from whom it was purchased, prior to the end of the fifth year after consummation of the sale.

"(5) Any subsidy provided under this section may be discontinued on notice of 60 days. Unless, within such 60-day period, another financially responsible party enters into a subsidy agreement at least as beneficial to the carrier as that which was or was to be discontinued, the Commission shall, at the carrier's request, immediately issue a certificate authorizing the abandonment or discontinuance of service on the line.".

### ENTRY

SEC. 203. (a)(1) Section 10901(a) of title 49, United States Code, is amended by striking "will be enhanced by" and inserting in lieu thereof "permit".

(2) Section 10901 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(d) Where a railroad has been issued a certificate of public convenience and necessity by the Commission authorizing the construction or extension of a railroad line, no other railroad may block the construction or extension by refusing to permit the carrier to cross its property: *Provided*, That (1) the construction does not unreasonably interfere with the operation of the crossed line; (2) the operation does not materially interfere with the operation of the crossed line; and (3) the owner of the crossing line shall compensate the owner of the crossed line. The carriers are responsible for establishing the conditions of such compensation. However, if the carriers cannot agree, the Commission may establish conditions of compensation.".

(b) Section 11103 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) The Commission may require railroads to enter reciprocal switching agreements where it finds such agreements to be practicable and in the public interest. The carriers are responsible for establishing the conditions and compensation for such agreements. However, if the carriers cannot agree, the Commission may establish the conditions and compensation for such agreements.".

(c) Section 11344 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) A rail carrier, or a person controlled by or affiliated with a rail carrier may apply for approval of a transaction which involves motor carrier transportation prior or subsequent to rail transportation to serve inadequately served shippers located on another railroad. Such application shall be approved by the Commission if the shippers demonstrate present evidence of impaired rail service and inadequate motor common carrier service which results in the serious failure of the railroad serving the shippers to meet the rail equipment or transportation schedules of shippers or to seriously fail to otherwise provide adequate normal rail services required by shippers and which shippers would reasonably expect the railroad to provide. The Commission shall approve or disapprove applications under this subsection within 30 days after receipt of such application. The Commission shall approve applications which are not protested by interested parties within 30 days following receipt of such application.".

## TITLE III—GENERAL PROVISIONS

### CAR SERVICE

SEC. 301. (a) Section 11123(a) of title 49, United States Code, is amended by striking "in a section of the United States,", and inserting in lieu thereof the following: "of such magnitude as to have substantial adverse effects on rail service to the Nation or a substantial region of the Nation,".

(b) Paragraph (3) of section 11123(a) of title 49, United States Code, is amended by striking "terminals, including mainline tracks for a reasonable distance outside of those terminals,", and inserting in lieu thereof "facilities,".

(c) Section 11123 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(c) No action undertaken or order issued under the emergency powers of this section shall extend for more than 30 days from the date of initial Commission action unless, during the interim, the Commission has begun a proceeding to resolve the service problems on a more permanent basis. When the Commission has begun such a proceeding, an emergency order may be renewed and extended by the Commission for a maximum of 60 days.".

### EXEMPTION

SEC. 302. Section 10505 of title 49, United States Code, is amended to read as follows:

"§ 10505. Authority to exempt rail carrier transportation

"(a) In a matter related to a rail carrier providing transportation subject to the jurisdiction of the Interstate Commerce Commission under this subchapter, the Commission shall exempt a person, class of persons, or a transaction or service when the Commission finds that the application of a provision of this subtitle is not necessary to carry out the transportation policy of section 10101(b) of this title and either the transportation or service is of limited scope or the application of a provision of this subtitle is not needed to protect shippers from the abuse of market power: *Provided, however,* That the Commission may not issue any exemption which will substantially lessen competition and coordination between water and rail carriers.

"(b) No exemption order issued pursuant to this section shall operate to relieve any common carrier by railroad from the common carrier liability for claims imposed under section 11707 of this title.

"(c) The Commission may where appropriate begin a proceeding under this section on its own initiative or on application by the Secretary of Transportation or an interested party. The Commission may specify the period of time during which the exemption is effective.

"(d) The Commission may revoke an exemption, to the extent it specifies, when it finds that application of a provision of this subtitle to the person, class, or transportation is necessary to carry out the transportation policy of section 10101(b) of this title.".

### FEDERAL-STATE RELATIONS

SEC. 303. Section 11501 of title 49, United States Code, is amended—

(1) in subsection (a)(1), by striking the first word and inserting in lieu thereof the following: "Where the Interstate Commerce Commission under other sections of this title has the authority to do so, the";

(2) in subsection (b)(1)(B), by striking "120th" and inserting in lieu thereof "90th";

(3) in subsection (b)(2), by inserting the following immediately after "Commission" the second time it appears: ", subject to its authority as provided in the other sections of this title,"; and

(4) by adding at the end thereof the following new subsection:

"(d) Federal withdrawal from certain areas of regulation shall not be construed as relinquishing Federal jurisdiction and State authorities are encouraged to exercise their regulatory jurisdiction in a manner consistent with standards established in the railroad transportation policy set forth in section 10101(b) of this title.".

### FUEL ADJUSTMENT SURCHARGES

SEC. 304. (a) Chapter 115 of title 49, United States Code, is amended by adding at the end thereof the following new section:

"§ 11508. STATE AUTHORITY OVER FUEL ADJUSTMENT SURCHARGES

"Notwithstanding any other provision of law, no State (including the Commonwealth of Puerto Rico) shall have authority to prevent a rail carrier providing intrastate rail transportation from increasing rates for such transportation in order to pass through increases in the cost of providing such transportation that are attributable to increases in the cost of fuel used in such transportation if such increases do not exceed increases in the cost of fuel used in rail transportation as determined by the Commission pursuant to section 10701(h)(2) of this title.".

(b) The index to chapter 115 of title 49, United States Code, is amended by inserting the following immediately after the item relating to section 11507:

"11508. State authority over fuel adjustment surcharges.".

### CONVERSION OF ABANDONED RAILROAD RIGHTS-OF-WAY

SEC. 305. Section 809(d) of the Railroad Revitalization and Regulatory Reform Act of 1976 is amended—

(1) by inserting "(1)" immediately before the first sentence thereof; and

(2) by adding at the end thereof the following new paragraph:

"(2) There are authorized to be appropriated, for the purposes of carrying out the provisions of subsection (b)(2) of this section, not to exceed an aggregate amount of $20,000,000 for the fiscal years 1981, 1982, and 1983. Such sums shall remain available until expended: *Provided, however,* That, notwithstanding the provisions of subsection (b)(2) of this section, the Federal share for each grant made from the funds authorized to be appropriated pursuant to this paragraph may not exceed 80 percent of the total cost of any project.".

### RAIL TECHNOLOGICAL IMPROVEMENTS AMENDMENT

SEC. 306. Notwithstanding any other provision of law, the Federal Railroad Administration shall have the authority and discretion to exempt from the mandatory requirements of the provisions of the Act of March 2, 1893, the Act of March 2, 1903, and the Act of April 14, 1910 (45 U.S.C. 1 through 16), also referred to as the Safety Appliance Acts, any railroad equipment, or equipment which will be operated on rails, when such requirements preclude the development or implementation of more efficient railroad transportation equipment or other transportation innovations under the existing statutes.

### AMENDMENTS TO THE REGIONAL RAIL REORGANIZATION ACT OF 1973

SEC. 307. (a) Section 216(f)(5) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 726(f)(5)) is amended by adding the following sentence after the first sentence thereof: "For purposes of this subsection, the Railway Labor Executives' Association shall be deemed to represent all of the representatives of crafts or classes of employees of the Corporation and its subsidiaries as through that organization held power of attorney from each representative of a craft or class for the limited purposes of negotiating and agreeing upon an employee stock ownership plan.".

(b) Section 216(f)(5) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 726(f)(5)) is further amended by adding the following sentence after the second sentence thereof: "The plan shall not be subject to change under the provisions of section 6 of the Railway Labor Act until after such time as securities have been distributed from the plan to the participants in the plan or their beneficiaries pursuant to the terms of the plan.".

(c) Section 216(f) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 726(f)) is further amended by adding the following at the end thereof:

"(8)(A) Except as provided in subparagraph (B), no person described in subparagraph (C) shall have or be subject to any fiduciary responsibility, obligation or duty, nor shall any such person be subject to civil liability, under any Federal or State law, as a fiduciary or otherwise, (i) in connection with the employee stock ownership plan and related trust established by the Corporation pursuant to the requirements of this subsection or with ConRail Equity Corporation (x) on account of any reorganization or restructuring of the Corporation, its successors or assigns, or their assets or capital structure, or (y) on account of any action taken or not taken by the Corporation which may affect its ability to attain the performance levels established in connection with the plan pursuant to paragraph (2)(A)(ii) of this subsection, (ii) for or in connection with the establishment, continuation or implementation of the plan and related trust or of ConRail Equity Corporation or the acquisition of, investment in or retention of any security of the Corporation or ConRail Equity Corporations, or of any of their successors and assigns, by the plan or ConRail Equity Corporation, or the disposition of any such security to the extent that such disposition is made in connection with a reorganization or restructuring of the Corporation, its successors and assigns, or their assets or capital structure, as directed or approved by or on behalf of the Association or the United States, or the acquisition or retention of any cash, security or other property received in connection with any such reorganization or restructuring, or (iii) for or in connection with any other action taken or not taken pursuant to any term or condition of the plan or related trust agreement or of the articles of incorporation or bylaws of ConRail Equity Corporation: Provided, That any directions described in clauses (i)(x), (ii), or (iii) are taken at the direction, or with the consent, of the Association or of the Secretary or his designate.

"(B) Subparagraph (A) shall not be interpreted to relieve any person from any fiduciary or other responsibility, obligation or duty under any Federal or State law to take or not to take actions in respect to the plan in connection with (i) receiving contributions, (ii) exercising custodial responsibilities, (iii) determining eligibility to participate in the plan (iv) calculating, determining and paying benefits, (v) processing and deciding claims, (vi) preparing and distributing plan information, benefit statements, returns and reports, (vii) maintaining plan records, (viii) appointing plan fiduciaries and other persons to advise or assist in plan administration and (ix) other than as provided in subparagraph (A), acquiring, holding or disposing of plan assets.

"(C) The term 'person' as used in subparagraph (A) shall mean each of the following:

"(i) the trustee or trustees of the plan, the Corporation and its subsidiaries, ConRail Equity Corporation, the Association, and any of their successors and assigns;

"(ii) each director, officer, employee and agent of the Corporation of any of its subsidiaries, of ConRail Equity Corporation, of the plan, of the Association or of any of their successors and assigns; and

"(iii) each member of the Finance Committee and any of their employees and agents.

"(D) Neither this paragraph nor paragraph (9) shall be construed to grant immunity from any criminal law of the United States or of any State or the District of Columbia.

"(9) The United States shall indemnify, defend and hold harmless the persons described in paragraph (8)(C) from and against any and all liabilities, claims, actions, judgments, amounts paid in settlement, and costs and expenses (including reasonable fees of accountants, experts and attorneys) actually incurred in connection with the establishment, implementation or operation of the plan or ConRail Equity Corporation or with any transaction which is required by or is appropriate to effectuate fully the provisions of this subsection, except as may arise in connection with the execution of a responsibility, obligation or duty excluded from paragraph (8)(A) by paragraph (8)(B), if it is determined that such persons were acting in good faith. The indemnity provided in this paragraph shall be a full faith and credit obligation of the United States.

"(10) All securities of the Corporation, all securities of any subsidiary of the Corporation and of ConRail Equity Corporation and all interests in the employee stock ownership plan which are issued or transferred in connection with the employee stock ownership plan established by the Corporation pursuant to the requirements of this subsection shall be deemed for all purposes to have been issued subject to and authorized and approved pursuant to section 11301(b) of title 49 of the United States Code and any corresponding provision of any successor statute.".

**Mr. CANNON.** Mr. President, I move to reconsider the vote by which the bill was passed.

**Mrs. KASSEBAUM.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

**Mrs. KASSEBAUM.** Mr. President, before we sign off on this measure, I should like again to say how much I have admired the work of Senator CANNON as chairman of the Committee on Commerce, Science, and Transportation and his successful efforts in engineering—if I may use that word—this complex piece of legislation to a successful conclusion.

I also express my appreciation to Senator PACKWOOD for giving me the opportunity to be part of this legislative effort.

I thank Matt Scocozza of the Commerce Committee staff and Mike Moffet of my staff for their input in helping us reach the end of this major and important piece of legislation.

**Mr. ROBERT C. BYRD.** Mr. President, I express my commendation to Mr. CANNON and to Mrs. KASSEBAUM for the fine leadership they have displayed in bringing this measure to the floor and for the skill with which they have managed it on the floor.

I extend not only my congratulations but also my gratitude to them. On behalf of the leadership, I thank them personally, and I am sure that I speak for the Senate in saying that theirs was a job well done.

## EASTER RECESS

**Mr. ROBERT C. BYRD.** Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on House Concurrent Resolution 312.

**The PRESIDING OFFICER.** The Chair lays before the Senate House Concurrent Resolution 312, which will be stated.

The assistant legislative clerk read as follows:

> *Resolved by the House of Representatives (the Senate concurring)*, That when the House adjourns on Wednesday, April 2, 1980, it stand adjourned until 12 o'clock meridian on Tuesday, April 15, 1980.

**Mr. ROBERT C. BYRD.** Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the concurrent resolution.

**The PRESIDING OFFICER.** Is there objection?

There being no objection, the Senate proceeded to consider the concurrent resolution.

### UP AMENDMENT NO. 1026

**Mr. ROBERT C. BYRD.** Mr. President, I send an amendment to the desk and ask it be stated by the clerk.

**The PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from West Virginia (Mr. ROBERT C. BYRD) proposes an unprinted amendment numbered 1026:
>
> At the end of line 3, strike the "." and insert in lieu thereof: ", and that when the Senate recesses on Thursday, April 3, 1980, it stand in recess until 11:00 a.m. on Tuesday, April 15, 1980."

**The PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from West Virginia.

The amendment (UP No. 1026) was agreed to.

The concurrent resolution (H. Con. Res. 312), as amended, was agreed to.

The title was amended so as to read:

> "Providing for an adjournment of the House from April 2 to 15, 1980, and a recess of the Senate from April 3 to 15, 1980."

**Mr. ROBERT C. BYRD.** Mr. President, I move to reconsider the vote by which the resolution was agreed to.

**Mr. BAKER.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## SOCIAL SECURITY BENEFITS FOR SSI CHILDREN

**Mr. LONG.** Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 4612.

The Presiding Officer laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 4612) to amend the title XVI of the Social Security Act to maintain for an additional 3 years in the current program of preventive services, referral, and case management for disabled children receiving SSI benefits, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

**Mr. LONG.** I move that the Senate insist upon its amendments and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. LONG, Mr. TALMADGE, Mr. BOREN, Mr. BRADLEY, Mr. DOLE, and Mr. CHAFEE conferees on the part of the Senate.

## ROUTINE MORNING BUSINESS

**Mr. ROBERT C. BYRD.** Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, not to exceed 30 minutes, and that Senators may speak therein up to 5 minutes each.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

## APPOINTMENTS BY THE VICE PRESIDENT

**The PRESIDING OFFICER.** The Chair, on behalf of the Vice President, pursuant to title 14, section 194(a), of the United States Code, appoints the Senator from Oklahoma (Mr. BOREN) to the Board of Visitors to the U.S. Coast Guard Academy, and the Chair announces on behalf of the chairman of the Committee on Comerce, Science, and Transportation (Mr. CANNON) his appointments of the Senator from Washington (Mr. MAGNUSON) and the Senator from Oregon (Mr. PACKWOOD) as members of the same Board of Visitors.

The Chair, on behalf of the Vice President, pursuant to title 46, section 1126(c), of the United States Code, appoints the Senator from New York (Mr. MOYNIHAN) to the Board of Visitors to the U.S. Merchant Marine Academy, and the Chair announces on behalf of the chairman of the Committee on Commerce, Science, and Transportation (Mr. CANNON) his appointments of the Senator from Nebraska (Mr. EXON) and the Senator from Virginia (Mr. WARNER) as members of the same Board of Visitors.

The Chair, on behalf of the Vice President, pursuant to the provisions of Public Law 96-180, appoints the following Senators to the National Commission on Alcoholism and Other Alcohol-Related Problems:

The Senator from New Jersey (Mr. WILLIAMS); the Senator from Michigan (Mr. RIEGLE); the Senator from Utah (Mr. HATCH), and the Senator from New Hampshire (Mr. HUMPHREY).

## ELECTRONIC MESSAGE SYSTEMS ARE KEY TO FUTURE OF U.S. POSTAL SERVICE.

Mr. STEVENS. Mr. President, in January Postmaster General William Bolger spoke before the Chapter Officers Conference of the National Association of Postmasters of the United States. The Postmater General's remarks to this outstanding organization dealt with the question of electronic message systems as a key to the future of the U.S. Postal Service. According to Postmaster General Bolger, "the reason electronics will eventually be important to us is that it will enable us to dramatically improve our productivity, and hence it will hold down costs and rates."

With talk of decreasing the public service subsidy to the Postal Service, as well as possible significant postal rate increases, I believe it important for us to heed the Postmaster General's remarks as to the importance of "electronic messages" being the future of the Postal Service.

Mr. President, I ask unanimous consent that the complete text of Postmaster General Bolger's speech which was published in the March issue of the Postmasters Gazette be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

### ELECTRONIC MESSAGES ARE KEY TO USPS' FUTURE

Good afternoon, and thank you for inviting me to be with you once again. It is always a great pleasure to get together with other postmasters! I welcome the opportunity not just to share some of my thoughts with you, but also to hear how you think we are doing.

Let me say at the outset that in her two years as your president, Joyce never hesitated to tell me just this, and I have valued her counsel. I'm going to miss her gentle ways, which she used so effectively.

But, at the same time, I want to emphasize how much I'm looking forward to working with Jim. He and I have had some good discussions already and I am confident that we will work together well and continue to build upon our record of the past two years.

Overall, I have to say that I believe the postal service is in the best condition it has ever been. We have our problems, to be sure, but overall, things are looking up. And, I am happy to say, it seems that most members of the postal family agree.

Just two weeks ago, I was in Chicago to speak to the Parcel Shippers Association and meet with the editorial board of the Chicago Tribune. While I was there, I stopped to see the new Dearborn station. Talking to one of the clerks, I asked if he thought things were better than they used to be.

"Oh, yeah, I like it better," he answered. "Because we don't have to go begging."

That, to me, really sums up what has happened to us in the last ten years.

We do not have to beg any more.

We do not have to rely on others to give us the means to do our job.

We do not have to depend upon others to move us ahead as individuals.

In short, we have the authority and the means to control our own destiny.

That is not to say that we are free from all political considerations. Not by any means.

We are subject to—and frankly we welcome—the oversight of the Congress. And on major national issues, it is necessary and appropriate that we cooperate with the administration.

We would not want it any other way. But, within these broad confines, we have the latitude and the means for doing our job.

With this relative independence, of course, comes an awful lot of responsibility—primarily the responsibility of doing the best job we can for the public we serve. And it is on this score that I think we can all agree that we are exercising that responsibility well.

Last year, for instance, we reported our first operating surplus since 1945, 34 years ago.

That surplus of $470 million was no small feat. As I am sure you know, it is the result of carefully planned budgets and tight management of both our finances and our work hours.

Or, I should say, your tight management of your office's finances and your office's workhours. Because, really, our success results directly from your dedication and zeal.

You, and your fellow postmasters, have led the way in demonstrating to this nation that a public agency can be both economy-minded and service-minded at the same time. Moreover, all of your work is paying off in better relations with our major customers, with the general public, and with the media.

The week before last, for example, I hope you read the very favorable front page piece on our service in the Wall Street Journal. It is ironic that this influential national newspaper, which is one of the leading users of private delivery systems, reports that our service is so good and so reasonable.

But, I get the same message wherever I go—with the exception of New York City. The week before last in Chicago, you would have been proud to hear how positive the members of the Parcel Shippers Association were.

The representative of one of the largest printers in the country confirmed that parcel post service in the last year has been equal to or better than UPS.

Another speaker said that handling of his company's third-class mail has been "excellent" over the last three years.

I also heard that one of UPS's major customers is considering switching its business from UPS to parcel post—now that's the kind of message I want to hear more often.

Of course, there were some not so positive things said as well, one of which directly concerns you.

A member of the association asked why it was that mailers were so much more knowledgeable about postal changes than local postal people. He cited the third of a sack change, specifically, and said that either our people don't know or don't care to make these changes.

I had to admit that we have a problem, that in many instances our managers may not be keeping themselves totally informed on important changes—or have not gotten that word fully to the employees called on to implement the changes. In the highly competitive environment in which we operate, we cannot afford to lose the edge that constructive changes—changes designed to make it easier for our customers to do business with us—provide.

So, please, when you go back home, make doubly sure that you, your staff, and your peers are aware of all the changes we have made in our mailing requirements and regulations. And if you have questions, ask them of your superiors—and keep asking until you get a clear answer.

I know we're big, and it takes time for change to filter down. But we have used every medium available to us to publicize the changes, and still there are postmasters and supervisors who have ignored them. Maybe it would help if you and your organization would do more to publicize such operational changes in your national magazine and state newsletters. Every little bit helps, and Walt Duka's (APMG, Public and Employee Communications) shop will be happy to work with you on this.

Speaking of changes, perhaps the most significant one in the works is our proposed entry into electronic mail. Since I briefed you on this subject last fall, much has happened, and I'd like to bring you up to date.

Actually, I've just come from speaking to a symposium called "Communications Networks 80." That title covered a pretty wide range of topics, but basically the symposium this morning brought together representatives from the administration, the regulatory agencies, and the private sector to dscuss the topic of electronc mail.

I cannot tell whether or not it is having any effect, but I have been seizing every opportunity I can to meet and talk with such people. Unfortunately, as you may have gathered, many of them oppose our involvement in electronics.

Why? I think for a multitude of reasons, some self-serving perhaps, and some based on ignorance—or at least based on misconceptions.

Many of these people simply do not believe that the postal service is capable of making the leap into electronics. They still perceive us at Oliphant's snail. And you would be amazed at how many believe we are still tied to the public trough and would use taxpayer subsidies to underwrite our efforts to compete in this dynamic new field.

Repeatedly, we have told any and all who would listen that this would not be the case. That any involvement in electronic mail will be self-supporting—as it should be. But I still keep hearing the same arguments.

As for the image of the snail, I can only point to the whole list of achievements since Postal Reorganization: new products and services like Mailgram and Express Mail; a mostly mechanized mail system that is moving into automation; revised rules and regulations; a 23 percent productivity increase; the surplus—a word practically unheard of in Washington circles; and, most important of all, continued good service at the lowest rates in the industrialized world.

I also point out that, quite frankly, the future of our universal delivery system is dependent upon our involvement in electronic mail. Without the volume of letter mail that is expected to rapidly convert to electronics in this decade, grave doubt will exist about our ability to continue to operate our current system in an efficient, effective, and affordable manner.

We are, after all, the only organization, public or private, that has the requisite nationwide network in place to provide full and equal mail service to every citizen. But without the volume and revenues, who or what would support our 663,000 trained employees, our 40,000 retail outlets, our fleet of over 240,000 owned and leased vehicles, our vast amounts of sophisticated machinery, and all the related elements of our system.

Needless to say, I think that every regulatory agency—and every private sector electronic enthusiast—had better consider what would happen to this country if this system is seriously weakened.

And who could afford to keep it in place?

Too many people, I believe, are refusing to come to grips with this question.

When people look at us, I guess it is hard for them not to be awed by our size, and to think that hugeness must be a weakness in this day when the desk top mini-computer does the work that used to be done by computers the size of a room. But, in our case, our hugeness is one of our strengths.

Others, I am sure, simply do not believe that a system like ours could have the intellectual and creative wherewithal to compete with the Whiz Kids of the new electronic age.

They forget that our capability was not developed overnight.

It evolved over a 205-year period. Throughout those ages, the postal service used the ever-evolving techniques and technologies to ensure efficient movement of the mail. You know the litany, the steady progression from foot delivery to horseback to train to plane to truck to automobile.

It has been a steady, logical adaptation of means and methods used by progressive businesses, private and public. No one ever questioned why we used trains instead of stagecoaches, or planes instead of trains. And, I believe it is equally natural, logical, and necessary for us to join in harnessing 20th century technology to ensure the continued wise and rapid movement of the mail.

I want to stress the point of "joining," for I believe that we can and should work together with private industry on this, melding the telecommunications capabilities of private communications carriers with the "hard copy" delivery capabilities of the postal service.

That, to me, is the prescription not just for our future, but for the future of the communications industry.

As you have read, our efforts to accomplish this are still stymied by the regulatory process.

E-COM service, or Electronic Computer Originated Mail, is still on the drawing board, and it looks different depending on whose drawing board you look at.

I will not discuss the particulars now because of pending litigation and review by our governors, but the general facts are that after we proposed the service last September: 1) the Common Carrier Bureau of the Federal Communications Commission rejected the Western Union tariff proposal on E-COM; 2) WU appealed that ruling to the full commission; 3) the FCC issued a statement which said it should have regulatory authority over E-COM; 4) USPS filed a suit to counter that ruling; 5) last month, the postal service and Western Union jointly decided to discontinue our agreement; and 6) also last month the Postal Rate Commission rejected our proposal of 15 months earlier and recommended its own plan for E-COM service. The three-to-two decision was sharply criticized by the dissenting commissioners.

At this time, the PRC decision is under review by the postal service governors.

I would be less than candid if I did not acknowledge that this has been a tedious exercise—tedious and frustrating.

But, I am still hopeful that we can work this out satisfactorily and promptly for the benefit of all involved parties as well as the general public.

One plus from the whole situation, however, has been that during the 15-month hiatus we have become more knowledgeable about the problems and informed about the opportunities of entering into telecommunications in partnership with the private sector. I am confident that we are in a sound position to go forward with the standard service phase of E-COM.

The second electronic message service which we have under development is the International Electronic Message System (INTELPOST).

Demonstration of the system was initiated this past July. However, this service has been snarled since October when the FCC's Common Carrier Bureau rejected filings by two companies which had requested to lease their transatlantic satellite services to us for INTELPOST. In November, we filed an appeal to modify the ruling. The two companies, RCA Global Communications Inc. and TRT Telecommunications Corp., also have appealed for a revised ruling.

Many of the foreign countries are still interested in proceeding with the service. And, frankly, I believe it will be an embarrassment to the United States, not just the postal service, if these regulatory delays keep us from leading the way in offering this new international service—a service we developed and proposed.

Our third and final initiative in electronics is the longer range Electronic Message Service System (EMSS), a program that is currently under development.

As you know, we initiated this study in the late 1960s to explore the possibility and feasibility of such a national system which would receive and process mail from many devices and in many formats. We are presently in the second of five steps, known as the "system validation" stage.

We view the project as a major effort which will require further intensive study before we make major operational or monetary investments.

However, if history is any guide, there can be little, if any, doubt that such electronic message services will play a key role in determining the future of the postal service.

Before closing, I want to emphasize two important points.

The reason electronics will eventually be important to us is that it will enable us to dramatically improve our productivity, and hence it will hold down costs and rates. But in the meantime, there continues to be much that we can do in our every day operations to improve our productivity.

Essentially, it is a matter of man- and woman-power, and proper scheduling. You have the authority you need, and the responsibility, to run your office as efficiently as possible.

As you know, we did not meet our productivity goal last year. If we had, our surplus would have been approximately $200 million higher.

The reason we didn't achieve it: we fell back into the old habit of running out and hiring more people when we saw our volume increasing. Granted, some of that hiring was necessary, but as we have seen, and you have demonstrated in the last five months, we are capable of handling that greater volume with the workers we have if we schedule wisely.

Now, the second point is safety. As you may have read, we suffered a tragedy at the New York Bulk and Foreign Mail Center just before Christmas.

The subsequent investigation found that a number of safety devices on the extendable conveyor involved had been bypassed. Safety rules were not being followed.

There is no excuse for this. Productivity is not an excuse. Speed is not an excuse. Nothing excuses any lapse on management's part in protecting the safety of our workers.

I recognize that most of you here are from smaller postal operations. But do not underestimate the need for safety awareness in your facilities. And please do not let unsafe conditions develop or continue.

There's is no way that we can go back and prevent that one young man's death, but we can prevent others, and we must.

That about covers what I have to say today. Again, I thank you for your cooperation this past year. We have turned a very important corner, and each and every one of you has helped make this achievement possible.

We *will* have a deficit again this year, but we are prepared for it and we are going to improve our productivity and hold it under $600 million.

Next year, fiscal 1981, we should again be in a positive cash position.

There are big question marks in our future, as I have described in our electronic mail proposals, but overall we go forward from a position of strength and in excellent shape to tackle those challenges.

As long as we face them together, I am confident we will continue to come through.

Thank you.

## GERM WARFARE BY SOVIETS IN AFGHANISTAN

Mr. THURMOND. Mr. President, the distinguished writer, William Beecher, recently published an article in newspapers around the Nation in which he noted widespread reports of the use of germ warfare against the people of Afghanistan by the invading Soviet army.

Mr. Beecher stated:

> If reports are true that the Soviet Union is employing poison gas in Afghanistan and is producing germ warfare agents—both contrary to treaty obligations—the implication is staggering.

Mr. President, I am disturbed that our Government and most of the world remain mute while the Soviets are bringing to bear on the people of Afghanistan the full weight of their war machine.

I have called upon President Carter to release satellite photographs of what is taking place there, but these requests have been ignored.

The United States should take every step within its power to place pressure on the Soviets to halt this germ warfare attack, or for that matter, attacks of any kind on the people of Afghanistan.

Mr. President, I ask unanimous consent that this article entitled "Germ Warfare: Is the Kremlin Tearing Up the Rules Book" which was published in the March 21, 1980, issue of the Boston Globe be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Germ Warfare: Is the Kremlin Tearing Up the Rules Book?

(By William Beecher)

Washington.—If reports are true that the Soviet Union is employing poison gas in Afghanistan and is producing germ-warfare agents—both contrary to treaty obligations—the implication is staggering.

It could undermine confidence in the value of a wide sweep of arms control efforts with the Russians.

It would call for a searching reappraisal of the defensive plans for Western Europe.

It would raise deeply troubling questions about whether the Kremlin is becoming contemptuous of the reaction to activities condemned as barbarous by most of the civilized world.

Right off, it should be underscored that the evidence is not unambiguous.

First a trickle and most recently a flood of reports have come from Afghan tribesmen, fleeing to safety in Pakistan, of the use against their villages of a bluish gray gas that caused violent retching and, in some cases, death. During the current Soviet spring offensive to wrest control from the rebels of Kunar Valley, on the Pakistan border, such reports have proliferated.

Might the agent, dispensed from low-flying aircraft, be some form of potent tear gas designed to flush rebel marksmen from their huts where they could be attacked with bombs, bullets and napalm? A person with a severe respiratory problem or weak heart might be killed by such a "nonlethal" agent. Anyway, the reports were sketchy and emotional, coming primarily from illiterate tribesmen.

Analysts noted that while Soviet units throughout Afghanistan have their normal chemical warfare and decontamination units, this could be explained as reflecting a decision to deploy units intact, rather than leave some elements back home.

But one recent report came from a relatively expert witness, a defecting Afghan army colonel who is well schooled on the properties of lethal chemical agents and their effects. He believes he observed a nerve gas attack.

Since the United States now has what it regards as convincing evidence that Vietnamese forces in Laos and Cambodia used Russian-supplied stocks of nerve and mustard gas, some analysts are prepared to believe the Soviets are using poison gas in Afghanistan.

"Why not?" asked one official. "They're using napalm to torch whole villages. They know that if this war drags on it can only bring them grief, with the Moslem world, with the Americans, with everyone. Better to smash resistance as fast as possible. Then there will be only the silence of the grave."

So the United States has decided to try to secure convincing evidence. If it succeeds, it could go before the United Nations to condemn the Soviet Union. Technically, the Russians could use gas in Afghanistan because that country is not a signatory to the 1925 Geneva protocol against gas warfare. But that's a quibble. How would Western Europe, which remembers well the use of gas in World War I, react? And how about the Moslem world, contemplating this kind of gruesome war on its coreligionists?

The other report comes from Russian emigrees who have persuasively confirmed rumors of the deaths of hundreds of people in Sverdlovsk following the explosion last spring at what is described as a biological warfare manufacturing plant. American intelligence is convinced that deadly pulmonary anthrax spores were spewed into the atmosphere.

In 1972 the Russians signed a convention banning the development, production, stockpiling or acquisition of lethal germs or toxins, except in small laboratory quantities for medical research. The convention went into effect in 1975, at which time the Soviet Union formally declared it "does not possess any" such weapons.

But at roughly the time of that declaration, US intelligence came up with photographic and other evidence suggesting the Russians might be constructing or expanding bacteriological warfare plants at Zagorsk, Omutninsk and Sverdlovsk. They pointed to the high incinerator stacks and large cold-storage bunkers normally associated with such special production.

If continued, the Russians might, of course, have insisted the plants were simply for pharmaceutical manufacture. But some officials urged the Administration to approach the Russians and ask for on-site inspection—by a neutral panel of experts, if necessary—lest an absence of challenge let the Soviets think they could get away with stockpiling germ weapons.

But the Administration, at that time, felt the evidence was unclear and the danger of bruising detente too great. Now, however, after Afghanistan and after the Sverdlovsk incident, the US is demanding an explanation from the Russians.

## SYNFUELS

Mr. THURMOND. Mr. President, an interesting article on past and current use of synthetic fuels to meet energy needs recently appeared in the widely distributed Editor's Copy syndicated editorial news service.

Editor Edward Sims pointed out that Germany used synthetic fuels toward the end of World War II and South Africa is currently converting coal into fuels usable in conventional oil and gas facilities.

Mr. President, I ask unanimous consent that this editorial entitled "Synfuels Hope," which was published in the March 31, 1980 issue of Editor's Copy, be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

### Synfuels Hope

In World War II the Germans, short on oil, built synthetic fuel plants which were producing more than half the fuel needed by German industry by the end of the war. Coal was being converted into oil, one major process in that accomplishment.

Today South Africa shows the way. South Africa already has one synthetic fuel facility converting coal into fuels usable in conventional oil and gas facilities. It is building two more. The first has been in operation since 1956, and the enlarged operation is expected to supply that country with almost half its fuel needs in coming years.

Congressmen who visited the main facility at Sasol, South Africa, recently, came home excited about similar possibilities in the United States. The United States has forty times as much coal as South Africa and also ample oil shale and other materials useful in producing synthetic fuel.

Since we are dangerously dependent on foreign oil, since its heavy cost is very damaging to the economy and U.S. economic stability, and since we are now utilizing coal for only 18 percent of our energy needs, synthetic fuel plants are obviously and hopefully a large part of the future energy picture of the nation.

The construction of synthetic facilities takes four or five years. Last year the House of Representatives originated legislation to begin the first facility, designed to produce enough fuel to meet U.S. military needs—a prudent step. The Carter Administration and Congress should speed up development of a much greater effort in this direction—and enacting legislation should be enacted in 1980.

## GROWING PUBLIC SUPPORT FOR STRONGER DEFENSE POSITION

Mr. THURMOND. Mr. President, it is encouraging to see reports in the press that the American people are supportive of increased defense spending and a return to the draft to meet our military personnel requirements.

A recent poll found that 83 percent favored registration of males and 59 percent favored a return to the draft. In addition, a significant majority believes the United States should spend as much or more on defense as we now spend.

Mr. President, I ask unanimous consent that the article in which this information appeared—the Zumwalt/Bagley report in the March 17, 1980, issue of the Detroit News—be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Mood Grows To Reverse U.S. Decline

(By Elmo R. Zumwalt, Jr., and Worth H. Bagley)

In 1980, the United States is paying the geopolitical price for the inadequate defense budgets of the 1970's. Our military decline and our foreign policy ineptness have generated plenty of bad news. Today let's look at some of the good news.

The public consensus is that the United States should regain military strength. Recent polls and our own dialog with a wide spectrum of audiences, ranging from college campuses to professional groups, show that:

59 percent favor restoring the draft; 51 percent favor drafting women; even 41 percent of the age group which would have to fight favor the draft.

83 percent favor male registration.

A significant majority believes that the United States should spend as much or more for defense as we now spend.

A majority recognizes that the United States no longer has military superiority over the Soviet Union.

The 1980 presidential election is playing an important role in improving our foreign and defense policies.

Privately, President Carter is beginning to admit that the United States lacks the capability to enforce his declared policy of defending the Middle East.

Sen. Edward Kennedy has deplored the Navy's recent report to Congress that it has a 1½-ocean navy to fight a three-ocean war.

Most of the Republican candidates have criticized the Pentagon's strategic nuclear decline and its lack of readiness for conventional war.

Congress and the President are leaning toward major defense increases in the President's 1980 and 1981 budgets.

The prospect of regaining a reliable strategic nuclear deferrence has improved. SALT II has been shelved; a majority is clearly against it.

The President, therefore, has the option to restore quickly the survivability of our ICBM's. Under SALT II, ICBM survivability could only be restored after 1985 by building a monstrous, expensive alternative—the mobile MX missile system. Without SALT II, the United States can construct quickly enough additional Minutemen silos to restore the survivability of existing Minutemen.

A new strategic bomber to replace the canceled B1 is being considered.

The deployment of the new, long-range nuclear-tipped cruise missile is no longer immediately threatened by the range-limiting protocol of SALT II.

NATO has recently taken the necessary, albeit insufficient, step of reducing slightly the Soviet tactical nuclear weapon advantage in Europe.

The Joint Chiefs of Staff in recent reports have been quite candid about the shortage for conventional war of forces, spare parts, ammunition.

Overseas, despite the general trend disadvantageous to the United States, there is some good news.

Most Moslem nations have condemned the Soviet invasion of Afghanistan and have become warier of Moscow.

Egypt's President Sadat has confirmed that he is training Afghanistan insurgents to continue their freedom fight.

China and Pakistani officials have confirmed that their governments also will aid Afghanistan rebels.

Turkey, critical to the West in the Middle East power struggle, has bitten the bullet to begin to straighten out its economy. International and U.S. assistance has, therefore, become likelier.

Oman, Somalia and Kenya have offered us the use of their military facilities to bolster the Middle East.

The U.S./Britain Indian Ocean base at Diego Garcia is being improved.

Eighteen hundred U.S. marines have been added to the Navy's Indian Ocean task force to provide, if put ashore, a trip wire against aggression.

## BYELORUSSIAN INDEPENDENCE DAY

Mr. PERCY. Mr. President, this week we mark the 62d anniversary of the declaration of independence of the Byelorussian Democratic Republic, an event which took place in Minsk on March 25, 1918. Soon thereafter, a provisional constitution guaranteeing free elections and basic human rights was adopted.

History records that Byelorussian independence was short lived. Nine months later Byelorussia was forcibly incorporated into the Soviet Union and a Soviet Republic installed.

Recalling these events, our hearts go out to the courageous people of Byelorussia who have persisted in maintaining their identity and culture against heavy odds. We express our special concern for those Byelorussian human rights activists who languish in Soviet prisons.

We will not forget them.

## LAW DAY U.S.A.

Mr. HATCH. Mr. President, one does not have to be a lawyer to recognize the significance of "Law Day U.S.A.," that time we reserve every May 1 to celebrate the meaning of law in our everyday lives. In fact, those of us who are lawyers are prone to take this work holiday for granted and that is too bad.

The law is not simply the legal instrument of the state, telling us what we can and cannot do. The law is also normative. The law sets standards of behavior, predicated on the assumptions our society holds about what constitutes ethics or morality. Without these assumptions like democratic process, habeas corpus, trial by jury, and the other legal characteristics of our national community, there is little or nothing to keep us from going the way of republics long since gone. Since the time of Plato, in his "laws," the analogy of "the golden cord of the law" which separates civil society from a land of savage beasts remains the Western symbol of civil justice.

One of the more poignant and uplifting essays underscoring this appears in this month's issue of Trial, the magazine of the Association of Trial Lawyers of America (ATLA). Writing in the April Trial, ATLA's president, Mr. Theodore Koskoff, outlines the geneology of the law and the historical importance of recognizing May 1 as an important American holiday.

Whenever I have seen Mr. Koskoff's name before, it has been as the author of any of numerous works of legal scholarship in legal journals or university reviews. I know his reputation as a trial lawyer of the first order, and he is no less effective or commanding as a historical analyst. ATLA is privileged to have him as their chief executive, and one will begin to understand why after a reading of his essay. I ask unanimous consent that the essay be printed in the Record.

There being no objection, the essay was ordered to be printed in the Record, as follows:

### Essay

(If we are to speak of the law as our mistress, we who are here know that she is a mistress only to be wooed with sustained and lonely passion, only to be won by straining all the faculties by which man is likest to a god.—Oliver Wendell Holmes.)

On June 15th in the year Twelve Hundred and Fifteen in a beautiful meadow at Runnymede, England, the first step in the birth of modern democracy took place. The occasion was the signing of the Magna Carta by King John of England.

The Charter, now a shriveled document in the British Museum, contains 63 covenants, many of them not of lasting importance. Three of the most important are:

"No free man shall be arrested, imprisoned, outlawed or deprived of property except by judgment of his equals or the law of the land;

"Justice shall not be sold, delayed or denied to any free man;

"No taxes, except the customary ones, shall be levied except with the consent of the council of prelates and greater barons."

The Charter did not grant democracy as such to the English people, for many of them continued to live in great inequality for hundreds of years. But the Charter is still an outstanding document in the history of human liberty; it took away the absolute power of the king over his subjects, guaranteed certain rights to free men, and in essence gave to our civilization the basis of our most precious right of trial by jury.

Our modern Bill of Rights in America, won nearly 600 years after the Magna Carta, is incorporated in the first 10 amendments to the Constitution. Similar provisions exist in the constitutions of the states. The Bill of Rights guarantees freedom of religion, of speech, of the press, of assembly, and of petition to the government. It provides for fair arrest and trial of persons accused of crimes and forbids courts to impose cruel and unusual punishments. It asserts the right of citizens to bear arms. The last two amendments in the Bill of Rights make it clear that all rights and powers not mentioned in the Constitution continue to belong to the citizens and to the individual states. Indeed, it is these rights that prompted Musmanno to write "of all of the jewels in the crown of liberty, none shines so bright as the right to be left alone."

The idea that people have certain rights which should not be taken from them goes back to the 1600s. In 1690 in the *Second Treatise on Government*, noted British philosopher John Locke argued that people may give certain rights to government, such as the right to tax and declare war. However, said Locke, other rights are *inalienable*, meaning that they cannot be given away by a people either for themselves or for their descendants.

This idea is expressed in the Declaration of Independence in these words: "We hold these truths to be self-evident: That all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty and the pursuit of happiness."

These rights were not easily gained for us. They represent the imagination, the dreams, and the blood of patriots over hundreds of years. It is fitting that we should pause one day a year—Law Day—to reflect upon the meaning of law to our everyday lives. The obvious oversimplification of this reflection is that without law there is anarchy and chaos. But law represents to us in our everyday living a more complicated and sophisticated part of our lives.

Our law is living and changing all of the time as the needs of our people change. It represents the greatest interplay and interdependence that exists anywhere in the world between government and people. It answers the needs of the people. Nowhere is this more clear than in the operation of the courts and the jury system.

Thomas Jefferson wisely said: "Freedom of the press, freedom of the person under the protection of *habeas corpus* and the trial by juries impartially selected—these principles form the bright constellation which has gone before us and guided our steps through an age of revolution and reformation. The wisdom of our sages and the blood of our heroes have been devoted to this attainment. Should we wander from them in moments of error or alarm, let us hasten to retrace our steps and regain the road which alone leads to peace, liberty and safety. . .".

Jury trials are a precious heritage for which our forefathers fought, and they must be retained despite the present ill-advised attacks on them. To the public the retension of jury trials is the constitutional safeguard of their rights and liberties.

The law is a breathing, living phenomenon and our Constitution is not a mere lawyers' document; it is, as Woodrow Wilson said, "[A] vehicle of life, and its spirit is always the spirit of the age."

The advocacy system is the shield that protects our rights. Since classical times the noble profession of advocacy has been described in many ways. Plato's dialogue says, "There are many noble things in life, but to most of them attach evils which corrupt and spoil them. Has not justice been the civilizer of humanity? And is not that noble? And must not the profession of an advocate be also noble?"

What substantive part does the advocate play in the judicial system. The independence of the Bar is probably the most important element in our judicial system. Coupled with a totally free and independent Bench, it makes our system work. This independence means dedication to all classes of people in our society and to the preservation of justice for all.

For the last 100 years it is the American trial lawyer, through the courts, who has had such an enormous influence on the social architecture of those times in the fight for justice and equal opportunity for all. Because of powerful forces at work in our society, both good and bad, the next 100 years will require even greater commitment on the part of lawyers to basic human equality in our society.

We must be the instrument of changes in the law, just as we must give the assurances of law's stability. Roscoe Pound said that lawyers should "think of legal principles as instruments rather than as eternal pigeonholes into which all human relations must be made to fit."

Our profession has had good times and bad times. We always shall, but we have always steadfastly stood as the shield between organized power and the individual. It was this stand that caused Shakespeare to write his famous "Kill all the lawyers" comment in *Henry VI*, for lawyers are the bulwark and the symbol of organized society. In order to break down organized society, you would have to kill all the lawyers. We now live on the edge of danger. Destroy our profession and every light will turn into a funeral torch. Preserve the advocacy system and the gates of opportunity will remain open for all. We must work to preserve this system. "This is no life of cloistered ease to which you dedicate your powers," said Benjamin Cardozo. "This is a life that touches your fellow men at every angle of their being, a life that you must live in the crowd, and yet apart from it, man of the world and philosopher by turns."

Law Day is a day of celebration. We honor our country—and it is rightly so. We honor our judiciary—and it is rightly so. We honor our colleagues—and it is rightly so. We honor our judicial system—and it is rightly so.

I think I speak for most lawyers living when I say that our America is Here, is Now and beckons on before us, and that this glorious assurance is not only our living hope but our dream to be accomplished.

So, once again, on Law Day USA, we are reminded of the various freedoms and privileges that are afforded to us all by our Constitution.

The Connecticut Court once said it this way: "Our country and our Constitution are inseparable. The Constitution has held our past, it now holds our present and if we keep to its defined course, it will sustain our future."

## BALANCED BUDGET AMENDMENT STILL LOOMS

Mr. HATCH. Mr. President, a few weeks ago the Senate Judiciary Committee, by a narrow 9 to 8 vote, defeated Senate Joint Resolution 126, proposing an amendment to the Constitution to require a balanced Federal budget. Senate Joint Resolution 126 was the result of a bipartisan effort to devise a responsible and constitutionally appropriate amendment able to earn the support of a broad number of Senators and Representatives. Last December, the measure became the first such amendment ever to be approved by a congressional panel as it won adoption in the Judiciary Subcommittee on the Constitution by a 5 to 2 vote.

Although we were unsuccessful on this occasion, I remind my colleagues who oppose this or any other constitutional amendment on the balanced budget that they had better not breathe a sigh of relief quite yet. The hard fact remains that there are 30 sovereign States that have applied to this body for a constitutional convention on the subject of a balanced budget amendment. Upon the receipt of valid applications by two-thirds of the States, 34, Congress under article V of the Constitution is "obliged" to call such a convention.

To this effect, I ask unanimous consent to have printed in the RECORD two items. The first is an article from the Washington Post, March 23, 1980, on the drive for a constitutional convention. The second is a discussion of Senate Joint Resolution 126 published bv the Heritage Foundation. In particular, I invite the attention of my colleagues to the discussion of the constitutional propriety of a balanced budget amendment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

### BUDGET CUTS WON'T STOP THE DRIVE FOR A CONSTITUTIONAL CONVENTION

(By John C. Armor)

The debate over federal budget cuts these days seems to have overlooked a fundamental fact. Behind it all is the growing drive to add a budget-balancing amendment to the Constitution—a drive that is not as far away from reality as some might think, and one that will not go away merely because Congress may pare the budget for this year or next.

Forget inflation for a moment if you can. Forget whether cutting this group of programs or adding that amount of federal revenue might slow price rises by two-tenths of a percentage point or 2 full points. Forget Jimmy Carter's old campaign promise to straighten out our collective checkbook or his current prayers about what the economy will look like around election day. Forget worries about wage-price controls, about jittery markets, about Congress bumping up against its own deficit budget ceilings and having to halt appropriations bills.

Think constitutional amendment. Think of the 30 states that have issued calls for a constitutional convention on the balanced-budget idea, and of the necessary four more that may join in in the not too distant future. Only then do you realize, as Jerry Brown did in California and other governors have elsewhere, that budget cutting is not simply some choice made by a chief executive or a legislature, that deep cuts will be inescapable for some time, whether officeholders and their special constituencies like it or not.

Though some quake at the thought, the fact is that we are apt to be faced with a call for a real live constitutional convention, the first since the Founding Fathers got together in 1787. Fourteen more states are now considering such measures; in two of them, a convention call has already passed the state senates (by 26 to 11 in Kentucky and 20 to 11 in Missouri), and it had also passed the Senate in a third state (West Virginia) before the legislature there adjourned for this session. David Keating of the National Taxpayers Union, a leading force behind the drive says he expects "to get the additional four states either this year or next."

The odds are on his side. Some may think that Washington's born-again budget-cutting will undermine the state efforts, but actually it is just as likely to *increase* the appetite for a convention. Washington's actions, after all, are only playing catch-up and confirming what the convention supporters have been saying all along—but without satisfying their demands.

The cuts being debated for this year's federal budget obviously will not balance anything, and voters are not so naive as to expect that a "paper" balance for the fiscal 1981 budget will necessarily turn into reality. If Congress has not been able to keep within its own red-ink budgets, why should anyone think the next budget go-round and the ones after that—particularly between election years—will be different?

That, of course, is why there is such force behind the convention call—because of disbelief that Washington will do it on its own, because of a widespread determination to *require* that the federal books be balanced, not once in a while but every year.

This sentiment, moreover, has been reinforced now by Congress' meek consideration of its own balanced-budget amendment. A Senate Judiciary subcommittee did pass a measure last December providing essentially what is in the state calls. But the bill was narrowly defeated last week by the full committee, and there is scarcely any chance at this point that such a proposal could garner the necessary two-thirds votes in both houses should it be revived.

It is conceivable that, before or shortly after the necessary 34th state adopts a call for a constitutional convention, a panicky Congress will indeed try to pass its own amendment, very rapidly, and that this might avert a convention. Nineteen of the adopted state calls thus far give Congress that choice—propose its own amendment or call a convention.

Some of those who tremble at the notion of holding a constitutional convention are counting on this strategy as an insurance policy. If that happens, of course, we would have the same persistent demands to balance the budget—and keep it balanced—while the amendment goes through the state ratification process.

But what is deeply troubling is that so many in Washington and elsewhere are so afraid of a constitutional convention at all. Their apprehensions suggest a fear of democracy itself, a fear of the people, as if the government is supposed to decide whether *it* can trust the citizens, rather than the other way around. That kind of attitude is what this country was intended to abolish.

The Founding Fathers anticipated two centuries ago, though, that there might be times when the Congress becomes part of the problem rather than part of the solution. They included in Article V of the Constitution 20 words that have never yet been used, never interpreted by any court: "On the application of the Legislatures of two-thirds of the several states, [Congress] shall convene a convention for proposing Amendments. . . ."

In the final summary statement of the Federalist, the series of 85 papers published anonymously in newspapers by Alexander Hamilton, John Jay and James Madison in support of ratification of the Constitution, they dealt with the possibility that Congress would refuse to pass a needed amendment. They pointed out that Congress could be bypassed:

"The national rulers, whenever nine [now 34] states concur, will have no option upon the subject. . . . The words of this article are preemptory. The Congress 'shall call a convention.' Nothing in this particular is left to the discretion of that body."

If Congress were to disobey those 20 words in the Constitution and refuse to call a convention, it could be ordered to act by the Supreme Court, and its members could be jailed for contempt. If it still failed to act, the states could convene a convention themselves, and the actions of that convention would be equally valid.

As the calls for a constitutional convention have been considered, state by state, opponents have unsuccessfully argued against passage on the ground that the convention could become a runaway meeting.

Some have claimed that such a convention could repeal even our most basic rights. On the other side, proponents have argued that the convention would be restricted to the single subject of a balanced federal budget. Both sides are wrong, for two reasons.

First, it is true that the 55 Founding Fathers who met in Philadelphia did not amend the Articles of Confederation or rewrite them. They exercised the power of the people and wrote an entirely new document.

But unless the critics of an open convention have some reasons to believe that Americans have become much less honest, intelligent or dedicated than they were in 1787, then every attack they make on the idea of a new convention applies with equal force to the original one and the document it produced (which they claim to defend).

It is likely that a new convention would abandon such principles as no taxation without representation? The First Amendment freedoms? The separation of powers between Congress, the president, and the Supreme Court? The separation of powers between the federal government and the states? Trial bv jury? Due process and equal protection of the laws? The preservation of ultimate power in the people themselves?

Do the critics really think a new constitutional convention would throw out two centuries of experience and abandon the basic principles of our government, rather than simply make amendments to reestablish citizen control of the federal government?

The second reason the critics are wrong is the ratification process. Whatever such a convention proposed would be a nullity until accepted by three-fourths of the states. Anyone who believes that 38 states could be persuaded to ratify the rejection of our basic freedoms simply does not believe in democratic government.

Obviously, much would depend on the

character of those selected to attend a constitutional convention. The 55 men who gathered in Philadelphia were farmers, merchants, shippers, inventors, writers—a cross-section of the occupations of the day. Some were wealthy, some paupers. Some were intensely practical, some philosophers of the body politic. They represented all of the major political and ethical views then existing in the United States.

With two essential changes, what we should hope for is the convening of a similar cross-section today. The changes, of course, are that women and all racial groups would be represented. The major hazard to avoid would be the election to the convention of any substantial number of the existing politicians who have created the problems the convention seeks to solve.

Fortunately, the process of choosing delegates to the convention is calculated to produce a meeting like the original one.

The delegates would be elected state by state. All states now have provisions for electing delegates to a convention to rewrite their state constitutions. Most states have provisions for electing delegates to ratification conventions. Both sets of laws provide that anyone can file for election and that the vote be conducted on a nonpartisan basis.

Experience with state conventions has shown that nonpartisan groups which stay out of ordinary politics become very involved in the effort to elect the most honest, most able candidates to a constitutional convention. The worst danger of a new convention would be if the adherents of any political party sought to use it to entrench their party position for years to come. But if the election process for delegates is like the ones already in place, people who are capable and independent in their thinking, like a majority of Americans today, would be the ones most elected to attend.

We can easily find, if we care to look, several hundred men and women today who offer the blend of practicality and philosophy of a Benjamin Franklin. We will not find them in the halls of Congress or on the cover of Time Magazine or on the evening news with Walter Cronkite. They will not be people whose names are household words or whose faces are easily recognized. But they are there.

If it is the feeling of the people that their federal government has become oppressive and irrational, it is their right to redress the balance. After all, our very first national flag was a rattlesnake with the motto, "Don't tread on me."

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## THE BALANCED BUDGET AMENDMENT: AN ECONOMIC AND CONSTITUTIONAL REVIEW

### STATUS

Last year's theoretical debate concerning a constitutional amendment to require a balanced budget has become a political reality, at least in the Senate, where the Judiciary Committee is expected to vote, possibly as early as March 11, on the Fiscal Responsibility Amendment. Sponsored by Senator Dennis DeConcini (D-AZ), S.J. Resolution 126, was passed out of the Constitution Subcommittee on December 19, 1979, by a 5-2 vote.

This paper includes two separate critiques of the amendment: one from a constitutional view and one from an economic view.

The text of the amendment is as follows:

### AMENDMENT

Section 1 (Balanced Budget). The Congress shall adopt for each year a budget, which shall set forth the total receipts and expenditures of the United States. No budget in which expenditures exceed receipts shall be adopted, unless three-fifths of each House of Congress approve such budget by a rollcall vote directed solely to that subject. No appropriation bill shall be passed which would cause the total expenditures for any year to exceed the expenditures in the budget for such year.

Section 2 (No Automatic Tax Increases). (The receipts collected in any year shall not exceed, as a proportion of the national income, that collected in the prior year, unless a specific increase in such proportion has been approved by each House of Congress by a rollcall vote directed solely to that subject.)

Section 3 (Waiver During Wartime). The Congress may waive the provisions of Section 1 with respect to any single year in which a declaration of war is in effect.

Section 4 (Definitions). Terms used in this article shall be construed in accordance with their meanings on the date on which this article was submitted to the States for ratification.

Section 5 (Effective Date). This article shall take effect on the first day of January of the second calendar year beginning after its ratification.

### THE POLITICAL ECONOMICS OF A BALANCED BUDGET AMENDMENT

Critics of the balanced budget amendment are capable of reciting a litany of objections, ranging from the destruction of fiscal policy to the profanation of the Constitution's elegance with such technical and short-lived jargon as "outlays," "off-budget" and "gross national product." Regardless of the validity of these charges (which will be examined in course) opponents of the proposal have failed to address the major premise behind the amendment, that Congress is not capable of directing an effective secular fiscal policy.

Over the past century, a subtle yet dramatic shift in the aspirations, tenure, and activities of congressional representatives has occurred. To serve as a member of Congress has become a vocation for a lifetime, rather than a sojourn in national service.[1] Characteristics of the professional congressman are a shortened time horizon, due to the frequency of elections, and an extreme sensitivity to constituent service. These factors have instilled in Congress an institutional incentive to engage in deficit spending, regardless of the economic conditions.

Keynesian economic theory serves as the basis for fiscal policy. During periods of high unemployment, deficit spending is promoted as a stimulative measure. Conversely, in periods of high inflation, a budget surplus is prescribed. Congressional fiscal policies however have often defied the very theory upon which they are justified. During the past 50 years, the budget has been in deficit 42 times. Over the past twenty years, Congress has spent more than it received 19 times. The combined deficit for FYs 1978 and 1979, a period in which conventional economic theory dictated a surplus, was $76.6 billion.

These fiscal aberrations demonstrate very clearly the frequent conflict between the national interest and the legislators' self interest. To illustrate, suppose that Congress receives political benefits from each additional spending program it undertakes. At the same time, the increased tax revenues needed to finance the new or expanded programs impose political costs. Theoretically, Congress should spend until the additional benefit of the last dollar spent equals the cost of raising that dollar. Should Congress spend more, the cost of the public's resistance to taxes would exceed the benefits of the recipients' appreciation.

However, if Congress spent more than the optimal, without raising taxes, the political benefits remain positive. The incentive to engage in deficit spending exists because the costs of the current shortfall, higher interest payments on the national debt and possibly inflation and less private investment, are either unperceived or occur in the future, beyond the professionally myopic legislator's time horizon.

The taxpayer, despite possessing a much longer time horizon, acquiesces in the deficits because the costs are diffused while benefits are concentrated. Quite simply, many believe that even considering the future costs, they are net gainers. In addition, knowing that inflation and taxes will soon rise, a rational taxpayer may be correct in demanding present in-kind and untaxable benefits.

The need for a constitutional amendment is derived not simply from the existence of an institutional flaw, but from the severe costs which that bias imposes on individuals. Certainly, a major penalty is inflation. Federal deficits, when financed by accommodative Federal Reserve policies, are inflationary. In addition, although not necessarily causative, expansionary fiscal policies, during periods of high inflation, represent an opportunity to counter inflation foregone.

A second cost is the commitment of the future resources without benefit of a future framework. To illustrate, in FY 1980, interest payments on the national debt will be $63.3 billion or 11.2 percent of total outlays. That is more than will be spent on Energy, Agriculture, Transportation, and Education, Training, Employment and Social Services combined. Dictated by past Congresses, the current interest expenses are in part the cost of financing past political largess. The cost of our current deficits will, in turn, be borne by future taxpayers.

A third consideration is the effect of federal deficits upon the private sector. Deficits, when financed by borrowing, increase the demand for credit and drive interest rates up. Higher interest rates may crowd the private sector out of the credit markets. The net effect of persistent secular deficits is thus a shift of resources from private investment and future consumption to present government consumption. Although difficult to estimate what might have been, the cost of lower private investment and capital formation is fewer jobs, slower productivity growth, and thus less economic growth.

### THE FISCAL RESPONSIBILITY AMENDMENT (S.J. RES. 126)

The first section of the amendment requires that Congress adopt a yearly budget which establishes total receipts and expenditures. It further stipulates that a three-fifths rollcall vote in each House is needed to adopt a budget deficit. Finally, it states that no appropriations bill which would cause total expenditures to surpass the budget limit shall be passed.

In an attempt to prevent the government from expanding through inflation-induced tax increases, the proposed amendment mandates that, unless specifically increased, the proportion of tax revenues to national income must not exceed the previous year's figure.

Additional provisions permit Congress to waive the balanced budget requirement during wartime and establish the current budget terminology as binding for future interpretations. Finally, its specifies the amendment shall take effect on January 1 of the second calendar year beginning after ratification.

### ANALYSIS

The intent of the proposed amendment is not to dictate yearly budget outcomes, but rather to counter the institutional bias in favor of deficit spending. For instance, since Congress' vote on the budget occurs two weeks before the fiscal year begins, changes in the economic conditions will undoubtedly alter both spending and revenues. It is quite likely, given Congress' self interest in overly optimistic economic assumptions, that deficits will continue to occur frequently. However, the size and cost of these deficits will have been severely limited by the balanced budget requirement.

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[1] Morris P. Fiorina, *Congress, Keystone of the Washington Establishment* (New Haven: Yale University Press, 1977), p. 5.

Perhaps the most persistent and widespread criticism of the balanced budget amendment is that it would render Congress incapable of responding to economic events requiring a federal deficit. The more virulent opponents conjure up images of the Depression and remind us of President Hoover's insistence on a balanced budget.

The balanced budget does indeed constrain Congress' ability to engage in expansionary fiscal policies. However, it is difficult to accept the premise that an increase from 50 to 60 percent in the vote necessary for passage of a deficit will paralyze Congress' ability to spend more than it receives. Although essentially a subjective judgment, Congress' willingness, even enthusiasm, to spend in a pro-cyclical basis, suggests that increased expenditures and a deficit, justified on a countercyclical basis, will not be unachievable. For example, in 1978 and 1979, when conditions warranted a surplus, the Senate passed Second Budget Resolutions containing large deficits by votes of 63–21 and 56–18 respectively. This suggests a more realistic concern is that the three-fifths requirement might not prove rigorous enough.

### SECTION 2

The proposed amendment also possesses a tax limitation provision which, in concert with the balanced budget requirement, is designed to slow the growth in government spending. Specifically, taxes as a proportion of national income could not increase unless each House directly approved such a measure by rollcall vote. As the economy expands, and national income increases, government revenues could keep pace. Should Congress wish to raise the proportion of taxes to national income, specific tax legislation would be required.

The link between taxes, spending, and economic growth adroitly constrains spending without destroying the taxpayer's ability to influence the size of government. For instance, Congress can increase its capacity to spend through simple majority votes. However, the vote must be on a tax increase. Through formal establishment of the expenditure tax parity, the balanced budget amendment gives the taxpayer a greater voice in the federal budget. Since the public has been more resistant to tax increases than spending increases, as the deficits of the past years attest, S.J. Resolution 126 might be expected to slow the growth in government.

In spite of the implicit spending restraint, the balanced budget amendment is criticized by advocates of a direct constitutional limit on federal outlays as being directed at the wrong target. It is charged that the problem is not the deficit, but rather the size of government. Various alternatives to the balanced budget amendment would link either total spending or the growth in spending to the G.N.P. or changes in the G.N.P.

According to Milton Friedman, co-author of the National Tax Limitation Committee's amendment, S. 56 and H.R. 395, the "fundamental defect (of our system) is that we have no means whereby the public at large ever gets to vote on the budget of the government."[2] Using this criterion, the balanced budget is an alternative superior to the spending limit. Under S.J. Resolution 126, the public possesses the ability to determine total spending either through spending or tax avenue. In contrasts, spending limits mechanically set the level of expenditures. The removal of total expenditures from the province of Congress also effectively removes it from the public's hands.

Section Two of the amendment does, however, contain a flaw which could prove hazardous. Unlike Section One, which requires a balanced budget prior to the start of the fiscal year, the second provision mandates a strict proportionality between taxes and national income at the end of the year.

The purpose of the section is to create an informal tax indexation. The government would not be permitted to expand by spending unlegislated tax increases brought about by inflation. Its effect, however, could be much more far-reaching. Since Congress, in preparing its budget, must rely on assumptions concerning both revenue outlays and national income, it is quite possible that the strict proportionality might be exceeded. Because the exact relationship would not be known until the conclusion of the fiscal year, Congress would have to take retroactive steps to remedy the discrepancy.

Should tax receipts be too high, Congress must either cut taxes or expressly vote a tax increase. A tax cut poses a problem. Given Congress' propensity to engage in deficit spending, it is quite likely that the excess receipts will have been spent. Therefore, a post-fiscal-year tax cut would require a cut in monies already spent, possibly even those attributable to erroneous economic assumptions. An alternative might be to accompany a tax cut with a third budget resolution permitting a deficit. Such an adjustment, taking place months after the completion of the fiscal year would undoubtedly try the credibility of the budget process.

The final option might be to vote to raise the proportion of revenues to national income after the fact. It should be noted that the new proportion becomes the basis for the next year's tax level. A series of such remedial adjustments could very well raise taxes substantially.

A possible alternative to Section 2 might be to require Congress to establish the desired proportion of receipts to national income at the time it votes on the budget. Again, it is likely that, due to erroneous assumptions, the exact proportion will be exceeded. However, if changes in the proportion are tied to Congress' decisions, and not the actual outcomes, it would be possible to avoid the ratcheting effect. For instance, if the desired proportion of receipts to national income is 30 percent, and the actual is 31 percent, it is conceivable that under Section 2 Congress will vote to raise the ratio to 31 percent. Since it occurs after the fact, such a vote might lose some of the desired political effect.

If Congress were required to vote on the desired ratio, it could be possible to tie changes in the proportion to explicit ex-ante votes. If, in the above example, the actual exceeded the desired, the government might keep the excess receipts, but the proper ratio for the next budget would remain 30 percent, not 31 percent. Should Congress wish to raise the proportion, it would have to vote explicitly on such an action during the budget process and before the start of the fiscal year.

### CONCLUSION

The economic ills associated with the persistent budget deficits, while indeed costly, are merely symptoms of a basic flaw in our political institutions. The remedy therefore is not an economic policy but rather an institutional measure designed to counteract Congress' professional incentive toward deficit spending.

The balanced budget concept, and specifically the Fiscal Responsibility Amendment, addresses the deficiency quite directly. S.J. Resolution 126 is politically and economically neutral. The government may spend as much or as little as the taxpayers are willing to finance. Such an approach is entirely consistent with the system of checks and balances inherent within the Constitution. Furthermore, the proposed amendment does not prevent Congress from engaging in deficit spending; it merely raises an institutional barrier, the super majority vote, to counteract Congress' economic and political myopia.

The pending amendment, it should be noted, will not cure inflation nor ensure private sector prosperity. In fact, it quite likely will not halt deficit spending. The intent of the amendment is simply to make deficit spending more politically costly.

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*Walker Fellow in Economics.*

## DOES A BALANCED BUDGET FIT INTO THE AMERICAN CONSTITUTIONAL SCHEME?

"Money is, with propriety, considered as the vital principle of the body politic; and that which sustains its life and motion, and enables it to perform its most essential functions." So said Alexander Hamilton in Federalist Paper 30. The Framers of the Constitution and the Federalists (Hamilton, Madison, and Jay), who assigned themselves the task of persuading the American public of the need for the new Constitution, realized that the inability of the Articles of Confederation to provide the national government with a sure and stable source of income was a major reason for the convening of the Constitutional Convention.

The perennially unbalanced national budget is a result of the now institutionalized dichotomy between government revenue and expenditures. For nearly fifty years, Congress has regarded its power to spend funds as a function separate and distinct from its power to raise funds from taxation. The gargantuan national debt, now approaching a trillion dollars, is the product of this division of congressional attention. Since 1931, there have been only seven fiscal years in which revenues exceeded expenditures.

The Senate Judiciary Committee will soon vote on a proposed constitutional amendment that would require national expenditures to equal national tax revenues each year. Does such an idea fit into the principles of the Constitution? And should a balanced national budget be institutionalized as a permanent principle of American government?

Section 8 of Article I of the Constitution gives Congress the power "to make all laws . . . necessary and proper." By means of this law-making authority, Congress is given exclusive power over spending in Section 9 of Article I: "no money shall be drawn from the treasury, but in consequence of appropriations made by law." Likewise, Congress has exclusive authority over taxation by way of Section 8 of Article I: "The Congress shall have the power to lay and collect taxes, duties, imposts, and excises." The same clause gives Congress the power to "provide for the common defense and general welfare of the United States." Following that is the long enumeration of specific powers of Congress for the purposes of which Congress may pass laws and appropriate monies. As can be seen, the congressional authority to tax is brief and unspecified whereas the constitutional purposes for which Congress may spend are many and specific.

The contemporary Congress spends monies for governmental purposes and programs undreamed of by the Framers of the Constitution or the authors of the Federalist Papers. These purposes of governmental spending have been justified under the congressional authority to provide for "the general welfare."

The two principal authors of the Federalist Papers, Hamilton and Madison, did not agree about the scope of the general welfare clause, and this debate was continued throughout American history until finally resolved, or at least laid to rest, by the Supreme Court.

In Federalist 41, Madison makes a very plain case that the general welfare clause was not intended to be a blank check to Congress "to exercise every power which may be alleged to be necessary for the common defence or general welfare." Madison maintains that a presumed open-ended authority for Congress to initiate any governmental program or to exercise any power "to legislate in all cases whatsoever" is quite obviously contradicted by the enumeration of congressional powers in Article I, Section 8. "For what purpose could the enumeration of particular powers be inserted, if these and all others were meant to be included in the preceding general power?" The general welfare clause, Madison maintains, is "explained and qualified" by the "enumeration of particulars." In fact, more general powers of legislation, and therefore of taxation and appropriation, were granted by the existing Articles of Confederation, and the new Constitution intends to restrict such powers of Congress.

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[2] Milton Friedman, "The Limitations of Tax Limitations," Policy Review, Summer 1978, p. 9.

Hamilton, in Federalist 30 and 34, had another view. He too spoke of the contemporary problem of the Congress under the Articles of Confederation being unable to raise a sufficient amount of taxes in order to provide for the common good and the general welfare. But Hamilton saw "a general power of taxation" in the Constitution so that Congress could provide for the "pecuniary wants of the Union." And since the wants of the future, the "future exigencies of the Union," could not be divined or accurately prophesied, the power of Congress to tax for future purposes must be left unrestricted: "Its future necessities admit not of calculation or limitation; and upon the principle, more than once adverted to, the power of making provision for them as they arise ought to be equally unconfined. . . . There ought to be a capacity to provide for future contingencies as they may happen; and as these are illimitable in their nature, it is impossible to safely limit that capacity." The Hamiltonian view was largely followed by Congress throughout the nineteeth century in that congressional appropriations were never limited to the strict enumeration of powers in Section 8 of Article I. The passage of the Sixteenth Amendment instituting the national income tax was the most significant event in the history of the congressional taxing power, and, therefore, by implication in the congressional appropriations power. The dramatic increase in revenues prompted Congress to initiate new areas of governmental appropriations.

Until well into the Twentieth Century, the Supreme Court had been reluctant to define the scope of the general welfare clause and its relation to the enumerated powers of Congress. But as tax revenues and congressional spending rose, it became obvious that the power of the purse was undergoing a change of kind. The New Deal began another quantum leap in government spending. And finally the Supreme Court decided a case, *United States* v. *Butler* (297 U.S. 1. 1936), in which it definitely construed the general welfare clause according to Hamiltonian precepts. On constitutional grounds, the Court struck down the Agriculture Adjustment Act, ruling that the Act's coercive federal regulation of farm production and prices invaded the reserved powers of the states.

The Court stated that the scope of the general welfare clause was "the great and controlling question in the case." In considering the historic argument between Madison and Hamilton on the issue, the Court endorsed Hamilton's view as "the correct one." The Court said that the enumeration of powers in Section 8 did not limit the power to appropriate for the general welfare. Instead, the power was limited by its own terms, that is, spending by Congress must at all times be for general, as distinguished from local, welfare. And, the Court concluded, it was up to Congress to decide whether a proposed end was indeed general.

These constitutional conclusions by the Supreme Court have been regarded as the definitive settlement of the matter and have, in effect, closed the debate. In *Helvering v. Davis*, a case decided only the next year, the Supreme Court was already stating that the case was closed: Congress may spend money in aid of the general welfare. There have been great statesmen in our history who have stood for other views. We will not resurrect the contest. It is now settled by decision. *United States v. Butler supra*. . . . The decision belongs to Congress. . . . This is now familiar law."

But are spending and taxation connected by the terms of the Constitution itself? The *Butler* Court seemed to assume such a connection in its discussion of the general welfare clause. The Court rejected the argument that the congressional authority to provide for the general welfare was an independent power. "The view that the clause grants power to provide for the general welfare, independently of the taxing power, has never been authoritatively accepted." Such a construction would make the power of the national government unlimited. Instead, the power to spend for the general welfare must be taken together with the immediately preceding constitutional clause, the power to "lay and collect taxes," that is to say, taxing is for the purpose of spending, and spending must be for the general welfare. The power to appropriate must be as broad, and no broader, as the power to tax; and vice versa, the power to tax must be as broad, and not broader, as the power to appropriate. One power is measured by the other, and, it could be said, one power balances the other. So, the key to any kind of balance of the two would be the decisions about how much revenue to take in from taxation and how much to spend through appropriations. These are decisions of Congress.

Does the victorious Hamiltonian position, which has been unchallenged since the *Butler* case, imply that Congress at its discretion, may spend for any object? Hamilton's essays in the Federalist Papers show that his advocacy of a broad power of spending for the general welfare was based on the clause of the Constitution immediately preceding the general welfare clause, that is, the congressional power to provide for the "common defence." What does Hamilton have in mind when he vigorously argues that the power to tax and spend must be able to account for "future necessities" and "emergencies"? In Federalist 30, Hamilton uses the sudden outbreak of war as the example of the emergency which calls for already established broad powers of spending. A government with restricted fiscal powers would be unable to guarantee loans necessary to conduct the war. Forced to redirect funds customarily appropriated for domestic purposes, the national government would then cripple the internal affairs of the country.

In the next essay, Federalist 31, Hamilton again argues that the "general powers of taxation" are necessary for the purpose of being able to respond to "national exigencies." Such exigencies are "the national defense and securing the public purse against foreign or domestic violence." In Number 34, Hamilton argues that "the objects that will require a federal provision in respect to revenue" are "circumscribed within very moderate bounds." But, "future contingencies" may happen. And again, Hamilton uses the example of war as the reason for the national government's authority over a general power of taxation and spending. For a government able "to maintain those establishments which, for some time to come, would suffice in time of peace" would not be able to so provide "for the protection of the community against invasions of the public peace by foreign war or domestic convulsions."

Thus, Hamilton, the advocate of discretionary spending powers, saw the financing of war as the primary and dominant reason for such power. He argued for strong fiscal authority for the purpose of responding to emergencies. Massive, permanent, and far-flung domestic expenditures were not implied by the terms of the Constitution according to the Hamiltonian view:

> What are the chief sources of expenses in every government? What has occasioned that enormous accumulation of debts with which several of the European nations are oppressed? The answer plainly is, wars and rebellions; the support of those institutions which are necessary to guard the body politic against those two most mortal diseases of society. The expenses arising from those institutions which are relative to the mere domestic police of a state, to the support of its legislative, executive, and judicial departments, with their different appendages, and to the encouragement of agriculture and manufactures (which will comprehend almost all the objects of state expenditure), are insignificant in comparison with those which relate to the national defence. (Federalist 34)

In addition to war, Hamilton foresaw the prompt payment of any public debts as the other major expense of government. Yet, again, he thought that any future debts incurred by the national government would be caused by any future wars. In Federalist 41, Madison also saw any governmental debts as being for the sake of war: "the power of buying and borrowing money being the sinew of that which is to be exerted in the national defense."

Overall, Hamilton maintained that "frugality and economy . . . become the modest simplicity of republican government." (No. 34) The power of taxation must be broad and adequate but only "as far as the resources of the community will permit." (No. 30) "Every power ought to be in proportion to its object" (No. 30), meaning in the context of the essay, that taxation ought to be in proportion to the object of spending. But did Hamilton regard the converse as equally valid, that is, should spending be in proportion to taxation? Seemingly, he did. "Future necessities (i.e., expenditures) admit not of calculation or limitation, therefore, the power (i.e., taxation) of making provision for them as they arise ought to be equally unconfined." Nevertheless, "in the usual progress of things, the necessities of a nation, in every state of its existence, will be found at least equal to its resources." (No. 30) And, in the next essay, Hamilton lays down the principle that the power of taxation ought always be limited by "the exigencies of the nation and the resources of the communty."

### SPECIAL INTERESTS AND FACTIONS

Federalists 10 and 51 are Madison's famous discourses about political factions and the necessity of controlling them for the sake of well-ordered government. Indeed, these essays are Madison's definition of the kind of government the Constitutional Convention developed. A reading of all of Madison's contributions to the Federalist Papers indicates that he did not consider any principle more important than the ability of government "to break and control the violence of faction." (No. 10) Madison defined a faction as "a majority or minority of the whole, who are united and actuated by some common impulse of passion, or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the whole." (No. 10) The causes of factions (today we call them special interests) are "sown in the nature of man," and, therefore, government could not presume to control the causes but, instead, must seek everywhere and at all times to control and contain the effects of faction. By definition, individual factions do not "cooperate for their common good" but seek their mutually exclusive interests. Madison's solution, and his solution is the foundation of the American Constitutional system, was to incorporate special interests into the governmental process in order to control them.

Thus, "the regulation of these various and interfering interests forms the principal task of modern legislation, and involves the spirit of party and faction in the necessary and ordinary operations of government." This is the reason for two of the most important foundations of the Constitution: the selection of a republican, representative form of government rather than a purely democratic one, and the fact that the American republic will be a large, extensive one with a large electorate. The first foundation controls factions by "passing them through the medium of a chosen body of citizens." The second controls factions because when you "extend the sphere . . . you take in a greater variety of parties and interests," thereby forcing each faction to compete against the multitude of all other factions.

In Federalist 51, Madison uses the same idea when he explains the fundamental basis of the "compound" system of checks and balances proposed by the Constitution. Power will be divided between "two distinct governments," the state governments and the national government. This division will be compounded by subdividing "the portion" of power allotted to each level of government "among distinct and separate departments," forming what we now call the tri-partite organization of government.

And what is the purpose of dual governments and the tri-partite organization of each? In effect, government itself will be divided into what amounts to factions so that "its several constituent parts may, by their mutual relations, be the means of keeping each other in their proper places." No governmental department, that is, no governmental faction, will be able to accrue excessive power because the other departments would serve as constant checks on such ambitions "by giving to those who administer each department the necessary constitutional means and personal motives to resist encroachments of the other." "Ambition must be made to counteract ambition." If so, both private factions and the governmental departments will neutralize the others of their kind so that no single one of them will accumulate excessive and dangerous power. The government will be able to control the governed and any and all factions of the governed. And also, the government will be able to control itself and any and all factions or divisions of itself.

### CONCLUSION

Insofar as the word "budget" means a plan for the coordination of revenues and expenditures, it must be said that the national government has no budget now. Throughout three-quarters of the republic's history, spending and taxing were roughly the measure of each other—although there was no constitutional requirement that this be so. In the last fifty years, the division of the two, although beginning modestly, has grown to the point that these two most fundamental constitutional powers of Congress are completely separate and distinct.

With passage of the Congressional Budget and Impoundment Control Act of 1974, Congress attempted to bind itself by force of law to a coordination of national spending and taxing. The law mandates no balancing of the budget, but merely requires the Congress to pass a resolution early each year setting taxing and spending targets and then attempt to keep the subsequent appropriations process under the ceilings. Congress has not only never passed a budget resolution with equal spending and taxing ceilings, but has never even finished the appropriation process at the targeted spending ceiling. The Budget Act, a law binding Congress, is not really in fact a law since Congress, the lawmaking and law-repealing body, has complete discretion to make new laws, or, as is the case for the Budget Act, to violate the spirit of the law. The binding force of the Budget Act is voluntary on Congress. This is obvious according to our governmental scheme since no law, but only the Constitution, can bind Congress.

Madison's plan to multiply the number of special interests in order to set them competing against one another, thereby preventing any one or few of them from gaining too much power or too much money, has obviously failed with regard to the appropriation process. In fact, the opposite effect has happened in that the congressional tendency over the last fifty years has been to approve funding of all new proposals rather than none of them. The American scheme of constitutional government, designed to control the public effects of special interests, has turned into a system by which special interests can succeed. Special interests have proliferated, as Madison foresaw, but government has adapted into a means for serving these interests rather than a means for controlling them. Private factions have proliferated on their own. A multitude of these have won public vindication in that Congress has ordered that the factions become publicly funded institutions of government with enforcement powers to perpetrate their causes throughout the body politic. In a response of both cause and effect, the Congress has expanded its own organization in order to serve and fund these interests. (There are now more subcommittees than senators in the Senate—and more than 150 subcommittees in the House.)

Thus, spending factions have triple incarnations, two of which are government institutions. On the other hand, there are no tax factions; taxes have no constituency. The result is more spending than income—yearly budget deficits.

With the proliferation of the parts of government and the accompanying addition of appropriations to fund these parts, what has been ignored is the whole, or, in Madison's words: "the permanent and aggregate interests of the whole." The balanced budget amendment proposes that the two processes be made to measure each other, that single taxes and single appropriations be always related to the whole, and, in fact, to require that the congressional fiscal process become a budgetary process for the first time.

As the political system exists now, a proposal to appropriate for a specific object or tax from a specific source succeeds or fails on its own merits. A balanced budget as the overweening principle of Congress' fiscal authority would qualify each, individual funding or taxing decision by requiring that no part breach the whole. As such, a Madisonian element would be introduced into the fiscal powers of Congress for the first time. With the whole defined, the different factions would be forced to compete against each other for their parts of the whole. Currently, a faction need contend only with the discretion of the subcommittee that was created for the purpose of serving it in the first place.

Amending the Constitution to require that Congress always "balance" its fiscal decisions would be adding a political, rather than an economic, principle to the Constitution. A balanced budget implies neither a raising nor a lowering of either taxes or spending. It implies no decision about how much of the private wealth of the country the Congress may expropriate for governmental purposes. It contains no limitations of Congress' power to spend for the general welfare. It is based on no economic formulas. It merely proposes a unity: that appropriations be made to measure taxes and that taxes be made to measure appropriations.

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## STRENGTH OF THE UNITED STATES IN WORLD AFFAIRS

Mr. THURMOND. Mr. President, the posture and strength of the United States in world affairs has been severely threatened by the recent events in Iran and Afghanistan—not to mention the increasing subversive activities of Communist nations in Africa, Latin American, Southeast Asia, and the Middle East. This is a matter of grave concern to me, as I believe it should be to all Americans.

It appears that some of our Nation's leaders have made the very dangerous mistake of allowing themselves to be lulled into a state of complacency. These individuals have failed to realize the grave threat that communism poses to our freedom. Being faced with the reality of the current Afghanistan situation, they are now shocked and dismayed.

Mr. President, we must establish new polices which will strengthen our posture in the world. We must bolster our military forces to demonstrate to our allies, as well to our enemies, that we intend to remain strong—strong enough to assist our friends, or take any required retaliatory action to preserve our freedom.

Mr. President, the goal of the Soviet Union is to control the entire world. As long as communism exists, it is a threat to all free people.

Mr. President, I ask unanimous consent that a concurrent resolution on this subject, adopted by the General Assembly of the State of South Carolina, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. THURMOND. This resolution memorializes President Carter to adopt policies and positions which will be firm enough to demonstrate to allies and foes alike that the United States will remain strong, able, and willing to protect our own national interests and aid our friends around the world.

### EXHIBIT 1

### CONCURRENT RESOLUTION

Whereas, in recent months several international incidents and events have caused and will cause the United States great concern; and

Whereas, in the last several months our Ambassador to Afghanistan has been murdered, the Iranian government has changed into a regime which threatens to be unfriendly with the United States and the Soviet Union is extending its sphere of influence into other parts of the world, including the Middle East and Africa; and

Whereas, at this time of concern over the future security of the United States, the members of the General Assembly hereby request President Carter to adopt policies and positions which will be firm enough to demonstrate to allies and foes alike that the United States will remain strong enough to protect our national interests and those of our friends wherever they might be.

Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

That the members of the General Assembly hereby memorialize President Carter to adopt policies and positions which will be firm enough to demonstrate to allies and foes alike that the United States will remain strong enough to protect our national interests and those of our friends.

Be it further resolved that copies of this resolution be sent to the President of the United States, to each United States Senator from South Carolina, each member of the House of Representatives of Congress from South Carolina, the Senate of the United States and the House of Representatives of the United States.

## MILITARY SERVICE

Mr. HATCH. Mr. President, during the past month there has been a great deal of debate over the proposal to restore the draft. This issue has been hotly debated in my home State of Utah, as I am sure that it has been in the States of all of my colleagues. The universities and colleges of Utah have been the centers of this debate, and rightly so, for the young men attending these institutions of higher learning are the ones who will be directly involved should we decide to abandon the volunteer army and return to conscription to fill our manpower means.

With this in mind, I was pleased to receive a letter from L. Jackson Newell, dean of liberal education at the University of Utah. The contents of the letter were very interesting. I would like to share this letter with my colleagues, and ask unanimous consent that it be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HATCH. Mr. President, Professor Newell has polled one of his classes on two very important questions:

First, the military draft should be reinstated by the U.S. Congress in 1980?

Second, after 6 to 10 months of solid military training at age 18, draftees should be kept as reservists and spend 2 weeks each year in continuing military training?

These questions were put to the class in the form of motions and the class voted on them. The results were somewhat of a surprise to me. The first motion passed by a vote of 26 to 9 with a few abstentions. The second motion passed by a vote of 30 to 8.

Mr. President, with all of the publicity that the antidraft movement has been given by the media, I think that we should also recognize that many of the youth of this Nation feel that military service is still something that may have to be done if we are to continue to enjoy the freedoms that we now enjoy.

Exhibit 1

The University of Utah,
*February 26, 1980.*

Hon. Orrin G. Hatch,
*U.S. Senator,*
*Washington, D.C.*

Dear Senator Hatch: I have over forty students in my course on "Problems in Human Values" here at the University of Utah this quarter. They are a representative group of university students, ranging from freshmen to seniors and representing a variety of majors. The class chose as one of the major issues it wished to study this quarter the question of compulsory military service. After extensive research and class discussions, the following motions were adopted with the intention of sending the results to you:

Motion No. 1: "The military draft should be reinstated by the U.S. Congress in 1980."

This motion was passed 26 in favor, 9 opposed, with a few abstentions.

Motion No. 2: "After six to ten months of solid military training at age eighteen, draftees should be kept as reservists and spend two weeks each year in continuing military training."

This motion passed 30 in favor, 8 opposed.

I should also say that there was majority sentiment for universal national service—requiring all youth to spend from six months to two years in some form of national service, be it military or humanitarian. Members of the class and I feel that this information may be of value to you.

Best wishes to you as you grapple with this important and complicated issue.

Sincerely yours,

L. Jackson Newell,
*Dean of Liberal Education.*

## JESSE OWENS

Mr. DOLE. Mr. President, I rise today to pay tribute to a man who served as a genuine inspiration to millions of people the world over. Some knew him as an athlete. To others he was a good will ambassador, a successful businessman, and a living symbol of adversity overcome. But all knew him as a kind and generous humanitarian. Yesterday, in a Tucson hospital, James Cleveland Owens died of lung cancer.

Jesse Owens began his career as the son of an Alabama tenant farmer. While still in grade school, he ran the 100-yard dash in 10 seconds flat. In 1935, he was responsible for what many call "the greatest day in track history." On May 25, 1935, at the National Collegiate Track Meet at the University of Michigan, Jesse Owens set four world records. It was this performance that prompted an admiring sportswriter to comment that, "Jesse Owens could run across a field of eggs and not break a single shell."

But as great as his performance was that day, a year later Jesse Owens gave the sports world a lesson it would never forget. Adolph Hitler had built the 1936 Olympic Games into a classic test of his theory of Aryan athletic supremacy. By winning four gold medals in track and field competition Jesse Owens singlehandedly destroyed that theory. The sight of German long-jumper Lutz Long and Jesse Owens walking arm-in-arm to the pit directly in front of Hitler's box is one that will live forever.

Jesse Owens' accomplishments were not limited to the athletic arena. After the Olympic games, he embarked on a varied career. As an entertainer, he was a detective in a Hollywood movie, a tap dancer with Bill Robinson; and, for a time, a swing orchestra conductor. As a businessman, he opened a chain of dry cleaning stores, served as a salesman for a distilling company and, finally, established his own public relations firm. He even became involved in politics when he toured the country giving speeches for my good friend and former Presidential candidate Alf Landon.

Throughout his colorful life, Jesse's primary concerns were his family's well-being and helping those less fortunate. His immense generosity was most evident in his work with youngsters and disadvantaged. As an active member of the Illinois Youth Commission, Jesse dedicated himself to keeping youngsters involved in sports and out of trouble.

As Jesse traveled the country spreading his special brand of good will, he was frequently asked about those 1936 games—often by people who had been born 30 years later. When questioned, he often commented that time had stood still for him, adding "that golden moments die hard."

So does the memory of Jesse Owens.

## MEDICAL RESEARCH AND HEALTH POLICY

Mr. DeCONCINI. Mr. President, no other Member of this body has a more enviable reputation in the area of medical research and health policy than our esteemed colleague and able assistant majority leader, Alan Cranston. He has been on the leading edge of the effort to develop an effective Federal strategy in the war against disease. Much has been accomplished in this sphere and many of those accomplishments may be traced directly to his unflagging dedication and hard work.

A few weeks ago, I was privileged to be present when Senator Cranston addressed the Government Affairs Conference of the Arthritis Foundation. His remarks touch upon some of the central questions of health and biomedical policy and suggest possible directions and priorities for the future.

All of us can benefit from Alan Cranston's judgment and insight on these issues. I ask unanimous consent that a copy of his speech be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Remarks of Senator Alan Cranston

Thank you Dennis. I'd like to say how important your consistent support for the arthritis programs each year has been, Dennis, in making sure that arthritis receives a fair and appropriate share of funding.

Your personal advocacy beyond that for these programs has been of tremendous help to everyone who suffers from arthritis and all of us who know how important it is to obtain adequate funding for those programs.

It is a real pleasure to be meeting with you who are Chairpersons of the Arthritis Government Affairs Committees. Your group performs the essential function of carrying to your representatives in Congress the message that thousands of dedicated people in your communities have recognized the need for action to fight arthritis and to support Congressional action to do that in the most effective way possible.

You have carried this message before. And you can take credit for some very significant achievements.

I know you are not satisfied with those achievements. Otherwise you would not be here today.

You've already heard this morning about the promising areas into which research in arthritis can be directed and of the achievements already made by that research. You have heard of the accomplishments of the Multipurpose Arthritis Center. The promise and the successes that have been outlined for you this morning are potent arguments for you to use in urging your Representatives to increase again the appropriations for the Arthritis Program.

However, I think your Representatives will be hearing comparable arguments for increased funding for every other kind of medical research and so we are engaged in, and especially you are engaged in, an intensive competition.

This country's research policies have produced brilliant scientists. These policies have generated great enthusiasm among them for biomedical research and have built up superlative research resources in our centers of learning and of science.

In short, our research policies have produced the tools to mount massive attacks against all the diseases that threaten our lives.

As we have developed this exciting capacity to combat diseases, we have also come face to face with the reality of budget limitations.

As we have developed this exciting capacity to combat diseases, we have also come face to face with the reality of budget limitations.

That reality means we must develop policies to utilize these limited financial resources effectively to get maximum benefits from biomedical research.

I am not suggesting that you should stop urging that arthritis research must receive a fair share, as indeed it must, of the appropriations that are made available for biomedical research. Instead, I am suggesting that you should broaden your efforts to urge, in addition, the adoption of several new policies which I would like to discuss with you. I am convinced that these policies will prove the most beneficial for arthritis research as well as for biomedical research generally.

I have taken an intense personal interest in developing policies to improve our nation's biomedical research approaches.

As a member of the Senate Health and Scientific Research Subcommittee, and as Chairman of the Veterans' Affairs Committee, with tremendous health responsibilities for veterans, I follow closely our progress in biomedical research. Often I invite research scientists to my office in the Capitol. There, we take sometimes hours on a Sunday or Friday night or some other time to discuss their work in an informal, cross-disciplinary forum. They share new research findings with others working in parallel and complementary research.

What I have heard is truly astonishing to a layman. I suspect many scientists, too, would be surprised to learn how quickly we are assembling the pieces of very fundamental puzzles. Researchers are probing basic mechanisms at the cellular and molecular level with tools that were unknown and unavailable just a few years ago.

These scientists have opened up exciting possibilities for the future of biomedical research and have candidly discussed how that future can be made the most productive possible.

Through these discussions I have come to some conclusions of my own on some new policies for biomedical research.

I am working hard to see that these policies are carefully considered and I hope that they will be enunciated in legislation under consideration now in the Health Subcommittee to revise and to extend the authorities of the National Institutes of Health.

I believe the first policy that must be adopted is to place a greater emphasis on basic research. I believe that the missing piece of the puzzle that can make many apparently unrelated pieces fit together will be found only through basic research.

We know a great deal about a great many aspects of what makes humans ill—but in many cases we do not know the triggering mechanisms. This is true of arthritis, it is true of many forms of cancer, it is true of the process which is affecting each of us every day of our lives—the process of aging, and it is true of many other diseases that threaten each and all of us.

An increased emphasis on basic research will benefit the objectives of the national arthritis program, since as you well know, basic research carried out under the auspices of any of the Institutes will make discoveries that can be applied to areas of research in each of the Institutes.

A second policy that I believe must be adopted is that of integrating the findings of research efforts across interdisciplinary lines. Mechanisms must be developed to encourage the transfer of knowledge from one research field to another at the most propitious time. All too often research done in one field does not become known to people working in some other fields. Unfortunately, it often does not even become known to those working in the same field. One of the most exciting things I have witnessed during meetings I've held with scientists in my office is the exchange of ideas between scientists in unrelated fields as they discern the possibilities of applying a new technique to research with which they have been wrestling.

The Multipurpose Arthritis Centers provide a very fine model for transferring newfound knowledge. These Arthritis Centers are at the forefront of efforts to bring the results of research to the community and to the individual patient. These Centers demonstrate the value of bringing together committed individuals from a broad range of medical disciplines to work jointly on a common objective.

Through this integrated approach, the search for knowledge is intensified, and, when new information is discovered, the broad perspectives of the scientists and health care personnel involved facilitate the application of that information across broad areas and disciplines.

A third policy that I believe must be encouraged is that of identifying and promoting innovative research. The answers to many of the questions confronting scientists today—or perhaps even the ability to ask the questions that can produce the answers we need—may elude them because of preconceptions that prevent them from seeing something that is really right in front of their eyes. Steps must be taken to encourage the unconventional scientists to explore problems from new directions.

In doing so, however, we must, of course, protect the public and the scientific community from exploitation, charlatans, and quackery.

We must find ways to permit some research to be funded apart from the normal peer review system. I believe that system has a tendency to stultify innovative research.

I believe the Peer Review system, which is almost universally used now in the granting of research funding, tends to reward caution and excessive reliance on the "establishment" scientists. I think it is ingrown. I think that the people serving on the Peer Review panels tend to pat each other on the back and to promote each other's programs. I think it's ultraconservative. And I think it tends to fund programs where the risks of failure are very slight, the chances of success very great—in a most conservative way where the funding goes to a program where a tiny incremental gain is apt to be made. Meanwhile, the broader risks entailed in innovative "breakthrough" research where a finding may be of tremendous significance if accomplished, but where the risks are such that it may not be accomplished, tend not to receive support. While I believe in the careful, methodical moving forward that is entailed in the Peer Review process, I think that we need a mechanism to give some funding in a better, stronger, wiser way, to programs where some larger breakthroughs may be possible.

Another way to encourage the development of this much needed innovative research is to support young investigators. As you all know, these young investigators need special assistance, technically and financially, in order to develop their proposals to a point where they can be competitive. Young investigators can obtain this help if they are associated with a major medical school or university whose budget will allow support for their projects in the early stages. These budgets are augmented by funding under the biomedical research support grant program of the N.I.H. Division of Research Resources.

In addition to this source of support, Congress has enacted legislation to ensure that at least fifty percent of the funds appropriated for national research service awards must be awarded through a scientific institution or university. This has proven a source of great assistance to many young and promising scientists who, I am confident, will make some important discoveries in the course of their careers.

A fourth policy that must be followed is to foster epidemiologic research. Our lack of knowledge of the etiology of many diseases, arthritis among them, may well be delaying our ability to concentrate our best efforts on those areas of research that can contribute most effectively to our conquest of disease.

This need for epidemiologic research has been highlighted as a major priority by the National Arthritis Board. I compliment the Board for their recommendations in this area.

A fifth policy that must be adopted, I think, is to encourage the private sector to invest in biomedical research. Federal dollars alone are not enough to meet the need for progress in biomedical research. Philanthropic funds have been reduced at the same time that the substantial growth in federal funding for biomedical research that we saw in the 1960's ground to a halt. Industry's investment in research in new drugs has been affected by the high costs of research and the many years required to test new products fully for safety and effectiveness.

I have met with philanthropic organizations and with private industry encouraging them to invest in biomedical research as a public service. I am also working with H.E.W. Secretary Pat Harris to make sure that the patent policy outlined by President Carter in his Industrial Innovation message last October is implemented and publicized within N.I.H. and within industry.

This policy is one that I have urged for several years. It would permit the Secretary to provide recipients of federal contracts for product development with appropriate exclusive marketing rights for the product that is developed. It seems reasonable to me, that if a private company is asked to commit its resources and its knowledge of a research program under contract to H.E.W., that company must be provided assurance that it will be able to benefit from the product that may be developed. Such agreements, of course, must include conditions to protect the public interest.

I also worked closely in the development of the Drug Regulation Reform Act, passed by the Senate last July. The intent of that legislation is to speed up the F.D.A. drug approval process, so that promising new drugs can be made available more quickly, at less cost to industry, without reducing the protections that must be provided for the consumer.

One of the major policy shifts I proposed would be of direct benefit to diseases like arthritis. I propose that a greater research priority be placed on diseases and conditions that are chronic and of long-term duration. In the past, biomedical research has centered on those diseases which present the greatest threat in terms of mortality such as cancer and heart disease. Although arthritis affects many more people, its onset is generally gradual, generally life is not immediately threatened, and generally there are no immediate catastrophic expenses.

It is difficult to arouse public interest and develop a public policy aimed at combating a chronic disease which does not create reactions of intense fear and dread.

However, I believe we can no longer ignore the impact of these chronic diseases on the quality of life or on the economy of this country in terms of lost working hours, lost productivity, and lost wages.

Seven years ago, Dr. Ephraim Engleman, whom you all know, brought the incidence of arthritis and its costs to the economy to my attention. At that time, he convinced me of the need to place a special focus on arthritis, and I introduced the National Arthritis Act. You have seen the effects of that act and the growth of research in arthritis that has resulted.

If we are able to obtain research emphasis for diseases that reduce the quality of life equal to the emphasis for research on diseases that kill, we will be benefitting many more people and perhaps prevent lifetimes, literally lifetimes, of pain.

If all the policies that I have mentioned are adopted, biomedical research in the United States can, I believe, expand dramatically into new areas, it can unlock doors, it can open up new possibilities.

I believe these policies would create a means to set our research priorities in a way that would be most beneficial to the advancement of knowledge and of science. It would also further your particular interests and the interests of those you represent.

A primary concern of mine is your concern—that the victims of diseases such as arthritis are assured that national priorities are directed towards their welfare.

I believe the policies I have set forth will achieve this goal. I hope you agree. I urge you to stress these new directions when you discuss with your Representatives the ways in which the federal research effort can be strengthened and strengthened in a way that will be beneficial not only to arthritis but will also bring about major scientific advances in the future. What you can do to these ends, and to the traditional ends which we pursue together of helping directly in the arthritis field, will be wonderful in terms of the satisfaction it will bring to you in terms of a richness of achievement and wonderful in terms of the many, many people it will help. And for that I thank you, and I urge you onwards.

## CARTER CANNOT AFFORD ANOTHER TREATY WITHDRAWAL; SIGNS EXECUTIVE AGREEMENT INSTEAD

Mr. DOLE. Mr. President, when Jimmy Carter was elected President, he vowed to keep his campaign promises and to maintain an open government, steering clear of the imperial presidency. As an outsider, with no national leadership experience, he was going to show Washington how to clean up its act and run things. Well, Mr. President, like Walt Kelly's prescient cartoon character, Pogo, Jimmy Carter has "met the enemy and he is us."

The United States is about to enter a new 5-year agreement with Turkey on the use of defense bases in that NATO country. But in an act of pure arrogance, Mr. Carter will make the agreement an executive agreement rather than a treaty requiring the advise and consent of the Senate. There is ample precedent for this. But coming from the director of a foreign policy that has brought Americans such recent fiascos as Afghanistan, the seeds of loss of Pakistan, the "mistaken" United Nations vote on Israel, the lack of progress in Iran after 5 months, and the failure of U.S. policy in Nicaragua, El Salvador, and Latin America in general, the President's nerve is certainly not lacking even if a skillful, coherent foreign policy outline is.

The fact of the matter is President Carter cannot afford to get into a situation where he is forced to withdraw another international treaty. Already he has had to withdraw the SALT II treaty, which he thought—up until the Russian invasion of Afghanistan and his sudden enlightenment about Soviet intentions—was the greatest diplomatic feat of his tenure. Technically, he has only asked the Senate to delay consideration of SALT II, but even before the Soviets marched into Kabul, the administration knew that the Senate had such serious reservations about SALT that it would be nearly impossible to pass without major revisions. The President's subsequent action came as no surprise, therefore.

The progress of pilgrim Jimmy in the ways of the imperial Presidency are plain to be seen, however, and started long before he gave up his regularly scheduled press conferences for the more politically opportune and timed media appearances now. Before SALT II was even signed, while we were still in the process of negotiating its most important terms, Mr. Carter said that if he could not get the treaty through the Senate, then he would sign its terms as an executive agreement and bind the United States to its provisions. A transgression of this magnitude against our Constitution's articles and subsequent diplomatic history was too much for members of his party in Congress and his advisors at the State Department, who quickly disabused Mr. Carter of this scheme. Yet, even now, with the SALT II treaty unratified by our Government, Jimmy Carter has pledged the Russians that we would abide by its terms. This treaty, with its many faults and shortcomings, could not be passed by the Senate today, but the President has decided the United States will abide by it anyway.

### SENATE OVERSIGHT

Mr. President, the Senator from Kansas has not mentioned the merits of the new Turkish base agreement. Mr. Carter fears to have those merits addressed on the floor of the Senate. This agreement may or may not be a good and fair one—we certainly are not prepared to judge it, because the President refuses to let it go through the usual Senate procedure and vote. In a primary election season, when the voters are beginning to be disenchanted by the delay and indecision that have characterized Mr. Carter's foreign policy, with its "mistakes" and incompetent lack of direction, he naturally hesitates to subject his policies to an increasingly skeptical Senate.

The Congress, according to the Constitution and our 200 years of traditions and actions, has the responsibility for making laws concerning the expenditure of our taxes. This new agreement with Turkey is going to cost us half a billion dollars every year, but the Senate is not to offer its advice and consent on this piece of foreign policy. This money will have to be authorized and appropriated, of course—there is no way around that—but the Senate is not being allowed to function as it was intended to do: Advising the Executive Department on foreign policy agreements between nations and consenting only by two-thirds vote of the Senate. Mr. Carter wants to get around that. The aid to Turkey and the question of our bases there has been very touchy.

This may be a good agreement. It may be, as Mr. Carter and Mr. Vance are fond of saying of the SALT II treaty, the best agreement we can get. This issue is bound up in a great many other important foreign policy questions, however; it is not just a routine executive agreement about bases. Not too long ago, Congress was asked to impose an arms embargo against Turkey after it invaded Cyprus. Then, because of its deteriorating economic and military condition, and its vital role in NATO, the Congress was asked to lift the embargo—even though no concessions had been won and no improvements had been made over the Cyprus question.

Then the United States lost its vital intelligence listening posts in Iran, with the fall of the Shah, and the administration sent a parade of witnesses to Capitol Hill to tell Senators that our missile-monitoring capabilities would be adequate for SALT II verification, because of our bases in Turkey. Turkey, however, put out the word that our intelligence-gathering flights would only be allowed over Turkish soil if the Soviet Union gave its permission, and CIA Director Stansfield Turner was forced to admit that it might be as long as 5 years before we could come up with alternative capabilities to match our pre-Khomeini days.

It just seems to me, Mr. President, that there is a great deal to discuss on this issue. The ramifications of this agreement with Turkey are great. The question of Cyprus is no closer to being settled than ever. Relations between Turkey and Greece, vital to NATO, are no nearer to being improved. The question of our intelligence gathering rights has never been adequately settled. The Turkish economy, teetering on the brink of collapse, still has no blueprint for recovery. The use of American-supplied arms to invade Cyprus, against longstanding agreements and laws, is a stumbling block to future U.S. relations with both Greece and Turkey.

Foreign policy is an area that has spotlighted Jimmy Carter's hit-or-miss leadership style, reacting to events instead of having long-range, cohesive policies and goals in mind. The scrutiny and judgment of the Senate should fall on this agreement just as the voting public is falling on an increasingly embattled, isolated, and criticized President.

## INCREASED BENEFITS AND RECOGNITION FOR MEMBERS OF ARMED SERVICES

Mr. WARNER. Mr. President, a short time back Senator Nunn and myself introduced legislation in the Senate which was designed to help alleviate some of the very real hardships being experienced by those people who serve in the uniform of the U.S. military.

That legislation, which would provide some $500 million in benefits and allowances in fiscal year 1980 and a total of over $3 billion in benefits over the next 5 years, was approved by the Senate by an overwhelming vote and is now pending before the House of Representatives.

I am hopeful that that legislation will soon be approved by the House and sent to the President for his signature.

It is needed. It is needed badly as a sign to our servicemen and women that the Congress recognizes the valuable service our people are giving to their country and it would be a sign that the Congress is going to begin to rectify the serious problem of inadequate military compensation.

When the Nunn-Warner amendment was approved by the Senate I said at that time that this would only be a first step—that much more needed to be done.

I still believe that, and I believe that since the amendment was passed greater attention has been given to the serious problem of inadequate military compensation. Hopefully, this new attention here in Washington and in the press will help get things moving and get some much needed additional compensation into the pockets of our service people.

Mr. President, today I was visited by the father of a young naval officer serving aboard the aircraft carrier U.S.S. *Nimitz* now operating in the Indian Ocean. The officer's father brought to me a telegram which his son had sent urging that his father contact me and push for early action on the Nunn-Warner amendment.

Mr. President, the telegram is straightforward. It's message echoes what I have said before here in the Senate:

> Passage of . . . [the] . . . bill is important, but it is far from enough to solve the problem . . .

As I have said, much more has to be done.

Mr. President, I ask unanimous consent that this telegram be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

Mr. Olin F. Armentrout,
Washington, D.C.

Dad, tell Sen. Warner to push for prompt passage of his bill. The longer it is delayed the more the impression is made of a lack of concern for the problem. His bill could improve retention through use of reenlistment bonuses. However it does little to improve the overall low salary base of the junior enlisted personnel and many will not feel its effects. Passage of his bill is important but it is far from enough to solve the problem. Thanks.

MARK,
*U.S.S. Nimitz.*

## ONE OF THE HARDSHIPS OF MILITARY LIFE: FAMILY SEPARATION

Mr. WARNER. Mr. President, during the past several months the Senate has given specific consideration to the unmet needs of our military personnel and their dependents. An overwhelming majority of this body has supported the recommendations of the Committee on Armed Services to increase critically needed benefits for our military personnel.

I submit that these additional benefits would not compensate for the unique sacrifices of the military family, particularly those caused by involuntary separations and reassignments. There are two articles in the November 1979 issue of Tidewater Calling, a periodical published for Tidewater Virginia service families, that deserves the attention of each of us. The articles, "The Homecoming" by Rae Magill and "December Sun" by Sue Saunders, highlight the range of personal, financial, and emotional hardships that are met by the families of our Navy personnel. Separation and the strain that it places on the family are facts of life for the Navy family as author Sue Saunders points out:

> We had survived the separation, just as we had done in the past and would continue to do in the future. The moments of the past seven months which we hadn't shared were lost to us forever—no amount of letter writing during the cruise or accounting afterwards could change that.

I urge my colleagues to read these articles—the family sacrifices are increasing now with longer and more frequent deployments of our fleet. It is essential as we deal with the critical issues of military compensation and benefits that each of empathises with the military families and the sacrifices that they make for which we cannot reimburse them.

I ask for unanimous consent to have these articles printed in RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

### DECEMBER SUN

(By Sue Saunders)

We stood just in front of the hanger door, watching the planes roll into their parking positions. The cold December wind was pinching our cheeks and undoing our previously-proud hairdo's. My three children snuggled closer to me, not for warmth, but to touch and further share our excitement—Daddy was home from cruise? This was the fly-in, the moment we'd long awaited.

Which plane was his? That one! It seemed an eternity would pass before the engine would shut down and he'd climb down from that beautiful machine, his "other love" and once again be on the home soil to which he said good-bye millions of heartbeats ago. And how my heart was beating now!

I remembered our farewells seven months ago. My heart had run at jogging pace then too—but from the agony of parting rather than from the joy which now brought tears to my eyes, just as the sorrow had done then.

How many tears had been shed in between! "You spend your life weeping." I chided myself. But such is the nature of the beast; so often depreciatingly referred to as The Navy Wife. I had come to grips with the nametag, as well as the overworked "Dependent Wife"—equally ego-shattering, years ago. I preferred to think of myself as the wife of The Navy Man and carried myself with pride accordingly.

And now that man, my man, was home!

He climbed out of his plane and started to walk towards the hangar where we stood. The children and I didn't need the gentle push of the anonymous well-wisher from the crowd to spur us on—we were on our way. A dignified pace, of course . . . for the first few yards only!

I purposefully let the children reach him first.

"Daddy! Daddy! Daddy!" No other words were needed. Just the joy of saying his name, and having him there to hear it?

He stood up, removing himself only somewhat from their clinging embrace as I walked into his open arms.

He is home! The reality of it made my senses reel. The fortitude I'd been forced to show and almost convinced myself I'd felt, over the past months was gone and in its place was a marvelous sense of belonging—not just me to him, but each of us to the other.

We had survived this separation, just as we had done in the past and would continue to do in the future. The moments of the last seven months which we hadn't shared were lost to us forever—no amount of letter-writing during the cruise or recounting afterwards could change that.

But this moment! This we shared, this moment of Homecoming . . . the December sun was very warm.

### HOMECOMING

(By Rae Magill)

The women on the pier search the horizon, talking animatedly to each other all the while. They all seem to know one another. I watch them greeting old friends and making new ones—instant friends made in that single day and in some cases never to be seen again. At one time, I would have joined in one of the many conversations, but not this time. This time, I wait nervously in my car alone. Before that ship docks, I need this time to myself. I have to find the strength to say what I have to say to the man returning on that ship, a man I haven't seen for six months and haven't lived with for the past year and half. I close my eyes and try to relax, but memories, like old, faded photographs, keep invading my thoughts . . .

A warm, September day at Bethesda Naval Hospital. My first blind date with a sailor, the brother of a friend's husband. A two-month courtship in hospital corridors, parking lots, borrowed cars, and movie theaters. "I'm going to be stationed in San Francisco when I leave here. Look, I had these orders before I ever met you." Our last weekend together in D.C. is spent watching President Kennedy's funeral on TV. I am crying bitter tears, but not just because of the assassination. My tiny diamond on my hands winks at me as I wave at the plane departing National Airport.

A foot-high stack of letters received in one day (the result of 30 isolated days on station in the Pacific). They take five hours to read and forever to answer. The emotional break-up on ham radio (during which I keep forgetting to say "over" and am unaware that every ham operator in the country, not to mention the men on the ship, can overhear). Phone calls at 2:00 a.m. Reconciliation then another break-up.

Fourteen months later, the phone call early in February. "I'm taking leave. I want to visit some friends in D.C. Think you can find some time to see me, maybe meet me at the airport?"

"Sure, I would like to see you, too. Yes, I'll bring your ring so you can have it back. I kept it in a box, safe for you!"

A man gets off the plane that Thursday, not in sailor-boy blues, but suited a la Sinatra. We have dinner in a dimly-lit restaurant and talk to each other for hours once the awkward moments of meeting again are over. He decides to visit my family for a few days.

Another proposal at the campus bar on Monday night after my night classes. The patrons and bartender cheering when he shouts, "She said, Yes!" Tuesday at Bethesda

Hospital, seeing the Chaplain, who agrees to perform the ceremony after we convince him that we had not met just the previous weekend. Blood tests and marriage license. He asks how I spell my name. I ask for leave from work because "something important has come up." My friends and family's reactions to my sudden marriage: "What, marry a sailor." "You'll never have a real home." "People will think you're pregnant!" Apt. for Rent: Furn., 1 br, reasonable." (The ad omits description of the color scheme—red furniture, green walls, gold carpet.) We take it. I am about to become a married woman; I will no longer live in my mother's house. Sunday finally arrives. Our small wedding, so solemn, yet joyous. I give myself away (My Father died in WWII.). The Chaplain smiling, his wife playing the organ, flowers left over from the Sunday morning services line the altar. (I will never know where the satin bows on the pews came from.) The offered donation to the chapel after the ceremony. "Keep it, you kids need it even more."

The week-long honeymoon through the West Virginia mountains to Ohio to meet his family. We have a whole week to ourselves in our apartment before his return to San Francisco for three final months of his tour of duty. My first experience of really waiting (for a husband this time, not a boyfriend).

Three months later, I greet my civilian husband. We find a new apartment (white walls, no carpet, and our own furniture). In our first real home, we make the most of 90 days before his re-enlistment and assignment to Norfolk.

The ship leaves on a six-month Med cruise. I drive to Norfolk to watch it leave and wave good-bye until it is out of sight. I return to D.C. to my job and friends and waiting. My first wedding anniversary is celebrated alone. There is one joyous phone call from Italy, followed by soft tears. Days are spent at work; nights spent writing letters and marking calendars.

At last the ship is due. I drive to Norfolk to greet my husband. All the men look alike, dots of blue on grey. I see him. Wave, wave. The ship gets closer. That's not him. He is inside the chartroom. I find him there, still working.

Words shouted during an argument two months later. "You're going to be a father—I think."

My first military-sponsored move to Norfolk. I apologize to the movers for having accumulated so many possessions (2,000 pounds). A two-bedroom apartment on Willoughby Spit. A three-month Caribbean cruise. For the first time, I do not wait alone. There are other young navy wives, eager to make me welcome. Another home-coming. I am easy to spot on the pier, being eight months pregnant and in a red maternity dress. Portsmouth Naval Hospital and our son born in January. (We miss the tax deduction for 1966.) Shipmates visit, bringing gifts, a miniature sailor suit, a toy battleship, and a six-pack for Dad. "Now all we need is one more, a girl like you, and we will be complete."

Our three-month old has his first tooth. I take a picture and send it to Daddy, now enroute to an unaccompanied tour at Johnston Island. (I had never heard of it, either, until then.) I move back to D.C. to wait out a long year. (3,000 pounds I again apologize to the movers.)

"I'm coming home tomorrow.—Sure it's three months early. The Army selected me for Warrant. Guess I didn't want you to know about it until I was sure." Fifteen days leave, then he's gone again. This time to Fort Sill, for "Gentleman" School. Our son says "Da-Da" with a question mark.

"Believe me, Patrick, you do have one."

"I'm assigned to HCDOC School at Fort Eustis. You can move down as soon as I get quarters."

We move in the first of August (3,500 pounds) and out in December, he to Vietnam, I to D.C. (Still 3,500 pounds, no time to accumulate anything else, I also no longer apologize to movers.)

The agony of Vietnam. War, live, on the 6 o'clock news. Thank God that's not my husband I just saw writhing in agony. Is the blood on those leaves familiar blood, dear to me? Are those girls in Saigon familiar girls, dear to him? A man asks me out to dinner. I say no and break out in hives.

Home, whole again. We are once more a family. A new assignment at Fort Lee, Virginia (4,500 pounds). Our son learns to count by watching troops march in formation, "Hup, two, three, four . . . "

"How many fingers am I holding up, Patrick?"

"Hup."

TDY at Fort Story. I've been left behind too many times. This time we all go. Oceanfront motels at Virginia Beach. The three of us share space for one and don't feel crowded. The sound of waves pounding the shore soothes us at night. "How about working on that girl?"

Back at Fort Lee, our daughter is born, followed an hour later by her twin brother, in January, of course. (We miss two tax deductions for 1970. The financial rates are not always kind.)

"The twins are only two months old and they are sending you back to Vietnam! They can't do that! I won't do them!"

I move back to D.C. on a bright Spring day (5,000 pounds) and the four of us tell husband and father good-bye at Dulles airport.

Another year alone, but this time with a difference. I am becoming aware of demonstrators. "The war is wrong, Immoral." "No, we won't go." Demonstrations on 16th Street. RFK Stadium becomes a temporary prison. R & R in Hawaii. He stays five days, I stay two weeks. (His vacation from war, my vacation from life.) A man asks me out to dinner. I just say no—without the hives. Friends give advice, "Boy, I would just go crazy if I were you." I do—a little. In order to combat this, I find a job and go back to school part-time.

He's home. The enemy invades Saigon (or is it just the North invading the South?) Anyway, it is not our problem any longer. My husband is now a civilian. At long last, we are going to have that "normal" life we have heard so much about. GI Bill Schooling, "$225 a month! We have three children What are we going to feed them. I know I'm working, but I want to go to school also."

"I found a way to supplement my GI Bill money. There's this night-time job where I can study while I'm at work. I will be home by 2:00 each morning."

His school is finished, and there is a promising job counseling inmates at a prison for defective delinquents in Maryland. His hours are from 5:00 p.m. to midnight. My hours are from 8:30 a.m. to 5:00 p.m. I have my friends. He has his friends. We leave notes on nightstands, prop them up on the dining room table, tape them to doors. By now, we are further apart than when he was halfway around the world.

"I've decided to go back to the Navy. I only have six years to serve until retirement. I'll probably get Norfolk. What do you say?"

I give the only answer I can, cry and nod agreement.

His orders came through for Norfolk. Our name is added to an 18-month waiting list for housing, even though we are sure we won't be using it. I am staying in D.C. Norfolk is only four hours from D.C., almost commuting distance. I have a promising career. There is security for the children. We suddenly realize that this separation is more than a forced military one. We visit each other on weekends, and when the time for this six-month Med cruise comes, there are no heart-wrenching good-byes, no tears. We wish each other the best of everything.

There is an increase of commotion on the pier. A garlanded prow comes into view. I leave the car and finally join in with the others waiting and watching the ship. This time I see him on the bridge wing as the tugs gently ease the ship into her resting place beside the pier. There is no mistake this time. After 12 years of marriage, I know my man. His surprised smile shows me he recognizes me. I do not go aboard the ship; instead I wait on the pier. He walks toward me, so straight and tall, with a seabag slung over his shoulder. We exchange a quick, polite kiss.

"I'm surprised to see you here. It's been a long time since we met on a pier, hasn't it. Did you bring the kids?"

"I left them at my mother's. I guess I wanted to talk to you alone. I've got something important to say." I wet my lips, take a deep breath, and finally blurt out what I had to say. "The Housing Office called me last week. Our name finally came up on the waiting list. We could sign for a set of quarters here today and all of us move down here with you. You see, I have finally decided that I don't want hometown friends, my steady job, or my "normal" life. I want you. I want our "not-so-normal" life. I am your wife, and I love you. What do you say?"

His answer is a tight embrace and a fierce kiss. "Now I'm really home," he breathed.

We hug, kiss, laugh, cry, shout, and make fools of ourselves on the pier, and hold hands during the drive to the Housing Office.

"Have you read this shipping invoice from the movers? 8,875 pounds! We are 800 pounds over the limit!"

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## THE 1981 BUDGET REVISIONS—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE RECESS—PM 191

Under authority of the order of the Senate of March 28, 1980, the Secretary of the Senate, on March 31, 1980, received the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Appropriations and the Committee on the Budget, jointly, pursuant to order of January 30, 1975:

*To the Congress of the United States:*

During the first two months of the year, inflation took another sharp upward leap, both in the United States and abroad. Actual prices and interest rates worsened, along with expectations about future inflation. Continued price increases of the size we have experienced would do grave harm to American society and the American economy.

OPEC's December oil price discussions in Caracas proved inconclusive, and world oil price increases were far beyond expectations. But inflation outside of the energy sector also rose. The American economy continued to be unexpectedly strong. Consumer demand and business investment remained at higher levels than predicted. Since the Federal Reserve continued, correctly, to restrict the growth of the money supply, the surge in inflation and credit demands produced a sharp upward spiral in interest rates.

To reverse these dangerous trends, I announced a five-point anti-inflation program. This program consists of spending cuts necessary to balance the budget for 1981, additional restraints on credit, wage and price actions, further energy conservation measures, and structural changes to enhance productivity, savings, and research and development.

These measures are interrelated and interdependent. Taken together, they will be more than the sum of their parts. They will not reduce inflation immediately, but together they will produce a significant decline in inflation as the year progresses.

At the center of this policy is my decision to cut Federal spending so as to balance the 1981 budget. In January, I submitted to the Congress a budget for 1981 that provided for substantial restraints on Federal spending and the lowest deficit in 7 years. After adjustment for inflation, the 1981 spending level was virtually level with that for 1980. It was a budget that followed in every respect the policies of restraint I have set during the past three years. However, in view of the continued high level of economic activity, and what has recently happened to inflation and interest rates, I have had to consider new policies. I must now ask the Congress and the American people to support a revised budget that is even more restrained and austere.

REVISED BUDGET OUTLOOK

[In billions of dollars]

| | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Budget receipts | 465.9 | 532.4 | 628.0 | 724.8 | 837.8 |
| Budget outlays | 493.7 | 568.9 | 611.5 | 683.3 | 759.0 |
| Surplus or deficit (−) | −27.7 | −36.5 | 16.5 | 41.5 | 78.9 |
| Budget authority | 556.7 | 665.8 | 691.3 | 777.3 | 849.1 |

Let me first explain the extraordinary way in which my budget reduction proposals have been developed.

The budget, as it is finally enacted, is—as it should be under our Constitution—the joint product of the Congress and the executive branch. Because of the great importance we attach to reduced spending, the leadership of the Congress and I have done everything within our power to reach general understandings in advance on reduction proposals. I and senior members of my Administration met with Members of the Congress hour after hour, literally day and night, in order to reach consensus. The importance of cutting spending to achieve a balanced budget was never seriously in dispute. But agreements on the approach necessary to achieve this balance were not easy to reach. They could be worked out only through a lengthy and sometimes tedious process of consultation.

The revision of the 1981 budget that accompanies this message describes my proposals for increased budget discipline. The principal actions are:

—deferral, reduction, or cancellation of most of the new and expanded programs originally proposed in the 1981 budget;

—a cut in expenditures for personnel, operations, and maintenance throughout the government;

—an immediate limitation on Federal civilian employment, and rigid maintenance of employment ceilings to ensure that there will be at least 20,000 fewer Federal employees by the end of fiscal year 1980 than there are now;

—a reduction in ongoing spending programs throughout the Federal Government;

—re-emphasis of the savings and revenue measures submitted in the January budget, including hospital cost containment, Federal pay reform, and cash management reforms;

—defense efficiencies and savings that do not affect military readiness and are consistent with my continued commitment to real increases in defense spending;

—a 15% reduction in the use of consultants throughout the Federal establishment; and

—a freeze on basic salary increases for senior executive branch officials and members of the White House staff.

These budgetary decreases are being supplemented by a series of actions taken by the Federal Reserve to achieve greater restraint on the expansion of credit in the private sector. Some of these actions have been taken under the authority granted by the Credit Control Act of 1969. The measures taken by the Federal Reserve will help to reduce inflation by slowing the growth of business loans and some forms of consumer credit.

In addition to the actions of the Federal Reserve on private credit, the Administration will increase restraint of Federal credit programs:

—Federal loan guarantees will be cut by $4 billion in fiscal year 1981.

—My new system to control Federal credit activities will be strengthened by expanding significantly the amount of Federal insurance and guarantee activity subject to limits within the system.

I urge the Congress to include Federal credit limitations in the concurrent budget resolutions. These measures will enable the Federal Government to control more effectively total lending and loan guarantee activity.

As part of this anti-inflation program, I have used my existing authorities to impose a gasoline conservation fee on imported oil. In the budget revisions, I am proposing to replace this fee with an ad valorem equivalent gasoline tax that, at current prices, will yield 10 cents per gallon. I am also proposing the withholding of taxes on interest and dividend payments at the source to ensure that Federal income taxes owed on those payments are in fact paid, and paid promptly. The resulting receipts will *not* be used to balance the 1981 budget. They will not be used as a substitute for necessary spending cuts. Rather, these receipts will give the budget, which will be balanced independently of these sources of income, a margin of safety. This will ensure that the budget will remain in balance if estimates change in a way that cannot be predicted now.

Success in reducing spending to achieve a balanced budget will require prompt action by the Congress. To achieve substantial outlay savings for 1981, the Congress must act before the fiscal year begins. I particularly urge prompt and constructive action on rescissions of 1980 budget authority, so as to produce outlay reductions at least equal to my proposals. I also urge prompt enactment of proposals to modify certain programs that now have two automatic inflation adjustments a year so that they conform to the normal practice of annual adjustments.

I will do everything in my power to ensure that my budget proposals are realized. I repeat that I intend to veto any legislation that threatens the spending reductions required for a balanced budget. I will use the powers available to me to defer spending or to rescind funds. If adequate steps are not being taken by the Congress to achieve the required fiscal restraint, I intend to seek from the Congress a temporary grant of extraordinary budget restraint powers.

* * * * *

We are not alone in facing recent rapid inflation at annual rates nearing 20%. Wholesale prices have been increasing at annual rates in excess of 25% in Italy, Great Britain, and Japan. Even in Germany increases have been over 13%. Many other countries are responding as we are, by reevaluating their budgets and seeking reductions.

There are no quick or easy answers to this worldwide inflation. It is deep-rooted, the result of many forces built up over the past decade and a half. No single measure—by itself—will stop inflation. My five-point program to strengthen the fight against inflation has as an essential element the spending reductions needed for a balanced 1981 budget. Those who say that we cannot stop inflation simply by balancing the 1981 budget miss the point. Balancing the budget is not a cure-all, but it *is* an essential element in the more comprehensive program. I believe that no overall anti-inflation program can work until the Federal Government has demonstrated to the American people that it will discipline its own spending and its own borrowing—not just for one year or two, but as a long-term policy.

JIMMY CARTER.

MARCH 31, 1980.

## MESSAGE FROM THE HOUSE RECEIVED DURING THE RECESS

### ENROLLED BILLS SIGNED

Under authority of the order of the Senate of March 28, 1980, the Secretary of the Senate, on March 28, 1980, during the recess of the Senate, received a message from the House of Representatives which reported that the

Speaker has signed the following enrolled bills:

S. 2269. An act to extend the Emergency Agricultural Credit Adjustment Act of 1978, and for other purposes;

H.R. 2318. An act for the relief of Casimir Jan Kray; and

H.R. 4986. An act to facilitate the implementation of monetary policy to provide for the gradual elimination of all limitations on the rates of interest which are payable on deposits and accounts, and to authorize interest-bearing transaction accounts, and for other purposes.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. Robert C. Byrd).

The ACTING PRESIDENT pro tempore (Mr. Robert C. Byrd) reported that he also has signed H.R. 3919, an act to impose a windfall profit tax on domestic crude oil, and for other purposes, which had previously been signed by the Speaker of the House of Representatives.

## MESSAGES FROM THE HOUSE

At 11:40 a.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following joint resolutions, without amendment:

S.J. Res. 97. Joint resolution designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust"; and

S.J. Res. 131. Joint resolution designating April 10, 1980, as "ORT Centennial Day".

The message also announced that the House has agreed to the following concurrent resolutions, without amendment:

S. Con. Res. 48. Concurrent resolution providing for the acceptance of a statute of Mother Joseph of the Sisters of Providence presented by the State of Washington for the National Statuary Hall collection, and for other purposes; and

S. Con. Res. 84. Concurrent resolution to provide for a Joint Congressional Committee on Inaugural Ceremonies.

The message further announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 520. Joint resolution to extend by sixty days the expiration date of the Defense Production Act of 1950.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 312. Concurrent resolution providing for an adjournment of the House from April 2 to 15, 1980.

At 3:40 p.m., a message from the House of Representatives delivered by Mr. Gregory, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3824) to amend the District of Columbia Self-Government and Governmental Reorganization Act to authorize the Council of the District of Columbia to delegate its authority to issue revenue bonds for undertakings in the area of housing to any housing finance agency established by it and to provide that payments of such bonds may be made without further approval.

The message also announced that, pursuant to the provisions of Senate Concurrent Resolution 84, 96th Congress, the Speaker has appointed Mr. O'Neill, Mr. Wright, and Mr. Rhodes on the part of the House to the Joint Congressional Committee on Inaugural Ceremonies to make the necessary arrangements for the inauguration of the President-elect and Vice President-elect of the United States.

At 4:37 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the concurrent resolution (H. Con. Res. 312) providing for an adjournment of the House from April 2 to 15, 1980.

### ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

H.R. 3824. An act to amend the District of Columbia, Self-Government Reorganization Act to authorize the Council of the District of Columbia to delegate its authority to issue revenue bonds for undertakings in the area of housing to any housing finance agency established by it and to provide that payments of such bonds may be made without further approval.

The enrolled bill was subsequently signed by the President pro tempore (Mr. Magnuson).

At 5:37 p.m., a message from the House of Representatives delivered by Mr. Berry, announced that the House has passed the following bill, without amendment:

S. 2427. A bill to encourage greater participation in the farmer-held reserve program for corn and wheat, and for other purposes.

The message also announced that the House insists upon its amendment to the bill (S. 1125) to improve and expand the Federal crop insurance programs, and for other purposes, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Foley, Mr. Jones of Tennessee, Mr. Harkin, Mr. Huckaby, Mr. Glickman, Mr. Hance, Mr. Brown of California, Mr. Richmond, Mr. Baldus, Mr. Bedell, Mr. English, Mr. Panetta, Mr. Daschle, Mr. Wampler, Mr. Madigan, Mr. Jeffords, Mr. Kelly, Mr. Coleman, Mr. Marlenee, and Mr. Hopkins were appointed as managers of the conference on the part of the House.

## REPORTS OF COMMITTEES SUBMITTED DURING THE RECESS

Under authority of the order of the Senate of March 28, 1980, the following report was submitted on March 31, 1980, during the recess:

By Mr. MELCHER, from the Committee on Agriculture, Nutrition, and Forestry, without amendment:

H.R. 3789. An act to amend section 16(b) of the Soil Conservation and Domestic Allotment Act, as amended, providing for a Great Plains Conservation Program (Rept. No. 96-648).

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LEVIN, from the Committee on Armed Services, with amendments and an amendment to the title:

S. 2235. A bill to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Michigan (Rept. No. 96-649).

## EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. CANNON, from the Committee on Commerce, Science, and Transportation:

James B. King, of Massachusetts, to be Chairman of the National Transportation Safety Board.

Reginald E. Gilliam, Jr., of Virginia, to be a Member of the Interstate Commerce Commission.

Peter N. Teige, of California, to be a Federal Maritime Commissioner for the remainder of the term expiring June 30, 1980 and for the term of 5 years expiring June 30, 1985.

(The above nominations from the Committee on Commerce, Science, and Transportation, were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. WILLIAMS, from the Committee on Labor and Human Resources:

Betsy Levin, of North Carolina, to be General Counsel, Department of Education.

(The above nomination from the Committee on Labor and Human Resources was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

## APPOINTMENT OF CONFEREE—S. 662

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senator McGovern be appointed to the conference on S. 662 in lieu of Senator Church. This has been cleared with both Senators, and I make the request on behalf of Senator Church.

The PRESIDING OFFICER. Without objection, it is so ordered.

## JOINT REFERRAL—S. 2474

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that S. 2474, the Insurance Competition Improvement Act, which has been referred to the Committee on the Judiciary, be referred jointly to that committee and to the Committee on Commerce, Science, and Transportation.

The PRESIDING OFFICER. Without objection, it is so ordered.

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mrs. KASSEBAUM:

S. 2503. A bill to amend the Internal Revenue Code of 1954 to provide a refundable credit against income tax for certain interest on agricultural operating loans; to the Committee on Finance.

By Mr. LONG:

S. 2504. A bill to amend the Internal Revenue Code of 1954 to provide that certain evergreen trees more than three years old will be treated as timber; to the Committee on Finance.

S. 2505. A bill to amend the Internal Revenue Code of 1954 with respect to the deduction for business gifts awarded to employees by reason of length of service or for safety achievement; to the Committee on Finance.

By Mr. RIBICOFF (by request):

S. 2506. A bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, and for other purposes; to the Committee on Governmental Affairs.

By Mr. BAYH:

S. 2507. A bill to authorize the President to impose higher or additional rates of duty on the products of any foreign country that does not cooperate with the United States in its diplomatic or economic initiatives in furtherance of the United Nations General Assembly Resolution relating to the Soviet invasion of Afghanistan and to prohibit the procurement of goods from any such country for use by the government of the United States; to the Committee on Finance.

By Mr. DECONCINI:

S. 2508. A bill to provide for the disposition of the Gila River Pima-Maricopa Indian Community judgment funds awarded in Dockets 236-A, B and E before the Indian Claims Commission and the United States Court of Claims, and for other purposes; to the Select Committee on Indian Affairs.

By Mr. HEINZ:

S. 2509. A bill to permit until July 1, 1982, the duty-free entry of Tricot and Raschel warp knitting machines; to the Committee on Finance.

By Mr. INOUYE:

S. 2510. A bill for the relief of Mrs. Manuela Valenzuela Acosta and Evangelina Acosta; to the Committee on the Judiciary.

By Mr. BAYH:

S. 2511. A bill to amend the Civil Rights Act of 1957 to authorize appropriations for the United States Commission on Civil Rights for fiscal year 1981; to the Committee on the Judiciary.

By Mr. MATHIAS:

S. 2512. A bill to amend the Internal Revenue Code of 1954 to provide for a deduction for certain amounts paid into a reserve for service liability losses and expenses of design professionals, to provide a deduction for certain amounts paid to captive insurers, and for other purposes; to the Committee on Finance.

By Mr. PRESSLER:

S. 2513. A bill to provide a program for an "Operation Bootstrap" for the American Indian in order to create meaningful jobs and to improve conditions among Indians and non-Indians on reservations and in other communities, and for other purposes; to the Select Committee on Indian Affairs.

By Mr. STEVENSON (by request):

S. 2514. A bill to authorize appropriations for the international affairs functions of the Department of the Treasury for fiscal years 1981 and 1982, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. WILLIAMS:

S. 2515. A bill to amend the Securities Exchange Act of 1934, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. PELL:

S. 2516. A bill to amend the Regional Rail Reorganization Act of 1973 to facilitate the transfer of Consolidated Rail Corporation lines and facilities in the States of Connecticut and Rhode Island to another rail carrier; to the Committee on Commerce, Science, and Transportation.

S. 2517. A bill to rename certain buildings of the Library of Congress; to the Committee on Rules and Administration.

By Mr. STEWART:

S.J. Res. 157. Joint resolution providing for a transfer of funds for salaries and expenses of the Small Business Administration for the fiscal year ending September 30, 1980; to the Committee on Appropriations.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. KASSEBAUM:

S. 2503. A bill to amend the Internal Revenue Code of 1954 to provide a refundable credit against income tax for certain interest on agricultural operating loans; to the Committee on Finance.

(The remarks of Mrs. Kassebaum when she introduced the bill appear earlier in today's proceedings.)

By Mr. LONG:

S. 2504. A bill to amend the Internal Revenue Code of 1954 to provide that certain evergreen trees more than 3 years old will be treated as timber; to the Committee on Finance.

● Mr. LONG. Mr. President, I am today introducing legislation which will equalize the tax treatment of Christmas tree growers regardless of whether they grow their trees in the northern or southern part of our great country. How anyone can take issue with a bill which has such a reasonable and noble purpose is beyond me. However, Mr. President, as an article on the front page of the December 24 edition of the Washington Post clearly points out, there are those that would oppose this bill. That article provides a brief glimpse at some of the differing views.

I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Christmas Tree Tax Break Gets the Ax

(By Ward Sinclair)

Today, a Christmas story for Our Town.

It involves the Internal Revenue Service (color it Scrooge), some southern Christmas tree growers (color them green) and Sen. Russell B. Long (color him Santa).

Sen. Long (D-La.), the cherubic Father Noel of federal taxation, is chairman of the Senate Finance Committee, which some people think invented the Christmas tree.

That kind of Christmas tree has special meaning in the Senate. It is usually a simple little bill, a tax bill, let's say, that gets so laden with goodies and gifts and attractive doodads that it resembles . . . a Christmas tree.

But this story is about real Christmas trees, the evergreen kind that the miracle of modern agriculture has made possible to grow in half the usual time—in Louisiana, as it happens.

Years ago, Christmas tree growers in the North, who need about six years to raise a typical tree to market size, prevailed upon Congress to give them a tax break.

If their trees were at least six years old, Internal Revenue would consider them "timber." Timber, under the tax code, is given capital gains treatment—meaning tax is paid only on part of the profits from its sale.

The idea, explains Don McNeil, executive director of the National Christmas Tree Association in Milwaukee, was to bring "all the things that make America great" to the ornamental evergreen industry, as the IRS would call it.

People would invest in the industry, jobs would be provided, the economy would be bolstered, profits would be reinvested, the environment would be enhanced. Christmas would be forever.

Then agricultural researchers at the Louisiana Cooperative Extension Service began looking at the possibility of promoting Christmas tree production in the South.

They found a way, mostly by rowplanting and pruning techniques, to raise Virginia pines to Christmas tree size in about three years. And so a small industry was born.

But there was a problem. The southern tree growers could not get the same capital gains treatment their northern counterparts were getting with the six-year trees.

Not fair, they cried, and that's where Lloyd A. Carville, a farm management specialist with the extension service in Baton Rouge, got involved.

Carville started knocking on the IRS door in New Orleans, appealing for a change that would extend the tax break to three-year trees.

"I got more damned double-talk," he said the other day. "It was like an Indian reservation—everyone was a chief and they all spoke a different language."

Carville then did what everyone else would do. He turned to Washington for help, to Long and to Donald C. Lubick, assistant secretary of the treasury for tax policy.

There ensued a lovely exchange of correspondence, ferreted out by researchers from the Tax Analysts and Advocates organization. It is a fitting story for this season.

Times arise when a bureaucrat, even a tax bureaucrat, must become a Grinch. That is what Donald C. Lubick did. He said no to the three-year break.

He told Carville that three-year evergreens in no way could be called "timber." And, Lubick added if the idea was simply to increase Christmas tree stocks as Carville suggested, then may be the tax "subsidy" also ought to be given to the producers of factory-made Christmas trees.

That might please the aluminum companies if they had thought of it, but surely it would not bring joy to the tree growers, northern or southern.

Next, Long entered the picture, also asking Lubick for his views on the three-year capital gains change. Lubick said no, senator, a thousand times no.

All anyone was asking, Long insisted, was for "equal tax treatment for all growers of Christmas trees, regardless of whether their trees are ready for sale before or after the sixth year."

Lubick stood his ground, even with the committee chairman's rather pointed suggestion that he might want to reconsider his decision.

But truly great Christmas stories, the stories that capture the essence and spirit of the season, do not end with a single telling. They return and they are repeated, even embellished.

"We feel capital gains is an essential element to the Christmas tree industry," said association director McNeil. "If somebody can find a way to grow a tree in one year, he ought to be able to qualify for a capital gain."

As sure as there is a Santa Claus, the tree people will be back.

Mr. LONG. Well Mr. President, the Washington Post was correct because the tree people are back, and well they should be. Not one good reason has been suggested which would support the continued discriminatory treatment among various segments of the same industry. At a time when about the only thing economists can agree on is that America needs to increase its productivity, how can we justify the continued discriminatory tax treatment of that segment of an industry which produces its product in the shortest amount of time? Yes sir, Mr. President, the tree growers are back.●

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By Mr. LONG:

S. 2505. A bill to amend the Internal Revenue Code for 1954 with respect to the deduction for business gifts awarded to employees by reason of length of service or for safety achievements; to the Committee on Finance.

● Mr. LONG. Mr. President, it has long been the custom of American companies to honor employees who have contributed long years of service to a firm or to reward those employees who have excellent records for safety. Studies have shown that as many as 84 percent of the large manufacturing corporations in the United States have award programs for long-term service. Typically, an employee who has been employed for more than 25 years receives a gold watch or other suitable token of appreciation.

Over 30 percent of these companies have similar award programs for employees who have outstanding records for safety achievement.

Section 274(b)(1)(C) of the Internal Revenue Code enacted in 1962, permits an employer to deduct up to $100 for each such service award. This $100 service award deduction was clearly designed to encourage American business to continue the practice of giving meaningful service awards and to insure that these service awards, while not extravagant, would represent a substantial and lasting token of appreciation for a job well done.

Unfortunately, since 1962, the Consumer Price Index has increased approximately 130 percent. More importantly, the types of gifts given to deserving employees have traditionally taken the form of a gold watch or an engraved silver tray—and as everyone knows the cost of gold and silver has increased dramatically since 1962.

In light of these tremendous cost increases over the last 18 years and in light of the desirability of continuing to encourage employers to reward their deserving employees with a significant token of appreciation, I am introducing a bill which increases the present limitation on the deduction for service awards from $100 to $250. The revenue cost of this minor change to our tax laws will be very small in comparison to the benefits which will accrue to American workers and their employers. In these days of low productivity growth in the U.S. economy, we in the Congress should be doing all we can to encourage employers to recognize their most productive and safety conscious employees.

I would encourage my colleagues on both sides of the aisle to join with me in sponsoring this worthwhile piece of legislation.●

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By Mr. RIBICOFF (by request):

S. 2506. A bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, and for other purposes; to the Committee on Governmental Affairs.

● Mr. RIBICOFF. Mr. President, at the request of the Director of the Office of Personnel Management, I am introducing legislation to amend section 3109 of title 5 of the United States Code to clarify the authority for appointment and compensation of experts and consultants as Federal employees, and for other purposes.

The Director advised that, from the standpoint of the administration's program, there is no objection to the submission of this legislation.

I ask unanimous consent that the text of the bill and accompanying explanatory materials be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2506

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 3109 of title 5, United States Code, is amended to read as follows:

"§ 3109. EMPLOYMENT OF INDIVIDUAL EXPERTS AND CONSULTANTS.

"(a) For the purpose of this section—

"(1) 'agency' has the meaning given it by section 5721 of this title;

"(2) 'consultant' means an individual who has specialized knowledge, skills, or experience in a particular field and who serves an agency solely in an advisory capacity in that field, rather than in the performance or supervision of the operating functions of the agency; and

"(3) 'expert' means an individual with excellent qualifications and a high degree of attainment in a professional, scientific, technical, or other field, who because of the individual's attainments is usually regarded as an authority, or as a practitioner of unusual competence and skill by other individuals engaged in the same profession, occupation, or activity. An expert's primary purpose is to perform an operating function rather than to provide advisory or consulting services.

"(b) The head of an agency may appoint and fix the compensation of individual experts or consultants for temporary (not in excess of 1 year) or intermittent services, without regard to—

"(1) the provisions of this title governing appointment in the competitive service; and

"(2) chapter 51 and subchapter III of chapter 53 of this title relating to position classification and General Schedule pay rates, except that the rate of pay may not exceed the rate payable for GS–18 unless specifically authorized by statute.

"(c) Positions in the Senior Executive Service may not be filled under this authority.

"(d) The Office of Personnel Management shall prescribe regulations governing the employment of experts and consultants, and may take such action as it considers appropriate to assure compliance with this section and those regulations, including imposition of reporting requirements, audit of individual cases, and, if necessary, suspension of appointing authority. Agencies shall comply with the requirements of the Office, including taking any corrective action it may direct.

"(e) Heads of agencies with authorities for appointment of experts and consultants independent of this section, shall to the extent practicable and in keeping with the provisions of their independent authorities, employ such personnel in a manner consistent with the principles of this section."

SEC. 2. The analysis of chapter 31 of title 5, United States Code, is amended by striking out the following item:

"§ 3109. Employment of experts and consultants; temporary or intermittent."

and inserting the following item in place thereof:

"§ 3109. Employment of individual experts and consultants."

SEC. 3. Notwithstanding the provisions of this Act, statutes authorizing—

(1) a specific agency to continue or renew services beyond the limitations on the duration of service in section 3109 of title 5, United States Code, or

(2) exceptions from laws limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities, shall continue in effect as if this Act had not been enacted.

SEC. 4. This Act shall become effective 180 days after the date of enactment.

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OFFICE OF PERSONNEL MANAGEMENT,
*Washington, D.C., March 24, 1980.*

Hon. WALTER F. MONDALE,
*President, U.S. Senate,*
*Washington, D.C.*

DEAR MR. PRESIDENT: The Office of Personnel Management is submitting with this letter for the consideration of the Congress proposed legislation "To amend section 3109 of title 5, United States Code, to clarify the authority for the appointment and compensation of experts and consultants as Federal employees, and for other purposes."

Under present section 3109 of title 5, United States Code, an agency may procure by contract the temporary (not to exceed 1 year) or intermittent services of experts and consultants, or organizations thereof, without regard to certain civil service laws, when authorized to do so by specific legislation. Individuals hired under this section are Federal employees. Unless other rates are specified in that legislation, the maximum rate generally payable to an individual is the top daily rate for grade GS–15 under the General Schedule; for certain scientific or professional positions, the maximum daily rate for grade GS–18 is authorized.

Today there are over 60 permanent statutory authorities for individual agencies to use experts and consultants under section 3109. Others are repeated annually in appropriation acts. Some permit renewal of appointments; others do not. Daily pay rates vary, with some as low as $50, to a few above the GS–18 rate.

Our proposal would clarify section 3109 by making it solely a personnel appointing authority and eliminating any connection with procurement and contracting, by updating its requirements, and by providing positive support in law for regulating the personnel aspects of employment under the authority. Other changes include removal of outdated pay rates for certain agencies or occupations; addition of definitions of experts and consultants for clarification; and extension of the principles of section 3109, in so far as practicable, to those agencies with authority to appoint experts and consultants independent of the section.

The proposed elimination of the need for agencies to have separate triggering authority in another statute before using 3109 would in no way preclude the Congress from placing appropriations or other limitations on an agency's use of experts and consultants.

This proposed legislation would further the continuing efforts of the executive branch to assure that expert and consultant services are used effectively and appropriately.

The Office of Management and Budget advises there is no objection from the standpoint of the Administration's program to submission of this proposal.

A similar letter is being sent to the Speaker of the House of Representatives.

Sincerely yours,

ALAN K. CAMPBELL,
*Director.*

STATEMENT OF PURPOSE AND JUSTIFICATION

The purpose of this legislation is to reform the system for the appointment and compensation of experts and consultants as Federal employees under section 3109 of title 5, United States Code.

As part of the continuing search for ways to improve the efficiency and effectiveness of the executive branch, the President in his May 12, 1977, memorandum to agency heads, inaugurated a major effort to upgrade the management of expert and consulting services whether secured by the Federal Government through contracting out or employment. The President noted among his concerns the use of consultant arrangements to bypass competitive employment procedures, personnel ceilings, or pay limitations; repeated extension of services which ought to be brief; and use of consultants for policy-making work that agency officials should perform.

Working together, the Office of Federal Procurement Policy, Office of Management and Budget, and this Office have taken certain actions since that time to improve agency use of experts and consultants and to eliminate misuse.

This proposal supports the President's objectives in the employment area by clearly spelling out the terms for appointment of experts and consultants, by eliminating procurement and contracting from the provision, by providing authority, where there had been none before, for central regulation and corrective action, and by simplifying requirements.

It is not proposed to modify the few statutory exceptions from section 3109 for particular agencies concerning pay, duration of service, or employment of annuitants, nor to change the small number of statutes independent of section 3109 which authorize use of experts and consultants. (Changes to these exceptions are not considered necessary since many were recently enacted by Congress.) The heads of agencies with authorities independent of section 3109 would be required, to the extent practicable and consistent with their authorities, to conform to the principles of section 3109.

The use of outside experts and consultants for intermittent or temporary periods has been a long-accepted practice in private business and Government. By bringing their highly specialized talents and insights to bear on new or unusual problems, these individuals help an organization to operate more economically and effectively. Because the service they provide is unique and because the length of their service is often short and uncertain, they are usually not subject to the same employment procedures as regular personnel. In the Federal service, exceptions from normal employment requirements have been authorized for experts and consultants at least as far back as the 1880's.

The principal statutory authority now governing the employment of most experts and consultants in the Federal service was originally enacted as section 15 of the Administrative Expenses Act of 1946, and now appears as section 3109 of title 5, United States Code.

It is a general authority which permits an agency head, if he or she has specific statutory authorization, to "procure by contract" the temporary (not to exceed 1 year) or intermittent services of experts or consultants, or organizations of experts or consultants, including stenographic reporting services. It provides an explicit exception from laws requiring competitive appointment, position classification, and General Schedule pay levels.

For individuals serving in agencies otherwise subject to classification and pay laws, the section sets a maximum daily pay limit—either the top rate of GS-15 or the GS-18 rate, depending on the job.

As part of its general review responsibilities the Office of Personnel Management monitors the employment of individual experts and consultants primarily to assure that this authority is not used to circumvent the competitive hiring system through improper exceptions.

The general authority still serves an essential purpose for Federal managers. However, experience has shown it is unnecessarily complex and cumbersome to administer. Personnel data reports and onsite evaluation findings reflect the problems agencies have with the law, even to uncertainty as to how to count and report their experts and consultants. Its mixture of employment with procurement make it a mystery to those who wish to use it. It is confusing because of the multiplicity and variety of specific agency statutory authorizations enacted over the past 30 years to use the general authority. Among agencies, maximum daily pay rates range from $50 to Executive Level II. Some agencies are authorized to renew services, some may not employ beyond a specific number of workdays, and one (GAO) may employ 10 experts on a "permanent" basis.

Further, the general authority makes no provision for central regulation of the terms and conditions under which the services of experts and consultants may be obtained.

SUMMARY OF PROPOSED CHANGES

1. Eliminate any reference to procuring by contract the services of individuals. One of the problems with section 3109 is that it speaks of obtaining the services of experts and consultants as Federal employees by contract. This is a continuing source of confusion to agencies since most contracts for services are made under the procurement regulations that flow from title 41, U.S. Code (Public Contracts), and are not intended to create an employer/employee relationship.

This leads to uncertainty about whether employment or something else is involved when an individual's services are procured by contract under section 3109, that is, whether these are really appointments in the usual sense. The provision for contracting for personal services in section 3109 tends to blur the generally-accepted boundaries between "procurement" and "employment" and it should be eliminated.

The thrust of section 3109 is to permit appointment of experts and consultants as employees outside of the civil service and classification laws. To accurately reflect that intent and the relationship between the agency and the individual experts and consultants it hires, the proposal substitutes "appoint" for "procure by contract" in the present law.

This amendment would not affect agency authority under procurement laws to contract for services, including those of experts and consultants, since these are not employer-employee situations. It is important to note that the oversight role of the Office of Personnel Management respecting experts and consultants is concerned solely with those who serve the Government as Federal employees. Its mandate as the central personnel agency is personnel management. The field of procurement management, of contracting for goods and services, is a world apart and subject to other statutes and oversight by other agencies.

The provision in the present law to "procure by contract" the services of organizations of experts and consultants without regard to statutory advertising requirements would be eliminated as unnecessary. Comparable exceptions for obtaining "personal or professional services" without formal advertising already appear in procurement laws including 10 U.S.C. 2304 and 41 U.S.C. 252.

2. Eliminate the requirement for each agency to have a separate statutory "triggering" authority before it can use the general statutory authority. It has become almost commonplace to grant the required authorization. As far as can be determined, every agency has the authority. Over sixty authorities appear in permanent legislation. Others appear annually in appropriation acts. The General Accounting Office some time ago recommended simplifying the section to provide a self-contained authority for hiring experts and consultants by eliminating the requirement for authorizing language in organic or appropriation acts. Needless to say, elimination of the need for separate statutory authority in no way would preclude Congress from placing appropriations or other limitations on an agency's use of experts and consultants.

3. Increase, for the few agencies restricted to lower rates, the top pay rate to grade GS-18 for individuals for all occupations in agencies otherwise subject to the classification and pay laws. The proposal would set grade GS-18 as the general maximum pay rate for jobs in agencies subject to the classification and General Schedule pay laws. This is a conforming change to give all agencies authority to pay up to the same general maximum. Congress already has authorized the grade GS-18 rate when establishing new agencies in recent years. Some older permanent statutory authorizations limit pay to $100 a day or less—too low a rate to generally attract good personnel. At present, unless an agency has a specific rate set by its individual statutory authority triggering section 3109, it may pay up to the maximum of the GS-15 rate. (A Comptroller General decision says a GS-18 rate may be paid but only for professional work in research or in the hard sciences.)

4. Provide central regulatory authority and put definitions in law. Although onsite evaluations show the majority of individual experts and consultants hired are qualified, serve briefly, and otherwise represent proper use of the authority, agencies at times misuse it. For example, the work may become indistinguishable from that regularly performed by career employees, or the time limits on service in section 3109 may be exceeded.

Accordingly, two changes are proposed to improve agency use—defining key terms in the legislation itself and assigning the Office of Personnel Management regulatory authority. The present statute does not define key terms, although administrative definitions have been developed over the years in the instructions of the former Civil Service Commission and in Comptroller General decisions. Placing these definitions in the law itself would clarify this.

Section 3109 does not give regulatory authority to any agency. In the past, the former Civil Service Commission asserted technical jurisdiction because it was responsible for determining coverage under the civil service and classification laws and misuse of the authority was, in effect, an illegal exception from those laws. In recent years, in attempting to respond to agency challenges on legal grounds to its authority in this area, the Commission found there was little legal support for preventing misuse based on those laws.

Authority to prescribe regulations and to take corrective actions would give necessary legal support to the Office of Personnel Management's present onsite evaluation and agency self-policing efforts. In keeping with the delegation concept in the Civil Service Reform Act, authority to apply the section would rest with the management of each agency subject to regulation and oversight by the Office of Personnel Management.

The Office would see that the criteria for experts and consultants and the time limits on duration of service have been applied. It would protect regular, continuing job opportunities for career employees against improper assignment of experts and consultants, and guard against use of the authority for work which ought to be in the Senior Executive Service.

In those instances where the Office finds it necessary, a variety of enforcement tools would be available for use as appropriate—imposition of special reporting requirements, prior or post appointment review of individual agency selections, and in special circumstances, suspension of an agency's authority to hire experts or consultants pending compliance with the statute or with OPM's regulations.

The proposal provides that the small number of agencies with authorities independent of section 3109 would conform to the principles of the section.

Other matters involving experts and consultants would be for agency determination subject to presidential direction, and policies and guidelines of the Office of Management and Budget. The Office of Personnel Management's consulting function would be available to provide advice and guidance to agency management for improving productivity and efficiency.

The proposal would not have an inflationary impact nor would it require additional appropriations or outlays.

### SECTION ANALYSIS

Present section 3109 of title 5, United States Code, authorizes Federal agencies to obtain the services of experts or consultants, or organizations thereof, by contract under certain conditions, without regard to key civil service laws. This legislative proposal would amend the section.

The revised subsection (a), first section, continues the present definition of agency, and adds definitions for consultant and expert.

In subsection (b), the existing requirement for agencies to have specific authority in separate appropriation or other legislation in order to use this section is eliminated to permit agencies to use the section directly without further authorization. This change would not affect Congress' power to place appropriations or other limitations on an agency's use of experts and consultants. Present authority to "procure by contract" the services of individuals and organizations is eliminated. As revised, the authority will only permit appointment of individuals for personal services in an employer-employee relationship. Authority for agencies to procure services of organizations by direct negotiation as an exception to formal advertising requirements is deleted as superfluous since comparable exceptions for procuring personal or professional services appear in 10 U.S.C. 2304 and 41 U.S.C. 252. Present authority for individuals to serve on a temporary (not to exceed 1 year) or intermittent basis is continued without change.

In subsection (b)(2), present exceptions from the classification and the General Schedule pay laws are continued. The maximum rate payable to individuals would be set at the equivalent of GS–18. Under present section 3109, as interpreted by the Comptroller General, the maximum rate payable is the equivalent of the GS–15 rate unless higher rates are authorized in separate legislation, or unless the position is in certain scientific or professional categories in which the rate can go up to the GS–18 equivalent. Authority for the White House Office (Level II), GAO (Level V), and a few other agencies with express statutory authorization to pay higher rates under section 3109 would continue.

Reference in subsection (b)(3) to organizations of stenographic reporting services has been omitted since it is no longer meaningful.

Subsection (c) continues the present restriction against using section 3109 to fill SES positions.

Subsection (d) would require the Office of Personnel Management to prescribe regulations concerning the employment of individual experts and consultants appointed under the section and would require agencies to take corrective actions the Office directs. It would permit the Office to take whatever actions in its judgment are necessary to see that agencies comply with the section and the Office's regulations, such as requiring agency reports, reviewing individual cases, and even suspending an agency's authority to employ experts and consultants.

Subsection (e) would require agencies with appointing authorities other than 5 U.S.C. 3109, to the extent they consider it practicable and in keeping with the provisions of their authorities, to employ experts and consultants consistent with the principles of this section.

Section 2 amends the analysis of chapter 31 of title 5 to agree with the new catchline for section 3109.

Section 3 would preserve exceptions in those few individual statutes which, while triggering use of section 3109, also authorize some variation from its provisions, for example:

(1) GAO has authority to hire 10 "permanent" experts, NIH and the National Cancer Institute have authority to retain employees beyond the time limits in section 3109, and certain agencies have authority to renew services, and

(2) under the Foreign Service and Peace Corps Acts, annuitants reemployed as experts and consultants may receive their full salaries without deducting their annuities.

Section 4 provides a 180-day period for agencies and the Office of Personnel Management to make effective preparation to implement this legislation.●

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## By Mr. BAYH:

S. 2507. A bill to authorize the President to impose higher or additional rates of duty on the products of any foreign country that does not cooperate with the United States in its diplomatic or economic initiatives in furtherance of the United Nations General Assembly resolution relating to the Soviet invasion of Afghanistan and to prohibit the procurement of goods from any such country for use by the Government of the United States; to the Committee on Finance.

### ECONOMIC SANCTIONS COMPLIANCE ACT OF 1980

● Mr. BAYH. Mr. President, the United States has responded to the Soviet invasion of Afghanistan with a series of economic and diplomatic reprisals. The effectiveness of these initiatives, however, will depend in large part on the willingness of other nations to see that it is in their own self-interest to join with the United States fully and forcefully in support of the United Nations resolution calling for the unconditional withdrawal of Soviet forces from Afghanistan. Unfortunately, we now find that nations who for such a long time have benefited from the largesse of the United States, the know-how of our businessmen, and the security umbrella of our military might, are equivocating in their support of these American initiatives.

With some conspicuous and gallant exceptions, good friends have been reluctant to put at risk the long-term economic relations they have cultivated with the Soviet Union. One explanation of the European response to this brazen Soviet move was offered by Stephen Milligan of the London Economist, writing for the March-April issue of Europe, when he noted that "the feeling in many European capitals that U.S. President Jimmy Carter had exaggerated the crisis (in Afghanistan) for electoral reasons blinded some policymakers to the true dimensions of the crisis." This failure of the European Community to perceive the true gravity of the situation should make us wonder whether the tentative and tepid response of some of those nations in the European Community is more a danger for them than for us. As Milligan also notes:

> Seen from Brussels, two depressing things about Europe's reaction were that it was so delayed and that all the debate was about how far the Community should go in supporting the Americans. The real question is not whether the Community should support the Americans, but how it should best react to a grave threat to its own security. For the Soviet invasion is a much bigger immediate threat to Europe than to the United States. No American city is surrounded on all sides by Soviets like Berlin. And if the Soviets move into Iran or other oil-producing states in the Gulf, Europe—with its far higher dependence on oil imports than the United States—would be the first to suffer. So Europe has every reason to get tough with the Kremlin, quite apart from its ties of loyalty with the United States.

Mr. President, today I am introducing legislation which will give the more timid of our allies and other nations who say they also want Soviet troops out of Afghanistan an additional reason for cooperating with the United States in furtherance of the U.N. General Assembly resolution calling for the withdrawal of Soviet troops from that country. The impact of this proposal would extend as well to the nations of the so-called nonalined bloc who in some cases enjoy concessional tariff and other favorable trade treatment from the United States. My proposal would give nations which wish to export to the United States an option: cooperate with U.S. diplomatic or economic initiatives undertaken in response to the Soviet invasion of Afghanistan or suffer a competitive disadvantage in the lucrative American market. This disadvantage would take two forms: higher or additional rates of import duties and elimination of eligibility insofar as sales to the Federal Government are concerned.

In the case of non-Communist countries, the failure to support U.S. policy as determined by the President in specified areas, would subject products coming from such sources to the higher rate of duty imposed by U.S. tariff schedules. The tariff schedules generally authorize two rates of import duties, a lower concessional rate and a higher rate. As a general rule, nations with which the United States has most-favored-nation agreements are charged a lower rate. The lower and higher rates imposed by the tariff schedules are generally termed column 1 and column 2, respectively. In the event there is no column 2 rate for a particular product (that is, duty free), my proposal would impose a rate of duty of 50 percent ad valorem.

Exports from Communist countries, on the other hand, would be subject to a rate of duty of 50 percent ad valorem in the case of a duty free product or a similar rate in addition to the column 2 or higher rate of duty where the latter is indicated.

These authorized rates of duty would go into effect upon declaration of a Presidential proclamation. Generally, the additional rates of duty would apply to products which enter into the customs territory of the United States from the foreign countries covered by the proposal on or after the date of the proposal's enactment into law and after being triggered by a Presidential proclamation. They would continue to apply until terminated by the President.

Finally, the Federal Government would be prohibited from purchasing goods for its own use from foreign countries covered by the proposed legislation. This would be accomplished by making inapplicable certain waiver authority regarding the Buy American Act in the case of Government procurement from which waivers were authorized in circumstances under the trade agreements of 1979, Public Law 96–39, specifically, the International Government Procurement Code.

### NEED FOR LEGISLATION

The President presently does not have the power to increase tariffs along the lines proposed by this legislation. Section 101 of the Trade Act of 1974, Public Law 93–618, gave the President authority to increase (or impose) rates of duties not to exceed 50 percent above the column 2 rate existing on January 1, 1975, or 2 percent ad valorem above the rate existing on January 1, 1975, whichever is higher. The authority was established as part of negotiated trade agreements authorized in section 101. The authority to negotiate trade agreements for these and other purposes was only for 5 years and lapsed January 3, 1980. Therefore, even if he wished to, the President could not now raise this possibility with our trading partners as one way of encouraging their effective cooperation in U.S. efforts to secure the withdrawal of Soviet forces from Afghanistan.

### UNITED STATES MUST FORGE A CONSENSUS

Mr. President, I am neither unaware nor insensitive to the fact that this legislation raises significant international trade policy and political issues. It is equally clear, however, that the Congress can override domestic consequences of treaties and agreements to which the United States is a party. And it is clear, as well, that the power of Congress to collect taxes, duties, imports and excises, and to regulate commerce with foreign nations, does not limit Congress from exercising this authority to promote desired economic and other objectives.

However, I submit that the circumstances that lead me to propose this legislation are likewise of great moment. I have never been one to react to every Soviet move in the world with the cry of "the Russians are coming, the Russians are coming." But as we step back to look coldly and realistically at the pattern of current events, it is apparent to most of us that the future security of our country and its allies will depend upon a comprehensive and sustained response to the Soviet invasion of Afghanistan. And that response must extend beyond mere verbiage if our own freedoms and leadership role in the world are to be preserved. We cannot merely hope for an international consensus on this issue which will be effective; we must forge that consensus.

Mr. President, at this point I ask unanimous consent that a section-by-section analysis of this legislation be printed in the Record, as well as the Economic Sanctions Compliance Act of 1980.

There being no objection, the bill and analysis were ordered to be printed in the Record, as follows:

### S. 2507

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) notwithstanding any other provision of law (including any treaty or other international agreement to which the United States is a party), if the President determines, at any time that begins on the date of the enactment of this Act, that the government of any foreign country or any instrumentality thereof is not cooperating with the United States in its diplomatic or economic initiatives in furtherance of United Nations General Assembly Resolution ES–6/2, 14 January 1980, the President may by proclamation—

(1) if that foreign country is not a Communist country within the meaning of general headnote 3(a) of the Tariff Schedules of the United States, impose the rates of duty in column numbered 2 of such Schedules on the products of that country, and, in the case of products of that country that are duty free under column numbered 2, impose a rate of duty of 50 per centum ad valorem (or its equivalent); and

(2) if that foreign country is a Communist country within the meaning of such general headnote 3(a), impose an additional duty of 50 per centum ad valorem (or its equivalent) on the products of that country that were dutiable on December 1, 1979, and in the case of products of that country that were duty free as of such date, impose a rate of duty of 50 per centum ad valorem (or its equivalent).

(b) Any imposition by the President under subsection (a) of a higher or additional rate of duty on the products of any foreign country shall apply with respect to such products that are entered, or withdrawn from warehouse, for consumption within the customs territory of the United States on or after the date of the enactment of this Act and before the day on which the President terminates such imposition.

Sec. 2. If the President proclaims a higher or additional rate of duty on the products of any country under the first section of this Act, then, for the period during which such additional or higher duty is in effect, the President—

(1) may not grant a waiver under section 301(a) of the Trade Agreements Act of 1979 (19 U.S.C. 2511(a)) with respect to any product of that country, and shall withdraw any such waiver granted before the beginning of such period with respect to any product of that country.

(2) may not grant a delay or any authority under section 302(b) of such Act (19 U.S.C. 2512(b)) with respect to any product of that country and shall terminate any such delay or authority granted before the beginning of such period to the extent that it relates to products of that counry, and

(3) may not grant a waiver under section 303 of such Act (19 U.S.C. 2513) with respect to any product of that country, and shall withdraw any such waiver granted before the beginning of such period with respect to any product of that country.

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### CONGRESSIONAL RESEARCH SERVICE
### SECTIONAL ANALYSIS

Section 1(a) of the draft would authorize the President at any time after its enactment into law to impose higher or additional rates of duty on the products of any foreign country the government of which is not cooperating with United States diplomatic or economic initiatives in furtherance of United Nations General Assembly Resolution ES–6/2. 14 January, 1980. The cited resolution strongly deplored the recent armed intervention in Afghanistan inconsistent with the principles of respect for the sovereignty, territorial integrity and political independence of every state and called for immediate, unconditional and total withdrawal of foreign troops from Afghanistan.

Clause (1) of section 1(a) would provide that the products of a non-Communist country which presently enjoy the lower column 1 rate of duty would be subject to the higher column 2 rate of duty when the President makes the proclamation authorized by this section. In the event the products of that country are duty free (i.e., there is no duty indicated in column 2), then, the proclamation authorized by section 1 would impose a rate of duty of 50 percent ad valorem.

Clause (2) of section 1(b) would provide that the products of a Communist country which are presently subject to rates of duty under column 2 would be subject to an additional duty (i.e., in addition to column 2 rates on December 1, 1979) of 50 percent ad valorem. In the event that the products of that country were eligible for duty free treatment on December 1, 1979, then the proclamation authorized by this section would impose a rate of duty of 50 percent ad valorem (or its equivalent).

The proclamation authorized to be issued by section 1 would effectively supersede any inconsistent or contrary law, including any treaty or other international agreement to which the United States is a party.

Section 1(b) would provide that any higher or additional rate of duty proclaimed by the President pursuant to section 1(a) shall apply to products from affected foreign countries that entered, or were withdrawn from warehouse, for consumption within the customs territory of the United States on or after the date of the proposal's enactment into law. Thereafter such higher or additional duties shall continue in effect until terminated by the President.

Section 2 would effectively prohibit the Federal Government from procuring goods for its own use from foreign countries covered by a presidential proclamation authorized by section 1. The bar against federal procurement from such sources is accomplished by making select waiver provisions authorized by the Trade Agreements Act of 1979, P.L. 96–39, inapplicable to the circumstances encompassed by the draft. Thus, section 2(1), (2) and (3) would nullify the waiver or deferral authority contained in sections 301(a), 302(b) and 303 of the 1979 Act (19 U.S.C. §§ 2511(a), 2512(b) and 2513) and any waivers or deferrals previously granted to foreign countries covered by a presidential proclamation.

The Buy American Act of 1933, 41 U.S.C. § 10a–10d, as implemented by Executive Orders 10582 and 11051, requires the purchase of domestic product unless the cost is unreasonable or the domestic purchase is not otherwise in the public interest. Buy American operates to give a price preference to firms using materials of domestic origin. The preference is 6 or 12 percent for civilian agency purchases, and 50 percent for Defense Department procurements.

Under section 301(a) of the Trade Agreements Act of 1979, 19 U.S.C. § 2511(a), which would not apply by virtue of section 2(1) of the draft, the President is granted authority effective January 1, 1981, to waive the application of discriminatory government procurement law, such as the Buy American Act and those labor surplus area set-asides that are not for a small business. The waiver is authorized in four circumstances contained in section 301(b). The first three require the foreign country to provide appropriate reciprocal competitive government procurement opportunities to U.S. products. The fourth applies to "least" developed countries and does not require reciprocity in return for application of the waiver.

Section 302(a) of the Trade Agreements Act of 1979, 19 U.S.C. § 2512(b), requires the President, once he grants any waiver under section 301(b), to prohibit the procurement of goods from countries which do not have such a waiver. Under section 302(b), the President has authority to delay its application to all countries, but only for a period not to exceed 2 years. It authorizes agency heads to waive the prohibition on a case by case basis when waiver is in the national interest. It also permits the Secretary of Defense to waive the prohibition for products of countries which enter into a reciprocal procurement agreement with the Department of Defense. The various forms of waiver authorized by section 302(b) could not be used to waiver or delay the procurement ban that would be imposed by the draft by virtue of section 2(2).

Section 303 of the Trade Agreements Act of 1979, 19 U.S.C. § 2513, which would not apply by virtue of section 2(3) of the draft, authorizes the President to waive, effective January 1, 1980, the application of the Buy American Act for government purchases of civil aircraft and related articles of countries party to the Civil Aircraft Agreement.

As indicated, the proposal under consideration, is premised on Congress' powers to lay and collect taxes, duties, imposts and excises, and to regulate commerce with foreign nations. It is clear that in levying import duties Congress is not confined to raising revenue, but can levy such duties in order to promote desired economic and other objectives. "So long as the motive of Congress and the effect of its legislative action are to secure revenue for the benefit of the general government, the existence of other motives in the selection of taxes cannot invalidate Congressional action." *J.W. Hampton & Co. v. United States*, 276 U.S. 394, 412 (1928). The power to regulate commerce is the power to prescribe conditions and rules for the carrying-on of commercial transactions. *Gibbons v. Ogden*, 9 Wheat. (22 U.S.) 1,196 (1824). Briefly, your proposal is well within Congress' Article I, section 8 powers.

Although the adoption of this legislation may raise international political consequences of not insignificant moment, it is clear that Congress may by statute override the domestic consequences of treaties and agreements to which the United States is a party. *Pigeon River Co.* v. *Cox Co.*, 291 U.S. 138, 1609 (1934). Since the international obligation remains unaffected, however, adoption of the legislation would effectively impose an obligation on the President to advise the other signatories of treaties and agreements to which we are parties, such as the General Agreement on Tariffs and Trade, most-favored-nation agreements and the like, of the changed U.S. position regarding duty treatment of their products in the event they fail to support U.S. policy as required by the legislation.

Additionally, the President presently does not possess the power to increase tariffs along the lines proposed by the legislation. The Trade Act of 1974, P.L. 93–618; 88 Stat., 1978, in section 101 gave the President authority to increase (or impose) rates of duties not to exceed 50 percent above the column 2 rate existing on January 1, 1975, or 2 percent ad valorem above the rate existing on January 1, 1975, whichever is higher. This authority was authorized as part of negotiated trade agreements authorized in section 101. The authority to negotiate trade agreements for these and other purposes was only for five years and lapsed January 3, 1980. For these reasons, it would appear that the President's authority to increase rates of duty as proposed by the draft is unavailable in the circumstances covered by the draft.●

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By Mr. DeCONCINI:

S. 2508. A bill to provide for the disposition of the Gila River Pima-Maricopa Indian community judgment funds awarded in dockets 236–A, B and E before the Indian Claims Commission and the U.S. Court of Claims, and for other purposes; to the Select Committee on Indian Affairs.

Mr. DeCONCINI. Mr. President, I am introducing legislation to permit the distribution of judgment funds which have been awarded to the Gila River Pima-Maricopa Indian community.

The funds were awarded in 1977 and 1979 by the Indian Claims Commission and the U.S. Court of Claims respectively. However, the Distribution of Judgment Funds Act requires the Secretary of the Interior to develop a plan for the use and distribution of these funds and submit such plan to the Congress within 180 days after the funds are appropriated. The act provides for extensions of 90 days. Either House of Congress has 60 days in which to reject such a plan. In the absence of congressional rejection, the plan becomes effective. Since the statute was enacted in 1973, approximately 63 plans have been submitted to Congress. Only four of these plans have been filed within the statutory time period. Unfortunately, the plan for the Gila River Indian community was not one of the four plans submitted in a timely fashion.

To further complicate matters, the U.S. District Court for the District of Columbia held in 1979 that a judgment distribution plan which has not been submitted to the Congress within the time period set by the statute is "null and void." Thus, legislation is required in order for the Gila River Indian community to receive the funds already awarded to them.

The plan which is described in section 2 of the bill has been developed by the Gila River Indian community with the cooperation of the Bureau of Indian Affairs. No additional costs are required because the funds already have been appropriated. Experts in the field have commented on the quality and soundness of the Gila River plan.

The Congress had to enact special legislation just last year to validate a number of plans that were not submitted to Congress within the proper time period. In my judgment, we need to reevaluate the time requirements found in the statute to determine if an expansion might be a more reasonable alternative than to continually enact special legislation.

I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2508

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That notwithstanding any other provision of law, the funds appropriated on May 4, 1977 (91 Stat. 61), in satisfaction of the judgment granted to the Gila River Pima-Maricopa Indian Community in Dockets 236–A and B before the Indian Claims Commission and on April 23, 1979, in Docket 236–E before the United States Court of Claims, less attorney fees and litigation expenses, and including all interest and investment income accrued, shall be used and distributed as provided herein.

Sec. 2. (a) The Secretary of the Interior shall invest the principal sum of funds in all dockets pursuant to the provisions of the first section of the Act of June 24, 1938 (25 U.S.C. 162a). The interest and investment income accrued shall be immediately available to the Gila River Indian Community upon the approval by the Secretary of the Interior of the Community's Plan of Operation and Budget as set forth in Gila River Indian Community Resolution Number GR–100–79, adopted August 1, 1979, as follows:

(1) 50 per centum of such interest and income resulting from Dockets 236–A and B shall be used as operational costs of the Gila River Indian Community; and

(2) 50 per centum of such interest and income shall be distributed to the seven Community Districts, prorated on the basis of current population at the time such distributions are made and shall be used for the General District Government operations and programs.

(b) All of the accrued interest and income from Docket 236–E shall be used as operational costs of the Gila River Indian Community. Thereafter, interest on invested funds shall be advanced quarterly and used as provided in this section.

Sec. 3. The Gila River Indian Community may utilize portions of the principal funds referred to in section 2 of this Act in connection with programs proposed by the Gila River Indian Community on a budgetary basis which has been approved by the Secretary of the Interior.

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By Mr. BAYH:

S. 2511. A bill to amend the Civil Rights Act of 1957 to authorize appropriations for the U.S. Commission on Civil Rights for fiscal year 1981; to the Committee on the Judiciary.

● Mr. BAYH. Mr. President, I am today introducing a bill to authorize appropriations for the U.S. Commission on Civil Rights for fiscal year 1981.

The U.S. Commission on Civil Rights

is an independent bipartisan agency established by Congress in 1957 to:

Investigate complaints alleging denial of the right to vote by reason of race, color, religion, sex, handicap, or national origin, or by reason of fraudulent practices;

Study and collection information concerning legal developments constituting discrimination or denial of equal protection of the laws under the Constitution because of race, color, religion, sex, age, handicap, or national origin, or in the administration of justice;

Appraise Federal laws and policies with respect to discrimination or denials of equal protection of the laws because of race, color, religion, sex, age, handicap, or national origin; and

Submit reports, findings, and recommendations to the President and the Congress.

Mr. President, in 1979 the Congress extended the Commission's existence for an additional 5 years, but required it to seek annual monetary authorizations during this 5-year period. Fiscal year 1981 marks the beginning of the third year of the current extension. S. 2511 would authorize a 1-year appropriation during this third year at the same level as the current fiscal year—1980. During 1980 the Commission has been engaged in a number of projects and studies including two in which the Congress expressed considerable interest last year, namely: First, the legal issues involved in the elimination of the congressional exemption to title VII of the 1964 Civil Rights Act, and two, the extent of Euro-ethnic discrimination. These projects and others are nearing completion and reports will be submitted to the Congress and the President by this fall.

Mr. President, for the last 23 years, the Commission on Civil Rights has labored to assure that all Americans enjoy the freedoms they are supposed to have as a birthright. The Commission has been able to do this in a unique manner, for it has no authority to issue regulations or to litigate any matter. It merely has the authority to point out the situations that have resulted in a deprivation of rights and to recommend a remedy. We in the Congress, then, must move to correct the situation by implementing the remedy through legislation. I believe the Commission performs an essential task through its recommendations to the Congress; and, I believe it must be continued. Therefore, I hope that all Senators will join me in sponsoring this legislation which will fund the only Federal agency whose sole purpose is to see to it that the civil rights laws are adhered to and that all Americans are able to enjoy the equal protection of the laws as guaranteed by the Constitution.

Mr. President, as previously announced, the Subcommittee on the Constitution of the Committee on the Judiciary will hold hearings on S. 2511 on Thursday, April 3, 1980, at 9:30 a.m. in room 457 of the Russell Senate Office Building.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2511

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 106 of the Civil Rights Act of 1957 (42 U.S.C. 1975e) is amended by striking out "1980" and inserting in lieu thereof "1981".●

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By Mr. MATHIAS:

S. 2512. A bill to amend the Internal Revenue Code of 1954 to provide for a deduction for certain amounts paid into a reserve for service liability losses and expenses of design professionals, to provide a deduction for certain amounts paid to captive insurers, and for other purposes; to the Committee on Finance.

### SERVICE LIABILITY PARTIAL SELF-INSURANCE ACT OF 1980

● Mr. MATHIAS. Mr. President, I am introducing the Service Liability Self-Insurance Act today. The purpose of this bill is to amend the Internal Revenue Code to enable design professionals, architects, and engineers, to set up partial self-insurance funds to cover service liability, or, in other words, the liability for the product that design professionals introduce into the stream of commerce, be it a building, a road, or a bridge.

Last spring, I introduced S. 634, the Product Liability Self-Insurance Act, which would allow small business owners and design professionals to set up partial self-insurance funds to cover product liability. In addition, I introduced S. 943, a proposal to allow doctors, lawyers, and other professionals in the health care and legal fields to set up similar partial self-insurance funds to cover their professional liability. Since that time, I have reviewed the problem of product and professional liability and have concluded that a new bill should be introduced that addresses the particularly heavy cost of liability insurance faced by design professionals.

Over the past 20 years, product liability laws have changed substantially, making it easier for the consumer to recover damages for injuries attributable to defective products. These changes have exposed the suppliers of products to potentially ruinous liability and, in turn, have increased the cost of insurance that these suppliers must pay to protect themselves from such liability.

Architects and engineers have been hard hit by these changes. Recent surveys indicate that the average cost of professional liability insurance has gone up more than 26 percent in the last year. These surveys also reveal that 17 percent of engineering firms decided to go without insurance in 1978, compared to 12 percent in 1977. Over the past decade, premiums paid by architects and engineers for liability insurance rose from $25 million to $175 million. The exorbitant cost of liability insurance is driving an increasingly large number of firms out of the insurance market.

While many large companies have the resources to deal with the liability insurance problem, including simply buying or beginning their own captive insurance companies, the small firm or the privately practicing design professional cannot afford these high-priced options. Today, design professionals face two equally unattractive alternatives—either to pay the high cost of liability insurance, or to go without insurance and risk disaster for themselves, their firms, and their families.

The severe problem of product liability and professional liability was confronted to a limited degree in the 95th Congress. The problem, however, remains critical. In 1978, we amended the tax code to make it lawful for a corporation to build up a loss reserve account for product liability, but only with after-tax dollars. We also extended from 3 to 10 years the carryback of losses attributable to product liability. Unfortunately, these actions are very little help to small companies with the most severe problems. Today, the tax code gives substantial tax advantages to the purchasers of commercial insurance but still penalizes those who must self-insure against product and professional liability risk.

Of course, there is nothing in current law that stops anyone from insuring himself by starting a type of trust fund. However, my bill would ease the Federal tax bite and would allow the small firms and the private practitioners to put aside enough money to cover themselves. Specifically, this bill would allow design professionals to deduct from gross income all money they put into a self-insurance fund. In addition, as an added incentive, it would allow interest to accumulate on the corpus of the trust fund tax-free. In other words, the money paid into the fund can be deducted as a cost of doing business, just like insurance premiums.

In practice, this bill will not cut into the business of the insurance companies. Rather, most design professionals will use the trust fund to cover the low end of their product liability, which is often unprotected, and will rely on conventional insurance to cover their upper exposure. With the high risk end covered, they will pay a lower premium and could even afford more insurance, which is in everyone's interest. In short, the bill will benefit the self-insurer and help insure that the injured consumer is compensated.

Mr. President, I have met with representatives of the design profession, and I think the time has come to eliminate this inequity in the tax laws.

In our increasingly complex society, it is more and more often the case that disputes must be resolved by litigation. The incredible technology that the design profession has fostered makes it the medium by which we shall create our future. We must protect this important profession from the damaging and possibly destructive liability suits that may arise from time to time. We must realize that we all will suffer if certain professionals are forced to curtail their activity or even go out of business because of their inability to get adequate protection for themselves.

I urge the Senate to act quickly and decisively on this important issue.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2512

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "Service Liability Partial Self-Insurance Act of 1980".

SEC. 2. SELF-INSURANCE FOR SERVICE LIABILITY LOSSES.

(a) LOSS DEDUCTION ALLOWED FOR CONTRIBUTIONS TO TRUST.—Section 165 of the Internal Revenue Code of 1954 (relating to losses) is amended by redesignating subsection (i) as subsection (j) and by inserting immediately after subsection (h) the following new subsection:

"(i) SELF-INSURANCE FOR SERVICE LOSSES AND EXPENSES.—

"(1) GENERAL RULE.—In the case of an eligible taxpayer who elects the benefits of this subsection for the taxable year (in accordance with regulations prescribed by the Secretary), there shall be allowed as a deduction under subsection (a) the sum of any amounts (other than rollover amounts described in paragraph (5)(C))—

"(A) transferred by the taxpayer for such taxable year to his service liability trust, and

"(B) paid by the taxpayer for such taxable year to a captive insurer with respect to the service liability of the taxpayer.

"(2) ELIGIBLE TAXPAYER.—For purposes of this subsection, the term 'eligible taxpayer' means any person who is engaged in a trade or business which involves the furnishing of services (within the meaning of paragraph (10)(A)).

"(3) LIMITATION.—The amount of the deduction allowable because of paragraph (1) shall not exceed the amounts specified in subparagraph (A) or (B) of this paragraph, which is applicable.

"(A) TAXPAYER WITH SEVERE SERVICE LIABILITY INSURANCE PROBLEM.—In the case of a taxpayer who has a severe service liability insurance problem (as defined in paragraph (10)(E)) for the taxable year, the amount for such taxpayer determined under paragraph (1) shall not exceed the least of—

"(i) 5 percent of the gross receipts of the taxpayer for such taxable year from the furnishing of services with respect to which the taxpayer may incur any service liability,

"(ii) the amount which when added to the sum of—

"(I) the balance of the taxpayer's service liability trust, and

"(II) the net contributions of the taxpayer to a captive insurer, if any, equals 15 percent of the taxpayer's average yearly gross receipts from the furnishing of services during the base period, or

"(iii) $100,000.

"(B) OTHER TAXPAYERS.—In the case of a taxpayer who does not have a severe service liability insurance problem for the taxable year, the amount determined under paragraph (1) shall not exceed the least of—

"(i) 2 percent of the gross receipts of the taxpayer for such taxable year from the furnishing of services with respect to which the taxpayer may incur any service liability.

"(ii) the amount which, when added to the sum of—

"(I) the balance of the taxpayer's service liability trust, and

"(II) the net contributions of the taxpayer to a captive insurer, if any,

equals 10 percent of the taxpayer's average yearly gross receipts from the furnishing of services during the base period, or

"(iii) $25,000.

"(C) BASE PERIOD.—For the purpose of this paragraph, the term 'base period' means the shorter of—

"(i) the period beginning with the earliest preceding taxable year for which the taxpayer elected to have this subsection apply and ending with the current taxable year, or

"(ii) the 5-year period which includes the current taxable year and the 4 taxable years immediately preceding the current taxable year.

"(4) Treatment of distributions from a service liability account.—

"(A) IN GENERAL.—If any amount in a service liability account is distrbuted during a taxable year—

"(i) the amount of the distribution (other than amounts described in paragraph (5)(A) and rollover amounts described in paragraph (5)(C)) shall be included in the gross income of the taxpayer from whose account the distribution is made, and

"(ii) the distribution shall not be treated, for the purpose of determining the amount of the deduction allowable for the taxable year under subsection (a) (determined without reference to this subsection), as compensation by insurance or otherwise.

"(B) PENALTY FOR AUTHORIZED DISTRIBUTION.—Except as provided in paragraph (5), the liability of the taxpayer for the tax imposed by this chapter for the taxable year shall be increased by an amount equal to 10 percent of the excess (if any) of—

"(i) the amount distributed to the taxpayer for the taxable year from a service liability account, over

"(ii) the amount of the deductions allowable for the taxable year which are attributable to service liability losses (within the meaning of paragraph (10)(C)).

"(5) EXCEPTIONS.—

"(A) CORRECTIVE WITHDRAWAL OF EXCESS CONTRIBUTIONS.—Subparagraph (B) of paragraph (4) shall not apply to amounts distributed from any service liability account no later than the last day prescribed by law for filing the taxpayer's return with respect to the tax imposed by this chapter for the taxable year (including extensions thereof) to the extent that the amount of such distribution is not more than the excess of—

"(i) the aggregate amount of payments by the taxpayer to such account for the taxable year, over

"(ii) the maximum amount of such payments which may be deducted under paragraph (3).

"(B) CHANGE IN CIRCUMSTANCES.—Subparagraph (B) of paragraph (4) shall not apply to a distribution from a service liability account if the taxpayer establishes, in accordance with regulations prescribed by the Secretary, that—

"(i) there was reasonable cause for the creation of the service liability account, and

"(ii) there has been a change in circumstances concerning the taxpayer so that the continued maintenance of such an account no longer serves a trade or business purpose. No exception shall be granted under this subparagraph while any amounts are accumulated by the taxpayer pursuant to the second sentence of section 537(b)(4).

"(C) ROLLOVER AMOUNTS.—Subparagraph (B) of paragraph (4) shall not apply to a distribution from a service liability account to the extent that all or any portion of the distribution is transferred by the taxpaper to another service liability account of the taxpayer not later than the 90th day after the day on which he receives such distribution. This subparagraph shall not apply to any amount distributed from a service liability account if at any time during the 1-year period ending on the day of such distribution any other distribution to the taxpayer was not subject to paragraph (4)(B) on account of this subparagraph.

"(D) COMPLETE LIQUIDATION.—Subparagraph (B) of paragraph (4) shall not apply to a distribution from a service liability account made on account of the liquidation of the trade or business of the taxpayer which may result in service liability. The Secretary may prescribe regulations providing the extent to which this subparagraph shall not apply to amounts distributed to a taxpayer who remains subject to outstanding service liability claims.

"(E) DEEMED DISTRIBUTIONS.—Subparagraph (B) of paragraph (4) shall not apply to amounts treated as a distribution under paragraph (6).

"(6) SALE MAY BE TREATED AS A DISTRIBUTION.—The Secretary may prescribe regulations specifying facts and circumstances under which the service liability account of an eligible taxpayer shall be deemed to be distributed. Such regulations shall apply only where there is a transfer (in one transaction, or in a series of related transactions) of more than 50 percent of the control of the trade or business which is the beneficiary of the service liability account. For purposes of this paragraph, 'control' means—

"(A) voting stock, in the case of a corporation, or

"(B) capital or profits interest in the case of a partnership or sole proprietorship.

"(7) TIME WHEN PAYMENTS DEEMED MADE.—For purposes of this subsection, a taxpayer shall be deemed to have made a payment to his service liability account on the last day of the preceding taxable year if the payment is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof).

"(8) PAYMENTS TO ACCOUNT TO BE IN CASH.—No deduction shall be allowed under paragraph (1) with respect to any payment to a taxpayer's service liability account other than payment in cash.

"(9) SPECIAL RULE FOR CONTROLLED GROUPS.—

"(A) IN GENERAL.—For purposes of paragraph (3)—

"(i) in the case of any taxpayer who, during a taxable year, is a member of a controlled group of corporations, only gross receipts properly attributable under section 482 to such taxpayer for such year shall be taken into account; and

"(ii) the aggregate deductions under this subsection taken by all of the members of a controlled group of corporations for each taxable year shall be limited to the amount that would be permitted under paragraph (3) if all the component members of such group were considered to be a single taxpayer.

"(B) DEFINITION OF CONTROLLED GROUP.—For the purpose of subparagraph (A), the term 'controlled group of corporations' has the meaning given such term by paragraphs (1), (2), and (3) of subsection (a) of section 1563.

"(C) DETERMINATION OF CONTROLLED STATUS.—The determination of whether a taxpayer is a member of a controlled group of corporations for a taxable year shall be made on the December 31 which is included in such year.

"(D) CONTROLLED GROUPS CONTAINING PERSONS OTHER THAN CORPORATIONS.—Under regulations prescribed by the Secretary, principles similar to the principles of subparagraphs (A), (B), and (C) shall be applied to groups of taxpayers under common control where one or more of such taxpayers is not a corporation.

"(10) DEFINITIONS.—For purposes of this subsection—

"(A) SERVICE.—The term 'service' means any service furnished by the taxpayer in the professional design, surveying, planning, evaluation, preparation of studies or specifications, or administration of a contract, for the construction or modification of any building or structure on real property.

"(B) Service liability.—The term 'service liability' means liability for damages arising out of physical injury or emotional harm to individuals or damage to or loss of the use of property attributable to negligence in, breach of warranty regarding, or defects in the professional design, planning, evaluation, preparation of specifications, or administration of a contract, by the taxpayer (whether in whole or in part) for the construction or modification of buildings or structures on real property.

"(C) Service liability loss.—The term 'service liability loss' means any loss attributable to the service liability of the taxpayer, including—

"(1) payment on any claim against the taxpayer for service liability,

"(ii) expenses incurred in the investigation, settlement, and defense of any claims against the taxpayer for service liability, and

"(iii) administrative and other incidental expenses of a service liability account in connection with the operation of the account and the processing of claims against the taxpayer.

"(D) Service liability trust.—The term 'service liability trust' means any trust—

"(i) established in writing which is created or organized under the laws of the United States or of any State (including the District of Columbia) by the taxpayer;

"(ii) the trustee of which is a bank (as defined in section 581) or another person (other than the taxpayer or any component member of a controlled group of corporations, within the meaning of paragraph (9), of which the taxpayer is a member) who demonstrates to the satisfaction of the Secretary that the manner in which that other person will administer the trust will be consistent with the purposes for which the trust is established;

"(iii) the exclusive purpose of which is to satisfy, in whole or in part, the service liability losses sustained by the taxpayer;

"(iv) the assets of which will not be commingled with any other property other than in a common trust fund (as defined in section 584) and will only be invested as permitted in paragraph (11); and

"(v) the assets of which may not be borrowed, used as security for a loan, or otherwise used by the taxpayer for any purpose other than that described in clause (iii).

"(E) Severe service liability insurance problem.—A taxpayer has a severe service liability insurance problem for a taxable year if, for such taxable year—

"(1) the taxpayer is unable to obtain a premium quotation for service liability insurance, with coverage of up to $1,000,000, with a reasonable deductible amount (but in no case with a deductible amount greater than the premium), from any insurer other than a captive insurer, or

"(ii) the lowest insurance premium quotation for service liability insurance, with coverage of up to $1,000,000, with a reasonable deductible amount (but in no case with a deductible amount greater than the premium), obtained by the taxpayer was equal to more than 2 percent of the gross receipts of the taxpayer for such taxable year.

"(F) Captive insurer.—The term 'captive insurer' means any insurer—

"(1) which is directly or indirectly—

"(I) wholly owned by the taxpayer, or by members of a controlled group, within the meaning of paragraph (9), of which the taxpayer is a member, or

"(II) wholly owned by an association described in section 501 (c) (6) of which the taxpayer is a member,

"(ii) which is licensed to provide service liability insurance to the taxpayer under the laws of a State of the United States, or of the District of Columbia,

"(iii) the exclusive purpose of which is to provide insurance for service liability losses, and

"(iv) the assets of which may not be borrowed, used as security for a loan, or otherwise used by any taxpayer who has paid amounts into the captive insurer for any purpose other than that described in clause (iii).

"(G) Net contributions of a taxpayer to captive insurer.—The term 'net contributions of a taxpayer to a captive insurer' means the sum of all premiums paid by the taxpayer to a captive insurer, less all amounts paid by the captive insurer for service liability losses of the taxpayer.

"(H) Service liability account.—The term 'service liability account' includes a 'service liability trust' and a 'captive insurer'.

"(11) Restrictions on investments of assets.—The assets of a service liability account may not be invested in anything other than—

"(A) public debt securities of the United States,

"(B) obligations of a State or local government which are not in default as to principal or interest,

"(C) time or demand deposits in a bank (as defined in section 581) insured by the Federal Deposit Insurance Corporation, a savings and loan association insured by the Federal Savings and Loan Insurance Corporation, or an insured credit union (as defined in section 101 (6) of the Federal Credit Union Act) located in the United States, or

"(D) any other asset which, under the laws of the State where the service liability trust or captive insurer is organized, is a permissible subject for investment by trustees or fiduciaries administering a trust within such jurisdiction, other than the stock or securities of, or a capital interest in, any eligible taxpayer contributing to that account.".

(b) Tax-Exempt Status for Service Liability Trust and Captive Insurer.—Subsection (c) of section 501 of the Internal Revenue Code of 1954 (relating to organizations exempt from tax) is amended by adding at the end thereof the following new paragraphs:

"(22) A service liability trust (within the meaning of section 165(i) (10) (D)).

"(23) A captive insurer (within the meaning of section 165(i) (10) (F)).".

(c) Accumulated Earnings Tax.—Paragraph (4) of section 537(b) of the Internal Revenue Code of 1954 (relating to the accumulated earnings tax) is amended to read as follows:

"(4) Service liability loss reserves or insurance.—Amounts accumulated in a taxpayer's service liability trust and amounts paid by a taxpayer to a captive insurer for liability insurance shall be treated as amounts accumulated for the reasonably anticipated needs of the business of the taxpayer to the extent those amounts are deductible under the rules of section 165(i). The accumulation of reasonable amounts, in addition to amounts deductible under section 165(i), for the payment of reasonably anticipated service liability losses (as defined in section 165(i) (10) (C)), as determined under regulations prescribed by the Secretary, shall be treated as accumulated for the reasonably anticipated needs of the business.".

Sec. 3. Effective Date.

The amendments made by section 2 of this Act shall apply with respect to taxable years beginning after the date of enactment of this Act.●

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By Mr. PRESSLER:

S. 2513. A bill to provide a program for an "Operation Bootstrap" for the American Indian in order to create meaningful jobs and to improve conditions among Indians and non-Indians on reservations and in other communities, and for other purposes; to the Select Committee on Indian Affairs.

● Mr. PRESSLER. Mr. President, today I am reintroducing "Operation Bootstrap," a bill to promote economic self-sufficiency among Indian tribes by providing tax incentives to industries locating on or near the reservation and employing Indian people.

In my years in the U.S. House of Representatives and now in the U.S. Senate, I have become more and more dissatisfied with the Federal Government's attempts to assist Indian people. Even though the Federal Government has poured millions of dollars into the reservations, the standard of living among Indian people is still one of the lowest among any group in America. The life expectancy of American Indians is 6 years lower than that of the general population. I was disturbed to learn that such developing countries as Malaysia, Jamaica, and Costa Rica can expect their people to live longer than members of American Indian nations.

Statistics compiled by the American Indian Policy Review Commission reveal that only 54 percent of Indian men are employed. Only 22 percent of Indian people earn income above the median in the United States and 36 percent subsist at poverty level. Under half of rural Indian persons have indoor plumbing, as compared to 91 percent of the general population.

Indian health problems reflect the toll a low standard of living takes on Indian people. There are twice as many suicides among Indians, five times as many deaths related to alcoholism, and 10 times as many cases of tuberculosis than among the general population.

After the past 50 years of Federal attempts to assist Indian people, today we have twice as many Indians dependent on the Federal Government, we have 4 times as many Federal employees working on the problem, and we are spending 10 times as much money. A new direction in Federal-Indian policy must begin.

Operation Bootstrap is a step in this new direction. My bill offers the following incentives for job creation on the reservation:

First. New and existing businesses on Indian reservations would be exempt from Federal income taxes for the first 10 years after they qualify for such incentives.

In order to qualify, such businesses must have a majority of Indian employees.

Second. At the end of the 10-year period, when Federal taxation begins, the businesses would be permitted to use favorable terms in computing capital gains. The depreciation on equipment would be allowed on an accelerated basis.

Third. During the 5 years following the 10-year tax period, this legislation would also provide a tax deduction every year in which an Indian employee, who has been taken off the welfare rolls because of the employment opportunities afforded by this legislation, remains continuously employed by the qualifying new or existing private business.

I have revised the bill in several aspects from its previous form, and most importantly by requiring the approval of the Secretary of the Interior for decisions involving land held in trust status.

In the past year I have contacted tribes from across the country asking for their suggestions on how the Federal Government can best assist Indian people. One Indian leader wrote the following:

> We need to establish an employment program designed to place individuals in private industry in accordance with the education and training skills which have been acquired. If the Indian people are genuinely interested in working and providing for themselves, every effort should be made to place them in private industry rather than in federally funded programs which generally operate on a year-to-year basis.

The bill I am introducing today provides a mechanism for movement away from tribal economies propped by Federal dollars to a self-sustained economy dependent on the free-enterprise system. I trust that my colleagues will give this legislation their sincere consideration. Indian people deserve an opportunity to acquire meaningful jobs and raise their standard of living.

While this legislation may not be the definitive answer to the economic problems of Indians, I would hope that it will serve as a vehicle for reform in this area. Through the hearing process, wide diversity of opinions can be solicited and evaluated on such a measure and we can thereby fashion a satisfactory legislative response to the Indians' situation. I would, therefore, call for early consideration of this bill by the appropriate committees.●

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By Mr. WILLIAMS:

S. 2515. A bill to amend the Securities Exchange Act of 1934, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

### GOVERNMENT-GUARANTEED SECURITIES ACTS AMENDMENTS OF 1980

● Mr. WILLIAMS. Mr. President, I am today introducing legislation to subject the activities of bank and nonbank professionals engaged in the business of buying, selling, and trading securities guaranteed by the United States to regulation under the Federal securities laws. The bill, entitled "The Government-Guaranteed Securities Acts Amendments of 1980" would first, amend the Federal securities laws to require the registration of brokers and dealers in certain Government guaranteed securities with, and permit their regulation by, the Securities and Exchange Commission and the bank regulatory agencies; second, establish the Government Securities Rulemaking Board, a new seven-member self-regulatory organization to exercise primary rulemaking authority with respect to such dealers to promote just and equitable principles of trade and ethical business practices; and third, encourage the creation of a centralized clearing facility open to all participants in this marketplace.

Mr. President, based upon careful study and many communications with persons involved in the Government-guaranteed securities market, I believe the time is at hand to subject to regulation this discrete segment of the capital markets. My reasons are twofold. As a former chairman of the Subcommittee on Securities, I believe such regulation is necessary to protect investors in these securities from unconscionable and fraudulent treatment that have resulted in serious economic injury and financial loss. Among the largest investors in these securities are savings banks, thrift institutions, commercial banks, credit unions and pension funds, all custodians of other peoples funds whose solvency and soundness have sometimes been threatened by improper investments and overspeculation.

Moreover, as a result of my current experience as chairman of the Housing and Urban Affairs Subcommittee, I have concluded that the market for mortgage-backed securities, in particular, is so critical to the achievement of our national housing goals that it must be protected from the corrosive effect of massive scandals. Through its mortgage-backed securities program, the Government National Mortgage Association ("GNMA" or Ginnie Mae) has been able to link the traditionally localized mortgage markets to the Nation's securities markets. In the process, it has attracted enormous amounts of capital into housing. At a time when mortgage credit is so sorely needed from all sources, we must not allow this program to be undermined.

Mr. President, the total amount of GNMA securities issued is approaching the $100 billion mark. Nearly one-fourth of this amount has been issued in the past year. Through the mortgage-backed securities program, it is estimated that financing has been provided for nearly 3 million home purchases. GNMA estimates that more than 9 million Americans have lived in homes financed through the mortgage-backed securities program.

It is clear from these figures that the GNMA program is an integral and essential part of the Nation's housing finance system. The GNMA program has been so successful in housing finance, that it is setting the pattern for the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and privately-issued mortgage-backed securities.

Mr. President, in the traditional mortgage-backed securities program, a Government-related agency—such as Fannie Mae, Ginnie Mae, or Freddie Mac is involved. For example, the Federal National Mortgage Association ("Fannie Mae" or "FNMA") was organized as a Government agency to purchase Government-guaranteed securities in 1938. Reorganized into a privately-owned corporation in 1968, it began purchasing conventional mortgages from mortgage bankers and other FHA-VA approved lenders. FNMA issues short-term discount notes and immediate-term debentures, effectively transforming mortgages into securities.

When FNMA was rechartered as a private corporation in 1968, programs requiring Government subsidies or other direct Federal support were assumed by GNMA, a newly organized Government corporation within the Department of Housing and Urban Development. There are now two major GNMA programs. One is the purchase of mortgages to support housing for low-income families for which private financing is not readily available. The second major GNMA activity is its mortgage-backed securities program, which has revolutionized the secondary mortgage market.

Under GNMA sponsorship beginning in 1970, the Government guarantees the timely payment of principal and interest on securities issued by private mortgage institutions and backed by pools of Government-insured or guaranteed mortgages. These passthrough securities are designed to appeal to pension funds and other institutional investors not wishing to originate and service mortgage loans themselves. Passthroughs are considered eligible real estate investments by most agencies that regulate commercial banks and thrift institutions, and for purposes of determining the tax status of thrift institutions.

The securities provide a safe, easily marketable investment with an attractive long-term yield and a high cash flow each month resulting from interest and principal repayment.

GNMA passthrough securities are issued by mortgage bankers (who account for three-fourths of the annual total) as well as by thrift institutions and commercial banks that originate FHA-VA mortgages. Instead of selling the mortgages outright or financing them through deposits or other debt, the issuer forms a pool, sells passthrough securities, and continues to earn servicing income on the loans.

Newly issued securities are marketed for immediate or forward delivery, either directly by the issuer or, more typically, through a securities dealer. There is a sizeable annual volume of trading in seasoned issues, a direct result of the large volume of outstanding securities and their widespread distribution among all types of investors. In addition, there is an active futures market for the securities on the major commodities exchanges.

Mortgage-backed securities have been used only recently to finance conventional loans, which account for four-fifths of all home mortgages. The Federal Home Loan Mortgage Corporation ("The FHLMC"), created by the Congress in 1970 and wholly owned by the Federal Home Loan Banks (FHLB's), has as its primary goal the development of a national secondary market in conventional mortgages. As a general rule, FHLMC purchases conventional mortgage loans from savings and loans association (four-fifths of its total purchases), mutual savings banks, commercial banks, and mortgage banks.

At first, the FHLMC purchased mainly participations and whole loans for its own portfolio, financing the acquisitions by borrowing from the Treasury and the

FHLB's and by issuing its own mortgage-backed bonds. In 1974, however, the focus of its operations was shifted toward the sale of mortgage participation certificates (PC's) and guaranteed mortgage certificates (GMC's).

In many respects, PC's are similar to GNMA passthrough securities, although they are not backed by the full faith and credit of either the U.S. Government or the FHLB's. These certificates represent ownership interest in pools of conventional mortgages purchases by the FHLMC, which guarantees the monthly passthrough of interest, scheduled amortization of principal, and ultimate repayment of principal. Like GNMA passthroughs, PC's are considered direct mortgage investments for most tax and regulatory purposes. PC's are marketed directly by the FHLMC and through a group of securities dealers who also maintain a secondary market in seasoned issues.

While there are differences between GNMA's and Freddie Mac instruments, for the purposes of this legislation the most significant likeness is the similarity in trading practices. FHLMC has recognized the potential for the visitation in its market of the unfair and imprudent practices so common to the GNMA market.

As for the GNMA market, there is an active and strong secondary market in GNMA securities maintained by numerous financial institutions through the country. The cash market for Ginnie Maes includes the immediate cash market in which securities trade for delivery within 30 days and the forward cash market in which securities trade for delivery at specified months into the future. In both the so-called immediate and forward markets, over-the-counter trading conditions prevail.

In other words, trades occur on a negotiated basis and contract terms are nonstandard, for the most part. In addition, trading in futures contracts for GNMA securities is conducted on a variety of boards of trades, such as the Chicago Board of Trade, the American Commodities Exchange and other boards of trade. Unlike the forward markets, futures trading is more structured with standardized trading terms, a clearing house and other characteristics of exchange-traded securities.

Mr. President, serious clouds of fraud and abuse hang over the GNMA market. Too often, these clouds have erupted, causing substantial financial losses to investors. As a proponent of this Nation's historic commitment to housing, GNMA is properly concerned that this program may not be able to sustain its enormous success in the future unless these problems are eliminated.

Moreover, because the full faith and credit of the United States is involved, problems related to Ginnie Mae securities could cause a ripple effect that could spread to other kinds of U.S. securities and interfere with the finances of the Nation.

Mr. President, the problems in GNMA and other Government-guaranteed securities are of a high enough magnitude, in the judgment of both the Board of Governors and the Federal Reserve System and the Department of the Treasury, to warrant a thorough study of the markets for Government-guaranteed and Government agency securities to identify present and potential problems, assess their magnitude, and analyze techniques for regulation and reform. This study is underway. The promised completion date is April 1980, or a few weeks from now.

This study should provide documentation about the condition of the Nation's Government-guaranteed securities markets, the importance and difficulty of managing the public debt, and the need for additional regulation in at least certain Government-guaranteed securities. This study is long overdue and I await its arrival with great interest.

In the meantime, there are certain Government-guaranteed securities—mortgage-backed securities—which have been the subject of considerable study by myself and others over the past year. Even before that, Ginnie Mae itself recognized the seriousness of an emerging problem and the need for swift corrective action. As noted in the 1978 annual report of the Government National Mortgage Association:

> A problem of continuing concern . . . has been the reports of occasional trading abuses, especially in the unregulated forward delivery markets for GNMA securities.

In 1978, it commissioned a private study, Analysis and Report on Alternative Approaches to Regulating the Trading of GNMA Securities, "to examine the entire trading market for Ginnie Maes and to render a report on problems and potential problems, as well as to recommend a regulatory structure which would be effective in preventing abuses while accommodating legitimate trading practices."

Completed in November 1978, this study provided a wealth of information about the Ginnie Mae market, its participants, its economics, and its legal and regulatory status. Its authors studied a variety of approaches, ranging from additional regulation of issuers and investors, to a panoply of proposals for dealer regulation including (a) unsupervised self-regulation, (b) self-regulation under GNMA, (c) the CFTC, or (d) the SEC, as well as (e) no additional regulation. The authors concluded and recommended that "GNMA support the present efforts at dealer self-regulation and that it announce its willingness to endorse a self-regulatory organization that meets the criteria we have outlined, in preference to any of the proposals for supervision by an existing or newly created government agency." The authors further recommended that "* * * GNMA should also oppose any legislative initiative to subject the Ginnie Mae cash forward market to new Federal oversight before there has been an opportunity for a meaningful test of self-regulation." And the authors estimated that "the basic elements of unsupervised self-regulation could be installed within 6 to 9 months and that such a plan could be implemented more rapidly than legislative alternatives."

Mr. President, Ginnie Mae subsequently adopted these conclusions and recommendations for voluntary self-regulation without the compulsion or involvement of the Federal Government. This basic approach of self-policing of dealers was also preferred by other Federal agencies and officials.

To its credit, dealers in Ginnie Mae and other mortgage-backed securities sought in earnest to fulfill the expectations of GNMA and most forward-looking industry leaders by moving swiftly to develop on their own a voluntary form of self-regulation. Despite the resistance of some segments of the industry to regulation, the Public Securities Association (PSA) assumed the initiative for devising and implementng a scheme of self-regulation.

PSA is a national trade association representing banks, dealers and brokers that underwrite, trade, and sell, U.S. Government and Federal agency securities. According to its most recent 1979 annual report, the association approved the formation of an affiliate organization, PSA Self-Regulation, Inc. (PSA-SRI) to "establish and promote standards of conduct for its members who participate in the market for Government mortgage-backed securities." Since then, some members have been recruited and a code of conduct have been developed with the cooperation, but not the approval, of various Federal agencies. But membership is far from full and the proposed rules have some drawbacks. As a result, the efficacy of voluntary industry self-regulation is open to serious doubt.

The industry's attempts to develop a meaningful and voluntary form of self-regulation were snagged by a series of insurmountable problems. An important roadblock was the Justice Department's refusal last June to state that it "would not sue to enjoin a plan for self-regulation proposed by the Mortgage-Backed Securities Dealers," a forerunner of PSA-SRI. The Department raised objections on anticompetitive grounds to the proposed "margin maintenance" requirements which is viewed as troublesome under section 1 of the Sherman Act.

Mr. President, even though the Department indicated that the proposed market maintenance rule did not appear essential to the Association, the facts are otherwise. The ability to establish uniform margin requirements may well be a prerequisite to cleansing this marketplace and minimizing investor abuse. The fact that a number of individual firms have adopted margin requirements, as a matter of self-protection and good business practice, is a measure of the importance of this device to investor protection. In order to properly regulate the market, the ability to set margin requirements is essential.

Beyond that, antitrust problems would appear to impede the ability of any voluntary, industry self-regulatory body to effectively discipline errant members and thus assure compliance with its own rules. Any economic boycott or refusal to deal with a member or even a nonmember of PSA-SRI would raise potential antitrust violations. As a result, the legal roadblocks to successful self-regulation are substantial and serious.

For these and other reasons, even under the best circumstances, I doubt whether the Federal Government will be able to sit on the sidelines. Without denigrating for a moment the industry's efforts, or detracting from whatever progress has resulted from industry self-regulatory activities, I recite this history to indicate why I am skeptical about the efficacy, even in the long run, of industry efforts. I have encouraged these efforts. I will continue to do so since the expertise and involvement of the industry will be key to any well-organized and widely-respected regulatory scheme. At the same time, as I wrote to the Securities and Exchange Commission last April, I believe: There is reason for grave doubt about whether the private sector can succesfully subject itself to unsupervised self-regulation in any timely or meaningful way. Moreover, the episodes of unconscionable practices * * * suggest that unsupervised self-regulation will not displace completely the need for regulation of this market by the Federal Government.

Mr. President, let me now explain the nature and magnitude of the problems in this market which I believe justify and require the extension of the Federal presence. While this information is illuminating, it is by no means complete. In fact, the lack of accurate and complete data about abuses in the Government-guaranteed securities markets is another reason for the Treasury Department to undertake its long overdue study.

Mr. President, what I have uncovered is a marketplace that is fraught with the most unconscionable kinds of abuses. The Securities and Exchange Commission, using its powers under the antifraud provisions of the Federal securities laws, has been vigorous in ferreting out problems in this marketplace. According to the Commission:

> Experience indicates that a number of brokers and dealers, in selling Ginnie Mae (GNMA) and other guaranteed securities to unsophisticated institutional investors, such as universities, small banks, savings and loan associations, and credit unions, have engaged in conduct resulting in serious harm to these institutional customers. Such abuses also can have a devastating impact on the health of the rest of the industry. The inability to meet purchase commitments in such large denominations has severe consequences, not only for the initial sellers of these securities, but also since forward commitments can be sold repeatedly until the date the security is to be delivered, for subsequent purchasers.

As of last July, investigation by the SEC uncovered a number of abusive practices. By that time, the Commission had instituted approximately 10 enforcement actions involving Government-guaranteed securities. Most of these actions centered on instances of adjusted trading, interpositioning, excessive fees, boiler room sales practices, ponzi-like schemes involving repurchase agreements, and unsuitability. Many of these practices were the same that afflicted the municipal securities markets and led to their regulation in 1975. The above cases were accompanied by nine additional and then active SEC investigations into further abuses into the Government-guaranteed securities markets.

Mr. President, the SEC attributed most of the abuses to the availability of so-called forward commitments. Because there is no requirement in the Ginnie Mae forward market for a deposit of margin to secure a commitment, financial institutions have been encouraged to speculate in this high risk security, usually unaware of the inherent risks and with little regard to the institutions financial capacity to take delivery if the commitment could not be sold at a profit before the delivery date. Thus, the absence of any margin requirement has been identified as a critical element to effective regulation.

The following excerpt from the Commission's letter to me provides a concise but informative passage which describes a major problem. It is worth reprinting here for the benefit of my colleagues:

> Other abuses have developed because of the availability of forward commitments. Investors have been promised quick and substantial profits with the assurance that no capital investment would be necessary, since there is no requirement in the GNMA forward market for a deposit of margin to secure a commitment. Unsophisticated financial institutions have been told that interest rates would decline, thereby causing the market price of the securities to increase, and that, accordingly, they could sell commitments at a profit in a few days or weeks without taking delivery of the securities or making a cash invesment. Risks inherent in the trading of forward commitments have been minimized or were undisclosed; and little regard has been given to the institution's financial capacity to take delivery if the commitment could not be sold at a profit before the delivery date. Such practices have resulted in commitments beyond the financial means of some institutional purchasers, a situation which has provided government-guaranteed securities dealers with opportunities to entice over-committed purchasers to resort to further speculative activities such as reverse repurchase agreements and adjusted trading in order to finance purchases or defer losses. The absence of any margin requirement also has fostered pyramiding by institutional traders as a leveraging vehicle. That practice involves pledging government-guaranteed securities to secure borrowed funds in order to purchase additional government-guaranteed securities, which, in turn, are pledged to secure additional borrowings to buy even more government-guaranteed securities.

In the terms of actual losses, the SEC was able to measure the magnitude of the problem.

> We are aware that trading in Ginnie Mae forward commitments has led several firms into financial difficulty, and we know of at least one insolvent firm that hypothecated to its lenders securities that the dealers was contractually bound to resell to investors pursuant to repurchase agreements. Several institutions have realized losses of several hundred thousand dollars, and a few have lost over $1 million.

One of the most celebrated cases involved the University of Houston which at one time had over $250 million in purchase commitments outstanding as a result of pyramiding activities. This resulted in an actual loss of over $17 million to the university. In another case reported in the press last May, a Denver firm had outstanding purchase commitments of approximately $350 million that it was unable to cover. The final instance brought to my attention by the SEC involved another firm operating in 36 States that held outstanding commitments of about $250 million.

Mr. President, in view of the Commission's activities involving federally-guaranteed securities, it is understandable that the Commission has concluded that "this important segment of the securities markets can not remain unregulated."

The SEC is not the only agency of Government concerned about the problems in the Government-guaranteed securities market. To the contrary, it has much company. For example, the Comptroller of the Currency reported that national bank examiners had discovered approximately 40 cases of trading abuses and speculative investment practices. As investors, many banks assumed an unwarranted degree of market risk on clearly speculative and unsuitable forward positions. In some instances, the Comptroller's office was forced to assist banks in properly accounting for the losses, to take action to prevent a reoccurrence of the problems in several institutions, and in a few cases, to refer to appropriate agencies for criminal prosecution facts it learned involving non-bank securities dealers. This does not include investigations currently in progress.

The Federal Home Loan Bank Board reported that it has also become aware through its examination and supervision process of the abuses occurring in connection with federally-guaranteed securities by the institutions it regulates. Speculation in forward commitments and commitments by savings and loan institutions have resulted in actual losses or liability. The Bank Board also reported instances of unsatisfactory recordkeeping. And like the SEC, the Bank Board indicated that "some brokers and dealers were inducing unsophisticated associations to engage in forward commitment activity that they were unable to handle."

Within recent days, one savings and loan association in Cleveland with deposits of over $175 million was taken over by the Federal Savings and Loan Insurance Corporation (FSLIC) because of its overcommitted financial position in GNMA securities. Washington Federal Savings and Loan had about $176.5 million in deposits and almost three times that—or some $500 million—in outstanding commitments to purchase GNMA securities. The FSLIC was forced to intervene in order to protect the insured deposits of the institution.

The FSLIC arranged for another savings and loan to acquire certain assets and liabilities of the troubled savings and loan. And the FSLIC itself absorbed the overcommitted savings and loans' liabilities and responsibilities concerning the GNMA securities. According to the

Wall Street Journal, this is the biggest bailout in the 48-year history of the FSLIC. Although the total cost of this rescue cannot be ascertained this early, the FSLIC has already met or plans to meet at least $80 million of Washington Federal's commitments to purchase Ginnie Maes.

This is a disturbing development but in all likelihood, it is only a forerunner of a new wave of difficulties that are likely to visit this already troubled marketplace in the near future as interest rates edge up.

In late January, the National Credit Union Administration provided me with information that can only be described as startling. According to Larry Connell, chairman of the National Credit Union Administration:

> So far this year eight federally insured credit unions with investment problems have received assistance from the National Credit Union Administration either in the form of cash or book guarantees. To date the amount of such assistance totals over $6 million, with four credit unions receiving guarantees in excess of $1 million each.

I should point out that this assistance is given under section 208 of the Federal Credit Union Act to avoid the possibility of liquidation. I should note further that the above figures do not include those federally-insured credit unions that suffered losses but did not require assistance from the National Credit Union Administration in order to avoid liquidation.

Finally, the National Credit Union Administration informed me that its examination program for Federal credit unions uncovered approximately 40 instances of trading abuses and speculative investment practices.

Mr. President, aside from these Federal agencies, the financial media has been paying close attention to the Government-guaranteed securities market. The result has been a steady stream of news accounts. For example, Business Week wrote last June that:

> The turning point (for tough federal policing of the market in Ginnie Maes) came in May, when Reliance Mortgage Corporation in Denver failed to take delivery of some $350 million in Ginnie Maes. Reliance had bought Ginnie Mae forwards-commitments to deliver the underlying securities at prearranged terms on a specified date—after betting incorrectly that interest rates were headed down. Some of the biggest names on Wall Street were, in effect, left holding the bag. Reliance is reported to have had contracts from Merrill Lynch, Pierce, Fenner & Smith, Inc., alone totaling $75 million that it could not fulfill.

Perhaps the most comprehensive article appeared in Barron's (November 12, 1979). In an article entitled "Built on Stilts: Overspeculation, Thin Margins Shake the Market for Ginnie Maes," the plain facts about the Ginnie Mae securities markets were laid out. According to Barron's:

> New problems erupted in the Ginnie Mae markets following the Fed's action to tighten the money supply. As interest rates shot up, Fidelity Bond and Mortgage Company, a mortgage banking concern, experienced sudden and unexpected losses resulting from trading transactions.

Along with its parent, Cantor Fitzgerald Corp., Cantor Fitzgerald Agency Corp. is involved in a series of lawsuits, involving GNMA securities. One suit was brought by Eglin Federal Credit Union located in northwest Florida. Eglin's 46-page complaint charges that an official at Cantor Fitzgerald Agency gained "influence and superiority" over the credit union's investment manager and that the credit union was "induced" to make a series of transactions between May 1976 and December 1977 involving unsuitable securities, forward placement contracts, day trading and forward commitments of Government-guaranteed securities, speculative sales and overtrading. According to Eglin, of its $185 million in assets, some $83 million was invested in mortgage-backed securities, a disproportionately high percentage. For its part, Cantor Fitzgerald has denied the allegations and countersued.

Mr. President, the episodes of fraud seem endless. According to a recent Wall Street Journal story (February 20, 1980), even units of government have been victimized and suffered actual economic loss as a result of overinvestment and speculation in forward and standby commitments in GNMA securities. Marion County, Oreg. has filed suit against a former official and Blyth Eastman Paine Webber, a subsidiary of Paine Webber, Inc., alleging $5.5 million in losses from investments the county charges were "highly speculative" and unsuitable investments.

Mr. President, I wish I could stop here and tell my colleagues that the worst is over, that it is behind us. Unfortunately, more numerous and more startling instances of improper investments in Ginnie Mae securities will come to public attention in the future. The sudden, sharp rise in long-term interest rates is battering the market for Ginnie Mae's. Business Week (March 10, 1980) reported that trouble is "erupting" in the forward market "with serious potential for many Wall Street brokerage houses, and for the already declining housing market."

According to this account, buyers of the forwards are beginning to file lawsuits seeking to recover moneys lost when interest rates rose instead of falling, thus eroding the value of the securities. Moreover, there is concern that investors who contracted to accept delivery on Ginnie Mae securities whose value has declined will simply renege on the commitments when they come due. This development could cost brokerage houses hundred of millions of dollars.

Given these developments, it is no wonder that the Securities Investor Protection Corporation has expressed concern that its fund may be drawn upon to insure customers against the insolvency of his or her firm, although there have been no actual SIPC funds drawn upon to date.

Mr. President, I have recited these instances to dramatize just how serious and pervasive these problems in the Ginnie Mae securities market are. And this is by no means an exhaustive or complete list.

In the face of these mounting problems, there has been a concerted effort to bring a new degree of regulation and stability to the Ginnie Mae market. Beyond the efforts of PSA-SRI, which I have already outlined the Federal agencies regulating the issuers and investors in these mortgage-backed securities have prescribed new regulations. These requirements range from a one-time moratorium on credit union purchases of forward contracts to the Federal Home Loan Bank Board's approach of controlling the forward commitment activity of savings and loan associations by limiting the percent of assets an association can invest in these securities and then, within that limit, requiring that the association's commitment activity be conducted in a prudent manner so that it can fund the commitments when due.

Moreover, the Bank Board has required savings and loan directors to specifically authorize investment officers who can engage in these transactions, set dollar limits on the transactions, and select the particular firms that the designated officer must deal with.

All of the bank regulatory agencies have augmented their examination process to pinpoint potential problems in connection with Government-guaranteed securities. Moreover, new recordkeeping and accounting requirements have been devised as additional safeguards against the reoccurrence of abuses and speculative investment activities.

GNMA itself is also an important part of the regulatory structure, given its obligation to help assure that issuers of GNMA-guaranteed securities behave prudently, through its administration of the issuance of GNMA-backed securities. As provided in section 306(g) of the National Housing Act, GNMA approves firms to participate in the issuance of securities and seeks to assure that these firms are financially sound and carry out their issuances in a sound manner. In this light GNMA has acted to prevent issuers from jeopardizing their financial condition and issuer status through unwarranted securities trading activities by its "prudent business practice" requirement.

Mr. Ronald P. Laurent, the President of GNMA, is well aware of these problems. And I am pleased to note that he has the resolve to take firm action to exercise his authority to deal aggressively with the problems he identified in a recent article as follows:

> An important aspect of trading in mortgage-backed securities which creates the opportunity for abuses is that many transactions provide for the delayed delivery of the securities being purchased. Since even relatively small changes in market interest rates lead to relatively large changes in values of long-term securities, sizeable losses can occur even before delivery takes place. This market phenomenon, coupled with the absence of industry-wide rules of fair trading practices and lack of margin or mark-to-market deposit requirements, creates an environment for speculative excesses.

GNMA's efforts to curb unwarranted speculation in its securities are not of recent origin. "Prudent business practices" were instituted in 1977 in recognition of the problems that could arise if issuers conducted forward delivery transactions with firms that were adequately capitalized and lacked respect for standard business ethics and fair trading practices. More recently, in mid-December, 1979, GNMA proposed a sweeping set of rules to establish rules governing the securities marketing and trading practices of issuers of its securities to curb abuses resulting primarily from high pressure sales tactics undercapitalization, and inappropriate speculative activity by participants in the market other than securities issuers as well as issuers.

The new regulations would require all issuers of GNMA-guaranteed mortgage-backed securities to make mark-to-market maintenance deposits in connection with certain forward delivery transactions. Also, a "suitability" rule is proposed to help assure that issuers engage only in forward trading activity consonant with their financial capacity and business purpose.

Mr. President, despite these regulatory reflexes and reactions, there remains an important segment of this market that is beyond the purview of Federal authority. That segment includes the professional securities dealers, both bank and nonbank. Dealers in Ginnie Mae and other similar securities buy and sell securities for their own account and serve as market makers. Although not every firm engages in all dealer activities, the list of functions performed is lengthy.

For example, dealers offer new securities; provide investors with a secondary market by buying, selling, and taking positions in securities; and provide investment advice to clients.

Dealers in Government-guaranteed securities fall into three categories: First, dealers who engage in a full line of securities activities; second, dealers who trade only in U.S. Government securities, and who may be subsidiaries or affiliates of firms engaged in other securities activities, and third, banks.

Mr. President, in order to understand the need for additional legislation, it is necessary to explain the treatment of dealers in guaranteed securities under present law. Beginning with the securities themselves, Ginnie Mae and other guaranteed securities are "exempted securities" under the Securities Act of 1933 and the Securities Exchange Act of 1934. As exempt securities, registration statements are not filed with the Securities and Exchange Commission prior to a public offering, and the prospectus delivery requirements under the 1933 act are inapplicable.

However, under the antifraud provisions of the securities laws, the SEC is authorized to bring injunctive actions against any person who offers or sells Ginnie Maes and other exempt securities by means of fraudulent or untrue statements. There are also criminal penalties.

Under the securities laws at present, brokers and dealers in nonexempt—for example, corporate and municipal—securities must register with the SEC and satisfy a variety of requirements concerning, for example, their financial responsibility; the protection of customer's funds and securities; and prohibitions against fraudulent, manipulative, or deceptive activities. On the other hand, dealers trading exclusively in "exempted" securities, such as Ginnie Maes, are not subject to any registration requirements or any other prescribed restrictions governing their financial responsibility, competence, sales practices, or other customer safeguards. Only the antifraud provisions of the securities laws may be used to reach such an unregulated dealer.

For those firms engaged in a full line of securities activities, registration with the SEC is required and they are subject to its jurisdiction as well as that of one or more self-regulatory organizations, such as the National Association of Securities Dealers and the various stock exchanges. But the statutory self-regulatory organizations cannot fully reach activities in "exempt" securities. For example, the NASD lacks the authority to apply its so-called rules of fair practice to its member's dealings in Ginnie Mae or other exempt securities.

The next category of dealers engage only in exempted securities, such as Ginnie Mae or other U.S. Government obligations. As mentioned above, most of these firms are subsidiaries or affiliates of other firms, usually with similar names, which are registered with the SEC. However, such subsidiaries or affiliates engaged in the Government securities business are not subject to net capital requirements, margin regulations, or rules relating to the handling of customer accounts. Nor are they subject to inspection or administrative sanction by any Federal Government or self-regulatory agency.

Banks compose the final category of dealers in Ginnie Mae and other Government securities. The prohibitions in the Glass-Steagall Act which prevent banks from underwriting and dealing in corporate securities do not extend to obligations of the United States. As a result, banks can and do deal in Ginnie Mae securities, among other Government-guaranteed securities. As a result of an exclusion from the statutory definition of "dealer" in the Securities Exchange Act, no registration is required with the SEC. Instead, the bank regulatory agencies monitor bank dealer activities as part of the overall supervision and concern for the financial condition of the institution.

The foregoing discussion of the current regulatory scheme makes clear that Government securities are not issued or traded in the same context as other securities and financial instruments. Neither the Government-guaranteed securities or the dealers in these securities are subject to the same style and level of regulation to which they are accustomed in more traditional securities activities. Nor is the Federal Reserve Board empowered to regulate the extension of credit on Government-guaranteed securities because its ability to set margin requirements is specifically made inapplicable to loans on exempted securities. such as Ginnie Maes.

Mr. President, the question before the Congress is whether this marketplace. and the professionals who service both the issuers and investors, should now be subjected to more explicit and formal Federal regulation. Based upon extensive research and study, I have concluded that there simply is no alternative to Federal regulation of the dealer community in order to restore a high degree of integrity, professionalism, and investor confidence to this marketplace and to protect the financial interest of the Federal Government, in both its guarantee and its ability to market successfully its securities.

Mr. President, I believe it is these concerns which prodded PSA–SRI toward self-help. Undoubtedly, these were the operative considerations which caused a variety of Federal officials to encourage PSA–SRI's efforts. And for sure, there are other considerations which should not be overlooked; namely, the recognition that the Federal Government lacks the expertise to police this market; the fear that any regulatory approach would interfere with the natural operations of the market, and further, the concern that any regulatory approach would cause an inappropriate enlargement of the Federal Government.

While these factors are all important, I believe enough time has now elapsed and so much water has passed under the bridge that it is unlikely that any solutions to this problem can come without legislation. I say this despite the earnest efforts of industry leaders who have taken upon themselves the very difficult task of persuading an unregulated industry to accept a more formal degree of regulation on a voluntary basis.

Mr. President, the problems in this market are not confined to one segment, nor are they isolated. They afflict every participant, from the originators of the securities to the investors, large and small, individual and institutional. Because of its size, its complexity and the number and nature of its participants, only a coordinated and comprehensive solution can successfully protect the Ginnie Mae and other vital Federal programs and the market for Government-guaranteed securities.

Mr. President, perhaps the most significant signal leading in the direction of Federal regulation comes from the industry itself. Earlier this year, PSA–SRI decided that it was necessary to begin evaluating "feasible alternative courses of action which would lead to full implementation of a comprehensive self-regulatory mechanism for mortgage-backed securities dealers, including alternatives that might be developed under Federal law. In this regard, PSA–SRI has commenced the process of establishing an open dialog with the appropriate Members of Congress." The significance of this, Mr. President, is that the industry itself has concluded that voluntary self-regulation alone will not bring order to the marketplace.

The reasons are numerous. By now, the legal and practical impediments PSA Self-Regulation, Inc. has encountered should be well understood. One is the obvious fact that those who operate on the outer limits of the law have no incentive to join any self-regulatory effort. If they do join voluntarily, it is probable that the antitrust laws would operate to preclude any enforcement, or the imposition of any sanctions, against an errant member.

Yet, mandatory membership and enforceability are the key ingredients of successful self-regulation. So is the ability to regulate the economic activities of its members, by either prescribing margin requirements or by imposing economic sanctions.

Mr. President, additional and measured legislation is the only workable and permanent antidote to the serious problems that continue to plague this market. I have not reached this conclusion lightly or easily. It is based upon an extensive survey of present law, monitoring and evaluation of the industry's efforts at voluntary self-regulation, and many years of experience with the securities laws and securities regulation. Despite its earnest efforts, the industry has been stymied by a combination of legal and practical impediments. For self-regulation to be successful, congressional action is a prerequisite.

Mr. President, the bill I am introducing today will create a statutory framework for meaningful and mandatory self-regulation of dealers in Government-guaranteed securities. The bill would follow along the lines of the current statutory structure for municipal securities, except in those cases where Government-guaranteed securities warrant different treatment. It would create a regulatory system that would apply to all securities professionals, including banks, who trade certain Government securities.

All such securities professional would be required to register with the SEC. As is the case under current law for municipal securities dealers that are banks, banks would be permitted to register as a whole or as a separately identifiable department or division. As drafted, the bill would attempt to consolidate the registration requirement for municipal and Government securities dealers.

The new regulatory system would establish a single self-regulatory organization to serve as the primary rulemaking authority for the Government-guaranteed securities markets. Like all other self-regulatory bodies created under the Securities Exchange Act, the new Government Securities Rulemaking Board would be an open and democratic organization.

I believe the historical reasons which have persuaded the Congress so many times in the past to delegate Government authority to national securities exchanges and national securities associations remain valid and justify the establishment of a self-regulatory structure for the Government securities industry. Under the Federal securities laws since 1934, 1938, and 1975, self-regulation has played and will continue to play an essential role in regulating the corporate securities markets. The bill would simply extend this principle to the Government guaranteed securities market.

### THE GOVERNMENT SECURITIES RULEMAKING BOARD

The bill therefore provides for the creation of a new, but limited, self-regulatory organization, designated the Government Securities Rulemaking Board, and delegates responsibility to it to formulate rules regulating the activities of all securities dealers.

The initial Board members would be appointed by the Commission after consultation with Treasury, the FDIC, the Comptroller of the Currency and the President of Ginnie Mae to serve for a period of 2 years and would be expected, among other things, to adopt rules governing the nomination and election of their successors.

This will insure that the level of conduct of public securities dealers will be raised to a highly professional plane through ethical standards adopted by individuals actually engaged in the business rather than through proscriptions imposed by "outsiders."

Like the MSRB, the new Board would not be a membership organization, nor would it have any inspection or enforcement powers: Its sole function would be to exercise rulemaking favor with respect to the activities of all persons engaged in the public securities business. Inspection and enforcement would be the responsibility of the NASD, the banking agencies, and the SEC. This scheme preserves the essential self-regulatory function of establishing uniform and fair regulatory standards while at the same time making maximum use of the capabilities of existing regulatory authorities. In this connection, it should be noted that the Board would be self-funding through the levy of assessments and fees on public securities dealers.

### RULEMAKING BY THE GSRB

The Government Securities Rulemaking Board would have primary rulemaking authority with respect to the activities of public securities dealers and transactions in Government securities. The scope of the Board's authority and responsibility would be defined in terms of purposes rather than subject matters. The purposes to be served by the Board's rules would be expressed affirmatively and negatively. Thus, the Board's rules would be required to be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with the bank regulatory agencies and others engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, public securities, and to protect investors and the public interest.

Similarly, the Board's rules could not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers, to fix minimum profits or rates of commissions, to regulate matters not related to the purposes of the Exchange Act or the administration of the Board, or to impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.

A partial list of the areas subject to the Board's regulation would include prevention of fraudulent and manipulative acts and practices and protection of just and equitable principles of trade; establishment of standards for entry into the public securities business; fair dealings with investors; regulation of selling and underwriting practices; creation of procedures for arbitration of intraindustry disputes; and determination of the frequency and scope of inspection of public securities dealers by the bank regulatory authorities with respect to banks, and the NASD with respect to securities firms; suitability, markups, excessive transactions, authorization and acceptance of accounts.

### ROLE OF THE SEC

The role of the Securities and Exchange Commission in the proposed scheme of self-regulation deserves explanation. In most respects, the Commission's power with respect to the Government Securities Rulemaking Board will be coextensive with its present powers over the MSRB. For example, the SEC's direct rulemaking powers with respect to transactions in public securities would be limited to the control of fraudulent, manipulative, and deceptive acts and practices.

The Commission would also be required and empowered to review proposed GSRB rules to discharge its ultimate responsibility to insure that the Board's rules are in conformity with the public interest and applicable statutory standards. The Commission would not have the authority to alter or supplement the existing rules of the Board. In this respect, the SEC's general powers over the Board would be extensive but somewhat different than those the Commission has over the other self-regulatory organizations under the Exchange Act. And the Commission would have the power to deal with perceived self-regulatory shortcoming by censuring any member or employee of the Board who had willfully violated any provision of the act, the rules thereunder, or rules of the Board, or had willfully abused his authority.

### INSPECTIONS AND ENFORCEMENT

The bill would follow the same basic pattern applicable to municipal securities by dividing the responsibilities for insuring compliance by all public securities dealers with applicable Federal securities laws and the rules of the new Board between the self-regulatory organizations (such as the NYSE and the NACD), the Commission and the bank regulatory agencies. This will avoid undue expense and duplication without sacrificing the maximum protection of investors or the uniform and enforcement of the laws.

In a number of respects, however, this bill departs from the existing treatment of the MSRB and the municipal securities market under the Securities Exchange Act. First, a number of changes in the bill are technical in nature and necessary to conform the new bill to the present law by consolidating statutory treatment of business organizations that may be engaged in full line of securities activities, including municipal as well as Government securities.

Examples of this are the registration provisions, the treatment of separately identifiable departments of banks, and the desirability of coordinating recordkeeping and compliance examinations. Second, some new provisions must be added to the law to assure coordination between the different regulatory and self-regulatory agencies supervising the industry and policing the markets, such as between the MSRB and the new Board.

Third, in appointing members to the Board the Commission would be required to solicit and consider the views of a variety of other government agencies responsible for some aspect of the market operations—either because it issues the Federal guarantee, regulates investors, or regulates dealers—to assure the broadest and best possible appointments to the Board. Fourth, to engage all interested persons in the deliberations of the Board, the bill would require that, prior to filing a proposed rule with the SEC, the Board would be required to request and consider the views of the Treasury Department and any other Government agency that issues or guarantees such securities. Of course, the Board's deliberations would follow the procedures prescribed in the law. Finally, the bill would expressly permit national securities exchanges to administer and enforce against their members the rules of the Government Securities Rulemaking Board, subject to the SEC's authority to allocate these functions most efficiently among the various exchanges and the NASD.

Another significant provision of the bill would explicitly recognize the strong interest of the Department of the Treasury in the market for Government guaranteed securities. In recognition of this interest, the bill would authorize the Department to obtain information it considers essential for monitoring and evaluating the markets for its securities on a continuing basis from any government guaranteed securities, broker, dealer and clearing agency.

Such powers are necessary to permit the Department to manage and oversee the Government's financing operations, to insure the continued efficiency and integrity of the market for Government guaranteed securities, and in general, to monitor the functioning of the markets. Moreover, the bill would expressly authorize the Treasury Department to obtain access to any centralized clearing data base for use in developing requirements and monitoring the markets. The Secretary of the Treasury would also have the authority to designate the particular guaranteed securities to be subjected to the provisions of the Exchange Act that would be added by this bill. This recognizes the Secretary's special interest and obviates the need for further legislation in the event and at such time as the problems witnessed in the Ginnie Mae market occur in connection with other guaranteed securities.

In another noteworthy change from present law, the Securities Exchange Act would be amended to enable the Federal Reserve Board to establish appropriate margin requirements for transactions in Government guaranteed securities.

Another significant change in the bill concerns the treatment of clearing agencies. In 1975, following congressional studies of the operational aspects of the securities business, the Securities Exchange Act of 1934 was amended to facilitate the development and regulation of a nationwide system for the prompt and accurate—and economical—processing and settlement of securities transactions. As defined in the Exchange Act, the term "clearing agency" means any person who acts as an intermediary in making payments or deliveries or both in connection with securities transactions or who provides facilities for comparing data respecting the terms of settlement of securities transactions.

Under existing law, there is no clear statutory mandate to either encourage movement toward a centralized clearing agency for Government guaranteed securities or to empower the SEC or any other agency of Government to regulate such a facility.

Accordingly, the bill would expand the SEC's authority over the clearing of Government guaranteed securities by giving it authority under section 17A of the Exchange Act to facilitate the development of a national system of clearance and settlement for transactions in Government guaranteed securities. It should be noted that there presently is in existence a clearing agency for certain mortgage-backed securities. The MBS Clearing Corp., wholly owned subsidiary of the Midwest Stock Exchange, began pilot operation for GNMA clearance with nine GNMA broker/dealers in January 1979. The number of participants has since been expanded. It is my understanding that the impetus for MBSCC's creation come from dealers and mortgage bankers to avoid delivery problems as well as to achieve savings by reducing the number of actual physical settlements. While only GNMA securities are currently cleared, MBSCC has indicated that its future plans include expanding its services to include other mortgage-backed securities, such as GNMA options, Fannie Maes, Freddic Macs, and others.

Mr. President, I cite this development because the creation of Government guaranteed securities clearing agency has been encouraged, particularly for Ginnie Mae's securities. Whether MBSCC could satisfy the statutory requirements under section 17A for registration with the SEC, and whether its operations are entirely suitable to solve problems involving financial responsibility and margin maintenance are questions I am not prepared to answer at this time. But the need for a central clearing house in this market has been suggested by PSA and many individual firms.

In its recent rulemaking to take direct steps to deter issuers of GNMA-guaranteed securities from engaging in speculative securities trading, GNMA has proposed to require that every delayed delivery contract require a minimum of weekly mark to the market, and, the deposit of collateral with an independent financial institution, in complete and accurate records. All of these requirements represent positive improvements and could most easily and economically be administered through a clearing agency.

Although the development of a central clearing facility is inevitable, I believe the Congress should affirmatively encourage and expedite its achievement. The present framework of the Exchange Act permits this although it will have to be left to hearings and further study for a determination of whether this regulatory scheme is entirely suited to the needs of mortgage bankers, investors and dealers and provides the best hope for purging abhorrent practices from the marketplace or whether additional changes in the law are necessary.

Mr. President, I have elaborated at some length on the need for the legislation, and the nature of the self-regulatory framework to be created by the legislation. Much painstaking work has preceded its introduction and surely more will have to be done as we break new regulatory ground involving securities guaranteed by the United States. Nevertheless, it is essential that we proceed because mortgage-backed and other Government guaranteed securities have important implications for economic efficiency and for social policy.●

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By Mr. PELL:

S. 2516. A bill to amend the Regional Rail Reorganization Act of 1973 to facilitate the transfer of Consolidated Rail Corporation lines and facilities in the States of Connecticut and Rhode Island to another rail carrier; to the Committee on Commerce, Science, and Transportation.

● Mr. PELL. Mr. President, the debate in the Senate this week over the Railroad Transportation Policy Act has focused attention on the crucial role played by rail freight in our economy. Today I am introducing legislation which will help improve rail freight transportation in the States of Rhode Island and Connecticut, where thousands of jobs depend on reliable and efficient freight service. This legislation is also being introduced in the House today by my friend and colleague, Congressman CHRISTOPHER DODD of Connecticut.

Southern New England has now had exactly 4 years of experience with ConRail service. When ConRail was created by the Congress on April 1, 1976, it represented a considerable public investment in the hope that a single, viable carrier could emerge from the seven bankrupt railroads then operating in the Northeast/Midwest region. Given the tremendous operating problems facing ConRail since its inception, all of which were inherited, it is probably surprising that ConRail has worked out as well as it has. Certainly one of the major difficulties ConRail has had to contend with is the necessity of operating on nearly all of the branch lines formerly owned by the seven failed railroads.

In the States of Rhode Island and Connecticut, this situation has led to loud complaints from shippers and local government officials about inadequate service. ConRail's financial and operating problems have resulted in a serious deterioration in freight service, and the inability to expand rail service to meet the needs of new economic development projects. In some cases, the track safety of branch lines has deteriorated badly, and in other instances, freight service has been suspended for long periods because of ConRail's financial inability to repair bridges and upgrade rail lines to meet minimum standards.

In my view, there are several responses which are necessary to help improve ConRail's situation. The Railroad Transportation Policy Act being considered by the Senate this week represents months of study by the Commerce Committee, and is a balanced effort to meet the needs of the railroads, shippers, and the consumer. In particular, I believe the additional rate flexibility provided by this legislation will allow ConRail to increase revenues and improve the quality of service. The major shipper complaints from my State involve the reliability, or lack of service, and not the cost of the service. Unless ConRail is granted relief from the heavy hand of Federal regulation, its future is indeed a bleak one. The ultimate losers will be the industries and jobs in our country which depend absolutely on freight service to keep operating.

In addition to providing relief from regulatory restraint and increased rate flexibility, I believe the Congress should provide a better mechanism for relieving ConRail of branch lines it is financially hard pressed to serve. The legislation I am introducing today is an effort to address this problem, by amending the Regional Rail Reorganization Act of 1973 to expedite transfers of ConRail lines to other rail carriers, or to the States themselves. Because of the difficulty in arriving at a single solution to a problem which affects each of the regions served by ConRail differently, my legislation will apply only to transfers proposed for the States of Rhode Island and Connecticut, where rail shippers are presently facing especially difficult conditions.

In the Regional Rail Reorganization Act of 1973, the Congress provided a mechanism for rail transfers which, because of the complex procedural steps involved, turned out to be essentially unworkable. My bill will greatly streamline this process, by directing the Secretary of Transportation to develop within 90 days of enactment a proposal for transferring ConRail lines in Rhode Island and Connecticut to another railroad. The proposal will include provisions requiring the acquiring railroad to purchase all ConRail properties in the two States, and to agree to operate rail service for a minimum of 5 years—without abandonments or Federal operating subsidies.

The bill allows railroads 90 days to respond to the Secretary's proposal with bids and formal offers, followed by a 150-day review period for the Secretary—in consultation with the Interstate Commerce Commission—to determine if any of the railroads submitting bids would provide service superior to the continued operation of ConRail in these two States. If affirmative findings are made by the Secretary and the Commission, the Secretary will submit the selected bid to the special court created by the Regional Rail Reorganization Act of 1973, which must approve the transfer unless the court makes a finding that it would be contrary to the public interest.

This bill will provide much greater flexibility than presently exists in the rail transfer process. I want to particularly stress the protections which have been written into the bill to insure that the end result is fair to all parties, including the taxpayers who have subsidized the Federal investment in ConRail. First of all, my bill mandates that the acquiring railroad would have to agree to assume all existing union contracts and labor protection agreements, thus ensuring that no employees will be harmed or displaced by a transfer of ConRail lines to another carrier. Second, as I have previously noted, the transfer cannot take place without three bodies—the Federal Department of Transportation, the Interstate Commerce Commission, and the special court—concurring that the transfer is in the public interest and will result in better service than would result from the continuation of present ConRail service.

I believe the process set forth in my bill, while it greatly streamlines the current procedures, insures that no transfer will be hastily entered into. In that regard, I would point out that the Secretary, before approving any transfer, must find that the acquiring railroad has the financial capability to take over the ConRail service, and operate the existing lines at a minimum of 5 years without abandonments or Federal operating subsidies. In turn, the guarantee of 5 years of service without Federal operating subsidies means that the Federal subsidies to ConRail will be reduced by that amount necessary to cover the operating losses currently sustained by ConRail in Rhode Island and Connecticut.

Finally, the bill protects the Federal, and taxpayer, investment in ConRail by insuring that the acquiring railroad must pay a fair price for the ConRail lines in Rhode Island and Connecticut, a price that reflects the amount of ConRail paid for the lines when it took them over on April 1, 1976, increased by the value of capital contributions made since 1976 to improve the lines, as well as to take into account the inflation which has occurred since ConRail was created. In short, this bill is not a "giveaway" of any part of the very substantial public investment which has been made in the ConRail system over the last 4 years.

My bill does represent a realistic response to the conditions which prevail today in the States of Rhode Island and Connecticut, conditions which have changed for both ConRail and the shipping public it serves over the past 4 years. By greatly expediting the procedures allowing rail transfers to take place successfully, we will increase the options available to Government officials to respond to today's conditions. The experiences in my State and in Connecticut over the past 4 years suggest the need for greater flexibility in providing freight services, and I hope my colleagues will join me in recognizing the need for a legislative solution to a serious regional problem.●

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By Mr. PELL:

S. 2517. A bill to rename certain buildings of Library of Congress; to the Committee on Rules and Administration.

● Mr. PELL. Mr. President, today I introduce legislation to rename certain Library of Congress buildings. As you know, the Library of Congress is in the process of occupying the Library of Congress James Madison Memorial Building. Several years ago the Library of Congress Annex was named the Library of Congress Thomas Jefferson Building. It does not make sense to have two buildings named after Presidents of the United States and have one building known as the Library of Congress Building. Because Thomas Jefferson is really the father of the Library of Congress, it is appropriate that the main building—which is an architectural delight and which symbolizes the Library of Congress—be named the Thomas Jefferson Building. The legislation I am introducing would rename the 1939 Library building, heretofore known as the Thomas Jefferson Building, the Library of Congress John Adams Building in honor of our second President who signed on April 24, 1800, the legislation establishing the Library of Congress and the main building the Library of Congress Thomas Jefferson Building.●

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By Mr. STEWART:

S.J. Res. 157. Joint resolution providing for a transfer of funds for salaries and expenses of the Small Business Administration for the fiscal year ending September 30, 1980; to the Committee on Appropriations.

TRANSFER OF SBA FUNDS

● Mr. STEWART. Mr. President, I have today introduced a joint resolution designed to provide some urgently needed interim relief for the victims of Hurricane Frederic and other natural disasters around the country. Passage of this stopgap legislation would have no budget impact whatsoever, but it would bring some interim relief to the folks in Mobile and Baldwin Counties and elsewhere who have been devastated by natural disasters.

This resolution calls for the transfer of unobligated funds from the Small Business Administration's disaster loan fund to the fund for salary and expenses. This legislation is needed as a stopgap measure to enable SBA to hire temporary employees to process applications for home and business disaster loans. Serious staff shortages have caused a backlog of several months in the processing of disaster loan applications, and in the disbursements for loans which have already received written approval.

Under ordinary circumstances, this legislation would not be needed. However, these are not ordinary times. A combination of unfortunate and unforeseeable circumstances has paralyzed the Federal Government's disaster relief efforts.

For the first time since Hurricane Agnes, the various Federal agencies charged with providing disaster assistance have run into serious budgetary constraints. The inflexibility of the congressional budget process has made consideration of supplemental appropriations impossible until after the ceiling established by the second concurrent resolution is amended. This is unlikely to happen until May 15.

Last Friday, the President sent to Congress a supplemental appropriations request for the disaster loan program. Down the road, passage of this supplemental request will be crucial if Congress is to fulfill the Government's moral and historical commitment to assist the victims of natural disasters get back on their feet again. If a fight for that supplemental appropriation is needed, I intend to be on the front lines.

In the meantime, I have introduced this legislation to bring some emergency, stopgap relief. I repeat: passage of this legislation would impose no budget impact whatsoever.

Today, I sent A. Vernon Weaver, head of the Small Business Administration, a letter requesting the administration's support for this legislation. I ask unanimous consent that a copy of this letter be included in the RECORD.

U.S. SENATE,
*Washington, D.C., April 1, 1980.*

Hon. A. VERNON WEAVER,
*Small Business Administration,*
*Washington, D.C.*

DEAR VERNON: I am writing to express my strong concern over the current status of the Small Business Administration's disaster loan program in South Alabama.

As you know, Hurricane Frederick caused more property damage than any other natural disaster in our nation's history. Literally thousands of homes and businesses were completely destroyed, and scores of communities, including the City of Mobile, were devasted by the storm's terrible fury. Only through the grace of God was the loss of human life averted.

In the months since the storm, Alabamians have worked extremely hard to dig themselves out from under it all, and have begun to repair and rebuild their lives. The Small Business Administration has been called upon to fulfill its historic mission of providing disaster loans to homes and businesses damaged and destroyed by the storm.

I want you to know that we in Alabama sincerely appreciate the efforts your agency has extended thus far under difficult circumstances. Nevertheless, Vernon, I am deeply concerned about the slow progress SBA is making in verifying, processing and disbursing some disaster loans. I recognize the budgetary and personnel constraints under which you are operating and I am not asking you to perform miracles.

On Friday, the President sent to Congress a supplemental appropriations request for the disaster loan program. SBA's request for this supplemental has my full support. However, because the Congressional budget ceiling prevents the consideration of this legislation until May 15, 1980, I enlist your support to bring some immediate and temporary relief for Alabama until that supplemental is enacted.

I have today introduced legislation to provide the Small Business Administration with authority to simply transfer $10 million from its disaster loan fund to the salary and expense fund for disaster loan making. Congressman Jack Edwards has introduced companion legislation in the House. Passage of this legislation would shorten by several months the waiting time for all disaster loan applicants. I urge you to exert your full influence within the Administration to obtain the President's support for swift passage of this legislation.

In addition, despite conflicting accounts provided to my staff by SBA central office, Atlanta and Birmingham staff, I understand other stopgap options are available to you that would provide some immediate relief to Mobile and Baldwin Counties. As the Administrator, I urge you to personally explore all of these means, including hiring temporary employees under the Schedule A authority, using additional overtime where advisable, and temporarily transferring permanent employees within Region 4 to Mobile.

I will be in touch with you within the next forty-eight hours to discuss these and other measures. Thank you for your continued cooperation and interest.

Sincerely,

DONALD W. STEWART,
*U.S. Senator.*●

## ADDITIONAL COSPONSORS

### S. 100

At the request of Mr. PACKWOOD, the Senator from New Hampshire (Mr. DURKIN) was added as a cosponsor of S. 100, a bill to amend the Internal Revenue Code of 1954 to provide for a deduction for expenses incurred for reforestation, and for other purposes.

### S. 1647

At the request of Mr. INOUYE, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 1647, a bill to establish a commission to gather facts to determine whether any wrong was committed against those American citizens and permanent resident aliens affected by Executive Order 9066, and for other purposes.

### S. 1858

At the request of Mr. BAYH, the Senator from Alaska (Mr. GRAVEL) and the Senator from Illinois (Mr. PERCY) were added as cosponsors of S. 1858, a bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes.

### S. 1942

At the request of Mr. MCGOVERN, the Senator from New Hampshire (Mr. DURKIN) was added as a cosponsor of S. 1942, a bill to provide for a resource conservation and development program in the Department of Agriculture, and for other purposes.

### S. 2089

At the request of Mr. ROTH, the Senator from Florida (Mr. STONE) was added as a cosponsor of S. 2089, a bill to amend the Revenue Act of 1978 to provide that, with respect to the amendments allowing the investment tax credit for single purpose agricultural or horticultural structures, credit or refund shall be allowed without regard to the statute of limitations for certain taxable years to which such amendments apply.

### S. 2176

At the request of Mr. INOUYE, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 2176, a bill to amend titles XVII and XIX of the Social Security Act to provide for the coverage of clinical social work services under the supplementary medical insurance benefits program and the medicaid program.

### S. 2226

At the request of Mr. PACKWOOD, the Senator from Oklahoma (Mr. BOREN) was added as a cosponsor of S. 2226, a bill to amend the Internal Revenue Code of 1954 to increase the zero bracket amount for heads of households the same level as that for married individuals filing a joint return.

### S. 2232

At the request of Mr. PELL, the Senator from South Dakota (Mr. MCGOVERN) and the Senator from Vermont (Mr. STAFFORD) were added as cosponsors of S. 2232, a bill to amend section 2382 of title 10, United States Code, to exempt contracts of $1,000,000 or less.

### S. 2239

At the request of Mr. PACKWOOD, the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S. 2239, a bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of incentive stock options.

### S. 2308

At the request of Mr. THURMOND, the Senator from Georgia (Mr. TALMADGE), the Senator from Florida (Mr. STONE), the Senator from New Hampshire (Mr. DURKIN), the Senator from Vermont (Mr. STAFFORD), the Senator from Wyoming (Mr. SIMPSON), the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from West Virginia (Mr. RANDOLPH) were added as cosponsors of S. 2308, a bill to amend section 2003 of title 38, United States Code, to provide for the assignment of clerical or secretarial employees to assist veterans' employment representatives assigned to the States under such section.

### S. 2379

At the request of Mr. STEVENSON, the Senator from Alabama (Mr. STEWART), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Montana (Mr. MELCHER) were added as cosponsors of S. 2379, a bill to encourage exports by facilitating the formation and operation of export trading companies and the expansion of export trade services generally.

### S. 2435

At the request of Mr. CHILES, the Senator from Vermont (Mr. LEAHY), the Senator from Maine (Mr. COHEN), the Senator from Florida (Mr. STONE), the Senator from Georgia (Mr. NUNN), the Senator from Hawaii (Mr. INOUYE), and the Senator from Wyoming (Mr. SIMPSON) were added as cosponsors of S. 2435, a bill to rescind certain appropriations provided for the purchase of furniture by Federal departments, and for other purposes.

### S. 2501

At the request of Mr. NUNN, the Senator from Iowa (Mr. JEPSEN) and the Senator from Virginia (Mr. WARNER) were added as cosponsors of S. 2501, a bill to amend chapter 5 of title 37, United States Code, to revise the special pay provisions for medical officers in the Armed Forces and to make permanent the existing special pay provisions for other health professionals in the uniformed services.

### SENATE JOINT RESOLUTION 119

At the request of Mr. MATHIAS, the Senator from New Jersey (Mr. WILLIAMS), the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Arkansas (Mr. PRYOR) were added as cosponsors of Senate Joint Resolution 119, a joint resolution to authorize the Vietnam Veterans Memorial Fund, Inc. to erect a memorial.

### SENATE JOINT RESOLUTION 152

At the request of Mr. MATHIAS, the Senator from Wyoming (Mr. WALLOP) was added as a cosponsor of Senate Joint Resolution 152, a joint resolution to authorize and request the President to designate the week of September 21 through 27, 1980, as "National Cystic Fibrosis Week."

### SENATE CONCURRENT RESOLUTION 81

At the request of Mr. DOLE, the Senator from South Carolina (Mr. THURMOND) and the Senator from Wyoming (Mr. SIMPSON) were added as cosponsors of Senate Concurrent Resolution 81, to express the sense of Congress against wage and price controls.

### SENATE RESOLUTION 372

At the request of Mr. PRESSLER, the Senator from Wyoming (Mr. SIMPSON) and the Senator from North Dakota (Mr. YOUNG) were added as cosponsors of Senate Resolution 372, a resolution relating to the transportation problems of the elderly in rural areas.

### SENATE RESOLUTION 382

At the request of Mr. DOLE, the Senator from South Carolina (Mr. THURMOND) and the Senator from Wyoming (Mr. SIMPSON) were added as cosponsors of Senate Resolution 382, a resolution relating to wage and price controls.

### SENATE RESOLUTION 392

At the request of Mr. MAGNUSON, the Senator from Colorado (Mr. HART), the Senator from Michigan (Mr. LEVIN), the Senator from Arizona (Mr. DECONCINI), the Senator from Kentucky (Mr. FORD), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Montana (Mr. MELCHER), the Senator from Alabama (Mr. STEWART), and the Senator from Idaho (Mr. CHURCH) were added as cosponsors of Senate Resolution 392, a resolution expressing the sense of the Senate that the Board of Governors of the Federal Reserve System should immediately take steps to reduce interest rates.

### AMENDMENT NO. 1682

At the request of Mr. SIMPSON, the Senator from North Dakota (Mr. YOUNG) was added as a cosponsor of amendment No. 1682 intended to be proposed to S. 1722, a bill to codify, revise, and reform title 18 of the United States Code; and for other purposes.

### AMENDMENT NO. 1687

At the request of Mr. TOWER, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of amendment No. 1687 proposed to S. 1946, a bill to reform the economic resolution of railroads, and for other purposes.

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## S. RES. 399—SUBMISSION OF A RESOLUTION WITH RESPECT TO THE CONTINUED NEED FOR ENERGY CONSERVATION

Mr. WEICKER submitted the following resolution, which was referred to the Committee on Energy and Natural Resources:

### S. RES. 399

Whereas, the United States is dependent upon foreign oil supplies for nearly half of its daily petroleum needs;

Whereas, United States oil imports are subject to arbitrary price increases and sudden supply disruptions by foreign producers;

Whereas, any significant reduction in United States petroleum consumption contributes to a more stable international oil market, improves the United States balance of payments, strengthens the value of the dollar, and reduces domestic inflation;

Whereas, a building temperature restrictions program has been implemented since July 16, 1979, and is scheduled to terminate on April 16, 1980;

Whereas, such restrictions are the only existing mandatory Federal energy conservation program presently in existence; and

Whereas, continuation of building temperature restrictions will have substantial energy conservation effects as well as contribute to a consistent and sound energy policy: Now, therefore, be it

*Resolved*, That it is the sense of the Senate that continued energy conservation by all Americans is vital to energy independence and to the national security.

SEC. 2. That the present condition of the world oil market is such that a severe energy supply interruption is imminent and warrants the continuation of mandatory energy conservation measures, specifically the building temperature restrictions measure.

SEC. 3. That it is the sense of the Senate that the President should extend the building temperature restrictions program beyond the April 16, 1980, termination date.

### EXTENSION OF MANDATORY BUILDING TEMPERATURE RESTRICTIONS

● Mr. WEICKER. Mr. President, the emergency building temperature restrictions program authorized under the Energy Policy and Conservation Act and implemented July 16 of last year will expire the 16th of this month. Under the provisions of the act, the President can extend the mandated restrictions for an additional 9-month period upon his finding that the imminent energy shortage which inspired the provision is a continuing threat.

The President has the authority to make the finding and order the extension. It is my understanding that he does not presently intend to do this, although the administration has included the building temperature restrictions in the standby Federal emergency energy conservation plan.

I recognize certain semantical difficulties in this provision. Obviously, the word "imminent" has a terminal connotation. Our energy shortage cannot be imminent indefinitely. It is there or it is not. Similarly, the word "emergency" suggests an urgent circumstance and a specific point in time. Emergencies are not protracted.

Unfortunately, the building temperature restrictions provision is a potential victim of these semantical constraints. An impression is left that if we do not have a measurable shortage or a definable emergency, we have no need of conserving energy. That is most unfortunate.

We do have an energy emergency in this country and we all know it. I might say, Mr. President, that a considerable part of that emergency consists in the fact that most Americans refuse to acknowledge its existence. It is unfortunately true that our efforts to persuade them of it have not been sufficient to the task.

With this in mind, Mr. President, I am today introducing this resolution conveying to the President the sense of the Senate that the emergency building temperature restrictions be extended for an additional 9 months. My hope is that we might ultimately decide to make these restrictions permanent, but that is a battle for another day.

For the present, I think we must recognize that these restrictions are the only mandatory conservation measures levied by the Federal Government. To abandon even this, it seems to me, is to send to the American people a very wrong signal about our energy circumstances, and their civic obligation in those circumstances.

It is a sad fact that a measure which offers us the opportunity of saving in excess of a half million barrels of oil or an equivalency thereof, with minimal inconvenience and discomfort to our people should have been administered in as cavalier a fashion as this one has for the past 9 months. The Department of Energy either does not know or will not say what has been the result of the building temperature restrictions to date. Possibly they have been exempted from the draft into the President's moral equivalent of war. I do not know.

I do know that the buildings of the Congress which passed the law are not in compliance with the law, and I would doubt that the executive branch is in compliance. These facts may go a long way toward explaining why our enforcement efforts nationally have been so feeble. Possibly we salvage some self-respect from reasoning that, while we are lawbreakers, at least we are not hypocritical lawbreakers. We do not obey our own law, and we do not demand that others obey it.

Lowered expectations for public probity accommodate all this very nicely and we are metamorphosing from a nation of laws into a fool's paradise. In the matter of energy, we already live in a fool's paradise, but I have no doubt that will end in the early years of this decade. We will, of necessity, have rigid, full enforced energy conservation; we will have energy rationing and so forth.

We may well find ourselves rationing fuel for buildings, and this will achieve what we have not tried to achieve under the present program. That is the future we face, and we face it because of present neglect.

Mr. President, I urge the support of the Senate for this resolution as an opportunity to demonstrate that this body is serious about energy conservation, and is determined that the American people understand our seriousness. The question is one of leadership. We are limited in what we can do. But we do have an initiative, and within that initiative, we must do all that we can.●

## AMENDMENTS SUBMITTED FOR PRINTING

### NATURAL GAS POLICY ACT—S. 2392

#### AMENDMENT NO. 1689

(Ordered to be printed and referred to the Committee on Energy and Natural Resources.)

Mr. JACKSON submitted an amendment intended to be proposed by him to S. 2392, a bill to repeal the Federal requirement of incremental pricing under the Natural Gas Policy Act of 1978.

● Mr. JACKSON. Mr. President, the amendment I am submitting today is one that I hope I will not have to pursue.

My colleague from Indiana, Mr. Lugar, has introduced a bill to repeal the incremental pricing provisions of the Natural Gas Policy Act of 1978. My amendment adds a new section to his bill. The new section would have the effect of delaying natural gas price decontrol from 1985, when it is presently scheduled to occur, until 1995.

As you will recall, Mr. President, the Natural Gas Policy Act of 1978 represented an extremely delicate compromise among Members of Congress with strongly held points of view about natural gas legislation. The compromise was reached after weeks and months of painful negotiations. We all had to give up something in order to secure passage of legislation to reform regulation of the natural gas industry.

As far as I am concerned, a call for repeal of incremental pricing is a call for reconsideration of all aspects of the natural gas legislation. If my colleagues insist upon pursuing repeal, I will insist upon pursuing the other parts of the compromise.

I personally did not support deregulation of natural gas prices. But the deregulation advocates insisted that a "light at the end of the tunnel" or eventual deregulation was an essential ingredient of reaching a compromise on the legislation. Those of us who have been firm supporters of the necessity of price regulation compromised with the deregulation advocates. We certainly would not have done so without including incremental pricing to protect residential and small commercial consumers from the full impact of the higher natural gas prices that will come between now and 1985.

In theory, the incremental pricing mechanism is simple. Congress sought to pass along a greater portion of the price increases due to the new act to industrial users than to residential users. The mechanism for accomplishing this objective is admittedly complex.

The mechanism works in two stages. First, the FERC was required to develop a rule to pass along a specified portion of increased gas costs to boiler fuel users. This incremental pricing "surcharge" was to be accounted for by interstate pipelines and passed through to boiler fuel users until those users' purchased gas cost reached the cost of the users' alternate fuel. The rule was required to be in place by November 9, 1979, and became effective January 1, 1980. Thus, boiler fuel users buying gas from interstate pipelines have been paying up to the price of No. 6 high-sulfur residual fuel oil for natural gas since January 1.

The decision to use the price of No. 6 high-sulfur residual fuel oil for the alternate fuel price ceiling was one acquiesced in by Congress. FERC sent us a proposal to use the No. 6 price as the price cap last fall; that proposal was subject to review and veto by either the Senate or the House of Representatives. The proposal didn't even generate a request for hearings and it went into effect essentially without opposition.

The second phase of incremental pricing required by the statute requires the FERC to expand the scope of the incremental pricing program. The proposed expansion is being developed by FERC at the present time; it will be submitted for congressional review by May 9, 1980. If either the Senate or the House passes a resolution disapproving the proposal, FERC may submit another expansion proposal any time during the next 2 years.

The Committee on Energy and Natural Resources will hold hearings on the so-called phase II rule in mid-May soon after it is submitted. I can assure my colleagues that it will receive a fair, impartial review.

But let us not lose sight of the purposes of incremental pricing. We wanted to shield residential and small commercial users from the worst of the increased prices allowed under the NGPA. Even with that protection, the price has gone up over 50 percent.

Even if the phase II incremental pricing proposal is approved, the price of gas to incrementally priced industrial users will still be less than the delivered price of gas to virtually all residential users. Let me repeat that. Even with incremental pricing, industrial users will still pay less for their gas than will residential users.

I should remind my colleagues that both the House and Senate bills contained incremental pricing provisions when they were passed in 1977. Quite frankly, I doubt that the Senate would have passed natural gas price deregulation unless it had been coupled with incremental pricing.

As I said at the outset, Mr. President, I do not wish to pursue this amendment. But I want my colleagues and those pipelines and industrial users who advocate repeal of incremental pricing to be on notice that if they pursue their present course, I will feel compelled to pursue the basic issue of regulation versus deregulation.

The Natural Gas Policy Act appears to be working. The Energy Information Administration reported last month that the number of gas exploration and development well completions increased 12.3 percent in 1979 when compared with 1978. The number of gas well completions in 1979 was higher than in any year since 1973. We do not know yet how much new natural gas was discovered in 1979 because the statistics have not been compiled. But the number of active rotary rigs has been setting records for the last few weeks. The active rig count for the third week of March was 2,669—a 23-year high—and is up 703 rigs, or 35.8 percent, from the same week last year. All the signs are hopeful.

I hope that we will let the act continue to work without introducing a new period of divisiveness and uncertainty. Certainly pursuing amendments to the NGPA at this time is not in the Nation's best interest. I will continue to oppose all amendments and will not pursue the one I am submitting today unless I am forced to do so.●

## NOTICES OF HEARINGS

#### COMMITTEE ON GOVERNMENTAL AFFAIRS

● Mr. RIBICOFF. Mr. President, I wish to announce that the Committee on Governmental Affairs will hold a mark-up on S. 262, the Reform of Federal Regulation Act of 1979, Thursday, April 3, 1980 in room 3302 Dirksen Building, at 9:15 a.m.●

#### COMMITTEE ON GOVERNMENTAL AFFAIRS

● Mr. SASSER. Mr. President, I wish to announce that the Committee on Governmental Affairs will hold hearings on S. 2458, to extend the reorganization authority of the President under chapter 9 of title 5, on Wednesday, April 2, 1980, beginning at 9:15 a.m. The room will be announced later.

Harrison Wellford, Executive Associate Director for Reorganization and Management of the Office of Management and Budget, will testify on behalf of the administration.●

#### COMMITTEE ON GOVERNMENTAL AFFAIRS

● Mr. MATHIAS. Mr. President, I wish to announce that the Senate Governmental Affairs Committee will hold a day of hearings on S. 1010, a bill introduced by Senator Javits and myself that would establish a Commission on the International Application of the U.S. Antitrust Laws. The hearings will be held on Thursday, April 3, 1980, at 10 a.m. in room 3302 of the Dirksen Senate Office Building.●

## AUTHORITY FOR COMMITTEES TO MEET

#### SUBCOMMITTEE ON NUTRITION

Mr. CANNON. Mr. President, I ask unanimous consent that the Nutrition Subcommittee of the Committee on Agriculture, Nutrition and Forestry be authorized to meet during the session of the Senate today to hold a hearing on S. 1651, Department of Agriculture's Nutrition Labeling and Information Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

Mr. CANNON. Mr. President, I ask unanimous consent that the Subcommittee on Energy Research and Development of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate today to hold hearings on S. 2332, authorizing appropriations for the Department of Energy for fiscal year 1981 and fiscal year 1982 civilian programs.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ADDITIONAL STATEMENTS

### IMPROVING THE EDUCATION OF OVERSEAS DEPENDENTS

● Mr. RIBICOFF. Mr. President, when Congress approved last year the establishment of the U.S. Department of Education, it decided to transfer the overseas dependents schools from the Defense Department to the Education Department.

This is an important public school system, encompassing some 277 schools in 23 foreign countries. More than 140,000 American students attend the schools, which makes it the 12th largest public school system of the United States.

We responded to the strongly stated concerns of the overseas teachers, parents, and students that their schools needed much improvement, and that it was time to reverse the schools' long history of neglect in the Defense Department. They rightfully felt that the Defense Department had enough to worry about in maintaining the national defense, without having also to try to run a public school system.

Even more important, the overseas parents have long been frustrated by the closed system of administration of the schools. The dependents schools are run totally by one person, a Director. As I pointed out in the floor debate on this transfer last year, this structure in DOD runs directly counter to the American tradition of governing public education through boards of education made up of educators, parents, and students.

In writing the character of the new Department of Education, Congress made clear its commitment to local control of education, and especially to increased parent and citizen involvement. The overseas educators, parents, and students wanted very much to be a part of the Cabinet Department that was to be concerned exclusively with education and with increasing public participation in Federal education programs.

On May 7 the Department of Education will be officially inaugurated in ceremonies at the White House and throughout the Nation. However, the dependents schools are not expected to be transferred until sometime in the fall of 1981. Congress gave the President flexibility to "phase-in" the schools over a 3-year period. We recognized that the transfer of the school system would need careful, methodical study in order to prevent disruption in the school's operation. The Secretary of Education is required to transmit a comprehensive plan of transfer to Congress within 1 year. In preparing this plan, I believe it is important for the Secretary and her staff to consult extensively with members of our overseas communities on the many changes that need to be made in the operation and the administration of the schools.

The Department of Education staff has been working diligently with Department of Defense personnel on the transfer of the dependents schools. I fully expect the Department of Defense will give its complete cooperation in making the transfer a smooth one.

The Governmental Affairs Committee has been closely watching the transition phase of the new Education Department. We have devoted much attention to the transfer of the overseas schools and will continue in the future to exercise our oversight role.

Particularly, the committee will carefully monitor the progress of the new Department in increasing parent and citizen involvement in the schools, as directed by the law establishing the Department.

Mr. President, there are many problems and challenges ahead for the Department of Education and the overseas dependents schools. In the last 10 years, Congress has ordered many changes in the school system, but there are still many improvements to be made.

I ask that a recent series of thoughtful articles on the state of the dependents schools, written by Army Times reporter Richard C. Barnard, be printed in the RECORD.

The articles follow:

#### EUROPE SCHOOLS GETTING HIGHER MARKS

(The following examination of dependents schools in Europe—the first of a series—was made by Times reporter Richard Barnard, who has written extensively about the system.)

Jimmy Schmitz, 10, a fifth-grade student at Naples Elementary School No. 2, struggled with his essay.

"Mrs. Larson doesn't like us to start a story with, 'Once upon a time,' or 'It was a dark night'," Jimmy said.

"It's got to have more action, you know? You have to kind of make a picture with words," said Jimmy. "And if she doesn't like it, you have to look at your story and shove in some stuff that's better."

Jimmy and his 26 classmates usually have a story in progress. They write about 10 essays a year, more than some high school students.

"I like to work with creative writing," said Jimmy's teacher, Alice Larson. "It helps the children with so many skills—reading and vocabulary, for instance. It's something they can do, and that increases their confidence."

During the school year, Larson carefully charts Jimmy's progress. In September, she gave her students 13 brief tests to spot weaknesses in their English and math skills.

Jimmy and the others are regularly tested, and Larson works on those weaknesses throughout the year.

The students' stories and accompanying drawings are tacked on her classroom walls. Many of her students read their stories to the school's first and second graders.

Jimmy is one of the 106,000 students who attend the Department of Defense Dependents Schools operated in Europe primarily for the sons and daughters of American military people.

He uses the latest texts in language arts, history and social science. New science books and laboratory kits are expected in the school before March.

If Jimmy or his classmates need special help, they will be seen by one of the school's six specialists in reading, learning disabilities, speech and hearing.

In May, thousands of students in the overseas schools will take a battery of achievement tests in language arts, reading, math and social science. The essay exams of a sampling of students will be evaluated by a national educational organization. DoDDS officials use the results to gauge the effectiveness of their educational programs.

Jimmy Schmitz is a bright student, and Alice Larson is considered one of the best teachers in the Naples American military community, according to her principal, Victoria Filosa.

But the support that students and teachers now receive from the DoDDS system is new. After three years of effort and millions of dollars spent, DoDDS officials have created an environment that encourages good teaching.

They have restructured academic programs, adopted a regular series of achievement tests, reduced the number of mid-level administrators by 28 percent, and given principals more authority to run their own schools.

The schools have spent $10.5 million since 1977 to replace sadly outdated texts.

Edward Schulze, president of the European Parents, Teachers and Students Association, said, "People are generally satisfied with what is going on in the classrooms. The quality of instruction isn't the hot issue it was a few years ago. There are local problems but, overall, people are not complaining."

That is a sharp contrast to the situation which existed three years ago. During its 1976 convention, the PTSA passed a resolution calling for an overhaul of the school system's academic programs, saying its unstructured, poorly planned courses "can be detrimental" to the education of military children.

A 1976 *Army Times* series of articles concluded that the DoDDS system in Europe was characterized by poor academic planning, outdated texts, lack of supplies and a sporadic testing program.

Interviews with more than 180 teachers, parents and administrators at that time indicated that the failure of school administrators to plan and evaluate their academic programs adversely affected the educational growth of military children.

Many teachers and students were left to do their own thing in the classrooms, with decidedly mixed results. For example, the DoDDS system in Europe had no elementary science program. Some teachers designed their own. Others ignored the subject.

In interviews three years ago, dozens of teachers complained about the lack of structure and continuity in curriculum planning. "In teaching, you've got to present the material in sequence," said a fifth-grade teacher at Frankfurt Elementary No. 1. "In American history, we teach the same thing in the fifth grade as we do in the sixth grade."

Critics said many students avoided difficult courses and skipped from course to course with little forethought, missing much of the instruction they needed.

In the early 1970s, the academic program of the dependents schools in Europe was given scathing evaluations by the Army Audit Agency, the General Accounting Office and the House Appropriations Committee. The AAA said some programs were ineffective because of a lack of management oversight.

Parents were alarmed. They wanted more basics, more writing, more structure in the classroom.

Today, many in Europe say the DoDDS schools have improved. Lt. Gen. Julius Becton, commander of VI Corps, told *Army Times* that most military children receive a top-quality education in the overseas schools.

Betty Nichols, language arts coordinator for 70 schools in north Germany, said, "Things have gotten a lot better. We have more teacher training. Teachers review the curriculum at least every five years. The books and supplies going into the schools are very good for morale. Dozens of teachers have attended the Bay Area Writing Project, a course to teach teachers how to teach writing."

Some say further improvements are needed in the schools. Parents and teachers complain of overcrowded classrooms and an unfair distribution of counselors and key learning specialists.

"We also need a richer Academic program," said Col. Leonard Harmon, director of Army Community Services in Europe. "We need advanced physics and advanced French. Most of the schools here don't offer those types of courses."

In some locations, parents still complain about the instruction their children receive. The mother of three children in Bamberg Elementary/Junior High School said, "What you get here is a third-rate education and I'm sick of it. My husband has been ordered back to the States and I can't wait to get my children out of here."

The dependents school system in Europe has been in existence for 33 years. For most of those years, the Army, Navy and Air Force each operated the schools on their bases.

In 1968, the 268 dependents schools around the globe were consolidated into three semi-independent school districts. The Air Force took responsibility for schools in the Pacific, the Navy for schools in the Atlantic and the Army took over schools in Europe.

Congress created a unified school system in 1976 under the direction of Dr. Anthony Cardinale, now director of DoDDs.

Today, DoDDs has a budget of $301 million, 140,000 students and 277 schools in 23 countries. It ranks in size among the 15 largest U.S. public school systems.

How does it rank in quality? To find out, *Army Times* visited 11 schools in Germany and Italy this fall and interviewed about 110 educators, students and parents in Europe and in Washington.

Many of those interviewed believe that, with some exceptions, the DoDDS schools in Europe are comparable to better public schools in the U.S.

For example, the dozens of 1976 complaints about the lack of structure and continuity in the schools' academic programs stemmed from the school system's lack of curriculum objectives—general lists of topics in each subject area to be covered at each grade level.

DoDDS now has curriculum objectives in every subject, as a result of a five-year plan established shortly after Cardinale became DoDDS director.

For example, one of the 59 general objectives in fifth-grade math is that children should be able to determine the circumference and area of circles.

Ninth-grade English students should be able to write sentences and paragraphs using narration, description and exposition.

Using these general objectives as a base, each faculty is supposed to write its own specialized learning goals. Teachers then select a new text which they feel covers the goal in a manner best suited to their students.

Dee Gilbert, head of the English Department at Wurzburg High School, said, "Writing a curriculum plan is a lot of work. Teachers don't like doing it. But it sure helps you stay organized. You have more confidence. You feel sure about yourself as a teacher."

Wurzburg High's English faculty recently completed a year-long review of its course offerings and made substantial changes.

At Heidelberg High School, teachers prepared specialized objectives for each course based on the DoDDS curriculum plan. "It was a year-long project," said Frank Alt, the school principal.

Pat Angelo, chairman of the curriculum development committee at Naples Elementary School No. 2, meets almost every afternoon with teachers. Since 1977, her school has adopted new reading, history and social studies programs.

"DoDDS is finally getting organized," Angelo said. "Our materials are being renewed. A lot of what we had was way out of date. Texts published in the 1950s don't have much meaning for our kids."

Dick Skinner, an assistant principal of Ramstein Elementary School, said the DoDDS curriculum plan "is one of the best things that's happened around here. When you talk to a teacher or somebody from the district office, you're dealing with a single course structure."

Another advantage is that science will not be ignored as was once the case in many elementary classrooms.

This year, DoDDS will spend more than $1 million on new elementary science programs, including texts and laboratory materials "so the kids can do simple experiments in class. We don't want them to just sit around and read books," said Kent Rossier, a science coordinator in Germany.

Even long-time critics of the school system grudgingly admit that the academic programs have improved. A faculty member in Wurzburg who has talked with Times over the years said, "We've always had some excellent teachers and excellent schools. We have incompetents. We have some lousy schools. The result of what's been done recently is that our overall standard will be higher."

There are exceptions, however. Several parents and teachers said the academic programs at Bamberg Elementary/Junior High School and Wurzburg Elementary School are ineffective.

A specialist at Bamberg said, "No one plans the curriculum here. It's left up to the individual teacher. "Much of the teaching is not reinforced" from year to year, the specialist said.

"In reading instruction there are some basic skills that should be constantly repeated. Here, too many things are left out."

Other teachers said the faculty rarely meets to discuss what is being taught—an indication there is little coordination of learning goals across grade levels or from grade to grade.

Robert S. Stephen, Bamberg's principal for the last seven years, said he had not asked teachers to prepare course outlines or simple lists of learning goals for their individual classes. Some teachers prepare them on their own initiative, but Stephen does not routinely review them.

Stephen said he has been "too busy" to direct academic planning in his school. Instead, he handles building management and labor problems.

Does Bamberg use the general curriculum objectives developed in Cardinale's office? "Well, we look at them, is all," Stephen said. "We received some charts (of learning goals) from headquarters and hung them up for teachers to see."

In a recent evaluation of Wurzburg Elementary School, the North Central Association of Colleges and Schools (which accredits public schools in the States) concluded that the school's academic program "is only minimally adequate to meet the needs of the pupils."

The reason, said NCA, is that "the principal has devoted so much time to building management that there has been little instructional leadership in the school . . . her involvement in curriculum leadership has been minimal."

Army Lt. Col. Roger Lee, the school's PTSA president, said, "We need better communication between grade levels so that the second grade isn't teaching what the third grade is teaching. My daughter reads a book in the fourth grade that she read in the third."

The program at Wurzburg Elementary School is particularly vexing because parents and teachers there were making the same complaints years ago. "The curriculum here is based on nothing . . . we're not taking the child one more step at each grade level," a fourth-grade teacher said in 1976.

Assistant principals at Bamberg and Wurzburg Elementary Schools said curriculum planning had suffered because of a DoDDS policy against ordering teachers to work after school hours without pay. "That's when our (curriculum development) committee used to meet," said one.

Other schools deal with the same policy. Victoria Filosa, principal of Naples Elementary School No. 2, said, "The teachers work a half hour after school. It's in their contracts. That's when we hold faculty committee meetings."

The faculty and principals at Hainerberg Elementary School in Weisbaden cooperate to solve the problem. Teachers arrive at work 15 minutes early each day, thus accumulating five hours of extra classtime each month.

Classes are released early twice a month. "But we don't take the afternoon off," said Dr. Lee Sunada, the school principal. "We use that time to plan the curriculum, meet with specialists, hold faculty meetings and do all of the things teachers do outside the classroom."

Like many elementary schools, junior high schools and high schools in Europe have undergone fundamental changes. The graduation requirement in English has been raised from three years to four. Many schools have cut back elective programs.

Mary Haley, head of the English Department at Ramstein Junior High School, said, "We have a traditional program here. That's not a particularly popular view (among some educators) but the parents appreciate it.

"By traditional, we mean a strong emphasis on grammar and composition. A few years ago, we had an electives system. Even eighth graders were allowed to choose their own courses.

Carol Kuzmick, head of the English Department at Heidelberg High School, said, "Over the past few years, we switched from do-your-own-thing minicourses to a more structured program. It's traditional but not dull, we hope."

After a year-long evaluation, Wurzburg American High School overhauled its entire English program in 1978. "We had too many college prep courses. Not enough attention was given to students who weren't doing well," said Dee Gilbert, English Department chairman. "The reading levels here are horrendous."

Wurzburg High now offers several remedial English courses.

The academic programs aren't the only thing that DoDDS has changed. Management of the school system has been streamlined.

Three years ago, the 210 schools spread from Norway to Turkey to Spain were run by a single director, Dr. Joseph A. Mason, who directed the schools through a maze of area superintendents and supervising principals.

Since 1976, the number of above-school-level administrators has been reduced from 480 to 346, partly because of DoD edicts.

Schools in Europe now are divided into four districts each run by a separate director: North Atlantic, North Germany, South Germany and Mediterranean (DoDDS fifth district is headquartered in Okinawa).

In each district, principals report to the director who in turn reports to Cardinale.

Under the old system, I didn't have the authority to approve a student field trip or hire a substitute teacher," said Olan Knight, principal of Kaiserslautern High School. "I had to go to the superintendent."

Principals now have much greater authority for the budget and operation of their schools. "And they're finding it's a double-edged sword," said an assistant to Joe Blackstead, director of the 70 schools in the North Germany district.

"Under the old system, things were so confused the principals could pass the buck when things went wrong. They can't do that anymore, and they know Joe is watching. Some of them are shaking."

How effective are the DoDDS schools in Europe? Have students reading and writing abilities improved or declined in recent years? Is their academic achievement better or worse than that of children in Stateside public school systems?

In DoDDS schools in Europe, there was no system-wide testing between 1971 and 1973. In 1974 and 1975, tests were given in only 20 percent of the schools.

In 1979, DoDDS began an annual assessment of basic skills using achievement tests.

Tests results indicate that in most grade levels the average achievement of DoDDS students is slightly above the national averages derived by the test publishers.

The average scores are one indication that their schools are effective, DoDDS officials said. Test results over a five-year period will provide a better basis for comparisons.

In contrast to earlier years, parents of DoDDS students will receive a report of their children's scores and an explanation of what they mean. Individual schools may not withhold the test scores. "Parents have a right to them," Cardinale said.

Parents also are entitled to adequate educational counseling for their children and special help for those with learning problems. Some are getting it. Others are not.

At several locations, parents and teachers complained that counselors and learning specialists are unfairly distributed among the schools.

Counselors and learning specialists normally have advanced degrees and several years' teaching experience. They are crucial to each school's academic program.

Counselors run the school's testing program, counsel each child on admission to colleges, trade schools and the military, and deal with students' academic, family and emotional problems.

Some learning specialists teach children with physical handicaps. Others work with slow learners, some of whom are on the borderline of mental retardation.

About 20 percent of the students at Wurzburg High School read from two to four grades below level. Another nine percent of the 862 students read four years or more below their grade level.

Though 256 students need special help, Karen Woods, the school's single learning specialist, can handle only 45 effectively. Wurzburg High may soon receive another reading specialist.

At Bamberg Elementary/Junior High School, the faculty could not supply statistics but estimated that 20 to 30 percent of the school's 700 students need special tutoring.

In addition, the school has received an increasing number of students with severe learning problems which the school's specialists cannot handle.

The reason for the influx of "special" students, said principal Robert S. Stephen, "is that on the books our second (learning) specialist is qualified as an EMR (specially trained to teach the mentally retarded). Therefore, Army and DoDDS officials directed families with "special" children to Bamberg. But Connie Turner, the specialist, said she is not qualified to teach such children.

In contrast to Wurzburg and Bamberg, schools in Naples, Ramstein and Heidelberg are adequately staffed with specialists.

Al Lemons, a DoDDs staff member in Washington, said DoDDS hired 79 specialists in 1979, thanks to an infusion of federal funds. "We plan to hire more and we're getting them to the schools as quick as we can," Lemons said. However, there are no staffing guidelines. "The need for specialists differs at each school. If a principal is short, he has to squawk."

DoDDS officials could offer little hope to those who want courses such as French IV or advanced calculus. "There's not enough demand," said Robert Ferguson, DoDDS deputy director. We can't assign a teacher to a class of five kids. We don't have the money. A student can take correspondence courses and the principal will assign someone to monitor his work."

### Slow, Steady Improvement: Europe Schools Showing Progress

"This school was old and pretty run down. A few years ago, we made a basic decision to save it," said Joan Klose, an assistant principal of Heidelberg High School.

The Heidelberg High rescue effort has continued for about four years and will cost several millions before the school is renovated.

There are new gym lockers, a resurfaced athletic field and a new suite of carpeted rooms for business education and computer classes. Many hallways are freshly painted and the school bristles with new science equipment.

The gymnasium floor soon will be replaced and the school will be painted.

After a long period of neglect, the Department of Defense has embarked on a program of slow and steady renovation for its overseas schools for military children.

In September, for example, a new school was opened in Stuttgart. This year, the Department of Defense Dependents Schools plan major school construction projects in The Netherlands, Germany, England, Korea and Japan.

In a series of interviews this fall, parents and teachers in Europe told *Army Times* that school facilities have been improved gradually in recent years.

Despite recent progress, however, DoDDS officials say they still have a large construction backlog and will be playing catchup for several years.

Last year, Anthony Cardinale, DoDDS director, found himself in the political cross fire between Congress and DoD. To force a reduction in the number of military dependents in Europe (who would have to be evacuated should war occur), Congress slashed all budget requests for community services for military wives and children. That included money for new schools. Cardinale wanted $75 million for school construction this year. He received $13 million.

Whether or not Congress will change its philosophy on school construction this year "is anybody's guess," a DoDDS official said.

Meantime, there are old and neglected schools in Europe badly in need of renovation. At Bamberg Elementary/Junior High School, the science lab consists of about 40 classroom desks pushed together to make 20 awkward, slanting benches. When an *Army Times* reporter walked into the science room, the children were doing experiments in tinfoil cake pans. Much of their equipment had been scrounged by the science teacher.

During physical education classes the girls changed clothes in a corner of the gym hidden from view by a barricade of lockers. The boys changed in a rest room. The school has no locker rooms or showers.

Wurzburg Elementary School long has been plagued by leaky roofs and a poorly graded playing field. During heavy rains, an inch or two of water seeps into five class rooms near the field.

In addition, all classrooms should be carpeted, said William Dobson, deputy principal. "The acoustics here are awful," Dobson said. "The noise bounces off the walls and drives everybody nuts."

The entire school system in Europe once was driven "nuts" by DoD's cumbersome supply system. Textbooks and other materials often arrived when the school year was almost over rather than before it began. Schools occasionally ran out of such basic supplies as paper, pencils and chalk.

There were two major hang-ups in the DoD supply system. First, the Defense General Supply Center in Richmond, Va., demanded a single, consolidated supply order for all 211 schools in Europe. Not a single textbook order went to the book publishers until orders from all schools had been compiled and sent to DGSC.

Then, the books were sent by publishers to a central warehouse in Nabollenbach, Germany, and then distributed to the schools in Europe.

Schools in the Pacific area long have used a different system. Individual schools there order directly from DGSC. There was no consolidation. Also, publishers ship their texts directly to the 57 individual schools in the Pacific rather than to a central warehouse.

DoDDS and DGSC gradually are adapting the Pacific system to the schools in Europe. In addition, the annual deadline for supply orders now is in November instead of February.

As a result, many schools in Europe are well-supplied.

"We haven't had a shortage in a long time," said the school supply clerk at Wurzburg High School.

Carol Kuzmick, head of the English Department at Heidelberg High, said, "There's no problem with books here. We have the texts we need and there's lots of supplementary stuff in the library. I can assign almost anything I want."

An English teacher at Naples High School said, "You're asking about books? Ye gods, we've got everything—texts, readers, novels—you name it."

Nine of the 11 schools visited by *Army Times* appeared to be at least adequately supplied. School personnel said that new texts usually arrive before the start of school in September.

But at Ramstein Elementary School, new social studies and science texts ordered in February 1978, did not arrive until December of that year, said Rita Stone, the school supply clerk.

This year, approximately 1400 elementary readers had not arrived by early October, about five weeks after the beginning of school.

At Wurzburg Elementary School, reading texts and workbooks for grades one through six, ordered in November 1978, had not arrived by October 1979.

In a series of interviews last fall in Europe and Washington, *Army Times* found that parents and teachers generally are satisfied with the overseas schools. The academic programs have been improved, the buildings slowly being renovated, and the supply system no longer is a standing joke in the American military community in Europe.

But it is impossible to set foot inside the schools without hearing a chief complaint of educators and parents. "Hot lunch! Hot lunch! That's what people are talking about," said Edward Schulze, president of the European Parent, Teacher and Students Association. "When is Cardinale going to put in a hot lunch program?"

Until recently, DoDDS schools did not qualify for the federal subsidies received by most public schools to provide students with inexpensive hot lunches. However, an omnibus education bill approved by Congress in October 1978 changed all that. DoDDS now qualifies for subsidies under the National School Lunch Act. As a result, some schools soon will offer hot lunches for as little as 20 cents rather than the current price of about a dollar.

But there's a hitch. The education bill

didn't say anything about kitchens. About half of DoDDS schools don't have one. In these schools, students bring their lunch or eat at nearby snack shops.

Building and upgrading school kitchens will cost about $14 million, and there's a conflict between Cardinale and the services over who should pay the tab. Cardinale has asked DoD's general counsel for a legal opinion on the matter.

Regardless of which agency pays, it may be years before all existing schools have hot lunch programs.

Parents feel DoDDS should have a hot lunch program as a matter of equity. They say Stateside school children receive low-cost lunches and so should military children overseas.

But some school officials don't share parents' enthusiasm. Some elementary schools without a cafeteria and kitchen send students home at lunchtime. "And parents don't like that," said a top DoDDS official in Weisbaden. "They want us to baby-sit the kids all day."

Other educators say much of the million dollar cost will be wasted. "Go into any school cafeteria at lunch time and stand by the garbage cans," said a principal in Naples. "That's where the money goes."

When dealing with controversial issues such as school lunch programs, military parents feel their lack of power.

Parents have no voice in the operation of overseas schools. When Cardinale and his staff make decisions about the schools' lunch programs, academics or staffing, parents can only question or cajole.

In most states, a school board made up of local citizens sets general policy for the public school systems. Some boards are elected, others are appointed. Nevertheless, local taxpayers have a say in how the schools are run.

Under a new federal law, DoDDS is establishing elected advisory councils for each school and a school advisory board for the entire school system. But the boards will have power only to advise on school policy, not to direct.

"Parents should have a voice in general policy for the school," said the PTSA's Schulze.

Cardinale's reaction to the idea was understandably tepid. "Maybe that's something that should be studied," he said.

Within three years, the overseas schools for military dependents will be transferred from DoD to the new Department of Education.

The schools will be run by an administrator who will report directly to the Education secretary, according to Dave Dexter, an Office of Management and Budget staff member planning the new department.

The school administrator has not been selected. A list of nominees for top positions in the Education Department is being drawn up at the White House. Some nominees may be announced soon, Dexter said.

Some involved with the schools have feared they'll be viewed by Education Department officials as a giant laboratory—a place to test new, untried ideas in education.

Others say the schools will receive more attention—and more money—as an important part of the new Education Department.

The school budget will be reviewed by House and Senate committees familiar with education issues. The budget now is reviewed by armed services committee members in both Houses who have a greater interest in defense issues than in schools, critics say.●

## THE ARMED FORCES ARE LOSING PERSONNEL

● Mr. GOLDWATER. Mr. President, in all of the discussions held in the Armed Services Committee and elsewhere where the subject should be brought up, we keep getting back to the fact that the Armed Forces are losing personnel faster than they can afford to and this is working to the serious detriment of our country.

We can buy all of the military equipment that we can afford, even more than we can afford, but what good is it if we do not have men to operate them? The Navy is nearly at a stop because of the lack of trained enlisted men, the Air Force is getting the same way with pilots and highly skilled enlisted men, and so is the Army. Either we are going to wake up to this fact or we are going to continue to have a weaker and weaker military system.

I ask that a very good article on this subject that appeared in the Wall Street Journal on Tuesday, March 25, by Kenneth H. Bacon be printed in the RECORD.

The article follows:

### A SHORTAGE OF SKILLS IS HURTING THE ARMED FORCES AS HIGHER CIVILIAN PAY LURES AWAY PERSONNEL

(By Kenneth H. Bacon)

WASHINGTON.—While military leaders are trying to bolster America's ability to wage distant wars, they're losing a crucial battle at home.

The armed forces can't keep enough highly trained enlisted personnel and junior officers to operate and maintain the equipment they already have, let alone the new weapons they hope to buy. Military technicians and middle managers are turning in their uniforms for higher-paying and less arduous civilian jobs. So many are quitting after six to 12 years of service that military readiness is suffering.

The Navy, for example, rates nearly 40 percent of its ships deployed in European waters as "marginally combat-ready" or "not combat-ready" because their crews lack the required numbers of noncommissioned officers to operate radar, boilers and electronic gear. Overall, 96 ships, nearly 25 percent of the Navy's total fleet, fall into these categories of doubtful readiness or plain unreadiness. The Navy's shortage: 20,000 senior enlisted men.

A number of Army platoons in outfits on active duty exist only on paper: They lack the soldiers to fill the ranks or the sergeants to lead them—or both. The Army's shortage: 46,000 noncommissioned officers.

#### WHY PLANES DON'T FLY

The Air Force is facing "very serious problems" caused by shortages of skilled maintenance technicians and engineers, reports Air Force Secretary Hans Mark. "Airplanes don't fly because we don't have maintenance people," he says. The Air Force also is suffering from an exodus of experienced pilots. Last year nearly 3,000 of its pilots shed their uniforms, 1,000 more than expected. So serious is the shortage that the Air Force is doubling the number of new pilots it trains to 2,000 a year.

"We have some fairly serious personnel problems," Gen. David Jones, chairman of the Joint Chiefs of Staff, admits. "Our professional people are leaving the services, and when you lose someone with eight or 10 years of experience, you can't replace them easily."

Congress is so alarmed by the departures that it's working on a quick increase in reenlistment bonuses and allowances designed to slow the exodus. The Senate recently voted a military-retention package that would cost $3.2 billion over the next five years, and the House is expected to adopt a similar plan. But military leaders contend that this is a small fraction of what's needed to cure the problems of retention and readiness.

These leaders add that President Carter's plan to resume draft registration won't do anything to keep discontented military personnel in uniform. "Our biggest problem is the retention of people who have been in six, eight, 10 years," says Defense Secretary Harold Brown. "The draft won't help that."

But military chiefs do believe that draft registration, by raising the possibility of inductions in the future, would ease recruiting problems. "We expect some more enlistments, especially in the reserve forces," because of registration, says Secretary Brown. At last count, the total strength of reserve and National Guard forces fell roughly 133,000 short of the 940,000 level considered necessary for war mobilization.

Secretary Brown doesn't rule out a return to draft inductions if circumstances warrant. But a serious move toward conscription seems unlikely now, particularly after recent campus demonstrations and last weekend's Washington rally of about 25,000 protesters opposing the President's call for draft registration.

To keep the people now in uniform, generals and admirals want more money—billions of dollars more—for military pay and benefits. "People think military benefits are high. But if they're so high, why are so many people leaving the services?" General Jones asks.

Pentagon officials give a terse answer: Military pay has failed to keep pace with inflation. Since the abolition of the draft in 1973, consumer prices have risen 76.5%, while military compensation—the sum of basic pay plus housing and food allowances for military personnel who live off base—has risen only 50.6%. This decline in purchasing power has made it difficult for the armed forces to compete with civilian employers.

#### PENSIONS DON'T HELP NOW

It's true the pay-price comparison doesn't take into account the privilege of buying at bargain prices in military commissaries and post exchanges. Most important, the comparison doesn't reflect the generous pension system that allow military people to retire at half-pay after 20 year of active duty. But Pentagon officials point out that future pensions don't help soldiers deal with today's living costs.

"The all-volunteer force is in trouble, and the reason is that Congress hasn't kept the promises it made at the time the volunteer force was created," complains Sen. William Armstrong, a Colorado Republican who favors higher military pay. "Congress pledged to keep pay and benefits for the military comparable to those in the private sector, but Congress has reneged on that pledge."

But now, confronted with losses of essential military specialist, Congress may feel compelled to try to make good on its promise. To do so, it will have to overcome significant pay deficiencies for military pilots and other highly trained people.

A military-civilian pay disparity begins when anyone enters the service. Starting pay for an enlisted person is $448.80 a month, not counting housing and food allowances for personel living off base. Assuming a 40-hour week, which is far less than recruits actually work, this means an hourly rate of $2.81, less than the federal minimum wage of $3.10.

#### PAY IS HIGHER OUTSIDE

The disparity widens as people acquire certain skills. For example, a Navy boiler technician, a noncommissioned officer who keeps a ship's engines running, earns base pay of $12,516 a year after eight years in uniform. Civilian counterparts with similar experience earn an average of $22,680.

As a result, only 39% of the boiler technicians completing their second term now reenlist for a third, although the Navy strives for a retention rate of 60%. Because of the gap, ships are going to sea with two-thirds the number of boiler technicians they're supposed to have. Frequently technicians have to work 72-hour weeks in hot, noisy boiler rooms without overtime pay. "Overworked, undersupervised crews represent poor retention prospects, and this brings us back to the start of the cycle," says Adm. Thomas Hayward, chief of naval operations.

The Navy as well as the Air Force is finding it difficult to retain pilots in the face of lucrative pay prospects from commercial airlines. The retention rate for Navy pilots, trained at a cost of $600,000 each, has fallen from 62% after the minimum five-year first tour in 1977 to a projected 28% this year.

That's not all. Gen. Alton Slay, commander of the Air Force Systems Command, says he has 1,000 fewer engineers than the 6,139 he needs to help develop and purchase weapons. Civilian engineers earn about $10,000 more than Air Force lieutenants and captains who do comparable work.

Such gaps would be partially closed by the bill recently passed by the Senate. It would increase by 25%, to a maximum of $306 a month, the flight pay that military aviators receive on top of their base pay; it would more than double, to a maximum of $115 a month, the sea-duty pay that enlisted sailors can receive on top of their salaries; it would increase housing allowances for military people living in high-cost areas such as San Diego and Washington, and it would raise the allowances that uniformed personnel receive when they move. (The Pentagon estimates that military people currently pay $1 billion a year out of their own pockets for moving expenses not covered by the government.)

In addition, the bill would expand the number of military people with critical skills who can receive reenlistment bonuses. The Navy currently pays bonuses of $20,000 to officers trained to run nuclear-powered submarines who sign up for a second four-year tour; even so, the retention rate is only 38%. The Army pays reenlistment bonuses of $3,000 to enlisted infantry soldiers, tank crewmen and intelligence-equipment operators who understand Russian.

Altogether, these incentives should allow the services to retain 12,000 people they would otherwise lose this year, a Pentagon official calculates. But the military says that added monetary attractions are needed.

On the basis of a Pentagon study completed late last year, the military is campaigning for an across-the-board pay increase of 19.6% over the next three years—on top of the 21% rise that military personnel are already likely to get during that period. This proposal, which lacks Carter administration backing, would eventually cost $6.6 billion a year. Unlike the Senate plan to raise bonuses and allowances, an increase in base pay would also increase the basis on which military pensions are calculated.●

## AGENT ORANGE

● Mr. BAUCUS. Mr. President, back at the turn of the century, President Theodore Roosevelt said:

> A man who is good enough to shed his blood for his country is good enough to be given a square deal afterward.

These are simple, solid words of truth—words which are as true in 1980 as they ever were. Yet, it would seem that our commitment to the American veteran has been called into question as the controversy continues to rage about the consequences of the use of the toxic herbicide, agent orange, in Vietnam.

I do not pretend to be a scientist or a doctor. I do not pretend to have the ability to decipher all the medical data already available on this subject, or to diagnose the symptoms many veterans are experiencing; to attempt to do so would be irresponsible.

But veterans have a right to expect that the issue of the consequences of agent orange exposure will be addressed immediately, effectively, and perhaps most of all compassionately, by those who are doctors and medical researchers vested with the public's trust and funded with taxpayer money.

Human health and human dignity are at stake. There is absolutely no excuse for bureaucratic foot dragging, or ignoring this extremely serious issue. That too is irresponsible—if not unconscionable.

In the meantime, every veteran who seeks medical treatment for his condition should receive the full and adequate care he is entitled to. All the rhetoric in the world cannot compensate for such care, nor cure the horrendous reality of many of the symptoms experienced by these veterans.

This is not an issue that will simply fade away. We must meet our responsibilities face to face. We must keep our commitment to the American veteran—a square deal.

Mr. President, I ask unanimous consent that a recent editorial which appeared in the Washington Post be printed in the RECORD.

The editorial follows:

### MORE ON AGENT ORANGE

One of the bitterest legacies of the Vietnam War has been the generally shoddy treatment accorded its veterans by the government they served and by the general public to whom the veterans—some jobless, drug-addicted, maimed—are a painful reminder of a time they would rather forget. High among the veterans' continuing troubles is the uncertainty over what health damage they may have suffered from exposure to the wartime defoliant Agent Orange.

Agent Orange was a mixture of two herbicides known to have been contaminated by dioxin—a highly toxic but still mysterious chemical. In laboratory animals, dioxin is among the most lethal chemicals ever tested, but its effects on people are still unknown, despite several industrial accidents and the extensive exposure in Vietnam. Among the possible effects suggested by either laboratory tests or the results of many conflicting studies are liver damage, kidney and other cancers, damage to the nervous system and damage to the reproductive system, which could cause birth defects in the exposed man's children. Not one of these effects has been proven, but all are possibilities.

Considering these potentially tragic consequences, you might have expected that the Veterans Administration would have aggressively tried to find all those who might have been exposed and offered them thorough medical tests. Instead, for more than two years the VA has offered only steady resistance and the confident assertion that Agent Orange led to nothing more serious than a skin rash. Every one of the limited steps that have been taken was the result of fierce pressure from veterans groups and, more recently, from Congress. Not only did the VA not begin epidemiological studies; it still maintains that it does not even have a list of the names of those who served in Vietnam.

The Air Force has announced a six-year study, but the first step—publication of the study design—is already eight months late, and six years is too long for the veterans to wait for an answer. HEW has begun basic research into dioxin's effects, but it is not studying the veterans. Finally, last December, Congress resorted to writing a law requiring the VA to do a study that would produce results in about two years. But that effort is already three months behind schedule.

Having understandably lost hope that the VA would either prove or disprove the charges, veterans groups are now trying to raise money from foundations for an independent epidemiological study. This is a sorry spectacle: veterans turning to private philanthropy for help when the responsibility is, without doubt, the government's. This entire episode—whatever the final answers about dioxin—should be a source of deep embarrassment to the VA, the military services, HEW and the entire government. It is still not too late to turn things around.●

## PASSOVER 1980—STATEMENT BY BURTON LEVINSON, CHAIRMAN, NATIONAL CONFERENCE ON SOVIET JEWRY

● Mr. HEINZ. Mr. President, on the occasion of Passover, Burton S. Levinson, chairman of the National Conference on Soviet Jewry has issued an important statement reminding us all of the continuing plight of Jews in the Soviet Union, a plight that may have been eclipsed in some people's minds by the events of the past few months.

Mr. Levinson reminds us forcefully that thousands of Jews remain in the Soviet Union against their will; that there has been a sharp downturn in emigration after last year's record levels; and that there is grave concern about more oppressive measures in the future.

Clearly it is even more important in these difficult days, as Mr. Levinson says, for all Americans to "demonstrate courage and resolve and show that we are still united with Jews in the U.S.S.R. in their struggle." By doing so we provide hope for them and add meaning to our own lives. Mr. President, I ask that the full text of Mr. Levinson's statement be printed in the RECORD.

The statement follows:

### PASSOVER MESSAGE 1980 (5740)

NEW YORK, March 24.—As we celebrate the traditional Festival of Freedom, we recall the heroic revolt by Jews against the enslavement of the ancient Egyptians. Through the ages, their defiance has symbolized the continuing struggle to live as a free people by a people denied its basic human rights and liberty.

This year thousands of Jews still remain in the Soviet Union against their will. Although last year a record number of Jews were allowed to emigrate, we are, now, witnessing a sharp decrease in emigration, reflecting new restrictive emigration policies by the Soviet officials.

A new wave of refusals is sweeping the Soviet Union. Jewish emigration from various cities, especially in the Ukraine, has virtually come to a standstill. Soviet Jews are fearful that the clamp-down on Jewish emigration is an ominous portent of future oppressive measures.

We remain heartened by the strength and courage shown by those struggling to emigrate. Their spirit is strong—though each day is filled with fear, it is also filled with hope.

The American people—Jews and non-Jews—must also demonstrate courage and resolve and show that we are still united with Jews in the U.S.S.R. in their struggle. Now, more than ever, we reaffirm our solidarity with Soviet Jews and speak out against the new emigration restrictions, the

Jews languishing in prisons and labor camps, the step-up of harassment against Jewish activists and the increase in anti-Semitic literature. This is the only way we can help them. It is the only way to give them continued hope so they can achieve their dream of reuniting with friends and family as part of the Jewish people.●

## ALLARD LOWENSTEIN

● Mr. BAYH. Mr. President, on Friday March 14, 1980, the Nation suffered a great loss with the passing of Al Lowenstein. Al loved America and all Americans. He showed that love through his selfless use of his limitless energies to improve the lot of his fellow Americans. He was innovative, thoughtful, and kind in his pursuit of the possible. For Al Lowenstein nothing was impossible.

As Al took his stand on the issues of the day, he worked to make a difference. He inspired countless young people to take their stands, to work within the system for meaningful change. He was on the forefront of the struggles to preserve and defend the very foundations of our democracy: Liberty, equality, and justice for all. He led through example. He led with compassion.

The loss of Al Lowenstein is a loss to the Nation, because he so clearly represented the value and the need for an involved and committed citizenry. As the tributes to Al from the Senate demonstrate, Al was admired by those on both sides of each issue. He was admired because of his boundless courage and unwavering dedication to principle. As the Woody Guthrie tribute to FDR says: "* * * the world was lucky to see him born." I consider myself lucky to have known him as a friend.●

## JESSE OWENS

● Mr. GOLDWATER. Mr. President, yesterday one of the outstanding men of this century passed away in Arizona. He has been extolled as a great athlete, which he was—probably one of the greatest. But I would just like to mention briefly another aspect of Jesse Owens that is generally overlooked in the recognition of his contributions to athletics and, very importantly, to the utter dismay of one Adolf Hitler.

Jesse Owens was a man in every sense of the word. A very gentle man, a man who moved into my community and immediately took up the responsibilities of being a citizen. No cause was too small for him to fail to recognize and to attempt to improve the cause and the people the cause served. He raised money for more charities than I can remember and was always to be counted on to complete any endeavor that would aid any man, woman, or child, regardless of color or creed. He was an extremely friendly and understanding man, willing to discuss mutual matters of concern, and do it in a patient and very intelligent way.

The world lost a great athlete but, I think more importantly than that, the world and his multitude of friends, including me, lost a man at a time when men are badly needed. My heartfelt sympathies go to his wife and to all those who knew, respected, and loved him.●

## MEXICAN MIGRATION IS A NATIONWIDE PROBLEM

● Mr. SCHMITT. Mr. President, as I have stated on many past occasions, the problems of Mexican migration are nationwide in scope and not confined solely to the border States. This was recently emphasized by a six-part series dealing with undocumented Mexican workers in Kansas, printed by the Hutchinson News Service in Hutchinson, Kans. This excellent series showed that many of the undocumented workers came to this country because of economic dislocations in Mexico and some of them have crossed and recrossed the border numerous times despite the many obstacles placed in their way.

The articles also reported that many of these undocumented workers are filling a labor shortage in Kansas by taking jobs that Americans do not want and will not fill, thus enabling many small businesses to stay viable. Finally, the article noted that these undocumented workers contribute millions of dollars in taxes and social security payments without utilizing the social services thus subsidized for fear of detection.

Mr. President, the articles favorably mention S. 1427, the United States-Mexico Good Neighbor Act, which Senator GOLDWATER, Senator HAYAKAWA, and I have introduced as a partial solution to this complex problem. This bill is cosponsored by Senators GARN, HATFIELD, LAXALT, LUGAR, McCLURE and PRESSLER. This bill would create a temporary worker visa program, thus legalizing what is now unenforceably illegal.

Mr. President, I ask that the articles be printed in the RECORD.

The articles follow:

### ALIENS IN SEARCH OF THE GOOD LIFE

(NOTE.—The names of the illegal aliens in the following story have been changed to protect their identity).

(By Roger Verdon)

It took eight days for Jose Martinez to walk from Durango, Mexico, into the land of plenty.

He traveled light, carrying only a three-day supply of food. But the trek across the Sierra Madre Mountains took more than three days, and when his food supply and that of the three other men traveling with him had run out, the group stalked the wild goats in the mountains. They waited for lambs to suckle their mothers before bearing down on the animals and taking them for food.

When Martinez had crossed the border into Austin, Texas, he brought with him a body covered with ticks and a small dream of bettering his life. He was 14. And in crossing the border he had also become an illegal alien.

That was 10 years ago. Today, he is one of an estimated 4 to 6 million illegal aliens from Mexico living and working in the U.S. And one of an estimated 12,500 illegal aliens living and working in Kansas.

The exact number of aliens in the U.S. and Kansas is difficult to determine because of the enormous numbers crossing the border daily. More than 860,000 illegals were caught at the U.S.-Mexico border in 1978. The number that got through can only be guessed at.

Asked to estimate the number of illegals in Kansas, one high-ranking Immigration and Naturalization Service official could only say, "How the hell would you know?"

Richard Henshaw, who directs INS field agents in Kansas and Missouri, said, "Twelve years ago there were 5 or 6 illegal Mexicans in Goodland. Now there are hundreds. The increase is phenomenal."

Ten years ago Martinez had no fixed plan. He knew then only that there was more money on this side of the border than the other. He wandered, went to Lyons and finally settled in Hutchinson. He now makes $350 a week working for a mobile home manufacturer, is married to a legal Mexican-American and has three children. His employer, he says, knows he's illegal.

He has applied to the Mexican government for the papers he needs to gain legal status here.

Speaking through an interpreter, Martinez says he no longer has much fear of being detected by INS officers, although he still avoids confrontations that might draw attention to himself.

He has obtained a Social Security card and a driver's license. He lied to get the license. After failing in other counties, he applied for a license in Reno County and was successful.

He has been back to Mexico only once in the past 10 years.

Life is good, he says. His salary does not reflect the poverty he would have to endure in Durango, with his sixth grade education.

His friend, Armando Ramierez, 36, nods in agreement. All is quite right with his life too, Ramierez says. There is only one drawback. "If I had my family here I would be a lot more tranquil."

He lives with his parents, who are naturalized citizens, in Hutchinson.

Ramierez's only complaint is the absence of his wife and six children who still live in San Luis Potosi in Mexico, a place he says is stricken with poverty and bad Earth. He says he was once a farmer, but crossed the border into the U.S. in 1969, after walking from his home to the border near Dallas.

He has crossed the border—on foot and in an automobile—more times than he can remember. Now he is a construction worker and sends "three parts" of his salary to his family and keeps "one part" for himself. After paying his bills, he is left with about $80 a month.

"I don't have enough money to go messing around," Ramierez says. He does not draw attention to himself, "as long as I go from home to work and mind my own business.

"I've thought a lot of times about bringing my family across the border but I'm afraid of getting caught."

He said he does not feel his illegal status is harming anyone.

"As long as I'm not doing anything wrong, it's okay to be here and make a living."

Mexico, he said, is not a poor country "It's just that the government is manipulative. If the U.S. borders were opened, all Mexicans would go north—at least 99 percent," he said.

Others contradict Ramierez. An American priest in Elkhart, who aids Mexicans in their quest for proper immigration papers, said illegal aliens would rush to their homeland if conditions there improved. He spoke of the enormous nationalism among aliens in the U.S.

Ramierez is making application to Mexico to begin the process he hopes will culminate in his family joining him in Hutchinson, a place he finds "more comfortable" than Mexico. Meanwhile, both men keep a low profile, mind their own business, work, pay taxes—and wait for their papers to be processed.

Neither mentions going home because—in their words—they are home.

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### RIGHTING INJUSTICES IS AIM OF CHURCH

(By Roger Verdon)

ELKHART.—The small brick rectory is less than a mile from the Oklahoma border at 723 South Baca here. Beside it is St. Joan of Arc Catholic Church with a county-wide parish of 350, half of whom are Mexican.

The rectory houses Father Donald J. Fiedler, the church priest, in quiet comfort. It also houses the Catholic Agency for Mexican-American Affairs, an idea developed by Fiedler five years ago.

Since then the agency has worked to provide 600 illegal aliens from Mexico with legal status to remain in the U.S. Another 900 cases still are pending.

"I came to Elkhart in 1970," says Fiedler. "Even then they would come in asking help. They came in saying, 'Catholic Conference, Catholic Conference.' Then it dawned on me this office in El Paso did immigration work. I began to see that the problem was larger than the parish."

Illegal aliens who had begun to seek proper work status at the U.S. Catholic Conference Regional office in El Paso continued that search when they arrived in Kansas by finding the Elkhart church.

Fiedler sought out and received approval from the Dodge City Diocese to open a regional office at Elkhart.

"The principal purpose of this office is to provide help to those people who wish to legalize their status in this country," says Fiedler.

The office is operated by Adelia Rice, a bilingual secretary who lived in Mexico for nearly 25 years. The "donations" solicited in a price list behind her desk pays her salary. For $40 an alien can petition to legalize his status.

The "donations" are minimal, says Mrs. Rice, in contrast to the exorbitant fees charged by unscrupulous attorneys and others who exploit the alien's desire for citizenship.

She tells of one Mexican woman in Liberal who was charged $700 by an attorney in El Paso to begin work on her petition.

She tells many similar stories.

Fiedler is not shy about his feelings on immigration. He speaks harshly of the immigration laws and the people who enforce those laws, and the many "injustices" illegals suffer at the hands of Americans "who have robbed them of thousands if not millions of dollars."

He condemns farmers for using Mexican labor and providing a paltry wage and inadequate housing in return.

"It would be interesting to know how many U.S. children are forced back to Mexico—their rights are denied." Children born to illegal aliens in the U.S. are still forced to return to their homeland when their parents are caught by immigration and ordered to leave the country.

The money immigration spends on border patrol, he says, would be better spent attempting to build up the Mexican economy.

"It's really ridiculous the U.S. government hiring all these people along the border. The U.S. should spend the money to build up their economy, to provide work for them. If there were jobs available the people here would go back to Mexico."

Father Fiedler is not alone in this view. A representative of the Washington-based national citizens organization, Zero Population Growth, has said, ". . . we believe people would rather stay in their own countries where they have roots. We should help these countries help their own people through foreign aid, family planning instruction and developing labor-intensive industries."

"These people," says Fiedler, "have a yearning for their homeland. They're willing to sneak back across the border—at the risk of their lives—to see their families. An iron wall or Tortilla curtain will not stop this."

A recent proposal to fence the border failed in the face of criticism from Mexican groups. Fence opponents dubbed the idea "The Tortilla Curtain."

"You know, the American people and the American government is partly responsible," Fiedler says. "When we needed labor we opened the gates and when we didn't need the labor we closed the doors."

The agency has not had an easy time of it. Fiedler is still hesitant to talk about some specifics of the work his agency is involved in for fear the trust built between the agency and its clients will suffer.

"When I started this back in 1975, there were priests and people in the area that thought we would be doing something illegal. They thought our phones would be bugged and that the CIA and the FBI would be watching us."

A publicity campaign headed by Fiedler began to quell those assumptions, and since, he says, "the agency has proven itself."

In the beginning, immigration officials were difficult to meet, refusing to answer his letters when he requested an appointment.

Since then the situation has changed and a rapport has developed between INS and the agency.

But the rapport doesn't reach into all areas of government.

When the U.S. Census Bureau requested church officials aid them in conducting a count of illegal aliens, the church refused.

Says Fiedler, "It's a matter of confidentiality. If we start providing the government with numbers we might risk the whole program."

The laws frustrate both Fiedler and Mrs. Rice. The immigration laws do not stop the flow of aliens coming into the U.S., and the laws cater to a bureaucratic foot-dragging. This is represented by the case of one illegal who married a U.S. citizen, which provided him with the "equity"—or qualification necessary to begin the paperwork toward legalization.

The illegal's petition was approved but his work authorization has yet to be granted by officials in Kansas City, Mo., even though he made application in September. As a consequence, he cannot legally be hired and he cannot legally work.

Why does the U.S. government spend millions in an attempt to contain the flow of aliens from the south? Both Rice and Fiedler throw up their hands.

"It's just a waste of time and money," Fiedler says.

Fiedler says he is aware that his work attracts criticism. But he says he isn't worried about that. "Who did Christ help?" he asks and then answers his own question. "He helped the needy."

#### TUESDAY

A Southwest Kansas employer says he can't get along without illegal aliens and wishes he could hire more.

#### WEDNESDAY

The Garden City office of the U.S. Immigration and Naturalization Service deals with thousands of illegal aliens each year.

#### THURSDAY

Smuggling of illegal aliens is a profitable business in Kansas and elsewhere.

#### FRIDAY

Illegal Mexican aliens flow into the United States out of economic desperation and there is nothing to indicate the flow will ebb.

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### ILLEGAL ALIENS BEEF UP SAGGING KANSAS WORK FORCE

(By Roger Verdon)

He has to break the law to keep his business going.

Half his work crew—15 men—are illegal aliens from Mexico. And he could use more of the same. "I could double or triple my production if I had the labor," he says.

He is a Southwest Kansas manufacturer who agreed to be interviewed only if his identity and that of his company were guaranteed anonymity.

For seven years he has been in business in a town of less than 500. He estimates that as much as 10 percent of the town's population comprises Mexicans, most in this country illegally.

"The guys that I've had working probably have paid more in taxes than you and I. Basically, 75 percent of these people want to work at a good wage. They just want a better life for their families. You pay 'em a fair wage and they'll make you a fair hand."

His production orders are backed up, he says. With a beefed up labor force he could increase his output. But he says he's hesitant to hire more illegals. In past months the immigration authorities have made arrests and taken men from his production line.

While Kansas law makes it unlawful to knowingly hire illegal aliens, only three employer convictions have been reported in the past three years, with fines ranging from $200 to $500.

All his employees get the same starting salary and can earn up to $5 an hour within the first year. He says he does not discriminate among his workers.

His best man, he says, is a former illegal alien who has since received U.S. citizenship.

He mentions also that the majority of illegal aliens have made better workers than their American counterparts. Americans, he says, "want a position. Nobody wants a job." Mexican illegals still hold onto the work ethic; a good day's work for a fair wage.

"If the manufacturing places in Kansas want to progress, they've got to get the labor. Kansas has got more jobs than they've got workers. If Kansas wants to be able to grow with the rest of the United States, we've got to get a labor force in here."

Richard Henshaw, in charge of field operations for the Immigration and Naturalization Service in Kansas and Missouri, said his office gets many complaints about illegal aliens from American "marginal workers"—those persons who have limited work capabilities. They complain of being forced out of work by Mexicans.

"Mexican employees are often preferred," Henshaw said. "He's never known anything but working hard and he's willing to work. He doesn't ask for anything. I find there are people (illegal aliens) here benefiting our society economically. But it breeds a noncompliance—a contempt for this system (of laws.)"

The Southwest Kansas businessman contradicts arguments about the amount of money illegals take out of the U.S. economy.

The aliens who have worked for him and have been arrested were all paying taxes, he says. Their Social Security payments were fed into the government, yet they cannot take advantage of that benefit after they've been deported.

"I know in Kansas they pump a tremendous amount of money into the U.S. government. So what if they send their paychecks home?"

On the other hand, recent apprehensions of illegal aliens in Great Bend revealed they were receiving salaries in cash. Their employer told immigration officials he didn't have to pay taxes because the labor was "contracted." The illegals said they did not pay taxes of any sort.

One illegal said he had sent $900 to his family in Mexico over a four-month period.

One official U.S. estimate is that $3 billion yearly is sent back to Mexico by illegal aliens in the U.S.

In a 1976 study, the U.S. Department of Labor estimated that the illegals it observed in the Southwest United States sent home an average of $105 monthly to support five people.

Douglas S. Massey, a Princeton University population researcher, reported in May, 1979: "A common misconception is that illegal aliens are a drain on taxpayers, making use of social services and paying no taxes.

"A growing body of research indicates that this is simply not the case. Whether we consider welfare, food stamps, education, unemployment compensation or health care, all studies indicate that illegal aliens are very unlikely to use social services. Utilization rates are typically on the order of five percent or less.

". . . Studies have consistently shown that most illegal aliens—between 65 percent and 90 percent of those studied—have Social Security and income taxes withheld from their paychecks. Far from ripping off the system, illegal aliens are more likely to be subsidizing it."

The presence of illegal aliens can also be an additional benefit to the economy of a small Southwest Kansas town where illegal residents purchase their food, clothes, and housing. To a town of less than 500, that can be of great economic significance.

The businessman suggested ending quota restrictions on the border and establishing local review boards to check on the status of area illegals every six months.

If an individual is working at his job, paying his taxes and his local bills, then he should be allowed to remain in the U.S., the businessman said.

"We don't want riff-raff. They (illegals) are basically wanting to make a living just like me and you. And to me there isn't any difference."

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### ALIEN APPREHENSIONS

Graph stats indicate number of illegal aliens apprehended by INS.

| Year | Numbers[1] | Percent from Mexico |
|---|---|---|
| 1964[2] -------- | 74,514 | 59 |
| 1965 --------- | 89,814 | 62 |
| 1966 --------- | 127,173 | 70 |
| 1967 --------- | 150,811 | 72 |
| 1968 --------- | 202,437 | 75 |
| 1969 --------- | 258,472 | 78 |
| 1970 --------- | 335,077 | 83 |
| 1971 --------- | 412,578 | 84 |
| 1972 --------- | 492,189 | 87 |
| 1973 --------- | 647,512 | 89 |
| 1974 --------- | 780,991 | 91 |
| 1975 --------- | 756,819 | 90 |
| 1976 --------- | 875,915 | 90 |
| 1977 --------- | 1,033,427 | 92 |
| 1978 --------- | 1,047,687 | 93 |

[1] Numbers may represent aliens apprehended more than once.

[2] The year the bracero worker program ended.

Source: Houston Chronicle.

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### "COYOTES" SMUGGLED INTO U.S.

(By Roger Verdon)

On a map of the United States, the lines from Los Angeles and San Francisco to Chicago cross Kansas. So does the route of smugglers driving truck loads of illegal Mexican aliens across the country for a fee.

It is difficult to measure the extent of the activity, say officials with the Immigration and Naturalization Service, although they acknowledge extensive investigations into smuggling rackets in Kansas and elsewhere.

The present going rate for Mexicans seeking a safe route into the U.S. by smugglers, called "coyotes," is $300 to $500 a head, one informed source said.

Illegal aliens from Mexico have been known to cross thousands of miles of land by foot, to exist by catching and killing wild game, and crossing mountain ranges to get to the land of plenty.

Others pay the fee to be smuggled into the country. Robert Bohm, an INS agent based in Garden City, says smugglers use Kansas as a kind of "pit stop" for traveling between California and Chicago. Some smuggling operations may also be based in Kansas, informed sources say, although their locations have not been disclosed.

Moving illegal aliens through Kansas to Chicago can net smugglers as much as $100,000 per year.

One "pit stop" operation was uncovered in recent years in Hays, where the Mexican driver was arrested by INS agents. He had been seen purchasing large quantities of food, 30 hamburgers in one instance.

In late January of 1979, Rafael Perez-Gomez, a resident of Los Angeles, was arrested at the Villa Friendship Motel in Hays. He was charged with smuggling and transporting 10 illegal aliens from California to Hays. He was convicted in Federal District Court in Wichita in June, 1979, on 10 counts of smuggling. He was sentenced to five years in prison on each count. He is now in the federal prison at Terminal Island, Calif. His case is being appealed.

Immigration agents said Garcia-Perez or a cohort had stopped at the same motel over 50 times, usually transporting as many as 15 passengers per trip.

Some illegal aliens can well afford the rates charged by smugglers.

Illegals are "gonna work hard because they know that one day we're going to be knocking at their door, so they're gonna work as hard as they can and make as much as they can," said INS agent Bohm.

In many instances illegal aliens are apprehended carrying wads of cash. One agent said he apprehended an alien who was carrying more than $13,000, although in most instances the amount is more likely to be less than one thousand dollars.

"What gets my goat is that white Americans don't abuse Mexicans. Mexicans abuse Mexicans. Most of the smugglers' drivers we get are Mexican. The biggest problem is there aren't enough officers to handle the problem."

And when Bohm speaks about "the problem" he speaks his mind.

"Why should we have to foot the bill for this? Illegals come over here and make a living and send the money home.

"The problem is lazy Americans, welfare. It all hinges on a standard of living. They (illegals) can live on $1 a day. They don't worry about eating steak and owning a television until they're Americanized.

"It makes you wonder sometimes what the hell is going on. There are so many people in the cities who need work and the people out here need workers," Bohm said shaking his head.

The flow of Mexican workers coming into Kansas has historical origins.

According to Richard Henshaw, an INS official who worked throughout Western Kansas for 12 years before being appointed head of INS field operations in Kansas and Missouri, the need for workers in Kansas came with the railroads and hasn't stopped since.

"I think a lot of it has to do with the existence of Mexican communities already established in Kansas," he said, explaining why more illegals come to Kansas as opposed to Missouri.

"When I say communities I mean neighborhoods in Garden City, Wellington, Hutchinson, Wichita, places like this."

There was also a demand for manual labor. "Stoop labor," as Henshaw called it, was necessary on large Kansas farms, in contrast to the smaller Missouri family farms. "Stoop labor" soared when the sugar beet industry in Kansas was booming.

Henshaw said, "Farm help in Western Kansas is not too easy to come by so the demand is there for people who are willing to work in small rural type areas, even though the pay is not that good and the housing isn't that good."

With the growth of various industries in Western Kansas, such as cattle feeding and packing plants, the demand for labor is going to increase even more, creating a need for industry to hire from the illegal alien labor force.

"I don't see how they (industry) can go into Garden City and not hire illegals," Henshaw said.

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### CONTINUATION OF FIRST GREAT ESCAPE

(By Roger Verdon)

The 1,950-mile border separating Mexico and the United States is besieged daily by a constant flow of human beings seeking sanctuary from poverty, hunger, and despair. Some find it; others do not.

The odyssey begun by many Mexicans is often halted at the U.S. border where the first American face they see may belong to one of the 2,100 Border Patrol guards, working at a losing game of hide and seek.

In 1978 more than 860,000 illegal entrants were apprehended by the patrol. Thousands more made it over the fences, across the rivers, and through the unguarded wastelands along the border.

They come in droves, constantly, repetitiously, moving back and forth between the two countries. "Before the (deportation) papers are dry they're back across the U.S. border," one Kansas lawman said.

It is, in a way, a continuation of the first great escape by the English and followed by the Irish, the Germans, the Italians—the immigrants that poured into the melting pot of hope and opportunity.

It is difficult to gauge the scope of the problem because of conflicting estimates of the Mexican exodus and its effects on America. Estimates of illegal Mexican aliens now living in the U.S. have ranged from four to twelve million.

When former U.S. Attorney General Griffin Bell was touring INS headquarters in Washington last year, preparing a nationwide screening of Iranian students, he came away calling the agency's record-keeping system one of "non-management." He said that while "thousands if not millions" of aliens remain in the U.S. illegally, the number is impossible to gauge because "they (INS) don't have any records."

There is also a divergence of opinion and statistics to indicate the economic effects of the immigration.

The "facts" include those that show aliens take jobs away from the American worker and that the presence of illegal aliens drains the American economy of billions of dollars and government benefits yearly and make no similar economic contributions in return.

In 1976, a Los Angeles Grand Jury estimated that 3,500 aliens were unlawfully drawing welfare payments of $3.7 million annually from the county and $10.8 million in medical care.

But while a 1977 study by the General Accounting Office could not determine whether illegal aliens contributed more to the economy than they received, a separate study by researchers at the Massachusetts Institute of Technology concluded that aliens paid much more in taxes than they collected in benefits.

The reasons behind the great escape from Mexico are overwhelmingly clear.

Last year Mexico's unemployment reached 20 percent. More than 500,000 additional persons attempt to enter the labor force annually. One out of five Mexican adults is either out of work or under-employed. The American dollar, compared to a recently devalued Mexican peso in an already depressed Mexican economy, appears increasingly valuable, since average American wages are estimated to be 13 times more than average Mexican wages.

Two major factors cited for the increasing flow across the border was the reduction in 1977 of the legal quotas of immigrants from Mexico—from 60,000 to 20,000—and the ending in 1964 of the bracero program, which allowed Mexican aliens to work in the U.S. temporarily.

Senate Bill 1427, called the U.S.-Mexico Good Neighbor Act, would amend the Immigration and Nationality Act and establish a temporary worker visa program between the U.S. and Mexico. The bill would allow Mexican workers legal entry into the U.S. for a limited period. It will provide some relief on the present flow across the border.

Mexican crop problems and the soaring price of food and other essentials, and a January tax increase that raised the cost of living by five percent are all expected to maintain the flow of illegals in the 1980s.

In anticipation of a labor shortage in this decade, Secretary of Labor Ray Marshall has said he favors increasing the legal quota of Mexican illegals to 150,000 annually. The labor shortage is an expected result of the aging of Americans born in the baby boom soon after World War II.

The immigration problem is an ongoing one. A Select Commission on Immigration and Refugee Policy is expected to report in two years on the reformation of immigration laws. The group recently held hearings in Denver.

In the meantime, what Mexican president Jose Lopez Portillo has called the "silent immigration," continues into the U.S., making Mexico's northern neighbor uncomfortable host to the escapees.

One recent apprehension in Kansas of a 19-year-old illegal alien from Mexico illustrates the futility of current immigration laws.

Sergio Acosta had come from Nieves, Mexico, the oldest boy in a family of 10. His apprehension in Great Bend last week was the second such capture in two years. Like the last time he was caught, he will eventually be sent back to Mexico.

During an interview soon after his apprehension, Acosta said in Mexico he could earn about $2.50 a day as a mechanic's helper. In Kansas he was earning $3.25 an hour.

In the presence of an immigration officer he was asked if he would return to the U.S. a third time.

He paused a moment, shrugged his shoulders, and smiled. "It's the best thing I can do," he said.●

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## FARM LABOR CONTRACTOR REGISTRATION ACT

● Mr. **WILLIAMS**. Mr. President, there has been considerable discussion recently about certain provisions of the Farm Labor Contractor Registration Act. A number of our colleagues have cosigned a letter to Secretary of Labor Ray Marshall expressing concern about the way these provisions are being administered by the Department of Labor.

In my capacity as chairman of the Committee on Labor and Human Resources, I have received a substantial number of letters on this subject from farmworkers and farmworker advocates. These letters express deep concern that proposed changes in the statutory provisions in question would destroy important legal protections under the Farm Labor Contractor Registration Act for a substantial number of farmworkers. Among these protections is, of course, the only Federal law prohibiting employment of undocumented alien workers. Because of the widespread interest in these issues, I would like to make some of these letters available to my colleagues, and I ask that they be printed in the RECORD.

The letters follow:

EVERGREEN LEGAL SERVICES,
*Sunnyside, Wash., November 13, 1978.*

DEAR SENATOR: I am writing in my capacity as Directing Attorney of the Farm Worker Division of Evergreen Legal Services to voice concern over efforts underway in Congress to water down the Farm Labor Contractor Registration Act ("FLCRA"). It is the opinion of all of who have represented farm workers over the years that FLCRA is the only farm worker protective legislation, federal or state, that has been of any use to farm worker advocates. It is precisely for this reason that FLCRA is under attack by grower interests at this time.

A description of some of our recent cases would perhaps underscore the importance of FLCRA to farm workers:

In a case we are now filing under FLCRA, a couple and their family were recruited in Texas by Green Giant's recruiters to come to Washington for the asparagus harvest. When they arrived they found that Green Giant had over-recruited, and they were denied work and denied housing. They had to live in their cars three weeks until they could find another job and earn enough money to find housing.

Another client, her father and two daughters were recruited by an employee of a grower. The contractor drove them to and from work every day and charged them for his services even though he was not registered under FLCRA and was not insured, as FLCRA requires. While driving to work one day the contractor had an accident for which he was at fault. The family ended up in the hospital with medical bills in the neighborhood of $10,000, and the contractor disappeared.

In another case, which is being litigated now, six workers were recruited in Texas for work in Washington by two contractors working for Del Monte. They were promised $400 every two weeks but were never given any writing setting forth the terms and conditions of their employment. When they began work they found they were earning less than half what they were promised but that, unless they stayed through the season, they would not receive promised transportation money to allow them to return to Texas.

In three other cases, employees of various growers found after working for some period of time that contractors who recruited them were skimming off from 14 percent to 30 percent of the employees' wages without the knowledge of the grower or the workers.

In all these cases, the worker has an effective remedy under FLCRA, whereas resort to state law—with problems of proof of contractual intent, agency, respondent superior and with procedural problems such as jurisdiction and venue—would make any relief substantially more unlikely.

I understand that among the reasons advanced for amending FLCRA are: that FLCRA is duplicative of other remedies, that FLCRA is overenforced and that FLCRA is jeopardizing small family farmers. If our experience in Washington is typical, none of these reasons is valid.

FLCRA, of course, does not duplicate any other federal laws. No other laws require that workers be informed in writing of the terms and conditions of employment, that contractors carry insurance when transporting workers or that contractors disclose their "fees." Nor does FLCRA duplicate state worker protection laws, if only because, in Washington (and, I understand, in Texas, where most of our clients reside), these laws are never enforced. Washington, has had a state farm labor contractor registration law for 24 years, and the Department of Labor & Industries here has candidly admitted to me that it has never once enforced the law. Washington also has Board of Health regulations governing labor camp conditions, but the Board has never received any money for enforcement.

The argument that FLCRA is over-enforced is, in Washington at least, nonsense. Washington is the fourth largest employer of agricultural labor in the country, and we are aware of only four FLCRA cases having been prosecuted. Unless the Department of Labor has been secretly enforcing FLCRA in an informal manner, there is only one instance where the DOL has used the act in this state. Our office is involved in three FLCRA cases, and to our knowledge, there has been no other private enforcement of FLCRA in Washington.

Finally, the argument that FLCRA creates an impossible burden for the small family farmer is dishonest. As usual, the small family farmer is used as the stalking horse for corporate agricultural interests. The small family farmer in Washington for the most part does not use labor contractors and is exempt when doing his/her own hiring. It is the large corporate growers, who are now seeking an exemption from FLCRA who, regularly commit the abuses prohibited by the act. All three FLCRA cases handled by our office involve corporate growers. Two are against Green Giant and Del Monte, national if not multinational growers and processors. The third involves Mount Arbor Nurseries, a multistate corporation with its headquarters in Iowa and its principle operations in California.

In sum, the present well-orchestrated lobbying effort by corporate growers and food processors threatens to deprive farm workers of most of the benefits of one of the few pieces of protective legislation which they enjoy. We therefore urge you in the strongest terms to oppose any attempt to amend FLCRA.

Yours truly,

STEVEN F. SHATZ,
*Directing Attorney.*

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TEXAS RURAL LEGAL AID, INC.,
*Hereford, Tex., November 13, 1979.*

DEAR SENATORS: It is with considerable alarm that we have received recent reports that the Senate Committee on Human Resources is contemplating two extremely deleterious amendments to the Farm Labor Contractor Registration Act. 7 U.S.C. § 2041 et seq. We are referring specifically to the proposed amendments to § 2042 (b) (2) and (b) (3) which would broaden the exemption from liability for farmers, processors, canners, ginners and packing shed operators and for their full time employees. Speaking for the tens of thousands of farm laborers of West Texas who would be seriously harmed by this action, we urge you to oppose any such amendment.

As attorneys with the Hereford, Texas branch office of Texas Rural Legal Aid, the three of us are the only source of legal representation for an estimated 100,000 low-income migrant and seasonal farm workers in all of West Texas (an area comprising roughly 100,000 square miles). These farm workers are Mexican-Americans and Blacks with an average income less than $5000 annually and extremely low average educational attainment. During the agricultural season, they work long hours for sub-minimum wages, often traveling many hundreds of miles to find work. Many are children and teenagers working to help supplement their families' meager income. Two important consequences result from this status:

First, they are especially vulnerable to deception and exploitation by contractors, and the agribusinesses which control the farm labor market; second, they do not have industry councils, trade organizations, and professional lobbyists to represent their special interests before the Congress. We can state from first hand experience that Congressional accession to the superior lobbying power of organized agribusiness though passage of the proposed amendments would dramatically and severely increase the exploitation already suffered too frequently by agricultural laborers.

The amendment proposed to § 2042(b)(2), by deleting the term "personally" from the exemption, would exempt from the Act the large corporate agribusinesses which are increasingly the source of the abuses Congress originally sought to regulate. The present exemption serves the useful function of exempting the small farmer, packer or ginner who hires his workers directly and in person. In these situations there is no great imbalance of bargaining power between the worker and the employer. Bonds of personal relationship, paternalism and a face-to-face sense of fairness limit oppressive over-reaching.

There is a sense of joint effort between the employer and the employee who is helping him get his produce to market. But the seasonal agricultural labor market is increasingly dominated by large corporate agribusinesses—growers, processors, packers, and ginners which have an enormous bargaining power advantage over their workers. These operations cannot recruit and hire workers through personalized, direct dealings. Rather they recruit and hire workers through foremen, field managers or crew bosses who often have no strong sense of personal responsibility toward either the workers or the company. The corporate shareholders and directors have little knowledge of or control over the actual representations and practices of the foreman, field manager, or crew boss. The worker deals only with a faceless corporation through an employee/middle man. There is none of the personalized employer-employee contact, nor the employer's personal sense of fairness and joint venture to restrain exploitation as in the small scale noncorporate operation.

The result is that such corporate agribusinesses are especially prone to commit the oppressive practices regulated by the Act. Yet the proposed amendment to § 2042 (b)(2) would in many instances place those entities beyond the reach of the Act. And the proposed amendment to § 2042(b)(3) would further insulate them from any responsibility by exempting their full time, regular foremen, field managers and crew bosses.

The following sample cases from our case files amply illustrate the need for continued regulation of large corporate agricultural enterprises and their regular employees:

In 1978 a Colorado corporation operated a packing shed in Hereford, Texas. All of the approximately 50 workers were hired by the shed manager and foreman who were both full time, regular employees of the absentee corporation. During the course of the shed's operation the corporation failed to pay minimum wages, failed to pay overtime wages, on some occasions failed to pay the workers at all, on other occasions altered the pay period and schedule so as to drop several days work from the payroll, paid many workers with bad checks, failed to pay wage increases and bonuses promised to complaining workers to induce them to stay, and failed to keep payroll records. Now the corporation (which was never even licensed to do business in the state of Texas), has fled the state and is claiming insolvency. The workers are left holding hollow wage claims and bad checks. Neither the corporation nor any of its employees ever registered under the F.L.C.R.A.

In 1977 and 1978 a corporate cotton gin in Summerfield, Texas employed a full time, regular contractor/foreman who annually comes from another part of the state to solicit, recruit and hire workers for the cotton gin. Although the workers worked as much as 84 hours per week they never received overtime wages. At least one worker was summarily fired when he complained that his pay for regular hours was less than promised. Neither the gin nor its foreman were registered under the FLCRA.

For many years three large corporate packing sheds in Dimmitt, Texas (both of which are registered contractors under the FLCRA) have recruited migrant workers from South Texas to work in their onion, carrot, and potato harvest. These workers were promised and provided housing even though the sheds' FLCRA registrations did not authorize them to provide housing. The promised housing was never actually available and was eventually provided through an illegal lease of already occupied public housing units. The sheds forced existing tenants of the housing project to move out of the project in order to make room for their workers. The sheds' workers were forced to adhere to terms of occupancy prohibited by federal law and they were required to live under conditions which violated federal and state health and safety standards. These practices were carried on for many years until finally enjoined by a federal district court in July of 1979.

In 1978 a corporate cotton gin in Lubbock, Texas recruited migrant workers from South Texas through a cotton ginners association. The workers travelled 500 miles to Lubbock relying on promises of 84 hours of work per week, safe and decent housing to be provided by the gin, and reimbursement for their transportation expenses. When they arrived, however, they did not receive any work at all initially. After several complaints, they received a guarantee of 36 hours per week which also was not honored by the gin. Moreover, contrary to the recruitment promise, they had to pay rent for their housing and their one room barrack was grossly substandard, lacking a working toilet among other violations of federal and state minimum habitability standards. The workers never received the promised travel expenses.

In 1977 a group of migrant agricultural workers from South Texas were recruited to work for a large corporate cotton gin in Goodland, Texas. Through its contractor/employee, the gin solicited the workers with promises of a paid minimum of 40 hours per week for several months, and housing to be provided by the gin. After travelling 800 miles to accept the promised employment they were given approximately half the work they were promised, they were required to transfer to a gin in a location different from the location they were recruited for, and they were put in housing which lacked heat and cooking facilities. Neither the gin nor its employee/contractor were registered under the FLCRA.

In the summer of 1979 a large multi-national vegetable packer in Hereford, Texas recruited South Texas migrant workers through one of their full time managers. Induced by the field manager's promises of 40 hours work per week for 5 weeks, and decent housing to be provided by the shed, the workers travelled 800 miles to Hereford. When they arrived, they found that the shed had over-recruited with the result that they got only one week's work for a total of approximately 30 hours. The housing in which they were placed was plagued by no toilet facilities, hazardous wiring (some barracks were without any electricity at all) and a broken sewer pipe that poured raw sewerage into an open pool on the ground adjacent to the barracks. Conditions were so hazardous that a city housing inspector ultimately condemned the barracks and ordered the workers out, forcing them to find housing on their own. Since the workers not only received a fraction of the promised work but also substantially lower wages than promised they eventually returned to their homes having suffered a net loss. Both the corporate packing shed and their field manager are registered farm labor contractors but neither is authorized to provide housing.

These are but a few of the kinds of cases that occur each year all over the country. Each involves a corporate cotton gin or packing shed which is currently subject to the FLCRA but which would probably be exempted under either of the proposed amendments. The abuses represented here are the very kinds of exploitation that Congress sought to curb with the original passage of the FLCRA. In 1974 Congress strengthened enforcement of the Act by granting workers a private right to remedy violations. It would be a sad irony if Congress were now to place beyond the Act's reach the very persons and entities who are each year increasingly responsible for the practices prohibited by the Act. For all of these reasons we strongly urge the members of the Senate Committee on Human Resources to oppose any action—either separate enactment or a rider to another bill—which would broaden any exemption from liability under the Farm Labor Contractor Registration Act.

Sincerely,

William H. Beardall,
*Attorney at Law.*
Edward J. Tuddenham,
*Attorney at Law.*
Jennifer K. Harbury,
*Attorney at Law.*

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Migrant Legal Action Program, Inc.,
*Washington, D.C.*

Dear Mr. Chairman: We are waiting on behalf of our clients and a number of national civil rights, labor and church organizations that propose any weakening of federal labor legislation designed to protect migrant and seasonal farmworkers from abuses in agricultural employment. Amendments have recently been introduced in the House of Representatives, putatively to "clarify" the remedial protections extended to farmworkers under the Farm Labor Contractor Registration Act of 1963, but which in fact nearly eliminate coverage under the Act for the entire agricultural economy. Because your Subcommittee has jurisdiction over this matter, we wished to bring our views on the proposed legislation directly to your attention.

For the past several years agricultural trade groups have lobbied actively in favor of weakening amendments to the coverage definitions of Section 3 of the Act. Now, as before, their aims are twofold: to enlarge the small family farmer contracting exemption of subsection (b)(2) and the small farm employee exemption of subsection (b)(3). The inescapable result of enacting the amendments they propose is to create a total exemption for all corporations, irrespective of the size of their farm labor contracting operation or their past substantive violations of the Act.

We are strongly opposed to these amendments. Notwithstanding the proponents' disclaimers to the contrary, they benefit only the corporate employer and effectively gut the Act. Furthermore, because they are over-broad and administratively unenforceable, they will surely result in widespread fraud and misrepresentation in farm labor contracting. Thus, although they are labelled "clarifying" amendment, their intent and effect is to subvert the plain purposes of the Act and its legislative history. We hope this correspondence will mark the beginning of a long and searching analysis of these issues by you and your colleagues.

The employers' groups have argued for the exemptions largely on the grounds that corporations' contracting operations do not engage in the abuses of farmworkers against which the Act is directed. However, there is adequate evidence to demonstrate the speciousness of this claim. If Congress acts on these amendments, and ignores that evidence, it will re-expose the estimated five million farmworkers to the very abuses prohibited by the Act.

A brief analysis of the proposed amendment to subsection (b)(3) shows clearly how this will result. Presently, a small farm employee is permitted to perform farm labor contracting (FLC) "on no more than an incidental basis." Instead of deleting this qualifying phrase—as they have proposed many times in the past—employers would now redefine "incidental" to mean that up to 20 percent of any employee's farm labor contracting would be exempt. Under this new standard, a complaint alleging violations by a corporate employee could not be acted upon until the Department of Labor reviewed a full year of the employee's hourly records and determined that he performed FLC activity for more than 20 percent of his time. Then, and only then, could an action be brought against the offending employee. It is evident that adoption of such a standard will signal an end of any meaningful enforcement of the Act. But, just as importantly, because very few employees will ever surpass this artificially high standard of "incidental" FLC activity, it will invite the commission of abuses by all employers.

This is unacceptable to us and to those we represent daily in their struggle for justice in the fields. We trust it is equally unacceptable to you and your colleagues.

Respectfully submitted,

MIGRANT LEGAL ACTION PROGRAM.

Attachment: List of organizations opposed to the proposed changes to Section 3(b)(2) and (b)(3):

League of United Latin American Citizens, (LULAC).

Mexican American Legal Defense and Educational Fund (MALDEF).

National Association of Farmworker Organizations (NAFO).

National Sharecroppers Fund.

United Farm Workers of America—AFL-CIO (UFW).

United Food and Commercial Workers Union (UFCW).

United States Catholic Conference.

Washington Lawyers' Committee for Civil Rights Under Law—Alien Rights Law Project.

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TEXAS RURAL LEGAL AID, INC.,
*November 13, 1979.*

DEAR SIR: We understand that presently there are efforts being made by powerful agricultural lobby groups to pressure the Senate to amend the Farm Labor Contractor Registration Act of 1974. We further understand that the amendments would expand the exclusions under the Act so that packers and ginners and their employees would be exempt under the statute.

The proposed amendments would eviscerate what has been one of the most effective laws for curbing some of the most vicious and corrupt recruitment practices suffered by agricultural labor. And, we have to say that the large corporate packers and ginners have been some of the worst offenders against whom we have had to seek redress on behalf of farm workers.

Because of our unique position here in South Texas, we see every type of farm labor abuse. Over-recruitment by cotton gins and packing sheds in Arkansas, the Panhandle of Texas, Indiana, Delaware, Minnesota, Georgia and Maryland reached epidemic proportions this year. Unfortunately corporate farms, packers and canners often use the United States employment service to over-recruit and mislead farm workers. These large corporations send employees here to Texas to personally recruit farm workers or they retain "super contractors" to do their bidding for them here in South Texas.

The days of the independent farmer are practically over. The large packing sheds and canners are in control of planting, harvesting, packing, canning and marketing. The provision of labor for the harvest and the pack is a service that the large agri-business corporations provide to the farmers with whom they contract. To further exempt corporate recruiters of farm labor from the provisions of FLCRA would only provide a means by which all recruiters of farm labor could insulate themselves from responsibility.

If FLCRA was not an effective piece of legislation, the agricultural lobby would not be pressing so strongly for its demise. Indeed, FLCRA is the only legislation on a federal level that directly and effectively addresses the multiple abuses suffered by migrant and seasonal farm workers.

We urge you to resist efforts of agri-business to make last minute amendments to FLCRA and that no changes be made in the 1974 statute.

Sincerely,

JAMES A. HERRMANN,
*Director.*

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PINE TREE LEGAL ASSISTANCE INC.,
*Lewiston, Maine, November 6, 1979.*

DEAR SENATOR: We would like to respond to apparent efforts to amend the Farm Labor Contractor Registration Act (FLCRA), Sections 3(b)(2) and (3).

Our organization provides legal services to migrant and seasonal farmworkers in Maine, and supportive services to farmworkers throughout New England. Among others, we represent the Maine Blueberry Workers' Association, the Maine Apple Pickers' Alliance, and the Maine Woodsmen's Association.

Apparently various grower interests are lobbying to expand the coverage definitions that limit FLCRA exemptions available to corporations, associations, cooperatives, and otherwise to limit the scope of FLCRA.

We cannot emphasize too strongly the need to oppose any attempts to amend FLCRA. FLCRA is one of the few laws that protects farmworkers from abuses by crew chiefs and other labor contractors. Without complete FLCRA protection, migrant workers are at the mercy of labor contractors, in such areas of payment of wages, housing, transportation, and record keeping.

In New England, very few farm labor contractors are registered under FLCRA. In Maine none are. And yet growers and crew chiefs continue to recruit farmworkers, who, when they arrive at their job site, find that they have little knowledge of their actual wages, and are forced to live in the poorest of housing. These are just the abuses by grower corporations and crew chiefs which FLCRA is designed to prevent. We are just now making some progress in attempting to have growers comply with the law. Any weakening of the law would be devastating. If anything, the law needs to be strengthened, especially with respect to sanctions against grower corporations, associations, cooperatives, etc.

Thank you for your consideration.

Very truly yours,

THOMAS B. BENJAMIN,
*Director.*●

## PROPOSED BUDGET CUTTING

● Mr. SASSER. Mr. President, as my colleagues may recall, on March 18, 1980, the able and distinguished junior Senator from Arkansas (Mr. PRYOR) and I discussed here in the Chamber a sense-of-the-Senate resolution that we plan to introduce in the very near future.

### A $500 MILLION TRAVEL CUT

The 1981 budget request includes $8.9 billion for travel and transportation, an increase of 12 percent over the 1980 level. The Sasser-Pryor resolution would express the sense of the Senate that travel and transportation costs should be limited to an amount $500 million below the budget. The resolution is similar to the $500 million travel cutback currently in place for fiscal year 1980.

Frankly, Mr. President, it is going to take a significant amount of sacrifice to balance the budget. The effort to balance the budget may very well impact on programs serving the poor, the aging, mothers and infants and small children. At a time like this, I just do not see how we here in the Senate can countenance a travel and transportation budget that increases at a 12-percent rate. Our proposed resolution expresses the sense of the Senate that the budget should be restricted. On the other hand, let me make it absolutely clear, that the resolution is in no way intended to diminish in any degree the combat readiness of the American Armed Forces.

### ELIMINATE WASTE, ABUSE AND ERROR IN TRAVEL

Mr. President, I am aware that some travel and transportation costs are essential elements in Government programs, as are communication, information systems, office space and furniture and other basic support services. I am not saying that all travel and transportation be eliminated—just that the abuses, the waste and the errors in travel and transportation costs be eliminated.

We all have heard reports, either from our colleagues or from the media, that there are some nonessential expenditures in these basic services that can be cut out. One only has to look at the way the General Services Administration continues to purchase furniture while the Government warehouses bulge with surplus furniture to be convinced that a tightening up is required. To their credit, there are some individuals in the executive branch along with my Senate colleagues who are striving mightily to overcome the bureaucratic inertia and get a handle on such matters as the purchase of excess furniture and the elimination of nonessential travel and transportation. I know personally that Jim McIntyre, the Director or OMB, is very concerned about these abuses.

### SASSER-PRYOR RESOLUTION

The Sasser-Pryor resolution would put the Senate on the record as expressing support for those who are trying to root out abuse, waste, and error in the area of Government travel. The resolution recommends a $500 million or 6-percent cut back, which would still allow a 6-percent increase in travel and transportation Government-wide. This seems like a modest and achievable reduction in view of a General Accounting Office report that stated that 15 percent of the trips it reviewed did not meet Office of Management and Budget criteria and another GAO report that revealed that the Defense Department held 60 conferences in Hawaii in a recent year. I am convinced that there can be a 6-percent overall reduction without adversely affecting essential travel and transportation activities or diminishing in any way the combat effectiveness or readiness of the American Armed Forces.

### A $500 MILLION CONSULTANT CUT

The 1981 budget request includes a conservative estimate of well over $2 billion—some say several times that—for consultants.

The resolution would express the sense of the Senate that consultant costs should be limited to an amount $500 million below the amounts included in the 1981 budget. The distinguished junior Senator from Arkansas explained this section of the resolution at some length on March 18.

### DEBT COLLECTION INITIATIVE

The Comptroller General of the United States has published numerous investigative reports indicating that the Federal Government is doing a poor job of collecting debts owed to the Government—just debts owed to the Government by citizens and businesses.

Debt collection is not keeping pace with the increasing number of debts. U.S. citizens and organizations owed over $95 billion at the start of fiscal year 1979. Estimates from some Federal agencies show that at least $3.5 billion will eventually be written off as uncollectable and as bad debts. GAO reports, however, that losses will probably be greater because not all agencies have accurately reported such data. Almost $500 million is actually written off each year. It just disappears from everyone's books without a trace. I submit, Mr. President, it is a fact that no one in the Federal Government really knows how much has been written off as uncollectable in the last 10 years. This is a sad commentary on just how poorly the Federal Government pursues its just debts, and a just debt owed to the Federal Government is a just debt owed to the American people.

### OMB EXAMPLES OF POOR DEBT COLLECTION

Mr. President, I want to emphasize just how neglected is this area of debt collection. The staff at the Office of Management and Budget, in a recent review of the situation, have found that a Federal manager's success is usually determined primarily on the extension of credit and only secondarily on collection of the related debts. Consequently, debt collection has received the lowest resource priority.

Let me cite a couple of examples.

The Department of State has only 1 full-time employee to service over 3,000 accounts amounting to almost $100 million for loans to independent and international organizations and for accounts receivable due from individuals, contractors, grantees and international organizations.

In the Law Enforcement Assistance Administration, only 4 part-time and 2 part-time employees have been assigned to service 210,000 student loan accounts amounting to more than $150 million.

I am advised that in the private sector at least 30 people would be assigned to a debt collection effort of such a magnitude. An additional person would be employed to follow up on every 200 to 300 problem or delinquent accounts—and, reportedly the LEAA program has a goodly number of delinquent accounts.

### GAO REPORTS OF DEBT COLLECTION

GAO reports show that Federal collection efforts are expensive, slow and ineffectual. For example, $200 million is being lost annually because interest is not being charged on overdue accounts. Others, both individuals and firms, just do not bother to pay their just debts. Our resolution urges Federal agencies to adopt the GAO recommendations and utilize up-to-date commercial practices to collect debts, while at the same time protecting the privacy and the rights of due process of individuals—all U.S. citizens.

One provision urges that debts owed the Federal Government be offset by withholding tax refunds along the lines of the State program in Oregon which has been operating successfully since 1971. All of these provisions should generate more than $1 billion in income by collecting uncontested debts owed the Federal Government from firms and individuals who are well able to pay their just debts.

### SUMMARY

The resolution urges collection of $1 billion on the revenue side and cutting off $1 billion on the expenditure side thereby reducing the deficit by $2 billion or approximately 10 percent.

Mr. President, I ask that the text of our proposed resolution be printed in the RECORD at the conclusion of my remarks.

Mr. President, it is not my intention to introduce the resolution at this time. Rather, I wish to have the text of the resolution printed so that our colleagues may examine it and join us as original cosponsors. So far, Senators MAGNUSON, PROXMIRE, STEWART, BOREN, FORD, DECONCINI, HUDDLESTON, DURKIN, METZENBAUM, BUMPERS, HARRY F. BYRD, JR., LEAHY, and BAUCUS have joined us as cosponsors. If the Members have any questions or wish to join as cosponsors, they are requested to please have their staff contact the Legislative Branch Subcommittee clerk, Terrence Sauvain, at 4–7251.

The text of the proposed resolution follows:

Expressing the sense of the Senate with respect to reducing expenditures for travel and for the employment of consultants, and improving procedures to collect delinquent debts owed to the United States.

Whereas, economic considerations mandate that only such sums as are absolutely necessary be expended for travel or for the employment of consultants; and

Whereas, the Comptroller General of the United States has made recommendations to improve the collection of delinquent debts owed to the Government and to reduce the amount of delinquent debts that are written off as uncollectible; Now, therefore, be it

*Resolved*, That it is the sense of the Senate that—

(1) (A) during the fiscal year ending September 30, 1981, the total amount which may be obligated to travel and transportation of persons, and transportation of things, for officers and employees of the executive branch of the Government should not exceed an amount which is $500,000,000 less than the total amount proposed therefor in the Budget of the United States Government for such fiscal year (as amended and supplemented), transmitted by the President under section 201 of the Budget and Accounting Act, 1921; (B) the Director of the Office of Management and Budget should allocate the reduction in such proposed total amount among the departments, agencies, and instrumentalities of the executive branch and should report on such allocation to the Committees on Appropriations of the House of Representatives and the Senate; and (C) in allocating the reduction in such proposed total amount among the departments, agencies, and instrumentalities of the executive branch, no reduction should be made in funds for debt collection or supervision of loans, nor should any department, agency, or instrumentality be reduced by more than 15 per centum of the amount proposed for each such department, agency, or instrumentality in the Budget of the United States Government for such fiscal year (as amended and supplemented), transmitted by the President under section 201 of the Budget and Accounting Act, 1921; and

(2) (A) during the fiscal year ending on September 30, 1981, the total amount which may be obligated to the use of experts or consultants by appointment or contract in the executive branch of the Government should not exceed an amount which is $500,000,000 less than the total amount proposed therefor in the Budget of the United States Government for such fiscal year (as amended and supplemented), transmitted by the President under section 201 of the Budget and Accounting Act, 1921; and (B) the Director of the Office of Management and Budget should allocate the reduction in such proposed total amount among the departments, agencies, and instrumentalities of the executive branch and should report on such allocation to the Committees on Appropriations of the House of Representatives and the Senate.

SEC. 2. It is further the sense of the Senate that—

(1) the agencies of the Government should establish procedures to identify the causes of overpayments and delinquencies and the corrective actions needed, should establish better control over receivables, should actively utilize the services of credit bureaus and commercial collection agencies, and should take more aggressive collection action;

(2) the Department of the Treasury should revise its fiscal requirements manual to require interest charges on delinquent accounts and to provide for more complete reporting of data on delinquent accounts;

(3) the Office of Management and Budget should place increased emphasis on accounting system approval and emphasize collection efforts as part of the budget process;

(4) the Internal Revenue Service should institute a debt collection system under which a delinquent debt owed by any person to the United States will be collected by retaining, out of any tax refunds otherwise payable to such person, such sums as are necessary to cover such debt; and such debt collection system should be conducted in accordance with procedures effectively designed to assure that no debtor will be denied due process of law thereunder and that the confidentiality of data held by the Internal Revenue Service pertaining to such person will be duty protected; and

(5) the Congress, through the appropria-

tion process, should monitor each agency's efforts to collect delinquent debts, including amounts written off as uncollectible, and should consider the extent to which requested new budget authority may be reduced both as the result of collection of such debts and as an incentive to promote increased collection of such debts.

SEC. 3. The Secretary of the Senate shall transmit copies of this resolution to the Secretary of the Treasury, the head of each other department and agency in the executive branch, and the Director of the Office of Management and Budget.●

## A TRIBUTE TO OUR MILITARY SERVICE BANDS

● Mr. DECONCINI. Mr. President, I wish to express my appreciation for the exceptional services rendered by our military service bands. Although all military personnel are generally expected to be available for duty on a 24-hour basis, service bands often experience unexpected work schedules.

Service bands are among the first military units to experience budgetary reductions. Notwithstanding this, the calibre of their performance continues to increase recruiting and to stimulate national morale. For example, the U.S. Naval Academy Band performed 550 jobs annually during fiscal years, 1976, 1977, and 1978. In 1979, 880 jobs; and in fiscal year 1980, approximately 1,200 jobs are projected. Four years ago the entire band consisted of 91. Today it consists of a bare 66.

It was my pleasure to attend a concert of the U.S. Naval Academy Band on March 14 of this year conducted by its leader/director Lt. Cmdr. Allen E. Beck, USN. Prof. Charles T. Gabriele, resident composer of the band, guest conducted and was designated the first honorary conductor of the band. Several of his works were performed, including the world premiere of his Concertino for Clarinet, which he composed for the band's clarinet virtuoso and concert master Alberto A. Asercion.

I am very impressed with the excellent talent and productivity of our service band musicians; but very proud of the wonderful impact they provide to our Nation's morale.●

## BALTIC ACTIVISTS CONDEMN INVASION OF AFGHANISTAN

● Mr. JACKSON. Mr. President, in January, a group of brave Baltic activists signed an open letter condemning the Soviet invasion of Afghanistan. Addressed to the Chairman of the U.S.S.R. Supreme Soviet, the Secretary General of the United Nations, and to the Afghan nation, the letter was signed by Lithuanians, Esthonians, and Latvians.

The remarkable document was made public by the Esthonian scientist Jurii Kükk, who resigned from the Communist Party last May and has asked to have his Soviet citizenship annulled. The signatories point out that:

> On December 27, 1979, the world was shaken by the news of the Soviet army's incursion into Afghanistan. Explanations that this was done at the request of the government of Afghanistan, in accordance with the so-called treaty of friendship and cooperation against foreign aggression, are unfounded.
>
> The Baltic States, too, had similar treaties of friendship and cooperation with the Soviet Union. In 1940, the Soviet troops also entered those countries on the basis of such treaties. Therefore the Esthonian, Latvian and Lithuanian nations are well acquainted with the purposes and the results of such actions.

Mr. President, I commend the entire letter, the text of which has recently become available, to the attention of my colleagues and ask that it be printed in the RECORD.

The letter follows:

### OPEN LETTER OF THE BALTIC ACTIVISTS

(JANUARY 17, 1980)

On December 27, 1979, the world was shaken by the news of the Soviet army's incursion into Afghanistan. Explanations that this was done at the request of the government of Afghanistan, in accordance with the so-called treaty of friendship and cooperation against foreign aggression, are unfounded. Amin's government could not have requested that the Soviet army overthrow it, and the government of Karmal did not yet exist at that time. No other country tried to bring its army into Afghanistan. Even Brezhnev did not say such a thing in his answers to questions put by Pravda's correspondent on November 12. The incursion of the Soviet army contradicts the USSR-Afghanistan treaty, "On the Definition of Aggression," signed in 1933. Articles two and three of this treaty state that any intervention by military forces constitutes an aggression, and no economic or political arguments can justify it.

The Baltic States, too, had similar treaties of friendship and cooperation with the Soviet Union. In 1940, the Soviet troops also entered those countries on the basis of such treaties. Therefore, the Estonian, Latvian, and Lithuanian nations are well acquainted with the purposes and the results of such actions.

The world community has most clearly condemned the incursion of a foreign army into Afghanistan. In the resolution of the United Nations General Assembly, adopted on January 15, 1980, 104 states voted in favor of the immediate withdrawal of all the foreign troops from Afghanistan, with only eighteen votes against.

We support the resolution of the UN General Assembly and demand that all the Soviet troops be immediately and unconditionally withdrawn from Afghanistan.

## DOMESTIC REFINERY INCENTIVE LEGISLATION: S. 1684

● Mr. MATHIAS. Mr. President, with inflation reaching an annual rate of 18 percent, we in the Congress are all looking for ways to cut back Federal spending and ease one of the inflationary pressures on the economy. The current state of our economy is not the result of deficit spending alone. It is also in large measure due to lowered rates of productivity and to this Nation's staggering dependence on foreign sources of oil—both crude and refined.

The administration and the Congress have taken major steps to correct this situation, not the least of which is decontrol of domestic crude oil prices. But much remains to be done before we in the United States are truly independent of the political and economic grip of our foreign oil suppliers.

Mr. President, the January 1980 edition of the Oil and Gas Price Regulation Analyst contains an enlightening article written by Messrs. Terry A. Barnett and Richard W. Bowe, entitled "Domestic Refinery Incentive Legislation: S. 1684." The article reviews the outlook for domestic refiners over the next year and a half. It goes on to examine the provisions of S. 1684, the Domestic Refinery Development and Improvement Act of 1979, and the effect that S. 1684 could have to expand current domestic refinery capacity—a necessary step in our continuing fight for energy independence.

Mr. President, I ask that the full text of this article be printed in the RECORD for the benefit of my colleagues in the Senate.

The article follows:

### DOMESTIC REFINERY INCENTIVE LEGISLATION: S. 1684

By October 1981, domestic refiners may compete in a world arena far more hostile than today's marketplace. At the same time, demands on domestic refiners may be greater than ever before. The resulting threats to our national security and economy have spurred Congress to consider legislation which would allow the industry to meet the challenges ahead.

#### OUTLOOK FOR OCTOBER 1981

By October 1981, these developments seem likely:

The Emergency Petroleum Allocation Act (EPAA) will expire. With it will go programs important to various segments of the domestic refining industry, including the buy/sell program, the supplier-purchaser rule, and the entitlements program with its small refiner bias.

Domestic crude oil prices will be fully decontrolled. Crude costs of domestic refiners will no longer be below the world average. At the same time, the Council on Wage and Price Stability may restrain product margins and create regulatory uncertainties which would deter major investments.

Access to crude oil will be tight, particularly for independent refiners. Domestic crude will constitute a lower percentage of our total crude runs. OPEC will continue to constrain production of its crude. International majors will continue to reduce third party sales. The multi-tiered price of foreign crude—highlighted by Union Oil's application last summer for exception relief—may well continue, probably to the competitive detriment of independent refiners lacking a long-term contractual relationship with one or more producing countries.

Substantial investment will still be needed for domestic refiners to meet local market demands for unleaded gasoline and low sulfur products from a crude mix heavier and more sour than today's mix. Refinery construction, expansion, and retrofitting costs will continue to rise faster than the overall inflation rate.

Domestic refiners will bear costs similar to the $1.60-$2.00 per barrel imposed today by federal government programs—including taxes, environmental protection, and Jones Act transportation—which foreign refiners still will not incur.

Our dependence on foreign refined imported petroleum products may increase. Our government may continue to waive import fees and tariffs on petroleum products refined abroad, often by refineries owned or subsidized by foreign governments and thereby freed from the normal economic necessity to earn a profit. OPEC countries may view such waivers as an invitation to integrate downstream by constructing export refineries designed to penetrate the United States product market.[1]

Confronted with these prospects, domestic refiners have looked to the Administration and Congress for leadership. The Administration, however, has been unable to develop any long-term domestic refining policy despite prodding from the industry, unions, and Congress, and despite recognition by some DOE officials that these developments, if uncorrected, could bankrupt many refiners with substantial capacity. The Administration's most recent major energy program—the quota on oil imports—is opposed by virtually the entire industry.[2] A product import quota might dilute the unfair competitive advantages enjoyed by foreign refiners. But it is unlikely that the government would adopt a product quota without a crude quota and a crude quota raises so many supply and competitive uncertainties that no witness supported it during more than a week of hearings by DOE last fall.

Accordingly, the opportunity for leadership has passed to the Congress. Senator J. Bennett Johnston (D-La.), Chairman of the Senate Subcommittee on Energy Regulation, last summer introduced S. 1684, the Domestic Refinery Development and Improvement Act of 1979, to provide a basis for hearings and statutory resolution of major problems confronting the refining industry. His subcommittee held several hearings on S. 1684 last fall and may begin markup this month. S. 1684 consists of four titles, each of which is aimed at a specific problem affecting existing or potential domestic refiners and their customers. The approach taken by each title is important because it represents the current Congressional perception of the particular issues. Congressional action on these titles is likely to define federal domestic refining policy for most of the 1980s.

### TITLE I: IMPORT FEES AND EXEMPTIONS; TRANSPORTATION SUBSIDY

Title I would seek to offset costs, other than Jones Act shipping costs, imposed by U.S. government programs on domestic but not foreign refiners by assessing a fee of $1.26 per barrel on imported product. The fee would increase each quarter at a rate equal to the increase in the GNP deflator. The bill would encourage new storage capacity and construction of new, expanded, or retrofitted domestic refiners by small or independent refiners by giving owners of such refineries and storage capacity a transferable license exempting the holder from import fees for a number of barrels of product equal either to the runs of such refining capacity in the first year of operation or to the capacity of the storage facility.[3]

The suggested import fee attracted considerable comment.[4] Independent studies have confirmed the necessity of a fee even greater than $1.26 per barrel to offset the disadvantage new and existing domestic refineries experience compared to existing foreign refineries. These conclusions were supported by most witnesses testifying on S. 1684, who presented strong arguments that domestic refining capacity must be developed to prevent further reliance on foreign capacity, even if the country is unable to reduce dependence on imported crude. Product exporters enjoy much greater control over their customers than crude exporters according to these witnesses, because it is easier to substitute crude than product in the event of an embargo. Moreover reliance on foreign products rather than crude exacerbates balance-of-payments deficits and costs the domestic economy in the form of lost jobs, taxes, and related industrial development. Thus, the bill reflects a decision to encourage construction of domestic refinining capacity and to rely on imported crude rather than imported refined product because dependency on the latter is more susceptible to political and economic control by foreign countries.

Concern was expressed, however, about the consumer effects of a fee, particularly during the years needed to raise domestic refining capacity to a level equal to domestic demand. Some witnesses suggested that no fee should be assessed until new refineries are constructed, others that the subcommittee should construct a permanent fee-free window of imports at historic levels. The answer to the consumer argument of course, is that the long term security and economic benefits of having adequate domestic refining capacity for exceed short-term costs. If the subcommittee believes, however, that it is necessary to ameliorate short-term consumer costs, it may well turn to a two-level fee system that permits a volume of product imports equal to historic or gradually deciling levels to enter at a nominal fee and assesses a higher fee on imports exceeding those levels. It might also set fees at different levels for different products recognizing our historic acceptance of imported residual fuel but seeking to prevent dependence on imported light products.[5] The bill already authorizes entitlement benefits for imported residual and No. 2 heating oil throughout the remaining life of the entitlements program. Such entitlements might ease the impact of import fees on consumers in areas heavily dependent upon residual and heating oil imports.

The extra shipping costs incurred in purchasing from domestic refiners, who are required by law to use Jones Act ships, would be offset directly by a transporation subsidy paid from revenues from the fee. Payments would be made to the first purchaser of any petroleum product refined by a small or independent refiner and transported in a domestic ship for resale into in import-dependent region of the United States. The amount of the payment would equal the difference between the shipping rate actually paid by the first purchaser and the amount that would have been paid had a non-Jones Act ship been used.

The concept of the Jones Act subsidy drew mixed reviews. The Jones Act is a "national security" program, and a strong argument can be made that the cost of the program should be spread nationwide rather than borne only by the purchaser of petroleum transported by a Jones Act ship. One witness praised the subsidy as an imaginative approach to a very difficult problem. Others testified that without some form of offsetting payment, prospective purchasers of domestically-refined products bear higher transportation costs than purchasers of foreign products and thus may find foreign products more economical. Representatives of the Commerce Department contended, however, that the subsidy is administratively unworkable unless a schedule of domestic shipping rates comparable to AFRA is developed that would permit substitution of a payment system based on average, rather than actual, shipping costs. Commerce also stated that the subsidy would not serve the ancillary purpose of promoting the domestic maritime industry because most domestic products are transported by pipeline. Others testified that any transportation subsidy would defeat the normal logistical advantage enjoyed by refineries constructed near sources of demand. Finally, witnesses noted that the subsidy's current scope is inappropriately limited because it applies only to shipments *into* import-dependent regions and may not apply to shipments by domestic ocean-going barges. Witnesses who opposed the subsidy suggested that the Jones Act transportation cost should be offset by raising the import fee rather than initiating a separate program.

### TITLE II: LOAN GUARANTEE PROGRAM

Title II authorizes loan guarantees for small or independent refiners to construct new capacity, expand existing capacity, or retrofit an existing refinery through a Federal Independent Refinery Financing Fund. The $100 million fund would be used to guarantee 75 percent of the actual cost of an eligible refinery project. The Secretary of Energy would be directed to give priority to projects designed to meet "refining characteristics essential to national needs" as defined in the bill. Several witnesses testified, however, that the amount of the fund would have to be increased substantially to have a significant impact on refinery construction in light of rapidly rising refinery construction costs.

The Secretary would also be authorized to collect a fee for use of the guarantees, ranging from one-quarter of one percent to one percent of the average principal amount of the guaranteed obligation. In addition, the bill provides for holding funds in escrow for certain obligations, for recoupment of funds lost through defaults, and for criminal penalties and fines for fraud and other illegal actions in obtaining a loan.

Several large refiners opposed limiting loan guarantees to small or independent refiners, but the program is particularly important to such refiners because they face higher costs in obtaining venture capital. Witnesses also suggested that tax benefits, including rapid depreciation or additional investment tax credits, would be more valuable than loan guarantees. Tax measures are within the jurisdiction of the Senate Finance Committee, however, and the Energy Subcommittee is unlikely to include tax measures in any bill it reports. It could recommend formally or informally that the Finance Committee consider such measures at the earliest appropriate time.

### TITLE III: PRIORITY REFINERY PROJECT ACT

Title III would authorize the Secretary to designate a proposed refinery project as a priority project and would simplify permitting procedures for the project. It has the same purpose as the various Energy Mobilization Board proposals considered by the Congress, but is narrower in scope and applies only to refineries. Title III may be dropped from the bill if the Energy Mobilization Board eventually enacted is deemed adequate to meet the type of environmental problems which in recent years have forced the cancellation of some twenty new refinery projects along the East Coast.

There are several key features in Title III. First, the Secretary would impose a project decision schedule that would set decision-making deadlines for every agency involved in the permitting process. The schedule need not be consistent with all statutory procedures. Federal agencies failing to meet their deadlines could be barred from issuing any permits or promulgating administrative decisions or final rules. The Secretary could sanction state and local agencies failing to meet those deadlines by withholding benefits of the bill from refiners or projects within the offending state; if none of the sanctions is likely to be effective, the Secretary could intervene and actually make the decision for the state or local agency.

Second, the Secretary would be permitted to waive any provision of state or local law, and the President could waive federal law if the Secretary makes certain findings.

Third, the bill requires that any claim arising out of an action taken by the government pursuant to Title III must be brought within sixty days of the final agency action challenged. Similarly, the entire judicial review process is expedited. The bill would prohibit claims for injunctive relief against agency action other than claims pursued in accordance with Title III.

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Footnotes at end of article.

### TITLE IV: CRUDE OIL ALLOCATIONS

Title IV sets up a crude oil allocation program generally modeled on the current buy/sell program and codifying most of the existing buy/sell regulations. It comprises both a standard program and a provision for emergency allocations. Title IV would enlarge eligibility for prospective refiner-buyers, but would continue to limit the program to small refiners. The bill provides that crude be sold at not more than the weighted average per-barrel landed cost of the refiner-seller, with a handling fee of $0.05 per barrel. Adjustments for unusual transportation costs, gravity differentials, and sulfur content would be made by DOE.

As might be expected, witnesses from integrated major refiners objected to continuation of a buy/sell program, while representatives of small or independent refiners strongly supported the provision, emphasizing the need not only for access to crude, but also for crude at a competitive price. Many small refiners allege that under the current buy/sell program they cannot afford to purchase the crude made available by refiner-sellers because they cannot sell the products refined at a competitive price yet still earn a profit. In response, refiner-sellers allege they have little incentive to increase crude supplies since they frequently are forced to sell at a loss the extra crude they procure.

All small refiner witnesses testified that some guarantee of reasonable access to crude oil is an essential element of any national refining program. But several viewed Title IV as incorporating the rigidity, complexity, and inequities of the existing buy/sell program. These concerns can be met. There need not be separate provisions for standard and emergency allocations with different eligibility requirements. Nor need the program restrict eligibility on the basis of proximity to deepwater, since physical access to deepwater no longer assures access to crude. Finally, given the desirability to encouraging domestic refining capacity, the program should be available to any small or independent refiner provided it can show a good-faith effort within the preceding allocation period to obtain reasonably priced crude, particularly on a long-term contractual basis.

It was suggested during the hearings that the Subcommittee adopt a crude oil cost equalization program similar to the current entitlements program whereby DOE would determine the average price paid for each category of crude by gravity and sulfur content; theoretically, the system would insure that each refiner paid the same net price for crudes of similar characteristics. It is difficult to judge whether refiners would accept the regulatory control necessary to implement such an expanded form of the buy/sell program, but it appears likely that some form of guaranteed access to crude will be adopted. The Subcommittee is also likely to strive to minimize regulatory disincentives to increasing crude supplies.

This year may not be the ideal time to urge enactment of legislation essential to any segment of the petroleum industry, as anyone knows who has had to listen to political speeches, explain oil profit statements or follow such bills as the "windfall profits" tax or energy mobilization board. But to many refiners, a bill like S. 1684 is urgently needed not only for domestic refiners and their customers but for the nation's security as well.

FOOTNOTES

[1] See Senate Committee on Energy and Natural Resources, Subcommittee on Energy Regulation, Hearings on S. 1684 (testimony of G. H. M. Schuler.)

[2] Indeed, even other government agencies charged with enforcing competition, such as the Federal Trade Commission, have officially opposed the quota. See generally 44 Fed. Reg. 57902 (Oct. 5, 1979).

[3] Many witnesses pointed out the advantages to linking fee-free licenses to the amount invested rather than to the capacity increase because an incentive based on capacity leads to distortions. For example, substantial retrofitting investment to handle sour crudes is both expensive and desirable yet results in little capacity increase.

[4] A fee is one method being considered by DOE to implement the President's quota, and is endorsed for that purpose by the Department of Justice and the Federal Trade Commission.

[5] The bill would require that import fees assessed pursuant to Section 232 of the Trade Expansion Act, 19 U.S.C. § 1862, initially be reduced to zero and that any fees subsequently adopted by the President take into account the fee under the bill.●

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## INNOVATIVE STATE RESPONSES TO GASOLINE SHORTAGES

● Mr. SASSER. Mr. President, last November the Senate Subcommittee on Intergovernmental Relations, which I chair, held a hearing to examine the impact of gasoline shortages on tourism and small business. The subcommittee sought information on public and private efforts designed to alleviate the impact of gasoline shortages last summer. Testimony was also sought about the programs that should be enacted to cope with any future shortages. Copies of our hearing record are available by contacting Terry Jolly at the subcommittee (202–224–4718).

Many of the witnesses who testified praised the efforts of the State of Florida to keep the public informed about the availability of gasoline and to make gasoline available to the traveling public.

Florida's planning is to be commended to all travel dependent States in these days of rising gasoline costs and potential shortages.

In my home State of Tennessee the tourist industry worked vigilantly to combat fears of a gasoline shortage. The Nashville area Chamber of Commerce devised and executed a method of testing the availability of gasoline along the interstate highways during the Memorial Day holiday last spring. They sent six "gas squad" cars out in a 500-mile radius of Nashville, all with different destinations, with only a half a tank of gas. The purpose of this expedition was to prove that adequate gasoline supplies did exist along the interstate highways.

The 6 drivers surveyed 346 gas stations on these routes and found 83 percent open during the weekend holiday. In short, the Chamber of Commerce found that ample gas was available to vacationers at a time when widespread shortages had been predicted. This is just one program that the Tennessee tourist industry put into effect last year to combat gas supply panic. Such efforts deserve our commendation and support.

But in the future, I trust that the Department of Energy will formulate and enact equitable plans for future gasoline distribution that will help our Nation remain a mobile one.

I have with me today a letter from Florida State Representative Fran Carlton, chairman of the Florida House Tourism Subcommittee. The letter explains in detail the steps taken by the State of Florida to reduce the problems caused by last summer's gasoline crisis. Florida should be lauded for its admirable foresight and handling of this problem. I know that many other States, including my native Tennessee, will emulate Florida's actions in future gasoline shortages. I ask that the letter from Representative Carlton be printed in the RECORD.

The letter follows:

FLORIDA HOUSE OF REPRESENTATIVES,
*Tallahassee, Fla., March 19, 1980.*
Hon. JAMES R. SASSER,
*U.S. Senate, The Capitol,*
*Washington, D.C.*

DEAR MR. SASSER: The series of dynamic events that have occurred during the decade of the 1970's ranging from the 1973 energy crisis, the problems of the U.S. dollar abroad, to the current and continuing fuel crisis have great impact on the optimistic growth potential for tourism and travel. Tourism is a growth sector of the economy reflecting rising disposable incomes, wider income distribution, increasing leisure time, a more travel-prone population and improvements in transportation technology.

The tourism sector of the service industry is fragmented as well as competitive. It is an impressive conglomerate of several industries represented by many different kinds of firms producing many different products. For example, its component parts are concerned with transportation, lodging, food, recreation and related activities. As a result of such diversity, there is not always timely or deliberate coordination between the separate firms and industries which make up the tourism sector. Nor is there always systematic planning and coordination between private sector tourism interests and public sector agencies with tourism-related mandates—even though the public sector is the largest operator of tourism facilities such as state and Federal parks, forests, seashores, public buildings, monuments, roads, and public transportation.

By any measure, tourism is Florida's Number 1 industry and a potent and significant force in the economy of the state. The United States Travel Service recently reported that Florida now attracts some 3 percent of the total world travel each year, and more than 13 percent of all travel within the United States. As the Number 1 tourism state in the nation, Florida hosted 34 million visitors in 1978, who spent $13 billion in direct expenditures on goods and services.

The continued success of the tourism industry in Florida will depend heavily on the state pragmatically exercising its responsibility in planning public policy initiatives and coordinating such an effort with the public and private sectors of the tourism industry.

The economic implications of a major gasoline shortage for Florida's economy are ominous. Of the millions of visitors to this state each year, over 65 percent of all arrivals come by car, truck or recreational vehicle. Thus, it is imperative that we be able to respond immediately to any situation which may threaten the continued arrival of the highway traveler.

One such approach is the ability to communicate with potential visitors about the problem situations they are likely to be confronted with when traveling to and in Florida. The main issue which visitors faced during the nation-wide truckers strike and gas crisis was the fear of not being able to obtain sufficient quantities of gasoline for vacation travel. Even if limited quantities were available the fear was that service stations would be closed. We approached the solution to this situation in two ways; first by providing the traveler with information about what was actually going on in Florida, and second, insuring the availability of gasoline.

The Florida Department of Commerce instituted a toll-free hotline staffed with operators 24 hours a day, seven days a week, to inform out-of-state tourists about the availability of gas throughout the state. The operators provided travel advisories on state highways and the Florida Turnpike as well as routes into Florida and rent-a-car availability. Travel information for other states was also offered.

In order to advise would-be travelers of this service a special media campaign to advertise the "800" number and gas availability update was placed in newspapers, on television and radio in Florida's major markets. The telephone hotline operators received up-to-date information about such matters as available gas supplies, waiting lines and purchase limits from county sheriffs' offices, the Florida Highway Patrol, major private attractions, hotel chains and local chambers of commerce. The service was instituted in early July and continued through the Labor Day period.

The toll-free gas hotlines fielded more than 40,000 calls from concerned tourists. The month of July saw the heaviest flow of calls, dwindling in late August and early September as gas supplies became more plentiful and tourists became more confident of their ability to purchase gasoline in the state.

In conjunction with offering information, we also developed a network of "guaranteed gas" stations along major state highways; and through newspaper ads invited readers to call on the toll-free hotline for a free location map. In addition to distribution via calls to the hotline, the Traveler's Station location maps were distributed at Florida Welcome Stations along Florida borders, through mailings by major hotels and motels, and at local chambers of commerce.

The Governor officially announced the Traveler's Station program to assure tourists they could travel throughout the state without worrying about gas. Participating gas stations, located at 30 key intersections throughout Florida, received extra monthly fuel allocations as needed, in return for a guarantee to be open from 7 A.M. to at least 9 P.M. seven days a week through September 7, the Friday after Labor Day.

The combination of the Traveler's Stations and the hotlines succeeded in informing the public of the true gasoline situation in Florida, and reassuring them of their ability to travel in our state without running out of gas. This program brought visitor arrivals in Florida from a 20 percent negative impact in early July to a 1.5 percent gain in late August over the same period last year.

A third facet of the hotline information program was to encourage Florida residents to see Florida and enjoy the number of special events, state attractions, beaches, parks and recreational facilities our state has to offer. In conjunction with the state initiated effort, major attractions such as Disney World, Busch Gardens, and Sea World developed media campaigns to attract Floridians and thereby pick up some of the slack in admissions due to declining out-of-state arrivals. This effort proved to be an overwhelming success. Floridians, who otherwise would not have traveled due to lack of information about gas availability, vacationed in a Florida destination instead of spending their time in another state or just staying at home. All in all, we believe everyone benefitted from this particular approach.

I hope that these few comments will be useful to you in your deliberations regarding the impact of the energy crisis, faced by this nation and the world, on the future of travel industry. If we can be of further assistance please let me know. Our interest and commitment in this area is continuous and unflagging.

Sincerely,

FRAN CARLTON,
*Chairman, Tourism Subcommittee.*●

## CAPITAL FORMATION

● Mr. HARRY F. BYRD, JR. Mr. President, it is well-documented that the United States currently has a low rate of savings, investment, and productivity.

The future growth of our economy will depend greatly on our success in overcoming current disincentives to capital formation.

One such disincentive is the high level of Federal deficit spending.

Accumulated and accelerated deficits have created runaway inflation which drives up the cost of capital.

A balanced Federal budget is a top national priority.

Along with big Government spending, big Government taxes are another enemy of private capital formation.

A recent editorial in the Roanoke Times and World News explains with great clarity the importance of capital formation for our society and the dangers of heavy taxes and heavy Government spending. Harold Suggs is the editorial page editor.

I ask to have the editorial printed in the RECORD.

The editorial follows:

### CAPITAL FORMATION: HOW

If there is now a climate of opinion favoring capital formation, as some experts think there is, education in economics may have taken hold. The smallest of enterprises—say, a Mom and Pop store—requires "capital formation" to begin. Mom and Pop have to save up $500 or $1,000 just to get started; even that might not be enough. Under-capitalization is a principal cause of failure in small businesses.

As with Mom and Pop stores, so with railroad companies, airplane companies, electric companies, shoemakers and housebuilders: Somebody has to save capital, or borrow it from the bank or get it from stock or bond sales in order to start the plants that make the jobs and spread the benefits. Why should that be a big secret?

If it is obvious, and no big deal, some explaining is needed. Japan and West Germany have a higher rate of capital formation than the United States. Thereby they have investments in equipment, products that sell well abroad and, in addition, a lower inflation rate and more stable currency. A possible explanation is that late in 1945, and thereafter for a period of occupation, Americans taught the Japanese and Germans some obvious lessons and then forgot the obvious lessons themselves.

The enemies of capital formation are excessive government taxation, low profit margins and that enemy of all good things, inflation. The United States will increase its capital formation, and job creation, as it tackles these enemies in order or all at once.

There is, of course, another way to form capital: the Marxist way. Under the Marxist system, government takes all the money in taxes; it decides how much, among other things, will be set aside for capital formation; and for what purposes capital will be formed. In the Soviet Union during the '30s, government "formed capital" simply by squeezing, starving and killing peasants. Such discomfort is passed off as a necessary social service, the ends justifying the means.

Despite the cruelty and inefficiency of the Marxist method, a grudging respect is due their theorists; at least they look good on paper. The real barriers to capital formation in the United States are those who would never admit to being Marxist; they prefer to tax and spend away what should have gone into capital formation. As between the out-and-out visible Marxist and the sloppy thinkers and spenders, the latter is the peculiar and pernicious American danger.●

## MIDDLE EASTERN POLICY

● Mr. JACKSON. Mr. President, the United States has yet to fashion a Middle Eastern policy which will effectively deter the Soviets and fortify the courage and confidence of our friends in the area. As I see it, the prerequisites for a sound American policy are twofold: To work with those in the Middle East who not only need our help but who are ready for it, and to be a strong, firm, and reliable leader.

One of the wisest voices on Middle Eastern policy is the distinguished historian Prof. Bernard Lewis of the Princeton University Institute for Advanced Study. I wish to bring to the attention of my colleagues his perceptive article which appeared on the Op-ed page of the New York Times on Saturday, March 29, 1980.

I ask that the article be printed in the RECORD.

The article follows:

### THE UNITED STATES AND MIDEAST

(By Bernard Lewis)

PRINCETON, N.J.—The argument is still heard that as a consequence of the Soviet invasion of Afghanistan, the Arabs and other peoples of the Middle East will see the danger that threatens them and turn to the United States for help. This view rests on two assumptions, both questionable: that Middle Easterners had not already perceived a Soviet threat, and that when they did their automatic response would be to turn westward.

The Soviet threat has been obvious for some time and Middle Easterners have seen it as clearly as others, if not more clearly. Indeed, President Anwar el-Sadat's policy of peace with Israel arose mainly from such a perception. He saw that on the best estimate of Israel's power and the worst estimate, from an Arab viewpoint, of Israel's intentions, the Israeli threat to the Arab world as a whole was minimal compared with that offered by the Soviet Union. The Egyptian leader made his choice to deal with the lesser threat in order to confront the greater one, and in doing so staked his survival on effective United States support. His experience since then has not encouraged others to follow his example, and even those who were at first willing have drawn back.

Mr. Sadat's response to the perception of danger is however not the only one possible. One may respond to a threat by defiance; one may also respond by accommodation. This has been, for some time, the path chosen by the greater part of the third world, including the Islamic and Middle Eastern countries. Regular Islamic conferences of heads of state or of foreign ministers, while routinely condemning the treatment of Moslems in the Philippines, on the West Bank and in a few overlooked outposts of empire, have remained silent on the status of the 50 million Moslems of the Soviet Union, for whom the authorities have licensed just over 200 mosques—a derisary number. The response to the invasions of Afghanistan shows the same kind of caution. A carefully worded resolution in the United

Nations General Assembly that deplored but did not condemn the invasion and avoided mentioning the Soviet Union by name received a mixed response.

One Moslem state, Southern Yemen, voted with the Soviet bloc. Others abstained and some could not bring themselves even to register an abstention but preferred to absent themselves from the vote. Even the resolution condemning the invasion adopted despite some resistance at a subsequent meeting of Islamic foreign ministers in Pakistan was balanced by a slap on America's wrist to demonstrate even-handedness.

Being pro-American or pro-Russian is not an expression of preference. If it were, the Arab world would be overwhelmingly pro-American. It is an assessment of prospects. Those who really want the Russians have chosen and made their choice clear. It is those who do not want the Russians who are now trying to insure themselves against the seemingly inevitable by attempting a policy of nonalignment—a term that, it will be recalled, includes Cuba and Southern Yemen, as well as Yugoslavia and Morocco.

Any government contemplating a policy of reliance on United States friendship must consider two questions. The first relates to the quality of American friendship. In 1964, in a disastrous document, President Lyndon B. Johnson, warned Prime Minister Ismet Inonu of Turkey, a loyal and trusting ally, that if he did not conform to United States wishes on Cyprus, the United States might not help Turkey in the event of Soviet attack. In January 1980, another American President offered the virulently anti-American Government in Iran support and aid against a possible Soviet attack, if only it would release the hostages. Such contrasts confirm the widely held impression that the United States bullies and sometimes betrays its friends, and courts and sometimes rewards its enemies. If pro-Americanism invites attack, and anti-Americanism wins support from both sides, the choice is not difficult. There is a further point that was well expressed by Jan Masaryk, Foreign Minister in the first postwar Czechoslovak Government. When reproached for adopting, against his own inclinations, the pro-Soviet policy that he judged inevitable at that place and time, he replied that if his policies failed he would rather be taken prisoner by the Americans than by the Russians.

But beyond these and similar considerations is the second and larger question of the effectiveness of United States friendship. Recently, some discussion and even a little thought have been devoted to the question: What must we offer to the Arabs to persuade them to accept our protection? The question is self-evidently absurd. If the Arabs judge American protection to be either unnecessary or ineffectual, nothing will induce them to provoke the Russians by seeking it; if they want and value that protection, it is they and not the United States who should be thinking in terms of inducement. After all, America could survive, even if at the cost of some inconvenience, without the Middle East. It is doubtful if the Middle East could survive in anything resembling its present form without America.

The question that the Arabs are asking is somewhat different. In the face of the relentless advance of the Russians, who have now virtually encircled and substantially penetrated the heartlands of the Middle East, does the United States possess both the power and the will to resist that advance? Or would the acceptance of United States protection merely attract instead of avert the danger? This is clearly the belief of President Mohammad Zia ul-Haq of Pakistan. Recent events in Iran and Afghanistan have posed these questions in an acute form, and have raised grave doubts that are not dispelled by the posture of anxious propitiation assumed by some American spokesmen. If they judge either the will or the power to be lacking, then Middle Eastern rulers would indeed be foolish to provoke Russian hostility in the hope of being saved by American friendship. On the contrary, a policy of nonalignment might seem to offer the best hope of surviving and retaining some place in the new order.

If the United States wishes to prevent Soviet domination, directly or through surrogates, of the vital resources and strategic crossroads of the Middle East, it will be necessary to change these assessments by Middle Eastern peoples and governments and thus reverse the processes of recent years. There is no quick or easy way to accomplish this result.●

## ENLISTING IN HUMILIATION

● Mr. GOLDWATER. Mr. President, if what is written in an editorial in today's Wall Street Journal and if what I have been hearing from other media sources is true, the United States is about to go through another shocking, downgrading experience once again under the hands of President Carter and his advisers. Naturally I pray that the Wall Street Journal, other media and I are wrong, because what this country needs less than anything else at this time is to be made a laughing stock and be humiliated once again.

My information is that the so-called letter or communication written to Iranian officials in Tehran supposedly by Mr. Carter offers to make apologies for so-called misdeeds performed by the United States in relationship to Iran. Further, it is reliably reported that the Senate Foreign Relations Committee is contemplating its own white paper on our relationships with Iran.

How long, Mr. President, must Americans be subjected to the degrading approaches used by officials, starting with the President, responsible for the conduct of our foreign policy in their almost cowardly approach to the responsibilities of a great power in relation to other countries?

I ask that the editorial that was published in the Wall Street Journal be printed in the Record.

The editorial follows:

### Enlisting in Humiliation

Whatever the truth about the groveling message the Iranians assert President Carter sent the Ayatollah Khomeini, clearly Mr. Carter has lost another round. The White House is now stumbling over its own denials, Tehran is on the propaganda offensive and the United States has been humiliated again.

The letter should be at the very least be read as the Ayatollah's instructions on what he wants the President to say next. Its text has Mr. Carter complaining that he "inherited" a foreign policy that "led us to commit errors in the past." It cites Nicaragua and Chile as well as Iran. It talks of the ability of a democracy to "condemn its mistakes," of a "commission of inquiry in the American Congress," of "a great effort to give the Iranian people the necessary satisfaction." It has Mr. Carter saying "I can very well understand that the takeover of our country's embassy in your country could have appeared to you as the understandable reaction of Iranian youth."

The White House has by now issued a series of denials that upon probing turn out to be less categorical than they are intended to seem. The notion that there must be at least some substance behind the text is proving hard to squelch. And on reflection, what lends the notion credence is the administration's past handling of the crisis. It has salami-sliced itself into each "next step" held out by the Iranians; we have all been mentally preparing ourselves for its eventual abject apology to the Iranians for the inconvenience of their having to seize our hostages.

We are no longer astonished by any humiliation the administration will accept in the name of the hostages, but even after all of this we are astonished that grown men are proposing to enlist in the same game. The Senate Foreign Relations Committee is contemplating issuing its own white paper on our relations with Iran—becoming a commission of inquiry to condemn the past errors of U.S. policy in order to give satisfaction to the Iranian people, exactly according to the text of the letter released by the Iranians.

The Foreign Relations Committee, which will take up this deformed proposal this week, would of course try to come up with a report that could be read as a defense of U.S. policy in Washington and an apology for U.S. policy in Tehran. No one will be fooled, and no hostages will be released. But the U.S. will suffer another humiliation, and the Senate will be sharing responsibility for Mr. Carter's crisis mismanagement.

What is at stake in Iran is not merely the hostages, who have not been helped by Mr. Carter's policies, but the perception of the American position in the world. With each American humiliation, there is a new reason for other Persian Gulf states to seek what accommodation they can find with revolutionaries, religious fanatics and the Soviet Union. It will only speed the process if the humiliations involve not merely one President, but the rest of the American government.●

## TENNESSEAN CONTRIBUTES TO SENATE SMALL BUSINESS COMMITTEE INQUIRY ON CAPITAL FORMATION

● Mr. SASSER. Mr. President, the small businessmen and women of the United States are coming forth and making themselves heard. They more than anyone realize the plight of their sector of the economy, and they are forcefully and articulately stating their case before the Nation and the Congress.

My home State of Tennessee is not being left behind in this movement. Tennessee businessmen and women are coming together and they are talking. They are questioning Government tax and regulatory policies that stifle the growth of the small enterprise.

They are questioning their secondary status in light of their tremendous contribution to the national economy. Small business accounts for almost 57 percent of all business receipts and 43 percent of the gross national product. It provides 53 percent of total U.S. business employment.

One such active and articulate member of the Tennessee small business community is Bill Nourse, of Nashville. Bill served as a delegate to the White House Conference on Small Business and was elected chairman of the Tennessee Delegation's Committee on Capital Formation.

At my invitation, he recently testified before the Senate Small Business Committee during one of a series of hearings on the problems of small business capital formation. Bill's testimony illustrates the capital formation problems of small business in Tennessee and in our region of the country. His are the very problems that the committee is attempting to bring to light and to remedy. I commend his remarks to all Members of the Senate who are concerned with preserving the future of the small entrepreneur.

I ask that Mr. Nourse's testimony be printed in the RECORD.

The testimony follows:

### TESTIMONY OF ROSWELL W. NOURSE, JR.

Brookmeade Hardware & Supply Company was founded by my brother in 1973 as a sole proprietorship dealing exclusively with the retail hardware trade. In the first full year of operation, calendar year 1974, the company had total sales of $67,000. I joined my brother in 1975 and we formed a partnership to operate the company. We determined at that time that we needed to develop other areas of revenue and started soliciting wholesale business and commercial maintenance accounts. Sales were expanded dramatically by developing this new business to the extent where current volume exceeds $700,000.

By 1977, my brother was tiring of the business. It was very demanding on our combined time, long retail store hours took time away from the family time. Increased business brought increased headaches in terms of reports, taxes, capital needs and management and while the potential for income was greater, the potential for loss was also greater. In 1978, I purchased my brother's half of the partnership and in 1979, I incorporated the company.

Brookmeade cannot be classified as a large business, however, neither can it be characterized as a "mom and pop" type operation. The biggest need of a medium-sized business such as Brookmeade is capital. The average small businessman like myself does not have large amounts of cash available to invest into his company for growth. There are other economic problems which create a need for greater capital contribution. Inflation continues to increase costs of maintaining inventory and carrying receivables. As you develop the business which Brookmeade has developed, such as wholesale and commercial maintenance accounts, better customers demand better payment terms. Suppliers, on the other hand, are experiencing the same upward cost spiral and are demanding shorter terms for payment. The minimum wage is increasing as is FICA, and energy costs continue to spiral upward. Brookmeade is a heavy energy oriented business since it offers delivery service.

I have been a small independent businessman all of my adult life and never before, has there been such an opportunity for the small businessman to make his views known. I believe that opportunity started with the White House call for a conference on small business. I participated at the White House Conference regional meeting in Nashville, Tennessee, in February 1979. At that meeting, I was elected a delegate to the conference and elected chairman of the Capital Formation Committee. All of us in Tennessee took this job seriously. My committee met regularly to discuss the problems which we were having in developing and retaining capital in our businesses. We solicited support and information from area businesses, educational institutions and seasoned executives. As a committee we drafted a position paper which stated our position on five recommendations. This position paper and the five recommendations was later approved by the entire Tennessee delegation for submission at the National White House Conference in Washington, D.C., in January of this year. Of the five subjects the Capital Formation Committee recommended, four were included in the final report of the White House Conference in one form or another.

Reviewing three of the recommendations very quickly, the Capital Formation Committee recommended the creation of certain incentives for investment in small business. Our recommendation called for a direct tax credit with certain limitations and guidelines. The White House Conference, in their final report, approved a recommendation to "provide for a tax credit for initial investment in a small business, and permit deferral of taxes or rollovers of investments affecting small businesses." We are satisfied and can support the recommendation of White House Conference. The important point to be argued, in support of the recommendation, is that the investor needs some incentive to encourage investment in small business.

An employee tax credit was recommended by our committee. As small businessmen, we remember the general jobs credit previously available under the tax code. Presently, there is no general jobs credit, but only a so-called "target jobs credit" which is burdened with administrative detail and does not address the small businessman's overall problems. We, therefore, recommend a reinstatement of the general jobs credit in a form similar to the previous credit. The problem is that because of rising costs, there is no incentive to encourage the small businessman to expand his employment base. Given such an incentive, he will be encouraged to hire more employees.

The White House Conference did not address the problem directly through a tax credit, but indirectly by recommending certain changes to the social security system. Those changes included a freeze on the tax base and the tax rate at the January, 1980 level. This, obviously, is not a tax credit for creating a new job, but it will help the small businessman by limiting the ever increasing costs necessary to match employee contributions to social security.

We also recommend the establishment of a department of small enterprise, and a cabinet level position for the head of that department. We argued that small business is responsible for 43 percent of the gross national product of this country and comprises 48 percent of all business in this country. Taken collectively, the small businessman is a powerful force in the economy; however, individually, most small businessmen do not have the resources, contacts or ability to make known their position. By consolidating the small business force through a cabinet level position, we feel the interests of the small businessman will be considered in administrative decisions.

The White House Conference did not endorse our recommendation in totality, but did approve a recommendation to consolidate and increase the power and influence of the SBA and its Office of Advocacy. The consolidation recommendation would give the administrator of the SBA access to the president on behalf of small business. Increased influence in the Office of Advocacy would create better liaison efforts with the small businessman and other branches and departments of government. We support the White House Conference recommendation.

One of the most important recommendations which our committee made, was to support the Jones/Conable Bill currently in Congress. We recommend, however, that the Jones/Conable Bill be amended to allow direct expensing of certain capital costs. The White House Conference agreed overwhelmingly with this position. The final White House recommendation calls for a simplified capital cost recovery system to replace the complex asset depreciation range regulations with provisions for: (1) immediately expensing capital costs less than a specified amount, (2) immediately expensing government mandated capital costs, and (3) the creation of a maximum annual benefit to be derived from the system.

The Internal Revenue Service advises one of the largest sources of error in federal tax returns is in the depreciation schedule. We feel this is because of the complexity of those depreciation schedules. In many small businesses, the owners cannot afford sophisticated and expensive legal and accounting assistance when completing tax returns; they do their own tax return. A simplified method of computing depreciation should serve to alleviate many of the errors. The so-called 10–5–3 plan of Jones/Conable also accelerates depreciation and thereby encourages increased capital expenditures since those expenditures will be recovered more quickly.

Passage of this Bill will give the small businessman greater incentive to invest in his business. We also feel the benefits will have a ripple effect through the economy as capital costs are recovered more quickly, expansion of businesses is encouraged and employment possibilities enlarged.

In my business, for example, I have a moderately sophisticated cash register system. Had I been able to directly expense that purchase, I probably would have made the purchase much earlier, since I would have had the tax incentive to do so. However, under the current system, I waited until the business reached certain income levels to be sure that it could afford the equipment because of the limited depreciation allowed. The business also utilizes trucks for delivery purposes and a hydraulic lift truck for the materials yard. By simplifying and accelerating the depreciation allowed on these items, I would be encouraged to purchase this type of capital equipment earlier and perhaps replace it earlier. The expenditures, although very small when considered on the grand scale of the national economy, do encourage the building of trucks, forklifts and cash registers.

A business coalition composed of the American Council for Capital Foundation, Business Roundtable, Committee for Effective Capital Recovery, National Association of Manufacturers, National Federation of Independent Business, Retail Tax Committee and the U.S. Chamber of Commerce joined together to seek passage of the Jones/Conable legislation. They feel the most effective business tax break and investment incentive is through depreciation.

Also supporting this position is a recent report to the President by the bi-partisan congressional Joint Economic Committee where it was asserted that promoting investment and growth was the best solution for inflation. Any proposed tax reduction, said the committee, should be directed at business and it suggested the best way to encourage investment in business is through liberalized depreciation.

I support Jones/Conable along with an amendment to allow for direct expensing. I encourage you to vote for passage of this legislation; in my view it is a step in the right direction to encourage expansion and modernization of small business.●

## AIRLINE DEREGULATION A BOON FOR NORTH CAROLINA COMMUTERS

● Mr. CANNON. Mr. President, I ask to have printed in the RECORD an article that was published in the Raleigh, N.C., News and Observer on February 24, 1980 describing airline deregulation as a boon for North Carolina commuter airlines.

The article follows:

### Airline Deregulation a Boon For N.C. Commuters

(By Susan Spence Moe)

J. Reese Bailey thinks Rocky Mount-Wilson has found "the answer."

On Nov. 15, a communter airline named Sunbird launched service out of the two city airport. Within 10 weeks, the newcomer was hauling more passengers out of that market than Piedmont Airlines, said Bailey, who heads the BWI Airport Authority.

The coming of airline deregulation and the apparent going of Piedmont, which announced last year that it was pulling out of Rocky Mount and New Bern, very nearly sent Eastern North Carolina air travelers into a nose-dive 15 months ago.

Instead of grounding air service, though, deregulation brought an onslaught of commuter airlines that have virtually buried the East's small towns.

"It's just literally exploding," said Howard Savin, assistant to the president of Sunbird Airlines. "Business is up 300 percent in January. We have letters from customers: they're just happy as clams."

Deregulation has allowed the large operators, like Piedmont, to drop uneconomical markets in favor of profitable ones, matching large planes with large markets. For commuter lines, which operate with smaller equipment, the air carrier castoffs have been a bit of a gold mine.

In North Carolina, the air market gold rush has attracted nine new commuter lines to the scene, bringing the state's total to 12.

Seven serve the Eastern part of the state, including newcomers ISO Commuter, Eastern Carolina Commuter, Sunbird Airlines and Mid South Commuter Airlines. Already on the scene were Wheeler Flying Service, Colgan Airways and Altair Airlines.

While the commercial air carriers previously could afford to ignore commuter lines, they now depend on them to bring outlying passengers into longer-haul hubs like Raleigh-Durham Airport.

"Deregulation made the larger carriers recognize us as a vital means of support," said Mid South President James W. Strowd. "Previously, we were chasing them. Now they're chasing us."

As a result, commuter lines are shedding their second-class status for an image of professionalism that includes expensive equipment, computer hookups and ticketing agents who can book a Rocky Mount passenger straight through to Paris.

The commuter lines have put their crews in uniforms and are projecting a color-coordinated image right down to company logos and planes with splashy paint jobs. Sunbird, for example, has invested $2 million in equipment and has ticketing agents at all stations.

Mid South's fleet includes a sleek $1.5 million Brazilian Bandeirante, an 18-passenger turboprop with leather seats so authentic the cattle brands are intact.

"We have upgraded ourselves just overnight through this deregulation situation," Strowd said.

Other airports have benefitted in different ways from Piedmont's cutback in services. One of the big winners has been Kinston, designated by the state as the area's regional airport and officially known as the Eastern Regional Jetport at Stallings Field.

Piedmont has increased its service from Kinston to Washington, New York and Atlanta. Sunbird has added Charlotte and Norfolk flights, and ISO flies to RDU.

In all, Kinston air travelers can choose from 21 daily flights on three airlines—a 300 percent increase over the seven flights offered by Piedmont before deregulation.

"Deregulation has been good for Kinston, and we think we're giving pretty darn good service out of here," said Van B. "Smoky" Higdon, manager of the Kinston airport.

"Piedmont can't afford to be hedge-hopping around the countryside," Higdon said. "They're not going to run a mission for us. I doubt they would have ever given us service to RDU."

At RDU, the overall picture has changed dramatically in the wake of deregulation. Eighteen months ago, RDU had 57 daily flights from commercial and commuter airlines. Today there are 98, an increase of 72 percent, according to Airport Director Thomas H. McDowell.

In Washington, N.C., passengers can hop one of ISO's three daily flights to RDU. Before Jan. 7, the city's air travelers had to drive 25 to 50 miles to connect with a scheduled flight.

"We gained from deregulation," said Earl W. Bonner of Washington, secretary of the Warren Field Airport Commission.

Another Piedmont casualty, New Bern, is not faring badly either.

Mid South began service Jan. 8 in New Bern with six departures daily to Norfolk, Va., and RDU. Piedmont previously offered five.

In its first month, Mid South carried about 1,250 passengers out of New Bern, about 30 percent of the 4,000-a-month previously hauled by Piedmont.

"That's about what we expected to do the first year," Strowd said.

On March 15, the airline will go head-to-head with Altair Airlines for the New Bern-to-Washington market, a service Altair has operated since December. Mid South also is casting a serious eye toward Wilmington and Elizabeth City.

At Jacksonville's Albert Ellis Airport, two commuter lines are about to do battle for the RDU connections. On Jan. 15, Eastern Carolina Commuter launched two daily round trips to RDU and ISO will jump in with three daily RDU round trips March 1. In addition, Jacksonville is still served with six daily round trips by Piedmont.

Piedmont itself has not faded from the East—a situation that seemed assured with the advent of deregulation.

In addition to Jacksonville, Piedmont is still serving Fayetteville (15 departures daily), Kinston (9 daily) and Wilmington (12 daily). Of the four, only Kinston posted a gain in traffic last year.●

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## AMERICA'S CITIES ENTER A CRUCIAL DECADE

● Mr. STEVENSON. Mr. President, urban policies are premised on the misplaced notion that we live in an economically static and socially immobile society. Though Americans traditionally have migrated to areas with employment and housing opportunities, current policies restrain societal growth. Through subsidy, these policies induce the poor to remain in deteriorating pockets of central cities. At the same time, the affluent make wasteful trips between suburbs and downtown offices.

More rational policies would encourage changes in residential patterns to facilitate the natural flow of workers to workplace. We should help the disadvantaged move to suburban and nonmetropolitan areas where there is a growing number of jobs in industry. We also should facilitate movement of the affluent to urban centers where white-collar jobs are concentrated.

A recent Chicago Tribune article, written by Edward C. Banfield of Harvard University, discusses past patterns of societal growth and changes now taking place in our cities. The article observes that despite loss of population to suburbs and nonmetropolitan areas, cities have maintained robust downtown office districts. However, the disadvantaged, who remain clustered in decaying pockets, are in danger of becoming what the author calls "a permanent underclass."

Mr. President, I ask that the article be printed in the Record.

The article follows:

### America's Citifs Enter A Crucial Decade

(By Edward C. Banfield)

Dramatic change is taking place in the big cities of America. Although only 10 percent of us live in the nation's 20 largest cities, what happens there affects us all.

Like it or not, the big cities always have been—and will continue to be—the center of economic, political, and cultural activity of our whole society.

With the exception of a few urban centers like Los Angeles that were born after the automobile, the cities have always grown from the inside out. As population increased and transportation improved, the people who could afford them sought more space and newer housing. This meant moving to the fringes of the cities where there was vacant land.

The relatively poor remained in the inner districts, close to their places of work. As their incomes rose they followed the "tenement trail" to the outlying neighborhoods and beyond to the suburbs. This historic process was interrupted by the Depression and the Second World War. But in the 1950s and 1960s the accumulated backlog of demand for more space and better housing was suddenly released.

The wholesale exodus to the suburbs produced a huge stock of structurally sound housing in the inner cities. This in turn made possible a mass movement of blacks, Puerto Ricans, and others from the rural South and other places where educational and job opportunities had always been poor and incomes low.

Unfortunately for the unskilled people moving into the cities, manufacturing—the chief source of jobs for the low-skilled—was at the same time moving out. It had become more efficient to build new plants on major highways outside of the city, shifting from rail to truck transportation.

The advantage to the poor of cheap housing in the city, many soon discovered, was more than offset by a shortage of jobs.

That the newcomers to the inner city were mostly black complicated matters. Finding they were welcome only in neighborhoods that whites had abandoned and that the quality of schools and other public services in these neighborhoods declined rapidly when they arrived, they concluded they were being victimized by white prejudice. All too often this was indeed the case.

Profound changes were occurring, however, in the attitudes of whites, especially of young people finishing high school and going to college. To most blacks and to many whites in the 1960s, the "urban crisis" was a racial problem, which is to say a moral one. To others—myself included—it appeared to be what it had always been, essentially an economic problem: As had happened many times before, a wave of unskilled and therefore poor people had come to the city. The difference was that this time they had moved into the city when jobs were moving out.

That they were mostly black made a difference: racial prejudice was still widespread. But if they had all turned white overnight the crucial facts—lack of skills and lack of jobs—would not have changed.

So much for that background. Now let's identify what I think are the important changes now taking place in the big cities.

Most were not anticipated even 10 years ago. In my opinion they will determine the nature of the urban problem—some may want to call it the urban "crisis"—that will face us in the year 2000.

There are eight items on my list:

### 1. LOSS OF POPULATION

Whereas until recently the cities were losing population slowly or not at all, now they are losing it at a rapid rate. Of the 20 cities that were largest in 1970, all but one lost population in the ensuing decade. Nine lost more than 10 per cent. Even more surprising is the net out-migration from many metropolitan areas (city and suburbs taken together).

In some of these metropolitan areas the losses from migration are not being—and will not be—offset by an excess of births over deaths. According to the best available estimates, some whole states in the most industrialized part of the country—New York, New Jersey, and Rhode Island—are losing population.

Beginning in 1960 the birthrate began dropping rapidly. We are now close to a zero rate of population growth. In the whole country there were only 2,000 more births in 1978 than in 1977.

A second fundamental fact is that more and more people are choosing to live in small towns and rural places beyond the rather arbitrarily defined limits of the metropolitan areas.

A third fundamental fact is that the movement of population to the so-called Sunbelt, which attracted little notice even 10 years ago, is now substantial: The only large cities in America to gain population in the 1970s were in the Southwest.

### 2. CHANGES IN LIFESTYLES

The drop in the birthrate is only one of many "style of life" changes affecting the cities. It has suddenly become commonplace for young adults to remain unmarried (20 percent of U.S. households are estimated to consist of one person) or to live together without being married (the number of such couples is thought to have more than doubled in the 1970s). Or, if they do marry, they remain married briefly (seven years on the average) and very often have no children. Women, including those with small children, have entered the labor market on a mass scale.

One consequence of these changes is a sharp increase in the number of households with high per capita incomes. In the "old" days the husband worked, earning, say, $12,000. Meanwhile, his wife looked after the children—two, let's say. That was a per capita income of $3,000.

Now, frequently, the husband and wife both work and there are no children. The per capita income is therefore three or four times what it was. According to a recent census report, the median income of two-income families—not all of them childless of course—was $18,704 in 1977.

These changes in lifestyle and income have stimulated a movement by young professionals and others to re-occupy and rehabilitate parts of the inner city. For many, the old incentives to live in the suburbs—ample yards and good schools for the children—no longer exist. What the "swinging single" or the two-income couple wants is to be near restaurants, bars, shops, theatres and, in the case of couples, transportation to jobs that may be in opposite directions. With high per capita incomes they can afford to buy and renovate housing in some conveniently located neighborhoods that were badly run-down.

### 3. THE VITALITY OF DOWNTOWNS

Until a few years ago there were many who thought that the city's business and cultural center—its "downtown"—could not prosper and might not even survive the movement of the middle class to the suburbs and the deterioration of what had once been the manufacturing districts.

As it has turned out, service and office industries have flourished in the central business districts of most of the large cities. Los Angeles, which until a few years ago had no real downtown, is perhaps the most conspicuous example of growth. Even Manhattan, with the city in near-bankruptcy, has been building hotels and offices at an unprecedented rate.

The evidence in these and other cities shows that a downtown may prosper and grow in the midst of a general decline, indeed of a wasteland.

### 4. A PERMAMENT UNDERCLASS

The future city will be profoundly affected by the continued polarization of the black population into an upper and a lower class.

First the good news: Those blacks who have acquired job skills have been moving upward in income and education at a rapid pace. A dozen years ago only 9 percent of black employes were in professional or managerial positions. Now 17 percent are. (The comparable numbers for whites is 26 percent). The bad news is that this upward movement on the part of some has been more than matched by a downward movement on the part of others. The figures bearing on family disorganization that shocked and angered so many people when the so-called Moynihan Report appeared a dozen years ago would have to be doubled in most instances to describe matters as they are now.

Moreover, the official unemployment rate takes no account of those who for one reason or another are not trying to find a job. If these "drop-outs" are counted, more than half of all black teen-agers might be jobless.

Persistent and large-scale efforts to train youths and fit them into jobs have largely failed. It now appears that the big cities are going to have substantial populations of people who have never had a job and have no expectation of ever having one. They may become America's permanent underclass.

### 5. NEIGHBORHOOD DECAY

The presence in the city of this apparently permanent class of persons who are more or less reconciled to a life of joblessness and poverty and whose attachment to family, neighborhood, and community is weak or non-existent is both cause and effect of the deterioration of housing and of the physical environment in general. In some places—the South Bronx of New York is only one example—this decay is absolutely alarming.

In several cities, most notably New York, Philadelphia, St. Louis, and Baltimore, useful housing is being abandoned block by block because of vandalism and because rent-control and other ordinances intended to protect tenants have made it impossible for the owners of rental housing to get what they consider a reasonable return on their investment.

City planners propose "targeting" public funds to preserve neighborhoods threatened with decline. They hope to avoid wasting money on those areas past the point of no return. Some urge the city to follow a policy of "planned shrinkage" by scheduling well in advance a cut-off of services to areas manifestly doomed to depopulation and impossible to police or to serve adequately with schools, hospitals, and other public facilities. Politically, however, such a policy is—and doubless will remain—well beyond the bounds of possibility.

### 6. ILLEGAL IMMIGRATION

Historically, the city has been a place of opportunity for the low-skilled and the poor. After a generation or two in the city they have acquired skills and savings sufficient to enable them to move off to better things in the suburbs. This, in turn, has made way for a fresh wave of migration to the city by a new and ethnically different set of the low-skilled and poor.

Now and in the future, however, this movement may not operate normally. A large new wave of immigration to the city is already under way even though a considerable proportion of the previous wave remains in the city, apparently permanently stuck in rapidly deteriorating slums.

Illegal immigration, most of it from Mexico, has increased greatly during the last few years and seems bound to increase even more rapidly in the years ahead. Mexico has one of the fastest-growing populations in the world. No matter how much oil it may have, there will be many more poor people crossing the border, a border 2,000 miles long and impossible to police by any methods that the American public would tolerate.

No one really knows how many illegal entries there are now (estimates vary from 500,000 to 2 million a year) or how many of these are "settlers" rather than "migrants."

It would not be surprising, however, if by the year 2000 the cities had as many poor people of Mexican origin as they now do poor blacks and Puerto Ricans.

Whether or in what sense the large influx of illegal aliens constitutes a "problem" is, of course, a matter of opinion. At present almost all of the aliens are employed, about half of them at jobs that pay the minimum wage or more. There is little doubt, however, that before long their presence will be legalized. They will then be eligible to receive welfare, public housing, and other such benefits. When that happens many who now feel compelled to work might stop working and join the already sizeable class of the permanently unskilled and unemployed.

However this may turn out, there will be sharp antagonism between Mexicans and blacks who compete for the same jobs and housing.

Political separatism is also a possibility. Until recently the public and parochial schools, by teaching in English, made the "melting pot" work. Now, however, much teaching is in the child's native language with the result that he may learn very little English and, what may be more important, think of himself thereafter as belonging to the Hispanic, not the American community.

### 7. BLACK-WHITE RELATIONS

This brings me to consider the changes that seem to be occurring in the relations between blacks and whites. For many years public opinion polls have shown a reduction in white prejudice against blacks. More and more respondents say, for example, that they would not mind having black neighbors. Talk is cheap, to be sure, but it is rare nowadays for whites to make a fuss when a black family does move into the neighborhood. (Incidentally, between 1970 and 1977 the number of blacks living in suburbs increased by one-third. But most of the suburbs into which most of them moved were already predominantly or wholly black).

Several of the largest cities, notably Los Angeles, Detroit, and Atlanta, have elected black mayors when whites were a substantial majority of the electorate. Finally—and what is perhaps the most telling indicator of the trend of white opinion—no politician of consequence has made any effort to develop a racist constituency.

Black leaders generally, however, do not share this optimistic view of the trend in white opinion. Few are now prepared to say, as many did a decade ago, that white America contemplates a policy of genocide.

But many do seem to think that the civil rights revolution has run its course and a reaction has set in. The closer collaboration between black and white civic leaders that one would expect is conspicuous by its absence in some of the large cities.

### 8. GROWTH OF BUREAUCRACY

A development of great importance since 1960 has been the doubling—from about 6 to 12 million—of the number of public employees in state and local governments.

Because of their increase in numbers and because nearly two-thirds of them (in the largest cities almost 100 per cent) have joined unions or professional associations, city employes are now—and will surely be in the future—the single most powerful interest group on the local scene. Almost everywhere it is illegal for them to strike. But it has become clear in city after city that in even the most essential services (fire, police, and sanitation) public employe unions are willing to defy the law. Furthermore, as a practical matter, there appears to be no effective way of punishing them when they do so.

One may safely predict, therefore, both that the wages of public employes will continue to rise relative to those doing comparable work and that there will be no corresponding increase in their productivity. By the year 2000 the cost and behavior of the big-city bureaucracy may be the principal component of "the urban crisis."

In view of the current alarm about energy supplies, perhaps I should mention a trend I believe will *not* occur. And that is the wholesale movement of suburbanites and exurbanites back to the central city because of the high price of gasoline or a massive shift from private to mass transit.

In my opinion no fuel problem will ever spoil the love affair between Americans and their cars. Between 1960 and 1975 the number of urban auto passenger miles more than doubled—from 627 billion to 1,341 billion. I would not be surprise if there were another doubling before the year 2000.●

## SENATOR BAKER'S WITHDRAWAL

● Mr. TOWER. Mr. President, a few weeks ago, our distinguished minority leader, Howard Baker, concluded his efforts to seek the Republican Presidential nomination. I am sure this decision was not an easy one, and I commend my good friend for the dignified manner in which he conducted his campaign.

As Senator Baker resumes his leadership duties here in the Senate, I know he would join me in expressing appreciation to our able minority whip, Ted Stevens, for his assistance in shepherding our Republican flock here in the Senate.

I have had an opportunity to read a number of thoughtful editorial comments regarding Senator Baker's withdrawal from the Presidential race, and I would like to bring these articles to the attention of my colleagues. From my own years of close association with him, I have the highest respect for Howard—as a principled legislator, an able leader, and most of all, a good friend.

Mr. President, I ask that the articles be printed in the Record.

The articles follow:

[From the Washington Star, Mar. 7, 1980]

### Senator Baker's Exit

When Howard Baker Jr., the Senate minority leader, folded as a Republican presidential candidate this week a nameless White House official called him "the last guy we wanted to take on . . . moderate, articulate, smart and decent."

That may have been Mr. Baker's basic problem, at least in the curiously myopic view of Republican voters put to the test to date. Of all the GOP contenders actively seeking the nomination, he was the man most feared by, because the man most appealing to, regular Democratic voters. Indeed, the Democrats seem more gladdened than Repulicans are saddened by his withdrawal.

It is well known that his major liability, for Republicans, was the crucial support he gave to the ratification of the Panama Canal treaty two years ago—a daring definance of the gospel according to Gov. Ronald Reagan. Senator Baker had hoped to neutralize that liability by standing forth, four-square, against the SALT II treaty. But the Kremlin leaders quashed that hope when they invaded Afghanistan and thus threw the last spadeful of earth, for this season at least, on the treaty.

Yet as former President Ford was saying only the other day—in essence, if not in so many words—the exotic but unappeasable passions of the Reaganite conservatives are heavy baggage. They may finally bog down, and stop, the GOP's excellent shot at the White House.

The arithmetic of the matter is rather simple: The Republicans have, by current figures, some 20 per cent of the nation's registered voters. They cannot win the presidency with that 20 per cent—not even if you assume that quite a few closet Republicans registered for state and local convenience as Democrats will add their votes. The Republican nominee, whoever he is, must deprive the Democratic nominee of a large number of Democrats and Independents to win.

And there is another consideration, bearing on the Baker prospect. Outside the Old South, Gerald Ford *won* the 1976 election. As a borderstate Southern moderate, Howard Baker might well have been positioned to shave off Southern votes and states from President Carter, assuming that he will carry the Democratic standard.

No such practical calculations appear to have entered the minds of Republican primary voters so far. That is one reason why the primary system—at least in the extravagant form it has now assumed, with some 36 contests—is a stupid way to select presidential nominees. It discounts the influence of politically-seasoned associates of a Howard Baker who know his abilities. Instead of electability, primary voters are usually preoccupied—at least they were recently in New Hampshire, under the tutelage of Mr. William Loeb—with such trivia as pocket pistols and the nefarious intrigues of the Trilateral Commission. And, to be sure, Panama.

In his withdrawal statement, as before, Senator Baker called attention to another failing of the primary circus—that it has become so elaborate that those best positioned to exploit it are not Senate minority leaders or others gainfully employed but unemployed former officeholders with the time and money to plot their courses a full two years or more before the voting begins.

As the foregoing will suggest, we are sorry to see Senator Baker conclude that his campaign "isn't going anywhere" at this early stage, though the figures bear him out. He is probably the ablest, most plausible, most electable of all the announced Republican possibilities. His early disappointment is also a disappointment to those who believe, as we do, that the country desperately needs a serious contest for the presidency this autumn.

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### Senator Baker Folds His Tent With Character, Courage

Anybody who has sense enough to get out of this crazy presidential primary business now probably is smart enough to be a good president. Which is what Sen. Howard Baker has done, and he just might be that kind of guy. So the good news among the bad news is that he will live to pay off his debts, regain his vitality and try again.

"To exist is devine," is the way Pericles put it, or maybe it was Mr. Dooley thinking ahead to Chicago's Mayor Daley. But few politicians have heeded that wise advice. They listened instead to characters like Richard Nixon: "When the going gets tough . . . it is tough going." That does not seem quite right, but it is close.

Somewhere, as this is read, Harold Stassen, his hairpiece glued in place and that faraway look fixed on his lined face, is extending his big, warm hand for the 13 millionth time to a startled factory worker, believing dimly that somewhere it is written durability is next to godliness. Those who see Stassen coming get the kids off the streets so they will not throw snowballs. Forty years of running for president produces strange responses.

Alban Barkley had it about right when he said, "A fellow who decides to quit may lose a little dignity but that is better than losing some other parts." Actually that is not recorded anywhere, bu the boys in the Senate cloakroom who remember Barkley attest to it.

There is a rumor, too, that in the unpublished works of the late, great Vince Lombardi there is this thought, probably from his early years of coaching: "Show me a man who knows when to quit and I'll show you a man who knows something the others do not." True, that seems a little out of character for Vince, but he had his good moments.

All of this attests to the perspicacity of Howard Baker. He gave it a whirl, and a good one. One of the nice young ladies on his staff figured out that the senator had been through 43 states, 347 countries, 155½ Holiday Inns, three of Arthur Adler's best suits, 197 chicken wings and 1.324 Rolaids. There is a story around this city that after the Massachusetts primary Baker sat down and figured out that he had drunk more cans of Tab while campaigning than he had gotten votes. He got the message—from his alimentary canal if from no other place.

Howard Baker packed it in. Back to the Senate now for him and the job of being a responsible minority leader, of being proud of being a politician, and having a few hours to take photographs, something he dearly loves.

There is, seriously, something tough and true about that little guy. When he decided to support the Panama Canal treaty he supported the Panama Canal Treaty. When he decided to oppose SALT II he opposed SALT II. When he decided to run for president, he ran. When he decided to get out, he got out. No weeks of anguish, up and down, back and forth, statements and counterstatements, leaks, pouts, speculation, anguish and pleas. None of that. Baker quit.

Reading between the lines of the detailed reports on his farewell from Germond, Witcover, Bachrach, McGrory, Broder, Cannon, MacPherson, White, Reeves, Dickenson, Clymer, Smith, Weaver and J. Roland Hedly III, one is struck by the extraordinary eloquence of Baker's epilogue.

"It's clear that my campaign is not going anywhere," he said. Over at the Associated Platform Performers of America there was jubilation. They had all but resigned themselves to the belief that this was to be, rhetorically speaking, the year of Teddy Kennedy. A complete sentence like Baker's is to be cherished.

There were several other remarkable passages in the Baker exit text. After winning third and sometimes fourth place in a number of runoffs, the senator declared his campaign "is still producing third- and sometimes fourth-place finishes." After a season of being told how 15 per cent is a majority, and how losing 2-to-1 is winning, the logic of Baker's statement is stunning. There was more.

"I haven't the foggiest idea how this election contest will turn out," he insisted. That may have been his guttiest remark. If that idea takes root around the country, Baker could be held responsible for destroying the entire opinion industry, composed of pundits, pollsters and itinerant scribes. They number now in the thousands and may soon unionize.

So as we roll on through this political fantasy we should raise for a moment a can of Tab to the short, sweet memory of candidate Baker.

There must be an old Will Rogers line that we could make up to apply to such courage: "A politician who actually does what he says he is going to do is a rare bird—or maybe a little drunk." As noted, Baker does not use the hard stuff.

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[From the Washington Post, Mar. 7, 1980]

### Sen. Baker: Out But Not Down

Howard Baker has had pretty awful luck in his runs for, or at least toward, his party's nomination for national office. The Senate minority leader took a mean and unwarranted roughing up over the vice presidential nomination in 1976, and this year his campaign for the presidency went, industriously, nowhere. It isn't necessary to have been a supporter of Sen. Baker for president this time, or vice president last, to observe that he did manage from time to time to bring an unaccustomed element of normality to the proceedings. He even seemed very often, on the stage, like a person. We are not suggesting that this is what did him in—only that it is an attribute in rather short supply among the surviving contenders and that Mr. Baker, departing, leaves with his dignity and reputation intact, whatever bruises he may have sustained to his pride.

By one long-short theory, he could actually come out of it better off than most of those still in contention for the Republican presidential nomination. Only one of them will get it, and that one may not win. Sen. Baker, on the other hand, stands a chance—at least in theory and conceivably in practice if Democrats sink to disaster—of becoming Senate majority leader. Of the 34 Senate seats to be filled in 1980, Democrats now hold 24, and the Republicans are now talking about the possibility of taking control of the Senate for the first time since 1953.

These giddy thoughts require contemplation. With Jesse Helms as chairman of the Agriculture Committee, Jake Garn in charge of Urban Affairs, John Tower in charge of Armed Services and Strom Thurmond in charge of Judiciary, it would be, you will have to admit, well, *different*. This is the Senate over which Mr. Baker would preside as majority leader. We aren't betting on it, just alerting you to the distant possibility that getting out of the presidential race could turn out to have been, for Howard Baker, the opposite of early retirement.

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### Processed Out

(By David S. Broder)

Tampa, Fla.—The two Republicans who entered the 1980 presidential race with absolutely gilt-edged leadership credentials were eliminated last week. Sen. Howard H. Baker Jr. of Tennessee left the contest after falling to fourth place in Massachusetts and Vermont, and former governor John B. Connally of Texas was finished off by the failure of his full-court-press effort in South Carolina.

Does that say more about the process or the personalities involved?

It surely says something about the process that men as gifted and credentialed as Baker and Connally could be driven to the showers as early as they were. Like such Democrats in past years as Averell Harriman, Ed Muskie and Scoop Jackson, Baker and Connally have learned that the qualities that gave them prestige, influence and power over a long period of years in other arenas of politics would not necessarily earn them serious consideration in this kind of presidential selection system.

One does not have to believe that either man should necessarily have been the Republican nominee in order to assert that a process that weighs their acknowledged talents so lightly is itself suspect.

Baker is the most principled and skillful Republican leader in the Senate since Robert Taft. Connally is the compleat politician—a compelling speaker, a smooth television performer, a tough back-room operator.

You have to wonder about a selection system that discards such qualities so easily.

But if Baker and Connally are alike in being premature rejects, the problems that led to the extinction of their presidential hopes are as dissimilar as their backgrounds and approaches to the contest.

Baker is the lifelong Republican who, in 1973, took on the burden of judging the incumbent Republican president's role in the greatest political scandal of the century. Connally is the lifelong Democrat who in that same year, embraced Richard Nixon and the shaky Republican cause.

Baker's part in the Watergate hearings was that of the reasonable man, picking his way through an implausible, almost unthinkable situation. He won admiration in that role, and it colored his approach to the presidential race.

In the campaign, as in the Watergate hearings, Baker presented himself as the somewhat detached, careful counselor, steady but not spectacular in the swirl of events. He would pause for a few seconds' reflection before answering a question, and he always had time for a story.

He thought last summer that his early-starting rivals might enjoy fleeting romances with the Republican voters, but that when long-term commitments were made, those voters would look for somebody with the comfortable, durable qualities he possessed.

In that hope he was disappointed.

Connally's mistake was the product of his own bravado. For the 20 years I have known him, John Connally has never doubted he could sell anyone on anything. He thought that his party-switching would be seen as a matter of principle, not opportunism, because that's what he said it was. He thought his links with Lyndon Johnson and Richard Nixon would be seen as assets, not liabilities, because that's what he said they were.

In all his life, John Connally had met very few people he couldn't persuade of what he was saying, whether they were jurors in a Washington courtroom or the captains of American industry.

His shock at the sales resistance of the Republican voters was even greater than Baker's chagrin at those voters' resistance to his charm and common sense.

In a historical sense, it may be that two candidacies that were born on opposite sides of the Watergate experience were foredoomed to failure in a party that has no wish to relive that time.

But the collapse of John Connally's campaign says something else as well. There is an enduring myth that "corporate America" pulls the strings in American politics. No one in modern times has mobilized the money, the energy and the enthusiasm of corporate leaders to the extent that Connally did.

And those powerful men proved unable not only to elect their hero as president, but even to deliver him the nomination of the poor old broken-down Republican Party, which they are supposed to own—lock, stock and barrel.

It sort of shakes your faith in Jane Fonda's and Tom Hayden's view of power in America.

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[From the Oak Ridger, Oak Ridge, Tenn., Mar. 7, 1980]

### Baker Withdrawal Shows the Irony of the Process

We are saddened at the decision of Sen. Howard Baker to quit the Republican presidential race.

There is much irony. Many quite qualified observers have perceived that he is the most experienced and provenly able of all of the candidates. Yet, as he perceived himself in his characteristically candid manner, he has given it his best for most of a year and he hasn't come up with better than a third place finish and a scattered few delegates.

And, worse yet, but realistic, even though the Detroit convention is still four months away, that simply is not enough in these days of presidential campaigning when the "Three Ms," media, momentum and money—significantly cause and effect—are so vital.

Sen. Baker's campaign has been faulted for lack of organization, and apparently with cause. But is it not unfortunate that for want of a super staff to set up logistics and massage local egos and manipulate maximum coverage—especially maximum electronic coverage—even a most able and experienced man does not stand a chance?

If we would fault the Baker campaign in any way, it would be for its occasional bow to seeming political expediency, perhaps most noticeably in the Iowa debate on issues like the grain embargo, thus allowing Rep. John Anderson to preempt a role that Sen. Baker is fully entitled to claim on the basis of his longstanding record—that of the candidate who says what he really believes and the political consequences go hang.

Our most wishful thinking suggests that a lot can still happen between now and July and even at Detroit—that it is not unthinkable that Sen. Baker might yet be thrust back into contention as the front runners damage each other. What implications a Gerald Ford candidacy might hold is hard to guess, but for any nominee Sen. Baker would make a top running mate, as indeed he would have in 1976.

We think he is entirely proper, now out of the race, to move back to fullest involvement in his key role as Senate Minority Leader, but we hope he will not utterly shut the door on the possibility of events making it proper for him to be available again for either first or second place on the ticket.

To some extent, Sen. Baker is a 1980 Republican version of Walter Mondale, who wanted the presidency too and who surely was qualified—is still qualified for it—but was frank to admit he could not make it through the nomination process and who has now become a most able and acceptable vice president.

Good try, Howard, and those of us who know you best are less sad about your personal disappointment than we are about the loss to the country at this crucial stage in this year's presidential selection process.

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### Baker Didn't Need To Win Badly Enough

There is abundant irony in the failure of Howard Baker as a presidential candidate.

The most obvious, of course, is that he is the candidate the White House feared most in November. Moreover, many thoughtful Republicans were equally convinced he would be their strongest choice.

In both cases, what the professionals saw in Baker was a candidate who represented the political center, experience both broad and deep and the personal self-assurance that would make for a confident campaign.

In fact, however, none of these qualities means a great deal in seeking a presidential nomination through the primary process. So it seems that Howard Baker has been destroyed by the very characteristics that might have been most valuable in November.

It is clear, first, that no one can survive in a crowded primary field without a clearly defined constituency. And Howard Baker didn't have one.

Such a constituency can be based on ideology, as is the case with Ronald Reagan. His conservatism gives him 25 or 30 or 35 percent of the Republican Party anytime he wants it, anywhere he wants it. Similarly, once his message began to filter down, John Anderson was assured of that somewhat smaller but no less dedicated bloc of progressive Republicans.

The second way a candidate can build a constituency is through extraordinary personal and organizational efforts to nail down commitments within the party. That is what George Bush has done, to the point that his greatest shield against Gerald Ford right now is the fact there are Republicans all over the country who have made such commitments.

From the outset, Baker's centrist positions denied him a Reaganesque or Anderson-like constituency. And by his own choice, he made the serious strategic error of remaining on the job in Washington last spring and summer when he clearly should have been in Iowa competing day after day for those Republicans there whose support gave George Bush his initial impetus.

The theory in the Baker camp was that the candidate would profit far more from his role as the highly visible leader of the opposition to the ratification of the strategic arms limitation treaty. The early campaign would be waged, in effect, by the television networks' nightly portrayal of Howard Baker dealing with a serious issue in a leadership position while his opponents were frivolously kissing babies.

That debate never came off, of course. But even if it had, it is clear that Baker overestimated the attention the voters in a primary state will pay to the Senate. Members of what they like to call "the world's greatest deliberative body" always overestimate its importance, and Baker was no exception when he decided that such a demonstration of his experience could substitute for personal campaigning.

The third of the qualities that seemed to promise a strong Baker candidacy—his own personal self-assurance—also proved to be far less valuable than a reasonable person might imagine, and perhaps even counterproductive.

Baker always made a point of the fact that he did not have a pathological desire for the presidency. If he didn't make it, he said, he would survive. It was clear to those who know him that Howard Baker's judgment of his own worth—or that of anyone whose opinion he valued very much—was not going to be dependent on whether he was a successful candidate for president.

That was really at the root of all of his problems. By neither word nor deed did Howard Baker ever convey a sense of urgency and relentless determination. If it didn't work out, it was clear it was not worth burning the barn down. He could still enjoy himself and, to use the favored cliche of politics, "make a contribution" as the Republican leader in the Senate.

In one sense, in fact, it may have been that background in the Senate that was his undoing as a candidate. Legislative politicians learn quickly that the road to success requires you to round off some of the sharp edges of your positions and seek the reasonable compromise—that is, to find what can be achieved rather than the ideal.

It requires a good politician, above all, to see the world as it really is. Howard Baker is such a good politician, and he does see the world as it is.

That quality could have been a priceless asset in a campaign in the fall. But in Howard Baker's case, that same realism has forced him to fold his tent.

[From the Washington Post, Mar. 9, 1980]

THE OUGHT-TO-BE OF EVERYBODY'S FOURTH CANDIDATE

Of many puzzles in this political year, none seems more mystifying than the fate of Howard Baker. To me, Baker was one of the most attractive men running for president. He conducted himself with dignity, intelligence and, at times, with a quality that has almost gone out of public life, eloquence. And, of course, he lost—totally. It's to Baker's great credit that he doesn't seem to be humiliated or embittered by the experience. His exit could not have been more graceful.

The ready explanation for Baker's failure was something like this: he started too late, thus losing time to his opponents and the opportunity to fashion the truly top-level staff that could prepare the groundwork for the critical primary tests. With others carving up the territory before him, he was condemned to an also-ran status. Howard Baker became everybody's fourth candidate.

Probably, there's merit in that analysis, but it misses some larger points.

At face value, Baker would seem to have been an ideal Republican candidate in 1980. He began with a vital political ingredient—some recognition. The Watergate hearings had made him a national celebrity, and while the American public is demonstrably fickle, nothing had occurred to diminish his reputation.

On the contrary, among Republicans in particular he stood in what ought to have been an enviable position. Among the narrow ideological confines of the GOP, Baker was acceptable to conservatives and moderates alike. (Precious few Republicans are willing publicly to admit being liberals or progressives). Baker, as a border-state politician and as Everett Dirksen's son-in-law, couldn't be faulted as anything other than a good, loyal—and safe—party stalwart by the small hard-shell corps that still dwells among the Republican fringes.

Baker had two other commendable qualities. He had experience and he was the right age. These are—and should be—major considerations for voters choosing a president, especially today.

As the presidential year approached, citizens in general and politicians of both parties seemed to agree that experience was an indispensable ingredient in presidential success. Certainly the lesson of Jimmy Carter and his outsiders taught so.

The problems of governance were too critical to be left to trial-and-error and the uncertainties of on-the-job training. Running against Washington as Carter had done would always be popular, but along with its political appeal had come a political liability—the person ultimately in charge of the hen house had better know something about tending chickens.

Here, too, Baker was eminently qualified. He was the Republican leader in the Senate, well versed in the intricacies of working in Washington and the relationships with state governments. His record as a legislator was superb, and he had earned justifiable praise for statesmanship.

At 54, Baker stood in the middle range of age among his Republican competitors—younger than Ronald Reagan, George Bush, John Anderson, John Connally and Bob Dole, older only than Philip Crane—and about the age at which presidents historically have performed successfully. Because of Reagan the question of age has received much attention this year. It deserves to.

Reagan would be the oldest person ever elected, and would begin his term as he entered his 70s; the oldest previous occupant, Dwight Eisenhower, completed his eight years in office just as he celebrated his 70th birthday.

Far from being a question of "age-baiting" as a recent New Republic article suggested, and therefore a bogus issue, the matter of presidential age surely stands as a legitimate public concern. If the evidence of our eyes in seeing our recent presidents, including Jimmy Carter, age dramatically isn't convincing, the record of their health should be. The strain of the modern presidency grows, and takes its toll: FDR died in office; Ike suffered two serious and incapacitating attacks, ileitis and a heart attack; LBJ quite likely would not have survived a second term (he died of a heart attack almost four years to the day after leaving office); Nixon developed a near-fatal attack of phlebitis.

No one can predict the pressure a president will face, but to argue they don't exist in ways unrelated to any other job is absurd.

And Baker was not a lackluster candidate. At his best, he was capable of delivering a stirring speech; his closing remarks on why he sought the presidency in the South Carolina debate of a week ago were memorable. Yet he lost.

Obviously, he didn't catch on, but why?

Leaving aside the questions of staff or timing, two factors suggest themselves. The first is the desire—the need almost—on the part of both press and public to find a fresh face. This year's beneficiary of that phenomenon is John Anderson. The second involves Washington.

For much of the first half of this century, the statehouses provided the springboard for the presidency—McKinley, Theodore Roosevelt, Wilson, Coolidge, FDR all were governors. Then, with the advent of national TV and its impact on politicians seen regularly from the capital, Congress came back into vogue—and Kennedy, Johnson, Nixon, Ford moved from Capitol Hill to the White House. But the record also shows that congressional leadership doesn't translate as easily into presidential success. LBJ, the most powerful of modern Senate leaders, and Hubert Humphrey, another skillful Washington operator, never made it to the White House on their own. Carter's election last time raised the possibility the pendulum is swinging back to the governors. Baker never came close to Reagan, the former California governor.

It's not secret the Carter people are delighted at Baker's departure. They reckoned him as their toughest opponent, and Reagan as their easiest. The guess here is they're right—and that while the Republicans did not prefer Baker in the winter, they may regret they don't have him in the fall.●

## A SUBMINIMUM WAGE

● **Mr. STEVENSON.** Mr. President, the administration and Congress are reducing Federal spending and imposing controls on credit to dampen inflationary pressures. While many measures are required, one step, less dramatic than some, would provide swift relief: establishment of a subminimum wage for youth. I have introduced a bill, S. 1107, that would authorize employers to pay teenagers 85 percent of the minimum wage.

A youth differential would permit businesses to reduce labor costs and stabilize prices. The minimum wage, now $3.10 per hour, makes it expensive to hire marginal workers. A subminimum wage would create jobs for youths and stimulate business expansion, particularly expansion by small businesses. A youth differential would also reduce the billions of dollars needed to fund the youth employment programs necessitated by the other programs which cause youth unemployment.

Two recent articles highlight the failures of current youth policies. The first, in the New York Times, reports that an unpublished Department of Labor survey indicates youth unemployment is substantially higher than the level revealed by official data. Based on interviews of youths in the spring of 1979, the DOL survey showed that overall youth unemployment was 19.3 percent and unemployment among black youths was a shocking 38.8 percent. According to the article, a substantial number of youths said they would work at a subminimum wage. The second article, in the Washton Post, recites the litany of programs that have failed to reduce teenage unemployment to tolerable levels. The article notes that annual spending for youth employment programs has escalated over the past 3 years from $2.5 billion to $4 billion.

Mr. President, I ask that these articles be printed in the RECORD.

The articles follow:

[From the New York Times, Feb. 29, 1980]

### U.S. STUDY HINTS AT MORE JOBLESS IN YOUTH RANKS

(By Philip Shabecoff)

WASHINGTON, February 28.—An unpublished Government report indicates that unemployment among American youth is much higher than the official figures show and that the unemployment gap between white and black young people is even wider than had been thought.

The report, based on a long-term Labor Department survey of youths, also tends to refute the widely held opinion that unemployment among young people, particularly those from minority groups, is high because they will not accept low-paying jobs or work considered menial. A summary of the report was obtained by The New York Times.

The official data published by the Labor Department's Bureau of Labor Statistics, based on a monthly survey of a sample of households, showed a 14.1 percent jobless rate among all 16- to 21-year-old youths and a 28 percent rate among black youths of the same age in the spring of 1979.

#### MAGNITUDE OF PROBLEM

But the unpublished long-term survey of young people indicated that overall youth unemployment in the same period was 19.3 percent, while black youth unemployment was 38.8 percent. For young black people in school but seeking work, the official Labor Department jobless figure was 36.9 percent, while the long-term survey showed a rate of 55.4 percent.

However, the survey suggests that the problem is of even greater magnitude than these rates indicate, because it shows a higher participation rate in the labor market than the monthly Labor Department report and, therefore, a much higher absolute number of young people seeking work. According to the survey, there were 775,000 16- to 21-year-olds seeking jobs last spring, while the regular monthly report showed 478,000 young job-seekers.

The results of the survey suggest that youth unemployment in general and unemployment among minority youth in particular, already recognized as a major social and economic problem, is even more severe than generally believed.

According to a summary of the report, "Its major findings are of critical importance in the formulation of youth policies for the 1980's."

The report represents the first results of the Labor Department's National Longitudinal Survey, which is following a representative sample of 12,693 youths over an extended period, with particular attention paid to their training and employment experiences.

The results directly challenge the contention made by a number of manpower economists that the Labor Department's monthly reports overstate unemployment among black teen-agers.

The unpublished report says that the disparity between the long-term survey results and the monthly household survey used for the Bureau of Labor Statistic's regular reports on employment and unemployment stems from the fact that the youth involved in the long-term survey were interviewed rather than the head of a household.

The report states that "it has been documented" that responses differ significantly when the youth is asked directly and that the evidence suggests that the direct youth interviews are more accurate.

The survey indicates that the labor force participation rate—those who either have jobs or are looking for them—for 16- to 21-year-olds is 11 percent higher than that reported by the monthly survey and that the participation rate for blacks is 27.5 percent higher.

It also said that while the racial differentials in rates in employment and unemployment are "massive," they are "only the most visible dimensions of relative deprivation."

"In almost every aspect of their labor market experience, black and Hispanic youth are significantly worse off than white youth," it added.

#### OTHER IMPACTS CITED

In addition to having higher unemployment rates, the survey indicated, black and Hispanic-American youths are consigned to lower-wage, lower-skill jobs than whites. Young minority group workers must travel longer to reach their jobs and derive less satisfaction from their work. They also tend to be laid off more often than their white counterparts.

Young women workers, regardless of color, tend to be laid off more often than their white counterparts. Young women workers, regardless of color, tend to lag well behind white males in most employment categories.

The report states that contentions that youths will not take available jobs because they demand higher wages, find the nature of the work unacceptable, or simply do not like to work are often used "to gainsay the seriousness of youth labor market problems."

But such arguments are now "deflated" by the survey results, the report asserted.

The survey found that a majority of the young people would be willing to take low-paying jobs in such areas as fast-food restaurants, cleaning establishments, supermarkets as well as dishwashing. A substantial number of the young people surveyed said they would work at below the minimum wage.

The survey suggests that the younger the worker the lower the wage and level job he or she is willing to accept. It also indicates that young minority group workers will take lower level work than young white people.

"The evidence suggests that the majority of these young people are not unsuccessful because of inflated expectations," the report states.

Finally, the survey found that "employment and training programs are an important factor in mitigating the problems of disadvantaged and minority youth."

The full report is 400 pages long. It was prepared for the Labor Department by the Center for Human Research of Ohio State University.

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[From the Washington Post, Mar. 8, 1980]

### WAR ON YOUTH UNEMPLOYMENT: DISPIRITING NEWS FROM THE FRONT

(By Kathy Sawyer)

Royal Johnson, 19, stood on the street with his back to Cardozo High and its sweeping view across some of the city's worst slums to the sun-touched white of the Capitol dome.

That was an alien world to him and he neither knew nor cared that, over there, Congress was debating whether to pop for another $2 billion to "motivate" and train youths like him under President Carter's only "major new domestic legislative initiative" for 1980.

Johnson dropped out of Cardozo two years ago and, most days, he does not show up for the work he got through a government jobs program—unloading boxes and carrying out trash for a Northeast auto parts dealer.

"That job ain't nothin'. Just nothin'. That job ain't worth s--," he said, throwing his shoulders restlessly. "I do that job, days I feel like it. I do better on the street, most days."

He reads at about fourth-grade level, according to a community worker who knows him. His mother, on welfare, has another child at home.

In Hartford, Conn., Calvin Philips, 21, slumped into a chair during a break from his job as a dishwasher and told what he thinks about the kids like Johnson who do not know a break when they see one.

'Their mother ain't brought 'em up right. They lazy," he said, eyes smiling faintly. Phillips had been branded a troublemaker before he went through a federally funded work program and, incidentally, took up with a community basketball team.

Now he's working and going to night classes to finish high school. He hopes to go into a construction trade. Community workers say he might actually have a shot at it.

Such are the painful increments by which "success" is often measured on the front lines of this tense and dispiriting battle.

Government officials, job specialists, teachers employers and just plain taxpayers all say they want poor black and minority kids to have jobs, and they've poured billions into programs for them. The kids, for their part, almost all say they want to work.

Yet between a third and a half of them have grown up to be an ugly blot on the country's record of social progress.

Overall unemployment among teenagers is about 14 percent. But among Black and other minority kids, it averages about 35 percent, by government estimate and is at 50 percent or higher in some impoverished inner cities.

All through the '70s, while the federal money flowed and a growing portion of white youngsters got jobs, the line on the graph for young blacks plummeted. The battle intensified.

Now comes the Carter contingent to take another stab at it, throwing $2 billion more into a bureaucratic stew where the success rate to the extent it can be measured meaningfully at all, remains frustratingly low.

Carter officials and other supporters of the new plan argue that the alternative is to write off a whole group of kids and just "throw up our hands." Skeptics mutter that it's just another sop to conscience, or to a powerful black constituency, and that this money will follow other billions down a rathole.

Here are more dispatches from the front:

Herbert Jones, assistant personnel manager for People's Drug Stores: "We call the various community organizations and say we've got 10 or 12 vacancies. We get maybe five to seven applicants . . . They say yes, okay. Then you schedule them for training. But half of them don't show up. I grew up in this area and I don't understand it."

Mattie Taylor D.C. Department of Labor: "Each year, this building is torn apart by kids who come here looking for jobs, but are told there are none."

James McClure, guidance director, T. C. Williams High School, Alexandria, Va.: "We're talking about the kind of a kid that nobody wants to fool with . . . It's a full-time job [working with them]. I get discouraged with federal programs . . . The people in these programs are very idealistic.

They make a lot of promises. But you better be able to keep those promises or you've lost the kid . . . It's not money these programs need more of."

William Stewart, welding shop teacher, Phelps Vocational Training School, D.C.: "Friday a dozen [students] jimmied the door to my classroom; they were shooting craps and smoking herbs . . . One time they set [the role sheets] on fire on top of my desk." Because of administrative squabbles, lack of supplies, unheated classrooms and students' "just not showing up, 13 out of 17 of them just got their second F, which means they won't pass for the year . . . It's complete chaos here most of the time."

Vernon Johnson, an administrator of Maverick, a federally subsidized work program in Hartford: "These kids from low-income housing do not see the link between what they do today and what they'll be able to do tomorrow. They don't think that long range. They are living for today."

While the absolute number of unemployed black youngsters is relatively small—about 380,000 out of a workforce of 103 million—the impact in terms of human pain, crime, welfare, public guilt and other costs to society have been felt disproportionately on the political Geiger counter.

In January, White House domestic affairs adviser Stuart Eisenstat unveiled the program with the warning that without it, the problem "may get worse in the 1980s."

While the number of all young people will go down with the decline in the birth rate, he said, the percentage of all youngsters who are black and Hispanic youngsters will increase significantly.

When Carter took office, the Republicans were spending $2.5 billion a year on youth programs. Since then Carter has raised the level to $4 billion and is asking Congress to raise that to $6 billion over the next two years.

The smallest, most heavily supervised and most costly of the existing programs, such as Job Corps, have shown some successes. But for the programs that most disadvantaged kids wind up in, the results have been doubtful at best.

A parade of manpower experts has urged the government to lower public expectations for these programs and to focus on improving existing ones rather than adding new ones.

There is an argument without a resolution going on. Some people say there are jobs available but that some youngsters refuse to do them, some say the jobs exist but the kids have not been equipped with the skills to do them and some say there simply aren't enough jobs.

Why haven't the alphabet soup of programs—CETA, YACC, YETP, YCCIP, YIEPP, YEDPA—had more impact on the neediest poor kids they are aimed at? Books have been written. Theories and observations about that abound:

Many employers are racisits.

Teen-age boys, more than girls, are restless and rambunctious and troubled in the best of circumstances, and bound to be so when faced with rotten, dead-end jobs, on top of poverty and illiteracy. Some will grow out of this phase and become employable.

Today's black teen-agers, having had their consciousness raised, expect more and seem angrier, more hostile, and more frightening to some employers than their parents' generation.

Many employers discriminate on the basis of class, not race. Black Harvard graduates have no trouble getting jobs. In a conformist teen-age culture, all inner-city kids dress alike and a middle-class employer "can't tell whether he's interviewing a mugger or a good kid."

An underground labor economy—running numbers, selling dope, painting houses, repairing cars—employs many youngsters who appear in the unemployment statistics.

Bureaucratic screw-ups and red tape discourage employers, kids and just about everybody involved with the programs.

The schools, especially poor urban ones absorbing the brunt of one of the greatest social upheavals in our history, integration, have failed to teach the kids to read, write, add or subtract.

The kids come from a welfare background in which work habits are alien and parent(s) are too tired or ignorant to give them the instruction they need.

White kids have an informal network of relatives, friends, etc., that leads them naturally into jobs. Poor black kids don't.

And so on.

Nobody is making any dramatic promises about what the new Carter proposal will accomplish. But the alternative, its supporters say, is to do nothing more than now. Already, the tightening budget and pressure from inflation threaten to choke the plan off altogether.

Bill Spring, a White House domestic aide who is expert in the subject, acknowledges the limits of the program, especially in an economy where adults are facing layoffs.

"It is a zero sum game. We can't provide jobs through training. But we can try to equalize the weight of unemployment on various groups."

Among the improvements the program will try to make is to put great emphasis on how well the kids perform in the programs, where in the past that was avoided for fear of scaring off the less able. "You've got to have a touch of the Marines," Spring said.

A key difference in the administration's new plan is that it would target about half the money to schools in 3,000 of the country's poorest school districts for remedial teaching at the junior and senior high level, rather than directing it all to work programs. The money would be channeled through the new Department of Education as well as the Labor Department.

When he announced the proposal, Eisenstat said, "The literacy gap which we identified was absolutely staggering."

In a society where jobs increasingly demand white-collar skills such as reading and arithmetic, he pointed out, "Forty-two percent of recently surveyed black 17-year-olds are functionally illiterate."

The proposal would not merely offer busywork to keep kids off the streets, he said, but also would try to provide basic skills to those who might otherwise face a lifetime of joblessness.

The plan would call on schools and jobs programs to work together to link learning with the world of work.

On Capitol Hill, powerful competing interest groups in education and labor, jealous of their appropriations, have geared up to protect their turf and, as one education lobbyist said, "there'll be some name calling" over whose fault the youth problem is.

But supporters and opponents alike agree on the need to help the severely distressed inner-city schools. Until now, virtually all federal funds have gone to the lower elementary grades, not to junior and senior high levels where the turned-off kids drop-out.

Rep. Gus. Hawkins (D-Calif.) criticized the proposal for pouring money into the schools for the purpose of "doing what they've already been given money to do at a lower level." That is, teach reading, writing and arithmetic.

But his main objection, he said, is that the proposal won't be effective until 1982. "We should be doing something right now."

Rep. Parren Mitchell (D-Md.), leader of the Congressional Black Caucus, called the plan too little, too slow. "The problem is so enormous. I'd make it No. 1 priority . . . This doesn't begin to address the real need."

Royal Johnson, meanwhile, continues to learn the lessons of the street.●

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WARNER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Orders Nos. 688 and 689.

## ADDITIONAL FUNDS FOR THE NATIONAL MUSEUM ACT OF 1966

The Senate proceeded to consider the bill (S. 1786) to amend the act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said act, which had been reported from the Committee on Rules and Administration with an amendment on page 2, line 6, strike "$1,000,000 each year for fiscal years 1981, 1982, and 1983" and insert in lieu thereof "for the fiscal year 1981, the sum of $803,000, and for the fiscal year 1982, the sum of $1,000,000", so as to make it read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 2(b) of the National Museum Act of 1966 (20 U.S.C. 65a) is amended to read:

"(b) There are hereby authorized to be appropriated to the Smithsonian Institution for the fiscal year 1981, the sum of $803,000 and for the fiscal year 1982, the sum of $1,000,000.".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read for the third time, and passed.

## RECORDS OF THE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

The resolution (S. Res. 393) to transfer the permanent records of the Senate Select Committee on Presidential Activities to the National Archives, subject to regulations or orders of the Committee on Rules and Administration, was considered and agreed to, as follows:

*Resolved,* That the permanent records of the Senate Select Committee on Presidential Campaign Activities which were transferred to the Library of Congress pursuant to S. Res. 369, Ninety-third Congress, shall be transferred to the National Archives of the United States for preservation. The transfer of such records shall be subject to such terms and conditions relating to access to and use of such records as the Committee on Rules and Administration may prescribe by regulation or order or as the Archivist of the United States may prescribe with the approval of the committee.

SEC. 2. The nonpermanent records of the Senate Select Committee on Presidential

Campaign Activities which were transferred to the Library of Congress pursuant to S. Res. 369, Ninety-third Congress, shall be disposed of as the Committee on Rules and Administration may direct, including transfer to the Washington National Records Center for storage pending ultimate disposition.

SEC. 3. S. Res. 369, Ninety-third Congress, is repealed.

## ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

## EXTENDING BY 60 DAYS THE EXPIRATION DATE OF THE DEFENSE PRODUCTION ACT OF 1950

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on House Joint Resolution 520, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 520) to extend by 60 days the expiration date of the Defense Production Act of 1950.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the joint resolution be considered as having been read the first and second time and the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there objection to the immediate consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. PROXMIRE. Mr. President, I urge approval of House Joint Resolution 520. This resolution would temporarily extend the Defense Production Act of 1950 until May 27, 1980. As you know, Mr. President, the longterm extension of the Defense Production Act is contained in S. 932, which is still in conference. The conferees have agreed that, at such time that action is completed on S. 932, the Defense Production Act will be extended until September 30, 1981.

Approval of this resolution is important because the Defense Production Act provides the principal legislative authority for ongoing defense procurement and mobilization planning and programs, and for the system of priority performance of national defense contracts. Approval of this resolution will provide continuity and regularity for these urgent defense programs. The House has already approved House Joint Resolution 520, and I urge its approval by the Senate.

The PRESIDING OFFICER. The joint resolution is open to amendment.

If there be no amendment to be proposed, the question is on the third reading of the joint resolution.

The joint resolution was read the third time.

The joint resolution having been read the third time, the question is, Shall it pass?

The joint resolution (H.J. Res. 520) was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## DESIGNATION OF THE BUILDING KNOWN AS THE FEDERAL BUILDING IN EVANSVILLE, IND., AS THE "WINFIELD K. DENTON BUILDING"

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 5794.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 5794) to designate the building known as the Federal Building in Evansville, Ind., as the "Winfield K. Denton Building."

The PRESIDING OFFICER. Without objection, the bill will be considered to have been read twice by title and the Senate will proceed to its immediate consideration.

Mr. BAYH. Mr. President, few Members of Congress have captured the hearts of their constituents as fully as Winfield Kirkpatrick Denton who represented the citizens of the Evansville area for 16 years in the U.S. House of Representatives. Winfield's goal during his years in Washington was to represent the wishes of his constituents to the best of his ability and in a manner beyond reproach. I do not hesitate at all when I say he achieved his goal. Because of my deep admiration, as well as the admiration of citizens in the Evansville area, for Winfield Denton, that I sponsored this legislation, H.R. 5794, to name the Evansville Federal Building the Winfield K. Denton Building.

Winfield Denton was born October 28, 1896 in Evansville and maintained his residency there for all 75 years of his life. He served his community as prosecutor of Vanderburgh County for two terms, was elected to the Indiana State legislature where he was appointed minority leader and served on the budget committee.

He was married to the former Grace Abernathy and they are blessed with three daughters. A graduate of DePauw University, he attended Harvard Law School and earned an LL.B. in 1922. In accordance with his deep feelings for this Nation, Winfield Denton enlisted in the service as a private and later was commissioned a second lieutenant as an aviator in the U.S. Army Air Corps. In the Second World War he reentered the service as a major and served in the Judge Advocate's Department at Wright Field, Ohio.

The terms Winfield Denton spent in service to his constituents are years of sterling example of a man dedicated to his community, a man of outstanding integrity who never shirked his responsibilities but faced them with the utmost courage. Many tough questions arose during these times but were dealt with effectively and thoroughly by Congressman Denton.

I had the honor of knowing Winfield during my early years in the Senate. We served in the Congress together for 4 years and it was a real pleasure for me to work with someone of his experience and knowledge.

As a resident and lifelong advocate of the Evansville, Ind. area, it is only right that we recognize the many contributions and important work of this greatly loved many by making his name a permanent landmark in the community. I urge my colleagues to join in commemorating the life of Winfield Denton by naming the Evansville Federal Building after him.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The bill (H.R. 5794) was passed.

## ORDER PERMITTING THE BUDGET COMMITTEE UNTIL 10 P.M. TODAY TO REPORT SENATE RESOLUTION 384

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Budget Committee may have until 10 p.m. today to report Senate Resolution 384, a budget waiver on S. 2428.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER FOR THE RECOGNITION OF SENATORS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the two leaders or their designees tomorrow under the standing order and following the order for the recognition of Mr. SCHMITT, which has previously been entered, Mr. STENNIS be recognized for not to exceed 15 minutes, Mr. BENTSEN be recognized for not to exceed 15 minutes, and Mr. BOREN and Mr. STEWART each be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order entered earlier, that the Senate stand in recess until the hour of 11 a.m. tomorrow morning.

The motion was agreed to; and at 5:38 p.m., the Senate recessed until Wednesday, April 2, 1980, at 11 a.m.

# HOUSE OF REPRESENTATIVES—*Tuesday, April 1, 1980*

The House met at 10 a.m.

Rev. Duane H. Carlson, pastor, St. Mark's Lutheran Church, Springfield, Va., offered the following prayer:

Eternal God, our Father, we claim Your promise to be with us always and to hear us when we lift our voice and spirit to Thee. So hear us this day and in this place as we pray for our land and people. May we, as a nation, flourish because we seek first Thee and Thy will above all other things. Be a ready help to those who call on Thee and on whom rests great responsibility. Give our leaders vision of not only what is needed to honor justice and enable peace but also how to accomplish it. So bless us all, everyone in every place through Christ our Lord. Amen.

## THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

## THE REVEREND DUANE H. CARLSON

(Mr. HARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARRIS. Mr. Speaker, this morning, the Reverend Duane H. Carlson of St. Mark's Lutheran Church in Springfield, Va., delivered the benediction as we began today's session. For 25 years, Reverend Carlson has been pastor of St. Luke's which, under his leadership, has grown to be one of the largest Lutheran churches in Virginia, with more than 1,900 members.

Reverend Carlson's dynamic leadership in his church, and his active and concerned involvement in his community reflect a commitment to people that we often find lacking in our modern society.

Reverend Carlson is a member of the executive board of the Virginia Synod, president of the board of trustees of the National Lutheran Home for the Aging, chairman of the examining committee of the Virginia Synod, a member of the board of trustees of the Children's Lutheran Home in Salem, Va., and a member of the consulting committee on theological education of the Lutheran Church in America.

I am personally honored that Reverend Carlson could be with us today. It is my hope that all Members will find his commitment to people in the morning benediction, and that we will let this commitment guide our actions in the coming weeks.

## A TRIBUTE TO THE LATE ROBERT M. PAUL

(Mr. ROE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ROE. Mr. Speaker, all of us in this body have suffered an irreparable loss in the untimely death of Robert M. Paul, staff director of the Economic Development Subcommittee of the Committee on Public Works and Transportation.

As chairman of that subcommittee I had come to know Bob Paul closely and well, and to respect and admire the scope of his intellect, the depth of his understanding of so many Federal programs and policies that affect the conditions of life for all our countrymen.

An engineer-biologist by profession, a humanitarian by instinct, he concerned himself with both the natural and the urban environments. He brought to his work as an adviser to the Congress an informed determination to protect the woods and waters of America, to plan for a better, more orderly growth for our cities, and to bring new economic life and hope to less fortunate regions and localities that had long been left out of our national prosperity.

Above all, he was a kind and considerate gentleman, a warm and constant friend, a loving husband and father to his wife and four children. To them, we extend our deepest sympathy.

Mr. Speaker, along with hundreds of Bob Paul's friends, I attended a memorial service for this much-loved man last Saturday, and listened to a moving tribute paid to him by his oldest son, James. I think it most fitting that these words should be a permanent part of the RECORD of this Congress, a profession of our own gratitude for having had him among us.

### A GENEROUS QUIET FOR DAD

He was an offhand man—
He had a modest appetite for praise.
He was a man of generous quiet,
And he gave us ourselves. He did not
Need to be known; he knew
That good reasons always solved something,
That what anyone else gave you
Could only begin. And when
In his quiet we heard ourselves talking,
Heard what we feared or wanted to hear,
Still and unheard was the quiet he reserved
For us, in his love. He could surprise you,
And if we peel back this universe of things,
Beneath the clatter of bird wings, the wind
On the grass, even beneath the first glint
Of a morning on the face of the waters,
We'll find another generous quiet,
The grace of room enough,
A space for everything to be.

## PRESIDENT WAITS FOR 18-PERCENT INFLATION BEFORE TAKING ACTION

(Mr. WHITTAKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WHITTAKER. Mr. Speaker, the only surprise in the President's anti-inflation message was the fact that he waited until inflation reached 18 percent before taking action.

Credit controls and a call for more voluntary restraint and discipline were fairly predictable—after all, they attack the symptoms, not the cause, of inflation. Inflation has been caused by rampant Government spending on the part of the Democratic majority in this Congress which has toiled for 25 years to bring the American people to their present state of despair.

The President's call for a balanced budget is an admirable one—one that Republicans have advocated for many years. Hopefully, the Democratic majority will also heed the call and abandon its habit of spending money it does not have.

The entire country has long supported a balanced budget—and hopefully, we can now begin to achieve one by implementing programs which the Republicans have supported all along by electing a Republican majority.

## THE VOLCANO IS NOT THE ONLY THING LIKELY TO ERUPT

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, there is a rumor floating around that the lights are burning late over at the EPA these days. Rumor further has it that the reason for the flurry of activity is Mount St. Helens which, according to unconfirmed sources, had the audacity to begin polluting the atmosphere with its eruption without first filing an environmental impact statement. So, now, the bureaucrats downtown are at wit's end trying to figure out who should be held legally responsible.

Now I would not want to vouch for that rumor, but the fact that things can erupt without official Washington's blessing begs another question: Who will be held responsible when the taxpayers erupt in protest over raising taxes rather than cutting spending to balance the budget. The culprit is obvious: Just as surely as Mother Nature is responsible for the volcanic eruption out West, so too is the Democrat majority in Congress, for 25 long years, which has voted all these budget deficits in recent years, responsible for the inflationary spiral we have been experiencing. The only difference is, in the latter instance, resource is available—at the polls next November.

☐ 1010

## NUCLEAR POWER CONDEMNATION SEEN AS ILLOGICAL AND UNSCIENTIFIC

(Mr. PAUL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PAUL. Mr. Speaker, on the first anniversary of the accident at Three Mile Island, another and infinitely worse one occurred. In the North Sea, a giant floating platform, needed to house workers drilling in the dangerous ocean environment, capsized, and 123 men were killed. Where was the the outcry from the antinuclear forces about the horrors of deep-sea drilling? Instead, we had the illogical and unscientific condemnation of nuclear power, powered by the emotions of those who would have our country continue its dependency on imported oil. Frankly, I do not understand this aversion to a reasonable and safe alternative to the thousands of deaths and maimings associated every year with coal mining and oil drilling.

Nuclear power is not perfectly safe, of course. But all available evidence shows its superiority over other energy sources. It is time, however, that nuclear power was forced to survive on its own merits, as I believe it can. It is time for the pronuclear forces to neutralize the antinuclear fanatics by advocating the development of nuclear power in the free market, without Government subsidies. Government insurance, disposal, and development programs are not cost-efficient, fair to the taxpayers, or necessary. All costs, responsibilities, and liabilities should be assumed by those who make the profits.

## CITIES SHOULD HAVE VOICE IN SELECTION OF HISTORIC SITES

(Mr. LUKEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUKEN. Mr. Speaker, I would like to bring to the attention of my colleagues in the House procedures governing the listing of national historic sites which ignore the capacity of elected local officials of major cities to make a direct contribution as to which buildings are to be preserved. These regulations attempt to achieve the goals of historic preservation by way of a process which is virtually hermetically sealed from local government participation.

In my district in Cincinnati, the city has opposed the designation of a building, known as the Workhouse, as a historic site. The maintenance of the Workhouse as an abandoned hulk would cost the city tens of millions of dollars of taxpayer funds and would destroy the possibility of providing jobs where they are needed.

In opposing the designation of this site to the National Historic Register, the city was allowed only to provide written comment and to appear before the State review board to protest the decision. It is the State review board, and the State officer for historic preservation, which actually make the decision whether or not to recommend the site for listing on the register. This State-determined decision is then forwarded to Washington, where it is Federal officials who make the final determination on registration.

I would like to urge my colleagues that these regulations implementing the National Historic Preservation Act of 1966, as contained in part 36 of the Code of Federal Regulations, section 1202, be changed to provide for the cities to have greater participation in the decisionmaking process. Because of the direct and immediate economic consequences of a decision to preserve buildings, this decision should rest in local hands, and should not be made by bureaucrats at the State or national level.

## APRIL FOOL'S DAY—THE 150TH DAY OF CAPTIVITY FOR AMERICAN HOSTAGES

(Mr. DORNAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN. Mr. Speaker, America, held hostage, day 150—53 Americans held in bondage in the name of Allah—a fitting April Fool's Day. Who would have believed in November of last year that the United States of America would have to go through such humiliation for 150 days—5 long months?

America has been played for a fool. President Carter and his Georgia advisers have been played for fools. The Members of this great Congress have been played for fools.

When I was a young boy of 8 I remember that the most humiliating thing that ever had happened to our Nation also took 150 days. Within hours after the Japanese Imperial Forces completed their treacherous sneak attack on Pearl Harbor, they struck our forces in the Philippines and it was an agonizing 150 days before the gallant bastion of heroes defending Corregidor fell to an overwhelming enemy force. The horrible Bataan Death March followed to make our crushing sense of loss worse, and then our brave Bataan and Corregidor prisoners of war began the long nightmare of 3 years and 4 months of most cruel captivity. Certainly that experience was worse by far than the 150 days of humiliation during the winter of 1979–80.

But was it worse?

In 1942 America knew what it had to do. We were a proud and united people with a bipartisan foreign policy and we rolled up our sleeves and brought liberty back to half the planet.

Today the United States does not know where it is going, let alone why we take any given course. Why? Weak leadership.

If we had a parliamentary form of government, the government would be falling at this very moment. I do not know what is to be the fate of our hapless hostages over the next few months or how much more humiliation they and this strong Nation must suffer, but, Mr. Speaker, I do know one thing. The United States of America needs a change of leadership at the helm. This wonderful country of ours has a magnificent roll to play in this period of history. What we must do to achieve our destiny is to elect a chief executive as strong and as confident as the people he serves.

Appeasement always historically brings the curse of war. But a powerful people, kind to weak neighbors, resolute against those who plot evil—a people with a dream of the future and a strong leader to pilot a steady course—such a people suffers no humiliation at the hands of terrorist punks.

## THE 150 DAYS OF CAPTIVITY

(Mr. SCHULZE asked and was given permission to address the House for 1 minute.)

Mr. SCHULZE. Mr. Speaker, today marks one of the most humiliating observances this Nation has ever endured. This is the 150th day of captivity for the more than 50 Americans held by terrorists in Tehran.

The blatant lack of action by the White House makes this tragedy even greater. It is terrifying to realize that the Carter administration, whose duty it is to lead our country in a time of crisis, has demonstrated neither the ability nor the presence of mind to develop any comprehensive course of action. Our haphazard foreign policy, which has been dangerously clear to the rest of the world, is clouded by blatant inconsistencies, false statements, and inept management.

When will we wake up to the bumbling of this administration? It has been 150 days. Are we, as Americans, content to say and do nothing as another 150 begin?

## CENSUS DAY 1980

(Mr. GARCIA asked and was given permission to address the House for 1 minute.)

Mr. GARCIA. Mr. Speaker, I take this opportunity to bid you and the Members of the House a happy Census Day, and to remind you that today is the day for completing and returning the census form.

Mr. Speaker, later today the Subcommittee on Census and Population, which I chair, will release its report on the 1980 census. This report traces the development of census content and procedures over the decades. Likewise, the report analyzes the current plans and procedures for counting the Nation. It also examines the attendant problems that could impair a complete enumeration, and concludes with a series of recommendations for administrative and legislative changes in the census.

The census has come a long way since the days when U.S. Marshals knocked on doors and posted the names and addresses of those counted at the courthouse for public inspection. Nowadays, as the subcommittee reports, the census collects an array of information mostly by mail. However, unlike the earliest censuses, an individual's responses are today kept absolutely confidential.

Mr. Speaker, I am proud of the work my subcommittee has done in the past year with respect to the census. We have conducted over 25 hearings and received testimony from over 500 witnesses representing the ethnic and cultural diversity of this country. The subcommittee's report is a culmination of our year long effort and I commend it to my colleagues.

### PERMISSION FOR COMMITTEE ON POST OFFICE AND CIVIL SERVICE TO SIT ON WEDNESDAY, APRIL 2, 1980, DURING THE 5-MINUTE RULE

Mr. HANLEY. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be permitted to sit on Wednesday, April 2, 1980, during proceedings under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

### ADJOURNMENT FROM WEDNESDAY, APRIL 2, 1980, TO TUESDAY, APRIL 15, 1980

Mr. WRIGHT. Mr. Speaker, I send to the desk a privileged concurrent resolution (H. Con. Res. 312) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 312

*Resolved by the House of Representatives (the Senate concurring)*, That when the House adjourns on Wednesday, April 2, 1980, it stand adjourned until 12 o'clock meridian on Tuesday, April 15, 1980.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1020

### INAUGURATION CEREMONIES OF PRESIDENT-ELECT AND VICE PRESIDENT-ELECT OF THE UNITED STATES

Mr. WRIGHT. Mr. Speaker, I call up from the Speaker's table the Senate concurrent resolution (S. Con. Res. 84) authorizing a Joint Congressional Committee on Inaugural Ceremonies to make the necessary arrangements for the inauguration of the President-elect and the Vice President-elect of the United States on the 20th day of January 1981, and ask unanimous consent for its immediate consideration.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 84

*Resolved by the Senate (the House of Representatives concurring)*, That a Joint Congressional Committee on Inaugural Ceremonies consisting of three Senators and three Representatives, to be appointed by the President of the Senate and the Speaker of the House of Representatives, respectively, is authorized to make the necessary arrangements for the inauguration of the President-elect and Vice President-elect of the United States on the 20th day of January 1981.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

### APPOINTMENT OF MEMBERS TO THE JOINT CONGRESSIONAL COMMITTEE ON INAUGURAL CEREMONIES

The SPEAKER. Pursuant to Senate Concurrent Resolution 84, the Chair appoints the following Members to the Joint Congressional Committee on Inaugural Ceremonies to make the necessary arrangements for the inauguration of the President-elect and Vice President-elect of the United States on the part of the House:

Mr. O'NEILL of Massachusetts;
Mr. WRIGHT of Texas; and
Mr. RHODES of Arizona.

### DAYS OF REMEMBRANCE OF VICTIMS OF HOLOCAUST

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 97) designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 97

Whereas, less than forty years ago, six million Jews as well as millions of others were murdered in Nazi concentration camps as a part of a planned program of extermination;

Whereas the people of the United States of America should always remember the terrible atrocities committed by the Nazis so that they are never repeated;

Whereas the people of the United States should continually rededicate themselves to the principle of equality;

Whereas the people of the United States should remain eternally vigilant against all tyranny, recognizing that tyranny provides a breeding ground for bigotry to flourish;

Whereas April 13 has been designated internationally as a day of remembrance of victims of the Nazi holocaust, known as Yom Hoshoah; and

Whereas it is appropriate for the American people to join in the international commemoration: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That in memory of all the victims of the holocaust and in the hope that Americans will strive always to overcome cruelty and prejudice through vigilance and resistance, the days of April 13 through April 19, 1980, are hereby designated as the "Days of Remembrance of Victims of the Holocaust". The President is requested to issue a proclamation calling upon the people of the United States to remember the atrocities committed by the Nazis and to commemorate such days with appropriate ceremonies and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

### EARTH DAY, 1980

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the concurrent resolution (H. Con. Res. 252) expressing the sense of the Congress that April 22, 1980, should be celebrated as "Earth Day, 1980," and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, could the gentleman from New York tell me whether or not these resolutions, the previous one and the present one, have obtained the necessary number of signatures for discharging the committee?

Mr. GARCIA. Yes, they have.

Mr. BAUMAN. They have both received more than a majority of the House?

Mr. GARCIA. Yes, they have.

Mr. BAUMAN. I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES 252

Whereas the first Earth Day on April 22, 1970, launched a powerful new commitment to improving the quality of life on the Earth; and

Whereas dramatic strides have been made in cleaning up the environment and workplaces of the Nation and in preserving the natural heritage of the Nation, but much remains to be done to make the Earth secure for future generations; and

Whereas the progress of the 1970's and the promise of environmental prosperity in the next decade should be celebrated throughout the Nation on April 22, 1980; and

Whereas a day dedicated to the celebration of the Earth should help inform the general public, industry, and labor about the promise of environmental prosperity for strengthening the economy, creating jobs, and improving social well-being and the quality of life; and

Whereas Federal, State, and local governments should foster and encourage environmental prosperity in the 1980's; Now, therefore, be it

*Resolved by the House of Representatives (the Senate concurring)*, That the Congress urges the people of the United States, and Federal, State, and local governmental agencies, to observe and celebrate April 22, 1980, as "Earth Day, 1980", with appropriate ceremonies and activities.

● Mr. BROWN of California. Mr. Speaker, the past 10 years have been significant ones in the efforts to protect and enhance the environment. The passage of major environmental legislation has had enormous impacts on our air and water quality, and on the management of our public lands. But more important than the laws passed and implemented, is the continued public demand for the protection of our environment, without which, we as legislators cannot accomplish a great deal.

House Concurrent Resolution 252, introduced by my colleague, JOE FISHER, calls for April 22, 1980, to be declared Earth Day in celebration of the 10-year anniversary of the first Earth Day in 1970. This event can serve at once as a celebration, a learning experience and a reaffirmation of our commitment to a healthy environment.

Earth Day 1970 clearly demonstrated public support for the struggle to change our laws and attitudes regarding our environment. That fight has by no means ended, but it has changed in character. The beginning of this new decade sees energy, environment, health, economics, and workplace safety as related environmental issues. We cannot pursue problems single mindedly as isolated issues.

We need to reassess not only technological alternatives, but the compatability of new technologies with the global ecosystem. As a Nation, we have not always acted out of concern for generations to come. Let us do so now, and in the future.

I urge you to consider the value of pausing for a moment on April 22 to acknowledge our accomplishments, while at the same time renewing our obligation to tending to the well-being of the world.●

● **Mr. FISHER.** Mr. Speaker, I urge my colleagues to adopt House Concurrent Resolution 252, which calls on all Americans to observe the 10-year anniversary of Earth Day on April 22, 1980. The Earth Day, 1980, resolution has over 220 cosponsors and bipartisan support. Furthermore, in recognition of Earth Day, over 1,000 activities are being planned in communities around the country.

A fine article on Earth Day was recently written by Mike McCabe, formerly the staff director of the Environmental Study Conference, now charged with the task of coordinating all of the Earth Day 1980 events. I ask unanimous consent to insert this article into the RECORD for the benefit of my colleagues and others interested in learning more about the significance of this day.

Earth Day, 1980, will serve as an important reminder of the truly remarkable environmental progress that has been made in the last decade. Over the past 10 years, the Congress, through the passage of major environmental laws, has responded to urgent demands for cleaner air and water, for the preservation of precious natural resources, for the protection of the Nation's wildlife and wilderness areas, for the elimination of toxic substances that have endangered the health and safety of Americans both at home and at work, for increased energy efficiency and the reduction of our dangerous dependence on foreign oil, and for countless other valuable programs aimed at enhancing the lives of all of us.

We must not become complacent, however. What was initiated in the seventies must be carried forward into the eighties with the same vigor and dedication in order for our environmental goals to be realized. The eighties should be more than a decade during which the environmental movement is on the defensive and little progress is made. It should and can be a decade that will see a still cleaner, more healthful, and safer environment for all Americans. As a nation, we shall have to learn how to accomplish these gains and at the same time provide more jobs, eliminate inflation, and cooperate with other countries in reducing worldwide contamination.

I welcome the support of my colleagues for this resolution.

### EARTH DAY '80: APRIL 22

(By Mike McCabe)

April 22 is a historic date.

Ten years ago millions of people demonstrated their support for a change in this nation's values. The participated in rallies, teach-ins, street fairs, festivals and demonstrations. They added momentum to a movement that had its ideological roots before the turn of the century, but which had failed to reach prominence in our national agenda. Few people who participated in the activities that day realized the profound and exciting effect their actions would have on society. For they had launched no less than a sweeping reordering of the way this country does business. A new dimension of concern and evaluation would be added that required a recognition of our responsibility to act as stewards of an awesome heritage.

That day was Earth Day—the day this country awoke to the fact that we have only one earth and we had better take care of it.

April 22, 1980, recognizes that our job is not over; nor will it ever be as long as we have to exploit nature for our survival. Earth Day '80 signals a rededication, in a crucial year, to those goals that are in our true self interest, to goals expressed in a public pledge a decade ago and remembered in a public celebration.

Since the first Earth Day, we have been confronted with an energy crisis that assaults our environment and our economy. We are at a crossroads where the energy choices we make now will determine what kind of natural heritage we leave to future generations. The state of the economy, with its inflation and recession, gives detractors an opportunity to press for the setting aside of pollution controls and resource protection standards until more favorable conditions prevail—as if environmental protection were an economic luxury instead of a social responsibility to ourselves. As an election year, 1980 has special importance since candidates running for all levels of office formulate policy that will shape the course of the new decade. A national display of support for environmental values on Earth Day could impose those issues on every candidate's agenda.

Earth Day '80 is being celebrated in more than 1,000 communities where citizen action has made life more environmentally sound and more rewarding. The thrust of almost all of them demonstrates that environmental values are not only widely supported, but also enthusiastically pursued. For instance, events and activities are planned that will spotlight streams and rivers that now support fish where none lived ten years ago. Urban gardens, rising from what once were rubble-strewn lots, will be the site of neighborhood fairs. Open houses will be held at nature centers that educate people to the value of wildlife. Inner-city parks will hold miniature hikes. Now factories that have been designed to minimize insults to the environment will have guided tours for local residents. Conferences and town meetings will take place where citizens will discuss the environmental issues that still confront their community.

In addition, a lot of people are planning light-hearted celebrations, with bike tours, hikes, skate-a-thons, kite-flying contests, concerts, and sunrise services. Appropriately, people are organizing events that are suited to their particular community.

The tough decisions we faced on the first Earth Day did not stop us from setting goals that now stand as a legacy. We have proved what can be done. Now we must make sure those goals are not cast aside for short-term and often illusory benefits. From coast to coast in those communities where the environmental movement has its roots, celebrations on April 22 will prove that the environmental ethic is strong and that it is, in fact, a lifestyle.●

● **Mr. DINGELL.** Mr. Speaker, I rise in support of House Concurrent Resolution 252, the Earth Day Resolution. The Earth Day celebration of April 1970 stands out as the watershed of the environmental movement, for it was then that the movement truly coalesced to raise the level of awareness and sensitivity to environmental values not only in this distinguished body but across the Nation as well.

Since that time, we have witnessed the enactment of landmark legislation to protect the environmental integrity of our air and water; insure the preservation of endangered species; and scrutinize the introduction of potentially toxic substances before they are introduced into commerce, just to name a few. However, there are still major battles to be fought, not the least of which is legislation that will bring environmental law full circle. I speak, of course, to pending initiatives aimed at correcting the inadequacies of our past hazardous waste practices, for without a comprehensive response to the present and past problems of hazardous waste disposal and management we will leave a legacy of shame to future generations.

But perhaps more important than the statutes themselves, the environmental movement is best exemplified by a number of enduring values that have been instilled in the conscience and thought of our Nation:

All things are interrelated;

There is no free lunch; and

Quality of life means just that, a better quality of existence and not simply greater quantities of material goods.

Nowhere are these values better articulated than in the National Environmental Policy Act (NEPA), which I am proud to have authored in the House. Its passage in 1970 was the harbinger of the decade of the environment. The early seventies were halycon days for the environment when seemingly the entire Nation underwent a spontaneous self-realization of the concerns and problems that heretofore had been the focus of a visionary few. Those early triumphs as well as the ones of latter days are to be forever preserved not only in mind and memory but in statute as well.

Lately, however, it is not uncommon to hear the refrain, "Whatever happened to the environmental movement?" Let me say that nothing has happened to the environmental movement in the sense that it has been diminished. Quite the contrary. The movement has been recognized and accepted as part and parcel of the fabric of daily life. But certainly the movement has changed. It has adapted. It has taken on a new face with equal vigor. Advocacy is no longer the flagship of the environment, but rather the current concern is with proper and timely implementation of the ideals and principles that advocacy has wrought.

The environment no longer competes for acceptance, and recognition, but rather it competes in forums with other established beliefs and values as a coequal partner.

This new forum in which the environmental values compete demands that those concerned with their articulation exert their position with every bit of the vigilance of an advocate, but with a fresh realization and perspective of the changing and dynamic state of the Nation's problems and priorities. Vigilance is still a requisite for success, but in and of itself does not insure it.

The celebration of Earth Day, through the passage of this resolution, should illuminate the most pressing need to recognize that the eighties should be an era of ecological realism—an era in which the achievement of resource conservation, clean air, clean water, containment of contaminants and preservation of open space is pursued with tenacity, yet with the recognition that the zeal for perfection must be tempered with logic. If we fail to consider this logic, if we fail to recognize that the spoilers have sharpened their tools, if we fail to defend the integrity of our environment with sound reasoning—our efforts will be dashed.

I do not advocate that ecological realism should manifest itself in major concessions to those who seek to degrade and pollute our ecosystem, but I argue that environmental demands must appeal to those segments of our society which are now sensitive to the need to maintain a strong and viable economy and the integrity of an energy use base. A threat to these two key concerns—from the zeal of our movement—might lose the war over a few victorious battles.

The eighties, will, indeed, be a difficult decade for the environmentally concerned. I see on the horizon a major challenge to both the quality and quantity of our water resources. In my home State of Michigan the depletion and contamination of groundwater is alarming and continues to worsen. Yet, we will face frustrations and conflicts. The road will be uphill. The pressures on our fragile environment will be immense. But we must not respond to these factors with the creation of utopias, with unrealistic solutions. We must temper our response to the pressures, to the demands, to the violation of our environment with calculated reason.

For this is the age of ecological realism.●

● Mr. EVANS of Delaware. Mr. Speaker, I support House Concurrent Resolution 252 expressing the sense of Congress that April 22, 1980 should be celebrated as Earth Day, 1980.

A few months before the first Earth Day—April 22, 1970—President Nixon signed into law the National Environmental Policy Act. The President declared that the 1970's—

> * * * absolutely must be years when America pays its debt to the past by reclaiming the purity of its air, its waters, and our living environment . . . the decade of the seventies will be known as the time when this country regained a productive harmony between man and nature.

Spurred by the enthusiasm of the first Earth Day, the National Environmental Policy Act was the first in a series of landmark laws dedicated to protecting and enhancing our environment that were passed by the Congress. While some may believe that the net result of these laws has fallen short of the President's bold proclamation, there can be no doubt we have made tremendous progress. To cite just one example from my own experience, a decade ago millions and millions of pounds of harmful sewage sludge were being dumped in the ocean off the Delaware/Maryland coast. By the end of this year, thanks to a strong law passed by the Congress, the dumping of that harmful sludge will have ceased.

While there is no question that progress has been made, we still have far to go, both in terms of passing legislation and in implementing legislation already on the books. For example, we have yet to see the Congress complete action on oil spill liability legislation or an Alaskan lands bill.

Given our international situation and poor economic conditions at home, there is a temptation to let our commitment to the environment slide. But, that would be a mistake, because a commitment to the environment is essential to the health and well being of present and future generations, and, I might add, to their economic well being as well. Passage of this resolution establishing April 22, 1980 as Earth Day, 1980 would represent a reaffirmation of our commitment to environmental quality.●

● Mr. JEFFORDS. Mr. Speaker, I want to commend the House for passing a resolution today commemorating the 10th anniversary of the awakening of our national consciousness to our environmental responsibilities. We should be proud of the accomplishments of the last 10 years, and confident in our ability to efficiently implement existing and future environmental protections.

It has been my good fortune to participate in the early struggles to preserve and protect our national heritage. As the attorney general for the State of Vermont I participated in the enactment of Vermont Statute 250, a model environmental protection law, Vermont's innovative water pollution and water use laws, and witnessed the passage of Vermont's highly successful Bottle bill. As a Member of Congress I have participated in the passage of major legislation to protect the resources of this Nation and the world as a chairman of the Environmental Study Conference. Perhaps it is because of my involvement in those early struggles that I am able to look with confidence to the future of the environmental movement.

Our society is still acting to fulfill the promise of Earth Day 1970. The basis of a system of environmental protection is now in place. On the national level we have enacted statutes to insure the protection of our air, water, and other natural resources. We have insured the attention of Federal agencies to environmental concerns through the enactment of the National Environmental Policy Act. State and local governments have undertaken considerable environmental responsibility with the enactment of zoning and waste disposal restrictions. In the last 10 years the people of this country have taken more care to protect their environment. Environmental concerns have begun to affect elections as well as the success of recycling and conservation efforts.

An example of the considerable progress our society has made in the last decade is the growing emphasis on renewable resources. Recent legislation has facilitated the protection of renewable natural resources and the utilization of renewable resources as alternatives to finite mineral supplies. An example of protection of renewable resources which has yet to be enacted is the proposal for Federal protection of agricultural lands. Although my bill was rejected by this Congress, the concept of protection of renewable resources enjoys continued vitality and support.

The product of our legislative efforts should reflect a greater emphasis on the type of law which facilitates the conservation and recycling efforts of our citizens and industry. In this time of national belt-tightening, it is important to recognize that economics and thriftiness favor greater environmental protection. The enactment of a National Beverage Container Reuse and Recycling Act would help hold down inflation by saving consumers as much as $2.6 billion nationally. This type of legislation would make greater use of our human resources in a time of recession by providing additional jobs while conserving the limited material resources of our Nation and reducing the burden of waste disposal.

A National Beverage Container Reuse and Recycling Act should be viewed as part of a comprehensive national policy designed to protect the environment and our national security through conservation and recycling programs. Other examples of conservation and environmental measures have repeatedly demonstrated the economic sense in enacting such legislation; lower speed limits, insulation, and the recycling of industrial waste products. It is more clear now than ever before that protection of our environment is consistent with national frugality.

Perhaps the most visible environmental controversy at this time is the application of our environmental laws to the facilities related to energy production. If we carefully consider and implement energy development plans it is possible for this country to develop energy resources without undue environmental degradation. Proposals to waive particular laws are not a solution to our energy problems because such proposals merely evade the responsible management of our national resources. Programs such as the proposed Energy Mobilization Board only interfere with the actions of States to protect their citizens.

We must not hasten down the quick and dirty path to energy development without careful consideration of the environmental costs and production alternatives. For example, burning more coal can help America become more energy independent. We must, however, use coal in ways that do not: affect the health and safety of people or harm fish and wildlife; ruin the productivity of our farm and forest lands; or impair the quality of water and related scenic values. From what we know at this time, the impacts appear to be moderate but persistent; accumulative; and perhaps irreversible. I am very concerned that we must accelerate research and make the fullest possible use of research information. The Senate omnibus energy bill, S. 932, could provide the research needed in this field. I urge my colleagues to make greater provision now for future protection against the costs of this and other increased pollution.

The problems our country is facing are intertwined with the laws designed to protect our environment. The solution to those problems will be found in the responsible management of our national resources and continuing environmental protection. Our task is not to irresponsibly ignore or evade environmental protection, but to confidently and efficiently administer existing and future environmental protections.●

● Mr. WOLFF. Mr. Speaker, I rise today in support of the resolution on Earth Day, 1980, which will take place on April 22. I would like to offer my strongest support for the resolution.

Ten years ago, in 1970, the original Earth Day was a tremendous success in that it helped to spark interest in our environmental problems. The Congress, backed by vast public support, moved to enact much-needed legislation to address these problems. I would like to commend my fellow legislators, and the people of this great Nation, for taking action on the environmental front.

Now the seventies are over. Unfortunately, environmentalists are now in the position of defending past advances, rather than seeking solutions to new problems. With the energy crises and the economic crunch, the environment is all but forgotten.

That is why Earth Day 1980 is so necessary. We must remember Earth Day 1970 as a positive experience. We must realize that although we've made progress on some issues, such as air and water pollution, new problems have risen, such as acid rain and hazardous waste. The need to protect our environment did not end with the seventies. If anything, environmental protection in the eighties is more important, because of the complicated nature of our new environmental problems.●

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

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## ORT CENTENNIAL DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 131) designating April 10, 1980, as "ORT Centennial Day," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, before we run out of days and weeks of the month of April, could the gentleman from New York tell us what ORT Centennial Day means?

Mr. GARCIA. Yes, if the gentleman will yield. ORT stands for Organization for Rehabilitation Through Training.

Mr. BAUMAN. Organization for Rehabilitation Through Training?

Mr. GARCIA. Organization for Rehabilitation Through Training. It is an organization that helps refugees and immigrants, and it is in over 40 countries.

Mr. BAUMAN. I see. And does the gentleman from New York have any more resolutions for weeks or days?

Mr. GARCIA. This is the last one.

Mr. BAUMAN. There are only 30 days in the month and that assurance is comforting.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 131

Whereas the Organization for Rehabilitation through Training (ORT) has historically been the earliest pioneer in the use of systematic vocational and technical training as a strategy to banish deprivation and economic backwardness; and

Whereas the ORT has provided productive channels for human advancement through acquisition of skills for livelihood at times and places where such programs were nonexistent; and

Whereas the ORT has assisted almost two million people in more than forty countries on five continents, thereby becoming the biggest nongovernmental voluntary program of vocational and job training in the world; and

Whereas the ORT has become part of the array of ongoing services that are essential to communities, as evidenced by the rapid development of technical training programs and educational institutions in many countries, including Argentina, Iran, Peru, and India, and by the continuing enrichment of the quality of educational services throughout Latin America; and

Whereas the ORT has provided assistance needed for the assimilation of hundreds of thousands of north African Jews by the French community, and for the migration and resettlement process of Soviet Jewish refugees; and

Whereas the ORT has been the means for the development of Israel's human resources and has provided the training for a major portion of Israel's skilled labor force: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That April 10, 1980, is designated as "ORT Centennial Day"; and the President is authorized and requested to issue a proclamation calling upon the people of the United States to salute the Organization for Rehabilitation through Training on its one-hundredth anniversary in recognition of its accomplishments.

● Mr. SOLARZ. Mr. Speaker, I would like today to thank my colleagues who joined to pay tribute to the Organization for Rehabilitation Through Training by passing House Joint Resolution 372, which proclaims April 10, 1980, as "ORT Centennial Day."

The Organization for Rehabilitation Through Training, born 100 years ago by five dedicated individuals to assist disadvantaged and oppressed Jews in the "Shtetls" of Czarist Russia, is now the largest nongovernmental voluntary program of vocational and job training in the world. Over the past century, ORT's thousands of volunteers and skilled professional staff members have provided training and technical assistance to underpriviledged persons in 44 countries around the globe.

In Rome, where Jewish refugees from the Soviet Union have recently migrated at the rate of up to 1,000–1,200 persons a month, ORT provides services of refugee maintenance, language training and cultural orientation to the refugee community. In Israel, where ORT has concentrated its efforts on easing blocks to the absorption of professional immigrants, volunteers provide programs of language and attitudinal accommodation and special schooling for the "recycling" of engineers, technicians and teachers for employment in a new country. In New York, the Bramson ORT Training Center provides a variety of courses in business and electronics, with a novel emphasis on individual instruction geared to the particular needs of the students and the current demands of the labor market. And throughout the Third World, where the acquisition of appropriate skills may prove to be the key to successful development efforts ORT provides the valuable training and technical assistance necessary for economic growth.

The Organization for Rehabilitation Through Training, with its 1,000 supporting chapters across the United States, has long deserved national recognition. Its activities around the world have helped reduce deprivation and increase the economic and social mobility of its nearly 2 million students.

The resolution that passed in the House today and the corresponding one in the Senate honor ORT on its 100th anniversary. The President of the United States, also acknowledging the outstanding contributions of this fine group of individuals, has issued a proclamation designating April 10, 1980, as "ORT Centennial Day."

For the members of ORT, April 10, 1980, will be a red-letter day of commemoration and congratulation. Yet even more important, it will be a day honoring the men and women who through the years have made ORT an outstanding service organization. I, for one, look forward to another century of achievement and success for ORT.●

The Senate joint resolution was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the resolutions just considered.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

## PROVIDING FOR ACCEPTANCE OF A STATUE OF MOTHER JOSEPH

Mr. NEDZI. Mr. Speaker, I move to suspend the rules and concur in the Senate concurrent resolution (S. Con. Res. 48) providing for the acceptance of a statue of Mother Joseph.

The Clerk read as follows:

S. CON. RES. 48

*Resolved by the Senate (the House of Representatives concurring)*, That the statue of Mother Joseph of the Sisters of Providence, presented by the State of Washington for the National Statuary Hall collection in accordance with the provisions of section 1814 of the Revised Statutes (40 U.S.C. 187), is accepted in the name of the United States, and the thanks of the Congress are tendered to the State of Washington for the contribution of the statue of one of its most eminent personages, illustrious for her distinguished humanitarian services.

SEC. 2. The State of Washington is authorized to place temporarily in the rotunda of the Capitol the statue of Mother Joseph of the Sisters of Providence referred to in the first section of this concurrent resolution, and to hold ceremonies on May 1, 1980, in the rotunda on that occasion. The Architect of the Capitol is authorized to make the necessary arrangements therefor.

SEC. 3. (a) The proceedings in the rotunda of the Capitol at the presentation by the State of Washington of the statue of Mother Joseph of the Sisters of Providence for the National Statuary Hall collection, together with appropriate illustrations and other pertinent matter, shall be printed as a Senate document. The copy for such document shall be prepared under the direction of the Joint Committee on Printing.

(b) There shall be printed five thousand additional copies of such document which shall be bound in such style as the Joint Committee on Printing shall direct, of which one hundred and three copies shall be for the use of the Senate and eighteen hundred and ninety-seven copies shall be for the use of the Members of the Senate from the State of Washington, and four hundred and forty-three copies shall be for the use of the House of Representatives, and two thousand five hundred and fifty-seven copies shall be for the use of the Members of the House of Representatives from the State of Washington.

SEC. 4. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the Governor of Washington.

The SPEAKER. Pursuant to the rule, a second is not required on this motion.

The gentleman from Michigan (Mr. NEDZI) will be recognized for 20 minutes, and the gentleman from Texas (Mr. LOEFFLER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Michigan (Mr. NEDZI).

Mr. NEDZI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, Senate Concurrent Resolution 48 provides for the acceptance of a statue presented by the State of Washington for the National Statuary Hall collection.

As you know, each State is entitled to contribute two statues to the Statuary Hall collection. The resolution before us today authorizes acceptance of Washington State's second statue.

This concurrent resolution authorizes the acceptance of a statue of the legendary Mother Joseph of the order of the Sisters of Providence and expresses the appreciation of the Congress to the State of Washington for the contribution of the statue of one of its eminent personages.

Mother Joseph played an active and important role in the history and development of the Pacific Northwest from 1856 until her death in 1902. She is credited with the establishment of hospitals, academies, Indian schools, and orphanages throughout Washington State and the Pacific Northwest. She served as an architect and construction supervisor and is credited with the general improvement of the quality of life for the settlers in the region.

The resolution also authorizes a dedication ceremony to be held in the Rotunda of the Capitol on May 1, 1980, and authorizes the printing of the dedication proceedings as a Senate document. The only cost to be incurred will be that of printing and the cost estimate will not be available until after the proceedings are held on May 1.

Senate Concurrent Resolution 48 passed in the Senate on December 12, 1979, and passed by unanimous vote in the Committee on House Administration.

Placing the statue in the Capitol provides a fitting tribute to Mother Joseph and to the State of Washington and I urge favorable consideration of Senate Concurrent Resolution 48.

Mr. Speaker, I insert into the RECORD, at this point a letter I received as chairman of the Subcommittee on Libraries and Memorials from Washington State's congressional delegation supporting Senate Concurrent Resolution 48:

HOUSE OF REPRESENTATIVES,
*Washington, D.C., March 26, 1980.*

Hon. LUCIEN N. NEDZI,
*Chairman, Subcommittee on Libraries and Memorials, Committee on House Administration, Washington, D.C.*

DEAR MR. CHAIRMAN: We would like to express our deep appreciation to you, Chairman Thompson and the House Administration Committee for your support of Senate Concurrent Resolution 48. Due to your efforts, the State of Washington will be able to formally present a statue of Mother Joseph of the Sisters of Providence to the Congress as its second contribution to the National Statutory Hall collection.

Mother Joseph was a remarkable woman whose untiring efforts on behalf of those in need make her one of the great pioneers in Washington State and the Pacific Northwest. After her arrival in Vancouver, Washington in 1856, Mother Joseph dedicated the rest of her life to helping pioneer settlers and Native Americans in the states of Washington, Oregon, Idaho, Montana, and the Province of British Columbia.

At the time of her death in 1902, Mother Joseph had been instrumental in establishing numerous hospitals, schools, orphanages, homes for the aged, shelters for the mentally ill, and Indian schools throughout the Pacific Northwest. Today, her indomitable spirit lives on through the Sisters of Providence Corporation whose continuing efforts help support the institutions Mother Joseph founded over a century ago.

We are proud to join with others in Washington State to honor Mother Joseph and to recognize her contribution to the development of our State and the Pacific Northwest. The State's tribute to Mother Joseph will serve as an inspirational reminder of the pioneering spirit of a courageous woman who helped to establish humanitarian principles which endure today.

Again, we thank you and the Committee for your efforts to honor this great American and would appreciate it very much if you would communicate these sentiments to the House when this resolution is considered.

Sincerely,

TOM FOLEY,
MIKE MCCORMACK,
DON BONKER,
NORMAN D. DICKS,
JOEL PRITCHARD,
AL SWIFT,
MIKE LOWRY,
*Members of Congress.*

Mr. Speaker, I yield such time as he may consume to the gentleman from Washington (Mr. MCCORMACK), who has been very active in seeing to it that this resolution is concurred in.

Mr. MCCORMACK. Mr. Speaker, Senate Concurrent Resolution 48 provides for the acceptance of a statue of Mother Joseph of the Sisters of Providence for the National Statuary Hall here in the Capitol.

The Senate resolution comes as a result of a resolution passed by the Washington State Legislature in 1977 designating Mother Joseph as the second statue from the State of Washington to be placed in the Capitol. The State resolution was signed by the Honorable Dixy Lee Ray, Governor of the State of Washington, on May 4, 1977.

Mother Joseph played an active role in building the Pacific Northwest from 1856 when she first arrived in Vancouver. The need for a hospital in Vancouver was critical, so Mother Joseph began work on her first health care facility—a cabin large enough for four beds, four tables, and four chairs. In 1858 it became St. Joseph Hospital, the first hospital in the Northwest, and the first of some 2 dozen health care centers Mother Joseph designed in her 46 years of service in the Northwest.

Throughout her lifetime in the West, Mother Joseph served as architect, construction supervisor, and fund raiser for projects she instigated. She designed hospitals, orphanages, and schools throughout an area that today encompasses Washington, Oregon, Idaho, Montana, and British Columbia.

For 46 years—from 1856 to 1902—Mother Joseph responded to the pleas of various groups to establish schools and health care facilities. She established no less than 11 hospitals, 7 academies, 5 Indian schools, and 2 orphanages.

Mother Joseph died in 1902. Northwest history sources credit Mother Joseph and her Sisters as among the first to care for orphans, the first to care for the aged, the first to care for the mentally ill, and the first to establish a hospital.

Mother Joseph was one of the most important pioneer figures in the development of the Northwest. She is, in a sense, my constituent, and I am proud to represent her here today, and those who have provided the statue of Mother Joseph for the Capitol.

I urge the Members to support the resolution.

☐ 1030

Mr. NEDZI. Mr. Speaker, I yield such time as he may consume to the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, I rise in support of Senate Concurrent Resolution 48, providing for the acceptance of a statue of Mother Joseph of the Sisters of Providence presented by the State of Washington for the National Statuary Hall collection.

A very devout and outstanding woman, Mother Joseph, who lived from 1823 to 1902, was an architect by trade. A woman who embodied the strength, compassion and drive of the pioneers of the State of Washington.

In December 1956, Mother Joseph and four Sisters of Providence arrived at Fort Vancouver in the Washington territory after an arduous trip from their home in Montreal, Canada. Within a year this group of women under the leadership of Mother Joseph had established the first hospital in the Northwest and one of the first schools.

During the next 46 years Mother Joseph spent relentless years planning, constructing, supervising, and caring for the needs of the people. She displayed an abundance of energy, enthusiasm, and drive to do goodwill and her strength was a pillar of support for those around her.

Her many accomplishments included the establishment of St. Vincent Academy in Walla Walla in 1864; Providence of the Sacred Heart School in Colville in 1873; and St. Mary's Hospital in Walla Walla in 1880. An energetic and determined woman, she went on to build Sacred Heart Hospital in Spokane in 1886 when she was 63, and St. Ignatius Hospital in Colfax in 1893 when she was 70.

In recognition of her outstanding work, Mother Joseph was awarded the title of "The First Architect of the Northwest," by the American Institute of Architects.

After her death in January of 1902, her close friend, Mother Mary Antoinette honored Mother Joseph in a letter to the community:

> She had the characteristics of genius: Incessant works, immense sacrifices, great undertakings; and she never counted the cost to self. She exercised an extraordinary influence on the church in the West.

I join my colleagues from Washington, Idaho, Montana, and Oregon where the influence of Mother Joseph remains strongly in requesting the passage of this resolution to commemorate a most outstanding woman.

Mr. NEDZI. Mr. Speaker, I yield such time as he may consume to the gentleman from Washington (Mr. DICKS).

Mr. DICKS. Mr. Speaker, I would like to associate myself with the remarks made by my colleagues from Washington State and express my deep appreciation to my good friend Chairman NEDZI.

In large part due to his efforts here in the House, the State of Washington will have the opportunity to formally present a Statue of Mother Joseph of the Sisters of Providence to the Congress as its second contribution to the National Statuary Hall collection.

Mother Joseph was one of the remarkable pioneers who helped turn the wilderness of the Oregon territory into the great State of Washington. She arrived in Vancouver, Wash., in 1856 and dedicated her life to assisting settlers and native Americans in Washington and several other States in the Pacific Northwest.

Mother Joseph worked untiringly on behalf of those in need and at the time of her death in 1902 she had been instrumental in establishing many hospitals, schools, orphanages, and homes for the aged in the Pacific Northwest. She was also largely responsible for the creation of shelters for the mentally ill and several schools for Indian children.

Today, Mother Joseph's indomitable spirit lives on through the Sisters of Providence Corp., whose continuing efforts help support the institutions this pioneer woman founded over a century ago.

I am very proud to join with my colleagues and friends here in the House and in Washington State to honor Mother Joseph and to recognize her contribution to the development of the Pacific Northwest.

I believe that Washington State's second contribution to the National Statuary Hall Collection will serve as an inspirational reminder of the spirit of a courageous woman who helped establish humanitarian institutions which endure today.

Mr. Speaker, this spirit continues to live on and flourish in Washington State today. And I know that each time I pass Mother Joseph's statue I will be reminded not only of her courage, compassion, and initiative, but of the courage, compassion, and initiative of the people of Washington State.

● Mr. PRITCHARD. Mr. Speaker, I rise in support of Senate Concurrent Resolution 48, which authorizes the acceptance of the Washington State contribution of a statue of Mother Joseph of the Sisters of Providence.

Mother Joseph, who came to the Washington Territory in 1856 from the Canadian Province of Quebec, was a person who possessed an amazing array and scope of talents that were combined with her goals of compassionate service to the poor, the orphaned, the powerless, as well as to those suffering from mental and physical illness. She became a legendary figure of 19th-century Washington State.

Her legacy was particularly awesome because her adult life span—the latter half of the 19th century—covered a time period in the Northwest that was geared to the development of lumber, shipping, mining and trade. The people who settled the territory were noted for their extraordinary individualism. In addition, she faced a language barrier that was overcome with considerable effort and during this time period public sensitivity and awareness of the needs of the less fortunate were not as developed as they are today.

I would like to quote to you from a speech by Victoria Ransom on November 3, 1963, at the memorial tribute to Mother Joseph:

> She has been recognized as the Northwest's first artist in wood, and its first architect, but even more important she was the first great humanitarian in the Pacific Northwest. Her contributions to the sick, the destitute, the homeless—the willing hand held out to all that needed help, give her a place in history that is unique. Her memory should be treasured for few are born who possess the qualities of greatness to such a degree, and use these qualities to make the world a better place in which to live.

Mother Joseph died in 1902, after establishing 11 hospitals, 7 academies, 5 Indian schools, 2 orphanages, and other institutions of service. Because most of these institutions founded by her and the Sisters of Providence are still in existence, her accomplishments are with us today, continuing to provide the service she envisioned a century ago. Her likeness in the Statuary Hall will be a fitting memory to a compassionate and courageous person.●

### GENERAL LEAVE

Mr. NEDZI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on Senate Concurrent Resolution 48.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. NEDZI. Mr. Speaker, I have no further requests for time.

Mr. LOEFFLER. Mr. Speaker, I rise in support of Senate Concurrent Resolution 48 and wish to associate myself with the remarks of the distinguished chairman of the Subcommittee on Libraries and Memorials, the gentleman from Michigan (Mr. NEDZI).

Truly, Mother Joseph has been an outstanding American, and set many goals we all should seek to achieve.

I again commend the gentleman for reporting out the bill in an expeditious fashion and urge my colleagues to pass the joint resolution.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan (Mr. NEDZI) that the House suspend the rules and concur in the Senate concurrent resolution (S. Con. Res. 48).

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

## NOTIFICATION OF LOSS OF OR REDUCTION IN CIVIL SERVICE SURVIVOR BENEFITS FOR SPOUSES

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill, H.R. 5410, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentlewoman from Maryland (Mrs. SPELLMAN) that the House suspend the rules and pass the bill, H.R. 5410, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 372, nays 4, not voting 55, as follows:

[Roll No. 172]

YEAS—372

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Ashley
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bouquard
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Ohio
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Cleveland
Clinger
Coelho
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Derrick
Derwinski
Devine
Dickinson
Dicks
Diggs
Dixon
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Flippo
Florio
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Grisham
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Hawkins
Heckler
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kastenmeier
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McCloskey
McCormack
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Petri
Peyser
Pickle
Porter
Preyer
Price
Pursell
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roe
Rose
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Russo
Sabo
Santini
Sawyer
Scheuer
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—4

Crane, Daniel
Hopkins
Kelly
McDonald

NOT VOTING—55

Anderson, Ill.
Aspin
Beilenson
Bethune
Bingham
Bonior
Bonker
Bowen
Brown, Calif.
Broyhill
Buchanan
Burton, Phillip
Clay
Coleman
Crane, Philip
Dellums
Dingell
Dougherty
Fenwick
Fithian
Foley
Ford, Mich.
Frenzel
Giaimo
Gibbons
Goodling
Grassley
Guarini
Harsha
Hefner
Holtzman
Ireland
Jenrette
Jones, Okla.
Kazen
Lagomarsino
Leland
McClory
Maguire
Murphy, Ill.
Myers, Pa.
Perkins
Pritchard
Quayle
Richmond
Rodino
Runnels
Satterfield
Schroeder
Vanik
Waxman
Williams, Mont.
Wilson, Tex.
Winn
Young, Alaska

□ 1050

The Clerk announced the following pairs:

Mr. Rodino with Mr. Anderson of Illinois.
Mr. Vanik with Mr. Buchanan.
Mr. Charles Wilson of Texas with Mr. Dougherty.
Mr. Jenrette with Mr. Philip M. Crane.
Mr. Phillip Burton with Mrs. Fenwick.
Mr. Dellums with Mr. Young of Alaska.
Mr. Brown of California with Mr. Winn.
Mr. Aspin with Mr. Lagomarsino.
Mr. Kazen with Mr. Quayle.
Mr. Jones of Oklahoma with Mr. Pritchard.
Mrs. Schroeder with Mr. McClory.
Mr. Foley with Mr. Harsha.
Mr. Giaimo with Mr. Perkins.
Mr. Ford of Michigan with Mr. Goodling.
Mr. Gibbons with Mr. Frenzel.
Mr. Guarini with Mr. Bethune.
Ms. Holtzman with Mr. Runnels.
Mr. Ireland with Mr. Murphy of Illinois.
Mr. Leland with Mr. Fithian.
Mr. Dingell with Mr. Maguire.
Mr. Clay with Mr. Coleman.
Mr. Bingham with Mr. Broyhill.
Mr. Waxman with Mr. Satterfield.
Mr. Bowen with Mr. Williams of Montana.
Mr. Hefner with Mr. Myers of Pennsylvania.
Mr. Bonior of Michigan with Mr. Beilenson.
Mr. Richmond with Mr. Bonker.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## PERMISSION FOR SELECT COMMITTEE ON COMMITTEES TO FILE REPORT AND CERTAIN SUPPLEMENTAL INFORMATIONAL MATERIALS

Mr. PATTERSON. Mr. Speaker, I ask unanimous consent that the Select Committee on Committees may have until midnight tonight to file its final report, and to file thereafter such supplemental informational materials as may be appropriate.

The SPEAKER pro tempore (Mr. LONG of Louisiana). Is there objection to the request of the gentleman from California?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the gentleman from California (Mr. PATTERSON) tell us what the reason for this request is?

Mr. PATTERSON. Yes, I can, Mr. Speaker, if the gentleman will yield.

Mr. ROUSSELOT. I yield to the gentleman from California.

Mr. PATTERSON. Mr. Speaker, the purpose of the additional time, as the gentleman may know, is that our committee expires at the end of this month, on April 30.

We have a final report which will be filed today, and there are certain supplemental informational matters pertaining to things such as the multiple referral system which our select committee has adopted and will be forthcoming. So we are requesting the additional time to file the supplemental information on those matters.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman for his explanation, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

□ 1100

## LANGUAGE OPTION FOR U.S. DISTRICT COURT OF PUERTO RICO

Mr. FROST. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 625 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 625

*Resolved,* That upon the adoption of this resolution it shall be in order to move, clause 7 of rule XIII and clause 2(1)(3)(A) of rule XI to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5563) to amend title 28 of the United States Code to provide that certain judicial pleadings and proceedings in the Commonwealth of Puerto Rico may be conducted in the Spanish language, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Texas (Mr. FROST) is recognized for 1 hour.

Mr. FROST. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Mississippi (Mr. LOTT), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 625 is an open rule providing for the consideration of H.R. 5563, to amend title 28 of the United States Code to provide that certain judicial pleadings and proceedings in the Commonwealth of Puerto Rico may be conducted in the Spanish language, and for other purposes.

The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary. The rule further provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the bill as an original bill for purposes of amendment under the 5-minute rule and for one motion to recommit with or without instructions.

In addition, Mr. Speaker, House Resolution 625 waives points of order against consideration of the bill for failure to comply with clause 7 of rule XIII, and clause 2(l)(3)(A) of rule XI. Clause 7 of rule XIII provides that every committee report accompanying a bill shall contain a committee estimate of the costs which would be incurred in carrying out the bill in the fiscal year in which it is reported and in each of the 5 succeeding fiscal years. While the report does contain the cost estimate of the Congressional Budget Office, as required by section 308(a) of the Congressional Budget Act, the Committee on the Judiciary failed to break out the costs of H.R. 5563 by year in its committee cost estimate, thus necessitating the waiver of clause 7, rule XIII.

Further, the Committee on the Judiciary failed to include a committee oversight statement, which is required to be included in a committee report in addition to the oversight statement required of the Committee on Government Operations. Although the committee did discuss oversight activities throughout the report, their oversight activities are not clearly identified and set out in the report as is required by clause 2(l)(3)(A) of rule XI.

Mr. Speaker, the provisions of H.R. 5563 permit the use of the Spanish language in initial pleadings, when requested by a criminal defendant, when agreed upon by the parties in a civil case, or when the court determines that it should be used in the interest of justice in Federal district courts in the Commonwealth of Puerto Rico. The bill also provides that when the Spanish language is used in court proceeding, the requirement that jurors speak, read, and understand the English language shall be waived. The provisions of this legislation are to take effect 1½ years from the date of enactment and shall sunset 12 years from enactment.

Mr. Speaker, unlike other Federal district courts, the Federal District Court of Puerto Rico is faced with a situation where judges, prosecutors, defense counsel, and the overwhelming majority of court personnel are, primarily, Spanish speaking, and secondarily, English speaking. Most defendants, parties, and witnesses, especially in criminal cases, are either primarily or solely Spanish speaking. The provisions of H.R. 5563 would enable many cases in the District Court of Puerto Rico to proceed expeditiously, and I would urge my colleagues to adopt House Resolution 625 so that the House may proceed to the consideration of H.R. 5563.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is an open rule, providing for 1 hour of debate. The rule provides for the consideration of H.R. 5563, language option for the U.S. District Court of Puerto Rico. Clause 7 of rule XIII is waived against consideration of the bill. This rule is waived because the report does not include a cost estimate for fiscal year 1980 and there is a limited possibility that funds may be authorized during that period. Clause 2 (l)(3)(A) of rule XI is also waived since the committee report contains an incomplete oversight statement by the Judiciary Committee. The committee amendment in the nature of a substitute recommended by the Committee on Judiciary is in order as an original bill for purposes of amendment. There is a motion to recommit with or without instructions.

Mr. Speaker, I have some real concerns about the legislation which is to be considered under this rule. This appears to be one more example of Federal legislating which will do little more than compound the existing problems in our court system. In fact, the Judicial Council for the First Circuit Court of Appeals and the judges from the Federal District Court of Puerto Rico expressed reservations about the administration of the proposed changes. The concerns cited revolve around the belief that such changes would create problems of both a constitutional and administrative nature. The primary administrative concerns are that the changes will result in additional delays and expense in the preparation of the appellate record, as well as a need for additional personnel and facilities for the district court.

I share the concerns cited and, in addition, believe that a $6.7 million price tag over a 5-year period is far too great a price to pay, especially for legislation which will undoubtedly do nothing to improve this court system, but will instead further delay the administration of justice.

Mr. Speaker, I feel that H.R. 5563 and its impact should be thoroughly considered by this body before it inflicts new burdens on our court system.

Mr. Speaker, I have no requests for time.

☐ 1110

Mr. FROST. Mr. Speaker, I have no additional requests for time.

Mr. LOTT. Mr. Speaker, I yield back the balance of my time.

Mr. FROST. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 343, nays 35, not voting 53, as follows:

[Roll No. 173]

YEAS—343

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashley
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bouquard
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broyhill
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr

Carter
Chappell
Chisholm
Clausen
Cleveland
Coelho
Collins, Ill.
Collins, Tex.
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derwinski
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Flippo
Florio
Foley
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Garcia
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Gudger
Guyer
Hall, Tex.
Hamilton
Hance
Hanley
Harkins
Harris
Harsha
Hawkins
Heckler
Heftel
Hightower
Hillis
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kastenmeier
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
LaFalce
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Lujan
Luken
Lundine
Lungren
McCloskey
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Pepper
Peyser
Pickle
Porter
Preyer
Price
Pursell
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts
Roe
Rose
Rosenthal
Rostenkowski
Roth
Roybal
Royer
Rudd
Russo
Sabo
Santini
Scheuer
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stanton
Stark
Steed
Stenholm
Stewart
Stokes
Stratton
Studds
Swift
Synar
Tauke
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—35

Ashbrook
Badham
Bauman
Broomfield
Brown, Ohio
Cheney
Clinger
Conable
Dannemeyer
Devine
Dickinson
Edwards, Okla.
Grisham
Hagedorn
Hammerschmidt
Hansen
Kramer
Latta
Lott
McDonald
Moorhead, Calif.
Paul
Petri
Quillen
Robinson
Rousselot
Satterfield
Sawyer
Shumway
Snyder
Stangeland
Stockman
Stump
Symms
Taylor

NOT VOTING—53

Anderson, Ill.
Aspin
Beilenson
Bethune
Bingham
Bonior
Bonker
Bowen
Brown, Calif.
Buchanan
Burton, Phillip
Cavanaugh
Clay
Coleman
Crane, Philip
Derrick
Dougherty
Fenwick
Fithian
Ford, Mich.
Frenzel
Gaydos
Goodling
Grassley
Guarini
Hall, Ohio
Hefner
Hinson
Holtzman
Ireland
Jenrette
Jones, Okla.
Kazen
Lagomarsino
McClory
McCormack
Maguire
Mattox
Murphy, Ill.
Myers, Pa.
Nolan
Perkins
Pritchard
Quayle
Richmond
Rodino
Runnels
Schroeder
Vanik
Waxman
Williams, Mont.
Wilson, Tex.
Young, Alaska

□ 1120

The Clerk announced the following pairs:

Mr. Rodino with Mr. Anderson of Illinois.

Mr. Richmond with Mr. Bethune.

Mr. McCormack with Mr. Coleman.

Mr. Phillip Burton with Mr. Dougherty.

Mr. Kazen with Mrs. Fenwick.

Mr. Perkins with Mr. Philip M. Crane.

Mr. Brown of California with Mr. Lagomarsino.

Mr. Bonker with Mr. Hinson.

Mr. Aspin with Mr. Goodling.

Mr. Guarini with Mr. Fithian.

Mr. Bingham with Mr. Grassley.

Ms. Holtzman with Mr. Frenzel.

Mr. Gaydos with Mr. Buchanan.

Mr. Derrick with Mr. McClory.

Mr. Jones of Oklahoma with Mr. Quayle.

Mr. Charles Wilson of Texas with Mr. Vanik.

Mrs. Schroeder with Mr. Runnels.

Mr. Myers of Pennsylvania with Mr. Nolan.

Mr. Hall of Ohio with Mr. Hefner.

Mr. Ireland with Mr. Jenrette.

Mr. Bonior of Michigan with Mr. Bowen.

Mr. Clay with Mr. Beilenson.

Mr. Mattox with Mr. Cavanaugh.

Mr. Waxman with Mr. Williams of Montana.

Mr. Maguire with Mr. Murphy of Illinois.

Mr. Derrick with Mr. Young of Alaska.

Mr. FINDLEY changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. EDWARDS of California. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5563) to amend title 28 of the United States Code to provide that certain judicial pleadings and proceedings in the Commonwealth of Puerto Rico may be conducted in the Spanish language, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. EDWARDS).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. RUSSO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 358, nays 11, not voting 62, as follows:

[Roll No. 174]

YEAS—358

Abdnor
Addabbo
Akaka
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashley
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bouquard
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr
Carter
Chappell
Cheney
Clausen
Cleveland
Clinger
Coelho
Collins, Ill.
Collins, Tex.
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Davis, Mich.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dornan
Downey
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Flippo
Florio
Foley
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Grassley
Green
Grisham
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harris
Hawkins
Heckler
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kastenmeier
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McCloskey
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mavroules
Mazzoli

Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pursell
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Robinson
Roe
Rose
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Russo
Sabo
Santini
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Swift
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Wilson, Bob
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—11

Ashbrook
Bauman
Conable
Dickinson
Hansen
Lloyd
McDonald
Mitchell, Md.
Satterfield
Stump
Symms

NOT VOTING—62

Albosta
Anderson, Ill.
Applegate
Aspin
Atkinson
Beilenson
Bethune
Bingham
Bonior
Bonker
Bowen
Brown, Calif.
Buchanan
Burton, Phillip
Cavanaugh
Chisholm
Clay
Coleman
Crane, Philip
Daschle
Davis, S.C.
Dougherty
Drinan
Fenwick
Fithian
Ford, Mich.
Frenzel
Gilman
Goodling
Gray
Guarini
Harkin
Harsha
Hefner
Holtzman
Ireland
Jenrette
Jones, Okla.
Kazen
Lagomarsino
McClory
McCormack
Maguire
Mattox
Mineta
Murphy, Ill.
Myers, Pa.
Nolan
Pritchard
Quayle
Richmond
Roberts
Rodino
Runnels
Staggers
Vanik
Watkins
Waxman
Williams, Mont.
Wilson, C. H.
Wilson, Tex.
Young, Alaska

□ 1140

Mr. MARKEY changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

### IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 5563, with Mr. DE LA GARZA in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from California (Mr. EDWARDS) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. HYDE) will be recognized for 30 minutes.

The Chair recognizes the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the Commonwealth of Puerto Rico has a population of approximately 3.5 million people. The first civil government was established in 1900 by the Foraker Act, which, simultaneously created the Federal District Court for the District of Puerto Rico. The Federal District Court in Puerto Rico, has, from its inception, regarded Spanish as a foreign language even though Spanish is the mother tongue of the people of Puerto Rico.

Since 1917, however, when Puerto Ricans became U.S. citizens, there has been a growing acceptance and recognition of the important role of the Federal District Court in Puerto Rico. However, the exclusive use of English by that court continues to be a matter of great concern in Puerto Rico.

H.R. 5563, being considered today, would permit the use of Spanish in specified pleadings and proceedings of the Federal District Court of Puerto Rico. During the 95th and 96th Congresses, the Judiciary Subcommittee on Civil and Constitutional Rights, of which I am chairman, conducted 5 days of hearings, both in Washington, D.C., and in Puerto Rico, to address the problems posed by the current English language requirement in the Federal District Court of Puerto Rico. Those hearings convinced the subcommittee members that changes in that Federal District Court were not only appropriate but, in fact, necessary.

Under the provisions of this bill, initial pleadings in the District Court of Puerto Rico would be in English or in Spanish. Subsequent pleadings and proceedings will continue to be in English unless a criminal defendant or all parties in a civil case request that they be conducted in Spanish. A waiver of the requirement that Spanish be used in such cases may be granted if a situation of an emergency or unforeseen nature arises which would impose an undue burden on the District Court of Puerto Rico. If there is disagreement among the parties in a civil case as to which language to use, then the court decides whether it is in the interest of justice to proceed in Spanish rather than in English.

H.R. 5563 also provides that individuals who can speak, understand, read, and write Spanish may qualify for service on a grand or petit jury in the Federal District Court of Puerto Rico if the trial or proceeding for which they are picked is to be conducted in Spanish. Since Puerto Rico is and historically has been primarily Spanish-speaking, the current English language prerequisite for service on jury panels raises serious questions as to whether Federal court defendants are now tried by a jury which truly represents a cross-section of the community. In fact, testimony indicated that, at least, 50 percent of the population of the Commonwealth are automatically excluded from service on such panels.

The Subcommittee on Civil and Constitutional Rights received statements from 21 different witnesses, 16 of whom testified during our 5 days of hearings regarding the proposed changes. Of the 21 statements received, only the Judicial Council for the First Circuit Court of Appeals and the judges from the Federal District Court of Puerto Rico expressed some reservations about the proposed changes. It should be noted, however, that the most recent chief judge of the U.S. District Court in Puerto Rico testified in support of the use of Spanish in that court but only for criminal cases. The primary concerns cited by those expressing reservations are that the proposed changes will result in additional delays and expense in the preparation of the appellate record and that there will be a need for additional personnel and facilities for that district court in order to conduct the necessary translations.

It is believed that the legislation, which has been carefully revised since it was originally introduced, reasonably addresses these administrative concerns. Furthermore, the committee report contains language addressing specific concerns raised by the judges.

Support for the proposed changes was received from, among others: political leaders of Puerto Rico, including the Resident Commissioner, Baltasar Corrada and the Governor of Puerto Rico; from the U.S. Department of Justice and the most recent U.S. attorney for that district court; from the two bankruptcy court judges from that district; from representatives of their State and Federal bar associations; and from the deans of the three law schools in Puerto Rico. The American Bar Association also supports this bill.

One point that must be stressed here today is that the provisions of H.R. 5563 are aimed at a unique situation which exists only in the District Court of Puerto Rico. That court, unlike other Federal district courts, sits in a jurisdiction where Spanish has historically been the mother tongue of the overwhelming majority of the population. Therefore, the exclusive use of English in that court results in the extensive use of court interpreters, particularly in criminal cases. This, in turn, causes lengthy delays in the proceedings of that court, with some proceedings taking 30 to 50 percent additional time to complete.

The Congressional Budget Office, based on information provided by the Administrative Office of the U.S. Courts, estimates the cost of the bill at $1 million for fiscal year 1981, $1.2 million for fiscal year 1982, and $1.7 million for fiscal year 1983. Adjustments for inflationary factors are made in their estimate for the 2 subsequent years. While the Judiciary Committee adopted the Congressional Budget Office's cost estimate, it did so with reservations based on the belief that figures provided by the

Administrative Office are inflated and should be revised downward. The committee anticipates that the number of civil cases which will be conducted in Spanish—especially complex cases which would require lengthy, time-consuming, and technical translations for appellate purposes—will be much less than the number projected by the Administrative Office.

I would conclude, Mr. Chairman, by emphasizing that this issue has been critically and thoroughly examined. H.R. 5563 was reported favorably, as amended, by the full Judiciary Committee by a vote of 16 to 3. The bill has received bipartisan support from members of the Judiciary Committee.

During the 94th and 95th Congresses, the Senate passed legislation which, contained provisions proposing similar changes in the Federal District Court in Puerto Rico. Senator HOWARD BAKER, of Tennessee, has introduced legislation this Congress (S. 1939) which includes provisions similar to those in H.R. 5563. That bill has been referred to the Senate Judiciary Committee.

Mr. Chairman, I urge my colleagues to join me in voting for this legislation so that the concept of due process and the administration of justice will have greater meaning for those individuals who rely on the Federal district court to dispense justice.

☐ 1150

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Illinois.

Mr. SIMON. I thank the gentleman from California and I want to commend the gentleman and the subcommittee and my colleague from Illinois (Mr. HYDE).

I have been impressed by the State of New Mexico. In its courts and in its agencies it has been sensitive to a cultural diversity that exists there. We are asking for the same for the Commonwealth of Puerto Rico. I think it is only simple justice as well as commonsense that we do so and I commend the gentleman from California.

Mr. EDWARDS of California. I thank the gentleman from Illinois for his observations and would point out that the State courts in Puerto Rico which is where most of the action takes place in Puerto Rico, have always been in Spanish. When one visits the courts, which the subcommittee did in 1978, one is impressed by the difference in the two courts. The State courts in Spanish are really the people's court. They are fine courts but loaded with people from every walk of life in Puerto Rico. When one visits the Federal court in Puerto Rico it is conducted only in English and one gets the feeling that it is elitist, that it does not really represent the people there.

I do appreciate the remarks of the gentleman.

Mr. HYDE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, much of the work on this bill was done during the last Congress and through the efforts of the chairman and my colleague from Virginia (Mr. BUTLER). However, since I have become the ranking minority member of the Subcommittee on Civil and Constitutional Rights, I have been present for several days of hearings and I am convinced that this bill should become law.

My initial concerns revolved around the potential cost of an entire alternative language procedure in the Federal district courts in Puerto Rico. I could envision district after district along our Nation's southern border seeking inclusion under this procedure. I saw the Supreme Court of the United States expanding the concept of bilingual courts across the country. Fortunately, my fears were resolved.

It cannot be stressed too emphatically that this legislation is intended to apply only to the Commonwealth of Puerto Rico. The Commonwealth's equivalent to a State court system is already conducted entirely in Spanish. With a population which utilizes Spanish as its principal language, it is unrealistic and perhaps a bit insensitive for us to assume that all the world speaks our language. The people of Puerto Rico have a Spanish culture which predates the English culture in this country. They are a part of the United States but should not fear the diminution of their way of life with the strengthening of their ties to us.

An amendment by the gentleman from Wisconsin (Mr. SENSENBRENNER), a member of the subcommittee, has placed the limit on the authorization of this legislation at 12 years. Since the bill also provides for periodic reports to Congress from the Administrative Office of the U.S. Courts, we will be better able to determine, at that time, whether the costs justify the expense. I believe his is a worthwhile and helpful amendment.

Despite my early reservations, I have reached the conclusion that fairness in Puerto Rico's court system demands this action. I have cosponsored this bill and urge its passage by the House.

☐ 1200

Mr. Chairman, I yield 3 minutes to the gentleman from Virginia (Mr. BUTLER).

Mr. BUTLER. Mr. Chairman. I also rise in support of H.R. 5563, regarding the Federal District Court for the District of Puerto Rico.

The changes proposed in H.R. 5563 were first considered during the 95th Congress when I was a member of the House Judiciary Subcommittee on Civil and Constitutional Rights. While I initially had some hesitancy in going forward with such changes, discussions which the subcommittee had in Puerto Rico with numerous individuals involved with the Federal district court, as well as with the local, State court system in Puerto Rico, satisfied me that the policy set forth in this legislation does indeed set a wise course for the people of Puerto Rico.

In considering this legislation, we must bear in mind that the people of Puerto Rico have historically been, and will continue to be, a primarily Spanish-speaking people. This fact was emphasized in testimony before the subcommittee when it was pointed out that since Spanish is the cultural heritage of Puerto Ricans, they think, pray, and even do mathematics in Spanish and will, inevitably, continue to do so because of the difficulty of changing the mother tongue of that community. I submit that this is a unique fact which can no longer be ignored in the administration of justice in Puerto Rico.

Our overriding concern must be for the parties who litigate in that Federal district court and not the convenience of the court or the attorneys. It is for this reason that I heartily support the proposed changes in H.R. 5563 which would permit the use of Spanish in the District Court of Puerto Rico, at the request of the defendant, in criminal cases, and upon agreement of all parties in civil cases. While the bill gives specific guidance to the judges of that district court, it also permits the court to maintain the discretion it needs to effectively and efficiently administer justice in its court.

Under the provisions of H.R. 5563, potential service on grand and petit juries would also be open to all individuals who are competent in the Spanish language if the trial or proceeding for which they are called is to be conducted in Spanish. This provision is particularly important in light of testimony the subcommittee received that, at least, 50 percent of the population of the Commonwealth is automatically excluded from potential jury service due to the current English language prerequisite.

I strongly believe that H.R. 5563 represents a long, overdue course of action which will assure that the concepts of fairness and due process become more of a reality for the people of Puerto Rico.

Mr. EDWARDS of California. Mr. Chairman, I yield 5 minutes to the distinguished Resident Commissioner of Puerto Rico, Mr. BALTASAR CORRADA.

Mr. CORRADA. Mr. Chairman, I rise in strong support of H.R. 5563 and to urge my colleagues to vote in favor of this legislation.

This bill simply allows an option heretofore not existent for the use of Spanish under certain conditions in the U.S. District Court in Puerto Rico.

The bill addresses the particular problems of the District Court in Puerto Rico. The unique language situation of Puerto Rico justifies the implementation of changes contemplated here. Only in the District Court of Puerto Rico will you find that all the judges, the marshals, prosecutors, the public defender, lawyers, the clerk of the court, and staff are Spanish-speaking. Most important of all, that court serves a Spanish-speaking community. After going over these particulars, there is no reason to believe that these innovative changes will be made extensive to other judicial districts in the Federal court system, simply because Puerto Rico presents a unique factual situation insofar as the language is concerned, a situation not found in any of the other districts.

H.R. 5563 will accomplish many laudable objectives and I support it, among others, for the following reasons:

First. The administration of justice in a community should allow proceedings to be conducted in the language of that community. Since language is the principal medium of communication in all legal proceedings, the ability to understand the language used in them is critical to the fairness of those proceedings.

Second. This legislation will enable the concepts of due process and the administration of justice to have greater meaning for those individuals who rely on the Federal District Court in Puerto Rico to dispense justice.

Third. At present nearly 50 percent of the population of Puerto Rico is excluded from jury service because they do not meet the requirements of being able to speak, read, write, and understand fluently the English language. If H.R. 5563 becomes law, an individual who can speak, read, write, and understand Spanish may qualify for jury service if the trial or proceedings for which that person is selected is to be conducted in Spanish.

Fourth. Right now it is estimated that over 80 percent of the criminal defendants in the District Court of Puerto Rico are not fluent in English, and therefore require the extensive use of court interpreters. The result is that trials are prolonged 30 percent to 58 percent longer than would be necessary. If Spanish is used, the trial time will be reduced by the amount of time it takes court interpreters to translate the proceedings from Spanish to English and English to Spanish.

Fifth. The approval of this bill will not in any way jeopardize the rights of those parties who prefer to have the proceedings conducted in English.

I urge you, my fellow Congressmen, to vote in favor of this bill and join others who have shown their support for H.R. 5563. Supporters of this bill can be found all over the Nation and in Puerto Rico. Among others we can mention: First, the American Bar Association; second, the Judicial, legislative, and executive branches of the Government of Puerto Rico; third, the U.S. Department of Justice; and fourth, the Puerto Rico Bar Association.

I wish to commend the members of the Judiciary Committee for their overwhelming support of this bill and particularly Subcommittee Chairman Don Edwards, John Seiberling, Harold Volkmer, Caldwell Butler, Bob McClory, and Henry Hyde for their deep concern to improve the operation of the District Court in Puerto Rico.

Your vote in favor of this bill will demonstrate that the concept of "justice for all" goes beyond language barriers. With the implementation of this bill, real due process and quality of justice will emerge as the sole beneficiary.

Mr. Chairman, I just want to add one phrase in Spanish: "Amo la democracia y como puertorriqueno me siento orgulloso de ser ciudadano americano."

Perhaps Members do not understand those words, but they mean, "I love democracy and as a Puerto Rican I am proud of being an American citizen."

We can say these things in Spanish, but we feel them deeply as human beings.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. CORRADA. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague from Puerto Rico yielding. I think he has made an excellent presentation for his case.

The CHAIRMAN. The time of the gentleman from Puerto Rico has expired.

Mr. EDWARDS of California. Mr. Chairman, I yield 5 additional minutes to the gentleman from Puerto Rico.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield further?

Mr. CORRADA. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding to me again. I know my colleague is an advocate of statehood for Puerto Rico, and I support that also. Could the gentleman tell us, when Puerto Rico becomes a State, which I think it eventually will, does the gentleman believe that this process should continue?

Mr. CORRADA. While in Puerto Rico we are fully committed to the principle that we should become fully proficient in the English language, which is the language of our Nation, and we are also committed to the principle that the teaching of English from the first grade on in public schools should be emphasized, as we do—although perhaps not having fully trained teachers to provide that instruction, I say it ought to be a change we hope to improve upon—that nevertheless none of these should mean that we have to neglect the Spanish language, which is our mother tongue, our vernacular, and that being a proud American does not mean that one has to forget one's Hispanic heritage.

□ 1210

We believe that we can be Spanish-speaking in Puerto Rico and have Spanish as the official language of the future State of Puerto Rico while at the same time we are improving our proficiency in English, which is the language of our Nation. But I think that we can be just as fully devoted to the principles for which this great Nation stands in the Spanish language just as well as in English, because those principles are universal.

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield further, I certainly agree with his concluding statement. We have many Spanish-speaking people, as the gentleman well knows, in California, Arizona, Mexico, Florida, and Texas, and that fact in no way takes away from their strong feelings of patriotism toward this country and their strong feelings of devotion to America.

The only reason I raised my question is, as the gentleman well knows, this process is slightly different from what we have in our regular States of the Union, and my only question was this: Once Puerto Rico becomes a State—and I think that is in the not too distant future—does the gentleman believe that this process would be necessary after Puerto Rico becomes a State?

Mr. CORRADA. Mr. Chairman, my answer to that question is that I do not foresee that the question that we are discussing here should relate ultimately to the political status of Puerto Rico.

This is essentially a practical question of providing and dispensing a good quality of justice in Puerto Rico. If, under the circumstances, the language situation that exists today in Puerto Rico should be the prevailing circumstance and the situation is the same at the time we become a State, then I would not see any reason why we would have to change this legislation if it were to be enacted today by the House.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman's response.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. CORRADA. I yield to the distinguished gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I wish to commend the gentleman from Puerto Rico (Mr. Corrada) for assisting the subcommittee, and on behalf of the subcommittee members I wish to thank him for providing the leadership and assistance that he has given to us, with his understanding of the problems of Puerto Rico in relation to the Federal courts, and for bringing this bill forward. The gentleman should be commended very highly for his work in this regard.

Mr. CORRADA. Mr. Chairman, I thank the gentleman from Missouri (Mr. Volkmer) for his kind words, and I yield back the balance of my time.

Mr. EDWARDS of California. Mr. Chairman, I echo the words of the gentleman from Missouri (Mr. Volkmer) and compliment him on his statement thanking the Resident Commissioner from Puerto Rico for his great assistance in helping the subcommittee and the full committee on this bill.

Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New York (Mr. Garcia).

Mr. GARCIA. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, if I may, before I start expressing my few comments, I wish to point this out: As I understand the bill, on page 5 of the legislation, starting at line 15 and going down through and including line 19, this language in the legislation deals with the 12-year period, and at the end of the 12-year period, in terms of the expiration of this legislation, if we believe that at that particular moment an additional period of time must be given as to the question of Spanish being spoken in the Federal courts, I believe that would be up to review at that particular moment.

In direct answer to the gentleman's question, there is a 12-year period written into the legislation, and at the end of the 12-year period this will have expired. At that time I would assume that if an extension is needed, if more than the 12-year period is needed, Members of Congress would be able to consider that, and if we want to add some additional years, we would do that. That is our option.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. GARCIA. I am delighted to yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague's yielding. I know the gentleman has followed this subject with great interest.

So what the gentleman is saying is that because there is a 12-year sunset provision in the bill, should Puerto Rico become a State in that time frame or immediately after, we could then review the law to see if in fact it was still necessary at that time?

Mr. GARCIA. I believe that would be correct, yes.

Mr. ROUSSELOT. Mr. Chairman, I think the gentleman makes an excellent point, and I appreciate his further elaborating on the point that I was discussing with our colleague, the gentleman from Puerto Rico (Mr. CORRADA).

Mr. Chairman, I thank the gentleman for yielding.

Mr. GARCIA. Mr. Chairman, I would just like to say a few words about the bill.

Mr. Chairman, I speak as a Member of Congress who is the only person of Puerto Rican ancestry with a vote in this body and as one who was born and raised in the city of New York. Like so many of us in this Chamber, I have a foreign ancestry; but we are all foreigners, and that is what makes this country as great as it is. We have had the ability to accept the new "kid on the block" in generation after generation, and our country has grown stronger and better for it.

In terms of the question of Spanish being spoken in the Federal courts, I think that goes along with many of the things that have taken place in this country. As to the point that was made by the gentleman from Illinois as it dealt with the State of New Mexico and the State of New York, for example, there are interpreters who have to come into the courts and help. I believe that if we are going to administer justice, justice has to be administered to the person and to the defendant in the language that he or she understands clearly so that there be no miscarriage of justice.

Mr. Chairman, I would just like to add to the words that have been spoken by others about this subcommittee and the full committee in terms of their work as it applied to this legislation.

This is very important legislation. With the transient nature of the Puerto Rican community, whether it be here in the city of New York or in the Northeast or in Chicago as it pertains to Puerto Rico, I do not think there is a Puerto Rican here, Mr. Chairman, who presently lives in what we call the continental United States who does not have a feeling for Puerto Rico, and a day does not pass when I do not think about Puerto Rico. I think that is the nature of our love for the island.

So based upon that and based upon the fact that over the next several years there probably will be a vote taken in the Commonwealth of Puerto Rico to decide its future status and destiny, I think that the people of Puerto Rico at that particular moment will voice their opinion loud and clearly. There is not a Puerto Rican alive who does not have a political opinion.

Mr. Chairman, I would like to go one step further and say that when we think of the free world and remember that 87 percent of the people in Puerto Rico who are eligible to vote participate in the electoral process, I believe that is a credit to the people of Puerto Rico. I take pride in the fact that I have had that ancestry.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. GARCIA. I am delighted to yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the language for the U.S. District Court of Puerto Rico and I associate myself with the remarks of the gentleman from New York (Mr. GARCIA) and commend the distinguished Judiciary Subcommittee chairman from California (Mr. EDWARDS), for bringing this measure to the floor. I also commend the delegate from Puerto Rico (Mr. CORRADA) for his impressive remarks in support of this measure.

Mr. Chairman, this is an extremely important measure to assure that justice reigns in the Federal District Court in Puerto Rico, and that the citizens of Puerto Rico have an adequate opportunity to serve on the juries of that court, many of whom are denied that opportunity now because of the language difficulties.

This legislation, H.R. 5563, offers a resolution to the unique problem confronting the U.S. District Court of Puerto Rico, which is currently the only Federal court sitting in a jurisdiction where the mother tongue of an overwhelming majority of the population is Spanish. Present law requires that all judicial pleadings and proceedings in Federal courts be conducted in the English language, and that all jurors must be competent in spoken and written English.

This bill would permit the use of the Spanish language in the operation of the Federal Court of Puerto Rico under certain specified conditions, as follows:

When a defendant in a criminal case requests the conduct of the case in the Spanish language;

When all parties in a civil case agree to so proceed; and

When the court orders the conduct of the proceedings to be in the Spanish language in the interest of the effective pursuit of justice.

The bill would also permit individuals who can speak, read, write, and understand Spanish to qualify for consideration for jury service regardless of their competence in English.

Additional provisions of the bill would allow the Judicial Council of the First Circuit to waive the requirement to permit Spanish if the chief judge of the District Court of Puerto Rico determines that the filing of a substantial number of cases arising from the same or related occurrences would prevent the expeditious consideration of such cases; would direct the court to pay any translation costs attributable to the implementation of this legislation; and would provide a 12-year sunset provision.

This legislation is not only appropriate, but it is in fact necessary to the effective and just proceedings of the U.S. District Court of Puerto Rico. It has been estimated that 75 percent of the criminal defendants who come before this court are not competent in English, necessitating the services of court interpreters, thereby prolonging the length of trial proceedings from 30 to 58 percent. Moreover, many Puerto Ricans are automatically excluded from consideration for jury service because they do not possess the requisite competence in the English language.

Spanish has historically been and will continue to be the dominant language of Puerto Rico. Accordingly, I urge my colleagues in the interest of due process and the effective administration of justice, to support this legislation.

Mr. GARCIA. Mr. Chairman, in conclusion, I would also like to say that both the Resident Commissioner from Puerto Rico (Mr. CORRADA) and the chairman of the subcommittee, the gentleman from California (Mr. EDWARDS), should be commended. This is excellent legislation. It is needed if justice is going to be administered to all Americans, and I commend both gentlemen for their efforts.

Mr. EDWARDS of California. Mr. Chairman, I yield back the balance of my time.

Mr. HYDE. Mr. Chairman, I yield 1 minute to the gentleman from Maryland (Mr. BAUMAN).

### RECOGNITION OF FORMER REPRESENTATIVE H. R. GROSS

(Mr. BAUMAN asked and was given permission to speak out of order.)

Mr. BAUMAN. Mr. Chairman, I want to note the presence on the floor of the House of Representatives today for the first time in 6 years since he retired from the House of Representatives, along with his two grandsons, of the inimicable "watchdog" of the House of Representatives, our good friend, the distinguished former Congressman from Iowa, H. R. Gross. I hope, Mr. Chairman, we will all welcome him back.

[Applause.]

□ 1220

Mr. HYDE. Mr. Chairman, I simply want to say that the delegate from Puerto Rico (Mr. CORRADA) has been singularly persuasive on this issue. He certainly made a believer out of me, and I commend him, as well as the chairman, for their excellent work.

● Mr. RODINO. Mr. Chairman, I rise in support of H.R. 5563, legislation which will allow a Spanish language option, under specified conditions, for the U.S. District Court for the District of Puerto Rico.

The changes proposed by H.R. 5563 are in recognition of the unique circumstances which exist within the jurisdiction of the District Court of Puerto Rico. According to 1970 U.S. Census Bureau statistics, 57.3 percent of all Puerto Ricans over the age of 10 years old did not speak English. Similarly, 59.2 percent of the women and 75.2 percent of those over 60 were non-English-speaking. It has been estimated, in fact, that 75 percent of criminal defendants in that Federal district court are not competent in English and, thus, require the services of court interpreters. Equally as important is the fact that the English language prerequisite eliminates a large segment of that community from qualifying for petit or grand jury service. Our system of justice is based to a great extent on the confidence of the people that such a system is accessible to all. This bill will affirm this principle for the first time in Puerto Rico.

The Federal District Court in Puerto Rico, which was established under the Foraker Act of 1900, has always regarded Spanish as a foreign language. While it is acknowledged by the people of the Commonwealth that English is and will continue to be an important factor in every aspect of their life, Spanish is their mother tongue and will continue to be the principal vehicle of communication there.

It is neither fair nor just that the citizens of Puerto Rico are required to use a foreign language to gain access to their own Federal court. H.R. 5563 is a long overdue improvement in the justice system for our fellow citizens in Puerto Rico and I urge its passage by this House.●

● Mr. McCLORY. Mr. Chairman, during the last Congress I had the privilege to serve on the Judiciary Subcommittee on Civil and Constitutional Rights when it first considered this legislation. At that time, it was intertwined with the Court Interpreters Act passed by the Senate (S. 1315) and through which interpreters were set up around the country to deal principally with criminal defendants who do not speak the English language. When it reached the House, the subcommittee did not have time to review the question of Spanish in the Federal district courts in Puerto Rico. A separate bill was introduced, however, by which we have attempted to address that specific issue— as it impacts specifically and solely in Puerto Rico.

During this Congress, the bill has progressed more rapidly and I am pleased to support its continued progress through the House. I believe it to be a necessary instrument having a peculiar application in Puerto Rico, and through which the American people can evidence their recognition for another culture which is a part of ours and yet, at the same time, separate and distinct.

I was a cosponsor of H.R. 13950, the bill which was introduced at the conclusion of the 95th Congress and I am proud to be a cosponsor of H.R. 5563 in this Congress. I urge its passage.●

● Mrs. CHISHOLM. Mr. Chairman, currently all judicial proceedings in the U.S. District Court of Puerto Rico are conducted in English, and a prerequisite for serving on a Federal petit or grand jury is literacy in English. Both of these factors greatly effect judicial proceedings in the U.S. District Court of Puerto Rico.

Judges, prosecutors, defense counsel, and the overwhelming majority of court personnel in the U.S. District Court of Puerto Rico are, primarily, Spanish speaking, and secondarily, English speaking. Most defendants, parties, and witnesses, especially in criminal cases, are either primarily or solely Spanish speaking. It is estimated that 75 percent of the criminal defendants are not competent in English and, therefore, require court interpreters. This often results in longer trials than would be necessary if proceedings were conducted in one language.

Legislation to provide for the extensive use of Spanish in the District Court of Puerto Rico has been under active consideration since the 95th Congress. H.R. 5563 is the product of that consideration. It allows the use of Spanish in initial pleadings when requested by criminal defendant when agreed upon by the parties in civil case or when the court determines that it should be used in the interest of justice. When Spanish is used in a proceeding, it waives the English language requirement for Federal jurors. However, all appelate documents still are required to be in English unless the First Circuit Court of Appeals directs otherwise.

The bill grants broad local rulemaking authority to the District Court of Puerto Rico and the First Circuit Court of Appeals to implement its provisions. It contains a mechanism for the waiver of the Spanish language requirement if necessary for the expeditious consideration of complicated litigation or a series of cases arising from the same occurance.

As a representative of a congressional district with a large Spanish-speaking population and as a bilingual speaker myself, I am keenly aware of the communication problems of persons whose native language is not English. Our colleague, the Resident Commissioner of Puerto Rico testified before the Subcommittee on Civil and Constitutional Rights that—

> 57.3 percent of all Puerto Ricans over the age of 10 years old did not speak English and that 59.2 percent of the women and 75.2 percent of those over 60 spoke no English.

Spanish has remained the primary language of Puerto Rico despite its Commonwealth status with the United States. This legislation would remove the language barrier faced by not only defendants and witnesses but also court personnel. I am in complete agreement with the supporters of this bill that it will enhance due process and the administration of justice for those individuals who must rely upon the Federal District Court of Puerto Rico to dispense justice.

I urge the adoption of this legislation as reported by the House Judiciary Committee.●

Mr. HYDE. Mr. Chairman, I yield back the balance of mv time.

Mr. EDWARDS of California. Mr. Chairman I yield back the balance of my time.

The CHAIRMAN. Pursuant to rule, the Clerk will now read the committee amendment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

H.R. 5563

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That notwithstanding the last sentence of section 42 of the Puerto Rico Relations Act (48 U.S.C. 864), during the period that begins on the day this section takes effect as provided under section 3 of this Act and ends twelve years after the date of the enactment of this Act, initial pleadings in the United States District Court for the District of Puerto Rico shall be filed in either the Spanish or the English language and all further pleadings and proceedings shall be in the English language, unless—

(1) except to the extent that a waiver has been granted under this section, the defendant in a criminal case requests such pleadings and proceedings be conducted in the Spanish language;

(2) except to the extent that a waiver has been granted under this section, all parties in a civil case agree that such pleadings and proceedings be conducted in the Spanish language; or

(3) the court, in the interest of justice, orders that any further pleadings or proceedings, or any part thereof, shall be conducted in the Spanish language.

The United States District Court for the District of Puerto Rico shall provide for notice to defendants in criminal cases and all parties in civil cases of the circumstances in which pleadings and proceedings may be conducted in the Spanish language. Each written order and decision of the court shall be in the language used in the trial or proceeding to which such order or decision relates. The court may direct that any order or decision of the court be translated into either the English or the Spanish language. If an appeal is taken of a trial or proceeding conducted in whole or part in the Spanish language, the record or necessary portions of it, shall be translated into the English language, unless the appellate court directs otherwise. The cost of such translation shall be paid by the district court. All appellate documents shall be in the English language, unless the appellate court directs otherwise. The United States District Court for the District of Puerto Rico may adopt such local rules as the court deems appropriate to carry out the provisions of law governing the language used in court matters. The United States Court of Appeals for the First Circuit may adopt such local rules as the court deems appropriate to carry out the provisions of law governing the language used in court matters coming before such Court of Appeals from Puerto Rico. The Chief Judge of the United States District Court for the District of Puerto Rico is authorized to apply to the Judicial Council of the First Circuit for a waiver of the requirement of paragraph (1) or (2) of this section that pleadings and proceedings in certain cases in such court be conducted in the Spanish language, if such Chief Judge determines that the filing of a substantial number of cases arising from the same or related occurrences or the existence of a large multidefendant case would render such District Court unable to try such cases expeditiously unless the requirement is so waived. Such Judicial Council is authorized to grant the application for a waiver, for a period of not more than sixty days, if such Judicial Council concurs with the determination of the Chief Judge of the District Court and further finds that the resources of the District Court are being efficiently used and that sufficient assistance to remedy the disability of such court is not available from other Federal courts. Sequential thirty-day extensions of an original waiver may be granted each time the Judicial Council finds, upon application, that the factual basis for the original waiver application continues to exist.

Sec. 2. (a) Notwithstanding sections 1865 (b) and 1869(h) of title 28 of the United States Code, during the period that begins on the day this subsection takes effect as provided in section 3 of this Act and ends twelve years after the date of the enactment of this Act, no person shall be disqualified for service on a Federal grand jury summoned in the Commonwealth of Puerto Rico solely because such person is unable to speak, read, write, and understand the English language if such person is able to speak, read, write, and understand the language in which the proceeding for which such juror is called is to be conducted. The attorney for the Government shall determine whether a Federal grand jury so summoned shall be conducted in the English or in the Spanish language. If a Federal grand jury proceeding is translated, the Government shall pay the cost of such translation.

(b) Notwithstanding sections 1865(b) and 1869(h) of title 28 of the United States Code, during the period that begins on the day this subsection takes effect as provided in section 3 of this Act and ends twelve years after the date of the enactment of this Act, no person shall be disqualified for service on a Federal petit jury summoned in the Commonwealth of Puerto Rico solely because such person is unable to speak, read, write, and understand the English language if such person is able to speak, read, write, and understand the language in which the trial or proceeding for which such juror is called is to be conducted.

Sec. 3. (a) Except as provided in subsection (b) of this section, the first section and section 2 of this Act shall take effect one year and one hundred and eighty days after the date of the enactment of this Act.

(b)(1) The United States District Court for the District of Puerto Rico shall by order from time to time provide for the phase-in of portions of the first section and section 2 of this Act before the effective date provided under subsection (a) of this section.

(2) The Administrative Office of the United States Courts shall, not later than one hundred and eighty days after the date of the enactment of this Act, and not less frequently than once in every succeeding ninety-day period thereafter until the effective date provided under subsection (a) of this section, report to the Congress on the progress made toward implementation of this Act. At the end of every third year during the period in which the Spanish language may be used in certain pleadings and proceedings in the United States District Court for the District of Puerto Rico under this Act, the Administrative Office of the United States Courts in conjunction with the United States District Court for the District of Puerto Rico shall report to Congress on the implementation of this Act.

(3) The authority of the United States Court of Appeals for the First Circuit to adopt local rules provided by this Act shall take effect on the date of the enactment of this Act.

Mr. EDWARDS of California (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. Are there any amendments? If not, the question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. de la Garza, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5563) to amend title 28 of the United States Code to provide that certain judicial pleadings and proceedings in the Commonwealth of Puerto Rico may be conducted in the Spanish language, and for other purposes, pursuant to House Resolution 625, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "An Act to provide that certain judicial pleadings and proceedings in the Commonwealth of Fuerto Rico may be conducted in the Spanish language, and for other purposes.".

A motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. EDWARDS of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the bill, H.R. 5563.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

## CONFERENCE REPORT ON H.R. 3824, DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY REVENUE BONDS

Mr. DELLUMS. Mr. Speaker, I call up the conference report on the bi'l (H.R. 3824) to amend the District of Columbia Self-Government and Governmental Reorganization Act to authorize the Council of the District of Columbia to delegate its authority to issue revenue bonds for undertakings in the area of housing to any housing finance agency established by it and to provide that payments of such bonds may be made without further approval.

The Clerk read the title of the bill.

The SPEAKER. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of March 18, 1980.)

The SPEAKER. The gentleman from California (Mr. Dellums) will be recognized for 30 minutes, and the gentleman from Connecticut (Mr. McKinney) will be recognized for 30 minutes.

The Chair recognizes the gentleman from California (Mr. Dellums).

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, before us, for consideration, at this time, is the conference report on H.R. 3824, a bill to amend the District of Columbia Self-Government and Governmental Reorganization Act (Home Rule Act):

First, to authorize the Council of the District of Columbia to delegate its authority to issue revenue bonds for undertakings in the area of housing for low- and moderate-income persons to any housing finance agency established by it; and second, to provide that the expenditure of funds derived from the sale of such bonds, the payments of principal and interest on such bonds, and the pledging of certain security interests may be made without further congressional approval.

The conference compromise resolves two differences between the House bill and the Senate amendment:

First, the House amended the original bill to limit the undertakings in the area of housing, which the newly-created District of Columbia Housing Finance Agency (HFA) would be permitted to finance through the issuance of revenue bonds, to undertakings in the area of low- and moderate-income housing.

The Senate (amendment No. 1) deleted the limitation to low- and moderate-income housing, since it felt that the House language could make it impossible to undertake any kind of mixed-income housing project which included units for middle-income persons, even if such a project would disproportionately benefit low- and moderate-income persons and would represent the most feasible way to do so.

The House and Senate conferees agreed to a proposal, by the District, to add the word "primarily" to the phrase "low- and moderate-income housing." The conference agreement thereby limits the undertakings which the Housing Finance Agency may finance to undertaking in the area of "primarily low- and moderate-income housing." Further provision is made requiring the Council to define what undertakings in the area of housing shall constitute undertakings in the area of "primarily low- and moderate-income housing." The Congress has been assured by the Council and Mayor that the required definition will meet the public purpose intent of this legislation. Based on this assurance, the conferees provided for Council definition, in deference to the District's charter of home rule. We anticipate that with the definition supplied by the Council, there will be no ambiguity to affect the marketability of bonds issued by the Housing Finance Agency.

Second, the House-passed bill exempts from the congressional appropriation process the expenditure of funds derived from the sale of revenue bonds and the payment (as to both principal and interest) on such bonds.

The Senate (amendment No. 2) added an additional exemption from the appropriation process, namely, certain revenues and assets which an agency (as the HFA) must pledge as additional security for a bond issue, some of which may not be derived from bond proceeds, as in the case of a mortgage on a building, a development cost escrow, or insurance proceeds.

The House conferees receded from their disagreement to the Senate amendment No. 2.

In summary, Mr. Speaker, the measure before us is a technical amendment that clarifies an ambiguity as to the authority of the council to delegate its revenue bond issuing authority to any entity created by it. Section 490 of the Home Rule Act authorized the council to issue housing revenue bonds for the District of Columbia, however, it did not explicitly set forth the power of the council to delegate its revenue bond issuing authority. This amendment removes the ambiguity which has been created and insures the marketability of the bonds.

The marketability of the bonds is further insured by the second provision of the bill which exempts, from the congressional appropriation process, the bond proceeds, revenues, payments of principal and interest, and those revenues and assets of the agency which may be pledged as additional security for a given bond issue. Such an exemption is standard procedure in the creation of any housing finance agency. It is a widely held opinion of bond counsels and bond-rating firms, including Standard & Poor's Corp., that "revenue bonds are to be secured by a pledged revenue stream which flows to the various funds for the benefit of the bondholder without requiring appropriations by any other governmental unit." Subjecting the revenues or repayment funds of the District of Columbia Housing Finance Agency to a legislative appropriation, could render the bond issue unmarketable. Further, under the terms of this bill, principal and interest are paid from revenues generated by the housing projects and will not involve the credit or any payment by either the District or Federal Government.

Mr. Speaker, as you are aware, last week the House passed H.R. 5741, the Mortgage Subsidy Bond Tax Act, which restricts the use of tax-exempt housing bonds. H.R. 5741 will apply to the District of Columbia as it applies to all other States and cities.

Nothing in H.R. 3824 is intended to conflict with H.R. 5741. In fact, we have specifically avoided defining "low- and moderate-income housing," or targeting, or other limitations, so that the District of Columbia Council can bring the District's program in conformity with present and new Federal law.

☐ 1230

I yield back the balance of my time.

Mr. McKINNEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on H.R. 3824, a bill to amend the Home Rule Act to Authorize the District of Columbia Council to delegate its authority to issue revenue bonds for undertakings in the area of primarily low- and moderate-income housing.

The District of Columbia faces a critical shortage of decent and reasonably priced housing. H.R. 3824 is a vital part of the effort to ease this problem by assisting the District in acquiring greater flexibility in meeting the housing needs of its low- and moderate-income citizens. A housing finance agency would not by itself provide a complete solution to the shortage of low- and moderate-income housing, but it is an important means by which the local government can attract resources from the private sector for use in financing needed growth in the housing industry.

Available decent, safe, and affordable housing in the District of Columbia is at an alltime low. A housing finance agency, with the ability to offer bonds, can generate a large pool of low-cost loan money to be used to finance low- and moderate-income housing, thereby reducing some of the pressure in the local housing market.

I strongly urge my colleagues to adopt the conference report on H.R. 3824.

Mr. Speaker, I have no further requests for time.

Mr. DELLUMS. Mr. Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

## DIRECTING CLERK OF THE HOUSE TO MAKE TECHNICAL CORRECTIONS IN ENROLLMENT OF H.R. 3824, DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY REVENUE BONDS

Mr. DELLUMS. Mr. Speaker, I offer a concurrent resolution (H. Con. Res. 313) directing the Clerk of the House of Representatives to make certain technical corrections in the enrollment of the bill H.R. 3824, to amend the District of Columbia Self-Government and Governmental Reorganization Act to authorize the Council of the District of Columbia to delegate its authority to issue revenue bonds for undertakings in the area of housing to any housing agency established by it and to provide that payments of such bonds may be made without further approval, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore (Mr. STUDDS). Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 313

*Resolved by the House of Representatives (the Senate concurring)*, That in the enrollment of the bill (H.R. 3824), to amend the District of Columbia Self-Government and Governmental Reorganization Act to authorize the Council of the District of Columbia to delegate its authority to issue revenue bonds for undertakings in the area of housing to any housing agency established by it and to provide that payments of such bonds may be made without further approval, the Clerk of the House of Representatives shall make the following corrections:

On page 2, lines 6, 13, and 14, of the House engrossed bill, strike out "section" and insert in lieu thereof "subsection".

On page 2, line 12, of the House engrossed bill, strike out "preceding sentence" and insert in lieu thereof "first sentence of this paragraph".

Mr. DELLUMS. Mr. Speaker, this concurrent resolution is to correct a manifest technical error in H.R. 3824.

I urge its immediate adoption.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced, that Mr. McGOVERN be a conferee on the bill (S. 662) entitled "An Act to provide for increased participation by the United States in the Inter-American Development Bank, the Asian Development Bank, and the African Development Fund, vice Mr. CHURCH, resigned.

## PROVIDING FOR CONSIDERATION OF H.R. 6464, EXCHANGE OF PROPERTY BETWEEN MICHIGAN ARMY MISSILE PLANT AND MICHIGAN JOB DEVELOPMENT AUTHORITY

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 628 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 628

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Commitee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6464) to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Michigan, in return for two new office buildings at the Detroit Arsenal, Warren, Michigan, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Louisiana (Mr. LONG) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield the usual 30 minutes to the minority to the distinguished gentleman from Maryland (Mr. BAUMAN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 628 is a simple, straightforward open rule. It provides 1 hour of general debate divided in the usual fashion, and one motion to recommit. This resolution provides for no waivers of the rules of the House.

The rule would make in order the consideration of the bill H.R. 6464, authorizing the Secretary of the Army to convey to the Michigan Job Development Authority the Michigan Army Missile Plant in Sterling Heights, Mich., in return for two new office buildings to be constructed by the State of Michigan to specification at the Detroit Arsenal in Warren, Mich. The Lance missile program, which is in current production at the plant, is scheduled to terminate in October. The remaining activities at the plant will require administrative space for 2,300 employees but no manufacturing space.

There appears to be no issue as to the appropriateness of the rule as drafted. But there is great difference of opinion about the timeliness of the rule. The legislation is designed to expedite the property transfer procedure, an important factor in negotiations to bring a Volkswagen manufacturing facility creating 5,000 jobs to Michigan.

The Committee on Rules heard persuasive testimony in favor of the legislation from distinguished members of the Michigan delegation yesterday. But compelling testimony on the other side of the argument was also heard by the committee from distinguished members of the Ohio delegation, who are outraged at legislation which would circumvent traditional disposal procedures for such a transfer of real property. They believe this would constitute Federal intervention favoring the State of Michigan, and they strongly opposed granting a rule at this time.

The Committee on Rules ordered this rule reported by a narrow vote of 6 to 5. The committee's decision was that this contentious matter should be brought to the House for debate. Thus I leave the determination on this difficult question to my colleagues.

I now yield to my friend from Ohio, who may be able to enlighten us on the merits of this rule and the ramifications of the legislation it makes in order.

Mr. Speaker, I yield to my distinguished friend from Maryland (Mr. BAUMAN), who may be able to enlighten us on the merits of the rule and ramifications of the legislation that it makes in order.

Mr. BAUMAN. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Speaker, I thank the gentleman from Maryland for yielding.

Mr. Speaker, this 1-hour open rule came within one vote of being defeated in the Rules Committee. It squeaked through by a vote of 6 to 5.

A number of the Members who testified in the Rules Committee argued that no rule should have been reported at all. How could such a simple rule generate such strong opposition? The problem Mr. Speaker, is the bill, H.R. 6464 which is made in order by this rule.

H.R. 6464 authorizes the Secretary of the Army to convey to the Michigan Job Development Authority, the Michigan Army Missile Plant in return for two new office buildings.

Mr. Speaker, the five Members who testified in opposition to this bill in the Rules Committee raised a number of objections. First, they objected that the bill violates the usual property disposal procedures of the Army and second, that the plant being transferred is an asset to the Army and should be retained.

Their final objection was that this bill constitutes bad precedent because it is special interest legislation in the critical area of Federal property transfer. They particularly pointed out that this proposal amounts to favoritism on behalf of the State of Michigan.

According to testimony obtained in the Rules Committee, Michigan is in competition with other areas of the country for a new Volkswagen plant. The missile plant being transferred by this bill to a public corporation held by the State of Michigan, will apparently give the State of Michigan an unfair advantage over other States who are competing for the same new Volkswagen production facility.

Mr. Speaker, I am most certainly in favor of competition, but it should be fair competition and this bill will not result in fair competition.

☐ 1240

Mr. LONG of Louisiana. Mr. Speaker, I yield 10 minutes to the distinguished gentlewoman from Ohio (Ms. OAKAR).

Ms. OAKAR. Mr. Speaker, yesterday, H.R. 6464 came up before the Rules Committee. The vote was extremely close—6 for the rule and 5 against. Almost one-half the Members present opposed the granting of an open rule. Why?

Let me just state why the northeast Ohio congressional delegation opposes H.R. 6464. We believe that this bill is shortsighted, special interest legislation that deserves to be denied a rule. Our opposition rests upon three major points:

First. The bill violates longstanding legal procedures for the disposal of Government property;

Second. The bill results in the loss to our national defense capability of an important strategic plant that has yet to be determined to be excess to Department of Defense needs; and

Third. The bill sets a bad precedent and encourages other special interest legislation in the area of Federal property transfer.

At the outset, Mr. Speaker, let me clear the air a bit regarding this bill. It is no secret that the northeast Ohio region and the State of Michigan have been in close competition in order to have the Volkswagen company place an automobile production facility in their respective regions. Thus far the competition has been intense but fair. However, passage of H.R. 6464 would enable the State of Michigan to offer Volkswagen a facility that would not otherwise be available to them and at bargain prices. This would be done without granting the Defense Department and the General Services Administration an opportunity to evaluate properly and comprehensively the strategic and economic value of the plant. I might add, Mr. Speaker, for the record that there is not one iota of testimony or documentation that legally binds the Volkswagen company to fulfill their responsibility to start a production facility at Sterling Heights. It is our belief that the Federal Government should not be placed in the position of favoring one region of the country over another in the disposition Government property. I want to emphasize, however, that I would oppose this legislation, on the principles outlined above, even if the northeast Ohio area was not involved.

On our first point, the correct procedure for the disposal of Government property is set out in the Federal Property Act of 1949. The exchange or disposal is normally included in the military construction authorization bill. If the property was no longer needed by the present user, it would then be screened comprehensively by the Department of Defense to determine if there were any further DOD requirements. If not, the General Services Administration would then evaluate the site to ascertain whether a further Federal need for the facility existed. These steps while often time consuming, are designed to protect the interests of the Federal Government and the taxpayer. Let me emphasize that these procedures have not been followed in the case of H.R. 6464.

This bill provides for no screening of Department of Defense requirements for the facility. In fact, the Department of Defense has not issued a comprehensive report on this facility. The Department of Defense did not testify, nor did OMB or GSA. Only the Department of the Army has testified before the committee, but not on the defense or defense production requirements of the facility. The General Services Administration has not been called in to determine whether there are any other Federal requirements for this large structure. Neither the GSA nor the Office of Management and Budget had the opportunity to testify before the Armed Services Committee.

The GSA did send a letter to the committee outlining its opposition to H.R. 6464, calling this bill "an exchange designed to satisfy the desires of the State of Michigan * * * " Mr. Speaker, I would like to submit the entire GSA letter for the record. While we all wish the State of Michigan well, is this the proper way to dispose of expensive, taxpayer's property? I believe that it is not.

The Federal Property Act is designed to insure that the legitimate rights of the American taxpayer are protected. The reason given by the committee for bypassing this law is the fact that the Volkswagen company needs this legislation completed by April 1, 1980. We already know that we will not meet that deadline since the Senate Armed Services Committee has not yet held hearings on the bill. Why not then wait until DOD and GSA have had a chance to do a thorough job evaluating the facility. Why rush this special legislation on through in a vain effort to meet Volkswagen's deadline?

Our second major objection concerns the national defense implications of the disposal of this facility. There is no need here to outline the recent events which have underscored our need for possible expanded defense production facilities and sufficient mobilization capacity. The last time this facility was evaluated by DOD was in 1978. The dangerous world situation is apparent to all of us. Do we need this facility? Currently the Michigan Army Missile Plant is producing the Lance missile for the DOD. This program is scheduled to phase down in October of this year.

There are some who would quarrel with the wisdom of this decision. While not getting into that discussion here, it seems prudent to question whether this missile production facility should be taken out of the control of the Department of Defense. Our Nation is currently planning to increase defense spending even in this time of budget cutting. The Congress will soon consider the massive MX missile project planned for the 1980's. In light of these recent developments, does it make sense to so quickly turn the defense production facility at Sterling Park over to civilian use? At the very least, proper procedure should have been followed. There is no evidence that the Army consulted with the Secretary of Defense concerning the disposal of this facility.

In fact, Mr. Speaker, it is shocking that before the Armed Services Committee received testimony on H.R. 6464, the Department of Defense did not complete any screening of defense production capabilities of the missile plant. We are informed that they have just now completed a rather hurried letter, when the bill is on the floor. It is not a comprehensive report, and I want to submit it for the RECORD. Obviously this situation gives rise to a very real concern that the bill H.R. 6464 if passed, may place into civilian hands a key defense plant. This is one situation that the Federal Property Act is designed to prevent. The Army's failure to follow proper procedure here is irresponsible. For national defense reasons alone the rule on H.R. 6464 deserves to be defeated.

Another objection to this bill rests upon the public policy implications of this legislation. H.R. 6464 creates a bad precedent in the crucial area of Federal property disposal. This bill puts the U.S. Government in the position of favoring the State of Michigan over other parts of the country. There has been no independent U.S. Government appraisal of this facility. Yet H.R. 6464 would transfer the facility to the State in the absence of such an appraisal. Is it right to rely only on appraisals done by the Army and by the State of Michigan both of which have an intense interest in the transaction? Their appraisals say the facility is worth $14 to $18 million, yet the Army testified it is worth $50 million.

If this legislation passes, what is to prevent any legislator from using this tactic to bypass the Federal Property Act for Government property in his or her own district? What is the legal guarantee that the Volkswagen company will not change their plans even if this facility is offered to them? We have no answers to these questions, Mr. Speaker. We respectfully ask this committee to deny a rule on this bill until the proper studies and audits are done by the Defense Department and the General Services Administration.

Mr. Speaker, we realize that this is April Fool's Day, but let us not allow a foreign corporation to make fools of Members of Congress.

□ 1250

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 additional minutes to the gentlewoman from Ohio (Ms. OAKAR).

Ms. OAKAR. Mr. Speaker, I would like to yield to my colleague, the gentleman from Ohio (Mr. MOTTL).

Mr. MOTTL. Mr. Speaker, I thank the gentlewoman for yielding.

Mr. Speaker, I rise in opposition to the rule granting consideration of H.R. 6464. This rule was reported out of the Rules Committee by a 6-to-5 vote yesterday, and it is indicative of the controversial nature of the bill.

There are several reasons why the rule should be defeated. The bill, H.R. 6464, bypasses the Federal Property and Administration Services Act, which states the need for efficient management by Government and responsible control by Congress of Federal property.

It would set a dangerous precedent to allow this transfer of property without it going through the proper procedures. Furthermore, the GSA is opposed to the exchange of the missile plant, and neither GSA or DOD has done an appraisal of the property.

The bill treats the missile plant as if it were excess property, when in fact it is not. With the current international crisis, how can we seriously consider getting rid of a valuable production facility such as the Michigan Missile Plant.

I urge my colleagues to consider the points raised. Until all the facts are in, this bill does not deserve to be considered by the House. The Senate has yet to hold a hearing on the bill and it would be unwise for the House to pass a bill without appropriate consideration.

Mr. LONG of Louisiana. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. STOKES).

Mr. STOKES. Mr. Speaker, I rise in very strong support of the arguments made by my colleague from Ohio (Ms. OAKAR). I think we are establishing a very dangerous precedent here. I want to take just a moment to cite to the House some of the same language I cited to the Committee on Rules yesterday which I think very pointedly shows what we are about to engage in here.

In the report which accompanies the bill now on the floor at page 2 under "Basis for the Legislation" it reads as follows:

> In agreeing to authorize this unique exchange, the Committee emphasizes that H.R. 6464 is not intended to establish any precedent for this type of legislation. The Committee is fully aware of the need to maintain the established procedures which have been developed for protecting the interests of the United States in such matters. It is not the intention of the Committee to establish a precedent for circumventing the procedures. It is the judgment of the Committee that in this instance H.R. 6464 would not diminish the standards imposed by the established procedures for a number of reasons.

They then go forward to set forth the reasons.

Acknowledged here is that we are establishing precedents in the House. Moreover, Mr. Speaker, in a letter written by the distinguished gentleman from Michigan (Mr. NEDZI) to the gentlewoman from Ohio (Ms. OAKAR), in the second paragraph of a letter dated March 20, 1980, he says this:

> It is acknowledged that H.R. 6464 is an unconventional approach. Review of the circumstances involved indicates that such an approach must be utilized in this instance because the plant is not technically excess to the Department of the Army.

Mr. Speaker, I think it is apparent we are about to indulge in unprecedented action as it relates to Congress circumventing its own laws as they relate to the excessing of Federal property. It seems to me that we do not have the kind of circumstances set forth here that would warrant this kind of a precedent taking place in the House.

Mr. Speaker, at this time I want to strongly join with my colleague from Ohio in opposition to this rule.

Mr. BAUMAN. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. I thank the gentleman for yielding.

Mr. Speaker, I think my colleagues from Ohio have covered this quite well. I would simply reiterate two points that have been made here today. That this action is unprecedented in the sense that we have an orderly means of disposing of surplus Federal property. Any time Federal property becomes surplus and it needs to be disposed of there is a procedure in the present law. Normally the General Services Administration handles property disposal.

Legal procedures for property disposal are there for a reason which is to protect all of the taxpayers of these United States. This real estate is owned by all of the people in this Nation and therefore to protect the taxpayers in the disposing of property owned by all of them, we have these procedures in the law. Today, what is being proposed is to circumvent that procedure, to shortcut it, and there are not adequate safeguards in this legislation in my judgment to insure that the taxpayers of the United States are protected in making sure that they get full value for the property in question.

Secondly, Mr. Speaker, I do not think it has been clearly demonstrated that this property is in fact surplus. It is presently being used for the production of Lance-I missiles. Apparently there is an adequate supply at the present time of this particular weapons system but we cannot be sure that in the future there might not be a need for this type of weapon. The production facilities located in the property in question could be very vital to this Nation's security.

Mr. Speaker, we should take more time to insure that we consider the security of the United States in terms of this production facility and secondly to be sure that the procedures outlined in the law are followed, that all people have an adequate opportunity to bid on this property and to utilize it to the best advantage of the people that own it; namely, the taxpayers.

Mr. Speaker, for these reasons I think we should defeat the rule today and provide time to insure that this property if it is to be disposed of, be done in an orderly process in conformity with the law and that we are guaranteed there will not be a need for this production facility in the future for our military security.

Mr. LONG of Louisiana. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. NEDZI).

Mr. NEDZI. Mr. Speaker, I appreciate the gentleman from Louisiana yielding to me.

Mr. Speaker, I had to pinch myself to determine whether we are talking about the bill that is going to be before us later in the afternoon.

The main argument, as I understand it, which the delegation of northeast Ohio was putting forth has to do with the procedures. Obviously, if we follow the procedures, there will be no need for this legislation.

Mr. Speaker, the problem that confronts us is the fact that the property is not excess. I said it is not technically excess, because something less than 20 percent of it is being used as administrative space at the present time. Without doing something with those people who are in there, there is no way to declare their property excess. The problem comes in by virtue of the fact that it costs some $5 million to $6.5 million annually to keep those people in that particular facility. That is absolute waste of taxpayers' money. It is Federal taxpayers' money. It is not just Michigan and Ohio. It is the entire country that has to foot that kind of a bill.

Mr. Speaker, in an effort to mitigate the costs, this kind of arrangement was worked out with the State of Michigan.

Mr. Speaker, I was hoping to defer all of these arguments to a time when we could debate the subject after the rule was adopted. However I will go as far as I can within the time constraints imposed upon me here.

What the delegation of Ohio—I hate to put it in terms of Ohio against Michigan; that is really not fair because they have problems in Ohio with which I sympathize and would do everything in the world to assist in solving, but really that is not what is here involved. The impression has been created that somehow this is special legislation. Well, it is not.

□ 1300

The legislation provides for a fair-market value. That is the basis of the bill—fair-market value. How is it to be ascertained? It is to be ascertained the same way GSA ascertains fair-market value. Let me say that we have a letter from GSA saying that it is normal GSA practice to hire appraisers by contract for use in conducting disposal of large pieces of either Federal, industrial, or commercial property.

That is exactly what has been done here. A contract appraiser has been obtained and has been hired to do this kind of thing in order to give the parties involved a fair estimate of what fair-market value is. So, to talk about this as being some kind of favor to Michigan, and preferring Michigan over another part of the country, is simply not true. It is not fair, and it is not fair to put out publications such as this dear colleague which says, "Government giveway." There is no such animal.

Fair-market value is the basis of the fact. Now, because of the problem of the fact that the facility is not technically excess, we had to get involved with some complicated negotiations with the Army; namely, that the State would construct two office buildings and put them 5½ miles from this industrial plant, at the Detroit Arsenal, so that the Army is going to have all of its facilities in one place, saving $5 to $6 million a year, and the State would then get a plant which is no longer useful for military industrial purposes.

I might say that when we talk about following procedures and clearing with other agencies of Government in order to determine whether this plant is found necessary or not, this has been done. The same procedure was used by the Army last December to determine whether this facility has any use for peacetime or future mobilization, as is done when property is declared excess. That report last December came back negatively.

The SPEAKER pro tempore. The time of the gentleman from Michigan has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 additional minutes to the gentleman from Michigan.

Mr. NEDZI. I thank the gentleman. Let me say that DOD and GSA have had a crack at this. GSA has come back and indicated that if we consider the legislation, let us make sure that there are contract appraisers. That has been done. They had one other recommendation, that a provision be placed in the bill to assure any excess profits received by the State as a result of pass-through sale to a third party are remitted to the Federal Government.

The Department of the Army has agreed to include that provision in any contract, so that GSA objections have in fact been met with the exception of authorizing them to conduct the deal.

I thank the gentleman very much.

Mr. REGULA. Mr. Speaker, will the gentleman yield?

Mr. NEDZI. I will yield if I have any time.

Mr. REGULA. Mr. Speaker, I notice in the report that it says the Army reports it is having difficulty leasing the vacated space. What evidence is presented that they have made any serious effort to lease it?

Mr. NEDZI. A question was put to General Decker in the hearings as to whether a portion of the plant could be leased. General Decker outlined difficulties of having to build extra entrances. The only—I should not say only—but the most probable use that could be put for that space is warehousing. Because of the 2,300 personnel there, there were difficulties in getting somebody to go in and operate the plant as a full industrial facility.

Mr. BROOMFIELD. Mr. Speaker, will the gentleman yield?

Mr. NEDZI. I yield to my colleague from Michigan.

Mr. BROOMFIELD. Mr. Speaker, I rise in support of the rule regarding the bill, H.R. 6464, which would authorize an exchange of property between the Department of the Army and the Job Development Authority, a public corporation of the State of Michigan.

This bill would allow a swap of property that would be beneficial to both the Department of the Army and to the State of Michigan. For the Michigan Army Missile Plant, the State of Michigan is agreeing to provide two new buildings of approximately 196,000 square feet each at the Detroit arsenal, which would meet Army specifications. The State would also pay all relocation and incidental costs, including construction supervision and management fees. Michigan is further agreeing that if it should realize a profit from the resale of the missile plant, it will pay that profit to the U.S. Treasury.

By allowing the Army to exchange this missile plant, the Army and the taxpayers would save approximately $3.5–$5 million annually in operating costs, and approximately $800,000 per year in travel expenses. Further, with the two new buildings that will be provided by the State, the Army would gain an estimated $3 to $11 million in facility value.

For the State, while it will not realize any profit from the resale of the missile plant, it will see an easing of the bleak unemployment picture with the creation of about 5,000 jobs.

Certainly an important consideration for all of us is the impact of this exchange upon our defense posture. Our Committee on Armed Services reports that the impact will be nil. With the scheduled completion of the Lance missile program in October 1980, the plant will not be required for the national security production based on either a peacetime or mobilization basis.

Mr. Speaker, I would like to offer my congratulations and pay tribute to our colleague from Michigan for the excellent thought and leadership he has once again demonstrated in bringing this bill before the House. This bill is a sound piece of legislation that will benefit the Army, the State of Michigan, and most importantly, the taxpayers of this Nation. I support this bill and strongly urge my colleagues to vote for the adoption of the rule and for the passage of this bill.

The SPEAKER pro tempore. The time of the gentleman from Michigan has again expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. Stokes).

Mr. STOKES. Mr. Speaker, I would like to ask the gentleman in the well (Mr. Nedzi), with reference to his statement in the earlier part of his speech where he stated that this is not a matter of any competition between Ohio and Michigan; the gentleman would not want the House to misunderstand the fact that Cleveland was actually in negotiation—that is, the entire State through its Governor—was in negotiations with the Volkswagen people with reference to the location of this plant in the Brook Park area of Cleveland, Ohio. That is a fact, is it not?

Mr. NEDZI. I cannot testify that that is a fact. That is the information which I have as a matter of hearsay, yes. I was not privy to any negotiations that took place. I do know that Volkswagen has indicated that they have no interest, no further interest, if they ever had interest, in Cleveland.

Mr. STOKES. I agree that such a statement was made at a point of time when we began to prepare this legislation.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 additional minutes to the gentlewoman from Ohio (Ms. Oakar).

Ms. OAKAR. Mr. Speaker, I thank my colleague for yielding. I just want to make a few points that I was not able to make before. One is, in quoting from the Department of Defense letter, they indicate that indeed the appraisal was not done per se by an independent appraiser. They say, "The values placed on the properties involved in the transaction should be issued by private contract appraisers instead of the Secretary of the Army."

They go on to further criticize the manner in which the bill is rendered by the way it offers no specific value of the two buildings. We do not know if they are going to be 10-story buildings or 2-story buildings; whether they will be worth a dollar, a few million dollars, or $100 million. None of that is in the legislation.

It is a very vaguely drawn piece of legislation, but they go on to say that there ought to be a provision in the bill to insure that any amounts exceeding cost received by the State as a result of sale to a third party are remitted to the Federal Government. Further, because we are aware of the problems of the State of Michigan, like so many of our Eastern, Northeastern, and Midwestern States, we ought to make sure that they do not use a nickle of Federal money in terms of this particular transaction. There is nothing in the bill that says they will not.

We already know—and I supported the Chrysler bill; I was on the subcommitee that supported the Chrysler bill—that indeed gives the Federal Government a backup in the loan-guarantee program, but we know the Chrysler bill involves $150 million of pension money tied up.

Mr. NEDZI. Mr. Speaker, will the gentlewoman yield?

Ms. OAKAR. I yield to the gentleman from Michigan.

Mr. NEDZI. The question of the appraiser obviously is critical, and I agree with the gentlewoman that all of us are concerned that the Federal Government get a fair shake in the deal. But, the Secretary of the Army himself has said——

The SPEAKER pro tempore. The time of the gentlewoman from Ohio has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 1 additional minute to the gentlewoman from Ohio.

Mr. NEDZI (continuing). To facilitate the Secretary of the Army, the Corps of Engineers has contracted with a real estate appraiser to appraise, so that all of these objections are taken care of, and as a matter of fact they never existed.

Ms. OAKAR. What we are asking for is that these activities be done before a bill is passed on. This is unprecedented. It is also unprecedented for any State to build two buildings, and certainly retain whatever buildings these might happen to be in exchange for certain property is another precedent.

☐ 1310

Therefore, Mr. Speaker, if this is the way we want to dispose of Federal property, if we want to take the Post Offices and Federal court buildings and decide we have a better use for them, I suggest that if a Member has a better use for them, then that Member should introduce a bill in this House. Then we can see if it can get passed.

Mr. Speaker, that is the kind of special precedent we are talking about.

Mr. BAUMAN. Mr. Speaker, may I inquire, how much time do I have remaining?

The SPEAKER pro tempore. The Chair will state that the gentleman from Louisiana (Mr. Long) has 2 minutes remaining, and the gentleman from Maryland (Mr. Bauman) has 25 minutes remaining.

Mr. BAUMAN. Mr. Speaker, I yield myself such time as I may require, and for the relief of my colleagues I want to assure them that I do not intend to take all my time.

Mr. Speaker, the present dispute that has developed over the rule is one that vexed us in the Committee on Rules for better than 2 hours yesterday. We heard a parade of distinguished witnesses that left us thoroughly confused, to the point that we reported this completely open rule by only a margin of 1 vote. The vote was 6 to 5. The vote was tied, and the distinguished committee chairman had to break the tie.

I think this whole dispute falls under the category of the commercial line: "Volkswagen does it again."

In this case they have divided these two great sister States carved out of the Northwest Territory so many years ago. It proves that it is not only a bid to the Rose Bowl that makes Michigan and Ohio go at each other with hammer and tongs. I think it is unfortunate, but I would recall Lincoln's admonishment to the erring States in the South when he said, "We must not be enemies; we must be friends."

Mr. Speaker, it was the Committee on Rules that tried to spare the House the job of referee, but it appears that you will all have to face that task.

Mr. Speaker, I yield back the balance of my time.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and on a division (demanded by Mr. Mottl) there were—yeas 13, nays 10.

Mr. MOTTL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 333, nays 52, not voting 46, as follows:

[Roll No. 175]

YEAS—333

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr
Carter
Chappell
Cheney
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Dickinson
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn

Glickman
Goldwater
Gonzalez
Gore
Gramm
Grassley
Gray
Green
Gudger
Hagedorn
Hall, Tex.
Hamilton
Hance
Hanley
Harkin
Harris
Harsha
Hawkins
Heckler
Heftel
Hightower
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Jacobs
Jeffords
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kastenmeier
Kelly
Kemp
Kildee
Kogovsek
Kostmayer
Kramer
LaFalce
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Lujan
Lundine
McCloskey
McCormack
McDade
McEwen
McHugh
McKay
Madigan
Maguire
Markey
Marlenee
Marriott
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Pa.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patterson
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pursell
Quayle
Railsback
Rangel
Ratchford
Reuss
Rhodes
Rinaldo
Ritter
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roth
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sensenbrenner
Shannon
Sharp
Shelby
Shuster
Simon
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Spellman
Spence
St Germain
Stack
Staggers
Stark
Steed
Stenholm
Stockman
Stratton
Studds
Stump
Swift
Synar
Tauke
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—52

Applegate
Ashbrook
Badham
Bauman
Bouquard
Brown, Ohio
Broyhill
Chisholm
Clausen
Collins, Tex.
Dannemeyer
Devine
Duncan, Oreg.
Evans, Ind.
Gradison
Grisham
Guyer
Hall, Ohio
Hammerschmidt
Hansen
Hinson
Jeffries
Latta
Lewis
Lott
Luken
Lungren
McDonald
McKinney
Marks
Martin
Moorhead, Calif.
Mottl
Oakar
Paul
Pease
Pepper
Quillen
Regula
Rousselot
Seiberling
Shumway
Skelton
Solomon
Stangeland
Stanton
Stewart
Stokes
Symms
Taylor
Williams, Ohio
Wylie

NOT VOTING—46

Anderson, Ill.
Anthony
Aspin
Beilenson
Bethune
Bingham
Bonker
Buchanan
Burton, Phillip
Cavanaugh
Crane, Philip
Davis, S.C.
Dougherty
Fenwick
Fithian
Frenzel
Goodling
Guarini
Hefner
Hillis
Holtzman
Ichord
Ireland
Jenrette
Jones, Okla.
Kazen
Kindness
Lagomarsino
McClory
Moffett
Murphy, Ill.
Myers, Pa.
Nolan
Patten
Pritchard
Rahall
Richmond
Roberts
Runnels
Sebelius
Vanik
Waxman
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Young, Alaska

□ 1320

The Clerk announced the following pairs:

Mr. Richmond with Mr. Goodling.

Mr. Charles H. Wilson of California with Mr. Bob Wilson.

Mr. Guarini with Mr. Hillis.

Mr. Bingham with Mr. Bethune.

Mr. Phillip Burton with Mr. Anderson of Illinois.

Ms. Holtzman with Mr. Buchanan.

Mr. Jenrette with Mr. Philip M. Crane.

Mr. Kazen with Mr. Dougherty.

Mr. Myers of Pennsylvania with Mrs. Fenwick.

Mr. Patten with Mr. Kindness.

Mr. Vanik with Mr. Lagomarsino.

Mr. Waxman with Mr. Frenzel.

Mr. Ireland with Mr. McClory.

Mr. Beilenson with Mr. Murphy of Illinois.

Mr. Anthony with Mr. Young of Alaska.

Mr. Davis of South Carolina with Mr. Sebelius.

Mr. Fithian with Mr. Aspin.

Mr. Roberts with Mr. Bonker.

Mr. Rahall with Mr. Pritchard.

Mr. Ichord with Mr. Cavanaugh.

Mr. Hefner with Mr. Charles Wilson of Texas.

Mr. Moffett with Mr. Jones of Oklahoma.

Mr. Nolan with Mr. Runnels.

Mr. LUKEN changed his vote from "yea" to "nay."

Mr. WHITE changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## PERMISSION FOR COMMITTEE ON JUDICIARY TO FILE REPORT ON H.R. 6846, AUTHORIZING APPROPRIATIONS FOR DEPARTMENT OF JUSTICE FOR FISCAL YEAR 1981

Mr. KASTENMEIER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary have until midnight Tuesday, April 1, 1980, to file a report on the bill (H.R. 6846), providing authorization for the appropriations for the Department of Justice for the fiscal year 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

## EXCHANGE OF PROPERTY BETWEEN MICHIGAN ARMY MISSILE PLANT AND MICHIGAN JOB DEVELOPMENT AUTHORITY

Mr. NEDZI. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6464) to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Mich., in return for two new office buildings at the Detroit Arsenal, Warren, Mich.

The SPEAKER pro tempore (Mr. DONNELLY). The question is on the motion offered by the gentleman from Michigan (Mr. NEDZI).

The motion was agreed to.

□ 1330

### IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 6464, with Mr. HALL of Texas in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Michigan (Mr. NEDZI) will be recognized for 30 minutes, and the gentleman from Virginia (Mr. WHITEHURST) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Michigan.

Mr. NEDZI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, on behalf of the Committee on Armed Services, this bill is presented for House consideration. The bill was reported by the full committee unanimously on March 6, and it authorizes the conveyance for fair market value of the Michigan Army Missile plant in Sterling Heights, Mich., to the Job Development Authority, a public corporation of the State of Michigan.

For reasons I will spell out in my remarks, as part of the consideration, the authority is required to provide two new office buildings at the Detroit Arsenal at Warren, Mich.

The buildings are to be approximately 169,000 square feet each. They will be built to Army specifications and requirements and in conformance with the master plan of the installation.

They will be connected to the existing headquarters by covered walkways and meet a long-standing top construction priority of the U.S. Army Tank Automotive Materiel Readiness Command and are to be ready for occupancy by August, 1981.

My colleagues, the genesis of this legislation is very straightforward.

Sometime ago, the State of Michigan contacted me about its desire of obaining the plant for a major manufacturing client interested in locating in the Detroit area. The Army was aware of Michigan's interest and indicated that as of October 1, 1980, it would no longer have use for the plant as an industrial facility, and if possible, it would accommodate the State.

The discussions and negotiations which have taken place have resulted in this legislation.

The approach taken in H.R. 6464, incidentally, has been used on several occasions in the past.

As I outlined in my "Dear Colleague" letter to the Members this morning, this is not a unique situation from the standpoint of having an existing excess facility turned over to somebody in return for some construction to take place.

At present, the unemployment rate in Michigan is 11.2 percent. This level of unemployment is higher than in any other State of the Union.

Obviously, the State of Michigan is interested in ameliorating this severe problem, which is a drag on the total national economy.

However, let me emphasize, and I cannot do this too strongly, that this is not a welfare bill for the State of Michigan. It is a job-producing bill that will have a salutary effect for the Nation as a whole, and under its terms, and let us bear this in mind, this critical element, and that is that Michigan is obligated for at least the fair market value. If the proposed buildings which I have described cost more than that is going to be the consideration for the conveyance, in any event the fair market value of the plant will be established by an independent contract appraiser—an independent contract appraiser, not by the Army, not by the State of Michigan—but an independent contract appraiser.

This bill is required, because the plant is not, as I have said a number of times, technically excess to the Army's needs at this time.

There are some 2,300 Army administrative personnel who are located in the portion of the plant occupying approximately 400,000 square feet, and they have no suitable alternative space at the moment.

Once the two buildings are provided by the State, these 2,300 personnel will move from the plant. Until then, they will be forced to remain in the 2.2-million-square-foot plant at a considerable cost to the Army. The Army has testified that there is no foreseen production or mobilization requirement for the plant. There is no foreseen production or mobilization requirement for the plant.

Incidentally, this kind of screening has been undertaken not once but twice. In December, the Army had undertaken this screening.

The Office of the Secretary of Defense headed another such screening in March of this year and came to the same conclusions that there is no such requirement.

In October of 1980, the present Lance missile production in line at the plant is going to terminate.

The contractor, Vought Corp., is going to pull out his equipment, and the Army will be left with a large industrial plant with no industrial use for it.

According to Army testimony, the facility would be difficult if not impossible to lease because of the continued presence of the 2,300 personnel. Their presence is incompatible with operating the facility fully as an industrial plant.

Furthermore, this plant is not built for office space. The Army testified that it will cost between $5 million and $6.5 million to operate this plant on this kind of reduced basis.

This cost compares to the $1½ million which is going to be the total operating cost for the two new buildings at the Detroit arsenal.

The Army testified that at least $800,000 annually would be saved in travel costs between the plant and the Detroit Arsenal, which are some 5½ miles apart.

The Federal Government is not obligated for any—for any—financial outlay, and there is absolutely no adverse budgetary impact.

In the event the market value of the plant, which will be based on the highest and best use of the facility as an industrial plant, is higher than the value of the two new office buildings the State is required to make up the difference in cash to the United States.

Should the value of these office buildings exceed the value of the plant, the Federal Government has no obligation to make up the difference.

☐ 1340

Based upon current estimates, again by contract appraisers, the Federal Government stands to gain between $3 and $11 million from this exchange. The missile plant has an appraisal value ranging between $14 and $18 million. The estimated value of the construction of a new building at the Detroit Arsenal ranges between $21 and $25 million.

The State testified its purchase price of the missile plant would be equal to the cost of the new building. In turn, the State's sales price of the missile plant to its client would be the same as its purchase price of the plant. In other words, the purchase and sales price of the missile plant would not result in the State realizing any profit.

As further protection, the committee has directed the Department of the Army, and the Department of the Army has agreed to include in the agreement negotiated with the Job Development Authority a provision requiring that proceeds from the Authority's disposal of the plant, which are greater than the actual cost of the two new buildings and expenses attendant thereto, shall be remitted to the United States, less the costs of improvement incurred by the Authority. This provision shall remain in effect for 3 years from the date of the conveyance of the plant to the Authority.

This provision is designed to protect the Federal Government in the event that the present client and the State do not reach final accord and a subsequent client purchases the plant from the State at a cost that is higher than the cost of the two office buildings. The required provision will serve to protect the Federal Government's interest under any circumstances for a reasonable period of time once the plant is conveyed to the State.

Also the State is to pay for all relocation and incidental costs, including construction, supervision, and management costs.

As a further condition, the Secretary of the Army is required to submit detailed reports to the committee before the conveyance on the terms and execution of the agreement between the Department of the Army and the State of Michigan.

At the appropriate time, Mr. Chairman, I intend to offer an amendment to section 5 of the bill in order to clarify the reporting requirement with which the Department of the Army must comply. Although the Army does not intend to convey the missile plant prior to the completion and acceptance of the two office buildings, the amendment changes the reporting requirements so that the Department of the Army will submit a report to the House Armed Services Committee prior to conveyance rather than upon completion of the conveyance. This action will assure the committee of having a reasonable opportunity to review the agreement before execution of the transaction, and the requirement should provide for adequate congressional oversight.

Additional tax or revenue will be created by putting the missile plant into full production. The State of Michigan testified an estimated 5,000 jobs will be created, and a letter of intent has been signed between the State and its clients. According to the State, access to the plant is required in April, 1980, because of the clients tight schedule which calls for occupancy by April 1, 1981. This means prompt action on the bill is essential and is the reason the committee is presenting this bill to the House at this time.

It is noted that in the event the present client and Michigan do not reach final accord, the State testified that it still wants the plant for economic development purposes. Other potential clients have expressed strong interest in the plant. Therefore, this legislation is necessary, and I emphasize that fair market value is still the basic consideration.

I would note that the client in question, Volkswagen, has indicated on numerous occasions, and indeed testified on March 19, 1980, before the Joint Economic Committee, that if the missile plant is not made available, the company will look to, among other locations, Mexico and Canada. From a balance of trade, balance of payments and export of jobs perspective, a foreign location is obviously not in the best interest of the United States. In saying this, Mr. Chairman, I want to underscore the point that this is not a special interest bill, is not a bill for Volkswagen. It is a bill that benefits the Federal Government and the State of Michigan.

This bill represents a balanced and careful effort which enables both the Federal Government and the State of Michigan to benefit from the opportunities of the exchange, and at the same time protects to the fullest extent possible the financial and security interests of the Federal Government.

We must get over the idea that it is impossible for something to be good for all of the parties concerned. This is not special interest legislation, it is not a flim-flam of any sort. To accomplish something of that nature would require a conspiracy of the Army, of the Department of Defense, of the OMB, of the State of Michigan, of the House Armed Services Committee, and the Senate Armed Services Committee, certainly not workshops for dismantling of our defense establishment. But all of them would have to conspire in order to make something like this being a flim-flam on somebody to work. The fact of the matter is all of these people are in support of this. The Senate Armed Services Committee reported the bill out this afternoon.

Mr. STOCKMAN. Mr. Chairman, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Michigan.

Mr. STOCKMAN. Mr. Chairman, I just want to commend the gentleman for his leadership on this and for the constructive proposal he has brought to the floor.

I wonder if we could clarify one thing, because on the way here today I heard a lot of charges being made that I know are inaccurate, and the charges suggested that this in some way involves a subsidy involving some sort of a bail-out, and I certainly in the past have consistently opposed that kind of an approach. But I am absolutely certain from my study of this proposal that no such thing is involved.

Basically what we have here is the transfer of unneeded government property that for some very technical reason does not qualify at the present time for the normal disposal procedures for surplus property. So the need for this special legislation merely has to do with the technical requirements of the act, and that this is the kind of transaction that is done on many occasions or has been done in the past, and the purpose of this legislation is merely to facilitate a transfer which is in the best interest of both the Defense Department as well as the economy generally.

Would the gentleman agree that is kind of a fair summary?

Mr. NEDZI. The gentleman has accurately stated the case. There is no provision for any kind of expenditure on the part of the Federal Government with respect to this legislation. As a matter of fact, the Congressional Budget Office has been asked to comment on the legislation and has also given us a statement to that effect, that there is no impact on the Federal budget, no adverse impact. There may well be a very favorable impact as time goes on because of the job creation.

Mr. STOCKMAN. If the gentleman will yield further, would it not be true in the converse, that if this transfer is not made then that large facility, after October 1, when the Lance Missile production run ends, will be sitting largely idle, and there will be operating and maintenance costs that would have to be incurred by the Department of Defense?

Mr. NEDZI. The testimony that has been presented to us indicates it will cost between $5 million and $6.5 million to keep this plant going in its modified form.

Mr. STOCKMAN. I appreciate the gentleman yielding.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Michigan.

Mr. BLANCHARD. Mr. Chairman, in addition to commending the gentleman in the well (Mr. NEDZI), for his excellent work on this matter, I do want to thank the gentleman from Michigan (Mr. STOCKMAN). It is good to have him on our side.

Mr. NEDZI. I thank the gentleman.

Mr. Chairman, there have been objections, as everyone in the House knows, to this legislation. The GSA has been cited as the primary objector. Their objections are based on the fact that GSA would object to anything where they are not the operating party, where they do not have the responsibility for disposing or acquiring of property. That is understandable. I am not saying that in a derogatory fashion by any means.

But in reading their letter to the committee we find that they stated in conclusion that if this bill is considered that two things should occur. One, that we have a contract appraiser. I have already indicated to my colleagues that that is, in fact, what is in existence at the present time and he will be the one who makes the final appraisal. Two, that excess profits are to revert to the Government.

□ 1350

We have made provision for that, and the Secretary of the Army has agreed to include that in the contract so that these objections of the GSA have been taken care of.

I know that the delegation from northeast Ohio is going to raise the question that we are not following procedures. We are not following the Federal Property Act for obvious reasons. We are in a "Catch 22" situation. We cannot get the property declared excess so long as 2,300 personnel are situated in a portion of that plant. So until we do something about getting those people out of the plant, we cannot institute the Federal Property Act procedures and, hence, this particular legislation in order to do that.

The Department of Defense has said that these 2,300 people, incidentally, are housed in converted factory space which is considered inadequate for the purpose.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Ohio.

Mr. REGULA. I thank the gentleman for yielding.

I have a couple of questions. I was just curious—why the routine of having the State of Michigan build the two office buildings to be conveyed to the Army, I presume, and as part of an exchange?

The CHAIRMAN. The time of the gentleman has expired.

Mr. NEDZI. Mr. Chairman, I yield myself 5 additional minutes.

Mr. REGULA. If the gentleman will yield, if there is to be a sale of this property to the State of Michigan, why not just appraise the value of it and sell it to the State and let the Army or the military in turn arrange their own office accommodations? I just wanted the rationale for the trade.

Mr. NEDZI. The rationale for the trade is there would not be any place to put the 2,300 people. That is the only way we can get the plant vacated, by moving those people out, and that is the whole purpose.

Mr. REGULA. The conveyance by the U.S. Government could be made subject to a reservation of that space until such time as the U.S. Government could build two office buildings or lease them.

Mr. NEDZI. The gentleman is on the Appropriations Committee on Military Construction and knows that under no circumstances could we get two buildings authorized, appropriated, and built within a year, which is what the State has guaranteed to the Army can be done.

Mr. REGULA. The gentleman is saying the State can build it more quickly under their procedures than could the Army; is that correct?

Mr. NEDZI. I do not think there is any question about that.

Ms. OAKAR. Mr. Chairman, will the gentleman yield?

Mr. NEDZI. I yield to the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman for yielding. I would like to ask the gentleman who says that this is going to be a $5.5 million savings per year?

Mr. NEDZI. The Army has estimated what the cost of maintaining that plant would be. That was the testimony that was presented to the subcommittee.

Ms. OAKAR. And the Army was involved in the appraisal, am I correct, or at least the contract?

Mr. NEDZI. Only to retain the contract appraiser, and I do not know who else the gentlewoman would have in that regard.

Ms. OAKAR. The GSA normally, we understand, is the Federal property disposal agency. I would like to ask the gentleman, because this is the thing that is bothering us—and I think it is a legitimate point—most of our work in the House is done within the committee structure; is that not correct? Most of the work is done in the committee? As chairman of a distinguished subcommittee, and the gentleman is a distinguished chairman, is it not true that most of the work is done in the committee with respect to a bill of this stature?

Mr. NEDZI. I think that is a reasonable statement.

Ms. OAKAR. Why was not the Department of Defense there at the committee hearing? Why did they not testify? Why did the GSA not testify? Why did the OMB not testify?

Mr. NEDZI. I will be very candid with the gentlewoman. At the time this whole issue arose, it appeared to be such a good proposition for all the parties involved that there did not seem to be a need for it. It was not until the Ohio delegation started raising questions about where Volkswagen was going to light that all the controversy emerged. Prior to that time there was unanimity. As a matter of fact, as I indicated, the report came out of the subcommittee unanimously; it came out of the full committee unanimously.

Ms. OAKAR. The day the gentleman was having his subcommittee hearing, one of the vice presidents of Volkswagen Corp. was in Cleveland, Ohio, and gave a speech in which he indicated that the Brook Park Plant, which is not owned by the Government, was in the running for Volkswagen, and it was not until after the gentleman's subcommittee passed this bill out unanimously, with four or five members present, I might add, and with a lot of proxy votes, that indeed they started to tilt. Surely the gentleman was aware of the competition for this. We have high unemployment; the gentleman knows that. I have helped Michigan in the past as a member of that subcommittee.

Mr. NEDZI. Let me say I was not aware of the competition until after the Ohio delegation raised questions about it. At the time this whole matter came up, the competition was over, and I really am not in a position to answer the statement made by the Volkswagen vice president.

Ms. OAKAR. If I could just ask the gentleman, when did he receive the letter from the GSA apparently changing its position, and the letter from the Department of Defense that was a letter that apparently indicated, although scantily so, that the screenings were negative? When did the gentleman receive them?

Mr. NEDZI. The initial report from the Army, the screening, was made——

Ms. OAKAR. No, the Department of Defense.

Mr. NEDZI. If I may finish, that initial screening, incidentally, was also conveyed to the Department of Defense at that time, and I have a copy of that particular communication. The Department of Defense itself did not convey their position until yesterday.

Ms. OAKAR. Until yesterday. Does it not seem a little bit unusual that they would wait until the 11th hour, or were there pressures put on them that indeed would squeeze out of them a position that was not comprehensive?

The CHAIRMAN. The time of the gentleman has expired.

Mr. NEDZI. I yield myself 2 additional minutes.

Mr. BONIOR of Michigan. Mr. Chairman, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Michigan.

Mr. BONIOR of Michigan. I thank the distinguished chairman for yielding. I just want to underscore the point my colleague, the gentleman from Michigan, has made with respect to this whole idea of a catch-22 situation. The reason, as I understand my colleague, that procedures were not followed as the gentlewoman from Ohio (Ms. OAKAR) would have us follow, is because in order for there to be excess capacity, the office employees in this plant would have to move out.

So the gentleman has put together a package, if I follow him correctly, which provides those employees with space, creates and gives the plant the designation of being used in another fashion, and hopefully through automobile development through Volkswagen saves energy, has accomplished a variety of things which I think, insofar as I am concerned, in terms of public and economic and private development I have not seen done in such an outstanding fashion in a long time.

He is taking care of the needs of the State, the private sector, and the Federal Government may, indeed, realize a profit out of this thing. I think the gentleman does a great service not only for the people of my district and the State of Michigan but for the country in developing his package which accomplishes all of that in a single stroke of legislation, and I would like to compliment him.

Mr. NEDZI. I thank the gentleman.

Let me just address one additional point that I know has been expressed as a concern, and that is the question of whether we are actually forsaking an important military production base that may be used in the event of mobilization. I have a letter from the Secretary of the Army in which he says the following, and I do hope that Members who are concerned about this aspect of it will listen attentively.

The Michigan Army Missile Plant as contemplated under S. 2335, which is the Senate companion bill, would cause no adverse impact on current and future mobilization defense production requirements. The authorized Army objective for the Lance missile will be made when production by Vought Corp. at the Michigan Army Missile Plant terminates in October 1980. Further, there is no potential requirement for Lance production to satisfy foreign military sales requests that would require continuation of the Lance line beyond October 1980. Any future repair parts required for Lance support will either be manufactured at the Vought plant in Dallas, Tex., or procured directly from venders. That has been affirmed by the Department of Defense.

☐ 1400

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Michigan.

Mr. BLANCHARD. I think that is a very important point. I understand that some people during the discussion of the rule did vote no because of concern for national security. I speak as one privileged to represent Sterling Heights, Mich., where the Michigan Army Missile Plant is located. Fortunately, since I am not on the Committee on Armed Services, we are lucky to have the very able and distinguished gentleman from Michigan (Mr. NEDZI) to handle its legislation. For 5 years we have been trying to figure out a use for that plant because it is clear and has been clear the Army was not going to use it, the Defense establishment was not going to use it in the future.

As of October 1, as the gentleman from Michigan (Mr. NEDZI) outlined, the production of the nonnuclear Lance will end.

Mr. Chairman, one of the major issues facing Congress is, how do we get communities and people and employees off the need to continue to promote defense products to save their job and encourage them to convert plants to peacetime or productive uses?

Mr. Chairman, there is no potential use of this plant for military purposes. If there was we would have worked it out. We are fortunate to have found this exchange legislation, to be able to put this plant to productive use.

Mr. Chairman, one of the problems we face in this country is also the unbelievable wave of auto imports. This bill also will give us at least a chance to compete, to pick up investment from a major company, or other companies that are going to be a vital part of our economy.

The fact with this exchange-of-properties bill is that it is clearly a great bill. I believe the Dear Colleague letters, one of them put out against this bill, are misleading. The reason why many of our colleagues have not heard of the bill is that it was that simple. It is that good of a deal, it is just as simple, and I guess that will explain why it was passed unanimously in the Committee on Armed Services.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman.

Mr. REGULA. I would just like to respond to the gentleman from Michigan and quote from the hearing record at page 11 a statement by Paul Johnson, Deputy for Installations and Housing, Office of the Assistant Secretary of the Army:

> While I am not at the present time in a position to advise the committee of the administration's position on this bill, I can state that the Michigan Army Missile Plant is not excess to the Army's requirements.

Mr. NEDZI. That is a correct statement and we have said that all along and that is the reason for the legislation.

Mr. BLANCHARD. The reason it is not excess capacity is that it cannot be technically excess capacity until people are no longer working in the plant.

Mr. NEDZI. Mr. Chairman, I reserve the balance of my time.

Mr. WHITEHURST. Mr. Chairman, I yield myself such time as I may consume.

Mr. WHITEHURST. Mr. Chairman, I rise in support of H.R. 6464 and wish to associate myself with the remarks of my distinguished colleague from Michigan.

We have brought to you legislation that would enable the United States to realize a substantial gain in the disposal of a 30-year-old plant which is not required for the national security production base on either a peacetime or mobilization basis. The U.S. Treasury would be richer by $3 to $11 million and 5,000 plus new jobs would be created in a State with 11.2 percent unemployment, thereby aiding the national economy by producing additional tax revenue.

The bill has been very carefully drafted in such a way as to insure that the interest of the Federal Government is fully protected. Reporting requirements have been included to provide for adequate congressional oversight.

The State of Michigan and its client have signed a letter of intent. Access to the plant is required in April 1980 in order to meet the client's tight schedule which calls for occupancy by April 1, 1981. It is my understanding that the client, in a recent appearance before the Joint Economic Committee, testified that in the event the Sterling Heights plant did not become available, included among the places it would look would be Canada and Mexico. Obviously, if we can promote economic development within the United States, we certainly should do so.

In conclusion, Mr. Chairman, H.R. 6464 would enable both the Federal Government and the State of Michigan to benefit from the unique opportunities of the exchange. A largely unused industrial facility will pass back into private productive use creating critically needed jobs and increasing the tax base, while at the same time netting the Federal Government a profit and saving some $5 to $6.5 million in annual expenditures.

This is a good bill, and I urge my colleagues to support it.

Mr. Chairman, I now yield 4 minutes

to the gentleman from New York (Mr. MITCHELL).

Mr. MITCHELL of New York. I thank the gentleman for yielding.

Mr. Chairman, I am pleased to support this legislation. I do serve on this particular Subcommittee of the Committee on Armed Services. I was present during the hearings. I got the idea from listening to the witnesses who testified that this is a pretty exciting concept. It seems an excellent solution to a rather difficult problem. It is a solution apparently in which everyone wins.

Mr. Chairman, the statement I am about to make may be rather hard to take but the Federal Government even makes a profit. This is a difficult concept to adjust to, because the Federal Government hardly ever makes a profit in any of its dealings.

Mr. Chairman, it seems to me it was problem-solving at its finest. It was an optimum blend of input of the Army, the Federal Government, the State of Michigan and the private sector all working together. It means something like 5,000 new jobs in an area of chronic unemployment. Coming from an area where unemployment is one of our more serious problems I can appreciate just what that will mean to that district.

Mr. Chairman, the savings to the Federal Government was the exciting part to me. Just in the transaction between the two buildings, there will be a savings of something like $4 million to $11 million. That is a one-time savings, but there will be an every-year savings of $5 to $6.5 million on just maintenance costs. There will be an additional savings to which no one has referred of about $1 million in travel costs. They estimate there will be something like 58 man-years saved every year just in transportation.

One alternative that was discussed by the committee, rather than to participate in this particular transaction was for the Government to lease the building to someone else. We learned in our hearings that if the Federal Government were to lease this particular building it would have to do a great deal of refurbishing. Perhaps as much as $2.2 million with no guarantee of a steady tenant through the years.

Mr. Chairman, one question I had during the hearing was, why the client was willing to build a new and efficient building for Government employees at a cost of something like $25 million in exchange for a building, a 30-year-old building that had a market value of $15 million. I learned that the reason for this was that to replace that old building at today's cost would be something like $2.2 million.

As to the argument that we are not following regular procedures for disposing of Government property—as the chairman of the subcommittee, the gentleman from Michigan (Mr. NEDZI) has pointed out, that this is not a precedent but even if it were, I would support this particular program.

Mr. Chairman, I see nothing so sacrosanct about our present procedures that we cannot do something somewhat innovative once in awhile. Our track record has not been that great on the disposal of Federal property.

I think we have been doing far less than a perfect job with the present law.

In conclusion, Mr. Chairman, I would like to suggest that this bill represents problem-solving at its finest. It is a happy marriage of everyone involved: the Army, the Federal Government, the State, and the private sector. I would like to point out, too, as has been mentioned already, that this bill passed our subcommittee, after an adequate hearing, unanimously; it also passed the full committee unanimously.

Mr. Chairman, I would urge my colleagues' support of this important measure.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from Ohio.

Mr. REGULA. I was interested in the gentleman's comment that we would make a profit, the Federal Government. How is that arrived at? Is this based on what the Army originally paid for the plant versus the proposed appraisal? How do we arrive at that?

Mr. MITCHELL of New York. The every-year profit arises in that it is terribly expensive to maintain this plant. That represents an every-year profit of something like $6.5 million. There is another every-year profit for eternity of $1 million in transportation cost savings. The other savings is in the difference in the transactions: The market value of the old building versus the construction cost of the new.

Mr. REGULA. If the gentleman will yield further, I noticed in the hearing record that General Decker said:

> I think the cost to replace, if you wanted to build a building like that, would be well over $50 million.

As I understand, the estimated sale price is between $14 and $18 million. I am trying to figure out how the Government makes a profit on that deal.

Mr. MITCHELL of New York. It is a 30-year-old building whose market value is $14 to $18 million. The building we are going to build to house Federal employees that will provide for far more efficient operation will have a value of $21 to $25 million. Then we subtract $14 to $18 million from $21 to $25 million and we get the resulting savings.

Mr. REGULA. We are talking about far less square feet.

Mr. MITCHELL of New York. Yes, but we do not need those square feet and we do not need that particular facility at this time. That is the whole point.

□ 1410

Mr. WHITEHURST. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan (Mr. DAVIS).

Mr. DAVIS of Michigan. Mr. Chairman, first of all I would like to commend the gentleman from Michigan (Mr. NEDZI) and the gentleman from Virginia (Mr. WHITEHURST). Mr. NEDZI, as usual, is very well prepared and has done an excellent job in presenting the case for the State of Michigan. I can understand why my colleagues from Ohio, such as Ms. OAKAR and Mr. REGULA, are very much involved in this issue. Having served in the State legislature for a long time, I have always noticed the keen rivalry between Michigan and Ohio, whether it has been——

Ms. OAKAR. Mr. Chairman, will the gentleman yield on that point?

Mr. DAVIS of Michigan. I yield to the gentlewoman from Ohio.

Ms. OAKAR. Mr. Chairman, I just want to set the record clear. We have not in any way kept that a secret, that we are in the running for the Volkswagen plant, but the bulk of our argument is on the failure to procure the proper procedure according to the Federal Property Act of 1949. Let us set the record straight. That is what the bulk of our argument is, and we do not buy the fact that you would want to pass it off as just another rivalry between Ohio and Michigan. This is not a football game. This is taxpayers' money, and we care about taxpayers' money in Ohio.

Mr. DAVIS of Michigan. I thank the gentlewoman very much. We think the taxpayers are very well protected. I think the arguments advanced by the chairman (Mr. NEDZI) have proved that to be a fact.

I have noticed over a period of years that Ohio has been very successful—Governor Rhodes—in attracting new industry into Ohio, and I commend him for that. In this particular case, however, we think that in the best interests of not only the State of Michigan, but the taxpayers of the country and the Defense Department, to go ahead with this transfer.

We have recognized in Michigan that when we have a recession or a downturn in the economy, because we so heavily depend on the automobile industry, when the rest of the country catches a cold Michigan catches pneumonia. We are very desperately in need of new jobs in our State. I would urge my colleagues, even though the decision as far as Volkswagen is concerned has not been definitely made, it is my understanding that even if this particular transaction were not to be consummated that in fact the area in Ohio that we are talking about is not in the running—but the point is, it is important that we get this kind of bill passed and get it passed as quickly as possible. I urge my colleagues from both sides of the aisle to give strong support to this bill.

Mr. WHITEHURST. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Chairman, I yield to the gentleman from Cleveland (Mr. STOKES).

Mr. STOKES. Mr. Chairman, I thank the gentleman for yielding. There is one rather disturbing aspect of the legislation that is being considered on the floor today, and it has not really been addressed from a different perspective. That is, we have heard over and over again that this bill is in part addressed to the economic situation that obtains in the State of Michigan. I suppose it really disturbs me that two States which have very similar problems in terms of their economic problems are here engaged in this type of divisiveness. But, what it does point up is the action of Volkswagen with reference to both States, because recently it came to our attention that the president of the Cleveland City Council—the president of a 33-ward council—had been approached by the owner of a similar type of tank plant located in Brook Park, Ohio.

It was represented to him at that time that if the city of Cleveland would grant 50 acres of land owned by the city to an unnamed company, that they would be willing to buy that plant and establish jobs there. They talked about 5,000 jobs for the city of Cleveland. They talked about a $22 million payroll for the Cleveland area. Consequently, the president of our city council issued a letter in which he agreed that, for expansion purposes, the city of Cleveland would be willing to donate 50 acres of land owned by it.

At the same time, he said:

> This is really too big for me. I think the governor of the State of Ohio ought to be pulled into this matter.

Subsequently, the owner of the tank plant went to the Governor of the State of Ohio, approached him about it. The Governor then sent for the president of the Cleveland City Council, the mayor of the city of Cleveland, and the mayor of the citv of Brook Park. The mavor then negotiated further and for the first time revealed to them that he had been in negotiation with the Volkswagen people.

As a result of negotiation, they extracted from the city of Brook Park a further commitment to grant 22 additional acres of land for the expansion purposes of that plant for Volkswagen. So, when we talk about people dealing in good faith, officials of the State of Ohio dealing in good faith with Volkswagen for the purpose of trying to remedy the economic situation that they are confronted with in their own State, we have to realize that we have two States confronted with the same or similar problems. I have heard the figure of 11-percent unemployment in the State of Michigan. We are talking about the city of Cleveland, where in good faith our officials are trying to bring in 5,000 jobs and a $22 million payroll. We are talking about in excess of 25 percent unemployment today in the inner city. We are talking about a city that has had recently 3,000 persons dumped on the unemployment rolls by the Ford Motor Co., with the promise that in a few months we are going to be confronted with an additional 1,200.

So, consequently our officials had entered in good faith bargaining with Volkswagen, with the hope that this would come to our city. Then, we find the matter has gone to the State of Michigan, and that is when we, of course, had no recourse but to try and oppose this matter. So, I think to put it in perspective, this ought to be brought forward.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, I just want to say that I am startled, as a member of the Government Operations Committee, that we have this piece of legislation before us through the vehicle of the Armed Services Committee. It was my understanding that the legislation would come through the Government Operations Committee if it came at all, where it legitimately should have come from, because it affects the GSA, and that would be the normal procedure by which any Federal property would be made available to any private interest. But, apparently some kind of a deal has been worked out here to bring it through the Armed Services Committee, because it was known that there was considerable opposition in the Government Operations Committee to this kind of an arrangement.

Now, first that startles me, and then it startles——

Mr. NEDZI. Mr. Chairman, will the gentleman yield on that point?

Mr. REGULA. I yield to the gentleman from Michigan.

Mr. NEDZI. I thank the gentleman. For the gentleman's information, we checked with the Parliamentarian on this particular piece of legislation, and were advised that the legislation was not eligible for sequential referral. It was an Armed Services Committee matter because this is a military installation.

Mr. BROWN of Ohio. Let me just ask the gentleman if being a military installation, it is not also property of the U.S. Government? It is my impression——

Mr. NEDZI. The answer is "Yes."

Mr. BROWN of Ohio. Of course. It is my impression, under the Federal property disposal legislation, there is an obligation for that to be made available, not to private interests necessarily, but rather to see whether or not it should not be handled by the GSA to get an assessment of the value and a few other things.

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Mr. NEDZI. Mr. Chairman, I think the gentleman is correct to some extent as to this particular act, but we have already pointed out the necessity of finding an alternative way to accomplish what is in the view of most people a highly desirable objective.

Mr. BROWN of Ohio. Mr. Chairman, it may be a highly desirable objective, except that it seems to me that it is to some extent, if I may use the expression, tilting the game just a little with reference to, as the gentleman from Ohio (Mr. STOKES) pointed out, trying to get an employer located in one location as opposed to another. As somebody who has to pay taxes on perhaps the rebuilding of this same kind of a facility should we need it for defense purposes, I find that mildly offensive, because in effect what we will be doing is subsidizing the location of this property in Michigan.

I understand how desirable the gentleman must think that is, but I frankly, with all due respect to my cordial feelings about Michigan, think that it is perhaps improper for the rest of the country to have to pay taxes to duplicate this facility so that Michigan can have some kind of an advantage over the rest of us.

Mr. NEDZI. Mr. Chairman, there is no evidence that this kind of facility is ever going to have to be duplicated.

Mr. BROWN of Ohio. There may be no evidence of it, but there is no evidence also, I think, that the facility that is under consideration could not be located, at an advantage to all of us in the country, in a location where we would not have to be subsidizing it with conveyance of Federal property of the nature that we are considering here.

Mr. NEDZI. Mr. Chairman, if the gentleman from Ohio (Mr. REGULA) will yield further, that is where the gentleman from Ohio (Mr. BROWN) is in error. There is no subsidy. As a matter of fact, there is a net profit to the Federal Government and an annual savings of $5 to $6 million a year. That is what makes the deal so attractive.

Ms. OAKAR. Mr. Chairman, would the gentleman from Ohio (Mr. REGULA) yield on that point?

Mr. REGULA. I yield to the gentlewoman from Ohio.

Ms. OAKAR. Mr. Chairman, we have heard over and over again about all the money the Federal Government is going to get. The truth of the matter is that it will not, because we know by the testimony in the committee report that the Army has said that the property really is valued at more than $50 million. Yet the special interest appraisers who, under normal procedure, do not appraise property or subcontract it out have said it is worth between $14 and $80 million.

Mr. Chairman, I ask, how is that a savings to the taxpayer? The answer is clearly that it is not a savings to the taxpayer.

The point that my colleague, the gentleman from Ohio (Mr. BROWN), is making is very well chosen. In summary, this is really a violation of not my desire for procedures, but of the long-established procedure of the Federal Property Act, which indeed they have just overridden as if it does not exist.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield further?

Mr. REGULA. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, the gentlewoman from Ohio (Ms. OAKAR) is absolutely right.

Let me tell the Members that in my congressional district we have had occasion to dispose of Federal property. We had in Clinton County an Air Force base, and the same kind of procedure had been used for Lockbourne and Rickenbacker Air Force Base near Columbus, Ohio. We have the Federal Property Act, and that is the procedure that ought to be used. Ordinarily if there was difficulty with that procedure, it would go through the Committee on Government Operations.

Mr. Chairman, I just have to feel that

the result has been determined, and I am not suggesting that the gentleman from Michigan (Mr. NEDZI), who is a very significant member of the Committee on Armed Services, had anything to do with this. I am sure it was all decided in the purest of parliamentary procedure by the leadership of the House of Representatives. But the thing that does amaze me is that in many other instances these matters would go through the Committee on Government Operations, the committee chaired by the gentleman from Texas, Mr. JACK BROOKS, a committee that contains several Ohio members who would have been very interested in this proposition, but who never got the opportunity to take that interest.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. REGULA) has expired.

Mr. WHITEHURST. Mr. Chairman, I yield 5 additional minutes to the gentleman from Ohio (Mr. REGULA).

Ms. OAKAR. Mr. Chairman, will the gentleman yield further?

Mr. REGULA. I yield to the gentlewoman from Ohio.

Ms. OAKAR. Mr. Chairman, I think the gentleman from Ohio (Mr. BROWN) has hit the nail right on the head. That is all we are saying. All we are saying is that we want the proper procedures followed.

There has been no comprehensive study of the real requirements of this facility. The committee has acknowledged that it has not been officially declared in excess by the Department of Defense, and we know, in light of the international problems that we are having now, that we might very well decide that we need this facility to reinvest in the missile program or whatever program is necessary to our national defense.

As a matter of fact, Senator HELMS, who is neither from Michigan nor Ohio, stated on the floor of the Senate on March 19 that he opposes the bill for the very reason that it may cripple our ability to produce missiles in the future.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield further?

Mr. REGULA. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, as should also be pointed out, under this procedure we are following, the GSA has not given us an appraisal, and it is the GSA that otherwise would have to appraise any Federal property that is being disposed of.

Ms. OAKAR. Mr. Chairman, if the gentleman from Ohio (Mr. REGULA) will yield, that is exactly right.

The only individuals involved in the appraisal were the special interest parties. Naturally, their appraisal was low. We do not know if it was low or high, but we suspect it is very low.

Then, in return, we hear about these two buildings. How much are they worth? What are they going to do? How high are they? How large are they? What are they made of? Where are they specifically going to be located? That is all very well.

Mr. Chairman, I say to my colleagues that this is not the way we want to dispose of the taxpayers' property, because it is the taxpayers who own that property. In the final analysis, it is not just the people in Michigan but the people throughout the country who own that missile plant.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield for just one further point?

Mr. REGULA. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, the point is that I think the gentlewoman from Ohio (Ms. OAKAR) and I would both join in not wanting to lose the opportunity for an employer to come to the United States, even though it be Michigan, and engage in an enterprise of the nature that is being considered in this situation. And should they locate in Michigan, I think we could probably arrange to send them a lot of unemployed UAW workers in my State. I have a few—about 7,000 now—in my district who are currently not working and who would be glad to be up there employed in a plant. They would be glad to be employed anyplace.

Ms. OAKAR. Mr. Chairman, if I could just say this to the gentleman and if the gentleman from Ohio (Mr. REGULA) will yield further, I have said in the Committee on Rules that I would vote for this bill if the proper procedures were followed, but we all know they were not followed.

All I am saying is that, by the committee's own language, they call this an unconventional approach, they call this a unique approach. They say they are not going to set precedent.

They are setting a precedent already. What is to stop any Member of this House from disposing of Federal property to some special interest, some foreign country company like Volkswagen.

Mr. Chairman, let me just tell the Members something else about Volkswagen that I think ought to be said publicly. Senator GLENN said this on the Senate side yesterday. The tactics they have used are the most reprehensible tactics in lobbying that I have ever seen since I have been in public service. They have threatened our Ohio producers on parts. They have told them, "If you don't want to lose your contract, you have better put pressure on your Members of Congress."

This is the company for whom we are willing to violate the rules of the House and give away Federal property, and it is not in terms of its fair market value because we understand that the appraisers, understandably so, are biased because of their special interest in this particular instance.

This is the company we want to help. This is the same company that, if we really want to get down to it, is responsible for hundreds and thousands of our American workers being out of a job. And yet we are willing to give away Federal property, violating the rules of the House that have been established since 1949—and properly so—just to woo them for a few crumbs and to get a few jobs for one State over another.

I say, let us have Volkswagen come in, but let us give them the same ground rules that we give every American company. We are not doing that in this instance.

I want to assure my colleagues that if this precedent is set, it is going to be very, very dangerous. All 435 of us can introduce legislation on a pet project that we might have and dispose of Federal property in such a way that the American taxpayers are going to say once again that there is a cloud over Congress.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield for one more point?

Mr. REGULA. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, my point is that I thought we had helped Michigan by trying to subsidize Chrysler, and apparently we are back again with the guys from our State just to the north of us trying to get just a little bit more out of the taxpayer.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. REGULA) has again expired.

Mr. WHITEHURST. Mr. Chairman I yield 1 additional minute to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Chairman, it seems that there are three issues here.

One is that this bill violates the normal procedure for property disposal.

Second, there is no clear statement as to the need for this property in the future for national security; and, third, there is not an adequate chance to establish clearly what the market value of this property is in terms of adequately compensating the taxpayers of the United States.

In the record it states that General Decker said it would cost at least $50 million to replace this property.

At the appropriate time I am going to offer a motion to recommit that will do two things: First, require the Secretary of Defense to make a comprehensive study of the need for this facility; and second, an amendment to require the Administrator of the GSA to have an independent appraisal made on this property.

Mr. Chairman, I think if we have that kind of clear, accurate information, we will be in a better position to make a responsible judgment on this issue.

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Mr. WHITEHURST. Mr. Chairman, I yield the remainder of my time to the distinguished chairman of the subcommittee, the gentleman from Michigan (Mr. NEDZI).

The CHAIRMAN. The gentleman from Michigan (Mr. NEDZI) is recognized for 4 minutes.

Mr. NEDZI. I thank the gentleman for yielding.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Michigan.

Mr. BLANCHARD. Mr. Chairman, I

thank my chairman again for his very capable handling of this matter.

I think it has to be repeated over and over again, because we have some Members coming and going here today, that there is no national security issue or critical security issue involved in this legislation. I can assure the Members that, as a Member of Congress representing the area where we have the Army missile plant, there simply is not any feasible use today or in the future, either for peacetime or for mobilization for this facility. If there were, believe you me, we would, over the last 5 years, have found such a use.

Ms. OAKAR. Mr. Chairman, will the gentleman yield on that point?

Mr. NEDZI. I yield to the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman for yielding.

Mr. Chairman, can the gentleman show me where he can prove that there is no national security issue in this, when they have not declared it in excess and we know that in our budget we are going to be asked——

Mr. BLANCHARD. If the gentleman will yield, the gentlewoman has just said something she has said over and over again, which is misleading.

Ms. OAKAR. I am trying to clarify it.

Mr. BLANCHARD. It is not declared in excess capacity because they have not shut the plant down. It is going to be shut down on October 1. All that is is a technicality.

Ms. OAKAR. When was the last study done?

Mr. BLANCHARD. Can I prove there are no birds on Mars? Probably not.

Ms. OAKAR. I am not talking about Mars.

Mr. BLANCHARD. But I can tell you I have had 5 years, and I do not need Senator HELMS to tell me what is in the national security interest in the district that I represent.

Ms. OAKAR. If the gentleman will yield, I am talking about people of the United States, not Mars, and their national security.

Mr. NEDZI. Mr. Chairman, I will take back my time, if I may, only to say that we do have the statement of the Secretary of the Army who did screen the whole operation.

Incidentally, when these kinds of determinations are made, the people involved in research and development of our weapons systems are looked to for guidance in order to determine whether there are any weapons systems out into the out years, perhaps a decade into the out years, and ascertain whether a facility of this sort can be used for national mobilization.

And the conclusion was negative; not on one occasion, but on two occasions. So that I think it is fair to state that all of us can be comfortable that this plant would do nothing but sit there idly if, in fact, we do not get it transferred over into productive use under this kind of procedure.

The three arguments as outlined by the gentleman from Ohio have been responded to, in my judgment. The reason we cannot resort to the customary procedures are obvious. The plant is not technically excess, we have admitted that. Not because the plant is required as a mobilization base, but because there are 2,300 office personnel occupying 2.2 million square feet of space. That is ludicrous for us to keep paying $5 million to $6 million a year for that kind of space.

The mobilization argument has been responded to.

On the question of adequate appraisal, $50 million was the amount testified as being the value, or the replacement value of the missile plant. That can be conceded very easily, and still the plant on the market is not worth any more than the $14 to $18 million that has been testified to.

I, in my own district, have a Dodge Main plant that is 70 years old, 8 stories tall, built like a bomb shelter, so that it costs some $31 million to tear down. The replacement cost of that is inestimable, probably a quarter of a billion dollars. But we are prepared to get it from the Chrysler Corp. for nothing, actually nothing.

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

H.R. 6464

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, subject to section 2 and notwithstanding any other provision of law, the Secretary of the Army (hereinafter in this Act referred to as the "Secretary") is authorized to convey to the Michigan Job Development Authority, a public corporation of the State of Michigan (hereinafter in this Act referred to as the "Authority"), all right, title, and interest of the United States in and to the lands and improvements comprising the Michigan Army Missile Plant, Sterling Heights, Macomb County, Michigan, and related personal property (as determined by the Secretary).

SEC. 2. (a) In consideration for the conveyance authorized by the first section of this Act, the Authority, pursuant to an agreement to be entered into between the Authority and the Secretary, shall—

(1) provide to the United States buildings and other improvements as described in subsection (b);

(2) provide to the United States (A) the cost (as determined by the Secretary) of relocating the Federal Government activities located at the Michigan Army Missile Plant to the buildings provided in accordance with paragraph (1), and (B) the amount of Federal costs (as determined by the Secretary) incident to the construction of such buildings and such relocation; and

(3) pay to the United States an amount equal to the amount by which the fair market value (as determined by the Secretary) of the property conveyed by the United States under the first section of this Act exceeds the sum of (A) the actual cost (as determined by the Secretary) of the buildings and improvements provided to the United States in accordance with paragraph (1), and (B) the amounts provided to the United States in accordance with paragraph (2).

(b) The buildings and improvements to be provided to the United States under subsection (a)(1) shall consist of two buildings not to exceed one hundred and ninety-six thousand gross square feet each and appropriate related site improvements, to be constructed on land belonging to the United States at the Detroit Arsenal, Warren, Michigan, in accordance with plans and specifications approved by the Secretary.

(c) Any moneys received by the Secretary under subsection (a)(2) shall be credited to the appropriations accounts to which the costs of such relocation and such incidental costs are charged. Any moneys received by the Secretary under subsection (a)(3) shall be covered into the Treasury as miscellaneous receipts.

SEC. 3. The Secretary is authorized to accept and administer any property provided to the United States under this Act.

SEC. 4. The Secretary may require such additional terms and conditions as the Secretary considers appropriate to carry out the provisions of this Act and to protect the interests of the United States.

SEC. 5. Upon the completion of the conveyance described in the first section of this Act, the Secretary shall report to the appropriate committees of Congress on such conveyance and on the agreement entered into under section 2(a) with respect to the conveyance.

Mr. NEDZI (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AMENDMENT OFFERED BY MR. NEDZI

Mr. NEDZI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. NEDZI: Page 4, line 5, strike out "Upon the completion of" and insert in lieu thereof "Before".

Mr. NEDZI. Mr. Chairman, in accordance with my earlier remarks, this amendment merely changes the reporting requirement in section 5. Instead of requiring the Secretary of the Army to provide a report upon the completion of the conveyance, the amendment will insure that the committee has reasonable opportunity to review the transaction before execution, and this should provide adequate congressional oversight.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

AMENDMENT OFFERED BY MS. OAKAR

Mr. OAKAR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. OAKAR: Page 2, line 25 strike out "and" the second place it appears.

Page 3, line 9, strike out the period and insert in lieu thereof "; and".

Page 3, after line 9, insert the following:

(4) agree not to convey the property conveyed to the Authority by the United States under the first section of this Act to any third party which has obtained financing for such acquisition, in whole or in part, from the Federal Government or from the State of Michigan.

Ms. OAKAR. Mr. Chairman, this amendment simply insures that in no way is the Federal Government going to bail out either the State of Michigan or any third party corporation, if in this case, possibly Volkswagen, should either become financially strained as a result of this exchange.

We know that Volkswagen did apply

to the State of Michigan for a $100 million loan to refurbish this missile plant.

Now we are told that they have withdrawn their application. Why? I think because some Members got wind of it and know that serious repercussions to the State and to the Federal taxpayer can occur if the State is not capable of handling such finances.

Let me tell the Members, Mr. Chairman, that I know only too well the financial status of Michigan, and I have always tried to deal with the problems that it had. I serve on the Unemployment Compensation Commission. I know their financial straits. I know they are borrowing from the Federal Government to assist in refurbishing their trust fund. I serve on the subcommittee with my distinguished colleague, the gentleman from Michigan, on the Economic Stabilization Subcommittee. I took part in assisting, with respect to the Chrysler bill, the Chrysler bailout. Now, a $150 million loan from the State's pension fund was allotted in terms of the Chrysler bill. But when are we going to stop? At least the pension fund loan to Chrysler was part of the total package deal, and it was presented to the committee for a comprehensive review. My colleague, the gentleman from Michigan, knows that we worked closely and worked on this bill for months. We did not have just one 45-minute hearing on the bill; we had this Chrysler, an American corporation, before us for months. No such occurrence took place before the Armed Services Committee because those members were not made aware that such a move was contemplated by Volkswagen.

Is it not ironic that one of the most financially sound multinational corporations has applied for a $100 million loan from the State of Michigan, a $100 million loan from the State of Michigan, the very same State that is now in the process of loaning $150 million to one of the most financially troubled corporations in our country?

Volkswagen really has a sweet deal. It is going to try to get Federal property, whose replacement cost is well over $50 million, for $14 or $18 million, and will borrow or try to borrow $100 million from the financially troubled State. All of this is to take place, and VW does not have to put one dime of its money up front.

I do not think we should violate the House procedures for this foreign corporation. I do not want my colleagues to again have to come before this body and possibly hear the plight of the State of Michigan. We did it once. I participated. I cosponsored the Chrysler bill. But I say all this amendment does is assure that we will not have to loan any more Federal money or involve the U.S. Government in any way, shape or form with respect to bailing out against the State of Michigan because Volkswagen has its sights on more loan money.

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Now in addition to that, we are not assured by this bill that Michigan, the State of Michigan, will use Federal funds to purchase the property in terms of the swap, et cetera, and that is what this amendment does.

It assures this Congress that in no way will the Federal Government be involved in any kind of bailout, because we have already done our share with respect to the State.

Mr. NEDZI. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment is obviously directed at Volkswagen, even though Volkswagen is not mentioned in the bill.

In the course of general debate, I stated repeatedly that Michigan is not, or that we here are not, concerned specifically about Volkswagen, that in the event that the deal with Volkswagen falls through, there are other interested clients, so that they are not mentioned in the bill.

There has been a misleading comment made on the part of the gentlewoman from Cleveland, with respect to Volkswagen applying for a loan. I think it is fair to state that that simply is an inaccurate statment.

I have a letter from the deputy director of the Department of Commerce of the State of Michigan, in which he states the following, and I think it puts the matter into perspective:

> You should be aware that Marvin Monroe who is the State Treasurer, approached the VW investment issue as he would any State investment. We continually and routinely invest State funds in private businesses, and the discussions with VW should be viewed in that context. Finally, you should be aware that these discussions with Volkswagen of America on this issue occurred at the staff level, and as best we can determine, began in November of 1979. For your information, we received word last Friday that Volkswagen of America has elected to not pursue this issue further.
>
> In sum, they have dropped their request for State assistance in securing $100 million for their corporation.

Now, let me say that in reading over the amendment, I find some serious questions about its interpretation.

How are we going to determine whether somebody has received Federal money or not?

In the testimony before the subcommittee, it was indicated there was no intention to resort to any revenue-sharing funds. Implicit in that, of course, is that there not be Federal moneys used in this kind of acquisition on the part of Volkswagen.

Certainly it is the intent of the committee that State moneys not be used for this purpose, and any conveyance that is arranged between the Secretary of the Army and the State of Michigan does come back to the committee for review.

Now how do we determine whether somebody got some money, whether there has been some site improvement along the plant, whether there has been any development of housing around there? Is that part of the Federal contribution, or is it not?

There are highways and traffic lights and all kinds of things associated with an industrial development, as all of us understand, so that it is clear that the amendment is mischievious and should be voted down.

Mr. REGULA. Mr. Chairman, I rise in support of the amendment.

Ms. OAKAR. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman for yielding.

I just want to point out I am glad that my colleague from Michigan has acknowledged that if he really does not have a firm commitment from Volkswagen, then why are we violating the procedure of the House? What is the point of this bill if we do not have a firm commitment?

Mr. NEDZI. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Michigan.

Mr. NEDZI. I thank the gentleman for yielding.

We are not violating any procedures of the House, incidentally. This bill has come up in full concurrence with the rules of the House, and everything to my knowledge has been done properly. I would not have it otherwise, nor would the gentlewoman.

The reason we are doing this is because, as I indicated, there are other parties who are interested in this property.

Ms. OAKAR. Let me just answer that, if the gentleman will yield further, and that is when our Tarcom tank plant was owned by the Government in the early seventies, they could have come up with a special interest bill, et cetera, and said, "We may have a client, so we would like to have this swap go on," et cetera.

I do not know of another Member who has ever tried to do that. So why, if the gentleman does not have something in writing, are we violating, I should say, the procedures according to the Federal Property Act.

And also, the gentleman is saying Volkswagen has withdrawn its State loan, et cetera. We have no reassurance that they are not going to go back the day after this legislation, should it pass, would take place.

I have a copy of the Journal of Commerce of the March edition, which headline says:

> Volkswagen requests a State loan for the plant. State Treasurer Marvin Monroe says Volkswagen, Incorporated, has filed a request for a $100 million loan to convert a Sterling Heights Army missile plant to an automobile factory.

All we are saying in this amendment, which is dubitable if they are not interested in a loan, then the gentleman should not be that worried about the fact that we are concerned about the Federal dollars that may or may not be exchanged in this instance.

We want to assure the fact that this Congress does not have to again go to the drawing board for another bill for the State of Michigan.

That is the spirit of the amendment. We do not think there is anything wrong with it, especially since the gentleman has acknowledged they are not necessarily interested in Federal money.

Mr. BLANCHARD. Mr. Chairman, I rise to speak briefly in opposition to the amendment.

Mr. Chairman, I do want to observe the gentlewoman from Ohio (Ms. OAKAR) has made two, I think, valid and important statements.

I would simply echo the remarks of the gentleman from Michigan (Mr. NEDZI) as to why this amendment is technically inappropriate and mischievous.

The gentlewoman has said a couple of things I think which ought to be repeated.

First, she did in fact go to bat and fight and spend almost 5 months to help the State of Michigan, and this Member in particular, on the Chrysler matter, so she speaks with excellent credentials in terms of her concern for jobs and the economy of Michigan.

Second, she indicated she thought Volkswagen had done some things that might have been cagey here, and I do not know whether they have or have not, because the bill here speaks to the general question of using the plant, not one particular company or another.

I would not be surprised if the gentlewoman is right, because it is common knowledge that companies and other interest groups play one region off against another, including one suburb which might be next door to another, and play them off. I think that is an interesting observation.

I want to say, in addition to thanking the gentlewoman for her help on the Chrysler matter and commending the gentleman from Ohio (Mr. STOKES) and the gentleman from Ohio (Mr. REGULA) for their adequate and forceful support, all I would like to say is if I were a constituent of the gentlewoman from Ohio, I would like to keep such a fighter in Congress. I do not enjoy having the gentlewoman on the other side of this issue.

Mr. PURSELL. Mr. Chairman, I move to strike the last word and I rise in opposition to the amendment.

Mr. Chairman, I think, in principle, the gentlewoman's amendment would be counterproductive in terms of putting stringent control on the use of Federal dollars, whether it be through State revenue sharing or local revenue sharing, that would be counterproductive to either Michigan or Ohio or any other State.

Simply, revenue sharing and the principles of dollars that would flow through the respective States can be used for industrial or economic development, for water or sewer, or any particular growth.

I know that the Governor of Ohio, who is a very outstanding competitor in terms of economic growth, and in the free spirit of competition between States, that if we were to begin to earmark and put restrictions through these kinds of amendments on specific States or a project, regardless of whether it is VW or not, would be counterproductive to the philosophy of revenue sharing. If we support revenue sharing in principle, it is my understanding that this would include the concept of revenue sharing, or maybe I misunderstood the amendment, that if you are for revenue sharing, then we should not begin to start offering amendments to have it restrictive in the sense that it could be used by States or could not be used for certain purposes.

☐ 1450

I would like a clarification of that from the chairman. Are we talking, in effect, the possibility of State revenue sharing?

Mr. NEDZI. Mr. Chairman, will the gentleman yield?

Mr. PURSELL. I yield to the gentleman.

Mr. NEDZI. Mr. Chairman, I wish I could respond to the gentleman categorically. I just do not know. That is the problem with the amendment. It is difficult to define what the limits are upon the involvement of Federal or State funds in this project.

Mr. PURSELL. Would the amendment have indications for other programs throughout the country in terms of restricting the use of Federal dollars? I think the fact is the amendment would be counterproductive in that sense, but more importantly I think our letter from the Commerce Department in respect to the Treasurer, we are talking about not State dollars as such, whether they be Federal or general revenue sharing money, but investors money, and we are asking the State to give us full faith and credit if, in fact, Volkswagen needs to go to lenders to borrow money for their project. I think it is a fact that maybe VW is a client here in this case. I am sorry to see that it is getting to be a debate between Ohio and Michigan.

Frankly, I think the debate very honestly is whether they stayed in Germany, and I appreciate the earlier comments on that point, or possibly are going to go to Canada. I do not really think at this point it is a debate beween two respective States and our Union. I hope that we can defeat the amendment and pass the legislation.

Ms. OAKAR. Mr. Chairman, will the gentleman yield on that point?

Mr. PURSELL. I am happy to yield.

Ms. OAKAR. Mr. Chairman, let me just read on page 9 of the committee report where Congressman WILSON asked the question:

> The only concern I had, I did not know whether you were going to use revenue sharing money that you get from the Federal Government and we would wind up paying the bill.

The answer I assume of Mr. McLaughlin, who I assume is somebody from the State of Michigan is "Absolutely not."

Well, that is the whole point. We are trying to assure the fact that the commitment made in the committee report is carried out, and that is the commitment that they made within the context of the limited hearings they had.

Also we are not saying that this is a general principle for all pieces of legislation. We are saying that this is a specific point that we would like to make with respect to Federal funds for this special interest bill, because we know that Volkswagen is a very, very wealthy, wealthy multinational company. We want to make sure that they do not bleed Americans dry. That is all. They are getting much more than any American company is going to get if this bill passes, so why not at least say we are not going to have tax dollars spent to make them richer.

Mr. PURSELL. I appreciate the gentlewoman's concept and concern. In Michigan we have tax credit policies for other companies to encourage their development in Michigan as you do in Ohio, and I would not want to restrict to the use of Federal dollars in Ohio for certain specific purposes, as I might see it, as compared to some of the Ohio delegation might want to restrict Federal money that goes into Michigan for revenue sharing. So I really think it is a moot point and would be in a sense counterproductive to the point of revenue sharing. Therefore, I would ask that we defeat the amendment.

Mr. STOKES. Mr. Chairman, I rise to strike the requisite number of words and in support of the gentlewoman's amendment.

Mr. Chairman, it seems to me the amendment offered by the gentlewoman from Ohio is in conformance with what I understand the testimony of the distinguished chairman of the subcommittee to have been, along with the language that appears in the report that accompanies the bill. I would just take a moment to cite to the House at page 3 of the report the following language. It says:

> The State testified that its purchase price of the missile plant would be equal to the cost of the new buildings. In turn, the State's sales price of the plant to its client would be the same as its purchase price of the plant.

And it goes on further to say:

> As a matter of policy, to further insure that the Federal Government is adequately protected, the Committee directs the Secretary of the Army to include in the agreement negotiated with the Job Development Authority a provision requiring that proceeds from the Authority's disposal of the plant which are greater than the actual cost of the two new buildings and expenses attendant thereto shall be remitted to the United States.

It seems to me all the amendment does here is to codify and put into the bill precisely the intention of the committee, both in accordance with the testimony received by the committee and the statement made in the committee's report. It would seem to me that this ought to be accepted by the committee.

Mr. NEDZI. Mr. Chairman, will the gentleman yield?

Mr. STOKES. I would be delighted to yield.

Mr. NEDZI. Mr Chairman, the reason for that language in the report was the possibility that the deal that is presently in the making between Volkswagen and the State of Michigan, in the event that that fell through and the State of Michigan subsequently disposed of the property at a price greater than what they paid the Federal Government within 3 years, they have an obligation to return that difference to the State of Michigan. That is what the reference was. It had no relevance to Federal moneys or State moneys.

Mr. STOKES. Then let me ask the distinguished chairman is it the intention of the State of Michigan to profit from any excess amount over and above?

Mr. NEDZI. Absolutely not, and that is the reason for this language.

Mr. STOKES. Is this not precisely what the gentlewoman's amendment would do, is merely say in the bill precisely that?

Mr. NEDZI. That is not my understanding. My understanding is that no Federal moneys or State moneys will be involved with respect to financing the acquisition, and my only point was that in order to determine just exactly what is involved we have to reach out. But it is not clear what is involved. Highways, bridges, railroads sidings, site improvement, that kind of thing.

Ms. OAKAR. Mr. Chairman, will the gentleman yield?

Mr. STOKES. Certainly I yield to the gentlewoman.

Ms. OAKAR. That is the whole point. It is not spelled out in the bill, and that is why we are raising the issue about what this bill really is all about. It is so vaguely drafted that it could mean anything to anybody, and that is the problem here. We are just trying to make a bad bill a little more specific, although we think the whole bill should be certainly defeated. That is the whole point.

Mr. STOKES. Mr. Chairman, I would urge support of the gentlewoman's amendment.

Mr. PEASE. Mr. Chairman, I move to strike the requisite number of words, and I rise to support the amendment offered by the gentlewoman from Cleveland, and I do so out of some surprise at the opposition from our colleagues from Michigan. The amendment says only that the party buying the property will agree not to convey it to any third party which has obtained financing for such acquisition from the Federal Government or from the State of Michigan.

From what I have been hearing today it seems that Michigan does not plan to do that anyhow and, therefore, why should there be objection to this amendment? I think we want to avoid having taxpayers' money from the whole United States, including Ohio, being used to help finance plants, factories in one particular State. I would think we would also want to avoid fostering any kind of interstate rivalry where one State tries to attack another State, taking plants away from it. It is just a grubby kind of thing to be doing. I understand our colleagues from Michigan do not want to do that, do not intend to do that and this amendment would do nothing more than put into the law that they will not do that.

For that reason I would think we would be enthusiastic supporters of this rather than opponents. So I am a little puzzled and again urge support for the gentlewoman's amendment. I urge opposition to the bill.

□ 1500

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Ohio (Ms. OAKAR).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Ms. OAKAR. Mr. Chairman, I demand a recorded vote, and pending that I make the point of order that a quorum is not present.

Mr. Chairman, I withdraw my point of order of no quorum, and I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 61, noes 328, answered "present" 1, not voting 41, as follows:

[Roll No. 176]

AYES—61

Abdnor
Applegate
Ashbrook
Badham
Bauman
Brown, Ohio
Burgener
Clausen
Clay
Collins, Tex.
Dellums
Devine
Dickinson
Dixon
Dornan
Duncan, Oreg.
Edwards, Okla.
Ford, Tenn.
Gradison
Gudger
Guyer
Hall, Ohio
Hanley
Hansen
Heftel
Hinson
Hubbard
Jeffords
Jeffries
Latta
Luken
McDonald
McKinney
Marks
Miller, Calif.
Miller, Ohio
Mitchell, Md.
Moffett
Mottl
Oakar
Paul
Pease
Pepper
Quillen
Rangel
Regula
Rhodes
Roth
Rousselot
Scheuer
Seiberling
Shumway
Stanton
Stewart
Stokes
Symms
Walgren
Walker
Williams, Ohio
Wilson, Bob
Wylie

NOES—328

Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashley
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr
Carter
Chappell
Cheney
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Derrick
Derwinski
Dicks
Diggs
Dingell
Dodd
Donnelly
Downey
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Fary
Facell
Fazio
Ferraro
Findley
Fish
Fisher
Flippo
Florio
Foley
Ford, Mich.
Forsythe
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gramm
Grassley
Gray
Green
Grisham
Guarini
Hagedorn
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Harkin
Harris
Hawkins
Heckler
Hightower
Hillis
Holland
Hollenbeck
Hopkins
Horton
Howard
Huckaby
Hughes
Hutto
Hyde
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kastenmeier
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Lundine
Lungren
McCloskey
McCormack
McDade
McEwen
McHugh
McKay
Madigan
Maguire
Markey
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pursell
Quayle
Rahall
Railsback
Ratchford
Reuss
Rinaldo
Ritter
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Sensenbrenner
Shannon
Sharp
Shelby
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stark
Steed
Stenholm
Stockman
Stratton
Studds
Stump
Swift
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vento
Volkmer
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Wilson, C. H.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki

ANSWERED "PRESENT"—1

Evans, Ga.

NOT VOTING—41

Anderson, Ill.
Aspin
Beilenson
Bethune
Bingham
Bonker
Buchanan
Burton, Phillip
Cavanaugh
Chisholm
Crane, Philip
Davis, S.C.
Dougherty
Fenwick
Fithian
Frenzel
Goodling
Harsha
Hefner
Holt
Holtzman
Ichord
Ireland
Jacobs
Jenrette
Jones, Okla.
Kazen
Lagomarsino
McClory
Murphy, Ill.
Myers, Pa.
Nolan
Pritchard
Richmond
Roberts
Runnels
Vanik
Waxman
Wilson, Tex.
Young, Alaska
Zeferetti

□ 1510

Messrs. ALBOSTA, MURTHA, KEMP, and FLORIO changed their votes from "aye" to "no."

Messrs. MILLER of California, DELLUMS, and PAUL changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Pursuant to the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. MINISH) having assumed the chair, Mr. HALL of Texas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6464) to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Mich., in return for two new office buildings at the Detroit Arsenal, Warren, Mich., pursuant to House Resolution 628, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. REGULA

Mr. REGULA. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. REGULA. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. REGULA moves to recommit the bill, H.R. 6464, to the Committee on Armed Services with instructions to report the bill back to the House forthwith with the following amendment: At the end of the bill, add the following new sections:
>
> SEC. 6. The Secretary of Defense shall make a comprehensive study of the defense production capability of the Michigan Army Missile Plant. The results of such study shall be reported to the Committees on Armed Services of the Senate and House of Representatives before making the conveyance described in the first section of this Act.
>
> SEC. 7. The Administrator of General Services shall make, or shall have made by an independent appraiser contracted by the Administrator for such purpose, an appraisal of the fair market value of the Michigan Army Missile Plant (including all lands, improvements, and related personal property of such plant) and shall report to the committees specified in section 6 on such appraisal before making the conveyance described in the first section of this Act.

□ 1520

The SPEAKER pro tempore. The gentleman from Ohio (Mr. REGULA) is recognized for 5 minutes.

Mr. REGULA. Mr. Speaker, this subject has been well discussed on the rule and also in the general debate. It seems clear that there are three issues. No. 1, that the bill circumvents the normal procedure for property sale disposal. Second, I do not think that anywhere in the record is there a clear and convincing, unequivocal statement that this property may not be needed for future use for the military. I think that we should have that kind of information. Third, there is a great question as to whether or not the procedures outlined in this bill adequately provide for an appraisal that is fair to the taxpayers of the United States.

General Decker, in the testimony before the subcommittee, points out that this property has a replacement value of $50 million, and yet the appraisal discussed is anywhere from $11 to $14 million. The evidence is clear that the subcommittee had a 45-minute hearing on this subject; that the full committee did not have any hearing on this matter, and it seems to me to dispose of a property that is used for defense purposes with a replacement value of $50 million after a 45-minute hearing leaves something to be desired in terms of protecting the taxpayers' money; in terms of protecting the security of the United States.

For this reason, I have offered this motion to recommit which simply does two things: First, it requires the Defense Department to do a study, a comprehensive study, and report forthwith as to whether or not they need this property; and second, it requires the General Services Administration, which is the agency responsible for disposing of surplus property, to have an adequate and fair appraisal.

Now, it seems to me these two items are a matter that this House should have before making a decision to dispose of a property with an acknowledged—by the testimony of General Decker—$50 million replacement value. I am not speaking to the subject of whether or not it should eventually be transferred, but I am simply saying, let us make that decision with adequate information as to the need for the United States, States, and as to the value of the property.

Mr. Speaker, I yield back the balance of my time.

Mr. NEDZI. Mr. Speaker, I rise in opposition to the motion to recommit.

Mr. Speaker, the motion to recommit requires two things of the committee prior to reporting the bill back. One is a study by the Secretary of Defense. As I indicated in general debate, the Secretary of the Army, the Department of the Army, had a thorough review made in accordance with standard Army procedures with regard to excess property, even though the property was not excess at the time, made last December. At that time, the results of their findings were submitted to the Secretary of Defense, and were negative.

Subsequently, in the early part of this year, I personally requested of the Secretary of Defense another screening in order to ascertain for certain that this plant was not suitable or not required for future use as a mobilization base, and the Secretary of Defense has come back with a finding, as follows:

> The Michigan Army Missile Plant has been screened with the military and defense activities to determine if there were any defense requirements, either current or mobilization, for the property other than Army requirements. The results of this screening were negative.

The Army requirements, incidentally, pertained to the present missile construction that is going to conclude on October 1, and the fact that 2,300 administrative personnel are situated in the vicinity.

Let me make one final comment, Mr. Speaker. I do not want to take all the time because I know Members are anxious to conclude. Let me make one final comment with respect to the contrast, Mr. Speaker, between the replacement costs as testified to by General Decker, the sum of $50 million, and the fair market value which is between $14 million and $18 million. The appraisal, incidentally, was conducted by an outside contract appraiser, so it was not the Army appraising the plant; it was not the State of Michigan appraising the plant. It was an outside appraiser, and I think all of us here understand the difference between replacement cost and fair market value.

I have in my own district the old Dodge Main Plant, which would cost probably a quarter of a billion dollars if one were to try to rebuild it today. The fact of the matter is, the Chrysler Corp. is prepared to give it to the city of Hamtramck for nothing. So, we have that kind of contrast, so there should not be the impression created that somehow something improper is being done and the State of Michigan is getting a fancy deal.

Mr. Speaker, I am opposed to the motion to recommit.

Mr. FORD of Michigan. Mr. Speaker, will the gentleman yield?

Mr. NEDZI. I yield to my colleague from Michigan.

Mr. FORD of Michigan. Mr. Speaker, I rise in opposition to the motion to recommit.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Michigan.

Mr. BLANCHARD. Mr. Speaker, I simply want to commend the chairman, the gentleman from Michigan (Mr. NEDZI) for his handling of this bill. As the Member of Congress who represents the area affected, I thank him very deeply for his expertise and his energies.

□ 1530

Mr. BONIOR of Michigan. Mr. Speaker, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Michigan.

Mr. BONIOR of Michigan. Mr. Speaker, I rise in opposition to the motion to recommit and in support of the bill.

Mr. Speaker, too often we hear complaints that Federal programs operate to stifle and complicate State and local programs. This project is an excellent example of cooperation between local, State, and Federal Governments, and the private sector. As a member of the Economic Development Subcommittee of the Public Works Committee, I have seen the results on numerous economic development projects. Those that are done in close cooperation with the private sector and local governments appear to work the best.

This bill would bring badly needed economic development to the metropolitan Detroit area which is in a deep recession. Our economy has always been cyclical and very tied to the health of the automobile industry. The unemployment rate in Michigan is presently 11.2 percent, and is expected to get worse in the next few months. Uniroyal has announced a plant closing that will lose another 1,700 jobs. Last year Michigan was the last State in the country in growth of personal income; 46,000 jobs were lost in the Detroit area alone last year. The economy of Michigan needs help but we are not asking for a Federal handout. Instead, we are asking for the Federal Government to turn over a soon-to-be abandoned plant, that is used as office space, to the State, in exchange for the State building the Army needed for office buildings. The Army missile plant that would be turned over to the State is partially being used as office space by Tarcom (Army Tank-Automotive Material Readiness Command). This space is essential and used for the 2,300 office personnel. It is very bad working conditions and a tremendous waste of resources. It is a plant converted into offices by partitions. The cost of heating and lighting this type of space is very large. The Army estimates that it would save $5 million annually in operations costs by moving into the energy-efficient office buildings the State will build.

In addition, these offices would be located adjacent to the Detroit arsenal. The Army estimates that 58 man-years would be saved by eliminating the travel between the arsenal and the present logistics division at the plant. This move would save time, money, and gasoline. These savings could amount to more than $1 million annually.

The Army has had these office buildings in the master plan for several years but they have not been a priority and have not been built. These office buildings will cost the State between $21–$25 million while the appraised value of the plant is only $14–$18 million. The Federal Government will be making a profit of $4–$11 million, operating more efficiently, and saving energy while giving Michigan the opportunity for attracting new industry and badly needed jobs.

This is a unique project because everybody benefits, the Federal Government, the State and local governments, the workers and the company involved. It will cost the Federal Government nothing, they will even make a profit and gain 5,000 jobs. This is a much better investment than any public works, economic development or job stimulation program. These are the permanent jobs. The constructions jobs for the building of the office buildings will be in addition to this factor.

This project gives the Federal Government an opportunity to encourage foreign auto companies to produce in this country, a policy that is in the best interest of the entire country. The entire economy benefits from a healthier auto industry less dependent on imported cars. We have spent millions of dollars on trade protection and efforts to encourage foreign investment in this country. This is one of the cheapest ways to accomplish these goals. The Federal Government will also benefit because these employed workers will be paying taxes rather than drawing unemployment benefits, food stamps, and trade adjustment assistance.

The State will benefit by the jobs, the tax revenue the plant will produce and a more stable economy.

Efficient use of resources such as this plant which would cost more than $50 million to build today conserves resources and benefits everybody. I hope you can all support this bill.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. REGULA. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count.

Two hundred twenty-one Members are present, a quorum.

Mr. REGULA. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

So the motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

### RECORDED VOTE

Ms. OAKAR. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 341, noes 45, not voting 45, as follows:

[Roll No. 177]

### AYES—341

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashley
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Dickinson
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fisher
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gibbons
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gramm
Gray
Green
Grisham
Guarini
Gudger
Hagedorn
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harkin
Harris
Harsha
Hawkins
Heckler
Heftel
Hightower
Hillis
Holland
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Jacobs
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kastenmeier
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Lundine
Lungren
McCloskey
McCormack
McDade
McEwen
McHugh
McKay
Madigan
Maguire
Markey
Marlenee
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Perkins
Petri
Peyser
Pickle
Porter
Price
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Reuss
Rinaldo
Ritter
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Russo
Sabo
Santini
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stark
Stenholm
Stewart
Stockman
Stratton
Studds
Stump
Swift
Synar
Tauke
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Wilson, Bob
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki

### NOES—45

Applegate
Ashbrook
Badham
Bauman
Brown, Ohio
Chisholm
Collins, Tex.
Dannemeyer
Devine
Duncan, Oreg.
Gilman
Gradison
Grassley
Guyer
Hall, Ohio
Hansen
Hinson
Jeffords
Jeffries
Jenkins
Latta
Luken
McDonald
McKinney
Marks
Marriott
Martin
Mikulski
Miller, Ohio
Moffett
Mottl
Oakar
Pease
Pepper
Regula
Rhodes
Satterfield
Seiberling
Stanton
Stokes
Symms
Taylor
Williams, Ohio
Wydler
Wylie

### NOT VOTING—45

Anderson, Ill.
Aspin
Beilenson
Bethune
Bingham
Bonker
Buchanan
Burton, Phillip
Clausen
Crane, Philip
Davis, S.C.
Dougherty
Eckhardt
Fenwick
Fish
Fithian
Frenzel
Giaimo
Goodling
Hefner
Holt
Holtzman
Ichord
Ireland
Jenrette
Jones, Okla.
Kazen

Lagomarsino
McClory
Moakley
Murphy, Ill.
Myers, Pa.
Preyer
Pritchard
Richmond
Roberts
Runnels
Skelton
Steed
Vanik
Waxman
Wilson, C. H.
Wilson, Tex.
Young, Alaska
Zeferetti

☐ 1540

The Clerk announced the following pairs:

Mr. Bingham with Mrs. Fenwick.
Mr. Roberts with Mr. Lagomarsino.
Mr. Richmond with Mr. Young of Alaska.
Mr. Moakley with Mr. Clausen.
Mr. Zeferetti with Mr. Bethune.
Mr. Hefner with Mr. Fish.
Mr. Ireland with Mr. Goodling.
Mr. Jenrette with Mrs. Holt.
Mr. Eckhardt with Mr. McClory.
Mr. Giaimo with Mr. Pritchard.
Mr. Ichord with Mr. Frenzel.
Mr. Myers of Pennsylvania with Mr. Philip M. Crane.
Mr. Preyer with Mr. Buchanan.
Mr. Skelton with Mr. Dougherty.
Mr. Charles H. Wilson of California with Mr. Fithian.
Mr. Vanik with Mr. Runnels.
Mr. Jones of Oklahoma with Mr. Davis of South Carolina.
Mr. Phillip Burton with Mr. Bonker.
Mr. Beilenson with Mr. Aspin.
Ms. Holtzman with Mr. Charles Wilson of Texas.
Mr. Kazen with Mr. Steed.
Mr. Waxman with Mr. Murphy of Illinois.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. NEDZI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill just passed.

The SPEAKER pro tempore (Mr. MINISH). Is there objection to the request of the gentleman from Michigan?

There was no objection.

## PERMISSION FOR COMMITTEE ON EDUCATION AND LABOR TO HAVE UNTIL MIDNIGHT, FRIDAY, APRIL 4, 1980, TO FILE REPORT ON H.R. 3904, TO AMEND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974

Mr. THOMPSON. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor have until midnight Friday, April 4, 1980, to file a report on H.R. 3904, to amend the Employee Retirement Income Security Act of 1974, commonly known as ERISA.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

## FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a concurrent resolution of the House of the following title:

H. Con. Res. 312. Concurrent resolution providing for an ajournment of the House from April 2 to 15, 1980.

## MESSAGE FROM THE SENATE

The SPEAKER. The Chair lays before the House the following message from the Senate.

The Clerk read as follows:

*Resolved*, That the concurrent resolution from the House of Representatives (H. Con. Res. 312) entitled "Concurrent resolution providing for an adjournment of the House from April 2 to 15, 1980", do pass with the following amendments:

Page 1, line 3, after "1980" insert: ", and that when the Senate recesses on Thursday, April 3, 1980, it stand in recess until 11:00 a.m. on Tuesday, April 15, 1980".

Amend the title so as to read: "Concurrent resolution providing for an adjournment of the House from April 2 to 15, 1980, and a recess of the Senate from April 3 to 15, 1980.".

The SPEAKER. The question is on the Senate amendments.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

☐ 1550

## LEGISLATIVE PROGRAM

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I take this time to inquire of the distinguished majority leader if he is in a position to inform the House as to the program, if any, for the balance of the week and for the reconvening of the House after the Easter district work period?

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Texas.

Mr. WRIGHT. It is a pleasure to announce that we have completed the legislative business, save for the unanimous-consent request and the consideration of S. 2427, which relates to agriculture, and once that is accomplished, we will adjourn until tomorrow.

Tomorrow's session will just be a pro forma session, there being no real business needing to be transacted.

When we adjourn tomorrow, we will adjourn for the Easter home district work period, to reconvene on Tuesday, April 15, at noon.

The private calendar will be considered and then one bill on suspension of the rules, H.R. 6613, to eliminate duplicate jurisdiction in collective bargaining; after which we will take up H.R. 6554, the maritime authorization bill, under an open rule with 1 hour of general debate.

On Wednesday, the House will meet at 3 p.m., and will consider S. 2009, the Central Idaho Wilderness Act of 1979, under an open rule with 1 hour of general debate.

On Thursday and Friday, we will meet at 11 o'clock in the morning.

We have scheduled for consideration the conference report on S. 662, the International Development Bank bill, and then consideration under an open rule with 1 hour of debate for H.R. 6614, the sea grant authorizations; following which we would hope to take up H.R. 6081, the special Central American assistance bill, subject to the granting of a rule.

Of course conference reports may be considered at any time. Any further program will be announced later.

The House would expect to adjourn by 3 p.m. on that Friday and by 5:30 p.m. on any other days, except Wednesday, going until necessary to complete our business on Wednesday.

Mr. RHODES. It does appear that this being a rather light schedule there might possibly not be a schedule on Friday, April 18? Is that reasonable?

Mr. WRIGHT. It is a conceivable conclusion, however, we have hopes that the Committee on Rules, working on Tuesday, might be able to report a rule on the budget resolution. If so, it might be our desire to take that up for general debate on Friday. It would be nice if we could begin debate on the spring budget resolution.

Mr. RHODES. Are we to take it that the first concurrent budget resolution may possibly be added to the schedule which the gentleman from Texas has just reported?

Mr. WRIGHT. Yes. I would hope that it might be, but I cannot make any certain assurances to that effect at all.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

Many of us went to the Committee on Rules to discuss the construction of a rather delicate rule for the budget. Can the majority leader tell us how far along they are on the structuring of that rule?

Mr. WRIGHT. Well, I am sorry to say I cannot. I observe my distinguished friend from California stands beside his distinguished colleague from Maryland, who sits as a member of that committee, and he might be better advised than I.

I do hope though that the Rules Committee will be able to devise a rule which will permit the membership sufficient latitude to have available to it those options that most Members would want to have, but not just every ad hoc amendment that someone might contrive to delay the events in a dilatory way.

Mr. ROUSSELOT. If the gentleman would yield further, could the distinguished majority leader tell us whether he expects, if the Rules Committee is able to progress rather rapidly, that the rule would come up either Wednesday or Thursday? Is that the guess that the gentleman has?

Mr. WRIGHT. Well, we would hope to be able to bring the rule just as soon as we could.

I honestly believe that the American public is thrilled at the expectation that this Congress will produce a balanced budget, and as the gentleman from California so well knows, he having been in the forefront of that struggle, the bill reported by the committee, the resolution reported by the Committee on the Budget, not only is a balanced budget but one that produces a projected $2 billion surplus.

Mr. ROUSSELOT. I noticed that.

Mr. WRIGHT. So I am sure the gentleman is positively thrilled at the prospect of getting to that as soon as possible.

Mr. ROUSSELOT. We are very thrilled on this side. We have an alternative budget we are going to offer that is even better. It is even more thrilling, but in any regard does the gentleman think it will be Wednesday or Thursday that that rule will come to the floor?

Mr. WRIGHT. I would hope we might be able to bring it Wednesday or Thursday, but I would suggest the gentleman consult with his associate, the gentleman from Maryland, and he might get some advice from him.

Mr. ROUSSELOT. Well, I consult with my colleague from Maryland—I am sure this surprises the gentleman—every day. And he tells me the way things are going he is not too sure how soon that is going to happen, because there is still a little bit of confusion there in the Rules Subcommittee about what to allow and what not to allow, to be offered in the way of amendments. Evidently the gentleman's side of the aisle has an awful lot of amendments. We are pretty united on our side.

I guess the basic problem is from the gentleman's side, where the gentleman has a lot of "big spenders" who want to add some more money back in.

Mr. WRIGHT. If there is any confusion on the Rules Committee, I am sure that our side engages in it, and I am sure the gentleman from Maryland would detect it.

Mr. RHODES. I would like to say to my friend from California, I frequently consult with the gentleman from Maryland and he informed me he was in no position to tell me what the Rules Committee is going to do because there are only 5 on his side and 11 on the other side.

May I ask the majority leader a question concerning the program?

He announced that on Thursday and Friday, H.R. 6081, the special Central American assistance bill would be up and it has been called to my attention that that bill passed the House on December 18, 1979—excuse me—considered on February 22, 25, 26, 1980. Passed the House on February 27, 1980. I am at a loss to know why it is coming back.

Mr. WRIGHT. If the gentleman would yield further, it is my impression that what is involved in H.R. 6081 would be a reprograming of a certain amount of money—not an enormous amount of money, I think something in the neighborhood of $5,700,000—to be used for nonlethal communications and transportation equipment, perhaps in El Salvador, in the hope that we might make some contribution to stabilizing that situation down there.

Mr. RHODES. I am sure the bill has much in the way of merit. I am just confused as to why the bill, having passed the House once, is back before the House before being considered by the other body.

Mr. WRIGHT. It is a bit unusual.

It is my impression that it involves a reprograming.

Mr. RHODES. I thank the gentleman.

Mr. Speaker, I yield back the balance of my time after wishing you and the majority leader and the Members on both sides of the aisle a very happy Easter and a most productive work period in their home districts or wherever they may be working.

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## AUTHORIZING THE CLERK TO RECEIVE MESSAGES FROM THE SENATE AND THE SPEAKER AND SPEAKER PRO TEMPORE TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS DULY PASSED, NOTWITHSTANDING ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that, notwithstanding any adjournment of the House until Tuesday, April 15, 1980, the Clerk be authorized to receive messages from the Senate and that the Speaker and Speaker pro tempore be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

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□ 1600

## AUTHORIZING SPEAKER AND SPEAKER PRO TEMPORE TO ACCEPT RESIGNATIONS, AND APPOINT COMMISSIONS, BOARDS, AND COMMITTEES, NOTWITHSTANDING ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that, notwithstanding any adjournment of the House until Tuesday, April 15, 1980, the Speaker and the Speaker pro tempore be authorized to accept resignations, and to appoint commissions, boards and committees authorized by law or by the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

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## DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

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## VACATING PROCEEDINGS WHEREBY HOUSE CONCURRENT RESOLUTION 313 WAS AGREED TO

The SPEAKER. Without objection, the proceedings whereby House Concurrent Resolution 313, directing the Clerk of the House of Representatives to make certain technical corrections in the enrollment of the bill, H.R. 3824, was agreed to, is vacated, and the concurrent resolution is laid upon the table.

There was no objection.

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## ELECTION OF THE HONORABLE JIM WRIGHT AS SPEAKER PRO TEMPORE DURING THE ABSENCE OF THE SPEAKER

Mr. FOLEY. Mr. Speaker, I offer a privileged resolution (H. Res. 633) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 633

*Resolved,* That Honorable Jim Wright, a Representative from the State of Texas, be, and he is hereby, elected Speaker pro tempore during the absence of the Speaker.

*Resolved,* That the President and the Senate be notified by the Clerk of the election of Honorable Jim Wright as Speaker pro tempore during the absence of the Speaker.

The resolution was agreed to.

A motion to reconsider was laid on the table.

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## SWEARING IN OF THE HONORABLE JIM WRIGHT AS SPEAKER PRO TEMPORE DURING THE ABSENCE OF THE SPEAKER

The SPEAKER. The Chair will now administer the oath of office to the gentleman from Texas (Mr. WRIGHT), as Speaker pro tempore.

Mr. WRIGHT assumed the chair and took the oath of office administered to him by the gentleman from Massachusetts (Mr. O'NEILL).

The SPEAKER pro tempore (Mr. WRIGHT). The Chair recognizes the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, may I first of all, on behalf of the Members on both sides, extend our congratulations on the gentleman's election as Speaker pro tempore. I am sure we would all like to join in those congratulations.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Arizona.

Mr. RHODES. Mr. Speaker, I just want to add my congratulations to the Speaker of the House, the gentleman from Texas and tell him that he has succeeded where I have thus far failed. The gentleman from Massachusetts (Mr. O'NEILL), my good friend, told me once upon a time that I had my eye on his seat, and that is all I was going to get on his seat.

I want to congratulate again the gentleman from Texas for being more successful than I have been.

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## ENCOURAGING GREATER PARTICIPATION IN FARMER-HELD RESERVE PROGRAM

Mr. FOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the Senate bill (S. 2427) to encourage greater participation in the farmer-held reserve program for corn and wheat, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

Mr. SEBELIUS. Mr. Speaker, reserving the right to object, I do so at this moment for one purpose, and that is to note the fact that S. 2427 gives the Secretary the authority to do almost anything with loans as far as trying to attract noncompliance people into the farmer-owned reserve. The House bill that we just reported out, H.R. 6878, provides that interest may not be waived on any loan for the first year. I was wondering if the gentleman could tell me why we are taking up the Senate bill rather than the House bill that has that feature?

Mr. FOLEY. Mr. Speaker will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman.

Mr. FOLEY. Mr. Speaker, the reason we are taking up the Senate bill is to speed the consideration of this legislation to the President. The bills are substantially the same except for the amendment to the House bill that the gentleman notes and the additional Senate bill having provisions that increase the amount and expedite certain other provisions of the farm storage loan program. It seemed advisable to take up the Senate bill so if the House were to act affirmatively the bill could be sent to the President for early signature. If we take up the House bill we will have to refer it back to the other body, and I am not sure the other body will have time to act on it before the recess, thus tending to delay the operation of this program.

Mr. SEBELIUS. Mr. Speaker, further reserving the right to object, I was wondering if the gentleman from Washington, the chairman of the committee, could tell us if he feels that this is an adequate response to farm problems as we prepare to go home when we had a bill, H.R. 6815, that not only had this in it, but also had the new support prices in it that are not being considered today. This bill, S. 2427, is similar to our H.R. 6878 which is only one-half of the contents of H.R. 6815. Why are we taking up the Senate bill?

Mr. FOLEY. If the gentleman will yield further, I do not thing it is an adequate response, and I will have to agree with the gentleman on that. I think we have to deal with reality here. We are bringing a bill up by unanimous consent that has not gone to the Rules Committee. Any bill of the kind the gentleman refers to would be submitted to the Budget Committee for action because it would violate the Budget Act.

I think the gentleman knows in this climate the likelihood of the Budget Committee granting extensive waivers to various provisions of the Budget Act would be somewhat unlikely before at least the adoption of the third budget resolution. Therefore, it is not going to be undertaken for consideration by the House until after the recess, and this is one bill, since it has a net savings in costs to the Government, that we might hope to bring up without objection.

Mr. SEBELIUS. Further reserving the right to object, I do so only for one purpose, and that is to inquire of the gentleman from Washington, because I have to inquire under the rules of the House if unanimous consent is given, will the gentleman from Washington be yielding time to discuss this as far as Members on this side of the aisle are concerned?

Mr. FOLEY. If the gentleman will yield, I will be happy to yield time for debate only to Members on both sides.

Mr. SEBELIUS. But more important will the gentleman yield time for an amendment that would make this bill mean something to us?

Mr. FOLEY. I will yield time for debate only, quite impartially between the two sides of the House.

Mr. SEBELIUS. Mr. Speaker, I withdraw my reservation of objection, but I do want time yielded to me to discuss the matter further.

In addition, I wish to have printed in the RECORD a letter from the Director of the Congressional Budget Office which addresses the cost of the storage facilities loan provisions in S. 2427. The letter is addressed to H.R. 6291, but the provisions on storage facility loans in that bill were similar to those in S. 2427 except that H.R. 6291 limited interest on storage facility loans to 8 percent per annum:

H. REPT. 96-782 (TO ACCOMPANY H.R. 6291)

BUDGET ACT COMPLIANCE (SECTION 308 AND SECTION 403)

The estimate and comparison prepared by the Director of the Congressional Budget Office under clause 2(1)(3)(B) and 2(1)(3)(C) of Rule XI of the Rules of the House of Representatives and sections 308(a) and 403 of the Congressional Budget Act of 1974 submitted to the Committee prior to the filing of this report are as follows:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
*Washington, D.C., February 22, 1980.*

Hon. THOMAS S. FOLEY,
*Chairman, Committee on Agriculture, U.S. House of Representatives, 1301 Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 6291, a bill to amend the Emergency Agricultural Credit Adjustment Act of 1978 and the Commodity Credit Corporation Charter Act to extend and increase certain agricultural loan programs, and for other purposes.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN, *Director*.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: H.R. 6291.

2. Bill title: A bill to amend the Emergency Agricultural Credit Adjustment Act of 1978 and the Commodity Credit Corporation Charter Act to extend and increase certain agricultural loan programs, and for other purposes.

3. Bill status: As ordered reported by the House Committee on Agriculture, February 12, 1980.

4. Bill purpose: The bill increases the limit on the principal balance of the Farmers Home Administration (FmHA) economic emergency loan program from $4 billion to $6 billion, extends the program from May 15, 1980 to September 30, 1981, and changes some of the requirements used by the Secretary of Agriculture in the making of loans.

The bill also increases the maximum amount of Commodity Credit Corporation (CCC) farm storage facility loans from $50,000 to $100,000 per farmer. In addition, the bill limits to 8 percent the maximum interest rate the Corporation can charge farmers for these loans and removes the requirement that on-farm storage facilities do not exceed a two-year supply of crop production.

5. Cost estimate: The budget impact of increasing the Farmers Home Administration economic emergency loan program is significantly reduced by the sale of assets (in the form of certificates of beneficial ownership) to the Federal Financing Bank, an off-budget agency. As a result, the $2 billion increase in loan disbursements authorized by this bill will not necessarily be reflected as outlays in the Federal budget. Consequently, the projected budget impact of the increased economic emergency loan levels authorized in this bill reflects only loan defaults, and is shown in the following table.

*FmHA economic emergency loans*

| | |
|---|---|
| Estimated authorization level: | |
| Fiscal year: | *Millions* |
| 1980 | 0 |
| 1981 | 0 |
| 1982 | $3 |
| 1983 | 4 |
| 1984 | 1 |
| Estimated outlays: | |
| Fiscal year: | |
| 1980 | 0 |
| 1981 | 0 |
| 1982 | 3 |
| 1983 | 4 |
| 1984 | 1 |

While appropriation action is required to approve annual loan levels for FmHA programs, the provisions affecting farm storage loans create direct spending authority for CCC. The projected impact of increased farm storage facility loans includes loans made, administrative costs, and interest subsidies. These impacts are summarized in the following table.

*CCC farm storage loans*

| | |
|---|---|
| Estimated authorization level: | |
| Fiscal year: | *Millions* |
| 1980 | 0 |
| 1981 | 0 |
| 1982 | $10 |
| 1983 | 21 |
| 1984 | 24 |
| Estimated outlays: | |
| Fiscal year: | |
| 1980 | 38 |
| 1981 | 43 |
| 1982 | 25 |
| 1983 | 25 |
| 1984 | 24 |

The total projected budget impact of this bill is as follows:

| | |
|---|---|
| Estimated authorization level: | |
| Fiscal year: | *Millions* |
| 1980 | 0 |
| 1981 | 0 |
| 1982 | $13 |
| 1983 | 25 |
| 1984 | 25 |
| Estimated outlays: | |
| Fiscal year: | |
| 1980 | 38 |
| 1981 | 43 |
| 1982 | 28 |
| 1983 | 29 |
| 1984 | 25 |

These budget impacts fall in function 350.

For many government activities, the cost and budget outlays are identical. For loan programs, however, costs may differ substantially from outlays. The cost of this bill, which includes the net cost of all interest subsidies as they accrue, defaults, and CCC administrative expenses, are summarized separately below:

Total estimated costs:

| Fiscal year: | *Millions* |
|---|---|
| 1980 | $9 |
| 1981 | 21 |
| 1982 | 27 |
| 1983 | 31 |
| 1984 | 30 |

6. Basis of estimate: The bill provides authority for the Secretary of Agriculture to make or guarantee $2 billion of additional economic emergency loans. Since the Agricultural Credit Insurance fund is authorized to liquidate any acquired assets through the Federal Financing Bank, an off-budget facility, it is assumed for the purpose of this estimate that these capital transactions will have no direct budget impact. The net outlays resulting from the increased FmHA loan authorization are the unrecovered defaults, estimated to be 2 percent of the loan and to occur during the fourth year. It is assumed for the purpose of this estimate that the additional loans would be made at a rate of interest equal to current government borrowing cost. Estimated authorization level is assumed equal to estimated outlays.

Outlays arising from changes in CCC storage facility loan authority are estimated to be increased loan disbursement, administration costs and interest subsidies. As a result of limiting the maximum interest rate the CCC can charge farmers for loans, it is assumed the demand for these loans will increase by about 8 percent per year over current estimates. The resulting interest subsidy is the largest proportion of the nonrecoverable outlays and, with administration costs, is the estimated authorization level two years later. The increased maximum level of farm storage facility loans is not expected to result in any significant additional outlays.

Under current law, the Commodity Credit Corporation is authorized to borrow from the U.S. Treasury. It is assumed that except for defaults, the capital transactions arising from the increased farm storage facility loan activities will result in no cost to the government. All funds loans out are eventually repaid and the only costs incurred are the sum of unrecovered defaults, equal to 0.5 percent of loans and projected to occur during the fourth year.

The administrative costs of the economic emergency loan program are covered by separate authorizing legislation for the Farmers Home Administration; therefore the additional administrative costs have not been included in the costs directly related to this bill. Administrative costs associated with each program vary with loan activity. The loan levels authorized by H.R. 6291 represent an increase in over current levels and would result in additional administrative costs for the FmHA.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Joseph Arata.

10. Estimate approved by:

C. G. Nuckols
(For James L. Blum,
Assistant Director for Budget Analysis).

The SPEAKER pro tempore (Mr. Minish). Is there objection to the request of the gentleman from Washington?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, the gentleman from Washington earlier gave me figures about the net savings in the proposed bill. Section 3 of the Senate bill contains a storage facility loan program. Are those figures accurate that the gentleman presents to me?

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman.

Mr. FOLEY. Mr. Speaker, the best information I have, which comes from the Congressional Budget Office, is that the title III of the Senate bill will cost no outlays in fiscal year 1980 because it is not thought likely that the capacity of the companies that produce this farm equipment is likely to be able to meet much additional demand.

Second, in the year beginning October 1, 1980, the estimated costs over and above the present program, I am told, is anticipated not to exceed $1.5 million.

Mr. BAUMAN. Has the gentleman from Washington received a waiver from the Budget Committee to consider this bill?

Mr. FOLEY. I have discussed it with the chairman of the Budget Committee and with the staff of the Budget Committee, and I am told they have no objection.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2427

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

FARMER-HELD RESERVE PROGRAM

Section 1. Section 110 of the Agricultural Act of 1949 is amended by—

(1) redesignating subsections (c) through (g) as subsections (d) through (h), respectively; and

(2) inserting after subsection (b) a new subsection (c) as follows:

"(c) Notwithstanding any other provision of law, the Secretary may, to the extent the Secretary determines such action necessary in order to encourage producers to store corn and wheat for extended periods of time under the terms and conditions of the program authorized by this section, make price support loans under this section on the 1979 crops of corn and wheat (at the same level of support as provided by this Act) to any producer of corn or wheat who did not (1) file a timely agreement to participate in the 1979 set-aside program for the commodity and (2) comply with the requirements of the 1979 set-aside program for the commodity.".

SALE OF COMMODITY CREDIT CORPORATION STOCKS OF CORN FOR USE IN MAKING ALCOHOL FOR MOTOR FUEL

Sec. 2. Section 110(e) of the Agricultural Act of 1949, as redesignated by section 1(1) of this Act, is amended by—

(1) striking out "and" at the end of clause (1);

(2) striking out the period at the end of clause (2) and inserting in lieu thereof a semicolon and "and"; and

(3) adding at the end thereof a new clause (3) as follows:

"(3) sales of corn when sold at not less than the release level under the extended loan program for use in the production of alcohol for motor fuel at facilities that (A) begin operation after January 4, 1980, and (B), whenever supplies of corn are not readily available, can produce alcohol from agricultural or forestry biomass feedstocks other than corn."

FARM STORAGE FACILITY LOAN PROGRAM

Sec. 3. Section 4(h) of the Commodity Credit Corporation Charter Act is amended by—

(1) striking out "$50,000," both places it occurs and inserting in lieu thereof "$100,000"; and

(2) striking out "the size of such facility for which a loan is obtained shall be based upon the amount of space required to store the quantity of the commodity estimated to be produced by the borrower during a two-year period;".

Mr. FOLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill, as the gentleman from Kansas indicated a moment ago in our colloquy, is certainly far from the complete answer to the problems that farmers face. Neither does the conference report on the bill, S. 2269, that was passed last week on the economic emergency loan program which provides about $2 billion worth of additional credit provide the answer.

□ 1610

They are far from what is needed by American farmers to meet the tremendous and pressing problems that have been thrust upon them by unprecedented levels of inflation and particularly by enormous increases in cost of motor fuel and interest rates. But S. 2427 offers some small opportunity to assist farmers particularly in the Midwestern part of the United States.

S. 2427 also would help mitigate the effect that the Russian grain sales suspension has had on American agriculture by encouraging greater participation in the farmer-held reserve program for corn and wheat and make Government-owned corn more readily available for the production of alcohol for motor fuel.

In order to encourage producers to store their 1979 crops of corn and wheat for extended periods of time, S. 2427 would authorize the Secretary of Agriculture to make long-term price-support loans under the farmer-held reserve program on the 1979 crops of corn and wheat available to any producer who did not participate in the 1979 set-aside program for the commodity. Current loan levels are $2.10 per bushel for corn and $2.50 per bushel for wheat.

Because of that unusual characteristic of opening up a program benefit for farmers who are not cooperators, the House Committee on Agriculture required in its version of the bill that the Secretary not waive the interest on the loan to noncooperators during the first year. We are taking up the Senate bill which does not contain that provision, but I think the Secretary will take note of the concern of the Committee on Agriculture on the House side.

The bill would also allow the sale of corn from Commodity Credit Corporation stocks at not less than the release level for corn under the farmer-held reserve program for the production of alcohol for motor fuel at facilities that begin operation after January 4, 1980, and whenever supplies of corn are not readily available, can produce alcohol from agricultural biomass or forestry biomass feedstocks other than corn. Currently, the release level for corn is $2.63 per bushel or 125 percent of the corn loan rate.

Finally, the bill makes a few technical changes in the farm storage facility loan program. It increases the maximum authorized loan from $50,000 to $100,000 and deletes a limitation on the capacity of the facility eligible for financing.

On January 4, 1980, the President, in response to the Soviet aggression in Afghanistan, announced that he had directed the Secretary of Commerce, in consultation with the Secretary of Agriculture, to suspend all grain sales to the Soviet Union in excess of the 8 million metric tons that we are committed to sell under our 5-year grain sales agreement with the Soviets. The President also directed that exports of other agricultural products to the Soviet Union be suspended.

This action affected approximately 17 million metric tons of grain that would have been sold to the Russians in addition to the 8 million metric tons of grain specified under the fourth year of the 5-year U.S.-U.S.S.R. grain sales agreement. Because of the large amount of grain involved, the grain sales suspension was a devastating blow to American agriculture.

The suspension came at a most unfortunate time for American farmers. Net farm income in 1980 was forecasted, prior to the announced suspension, to drop by as much as 20 percent from the previous year—even though export sales were expected to be substantial.

It was clear before the trade suspension that a 20-percent annual inflation rate, coupled with projected bumper harvests of corn and wheat and growing carryover stocks, would squeeze farmers from both sides—skyrocketing production costs and stable or decreasing commodity prices. The grain sales suspension made worse this pessimistic outlook, assuring that unless something was done, 1980 net farm income would plummet to a disastrously low level. Farmers of this Nation, then, would once again be at the mercy of Government policies for their economic well-being.

Realizing that our change in foreign policy had worsened this economic squeeze on farmers, the President in his January 4, 1980, address pledged to the Nation's farmers to minimize any adverse effect on the American farmer from this action.

To honor this promise, the President directed the Secretary of Agriculture to develop programs to insure that the burden of the suspension would not fall unfairly on farmers. The Secretary of Agriculture responded by announcing a series of steps to help mitigate the impact of the grain sales suspension.

The actions initiated by the administration to relieve the farmers' burden are commendable. However, these efforts do not go far enough. Further action must be taken.

The 5-day average farm price of wheat just prior to the embargo was $3.85 per bushel—yesterday the 5-day price had fallen to $3.53 per bushel. A similar situation exists as to corn. The 5-day average farm price of corn just prior to the embargo was $2.37 per bushel—yesterday the 5-day average was $2.21 per bushel. Current prices were even lower.

The first provision in the bill would isolate excess corn and wheat supplies from the market, provide farmers with some operating capital so that they can plant their spring crops, and eventually increase the market price for these commodities. The second provision would assure that Government-owned corn would not hang over the market when prices start to rise, and help add to our domestically produced liquid fuel supply.

The bill that comes before the House today has no budget cost in either 1980 or 1981. Indeed, it has a net saving to the budget, and Members might ask, how is that possible? Without this new authority, the Department of Agriculture would be required to purchase grain directly, at a higher cost, to meet the President's commitment to American farmers. The estimated saving by making the loan and placing the grain in the reserve rather than by purchasing it is $42 million the remainder of this fiscal year and $27 million in the forthcoming 1981 fiscal year.

The second part of the program as I have discussed in our colloquy which deals with the farmer-held storage program has a very slight cost in 1981 of $1.5 million and no cost in 1980. So the resulting savings are a total of about $69 million overall in the 2 fiscal years, less $1.5 million or a net saving of $67.5 million. A bill that offers increased flexibility for farmers that does not cost the Treasury any money in outlays and actually saves outlays for both years is one that I should think should meet with unanimous support from this House. I hope that it will achieve such support and it could promptly be sent to the White House where it will be signed by the President.

I have been advised that the administration fully supports this legislation.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. I want to thank the gentleman from Washington and commend him for bringing this bill to the floor this afternoon. I agree with the gentleman from Kansas that it is not a fully adequate response. The gentleman from Washington did not represent it to be a fully adequate response to our whole problem, but it is absolutely essential that as much as possible be done today to help with this situation. We need to get some new money into the cornbelt area, and the only way we can do that quickly that I know of is either to get a better price for corn so that some of the corn that is available for sale can be sold at a price sufficient to at least cover costs or else get some loan money out there that comes from another source. It is not adequate to merely shift money around from the farmer to the bank and back. That is not going to help enough. We need this loan money from outside the area. At least this will give an opportunity to some people to borrow against that crop, to finance a delay in marketing until a better price is available, to keep some grain off the market and provide buoyancy in the price for those who have no place to store corn at this time.

Next week and the week after farmers will be spreading fertilizer, and buying other inputs, and when interest rates at banks are 19 percent, they just simply have to have additional sources of funds where they can borrow against the existing supply without interest or at a lower rate of interest.

So I want to commend the gentleman for doing what he is doing today, and even though it may not be a complete and adequate response to the whole problem, it certainly will help.

The SPEAKER pro tempore. The gentleman from Washington (Mr. Foley) is recognized for 1 hour.

Mr. FOLEY. Mr. Speaker, I yield such time as he may consume for debate only to the distinguished ranking minority member of the committee, the gentleman from Virginia (Mr. Wampler).

Mr. WAMPLER. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of S. 2427 not because I believe it is going to be tremendously helpful to the farmers, but because farmers are in tough financial straits and we are informed that this is one bill President Carter will sign.

The farmers of this country are in trouble. They are probably in more desperate straits today than since the 1930's.

Some of the problems farmers are facing include the following:

First. President Carter's embargo on grains has created a 17-million-ton grain surplus in this country.

Second. Inflation rates as indicated in the Consumer Price Index issued by the U.S. Government for January-February 1980, are running at an annual rate in 1980 of approximately 18 percent.

Third. Interest rates for operating loans from country banks and other private lending institutions are running anywhere from 15 to 20 percent per annum.

Fourth. Short-term Government financing and Farm Credit Administration short-term financing are running anywhere from 13 to 15 percent based on the sales of their securities in the open market.

Fifth. The U.S. Department of Agriculture (USDA) itself projected a 20-percent loss in income for farmers in 1980. Subsequently, the President imposed an embargo which State Department officials now say is largely symbolic since Soviet Russia is getting most of the grain it would have obtained from the United States. In addition, USDA refused to provide a land diversion program for 1980. Thus, the projections for loss in farm income for 1980 are now much greater than they were on January 1, 1980—over 25 percent and perhaps as high as 33 percent.

Sixth. The President has imposed credit controls by invoking provisions of the Credit Control Act of 1969. Even if farmers are given a priority in credit, interest rates will no doubt continue at a high rate which means the farmers' costs of production will be higher this year.

Seventh. Despite any cuts that are made in the area of $13 to $14 billion in the 1981 budget, Federal spending in 1981 will be up from 1980 by at least $40 billion. Thus, even if spending cuts materialize, the Federal Government will be spending the highest share of the country's income since World War II—22 percent in 1981—thus it is questionable that inflation will abate before the end of the year and this 12- to 14-percent rate of inflation, which even administration officials are predicting for 1980, will reflect itself in higher production costs for farmers.

The Committee on Agriculture has taken a number of actions, which we have supported, to help farmers through these troubled times. These include bills providing for mandatory paid diversion for wheat and feed grain producers for the 1980 crops, and higher loan rates in the case of an embargo; increased loan rates for 1980 and 1981 crops of grains.

The Congress has just recently passed a bill extending the economic emergency loan program and providing an additional $2 billion in insured and guaranteed loans. That bill, however, addresses only a very small part of the credit problems in the farm sector—those farmers in the most desperate of straits. The rest of the farm sector also needs credit badly to get through this production year.

I am concerned that because of administration opposition most of the bills the committee has reported to deal with the current farm crises will not be enacted. The only provision which has much chance of enactment and which might be some help is the provision in the bill before us now, to open the farmer-owned reserve to 1979 nonparticipants. However, that provision is discretionary and so limited that I doubt it will help farmers much. The provision for the increased amounts of storage facility loans, which appears in this bill, is helpful to farmers, I believe.

The need for these support loans is largely because of the embargo imposed by President Carter on January 4, 1980. If farmers do not have adequate credit in the next few months to plant their crops, to hold their cattle to maturity, and to pay their debts coming due, then I am fearful that what is now a recession in the farm sector will become much more severe.

But, I am concerned that we are moving with such dispatch on this matter at the last minute. We reported the House version of this bill (H.R. 6878) on March 25. No report has been filed on the bill as yet.

Is the urgency for political reasons rather than concern for farmers? I do not know. I suppose it may be, but we may have to endure President Carter's efforts to reach Kansas and Wisconsin voters on primary day in order to get something for the farmer that he desperately needs.

It does not give the farmer what he really needs, which is increased income, but it does give some farmers badly needed credit.

I will support this "Rush to Judgment" on this bill not for political reasons only to give some aid to our farm sector.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. WAMPLER. I yield to my distinguished colleague.

Mr. BAUMAN. I thank the gentleman for yielding.

The gentleman from Maryland has read in the press in the last few days that the net impact of the embargo on the Soviet Union, where it was supposed to cause policy changes regarding Afghanistan, has been almost nil, and that in fact other countries, Argentina and Brazil, have rushed in and provided grain. Is that accurate? And, further, if it is, we have badly hurt the American farmer with this embargo, Carter embargo. We have driven down the prices; we have had to ask the taxpayers to cough up $2.5 billion and this legislation amongst it, the net result as far as any gain has been zero. Am I correct in that estimate?

Mr. WAMPLER. I would respond to my distinguished colleague from Maryland by saying that I, too, have read many of these same press accounts and statements that have been made. It is the understanding of the gentleman from Virginia that what the gentleman from Maryland says is correct. It was my feeling at the very outset that the grain embargo would in fact not prove effective. I said just that in a news release on January 4 after hearing President Carter's speech. If the gentleman recalls, the President and others assured the American farmer that he would not bear the brunt economically of this grain embargo but I think in fact he is bearing the brunt of the embargo—an unfair burden imposed by the Government. The President and the Secretary of Agriculture and others assured us that agreements had been reached with other grain-exporting nations and that they would not move in to fill this alleged shortage in the Soviet Union that was created as a result of the grain embargo imposed by President Carter. It is my best guess that these observations are correct. I am told that this grain is being closely monitored by our Government to insure where it is being delivered and to whom. But it was my feeling then and it is now that, indeed, the Soviets will find this grain in world markets even though they have to pay a premium for it. I think the grain embargo was ill-advised and, again, I repeat, I think the American farmer is the one who is going to suffer the brunt of this decision. It is going to result in the loss of foreign customers other than Soviet Russia who will view us as an unreliable supplier. We can only speculate what the production in the Soviet Union will be in the current crop year because there are uncertainties of things we cannot predict, such as weather. But I think it goes to the basic question, are we a reliable supplier? And when we have ill-advised actions such as I feel the grain embargo was, it is the American farmer who is going to pay and not only this year but I think for many years to come.

☐ 1620

In responding to the gentleman's question I would say that he has read and what he has heard is probably an accurate description of the situation.

Mr. FOLEY. Mr. Speaker, in further response to the question of the gentleman from Maryland I would like to say although I agree with much of what the gentleman from Virginia has said, I think it ought to be noted that I think Australia has recently canceled the authority for two shipments of grain sorghum on the theory they were more than the normal kind of shipments that Australia would have with the Soviet Union and thus those cancellations were in support of the American embargo.

Similarly, Mr. Speaker, I think our friends in Canada have generally only made shipments that were normal for their trade with the Soviet Union.

It is also true as the gentleman from Maryland and the gentleman from Virginia have stated that the Soviet Union has been able to purchase large amounts of wheat and feed grains from other sources and that the impact of the embargo has been considerably weakened by that ability.

Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Speaker, I rise to particularly thank the gentleman from Washington for his help in bringing forward this legislation, as well as the gentleman from Virginia for his cooperation. We actually face a desperate situation in my area of the country. Whereas I agree with those who have said this is not enough, let me say that this is critically important to our area for the reasons that have already been mentioned by the gentleman from Iowa. There is an urgent need for us to get enough money out to our farmers so they have adequate financing with which to plant their crops at this time of year.

I would have some disagreement with the gentleman from Virginia when he says probably our farmers are in more trouble than at any time since the 1930's. There is no probable about it in the State of Iowa, I can tell the gentleman. Absolutely, our farmers are in more trouble than they have been in since the 1930's and every day the problem becomes more and more serious.

Mr. Speaker, I would like to point out that along with this legislation which apparently the administration has indicated that it will sign, the administration has the authority to raise the loan rates on corn, tomorrow, if they are willing to do it. At the time of the embargo we were promised that the farmer would not have to bear the brunt of the cost of the embargo. We were told at that time that the administration was willing to put up $2 to $3 billion in order to see that that did not happen. I am advised that so far they have spent about $400 million. I am further advised that at this time they are actually selling back contracts on soybeans that they have. It would be my most sincere hope that with the passage of this legislation the administration would move forward to also increase the loan rates on corn along with this legislation so we can lift the marketplace, so that our farmers will at least have some chance of survival. I can tell you, unless something happens in our area, we face an absolute catastrophe in our agricultural area, which will not just be for agricultural but will indeed be for all the other segments of our society there and I doubt that it will be held to the few States that surround us and touch our area.

Mr. Speaker, I want to again thank the chairman for his prompt attention to this matter.

Mr. FOLEY. Mr. Speaker, I yield for debate only 5 minutes to the gentleman from Kansas (Mr. Sebelius).

Mr. SEBELIUS. Mr. Speaker, I thank the chairman for yielding.

Mr. Speaker, I think we all know what is our problem.

Mr. Speaker, I did withdraw my reservation of objection to take up this bill at this time. Even though I cannot offer my amendment to raise the support prices for corn and wheat for 1980 and 1981 crop years to really put something on this bill, some meat on the bone.

Having been granted unanimous consent to include extraneous matter, I shall include at this point in my remarks the amendment I would have offered had I been permitted to do so:

### Amendment to S. 2427 Offered by Mr. Sebelius

Add the following new sections at the end of the bill:

#### CORN PRICE SUPPORT LOAN PROGRAM

Sec. 4. Section 105A(a)(1) of the Agricultural Act of 1949 is amended by striking out "through 1981 crops of corn," and inserting in lieu thereof "through 1979 crops of corn, not less than $2.35 per bushel for the 1980 crop of corn, and not less than $2.50 per bushel for the 1981 crop of corn,".

#### WHEAT PRICE SUPPORT LOAN PROGRAM

Sec. 5. Section 107A(a) of the Agricultural Act of 1949 is amended by striking out "through 1981 crops of wheat," and inserting in lieu thereof, "and 1979 crops of wheat, not less than $3.63 per bushel for the 1980 crop of wheat, and not less than $3.90 per bushel for the 1981 crop of wheat,".

Mr. Speaker, I have just had a conversation with a farmer from Kansas this afternoon. I think most of you know today is primary Presidential election day in Kansas. Current farm policy will no doubt be a big factor in the outcome. Without question, our economic problems in farm country today are serious. The gentleman from Iowa (Mr. Bedell) said he thinks it is the worst. I agree that it is, as far as the overall situation is concerned.

Mr. Speaker, the question put to me this afternoon concerned telephone calls being made to key farmers in Kansas over the past week promising that President Carter and Secretary of Agriculture Bergland have made unequivocal personal commitments to get grain prices back to preembargo levels by harvest. This farmer wanted to know if it was true and how it was going to be accomplished.

It is my understanding, Mr. Speaker, that for the past week the Carter-Mondale headquarters in Topeka, Kans., has been calling farmers and suggesting that they get in touch with Secretary Bergland regarding the administration's plan to reverse the current downward market trend. It is my further understanding that the officials within the Department of Agriculture then returned these calls and are promising that the USDA will buy grain until the price responds.

It works this way: The farmer calls a suggested number. A special assistant to the Secretary returns the call and stresses the administration's original promise to get grain prices back to the preembargo level.

Mr. Speaker, if this is true, I think that this alleged political activity should be fully investigated. Just as important and more germane to this legislation is the fact that grain prices are still declining and did so again today.

This afternoon the wheat price in Dodge City, Kans., was off another 4 cents to $3.01 per bushel. When President Carter's grain embargo went on January 4, the price was $3.76 in Dodge City, Kans. The President at that time promised that the farmer would not bear the full burden of using the grain embargo for foreign policy reasons.

Mr. Speaker, the price of wheat in western Kansas at this very moment is 75 cents less than it was on January 4. If you are a poor farmer with but 10,000 bushels of wheat, that means $7,500 have been taken away from you by the whim and caprice of our President who exercised poor judgment in imposing an embargo which even high State Department officials now admit is inffective. Now the Carter-Mondale team is out making more promises for political gain. I think it really needs to be looked into.

Since the President imposed the grain embargo, Mr. Speaker, those of us on the Committee on Agriculture have been trying by every means possible on both sides of the aisle, including our good chairman, to do something about the price and cash flow crisis facing our producers. The fact is that the administration has opposed every proposal we have come up with except this very one here today. That is the only one they said the President would sign, so we are knuckling under to them today to get the farmer something. At the same time the administration is telling us, "No" to every legislative initiative here in Washington. Apparently the USDA officials are answering phone calls they have generated from Kansas promising just the opposite.

Mr. Speaker, I am very concerned about this situation, not only because of the apparent improprieties which are deceptions, but because current farm-program policy seems to be at odds with campaign rhetoric.

Mr. Speaker, we do not need, and we cannot afford, any more rhetoric. We have too much of that already. We desperately need a farm policy upon which we can depend, and one which will address itself to our problems and provide solutions to low farm income.

Yes, I am going to vote for this dog because it is the best dog coming out of the kennel, but it is not much.

Mr. JOHNSON of Colorado. Mr. Speaker, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Speaker, I would like to concur with what the gentleman said about conditions in Kansas. We are experiencing the same thing in Colorado. I would like to add what I think is occurring in Kansas with respect to the administration's phone-call response. It is a part of their continuing deceptive practices in which they have engaged almost ever since they have taken office and presented a farm program.

Mr. Speaker, I would like to add one further item: Those of us who have been opposed to the grain embargo I think will also be justified when it is shown that the prices have fallen, as the gentleman has described, about 35 cents per bushel to the farmer, but the Soviet Union will wind up fulfilling all of their grain needs, and I think they will somehow wind up getting all the grain for which they had originally contracted at something like 50 to 75 cents a bushel less than if the embargo had not been placed.

☐ 1630

Mr. FOLEY. Mr. Speaker, I yield, for debate only, 2 minutes to the gentleman from South Dakota (Mr. Daschle).

Mr. DASCHLE. Mr. Speaker, I rise in support of S. 2427, legislation which opens up the 1979 grain reserve program to nonparticipants, providing for badly needed cash flow into the rural sector.

This legislation, Mr. Speaker, makes a very important observation, that being 24 percent of the Nation's farmers did meet the 1979 set-aside requirements. Recognition must be given to that sacrifice made by compliers of the 1979 farm program who met the 10-percent set-aside requirements without compensation.

Mr. Speaker, this legislation contains the following provisions:

Authorizes 1979 wheat and corn loans to be made to producers who did not participate in the 1979 farm program.

Loan rates at existing levels: $2.10 per bushel for corn and $2.50 for wheat.

These producers would be required to pay the interest charges previously waived for those producers who did comply with the 1979 farm-program requirements.

Authorize a lower release level for the Commodity Credit Corporation-held grain, provided it is used for the production of alcohol fuels.

Raise from $50,000 to $100,000 the maximum amount of an ASCS storage facility loan.

Mr. Speaker, more and more loans are not the answer for the tremendous cost-price squeeze currently facing the Nation's agricultural producers. The only answer is better farm prices. USDA's Economic Statistics, and Cooperative Service and Agricultural Prices publication indicated that March farm prices received dropped by 4 points and prices paid were up 3 points. Farmers simply cannot hope to survive against these odds.

Mr. Speaker, I want to commend the distinguished chairman of the Agriculture Committee, Mr. Foley, and the ranking minority member, Mr. Wampler, for the speed in which they have brought this legislation before this body. We cannot stop here. The House Agriculture Committee has given its approval to legislation mandating an immediate increase in the grain reserve program loan levels. We simply must take these steps to guarantee family farmers and ranchers the reasonable price levels they are crying out for. Our farmers deserve better than what they are receiving.

Mr. FOLEY. Mr. Speaker, I yield for debate only, 3 minutes to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Speaker, I thank the gentleman from Washington, the chairman of the committee, for yielding to me. Obviously, I rise in support of this bill. I thank the chairman of the committee for expediting its consideration this afternoon under somewhat unusual procedures. I thank him for many farmers in my State who are very desperate.

I had occasion to have a meeting last night with somewhere between 700 and 1,000 farmers on this very issue. Desperation, questioning, and panic are some words that probably are too mild to describe the situation in the Middlewest today.

I am happy to hear that the President is not going to veto this bill. I remember on January 28, when Secretary Bergland was before our committee, that he was very adamant in not allowing nonparticipants in last year's farm program to enter the program this year. This was 3 weeks after the embargo was imposed.

I hope that Secretary Bergland will drop his stated opposition to this legislation, and that he will make full use of his discretionary authority to the extent that he can under the legislation. I urge Secretary Bergland to implement the provisions of this bill.

The problem today is that the President has not kept his promise to the farmers of America in that he was going to minimize the economic impact of the embargo on the farmer. When soybeans are $1 below what they were on January 4, it is quite obvious that, with the President authorizing the dumping of beans on the market now as he did last Monday, he is not keeping his word.

I would say to the gentleman from Maryland that he is absolutely right, the embargo is not working. The latest figures we have are that 31 million metric tons of the 35 million metric tons that Russia hoped to purchase this year, they are going to be allowed to purchase anyway.

The SPEAKER pro tempore. The time of the gentleman from Iowa has expired.

Mr. FOLEY. Mr. Speaker, I yield 1 additional minute to the gentleman from Iowa for debate only.

Mr. GRASSLEY. So, I say that the President might as well lift the embargo and allow American grain to make up the remaining 4 million metric tons that the Russians will be buying. We are in a credit crunch in the Midwest. This bill, to some extent, is going to address that credit crunch.

But do not let anybody be fooled into thinking that the problem is going to be solved by getting more credit into rural America. The problem is only going to be solved when we get a market-based increase in prices so that the farmers will, in fact, have cash to pay their debts and to pay for the credit that they have obtained.

Mr. Speaker, I thank the gentleman for yielding.

Mr. FOLEY. Mr. Speaker, I yield 3 minutes for debate only to the gentleman from Minnesota (Mr. HAGEDORN).

Mr. HAGEDORN. Mr. Speaker, I thank the gentleman from Washington for yielding the time.

Mr. Speaker, I rise in support of this legislation to deal with the emergency financial crisis that exists in rural America. Had I been given the opportunity, I would have supported the Sebelius amendment which would have increased the loan rate on corn for the 1980 crop to $2.35, and not less than $2.50 for the 1981 crop. I think that would have been important, and I regret very much that I have not been given that opportunity.

I think this will help meet the urgency that exists in rural America. I think there is more that needs to be done. The gentleman from Iowa just made the point that we have got to have prices, not more loans. The gentleman from South Dakota made the identical point, and I just want to point out to the Congress and to the American people that in the last 3 years this administration has extended now $6 billion of emergency farm credit to meet the disaster that exists there.

We cannot live on emergency credit. We need prices, and we need programs that are going to accomplish that objective. We need a Government that works with its farmers and not against its farmers, as this administration has done, and the profound impact that is being felt in rural America, I think, will be measured in the terms we used back during the depression era. It is the worst situation that has existed since back during the era of the 1930's and up to the early 1940's.

Mr. BEDELL. Mr. Speaker, will the gentleman yield?

Mr. HAGEDORN. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Speaker, I certainly agree with the gentleman in regard to the increase in the loan rate. I think we should remember that the administration has the authority to do that tomorrow if they see fit to do it. What the gentleman is proposing is a very modest proposal. We were assured that the farmers would not bear the brunt of the cost of the embargo. I think this should be clearly pointed out. This would be a small thing they can do to at least help in some way to see that they really meant what they said.

Mr. HAGEDORN. I thank the gentleman. Unfortunately, authority is not evidently what this administration exercises, but it is, in fact, going to have to be forced by the actions of this Congress to every possible outcome that we can use to make them do what they refuse to do, and what is so desperately needed.

Mr. FOLEY. Mr. Speaker, I yield 2 minutes for debate only to the gentleman from Iowa (Mr. TAUKE).

Mr. TAUKE. Mr. Speaker, I wish to thank the distinguished gentleman from Washington, the chairman of the committee, and also to commend him for his outstanding efforts in bringing this legislation before the House. I am positive of this, that with the passage of this legislation, not only will we provide the administration with an opportunity to respond to the crisis which we are experiencing in the Middle West, but also we will give to the administration a message expressing our deep concern about this crisis in the farm belt and that we want administrative action.

Now, I can fully understand from the President's viewpoint why it is important to hold down inflation, and I can understand why it might appear attractive to pursue a cheap food policy. But, from the standpoint of the long-term welfare of the Nation, as well as from the standpoint of the short-term welfare of a portion of the country that is dependent upon sound agricultural prices in order to maintain a good economy, it is essential that we have a reasonable farm program at this critical time. Put simply, we in the Midwest cannot afford the cheap food policies of the administration.

This legislation is essential in light of the adverse impact that the Soviet grain embargo has had on American agriculture. The embargo has depressed the grain market, causing many farmers great economic hardship. Our problems have been compounded by the tight-money, high-interest policies of the administration. If we do not provide some immediate relief, many farmers will go under this spring for lack of operating capital.

During the past several months, because of the variety of reasons, including the general state of the economy and the embargo imposed by the President on American grain shipped to the Soviet Union, we are on the brink of a disastrous economic situation in agriculture and related industries.

As people have pointed out here today, it is not enough simply for us to take action which will make credit available, although that action certainly would be helpful; it is also essential that we have reasonable prices, and credit is no replacement for reasonable prices.

□ 1640

Mr. Speaker, I am hopeful that, as a result of this measure and others which hopefully will follow, we will have both credit and reasonable prices.

Mr. FOLEY. Mr. Speaker, I yield 2 minutes, for the purpose of debate only, to the gentleman from Montana (Mr. MARLENEE).

Mr. MARLENEE. Mr. Speaker, it is imperative that we move to increase agriculture income at the farm level. Agricultural producers, as well as the entire agricultural industry is suffering from the increases in the cost of production and the declining prices. In my State of Montana, grain, hog, and cattle prices have all declined drastically over the past days. While the measure before us gives some relief to the agricultural community, it is not sufficient. I call on my colleagues to continue to pressure the administration for increased loan rates, for increased storage payments, and to actively seek the expansion of foreign markets.

Mr. Speaker, I yield back the balance of my time.

Mr. FOLEY. Mr. Speaker, I yield 2 minutes, for the purpose of debate only, to the gentlewoman from Nebraska (Mrs. SMITH).

Mrs. SMITH of Nebraska. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in strong support of the Senate bill. I come from one of the most agricultural areas in this country, and let me tell the Members that if we do not get some help for our agricultural industry, we have disaster ahead of us. We cannot continue on this course very much longer.

One of my friends called the other day and explained the situation as well as anybody when he said:

> Mrs. Smith, I know right now that I cannot buy seed corn and fertilizer, pay the water rates, and pay the taxes, at $2.90 a bushel. I cannot break even.

I was out in my district last weekend and visited the people in six town hall meetings in small towns. In one town there is a small manufacturer who is the biggest employer in the town. He has hired 15 people for 12 years, and now he has had to let 14 of them go. Nobody is buying anything.

Mr. Speaker, I think this is absolutely essential. It is minimal aid, and I hope the Members will give this bill their strong support.

This legislation would help mitigate the effect that the Russian grain sales suspension has had on American agriculture by encouraging greater participation in the farmer-held reserve program for corn and wheat and make Government-owned corn more readily available for the production of alcohol for motor fuel. In order to encourage producers to store their 1979 crops of corn and wheat for extended periods of time, the bill would authorize the Secretary of Agriculture to make long-term price support loans under the farmer-held reserve program on the 1979 crops of corn and wheat to any producer who did not participate in the 1979 set-aside program for the commodity. Current loan levels are $2.10 per bushel for corn and $2.50 per bushel for wheat.

The bill would also allow the sale of corn from Commodity Credit Corporation stocks at not less than the relief level for corn under the farmer-held reserve program for the production of alcohol for motor fuel at facilities that begin operation after January 4, 1980. Currently, the release level for corn is $2.63 per bushel or 125 percent of the corn loan rate.

The first provision would isolate excess corn and wheat supplies from the market, provide farmers with some operating capital so that they can plant their spring crops, and eventually increase the market price for these commodities. The second provision would assure that Government-owned corn would not hang over the market if prices start to rise. I hope this legislation will have the full support of the House.

Mr. FOLEY. Mr. Speaker, I yield 2 minutes for purposes of debate only, to the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, most Members, when I rise on this floor, feel that I am going to talk about tobacco. This afternoon that is not true. In my district we raise a great amount of corn and a vast amount of peanuts. We raise soybeans in my district and in all of eastern North Carolina.

I can assure the Members that never in my memory has the farm economy been at the low level that it is today.

Mr. Speaker, although this is not a complete solution, it is a step in the right direction. I support the legislation and hope that we will dedicate our efforts to improving, at least to a break-even point, the plight of the American farmer.

Mr. BEDELL. Mr. Speaker, will the gentleman yield?

Mr. JONES of North Carolina. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Speaker, the gentleman from North Carolina (Mr. JONES) mentioned the fact that in his district they raise a lot of soybeans. It is also true that the administration has the authority to extend the soybean loan to people who are not in the program.

This would also be very, very helpful if the administration would do that, and I certainly urge that it do so.

Mr. JONES of North Carolina. Mr. Speaker, I yield back the balance of my time.

● Mr. TRAXLER. Mr. Speaker, I want to associate myself with the comments of the gentleman from Washington, the chairman of the House Agriculture Committee, Mr. FOLEY. I certainly agree that this body should support without question the bill before us. S. 2427, a bill to allow for authority for the reopening of the farmer-held wheat crop and grain reserve program of 1979.

We have a commitment to our farmers. The President promised them that they would not be adversely affected by the Soviet grain embargo, and I believe that this body has to help the President to keep that promise.

We need farmers to produce food, and if we do not provide for adequate opportunities for farmers to obtain the credit they need to grow their crops this year, we will face a far more serious problem with food shortages than at any other time in recent memory.

This bill is a very limited measure. It provides authority to the Secretary of Agriculture to open up the farmer-held grain reserve to farmers who did not participate in the 1979 set-aside program, and I am sure that any such action by the Secretary would be very limited.

It is my understanding that it is the intent of the Committee on Agriculture that the Secretary not waive the first year's interest on these loans as the price that nonparticipating farmers would have to pay for being able to obtain crop support loans. This is a very small price for farmers to pay, and one which I am sure many farmers would gladly pay in order to get access to crop loans.

The measure also provides for a reasonable increase in the maximum amount for crop storage facility loans, an increase which is necessary in these times of double-digit inflation.

Mr. Speaker, the American consumer has a friend in the farmer. If the farmer is not provided with this reasonable assistance, consumers will scream for the food prices that we have today, for without the American agricultural structure that we have in this country at this time, food prices would certainly be much higher than they currently are.

I urge my colleagues to vote "yea" on the passage of S. 2427.●

Mr. FOLEY. Mr. Speaker, if there are no further requests for time, I move the previous question on the Senate bill.

The previous question was ordered.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that I may be allowed to revise and extend my remarks made on the Senate bill during the debate, and that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

## APPOINTMENT OF CONFEREES ON S. 1125, FEDERAL CROP INSURANCE ACT OF 1979

Mr. FOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1125) to improve and expand the Federal crop insurance program, and for other purposes, with the House amendments thereto, insist on the House amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington? The Chair hears none and, without objection, appoints the following conferees: Messrs. FOLEY, JONES of Tennessee, HARKIN, HUCKABY, GLICKMAN, HANCE, BROWN of California, RICHMOND, BALDUS, BEDELL, ENGLISH, PANETTA, DASCHLE, WAMPLER, MADIGAN, JEFFORDS, KELLY, COLEMAN, MARLENEE, and HOPKINS.

There was no objection.

## FLOOR STATEMENT ON NEW PLUM BROOK BILL OF CONGRESSMAN DONALD J. PEASE

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PEASE. Mr. Speaker, America's

farmland is a natural resource of profound national and international importance. This land enables our people to be among the best fed in the world and, at the same time, to contribute more than any other nation toward fighting world hunger. It is no secret that our agricultural economy is the envy of the world and American farmers through their productivity make the biggest contribution toward redressing our serious balance-of-payments problems. But forces are at work within our society and isolated decisions about agricultural lands with potentially grave consequences are actually being made now at a time when the crucial importance of this resource is practically invisible to most Americans. Consider the following:

> In my lifetime, we have paved over the equivalent of all the cropland in Ohio. Before this century is out, we will pave over an area the size of Indiana.—Secretary of Agriculture, Bob Bergland.

One million acres of prime American farmland has been converted to nonagricultural use per year during the past decade.

And 3 to 5 million acres per year is the rate at which all U.S. farmland is being converted to nonagricultural use.

Since we are a largely urban society, many of us may ask: "In a country as big as America, why should we be concerned if the total acreage of farmland is declining?" The seriousness of the threat posed by current trends of vanishing farmland was graphically illustrated by Washington correspondent George Anthan in a series of articles published last July in the Des Moines Register:

> Every time a baby is born in the U.S., agriculture loses 1 and ⅓ acres of cropland. The connection isn't direct—it's a mathematical comparison of population and land loss trends—but it dramatizes a problem: our population is growing, our annuable farm land is shrinking, and our per-acre crop yields are leveling off.

Anthan lists the following projections for the year 2000 if current farmland losses continue:

All food produced in the United States will be consumed here.

Consumer food prices will be pushed sharply upward. This will be a "real" price increase, not just an "inflation" increase.

Food exports no longer will be available to help offset massive trade deficits, such as payments for foreign oil. This almost certainly would have a major negative effect on our national economy.

The hungry people of other nations will be on their own for food supplies.

To make matters worse, foreign investors are buying more and more American farmland—they even get a break on capital gains taxes that Americans do not get. A GAO report issued last July found that in a survey of all land purchases in 55 counties between January 1, 1977 and June 30, 1978, of the 3 million acres that changed hands, 248,146 acres (8 percent of the total) was purchased by foreign investors from at least 30 countries.

Many other countries do much more than America to preserve ownership of land among their own citizens, particularly farmland. For example, most of the OPEC countries have laws prohibiting foreigners from buying any public or private lands within their borders. I am including with this statement a chart demonstrating how much easier it is for foreign investors to buy American farmland than is the case in many countries including our allies such as Japan.

Concern for our shrinking farmland is growing. Unfortunately, as is too often the case, some U.S. Government agencies are working at cross purposes. Although the 1969 National Environmental Policy Act, an August 1976 memorandum by the President's Council on Environmental Quality, and the U.S. Department of Agriculture's current land-use policy all ask Federal agencies to analyze the effects of their activities on prime farmland and to make a special effort to protect these lands from conversion to other uses, the General Services Administration (GSA) has not gotten the message. Even now, while the national agricultural lands study which was initiated in June 1979 with 11 Federal agencies participating under the cochairmanship of the U.S. Secretary of Agriculture and the Chairman of the Council on Environmental Quality is underway and due to be completed in January 1981, the GSA has continued to sell prime farmland for nonagricultural uses. Specifically, in 1979, GSA sold at public auction or transferred to local governments nonprofit organizations approximately 14,340 acres of land valued at $165 million (some of it prime farmland) with little regard for returning to agricultural use surplused Federal land. As you might imagine, those Americans who were farming the land prior to its acquisition by the U.S. Government find it very difficult to reacquire the same land when it is surplused and they have to compete in public auction with foreign investors and/commercial developers.

At this juncture, when the Federal Government's role in support of State and local government efforts aimed at retaining farmland is still evolving, it makes sense for the Congress to take a qualified step to encourage returning farmland no longer needed by the U.S. Government to farm production in American hands. I have prepared a bill to achieve this limited and timely purpose.

My bill amends the Federal Property Act of 1949 to state that with respect to surplus Federal lands to be disposed of by GSA which were in agricultural use at the time they were acquired by the U.S. Government, prior owners or tenants who lease from prior owners would be given first right of refusal to buy back their farmland at fair market value as determined by independent appraisal. In simplest terms, under my bill, persons who were farming certain lands and who sold their property to the U.S. Government would be given the right to buy their land back prior to it being auctioned in public provided the prior owner or tenant whichever applies agree to return the land to agricultural use for at least 15 years.

This legislation will insure that the U.S. Government protects our vital interest in keeping prime American farmland in agricultural use and primarily in American hands. It is fair and prudent that the U.S. Government set an example by giving American farmers the right to buy back their land at fair market value once the U.S. Government no longer has a use for it.

Finally, GSA should have no difficulty in administering this bill should it become law since there already exists legal precedence for granting first right of refusal on farmland surplused by the Federal Government. Throughout the 1940's, such a priority was established under Federal law by the Surplus Property Act.

The following list shows how foreign countries regulate the use of their public or private lands:

POLICIES GOVERNING ACQUISITION OF PUBLIC AND/OR PRIVATE LANDS IN FOREIGN COUNTRIES

Iraq, Kuwait, Qatar, Libya, and Saudi Arabia.—These nations prohibit foreigners from purchasing public or private land.

Portugal, Belgium, and United Kingdom.—No restrictions are placed on aliens who wish to purchase public or private land.

Argentina.—Aliens are required to register with the government if purchasing public or private land.

Austria.—All Austrian states restrict foreign ownership of agricultural and forestry land, and the majority of them restrict alien ownership of all public or private land. Aliens must obtain a permit from the state government to purchase public or private land that is available to foreigners.

Brazil.—Aliens are not allowed to own land along national borders. Aliens are not allowed to own agricultural land without permission from the government. Foreigners are allowed to purchase all other public or private land that is for sale.

France, West Germany.—Aliens are allowed to purchase public or private land if there exists a reciprocal relationship with the country the alien is from.

Guatemala.—Foreigners must obtain a permit from the government before purchasing public or private land. Aliens cannot buy land within 3 kilometers of oceans, lakes, or rivers. Foreigners cannot buy land 50 kilometers of a border line, unless they obtain special permission from the government.

Mexico.—Foreigners can purchase public and private land with permission from the government. Under no circumstance may an alien acquire direct ownership of lands or waters within a zone of 100 kilometers along the frontiers and 50 kilometers along shores of the country.

Japan.—Foreigners may acquire public and private land after obtaining the approval of the government.

Canada—Strict screening procedures are used by the government to check aliens who wish to buy public or private land. The Canadian provinces also impose their own restrictions on foreigners who want to buy public or private land.

Switzerland.—Aliens must obtain a permit from the government. Foreigners are not allowed to buy land near military installations.

Foreign Investment in U.S. Agricultural Land—How it Shapes Up. G.A.O., July 30, 1979.

Land ownership by Nonresidents in certain Foreign Countries, Carleton W. Kenyon, Law Library of Congress, November 28, 1979.

## ASSURED PUBLIC PARTICIPATION IN PUBLIC HOUSING DECISIONMAKING AMENDMENTS OF 1980

(Mr. LOEFFLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LOEFFLER. Mr. Speaker, I am today introducing legislation amending the Housing and Community Development Act of 1974. My bill is entitled the Assured Public Participation in Public Housing Decisionmaking Amendments of 1980.

The purpose of my bill is simple, and the need clear. The 1974 act was intended to remove Washington's stranglehold over local community development activities by returning much of the decisionmaking to the localities—their rightful place. In many ways, in many areas, the act has worked well.

In many cases, local governments have bent over backwards to abide by the letter of the law. But because of inadequacies of the 1974 act, the spirit of the law may not necessarily have been upheld. Many communities include the public throughout the hearing and application process. In some instances, however, citizens do not know that a specific project has been approved—or a specific site selected—until a bulldozer shows up across the street.

Even though more than the required number of public hearings may have been held, nothing in the 1974 law states that project sites must be identified specifically. Currently, citizens who attend the hearings may never know which sites are under active consideration—and may never really know which are finally selected, until construction actually begins.

Quite simply, my amendments remove any uncertainty about what is required and they mandate equity. In no way do they hinder the process by which communities apply for community development assistance. In no way will they prevent a project from being approved if local officials deem it appropriate to move forward.

What my amendments will do is make certain the public is fully informed about community development and housing activities, and that they have the proper opportunity and forum to express their viewpoint, well in advance of a final decision.

Local decisionmaking for local projects must be maintained. My bill broadens the definition of local decisionmaking to include increased citizen participation.

I urge my colleagues to join me in enacting these amendments.

A more complete explanation of the provisions of the amendments follows:

Subsection (a)(1) would amend the Housing and Community Development Act of 1974 to require that housing assistance plans (HAP's) include a detailed assessment of the locations that most likely will be utilized for lower-income housing projects. Current law merely requires that the HAP's indicate the "general locations" which the community finds acceptable for lower-income housing projects. This new provision is intended to direct the attention of the public, whose participation is required by section 104(a)(6)(c) of the act, to those locations which the community assesses to be the "most likely" sites of these projects. Such an assessment could be based on knowledge of current zoning status or requests for zoning changes as well as expressions of interest by developers which may have indicated their desire to build in locations where they own land or have an option to buy. It would also be based upon the community's knowledge of available facilities, including transportation and the impact on local schools which would make certain of the sites more desirable than others.

Subsection (a)(2) would conform the citizen participation provisions of paragraph (6)(c) of section 104(a) of the 1974 act to the changes made in subsection (a)(1) of the proposal. This would enable a better utilization of the citizen participation process in that it would direct attention to more specific areas of the community rather than limiting comments to the more amorphous "general locations" provided under current law.

Subsection (b) would amend section 213(a)(1)(B) of the 1974 act to require that upon a receipt of an application for housing assistance for a community with an approved HAP, the Secretary afford the public, through an open hearing held by the community, an opportunity to object to the approval of the application as being inconsistent with the HAP. Under current law, only the unit of general local government is required to be provided with such an opportunity. The amendment would not change the substantive operation of the objection process in that the restrictions of paragraph (2) of section 213(a), relating to the Secretary's approval of a project, would remain limited to objection by the unit of local government.

In effect, subsection (b) would require a community to offer its citizens a chance to comment on the specific project for which an application has been received by HUD. While the citizens could not disapprove an application, this process would assure that their views were expressed. It would be consistent with the intent of this provision for the community to consider the citizen comments and if, despite any citizen objections, the community finds the proposed project consistent with the HAP, forward a summary of the points raised in the hearing to HUD along with its recommendations. This would be an appropriate and rational way to assure that the citizens concerns are known at all levels of the approval process. All of this would be done within the current 30-day time limit in the statute.

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## SPONSORING H.R. 5977, THE JAPANESE-AMERICAN HUMAN RIGHTS VIOLATION REDRESS ACT

(Mr. LOWRY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

● Mr. LOWRY. Mr. Speaker, today 16 of our colleagues have joined me in sponsorship of H.R. 5977, the Japanese-American Human Rights Violation Redress Act.

Thirty-eight years ago today, on February 19, 1942, less than 2 months after the attack on Pearl Harbor by the Japanese Government, over 110,000 American citizens had their constitutional rights denied them by the U.S. Government. On that day, then-President of the United States Franklin D. Roosevelt issued Executive Order 9066. This Presidential mandate forced Americans of Japanese ancestry to submit to relocation and internment in camps for an average period of 3 years. Executive Order 9066 was supported by congressional action and upheld by several Supreme Court rulings. All three branches of our Government acted in concert to deny due process and precious constitutional rights. Wartime hysteria fueled by racial prejudice allowed a nation steeped in traditions safeguarding individual rights and freedoms to casually push those rights and freedoms aside.

It is clear that Japanese Americans were submitted to a grievous injustice when they were forced to abandon homes and businesses, dispose of personal belongings, leave jobs, disrupt education, and face separation from families and friends. These facts are supported by easily obtainable Government records. The disruption of relocation and internment to normal family and community life is evident. In addition, there were never any formal accusations, no trials and not a single conviction associated with internment.

Japanese Americans became the recipients of our Nation's wartime hostilities. In large part, patriotism was redefined to mean anti-Japanese. Many Japanese responded by attempting to become "super" Americans, going to great lengths to prove their loyalty to this Nation. They fought honorably in World War II and displayed their commitment to America in many other ways. In fact, over the years, Japanese Americans became known as the "model minority," the ethnic group pointed out to other minorities as the group to emulate. Here was a racial minority that "didn't rock the boat" and was able to "pull themselves up by their bootstraps." Of course, this stereotype negated the anger and frustration that most Japanese Americans kept to themselves. Only recently have those interned begun to speak out and to talk about their experiences.

The internment of Japanese Americans by the U.S. Government is one of the most shameful and destructive chapters in our Nation's history. I feel that the time to seriously address this issue is long overdue. While the tremendous material and personal losses incurred by the Japanese Americans can never truly be compensated for, a genuine effort must be made. This legislation provides monetary payment to those Japanese Americans or legal aliens—or certain of their heirs—who were relocated or ordered into internment camps during World War II. I am also hopeful that a national dialog will develop from this legislation focusing on the issue of internment. We must take strong action to insure that this type of gross violation of our Constitution is never allowed again.●

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## TRIBUTE TO THE LATE HONORABLE GEORGE FALLON, FORMER MEMBER OF THE U.S. HOUSE OF REPRESENTATIVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. LONG) is recognized for 60 minutes.

### GENERAL LEAVE

Mr. LONG of Maryland. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of the life, character, and public service of our late colleague, the Honorable George Fallon, former Member of the U.S. House of Representatives.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. LONG of Maryland. Mr. Speaker, I rise to pay a special and heartfelt tribute to George Fallon, who passed away last week at the age of 77. George represented Maryland's Fourth Congressional District for 13 terms. He was dean of the Maryland congressional delegation. And he was, from 1965 until his retirement in 1970, chairman of the House Public Works Committee.

George was a Congressman's Congressman. He was a legislative technician—and was, at the same time, genuinely attuned and responsive to the needs of his constituents. He served the House, and the people he represented, responsibly and well.

George is best known for his sponsorship of the Fallon Act, under which our modern National Highway System was built. His vision of America—a people in touch, on the move, building new industry and communities along a 3,000-mile expanse of land—is our legacy.

George was proud of the work he did in Congress. He said, when he retired, that—

> There's no place what I can go that I won't see a monument to the Public Works Committee, a building, a bridge, a road, a dam.

Those of us who knew George well remember his even temperament, his steady humor, his personal warmth. We also remember the strength of his principles, his willingness to take responsibility, his commitment to his ideals.

Our sympathy goes to his widow, Willa Fallon; his daughter, Joyce O'Connor; a brother, Lawrence Fallon; a sister, Regina Fallon, and his four grandchildren.

☐ 1650

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from Texas.

Mr. GONZALEZ. I thank the gentleman for yielding.

Mr. Speaker, I, too, wish to join this distinguished leader in eulogizing the memory of a most honorable former Member of this House whom I had the great privilege and honor of knowing upon my arriving here in 1962.

Mr. Fallon was unusually friendly. I think that everyone of us will always remember and never forget those who were very friendly at the beginning of one's career in a legislative body, and Chairman Fallon fell in that category and continues to, in my heart and my memory. He was always a gentleman, cordial, and, to me, epitomized the success and the personality of a distinguished Representative from one of these Northeastern States, as I call it, even though, actually, Maryland is a Southern State. I have always identified it more with the Northeast, coming from Texas.

More specifically, I had a chance to know Chairman Fallon just a little bit better because at our customary Texas luncheon table in the Members' private room he was always a very special guest of ours. He would more often than not sit with us Texans and chat and exchange his impressions and views. So it was with considerable sadness and a real sense of loss that I read of his passing just recently, and I wish to also join the gentleman in the well in extending my heartfelt condolences to his widow and to members of his family.

Mr. LONG of Maryland. I thank the gentleman from Texas for his remarks. I think the gentleman from Texas has admirably captured the essence of George Fallon's personality and temperament. Mr. Fallon was a quick-witted person, too. When the Puerto Rican nationalists shot up the House floor and wounded a number of Congressmen, George Fallon himself was wounded in a very delicate place. He was on his way in an ambulance to go out to Bethesda, I believe, and the other Congressman, from Michigan, was obviously failing very fast. George was quick-witted, had the presence of mind to cancel the trip to Bethesda and order the ambulance to go to Walter Reed, which was much closer, and thereby saved the life of the Congressman from Michigan. George was a very good-humored person. He did not hold bitterness when he was defeated. He had been here for 26 years. He felt he had a good tour of duty. Anybody could tell he never felt any bitterness or rancor that he had been defeated at the end of a long and distinguished career. I am glad the gentleman from Texas remembers him.

One of the problems, of course, in staying in Congress, or, let us say, leaving Congress a long time before you die is that so many of our Members do not remember them, and an awful lot of Congressmen have retired in the years since George Fallon left here, which was in 1972. I only wish that more of those who served with him could be here to help honor him today.

● Mr. RHODES. Mr. Speaker, I share with many of my colleagues our sense of loss over the passing of a man who served 26 years in the House, George H. Fallon.

He came to Congress in 1944, and rose to the chairmanship of the House Public Works Committee, where he was a tireless worker for the completion of the Nation's major highway system. He served during tumultuous times, and was one of the Members wounded when the House floor was shot up by invaders in 1954.

It was my privilege to know George Fallon well, as a friend, and I have a great respect for his dedication to what he believed was right. He was a booster for development of the Nation's transportation and water resources, and an independent thinker on many issues that came before the House.

He served his beloved city of Baltimore and the House with great distinction, and many public works projects around the country are monuments to his efforts. Our Nation is the richer for his having served in the Congress.●

● Mr. MILLER of Ohio. Mr. Speaker, when I first came to the Congress during the 90th Congress I was appointed a member of the House Public Works Committee. The chairman of that committee at that time was George Fallon.

Like any freshman Member I had a lot to learn about the workings and proceedings of the Congress and about the committees to which I was assigned.

George Fallon went out of his way to see that this learning process was made easy. He was a kind, understanding man who took the time to be helpful—who took the time to be friendly.

Like many of my colleagues who served in the House with George, I was deeply saddened to learn of his passing on March 21. His 26 years of service to this body will long be remembered.

Let me take this opportunity to express my heartfelt condolences to his wife and family. George will be dearly missed by all who knew him.●

● Mrs. HOLT. Mr. Speaker, I am pleased to offer this tribute to the late George H. Fallon, who served honorably and with great accomplishment in this House for 26 years.

He served Maryland well, and he served our country well as a representative from Baltimore. He achieved a position of significant prestige and authority as chairman of the House Public Works Committee, and he was a father of the Interstate Highway System that has been of enormous value to our country.

His hand touched many projects that today provide major components of the infrastructure of our country—highways, bridges, harbors, dams. Communities throughout the United States have been helped by legislation that came from the Public Works Committee under his leadership.

But George H. Fallon was basically a Baltimorean. He was born there and lived there throughout his life. He served 6 years in the city council before his election to Congress in 1944.

He left here almost 10 years ago, but many senior Members remember him with fondness, I believe he was an outstanding public servant.●

● Mr. BROOKS. Mr. Speaker, I was saddened to learn of the death of our former colleague, George Fallon. During the years we served together in this body

I found him to be a man of unfailing kindness and good humor, always ready with helpful advice, particularly for younger members.

As chairman of the Public Works Committee he was patient and understanding in dealing with the many requests for projects brought before the committee. His wit and manner were such that even when he turned you down you came away smiling. In exercising his authority as chairman—and George served when chairmen had great authority—he showed sound judgment and restraint, and when he left the House, he left with a record that he could well be proud of.

I am not one of those who believes that the good old days are necessarily the best, but I am glad that I had an opportunity to serve with that fine gentleman from Maryland, George Fallon. I hope he enjoyed to the fullest his all too brief years of retirement.●

● Mr. ANDERSON of California. Mr. Speaker, let me take this opportunity to say a few words about a man I served with here in the House of Representatives. He was a fine man, a dear friend, and a trusted colleague—I speak of George H. Fallon of Maryland.

George left Congress at the end of his 13th term, after 26 long years of dedicated work here in Washington representing Maryland's Fourth Congressional District.

It was my privilege to work with George when he was the chairman of the House Public Works and Transportation Committee for my first term in the House. I was able to see first hand the accomplishments due to his dedicated leadership and skillful guidance. Under his firm hand, the legislation produced by the Public Works and Transportation Committee improved markedly. He orchestrated the establishment of the Interstate Highway System, better known as the Fallon Act, which continues to serve the national needs of the American people and her industries in an outstanding manner.

Both my wife, Lee, and I were saddened to hear of George's passing, and know the city of Baltimore, his colleagues and his family shall miss him tremendously. To his wife, Willa, his daughter, Joyce, and his four grandchildren, I offer our sincerest hopes for a healthy and prosperous future.●

● Mr. HORTON. Mr. Speaker, on March 21, 1980, our former colleague, Congressman George H. Fallon passed away. Like many of my colleagues, I had the privilege of serving with George and came to know and respect him.

Maryland's Fourth Congressional District was ably served for 13 terms, from 1944 to 1971. Throughout his service in the House, George gained the reputation as a commonsense Representative. His reputation extended beyond the Halls of Congress as well.

As sponsor of what became known as the Fallon Act, George rightfully assumed a leadership role in our Nation's highway program. His able chairmanship of the House Public Works Committee will long be remembered by those who served with him.

I join my colleague from Maryland, Congressman Long, in extending sympathy to George's widow Willa; his daughter Joyce O'Connor; his brother Lawrence Fallon; his sister, Regina Fallon; and his four grandchildren.●

● Mr. HOWARD. Mr. Speaker, many of us remember George Fallon as a man of outstanding character and strong leadership. We remember his quiet determination and unpretentious manner. We remember his faithful, effective service to his constituents and all Americans.

On Friday, March 21, George Fallon, a dear friend and distinguished former colleague, died in his native Baltimore at the age of 77.

He was a man who rose swiftly from Baltimore's ninth ward to the U.S. House of Representatives. A deep appreciation of an efficient transportation network's importance characterized his 26 years in the Congress. He was a driving force behind our remarkable interstate highway system, and he consistently urged improving our highways and maintaining a strong highway trust fund.

This man, so responsible for our vast road network, still remembered the importance of our environment and natural resources. He believed and once commented that "one of the most important problems facing the country today is the future need for fresh water."

George Fallon's open-mindedness and intelligence impressed those in contact with him. A chairman of New York's Triborough Bridge Authority once described him as "one of the most effective, intelligent, and forceful committee chairmen it has been my pleasure to work with."

I was fortunate to serve with George for 6 years on the Public Works Committee. The man's legacy in Congress and the committee certainly reflects his personal dedication and pride.

Mr. Speaker, I would like to extend my deepest condolences to George Fallon's family. America will truly miss him.●

● Mr. CLAUSEN. Mr. Speaker, I join my colleagues in paying my respects to our former colleague, George Fallon. It was my honor and my privilege to have served with George for 5 years on the Public Works Committee. He was always congenial, cooperative, and helpful in his capacity as chairman of that committee—but most of all, I will remember George as a gentleman.

George was a good Congressman, a good citizen, and a good colleague. He will be remembered as the founder of our national system of interstate and defense highways which stands today as the safest and most traveled highway network in the world—in addition to being one of the greatest public works projects in the history of this Nation.

George came to Congress from the grassroots of Baltimore politics and was equally responsive and understanding to the needs and goals of urban areas, suburban areas, and rural areas—whatever served the public need. He was a man who always got things done and got them done well. He always embodied and exemplified the Congress and the tradition of legislative accomplishment.

He was forthright and eloquent in his belief in our system of Government and the American way of life. His 26 years in Congress was marked by that quality of personal commitment and dedicated service which typifies a professional statesman. Through talent, energy, and sheer genius he won the admiration of his colleagues and personal associates. All those around him benefited from his presence. All grieve his passing. I wish to extend my sympathy to his wife, Willa; his daughter and other members of his family in their loss and bereavement.●

● Mr. BRINKLEY. Mr. Speaker, I rise in respect to our late friend and colleague, George Fallon, who was a good man and a dear friend.

The best loved of all our fellows, I believe, are those who are simply themselves, without guile and without pretense and without encumbrances. George Fallon was such a man. He met others on their level and as equals. It felt good to be around him because it was comfortable to be in his presence.

I salute the people of Maryland's Fourth District for having had the good judgment to send him to Congress to represent them as their man in the House. May our lesson from his life be learned as one of service and good will.●

● Mr. ADDABBO. Mr. Speaker, I would like to take this opportunity to express my heartfelt sadness at the loss of my longtime colleague and trusted friend, George H. Fallon, of Baltimore, Md., who was taken from us recently.

I had known George since the day I arrived in Washington almost 20 years ago, and quickly discovered that here was a man as devoted to serving the people of Maryland and the Nation as a whole than most men I would work with in this Chamber. In the nearly three decades he served in the House of Representatives he developed a reputation as a hard-working, trusted, and respected Representative who was always looking forward, always thinking that crucial decisions had to be made today so the citizens of tomorrow would be better served. He had a sincere belief that the Federal Government could continue to be a helpful partner with the States, providing projects, whether it was building highways, airports, or harbors, projects that would provide countless jobs for thousands of men and women in every State. I can honestly say, and without hesitation, that I never worked with a man who changed the face of America the way George Fallon did. "The father of the Interstate Highway System," as many have rightfully called him, is responsible for enabling millions of people to travel more, whether it be to homes in the suburbs, away from the crowded cities, or across the country, giving Americans the chance to view the countless splendors of our Nation. Through his guidance of yesterday, today we have a highway system encompassing every State, moving people, as well as goods and services efficiently, safely, and reliably every day of the year.

But there was more than just highways or harbors to this gentleman from Baltimore, for he was aware that the Federal

Government could provide more than just public works programs for its people, it had the ability to make inroads into the lives of those people in society who find themselves victims of discrimination. In throwing his support behind the passage of the 1961 Housing Act, the 1964 Civil Rights Act, and the 1964 antipoverty bill and tax cut, among others, George made the right decisions that today have improved the lives of millions of Americans.

The city of Baltimore, the people of this Nation, and all of us who ever had the privilege of working with George, have lost a dear and caring friend, a man who fought so hard for so many. To his wife, his daughter, his grandchildren, and his countless friends, I offer my sincere sympathy and share with them a feeling of irreplaceable loss.●

● Mr. BOLAND. Mr. Speaker, I join my colleagues in paying tribute to the late George Fallon, a distinguished Member of this House for 26 years, who died on Friday, March 21. George's career in public office made a profound impression on the history of this Nation.

From his early days in Baltimore politics to the end of his fruitful life, he demonstrated leadership and foresight. Those of us who served with George recall his even handedness and sound judgment. As the chairman of the House Public Works Committee he shaped a number of construction programs which quite literally changed the face of America. Chief among these were the substantial additions to our network of interstate and other highways authorized by the act which bears his name. These projects facilitated the tremendous economic growth of the last three decades, insuring the continued strength of America.

Today we extend our deepest sympathy to his widow Willa Fallon and his family.●

● Mr. UDALL. Mr. Speaker, George Fallon was a very effective Congressman who above all was fair—fair to me and to the rest of his colleagues. He served this House and the people of his district well. As the chairman of a major committee, he was a credit to Maryland and to his beloved Baltimore. My deepest sympathy goes to his family.●

● Mr. HARSHA. Mr. Speaker, I would like to join with my colleagues in paying tribute to one of our former colleagues, George Fallon, of Maryland.

It was with great sadness that I learned of George's death, and I am sure that all of us who were privileged to serve with him in the House mourn his passing.

George was a dedicated public servant who served the people of Baltimore for 32 years, first as a member of the city council and later in the House of Representatives. The people of the Fourth Congressional District were indeed fortunate to have a man of his character and ability represent them in the Congress, and he served them faithfully and well.

During his 13 terms in Congress, George's interests were concentrated primarily in the public works area. As a member of the Committee on Public Works and Transportation since coming to Congress in 1961, it was my privilege and pleasure to work with him and to learn at first-hand of his expertise in matters coming within the jurisdiction of our committee. As chairman of the Subcommittee on Public Roads, he was the chief architect of the Federal aid highway program, the largest public works project in our history. He subsequently served as chairman of the full committee from 1965 until his retirement in 1970, and during this time he clearly demonstrated his outstanding ability and earned the respect and affection of his colleagues on the committee. He left his imprint not only on our highway system but also on matters involving water pollution, rivers and harbors, public buildings, and other aspects of public works.

George Fallon served the people of his district and our Nation effectively and with dedication, and I feel that all Americans have benefited from his foresight and his major contributions to our highway system and other public works projects.

I would like to take this means of expressing my deepest sympathy to his wife and the other members of his family.●

● Mr. ROYBAL. Mr. Speaker, as the House pauses today to honor the memory of a most distinguished former Member, I would like to express the deep loss shared by all those who had the privilege to know George Fallon. George served his district well for 26 years, and he will be remembered by his colleagues for his integrity, professionalism, and dedicated service to his constituents and the Nation.

George Fallon has clearly earned his place in our Nation's history. As chairman of the House Public Works Committee, he was active in promoting major legislation on highways, dams, and public buildings. He was instrumental in initiating the act that bears his name, which greatly improved the country's highway system.

It is, indeed, with great sadness that we now mark the passing of this fine legislator, colleague, and friend, who worked so hard to create a better life for all Americans. My sincerest sympathy is extended to his widow and entire family.●

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## FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate insists upon its amendments to the bill (H.R. 4612) entitled "An act to amend title XVI of the Social Security Act to maintain for an additional three years the current program of preventive services, referral, and case management for disabled children receiving SSI benefits," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. TALMADGE, Mr. BOREN, Mr. BRADLEY, Mr. DOLE, and Mr. CHAFEE to be the conferees on the part of the Senate.

## VACILLATING, WAFFLING, AND ZIG-ZAGGING—THE NEED TO REASSESS THE COURSE OF AMERICAN FOREIGN POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. TAUKE) is recognized for 10 minutes.

Mr. TAUKE. Mr. Speaker, during the past 5 months, the attention of Americans has been focused on the American hostages in Iran and the Soviet invasion of Afghanistan. But clearly the Nation's foreign policy problems have not developed suddenly; they are the result of several years of mistaken foreign policy decisions.

President Carter came into office at a time when the United States was still reacting to the Vietnam war. Congress had significantly restricted the power of the President in the field of foreign affairs. In his campaign appeal, President Carter had promised to substantially reduce the defense budget. In part, because of the Nation's mood, the restrictions on Presidential power, and his own campaign promises, President Carter began to sow the seeds of foreign policy failure which seem to be sprouting throughout the world today.

In order to understand where we are today, it is helpful to recount some of the major foreign policy decisions during the early Carter years:

In order to achieve the normalization of relations with the People's Republic of China, the Carter administration abandoned the U.S. negotiating position on all three points of contention previously blocking normalization. The United States acceded to the Chinese demands and severed all ties with Taiwan.

The President ordered troop withdrawals from South Korea, only to halt them later when the North Koreans moved to take advantage of the situation.

The President initiated a widely supported, widely acclaimed human rights policy. But it was applied inconsistently and eventually was virtually abandoned.

The President pressured our NATO partners, most notably the West Germans, to accept the neutron bomb as a part of the NATO defense. But after the European leaders took substantial domestic political risk to sell the concept to their people, the President reversed his own decision and halted development of the neutron bomb.

After the United States had worked intensively during the Nixon and Ford administrations to get the Soviet Union out of the Middle East negotiations, President Carter invited the Soviet leaders to participate. Because of the outcry from Israel and Egypt and the American people, that decision was reversed.

The President made several stop-and-start decisions on defense spending; offered totally conflicting signals on the SALT II negotiations; refused to assist in the effort to keep Cuban troops out of Africa; and bungled relationships with Mexico.

During this same period, United Nations Ambassador Andrew Young was confusing the world and Americans with his comments on foreign policy. Some of his more notable quotations: the Cuban troops were a "stabilizing force" in Africa; the Ayatollah Khomeini was a "saint."

And United States policy toward the Soviet Union became increasingly difficult to understand. In the midst of the Salt II negotiations, the President unilaterally canceled the neutron bomb and the B-1 bomber and delayed the deployment of the MX missile and the cruise missile. At the same time, the Soviet Union proceeded with the development of the Backfire bomber and a whole host of new weapons systems.

The general concern about our foreign policy expressed by our allies in the Free World was rarely voiced in the United States. We focused our attention on what were considered to be the successes of the Carter foreign policy—the normalization of relations with China and the Camp David agreements, resulting in peace between Egypt and Israel.

Then last year the American people had second thoughts. The "China card" did not look quite so promising when the People's Republic of China invaded Vietnam immediately after Premier Teng visited the United States. Turmoil in Africa, the suffering in Cambodia, and then the problems in Iran warned us that something was wrong. The presence of Soviet troops in Cuba, the murder of our Ambassador in Afghanistan and the subsequent burning of our Embassy there, and the taking of the American hostages in Iran convinced America that it was time to take stock of our position in the world.

Columnist George Will wrote in the Washington Post last April:

> The elements of a nation's strength are its tools for influencing events (capital, technology, food or weapons—for example, an aircraft carrier in the right place at the right time), and the will and skill to use the tools. The administration lacks the last two, so perhaps it does not matter too much (except to the next administration) what it is doing to the tools.

That view of the Carter foreign policy is shared by more and more Members of Congress and, I believe, by the American people.

Perhaps a brief review of United States actions in Iran will give us some insights into the reasons for the failure of our current foreign policy and some lessons—or at least suggestions—for the future.

The Shah of Iran ruled in his nation for 37 years. The verdict on his reign is not yet determined. But without passing judgment on his policies toward the people of Iran, we can make objective observations about the Shah's relationship with the United States. He was an ally of the United States, and not a bashful one. During the 1973 war in the Middle East, he was the only ruler in the region who banned Soviet overflights. He urged an end to the oil embargo and rushed fuel to U.S. ships. He sent arms to South Vietnam, when that was not a popular thing to do. He provided the United States with a location where our most sophisticated intelligence equipment could conduct surveillance of the Soviet Union. And our Nation based its Middle East and Southern Asian policies on the continued strength and friendliness of Iran.

On New Year's Eve, 1977, President Carter was the guest of the Shah of Iran and toasted his host for his "great leadership" and friendship and loyalty to the United States. Our country did not sense then that a chasm had developed between the Shah and the Iranian people. At first the President pressured the Shah on human rights, then he backed away. The Shah was weakened by the human rights initiative, but the Iranian Government's policies toward the people were not changed. A year after the Carter toast, when mobs were rioting in Tehran, the President helped nudge the Shah into exile.

The U.S. response to the Iranian situation is a study in vacillation. The most remembered incident was the ordering of a U.S. naval task force to sail toward the Persian Gulf and then turn around and sail back to the Philippines. In February of 1979, Iranian mobs invaded the U.S. Embassy for the first time.

Premier Baktiar took over the government when the Shah fled into exile. But he was soon replaced by the Ayatollah Khomeini. Despite Khomeini's daily denunciations of the United States, our country continued to make every effort to maintain and establish good relationships with the new Iranian government.

In August 1980, cablegrams were exchanged between Washington and the U.S. Embassy in Tehran about the prospect of the Shah coming to the United States. American diplomats in Iran warned the U.S. State Department that the admission of the Shah into the U.S. would trigger an emotional outbreak in Iran. The cablegrams discussed the precautions which should be taken at the U.S. Embassy in Iran before the admission of the Shah.

The Shah was admitted to the United States. No precautions were taken at the U.S. Embassy in Iran. And in November the embassy was overrun again, and the American hostages were taken.

The President announced that if the hostages were not released within 5 days that the United States would expel all the Iranian diplomats in America. They have not yet been expelled.

The President repeatedly promised that each day the United States would increase the pressure on Iran to release the hostages. He asked the United Nations to impose economic sanctions on Iran. And he told the U.N. Secretary General that if the United Nations did not act by January 7 that the United States would impose its own economic sanctions. The United Nations did not act. And the United States still has not imposed meaningful economic sanctions.

The President did freeze Iranian assets in this country. They are still frozen. And he decided to expel from the country any Iranian student here with an illegal visa. To date, none has been expelled. But Iranians are coming into the United States at a rate of 50 per day. And customs officials are told to handle them with "kid gloves" in order to avoid offending Iran.

About a month ago, the President called Members of Congress over to the White House to discuss the situation in Iran and foreign policy generally. He assured the Members of Congress that the United States would never agree to sending any kind of commission to Iran to investigate the alleged crimes of the American Government against the people of Iran unless the hostages were released. A few days later, the U.S.-backed U.N. Commission was in Iran.

Unfortunately, the inconsistency of U.S. policy during the Iranian crisis is typical of our foreign policy during the Carter years. William Kintner, former U.S. Ambassador to Thailand and now a professor of political science at the University of Pennsylvania, was quoted in Time magazine last week as saying, "It sounds as if Carter never heard of the basic axiom that the art of diplomacy is consistency. His is a policy of flip-flops and zig-zags."

My own assessment of the Carter foreign policy is equally harsh. I have dwelled on the negative aspects of the Carter foreign policy. But even a favorable review of recent American foreign policy would have to recognize the inconsistencies and flip-flops.

What can we learn from Iran and other recent foreign policy decisions? I believe we can develop from them a set of principles for managing foreign policy:

First. American foreign policy must be based on a reaslistic assessment of the world situation. We must see the world as it is, not as we would like it to be. Of course, we need the intelligence capability to get accurate information. If our allies (like the Shah) are weak at home, we must admit that and deal with it. We must recognize that the Soviet Union continues to be committed to world domination.

Second. American foreign policy objectives should be clearly defined. Do we need military superiority in the world? Or is equality with the Soviet Union sufficient? What are the vital interests of the United States?

Third. Foreign policy must be consistent. It is dangerous if our adversaries misjudge our intentions or believe that we are bluffing when we are not. Our allies must be able to depend on U.S. leadership and follow-through: they cannot feel that they may be left out on a limb.

Fourth. The Nation's leader cannot talk big and then refuse to use our stick. Deadlines should not be set unless the Nation is willing to act if the deadlines are not met. If promises are made, they should be kept.

Fifth. Weakness, indecision, and blatant appeasement invite aggression. Each time our Nation meets another's demand, we should be asking ourselves what action has been taken to convince the other nations that additional demands will not be met.

As a Member of Congress, I fully recognize that Congress cannot conduct the day-to-day foreign policy of the Nation. At the moment, Congress has a tendency to do that. Instead, we should confine ourselves to the development of broad foreign policy guidelines. Congress should work with the President in defining foreign policy objectives and goals and providing the President with the tools necessary to conduct foreign policy.

I believe that the United States is the leader of the Free World and the "last, best hope of Mankind." I am convinced that this Nation has the capability of meeting any Soviet challenge and of making this world a more secure place in which to live. We need the leaders and the policies to meet our challenges and our responsibilities.

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## IMMINENT DANGER IN LATIN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, I rise, impelled by the developments in El Salvador. I think this is about perhaps the second time in 18 years and 3 months that I have been here that I have addressed the House with respect to any matter having to do with what we call generally Latin America.

One reason is that I find the tendency in America is to generalize so much and so fallaciously that I did not want to conform to some of the notions that some of the folks who bear names such as mine palm off in our country, and that is, they become automatic, instant experts on anything having to do with Latin America simply because they have originated from a group that is identified culturally with the masses in Latin America.

I remember the Sunday preceding the inauguration of President Kennedy in 1961, January, I received a phone call from President-elect Kennedy, who was then in Florida, and he asked if I would be interested in an appointment as an Ambassador to what he called "some Latin American country." I laughed and said, "Senator," as I called him then, "I am afraid that you have the wrong man. I am not really ambassadorial material."

I had just been reelected for a 4-year term in the Texas State Senate, having importuned many, many thousands of people who made it possible for me to be reelected, and I felt that, first, I really sincerely felt that I was not, and I still feel I was not much ambassadorial material; and, secondly, that I had a commitment, once I had been reelected.

He did not seem to understand, and he said, "Look, please consider it, and at least if you could come up this week, tomorrow, Monday or Tuesday, I will arrange a meeting with Dean Rusk"—who had been selected as the Secretary of State-to-be—"and you can get together on what country you think you could better represent us. I have often thought that we had missed a tremendous reservoir of talent in the United States from this large Hispanic group that exists in the country from which we could derive useful service and honorable and efficient service from qualified people."

I then said, "Senator, I really mean this. I hope you do not make the mistake of thinking that because my name is Gonzalez I automatically become a good and acceptable Ambassador to some Latin American country. I think that that is fallacious, it is an error, and I am telling you the God honest truth, I myself do not feel that I have ambassadorial talent."

I am sure that he was prompted to offer this because of Lyndon Johnson, because he said, "Just a minute," and he turned the phone over to Lyndon Johnson, who then came over and said, "Now Henry, look, we think you are the man, and we ought to," and so forth. I tried to tell him the same thing. And to this day I am convinced that they did not quite understand what I had to say. I think they thought I had other motives. But I was as candid as I tried to be. And it is the truth that we generalize in the United States.

I see the mistakes that have been made and continue to be made, and yet I do not want anyone to think that merely because I do have this background that I am an expert on Latin America, or any other section of the world, because that is not true. As a matter of fact, I feel that only on the basis of the same reason that I would qualify in another area of discussion would I speak out, and that is on information of faithful kind and beyond any dispute of argumentation. And this, I think, is the main source for expertise in any realm of endeavor. That is the reason I speak today.

I noticed, the day before yesterday, or perhaps the day before that, a very short news item. It was buried. I do not think it was more than 7 or 8 lines long. It said that the United States Peace Corps offices or headquarters in El Salvador had been attacked, had been fired upon.

☐ 1700

It reminded me of what happened late last summer and early autumn. In the first weeks of September, soon after we convened last year after the recess, I was asked to meet with the Director of the Peace Corps in El Salvador, and the Director of the Peace Corps in Guatemala, a neighboring country.

I met with them. I conveyed to them my sense of frustration and my fears that had arisen because of a visit that I had before then, and that was that I had a visit from a constituent, whom I had never met before, who asked to see me here in Washington, who was in very sensitive duty in the armed services. I cannot identify more than that, because what he did, I think, took a bit of courage.

Finding himself on detached duty in Washington, D.C., and troubled by what he knew was happening, not only in Nicaragua, but in El Salvador, he asked to see me.

When I saw him, he said he was motivated because he felt constrained to tell somebody to get word to the proper people in this country about the imminent danger that the American Embassy and its dwellers were in in El Salvador.

He explained the nature of his duties, which I must and should not reveal here, in which he was very careful to point out that he was in the know. In fact, he was really in an intelligence capacity.

He pointed out the difference between Nicaragua and El Salvador, both places he had been duty stationed on special duty.

He explained to me the vast difference between the situations in Nicaragua and El Salvador.

He explained further that he was very concerned and said, "I predict that the government in El Salvador will not last the month," but the danger is that we have another factor in this equation that is altogether different than whatever you have read or have heard about Nicaragua.

He said, "In El Salvador, I predict that the government will not last the month. I predict that the American Ambassador and the Embassy is under very, very serious threat, and something must be done to alert the State Department and the governmental officials here to the need of taking extra special precautions."

Well, I did the best I could, but like in speaking out on the murder of Judge Wood and anticipating that and predicting it to a certain extent—I did not predict the exact murder of Wood, but I predicted something like that was apt to happen—and other things I have spoken out about here, I realized it was one of those frustrating efforts to try to penetrate a very thick curtain of indifference and mostly failure to give emphasis to the source of information.

In any event, the gentleman's prediction came to pass. The El Salvador Government as it was then structured, failed, if you will remember reading in the papers, in less than 30 days.

In the meanwhile, I had a visit with the Peace Corps. I explained to them, and the Director of the Peace Corps then told me that they were loved in El Salvador, that she just did not see what I was talking about.

I then explained to her—I asked her, "Well, where are you on duty mostly?"

Then she explained that she was really absent from the main locus of events in a country such as El Salvador, which is really where you have the concentration of people, where the archbishop was murdered, where they had the terrible bloodshed just day before yesterday.

This is where the things are happening, not out among the peasants. I did not have any reason to doubt her word that the individual peasant families out in the boondocks of El Salvador welcomed anybody such as Peace Corps volunteers, who had some willingness to help and did in effect help, but what amazed me was the obtuseness of even the people up here. Any American would say, "Well, they are bound to know, because they are down there," an assumption that may not be valid.

I rise now, Mr. Speaker, because when I read about the attack on the Peace Corps offices in El Salvador, it said nobody was hurt, because they fired quite a number of shots into the building, but nobody was there.

But it is a clear indication that the danger persists and that just as in the case of the murder, a terrible crime, of the Archbishop, that we should not sit here and wait until our Ambassador or the Embassy is either killed or taken over.

I predict that there is very imminent hazard that this will happen, and that it is a different situation, entirely different even from the next door country that is also in turmoil and whose government is under the same shadow, except with a longer time span perhaps than the Government of El Salvador, and that is Guatemala, which is next to Mexico and just one hop over from us.

Now, the fallacy is when you talk about Latin America, even among our friends from the Congress who bear names like mine, they talk as if it is one big glob.

The truth is you have 21 very individual, historically, socially, economically, and above all, culturally, heritage for each one of those 21. They are ad hoc situations. They are ad hoc cases.

The United States should have learned from Cuba.

I read now all of these accounts, and even by Congressmen who have rushed pellmell and industrialists and their wives who run over and sit on Fidel Castro's lap. You think I am exaggerating. This actually has happened.

There was a picture in the paper showing this industrialist's wife sitting on Fidel Castro's lap.

Congressmen and Senators are running over there and stroking his beard and kissing his fanny, and at the same time trying to seem as if it is not any different as if, "Oh, we, the United States, forced Fidel Castro into Russia's arms."

The truth is had anybody paid any attention, including our then American Ambassador to Havana, they would have realized that Fidel Castro clearly knew and intended what he was doing from the beginning.

What is happening now in Bogota, Colombia, evokes the Bogotazo as they call it in Latin America, which Fidel Castro participated years before his actual takeover in Cuba, where you had terrible demonstration and an attempt to take over and attack the American representatives then who were holding an inter-American conference.

We had our Secretary of State, in fact, and it was the famous Bogotazo. Fidel Castro had penetrated at that time Colombia with a forged Russian passport, and himself had arrived during that uprising and violence in Colombia, known as El Bogotazo.

Now, I do not know where our geopoliticians and strategists have been all along, but whether it has been Republican, Eisenhower, or Democratic, Kennedy, et cetera, administrations, we continue the fallacy of generalizations that are going to cost this country dearly, as they have already.

At this time I hope somehow somewhere somebody will convey the message to the people responsible for the security of the American Embassy in El Salvador.

□ 1710

## A TRIBUTE TO ROBERT MORGAN PAUL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. JOHNSON) is recognized for 5 minutes.

● Mr. JOHNSON of California. Mr. Speaker, I ask the Members of the House to join with me today in farewell to a wise and gentle man, Robert Morgan Paul, who died unexpectedly last week, leaving all our lives the poorer and emptier.

Bob Paul was staff director of the Economic Development Subcommittee of our Committee on Public Works and Transportation, and in that capacity he served the Congress and his country in full measure. "Irreplaceable" is the word that springs to mind.

But if his loss to this body is a heavy one—and it is—it is heavier still to those of us who knew him as a friend. I have had that privilege for more than a quarter of a century, going back to the early post-war years in California when Bob, then fresh out of college, had just embarked on his life work of conservation and environmental responsibility.

As a member of the California Legislature in Sacramento, I had many opportunities to watch the progress of this gifted young man as he advanced through the ranks of the State Department of Fish and Game. There, he established California's first planning and pollution control program and won national recognition as an authority in fish, wildlife, and recreational development.

That reputation brought him to Washington in 1957 as executive secretary of the Sport Fishing Institute, and in 1961 he entered the Federal service as Deputy Assistant Secretary of Interior for Fish and Wildlife. In 1967, he joined the Department of Housing and Urban Development and had become Director of the Department's National Growth Policy Studies when we succeeded in bringing him to Capitol Hill in 1973.

The entire pattern of Bob Paul's all-too-short life was one of continually broadening intellectual interest and experience. He was well and widely read in many areas far beyond his professional fields and his grasp of the complex range of Federal environmental and economic development legislation was unequalled in my experience.

Our heartfelt sympathy goes out to his family, Mr. Speaker, and to the legion of friends whose love and admiration he so rightly earned. It can truly be said that this man warmed the world around him and enriched the lives of all who knew him.●

## MODERNIZING THE FEDERAL RESERVE SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 10 minutes.

● Mr. REUSS. Mr. Speaker, I today introduce, with the gentleman from Maryland (Mr. MITCHELL) and the gentleman from Nebraska (Mr. CAVANAUGH), H.R. 7001 to provide for a major restructuring of the Federal Reserve System. Yesterday, Public Law 96–221, deregulating the financial institutions and strengthening the Federal Reserve's control over bank reserves and the monetary aggregates, was signed into law.

H.R. 7001 complements Public Law 96–221 by restructuring the Federal Reserve so as to facilitate voluntary membership in the System without weakening the dual Federal-State banking system, to place control of monetary policy under the seven Presidentially appointed Governors, and to enlist the entire Federal Reserve System in the broad battle for a stable price level and an improved economic structure. The bill would transfer the functions of the Federal Open Market Committee to the Board of Governors. The Federal Advisory Council would be reconstituted so that the president of each Federal Reserve Bank would be a member, and its authority broadened to include advisory concern over maximum employment and production policies and inflation-fighting mechanisms. In order to give the presidents more autonomy in their new role, the veto power of the Board of Governors over their appointment would be eliminated. The stock subscription requirement for member banks would be eliminated, to improve the banks' capital position and to remove a disincentive to Federal Reserve membership.

The overall effect of H.R. 7001 would be to strengthen economic stability.

### 1. ELIMINATION OF THE STOCK SUBSCRIPTION REQUIREMENT

In light of the provisions of Public Law 96–221 imposing mandatory reserve requirements on all depository institutions, charging fees for various Federal Reserve services, and making the discount window generally available, the present stock requirement for member banks is anachronistic. By present statute, each member bank is required to hold stock in the Reserve Bank of its district in an amount determined by the bank's paid-in capital stock and surplus. Banks earn 6 percent on their paid-in capital stock. The stock requirement now becomes an unnecessary penalty to members, since membership no longer entitles a bank to receive preferential treatment in obtaining Federal Reserve services. Discontinuation of the stock subscription requirement would provide member banks an opportunity to employ their capital at a higher rate of return, and would improve their capital ratios. In 1979, the Federal Reserve Banks had over $1 billion from stock subscriptions, which generated a return to the member banks, at 6 percent, of $67 million. H.R. 7001 provides for a retirement of the existing stock subscriptions over a 5-year period, so as to avoid any disturbance to monetary or budget policy. Chartering and examination of State banks, member and nonmember alike, would reside in the State regulatory agencies rather than the Fed.

### 2. INCREASED AUTHORITY FOR THE RESERVE BANK PRESIDENTS AND THE FEDERAL ADVISORY COUNCIL

The presidents of the 12 Federal Reserve Banks make a significant contribution to our central banking system. As chief central bank administrator in each district, their position would be enhanced if their reappointment was not subject to its present veto by the Board of Governors. Under present statute, the president of each Bank is appointed by its Board of Directors for 5 years, with the approval of the Board of Governors. My proposal would eliminate that veto power. To assure that each district's needs are adequately represented, the bill would require that each president be a bona fide resident of the district.

With their increased authority, the presidents will join together to form the reconstituted Federal Advisory Council. The present membership of the Federal Advisory Council consists of one representative from each Federal Reserve district, selected annually by the Board of Directors of each Bank, and is usually a prominent banker in the district. The Council now meets quarterly.

As the major source of regional information on monetary and credit conditions, and on the economy generally, the presidents will be the prime advisers to the Board of Governors. With its elevated importance, the Federal Advisory Council will be required to meet more frequently, at least monthly.

### 3. TRANSFER OF THE FEDERAL OPEN MARKET COMMITTEE'S FUNCTION TO THE BOARD OF GOVERNORS

The Federal Open Market Committee is now solely responsible for open market operations, the most important instrument of monetary control. The other two instruments—reserve requirements and discounting—are lodged in the Board of Governors. Direct control of the Nation's money supply ought to be in the hands of the members of the Board of Governors because they are Presidentially appointed and thus "Officers of the United States" within the meaning of article 2, section 2 of the Constitution. "Officers of the United States" must be appointed by the President, by and with the advice and consent of the Senate. Those who control our money and credit of our Government should be officers of the United States, not independent policymakers.

At present, the law provides that the Federal Open Market Committee consists of 12 members. Seven are the members of the Board of Governors of the Federal Reserve System, to which they have been appointed by the President by and with the advice and consent of the Senate, and thus "Officers of the United States". The other five are representatives, either president or first vice-president, of the 12 Federal Reserve Banks. They are not appointed by the President, but are elected annually by the boards of directors of the district banks.

Membership consists of one representative of the Federal Reserve Bank of New York; one of the Federal Reserve Banks of Boston, Philadelphia, and Richmond; one of the Federal Reserve Banks of Cleveland and Chicago; one of the Federal Reserve Banks of Atlanta, Dallas, and St. Louis; and one of the Federal Reserve Banks of Minneapolis, Kansas City, and San Francisco. Thus New York, Cleveland, and Chicago receive disproportionate representation. No reason for the disproportion exists.

The Board of Governors should be given undiluted responsibility for open market operations, just as it already has for the other two instruments of monetary control—reserve requirements and discounts.

### 4. INVOLVING THE FEDERAL RESERVE SYSTEM WITH STRUCTURAL REFORM OF THE ECONOMY

Lastly, the bill urges the Federal Reserve System to begin focusing on integrating structural reform policies with fiscal and monetary policies. By working cooperatively toward this end with the financial, business, and labor communities, the Federal Reserve System can be more effectively utilized, and the problems of structural inflation and unemployment directly confronted.

The economic centers of the Federal Reserve are strategically located throughout the country. The 12 Federal Reserve district banks are situated in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. The 25 branches are placed in Buffalo, Cincinnati, Pittsburgh, Baltimore, Charlotte, Birmingham, Jacksonville, Nashville, New Orleans, Miami, Detroit, Little Rock, Louisville, Memphis, Helena, Denver, Oklahoma City, Omaha, Houston, San Antonio, El Paso, Los Angeles, Portland, Salt Lake City, and Seattle. The 11 regional check processing centers are situated in Columbus, Des Moines, Indianapolis, Milwaukee, Utica, Cranford, Jericho, Charleston, Columbia, Windsor Locks, and Lewiston.

With over 20,000 employees, of which 400 are economists, the Federal Reserve should begin working cooperatively to improve our structural defects and our lagging productivity. By asserting a new team effort at sectorial planning and structural reform, our economy can receive the dose of revitalization it desperately needs.●

## RACAL-MILGO INC. CONTRIBUTES GREATLY TO LOCAL ECONOMY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, I rise this morning to help clear the air regarding the nature of a company in my district, Racal-Milgo, Inc. Milgo was founded 25 years ago in Miami, where it has prospered ever since. As a pioneer in data communications equipment, it has contributed greatly to America's leadership in this field.

Though wholly owned by a British firm, Racal-Milgo performs all activities—research and development, design, testing, and manufacturing—in the United States. It employs American workers, and it contributes greatly to the local economy in the Miami area. Milgo directly employs over 2,000 Floridians, and indirectly helps support many hundreds of others.

Racal-Milgo's products are marketed worldwide. In fact, almost 40 percent of Milgo's products are exported. By way of contrast, fewer than 1 percent of Milgo's materials are imported. Obviously, Milgo is making a favorable contribution to America's balance of trade.

This booming, dynamic, Florida company should be applauded for its contributions to the city, the State, and the country.●

## NATION'S PROBLEMS MUST BE CONSIDERED TOGETHER TO SOLVE OUR PROBLEMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. MICA) is recognized for 10 minutes.

Mr. MICA. Mr. Speaker, I take this opportunity to address my colleagues on the question of balancing the budget. The first piece of legislation that I introduced in this body was to balance the budget. It was a commitment that I made a long time ago, and since that time I have noticed that over 300 individual Members have introduced bills or legislation to balance the budget.

I think we need to move in that direction, but I think it is time to point out in all of this discussion that balancing the budget does not solve all of our problems. Senior citizens, veterans, education, transportation and housing are all among areas of major concern to me. However, I will support almost any reasonable proposal which comes to the floor of the House, but I think within the scope and realm of this Nation's problems we have what I have termed a triad of problems facing our Nation, and that triad is inflation, energy, and international affairs.

For the first time in recent memory we have three problems tied together, intertwined, where one solution is dependent on the other. In Congresses past they may have talked about clean air or about health problems or about industrial problems, but now when we talk about energy we talk about inflation, and when we talk about inflation, we talk about energy. When we talk about the two together we talk about international affairs and international concerns.

Obviously, I think one of the first things to do is to work toward a balanced budget. Maybe we should start cutting Government spending and start getting things in line. We could also start to pay on the national debt. We are paying literally billions of dollars per month on interest owed on this debt.

Maybe we could also start by reducing the costs of burdensome Government regulation.

When we speak about energy, we need to look at increasing domestic production, decreasing dependence on foreign suppliers and really, truly making an effort to speed up alternative sources, synthetic fuels, coal, shale, geothermal, solar, all of these sources which I think will hasten the day that we can really look to ourselves for the energy that we must consume and that we must have to remain a viable industrial power.

When we look at the third part, international affairs, the recent crises in Afghanistan, in Iran, have really brought home our dependence on so many nations that have a very unstable base or form of government. There are nations all over the world where the change of a sheik or the change of one or two people will, indeed, change the entire government and maybe their attitude toward this Nation.

So I think this is the time and the crisis has made it the time that we stop our foreign policy in its tracks and begin a total review of what we have been doing for the last 30 years. I do believe that in international affairs, in energy, and even in inflation, 30 years of policy that has brought us to this point, not just one administration or one Congress or one mood of America, but 30 years of policy that has led us to this point where we have soaring inflation, energy shortages, and an international crisis. Taken together, this triad can be the foundation, the beginning of a solution to these problems and can be a beginning to turning ourselves around and starting our Nation in a new direction. Taken separately and on a partisan basis we will never really solve the problems that our Government faces. We must get serious and begin to tackle these problems. A good starting point is balancing the budget.

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## A FAIR AND BALANCED BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. NELSON) is recognized for 5 minutes.

● Mr. NELSON. Mr. Speaker, I would like to take this opportunity to associate myself with the astute remarks of my colleagues, the Honorable TIMOTHY WIRTH and the Honorable RICHARD GEPHARDT, as expressed by their supplemental views in the report of the Budget Committee on the budget resolution for fiscal year 1981. This year I am able to enthusiastically support the Budget Committee's recommendation. In the past, I have supported the resolutions because I felt that we were on the right path to a sound fiscal policy. I have believed that the budget process was a key to guiding the Congress on the path of fiscal responsibility and restraint. Now we are on the brink of achieving one of the goals I was aiming for when I came to Washington—to balance the budget by restraining spending. This is a balanced budget not just in the accounting sense, but also from the standpoint of policy. We have achieved this balance by restraining spending rather than by increasing taxes.

Most economists would agree that a balanced budget in fiscal year 1981 would have a negligible effect on the Consumer Price Index within the framework (structure) of existing econometric models. However, by cutting back on Government spending, we will be limiting the amount of stimulating money being injected into an already overheated economy. By avoiding the accumulation of further debt by the Federal Government, the pressure on investment capital can be relieved thereby freeing more for productive uses in the private sector.

Even more significant, however, is the psychological impact of balancing the budget. This effect cannot be measured by the econometric models, but is undoubtedly substantial and positive. In balancing the Federal budget, we in the Congress can demonstrate how serious we are about lowering the cost of living.

Achieving the goal of a balanced budget after 12 straight years of deficit spending poses a serious challenge to the Congress. There are an infinite number of ways to balance the budget. We on the House Budget Committee have proceeded in a way that we feel will achieve maximum results in restraining inflation and in a way that will be most fair and equitable to all groups and individuals.

I agree with my colleagues, Mr. WIRTH and Mr. GEPHARDT, that this budget resolution meets those standards. First, the committee approached the balancing by cutting expenditures. The advantages of the balanced budget are lost if outlays are not reduced and if spending continues unabated on programs that are inefficient, beyond our means, or no longer necessary to the well-being of the Nation. This challenge must be met now by the Congress. If we are unable to demonstrate that we are serious about controlling runaway inflation, how can we inspire other groups within the economy to join in the battle against inflation?

Furthermore, I concur with my colleagues that the cuts have been made equitably and across all sectors of the Federal budget. Throughout the marking-up process, the members of the House Budget Committee adhered to the conviction that an unfair share of the burden should not be placed on those least able to bear it—the elderly, the poor, and the sick.

To illustrate the fairness of these reductions, I would like to offer the following summary of the cuts as it appeared in Mr. WIRTH's and Mr. GEPHARDT's views in the committee report for the first budget resolution. The summary clearly shows that a substantial majority of the reductions has been made in areas involving grants to State and local governments, requiring increased efficiency on the part of the Federal Government, improving targeting, and slowing down construction projects.

DISTRIBUTION OF BUDGET CUTS

| Category | Amount (billions) | Percent |
|---|---|---|
| I. State/local assistance: | | |
| Both general and categorical assistance to State and local governments, such as elimination of State portion of general revenue sharing, the proposed countercyclical assistance program, the law enforcement assistance program, and reduced funding for local public works and economic development | $3.7 | 22.2 |
| II. Human resources programs: | | |
| Delaying the effective dates for new human resources programs such as the youth education employment initiative, the child health assurance program, and the fiscal relief under welfare reform | 1.4 | 9.0 |
| Reform of certain human resources programs such as tightening eligibility and benefits for food stamps, public assistance, and low-income energy assistance, and bringing the food stamp and child nutrition programs into line with the once-a-year cost-of-living adjustments now applied to social security | 1.0 | 6.0 |
| Other reductions in human resources programs such as CETA, education assistance, discretionary health, social services and veterans programs; and termination of unemployment benefits for CETA workers and the Young Adult Conservation Corps | 2.3 | 14.0 |
| III. Other reductions: | | |
| Defense, energy, foreign assistance, natural resources, agriculture; several Federal belt-tightening measures, such as higher pay absorption, a general administration and operating cost reduction; bringing Federal retirees into line with the once-a-year cost-of-living adjustments now applied to social security; program slowdowns such as water projects, Federal highways, EPA construction grants, and Strategic Petroleum Reserve; elimination of Saturday mail, etc | 8.1 | 49.0 |
| Total reductions from President's budget reestimated | 16.5 | 10.0 |

As Mr. WIRTH and Mr. GEPHARDT stated in their additional views—

> This breakdown indicates not only that less than 30 percent of the cuts were made in the human services programs, but that the reductions for the most part have been framed so as to minimize the hardship suffered by individuals who depend on these programs for their livelihood. Most savings in human resources programs have been derived from administrative improvements or delay in implementing new initiatives.

We have also attempted to target better our limited resources. We want to make optimum use of Federal dollars and reserve our resources for those who rely most heavily on the Government for assistance.

A further indication of fairness in this budget resolution is the fact that no function of the budget is left untouched. There were no "sacred cows" when we examined this budget. We cannot afford to have this attitude toward any program.

I wish to concur with my colleagues' observation—

> This budget resolution plots a responsible fiscal course for the nation, and it is imperative that the full House pass it as a statement of our commitment to controlling inflation.

Passage of this resolution, however, will be only the first step. Over the next few months, we will have to translate the policy statement that it represents into binding legislation. The time, effort, and negotiation that has gone into developing the resolution suggest great potential for implementing it. The resolution is the result of months of careful deliberations within the Budget Committee and throughout Congress, which were recently culminated by 8 consecutive days of meetings between congressional and administration leaders. From this a consensus was reached for $13 billion in spending cuts that are equitable and evenly distributed. The Budget Committee added other reductions that are equally fair and evenhanded.

There is no doubt that numerous special interest groups will feel the pinch of these decisions, and they will understandably oppose them and will apply pressure on all Members of Congress. We must hold the line because none of the proposed cuts in the resolution will hurt as deeply as the continuation of rampant inflation. As my perceptive colleagues, Mr. WIRTH and Mr. GEPHARDT concluded:

> Ending that spiral must be our overriding concern if our fiscal decisions are to truly protect our economic security and to promote the general welfare.●

## PERSONAL STATEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, on Monday, March 31, 1980, I was chairing hearings of the Subcommittee on Postsecondary Education of the Committee on Education and Labor in New York City and therefore missed three rollcalls in the House.

I take this time to indicate how I would have voted had I been present.

The first of the three votes was on rollcall No. 167, on a motion that the House resolve itself into the Committee of the Whole for further consideration of H.R. 6837, to amend the Railroad Revitalization and Regulatory Reform Act of 1976. The motion was agreed to by a vote of 308 to 3. Had I been present, I would have voted in favor of the motion.

The second vote was on rollcall No. 168, to establish a quorum and obviously had I been present, I would have answered the quorum call.

The third vote was on rollcall No. 169, on an amendment offered by the gentleman from Pennsylvania (Mr. MARKS) to the bill, H.R. 6837, to amend the Railroad Revitalization and Regulatory Reform Act of 1976. The amendment was rejected by a vote of 63 to 275. Had I been present and voting, I would have voted "nay."

## ALEXANDER SOLZHENITSYN DENOUNCES ARRESTS OF TWO ORTHODOX PRIESTS IN THE U.S.S.R.

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Vermont (Mr. JEFFORDS) is recognized for 10 minutes.

Mr. JEFFORDS. Mr. Speaker, I rise this afternoon at the request of Alexander Solzhenitsyn to bring to the House's attention two recent arrests of Russian Orthodox priests, Father Dimitri Dudko and Father Gleb Yakunin, personal friends of the Russian Nobel Prize-winning author.

I would like to share with my colleagues the remarks of Mr. Solzhenitsyn recently in Vermont on behalf of these two men:

> The time has passed for the trumpet calls of Communist slogans: "We shall seize God by the throat!" With all their totalitarian power Communists are now trying to squirm out of admitting that they are persecuting and burning out belief in God.
>
> There has flowered in Russia an independent, courageous priest who is loved far beyond his own parish, Father Dimitri Dudko, who has not bowed his head before the standing KGB orders of the official church. He has renewed the age-old sermons to the hearts of the people, sermons which are forbidden in the U.S.S.R., and the people, pining for the word of God for half a century, came to him in throngs.
>
> It is precisely for this reason that the Communists are destroying Father Dimitri today, but their mighty power is afraid to act openly—word has come from Moscow that the KGB is coaching false witnesses among the young people for a spurious trial with the vile allegation against the priest of homosexuality and drunken orgies, as his parish discussions with young people are portrayed, and which are closer to the government's level of understanding of such matters.
>
> Another independent brave priest, Father Gleb Yakunin, who informed the world about Khrushchev's persecutions of the Church earlier than all others, who fearlessly defended all persecuted believers in the U.S.S.R. for 15 years, will also be tried covertly for his Christian belief and Christian truth. Against him, however, they are preparing yet another false accusation: speculation in icons. The greatest marauder and spectacular in Russian history—the Soviet government—comes forth with this accusation after having exported, and while still exporting abroad immeasurable treasures of the Orthodox religion and of Russian art, for currency.
>
> I have personally known both of these self-sacrificing, inspired priests for many years and I will testify for them in order that the world may hear beforehand about the baseness being prepared by the Soviets.
>
> Brezhnev's total attack against religion is now under way. Members of Christian seminars, young people who have begun to see clearly, are being arrested and they will be tried on false charges.
>
> Communist leaders still have sufficient power to seize people and even continents, but they lack the courage to look people straight in the eye.

□ 1720

That is the end of the words of Mr. Solzhenitsyn. I bring them to the Members' attention because in this time when we are looking at the overt aggressive actions of the Soviet Union in Afghanistan, it is also important that we are aware of, and, bring to the world's attention, those horrendous acts which are going on inside Soviet Russia. Taking advantage of this time, where the Soviet's aggressive actions cloud us from fully realizing and understanding those things which are still going on within the country, the Soviets have stepped up substantially their attack on Russian citizens trying to exercise basic human rights.

Mr. Speaker, I yield back the remainder of my time.

## COMMITTEES OVERSTAFFED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS) is recognized for 30 minutes.

**Mr. COLLINS of Texas. Mr. Speaker, inflation is the No. 1 issue facing America today. The inflation rate has skyrocketed to 18 percent and Americans are having to sacrifice to make ends meet. However, Congress has not faced up to inflation and is reluctant to call for sacrifices. Congress passes the legislation, creates the bureaucracy and then taxes the people. Inflation causes the American people to sacrifice in their budgets but Congress will not exert discipline in its own spending and growth.**

**The best example of this runaway growth in spending is in the congressional committees and their staffs. It is in these committees that legislation originates. The high-priced committee staffs, with top salaries of over $50,000, in order to justify their jobs, are constantly coming up with new ways to spend the American tax dollar. Already the average American taxpayer is sending 42 cents out of every dollar he earns in taxes.**

**During the 10 years from 1968 to 1978, the number of Congressmen has remained the same—435. However, during the same decade the number of House committee staff has mushroomed from 621 to 1.959, a 215-percent increase. Coincidently, in 1968 the Federal budget was $178 billion and in 1978 it reached $461 billion, a 160-percent increase.**

**Congressional committee staffs fall into two categories: Investigative and statutory. The root of the problem lies with the growth of the investigative staff. In 1968, House investigative staff numbered 328, but in 1979 they numbered 1,221, a 270-percent increase. These investigative staffs cost the taxpayers millions yet they are simply supplemental staff members. In the 90th Congress (1967–68) investigative costs were $9 million; in the 96th Congress (1979–80) they will rise to $85,500,476—an increase of 850 percent.**

**The more staff members on a committee the more bills they generate. They are always finding a special interest or deserving cause that was not covered in past legislation. To help all of these good causes, the committee staffs are cranking out more and more laws. These committee staffs are not only growing in num-**

ber and cost, but also in the influence they hold over national policy. The growth of committees has led to greater amounts of confusing statistics and paperwork. The increased amount of paperwork has seen the staffs determining priorities. We must put an end to this growth pattern and return policy decisions to the elected representatives. But let us look at what happened to some of the 1980 funding resolutions.

The House recently voted on the 1980 funding of the committees' investigative staffs. The growth pattern continues from 1979 and into 1980. For example, the Agriculture Committee will receive $1,247,200, up 20 percent from the $1,039,014 it spent in 1979. In 1974, the last year Bob Poage of Waco, Tex., was chairman of the Agriculture Committee, it spent $145,905 for investigative staffing and they did more for the American farmer. In 6 years the cost to the taxpayers for one committee's investigative staff rose 755 percent.

The Rules Committee went from $357,551 in 1979 to $615,000 in 1980, a 72 percent increase in 1 year. The Merchant Marine and Fisheries Committee will see an 11.5 percent increase going from $1.5 million in 1979 to $1.68 million in 1980. The Foreign Affairs Committee's investigative staff funding will be $1.875 million in 1980, up 19.6 percent from last year.

The Interstate and Foreign Commerce Committee, on which I serve, spent $1.64 million in the 93d Congress (1973–74). Then in the 94th Congress (1975–76), Commerce spent $6 million, a 366 percent increase in costs. In 1980, the Commerce Committee's investigative staff alone will cost $3.7 million. The total cost to the taxpayers for the entire 96th Congress for this one committee's investigative staff will be approximately $7.2 million.

Not only are the costs of these staffs rising, but there is much waste and duplication. A prime example is the $9,880,000 we are spending for the House Information Systems to operate a computer system for legislation for members of Congress. The Library of Congress provides similar computer service which is also available to Members.

The incredible growth of the congressional committee staffs is attributable to the fact that Congress will not discipline itself and its own spending. It will cost the American taxpayers $2.27 billion just to operate the 96th Congress. We have allowed the congressional committee and subcommittee staffs to grow to such proportions that they now determine legislative priorities and policies, instead of the elected representatives of the people. Congress must cut back on the committees in order to put an end to the growth of the laws and regulations that are spewing forth from Washington everyday. We already have more Government than we need, more regulations than we can carry and more taxes than the people can afford to pay.

Government deficit spending is the main cause of our 18 percent inflation. The spending legislation begins in the congressional committees. Cut back on them and we can get directly at the cause of inflation. I have introduced a bill—H.R. 57—that would do just that, cut the committees' staffing and funding. This would mean less legislation. Congress must win the respect of the American people in these economically hard times by setting an example of sacrifice and austerity.

Mr. BURGENER. Mr. Speaker, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman from California.

Mr. BURGENER. I thank the gentleman for yielding. I commend the gentleman for bringing this to the attention of the body. I recall some months ago we were debating whether or not to appropriate the money to finish the Hart Office Building on the Senate side. During the course of that debate I had to do some investigating of congressional staff. Let me just give the gentleman one horrible example. The Senate Committee on the Judiciary—I do not know how many Senators they have on that committee, perhaps 15 or 17—would the gentlemen believe that they had a staff of 217 people? What in the world those people do, I have no idea. I know that they occupy some 60 rooms—217 people.

By comparison, the Senate Committee on Armed Services, which has the function of military procurement, manpower and womanpower, of some $150 billion a year in budget authority on outlays, had a staff of 38—38.

The total congressional staff I am told is somewhere between 17,0000 and 20,000 people. I think it is a national scandal. It is difficult to get people to listen or to get very excited about it. It is one of the reasons today that this country is in the disastrous economic condition it is. I want to cite that example to the gentleman.

Mr. COLLINS of Texas. I appreciate the gentleman's mentioning that the other body is also guilty of overstaffing—what the gentleman said about the Committee on the Judiciary over there. I do not know who directs that judiciary operation.

Mr. BURGENER. The gentleman does know, does he not?

Mr. COLLINS of Texas. I do not want to mention his name because he is in the opposing party, and he is running for President. I would not say anything derogatory about the fine man.

But on this particular issue it is hard to understand how in the world they ever use them.

Mr. BURGENER. I thank the gentleman for yielding.

Mr. COLLINS of Texas. I certainly do appreciate what the gentleman from California had to say about the overstaffing on the Senate side.

Mr. Speaker, I yield back the remainder of my time.

## THE 75TH ANNIVERSARY OF ROTARY INTERNATIONAL

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

● Mr. HANLEY. Mr. Speaker, many observers of the national scene have characterized the decade of the seventies, just ended, as the "me" decade, referring to the constant concern for self-gratification displayed by so many individuals and groups.

What a welcome contrast that we will be observing in this first year of the eighties, the 75th anniversary of a totally unselfish group, Rotary International.

Rotary International, the association of all Rotary clubs in the world, is an organization of business and professional men who provide humanitarian service, encourage high ethical standards in all vocations and help build good will and peace in the world. If that sounds like an altruistic purpose—it is. But it is leavened with the good commonsense of hard working businessmen.

Comprised of almost 850,000 members in 18,000 clubs in more than 150 lands, Rotary International can trace its success to its concern for others; youth, the elderly, the handicapped, the community-at-large.

These are just a few of the current undertakings of Rotary International:

Support for schools, scouts and other youth organizations.

Special services for the elderly, such as low cost housing and recreation programs.

Medical treatment, rehabilitative training and special projects to aid the handicapped.

Medical services, equipment and wide-ranging health care projects.

Educational facilities, community centers, recreation programs and other civic projects.

Promotion of trade and professional association codes and standards of conduct.

Rotary International represents the societal conscience at its best. At this point—its 75th anniversary—it is heartening to know that the pragmatism of business can be so beneficial to so many.●

## RAYMOND S. DETOR

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

● Mr. HANLEY. Mr. Speaker, all too often we take for granted the outstanding efforts undertaken by members of our community to care for and make better the lives of those less fortunate than ourselves. There is one member of my home community whom I believe deserves special recognition.

Raymond S. Detor is a 100-percent service-connected disabled American veteran, who is an active member of the Maj. Joseph J. Karins, Jr., chapter No. 167 of the DAV in Liverpool, N.Y. He has been active with the Disabled American Veterans for 10 years. He has been commander of DAV chapter No. 167, and has served for several years as its adjutant, guiding the chapter in its never-ending struggle to help preserve the just and well-deserving benefits for the veteran, and to preserve his standing in society.

Ray Detor has been a volunteer at the Syracuse VA Medical Center for 5 years, helping in organizing activities for the hospitalized veteran, to help ease the mental anguish he has to endure in his battle to become a whole man again. He also serves on the committee which meets with the hospital director and his staff monthly to help keep a harmonious bond with all veterans service organizations within the Syracuse VA Medical Center.

Currently, Ray is junior vice commander of the Disabled American Veterans Department of New York State. He has attended many congressional hearings in Washington, and many hearings in Albany, N.Y., concerning property taxes for the veterans and other legislative concerns of the veteran.

Recently, he has taken on a new task, helping the DAV organization start an outreach program for the Vietnam veteran. Hopefully, this program will help the Vietnam veteran gain his rightful place in society, and help make him understand that his Government wants to help, rather than hate him.

Among Ray Detor's proudest achievements is that he helped organize the first all-handicapped Boy Scout troop in central New York, sponsored by DAV chapter No. 167. In Ray's own words:

> It has been a great honor sharing their joys and tears in years of meetings and activities and trips.

Ray and his fellow members have taken these handicapped Scouts to Washington, D.C., Kings Island in Ohio, a country western festival in Wheeling, W. Va., and Disney World in Florida. Ray carried the mantle of chairman for the Handicapped Boy Scout Committee for the New York State DAV for 4 years.

Ray served his country in the U.S. military from 1943 to 1951, serving with the 3d Division (Rock of the Marne) in the European Theater. Again in Ray's words:

> It is with humility that I say it gives me a great feeling to know that in some small measure, I have helped our great country to keep it free. I am a firm believer in God and my country, and I will do all in my power to help keep this great country free and peaceful.

I know that my colleagues join me in congratulating Ray Detor on his achievements, and in thanking him for his efforts.●

## A TIP FOR FIGHTING INFLATION

(Mr. EDWARDS of California asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. EDWARDS of California. Mr. Speaker, I would like to inform my colleagues that today I and 23 cosponsors are reintroducing a resolution expressing the sense of the House of Representatives that the Committee on Ways and Means should study, and consider legislation to achieve the goals of, recent proposals by certain prominent economists to control inflation by providing tax benefits to employers who moderate price increases for their products and to employees who moderate wage demands.

I introduced this resolution during the 95th Congress because of my concern about the rate of inflation. At the time the rate was about 8 percent. Today we are presented with the possibility of an inflation rate of 20 percent by the end of the year. Yet, we still have not developed a coherent strategy for combating inflation. I recognize the place of monetary and fiscal policies in restraining inflation and applaud the actions of the Federal Reserve Board in attempting to control the growth of the money supply.

Similarly, I welcome attempts at fiscal control here in Congress. However, we must recognize that these theories were developed prior to the simultaneous existence of high unemployment and inflation and therefore may not be adequate for addressing our current economic problems.

My resolution calls upon the Ways and Means Committee to consider a tax-based incomes policy as an economic tool. Prominent economists including the late Arthur Okun, Henry Wallich, Sidney Weintraub, and Laurence S. Seidman have all recommended such a policy. This policy is aimed at breaking the wage and prices spiral, products of an inflation anticipating mentality, which we have all come to recognize as a perpetrator of inflation. Only by breaking this spiral can we effectively bring inflation under control.

I was pleased to find the following editorial in the New York Times advocating this approach. I am entering this editorial in the RECORD for your review. In addition, I welcome any Members who are interested in joining us in cosponsoring this resolution.

### TIME FOR TIP

When President Carter first produced what he thought to be an anti-inflation policy in 1978, the most innovative idea was lost in the legislative shuffle. Not Congress, not labor, not even the Administration itself was ready then to fight for a tax-based incomes policy—informally known as TIP. But with prices rising at alarming rates and economic policy a shambles, it is time to revive a TIP, indeed, to make it a central element of a new and vigorous assault on inflation.

TIP is a catchword for various ways in which the Government might use the tax system to reward wage restraint or punish the granting of inflationary wage increases. The Administration's original proposal was to insure workers who hold down their wages against excessive losses in real income. A TIP could also be designed to penalize firms that give raises beyond a stipulated guideline. A third kind of TIP could combine both rewards and punishments.

It is not the precise design of TIP that now concerns us. The shape of it should depend on the strength of the economy as the year unfolds, on the resources available to Government and on the talents of the Treasury and Internal Revenue Service to devise a fair and workable system.

What is important now is that the country and its leaders begin to understand this promising idea so that it can be decently tested. TIP aims to control wages first, and prices second, through wages. But it is not based, as some critics suggest, on the premise that rising wages cause inflation. Inflation is circular; wages chase prices, prices chase wages. The terrible cycle could end overnight if Government clamped a lid on prices. But that can bring no lasting relief. As the Nixon experience showed, price controls soon turn into a nightmare, as bureaucrats try to alleviate shortages and bottlenecks that their own controls produce. Setting prices on millions of goods and services is a task best done by the market, except perhaps in wartime, when Government wants to manipulate the market.

But wages are different. They can be held down with a minimum of bureaucracy. Their restraint would quickly moderate business costs and reduce the need for price increases. Unlike prices, wages can be restrained without a million separate decisions; only a thousand pattern-setting agreements need to be influenced to affect average labor costs. Many of these are made by powerful unions, which insulate themselves from the inflation they perpetuate with automatic cost-of-living raises and energetic lobbying in Washington.

Although President Carter's "voluntary" wage-price controls helped to restrain the wages of unorganized workers last year, a few powerful unions were able to bend them wholly out of shape. A TIP plan would replace the shattered guidelines and hold all workers, not just the weak, to the same standards.

Though aimed at wages, such a strategy need not be unfair to wage earners. Reduced labor costs and competition should soon restrain prices as well. For competition to do its work, however, trade protection and price-rigging regulations would also have to be attacked. Where competition is nonetheless weak, it would be the President's task to prevent windfall profits with the threat of new taxes if necessary. It would also make sense to limit corporate dividends, so that investors, too, make a visible sacrifice.

The most compelling argument for a fair TIP is that workers are sure to be worse off without it. As inflation accelerated last year, Government could not resist the pressure to tighten credit in ways that invited recession and higher unemployment. Recession is the crudest way to attack inflation; it erodes productivity and living standards. But so far, recession is Government's only sure weapon. TIP would not save us from difficult days. But it might shorten them.

## PROF. JOHN H. WILHELM ON ECONOMIC POLICY

(Mr. SHUSTER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SHUSTER. Mr. Speaker, Prof. John H. Wilhelm of the economics department at Dickinson College in Carlisle, Pa., has written a very thought-provoking paper on U.S. economic policy during the 1970's. I have submitted it to the Joint Economic Committee for their consideration and shall publish it in today's RECORD for the benefit of my colleagues:

### THE BREAKDOWN OF ECONOMIC POLICY IN THE 1970's

The 1970's have undoubtedly been a bad period for economic policy and policy makers. This period witnessed unprecedented peacetime inflation, the worst recession since the great depression and a persistent inability of the country to achieve economic prosperity and a stable price level at the same time. This situation has led to a widespread belief among both serious observers and the public that our main economic policy tools are impotent, if not downright harmful. And this in turn has led to suggestions for major structural changes in the area of fiscal and monetary policy, especially through proposed constitutional changes which will greatly constrain the use of discretionary fiscal policy for stabilization purposes.

If the policy tools that are used to stabilize the economy actually have the opposite effect, this would certainly be a serious matter. And such a situation would undoubtedly be a proper subject for public debate and action. The difficulty, however, with the current debate over economic policy and the role of government in formulating it is that much of the debate is based upon a misunderstanding of what actually happened during the 1970's and a misunderstanding of the nature of the policy failures that were experienced during this decade. Such misunderstanding threatens tool to rob of us of the use of our most effective tool for stabilizing employment and production in the economy while doing little to address what many have come to regard as our most serious economic problem: what in an earlier period would have been deemed to be runaway inflation.

The purpose of this article is to examine the nature of our experience during the 1970's—especially from 1973 on. In doing so the argument will be made that the breakdown of economic policy was really a failure to apply well-tried policies in appropriate circumstances and to devise and institute new policies to deal with the structural problems that these policies are unsuitable to handle.

### THE EARLY EXPERIENCE OF THE 1970'S

The beginning of the 1970 decade witnessed a couple of troublesome economic problems. 1970 itself was a recession year. The economy was stuck with a persistent inflationary problem, the legacy of the Viet-Nam escalation, which led to an unprecedented peacetime introduction of wage and price controls. Neither of these difficulties, however, represent anything like what was to be experienced just a few years later. After a year of recession the economy recovered, as had been normally the case in the postwar period. And, despite their somewhat continued high postwar rate, consumer price increases moderated to their lowest level since 1967.

By the end of 1972 ominous clouds were already beginning to gather on the economic horizon. From November 1972 to August 1973 wholesale prices rose an estimated 11.3 percent. The year 1973 witnessed an increase in consumer prices of 8.8 percent, an unprecedented peacetime rate. The following year witnessed double digit inflation for both the consumer price index and the GNP price deflator. The acceleration in prices in 1974 was accompanied by the worst decline in economic activity since the postwar recovery and by two consecutive years of recession. The federal deficit rose in 1975, the second year of the recession, to an unprecedented peacetime level of 70.6 billion dollars and remained at an inordinately high level in succeeding years.

It is not surprising that this experience led to a decline of public confidence in our ability to manage the economy. Since the gaping federal deficit was unable to prevent unemployment reaching the near depression level of 9 percent, many people concluded that government stimulation of the economy could not work. In addition, commentators and politicians pointed to the large government deficits occurring as the cause of the exceptional inflation rates. As a result, the notion has become widely accepted that the key to curtailing inflation was to be found in reducing the federal deficit, particularly by reducing government expenditures. Although the Ford Administration later reversed itself somewhat when it pushed for tax cuts to stimulate economic recovery, its initial reaction to inflation was to assume that the economy had become overheated and needed to be deliberately slowed down.

The assumption that economic overheating was responsible for the extraordinary inflation experienced in 1973–1974 does not stand up very well to critical examination. It is true that the annual rate of growth in GNP was quite high at the end of 1972 and beginning of 1973. But the pace of economic activity already began slackening in early 1973 and experienced a rather steady decline into the depths of the recession in early 1975. Other than the unusually high inflation rates it experienced, 1973 was not a particularly exceptional year in terms of the economy showing signs of being overheated. This can be illustrated by a comparison of the experience in 1973 with that of 1965 shown in Table One.

TABLE 1.—*A comparison of selected economic indicators for 1973 and 1965*

[In percent]

| Indicators | 1965 | 1973 |
|---|---|---|
| Annual increase in real GNP | 5.9 | 5.5 |
| Unemployment rate | 4.5 | 4.9 |
| Utilization of manufacturing capacity | 89.5 | 87.5 |
| Increase in Consumer Price Index | 1.9 | 8.8 |
| Increase in GNP price deflator | 2.2 | 5.8 |

Source: *Economic Report of the President, 1979.*

By the measures (the rate of economic growth, the unemployment rate and utilization of manufacturing capacity) which one would expect to show how intensively our economic resources were being used, our capacity utilization was higher in 1965 than in 1973. Yet, the inflation rate was much lower. The fact that it was possible to have lower inflation with a use of our resources at a somewhat higher rate than in 1973 suggests that some explanation other than the total demand on our resources is called for to explain our experience with prices in 1973.

A clue to the causes of the acceleration of prices in 1973 can be found by examining the behavior of wholesale prices during the period from November 1972 to August 1973. During this period, as pointed out above, wholesale prices rose 11.3 percent. In an article reporting the results of a study of this price increase, Nordhaus and Shoven attributed the increase in wholesale prices to the categories shown in Table Two.

TABLE 2.—*Sources of wholesale price increases November 1972–August 1973*

| | *In percent* |
|---|---|
| Agriculture | 63.7 |
| Forestry and Fisheries | 0.9 |
| Mining and fuels | 3.9 |
| Imports | 13.8 |
| Labor | 9.7 |
| Total Cost | 91.9 |
| Profits | 8.1 |
| Total | 100.0 |

Source: Nordhous and Shoven, *Challenge*, May/June 1974, p. 17.

The fact that a little over three-quarters of the increase in wholesale prices during this period can be attributed to agriculture and the cost of imports is not surprising when one considers events that were taking place at the time. With the exception of North America, the world experienced very poor harvests, particularly in grains. As a result, food reserves everywhere became dangerously low as major producers, like the Soviet Union were forced to enter the international market as buyers. The consequence of this was that the average price received by American farmers climbed by 53.5 percent in 1973. The increase in wholesale prices due to the impact of import prices is also not surprising. In 1972 for the first time in the postwar period all the major industrial countries were experiencing expansion simultaneously and this put considerable pressure on the price of raw materials, the supply of which is not very responsive over short periods to changes in demand. For the United States, these pressures on import prices were reinforced by a 20 percent depreciation of the dollar exchange rate between mid-1971 and mid-1973.

Since today's wholesale prices are usually tomorrow's retail prices, it is not surprising that consumer prices rose in 1973 at such a high rate. Nor is it surprising that the rate of price increases continued to accelerate in 1974. October 1973 witnessed a war in the Middle East followed by an oil boycott and then the quadrupling of oil prices by the OPEC cartel. The food situation continued to be tight and the average price received by farmers rose another 28.0 percent in 1974. The truth of the matter is that in 1973 and 1974 the United States, and the other major industrial countries, were hit by unusual inflationary pressures that can best be described as a commodity inflation. And there was very little that could have been done about the exceptional set of circumstances that gave rise to this.

In judging the impact of government economic policy in the presence of the rising inflation and falling real GNP during this period, one has to exercise some caution. Many concluded from the fact that the federal deficit continued to increase in the presence of ongoing inflation and rising unemployment that government fiscal policy was actually having a perverse effect. That is, the rising federal deficit was viewed as evidence of fiscal stimulus on the part of the government which was not working as it was supposed to on GNP and employment and was actually stoking the fires of inflation. In assessing fiscal policy, however, a distinction must be made between a passive and an active deficit. In 1975 the federal deficit was 70.6 billion dollars. But, as Walter Heller has pointed out, the deficit was due to passive factors rather than the active use of fiscal policy to stimulate the economy. In 1975 the shortfall in tax revenues due to the recession was 50 billion dollars. The increase in expenditures on unemployment and related benefits brought about by recession conditions was 20 billion dollars in 1975.

Because tax revenues and certain expenditure programs are tied to the state of the economy, the federal budget automatically moves in the direction of lesser surpluses or greater deficits, depending upon its initial state, as the economy goes into recession. Consequently, in order to judge the impact of fiscal policy on the economy, one must examine what is happening in the government sector independent of the state of the economy. This is usually done by measuring the surplus or deficit that would occur with current tax schedules and expenditure programs were the economy at what is considered to be full employment. This is generally labeled the full-employment budget surplus or deficit. Heller estimates that in early 1973 the full-employment budget surplus was running on an annual basis at around a 5 billion dollar deficit which by the third quarter of 1974 had become a 32 billion dollar surplus on an annual basis. This estimate is quite consistent with the policies pursued by the Nixon and Ford administrations during this period.

Some people consider that the 1974–1975 recession actually began in the spring of 1973 when the economy began noticeably to slow down. Despite the acceleration of the slowdown in 1974, the policy of the administration was to tighten fiscal policy to help wring inflation out of the economy. The tightening of fiscal policy was accompanied by restrictive monetary policy which led to prime interest rates over 10%, an inordinately high nominal interest rate for the postwar period. By January 1975 the economic slowdown had become so severe and the possibility that unemployment might top 10% so frightening, that the administration reversed itself and proposed a tax cut to stimulate the economy, which was enacted in the spring of the year. While fiscal and monetary policies were reversed in 1975, some of the same considerations that dominated policy during the 1973–1974 period continued to influence these policies. As a consequence, the Ford Administration deliberately programmed a go-slow program for economic recovery under the assumption that this was needed to help wring inflation out of the economy.

The reasoning behind the go-slow policies of the Ford Administration rested on the notion that even the absence of demand-pull inflation there is a tradeoff between the level of GNP, and hence employment, on the one hand; and the rate of inflation on the other. This idea is based upon the so-called Phillips curve; named after the British economist, A. W. Phillips; which has had a considerable influence on economic policy. The Phillips curve, initially the result of a statistical study by Phillips; implies an inverse relationship between the unemployment rate and the rate of wage increases. That is, it implies that the lower the rate of unemployment, the higher, generally, will be the rate of wage increases over a given period of time. Such a relationship is not particularly surprising. One would expect the unemployment rate to be a somewhat index of the tightness or weakness of the labor market. Thus, when unemployment is especially low, one would anticipate observing considerable upward pressure on wages. When unemployment is high, one would anticipate the reverse. The idea that the Phillips curve implies an inverse relationship, or tradeoff, between the rate of unemployment and inflation follows from the fact that wages account for approximately three-quarters of the total cost of production in the American economy.

If there is a tradeoff between inflation and unemployment and if such a tradeoff is taken into account in formulating monetary and fiscal policy, the question naturally arises as to what is its magnitude. Studies that have been done on this question estimate the effect on the inflation rate of one percent extra unemployment rate sustained for one year to range from a ⅙ percent to a ½ percent reduction in the rate of inflation. The average estimate for this relationship is three-tenths of a percent reduction in inflation. Thus, on the average, if unemployment were raised by restrictive monetary and fiscal policy from an existing level of 5 percent to 6 percent one would expect inflation to fall from, say for example, an annual rate of 5 percent to an annual rate of 4.7 percent, assuming other factors not to intervene. These relationships imply that in order to reduce inflationary pressures by 1 percentage point, restrictive monetary and fiscal policy must increase unemployment from 2 to 6 percentage points. The average estimate in this case would be an increase in unemployment of 3⅓ percentage points—for example, from an existing rate of 5 percent to an 8⅓ percent unemployment rate. If for every 1 percent decrease in the unemployment rate the economy experiences a 2.5 percent increase in real GNP—a reasonable, but historically low estimate—the cost in GNP of a reduction, due to restrictive policies, in the inflation rate by 1 percentage point would range from 5 percent to 15 percent, with the average, or most likely outcome, being a 8 percent fall in real GNP. This implies that had we wanted to halve our inflation rates of 8.8 percent in 1973 and 9 percent in 1978 by restrictive policies we would have had to forego approximately 22 percent to 66 percent of our GNP with our most likely loss being about 35 percent of GNP in those years.

The above estimates of the anti-inflationary gains from restricting aggregate demand may actually be somewhat on the optimistic side. According to the 1979 report of the Council of Economic Advisors, "There is some evidence that wage rates over the past quarter century have become progressively less responsive to the balance between aggregate demand and supply in labor markets." Consequently, "Reductions in output and major increases in unemployment are no longer as effective in slowing the rate of wage and price increases." The truth of the matter is, as we have really seen above, that anti-inflationary gains from restricting aggregate demand are exceedingly small. In order to reduce inflation by restrictive policies in much of the 1970's to the lower rates that had prevailed earlier, it would have been necessary to reduce the economy to literally depression levels. Since as unemployment levels become high the pressures on government to do something about it become considerable, the use of restrictive policies to fight nondemand-pull inflation is in reality extremely limited.

Given the nature of the difficulties we encountered beginning in 1973 and given the nature of our response to these, our policies were not appropriate. In almost all of our prior postwar recessions; the 1957–58, 1960–61 and 1969–70 recessions; the federal budget was shifted towards expansion as the economy began slipping into recession. Our 1973–75 experience was unique in this regard. Restrictive policies were pursued and not reversed until early 1975, well after the recession began. From our understanding of macroeconomics, or what some would call Keynesian economics, the outcome of the policy we pursued is not surprising—both an unprecedented two years of recession and the highest unemployment rate since the postwar recovery. Our response to the inflation problem we faced in 1973–74 was also quite inappropriate. Because of their nature, the 1973–74 price rises were largely unrelated to the state of demand. There was little that slowing down the American economy could do about the consequences of world wide agricultural failures and OPEC. As the causes of the 1973–74 price rises ceased, a decline in the rate of inflation due to these factors was inevitable. The problem we faced was the legacy the 1973–74 inflation would leave us as business and labor sought to restore their resulting losses in real income through price and wage increases.

With the nature of the unemployment-inflation tradeoff we face and with an unwillingness to maintain depression levels of unemployment, the Ford Administration needed to find an alternative anti-inflationary policy to the one it was pursuing. It needed to make clear the fact that attempts by business and labor to restore the losses in real incomes resulting from the runup of agricultural and oil prices could only be self-defeating. Once this point was made, the Administration might have been able to offer to use fiscal policy to stabilize output and employment in return for wage and price moderation on the part of organized labor and business. Given the fear that organized labor had at the time of rising unemployment, such an approach might have had a good chance of success in a key area of the economy—the bargaining and pattern setting sector of wage determination. With the important role wages play in total costs of production, such an approach should have at least been tried.

### OUR POSTWAR POLICY EXPERIENCE

The consequences of our 1973–75 experience have led to an erosion of confidence in the ability of monetary and fiscal policy to stabilize economic activity which is not justified. In general, the postwar period has been very different from our earlier experience in terms of our approach to economic policy and in terms of our economic experience. Practically every decade from the American Civil War until World War II experienced severe downturns in economic activity lasting in many cases for several years. This has not been our experience since. Most economists consider that this has been due to the development of macroeconomic analysis, which originated with the publication of Keynes' General Theory, and the application of our knowledge in this area to our monetary and fiscal policy tools.

Since macroeconomics involves the analysis of the forces determining the level of output and employment in modern market economies, it is not surprising that it has developed prescriptions for using monetary and fiscal policy to stabilize the level of output and employment. In the United States acceptance of these prescriptions was embodied in the Employment Act of 1946 which committed the government to an active policy of economic stabilization. Since the postwar recovery in 1948 the government, with the partial exception of the 1973–75 experience, has come to rely increasingly upon discretionary monetary and fiscal policy for stabilizing the level of output and employment. And the results have been dramatic. If one looks, for example, at the yearly rate of growth of real GNP since 1900, one sees a sharp fall in the amplitude of cyclical fluctuations in growth rates after 1948. By one measure of this, the deviation of GNP from its trend rate after 1948 was from a third to a fourth of the level that characterized the 1900–45 period. Even with the period of the Great Depression of the 1930's excluded the difference is striking. The extent of negative growth in GNP after 1948 was only a fraction of what it was in the earlier period and the range of cyclical fluctuations much less. While the rate of inflation has also varied less in the postwar period, its average rate has been higher, especially since 1966. Thus, the policy changes and experience after the Second World War show that we have learned how to stabilize output and employment, but have not learned how to achieve low and stable unemployment along with price stability.

Our most successful application of monetary and fiscal policy tools occurred in the early 1960's. In 1961 Kennedy came to the presidency with a commitment to get what he considered to be a sluggish economy going again. The extent of the excess capacity the administration had to work with was considerable. In 1961 unemployment averaged 6.7 percent, nearly one quarter of our industrial capacity was unused and GNP lay between 8 and 9 percent below its full employment level. In response to this, the administration proposed and introduced a number of steps to increase demand and encourage investment culminating in the 1964 tax cut. From 1962 to 1966 a substantial expansion took place in investment with rapid growth in both capacity and output. During this period real GNP grew at an average annual rate of 5.3 percent. And until the Viet-Nam escalation in 1966 put considerable strain on the economy, consumer prices increased by an annual average rate under 1.5 percent, some of our best postwar price performance.

The postwar experience of the United States is not exceptional. Since the war all major industrial countries have pursued similar policies of actively using monetary and fiscal tools to stabilize the level of output and employment. And, as is well known, they have also achieved exceptional stability in levels of employment and output. For most of them their rates of employment and economic growth have exceeded that of the United States. As a consequence, the period 1950–1972 has been one of unprecedented world economic growth and prosperity. But it has also been for many countries a period in which a persistently rising price level has been a constant concern. For most of this period, in fact, U.S. price performance has generally been better than that of most major industrial countries. Nevertheless, the postwar U.S. economic experience has very much been a shared one which cannot be ignored in judging the results of our use of monetary and fiscal policy.

### FISCAL POLICY AND BALANCED BUDGETS

The discretionary use of fiscal policy for stabilization purposes necessarily means that there will be periods in which deficits will occur in the federal budget. Because market economies are inherently unstable, there will be periods of economic downturn in which stabilization imperatives will require the use of expansionary fiscal policy to steady the economy. Fiscal stimulus is achieved in one of three ways: increase expenditures, reduce taxes or a combination of these. Since declines in economic activity automatically tend to send the federal budget into deficit, the use of fiscal stimulus implies that the federal budget will experience increasing deficits during periods of most economic downturns. The difficulty with this is that in the public discourse concerning government economic policy the federal deficit has a reputation somewhat akin to that which living in sin had for the Victorians. The most serious concerns over the federal deficit stems from the belief that deficits are ipso facto inflationary.

No serious school of economic thought believes that there is a direct link between inflation and the deficit. Most economists consider this notion to be a myth and are hard put to understand why it persists. This does not mean that economists believe that deficit spending cannot contribute to inflation. On the contrary they recognize that in certain situations a government deficit will be inflationary. The point is that whether a deficit is or is not inflationary depends upon circumstances, the most important being the state of the economy. If, for example, the budget were balanced with the economy at full employment and the government were then to increase its expenditures without an appropriate increase in taxes, one would expect demand-pull inflation to develop. Demand-pull inflation did occur in 1966 when government expenditures increased due to the Viet-Nam escalation without a corresponding increase in taxes at a time when the economy was operating at its capacity. On the other hand, however, if the economy were operating with considerable excess capacity, an increase in government expenditures, a decrease in taxes, or a combination of both can take place without creating demand-pull inflation. Such was our experience during the early 1960's when a decrease in federal taxes was actually followed by a reduction in the federal deficit as a consequence of the resulting economic expansion.

One can hardly pick up a piece these days from the popular press without encountering articles on the unworkability of fiscal policy. The criticism that usually is made against fiscal policy is that the financing of the deficits necessary to effect stimulative fiscal policy crowds out other spending—particularly investment—which, it is implied, completely offsets the initial fiscal stimulus. There is no disagreement among economists that, without accommodating monetary policy, crowding out offsets some part of the effect of fiscal policy on income. However, both our postwar experience and empirical studies indicate that in this situation crowding out offsets only a small part of the expansionary effect of fiscal policy. The offset probably ranges from one-tenth, in the short run, to a third, in the long run, of an initial fiscal stimulus. As long as the offsets to expansionary fiscal policy are only partial, fiscal stimulus will be an effective policy tool for stabilization purposes. It seems ironic that some of the greatest concerns over the crowding out issue occurred in the early and mid-1970's at a time when, with the savings ratio reaching an exceptionally high level and investment spending falling, investment crowding out could hardly have been a problem.

Most professional economists consider fiscal policy to be our most effective tool in achieving the stability that has been realized in the postwar period. One reason for this is the fact that monetary policy loses effectiveness during economic downturns. While monetary policy can be eased during economic downturns, such easing does little directly to offset the major factors responsible for the fall in the type of spending affected by credit conditions. Credit conditions largely affect spending on investment (inventories, plant and equipment) and consumer durables (homes, automobiles). Investment falls during a downturn because the accompanying fall in demand brings about excess productive capacity and eliminates the need to expand capacity (invest) to meet demand. Consumers reduce borrowing for spending on durables during a downturn because of the fall in income and of the income uncertainty that accompanies a decline in economic activity. Without adequate demand on capacity and without adequate income to sustain debt repayment, easy credit conditions cannot provide very strong incentives to borrow for such spending purposes. Fiscal policy, on the other hand, has the advantage of directly affecting spending, the demand on our capacity, and incomes. It can directly affect spending through government purchases of goods and services and it can directly affect the disposable income available for spending through tax reductions and transfer payments. During most downturns these advantages would be effectively denied us if running deficits in the federal budget were prohibited.

The major problem with a prohibition on the running of federal deficits is not that it will deny us use of one of our most effective tools for checking economic slumps. Rather the problem is that such a requirement will actually intensify most slumps and add a depressionary bias to our economy. Once a slump begins, as we have seen, the federal budget automatically moves in the direction of incurring a deficit. As soon as one appears, action would have to be taken under such a prohibition to cut it. There are only three ways to cut a deficit—reduce spending, increase taxes, or both. All of these will reduce aggregate demand and GNP further.

Such further reductions are likely to lead to additional spirals of developing deficits and falling GNP. This process will come to a stop, but not before creating a far more serious downturn than would have otherwise occurred.

An idea of the extent of the depressionary bias of a prohibition against federal deficits can be seen by examining the effects such a regime would have had in the type of situation which existed in 1975. From its peak in 1973, real GNP fell 2.6 percent by 1975 and unemployment rose from 4.9 percent to 8.5 percent. The 70.6 billion dollar deficit experienced in 1975 would have to be eliminated by a cut in expenditures, an increase in taxes, or a combination of these two; by a total of no less than 70.6 billion dollars. Of these options, a cut only in government expenditures on goods and services would have the greatest impact on GNP and an increase only in taxes the least impact because part of any tax increase normally comes out of savings rather than all out of private spending. In the former case aggregate demand would fall by the total amount of the deficit being eliminated. In the latter case a conservative estimate of the fall in aggregate demand would be no less than three-quarters of the tax increase, or 50 billion dollars. Thus a 70.6 billion cut in the deficit in 1975 represents a decline in aggregate demand from 4.6 percent to 3.3 percent of the level of GNP in 1975. But the process would not stop here.

A change in aggregate demand, any initial change in spending on GNP, leads to further induced changes in incomes and spending—the well-known multiplier effect. Over a year's time the multiplier is generally estimated to be two. Therefore, a cut in the deficit of 70.6 billion dollars sustained over a year could have been expected to reduce GNP in 1975 by 9.2 percent to 6.6 percent of its level. Since the 2.6 percent fall in real GNP experienced by 1975 caused approximately 70 billion of the 70.6 billion deficit in 1975, it is clear that these reductions would cause additional deficits that would have had to be cut. Consequently, under a regime of prohibition against deficits, the extent of induced changes in spending and incomes, and hence the multiplier effect, would have been greater than it is under our current economic dispensation. Thus, had such a prohibition been in effect during the early 1970's the decline experienced in real GNP could not have been as low as 11.8 percent to 9.2 percent. Such declines are of the magnitude experienced in the period before 1948 and the active use of discretionary fiscal policy for stabilization purposes. Clearly a prohibition against federal deficits would have forced the U.S. economy into a major depression by 1975, from which it is unlikely to have recovered by the end of the decade without a reversal of such a prohibition.

The proposal for a constitutional amendment to require a balanced federal budget is a very dangerous idea that would greatly increase the instability of output and employment in the American economy were it adopted. Those proposing this, particularly public officials, are inexcusably ignorant of the economic issues involved. And they are terribly misinformed as to the actual nature of our pre and postwar economic experience. It would be most unwise to limit ourselves to any mechanical formula for the future configuration of fiscal policy. There simply is no substitute for the difficult process of matching our stabilization policy each year to the economic needs of the country.

Undoubtedly part of the concern behind the proposal for a balanced budget is a concern about the appropriateness of government expenditures in terms of their level and composition. This is, without a doubt, a legitimate issue. But with a given level and composition of government expenditures, numerous variations in fiscal policy are possible depending upon the configuration of the timing of expenditures and the configuration of taxes. Indeed most of the major fiscal initiatives in the postwar period have involved adjustments on the tax side of the fiscal equation rather than on the expenditure side. The fact is that concern about the appropriateness of government expenditures is a separate question from the issue of fiscal policy and really ought to be kept so.

### THE EXPERIENCE OF THE LATE 1970'S

In some respects the economic situation in the late 1970's was similar to the situation in the early 1960's, and in some respects it was not. In the 1970's estimates of potential output for given rates of unemployment are generally at a lower level than the calculations used in the 1960's would give. Partly because of structural changes in the labor force, the benchmark unemployment rate used for the purpose of these calculations is higher than that used in the 1960's (5.1% vs. 4.0%). In addition, the estimate of the relationship between changes in output and employment used to calculate capacity has been lowered for the 1970's. Yet, even with these more modest estimates, the relative gap between actual and potential capacity in 1976 was at a level equivalent to that prevailing in the early 1960's.

One of the major differences experienced in the 1970's from the earlier postwar period was the substantial increase in the civilian labor force which took place. In the three decades following the postwar recovery, the civilian labor force increased at an average annual rate of 1.7 percent. From 1970 through 1978 the rate was 2.5 percent. A significant part of this was due to a well known demographic factor, the postwar baby boom, which was quite predictable.

The existence of considerable excess capacity at the time and of an acceleration in the growth of the labor force meant that the resources were available after the 1974–75 recession to replicate the experience of the early 1960's. And because of the increased labor growth, the need for economic growth to maintain previous unemployment rates was certainly more compelling in the late 1970's than the 1960's. For countries like West Germany and Japan an increased labor supply due to demographic factors (for example, immigration) and the shift of excess labor out of agriculture, had been an important ingredient in their rapid postwar economic growth. Also, periods of rapid growth in such countries generated the type of improvement in productivity which is needed to affect price performance favorably. Had the United States pursued a more expansionary policy after 1973 and increased the proportion of its GNP going to investment, which has been below that of other major developed countries, it might have been in a position to replicate some of the earlier "economic miracles." Since some of the factors responsible for these earlier successes were disappearing in the 1970's, it was important for U.S. growth to accelerate more than it did after the 1974–75 recession if world economic growth rates were to be maintained at pre 1972–73 postwar levels.

The main difference between the post-1975 experience and the experience of the early 1960's was the persistent inflation problem and the policy responses this engendered. With the considerable excess capacity existing and the nature of the employment-inflation tradeoff, the go-slow policy of the Ford Administration actually did not make much sense. Given the understandable, unwillingness of the Ford Administration to maintain depression-level unemployment, these policies could not really have been expected to achieve much in reducing inflation. In dealing with the inflation problem effectively, some alternative policy, other than demand restraint, was sorely needed.

The Carter Administration came to office in 1977 with virtually the same degree of excess capacity the Kennedy administration had to work with in 1962 when it began pursuing its policy of active economic stimulus. Had the Carter Administration wanted to pursue a policy of both reducing unemployment and inflation it was essential that the Administration come up with an effective incomes policy. This however, it did not do. Initially the Administration was committed to a modestly more stimulative fiscal policy than the Ford Administration's. But because of its own fears about inflation, which it was unwilling or unable to control, the new Administration soon forsook this policy—when it abandoned its tax rebate proposal—in favor of a fiscal policy stance virtually identical to the one proposed by its predecessor.

The consequences of the go-slow policies of the Ford and Carter Administrations have had a profound effect on the poor economic situation faced by the country at the end of the 1970's. Because of the more rapid growth in the labor force an acceleration of investment was required to provide the capacity needed to supply new jobs and to maintain labor productivity. Due to the go-slow recovery policies and due to uncertainties over energy and regulatory policies, the recovery of investment from the 1974–75 recession was comparatively weak. In preceding postwar recoveries business fixed investment always regained its previous peak after two or three years. In the post 1974–75 recovery it did not exceed its 1973 peak until 1978, or five year later. As a result of the weakness in investment spending and of the rapid growth in the labor supply, the annual rate of increase in the U.S. capital-labor ratio fell by more than one percentage point from the 1948–73 level of around 3 percent. This coincided with a decline in the annual growth of productivity in the private nonfarm sector from 3 percent between 1948 and 1973 to under 1.5 percent between 1973 and 1978.

A significant part of the worsening inflation experienced in 1979 was due to poor productivity performance. Compensation per hour increased 7.6 percent in 1977 and productivity rose 1.3 percent. In 1978 compensation rose 9.8 percent and productivity increased by only 0.8 percent. When coupled with the unemployment rates (7 percent and 6 percent) and the increases in consumer prices (6.8 percent and 9 percent) in 1977 and 1978 respectively, these figures illustrate the low tolerance to inflation for a given utilization of labor resources that has emerged at the end of the 1970's.

This situation illustrates the negative impact that the go-slow policies have had on the economy which have profoundly affected the constraints on economic policy at the end of the decade. Due to the low productivity gains in 1978 the Council of Economic Advisors in its 1979 report expressed uncertainty as to its ability to estimate potential GNP. Because of this and because of its calculation that in 1978 GNP was 2.75 percent below capacity, the Council advocated in its report fiscal and monetary restraint to avoid creating excess demand. From the perspective of the situation faced in 1979, this may well have been necessary.

In almost all respects the situation faced in 1979 seems to be a repeat of the 1973-74 experience. Once again inflation has attained an exceptionally high rate with increases in agricultural prices and oil prices playing a major role. And once again fiscal and monetary restraint has become the essence of economic policy because of widespread fear that the capacity of the economy has been reached. During 1978 the full-employment budget deficit has fallen from an annual rate of nearly 30 billion dollars to around 5 billion dollars, a noticeable tightening of fiscal policy. By 1979 interest rates were at historically high nominal rates. As in 1973-74 the uncertainties of the economic situation in 1979 seemed to be quite considerable. When one accepts the view that this was avoidable or not, one thing is certain: a new policy approach is necessary if the economy is to get out of the stagflation trap it fell into during the 1970's.

### POLICY ISSUES

The breakdown of stabilization policy in the 1970's was not a failure of our macroeconomic, or Keynesian, policy tools. Rather it was a failure to apply them properly in appropriate circumstances and to recognize their limitations in dealing with the type of inflation problem the economy encountered during much of the decade. This was very much due to a failure to recognize two very fundamental principles of economic policy.

Certainly one basic principle of economic, or any, policy is that the response to a particular problem must be appropriate to the situation giving rise to it. Unemployment, for example, can be caused by a number of factors: insufficient aggregate demand, an inappropriate skill mix in the labor force, geographic immobility and so forth. In responding to an unemployment problem it is terribly important to know the nature of its causes lest an inappropriate or even harmful response occurs. The same holds true for problems like inflation. Although inflation is a phenomenon concerning the value of money, it can occur for reasons other than excess money creation or excess aggregate demand. In responding to specific economic problems, however, it is sometimes difficult to recognize when a problem is beginning and what its causes are. At times such recognition problems are serious ones for economic policy. It is certainly true that 1974 in particular was one of the worst years in recent times for economic forecasting. Nevertheless, the policy errors beginning in 1973 and 1974, which have profoundly affected what has followed since, were avoidable and should have been recognized as such at the time.

By 1973–74 the policy responses required to avoid a serious recession such as occurred in 1974–75 were well known. Up to this time, it had become standard to ease monetary and fiscal policy as soon as the level of economic activity showed signs of seriously weakening. After the quadrupling of oil prices in late 1973, major industrial countries like the United States were subject to considerable deflationary pressures on aggregate demand as OPEC nations were not immediately able to spend the extra revenues they were extracting from these countries.

Even with errors that may have occurred in forecasting, it made no sense under such circumstances to pursue restrictive policies into 1974 with an economy which had already slowed down considerably. While it was, understandably, difficult to forecast inflation during the 1973–74 period, the causes of the inflation were certainly no mystery at that time. And enough was known about the inflation-employment tradeoff at the time to know that the response to inflation was inappropriate. Sometimes there are limits on what can be done and it is wiser to recognize this than to pretend otherwise.

A second and very important principle of economic policy is that for each policy goal (e.g., price stability, low unemployment) a separate policy tool is needed. Monetary and fiscal policy are best suited for maintaining macroeconomic stability—avoiding general overheating of the economy and unnecessary instability in employment and output. They are not effective policy tools for dealing with the major inflation problem we faced, which is a structural problem. The development of new policies are sorely needed to deal with this problem.

While the competitive market model is useful for understanding a number of economic phenomena, it is not very useful for understanding contemporary inflation. This is because advanced economies like the United States are dominated by the administered price sector in which competitive market forces are constrained by the market and bargaining power of large corporations and labor unions, and other features characteristic of modern industrial societies. These institutional arrangements and the avoidance of large cyclical fluctuations in output and employment in the postwar period have imparted a downward inflexibility to our price structure. The consequence of all this is that any significant overheating of the economy, fluctuation in the agricultural cycle, external shock, change in the structure of demand, or escalation of wage settlements leads to inflationary pressures. Once such events occur they generate responses by individuals which perpetuate a wage-price spiral that is very difficult to eliminate even in, as we have seen, periods of economic slack.

There is no widespread consensus on how to restrain nondemand-pull inflation effectively. However, some of the considerations involved in this and their implications for policy can be set out. The task we face in controlling nondemand-pull inflation is not difficult to define. What has to be done is to break the momentum of the self-perpetuating wage and price increases which have become such a prominent part of our economic behavior. Attempts to do this are usually put under the label of incomes policy. In order to come up with a workable anti-inflation policy it has to be recognized that incomes policies generally have two unworkable extremes. One of the extremes is the system of voluntary wage-price guidelines. The difficulty with voluntary guidelines is that they contain perverse incentives. Those that do not go along with the guidelines will not lose while those that do will lose if the guidelines do not work. Eventually voluntary guidelines are usually impaled by this contradiction and breakdown much as the Carter Administration's guidelines have broken down. The other extreme of incomes policy is comprehensive wage and price controls. Modern industrial economies are extremely complex and no one knows, as many central planners have found out, how to control individual wages and prices. Attempts to do so result in costly distortions which inevitably lead to pressures to abandon comprehensive controls.

In designing an effective incomes policy there are certain realities that have to be taken into account. Few professional economists would take the view that wage determination is the basic cause of inflation. However, historically wages have been the center of most formal and informal intervention efforts. There are two reasons for this. First, most objective observers would probably agree that the wage determination process contributes to the difficulties of checking present-day inflation. The fact that wages account for approximately three-quarters of the total cost of production strongly suggests that price inflation will decline automatically when wage inflation declines. Second, wages are much easier to control than prices due to the fact that the problems of establishing wage guidelines are much less than for setting price guidelines. Most would agree that workers doing the same work in different industries should receive approximately the same wages irrespective of interindustry disparities in productivity. But it is quite unreasonable to assume that the prices of products of industries with different productivity trends should, or can, move together. And this is why there is considerably more involved in controlling prices than wages.

While prices are more difficult to control than wages, equity and other considerations certainly require some attention to prices in any sensible incomes policy. The response of prices to a wage slowdown will take time and hence an incomes policy based on wage restraint will squeeze real wages. In a situation where greater investment is desirable this may not be unwelcomed, but it does create problems that need to be considered in designing an incomes policy. In formulating any incomes policy it is certainly desirable to design it to be consistent with preserving the positive contribution of existing institutions like trade unions. If guidelines are to be accepted and fair, they must allow for growth in real wages; but for them to restrain inflation, wage increases will have to be less than they would otherwise be.

Any policy that attempts to lower inflation will have to affect wages and prices and hence somebody's real income. The pressure that this fact generates for the political process is undoubtedly the major impediment faced in designing an effective incomes policy. But it is certainly possible, where there is a consensus, to institute such a policy. In the postwar period in countries like West Germany, for example, employers, trade unions, and government have at times succeeded in cooperating in wage negotiations to effect settlements conducive to maintaining reasonably stable prices. Once a consensus was reached, the British government in the late 1970's was able to institute a deescalation in wage settlements that did succeed in cutting the inflation rate by two-thirds. Admittedly, as in the British case in early 1979, such efforts have broken down under various pressures. But they do illustrate that there can be such a thing as an effective incomes policy.

If a political consensus can be reached, the United States ought to be able to institute an incomes policy to improve its price performance. There are certainly a number of options that are available to choose from. The process of wage determination might be restructured to lessen its impact on the wage-price spiral. Or a tax-based incomes policy could be instituted as some economists have recently proposed. This could be done by writing into the internal revenue code a system of rewards and penalties on corporate income taxes tied to wage increases.

Under such a plan those firms giving wage increases below a certain level would receive a tax break and those giving increases above this level a tax penalty as an incentive to keep their wage increases within desirable bounds. Such a system might have the desirable feature of avoiding direct government intervention in the collective bargaining process and preserving the role of trade unions in the process. A wage increase permit plan may be an alternative, and perhaps more promising, way of achieving the same things. Under this plan those firms subject to the program would not be allowed to increase wages without the necessary permits. Permits would carry a given face value and would be allocated to firms and the like on the basis of their labor costs—say one $30 permit each year for every $1,000 of annual labor costs. As part of the plan firms would be permitted to buy and sell uncancelled permits. Undoubtedly, each of these possibilities have disadvantages and may be difficult to administer. But we are unlikely to get a workable incomes policy without some costs.

Since the passage of the Employment Act of 1946 the United States has learned reasonably successfully how to stabilize output and employment with monetary and fiscal policy. It would be a serious error to allow a misunderstanding of the experiences of the 1970's to lead us to forget this. It would also be a great mistake to pretend, as the Ford and Carter Administrations have done, that monetary and fiscal policy or voluntary guidelines can effectively deal with the type of inflation problem faced in much of the 1970's. Both the experience of the 1970's and the results of empirical studies of the employment-inflation tradeoff tell us that some new approaches are required. In order to develop these we need something that we have sorely lacked in the 1970's—an intelligent public discussion of economic issues. The type of emotionalism and misunderstanding that has characterized discussions over the federal deficit is a luxury the nation can ill afford in developing the necessary consensus on a workable economic policy. Better discussion of economic issues, however, is not enough. There also needs to be a willingness to consider trying, or experimenting with, new ideas, even if we risk some disappointments in the process. It would be unfortunate if it took more unnecessary difficulties of the sort experienced during the 1970's before accepting the fact that a new approach needs to be adopted if we are to have any hope of getting out of the stagflation trap into which we have fallen.

## LEAVE OF ABSENCE

By unanimous request, leave of absence was granted to:

Mr. Young of Alaska, (at the request of Mr. Rhodes), for the dates March 31 and April 1, 1980, on account of illness.

Mr. Hefner, (at the request of Mr. Wright), for April 1 and 2, on acount of illness in the family.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Paul) to revise and extend their remarks and include extraneous material:)

Mr. Tauke, for 10 minutes today.

Mr. Jeffords, for 10 minutes today.

Mr. Collins of Texas, for 30 minutes today.

Mr. Michel, for 5 minutes today.

(The following Members (at the request of Mr. Mica) to revise and extend their remarks and include extraneous material:)

Mr. Glickman, for 10 minutes, today.

Mr. Gonzalez, for 15 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Johnson of California, for 5 minutes, today.

Mr. Reuss, for 10 minutes, today.

Mr. Pepper, for 5 minutes, today.

Mr. Mica, for 10 minutes, today.

Mr. Nelson, for 5 minutes, today.

Mr. Brademas, for 5 minutes, today.

Mr. Rostenkowski, for 10 minutes, on April 2.

Mr. Stokes, for 60 minutes, on April 15.

## EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Shuster, and to include extraneous material notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $2,161.50.

(The following Members (at the request of Mr. Paul) and to include extraneous matter:)

Mr. Marlenee.

Mr. Dornan in two instances.

Mr. Goodling.

Mr. Pursell.

Mr. Whitehurst.

Mr. Hollenbeck.

Mr. Daniel B. Crane.

Mr. Young of Florida in five instances.

Mr. Collins of Texas in three instances.

Mr. Emery. .

Mr. Marks.

Mr. Philip M. Crane in four instances.

Mr. Ashbrook in two instances.

Mr. Schulze.

Mr. Broyhill.

Mr. Evans of Delaware.

Mr. Wydler in two instances.

Mr. McEwen.

Mr. Lee.

Mr. Forsythe.

Mr. Ritter.

Mr. Shuster.

Mr. Stanton.

Mr. Rhodes.

Mr. Symms in three instances.

Mr. Courter.

Mr. Jeffords.

Mr. Rousselot.

(The following Members (at the request of Mr. Mica) and to include extraneous matter:)

Mr. Yatron.

Mr. Barnes.

Mr. Rosenthal in 10 instances.

Mrs. Bouquard in five instances.

Mr. Hamilton in 10 instances.

Mr. Cavanaugh in five instances.

Mr. Holland in five instances.

Mr. Charles H. Wilson of California in two instances.

Mr. Alexander.

Mr. Wolff.

Mr. Roe.

Mr. Beard of Rhode Island.

Mr. Gaydos.

Mr. Dodd.

Mr. Cotter.

Mrs. Schroeder in two instances.

Mr. Weiss.

Mr. Perkins.

Mr. Dan Daniel.

Mr. Breaux.

Mr. Phillip Burton.

Mr. Harkin.

Mr. Scheuer.

Mr. Shannon.

Mr. McDonald in three instances.

Mr. Preyer.

Mr. Drinan.

Mr. Fascell in five instances.

Mr. Dellums.

## ENROLLED BILL SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly an enrolled bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 3824. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act to authorize the Council of the District of Columbia to delegate its authority to issue revenue bonds for undertakings in the area of housing to any housing finance agency established by it and to provide that payments of such bonds may be made without further approval.

## ADJOURNMENT

Mr. MICA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, April 2, 1980, at 10 a.m.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3955. A letter from the Deputy Assistant Secretary of Defense (Installations and Housing) transmitting notice of the location, nature, and estimated cost of various construction projects proposed to be undertaken by the Air National Guard, pursuant to 10 U.S.C. 2233a(1); to the Committee on Armed Services.

3956. A letter from the Chairman, National Advisory Council on International Monetary and Financial Policies transmitting a special report on U.S. membership in the African Development Bank; to the Committee on Banking, Finance and Urban Affairs.

3957. A letter from the Fiscal Assistant Secretary of the Treasury transmitting the second annual report on the financial condition and results of the operations of the black lung disability trust fund, pursuant to section 3(c)(1) of Public Law 95-227; to the Committee on Education and Labor.

3958. A letter from the Secretary of Health, Education, and Welfare, transmitting the first annual report on implementation of the Age Discrimination Act of 1975, pursuant to section 308(b) of the act, as amended; to the Committee on Education and Labor.

3959. A letter from the U.S. Commissioner of Education, Department of Health, Education, and Welfare, transmitting the annual report for fiscal year 1978 on the status of vocational education, pursuant to section 112(c) of the Vocational Education Act of 1963, as amended; to the Committee on Education and Labor.

3960. A letter from the U.S. Commissioner of Education, Department of Health, Education, and Welfare, transmitting proposed final regulations to govern the bilingual education program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

3961. A letter from the U.S. Commissioner of Education, Department of Health, Education, and Welfare, transmitting proposed final regulations to govern the population education program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

3962. A letter from the Acting Chairperson, Advisory Committee on Accreditation and Institutional Eligibility, transmitting the 1977 annual report of the Advisory Committee; to the Committee on Education and Labor.

3963. A letter from the Chairman, National Advisory Council on Bilingual Education, transmitting the third annual report of the Advisory Council; to the Committee on Education and Labor.

3934. A letter from the Chair, National Advisory Committee on Black Higher Education and Black Colleges and Universities, transmitting the Committee's first annual report, covering calendar year 1977; to the Committee on Education and Labor.

3965. A letter from a delegate, National Advisory Council for Career Education, transmitting the annual report of the Advisory Council for calendar year 1977; to the Committee on Education and Labor.

3966. A letter from a delegate, Community Education Advisory Council, transmitting the annual report of the Advisory Council for calendar year 1977; to the Committee on Education and Labor.

3967. A letter from the Chairman, Advisory Council on Environmental Education, transmitting the final annual report of the Advisory Council, covering calendar year 1977; to the Committee on Education and Labor.

3968. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of a proposed license for the export of certain defense equipment sold commercially to Canada (Transmittal No. MC-12-80), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3969. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of a proposed license for the export of certain defense equipment sold commercially to Switzerland (Transmittal No. MC-13-80), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3970. A letter from the Under Secretary of Defense (Research and Engineering), transmitting a report on the review of the interagency procedures and disclosure criteria used by the U.S. Government in determining whether sensitive weapons technology will be transferred to other countries, pursuant to section 20(a) of Public Law 96-92; to the Committee on Foreign Affairs.

3971. A letter from the Director, Defense Security Assistance Agency, transmitting the quarterly report on foreign military sales as of December 31, 1979, pursuant to section 36(a) of the Arms Export Control Act; to the Committee on Foreign Affairs.

3972. A letter from the Acting Inspector General, Department of Health, Education, and Welfare, transmitting the annual report of his office for calendar year 1979, pursuant to section 204(a) of Public Law 94-505; to the Committee on Government Operations.

3973. A letter from the Inspector General, Department of Energy, transmitting the annual report of his office for calendar year 1979, pursuant to section 208(c) of Public Law 95-91; to the Committee on Government Operations.

3974. A letter from the Chairman, Securities and Exchange Commission, transmitting a report on the Commission's activities under the Freedom of Information Act during calendar year 1979, pursuant to 5 U.S.C. 552 (d); to the Committee on Government Operations.

3975. A letter from the Assistant Secretary-designate for Planning and Evaluation, Department of Health, Education, and Welfare, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3976. A letter from the President, Mississippi River Commission, Corps of Engineers, Department of the Army, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3977. A letter from the Senior Vice President, Consolidated Rail Corporation, transmitting the 1979 annual report of the Corporation, pursuant to section 301(h) of the Regional Rail Reorganization Act of 1973, as amended; to the Committee on Interstate and Foreign Commerce.

3978. A letter from the Assistant Attorney General for Legislative Affairs, transmitting a draft of proposed legislation to amend sections 546 and 565 of title 28, United States Code, to provide for interim designation of U.S. attorneys and U.S. marshals by the Attorney General; to the Committee on the Judiciary.

3979. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize the Secretary of Commerce to plan and provide for the development and operation of a civilian space-based earth remote sensing system, and for other purposes; to the Committee on Science and Technology.

3980. A letter from the Secretary of Transportation, transmitting the fifth annual report on activities under the Deepwater Port Act of 1974, pursuant to section 20 of the act; jointly, to the Committees on Merchant Marine and Fisheries and Public Works and Transportation.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PATTERSON: Select Committee on Committees: House Resolution 632. Resolution amending the Rules of the House of Representatives to modify and improve the existing procedures for multiple referrals of bills to committees (Report No. 96–864). Referred to the House Calendar.

Mr. EDWARDS of California: Committee on the Judiciary. H.R. 5200. A bill to amend title VIII of the act commonly called the Civil Rights Act of 1968 to revise the procedures for the enforcement of fair housing, and for other purposes; with amendment (Rept. No. 96–865). Referred to the Committee of the Whole House on the State of the Union.

Mr. PATTERSON: Select Committee on Committees. Final Report of the Select Committee on Committees (Rept. No. 96–866). Referred to the House Calendar.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. NICHOLS (for himself and Mr. Mitchell of New York):

H.R. 6982. A bill to amend chapter 5 of title 37, United States Code, to revise the special pay provisions for medical officers in the Armed Forces and to make permanent the existing special pay provisions for other health professionals in the uniformed services; to the Committee on Armed Services.

By Mr. ANDREWS of North Carolina (by request):

H.R. 6983. A bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes; to the Committee on Education and Labor.

By Mr. BONIOR of Michigan:

H.R. 6984. A bill to facilitate the worldwide sharing of wildlife resource conservation capability; jointly, to the Committee on Merchant Marine and Fisheries and Foreign Affairs.

By Mr. COELHO (for himself and Mr. Thomas):

H.R. 6985. A bill to amend the Internal Revenue Code of 1954 to provide that, in the case of an employee annuity, the employee may elect to exclude from gross income all amounts received by the employee under the annuity until the employee recovers his consideration for the annuity, without regard to whether such consideration is recovered during the first 3 years of the annuity; to the Committee on Ways and Means.

By Mr. DODD:

H.R. 6986. A bill to amend the Regional Rail Reorganization Act of 1973 to facilitate the transfer of rail properties of the Consolidated Rail Corporation in the States of Connecticut and Rhode Island to another rail carrier; to the Committee on Interstate and Foreign Commerce.

By Mr. FAZIO (for himself, Mr. Johnson of California, and Mr. Matsui):

H.R. 6987. A bill to provide for the acquisition and the conveyance of certain real property by the Air Force; to the Committee on Armed Services.

By Mr. GLICKMAN:

H.R. 6988. A bill to amend section 218 of the Social Security Act to make it clear that amounts paid to or on behalf of a public employee by a State or local government (including certain payments into an annuity fund) do not constitute covered wages under the State's agreement if they would not be treated as covered wages for purposes of FICA taxes in the case of a private employee; to the Committee on Ways and Means.

By Mr. HUGHES:

H.R. 6989. A bill to amend the Clayton Act and the Internal Revenue Code of 1954 with respect to punitive damages received by private litigants under the Clayton Act, and for other purposes; jointly, to the Committees on the Judiciary and Ways and Means.

By Mr. KILDEE (for himself, Mr. Corrada, Mr. Brodhead, Mr. Moakley, Mr. Mitchell of Maryland, Mr. Murphy of Pennsylvania, Mr. Bonior of Michigan, Mr. Hinson, Mr. Roe, Mr. Wolpe, Mr. Downey, Mr. Howard, Mr. Yatron, Mr. Luken, Mr. Price, Mr. Donnelly, Mr. Ford of Michigan, Mr. Dougherty, Mr. Goodling, Mr. Traxler, Mr. Evans of Delaware, Mr. Blanchard, Mr. Coelho, Mr. Jenrette, Mr. Addabbo, Mr. Mottl, and Mr. Markey):

H.R. 6990. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to authorize the payment of benefits with respect to public safety officers who die of certain medical conditions sustained in the performance of duty; to the Committee on the Judiciary.

By Mr. LOEFFLER:

H.R. 6991. A bill to improve the public-participation requirements concerning housing assistance plans developed in connection with the community development program carried out under title I of the Housing and Community Development Act of 1974, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. LUJAN:

H.R. 6992. A bill to amend the Atomic Energy Act of 1954, as amended, by establishing a uranium enrichment fund within the Department of Energy, and for other purposes; jointly, to the Committees on Interior and Insular Affairs, Interstate and Foreign Commerce, and Science and Technology.

By Mr. NEAL:

H.R. 6993. A bill to provide that the interest rate on federally insured mortgages under section 203(b) of the National Housing Act shall be the rate charged for uninsured mortgages; jointly, to the Committees on Banking, Finance and Urban Affairs and Veterans' Affairs.

By Mr. NEDZI:

H.R. 6994. A bill to rename certain buildings of the Library of Congress; to the Committee on House Administration.

By Mr. OTTINGER:

H.R. 6995. A bill to extend certain provisions of the Toxic Substances Control Act for 3 years; to the Committee on Interstate and Foreign Commerce.

By Mr. PAUL:

H.R. 6996. A bill to provide for an immediate increase in the pay and allowances of members of the uniformed services and to provide for automatic semiannual cost-of-living increases in such pay and allowances thereafter; to the Committee on Armed Services.

H.R. 6997. A bill to amend the Internal Revenue Code of 1954 to permit an individual to be claimed as a dependent without regard to the gross income of the individual; to the Committee on Ways and Means.

By Mr. PEASE:

H.R. 6998. A bill to amend section 203 of the Federal Property and Administrative Services Act of 1949 to require, prior to disposal, that notice and first right of refusal be given to certain previous holders of surplus real property suitable for agricultural uses; to the Committee on Government Operations.

By Mr. PERKINS:

H.R. 6999. A bill to expedite the conversion by certain existing electric powerplants from the use of oil to coal or another alternate fuel, and to conserve oil and natural gas used by other powerplants, and to assist the ratepayers of the electric utilities involved in reducing the costs of conversion and insuring that petroleum and natural gas costs are reasonable; to the Committee on Interstate and Foreign Commerce.

By Mr. PREYER (for himself and Mr. Broyhill):

H.R. 7000. A bill to provide for a uniform product liability law; to the Committee on Interstate and Foreign Commerce.

By Mr. REUSS (for himself, Mr. Mitchell of Maryland, and Mr. Cavanaugh):

H.R. 7001. A bill to modernize the Federal Reserve System; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ROE:

H.R. 7002. A bill to amend the Internal Revenue Code of 1954 to restore the deduction for State and local taxes on gasoline and other motor fuels, to allow the deduction for such taxes without regard to whether the taxpayer itemizes other deductions, and for other purposes; to the Committee on Ways and Means.

By Mr. SCHEUER:

H.R. 7003. A bill to amend the Toxic Substances Control Act to extend the authorization of appropriations contained in such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SCHULZE:

H.R. 7004. A bill to permit until July 1, 1982, the duty-free entry of Tricot and Raschel warp knitting machines; to the Committee on Ways and Means.

By Mr. STENHOLM:

H.R. 7005. A bill to provide for the establishment and operation of a Southwest Collegiate Institute for the Deaf; to the Committee on Education and Labor.

By Mr. VANDER JAGT:

H.R. 7006. A bill to amend the Occupational Safety and Health Act of 1970 to concentrate enforcement activities on hazardous workplaces and encourage self-initiative in improving occupational safety and health, and for other purposes; to the Committee on Education and Labor.

By Mr. YOUNG of Missouri:

H.R. 7007. A bill granting the consent of Congress to the Southern States energy compact, and for other purposes; to the Committee on the Judiciary.

By Mr. GUDGER:

H.J. Res. 528. Joint resolution proposing an amendment to the Constitution of the United States upholding the rights of Americans to participate in prayer in public buildings; to the Committee on the Judiciary.

By Mr. TRIBLE (for himself, Mr. Wyatt, Mr. Roth, Mr. Lott, Mr. Hammerschmidt, Mr. Lungren, Mr. Quayle, Mr. Kildee, Mr. Pashayan, Mr. Leach of Iowa, Mr. Petri, Mr. Grisham, Mr. Lewis, Mr. Edwards, of Oklahoma, Mr. Hansen, Mr. McDonald, Mr. Hance, Mr. Stenholm, Mr. Kramer, Mr. Mitchell of New York, Mr. Bethune, Mr. Gingrich, Mr. Tauke, Mr. Moore, Mr. Livingston, Mr. Rudd, Mr. Glickman, Mr. Sebelius, Mr. Winn, Mr. Jeffries, Mr. Pritchard, Mr. Johnson of Colorado, Mr. Broyhill, Mr. Stockman, Mr. Kemp, Mr. Rousselot, Mrs. Snowe, Mr. Quillen, Mr. Ashbrook, Mr. Marriott, Mr. Taylor, Mr. Miller of Ohio, Mr. Edwards of Alabama, Mr. Emery, Mr Whitley, Mr. Gudger, Mr. Young of Missouri, Mr. Flippo, Mr. Harris, Mr. Myers of Pennsylvania, Mr. Bailey, Mr. Benjamin, Mr. Atkinson, Mr. Gaydos, Mr. Murphy of Pennsylvania, Mr.

Murtha, Mr. Oberstar, Mr. Mazzoli, Mr. Shannon, Mr. Gore, Mr. Skelton, Mr. Lowry, Mr. Young of Florida, Mr. Lloyd, Mr. Rhodes, Mr. Michel, Mr. Railsback, Mr. Hughes, Mr. Ritter, Mr. Regula, Mr. Bereuter, Mr. Fazio, Mr. Bowen, Mr. Whittaker, Mr. Jeffords, Mr. Kindness, Mr. Stangeland, Mr. Barnard, Mr. Jones of North Carolina, Mr. Huckaby, Mr. Jenkins, Mr. Neal, Mr. Green, Mr. Bob Wilson, Mr. Butler, Mr. Satterfield, Mr. Robinson, Mr. Whitehurst, Mr. Robert W. Daniel, Jr., Mr. Wampler, Mr. Dan Daniel, Mr. Erdahl, Mr. Dornan, Mr. Coleman, Mr. Walker, Mr. Hillis, Mr. Courter, Mr. Evans of Delaware, Mr. Campbell, Mr. Dannemeyer, Mr. Devine, Mr. Badham, Mr. Hubbard, Mr. Moorhead of California, Mr. Latta, Mr. Stump, Mr. Goodling, Mr. Dougherty, Mr. Myers of Indiana, Mr. Beard of Tennessee, Mr. Spence, Mr. Loeffler, Mr. Lee, Mr. Symms, Mrs. Holt, Mr. Montgomery, Mrs. Byron, Mr. Bauman, Mr. Duncan of Tennessee, Mr. Corcoran, Mr. Martin, Mr. Bonker, Mr. Davis of Michigan, Mr. Hyde, Mr. Fish, Mr. Grassley, Mr. Conte, Mr. Vander Jagt, Mr. Young of Alaska, Mr. Dickinson, Mr. Archer, Mr. Brown of Ohio, Mr. McEwen, Mr. Gradison, Mr. Lagomarsino, Mr. Hollenbeck, Mr. Nedzi, Mr. Beilenson, Mr. McCloskey, Mr. White, Mr. Nichols, Mr. Akaka, Mr. Price, Mr. Stratton, Mr. Bennett, Mr. Biaggi, Mr. Conable, Mr. Russo, Mr. Mollohan, Mr. AuCoin, Mr. D'Amours, Mr. Anderson of California, Mr. Hutto. Mr. Lent, Mr. Charles H. Wilson of California, Mr. Downey, Mrs. Boggs, Mr. Davis of South Carolina, Mr. Runnels, Mr. Broomfield, Mr. Evans of the Virgin Islands, Mr. Ichord, Mr. Buchanan, Mr. Erlenborn, Mr. Daniel B. Crane, Mr. Forsythe, Mr. Carney, Mr. Hagedorn, Mrs. Smith of Nebraska, Mr. Mottl, Mr. Goldwater, Mr. Shuster, Mr. Sawyer, Mr. Madigan, Mr. Stanton, Mrs. Fenwick, Mr. Royer, Mr. Guyer, Mr. O'Brien, Mr. Kazen, Mr. Hopkins, Mr. Carter, Mr. Snyder, Mr. Abdnor, Mr. Burgener, Mr. Rahall, Mr. Nelson, Mr. John L. Burton, Mr. Cleveland, Mr. Solomon, Mr. Paul, Mr. Leath of Texas, Mr. Mavroules, Mr. Collins of Texas, Mr. Frenzel, Mr. Andrews of North Dakota, Mr. Clausen, Mr. Rose, Mr. Marks, Mr. McDade, Mr. Coughlin, Mr. McClory, Mr. Cheney, Mr. Clinger, Mr. Derwinski, Ms. Mikulski, Mr. Lujan, Mr. Fountain, Mr. Lederer, Mr. Mica, Mr. Aspin, Mr. Seiberling, Mr. Evans of Georgia, Mr. Bafalis, Mr. Wright, Mr. Fisher, Mr. Wydler, Mr. Wylie, and Mr. Carr):

H.J. Res. 529. Joint resolution designating October 19, 1981, as a "Day of National Celebration of the Two Hundredth Anniversary of the American Victory at Yorktown, Virgina"; to the Committee on Post Office and Civil Service.

By Mr. LATTA:

H. Con. Res. 314. Concurrent resolution setting forth the congressional budget for the U.S. Government for fiscal year 1981; to the Committee on the Budget.

By Mr. McDONALD:

H. Con. Res. 315. Concurrent resolution expressing the sense of the Congress with respect to balancing the Federal budget; jointly, to the Committees on Government Operations, Foreign Affairs, Banking, Finance and Urban Affairs, and Ways and Means.

By Mr. EDWARDS of California (for himself, Mr. Ambro, Mr. Beilenson, Mr. Carter, Mr. Coughlin, Mr. Danielson, Mr. Dellums, Mr. Edgar, Mrs. Fenwick, Ms. Ferraro, Mr. Gray, Mr. Kastenmeier, Mr. Markey, Mr. McHugh, Ms. Mikulski, Mr. Miller of California, Mr. Mitchell of Maryland, Mr. Panetta, Mr. Ottinger, Mr. Rosenthal, Mr. Stokes, Mr. Stratton, Mr. Vento, and Mr. Udall):

H. Res. 634. Resolution expressing the sense of the House of Representatives that the Committee on Ways and Means should develop tax reform legislation designed to induce noninflationary behavior by business and labor; to the Committee on Ways and Means.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

403. By the SPEAKER: Memorial of the Legislature of the State of Washington, relative to geothermal energy developing; to the Committee on Interior and Insular Affairs.

404. Also, memorial of the House of Representatives of the State of Arizona, relative to the proposed National Employment Priorities Act of 1979; jointly, to the Committees on Banking, Finance and Urban Affairs and Education and Labor.

405. Also, memorial of the Legislature of the State of Washington, relative to coordination of energy development project; jointly, to the Committees on Interior and Insular Affairs and Interstate and Foreign Commerce.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. STAGGERS introduced a bill (H.R. 7008) for the relief of Benedicto P. Uy, Regina Uy, and Marilee Uy, which was referred to the Committee on the Judiciary.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 154: Mr. Hamilton, Mr. Long of Maryland, Mr. Grisham, Mr. Hillis, Mr. Mitchell of New York, Mr. Kogovsek, Mr. Moorhead of Pennsylvania, Mr. Alexander, Mr. Pickle, Mr. Kramer, Mr. Boland, Mr. Ertel, Mr. Brown of Ohio, Mr. Fary, Mr. Beard of Rhode Island, Mr. Hammerschmidt, Mr. Harris, Mr. Flippo, and Mr. Young of Missouri.

H.R. 654: Mr. Stump and Mr. Wyatt.

H.R. 810: Mr. Bedell, Mr. Coughlin, Mr. Kelly, Mr. McDonald, Mr. Quillen, and Mr. Edwards of Oklahoma.

H.R. 1000: Mr. de la Garza and Mr. Badham.

H.R. 1603: Mr. Dornan, Mr. Derrick, and Mr. Luken.

H.R. 2400: Mr. St Germain, Mr. Rinaldo, and Mr. Hollenbeck.

H.R. 2467: Mr. Addabbo.

H.R. 2499: Mr. Barnes.

H.R. 3200: Mr. Winn and Mr. Kelly.

H.R. 3567: Mr. Hansen.

H.R. 4402: Mr. Lederer, Mr. Carter, Mr. Mottl, and Mr. Fazio.

H.R. 4939: Mr. Martin and Mr. Fuqua.

H.R. 5080: Mr. Cleveland.

H.R. 5119: Mr. Roe and Mr. Walgren.

H.R. 5225: Mr. White.

H.R. 5569: Mr. Lowry.

H.R. 5610: Mr. Brown of Ohio.

H.R. 5858: Mr. Applegate, Mr. Bennett, Mr. Fascell, Mr. Gramm, Mr. Hefner, Mr. Hubbard, Mr. Matsui, Mr. Reuss, Mrs. Spellman, and Mr. Volkmer.

H.R. 5862: Mr. Dan Daniel.

H.R. 5977: Mr. Akaka, Mr. Stokes, Mr. Bonior of Michigan, Mr. Barnes, Mr. Mitchell of Maryland, Mr. Hansen, Mr. Fauntroy, Mr. Dellums, Mr. Richmond, Mr. Johnson of California, Mr. Wolpe, Mr. Vento, Mr. Miller of California, Mr. Ottinger, Mr. Waxman, and Mrs. Spellman.

H.R. 6053: Mr. Gradison and Mr. Kemp.

H.R. 6057: Mr. Lent, Mr. Lundine, Mr. Scheuer, Mr. Ottinger, Mr. Corcoran, Mr. Glickman, Mr. Corrada, Mr. Maguire, Mr. Mitchell of Maryland, Mr. Heftel, Mr. Grisham, and Mr. Downey.

H.R. 6231: Mr. Rose, Mrs. Bouquard, Mr. Cheney, Mr. Jenrette, Mr. Hefner, Mr. Fountain, Mr. Ottinger, Mr. Andrews of North Carolina, and Mr. McDonald.

H.R. 6369: Mr. Anderson of California.

H.R. 6396: Mr. Stokes and Mr. Scheuer.

H.R. 6693: Mr. McCormack, Mr. Hughes, Mr. Gudger, Mr. McHugh, Mr. Fazio, Mr. LaFalce, and Mr. Bedell.

H.R. 6813: Mr. Scheuer, Mr. Patten, Mr. Downey, Mr. Coughlin, Mr. Charles Wilson of Texas, Mr. Jones of Tennessee, Mr. Weaver, Mr. Conte, Mr. Frost, Mr. Neal, Mr. Emery, Mr. Weiss, Mr. Forsythe, Mr. Fazio, Mr. Goldwater, Mr. Dingell, Mr. Stokes, and Mr. Mitchell of New York.

H.R. 6829: Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Archer, Mr. Ashbrook, Mr. Badham, Mr. Bafalis, Mr. Bauman, Mr. Benjamin, Mr. Bethune, Mrs. Bouquard, Mr. Broomfield, Mr. Brown of Ohio, Mr. Broyhill, Mr. Buchanan, Mr. Burgener, Mr. Campbell, Mr. Carney, Mr. Carter, Mr. Clausen, Mr. Conable, Mr. Conte, Mr. Corcoran, Mr. Coughlin, Mr. Courter, Mr. Daniel B. Crane, Mr. Dan Daniel, Mr. Dannemeyer, Mr. Davis of Michigan, Mr. Devine, Mr. Dickinson, Mr. Dornan, Mr. Dougherty, Mr. Duncan of Tennessee, Mr. Edwards of Oklahoma, Mr. Emery, Mr. Evans of Georgia, Mr. Evans of Delaware, Mr. Forsythe, Mr. Frenzel, Mr. Gilman, Mr. Gingrich, Mr. Goldwater, Mr. Goodling, Mr. Gradison, Mr. Guyer, Mr. Harsha, Mrs. Heckler, Mr. Hinson, Mrs. Holt, Mr. Hopkins, Mr. Horton, Mr. Hyde, Mr. Jeffries, Mr. Kelly, Mr. Kemp, Mr. Kindness, Mr. Kramer, Mr. Lagomarsino, Mr. Leach of Louisiana, Mr. Lee, Mr. Lewis, Mr. Livingston, Mr. Loeffler, Mr. Lott, Mr. Lujan, Mr. Lungren, Mr. Madigan, Mr. Markey, Mr. Marlenee, Mr. Marriott, Mr. McClory, Mr. McDonald, Mr. McEwen, Mr. Michel, Mr. Miller of Ohio, Mr. Moorhead of California, Mr. Mottl, Mr. Myers of Indiana, Mr. O'Brien, Mr. Ottinger, Mr. Paul, Mr. Quayle, Mr. Quillen, Mr. Regula, Mr. Rhodes, Mr. Rinaldo, Mr. Roth, Mr. Rousselot, Mr. Rudd, Mr. Sawyer, Mr. Shumway, Mr. Shuster, Mrs. Smith of Nebraska, Mr. Snyder, Mr. Solomon, Mr. Spence, Mr. Stangeland, Mr. Stanton, Mr. Stockman, Mr. Stump, Mr. Symms, Mr. Tauke, Mr. Taylor, Mr. Vander Jagt, Mr. Walker, Mr. Williams of Ohio, Mr. Williams of Montana, Mr. Winn, Mr. Wydler, Mr. Wylie, Mr. Yatron, Mr. Young of Florida, and Mr. Young of Alaska.

H.R. 6889: Mr. Murphy of Pennsylvania, Mr. Pepper, Mr. Bedell, and Mr. Hughes.

H.R. 6913: Mr. Hanley, Mr. Patten, and Mrs. Schroeder.

H.R. 6919: Mr. Fish, Mr. Lungren, Mr. Mattox, Mr. Porter, Mr. Lee, Mr. Mazzoli, Mr. Forsythe, Mr. Kindness, Mr. Miller of California, Mr. Roe, Mr. Harris, Mr. Hughes, Mr. Whitehurst, and Ms. Mikulski.

H.R. 6935: Mr. Guarini, Mrs. Fenwick, Mr. Thompson, Mr. Courter, Mr. Hughes, Mr. Patten, Mr. Rinaldo, Mr. Forsythe, Mr. Howard, Mr. Roe, Mr. Maguire, Mr. Florio, Mr. Hollenbeck, and Mr. Rodino.

H.R. 6941: Mr. Derwinski, Mr. Dougherty, Mr. Hinson, Mr. Hyde, Mr. Porter, Mr. Royer, Mr. Spence, Mr. Won Pat, and Mr. Young of Florida.

H.J. Res. 474: Mr. Alexander, Mr. Andrews of North Carolina, Mr. Brademas, Mrs. Byron, Mr. Conte, Mr. D'Amours, Mr. Foley, Mr. Jenkins, Mr. McKinney, Mr. Marks, Mr. Mavroules, Ms. Mikulski, Mr. O'Brien, Mr. Railsback, Mr. Rose, Mr. Staggers, Mr. Whitley, Mr. Wirth, Mr. Wright, Mr. Yatron, and Mr. Dodd.

H.J. Res. 504: Mr. Ratchford, Mr. Tauke, Mr. Luken, Mr. Wolff, and Mr. Murtha.

H.J. Res. 508: Mr. Madigan, Mr. Hollenbeck, Mr. Florio, Mr. Roe, Mr. Porter, Mr. Carter, Mr. Stokes, Mr. Horton, Mr. Gingrich, Mr. Won Pat, and Mr. Wolff.

## PETITIONS, ETC.

Under clause 1 of rule XXII,

323. The SPEAKER presented a petition of the Board of Directors, California Tomato Growers Association, Stockton, Calif., relative to reclamation laws, which was referred to the Committee on Interior and Insular Affairs.

## AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

### H.R. 6554

By Mr. SNYDER:

—On page 1, lines 3 and 4, strike "Maritime Appropriations Authorization Act for Fiscal Years 1981 and 1982" and insert in lieu thereof "Maritime Appropriations Authorization Act for Fiscal Year 1981".

On page 2, lines 4, strike "years 1981 and 1982" and insert in lieu thereof "year 1981".

On page 2, lines 9 and 10, strike "1981, and such sums as may be necessary for fiscal year 1982;" and insert in lieu thereof "1981;".

On page 2, lines 13 and 14, strike "1981, and such sums as may be necessary for fiscal year 1982;" and insert in lieu thereof "1981;".

On page 2, lines 17, 18 and 25, strike "1981, and such sums as may be necessary for fiscal year 1982;" and insert in lieu thereof "1981;".

On page 3, lines 11 and 12, strike ", and such sums as may be necessary for fiscal year 1982;" and insert in lieu thereof ";".

On page 3, lines 21 and 22, strike "; and such sums as may be necessary for fiscal year 1982." and insert in lieu thereof ".".

On page 3, line 24, strike "and 1982".

Amend the title to read as follows: "To authorize appropriations for the fiscal year 1981 for certain maritime programs of the Department of Commerce, and for other purposes."

# EXTENSIONS OF REMARKS

## NATIONAL CENTER FOR APPROPRIATE TECHNOLOGY

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### HON. RON MARLENEE

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● **Mr. MARLENEE.** Mr. Speaker, I wish to submit to the CONGRESSIONAL RECORD an article by Frank Adams which appeared in the Great Falls Tribune on February 10, 1980. This article discusses the National Center for Appropriate Technology in Butte, Mont. I urge all my colleagues to read this informative article so that they may better understand the purpose of the center:

NCAT SEEKS TO HELP PEOPLE COPE WITH NEW ENERGY REALITIES

(By Frank Adams)

BUTTE.—At first blush, Butte may seem an unlikely place for the National Center for Appropriate Technology, or a national anything.

The center is in Butte because of former Senate Majority Leader Mike Mansfield's influence, without which there might not be a National Center for Appropriate Technology anywhere.

But Butte is a good place for it, says Dorothy Bradley, director of information at the center. For one thing, "When solar collectors and cold frames work in Butte, you know they'll work anyplace," she said as a bitter cold wind howled outside.

And decentralization is not bad, she added. "I see no need to put it in the heart of Denver or Washington, D.C." she says.

Despite some fears at first, the center has been able to attract qualified people to Butte, says Bradley.

The purpose of NCAT (pronounced N-Cat), according to Director Ed Kepler, is to develop technologies that can be useful to the poor, who are being priced out of the market in basic essentials such as housing, food, education and health care.

If you can't afford to buy food in the supermarket, maybe it's time to build an inexpensive cold frame to extend your garden growing season a bit, or maybe even build a sun-heated greenhouse and raise your own food year round. NCAT has a solar greenhouse with which its horticulturists and agricultural people are doing all kinds of research.

Necessarily oriented toward helping poor people because it gets its multi-million-dollar budget from the federal Community Services Administration, NCAT is concerned also with furthering the appropriate technology movement.

"Our country has to solve the energy problem or the whole country will go down together, regardless of class," Kepler says.

Appropriate technology at NCAT means any technology that will help people, especially poor people, become more self-reliant and cope with their problems. For instance, in the biomass energy division, Jim Kerstetter and his people are looking for cheaper ways to make alcohol fuel for low-income farmers. A long-term goal is to make a farm energy self-sufficient, with some of the crops being used to make alcohol to run the machinery, protein by-products of the alcohol plant being used to feed cows, and cow manure being used to generate gas to fire the alcohol boiler on cloudy days when the solar collector isn't able to provide sufficient process heat.

If the demand is there, why can't private enterprise come up with the technology?

Kepler has a ready answer: "An awful lot of things private enterprise does grows out of government research. Government spends $30 billion on research and development a year, much of it with private companies. Sometimes private enterprise is not all that enterprising."

In addition, says Kepler, the market doesn't serve all people equally well. It doesn't serve the poor, because the poor have no money to create a demand.

And appropriate technology is an effort by many people around the country to do something about their own energy problems. These people don't care to wait for either government or private enterprise to come up with solutions, so they're building their own windmills, solar collectors, and so on. They also need some sort of organization to give them guidance and instructional publications, and to test their devices and tell them how they might be improved upon.

John Hirigoyen, an electronics engineer from the San Francisco Bay area, conducts all sorts of tests on solar collectors which are shipped to Butte from all over the country, mostly from local anti-poverty agencies. The tests are conducted at no charge to the agencies, saving them thousands of dollars. The entire south half of Hirigoyen's test facility, in back of the main NCAT building, is heated by a solar collector designed by a community action agency in Missouri and costing less than $100.

Director Kepler himself was a community action program director in Massachusetts and Connecticut before coming to NCAT a year ago. Community action agencies around the country are used by NCAT as the primary outlet for getting the appropriate technology to the poor. There are 900 such agencies, "some good, some not so good," says Kepler. It would have cost NCAT several million dollars to set up a network were it not for the community action agencies, says Kepler.

NCAT doesn't deal exclusively with community action agencies, although half of the $1 million it has available for grant money each year goes to them. The money generally goes to demonstrate appropriate technologies.

So far Congress and federal antipoverty officials haven't caught the vision of what appropriate technology can do for the poor and the nation, says Kepler. He says at least $50 million a year is needed for appropriate technology research to have an impact.

What has NCAT accomplished since it got underway in late 1977?

In terms of increasing the understanding of appropriate technology and enabling people to practice it, "We've done well," through publications, grants, and the work of the center's 10 field offices, says Kepler. And in "future-oriented" research into passive solar energy, NCAT is recognized as one of the outstanding organizations in the nation," he says.

But in terms of hardware that can be made available to the poor, NCAT hasn't done much so far, says Kepler. An example in this area is a brochure describing a thermostat timer for people who are inclined to leave their heat turned up at night to avoid waking up to a cold house. It describes how, for $10, it is possible to make a simple timer that will automatically turn the heat down at night and turn it up in the morning. The brochure is available free from NCAT and has been distributed all over the country and reprinted in magazines such as "Handyman." (Other consumer publications, some free, some for a small price, tell about caulking, solar heating, and wood heating; NCAT also has a number of bibliographies and technical publications for sale.)

The center plans to do more "hands on" work to develop things on the premises, says Kepler. It has a federal anti-poverty contract to build five prototype alcohol fuel stills which will be set up as demonstration units on farms around the country. "By doing things with our hands and actually building things we're going to learn better how to make technology available to the low income community," he says.

Kepler's aim is a balance between turning out things that are of immediate use and developing things for the future.

The work that may be more significant than anything else NCAT is doing, says Kepler, is attempting to influence public policy toward renewable energy and conservation and away from a dependence on foreign oil and nuclear power. Toward this end NCAT recently came out with a "poor people's energy plan," a national proposal that NCAT claims could yield as much energy savings as would be produced under President Carter's synthetic fuels program, and do it before the first synfuels plant starts producing.

The savings would come from speeding up conservation work on low-income homes, developing solar heating systems, building energy-efficient public housing, rebuilding older cars to get another 50,000 miles out of them, and promoting alcohol fuels, greenhouses and community agriculture and direct marketing of food to eliminate some of the middlemen.

NCAT has its own library, available to anyone. There's a lot of interest in greenhouses, wood stoves, earth-integrated houses, and cold frames, says librarian Rose Sullivan. The library materials can be checked out for three days, are available for inter-library loan and are used regularly by the state library in Helena and the universities at Bozeman and Missoula.

NCAT has started publishing its own newspaper, the "A.T. Times," under the editorship of former Montana Standard reporter Brian Mertz. The goal is to make it a monthly by summer, and to work into a paid subscription system.

The center has a mailing list of 6,000 names, and expects to triple that as it moves into Department of Energy mailing lists.

NCAT, a non-profit corporation, is governed by a 23-member board representative of anti-poverty groups, consumers, the elderly, and appropriate technologists from across the U.S. It has about 100 employees, including staff at the 10 regional field offices and in Washington, D.C. Its congres-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

sional appropriation for 1980 is $3.7 million.●

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## SEVENTH ANNUAL BLACK FILMMAKERS CEREMONY

### HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. DELLUMS. Mr. Speaker, once again I would like to share with my colleagues a most extraordinary program which has been developed by citizens of the Eighth California Congressional District under the auspices of the Cultural and Ethnic Affairs Guild of the Oakland, Calif., Museum Association. On February 24, 1980, seven black Americans were inducted into the Black Filmmakers Hall of Fame during the Seventh Annual Oscar Micheaux Awards Ceremony in Oakland.

The 1980 inductees into the Black Filmmakers Hall of Fame are: Vinetta Carroll, Ivan Dixon, James Edwards, William Greaves, Lillian Randolph, Frank Silvera, and Woody Strode.

I would like to take this opportunity to extend my personal congratulations to each of these distinguished honorees, as well as the Cultural and Ethnic Affairs Guild of the Oakland Museum for conceiving and implementing this pioneering cultural program. The contributions of blacks to the cultural life of the Nation has for too long been obscure, and has for too long been enshrouded in the myths and masks of cultural exclusion. That our generation has had the wisdom to unveil these achievements and to honor those who have given so much to filmmaking makes one proud to be among this generation of black people.●

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## LEGISLATION ESTABLISHING URANIUM ENRICHMENT FUND

### HON. MANUEL LUJAN, JR.

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. LUJAN. Mr. Speaker, I have introduced leigslation that I think is most important to the future of the Department of Energy and to our country if we are, indeed, serious about trying to balance the Federal budget.

Our bill would amend the Atomic Energy Act of 1954 by establishing within the Department of Energy a uranium enrichment revolving fund. The purpose of this legislation is to make the uranium enrichment program a self-sustaining one, and thus eliminate the need for continued appropriations by the Congress.

There is at the present time approximately $700 million in unexpended appropriation balances for the uranium enrichment program. This includes $150 million in operating moneys and in excess of $500 million in capital funds.

The rationale for this bill is that in the first few years, budget outlays will be less than the total financial resources available to the fund. The legislation will permit DOE to earn interest on the excess resources which would be available to finance future years' uranium enrichment activities.

The proposal will permit flexibility in implementing the budget up to a defined limit without going to Congress. It will result in the program manager for the uranium enrichment program exercising intense management of program finances since the actual costs and revenues will control program implementation.

The legislation will permit flexibility in the management of certain projects within the uranium enrichment program. For example, the power recovery project is presently justified on a given level of power costs. If power costs should escalate faster than anticipated when budget projections are made, the project could be accelerated if economically justified by rising power costs.

Another example is that the fiscal year 1981 budget includes $43 million for payment of demand—or termination—charges to Tennessee Valley Authority for power DOE chose not to purchase. Under a revolving fund, we would have sufficient resources and flexibility in implementing the budget to avoid actual payment of demand charges. The amount of unwanted power purchased in fiscal year 1981 would be dropped in a later year when we could avoid the demand charges. Total cumulative production would not change, and we would save $43 million in the fiscal year 1981 budget.

Overall, this plan would result in more efficient resource management while at the same time retaining congressional control over additional enrichment plants, and any capital project which increases the fund's assets by 5 percent or more.

Also, any increase in expenditure for capital projects that increases capital expenditures by 15 percent would first be submitted to Congress.

In brief, Mr. Speaker, there would be these advantages to a revolving uranium enrichment fund:

Elimination of need for supplemental appropriations as has occurred in fiscal year 1980.

No additional budget authority would be required in fiscal year 1981.

There is presently strong support in the national and international nuclear industry for this plan.

There would be more efficient resource management of the enrichment complex.

For the customer, there would be lower costs of production.

It would make us more competitive in the world market.

It guarantees that enrichment revenues will be used to finance only enrichment operations.●

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## COLOR TELEVISION INDUSTRY

### HON. DAN DANIEL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. DAN DANIEL. Mr. Speaker, the U.S. International Trade Commission will shortly make a recommendation to the President on an extension of the import restraints on color television receivers from Japan, Taiwan, and Korea.

The President originally imposed the restraints on color TV imports from Japan beginning July 1, 1977. But a surge from Taiwan and Korea offset the cutback from Japan and orderly marketing agreements with those two countries were negotiated last year. Thus, the domestic industry has only 1 year of effective relief, as against the 5 years initially recommended by the Commission and the 3 years the President granted.

The American color television industry, which has held the price line and actually proved to be an anti-inflationary force in our economy, will follow the black-and-white TV industry into limbo unless the President extends the import restraints.

I enter in the RECORD a newsstory by Richard Lawrence of the New York Journal of Commerce which was printed when the industry and its workers filed for an extension of the import relief:

#### EXTENSION IS SOUGHT ON TV IMPORT CURBS

WASHINGTON.—The International Trade Commission was asked Monday to extend import controls on color TV set imports for another three years.

The request, by a group of 11 unions and three companies (Corning Glass, Owens-Illinois and Wells-Gardner), is expected to be considered early next year. Present curbs on shipments from Japan, Korea and Taiwan are due to expire the end of June.

The labor-company group, known as the Committee to Preserve American Color Television (Compact), may ask the government to expand the curbs to include exports from all countries or perhaps two or three other growing foreign suppliers, such as Mexico and Singapore.

The exact nature of Compact's request may not be decided until March, when the ITC is expected to hold hearings on Compact's case, Corning Glass executive vice president, Allen Dawson, said Monday. The ITC will be under no formal deadline in reporting its findings to President Carter but Compact executives think ITC will forward them by May.

Through "orderly marketing arrangements," Japan has been limiting its TV set exports to the U.S. since July 1977, while Korea and Taiwan have been restraining shipments since last February. Complete set imports have declined, due to a sharp fall in Japanese deliveries, but incomplete set imports have been rising. Many of the incomplete units are from Mexico, not part of the control system.

U.S. TV manufacturers have, meantime, increased their share of the American market to almost 85 percent, compared to 66 percent a little over two years ago. Production climbed by one-third to almost 8.4 million complete sets in the 12 months through last June, against two years earlier.

Paradoxically, however, the U.S. TV manufacturing industry's work force has kept dropping, because of the growing volume of incomplete set imports, industry spokesmen say.

Despite the U.S. production gain, compact argues that import restrictions are needed as much as ever. They cite continuing low capacity utilization—not quite 50 percent—and continuing "very low levels" of profit margins, besides the continuing job losses. Meanwhile, Compact points out, foreign suppliers are building TV production capacity, despite a world "glut."

U.S. producers, Mr. Dawson told reporters, can manufacture "as good a product and at as low a cost as anyone," if they have the production volume. The curbs on shipments from Korea and Taiwan, he argued, are only starting to take force. The industry needs more time to "adjust," he said.

Originally, the International Trade Commission had urged five years of import restraint, through higher tariffs. President Carter instead opted for orderly marketing arrangements, with the Korea and Taiwan controls due to last only about 17 months.

TV set imports—complete and incomplete—total about $500 million annually.●

## SANDINISTAS IN NICARAGUA SELL THEIR SOUL TO THE SOVIETS

## HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. BAUMAN. Mr. Speaker, lest there be any doubt left by this time about the true nature of the Sandinistas who now rule Nicaragua, I point to an agreement signed by Nicaragua and the Soviet Union last week. The Soviets have agreed to a broad range of assistance to the Nicaraguans, including unspecified cooperation with the Sandinistas. Reports indicate that hundreds of Soviet advisers will now pour into Nicaragua to join the many hundreds of Cubans already there.

Proponents of the $75 million U.S. aid package to Nicaragua may point to this development as proof that we should approve the loan, or else risk leaving the field to the Cubans and Soviets. But as those who have followed events in Nicaragua since the revolution have seen, despite millions of dollars of U.S. aid already given, the Sandinistas have always openly embraced our enemies, and launched countless verbal harangues against the United States ever since they took power last July. Long before the loan issue ever came up, we were the enemy, and the Soviets and the Cubans were their friends.

I include, for my colleagues' edification, not only the New York Times article announcing the trade agreement signed in Moscow, but also the text of the communique issued by the two countries. Let there be no doubt about the new Nicaragua now; it has sold its soul to the Soviets.

The articles follow:

[From the New York Times, Mar. 23, 1980]

### NICARAGUA LEADERS SIGN PACTS WITH SOVIET UNION

MOSCOW, March 22 (Reuters).—Leaders of Nicaragua's revolutionary Government left the Soviet Union today at the end of a visit that drew the country closer to Moscow in political terms and brought it pledges of aid to rebuild its economy.

The delegation, led by Moises Hassan Moralés, a member of the ruling junta, headed for Eastern Europe after a six-day official tour during which it signed wide-ranging cooperation accords.

The Tass news agency said that under the agreements Moscow would send experts to Nicaragua to develop agriculture, power engineering, transport and communications. The visitors also concluded a "program of cooperation" between the Soviet Communist Party and the Sandinist National Liberation Front.

### COMMUNIQUE ISSUED ON DELEGATION'S VISIT TO U.S.S.R.—HAVANA (CUBA) DOMESTIC SERVICE, MARCH 22, 1980

Moscow.—Nicaragua and the Soviet Union strongly condemn the imperialist policy of intervention in the internal affairs of Latin American nations, states a joint communique released today in Moscow. The communique summarizes the results of the visit by a delegation of the Nicaraguan Government of National Reconstruction and Sandinist National Liberation Front which visited the USSR from 17 March until today when it left for Bulgaria.

The communique notes that the two sides are against the conservation of colonial possessions in the Western Hemisphere and strongly condemn the fascist dictatorship in Chile.

They expressed, says the communique, that the nonalined countries movement is an important factor in the struggle for people's independence and freedom and against colonialism and racism. Confirmation of this, it adds, were the positive results of the Sixth Summit Conference held in Havana, the first to be held on the Latin American Continent.

The two sides expressed their conviction that the nonalined movement will continue to take advantage of its rising political prestige for the benefit of world peace and security.

They also condemned apartheid and racial discrimination and the maneuvers of the colonialists and imperialists in southern Africa. They expressed their solidarity with and support for the just struggle of the peoples of that region. In this regard, they warmly welcome the triumph of the patriotic forces in Zimbabwe.

Regarding the Middle East, they expressed serious concern over the dangerous development of the situation. They condemned separate agreements and called for a general, complete and fair solution of the problem.●

## SOVIET JEWS' STRUGGLE REMEMBERED AT PASSOVER

## HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. BARNES. Mr. Speaker, Jewish people throughout this Nation and the world are now celebrating the festival of Passover. In the spirit of this holiday that commemorates freedom, I think it is appropriate to remember those who still remain victims of oppression. Therefore, I want to share with my colleagues this Passover message from Burton S. Levinson, chairman of the National Conference on Soviet Jewry:

As we celebrate the traditional Festival of Freedom, we recall the heroic revolt by Jews against the enslavement of the ancient Egyptians. Through the ages, their defiance has symbolized the continuing struggle to live as a free people by a people denied its basic human rights and liberty.

This year thousands of Jews still remain in the Soviet Union against their will. Although last year a record number of Jews were allowed to emigrate, we are, now, witnessing a sharp decrease in emigration, reflecting new restrictive emigration policies by the Soviet officials.

A new wave of refusals is sweeping the Soviet Union. Jewish emigration from various cities, especially in the Ukraine, has virtually come to a standstill. Soviet Jews are fearful that the clamp-down on Jewish emigration is an ominous portent of future oppressive measures.

We remain heartened by the strength and courage shown by those struggling to emigrate. Their spirit is strong—though each day is filled with fear, it is also filled with hope.

The American people—Jews and non-Jews—must also demonstrate courage and resolve and show that we are still united with Jews in the USSR in their struggle. Now, more than ever, we reaffirm our solidarity with Soviet Jews and speak out against the new emigration restrictions, the Jews languishing in prisons and labor camps, the step-up of harassment against Jewish activists and the increase in anti-Semitic literature. This is the only way we can help them. It is the only way to give them continued hope so they can achieve their dream of reuniting with friends and family as part of the Jewish people.●

## SOVIET WRITER PLEADS CASE OF IGOR OGURTSOV

## HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. McDONALD. Mr. Speaker, on several previous occasions, I have brought to the attention of the Congress the plight of Igor Ogurtsov, a Russian Christian, who has now languished in Soviet prisons for 13 years. Recently, a Soviet writer, well known for his independent thinking, Lev Kopelev, pleaded Ogurtsov's case in a letter to the German newspaper Die Welt of March 26, 1980. His eloquent letter, as reproduced by the Foreign

Broadcast Information Service in its March 27, 1980, daily report on the Soviet Union, is reported below for the further edification of my colleagues:

15 February 1980 marked the end of the 13th year of imprisonment for Igor Ogurtsov who had been sentenced to 15 years in 1967. The young, gifted historian (Semitology), linguist; and philosopher was arrested, jointly with a group of comrades, for participating in a circle which was called the "All-Russian Social-Christian Federation of the Liberation of the People." They gathered to discuss problems of history, politics, religion; they engaged in disputes and strove to further their education. Of them 28 were convicted and sentenced. Igor Ogurtsov refused to submit and did not incriminate those who had incriminated him to exonerate themselves. This is why he received the most severe punishment of all—15 years of detention and 5 years of deportation. His fellow defendants have been free for a long time, but he is still in prison—under the most severe regime.

May anybody reading these lines try to visualize this: Igor was 28 years old: young, strong, imbued with ideas and hopes when he crossed the threshold into prison.

Youth has departed in these 13 years, and health has waned. He is exhausted, bothered by serious ailments, privations and by the awareness of the irretrievable losses.

Yet despite everything he has retained the clarity of mind and the strength of soul. Over all these terrible years he has been writing stirring letters to his parents which express the manifold work of an unusually fructuous spirit.

I am saying this with all the more conviction since I do not share either the religious creed of Igor Ogurtsov or many of his views concerning history, philosophy, and art. But it is for this very reason that I acknowledge in complete objectivity the nobleness of his mind and the options of his talents.

This promising thinker and unrestrictedly good and selfless man, who loves Russia passionately, now has been deprived of all opportunities of working and of being creative, of being useful to his fatherland, and of helping his neighbor. He has been condemned to the most cruel pains.

As each year and each day pass the bitterness of his parents becomes greater and more insurmountable. Yevgeniya Mikhailovna Ogurtsova-Derevenskova taught music, but she can work no longer as she has been struck by a serious case of angina pectoris. It is the letters of her son and the rare meetings alone with him which keep up her strength but at the same time intensify her bitterness. Vyacheslav Vasilyevich Ogurtsov is an engineer, comes from a family of shipbuilders, in 1941 voluntarily joined the marines, became an officer. Although having been severely wounded he returned to his unit and refused all pleasant proposals of work in the rear echelon. He was decorated several times for unconditional valiance in battle.

Yevgeniya Mikhailovna and Vyacheslav Vasilyevich I had the honor of calling my friends. I am perfectly aware of what Igor, the only and dearly beloved son and closest friend means. In him lies the whole meaning of their lives.

But they are permitted to see him just twice a year in the presence of guards who watch out for every word. In the last meetings they could not even come close to him, they were separated from him by a glass partition.

And each time they see that he has become even more pale and even more thin, that he is losing hair and teeth. . . . The physicians of the hospital do not want to give them any information, but it is obvious that he is suffering from chronic stomach trouble, weakness of the heart and exhausted nerves that is being intensified by permanent undernourishment and the absence of vitamins. Yet his parents are not permitted to hand him food or some sort of medicine. Igor has the right to receive just two packages a year—"one kilogram each of dry bakery products but no chocolate."

If Igor Ogurtsov is not released in the very near future, it will mean for him slowly wasting away—a painful death penalty without a sentence. Such tortures are not envisaged by our law for anybody. Now, on this day and in this hour a good and honest person is being mercilessly and senselessly tortured in the prison of the town Chistopol. They torture him with hunger, illness and desperation.

That happens in our country, in a state we are strengthening every day with our work—all of us living here, our friends, acquaintances, comrades and relatives!

None of us are free of responsibility for what is going on within the borders of our state and what is being done in its name. None of us and none of those who live in other countries that are tied to ours with political, economic, scientific and sports relations or simply through personal acquaintances. We all are responsible for the life of Igor Ogurtsov as well as for the fates of Yuriy Orlov, Mikola Rudenko, Anatoliy Shcharanskiy and all other prisoners suffering for reasons of their conscience in the prisons and camps of our country—and also for the fates of the recently arrested: advocate Tatyana Velikanova, and reverends Gleb Yakunin and Dmitriy Dudko.

This is why the people of good will in our country and in others, all those able to feel and suffer with others, must not stand aside. May everybody do what he can and how he can do it—whether by writing an open or a confidential letter, whether by speaking up openly through a paper or through the telephone, or whether by exploiting personal acquaintances through gobetweens to approach government authorities, diplomats, writers, journalists, judges, public prosecutors or the administration of the prison—by leading, convincing, begging, demanding or urging . . . The main thing is not to give up after one or two attempts but to remind the people doggedly over and over again.

Let us help Igor Ogurtsov! Let us help his parents! Let us help the people who are in prison because of their conscience. In doing this we will help the fatherland and everyone of us to become aware of his dignity as a person and a citizen. Signed: Lev Kopelev.●

## UNIFORM PRODUCT LIABILITY ACT

### HON. JAMES T. BROYHILL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. BROYHILL. Mr. Speaker, I am cosponsoring the Uniform Product Liability Act which is being introduced today by Congressman RICHARDSON PREYER. The Subcommittee on Consumer Protection and Finance has held 9 days of hearings to date on the product liability problem and the proposed legislative solutions for the problem. While the House did recently pass the Product Liability Risk Retention Act, the nature and extent of the problem may require our taking further action. Therefore, we must continue to consider other proposed solutions as well.

To this end, 3 additional days of hearings have been scheduled in late April. These hearings will focus on two major tort bills: H.R. 5626, the National Product Liability Act, and this bill, the Uniform Product Liability Act. The latter was originally drafted by the Commerce Department as a comprehensive codification of product liability law so as to achieve, in its words, "a fair balance of the interests of both product users and sellers and eliminate existing confusion and uncertainty about their respective legal rights and obligations." By contrast, H.R. 5626, the National Product Liability Act, represents a limited realinement of certain selected tort law doctrines to achieve the same goal: predictability to sellers and fair and just compensation to claimants.

I am cosponsoring this bill for the same reason that I cosponsored H.R. 5626: a full discussion of all possible solutions. It is my hope that the subcommittee will fully discuss and carefully review the different approaches taken in these two bills. I look forward to the analyses and comments that our witnesses will no doubt provide at our next hearings.●

## THE PERILS OF INFLATION

### HON. J. WILLIAM STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. STANTON. Mr. Speaker, "the inflation we are faced with today has brought our country to a point of economic crisis unmatched in its dangers since the Great Depression of the 1930's."

That is how Dr. Arthur F. Burns, former Chairman of the Board of Governors of the Federal Reserve System, began a recent statement on the perils of inflation before the Senate Banking Committee. Dr. Burns, currently a scholar at the American Enterprise Institute for Public Policy Research, correctly points out in his speech that the consequences of inflation can be devastating for the individual family, especially since the erosion of the dollar's buying power frustates the efforts of working men and women to provide for the expected needs of their families.

Mr. Speaker, what has been the fundamental cause of the price revolution of our times? The answer is clear, according to Dr. Burns: "the philosophic and political currents that were released in our country by the depression of the 1930's, then by World War II, later still by the clamor for a Great Society." Continuing, Dr. Burns notes that, although there are many fundamental causes of inflation, the U.S. Government is to blame for promoting inflation in at least three ways: "By persistently biasing economic policies toward stimulus; by continually interfering with the forces of market competition in order to benefit special groups; and by pursuing objectives for the environment and for the health and safety of our citizens in needlessly expensive ways."

How do we break the inflationary psychology that has infected this Nation? It would serve all of my colleagues in the House of Representatives to read and study Dr. Burns' remedy for restoring our country to its economic health. The following closing remarks of Arthur Burns to the Senate Banking Committee should serve as the prescription that this Congress and this Government need to follow in the months ahead:

> * * * Given the momentum that inflation has now gained, we should not expect it to end abruptly. But we can no longer afford a gradualist policy, calling for the application of mild measures over a period of perhaps five to ten years, such as still appears to be favored in many circles. A gradualist policy has the ring of prudence and caution, but the very caution that inspires it is also likely to lead to its premature suspension or abandonment in practice. Economic life is subject to all sorts of disturbances and surprises. As has happened in the past, a business recession or some other untoward development can readily overwhelm and topple a gradualist timetable for curing inflation. In the present economic environment, gradualist policies offer little hope of success.
>
> In order to make real headway in the fight against inflation, it has become essential to rout inflationary psychology—that is, make people feel that inflation in our country can be, and that before long it probably will be, brought under control. Such a change in national psychology cannot be accomplished by marginal adjustments of public policy. In view of the strong and widespread expectations of inflation that prevail at present, fairly drastic and consistently applied therapy is needed to turn inflationary psychology around.
>
> Last autumn, I made four specific suggestions that I shall repeat and explain today. The first called for a legislative revision of the budget process that would make it much more difficult to run deficits and that would serve as the initial step toward a constitutional amendment directed to the same end. My proposal would require a balanced budget unless a deficit were authorized by something more than a simple majority—say, two-thirds—of each house of Congress. Such a measure would demonstrate to the public that the Congress is finally ready to take stern and responsible action to end the persistent budget deficits that have nourished our inflation.
>
> Deficits can, of course, be eliminated either by raising taxes or by cutting expenditures. I believe the national interest would now be best served by expenditure cuts. Significant reductions, however, are becoming difficult to achieve because of rapid growth of social security and the other entitlement programs that are automatically chained to rising prices. I therefore urge the Congress to consider carefully various proposals to weaken the tie between the price indexes and outlays under these programs, insofar as that can be done without injuring those truly in need. In addition to its beneficial effect on Federal spending, such a course would strengthen the constituency opposed to inflation, and it would also set a constructive example for the private economy.
>
> My second suggestion called for a commitment by Congress to a comprehensive plan for dismantling regulations—such as those imposed by the Davis-Bacon Act—that have been impeding the competitive process, and for modifying others—particularly those concerned with the environment, health, and safety—that have been running up costs and prices unnecessarily. As every student of the subject now recognizes, the burdens imposed by our farflung regulatory apparatus have become enormous; thorough-going reform is long overdue.
>
> My third suggestion called for a binding endorsement of restrictive monetary policies until the rate of inflation has become substantially lower. I have said little about monetary policy today because I believe the Federal Reserve is proceeding in the right direction; the only question is whether Congress and the public will permit the Federal Reserve to continue to do so. From my service on the Board I learned about the limits on the ability of a central bank—even an independent central bank such as ours—to combat inflation in the absence of strong and steadfast support from the Congress. A concurrent resolution of the Congress making a commitment to such support would permit the Federal Reserve to act forthrightly and with vigor.
>
> My final suggestion called for legislation scheduling reductions in business taxes in each of the next five to seven years—the reduction to be quite small in the first two years but to become substantial in later years. This sort of tax legislation would not run up the budget deficit in this critical year or next; it would thus scrupulously avoid fanning the fires of inflation. Its passage would, however, release powerful forces to expand capital investment, thereby improving the nation's productivity and exerting downward pressure on prices later on. Such tax legislation would also help in the more immediate future to ease the difficult adjustments forced on many businesses and their employees by the adoption of the first three parts of the suggested program.
>
> My suggestions for dealing with inflation are designed to shake the conviction now held by many millions of Americans that inflation will continue over the long future. I recognize that the first three suggestions would impose some hardships on people, perhaps many people, for a while. In my judgment, that can no longer be avoided. A failure to deal properly and effectively with the problem of inflation would ultimately result in far greater hardships and it might even endanger our democratic way of life.
>
> It is highly important for Congress and the general public to understand that time is working against us; the longer inflation persists, the more difficult it will be to subdue it. Day by day inflationary expectations are becoming more widespread and more deeply embedded. Once people are persuaded that inflation has become the national way of life, they are apt to spend more and save less; in other words, they will modify their behavior in ways that tend to validate that belief. But more ominously, growing numbers are entering into longer-term contractual commitments with respect to interest rates, wages, rents, or prices that can prove disastrous once inflation is curbed. As the clock ticks on there is steady growth in the number of people who, despite sincere rhetoric to the contrary, have become fearful of what will happen when inflation stops. The time available for averting a disastrous climax to our inflation is therefore running short.●

## OLYMPIC VILLAGE—A NEW ERA

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## HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. WYDLER. Mr. Speaker, the winter Olympics provided thrills and a rekindling of national pride for many American citizens. The feats of Eric Heiden—who won five gold medals—and the astounding victory of the U.S. hockey team were unmistakably the high points.

I was fortunate to be able to attend some of the Olympic events—an opportunity I am deeply grateful came my way. The conduct of our athletes in the games and the manner in which the people of Lake Placid handled the unprecedented crowd were a credit to all concerned.

While in Lake Placid, I had the chance to visit the Olympic village where the Olympic contenders from all over the world were housed. It is a truly magnificent facility. Though it is built with taxpayer's funds, it would normally have no use for the people of our country after the athletes left for home. But because of good planning by Congressman Robert C. McEwen, this excellent facility will serve the needs of our country for many years to come.

In the fall of this year, the Olympic village of 1980 will become a Federal correctional institution.

A total of 500 medium custody male offenders will be housed in the private rooms which once housed athletes from every nation. The cubicle rooms which also served as dormitory rooms will be converted into a 35,000-square-foot industrial space. The athletes' disco will become an assembly space and chapel, and the pinball room will become an indoor recreational center.

The prison is being modeled after an existing prison in Talladega, Ala. On the outside, the facility looks like a small community college, but with perimeter security. Two 12-foot high chain link fences clad with security and electronic detectors provide a substantial barrier. Combined with roving vehicular patrol around the perimeter—which has replaced outmoded gun towers—the physical plant provides safer and more economical answers to security. High mast lighting illuminates the compound during dark hours to reinforce supervision.

Visitors to the institution will be greeted by a receptionist, who is to be housed in an entry building. These visitors will then be asked to undergo an identification and security check similar to the type conducted at airports. They may then utilize an open visiting room which contains vending machines, sofas, chairs, dining tables, and access to outdoor patios.

The core of the facility was designed to resemble a suburban "main street" with storefront activities assigned to spaces for various inmate programs and services such as the commissary, barbershop, chapel, cafeteria, and laundry and education and recreation departments. The administrative offices are located in two structures resembling small "office park" buildings. This closed community also has a jail—the segregation and detention unit—and a small infirmary.

Five identical housing units are dispersed over the remainder of the site. These buildings each house 102 inmates in private rooms, each with a toilet and lavatory. A bed, desk, chair, and wardrobe are provided in various colors and allow for rearrangement within the 80-square-foot room. Long, narrow, floor-to-ceiling steel-frame windows are used instead of traditional prison bars.

Offices for caseworkers, counselors, and clerical staff are located in each housing unit—allowing for increased interpersonal contact between staff and inmates. In the past, these offices were located in administrative areas, and correctional officers assigned to housing units were overburdened. This concept of functional unit management provides for casual supervision from all employees.

Inmates will be encouraged to take part in education and vocational programs, though work assignments for maintenance and institutional operations are mandatory unless medical reasons prevail.

The Lake Placid Federal Correctional Institution will serve Americans in many ways. It will prevent a $14 million facility from being underutilized following only a temporary period of complete usefulness.

It will alleviate the crowded conditions which plague existing facilities for offenders from the Northern States.

And finally, it will be the site of an ongoing energy research program which will ultimately benefit the energy consumer. Over a period of 3 years, technicians will study the feasibility of storing heat for later use by the consumer. Different methods of storage will be utilized in each of the five buildings, and comparisons will be drawn from data collected in each unit.

The project is being jointly sponsored by the Niagara Mohawk Utility Co., the U.S. Department of Energy—through its contractor Oak Ridge National Laboratory of Union Carbide, the New York State Public Service Commission, the New York State Energy Research and Development Authority, and the Electric Power Research Institute.

It is truly gratifying to see the Olympic village serving America in so many ways. Those who have worked to make this a reality themselves deserve a gold medal, for they have also been a credit to their Nation.●

## NEW YORK STATE LEGISLATURE GOES ON RECORD IN SUPPORT OF PEACE AND JUSTICE FOR IRELAND

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### HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. BIAGGI. Mr. Speaker, as chairman of the 132-member Ad Hoc Congressional Committee for Irish Affairs as well as a Member of Congress from the State of New York, I am pleased to report on an important action taken by the New York State Assembly and Senate.

Each body passed a resolution which memorializes the President and Congress to take such affirmative action as will tend to persuade the world community of nations to seek a speedy, just, and equitable solution to the dangerous situation in the north of Ireland. This resolution is a strongly worded expression of both concern and commitment by the State legislature. The resolution cites the past and ongoing violations of human and civil rights which remain a rampant problem in the north of Ireland.

The most important message contained in this resolution is identical to the main objectives of the Ad Hoc Congressional Committee for Irish Affairs—namely that the United States can and should work to advance the cause of peace and justice in Ireland. I have traveled to Ireland and have invited important leaders from Ireland to address our committee. It is recognized among many of the political parties in Ireland as well as the paramilitary organizations that the United States is considered an honest broker—meaning its ability to make a difference would be greater.

The ad hoc committee has long believed that an all-parties conference, similar to that recently conducted and successfully concluded in Rhodesia—represents the kind of initiative that is needed to break the Irish stalemate. It is the main theme of House Concurrent Resolution 122 which I introduced in May of 1979 and which now has 100 cosponsors.

In the past both the Irish and the British Governments have been resistant to U.S. involvement in the Irish question. However there are some signs that this position might in fact be reassessed. In fact, the new Irish Prime Minister Charles Haughey recently proposed an International Commission on Northern Ireland which would include the United States.

I commend the sponsors of the resolution, Senator John Flynn in the State senate and Assemblyman Sean P. Walsh in the assembly. Both men have distinguished themselves as leaders in the Irish peace movement and their initiative in these resolutions is visible proof. I commend those in both Houses who joined as cosponsors and at this point in the RECORD insert the text of the resolution:

LEGISLATIVE RESOLUTION

Legislative resolution memorializing The President and Congress to take such affirmative action as will tend to persuade the world community of nations to seek a speedy, just and equitable solution to the dangerous situation in the "North" of Ireland

Whereas, There have been many contributions made by men and women of Irish ancestry to the State of New York, to the building of our Nation, and to the Cause of Freedom everywhere since the earliest times; and

Whereas, The fact that Ireland is artificially partitioned against the wishes of the overwhelming majority of the Irish people; and

Whereas, The Irish people in the six-county area of Ireland known as "Northern Ireland" are denied basic civil and human rights, and are unable to obtain either adequate protection or equal justice under law;

Whereas, The explosive situation in "Northern Ireland" presents an imminent and realistic threat to the peace and is, therefore, the legitimate concern of all men; and

Whereas, It is in the best interests of the United States that there be a just and equitable solution to this problem in order that peace, order, justice and well-being be restored to that part of the world; and

Whereas, For humanitarian reasons, as well as out of respect for the principles of freedom, liberty, natural law, justice and history, we hereby take notice of the dangerous and deplorable state of affairs in Ireland; now therefore, be it

*Resolved*, That this Legislative Body respectfully, yet firmly, urges, memorializes and petitions the President and the Congress of the United States to manifest our country's traditional position as guardian of freedom and republican-democracy, the dignity of all mankind, freedom of conscience, and mankind's universal natural rights, by taking such affirmative action as will tend to persuade all concerned parties, and the world commonwealth of nations, to seek a speedy, just and equitable solution to the dangerous situation in the "North" of Ireland, and to formally express the moral opinion that:

"The Irish people ought to be permitted to exercise the Right of National Self-Determination, thus returning the disputed six counties of northeast Ireland to the Irish Republic, unless a clear majority of all the people of Ireland, in a free and open plebiscite, determine to the contrary"; and be it further

*Resolved*, That copies of this resolution, suitably engrossed, be transmitted to the Honorable Jimmy Carter, President of the United States, to the Honorable Cyrus R. Vance, Secretary of State of the United States, to the President of the Senate of the United States, to the Speaker of the House of Representatives of the United States and to each member of the Congress of the United States from the State of New York.

By order of the Senate,

ROGER C. THOMPSON,
*Secretary.*

By order of the Assembly,

CATHERINE A. CAREY,
*Clerk.*●

## AN ACT OF COURAGE

## HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. WYDLER. Mr. Speaker, last August a young serviceman named Christopher F. Palus from Elmont, N.Y., risked his own life so that he could save another man's life. As a result of his actions and the grace of God, both men are alive today.

In recognition for his deed, Private Palus was awarded the Army Commendation Medal. I wish to honor Private Palus again today by sharing with you the tribute paid to him by the U.S. Army, which reads as follows:

> The Secretary of the Army has awarded the Army Commendation Medal to Pvt. Christopher F. Palus, U.S. Army, for exceptionally commendable heroism on August 2, 1979. Private Palus, while assigned to A Company, 1st Battalion, 72d Armor, 2d Infantry Division, without regard to his own safety, suppressed a fire burning in an M-88 Tank Retriever. Private Palus' singularly outstanding act of personal initiative and rapid response to a crisis situation saved the life of Sgt. David W. Yates. Private Palus' heroic action is in keeping with the finest traditions of the military service and reflects great credit upon himself, the 2d infantry division and the U.S. Army.

Private Palus has indeed brought honor to his fellow servicemen as well as himself by exhibiting courage and clear thinking in a time of crisis. It is truly gratifying to know men of such caliber are a part of the forces standing by to fight for our Nation.●

## CONRAIL SERVICE

## HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. DODD. Mr. Speaker, this morning I had the pleasure of testifying before the Subcommittee on Transportation of the Committee on Interstate and Foreign Commerce regarding legislation I am introducing today to deal with what I consider to be the inevitability of ConRail service cutbacks in my State of Connecticut.

At this time I include in the RECORD both the text of my remarks and the text of the bill:

### STATEMENT OF CONGRESSMAN CHRISTOPHER J. DODD

Mr. Chairman, I want to thank you and the other members of the subcommittee for giving me this opportunity to testify before you. ConRail's future is a vital concern to rail freight users in my state. What you and your subcommittee do to deal with ConRail's continuing financial problems will have a tremendous impact on business and industry in Connecticut and the other sixteen states in which ConRail operates.

But, as cargoes, traffic volumes, type of service and availability of non-ConRail carriers vary from state to state in the ConRail region, so also the options vary for addressing ConRail's financial problems and for insuring that shippers continue to receive rail service. Mr. Chairman, I think it is important to stop here just for a moment and recall why we in Congress created the ConRail system and have authorized $3.3 billion in federal funding for it since 1976. The reason was simple: to provide energy efficient and economically essential rail service to shippers in areas of the country where railroads were in bankruptcy.

ConRail was then, and remains today, nothing more than a vehicle for achieving that goal. If, however, ConRail is found to be incapable of performing the task for which it was created, either in whole or in part, then alternative means of performing that task must be found.

At the same time, I think all of us recognize the economic and political realities of these times. It is my feeling that continued federal subsidization of ConRail is not an option for dealing with its current or future financial problems.

Mr. Chairman, I would like to state for the record that I am not advocating dismantling the ConRail system. In many parts of its system, ConRail has provided good, efficient service, as it has for many rail users in my state. In many areas, ConRail has done a truly impressive job of upgrading main lines and providing efficient long-haul service. However, there is also a great deal of evidence that much of the local service rail operations in my state of Connecticut are unprofitable for ConRail.

Mr. Chairman, I want to talk today about rail problems in my state of Connecticut and how I believe service to shippers in the state can continue to be provided without additional federal spending. I am introducing legislation today with Senator Pell, of Rhode Island, who has a similar view of ConRail's operations in his state. Our legislation mandates that the Secretary of Transportation develop a proposal for the transfer of all ConRail properties in Connecticut and Rhode Island to another railroad provided that the acquiring railroad meets a number of criteria, the most important of which would be agreement to operate service on the ConRail lines without federal sudsidy and without abandonment for at least five years.

ConRail's financial problems systemwide are well known and have been discussed in great detail already in this hearing. The simple fact is that ConRail is continuing to lose large sums of money, and the GAO this morning has said that ConRail will need large federal subsidies in future years whether or not rail rate deregulation is enacted.

It is ConRail's method of dealing with its financial crisis that threatens service to shippers in Connecticut. On page eight of its report, GAO refers to the so-called "August Plan" (i.e. August 1979) developed by ConRail which calls for the abandonment of some 1900 miles of its system as a way of reducing its operating losses. More recently in an article that appeared in the March 3 edition of Business Week, the prediction is made that ConRail "will now have to move quickly to abandon 3,000 to 4,000 miles of track that Jordan (ConRail's president) calls 'marginal', even though the ICC moves slowly in abandonments." This latter estimate is essentially the same as the U.S. Railway Association identified in its report last fall entitled "Alternatives to ConRail."

The U.S.R.A.'s analysis shows that the cutback in ConRail service would be especially severe in Connecticut where it estimates that ConRail would have to "rationalize," a term I consider tantamount to terminate service on 45.1 percent of the track miles it operates in the State—more than in any other State except Virginia.

Service would be rationalized on all but three ConRail operated lines in my State—Plainfield to Groton; Manchester to Hartford; and Hartford to Waterbury. The U.S.R.A.'s analysis assumes that freight rail rate deregulation will pass the Congress this year and that the Federal Government will invest in ConRail an additional $850 million—a commitment which the Federal Government is highly unlikely to make in my judgment.

While ConRail has rejected the specific conclusions of the U.S.R.A.'s report, it has failed to identify what cutbacks would be needed. ConRail has said, however, that it is losing money in New England and the region's rail needs might best be served in the future by a core system of high density lines.

ConRail has time and time again said that it is losing money on its boxcar operations. Fully 58 percent of the traffic volume in Connecticut is boxcar. In addition, information being gathered for the joint U.S.R.A.-New England Regional Commission study of rail operations in the region shows that there has been a dramatic decline in the volume of rail freight traffic in the region between 1972 and 1977. Specifically, the study has found a decline in traffic volume since the collapse of the old Penn Central.

John Sweeney, ConRail's Vice President for Government Relations, recently spoke at a meeting on rail freight issues in Waterbury, Connecticut and commented on ConRail's plans for Connecticut and New England. At that meeting, which was sponsored by the Waterbury Chamber of Commerce and which I had the honor of moderating, Mr. Sweeney said that ConRail planned to continue providing service to shippers in the State and region, that it intended to continue providing rail service and that it would resist any effort to turn over to other carriers lines it now operates. While this statement sounded very reassuring, Mr. Sweeney then went on to say that ConRail, however, was not prepared to make any unequivocal commitments to continue providing service over its systems in the State and region.

This indefinite statement gives very little assurance that ConRail will continue to provide service in my state. As the USRA route rationalization shows, the unfortunate facts are that all but three of ConRail's lines in Connecticut would have to be rationalized even with additional federal subsidies and deregulation. ConRail classified all the lines it operates in the state as branch lines, and it is branch lines that ConRail has repeatedly said are the most unprofitable parts of its system.

For these reasons, I believe it is clear that regardless of what steps are taken to solve ConRail's financial problems—deregulation, abandonments or subsidies—service to shippers in my state is going to be threatened. As a result, I believe the only alternative for my state is transfers.

The legislation I will introduce seeks to protect Connecticut and Rhode Island rail users from ConRail service cutbacks by mandating the transfer of all ConRail properties to other railroads after a thorough analysis has been performed. The Secretary of Transportation would be required to develop a proposal for such a transfer. Any railroad that agrees to purchase all the properties, operate them without federal subsidy and maintain them for five years without abandonment would be eligible to bid.

If there is more than one railroad bidding for the lines, as I hope there would be, the Secretary would select the bid on the basis of the railroad's ability to provide service to meet the needs of the states of Rhode Island and Connecticut, to provide safe and efficient rail transportation on the ConRail properties, and to be financially capable of acquiring the properties.

If no one railroad bids on all the properties, the bill would then direct the Secretary to develop proposals for the sale of portions of the ConRail properties in Connecticut and Rhode Island. In this case, the Secretary would also have to make the determination that the bidding railroad would be capable of providing service better than ConRail.

Having identified an acceptable bidder, the Secretary then would petition the Special Court for the transfer of the properties. The Special Court would have to find only that the transfer of the property is in the public interest in order for the transfer to be ordered. No railroad would be permitted to acquire ConRail lines for less than net liquidation value as of April, 1976 (the price ConRail paid), adjusted by the GNP deflator index, plus the value of capital improvements to the lines made since April, 1976 and less depreciation since April, 1976. In addition, the acquiring railroad would have to agree to accept the same labor agreements that ConRail is bound by presently.

Mr. Chairman, the procedure I am proposing is streamlined. It would make it possible for transfer of ConRail properties to occur before the federal subsidy for ConRail runs out. In this way, I hope that service to shippers will not be abandoned. At the same time, it will allow ConRail to get rid of unprofitable lines.

There are railroads in the New England region which have already expressed a desire to acquire ConRail lines in the event lines should be put up for sale. It is my hope that your subcommittee will include my proposal in the deregulation bill so that government can help find a private enterprise solution to the rail problems of the states of Connecticut and Rhode Island.

If service abandonment is to be avoided, the transfer process must be initiated soon. For this reason, I hope that we will be able to work together to establish the process that is needed.

Thank you.

## H.R. 6986

A bill to amend the Regional Rail Reorganization Act of 1973 to facilitate the transfer of rail properties of the Consolidated Rail Corporation in the States of Connecticut and Rhode Island to another rail carrier.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Congress hereby finds that—

(1) the termination of rail service by the Consolidated Rail Corporation (hereinafter referred to as "ConRail") in the States of Connecticut and Rhode Island would threaten the economies of those States;

(2) continuing Federal subsidies to ConRail have not improved the availability of rail service in Connecticut or Rhode Island;

(3) the reductions in rail service in Connecticut and Rhode Island are having a severe impact on the rail labor force in those States, and the trained and qualified labor force in those States is of substantial benefit in providing efficient and reliable rail service;

(4) the Federal investment in ConRail will be protected by the elimination of ConRail services in Connecticut and Rhode Island and the transfer of rail lines in those States from ConRail to another rail carrier; and

(5) the transfer of ConRail lines and facilities in Connecticut and Rhode Island to another rail carrier will reduce the need for Federal subsidies to ConRail.

SEC. 2. Section 305 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 745) is amended by adding at the end thereof the following new subsection:

"(f) EXPEDITED TRANSFERS.—(1) The Secretary shall, within 90 days after the date of enactment of this subsection, develop a proposal for transferring the rail properties of the Corporation located in the States of Connecticut and Rhode Island (hereinafter in this subsection referred to as the 'ConRail properties') to another railroad in the region.

"(2)(A) Upon development of a proposal for the transfer of ConRail properties under paragraph (1) of this subsection, the Secretary shall publish a notice offering the sale of such properties to any railroad in the region, and shall provide interested railroads 60 days to submit bids to purchase such properties. The Secretary shall not consider any bid submitted under this paragraph unless the bidding carrier agrees (i) to purchase all the ConRail properties, (ii) to operate at least the same level and frequency of service on such properties for the five-year period beginning on the date of acquisition, and (iii) to operate service on such properties without any Federal operating subsidy.

"(B) the Secretary shall, within 60 days after the end of the period for the submission of bids under subparagraph (A) of this paragraph, determine the selected bid in accordance with this subparagraph and file a petition in the special court for the approval of such bid under paragraph (5) of this subsection. The Secretary shall make his determination of the selected bid, after providing interested parties notice and an opportunity to submit comments, on the basis of the following factors:

"(i) the ability of the bidding railroad to provide service that will meet the rail transportation needs of the States of Connecticut and Rhode Island;

"(ii) the ability of the bidding railroad to provide safe and efficient rail transportation on the ConRail properties; and

"(iii) the financial capability of the bidding railroad to acquire the ConRail properties and to provide rail transportation on such properties.

"(3)(A) If no bid is received for the purchase of the ConRail properties within 60 days after the date of publication of notice under paragraph (1)(A) of this paragraph, the Secretary shall publish a notice offering the sale of any portion of the ConRail properties to any interested person, and shall provide interested persons 60 days to submit bids to purchase such properties.

"(B) The Secretary shall, within 90 days after the end of the period for the submission of bids under subparagraph (A) of this paragraph, determine the selected bid in accordance with this subparagraph, and file a petition for the approval of such bid by the special court under paragraph (5) of this subsection. The Secretary shall make his determination of the selected bid, after providing interested parties notice and an opportunity to submit comments, on the basis of the factors set forth in paragraph (2)(B) of this subsection. In addition, the Secretary shall file a petition in the special court for the approval of a bid submitted under this paragraph only if he determines that the transfer of ConRail properties to the person submitting the bid and the operation of service on such properties by such person will result in improved rail service.

"(4) If, after review of the bids submitted under paragraph (2) or (3) of this paragraph, the Secretary does not file a petition for the approval of any bid by the special court, the Secretary shall develop a new proposal for the transfer of the ConRail properties in accordance with the preceding paragraphs of this subsection.

"(5)(A) Within 90 days after the filing of a petition for approval of a bid for the purchase of ConRail properties, the special court shall determine, after a hearing, whether the proposed purchase is in the public interest. In making its determination, the special court shall consider—

"(i) whether the purchase will further the establishment and maintenance of a rail service system adequate to meet the rail transportation needs and service requirements of the States of Connecticut and Rhode Island;

"(ii) whether the purchase will promote the movement of passengers and freight in rail transportation in such States in an efficient manner consistent with safe operations; and

"(iii) whether the purchase will minimize job losses and associated increases in unemployment and community benefit costs in areas in such States served by rail service.

"(B) If the special court determines, under subparagraph (A) of this paragraph, that a proposed purchase of ConRail properties is in the public interest, the special court shall enter an order approving such purchase and directing the Corporation and the acquiring railroad or other person to take such steps as are necessary to consummate the transaction. The special court shall include in its order provisions requiring the acquiring railroad or other person to provide a fair arrangement no less protective of the interests of employees who are affected by the purchase as that imposed under section 11347 of title 49, United States Code.

"(6) The price paid for any ConRail properties transferred pursuant to this subsection shall be not less than the amount established by the Association, effective April 1, 1976, as the net liquidation value of such properties, as adjusted by—

"(A) multiplying such amount by a fraction, the numerator of which is the latest published Quarterly Implicit Price Deflator for Gross National Product compiled by the United States Department of Commerce (or any successor index) and the denominator of which is the same index for the first quarter of 1976;

"(B) increasing the adjusted amount determined under subparagraph (A) of this paragraph by the amount of any capital contribution to such properties made by the Corporation after April 1, 1976; and

"(C) decreasing such adjusted amount by the depreciation of such properties after April 1, 1976.

"(7)(A) The determinations of the Secretary under this subsection shall not be subject to review in any court other than the special court in accordance with this subsection.

"(B) A final judgment or order of the special court under this subsection shall be reviewable in the same manner as provided in section 209(e)(3) of this Act.●

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# THE U.S. LABOR PARTY CAMPAIGN USES TACTICS OF SLANDER AND INTIMIDATION

## HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. McDONALD. Mr. Speaker, those of us who have followed the Presidential primaries in New Hampshire were startled to find, running for President of the United States as a Democrat, one Lyndon LaRouche, Jr., an erstwhile Trotskyite and now the founding "Lenin" of the U.S. Labor Party, a group that is also known as

**the National Caucus of Labor Committees.**

**In the customary manner of totalitarian egomaniacs, when LaRouche saw his political campaign going nowhere, he ordered his cadre and stormtroopers to commence a different form of campaign, one in which they are well versed, using slander, abuse, harassment, and intimidation against those who oppose them.**

**Starting with the day that LaRouche found common cause with the Libyan dictator Qaddafi, antisemitism has also been a hallmark of the U.S. Labor Party. These facts have been brought out in a perceptive article on the "LaRouchies" written by Sasha Lewis and Maureen Oddone that was published in the current issue of New West magazine. I commend this article to the attention of my colleagues.**

The article follows:

### THE U.S. LABOR PARTY CAMPAIGN USES TACTICS OF SLANDER AND INTIMIDATION

(By Sasha Lewis and Maureen Oddone)

Los Angeles International Airport. Their voices can barely be heard in the jumble of announcements of airline arrivals and departures. "We want to stop mass genocide." A plainly dressed man and woman in their early thirties huddle behind a table. "Against Jane Fonda," the man emphasizes to whomever will listen. "This is a campaign in *favor* of nuclear power."

A traveler pauses to read a placard: More People Have Died in Ted Kennedy's Car Than in Nuclear Power Plants.

The man behind the table immediately steps forward. "This is the Fusion Energy Foundation," he says urgently. "We're *for* nuclear power." "People aren't informed," the woman adds. "This is our magazine. We're taking subscriptions."

The traveler is intrigued. He puts down his briefcase to glance through the publication. A few minutes later he writes down his name and address. He nods, recovers his briefcase and walks away with a back issue of a slick magazine called *Fusion.*

This scene is being repeated at airports up and down California and throughout the country. Most people walk on by, but a few linger. Of those, some will become *Fusion* subscribers—as have 40,000 people in the last three years. In addition to receiving the magazine, they may be asked to contribute money or time to a bizarre presidential campaign. The candidate: Lyndon Hermyle LaRouche Jr., who is running in Democratic primaries in California and six other states.

Behind the LaRouche candidacy is an organization based in New York and known as the National Caucus of Labor Committees (NCLC). The NCLC was created by LaRouche as an offshoot of Students for a Democratic Society during the left-wing ferment of the late sixties.

The NCLC, which was once described in an FBI report obtained by *The New York Times* as "a clandestinely oriented group of political schizophrenics who have a paranoid preoccupation with Nelson Rockefeller and the CIA," has apparently moved from its original Marxism to a "nonliberal" philosophy that includes conspiracy theories linking the Ayatollah Khomeini with Henry Kissinger and blaming the British monarchy and "the Zionist Lobby" for the world drug trade.

According to various sources, NCLC's twelve-year history in the East includes:

"Dirty tricks" against political opponents and the press;

Violent attacks on opponents, principally members of the radical left and black-power activists;

A large security staff trained in the martial arts and antiterrorist activities;

Arrests, but few convictions, for kidnapping, possession of guns and assault;

A tight-knit internal structure requiring near-total commitment from members; this commitment is said to be strengthened by constant rumors of assassination plots against LaRouche;

"Deprogramming" of members who are suspected of being brainwashed to participate in assassination plots against LaRouche; on one tape obtained by *The New York Times* there were sounds of weeping and vomiting, and complaints of lack of sleep and food;

Preparation of "intelligence reports" on antiapartheid groups for the South African government, on dissident Iranian student groups for the shah and on antinuclear groups for U.S. police agencies.

In addition, NCLC is said to have harassed leaders of the United Auto Workers and the United Steel Workers.

In California, our investigation has revealed that the NCLC or other LaRouche affiliates have:

Used smear tactics against reformers within the Teamsters Union;

Conducted a virulent antigay political campaign;

Directed an aggressive propaganda effort against the Anti-Defamation League of B'nai B'rith;

Apparently underreported election expenses.

The NCLC has also created affiliated organizations to promote special causes and support its efforts. Among these are the Fusion Energy Foundation and the International Anti-Drug Coalition, which NCLC claims has support from leaders of the World Community of Al-Islam in the West (formerly the Black Muslims).

NCLC has also created a political arm, the U.S. Labor Party (USLP). In 1976 the USLP ran LaRouche for president and 140 other candidates for public office—more than any other third party.

Despite what must surely be one of the most baffling political programs in American history, the NCLC succeeded this year in making Lyndon LaRouche the third candidate for the presidency to qualify for federal matching funds—$327,864 in government money so far.

The LaRouche political machine has been used in about 300 different election campaigns since 1974. In 1977 the USLP apparently made its official entry into California electoral politics with two candidates: Patricia Dolbeare for supervisor of public instruction and Nick Benton for governor. It was their campaign literature that stood out in an otherwise undistinguished election bid.

Until one morning in late 1977, Oakland Teamster Jim Rush had never heard of the USLP, Nick Benton or Patricia Dolbeare. But then he started getting phone calls. From all over Alameda County, members of Teamster Local 70 called Rush to say they had just seen "something" that accused him, a candidate favored to win an upcoming union election, of being a drug pusher.

"I wasn't too concerned until the calls just kept coming in," Rush recalls. "Then I tried to track it down."

According to the $350,000 libel suit he has filed against the U.S. Labor Party and LaRouche-affiliated publications, Rush discovered a press release on Benton/Dolbeare campaign stationery characterizing him as "well known throughout the area as a dope pusher." Then copies of other LaRouche-affiliated literature appeared, making the same charges and accusing him and three other men of involvement with "subversive and terrorist operations directed initially against the International Brotherhood of Teamsters."

The publications linked Rush with two national dissident teamster groups organized to bring about reforms within the union. Rush says he is a member of neither organization, although he has always "encouraged orthodox teamster reform."

As a part-time union official elected to office twice by sizable margins, Rush says he built a reputation as "an honest guy. I didn't get jobs for my family and friends. I didn't mix with the other officials. I said what I thought about things."

One thing he repeatedly talked about prior to his third election race was his concern that the hiring hall was being saturated by graduates of a truck-driving school owned by a friend of Local 70's president. According to an article in the same LaRouche publication that accused Rush of pushing dope, it was the truck-driving-school proprietor who "released" thousands of copies of the attacks against Rush and other local members.

The USLP attacks were, Rush says, "totally destructive" to his campaign. He had been the fourth biggest vote-getter of 21 officials chosen in the last union election, but he lost badly in the new race.

"It's a nightmare if I think about it much. . . . Twenty years of rank-and-file involvement is just gone completely down the tubes," he says. "Invariably, when I get around people and I start feeling better, right out of the blue somebody comes out with a derogatory comment."

It has been some consolation to Rush that the U.S. Supreme Court recently refused to review a decision against the USLP for libeling Grenville Whitman, an unsuccessful candidate in 1975 for the Baltimore City Council. USLP literature had labeled Whitman, a community leader who had organized a methadone treatment program in Baltimore and been active in the past in the antiwar and civil rights movements, "a drug user," "a member of the SS" and "a murderer." The USLP lawyers argued unsuccessfully that the charges were "rhetorical hyperbole."

Like Rush, Whitman said the charges in the literature had "a huge personal effect. They do get around with their stuff. You start putting in twenty hours a day handing this stuff out on street corners, and you have some effect."

Lyndon LaRouche's 1980 presidential bid was quietly announced in California last summer with the entrance of Patricia Dolbeare, who described herself as a labor organizer, into the San Francisco mayoral race.

Dolbeare's first campaign statement emphasized that she was running "in tandem with the 1980 presidential campaign of Lyndon LaRouche, national chairman of the U.S. Labor Party." Her campaign, which eventually brought in only 576 votes, served chiefly to attract publicity to LaRouche and his campaign platform. It also provided examples of USLP campaign tactics.

Three fliers have been identified with Dolbeare's campaign. The first enunciated Dolbeare's and the USLP's position on gay rights: "There can be no toleration of homosexuality in city government or in the schools. . . . Just as only a wretch proposes that a drug addict take a fix, only a wretch proposes the legitimization of homosexuality."

The second flier was devoted to drugs: "When you see a child that has OD'd, don't blame the child. Somebody was pushing the drugs; somebody was using drugs to destroy our society—and deliberately so—and profiting great wealth from that." The flier went on to suggest complicated, possibly conspiratorial relationships among "key 'old line'" San Francisco families, Mt. Zion Hospital, Jim Jones of Peoples Temple, Dianne Feinstein's trip to China and the Hong Kong dope trade.

A third Dolbeare flier, repeating the antigay and antidrug themes, and distributed just before the November 6 election, made no mention of the U.S. Labor Party. By then, LaRouche had decided to enter the New Hampshire primary as a Democrat.

A few days before San Francisco's December 11 mayoral electoral runoff between Dianne Feinstein and Supervisor Quentin Kopp, an organization called Citizens for San Francisco issued a leaflet attacking, among others, Dianne Feinstein. Feinstein, the flier charged, was part of "an evil political machine . . . that murdered 900 of our fellow citizens and neighbors at Jonestown." That machine, according to Citizens for San Francisco, "nurtured Jim Jones's Peoples Temple as a blackmail, vote-fraud and drug-running operation."

The phone number on the anti-Feinstein flier belonged to Patricia Dolbeare at 1826 Noriega Street. The two-story stucco building at this address is in the heart of San Francisco's Sunset district and is, like the neighborhood as a whole, unremarkable. There are no campaign posters, but, nevertheless, this is a nerve center of LaRouche's California campaign.

Within a week after the short-lived Citizens for San Francisco venture had disappeared from the scene, activities at the office began to focus directly on the LaRouche presidential bid. In December, one of the earliest LaRouche fund raisers was held in a San Jose motel. Among the twenty or so people gathered in the rented conference room were a woman identified by campaign organizer John Pike as a local Democratic party activist and a young man who mentioned he was a Fusion subscriber.

Patricia Dolbeare, who was introduced as a LaRouche campaign coordinator, opened the program. She described the evening's agenda—a videotape of LaRouche campaigning in New Hampshire, followed by a question-and-answer session. LaRouche, she said, had just become the third candidate to qualify for federal matching funds.

"The winning coalition is Independents and conservative Democrats," Dolbeare stated unequivocally. "We are putting that coalition together."

Lights dimmed for the video show. Balding, glasses slipping down his nose, the 57-year-old LaRouche seemed professorial, paternal. "Our nation has now come to a crisis," he intoned. "We might be in a depression. We might be in a thermonuclear war very soon. . . ." The pitch was salvation from apocalypse—from economic chaos, from devastation of the nation's youth by drugs, from a world civilization wallowing in the Dark Ages.

During the session, a woman in the audience said she was directed to the LaRouche fund raiser by the National Anti-Drug Coalition. Could someone tell her more about fighting drugs? A campaign worker brushed aside her question: "The best way to fight drugs is to work for LaRouche for president."

A pitch was then made for donations and volunteers. A few names were taken. The event closed with a comment by a campaign worker predicting that LaRouche would be "a Wallace for the eighties, only more intelligent and without the racism."

LaRouche's 1980 presidential campaign is considerably more active than the one he ran in 1976. Then, he swung slightly more than 40,000 votes in two dozen states. The campaign reported expenditures of $180,000 and wound up its activities the day before the election with a nationally televised appeal by LaRouche for voters to support then president Ford. During that campaign, according to one source, only five USLP offices were in operation at any given time. Today, random phone checks indicate that most of the organization's 26 U.S. offices are open, with additional ones in primary states. In 1976 the party listed only one California office. Today it has two, in San Francisco and Los Angeles, as well as a "cell" in San Diego. In 1976 the LaRouche campaign failed to qualify for federal matching funds. This year it met the conditions for eligibility—raising $5,000 in contributions of $250 or less in each of twenty states—before all other candidates but Jimmy Carter and Howard Baker.

One thing that apparently has remained the same in the two LaRouche presidential bids is the number of activists enrolled in the LaRouche organization. According to John Pike, a five-year veteran of the group, membership has stayed at "about 500 to 1,000 people." But members work very hard. In San Francisco, for example, John Pike, his brother Tim and their mother, Laura, seem to work to the point of exhaustion at the campaign headquarters on Noriega. They also push Fusion and the LaRouche campaign at Bay Area airports, as well as help organize such special events as the San Jose fund raiser. One Bay Area activist who has observed the activities of the LaRouche organization since the early seventies says his followers are "physically, emotionally and mentally dedicated to him." Reportedly, their dedication also extends to taking out personal loans and handing over the money to the organization.

Citizens for LaRouche went public in California on Superbowl Sunday with a nationally televised 30-minute campaign advertisement on ABC. According to an ABC sales executive, the ad, placed by Grand Design Advertising Agency, a campaign agent, cost about $70,000. The ABC spot was followed a week later with a 30-minute LaRouche "State of the Union" address on NBC. According to a campaign spokesman, Citizens for LaRouche intends to run another 30-minute ad on CBS in mid-March.

LaRouche ran his first 1980 primary effort in New Hampshire and eleven campaign offices and 350 full-time volunteers, according to a campaign spokesman. His campaign literature presented him as "a leading figure in promoting a revival of the 'American System' of political economy, the political economy earlier associated with Alexander Hamilton, Henry C. Carey and Friedrich List" and promised to assemble "a nonliberal majority . . . uniting Democrats, Republicans and Independents behind a January 1981 return to that American System."

According to newspaper reports, some New Hampshire voters were favorably impressed with LaRouche's early public appearances. But after unfavorable reports on his campaign tactics appeared in the Manchester Union Leader, the LaRouche organization sent a press release to newspapers all over the country accusing Manchester Union Leader editor Paul H. Tracy of setting LaRouche up for assassination. Also mentioned as conspirators were Governor Hugh Gallen, the Ayatollah Khomeini, the Carter White House, the Bush and Kennedy campaign organizations, Italian international terrorists, Archduke Otto von Hapsburg and Henry Kissinger. The release acknowledged that "only a limited assassination capability is native to New Hampshire" but pointed out that "Gallen's friends are meaningfully linked to the assassins Khomeini's forces have already armed and deployed inside the United States."

According to Manchester police chief Tom King, the LaRouche workers claimed that "the environment of assassination in New Hampshire" made it necessary for them to arm themselves. "His cohorts were carrying guns," says Deputy Police Chief Louis Craig.

In the last two days before the primary, state officials in New Hampshire were deluged with harassing phone calls. "I got about 50 calls on Sunday at my home," said state attorney general Thomas Rath. "Some of them said, 'We know where you live.'" Later, a photocopied list targeting Rath and the other officials for harassment was found in a YMCA room that had been rented by a LaRouche campaigner. It said, "These are the criminals to burn—we want calls coming in to these fellows day and night—use your networks to best advantage."

The LaRouche organization had predicted that LaRouche would receive 15 percent of the Democratic vote in New Hampshire. He received 2 percent. Suits are now being prepared by his organization, which is claiming "the most massive vote fraud ever perpetrated."

When the LaRouche campaign moves its operations to California for the June primary, we may see dirty tricks and a wave of antigay propaganda. There may be more accusations of assassination plots. And there may be threats of violence. As one California LaRouche worker said, "We are not a bunch of idealists, you know. . . If anything happens to LaRouche, whoever did it will be dead in their bed."

When we attempted to call Patricia Dolbeare in February for information about LaRouche's plans for the California primary, a spokesperson in the San Francisco office said she had "moved, maybe back East."

Nick Benton, now a Fusion Energy Foundation executive, heads the California Citizens for LaRouche campaign from a second-floor office at 711 South Vermont Avenue in the mid-Wilshire district of Los Angeles. Benton was "unavailable" when we called, but later a woman identifying herself as Donna Benton said, "If you want a story, you'll have to call New York."

We then called New York headquarters for an interview with LaRouche about his California plans. Paul Goldstein, who identified himself only as a spokesman for LaRouche, asked, "What kind of slander are you going to print?" When asked if anyone in the LaRouche organization would discuss the primary, Goldstein said that "the media is the key enemy of the American people."

Goldstein finally did agree to discuss the LaRouche platform (see "The Dialectic of Lyndon LaRouche," page 76) and answer a few questions. The California primary, he said, would be "an all-out effort . . . like New Hampshire." Volunteers from other states would be sent to California to work on the campaign. He said California is important to the LaRouche organization because it is "a key drug center."

LaRouche forces have been extremely effective in their fundraising efforts and attempts to get federal matching funds, but an examination of records in California reveals that they may not have complied with the requirements of city, state and federal election laws.

The story behind citizens for San Francisco's single-flier operation directed against Dianne Feinstein last year indicates that the group may have violated city and state election laws. The LaRouche literature describes Citizens for San Francisco as a "nonpartisan" group without apparent ties to the LaRouche machine. This "nonpartisan" group was reported in a LaRouche publication as having distributed 50,000 copies of the Feinstein flier.

Political committees receiving or spending in excess of $500 to influence local elections are required to file financial statements with the city and, in some instances, the state. Estimates from local printers for a 50,000 press run were all in excess of $500, but Citizens for San Francisco did not file with either the city or the state under that name.

The Dolbeare campaign committee apparently filed inaccurate financial reports with the city clerk. The Dolbeare filings show only four expenditures between July 1, 1979, and October 22, 1979. These were: a $1,256 filing fee, $250 in unitemized expenses, and printing expenditures of $85 and $131 from two different San Francisco printers. However, a spokesman for one of the printers estimated that the Dolbeare campaign had spent at least $500 at the shop during that period. Hunter Cobb, treasurer of Citizens for Dolbeare, could not be reached for comment on what appeared to be erroneous reports.

Federal law requires that every organization for a presidential candidate report campaign expenditures to the state. Despite what would appear to be expenditures by the LaRouche campaign in California during the last half of 1979 for office space in L.A. and San Francisco, telephones, campaign literature, hotels and other fund-raising costs, Citizens for LaRouche had made no filings in California as of February 25. LaRouche publications report that by the end of 1979 more than $10,000 was raised in California for his presidential campaign.

Los Angeles, Cedars-Sinai Medical Center. The woman saw the two men as she approached the huge hospital and research facility funded by Jewish philanthropists. The sign in front of their table said smash anti-semitism. She stopped to look at their literature. One of the men leaned toward her and, handing her a flier, said, "This is the committee to clean up the B'nai B'rith's Anti-Defamation League [ADL]." Her eyes caught only key phrases: "Leading members of the ADL fund the American Nazi Party. . . . The ADL is being used as a conduit for terrorist organizations, blackmail and intimidation. . . . These activities are being run by the same Jewish families who were directly responsible for Hitler's rise to power. . . ."

The 81-year-old Jewish woman became angry. Others stopped and also became angry. It was a painful scene that was repeated elsewhere in Los Angeles in 1978 in Jewish neighborhoods and near Jewish institutions.

The incident was among the more public displays of a campaign that continues today through books being distributed at LaRouche fund raisers. These publications charge that Israel runs world terrorism, "Zionists" masterminded the Lincoln assassination, and B'nai B'rith started the Civil War and founded the forerunner of the Ku Klux Klan.

"The problem among Jews," according to one LaRouche publication, "is ancient. The B'nai B'rith today resurrects the tradition of the Jews who demanded the crucifixion of Christ, the Jews who pleaded with Nero to launch 'the holocaust' against the Christians. . . . The ADL is literally the Gestapo. . . . No other 'social action' complement to a religious association is so consistently, so profoundly evil."

Rhonda Abrams, director of the San Francisco office of B'nai B'rith's ADL, believes the LaRouche organization should not be written off as totally ineffectual.

"I never underestimate the possibility of any extremist group being or becoming dangerous," she said. "The fact that LaRouche has qualified for federal matching funds is something we should be concerned about."

Lyndon LaRouche has purchased more national television time this year than any other candidate and has qualified for federal matching funds before many better known candidates who have held office for years. At the same time he has resorted to threatening tactics and espoused paranoid positions that would seem to make it hard for him to gain wide public support. Who is Lyndon LaRouche and what is he up to?

To a former New Hampshire Democratic state senator, Lyndon LaRouche is "a fresh start, a chance to break away from the old party hacks." To an old-time San Francisco leftist invited to New York to meet him a few years ago, LaRouche is "a successful PR man, very slick, very charming, like Werner Erhard or Hugh Hefner—but very dangerous." To an East Bay activist who has had nasty run-ins with the NCLC, LaRouche and his followers are "CIA agents, pigs, always have been." To the conservative Heritage Foundation, a Washington, D.C., political research foundation, they are "pro-Soviet."

The puzzle that is Lyndon LaRouche remains unsolved as he moves toward California this spring with his strange, well-financed, increasingly publicized, paramilitary presidential campaign. What it may mean—and what it will mean to us—is yet to be revealed.●

## THE THINKING MAN'S ARMY

## HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. PHILIP M. CRANE. Mr. Speaker, I am on record as being one of the earliest proponents of the All-Volunteer Army—AVF—and since its birth, in 1973, I have been in the vanguard of the national debate to maintain its existence. The AVF has had its problems, but I have contended all along that those problems are a function of the Nation's commitment to the concept. America can have the military manpower it requires without reinstating registration. What is needed now, as I said when the AVF was created, is to fully fund the concept. An article by R. James Woolsey, former Under Secretary of the Navy, which appeared in the Washington Post March 22, 1980, raises some thought provoking questions. In the interest of the continuing debate over a revitalized Selective Service System and the AVF, I commend to my colleagues' attention his article, which follows:

### THE THINKING MAN'S ARMY

(By R. James Woolsey)

The public debate about the draft rolls along, subtracting a bit each day from the sum total of human knowledge about the nation's No. 1 defense problem: how we are to get and hold enough able people in the armed forces to keep us from being stomped if we have to fight. While the world's eyes are fixed on the front page equivalent of whether Brenda Starr and Sandi's daughter, Starr Twinkle, and her dog, Tika, will be drafted soon and sent to defend the wells and harem of Sheik Oily O-le-um, consider the sense being made—off camera—by two thoughtful and experienced men.

Robin Pirie is the assistant secretary of defense for manpower, reserve affairs and logistics. He's a straight shooter. He also has a thick skin. He needs it. For example, he had to explain to Congress recently why the Defense Department's statistics on the mental ability of recruits have been messed up for years. Apparently, several years ago it was decided to stop the expensive calibration of mental tests, a process needed to ensure that the mental categories by which recruits are measured stay constant over the years. The money was saved, the tests weren't calibrated and the standards haven't stayed constant: they've bounced around and generally gotten more relaxed. So, over time, there's been a sort of grade inflation for recruits. Forget what you've heard about there being fewer recruits who are mentally below average in the All-Volunteer Force than there were in the previous peacetime draft—there are more, lots more. A quarter to a half of the recruits previously thought to be about average ("Category 3")—tens of thousands of servicemen—are below that, some way below ("Category 4").

Why does it matter? Go visit any military unit today and the question answers itself. The large gangs of able-bodied seamen who once hauled ropes and manned the gun turrets in the Navy, for example, are gone—replaced by fire-control technicians, sonar operators, avionics repair specialists. Nor can infantry or other combat units today reasonably absorb large numbers of people of significantly below-average intelligence, given modern weapons and tactics.

It also matters because some fundamental problems are created when the educated middle class becomes so untouched by and unfamiliar with those who defend their civilization. In World War II, of course, vast numbers served in the military, and even in the 1950s, because of the small youth population then, almost three-quarters of the qualified young men served. But then came the split-up between the military and the educated middle class. The student deferment was the trial separation, the Vietnam War was the bitter divorce and the All-Volunteer Force was the property settlement. The deal was that, as long as they kept up their support payments, the educated folks would get to play around without having to suffer all those terrible Vietnam-era guilt feelings, produced because Groton and Levittown were in college, while Watts and Appalachia were dying.

The problem that arises when whole generations of professionals, journalists, bureaucrats, teachers and other opinion leaders are never exposed to the military is not merely that too many of them don't appreciate what's needed in peacetime to keep armed forces ready to fight. It's also that they often tend to exaggerate what military force can do and to believe that years of neglect can be corrected by a brief flurry of activity.

It's the same sort of romantic hope to which our Olympic hockey team gave such credence. The extraordinary outpouring of affection for them was at least partly because they confirmed, this time, our great national myth: that, like Cincinnatus, we gifted and virtuous amateurs can step out of civilian life and win the big one whenever we really need to.

It ain't so. Avoiding miscalculations, misunderstandings—and worse—is going to require the educated middle class and the military to take up with one another again. And that brings us to the second thoughtful and experienced man. His name is Dr. Charles Moskos, and he's a sociologist at Northwestern University who takes the military's role in American culture seriously. He's also often an odd-man-out because he talks about topics such as upward mobility and quality and aspirations and all those other messy subjects that the economists who dominate the military manpower debate, and who staff the government offices and the study commissions, just hate—you can't put that stuff in any rigorous way into a computer, so what use can it be?

Charlie Moskos wants to try to save the All-Volunteer Force by bringing back a form of the GI Bill. Attract the people into the military who want to earn a guaranteed education, he says, and you'll get the ones who want to improve themselves: smarter soldiers and more knowledgeable citizens later. It will also be cheaper, he says, than hiring people for cash—which is what we try to do now, with decreasing effectiveness.

It's worth a hard look, because the All-Volunteer Force is beginning to limp, more each year. Given its current state, we may have to go back to the draft—not just initial registration, the real draft—soon. But before that happens, Robin Pirie and Charlie Moskos should get together.

Sir William Francis Butler, a British soldier and author of the last century, gave them their guidance: "The nation that will insist on drawing a broad line of demarcation between the fighting man and the thinking man is liable to find its fighting done by fools and its thinking done by cowards."●

## NBC NEWS—INNUENDO

## HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. COLLINS of Texas. Mr. Speaker, last October 16 the "NBC Nightly News" aired a news segment that blamed Exxon for alleged dirtier air in southern Florida. NBC claimed that Exxon's decision to restrict shipments of low-sulfur oil to the Florida Power & Light Co. was adversely affecting the air the Floridians breathe.

Exxon had given extensive and accurate information to NBC before the TV broadcast. Exxon had shown the necessity to restrict low-sulfur oil supplies in order to provide more home heating oil to other customers dependent on the same refinery. At the same time, the oil delivered to Florida Power & Light was well within recent limits on sulfur content.

When Exxon heard NBC's report, they believed it was neither accurate nor fair and filed a complaint with the National News Council in New York. Exxon claimed NBC's segment was permeated by "factual error, the selective use of information, lack of perspective and the building of effect through innuendo."

Mr. Speaker, the National News Council found on March 6, 1980, by a vote of 7 to 4 that Exxon's complaint was warranted. The concurring opinion of one member was that—

> * * * this unfortunate TV program and its accusatory title are the product of unknowledgeable journalists who lack the qualifications to deal with the extraordinarily complex subject of energy.

This concurring opinion went on to say that NBC News might have performed less ineptly if it had first checked its premises and facts with energy economists. NBC, the opinion said, should have then complimented Exxon for its alertness in recognizing a serious imbalance in the supply of grades of crude oil; for its—

> * * * timely action in adjusting refinery operations so the American people would continue to have uninterrupted supplies of the necessary grades of refined products * * *

And—

> * * * for its accomplishments under extremely difficult conditions.

As you know, Mr. Speaker, the National News Council is the media's internal governing body on questions of accuracy and fairness. It is composed of media executives, legal counsel, and public interest foundations. This clear-cut decision against NBC News is not a chance event.

I welcome this act of courage of the News Council in finding one of its own members guilty of such abuse. However, I have not yet heard NBC Television make a complete or, in fact, any retraction or correction of this news. This decision was made 5 months later. But the factual error and lack of perspective had built an adverse and inaccurate concept in the minds of NBC-TV viewers.

NBC Television would build character and gain their own self-respect if they ran a TV show pointing out the complexities of the regulatory energy system. A deregulated energy economy has many advantages and this Exxon experience reflects the public's dilemma.●

## TRIBUTE TO VEDA REED

## HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. JONES of Tennessee. Mr. Speaker, 7 years ago, I proudly informed my colleagues that Miss Veda Reed, an esteemed artist, member of the faculty of the Memphis Academy of Arts, and my good friend, was exhibiting her paintings at the Mickelson Gallery here in Washington.

The Brooks Memorial Art Gallery of Memphis just recently honored her with a solo exhibition, "Veda Reed Paintings and Drawings 1955-80." The 53 works included in the exhibition highlight the artist's career over the past 25 years. Paintings from her last student year, the year she spent traveling in England, Italy, and Greece, as well as from the years devoted to teaching at the Memphis Academy of Arts are among the works that were selected for the show. Private collectors throughout the region, New York, Washington, and Mexico generously consented to loan their works to Brooks in order to make the show possible.

Miss Reed came to Memphis in 1952 from Granite, Okla. That year she enrolled in the Memphis Academy of Arts and subsequently graduated from the academy, served as registrar, instructor, and in 1976 assumed the position of professor and chairman of the department of painting, the post that she still holds.

Miss Reed was born in Granite, Okla., in 1934 and now resides in Memphis, Tenn. She studied at the Memphis Academy of Arts—BFA degree 1956—Sienna College, Memphis, Tenn., and the Institute of Design, Illinois Institute of Technology, Chicago, Ill. Her credits include the following solo and selected group exhibitions:

SOLO EXHIBITIONS

The Book Shelf, Memphis, Tennessee, 1956, 1964.

The Memphis Academy of Arts, Memphis, Tennessee, 1960, 1963, 1970, 1975.

Brooks Memorial Art Gallery, Memphis, Tennessee, 1967.

Great Expectations, Memphis, Tennessee, 1969, 1973, 1974, 1975, 1976.

Southwestern at Memphis, Tennessee, 1971.

Morris Gallery, New York, New York, 1957, 1960, 1961, 1963.

Boatman Gallery, New York, New York, 1969.

Mickelson Gallery, Washington, D.C., 1973.

SELECTED GROUP EXHIBITIONS

Arkansas Art Center, Little Rock, Arkansas.

High Museum, Atlanta, Georgia.

Museum of Contemporary Crafts, New York, New York.

University of Southwestern Louisiana, Lafayette, Louisiana.

The recent exhibition was her most comprehensive, reflecting the full range of Miss Reed's artistic accomplishments. Deborah Emont, the Brooks Gallery curator of collections, who organized the show observed in the exhibition catalog that:

> When Veda Reed came to Memphis from Oklahoma in 1952, the United States was experiencing the most important art movement in its history. Abstract Expressionism was the vanguard movement among American artists throughout the country and it was awakening them to new possibilities of artistic expression. Reed enrolled in the Memphis Academy of Arts to study fashion illustration, but soon learned that she wanted more. Dorothy Sturm and Ted Faiers, both instructors at the Memphis Academy, were already veterans of the New York art scene and exponents and practitioners of Abstract Expressionism. Reed acknowledges that they were her contacts with current developments in contemporary art. In her own early work, Reed experimented with Abstract Expressionism, learned of its possibilities, rejected aspects of it, and gleaned from it elements that strengthened her own personal style. For example, the majority of the paintings and drawings from 1955-1980 retain recognizable subjects, but the houses, temples, trees and clouds are abstracted and painted with the expressive brushwork that clearly identifies her as an artist in touch with the art of her time.

Describing the exhibition, Donald La Badie of the Memphis Commercial Appeal opined that:

> What should be said first is that this exhibition is, quite simply, a visual joy. It provides us as well with an overview of the career to this point of a splendid artist. Few

Memphian artists have ever been the subject of such a comprehensive retrospective, but then few have produced work of such consistent quality as is to be found in the 53 canvases that filled the main gallery.

Memphis is fortunate to have an artist and teacher of Veda's distinguished stature as a member of our community. The exhibit attests to her talents and prominence as one of America's fine artists.●

## THE BIG BINGO GAME IN THE BASEMENT OF THE PENTAGON

### HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. PHILIP M. CRANE. Mr. Speaker, I have oft addressed the evils of the bureaucracy and how it negatively affects efficiency and productivity. Former Under Secretary of the Navy James Woolsey recently authored an excellent article targeting key aspects of one of the Department of Defense's major problems—its bureaucracy. The article appeared in the March 1980 issue of Armed Forces Journal International. I commend it to my colleagues' attention for the valuable insight it offers.

The article follows:

THE BIG BINGO GAME IN THE BASEMENT OF THE PENTAGON

(By R. James Woolsey)

By the summer of 1966, President Johnson had become so convinced of the advantages of the Pentagon's new management tool systems analysis that he had ordered the other executive departments to convert to this new, true faith. The bureaucracy was surly, on the verge of rebellion, and thus a campaign was organized by the President's Executive office, to be led by a staff at the Bureau of the Budget. One of its efforts was a children's crusade of summer interns. I, a fledgling law student, was put at the head of a small column marching on the Department of Justice.

The infidels won. In retrospect I'm rather glad. Thanks to the Justice Department's good, grey lawyer-like intransigence, I got to spend the summer doing something far more useful, and at least one Department was spared the dubious advantages of membership in the new church militant.

The new faith carried the day in other engagements, however, doubtless under abler and more enthusiastic commanders than I. It has come to be the conventional framework for decision-making in Defense and in much of the rest of government as well. The catechism is familiar: objectives, criteria, options, costs, benefits, quantify as much as possible, focus on marginal changes.

It has made some contributions in Defense. In 1961 Robert McNamara had inherited a military establishment long on force structure and short on fighting capability; e.g., paper divisions with neither the materiel to sustain combat nor the airlift and sealift to get there. Systems analysis had laid bare and helped correct some of these problems over the years. Certain types of comparisons of competing weapon systems have also been usefully handled this way.

But these precise and relatively useful analytical functions have, over time, become the ceremonial front for the big bingo game in the church basement, where long chances for cheap defense are peddled. This is not all done in the Defense Department. There are other major players in the analysis game in the executive and legislative branches. But whatever the source, the quantitative analysts are frequently persuasive with decision makers. Sometimes this is because seemingly-hard numbers are difficult to oppose with arguments based on the importance of quality or on the need to be able to cope with an uncertain future. The future can always be made to seem more certain than it is if you control the assumptions of the study. And he who controls the typists and the xerox machine controls the assumptions.

The system permits the keepers of the analytical flame—in theory the neutral technicians, the guardians of the process—to jigger a whole range of outcomes without seeming to. If, for example, you have decided for whatever reason—honest judgment, post-Vietnam syndrome, hydrophobia, or whatever—that the US should divert resources from its maritime forces and use the money for something else, you need not ever make that clear. Do you not want to invest in air defense for ships in the Indian Ocean? Easy. Assume that Soviet Backfire bombers won't be flying there. Do you not want to have to buy a new vertical/short-take-off-and-landing (V/STOL) aircraft for the Marines, needed because airfields are becoming more vulnerable? Simple. Assume that airfields are not becoming more vulnerable. Facts don't affect such assumptions. Allegiance to them within some bureaucracies is so timeless it is almost touching. Articles, really, of faith.

Used in this way, analysis works backwards: from not having enough money for a certain mission, to a subtle change in mission, to a change in assumption about how to carry it out, to a reshuffling of facts. The result is a recommendation or study that is an insidious form of the lawyer's brief and unacknowledged argument in neutral analytical clothing.

Focusing on the margin a key tenet of the analytical doctrine merely means ignoring sunk costs. Now this is the first rule of most successful businessmen and of all successful poker players, and as such it is unexceptionable. But something about this focus keeps many analysts from doing much except fiddling around every year with buying a few fewer of these or a few more of those. People who only ask how much is enough, or how few can we barely get by with, tend to develop an instinct for the capillaries.

That is not the instinct it is wisest to cultivate if you want to win real—not bureaucratic—battles. There are more important questions. How can I destroy the enemy's strategy? How can I make his investment worthless? How can I modernize more quickly than he? How can I keep him on the defensive? Analytical offices, staffed with economists and the like, are not especially good at answering, or asking, these sorts of questions any more than they are at suggesting how to improve the quality of military manpower (they tend to suggest cutting the days devoted to basic training). These sorts of issues don't *model* well, you see. And it is only a short step from not modelling well to "Not of Interest to My Office," and an even shorter one, "Not of Interest."

There is plenty of blame to go around for the current state of our military needs. Post-Vietnam muddle-headedness, individual leaders' choices, Congressional micromanagement, Executive branch confusion, military conservatism, party politics, excessively expensive weapon systems all have had a role. But our military Services have not so much been dealt body blows by anyone in the years since Vietnam: it is more that they have been nibbled nearly to exhaustion by a flock of ducks. No one bite has been devastating, but the nibblee spends all his time fending the damn things off and losing a bit of skin here and there. After a while it gets you down.

The analysts have not helped prevent this. Generally they have just sat by and coached and cheered on the ducks. It's a diverting and intellectually stimulating life. But the result has been that the Toledo housewives who answer the Gallup polls have understood what the Soviets are doing before most of the defense intellectuals.

It's too late for all that now. Mr. Brezhnev's armored divisions, chemical warfare, and village massacres have called a halt to the old games. But as we get down to business we have to remember that we've lost some time, some valuable time. We might have saved some of it, if the faith in systems analysis had not been misplaced. Holmes once wrote that "Time has upset many fighting faiths." It's time to give time a hand.●

## UNIFORM PRODUCT LIABILITY ACT

### HON. RICHARDSON PREYER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. PREYER. Mr. Speaker, I am introducing today the Uniform Product Liability Act for discussion purposes so that it may be considered by the Subcommittee on Consumer Protection and Finance during its hearings on product liability later this month. This legislation, originally drafted by the Department of Commerce for enactment by individual States; has been reshaped into Federal legislation.

The purpose of this legislation is to address a principal cause of the product liability problem. The Interagency Task Force on Product Liability identified three principal causes of the product liability problem: First, questionable insurer ratemaking and reserving practices; second, uncertainties in the tort litigation system; and third, unsafe products. On March 10, the House passed H.R. 6152, the Product Liability Risk Retention Act of 1980, which addresses part of the insurance aspect of the problem. The Uniform Product Liability Act, which I am introducing now, is an attempt to address the uncertainties of the tort litigation system.

The purposes of the Uniform Product Liability Act are to provide a fair balance of the interests of both product sellers and users as well as to eliminate existing uncertainty about their respective legal rights and obligations. This should cause product liability insurance to become more widely available and affordable, with greater stability in rates and premiums. At the same time, the legislation should also insure that persons injured by unreasonably unsafe products will be adequately compensated for their injuries.

Briefly, the Uniform Product Liability Act preempts all existing tort law governing matters within its coverage. It supplants, rather than supplements, certain areas of product liability law.

The legislation sets forth the basic responsibility for manufacturers by defining what is a defective product, what constitutes a design defect, and what are adequate instructions and warnings. The bill also provides liability standards for parties in the distribution chain other than manufacturers, such as wholesalers, distributors, and retailers. In addition, the legislation addresses the issues of injuries caused by old products; the effect of product misuse or modification upon liability; the relationship between product liability and worker compensation; and punitive damages.

The Consumer Protection Subcommittee will consider this legislation and H.R. 5621, the National Product Liability Act, as well as other pertinent legislative proposals in hearings on April 23, 29, and 30, 1980. At that time, we will ask manufacturers, insurers, trial attorneys, wholesaler-distributors, retailers, and consumers to comment on the different approaches to the tort aspect of the product liability problem incorporated in these bills. These witnesses will also be asked to discuss whether the alternative of a model State law approach is preferable to a Federal initiative.

Thank you, Mr. Speaker.●

## WAYNE DUMONT

### HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. COURTER. Mr. Speaker, I would like to take a moment to recognize an exemplary American citizen from New Jersey, State Senator Wayne Dumont, a decent gentleman and conscientious leader, whose dedication to the average citizen and his profession is the hallmark of his career.

First elected in 1952, Senator Dumont, dean of the New Jersey State Senate, has served 28 years representing New Jersey's 15th legislative district. He was elected senate majority leader in 1955. In 1956, he become president of the senate and, later that year, served as Acting Governor. After an unsuccessful bid for the Governor's seat in 1965, his constituents returned him to the statehouse in 1967, where he sits with distinction today. Senator Dumont saw both enlisted and commissioned service in the infantry and concluded a military career of 31 years when he retired from the Army National Guard in 1974 as a lieutenant colonel.

In today's fast-paced and impersonal society, individuals do not seem to count for much in the big scheme. Senator Dumont is a shining example to the contrary. He takes the time to go to Boy Scout meetings, the Eagle Scout Award dinners, and the town meetings that often go unnoticed. He takes the time to personally intervene on behalf of a citizen with a problem. His handshake is a seal valued as a written contract and, a man of integrity, he keeps his word, and expects you to do the same. No more, no less.

Men and women of these esteemed qualities are becoming rare. On April 18, the friends and associates of Senator Dumont will gather for a testimonial dinner in his honor. Thank you, Mr. Speaker, for these few moments to acknowledge this fine American citizen and noteworthy contributor to the State of New Jersey.●

## THE ENEWETAK CLEANUP

### HON. PHILLIP BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. PHILLIP BURTON. Mr. Speaker, within the last 6 months, American administration of the Trust Territory of the Pacific Islands (Micronesia) has come under severe criticism by the media. I am happy to reverse this trend and report a success story. As chairman of the Subcommittee on National Parks and Insular Affairs, I have followed closely the plight of those Micronesians, adversely affected by U.S. nuclear weapons testing in the Pacific. Among this group are the people of Enewetak Atoll, who were dispossessed of their home islands in 1947 in order to accommodate the nuclear program. Following 10 years of testing, the atoll was rendered too radioactive to support human life.

Recognizing the importance of land in an oceanic environment, the United States—under the auspices of the Defense Nuclear Agency, the Department of Energy, and the Department of the Interior—undertook a massive program of decontamination and rehabilitation. As a consequence—after 33 years' absence—the Enewetakese are returning to their traditional homes on April 8, 1980. I was so impressed with the tremendous and unprecedented effort involved in cleaning up the atoll that I asked Adm. R. R. Monroe, the Director of the Defense Nuclear Agency, to render a full report. His cover letter as well as excerpts of his report follows. I commend both to the attention of my colleagues as an admirable example of what devotion, expertise, and hard work can accomplish in the pursuit of a humanitarian goal.

DEFENSE NUCLEAR AGENCY,
*Washington, D.C., March 28, 1980.*

Hon. PHILLIP BURTON,
*House of Representatives,*
*Washington, D.C.*

DEAR MR. BURTON: On behalf of the Joint Chiefs of Staff I am pleased to respond to your request for a report (enclosed) on the radiological cleanup of Enewetak Atoll. As you know, the Defense Nuclear Agency is the Department of Defense Project Manager for this operation.

The Enewetak radiological cleanup and rehabilitation program has been one of the great American success stories of recent times. Three years ago Enewetak was a dangerous, quarantined atoll, littered with debris and wreckage from World War II and a decade of nuclear weapons testing. Many islands were contaminated with radioactivity, some of them dangerously so. In short, the atoll was virtually an unhabitable wasteland.

Today, Enewetak Atoll is clean and safe for resettlement as planned. More than 110,000 cubic yards of radioactive debris and soil have been collected from throughout the atoll and immobilized in concrete in one location. Another 215,000 cubic yards of uncontaminated but hazardous debris have been disposed of, and about 16,000 rounds of potentially deadly World War II ammunition have been located and destroyed. Homes for the People of Enewetak have been constructed using designs and locations of their own selection. Subsistence crops and commercial coconuts have been planted. This spring the People of Enewetak will be able to return to their ancestral homeland and resume a lifestyle of their choosing, in balance with nature, and with relatively few restrictions on their actions.

This transformation has been achieved through a remarkable effort by the American people—unprecedented in history. The radiological cleanup and rehabilitation have cost about $100 million, and the work has required an on-atoll task group of about a thousand men and women of the Department of Defense and other organizations for the past three years. The radiological characterization effort was more technologically complex and scientifically advanced than any previously attempted.

For the military personnel of the cleanup force, working conditions were primitive and strenuous, and six men lost their lives during the operation. Work weeks were nominally 60 hours, actually much more, under conditions of high temperature and humidity, the potential for exposure to radiation, and often the need to work in confining anti-contamination clothing and masks. Living conditions were austere. In spite of these hardships, the overriding feeling of those involved in the Enewetak radiological cleanup project has been one of intense pride in contributing to the accomplishment of an important humanitarian effort—the restoring of the homeland for an entire people.

It is fashionable today to deplore the radiological residue and hazards from America's nuclear weapons test programs of past decades, without giving recognition to the national security imperatives that led to the programs, or the beneficial results realized from them. The nuclear weapons whose development was made possible by the testing at Enewetak have been major elements in the mechanism of deterrence that has ensured the security of the free world and the absence of nuclear war for the past three decades. With the Enewetak radiological cleanup and rehabilitation, America has lived up to its responsibilities to set right the adverse effects of the testing. All those involved in the cleanup project—and every American—can take great pride in this accomplishment.

Sincerely,

R. R. MONROE,
*Vice Admiral, U.S. Navy,*
*Director.*

Enclosure.

#### THE RADIOLOGICAL CLEANUP OF ENEWETAK ATOLL

In April 1980 the Department of Defense (DoD) will return Enewetak Atoll to its People. This event will mark the end of the largest radiological cleanup operation ever conducted and will fulfill a moral obligation incurred by the United States thirty-three years ago. This paper summarizes these events from the perspective of DoD.

Enewetak is the northwestern atoll in the Marshall Islands—which themselves are one of the major island groups in Micronesia and in the Trust Territory of the Pacific Islands (TTPI). Enewetak lies some 2400 nautical miles west-southwest of Honolulu. The atoll is formed by a coral reef, oval in shape, which surrounds a lagoon stretching some 23 miles in a general north-south direction and 17 miles east-west. Rising from the reef at intervals along its circumference are some 40 low, sandy islands—most of them quite small.

The People of Enewetak—who have lived on the atoll for centuries, and who are different in many ways from other Marshall Islanders—subdivide into two groups: the dri-Enewetak, whose home is the largest southern island of the atoll (Enewetak); and the dri-Enjebi, whose home is the largest island in the north (Enjebi).

Enewetak's role in the nuclear age began shortly after World War II, when the imperatives of national security required the establishment of several proving grounds for the testing of nuclear weapons. Enewetak was one of the principal sites selected for this testing, particularly for the higher-yield thermonuclear devices that were then in the conceptual stage. The People of Enewetak—then numbering about 150—were relocated in 1947 to a much smaller atoll, Ujelang, some 125 miles to the southwest. A large scientific and military task force, under the joint direction of the Atomic Energy Commission (AEC—now the Department of Energy (DoE)) and DoD, established its headquarters on the southern islands of Enewetak Atoll. Between 1948 and 1958, 43 nuclear tests were carried out on the atoll. The great majority were conducted in the northeastern quadrant, to keep the base camps in the south free of contamination. Some of the "ground zeros" were on the islands themselves, some were on the reef, some were in the lagoon, and one was in the ocean nearby. The tests were detonated in the air, on towers, on the surface of islands and reefs, on barges, and underwater. The nuclear weapons developed through this decade-long test program have been major elements in the mechanism of deterrence which has ensured the security of the free world and the absence of nuclear war for succeeding decades.

In 1958 the U.S. ceased nuclear testing on Enewetak, in response to a trilateral US-UK-USSR testing moratorium. However, radioactive debris and fission products from the detonations and the resulting fallout contaminated most of the northern islands to varying degrees. The southern islands, which had been used as a base for the scientific task force, remained relatively uncontaminated.

From 1958 until 1976 DoD retained custody of the atoll, and a small caretaker force remained on Enewetak Island in the south. The atoll was occasionally used for DoD programs not involving nuclear testing. During this period, in 1972, the U.S. Government decided that future national requirements in this part of the world could be met without use of Enewetak; and Ambassador Franklin Haydn Williams announced that the atoll would be returned to the TTPI Government, for subsequent return to the people—who by this time had not seen their homeland for 25 years. The announcement also committed the U.S. Government to cleanup and rehabilitation of Enewetak.

Planning for the radiological cleanup and rehabilitation programs was intensive and complex. It extended from 1972 until 1977, and involved major actions by numerous departments and agencies in the Executive Branch, by the Congress, and by the People of Enewetak. The hallmark of the entire effort was total involvement by the People of Enewetak in all major decisions.

* * * * *

Many of the early planning decisions addressed the problems of radiological contamination. It was recognized that a distinction had to be made between two types of soil contamination, "transuranics" and "suburanics." Transuranics are elements above uranium in the atomic table, such as plutonium. They typically have very long half-lives, e.g., 24,000 years in the case of plutonium. Suburanics, such as strontium-90 and cesium-137, have much shorter half-lives. These two, for example, are 28 and 30 years, respectively. The AEC's radiological survey had disclosed that, except on the island of Runit, most high transuranic concentrations were in the top few centimeters of soil. This was not the case with suburanics, which, because of their water solubility, were distributed to considerable depth. Since the near-surface transuranics had the greatest potential for ingestion or inhalation through resuspension, and since their threat was long-term, it was recognized that the cleanup would have to deal with them. Excision of soil contaminated with suburanics, however, was simply not practicable. To do so would require such extensive soil removal as to render the island useless for habitation or subsistence agriculture. However, by the same token, cleanup of suburanics was less essential because contamination levels were declining measurably year by year. Thus it was determined that, insofar as contaminated soil was concerned, the radiological cleanup would address transuranics.

Another key decision concerned the method for disposing of, or containing, contaminated debris and soil. Various options were developed and analyzed: lagoon-dumping, ocean-dumping, spreading over the surface of Runit, etc. The method selected—after extensive debate on the EIS—incorporated the following elements:

All contaminated debris and soil on all islands would be transported by boat to the island of Runit.

The contaminated soil would be mixed with cement and formed into a concrete matrix, which would fill the crater on the north end of Runit formed by the "Cactus" nuclear detonation.

The contaminated debris would be encapsulated in this concrete matrix.

The dome-like mound formed over Cactus crater would be covered with a concrete cap to remove any resuspension and inhalation threat.

Since the entire island of Runit would remain quarantined indefinitely because of residual sub-surface contamination in its soil, presence of the capped, encapsulated contamination at the north end of the island should pose no future problems for the People of Enewetak.

In 1975 the Congress authorized the Enewetak Radiological Cleanup and Rehabilitation Project, and funds were appropriated in 1976. Congressional guidance was as follows:

The radiological cleanup was to be accomplished by the Military Services.

A total of $20 million was appropriated in FY 1977 Military Construction (MilCon) funds.

DoD was directed to draw other needed resources, without reimbursement, from the Military Services' construction and support forces, their subsistence, equipment, material, supplies, and transportation.

DoD was further directed to employ all feasible economies in the project, consistent with meeting radiation standards established by AEC (DoE).

The People of Enewetak were required to agree that appropriation of the $20 million MilCon funds would constitute the total commitment of the U.S. Government for the cleanup of Enewetak Atoll.

* * * * *

The radiological cleanup itself consisted of three phases spanning 35 months. Phase I, Mobilization, commenced on-atoll on 15 May 1977 and lasted six months, completing on 15 Novemer 1977. Phase II, Cleanup, was scheduled for 22 months, terminating on 15 September 1979. Phase III, Demobilization, was scheduled for seven months, completing on 15 April 1980. DoI's rehabilitation effort was to start subsequent to DoD's Mobilization Phase, but was scheduled to complete concurrently with DoD on 15 April 1980. These schedules were established in 1976, during preliminary planning, and the entire project has remained on schedule all the way through to completion.

* * * * *

The U.S. military forces performed with great effectiveness in this difficult environment. Tour lengths on-atoll were about six months for most personnel, one year for key individuals. Some were volunteers, but because of the specialized nature of most tasks, the majority were assigned from units worldwide having the necessary skills. It was arduous, rigorous work in harsh environment, with potentially hazardous conditions always present. The planned work-week was 60 hours, with many individuals working much more. Temperatures and humidities were always high, and for those working in confining anti-contamination clothing, short shift lengths had to be established. Living conditions were austere, and recreational facilities were extremely limited (and even here there was potential for danger). In all, over 4,000 U.S. servicemen served on-atoll in the Enewetak radiological cleanup; and six lost their lives (two in industrial accidents, two in a recreational accident, and two unrelated to the environment). In recognition of their unselfish and highly effective efforts, the Secretary of Defense awarded the DoD Humanitarian Service Medal to members of all Services for meritorious participation on-atoll in the Enewetak radiological cleanup.

Throughout every step of planning and every day of execution, the most important consideration in the cleanup operation was the radiological safety of individuals involved in the operation. In planning, each aspect of the operation was designed to minimize the potential for exposure of individuals to ionizing radiation. In execution, each operation involving possible radiation exposure was directly supervised and closely reviewed by teams or organizations whose sole function was radiological safety (radsafe). Radiation exposure standards were set conservatively to begin with; and the guiding philosophy was for operations to be conducted so as to assure that radiation exposure of individuals was limited to the lowest levels practicable within these standards. The goal has been to ensure that any actual exposures are so much lower than today's standards that they should not be a cause for concern even if future Federal exposure standards were to be tightened by a factor of ten or more.

* * * * *

The original plan did not include cleanup of contaminated soil from the large island of Enjebi in the north, even though this was the ancestral homeland of the dri-Enjebi, and although the transuranic levels in the soil were known to be in excess of the standards for a residence island. This situation was not a planning oversight; it arose from the fact that contaminated soil removal from Enjebi was considered too extensive a task to be undertaken. In 1978 DNA made the decision to attempt the Enjebi soil cleanup, although time and resources still appeared inadequate to do the job. Through remarkable innovation and sustained effort, Enjebi was cleaned to residential island standards for transuranics, thereby making possible the eventual resettlement of the dri-Enjebi to their home.

During the three-year duration of the radiological cleanup project, four major typhoons and tropical storms hit Enewetak Atoll, causing extensive destruction. In particular, two of them did such damage to boats and landing craft that extensive repair and replacement efforts were required, and cleanup work was slowed for many months. One typhoon required complete evacuation of the atoll.

In terms of results achieved, the three-year radiological cleanup was a striking success. The Enewetak forces met all cleanup objectives and exceeded many. The following subparagraphs discuss some of the accomplishments:

Over 215,000 cubic yards of uncontaminated debris were removed from islands and reef areas and disposed of at designated dump sites in the lagoon and in shoreline protection. Before any piece of debris could be touched, it had to be screened by radiation monitors for several types of possible contamination, and then marked as contaminated or uncontaminated. In many cases (e.g., blockhouses and bunkers) extensive demolition of uncontaminated structures was required. For debris in the reef areas, Navy Underwater Demolition Teams often worked in 10 or 20 feet of water clearing sunken landing craft and other objects. Repeated post-cleanup inspections of each of the 40 islands verified them to be completely clear of even the smallest scraps of residual debris from World War II and the test period.

About 16,000 items of World War II ordnance (e.g., unexploded artillery projectiles, mortar shells, hand grenades, small arms and ammunition) were located by detectors, dug up, and disposed of by Navy Explosive Ordnance Disposal Teams.

Some 6,000 cubic yards of radiologically contaminated debris were identified, transported by landing craft to Runit, and immobilized in concrete in Cactus crater.

All former dumps, crypts, and burial sites for contaminated debris and soil during the test period, to which reference could be found, were excavated and the contents were encapsulated in Cactus crater. One major crypt on Aomon island was so extensive and difficult it required over a year to plan and carry out its excavation.

About 105,000 cubic yards of soil contaminated with transuranics, principally isotopes of plutonium and americium, were identified, excised, transported by landing craft to Runit, and mixed with cement to form concrete with which Cactus crater was filled. This crater in the reef is about 350 feet in diameter and some 30 feet deep. The crater volume below sea level was filled by the tremie method, in which a concrete slurry is pumped by large hose and pipe to the crater floor, and progressively built up. Above the waterline, a soil-cement mixture was formed from the contaminated soil. A thick concrete keywall was constructed around the circumference, and a dome-shaped concrete cap covered the entire crater.

At the completion of the cleanup, of the 40 islands of Enewetak Atoll: 30 qualified as residential and subsistence agriculture islands in terms of residual transuranic contamination; seven qualified as agriculture islands; two qualified as food-gathering islands; and the last one, Runit, had all identified high-level concentrations of transuranics removed. it remains quarantined because of residual sub-surface contamination. Every island designated in planning documents for a particular end-use by the people was cleaned at least to the level corresponding to that use; and for many islands—including, most significantly, Enjebi—the cleanup exceeded the planning goals.

Costs have remained remarkably constant for the duration of the project. The effort has been completed within the $20 million MilCon funds originally appropriated for the task. When Congressional direction was received to accomplish the cleanup project with military forces without reimbursement, the first estimate of total project cost was developed by DNA during the Mobilization Phase and was presented to Congress in the spring of 1978. At that time DoD costs were estimated at $80 million (including MilCon), DoI costs at $12 million, and DoE costs at $4 million, for an overall total of $96 million. Despite inflation, major increases in project scope, unforeseen difficulties, and damage and delay from four severe typhoons, current estimates today, more than two years later (and within a few weeks of project completion) are: DoD $86 million; DoI $14 million; DoE $4 million; for a total of $104 million. While this amount represents "value received" by the People of Enewetak in terms of cleanup effort, "out of pocket" costs for U.S. taxpayers is substantially less, because many of the DoD expenses would have accrued had there been no Enewetak cleanup (e.g., pay and subsistence for personnel, fuel and spare parts for vehicles). DNA estimates that the cost to the taxpayers of the Enewetak cleanup and rehabilitation program has been approximately: DoD $49 million (including MilCon); DoI $14 million; DoE $4 million; for a total of $67 million.

DoI's rehabilitation program has involved the construction of 116 homes for the people on the three southern islands of Enewetak, Medren, and Japtan, along with community centers, piers, and other life support elements. Subsistence agriculture (breadfruit, bananas, dwarf coconuts, etc.) has been planted on the three southern islands, and some 31,000 coconut trees for commercial and subsistence purposes have been planted throughout the atoll (20,000 in the south, 11,000 on the lesser contaminated islands in the northeastern chain).

* * * * *

The issue of when the dri-Enjebi may be able to return to their ancestral home island of Enjebi in the north is still unresolved. As noted previously, all planning and project execution to date—with the agreement of the People of Enewetak—has been based upon the dri-Enjebi residing initially in the south, and this is where their homes have been constructed. One of the remaining responsibilities of the U.S. Government is to advise the dri-Enjebi when it will be safe to return to their home island. To provide this advice, DoE, DoI, and TTPI have collected extensive data on residual suburanic soil contamination in the north, on radionuclide uptake by crops, on alternative living and subsistence patterns in the north, on the rate of accumulation of radionuclides in the body, and on estimated health effects from this accumulation. These data have been analyzed in depth and combined into dose assessments. Separately, the People of Enewetak have engaged their own team of eminent scientists and authorities to provide them with independent estimates of the above factors and the resulting dose assessments. Based upon extensive review of the data provided by both sources, the People of Enewetak have expressed their desire for the dri-Enjebi to return at once to their home island. The U.S. Government has this request under consideration at the time of this writing.

The remarkable success of the Enewetak radiological cleanup operation has been due in large measure to the dedication and commitment of the Military Services in providing the resources to do the job; and to the enthusiasm, initiative, and willing efforts of the individual servicemen assigned to the cleanup force. Also notable has been the remarkably effective coordination between the many organizations whose efforts had to be integrated into a smooth-working team on-atoll.

In summary, the Enewetak Radiological Cleanup and Rehabilitation Program was well conceived and well executed, was completed on time and within cost, and produced more effective results than anticipated. It marks the fulfillment of a moral obligation this country incurred decades ago, and it represents an effort in which every American can take great pride.●

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## JESSE OWENS—DEVOTED TO HIS FELLOW MAN

### HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. RUDD. Mr. Speaker, Jesse Owens will always be remembered for his supremacy as an athlete.

He was the perfect athlete, who during his Olympic sports career set nine world records as champion sprinter, hurdler, and long jumper.

I was privileged to know Jesse Owens, and will remember him as a devoted Christian gentleman, who had great respect for his fellow man.

Jesse Owens was especially devoted to young people, for whom he was an inspiration and leader in his dedicated efforts to help boys clubs around the Nation.

His body will lie in state on April 2, 1980, at the Arizona State Capitol in Phoenix. Flags will fly at half mast and April 2 is proclaimed Jesse Owens Day in Arizona. Memorial services will be held at the University of Chicago's Rockefeller Memorial Chapel prior to burial in Illinois.

It is with sorrow that I join his millions of fans and admirers in bidding fond farewell to Jesse Owens.

My deepest sympathy goes to his dear wife of 47 years, Ruth, and their three daughters.

We were all privileged and benefited by his 66 years of life.

Jesse Owens will always be remembered as the most beloved Olympic champion—but above all as a man who achieved greatness in life itself.●

## HANDGUN-RELATED DEATHS CLAIM 528 LIVES IN FEBRUARY

### HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. DRINAN. Mr. Speaker, during the month of February, 528 Americans were killed by handguns, bringing the total for this year to 1,174. Handgun Control, Inc., has reported these latest figures by means of a thorough compilation of media-reported handgun deaths in cities and towns across the country.

The FBI recently announced that in 1979, 77 local, county, State, and Federal law enforcement officers were killed by handguns. This news, together with the recent brutal assassination of our former colleague, Allard Lowenstein, is clear evidence that the Congress must take action now to control the misuse of handguns.

I urge my colleagues to support legislation that has been introduced in this body to curb such violence by restricting the availability of handguns. The handgun body count compiled by Handgun Control, Inc., follows:

ROLL OF HANDGUN DEAD: FEBRUARY 1980

Alabama (13): R. Beamon; B. Betts, Sr.; R. Bixby; C. Eddy; K. Foster; R. Frey, Jr.; C. Hart; J. Johnson; P. Lee; R. Martin; P. Reynolds, Jr.; R. Thomas; and R. Williams.

Arizona (6): D. Boatman; H. Dixon; F. Herbst; D. Martinez; C. Mosley; and J. Quintana.

Arkansas (9): T. Allen; P. Anderson; A. Buttler; K. Carnahan; J. Davis; S. McCann; F. Milinowski; R. Ray; and D. Teague.

California (76): G. Accardo; F. Acuna; J. Ahumada; K. Arcusa; Q. Ashley; S. Baig; D. Baker; A. Barley; M. Bowley; F. Cangelosi; L. Castillon; R. Castillon; S. Castro; S. Chan; D. Clark; C. Coleman; J. Conover; D. Cousins; B. Davis; P. Dean; D. Dodson; E. Ederington; W. Farrell; R. Fredericks; E. Gahler; G. Garcia; F. Gennert; G. Gummer; J. Harbor; E. Heyer; N. Hill; R. Hill; G. Holmes; B. Horton; R. Iwuoma; E. Johnson; J. Jung; T. Kellogg; H. Laird; S. Lee; M. Lefevre; G. Lewis; R. Loy; J. Martin; F. Martinez; G. Melvin; R. Mendez; M. Miller; A. Mills; D. Mills; J. Mills; A. Nieves; D. Oliver; D. Olsen; L. Pena; W. Quinter; R. Raygoza; G. Rey; M. Salazar; J. Scott; B. Shoeni; J. Smith; A. Tafolla; W. Thomas; A. Torres; L. Trevino; G. Tyner; E. Walker; K. Ward; K. Williams; unidentified; unidentified; unidentified; unidentified; unidentified; and unidentified.

Colorado (8): R. Baros; R. Bauer; M. Fee; C. Hann; A. Lewis; D. Tafoya; R. Williams; and J. Yelnik.

Connecticut (3): J. Duncan; M. King; and C. Quinn.

Delaware (2): J. Galloway; and J. McKnight.

District of Columbia (8): M. Davis; M. Etheridge; D. Pearson; C. Scott; J. Sims; and A. Snyder.

Florida (30): J. Arants; M. Benitez; R. Brown; P. Dudley; P. Eddie; J. Fuentes; R. Hardwrick; J. Harris; M. Harris; N. Jackson; P. Jackson; R. Jackson; W. Mercado; B. Moss; L. Najera; R. Paty; M. Peref; J. Pugh, Jr.; L. Romine; R. Shannon; H. Taylor; D. Trout; J. Ward; R. Wilson; J. Wright; unidentified; unidentified; unidentified; unidentified; and unidentified.

Georgia (17): L. Amos, Jr.; T. Clark; H. Gaston, Jr.; J. Giddens; W. Giddens, Jr.; L. Green; R. Hancock; H. Jones; M. Keaton; D. Neal; C. Pennington; C. Rucker; P. Williams; R. Williamson; E. Wimberly; C. Wright; and unidentified.

Hawaii (4): R. Hartman; E. Kialoa; R. Morales; and W. Torres.

Illinois (16): J. Abrams; F. Bridges; R. Brown; M. Cannon; C. Davis; H. Feliciano; J. Gray; R. Hyde; M. Jackson; J. May; R. McGregory; T. Pavlopoulos; D. Rodica; O. Taylor; A. Townsend; and H. White.

Indiana (10): K. Bell; H. Bledsoe; E. Chaney; S. Chaney; J. Cicco, Jr.; G. Cossell; G. Lipsky; K. Poe; H. Smith; and R. Sparks.

Iowa (1): L. Baker, Jr.

Kansas (8): D. Beaver; H. Claus; N. Claus; H. Davis; J. Johansen; S. Keys; A. Roberson; and J. Schmidt.

Kentucky (7): S. Adkins; W. Blakemore; S. Ferren; J. Latham; W. Muss; C. O'Donnell; and J. Rucker.

Louisiana (12): L. Brady; E. Brown; R. Burford; C. Cook; J. Duncan; D. Foster; K. Harrison; A. McKenzie; L. Oden; R. Pierre; W. Slade; and unidentified.

Maine (4): B. Grondin; N. Pelletier; C. Simoneau; and J. Simoneau.

Maryland (22): W. Allen; A. Brown; K. Cheeks, Jr.; R. Ciavarella; F. Cooper; D. Johnson; N. Johnson; A. Kelsey; J. Langley, Jr.; R. McCrorey; W. Monk; J. Orndorff; G. Rouse; W. Stevenson; R. Stokes; J. Sullivan; W. Thompson; B. Toulson; C. Valentine; G. Wacks; Z. Williams; and unidentified.

Massachusetts (4): J. Colantonio; P. Morales; A. Prato; and G. Sneed.

Michigan (8): J. Brinson; J. Kahn; T. Lemunyon; T. Murphy; A. Preston; D. Saunders; H. Washington; and H. Wendt.

Minnesota (3): T. Peterson; L. Simmons; and L. Smith.

Mississippi (6): W. Freeny; B. Harrison; R. Hunt; G. Pittman; C. Riley; and S. Viser.

Missouri (15): C. Anderson; C. Bess; L. Byers; D. Greer; C. Jones, Jr.; O. Lane; E. Mansker; P. Palmer; S. Palmer, Sr.; A. Richardson; C. Shelton; M. Sledge; P. Turley; unidentified; and unidentified.

Nebraska (3): D. Lee; M. Munoz; and G. Nunez.

Nevada (1): Unidentified.

New Jersey (3): E. Landion; G. Malliband, Jr.; and J. Parker, Jr.

New Mexico (9): M. Baca; E. Beimfohr; E. Ceniseros; D. Garcia; F. Granados; J. Martinez; I. Sena; W. Shaw; and E. Volpato.

New York (34): R. Bilodeau; W. Blake; M. Burgen; S. Calabrese; M. Cho; J. Guzman; V. Henderson; L. Hernandez; M. Howell; J. Idrobo; M. Jawitz; R. Kallman; S. Katz; P. Keating; D. Kwiatkowski; E. McCoy; H. Mercado; J. Oquendo; F. Pagan; D. Page; Mr. Palen; W. Perez; F. Quandri; L. Rodriguez; L. Rutledge; J. Skinner; I. Smith; S. Szladek; J. Wilson; unidentified; unidentified; unidentified; unidentified; and unidentified.

North Carolina (13): D. Adams; D. Agner; D. Clark; J. Hodge; L. Morelock; S. Mullies; E. Munson; C. Parker; I. Pinnix; M. Stover; M. Summers; K. Thompson; and A. Whitney.

North Dakota (3): C. Bloomquist; D. Hammer; and G. Lambson.

Ohio (17): C. Bourgeois; R. Bourgeois; N. Dawson; J. Dudziak; J. Hunter; E. Jackson; W. Jackson; W. McGrougan; M. Purcell; E. Riggins; F. Rowland; W. Scott; C. Sharf; J. Slaughter; L. Timmons; J. Wilds; and V. Wohlgemuth.

Oklahoma (21): A. Barbour; D. Brewer; B. Butler; L. Castro; R. Chester; D. Coe; R. Frazier; H. Haley; L. Jeter; M. Lester; C. Menn; T. Robertson; A. Smith; M. Sunby; P. Tarver; Tarver (baby); J. Tatum; L. Whitten; G. Wolfe; unidentified; and unidentified.

Oregon (6): J. Graves; R. Graves; J. Johnson; M. Munster; J. Roman; and K. Roman.

Pennsylvania (10): A. Foard, Jr.; T. King, Jr.; C. Nelson; F. Slater; T. Spaggins; E. Vassalo; W. Walker; W. Walters; N. Williams; and J. Wright.

Rhode Island (1): R. Gabriele.

South Carolina (5): O. Bishop; A. Flynn III; K. Gadson; S. Tucker; and R. Weaver.

South Dakota (1): D. Goodshield.

Tennessee (28): T. Anderson; F. Carimi; T. Clinard; D. Coffey; T. Connell; C. Couch; S. Gafford; T. Goins; D. Graves; B. Hill; J. Jewell; H. Jones; A. Lee; J. Mathews; E. Partee; C. Patterson; J. Pavett; R. Ridley; W. Rowe; B. Thrasher; A. Vaughn; S. Waller; C. White, Jr.; W. Wilkins; R. Williams; H. Winter; C. Woods; and unidentified.

Texas (60): C. Adame; D. Baker; W. Baker; C. Buxton; J. Cadena; N. Caesar; A. Cantu; A. Carroll; L. Carter; J. Cevallos III; J. Cloudy; A. Coday; B. Couser; J. Craig; R. Crisman; R. Curby; R. Davila; L. Denton, Jr.; R. Duloney; E. Edwards; C. Erickson; J. Evans; E. Fain; M. Finnegan; S. Ford; J. Garcia; R. Garza; H. Gonzales; C. Green; C. Hamilton; E. Hough; J. Hubel; Mrs. H. Jones; G. Joyner; J. Magana; M. Martin; J. Monroe; J. Mundine; J. Olds; M. Osorio; R. Parker; M. Portillo; L. Puente; L. Puente; J. Ramos; H. Reed III; J. Rodriguez; N. Sauceda; E. Schindler; M. Sorola; D. Stribling; J. Trevino; R. Vasquez; G. Vela, Jr.; J. Velez; B. White; G. Woodell; unidentified; unidentified; and unidentified.

Utah (5): L. Accord; O. Accord; R. Baxter; M. Odd; and B. Pickett.

Virginia (3): J. Comer; O. Inge; and J. McKinney.

Washington (3): K. Bigelow; W. Heggie; and D. Von Essen.

West Virginia (2): W. Roberts; and F. Workman.

Wisconsin (9): R. Gianni; C. Leinweber; C. Leinweber; N. McClain; M. McKenna; G. Scheidegger; S. Scheidegger; J. Torgerson; and unidentified.

Wyoming (1): E. Dodge.

Previously unreported deaths in 1980 (34): J. Spears; D. Spears; A. Aguilar; D. Bushet; V. Edwards; H. Estrada; A. McCraw; L. Peace; R. Pickard; I. Venezia; D. Wood; unidentified; unidentified; F. Chavez; A. Williams; W. Jackson; H. Flanders; V. Brunger; D. Hippe; D. Hippe; J. Hippe; R. Rippetoe; J. Walker; P. Simes, Jr.; L. Martine; M. Nevas; D. Ellwanger; R. Keller; C. Lloyd; M. Huard; L. Phillips; R. Bierle; G. Gunter; and L. Evans.●

## TRIBUTE TO JOE M. FINKBINER

### HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. ROUSSELOT. Mr. Speaker, the residents of the city of Glendora, Calif., which I proudly represent in the Congress of the United States, are honoring their mayor, Joe M. Finkbiner, for 20 years of service to the community as an elected official.

You will see after I recite some of his accomplishments why the citizens have chosen him as lifetime "Mayor Emeritus" of this city that has become known as "the Pride of the Foothills."

Joe M. Finkbiner was born and raised in Missouri, and in September 1927 married Ilene Lee, and together they raised two sons, John Lee and Joe, Jr., and and a daughter, Betty Jo, all of whom made Glendora their home in 1940.

He entered the Glendora business community as manager of one market, and with characteristic independence, purchased another, which became Finkbiner's Market. Throughout the following years through the hard work of both Joe and Ilene, this local business prospered and thrived as a significant part of the Glendora business community.

Actively contributing his energies as a Glendora community leader, Joe Finkbiner served as president of the chamber of commerce, president of the Glendora Kiwanis Club, member of the Glendora Coordinating Council, the United Crusade, the Boy Scouts, and numerous other civic and charitable organizations.

In 1969 his many accomplishments and charitable spirit in quietly helping others in need, were recognized in his being designated as Glendora's 1969 Citizen of the Year.

With his customary courage and belief that he could further serve the Glendora community, Joe Finkbiner sought and was elected to the office of city councilman in April 1960, a position which he has continuously held for 20 years. Upon election, Joe was selected by his peers as mayor pro-tem, and 2 years later, was further elevated to the office of mayor, in which office he has continuously served with distinction for the past 18 years.

During the past two decades under his leadership the city of Glendora has retained its small town charm, yet prospered and provided its citizenry with a full spectrum of improved public facilities and services including new police and fire facilities, acquisition, and improvements to the municipal water system, an outstanding library and community cultural center, the covering of the open flood control channel, which bisected the downtown Glendora business district, and during his term of public service, over 1,000 acres of open space and recreation parklands were acquired and/or developed so as to serve the recreational and open space needs of present and future Glendorans.

In recognition of Mayor Finkbiner's accomplishments in furthering representative local government I ask my colleagues in the House of Representatives to join the residents of Glendora in honoring him for 20 years of service as an elected official.●

## GREEK INDEPENDENCE DAY

### HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. RITTER. Mr. Speaker, today marks a proud day for all Greeks and Americans of Greek descent. On March 25, 1821, 159 years ago today, Archbishop Germanos and his fellow Hellenes raised their banner of rebellion—the sign of the cross—and the Greek war of independence against Turkish oppression had begun.

Today, Mr. Speaker, we celebrate Greece's recapturing of her legacy and her rich Hellenic tradition, both of which have been bequeathed to the world and encapsulated in the word "freedom." This is indeed a joyous occasion for those of us who enjoy our proud Hellenic heritage—a heritage which was darkened by the shadow of Turkish rule for four centuries, from the fall of Constantinople in 1453 to the revolt of 1821. This is also a memorable day for freedom lovers and friends of Greece around the world.

Greece acquired its independence in 1821 after winning its war of independence with Turkey. There were many leaders in this era of Greek history but none more famous than the inspirational archbishop and his fellow churchman of Agia lavra who on March 25 began the war of independence. The victory insured the rebirth of the independent Greek nation.

The 15th Congressional District in Pennsylvania, which I am proud to represent, today is celebrating Greek Independence Day as well as the religious commemoration of the Feast Day of the Annunciation. Greeks are hard-working—God fearing—loyal Americans who live life to the fullest and have established values which do not and will not waver with the passage of time. The Greek family is an institution of stability. The Greek culture is unique and eminently rich in tradition and symbolism.

The celebration of Greek Independence Day is for the sixth consecutive year muted by the continuing tragedy of Cyprus. Here a large group of Greek Cypriots continue to be under the rule of an illegal Turkish occupation army which has ravaged both the land and the economy of Cyprus. It is a situation that must be resolved before another life is lost or home destroyed. On this occasion I renew my plea to our State Department to demand of the Government of Turkey a full accounting of those 2,000 Greek Cypriots still missing since the 1974 invasion.

And, Mr. Speaker, just as the issues of Greece and Cyprus and human rights today attract a concern far beyond her shores, the Greek revolt was considered an event of great interest, not only to Europe but to much of the 19th century world—including America.

The cause of Greece captured the interest of many Americans, even though the American Republic itself was very young, numbering only a few million citizens, and the journey to Greece by ship took 60 days.

For these lovers of freedom and democracy and human dignity, Greece called up visions of our great classical age—of Plato and Aristotle; of great democratic city-states and the world of Alexander. And then, as we do today, I am sure that they remembered that Greece's contributions to the enlightenment of mankind extend beyond the classical period. For the language of the New Testament of the Bible was Greek, and the Christian faith was first spread by Greek-speaking missionaries, notably St. Paul.

One hundred and fifty-nine years ago today, Greece reasserted her claim as the birthplace of democracy and the spiritual forebear of the land we now live and prosper in. And, America, the adopted homeland of many Greek immigrants and their descendants, owes much to Greece. The concept of government and the principles of democracy, which were the basis of the government of the ancient Greeks, are also the principles of government that all Americans now harbor.

I salute my many friends in the Greek-American community on their independence day and pay tribute to their many and varied contributions which they make and have made to American society. Greek-Americans have impacted on all walks of life from the arts to politics to business to education to entertainment. May the year ahead for them be filled with peace and prosperity.●

## THE MESA HIGH SCHOOL BAND

### HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. RHODES. Mr. Speaker, it is with great pride that I bring to your attention the Mesa High School band, from my hometown of Mesa, Ariz.

The citizens of Mesa displayed their fine community spirit by raising the funds to send the band from Mesa High to Washington to be in the Cherry Blossom parade. Mr. Speaker, the band gave an excellent performance in the parade—so excellent, in fact, that it merited a photograph on page 1 of the Washington Star on the day following the parade.

This morning, before the House session began, the members of the band toured the Capitol and were able to visit the floor of the House. It is my hope that the members of the Mesa High School band found their experience here a memorable one. All of us in Washington, D.C., certainly have benefited from their contribution to this year's Cherry Blossom Festival.●

## A BLEAK OUTLOOK: THE FUTURE OF TRAINS, TRACKS, AND THE TRANSPORTATION OF GOODS

### HON. DAN GLICKMAN

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. GLICKMAN. Mr. Speaker, 2 weeks ago I took the floor to outline some of my concerns regarding the safety of our Nation's railroads. Today

I will follow up with the second in a series of discussions on the subject.

Our Nation's railbeds and tracks are in serious disrepair. The reasons are clearly financial and attitudinal. There is not enough money put into maintenance and no public or private entity has cared enough to turn the situation around. As a national policy, we have let the railroads fall behind in the total transportation picture.

A Congressional Research Service report on national energy transportation cited several reasons for the decline of our railroads: The massive construction of roads and highways over the past several years; the development of automobiles, buses, and trucks; the extensive change of intercity passenger traffic to airlines; and the takeover of a large share of bulk traffic by oil pipelines and barges.

Over the past several decades rail traffic has not declined, as such, but rather it has not grown nearly as fast as the economy has grown nor as fast as the growth in ton-miles carried by trucks, barges, and pipelines. The most profitable traffic has shifted to trucks and, as a result, the railroads have lost considerable business profits.

The railroads, despite the current financial situation, are still, however, an extremely important part of the transportation network. Getting the railroads healthy and maintaining the track system will become more and more essential in coming years.

In the first place, trains are one of the most energy-efficient means of transporting goods that we have. In this period of energy shortages, we cannot afford to waste energy by not utilizing to the fullest extent energy-efficient trains.

Second, the future need for trains will continue to become more and more essential. The same CRS report notes that one of the most important reasons why railroads must become economically healthy is because of the need to transport coal. Trains transport more coal than any other mode of transportation. We are the OPEC of coal and the need for further development of coal technology and usage to provide more and more of our energy needs is self-evident. The administration has set a goal of annual coal production of 1.2 billion tons by 1985, up from 655 million in 1976. Trains currently carry 65 percent of the coal in this country. One estimate calls for a 52-percent increase in rail coal traffic by 1985. Although some speculate that the President's goal for coal production is not attainable by 1985, even if that goal is lessened somewhat, the chances are that the railroads could not meet the required transportation needs. Even if the railroads could handle the additional workload, if the tracks continue to be poorly maintained, downgraded track could nearly thwart much needed coal shipments.

In addition, railroads transport considerable amounts of petroleum products, liquid natural gas, and radioactive materials. The thought of derailments of trains carrying such hazardous materials is of concern to a great many.

As a Representative from an agricultural State, I know firsthand the importance of rail service to ship grain to markets. According to the Kansas Board of Agriculture, 1979 Kansas wheat production reached 410.4 million tons. Of that wheat, 274.85 million tons moved by rail. The remainder was left in Kansas elevators or on farm storage units and moved by trucks. The value to the Kansas economy of that wheat transported by rail was estimated at $961.8 million.

It should be obvious that the economy depends now and will continue to depend to an even greater degree on safe and efficient railroads. The problems with the railroads are many faceted, but the main concern is the sad fact that too much of the Nation's trackage is already in disrepair and that there does not seem to be any concerted effort to correct the situation. If we need the trains today and will need them even more in the future, then we have no choice but to deal with the track and roadbed issue as soon as possible.

The rate of derailments due to bad tracks goes up daily. The danger to property and lives increases. When we note that one of the reasons why we use the rail system is to transport hazardous materials and we do so over unsafe tracks, we can further surmise that we are simply in a holding pattern, waiting for a catastrophe to happen.●

## RETIREMENT OF H. GEORGE OSBORNE, ORANGE COUNTY EMA CHIEF

### HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. PATTERSON. Mr. Speaker, in my entire career in public service few men have impressed me as much for their dedication and meaningful contributions to their fellow citizens as H. George Osborne, the director of the Environmental Management Agency for the county of Orange, Calif. George will soon be retiring from public service and I want to share his many accomplishments with my colleagues.

George is a native of British Columbia, Canada, who settled in California with his family at age 4. After service as a line officer in the U.S. Navy during World War II, George became the assistant engineer of the Southern California Water Co.

In 1950, George joined the Orange County Flood Control District as an associate civil engineer. He became the chief engineer of the district in 1955, and in 1974 he was selected to head the new environmental management agency, which consolidated seven formerly separate departments.

George Osborne became such a respected and renowned administrator that the phrase "Let George Do It" took on a literal meaning. In short, George Osborne performed a herculean task in coordinating all facets of land use control in Orange County, including flood control; water conservation; land use planning; regulation of building development; regulation of water and noise pollution; operation, maintenance, and construction of parks; road construction and maintenance; and the construction and maintenance of public works facilities.

In addition to his administrative and professional accomplishments with the county of Orange, George has deservedly earned a reputation as one of Orange County's most civic-minded citizens. Without a doubt, the total of George Osborne's contributions to Orange County will never be excelled.●

## DUTY SUSPENSION FOR WARP KNITTING MACHINERY

### HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. SCHULZE. Mr. Speaker, I am today introducing a bill which would suspend for 2 years the column 1 rate of duty on imports of tricot and Raschel warp knitting machines.

It is a well known fact that our domestic textile and apparel industries are too often placed at a competitive disadvantage with their foreign counterparts. It is a rare occasion, however, that an opportunity arises for the Congress to act to improve this unfortunate situation. With the introduction of this legislation, I am offering such an opportunity to achieve that goal.

Here is the situation now faced by a large number of domestic warp knit manufacturers. In order to remain competitive in domestic and world markets, these companies must acquire a new generation of warp knitting machinery which can only be purchased outside of this country. This is the case because there has been no domestic production of warp knit machinery since 1975. Yet, these companies must pay a current U.S. duty rate of 6.7 percent ad valorem on each machine they purchase from an MFN country. The burden of this duty is substantial considering that the highly sophisticated warp knit machinery, produced principally in West Germany, cost between $35,000 and $50,000 per unit.

Surely there can be no rationale for protecting a domestic industry with a tariff when no domestic production exists. Furthermore, it is clear that this latest generation of machinery is so far advanced that there is little likelihood of any U.S. machinery manufacturers reentering the field.

U.S. manufacturers of warp knit fabrics, which are located throughout the Northeast and in the South, are among the most experienced and innovative in the world. They have concentrated on warp knitting and special finishing processes for fabrics which are used extensively in apparel, home furnishings, sporting goods, and health care items. These companies produce for a highly competitive international market and must depend upon imaginative design and technical innovation in fabrication. The new generation of warp knit machinery incorporates some of the most significant technological innovations evidenced by warp knitting companies in many years. These new machines, for example, operate at double the speed of their predecessors and have greatly improved maintenance and repair performance.

I do not believe that U.S. firms should be penalized and placed at a competitive disadvantage by their own Government which imposes a tariff on equipment which is not manufactured domestically. This tariff inequity on warp knit machinery was, in fact, recognized during the recently concluded multilateral trade negotiations when it was decided to reduce the 7-percent tariff on these machines to 4.7 percent by 1987. While this was a small step in the right direction, it will do little to alleviate the immediate problem.

Suspending the U.S. column 1 rate duty for a period of 2 years would have several beneficial effects. This action would permit domestic textile firms to purchase the needed new machinery at a lower cost, thus assisting in making U.S. textile and apparel products more competitive in both domestic and foreign markets. In addition, removal of this tariff burden would be particularly beneficial to American consumers who ultimately pay for such tariffs in the form of higher prices for knitted textile and apparel products.

Finally, a more competitive U.S.-made product means that a warp knit company will be better able to increase its sales in both domestic and foreign markets. This will clearly have a beneficial effect upon domestic employment and upon our international balance of trade.

I urge the immediate adoption of this badly needed legislation.●

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## DOUGLAS A. BEAVER, 1980 LAWNDALE MAN OF THE YEAR

## HON. CHARLES H. WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. **CHARLES H. WILSON** of California. Mr. Speaker, each year, the city of Lawndale which is located in my congressional district, honors two of its citizens who have demonstrated a commitment to community service. The Lawndale Man and Woman of the Year Awards are a fitting tribute to the fine work and dedication that the recipients have given to their city.

This year, it is a pleasure for me to bring to the attention of my colleagues in the Congress, Mr. Douglas A. Beaver, the "1980 Lawndale Man of the Year."

In reading over Mr. Beaver's list of accomplishments, I was impressed with the level of concern he has for young people. For the past 7 years, he has been a member of the governing board for the Lawndale School District serving as clerk for 2 of those years and 1 as president. The Lawndale School District has an excellent educational program. Judging from Mr. Beaver's activities, he has played an integral part in establishing high standards to meet the educational needs of our young people.

Doug Beaver has carried that concern for youth into other programs as well. He has been a longtime supporter of little league baseball, a supporter of the Boys Clubs of America, worked in the Boy Scout program for over 15 years, and has been active in the American field service exchange student program. He and his family have twice hosted foreign students, one from Bolivia and one from Canada. He has gone beyond local involvement to helping foster good relations on an international level.

Mr. Beaver's personal involvement with people does not stop with young people. He is a member of the personnel board, the Elks, the Lawndale Rotary Club, the Defenders Club, and the Lawndale Chamber of Commerce. I am sure that any of the members of these organizations could also attest to the tremendous dedication of Doug Beaver, but the list in and of itself shows how committed he is to improving his community.

He has consistently assumed leadership positions, both professionally and personally. Mr. Beaver is currently serving as vice president of the Southern Rubbish Association and has been a recipient of the award from the American Council Solid Waste Safety Association. He also works on a local government level as a member of the personnel board for the city of Lawndale.

It gives me great pleasure to recognize the accomplishments and hard work of Douglas A. Beaver. He is a man who has consistently given "service above self" to the city of Lawndale and its residents. The city has done an excellent job in choosing the "1980 Lawndale Man of the Year."●

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## PRAYER POLITICS

## HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. **PHILIP M. CRANE**. Mr. Speaker, before this Congress is over, we have a responsibility to consider a matter which affects each of our constituencies. We have an excellent opportunity to restore to each State and local school board the right to decide whether or not a moment for voluntary prayer should be part of their educational curricula.

Since the Senate has already acknowledged the need to restore this State right, by passing S. 450, we are halfway there. This measure would keep the Federal Government from either promoting or prohibiting voluntary prayers in classrooms and would return this sensitive moral question to the local level where it rightfully belongs. Now the responsibility to follow through on the action our colleagues in the Senate have taken rests with us. S. 450 can be discharged from the Judiciary Committee, where it has been languishing for a year, and brought to the House floor by way of discharge petition No. 7.

Last summer, Congressman MOTTL was successful in discharging the Judiciary Committee of his bill regarding school busing. Although the constitutional amendment failed to pass the House, we were able to go on record as considering an issue of great concern to the people we represent. I suggest that, once again, there is a need to utilize this parliamentary procedure, as provided by the rules of the House, so that the question of voluntary school prayer will receive fair consideration. I would like to call my colleagues attention to the following article by Robert Dugan, Jr., which further explains S. 450 and the discharge procedure:

### PRAYER POLITICS

(By Robert Dugan, Jr.)

"If the possibility of prayer is restored to public schools, it will come about through a rare process, a Discharge Petition, successful only 25 times in 881 attempts in the House of Representatives." Christians may play the major role in reversing a judicial/political trend of two decades, once more making voluntary prayer permissible in public schools. To do that, they will have to shift from complaining to persuading, putting forceful pressure upon their representatives in Congress.

Successful use of the Discharge Petition and the passing of S. 450 would create a new climate in the United States, effectively putting a stop-order on the movement toward the total secularization of American education. The entire world would take note.

As we know, 1962 and 1963 Supreme Court decisions held that for the State to permit voluntary prayer or Bible reading in public schools violates the First Amendment to the Constitution. Some argue that the Supreme Court only outlawed prescribed prayers, but Justice William O. Douglas was careful to note in his concurring opinions that the practices at issue in those cases were entirely voluntary.

In the years since, opinion polls regularly demonstrate that 75 percent of Americans favor allowing prayer in schools. It is a puzzling irony that the Senate and House deem it acceptable, even desirable, to ask God's help in their deliberations, while our school children can't have that privilege.

That twist in logic has not been lost on Sen. Jesse Helms (R-N.C.) who has for years fought to restore prayer to the schools. Finally, in April of 1979, he was successful in the Senate. Taking the upper body by surprise, he attached a "voluntary school prayer amendment" to the Department of Education bill, by a vote of 47-37. However, before the standard motion to lay on the table a motion to reconsider could be voted, the Senate abruptly recessed. Opponents needed time.

The next Monday, I sat in the gallery, observing fascinating double talk on the part of some senators. Helms' amendment was praised and then switched to another bill, S. 450, with the argument that it would be more germane there. Certainly it would, but Helms very well knew that S. 450 would die in the House because the chairman of the Judiciary Committee, where it would be assigned, opposed it. A few senators thus enjoyed the luxury of voting for prayer, when they really opposed it, a crucial ploy in an election year.

The Senate amendment is stunningly simple. Based on Article III, Sec. 2 of the Constitution, it forbids the federal courts to review any case relating to voluntary prayers in public shools. Such decisions would remain with the states and communities, where the framers of the Constitution evidently intended religious questions to be settled. Proponents praised the measure as restoring balance between the courts and Congress, between federal and local authorities.

As predicted, S. 450 is gathering dust in the House Judiciary Committee. However, it may be forced out of the committee and onto the floor of the House for a yea or nay vote. To do that, 218 Representatives must sign Discharge Petition No. 7, initiated by Rep. Philip Crane (R-Ill.).

Developed in 1910, the Discharge Petition allows a piece of legislation to bypass committee action. The signatures of a majority of Members then constitute a substitute for committee approval of a bill. The House literally "discharges" the committee from its jurisdiction and forces the bill to the full body for consideration under its regular rules.

Christians wanting to put voluntary prayers back in the schools will need to generate many thousands of personal contacts with members of the House. Unless individuals have personal friends in Congress, the only contacts that really count are those with the Representative from one's own Congressional district.

Letters or telephone calls to representatives should ask whether the Member has yet signed Discharge Petition No. 7; urge that he or she do so, and allow the House to debate what the Senate has passed and what three-fourths of Americans desire; and request a response indicating what the Member intends to do.

Calls to a Congressperson's district office will be as effective as calls to Washington. Letters should be individually composed, not copies of form letter, and properly addressed to The Hon.———, U.S. House of Representatives, Washington, D.C. 20515.

There has never been a better opportunity for citizens to restore prayer to public schools. In 1971, the House voted 240-162 in favor of prayer and has done so many times since, even in 1979. Now the Senate has voted favorably. House concurrence by a simple majority would allow the President, by his signature, to make it law.

Politically speaking, it would be hard for the President to veto a prayer bill in an election year. Some months ago he said that "I think that the government ought to stay out of the prayer business," but the world watched him pray at the signing of the Egypt-Israel peace treaty, one of the most widely observed events between Super Bowls. Actually, S. 450 would keep the federal government out of the prayer business, for it would not be allowed to promote or prohibit prayer by anyone.

If Christians generate just 10 percent of the mail that reached the FCC over a phony allegation that atheist Madalyn Murray O'Hair was trying to get religious broadcasting off the air, Discharge Petition No. 7 will have 218 signatures and the House will vote.●

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## MCPL NUCLEAR ALERT SERIES: VIII

### HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. WEISS. Mr. Speaker, Members of Congress for Peace through Law has been concerned over the years with the disastrous consequences of any nuclear exchange. With a new cold war looming on the horizon, the possibility of such a war is steadily increasing.

Talk of dramatic increases in the nuclear arsenals—which are already capable of destroying the world several times over—is becoming more and more fashionable. Because of this increasing acceptability, Members of Congress for Peace through Law finds it necessary to continue to inform the public regarding the horrendous consequences of a nuclear exchange.

A recent article in the Long Island Newsday has described in shocking detail the effects that the explosion of a single 1-megaton nuclear bomb in Manhattan would have. Considering the destructive capacity of just one of these devices, it should be apparent to all who read this that all-out nuclear war would leave no winners and that there must be a better way to insure our national security than to continue the strategic arms race that is not only sapping our economic strength but is also leading us to the brink of catastrophe.

The article follows:

#### MAPPING THE UNTHINKABLE

WASHINGTON.—First there would be a fireball, a giant, luminous, raging hot sphere shooting out intense thermal radiation for 3 or 4 miles. Next, there would be an explosion, moving a half-mile in just 1.8 seconds and crushing most buildings and objects as it rushes forward. And, for 2 or 3 miles in all directions, there would be a shower of deadly gamma and neutron radiation.

A one-megaton nuclear warhead has exploded over the center of Manhattan. The Empire State Building is crumbling. The great glass walls of skyscrapers are shattering and the giant steel girders are twisted like paper clips.

Then, 4.6 seconds after detonation, there is another shock wave as the original blast wave hits the ground. The two shock waves merge and create an overpressure of 16 pounds per square inch—twice the normal atmospheric pressure.

At 11 seconds, the combined front has moved 3.2 miles and the wind has reached a force of 180 miles per hour.

At 37 seconds, the front is almost 9.5 miles from ground zero, the pressure down to 1 pound per square inch and the wind 40 MPH. The pressure is still enough to shatter glass.

Then the fireball loses its glow but rises rapidly, forcing air up an then down, swirling dirt and debris from the ground below.

By 110 seconds, the fireball begins to cool and the vaporized fission products and other particles condense and form a giant mushroom cloud.

On the ground, the intense heat, hot enough to melt glass, ignites into a rampaging wall of fire spreading for blocks and then miles, destroying all that has not already been obliterated.

In the first minutes, hundreds of thousands have died. In the first 30 minutes, maybe 2 million, maybe more. Millions of others are burned or badly wounded, and because medical facilities and transportation have been destroyed, they too soon will be dead.

If it is a clear day and the wind is blowing east, the direct effects of the blast will spread to Queens and perhaps Nassau County. Fires can start 10 miles from the original blast. Fallout is a less immediate problem, but still a danger, to those who live in Nassau and Suffolk.

That would be the immediate effect of a nuclear attack on a large city, according to a group of nuclear scientists who compiled a report last year for the congressional Office of Technology Assessment. The report cautions that the real effects of a massive nuclear attack are extremely difficult to calculate because they have never been experienced and there are many important variables, including weather and size of the weapon.

The blast described above is modest by the standards of the nuclear arsenals that both the United States and the Soviet Union possess today. The United States has approximately 9,000 such one-megaton warheads and the Soviets 5,000. And both sides are expanding their arsenals, even if the provisions of the now-stalled strategic arms limitation treaty are observed. A one-megaton warhead is equivalent to 1 million tons of TNT. The bomb dropped over Hiroshima was more than 50 times smaller, approximately 15 kilotons.

The recent unclassified study, one of the most complete of its type ever published, comes to these conclusions:

In an all-out nuclear war, 70 million to 160 million people—up to three-quarters of the U.S. population—would die within the first 30 days. In the Soviet Union, the figures would be 26 million to 52 million killed—between one-fifth and two-fifths of the population. The difference is a result of differences in population distribution, the location of key industries and resources that would be targeted, and the types of weapons the two nations have.

In an attack on one city, such as Detroit or Leningrad, the immediate deaths would range from 200,000 to 2 million, depending on the type and scope of attack, weather conditions and other effects. Scientists say the most likely figures are toward the middle of the range.

In a counter-force exchange—an attack on the other side's nuclear weapons—the immediate deaths would range from 1 million to 20 million in the United States, with the most likely figures about 10 million. In the Soviet Union, where weapons are farther from population centers and the shelter program is more developed, the figures would range from 1 million to 10 million.

The question of a counter-force or counter-silo exchange is particularly relevent to the MX debate, because a major fear of U.S. defense planners is that the Soviets are structuring their forces to fight a counter-force or counter-silo war.

The report said a counter-force attack would produce relatively little blast damage to civilians and to economic assets—the main damage would come from radioactive fallout. But the uncertainties of the fallout effects are enormous.

One variable is whether the blast is detonated in the air, which causes the widest range of damage but little if any fallout, or on the ground, which concentrates the blast to a much smaller area but with much greater impact and considerably more fallout, because large amounts of material are vaporized and thrown into the air. In trying to attack missile silos, for instance, a ground blast would be most effective, weapons experts say.

On a counter-force attack, the report concludes: "There would be considerable economic damage and disruption as a result of such attacks. Almost all areas could, in principle, be decontaminated within a few months, but the loss of so many people and the interruption of economic life would be staggering blows."

Another limited exhange would involve an attempt to cripple the oil-refining capacity of each side, using only 10 missiles. Such an exchange would result in 1 million to 5 million deaths in each country immediately, as well as severe economic dislocations, the report says. The United States would lose about 64 percent of its oil refining capacity and the Soviets, with a more centralized system, about 73 percent.

The effects of such an exchange would cause severe changes in life-styles for both Soviets and Americans. The United States might have to ban commuting by car, which at a time of acute shortages and devastation would mean Long Islanders would be forced to move into the ravaged city. Life in the suburbs would be impossible.●

## THE 62D ANNIVERSARY OF BYELORUSSIAN INDEPENDENCE

### HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. HOLLENBECK. Mr. Speaker, I would like to take this opportunity to join with my distinguished colleagues in recognizing the 62d anniversary of the proclamation of independence of the Byelorussian Democratic Republic. On March 25, 62 years ago, the fiercely independent people of Byelorussia declared their sovereignty at the fall of czarist Russia.

After a brief period of independence, the Byelorussian people found themselves victims of the Soviet Union's tireless expansionism. Despite numerous hardships repeatedly imposed by the Soviet regime, the Byelorussian people persist in their objective to once again secure independence for their beloved country. The United States has a solemn obligation to support the Byelorussian people in their ongoing struggle to achieve freedom and to break the heavy bond of Soviet domination which has denied them even the most basic of human rights.

I only hope for that day in the near future when, instead of recognizing the anniversary of an independence since lost, we will be celebrating a renewed independence of modern times.●

## ELLA TRAVER, 1980 LAWNDALE WOMAN OF THE YEAR

### HON. CHARLES H. WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. CHARLES H. WILSON of California. Mr. Speaker, each year the city of Lawndale, which is located in my congressional district, honors two of its citizens who have demonstrated a commitment to community service. The Lawndale Man and Woman of the Year Awards are a fitting tribute to the fine work and dedication that the recipients have given to their city.

This year, it is a pleasure for me to bring to the attention of my colleagues in the Congress, Mrs. L. A. Traver, the "1980 Lawndale Woman of the Year."

The list of Mrs. Traver's accomplishments is long and demonstrates a firm commitment to the youth of her community. The Lawndale PTA, of which she is a charter member, has benefited greatly from her services. She has held numerous offices during the 20 years of the organization's existence, including charter president, and I think it fair to say that the Lawndale PTA would not be what it is today without the hard work and enthusiasm of Mrs. Traver.

Mrs. Traver's commitment to youth is not limited to the Lawndale PTA. She has been extremely active in providing guidance and support for the Girl Scouts over the past 25 years—she started in scouting with her nieces and stayed active with her daughter and granddaughters.

The list of associations and organizations with which she has been associated is impressive. These include the Lawndale Women's Club; Snip, Pin, and Stitch Sewing Club; Centinela Valley District Citizens Advisory Committee; Meals on Wheels, the Christmas Basket Program; and many others. All are testimonial to the many ways in which Ella Traver has served the community.

Immediately after the city of Lawndale was incorporated, Mrs. Traver was named Woman of the Week. I think it only appropriate that she now be named Lawndale "Woman of the Year" as a tribute to the service she has given to make Lawndale a better place to live.●

## PRESIDENTIAL PLAN FOR SELECTIVE SERVICE REFORM

### HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mrs. SCHROEDER. Mr. Speaker, the January 14, 1980, Department of Defense report used in preparing President Carter's February 11, 1980, report to Congress, the "Presidential Plan for Selective Service Reform," considered what other possible procedures, aside from draft registration and induction into the Individual Ready Reserve, "could be established to enable the Armed Forces to meet their personnel requirements."

Tomorrow I will discuss additional documents I obtained under my Freedom of Information Act request.

The report follows:

#### PRESIDENTIAL PLAN FOR SELECTIVE SERVICE REFORM

#### ISSUE

What other possible procedures could be established to enable the Armed Forces to meet their personnel requirements?

#### BACKGROUND

Our main personnel requirement is to provide enough qualified people to maintain military preparedness. Military preparedness depends on three groups of people in differing states of readiness: the Active Forces provide trained and equipped forces organized into units and able to deploy immediately; the Reserve Components, which are organized in units and in pools of obligated and trained personnel, provide the first stage in the expansion of effective forces; the civilian population represents unobligated and typically untrained manpower resources available for the second stage of expansion of forces in the event of a severe threat to the nation's security.

In peacetime the Active Forces and Reserve Components depend entirely on volunteers. Their level of manning is a consequence of recruiting suceess, attrition experience and reenlistment rates.

#### ACTIVE FORCE

*A. Overview*

A decade ago the President's Commission

ALL-VOLUNTEER FORCE DATA: ACTIVE FORCES

| | Fiscal years | | | | | | | 1st quarter | |
|---|---|---|---|---|---|---|---|---|---|
| | 1970 | 1973 | 1974 | 1975 | 1977 | 1978 | 1979 | 1979 | 1980 |
| End strength: | | | | | | | | | |
| Authorized strength (thousands) | (a) | 2,313 | 2,190 | 2,127 | 2,093 | 2,085 | 2,056 | | |
| Actual strength (thousands) | 3,600 | 2,252 | 2,161 | 2,149 | 2,074 | 2,061 | 2,027 | | |
| Percent achieved | (a) | 97.4 | 98.7 | 99.0 | 99.1 | 98.9 | 98.6 | | |
| Accessions: | | | | | | | | | |
| Total (thousands) | 643 | 485 | 423 | 458 | 411 | 332 | 338 | | |
| Percent of objective | 99 | 96 | 97 | 102 | 98 | 98 | 93 | | |
| NPS accessions (thousands) | [b]624 | [b]455 | 395 | 419 | 388 | 312 | 316 | | |
| High school graduates (thousands) | 448 | 301 | 233 | 277 | 269 | 240 | 229 | | |
| Percent of NPS accessions | 72 | 66 | 61 | 66 | 69 | 77 | 73 | | |
| Reenlistment rates (percent): | | | | | | | | | |
| First term | 14 | 24 | 30 | 37 | 35 | 37 | 37 | | |
| Career | 77 | 83 | 81 | 82 | 75 | 72 | 68 | | |
| Total | 30 | 47 | 52 | 57 | 54 | 55 | 53 | | |
| First term attrition (percent)[c] | 25 | 32 | 37 | 35 | [d]35 | [d]30 | [d]28 | | |

[a] Congressional authorization for end fiscal year strengths were not established until 1972.

[b] Includes 206,000 inductees for 1970 and 36,000 for 1973.

[c] Percent of those who enlisted for 3 or more years in fiscal year shown who left or will leave before completing 3 years of service.

[d] Projections based on data through fiscal year 1979.

on All-Volunteer Force, chaired by former Secretary of Defense Thomas S. Gates set as the main objective of the AVF to meet active force military manpower and strength requirements without conscription. By that objective, the AVF has been very successful. As shown on the following table, since FY 1974 the active forces have remained within 1.5% of the Congressionally authorized strength levels. Those strength levels have declined somewhat but not as a result of recruiting problems.

### B. Recruitment

The above table also shows that fiscal year 1979 was the most difficult recruiting year under the AVF. The Services achieved only 93 percent of their collective recruiting objective. For the first time under the AVF, all four Services were short of objectives. Still, 338,000 young men and women enlisted in the Armed Forces in 1979. That was 6,000 more than the previous year. (However, the Services made 98 percent of their goal in 1978 because the objective was lower than in 1979. In fiscal year 1979, over 73 percent of new accessions had high school diplomas—a percentage that is higher than any year in history except for 1978. However, we remain concerned about our capability to recruit enough people of high mental ability and educational attainment. The Army especially is of concern, since it does worse than the DoD average with respect to both these rough measures of recruit quality.

Although the recruiting results for the first quarter of fiscal year 1980 fell short of the overall DoD objective, they show a significant improvement over the same period during fiscal year 1979. During this period the Services recruited 96 percent of their objectives as compared to 90 percent for the first quarter of fiscal year 1979. This is encouraging because the objective for the first quarter of fiscal year 1980 (88,200) was 16,300 higher than for the first quarter of fiscal year 1979 (71,900) because of the need to make up recruiting shortfalls carried forward from fiscal year 1979.

The demographic projections for the coming decade raise concerns. During this period the pool of eligible eighteen year old men and women will decline by about 20 percent from its 1979 level of 4.2 million. No one can predict with confidence how much these downward trends will affect recruiting for the All-Volunteer Force.

### C. Attrition

First-term attrition increased dramatically with the advent of volunteerism. The Gates Commission had projected a drop in attrition as conscriptees passed from the system. Instead, the Service policies changed to liberalize the discharge of poor performers rather than use incarceration as had been necessary under the draft. To some extent this was a healthy change, but the losses are expensive in terms of recruiting and training costs. Actions initiated in 1977 have begun to cut such losses, as shown on the table.

### D. Reenlistment

First-term reenlistment rates have remained near 37 percent since 1975. The current rate is over 2.5 times the fiscal year 1970 rate. This larger than predicted retention of trained personnel has significantly reduced the requirement for new accessions and is a major success of the AVF, contributing to increased readiness.

On the other hand, reenlistment rates at the second and later reenlistment points have dropped steadily from the high of 83 percent in 1973 to 68 percent in fiscal year 1978, well below the 1970 rate. To some extent this is attributable to the higher first-term reenlistment rate. Many of those who reenlisted to receive the Selective Reenlistment Bonus and other incentives are faced with perceived pay cuts when considering reenlistment decisions without bonuses beyond ten years of service. While the overall reenlistment rate is encouraging, the declining trend in career reenlistments is of concern, especially in the Navy.

### 4. SELECTED RESERVE

The Selected Reserve also provides an important part of the All Volunteer Force. The following table shows recent Selected Reserve trends.

ALL-VOLUNTEER FORCE DATA: SELECTED RESERVE

| | Fiscal years | | | | | | | 1st quarter | |
|---|---|---|---|---|---|---|---|---|---|
| | 1970 | 1973 | 1974 | 1975 | 1977 | 1978 | 1979 | 1979 | 1980 |
| Average strength [1] authorized (thousands) | | | 913 | 920 | 878 | 857 | 823 | | |
| End strength | | | 925 | 896 | 808 | 788 | 807 | | |
| Accessions: | | | | | | | | | |
| Total (thousands) | | | 226 | 219 | 225 | 201 | 205 | | |
| As percent of objective | | | | | 98 | 85 | 94 | | |
| NPS accessions (thousands) | | | 46 | 69 | 73 | 70 | 78 | | |
| High school graduates [2] | | | 19 | 27 | 25 | 22 | 26 | | |
| As percent of NPS accessions [2] | | | 41 | 39 | 34 | 31 | 33 | | |
| Continuation rates (percent) [3]: | | | | | | | | | |
| First term | | | | 76 | 65 | 66 | 73 | | |
| Career | | | | 81 | 81 | 81 | 81 | | |
| Total | | | | 77 | 72 | 74 | 78 | | |

[1] Congress authorizes the average strength of the Selected Reserve, in contrast to the end-year.

[2] Male NPS accessions only.

[3] Percent of numbers continuing from one year to the next.

The above table shows that fiscal year 1978 was the most difficult manning year for the Selected Reserve. In that year, the Reserve Components achieved only 92 percent of their collective manning objective. This continued a decline from fiscal year 1974. The decline was reversed in fiscal year 1979. The strength of the Selected Reserve is expected to continue to increase from 807,000 at the end fiscal year 1979 to 868,000 by end fiscal year 1981. These increases are expected to result from a stable recruiting force, incentives, and increased retention accomplished through better training. All other indicators in the table showed an increase in fiscal year 1979.

### 5. HELPING THE MILITARY MEET ITS PERSONNEL REQUIREMENTS

The AVF is not without problems, but it is working, in many respects better than anticipated ten years ago. The problems are important, however. The key problems in military recruiting seem to result from a decline in the value of the enlistment package, an unfavorable image of the military, and an improved economy. The Armed Forces entered the All Volunteer Force with a competitive "enlistment package" that was successful. That package consisted of:

Starting pay well above the minimum wage,

Career pay competitive with the private sector,

Strong educational incentive in the "GI Bill", and

A highly valued in-service benefits for the serviceperson and his/her family.

Over the past six years the attractiveness of that package has diminished. The basic pay for grade E-2 was 123 percent of minimum wage in 1973, but will only be 93 percent of minimum wage in 1980. Career military pay has not kept pace with the civilian sector, the contributory Veterans Education Assistance Program (VEAP) is not as attractive as the former GI bill, and some in-service benefits have been reduced.

There are improvements that would help the military meet its personnel requirements:

Make military service more attractive to the potential enlistee and to those in service by improving pay and benefits.

Reduce the need to recruit young men by recruiting more women and by reducing the attrition of both men and women already in service.

Improve the capability to add trained people to the force after mobilization by training draftees faster and by increasing the size of the pool of trained people.

Actions are being proposed in the President's Budget in all of these areas.

### A. Improving pay and benefits

The President's fiscal year 1981 budget proposes increases of $133 million over the bonus levels paid in fiscal year 1979, including legislative requests for increases in the maximum bonus payments permitted and an extension of bonuses beyond the current 10 years of service limit.

Also, there are a series of proposals pending before Congress which we believe are needed to make military pay and benefits more attractive. These are:

A family separation allowance. Currently, a family separation allowance accrues only to service members with dependents who are in grade E-4 and above with more than four years service. Legislation is pending to extend this benefit to all grades.

Physician pay. To insure that sufficient pay levels are maintained to attract and retain physicians, there are several legislative proposals before the Congress. Among these are a measure to eliminate inequities in the administration of bonus payments, and a proposal to increase the scholarship stipend for medical school students.

Sea pay. A legislative proposal to revise the method of computing sea pay was enacted last year. A provision of the bill required a transition period of several years. The Navy has now proposed that the new rates be paid immediately rather than at the originally specified future date.

Retirement benefits. Legislation has been prepared to make the non-disability retirement system more responsive to the needs of members and military management requirements. Under this initiative, existing inequities are corrected, uniformity is established among the Services, new entitlements are provided for members, and savings are realized that may be spent on other aspects of compensation or elsewhere in the budget.

Concerned over the growing discrepancy between military and private compensation, the Department of Defense is proposing in fiscal year 1981 several measures to deal with the problems of compensation inadequacies. These include:

A restructuring, both in form and amount, of the reimbursement for moving expenses that now exceed out-of-pocket costs for military members. The President's budget adds $122 million in fiscal year 1981 to correct some of the underpayment of moving expenses.

An Administration pay reform proposal that if enacted would permit higher raises in fiscal year 1981 for military members than for general schedule Civil Service employees.

Current law provides for forgiveness of some portion of a student loan for persons serving on active duty in combat. The House of Representatives has passed and the Administration supports changes to the Higher Education Act that would forgive a portion of student loans for active or reserve enlisted service.

The House Armed Services Committee has asked the Department of Defense for a report on the feasibility of a more generous educational/incentives program to attract potential recruits. The Department's report, however, is more comprehensive. It reviews all current incentives, makes recommendations regarding modifications to existing programs, discusses possible new incentives that may be necessary, summarizes data on the AVF through fiscal year 1979 and presents Service comments.

### *B. Reducing the need to recruit young men*

The Department of Defense has made plans to utilize more effectively the personnel resources available. Two of the more important aspects of these plans are:

(1) *Reducing first-term attrition.*—The Services are reducing the number of individuals who are lost to the military during their first 3 years, prior to completing their initial enlistment. By keeping volunteers longer, fewer volunteers are needed. First-term attrition is now 28 percent, down from 37 percent in 1974. The Services are better screening those who enter the force, and are increasing management attention to reducing attrition. Continued attention should keep first-term attrition at, or perhaps somewhat below, current levels.

(2) *Increasing use of women.*—All Services project continued large increases in female volunteers during the next several years. Women represent the major, under-utilized personnel resource for the military. Prior to 1973 women provided less than 2 percent of the total Defense enlisted strength. Under the All Volunteer Force the percentage grew rapidly. It is nearly 8 percent now, and is programed to reach approximately 12 percent by 1985. By 1985, one out of every six Air Force enlisted members will be female. The role of women has also changed. While women do not serve in infantry, armor, artillery or combat engineer units of battalion size or smaller in the Army, they are serving in combat support units throughout the battlefield. About 95 percent of the skills in the Armed Forces are open to women. Women are now being assigned to some ships and aircraft crews, within the limits established by 10 U.S.C. 6015 and 8549.

### *C. Improving the capability to add trained people to the force after mobilization*

There are many programs and initiatives within the Department of Defense to make trained people available more quickly and in larger numbers following a decision to mobilize. Many of these are discussed in the section of this report on the feasibility of Presidential induction authority for the Individual Ready Reserve (IRR). Four improvements under consideration in the Department of Defense for which Congressional authorization would be required before implementation are described below:

(1) *Reenlistment bonus for the IRR.*—The Department of Defense has prepared legislation that would authorize the payment of a bonus for service in the Individual Ready Reserve (IRR). This would be offered to individuals who have completed their statutory or contractual military service obligation. This bonus would be directed towards individuals who have military occupational skills, such as infantry, armor, artillery and combat medics, that are critically needed in the IRR. Recipients would incur a 3-year service obligation for the bonus, now anticipated to be $600. The fiscal year 1981 budget request includes $2 million for this program. The program is designed to increase the Army IRR by more than 30,000 members by 1985.

(2) *Selective Service screening of members of the Standby Reserve.*—Legislation has been submitted to delete the provisions in 10 U.S.C. 672 which provide that members of the Standby Reserve must be screened by the Selective Service System and declared available for military duty before the Department of Defense can recall them in a mobilization. The Standby Reserve is the only category of military personnel that cannot be mobilized directly by the Department of Defense. Members of the Standby Reserve, including physicians, may be needed quickly to meet manpower requirements in the early days of a mobilization and should be processed independently of the Selective Service System. This change would also relieve the Selective Service System of a responsibility that is peripheral to its primary job: to be prepared to register, classify and deliver non-prior service personnel to the Department of Defense for induction.

(3) *Extension of the military service obligation.*—One way to increase the size of the Individual Ready Reserve (IRR) would be to make the current 6-year military service obligation longer. For example, individuals who serve in the active force for a period of four years are currently transferred to the IRR for the remaining 2 years of their statutory 6-year obligation. If the obligation were extended by a year, they would spend a third year in the IRR.

A 1-year extension would increase IRR strength by about 85,000 for the Army, where the need is greatest. This increase would not occur, however, until 6 years after the law was changed.

A longer obligation would be a disincentive to enlistment. It is not without precedent, however. Between 1951 and 1958, the nation had an 8-year military service obligation. A proposal to lengthen the obligation is being evaluated by the Department of Defense and, if it is determined to be desirable, the Administration will submit the appropriate legislation.

(4) *Reduce mobilization training time.*—One way of solving part of the shortage of trained manpower is to train people faster after mobilization. The current Military Selective Service Act requires that each inductee receive 12 weeks of training prior to assignment to an overseas command. If this twelve week mandatory training period could be reduced in length through the use of intensified training, the Army's post-mobilization manpower problem would be partially solved. For example, four weeks could be saved in each wartime training cycle if the training now scheduled in peacetime to cover 8 hours per day, 5 days per week for 12 weeks could be accomplished by training 10 hours per day, 6 days per week for 8 weeks.

The Department of Defense is evaluating the effect of a shorter wartime training cycle on combat capabilities of individuals, including their physical conditioning. If a shorter wartime training cycle proves desirable, the Department of Defense will propose that the statutory twelve week requirement be revised to permit an equivalent amount of training be given in a shorter period of time in an emergency.

### 6. CONCLUSION

The move from the draft to an all-volunteer force has not been without problems. During the draft years the Department of Defense simply told Selective Service how many people the military needed. The military generally got what it asked for. Draftees came essentially without cost and were often treated as though they were without value—a historian repaired tanks, an electrician painted, an engineer typed. Now the Department has to compete for people. To compete it must pay them adequately, use them efficiently, and motivate them effectively.

In some ways we are like a business that is thrust out from behind the protective shield of government regulation. We suddenly have competition. We have to make adjustments. Sometimes our adjustments have come too slow, and sometimes the adjustments have gone too far. But they are being made. We can continue to adjust to the competitive environment, and to become more efficient and more effective in our uses of manpower. The President's FY 1981 budget contains the adjustments we believe are necessary to maintain the all-volunteer force in fiscal year 1981.

### 7. RECOMMENDATION

The personnel-related items in the President's fiscal year 1981 budget should be funded, and the associated legislative proposals should be enacted.●

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## WATCH OUT FOR "BIG BUSINESS DAY"

### HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. ASHBROOK. Mr. Speaker, on April 17 Ralph Nader and his minions are planning another of their annual days to provide a forum for his anti-business, anticapitalism rhetoric. I wonder when it will all end. Year after year we have to tolerate the ravings of Mr. Nader and his being an instant expert on any subject that suits his fancy. The Congress persists in helping Mr. Nader by calling him as an "expert witness" on such diverse subjects as nuclear energy and children's television. Maybe this time Mr. Nader and his rabble have gone too far. Maybe this time his broad frontal attack on everything that built this great Nation might make the public finally realize what this demagog is up to. Instead of the heroic consumer advocate the media has portrayed all of these years maybe this time the public will see the simplistic idealog that he really is.

In the hope that facts will finally sink the Nader ship I call my colleagues' attention to an excellent article in this week's Human Events regarding the organizations that are backing "Big Business Day." I hope enough people wake up to what Mr. Nader is doing before he accomplishes his goals:

#### PROFESSIONAL LEFTISTS GANG UP ON FREE ENTERPRISE

A coalition of militant union leaders, Naderites, Socialists, acolytes of the far-left Institute of Policy Studies and other virulently anti-free market ideologies are in the process of launching a holy war against the business community and our entire free market economic system.

With Ralph Nader acting as the inspirational ayatollah, this coalition is sponsoring nationwide demonstrations against business on April 17, dubbing that date "Big Business Day." The most penetrating reports on who's behind this anti-corporation effort—reports from which we have liberally borrowed—have been produced by John Rees in his superb monthly on extremist organizations, *Information Digest*, and by Bill Poole in a study published by the highly regarded Heritage Foundation.

According to a chief sponsor of BBD, William Wynn, president of the million-member United Food and Commercial Workers Union, "Just as the 1950s scrutinized the labor movement and the 1970s, big government, this Day will mark the 1980s as the decade to correct the abuses of businesses. We in the labor movement think its time for a Landrum-Griffin Act for business."

In its official publication *Solidarity*, the United Auto Workers stressed: "We'll be demanding that there be an end to 'business as usual,' and that Big Business start to be held accountable to people's needs. . . . We've been under the thumb of Big Business too long. Now it's time to push it back to make it toe the line."

Somewhat surprisingly, the AFL-CIO Executive Council in February of this year gave its blessing to this leftist-inspired cause, saying: "We agree with the broad objectives of this effort to focus public attention on abuses of corporate power."

A letter released last December and signed by BBD's six initiating sponsors—Nader; avowed Socialist economist John Kenneth Galbraith; Douglas Fraser, the leftist chief of the UAW; William Wynn, UFCW president; Coalition of American Public Employes (CAPE) Executive Director James Farmer; and Patsy Mink, president of Americans for Democratic Action (ADA)—described the central thrust of Big Business Day this way:

"It will be a nationwide event involving hundreds of communities—in the tradition of Earth Day, Food Day and Sun Day, many of whose organizers are helping develop Big Business Day. . . . A basic theme is that our giant corporations have gross public impacts without adequate public accountability—that they govern us while we can't govern them."

Since the beginning of March, a salaried staff of 10, bolstered by volunteers and interns, has been developing BBD activities from a Washington, D.C., headquarters on Connecticut Avenue. Among the projects planned:

Teach-ins at schools, union halls and places of worship;

Television and radio debates with business people;

Events "at which incumbent politicians and their challengers will be interrogated about their attitude towards business";

Demonstrations at "symbolic locations, like the U.S. Chamber of Commerce";

Mock "trials" of "corrupt" companies; and

Nomination to a "Corporate Hall of Shame."

The BDD organizers also plan to establish "shadow boards of directors" for 10 of the "most socially bankrupt corporations in America." According to BBD spokesman Andy Buchsbaum, the 10 business enterprises picked will be judged on the basis of such previous actions as price fixing, environmental pollution, anti-union practices, etc.

Selection of candidates for a publication to be released on Big Business Day, "The 50 Businessmen You Don't Know Who Run America," will be based on similar criteria.

These selections will be made, according to the BBD, by the six-member Board of Advisers; the 13-member Board of Directors; and the 46-member Advisory Board, virtually none of whom has ever been a bona fide businessman.

While BBD's sponsors frequently pretend their only goal is to tame corporate abuses, the clear intent of this gigantic undertaking is to whip up class hatred against the American businessman for the purpose of revolutionizing our economic system. Many of the organizers themselves favor imposing a Socialist society on the United States or are closely tied to organizations that favor this.

The seed money for BBD, for instance, was provided by a grant of $15,000 from the Stern Fund, a New York-based, tax-exempt foundation that has long channelled its resources into leftist causes. The Fund, for instance, has been a major supporter of the radical-left Institute for Policy Studies, a Washington, D.C.-based outfit which for many years has been a principal think-tank for the New Left and whose most influential members have displayed a distinct fondness for such Communist countries as North Vietnam and Cuba.

The IPS influence would seem to be extensive. Gar Alperovitz, a long-time IPS associate and codirector with Jeff Faux of the Exploratory Project for Economic Alternatives (EPEA), is a member of the BBD advisory board. So is Richard Barnet, the IPS co-director. Listed as a member of BBD's board of directors is Ann Beaudry, who is affiliated with the Conference on Alternative State and Local Public Policies, which was explicitly organized as an IPS project.

Two lawmakers on the BBD advisory board, Representatives John Conyers (D.-Mich.) and Ronald Dellums (D.-Calif.), have been among members of Congress who have requested major federal budget alternatives from IPS. The thrust of the IPS recommendation would push this nation rapidly toward socialism and unilateral disarmament. (Among its radical proposals in 1978: national capital allocation, the full taxation of capital gains and "the legislation of greater progressivity into the income-tax structure." Also: a $7-billion cut in the defense budget.)

The sponsors of BBD do not want "reform," but socialism or a variation thereof. Nader, the chief sponsor, wants ever-increasing federal intervention into the economy, up to and including the federal chartering of corporations. Alperovitz has called for the "public ownership" of energy corporations and has spoken favorably of an "American Socialist vision." Michael Harrington, another major sponsor, is national chairman of the avowedly Socialist organization, the Democratic Socialist Organizing Committee. Heather Booth, on the BBD advisory board, heads the Midwest Academy, an avowedly radical training facility for community activism which seeks "the actual redistribution of wealth."

Other sponsors seem to have even better credentials with the far left. Both Conyers and Dellums, for instance, are actively associated with the U.S. Peace Council, which, according to Poole's Heritage study, is "an affiliate of the World Peace Council, an international Communist-front apparatus controlled by the Communist party of the Soviet Union. Both were also . . . endorsers of the founding conference of the National Alliance Against Racism and Political Repression, a nationwide organization controlled by the Communist Party, U.S.A. Conyers has also been an active member of the National Lawyers Guild, 'legal bulwark of the Communist party.' "

While trying to stir up a storm of hatred against corporate America, the sponsors of Big Business Day hope to persuade Congress to pass something called the Corporate Democracy Act. Rep. Benjamin Rosenthal (D.-N.Y.), chairman of the House Subcommittee on Commerce, Consumer and Monetary Affairs, has announced that he would introduce such legislation, while Sen. Howard Metzenbaum (D.-Ohio) has indicated favorable sentiment toward a measure of this kind (though not necessarily the precise one urged by the BBD sponsors).

The chief purpose of the act—outlined in some detail by both Nader and his associate Mark Green in the New York Times—is obvious: to remove the control of corporations from business managers and place it in the hands of radical activists on the Naderite model.

The proposed act, to apply initially to 800 of the largest non-financial corporations, stipulates that a majority of the Board of Directors must be "independent directors," that is, those who have not been employed by the corporation or any of its most important customers or suppliers within the last five years. This is the loophole through which the Naderites hope to exert increased power over the corporate world.

Moreover, this board would be provided its own staff, independent of management. The act would also require that at least nine board members be delegated the additional responsibilities of investigating corporate performance in relation to: "employe well-being, consumer protection, environmental protection, community relations, shareholder rights, law compliance, technology assessment, anti-trust standards and political relations."

The proposal would mandate the creation of various committees, including a Public Policy panel that would be responsible "for those public or political positions" taken by the company. And most of these committees must be filled entirely by independent directors.

The Corporate Democracy Act would establish a shareholder referendum on any major sale or purchase involving corporate assets; it would require two years notice before allowing any plant closing; and it would entrench job rights to such an extent that potential thieves and saboteurs could be protected. It would, in fact, spin an intricate new web of federal controls designed to tie down the hands of management and vastly increase the opportunity for radical, anti-business elements to worm their way into the power structure of our biggest and most successful industrial enterprises.

As Eugene J. McAllister, a Walker Fellow in Economics for Heritage, concludes: "The intent of the Corporate Democracy Act is to politicize the corporation and thereby reduce management's discretionary decision-making ability. . . . Unfortunately, the authors of the act are not merely advancing social goals which they consider neglected or abused. Rather, they are attacking an institution, the profit motive, which assures economic efficiency and therefore advances the public welfare. The animus against profits is best revealed in the proposed internal restructuring of the corporation. Rather than constrain profit-seeking through laws and regulations protecting the environment and the community, the authors would instead replace the goal of profits with what are now social constraints. . . .

"The Corporate Democracy Act, by attempting to dictate social goals for corporate management, will weaken or destroy the incentive which has produced our material wealth."

Richard Lesher, the president of the Chamber of Commerce of the United States, is hardly an unbiased source when it comes to discussing the virtues of the corporation. But he has made a solid case against this Nader-inspired extravaganza. As Lesher noted in a recent column:

"Ralph and his gang will shriek to any camera in sight that big business monopolizes markets, exploits workers, gobbles up profits, pollutes the atmosphere and poisons the political process. Anyone honestly willing to look beyond this hysterically dreary litany might want to consider a few facts:

"Since 1975, the private enterprise system has created an average of 2.5 million jobs every year and still produces the greatest variety of products and services of any society in the world. Wages paid to workers in the 200 largest manufacturing firms average about 37 percent higher than for all the rest of manufacturing.

"As a percentage of total national income corporate profits have actually declined from 12 percent in 1963 to 9 percent last year. In contrast, the earnings of employees during the same period increased from 69 percent of national income to 73 percent. What's more, the biggest stockholders in America are pension funds, mutual funds, insurance companies and trust funds who invest the direct and indirect earnings of—working people.

"Workers justifiably complain that their higher take home pay buys less. They should also understand why: During the last 10 years, federal taxes have increased 61 percent faster than prices, 67 percent faster than wages and 154 percent faster than profits. Look who's been taking money from whom!

"Far from destroying the environment, business spent $124 billion between 1970-77 to protect and purify our air and water—by far the greatest commitment of any country in the world. Nor is it enough to say progress has been made, for the number of government-cited violations has dropped dramatically across the board.

"Finally, in the 1978 elections, corporate Political Action Committees (PACs), gave only about 4 percent of all campaign contributions; the largest corporate PAC spent less than one-fifth as much as the largest union PAC, which just happens to be headed by Douglas Fraser—a sponsor of Ralph Nader's 'Anti-Business Day'!

"Maybe it's time we all ask what makes Ralph Nader tick—his love for the consumer or his hatred of business?"

### OFFICIAL BIG BUSINESS DAY SUPPORTERS

Following is a list compiled by The Information Digest, of the sponsors of "Big Business Day":

Members of the Board of Directors are Mark Green, chairman, director of Ralph Nader's Public Citizen Congress Watch; Michael Jacobson, secretary-treasurer, executive director of the Center for Science in the Public Interest; Ann Beaudry, active with IPS's [National] Conference for Alternative State and Local Public Policies (NCASLPP); Jules Bernstein, associate counsel, Laborers' International Union; the Rev. David Burgess, Newark, N.J.; Thom Fassett, Board of Church and Society of the United Methodist Church; Peter Harnik, former co-coordinator of Sun Day; Victor Kamber, assistant to the president of the Building Trades and Construction Trades Department, AFL-CIO; Alice Tepper Marlin, executive director, Council on Economic Priorities (CEP); William Olwell, international vice president, United Food and Commercial Workers (UFCW); Marjorie Phyfe, representative of the Non-Partisan Political League of the International Association of Machinists (IAM) and an official of the Democratic Socialist Organizing Committee (DSOC); Pat Ford-Roegner, assistant director of CAPE; and Frank Viggiano, executive director of the U.S. Students Association (USSA).

Advisory Board members include:

Gar Alperovitz, long-time IPS associate and co-director with Jeff Faux of the Exploratory Project for Economic Alternatives (EPEA); Ira Arlook, executive director of the Ohio Public Interest Campaign (OPIC) active in the NCASLPP; Ed Asner, actor; George Ballis, Rural America and National Land for People; Richard Barnet, IPS; Julian Bond, Georgia State Representative; Heather Booth, Midwest Academy, NCASLPP, and executive director of the Citizen/Labor Energy Coalition (CLEC); David Brower, founder and chairman of the board of Friends of the Earth; Cesar Chavez, president, United Farm Workers of America; Jacob Clayman, president, National Council of Senior Citizens; Barry Commoner, director, Center for Biology of Natural Systems and member of the Organizing Committee for the Citizens party; Rep. John Conyers (D-Mich.); Art Danforth, Cooperative League of the U.S.A.; Rep. Ronald V. Dellums (D.-Calif.); Joe Fish; Ed Garvey, National Football League Players Association; Robert Georgine, president, Building and Construction Trades Dept., AFL-CIO; Bishop Thomas Gumbleton, Auxiliary Bishop, Archdiocese of Detroit; Robert Harbrant, president, Food and Beverage Trades Dept., AFL-CIO; Michael Harrington, national chairman, Democratic Socialist Organizing Committee (DSOC).

Also, Fred Harris, professor, University of New Mexico; Robert Heilbroner, professor, New School for Social Research; Hazel Henderson; Msgr. George Higgins, U.S. Catholic Conference; Jim Hightower, author of "Eat Your Heart Out"; Irving Howe, professor, Hunter College; William Hutton, executive-director, National Council of Senior Citizens; Mildred Jeffrey, former national chair, National Women's Political Caucus; Mary Gardiner Jones, former FTC commissioner; Frances Moore Lappe, co-director with IPS's Joe Collins of the Institute for Food and Development Policy; Robert Lekachman, professor, City University of New York (CUNY); Sr. Barbara Lupo, co-director, Clergy and Laity Concerned (CALC); Joyce Miller, vice president, Amalgamated Clothing and Textile Workers; Kathleen O'Reilly, executive director, Consumer Federation of America; Wade Rathke, chief organizer, ACORN (Association of Community Organizations for Reform Now); Jeremy Rifkin, director, People's Business Commission (PBC); Rep. Benjamin Rosenthal (D.-N.Y.); Arthur Schlesinger Jr., Albert Schweitzer, Professor of Humanities, City University of New York; Stanley Scheinbaum, American Civil Liberties Union (ACLU); Scott Sklar, Washington director, National Center for Appropriate Technology; Timothy Smith, executive director, Interfaith Center on Corporate Responsibility (IGCR) and activist with the American Committee on Africa; Rabbi Marc Tanenbaum, American Jewish Committee; St. Mary Luke Tobin, Thomas Merton Center; Harold Willens, chairman, Factory Equipment Corp.; William W. Winpisinger, president, International Association of Machinists and Aerospace Workers (IAM); Jerry Wurf, international president, American Federation of State, County and Municipal Employes (AFSCME).●

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## NEW COASTAL MANAGEMENT BILL EMPHASIZES URBAN WATERFRONT AND PORT REVITALIZATION

### HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. MURPHY of New York. Mr. Speaker, yesterday I cosponsored H.R. 6979, a bill to reauthorize the Coastal Zone Management Act of 1972 and to make substantive statutory modifications. This bill is cosponsored by the chairman of the full Merchant Marine and Fisheries Committee, the chairman of the Oceanography Subcommittee, and the ranking minority members of both the full committee and the subcommittee.

Last week I introduced, at the request of the administration, H.R. 6956, which reauthorizes and makes some changes to the Coastal Zone Management Act (CZMA). That legislation indicates the administration's support for reauthorization of the basic program as well as necessary modifications to insure continued and improved management of our coastal zone

However, my colleagues and I feel that there is a need for improvement in other areas of coastal management and, consequently, have developed a new section entitled "Resource Management Improvement Grants." With the deletion of certain other provisions in the existing law, this new grant program would not increase the authorization of the total program. It does provide funds for the implementation of certain other programs that have been developed pursuant to CZMA.

Specifically, the new grants would provide for implementation of: First, the designation of areas of preservation and restoration because of their conservation, recreational, ecological, or esthetic values; second, the redevelopment of deteriorating and underutilized urban waterfronts and ports; and third, the provision of access to public beaches and other public coastal areas.

Representing a densely populated urban area, I am particularly concerned about the deterioration of our urban waterfronts and port areas and the need for access to such areas. These areas have been severely neglected in the past few decades although urban waterfronts and ports were once the hub of industry and the center of urban life. The time has come for a revitalization of such centers not only for historical and cultural, but also for economic reasons.

Recently, some cities have realized the potential that these areas can have toward historical and cultural preservation and economic development. Using a variety of sources of funding, a few cities including Baltimore, Boston, San Francisco, and Portland, Maine, have taken steps to improve their urban waterfronts. Water-based recreational opportunities within the city can save energy by encouraging access to urban waterfront facilities rather than seeking such opportunities far from the city. The revitalization of urban waterfronts and ports will also provide greater recreational opportunity for those who cannot afford to, or have limited means to, drive far out of the city for such pursuits.

The new grants contained in the legislation would provide low-cost construction, access, and pier and bulkhead restoration funds. It would help to refurbish our ports and our urban waterfront areas and provide public access to such areas.

The urban waterfront provision also contains encouragement to the Secretary of Commerce, who administers the CZM program, to coordinate existing Federal programs for urban areas and to utilize the resources of his office to facilitate Federal coordination. This will assist cities in finding available grants for a variety of purposes to restore urban waterfront and port areas.

This provision, in combination with low-cost construction funds for the designation of areas of preservation and restoration, provides a strong urban-environment balance to the legislation. The urban waterfront provision is designed for those areas that are already developed and will encourage further development in such areas rather than in more pristine and ecologically sensitive regions of the country.

A variety of other new provisions are contained in the legislation and will be explicated as the Merchant Marine and Fisheries Committee continues its hearings and markup schedule. It is my judgment, however, that in this Presidentially designated "Year of the Coast," it is the responsibility of the Congress and the executive branch to address some of the major problems along our Nation's coastal zone. Environmental protection and urban waterfront and port development are two of the major areas that need implementation grants and the bill I introduced with my colleagues yesterday will help facilitate this new emphasis.●

## EL SEGUNDO'S DEXTER BENSON—A BEAUTIFUL MEMORY

### HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. DORNAN. Mr. Speaker, on March 28, one of the finest civic leaders of El Segundo, Calif., Dexter Benson, passed away. A native of Arizona, Mr. Benson, or "Benny" as he was affectionately called, was a resident of El Segundo for 40 years. He was elected to the city council in 1978, the natural outgrowth of a long and active involvement in civic affairs.

Benny was a manager of the El Segundo Chamber of Commerce, the Kiwanis Club, the Sister City program and the Masonic Lodge. It is also worth noting, in light of his active civilian contributions, that Benny was a U.S. Navy veteran.

We will all miss him. The good people of El Segundo have lost an old and dear friend. Dexter Benson is survived by his wife Olga, their son Alex, his brother Robert, and his three sisters: Nelle Stoeffels, Lois Holcombe, and Barbara Dick.

Mr. Speaker, I submit Mayor Les Balmer's excellent eulogy in honor of the late Dexter Benson:

#### LET'S TALK ABOUT BENNY

Benny is one of my very best friends and has been so for 30 years. As I look into the congregation here today I realize that he was also your friend. So I won't be able to tell you anything about Benny that you probably don't already know. But let's put it all together and pay tribute to Benny who is a legend in our community. Benny worked hard and dedicated himself to a better community for all of us.

He was a member of the Masonic Lodge in El Segundo for 30 years, went thru all the chairs and was a Shriner. He worked for Douglas Aircraft for 20 years as a chief purchasing agent. In this job he did a great service to El Segundo. On parts or equipment or tools that were hard to find he encouraged some people in our community to open a manufacturing business and satisfy this need. Many people in our community owe their success to Benny, and what is more important, Douglas Aircraft got the parts for their production lines.

He owned a Signal Oil service station on the corner of Main and Imperial. Benny only worked this station for a year or two. He was so darn bighearted he gave away or accepted credit for more than he was making. He was a volunteer fireman in El Segundo before we grew up and had a professional fire department. Looking back to those days I think Benny enjoyed that job more than any job he ever had. He used to like to get his fire helmet and firefighting coat on and fight a fire.

The Chamber of Commerce, about 20 years ago was on its last legs. They had few members, no money and a lot of debts. We got Benny to take the job as chamber manager. He was manager for 14 years. Built the chamber into a fine and powerful organization. The best in the South Bay. . . . probably in California. He worked hard to get business into El Segundo. All of the development east of Sepulveda was accomplished by some dedicated men and Benny was one of them.

While in the chamber he organized the Christmas parade that we now enjoy. He worked hard and expected others to work hard. Benny had me working every parade morning putting up number stakes for the parade.

He was president of the Kiwanis Club in 1962. As you can guess our work in the Kiwanis that year was directed toward the youth of El Segundo.

Benny started a booster club in El Segundo because he realized that the young people needed more than just a piece of ground, or a pool to play the game on, or in. If they were to be really inspired they needed to feel that the community was behind them. The booster club did just that.

I doubt if many of you knew that Benny was a pro-football player, played with the Bull Dogs for 3 years in Los Angeles. The runner up for the Los Angeles Rams.

Because of his interest in sports and youth we have had many championship teams in El Segundo. I remember when we had the world champion Babe Ruth play offs. He went to Arizona with the team and was adopted as the team "good luck charm." When our young people needed a job, Benny helped. He called me many times to help place one of our young people in a productive job. I'll bet you didn't know that if the young man didn't have the proper personal appearance to get a job Benny would give him money for clothes or a haircut, or whatever was needed to help the young man. Because of his dedication to the youth of El Segundo he was given an honorary life membership in the PTA for his outstanding service to our young people and for his dedication to our city.

There is a D. K. Benson scholarship to help the young people of El Segundo who can't afford to complete their college education. Benny was the originator of the title for international mile and the terms "Home of the Champions" and "aerospace capital of the world."

Benny just couldn't do enough for his community. He ran for the office of city councilman and was elected to this position 2 years ago. He was very concerned about the community and true to form his greatest efforts were in the area of people problems in El Segundo. Benny did so much for El Segundo that it would take a long time to talk about all of them. In fact, Benny always used to say to me . . . "Hey, you big windbag, keep it short will ya."

We also discussed one time about the sadness we feel when we lose a friend. Benny said, "you know Balmer, it's a little selfish for us to feel bad. . . . that guy made it . . . he is on the other side of the mountain, man he's happy."

Benny left us an armload of warm wonderful memories. What better thing can a man do. Benny will always be remembered as Mr. El Segundo.●

## LEHMAN COLLEGE PROVIDES CULTURAL BOOST FOR THE BRONX

### HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. BIAGGI. Mr. Speaker, today I would like to make note of an important event in my hometown of the Bronx which will bring joy to many of us who have been longstanding supporters as well as connoisseurs of the arts and culture in our great city. Lehman College, located in the Bronx as part of the city university system, plans to open a new Center for the Performing Arts on its campus. The arts center will include a 2,300-seat concert hall, a 500-seat theater, an experimental theater for the student body, and a 100-seat recital hall—all to be unveiled this Wednesday.

As New York's senior member on the House Education and Labor Committee, I recently held hearings at Lincoln Center to examine the state of the arts and the humanities in New York. We had many noteworthy witnesses present testimony to our Subcommittee on Postsecondary Education, including Kitty Carlisle Hart, chairman of the New York State Council on the Arts and our own Henry Geldzahler, head of New York City's Department of Cultural Affairs. The message which they conveyed was clear—the arts provide beauty and refinement to our daily lives and deserve the continued support of all citizens of New York, of all ethnic backgrounds and cultures.

In my own borough of the Bronx, we are most fortunate to have institutions such as Lehman, which realize the need to support the arts and humanities. We are well served by our own Bronx Council on the Arts, under the directorship of Fred Croton, who has displayed continued sensitivity to the ethnic diversity of the people who live there. By tailoring arts and cultural activities to the local audience, the Bronx Arts Council has become a viable conduit in the promotion of local talent and has proven itself a community arts agency worthy of our continued support in the city.

As one who also teaches at Lehman College on the weekends, I am strongly supportive of the educational components and benefits of the arts to our students. The Performing Arts Center at Lehman will provide invaluable experience to students studying the arts as well as those who wish to enjoy the experience which the arts provide to audiences. Community arts agencies have grown in leaps and bounds—from 150 in 1966 to over 2,500 today. I should also point out the fact that last year, over 500 million persons visited our Nation's museums, more than nine times the paid attendance of professional basketball, baseball, and football games combined. Clearly, the arts deserve our continued support.

As the subcommittee considers legislation to extend the life of the National Foundation for the Arts and Humanities Act and the Institute for Museum Services, I plan to make a major contribution to this legislation which provides Federal support for the arts and culture on the State and local level. I look forward to working together with Lehman, under the direction of its president, Leonard Lief, as we embark on a new and exciting cultural era for the Bronx.

A Daily News article follows:

### NEW MECCA OF CULTURE: THE BRONX?

(By Don Weinbrenner)

Opening night, crowds, lights, glamour, as lengthy limousines roll to a halt beside a reflecting glass and limestone edifice. Famous stars alight in an atmosphere thick with ovation from rubbernecking admirers. Inside, 2,300 theatergoers are hushed by dimming lights and renew their applause as the curtains ascend. Broadway?

Nah. It's the Bronx, to which culture, formerly came oft as summer snowflakes, but which now will brace for a veritable avalanche of sparkle and glitter as Lehman College unveils its new $50 million Center for the Performing Arts—"Up till now the best kept secret in New York," said Leonard Lief, college president.

"Tis poetic justice that Lincoln Center finds its competition from the borough once inhabited by the greats in art and literature: Twain, Tuscannini, Gorme (Eydie, that is)."

#### WILL MAKE ANNOUNCEMENT

Lief will formally announce the opening of the center, comprised of a 2,300 seat Concert Hall, a 500-seat theater, an experimental theater for the student body and a 100-seat recital hall on Wednesday.

"On a day-to-day basis over 3,000 people will come to the center in a single afternoon or evening to attend our plays, operas and symphonies, which will be of the highest professional caliber," Lief projected.

Names are already booked. The New York City Opera launches its nationwide tour of "La Traviata" Oct. 5 in the Concert Hall. Tickets go on sale May 1 for the Sept. 28 Concert Hall appearance by the New York Philharmonic Orchestra and the complex is available to Broadway producers for tryouts and hopefully, in the future, long running presentations.

From a Bronx stage the birth of a new Brando, Booth?

"People will travel here from outlying areas for outstanding presentations. They can enjoy a fine meal before, during or after performances and find ample parking here," said Lief.

#### BOOSTER FOR BRONX

"The center will lure business, boosting the identity of the Bronx. It will bring pride to the area. The center," he added, "is a force for stabilization and revitalization of the Bronx."

It's all a dream come true for Lief, who has seen the college flourish and shape into the cultural center it started to be 12 years ago when it became independent from the City University. Construction on the center was halted then during the city's fiscal crisis. Much of the effort was supported by State Dormitory Authority Bonds, which over the years fizzled but found recent renewed sales.

The monolithic glass and limestone structures are surrounded by the earlier Gothic learning halts built in 1931. The interiors of the new center are done in subdued oranges, browns and reddish-browns, impressively "downtown theater."

The Concert Hall is affixed with accoustical clouds, those white, adjustable ceiling panels above the stage and audience that control the sound. There is room for wheelchairs and the hall accommodates 100 standees.

The building can easily present symphony orchestras of any size and magnitude, recitalists, opera, ballet, and musical productions, such as the aforementioned Broadway tryouts.

"Much money could be saved by producers who are accustomed to trying their Broadway productions out of town. Performers can train in or drive in from downtown. No hotel bills, cabs and such," said Lief.

The Theaters building houses the 500-seat Lehman College Theater which is comparable in comfort, design and playing area to any Broadway theater. It is equipped with a complete counterweight system for flying scenery and the orchestra has an elevator lift that can serve either as an orchestra pit or which can increase the size of the stage from 36 feet to 47 feet.

#### EXPERIMENTAL THEATER

The proscenium opening is 36 feet by 24 feet and there is additional space behind the stage which can add an additional 75 feet of overall depth to the playing area. Off-Broadway productions are also invited here.

The second theater is the Experimental Theater, affectionately called "The Black Box." Flexible seating here can accommodate up to 200 beneath modern electronic lighting and a catwalk grid for hanging scenery and adjustable lights.

It is designed for experimental theater and dance. The center here hopes to attract film making and televising of the performing arts.

There is also a dance studio in The Theaters building available for rehearsals and dance instruction.

The Music Building combines a restaurant and lounge for pre-theater dining in an old-world atmosphere; leaded bay windows in an oak paneled room and bronze chandeliers suspended from lofty ceilings.

The center's buildings open onto a two-level plaza bedecked with evergreen trees, shrubs and colonnades and ground level walkways. There will be sculpture exhibits here and other outdoor presentations.

"We're signalling to the world that the Bronx is alive and well, singing and dancing and playing music not only for this great city, but for the world to hear," said Lief.

"This Center for the Performing Arts, with the excitement that only live performance can give, will bring to this region that special ingredient the area needs—glamour." Lief said with a glint in his eye.

The Bronx can take it. After all, it's the only borough attached to the American mainland. It will need at least that hold for the unaccustomed task ahead.●

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## MODICUM OF FISCAL SANITY

### G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. WHITEHURST. Mr. Speaker, a couple of years ago, the Republican pages had a sign on their bulletin board which read, "There are a thousand programs which can be cut—except this one." Now that serious efforts have finally begun to be made to bring the Federal budget into some semblance of balance, this is the theme that we hear repeated all too often, and thus it was refreshing to me to find that the attorney general of the Commonwealth of Virginia, Hon. J. Marshall Coleman, has urged that the attorneys general of the various States not lobby for the restoration of the LEAA funds which are scheduled to be cut.

I am delighted to share Attorney General Coleman's letter to the chairman of his national association in this regard, and I hope that all of my colleagues will read what he has said and take heart—and that other groups and agencies will follow his lead. Only by a unified effort will we ever be able to restore even a modicum of fiscal sanity to this Nation, and that effort has got to made now; it will soon be too late.

The letter follows:

COMMONWEALTH OF VIRGINIA,
*Richmond, Va., March 21, 1980.*

Hon. J. D. MACFARLANE,
*Chairman, National Association of Attorneys General, Denver Colo.*

DEAR GENERAL MACFARLANE: I have received a mailgram from Ray Marvin in

NAAG's Washington office which says that you have authorized a special committee to lobby Congress and the Carter administration to oppose an anticipated 50 percent reduction in LEAA funding. This lobbying effort will not have my support, and I urge you to change your plans.

Our nation faces possibly its gravest economic crisis in half a century—a crisis engendered in large part by a government which has stifled productivity and spent beyond its means for two decades. Congress and even President Carter have finally realized that our spending policies must change, that the federal budget must be brought within range of federal revenues.

I believe that President Carter has not gone far enough. His budget reductions are meager compared to what should be done. But it is a start, and I think we should support the President and Congress in the tough days ahead.

Budget cuts will be painful. Many organizations which have become accustomed to easy money at the federal trough are going to find that money cut back, and they will not like it.

Most attorneys general are elected. We have a special obligation to act in the best interests of our people, and not act out the self-interest of just another group lobbying for a share of the Federal pie.

Virginia receives $8 million in LEAA funds for various projects. Losing a portion of those funds will inevitably create some temporary hardships for some organizations. But these funds represent only a tiny fraction of the money spent on law enforcement and related activities in Virginia, and I am confident that a reduction in LEAA funds will not hamper the fight against crime.

The people of Virginia and the rest of the Nation are enduring 18-percent inflation. Our paramount concern must be to ease that burden. America's attorneys general should take the lead in showing Congress and the people that we are willing to accept our share of the budget reductions.

Sincerely,

MARSHALL COLEMAN,
*Attorney General.*●

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## NATIONAL SCHOOL GUIDANCE WEEK

### HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. GOODLING. Mr. Speaker, I would like to salute the efforts of the American School Counselors Association and to congratulate them as they prepare to observe National School Guidance Week—May 5 through 9, 1980. I encourage my colleagues to become familiar with the contributions that this vital and dynamic profession has made to the students, schools, and communities of our Nation.

We must recognize that the guidance of young people toward a goal of productive and effective citizenship is a shared responsibility including not only professional school guidance specialists, but also other school personnel, the home, and the community working together.

As we observe School Guidance Week, I urge my colleagues to become familiar with and make efforts to improve programs of school guidance in their local communities. Working together for better guidance, we can help school counselors provide more effective services for young people.

I would like to share with my colleagues a statement provided by Mr. Jay Stevens, a citizen from Pennsylvania's 19th Congressional District. His statement follows:

WORKING TOGETHER FOR BETTER GUIDANCE

School guidance programs have long been a growing and vital part of a child's educational experience in Pennsylvania. Provided by trained School Counselors, the services of these programs have helped children develop the skills necessary for effective and productive citizenship as adults.

However, just as schools cannot exist in a vacuum in the community, programs of guidance cannot exist in a vacuum in the school. School Counselors help students adjust to new school settings; help administrators develop relative curriculums; help teachers work with individual students; help students seek realistic solutions to problems.

Because students must prepare to function in the adult world outside the school, Counselors seek to involve other significant adults in the guidance of young people. Therefore, School Counselors help parents understand their child's frustration with school or social problems. They involve members of the community in programs of career education. Counselors frequently provide leadership in community affairs. They coordinate special programs for students with special needs.

If school guidance programs are to be effective, it will require many segments of society working together to impact on the child's decision making processes. Guidance programs can coordinate the efforts to make freedom of choice, a basic American freedom, an effective and satisfying life style for young people. Only through such joint effort can communities improve the products of their schools—happy, well prepared young citizens.

In order to heighten the awareness of the general public about the quality programs of school guidance and counseling in the Commonwealth, the Pennsylvania School Counselors Association will observe School Guidance Week during May 5 through 9, 1980. Following the theme, "Working Together for Better Guidance," people within and outside of education are encouraged to learn more about guidance in their schools.●

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## TRIBUTE TO JESSE OWENS

### HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. O'NEILL. Mr. Speaker, it is with a deep sense of sadness that I rise on the occasion of his passing to join my colleagues in tribute to the greatest American sports hero of this century, Jesse Owens.

Jesse Owens is a very special American hero to me, His outstanding performances as a sport superstar—college athlete, Olympic champion, world recordholder—paralleled my own young adulthood. As a senior at Boston College, I can remember following his victories at the Olympic trials and the Berlin games, and who can ever forget that previous spring of 1935, in a college track and field meet when Jesse Owens set four world records in 1 hour.

His performances at the Berlin Olympics earned Jesse Owens the title of America's first superstar and the standard by which later Olympic and world-class athletes would be measured. No other athlete symbolized the spirit and motto of the Olympics better than Jesse Owens. "Swifter, higher, stronger" was the credo by which Jesse Owens performed as an athlete and lived as an American. Of his performances in Hitler's Berlin in 1936, Jesse said: "I wasn't running against Hitler. I was running against the world." Owen's view of the Olympics was just that: He was competing against the best athletes in the world without regard to nationality, race, or political view.

Although that view was strongly undermined by Nazi Berlin in 1936, Jesse Owens proved by his performances that he was the best among the finest the world had to offer, and in setting the world record in the 100-yard dash, he became the "fastest human" even before that epithet was fashionable.

As the holder of 11 world records—1 for nearly a half century—Jesse Owens left no doubts: He stands out as the premier athlete of the 20th century.

In life as well as on the athletic field Jesse Owens was first an American, and second, an internationalist. He loved his country; he loved the opportunity his country gave him to reach the pinnacle of athletic prowess. In his own quiet, unassuming, and modest way—by example, by inspiration, and by performance—he helped other young people to aim for the stars, to develop their God-given potential.

Times have changed in the way America and the world respond to athletic superstars. As the world's first superstar Jesse Owens was not initially overwhelmed by commercial interests and offered the opportunity to become a millionaire overnight. There was no White House reception waiting for him on his return from Berlin, and as Jesse Owens once observed: "I still had to ride in the back of the bus in my hometown in Alabama."

Can one individual make a difference? Clearly in the case of Jesse Owens the answer is a resounding affirmative, for his whole life was dedicated to the elimination of poverty, totalitarianism, and racial bigotry; and he did it in his own special and modest way, a spokesman for freedom, an American ambassador of good will to the athletes of the world, and an inspiration to young Americans.

Jesse Owens never saw himself in a limited or confining way. Yet, he was no bombthrower, no militant activist; rather, he chose to use his Olympic accolades as examples to show the way to those who came after him. Hard work, dedication, and sincerity characterized his life. Jesse Owens understood fully the guidelines that coaches give to their proteges and the guidelines that separate the champions from the runners-up in this world: "Keep your eyes on the goal, don't look back, never mind what anyone else is doing, and keep running!"

Jesse Owens was a champion all the way in a life of dedication to the principles of the American and Olympic spirit.

I extend my condolences and deepest sympathies to his wife, Ruth, his three daughters, and the entire family of Jesse Owens.●

## DR. HOWARD YALE McCLUSKY, AN EDUCATOR FOR ALL SEASONS

### HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. PURSELL. Mr. Speaker, today I would personally like to congratulate a longtime well-known community leader, Dr. Howard Yale McClusky, of the University of Michigan.

In 1965 as president of the Plymouth Chamber of Commerce, I was looking for a catalyst who could assist me in launching a constructive effort to bring 64 community leaders together to discuss the future of our Plymouth community.

That leadership conference held in Hillsdale, Mich., was carefully led by Dr. McClusky. He provided the inspiration to encourage our leaders to begin to lay aside their differences and work harmoniously to build on the great assets of the Plymouth community.

I worked with Dr. McClusky and soon realized he had a great gift. As the moderator during our sessions, Howard allowed all participants to lead and with his skillful direction the Plymouth community had risen to a high level of the highest order—a respect for each other—a commitment to quality long-range planning and improvement.

Dr. McClusky is of course a nationally known community leader. I can attest to the greatness of this man. He has given me much inspiration and a high ideal to follow.

The following article is just one of many fine stories of his accomplishments:

### Howard Yale McClusky: An Educator for All Seasons

(By Michael Day)

Since the 1920s, students at The University of Michigan have had the privilege of studying under a truly great educator: Howard Y. McClusky. Through his writings, lectures, and personal example, Professor McClusky has left an indelible mark not only on those fortunate enough to study with him but also on the field of education, especially educational psychology and adult and continuing education. Recently this vital and energetic man celebrated his 80th birthday.

A perusal of Howard McClusky's long and continuing career as a professor of education leads me to feel that he deserves the title, an educator for all seasons. Taking his early training in education and psychology at the University of Chicago, he came in 1924 to the University of Michigan, where he established the second mental health course on campus. In these early years in Ann Arbor he was greatly involved in the popular mental health movement as it related to childhood and adolescence. He was also active on the University Extension Circuit. His lectures to adults about adolescents together with his 1938 University appointment as Assistant to the Vice President in charge of University Relations in the Field of Adult Education introduced him to the emerging field of adult education.

In 1948, Howard McClusky established and became the first chairman of the School of Education's Adult and Continuing Education Program—under the original title of Community and Adult Education. Then in 1950, as two tottering national adult education organizations were searching for life, Professor McClusky's dynamism helped show them the way: The next year saw the consolidation of both organizations and the emergence of the Adult Education Association USA with McClusky as its first president. From this point his involvement in the field of adult education is legendary.

In 1970, he retired from the School of Education, became professor emeritus, then returned for a second career as he assumed a pivotal role in the development of courses in educational gerontology. An example of this emphasis is the new course he is teaching this term—H652, Current Issues in Adult and Continuing Education and Educational Gerontology.

Is it any wonder that I find Professor McClusky an *educator par excellence*, an *educator for all seasons?*

Recently I was able to interview this delightful man. What follows are excerpts from the interview:

Day. In an article appearing in a 1976 Innovator, you stated that the growing emphasis on lifelong learning "will require a drastic reconceptualization of the educational enterprise." What are the specific changes you foresee occurring in our educational enterprise because of the growing popularity of lifelong education?

McClusky. In the first place, I feel we will teach expectations of continuation. Elementary and secondary school learners, for example, will be considered in the first stages of lifelong learning. We will stress the skills they will need in order to continue learning. This means we will develop strategies to reinforce their self-concept and motivation as learners. And every subject will be taught in the sense of incompleteness, the sense that there is always something beyond.

Next, lifelong education will make a difference in our grading system. The emphasis will be to compare a person with his own performance and not with the performance of others. The concept of percentile rank will be greatly diminished for the teacher. I'm not arguing for a soft curriculum, but I think it will be less relevant to compare the student's performance with others. He will have an individual golf score rather than a competitive score.

Another thing, I think we will begin concentrating more on the adult years. We will be looking at the skills which seem necessary in the adult years, and we will be sure that these skills are anticipated in the work of the early grades.

There is also the problem of articulation. We will ultimately face the problem of relating elementary, secondary, and postsecondary education—far more than we do now—to education in the middle and later years.

So to me, it is inevitable that as the continuation of learning becomes a part of society we will be compelled to rethink the whole process of education. The basic task will be to develop attitudes, competencies, and skills which a person can use to reinforce his confidence in continuing learning. This approach could, with the decrease in enrollments in K-12-16, provide an opportunity for schools of education to expand the range of their programs and thus develop a new sense of mission.

Day. In reviewing your work, I am struck by the numerous references to "community" themes—for example, "the educative community" and more recently "the community of generations." Do you find the idea of community a major component of your work and thinking? If so, how did it develop?

McClusky. I first learned about adult education in a community setting. In trying to set up programs for older youth I realized I needed to use the resources of the community. Historically, then, the emphasis was rather pragmatic. In order to accomplish anything one had to mobilize and identify what you might call community-based resources.

But I am also interested in "community" from a psychological standpoint—I taught courses in mental health for many years. Authorities believe that the key to mental health is to a large extent related to an individual's sense of community. The experience of a sense of community is an important aspect of one's personal strength. And access to what today we call "support systems" is an important part of one's resource equipment.

Day. Currently you are coeditor of a substantial series of monographs on adult and continuing education which will be substituted for a 1980 Handbook of Adult Education—a monumental task. When this is behind you, do you have new projects on a "back burner" somewhere?

McClusky. Yes, I do.

I am involved in two "front burner" projects which will extend beyond 1980. First, I have accepted the coeditorship of a volume of readings in educational gerontology with a probable publication date of 1981. Second, I have been invited by Dr. Carl Eisdorfer, editor-in-chief, to prepare a chapter in Education for Older Adults to be included in the 1982 Annual Review of Gerontology and Geriatrics.

Somewhere between the front and back burners I hope to revise and expand my theory of the hierarchy of educational needs as well as my concept of "margin." Both theories have attracted much attention. For example, they were used as the bases for Ph.D. dissertations in as widely geographically separated institutions as the University of Wisconsin-Madison and the University of Berlin in West Germany.

I recently declined an invitation to write a paper on a "Theory of Adult Instruction" to be part of a symposium on adult learning and to be published in an early edition of the Journal of Contemporary Educational Psychology. I will return to this topic, however, in an expansion and updating of one of my earlier publications under the probable title of "The Educational Psychology of the Adult Learner." Then there is the volume entitled Adult Education: Approach to Community Development, which will consist of a collection, revision, and updating of my earlier publications in the field. One idea which I'd like to operationalize more and expand is the concept of "transcendence."

In brief, given time and health, there is plenty of work yet to do.

DAY. Throughout the years you have been associated with The University of Michigan, you have regularly shared many fresh and exciting thoughts, as well as deeds, with your students and colleagues—for example, "the educative community," your work on learning theory resulting in the S-O-R formula, "the community of generations," and your "theory of margin." Of all these challenging ideas, which are you most proud of? Which do you feel is the most significant?

MCCLUSKY. That's hard to answer. I really don't like to be forced to choose among them.

Substantively, the theory of hierarchy of needs and "margin" will probably last longer and have the greatest influence. Operationally, I think the community of generations has tremendous possibilities—in terms of program and policy. I think it is extremely important because, again, it is based on the realities of interdependence and the need for interaction. It also serves as a corrective to dominant trends such as age segregation.

The educative community is a very basic concept. It is in a sense quasi-anthropological. The educative community as I have tried to develop it is a little different from but inclusive of the learning society. The community of generations is more recent and contemporary. There are so many factors that seem to make it, in my judgment, relevant and important today; for example, the concept of a community of generations including but also transcending the family.●

## A TRIBUTE TO JESSE OWENS

### HON. EDWARD P. BEARD

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. BEARD of Rhode Island. Mr. Speaker, on Monday, March 31, 1980, one of America's finest athletes and an unselfish humanitarian passed away.

Jesse Owens, the son of an Alabama sharecropper, held 11 world records at one time during his brilliant career. His Olympic victories in Berlin, and his work as an unofficial ambassador and spokesman for freedom will continue to serve as an inspiration in our fight against racial prejudice, poverty, and tyranny.

I join with his many admirers in lauding the tremendous accomplishment of this great man and in offering sincere condolences to his family and friends.●

## AIR FORCE MARK-12A: COMPETITIVE SUCCESS

### HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. EMERY. Mr. Speaker, in 1978 the U.S. Air Force made a decision to procure a more efficient reentry vehicle nosetip for the Minuteman missile, a primary element in this Nation's strategic Triad.

Shortly after initiating procurement of these Mark 12A nosetips, the Air Force Space and Missile Systems Organization, at that time under the command of Maj. Gen. John W. Hepfer, decided to utilize small business partial set-aside procedures. A 50-percent partial set-aside was established for small business.

This use of the small business set-aside procedures for a major weapons system component has proven both innovative and highly successful. The foresight of the Air Force Systems Command, the SAMSO Ballistic Missile Program Office, and particularly General Hepfer is to be commended and should serve as a model for other procurement activities.

The progress of this procurement represents a textbook example of how the Federal procurement regulation and the various small business acts are intended to work.

Mark 12A nosetip materials cost the Government approximately $28,000 to $30,000 per unit under the development programs of the mid-1970's. The initial production purchase of Mark 12A nosetips in 1978 resulted in a drastic price reduction to approximately $15,000 per unit. Option prices established under this procurement were $11,142 for fiscal 1980, $9,900 for fiscal 1981, and $10,890 during fiscal year 1982.

While this development is laudable, subsequent procurement actions have resulted in truly remarkable developments unexpected.

With the need for an additional 10 Mark 12A nosetips, the small business partial set-aside procedure was again utilized. As with the first procurement, the small business involved did not receive the award. However, the price at which this award was made was an unprecedented $5,350 per item. That lots of only 10 nosetips could now be profitably produced at only 18 percent of the cost of such nosetips 4 years earlier is unparalleled in DOD procurement history. The savings which this price represents over the original Mark 12A option prices is in the millions of dollars. Should these nosetips be utilized on the MX system, a distinct possibility, the savings which will occur will likely be in the hundreds of millions of dollars.

It is not often that so technically complex a program is completed within its original budget. Even more unusual is complete technical success and a threefold reduction in unit price.

This remarkable success must ultimately be attributed to the stress which Gen. Alton Slay has placed in increased competition in Air Force procurement. Congress can review upcoming strategic program budget requests with great confidence in light of the cost reduction which can be expected for Mark 12A options and perhaps the missile X system. Certainly, the demonstrated success of General Slay's competitive approach will serve as a useful model for all other DOD procurement activities.●

## CROMWELL: NO. 1 AGAIN

### HON. WILLIAM R. COTTER

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. COTTER. Mr. Speaker, I would like to congratulate the Cromwell High School basketball team on their second straight Class S State championship.

Not only have the Cromwell Panthers won the championship twice in a row, but this victory represents an unprecedented seventh championship. The entire State has a reason to be proud of the tradition exemplified by the young men on this team and their accomplishment.

All the final games were well-played, and the teams lived up to the best traditions of amateur athletics.

To Coach Jake Salafia and the Cromwell Panthers, my heartiest congratulations.●

## AMERICAN CITIZENS ABROAD

### HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. ALEXANDER. Mr. Speaker, as the time for filing Federal income tax draws near, I believe it is important to point out some of the problems which will confront Americans living abroad as they file their returns. The following gives some indication of the problems these people will face.

ISSUE NO. 35

Short title: Denial of Right to Americans With an Alien Spouse to Make an Annual Choice of Filing Status.

Summary of the problem: Americans who are married with an American citizen spouse, or a resident alien spouse, can decide each year whether or not they choose to file a joint return or separate return for U.S. income tax purposes. Americans with a non-resident alien spouse are denied the same annual option. The overseas American can only choose to file a joint return once. Having made this choice he must continue ever after with the same joint return practice. He can discontinue this practice only once. Subsequently he can never file a joint return again.

ACA's question: Why are American citizens married to non-resident alien spouses not allowed to make an annual option for filing status? What definition of equity justifies such discriminatory treatment?

The President's reply: "If these rules, including the prohibition against an annual option on filing a joint or separate return, were changed only for U.S. citizens abroad married to non-resident aliens, such citizens could escape tax on their share of the spouse's community income. This is not possible for U.S. citizens living in the U.S. who are married to non-resident aliens."

We wonder, again, just who these U.S. residents are who are married to non-resident aliens. Obviously they are in split households, or perhaps there are the special cases in which the home straddles the border with Canada or Mexico and the spouse lives in the other half of the dwelling.

We wonder, once again, why there is a felt need to tax the income of the overseas non-resident alien at all? What standard of national or international law justifies reaching abroad to tax a citizen of another country in another country abroad for income earned entirely outside of the United States. Not even the Courts could claim that this tax was in payment for any significant benefits because there are no benefits of significance for aliens abroad who have never lived or worked in the United States.

We ask the President why some Americans are given the chance to make an annual option on their income tax filing status and some are not? We seek redress on this glaring inequity issue.

ISSUE NO. 36

Short title: Married Filing Separately Status of Americans With an Alien Spouse.

Summary of the Problem: Americans living overseas with a non-resident alien spouse must file U.S. tax returns as married filing separately unless they file a joint return with their spouse. Issue 34 above addressed the inequity of losing the maximum tax protection if a joint return is not filed abroad. Issue 35 addressed the inequity of not being able to have an annual option for filing when married to a non-resident spouse abroad. This issue specifically concerns the necessity to file in this least favorable category if the non-resident alien spouse does not also file a U.S. tax return.

ACA's question: Why cannot an American living abroad with a non-resident alien spouse file either as an unmarried head of household status (if qualifying), or as a single person without loss of one-half of certain deductions when the non-resident alien spouse does not choose to pay U.S. income tax?

The President's reply: "Married taxpayers who choose not to file a joint return must file as 'married filing separately' rather than as single persons. This is the so-called 'marriage penalty' for which there seems to be no solution satisfactory to all."

We wonder if the basic question of why non-resident aliens should have to pay any U.S. tax at all is finally answered properly by the recognition that they shouldn't have to, if it wouldn't then be most appropriate to allow Americans married to non-resident aliens abroad to file as single persons, or as unmarried heads of households with maximum tax protection if qualifying?

ACA's renewed question: Once again the first basic question has to be asked, of why we want to tax non-resident aliens at all? The subsidiary question of the most appropriate method of taxing the overseas resident American spouse follows. We would hope that ultimately this question would become moot by the United States choosing to conform to the tax practices of all of the other major countries of the world and not tax overseas Americans at all.●

## THE NORTHEASTERN-CHINA CONNECTION

### HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. SHANNON. Mr. Speaker, Northeastern University is in the process of negotiating the establishment of a cooperative education program in China. Cooperative education integrates, in a structured way, oncampus study with offcampus occupational work experience. It is a proven mechanism for manpower training in all professional fields and develops varied work skills in students as part of their academic programs.

The Chinese recognize the benefits and potential of cooperative education and may establish a pilot program in China with the assistance of Northeastern University. I congratulate Dr. Kenneth Ryder and Northeastern University on its international leadership in cooperative education.

I insert in the RECORD an editorial from the Boston Globe which echoes my views:

THE NORTHEASTERN-CHINA CONNECTION

When the Chinese become impressed with an American institution, that institution must be doing something right. That now can be said for Northeastern University.

Last fall, a delegation from Peking visited the United States for a nationwide tour of about a dozen educational institutions, including Northeastern University. What impressed the group about this urban institution was its cooperative work-education program.

The delegation also liked the engineering, physics and chemistry curricula, but the coop program sold them. Northeastern coop students alternate periods in the classroom with full-time jobs, usually related to their major field of study. The visitors were enthralled with this concept because it would give Chinese students an opportunity both to train in the United States and to help earn their own living expenses.

Kenneth G. Ryder, Northeastern's president, is in China with a 25-member delegation from the university to discuss the establishment of a pilot program there. Progress was made last week with the signing of an agreement of understanding between both parties. If everything works out, Chinese students may enroll at the university as early as this fall.

The addition of Chinese students to the work-study program would benefit everyone involved—international recognition for the university, valuable work experience for the students and high-caliber student talent for the participating high-technology industries.

The Chinese delegation has shown that all good educational ideas in the Boston area do not have to come from such internationally-famous institutions such as Harvard and MIT. Northeastern should feel proud.●

## CONVERSION OF POWERPLANTS TO ALTERNATE FUELS

### HON. CARL D. PERKINS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. PERKINS. Mr. Speaker, I have today introduced legislation to require the conversion of existing powerplants from the use of oil and natural gas to coal or other alternate fuels.

The proposal of the administration which is embodied in H.R. 6930 was introduced last week. While it is a definite step in the right direction it falls far short of the national emergency which faces us.

The administration proposal contains a provision for the Department of Energy to grant permanent exemptions to powerplants. Based upon the practice of the Department of Energy and its predecessors over the last 6 years, we can all safely conclude that they will pass out these exemptions just like Santa Claus passing out candy canes at Christmastime. Furthermore, the legislation only looks to convert all the plants by 1990.

If we have a national emergency, then we must approach this problem on the basis that it is a national emergency. The legislation I have introduced today includes no provision for any permanent exemptions. It recognizes that we do, in fact, have a national emergency and requires conversion by December 31, 1983. Otherwise it embodies the administration proposal.

Mr. Speaker, our Nation is in a disastrous situation. We must work around the clock. The time is long past for half measures. The legislation I have introduced puts the Nation upon a national emergency footing. By 1983 it will cut consumption of imported oil by 1 million barrels a day. This is a realistic proposal which can directly address the energy crisis in which we find ourselves.●

## HOUSE APPROPRIATIONS COMMITTEE MEMBERS ON DRAFT REGISTRATION

### HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mrs. SCHROEDER. Mr. Speaker, yesterday's Wall Street Journal contained a letter from four members of the House Committee on Appropriations that presented some commonsense arguments on draft registration.

The letter follows:

BEST TIME FOR DRAFT REGISTRATION

The February 29 editorial on Selective Service System registration is, itself, an example of the "wrong signal" which registration can send to the American people. The House Housing and Urban Development-Independent Agencies Appropriations Subcommittee had three choices: one, pre-mobilization registration; two, post-mobilization registration, or three, do nothing. Post-mobilization registration was chosen as the system most effective to meet our military mobilization needs and least intrusive upon individual freedom.

A truly "effective defense," according to Department of Defense oficials, begins with the first armed services inductions no later than 30 days after mobilization, 100,000 inductions 60 days after mobilization, and 650,000 inductions 180 days after mobilization. Post-mobilization registration, endorsed by Selective Service System officials in their January 16, 1980, report, exceeds Department of Defense requirements.

There is no reason to doubt the workability of that contingency plan. America has had great success with the use of rapid, one-day registration in the face of a military emergency, as is provided by post-mobilization registration. After the United States entered World War I, it registered 10 million men on a single day, June 4, 1917, and it registered 16 million men on a single day, October 16, 1940, during World War II. There is, however, reason to be suspicious of pre-mobilization registration, requiring that one of the most mobile populations in the nation be reachable at all times, but providing no program to police keeping addresses current.

Just as Soviet Union planners know the difference between a plan on paper and in operation, they also are sophisticated enough to know that there is virually no difference in the speed of American mobilization under both programs. Removal of the Selective Service System from its current deep standby posture to a functioning mode is meaningful. The additional step of peacetime registration is, however, merely a useless gesture.

MARTIN OLAV SAVO,
LOUIS STOKES,
LAWRENCE COUGHLIN,
JOSEPH MCDADE,
*U.S. House of Representatives,*
*Washington, D.C.*●

## MINE SAFETY AND HEALTH ADMINISTRATION TO REVIEW STANDARDS RELATING TO SAND AND GRAVEL AND STONE MINING OPERATIONS

### HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● **Mr. GAYDOS.** Mr. Speaker, I would like to inform my colleagues that the Department of Labor's Mine Safety and Health Administration—MSHA—has recently published in the March 25, 1980, issue—volume 45, No. 59, page 19267—of the Federal Register its plans to review its safety and health standards contained in 30 CFR Parts 55, 56, 57. Under title 30 of the Code of Federal Regulations: Part 55 deals with health and safety standards for metal and nonmetallic open pit mines; part 56 is concerned with standards for sand, gravel, and crushed stone operations; and part 57 involves standards for metal and nonmetallic underground mines.

Assistant Secretary for Mine Safety, Robert Lagather, has stated that he has initiated this review in order to update and upgrade existing standards and to consider eliminating, consolidating, clarifying, simplifying, or reorganizing provisions where appropriate. Furthermore, he has strongly encouraged all segments of the mining industry to participate and provide their input into the rulemaking process.

Early in 1979, the Education and Labor Committee's Subcommittee on Health and Safety, which I chair, initiated general oversight hearings on the Federal Mine Safety and Health Amendments Act of 1977, with respect to its impact on the limestone, crushed stone, sand and gravel, clay, and phosphate industries. The subcommittee will be continuing these hearings throughout the second session of this Congress. During the hearings held so far, various Members of Congress and mine operators who were invited to testify, have expressed their concern with respect to certain aspects of the implementation of the act.

In light of these concerns, I believe that MSHA's review of its standards provides an excellent opportunity for those interested parties to participate and make their concerns felt. At this point I would like to have MSHA's Federal Register announcement printed in the RECORD.

U.S. DEPARTMENT OF LABOR—MINE SAFETY AND HEALTH ADMINISTRATION

30 CFR PARTS 55, 56, AND 57—REVIEW OF STANDARDS

*Advance notice of proposed rulemaking*

Agency: U.S. Department of Labor, Mine Safety and Health Administration.

Action: Advance notice of proposed rulemaking.

Summary: The Mine Safety and Health Administration (MSHA) invites public participation in the initial stages of its review of all standards contained in Parts 55, 56 and 57 of Title 30, Code of Federal Regulations. Specifically, MSHA solicits the views of interested persons concerning the manner in which Parts 55, 56 and 57 should be reviewed for possible rulemaking activity to upgrade the standards contained in these various sections.

Date: Comments must be received on or before May 27, 1980. Address: Interested persons are invited to submit written comments and suggestions to the Office of Standards, Regulations and Variances, MSHA, Room 631, 4015 Wilson Boulevard, Arlington, Va. 22203.

For further information contact: Frank A. White, Director, Office of Standards, Regulations and Variances, MSHA, phone (703) 235-1910.

Supplementary information: On August 17, 1979, MSHA published its final rule which revoked or revised existing advisory safety and health standards applicable to metal and nonmetal mines (44 FR 48490). This final rule converted those standards which were not revoked to mandatory standards as required under section 301(b)(2) of the Federal Mine Safety and Health Act of 1977. During the course of the rulemaking process MSHA determined that a more extensive review of many of the standards contained in Parts 55, 56 and 57 would be appropriate.

In the preamble to the final rule, MSHA stated the following:

"In conjunction with its long-term standards development policy and Presidential directives, such as Executive Order 12044, MSHA intends to conduct a comprehensive study of all the health and safety standards contained in 30 CFR Parts 55, 56 and 57 in order to assess their continued applicability and effectiveness. In addition, the agency will evaluate changes in technology, economic conditions and other factors which affect the applicability of its existing standards, and will revise them accordingly. An integral part of MSHA's review will be the development of new or revised health and safety standards under section 101 of the Mine Act * * *."

MSHA considers early public participation in this standards review process to be particularly important. The agency urges the mining community to describe any problems relating to organization, indexing, style and format, as well as particular areas of substantive concern. Certain standards may need to be clarified, may no longer be technically applicable or otherwise necessary, may be duplicative of or overlapping with other MSHA standards, or may be inconsistent with other Federal or state agency standards. Commenters are invited to address these areas and to provide a list indicating which sections of Parts 55, 56 and 57, or other general areas of concern should be reviewed for possible rulemaking action and the order in which the review should occur. MSHA will then develop an agenda and timetable for further action.

MSHA's review will include all standards contained in Parts 55, 56 and 57 as of January 1, 1980.

Date: February 29, 1980.

ROBERT B. LAGATHER,
*Assistant Secretary*
*for Mine Safety and Health.*●

## TOXIC SUBSTANCES CONTROL ACT

### HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. SCHEUER. Mr. Speaker, today I introduced a bill, the Toxic Substances Control Act Amendments of 1980, intended to authorize appropriations for fiscal years 1981 and 1982 of $70,500,000 and $83,500,000, respectively, for the implementation by the Environmental Protection Agency (EPA) of the Toxic Substances Control Act (TSCA). A second, significant purpose of this bill is to restrict the use of polychlorinated biphenyls (PCB's) in large capacitors and transformers used or stored in food-related facilities.

This PCB provision is being proposed because of a number of recent incidents of human food contamination resulting from PCB equipment. At least two of these incidents, in Montana and Puerto Rico, were the result of PCB's leaking from damaged spare transformers and contaminating feed for poultry and livestock. The contaminated feed resulted in PCB's being carried into human food. Under this provision, the EPA Administrator would be required to promulgate rules, within a specific timetable, eliminating the use of transformers or large capacitors in food-related facilities that contain high concentrations of PCB's. The Administrator, however, would be permitted to defer promulgating rules wherever the Food and Drug Administration (FDA) or the Department of Agriculture have issued similar rules.

Let me briefly summarize the other key provisions of the bill. Under this legislation, the EPA would be required to conduct a 1-year study to determine the cost of replacing PCB equipment in non-food-related industries. This provision is designed to help the Congress decide whether a complete ban on usage of PCB equipment, as some Members have advocated, is in fact financially feasible. Another key provision would require the EPA to study the adequacy of compensation available to victims of hazardsous substances contamination in order to mitigate the health and economic problems that result from these chemical disasters. Finally, under this bill, the EPA would be required to establish a program to monitor emissions from PCB incinerator plants—the facilities that will dispose of these chemicals—and to brief local communities regularly on the results of this monitoring process.

Mr. Speaker, I believe this is a sound and responsible piece of legislation and I strongly urge my colleagues to give their support to this bill.●

## INFLATION CONTROLS

### HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. LEE. Mr. Speaker, like the mad scientist Frankenstein, the Carter administration is in jeopardy of perishing at the hands of the very monster it created.

President Carter's anti-inflation message of a few days ago has made such a good battle story that many have lost sight of the fact that the 18- to 20-percent inflation rate which it is fighting was a creation of the Carter administration in the first place.

When Mr. Carter took office in 1976, Americans faced a 4.8 percent-inflation rate. Today it is 18 percent. At the start of this administration the prime interest rate was 6.8 percent. Today it hovers at 16 to 17, at times as high as 19 percent and predicted to pass 20 percent soon.

At the time of the start of this administration, the average American was saving 6 percent of his income. Today that figure is 3 percent. The average home sold for $42,000; today it approaches $100,000.

We saw the President use the same tactic in January's state of the Union speech. A weak national defense was the ogre at the door then, and I noted in one of these columns that the Carter administration's own policies led to the Nation's disparaging defensive posture.

Now, with another action-packed speech, the President has mapped out strategy for curing the country's awful economic posture. Just as in the fictional story of the mad doctor, the fight itself is drawing our attention away from placing the blame for the need to fight at all.

I have generally supported the President's urgent, albeit recent, call for a substantial reduction in Federal spending programs as a way to attack inflation. Many of us here, particularly newcomers to Congress, have been saying that all along but we can endorse the new program with the comment, "better late than never."

I cannot, however, endorse many of the specifics of his program. To a great extent, they are old ideas in a new package; some are even downright counterproductive.

The President's pledge to balance the budget is two pronged. On one side he has rightly begun the process of reducing what we spend; on the other he is seeking new tax income. Many have complained that he is using the meat-ax approach to spending reductions: letting valuable programs fall with the fat.

On the taxation side, he is proposing to expand Federal tax receipts by a staggering $100,000,000,000 ($100 billion), more than the entire Federal budget of 1961. When the President took office, the average American family paid $1,308 in taxes. In 1981—not counting social security or the newly proposed gasoline tax—that bite rises to $2,431. Clearly the burden cannot be tolerated much longer.

At the front of his speech, the President mentioned that we need to encourage more savings. But deep within his program is a plan to withhold income tax from your savings account interest. That would provide the Government with $2 billion in usable cash earlier than under the existing tax system.

Inflation can only be defeated when capital investments, and thus productivity, grow in America. Capital investments in business and industry are made by savings and banking institutions with the money you have deposited into your savings accounts. The President would have us remove this $2 billion of investment money from circulation under the withholding plan.

The already mentioned 10-cent-per-gallon tax on gasoline is an absurd approach to fighting inflation. Though in the long run it is designed to force more conservation and reduce our payments to oil producers abroad, it would immediately compound the average driver's need for more income to pay for his or her necessary driving, to work for instance. This, atop the statistics which prove that Americans already are making significant progress in reducing their consumption.

One of the high-profile segments of the Carter plan is the tightening of credit card transactions, an obvious move to take short-term debt capability away from the low- to middle-income family. Admittedly, such control is desirable but it should be self-control. More importantly, it places the blame for our national credit problems on the individual consumer when it is Uncle Sam who is causing most of the difficulties.

The simple fact is that with the Government spending more all the time, it needs to borrow more. The money taken out of the system by Government is money that cannot be used for private, inflation-fighting business and industrial expansions and improvements in productivity. With the greatly reduced supply of money left for investment, interest rates soar beyond the reach of most small businesses which need capital.

I, like all Americans, want the runaway spiral of inflation to decline, and I hope that the President's newest package can accomplish that. I admit that I remain a skeptic, but a wishful one. We should not be surprised, though, if the program does not do what we would like. The dilemma requires action and deeds, not words.●

## BOYERTOWN ALUMNI BAND

### HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. YATRON. Mr. Speaker, on April 5, a special event will take place. On that date, the Boyertown Alumni Band and Marching Unit will begin their 1980 season.

This organization exemplifies the American spirit. Its members come from all walks of life, joined together in their love of country and their interest in music.

This unit is composed of graduates of the Boyertown, Pa., area school system, which has instilled in many of its graduates a deep respect for music and musical pageantry.

The Boyertown Alumni Band and Marching Unit was chartered in 1976 in celebration of our Nation's 200th birthday. Since its beginning, this outstanding organization has performed more than 50 times. They perform during national holidays and on numerous occasions have made their services available to raise funds for volunteer fire companies and other public services. These individuals diligently rehearse once a week and can field a full unit consisting of a color guard, honor guard, twirling corps, and marching band.

Mr. Speaker, it is indeed fitting that this body honor the Boyertown Alumni Band and Marching Unit for their many accomplishments and for their boundless American spirit and dedication to musical excellence. Their achievements serve as an inspiration to the people of Boyertown, as well as the many individuals who have been privileged to hear them perform. I know that my colleagues will join with me in paying tribute to this outstanding organization.●

## AGENT ORANGE

### HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. HARKIN. Mr. Speaker, 10 years after the Vietnam war, we still continue to come to grips with the tragedy of that war.

Agent orange was a herbicide used by the Army to defoliate the jungles of the enemy and used to destroy food crops. It was a defoliant so powerful it could strip the leaves from every tree in a forest in 24 hours. Now veterans of that war are victims to harmful health hazards of this spray.

Earlier this year I was contacted by a couple from my district in Greene County, Iowa. The husband had been in Vietnam and exposed to agent orange. The wife was pregnant and they were very distressed about the possible consequences their child might experience.

The VA has testified on Capitol Hill that there is no evidence of chronic health hazards associated with exposure of veterans to this herbicide. However, a recent VA memo has surfaced which states that agent orange can cause several health problems.

The memo states that birth defects and cancer can be effects of agent orange, but testimony on the Hill by the VA has been contradictory at times about such statements.

Hopefully, the health hazards of agent orange will be studied scientifically and objectively and the answer to the heartbreak felt by the veterans exposed to this herbicide will soon be dealt with by the VA. The VA's attitude and handling of this issue must be very disconcerting to those veterans who have been exposed to agent orange.

As a Vietnam veteran in Congress, I feel particularly responsible for seeing that this issue continues to command our attention, and I hope all my colleagues in this House continue to be aware of this tragic situation.●

## REPUBLICANS SUPPORT THE 2-PERCENT SOLUTION

### HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. GINGRICH. Mr. Speaker, the Republican Party supports the "2-percent solution."

You know what the 2-percent solution is if you have seen a newspaper today. The 2-percent solution is an idea from the National Association of Realtors that calls for slowing down the annual growth of Federal spending and taxation by 2 percent over the next 18 months. This would mean that when we closed the books on fiscal 1981 spending, the budget would have been balanced at $595 billion, taxes would have been cut, and the recession of 1980–81 would never have happened.

Why do I say the 2-percent solution is also that of the Republican Party? Because today we unveiled an alternative 1981 Federal budget that is close to what the National Association of Realtors is calling for in their ads. The GOP budget fights inflation and recession at the same time through a $30 billion tax reduction. We balance income and outgo at less than $600 billion and have a surplus of $2 billion.

So it is fair to say the GOP and the NAR are on the same track and will be fighting the same battle. Part of the text of their "2 percent" advertisement follows:

The President now claims to be serious about inflation. Yet his economic record hardly demonstrates either an understanding of the problem or a willingness to mount an effective program against it. The same can be said of the Congress.

INFLATION HAS MORE THAN TRIPLED SINCE 1976

Consider the record:

Before the President took office, the annual inflation rate was 4.8 percent. The rate in February was 18 percent.

Federal spending has grown at double digit rates since 1976 and is now proposed to increase by a whopping 15.3 percent for 1980.

Administration officials have underestimated inflation by 1.5 percent during 1977, 3.8 percent during 1978, and 7.2 percent during 1979.

TAXES PER HOUSEHOLD WILL HAVE DOUBLED SINCE 1976

Contrary to what you have been led to believe, the President proposes even higher taxes per household in both 1980 and 1981. Taxes will increase $900 in 1980 and $1,200 in 1981. It took 200 years for taxes to reach $4,000 per household. Carter has proposed taxes totalling more than $8,100 per household in 1981.

Even if you include the World War II years, the proposed federal taxes will be the highest percentage of people's income in our country's history.

CARTER'S TOUTED "ANTI-INFLATION" BUDGET CALLS FOR INCREASED SPENDING

Declaring inflation a threat to the nation and the American way of life, the President responds by proposing even higher spending and taxes, as well as more wage and price regulations and credit controls. For example, the President's advertised budget cuts in 1980 are a mere $2 billion. But his unadvertised spending increases will add $6 billion. This means spending will grow by a huge 15.3 percent. That's no way to fight inflation.

Similarly, the President has advertised spending reductions of $13 to $14 billion in 1981. But unadvertised spending increases of $9 to $10 billion will offset most of the "cuts".

CARTER'S PROGRAM: HIGHER INFLATION AND INTEREST RATES

The President proposes increased gasoline taxes. This alone could cause 1 percent to 2 percent higher consumer prices.

The President's proposed higher spending in 1980 will reduce savings and investment and housing by driving up interest rates.

Increased tax receipts from dividends and interest earnings in 1981 will also reduce savings, investment, and productivity and cause interest rates to be higher.

But worst of all, the much heralded balanced budget for 1981 increases the tax burden on all Americans.

WHERE WILL OUR CHILDREN LIVE

New home construction is 35 percent behind demand—and falling. This shortage will lead to higher housing prices in the future.

Government-induced inflation and resulting high interest rates have created a shortage of affordable homes and prevented many from upgrading their present housing. People who must move for new jobs, health reasons or retirement can't afford to do so.

In just one year, the monthly principal and interest payments on the typical new home have increased from $430 to $660, or 53 percent.

Clearly, government is making the American dream of home ownership a fainter and more distant hope.

THERE IS AN ALTERNATIVE: THE 2 PERCENT SOLUTION

Fact: If the President and the Congress would slow the annual growth of spending by a mere two percentage points during the next 18 months, they would balance the budget, reduce inflation, and cause interest rates to fall.

Fact: If the administration would slow the growth of federal taxes by a mere 2 percent to encourage savings and investment, inflation and interest rates would decline and make it possible for more Americans to invest in their dream homes. It would also allow companies to increase investment in new plant and equipment, which would improve productivity and create jobs.

Fact: The 2 percent Solution would:

Balance the budget at $595 billion in spending and taxes.

Reduce inflation by at least three percentage points.

Lower short-term interest rates by at least three percentage points.

Reduce mortgage interest rates by two percentage points.

Build 400,000 additional new homes each year.

Allow one million additional households to move to better housing each year.

Create one million jobs.

Increase average household income $900.●

## PRESIDENT ABANDONS FOREIGN ARMS CONTROL POLICY

### HON. JOHN J. CAVANAUGH

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. CAVANAUGH. Mr. Speaker, from the following March 29 Washington Post article it appears that President Carter has decided, with almost no public or congressional notice, to abandon his past promise and campaign pledge to reduce foreign arms sales by a fixed percentage each year and instead plans to sell almost $15 billion of war machinery to foreign governments in fiscal 1980. I and many of my colleagues shared the President's commitment to arms reduction, which he now seems to be renouncing.

The one lesson we should have learned from Iran and countless other similar efforts is the impossibility of making the world secure by selling large quantities of sophisticated weapons to supposedly stable regimes. When Congress reconvenes I intend to pursue this issue and will invite my colleagues to participate in a special order to protest the President's change of policy. The Washington Post article describing the policy change is reprinted below:

### PRESIDENT CALLS OFF PROGRAM TO TRIM FOREIGN ARMS SALES

(By George C. Wilson)

President Carter has called off his much-touted 3-year-old campaign to reduce sales of U.S. weapons to foreign nations by a fixed percentage each year.

Instead of striving to reduce arms sales by another 8 percent in fiscal 1980 in hopes of curbing international trafficking, Carter will settle for the fiscal 1979 ceiling.

That ceiling, which applies to countries outside of NATO, Japan, Australia and New Zealand, will be $9.2 billion for fiscal 1980. A State Department spokesman said yesterday that the new ceiling represents the fiscal 1979 level of $8.43 billion adjusted for inflation.

As a presidential candidate, Carter stressed the need to restrict the worldwide flow of arms. He imposed an 8 percent reduction in noncommercial arms sales to ceiling countries between fiscal 1977 and 1978. He ordered another 8 percent reduction between 1978 and 1979. The cuts were achieved, with the fall of the shah and Iran's subsequent cancellation of many arms orders, helping bring down the fiscal 1979 figure.

Secretary of State Cyrus R. Vance told the Senate Foreign Relations Committee on Thursday that "in the absence of agreed international restraint, we do not plan to reduce further the ceiling on our own arms transfers."

He said that "while we remained convinced" that international agreements to restrict international arms sales "can contribute to a safer world, we do not at this time foresee progress."

Sales of U.S. arms to all foreign countries, including those excluded from the ceiling, are expected to reach $14.5 billion in fiscal 1980. This compares, without adjusting for inflation, with total sales of $11.34 billion in fiscal 1977, $13.53 billion in fiscal 1978 and $13.02 billion in fiscal 1979, according to Pentagon figures.

In January, Carter made another significant change in arms policy by permitting U.S. aerospace firms to design an "FX" fighter specifically for foreign countries. This was an exception to the prohibition on developing weapons specially for export, as distinguished from selling arms used by U.S. forces.

Matthew Nimetz, under secretary of state for security assistance, contended before the Senate Foreign Relations Committee recently that the FX would discourage foreign nations from buying more sophisticated planes.

He added that the State Department is studying requests from several U.S. aerospace companies to discuss their FX designs with 21 countries.

The companies must spend their own money, not the government's to develop the FX. General Dynamics plans to offer a version of its F16 fighter, powered by a less sophisticated engine, while Northrop is upgrading its F5 in hopes of capturing the FX market.

The American FX aircraft are likely to collide with the new fighter Israel has said it will build on its own. Pentagon officials reason that the Israelis will have to build more planes than their own forces can use to retrieve development costs. This would mean foreign sales.

Although the United States, because it will provide the engine for the Israeli plane, could veto sales beyond Israel, the U.S. government would be under heavy pressure to allow them.

This would almost certainly bring complaints from U.S. defense contractors that they are spending their own money to build a plane that must compete in the international market with an Israeli one financed largely by U.S. loans and grants.●

### LAWS RELATIVE TO THE PRINTING OF DOCUMENTS

Either House may order the printing of a document not already provided for by law, but only when the same shall be accompanied by an estimate from the Public Printer as to the probable cost thereof. Any executive department, bureau, board or independent office of the Government submitting reports or documents in response to inquiries from Congress shall submit therewith an estimate of the probable cost of printing the usual number. Nothing in this section relating to estimate shall apply to reports or documents not exceeding 50 pages (U.S. Code, title 44, sec. 716).

Resolution for printing extra copies, when presented to either House, shall be referred immediately to the Committee on House Administration of the House of Representatives or the Committee on Rules and Administration of the Senate, who in making their report, shall give the probable cost of the proposed printing upon the estimate of the Public Printer, and no extra copies shall be Printed before such committee has reported (U.S. Code, title 44, sec. 703).

# HOUSE OF REPRESENTATIVES—*Wednesday, April 2, 1980*

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. WRIGHT).

The Chaplain, the Reverend James David Ford, D.D., offered the following prayer:

*He who dwells in the shelter of the Most High, who abides in the shadow of the Almighty, will say to the Lord, "My refuge and my fortress; my God, in whom I trust."*—Psalms 91: 1, 2.

Gracious Lord, our refuge and strength, bless our Nation and all people who look to You for guidance. Remind us of our destiny and responsibility as citizens of a free land. May Your living spirit grant hope to all who suffer or who are alone, and may Your providence surround the hostages that are separated from their families and the land they love. May each of us realize our dependence on You, dear Lord, in whom we trust. Amen.

## THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill and a joint resolution of the House of the following titles:

H.R. 5794. An act to designate the building known as the Federal Building in Evansville, Ind., as the "Winfield K. Denton Building"; and

H.J. Res. 520. Joint resolution to extend by 60 days the expiration date of the Defense Production Act of 1950.

The message also announced that the Vice President, pursuant to section 194(a) of title 14, United States Code, appointed Mr. BOREN as a member, on the part of the Senate, of the Board of Visitors to the U.S. Coast Guard Academy.

The chairman of the Committee on Commerce, Science, and Transportation (Mr. CANNON), under the above-cited law, appointed Mr. MAGNUSON and Mr. PACKWOOD as members of the same Board of Visitors.

The message also announced that the Vice President, pursuant to section 1126(c) of title 46, United States Code, appointed Mr. MOYNIHAN as a member, on the part of the Senate, of the Board of Visitors to the U.S. Merchant Marine Academy.

The chairman of the Committee on Commerce, Science, and Transportation (Mr. CANNON), under the above-cited law, appointed Mr. EXON and Mr. WARNER as members of the same Board of Visitors.

The message also announced that the Vice President, pursuant to the provisions of Public Law 96–180, appointed Mr. WILLIAMS, Mr. RIEGLE, Mr. HATCH, and Mr. HUMPHREY as members, on the part of the Senate, of the National Commission on Alcoholism and Other Alcohol Related Problems.

## REPRESENTATION IN CONGRESS FOR AMERICANS LIVING ABROAD

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, last month the Commerce Department announced the January 1980 balance-of-payment figures for foreign trade. The ledger reflected a deficit of $5 billion, the highest single-month deficit in history. What was most troubling about the size of the deficit was the fact that our exports for the month were up and the volume of our foreign oil purchases down. Thus, the increase in the deficit is directly attributable to increased foreign petroleum prices.

Almost forgotten in the recent public debate over the effect of public spending on inflation is the naked fact that our balance-of-trade deficits are equally significant contributors to runaway inflation.

In my view, we must continue to search for and enact measures which will promote and enhance our ability to export more U.S. goods and services if we are to stem the rising flow of wealth from this country to foreign nations. To export effectively and efficiently, we must have our citizens abroad, making sales, servicing contracts, and maintaining the kind of commercial relationships which will insure a long-term market for U.S. goods and services.

Many U.S. firms have reported increasing difficulty in recruiting and retaining the number and caliber of people they need to sustain their overseas sales. Increasingly, Americans abroad are faced with living and working under conditions of cultural isolation and local discrimination. Increasingly, Americans living abroad are subjected to dangers to themselves and their family they would not have to face at home. Increasingly, Americans living abroad find their particular needs and interests ignored or neglected by their elected representatives. To compensate for these undesirable features of living overseas, many firms have found their personnel costs rising to the extent that their products and services are losing the competitive edge in foreign markets.

I am introducing today a bill which I believe will help rectify this situation for the 1 percent of our population who resides in foreign countries. The bill has as its central feature, the according of direct representation to Americans living abroad in the form of a nonvoting delegate to the House of Representatives. There is ample precedent for the establishment of such a position in the representation accorded American Samoa, Guam, Puerto Rico, the District of Columbia, and the Virgin Islands.

Politically speaking, Americans living abroad are like fish in the ocean, anonymous and invisible. Their contributions often go unrecognized and because they are so far removed from contact with their elected representatives at home, they are virtually voiceless in the political arena. Yet they directly contribute to the productivity of this Nation not only through the payment of taxes but by serving as emissaries of the American people in foreign lands.

If we are to sustain and increase our export levels, if we are to expand our markets and continue to provide competent, efficient service to our foreign customers, we must insure that Americans living abroad are accorded the same fundamental rights of representation as Americans here at home. In a world of increasing economic interdependence, we can no longer afford to neglect those who represent us abroad by ignoring their urgent need for adequate representation.

I urge your immediate support of this measure.

H.R. 7011

A bill to provide that United States citizens residing outside the United States shall be represented in Congress by a Delegate to the House of Representatives

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That United States citizens residing outside the United States shall be represented in the House of Representatives by a Delegate, to be known as the "Delegate to the House of Representatives for United States Citizens Abroad", who shall be elected by such citizens in accordance with this Act. The Delegate shall have a seat in the House of Representatives with the right of debate, but not of voting, shall have all the privileges granted a Representative by section 6 of Article I of the Constitution of the United States, and shall be subject to the same restrictions and regulations as are imposed by law or rules on Representatives. The Delegate shall be elected to serve during each Congress.

(b) An individual may not hold the office of Delegate to the House of Representatives for United States Citizens Abroad unless on the date of election the individual—

(1) is at least twenty-five years of age,

(2) holds, or is a candidate for, no other paid public office,

(3) has been a citizen of the United States for at least seven years prior to the date of election,

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☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

(4) has resided overseas continuously during the 6-month period ending on such date, and

(5) is entitled to register absentee for, and to vote by, an absentee ballot in Federal elections in the United States under section 3 of the Overseas Citizens Voting Rights Act of 1975 (42 U.S.C. 1973dd–1).

(c) Any United States citizen residing outside the United States who is entitled to register absentee for, and to vote by, an absentee ballot in Federal elections in the United States under section 3 of the Overseas Citizens Voting Rights Act of 1975 (42 U.S.C. 1973dd–1) shall relinquish such rights as they relate to election to the offices of Member of the United States Senate, Member of the United States House of Representatives, Delegate from the District of Columbia, Resident Commissioner of the Commonwealth of Puerto Rico, Delegate from Guam, and Delegate from the Virgin Islands, if such person votes or otherwise participates in the election of the Delegate to the House of Representatives for United States Citizens Abroad.

(d) A three-member commission, to be appointed by the President, shall determine the procedures and regulations for election of the Delegate to the House of Representatives for United States Citizens Abroad, the method by which a special election to fill a vacancy in the office of the Delegate shall be conducted, the method by which ties between candidates for the office of the Delegate shall be resolved, the order of names on the ballot for election of the Delegate, and all other matters pertaining to the election and the office of the Delegate not otherwise provided in this Act.

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## PERMISSION FOR COMMITTEE ON THE JUDICIARY TO HAVE UNTIL MIDNIGHT, APRIL 14, TO FILE REPORTS ON CERTAIN ANTITRUST BILLS AND DEPARTMENT OF JUSTICE AUTHORIZATION, FISCAL YEAR 1981

Mr. MAZZOLI. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight, Monday, April 14, 1980, to file reports on certain antitrust bills, H.R. 5949, H.R. 4046, H.R. 4048, H.R. 4049, and H.R. 4045, and also the Department of Justice authorization for fiscal year 1981, H.R. 6846.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the gentleman tell us, since the staff asked him to do this, whether they also told him whether the minority had been informed and what the consequences are if we do not grant these requests?

Mr. MAZZOLI. Taking them in reverse order, the consequences would not be probably cataclysmic but, on the other hand, I think it would be certainly helpful to the committee.

The first question the gentleman asks, I am not aware that the minority has been consulted, but I am convinced they have been, because the committee is in the habit of doing that as a matter of course. It was not just the staff, I would say to the gentleman, but also the chairman of the committee that asked the gentleman to make this unanimous-consent request.

Mr. ROUSSELOT. Further reserving the right to object, these requests are all to file reports?

Mr. MAZZOLI. That is all, just simply to file reports by midnight, April 14.

Mr. ROUSSELOT. I thank the gentleman and, assuming the minority has been informed. I will withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

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## REPRESENTATIVE ICHORD CLARIFIES POSITION ON C–X AIRCRAFT

(Mr. ICHORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ICHORD. Mr. Speaker, last week the House Armed Services Committee, during its mark up of the fiscal year 1981 defense authorization bill, H.R. 6495, conducted an in-depth review of the C–X aircraft.

The C–X, as I am sure many of the Members have read about in the press this past week, is a conceptual aircraft that the Department of Defense proposes to build in order to enhance our future strategic airlift system.

The committee has recommended against funding for C–X because:

A majority of the members have not been convinced of the requirements for this new aircraft.

In the competition for defense funds, we did not rank the requirement for a new aircraft that is intended to satisfy a 1986 or later requirement above the requirement to procure weapon systems and readily available ships and aircraft that will enable us to respond to an immediate crisis situation or conflict.

On March 31, I wrote the distinguished chairman of the Armed Services Committee, the Honorable MELVIN PRICE, stating my deep concern over the inaccurate press accounts of the reasons behind the committee's decision to deny funds for the C–X, I request permission to insert this letter into the RECORD as well as a letter to Secretary Brown dated March 20, 1980.

The press reported that the committee was against this aircraft because the administration was proposing to cut defense programs that were, and I quote, "dear to the Armed Services Committee." The committee does not operate in this manner and I want to make it perfectly clear that the C–X was not supported by me or the Committee because the Department of Defense did not make a satisfactory case for it.

I hope that this clarifies my position on the C–X and I will state in closing that I, along with the majority of the Members of the Armed Services Committee, are strong advocates of the need for more air- and sealift.

COMMITTEE ON ARMED SERVICES,
*Washington, D.C., March 31, 1980.*

Hon. MELVIN PRICE,
*Chairman, House Armed Services Committee, Rayburn House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: I am deeply concerned that the real reasons underlying the Research and Development Subcommittee's recommendation to deny fiscal year 1981 authorization for the C–X transport aircraft and the Committee's decision to sustain this recommendation have been obfuscated by inaccurate press reporting of the Committee's deliberations on this matter during the past few days.

At the outset, Mr. Chairman, I wish to extend sincere appreciation to you for creating a forum during the full committee mark up of H.R. 6495 for the free and open discussion on the most important issue of strategic mobility and the C–X program.

I share with you the need to enhance our current strategic mobility posture. My concerns and those of other Subcommittee Members were not based on the need for more strategic mobility but with the kinds of assets that should be procured in order to satisfy our current- and intermediate-term requirements. As I advised Secretary Brown in my letter of March 20, the case for the C–X aircraft was not adequately made before the Research and Development Subcommittee. I am enclosing a copy of this letter for your information. I do not believe that the witnesses who appeared during our mark up session made a good case for this specific aircraft. Having invested over $6 billion in the C–5A program, I believe it is absolutely essential to determine the full capability of this aircraft, and indeed what it cannot do prior to embarking upon a $12 billion C–X development and procurement program. You will recall that Secretary Claytor, during his appearance, acknowledged that Air Force data relating to the full capability of the C–5A is, in fact, incomplete. In light of our current strategic mobility deficiencies, our requirements and the current world situation, Mr. Chairman, I believe that it is imperative that we fully explore all the options that could enhance our strategic mobility posture and embark upon the more promising systems as soon as possible. There is little point in developing systems that will meet our 1985 and later requirements, if indeed we lack the assets that are required to insure the present. Since the Department of Defense is funding constrained, we are faced with the dilemma of establishing the proper balance between research and development and procurement. This is the point that I believe has been missed by the press—leading to the confusion over the relationship between the C–X and the pending DOD rescission package.

The press reported that the Committee was denying funds for the C–X because these funds would come at the expense of programs that may be of interest to this Committee. This is not the case. It is my opinion that a fiscal year 1980 rescission would have an adverse impact on our military readiness, since the fiscal year 1980 budget is not adequate to satisfy U.S. military requirements in view of the potential threat. Because of this fact, I question whether a research and development program such as the C–X should take precedence over the procurement of available airlift, sealift and conventional warfare hardware that is required to insure readiness.

In summary, Mr. Chairman, the Subcommittee's decision on the C-X came down to a matter of priority, requirements and technical issues. The Subcommittee did not believe that the C-X—a future system—was justified in the absence of relevant data or that this system should be supported in the absence of funds for the procurement of available sea- and airlift assets that are needed to satisfy today's requirements. Beyond the matter of priority, the case for the C-X per se was not made to our satisfaction; and the DOD representatives who appeared before the full committee fell short of making the case for this aircraft.

Please be assured that I am a strong advocate of the need for more air- and sealift, and I pledge to you my full support in taking steps that will enhance our current capability. I again want to convey my sincere appreciation for allowing the kind of discussion that we had on this most important issue and hope that this clarifies my position on the C-X.

Sincerely,
RICHARD H. ICHORD,
*Chairman, Research and Development Subcommittee.*

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COMMITTEE ON ARMED SERVICES,
*Washington, D.C., March 20, 1980.*
Hon. HAROLD BROWN,
*Secretary of Defense, The Pentagon, Washington, D.C.*

DEAR MR. SECRETARY: In accordance with our conversation of this afternoon, I would like to point, out several general factors that led to the Research and Development Subcommittee's recommendation to deny funds for the C-X aircraft in Fiscal Year 1981.

Setting aside the technical issues concerning the C-X for the moment, I as well as other Members of the Subcommittee seriously question the decision to pursue a potential $12 billion C-X program that will provide only a partial answer to our future lift requirements and not to include funds in the Fiscal Year 1981 budget to enhance our sealift capability. I recognize the need for a balanced mix of air and sealift assets to insure the strategic mobility that is necessary to respond to a conflict or crisis. Although you may differ with me, it is my judgement that in the order of priorities, the enhancement of sealift through the procurement of available ships takes precedence over a research and development program for a new aircraft. Perhaps the funds for sealift enhancement are forthcoming, but the fact is these funds have yet to be identified to me.

I have watched research and development programs come and go. It appears that we are going through times when no weapon system program is secure until the last unit is deployed. We have spent over $7 billion on the development of a manned penetrating bomber with only a few research and development aircraft and a museum piece to show for this investment. We have invested over $240 million in the Advanced Medium STOL Transport program only to see it terminated. We have spent over $350 million on the development of a 3,000-ton prototype Surface Effects Ship (SES). While the 3,000-ton SES was obviously not a sealift capable craft, it was a logical step in the development of a 6,000 or more ton craft which would have provided a possible alternative to the airlift of outsized cargo. Again, the SES program was terminated.

There are many of us who believe that in view of our strategic mobility deficiencies, our nation would be better served by procuring hardware that is readily available rather than embarking on another research and development program that may again lead nowhere.

There are several major technical issues that led to the Subcommittee's decision to recommend against the C-X. The factors are too extensive to list here, however, I am prepared to discuss them with you at some later time. The Air Force meanwhile has provided my staff with a copy of the correspondence between Assistant Secretary of Defense Murray and Air Force Secretary Mark concerning the C-X and the ancillary issues. I find the observations in this correspondence both interesting and alarming. If Secretary Murray's concerns are well founded, then it would be ill-advised to proceed with the C-X program in the absence of the information that he believes is required. If, on the other hand, Secretary Mark is correct, then I submit that we have spent billions of dollars to develop a C-5A capability that does not exist. If it has taken the Air Force this long to ascertain that the expected performance of the C-5A was grossly miscalculated, then I have to question the validity of Air Force arguments in favor of the C-X; and I would under no circumstances want to run the risk of repeating the C-5A mistakes in the C-X program.

In conclusion, the Subcommittee decision on the C-X came down to a matter of priority followed by requirements and technical issues. The C-X—a future system—simply could not be supported in the absence of funds for the procurement of sealift assets that are needed to satisfy our near and intermediate requirements. Beyond the matter of priorities, the case for the C-X per se has not been made to our satisfaction.

While there were other factors underlying the Subcommittee's decision, I trust that this information will convey to you at least our general concerns over the start of a $12 billion program.

Sincerely,
RICHARD H. ICHORD,
*Chairman, Research and Development Subcommittee.*

## MEDICAID PROGRAM REFORM

(Mr. SHELBY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHELBY. Mr. Speaker, as some of my colleagues may be aware, the Alabama medicaid program is on the verge of bankruptcy. Just as the State legislature was about to agree on a new budget for fiscal year 1981 which—by unearmarking some revenues and redirecting others along with enacting some new revenue raising measures—would funnel enough money into the medicaid program to assure health services for all eligible persons, the administration proposed the elimination of State revenue sharing as a step toward balancing the Federal budget—effectively pulling one of the supports out from under this teetering financial plan.

But I am not here to speak about the merits or demerits of the President's budget plan but rather to address the problems inherent in the Federal administration of the medicaid system; problems which are merely highlighted by a funding squeeze such as Alabama now finds itself in.

All potential for ingenuity at the State level has been robbed by the regulations written in the Washingon offices of HEW far removed from the realities of day-to-day provision of services. Cost savings through greater recipient participation, greater individualization of care through direct family assistance, reorientation of specific delivery systems to better fit local facilities—all of these are precluded by the tight regulatory network surrounding the medicaid system.

In an effort both to offer long-term solutions to Alabama's specific crises and to alleviate the regulatory burdens weighing so heavily on many State medicaid programs, I along with my colleagues in the Alabama delegation am today introducing a series of pieces of legislation designed to tackle both angles. These bills will perform the following purposes:

First. Allow States to negotiate for purchases of medical services;

Second. Give States the right to end a recipient's medicaid eligibility in instances of demonstrated abuse of the system;

Third. Allow families to contribute to the costs of medical care and to participate in a voluntary "relative responsibility" plan for recipients in nursing homes; and

Fourth. Give States the choice of requiring patient copayment for all medicaid services.

I recognize that the issue I am raising here is one which goes to the heart of the nature of the relationship between Federal and State Governments. Not only do I recognize this fact, I believe thorough discussion is in order. During these times of Federal belt tightening, it makes utmost sense to reevaluate the division of duties in such a State-administered plan and to consider regulatory changes which could ultimately reduce Federal outlays as well as bureaucratic man-hours. It is my sincere hope that the Commerce Committee's Health Subcommittee will see fit to review these bills soon after we reconvene.

## RECONCILIATION NECESSARY FOR A BALANCED BUDGET

(Mr. PANETTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PANETTA. Mr. Speaker, I regret that a number of chairmen of the authorizing committees have found it necessary to write the Speaker and urge that reconciliation not be included in the first budget resolution. It was my motion in the Budget Committee that resulted in reconciliation being part of the resolution. The argument is presented that there is no precedent and, indeed, there is no precedent for reconciliation in the first budget resolution. But the point is that this is not a year of precedent, that we face serious inflationary problems and that in order to balance the budget, reconciliation will be necessary to get committees to focus and act on the targets contained in the first budget resolution.

□ 1010

The argument is also presented that this somehow undermines the authority of the authorizing committees. The fact is that once targets are set on a broad level, it will be up to the authorizing committees to determine what programs ought to be reduced in order to meet those savings targets. It supports the authority and power of the authorizing committees to determine what programs shall be reduced. The challenge, the Council challenge of a balanced budget this year, will be to make it real, to make it happen. It will not happen unless we have the cooperation of the chairmen of the committees, of the committees themselves, and unless we have reconciliation. To do otherwise will simply reaffirm the basic suspicion of the American people that we really do not have the will or the guts to do what is necessary to control inflation.

Mr. MAZZOLI. Mr. Speaker, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. I thank the gentleman for yielding. I commend the gentleman on his statement today. I was, along with him, one of the very few Members from this side of the aisle who supported the reconciliation concept last year. I think it is core central to the idea of management of the budget, and I think it is core central to the idea of avoiding the imposition of a constitutional amendment to do the thing for us.

Mr. PANETTA. I thank the gentleman.

## PRESIDENT MAKES SENSATIONAL ANNOUNCEMENT MINUTES BEFORE POLLS OPEN

(Mr. DEVINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEVINE. Mr. Speaker, minutes before the polls opened yesterday in Wisconsin, President Carter had a sensational announcement for reporters. The American hostages would soon be transferred to the Government of Iran, the President said. He called it "a positive step."

The Secretary of State was so enthusiastic that he called congressional leaders at 6 a.m. to announce the news.

What a positive step it was. By the time the polls closed, it was clear there was no basis for the optimism. Iran had attached strings. Bani Sadr starts listing conditions.

Once again the amateur diplomats in the White House had been deceived. And they mislead the American public.

Mr. Speaker, it is time for action, not words. The United States is not an impotent giant. We can impose sanctions on Iran and make them work. We can defend the Nation's honor against the lawless actions of Iranian militants. After 151 days, it is long past time for the President to stop playing politics with the hostage issue. It is time for him to demonstrate leadership.

## SEEING THE LIGHT

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, I have some good news and some bad news to discuss this morning .

The bad news is that, rather than cutting spending as advertised, the President's latest budget proposal actually calls for a $1 billion increase in spending in fiscal 1980 and 1981 compared with his January estimates. Whatever budget surplus there will be, if indeed there is one, will therefore be a result of higher taxes.

The good news, however, is that the administration is beginning to own up to its sins. Just last Thursday, Treasury Secretary G. William Miller admitted that Government borrowing, to cover recent budget deficits, has contributed to the devastating rise in interest rates. Now, if the Democrat controlled Congress, which voted all those deficits, would just take the hint and really cut Federal spending, instead of simply creating that illusion, interest rates would go down.

But, I know that will be difficult. After all, how easy is it for leopards to change their spots?

## OSM UNDER HEAVY CRITICISM FOR HARASSMENT OF SMALL COAL MINE OPERATORS

(Mr. CLINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CLINGER. Mr. Speaker, statements made in the other body by the senior Member from Oregon and the junior Member from Virginia revealed alleged criminal lobbying activities by the Department of Interior's Office of Surface Mining. According to OSM memos, high officials may have violated statutes which prohibit the lobbying of Congress, directly or indirectly, with appropriated funds. OSM has supposedly organized several environmental interest groups to lobby against amendments to the Surface Mining Reclamation Act in Congress. These amendments had overwhelmingly passed the other body, despite a sophisticated campaign to defeat their passage by OSM.

In my district, OSM is under heavy criticism for harassment of small coal mine operators and overly complex regulations. I believe that these abuses are the worst example of regulatory overkill and that it is, therefore, the obligation of Congress to thoroughly and immediately investigate these allegations.

## FOR 25 YEARS THE DEMOCRAT-CONTROLLED CONGRESS HAS BEEN PLAYING APRIL FOOL ON THE AMERICAN PEOPLE

(Mr. LIVINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LIVINGSTON. Mr. Speaker, yesterday we celebrated April Fool, a day when each one of us can play harmless little tricks on our friends, tell them fantastic stories, then cry "April Fool" and smile—it is all a joke.

But the kind of tricks this Democratic Congress has been playing on the American people are no joke.

Every year the leadership proposes an annual budget. Every year that budget winds its way through Congress and it passed. But by the time another April rolls around the budget has grown, the deficit has grown and taxes have grown. It is April Fool.

Last November, when the 1980 budget was passed, the original deficit was $26.8 billion. That was bad enough. But now, on April Fool, we find that expenditures have far exceeded estimates and that our actual deficit will be closer to $46 billion.

For 25 years the Democrat-controlled Congress has been playing April-Fool on the American people. The taxpayers are soothed in the fall and tricked in April.

This fall I believe American voters will remember the tricks Democrats have played on them for 25 years and vote Republican.

Then we will see who are the April fools.

## PENTAGON DEMONSTRATIONS

(Mr. TAUKE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TAUKE. Mr. Speaker, another episode in the continuing saga of the Pentagon demonstrations occurred recently. Brought to my attention by a constituent of mine, Joe Valitchka, on leave and working at the Pentagon, it now appears that the antinuclear protesters have resorted to throwing imitation blood and ashes on the Pentagon Concourse.

I am not here to criticize anyone's right to demonstrate. That is a constitutional given. However, when the protests go beyond the peaceful and orderly stages and result in wanton disregard for public property, they should be condemned. Moreover, firmer action should be taken. The way it is now, the demonstrators appear each week and deface the property of the Government. Our law enforcement and judicial authorities refuse to take action to halt the demonstrations and protect Government property or punish the demonstrators. At the very least, the protesters should be made to clean up their mess. We, as taxpayers, should not have to foot the clean-up bill for them.

## LEGISLATION TO ASSIST CERTAIN VETERANS AND DEPENDENTS

(Mr. DAVIS of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAVIS of Michigan. Mr. Speaker, today, I am introducing legislation aimed at assisting a very small group of people. These people are veterans and the dependents of these veterans who have been forgotten, overlooked or ignored by their government while they are suffering for a decision made for them years ago.

That decision was to send American servicemen into the areas of Hiroshima and Nagasaki that were destroyed by the dropping of atomic bombs in August 1945 in order to conduct cleanup operations only weeks after the bombing. It was believed that radiation levels at the sites were insufficient to warrant concern over possible health hazards to American personnel sent into the area.

Today, Napoleon Micheau is suffering from a rare form of bone marrow cancer known as multiple myeloma. Orlo Moon is sitting in a wheel chair after losing both his arms and legs due to a blood disorder. These two gentlemen are constituents of mine, both members of the American forces sent into the bombed areas shortly after the explosions and both part of a growing number of veterans seeking compensation for disabilities due to radiation exposure in Japan.

It is difficult to determine the precise number of American military forces in the immediate "ground-zero" area during the important time period, however, estimates are that there were roughly 1,000 Americans each in Hiroshima and Nagasaki within a 1 mile radius of the blast site in the fall of 1945. Out of this number, there are 65 known claims that have been made to the Veterans' Administration with the actual number of reported radiation-related diseases estimated at close to 100. Out of these claims, the VA has yet to grant a single one.

The normal response from the VA has relied on the argument that radiation levels at the time of the American occupation were insufficient to have caused biological harm. Aside from the large number of claims that have been filed, there are other figures which raise serious questions as to the validity of this statement.

Multiple myeloma may have many possible causes, radiation exposure being but one. The expected rate of incidence of the disease is very rare being approximately one in 4,000 persons. The known incidence of myeloma among veterans of the Hiroshima and Nagasaki occupation is at least six times that amount. In addition to this are reported cases of rare forms of leukemia, types of lung cancer not associated with smoking, Hodgkins disease and myelofibrosis, all disorders related to the production of bone marrow, all diseases which have been associated with radiation exposure.

It would appear from such overwhelming evidence that the VA would have given more credence to the claims, however, it was not until recently that the plight of these individuals has been given any formal recognition by the administration. The Defense Nuclear Agency was requested to include the matter of the Hiroshima/Nagasaki veterans claims in an ongoing study of similar claims from individuals involved in atomic testing in the Pacific and Nevada. This development has not been a source of assurance for this group of veterans however, due to the fact that the DNA may have a conflict of interest in the matter.

They are charged with investigating a project involving nuclear energy, an area with which they are also charged with developing. Whether there is substance to this concern or not, I believe it is important that this issue be examined from a medical standpoint, by an impartial body to determine the causality of exposure to the radiation in Hiroshima and Nagasaki and the health disorders being experienced by these veterans. My bill would do simply that; it directs the Secretary of HEW to carry out a comprehensive study to determine the relationship and to report back to Congress within 2 years on the results of the study.

Mr. Speaker, the issue here is not the hazards of radiation, it is not nuclear power, it is not military armament policy. This issue here is the responsiveness of Government to a real and serious problem faced by a small group of people in their late fifties and older. They have endured tremendous hardships. Many have spent considerable sums of money on the treatments for their diseases. They have been frustrated in their attempts to obtain relief. This matter is one of conscience. At the least, we owe these people an opportunity to have their problems addressed. My bill would provide the beginning for such an action. I urge that this issue be given the attention it deserves and that this bill be acted upon.

## DEPARTMENTS STILL SPENDING FOR PLANT WATERING

(Mr. GRASSLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GRASSLEY. Mr. Speaker, during the past 2 years the Committee on Appropriations has exposed the waste of taxpayers' money used to pay people who watered plants for the various bureaucracies in Washington, D.C. Congress dictated a stop to that waste of the taxpayers' money. Now, research shows that several executive branch departments still spend $44,000 a year for plant watering. In this day of 20-percent inflation, 19-percent interest rates, and a $39 billion deficit, it is time that we stop this nonsensical waste of money. Federal employees ought to be able to, at the very least, tend their own gardens.

## EXPLOSIVE GROWTH IN FEDERAL SPENDING DUE TO RAPID EXPANSION OF WELFARE AND INCOME-SECURITY PROGRAMS

(Mr. ROUSSELOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Speaker, as the congressional "balanced budget bandwagon" picks up steam, many of our "born-again" budget balancers are looking toward a budget balanced by reductions in defense spending. What they fail to acknowledge is that the explosive growth in Federal spending has been almost entirely due to the rapid expansion of our welfare and income security programs.

Defense spending has been cut, in real terms, in 11 out of the last 21 years. By contrast, spending for welfare income security programs has increased, in real terms, in 20 out of the last 21 years. These programs have displaced defense outlays as the Federal Government's top spending priority.

In short, we have afforded this expanded generosity by both raising total spending and taxes, and then skimping on defense. Given this background, I see nothing at all inconsistent with the argument that we now need to both increase defense fund and curb unnecessary increases in wasted spending.

A balanced budget—yes. But not at the expense of our national security. National security and the defense of our Nation is a fundamental responsibility of our Federal Government.

□ 1020

## PERMISSION FOR COMMITTEE ON HOUSE ADMINISTRATION TO FILE PRIVILEGED REPORT ON HOUSE RESOLUTION 515

Mr. PANETTA. Mr. Speaker, I ask unanimous consent that the Committee on House Administration may have until midnight tonight to file a privileged report on House Resolution 515, establishing the Congressional Child Care Center.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the gentleman explain why we are doing this today?

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman.

Mr. PANETTA. I have been asked by the committee as a former member of the House Administration Committee to make that request. It deals with legislation, as I understand it, establishing a Congressional Child Care Center.

Mr. ROUSSELOT. Can the gentleman explain why it is necessary to do this by unanimous consent?

Mr. PANETTA. I am doing this at the request of the chairman of the committee.

Mr. ROUSSELOT. Can the gentleman tell us, further reserving the right to object, whether the minority side has been so informed?

Mr. PANETTA. It has been indicated that this is a privileged resolution and it either has to be filed from the floor by a member of the committee or pursuant to the pending request.

Mr. ROUSSELOT. Can the gentleman assure us that the minority has been informed of this?

Mr. PANETTA. I am assured that the minority has been informed.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California.

There was no objection.

## CONFERENCE REPORT ON S. 662, INCREASED PARTICIPATION IN INTER-AMERICAN DEVELOPMENT BANK, ASIAN DEVELOPMENT BANK, AND AFRICAN DEVELOPMENT FUND

Mr. GONZALEZ submitted the following conference report and statement on the Senate bill (S. 662) to provide for increased participation by the United States in the Inter-American Development Bank, the Asian Development Bank, and the African Development Fund:

CONFERENCE REPORT (H. REPT. NO. 96-867)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 662) to provide for increased participation by the United States in the Inter-American Development Bank, the Asian Development Bank, and the African Development Fund, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

### TITLE I—INTER-AMERICAN DEVELOPMENT BANK

SEC. 101. The Inter-American Development Bank Act (22 U.S.C. 283 et seq.) is amended—

(1) by redesignating section 29 as section 28; and

(2) by adding at the end thereof the following new section:

"SEC. 29. (a) The United States Governor of the Bank is authorized to vote for two resolutions which were proposed by the Governors at a special meeting in December 1978 and are pending before the Board of Governors of the Bank. These resolutions provide for (1) an increase in the authorized capital stock of the Bank and additional subscriptions thereto, and (2) an increase in the resources of the Fund for Special Operations and contributions thereto. Upon adoption of these resolutions, the United States Governor is authorized on behalf of the United States (A) to subscribe to two hundred twenty-seven thousand eight hundred and ninety-six shares of the increase in the authorized capital stock of the Bank, of which two hundred ten thousand eight hundred and four shall be callable and seventeen thousand and ninety-two shall be paid-in, and (B) to contribute to the Fund for Special Operations $700,000,000; except that any commitment to make such subscriptions to paid-in and callable capital stock and to make such contributions to the Fund for Special Operations shall be effective only to such extent or in such amounts as are provided in advance in appropriation Acts.

"(b) In order to pay for the increase in the United States subscription and contribution provided for in this section, there are authorized to be appropriated, without fiscal year limitation, for payment by the Secretary of the Treasury (1) $2,749,207,988 for the United States subscription to the capital stock of the Bank, and (2) $700,000,000 for the United States share of the increase in the resources of the Fund for Special Operations.

"(c) For the purpose of keeping to a minimum the cost to the United States, the Secretary of the Treasury shall pay the United States contribution to the Fund for Special Operations authorized by this section by letter of credit in four annual installments. The Secretary of the Treasury shall take the steps necessary to obtain a certification from the Bank that any undisbursed balances resulting from drawdowns on such letter of credit will not exceed at any time the United States share of expected disbursement requirements for the following three-month period.

"(d) None of the funds authorized to be appropriated by this section may be used for any form of assistance to any country which is not a member of the Bank.".

SEC. 102. The President shall evaluate a proposal for joint action by the countries of the Western Hemisphere and other countries which participate in the Inter-American Development Bank to increase exploration for and exploitation of energy and mineral resources of the Western Hemisphere through multilateral incentives, administered by the Inter-American Development Bank, to private investment in such resources. The President shall report his findings to the Congress not later than September 30, 1980, together with such recommendations as he considers appropriate.

### TITLE II—ASIAN DEVELOPMENT BANK

SEC. 201. The Asian Development Bank Act (22 U.S.C. 285 et seq.) is amended by adding at the end thereof the following new sections:

"SEC. 24. (a) The United States Governor of the Bank is authorized to contribute on behalf of the United States $445,000,000 to the Asian Development Fund, a special fund of the Bank, except that any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the United States contribution to the Asian Development Fund provided for in this section, there are authorized to be appropriated, without fiscal year limitation, $445,000,000 for payment by the Secretary of the Treasury.

"(c) For the purpose of keeping to a minimum the cost to the United States, the Secretary of the Treasury shall pay the United States contribution to the Asian Development Fund authorized by this section by letter of credit in four annual installments. The Secretary of the Treasury shall take the steps necessary to obtain a certification from the Bank that any undisbursed balances resulting from drawdowns on such letter of credit will not exceed at any time the United States share of expected disbursement requirements for the following three-month period.

"SEC. 25. It is the sense of the Congress that it is the policy of the United States that Taiwan (before January 1, 1979, known as the Republic of China) shall be permitted to retain membership in the Asian Development Bank and that the United States Executive Director of the Bank shall notify the Bank that a serious review of future United States participation, including any future payments to the Asian Development Fund, would ensue if Taiwan were excluded from the Bank.".

### TITLE III—AFRICAN DEVELOPMENT FUND

SEC. 301. The African Development Fund Act (22 U.S.C. 290g et seq.) is amended—

(1) by redesignating section 212 at section 211; and

(2) by adding at the end thereof the following new section:

"SEC. 212. (a) The United States Governor of the Fund is authorized to contribute on behalf of the United States $125,000,000 to the Fund as the United States contribution to the second replenishment of the resources of the Fund, except that any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the United States contribution provided for in this section, there is authorized to be appropriated, without fiscal year limitation, $125,000,000 for payment by the Secretary of the Treasury.

"(c) For the purpose of keeping to a minimum the cost to the United States, the Secretary of the Treasury shall pay the United States contribution to the African Development Fund authorized by this section by letter of credit in three annual installments. The Secretary of the Treasury shall take the steps necessary to obtain a certification from the Fund that any undisbursed balances resulting from drawdowns on such letter of credit will not exceed at any time the United States share of expected disbursement requirements for the following three-month period.".

### TITLE IV—EXPORT OPPORTUNITY ENHANCEMENT

SEC. 401. The Secretary of the Treasury shall instruct the United States Executive Directors of the Inter-American Development Bank, the Asian Development Bank, and the African Development Fund to take all possible steps to assure that information relative to potential procurement opportunities for United States firms is expeditiously communicated to the Secretary of the Treasury, the Secretary of State, and the Secretary of Commerce. Such information shall be disseminated as broadly as possible to both large and small business.

### TITLE V—HUMAN RIGHTS REPORTING

SEC. 501 (a) Section 701 of the Act of October 3, 1977 (Public Law 95-118; 22 U.S.C. 262g), is amended in subsection (c)—

(1) by inserting "(1)" immediately after "(c)"; and

(2) by adding at the end thereof the following new paragraph:

"(2)(A) The Secretary of the Treasury shall report quarterly on all loans considered by the Boards of Executive Directors of the institutions listed in subsection (a) to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate. Each such quarterly report shall include a list of all loans considered by the Boards of Executive Directors of such institutions and shall specify with respect to each such loan—

"(i) the institution involved;

"(ii) the date of final action;

"(iii) the borrower;

"(iv) the amount;

"(v) the project or program;

"(vi) the vote of the United States Government;

"(vii) the reason for United States Government opposition, if any;

"(viii) the final disposition of the loan; and

"(ix) if the United States Government opposed the loan, whether the loan meets basic human needs.

"(B) The information required to be reported under subparagraph (A) also shall be included in the annual report to the Congress of the National Advisory Council on International Monetary and Financial Policies.".

(b) Such section is further amended by adding at the end thereof the following new subsection:

"(g) (1) The Secretary of the Treasury, in consultation with the Secretary of State, shall report quarterly to the chairmen and ranking minority members of the Committee on Banking, Finance and Urban Affairs of the House of Representatives, the Subcommittee on International Development Institutions and Finance of such Committee, and the Committee on Foreign Relations of the Senate, in each instance in which the United States Executive Director of an institution listed in subsection (a) opposes any loan, financial assistance, or technical assistance for reasons regarding human rights. Each such report shall include—

"(A) the reasons for such opposition;

"(B) all policy considerations taken into account in reaching the decision to oppose such loan, financial assistance, or technical assistance;

"(C) a description of the human rights conditions in the country involved;

"(D) a record of how the United States Government voted on all other loans, financial assistance, and technical assistance to such country during the preceding two years; and

"(E) information as to how the decision to oppose such loan, financial assistance, or technical assistance relates to overall United States Government policy on human rights in such country.

"(2) The Secretary of the Treasury or his delegate shall consult frequently and in a timely manner with the chairmen and ranking minority members specified in paragraph (1) to inform them regarding any prospective changes in policy directon toward countries which have or recently have had poor human rights records.".

(c) Title VII of the Act of October 3, 1977, is amended by adding at the end thereof the following new section:

"Sec. 705. The President shall direct the United States Governor of the International Bank for Reconstruction and Development, the United States Governor of the International Finance Corporation, the United States Governor of the International Development Association, the United States Governor of the Inter-American Development Bank, the United States Governor of the Asian Development Bank, and the United States Governor of the African Development Fund, to consult with the other Governors of those institutions concerning adoption of an amendment to the Articles of Agreement of their respective institutions to establish human rights standards to be considered in connection with each application for assistance.".

### TITLE VI—USE OF RENEWABLE RESOURCES FOR ENERGY PRODUCTION

Sec. 601. The Congress finds that—

(1) without an adequate supply of energy at affordable prices the world's poor will continue to be deprived of jobs, food, water, shelter, and clothing, and poor countries will continue to be economically and politically unstable;

(2) dependence on increasingly expensive fossil fuel resources consumes too much of the capital available to poor countries with the result that funds are not available to meet the basic needs of poor people;

(3) in many developing countries the cost of large central generators and long distance electrical distribution makes it unlikely that rural energy by means of a national grid will contribute to meeting the needs of poor people;

(4) only one of eight rural inhabitants lives in an area which has access to electricity and even fewer rural inhabitants actually have or can afford electricity;

(5) wood, animal and agricultural waste, and other "noncommercial" fuels still supply about half the total energy in developing countries and all but a seventh in rural sectors;

(6) growing dependence of the world's poor on wood for heating and cooking has forced the overcutting of forests and as a consequence erosion and loss of available agricultural land; and

(7) recent initiatives by the international financial institutions to develop and utilize decentralized solar, hydro, biomass, geothermal, and wind energy should be significantly expanded to make renewable energy resources increasingly available to the world's poor on a wide scale.

Sec. 602. (a) The United States Government, in connection with its voice and vote in the Inter-American Development Bank, the African Development Fund, and the Asian Development Bank, shall encourage such institutions—

(1) to promote the decentralized production of renewable energy;

(2) to identify renewable resources to produce energy in rural development projects and determine the feasibility of substituting them for systems using fossil fuel;

(3) to train personnel in developing technologies for getting energy from renewable resources;

(4) to support research into the use of renewable resources, including hydropower, biomass, solar photovoltaic, and solar thermal;

(5) to support an information network to make available to policy makers the full range of energy choices;

(6) to broaden their energy planning, analyses, and assessments to include consideration of the supply of, demand for, and possible uses of renewable resources; and

(7) to coordinate with the Agency for International Development and other aid organizations in supporting effective rural energy programs.

(b) For purposes of this section, the term "renewable resource" means any energy resource which—

(1) meets the needs of rural communities;

(2) saves capital without wasting labor;

(3) is modest in scale and simple to install and maintain and which can be managed by local individuals;

(4) is acceptable and affordable; and

(5) does not damage the environment.

(c) The Secretary of the Treasury, in consultation with the Director of the United States International Development Cooperation Agency, shall report to the Congress not later than six months after the date of enactment of this Act and annually thereafter on the progress toward achieving the goals set forth in this title.

And the House agree to the same.

Henry S. Reuss,
Henry B. Gonzalez,
John J. LaFalce,
John J. Cavanaugh,
J. William Stanton,
Henry J. Hyde,
*Managers on the Part of the House.*

Claiborne Pell,
George McGovern,
Paul Sarbanes,
J. K. Javits,
Richard G. Lugar,
*Managers on the Part of the Senate.*

### JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 662) to provide for increased participation by the United States in the Inter-American Development Bank, the Asian Development Bank, and the African Development Fund, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying on conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

#### TITLE I—INTER-AMERICAN DEVELOPMENT BANK

The House amendment provided for an authorization of $1,649,900,000 for the United States subscription to the capital stock of the Inter-American Development Bank. The Senate bill provided for an authorization of $2,749,207,988 for that purpose. The House recedes to the Senate.

The House amendment provided for an authorization of $600,000,000 for the United States share of the increase in the resources of the Fund for Special Operations. The Senate bill provided for an authorization of $700,000,000 for that purpose. The House recedes to the Senate.

The conference agreed to the Senate figures with the recognition that the terms of the replenishment agreements for which these contributions are authorized have led to actual reductions in U.S. contributions to the Fund for Special Operations from previous replenishments and that the U.S. share of the contributions are equal to or less than the levels included in the sense of the Congress resolutions (contained in Public Law 95-481, Foreign Aid Appropriations Act for 1979, and in Public Law 95-118, increasing U.S. participation in the multilateral development banks). Furthermore, the conferees agreed that acceptance of the House figures would necessitate a renegotiation of the current agreements leading to prolonged interruptions in bank lending activity and adversely affecting assistance to countries vital to our national security.

For the purpose of keeping the cost of participation in the Inter-American Development Bank to a minimum, the conferees agreed that the Secretary of the Treasury should pay the amounts required for U.S. subscriptions to the paid-in capital of the Bank by letter of credit in four annual installments. The Secretary of the Treasury is instructed to obtain a certification from the Bank that drawdowns of the letters of credit will be deferred until the funds are needed by the Bank.

The House amendment required the Secretary of the Treasury to obtain a certification from the Bank that it would not drawdown the United States contributions to the Fund for Special Operations before they are needed. The conferees agreed that this change in procedure will prevent the institutions from maintaining dollar balances in excess of their needs, thereby reducing the outlays from the U.S. Treasury for fiscal year 1980 and succeeding fiscal years. The Senate recedes to the House.

The House amendment provided that none of the funds authorized under this section may be used for any form of assistance to a nation that is not a member of the Bank. The Senate bill contained no similar provision. The Senate recedes to the House with the understanding that this amendment would not limit the authority of the Bank to lend to the Caribbean Development Bank under Article III, Section 1, of the Articles of Agreement of the Inter-American Development Bank.

The House amendment required the President to evaluate a proposal for joint action by members of the Bank to increase exploration and exploitation of energy and mineral resources of the Western Hemisphere through investment insurance administered by the Bank and through other methods. The amendment also required the President to submit a report and recommendations on this matter by September 30, 1980. The Senate bill contained no similar provision. The Senate recedes to the House with an amendment that deletes the reference to investment insurance.

### TITLE II—ASIAN DEVELOPMENT BANK

The House amendment provided for an authorization of $180,000,000 for the United States share of the increase in the resources of the Asian Development Fund. The Senate bill provided for an authorization of $445,000,000 for that purpose. The House recedes to the Senate for reasons expressed in the explanation of Title I.

The House amendment required the Secretary of the Treasury to obtain a certification from the Bank that it will not drawdown the United States contribution to the Fund before they are needed. The Senate bill contained no similar provision. The Senate recedes to the House.

The House amendment authorized the United States to contribute up to $100,000,000 to a special refugee fund to be administered by the Bank and authorized $100,000,000 in appropriations for that purpose. The House amendment also required the President to encourage other countries to support the establishment of the fund. The Senate bill contained no similar provisions. The House recedes to the Senate with the understanding that the authorizing committees and the Secretary of the Treasury will study the feasibility of having the multilateral development banks assist member countries of first asylum for refugees and to aid in permanent resettlement of refugees in third countries in South and Southeast Asia.

The House amendment provided that the United States may not make any contribution to the Asian Development Fund if Taiwan is excluded from membership in the Asian Development Banks. The Senate bill contained no similar provision. The Senate recedes to the House with an amendment reaffirming the position of the Congress as set forth in the Taiwan Relations Act which provides for the protection of Taiwan's interests in the Asian Development Bank, and expressing the sense of Congress that future U.S. participation would be threatened if Taiwan were ever to be expelled from the Bank.

### TITLE III—AFRICAN DEVELOPMENT FUND

The House amendment required the Secretary of the Treasury to obtain a certification from the Fund that it will not drawdown the United States contributions to the Fund before they are needed. The Senate bill contained no similar provision. The Senate recedes to the House.

### TITLE IV—EXPORT OPPORTUNITY ENHANCEMENT

The House amendment required the Secretary of the Treasury to instruct the United States executive directors of the Inter-American Development Bank, the Asian Development Bank, and the African Development Fund to assure that information relating to export opportunities is communicated to the Secretaries of State and Commerce. The amendment also required the information be broadly disseminated to large and small businesses. The Senate bill contained no similar provisions. The Senate recedes to the House.

### TITLE V—HUMAN RIGHTS REPORTING

The House bill contained a Committee amendment which required the Secretary of the Treasury to report on loans made by the multilateral development banks and any United States actions taken on human rights grounds with respect to those loans. The bill was amended on the House Floor to require the United States to propose amendments to the articles of agreement of the multilateral development banks that would establish human rights standards to be considered in connection with each application for assistance from those institutions. The Senate bill contained no similar provisions. The Senate recedes to the House on the Committee amendment and recedes on subsection (c) with an amendment directing the U.S. Governor of the Banks to consult with the other governors of the Banks concerning adoption of an amendment to the articles of agreement to establish human rights standards for assistance.

### TITLE VI—USE OF RENEWABLE RESOURCES FOR ENERGY PRODUCTION

The House amendment required the United States to encourage the Inter-American Development Bank, the African Development Fund, and the Asian Development Bank to promote the development of renewable energy resources. The Senate bill contained no similar provisions. The Senate recedes to the House with technical amendments.

HENRY S. REUSS,
HENRY B. GONZALEZ,
JOHN J. LAFALCE,
JOHN J. CAVANAUGH,
J. WILLIAM STANTON,
HENRY J. HYDE,
*Managers on the Part of the House.*

CLAIBORNE PELL,
GEORGE MCGOVERN,
PAUL SARBANES,
J. K. JAVITS,
RICHARD G. LUGAR,
*Managers on the Part of the Senate.*

## CONFERENCE REPORT ON INCREASED PARTICIPATION IN INTER-AMERICAN DEVELOPMENT BANK, ASIAN DEVELOPMENT BANK, AND AFRICAN DEVELOPMENT FUND

(Mr. GONZALEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GONZALEZ. Mr. Speaker, at this time I would yield for a question to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I thank my colleague for yielding.

First of all, those of us on this side, Mr. YOUNG of Florida, Mr. BAUMAN, and myself, appreciate the assistance of the majority side in allowing us to participate in this conference. We attempted to explain to the other body why we felt the amendments that passed overwhelmingly on this side of the Capitol were important to helping balance the budget and relieve the burden on the U.S. taxpayer. These are pretty substantial reductions in these replenishment funds. Can the gentleman give us any idea as to when this conference will be brought up?

Mr. GONZALEZ. I have no specific idea as to the timing or the scheduling of the conference report on the House Calendar.

Mr. ROUSSELOT. My understanding is that the week after we get back it is scheduled to be brought up.

Mr. GONZALEZ. The gentleman probably has more of an informed understanding than I have, because I have not had a chance to consult with the leadership; that is, the chairman of the committee who led the conferees. The gentleman knows I was not present yesterday at the conference. It was impossible for me to be present, so I am not informed as to what the expectations are as to the time for presentation of the conference report to the House.

Mr. ROUSSELOT. I appreciate, first of all, the gentleman yielding, and also the majority side for giving us a free chance to present our ideas to the other body in conference. I am sorry they did not prevail. So we will announce now, that we will make the effort when the conference does come to the floor, by whatever parliamentary methods we have available to us, to make sure that the House position on these amendments is sustained. As the gentleman knows, it was not sustained—the big spenders in the other body decided to go ahead, spend the money anyway, and increase the burden on the American taxpayer—a burden that is, in this instance, wholly unnecessary, unjust and costly.

## DEMOCRATIC-CONTROLLED CONGRESS HAS BEEN IRRESPONSIBLE WITH NATION'S HEALTH

(Mr. DICKINSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DICKINSON. Mr. Speaker, yesterday was "April Fool's Day." In a sense our Nation has been living in a "fool's era" for the past quarter century while we have trusted leadership in our Congress to national Democrat control and its wild, irresponsible experiment in welfare statism.

Their experiment has been a dismal failure. Succeeding Democrat Congresses have bankrolled their unsuccessful adventures into socialism. These adventures to utopia have been disillusioning to those who were supposed to be helped. It has been an economic disaster to the Nation and the productive taxpaying citizens of our society.

When the party of my colleagues on the other side of the aisle took control 25 years ago the national debt was $272.8

billion. It took 166 years of nationhood and several expensive wars to reach that figure. After only 25 years of Democrat spending and leadership in Congress, our debt has rocketed to $939.4 billion, about three times the 1954 figure.

In 1954 inflation was less than one-half of 1 percent—today it is approaching 20 percent. In 1954 interest rates were 5 percent—today they are approaching 20 percent.

Twenty-five years ago under a Republican President and Congress our budget was $68.5 billion. Today under a Democrat President and Congress the budget is $615.8 billion—an almost tenfold increase in just 25 years.

Our Nation is fast becoming an economic "basket case." Why? Because Democrat-controlled, spendthrift Congresses has been irresponsible with our Nation's wealth.

The name of the game has been "pie in the sky" promises to the voters and spend, spend, spend to collect the political dividends.

Well, Mr. Speaker, a 25-year-long "April Fool's" season is coming to an end. The majority of our citizens are beginning to see through the false and empty promises.

Look at the differences 25 years and the party in control can make: A $272.8 billion debt versus a $939.4 billion debt; a $68.5 billion budget versus a $615.8 budget; less than 1 percent inflation versus 20 percent inflation; 5-percent interest rates versus 20-percent interest rates and an era of national growth, power and prosperity versus stagnation, weakness and hopelessness. The joke has been on the American people, and they are finally figuring it out.

## H.R. 7009—TAXATION OF CERTAIN FEDERAL SCHOLARSHIP GRANTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 10 minutes.

● Mr. ROSTENKOWSKI. Mr. Speaker, today I am introducing along with my Ways and Means colleagues Messrs. STARK, LEDERER, FOWLER, GUARINI, DUNCAN of Tennessee, and VANDER JAGT a bill to provide permanent tax relief for recipients of Federal scholarships whose award is conditioned upon the recipient's performance of future service as a Federal employee. Under current law, amounts received for educational benefits are generally taxable when the recipient is required to perform future services for the grantor. Thus amounts received as scholarships under such programs as the Armed Forces Health Professions and the Public Health/National Health Services Corps scholarship programs would normally be included in the recipient's gross income because these programs all require military or public health service in exchange for the Federal scholarship.

Congress has acted five times since 1973 to prevent this result, at least with respect to these particular health programs. Each time, a temporary moratorium on the taxation of these scholarships has been enacted. Due to the expiration of this temporary legislation, students entering these programs after January 1, 1981, face the prospect of being taxed on the entire amount of benefits received from these programs. Not only will this impose a heavy tax burden upon students, but it also represents a substantial disincentive for students to seek these scholarships. Thus, taxing these scholarships somewhat frustrates the purposes of these Federal scholarship programs.

Therefore, Mr. Speaker, the bill we are introducing today provides a permanent exception to current tax law by exempting from taxation tuition and fees received as scholarships under Federal programs which require future Federal service. Monthly stipends (or salaries) for living expenses, however, would not be exempt from taxation. Since most students have little, if any, income other than the monthly stipend, the tax liability arising from the stipend alone should not be unduly burdensome.

I believe this bill offers a rational compromise between two competing policies. By exempting the major portion of the total scholarship award from tax, it retains the incentive for students to seek these scholarships. The Nation is thereby assured of fulfilling its need for dedicated, well-trained professionals in Federal programs deemed high priority by Congress. At the same time, this bill creates only a limited but quite rationale exception to the general rule that amounts received for educational benefits whose award is conditioned on the performance of future service are taxable as compensation. The exception is based on the distinctive source of these scholarships; they are Federal grants. In effect, the application of the general rule means that the Federal Government confers a benefit when it awards the scholarship, but recinds part of that benefit when it taxes it. This bill lessens the impact of those contradictory policies by exempting the tuition from tax.

Although temporary exclusions from Federal income taxation in the past have also been granted to research fellowships awarded under the National Research Service Award (NRSA) program, the legislation we introduce today does not address these grants. These fellowships are not in the nature of tuition, books or fees, nor are they specifically conditioned on the performance of any Federal employment. It should also be noted that the maximum amount of the fellowship which has been excluded from income under the temporary NRSA legislation ($3,600), now only slightly exceeds the Federal tax threshold ($3,300) below which no tax is owed. The increase of both the zero bracket amount and the personal exemption by the Revenue Act of 1978 assures that taxation of these awards in the future will not result in the imposition of a significant tax liability unless the award recipient has substantial other sources of income.

Mr. Speaker, I think this scholarship bill affords students the opportunity to plan their studies and careers on a long-term basis by making this exemption permanent. The Nation, at the same time, is guaranteed a steady supply of able professionals in the future. Since the Subcommittee on Select Revenue Measures will conduct hearings on this legislation on April 17, 1980, I would hope that interested groups would take this opportunity to focus on this approach to resolving this troublesome problem.

The legislation as introduced follows:

### H.R. 7009

A bill to amend section 117 of the Internal Revenue Code of 1954 to provide that Federal grants for tuition and related expenses at institutions of higher education shall not be includible in gross income merely because the recipient is required to render future service as a Federal employee

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 117 of the Internal Revenue Code of 1954 (relating to scholarships and fellowship grants) is amended by adding at the end thereof the following new subsection:

"(c) FEDERAL GRANTS FOR TUITION AND RELATED EXPENSES NOT INCLUDIBLE MERELY BECAUSE THERE IS REQUIREMENT OF FUTURE SERVICE AS FEDERAL EMPLOYEE.—

"(1) IN GENERAL.—If—

"(A) an amount received by an individual under a Federal program would be excludable under subsections (a) and (b) as a scholarship or fellowship grant but for the fact that the individual is required to perform future service as a Federal employee, and

"(B) the individual establishes that, in accordance with the terms of the grant, such amount was used for qualified tuition and related expenses,

gross income shall not include such amount.

"(2) QUALIFIED TUITION AND RELATED EXPENSES DEFINED.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'qualified tuition and related expenses' means—

"(i) tuition and fees required for the enrollment or attendance of a student at an institution of higher education, and

"(ii) fees, books, supplies, and equipment required for courses of instruction at an institution of higher education.

"(B) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an educational institution in any State which—

"(i) admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate,

"(ii) is legally authorized within such State to provide a program of education beyond high school.

"(iii) provides an educational program for which it awards a bachelor's or higher degree, provides a program which is acceptable for full credit toward such a degree, or offers a program of training to prepare students for gainful employment in a recognized health profession, and

"(iv) is a public or other nonprofit institution.

"(3) SERVICE AS FEDERAL EMPLOYEE.—For purposes of this subsection, service in a health manpower shortage area shall be treated as service as a Federal employee."

SEC. 2. The amendment made by the first section of this Act shall apply to taxable years beginning after December 31, 1980.

## THE NATIONAL SOIL CONSERVATION ACT OF 1980

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. Grassley) is recognized for 5 minutes.

● Mr. GRASSLEY. Mr. Speaker, I am today introducing a bill entitled the National Soil Conservation Act of 1980, designed to provide farmers with incentives for using good soil conservation practices. This bill would also authorize a pilot program to test Government purchase of erosion reduction and other measurable conservation practices. Both approaches are based on alternative strategies outlined in the review draft of the study conducted by the U.S. Department of Agriculture in response to the 1977 Soil and Water Resources Conservation Act (RCA).

Soil erosion is a serious long-term national challenge. The loss of irreplaceable topsoil is mortgaging our Nation's future and diminishing the legacy we want to leave our children and generations of Americans to come. Yet, under the pressure of day-to-day problems that seem more critical, conservation often gets relegated to a low spot on our priority list.

We have often been told that all new wealth comes from the soil—so often, in fact, that it has almost become a litany. We mouth the words and nod our heads in agreement, but seldom come face-to-face with the reality of their meaning. Unfortunately, unless we do more than we are doing now to protect that soil that produces the wealth of this country—the essential food and fiber that provides the underpinning for the rest of our economy—our descendants will one day have the raw truth of that statement demonstrated to them in some dramatic and decidedly unpleasant ways.

The data I am about to recite has been quoted many times before, but it bears repeating. The RCA study conducted by the U.S. Department of Agriculture indicates that some 4 billion tons of soil are lost annually from non-Federal lands in the United States. Nearly one-half of the 413 million acres of cropland in 1977 were comprised of soils with moderate, high, or very high risk of damage by sheet and rill erosion.

Soil losses from this type of erosion of cropland amount to some 2 billion tons annually. Most serious sheet and rill erosion occurs in the Corn Belt and Delta States and west Tennessee. An estimated 97 million acres of cropland experience rates of this type of erosion that exceed 5-tons per acre per year. This area is equivalent to the total amount of land in Iowa, North Carolina, and Ohio.

When soil depth decreases, corn yields may be lowered by 2 to 3 bushels per acre for each inch of topsoil lost when other production factors remain constant. One estimate puts the annual cost of excess sheet and rill erosion on cropland at 1977 rates between $540 million and $810 million. An estimated 78 percent of excess sheet and rill erosion occurs on about 6 percent of the cropland acreage. The average annual erosion of this type of Iowa cropland in 1977 was 9.9 tons per acre, compared with a national average of 4.8 tons. Other high loss rates were 14.1 in Tennessee, 11.4 in Missouri, and 10.9 in Mississippi.

The bill I am introducing would authorize a program of incentives to land users who voluntarily apply and maintain conservation measures that meet certain standards. These incentives could include increased loan levels, purchases and target prices for commodities under the farm programs, as well as lower interest rates or interest waivers on commodity loans, cost sharing and technical assistance. Financial assistance would also be authorized to help replace income lost due to crop adjustments for conservation purposes.

The Secretary of Agriculture would also be directed to set up a pilot program to test the effectiveness of paying farmers for the amount of soil they can save. Soil losses of participating farmers would be measured before they implement new conservation measures, and tests would be made periodically to determine if the practices actually reduce the soil loss rate. Payments would be made in proportion to the amount of genuine reduction.

Both programs stress the "whole farm" approach to conservation. Costs would depend on which incentives were offered, the level of farmer participation, the size of the pilot program and the availability of funding. At this time of fiscal belt-tightening, we are faced with some hard choices as to budget priorities. But that should not prevent us from looking at all the options available for meeting critical national needs. In fact, it should encourage us to explore new concepts that may be more workable and cost-effective. That is why I am introducing this bill. We need to find ways to intensify our conservation efforts, and I hope the two approaches suggested here will be thoroughly examined and discussed.

I am also developing legislation to provide tax credits for conservation expenditures, and expect to have that bill ready for introduction later this month.

Mr. Speaker, in the interests of stimulating full discussion of the relative merits of the conservation programs outlined in this bill, I wish to include in the Record at this point the text of the proposal.

### H.R. 7022

A bill to authorize a national soil conservation program utilizing incentives to landowners to install and maintain conservation measures meeting certain standards and to establish a pilot program to test the purchase of conservation benefits, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "National Soil Conservation Act of 1980".

Sec. 2. The Congress finds that—

(a) studies by the United States Department of Agriculture indicate that four billion tons of soil are lost annually from non-Federal lands in the United States, with approximately two billion tons lost from cropland. Nearly one-half of the four hundred and thirteen million acres of cropland in 1977 were comprised of soils with moderate, high, or very high risk of damage by sheet and rill erosion;

(b) offering positive incentives to land owners and users to install and maintain conservation measures that meet certain minimum standards established in coordination with local soil and water conservation districts is an effective way of conserving our precious soil, water and other natural resources;

(c) changing farming practices and operations has the greatest potential for reducing soil erosion; and

(d) a pilot program whereby the Federal government would offer to purchase erosion reduction, water savings, and other outputs of conservation from farmers would provide valuable information with regard to whether such a program would be an effective supplement to existing programs and the program established by this Act.

Sec. 3. (a) The Secretary of Agriculture is authorized and directed to formulate and implement a program for the conservation of soil, water, and related resources by providing technical and financial assistance to owners and operators of non-Federal agricultural land. Assistance on State, county, and other non-Federal public land will be limited to those lands that are an integral part of a private farm operating unit and are under the control of the private landowners or operators. The Secretary shall make the program implemented pursuant to this section available in all the 50 States of the United States and Puetro Rico and the Virgin Islands of the United States except that priority shall be given to areas whose conservation problems present the greatest threat to future food and fiber production.

(b) To carry out the program authorized by this section, the Secretary is authorized, notwithstanding any other provision of law, to enter into contracts with owners and operators of non-Federal agricultural land having such control over the land as the Secretary deems necessary. Such contracts shall be designed to provide assistance to the owners or operators to install conservation measures which are designed to conserve, protect, or properly utilize the soil, water, and related resources of their agricultural lands; and to maintain the soil and water conservation treatment needed under such measures.

(c) Conservation agreements with landowners and operators shall form the basis for contracts. Conservation agreements shall establish minimum conservation performance standards for the lands involved and shall be developed in cooperation with and approved by the soil and water conservation district in which the lands are situated. The agreement shall incorporate such soil, water, and related resources conservation measures as may be determined by the owner or operator to be practicable to protect such land from erosion and deterioration and which meet or exceed the minimum conservation performance standards established for the lands involved. Such agreement shall be designed to fit the local soil, water, and related resources problems of the land involved and may allow for varying levels of conservation application as is appropriate to address the problems. The agreement shall cover all of a farm, ranch, or other lands as specified in the agreement. Such agreement may also include conservation measures for enhancing fish and wildlife and recreation resources and for reducing or controlling agricultural related pollution.

(d) The landowners or operators shall agree—

(1) to carry out their agricultural operations on the lands covered by the agreement in such a manner that the minimum performance standards established in the agreement are met unless any requirement thereof

is waived or modified by the Secretary pursuant to paragraph (f) of this subsection;

(2) to forfeit all rights to any payment, grant, or other benefit under the contract if the landowner or operator fails to provide the Secretary within 30 days after the end of each contract year a certificate from the soil and water conservation district in which the lands are situated certifying that the landowner or operator has met or exceeded the minimum conservation performance standards established for the land involved under the agreement;

(3) not to adopt any practices specified by the Secretary in the contract as a practice which would tend to defeat the purposes of the contract;

(4) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of the program or to facilitate the practical administration of the program;

(5) to such modifications as are determined by the Secretary to be necessary to accommodate adjustments in crop production.

(e)(1) In return for such agreement by the landowners or operators, the Secretary shall agree to provide the landowners or operators technical and financial assistance. Such financial assistance may include sharing the cost of carrying out conservation measures set forth in the contract for which the Secretary determines that cost sharing is appropriate and in the public interest, and, notwithstanding any other provision of law, increased levels of loans, purchases and target prices for commodities under the Agricultural Act of 1949, lower interest rates, or waiver of interest, on commodity loans under the Agricultural Act of 1949, and such other incentives as may be determined by the Secretary to be appropriate and in the public interest. The amount of any payment, grant or other benefit made available to any landowner or operator shall be in direct proportion to the cost of installing and maintaining the conservation measures specified in the contract.

(2) If the Secretary agrees to share the cost of carrying out conservation measures, the portion of the costs to be shared shall be that part which the Secretary determines is necessary and appropriate to effectuate the installation and, if applicable, the maintenance of the conservation measures under the contract, including the cost of labor. The Secretary shall determine the maximum amount of cost-share assistance that may be provided to any single recipient. Where adjustments in land use from crops to permanent vegetative cover or changes in crop varieties are undertaken as conservation measures, financial assistance may be provided with regard to the income lost as a result of such land use or crop adjustments.

(f) The Secretary may terminate any contract with landowners or operators by mutual agreement with the owners or operators if the Secretary determines that such termination would be in the public interest and may agree to such modification of contracts previously entered into as the Secretary may determine to be desirable to carry out the purposes of the program or facilitate the practical administration thereof or to accomplish equitable treatment with respect to other similar conservation, land use, or commodity programs administered by the Secretary.

SEC. 4. (a) The Secretary of Agriculture is also authorized and directed to formulate and implement a pilot program to test and demonstrate the effectiveness of achieving conservation of soil, water, and related resources through contracts with owners and operators of non-Federal agricultural land whereby the Secretary would pay such owners or operators for amounts of soil, water and related resources saved. Payments with regard to State, county, and other non-Federal public land shall be limited to those lands that are an integral part of a private farm operating unit and are under the control of the private landowners or operators.

(b) To carry out the pilot program authorized by this section, the Secretary is authorized, notwithstanding any other provision of law, to enter into contracts with owners and operators of non-Federal agricultural land having such control over the land as the Secretary deems necessary. Such contracts shall be designed to provide payments to such owners or operators based on the amount of soil, water, or related resources saved through conservation measures or practices implemented or carried out after the date such contract is entered into by the owners or operators on their agricultural land.

(c) Conservation plans of landowners and operators shall form the basis for contracts. The landowners or operators shall furnish to the Secretary a plan of conservation operations developed in cooperation with and approved by the soil and water conservation district in which the lands are situated. The plan shall—

(1) include an evaluation made by a qualified soil conservationist of the soil, water and related resource conditions, including loss rates, for the land unit for a five-year period prior to development of the plan;

(2) incorporate such soil, water, and related resources conservation measures including management techniques as may be determined by the owner or operator to be practicable to protect such land from erosion and deterioration;

(3) be developed to cover all of a farm, ranch, or other lands as determined to be necessary to conserve soil, water, and related resources.

(4) include an estimate of units of soil, water, and related resources to be saved by full implementation of the plan.

(5) include, where agreed to by the landowner and determined by the Secretary to be of significant national benefit, conservation treatment for enhancing fish and wildlife and recreation resources and for reducing or controlling agricultural related pollution.

(d) The amount of payments made pursuant to subsection (b) shall be determined based on an annual report made by a qualified soil conservationist and certified by the soil and water conservation district in which the lands are situated. Such report shall state to what extent the conservation plan has been implemented during the previous year and shall estimate the units of soil, water and related resources saved on an average annual basis by such implementation.

(e) The Secretary shall determine the payments to be made for each unit of soil, water, and related resources saved and these payment rates shall be included as a part of the contracts developed pursuant to subsection (b) of this section. The annual payments to landowners and operators shall be reduced by the amount of any payments received the preceding year by the landowner or operator for the installation or maintenance of conservation practices under other conservation programs administered by the Secretary of Agriculture.

(f) The pilot program authorized by this section shall operate for five full fiscal years, beginning with the first fiscal year for which funds are first provided for the operation of the program, but not prior to the fiscal year which begins on October 1, 1980.

(g) No payments in excess of $10,000 per year may be made by the Secretary to any landowner or operator pursuant to contracts under this section.

(h) The Secretary shall report annually to the Congress on the progress of the pilot program authorized by this section. The first such report shall be submitted upon completion of the first year of operation of the program authorized by this section. The final report shall be submitted not later than six months after the completion of the fifth year of operation and shall include an evaluation of the pilot program and the Secretary's recommendation on the need for, nature, and scope of a permanent natural resource contract program.

SEC. 5. In carrying out the provisions of this Act, the Secretary may utilize the services of local, county, and State committees established under section 8 of the Soil Conservation and Domestic Allotment Act (49 Stat. 1149, as amended; 16 U.S.C. 590h) and the technical services of the Department of Agriculture, soil and water conservation districts, and other State or local agencies. The Secretary is authorized to utilize the services and facilities of the Commodity Credit Corporation in discharging departmental functions and responsibilities under this Act.

SEC. 6. There are hereby authorized to be appropriated annually, to be available until expended, such sums as may be necessary to carry out the programs authorized by this Act. No funds shall be appropriated to carry out this Act for the fiscal year beginning October 1, 1985, and subsequent fiscal years, except as authorized by law enacted after the effective date of this Act.

SEC. 7. The Secretary is authorized to prescribe such regulations as determined necessary to carry out the provisions of this Act. Initial regulations shall be promulgated within six months after enactment of this Act.

SEC. 8. The Secretary shall provide for protection of program participants from indirect or direct disqualifications, discrimination, forfeiture or reduction of eligibility, or penalty under other agricultural programs for participating in the programs authorized by this Act.●

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## WE SEE AFTER SOVIETS' CRIME OF INVASION OF AFGHANISTAN TOO MUCH INACTION, TOO LITTLE REACTION, TOO SOON FORGETTING

The SPEAKER pro tempore (Mr. COELHO). Under a previous order of the House the gentleman from Alabama (Mr. BUCHANAN) is recognized for 60 minutes.

Mr. BUCHANAN. Mr. Speaker, Abraham Lincoln in his famous Gettysburg Address said:

> The world will little note, not long remember what we say here, but it can never forget what they did here.

I am afraid in our time what has happened is that when something of great significance that comprises a great danger to the world happens, the world too little notes and does not remember. This soon after the Soviet rape of a small, helpless neighbor, Afghanistan, and the assassination of that country's leader, and the subjugation of that country's people under conditions in which atrocities were committed, the world has made too little note, nor does it give evidence of long remembering.

Mr. Speaker, today thousands of Soviet troops brutally occupy Afghanistan. They have been there since December and show no signs of departing. Indeed, recent reports indicate that Soviet military personnel have been instructed to prepare for a stay of at least 2 years and that an agreement has been reached with the Soviet puppet leaders of Afghanistan to permit a continued presence for an indefinite period.

Just what is the rationale for this invasion. Is it really in the national interest of the U.S.S.R.

They have invaded a small, weak, helpless neighbor, thereby proving themselves to be a threat to every other neighboring country that may disagree.

They have taken on the whole world of Islam, apparently gratuitously.

They have endangered trade and commerce with this country—trade which is undoubtedly more important to them than to us.

They are expending vast sums of money needlessly and risking the lives of their citizens daily.

And, finally, they have almost assuredly sounded the death knell on the SALT II treaty, the implementation of which Leonid Brezhnev recently noted "would have opened the way to big steps in the field of disarmament" and which was certainly important to the Soviet Union.

Unlike our President, I was not surprised by the action of the Soviet Union in its attack on Afghanistan. In fact, I have stood on this very spot many, many times in the 16 years that it has been my privilege to represent the Sixth District of Alabama in the Congress to warn of the intentions of the Soviet Union.

In that 16 years, their goals have not changed. They have not varied.

The Soviet Government, regardless of who has been in power, has sought to dominate others either through subversion or by blatant aggression when its goals of total domination appeared to be threatened. Thus has the Russian bear dug its claws into the peoples of Lithuania, Estonia, the Ukraine, Hungary, Czechoslovakia, and now Afghanistan.

We have heard the defenses emanating from Moscow that this was not an invasion, but an effort to save the government in Kabul from outside interference. I would agree that the Government of Afghanistan needs to be saved, not by the Soviet Union, but from it.

I would also note, Mr. Speaker, that in the course of "saving" the government of President Amin, the Soviets managed to murder him. Since that time an estimated 50 Afghan citizens are being executed daily. Religious believers are being persecuted and mosques fired upon.

What has, in fact, happened in Afghanistan is that the government has been supplanted by a puppet regime and Afghanistan is now another satellite of the Soviet Union.

In addition to invading a country, violating its sovereignty and killing its leader, the Soviet Union has compounded its crime against the people of Afghanistan by using chemical weapons such as nerve and poison gas against them. Continuing reports from individuals fleeing the country cite attacks using chemicals and resulting in death or illness to people and animals.

Repeated reports of the use of napalm and nerve gas cannot be ignored and I have no doubt that these reports are accurate.

Given the fact that the Soviet military entered Afghanistan armed with chemical decontamination equipment, there can be little doubt as to their intentions with regard to the use of such chemical weapons.

Yet, the Soviet Union is a signatory to the protocol prohibiting the use of asphyxiating, poisonous, or other gases and of that on bacteriological methods of warfare. But as has been the case too often before, that nation has blatantly and openly violated such agreements.

It has also again violated the provisions of the Helsinki Final Act, particularly basket I of that agreement. The invasion and subsequent atrocities are in direct contravention of principle I concerning sovereign equality; Principle II involving the threat or use of force; principle VIII on equal rights and self-determination of peoples; principle IX on cooperation among states and principle X on the fulfillment in good faith of obligations under international law.

Given these repeated violations of existing agreements, I cannot see how we can believe that the Soviet Union would live up to the provisions of the SALT II treaty were it ratified.

However, Brezhnev lays the blame for the failure to ratify not at the feet of his own country which violates treaties at will, but at the feet of the United States because we refuse to believe that a grizzly bear is a teddy bear.

The invasion of Afghanistan and the wanton violation of international agreements pose a definite threat to the United States and to our oil supplies in the Middle East. At the same time, however, they are an even greater threat to the very existence of those nations bordering Afghanistan and to those countries who depend upon imported oil even more than does the United States.

Although the United Nations General Assembly adopted a strongly worded resolution deploring the Soviet intervention in Afghanistan, little substantive action has been taken by nations outside the United States.

The entire world, but particularly the Islamic world and South Asia today face one of the greatest challenges of our times. The question of their very survival is before them. It is appropriate, therefore, that they and the countries of Western Europe who are also endangered by this act of aggression respond with strength and that the whole world say "No" to the Soviet Union.

The United States has responded appropriately, in my judgment, with a series of actions. These include restrictions on grain shipments and fishing rights, cessation of major cultural exchanges, and a boycott of the Olympic games.

I had earlier introduced a resolution calling for the establishment of alternative games to the Olympics and regret that the administration did not move forward more rapidly and more vigorously with a proposal of this type. We are now at the point where the United States will boycott the games, but we may well have delayed too long to adequately prepare or obtain support for the schedule of games at an alternate site.

There are those who say that our boycott will politicize the games. Anyone who actually believes that the games are not already politicized is a Rip Van Winkle who has been asleep to the politicization which has affected the games since their very inception. The tragic events of Munich were certainly political, as were efforts against Israel and the Republic of China.

Indeed, the Soviet Union requested permission to host the games as an overt political act to gain acceptance in the world and to attempt to convince the world that that Government is not an aggressor and a major violator of human rights.

The Soviet Government is making a concerted effort to use the games politically to the greatest extent possible and even published a pamphlet explaining how to do so.

In a more calculated vein, that Government has undertaken a massive program to rid Miscow of all of the Soviet dissidents there so that only the pure and true believers of the Soviet line, or those too frightened to speak, will be on hand to meet foreign visitors to Moscow.

While I sincerely regret the necessity for the U.S. boycott, I do believe it to be an appropriate response to what is naked aggression.

We in the United States have many talented athletes who would win medals at Moscow. At the same time, the Soviet Government has made a mockery of everything which the Olympic games represent. Our competition in these games would lend legitimacy to that Government and thereby reflect our tacit approval not only of the further politicization of the games but of the invasion of Afghanistan as well.

Unless the Soviet Union is stopped now, unless world opinion and action can be galvanized now, this pattern of Soviet aggression will continue. Perhaps there will not be a hostage crisis to divert U.S. attention at some future date, but I have no doubt that there will be new invasions unless strong and decisive actions are taken now.

It is certainly appropriate that the United States give leadership, leadership which is consistent and strong, in opposition to the invasion and the continued Soviet presence in Afghanistan.

Our country has too often been criticized and blamed for the ills of the world. These critics, however, have ignored the actions which this Nation has taken over the years toward peace and against poverty, hunger, and repression. Were it not for the United States and our Marshall plan, Europe would not be as strong and free as it is today.

I would ask those who are so quick to lay the blame on the United States: Where is our Hungary; where is our Czechoslovakia; where is our Afghanistan? Yes, and where are the thousands in our country who seek to flee the repression, but are prohibited from doing so.

I see no Americans seeking refuge in the Soviet Embassy here in Washington. Yet today, there are Soviet citizens who have been in our Embassy for 22 months out of fear of their own government.

The actions of the Soviet Union throughout its history reflect a record of threats to world peace and security. This record stands in vivid contrast to that of the United States.

Notwithstanding the words of our critics, it is a fact and remains the case that the United States is still, as Abraham Lincoln said more than a century ago, "the last best hope for human freedom."

In this regard, the United States has tried to give some leadership and that leadership thus far has not been followed. I think that it is very tragic that the world can be shocked at the invasion of Hungary, but does little about it and quite soon forgets. A few years later the world can be shocked again with a Czechoslovakia and do nothing and forget again. Now once again we see after the Soviets' crime of the invasion of a small, helpless neighbor too much inaction, too little reaction, too soon forgetting something that is of danger to the world.

When the Soviet Union invaded Afghanistan, it was a challenge to all of Islam, and Islam has not appropriately responded. When the Soviet Union invaded Afghanistan, it was a threat to every small developing country that might get in its way, and yet far too few of those who are in this category have shown an appropriate response. When the Soviet Union invaded Afghanistan, it was a further threat to the Middle East oil that is important to the United States, but much, much more important to Europe and to Japan.

So, Mr. Speaker, I would simply say that the world at its own risk continues to fail to react and to stand together to say no to this adventure in Afghanistan. The world, indeed, is guilty, it seems to me, of the same kind of crime as those who stand by while an innocent person is murdered or drowned and do nothing. It is time for the world together to say no. It is time for Europe to stand with the United States and say no to this crime against a people and a small country.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes, I will gladly yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague's yielding and taking the time today to alert the House once again to the tragedy of the invasion of Afghanistan with massive forces by the Soviet Union. The gentleman is correct. It has not received the appropriate attention. Even though some of the Islamic countries have denounced the invasion, some of them did it very late. Iran is one, for example, as they were so busy with their own country's revolution, they did not take time to notice that their ally to the north and coreligious nation of Islam in Afghanistan was being invaded and terrorized.

Our President learned too late that the U.S.S.R.'s Communist threat is real and that they will back it up with massive physical force. The gentleman knows, because we have had reports, pretty substantial reports, that all kinds of chemical weaponry is being used to subjugate the people in Afghanistan. We should note with great alarm that this invasion, the subjugation of those people, is going on.

I compliment the gentleman for taking the time again in the House to alert our citizens and other nations that Congress is aware that this is going on. The United States must provide leadership, strong leadership, in opposition to the invasion of and of Soviet presence in Afghanistan.

Mr. BUCHANAN. I thank the gentleman for his contribution and associate myself with his remarks.

Mr. Speaker, this is not a situation in which the United States should have to stand alone. We have had some who have stood with us—the great lady from Great Britain and others—but I would say even if we have to stand alone, we must stand firm. Our answer must be no, no, no, never again to any more Afghanistans.

## AIR TRAFFIC SAFETY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, in the 18 years and 3 months or so that I have been here, I have had occasion to travel much more than 6 million air miles just between here and my district. I have made it a practice to return to my district every weekend when the House adjourns, and if it ever adjourns for any period of time or recesses, I go back to the district, so that I am very conscious of air safety. Even if I had not had this amount of mileage, I still would be conscious of air safety because of the first experience I had, newly elected in 1962, with the political decision made by the then FAA Administrator, Najeeb Halaby, to remove the air route traffic control center from San Antonio and join it to the one in Houston. It was a political maneuver mostly because my very powerful and distinguished Texas colleague, Albert Thomas, was then the chairman of the Subcommittee on Appropriations.

The first 2 years of my service I concentrated on trying to reverse that decision and never succeeded. However, it has always been a very questionable factor as to air traffic safety in the San Antonio air corridor.

Two years ago on the occasion of the terrible catastrophe in San Diego, the collision of an airliner with a small craft, a local San Antonio newspaper, the San Antonio Light, brought to my attention the fact that San Antonio continued to have a similar pattern of danger of near-collisions or near-hits. I then raised some questions that never got satisfactory answers.

Today I rise because the great peril and danger of catastrophe over the Potomac is extremely grave. National Airport is a nemesis for every single pilot that has any business arriving or departing from National Airport. In the last 2 months I have been impressed by the fact that more than half a dozen airline pilots, every one of them experienced with far more than 10 or 15 years of experience, have gone out of their way to approach me during my flights back home to advise me that they are terribly concerned about the safety of the approach as well as the departure from National Airport. They tell me that they are compelled because of the noise-abatement pressures in the neighborhood to approach National Airport in such a way with such maneuvers that amount to tricks in the air, death-defying tricks. They must approach curving and banking and twisting and turning and rolling over the Potomac. Their fear is enhanced by the fact that wide bodies are scheduled for service to National Airport, and they know in their hearts and minds that the potential for tragedy is there every day almost every hour.

Therefore, I have drafted a letter of concern and inquiry to the Administrator of the FAA in the hope that perhaps attention could be concentrated on this very serious and grievous problem confronting us. I think that heretofore where we have raised our voices and have been ignored, the record of tragedy is too eloquent to overlook. I had raised the question, for example, of near-misses and near-hits and had elaborated on that considerably over 15 years ago and was then ignored by the then FAA, when now is under the general auspices of the National Transportation Safety Board. So I express this concern and hope this time we can get some of the powerful Members, chairmen of the committees and subcommittees that have jurisdiction, to respond.

Mr. Speaker, I yield back the remainder of my time.

The letter referred to is as follows:

WASHINGTON, D.C.,
*April 2, 1980.*

Hon. LANGHORNE M. BOND,
*Administrator, Federal Aviation Administration, Washington, D.C.*

DEAR MR. BOND: In my eighteen years and three months in the Congress, I have had occasion to travel for more than six million air miles, just between my District and Washington, D.C., and have been very conscious of the very wonderful performance of American commercial air service.

From the very beginning of my career, I have been particularly sensitive about air safety and the first two years in the Congress, I devoted almost exclusively my time to this subject matter, the reason being the political decision made by the then FAA Administrator, Najeeb E. Halaby, to remove the Air Route Traffic Control Center from San Antonio to Houston.

It was impossible to reverse that decision, but the obvious increased hazard in the San Antonio air corridor has continued to be a source of great worry. Two years ago, on the occasion of the San Diego catastrophe, the local San Antonio newspaper, the San Antonio Light, revealed the existence of a similar problem of recurring near-collisions in the San Antonio area and then remembering my fight in 1962, brought this to my attention I raised questions then (two years ago) but received no satisfactory answers. Today I am very much concerned about the potential for tragedy in the Washington National Airport. I have been advised by more than one-half dozen experienced pilots that due to the pressure occasioned by the noise abatement procedures, they are compelled to maneuver and perform approaches to landings over the Potomac River that are fraught with great peril and which if performed in any other air sector in the United States would be condemned and punished by the Federal Aviation Administration. They are particularly alarmed about the potential of death and tragedy when the wide-bodies are increased in number of performance at National Airport.

I would like to know exactly why this is so, and any information you can give me with respect to this, and also to the record of near-collisions reported in the San Antonio area, as quickly as possible, will be appreciated.

Sincerely yours,

HENRY B. GONZALEZ,
*Member of Congress.*

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□ 1040

## AMERICA, WORLD PEACE, AND THE THREAT OF SOVIET POWER IN HISTORICAL PERSPECTIVE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. SKELTON) is recognized for 30 minutes.

Mr. SKELTON. Mr. Speaker, 46 years ago—just 5 years before the outbreak of the Second World War in Europe—Winston Churchill rose in the House of Commons to deliver the first in a series of speeches warning against the weakness of British air defense. His was truly a voice crying in the wilderness, rejected or ignored by those who placed their faith in the pacific intentions of other nations. It was an era in which what was called "moral disarmament," the renunciation of force by nations committed to the way of peace—This way of thinking enjoyed widespread appeal in the democracies, deeply wounded as they were by the impact of the First World War less than two decades before.

It was the mission of Winston Churchill to sound an alarm at a time when there were few in the West who wished to hear. It was the year, 1934, in which disarmament talks among the powers finally collapsed. Both Japan and Germany had already withdrawn from the League of Nations and were vigorously pursuing an extensive military buildup. Thus, coming events cast their shadows before.

This was the immediate background to Churchill's prophetic warning, a warning widely unpopular and ill received. He observed:

> We are vulnerable as we have never been before.
>
> (We) are left exposed to a mortal thrust, and are deprived of that sense of security and independence upon which the civilization of our island has been built.

The failure to heed these sober admonitions would eventually be reckoned in blood. Having retreated successively from every confrontation with Nazi expansion during the thirties, the Allied Powers were to find themselves unable to help Poland, to whose defense they had pledged themselves and for whose integrity they finally made their stand in 1939. How much Europe and the world might have been spared had Britain and the West generally responded to that call of Churchill.

Historical analogies are always inexact, yet it remains true that those who will not learn from history are doomed to repeat it. Today, we in the United States confront the growing power of the Soviet Union both in Europe and in Asia. I believe that we, too, in Churchill's words, may be vulnerable as we have not been before. We, too, are increasingly exposed to that imbalance of power which risks some mortal thrust. We, too, are increasingly deprived of "that sense of security and independence" upon which the survival of the West has depended.

In subsequent statements, Mr. Speaker, I hope to show the nature and extent of the Soviet build up in comparison with our American defense capability. I hope further to indicate what must be done—what we must do if the peace of the world is to be maintained, that peace which, in the final analysis, depends upon the deterrent power of this Nation.

Two fundamental points should be made clear from the beginning—first, my conviction that the study of history must lead to a realistic appraisal of human nature. One of our most eminent American theologians wrote eloquently of "moral man and immoral society," underlining the tendency of men in the aggregate, of nations, aggressively to pursue collective self-interest regardless of the moral sensitivity of individuals. Seen in this light, history is indeed a melancholy record of man's inhumanity to man. In his "Discourses," Machiavelli, reflecting on this grim symbolism, observed that the state is ultimately founded upon violence, albeit as a last resort. Similarly, in Genesis, human culture and civilization, the settled life of cities, are portrayed as established by Cain on the brutal slaying of his brother.

To draw again upon Churchill's words:

> This truth may be unfashionable, unpalatable, unpopular. But it is the truth. The story of mankind shows that war was universal and unceasing for millions of years before armaments were invented or armies organized. Indeed the lucid intervals of peace and order only occur in human history after armaments in the hands of strong governments have come into being. And civilization has been nursed only in cradles guarded by superior weapons and discipline. To remove the causes of war must go deeper than armaments, we must remove grievances and injustice, we must raise human thought to a higher plane and give a new inspiration to the world. Let moral disarmament come and physical disarmament will soon follow. But what sign of this is there now?

Indeed, Mr. Speaker, we may well ask in this year of 1980: What sign of this is there now?

Of course, to cite this trait of human nature need not lead to despair or gloom. Rather than submission, our rallying-cry must be preparation, knowing that in strength of arms lies our best hope for peace. Such preparation, as Churchill noted, "involves statesmanship, expense, and exertion," but "neither submission nor preparation are free from suffering and danger."

My second fundamental point Mr. Speaker, has to do with the challenge facing the United States today—that is, the nature of the Soviet Union, past and present, and the threat it poses to the world community.

That threat is composed of two elements—the one, nationalist and, indeed, imperialist in its ambitions; the other, ideological, the Leninist-Stalinist brand of Marxism, all-embracing in its claims, a system of ideas sustained by isolation, indoctrination, and—in the end—gun and bayonet, the ultimate arbiters.

The history of the 19th century is one of steady Russian advance into Central Asia, the gradual subjugation of the Muslim khanates and other areas, until at last in the 1880's Russian arms reached Afghanistan itself where fierce clashes occurred between Russian and Afghan forces. Rising tension with Britain seemed likely for a time to result in war between Russia and Britain over Afghanistan, a war narrowly averted by negotiations securing Afghan independence.

Today, we see that similar expansionist impulses have again led Russia—in this case as the self-designated instrument of Marxian advance—to invade the territory of Afghanistan, an area of vital significance to the security and stability of India and Pakistan as well as of the Near East in general.

Thus, history seems to repeat herself. Apart from national expansion and ideological commitment, we may well ask what it is that motivates Russian policy, not only in Afghanistan, but throughout the extentive borders of the Soviet Union in Europe and Asia alike. Many experts discern an obsessive concern with security, a concern which has shaped much of Russian history since the invasions of the Mongols in the Middle Ages, invasions whose impact has never been forgotten.

Security, like charity, may be said to cover a multitude of sins. Russia, still mindful of the German invasion in the Second World War—which itself recalled Napoleon's campaign over a century before—has responded to its own perception of how best to secure its territories by seeking to control, directly or indirectly, neighboring countries and geographical areas. The danger of this activist policy in the name of security is that it can be endless.

So with Soviet power today. In 1980, as in earlier years, it is power, or rather counterpower, which Russia respects and understands; it is that deterrent power which alone will indicate to the Soviet leadership when and where the time has come to stop.

In Berlin in 1948 and 1949, and in Cuba in 1962, the Soviet Union knew when to stop precisely because of American strength and our willingness to use it to set limits to Soviet expansion, and thereby to preserve the peace of the world.

Today we may well ask: Have we lost the credibility we had then? If so, what must we do to restore it? Since the end of the Second World War, the Soviet Union—motivated by concern for security, the impulse to support and protect Marxist regimes, whatever the motives—has steadily increased the territories and peoples under her direct and indirect control. Where Soviet power has been halted, American power, counterpower, deterrent power, has been the effective and only barrier to that expansion.

If we are to heed the warning signs given by the Soviet move into Afghanistan, we must look at the unchanging Russian anxiety for security fused in recent years with the Soviet ideology of advance. And we must note the changing balance of power in the relationship of the Soviet Union and the United States.

Mr. Speaker, as with Churchill in 1934, so we today face the growing power of an expansionist State whose interests are directly counter to ours. If we but rise to the occasion, we need fear neither war nor rumor of war. Rather, we will by our response to the Soviet challenge assure the peace of the world in this generation and, let us pray, for generations yet unborn.

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□ 1050

## STATEMENT OF THE HONORABLE AL ULLMAN UPON INTRODUCTION OF H.R. 7015, THE "TAX RESTRUCTURING ACT OF 1980"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. ULLMAN) is recognized for 5 minutes.

● Mr. ULLMAN. Mr. Speaker, I have today introduced H.R. 7015, the Tax Restructuring Act of 1980.

The economic crisis in America is real. Inflation is crippling our society—working men and women, business, government. Interest rates are chasing inflation to new heights. The cost of capital is driving down efficiency. Productivity is falling critically. Our strength to compete with foreign products is ebbing. Attempts to slow the economy raise the hard-learned axiom that recessions don't kill inflation.

Attitudes in Congress are changing. We recognize that the era of prosperity by deficit is over; that we can't build an economy on the loose footings of debt; that the tax system can't accommodate each new economic and social demand.

The battle for a balanced budget reflects a new determination to take tough fiscal measures that were never dared in the past. Cutting spending is a very difficult task. There are limits. Nearly every program has a worthwhile purpose, and an ardent constituency.

Another hard question we must face is how the tax system relates to investment and jobs—and inflation. The Federal Government relies heavily on income and payroll taxes. But income and payroll taxes—forced higher by inflation—are discouraging employment and investment. Today's income tax laws drive the Nation to spend and borrow—rather than save and invest in a more productive economy.

Payroll taxes place a terrible burden on working families and small business. They fall on the first dollar of wages, hitting the poor harder than those in the upper income brackets. For businesses working with marginal earnings, a half a point in the tax rate can mean the difference between survival and failure. Yet rates will continue to climb as long as inflation increases the price of social security benefits.

Today's tax rates have also turned many taxpayers into tax evaders. The underground economy now costs legitimate taxpayers at least $35 billion a year.

If taxes are too high—they should be cut. We all agree on that.

In the past, we paid for tax cuts with budget deficits. Higher Government deficits only lead to higher inflation. And higher inflation only begs for more tax cuts. It is a vicious circle.

Tax cuts large enough to put the country back in competitive trim can never be offset by spending cuts. Nor can we go back to deficit financing. How to generate massive tax cuts within a balanced budget: that is the question that led to the Tax Restructuring Act of 1979 (H.R. 5665) which I introduced last October.

Today, I am even more convinced that the approach is the most reasonable way to shift income into savings and investment, stiffen national productivity, and ultimately reduce inflation. After months of debate—and constructive advice from around the country—I have made a number of fundamental changes in the structure of the tax which I am introducing as the Tax Restructuring Act of 1980 (H.R. 7015).

The new bill provides for $115 billion in income and payroll tax cuts—balanced dollar-for-dollar with revenues raised by a value added tax (VAT). The bill carries a separate title that limits Federal spending to a fixed percent of the gross national product (GNP).

The proposal would cut $43 billion from payroll taxes, rolling back the scheduled rate from 6.65 percent to 4.85 percent.

Individual income taxes would be reduced by $40 billion, including expansion of the earned income tax credit for the working poor and a refundable retirement income credit for the elderly. The maximum tax on unearned income would be cut from 70 percent to 50 percent—consequently reducing the maximum effective capital gains tax from 28 percent to 20 percent.

I have added a provision that permits married couples to deduct up to 10 percent of the first $20,000 of earnings on the lesser earning spouse. This would measurably ease the so-called "marriage penalty" imposed by the tax system on two earners in the family.

The remaining $32 billion would be to business—which badly needs a shot of new capital to expand and boost dangerously low rates of productivity. The United States today is the only industrialized country in the free world with a declining productivity rate.

The bill cuts the corporate tax rate 10 points—from 46 percent to 36 percent.

I add to my proposal a novel and productive approach to the crucial issue of capital cost recovery. It is carefully designed to give the private sector major capital incentives—without distorting investment patterns or ballooning deficits in years to come.

The bill provides a simplified system of depreciation for personal property and a set of shorter, audit-proof lives for real property. The present accelerated depreciation range (ADR) would generally be ended.

Business would be permitted an allowance for depreciation equal to a fixed percentage of the basis remaining in each account after prior year depreciation is deducted and acquisitions and dispositions of property during the year are accounted for. Recapture of depreciation on an asset-by-asset approach would be eliminated.

Each year taxpayers could elect a simple fixed percentage for each of the four recovery accounts, which would represent a depreciation rate of 200 percent, 150 percent or 100 percent of the straight line rate.

Taxpayers may elect to use lives at least 35 percent below present guideline lives for buildings. By electing this life for depreciation, a taxpayer could not use the "component" method, but would be assured that the IRS would not challenge that chosen life upon audit.

The only way we can responsibly cut income and payroll taxes is to replace that lost revenue with income from a consumption tax.

By far, the most visible change to the original VAT structure is the complete tax ban on food, housing and medical costs. Last year's bill carried a 5-percent VAT on these items. The new version also eliminates the tax on sales to governments. Tuition, charities, mass transit fares, capital investments and other items remain outside the tax.

The bill also contains an amendment to the congressional budget process that requires budget resolutions to limit Federal spending to a percent of GNP—beginning at 22.6 percent for the coming fiscal year, dropping to 22 percent in fiscal year 1982 and then by a half a percentage point a year until it reaches a permanent level of 20 percent.

The limit could only be breached by a request from the President or the passing of two consecutive quarters of negative growth in the GNP. In either event, a resolution to suspend the limit must be jointly approved by the Committee on Ways and Means, the Appropriations Committee, and the Budget Committee.

My proposal is an attempt to focus the Nation's attention on the enormity of our economic disorders and the enormity of the response demanded from us all. So far it is the only economic design of that magnitude before the Congress. I hope it invites matching response from major segments of the economy that also fear devastating interest rates and rising unemployment brought on by inflation.

The 1980's will be a decade of reckoning. Unless we face the failures of the past, we cannot hope to set a true course for the future. The Tax Restructuring Act of 1980 measures up to that challenge.

The following is a section-by-section explanation of the Tax Restructuring Act of 1980 (H.R. 7015).

### EXPLANATION OF THE TAX RESTRUCTURING ACT OF 1980

#### I. TAX RATE REDUCTIONS

#### *A. Individual income tax reductions and other adjustments*

#### 1. Individual Rate Reductions (Secs. 101 (a), (d), and (e) of the Bill)

The bill would provide $27 billion of individual income tax rate reductions beginning in 1981. The present law top marginal rate of 70 percent would be reduced to 50 percent, and the present law bottom rate of 14 percent would be reduced to 12 percent. The number of brackets would be reduced from 15 under present law to 8.

These rate reductions would increase savings and productivity (1) by reducing the top rate to 50 percent for investment income, thus taxing such income at the same rates as personal service income, and (2) by granting substantial rate reductions to lower- and middle-income families to help offset their value added tax. This substitution of a value added tax for individual income taxes would discourage consumption at the same time it encourages personal savings.

Under present law, capital gains are taxed at a maximum rate of 28 percent. However, because 60 percent of capital gains are excluded from taxation under present law (thus taxing 40 percent of capital gains), the reduction of the top marginal ordinary income bracket from 70 percent to 50 percent will result in a reduction of the top bracket for capital gains from 28 percent to 20 percent.

Also, because the top marginal rate of 50 percent would apply to all ordinary income, the present law provision for a 50-percent maximum tax on earned income would no longer be necessary and thus would be repealed.

#### 2. Increase in Zero Bracket Amount (Sec. 101 (b) of the Bill)

Under present law, single taxpayers and heads of households pay no tax on the first $2,300 of taxable income, and married persons filing joint returns pay no tax on the first $3,400 of taxable income. Beginning in 1981, the bill would raise these "zero bracket amounts" to $2,600 and $4,000, respectively. (The zero bracket amount, formerly referred to as the standard deduction, is taken in lieu of itemizing deductions.)

#### 3. Deduction for Two-Earner Married Couples Filing a Joint Return (Sec. 104 of the Bill)

Under present law, there are four separate progressive tax rate schedules, and the particular schedule applicable to a taxpayer depends upon his or her filing status. Taxpayers are taxed at different rates depending upon whether they are single persons, married couples filing jointly, married couples filing separately, or single persons who maintain households for certain relatives (heads of households).

The income tax law generally treats a married couple as one tax unit, which must pay tax on its total taxable income. As a result, the tax burden of a married couple with equal earnings is greater than the combined tax burden of two single persons with the similar amounts of income.

The bill would allow a deduction from gross income for married couples filing a joint return if both spouses earn income, whether or not the couple itemizes deductions. The deduction is equal to 10 percent of the earned income of the spouse with the lesser earnings (or the earnings of only one spouse if both spouses earn the same amount of income). The maximum deduction allowed under the bill is $2,000.

The definition of earned income for the purposes of this deduction is the same as the definition of earned income under the present earned income credit provisions (sec. 43(c)(2)). In particular, community property laws are disregarded in determining each spouse's earned income, and earned income is attributed to the spouse who performed the income producing activities.

#### 4. Expansion of Earned Income Tax Credit (Sec. 102 of the Bill)

Under present law, certain taxpayers are entitled to a refundable earned income credit. The amount of the credit is 10 percent of the first $5,000 of earned income, but it may not exceed $500. The maximum credit of $500 phases out at $10,000 of earned income or adjusted gross income.

Under the bill, the amount of the earned income credit would be increased to 15 percent of the first $5,000 of earned income, but it may not exceed $750. The maximum credit of $750 would not phase out until $12,000 of earned income or adjusted gross income.

Under present law, a taxpayer is not eligible for the earned income credit unless the taxpayer has a dependent child. Under the bill, married couples who have no children and file a joint return would be eligible for the credit.

#### 5. Tax Credit for the Elderly Made Refundable (Sec. 103 of the Bill)

Certain taxpayers over age 65 are entitled to a nonrefundable "credit for the elderly." The bill would make the credit for the elderly refundable beginning in 1981. Thus, the amount of the credit could exceed the taxpayer's tax liability, in which case the elderly person would receive a refund in the amount of the excess. The base of the credit would be reduced by the amount of SSI (Supplemental Security Income) benefits received.

#### 6. Adjustment in AFDC Payment Levels (Sec. 105 of the Bill)

Under present law, States make payments to certain poor families under AFDC (Aid to Families with Dependent Children) programs. The bill would require the States to adjust their payment standards to reflect changes in the cost of living between September 30, 1980, and July 1, 1981. The adjustments would have to be made by October 1, 1981.

#### *B. Social security tax reductions (Secs. 111–112 of the Bill)*

Under present law, the combined employment tax rates for social security and hospital insurance are scheduled to increase in 1981 (1) to 6.65 percent for both employers and employees, and (2) to 9.30 percent for self-employed individuals. In addition, further rate increases are scheduled for years after 1981.

Under the bill, the scheduled employment rates for 1981 and for future years would be reduced (1) by 1.80 percentage points for both employers and employees, and (2) by 2.50 percentage points for self-employed individuals. Thus, the reduced 1981 rates would be 4.85 percent and 6.80 percent, respectively. These rate reductions would be spread pro rata among the three social security trust funds. Thus, in 1981, the OASI (old age and survivors insurance) rate would be 3.30 percent, the DI (disability insurance) rate would be 0.60 percent, and the HI (health insurance) rate would be 0.95 percent.

The reduction in employment tax rates beginning in 1981 would not affect any increases in those rates scheduled under present law to take effect after 1981, nor would it affect the amount of income subject to social security taxes (the social security taxable wage base).

Under the bill, the employment tax reductions would be funded directly from value added tax receipts and not from the general income tax revenues.

#### *C. Corporate tax rate reductions (sec. 121 of the bill)*

Under present law, the top corporate income tax rate is 46 percent. In addition, present law provides a graduated rate on the first $100,000 of corporate taxable income. Rates on this income are 17, 20, 30, and 40 percent with each rate bracket consisting of $25,000 of taxable income. In addition, the corporate capital gains rate generally is 28 percent.

Under the bill, beginning in 1981, the top corporate income tax rate would be lowered to 36 percent. In addition, graduated rates would be applied to the first $160,000 of corporate taxable income. Rates on this income would be 15, 20, 25, and 30 percent with each rate bracket consisting of $40,000 of taxable income. In addition, the corporate capital gains rate would be lowered to 22 percent.

#### II. CAPITAL FORMATION TAX PROVISIONS

#### *A. Individual savings incentives*

#### 1. Dividend Reinvestment Plans (Sec. 201 of the Bill)

Under present law, if a shareholder elects to receive a dividend in the form of a corporation's stock rather than in cash, the value of the stock distributed is taxable as a dividend. However, individuals are allowed to exclude from gross income $100 of dividends received from domestic corporations ($200 in the case of joint returns).

Under the bill, a domestic corporation would be allowed to establish a plan under which individual shareholders who choose to receive a dividend in the form of common stock rather than cash or other property may elect to exclude up to $1,500 per year ($3,000 in the case of a joint return) of the stock dividends from income. This provision would apply to distributions after December 31, 1980, in taxable years ending after that date.

To qualify, the stock would have to be newly issued common stock, designated by the corporation to qualify for this purpose. The number of shares to be issued would have to be determined by reference to a value not less than 95 percent nor more than 105 percent of the stock's value on the distribution date. Generally, stock would not qualify where the corporation has repurchased any of its stock within one year before or after the distribution date.

Stock received as a qualified dividend would have a zero basis, so that when the stock is later sold the full amount of the sales proceeds would be taxable. In general, proceeds from the sale of such stock would be taxed as caiptal gains. However, where the stock is sold within one year after distribution, any gain would be treated as ordinary income. In addition, where shares of stock of the distributing corporation are sold by the taxpayer any time after the record date for the dividend and before a date one year after the dividend distribution date, the sale would be treated as a sale of the qualified dividend stock. These rules are designed to prevent the immediate resale of stock without the recognition of ordinary income which would have resulted in the case of a taxable dividend.

Shareholders eligible for this special treatment would be individuals other than (1) trusts, (2) estates, and (3) persons holding five percent or more of value or voting power of the distributing corporation.

### 2. Liberalization of Retirement Savings Provisions (Sec. 202 of the Bill)

Under present law, an individual is not permitted to make a deductible contribution to an IRA (an individual retirement account, individual retirement annuity or retirement bond) for a taxable year if the individual is an active participant, during any part of the year, in a tax-qualified retirement plan, a tax-sheltered annuity, or a governmental plan. Individuals who are not active participants are entitled to make deductible IRA contributions subject to certain limitations provided they have not attained age 70½. The limitation on the deduction for a taxable year is generally the lesser of 15 percent of compensation includible in gross income for the year or $1,500. The $1,500 contribution limit is increased to $1,750 for a year if (1) the contribution is equally divided between an individual and the spouse of the individual, (2) the spouse has no compensation includible in gross income for the year, and (3) the spouse is not an active participtant in a tax-qualified plan, etc.

Many qualified plans provide for mandatory or voluntary employee contributions in addition to employer contributions. Employee contributions to a qualified plan are not deductible. Income earned on an employee's contributions to a qualified plan is generally not taxed prior to the time the income is distributed or made available to the employee or the employee's beneficiary.

The bill would increase the maximum annual deduction for contributions to an IRA from $1,500 to $2,000, beginning in 1981. The bill would repeal the provision under present law which allows an individual to increase the $1,500 to $1,750 in the case of a spousal IRA.

In addition, under the bill, an active participant in a tax-qualified plan, etc., could make a deductible contribution of up to $1,000 to that plan or to an IRA. In the case of mandatory employee contributions to a plan, the deductible amount would be limited to $100. The new deduction rules would not apply to individuals who are self-employed or to individuals who are shareholder-employees.

### *B. Depreciation and investment tax credit provisions*

### 1. Simplified Cost Recovery for Tangible Personal Property (Sec. 211 of the Bill)

The bill would replace the current depreciation rules for tangible personal property with a simplified cost recovery system. In general, the simplified cost recovery system would both simplify the computation of the depreciation on most tangible personal property and shorten the period over which the cost of such property can be recovered. Generally, the new system would be mandatory for all eligible property.

Under this new system, the cost of all depreciable tangible personal property (other than public utility property, property subject to amortization, certain leased property, and property depreciable on a basis other than time) would be eligible property and would be classified in one of four recovery accounts with a recovery period of 3, 6, 9, or 12 years. The taxpayer could elect to exclude from the new system any livestock for which special capital gain treatment is allowed under present law (Code sec. 1231).

The bill requires that property be assigned to a recovery period that is at least 35 percent shorter than its current midpoint useful life (under the present ADR system), except that no recovery period shall be reduced below 3 years. For example, assets used to manufacture clothing currently have a mid-point life of 9 years which, under this bill, would be reduced to 3 years. Equipment placed in the 6 year class would include the following assets which now have a midpoint life of 12 years: manufacturing of metal working machinery, electrical equipment, motor vehicles, ships and railroad cars. The Treasury Department would be required to publish simplified tables which incorporate these shortened lives.

The simplified cost recovery system is a type of declining balance method for computing depreciation for all assets with the same recovery period. Under the simplified cost recovery system, the costs of all eligible property (called "recovery property") with the same recovery period are placed in one open-end account (called a "recovery account"). The amount of depreciation allowable for a particular taxable year is determined by multiplying the closing balance or unrecovered cost in the account by the "recovery percentage". The recovery percentage reflects the number of years in the recovery period and the depreciation method elected for that year. Under the bill, depreciation methods can be either 200 percent, 150 percent, or 100 percent of the straight-line rate and the depreciation method can be changed from year to year for any of the four recovery accounts. The amount of the depreciation for the year is then subtracted from the account to establish the balance of the account which is used to determine the next year's deduction.

For example, assume the cost of assets in the 6-year recovery account equals $1,000. The taxpayer would choose one of the three fixed percentages for this account (33 percent, 25 percent, or 17 percent) and multiply this percentage by $1,000 in order to determine the amount of his deduction. If the taxpayer elected to apply 33 percent (i.e., the percentage representing 200 percent of the straight-line rate for the 6-year recovery period), the depreciation deduction would be $333. The balance in the account used to determine the depreciation in the next year would be $667, increased or decreased by any additions or subtractions to the account.

The bill generally adopts the so-called "half-year convention" of the present ADR system. Under this convention, one-half of the asset's cost is placed in the account in the year that the asset is placed in service. The other half of the asset's cost is added to the account in the next subsequent year.

Under the simplified cost recovery system, gains and losses on the disposition of assets in the account generally are deferred. When an asset in the account is disposed of, no gain or loss generally is recognized. Instead, the amount realized on the disposition reduces the balance of the account which, in turn, will reduce the amount of depreciation deductions in subsequent years. Where the amount realized from the disposition of assets reduces the balance of the account to a negative figure, the amount of the negative balance is recaptured as ordinary income.

In conjunction with the shortening of the recovery period for investment in tangible personal property under the simplified cost recovery system, the bill provides that additional first-year depreciation can be claimed with respect to assets with a recovery period of 3 years or more (compared with a 6-year useful life requirement under present law).

In general, the new cost recovery system is effective for property placed in service in a taxable year beginning after December 31, 1980. In addition, property placed in service prior to that time can become subject to the system, at the election of the taxpayer, in taxable years beginning after December 31, 1984.

### 2. Shorter and Audit-Proof Lives for Certain Buildings (Sec. 212 of the Bill)

The bill would also permit taxpayers to elect to use shorter and audit-proof lives for determining their depreciation deductions for buildings (other than public utility property presently subject to the ADR depreciation system).

The depreciable lives provided under the bill are at least 35 percent lower than the applicable useful lives of buildings under existing IRS guidelines. In the case of a building whose useful life as provided in Rev. Proc. 62–21 is 45 years or shorter, the depreciable life would be 25 years. In the case of a building whose useful life as provided in Rev. Proc. 62-21 is greater than 45 years, the depreciable life would be 30 years. In the case of a farm building where Rev. Proc. 62–21 provides a 25-year life, the depreciable life would be 15 years.

Where the taxpayer elects these lives, it must use that life for the building and all of its structural components (other than structural components where special amortization is provided. If the taxpayer makes this election, these useful lives cannot be challenged by the IRS.

The amendment would apply to property placed in service in taxable years beginning after December 31, 1980.

### 3. 35-Percent Variance From Class Life for Public Utility Property (Sec. 213 of the Bill)

The bill also reduces the depreciable lives of public utility property. Under the bill, the present 20-percent variance allowed under the ADR depreciation system is increased to 35 percent in the case of public utility property. The amendment would be effective for property placed in service in taxable years beginning after December 31, 1980.

### 4. Useful Life Requirements for Investment Tax Credit (Sec. 214 of the Bill and Sec. 46(c)(2) of the Code

Under present law, if an otherwise eligible asset has a useful life of at least seven years, 100 percent of the basis of the asset qualifies for the investment credit; if the useful life is five or six years, 66⅔ percent of the basis is eligible for the investment credit; and if the useful life is three or four years, 33⅓ percent of the basis is eligible for investment credit.

The bill would shorten to six years the useful life that is required for the full basis of an asset to qualify for the investment credit and provides that 60 percent of the basis of an asset is eligible for the investment credit if its useful life is at least three years but less than six years. (A conforming amendment is made to the fuels relating to the required useful life of assets with respect to which an investment credit may be claimed for progress expenditures.)

## III. VALUE ADDED TAX

### *A. General provisions (Sec. 301 of the bill)*

### 1. Imposition of Value Added Tax

The bill would generally impose a value added tax (VAT) on sales of property and services at each stage of the production and distribution process, including the retail stage. The tax would be 10 percent of the value of property or services sold and would be included in the price which a business charges its customers. Each business in the production and distribution chain would receive a credit for the VAT previously paid by it on purchases of property and services from other businesses. Thus, businesses would generally pay a net tax equal to 10 percent of the value they add to products and services sold. The total tax paid with respect to a sale to a consumer would be 10 percent of the retail value of the property or services.

### 2. Taxable Transaction

The bill would define "taxable transaction" as the sale of property in the United States, the performance of property into the United States by a taxable person in a commercial-type transaction.

The term "sale of property" would not be restricted to the sale of property in the usual sense. It would also include (1) the exchange of property, (2) the transfer of property to an employee as compensation, (3) the permanent transfer of business property to an owner of the business, and (4) gifts of business property, and (5) certain transactions of governments and tax-exempt organizations.

The term "performance of services" would include certain transactions in addition to the performance of personal services for a fee. These other transactions would include (1) permitting the use of property, (2) the exchange of services, (3) the granting of a right to the performance of services or to reimbursement (including the granting of warranties, insurance, and similar items), (4) the making of a covenant not to compete or a similar agreement, (5) the use of business property or services by an owner of the business, (6) gifts of business services, and (7) certain transactions of governments and tax-exempt organizations. However, the "performance of services" would not include an employee's performance of services for his employer.

Under the bill, "commercial-type transaction" would mean a transaction engaged in by a corporation (other than a subchapter S corporation) or by any person engaged in a business. The sale or leasing of real property, other than sales of residential real property to a purchaser or tenant as a principal residence, and the importing of property would also be treated as a commercial-type transaction and would be subject to the VAT, even if engaged in by a consumer and not by a corporation or a person engaged in a business. Importing of articles by a consumer which would be free of duty under the personal exemptions under the United States Tariff Schedules would not be subject to the VAT.

The bill would define "taxable person" as a person engaged in a business or in a commercial-type transaction. Business would include a trade as well as an activity regularly carried on for profit. Governments and tax-exempt organizations would also be taxable persons in certain circumstances.

Under the bill, the sale of property would generally be treated as occurring in the United States if delivery of the property takes place in the United States. In the case of real property, the sale would be deemed to occur where the real property is located.

Services would be treated as occurring where the services are performed. If services are performed both inside and outside the United States, the services would be deemed performed entirely inside the United States if 50 percent or more of the services are performed in the United States. Otherwise, the services would be treated as performed entirely outside the United States.

The bill would define "property" to mean any tangible property.

### 3. Taxable Amount

Generally, the taxable amount on which the VAT would be imposed would be the price charged for property or services. This would include charges for transportation and other items payable to the seller. The taxable amount would not, however, include any interest or carrying charges. In an exchange of property or services, the taxable amount would be the fair market value of the property or services exchanged by the taxable person (determined as if the taxable person had sold the property or services to the other party to the exchange).

In the case of imports, the bill provides that the taxable amount would generally be the customs value plus customs and any other duties which may be imposed. If there is no customs value, the taxable amount would be the fair market value of the property.

The bill provides a special rule for the determination of the taxable amount in the case of sales of certain used consumer goods. When a taxable person acquires used property from a consumer for resale, the taxable amount on the resale would be the difference between the selling price and the taxable person's acqusition cost of the used property.

### 4. Zero Rating for Food, Housing, and Medical Care

Under the bill, no tax would be imposed on (1) the retail sale of food and nonalcoholic beverages for human consumption, (2) the sale and rental of residential real property for use by the purchaser or tenant as a principal residence, and (3) medical care. In addition, the bill also directs the Secretary of the Treasury to prescribe regulations under which the sale of any of the above items could be zero rated prior to its retail sale. Such non-retail sale would not be taxed so long as the item had become clearly identifiable as an item that would be zero rated on its retail sale.

### 5. Zero Rating for Farmers and Fishermen, Mass Transit, Exports, and Interest

Under the bill, the rate of tax which would be imposed on certain transactions would be zero. Thus, no tax would be imposed on (1) nonretail sales of farmers and fishermen, (2) mass transit in urbanized areas, (3) exports, and (4) interest.

### 6. Governmental Entities

The rate of tax which would be imposed on sales of property or services to a governmental entity would be zero.

Generally, no tax would be imposed on the providing of property or the performing of services by a governmental entity. However, the transaction would be taxed in the usual manner where a separate charge or fee is required for the providing of the property or the performing of the services by the governmental entity. An exception would be made in the case of charges for education. No tax would be imposed on charges or fees imposed by a governmental entity for providing property or services in connection with the education of students.

### 7. Exempt Organizations

Charities described in section 501(c)(3) of the Code would be zero rated for all of their sales, except those engaged in as part of an unrelated trade or business (Code sec. 513). Thus, they would be eligible for the VAT credit on their purchases.

Under the bill, an exempt organization not described in section 501(c)(3) of the Code would generally be exempt from the application of the VAT. However, sales by such organizations would be taxable if made for a charge. The organizations would be permitted a VAT credit only on purchases relating to taxable sales.

### 8. Credit Against VAT

A taxable person would generally be permitted to take a credit (VAT credit) for the VAT paid by its suppliers on its purchases of property and services. The VAT credit would be allowable only with respect to property and services used for taxable transactions in the business. If such property or services are used partly in the business and partly for other purposes or partly for taxable transactions and partly for other transactions, the amount of VAT credit which could be taken would have to be determined on the basis of an allocation.

The VAT credit would first be applied to reduce the VAT liability for a taxable period. If the amount of the credit exceeds the amount of tax for the taxable period, the excess would be treated as an overpayment of tax and would be refundable.

### 9. Administrative Provisions

#### a. Liability for VAT and invoicing

Under the bill, liability for the VAT would be imposed on the seller of property or services. In addition to paying the VAT, the seller would be required to provide a tax invoice (setting forth the amount of VAT imposed on the sale and certain other information) to the purchaser if the seller has reason to believe that the purchaser is a taxable person. The invoice would have to be furnished no later than 15 business days after the "tax point."

Generally, a purchaser would not be allowed to claim a VAT credit with respect to a transaction unless it has received a tax invoice in which it is named as purchaser.

#### b. De minimis exemption

The bill would permit certain businesses, the aggregate taxable transactions of which are and are expected to continue to be below a certain level, to elect not to be treated as a taxable person except with respect to imports and the sale or leasing of real property. If the election is made by the small business, no tax would be collected on its sales and no credit would be permitted for VAT paid on its purchases. In addition, a recapture of previously allowed credit would be required on property held by the business at the time of the election.

A person could elect to be exempt under the bill's provisions if its taxable transactions do not exceed $20,000 for a calendar year and can reasonably be expected not to exceed $20,000 for the next calendar year. The election, however, would terminate on the first day of the second month following any calendar quarter in that next year if the following has occurred:

(1) aggregate taxable transactions for the calendar quarter exceed $7,000, in the case of the first calendar quarter; or

(2) aggregate taxable transactions for the first two calendar quarters exceed $12,000, in the case of the second calendar quarter; or

(3) aggregate taxable transactions for the first three calendar quarters exceed $17,000, in the case of the third calendar quarter.

#### c. Time for filing return and claiming credit

The bill would require a taxable person to file a VAT returned during the first month following the close of each taxable period. A taxable period for this purpose would generally be a calendar month.

The return would reflect the VAT due on taxable transactions with a "tax point" in the period as well as the VAT credit allowed for the period. When the VAT due exceeds the VAT credit, payment of the difference would accompany the return. If the VAT credit exceeds the VAT due, the excess would be treated as an overpayment of VAT, and the return would be treated as a claim for a refund.

The term "tax point" would be used to describe when a taxable transaction takes place for purposes of the requirement that a taxable person furnish a tax invoice. For a sale of property or services, the determination of the tax point would depend on whether the taxable person keeps its books on the cash basis or on the accrual basis for Federal income tax purposes. In the case of an accrual basis taxpayer, the tax point would be the date the taxable person receives payment for the sale. In the case of an accrual basis taxpayer, the tax point would be the earlier of the date the taxable person (1) should accrue income or loss with respect to the sale, or (2) receives payment for the sale. For an importation, the tax point would be the date the imported property is entered for consumption in the United States.

A VAT credit with respect to a purchase transaction would be allowed for a taxable period only if certain conditions were met. The taxable person would be required to have (1) paid or accrued (depending on its method of accounting for Federal income tax purposes) the VAT as part of the purchase price, and (2) received a tax invoice from the seller with respect to the transaction. The VAT credit would generally be allowed for the first taxable period in which both of these conditions were satisfied.

### d. Treatment of related businesses, etc.

The bill would allow a taxable person to elect to treat itself and all related businesses as one taxable person for VAT purposes. A related business would encompass and business under common control with the taxable person under the more than 50-percent control test described in section 52(b) of the Code. However, for purposes of applying the small business exemption, all businesses under common control would be treated as one business.

The bill would also allow a taxable person to elect to treat any of its divisions as a separate taxable person.

### e. Treasury notification and regulations

The bill would require a taxable person to notify the Internal Revenue Service if certain events occurred. These reportable events would be developed by regulations and would encompass a change in the form of a business, or any other change which could affect VAT liability, VAT credit, or VAT administration with respect to the business.

The bill would also give the Secretary of the Treasury broad authority to write regulations with respect to the VAT.

### 10. Special Rules and Treatment of Certain Transactions

### a. Coordination with income tax rules

Under the bill, a taxable person's basis in property for Federal income tax purposes would not include the portion of the purchase price of the property which represents creditable VAT.

### b. Sale of property and incidental services; sale of services and incidental property

Under the bill, a sale of property together with incidental related services would be treated as a single transaction constituting a sale of property, rather than as separate sales of property and services. Also, a sale of services together with an incidental transfer of property would be treated as a single transaction constituting a sale of services, rather than as separate sales of services and property.

### c. Authority to zero rate de minimus transactions

The bill would provide that, under regulations, an otherwise taxable transaction would be zero rated if (1) the amount involved is negligible, or (2) the VAT revenue from taxing that type of transaction would not be sufficient to justify resulting administrative and compliance costs.

### d. Importing

Under the bill, the importer of property would be treated as both the seller and purchaser of the property at the point of importation. Thus, the importer would be both liable for VAT and eligible for a VAT credit with respect to the import.

### e. Subchapter S corporation not treated as a corporation

Under the bill, a subchapter S corporation (Code sec. 1371(b)) would not be treated as a corporation for VAT purposes. Accordingly, it would not automatically be considered engaged in business. Thus, as in the case of a noncorporate entity, the determination of whether it is engaged in business and is hence a taxable person would have to be made on the basis of relevant facts and circumstances.

### f. Personal use by owner of business property or services

Under the bill, the use of business property or services by an owner of a business would be treated as a taxable transaction. In the case of services or a permanent use of property, the amount subject to tax would be the fair market value of the services or property. In the case of a temporary use of property, the amount subject to tax would be the fair rental value of the property. Property or services are considered business property or services if their sale by the taxable person would be a taxable transaction. Under the bill, an owner of a business generally means a sole proprietor, partner, or shareholder, as well as certain related family members determined under Code section 267(c)(4).

### g. Gift of business property or services

Under the bill, a gift by a business of any business property or services would be treated as a taxable transaction. The taxable amount in the case of such a gift would generally be fair market value. However, where the gift permits the temporary use of business property, the taxable amount would be the fair rental value of the property.

### h. Special rule of dispositions of nonbusiness real property

Under the bill, where real property is sold by a person who is not otherwise a taxable person, the person would become taxable with respect to the sale. However, in contrast to most sales transactions, the VAT would not be imposed on the selling price, but would be imposed only on the excess of the selling price over the seller's adjusted cost for the property. For this purpose, the selling price would be calculated exclusive of VAT. The seller's adjusted cost would be his basis in the property increased by certain expenditures properly chargeable to capital account. However, the seller's adjusted cost would not include basis or expenditures due to amounts incurred in periods before January 1, 1981.

### i. Special rule for insurance contracts

Under the bill, sales of insurance would be subject to the VAT. The value added of an insuror is represented by the excess of premiums collected over claims paid. Thus, the VAT would not be imposed on premiums at the rate of 10 percent because this would result in taxing an insuror on an amount greater than its value added. In addition, amounts representing savings should not be taxed because the VAT is designed to tax consumption. Accordingly, the bill would impose the VAT only on the difference between the portion of a premium attributable to insurance coverage and the actuarial cost of the coverage.

### *B. Effective date (sec. 302 of the bill)*

Under the bill, the VAT would apply to transactions occurring after December 31, 1980.

## IV. LIMITATION ON GROWTH OF FEDERAL SPENDING

### *A. General provisions*

### 1. Limitation (Sec. 402(a) of the Bill)

The bill would provide that neither the House of Representatives nor the Senate may adopt any concurrent resolution on the budget (or any amendment to a concurrent resolution) for any fiscal year if the total budget outlays (including outlays for presently off-budget entities) as contained in the resolution for the year exceed a specified percentage of the estimated gross national product for the fiscal year. The applicable percentage is 22.6 percent for FY 1981, 22 percent for 1982, 21.5 percent for FY 1983; 21 percent for FY 1984, 20.5 percent for FY 1985, and 20 percent for FY 1986 and thereafter.

### 2. Suspension of Limitation (Secs. 402(b) and (c) of the Bill)

The bill provides that a motion to suspend the spending limitation may be considered in only two situations. First, the President may submit to the Congress as part of his budget or supplemental budget message for the fiscal year a report requesting the suspension of the limit for the fiscal year. The report would set forth a detailed explanation of the reasons for the request as well as specifying the outlay programs which the President determines are appropriate during the fiscal year and which would necessitate the suspension of the limitation. The Committee on the Budget of either House (or the committee of conference on the resolution) would review the President's proposed suspension and include its findings and recommendations with respect to the request in its report on the resolution.

The second circumstance allowing for suspension would occur when there are two consecutive calendar quarters of negative real growth in the gross national product (during the current calendar quarter and the three immediately preceding calendar quarters). In that case, the Budget Committee of either House (with the concurrence of the appropriations and tax-writing committees of that House), or the committee of conference on the resolution may include in its report accompanying the resolution, a recommendation that the limitation be suspended for the fiscal year and a listing of the same specifics that would be required of a Presidential suspension request.

A motion to suspend the limitation would be considered by each House in connection with the budget resolution or conference report. The motion would be in order only after general debate on the affected budget resolution. The suspension would apply to conference reports on resolutions as well as budget resolutions themselves. The motion would have to be passed by both Houses.

If the spending limit were suspended for the first concurrent resolution on the budget for any fiscal year it would be considered suspended for any subsequent resolution for the same fiscal year.

### 3. Off-Budget Entities (Sec. 403 of the Bill)

The bill would bring outlays for entities which are currently off-budget within the Congressional budget process. Total budget outlays for any fiscal year would be determined by including the outlays of all agencies of the Federal Government which are exempt from inclusion in the budget of the United States Government transmitted by the President under section 201 of the Budget and Accounting Act, 1921. The outlays of the Federal Financing Bank, which is administered by the Department of the Treasury, currently account for the bulk of the outlays of all off-budget entities.

### *B. Effective date (sec. 404 of the bill)*

The spending limitation would apply with respect to fiscal years beginning after September 30, 1980. However, the limitation would not be construed to affect the validity of action on any budget resolution taken by either House of Congress (or either Budget Committee) before the date of enactment of the bill.

*Tax Restructuring Act of 1980*

[In billions of dollars]

| | *Calendar 1981* |
|---|---|
| Social security (1.8 percent rollback i.e., from 6.65 to 4.85): | |
| Employee | 21 |
| Employer | 21 |
| Self-employed | 1 |
| Total | 43 |
| Individual: | |
| Rate reductions | 27 |
| Earned income credit, AFDC and credit for elderly | 5 |
| LIRA | 2 |
| Dividend reinvestment | 1 |
| Deduction for lower-earning spouse | 5 |
| Total | 40 |
| Business: | |
| Rate reductions | 22 |
| Simplified depreciation and investment credit | 10 |
| Total | 32 |
| Total tax reductions | 115 |
| Value added tax receipts | 115 |

## LAFALCE DENOUNCES SCHWEIKER BILL THAT WOULD DESTROY OSHA

The SPEAKER pro tempore. Under a previous order of the House the gentleman from New York (Mr. LaFalce) is recognized for 10 minutes.

● Mr. LaFalce. Mr. Speaker, in 1970, the U.S. Congress passed what was to become precedent-setting legislation in the field of worker health and safety protection—the Occupational Safety and Health Act. By passing this legislation, Congress mandated prevention of job-related death and disability whether caused by workplace accidents or illness. Indeed, there was little question in 1970, and there is little doubt now, that our country pays a heavy price for unsafe and unhealthy workplace conditions. Moreover, Congress recognized in passing the Occupational Safety and Health Act that the free market system had failed to provide adequate incentives to protect America's workers.

The costs incurred by both the worker and the country as a result of inadequate protection are enormous. The injured or diseased worker and his family pays an enormous price in pain and suffering. The impact on the Nation takes its toll in lowered productivity. The National Safety Council, for example, estimated in 1978 that the direct cost of workplace injuries was nearly $21 billion. Similarly, in 1978, disabling occupational diseases accounted for an earning loss of an estimated $11.5 billion.

The need for a strong national Occupational Health and Safety Act has not diminished since its passage in 1970. I, perhaps more than any of my colleagues in the House, recognize the importance of an effective and active OSHA in protecting the safety and health of workers. I have enlisted OSHA's assistance on numerous occasions to respond to workers' complaints about unsafe and unhealthy working conditions in factories and plants in my own congressional district. In nearly every case, OSHA's investigations have discovered, and led to the correction of, serious health and safety hazards.

It is against this backdrop, Mr. Speaker, that I rise today to argue most strongly against the passage of H.R. 6539, the House version of S. 2153, sponsored by Senator Schweiker, entitled the "Occupational Safety and Health Improvements Act of 1980." I firmly believe that passage of S. 2153 would severely weaken the Occupational Safety and Health Act and would threaten the many positive steps taken by the Occupational Safety and Health Administration during the past decade to improve the quality of life for America's workers.

In general, the Schweiker bill would exempt certain employers from OSHA-mandated inspections or investigations. These exemptions would be based upon information supplied by the workers' compensation program in each of the 50 States detailing data on the number of workdays lost each year due to occupational injuries. The bill provides a procedure for determining employer exemptions depending upon the size of the plant's workforce and the total number of workdays lost through occupational injury. Employers who wished to apply for an OSHA exemption of this nature would, through an affidavit system, declare that their safety records met the standards outlined in S. 2153 and would, on that basis, be exempted. Further, the bill would propose a statutory definition of workplace.

The fundamental principle underlying the many provisions of S. 2153, according to its sponsors, is to target more effectively the limited inspection and enforcement capabilities of OSHA. I support this principle as I also believe that OSHA's efforts must be targeted in such a way as to make more efficient use of finite resources—to address those most severe worker hazards most effectively. Unfortunately, however, the means by which S. 2153 attempts to bring about the retargeting is unwise and potentially will threaten the continued welfare of nearly 70 percent of America's workers.

I think that the first question that we in Congress must ask when considering S. 2153 and H.R. 6539 and other legislation aimed at amending the Occupational Safety and Health Act is whether such legislation is needed. Does the Act contain fundamental defects which should be corrected? Has OSHA activity been unsuccessful and ineffective in protecting the American worker during the past decade? A careful review of available data suggests that the answer to both questions is "no."

Statistics from the U.S. Bureau of Labor Statistics show that, in fact, OSHA has achieved a definite lowering of injury rates for America's workers. During the 5-year period from 1973 to 1978, the overall injury rate has changed from 10.6 per 100 workers to 9.2 per 100 workers, a decrease of 13 percent. Translated into human terms, this means there were nearly 4 million fewer injuries between 1973 and 1978 than would have occurred had the 1973 rate continued through the decade. In especially hazardous working environments the improvement in injury and illness rates has been even more impressive. At construction sites, for example, injuries and illnesses have declined 19 percent representing 430,000 fewer injuries. In small business, the rate has declined by 26 percent.

Looking at a survey of all types of workplaces, an independent study conducted at Cornell University's School of Industrial and Labor relations concluded that OSHA inspections may reduce injury rates by as much as 16 percent among firms that have been inspected. Further, the largest inspection-related reductions in injury rates occurred among high hazard and small business workplaces.

Thus, the data that we now have suggest that the Occupational Safety and Health Administration through its enforcement of the Occupational Safety and Health Act is accomplishing a significant diminution in the health and safety risks which America's workers face on a day-to-day basis. This data leads me to ask a question of the sponsors of S. 2153 and H.R. 6539 and of all of you here today: Does it make sense to change the authority and responsibilities of an agency whose successful efforts are so clearly documented? The answer, with not a moment's hesitation, must be "no."

Clearly, OSHA is doing its job and doing it well. Further, the Occupational Safety and Health Administration is moving at the administrative level to even more effectively target the agency's limited resources to workplaces that present the greatest hazards to workers. OSHA's success at this task is impressive. Today, approximately one in every three OSHA violations represents a serious infraction of the law. This contrasts to 1973 figures where the comparable numbers were 1 in 43. Fundamentally, I believe that the decision to retarget agency resources should rest at the administrative level. To legislate such targeting standards as S. 2153 and H.R. 6539 would propose is to take the risk of cementing into law an unworkable, untested, and ineffective resource allocation system.

It is based upon this evidence that I believe that legislation such as S. 2153 and H.R. 6539 is unnecessary and, indeed, unwise. An even more serious flaw in S. 2153 is that it would require data which simply does not exist today. The exemption system, the cornerstone of S. 2153, is based upon the availability of data which only six States can furnish. State workers' compensation programs would provide the data to make the exemption system in S. 2153 work. Unfortunately, however, each state varies in both the quantity and quality of information collected through its workers' compensation system. Differences in data among the jurisdictions would lead to discrepancies and inconsistencies from State to State in the design of the exemption system under the bill.

Further, by tying the exemption system with workers' compensation programs in each State, an unanticipated result would be to weaken the protection which individual workers deserve from workers' compensation. S. 2153 would judge the exemption of a workplace on the basis of the number of workdays lost as a result of employee injury. It is clearly in the interest of the employer to minimize the number of workdays lost through injuries to employees. There are many mechanisms employers might use to lessen the number of injury-caused lost workdays, all of which would work to limit existing employee protections. For example, an employee who suffers a severed finger might be asked to return to work the day the injury occurred or, the employee might be persuaded to take a day of sick leave to shelter the employer's OSHA exemption. Mr. Speaker, I suggest to you that this is precisely the sort of action that we wish to eliminate, not encourage, as S. 2153 would do.

There are many other severe problems with S. 2153 which have been very eloquently pointed out by many persons and groups including a number of union and non-union workers in my congressional district. Among the most serious of these criticisms are that S. 2153 would:

First. Exempt 90 percent of businesses, regardless of size, from most OSHA safety inspections;

Second. Eliminate workers' rights to automatic safety inspections when complaints are filed;

Third. Substantially limit the scope of OSHA inspections;

Fourth. Penalize workers in small shops or businesses;

Fifth. Reduce or eliminate fines for serious and other safety violations where a safety advisory committee operates or in an exempt workplace with 10 or fewer employees; and

Sixth. Limit OSHA safety inspections to "after the fact" investigations of employee injury.

Mr. Speaker, it is not my intention to delve into the complex details underlying each of the above criticisms. But rather, Mr. Speaker, I would like to conclude by restating to you and to my colleagues here today, my most sincere and unshaking opposition to enactment of H.R. 6539 and S. 2153. The many weaknesses of these bills are, to my mind, sufficient justification for eliminating them from serious consideration on the House floor. But an even more important recognition underlies my very strong criticisms of these bills.

Mr. Speaker, America's strength lies in the strength, the good health, and ultimately, the productivity, of America's workers. We have an agency, the Occupational Safety and Health Administration, which was created by Congress and charged with protecting the health and safety of these workers. The evidence suggests that after several admittedly difficult years. OSHA has matured into an effective and important force in insuring safe and healthy workplace environments across our Nation. It would strike a most severe blow against America's workers for this Congress to participate in the dismantling of OSHA through enactment of H.R. 6539 and its Senate counterpart, S. 2153.●

## COMPENSATION FROM IRAN TO THE AMERICAN HOSTAGES

The SPEAKER pro tempore. Under a preivous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

Mr. PANETTA. Mr. Speaker, we all know that the Government of Iran has grossly violated accepted norms of international law. We all know that Iran has callously jettisoned sacred principles of the Vienna Convention on Diplomatic Relations, which assert the inviolability of diplomatic personnel. We all know that Iran has cruelly disregarded the human rights of innocent Americans.

We all know these things, but we have not yet taken steps to make sure that Iran at least compensates the hostages and their families for their suffering.

I am today introducing legislation which will guarantee that Iran pays damages to our diplomatic personnel in Tehran or to their families. Important international principles and common human decency are at stake, and this country should not ignore the significance both to the hostages and to international law of requiring Iran to pay damages for its crimes.

Similar in intent to legislation already introduced by the gentleman from Maryland (Mr. LONG), my bill would require the Foreign Claims Settlement Commission, a U.S. agency, to receive claims from the hostages or their families within 6 months after their period of captivity is certified by the President as having ended. Following the filing of such claims, the Commission would have 60 days in which to determine the amount of damages Iran should pay to the hostages or to their families. Once that determination is made, my bill would allow Iran 1 year during which to pay the damages.

As a safety measure to insure Iranian payment, my bill authorizes the establishment of a special fund within the Treasury Department consisting either of direct payments from Iran or of Iranian assets already frozen by the President under the International Emergency Economic Powers Act. My bill would authorize the use of these frozen Iranian assets to pay the damages in the event that Iran refused to pay voluntarily. One hundred million dollars of the frozen Iranian assets would be held in reserve for the purpose of paying damages to the hostages.

An important feature of my legislation is that there is a specific timetable involved so that this compensation matter can be settled in the shortest possible time. The worst thing we could do would be to establish a compensation mechanism and then have the claim process drag out indefinitely.

In addition, my proposal would not make use of Iranian assets until after Iran had been given ample opportunity to voluntarily pay the damages. Such leeway is advisable, it seems to me, to keep the door open to comity between Iran and our country once this crisis is over.

Mr. Speaker, I believe this proposal is a constructive step toward meeting our responsibilities to our hostage citizens and to their families. We must not forget that their presence in Iran was due to their faithful service to the United States. Every effort should be made by our Government to guarantee that adequate and prompt compensation is made available to them from the Government of Iran itself. My bill would accomplish this goal.

I urge my colleagues to support this measure. The text of the bill follows:

### H.R. 7027

A bill to provide for payment by the Government of Iran of the claims for damages resulting from the personal injuries suffered by the United States citizens held hostage in the United States Embassy in Tehran, and by their families

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Foreign Claims Settlement Commission (hereafter in this Act referred to as the "Commission") shall receive and determine in accordance with applicable substantive law, including international law, the validity and amounts of claims against the Government of Iran by the United States citizens held as hostages in the United States Embassy in Tehran beginning in November 1979, and by members of their families, for the personal injuries which they incurred as a result of that incident, including physical injury, psychological damage, shock, and inconvenience resulting from time lost. To the extent permitted by applicable substantive law, such claims may include punitive damages.

SEC. 2. All claims under this Act shall be filed within the 6-month period beginning on the date, certified by the President, on which the captivity of individuals held hostage described in the first section of this Act has ended. The Commission shall send written notification of that filing period to those individuals or to their families.

SEC. 3. (a) The Commission shall certify to each individual who files a claim under this Act the amount determined by the Commission to be the damages suffered by that individual as a result of the injury described in the first section of this Act.

(b) The Commission shall certify to the Secretary of State the amounts determined pursuant to the first section of this Act and the basic information underlying each such amount, together with a statement of the evidence relied upon and the reasoning employed in making that determination.

(c) The Commission shall certify to the Secretary of the Treasury and to the President each award made pursuant to the first section of this Act.

SEC. 4. The Commission shall complete its determination of all claims filed under this Act not later than 60 days after the final date for filing such claims provided in section 2 of this Act.

SEC. 5. (a) The Secretary of the Treasury shall establish in the Treasury of the United States a special fund for the payment of the awards made pursuant to the first section of this Act. There shall be paid into that special fund amounts which, in accordance with an agreement or other arrangements made between the United States and Iran, may be paid to the United States by the Government of Iran to satisfy the claims described in the first section of this Act or may be realized by the United States by vesting assets of the Government of Iran which were subjected to control by the President under the International Emergency Economic Powers Act.

(b) To the extent provided in appropriation Acts, the Secretary of the Treasury shall, out of the amounts covered into the special fund established pursuant to subsection (a), make payments on account of the awards made pursuant to the first section of this Act to the extent that the claims which are the basis of those awards are not otherwise satisfied by the Government of Iran.

SEC. 6. If the amount of any claim determined pursuant to the first section of this Act has not been paid in accordance with section 5 of this Act within one year after the date provided in section 4 of this Act for completion of the determination of all such claims, the President shall, to the extent that claim has not been so paid, pay the claim from any assets of the Government of Iran which were subjected to controls by the President under the International Emergency Economic Powers Act.

SEC. 7. For purposes of payments into the special fund established pursuant to section 5 of this Act, and for purposes of section 6 of this Act, the President shall continue to prohibit transactions in at least $100,000,000 of the assets of the Government of Iran which were subjected to controls under the International Emergency Economic Powers Act by the President on November 14, 1979.

## IMPROVEMENT IN THE SURVIVOR BENEFIT PLAN FOR TOTALLY DISABLED VETERANS

(Mr. PANETTA asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. PANETTA. Mr. Speaker, I am today introducing the House version of legislation that was introduced Friday, March 21, 1980, in the Senate by Senator HUMPHREY. That bill (S. 2463) was cosponsored by Senator THURMOND and referred to the Senate Armed Services Committee for consideration.

This legislation is needed to correct an inequity in the survivor benefit plan (SBP) which affects some 12,570 totally disabled veterans. The inequity arises from the fact that these disabled veterans who retired from the military as enrollees in the SBP plan were made eligible for the dependency and indemnity compensation (DIC) program administered by the Veterans' Administration. Public Law 95-479 liberalized the definition of service-connected deaths, thereby expanding the population of eligible DIC beneficiaries to include those whose spouses had previously been covered by the SBP program.

Those who chose to enroll in SBP when DIC benefits were not available should not be required to continue making payments into SBP for benefits they will never receive. As it happens, DIC benefits are much more advantageous to the survivors of totally disabled veterans than are the expected benefits associated with SBP. Thus, most of those affected by this legislation would opt to suspend their enrollment in SBP in favor of the DIC program.

It is interesting that the SBP payments which the enrollee makes over the years are returnable in one lump sum to the survivor. While that provision is, of course, useful, it amounts to a forced savings account for those eligible to receive the higher DIC benefits—a savings account without interest. During periods of high inflation, it is truly punitive to require that SBP enrollees continue making monthly payments for no reason. My bill would suspend those payments, while permitting the enrollee to reenter SBP in the event that the Veterans' Administration, at some later date, revises downward the individual's disability rating.

This legislation is nothing more than a technical amendment which will bring SBP in line with current programs affecting a relatively small group of SBP enrollees. I sincerely hope that the House Armed Services Committee will adopt this legislation, either as an independent piece of legislation or as a part of broader reforms of the SBP plan. A close look at the provisions of the bill will suffice to assure my colleagues of its merits. The bill's text follows for your information. I might add, however, that the bill is supported by a long list of military retiree groups, including the following:

Air Force Sergeants Association;
American Legion;
Amvets;
Association of the United States Army;
Chief Petty Officers Association, U.S. Coast Guard;
Chief Warrant and Warrant Officers Association, U.S. Coast Guard;
Fleet Reserve Association;
Marine Corps League;
National Association for Uniformed Services;
Naval Reserve Association;
Noncommissioned Officers Association;
Reserve Officers Association
The Retired Officers Association; and
Veterans of Foreign Wars.

Again, I urge the support of my colleagues for this bill.

### H.R. 7026

A bill to amend the survivor benefit plan provided for in chapter 73 of title 10, United States Code, to permit a person who has elected to participate in such plan to suspend that election when such person has been rated as totally disabled for a specified period of time, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 1452 of title 10, United States Code, relating to reduction in retired or retainer pay for the purpose of providing a survivor annuity, is amended by adding at the end thereof the following new subsection:

"(g) (1) Notwithstanding any other provision of this subchapter and subject to the provisions of paragraphs (2) and (3) of this subsection, any person who has elected to participate in the Plan and who is suffering from a service-connected disability rated by the Veterans' Administration as totally disabling and has suffered from such disability while so rated for a continuous period of 5 or more years or, if so rated for a lesser period, has suffered from such disability while so rated for a continuous period of not less than 5 years from the date of such person's last discharge or release from active duty may suspend such person's election to participate in the Plan by submitting a notice of suspension in writing to the Secretary concerned. Upon receipt of such notice, the Secretary concerned shall, effective on the first day of the first month following the month in which such notice is received, discontinue the reduction being made in such person's retired or retainer pay on account of participation in the Plan (or if such person has been required to make deposits in the Treasury on account of such participation, such member may discontinue making such deposits effective on such date).

"(2) A person described in paragraph (1) of this subsection may not suspend such person's participation in the Plan without the written consent of the beneficiary or beneficiaries under the Plan.

"(3) The Secretary concerned shall furnish promptly to each person who requests suspension of participation in the Plan a written statement of the advantages of participating in the Plan and the possible disadvantages of suspending participation. A person may withdraw the suspension made under paragraph (1) of this subsection if it is withdrawn within 30 days after having been submitted to the Secretary concerned.

"(4) Any person described in paragraph (1) of this subsection who has suspended such person's election to participate in the Plan may again elect to participate in the Plan if (A) at any time subsequent to such suspension the Veterans' Administration reduces such person's service-connected disability rating to less than total, and (B) such person makes application to the Secretary concerned, within such period of time after the reduction in such person's service-connected disability rating has been made as the Secretary concerned may prescribe, to again participate in the Plan and includes in such application such information as the Secretary concerned may require. The Secretary concerned shall begin making reductions in such person's retired or retainer pay, or require such person to make deposits in the Treasury under subsection (d) of this section, as appropriate, effective beginning with the month in which the Secretary concerned receives the application for resuming participation in the Plan.".●

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PASHAYAN) to revise and extend their remarks and include extraneous material:)

Mr. KEMP, for 15 minutes, today.
Mr. TAUKE, for 5 minutes, today.
Mr. CORCORAN, for 10 minutes, today.
Mr. GRASSLEY, for 5 minutes, today.
Mr. BUCHANAN, for 60 minutes, today.

(The following Members (at the request of Mr. MAZZOLI) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. SKELTON, for 30 minutes, today.
Mr. ULLMAN, for 5 minutes, today.
Mr. LAFALCE, for 10 minutes, today.
Mr. ALEXANDER, for 30 minutes, today.
Mr. PEPPER, for 5 minutes, today.
Mr. PANETTA, for 5 minutes, today.
Mr. BEDELL, for 15 minutes, today.
Mr. DRINAN (at the request of Mr. SKELTON), for 10 minutes, today.

## EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PASHAYAN) and to include extraneous matter:)

Mr. KEMP in two instances.
Mr. BEARD of Tennessee.
Mr. RITTER.
Mr. MOORHEAD of California.
Mr. MCEWEN.
Mr. GRASSLEY.
Mr. HANSEN in nine instances.
Mr. DERWINSKI in two instances.
Mr. ROUSSELOT in two instances.
Mr. SHUMWAY.
Mr. DANNEMEYER in two instances.
Mr. LENT.
Mr. MADIGAN.
Mr. WINN.
Mr. SYMMS.

(The following Members (at the request of Mr. MAZZOLI) and to include extraneous matter:)

Mr. SKELTON.
Mr. STAGGERS in two instances.
Mr. SHANNON.
Mr. FLORIO.
Ms. OAKAR.
Mr. MOORHEAD of Pennsylvania.
Mr. PREYER.
Mr. MCCORMACK.
Mr. PEYSER.
Mrs. SPELLMAN.
Mr. HARKIN.

## ADJOURNMENT

Mr. SKELTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore. Pursuant to the provisions of House Concurrent Resolution 312 of the 96th Congress, the House stands adjourned until 12 o'clock meridian, Tuesday, April 15, 1980.

Thereupon (at 10 o'clock and 54 minutes p.m.), pursuant to House Concurrent Resolution 312, the House adjourned until Tuesday, April 15, 1980, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3981. A letter from the General Counsel, Department of Defense, transmitting a draft of proposed legislation to amend chapter 5 of title 37, United States Code, to make permanent the special pay provisions for reenlistment and enlistment bonuses, and for other purposes; to the Committee on Armed Services.

3982. A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation to amend title V of the Housing Act of 1949; to the Committee on Banking, Finance and Urban Affairs.

3983. A letter from the Chairman, Federal Financial Institutions Examination Council, transmitting the 1979 annual report of the Council, pursuant to section 1006(f) of the Financial Institutions Regulatory and Interest Rate Control Act of 1978; to the Committee on Banking, Finance and Urban Affairs.

3984. A letter from the Chairman of the Board, National Credit Union Administration, transmitting the first annual report of the Board, covering calendar year 1979, pursuant to section 102(d) of the Federal Credit Union Act; to the Committee on Banking, Finance and Urban Affairs.

3985. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend and amend the Runaway Youth Act, and for other purposes; to the Committee on Education and Labor.

3986. A letter from the Acting Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to authorize appropriations for the International Natural Rubber Agreement for fiscal year 1981; to the Committee on Foreign Affairs.

3987. A letter from the Assistant Secretary of Agriculture for International Affairs and Commodity Programs, transmitting the third quarterly report on the status of planned programing of food assistance under title I of the Agricultural Trade Development and Assistance Act, pursuant to section 408(b) of the act, as amended; to the Committee on Foreign Affairs.

3988. A letter from the Administrator of General Services, transmitting the annual report on the investigations of the cost of travel and the operation of privately owned vehicles to Federal employees while engaged on official business, pursuant to 5 U.S.C. 5707(b)(1), and the determinations of the average actual cost per mile for the use of a privately owned automobile, motorcycle, and airplane, pursuant to 5 U.S.C. 5707(b)(2); to the Committee on Government Operations.

3989. A letter from the Secretary, Interstate Commerce Commission, transmitting a report on extensions of statutory deadlines granted by the Commission in rail carrier proceedings, pursuant to 49 U.S.C. 10327(j); to the Committee on Interstate and Foreign Commerce.

3990. A letter from the Chairman, Railroad Retirement Board, transmitting a draft of proposed legislation to amend the Railroad Retirement Act of 1974 to provide that the amount authorized to be appropriated to the Railroad Retirement Account each fiscal year to subsidize the costs of "windfall" benefits shall not exceed $350 million; to the Committee on Interstate and Foreign Commerce.

3991. A letter from the Administrator, National Aeronautics and Space Administration, transmitting proposed amendments to H.R. 6413, a bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; to the Committee on Science and Technology.

3992. A letter from the Chairman, International Trade Commission, transmitting the Commission's 21st quarterly report on trade between the United States and the nonmarket-economy countries, pursuant to section 410 of the Trade Act of 1974; to the Committee on Ways and Means.

3993. A letter from the Chairman, Federal Election Commission, transmitting a copy of the Commission's March 31 submission to the Office of Management and Budget concerning a further reduction of the President's recommended fiscal year 1981 budget for the Commission, pursuant to section 307(d)(1) of the Federal Election Campaign Act of 1971, as amended; jointly, to the Committees on Appropriations, and House Administration.

3994. A letter from the Secretary of Housing and Urban Development, transmitting the semiannual report on energy conservation standards for new buildings, pursuant to section 311 of Public Law 94–385; jointly, to the Committees on Banking, Finance and Urban Affairs and Interstate and Foreign Commerce.

3995. A letter from the Chairman, Federal Home Loan Bank Board, transmitting the first annual report of the Board on its activities under section 18(f) of the Federal Trade Commission Act, covering calendar year 1979, pursuant to section 18(f)(6) of the act, as amended; jointly, to the Committees on Interstate and Foreign Commerce and Banking, Finance and Urban Affairs.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GONZALEZ: Committee of Conference. Conference report on S. 662 (Rept. No. 96–867). Ordered to be printed.

Mr. JONES of Tennessee: Committee on House Administration. House Resolution 515. Resolution establishing the Congressional Child Care Center; with amendment (Rept. No. 96–868). Referred to the House Calendar.

Mr. PERKINS: Committee on Education and Labor. H.R. 3904. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954, as amended, for the purpose of improving retirement income security under private multiemployer pension plans by strengthening the funding requirements for those plans, authorizing plan preservation measures for financially troubled multiemployer pension plans, and revising the manner in which the pension plan termination insurance provisions apply to multiemployer plans; with amendments (Rept. No. 96–869, pt. 1). Ordered to be printed.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ROSTENKOWSKI (for himself, Mr. STARK, Mr. LEDERER, Mr. FOWLER, Mr. GUARINI, Mr. DUNCAN of Tennessee, and Mr. VANDER JAGT):

H.R. 7009. A bill to amend section 117 of the Internal Revenue Code of 1954 to provide that Federal grants for tuition and related expenses at institutions of higher education shall not be includible in gross income merely because the recipient is required to render future service as a Federal employee; to the Committee on Ways and Means.

By Mr. ROSENTHAL (for himself, Mr. THOMPSON, Mr. WEISS, Mr. KASTENMEIER, Mr. CONYERS, Mr. RANGEL, Mr. CLAY, and Mr. EDWARDS of California):

H.R. 7010. A bill to develop a system of self-governance for large corporations that increases the participation of shareholders and directors in company decisionmaking that better informs stockholders and affected communities of the economic and social impact of corporate activities, that better protects the rights of employees, that establishes public policy responsibilities of directors, officers, and managing agents of corporations, and that provides penalties for violations of those responsibilities; jointly, to the Committees on Interstate and Foreign Commerce, the Judiciary, and Education and Labor.

By Mr. ALEXANDER:

H.R. 7011. A bill to provide that U.S. citizens residing outside the United States shall be represented in Congress by a Delegate to the House of Representatives; to the Committee on House Administration.

By Mr. BROWN of California (for himself and Mr. HOLLENBECK):

H.R. 7012. A bill to authorize appropriations to the Director of the National Bureau of Standards for fiscal year 1981, and for other purposes; to the Committee on Science and Technology.

H.R. 7013. A bill to amend the Earthquake Hazards Reduction Act of 1977 and the Federal Fire Prevention and Control Act of 1974 to authorize the appropriation of funds to the Director of the Federal Emergency Management Agency to carry out the earthquake hazards reduction program and the fire prevention control program, and for other purposes; to the Committee on Science and Technology.

H.R. 7014. A bill to authorize appropriations for activities of the National Science Foundation for fiscal years 1981 and 1982, and for other purposes; to the Committee on Science and Technology.

By Mr. ULLMAN:

H.R. 7015. A bill to restructure the Federal tax system; jointly, to the Committees on Ways and Means and Rules.

By Mr. BUCHANAN:

H.R. 7016. A bill to amend the mortgage amount, sales price, and interest rate limitations under the Government National Mortgage Association emergency home purchase assistance authority, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. DAVIS of Michigan (for himself, Mr. Corcoran, Mr. Scheuer, Mr. Hinson, Mr. Weiss, and Mr. Hughes):

H.R. 7017. A bill to require the Secretary of Health, Education, and Welfare to study whether there may be a relationship between exposure of members of the Armed Forces of the United States to nuclear radiation in Hiroshima and Nagasaki immediately after World War II and various symptoms currently exhibited by such members; to the Committee on Interstate and Foreign Commerce.

By Mr. de la GARZA (for himself and Mr. Wampler):

H.R. 7018. A bill to extend the Federal Insecticide, Fungicide, and Rodenticide Act until September 30, 1981; to the Committee on Agriculture.

By Mr. DRINAN (for himself, Mr. Johnson of Colorado, Mr. Maguire, Mr. McKay, Mr. Scheuer, Mr. Simon, and Mr. Stark):

H.R. 7019. A bill to amend the Internal Revenue Code of 1954 to increase the excise tax on cigarettes; to the Committee on Ways and Means.

By Mr. FLORIO:

H.R. 7020. A bill to amend the Solid Waste Disposal Act to provide authorities to respond to releases of hazardous waste from inactive hazardous waste sites which endanger public health and the environment, to establish a hazardous waste response fund to be funded by a system of fees; to establish prohibitions and requirements concerning inactive hazardous waste sites; to provide for liability of persons responsible for releases of hazardous waste at such sites; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FLORIO (for himself and Mr. Madigan):

H.R. 7021. A bill to provide for the improvement of the speed and reliability of performance of intercity rail passenger service; jointly, to the Committees on Interstate and Foreign Commerce and Ways and Means.

By Mr. GRASSLEY:

H.R. 7022. A bill to authorize a national soil conservation program utilizing incentives to land owners to install and maintain conservation measures meeting certain standards and to establish a pilot program to test the purchase of conservation benefits, and for other purposes; to the Committee on Agriculture.

By Mr. HOPKINS (for himself, Mr. Pepper, Mr. Abdnor, and Ms. Oakar):

H.R. 7023. A bill to direct that a clinical investigation of the safety and efficacy of dimethyl sulfoxide as a drug to be used by persons with arthritis be conducted through the National Institute of Arthritis, Metabolism, and Digestive Diseases; to the Committee on Interstate and Foreign Commerce.

By Mr. MAGUIRE:

H.R. 7024. A bill to amend the Internal Revenue Code of 1954 to provide small business concerns a credit against income tax for amounts contributed to a reserve the payments from which must be used for capital investment and the employment of additional employees; to the Committee on Ways and Means.

By Mr. MATTOX:

H.R. 7025. A bill to provide for the monitoring of the restrictions on Soviet trade; to the Committee on Foreign Affairs.

By Mr. PANETTA:

H.R. 7026. A bill to amend the survivor benefit plan provided for in chapter 73 of title 10, United States Code, to permit a person who has elected to participate in such plan to suspend that election when such person has been rated as totally disabled for a specified period of time, and for other purposes; to the Committee on Armed Services.

H.R. 7027. A bill to provide for payment by the Government of Iran of the claims for damages resulting from the personal injuries suffered by the U.S. citizens held hostage in the U.S. Embassy in Tehran, and by their families; to the Committee on Foreign Affairs.

By Mr. SHELBY (for himself, Mr. Bevill, Mr. Flippo, Mr. Nichols, Mr. Buchanan, Mr. Dickinson, and Mr. Edwards of Alabama):

H.R. 7028. A bill to permit relatives of medicaid eligible individual residing in nursing homes to contribute voluntarily to a State fund for the provision of such care; to the Committee on Interstate and Foreign Commerce.

H.R. 7029. A bill to amend title XIX of the Social Security Act to permit State medicaid programs to require nominal copayments for basic services provided to categorically needy individuals; to the Committee on Interstate and Foreign Commerce.

H.R. 7030. A bill to amend title XIX of the Social Security Act to permit States to terminate eligibility for medicaid medical assistance for up to 1 year for individuals determined to have abused the medicaid program; to the Committee on Interstate and Foreign Commerce.

H.R. 7031. A bill to amend title XIX of the Social Security Act to allow States to provide for competitive bidding for the purchase of certain items under their medicaid plans; to the Committee on Interstate and Foreign Commerce.

By Mr. SKELTON:

H.R. 7032. A bill to amend the Federal Civil Defense Act of 1950 for an enhanced civil defense program for fiscal years 1981 through 1985; to the Committee on Armed Services.

By Mr. STAGGERS:

H.R. 7033. A bill to designate certain lands in the Monongahela National Forest, W. Va., as the Cranberry Wilderness Area, to establish the Cranberry Glades National Botanical Area, to establish the Cranberry Back Country, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 7034. A bill to amend the Small Business Act to provide special loan guarantees to small business concerns for the acquisition of motor fuel service stations, to require the divorcement of such stations from operation by certain producers and refiners of motor fuels, to control sales by producers and refiners of motor fuels, and for other purposes; jointly, to the Committees on Small Business and Interstate and Foreign Commerce.

By Mr. WAXMAN (by request):

H.R. 7035. A bill to amend the Federal Food, Drug, and Cosmetic Act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WAXMAN (for himself, Mr. Maguire, Mr. Walgren, Mr. Gramm, Mr. Leland, Mr. Shelby, Mr. Murphy of New York, and Mr. Carter):

H.R. 7036. A bill to amend the Public Health Service Act to revise and extend the authorities under that act relating to national research institutes, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GRASSLEY:

H. Con. Res. 316. Concurrent resolution to express the sense of the Congress that the Board of Governors of the Federal Reserve System should establish the discount rate on commercial and industrial paper relating to small businesses at a rate which is less than the discount rate for other types of commercial and industrial paper; to the Committee on Banking, Finance and Urban Affairs.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

[*Omitted from the Record of April 1, 1980*]

H. Con. Res. 292: Mr. Stockman.

[*Submitted April 2, 1980*]

H.R. 809: Mr. Corcoran.

H.R. 1527: Mr. Mitchell of New York.

H.R. 1642: Mr. Livingston, Mr. Symms, Mr. Winn, Mr. Hinson, Mr. LaFalce, Mr. Edwards of Oklahoma, Mr. Lungren, Mr. Dan Daniel, and Mr. Jeffords.

H.R. 3467: Mr. Tauke.

H.R. 5191: Mr. Udall, Mr. Evans of the Virgin Islands, and Mr. Swift.

H.R. 5389: Mr. Tauke.

H.R. 5715: Mr. Pease and Mr. Hance.

H.R. 6181: Mr. Edwards of California, Mr. Weaver, Mr. Conyers, Mr. Rangel, Mr. Ottinger, Mr. Rosenthal, Mr. Gibbons, Mr. Stark, Mr. Brodhead, Mr. Fazio, Mr. Synar, Mr. AuCoin, Mr. LaFalce, Mr. Daschle, Mr. Bonior of Michigan. Mr. Downey, Mr. Neal, Mr. McKinney, Mr. Corman, Mr. Scheuer, Mr. Cavanaugh, and Mr. Lagomarsino.

H.R. 6300: Mr. Rousselot, Mr. Solomon, Mr. Heftel, Mr. Young of Alaska, Mr. Stump, Mr. Stangeland, Mr. Kindness, Mr. Carter, Mr. Quillen, Mr. Ritter, Mr. Paul, Mr. Symms, and Mr. Yatron.

H.R. 6424: Mr. Dannemeyer and Mr. Livingston.

H.R. 6468: Mr. Hyde.

H.R. 6657: Mr. Zablocki.

H. Con. Res. 57: Mr. Bedell, Mr. Leach of Louisiana, Mr. Lagomarsino, Mr. Neal, Mr. de la Garza, Mr. Regula, Mr. Cavanaugh, Mr. Hinson, Mr. Murtha, Mr. Kindness, Mr. Won Pat, Mr. Hyde, Mr. Clinger. Mr. Edwards of Oklahoma, Mr. Hughes, and Mr. Rudd.

H. Con. Res. 308: Mr. Bevill, Mr. Burgener, Mr. Corrada, Mr. Courter, Mr. Dougherty, Mr. Edwards of Oklahoma, Mr. Forsythe, Mrs. Holt, Mr. Hughes, Mr. Kemp, Mr. Kindness, Mr. Lundine, Mr. Marks, Mr. Michel, Mr. Porter, Mr. Rudd, Mr. Shumway, Mr. Symms, Mr. Whitehurst, and Mr. Won Pat.

H. Res. 449: Mr. Roe.

H. Res. 603: Mr. Weiss and Mr. Carr.

## PETITIONS, ETC.

Under clause 1 of rule XXII,

324. The SPEAKER presented a petition of the National Assembly of the Republic of Tunisia, Le Bardo, relative to aggression against the city of Gafsa, which was referred to the Committee on Foreign Affairs.

## AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H. CON. RES. 307

By Mr. GRAMM:

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1980—

(1) the recommended level of Federal revenues is $613,800,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is $10,300,000,000 and the amount by which the aggregate level of Federal revenues should be increased is $22,300,000,000;

(2) the appropriate level of total budget authority is $695,000,000,000;

(3) the appropriate level of total budget outlays is $611,800,000,000;

(4) the amount of the surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is $2,000,000,000;

(5) the appropriate level of the public debt is $926,800,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $30,100,000,000; and

(6) the appropriate level of total gross obligations for the principal amount of direct loans is $60,600,000,000 and the appropriate level of total commitments to guarantee loan principal is $79,600,000,000.

SEC. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 301(a)(2) of the Congressional Budget Act of 1974 that for the fiscal year beginning on October 1, 1980, the appropriate level of new budget outlays authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $166,500,000,000;

(B) Outlays, $153,000,000,000.

(2) International Affairs (150):

(A) New budget authority, $23,400,000,000;

(B) Outlays, $9,000,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $6,700,000,000;

(B) Outlays, $6,300,000,000.

(4) Energy (270):

(A) New budget authority, $7,400,000,000;

(B) Outlays, $7,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $11,800,000,000;

(B) Outlays, $12,200,000,000.

(6) Agriculture (350):

(A) New budget authority, $5,400,000,000;

(B) Outlays, $2,300,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $5,000,000,000;

(B) Outlays, —$200,000,000.

(8) Transportation (400):

(A) New budget authority, $22,800,000,000;

(B) Outlays, $19,500,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $9,000,000,000;

(B) Outlays, $9,400,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $31,400,000,000;

(B) Outlays, $29,000,000,000.

(11) Health (550):

(A) New budget authority, $71,400,000,000;

(B) Outlays, $61,700,000,000.

(12) Income Security (600):

(A) New budget authority, $251,500,000,000;

(B) Outlays, $219,500,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $21,700,000,000;

(B) Outlays, $21,200,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,200,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,600,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,200,000,000;

(B) Outlays, $6,800,000,000.

(17) Interest (900):

(A) New budget authority, $72,200,000,000;

(B) Outlays, $72,200,000,000.

(18) Allowances (920):

(A) New budget authority, −$1,700,000,000;

(B) Outlays, −$1,700,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$24,600,000,000;

(B) Outlays, −$24,600,000,000.

SEC. 3. Pursuant to sections 301(b)(2) and 310 of the Budget Act:

(a)(1) the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry shall recommend program reductions for fiscal year 1981 in reported or enacted laws, bills, and resolutions that reduce spending by $1,120,000,000 in budget authority and $1,120,000,000 in outlays and are instructed to report on or before June 15, 1980, such recommendations to effectuate reductions in corresponding new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority for programs within the jurisdiction of those committees;

(2) the Senate Committee on Agriculture, Nutrition and Forestry shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $533,000,000 in budget authority, and $507,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(b) The House Committee on Armed Services and the Senate Committee on Armed Services shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $3,263,000,000 in budget authority and $3,188,000,000 in outlays and are instructed to report on or before June 15, 1980, their recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this subsection;

(c) the House Committee on Education and Labor shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $839,000,000 in budget authority and $786,000,000 in outlays, and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(d) the House Committee on Interstate and Foreign Commerce shall reduce spending for fiscal 1981 in reported or enacted laws, bills, and resolutions by $200,000,000 in budget authority and $270,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in reported or enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(e) the House Committee on Post Office and Civil Service and the Senate Committee on Governmental Affairs shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $3,639,000,000 in budget authority and $4,204,000,000 in outlays and are instructed to report on or before June 15, 1980, their recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in eacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this subsection;

(f)(1) the House Committee on Public Works and Transportation and the Senate Committee on Environment and Public Works shall recommend program reductions for fiscal year 1981 in enacted laws, bills, and resolutions that reduce spending by $400,000,000 in outlays and are instructed to report on or before June 15, 1980, such recommendations to effectuate reductions in corresponding outlays for programs within the jurisdiction of those committees;

(2) the House Committee on Public Works and Transportation shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $150,000,000 in budget authority and $150,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in reported or enacted laws, bills, and resolutions within the jurisdition of this committee sufficient to accomplish the reduction required by this subsection;

(g) the House Committee on Veterans' Affairs and the Senate Committee on Veterans' Affairs shall reduce spending or recommend program reductions for fiscal year 1981 in enacted laws, bills, and resolutions by $400,000,000 in budget authority and $400,000,000 in outlays and are instructed to report on or before June 15, 1980, their recommendations to reduce spending, or to effectuate reductions, in new or corresponding budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdictions of those committees, or for programs within the jurisdictions of those committees, sufficient to accomplish the reduction required by this subsection;

(h) the House Committee on Ways and Means shall reduce spending for fiscal year 1981 in reported or enacted laws, bills, and resolutions by $717,000,000 in budget authority and $1,869,000,000 in outlays, and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in reported or enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(i) the Senate Committee on Commerce, Science, and Transportation shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $150,000,000 in budget authority and $150,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget atuhority initially provided for prior fiscal years, and new or existing laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(j) the Senate Committee on Finance shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $917,000,000 in budget authority and $2,069,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(k) the Senate Committee on Labor and Human Resources shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $306,000,000 in budget authority and $349,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection; and

(l) the House Committee on Ways and Means and the Senate Committee on Finance shall increase revenues for fiscal year 1981 in reported or enacted laws, bills, and resolutions by $22,200,000,000 and are instructed to report on or before June 15, 1980, their recommendations for changes in revenues for fiscal year 1981 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the increase required by this subsection.

Sec. 4. In accordance with section 301(b)(1) of the Budget Act, no bill or resolution providing new budget authority for fiscal year 1981 or providing new or existing spending authority described in section 401(c)(2)(C) of the Budget Act in excess of the allocation of the appropriate levels of total budget outlays and total new budget authority submitted pursuant to section 302(b) of the Budget Act, shall be enrolled until Congress has completed action on the second budget resolution for that fiscal year as required to be reported under section 310 of the Budget Act; and, if a reconciliation bill or reconciliation resolution, or both, are required to be reported under section 310(c), until Congress has completed action on that bill or resolution, or both.

Sec. 5. The Congress sets forth the following budgetary levels for fiscal years 1982 through 1983—

(1) the recommended level of Federal revenues is as follows:

Fiscal year 1982: $694,800,000,000;

Fiscal year 1983: $804,100,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1982: +$300,000,000;

Fiscal year 1983: $000,000,000;

(2) the appropriate level of total new budget authority is as follows:

Fiscal year 1982: $772,300,000,000;

Fiscal year 1983: $848,800,000,000;

(3) the appropriate level of total budget outlays is as follows:

Fiscal year 1982: $687,500,000,000;

Fiscal year 1983: $757,900,000,000;

(4) the amount of the surplus in the budget which is appropriate in light of economic conditions and all other relevant factors is as follows:

Fiscal year 1982: $7,300,000,000;

Fiscal year 1983: $46,200,000,000;

(5) the appropriate level of the public debt is as follows:

Fiscal year 1982: $958,600,000,000;

Fiscal year 1983: $953,100,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1982 and 1983 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1982:

(A) New budget authority, $191,000,000,000;

(B) Outlays, $174,700,000,000.

Fiscal year 1983:

(A) New budget authority, $216,200,000,000;

(B) Outlays, $196,100,000,000.

(2) International Affairs (150):

Fiscal year 1982:

(A) New budget authority, $16,200,000,000;

(B) Outlays, $10,000,000,000.

Fiscal year 1983:

(A) New budget authority, $15,900,000,000;

(B) Outlays, $10,700,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1982:

(A) New budget authority, $6,900,000,000;

(B) Outlays, $6,700,000,000.

Fiscal year 1983:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,900,000,000.

(4) Energy (270):

Fiscal year 1982:

(A) New budget authority, $8,500,000,000;

(B) Outlays, $10,400,000,000.

Fiscal year 1983:

(A) New budget authority, $10,100,000,000;

(B) Outlays, $11,600,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1982:

(A) New budget authority, $13,200,000,000;

(B) Outlays, $13,000,000,000.

Fiscal year 1983:

(A) New budget authority, $13,700,000,000;

(B) Outlays, $13,400,000,000.

(6) Agriculture (350):

Fiscal year 1982:

(A) New budget authority, $6,300,000,000;

(B) Outlays, $4,200,000,000.

Fiscal year 1983:

(A) New budget authority, $4,300,000,000;

(B) Outlays, $5,200,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1982:

(A) New budget authority, $5,400,000,000;

(B) Outlays, $2,200,000,000.

Fiscal year 1983:

(A) New budget authority, $5,600,000,000;

(B) Outlays, $2,200,000,000.

(8) Transportation (400):

Fiscal year 1982:

(A) New budget authority, $22,300,000,000;

(B) Outlays, $20,500,000,000.

Fiscal year 1983:

(A) New budget authority, $24,500,000,000;

(B) Outlays, $22,200,000,000.

(9) Community and Regional Development (450):

Fiscal year 1982:

(A) New budget authority $9,200,000,000;

(B) Outlays, $9,000,000,000.

Fiscal year 1983:

(A) New budget authority, $9,500,000,000;

(B) Outlays, $9,300,000,000.

(10) Education Training, Employment, and Social Services (500):

Fiscal year 1982:

(A) New budget authority, $33,800,000,000;

(B) Outlays, $31,300,000,000.

Fiscal year 1983:

(A) New budget authority, $38,300,000,000;

(B) Outlays $36,600,000,000.

(11) Health (550):

Fiscal year 1982:

(A) New budget authority, $83,000,000,000;

(B) Outlays, $70,000,000,000.

Fiscal year 1983:

(A) New budget authority, $94,800,000,000;

(B) Outlays $79,100,000,000.

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $289,200,000,000;

(B) Outlays, $248,900,000,000.

Fiscal year 1983:

(A) New budget authority, $317,700,000,000;

(B) Outlays $273,900,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1982:

(A) New budget authority, $23,400,000,000;

(B) Outlays, $22,800,000,000.

Fiscal year 1983:

(A) New budget authority, $25,000,000 000;

(B) Outlays, $24,400,000,000.

(14) Administration of Justice (750):

Fiscal year 1982:

(A) New budget authority, $4,300,000,000;

(B) Outlays, $4 500,000,000.

Fiscal year 1983:

(A) New budget authority, $4,400,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

Fiscal year 1982:

(A) New budget authority, $5,000,000 000;

(B) Outlays, $4,700,000,000.

Fiscal year 1983:

(A) New budget authority, $4,900,000,000;

(B) Outlays, $4 800,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1982:

(A) New budget authority, $6,400,000,000;

(B) Outlays, $4,800,000,000.

Fiscal year 1983:

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

Fiscal year 1982:

(A) New budget authority, $73,600,000,000;

(B) Outlays, $73,600,000,000.

Fiscal year 1983:

(A) New budget authority, $76,500,000,000;

(B) Outlays, $76,500,000,000.

(18) Allowances (920):

Fiscal year 1982:

(A) New budget authority, $1,900,000,000;

(B) Outlays, $1,900,000,000.

Fiscal year 1983:

(A) New budget authority, $3,600,000,000;

(B) Outlays, $3,600,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1982:

(A) New budget authority, −$27,300,000,000;

(B) Outlays, −$27,300,000,000.

Fiscal year 1983:

(A) New budget authority, −$29,700,000,000;

(B) Outlays, −$29,700,000,000.

Sec. 6. Section 1 of S. Con. Res. 53 is revised as follows:

(a)(1) the recommended level of Federal revenues is $528,800,000,000 and the amount by which the aggregate level of Federal revenues should be increased is $4,300,000,000;

(2) the appropriate level of total new budget authority is $657,200,000,000;

(3) the appropriate level of total budget outlays is $567,000,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic

conditions and all other relevant factors is $38,200,000,000; and

(5) the appropriate level of the public debt is $896,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $17,700,000,000.

(b(1) National Defense (050):

(A) New budget authority, $142,500,000,000;

(B) Outlays, $132,700,000,000.

(2) International Affairs (150):

(A) New budget authority, $15,800,000,000;

(B) Outlays, $10,100,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $6,100,000,000;

(B) Outlays, $5,900,000,000.

(4) Energy (270):

(A) New budget authority, $40,300,000,000;

(B) Outlays, $6,700,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $12,300,000,000;

(B) Outlays, $12,900,000,000.

(6) Agriculture (350):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $5,900,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $10,100,000,000;

(B) Outlays, $5,400,000,000.

(8) Transportation (400):

(A) New budget authority, $21,000,000,000;

(B) Outlays, $19,400,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $8,700,000,000;

(B) Outlays, $9,400,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $29,900,000,000;

(B) Outlays, $30,300,000,000.

(11) Health (550):

(A) New budget authority, $59,900,000,000;

(B) Outlays, $56,500,000,000.

(12) Income Security (600):

(A) New budget authority, $223,000,000,000;

(B) Outlays, $190,000,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $21,000,000,000;

(B) Outlays, $20,300,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,300,000,000;

(B) Outlays, $4,400,000,000.

(15) General Government (800):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,400,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $8,600,000,000;

(B) Outlays, $8,600,000,000.

(17) Interest (900):

(A) New budget authority, $65,500,000,000;

(B) Outlays, $65,500,000,000.

(18) Allowances (920):

(A) New budget authority, $1,000,000,000;

(B) Outlays, $900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$22,300,000,000;

(B) Outlays, −$22,300,000,000.

SEC. 7. The Congress urges the President to study and review the current inflation measure for indexing Federal programs, and to submit his findings and recommendations for the most appropriate cost-of-living measure within sixty days after passage of this budget resolution.

# SENATE—*Wednesday, April 2, 1980*

(*Legislative day of Thursday, January 3, 1980*)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by Hon. CARL LEVIN, a Senator from the State of Michigan.

## PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God who has brought us to this holy season, help us to keep it with humility and penitence, with love and adoration and gratitude. We thank Thee that when man in his sin and alienation by himself could not lift himself Thou didst send Thy son to suffer, to die, to conquer sin and death. By our hope in the everlasting Gospel, wilt Thou dispel the gloom and fear which engulfs the nations and threatens the peace. Help us to work in the faith that it is by sacrifice and self-giving that man is redeemed from his folly and his sin, and that there comes a resurrection morning and new life. Grant us grace to make the self-surrender that we may know the blessing of self-fulfillment. And may Thy kingdom come beginning in each of us. Amen.

## APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
*Washington, D.C., April 2, 1980.*

*To the Senate:*

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable CARL LEVIN, a Senator from the State of Michigan, to perform the duties of the Chair.

WARREN G. MAGNUSON,  
*President pro tempore.*

Mr. LEVIN thereupon assumed the chair as Acting President pro tempore.

## RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

## THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## TIME-LIMITATION AGREEMENT—PANAMA CANAL COMMISSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at 2 p.m. today the Senate go into executive session to consider the five nominations for the Panama Canal Commission; and, provided further, that there be a time limitation of 2 hours on those nominees, 2 hours overall, to be equally divided between Mr. LEVIN and Mr. TOWER; provided further that upon the expiration of the time or upon its being yielded back, and in no event later than 4 p.m., the Senate proceed to vote on the nominees.

There will be rollcall votes on the five nominees. I ask unanimous consent that no other business be transacted during that executive session.

Mr. BAKER. Mr. President, reserving the right to object—and I will not—this agreement is cleared on our side, as the majority leader and I have discussed, but I would like to explore the possibility of combining the five votes, to begin not later than 4 p.m., possibly into one vote. I am not sure that we have done that before in the case of nominations, but to have five rollcall votes even back-to-back would take an hour and 15 minutes.

I might inquire then of the majority leader if he would be willing to consider such an arrangement?

Mr. ROBERT C. BYRD. Yes. In the meantime I would suggest that our respective cloakrooms contact Senators to see if there is any objection to having the five votes en bloc.

Mr. BAKER. I thank the majority leader and I will ask my cloakroom attendants to undertake that inquiry on our side now.

To make sure I understand the arrangement—to continue my reservation, Mr. President—the proposal made by the majority leader is that we vote not later than 4 o'clock on the confirmation of the five Commissioners for the Panama Canal Commission. There will be a rollcall vote on each of them unless this request is further modified to provide for the consolidation of the five nominations into a single vote to occur not later than 4 o'clock.

Mr. ROBERT C. BYRD. That is correct, the Senator is correct, and I ask unanimous consent that it be in order at any time to order the yeas and nays on the five nominees.

Mr. BAKER. I have no objection.

The ACTING PRESIDENT pro tempore. Hearing no objection, it is so ordered, as in executive session.

Mr. ROBERT C. BYRD. I yield the floor.

## JOHN TATE IS A CHAMPION

Mr. BAKER. Mr. President, politicians and athletes have a special sense of communion, knowing as we know so well the thrill of victory and the agony of defeat.

I regret to report that, as far as politicians and athletes from Tennessee are concerned, we have seen more than our share of defeats this year.

In my own case, my quest for the Republican Presidential nomination did not meet with the overwhelming public enthusiasm I had hoped for.

Now a champion athlete from Tennessee—John Tate, the World Boxing Association's heavyweight champion—has lost his crown after 14½ gallant, winning rounds of his first title defense.

The fortunes of the fighting game, like those of politics, can change literally in the wink of an eye. But a heartbreaking loss does not make a champion athlete any less a champion. John Tate is a talented pugilist, a young man with a great heart, a young man who has brought tremendous international credit to the State of Tennessee.

John Tate is a champion. The people of Tennessee are very proud of him. We have a great deal of faith in him. And we expect that the world of boxing has not seen the last of him.

## ORDER OF BUSINESS

Mr. ROBERT C. BYRD. I do not have any need for my time.

Mr. BAKER. Mr. President, I have no requirement for my time under the order, and I am prepared to yield it back unless the majority leader needs that time.

Mr. President, I yield back my time under the standing order.

## RECOGNITION OF SENATOR SCHMITT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from New Mexico is now recognized for not to exceed 15 minutes.

## WE NEED QUICK NATIONAL DEFENSE FIXES NOW—OUR NAVY

Mr. SCHMITT. Mr. President, back when I was a kid in New Mexico my friends and I used to run at each other in an arroyo, a sandy arroyo portion, continued to shoot at each other and practiced dying. We got to be quite proficient in the act of dying in the sands of New Mexico's dry washes.

But, Mr. President, I never thought I would see the time when the United States as a nation would be in the process of practicing dying.

Mr. President, we have allowed our foreign and defense policies to deteriorate to the point where our national security is clearly, unequivocally threatened. The only way to quickly turn the situation around is through quick fixes to our broken and now rusted defense apparatus. Clearly there is a need for long-term repair, but we have delayed so long in providing for that repair that now we are, in addition, required to fix the situation we have today.

In the Record of yesterday I addressed our shortfalls and vulnerabilities in the strategic defense area, and proposed quick-fix programs to meet the shortfalls relative to our ICBM force.

There are, however, other areas of our national defense which need quick-fix type programs to stem the deteriorating and increasingly dangerous trend we see today.

One of these areas is our Navy. The question that must be raised about it is its growing inability to protect vital sealanes and to project the necessary power anywhere in the world at any time when our national interests are threatened.

The United States has become dependent on foreign sources for many critical raw materials. While crude oil from the Middle East and elsewhere receives most attention, the United States is far more dependent on other critical raw materials than we are on the importation of oil. We could much more easily produce our necessary requirements of crude oil than we could some of these other strategic mineral resources.

For example, Mr. President, we import 79 percent of our tin, 91 percent of our chromium 93 percent of our bauxite and alumina, 95 percent of our cobalt, and 100 percent of our strontium, to name just a few strategic, literally and clearly strategic, mineral resources, ones upon which not only depend our economy but our national security.

I ask unanimous consent that a table of U.S. net import reliance of selected minerals prepared by the Bureau of Mines be printed in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

U.S. NET IMPORT RELIANCE OF SELECTED MINERALS AND METALS AS A PERCENT OF CONSUMPTION IN 1978

| Minerals and metals | Net import reliance[1] as a percent of apparent consumption[2] | Major foreign sources (1974–77) |
|---|---|---|
| Columbium | 100 | Brazil, Thailand, Canada. |
| Mica (sheet) | 100 | India, Brazil, Madagascar. |
| Strontium | 100 | Mexico, Spain. |
| Manganese | 97 | Gabon, Brazil, Australia, South Africa. |
| Tantalum | 97 | Thailand, Canada, Malaysia, Brazil. |
| Cobalt | 95 | Zaire, Belgium-Luxembourg, Zambia, Finland. |
| Bauxite and alumina | 93 | Jamaica, Australia, Surinam. |
| Chromium | 91 | South Africa, U.S.S.R., Turkey, Southern Rhodesia. |
| Platinum-group metals | 90 | South Africa, U.S.S.R., United Kingdom. |
| Asbestos | 85 | Canada, South Africa. |
| Tin | 79 | Malaysia, Boliva, Thailand, Indonesia. |
| Fluorine | 76 | Mexico, Spain, Italy, Canada. |
| Nickel | 76 | Canada, Norway, New Caledonia, Dominican Republic. |
| Zinc | 66 | Canada, Mexico, Australia, Belgium-Luxembourg. |
| Potassium | 64 | Canada, Israel, Federal Republic of Germany. |
| Mercury | 64 | Algeria, Canada, Spain, Mexico, Yugoslavia. |
| Cadmium | 63 | Canada, Australia, Belgium-Luxembourg, Mexico. |
| Tungsten | 56 | Canada, Bolivia, Peru, Thailand. |
| Gold | 53 | Canada, Switzerland, U.S.S.R. |
| Silver | 48 | Canada, Mexico, Peru, United Kingdom. |
| Selenium | 43 | Canada, Japan, Yugoslavia. |
| Titanium (ilmenite) | 42 | Canada, Australia. |
| Barium | 38 | Peru, Ireland, Mexico. |
| Vanadium | 36 | South Africa, Chile, U.S.S.R. |
| Gypsum | 33 | Canada, Mexico, Spain. |
| Iron ore | 29 | Canada, Venezuela, Brazil, Liberia. |
| Iron and steel scrap | (19) | |
| Antimony | 23 | South Africa, Bolivia, China, Mexico. |
| Copper | 20 | Canada, Chile, Peru, Zambia. |
| Iron and steel products | 12 | Japan, Europe, Canada. |
| Sulfur | 12 | Canada, Mexico. |
| Aluminum | 11 | Canada. |
| Salt | 10 | Canada, Bahamas, Mexico. |
| Lead | 9 | Canada, Mexico, Peru, Australia. |
| Cement | 8 | Canada, Norway, Bahamas, Mexico, United Kingdom. |
| Pumice and volcanic cinder | 4 | Italy, Greece. |

[1] Net import reliance equals imports minus exports plus adjustments for Government and industry stock changes.

[2] Apparent consumption equals U.S. primary plus secondary production plus import reliance. Bureau of Mines, U.S. Department of the Interior (import-export data from Bureau of the Census). Revised Sept. 1, 1979.

Mr. SCHMITT. The source for many of our raw materials is the Third World and Africa in particular. U.S. policy in these areas of the world has been dictated entirely by short-term political considerations and not by an integrated view of all U.S. interests. The Rhodesian embargo, particularly as it relates to chrome, as a case in point, has been commercially and politically disadvantageous to the United States and very advantageous to the Soviet Union. Our foreign policy toward the developing world should be one of making it worthwhile to be our friend and undesirable to be our enemy. Unfortunately, our policy has been just the opposite for too many years.

We have allowed the Soviet Union and her surrogate, Cuba, to foster instability throughout the Third World which has strengthened the prices of Soviet exports of raw materials and their leverage on U.S. foreign and domestic policies. The necessary steps to insure an adequate supply of raw materials and secure sources for them have not been taken by this administration, nor is it clear that they even conceive there is a problem.

But the problem is even more serious than a secure source for our raw materials. There is serious concern that our Navy cannot protect the sealanes over which these raw materials must travel, assuming the sources of supply are available to us. The policies of this administration have led to a reduction of ships, particularly those that are critical to convoy protection, to a dangerous level. The weakening of the Navy and other misguided defense policies has made it unlikely that the shipping lanes of the free world can be protected from extensive and prolonged interdictions or threats of interdictions by Soviet forces or their surrogates.

It seems that each year the administration has promised us more ships for the Navy but each year those ships appear in future budgets not in current budget outlays. Somehow we never quite make it to those years and we never quite get those ships. At the same time, we are retiring ships and submarines faster than we are building them.

The Navy has another function besides the protection of shipping lanes.

As I indicated, that function is the projection of military power and political power throughout the world wherever our national interests require such projection. The United States is a maritime nation, a fact sometimes forgotten. Nevertheless, we are dependent on our ability to protect the seas and to assist our allies throughout the world in the protection of their necessary trade and economic well-being based on that trade.

The administration has belatedly come to understand the importance of the Navy in its use off the coast of Korea recently during the unfortunate events surrounding the assassination of the president of that nation, and now more critically, in the Indian Ocean relative to the events surrounding the taking of hostages in Iran.

The Rapid Deployment Force, which is receiving so much attention now, will be useless without the type of Navy which is strong and which can project power from the sea to support those forces.

There are a number of "quick fixes" which can quickly augment our naval capabilities. First, we can restore five Essex-class carriers which would supplement our carrier force. Michael Vlahos discussed this course of action in an article entitled "There's Life in Those Old Carriers Yet," which appeared in the March 13 issue of the Christian Science Monitor. Secondly, we can restore our mothballed battleships and bring them into service. Battleships would significantly augment our ability to project force and would be appropriate in a crisis such as Iran or places such as Korea. In the March 17 issue of the Washington Post appeared two letters to the editor which effectively presented the case for restoration of the old warhorses. The writers were Capt. Robert Peniston, the last commanding officer of the U.S.S. *New Jersey*, and Aimo Hill, a naval aviator.

Mr. President, I ask unanimous consent that the article by Michael Vlahos and the letters to the editor by Aimo Hill and Captain Peniston be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Christian Science Monitor, Mar. 13, 1980]

### THERE'S LIFE IN THOSE OLD CARRIERS YET

(By Michael Vlahos)

Two mighty carriers steam in circular patrol in the Arabian Sea, just south of Iran. The incarnation of deployable power, they seem the ultimate conventional weapon, the premiere "big stick." But one of these leviathans is running on half-power, and exhaustion has severely cut its ability to launch aircraft. Until a replacement arrives, the US carrier task force off Iran will be incapable of round-the-clock flight operations.

The critical vulnerability of America's big carriers to overexhaustion is but a reminder of our stretched naval assets. Yet we have immediate resources—the Lexington and four other carriers of the faithful old Essex class—if we would only restore them to service.

This nation for 35 years has leaned on the carrier to buttress its crisis diplomacy. Carriers have been needed, again and again, to support and defend our alliance system. Off Korea, in the Mediterranean, along the North Atlantic lifeline, US carrier task groups have held together the sometimes fragile network of Western security.

In recent years, the Young Turks have increasingly attacked the big aircraft carrier as a vulnerable, expensive, imminently obsolete weapons system: a kind of naval saurian whose time has passed. Just as fashionable has been the thesis that the big carrier represents nothing more than a tool of and an incentive for US imperialism.

In spite of public and professional assaults, no one has been able to discover an effective replacement. Together, four US carriers equal, in sortie equivalents, the punch of something like the entire French Air Force.

Today, the US Navy sustains both the global interests and the oceanic lines of communication that bind the American system with fewer capital ships than at any time since 1903.

Today, usable US power projection capabilities are entrusted, and limited, to a handful of great ships: an overworked, aging, and very tired "dirty dozen." With only 12 stretched thin across the world ocean, we are already at our deployment limits.

We can only afford two carriers off Iran. What if high-intensity air operations over Iran or Pakistan were needed tomorrow? A US intervention force to the Persian Gulf needed full and immediate air support? Active air intervention by a "third party" required an instant reinforcing of US strike and air defense assets at sea?

In 1950, when the curtain rose in Korea, the US was able to pull carrier after carrier out of mothballs and hurl them across the Pacific. Now we have no modern carriers in reserve. We have no up-to-date "surge" capability. If we needed more striking power off Iran and Pakistan, and the kind of air defense to keep a certain continental air force at bay, we would have to strip our carrier battle groups on other stations. With trouble brewing on the border of Thailand, and more ready to boil in Korea, our *deployable* power projection forces, in the form of the aircraft carrier, are stretched beyond the limit. We simply do not have any more big carriers that we can haul out of Philadelphia or San Diego, the way we did in 1950, to beef up our thin grey line at sea.

There is, however, the Essex-class alternative, the Old Guard. Five Essex carriers still remain, sealed up and all but forgotten. They are old, but only as old as the Midway, now off Iran, and they, too, were modernized several times in the 50s and 60s. They might creak a bit, but they can steam at high speed, and they can handle modern combat aircraft.

The Oriskany, Lexington, Bon Homme Richard, Intrepid, and Shangri-La. Loaded with light attack aircraft—either Marine A-4s still in the inventory, or A-7 Corsair IIs—could each handle five attack squadrons, or some 60 aircraft. They would enlarge and extend the power of the standard carrier battle group, with which they might operate. Then the big carriers, freed of their light attack squadrons, could increase their embarked strengths in fighter and all-weather attack aircraft by 50 percent. This would give a Forrestal-size carrier the capability to tangle with a high-intensity air threat.

This is not simply another "quick-fix." The Essex class could be pulled out of reserve and into the line within a year, but they would not be expected to hold the line forever.

There would be problems, of course. The ships are undeniably old. They could not be pushed too hard or too fast. They would have to be rotated frequently. To cover the shortfall in fighter aircraft needed for an expanded carrier force, F-14 production would have to be pushed. Immediately. But officers in the US Navy are confident that carriers of the Essex class, which served so valiantly off Japan, Korea, and Vietnam, have another five to seven years of life left in the tough hulls.

We need them. And we don't have five years to waste.

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[From the Washington Post, Mar. 17, 1980]

### NEW LIFE FOR BATTLESHIPS?

Restoration of mothballed battleships is a sound idea that will significantly benefit our Navy. Daniel Greenberg's contemptuous criticism [op-ed, March 11] mistakenly asserts that the idea is due only to old battleship admirals' nostalgic desires.

The fact is that a revitalized battleship will be a superior fighting platform. Modernization to permit arming them with cruise missiles and short-takeoff aircraft will add massive firepower sorely needed in our shrinking fleet today.

Another significant advantage these restored superships will have is in showing the American flag in the ports of Third World nations. Their impressive proportions and bristling firepower present an awesome show of naval strength—a consideration that, by the way, Soviet naval planners always include in ship design.

Lest this endorsement of the demothballing idea be attributed to a "nostalgic battleship admiral," be advised that I am a naval aviator and carrier pilot.

AIMO W. HILL, Jr.

ANNAPOLIS.

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I suppose it was only a matter of time before Daniel Greenberg got around to taking the battleship admirals to task as he did in his column "Mothballs Aweigh." He planted the seed in his column "Mammoth Ships: A Social Issue" [op-ed, Aug. 22, 1978], when he did the same thing to the carrier admirals.

He belittled the aircraft carrier by calling it a "plus recreational vehicle." It is not. He belittles the battleship, having scant sense of its many capabilities in an era that he would have us believe is too dangerous for a big ship to take to the sea. If danger be a governing factor, no one should ever depart terra firma, because even routine peacetime operations at sea are fraught with danger.

Now in defense of battleships: Acknowledging that they are large and costly, they are versatile and powerful platforms. Armed with the omnipotent 16-inch rifles and modern missiles, they would be an awesome weapon system for projecting power ashore or at sea. After the proposed refit, a battleship would have the capability of delivering Marines ashore and providing them with accurate heavy gunfire support. A proper missile suit would afford a long-range offensive capability and a strong defensive one at shorter distances. The battleship hull is the most invulnerable one our marine engineers have sent to sea.

There is another capability that cannot be ignored. When it comes to showing the flag, a battleship has no peer. That was made abundantly clear to me by citizens of the Mediterranean and Far Eastern areas during my deployment there, a time span encompassing in excess of 20 years.

There are many who believe that to return these great ships to service might well persuade friends and foe alike that the United States has reawakened and is ready to look zealously to its interests once again.

ROBERT C. PENISTON,
*Captain, U.S. Navy (Ret.)*.

LEXINGTON, VA.

Mr. SCHMITT. I was pleased to learn that last week the House Armed Services Committee voted to take the aircraft carrier *Oriskany* and the battleship *New Jersey* out of mothballs. This clearly is a step in the right direction, and I hope that our Senate colleagues will take due note and support that action.

Recently the Senator from New Hampshire (Mr. Humphrey) informed this body of the Navy's proposal or suggestion that 8 of the 10 Polaris submarines be converted to carry submarine-launched cruise missiles (SLCM's). This proposal would provide for a substantial force multiplier at a reasonable price and within a short time frame. The alternative to this proposal is to mothball or dismantle these submarines at the same time we are experiencing a severe shortage in vessels.

As the land-based ICBM force experiences a period of vulnerability during the 1980's, which I covered in my remarks yesterday, we will be more dependcent on our sea-launched ballistic missile (SLBM) force. Yet, this leg of our triad is the least flexible and experiences the most problems in communications, command and control ($C^3$). Currently, our submarines must come close to the surface, increasing their vulnerability, to receive any communications. These subs were designed to move quickly and quietly at lower depths to insure their safety. Yet, we have not provided a communications system which would reenforce the strengths and invulnerability of our SLBM's rather than weaken them. For years we have postponed moving ahead with the extremely low frequency (ELF) system for improving and assuring communications with our ballistic submarines and to avoid risking their safety in times of crisis. It is time we move ahead with ELF, or at least an important modification of that system.

While the administration is proposing a rapid deployment force, with prepositioned ships and a new cargo plane—the CX, this does nothing to solve our shortfall in both air- and sea-lift capability until the mid-1980's, at the earliest. No proposals are forthcoming on what we do in the meantime. In the area of airlift capability, we can procure wide-bodied freight aircraft right now, which can operate into many of the areas of the world where we have national interests at stake, not to the degree proposed by the new CX aircraft, but, nevertheless, to an important degree.

These wide-bodied planes can be delivered in as little as 16 months. While this would not solve our problem of transporting out-sized cargo, or cargo to remote or small airfields, it would relieve pressure from the existing fleet.

There even are some questions of whether outsize cargo would ever be used in the course an immediate, rapid deployment force.

The cost would be minimal since these aircrafts could be sold when the CX is deployed. Used wide-bodied aircraft today are selling for more than they were purchased for in almost all cases.

Mr. President, the list goes on and this Senator realizes that we cannot do everything at once. What is troubling is that we are not working on any of these "quick fix" programs. Instead, we are relying on the long-term MX to take care of the ICBM vulnerability problem in the late 1980's, we are relying on the CX to take care of our airlift shortfall in the late 1980's; we are relying on a ship building program, that has been consistently postponed, to take care of the shortfall of ships to protect our convoys; we are relying on a proposed new bomber in the 1990's to replace planes already 25 years old; and we are relying on new technology which will not be available until the next decade. What are we going to do about the threat in the early and mid-1980's, a threat not only to our national defense, but to the conduct of our foreign policies?

This Senator strongly supports research and development and new technology in the defense arena. At the same time, however, we must have equipment which we have already developed and which is adequate in the field. The most advanced weapons serve no purpose in the laboratory, no purpose to the immediate conduct of foreign policy and the defense of the Nation. The time has come to pursue research and development vigorously, while we procure and deploy equipment and weapons. We must focus our R. & D. and procurement budgets on the type of weapons which will effectively neutralize Soviet quantitative lead in weapons systems.

If we can make 30,000 Soviet bloc tanks obsolete, and I believe that we can, then that is what we should do. I am referring to the advanced technology weapons such as AWACS, the Copperhead and Patriot.

Mr. President, the easiest "quick fix" is to increase the procurement of weapons in the fiscal year 1981 budget. Increasing the rate of procurement of equipment and weapons would not only get more equipment into the field more quickly, but would save money in the longrun. It would also demonstrate to our allies and adversaries alike our commitment to the defense of our security and our national interests and those of our allies.

I urge my colleagues, Mr. President, particularly those on the Committee on Armed Services, the Appropriations Committees, and the Budget Committees of both Houses, to carefully consider these "quick fix" proposals. The solutions to today's problems must come today. We cannot wait for tomorrow.

## ORDER OF PROCEDURE

Mr. PROXMIRE. Will the Senator yield?

Mr. President, how much time does the Senator have remaining?

The ACTING PRESIDENT pro tempore. The Senator has no remaining time.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time which I yielded back under the order may be retrieved by me at this time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I yield such time as the Senator may need.

Mr. PROXMIRE. I thank the distinguished majority leader.

## ETHIOPIA: ANOTHER NEED FOR THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, a recent article in the Los Angeles Times reported that Ethiopia, in an attempt to quell the unrest in its troubled Ogaden region, is driving out the native Somalis and replacing them with Ethiopians. This brutal campaign, which includes such tactics as poisoning waterholes, strafing villages, and attacking them by air with napalm has been quietly underway for the past 6 months. The result of these tactics is reportedly thousands of casualties. These are added to an already long list of people killed since 1944, when Ethiopia was given sovereignty over the Ogaden by Great Britain.

Mr. President, these killings may well constitute yet another example of genocide.

But why, Mr. President, why? Where are our convictions? Is there nothing we can do?

The answer is a resounding yes.

For the past 30 years, there has been pending before us a treaty aimed at preventing the elimination of racial, ethnical, national, and religious groups—the Genocide Convention. This treaty stands awaiting action by the Senate. And while we have delayed its consideration, millions of people have died without reason—many brutally slain. Is it not our duty to ratify the only international treaty which can strengthen our hand in preventing this most horrible and destructive of all crimes?

Mr. President, we must speak out on behalf of the millions of innocent people who have been murdered. We must take concrete action to let the world know where we stand. We must ratify the Genocide Convention.

Mr. President, I ask unanimous consent that the text of the Los Angeles Times article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### EFFORT TO DEPOPULATE OGADEN ALLEGED

(By David Lamb)

MOGADISHU, SOMALIA.—Unable to pacify the Ogaden region, Ethiopia has launched a campaign to depopulate the war-ravaged wasteland, driving out the ethnic Somalis and replacing them with Ethiopians, according to refugees and diplomatic sources here.

For six months the Ethiopians, backed by Cubans and East Germans, have been poisoning and bombing waterholes, machine-gunning herds of cattle and strafing villages, the sources said. At least twice, they said, napalm has been used in air attacks on civilian villages.

The new tactics reportedly have resulted in thousands of casualties and helped swell Somalia's refugee population beyond a million. But they do not appear to have weakened Somalia's resolve to reunite all ethnic Somalis under one flag. The Ogaden, an Ethiopian province, was once part of Somalia and is inhabited mostly by Somalis.

"The Russians and Cubans are the ones who chased us out of our motherland," said a recently arrived refugee, Dol Aynashe. "Without them, the Ethiopians are nothing. One day we will return to the Ogaden."

In July, 1977, Somalia launched a major attack across the Ethiopian border and into the Ogaden in support of guerrillas from the Western Somali Liberation Front who had been fighting in the region since 1962.

The Somalis quickly drove 700 miles through the Ogaden. They seemed assured of victory until the Soviet Union abandoned the Somali government and poured $1 billion in weapons into Marxist Ethiopia. About 1,000 Soviets and 17,000 Cubans are still in Ethiopia.

Since the Somali regulars pulled out of the Ogaden in May, 1978, leaving the guerrillas to continue the war, about 60,000 people have been killed there, including 25,000 civilians and 6,000 Cubans, according to Arab diplomats here. But the guerrillas have regained control of the countryside, and the Ethiopians and Cubans are restricted mostly to the towns and main roads, intelligence sources said.

"The enemy can capture any of our base camps if they are prepared to pay a high enough cost," said Mohammed Mussa, a member of the liberation front's central committee. "But they can't hold them." Finally, in the end, they are always forced to withdraw.

"Our fighters are everywhere. We know the land better. The people are our people. Our losses are minor compared to the enemy's. Militarily, the Ogaden is a stand-off now. It's a war of attrition."

The liberation front, whose forces number about 20,000, fights mostly with captured weapons, including some old British Enfield rifles. It receives no overt support from any nation except Somalia, but is believed to have received some back-door assistance from Egypt, Saudi Arabia and Iraq.

Western military sources in Mogadishu said that Cuban and East German pilots in Ethiopia fly many of the missions and also man some of the T-54 and T-55 tanks. Ethiopia is equipped with American F-5 fighters as well as Soviet MIG fighters. Its militia and regular forces, numbering 200,000 men, make up the largest fighting force in Black Africa.

In the last six months, neutral Arab sources said, Ethiopia has been recruiting ethnic Somalis in Kenya and Ethiopia and has formed them into what is known as the Somali Salvation Front.

The front is dedicated to the overthrow of Somali President Siad Barre, 60, an Ogaden-born former policeman who came to power 11 years ago in a nearly bloodless coup.

Ethiopia's attempt to depopulate the Ogaden of ethnic Somalis is evidently designed to deny the liberation front the popular support it now has. The Ethiopian government has nationalized all camel and cattle herds in another effort to destabilize the nomadic Somali population.

The Ogaden war has dragged on, in varying stages of intensity, for 400 years. British colonial authorities gave Ethiopia sovereignty over the Ogaden in 1944. Other parts of Somalia were carved up among the French and the Italians and Kenya, which was then a British colony.

Siad Barre said not long ago: "The whole population of the (Ogaden) region . . . are the sons and daughters of the soil.

"The proper and just solution is to let these people have the right to choose the sort of government they want."

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum, without prejudice to the orders that are yet to be completed.

The ACTING PRESIDENT pro tempore. There being no objection, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, without prejudice to the orders that have been entered for recognition of Senators, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 10 minutes and that Senators may speak therein.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

## RECOGNITION OF SENATOR BENTSEN

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time of Mr. Stennis, I understand that he will not be using it today, be transferred to Mr. Bentsen, if he should so desire to use it.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BENTSEN. I thank the distinguished majority leader.

## THE COMPLEXITY OF OUR ECONOMIC PROBLEMS

Mr. BENTSEN. Mr. President, I say to the majority leader that the prime rate went to 20 percent this morning. That is what the Chemical Bank set it at this morning.

Month after month, evidence of the scope and complexity of our economic problems becomes more compelling. Our economy appears to be out of control; our problems seem to thrive on the remedies designed to combat them. As a result of our inability to develop a comprehensive, coherent strategy to overcome our difficulties and restore real growth and stability to the economy, we sense an uneasy feeling that America is no longer master of its economic destiny.

Throughout most of our history, this Nation has been able to sustain the vision of a better tomorrow. We have been able to offer our people the freedom of opportunity—the chance to build a brighter future for themselves and their children. For the blue-collar worker in an urban area who saw the real purchasing power of his wages decrease by 7 percent last year—and sees no relief in sight this year—it is becoming increasingly difficult to believe in the American dream.

We have the lowest rate of savings of any industrialized democracy. After years of priming the pump, we have been forced to pump the prime to 20 percent. Tight money policies have turned the dream of home ownership into a nightmare for millions of our people. Massive and frequently inefficient Government regulation fouls the gears of our free enterprise system and diverts scarce resources from more productive use. Productivity in this country is declining. Our tools of production are increasingly outdated and we are in danger of becoming uncompetitive in major world markets. We have rung up a $60 billion trade deficit over the last 2 years, with little relief in sight.

We used to laugh about 18-percent inflation when it occurred in other nations and despair about the ability of those countries to manage their economic affairs. Today, 18-percent inflation has become a brutal, compelling fact of life in this country; it raises serious and legitimate doubts about our economic future.

The anti-inflation policies put forth to date by the administration are a commendable effort to restore some sense of order to our financial markets and will eventually bring current, sky-high rates of inflation down to more manageable levels. These policies will not, however, lower the hardcore, underlying rate of inflation that is the bedrock of our current economic difficulties. They will prove ineffective against the hardcore rate of inflation because they treat the symptoms and not the root causes of the disease.

With the exception of the drive toward a balanced budget, our anti-inflation policies fail to address the basic question: Why do we have inflation in America?

A balanced budget, Mr. President, is clearly an idea whose time has come. It has come rather late in the game, but at least it has arrived. The administration has proposed it, the Congress strongly supports it, and the American people demand no less.

It is not going to be a simple or painless process, but I believe this country will have a balanced budget in 1981. After running up a $240 billion deficit over the past 5 years, balancing the budget will have an enormous and favorable psychological impact on our economy. It will provide a welcome signal that we are serious about our economic problems.

Balancing the budget, however, is no magical potion to cure the plague of inflation. The real question, Mr. President, is what we do after we balance the budget. How do we use the springboard of fiscal responsibility to restore growth and stability to our economy?

The first point I would make in this regard is that we must keep it balanced, year after year, for the rest of the decade. One year of discipline is hardly enough to overcome a decade of living beyond our means.

One little-noted benefit of a balanced budget is that it gradually relieves Government borrowing pressure on the credit market. This year alone, Mr. President, the Government must refinance over $200 billion in debt from accumulated past deficits. By any standard of measurement, that is a lot of debt to refinance. It cannot help but force up interest rates. By balancing the budget year after year, we will slow to zero the rate of growth of Federal Government demand for credit and interest rates will eventually come down.

While I welcome and support initiatives to limit credit in our economy, it has become apparent that the effectiveness of credit control and tight money policies has been diminished by the existence of external sources of finance—Eurodollars in foreign markets—that are largely beyond our country's control.

Although multinational corporations are now being asked by the Fed to report their Eurodollar borrowings, large multinational corporations, with direct access to the Eurodollar market, enjoy a measure of immunity from policies of credit control. With this leakage in the system, when the Fed moves to tighten the screws on credit, it is forced to clamp down even harder on sectors—like small business and housing—it can control.

For over a year, we have asked the Fed to shoulder almost the entire burden of our anti-inflation strategy, and the process has not worked well. The adverse impact of Eurodollars on the potential effectiveness of credit controls highlights the danger of overreliance on monetary policy as the primary weapon on the war on inflation. This narrow approach to our problems is decreasingly effective, encourages a boom and bust cycle in the economy, and has minimal impact on the underlying causes of inflation.

I also suggest that we cannot and need not accept a major recession as the price for curing inflation. The costs, in human and economic terms, are both unacceptable and unnecessary. A major recession is totally inconsistent with balanced budget policies. During the 1974–75 recession, we had the largest budget deficit in our history. We have seen that in times of recession there are inevitably moves in Congress—generally successful—to spend our way out of economic hard times. These programs lead to increased Government spending, increased demand in the system, and eventually—as we have seen—to increased inflation. They encourage the very problem we set out to combat.

During the decade of the eighties, America need not fight inflation by pulling up the drawbridge with recessions that doom millions of our people to unemployment. We must, instead, embark on a new era of economic thinking. We must develop a balanced program that lowers inflation without creating higher levels of unemployment. And the key to that process is steady economic growth, fostered by gains in productivity and a stable fiscal policy, and accompanied by a gradual reduction in the growth of the money supply over a period of years.

As we balance the budget and realize substantial reductions in Government spending, we will also be able to cut taxes. For many years, the conventional economic wisdom—the balanced budget multiplier—held that if you cut taxes by $10 billion and reduced spending by $10 billion, GNP would be decreased by $10 billion.

We now have a new economic model that clearly demonstrates the absurdity of that thesis.

This model, prepared by Otto Eckstein and featured prominently in this year's JEC report, demonstrates that lower spending and lower rates of taxation create incentives for investment and savings in our economy. More savings and investment, in turn, lead directly to higher rates of productivity, increasing employment, and a higher GNP.

With this breakthrough in econometric modeling, we can now demonstrate what some of us have long suspected: that tax cuts do not necessarily equate with Government deficits. In the process we have opened up a whole new approach to the root causes of our economic problems. A tax cut oriented toward the supply side of our economy will encourage business to invest more capital in more modern means of production. That investment produces a more efficient American economy with higher levels of productivity and lower rates of inflation. And we do not have to contemplate a budget deficit as the price of progress.

It should also be apparent, Mr. President, that these are precisely the policies—increased investment and higher rates of productivity achieved in the absence of inflation—that will enable America to compete more effectively in the vital and highly competitive world of trade. I would further suggest that any rational, comprehensive strategy to combat inflation must focus on removing obstacles to American exports, such as sections 911 and 913 of the Tax Code, while encouraging the formation of effective U.S. trading companies and consortia able to bid on major contracts. We must also insure that American business enjoys equal access to foreign markets and remain alert to unfair trade practices that can quickly rout and destroy important domestic industries.

The area of trade policy and export competitiveness is one in which I plan to remain active because I am convinced that our policies of the past have contributed to the hemorrhage of dollars abroad that debases the value of our currency and inhibits our ability to deal with inflation.

We can also combat inflation and increase productivity and future employment opportunities. We should be training people for jobs that will exist—for jobs in dynamic, expanding areas of the private sector.

All too often in the past we have set out to create jobs—to crack hard-core unemployment—by stimulating the entire economy. That strategy proved to be highly expensive, highly inflationary, and generally ineffective. We have seen that it is much more cost-effective and far more rewarding to train people for private sector jobs.

As we move to adopt tax policies to encourage investment in more modern and efficient facilities, we must also assure that we have the trained manpower to operate the new machines. We should be looking now to identify areas of our economy, in the private sector, that will be most responsive to tax incentives and will emerge as our vital high technology industries of the future. To the extent that we can have people trained to step into these new opportunities created by tax policy incentives, we can avoid labor bottlenecks, and provide steady, meaningful employment opportunities.

Regulatory reform can also play an important role in our effort to combat inflation. We can decrease the $100 billion cost of complying with Government forms and regulations by making our regulatory process more cost-effective. In the process, we free up scarce resources for use in more productive economic activity.

I am not suggesting that we reduce the benefits, the health and safety advantages, of regulation. I would, however, submit that we can decrease the economic drag of regulation by billions of dollars a year—without sacrificing benefits, without increasing unemployment—by emphasizing the requirement for cost effectiveness and accountability. All of us are committed to reducing waste in Government spending; I think we should develop a parallel and equally profound commitment to eliminating waste and overlap in the amount of money the Government forces its citizens to spend in complying with its dictates.

Finally, we can all agree that energy plays a key role in our current economic difficulties. If we could return to the days when oil was available in abundance at $3 per barrel, this country would still have economic problems. But I think we can agree that they would pale in comparison with our difficulty today.

So the problem of increasing energy costs is vital, and there is no sound reason to expect that it will become less onerous. Even with a maximum effort at conservation, even with increased incentives for domestic production and an all-out effort to develop alternative energy sources for the future, there is every reason to assume that the cost of energy will continue to rise at least throughout this decade.

There is only one way, Mr. President, to absorb higher energy costs without higher inflation. And that is to increase productivity in our economy. Increased rates of productivity are the only known antidote to higher costs induced by higher energy prices. In recent years, we have seen our trading partners, like West Germany and Japan, prosper in the era of the OPEC cartel, and these nations are far more dependent than we on expensive imported energy. The secret of their success is not hard to determine: it is rapidly increasing rates of worker productivity, fueled by incentives for investment in modern plant and equipment. By making their economies more efficient, nations like Germany and Japan have been able to cope with rising energy costs. Our economy, with productivity on the decline, has actually magnified the impact of the energy problem.

By constantly searching for easy answers to difficult problems, through our long-term fascination with the economics of demand stimulation, and by refusing to face up to the root causes of our problems, America has staggered into an extremely dangerous and difficult economic situation.

It will take time, discipline, and sacrifice to recover. We have the resources to do the job. The ingredients for our future success are in place, and we are finally moving to put them together.

If we can balance the budget and keep it balanced, get the Government out of the credit markets, enact supply-side tax cuts that will provide incentives for investment and savings—if we can increase productivity, resist the impulse to stimulate demand, make regulation more cost-effective, match job training with job opportunity, and hold down Government expenditures, we can lower inflation without creating higher levels of unemployment. We can beat inflation without recession.

As we succeed, we will see a new confidence and vitality return to the American economy. We will see the return of stability and real growth. We will regain control of our economic destiny and build the sort of America that can look with confidence to the challenges of the eighties.

Mr. President, I see my good friend, Senator STEWART here, who is deeply concerned about these difficult economic problems and has helped to play a leading role in trying to find new answers to them.

I yield to him now.

## RECOGNITION OF SENATOR STEWART

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Alabama is recognized for not to exceed 15 minutes.

Mr. STEWART. Mr. President, I yield the time previously set aside for me to the Senator from Texas for his control and shall proceed on his time.

The ACTING PRESIDENT pro tempore. The Senator from Texas had 15 minutes remaining on his own. So now he has 30 minutes.

Mr. BENTSEN. I thank the distinguished Senator.

Mr. STEWART. I thank the Senator for yielding.

## THE ECONOMY

Mr. STEWART. Mr. President, when the Fed took steps to tighten monetary policy on October 6, I viewed the higher interest rates as a necessary and temporary medicinal solution designed to cure our ailing national economy of its inflationary ills.

The information that was provided me by my colleague as to the rate of interest, the prime rate going to 20 percent at this time, I have some cause for concern about my feelings on that rate.

I wish to associate myself with the remarks that have been made by the Senator from Texas in connection with what our economic policy should be and congratulate him for the fine work that he has done in this endeavor.

Since October, steps that were taken by the Fed on that date, the prime rate has soared and, as he has indicated, is a rate now of 20 percent.

While we all suffer from the effects of inflation on our economy and we all, therefore, must make certain sacrifices to bring inflation under control, the small business owners, farmers, and home builders are, in my opinion, being asked to shoulder a disproportionate share of the burden in the fight against inflation under our present economic policy.

Small businesses, in the best of times, have difficulty raising capital. Now, even if they can afford to pay the skyrocketing interest rates, it is unlikely that they will find financing available.

These are the very businesses that currently account for one-half of the Nation's total business output, over 50 percent of all private employment and over 50 percent of the most significant innovations have come from small business since World War II.

Their inability to raise capital is certain to result in increased unemployment, particularly among lower skilled and lower wage earners and a reduction in the innovation so desperately needed to increase productivity.

A task force, headed by Senator GAYLORD NELSON from Wisconsin, is presently attempting to deal with the problems that are experienced by small business, but the one that I am speaking about today, the high interest rates, is one that is going to take the help and support of all of the Members of Congress and the Senate.

Our housing industry, too, is facing one of its worst years in recent history. Previously, 1975 was considered a tough year for housing. But the single-family starts for February were only slightly above the single-family starts for the first quarter of 1975, and the outlook for the remainder of the year is bleak.

Projections indicate that starts are likely to reach only 1.1 to 1.2 million units in 1980 and could well fall below even those disastrous figures.

After being in a housing subcommittee meeting this morning I can tell the world, frankly, that those figures are going to fall below the 1.1 or 1.2 million units in 1980 unless something is done to rescue that industry.

We all know that when interest rates are increased the housing industry is the first to feel the impact and suffers the most. Yet, we continually rely on monetary policy as our only and our first line of defense against inflation and as a result of that dependence on the monetary policy we actually create housing slumps which add to the disastrous economic situation we find ourselves in.

While creating a housing slump may reduce inflation, it makes little sense to me in the long run. Rapid and severe swings in the housing sector are both costly and inefficient. When plant and equipment are not utilized, idle capacity is created and workers are not employed. In addition, reducing housing production does not reduce demand. Thus, pent-up demand created in downswings exerts upward pressures on prices as the economy recovers. I, therefore, believe we must implement an emergency GNMA tandem plan to rescue our troubled housing industry. This measure will assist the housing industry and will help to prevent a severe recession. In addition, by the time this measure can become effective, the housing industry will be in a very desperate situation. Moreover, when implemented in the past, the emergency tandem plan was effective in achieving its goal and ultimately cost the taxpayers only $400 million for $6 billion in loans. I am not, therefore, advocating a major new, untested spending program.

And although I feel adament that we need this program, I strongly endorse a balanced Federal budget. Pursuing our present economic course, unaltered, will result in grave consequences in the next year. We simply cannot rely exclusively on monetary policy to bring inflation under control. Doing so will surely lead us into a severe recession, which I believe is unacceptable—and avoidable.

We must assist the Fed in its anti-inflation policy by balancing the Federal budget in 1981 and each year thereafter. We must foster increases in productivity which will result in steady economic growth. We must rationalize fiscal policy. We must cut Government spending and redtape which increases costs for all of us.

We must reduce inflation and get our economy on track again but we also must insure that certain vital sectors and industries are not wiped out in the process. Halting the inflationary spiral by devastating the farming, small business, and homebuilding sectors of our economy is worse than the disease. This scenario certainly is creating a cure that so far is still avoidable. We can cure inflation without a major recession. We have the tools at our disposal.

In the housing subcommittee this morning we were told by representatives from the housing industry that a 3-percent bankruptcy rate in that industry would cost the budget some $5.9 billion in revenues, and they went on with some other figures that I could add here, but I will submit later for the record, that paint an even more dismal picture.

I believe that we must implement an emergency program here in Congress similar to what has been done in the past to rescue our troubled housing industry.

This measure will assist the housing industry and will help us to prevent a severe recession which is now projected by those who apparently want one; they want difficulty to be experienced by the housing industry that is worse than the one that we experienced in 1974 and 1975.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. STEWART. I yield to the Senator from Louisiana.

Mr. LONG. May I say to the very able Senator from Alabama that we must not have a recession.

When I first came to the Senate, Harry Truman made his first state of the Union address as a man who had been President and then had been elected President, having become President by the death of his predecessor. And I recall his first state of the Union message. He said depressions are man made and men of good will can prevent them.

The same thing should be true of a recession. A recession is just a not so deep depression.

And there has to be better ways to fight inflation than to close down the whole housing industry, put all of those people out of work and put this Nation in a depression or a recession which will cost the Nation billions of dollars of production and reduce the income of all the American people by tens of billions of dollars, perhaps as much as $50 billion to $100 billion and put millions of people out of work.

Now the less we produce the less we have to share among ourselves and the less revenue Government will have.

Here we are trying to balance the budget.

I ask the Senator is this not correct: If we are going to put another million or 2 million people out of work there is no way we can balance the budget.

Mr. STEWART. Of course, I will respond to the Senator in this fashion. It has been indicated to me that 1 percent of unemployment, and I assume that 1.6 million figure that I heard to be unemployed if we close the housing industry down would fit into that category, I am quite sure, would bring about or would cause $20 billion addition to the budget deficit, and that is figured in a number of ways, loss of revenues and what you have to pay out to those people.

But I agree with the Senator that that is the wrong approach to take.

I also point out that if we do not meet this year's housing demand, projections are that it will continue to grow and once rates do come down and business starts back up and we have short supply, tremendous demand, and increase in prices, it starts the cycle over again.

So it just does not make sense.

Mr. LONG. I thank the Senator.

Mr. STEWART. I encourage Members of the Senate to join with those of us who feel that something needs to be done.

We are working now on a task force that is under the leadership of the chairman of the Subcommittee on Housing of the Banking Committee that was appointed by the majority leader of the Senate on a program that will be aimed at increasing the number of housing starts, keeping in mind, of course, the balanced budget concept that was spoken of by my good colleague from Texas, and a program that I strongly endorse.

But pursuing our present economic course unaltered will result in grave consequences not only this year but in the next year, and I do not believe we can rely exclusively on monetary policy to bring inflation under control.

I feel we must assist the Fed in its anti-inflation policy by balancing the budget in 1981 and each year thereafter, but we must do what is necessary to keep those sectors of our economy that are productive. The housing industry is one of those, and I could mention others. But that is what I wanted to stress here today.

I want to say that I look forward to following the lead of the Joint Economic Committee in putting aside our party loyalty and working together to achieve common goals. Under the chairmanship of my good friend Senator BENTSEN, the members of that committee have once again issued a unified report recommending policies to fight inflation without creating a recession. If the diverse membership of that committee can agree on economic policy for the Nation, then I feel confident and inspired that we, too, can achieve the difficult task before us, and I want to commend my colleague for the fine job he has done.

Mr. BENTSEN. I thank the distinguished Senator from Alabama for his contribution and his concern and his perception.

I would like to yield now for such comments as the Senator from Connecticut wishes to make.

Mr. RIBICOFF. Mr. President, I appreciate the time allotted to me by the distinguished Senator from Texas.

Mr. President, I welcome the attention being paid this morning to our Nation's economic problems. The Senator from Texas is right: This country does need a comprehensive, coherent economic strategy. Mr. President, the Senator from Texas has played a significant role in getting to the root causes of our economic challenges, and he deserves credit for that accomplishment. As a member of the Joint Economics Committee I commend his leadership. Senator BENTSEN has oriented the work of this committee toward the core issues of productivity, inflation, and the ability of the United States to compete in the world. He has made its reports understandable, policy-oriented, constructive and relevant. Senator BENTSEN has brought the Joint Economic Committee into the realm of current economic challenges, and for that we are indebted to him.

Mr. President, I have been concerned with the need for a comprehensive, coherent economic strategy from the prospective of international trade. I have long said that "ecopolitics" is replacing geopolitics in the affairs of nations. Economic power is necessarily the equal of military power in a world of economic interdependence. It bothers me that the United States shows signs of economic weakness. We cannot provide leadership for the international economic system if we lack economic strength at home. The United States must support a healthy international monetary system, a fair and expanding international trade framework, and a serious effort to include the nations of the Third World into the world economy. We have backed the efforts by the International Monetary Fund to absorb the shocks of balance of payments disorder. And recently we accepted the provisions of the Tokyo round of trade negotiations to reduce nontariff barriers to international trade. But, as the Joint Economic Committee has documented, our productivity growth rate during the past decade has been stagnant.

Poor productivity performance takes away a valuable assist to our economy. Productivity increases can offset inflation, they can add confidence and direction to our investment, and they can assist our effort to stay in the lead of producing and selling technologically advanced goods. We are lacking that assistance now, and we need it.

Mr. President, I have joined with Mr. William Batten, president of the New York Stock Exchange, and with Dr. Henry Rosovsky, dean of the faculty of arts and sciences at Harvard University to sponsor a conference at Harvard at the end of this month. We will bring together some leaders of major U.S. corporations, some leading academic authorities, and several members of the International Trade Subcommittee to consider how the United States can remain competitive. I am pleased that Senator BENTSEN will address the plenary session of that conference. Our purpose at Harvard will be to focus attention on a problem which poses serious, new policy challenges for us. We must face them in a bipartisan spirit. We have to draw upon labor and business, Government and academia, the legislative and executive branches, and the media, to go back to the simple basics and understand why the United States is not increasing its productivity.

We have to face the consequences of losing major markets in computers, business machines, aircraft, and other technologically advanced products if we cannot compete. In sum, we all need to go down and have a look at the engine room and take a sober assessment of its problems. We cannot continue to sail along believing that all is well and that we can accept the consequences of economic weakness without harsh realities down the road. We can be proud of the achievements in our economy and of the extent to which they have been shared throughout our society. And now all of us have a stake in restoring America to the front ranks of economic competitors in this interdependent world.

Mr. BENTSEN. I thank the distinguished Senator from Connecticut. I am particularly appreciative of the leadership he has continued to show, through his career in the Senate, in recognizing the need for the United States to remain competitive in world markets and for helping to set up the seminar in Harvard with some of the most distinguished academicians from around the country, some of our top economists, who will be making their contribution, and the fact that he will be helping to chair that conference is I think a major contribution.

I would now like to yield to my distinguished friend Senator BAUCUS.

Mr. BAUCUS. I thank the Senator from Texas.

Mr. President, we face a crisis. Inflation rates are at 20 percent. Interest rates are reaching 20 percent. It was not too long ago that we Americans thought that high inflation rates and high interest rates were maladies that beset other countries, not us.

Here we are in 1980 faced with a 20-percent interest rate and a 20-percent rate of inflation. If present trends continue, these rates are going to get worse.

What has happened? Well, not much has happened. The administration and the Congress have not, in my judgment, fairly, squarely, and directly addressed economic issues. We have a few cosmetic approaches, a few bandaids, a few bromides, but we have not addressed the root causes.

I must say, Mr. President, that the Senator from Texas and chairman of the Joint Economic Committee is performing a very commendable task here in calling our attention to the Nation's serious economic problems.

He mentioned one issue I would like to focus on, and that is balancing the budget. The country has been asking for a balanced budget for a long time. Business leaders have asked for a balanced budget. Housewives and heads of households have asked Congress to balance the budget. Lately, the Congress has agreed that, yes, there should be a balanced budget.

But what do we do from here? I think we should utilize the balanced budget as a springboard to maintain and build a healthier economy for the 1980's.

Now, Mr. President, it will be relatively easy to balance the budget this year. Everybody wants to balance the budget.

The real challenges will come in 1982, 1983, 1984, 1985, and on through the 1980's.

Times are going to change. Interest rates might come down a little bit. The inflation rate might come down a little bit. The tension might ease, and there might again be great temptation to pass deficit budgets that could leave us with worse problems than we have today.

Some economists are saying that a balanced budget will only reduce inflation by two-tenths of a percent or four-tenths of a percent. I suggest that the psychological effect of a balanced budget will have a much greater effect in reducing inflation.

I suggest, Mr. President, after we balance the budget that we also set up a mechanism to assure that we have a balanced budget in the next years of this decade.

I encourage my colleagues who are concerned about the economy to join me as cosponsors of the Fiscal Responsibility Act which I have introduced.

My legislation would establish three basic procedures to prevent deficit spending and growth of Federal expenditures and taxes.

It is difficult for Congress to enact a balanced budget when our starting point is a deficit budget. My bill would require the President each year to propose a balanced budget to Congress in which neither Federal spending nor revenues exceeded 21 percent of the gross national product.

Second, each Member of the House and Senate would have to vote for or against any tax increase—including those that are the result of inflation. This is to prevent "taxflation" which causes Federal revenues to constantly expand as a percentage of the gross national product.

Finally, my bill would require any budget resolution calling for a deficit to be approved by three-fifths of both Houses of Congress.

The statutory changes called for in the Fiscal Responsibility Act will deal with inflation more effectively than the constitutional amendments that have been proposed to require balanced budgets. The constitutional amendment process may be strong, but it is not timely. A constitutional amendment approved by Congress must be ratified by three-fourths of the States. This is a cumbersome process that would take several years at a minimum.

Unlike a constitutional amendment, the Fiscal Responsibility Act would go into effect immediately. Unlike a constitutional amendment, it would deal with today's excessive Federal spending, today's crippling inflation, and today's stifling interest rates.

Mr. President, I ask unanimous consent that a copy of a statement I made during Senate Judiciary Committee consideration of Senate Joint Resolution 126 be included at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### STATEMENT OF SENATOR MAX BAUCUS CONCERNING SENATE JOINT RESOLUTION 126, PROPOSED CONSTITUTIONAL AMENDMENT

### INTRODUCTION

Mr. Chairman, I have studied S. J. Res. 126 very carefully. I have spent hours with its advocates and have spent hours with its opponents. I have read and reread each provision many times.

The position I have come to on the issues involved represents a perspective on this bill which I believe may be different from my colleagues on the committee. Not only do I support the principle involved in this legislation, but I favor the two basic provisions.

Let me state at the outset that I for one am strongly committed to voting for a balanced budget in fiscal year 1981. I am willing to make the tough choices involved in cutting back Federal spending.

Furthermore, I agree with the sponsors of S. J. Res. 126 that cutting back Federal spending this year is not enough. I agree with them that we ought to use the momentum created by this current crisis not only to balance the 1981 budget but perhaps more importantly, to enact executive branch and legislative branch reforms that can mean balanced budgets for years into the future.

It is clear that our current system contains biases that lead to increased Government spending and increased taxes. This is indeed the time to eliminate those biases.

The sponsors of S. J. Res. 126 are to be commended for the work they have done in this regard. They have helped focus public debate on principles that can help Congress keep a lid on spending and taxes.

### SENATE JOINT RESOLUTION 126 PROVISIONS

I now wish to address the specific provisions of S. J. Res. 126. I not only support the concept contained in section one which would require a three-fifths majority for the approval of a deficit budget. I also support legislation which would make that provision a legal requirement.

I not only support the principle of avoiding hidden tax increases. I also support legislation which would make a recorded vote on all tax increases, hidden or otherwise, a legal requirement.

I am not simply supporting the goals of this resolution. Far from it. I believe the substantive provisions can make a real difference in the way this Government conducts its business.

The issue for me is not whether or not substantive provisions that are contained in S. J. Res. 126 are wise, because I have concluded that they are.

### CONSTITUTIONAL AMENDMENTS

For me, the sole issue, is whether or not these provisions should be contained in the Constitution of the United States.

I do not take this issue lightly. Quite frankly, the question of whether or not these provisions should be contained in the Constitution was not a difficult one for me. This is not because of my lack of commitment to the issues involved in this proposal, but rather my own understanding of what is appropriate material for our constitution.

The most important test of any constitutional amendment is that its terms be clear and able to withstand the test of time.

The definitional problems posed by S.J. Res. 126 are recurrent. What are "total receipts?" What are "expenditures?" What is "national income?"

The sponsors of S.J. Res. 126 know that it is riddled with loopholes because these terms can be interpreted a variety of ways. Our inability to define these terms does not mean that we should not go forward with these provisions. My own legislation, the Fiscal Responsibility Act of 1980, S. 2374, uses these terms. However, my proposal is a proposal to amend the statutes of the United States, not the Constitution.

My own view is that these terms can be used within our statutes. If the definitions of the terms need to be adjusted, we can alter the statutes to accommodate these changes.

We do not have such latitude if we amend the Constitution. Amending the Constitution is appropriately cumbersome and difficult.

That is why we should not saddle this Nation's basic document of Government with terms of art that are likely to be outdated in 10 or 20 years.

### THE ROLE OF THE CONSTITUTION

The Constitution should contain broad general principles and guarantees that form the fundamental law of our Nation. Interpreting complicated economic terms should be left to our statutes and to the day to day operations of the Government.

Article 1 section 8 clause 2 of the Constitution states that Congress shall have the power "to borrow money on the credit of the United States." No one would suggest that we rescind this country's ability to borrow. Clearly there are times when borrowing is necessary. The Constitution should give the Government that power.

The Constitution does not require that the power to borrow be exercised. It simply permits it. The question of when the power is exercised and to what degree it is exercised is a matter for the legislature and the people of this country to decide.

I believe strongly that we as a people should insist that our Government not spend more than it has. And I will continue to do all I can to bring our budget back into balance.

But any failure on our part to do that is not a failure of our Constitution. It is a failure of us as a people to make the appropriate demands on our legislature. And, it is the failure of Congress to implement the desires of its constituents.

### THE IMMEDIACY OF FISCAL RESTRAINT

Our debate over balancing the Federal budget addresses an immediate problem. We have to meet a short-term demand of crisis proportions. We must discipline our Federal spending practices right now.

Senators today face very tough budget decisions whether or not a constitutional amendment is progressing. We must balance the 1981 budget now. We must hold the line on taxes now.

Waiting for a constitutional amendment is a way of avoiding tough decisions that need to be made now.

### CONCLUSIONS

The need to balance the fiscal 1981 budget does not diminish the need for bringing additional fiscal discipline to this Government. We should begin by attempting to amend our statutes. That is why I have taken the best portions of S.J. Res. 126 and put them into my own legislative proposal.

S. 2374, the Fiscal Responsibility Act, which I introduced last week, will bring the same type of discipline that S.J. Res. 126 can bring to this Government without burdening the Constitution with the kind of provision that our founding fathers judiciously avoided.

I am conservative when it comes to Government spending and fiscal restraint.

I am also conservative when it comes to amending our Constitution.

I support the goals and more specifically, I support the provisions of S.J. Res. 126.

But I believe these provisions should be contained in our Nation's laws not in our Nation's Constitution.

Thank you very much!

(Mr. BOREN assumed the chair.)

**Mr. BENTSEN.** I thank the distinguished Senator from Montana for his contribution.

I would like to say that there are other Senators who want to be here but who have conflicting committee assignments and votes in the markup of bills, including the budget resolution.

I ask unanimous consent that Senators HART, NUNN, and BOREN be allowed to make their remarks in sequence after those of the Senator from New Jersey. That would be Senator HART, Senator NUNN, and the distinguished Senator from Oklahoma, who is presently in the chair, and who I know is looking forward to addressing this Senate.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. BENTSEN.** I now yield to the distinguished Senator from New Jersey.

**The PRESIDING OFFICER.** The Senator from New Jersey.

**Mr. BRADLEY.** Mr. President, I thank my colleague for yielding and also for providing leadership in the Senate, in the Congress, and beyond, during probably this most critical time in our economy since the early 1930's.

Depending on who you talk to, we are skirting along an economic bubble that may break in the next several months. Real estate values could plummet, an overextended corporation might not be able to cover its loans, or the savings and loan industry might hemorrhage as a result of them having to buy money at 14 and 16 percent, and offering payments to depositors of about 6 to 7 percent.

Clearly, what we need in this environment of uncertainty is a comprehensive national strategy to restructure not just our economic policies but some of the ways we view economic and financial activity in this country.

It seems to me that there are three primary goals that we should be thinking about: one is to restore confidence; the second is to restore predictability; and the third is to identify the dynamic opportunities for growth in this economy.

Without a doubt, we have lost some confidence in the future of our economy. Businessmen do not make investments when inflation rates are 18 to 20 percent. Governments that get any money in the long-term market assume they are going to have continuing inflation in order to be able to pay it back. We have, in a sense, in the long-term credit markets entered the black hole. That presents grave problems for our Nation because our economy is premised on the existence of long-term credit markets. If utilities cannot get money for 30 or 40 years, they will not build. If housing and business development cannot get money for 15 to 20 years, little will be constructed.

It seems to me that a fundamental step toward restoring confidence is to be able to do something about people's expectations of the future. This is where we get into a very nebulous area. Everyone has his own favorite course as to what will restore that confidence.

I would like to suggest that one thing that will not restore it is an oversimplification of the issues. There is no one step we can take to restore confidence because it is a combination of a lot of economic and psychological factors. In the best of all possible worlds, economic policymaking really requires an imperfect sense of risks and possibilities.

We do not happen to be in the best of all possible worlds. We happen to be in a world where there are severe shocks to our economy coming every day from OPEC and from our trading partners around the world. In such an environment, I would simply suggest that we should not apply those shocks to ourselves through monetary policy.

It seems to me that the first step toward developing a comprehensive policy and identifying growth sectors, is to recognize that we must have a program that builds on what is best in America. We must build and regenerate. Those are two essential partners in the process of moving into a dynamic economy in the 1980's.

If we do not do that, the wars that will bring this country down are not wars that will be fought with nuclear weapons, but they are investment wars, investment wars in the 1980's that will determine the strength of national economies in the 1990's and beyond; wars that will not necessarily be fought with the Soviet Union or our other adversaries around the world, but wars that will be fought with our allies as we all grapple and rush to get a part of the increasingly smaller capital pie; as we all pursue our own nationalistic economic policies to the detriment of the entire world economy.

The next step toward getting us on the right road is prudent economic and fiscal polices. By prudent, I do not mean 20-percent interest rates. Nor do I mean a slash in the Federal budget overnight that is not the result of careful thinking but of political stampeding.

There is no question that we have to reduce Government spending, but it has to be done in a systematic and thoughtful way over a period of years in order to restore that confidence that Government can manage its own affairs, in order to restore that predictability that is essential for investment to be made in the private sector.

But in the process of this reduction of Federal spending, I believe it is important that we recognize that there are severe challenges to our national economy. Those challenges are that in the process of reducing Government spending, we will accentuate the growing problems among our regional economies in this country.

This is not a time today to go into any great depth about this, but it is simply a time to point out to my colleagues in the Senate that when we are talking about balancing the budget, when we are talking about cutting back dramatically in Federal programs, many of which benefit regions of the country differently, we are also beginning a process of enormous Federal expenditures, such as increasing the defense budget which we probably should do and an enormous commitment to synthetic fuels, all of which will affect regions of the country differently.

So when we talk about cutting the budget, we must keep it in the perspective of a national economy and of the shocks that those cuts can offer to specific regional economies, and, also, what increased spending in specific areas will mean to those same regional economies.

Mr. President, we also need more discriminating credit control policies. We should not sandbag business and housing markets with punitive interest rates in an effort to curtail excessive consumer spending and speculative transactions.

We need credit policies that will reinforce the pillars of our economy, such as housing construction and small business, not collapse them. We have to reward those industries which will give our country the biggest payoff in economic growth during the coming years.

To this end, Mr. President, I again compliment my colleague from Texas for his work on the Joint Economic Committee, for taking a position which is, in the fullest sense, bipartisan and was formulated with the best minds in this country, and for addressing the side of the equation which we have, for lack of a better word, labeled the "supply side" approach to restructuring the United States economy.

It is clear that the econometric model that was developed by Data Resources was a result of the leadership of the Joint Economic Committee and the Senator from Texas, shows us that if we can reduce certain taxes and give certain targeted credits to specific industries in this country, we shall all benefit. We shall benefit from lower inflation, we shall have greater capital formation, productivity will increase, and GNP will grow—all of which will benefit all regions of the country and will benefit all Americans, regardless of their party or their particular profession.

The targeted incentives which the Joint Economic Committee has suggested—adjust the depreciation schedule, increase the investment tax credit, rollback, possibly, of the social security tax increase, give tax breaks for research and development—all these are important and possibly essential.

The PRESIDING OFFICER. The time of the Senator from Texas under the order has expired.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the Senator from New Jersey be allowed to continue. Are we denied by a previous order?

The PRESIDING OFFICER. As the Senator from Oklahoma, I shall be happy to yield an additional 5 minutes to the Senator from Texas.

Mr. BENTSEN. I thank the distinguished Senator. I understand we have the Senator from New Jersey, the Senator from Georgia, the Senator from Tennessee yet.

Mr. BRADLEY. I thank the distinguished Senator from Oklahoma for yielding 5 minutes.

Mr. President, if we are going to identify the sectors of growth in our economy and provide them the specific incentives that will allow them to grow and produce, it is clear that perhaps we need a much larger planning apparatus. I suggest that the model for such an approach was followed in this country during World War II with the Temporary National Economic Committee. The work of that committee—composed of three Senators, three Congressmen and three members of the executive—was essential in laying the competitive framework for prosperity in the postwar era. Today it would be a process to address the immensely complicated issues before us.

It is, for example, a process that would allow for better planning and clearer discussion of all economic sectors as to what is needed in order to generate the kind of growth that we need to compete in an international environment.

Mr. President, there are some who say that the way we manage our foreign policy will determine our energy policy in the years ahead. I say the way we manage our foreign policy will also determine the strength of our economy in the years ahead, for it is clear that economic decisions taken in one country directly affect another country. The most recent example of that is where the dollar in recent weeks has appreciated in value and that has presented major problems for many oil importing countries such as Germany and France.

It is clear, also, that, because of our higher interest rates, enormous quantities of dollars have flowed into our country, thereby increasing our money supply. It is possible that those dollars could flow out of our country in a very short period of time; and, since those dollars flowed in in the form of deposits that were loaned out, there could be a very quick contraction, a contraction which could send our economy through a very serious shock and perhaps bring us to the brink of a very serious downturn in our economy.

This economic interdependence and how we manage it will be critical in the years to come. Fiscal policies that we follow, for example, to stimulate our economy do not always achieve that end, because they leak into the international economy through increased purchase of imports. In addition to that, the slippage of our dollars abroad, the reverse of what has happened in recent weeks, could wreak havoc with our monetary and credit policy and our attempt to control inflation in this country.

Mr. President, in the years ahead, we shall be challenged on every level—energy, international economics, productivity, and employment. All of these are challenges on which I believe Democrats will be intimately involved in formulating policies to assure growth and prosperity.

I salute the Senator from Texas and my fellow Democrats on the floor today for their efforts in this regard and for our continuing belief that we do have a view of the future that includes a prosperous economy that competes well in the international markets, that assures growth without excessive inflation.

Mr. BENTSEN. Will the Senator yield just 10 seconds?

Mr. BRADLEY. Yes.

Mr. BENTSEN. Mr. President, let me say to the Senator that I knew him before he came here, but I have become more and more impressed with the insight he brings to these problems and his understanding that we have to have a comprehensive policy to achieve these objectives.

Mr. President, I do not have control of the time.

Mr. ROBERT C. BYRD. Mr. President, is this the last order, the order for the recognition of Mr. BOREN?

The PRESIDING OFFICER (Mr. BRADLEY). That is correct.

Mr. BOREN. Mr. President, I take great pride in joining my colleague, the Senator from Texas, today, and others who have spoken out about the economy. In doing so, I want again to add to the remarks of others who have paid tribute to the Senator from Texas for his leadership over the years. Long before others began to speak in this country about the need to do something about the productivity problem, the Senator from Texas was one of the few voices that had already been raised. I think that his insight certainly has been of great benefit to this country. I salute him for speaking out as he has over the years on this important subject.

Mr. President, I am joining several of my colleagues today because I believe that we must act and act soon to avert severe economic problems in this Nation. This is certainly not the time for panic because solid and correct policy decisions can avert economic collapse. However, we must not delude ourselves into thinking that mild measures and political rhetoric will do the job.

It is impossible for any thinking person to ignore the signs of extreme danger. These include an 18-percent inflation rate, a prime rate that has hit 20 percent and may rise, individual savings that are not only the lowest in 30 years in this country but lag significantly behind most of the other major industrialized countries in the world. Productivity is at an alltime low. Business in general, and small business in particular, do not have access to the capital they need to survive. Consumer debt has more than doubled in 10 years, to the point where it is more than $300 billion today. Our deficit was $3.6 billion in January alone and is over $30 billion for the last 3 years. Unemployment increases steadily. The housing industry is on the verge of a major depression, with new starts declining over the past 2 years and, in my own State of Oklahoma, real estate sales for the first 3 months of this year are down over 80 percent from the comparable period of a year ago.

Some financial institutions are being forced to dip into their reserves. The Nation's energy bill is running $80 billion per year for imported oil alone and I note that Nigeria from whom the United States imports over a million barrels a day is raising its price another 51 cents a barrel to a top price of $34.72. The economy from major industrialized centers, such as Detroit to the farm belt States of the Midwest, are experiencing severe difficulties. Net farm income could be off as much as 25 percent and we are told repeatedly that unless something is done about import competition, the automobile industry, traditionally one of the Nation's economic barometers, is in deep trouble.

Despite recent reports of strengthening of the dollar abroad, there remains great concern. Senator BRADLEY spoke eloquently on this floor last week about the dangers inherent in recent Eurodollar expansion in the U.S. market.

But, Mr. President, far worse than all of this, is the psychological effect, sustained and increasing inflation is having on the American people. The American public is simply not convinced that the Congress and the administration are either serious about controlling inflation or have the capacity to do it.

I believe that that is the main reason why increasing interest rates have had such little effect on the inflationary spiral. Borrowing has gone on virtually unabated because the borrower believes that a 15-percent rate today will be an 18-percent rate tomorrow and perhaps a 20-percent rate the day after, and perhaps even higher the following week. There is no incentive to wait.

Nothing is more important in halting the inflationary spiral than restoring confidence in the Government's determination to act. The restoration of confidence in the Congress and in the President that we collectively have the courage and the will to act, is the single most important thing which must be done. If the American people really believed that we would act, that expectation would cause inflation to subside and productive investment and savings to increase.

Mr. President, the plain truth is that we have not done enough thus far to restore confidence. How can the average American have confidence when he hears a budget with spending outlays of $611 billion up from $531 billion originally requested the year before, described as austere.

How can the average American react with anything but cynicism when he realizes that the much ballyhooed balanced budget is really being accomplished more by tax increases than by spending cuts. These tax increases include a $12.6 billion increase in indirect oil taxes on oil equivalent to a 10-cent-per-gallon tax on gasoline and a $3.4 billion increase of revenues by withholding taxes on interest and dividends. The latter action will make saving even less attractive at a time when we need to encourage it.

If we look at what has happened since January and the President's first budget, he has reduced his projected spending outlays only from $615 billion down to $611 billion, less than a $4 billion cut. On the other hand, he has increased his estimate of revenues up from $600 to $628 billion.

What has been proposed thus far is not even a very effective band-aid for a patient that demands major surgery.

We need to do much more and it must be done now or we face the possibility of an economic disruption as serious as any in American history.

I repeat that, Mr. President, because I strongly believe it, we must act now or we face the possibility of an economic disruption as serious as any in American history.

We cannot afford that kind of economic devastation at this time. Politically and militarily, the balance of power has shifted precariously away from America and the free world. World stability may well depend upon the ability of the United States to face up to its own domestic economic problems.

What must we do? First, we must not allow important economic policy decisions to be made on partisan political basis. We must build a bipartisan economic policy. There is plenty of blame to be shared by all of the past administrations—by the Republicans under Nixon and Ford who used ineffective "Win" buttons and bureaucratic price and wage controls as substitutes for what needed to be done; by the Carter administration which in the last 3 years has allowed Government spending to reach the highest percentage of our gross national product of this century except for wartime.

If we sincerely cherish our political and economic system we will stop arguing about which party gets the credit and get on with the job. We had better all start bailing or the economic ship is going to sink.

Second, in addition to a bipartisan economic policy, we must make as our first priority the shifting of resources from the public sector to the private sector. We will never combat inflation until we shift more into private savings and investment to increase our productivity. This means that a balanced budget must be achieved not by increasing taxes but by even deeper cuts in government spending. These cuts must be deep enough to balance the budget at a spending figure below $600 billion and provide for tax cuts to encourage productivity through increased depreciation rates and other incentives for capital formation that have long been advocated by my colleague from Texas, and others.

Balancing the budget is important, but cutting Government spending is the most important action of all. Balancing the budget by increasing taxes would just further bleed off resources needed by the private sector to revitalize the economy.

Third, we must face the fact that Government cost of living indexes must be revised. The present CPI itself increases the rate of inflation. It is totally inaccurate. Its notoriously exaggerates the cost of housing and it totally disregards the fact that consumers do change their buying habits to minimize their costs. A more accurate CPI will help to bring down inflation and be in the best interests of all Americans.

Yet, we talk about restraining this for the people, and our courage and determination to act. We will have to prove it, not by any fluff and rhetoric, but by really digging into the CPI, and other things that must be tackled if we are going to do it.

Fourth, while we are going through the necessary long range adjustments, there must be temporary transitional help to bring down the interest rates in key areas for investment purposes—and I stress, investment purposes.

While the economy must be cooled off, the high interest rates have very uneven effects. What may slow down one area of the economy may bankrupt another.

Housing and related industries, auto dealers, small farmers, and small business people among others are faced with ruin if they do not have relief from high interest rates. The present high interest policy runs grave risks of causing collapse in key areas that could bring down the entire economic house of cards with severe impacts on basic financial institutions.

Mr. President, I am gravely concerned that Mr. Volcker and the Federal Reserve are greatly underestimating the fragile nature of some segments of our economy. In trying to bend some segments of the economy we are likely to find that they are so brittle that they will break. Confidence in the economy is not strong enough to survive the collapse of key groups and the impact it could have on over-extended financial institutions.

I urge the President to support immediate actions to place safety nets under the economy while we deal with the long range solution.

Among these safety nets, two actions are needed as soon as possible. First, provide lower interest rates for investment purposes while keeping tight credit controls on consumption. This could be done by creating special "Build America" savings accounts to provide tax free interest on accounts paying lower rates of interest. This would provide banks and savings and loans with a pool of lower interest money which could be loaned out to key elements of the economy which are in real trouble. Another alternative would be to provide subsidized credit rates for key segments of the economy.

I urge the President to act now. We must not wait 90 or 180 days. We must act now before these high interest rates force countless productive businesses and farms into financial ruin.

Second, to protect our domestic financial institutions against any ill effects of sudden movements of large amounts of foreign holdings in this country, the President should seek additional powers for the Federal Reserve system to deal with this situation if it should ever develop.

Mr. President, in summary, there is urgent need for action. To restore confidence and to stabilize the economy we must not wait. Every day, every week of inaction, increases the risks to our economy. We must act to balance the budget by reducing spending below the $600 billion level, reject any net tax increases, provide for productivity related tax cuts to increase investment, and overhaul the CPI which itself increases inflationary pressures. All of these actions will help to restore confidence and will set us on the path to restoring health to the economy. While we are waiting for these steps to take effect, safety nets are needed to prevent a sharp break in the economy including lower interest rates for investment purposes and provision for the Federal Reserve to protect financial institutions against any sudden shifts in foreign deposits.

It is my sincere hope that the President will challenge the Congress to act quickly on this entire package. In 1933 Congress and the President acted together in 100 days to help turn around the economy of this country. It can be done. We must now display the same urgency. How much better to act before trouble strikes than to wait until after the fact. We can preserve our economic stability but we can no longer do so with cosmetics and rhetoric. We must rise to the challenge.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. BOREN. I yield.

Mr. BENTSEN. Mr. President, I congratulate the Senator on the very comprehensive program he is proposing and the fact that he well understands that it is just one approach we have to make. We have to approach it from the monetary, the fiscal, and the productivity aspects as we meet the challenges of our allies in the markets of the world.

Mr. BOREN. I thank the Senator from Texas. I believe he is right in pointing out that we have to tackle across the board, and it is going to mean a shift of resources into areas that will increase the productivity of our entire economy.

I believe that what we have seen today, in hearing many of our colleagues speak, is a willingness on the part of the Senate, and it should be a message to the country. The Senate is ready to rise to this challenge, and we are ready with this awareness toward coming up with the right policies.

I thank the Senator from Texas, and I yield the floor.

## THE HIGH INTEREST RATE POLICY OF THE FEDERAL RESERVE BOARD

Mr. SASSER. Mr. President, I am becoming increasingly alarmed by the Federal Reserve Board's high interest rate policy. As you know, this policy is said to be designed to slow inflation. The traditional economic wisdom at work in this case says that by creating high enough interest rates, you force farmers, homebuilders, consumers, housewives, and small business men and women to retrench, to cut back on purchases of goods and services. That creates a recession which finally causes inflation to slow down. I say, "finally," Mr. President, because this debilitating recession-style economic remedy for inflation can take years to work.

I, for one, am not willing to wait years while a major recession ravages the farmers and rages on the farms and storefronts of America for the Federal Reserve Board's recession policy to work. And, I am not even convinced this policy will work at all. The theories being followed by the Fed were developed for another time and another place. They are unrealistic, today, and dangerously out of tune with reality. Curiously enough, in fact, the Fed's anti-inflation tight-money policy actually is accelerating inflation. To the extent high interest rates have impacted consumer or wholesale price indexes, it has served only to increase them. The Fed's soaring interest rates and mortgage costs have been reflected directly in the Consumer Price Index. Businesses just pass on the sky-high cost of borrowing in higher prices, as well. And that causes the CPI to rise even further. But the Fed's misguided policy is, and will increasingly in the future, have an even more serious effect.

### TENNESSEE FARMERS

As I noted last Wednesday, March 26, in comments before the Senate, I have talked with literally hundreds of Tennessee farmers in recent weeks. They are being pushed against the wall by ruinous interest rates on the seed and fertilizer loans they must have to plant this spring. They are being pushed so far in some cases that they may simply drop out of agriculture this year to cut their losses. That decision by Tennessee cotton farmers and soybean growers—and farmers elsewhere, as well—will only aggravate inflation. It will reduce supply, forcing prices for food, clothing, and other byproducts up even faster. It will markedly slash our export earnings from agricultural sales abroad—earnings that could otherwise total $37 billion this year. The loss of these exports and the dollars they bring home will force the dollars' value down overseas and push up prices for all types of imports, thereby creating more inflation.

In fact, the more I review the inflationary impact of the Fed's mislabeled anti-inflationary high interest policy, the more incensed I become. Scratching beneath its surface reveals that the Fed's policy may well cause more inflation, not less, as it is designed to do.

Two things are for sure: It has caused chaos in the domestic bond and mortgage markets and is hurting American citizens in the pocketbook. I chaired a Senate Budget Committee hearing last fall, and the chorus of complaints was virtually unanimous, at a time when the interest rate was at 12 percent, that the Fed's high interest policy was doing far more harm than good.

### A CALL TO REDUCE INTEREST RATES

On March 7, I telegramed the Chairman of the Federal Reserve System's Board of Governors, Paul Volcker, urging a reduction in interest rates and a cap on speculative borrowing. Last Wednesday, March 26, I joined with the distinguished chairman of the Senate Appropriations Committee in sponsoring Senate Resolution 392, calling, again, on Mr. Volcker and his colleagues at the Fed's Board of Governors to reduce interest rates.

### JEC ALTERNATIVE

But we must do more; we must see to it, Mr. President, that the basic system, the mechanism, for dealing with inflation is a realistic, effective one; one that offers us the realistic hope of slowing inflation. We need an alternative to the slow, outdated, ineffective recessionary, anti-inflation policy of the Fed. And, I believe, our colleagues on the Joint Economic Committee of the U.S. Senate have come up with that alternative.

Beginning with their annual report last year, the Joint Economic Committee has sought to focus our attention, and the attention of the entire Nation, on the supply side of our two-sided economy. Since the thirties, economists and I must confess, politicians also have only looked at the demand side. They focused on techniques, primarily monetary and fiscal policy, for fine-tuning aggregate demand. The supply side of the economy was ignored with the hope that it always fluctuated with demand.

Mr. President, I think we are a lot smarter today. We have learned—in good part due to the pathbreaking Joint Economic Committee work—that the supply side is as important as the demand side in dealing with inflation. As the JEC's distinguished chairman has repeatedly pointed out, it makes far more economic sense to fight inflation by increasing the supply of goods and services rather than by slashing demand. Slashing the demand for goods and services—the purpose of the Fed's present high interest rate money policy—creates a whole host of problems that the Bentsen/JEC approach bypasses.

The Fed wants to suppress demand and push people out of work. It wants to take people off the assembly line and put them in the welfare line.

### INCREASED PRODUCTIVITY NEEDED

The JEC approach would take people off the welfare line and put them on the assembly line. Frankly, that makes a lot more sense to me, Mr. President, a lot more sense. This new approach to fighting inflation has received laudatory reviews for the insight it has provided. Yet, in retrospect, the JEC solution is simple and straightforward: Incentives are established to spur production and investment designed to expand our Nation's productive capacity. In particular, efforts to promote productivity in both the private sector and the public sector—a key concern of mine—are stressed as the cornerstone of this innovative policy.

The Bentsen approach has opened a new door for us. It shines a light down the dark tunnel through which the Federal Reserve Board of Governors wants the American people to walk. It offers us an option, an alternative to the Fed's path of rising unemployment and years of slow growth and decrease our static productivity.

It is an option we should take, Mr. President.

The question is how best to turn this Nation around. How can we expose the outdated Fed policy as unnecessary, and, indeed, even dangerous, and replace it with the supply-oriented Bentsen alternative.

The first step, one we are discussing now, is to rivet the administration's attention on our dissatisfaction with the Fed and our intention to follow the JEC approach. We must give the White House, the Fed, and the country, indeed, all Americans, a clear, hard sign that we are not willing to sit still for soaring interest rates, a debilitating recession and rising unemployment when the JEC has a better, a much better approach.

Mr. President, I commend the distinguished chairman of the Joint Economic Committee, the Senator from Texas (Mr. BENTSEN), for the fine work he has done with this committee. Senator BENTSEN has been diligent and innovative in an effort to find a way out of the economic problems we are experiencing.

I commend him, as one of his colleagues, for the diligence, the foresight, and the perception he has exhibited.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial related to the report of the Joint Economic Committee which was published in the March 20, 1980, edition of the Commercial Appeal and entitled "A Second Opinion."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### A SECOND OPINION

One reason our economy is ailing is its aging industrial plant. This ill can't be cured by budget surgery and the other nostrums prescribed by President Carter. What can help is a tax cut.

Not just any cut will do, however. It must be a tax cut to encourage investment and productivity.

This nation's productivity—or output per worker per hour—is in decline, and it will be until substantial infusions of money are forthcoming from a nation saving at record-low rates. But today's record-high interest rates—intended to discourage inflation—are also discouraging the investment that's needed because it's so costly to borrow. And Dr. Carter's black bag wasn't big enough to hold a tax-cut antidote, which he apparently considers "sugar-coating" the "bitter medicine" of fiscal restraint.

Others in and out of government see the need for a selected, specific tax cut of this sort, and among those on Capitol Hill who favor such a move are Sen. Lloyd Bentsen (D-Texas) and Rep. Richard Bolling (D-Mo.). They'd pay for the cut with the $10 billion oil import fee the President wants as budget insurance, and they'd get his $600-billion-plus budget in the black by spending cuts alone.

The approach has great promise. Delivering on it could be something else in an election year, when political careers can hinge on appropriations popular back home. It must be remembered, however, that it is Congress—not the Carter administration—which has the say on if and how the budget is disciplined this year and every year.

Bentsen, Bolling and their colleagues on the congressional Joint Economic Committee have been on record for such incentives long before the President came up with new medicine. Their committee report last year achieved bipartisan support in recognizing that traditional remedies won't work for today's inflation since inflation, itself, no longer fits the classic definition of too many dollars chasing too few goods.

Slowing the growth of money and credit and balancing the budget still have their place. It is downright self-defeating, however, to pay for such policies by sacrificing the expansion and modernization of our national plant.

A tax cut to stimulate investment may not finance itself entirely by creating more income for government to tax, as some would argue. But it's an important way to help a nation suffering from inflation complicated by sagging productivity.

● Mr. HART. Mr. President, I am very pleased to join with Senator BENTSEN and some of my other colleagues in the Senate to discuss the policies we will need to pursue in order to bring inflation under control. Our inflation situation today is very disturbing with consumer prices rising during the first 2 months of this year at an annual rate of more than 18 percent. This is having a profound effect on the well-being of millions of Americans, particularly those on fixed incomes and those whose wages have failed to keep pace with rising prices.

I welcomed President Carter's latest proposals for reducing inflation, as I know many of my colleagues did. I hope they will move us in the right direction. But I am concerned that the President focused exclusively on short-run measures, and on tight monetary policy in particular, with no new proposals for implementing necessary long-run measures for keeping inflation under control throughout this decade and beyond.

It is unfortunate that we are relying so heavily on montary policy now to reduce inflation, because its impact falls so unevenly on different sectors of our economy. For giant multinational firms, with access to money and credit markets around the world, tight money and high interest rates here are not serious problems. They can tap into money markets abroad if funds dry up here, and suffer only minimal discomfort. Our domestic monetary policy goals will probably have little effect on their spending plans, either here or abroad, because of their multinational reach.

This basic failure of domestic monetary policy to have a significant effect on giant multinationals mean that if monetary policy is to be effective against inflation it will have to affect other sectors even more. Small businesses, autos, and homebuilding will have to take the brunt of the Fed's current efforts to tighten money. We are already seeing this in homebuilding. New housing starts in February were down to a seasonally adjusted level of 1.3 million units, the result of mortgage rates that are 16 percent or higher in most of the country. In addition, there are predictions that small business failures will skyrocket in the months ahead if the current credit situation continues.

So, Mr. President, I think that reliance on tight monetary policy alone would be a big mistake.

One thing we can and should do to relieve the burden on monetary policy is to provide more fiscal restraint. The recent report of the Joint Economic Committee has shown that we can pursue a balanced reduction of spending and taxes without harming the growth and employment potential of the American economy.

During the markup of the first concurrent resolution for 1981, I have been working to cut at least $16 billion and speed tax collection and close tax loopholes so that we can actually have a surplus of $25 billion next year for tax cuts. I also think we should wield a sharp scalpel on the 1980 budget and cut some of the fat there. I know time is short, but with a projected deficit of $43 billion for this year, there is plenty of room for making selective intelligent anti-inflationary budget cuts for this year.

We should also look toward selective anti-inflationary tax cuts as soon as we balance the budget. One very desirable course of action would be to enact $5 billion in supply side tax cuts to stimulate productivity enhancing business investment, as Senator BENTSEN has long advocated. I share Senator BENTSEN's interest, and I am a cosponsor of the 10–5–3 proposal in the Senate. There are other proposals that have been introduced for stimulating business investment; we should look closely at all of them and enact those which provide the biggest investment incentive.

We should also aim toward reducing social security taxes, or at least postpone or rescind scheduled increases. This would have a direct beneficial effect on inflation. Social security taxes are a major business cost. Increases in social security taxes get passed on to consumers through higher price. Anything we can do to cut these taxes would cut business costs and reduce the pressures for further price increases.

Also, income tax indexing should be included in any tax cut package.

Selective consumer credit controls will also help. The President has given the Federal Reserve the authority to control consumer credit, under the Credit Control Act of 1969, and the Fed seems to be willing to make use of those powers. The recent growth of consumer credit has contributed to inflation by propping up consumer spending while reducing the availability of funds for business investment. Consumer credit has to be slowed as part of the fight against inflation, and I hope the Fed's efforts here will work. If they do not, then I am afraid that the Fed will continue to tighten up on monetary policy, thereby pushing up interest rates and further harming those sectors that have been on the front line against inflation so far—housing, autos, and small business.

Mr. President, the fight against inflation must be won, but it cannot be done by monetary policy alone. We need a balanced program that combines both short-run and long-run measures. I commend Senator BENTSEN and the Joint Economic Committee for their efforts to keep us pointed along that track.●

### A NEW ECONOMIC STRATEGY

Mr. NUNN. Mr. President, I begin my statement with sincere praise for Chairman BENTSEN, Representative CLARENCE J. BROWN, the ranking minority member, and all members of the Joint Economic Committee who have risen above partisan politics to issue a unified annual report which forcefully presents a new economic strategy for our Nation. Their 1980 committee report demonstrates that steady economic growth, created by productivity gains and accompanied by a stable fiscal policy and a gradual reduction in the growth of our money supply, can reduce inflation during the 1980's without increasing unemployment. The policies from the committee's report which we present this morning are consistent and mutually reinforcing, forming a clear blueprint for our Nation's economic future.

I pledge, Senator BENTSEN, my full support as we begin their implementation. He has done a magnificent job, in my opinion, not only in bringing this group of Senators here today to discuss the crucial economic issues facing our country but also by taking leadership in the Joint Economic Committee for the last couple of years.

When I came to the Senate 6 or 7 years ago—I say this without any disparagement of those who served on that committee then—the recommendations of the Joint Economic Committee were not considered very much in substance by Congress. Perhaps they should have been. But I think that with Senator BENTSEN's leadership, joined by Representative BROWN of Ohio, on the House side, the ranking minority member, we have a new respect for the Joint Economic Committee and its recommendations. I believe that is primarily attributable to the leadership of the Senator from Texas.

We are in crucial economic times, and I think his leadership, which already has been exhibited and which will be even more in the forefront of the economic discussions in the future, will be of tremendous benefit to Congress and to the Nation. So I congratulate him.

I also congratulate the Senator from Oklahoma, who presented a very lucid statement about the challenges and the need to deal with them in a comprehensive way.

The focus of my remarks today will be on productivity. I have worked on this for a long time. Together with Senator PERCY and Senator JAVITS, I introduced a bill on productivity, which became law, back in 1974. Unfortunately, the productivity council at that time did not receive the attention of the executive branch of Government. It did not receive the attention of the executive branch under the Ford administration nor under the Carter administration.

There has been a bipartisan failure in this country to recognize the problems its productivity growth and to accept those problems as a real challenge for action by this Government.

I hope that the new proposed legislation introduced by Senator BENTSEN, of which I am a cosponsor, will address that problem in a comprehensive way.

I believe we must add a word of caution. Unless the executive branch and the people in high levels in Congress really give their attention to productivity, no matter what we do in terms of a new council, it is not going to work. The new council that the Senator from Texas is advocating, coupled with a very vigorous expression of support—constant support— from the executive branch and the legislative branch can begin to put emphasis on the most severe economic problem we have, in my opinion, and that is productivity. All these matters are interrelated.

Again, I express my appreciation to the Senator from Oklahoma, and I am privileged to have been here to hear his remarks.

I look forward to working on a continuing basis with the Senator from Texas in trying to begin to turn this country around economically.

Mr. President, we are now in a period which is affected not only by the fundamentals of the economic system, but also by an inflationary psychology that somehow has to be broken.

Contributing to all of this has been the declining rate of productivity in this country. I think we talk entirely too little about the importance of productivity to the economy of the United States, what it has done for us in the past and what the declining rate of growth of productivity is doing to us today.

As Senator BENTSEN pointed out, the answer to our inflation problem does not lie in traditional policies that are designed to wring the life out of our economy and throw people out of work. Instead, we must go beyond traditional restrictive policies to deal with the supply side of the economy, if we really want to get a grasp on the longrun inflation problem in this country.

The key to longrun control over inflation is productivity. Productivity increases make it possible for wage increases to be granted without having to pass the full amount along to consumers in higher prices. It provides a buffer between wages and prices and allows for rising real wages for American workers. In addition, rising productivity helps us absorb energy cost increases with less inflation, as the recent experience of the West Germans and Japanese has shown.

But the productivity performance of the American economy has recently been dismal. Between 1948 and 1955, productivity increased at an annual rate of 2.5 percent. Between 1973 and 1978, by contrast, the productivity of the American economy rose only 0.8 percent per year, and during 1979 productivity actually fell 1.8 percent.

The U.S. productivity record contrasts very unfavorably with the records of other major industrialized free world countries. Our growth in productivity since the end of World War II is lower than that of any of our major trading partners. For example, between 1950 and 1978, the average yearly productivity increase in Japan came to 7 percent, compared to 1.8 percent in the United States. For West Germany, it amounted to 4.6 percent yearly. This productivity lag in the United States has had a profound effect on our standard of living. In 1978, per capita disposable income in the United States came to just under $6,700. If productivity in the United States had matched the West German rate between 1950 and 1978, per capita income in the United States in 1978 would have been $13,500.

I do not think that anyone can precisely say what has caused our declining growth of productivity. Contributors to this decline include:

The slow rate of capital formation that is taking place in this country, coupled with the reduced rate of savings in America;

Overall work motivation;

Reduced research and development in both the private sector and the governmental sector;

The increasing drag on the productivity caused by Government rules and regulations which have proliferated;

The increasing number of women and young people in our overall labor force; and

Finally, for a nation that has been built on cheap energy, precipitous increases in energy costs certainly have a drastic effect on productivity.

Productivity can be improved in a number of ways, including enactment of tax measures to stimulate savings and investment. A balanced budget will also help, by reducing Government borrowing and lowering interest rates.

There is an additional measure that we should undertake soon that could help improve productivity without adding significantly to Federal spending, and that is the establishment of a revitalized National Productivity Council. Last month, Senator BENTSEN and I sponsored legislation that would set up a National Productivity Council to bring together labor, business, and the Government in a cooperative effort to revive productivity in the United States. The Council would develop a national productivity plan, reviewing what is underway now and what could be done by the Federal Government to increase private sector productivity. It would serve as an advocate right in the Federal bureaucracy for tax and regulatory policies designed to promote productivity.

During the 94th Congress, I introduced legislation to establish a national center for productivity and quality of working life, which was later passed and signed into law by then-President Ford in 1975. While charged with the responsibility to stimulate and coordinate efforts to increase the Nation's productivity growth rate, the center unfortunately did not receive proper support from the administration, with only limited access to the White House and top administration officials. As the GAO has found, the fatal effect of this lack of support was the most important lesson learned from the experience of the former national center for productivity and quality of working life.

Therefore, the legislation that Senator BENTSEN and I are proposing is structured to avoid such past mistakes. The new council that the bill would establish would have a strong leader, appointed by the President and confirmed by the Senate, who would have access to both top offices in the administration as well as to congressional leaders. It would be recognized by both the executive and legislative branches as the focal point for Federal productivity efforts.

Mr. President, the need for such an organization was recognized in 1975. I believe that this need is even greater today. All Americans must become aware of the importance of productivity growth in their everyday lives. A national productivity council can help change the concept of productivity from that of a little-understood economic theory to a daily watchword for an improved standard of living for all our citizens. A National Productivity Council would show the world that the Federal Government is serious about getting the American economy back on the right track and improving our productivity performance. I hope we can enact this legislation before the end of this session.

Mr. BENTSEN. Mr. President, I thank the Senator for his leadership. He is a great patriot, and he has made a major contribution to the thinking of the Senate. His leadership in this matter is certainly welcome and appreciated.

Mr. NUNN. I thank the Senator.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. HARRY F. BYRD, JR. Mr. President, I join in commending the able Senator from Texas for the tremendous job he has done as chairman of the Joint Economic Committee. I commend him, also, for stimulating the discussion this morning dealing with what I consider to be the very severe problems facing our economy today.

I listened with much interest to the remarks of the distinguished Senator from New Jersey (Mr. BRADLEY)—beautifully handled, I thought—and the distinguished Senator from Montana (Mr. BAUCUS) and the distinguished Senator from Oklahoma (Mr. BOREN). I also agree with the comments on productivity just mentioned by the distinguished Senator from Georgia.

Senator BOREN, in his comments, said that the Government must act now or our country will face severe economic dislocation. I believe he is correct.

The Senator from Montana (Mr. BAUCUS) mentioned—if I recall accurately—that it is important that we not mislead the public as to what is being done in Washington with respect to the anti-inflation fight. I must express the view that I think perhaps the public is being misled. The radio, the television, the news accounts almost daily assert that the administration and Congress are preparing to reduce Government spending. Such is not the case at all.

President Carter has proposed a $64 billion increase in Federal spending. Only 4½ months ago, on November 16, Congress passed the second joint resolution, specifying the amount of spending for fiscal 1981. That figure was $548 billion. The figure submitted by President Carter 2 days ago calls for spending in fiscal 1981 of $612 billion. That figure represents an increase of $64 billion in spending.

A reduction in Federal spending is not being proposed. The only reduction comes from this: On January 28, President Carter proposed spending for 1981 totaling $616 billion.

There was such an adverse reaction to that that this past Monday he revised that to $612 billion. That is a de minimis reduction in the increase in spending. It amounts to virtually nothing.

Congress and the President propose to spend $64 billion more in the new year than Congress authorized to be spent in this current year.

I think the people are being misled, but not all of them. Driving to work this morning, I listened to David Brinkley and he is not misled. He pointed out the figures that I have just mentioned.

The Senator from Oklahoma in his comments pointed out also that the budget is being balanced, if it is balanced, by an increase in taxes, not by a reduction in spending. The Senator from Oklahoma (Mr. BOREN) called for a balanced budget by decreasing spending instead of increasing taxes. I concur in his view.

The question of interest rates has been mentioned. Of course that is of vital consequence to the American people.

The Chairman of the Federal Reserve Board, Mr. Paul Volcker, testified today before the Senate Subcommittee on Taxation, and he expressed the view that the only way to effectively reduce interest rates is to get Government spending under control.

This past week I spoke to some 500 or 600 Virginia homebuilders who are in Washington, and I expressed the same view, that unless this Congress and this President acting together—neither one can do it alone—unless we act together to control spending, to reduce the sharp increase in spending, then it is unlikely that interest rates will come down any time soon.

I might say that the Virginia homebuilders asked for nothing from the Federal Government except to get spending under control.

Unfortunately, I see very few signs that either Congress or the administration is determined to get spending under control.

The Senate Budget Committee 2 days ago proposed that there be an $18 billion increase in spending for fiscal year 1980. Four and one-half months ago the Budget Committee recommended total spending for 1980 at $548 billion. Two days ago they increased that by $18 billion to a total of $566 billion.

Is that getting Government spending under control, to increase spending with such a huge increase in a period of 4½ months?

I think our country is in a very grave, very serious economic condition. Some experts use stronger terms than I do. I do not want to use those terms in describing what this country might be faced with in the months ahead. I think I prefer to use words of the Senator from Oklahoma (Mr. BOREN) when he says that we face severe economic dislocation if we do not act now.

I think we must act now; we must act now to control spending. That is the key to it. To control spending. The key to it is not to raise taxes but to control spending.

Now let us see how the President handled that. On January 28, the administration estimated the receipts of Government to be $600 billion. Two months later, this week, he estimates the receipts of Government to be $628 billion. In other words, what the administration proposes to do and Congress will do if it goes along, is to take away from the individual citizens some $28 billion more than had been envisioned only 2 months ago.

So I do not see much of a silver lining in the clouds that are over our Nation at the moment. I see severe trouble ahead.

I hope that the attention that is being focused on this problem by the discussion in the Senate today will bring about a climate that will balance the budget by reducing the rate of increase in spending rather than balancing the budget by taking greater revenues from the American citizens.

Mr. BAUCUS. Mr. President, will the Senator yield briefly at that point.

Mr. HARRY F. BYRD, JR. I yield.

Mr. BAUCUS. I compliment the Senator for drawing out this point, that is, the administration's budget is brought into balance not by so much by cutting expenditures as by increasing revenues. The Senator from Virginia accurately pointed out that the original budget for fiscal year 1981 anticipated roughly $600 billion in revenues. The latest budget estimates $628 billion in revenues.

The American people want a balanced budget, and a balanced budget achieved through spending cuts. Balancing the budget by increasing taxes is not responsible fiscal policy.

Mr. HARRY F. BYRD, JR. I thank the Senator from Montana. I think what he says is just exactly correct.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. BENTSEN. I comment that the distinguished Senator from Virginia, Senator HARRY F. BYRD, JR., has a long reputation for fiscal prudence and responsibility when it comes to spending taxpayers' money.

I am delighted to have his counsel and his advice in this colloquy and his comments this morning. It is a major contribution which we sincerely appreciate.

Mr. HARRY F. BYRD, JR. I thank my friend from Texas.

May I make just one other observation?

At the hearing this morning of the Subcommittee on Taxation, besides Chairman Volcker of the Federal Reserve Board, were two other witnesses, Dr. Raymond Saulnier, professor of economics at Columbia University, and Mr. Albert Sindlinger, chairman of the board of Sindlinger & Co.

Dr. Saulnier is a noted economist. He served as Chairman of the Council of Economic Advisers during the administration of President Eisenhower. Under questioning today he expressed the view that the single most important thing for this Government to do is to control the rate of increase in spending.

I do not know of anyone in the Senate or in the Congress who proposes to reduce spending below what it is now. What I and others have advocated is to sharply reduce the increase in spending that has been proposed. Dr. Saulnier today in his comments took precisely that same view.

Mr. Albert Sindlinger is an economic pollster, a very interesting individual in a very interesting line of work. I have been to his company headquarters.

What he has been doing for 25 years, and has been doing it each day, day after day, is to telephone, his organization telephones, 1,500 persons all over the United States each week. They are polled on economic as well as political issues.

He expressed the view that the confidence level on the part of the American people is very low. He brought out one fact that he thinks is of great significance, and it seems to me it probably is; namely, that 45 percent of the individuals called in the past 30 days say that their income today is less than it was a year ago. He regards that as a very significant figure.

He made two very strong statements. I told him I did not subscribe to those statements, but they are his statements. He said he felt that by this summer an emergency session of Congress will need to be called. He said, secondly, that the Nation faces the possibility of an economic collapse. I, myself, I want to say, do not share that pessimistic viewpoint, but I point out his statement because he has opportunities in the business and professional field he is in to come in contact with large numbers of American citizens.

He said the average American is convinced that the average family cannot continue indefinitely living beyond its means, and that the average family feels that the Government of the United States cannot continue indefinitely living beyond its means.

When I asked Mr. Sindlinger what, if an emergency session were called, it would do or try to do, what it would be required to do, and what Congress must do at one time or another—it is just a question of when it will be done—he said:

> Very substantially reduce Federal spending, and not only to balance the budget but, he said, it must create a surplus of something approaching $40 billion.

Mr. **BAUCUS**. Mr. President, our most serious domestic problem is inflation. The Federal Government must continue to take strong steps to curb inflation through responsible fiscal policy.

I hope my colleagues in the Senate recognize that the tight-money policy being pursued by the Federal Reserve Board is not the answer to inflation. High interest rates threaten the housing industry, the agricultural economy, and small businessmen in Montana and throughout the country.

Mr. President, we cannot fight inflation by crippling key productive sectors of the economy. An economic policy that destroys the housing industry, that cripples agriculture, and threatens small business throughout the Nation is not a responsible economic policy. An economic policy that results in massive unemployment is not a responsible economic policy. Adequate credit must be available at reasonable prices in these key sectors of the economy.

Farmers and small businessmen cannot pass on higher interest costs in the form of higher prices. Further, they do not have alternative sources of credit. As credit becomes scarce and expensive many businesses in Montana and throughout the Nation must realistically face the specter of bankruptcy.

A key factor causing unprecedented increases in the cost-of-living has been high consumer spending. In anticipation of future price increases, consumers have been willing to go farther into debt and to dip into their savings to purchase goods they think will be more expensive in the future. Some form of credit restraint may be necessary to discourage that kind of spending. But, as I recently pointed out in a discussion with Chairman Volcker, the Federal Reserve System has a range of options for implementing monetary policy.

The administration and the Federal Reserve Board can have authority to use selective credit controls which will restrain consumer spending without eliminating credit for housing, agriculture and small business. They should make more use of this authority.

### THE ROLE OF FISCAL POLICY

The cornerstone of any successful program to curb inflation must be responsible fiscal policy. I am gratified that a majority of my colleagues in the Senate joined me in voting for a Senate resolution calling for a balanced budget in 1981.

Besides balancing the 1981 budget, Congress must enact procedural reforms to insure fiscal restraint in future years. The Fiscal Responsibility Act (S. 2374) which I sponsored, would insure such responsible fiscal policy by requiring three-fifths of the Members of Congress to approve any budget deficit and by requiring recorded votes on any tax increase, including those that are the result of inflation.

Present inflation is the result of many years of deficit spending. Inflation will not be stopped and interest rates reduced simply by balancing the 1981 budget, although that is a strong and responsible first step. Congress also must enact lasting budget reform that will restore the faith of the American public and financial community in the Federal Government's ability to restrain spending.

### MEASURES TO OFFSET HIGH INTEREST RATES

Mr. President, Congress can and should act to mitigate the effects of high interest rates on the housing industry, small business, and agriculture.

A number of pending bills would help make capital available to businesses. The most important of these is the Capital Cost Recovery Act (S. 1435) that I have cosponsored. This bill will accelerate depreciation schedules for capital investments, making more equity funds available to businesses.

The Senate Finance Committee is currently holding a series of hearings on other constructive proposals to encourage capital formation by small businesses. On April 7, the Small Business Committee will conduct a hearing in Missoula, Mont., to consider small business problems, especially capital formation.

The bills being considered include S. 1481, which would provide a tax incentive for investment in a new kind of financial instrument, a participating debenture to encourage investors to participate in small businesses. S. 2168 would allow subchapter S corporations, which enjoy beneficial tax treatment, to have a larger number of shareholders. S. 2152 would allow businesses to benefit from the investment tax credit when they purchase used equipment.

The housing industry is particularly hard pressed by high interest rates. Housing starts in 1980 are expected to drop one-third from 1979.

A key source of housing loan funds, especially for low income Americans, has been tax-exempt housing bonds. Unfortunately, action in the House of Representatives has limited the availability of these bonds. The Senate should approve legislation I have cosponsored, S. 2164, that would insure continued use of the important source of housing credit that tax-exempt housing bonds provide. My proposal addresses the very real need to target more carefully and to limit the proceeds of tax-exempt housing bonds by establishing clear and focused guidelines for the use of these bonds.

The emergency home purchase assistance program, commonly known as the Brooke-Cranston program, which Congress enacted some years ago also must be updated. This program provides a subsidy to reduce interest rates on FHA, VA, and conventional mortgages when economic conditions are having a severe impact on the housing industry.

The Senate Banking Committee has reported a bill, S. 2177, that would update and modernize the Brooke-Cranston program. It is important that this legislation be approved by the full Senate so that this tool is available to offset the impact of high interest rates on the housing industry.

Finally, Federal actions can help make credit available to agricultural producers. Congress has already taken a necessary first step by approving the Emergency Farm Credit Act. This legislation extends the economic emergency loan program administered by the Farmers Home Administration and also increases the amount of loan funds available.

In addition, legislation must be enacted to increase loan rates for agricultural commodities. Federal loans through the Commodity Credit Corporation are a key source of agricultural credit. Loan rates must be increased to offset the impact of the recent Soviet grain embargo which has driven down farm prices and to provide adequate credit to cover sharply rising costs of production. At a minimum, the wheat loan level should be increased to $3.90 per bushel and the feed grain loan level to $2.50 per bushel.

### SUMMARY

Mr. President, in its zeal to curb inflation, the Federal Government must avoid crippling key sectors of the economy; small business, housing, and agriculture. This can be done by enacting responsible fiscal policy that will minimize the need for a restrictive monetary policy. In addition, Congress must enact legislation to provide additional credit in key sectors.

Mr. **BENTSEN**. Mr. President, in summation let me say I am very appreciative of the substantial number of my colleagues who came over here expressing their concern, their interest, and their thoughts about what we should be doing.

Obviously, the first thing we have to concentrate on is balancing the budget. But we must understand that balancing the budget by itself is not enough. We have to have a comprehensive set of policies to increase savings in this country, to increase investment, to increase productivity, to reduce the cost of regulation, to train those workers who are structurally unemployed, not by stimulating the entire economy but by targeting in on them. We need to reduce the use of imported sources of energy, and to do some new thinking in this country about how to break down the adversary relationship among business, labor, and government. We need to take a page out of the book of Japan, France, Germany, and many of our other competitors where business, labor, and government work together in a coordinated policy to increase exports and to hold down inflation.

Those recommendations are in the 1980 annual report of the Joint Economic Committee, and the administration ought to act now to implement them and not wait for the recommendations of its Commission for the eighties. The time is too short; the time for action is now.

I thank the distinguished leader for the time.

The **PRESIDING OFFICER**. In my capacity as a Senator from Nebraska, I suggest the absence of a quorum. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STENNIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER OF BUSINESS

Mr. STENNIS. Mr. President, I want to be recognized, please. I do not know what the time matter is. Does the Chair have a time limitation?

The PRESIDING OFFICER. There are 33 minutes remaining in morning business.

Mr. STENNIS. I will take about 7 minutes, Mr. President.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

## THE SOUTHERN PINE BEETLE EPIDEMIC

Mr. STENNIS. Mr. President, I want to use this immediate occasion to further alert the Senate and the Nation regarding a serious problem in the southern pine forests which could have a very damaging impact upon our Nation's supply of wood, lumber, and other forest products.

I make reference to the serious and widespread outbreak and infestation by the southern pine beetle which is ravaging the forests of the South which provide about 50 percent of the wood utilized in the United States.

It is difficult to overstate the severity of this problem or the importance of southern forests to our national economy and culture.

Mr. President, while this is not a new invasion of a new and different insect, there are many different kinds of pine beetles, this type is particularly devastating. It has survived from year to year for many years and does not ordinarily attack in what is called epidemic proportions. But, as I say, it has survived, and when it is hitting with increased volume and tenacity, it can be very devastating. It is very difficult to cope with it. It is hardly controllable by any known means now. I do know, by personal experience, how it operates and something of how devastating it is.

In 1978, the South harvested 6.8 billion cubic feet of wood. The majority of this harvest was forests owned by 2.2 million private landowners. A third of America's forest industry workers are employed in the South, annually earning a payroll of $2.4 billion, manufacturing products worth $11.8 billion. Southern forest industries produce 25 percent of the Nation's softwood lumber and 50 percent of its hardwood.

When I refer to the South, Mr. President, I am not talking about this as a southern problem, or seeking a remedy for it as an area, but I am talking about it as a source of our forest products.

The South also produces 60 percent of the Nation's pulpwood, 62 percent of its paperboard, 5.6 percent of its newsprint, 29 percent of its softwood plywood, and 40 percent of its hardwood plywood. By the year 2000, the South must produce twice the amount of timber in 1978 if our economy is to continue to enjoy our current level of benefits. The southern forests are absolutely critical to our housing, container, and paper industries.

As evidence of this, Mr. President, in the last 10 years we have inaugurated the forest incentive program and have appropriated money for it every year. It is based strictly on the Nation's needs, not the area, for forest products for the Nation. That program is recognizing the necessity of getting more acreage into production, more particularly pine acreage, and, more particularly, to try to get the idle land of thousands and thousands of private owners into timber production.

When I say "idle land," I do not mean all of the land that they own is idle, but, say they own 150 acres of land and maybe 40 acres of it would be what we might call idle.

In that area of the South, the southeastern area, particularly, the growing season is long. The waterfall is plentiful, up into 50-odd inches, with some areas above that. So you have the moisture and the long growing season. That is where the production comes in larger quantities per acre. More particularly now is that true under the modern methods of tree farming. Thus, graver are the beetles' destructive influences.

The southern pine beetle is the most spectacular and destructive of the southern forest insects. This small beetle breeds under the bark of a tree and spreads a fungus which infects the live cells and chokes off the flow of sap to the tree's growth system, leaving in its path a dead and decaying forest.

I know these facts. I have seen them, I have observed them, and I have lived with them. It is in my home community now, on land that I have known all my life. There is no doubt about the creeping paralysis of this insect. This insect can kill a tree within 30 days from initial infestation and in warm weather sweeps through a forest stand with amazing speed.

I visited a small forest last fall, in September, and examined parts of it. We judged through the winter it would be safe. Winter months were coming and no infestation was there. Less than 60 or 70 days later we found three infestations within that area that we visited, where the beetles were rapidly infecting the trees and the trees were actually dying.

Well, winter finally came, and that stopped their intense activity.

Since 1968, it killed about 800 million cubic feet of timber. The last outbreak of this destructive insect peaked in 1974, killing 176 million cubic feet in 13 States which included Virginia, North Carolina, Tennessee, Kentucky, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Arkansas, Florida, Oklahoma, and Texas.

In the past year, about 125 million cubic feet of timber were killed, signaling another outbreak of the southern pine beetle. This outbreak appears to be more explosive than the severely destructive epidemic which started in 1972. In a recent survey of the southeastern forests, the U.S. Forest Service reported finding 20 newly infested trees to every beetle-killed tree. At the present, the situation looks serious in Alabama, Georgia, North and South Carolina, and Mississippi.

It is estimated that if this current infestation is not brought under control this epidemic will destroy a billion cubic feet or more of timber, before it is over, unless prompt action is taken to control the spread of this destructive pest.

In order to preserve our forests and insure the future production level required of them, it is imperative that an aggressive short- and long-range forest management program be pursued. In the short run, control of the southern pine beetle epidemic is absolutely essential if our pine forests are not to be destroyed or severely damaged.

The cooperation and prompt action of the Federal and State governments and private landowners is essential and vital to achieve effective control of this beetle epidemic.

I urge forestry officials and landowners to take immediate action to arrest the spread of the current infestation. The warm spring and summer months will bring increased beetle activity and further destruction unless their breeding cycle is interrupted.

To prevent future epidemics, the Federal and State forest agencies and private landowners must engage in an intensified long-range effort of research and forest management.

In this regard, I urge that an aggressive program to test new methods of forest management and pest and disease control be implemented.

I plan to appear before the appropriate committees and subcommittees to ask for a special research program of timber thinning of experiments for the Southeast. I ask for the support of my colleagues in this effort. Specifically, I urge that the Senators who have forests within their State which are suffering destruction from the southern pine beetle also appear before or otherwise contact the appropriate committees to urge full and prompt assistance in connection with this problem. I am convinced that our timber stands are a valuable resource which must be maintained in a healthy productive condition for the future prosperity of our Nation.

Mr. President, this is not seeking any large sum of money, although for the small landowner, there is little that he can do about this pest. He can watch the acreage that he has and cut out the area that is affected as early as he can. But this beetle moves in a strange way. They hit in mysterious places. They do not tarry too long in one spot. Even though I have heard of as much as 40 acres being destroyed in one unit, more frequently, they move on after destroying 1, 2, 3, 4, or 5 acres. But it is devastating and it is complete. The dead product there, of course, is virtually worthless.

The only thing the small landowner can do, as I say, is to watch it and then try to watch the area on the outer circle of this affected area and go in there and cut that down. He can market it after it has been stung, but before it has started wilting—I use that term—and get full value for it, if he gets to it early enough and has a buyer and there is enough there to justify cutting out a road and so forth. But it is highlv unsatisfactory.

Good progress has been made by having small airplanes systematically travel the lines there, with pilots who are trained in discovering the affected trees and also keeping up with the area, making the proper records and reporting back. Then, surface, riders from the State or county forestry commission go out and try to trail down this affected area. There is a possibility of using highly scientific instruments that can detect any variance in the state of growth or the health of a tree and locate better these suspicious places. But the big point is that it almost defies control by the small landowner. Large area companies have their own planes, for instance. But it is a highly expensive way and it is a losing game altogether for them.

I know that some good can be done by an intensive short-range and long-range experimental and research program that I think can be capably done by the U.S. Forest Service in cooperation with the State forest services, many of which are very good indeed, coordinated with the county foresters where they have them.

But I warn now that this is a peril and whatever remedy can be found, there is no time to lose and it would be a very fine investment, as has been proven in other cases of like kind, where the Department of Agriculture and other branches have been successful in finding a remedy to check and, maybe, finally destroy insects of this kind.

Incidentally, I am satisfied from what I know about it that, under the research work of the Forest Service and the work of the forest services in the various States, we are breeding, so to speak, a superior tree and have been at that for 30 years or 40 years, producing a tree that is more immune from insects, more disease resistant than heretofore. That, in itself, is making tremendous headway in overcoming the insects. But that is a long, long process. It could take 30 or 40 years to produce specimens of that kind, at the least. But the average seedling that is being planted today, looking to a well-managed forest, is far more likely to resist insects of the kind I have mentioned and many others. That proves the wisdom of these research programs.

So, my idea is to get this before our colleagues here. I plan to send a copy of these remarks in which the statistics are believed to be accurate, having been searched out by competent people—to get that on the news desks, newspapers, radio, even TV, and get it noised around, get the knowledge spread. Then we can begin, with the modest amount of money being provided for this special research program that is carried on, not to protect a individual's land or a subsidy in any way, but to carry out an honest, far-reaching research project that will mean billions of dollars to the American economy in years to come.

Even though I was familiar myself, in a way, I was made aware of the great volume of forest products we are now using. That is, not boards to build houses, but I counted the other morning, at a very ordinary breakfast that I was having, seven different items there that were made from pulpwood, like the container for the milk. These are items that, 10 or 15 years ago, were not even in use. All that indicates the growth of this industry and the way it serves the needs and convenience of the American people.

Mr. President, I yield the floor.

## ROUTINE MORNING BUSINESS

(Earlier the following occurred:)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond 1 hour, and that Senators may speak therein.

The PRESIDING OFFICER (Mr. Exon). Without objection, it is so ordered.

## JESSE OWENS

Mr. BUMPERS. Mr. President, I just want to take these 2 minutes, if I may, to say that I have had a lot of sport heroes, from my childhood up to this date, but I can say in all candor that Jesse Owens, to me, was probably the greatest hero of all.

I was a child when the 1936 Olympics were held, but I can recall seeing newsreel film of Jesse Owens standing on the podium and saluting. I can recall the newsreel film in which he spoke very articulately about how great the games were and how much he had enjoyed participating.

I never realized until later that he was exploited for a short time after that by people who tried to take advantage of his popularity.

It is customary sometimes for the President to attend a funeral of a national hero. This is one funeral that I thought the President should have elected to attend.

I do not know of any man in the history of this country who has done more for his country and his race than has Jesse Owens, and I just wanted to say that extemporaneously for the record.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the period for routine morning business be extended for 5 minutes and that Senators may speak therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Boren). Without objection, it is so ordered.

## DEREGULATION: A SUCCESS DESPITE SURGING FUEL COSTS

Mr. PERCY. Mr. President, over 17 months have passed since President Carter signed into law the Airline Deregulation Act of 1978. The time has come for Congress to assess candidly and objectively the results of this legislation.

A review is particularly timely because a few airline executives have blamed higher fares, declining profits, and service changes on deregulation. Another school of opinion, however, has made a strong and convincing case that under deregulation, the traveling public and the airline industry have fared exceptionally well, despite a battery of unprecedented adverse developments.

On February 11, and 12, 1980, Aviation Week and Space Technology magazine sponsored a superb conference on international air transportation in Washington, D.C. Some 130 persons heard scores of expert speakers debate the myths and realities of airline deregulation. Almost unanimously, the airline executives and industry analysts gave domestic deregulation high marks.

Typical of the comments, was a speech by C. E. Meyer, Jr., president and chief operating officer of TWA, who surprised many in the audience by admitting he was a "born again" deregulator. Mr. Meyer is so enamored with the benefits of deregulation for the industry that he wants a speed-up of the current transition period timetable from 1985 to the end of 1980. Although an opponent at the time of deregulation legislation, Mr. Meyer said:

> I applaud the deregulation act and the changes it has brought to our industry. I am now a firm believer in the virtues of deregulation . . . converted by experience . . ."

Mr. Meyer said:

> For my own airline, it (deregulation) has meant that after long years of unsuccessfully seeking new authority that would let us rationalize the imbalances in our route system, we've finally been able to begin reshaping its structure along potentially more productive and more profitable lines.

However, Mr. Meyer does have one major complaint: The CAB has been tardy in permitting the carriers to pass along costly fuel price increases to their passengers. I understand that recently the Board has adopted a new, and much more reasonable system of permitting bimonthly fare increases which should help to alleviate this problem.

Col. Frank Borman, chairman of Eastern Airlines, who also originally opposed deregulation legislation, like TWA President Mever, has told me that he, too, has changed his mind and is a full-fledged supporter of less government regulation of his industry.

The chief executive officers of United

Airlines and Pan Am also praised deregulation. Both carriers were vigorous and effective supporters of deregulation, particularly United which went against most of the industry to fight dauntlessly for airline regulatory reform. Richard J. Ferris, United chairman, commented in a letter to me that:

> Deregulation is desirable in good times but it is essential in difficult times. The airline industry is far better able to cope with inflation, strike recovery, and traffic slumps with less regulation.

A few former and present airline executives have blamed higher fares and depressed profits on deregulation. Yet, some experts believe fares would be higher and losses greater absent the operating efficiencies made possible by deregulation.

One of those experts is George C. Eads, a member of the President's Council of Economic Advisers. He documents the surge of productivity that commenced when former Civil Aeronautics Board Chairman John Robson began courageously to loosen Government regulation of the airline industry in 1977, when deregulation had little support.

Mr. Eads points out that between 1973 and 1977 when the carriers were tightly regulated, weighted input prices for such items as fuel, labor, aircraft, and financing, rose by 56 percent. These were reflected in unit costs per revenue ton-mile that rose by 38 percent and average fares that increased by 32 percent. Between 1977 and September 1979 in the deregulated period, weighted input prices rose by 35 percent, but because of productivity gains, unit costs per revenue ton mile rose by a mere 10 percent, and fares by 8 percent.

Airlines increased their productivity under deregulation, according to Mr. Eads, because of an increase in efficiency in the use of their aircraft and employees. Load factors rose from 56 percent during the first 9 months of 1977 to 65 percent during the comparable period in 1979. The airlines increased the number of seats per aircraft by 9 percent for the DC–10's and L–1011's and by 4 percent for 727's. The airborne hours per aircraft rose by 12 percent. Employee productivity rose by 12 percent per revenue ton-mile.

Mr. Eads said the new role of price competition is one factor in the improved airline performance in the post-1977 era. When faced with similar rises in input costs in the early 1970's, Mr. Eads points out that:

> The CAB permitted capacity reduction agreements as a new invention to enhance productivity. Although they may have improved fuel efficiency by a modest amount, the evidence on this point is highly ambiguous . . . they were no match for the improvements stimulated by the relatively free play of the market forces.

Additionally, the pre-1977 Civil Aeronautics Board felt that the demand for air travel was inelastic and that the airline industry had to be carefully kept in check lest it engage in "destructive" price cutting competition. The pre-1977 CAB was proven wrong on both counts. Today, a large number of discretionary travelers who have driven on their vacations or family visits are switching to air travel because of attractive discount fares. USAir, an airline that has consistently offered a wide range of deep discount fares, has reported a profitable February, for the first time in its history, which goes back to 1949 when it flew under the colors of All American Airways and later Allegheny Airlines. This profitable February came despite a 100.2 percent increase in fuel prices from a year earlier.

I would like to submit for the RECORD Mr. Eads' perceptive remarks and a summary memorandum.

Mr. President, in 1979, the airlines earned $564 million in profits according to James C. Miller III, a noted economist and resident scholar at the American Enterprise Institute. Some executives claim that deregulation is responsible for the sharp drop in earnings from 1978. Yet 1979 was a year of unprecedented turmoil in the industry that included a doubling of fuel prices, the grounding of the DC–10, and lengthy strikes at United Airlines, Ozark Air Lines, and Hughes AirWest. By way of comparison, in 1975, when the carriers were also faced with escalating fuel prices, (but almost none of the other problems) they lost $84 million. At that time, they were heavily regulated and could not quickly raise fares to reflect higher fuel costs, rationalize their route systems by adding new routes, to draw new passengers by offering attractive fare discounts.

Although many communities have lost jet service, they are now better served by frequent, well-timed commuter service. A speaker at the recent aviation conference, Herbert D. Kelleher, chairman of the board of Southwest Airlines, Co., analyzed the "myths or shibboleths" still being offered in defense of the regulatory regime. He squarely addressed the issue of abandonment of service under deregulation in small communities. He pointed out that up to 200 small towns were abandoned under the prior heavily regulated system and the CAB did not lift a finger to stop the carriers from pulling out of communities.

Even if a community was served under subsidy, it was never guaranteed well-timed service. Mr. Kelleher pointed out that flights could land at 6:30 a.m. or 8:15 p.m., or even midnight. Under deregulation, for the first time, we have guaranteed air service for small and isolated communities, including 12 in my own State of Illinois. I applaud the recent action of CAB Chairman Marvin S. Cohen in guaranteeing all regions of my State well-timed and convenient air service.

I take exception to a recent newspaper advertisement that claimed the "Red Barons" of deregulation shot Ozark Air Lines out of the skies over Galesburg, Ill. An examination of the facts reveals that no one shot Ozark out of the Galesburg skies. Instead, on August 13, 1976, Britt Airways entered into an agreement to take over Ozark's $225,000 annual federally-subsidized service into Galesburg. Although Britt refused any Government subsidy, it increased the number of flights by 150 percent. The number of passengers tripled in less than 6 months. My constituents in Galesburg are delighted with the frequent service provided by Britt Airways and do not want to return to the two flights a day provided by Ozark.

While it is true that some communities have lost pure jet service, it is just not economical today for large jet aircraft burning 90 cents a gallon fuel to fly into smaller communities where 20 or fewer passengers are boarded. I agree with Mr. Kelleher that the Government should not and must not subsidize glamorous, but inefficient jet service.

Another benefit of deregulation has been the creation of new scheduled airlines.

In my own State of Illinois, Midway Airlines, after only 4 months of operation, has saved 100,000 passengers over $2.5 million in fares. Midway is already providing low fare service to Detroit, Cleveland, and Kansas City, and around June 1, 1980, will begin nonstop jet service from Chicago-Midway Airport to both Washington-National Airport and Minneapolis/St. Paul.

The Washington service will help reduce the cost of travel to all travelers, including Federal employees. The cost of at least one flight each weekday and all weekend flights will be $73—40 percent under the projected June standard industry coach fare of $124. The other three weekday flights will offer travelers a 20-percent discount. All of these discounts are offered with no preconditions—no advance purchase, no minimum/maximum stay, and are available for every seat.

The number of Midway employees is expected to increase from 230 at present to 300 by June 1, 1980. They will be drawing $5 million in annual paychecks that would never have been paid without deregulation. In October, Midway Airlines will begin service to Philadelphia and either St. Louis or Memphis.

Mr. President, those of us who supported deregulation legislation never promised it would be a panacea—that it would magically remove problems of escalating costs faced by any American business. However, now at least the airlines have the opportunity to develop efficient and competitive operations. It is entirely possible that during the transition to a market-guided industry, some carriers will suffer financial losses. In the past, when major airline decisions on fares and routes were virtually made by the CAB, inefficiencies were perpetuated.

Without deregulation, I am afraid that the airline industry today would be in much worse shape than is evident today. As Southwest Airlines' Mr. Kelleher said:

> In my opinion, the economics of our present situation have completely overwhelmed the politics, and domestic, Federal deregulation of the airlines was enacted just in time to save the industry and the consumer from a holocaust.

Holocaust may be strong language, but in view of the shocks that have swept the airline industry in 1979, the industry's continual overall vitality and growth is the best testimonial to the benefits of deregulation.

I ask unanimous consent to print in

the RECORD, letters I received from Richard J. Ferris, chairman of United Airlines; Col. Frank Borman, chairman of Eastern Airlines; and William T. Seawell, chairman of Pan American World Airways; a speech and memorandum by George C. Eads, a member of the President's Council of Economic Advisors; a memorandum from CAB Chairman Marvin S. Cohen to President Carter; a speech by Herbert D. Kelleher, chairman of the Board of Southwest Airlines; a presentation by Kenneth Carlson, vice president of Marketing of Midway Airlines; a thoughtful and well-researched analysis of deregulation by James C. Miller III, a resident scholar at the American Enterprise Institute; and a superb article on deregulation in Barron's by Thomas G. Conlan.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Hon. CHARLES H. PERCY,
*U.S. Senate,*
*Washington, D.C.*

DEAR CHUCK: As you know, despite my earlier reservations, I now believe airline deregulation was good for the industry. There are risks involved, but, on balance, they are more than offset by our freedom to manage our companies—to more efficiently allocate resources and to price our product in accordance with market conditions.

Eastern, for example, has responded to liberalized entry opportunities by expanding to the West. We have initiated service to Albuquerque, Phoenix, Tucson, Salt Lake City and San Francisco and will begin service to Denver in December. In addition, we have entered the Atlanta-Norfolk and Atlanta-Rochester markets to replace United, which has cancelled all of its Atlanta service.

This expansion program serves three purposes: It gives us access to a rapidly growing area of the country; it capitalizes on the basic strengths of our route structure in the East; and it permits us to use our resources more productively.

At the same time, we are facing intensified competition in our traditional markets. United, for example, is entering the Chicago-Florida market and expanding its Great Lakes-Florida service. TWA is coming into the Northeast-Florida route. For these carriers, Florida represents an opportunity to offset their traditional summer peaks by redeploying capacity to Florida in the winter.

Of course, what is an opportunity for one carrier represents a competitive problem for another, and a corollary of freedom of market entry is freedom of exit. Since most carriers are still in the midst of a restructuring process, it may be some time before an accurate assessment of the net effect can be made.

One thing I would caution against is drawing any conclusions from the results of the past two years. In 1978, of course, the industry earned record profits, and many people pointed to that as vindication of deregulation. Now that profits have dropped sharply, these same people are pointing to economic conditions and fuel prices as the cause.

I agree that our current financial performance is a result of our inability to keep up with skyrocketing fuel prices. Deregulation has had little impact. Conversely, last year's profits were a result of a booming economy, not deregulation.

I suspect that, in the long run, it will be economic conditions, rather than the degree of regulation, that will be the primary influence on industry performance. In a sense, that is the best argument for deregulation. If the impact of regulation is minor, why should we perpetuate it,

Sincerely,

FRANK BORMAN,
*President.*

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UNITED AIRLINES.

Hon. CHARLES H. PERCY,
*U.S. Senate,*
*Washington, D.C.*

DEAR CHUCK: Since my letter of November 30, 1979 the transition to less regulation of the airline industry has been marked by noteworthy events. As before, the key areas are service, price and small city service.

In the service area, some slowdown in the change in number of departures is shown by a comparison of the March, 1980 and March, 1978 OAG listings. When we compared October, 1979 with October, 1978, total departures (nonstop flights) were up 9 percent. Now, comparing March, 1978—before deregulation—with March, 1980 departures are up 12 percent. This increase occurred despite high jet fuel prices and soft demand for air travel that prompted carriers to trim schedules during this winter season. United's average daily February statistics tell the story: Departures were down 16 percent and passenger volume was down 23 percent.

Other carriers similarly pinched between high costs and low traffic have also curtailed production. There are some bright exceptions: Piedmont's traffic is up 39 percent; Airwest's, is up 31 percent; Frontier's, is up 12 percent (its 56th consecutive month of growth); and Southwest is up 31 percent. As a group the regional carriers are doing very well. Since deregulation all regional carriers have obtained route authority to all three coasts: Atlantic, Gulf and Pacific.

Industry fuel costs have increased 93 percent from 40 cents per gallon in January, 1979 to 77 cents per gallon in January, 1980. Basic coach fares increased 30 percent in the same period. However, a wide variety of discounted prices are available. The CAB reports that half of all travelers in 1979 used service priced below coach levels. Even as fuel prices push up basic fares, plenty of air travel bargains remain.

The problems of service at small communities has greatly diminished in the last few months. United's notice of service termination at Bakersfield, Modesto and Stockton caused a good deal of concern. Recently, a well managed and well financed carrier—Golden Gate—has started a comprehensive pattern or service linking these and other cities with San Francisco. Aspen Airways and Swift Aire now provide 13 flights between Bakersfield and Los Angeles to replace United's three flights.

Here in Illinois, United will improve Moline-West service on April 27 and reduce Moline-Chicago flights from 5 to 2. The community's concern about United's action has been significantly allayed by announcements by Britt Airways and Mississippi Valley Airlines of high frequency Moline-Chicago service with good equipment. Moline should have better service this summer than ever before.

There are problems in this transition period to less regulation. But, through the combined efforts of the CAB, community leaders and airlines, problems are being solved and the public is being served.

And, one particular point is becoming quite clear: Deregulation is desirable in good times but it is essential in difficult times. The airline industry is far better able to cope with inflation, strike recovery and traffic slumps with less regulation.

Sincerely,

RICHARD J. FERRIS,
*Chairman.*

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Hon. CHARLES H. PERCY,
*U.S. Senator,*
*Washington, D.C.*

DEAR SENATOR PERCY: This is in response to your letter requesting Pan Am's assessment of the impact of airline deregulation.

The Airline Deregulation Act of 1978 addressed itself primarily to domestic aviation. Thus, its impact on Pan Am which, prior to its merger with National Airlines, operated over 95 percent of its revenues passenger miles in international air transportation has been less significant that on the other trunk carriers.

Our merger with National was financed on January 7, 1980. We are engaged in the difficult process of joining the two companies into one. When completed, Pan Am will have the domestic system it has sorely lacked enabling it to become a full-fledged participant in the deregulated domestic environment.

To the extent that domestic deregulation has impacted Pan Am, the effect has been largely favorable. Pan Am now operates several domestic routes, mostly in conjunction with its international services. For example, we operate today a daily Houston-New York-London flight and a daily New York-Miami-Guatemala City flight. It would be fair to say that deregulation made it easier for Pan Am to obtain the domestic certificate authority it now exercises.

Also, domestic deregulation has eliminated, to a large degree, government interference with management's price setting function. Most importantly, the Airline Deregulation Act created a mechanism by which domestic carriers can pass through their increased costs such as fuel price increases without the need for governmental approval and the delays incumbent to that approval. In addition, carrier management was given much greater discretion to experiment with domestic low fare offerings. Pan American has taken advantage of this opportunity by offering fares to the domestic passengers on its international flights that provide a considerable savings.

I hope this information will be of assistance to you.

Sincerely,

WILLIAM T. SEAWELL.

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### THE ENHANCED ROLE OF PRICING IN AIRLINE COMPETITION

(By George C. Eads)

In 1938, the Congress of the United States, believing that airlines somehow resembled railroads, decided to regulate them as though they were. It established a politically-balanced, independent regulatory body and gave that body power to control maximum and minimum fares, entry into and exit from individual city-pair routes, and some—but certainly not all—of the conditions of service. In 1978, recognizing finally that airlines are not at all like railroads, but possibly fearing that they might become so unless appropriate steps were taken, Congress reversed itself, and began phasing out the elaborate regulatory apparatus it had established forty years earlier.

The purpose of this conference is to evaluate the results of that change. It should go without saying that, just as a conference held in 1940 to evaluate the results of the 1938 Act would probably have missed many of the longer-run consequences that it eventually would produce, so are we unlikely to be able to predict with a high degree of precision what the industry will look like forty years from now as a result of being freed from regulation.

However, certain trends are evident already, and they are worth reviewing.

One that has received widespread attention, especially by those who are skeptical of regulatory reform, is that, after falling throughout 1978 and into early 1979, average fares began rising. It is said that this result runs counter to the claims made by the advocates of airline deregulation and, indeed, proves that deregulation is a "failure."

This is simply wrong. Airline fares have gone up recently because the prices airlines must pay for factor inputs—fuel, labor, aircraft, financing—have money up. Deregulation does not render an industry immune to such factor price increases. What it does do is minimize the extent to which these increases get translated into increases in unit costs, and, thereafter, into increases in fares. It does this by opening an industry to the forces of competition. These forces ensure that the airlines combine various factors of production in ways which maximize their productivity.

Let me spend a few moments reporting and enlarging upon an analysis of recent airline performance contained in our January 1980 Economic Report.

The analysis begins by stating the incontrovertible—that average airline fares have indeed risen. As of September 1979, average fares for the domestic trunklines were 8 percent above their 1977 levels. (We chose September 1979 as our cutoff since it was the latest date for which cost data were available.)

Over this same period, average weighted input prices for the airlines (that is, a composite index of the prices of all inputs—fuel, labor, aircraft and engines, financing and otherweighted by late 1976 input shares) rose by 35 percent.

We are all painfully familiar with what has happened to fuel prices. By September 1979, they were 93 percent above their 1977 level. But fuel was not the only input that cost more. Labor costs (wages plus fringes) rose by 24 percent; the ownership cost of aircraft, by 18 percent.

Yet airline unit costs did *not* rise by the full 35 percent increase in input prices, but only by 10 percent. What made this possible was improved productivity—an improvement attributable in large part to the increased freedom brought about by deregulation.

How did the airlines increase their productivity? Primarily, they increased the efficiency with which they used their primary capital assets—their aircraft. Load factors rose from 56 percent during the first 9 months of 1977 to 65 percent during the comparable period in 1979. The airlines increased the number of seats per aircraft by 9 percent for the large DC–10s and L–1011s; and by 4 percent for their 727s. They used their aircraft fleets more intensively. Airborne hours per aircraft per day rose by 12 percent.

But the productivity of other inputs rose also: revenue ton-miles per gallon of fuel rose by 13 percent. Revenue ton-miles per employee rose by 12 percent.

To be sure, all this was not without its costs. As we observe in the Report, the level of passenger comfort has declined somewhat, certain amenities have been curtailed, and getting an airline reservation agent on the telephone is not as easy as it once was. However, considering that passengers are continuing to flock to airlines in record numbers, it is reasonable to conclude that these reduced amenities have been more than made up for by reduced fares.

Last year was not the first time that the airlines have had to cope with sharply rising prices for factor inputs. Between 1973 and 1977, weighted input prices rose by 56 percent. However, during this earlier period, there was not the offsetting productivity performance, and unit costs rose by 38 percent. Fares rose by 32 percent.

No one would claim that the only difference between the two periods was that airlines were tightly regulated in 1973–77 and much more loosely regulated in 1977–79. Furthermore, events have not had time to fully play themselves out. But the differences in productivity performance between the two periods are striking.

Load factors increased during both periods, but during the later period—the period of deregulation—the average annual rate of increase was over 4½ times as large as during the former. The rate of growth in ton-miles per employee was 50 percent greater under deregulation; the increase in revenue ton-miles per gallon of fuel, 45 percent greater.

Why should deregulation make such a difference? I believe it can be directly traced to the increased role that price competition plays as an element of airline competition now that the CAB's control over fares has been substantially eased.

From a purely theoretical standpoint, pricing flexibility is not an absolute prerequisite for efficient airline operation.

In a paper published in the early 1970's, I demonstrated that a Civil Aeronautics Board (CAB) composed of omnipotent, omniscient, benevolent dictators could generate industry performance at least as good as the market working alone. That is, both operating efficiency and fare levels, could, in theory, be equivalent.

Although the CAB has had over the years its share of benevolent members, I don't believe any of the folks who occupied offices on the top floor of the Universal Building could be considered omniscient. And Congress, by restricting their authority in certain vital respects, guaranteed that they would not be omnipotent. The Board could indeed control fares. It could exercise a limited degree of control over individual carrier and even industry profitability through control over city-pair entry and the balance of strong and weak routes. But it could never achieve the regulatory ideal I mentioned. To do so, the Board would have needed to be able to control all aspects of service quality—especially flight frequencies. If possessed with sufficient knowledge, such a super-CAB would have been able to dictate to the airlines just the right combination of flights and fares to maximize consumer welfare while producing for the airline industry the appropriate rate of return to attract needed capital. Indeed, it would not have been necessary to have an "airline industry" at all—a single monopoly carrier would have served as well.

But, as I have noted, the necessary conditions were *not* fulfilled. Given the limited powers of the Board and the limited knowledge that even the most well-intentioned group of human beings could possess, the most that the Board could hope to accomplish was to not mess things up too much.

Unfortunately, it did occasionally occur to certain Board members that they ought to try to tinker with the system in more fundamental ways. Thus it was that during the earlier period of rising factor prices I cited, amid industry pleas to "do something," the Board hit upon a new invention to enhance productivity—the capacity reduction agreement.

These agreements, which, but for the Board's ability to "bless" them, would have constituted per se violations of Section 1 of the Sherman Act, did indeed raise load factors—at least on the specific routes to which they applied. And they may have improved fuel efficiency by a modest amount, though the evidence on this point is highly ambiguous. But as we can see from the comparisons I cited, they were in no match for the improvements stimulated by the relatively free play of market forces.

Why did the Board resort to restrictions on competition as a cure for rising input prices? In part it was due to the general suspicion of competition that I have noticed somehow infects most individuals appointed to regulatory bodies. Charged with controlling the destinies of great industries, and armed with powers to collect vast arrays of data on industry performance, they believe that they might just be able to outwit the market. In the instance I am describing, the Board became convinced somehow that airline competition is inherently "destructive." According to this doctrine, without the guiding hand of the Board, carriers would overschedule, driving actual load factors well below break-even levels, thereby percipitating widespread bankruptcy within the industry. (Curiously it never occurred to those proposing this strange theory to compare it to the actual industry behavior. Capacity decisions had never been controlled by the Board, yet no signs of "destructive competition" were evident.)

The other side of the coin was the widely shared belief in the industry that pricing was not an effective competitive tool. The demand for air travel was considered "inelastic." That is, a one percent cut in fares would lead to a less than one percent increase in traffic. (The Board's official elasticity estimate was 0.7). Although certain forms of highly discriminatory pricing might indeed improve carrier revenues, the "destructive" nature of airline competition meant that such price-cutting tendencies that might emerge in the industry had to be kept carefully in check.

My examination of company records of the period reveals that individual carriers had considered—and rejected—many of the pricing innovations that have now become commonplace in the industry. Who could blame them? Given the perception that traffic was relatively unresponsive to price, plus the threat that, either on its own volition or upon complaint (usually by a competitor), the Board could suspend and investigate a proposed fare, it is little wonder that pricing took a back seat to service competition. I suspect the same thing would happen if, prior to cutting the prices on men's suits, Woodward and Lothrop had to persuade Garfinckel's not to object and, in case it did, prove eventually to a regulatory body that its proposed sale prices were "in the public interest."

I do not wish to suggest too much. As Charlie Murphy has reminded me, prior to the "Deregulation Era" pricing innovations were not unknown in the airline industry. A liberal-minded Board could—and occasionally did—encourage them. When backed up by a policy of relatively free entry into city-pair markets (even if only by established carriers), such a threat could be a powerful force spurring productivity. But the ever present threat of the Board's suspension and investigation powers, the knowledge that many proposed fare decreases had been rejected by the Board, and the preception of demand inelasticity I spoke about more often than not served to move pricing to the back seat as a competitive weapon.

Now all that has changed. Over the last couple of years airlines have been testing the responsiveness of traffic to price cuts and have found it much greater than they previously thought. They have met the challenge of building "market identity" in new markets by introductory across-the-board fare cuts. One major carrier even decided to recover traffic in the wake of a long strike—a perennial industry problem—by offering half-fare coupons. Still others have realized that seats can be profitably filled during off-peak periods if fares can only be made sufficiently attractive.

One measure of degree of change is that the opponents of the liberalization of trucking regulation now feel compelled to construct rationalizations of how the demand for trucking services is different from the demand for airline service. The reason? I am paraphrasing, but I have heard trucking industry leaders say: "Well, everyone knows that airline traffic is highly responsive to price."

I will spare you the details, but I find these protestations remarkably similar to those advanced by the earlier opponents of airline regulatory reform. The traffic pie is fixed in size, so fare reductions merely reduce total industry revenues. Only carefully tailored price cuts, targeted at particularly price-sensitive portions of the market, can improve carrier profitability. If one carrier cuts prices, he will be immediately matched, destroying any advantage he might have hoped to gain. Sound familiar?

I do not wish to mislead you. I am not contending that the transition to full economic deregulation for the airlines will prove painless and costless. And deregulation has yet to meet its severest test—a sharp economic downturn. However, if the airlines respond by continuing to make full use of their newly-won freedom, I believe that they will emerge in better financial shape than they have from similar downturns in the past.

Indeed, let me leave you with one final thought. In a period of relative stability—in economic activity, in fuel prices, and in the overall rate of inflation—deregulation of the airlines probably would have meant a once-and-for-all downward shift in average fares. As input prices grew modestly, fares would have grown less rapidly than they would have under regulation. That would have been a pleasant but hardly earth-shattering result. However, in a highly unstable world such as we have today, deregulation—and the flexibilities it permits the airlines—is likely to mean the difference between a viable industry and one which, despite the best intentions of well-meaning regulators, would increasingly come to resemble that industry I mentioned at the beginning of my talk—the railroads. That industry too enjoyed a brief period of glory but, due largely to its regulatory shackles, proved unable to adjust to the changed realities of competition from trucks and the automobile. The airlines deserve a better fate. I believe that through timely and responsibly-designed deregulation, we have created the conditions that will ensure them one.

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COUNCIL OF ECONOMIC ADVISERS,
*Washington, D.C.*

### IMPACT OF AIRLINE DEREGULATION ON PRODUCTIVITY

I thought that you might be interested in the attached speech I gave this week at Aviation Week's International Air Transportation Conference. It expands upon the work contained in this year's Economic Report concerning the recent performance of the domestic airline industry under deregulation. The principal conclusion is that, due to the increased productivity brought about by deregulation, the airlines have been much better able than in the past to prevent input price increases from flowing through to increases in unit costs.

The speech compares two periods of sharply rising input prices: 1973–1977, and 1977–September 1979. The following table summarizes the results:

[In percent]

| | 1973–77 | 1977–September 1979 |
|---|---|---|
| Increase in weighted input prices | 56 | 35 |
| Increase in costs per revenue ton-mile | 38 | 10 |
| Increase in average fares | 32 | 8 |
| Increase in costs/increase in input prices | 68 | 29 |
| Increase in fares/increase in costs | 84 | 80 |

In both cases, fare increases lagged behind increases in costs—but not by dissimilar amounts. The difference came primarliy in productivity. During the latter period, the average annual increase in load factors was 4½ times that during the earlier period; the increase in revenue ton-miles per employee, 50 percent greater; the increase in revenue ton-miles per gallon of fuel, 45 percent greater.

I would be interested in any reaction you have to the speech.

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### MEMORANDUM

To The President.

From Marvin Cohen, Chairman, Civil Aeronautics Board.

This memo summarizes the results of the Airline Deregulation Act which you signed on October 24, 1978. We will meet Monday afternoon, January 14, 1980, to discuss these results as well as the current status of our joint effort with the Administration to increase competition in international aviation.

1. Fares. Solely as a result of the enormous increase in the price of jet fuel, average airline fares went up 16 percent during 1979. The price of fuel, which accounts for nearly 30 percent of airline costs, is estimated to have increased 85 percent between the fourth quarters of 1978 and 1979. Without these fuel price increases, average airline prices would have actually declined 0.8 percent between January and October 1979, although labor, aircraft, and all other input costs rose steadily throughout the same period.

This 16 percent increase in fares represents the average of all first class, normal economy, and discount fares. Not every fare has gone up by this amount, and overall consumers paid $1.5 billion less in air fares during the first 11 months of deregulation than they would have paid. Thus, for example, although fares on the Eastern shuttle have gone up 24 percent, fares on many markets are lower today than when the Act was signed. Southwest's normal economy fare between Dallas and New Orleans is 23 percent lower today than in October 1978. Finally, many discounts are still available—and 50 percent of passengers today travel at discount fares 10–70 percent lower than the standard coach fare.

2. Increased airline productivity and more efficient use of fuel. Airline deregulation has resulted in a dramatic improvement in fuel economy. Under regulation, when fares were fixed by government, airlines were able to compete with each other only by adding additional service. In the process, passenger load factors (the percentage of seats occupied) were driven down (averaging but 52.8 percent for 1970–1976), and fuel economy was poor.

Under deregulation, by contrast, carriers can now compete with one another by offering lower fares, and thus face a powerful incentive to fill up their previously empty seats. For the twelve months ended November 1979, the passenger load factor for the eleven largest U.S. airlines was up to 63.6 percent, and the volume of passengers and freight carried per gallon of jet fuel was up 33.8 percent over the 1970–76 period.

Airlines are also flying their planes more hours and adding more seats. Entry and exit freedom have allowed carriers to restructure their route systems to match aircraft to route lengths. However, with the prospect of rapidly increasing fuel costs, 1980 may bring service cutbacks, high fares and low profits.

3. Service changes. The nation's 141 hub airports serve 98 percent of its air traffic. Between September 1978 and September 1979, service, measured by aircraft departures, is up 8 percent from hub airports and up 10 percent from the 534 non-hub airports. Service is up to 3/5 of the airports and down at 1/3—mostly non-hubs. Carriers are shifting service to let supply follow demand and to match equipment with markets. The chart in Appendix A lists over 200 points of all sizes that have both more service and seats than a year ago.

On the other side, the Act's liberal exit provisions allow a carrier to withdraw unless there would be a loss of "essential air service." Although communities at first resist their loss of service (and the press has widely reported cutbacks), in most cases the remaining service is adequate or replacement service quickly appears.

For example:

Earlier this year when American and United discontinued service to Charleston, W. Va., the community was extremely upset. However, without any gap in service, USAir and Piedmont increased service in the market, offering comparable service with comparable aircraft. Providence, R.I., had a similar experience.

If the proposed withdrawal would result in service below "essential air service," the Board requires the carrier to remain until a replacement is able to provide adequate and reliable service.

Northwest Airlines had been providing limited, poorly-timed service to Jamestown, N.D. When Northwest filed notice of its intention to abandon the point, we held the carrier in until Air Wisconsin began service. Jamestown now receives several daily, well-timed flights and the traffic response has been excellent. The Mayor of Jamestown has said that Northwest's suspension was a blessing in disguise.

Our most difficult transition problems are occurring in medium-sized communities. We have adopted a very liberal interpretation of the Act to permit us to do everything possible to ease the transition at these points.

For example:

United Airlines filed notice several months ago to terminate service at Bakersfield, California. We allowed United to suspend service to San Francisco because another carrier, Air Pacific, was found able to provide reliable service. Because Air Pacific is a new airline, we required United to keep standby capacity to quickly resume service in case the replacement carrier is unable to perform adequately. Under our transition policy, we are allowing United to reduce Los Angeles service only in stages so we can monitor the reliability of the commuter replacements.

In Michigan, United plans to drop service from some cities to Cleveland and Chicago. We are working with state and local officials and may hold United in under the transition policy until adequate replacement carriers are found.

Delta has announced it will leave Manchester, N.H., and Worcester, Mass., in late April. However, three carriers in the area have expressed an interest in replacing Delta. We will not let Delta leave until replacement service is in place.

4. Industry health. In 1978, the combination of a strong economy, relatively stable fuel costs and the Board's liberal policies enabled the industry to achieve record operating profits of over $1 billion.

Steeply rising costs, the United strike and DC–10 grounding led to a drop in profits to about $400 million in 1979. It was still a relatively good year by historic standards.

To the surprise of many deregulation critics, the smaller local service carriers have done very well under deregulation. Frontier, Allegheny (USAir), Piedmont and Texas International had record profits in 1979. New entrants like Midway and Air Florida have done well and plan to expand low-fare service to new cities in 1980.

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### COMPETING ON YOUR OWN TERMS

(By Herbert D. Kelleher)

By virtue of our history, we at Southwest Airlines feel that we have an unusual experiential basis for appraising the "Fact" versus "Fancy" aspects of federal deregulation of the airline industry.

Our corporate charter was granted in March, 1967, and in February, 1968 we received a certificate from the Texas Aeronautics Commission authorizing us to provide purely intrastate commuter air service, utilizing heavy aircraft, between the cities of Dallas, Houston, and San Antonio. Because of litigation, inauguration of our air service was delayed until June 18, 1971. Thereafter, we expanded our intrastate routes to include the Lower Rio Grande Valley, Austin, Corpus Christi, El Paso, Lubbock, Midland-Odessa, Beaumont/Port Arthur, and Amarillo. In 1971, our six and one-half month operating loss was $2,157,000. In 1978, our last year as an intrastate carrier, our operating income was $21,122,000.

Southwest became a CAB air carrier on January 25, 1979 when it commenced Houston-New Orleans air service under a dormant route award. Except for passage of the Airline Deregulation Act of 1978, preceded by, and coupled with, a newly favorable attitude towards competition on the part of the Board and its staff, we would not have taken this step. Our status as a federal carrier is, therefore, a product of deregulation both formal and informal.

The Texas statute governing certification and regulation of intrastate carriers permits as much restriction as the Federal Aviation Act of 1958. The Texas Aeronautics Commission and its staff, however, took a liberal view towards competition and therefore administered the Texas Aeronautics Act so as to promote, rather than to retard, its proliferation. Essentially, this was the philosophy manifested in word and deed by the CAB under the Chairmanship of Alfred Kahn prior to passage of the Deregulation Act, which is why I emphasize that the attitude of the regulator is at least as important as the verbiage of the regulatory charter.

At the same time that Southwest, because of restrained regulation, was "competing on our own terms," Southwest's CAB certificated competitors were also competing on their own terms. Neither their fares for intrastate passengers, their schedules, their amenities, nor any other significant aspect of their competitive service was controlled by the CAB. Consequently, they unleashed the full panoply of available competitive response, including lowered fares; service every half hour in the Houston-Dallas market and every hour in the Dallas-San Antonio market; ads implicitly reflecting upon the comparative safety of our two engine aircraft and the experience of our personnel; and many other devices, both obvious and subtle. In effect, then, except for route applications subjected to laborious administrative and judicial proceedings, we, and our business adversaries, competed in an essentially deregulated Texas environment for seven and one-half years before coming under the jurisdiction of the CAB. In fact, present CAB regulation, even under the Deregulation Act as administered by a pro-competition Board and staff, constitutes the heaviest ongoing regulation to which we have ever been subjected.

The first, and most fundamental, debt that we owe to deregulation, Texas style, is our very existence. Although the CAB received more than 79 applications for trunkline authority from "outsiders" between 1950 and 1974, it did not approve one of them. I doubt that Southwest would have proved the rule of exclusion by being an exception to it.

In 1971, when Southwest was swiftly going broke, it switched its service from Houston's outlying Intercontinental Airport to Houston's downtown Hobby Airport, which had been abandoned by the CAB air carriers in 1969. Shorthaul, non-interlining passengers want and need close-in airport service. This move saved Southwest. It was accomplished with a letter to the Texas Aeronautics Commission—no certificate amendment proceedings; no 30-day airport notice with the attendant possibility of CAB hearings; and no nonsense. The very existence of a regulatory body with power-in-the-premises sometimes, dependent upon motivation, provides a breeding ground for anticompetitive behavior and an outlet for its energies. "Litigate them out of existence" can become the incumbents' club motto.

When Southwest, because of equipment and financial limitations, could not mount enough Dallas-San Antonio frequencies to compete effectively against its adversaries, it announced a 60 day, half-price sale at $13.00 per seat. As a friend of mine in the banana importing business said: "Herb, there's only one thing more perishable than a banana and that's an airplane seat." The Texas Aeronautics Commission did not regulate fares. Consequently, we were able to implement this stratagem without delay. Unofficially, the Commission thought that it would be the disastrous prelude to an auction of our airplanes. Instead, our traffic tripled overnight; we did not have to abandon the market; and in 1979 Southwest alone carried 437,000 Dallas-San Antonio local passengers, three times the size of the entire market at the time we entered.

In response to our Dallas-San Antonio 60 day half-price sale, one of our competitors inaugurated $13.00 service between Dallas Love Field and Houston's Hobby Airport. We reacted by offering to fly a passenger at either $13.00 or $26.00. If he elected the $26.00 fare, we gave him a fifth of Chivas Regal, Crown Royal, or Smirnoff vodka. Forty percent of our passengers selected the higher fare, and for a number of months we became the largest liquor distributor in Texas. That 40% charged the air fare to their company expense accounts and took the whiskey home. One every-day commuter, of whom we carry a surprising number, requested that we distribute some other type of "premium" because his wife was grumbling about her clothes closet filling up with whiskey bottles. So we added ice buckets.

The Texas Aeronautics Commission granted us Dallas/Houston/San Antonio-Harlingen, although later one of the Members confessed that the Commission had entertained grave misgivings about the economic wisdom of this route venture. After less than eleven months of our service, the Harlingen boardings had increased from 33,000 to 107,000, or by 224%. We went to the United States Supreme Court twice in order to preserve our right to serve Dallas' downtown Love Field rather than the new, outlying and gigantic DFW Airport. The Texas Aeronautics Commission supported this endeavor because our serving DFW Airport makes about as much sense as operating the New York-Washington shuttle through Kennedy and Dulles. We won, but if we had then been a CAB air carrier, we would have been coerced into serving DFW—and into bankruptcy.

The absence of governmental meddling in Texas permitted us to start our operation and to take some unusual steps in order to preserve and make it successful. Along the way, the Texas Aeronautics Commission was sometimes tempted to intervene to save us from ourselves. Through our constant "jawboning" and its own philosophically oriented self-restraint, however, the catastrophic inclination of "arm chair generals" to interfere with "field decisions" never materialized. Even in the bureaucratic "pleasure dome" of paperwork, we were successful in convincing the Commission to accept our quarterly and annual reports in lieu of its own financial report forms. Why, we asked, should an SEC and New York Stock Exchange regulated company issuing millions of dollars in securities to the public and borrowing many millions more upon the strength of its audited financial statements be put to the added effort and expense, however small, of keeping an extra chart of accounts in order to complete forms destined for interment in an Austin closet?

In Texas, we were fortunate to have free enterprise oriented Governors who therefore appointed entrepreneurial minded Commissioners who, in turn, selected free market staffers. The next result of Texas deregulation was a new airline stimulating the overnight doubling of markets by charging fares averaging 50 percent below existing coach and directly creating additional, multiplier effect economic activity of some $500,000,000 per year, not counting the indirect economic and personal benefits conferred upon the communities served through better air transportation service at lower cost to more convenient airports. Even more significant from an historical perspective, however, is that Southwest's performance in the free market environment established by our Commission served as a benchmark against which to measure the ineffectiveness and wastefulness—for both the consumer and the airlines—of strict CAB regulation under the Civil Aeronautics Act of 1938 and the Federal Aviation Act of 1958. Thus, we feel that in some measure our example provided both an inspiration and an impetus for federal deregulation—and we are very proud of that fact.

Returning to the "Fact vs. Fancy" rubric of this Conference, I must, in closing, denounce some of the myths, or shibboleths, still being offered in praise and defense of the prior regulatory regime. Did it guarantee service to small cities? No, it did not. Some 200 such certificated cities were abandoned under subsidized regulation. Did it guarantee a reasonable level of service to the smaller cities which were not abandoned? No it did not, unless you think that two roundtrips per day with departures sometimes within one-half hour of one another or at 6:30 a.m. and 8:15 p.m., respectively, constituted "reason." Did it guarantee adequate service to cities of any size? No, it did not, based upon our experience of doubling markets within twelve months that had been served by other carriers for 30 years. Could we return to the earlier system and threby resolve some of the complaints being received by the CAB today? Only if you believe that our government can afford to support four flights by a $10,000,000 jet, burning 90¢ per gallon fuel, into "Half Way," Texas in order to accommodate 20 passengers per day.

In my opinion, the economics of our present situation have completely overwhelmed the politics, and domestic, federal deregulation of the airlines was enacted just in time to save the industry and the consumer from a holocaust. The third level carriers, freed by modification of Part 298 from the wholly artificial constraints of a 12,500 pound maximum gross take-off weight, are rushing to fill the small city void, just as they have always done in Texas; the local service carriers, now small trunks, are fulfilling the appropriate economic role ordained by their switch from DC-3's to jets; the low-fare, point-to-point carriers such as Southwest are successfully occupying a highly specialized niche; and the major trunks are acquitting the transcontinental and intercontinental responsibilities signified by their 747's, DC-10's, and L-1011's. This, to my mind, gives promise of being a far more rational and lasting domestic system than the one which preceded it. It is also, in my conception, crowned by a CAB membership and staff which act, for the most part, with exceptional speed; are receptive to innovative ideas and new methods of performing old functions; and, most importantly, recognize that industry economic health and consumer benefit are holistic rather than antagonistic.

In short, if it weren't for Texas "deregulation" carried out by an admirable Commission and staff, Southwest would not be in existence. If it weren't for federal domestic deregulation administered by an admirable Board and staff, Southwest would not be a CAB carrier. And we fervently hope that the praiseworthy foresight and courage demonstrated by the Congress and the President in deregulating a major federal industry, after 40 years under the "yoke," will continue to resist an incremental relapse into the past. In the wise words of an old West Texas saying: "Don't fix somethin' that ain't broke."

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### THANK YOU BOB (HOTZ)

(By Kenneth Carlson)

I don't know how many of you have read Bob Sterling's book "Wings", but if my impressions are correct about the good old days, it's a pretty fair description of how this nation's original commercial airlines were founded. Basically, a white scarf, leather helmet guy bought one aircraft and began flying the U.S. mail from one point to another. If he was persistent, he started carrying passengers, and if he was lucky he built his route system and this traffic and became an airline.

Those were the good old days. But then, the federal government got involved and things became progressively more complicated. The only basic that has remained constant from then until now is the persistent part. I don't intend to bore you with a recap of how domestic airline deregulation happened. I'll keep it simple and say that it was this change in the laws governing economic regulation of the U.S. airline industry that allowed Midway Airlines to obtain a certificate of public convenience and necessity from the Civil Aeronautics Board and begin operating November 1, 1979.

It all started in 1976 when Irv Tague and I decided the economics and politics were right for founding a brand new certified airline. We did some crystal balling and saw that, at a minimum, entry into the domestic airline system would be liberalized under the ongoing pressures for what was then called "regulatory reform."

So with application in hand, but no money, employees or airplanes, let alone airport gates, ground equipment or fuel, we asked the CAB to judge us fit, willing and able to begin low-fare, high frequency passenger service from Chicago's Midway Airport to six cities. Back in those days, things were a bit more formal at the CAB and we also had to file a petition for expedited hearing.

Even though the Board hadn't made a final decision, in the spring of 1978, Irv and I had decided we were going to get our certificate and "persistence" became our byword. We began seeking financing. But it seemed we were caught in the ultimate Catch 22. The CAB staff was telling us we might not be judged fit unless we had financing, and the financial community was telling us they would not invest in Midway until we had our CAB operating certificate.

The Catch 22 cycle at the CAB broke first. Eighteen months after filing, the CAB granted Midway Airlines its certificate to serve the six cities we had requested on a permissive basis. Less than three years after application, the Board voted to give us another 24 cities on a permissive basis. Before we flew one revenue flight, Midway Airlines had a route system comprised of 30 cities. Although it was difficult to see at the time, that was the easy part.

From the date Midway received its original indication that it would receive a certificate, April 1978, to the date we began operating out of Midway Airport to Cleveland, Detroit and Kansas City on November 1, 1979, the word "persistent" became our credo. The U.S. free enterprise system is set up to test the mettle and endurance of any entrepreneur. Although Irv and I were never foolish enough to believe we would waltz down Wall Street and pick up the $6 million we needed in capital, neither did we believe the test of our strength would be quite so stringent.

We believed we had a saleable concept: low costs and low fares, in other words, very competitive. We retained Loeb Rhoades as our financial advisors. We estimated for our financial sales prospectus that we would break even six months after start-up. That was our message to the financial community. Low cost operations and low fares plus large markets would equal an enormous return on investment. We believed it was a deal no one could refuse. We were wrong. Some refused us outright. Others were skeptical and only a few investors allowed us to meet with them and resolve the questions they had about why Midway would work.

When we began seeking our financing in April, 1978, the economy and the availability of money was tight. At the time, venture capital investments were concentrated in basically high technology companies. In 1978, only 46 companies raised capital through the public sale of stock. This compared to 568 companies in 1972. So our work was cut out for us. We were facing this tight money, high technology syndrome, and we had to educate the potential investors about the airline business as well as selling our concept.

But we just didn't go away. Early in our effort to sell the financial community, we were told that if we attracted one major investor, the proverbial bell cow, the rest of the financial herd would fall dutifully in line. That may have been true for less risk-filled capital intensive start-up companies, but we found this historical rule did not apply to starting an airline. Each venture group had to review our presentation with "due diligence."

Each wanted to know what made Irv and I think we could succeed in a deregulated environment that would allow any airline to enter any market we chose. They wanted to know how we could get airplanes when everyone knew the industry was capacity short. They wanted to know how we were going to get fuel when the word was out it was just not available. They wanted to know who our pilots and flight attendants were, who our maintenance staff would be. They even wanted to know which airport gates we had under lease.

There was another Catch 22 that took time to unravel. We couldn't buy airplanes, hire people, sign fuel contracts, and lease airport space without financing. And for a while, we didn't think we would get financing unless we had planes, people, facilities and fuel.

On the issue of competition, we explained to prospective investors that the big airlines had greater opportunities elsewhere. Today, we're still right in that judgment. Not a single carrier who threatened re-entry to Midway Airport in the Midway I and II cases has begun service.

Irv also met with McDonnell Douglas and gathered convincing arguments that airplanes would be available when the financing to buy them came through. We explained qualified pilots were available and our intention was to hire flight attendants without training so they could be trained to perform the type of service a quick turnaround operation needed. We also explained that the maintenance staff was available. We got some assurance from Washington that fuel would be available for the new airline deregulation had spawned. We also obtained assurance from airport operators at Midway, Cleveland's Burke Lakefront, Detroit and Kansas City that airport gate space would be available when we began operations.

Investors also wanted to know the management team's credentials for running a successful airline. In this respect, Irv Tague was a major sales point. Irv ran Hughes Airwest for six years. He not only ran it, he turned it from a loss operation to a profitable operation. Those were convincing credentials.

We kept answering the questions with persistence and with due diligence and the financial community kept asking more. It seemed like it went on forever. There were times when it appeared we would have to abandon the concept and abandon Midway. But we would regroup, replenish our energy and go back. Finally, the message we gave them was 'give us a conditional financial commitment and we'll satisfy the conditions except for fuel.' On this issue, we had to get fuel before any other conditional commitment would be made. That took six weeks during June and July of 1979.

On August 1, 1979, we obtained a fuel agreement and we got our conditional commitment for $5.7 million from 14 investors. The conditions were airplanes, airport space, pilots, fuel and an accounts receivable financing agreement. These investors trusted us with $300,000 which was placed in an operating account to begin screening, interviewing and hiring personnel and signing contracts for airplanes, airports and fuel. This escrow agreement was finally broken on September 27th when Jack Bowen signed a lease with the City of Chicago and the Department of Aviation for Midway Airlines to utilize its present facilities at Midway Airport.

From August 1st to November 1st, a mere 90 days, Midway Airlines went from a paper airline to an operational one. Basically, Irv and I sat down, once we knew the financial commitment was there, and made a list of every move we needed to make to become an operational airline. We not only had to buy airplanes, we had to hire key personnel so they could begin hiring the people that actually make an airline operate.

We learned all of the time. For example, we learned there were at least 19 separate labor laws we had to contend with. So we hired a professional personnel recruiting firm to screen the 5,000 applications we received for employment. 1,500 of these applications were for flight attendant positions—and people said they would be hard to find. On August 1st, Midway had seven employees, including Irv and me. By October 15th, Midway had 200 employees.

We had to choose pilot, flight attendant and ticket agent uniforms. We had to choose a logo and paint scheme for the aircraft and our boarding lounge areas. Early on, we chose an advertising agency, but then we had to pick an advertising campaign within the constraints of available capital. We had to design a marketing plan, which basically concentrated on getting as much daily TV, radio and newspaper news exposure as possible, but which also involved choosing art for 360 billboards and printed media ads as well as getting music written and recorded for radio broadcasts. We had to acquire ground equipment all the way from telephones to auxiliary power units for the aircraft. And we had to plan our inaugural ceremonies in each city. Let me tell you, time flies when you're having fun, or at least when you're busy.

Our 20 pilots began training on September 4th with McDonnell Douglas. Robert L. Smith (Captain Bob) a former Douglas Aircraft employee, was chosen to be Vice President of Flight Operations. Bob had 11,300 hours of flight time, 3,300 of those on the DC–9, which we chose for our workhorse airplane. The average Midway Captain Bob chose is 43 years old with 3,000 hours of experience on the DC–9.

Ed. A. Leiser, a 34-year veteran of commercial air transportation, was chosen as Vice President of Maintenance. Maintenance crews began training on September 10th.

Once we had Bob Smith and Ed Leiser on board, they began work on essentials—writing operations and maintenance manuals, so we could obtain our Part 121 certification from the Federal Aviation Administration. We got our Part 121 approval October 31st, one day before our start of scheduled operations. Without question, Irv, Bob and Ed deserve the credit for this overtime. If any of them had blinked once during the pre-operating stages, we would have started operations much later.

Our 22 flight attendants began training October 4th at the Trans World Airlines Breech Academy under the guidance of Carol Wimmer—a 17-year veteran attendant from Hughs Airwest who is now Midway's Director of Inflight Services.

The Midway reservations system went operational on September 15th after Don Cross, a communications expert from Illinois Bell set up all the systems. By October 30th, we were receiving 1,000 calls a day and booking 500 passengers per day for future Midway flights.

The old joke description of an airplane being several thousand parts flying in close formation became applicable to Midway Airlines during those 90 days. When I began this presentation, I said one essential you needed to found a new airline was persistence. The other essential is people. Because of the compressed time schedule, Midway had to rely on the competence of the people hired to make Midway operational.

Some of the people who made the concept "go" in the beginning days and to whom Midway Airlines owes a debt of gratitude are, besides those already mentioned, Brian Campbell and Bruce Edmondson, our financial experts who kept the cash flowing to the proper areas and told us what the score was each and every day; our Director of Stations, Jose Oller, whose responsibility for presenting the Midway concept to the outside world through efficient baggage handling, ticket sales and gate attitude was a monumental one; and our Director of Personnel, Nancy Agajeenian, who sifted through thousands of resumes, and found us what I think are exceptional airline personnel; and to each and every employee pulling together in close formation to make Midway work, and who want to continue to make it work even better.

We're only three months old and without question we can say we've a success. In just this time, we've carried more than 82,000 passengers, a record unsurpassed by any other new airline. With these kinds of results which have exceeded all our projections, we are confident we will break even sooner than expected.

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[From Barron's]

## AIRLINE TURBULENCE: BUT DEREGULATION OFFERS HOPE BY YEAR-END

(By Thomas G. Donlan)

One airline earns its wings every day, but not necessarily a decent return on investment. Another flies the friendly skies at a distinctly unfriendly loss. For a third, flying is what it does best, while expenses incurred on the ground are harder to handle.

Airlines, the prize exhibit of the deregulation movement, are in a widely publicized tailspin. While passenger volume remains high, nearly all costs have taken off dramatically. Thus, in 1979, although passenger traffic was up more than 12 percent and revenues climbed 17.5 percent, profits suffered the worst year-to-year drop in history. Industry earnings came in at about $400 million, down a cool $800 million from the peak $1.2-billion profit booked in 1978.

Some observers blame the bad year on the sheiks: the price of jet fuel doubled in 1979. Jet fuel, a distillate similar to kerosene, shot up from 40 cents a gallon to 80 cents. Result: the industry's fuel bill ballooned from $4 billion in 1978 to $6.5 billion in 1979.

The Civil Aeronautics Board comes in for some sharp criticism as well: the regulators were required to review airline costs for approval of general fare hikes just once every six months, and that was far too infrequent to keep up with the galloping inflation in the industry's expenses. The CAB now reviews costs every two months and is weighing still more pricing freedom. The Board itself estimates that regulatory lag cost the airline industry some $380 million in lost revenues in 1979. The real figure could be considerably higher. In any case, fares were allowed to rise about 30 percent by the end of the year.

And, no question, part of the blame for the crash of '79 belongs to the airlines themselves. Some carriers, like TWA, were caught with aging fleets of fuel guzzlers. Others, like Braniff, went on an expansion binge. Just the wrong ticket in both cases for a turbulent period of skyrocketing fuel prices.

### INVESTORS WATCH

None of the industry's woes has escaped Wall Street's notice, and most airline stocks hover around their two-year lows. Other transportation issues, by contrast, have soared. Yet analysts predict a profits turnaround for the industry, possibly as soon as the second half of this year, and much better showings next year and beyond.

Still the stocks can't get off the ground. One reason might be the speed with which 1979 earnings forecasts turned to dust; never very reliable, they've become almost predictably wrong, owing largely to those abrupt changes in costs. And no doubt a formidable drag is that current quarter earnings could well be the worst for any quarter of the past two decades.

Cooling sentiment as well is lingering distrust of deregulation, a strange reaction in Wall Street, the presumed bastion of the free market. But in fact, deregulation has already saved some airlines from themselves by prompting dramatic gains in efficiency. And, although it dug pitfalls that trapped some lines, it also created opportunities that are being exploited by others, particularly the small regionals.

Still not widely recognized in the Street is what deregulation means to the investor. The CAB is no longer laying its hands on the airlines to assure even treatment. Under strict regulation, it was enough for analysts to track the industry as a unit and to view it as comprising only the 10 or 12 major carriers. Investors apparently have yet to learn that vigorous rivalry among airlines leads to winners as well as losers. Picking the winners and searching out the small company with a big future are now as vital in following the airlines as any other industry. In other words, the airlines no longer are likely to move in the market as a group, as they invariably did in the past, but rather individually, each propelled by its own circumstances and prospects.

### NOT PERFECT

As the CAB's continuing control over fare boosts indicates, there is room for dissatisfaction with deregulation. It's a peculiar, politician's deregulation that permits 50% price cuts and only 5% price increases without the approval of Washington. As C. E. Meyer, president of TWA and once a deregulation foe, puts it: "I like deregulation. I'm all for it. In fact, I can't wait for it to happen."

He urges Congress to move faster than the timetable agreed upon in 1978 and put the CAB out of business by the end of this year, instead of 1985. "It's as though the law's proponents didn't believe it would really work in practice, without a regulatory cop to enforce it," Meyer says. "In a period when our fuel suppliers are free to pass on OPEC's price increases to us virtually overnight, we have been linked to a ponderous bureaucratic machinery basing its economic assumptions on data that often became obsolete almost as soon as they were submitted."

TWA was indeed one of the victims. The airline's $27.2 million loss for 1979 helped to drag down the parent Trans World Corp.'s net to $8.6 million from $86.6 million in 1978. Last year's income failed even to cover the preferred stock dividend, so the parent recorded a loss of 42 cents per common share.

### THE OLD SYSTEM

But there's no reason to assume that under full regulatory strictures of several years ago the Board would have handled airline costs and earnings any better. In fact, 1974 and '75 oil price jumps sprayed red ink around the industry.

Alfred Kahn, the arch-deregulator, recalls that when he came in as chairman of the CAB in May 1977, there was a continuous flow of requests for fare increases. For one thing, boosts had to be justified on the basis of historic costs. For another, there was a waiting period of at least a month between approval and implementation of a higher fare. "The rates were wrong the day they went into effect," Kahn says of the old system.

Comments L. John Eichner of the consulting firm of Simat, Helliesen & Eichner: "The route moratorium of the 1970s and the rate regulation that we experienced both combined to reduce productivity and to eliminate flexibility of U.S. domestic airlines to such an extent that many of us could not see how the domestic passenger airlines could survive."

Deregulation changed that. Now there is room for management to make a difference, for good or ill. There is room for bankruptcy and forced merger, there is also room for a steady stream of profits and a decent return on investment. And there is room for new names and new faces to break into the ranks of the big trunk carriers.

So far, deregulation has given the airlines limited price flexibility but considerable freedom to choose their markets. Within certain limits, airlines can adopt and abandon routes without much regulatory fuss. For some carriers, this new freedom meant a chance to rationalize route structures that had been frozen by inflexible CAB policies over the years. Delta Air Lines President David C. Garrett calls this conservative "system" in a search for efficiency. For example, Delta served the Chicago-Atlanta route and the Chicago-Nashville route, but until deregulation it had no planes on the Nashville-Atlanta run. Since the ground services were already in place and the planes were already flying, rearranging the schedule to send a couple of aircraft on the Chicago-Nashville route on to Atlanta added service and captured riders at minimum cost.

Delta had prospered under the old regime and ranked among the strongest opponents of change. The company still grumbles about price wars and what financial vice president Robert Oppenlander terms "unlimited, unnecessary competition." But he also concedes that the freedom to drop marginal routes and add new ones with more profit potential "undoubtedly overcame some of the difficulties we experienced from the extraordinary rise in fuel." Compared to most competitors, Delta remains strong—comfortably in the black with earnings of $103.6 million for 1979. Even the most recent quarter was profitable, though down 23% from the like stretch a year earlier.

Another successful use of route-changing freedom was that of US Air, the born-again Allegheny Airlines, E. I. Colodny, president of US Air, has presided over an extension of Allegheny Airlines, E. I. Colodny, president One example: US Air dropped out of the New York-Albany market and put the aircraft into serving Florida routes from Albany.

"Instead of feeding Eastern, we're feeding ourselves," Colodny chuckles.

With a similar strategy, US Air serves Phoenix out of Minneapolis, Cleveland and Pittsburgh, as well as Houston and New Orleans from Pittsburgh. The longer routes are a more profitable use of the line's small jets, according to Colodny. US Air boasts a unique arrangement that has made it easier for the line to move its jets from less lucrative short-hop, regional runs. Under a kind of franchise agreement, US Air is allied with the Allegheny Commuter lines—12 independent air carriers ready to step in with smaller propeller and turbo-prop planes when US Air wants to withdraw jets. The Allegheny Commuter lines, naturally, are scheduled to connect most conveniently to US Air flights, not the competitions.

### GROWING FAST

U.S. Air was in the right place at the right time in 1979, pushing operating net profit to a record $33.4 million. (Earnings per share last year failed to hit new highs, due in part to the dilutive effect of a stock issue and in part to extraordinary gains and a tax-loss carryforward that boosted results in '78). The most recent quarter was remarkable: net of $9.1 million. And even the January 1980 loss posted at $2.1 million was less than half the seasonal damage the company is accustomed to incurring.

Nor is US Air alone. Other regional carriers, some long-established in short-hop markets like Piedmont and Frontier, others just breaking out of single-state markets like Southwest of Texas and PSA of California, are bucking the downdraft trend of the trunks. Others are beefing up their financing for expansion, like Air Wisconsin, which plans a stock offering later this year. Announced last week, the stock sale is to finance new aircraft. And there are brand-new airlines, like Midway and Air Florida, which are trying to invent new markets and tap profit potentials that others never saw or could not cash in on under route regulation.

But if the opening of access to new routes has aided many lines, it was almost the undoing of some. When industry people meet to pore over the latest financial returns, they frequently console themselves by noting that at least they are doing better than Braniff.

### OVERDOING IT

Braniff jumped into every available market. Between November 1978 and September 1979, Braniff launched service to 18 cities in the U.S. and seven abroad. Route miles jumped 62.4 percent and seat miles went up 25.6 percent. The line added 24 new planes, including five Boeing 747s to swell it fleet to 116 aircraft. And it has contracts to buy 38 more to be delivered through 1982 at a purchase price of more than $800 million. It was a plan for heady growth in the best of times; last year it was a blueprint for disaster.

Braniff's expenses rose 55 percent, nearly double the damage suffered by any other major airline. More than half the rise was for fuel, and the line suffered more than most because it was driven to pay high prices in the spot market for fuel to fly its new routes. Serving so many new cities was also costly; the number of employees mounted from 12,100 to 15,300, which with raises boosted the payroll tab by about 30 percent; the cost of nonflight property leases, primarily new airport facilities, roughly doubled.

Bottom line: a reported loss of $51.4 million in the final quarter and a year's red ink of $44.3 million. It could have been worse: the company cut depreciation expense by more than $4 million by booking an extended use life for some of its aircraft. It converted an employee group medical plan to self insurance, saving an estimated $6.5 million. And it used a Financial Accounting Standards Board interpretation to apply a $27 million investment tax credit against previously deferred taxes, thereby improving the income statement but not cash flow.

### OPTIMIST AT THE TOP

Braniff Chairman Harding L. Lawrence blames fuel prices for at least $60 million worth of the company's 1979 troubles. He says Braniff is healthier than it looks. "We are now very well postured for the 1980s, with a very fine international route system and one of the best systems in the country too. In place we have the kind of route system we want. For the next 10 to 20 years we will develop it." He admits that the route expansion was painful but claims to have no regrets. "We have already done it—it's behind us and in place. We absorbed the shock and now we'll be getting the reward. Every indication is that we will return to profitability this year."

Lawrence proudly points out that Braniff has the second youngest air fleet of the major carriers and a simplied, all-Boeing fleet. His competitors, he notes, face heavy replacement costs in the mid-1980s. Now, Lawrence says, he wants a free market for pricing. "If we are operating in a free market as far as route systems are concerned, we now need the companion authority to engage in proper pricing policies."

### MORE RED INK

A lot of lines insist they need "proper pricing policies." Joining Braniff in red ink for 1979 were TWA, United and Continental in the fourth quarter, American sank into the red, and results for the year would have been much worse if its $87.4 million earnings hadn't included such non-operating items as a $33 million investment tax credit, an after-tax gain of $25.1 million from insurance on the DC-10 that crashed last year in Chicago, $14 million from the sale of hotel investments and a $6 million gain on the purchase of company bonds selling at a discount. These unusual items total $78 million.

Some of the drain on specific lines last year, to be sure, resulted from the mid-year grounding of all DC–10s after the Chicago crash. United had a lengthy strike, and the half-fare coupon promotion in the fall that it used to come back afterward—and that American imitated—was another unusual drag on margins.

Still, the structural changes in the airline industry in the years just ahead loom as substantial. A bankruptcy is far from impossible. More mergers are a virtual certainty. Morton Erlich, senior vice president for planning at Eastern Air Lines, freely admits that Eastern is looking for a suitable partner. He also predicts that within a few years, there will be no more than seven major national airlines, even accounting for the rise to trunk status of former regionals like US Air. He praises the recent merger of National and Pan American as an "end-to-end" combination in which National's domestic routes and Pan Am's overseas service dovetail neatly.

There are, of course, difficulties to this or any merger, as Republic Airlines has demonstrated since July 1. The offspring of North Central Airlines and Southern Airways, Republic now serves more airports than any other airline—157. It's suffering growing pains working out management of such a far-flung empire.

One line that's made a fortune out of mergers is Texas International, although it hasn't actually merged with anyone. It's not only an aggressively expanding, price-cutting line, but it also cleared an estimated $46.5 million on its investment in National by losing a bidding war to Pan American, and recently liquidated its holdings in TWA at an undisclosed profit.

### PRICES AREN'T SIMPLE

As for pricing, the issue is not so simple as raising fares to cover costs. Elizabeth Bailey, a CAB commissioner, points out that about half of competitive markets have fares that are less than the ceiling now allowed. "We've done a lot," she says. "We gave about 30% fare increases in 1979, but we're still seeing many discount tickets being sold in many markets, the price constraint is not by our limit, but by competition."

Bailey also believes that some carriers have yet to catch on to some of the tricks of effective competition. For example, two airlines she won't name rejected a suggestion to try peak load pricing—that is, offering discounts only for travel at slack periods and charging higher fares at times of high demand. "One of them said they couldn't do that because they'd have to reprogram their computer," Bailey recalls without a trace of sympathy.

The search for efficiency is critical. Delta and Northwest, long viewed as efficient operators—they are also less burdened by debt—turned in relatively respectable performances in '79. Delta's maintenance cost for the widely used Boeing 727–200: $175.32 per maintenance block hour on its fleet, 13% less than the industry average of $201.74. Comparable servicing cost for Eastern Air Lines is $216.99. In the unlikely event that Eastern could become as efficient in aircraft maintenance as Delta, it would be worth as much as $20 million to the former's pre-tax margin—substantial for a carrier that all told cleared $57 million last year.

The same thought has clearly occurred to Col. Frank Borman and the rest of Eastern's management. Observes Morton Erlich: "Our salvation has got to be in productivity improvement, getting more out of our machines and equipment. Unquestionably one of the most valuable contributions of deregulation is the ability to improve productivity."

George Eads, a member of the president's Council of Economic Advisers and an advocate of airline deregulation for more than a decade, has been watching one of the widely used indicators of productivity in the air: passenger load factors, a measure of how many seats are filled.

"In 1973, the average load factor on the trunk airlines was 51.8%," he notes. "In 1977, it was 55.9%, and by the third quarter of 1979 it hit 65.1%." Eads adds that the averages are deceiving. On the most competitive routes prior to deregulation, load factors were much lower than the averages. Price competition then was almost impossible, so airlines could only compete by adding more flights to offer more convenient departure times. Deregulation freed the airlines to use price cuts to fill all those empty seats. Moreover, the airlines shoe-horned more seats into each plane and flew more hours per aircraft.

The gains in productivity are striking testimony to the benefits of deregulation. Once the industry passes through its current stretch of heavy weather, other benefits of the new freedom will emerge as well—for those companies with the ability, acumen and imagination to seize them. As Thomas G. Cody, a Pan American vice president, neatly sums it up: "Our results will be determined not by a regulatory agency but by the rules the grown-ups play by."

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[From the New York Times, Mar. 28, 1980]

### AIRLINES FLYING SOLO

In 1978, Bakersfield, Calif., was served by four daily flights to Los Angeles, three to San Francisco and one to Las Vegas. After the Airline Deregulation Act gave the airlines substantial freedom to fly as they pleased, service dropped off sharply. And critics of deregulation said Bakersfield's fate proved that the benevolent hand of Government was a better airline regulator than the invisible hand of competition.

Today, Bakersfield has 12 daily flights to Los Angeles and eight to San Francisco, all big, pressurized aircraft. Travelers also have a choice of three flights to Las Vegas on smaller planes and new services to Oakland and Sacramento. While not every small and medium-sized airport has come out a winner, Bakersfield's experience is hardly unusual. A little more than a year after deregulation, the evidence is clear: freer competition means better and cheaper air travel.

The airlines' first reaction to route flexibility was to pull their big jets off the puddle hops and put them to use where the profits are. In fact, in some 50 instances the Civil Aeronautics Board has had to block the loss of bare-bones "essential" service. That should not, in retrospect, have been surprising; between 1968 and 1978, despite regulation, the airlines had managed to extricate themselves from 129 airports. But the framers of deregulation worried that the heavily publicized difficulties experienced by small cities would overshadow the benefits gained from deregulation.

The fears proved premature. Delivery of new aircraft and the expansion of commuter airlines using smaller planes have actually increased the frequency of flights along formerly uneconomic routes. Take the case of Providence, which is sandwiched between the large airports of Hartford-Springfield and Boston. Like Bakersfield, Providence initially lost flights; it has since rebounded with expanded service from major carriers as well as commuter lines. To be sure, the comfortable DC–9's and 727's are now rarely seen in some places. But the growth in all scheduled flights from small airports has actually paced the growth of air traffic since deregulation.

The most important aspect of deregulation, moreover, is not that it turned out to be fairly painless for passengers. The freedom to drop routes, enter new markets and entice new travelers with promotional fares has greatly increased the airlines' productivity. The average number of hours each aircraft spends in the air has risen sharply since deregulation, as has the percentage of seats filled per flight. As a result, ticket prices rose only 16 percent in 1979, while fuel costs doubled and overall industry costs rose by 29 percent.

With the economy poised on the edge of recession, and more fuel-price increases inevitable, the immediate future of the airlines is clouded. Some carriers will be badly hurt, and fares will climb. But deregulation will not be the cause of the troubles ahead. Indeed, if the experience of the past year is any indication, deregulation may prove to be the airlines' salvation.

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[From the Wall Street Journal, Mar. 26, 1980]

## Is Airline Deregulation Working?

(By James C. Miller III)

The success or failure of airline deregulation has become an issue in the current fight over trucking deregulation. The trucking industry points to airline reform as proof that deregulating truckers would be a disaster. Reformers claim just the opposite.

President Carter signed the Airline Deregulation Act in October 1978, thus bolstering and affirming reforms that the Civil Aeronautics Board had begun a year or two earlier. Although the process won't be complete until the CAB goes out of existence in 1984, enough evidence has accumulated to enable a preliminary judgment as to whether airline deregulation has been a success or a failure.

Perhaps the best way to judge the issue is to review the predictions of its major supporters and opponents, and then compare these claims with what actually happened. The evidence so far indicates that airline deregulation has been good for both the industry and its users.

The principal proponents of airline deregulation were the Ford and Carter administrations, the CAB itself, several influential members of Congress (most notably Senators Cannon and Kennedy) and economists in universities and public policy institutes. They argued that deregulation would mean lower fares, more traffic, and reasonable earnings.

### ARGUMENT AGAINST DEREGULATION

The principal opponents of deregulation were the major airlines (at least initially) and organized labor. They argued that deregulation would mean substantial losses of service to small communities, unemployment or disruption of airline labor, increased need for subsidies, higher fares (perhaps after a short round of cut-throat competition), plummeting profitability, greater industry concentration, a breakdown in the airline network and perhaps compromises in aircraft safety.

What's the evidence?

*Fares:* Between 1970 and 1976, the domestic truck carriers' fare per mile rose by 36% as against a 47% rise in the Consumer Price Index. In 1977, the average fare rose by 5.8%, compared with a CPI rise of 6.5%. In 1978, the average fare actually fell 1.9% in face of a CPI rise of 7.7%. During 1979, however, due largely to a doubling of fuel prices, the average fare rose again—by 5.3% as opposed to a CPI increase of 11.3%. But adjusting for the fuel price increase puts the nominal 1979 fare below that of 1978.

*Productivity gains:* According to CAB official Robert Frank, inflation-adjusted unit costs have fallen a whopping 32 percent because of higher load factors, installation of more seats on aircraft and greater utilization of equipment. During 1977, trunk carrier load factors averaged 55.9 percent, but rose to 63.2 percent in 1979. Between fiscal year 1977 and fiscal year 1979, the airlines increased seating some 5.3 percent on the typical aircraft and the number of hours flown by over 12 percent. These efficiency gains are rivaled only by the 25 percent to 30 percent productivity gains brought on by the introduction of jet aircraft during the late 1950s and early 1960s.

*Traffic:* Over the period 1970 to 1976, trunk-carrier revenue passenger miles increased at an annual rate of 5.4 percent. But traffic increased 7.5 percent in 1977, to 16.2 percent in 1978 and 10.1 percent in 1979. Of course, the data also reflect recovery from the recession of 1974–75, the recent slowdown in economic activity, and the massive United strike and DC–10 grounding that occurred during 1979.

*Profits:* Trunk airline profits (defined by the CAB as net income plus interest on long-term debt) averaged $349 million per year between 1970 and 1976, or 5.4 percent return on investment. For 1977, 1978 and 1979, profits were $634 million, $1,102 million and $564 million respectively, or returns of 9.1 percent, 12.8 percent and 5.8 percent. The 1979 figure, of course, reflects the soaring price of fuel—a situation that makes the outlook for 1980 even more pessimistic. Despite this, Aviation Daily's index of airline stock prices now stands at 53 as compared to 31 at the beginning of 1975, when deregulation received its initial impetus.

*Service to small communities:* Since 1976, the number of trunk-carrier departures is up 4.0 percent, and the number of available seat-miles is up 21.4 percent. But not all cities have benefitted equally. Service by the major airlines has increased more at the large, hub airports and less at the smaller airports. Service among hubs has also increased more than between hubs and non-hubs, which has increased more than service among non-hubs. In many instances the major airlines have left small towns to the commuter airlines, continuing a pattern in place before deregulation. In most cases, however, this has meant more frequent service and substantial increases in traffic.

*Airline labor:* Since 1976, employment in the trunk airline industry has increased approximately 14.1 percent. To date none of the labor protection provisions requiring federal subsidy incorporated in the deregulation act have been exercised, simply because the adverse impact on airline labor has been insignificant.

*Subsidy:* The board's program of subsidy to local service carriers has continued under deregulation at virtually the same level of funding—$72.5 million for fiscal year 1976 versus $69.6 million for fiscal year 1980. However, to provide assurance to small communities (which were fearful that deregulation would mean a curtailment of service), the deregualtion act contained an additional program guaranteeing that all points would continue receiving scheduled service for a period of 10 years. This essential service program will cost an estimated $7 million for fiscal year 1980, and the amount is expected to rise over the next few years. But even including this new program, the inflation-adjusted subsidy bill is now less than before.

*Industry concentration:* In 1976, the trunk carriers' market share was 90.5 percent and the regional carriers accounted for another 8.3 percent. For 1979, the figures were 89.9 percent and 9.9 percent respectively. Only one merger of any consequence has been consummated—Pan Am and National—and the CAB conditioned its approval on Pan Am's not absorbing National's only major competitive route, Miami-London. Moreover, several new carriers have appeared, and intrastate carriers now compete in interstate markets. Midway now serves out of Chicago, Southwest serves New Orleans from its Texas base, and Pacific Southwest has finally crossed the California border, serving Reno, Las Vegas, Phoenix, and Salt Lake City.

*The airline network:* Little, if any, deterioration in the network of service has been observed. The carriers have not only continued to cooperate in transferring passengers, but because of deregulation they have been able to provide direct service to many additional points. From December 1976 to December 1979, the number of pages in the "Official Airline Guide" increased by 25 percent, a crude indication of the increase in system size and complexity.

*Safety:* Travel by air is incredibly safe compared to performance of yesteryear and travel by the family automobile. Fatality rates for the major airlines were 0.38 per billion passenger miles in 1977, 0.07 in 1978, and 11.4 in 1979. The 1979 increase, of course, reflects the tragic DC–10 crash in Chicago. But almost no one blames deregulation, since the maintenance program held responsible for the accident was in use well before the act was passed.

### SUBSTANTIAL EFFICIENCY GAINS

Also of relevance to the question of air passenger deregulation is what happened when air cargo was deregulated in 1977. As Lucile Keyes concludes in a study just published by the American Enterprise Institute, air cargo reform has also led to substantial efficiency gains. Since regulation had held air cargo rates too low, they were bound to rise. But because of efficiency gains they rose by only one-half what the CAB itself had concluded was justified and was prepared to allow. Moreover, with a more rational rate structure, service mushroomed and the rate of traffic growth more than doubled.

No institutional change of the magnitude of airline deregulation is going to please everyone. Some have gained more than others, and some, at least for a time may actually be worse off. But what is striking about airline deregulation is how limited and localized the adverse effects have been. And no program of publicizing horror stories is going to change that basic fact.

The evidence thus far is overwhelmingly on the side of the proponents of deregulation. By 1984, when the CAB is scheduled for extinction, reasoned judgment may be on the other side. But that would happen only if in the meantime the industry experienced failures of disastrous proportions.

## ENERGY DEVELOPMENT IN THE THIRD WORLD

Mr. PERCY. Mr. President, I call the attention of my colleagues to an article by James W. Howe from the Overseas Development Council. Mr. Howe has spent a number of years researching and writing on the energy issue with a particular focus on the Third World. His analyses are provocative and even when we do not agree on every detail, I always find his views interesting and constructive. Mr. President, I ask unanimous consent that the article from the February 21 issue of the Christian Science Monitor be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Two Omissions in Carter's Energy Strategy

(By James W. Howe)

The President is right to seek reduced dependence on foreign oil. We must face the fact that we cannot achieve security through the quixotic goal of import independence. Even if the United States were able to achieve that target by the end of the century, it is virtually certain that Europe and Japan could not do so; and if they are threatened we, too, are not secure.

To reduce our depedence, Mr. Carter calls for three steps. We must conserve energy. We must substitute more plentiful energy sources for oil. And we must produce more oil and gas. For conservation and substitution, proper pricing is critical. As long as the price of oil and natural gas is cheaper than the cost of conserving or replacing, people will not respond—no matter how much they are exhorted to do so.

Mr. Carter's strategy scores very well as far as it goes, but neglects to follow through by adding two further, critically important courses of action. The first is to work with other countries to produce more oil and gas, conserve energy, and substitute more plentiful energy sources for oil and gas.

Two examples suggest the potential of this broader approach to Mr. Carter's three steps. Although experts agree there is likely to be a great deal of oil in the non-OPEC countries of Asia, Africa, and Latin America, for every one well that is drilled in these countries, about 100 wells are drilled in the US on geologically similar terrain of equal size.

Similarly, important opportunities to conserve and replace oil with other energy sources are being neglected in the developing countries for want of skills and capital. Yet it is clearer each day that a barrel of oil found, conserved, or replaced with more abundant energy anywhere contributes to our security.

This insight, while missing from Mr. Carter's State of the Union message, is a natural companion to his perception of the interdependence of nations: "The state of our union depends on the state of the world." Mr. Carter should ask the Congress to enact an International Energy Security Act that would provide skills, technology, capital, and incentives to the private sector to help developing nations to find oil and gas, install technologies that replace the use of oil and gas with other more plentiful sources, and conserve energy. Although one of the chief results of this measure would be to help the poor countries develop, this would not be development aid, since its purpose would be to enhance our own energy security.

Perhaps even more important for the immediate future is the second course of action omitted from the President's message: working to improve relations between the OPEC countries and the oil-importing nations.

As Mr. Carter stated, our energy policy must be founded on "realistic pricing" based on the true value of oil. He did not, however, add—as he should have—that realistic prices also must provide the *market incentive* without which oil conservation and substitution will not take place. Politically unpalatable as it may be, we have a stake in ensuring a *rising* real price of oil in order to supply that market incentive.

Ironically, our long-term objectives and those of OPEC may not be in conflict. Mr. Carter pointed to the OPEC price rises as the main cause of our inflation. But it was the suddenness of the price rises, not their size, that caused the damage. As of January 1980, the *real* price of oil (current purchasing power after inflation) was 20 to 30 percent above the 1974 price. Many economists believe that, had the price rise been gradual and predictable, it would not have had such inflationary effects.

Oil exporters need the price increase because most of them will exhaust their oil in a few decades and need maximum oil revenues to build economies that can withstand that shock. Oil importers need it also—in order to achieve their longer-run goal of achieving a smooth transition from oil to whatever energy sources will take its place. Both sides need to assure that oil price increases will be steady and predictable. Each is hurt if price explosions trigger inflation and recession.

Thus a solid *economic* basis for negotiating some rules of the game on oil volume and price has existed for some time. The Soviet threat to the Gulf region now adds a compelling *security* incentive to cooperation—an incentive as strong for the Arab countries as it is for oil importers. Mr. Carter's energy strategy will be complete only if the United States also proceeds to cooperate with the nations of Asia, Africa, and Latin America to produce, save, and replace oil, and if it strives to negotiate some understanding between oil exporters and oil importers.

## INTERNATIONAL VOLUNTEER HELP FOR REFUGEES

Mr. PERCY. Mr. President, the problem of refugees is an international problem which is growing all the time. Mary King, Deputy Director of ACTION, recently authored an article entitled "People, Not Money, Can Save Lives: New Help for Refugees," which appeared in the February 24 edition of the London Sunday Times.

Ms. King states the problem bluntly:

> There are 10 million refugees in the world, and in the last three years the number has grown by more than 2,000 a day.

At the same time, she goes on to point out, nationalism and other factors are often making the acceptance of help from other countries difficult in the very countries where the help is desperately needed.

This is why Ms. King's report that a new international voluntary approach which is being used in Asia holds great promise. From my own efforts to get the Peace Corps involved in international efforts to help with the tragedy of the Cambodian refugees, I know how very important the contribution of these volunteers can be. International volunteers can provide experienced, effective, and nonpolitical help.

Mr. President, I commend Mary King's article to all of my colleagues and ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### People, Not Money, Can Save Lives—New Help for Refugees

(By Mary King)

There are 10 million refugees in the world, and in the last three years the number has grown by more than 2,000 a day. It is estimated by the Brandt Commission that in this century, 250 million people have fled their countries. Volunteer organizations have often met needs more swiftly and flexibly than governments. But they need a new approach, if they are to continue to be effective, and trusted by "host" governments.

The problem of shifting populations which cross geographic and political boundaries is growing in international scope. The United Nations High Commissioner for Refugees (UNICR) has already extended its involvement in 60 countries—mostly in Africa, Asia, Eastern Europe, and Latin America. There are reasons to believe that this is only the beginning. More mass migrations in the future are inevitable—regardless of whether they result from politics or natural disasters like earthquakes, famine, and floods. The world must be better prepared for these crises. In particular, we must prepare for a future where refugees are increasingly used as a blatant political weapon to destabilize asylum countries and create regional and international pressures.

Sir Alec Dickson, the man whom many consider the founding father of international volunteering—a concept in which industrialised nations provide volunteer workers to Third World nations rather than solely material goods or relief supplies—has asserted that Third World nationalism may render overseas volunteer programmes obsolete. Dickson maintains that Third World nations will rely more and more on their own mechanisms including local volunteer programmes involving their own people.

But it is unrealistic to apply this perspective to the massive international problem of refugees. Simply speaking, local voluntary efforts of these developing nations are not yet equipped nor politically able to address this humanitarian emergency. Rising nationalism in the Third World has often made the intervention of individual industrialised countries suspect (if not completely unacceptable), even during times of natural emergencies, as well as premeditated disasters. Fundamental new approaches are needed.

In Asia, for the first time, teams of international volunteers are being assigned from programmes like the Peace Corps and the British Overseas Volunteers Service, under UNHCR auspices to provide critically needed help to hundreds of thousands of Indochinese refugees. This new unprecedented venture, administered by a neutral party, must be made to succeed. It represents not only a new chapter in the proud legacy of international volunteer services, but is a genuinely non-political and humanitarian force of committee men and women from many nations working side-by-side to help relieve the plight of refugees.

These volunteers, from both industrialised and underdeveloped nations, with the imprimatur of the United Nations, represent their own personal commitment and not the flag of their sponsoring countries. As partners to international organisations and private voluntary organisations, volunteers can uniquely provide the care, attention and understanding desperately needed by refugees who are frightened or despondent.

We are looking to this small beginning in Asian refugee camps and transit centres to grow into a strong voluntary force which supports UNHCR's efforts in all corners of the globe where refugees are visible symptoms of a changing and too often hostile world.

This should be viewed as a means for industrialised nations to go beyond their conventional role of merely donating money for problems such as refugees.

Unless UNHCR and the national volunteer organisations move quickly to build on the experiences gained in Asia and provide a flexible framework which can deliberately respond to this international dilemma of refugees, millions of lives could be lost. If the volunteers avoid this evolution, it may be viewed as a Trojan horse, a tool for the political and economic gain of shrewd and self-serving "donors."

## RECESS UNTIL 2 P.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess for 2 minutes.

There being no objection, the Senate, at 1:58 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Boren).

## EXECUTIVE SESSION

### PANAMA CANAL COMMISSION

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Senate will go into executive session, and the clerk will report the nominations.

The assistant legislative clerk read the nominations of Michael Blumenfeld, Assistant Secretary of the Army, of the District of Columbia, to be a member of the Board of the Panama Canal Commission; John Alden Bushnell, of Connecticut, to be a member of the Board of the Panama Canal Commission; John W. Clark, of Louisiana, to be a member of the Board of the Panama Canal Commission; Clifford Bradley O'Hara, of Connecticut, to be a member of the Board of the Panama Canal Commission; and William Sidell, of California, to be a member of the Board of the Panama Canal Commission.

The PRESIDING OFFICER. Who yields time?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum, and I ask that the time be charged equally against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The asssistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## IMPLEMENTATION OF THE INTERNATIONAL SUGAR AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, as in legislative session, the Senate proceed for not to exceed 1 minute with Calendar Order 686.

Mr. BAKER. Mr. President, reserving the right to object—and I will not object—Calendar 686 is cleared on our calendar, and we have no objection to its consideration and passage.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 6029) providing for the implementation of the International Sugar Agreement, 1977, and for other purposes, reported without amendment.

The Senate proceeded to consider the bill.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record a statement by the Senator from Idaho (Mr. Church).

The PRESIDING OFFICER. Without objection, it is so ordered.

### Statement by Mr. Church

I have had a long standing interest in the International Sugar Agreement. The ISA, which has been provisionally in effect since January 1, 1978, and which the Senate gave its advice and consent to ratification overwhelmingly by a vote of 80 to 11 last November, will finally become fully operational with today's vote.

As I have said before, I think that U.S. participation in the ISA is good economic policy and good foreign policy. American producers and consumers of sugar will benefit from any stability of prices and supplies of sugar which the ISA can offer. Many developing countries which rely upon sugar revenues to finance economic development will be able to better fashion their development plans in light of a more stable stream of income.

When the ISA was negotiated over four years ago, it was decided that the ISA, using a combination of export quotas and reserve stocks would attempt to stabilize world sugar prices within a range of 11 to 21 cents per pound. Exporting nations were required to accumulate reserve stocks at their own expense in periods of excess supplies and will receive financial assistance from the ISA to defray the cost of holding such stocks as soon as the ISA becomes fully operational. These stocks were then available for sale on the world market when the price of sugar climbed above 19 cents per pound.

In 1977, when the 11 to 21 cent price band was agreed to, the price of sugar was 8 cents per pound. The Articles of Agreement specifically provide for a review and adjustment of the price band, annually, if necessary.

To date, ISA members have not sought to change this band because market conditions dictated otherwise. The agreement specifies that in determining whether a price band revision is justified, the International Sugar Organization (ISO) should take into consideration such factors as trends in market price, production and stock trends. Clearly, recent upward trends in sugar prices demand a careful review by the ISO if the ISA is to continue functioning in a useful manner.

I am concerned that the ISA be allowed to function in a manner consistent with the Articles of Agreement of the ISA so that both American sugar producers as well as American consumers receive the full benefit of a well functioning ISA.

While the United States may be a consuming nation for purposes of this agreement, it is also the third largest producer of sugar. U.S. policymakers must keep this fact in mind when formulating the U.S. position for the ISO meetings which are currently underway.

I have written to the two principal agencies responsible for U.S. commodity policy—the Department of State and the Office of the U.S. Trade Representative.

I submit for the Record copies of my letters along with the reply received from Assistant Secretary of State Deane Hinton.

The material follows:

Committee on Foreign Relations,
*Washington, D.C., February 19, 1980.*

Hon. Deane Hinton,
*Assistant Secretary of State for the Bureau of Economic and Business Affairs, Department of State, Washington, D.C.*

Dear Secretary Hinton: As you know, the International Sugar Agreement is now the cornerstone of the Administration's sugar policy. The ISA Treaty has been ratified by the Senate and the necessary implementing legislation to complete U.S. participation will likely be approved soon by the Congress.

It is widely understood that this Agreement carries significant impact on the United States because we are the world's largest importer of sugar. This often leads to the U.S. being classified and thought of as a sugar consuming nation, not a producing nation. However, the U.S. is the world's third largest producer of sugar and it is with this fact in mind that I make the following suggestion.

I would urge that those in the State Department who will negotiate with and otherwise represent this country in the International Sugar Organization, consult with Mr. Dave Carter, President of the United States Beet Sugar Association and Mr. Richard Blake, Executive Vice President of the American Sugarbeet Growers Association. As representatives of the U.S. sugarbeet growers and beet sugar processors, their input into the development of the U.S. position relative to the operation of the ISA is both proper and important. Consultation with these representatives will assure that the views of the U.S. domestic sugarbeet producers are considered in the formulation of U.S. policy.

You have my appreciation in advance for your consideration of this request.

With best wishes,
Sincerely,

Frank Church.

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March 18, 1980.

Hon. Reubin O'D. Askew,
*Office of the U.S. Trade Representative, Washington, D.C.*

Dear Mr. Ambassador: As you know, the International Sugar Agreement is now the cornerstone of the Administration's sugar policy. The ISA Treaty has been ratified by the Senate and the necessary implementing legislation to complete U.S. participation has recently passed the House of Representatives and will soon be considered on the Senate floor.

It is widely understood that this Agreement carries significant impact on the United States because we are the world's largest importer of sugar. This often leads to the U.S. being classified and thought of as a sugar consuming nation, not a producing nation. However, the U.S. is the world's third largest producer of sugar and it is vital that this be taken into account when U.S. sugar policy is being formulated.

Since the Office of the United States Special Trade Representative is now responsible for commodity negotiations and policy coordination, I would urge you to take into careful consideration the interests of U.S. sugar beet and sugar cane producers and processors when fashioning U.S. policy for International Sugar Organization meetings. With ISA implementation legislation shortly to come before the Senate for consideration, I think it important that the Administration reaffirm its position that producer interests, as well as consumer interests will be duly noted and integrated into U.S. sugar policy.

This will ensure the speedy consideration and passage of ISA implementing legislation.

With best wishes,

Sincerely,

FRANK CHURCH,
*Chairman.*

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DEPARTMENT OF STATE,
*Washington, D.C., March 3, 1980.*

Hon. FRANK CHURCH,
*Chairman, Committee on Foreign Relations, U.S. Senate.*

DEAR MR. CHAIRMAN: Thank you for your letter of February 19 concerning the International Sugar Agreement. Your point is well taken that the United States needs to act both as a major sugar producing as well as a consuming country. We intend to take positions within the Sugar Organization in full recognition of both the producer and consumer points of view.

With regard to your specific suggestion that we consult with Mr. Dave Carter, President of the United States Sugar Beet Association, and Mr. Richard Blake, Executive Vice President of the American Sugar Beet Growers Association, I think it is an excellent one. We have worked closely with these gentlemen in the past, and we will make an extra effort to seek their counsel on ISA matters in the future.

We will also look forward to working with your staff in gaining Senate approval for the ISA implementing legislation, when the House completes action on the bill.

Sincerely,

DEANE R. HINTON,
*Assistant Secretary for Economic and Business Affairs.*

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● Mr. INOUYE. Mr. President, for many years it has been our policy to maintain a domestic sugar industry capable of producing a significant portion of our sugar requirements. That policy avoids primary dependence on foreign suppliers.

Approval of H.R. 6029, a bill which would permit the President to implement fully U.S. obligations under the International Sugar Agreement, is a necessary component for the maintenance of a healthy domestic sugar industry.

As in some other commodity systems, there has been a strong degree of cyclicality in world sugar production. The reasons range from unfavorable weather conditions, to supply-demand problems, to international political traumas. Past International Sugar Agreements have attempted to regulate this cyclicality. However, in the aftermath of the 1974 sugar price explosions and the subsequent 1975 precipitous price declines, the search for a regulatory mechanism for this commodity system has grown all the more intense.

Slightly more than 28 percent of world sugar production, approximately 22 million tons, moves in international trade. One of the institutional peculiarities of the international sugar market has been the compartmentalization of a large part of international trade into preferential marketing arrangements. Sixty percent of internationally traded sugar, approximately 13 million tons, is traded under preferential agreements, leaving 40 percent of internationally traded sugar, approximately 9 million tons, trading on the free market.

The free market, which is comprised of all international transactions outside the preferential arrangements, is a residual market, serving both as a marginal outlet for protected beet sugar produced in excess of domestic requirements in temperate countries, and as an important market for cane sugar exporters with limited access to preferential markets. Because of preferential arrangements, and other reasons, only a part of the volume ascribed to the free world market is traded at the prices quoted on that market. Its narrowness and the absence of an adequate buffer-stock mechanism to cushion random fluctuations in output make the free world market price an oversensitive barometer of the short-term supply situation.

The limited amount of sugar available on the residual free market has reduced the effectiveness of market mechanisms in bringing about necessary adjustments of production in response to changes in demand. Also, changes in supply impinging on a market where demand is relatively inelastic produces wide price fluctuations. The ISA will go a long way toward improving the world market infrastructure for sugar.

The International Sugar Agreement attempts to meet the requirements of a sugar commodity system that will grow increasingly violent in its cyclicality unless we act to fully implement that agreement.

The International Sugar Agreement treaty became effective provisionally between approximately 70 sugar producing and consuming countries on January 1, 1979. The United States was not only a signator of the treaty but was also one of its principal proponents. On November 30, 1979, the Senate gave its advice and consent to the treaty by an overwhelming margin of 80 to 11.

However, the ISA is not self-executing. New authority in U.S. law is required in order for the United States to be able to carry out its obligations under the ISA. Fortunately, the United States had been granted by the other signators of the treaty a waiver of the obligations until April 1, 1980.

The overall achievements of International Sugar Agreement must be judged very largely on the basis of the price effects resulting from its various mechanisms. Thus far, it appears the price adjustment mechanisms of the ISA are working. In the fall of 1979, world sugar prices began to increase. In January 1980 the export quotas established under the ISA were increased and on January 11, 1980, restrictions on the export of sugar were suspended entirely. Under the provisions of the ISA, the export of sugar by member countries is now unrestricted and buffer stocks have also been released. These actions have brought the world price of sugar back within the upper limits of the price established under the ISA. As intended, the ISA is reducing the world price cyclicality of sugar. This goal is favorable to both consumers and producers of sugar.

Hawaii produces approximately 1,100,000 tons of sugar. This comprises one-fifth of all sugar produced in the United States, or about 10 percent of the sugar consumed in the United States. The United States is the largest consumer of sugar in the free world market. My State's economic destiny is reliant on the success or failure of the International Sugar Agreement.

Without approval of the implementing legislation of the ISA, there is little chance that the ISA can succeed in bringing price stability to the world sugar market at a reasonable market price for sugar.

Without approval of H.R. 6029, prices of sugar could likely become increasingly volatile; subject to rapid increases as high or higher than occurred in the period 1974–75 and subsequent glut and disastrously low prices.

At the present time, world sugar prices have strengthened, but without passage of H.R. 6029 and the administration's continued commitment to support sugar at a reasonable level, this may prove a short-term phenomenon. To insure greater protection of the U.S. consumer and our domestic sugar producer, I believe that it is extremely important that the Senate approve the necessary implementing legislation for the ISA. I urge support of H.R. 6029 and continued support by the administration of our country's domestic sugar industry.●

Mr. DURENBERGER. Mr. President, I strongly support H.R. 6029, a bill which implements the International Sugar Agreement (ISA) of 1977.

The purpose of the ISA is to stabilize the price of sugar in a 10-cents range set by the governing bodies under the agreement. The present range is from 11 to 21 cents per pound and I understand an effort is being made to increase these limits by 1 cent. These prices would be supported under the agreement by export quotas in exporting countries when prices are in the lower part of the range and, in some cases, by import controls in consuming countries on imports from nonmembers of the agreement. In addition, there is a system for exporting members to accumulate stocks, with the cost of holding such stocks to be partially financed by a fee on each pound of sugar traded under the agreement.

Mr. President, Minnesota is the leading producer of sugar beets. These 10 States account for an estimated 89 percent of the 1.5 million acres of sugar beets produced. Not only are sugar beets extremely vital to the economy of Minnesota, the industry is of great importance to the Nation.

It involves in excess of 18,000 farmers and farmowners, more than 27,000 processor employees, and tens of thousands of farmworkers. If all the sugar beet processors were required to close plants, millions of dollars would be taken from the tax rolls, and many thousand stockholder investors in all of the sugar processing companies would suffer untold losses. It would be unthinkable that we could even consider permitting this long time viable industry to become bankrupt and the many citizens affected thereby to be damaged and injured in such a course of action that would result in the collapse of the industry. However, we have been headed in this direction for several years. I hope we have reversed that trend.

Mr. President, I would like to briefly

outline the problems of the industry. On June 6, 1974, at a time when sugar prices were approaching record high levels, the House of Representatives rejected amendments to extend the Sugar Act of 1948 as proposed by the House Agriculture Committee. Thus, most of the provisions of the 1948 legislation expired on December 31, 1974, ending 40 years of U.S. sugar policy based on the Sugar Act and its predecessors. We have not fully recovered from this action.

After the record high levels of prices in 1974 and early 1975 and the demise of the Sugar Act, prices began a steep, dramatic drop. From a high of nearly 60 cents per pound raw value, New York spot price, in November 1974, prices had fallen to the range of 7 to 9 cents per pound raw value, New York spot price, in the latter half of 1977. These low prices in the face of high production costs and declining sales, produced severe economic hardship for many domestic sugar producers. In response to the problems of sugar producers, the Senate Finance Committee in September 1976, directed the International Trade Commission to investigate whether increased imports of sugar were injuring or threatening to injure the domestic sugar industry.

On March 17, 1977, the U.S. International Trade Commission reported to the President, after a 6-month investigation under the import relief provision of the Trade Act of 1974 that sugar was being imported in such increased quantities as to be a substantial cause of a threat of serious injury to the domestic industry producing like or directly competitive products.

On May 4, 1977, the President announced his decision in response to the Commission's investigation. He determined that import relief under the Trade Act was not in the national economic interest. Instead, the President recommended a program under existing agricultural legislation to provide income support for domestic sugar producers which would make up the difference between U.S. market prices for sugar and a price objective of 13.5 cents per pound, with payments up to 2 cents per pound.

Since a majority of the Commission had found affirmatively under the Trade Act of 1974, and the President had recommended no import relief action pursuant to the Trade Act, it was up to Congress to act.

House Concurrent Resolution 231 to disapprove the President's decision not to provide import relief was introduced on May 26, 1977. On July 27, 1977, the Subcommittee on Trade of the Committee on Ways and Means of the House of Representatives held hearings on the resolution. However, the resolution was never called to the floor of the House for action.

In the Senate, Senate Concurrent Resolution 38 to disapprove the President's decision not to provide import relief was introduced on July 19, 1977. The resolution was never called to the floor.

While the above domestic activity was occurring, internationally the administration was negotiating an International Sugar Agreement. The ISA was designed to bring some stability, through export quotas and buffer stock requirements, to world sugar trade which is currently characterized by cyclical periods of very low and very high prices.

A new agreement was negotiated in 1977 to which the United States is signatory. Final agreement was reached on October 7, 1977. The agreement, to run 5 years, has gone into effect provisionally in 1978. This agreement provides for export quotas as in the past, and in addition includes provision for buffer stocks to help achieve price objectives.

The agreement seeks to stabilize the world market price of sugar between 11 and 21 cents per pound. Price stabilization is to be achieved by accumulation of buffer stocks and export quotas when prices are low, and release of buffer stocks when prices rise above 19 cents per pound.

The agreement will come into force with quotas in effect. Quotas will be set initially at 85 percent of a reference tonnage, which is based approximately on each country's recent export performance to the free market. If the price fails to reach 11 cents on a world basis an additional quota reduction totalling 2.5 percent will be made. When the market price moves 13, 14, and 14.5 cents per pound the global quota will be reduced 5 percent at each level. Below 11.5 cents per pound, the quota will be at 85 percent of the original level. If the market price remains below 11 cents per pound for 75 consecutive market days, a further 2.5-percent cut in the global quota may be authorized which would be applied only to countries whose exports to the world market are less than 60 percent of total production.

The agreement further provides for a buffer stock of 2.5 million metric tons to be built up during the first 3 years of the agreement when quotas are in effect in the lower part of the price range. Each exporting country will set aside a quantity for the buffer stock pro rata to its individual basic export tonnage. During the first year of the agreement, 40 percent of the total obligation is to be established.

When the price is between 15 and 19 cents, the free market will operate. Quotas will not be in effect and the buffer stock will not be added to nor drawn down.

To defend the ceiling price, the agreement uses a system of releasing the nationally held reserve stocks. When the price reaches 19 cents per pound, one-third of the stocks will be released and shipped to the free market. At 20 cents a further third will be released. If the price should continue to rise, the final third may be released at the ceiling price of 21 cents per pound.

Mr. President, I believe that the objectives of the ISA are worthwhile and, if fully carried out, can hopefully lead to the eventual stabilization of world sugar prices over the next few years.

However, price levels in the International Sugar Agreement are based on production, in tropical or subtropical countries, with labor rates and conditions that are in no way comparable to our own. Also involved in the disparity of production costs is the fact that our crop is grown and processed under American standards of living and environment and other restrictions which are costly.

Unless prices are stabilized to give a fair return, sugar beet factories will close in Minnesota. There will be a reduction in factory employment and the many service industries associated with the growing and processing of sugar beets.

We in Minnesota have heard the recommendation that sugar beet growers move into an alternative crop. My answer is what crop?

Sugar production is a desirable crop for us in our Minnesota climate where there are few choices. Barley and wheat stocks are often in surplus. Corn and soybeans provide only mediocre yields in this area.

If it is impractical for our farmers to find alternative crops, who will purchase the sugar mills, and other buildings and equipment that are estimated to be worth $2 billion?

Mr. President, we cannot return to a system which allows foreign countries to produce and market sugar below cost of production. If the ISA is unworkable we must be prepared to maintain a viable domestic sugar industry. The dumping of imported sugar on our domestic market will be prohibited by affirmative legislative action.

Mr. President, beyond providing a basic commodity vital to our national interest, the beet sugar industry is a generator of wealth in rural America. The hundreds of millions of dollars that accrue annually in the form of payments to growers for crop purchases, to labor for wages, and to stockholders in the form of dividends must be maintained. As a member of the Senate Finance Committee I will be prepared to do what is required to protect the domestic sugar beet industry in the event the ISA fails to provide worldwide stability.

The bill was ordered to a third reading, was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

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## PANAMA CANAL COMMISSION

The Senate continued with its consideration of the nominations.

The PRESIDING OFFICER. Who yields time?

Mr. LEVIN. Mr. President, I yield myself so much time as I might need on the nominations.

Mr. President, on behalf of the Armed Services Committee, I am pleased to bring to the Senate for confirmation the President's five nominees for the American membership of the Panama Canal Commission Board of Directors. I believe that they are an outstanding group with important and diverse qualifications for their positions, and I am confident that they will insure that the canal is operated in the best interests of the United States.

I would like to take a few moments to refresh the memories of senators on the legislative history of this Commission. The Commission itself was established by the Panama Canal Treaty and the implementing legislation passed last year. There was some controversy between the House and the Senate over the form of the Panama Canal Commission, the agency which will run the canal for the next 20 years, and the makeup of the supervisory Board. The legislation as passed by both Houses and signed by the President specifies that the Commission would be an appropriated funds agency of the Federal Government, and would be responsible to the President through the Secretary of Defense. Of the five U.S. members of the Board, three must be drawn from the private sector, and three (to quote from the legislation) must be "experienced and knowledgeable in the management or operation of an American-flag steamship line which has or had ships regularly transiting the Panama Canal—in United States port operations or in the business of exporting or importing one of the regular commodities dependent on the Panama Canal as a transportation route, and—in labor matters in the United States."

The three private sector nominees are Capt. J. W. Clark, who is an experienced ship captain and former president of the Delta Line; Clifford B. O'Hara, a transportation executive currently serving with the Port Authority of New York and New Jersey; and William Sidell, general president of the United Brotherhood of Carpenters and Joiners of America.

In addition to the three members of the Board drawn from private life, the President has nominated two members who presently serve in Government positions. Michael Blumfeld is Assistant Secretary of the Army for Civil Works, and has had in the past the primary responsibility within the Department of Defense for supervising the affairs of the old Panama Canal Company. He will continue to play a major role as the Secretary of Defense's representative on the Board of the Commission, and his familiarity with the canal operation will help to insure its continued smooth functioning. The President has also nominated John A. Bushnell to sit on the Board. Mr. Bushnell is Deputy Assistant Secretary of State for Inter-American Affairs and has wide experience in dealing with Latin American issues.

One concern that I had about the three private sector nominees, which I raised at the committee hearings, was whether they would see their role on the Commission as representing the particular perspective of the interest group with whom they have been associated, or whether they would represent what they considered the best interests of the U.S. Government as a whole. All of them assured the committee that, while their individual backgrounds might allow them to play specialized roles on the Commission Board, their primary and paramount obligation was to represent U.S. interests. I might note in this regard that the legislation passed by the Congress permits the Secretary of Defense or his designee on the Board to direct the votes of the American members, where matters of important national interest or policy are involved.

Mr. President, so far as I am aware, not a single objection has been registered about the qualifications or suitability of any of these nominees. The Armed Services Committee reported the nominations without objection to the full Senate. I believe that these men are eminently qualified, that they fulfill all of the requirements of the legislation we adopted last year, and that they should be confirmed by the Senate without hesitation.

I understand, however, that there may be an effort on this floor today to oppose these nominations, not because any of the nominees are considered ill-qualified, but in order to register some kind of a protest against the process of implementation of the treaties. Mr. President, I have no doubt that all of the Members of the Senate understand the reality of the situation we are facing. The Panama Canal Treaties were ratified by this body in 1978. The Panama Canal Act of 1979 was passed last year by the House and the Senate and signed by the President. Both of those documents are legally binding on the United States, and require us to create a board to supervise the Panama Canal Commission. The confirmation of these nominees will fulfill that obligation. I hope that we will not succumb to the temptation to reopen old issues that have repeatedly been resolved by this body.

The suggestion has been made that these nominations should be deferred or rejected because of concern over some objections which the Government of Panama has raised to provisions in the implementing bill we passed last year. During the consideration of the implementing legislation last year, I again and again urged the Senate not to adopt amendments which would violate the letter or spirit of the treaties we had ratified. I am fully confident that the Congress passed, and the President signed into law, a bill which was fully consistent with our treaty obligations.

Mr. President, when he signed the Panama Canal Act last year, the President stated:

> The act provides a framework in which the United States can exercise its right to operate and defend the Canal in a manner consistent with our responsibilities and obligations under the treaty.

The administration clearly does not intend to back away from its support of the legislation that we passed last year.

I know that the President of Panama has indicated that our legislation does not fully comply with the letter or the spirit of the treaty. I disagree with him and, obviously, more importantly, the President of the United States disagrees with him. In any event, the implementation legislation is U.S. domestic legislation. It is not Panamanian legislation, if there ever were such a thing. It is U.S. domestic legislation. Although Panama is free to comment on it, they have no legal right or standing to protest its provisions.

However, we know that there are going to be operational problems and possibly disputes or misunderstandings with Panama that arise as the implementation process is carried out. Indeed, the treaty and the legislation provide mechanisms for the resolution of problems such as these if they arise. We foresaw that there would be disputes, in other words. The two primary vehicles for discussions are the Consultative Committee and the Commission Board itself, both of which have United States and Panamanian membership. Moreover, the implementing bill requires the President to submit to Congress within 2 years a request for any legislation or amendment to deal with issues that have arisen "in light of the experience as of that time under the treaty."

At this point, however, the primary stumbling-block to cooperation between the United States and Panama is our failure to appoint the members of the Commission Board. It has now been 6 months since the treaties took effect, and Panama has a legitimate claim that it has been denied a voice in the canal operation, which it was promised under the treaties, through its membership on the Board. That delay has been the result of U.S. inaction. We must move expeditiously to appoint those Board members so that they can get on with the business of running the canal.

I would also note that reports from Panama indicate that the implementing process has so far been running remarkably smoothly. When Assistant Secretary Blumenfeld testified before our committee, he told us that Panama is completely managing the functions which were transferred to her administration under the treaty. Some of the examples of good cooperation are the successful performance of the joint United States-Panamanian police patrols who are now responsible for maintaining order in the former Canal Zone, and the agreement reached just last week on a schedule for payment by Panama of back debts owed to the United States. If we wish to continue this record of good cooperation, it is incumbent upon us to fulfill our responsibility to appoint the members of the Commission Board and allow it to begin functioning as specified by the treaty and the implementing bill, which we passed just last year.

Mr. President, I commend these nominations and I hope, on behalf of the Armed Services Committee, that they will be speedily confirmed.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I yield myself such time as I may require.

It gives me no pleasure, Mr. President, to be in the position of opposing nominations of American citizens whom I do not even know. Actually, the nominations before us are not the question. The question is, Will the United States, on this day in April 1980, compound a grevious error that the Senate made a couple of years ago, when it voted to give away the Panama Canal? Senators may think this is an inconsequential matter, but I hope that, by elaborating in some detail, I may be able to persuade some of them that this is, in fact, a question of whether the United States is going to stop this business of retreating in the face of arrogant hostility by other nations.

To set the stage, Mr. President, let me give a chronological list of events which are significant to the pending matter.

On January 8, 1980, the President of Panama, Mr. Royo, sent a letter to President Carter, calling into question the legality and acceptability of the Panama Canal Commission under the Panama Canal Act of 1979. President Royo called it illegal and unacceptable. He listed 20 specific issues, most of them relating to provisions of the Panama Canal Act itself. This from the President of a country that, in fact, blackmailed the United States out of the Panama Canal.

Parenthetically, I might say, Mr. President, that if any Senator is laboring under the delusion that the giveway of the Panama Canal is not yet a volatile issue out across America, he had better check with his constituents back home.

What happened in response to that letter from President Royo of Panama to President Carter, a letter dated January 8? President Carter did not even respond to President Royo until prodded by the Armed Services Committee's questioning of the nominees on March 7.

I submit, Mr. President, that if there ever was a time for the President of the United States to have a little backbone and say to President Royo, "We have had enough," it was when he got that letter of January 8. It was time for the United States to start acting like a great country again.

But the President did respond, finally, when he was prodded into it by the Committee on Armed Services. But when he responded, he did not discuss any of the 10 points raised by President Royo—not one. He did not say, "Wait a minute, Mr. President." He just glided over them, point after point.

Mr. Carter wrote to the President of Panama and said, I find your letter "interesting" and "useful" and he said that he was giving President Royo's views "the most careful consideration."

Back home in North Carolina, they call that Caspar Milquetoast, Mr. President.

Mr. President, yesterday, President Royo addressed the National Assembly, and strongly criticized President Carter's letter, as well as repeating many of his criticisms of the Panama Canal Act, which he charged violated the treaty.

Instead of upholding the provisions of the act, President Carter suggested that he would seek to have the legislation changed in recommendations he would submit to Congress on October 1, 1981, another pig in a poke, Mr. President.

Then President Carter proposed that the problems could be sent to the Panama Canal Consultative Committee (a binational committee set up by the treaty) for further negotiations.

The Senate should not approve the nominees without a clear assurance from the President that he will uphold the position of Congress—this Congress, weak as it was—as embodied in the Panama Canal Act, and not seek to negotiate further on the fundamental issues President Royo has raised. As I said earlier, and I say to the Senator from South Carolina, "enough is enough." To take steps toward the operation of a binational Commission which the other nation feels is illegal and unacceptable will only deepen the rift between the two nations and threaten the future safe and efficient operations of the Panama Canal.

I offer that, Mr. President, as a forecast. I am not clairvoyant, but anybody who understands history and anybody who has studied all of the aspects of the giveaway of the Panama Canal is bound to understand what lies ahead for us down the road.

(Mr. BAUCUS assumed the chair.)

Mr. HELMS. So, here we are, Mr. President. We have before us the nominations of the five U.S. Panama Canal Commissioners and we have been urged and pushed to confirm them with dispatch. Yet, if we do confirm them today, they will be sitting on a board which the President of the Republic of Panama has already termed "illegal" and "unacceptable."

As I said earlier, President Carter waited 2 months to respond to President Royo's letter of criticism, if we can consider it a response, but failed to respond to any of the Panamanian points substantively.

Certainly, there was not one scintilla of standing up for the U.S. position.

The President of the United States blandly assured President Royo that all of the problems could be worked out in the consultative committee set up by the treaties.

Surely, the problems can be, if we give in on every point, which is what we have done up to now.

I fought the giveaway of the Panama Canal as vigorously as I knew how to do it. I shall always remember seeing the late distinguished Senator from Alabama, Mr. Allen, standing over there hour after hour pleading with this Senate to come to its senses. I remember the eloquence of my friend, the distinguished Senator from South Carolina (Mr. THURMOND), when he warned day after day during that lengthy debate about what we were getting ourselves into.

As a result, many of us in this body thought, at a minimum, that the negotiations on the Panama Canal treaties had been completed, terminated, that we had given it all away; and that, surely, there would not be any more negotiations, there would not be any more demands from the Republic of Panama. We thought that the treaties had been amended with reservations and understandings, which were clear to all concerned, and that the implementing legislation had been signed into law, and it had.

But what do we see now? We see the President of the United States proposing continuing negotiations on fundamental issues which President Royo has termed "illegal" and "unacceptable." Inasmuch as the Carter-Torrijos treaty transferred the sovereignty which we exercised in the Canal Zone to the Republic of Panama, and to the dictatorship which rules that hapless country, the bottom line has got to be that Panama has the ultimate interpretation and the final say on any difference which may arise between our two countries.

We arrive at that state because we have given in item by item and chapter by chapter and verse by verse.

I am on the floor this afternoon to say again that enough is enough, that it is time for the President of the United States, on behalf of this great Nation, to exercise a little bit of backbone.

Whatever treaty rights we may have exist only at Panama's pleasure.

I deny that. I reject that. But if we go ahead and approve these nominees, the prospect will be that the administration will continue to negotiate with Panama on substantive issues—issues that Congress thought it had decided long ago.

But, apparently, the Congress does not matter any more. We must bow and scrape to Mr. Royo and his regime in Panama.

So what we have here in all reality, Mr. President, is another giveaway connected with the Panama Canal, another surrender of the interests of the American people to that regime in Panama.

It is not enough that the President gave up our rights to a crucial geopolitical position in the world. It is not enough that the U.S. taxpayers had to pay through the nose—and will continue to pay through the nose—for the privilege of giving up our rights in Panama. But now we see that all the safeguards, the conditions, the restraints that Congress insisted upon as a condition of approving that massive withdrawal of the U.S. presence from the center of the Western Hemisphere, approval of the Panama Canal treaties, have now been put up for grabs.

I believe, Mr. President, that if all Senators had known what the subsequent events would be, that those treaties would not have passed by a 2-vote margin, but would have been defeated by a substantial margin.

We were sold a pig in a poke.

I do not know about other Senators, Mr. President, but as I travel through my State of North Carolina, and around the country, I notice that the American people have not forgotten what this Senate did with respect to the Panama Canal. The sophisticated policymakers here in Washington developed a complicated, inside-out rationale to try to explain why the weakness of surrender somehow strengthens the American position in the world. But the American people have not been fooled. The American people may not be sophisticated, but they possess commonsense.

They know now and they knew then that they were being snookered.

That is the reason it is still a volatile issue around this country, and it will continue to be. If I can contribute to the public debate, I am going to do it for the remainder of this year and as long as I have a public forum.

The American people know that the Carter-Torrijos treaties leave us at the mercy of the Panamanian dictatorship.

They know that the weakness demonstrated in that giveaway has led to the escalation of attacks against the United States and against freedom. They know that the Soviet Union strengthened its position in Cuba after we weakened ours on the isthmus. They know that Cuba stepped up its subversion of governments all around the Caribbean and in waters controlling the canal's approaches—after the Senate made the awesome mistake of giving away the Panama Canal.

The American people know that Cuba, acting in concert with Panama, organized and supplied the Marxist takeover of Nicaragua. They know that Cuba is now working to destabilize El Salvador and Guatemala.

They know that U.S. diplomats all around the world are now targets of opportunity for any leftists group seeking to publicize its cause and to humiliate the United States.

When our friends around the world see the United States on the run, they begin to run too, but in the opposite direction.

As I say, we cannot fool the instinctive good judgment of the American people, and the American people have not been fooled on this issue.

I suggest, Mr. President, that the American people are watching the U.S. Senate today to see whether or not the Members of this body will be fooled again.

The Senate will be fooled again, if we confirm these Panama Canal Commissioners without getting a clear commitment from the President of the United States that the fundamental decisions of the Congress will not be ignored.

The issue is very clear. President Royo, in an arrogant way, declared the Commission to be illegal and unacceptable.

What, then, is the position of President Jimmy Carter? He has not said. Will Mr. Carter continue to maintain the positions established in U.S. law against the demands of the Panamanians? Or will he continue to pretend that there are not any substantive differences between the United States and Panama? Or, if there are differences, will the congressional position be maintained? Who knows?

So the American people are going to be watching very closely to see how their Senators vote on this issue. I am going to move to commit these nominations to the Foreign Relations Committee, so that we can have hearings on this unsettled issue, so that we can ascertain, if we can, just how willing the President of the United States is to stand up for the interests of the United States. I scarcely see how any Senator could deny the American people that right and that opportunity, because this is a vital issue. It is a sign-post along the road, further disclosing the direction in which the United States is headed in terms of will, backbone, and reliability.

This vote will be a litmus test of a sort to see whether the Senate upholds a solid, well-defined position in world affairs, or whether we intend to knuckle under again to another vague, ambiguous policy that can only spell defeat or retreat.

So I do not want anybody to try to paper over these nominations as being inconsequential. This is not an issue which can be fudged over and ignored.

You had better believe that President Royo is having his say over and over again. This morning, I learned that President Royo spoke on this matter only yesterday to his hand-picked national assembly. What did he say? Does anyone imagine that President Royo is satisfied with President Carter's bland nonanswer to the rather arrogant letter that Royo had written to Mr. Carter? If anyone assumes any such thing, that person should change his mind, because Mr. Royo is not at all satisfied.

I suppose that even a tinhorn dictator has his pride. President Royo was highly critical of President Carter's failure to respond to his concerns.

Royo continued—and this was only yesterday to the Panamanian National Assembly—to refer to "irregularities" in the implementing legislation passed by this Congress and signed by the President of the United States. He said that the Republic of Panama would not tolerate anything not in accord with the letter and spirit of the treaties, and that means according to Panama's interpretation. Mr. Royo is not going to use any interpretation except his own.

I believe I should reiterate, just as a point of emphasis, that these comments just referred to by Mr. Royo were made yesterday; so this matter has not been settled. Royo said that Congress had delayed to the last minute the approval of legislation and that it contained violations of the treaty. Of course, I suppose that anybody who is president of a military dictatorship probably does not understand how a free legislative body works or, for that matter, how the Congress of the United States in particular has a duty to stand up for the interests of the American people, no matter what our diplomats try to do.

Yesterday, Royo also criticized the administration's delay in naming the Commissioners, saying that it was a deliberate plan to distort the implementing legislation. He was highly critical of the failure of the law to provide for a minimum wage for all employees, and he attacked the requirement that the Panamanian Commissioners had to be sworn in. He does not even want them sworn in.

So, as of yesterday, President Royo was strongly opposed to the structure and the operation of the Commission that, in effect, we would set up today by the confirmation of the nominations of these Commissioners.

What did President Royo object to in his letter of January 8? As I said earlier, there were at least 20 substantive points, possibly more than that. I counted 20.

First. He objected to the fundamental status of the Panama Canal Commission, which is located by the implementing legislation under the Secretary of Defense.

Second. He complained that the lack of independent authority for the Commission turned it into a "supervisory board" rather than a Board of Directors.

Third. He said that the Commission has an "illegal mandate" as "an appendix of the Defense Department," which violates its special and independent legal status.

Fourth. He objected to the legal definition of a quorum for the Commission, which consists of an internal majority of the U.S. members.

Fifth. He objected to the fact that appropriations for the Commission must be approved by Congress.

Sixth. He objected to the requirement of section 1302(c)(2) of the implementing legislation that no funds can be made available in any fiscal year beyond the income generated by the canal plus any balances from the preceding fiscal year.

Seventh. He complained that the House, exercising its constitutional authority, rejected the inclusion of two appropriations of $2 million and $5.9 million in the 180 budget to pay off the debts of the old Panama Canal Company

Eighth. He criticized the fact that funds were not appropriated for the $40 million contingency fund authorized by section 1303(a).

Ninth. He objected to the requirement that the payment of $10 million for public services for Commission employees must come from operating revenues.

Tenth. He objected to the provision for accumulating losses against any surplus for calculating the $10 million payment to come out of that surplus.

Eleventh. He objected to the inclusion of $14.8 million in interest from the unrecovered U.S. investment in the construction of the canal, and $16.7 million to amortize the employees retirement fund in the definition of "costs" to be paid out of operating expenses.

Twelfth. He objected to the removal of coverage of Panamanian employees from the U.S. minimum wage requirement.

Thirteenth. He objected to section 1102(b) which says that board members (and by implication, Panamanian board members) retain their posts at the discretion of the U.S. President.

Fourteenth. He objected to the application of a code of conduct to Panamanian board members, saying that it violated their jurisdictional status.

Fifteenth. He objected to the administration's delay in appointing the board.

Sixteenth. He demanded that the Deputy Administrator have access to all information and participate in all decisions of the Commission.

Seventeenth. He insisted that Commission regulations be readjusted to Panamanian law.

Eighteenth. He demanded that the Chief Engineer to be a Panamanian citizen.

Nineteenth. He objected to the legal requirement that the office of ombudsman be filled by a U.S. citizen.

Twentieth. He charged that Congress tried to hinder application of the treaty and created serious obstacles to the Canal Commission's ability to administer the waterway efficiently and properly.

All these are matters which were thrashed out on this floor and, in some cases, on the floor of the House of Representatives. In any event, these are things which represented the will of the American people, as expressed by its Congress.

Mr. Royo made himself clear, but Mr. Carter did not even respond to the points. He did not stand up for the United States. He found Mr. Royo's comments very interesting. He said they might be "useful." What kind of backbone is that?

Mr. President, when we examine Mr. Royo's objections, it is obvious that most of them are directed toward the legislation passed by Congress. A few of them are the results of administrative decisions, but most of them are objections to the law. They are objections to our constitutional process. Yet, the President of the United States did not respond with even one syllable in defense of the position of the United States and the American people.

I have put a great deal of information in the RECORD in the last few days, including the Royo letter and including Mr. Carter's "response." I should like to read them all to build the chronology, but that would take too much time. I assume that Senators have paid some attention to this matter, and I wonder if Senators are not deeply disturbed by Mr. Carter's letter in response to Mr. Royo.

Mr. Carter said that these fundamental criticisms are "interesting and useful." Thereby, he totally dismissed the validity of President Royo's letter. Why did not the President stand up for Congress and the American people?

Then Mr. Carter said, "We are giving them the most careful consideration."

Mr. President, that sounds like some of these form letters that go out of Senator's offices. Some fellow writes to a Senator and says, "I think you ought to do this and I think you ought to do this and I do not like this and I do not like that."

The Senator writes back: "Thank you so much for your letter, and I will bear in mind what you said."

That is a nonanswer. But it comes from a Senator or from a President.

I wonder how many form letters have been sent out from the Capitol, from Congress, with almost exactly that boilerplate sentence, "We are giving them the most careful consideration." I have to be frank about it. I wonder if Mr. Carter himself has even read the Royo letter. If he has not read it, that is one thing; if he has read it and if he is not indignant, that is another thing.

But the point in my motion to recommit these nominations after the time has run out or been yielded back is that the Foreign Relations Committee should find out what is what.

I do not know what the President means. I am not sure that the President knows what the President means. But I think it is the duty of this Senate through the mechanism of its Foreign Relations Committee to find out and to report back to this Senate and not rubberstamp these nominees as though they do not matter.

But back to President Carter's response to Royo. He said: "I share your views on the importance of monitoring the initial stages of treaty implementation."

The problem with that, Mr. President, is that Royo expressed no views on the importance of monitoring implementation. He was interested in the implementation, period; he was not discussing its "importance."

So I have to conclude that someone down in the bowels of the State Department just put some boilerplate language in a letter, sent it over to the White House. They used the autopen and signed the President's name to it, and there it went.

And then the President said:

> As you know, the Panama Canal Act of 1979 requires me to make recommendations to the Congress by October 1, 1981, regarding necessary or desirable modifications in the implementing legislation.

What was the President saying there? What Mr. Carter was saying, as I understand it, is that instead of upholding the reasonability of laws passed by Congress he, the President of the United States is going to seek to change them.

Then he goes on, and this is Mr. Carter's letter to Mr. Royo:

> Many of the problems that have arisen so far, however, do not appear to be the result of legislative requirements and so we need not wait for legislative action to address them.

Mr. President, what on Earth is the President of the United States talking about?

I have already enumerated the criticisms stated clearly and arrogantly by President Royo. Almost none of them are the result of administrative action. They are the result of legislative action.

So I ask you again, Mr. President, what is the President talking about? Does he mean that the law could be explained away or reinterpreted in a sense other than that intended by Congress?

I hope we have not gone that far in this country.

Is President Carter going to continue to negotiate on issues that Congress thought were settled at the time Congress made the mistake of giving away the Panama Canal? That appears to be the meaning.

President Carter said:

> In such cases, I believe problems might usefully be referred for study and recommendation to one or more of the committees established by the treaties. The Consultative Committee, with its collaborative and independent views, could be especially helpful.

So clearly we are going to have to have continuing negotiation and continuing interpretation, continuing surrender, with Congress cut out of the process entirely.

Mr. President, I ask unanimous consent that President Carter's letter be printed in its entirety at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> THE WHITE HOUSE,
> *Washington, D.C., March 3, 1980.*
>
> His Excellency ARISTIDES ROYO,
> *President of the Republic of Panama,*
> *Panama*
>
> DEAR MR. PRESIDENT: Thank you for your letter of January 9. Your comments and observations on various aspects of the Panama Canal treaties of 1977 and the related implementing legislation were interesting and useful. We are giving them the most careful consideration.
>
> I share your views on the importance of monitoring the initial stages of treaty implementation. As you know, the Panama Canal Act of 1979 requires me to make recommendations to the Congress by October 1, 1981, regarding necessary or desirable modifications in the implementing legislation. In preparation for this task, it is important that we identify any specific problems that can be attributed to the legislation itself.
>
> Many of the problems that have arisen so far, however, do not appear to be the result of legislative requirements and so we need not wait for legislative action to address them. In such cases, I believe problems might usefully be referred for study and recommendation to one or more of the committees established by the treaties. The Consultative Committee, with its collaborative and independent views, could be especially helpful.
>
> I am pleased, as I am sure you are, that the spirit of cooperation built up during the negotiation of our new treaty relationship has carried over into the initial period of implementation. Because of the intrinsic technical and political problems, differences of opinion will undoubtedly arise from time to time. But I am confident that we will be able to resolve such differences satisfactorily by building on the firm and successful foundation we have already put in place.
>
> In closing, I want to assure you once again that the United States is as deeply committed to making these treaties work as it was to building the Canal. I look forward to continued cooperation and correspondence on whatever difficulties may arise.
>
> Sincerely,
> JIMMY CARTER.

Mr. HELMS. What this means, Mr. President, is that Panama will continue its successful tactic of threatening and blackmailing the United States and humiliating the United States and the American people until Panama gets precisely and exactly what it wants. Indeed, President Royo says almost precisely that. Let us quote from his letter, and this is from Royo to Carter:

> To be frank, Mr. President, I must state that our nation has not waged from 1904 to 1977 a tenacious struggle, leading to the sacrifice of blood—a date which precisely today we commemorate with devotion—so that the important achievements of the recent treaty will be denied by P.L. 96-70; and if such a denial is maintained, the present and future generation, no doubt, will also struggle—

Get the nuance, Mr. President—

> will also struggle, as has occurred in the 80 years of this century, to raise the banner of justice to achieve the genuine sovereignty which, notwithstanding the provisions of the Torrijos-Carter treaties, certain U.S. sectors, which have still not understood the significance of respect of the dignity of the Panamanian people, still seek to disregard.

The reliance on threat and violence is still part and parcel of the Panamanian strategy.

But the threat is also more sophisticated. Late last month President Royo went to Japan to seek funds for building a new canal, a sea-level canal. Now we need not worry that such a canal will ever be built. The sea-level proposal is a hardy perennial that is neither cost effective, ecologically sound, or economically advantageous for the economy of Panama. Every once in a while the heavy equipment manufacturers, certain engineering circles, and financial consortiums drag out the proposal because of obvious self-interest. The Japanese are sound businessmen, and I doubt that they will be impressed with the details.

The incident demonstrates a more sophisticated attempt at blackmail—if the United States does not agree to everything Panama wants, then Panama will go elsewhere. Panama, of course, has that right; but the withdrawal of the United States from a positive juridical base in the Isthmus means that we must once again face the prospect of non-Western Hemispheric powers getting a foothold in the Western Hemisphere.

Mr. President, it behooves us to know where we stand, and we do not know where we stand now.

This Senate should insist on behalf of the American people that we know where the President of the United States stands on this vital issue.

The American people have a right to know where each of their Senators stand on the Panama Canal. If we confirm these Commissioners today without knowing where the President stands on United States rights under the Panama Canal treaties, then we will deserve every ounce of the retribution which the American people will surely, surely cast upon us.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. HELMS. Mr. President, I yield to the distinguished Senator from South Carolina such time as he may require.

Mr. THURMOND. Mr. President, I wish to thank the able Senator from North Carolina.

Mr. President, I commend the distinguished Senator from North Carolina for taking the stand he has on this important issue and congratulate him for the splendid manner in which he has presented it. In fact, I think he has covered it so fully it will not be necessary for me to go into much detail in my presentation.

The distinguished senior Senator from North Carolina (Mr. HELMS) has raised an important issue in connection with the Panama Canal Act of 1979 which the Congress passed last year to implement the Panama Canal treaties approved in 1978.

During Senate hearings on the nominees, the distinguished senior Senator of Virginia, and others, raised the question as to the position that President Carter would take in response to the January 8, 1980 letter from President Royo of Panama. In this letter President Royo held that the Canal Act violated the "spirit and letter of the Panama Canal treaty" and therefore was "not acceptable" to his government.

This is a serious charge and goes to the heart of United States-Panama relations which will determine whether or not the treaties of 1978 will operate to the benefit of the two nations.

President Carter's response to President Royo, which was finally made public by the distinguished Senator from North Carolina (Mr. HELMS) after the Armed Services Committee had reported out the nominations, is lacking in substance and does not address any of the charges made by President Royo.

Mr. President, I have no objection to the individuals named by President Carter to represent the United States on the Commission. In fact, I consider the Commission the centerpoint of the legislation passed by Congress and believe it offers the best hope for operation of the canal in an efficient manner which should lessen the burden of these treaties on the American taxpayer.

Mr. President, I opposed the treaties and the implementing legislation because I believed that U.S. military and economic interests will suffer because of these actions. However, I do believe that since the Congress has now acted, every effort should be made to carry out the Canal Act as the best guarantee that the vital interests of our Nation will be protected.

The question now arises, however, as to just what is the Carter administration policy towards the provision of the act and the objections by Panama? President Royo has made it clear that the position of his government is that the Canal Act of 1979 is not the legal instrument for the implementation of the treaty.

Panama objects to the Panama Canal Commission itself, the centerpiece of the implementing legislation. President Royo states, in no uncertain terms, in his letter that:

> The law, in its general content, is illegal, contrary to the legitimate interests of both parties, not acceptable because of the modus operandi it establishes and unacceptable in every way for the Republic of Panama.

Now what is the response of our Government to this situation? President Carter's reply, which we obtained only recently, takes the position that our Government considers Royo's views as "interesting and useful" and deserving of the "most careful consideration." Nothing is said by President Carter that Congress acted within its full rights and our law is sound and firm.

Mr. President, it is rather clear to me that the Congress must proceed in this matter in only the most cautious way. Therefore, in view of the President's response, it would seem proper for the nominations of the U.S. Commissioners to be referred to the Foreign Relations Committee for its consideration. This would enable the committee to have an opportunity to hear further from the administration on this very vital and sensitive matter. I therefore support the motion to commit the names of the nominees as a means of achieving that purpose.

I understand this motion has been or will be made by the able Senator from North Carolina.

Mr. President, I want to say that, of course, the matter of the Panama Canal being given away by our country has been settled by the Senate through the treaties and, I believe, passed by only two votes.

In my opinion, one reason why Ronald Reagan has made such an impression in the last 3 years in this country has been his strong stand on the issues, telling the people where he stood, letting the people be taken into full consideration, and one of the issues upon which he took a strong stand was that of the Panama Canal, opposing giving away the Panama Canal.

As I stated previously, I opposed this action. We not only gave the canal away but we, in effect, and I believe the facts will show, are paying Panama over the period of years about $4 billion to take it.

The people of this country were aroused by that action, and they opposed this action. The polls showed heavily, 75 or 80 percent, that they opposed giving away the Panama Canal, and I commend Ronald Reagan for taking that position.

I was terribly disappointed and surprised when the Senate voted to ratify the treaty which, I understand, was done with a lot of pressure upon Members of the Senate.

As I said, that has been done, and now the instrument that we passed implementing that treaty speaks for itself. Evidently President Royo, of Panama did not like that implementing law and he goes so far as to state, as I just pointed out a few moments ago, that "The law in its general content," speaking now of the implementing treaty, "Is illegal, contrary to the legitimate interests of both parties, not acceptable because of the modus operandi it establishes and unacceptable in every way for the Republic of Panama."

Mr. President, if that is his feeling, what is going to happen, if in this short interim period, we have that much diversity of opinion between our Government and Panama? It seems to me this ought to be clarified before we go appointing Commissions.

I was very much surprised that President Carter did not answer those points and protect the law passed by the Congress which he signed. I was surprised he did not answer allegation after allegation that was made by the President of Panama, Mr. Royo.

Now, Mr. President, instead President Carter wrote President Royo that our Government considers Royo's views as "interesting and useful." Well, how could they be interesting and useful if they are not in accord with the act we passed? What President Royo of Panama was advocating in his letter to President Carter was not in accord with the law we passed. So what is our President saying to the President of Panama? He also went on to add this, which is amazing. This is President Carter's letter in which he says that President Royo's views are deserving of the "most careful consideration."

Well, what further considerations can we give if it conflicts with the law we passed? Why did he not tell him straight out that Congress has passed a law that advocates certain things, and these are the provisions of the law and that he, as President of the United States informs him that:

> It is my duty to uphold the law. I took an oath to uphold the law, and as President of the country I intend to do that?

Instead of that he is evidently trying to pacify him, and he is trying to go along and palliate him in some way that could cause misunderstandings that later may cause a very bad breach between the two countries.

I found that when you try to compromise something that should not be compromised, and when you take a weak, vacillating position when you should take a firm and strong position, that it generally ends up in a way detrimental to those taking such a weak and vacillating position.

That means it would not be best for our country.

Mr. President, again, I expect to back the motion of the distinguished Senator from North Carolina to refer this matter to the Foreign Relations Committee. I hope that this matter can be clarified before these Commissioners are confirmed.

As I stated, I have no objection to these particular gentlemen, the people who have been appointed to the Commission, but I believe this matter deserves clarification.

I do not think President Royo's letter, as he wrote it, should go unanswered. I think our President ought to answer it, allegation after allegation, and let him know what this law does hold, and he expects, as President, to stand by the law.

He took an oath to do it and I think he has an obligation to do it.

The PRESIDING OFFICER. Who yields time?

Mr. LEVIN. Mr. President, the issue this afternoon is, of course, not whether or not we like President Royo's letter or whether we happen to agree with it. The question is whether we will confirm these nominees.

The question before us this afternoon is not whether or not we like President Royo's letter or agree with it, and I do not think anybody in the Chamber does, but the question is whether or not we are going to carry out our own commitments under our own legislation, which we believe carries out the treaties—at least I hope we do. I think everybody in this Chamber believes that our treaties are carried out by that legislation. The President certainly believes that the legislation carries out the treaties.

Let me quote from the President when he spoke at the time of signing the Panama Canal Act, the act that we passed last September. The President said that:

> The act provides a framework in which the United States can exercise its rights to operate and defend the Canal in a manner consistent with our responsibilities and obligations under the treaties.

To pull out the operative words, the President said that the act carries out our obligations under the treaties. That is what he said when he signed the act. I think his position on that is certainly clear, and I do not believe that his position on that, in any event, is the issue this afternoon.

Again, the issue this afternoon is whether or not our own act, which says that we shall appoint people to run this canal and to supervise our agency that runs it, is going to be carried out. I have not heard one word this afternoon in opposition to the nominees. I have not heard one word this afternoon in opposition to our own statute. Apparently there is unanimity on this floor that our own statute carries out the treaties.

What we have heard this afternoon is a disagreement with the President's response to a letter sent by the president of Panama. Again, that is not the issue. The issue is whether or not these nominees should be confirmed.

The issue is whether or not we are going to have a board to supervise the agency which runs this canal, or are we going to continue to leave this in limbo?

If Panama has any gripe, and I think they only have one, that gripe is that we have not appointed and confirmed the board which we said we would appoint and confirm under the treaty and under the implementation legislation. That is the only gripe that Panama has. It seems to me that we are giving them ammunition when we continue to delay the confirmation of these appointees against whom nobody has raised any objection.

The American people are indeed still divided on the Panama Canal treaties. I do not have any doubt about that. But if the American people are united about anything, they are united that we should carry out our commitments once they are made. Two-thirds of this Senate plus two ratified the Panama Canal treaties, for better or worse. I do not think anyone wants to re-argue that this afternoon, or at least I hope not. The Senate by about a two-thirds vote last year approved the implementation legislation to implement those treaties. I do not believe anyone this afternoon wants to re-argue the wisdom of that legislation. It was adopted by a vast majority of the Senate.

At the time we went through that legislation, we went through all of President Royo's objections to it, point by point. We went through his objections and we analyzed those objections. We found them wanting. We did not agree with his objections at that time. I do not think we agree with those objections now, or least I do not. He can restate those objections again next week or the month after, and I do not think that should deter us from doing what we said we were going to do under our own law. That is, to appoint a commission which will supervise the agency that manages the Panama Canal.

It is not in our interest to continue to have that uncertainty and that confusion down at that canal. It is in our interest to get on with the job we said we would do when we adopted the legislation last year.

This is domestic legislation, Mr. President. President Royo and anybody else who lives abroad or lives anywhere has a right to comment on domestic legislation in the United States if they want to. But their comments are not binding upon us. Those comments of President Royo are not binding on us when it comes to our own domestic legislation. That implementation act was a domestic bit of legislation.

Our Constitution and the statutes which are adopted pursuant thereto, and the treaties agreed to thereto, are the supreme law of the land. We all do not agree with all of the statutes, I know, or with all the treaties. My friend from North Carolina certainly has pointed that out.

But I think that once we do decide to act, once there is a majority or in this case two-thirds of a vote in the Senate to ratify a treaty or adopt a bill, then it is time for us to carry out what we said we would do, whether or not somebody who lives in Panama or who lives anywhere else happens to agree with the contents of that bill. I do not agree with President Royo. I believe our President has made it clear that he does not agree.

He made the statement at the time of the signing of this act adopted last year that the act does carry out the obligations under the treaty. Those are words from the President's statement.

The issue is not whether we think the President has stood up for this bill. That is an issue that my friend from North Carolina and I disagree on.

The issue is whether or not we are going to be deterred by President Royo's comments from doing our duty. Is this Senate going to be stopped from doing what we said we wanted to do in this bill because President Royo has said that the bill that we adopted is not consistent with the treaty? Would we be deflected by President Royo's letter? Will we be stopped? That is the issue. The issue is whether we are going to do our duty as the U.S. Senate in voting to confirm appointees which our bill, which we believe is consistent with this treaty, provided for.

No problem has been raised with the appointees. No problem has been raised by the bill, except the problems raised by President Royo. The only problem that we have heard about this afternoon is the problem that has been raised with the President's response to President Royo. Unless someone in this Senate has objections to these appointees, or unless someone in this Senate feels that our bill is inconsistent with the treaty, it seems to me that we should get on with the job of confirming the nominees who have been submitted to us.

The Armed Services Committee reported these nominations without any objections.

There is only one thing, Mr. President, that can humiliate us. Certainly, President Royo's letter cannot humiliate us. There is only one thing that can humiliate us, and that is if, by our own inaction, we make it impossible for our own appointees to manage this canal. Nothing else do we have to be ashamed of nor do we have to defend.

We do not have to respond again and again and again to President Royo's objection to this legislation. We said at the time the legislation was before us that we did not agree with his objection. At that time, we discarded those objections which had no merit and, at that time, we passed a bill which we believe carries out the treaty obligations. It is what we believe that counts—not what President Royo believes, but what we believe, as the U.S. Senate, about our own legislation, which counts.

This is, again, our legislation. It is not President Royo's legislation. It is our domestic legislation. We approved this legislation by a vote of 2-to-1. He may think of it what he wishes, but it is our opinion and our counsels' opinion. We have been advised by the best lawyers that we can find that this legislation carries out our treaty commitments.

President Royo's letter to the contrary notwithstanding, we should confirm these nominees this afternoon. Let us not let a letter that we disagree with deter us from doing our own duty. That is where we are right now and that is why, Mr. President, I hope that the motion to refer back to the Committee on Foreign Relations, if I understand the motion of the Senator from North Carolina, will be rejected by the Senate this afternoon.

### UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, under the order that was entered, the vote or votes on the nominees were to begin no later than 4 p.m. today. That order would preclude a motion to recommit the nomination. Mr. Helms wishes to move to recommit. Therefore, I ask unanimous consent that a motion to recommit by Mr. Helms be in order and that he may be recognized no later than 3:45 p.m. today to make such motion. I say no later than 3:45 p.m. because that would still maintain the order to vote on the nominees no later than 4 p.m. if the motion to recommit should fail.

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

Mr. HELMS. I suggest the absence of a quorum, equally divided.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I intended that the motion to recommit which Mr. Helms would be permitted to make would be a motion en bloc.

The PRESIDING OFFICER. The Chair understands the motion.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. HELMS. Mr. President, I yield whatever time I have remaining to the able Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, I shall support the motion to recommit the nominations to the Panama Canal Commission to the Senate Foreign Relations Committee. By doing so I am not casting an aspersion on the nominees but, rather, on the Panama Canal Treaty itself.

My distinguished colleagues will recall that nine U.S. Senators were defeated in their reelection bids in 1978. Of these, eight had voted for the disgraceful Carter-Torrijos Panama Canal Treaties. I believe that the voters in 1980 will again show that they have not forgotten the giveaway of our canal in Panama.

Our country has only begun to feel the effects of the disastrous decision of this body in approving these treaties. Marxist elements throughout Latin America perceive this American retreat as a sign of weakness. They see correctly. Marxist subversion and terrorism are growing by leaps and bounds as they sense in our Government a growing lack of will to resist them.

Nicaragua has fallen to a largely Marxist coup. El Salvador is next on the target list, followed closely by Guatemala. The horror of the situation is heightened by the fact that the Carter State Department appears to be working primarily to undermine the position of the anti-communist elements in these endangered countries. According to the Wall Street Journal, our newly appointed Ambassador to El Salvador, Robert White, has gone so far as to attack El Salvador's business community as the source of much of the violence currently taking place in that country. In the words of one El Salvadoran businessman:

> We knew the U.S. was trying to find someone to blame for the violence in El Salvador but in our worst nightmares, we never thought it would point at us.

Mr. President, I ask unanimous consent to have the complete text of this article printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Apr. 1, 1980]

### U.S. Shocks Businessmen in El Salvador By Accusing Them of Funding Violence

(By Beth Nissen)

"We knew the U.S. was trying to find someone to blame for the violence in El Salvador," says a member of the business community in the Central American nation, "but in our worst nightmares, we never thought it would point at us."

The remaining members of the once-dominant Salvadoran business community expressed shock at U.S. Ambassador Robert E. White's denunciation of them for their role in the political violence that has killed more than 700 this year. In a speech Friday before the San Salvador American Chamber of Commerce, Mr. White accused the businessmen of financing "hit squads" and killing and torturing opponents of the right.

Mr. White offered a "working hypothesis" that right-wing political groups are responsible for the March 24 assassination of Archbishop Oscar Arnulfo Romero, a popular champion of human rights.

"I'll tell you on good authority that sectors on the left were surprised by the archbishop's death," Mr. White told the assembled businessmen. "They didn't know how to react. If you have a plan to kill someone, you also have a plan to exploit that situation. The left didn't."

With or without such a plan, reaction to the prelate's death was violent. Dozens of people were killed in demonstrations last week, and at least 40 died during an emotional funeral for the archbishop Sunday, when an explosion and gunfire set off a panicked stampede among the 80,000 mourners.

#### VICTIM OF MISINFORMATION

The sources of the explosion and gunfire were undetermined, although both leftist and rightist extremists were blamed. "How can you possibly assign blame for this chaos?" asked Jose Eduardo Palomo, president of the National Association of Private Enterprise, the country's leading business organization. "Mr. White's statements have made me a target for everyone. If anything happens to me, he's going to be responsible. I will be one more victim of U.S. misinformation."

There has already been one such victim, but a decidedly live one. Mr. White, who has been ambassador in this embattled country for only a few weeks, surprised his business audience by announcing and deploring the death of leftist leader Juan Chacon. Mr. Chacon turned up to hold a news conference only hours later.

Despite the damaging mistake, which the American embassy suggests was a deliberate attempt to embarrass the ambassador and the U.S., the State Department has strongly backed Mr. White's harsh criticism of the Salvadoran business community.

"It's quite clear that the right wing is guilty of some very serious terrorism," a State Department official says. "Do you think the left is going in for great collective suicide? If some members of Mr. White's audience are upset, maybe they are feeling a little guilty."

Members of that audience, reached by telephone yesterday, insisted they are feeling only frightened and betrayed. "We thought the U.S. would defend free enterprise," one coffee grower says. "Now we are made to fear the Yankees as much as the Communists—maybe more, because they are an unexpected enemy."

#### SUPPORT FOR JUNTA

The wealthy elite who once practically owned and ran this tiny, coffee-rich country didn't expect the U.S. to so strongly support the moderate military-civilian junta that took power last October from right-wing President Carlos Humberto Romero.

To the businessmen's dismay, the U.S. approved and supported the junta's recent expropriation of about 60% of the country's richest private farms and the nationalization of the banking system. And last week, the Agency for International Development announced that El Salvador will receive $13 million in U.S. aid. "Next, the U.S. will just send in the Marines to kill anyone in a three-piece suit," a bitter former landowner says.

Mr. White's broad condemnation of Salvadoran businessmen prompted some to defend themselves by admitting the limits of their political involvement. "Of course I have played a role in this tragedy," one wealthy businessman says. "Like many, I paid to have my workers propagandized against the lies of the left, and I gave money I suspected would go for guns. And, yes, I think a few of

> us paid to have evil men killed. The U.S. can rightly blame us for X and for Y, but not for the whole alphabet."
>
> While leftists in San Salvador expressed hope Mr. White's censure of the oligarchy would, as one put it, "bring the world's scrutiny down on this "upstanding class," it didn't lessen the left's hostility to the U.S. Mr. Chacon, the leftist leader, cited Mr. White's erroneous announcement of his death as part of "a campaign of misinformation" to provoke more violence between leftist and rightist groups.
>
> One grieving and weary priest in San Salvador says, "This may be all the left and right agree on: that in trying to mediate, the U.S. is pouring more fuel than water on the fires here."

Mr. HUMPHREY. Mr. President, this is happening against the backdrop of blatant claims by President Royo that his—

> Government cannot but consider that the law (i.e.; Public Law 96–70: the Implementing Legislation to the Panama Canal Treaties of 1978) in its general content, is illegal, contrary to the legitimate interests of both parties, not acceptable because of the modus operandi it establishes, and unacceptable in every way for the Republic of Panama.

Specifically, Royo criticizes provisions of the law that subordinate the Panama Canal Commission to the U.S. Secretary of Defense.

Mr. President, I, for one, feel that it is premature to vote on the nominations to the Panama Canal Commission until we are certain that Panama intends to abide by the implementing legislation to the Panama Canal Treaty of 1978. The fact that the Senate is being asked to do otherwise is just one more example of the administration's failure to learn from its past mistakes.

Their maneuvers in Latin America look quite similar to their policy or pressure on the government of the Shah, which resulted in the current hostage crisis, which is the most humiliating situation this country has ever endured.

I trust the American voters, given an awareness of the facts, they will make the right decisions. That is one reason why I welcome this opportunity to discuss again the American tragedy of the canal treaties and our current foreign policy weakness.

Mr. President, if it is in order, I ask for the yeas and nays on the confirmation vote—if that is in order at this point.

The PRESIDING OFFICER. Is the Senator requesting the yeas and nays en bloc?

Mr. HUMPHREY. That is correct, on the confirmation vote.

Mr. ROBERT C. BYRD. That would mean one vote?

Mr. HUMPHREY. Yes.

Mr. ROBERT C. BYRD. En bloc, or to call for just one vote?

Mr. HUMPHREY. Yes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

It is in order to order the yeas and nays.

Is there a sufficient second?

Mr. STENNIS. Mr. President, what is the request of the Chair, if the yeas and nays are in order? I just want to hear it. Will the Chair state what the motion is?

The PRESIDING OFFICER. The Senator from New Hampshire requests the yeas and nays on the five nominations en bloc.

Mr. ROBERT C. BYRD. No. No, Mr. President, the request was not for the yeas and nays. We do not give the yeas and nays by request. We follow the Constitution in that regard.

The PRESIDING OFFICER. The request, as the Chair understands it, is that the request for the yeas and nays be in order.

Is there objection?

Mr. STENNIS. I would like to have a statement of it. I just walked into the Chamber. I heard something, and this is from the Armed Services Committee, about these nominations. I came to the Chamber immediately when I learned there was some question about these nominations.

All I am asking now is, what is the parliamentary situation? What is the request or the motion?

The PRESIDING OFFICER. The Senator from New Hampshire requests and asks consent it be in order to ask for the yeas and nays on the five nominees to the Panama Canal Commission.

Mr. STENNIS. En bloc?

The PRESIDING OFFICER. En bloc.

Mr. STENNIS. Yes.

I do not know whether or not there is controlled time.

Will the Chair inform the Senator from Mississippi what the parliamentary situation is?

I am trying to save time. It is customary to let a chairman know about the situation.

The PRESIDING OFFICER. There are 28 minutes, 11 seconds remaining under the control of the Senator from Michigan. The Senator from Michigan is controlling the time in favor of the nominees.

Mr. ROBERT C. BYRD. Maybe I can help the distinguished chairman.

Mr. STENNIS. Yes.

On the controlled time, I would like to know just what the operation is, and is this a motion to transfer?

Mr. ROBERT C. BYRD. May I say to my friend, the distinguished chairman, it has been ordered that a motion would be in order by Mr. HELMS to commit the nomination en bloc to the Foreign Relations Committee and that that motion will be made no later than 3:45 p.m. today; and that if that motion fails, then the vote on the nominees would occur at no later than 4 o'clock.

Mr. HUMPHREY was asking unanimous consent that the vote occur on the nominees en bloc, so we would not have the votes seriatim, five votes. Just one vote.

The PRESIDING OFFICER. Is there objection to the request?

Mr. HUMPHREY. Mr. President, I am not certain the situation is clear.

My unanimous-consent request was that the yeas and nays be ordered on the confirmation vote, should we reach that stage.

Mr. ROBERT C. BYRD. Mr. President, I object to that request.

I object to the ordering of the yeas and nays by unanimous consent.

If the Senator would ask unanimous consent that a vote occur on the five nominees en bloc, if that is what he wishes, I would have no objection.

Mr. HUMPHREY. I consent to that.

Mr. President, I ask for the yeas and nays, if it is in order at this point.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I ask for the yeas and nays on the final vote of confirmation.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The remaining time is controlled by the Senator from Michigan.

Mr. LEVIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I yield to the chairman of the Armed Services Committee, the Senator from Mississippi (Mr. STENNIS), such time as I have remaining.

Mr. STENNIS. I thank the Senator.

Mr. President, I will get at this matter the best I can, with the facts I have as to the situation.

These are five people nominated by the President of the United States for the positions we set up in the bill which was completed the latter part of last year, for the new situation in Panama with reference of the Panama Canal.

The measure we passed on this subject provided that one of the members should be an Assistant Secretary of the Army, and this is Mr. Blumenfeld. He fills that position.

The bill provided for an Assistant Secretary of State, and Mr. Bushnell, of Connecticut, fills that role.

The bill set out the qualifications for the others: one to be someone versed in shipping or in the use of ships, and that was Mr. Clark, of Louisiana. He is a former ship captain and had been president of the Delta Lines of Louisiana.

In that connection, the two Senators from Louisiana appeared at the hearing and vouched for these men and supported them, as did Representative LINDY BOGGS, of Louisiana, a long-time Member, a popular Member, and a knowledgeable Member of the House.

Mr. O'Hara was appointed to fill another role; he has had experience in transportation.

Mr. Sidell, of California, is a former official in the carpenter-labor field. The bill provided for someone with that kind of experience.

Mr. President, these hearings were held after due notice given by the Armed Services Committee. As chairman, I asked Senator LEVIN to occupy the chair.

He is familiar with the law. He examined the background of these nominees. So far as he knows and so far as I know, not one word, not one syllable of testimony came from any source in opposition to these nominees. I did not hear anything on the record or off the record, day or night, to the contrary.

The nominations were reported unanimously by the Senate Armed Services Committee. That has some meaning. It means that those who were charged with the responsibility of looking into the matter and making a decision on it and recording it fulfilled that obligation; and all those who could be there for a vote voted in favor of the nominations.

I did not have an opportunity to be here earlier this afternoon. I was conducting a hearing. However, I have not heard of any testimony or any facts that have been given against these nominees in any way. I always assume that Senators have good reasons, but I do not believe there has been anything of substance to justify just scratching out everything that the Armed Services Committee has done unanimously with respect to the nominations, without any additional testimony or any new facts, and just say, "Well, let's start over."

If there were any reason or any consideration of that kind, it could have been brought forth. I assume it would have been brought forth. Otherwise, I think there is nothing left to do within reason except to confirm these nominations.

With the law we have on the subject and the new law with respect to the Panama Canal, as well as the Senate rules, this matter is still within the jurisdiction of the Senate Armed Services Committee. I do not believe there are any allegations to the contrary. I have not heard of anything of that kind. We thought we had jurisdiction. If we are mistaken about that, it should be pointed out clearly.

I thank the Senate for its consideration. I yield the floor, and I hope I will be able to get the floor again within the limited time.

● Mr. DOLE. Mr. President, we are today voting on the Commissioners who will govern the Panama Canal until we finally lose control of that artery in less than two decades. Many of us in this body including the Senator from Kansas were unconvinced of the wisdom of the transfer and voted accordingly. The Senator hopes he was wrong, but events dictate otherwise.

But enough problems have already arisen in the management of the canal under General McAuliffe to make one uneasy about the future management of the waterway. Recently General McAuliffe created, against preexisting water debt owing from Panama to the United States, toll revenues which would have otherwise gone to Panama. One can only hope that the Commissioners will continue to support such fiscally proper actions.

We already witness Panama's repudiation of parts of both the Senate conditions added to the treaty as conditions of its passage in this body. Even some Panamanian sources claim that the treaty was so radically changed after the national plebiscite that it is not legally binding on Panama.

Against such a background of turmoil and unsettled issues, we can only reiterate our deep concern that these Commissioners shall maintain the real interests of the United States during their terms of office.

Mr. President, it is the hope of the Senator from Kansas that if these nominees before us this afternoon are confirmed they will adhere to the policy adopted by General McAuliffe. To some, the issue of an unpaid water bill may be trivial, but the United States must once and for all take a stand in our best interests. The pattern of the Panama Canal treaties is not unlike other Carter foreign policy initiatives.

The United States over the past 3½ years has consistently adopted policies of weakness and appeasement and those policies have not produced any positive results. The Panama Canal issue stands as a symptom of just how terribly the current administration has failed the American people. The costs of these ill-conceived, ill-defined, and incoherent policies in terms of our national security interests and the millions of taxpayers' dollars spent in increased toll costs and outright payments authorized in the implementing legislation serve to highlight the gross misrepresentations made by the administration to the Congress and the American people.●

The PRESIDING OFFICER. The hour of 3:45 having arrived, the Senator from North Carolina is recognized for the purpose of offering his motion.

Mr. HELMS. Mr. President, I move that the nominations be committed to the Foreign Relations Committee, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to commit. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Kentucky (Mr. FORD), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Alabama (Mr. STEWART) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. STEWART) would vote "yea."

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Nevada (Mr. LAXALT) are necessarily absent.

I further announce that the Senator from Oregon (Mr. HATFIELD) is absent due to illness.

The PRESIDING OFFICER. Are there any other Senators present who wish to vote?

The result was announced—yeas 26, nays 66, as follows:

[Rollcall Vote No. 73 Ex.]

YEAS—26

Armstrong
Baker
Bellmon
Cochran
Cohen
Dole
Domenici
Garn
Hatch
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Lugar
McClure
Percy
Pressler
Roth
Schmitt
Schweiker
Stevens
Thurmond
Tower
Wallop
Warner

NAYS—66

Baucus
Bayh
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cranston
Culver
Danforth
DeConcini
Durenberger
Durkin
Eagleton
Exon
Glenn
Hart
Hayakawa
Heflin
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Leahy
Levin
Long
Magnuson
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Proxmire
Pryor
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Simpson
Stafford
Stennis
Stevenson
Stone
Talmadge
Tsongas
Weicker
Williams
Young
Zorinsky

NOT VOTING—8

Church
Ford
Goldwater
Gravel
Hatfield
Kennedy
Laxalt
Stewart

So the motion to commit was rejected.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nominations of Michael Blumenfeld, Assistant Secretary of the Army, of the District of Columbia; John Alden Bushnell, of Connecticut; John W. Clark, of Louisiana; Clifford Bradley O'Hara, of Connecticut; and William Sidell, of California, to be members of the Board of the Panama Canal Commission en bloc?

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Kentucky, (Mr. FORD), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts, (Mr. KENNEDY) and the Senator from Alabama (Mr. STEWART) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. STEWART) would vote "nay."

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Nevada (Mr. LAXALT) are necessarily absent.

I further announce that the Senator from Oregon (Mr. HATFIELD), is absent due to illness.

The PRESIDING OFFICER (Mr. SARBANES). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 77, nays 15, as follows:

[Rollcall Vote No. 74 Ex.]

YEAS—77

Baker
Baucus
Bayh
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon

Chafee
Chiles
Cochran
Cohen
Cranston
Culver
Danforth
DeConcini
Domenici
Durenberger
Durkin
Eagleton
Exon
Glenn
Hart
Hayakawa
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Kassebaum
Leahy
Levin
Long
Magnuson
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Schmitt
Simpson
Stafford
Stennis
Stevenson
Stone
Talmadge
Tsongas
Warner
Weicker
Williams
Young
Zorinsky

NAYS—15

Armstrong
Dole
Garn
Hatch
Helms
Humphrey
Jepsen
Lugar
McClure
Roth
Schweiker
Stevens
Thurmond
Tower
Wallop

NOT VOTING—8

Church
Ford
Goldwater
Gravel
Hatfield
Kennedy
Laxalt
Stewart

So the nominations were confirmed en bloc.

Mr. LEVIN. Mr. President, I move to reconsider the vote en bloc by which the nominations were confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEVIN. Mr. President, I ask unanimous consent that the President of the United States be notified of the confirmation of the nominees.

The PRESIDING OFFICER. Without objection, it is so ordered.

## NOMINATIONS

Mr. ROBERT C. BYRD. Mr. President, while the Senate is in executive session, I ask unanimous consent that the Senate proceed to the consideration of the remaining nominations on page 2 of the Executive Calendar, beginning with "(New Reports)."

Mr. BAKER. Mr. President, reserving the right to object, I shall not object. The items identified by the majority leader have been cleared on our side. They consist of nominations for the ICC, the Federal Maritime Commission, the National Transportation Safety Board, and the Department of Education. We have no objection to their consideration and confirmation.

Mr. ROBERT C. BYRD. Mr. President, I thank the minority leader.

I ask unanimous consent that the nominees be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominees are considered and confirmed en bloc.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider en bloc the vote by which the nominees were considered and confirmed en bloc.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The nominations considered and confirmed en bloc are as follows:

### INTERSTATE COMMERCE COMMISSION

Reginald E. Gilliam, Jr., of Virginia, to be a member of the Interstate Commerce Commission.

### FEDERAL MARITIME COMMISSION

Peter N. Teige, of California, to be a Federal Maritime Commissioner for the remainder of the term expiring June 30, 1980.

Peter N. Teige, of California, to be a Federal Maritime Commissioner for the term of 5 years expiring June 30, 1985.

### NATIONAL TRANSPORTATION SAFETY BOARD

James B. King, of Massachusetts, to be chairman of the National Transportation Safety Board.

### DEPARTMENT OF EDUCATION

Betsy Levin, of North Carolina, to be general counsel, Department of Education.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President of the United States be immediately notified of the confirmation of the nominees.

The PRESIDING OFFICER. Without objection, it is so ordered.

## REMOVAL OF INJUNCTION OF SECRECY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the injunction of secrecy be removed from an amendment to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Executive C, 96th Congress, 2d session) and the International Natural Rubber Agreement, 1979 (Executive D, 96th Congress, 2d session), both of which were transmitted to the Senate today by the President of the United States.

I ask that the treaties be considered as having been read the first time, that they be referred to the Committee on Foreign Relations and ordered to be printed, and that the President's messages be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The messages of the President are as follows:

*To the Senate of the United States:*

I transmit herewith, for the advice and consent of the Senate to ratification, an Amendment to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, done at Washington March 3, 1973. The Amendment will provide a legal basis for Parties to the Convention to provide it with necessary financial support. By helping to place the financing of the Convention on International Trade in Endangered Species of Wild Fauna and Flora on a sound and permanent basis, the Amendment will strengthen its effectiveness. The report on the Amendment by the Department of State is enclosed for the information of the Senate.

The Convention on International Trade in Endangered Species of Wild Fauna and Flora provides for the control and monitoring of international trade in species endangered, or likely to be endangered, by extinction. The Convention on International Trade in Endangered Species of Wild Fauna and Flora text does not, however, explicitly provide for the funding of Convention on International Trade in Endangered Species of Wild Fauna and Flora Secretariat activities by its Parties. So far the United Nations Environment Program has provided this support. However, the United Nations Environment Program has decided to begin to decrease its support in 1980 and to terminate it by the end of 1983. In March 1979 the Convention on International Trade in Endangered Species of Wild Fauna and Flora Parties adopted interim financial regulations under which the Parties would begin to provide the necessary support. But some Parties require an Amendment to the Convention on International Trade in Endangered Species of Wild Fauna and Flora text providing explicit authority for Party funding in order to give them a legal basis for making contributions under the new financial regulations. Consequently, the Parties held an extraordinary meeting in Bonn on June 22, 1979, and adopted the necessary Amendment. Under the Amendment, the Parties' authority to adopt financial provisions is made explicit by adding the words "and adopt financial provisions" to Article XI 3(a), which deals with the functions of the Conference of the Parties.

Under this Amendment and the interim financial regulations the United States could make voluntary contributions to help support the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

I urge the Senate to act favorably on this Amendment at an early date.

JIMMY CARTER.

THE WHITE HOUSE, *April 2, 1980.*

*To the Senate of the United States:*

I transmit herewith, for the advice and consent of the Senate to ratification, the International Natural Rubber Agreement, 1979, adopted at Geneva October 5, 1979. The Agreement was signed on behalf of the United States of America on January 8, 1980. The report of the Department of State is enclosed for the information of the Senate.

The Agreement seeks to stabilize natural rubber prices without disturbing long-term market trends and to foster increased natural rubber supplies at reasonable prices. Natural rubber prices have traditionally displayed considerable instability, with strong rises—notably in 1951, 1955, 1960 and 1973–74—followed by sharp and sudden declines. This instability has not only destabilized producers' incomes and complicated national planning for the developing exporting countries, it has also contributed to inflation in industrial countries. In addition, it has discouraged needed long-term investments in natural rubber production. This is particularly important to the United States, which as the world's largest consumer of natural rubber has a substantial interest in helping to assure adequate future supplies of this commodity.

The Agreement provides for the establishment of an international buffer stock of 550,000 metric tons of natural rubber to be the instrument for price stabilization. The stock will be used to defend a price range and insure consistency with longer term market conditions. The financing of the buffer stock will be shared equally between importing and exporting members. Each government's share will depend upon its votes in the Organization as determined by net exports or imports. The share of the United States will be between 12.5 and 15.5 percent of the total, depending on the number of governments that become parties to the Agreement. To meet the financial obligations arising from our membership, $88 million has been included in the FY 1981 budget. The Agreement is to become effective on or after October 1, 1980, when governments accounting for sufficient net exports and net imports have ratified the Agreement or agreed to apply it provisionally. It will remain in force for five years from the date of the Agreement's provisional or definitive entry into force (whichever occurs first), but may be terminated earlier or extended for up to two more years. In addition, provisional operation of the Agreement without subsequent definitive entry into force is limited to 18 months. Upon termination of the Agreement, the United States' contribution and share of the Agreement's assets will be refunded within a period not to exceed three years.

The Agreement should provide substantial benefits for consumers of natural rubber. The buffer stock is sufficiently large to provide adequate protection for both the maximum and minimum levels of the price range, thereby providing balanced protection for all members. Exporting members will attempt to insure continuous availability of natural rubber supplies to consumers, and the Council may make recommendations to members on ways to avert potential shortages. Finally, by moderating price increases during periods of high demand, the buffer stock could also help to reduce inflationary pressure on the prices of manufactured rubber products.

The Agreement is consistent with our broad foreign policy objectives. It demonstrates our willingness to negotiate commodity agreements where practicable and in the interest of industrialized and developing countries. It constitutes a significant achievement in the North-South dialogue. It will also strengthen our relations with ASEAN, since natural rubber is particularly important to four of its members—Malaysia, Indonesia, Thailand and Singapore—which account collectively for nearly 90 percent of the world trade in natural rubber.

For all of these reasons, I urge the Senate to give this Agreement prompt consideration and its advice and consent to ratification.

JIMMY CARTER.

THE WHITE HOUSE, *April 2, 1980*.

## LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

## SALE OF OBSOLETE VESSELS TO COAST LINE CO.

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 4088.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4088) to authorize the Secretary of Commerce to sell two obsolete vessels to Coast Line Company and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the bill be considered as having been read the first and second times and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate proceeded to consider the bill.

### AMENDMENT NO. 1688

(Purpose: An amendment offered as a substitute for H.R. 4088)

Mr. ROBERT C. BYRD. Mr. President, I send to the desk an amendment by Mr. MAGNUSON, on behalf of Mr. MAGNUSON, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from West Virginia, Mr. ROBERT C. BYRD, for the Senator from Washington (Mr. MAGNUSON) proposes an amendment numbered 1688:

H.R. 4088 is amended by striking all after the enacting clause and inserting in lieu thereof the following:

Notwithstanding any other provisions of law, the Secretary of Commerce is authorized, within two years after the date of enactment of this Act (A) to sell, subject to such conditions as he deems are appropriate in the national interest, the five obsolete vessels, Arcturus, Hyades, Pictor, Procyon, and Zelima, for the purpose of conversion and operation in the fisheries of the United States, and the two obsolete vessels, Private George Peters and Resolute, for the purpose of conversion and operation in the fisheries or the domestic commerce of the United States, after due advertisement and upon competitive bids, to the highest bidder: *Provided*, That the Secretary shall not sell the vessels for less than their scrap value in the domestic market, and (B) to allow obsolete vessels previously sold from the reserve fleet to be converted and operated in the fisheries of the United States: *Provided*, That (1) any conversion work shall be performed in the United States; (2) the vessels shall be documented and operated under the laws of the United States; (3) if the vessels are scrapped, they shall be scrapped in the domestic market; and (4) purchasers must be citizens of the United States as defined in section 2 of the Shipping Act of 1916, as amended (46 U.S.C. 802).

● Mr. MAGNUSON. Mr. President, this amendment to H.R. 4088 (amendment No. 1688) is very simple and is consistent with prior Senate action during this Congress on these obsolete vessels.

Mr. President, there are presently seven vessels in the Government's obsolete fleet which are capable of conversion and use in the fisheries. The bill, H.R. 4088, deals with only two of these vessels. It provides for the open, competitive bidding on these vessels—which is the proper manner for disposing of them. However, the other five vessels should also be dealt with in this manner and in the same bill. The Senate in its passage of S. 1656, the National Fishery Development Act, during the last session agreed and provided for competitive bidding on all seven vessels. This is the proper approach. My amendment merely deals with all seven of these vessels the same way the Senate did earlier. My amendment does, however, acknowledge the House version's requirements regarding the citizenship requirements of potential purchasers, and the use of formerly purchased obsolete vessels in the fisheries.

Mr. President, the four conditions of this amendment are intended to apply to the vessels designated in both paragraphs (A) and (B). They are intended to insure that conversion work be performed in the United States; that the vessels be documented and operated under the laws of the United States; that if and when such vessels are scrapped, they be scrapped in the United States; and that purchasers be citizens of the United States as defined in the Shipping Act.

Mr. President, this is a simple and yet very sound amendment and I urge my colleagues to support it.●

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read the third time.

The bill was read the third time and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 1 hour and that Senators may speak therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

## MARYLANDER WINS BRITISH GRAND NATIONAL

Mr. MATHIAS. Mr. President, last Saturday, the world was again reminded that Maryland produces more than its share of fast horses and courageous riders.

Before an estimated television audience of one-half billion people, Charlie Fenwick of Baltimore County guided Ben Nevis II, his 12-year-old gelding, to a 20-length victory in the British Grand National steeplechase race. Only 4 of the 30 starters finished the course that runs for 4½ miles and includes 30 fences.

This was the second attempt at the Grand National for Charlie Fenwick and Ben Nevis. Last year, they were thwarted in their bid by interference from riderless horses and could not complete the race.

But, this year, they were ready. In 1977 and 1978, they served notice of their prowess by winning the tough, demanding Maryland Hunt Cup. Though Ben Nevis II is English-bred, it took Maryland pastures to make a champion of him.

Mr. Fenwick was the first American to win the British Grand National race since 1965, when Tommy Smith, another native Marylander, took the honors on Jay Trump.

Maryland can now lay claim to having today's two greatest race horses, Ben Nevis II and the Maryland-owned and trained Spectacular Bid, who has dominated flat racing for the past 2 years.

Mr. President, I ask unanimous consent that a story by Bob Maisel of the Baltimore Sun and an editorial by that newspaper commending Charlie Fenwick and Ben Nevis II for their achievement, be printed in the Record at this time.

There being no objection, the material was ordered to be printed in the Record, as follows:

### Another Maryland Horse Makes His Mark

(By Bob Maisel)

Maryland has always been an important state as far as making racing news is concerned, but maybe never more than today.

For the last two years, Spectacular Bid, owned by the Harry Meyerhoff family, of Easton, and trained by Bud Delp, of Laurel, has been at or near the top of the world as far as flat racing is concerned. And yesterday, Ben Nevis II, owned by Redmond Stewart, Jr., of Worthington Valley, and ridden by his son-law-law, Charlie Fenwick, won the British Grand National, most prestigious steeplechase event in the world.

So, until somebody else proves otherwise, Maryland now has the best flat runner and the best steeplechaser to brag about.

The victory by Ben Nevis and Fenwick yesterday duplicated the feat of Tommy Smith and his horse, Jay Trump, 15 years ago, when they teamed to win the Maryland Hunt Cup two years in a row, then shipped to England to win the Grand National in 1965.

Ben Nevis's victory completes a rather amazing story. Stewart, over whose property our Grand National is run every April, bought the 12-year-old gelding sight unseen five years ago while on a hunting trip in the north of England. Ben Nevis had never won in an undistinguished career over the hurdles and was considered such a screwball he really wasn't suited for either pleasure riding or hunting.

But when shipped to this country, he quickly took to our style of timber racing as though it had been designed for him. In fact, he was unbeatable, with 12 starts and 12 wins, two of them in the 1977 and 1978 Maryland Hunt Cups. When he knocked a whopping 8 2/5 seconds off the old record, with a clocking of 8:33 3/5 in the '78 Maryland Hunt, recognized as the toughest timber race in the world, Stewart and Fenwick decided to follow in the footsteps of Jay Trump and shoot for the Grand National.

In fact, Fenwick was really taking the path his grandfather had tried 52 years ago. After winning the 1926 Maryland Hunt with Billy Barton, Fenwick's grandfather, Howard Bruce, shipped his horse to England and finished second in the Grand National.

Fenwick didn't fare that well in his first Grand National appearance with Ben Nevis last year. The gelding was jumping well enough, but at the 15th fence, called The Chair, two riderless horses caused a traffic jam and eliminated four others, including Ben Nevis.

Fenwick, for years the leading amateur steeplechase rider in this country and winner of the last three Maryland Hunt Cups, was serious enough about his attempt to win the Grand National last year that he moved his family to England and lived there for 4½ months while preparing himself and Ben Nevis for the race.

The British apparently do not take too kindly to an outlander trying to make off with their Grand National. At the time, one reporter referred to Fenwick as "a stealthy invader of our shores," while another described Ben Nevis as "a failed point-to-pointer, who is back in England attempting to win our most famous race."

Although Ben Nevis was wiped out by the loose horses last year, he performed well enough to pursuade Stewart and Fenwick to leave him in England and point for the 1980 Grand National. This time, Fenwick, the owner of Liberty Pontiac in Randallstown, has been commuting to England to ride Ben Nevis in prep races. And although his mount has been improving with each start, he still had never won in Europe in 12 starts coming up to yesterday.

Apparently, the adjustment from our timber fences, which must be cleared in a more vertical jump, to the higher brush fences which can be skimmed through, was not an easy one for Ben Nevis. But anybody who had seen him jump so flawlessly and run so effortlessly for the 4 miles of the Maryland Hunt Cup had to give him a chance to win the Grand National.

Even so, he went off at 40–1, yesterday, after closing at 12–1 last year. "I don't think Charlie and his friends were as optimistic this year as they were last time," said a close friend of Fenwick's, who called yesterday to give me the good news as soon as he had heard about it. "I got the impression his family and the entire entourage went over more to lend moral support than to see him win. After all, Ben Nevis had never won in England before. He sure picked the right time to do it, though, didn't he?"

That he did. With $96,000 to the winner, 75,000 people at the course, another 500 million watching on the worldwide television, and with all the prestige that goes with the Grand National, Ben Nevis and Fenwick should become real celebrities when they return to Maryland. And if Spectacular Bid and Ben Nevis ever get to our state at the same time again one of these days, some race track should jump at the opportunity to have them parade through the stretch together.

Not a bad pair to have represent us, right?

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### Jumpers

For the second time, a Baltimore county horse-and-rider combination has shown that if you're good enough to win the Maryland Hunt Cup, you can win the world's most famous and punishing steeplechase, the Grand National at Aintree in England.

Cheers to the persevering Charlie Fenwick and his mount, Ben Nevis (or Ben Nevis II, as he is called in this country). They came back, a 40-to-1 shot, to win the race that thwarted them last year, after a series of winless prep races, duplicating the triumph of Tommy Smith on Jay Trump 15 years ago.

The victory was especially sweet for the 12-year-old equine member of the partnership, an English-bred of little distinction when brought to this country in 1974. It suggests that Baltimore county timber racing is as good as its partisans insist. And if these are comparatively small-scale hometown spectacles, Saturday's race was seen by an estimated *half-billion* televiewers worldwide. That's recognition.

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## LINCOLN MEMORIAL

Mr. MATHIAS. Mr. President, every Sunday for a number of weeks past, the Outlook Section of the Washington Post has had a very special attraction for those who love Washington and its monuments. That attraction has been a series of poems about Washington landmarks by Alfred Friendly, former managing editor of the Post, a writer of great distinction and a human being endowed with more than ordinary powers of discernment.

I have enjoyed each of the poems in this series enormously. In fact, I hope they will be collected together in a special edition. But one of them appealed to me particularly. It was the final poem in this monumental sequence—Lincoln Memorial.

I admit to a pro-Lincoln and a pro-Lincoln Memorial bias. But it seems to me that even the most impartial reader will discover in Mr. Friendly's three dense stanzas the quintessence of man and monument. So that my colleagues may judge this for themselves, I ask unanimous consent that Lincoln Memorial, a poem by Alfred Friendly, be printed in the Record at this point.

There being no objection, the poem was ordered to be printed in the Record, as follows:

### Lincoln Memorial

Grotesque he was, ungainly,
Head bent; here stalked distortion.
His shrine all harmony,
Perfection in proportion.

Embattled, chivvied, harassed,
Nagged at without surcease.
His temple tells of quiet,
Serenity and peace.

His life bedeviled, torn,
In memory made whole.
Where else has stone more surely
Discerned, disclosed the soul?

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## THE HEALTH INCENTIVES REFORM ACT

Mr. DURENBERGER. Mr. President, 2 weeks ago the Subcommittee on Health of the Senate Committee on Finance conducted 2 days of hearings on S. 1968, the Health Incentives Reform Act.

It was appropriate that these hearings were conducted at a time when the Nation's focus is on inflation and our economic ills. The theme that was sounded time and again throughout the 2 days of hearings was that providing incentives for competition in health care is the best way to hold down costs. The health care delivery system must be reformed before it can be expanded through Government-subsidized coverage.

More Government regulation of the health care industry offers little opportunity for reform of the system, according to witnesses ranging from Alfred Kahn to private insurers. Instead, the regulatory approach will institutionalize our past mistakes and assure a cumbersome system of health care that works only for the wealthy or for those whose health care coverage is subsidized.

The most eloquent speaker on competition in health care was my distinguished colleague from Oklahoma, HENRY BELLMON. Senator BELLMON spoke with not only a deep interest and concern for reforming health care, but, as ranking minority member of the Senate Budget Committee, an understanding of the role of health care costs in the economy.

Mr. President, I ask unanimous consent that Senator BELLMON's testimony before the Finance Subcommittee on Health be included in today's RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### STATEMENT BY SENATOR HENRY BELLMON

The health care system in the United States is under constant criticism because it is too expensive and renders inadequate or inappropriate care to many people. Government spending for the Medicare and Medicaid programs is growing rapidly.

In 1978, total health care outlays by all payors were $192.4 billion. This was the equivalent of $863 for every person in this country. During fiscal year 1980, health care outlays will be about $230 billion or $1,000 per person. Health care costs have been rising at an annual rate of 12–15% and are projected to continue doing so.

Government spending for Medicare and Medicaid has doubled every five years since the programs began in 1966 and will reach $65 billion in fiscal year 1981. Clearly these programs have helped many low-income, elderly, and disabled people to obtain needed health care they would otherwise have been unable to afford. But it is also clear that pumping out huge amounts of Federal dollars, on essentially an open-ended basis, has helped cause rapid inflation in health care prices. Prior to the initiation of medicare and medicaid in the mid-1960's, inflation in the medical care sector was consistently less than in the rest of the economy. During the past five years, inflation in medical services has exceeded the general price rise by an average of nearly two percentage points per year.

Despite years of hand-wringing about inflation in health care costs, there has as yet been no effective large-scale action to control health care expenditures. Current federal policies and regulations encourage the use of high-cost institutional care rather than prevention, low-cost in-home care and outpatient care. Regulations adopted for the purpose of controlling health care costs have resulted in extraordinary requirements for completing forms and maintaining records. Regulations which were intended to insure that the poor, elderly, and retarded receive quality care in a safe environment have sometimes had counter-productive effects on those providing quality care at low cost. On the other hand, the failure to enforce regulations evenhandedly has resulted in less than adequate care for many of our most defenseless citizens. I assume members of this Committee have heard from state officials, as I have, that the more they challenge Federal policies and actions, the more they seem to be the target of Federal oversight and special assessments.

In short, our track record with the regulatory approach raises serious doubts that we can ever hope to rely on increased regulations or on improved federal management of medicare and medicaid as our primary approaches for controlling costs and encouraging appropriate care in the field of health. Instead, we need a clear break with the past and new federal policies in both the tax and health program fields that will help assure adequate care for all our citizens at reasonable cost.

It is unfortunate that Congress has not reported or passed any legislation which would begin to reform the system, reduce costs, or limit the regulatory burden on providers and consumers of health care services.

Considering the problems both in our economy and in the federal budget, we need a bill which will begin to change the manner in which the health system works, slow the cost increases, and decrease the regulatory burden of government intervention in the health care system. The Schweiker bill (S. 1590), the Durenberger bill (S. 1968), the Ullman bill (H.R. 5740), and the Martin Bill (H.R. 6405) are legislative initiatives which offer substantial progress toward these objectives. All of these bills are characterized as "pro-competitive"; that is, they stimulate competition in the health care system.

The four proposals are characterized by several common elements, even though the details vary and each proposal does not contain every element. These common elements are:

1. Employers with a minimum number of employees would be required to offer a choice of health insurance plans, one of which would be a low cost option;

2. Employees who chose the low cost option would receive, in direct payments or in some other fringe benefit, a percentage of the difference between the cost of that option and of the high cost option;

3. Only payments made to health insurance plans which conform with the standards set by the legislation would be tax-deductible business expenses for the employer.

There are other elements in the bills which seek to introduce greater competitive forces into the medicare and medicaid programs and to expand the utilization of health maintenance organizations. More enlightened Federal policies in these areas are also urgently needed. If the Federal Government is to encourage, through changes in tax policies, greater competition among insurers and health care providers, and more reliance on low-cost forms of care it certainly must do the same thing in the medicare and medicaid programs which are directly funded with Federal dollars.

I am a co-sponsor of the Schweiker bill, but I urge the Finance Committee to put together a bill which adopts the best features of all four proposals and bring it to the Senate Floor. The adoption this year of such a bill would at last put us on the road to a sensible national policy on health care financing. I recognize that 1981 will be a tight budgetary year, but I believe the problems in our health care system are so severe that we must proceed as rapidly as we can to institute fundamental reforms of the types proposed in these bills. I am very encouraged that all of these bills would apparently save substantial sums over the long run, if we were to drop the catastrophic benefit features.

In my view it would be a serious error to enact, in advance of fundamental reforms in the health care financing system, a so-called catastrophic benefits program. The introduction of such a program would undoubtably fuel a new surge of inflation in health care costs. It would certainly shift increased numbers of patients into high-cost hospital beds and out of nursing homes and home care.

Before we adopt a catastrophic benefits plan, we simply must introduce stronger competitive forces and greater incentives for low-cost alternatives and other protections against unnecessary use of high technology services. In other words, I would personally oppose a catastrophic benefits plan this year unless it is packaged with changes of the type proposed in the Schweiker, Ullman, Durenberger, and Martin bills, and unless all the changes were phased in gradually over a period of several years so as to minimize inflationary effects.

I discussed briefly earlier in my statement some concerns about current federal regulatory policies and practices. I would now like to call the committee's attention to one example in which federal regulation seems to be working well. I refer to the Oklahoma Utilization Review System (OURS), which I believe could serve as a national model for one kind of reform needed before we launch a catastrophic benefits program. OURS has substituted a system of retrospective review of claims for the Professional Standards Review Organization (PSRO) system of concurrent review of patient care. Individual hospital data are compared to established standards of performance and monitoring attention is focused on those hospitals which fail to meet the standards. Recently the General Accounting Office (GAO) completed a review of OURS. While GAO identified some problems with OURS' data, GAO's own data showed that during the evaluation period,

The cost of inpatient days of care for medicare and medicaid eligible were reduced by the equivalent of more than $11 million;

For every $1 spent on OURS, $4.45 was saved. This compares favorably to the national Professional Standards Review Organization (PSRO) cost-benefit ratio of $1.10 savings for every $1 spent.

I am submitting the remainder of my statement for the record. It describes some basic aspects of the health care system and the effects of competition in two geographical areas. This experience suggests better ways to structure the health care system and the federal intervention in that system. There are of course no guarantees that such an approach will work effectively on a national scale. We do know, however, that our traditional methods of financing and regulating in the health care area have not been very successful. The Durenberger, Schweiker, Ullman and Martin bills represent a good beginning. I look forward to the opportunity to help the Finance Committee secure Senate enactment of an appropriate health care financing bill.

### ATTACHMENT TO STATEMENT BY SENATOR HENRY BELLMON

Let me turn now to some background information that I believe will help the Committee keep the proper perspective on the health care financing questions. Two aspects of the health care system point up the critical need for competition. The first is the absence of any clear relationship between the need for health services, their utilization, and health expenditures. The second is the degree to which the reimbursement systems, which are used by private insurers and the medicare and medicaid programs, are inflationary and biased toward use of the institutional services.

#### NATURE OF THE HEALTH CARE MARKETPLACE

Wennburg, in a paper published by DHEW in 1977, documented the variability in the utilization of health care services among the five largest hospital service areas in the state of Maine.

Table 1 shows the hospital utilization for these areas. Patient days of care vary from 831 days per 1,000 persons per year in Area V to 1,625 days in Area IV. Area IV has the highest rate of hospitalization, most patient days, highest per capita expenditures, the most available beds and a high rate of elective surgical procedures, especially tonsillectomy and hemorrhoidectomy.

Table 2 compares the per capita rates of hospitalization expenditures for nine common surgical procedures among the 13 largest Maine hospital service areas.

There are no indications that the populations receiving the highest levels of care, as reflected in Tables 1 and 2, had any greater need for the high level of medical care they received. Variance in utilization rates are dependent on factors other than the morbidity of the population. Residents of those areas served by proportionately more surgeons receive more surgery and have higher admission rates to hospitals.[1]

In another report, Wennberg summarizes the conclusions, based on work in Vermont, in the following terms:

Insurance is viewed as a risk-pooling device, as a hedge against the randomness of costly illness. It is assumed that once contact is made with the system, the care provided is generally of value and more or less similar for the same illness.

The distribution of insurance benefits from both public and private markets among Vermont hospital service areas illustrates what is wrong with this assumption. Across neighboring Vermont areas, equal initiating contact for episodes of illness with the system occurs among the elderly, among the poor and among everyone else. Yet contact among these apparently similar cohorts of people results in variable applications of health care technology and is followed by varying per capita expenditures and reimbursements.

The case of tonsillectomy illustrates this problem.

Children of the different Vermont areas contact their physicians at similar rates for upper respiratory infections, but the percent of children within an area who receive tonsillectomy varies from 8 percent to 63 percent. It is not clear that children are healthier for the operative experience in the high areas, but who pays for whose tonsillectomy is directly seen. For most examples of public and private insurance available in Vermont markets, each subscriber pays a similar price for similar insurance, without regard to place of residence. A fraction of the premium is insurance against the random illness that leads to tonsillectomy. But, it turns out, the probability of tonsillectomy is random only in the sense that place of residence is random; estimated annual per capita expenditure for tonsillectomy in Vermont (1969–1970) varied from $.63 to $5.69. Rather than differences in illness rates, essentially external or exogenous factors, the vagaries of location and professional preferences for therapy determine that people living in the low-use area subsidize the tonsillectomies consumed by those in the high cost area.[2]

In the May 10, 1978 Wall Street Journal, the following examples of corporate efforts to control this variability were presented:

Rockwell International has computerized its quarterly "trend report" to spot unusual doctor or hospital bills. Not long ago, the report showed that one physician had done 30 of the 100 operations performed on one plant's employees that quarter. Every one of the 30 was a bronchoscopy, an exploratory lung operation.

"There shouldn't have been that many people with lung problems," says Edwin McManus, a Rockwell staff vice president. A Rockwell insurance consultant visited the doctor, who owned the local profit-making hospital. The consultant suggested that the physician perform bronchoscopies only when they were "absolutely necessary." The result? "All this bronchoscopy activity was brought to a stop," Mr. McManus reports.

Motorola Inc. helped set up and finance a hospital-admissions program in Phoenix, Ariz., that is saving it more than $800,000 annually in avoided or reduced hospitalization for its 43,000 Phoenix-area employees and their families.

A most blatant example of the bias toward use of institutional services caused by health insurance was outlined in Time, May 28, 1979:

Some insurance practices operate directly to drive up costs. Many insurance companies will pay for lab tests only if they are done in a hospital on a supposedly sick patient. The result is to encourage hospitalization of untold thousands of people who could be diagnosed and/or treated at far less cost in a doctor's office. Says one Houston physician: "Say a man in his late 30s to early 40s complains of chest pains. I tell him he needs a thorough physical. In the office my fee would be $45, the tests $250, for a total of $295. But I have to put the patient in the hospital, so his insurance will pay for it. Everything is so slow in the hospital, so figure he will be there three days. The cost increases from $295 to $900, but his insurance company will gladly pay for it."

Customary, prevailing and reasonable charge (CPR), also referred to as usual, customary and reasonable charge, reimbursement is the basic method for reimbursing for health services. In 1975 it was used by Medicare, twenty-four state Medicaid programs, Blue Shield—for about half its business, and by the larger commercial insurors.

Burney, Schieber, Blaxall and Gabel in the summer, 1979, Health Care Financing Review described the inflationary effect of CPR:

. . . CPR implicitly encourages physicians to raise their fees because the higher the rate of increase in fees this year, the higher the CPR screens next year.

Table 3 shows the CPR bias toward higher reimbursement of specialists from Medicare in those areas with more physicians per 100,000 population and with high per capita income. According to Burney et al.,

. . . to the extent that Medicare fees reflect private market patterns, existing physicians fee patterns may provide financial incentives for physicians to locate in high-income, physician-dense metropolitan areas.

When there is an opportunity to substitute office visits for outpatient treatment in a hospital or medical treatment for surgery, Burney et al. believe Medicare and Medicaid reimbursement encourage the higher cost, institutional care. They conclude,

. . . since Medicare and some Medicaid physician reimbursement methods are based on existing private market fee structures, they may only reflect fee patterns inherent in the overall health systems.

### EFFECTS OF COMPETITION

Where competition has been introduced into the medical marketplace, health care costs have either decreased or risen less rapidly due to a significantly lower reliance on inpatient hospital care. Minneapolis and Hawaii are the two areas with the most experience with competition.

In the Twin Cities area of Minneapolis-St. Paul, Health Maintenance Organization (HMO) alternatives to the traditional health insurance options have been available since 1971. In 1978 with 12.7 percent of the Metropolitan population enrolled in HMO's, the following hospitalization data are available:

HOSPITALIZATION DAYS PER 1,000

| | Metropolitan HMO average | Blue Cross/ Blue Shield | U.S. average |
|---|---|---|---|
| 1976 | 494 | 906 | |
| 1977 | 517 | 884 | 1,183 |
| 1978 | 456 | 787 | |

According to Christianson and McClure in Competition in *The Delivery of Medical Care* (1978):

The actions of HMOs and fee-for-service provider in Minneapolis-St. Paul are consistent with the predictions of a competitive model in many respects. HMOs have attempted to increase enrollment by expanding accessibility, controlling costs, and engaging in price competition. The different HMO organizational forms which have developed give consumers a meaningful choice among products with different characteristics. Physicians have responded by offering their patients alternative prepaid arrangements and submitting to increased efforts to control their costs. The restrictiveness of these controls may be unprecedented in a physician sponsored (excluding group practice) HMO and attest to the strength of the competitive challenge of competing HMOs. Hospitals have willingly sought HMO business and in the process have been forced to become more conscious of their own costs. Blue Cross/Blue Shield has attempted to protect its market position by providing its customers with an HMO alternative, but private insurors have not developed mechanisms as yet which might significantly control their premium increases.

Enthoven in *Effects of the Payment Mechanism on the Health Care Delivery System* (edited by Roy, 1978) describes the situation in Hawaii in the following terms:

There is such a competition in a few places today, despite the many barriers to the development of cost-effective organized systems. Perhaps the best example is Hawaii where the Hawaii Medical Service Association (HMSA) insures about 64 percent of the non-military population of the State, while the Kaiser-Permanente Medical Care Program serves about 16 percent of the population of Oahu. The effect is to divide the State into two competing provider groups. Most of the patients of a non-Kaiser doctor or hospital are likely to be covered by HMSA, which gives HMSA substantial power to influence charges, fees and utilization. Competition between the two groups is very keen. The result is effective cost control, and very low hospitalization rates in both groups.

Writing in the June 1, 1978 *New England Journal of Medicine* Enthoven focuses on the price and utilization bases for the competitive advantage enjoyed by pre-paid group practice plans:

Another large study, by Gaus, compared days in hospital and surgical admissions for Medicaid beneficiaries enrolled in eight prepaid-group practice plans with those of beneficiaries in matched control groups who got their care from fee-for-service providers. The group-practice beneficiaries averaged 340 days in the hospital and 24 surgical admissions per 100 persons per year, as compared to 888 days in the hospital and 50 surgical admissions per 1000 persons per year in the control groups. This study investigated prior health status as perceived by the beneficiaries and number of chronic conditions, and it found no statistically significant difference between the members of prepaid-group-practice plans and the control groups.

Considering the experience in the Twin Cities area and Hawaii, I believe Congress should move now to introduce more opportunity for a market to develop in the health care system. There are no guarantees such an approach will work. We do know, however, that our traditional methods of legislating and regulating in the health care area have not been successful.

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[1] Wennburg, J. E., A. Gittelsohn, N. Shapiro health care delivery in Maine III evaluating the level of hospital performance. J. Maine Med. Assoc. 66(11) 298–306 November 1975.

[2] J. E. Wennberg, using localized, population-based data in evaluating planning problems in *Papers on the National Health Guidelines: The Priorities of Section 1502*, DHEW, 1977.

TABLE 1.—INDICATORS OF PERFORMANCE IN 5 LARGEST MAINE HOSPITAL SERVICE AREAS BY POPULATION DATA AND INSTITUTIONAL INDICATORS

| | Population data (per 1,000 population) | | | | Institutional indicators | | |
|---|---|---|---|---|---|---|---|
| | Incidence of hospitalization [1] | Patient days of care [1] | Available beds [2] | Per capita expenditures [2] | Percent occupancy [2] | Average length of stay in days [1] | Annual bed turnover rate |
| Area I | 145 | 1,104 | 4.1 | $102 | 73 | 7.6 | 33 |
| Area II | 153 | 1,244 | 5.0 | 92 | 73 | 8.1 | 31 |
| Area III | 157 | 1,054 | 4.2 | 75 | 65 | 6.7 | 34 |
| Area IV | 235 | 1,625 | 5.7 | 109 | 72 | 7.0 | 39 |
| Area V | 127 | 831 | 3.8 | 72 | 72 | 6.6 | 32 |

[1] 1973 data (incidence rate is age-adjusted).
[2] 1971 data.

Source: Wennberg, J. E., A. Gittelsohn, N. Shapiro Health care delivery in Maine III evaluating the level of hospital performance, J. Maine Med. Assoc. 66(11), 298–306, November 1975.

TABLE 2.—PER CAPITA HOSPITALIZATION EXPENDITURES FOR 9 COMMON PROCEDURES IN AREAS WITH HIGHEST AND LOWEST INCIDENCE RATES, 13 LARGEST MAINE HOSPITAL SERVICE AREAS AND STATE AVERAGE, 1973

| Procedure | High use area [1] | Low use area [1] | State average |
|---|---|---|---|
| Hysterectomy [2] | $6.78 | $2.88 | $4.30 |
| Cholecystectomy | 4.98 | 2.51 | 3.45 |
| Prostatectomy | 3.54 | 1.47 | 2.34 |
| Tonsillectomy | 4.55 | .85 | 2.33 |
| Hernia [3] | 2.51 | 1.64 | 1.99 |
| Dilation and curettage [2] | 2.68 | 1.08 | 1.82 |
| Appendectomy | 1.99 | .97 | 1.47 |
| Hemorrhoidectomy | 1.43 | .23 | .54 |
| Varicose veins | .93 | .30 | .48 |
| All 9 procedures | 29.39 | 11.93 | 18.73 |

[1] Areas ranked independently on each procedure.
[2] For females only.
[3] For males only.

Source: Wennberg, J. E., A. Gittelsohn: Health care delivery in Maine I: Patterns of use of common surgical procedures, J. Maine Med. Assoc., 66:5, pp. 123–130 and 149.

TABLE 3.—MEAN AND RANGE FOR MEDICARE SPECIALIST FEE INDICES BY COUNTY PHYSICIAN POPULATION RATIO AND COUNTY PER CAPITA INCOME, 1975

| | Number of counties | Medicare | |
|---|---|---|---|
| | | Mean | Range |
| Physicians per 100,000 population (1973): | | | |
| Less than 24 | 314 | 85 | 71–126 |
| 25 to 74 | 1,747 | 85 | 70-126 |
| 75 to 124 | 704 | 82 | 70-132 |
| 125 to 174 | 182 | 102 | 71–154 |
| 175 to 224 | 70 | 113 | 75–154 |
| 225 to 299 | 25 | 110 | 77–154 |
| 300 and over | 32 | 113 | 80–192 |
| All counties | 3,074 | 100 | 70–192 |
| Per capita income (1970): | | | |
| Less than $2,499 | 628 | 83 | 70–103 |
| $2,500 to $2,999 | 877 | 83 | 70–113 |
| $3,000 to $3,499 | 874 | 87 | 70–117 |
| $3,500 to $3,999 | 479 | 99 | 70–154 |
| $4,000 to $4,999 | 153 | 100 | 75–154 |
| $4,500 and over | 63 | 121 | 75–192 |

Source: Medicare Carrier Survey, Intermediary Letter 74–19, June 1974.

## PLAINFIELD HONORS CLAYTON S. BUXTON

Mr. **LEAHY**. Mr. President, I ask that the following quote from the Barre, Vt., Times-Argus be included in the Record:

### Plainfield Honors Buxton

(By Lucie Chase)

Plainfield.—Plainfield's town meeting passed a resolution Tuesday honoring Clayton S. Buxton, who has served as moderator for 27 years, town auditor for 22 years and justice of the peace for the past six years.

Buxton was presented an engraved gavel and plaque and given a standing ovation.

Clayton "Babe' Buxton is well known to Vermonters for his service both to the State and to his community. It was extremely fitting that he was honored in the way the newspaper reported, and it was an honor to him that the resolution received great bipartisan support.

I have had the pleasure of knowing both Babe Buxton and his wife, Albas, during most of my life. I do want to take this opportunity, Mr. President, to note Plainfield's honor of Mr. Buxton in the Congressional Record.

## OIL AND GAS LEASING

Mr. **BAKER**. Mr. President, I ask unanimous consent to have printed in the Record a statement by the Senator from Oregon (Mr. Hatfield).

The **PRESIDING OFFICER**. Without objection, it is so ordered.

### Statement by Senator Hatfield

The Energy Committee will begin markup of onshore Federal oil and gas leasing legislation on April 16. At least three options will be placed before the Committee: the administration's bill S. 1637, a substitute amendment to be offered by Senator Bumpers, and a refinement of my bill, S. 2424.

The Department of the Interior's proposal, S. 1637, will receive little attention—and deservedly so. According to a March 14 GAO report (EMD–80–60), the bill "could very likely result in considerably less land under lease, delays in making lands available for leasing, and less incentive and opportunity for independent oil companies and others to continue their traditional role of searching out and exploring lands for prospective oil and gas." The GAO also concludes that the bill's objective is unclear: "the bill, in our view, seems to place more emphasis on recovery of fair market value than on production at a time when efforts to stimulate oil and gas production from domestic sources—and particularly from public lands—would seem a high priority."

A substitute to S. 1637 will be offered by Senator Bumpers which would require OCS type bidding for tracts and which establishes all competitive leasing, but then attempts to set restrictions on the Secretary's discretion to lease competitively. This rather odd assemblage of structures on competitive leasing would succeed only in entrenching a reluctant bureaucracy opposed to further leasing or, in the case of a Department prone to "full development," constructing a morass of procedures too detailed and cumbersome to foster oil and gas development in the West.

A leasing system which establishes an all competitive system may work very well in a State system, such as Oklahoma, where several million acres comprise the leasing universe. Virtually *any* leasing system can handle that magnitude of acreage. The Federal Government, however, has over 100 million acres now under lease and lands available for lease may total twice that amount. Acreages such as this require streamlined processes, and a competitive system simply cannot handle that level of activity. The result would certainly amount to less leasing and far less acreage under lease.

A more productive alternative will be proposed by myself and others during markup. Mr. President, the bill, S. 2424, has been refined somewhat and I ask that S. 2424 be modified and printed in the Record at this point along with my "Dear Colleague" letter of March 25, a section-by-section analysis of S. 2424 (as modified), a summary of provisions of the Bumpers substitute to S. 1637, and several questions which should be addressed concerning the Bumpers substitute to S. 1637.

The material follows:

S. 2424

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Federal Oil and Gas Leasing Amendments Act of 1980".

Sec. 2. Notwithstanding any other provision of law, lands which are set apart for military or naval purposes shall not be available for leasing under section 17 of the Act entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920, as amended (30 U.S.C. 226), except on the basis of competitive bidding notwithstanding the fact that such lands are not within any known geologic structure of a producing oil or gas field.

Sec. 3. In the administration of the provisions of section 17 of the Act entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920, as amended (30 U.S.C. 226), lands to be leased which are outside a known geologic structure of a producing oil or gas field shall be considered, for purposes of leasing under such section, to be within the exterior boundaries of a known geologic structure of a producing oil or gas field if such lands are located within a two section distance, or approximately two miles, of the exterior boundaries of such known structure.

Sec. 4. Section 17 of the Act entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920, as amended (30 U.S.C. 226) is amended to read as follows:

"The Secretary shall issue a lease to the highest qualified bidder for each tract offered at a lease sale.".

Sec. 5. Action taken by the Secretary pursuant to lease procedures of sections 2, 3, and 4 of this Act and to section 17 of the Act referred to in those sections shall not be considered "major Federal actions" for purposes of implementing section 102 of the National Environmental Policy Act. Nothing in this subsection shall be construed as affecting the application of section 102 of the

National Environmental Policy Act to the issuance of a lease under section 17 of the Act of February 25, 1920, (30 U.S.C. 226).

SEC. 6. Section 30(a) of the Act of February 25, 1920 (30 U.S.C. 187a) is amended by striking the third sentence and inserting in lieu thereof "The Secretary shall disapprove the assignment or sublease only for lack of qualification of the assignee or sublease or for lack of sufficient bond: *Provided, however,* That the Secretary may, in his discretion, disapprove an assignment (1) of a separate zone or deposit under any lease or (2) containing an overriding royalty which exceeds limitations established by regulations; and, *Provided further,* That the Secretary may disapprove an assignment of a lease issued after the effective date of this Act of less than one hundred sixty acres, and the Secretary may require that the retained portion is also not less than one hundred sixty acres, and the Secretary may provide that the assignment size shall be determined by the well spacing requirement established by a State if that requirement is in excess of one hundred sixty acres.".

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COMMITTEE ON
ENERGY AND NATURAL RESOURCES,
*Washington, D.C., March 25, 1980.*

DEAR COLLEAGUES: S. 2424 (to expand competitive oil and gas leasing in areas adjacent to producing fields and in military reservations such as Ft. Chaffee) will be modified somewhat and offered as a substitute to both the administration's bill (S. 1637) and to Senator Bumper's amendment.

As modified, my bill would eliminate "big ticket" tracts from noncompetitive leasing and, according to leasing experts in BLM, remove from the leasing lottery those tracts now subject to oil lease fraud. However, the bill would continue to promote exploration in unproven or wildcat areas, as the existing leasing system does, and avoid stifling exploration which would come through higher front end costs associated with an all competitive system.

Perhaps the most troublesome aspect of the Bumpers substitute amendment involves the implementation period for an all competitive approach—with its invitation for nominations and the need for completely revised regulations. Such a radical change in the leasing system would likely require years of rulemaking procedures, hearings, and bureaucratic reorganization. Since no noncompetitive leasing would be permitted under this approach, all leasing would cease during this two or more year hiatus.

Our energy vulnerability will simply not allow a shutdown of leasing in the newly productive Overthrust Belt. Clearly a less onerous alternative, and one provided for in my bill, would be to expand competitive leasing by simply adding to existing competitive leasing areas. A lengthy halt in leasing can be avoided. I ask for your support of S. 2424 as modified.

Warm regards.

Sincerely,

MARK O. HATFIELD,
*Ranking Minority Member.*

### SECTION-BY-SECTION ANALYSIS OF S. 2424, AS MODIFIED

SEC. 2. Establishes leasing in military reservations (such as Ft. Chaffee) by competitive bid only. Eliminates "$1 per acre giveaways" in military reservations—a primary concern of Senators Bumpers and Bellmon last year.

SEC. 3. Extends existing competitive leasing areas by 2 sections, or about 2 miles. Approximately triples area subject to competitive leasing from 18 million acres to over 50 million acres. Promotes competition in areas of great interest by permitting only competitive leasing in areas surrounding producing fields. According to BLM, eliminates from leasing lottery areas subject to fraud and abuse. Retains noncompetitive, or first come, first serve, leasing in unproven, wildcat areas to promote exploration.

SEC. 4. Eliminates time consuming "fair market value" determinations for each tract by U.S. Geological Survey. Requires instead that highest qualified bid be accepted, implicitly stating that fair market value is whatever the market will bear.

SEC. 5. Ensures that neither program-wide nor regional environmental impact statements will be prepared, but leaves untouched the application of NEPA to individual lease issuance.

SEC. 6. Sets restrictions on lease assignments to eliminate problem of "40 acre merchants": Secretary may disapprove assignments of separate zones or those containing excessive overriding royalties; Secretary may disapprove assignments of less than 160 acres, may require the retained portion of the lease to be not less than 160 acres, and may require assignments larger than 160 acres patterned after a State's well spacing requirements.

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### SUMMARY OF PROVISIONS

(Bumpers substitute to S. 1637)

Leasing would be by competitive bid only using OCS type bidding systems.

Secretary must invite nominations of lands "available and suitable" for leasing. Nominated tracts must be offered for lease.

Lease sales must be held quarterly; tract goes to "highest responsible qualified bidder".

Maximum lease size increased from 640 acres to 5120 acres; leases shall have an initial term of 5 years (extension possible with submission of exploration plan and a finding by the Secretary).

Rentals increased to $2 per acre; advance minimum royalty set at $4 per acre.

640 acre restriction on lease assignments.

(Bellmon amendment to Bumpers substitute to S. 1637)

Establishes a small business set-aside of 30 percent of acreage offered for lease in each sale.

Tract size not to exceed 640 acres.

Small business nominations get preference in each sale.

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### QUESTIONS REGARDING THE BUMPERS SUBSTITUTE TO S. 1637

How much time would the Department need to fashion this proposal into an operating system? (All existing regulations would have to be scrapped. A new system would require rulemaking, hearings, and bureaucratic reorganization.) (The Congress passed an all competitive system for coal leasing in 1976, and leasing has yet to resume. Other onshore competitive leasing has been near zero over the last 10 years—e.g., phosphate, potash, sodium.)

Only about 350 out of 11,000 leases issued last year were leased competitively. How many years would it take Interior to increase competitive leases offered for sale under an all competitive approach?

Would not leased acreage decline rapidly with the old leases expiring and far fewer new leases issued? (GAO says greatly increased competitive leasing would have detrimental effects on companies' access to lands for exploration and may, over time, decrease production from Federal lands.)

Don't the increased rentals, front-end bidding, and larger size lease tracts mean the independents will get squeezed out in favor of the majors?

Won't exploration on Federal lands be diminished by the higher holding costs?

Would the proposal require tract selection and prioritization? (Competitive leasing usually requires this.)

Would Interior prepare regional EIS's on leasing? (DOI now prepares regional oil and gas EAR's, but regional EIS's are being prepared for coal leasing.)

How much additional administrative burden would be created with the requirement to submit an exploration plan and with a "finding" necessary by the Secretary to support a 5 year lease extension?

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## THE EMANCIPATION PROCLAMATION

Mr. DANFORTH. Mr. President, on January 1, 1863 President Abraham Lincoln signed the "Emancipation Proclamation" declaring that all slaves in the United States "are, and henceforth shall be, free." This proclamation is the cornerstone for all Americans, black and white, in our national struggle to insure equality under the law.

The Black Archives of Mid-America will bring this historic document to Kansas City, Mo. for 5 days this spring to give Americans throughout the Midwest an opportunity to see it and learn more about its significant impact. The exhibition will be May 14–18 at the William Rockhill Nelson Gallery of Art in Kansas City. This event will mark the first time ever that a black organization has sponsored an exhibit of the Proclamation. I salute the Black Archives of Mid-America for bringing the Emancipation Proclamation to Kansas City, and I urge people throughout the Midwest to take advantage of the opportunity to learn more about the meaning of this great document.

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## DR. AND MRS. THOMAS S. FIELD

Mr. DANFORTH. Mr. President, on April 11, 1980, civic, government and religious leaders will gather in Kansas City, Mo., to pay tribute to Dr. and Mrs. Thomas S. Field. At this time I would like to call the attention of the Senate to the remarkable contributions which the Fields have made to higher education in the Midwest. Dr. Field has served as President of William Jewell College for the past decade. When he assumed the presidency of this Baptist, liberal arts college in Liberty, Mo., he launched what he envisioned as a "Decade of Greatness." Through the tireless efforts of Dr. and Mrs. Field, the "Decade of Greatness" has indeed become a reality at William Jewell.

It has been my privilege to follow the progress of this college during the Field's tenure. Under Dr. Field's guiding hand, the college has experienced tremendous growth, both in student enrollment and in academic standards. The pattern of growth experienced by William Jewell College in the 1970's was not reflected by most small, private colleges during that time period. William Jewell College has long been known as the "Campus of Achievement," and under Dr. and Mrs. Field's leadership, the campus has experienced one of the finest decades of its history—which spans over 130 years.

On this occasion marking their retirement, it is my personal pleasure as a friend of the Field family to extend my congratulations and my sincere best wishes for the years ahead.

## CRISIS IN CAMBODIA

Mr. DANFORTH. Mr. President, over the past few months our attention to matters of foreign affairs has been riveted on the plight of our hostages in Iran and the Soviet invasion of Afghanistan. During that period, a crisis in Cambodia which had seized the world's attention earlier, dropped from the front pages of our newspapers and from the nightly news programs. I would like today to redirect some of our attention to that tiny nation and its long-suffering people.

Let me start by reminding Senators of the situation that Senators SASSER, BAUCUS, and I witnessed last October. We arrived at the Thai-Cambodia border during the middle of the mass exodus of Khmer people from Cambodia into Thailand. Only the strongest had been able to get to the border, and most of those who made it were at death's door. Thousands died fleeing from a spreading famine and one more chapter in 10 years of war.

The toll in human lives and suffering has been staggering. It is estimated by some independent observers that Cambodia's population has been cut almost in half since 1969.

The people we saw were victims of malnutrition starvation; their bodies ravaged by disease. We walked among thousands of people lying on straw mats in open fields, their only protection from the elements being a small sheet of thin plastic strung up on sticks. The strong among them stood and stared blankly at passersby; as if in shock. The weak lay unmoving, lacking the strength even to walk a hundred yards for food and limited medical attention. The silence was eerie. People didn't talk: they moved like zombies, if at all; the children, many with stick-like legs and swollen bellies, didn't play; and the babies, shriveled up and very weak because their malnourished mothers were producing so little milk, did not cry. The presence of death was strong. The dying lay comatose, staring blankly into space as flies crawled unmolested across their faces. One knew that in a few days many of them would be taken from their place in the makeshift hospital to a mass grave at the edge of the encampment.

That was the situation last October. Things are different today. No longer are larger numbers of emaciated victims of starvation and disease arriving daily at the border. The situation inside Cambodia, along the border, and at the Khmer camps inside Thailand has stabilized and improved. People are getting food and some medical care. At two large holding centers in Thailand—Khao I Dang and Sakaeo—whole cities have emerged.

Khao I Dang is one of the largest Khmer cities in the world with a population of more than 100,000. It has a multiple-ward hospital and the largest Khmer school in the world with nearly 10,000 students. Former members of the Cambodian dance troupe and orchestra are working together to preserve historic, artistic, and cultural traditions.

What has made this dramatic change possible?

First and foremost is the extraordinary aid efforts by the international relief agencies and private voluntary organizations. They have worked inside Cambodia, on the Thai-Cambodia border, and inside Thailand to provide thousands of tons of food and medical supplies to the Khmer people. Every day, a veritable army of Khmer come to the Thai border from as far away as 250 miles to receive food which they will take back into Cambodia. They come on foot, on bicycle, and on oxcarts. The "landbridge" which Senators SASSER, BAUCUS, and I sought to create last October—a proposal that was turned down by the authorities inside Cambodia—has come to life in this extraordinary fashion.

The situation has also been aided by bilateral aid from Soviet bloc countries and the recent harvest which, though woefully small, did provide some food. Special recognition and credit must go to those volunteer workers of all ages from all over the world who have gone to the area to help—to treat the sick, to build shelters, to distribute food, to teach school, and to show in so many ways that the rest of the world cares.

The people of the world can be proud of their collective response to the situation in Cambodia. The American people deserve considerable credit for their own humanitarian response. The U.S. Government has been a major donor to the international effort, private citizens have given generously to the aid organizations, and many Americans are working with international aid teams in Thailand.

The Thai people and their government merit special recognition for their contributions to the success of the international effort. Former Prime Minister Kriangsak deserves continuing credit for his decision last fall to accept all Khmer refugees for temporary shelter inside Thailand. It is hoped that the new government led by General Prem will continue these policies until conditions permit the Khmer people to return to their homeland. Queen Sirikhit said recently that she expects her country to continue its policies toward the Khmer. In one other positive sign, Thailand last week granted an export license for the shipment of 15,000 tons of rice seed to Cambodia.

Does all of this mean the problems in Cambodia are solved, or are at least on the way to resolution? It does not. While we can be grateful that the truly desperate conditions of last fall have been ameliorated, we must not become complacent.

First of all, the record over the last 6 months leaves much room for improvement. Many people died unnecessarily because available food and medicine did not get where they were needed in time. Cambodian authorities continue to deny entry to the hundreds of trained medical personnel who have volunteered to serve inside Cambodia. International relief agency personnel are still not permitted to assist in food distribution inside Cambodia, and there are far too few even to provide adequate assurance that the food is reaching the neediest people. The administrative and logistical systems for distributing food are pitifully weak. There are still concerns that some food is finding its way into the wrong hands, but there is no proof of large-scale diversion.

We must be most concerned, however, about the fact that the current situation, though much improved over last fall, is quite fragile and threatens to worsen in the near future. Several problems pose real and serious threats to the current tenuous stability.

The international relief effort mounted last fall had a 6-month time horizon. It came to an end Monday. A new, 3-month effort is being undertaken by the United Nations. The focus will be on maximizing the amount of land which will be planted during the upcoming agricultural cycle. An informal pledging conference was held at the United Nations last week and some progress was made on this endeavor.

The rainy season will begin next month. The rice crop must be planted before it starts. Also, the rain will hinder the distribution of assistance inside Cambodia because it will make transportation so difficult. Therefore, a major effort is necessary to distribute rice seed and as much food aid as possible before the monsoons set in.

We also must not slacken our efforts for those presently living on the Thai-Cambodia border. The encampments which straddle the border will have a very difficult time during the rainy season. So will the holding centers inside Thailand which have an urgent need for more permanent structures and more wells for drinking water. The need for food and medical assistance will continue into the indefinite future.

The prospects for a political solution are bleak at this time. The fighting is expected to continue until the rainy season brings large-scale military activity to a near standstill. There is no immediate hope of an international conference, no apparent chance for a cease fire, no reason to expect the land borders to be opened either to large-scale food shipments or to increased numbers of international aid personnel, and no likelihood of a Vietnamese withdrawal.

It will take a major effort just to preserve the status quo.

I am not asking that we launch a new appeal for Cambodian relief. I am asking that we continue the spirit of giving and sharing that has helped the Khmer so much in recent months.

We must continue to support the U.N. efforts through U.S. Government assistance. We must continue to assist Thailand in meeting the taxing demands placed on that country by the flow of refugees and nearby fighting. We must continue as individuals to give financial support to the invaluable efforts of the international agencies and private voluntary organizations.

The Senate will be called upon in the near future to give its support to new appeals for assistance. I am sure that when that time comes the Senate will respond as it has in the past with compassion and generosity to help assure the survival of the Khmer race.

For the moment, however, my primary purpose is to remind my colleagues that a tragedy of massive proportion goes on. It continues to deserve our attention, our economic support, and our prayers.

## MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

## EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

## PRESIDENTIAL APPROVAL

A message from the President of the United States reported that on March 30, 1980, he had approved and signed the following act:

S. 2269. An act to extend the Emergency Agricultural Credit Adjustment Act of 1978, and for other purposes.

## MESSAGE FROM THE HOUSE

At 4:26 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (S. 2253) to provide for an extension of directed service on the Rock Island Railroad, to provide transaction assistance to the purchasers of portions of such railroad, and to provide arrangements for protection of the employees, with amendments; that the House insists upon its amendments to the bill and requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. STAGGERS, Mr. VAN DEERLIN, Mr. FLORIO, Mr. SANTINI, Ms. MIKULSKI, Mr. MURPHY of New York, Mr. MATSUI, Mr. BROYHILL, Mr. MADIGAN, and Mr. LEE were appointed as managers of the conference on the part of the House.

The message also announced that the House has agreed to the concurrent resolution (H. Con. Res. 252) expressing the sense of the Congress that April 22, 1980, should be celebrated as "Earth Day, 1980," in which it requests the concurrence of the Senate.

### ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker has signed the following enrolled bills and joint resolutions:

S. 2427. An act to encourage greater participation in the farmer-held reserve program for corn and wheat, and for other purposes;

S.J. Res. 131. Joint resolution designating April 10, 1980, as "ORT Centennial Day";

S.J. Res. 97. Joint resolution designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust";

H.R. 5794. An act to designate the building known as the Federal Building in Evansville, Ind., as the "Windfield K. Denton Building"; and

H.J. Res. 520. Joint resolution to extend by sixty days the expiration date of the Defense Production Act of 1950.

The enrolled bills and joint resolutions were subsequently signed by the President pro tempore (Mr. MAGNUSON).

The message also announced that the House has agreed to H. Res. 633, electing Hon. JIM WRIGHT, a Representative from Texas, as Speaker pro tempore during the absence of the Speaker.

## HOUSE CONCURRENT RESOLUTION REFERRED

The following concurrent resolution was read by title and referred as indicated:

H. Con. Res. 252. Concurrent resolution expressing the sense of the Congress that April 22, 1980, should be celebrated as "Earth Day, 1980"; to the Committee on the Judiciary.

## ENROLLED BILL AND JOINT RESOLUTIONS PRESENTED

The Secretary of the Senate reported that on today, April 2, 1980, he presented to the President of the United States the following enrolled bill and joint resolutions:

S. 2427. An act to encourage greater participation in the farmer-held reserve program for corn and wheat, and for other purposes;

S.J. Res. 97. Joint resolution designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust"; and

S.J. Res. 131. Joint resolution designating April 10, 1980, as "ORT Centennial Day".

## EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3407. A communication from the Deputy Director, Office of Management and Budget, Executive Office of the President, reporting, pursuant to law, that certain appropritaions have been apportioned on a basis which indicates a necessity for supplemental appropriations for the fiscal year 1980; to the Committee on Appropriations.

EC-3408. A communication from the Director, Defense Security Assistance Agency, reporting, pursuant to law, concerning the Department of the Navy's proposed Letter of Offer to Australia for Defense Articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC-3409. A communication from the Deputy Assistant Secretary of Defense (Military Personnel Policy), reporting, pursuant to law, concerning the administration of Officer Responsibility Pay; to the Committee on Armed Services.

EC-3410. A communication from the Chairman, Securities Investor Protection Corporation, transmitting, pursuant to law, the corporation's annual report for 1979; to the Committee on Banking, Housing, and Urban Affairs.

EC-3411. A communication from the Acting Secretary, Interstate Commerce Commission, reporting, pursuant to law, that the Commission is unable to render a final decision in Ex Parte No. 311 (Sub-No. 1C), Expedited Procedures for Recovery of Fuel Cost—Mechanical Protective Services, within the specified seven-month period; to the Committee on Commerce, Science, and Transportation.

EC-3412. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "How Much Should Amtrak Be Reimbursed for Railroad Employees Using Passes to Ride Its Trains?" March 28, 1980; to the Committee on Commerce, Science, and Transportation.

EC-3413. A communication from the Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting, pursuant to law, a report for the month of January 1980, on (1) total itemized revenues and expenses, (2) revenues and expenses of each train operated, and (3) revenues and total expenses attributed to each railroad over which services is provided; to the Committee on Commerce, Science, and Transportation.

EC-3414. A communication from the Senior Vice President, Consolidated Rail Corporation, transmitting, pursuant to law, its annual report for 1979; to the Committee on Commerce, Science, and Transportation.

EC-3415. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize the Secretary of Commerce to plan and provide for the development and operation of a civilian spacebased earth remote sensing system, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC-3416. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to amend the Act to authorize appropriations for the fiscal year 1980 for certain maritime programs of the Department of Commerce; to the Committee on Commerce, Science, and Transportation.

EC-3417. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to improve coastal zone management in the United States, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC-3418. A communication from the Secretary of Transportation, transmitting, pursuant to law, the fourth annual report of the Automotive Fuel Economy Program; to the Committee on Commerce, Science, and Transportation.

EC-3419. A communication from the Secretary of the Interior, transmitting, pursuant to law, the annual report on the Anthracite Mine Water Control and Mine Sealing and Filling Program; to the Committee on Energy and Natural Resources.

EC-3420. A communication from the Administrator, Energy Information Administration, Department of Energy, transmitting, pursuant to law, the administration's quarterly report for the period October through December 1979 concerning imports of crude oil, residual fuel oil, refined petroleum products, natural gas, and coal; reserves and production of crude oil, natural gas, and coal; refinery activities; and inventories; to the Committee on Energy and Natural Resources.

EC-3421. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, a prospectus for alterations at the U.S. Post Office-Federal Annex, Atlanta, Ga., in the amount of $9,846,000: to the Committee on Environment and Public Works.

EC-3422. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, an amendment to a previously approved prospectus which proposes a retroactive increase in the firm term rental payments and an increase in renewal period annual rental for space occupied at the World Trade Center, New York, N.Y.: to the Committee on Environment and Public Works.

EC-3423. A communication from the Chairman, National Advisory Council on International Monetary and Financial Policy, transmitting, pursuant to law, a special report on United States membership in the African Development Bank (AFDB); to the Committee on Foreign Relations.

EC-3424. A communication from the Chairman, National Advisory Council on International Monetary and Financial Policy, transmitting, pursuant to law, the Council's special report on United States participation in the Sixth Replenishment of the International Development Association (IDA VI); to the Committee on Foreign Relations.

EC-3425. A communication from the Under Secretary of Defense (Research and Engineering), transmitting, pursuant to law, a report on the results of a thorough review of the inter-agency procedures and disclosure criteria used by the United States government in determining whether sensitive weapons technology will be transferred to other countries; to the Committee on Foreign Relations.

EC-3426. A communication from the Administrator, General Services Administration, reporting, pursuant to law, on additional areas qualifying for designation as high rate geological areas (HRGA's); to the Committee on Governmental Affairs.

EC-3427. A communication from the Inspector General, Department of Energy, transmitting, pursuant to law, a report covering the activities of the Office of Inspector General during the period January 1, 1979, through December 31, 1979; to the Committee on Governmental Affairs.

EC-3428. A communication from the Inspector General (Acting), Department of Health, Education, and Welfare, transmitting, pursuant to law, a report on the activities of the Office of Inspector General during the preceding calendar year; to the Committee on Governmental Affairs.

EC-3429. A communication from the Administrator, General Services Administration, reporting, pursuant to law, regarding a report made by the National Commission for Manpower Policy, entitled "An Enlarged Role for the Private Sector in Federal Employment and Training Programs"; to the Committee on Governmental Affairs.

EC-3430. A communication from the Administrator, General Services Administration, reporting, pursuant to law, on a report by the Board of Visitors, United States Naval Academy to the President for the meeting of 29-30 November 1976; to the Committee on Governmental Affairs.

EC-3431. A communication from the Director, Executive Office of the President, transmitting, pursuant to law, a report relating to new systems of records; to the Committee on Governmental Affairs.

EC-3432. A communication from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend and amend the Runaway Youth Act, and for other purposes; to the Committee on the Judiciary.

EC-3433. A communication from the Chairman, Securities and Exchange Commission, transmitting, pursuant to law a report relating to administration of the Freedom of Information Act; to the Committee on the Judiciary.

EC-3434. A communication from the Assistant Attorney General for Legislative Affairs, Department of Justice, transmitting a draft of proposed legislation to amend section 546 and 565 of title 28, United States Code, to provide for interim designation of United States attorneys and United States marshals by the Attorney General; to the Committee on the Judiciary.

EC-3435. A communication from the Chairman and General Counsel, National Labor Relations Board, reporting, pursuant to law, on the administration of the Freedom of Information Act; to the Committee on the Judiciary.

EC-3436. A communication from the U.S. Commissioner of Education, transmitting, pursuant to law, the Commissioner's annual report for fiscal year 1979; to the Committee on Labor and Human Resources.

EC-3437. A communication from the Chairman, National Advisory Council on Equality of Educational Opportunity, transmitting, pursuant to law, the Council's annual report of activities conducted during calendar year 1977; to the Committee on Labor and Human Resources.

EC-3438. A communication from the Delegate, Community Education Advisory Board, Department of Health, Education, and Welfare, transmitting, pursuant to law, a report of the Council's for the calendar year 1977; to the Committee on Labor and Human Resources.

EC-3439. A communication from the Chairman, Advisory Council on Environmental Education, transmitting, pursuant to law, a report on activities of the Council for calendar year 1977; to the Committee on Labor and Human Resources.

EC-3440. A communication from the U.S. Commissioner of Education, transmitting, pursuant to law, annual report of three centers on educational media and materials for the handicapped; to the Committee on Labor and Human Resources.

EC-3441. A communication from the U.S. Commissioner of Education, transmitting, pursuant to law, final regulations for the Population Education Program; to the Committee on Labor and Human Resources.

EC-3442. A communication from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, an annual report on age discrimination, March 1980; to the Committee on Labor and Human Resources.

EC-3443. A communication from the U.S. Commissioner of Education, transmitting, pursuant to law, final resolutions for the Bilingual Education Program, to the Committee on Labor and Human Resources.

EC-3444. A communication from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a special report on the Primary Health Care Needs of Immigrants; to the Committee on Labor and Human Resources.

EC-3445. A communication from the Chairman, National Advisory Council on Ethnic Heritage Studies, transmitting, pursuant to law, the Council's annual report for the period 1977-78; to the Committee on Labor and Human Resources.

EC-3446. A communication from the Delegate, National Advisory Council for Career Education, transmitting, pursuant to law; the Council's report for calendar year 1977; to the Committee on Labor and Human Resources.

EC-3447. A communication from the U.S. Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, a report entitled "Status of Vocational Education In FY 1978"; to the Committee on Labor and Human Resources.

## PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred, as indicated:

POM-646. A resolution adopted by the Legislative Council of the State of Arkansas; to the Committee on Banking, Housing, and Urban Affairs:

"INTERIM RESOLUTION 79-42

"Whereas, unless conditions change significantly, the State of Arkansas may experience a fifty percent decrease in new housing starts during 1980 and similar decreases in new housing starts may reasonably be expected in other states; and

"Whereas, since the residential construction industry affects so many other industries, any such substantial reduction in new housing starts will seriously affect the entire economy of the State of Arkansas and the nation as a whole; and

"Whereas, any such severe curtailment of new housing starts in the State will bring about unemployment of many persons in the State whose jobs either directly or indirectly depend on the residential construction business or the manufacture or processing of materials and equipment used in residential construction; and

"Whereas, Arkansas is normally one of the first areas to feel the impact of any change in national housing policy since the Arkansas residential construction industry is made up primarily of small businessmen; and

"Whereas, it is imperative that the United States Congress and other federal officials take action at the earliest possible date to provide appropriate relief to the home building industry in Arkansas and other states,

"Now therefore, be it resolved by the Legislative Council of the State of Arkansas:

"That the Legislative Council respectfully urges the President of the United States, the United States Congress and the Secretary of Housing and Urban Development to take appropriate action to provide relief to the home building industry including the enactment of legislation to authorize continued use of tax exempt housing development bonds at the State level and to thereby promote the continuation of programs similar to the highly successful secondary mortgage program of the Arkansas Housing Development Agency; and the enactment and funding of legislation similar to the Brooke-Cranston Housing Assistance Program, a low interest rate housing mortgage program; and any other reasonable action designed to promote the residential construction industry in Arkansas and other states.

"Be it further resolved that upon adoption of this Resolution, a copy shall be transmitted to the President of the United States, the presiding officer of the U.S. Senate and the U.S. House of Representatives, and to the Secretary of the Housing and Urban Development Agency and to each member of the Arkansas Congressional Delegation."

POM-647. A joint memorial adopted by the Legislature of the State of Washington; to the Committee on Energy and Natural Resources:

"HOUSE JOINT MEMORIAL NO. 25

"Whereas, Continuing national overreliance on imported petroleum is making future energy supplies less certain and is degrading national security and the health of the nation's economy; and

"Whereas, The combination of increased energy conservation and development and use of all practical domestic energy resources is essential to overcoming national energy problems; and

"Whereas, Geothermal energy is an important resource which has the capability to contribute significantly to overcoming the national overreliance on imported petroleum; and

"Whereas, Washington State lands include five stratovolcanoes and other geological features indicative of substantial geothermal resources; and

"Whereas, Current indications are that most of the geothermal resources in the State are on federal lands, and to date no federal leases have been issued for geothermal development, and national forest environmental impact statements issued thus far have accorded geothermal energy development a low priority: and

"Whereas, A drastic change in the federal government posture in relation to geothermal resources development on federal lands in Washington State is required in order to promote development thereon; and

"Whereas, Comprehensive geothermal energy development legislation has been introduced in Congress which will eliminate many barriers and constraints against geothermal energy development;

"Now therefore, Your Memorialists respectfully pray:

"(1) That early and full consideration be given to the geothermal legislation; and

"(2) That comprehensive legislation as helpful as possible to geothermal energy development be enacted by the 96th Congress as soon as possible.

"Be is resolved, that copies of this memorial be immediately transmitted to the Honorable Jimmy Carter, President of the United States, the Secretaries of Agriculture, Energy, and Interior, the President of the Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington."

POM—648. A memorial adopted by the House of Representatives of the State of Arizona; to the Committee on Labor and Human Resources:

"HOUSE MEMORIAL 2001

"Whereas, the Congress is considering H.R. 5040 and S. 1608, relating to control of expanding businesses, entitled "The National Employment Priorities Act of 1979"; and

"Whereas, the Act would require certain businesses which decide to change locations, drop a product line because it is unprofitable or close down to comply with arduous notice, hearing and report requirements; and

"Whereas, the Act would require businesses to pay laid off or former employees a percentage of their salary for up to two years after termination of employment; and

"Whereas, the Act would require certain firms to reimburse local government for lost taxes in the event of relocation or closing; and

"Whereas, these and the other numerous provisions of the Act will discourage development, expansion and improvement of private enterprise in the United States; and

"Whereas, the popular myth that major employment change is caused by migration of firms has been disproven in many studies; and

"Whereas, firm branching is important in improving community investment.

"Wherefore your memorials, the House of Representatives of the State of Arizona, prays:

"1. That the Congress give its most earnest consideration to the defeat of The National Employment Priorities Act of 1979.

"2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation."

POM-649. A resolution adopted by the Senate of the State of Washington; to the Committee on Foreign Relations:

"SENATE RESOLUTION 1980-231

"Whereas, Monday, March 10, marked the opening day of the annual slaughter of baby harp seals in Newfoundland; and

"Whereas, The hunt is deemed by many to be unnecessary inhumane treatment of a species for reasons of economy and fashion, and

"Whereas, Once the pelts are removed from the pups, the carcasses are left wasted on the ice; and

"Whereas, Although the quotas each year remain over 100,000, the Western Harp Seal population is steadily declining, and faces the danger of becoming a threatened species; and

"Whereas, Both the United States Senate and House of Representatives voiced their opposition to the slaughter through passage of a joint reolution;

"Now, therefore, be it resolved, That the Washington State Senate adds its support to ban the mass inhumane slaughter of harp seal pups, and further urges that an international plan be adopted to allow the harp seal population to recover; and

"Be it further resolved, That copies of this resolution be immediately transmitted to the President of the United States and to each member of Congress from the State of Washington."

POM-650. A resolution adopted by the Legislature of Guam; to the Committee on Energy and Natural Resources:

"SUBSTITUTE RESOLUTIONS NO. 477 AND 484

"Whereas, on June 8, 1979, the members of the Fifteenth Guam Legislature adopted Resolution No. 271, expressing the opposition without any reservation, of the people of Guam to any use of Guam as a storage for nuclear waste dumping site; and

"Whereas, on December 27, 1979, leaders of the Pacific Islands nations met in Honolulu, Hawaii with officials from the Congressional House Subcommittee on National Parks and Insular Affairs, and unanimously stood firm and informed officials of the State Department and Subcommittee members that they are opposed without any reservation, to any use of a Pacific Island for storage as a nuclear waste dump site; and

"Whereas, a major concern of the people of Guam was and still is, the unwillingness of the State Department to identify in public the potential sites to be used; and

"Whereas, the legacies of the American and French nuclear test programs in the Pacific area are a fear of even the presence of nuclear vessels, much less the storage of nuclear waste on some 'uninhabited' island, and a general distrust of the intentions of the nuclear powers in the area; and

"Whereas, despite the expressions and concern from the Pacific Island entities, the State Department would only state formally that: 'The sites currently under consideration are undisputed U.S. territories, either uninhabited or having no indigenous population, and do not involve any location in the Trust Territory of the Pacific Islands'; and

"Whereas, whatever benefit that statement has is dissipated by the word 'currently' since there are uninhabited islands in the Northern Marianas, Samoa, the Aleutians, and Hawaii; and

"Whereas, the Pacific Daily News reported on February 9, 1980 that the Japanese government plans to dispose of 5,000 to 10,000 drums of low-level radioactive waste near the island of Maug, and the dumping operation by Japan's Rad-waste Management Center will commence on March 1981 after securing the understanding, and obtaining approval from the organization for Economic Cooperation and Development-via-the State Department; and

"Whereas, Maug is only a few miles away from populated islands and in one of the richest fishing areas of the Pacific Ocean; and

"Whereas, leaks could develop and that radiation would be brought down to the Northern Marianas and Guam by currents or by high migratory fish, and during certain parts of the year, the currents in the Mariana Archipelago are like that of whirlpools and chances are that currents will bring the leaked radiation south; and

"Whereas, the members of the Pacific Forum met in September of 1979 in the Solomon Islands and unanimously adopted a resolution calling upon the United States to abandon plans to store nuclear waste in the Pacific; and

"Whereas, such storage may be safe, however, the U.S. scientific record on such matters have been "far from perfect", not only in the Bikini Atoll of Enewetak, Marshall Islands, but even on tests in Nevada; and

"Whereas, with the proposed nuclear dump site, most of the radioactive waste would come from Japan, South Korea, Taiwan, and the Philippine Islands; now, therefore, be it

"Resolved, that the issue of nuclear waste dumping in the Pacific has become a local constitutional issue as evidenced by its inclusion in the constitution of the Federated States of Micronesia, and the constitution of the Republic of Palau which the State Department vehemently opposed; and be it furthur

"Resolved, that during the recent trip of the Secretary of Interior, Cecil Andrus, the members of the First Northern Marianas Commonwealth Legislature, a strongly worded position paper was presented opposing the use of any island in the Northern Mariana Islands Archipelago as storage site for nuclear waste dumping; now, therefore, be it

"Resolved, that the members of the Fifteenth Guam Legislature, on behalf of the people of Guam, hereby strongly oppose without any reservation, the use of Guam or any island in the Mariana Archipelago as a storage site for nuclear waste; and be it further

"Resolved, that the Legislature, on behalf of the people of Guam, calls upon the government of the United States to protect the interests of its citizens who reside in the Mariana Islands; and be it further

"Resolved, that the Speaker certify to and the Legislative Secretary attest to the adoption hereof and that copies of the same be thereafter transmitted to the United States Congressional House and Senate Committees on Territories; to the Assistant Secretary of State for Asian and Pacific Affairs; to the Secretary of the Interior; to the Secretary of the State Department; to the President of the United States; to the White House Domestic Council's Office on Territorial Affairs; to the President Pro-tem of the United States Senate; to the Speaker of the United States House of Representatives; to Guam's Delegate to Congress; to the Prime Minister of the Japan Government; to the United States Ambassador in Japan; to the President and Speaker of the Northern Marianas Commonwealth Legislature; to the Governor of the Northern Marianas; to the Northern Marianas Washington Representative in Washington, D.C.; to the President of the Federated States of Micronesia; to the Speaker of the Congress of Micronesia; to the President of the Independent Republic of the Marshall Islands; to the Speaker of the Palau District Legislature; to the Governor of Hawaii; to the Chairman of the United Nations Political Affairs Division/Carribean/Asian and Pacific Affairs; to the President of Nauru; to the Executive Director of the South Pacific Commission; and to the Governor of Guam."

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. WILLIAMS, from the Committee on Banking, Housing, and Urban Affairs, with an amendment:

S. 2177. A bill to amend the mortgage amount, sales price, and interest rate limitations under the Government National Mortgage Association emergency home purchase assistance authority, and for other purposes (Rept. No. 96–650).

By Mr. PELL, from the Committee on Rules and Administration, without amendment:

H. Con. Res. 162. Concurrent resolution providing for the printing of the final report of the Indian Claims Commission as a House document (Rept. No. 96-651).

H. Con. Res. 233. Concurrent resolution to authorize the printing as a House document an anthology of Captive Nations Week proclamations, addresses, and other relevant material (Rept. No. 96-652).

H. Con. Res. 283. Concurrent resolution authorizing the printing of "Federal Election Campaign Laws Relating to the United States House of Representatives" (Rept. No. 96-653).

S. Res. 400. An original resolution to pay a gratuity to Lillie M. Hines.

## EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HEFLIN, from the Committee on the Judiciary:

Truman McGill Hobbs, of Alabama, to be U.S. district judge for the Middle District of Alabama.

(The above nomination from the Committee on the Judiciary was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs:

Herta Lande Seidman, of New York, to be an Assistant Secretary of Commerce.

Stephen J. Friedman, of New York, to be a member of the Securities and Exchange Commission.

(The above nominations from the Committee on Banking, Housing, and Urban Affairs were reported with the recommendation that they be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PELL, from the Committee on Foreign Relations:

Joseph C. Wheeler, of Virginia, to be Deputy Administrator of the Agency for International Development.

David Bronheim, of Connecticut, to be an Associate Director of the U.S. International Development Cooperation Agency.

(The above nominations from the Committee on Foreign Relations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PELL, from the Committee on Foreign Relations:

Julian Nava, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States to Mexico.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to quests to appear and testify before any duly constituted committee of the Senate.)

STATEMENT OF POLITICAL CONTRIBUTORS

Nominee: Julian Nava.

Post: Ambassador to Mexico.

*Contributions, and amount*

1. Self, none.
2. Spouse, none.
3. Children and spouses, none.
4. Parents, deceased.
5. Grandparents, deceased.
6. Brothers and spouses, none.
7. Sisters and spouses, none.

By Mr. PELL, from the Committee on Foreign Relations:

Joan Edelman Spero, of New York, to be the Representative of the United States on the Economic and Social Council of the United Nations, with the rank of Ambassador.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

STATEMENT OF POLITICAL CONTRIBUTIONS

Nominee: Joan Edelman Spero.

Post: Ambassador to United Nations Economic and Social Council.

Nominated: January 1980.

*Contributions, and amount*

1. Self, none.
2. Spouse, none.
3. Children and spouses; names: Jason Spero and Benjamin Spero, none.
4. Parents; names: Sylvia Edelman and Samuel Edelman, none.
5. Grandparents, deceased.
6. Brothers and spouses; names: Richara Edelman, Olivia Edelman, Robert Edelman, James Edelman, none.
7. Sisters and spouses, none.

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. RIEGLE (for himself and Mr. LEVIN):

S. 2518. A bill to provide a program of emergency unemployment compensation; to the Committee on Finance.

By Mr. WEICKER:

S. 2519. A bill to provide for the prevention of the destruction of fisheries resources by lost fishing gear; to the Committee on Commerce, Science, and Transportation.

By Mr. DURENBERGER:

S. 2520. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the unified credit allowed against estate tax and gift tax; to the Committee on Finance.

By Mr. DOLE (for himself, Mr. BOREN, Mr. BELLMON, Mr. WALLOP, Mr. BENTSEN, Mr. DOMENICI, Mr. MCCLURE, Mr. TOWER, and Mrs. KASSEBAUM):

S. 2521. A bill to amend the Internal Revenue Code of 1954 to provide more equitable treatment of royalty owners under the crude oil windfall profit tax; to the Committee on Finance.

By Mr. DURENBERGER:

S. 2522. A bill to amend the Internal Revenue Code of 1954 to extend the exclusion of gain from the sale of a principal residence to individuals under 55 years of age, and for other purposes; to the Committee on Finance.

By Mr. LONG (for himself and Mr. JOHNSTON):

S. 2523. A bill to amend certain inspection and manning laws applicable to small vessels carrying passengers or freight for hire, and for other purposes; to the Committee on Commerce, Science, and Transportation.

**By Mr. JACKSON (by request):**

**S. 2524. A bill to establish the Western Arctic Management Area in Alaska, and for other purposes; to the Committee on Energy and Natural Resources.**

S. 2525. A bill to establish the Arctic North Slope National Conservation Area, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. BAUCUS:

S. 2526. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income interest on certain industrial development bonds the proceeds of which are to be used to furnish railroad transportation; to the Committee on Finance.

By Mr. CANNON:

S. 2527. A bill to provide for the submission of a plan of rationalization of rail properties of the Consolidated Rail Corporation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HOLLINGS (for himself, Mr. THURMOND, Mr. MORGAN, and Mr. HELMS):

S. 2528. A bill granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary; to the Committee on the Judiciary.

By Mr. THURMOND (for himself and Mr. HOLLINGS):

S. 2529. A bill to amend title 39 of the United States Code to apply to subscription and solicitation materials of one conservation publication mailed in bulk by each State the lower third class rate applicable to matter mailed in bulk by qualified nonprofit organizations, and for other purposes; to the Committee on Governmental Affairs.

By Mr. CANNON (by request):

S. 2530. A bill to improve the fairness and equity of the protection provided to railroad employees under title V of the Regional Rail Reorganization Act of 1973 (45 U.S.C. §701 et seq.); to the Committee on Commerce, Science, and Transportation.

By Mr. PELL (for Mr. CHURCH) (by request):

S. 2531. A bill to amend the United Nations Participation Act, certain passport authorities, the Foreign Service Act, and for other purposes; to the Committee on Foreign Relations.

By Mr. HAYAKAWA (for himself, Mr. TOWER, Mr. WALLOP, Mr. MCCLURE, Mr. SIMPSON, Mr. STEVENS, Mr. HART, and Mr. BOREN):

S. 2532. A bill to reinstate and validate United States oil and gas leases numbered OCS-P-0218 and OCS-P-1226; to the Committee on Energy and Natural Resources.

By Mr. BENTSEN:

S. 2533. A bill to amend the Internal Revenue Code of 1954 to exempt independent producers and royalty owners from the windfall profit tax on the first 1,000 barrels of daily production; to the Committee on Finance.

By Mr. CRANSTON:

S. 2534. A bill to amend title 38, United States Code, to promote the recruitment and retention of physicians, dentists, nurses, and other health-care personnel in the Veterans' Administration's Department of Medicine and Surgery, and for other purposes; to the Select Committee on Veterans' Affairs.

By Mr. HAYAKAWA (for himself, Mr. BENTSEN, Mr. BELLMON, and Mr. CRANSTON):

S.J. Res. 158. Joint resolution designating the joint reunion of American and Japanese veterans on the island of Iwo Jima on June 11, 1980, as a National Historic Event; to the Committee on the Judiciary.

By Mr. DOLE (for himself and Mr. ROTH):

S.J. Res. 159. Joint resolution disapproving the action taken by the President under the Trade Expansion Act of 1962 in imposing a fee on imports of petroleum or petroleum products; to the Committee on Finance.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. RIEGLE (for himself and Mr. LEVIN):

S. 2518. A bill to provide a program of emergency unemployment compensation; to the Committee on Finance.

### EMERGENCY UNEMPLOYMENT COMPENSATION ACT OF 1980

● Mr. RIEGLE. Mr. President, I am today introducing legislation for myself and Senator LEVIN to establish a program of emergency unemployment benefits for individuals who have exhausted their entitlement to regular and extended benefits under existing law.

Most States now provide 26 weeks of unemployment compensation under the State's regular unemployment insurance program. During periods of high unemployment, an additional 13 weeks of benefits are payable under the Federal-State extended benefits program to workers who have exhausted their regular State benefits. Extended benefits are payable only if seasonally adjusted insured unemployment for the Nation as a whole equals or exceeds 4.5 percent in each of the 3 most recent calendar months, or if unemployment in a particular State reaches specified levels. Extended benefits are "triggered on" in that State if the rate of insured unemployment for that State is at least 4 percent, but only if it equals or exceeds, during a moving 13-week period, 120 percent of the average rate for the corresponding 13-week period in the preceding 2 calendar years. At the State's option, extended benefits in that State can also be triggered if the insured unemployment in that State is at least 5 percent, even if the rate is not 20 percent higher than in the preceding years. If the national trigger is "on," extended benefits are payable nationally. If only the State trigger is "on," extended benefits are payable only in that State.

During the last recession, it became evident that the combination of regular and extended benefits was insufficient to protect workers against sustained levels of severe unemployment. Thousands of workers exhausted extended benefits, but were unable to find jobs in an economy suffering from recession. In response, the Congress enacted, on a temporary basis, legislation providing a third tier of protection for workers in States with very severe unemployment. Under this program, a third tier of benefits, providing an additional 13 weeks of payments, was available to exhaustees in States with an insured unemployment rate of 5 percent or more.

The Emergency Unemployment Compensation Act, which established this temporary third tier of benefit protection, expired in 1978. As a result, individuals in high unemployment States who exhaust their benefits are today left to fend for themselves.

Nationally, unemployment continues to hover between 5.5 and 6 percent. Consequently, there has been little attention to the fact that the expiration of the Emergency Unemployment Compensation Act has left the unemployment insurance system unable to cope with sustained levels of high unemployment.

But national unemployment figures mask very severe unemployment concentrated in particular States and regions. Ten States now have unemployment levels high enough to have triggered 13 weeks of extended benefits. These States are Alaska, Idaho, Michigan, New Jersey, Ohio, Pennsylvania, Puerto Rico, Rhode Island, Maine and Oregon.

In my own State of Michigan, seasonally adjusted unemployment has now reached 10.3 percent. Our insured unemployment rate is 8.18 percent, compared to a national insured unemployment rate of 3.15 percent. The extended benefits program has been triggered on in Michigan since October 6, 1979. More than 358,000 persons are collecting unemployment insurance in Michigan today. Each month, it is projected that more than 15,000 of these jobless workers will exhaust their benefits and be forced to leave the rolls, even though they have been unable to secure employment and the State's economic picture remains bleak.

These workers have lost their jobs through no fault of their own. After they exhaust their unemployment insurance, they have no place to turn. Few are eligible even for welfare. The stress which they and their families face is reflected in increased alcoholism, depression and other mental health problems, and family instability.

These workers and their families deserve and need our attention. The bill I am introducing today would provide badly needed additional protection under the unemployment insurance system, similar to that available under the old Federal supplemental benefits program enacted in 1974 and subsequently expired. I urge my colleagues to join me in supporting this urgently needed legislation.●

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By Mr. WEICKER:

S. 2519. A bill to provide for the prevention of the destruction of fisheries resources by lost fishing gear; to the Committee on Commerce, Science, and Transportation.

### DESTRUCTION OF FISHERIES RESOURCES BY LOST FISHING GEAR

● Mr. WEICKER. Mr. President, I am pleased to introduce today legislation intended to remedy a serious problem in our fishing industry.

Every year a portion of the Nation's valuable fishery resource is destroyed due to the catching and killing of fish by lost fishing gear, commonly called "ghost fishing." Fishing gear is often lost through accidents, carelessness or acts of nature. Certain types of gear, such as traps and pots, are particularly lethal continuing to fish for weeks, months or even years after being lost. In addition, when gill nets which are made of nondegradable nylon are used in unprotected waters they may become lost and catch fish for long periods of time.

Last year on a diving expedition, I personally observed several fish traps that were lost by fishermen in the waters of the Virgin Islands and Bahamas. These traps were full of fish, some dead, some half dead. The traps were on the bottom and judging from the growth of algae on most of them, they had been in the water for a long time. The traps were efficiently catching fish while none could escape. Although I released the fish, it is clear that many other traps which have been lost and never found continue to take their toll.

The estimated number of pots lost each year in certain fisheries is in the hundreds of thousands. Several States and fishery management plans have regulations which are intended to reduce ghost fishing losses by requiring fishing gear to have "degradable devices." These devices, such as doors with dissolving locks, cotton or wood panels, degrade after a period of time allowing the fish to escape after a trap is lost. However, because the regulations are not standardized, consistent or in some cases do not even exist the effective prevention of ghost fishing is questionable.

For example in the New England lobster fishery there are an estimated 250,000 pots lost each year, yet there is no requirement for a degradable device. In the king crab fishery there is an estimated annual pot loss of 25,000, and here again there is no requirement for a degradable device. Both the blue crab and black seabass fisheries have no provisions to reduce ghost fishing losses.

In other fisheries, such as the spiny lobster fishery of the Southwest, the regulations are inconsistent. In this case the State of Florida requires a degradable wood panel but over 70 percent of the fishery is outside of Florida's jurisdiction—and is presently not regulated. The black cod fishery on the Pacific coast requires degradable cotton stitching on fish traps but I understand that fishermen generally ignore the regulation because of the time needed to periodically restitch their traps.

There are cases, on the other hand, where the fisheries are consistently regulated in terms of degradable devices. The tanner crab fishery of the North Pacific is controlled by State, Federal, and Canadian regulations requiring degradable devices. The Regional Fishery Management Councils are also preparing management plans for some of these fisheries and in these are addressing the ghost fishing problem. However, there are several species such as the dungeness crab and blue crab, for which no management plan is being considered.

As new plastic and metal equipment replace older and less durable wood gear the dangers of ghost fishing will increase sharply. This new equipment may last indefinitely on the ocean floor. Because the purpose of the degradable device is the same in all cases, requiring a standard throughout the Nation would reduce cost for fishermen and ease enforcement problems. Piecemeal legislation and regulation has left gaps and creates problems for both fishermen and enforcement agents trying to comply with the various laws. This legislation, which amends the Fishing Conservation and Management Act of 1976, will give the Secretary of Commerce the authority necessary to overcome these problems and reduce the destruction of fish resources due to ghost fishing. The Secretary of Commerce, in cooperation with the fishing industry, should undertake a study to determine which degradable devices are the easiest to maintain and the cheapest to produce. A single national regulation for standard, cheap and easy-to-use degradable devices is in the national interest.

I have long been a supporter of fishermen and the fisheries industry of this Nation. A healthy fisheries industry depends primarily on a healthy resource. By controlling the losses due to ghost fishing we can conserve and maintain our fishery resource, which will be a benefit to all.

The bill I am introducing today would require that all fishing gear that is potentially capable of ghost fishing shall be equipped with a degradable device. The Secretary of Commerce would be required to make every effort to make these regulations consistent throughout U.S. coastal waters.

I ask unanimous consent that the text of this bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2519

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Fishery Conservation and Management Act of 1976 is amended by—

(1) adding at the end of section 3 the following new paragraphs:

"(26) the term 'ghost fishing' means the capture of fish by lost or abandoned pots, traps, gill nets and other fixed gear of a similar nature; and

"(27) the term 'degradable device' means a device which after 1 month renders lost fishing gear ineffective.";

(2) in section 307, striking "and" after paragraph (1)(H);

(3) adding at the end thereof the following new subparagraphs:

"(I) after January 1, 1981, to use any fishing gear within the Fishery Conservation Zone that the Secretary finds can ghost fish unless such gear is equipped with a degradable device in accordance with regulations promulgated by the Secretary; and

"(J) to ship, transport, offer for sale, sell, purchase, import, or export in interstate commerce any fishing gear that the Secretary finds can ghost fish unless such gear is equipped with a degradable device in accordance with regulations promulgated by the Secretary."; and

(4) adding at the end of section 204 the following new paragraph:

"(3) regulations promulgated pursuant to section 307(I) by the Secretary, in cooperation with the regional councils, shall, to the maximum feasible extent be consistent throughout United States coastal waters."●

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By Mr. DURENBERGER:

S. 2520. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the unified credit allowed against estate tax and gift tax; to the Committee on Finance.

Mr. DURENBERGER. Mr. President, today I am introducing a bill to amend the estate tax provisions of the Internal Revenue Code to provide that gross estates with a value of $600,000 or less would not be subject to tax.

Mr. President, due to inflation, the Federal estate tax has changed from a tax on the estates of the rich to a tax on the estates of the middle class. In general, taxpayers in the upper brackets have solved their estate tax problems through sound planning devices. The average wage earner, farmer, small businessman, or a professional who has worked hard all his life and prudently saved and invested must pay a disproportionate share of Federal estate tax revenue. These taxpayers, often due to the nature of their assets, are not in a position to take advantage of sophisticated transfers designed to minimize estate tax liability.

Mr. President, the current estate tax came into our system in 1916. When Federal expenditures in preparation for World War I were rising. What began as an emergency levy, to be imposed briefly, has evolved as a permanent instrument of social policy. While weighing this social policy, it is important to remember that Federal estate taxes are capital levies and steadily reduce private capital available for investment. Private capital is the basis of the American economic system and a ready supply of such capital is essential to the stability and economic growth of the Nation.

Everyone loses when Government consumes productive capital. Yet for the sake of economic equality, confiscatory death taxes are particularly destructive to the maintenance of small businesses and family farms.

The prosperous enterprise that is in the possession of one family throughout decades is one of the favorite targets of a certain group of tax reformers. Nevertheless, in a competitive enterprise system, the heir to a business must continually manage its assets to best service his customers. If he does so ably and successfully, he will preserve the business or even facilitate its growth. If he should neglect its management or supervision, competition would soon inflict serious losses. As profits allocate capital to able entrepreneurs, so do losses take capital from incompetent heirs. They destroy a family enterprise in a few years and thereby make room for more able newcomers.

Small farms and businesses have played an important role in American economic history. They have amply supplied a rapidly increasing population. Nevertheless, the impact of death duties probably is more severe on farming than on any other occupation. When the tax progression almost reached its present rates in 1935 land values were greatly depressed and the average farm value with land and buildings probably did not exceed $5,000. Very few farmers were affected by the estate tax.

In March 1975 the average value of land and buildings per operating farm unit was estimated at $143,000. In addition, the amount of machinery and equipment required to operate a farm unit was probably approaching this amount. As a result, estate taxation has become a serious threat to a great many farmers.

Mr. President, these assets generally are not readily marketable and the liquidation of assets to pay estate tax creates special difficulties with farms and closely held businesses. The need to liquidate the assets of these operations to pay estate tax encourages mergers of such businesses with larger corporations. Various provisions have been accepted in recent years to alleviate the liquidity and forced sale problem. We have established a special valuation method for estates that continue to operate the business for a fixed period of time after death. We have approved a 5-year moratorium on the payment of estate taxes on qualifying farms and closely held businesses with no interest payable during this period. We have provided, in limited circumstances, for the sale of stock at capital gains rates to pay the estate tax liability.

Mr. President, these changes were well intentioned provisions to provide needed relief to estates with farms and closely held businesses.

Nevertheless, estates are not taking advantage of them, as they are complex and unworkable. They will allow lawyers to tinker with the system while farmers and small businessmen disappear. The estimated estate and gift tax percentage of total revenues is approximately 1.5 percent or $5 billion. Compare these figures with the cost of legal and accounting services providing estate planning, the number of courses in our schools, the number of planning conferences sponsored by professional associations. The cost of the above activities seems somewhat inconsistent when we look at the total revenue of estate and gift taxes. As one knowledgeable observer said several years ago; "While it—estate and gift tax law—helps to support many lawyers, it does relatively little to support the Government."

Mr. President, the bill I am introducing today is simple, direct and workable. It relieves estates with a value of $600,000 from a tax designed for a social rather than an economic purpose.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2520

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) subsection (a) of section 2010 of the Internal Revenue Code of 1954 (relating to unified credit against estate tax) is amended by striking out "$47,000" and inserting in lieu thereof "$192,800".

(b) Paragraph (1) of section 2505 (a) of such Code (relating to the unified credit against gift tax) is amended by striking out "$47,000" and inserting in lieu thereof "$192,800".

(c)(1) Section 2010 of such Code is amended by striking out subsection (b) and redesignating subsections (c) and (d) as subsections (b) and (c).

(2) Section 2505 of such Code is amended by striking out subsection (b) and redesignating subsections (c) and (d) as subsections (b) and (c).

SEC. 2. The amendments made by this Act shall apply to the estates of decedents dying after December 31, 1980.

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By Mr. DOLE (for himself, Mr. Boren, Mr. Bellmon, Mr. Wallop, Mr. Bentsen, Mr. Domenici, Mr. McClure, Mr. Tower, and Mrs. Kassebaum):

S. 2521. A bill to amend the Internal Revenue Code of 1954 to provide more equitable treatment of royalty owners under the crude oil windfall profit tax; to the Committee on Finance.

Mr. DOLE. Mr. President, today, President Carter signed the so-called windfall profit tax bill into law. Some Members were invited and some were not. This signing ended the very long journey of the windfall profit tax. If we add up the time from when we first started the discussion of the windfall profit tax, it spans a period of 11 months.

This Senator believes that the windfall profit tax will make this country's journey to eventual energy independence much more difficult. As I said on the floor the day after the conference report was agreed to by the Senate, the windfall profit tax is bad energy policy and bad economic policy. It will lower incentives for discovering new oil when they should be increased. It will thus reduce future domestic oil production at a time when our dependence on undependable foreign sources of oil is most perilous.

The bill is bad economic policy because it places the largest tax in our history on American consumers at a time when large tax reductions are what are needed. How can Americans sustain 19-percent inflation, almost no real growth in our economy and a new $227 billion tax all at the same time?

Finally, this law is inequitable. It taxes small royalty owners at the same rate as Exxon and the other oil industry giants.

There will come a time in the very near future when those who pushed for this legislation will recognize their catastrophic folly.

Mr. President, the Senator from Kansas has repeatedly pointed out how the windfall profit tax unfairly dealt with small royalty owners.

We are finding that in the State of Kansas—and I am certain every other oil-producing-State Senator will find the same during the Easter recess if he talks to farmers or other small investors who purchased royalties over the years—that royalty owners are extremely unhappy to be paying the same rate of tax as the major oil companies.

Many royalty owners in the State of Kansas—farmers and others—tell me they were extremely surprised that they are being asked to pay this tax. They did not understand that this tax would apply to them, because they had been told, time after time, by commentators and by the President of the United States, that we are going after the big oil companies and that big oil was to pay the tax. This was not an accurate representation of what the windfall profit tax proposal contained.

During the final Senate consideration of the conference report on the windfall bill, the Senator from Kansas attempted to focus the attention of his colleagues on the plight of the approximately 2 million small royalty owners throughout the United States. In this Senator's view, one of the most unjust aspects of the final windfall tax is the harsh treatment it gives these small royalty owners. Under the conference report, these royalty owners are subjected to the full windfall profit tax rates—a 70-percent tax rate on upper and lower tier oil, a 60-percent tax rate for stripper oil and a 30-percent tax rate for newly discovered, incremental tertiary and heavy oil. These are the same windfall tax rates applicable to the giant, multinational oil companies.

The Senator from Kansas recognizes that when the Senate was presented with the conference bill on H.R. 3919, we had no real latitude to make modifications in the bill. In order to make any change in the bill to ease the burden on small royalty owners, it would have been first necessary to defeat the conference report and to then request a new conference with the House. The Senator from Kansas understands that many Members were reluctant to delay passage of the windfall bill, even though they were entirely in sympathy with the concerns of small royalty owners.

Accordingly, the Senator from Kansas is today joining the distinguished Senators from Oklahoma, Mr. Boren, and Mr. Bellmon, and Mr. Wallop in introducing a bill which would entirely exempt small royalty owners from the windfall profit tax, up to a total of 10 barrels per day of royalty interest. This 10-barrel-per-day exemption should cover the vast majority of the small royalty owners who will be most severely impacted by the imposition of the windfall profit tax on their interests.

At least in Kansas, most royalty owners are working farmers who are struggling to survive in the face of plummeting farm commodity prices. These individuals are dependent on the modest royalty checks they receive to weather the currently unfavorable farm market. There is also a sizable group of royalty owners who are retired persons dependent on small royalty checks to supplement their social security payments. Clearly these individuals are not oil profiteers. They were not the intended target of the windfall profit tax when it was first proposed, when it passed the Senate Finance Committee, or when it originally passed the Senate.

The imposition of the windfall profit tax upon these small royalty owners will cause a substantial rollback in the income received by these individuals. This is especially true for royalty owners on stripper oil properties. On a barrel of stripper oil selling for $38, a royalty owner would typically receive a $4.75 royalty payment. After the imposition of the windfall profit tax, the royalty owners will have to pay a $1.71 tax on this royalty income. Thus, the royalty owner's payment per barrel will be slashed from $4.75 to $3.04 by the windfall profit tax—a 36-percent drop in income.

The Senator from Kansas has heard from dozens of extremely unhappy landowners who assert they will not enter into any new leases because of the imposition of the windfal profit tax. There have already been reports that landmen trying to acquire mineral rights are running into resistance from landowners. Clearly if a substantial number of landowners refuse to enter into new leases because of their anger over this new tax, it will have a significant detrimental effect on domestic oil production.

Mr. President, it is difficult to justify why a working farmer or a retired person should be subject to the windfall profit tax at all, much less be subject to the same heavy tax that Exxon pays. The inequity of this situation cannot be allowed to persist. Accordingly I am hopeful that the Senate Finance Committee will promptly move forward on the small royalty owner exemption bill that we are introducing here today, and that it can be quickly enacted. The Senator from Kansas takes considerable comfort in the concern that the distinguished chairman of the Senate Finance Committee, Mr. Long, has expressed toward small royalty owners and in the interest he has shown toward moving forward on legislation to ease the burden on these individuals.

Mr. President, I have discussed in this Chamber this approach with the distinguished chairman of the Finance Committee, Senator Long. He has indicated a willingness, to try to find some way to accommodate the small royalty owners. I am certain many other of our colleagues are also sympathetic.

The Senator from Kansas can understand that the only choice we had during consideration of the windfall profit tax conference report was to either accept it or reject it and start all over. I know that many Senators who support this exemption were reluctant to defeat the conference report.

But I feel that once the plight of the small royalty owner is fully understood, there will be broad bipartisan support from Senators from producing and nonproducing States to try to right this wrong.

I hope we can have a hearing on our proposal at the very earliest time and that the Finance Committee can report a measure that will have the support of the majority of Senators at some time in the very near future.

I see the distinguished junior Senator from Oklahoma has come to the Chamber.

I have just been explaining the bill we are introducing which would exempt up to 10 barrels per day of so-called royalty oil.

It seems to me that this bill is a step in the right direction.

I thank the distinguished Senator from Oklahoma for his leadership in proposing this legislation and for his efforts in the past several months to try to prevent this from happening.

Mr. BOREN. Mr. President, will the Senator yield?

Mr. DOLE. I am happy to yield to the Senator from Oklahoma.

Mr. BOREN. I am proud to join with my colleague from Kansas in introducing this legislation, and I commend him for taking the lead on this subject.

I think we should have good hope for positive action in the Senate, and the Senate in the past, acting on the broader bill, recognized the special needs of royalty owners.

When we were having general debate on the tax many people in the conference simply did not focus on what was being done here to the small royalty owners, the fact that there are countless thousands, perhaps even over a million people in this country who have their life savings in many cases tied up in small royalty investments, and we are not here dealing with any kind of privileged group. In fact, they do not even have a national organization. They are certainly not a well-organized interest group.

In many cases these are people virtually at the lower income levels who are being very, very hard hit by this tax.

I certainly commend the Senator from Kansas for his efforts in rectifying this wrong.

Mr. DOLE. I thank my distinguished colleague from Oklahoma.

I am certain the Senator from Oklahoma is receiving copies of letters now from little royalty owners who are getting letters from the big oil companies saying, in effect, "Greetings, we are about to tax you to 60 percent." Sixty percent of, the difference between the base price and the market price, is a pretty heavy tax. That is the same rate as I indicated that the major oil companies must pay. I said earlier I know the chairman of our committee, the distinguished Senator from Louisiana, will help us in this effort. He indicated as much in the Chamber during the debate on the conference report.

I believe justice can be done, and I thank the Senator from Oklahoma for his efforts and also that of his colleague, Senator Bellmon as well as the Senator from Wyoming (Mr. Wallop).

Mr. President, I ask unanimous consent that the text of the proposal be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 2521

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

Section 1. Royalty Owner Exemption.

(a) In General.—Subsection (b) of section 4991 of the Internal Revenue Code of 1954 (relating to exempt oil) is amended—

(1) by striking out "and" at the end of paragraph (3),

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a comma and the word "and", and

(3) by adding at the end thereof the following new paragraph:

"(5) Any exempt royalty owner oil.".

(b) Royalty Owner Oil.—Section 4994 of such Code (relating to definitions and special rules relating to exemptions) is amended by adding at the end thereof the following new subsection:

"(f) Exempt Royalty Owner Oil.—

"(1) General rule.—For purposes of this chapter, the term 'exempt royalty owner oil' means that portion of a royalty owner's exempt production for the quarter which does not exceed such person's exempt amount for such quarter.

"(2) Exempt amount.—For purposes of this section—

"(A) In general.—A person's exempt amount for any quarter is the product of—

"(i) 10 barrels, multiplied by

"(ii) the number of days in such quarter (31 in the case of the first quarter of 1980).

"(B) Production exceeds amount.—If a person's exempt production for any quarter exceeds such person's exempt amount for such quarter, the exempt amount shall be allocated—

"(i) between tiers 1 and 2 in proportion to such person's production for such quarter of domestic crude oil in each such tier, and

"(ii) within any tier, on the basis of the removal prices for such person's domestic crude oil in such tier removed during such quarter, beginning with the highest of such prices.

"(3) Exempt production defined.—For purposes of this section, a royalty owner's exempt production for any quarter is the number of barrels of taxable crude oil—

"(A) of which such person is the producer,

"(B) which is removed during such quarter, and

"(C) which is tier 1 oil or tier 2 oil.

"(4) Royalty owner.—For purposes of this section, the term 'royalty owner' means any person who is the holder of any royalty or similar interest.

"(5) Allocation within related group.—

"(A) In general.—In the case of persons who are members of the same related group at any time, the 10 barrel amount contained in paragraph (2) (A) (i) for days during such quarter shall be reduced for each such person by allocating such amount among all persons in proportion to their respective exempt production for such quarter.

"(B) Related group.—For purposes of this subsection, persons shall be treated as members of a related group if they would be treated as members of a related group under section 4992(e).

"(C) Members of more than 1 related group.—If a person is a member of more than 1 related group during any quarter, the determination of such person's allocation under subparagraph (A) shall be made by reference to the related group which results in the smallest allocation for such person.

Sec. 2. Effective Date.

The amendments made by section 1 of this Act shall apply with respect to taxable periods ending after February 29, 1980.

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By Mr. DURENBERGER:

S. 2522. A bill to amend the Internal Revenue Code of 1954 to extend the exclusion of gain from the sale of a principal residence to individuals under 55 years of age, and for other purposes; to the Committee on Finance.

Mr. DURENBERGER. Mr. President, I am introducing a bill today to amend section 1034 of the Internal Revenue Code relating to the exclusion of gain on sale of a personal residence. The bill eliminates the 55-year-age limitation and the one-time election requirement.

Mr. President, the Congress, in 1978, initiated a much needed first step toward reforming the tax law applicable to the sale of a personal residence.

The Congress believed that the taxes imposed upon an individual with respect to gain realized on the sale or exchange of his or her principal residence were unduly high, especially in view of recent inflation levels and the increasing cost of housing. In certain situations, the nonrecognition provisions of present law operate adequately to allow individuals to move from one residence to another without recognition of gain or payment of tax. However, where an individual has owned a principal residence for a number of years and sells it either to purchase a smaller, less expensive dwelling, or to move into rental quarters, any tax due on the gain realized may be too high.

While the provisions of the law prior to 1978 relating to the exclusion of gain by taxpayers who attained the age of 65, ameliorated this situation somewhat, it was believed that the prior dollar limits and age restriction were unrealistic in view of increasing housing costs and decreasing retirement ages.

The 1978 amendment provided that an individual who has attained the age of 55 may exclude from gross income, on a one time elective basis, up to $100,000 of any gain realized on the sale or exchange of his or her principal residence.

Mr. President, today the current age limitation and one-time election are again unrealistic in light of our efforts to conserve energy. New housing will play a large role in our Nation's ability to successfully implement our energy conservation goals. We must provide incentives to assure that newly built homes will be smaller and more energy efficient.

Nevertheless, our current tax laws go in the opposite direction. As taxpayers are faced with inflationary capital gains on the purchase of a smaller residence they are encouraged to purchase larger and larger residences.

Mr. President, the bill I am introducing would eliminate the disincentive to purchase a smaller residence by providing that the $100,000 exclusion of capital gain be used in part or in total. This provision eliminates the indecision on the part of a taxpayer who may postpone the use of the exclusion until he is sure of its maximum effectiveness. Further, the bill provides that the $100,000 capital gain exclusion can be used by all taxpayers regardless of age. This provision will encourage taxpayers other than those planning retirement to purchase smaller fuel efficient personal residences.

Mr. President, I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2522

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) the section heading and subsection (a) of section 121 of the Internal Revenue Code of 1954 (relating to one-time exclusion of gain from sale of principal residence individual who has attained age 55) are amended to read as follows:

"Sec. 121. One-Time Exclusion of Gain From Sale of Principal Residence by Individual.

"(a) General Rule.—At the election of the taxpayer, gross income does not include gain from the sale or exchange of property if during the 5-year period ending on the date of the sale or exchange, such property has been owned and used by the taxpayer as his principal residence for periods aggregating 3 years or more.".

(b) Paragraph (1) of section 121 (d) of such Code (relating to property held jointly by husband and wife) is amended by striking out "age, holding," each place it appears and inserting in lieu thereof "holding".

(c) (1) The table of sections for part III of subchapter E of Chapter 1 of such Code is amended by striking out "who has attained age 55".

(2) Sections 1033(h) (3), 1034(1), 1038(e) (1) (A), 1250(d) (7) (B) and 6012(c) of such Code are each amended by striking out "who has attained age 55".

SEC. 2. Subsection (b) of section 121 of the Internal Revenue Code of 1954 (relating to limitations) is amended to read as follows:

"(b) LIMITATIONS.—

"(1) AGGREGATE DOLLAR LIMITATION.—The amount of gain excluded from gross income under subsection (a) for any taxable year shall not exceed the excess of—

"(A) $100,000 ($50,000 in the case of a separate return by a married individual), over

"(B) the amount of gain excluded from gross income under this section for any preceding taxable year.

"(2) GAIN NOT TAKEN INTO ACCOUNT IF SALE MADE BEFORE JULY 26, 1978.—There shall not be taken into account for purposes of paragraph (1) (B) any gain excluded under this section which is attributable to a sale or exchange before July 27, 1978.

SEC. 3. The amendments made by this Act shall apply with respect to taxable years beginning after December 31, 1980.

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By Mr. LONG (for himself and Mr. JOHNSTON):

S. 2523. A bill to amend certain inspection and manning laws applicable to small vessels carrying passengers or freight for hire, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. LONG. Mr. President, the bill I am introducing today, for myself and for Senator J. BENNETT JOHNSTON and others, addresses for the first time the special needs of a very large segment of our merchant marine fleet. This segment is made up of small commercial and special purpose industrial vessels under 1,600 gross tons.

U.S. commercial fishing vessels, coastal and oceangoing tugs, small freight or passenger vessels carrying goods, or people "for hire" in the coastal trade, vessels in the Great Lakes and offshore and inland mineral and oil service boats are among the numerous types of vessels included in that diverse segment of the maritime industry.

The supply vessels that constitute the offshore mineral and oil supply industry are part of a domestic oil and gas production network that has evolved subsequent to the enactment of Federal statutes, principally 46 U.S.C. 404, governing inspection and manning requirements for deep-sea, ocean-going vessels engaged in traditional for hire carriage.

This proposed legislation is designed to clarify and amend certain antiquated manning and inspection statutes which affect such special-purpose vessels. Many of these statutes, written earlier in this century and intended for larger, ocean-going vessels, are clearly excessive in their requirements when applied to smaller commercial vessels.

The version of the bill I am introducing today is identical to the House bill, H.R. 5164, which was favorably reported, 16 to 0, by the Coast Guard and Navigation Subcommittee on November 8, 1979, and unanimously by the full House Merchant Marine and Fisheries Committee on March 19, 1980. It should soon be acted on by the House of Representatives, hopefully without amendment.

Although the House hearings on this bill focused on solutions to problems being experienced by the offshore marine service industry, there are important provisions in this and the House bill which address other problems being experienced by the merchant marine fleet generally. Both before and during the House hearing, the Coast Guard and the Maritime Administration confirmed the scope of the problem. State Marine School spokesmen agreed. All stressed the need for remedial legislation.

The Coast Guard testified that "enactment of this bill as amended (by the Coast Guard and Navigation Subcommittee amendments) would improve safety standards on small vessels * * * particularly mineral and oil service vessels."

A principal purpose of this legislation is to foster the development of career patterns in the maritime industry so that there is a constant influx and progression of licensed, certificated personnel within the ranks of merchant seamen. The fact that some personnel are available does not help the situation, if they are not licensed and certified.

The absence today of career patterns in much of our small vessel merchant marine fleet is the source of the personnel (licensed and certificated) shortages. A 1979 Maritime Administration study pointed out that if existing manning and licensing laws were fully enforced, 36 percent (1,038) of the offshore marine service fleet would have to be laid up. This would have a devastating impact of U.S. energy supplies.

Similar problems would be created for owners, operators, and crew of other small vessels in different trades, that is, fishing vessels, tugs, and other small freight and passenger vessels.

This legislation requires that all small commercial vessels over 15 gross tons will be subject to Coast Guard inspection, manning and licensing requirements. In establishing these requirements, the Coast Guard is directed to:

> (1) re Inspection: "take into consideration the characteristics of the vessel, their method of operation, and the service in which they are engaged."
>
> (2) re Manning and licensing: "establish suitable career patterns, and service and other qualifying requirements, appropriate to the particular service or industry in which the officers are engaged."

It should be noted that this legislation does not reduce the number of personnel required aboard these vessels. It only modifies, with U.S. Coast Guard approval, the period of sea service time or other qualifications needed to be tested for advancement to a higher position.

These modifications, which greatly enhance career development potential, apply to small vessels from 15 to 500 gross tons (which favorably affect the career paths of all personnel serving aboard fishing vessels, tugs, mineral and oil service vessels and other small vessels), vessels from 500 to 1,600 gross tons, vessels over 1,600 gross tons (deep sea), and vessels on the Great Lakes.

Inspection of vessels, as well as reasonable manning and licensing requirements for personnel aboard the vessels must be dealt with simultaniously, as this bill does. To illustrate, I would like to quote from a letter addressed to me, dated April 13, 1979, by Rear Adm. Paul Yost, Commander of the 8th Coast Guard District.

> It is really difficult to talk about certification (inspection) without considering licensing and manning in almost the same breath. Certification of a vessel triggers the requirements that the vessel be manned by licensed personnel. There are not, at this time, sufficient licensed personnel available in the Gulf to man vessels operated by the offshore industry. Any solution to the certification problem will have to be accompanied by a solution to the licensing and manning problem.

As I have already stated, the bill addresses these problems in an integrated, comprehensive manner, as set forth below.

The bill would require all vessels over 100 gross tons carrying passengers or freight for hire to be inspected under 46 U.S.C. 404. Vessels under 100 gross tons would be moved for inspection purposes to 46 U.S.C. 390, the Small Vessel Inspection Act.

I want to emphasize that this provision of the bill would bring all vessels under inspection. The inspection requirements would be tailored by the Coast Guard to the special circumstances of the method of operation and service in which the vessels engage. This segment of our merchant marine industry has made the point that vessels which carry their own or the charterer's freight or personnel should not be held to the same very high standards as vessels which hold themselves out to the public for common carriage (for hire).

What is required by this segment of the merchant marine is that the Coast Guard be delegated the responsibility to determine the safety needs of these non-common carriage standards on them. The bill does this by providing a new section 46 U.S.C. 404(a) which addresses offshore supply vessels. As long as these vessels carry their own (or the charterer's) freight or personnel, they will not be considered engaged in common carriage or "for hire" operations.

While the vessels remain subject to the inspection standards of either 46 U.S.C. 404 or 46 U.S.C. 390, depending on size, the Coast Guard is directed to establish the inspection standards, taking "into consideration the characteristics of these vessels, their method of operations, and the service in which they are engaged."

Existing offshore supply vessels are also brought under inspection. However, these vessels will not have to make major structural or major equipment changes unless necessary to "remove an especially hazardous condition." Nevertheless, all vessels which turn 20 years old on or after January 1, 1989, will have to be brought under full inspection compliance or be removed from service.

I want to emphasize that these aspects of the bill do not create a "grandfather" provision for existing vessels so as to exempt them from inspection. Instead, all existing vessels presently operating under U.S. Coast Guard certificate would continue to be inspected fully under title 52 and all other existing vessels would have to pass inspection procedures to be be developed by the Coast Guard.

Finally, all vessels would have to meet full title 52 inspection requirements when they become 20 years old, or be removed from service.

As I stated earlier, shortages of licensed engineers have been identified in industries other than the offshore marine service industry. This bill would ease these shortages by providing that a "licensed engineer and a licensed pilot" would be required on vessels over 300 gross tons. Below this figure, the requirement would be at the discretion of the Coast Guard.

The bill also provides that no offshore supply vessel may be navigated without a licensed deck officer and, if over 200 gross tons, a licensed engineer. Again, the Coast Guard would have the discretion to require a licensed engineer on vessels below 200 gross tons.

Because all offshore marine service vessels will now become subject to inspection, the bill directs the Coast Guard to establish a suitable career pattern for masters, mates, AB's, and engineers within the industry. In classifying licensed officers, the Coast Guard is directed to "establish suitable career patterns and service and other qualifying requirements, appropriate to the particular service or industry in which the officers are engaged."

As a result of the current shortage of qualified personnel, there are currently many individuals filling positions for which they do not have a proper certificate. These individuals are currently safely performing their jobs, and the bill gives the Coast Guard discretion to issue emergency temporary certificates to these individuals until they have qualified formally for the licenses.

The bill, in addition, reduces the minimum age requirements to qualify as an able seaman from 19 years to 18 years of age and creates three categories of able seamen: First, "unlimited"—requires 3 years sea service on the oceans or Great Lakes; second,, "limited"—requires 18 months sea service on oceans, navigable waters of the United States or Great Lakes; third, "special"—requires 12 months sea service on oceans, navigable waters of the United States or Great Lakes.

However, for vessels under 500 gross tons engaged in the offshore marine service industry, the sea service requirement may be reduced to 6 months in oceans, navigable waters of the United States or Great Lakes.

The bill also continues the requirement that 65 percent of the deck crew, exclusive of licensed officers, be able seamen. However, the bill provides that on vessels entitled to use the two-watch system (offshore marine service vessels) this percentage may be reduced to 50 percent.

The serious shortage of 12-month and 18-month able seamen is addressed by the bill through language setting up able seamen clarification and reducing qualifying sea time before a seaman is eligible for a particular rank. The number of seamen aboard the vessel is not reduced, only the qualifying time, and then only where consistent with safety, according to the Coast Guard.

These provisions in the bill will assist in overcoming personnel shortages, and contribute to career pattern development among broad categories of vessels that operate in waters off coastal States (tugs, small freighters, and passenger vessels), in the Great Lakes, where shortages are acute, and in the offshore mineral and oil industry.

Maritime labor asked for sea service modifications in the trades where it benefits and has jobs at stake, that is, the Great Lakes, but it opposed these same modifications for the mineral and oil industry, in which only 2 percent of the fleet is unionized. This bill recommends much-needed changes in both areas.

It is important to note that seamen qualifying for able seaman special category (6 months, based on Coast Guard discretion) for the offshore mineral and oil industry, will not be permitted to use that certificate in any other trade, union or nonunion.

Moreover, union seamen will have the same opportunity to compete for jobs in the mineral and oil industry as any other seaman and the bill is neutral on union organization of previously nonunionized segments of the maritime industry.

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By Mr. JACKSON (by request):

S. 2524. A bill to establish the Western Arctic Management Area in Alaska, and for other purposes; to the Committee on Energy and Natural Resources.

S. 2525. A bill to establish the Arctic North Slope National Conservation Area, and for other purposes; to the Committee on Energy and Natural Resources.

### NATIONAL PETROLEUM RESERVE IN ALASKA

Mr. JACKSON. Mr. President, today I am introducing legislation at the request of the administration to establish the Western Arctic Management Area in Alaska and to authorize a private leasing program for the National Petroleum Reserve in Alaska.

I ask unanimous consent that the communication from the President about his proposal be printed in the RECORD at the close of my remarks.

I am also introducing my own proposal for future management of the National Petroleum Reserve in Alaska. My legislation would redesignate that reserve as the Arctic North Slope National Conservation Area to be managed by the Secretary of the Interior through the Bureau of Land Management pursuant to the Federal Land Policy and Management Act of 1976. It would also open up most of the area's 23.680,000 acres to competitive oil and gas leasing.

While both of the bills call for surface management to be accomplished in accordance with the principles of multiple use, my bill would better preserve the concept of the reserve as an important potential petroleum province. While exploration for and development of the oil and gas resources of the Arctic North Slope National Conservation Area would be recognized as the paramount objectives of national policy, my bill would require that these activities be accomplished in such a way as to minimize their impact on the wildlife and other resources values. The concept of a national conservation area would harmonize the region with the similar proposals contained in the Alaska National Interest Lands Conservation Act reported by the Energy and Natural Resources Committee in November 1979.

My bill incorporates many of the provisions of the administration proposal, however, there are several differences:

First. Whereas the administration's proposal would give broad discretion to the Secretary of the Interior to choose from a wide range of competitive bidding systems for the leasing program, my bill would authorize competitive leasing only when the bidding is by sealed bid on the basis of a fixed cash bonus and a variable percentage of net profits to be shared with the U.S. Treasury. The traditional bidding systems utilized in leasing Federal lands for oil and gas exploration and development do not appear to be appro-riate to this unique region which was dedicated as a naval petroleum reserve almost 60 years ago and reserved as a probable source of military fuels needed for safeguarding the national security.

Second. The Umiat oil field was discovered during the Navy's exploration program conducted between 1945 and 1952 in the Arctic foothills region of the southeastern part of the reserve. Under my bill, the Umiat field's estimated 70 million barrels of recoverable oil would be developed and produced by an independent, wholly federally owned corporation and would be made available, directly or through exchange to the strategic petroleum reserve. Also, in the event that tracts offered for lease to the private sector fail to attract qualified bidders, this corporation could undertake to explore and develop them.

Third. Whereas the administration's proposed legislation would share 50 percent of the Federal lease revenues from the area with the State of Alaska, my bill would only authorize the payment of an amount equal to 2 percent of the value of the oil and gas production and 2 percent of all other Federal lease revenue received to the Alaska Native Fund—as described in section 9 of the Alaska Native Claims Settlement Act—until such time as the final sum of $500,000,000 has been attained by it from all sources. The remaining 98 percent of the revenues received under my proposed legislation would be paid into the U.S. Treasury for the benefit of all American citizens.

A word about the proposed establishment of an independent Federal corporation is in order. Development of the Umiat oil field and exploration and development activities on any other leased tracts which fail to attract private lessees could be performed by a contract operator as is done under present exploration program being conducted on the national petroleum reserve in Alaska by Husky Oil Co. for the U.S. Geological Survey. Unfortunately, such an approach would only perpetuate the current conflict between the Office of Management and Budget and the Congress concerning the exploration of the reserve.

The obstacles created by the insistence of OMB to stop the Government's exploration program make it impractical and unproductive to continue that form of exploration. With the establishment of an independent wholly Federal-owned corporation to step in and procure the services of a contract operator, OMB could no longer interfere with the formulation of effective exploration, development, and production activities which will be needed in order to gain access to the crude oil resources of the Umiat oil field.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

### STATEMENT BY THE PRESIDENT

Today, I have sent to the Congress legislation calling for a private oil and gas leasing program for the National Petroleum Reserve in Alaska. A vital element of my energy program is to accelerate domestic energy production as a means to lessen our dependence on foreign oil and increase this Nation's energy security. We must make greater use of America's abundant natural resources, including oil, if we are to succeed in our struggle to win the energy fight.

To stimulate increased oil production here at home, I have already decontrolled the price of domestically produced "heavy" crude oil, implemented a phasing out of oil price controls for conventional crude oil, and stepped up the leasing schedule for oil production from the U.S. Outer Continental Shelf. The proposal sent to the Congress today will be another step in our overall plan of accelerating domestic energy production.

The National Petroleum Reserve in Alaska is situated on the arctic north slope of Alaska and in size is larger than the combined acreage of Massachusetts, Connecticut, Vermont, New Hampshire, Rhode Island, and Delaware. My proposal will rename the Reserve the Western Arctic Management Area under the jurisdiction of the Secretary of the Interior's Bureau of Land Management. The area will be managed under the principles of multiple-use.

This region has been the site of substantial government-sponsored oil exploration since 1923. It was in that year that President Harding first set the area aside as a Naval Petroleum Reserve and directed the U.S. Navy to explore and manage the area. Based on the data gathered by the Navy and the Interior Department since then, the Reserve is believed to have promising oil and gas potential, with current estimates projecting an average of 7 billion barrels of oil and 14 trillion cubic feet of gas in place.

It is my belief that exploration and development of these resources can be achieved most quickly and at least cost to the government by a Federally managed private leasing program. I am encouraged by the prospects that this proposal has for bringing into production badly needed domestic oil and gas.

When enacted, the legislation will provide for an accelerated leasing schedule, with the first competitive bids taking place 20 months after passage of the legislation. This is the minimum amount of time required to allow for development of necessary land management plans, environmental assessments, and lease sale preparation.

I am also confident that this legislation contains sufficient protection for the fragile arctic environment found there; because not only does this area of Alaska hold promise for oil development, but it possesses unique surface resources, including magnificent wildlife populations, native cultural and archeological heritage, scenic grandeur and recreational opportunities.

The land use plan which will be developed will direct special attention to these resources and will be designed especially to protect wildlife from adverse effects of exploration and drilling operations.

The proposal is a well balanced one. It will expedite oil and gas development and ensure the protection of the other natural resources of the area. It is in the interests of our Nation's security and I urge early Congressional action on this legislation.

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### FACT SHEET: OIL AND GAS DEVELOPMENT PROGRAM FOR THE NATIONAL PETROLEUM RESERVE IN ALASKA

The President today sent to Congress legislation calling for a private oil and gas leasing program for the National Petroleum Reserve in Alaska. This legislation fulfills the President's Commitment to submit recommendations to the Congress for the exploration and development of the petroleum resources of the Reserve, as required by the Naval Petroleum Reserves Production Act of 1976.

The proposal sent today provides for an accelerated leasing schedule to bring quickly into production the oil and gas potential of the Reserve, and contains measures for safeguarding the fragile arctic environment, including both the native culture and the significant fish and wildlife resources.

This proposal will contribute to the President's overall energy program by helping to increase domestic energy production. Current estimates for the potential of the Reserve project an average of 7 billion barrels of oil and 14 trillion cubic feet of gas in place. If the Congress passes this legislation this session, the first lease sales should occur by early 1982.

#### KEY ELEMENTS OF THE LEGISLATION

Redesignation of the entire National Petroleum Reserve as the Western Arctic Management Area under the jurisdiction of the Department of Interior's Bureau of Land Management. The surface resources will be managed under the principles of multiple use as set forth in the Federal Land Policy and Management Act of 1976.

Provision for early oil and gas leasing through an accelerated planning process. The initial land management plan for the Area, including the oil and gas leasing program and an environmental impact statement (EIS), would be completed within 16 months of passage of the legislation. The first lease sale would be required within 20 months of enactment, or four months after completion of the plan and EIS.

Provision for broad leasing authority to the Secretary of the Interior, in coordination with the Department of Energy. A wide range of competitive bidding systems are eligible, including cash bonus, net profit, royalty and work commitment bids. The leasing program could include the flexibility to establish terms and conditions appropriate for the Area, provisions to obtain fair market value for minerals leased, and regulatory authorities needed to protect the environment and the public interest.

Opportunity to lease tracts up to 60,000 acres in size and to arrange initial lease terms for up to ten years.

General authority for the Secretary of the Interior to protect surface and wildlife resources in the whole Area, consistent with multiple use management.

Creation of four special management areas within the Reserve to insure that particular provision is made for protection of the surface resources there. These areas are the Utukok River and Uplands, Teshekpuk Lake area, the Colville River Valley, and Icy Cape/Kasegaluk Lagoon. They contain the most significant surface resources, particularly wildlife habitat, and warrant special protection from drilling operations.

Consultation between the U.S. Fish and Wildlife Service and the Bureau of Land Management during the development, periodic review, and revision of wildlife-related aspects of the plan, with particular attention to the Service's recommendations for the four special management areas.

Periodic review of the land management plan, with allowance for possible future designation of the four special management areas as National Wildlife Refuges. This would occur only after weighing both fish and wildlife values and the results of the leasing program.

Sharing 50 per cent of Federal lease revenues from the Area with the State of Alaska, with a specific requirement for State assistance from those funds to localities affected by leasing activities.

Secretarial discretion for the permitting and leasing of minerals other than oil and gas to the extent consistent with petroleum exploration and development and protection of surface values.

Provision for the interests of Alaska Natives through protection of the subsistence uses of the land and through payments to the Alaska Native Fund. The Fund is the distribution source for monies awarded to Alaska Natives under the Alaska Native Claims Settlement Act and is made up in part from State and Federal oil and gas revenues in Alaska.

Authority to provide access for transportation into and through the Area, in accordance with current legal requirements.

Creation of an Advisory Committee with representatives from the State of Alaska and affected local governments, the Native community, and other interested organizations to assist in land use planning and development of the leasing program.

#### BACKGROUND

The National Petroleum Reserve in Alaska (NPRA) is a prime example of a frontier region that contains potentially important domestic energy resources. Its 23 million acre expanse is almost entirely wilderness. It is located on Alaska's North Slope and is bounded to the north by the Arctic Ocean and to the south by the Brooks Mountain Range. Its eastern border lies more than 50 miles west of the Prudhoe Bay oil field and the Trans Alaska Pipeline System. In size, the Reserve is larger than the combined acreage of Massachusetts, Connecticut, Rhode Island, Vermont, New Hampshire, and Delaware.

In 1923, President Harding set this area aside as the Naval Petroleum Reserve No. 4. It was designated as a national defense reserve under the jurisdiction of the Department of the Navy and was viewed as a possible petroleum supply source during a military emergency.

The threat of oil shortages during World War II prompted the Navy to accelerate its petroleum exploration program. The Navy's exploration program resulted in the discovery of the Umiat oil field, estimated to contain at least 70 million barrels of recoverable oil, and minor discoveries of petroleum at other locations. The Umiat field has not yet been developed. A gas field was also discovered near the village of Barrow, which is currently being operated for local use.

The cost of conducting oil and gas operations in the harsh Arctic environment makes development and production difficult. The figures cited for oil and gas in place in the Reserve are estimates, and the economics of producing any discoveries will be heavily influenced by these conditions. Nevertheless, these figures are more promising than any estimates for the frontier areas of the Outer Continental Shelf.

Passage of the Naval Petroleum Reserves Production Act of 1976 transferred jurisdiction over the Reserve to the Department of the Interior. Further, it required:

a continuation by the Department of the Interior of the petroleum exploration program initiated by the Department of the Navy.

a study by the Department of the Interior of the values and best uses of the lands in the Reserve, exclusive of its potential for oil and gas development. This study was submitted to Congress in April 1979 by the Secretary of the Interior.

a presidential study to determine the best overall procedures for the development, production, transportation, and distribution of the Reserve's petroleum resources. This study consists of an economic, environmental and policy analysis of the area.

These reports were open to extensive public review and helped form the basis of the legislative proposal sent to Congress today.

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THE WHITE HOUSE,
*Washington, D.C., January 28, 1980.*

HON. HENRY M. JACKSON,
*Committee on Energy and Natural Resources, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to section 105(b) of the Naval Petroleum Production Act of 1976. I am herewith transmitting a study report, with accompanying legislative recommendations, on procedures for the exploration and development of potentially significant petroleum resources of the National Petroleum Reserve in Alaska. I am also transmitting a report by the Attorney General on the anticipated effects of the proposed legislation on competition, as required by section 106 of that Act.

The study report and the legislative recommendations represent a multiagency effort led by the Department of the Interior to examine alternative resource values and land uses within the 24-million acre Reserve. Extensive participation by the State of Alaska and other interested groups was encouraged.

The legislation I am transmitting provides that the Reserve be redesignated the Western Arctic Management Area and that it be managed under principles of multiple use as set forth in the Federal Land Policy and Management Act of 1976. Existing restrictions on commercial exploration and development of oil and gas resources would be lifted in favor of an environmentally responsible leasing program. Special protection of important wildlife and other natural resources will be provided in the Colville River Valley, Utokok River and Uplands, Teshekpuk Lake, and Icy Cape/Kasegaluk Lagoon areas. An initial lease sale will be held within 20 months of enactment of the proposed legislation.

A more complete description of the important elements of the legislation is contained in Secretary Andrus' letter to me of January 16, 1980, which I am transmitting as an integral part of my recommendations.

This proposed legislation provides a sound and sensitive balancing of energy development with conservation of wildlife and other resources. In my judgment, oil and gas exploration and production from the Reserve can be achieved most quickly and at least cost to the Nation through a Federally managed leasing program. This legislation provides the authority for such a program while retaining appropriate protection for the fragile Arctic ecosystem. I urge early congressional action on the proposal.

Sincerely,

JIMMY CARTER.

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U.S. DEPARTMENT OF THE INTERIOR,
*Washington, D.C.*

THE PRESIDENT,
*The White House,*
*Washington, D.C.*

DEAR MR PRESIDENT: I am enclosing a study and a legislative proposal for the management of the National Petroleum Reserve in Alaska (NPR–A) and for a program of oil and gas leasing in the NPR–A. The study and proposed legislation have been reviewed by the Office of Management and Budget and interested agencies and are ready for your transmittal to the Congress.

The Naval Petroleum Reserves Production Act of 1976 (P.L. 94–258: 90 Stat. 303) requires that you submit your proposal, including a study and implementing legislation, for the development of the petroleum resources of the NPR–A to Congress by 1980. The 1976 Act requires that in the development of your proposal you direct a study to determine the best overall procedures for the development, production, transportation and distribution of petroleum resources in the NPR—A (previously designated the Naval Petroleum Reserve Numbered 4).

Responsibility for this study and proposal was assigned to this Department, in consultation with other affected agencies. The Act also directed the Secretary of the Interior to conduct a second study and make recommendations concerning the best uses of the lands in the NPR–A and the designation and management of such lands. This study was completed and submitted to the Congress in April, 1979, although it did not include recommendations for land management of NPR–A, which were deferred pending completion of the petroleum development study.

My legislative proposal incorporates the concepts of both the land use and petroleum development studies (copies of the latter are enclosed) since I believe that, logically, both elements are inseparable and must be integrated into a comprehensive policy to enable effective management, development, and protection of the NPR–A.

Your April, 1979 Energy Address stated that NPR–A would be opened to oil and gas leasing by private companies. The bill clearly directs the early leasing (within 20 months of enactment) of tracts in the Reserve for oil and gas exploration and development by the private sector under a flexible leasing program, while reserving authority in the Secretary of the Interior to protect surface resources, particularly in four geographical areas which have been identified as having specially significant surface resources.

The principal features of the proposed legislation are:

Establishing all of NPR-A as the Western Arctic Management Area (hereinafter referred to as "the Area" for purposes of this letter) with management by the Bureau of Land Management under the principles of multiple use as set forth in the Federal Land Policy and Management Act of 1976 ((FLPMA), (Public Law 94–579, 90 Stat. 2743).

Provisions for early oil and gas leasing through an accelerated planning process. The initial land management plan for the Area, including the oil and gas leasing program and an environmental impact statement, would be completed within 16 months of passage of the legislation the first lease sale would be required within 20 months of enactment.

General authority to protect surface and wildlife resources in the whole Area, consistent with multiple use management.

Creation of special management areas for four areas which possess the most significant surface resources in the Area, the Utukok River and Uplands, Teshekpuk Lake area, the Colville River Valley, and Icy Cape/Kasegaluk Lagoon, to ensure that particular provision is made for protection of those surface resources.

During the periodic reviews of the land management plan, study the lands within special management areas for possible designation as national wildlife refuges, after considering both fish and wildlife values and results of the leasing program.

Consultation with the Fish and Wildlife Service in the development, review, and revision of the plan, with special attention to the Service's recommendations for the special management areas.

Broad leasing authority to the Secretary in coordination with authority vested in the Department of Energy, with a wide range of competitive bidding systems and the flexibility to establish terms and conditions appropriate for the Area, and with provisions to obtain fair market value for minerals leased, and regulatory authorities needed to protect the environment and the public interest.

Sharing of 50 percent of Federal lease revenues from the Area with the State of Alaska with a specific requirement for State assistance from those funds to localities impacted by leasing activities.

A discretionary provision for permitting and leasing of minerals other than oil and gas to the extent consistent with petroleum exploration and development and protection of surface values.

Provisions to benefit Alaska Natives through payments to the Native Fund and continuation of subsistence uses of the lands.

Authority to provide access for transportation into and through the Area in accord with current legal authorities.

Creation of an Advisory Committee with representatives from the State of Alaska and affected local governments, the Native community, and other interested organizations to assist in land use planning and development of the leasing program.

We believe we have struck an appropriate balance between oil and gas development and protection of surface values in the Area. The need for such a balance is clearly recognized in the 1976 Act. Despite strong interests on both sides of the issue, we have avoided providing for a single dominant use in the Area in favor of either oil and gas or surface protection.

I would like to expand briefly on the major aspects of my decision and proposal.

Management options. I considered a range of options for management of the Area. These included continued management as a petroleum reserve with primary emphasis on oil and gas exploration and production, multiple use management under the provisions of FLPMA, management as a wildlife refuge, and designation of certain parts of the Area as parks or wilderness areas. I decided the best approach is multiple use management, with full opportunity for oil and gas leasing but special consideration given to protect the unique surface resources of the Area.

Petroleum resource estimates. As part of the economic study, the Interior Department conducted a preliminary assessment of the petroleum potential of the Area based on an evaluation by experts in the U.S. Geological Survey and using a computer simulation model developed expressly for the Area. This evaluation considered all the data gathered to date in the Government exploration program, including information from 15 wells and over 11,000 line miles of seismic data.

Based on this evaluation, we continue to be optimistic about the potential of the

Area. While there have been no discoveries of commercial quantities of oil and gas, our current estimate is that the 23 million-acre Area contains an average value of 7.1 billion barrels of oil in place and 14.1 trillion cubic feet of gas in place. Of these potential in place resources, under current economic conditions, we estimate an average of 1.9 billion barrels of oil and 3.7 trillion cubic feet of gas could be delivered to market; there is a 5 percent chance that 4.8 billion barrels of oil and 12.9 trillion cubic feet of gas could be delivered. These estimates will be updated as additional data becomes available.

Surface resources. A task force consisting of Federal agencies, the State of Alaska, and the North Slope Borough prepared the land use study, which I submitted to Congress on April 12 of last year. This study lays out in detail the characteristics of the lands in the NPR-A and the primary resource values other than petroleum.

Several major environmental issues are associated with development of the Area: possible impacts on wildlife, especially caribou and waterfowl; effects on Inupiat culture and subsistence lifestyle availability of adequate water and gravel to support operations; direct impacts of construction, such as disturbances to tundra, associated with development; and impact on wilderness values. Specific examples of environmental resources requiring attention include the Western Arctic herd of caribou, which ranges over an area of 140,000 square miles and calves in the Utukok Uplands area from late May until early June, the millions of waterfowl and migratory birds that use the NPR-A and the coastal zone barrier island-lagoon system, and a unique molting area around Teshekpuk Lake.

Some conflict between resource values will inevitably occur; for instance, portions of the four special management areas may overlie promising oil and gas plays in the Area. While we currently have a reasonable idea of the location and magnitude of most of the surface values, knowledge of the subsurface resources, particularly the geographic areas for possible commercial oil and gas production, must be classified as preliminary. It is expected that further careful and more specific geographic delineation of both the petroleum and surface resources will reduce conflicts and will allow more specific local emphasis on oil development in some areas and surface protection in others. Moreover, protective measures developed through our prior experience in the Arctic would be applied to the exploration, development, production, and transportation of oil and gas within the Area. Additional standards will be incorporated as new experience is gained.

The current state of technology to deal with impacts is described in the attached reports.

### SIGNIFICANT LEGISLATIVE PROVISIONS AND ISSUES

There are a number of important provisions and issues contained in our proposed bill which I would like to highlight and clarify at this time.

Management plan and environmental impact statement. The Secretary would be required by the bill to prepare a long-range plan for management of the Area. Though comprehensive in scope, the plan could be accomplished in stages in order to accommodate the 20-month deadline for the first lease sale. The initial stage of the plan would have to be completed within 16 months of enactment and would fully identify and analyze the resources and programs considered most significant for the Area and would support the initial actions called for in the plan. The plan could be revised and updated as necessary.

Preliminary forecasts for the initial lease sale indicate a sale of about 700,000 acres, with varied tracts from several different sectors of the Area.

The bill also requires the publication of an environmental impact statement, pursuant to Section 102(2)(C) of the National Environmental Policy Act of 1969 (NEPA) (83 Stat. 852) in conjunction with the development of the management plan and the oil and gas leasing program. A final EIS on the initial plan would be required within the 16-month deadline. Full compliance with NEPA would also be achieved with any subsequent amendments to the plan, development of lease tracts, and other action in the Area. The 20-month deadline on the initial lease sale would be conditioned to the extent that no lease sale could be held until publication of the final EIS on the initial plan.

Application of FLPMA. The provisions of FLPMA would apply generally to the management of the Area, with certain specific exceptions for provisions that might unreasonably delay planning and the development of a leasing program and which may not be fully necessary because of extensive study and planning work that has already taken place. The Secretary would have discretion for 5 years to use only those portions of Section 202 of FLPMA, (the planning provisions of the Act) he deems appropriate. It is expected that the section would be utilized in principle, but that some procedural requirements would be waived. The regulations authority in Section 310 would not be applied for 5 years, in favor of the independent regulations authority provided by this bill.

Section 603 of FLPMA, requiring overall wilderness review for public lands, would not be applied to the Area. I decided that wilderness designations should not be applied to the Area at this time and wilderness review requirements would unreasonably delay plans for leasing. The establishment of four special management areas, (the Colville River Valley, Utukok Upland River, Teshekpuk Lake and Icy Cape/Kasegaluk Lagoon) and a procedure for reviewing them for possible refuge status (see discussion below) would provide protection for wilderness values.

Protection of surface resources and special management areas. Surface resources are defined in the bill to include fish and wildlife and their habitats, and historical archeological, cultural, scientific, scenic, and recreational resources of the Area. The long-range management plan for the Area would have to provide generally for protection of surface resources in the whole Area and would have to establish boundaries for, and identify surface resources of, the four special management areas. Within the special management areas, the Secretary would be required to provide "such conditions, restrictions, and prohibitions" as he deems necessary "to avoid reasonably foreseeable and significantly adverse effects on surface resources". The bill recognizes "an abundance of unique surface resources" in the Colville River, Utukok River, Teshekpuk Lake, and Icy Cape areas. In the special management areas the power to prohibit or limit oil and gas activities is provided, with specific reference to caribou calving, polar bear denning, and waterfowl molting seasons, and other special periods for wildlife protection. We expect that any such prohibitions and limitations, if adopted, would be seasonal or otherwise carefully applied to specific times and/or geographical areas.

The initial five-year review of the plan (concluding 6½ years after enactment) would include a study as to whether any lands in the special management areas should be established as units of the National Wildlife Refuge System. The review would include full consideration of fish and wildlife values and of results of the oil and gas leasing program, and would include a determination as to whether fish and wildlife values in those areas predominate over other surface and subsurface values. If there is insufficient data available from the leasing program and the planning process to make such a determination in the initial five-year plan review for any particular lands within the special management area, the study of those lands would be postponed until the earliest subsequent ten-year plan review when sufficient data is available. Recommendations for refuge status would be made to the Congress, and would be made subject to any then-existing leases.

Fish and Wildlife Service role. The Fish and Wildlife Service would be consulted in the development, review, and revision of the plan with regard to all aspects of fish and wildlife protection. The Service would make written recommendations on the special management areas and the Secretary would be required to justify in writing any decisions inconsistent with those recommendations.

Withdrawals. Under the 1976 Act, the NPR-A is withdrawn from all forms of entry under the public land laws, and development and production are prohibited. While necessary for the purposes of that Act, this withdrawal and prohibition will no longer be necessary and will have to be revoked to implement the oil and gas leasing program. A blanket revocation of the withdrawal immediately upon enactment of a new law would potentially leave the Area vulnerable to various land claims or forms of entry under the public land laws which would be inconsistent with the proposed use of the Area; consequently the revocation is established in the bill at 16 months from enactment, in conformity with the period for development of the initial plan, and with authority provided to the Secretary to make such administrative withdrawals as may be found necessary during planning to achieve the management objectives for the Area.

The proposed bill further provides that the Mining Law of 1872 (30 U.S.C., Chapter II) and Section 6 of the Alaska Statehood Act, (72 Stat. 330) shall not apply to the Area. We have provided for discretionary permitting and leasing for minerals other than oil and gas to the extent that exploration and development of other minerals do not conflict with oil and gas operations or with standards for protection of surface resources.

Bidding systems. Because of the very difficult conditions prevailing in the Area, the considerable uncertainties still remaining about the amount and location of oil and gas, and the very high costs of discovering and developing it, we have developed a flexible authority for a variety of bidding systems to establish incentives for expeditious and efficient exploration and development by the private sector. Leasing authority provided by the bill is patterned after existing authorities, particularly the OCS Lands Act Amendments of 1978 (92 Stat. 629) but it would be entirely independent of other leasing authority the Secretary has. A variety of devices, including cash bonus, net profit, royalty, and work commitment bids, or combinations thereof, are allowed. Unitization, pooling, and drilling agreements would be allowed. The Secretary could, under the bill, lease tracts of up to 60,000 acres in size. It is expected that most leases would not approach this size, but the opportunity would be available for larger tracts, which could be useful particularly in the less explored areas and in connection with work commitment bidding. Initial lease terms would be for up to 10 years.

Department of Energy role. With respect to leasing and leasing regulations, the bill provides that the Department of Energy will have the same role in the Area as it has generally under authorities vested and transferred to it by Section 302(b) and (c) and

303 of the Department of Energy Organization Act.

Joint bidding. We have adopted the joint bidding provisions of the OCS Lands Act of 1978 as it modifies Section 105 of the Energy Policy and Conservation Act (89 Stat. 879). This would allow joint bidding except among major oil companies, those having an average daily volume of 1,600,000 barrels a day of production. Extensive discussion and effort went into the development of this provision in OCS Lands Act, and we felt it appropriate to apply the provision here. An exception to allow joint bidding by majors could be obtained if the Secretary finds that extremely high costs or other development problems prevail, and exploration and development will not occur without an exception.

Regulatory and protective provisions. In order to protect against possible harm or waste resulting from exploration and development activity, or from possible abuses or violations of the leasing authority, the bill contains a variety of regulatory and control provisions similar to those contained in existing authority. Exploration and development plans are required prior to commencing any activities under a lease. Leases may be suspended if necessary to allow proper management or to protect against a threat of harm to health, life, property, or the environment. Leases may also be cancelled if serious harm could be caused and for other reasons such as gross negligence or lack of diligence. Substantial civil and criminal penalties are included because of the need to provide for effective enforcement sanctions that would not be readily absorbed as an ordinary cost of doing business. Antitrust review is provided, with provisions very similar to the OCS Lands Act.

Subsistence uses. One of the important purposes of the bill is to provide the opportunity for the continuation of subsistence uses of the Area by local rural residents. Such uses could include fishing, hunting, trapping, or maintenance of subsistence dwellings. The bill specifically provides for the continued use of existing subsistence facilities and for such additions as the Secretary considers necessary. Protection of wildlife as provided in the bill is significant for subsistence purposes.

Access. Inasmuch as access to, and transportation of, any oil and gas resources found in the Area, is as crucial as the discovery and development of it, the bill contains authority for the Secretary to grant rights-of-way in or through the Area under various current authorities, including Section 28 of the Mineral Leasing Act, FLPMA, and Title 23 of the U.S. Code, and through or over wild and scenic rivers, subject to such terms and conditions as may be "appropriate to minimize adverse effects". The Secretary would, of course, consider possible alternatives to crossing of wild or scenic rivers in the course of reviewing right-of-way requests.

Revenue sharing. Alaska Native Fund and State Share. The Alaska Native Fund, established under Section 9 of the Alaska Native Claims Settlement Act (85 Stat. 688), would receive from Federal receipts an amount equal to 2 percent of the value of the production of oil and gas saved, removed, and sold from the Area, and 2 percent of any other Federal revenues from leases in the Area other than for oil and gas, until such time as the $500,000,000 limit in the Fund is reached. This provision is in our bill in recognition of the fact that for the past 8 years payments into the Fund from all authorized sources have lagged behind original expectations and the additional source of funds could help fill the Fund more expeditiously. Payments would continue only until the $500,000,000 Fund limit is reached from all authorized sources. Payments under this bill would not be in addition to the original ceiling.

After Native Fund payments are made, all remaining Federal receipts would be shared equally by the State of Alaska with 50 percent of the revenues going to the State. The State would be required to give priority in allocating those funds to subdivisions and communities most impacted by mineral development under the bill.

Barrow gas. The bill provides for the continuation of a supply of natural gas to the Native Village of Barrow, with the rates adjusted to cost-of-service basis after enactment, and with the further provision that a plan will be developed within 1 years after enactment for the assumption by the State or local government of the responsibility for operation, maintenance, and further development of the South Barrow Field and distribution systems.

State and local participation and the advisory committee. The bill requires that the Secretary provide for effective State and local participation in the planning effort. This includes the establishment of an Advisory Committee with State and local representation, pursuant to Section 309 of FLPMA.

Public participation. In conducting the studies and developing my recommendations, we had extensive public involvement. After the public briefings in August, we had a formal comment period. A number of oil companies, industry groups, environmental groups, and several individual citizens gave us their views. We also asked the North Slope Borough and the State of Alaska for their recommendations on options for future activity. I gave careful consideration to the views of Mayor Hopson and Governor Hammond. We also consulted with the Department of Energy and other Federal agencies. We have also had numerous contacts with the Congress on the proposals.

In conclusion, I urge that you make early passage of this legislation an Administration priority during the next session of Congress. I am convinced that exploration of NPR–A by a number of private companies will provide a better basis for assuring early oil and gas production than will continuation of the Government exploration program based on a single exploration strategy. The legislation will allow exploration and any subsequent development to be conducted within a sound and defensible framework. Assuming passage of this legislation during the next session of this Congress, we will initiate accelerated planning and should be in a position to commence leasing during the early part of 1982.

We will provide whatever assistance is necessary to assure timely consideration of the legislation and study by the Congress.

Sincerely,

CECIL D. ANDRUS,
*Secretary.*

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U.S. DEPARTMENT OF JUSTICE,
*Washington, D.C.*

The PRESIDENT,
*The White House,*
*Washington, D.C.*

DEAR MR. PRESIDENT: Section 105 of the Naval Petroleum Reserves Production Act of 1976 (the 1976 Act), 42 U.S.C. § 6505, requires that you submit to the Congress your recommendations concerning the best procedures for the development of the petroleum resources in the National Petroleum Reserve in Alaska (NPR–A). Section 106 of the same Act, 42 U.S.C. § 6506, requires that the recommendations you submit to Congress pursuant to section 105 contain a report by the Attorney General "on the anticipated effects upon competition of such plans and proposals." This letter constitutes the report required by § 106 of the 1976 Act.

As you know, responsibility for preparing the proposal for the development of the NPR–A was delegated to the Secretary of the Interior (Secretary). We understand that the Secretary recently forwarded to you his NPR–A recommendations, and proposed implementing legislation. These materials were at the same time forwarded by the Secretary to the Department of Justice (Department) for purposes of our competitive review. Because the Secretary's recommendations are reflected in the proposed legislation, our analysis is based primarily on that document, but we have studied the underlying reports and recommendations as well in order to understand fully the context in which this legislation is being proposed.

The aspect of the implementing legislation which has particular competitive significance is the proposed transfer of oil and gas development and production rights from the federal government to the private sector. Since effective competition within the private sector will, in general, provide for the most efficient allocation of resources, we concur with this approach. Moreover, particularly in light of the antitrust safeguards included in the proposed implementing legislation, it appears that competitive development of the NPR–A by the private sector is likely. For example, the actual transfers of property from the federal government to the private sector would occur through competitive bidding for leases.

The specific form of bidding would be at the discretion of the Secretary, who could choose any or all of the bidding procedures set forth in the proposed legislation. In addition, the limitations on joint bidding by major oil companies which currently apply to oil and gas leasing on the Outer Continental Shelf (OCS)[1] would also apply to leasing in the NPR–A. Those limitations generally prohibit joint bids among the largest oil companies. Moreover, as under existing OCS lease review procedures,[2] the Department, in consultation with the Federal Trade Commission, would for each sale be required to provide the Secretary with an opinion as to whether the issuance of any lease "may create or maintain a situation inconsistent with the antitrust laws." This standard for antitrust review does not require a finding by the Department that there is a prospective certainty of an antitrust violation. Rather, what is required is an assessment of whether there is a reasonable probability of a contravention of the policies underlying the antitrust laws. We have had considerable experience with the application of this standard not only in the OCS context, but in other areas as well.[3] Finally, regardless of any finding we might make in the NPR–A context concerning the presence or absence of a situation inconsistent with the antitrust laws, we would have at our disposal the full range of antitrust enforcement options. Nothing in this proposed legislation would confer any antitrust immunity or create any antitrust defense.

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[1] 42 U.S.C. 6213.

[2] The antitrust review process would be identical to that currently applied to oil and gas lease sales on the Outer Continental Shelf, pursuant to 43 U.S.C. § 1337.

[3] This standard first appeared in the Surplus Property Act of 1944, as amended by Section 207 of the Federal Property Act and Administrative Services Act of 1949, 40 U.S.C. § 488, as "tend to create or maintain a situation inconsistent with the antitrust laws." The 1970 Amendments to the Atomic Energy Act of 1954, 42 U.S.C. § 2135, adopted similar language, as did the Naval Petroleum Reserves Production Act of 1976, 10 U.S.C. §§ 7430–31. *See also* Defense Production Act of 1950 and 1975 Amendments, now 50 App. U.S.C. § 2158; Small Business Act of 1959, 15 U.S.C. § 631, *et seq.*; Energy Policy and Conservation Act, 42 U.S.C. § 6261; Federal Coal Leasing Amendments Act of 1976, 30 U.S.C. § 184(2).

It is, of course, impossible to predict at this time the competitive impact of any particular NPR–A lease sale that may be held in the future. However, in view of competitive safeguards included in the proposed NPR–A implementing legislation, and assuming that that legislation is enacted into law, we are confident that any NPR–A leasing which may someday occur will likely be conducted in a climate conducive to the competitive process.

Sincerely yours,

John H. Shenefield,
*Assistant Attorney General.*

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### By Mr. BAUCUS:

S. 2526. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income interest on certain industrial development bonds the proceeds of which are to be used to furnish railroad transportation; to the Committee on Finance.

#### LEGISLATION TO RELIEVE GRAIN CAR SHORTAGES

● Mr. BAUCUS. Mr. President, today I am introducing legislation to help relieve the serious problem of railroad car shortages which has plagued grain shippers throughout the country for the past several years.

My proposal is designed to encourage private financing and ownership of railroad facilities, especially rolling stock.

Specifically, this legislation would allow States and their political subdivisions to issue industrial development bonds to finance railroad facilities and equipment including grain hopper cars.

Mr. President, this legislation is particularly important to the State of Montana. Montana's State legislature enacted legislation in 1979 authorizing the Department of Highways to issue and sell railroad rolling stock revenue bonds. The proceeds of these bonds may be used to make loans for financing rolling stock for transporting grain produced in our State.

Interest on bonds issued by States is generally exempt from Federal income taxation. The Internal Revenue Code allows tax-exempt financing of airports, docks, wharfs, mass commuting facilities, and parking facilities through industrial revenue bonds. Unfortunately, railroad facilities and equipment are not eligible for this favorable tax treatment under present law.

Mr. President, our Nation's railroads are suffering from serious capital shortages. Billions of dollars of private financing will be needed just to maintain the present railroad system over the next few years.

The legislation I am introducing today will help strengthen the railroad system by encouraging private investment in railroad facilities through tax-exempt industrial revenue bonds.

Mr. President, I ask unanimous consent that a copy of my bill be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2526

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) paragraph (4) of section 103(b) of the Internal Revenue Code of 1954 (relating to certain exempt activities) is amended—

(1) by striking out "or" at the end of subparagraph (G),

(2) by striking out the period at the end of subparagraph (H) and inserting in lieu thereof ", or", and

(3) by inserting after subparagraph (H) the following new subparagraph:

"(I) facilities, including rolling stock, for the furnishing of railroad transportation.".

(b) The amendments made by subsection (a) shall apply to obligations issued on or after the date of the enactment of this Act.●

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### By Mr. CANNON:

S. 2527. A bill to provide for the submission of a plan of rationalization of rail properties of the Consolidated Rail Corporation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

● Mr. CANNON. Mr. President, yesterday the Senate passed S. 1946, a bill which will provide a greater degree of regulatory freedom for the railroad industry, yet assure adequate protection for shippers. It is anticipated that these regulatory changes, if utilized by the railroad industry, will improve the financial condition of the industry. Specifically, they should help to improve ConRail's deficit and reduce the amount of subsidy the Government will have to contribute before ConRail can make it on its own. This was only one step however. As regards to ConRail, we need to address some of the other factors which appear to constrain its potential independence as a self-sustaining railroad free from Government subsidy.

With that objective in mind, I am introducing a bill to provide a legislative framework for congressional review and action with regard to the future of ConRail. This legislation will require the U.S. Railway Association, in cooperation with the Department of Transportation and Interstate Commerce Commission, to intensify its review of ConRail's financial situation and future viability and then to submit specific identifiable recommendations to the Congress at the beginning of the 97th Congress.

The bill I am introducing today will require the U.S. Railway Association after public hearings to be conducted by the ICC to submit to the Congress a plan for rationalization of ConRail rail properties, which if not rejected by a joint congressional resolution within a specified timetable, will become effective. At the same time the Association will be required to make a recommendation to the Congress as to the future projected funding requirements of ConRail together with specific recommendations with respect to the future structure and activities of ConRail as the Association determines are necessary or appropriate to meet the goals set forth in section 206(a) of the 3–R Act, together with any specific legislation they feel might be necessary to implement such recommendations.

In order to implement this legislation, the bill recommends that the U.S. Railway Association be given a 2-year authorization through fiscal year 1982. The committee has scheduled public hearings on this legislation and on the Association's authorization request for Wednesday, April 16, 1980.

I ask unanimous consent that the bill be printed in the Record

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2527

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for purposes of this Act, the term—

(1) "Association" means the United States Railway Association;

(2) "Commission" means the Interstate Commerce Commission;

(3) "Corporation" means the Consolidated Rail Corporation;

(4) "rail properties" means assets or rights owned, leased, or otherwise controlled by the Corporation which are used or useful in rail transportation service; and

(5) "Secretary" means the Secretary of Transportation.

#### CONRAIL RECOMMENDATIONS

Sec. 2. The Association shall, at the time of submission of a plan of rationalization pursuant to section 5(b) of this Act, but in any event not later than March 1, 1981, make specific recommendations to the Congress with respect to future projected funding requirements of the Corporation. At the time of submission of such plan of rationalization, the Association shall also make specific recommendations to the Congress with respect to the future structure and activities of the Corporation in the Region (as defined in section 102(15) of the Regional Rail Reorganization Act of 1973) (45 U.S.C. 702(15)) as it determines are necessary or appropriate to meet the goals set forth in section 206(a) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 716(a)), together with any specific legislation necessary to implement such recommendations.

#### SUBMISSION OF RATIONALIZATION PLAN BY THE CORPORATION

Sec. 3. Not later than 30 days after the enactment of this Act, the Corporation shall submit to the Association its findings with respect to the rail properties which it will propose (1) for abandonment in accordance with the provisions of this Act, or (2) for transfer for continued operation to another railroad or qualified person, provided that such transfer proposals shall set forth the essential terms and conditions for the transfer.

#### PRELIMINARY FINDINGS

Sec. 4. (a) Within 90 days after the date of the submission of the Corporation's findings under section 3 of this Act, the Association shall publish in the Federal Register its preliminary findings on such submission. Such findings shall include analyses and conclusions with respect to the abandonments and transfers proposed by the Corporation under section 3 of this Act, and the feasibility of abandoning any rail properties of the Corporation in addition to those proposed by the Corporation pursuant to section (3)(1) of this Act.

(b) The Association shall, on the date of such publication, transmit copies of such preliminary findings to the Congress, the Secretary, the Commission, and the Governor and public utility commissioner of each State in which any such rail properties are located. Upon request, the Association shall furnish a copy of such preliminary findings to any interested person.

#### PLAN OF RATIONALIZATION

Sec. 5. (a) Within 60 days after publication of the findings of the Association in the Federal Register, the Commission shall invite and afford interested persons an opportunity to submit comments on the preliminary findings of the Association and shall hold hearings at which interested persons may testify regarding such findings. Within such 60-day time period, the Commission shall submit to the Congress and to the Association, and make available to interested parties upon request, a summary and analysis of the evidence received as a result of such comments and hearings, together with its critique and evaluation of the preliminary findings.

(b)(1) Within 60 days after the receipt of the summary and analysis required to be submitted pursuant to subsection (a) of this section, the Association shall consider the comments received with respect to its preliminary findings and submit to the Congress for review, pursuant to section 7 of this Act, a plan of rationalization of the rail properties of the Corporation. The Association shall also submit to the Commission and the Secretary a copy of such plan.

(2) The plan of rationalization shall be consistent with the goals of section 206(a) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 716(a)) and shall identify those rail properties which should be (A) abandoned; (B) operated by means of a rail service continuation payment (pursuant to section 304(c) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 744(c)); or (C) transferred as proposed by the Corporation in its submission under section 3(2) of this Act, to a railroad or qualified person for continued operation.

### EVALUATION OF PLAN

Sec. 6. Within 20 days after the date of submission of a plan of rationalization to the Congress pursuant to section 5(b) of this Act, the Commission and the Secretary shall submit to the Congress evaluations of such plan.

### CONGRESSIONAL REVIEW

Sec. 7. (a) The plan of rationalization submitted to the Congress pursuant to section 5(b) of this Act shall be deemed approved at the end of the first period of 45 calendar days of continuous session of Congress after such date of submission unless the House of Representatives and the Senate adopt a concurrent resolution during such period disapproving such plan.

(b) If such a resolution is adopted by the Congress, the Association shall prepare, determine, and adopt a revised plan of rationalization in accordance with the provisions of section 5(b)(2) of this Act, which shall be submitted to Congress for review pursuant to this section within 60 days of the adoption of such concurrent resolution.

(c) For purposes of this section—

(1) continuity of session of Congress is broken only by an adjournment of the Congress sine die; and

(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 45-day period.

### IMPLEMENTATION

Sec. 8. (a) If a concurrent resolution of disapproval is not adopted pursuant to section 7 of this Act, the Corporation may abandon any of the properties authorized for abandonment in the plan of rationalization without regard to any provisions of title 49 of the United States Code, the Regional Rail Reorganization Act of 1973 (45 U.S.C. 701 et seq.), or the Railroad Revitalization and Regulatory Act of 1976 (45 U.S.C. 801 et seq.): *Provided, however,* That (1) no such abandonment shall become effective until 60 days after the Corporation has issued a notice as specified in subsection (a)(1) and satisfied all of the requirements of subsection (a)(3) of section 10904 of title 49 of the United States Code; and (2) all such properties abandoned shall (A) be subject to the provisions of section 402(a) of the Regional Rail Reorganization Act of 1973 (45 US.C. 762(a)), as amended; and (B) be deemed to have been authorized under section 10903 of title 49 of the United States Code and be subject to the conditions specified by the Commission pursuant to subsection (b)(2) of such section.

(b) If a concurrent resolution of disapproval is not adopted pursuant to section 7 of this Act, the Corporation may transfer to a railroad or other qualified person any rail properties identified for transfer in the plan of rationalization pursuant to section 5(b)(2)(C) of this Act without regard to any provisions of title 49 of the United States Code, the Regional Rail Reorganization Act of 1973, as amended (45 U.S.C. 701 et. seq.), or the Railroad Revitalization and Regulatory Reform Act of 1976, as amended (45 U.S.C. 801 et. seq.): *Provided, however,* That any transfer under this section shall subject the Corporation and transferee, in each such transfer, to the requirements and other provisions of title V of the Regional Rail Reorganization Act of 1973, as amended (45 U.S.C. 771–779), except that the term "effective date of this Act" contained in such title shall be applied to each such transfer as if it read "effective date of this transfer."

### AUTHORIZATION OF APPROPRIATIONS

Sec. 9. Section 214(c) of the Regional Rail Reorganization Act (45 U.S.C. 724(c)) is amended to read as follows:

"(c) Association.—There are hereby authorized to be appropriated to the Association for purposes of its administrative expenses such sums as are necessary, not to exceed $29,500,000 for the fiscal year ending September 30, 1981, and $27,500,000 for the fiscal year ending September 30, 1982, to remain available until expended.".●

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By Mr. HOLLINGS (for himself, Mr. Thurmond, Mr. Morgan, and Mr. Helms):

S. 2528. A bill granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary; to the Committee on the Judiciary.

● Mr. HOLLINGS. Mr. President, the bill I propose today, with the support of Senators Thurmond, Morgan, and Helms, grants the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary. Similar legislation, with broad support from the congressional delegations of both States, has been introduced in the House of Representatives.

This measure is the culmination of a long and thoughtful process. In late 1977, the Boundary Commissions for North Carolina and South Carolina held a joint session in Columbia, S.C., and agreed to recommend to their respective States that the lateral seaward boundary between the two States be delimited by extending the landward boundary line to the seaward limits of the States territorial jurisdiction. The recommended agreement was executed on January 20, 1978 and forwarded to the State Legislatures of North Carolina and South Carolina for consideration. The agreement has been adopted by each State in a manner prescribed by its laws.●

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By Mr. THURMOND (for himself and Mr. Hollings):

S. 2529. A bill to amend title 39 of the United States Code to apply to subscription and solicitation materials of one conservation publication mailed in bulk by each State the lower third-class rate applicable to matter mailed in bulk by qualified nonprofit organizations, and for other purposes; to the Committee on Governmental Affairs.

Mr. THURMOND. Mr. President, today, Senator Hollings and I are introducing a bill which is very important to the continued existence of State conservation publications. The bill would permit these publications to mail their subscription reanewal notices at the third-class, nonprofit mailing rate.

The special third-class rates presently are available only to the categories of nonprofit organizations specified in law by Congress. The types of organizations eligible for the special rate are now limited to religious, educational, scientific, philanthropic, agricultural, labor, veterans, fraternal, and qualified political committees.

For a period of time beginning in 1976, the Postal Service granted to State conservation publications permission to mail promotional materials at the third-class, nonprofit rate. However, on September 18, 1979, the Postal Service revoked the third-class authorization for the South Carolina Wildlife magazine. The Postal Service defended its action by claiming that the primary purpose of the South Carolina Wildlife and Marine Resources Department, which is responsible for publishing the magazine, was "conservation." Therefore, the publication was not entitled to the special third-class rate, because there is no "conservation" category in the postal rate statute.

We believe that the law should be amended so as to make provision for a "conservation" category. Although the primary purpose of the South Carolina Wildlife and Marine Resources Department may be conservation, it is clear that the magazine itself is "educational" in nature. The magazine is a nonprofit publication dedicated to educating the public about the value of our State's natural resources.

The loss of the third-class mailing rate will cost the South Carolina Wildlife magazine an additional $53,000 a year. In this time of high inflation, the increased postage cost will be extremely detrimental. Furthermore, other State conservation magazines, which presently have third-class ratings, are understandably concerned about the possibility of the Postal Service revoking their mailing privileges. Those magazines which could be affected are the Michigan Outdoors and the Conservationist of New York.

Mr. President, the cost of this legislation is very modest. In terms of revenue forgone by the Postal Service, permitting these three State conservation magazines to mail subscription materials at the third-class, nonprofit rate will cost an estimated $150,000. This sum is small when compared to the $17 billion a year budget for the Postal Service. More importantly, in terms of new impact on the Federal budget, this legislation would result in estimated additional outlays of only $53,000, because the South Carolina

Wildlife Magazine is the only one of the three aforementioned State conservation publications which is presently denied third-class mailing privileges. The cost of permitting the other two potentially affected publications to mail subscription materials at third-class rates is already in the budget.

Mr. President, the South Carolina Wildlife magazine is an excellent publication, having won national awards throughout the years for its high standards and its contributions to conservation and education. It would certainly be a loss if these magazines were forced to cut back on publication and distribution because of a technical interpretation by the Postal Service. We urge every Senator and every friend of conservation and education to support this bill.

Mr. President, I ask that a letter from Mr. Tommy B. Edwards, assistant attorney general for the State of South Carolina, explaining the problems encountered by the South Carolina Wildlife magazine, be printed in the RECORD, at the end of these remarks, together with a copy of the bill.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

### S. 2529

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 3625(c) of title 39, United States Code, is amended to read as follows:

"(c) In the administration of this section, one conservation publication published by an agency of a State which is responsible for management and conservation of the fish and wildlife resources of that State shall be considered—

"(1) a publication of a qualified non-profit organization which qualifies for rates of postage under former section 4358(d) of this title; and

"(2) when mailed in bulk under subsection (e) of former section 4452 of this title, matter mailed in bulk under that subsection (e) by a qualified non-profit organization under subsection (b) of that former section 4452."

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THE STATE OF SOUTH CAROLINA,
OFFICE OF THE ATTORNEY GENERAL,
*Columbia, S.C., October 24, 1979.*

Re South Carolina Wildlife magazine: Revocation of Third-Class bulk mailing rate.

Hon. STROM THURMOND,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR THURMOND: In accordance with your staff's earlier telephone discussions with the South Carolina Wildlife and Marine Resources Department, I wish to provide you with the following background information regarding the above referenced matter:

South Carolina Wildlife magazine is, of course, a publication of the South Carolina Wildlife and Marine Resources Department. The Magazine is printed by Kingsport Press of Kingsport, Tennessee. In order to avoid further shipping cost after printing, the Magazine is mailed out to subscribers from the Kingsport, Tennessee, post office. In addition to the actual Magazine mailing (which incidentally, is mailed at a special second class nonprofit rate) the department also mails the magazine promotional pieces (such as re-subscription notices, etc.) from the Kingsport post office. The promotional pieces referred to above are a vital and integral part of the entire Magazine effort since the department depends upon these sequential mailings of promotional pieces to maintain our current subscription level as well as attract new subscribers.

Herefore, the department has been allowed to mail the promotional pieces at a special bulk third-class postage rate allowed for "educational non-profit organizations" under Section 632.232 of the Domestic Mail Manual. Several other states besides South Carolina—among them being Michigan and New York—enjoy this special third-class bulk rate educational classification.

Last spring the Magazine's publication's coordinator, Duncan Grant, was advised by the postmaster of the Kingsport, Tennessee post office that South Carolina Wildlife's third-class nonprofit mailing authorization for promotional pieces had been revoked. The reason given for this revocation was that the Magazine's primary purpose was not "educational" within the scope of Section 623.232 of the Domestic Mail Manual. To our knowledge, South Carolina has been the only state among the states enjoying the preferred rate classification to have their third-class bulk rate classification revoked. Following notification of this decision, Mr. Grant initiated a timely appeal to the General Manager of the Domestic Mail Classification Division of the U.S. Postal Services Headquarters in Washington, D.C. On October 9, 1979. Mr. Grant was advised by letter from the Kingsport post office that the original decision to revoke the Magazine's preferred third-class bulk rate had been upheld by the United States Postal Service Headquarters in Washington, D.C. I am enclosing for your review a copy of this "final agency decision" letter from the United States Postal Service Headquarters.

The adverse decision described above will cost the Department approximately $30,000 per year in additional mailing cost which will, of course, work a severe financial hardship upon the Department. Thus, the revocation of the third-class bulk rate will result in either the additional cost having to be passed on to the citizens of South Carolina or having the nationally-recognized qualfty of the Magazine itself seriously threatened.

It is the department's position that South Carolina Wildlife and its related promotionals should certainly be eligible for the preferred bulk mailing rate by virtue of the fact that the Magazine meets the necessary "educational" criteria for the preferred rate as set forth in the postal regulations. Consequently, Duncan Grant and I would greatly appreciate the opportunity to meet with members of your staff and review the pertinent postal service regulations as they relate to the situation outlined above and, further, to solicit your assistance in attempting to rectify what the department considers to be a highly arbitrary and erroneous ruling by the postal service.

Thank you for your consideration.

Very truly yours,
TOMMY B. EDWARDS,
*Assistant Attorney General.*

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By Mr. CANNON (by request):

S. 2530. A bill to improve the fairness and equity of the protection provided to railroad employees under title V of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 701 et seq.); to the Committee on Commerce, Science, and Transportation.

## RAILROAD EMPLOYEE PROTECTION MODIFICATION ACT OF 1980

● Mr. CANNON. Mr. President, today I am introducing by request of the Department of Transportation, legislation to revise the labor protection program under title V of the Regional Rail Reorganization Act of 1973. This program affords certain compensation guarantees to the former employees of the Northeast and Midwest bankrupt railroads that were formed into the Consolidated Rail Corporation. In addition to providing for an increased authorization of $235 million, this new legislation will make certain changes in the benefit provisions of the current program.

Mr. President, this current program was first authorized at $250 million. It represented the recommendation of railroad management and labor of the cost of protecting employees either displaced or adversely affected as a result of the conveyance of the predecessor lines to ConRail.

It now is apparent that, under the provisions of the current program, all of the authorized funds will be depleted during this calendar year. ConRail bears the legal and financial responsibility for protective benefits under title V. ConRail may therefore have to divert funds normally used for rehabilitation and improvements to funding the excess protective costs if a supplemental authorization is not made.

Mr. President, the Committee on Commerce, Science and Transportation will examine this important legislation at the earliest moment after the Easter recess. I ask unanimous consent, Mr. President, that the text of the bill, along with the Secretary's letter of transmittal and section-by-section analysis of the bill be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

### S. 2530

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Railroad Employee Protection Modification Act of 1980".

### FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that the original provisions designed to protect railroad employees under title V of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 701 et seq.) against deprivation of employment and reductions in railroad-related compensation contain inequities; that these inequities hinder the Consolidated Rail Corporation from achieving improved management of certain protected employees in its workforce; and that elimination of these inequities would help reduce the cost levels of the Consolidated Rail Corporation, and thereby improve the Corporation's ability to provide carriage of goods in interstate commerce.

(b) It is declared to be the purpose of the Congress in this Act to foster fair and equitable labor protection for certain railroad employees; to foster improvements in the ability of the Consolidated Rail Corporation to manage productively such employees in its workforce; and to help reduce the cost levels of the Consolidated Rail Corporation by eliminating the inequities of the labor protection provisions, thereby improving the Corporation's ability to provide carriage of goods in interstate commerce by—

(1) revising the cash allowances for protected employees under title V of the Regional Rail Reorganization Act of 1973 to ensure that the employees receive a reasonable level of protection; and

(2) improving the ability of the Consolidated Rail Corporation to train or retrain certain protected employees for bona fide job vacancies.

(c) Nothing in this Act is intended to affect any law, regulation, court order, or obligation pertaining to equal employment opportunity.

### MONTHLY DISPLACEMENT ALLOWANCE

SEC. 3. Section 505(b) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 775 (b)) is amended to read as follows:

"(b) MONTHLY DISPLACEMENT ALLOWANCE.—A protected employee shall be paid a monthly displacement allowance for any calendar month within the period identified in subsection (c) of this section in which the employee is deprived of employment or adversely affected with respect to his or her compensation, in accordance with the following:

"(1) Protected employees occupying positions in the non-operating crafts: Effective on and after January 1, 1980, the protected rate of pay of a protected non-operating employee (other than a maintenance-of-way employee) who has been deprived of employment or adversely affected with respect to his or her compensation shall be based on the rate of pay of the position held by the employee on September 1, 1979, or if the employee held no position on that date, the rate of pay of the last position held by the employee prior to that date. A guaranteed hourly rate of pay will be computed for each protected employee, based on the aforesaid rate, and will be the actual hourly rate for hourly-rated employees; the daily rate divided by eight for daily-rated employees; and the monthly rate divided by the working days in the claim month, further divided by eight in the case of monthly-rated employees. For employees occupying relief positions, the guarantee shall be computed on the basis of the weighted average daily rate of the positions relieved. Extra list employees will be guaranteed the extra list rate.

"(A) In the event a protected employee's position is abolished or he or she is displaced, and the employee is thereby required to occupy a position paying a lesser hourly rate than the employee's guaranteed hourly rate, the protected employee shall be paid the difference between the hourly rate of pay of the position the employee is occupying and his or her guaranteed hourly rate for all hours included in the straight time work schedule of the employee's position for the month of claim, less any time lost on account of voluntary absences other than vacations. Hours worked in excess of the straight time work schedule shall be paid in addition to the guarantee at the rate applicable to the position occupied, as provided for in the applicable collective bargaining agreement.

"(B) For any month or portion thereof in which a protected employee is deprived of employment, the protected employee shall be paid his or her guaranteed hourly rate for the number of hours the employee would have worked in the straight time work schedule of his or her previously held position.

"(C) Notwithstanding the provision that the protected rate shall be the rate of the position held on or immediately preceding September 1, 1979, if a protected employee becomes the permanent incumbent of a higher rated position and is not disqualified therefrom, the higher rate shall become his or her protected rate.

"(2) Protected employees occupying positions in the maintenance-of-way crafts: Notwithstanding subsection (b)(1), effective on and after January 1, 1980, a protected maintenance-of-way employee shall be afforded his or her average monthly compensation computed in accordance with section 505(b) prior to such date (as used in this subsection (b), "average monthly compensation"), but subject to a "maximum", which maximum is defined as the employee's average monthly compensation divided by his or her average monthly time paid for, and further multiplied by 174 hours, or by his or her average monthly time paid for, whichever is less. If the average monthly compensation of a protected maintenance-of-way employee exceeds the maximum, the average monthly compensation of the employee will be reduced to the maximum for purposes of computing the employee's monthly displacement allowance, if any. If a protected employee is deprived of employment or if the employee's compensation in his or her current position is less in any month than the employee's average monthly compensation or the maximum, whichever is smaller, the employee shall be paid 75 per centum of the difference between his or her earnings if any and the smaller figure, less any time lost on account of voluntary absences other than vacations. If, at the close of the calendar year, the sum of the protected employee's annual compensation (excluding overtime compensation earned by virtue of actually working in excess of two hours at the punitive rate of pay on any given day), monthly displacement allowance payments, and offsets applicable pursuant to this title is less than the employee's average monthly compensation subject to the maximum and multiplied by twelve, the employee shall receive an additional payment representing the difference. In the computation of the monthly and the annual displacement allowance payments, earnings shall not include compensation received for overtime actually worked in excess of two hours at the punitive rate of pay on any given day. If in the previous calendar year an employee has received displacement allowance payments in excess of his or her annual entitlement, the excess payments shall be recovered from any current or future entitlement to monetary benefits afforded by this title, exclusive of benefits afforded by section 505(g) of this title.

"(3) Protected employees occupying positions in the operating crafts: Effective on and after January 1, 1980, a protected operating employee (defined as any protected employee in ICC classifications 107 through 128) who has been deprived of employment or adversely affected with respect to his or her compensation shall be afforded his or her average monthly compensation computed in accordance with section 505(b) prior to such date, but subject to a "maximum", which maximum is defined as one-twelfth of the average annual earnings per employee, computed by cumulating the employee earnings reported to the Interstate Commerce Commission by the Corporation on a monthly basis for calendar year 1977 for the ICC classification of operating service in which the employee performed the preponderance of his or her work in calendar year 1974, increased by applicable general wage increases. If the employee performed no operating service in 1974, the ICC classification will be determined by the preponderance of the employee's operating service in an immediately preceding calendar year. If the average monthly compensation of a protected operating employee exceeds the maximum, the average monthly compensation of the employee will be reduced to the maximum for purposes of computing his or her monthly displacement allowance, if any. If the average monthly compensation of a protected operating employee is less than the maximum, the average monthly compensation of the employee will be used to compute his or her monthly displacement allowance, if any. If a protected employee is deprived of employment, or if the employee is adversely affected with respect to his or her compensation such that the compensation in his or her current position is less in any month than the average monthly compensation of the employee or the maximum, whichever is smaller, the employee shall be paid 75 per centum of the difference between his or her earnings if any and the smaller figure, less any time lost on account of voluntary absences other than vacations. If, at the close of the calendar year, the sum of the protected employee's annual earnings, monthly displacement allowance payments, and offsets applicable pursuant to this title is less than his or her average monthly compensation subject to the maximum and multiplied by twelve, the employee shall receive an additional payment representing the difference. In the computation of the annual payment, if during the calendar year an employee has been force assigned to, or has been required to exercise seniority to, a position in an ICC classification with a lesser maximum than the maximum applicable to that employee's 1974 IC classification, the employee shall be paid the difference without credit being taken for compensation earned by virtue of actually working hours in the calendar year in excess of the number of hours paid for in the employee's average monthly compensation multiplied by twelve or his or her annual 1977 maximum, whichever is smaller. An employee's compensation for purposes of this subsection will not include savings sharing productivity payments received pursuant to paragraph (t) of the Crew Consist Agreement between the Corporation and the United Transportation Union dated September 8, 1978. If in the previous calendar year an employee has received displacement allowance payments in excess of his or her annual entitlement, the excess payments shall be recovered from any current or future entitlement to monetary benefits afforded by this title, exclusive of benefits afforded by section 505(g) of this title.

"(4) Protected employees occupying non-contract positions: Effective on and after January 1, 1980, a protected non-contract employee who has been deprived of employment or adversely affected with respect to his or her compensation shall retain his or her average monthly compensation and monthly displacement allowance computed in accordance with section 505(b) prior to such date. In the event such non-contract employee exercises or has exercised seniority in a craft or class of operating employees, the employee's entitlement to a monthly displacement allowance and fringe benefits, and his or her eligibility for transfer, will be the same as the entitlement and eligibility of other protected employees in the craft or class in which seniority is exercised. In the event such non-contract employee exercises or has exercised seniority in a craft or class of non-operating employees, the entitlement of the employee to a monthly displacement allowance and fringe benefits, and his or her eligibility for transfer, will be consistent with the entitlement and eligibility of other protected employees in the craft or class in which seniority is exercised, except that the protected rate of pay shall be based on the rate of pay of the position first obtained through the exercise of seniority, rather than the rate of any position held on or prior to September 1, 1979.

"(5) Notwithstanding the preceding provisions of this subsection, employees who, prior to September 1, 1979, accepted transfer to positions requiring a change of residence pursuant to section 505(d) of the Act, shall retain their average monthly compensation and monthly displacement allowance computed in accordance with section 505(b) prior to January 1, 1980.

"(6) In determining compensation in his or her current employment, the protected employee shall be treated as occupying the position producing the highest rate of pay to which his or her qualifications and seniority entitle the employee under the applicable collective bargaining agreement and which does not require a change in residence. A protected operating employee will be considered to be occupying the position producing the highest rate of pay if the employee occupies a position producing compensation equal to his or her average monthly compensation subject to the maximum.

"(7) With respect to a protected employee who has been deprived of employment, the monthly displacement allowance shall be reduced by the full amount of any unemployment compensation benefits received by the protected employee and shall be reduced by an amount equivalent to any outside earnings of the employee.

"(8) A protected employee's average monthly compensation or protected rate of pay shall be adjusted from time to time thereafter to reflect subsequent general wage increases.

"(9) The average monthly compensation or protected rate of pay provided by this section shall in no event exceed $2,500 in any month, except that such amount shall be adjusted to reflect general wage increases subsequent to April 1, 1976.

"(10) A protected employee and the employee's representative shall be furnished with the protected employee's protected rate of pay, or average monthly compensation and average monthly time paid for, subject to the maximum, computed in accordance with the terms of this subsection. Each protected employee who has been deprived of employment, or his or her representative, and the employer shall agree upon a procedure by which the employee shall keep the employer currently informed of the unemployment compensation benefits received by the employee and the earnings of such employee in employment other than with the employer.".

### DURATION OF MONTHLY DISPLACEMENT ALLOWANCE

SEC. 4. Section 505(c) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 775 (c)) is amended to read as follows:

"(c) DURATION OF MONTHLY DISPLACEMENT ALLOWANCE.—The monthly displacement allowance provided for in subsection (b) of this section shall continue until the attainment of age 65 by a protected employee with 5 or more years of service on the effective date of this Act and, in the case of a protected employee who has less than 5 years of service on such date, shall continue for a period equal to the employee's total prior years of service: *Provided*, That such monthly displacement allowance shall terminate upon the protected employee's death, retirement, resignation, or dismissal for cause; shall not be paid with respect to any period of disciplinary suspension for cause, failure to work due to illness or disability, voluntary furlough, or failure to retain or obtain a position available to the employee by the exercise of the employee's seniority rights in accordance with the provisions of this section; shall not be paid to a protected employee deprived of employment with respect to any period of failure to work due to strike, fire, flood, snowstorm, hurricane, earthquake, tornado or other similar natural occurrence that causes a suspension of operations in whole or in part and precludes performance of the work which would be performed by the incumbents of the positions to be abolished or the work which would be performed by the employees involved in the force reductions (provided that the payment of monthly displacement allowances shall be resumed upon termination of the emergency); shall not be paid with respect to any month that commences after the effective date of the Railroad Employee Protection Modification Act of 1980 for which the employee has failed to make a claim for such allowance within 3 full calendar months (unless otherwise agreed upon by the employee, or his or her representative, and the employer) after the last day of the month for which such allowance is sought; and the entitlement of an employee to an allowance shall be approved or denied within 150 days (unless otherwise agreed upon by the employee, or his or her representative, and the employer) after the claim therefor is made.".

### TRAINING AND TRANSFER

SEC. 5. (a) Section 505(d)(4) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 755(d)(4)) is amended to read as follows:

"(4) Transfers to vacancies requiring a change in residence shall be subject to the following:

"(A) The vacancy shall be first offered to the junior qualified protected employee or employees deprived of employment in the seniority district where the vacancy exists, and each such employee shall have 20 days to elect one of the options set forth in paragraph (1) of this subsection. The Corporation shall determine the number of junior qualified protected employees deprived of employment (not to exceed 4 employees per offer) who will be included in the offer of transfer. The vacancy will be awarded to the most junior qualified protected employee who accepts transfer. Other qualified protected employees who have accepted the transfer will retain their status as employees deprived of employment. Employees junior to the acceptor who have elected one of the options set forth in paragraph (1) of this subsection shall retain the option. If the vacancy is not filled, it may be again offered in inverse seniority order to remaining qualified protected employee(s) deprived of employment (not to exceed 4 employees per offer) in the seniority district.

"(B) If there are no qualified protected employees deprived of employment on the seniority district where the vacancy exists, the vacancy may be offered in inverse seniority order to qualified protected employee(s) deprived of employment (not to exceed 4 employees per offer) on the system, in accordance with the procedure in paragraph (4)(A) of this subsection. Employees offered transfer pursuant to this paragraph (4)(B) will be afforded 30 days to elect one of the options set forth in paragraph (1) of this subsection.

"(C) The provisions of this paragraph shall not prevent the adoption of other procedures pursuant to an agreement made by the Corporation and representatives of the class or craft of employees involved.

"(D) When no bona fide vacancies exist in a marine craft or class on the Corporation's system, or in the craft or class of a Penn Truck Lines, Inc. employee, the Corporation may offer such employee comparable employment for which the employee is qualified, or for which the employee can be trained, in another craft or class. The Corporation shall first attempt to locate a comparable position in a seniority district which encompasses the employee's last work location, and if successful, a transfer notice may be tendered pursuant to paragraph (4)(A) of this subsection. If no such position exists, the Corporation may tender the employee a transfer notice involving a position elsewhere on the system pursuant to paragraph (4)(B) of this subsection. In the event it is necessary to train an employee after his or her acceptance of a position pursuant to this subsection, such training shall be provided by the Corporation at no cost to the employee".

(b) Section 505(i)(1) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 775 (i)(1)) is amended by adding the following immediately before the last sentence of the subsection: "The Corporation may simultaneously offer a position to not more than 4 protected non-contract employees. The position will be given to the protected employee accepting transfer whom the Corporation considers to be best qualified for the particular position involved. Other protected employees who have accepted the transfer will retain their previous status. Employees who have elected a voluntary suspension of employment at their home location in lieu of protective benefits or a severance of employment shall retain the option elected.".

### PAYMENT, AUDIT AND REPORT

SEC. 6. Section 509 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 779) is amended to read as follows:

### "PAYMENT, AUDIT AND REPORT

"SEC. 509. (a) PAYMENT.—The Corporation, the Association (where applicable), replacement operators, and acquiring railroads, as the case may be, shall be responsible for the actual payment of all allowances, expenses, and costs provided protected employees pursuant to the provisions of this title. The Corporation, the Association (where applicable), replacement operators, and acquiring railroads shall then be reimbursed for the actual amounts paid to, or for the benefit of, protected employees pursuant to the provisions of this title (including such amounts paid by the employer prior to the effective date of the Railroad Employee Protection Modification Act of 1980 and training costs incurred by the Corporation pursuant to section 505(d)(4)(D) of this title), other than provisions with respect to employee pension benefits, not to exceed an aggregate sum of $485,000,000, by the Railroad Retirement Board, upon certification to such Board in such detail as the Board may reasonably require, by the Corporation, the Association (where applicable), replacements operators, and acquiring railroads, of the amounts paid such employees: *Provided*, That the aggregate amount of reimbursements made by the Board for the payment of monthly displacement allowances in the period after enactment of the Railroad Employee Protection Modification Act of 1980 shall not exceed $180,000,000. There is authorized to be appropriated to the Secretary annually such sums as may be required to meet the obligations payable hereunder, not to exceed the aggregate sum of $485,000,000. Upon the exhaustion of such authorization, the Corporation, the Association (where applicable), replacement operators, and acquiring railroads shall retain responsibility for the payment of benefits otherwise reimbursable under this title, but they shall not be reimbursed therefor. There is further authorized to be appropriated to the Secretary such sums as may be necessary to provide for additional administrative expenses to be incurred by the Railroad Retirement Board and the Association in the performance of their functions under this section. Appropriations authorized under this section may be allocated by the Secretary to the Railroad Retirement Board and the Association.

"(b) AUDIT.—Commencing October 1, 1980, the Association is authorized and directed to audit the payment of benefits pursuant to this title and to evaluate the effectiveness of the provisions of this title in improving the Corporation's management of certain protected employees in its workforce who are entitled to receive monthly displacement allowances, including the manner in which the Corporation manages the overtime worked by maintenance-of-way employees. Such audits and evaluations shall be conducted in accordance with such rules and regulations as the Association may prescribe. The representatives of the Association shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to, or in use by or in connection with the Corporation, replacement operators, acquiring railroads, or the Railroad Retirement Board which pertain to the benefits provided protected employees pursuant to this title and which are necessary to facilitate such audit and evaluation.

"(c) REPORT.—The Association shall transmit to the Congress and the President, not later than 90 days after the end of each fiscal year, a comprehensive and detailed report on the payment of benefits under this title and the effectiveness of the provisions of this title in improving the Corporation's management of certain protected employees in its workforce who are entitled to receive monthly displacement allowances.".

### TECHNICAL AMENDMENTS

SEC. 7. (a) The Table of Contents of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 701 et seq.) is amended by revising the caption "Sec. 509. Payment of benefits" to read "Sec. 509. Payment, audit and report".

(b) Section 102(16) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 702 (16)) is amended to read as follows:

"(16) 'Secretary' means the Secretary of Transportation or the designated representative of the Secretary;".

(c) Section 201 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 711) is amended by—

(1) revising subsection (d)(2) to read as follows: "(2) three Government members, who shall be the Secretary, the Chairman of the Commission, and the Secretary of the Treasury, acting directly or at any time through their respective designated representatives and, in the case of the Chairman, through the Vice Chairman of the Commission; and";

(2) striking "Deputy Secretaries" from the first sentence of subsection (i) and inserting in its place "designated representatives"; and

(3) striking the first sentence from subsection (j)(4).

(d) Section 501 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 771) is amended by—

(1) adding to paragraph (6) after "disability," in the last sentence "failure to work due to strike, fire, flood, snowstorm, hurricane, earthquake, tornado or other similar natural occurrence that causes a suspension of operations in whole or in part and precludes performance of the work which would be performed by the incumbents of the positions to be abolished or the work which would be performed by the employees involved in the force reductions,"; and

(2) striking "and" after the semicolon in paragraph (10), striking the period after paragraph (11) and inserting in its place "; and", and adding the following new paragraph:

"(12) 'compensation' means earnings in employment subject to the Railroad Retirement Act.".

(e) Section 507 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 777) is amended by adding after "section 504(d)" the phrase ", section 509(b), section 509(c)".

### EFFECTIVE DATE

SEC. 8. The provisions of this Act shall take effect on January 1, 1980.

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THE SECRETARY OF TRANSPORTATION,
*Washington, D.C., February 18, 1980.*

Hon. WALTER F. MONDALE,
*President of the Senate,*
*Washington, D.C.*

DEAR MR. PRESIDENT: I am enclosing a bill "To improve the fairness and equity of the protection provided to railroad employees under title V of the Regional Rail Reorganization Act of 1973 (45 U.S.C. § 701 *et seq.*)."

This bill will improve the labor protection program that now provides benefits to the former employees of the Northeast and Midwest bankrupt railroads by reducing the opportunity for protected employees to receive excessive compensation guarantees, by allowing the Consolidated Rail Corporation to retrain and transfer some protected employees, by authorizing the appropriation of $235 million in additional Federal funds to pay revised benefits to protected employees, and by directing the United States Railway Association to monitor program performance.

### BACKGROUND AND NEED

The title V labor protection provisions were enacted in the Regional Rail Reorganization Act of 1973 for the benefit of employees of the Penn Central Transportation Company and the other Northeast and Midwest bankrupt railroads in anticipation of the restructuring that produced the Consolidated Rail Corporation. The level of benefits specified in the original legislation was recommended by representatives of railroad management and labor who negotiated the benefit provisions at the request of Secretary of Transportation Claude Brinegar. The recommended provisions evolved from the employee protection conditions then applicable to railroad mergers, which included lifetime protection in the case of some Penn Central employees.

When the Congress decided to enact into law these recommended provisions for employee protection, it authorized $250 million for the program ". . . in order to provide an incentive to the Corporation [Conrail] not to exceed the amount authorized to be appropriated for reimbursement, with the intent that if exceeded, the Corporation, not the Federal Government, would be required to bear such expense." H. Rep. No. 744, 93rd Cong., 1st Sess. 72 (1973). It is now projected that the title V funds will be depleted in the first quarter of calendar year 1980, due largely to the selection of an income guarantee equal to an employee's 1974 compensation (a year in which many employees worked more than normal amounts of overtime) as well as the fact that fewer Conrail employees have separated than had been projected.

Conrail faces a continuing responsibility to make labor protection payments under the existing provisions of title V of the 3R Act. Based on discussions with the management of Conrail and representatives of the affected protected employees, the Department believes it is time to reexamine the title V labor protection legislation with a view toward providing additional Federal funding only if it is tied to a more reasonable level of protection for currently-protected employees and a monitoring procedure. The management of Conrail considers the $235 million additionally authorized under the enclosed bill as adequate to fully fund the program and has made a commitment, which is reflected in the bill, that the corporation will bear title V protection costs for its employees in excess of the $235 million.

### PRINCIPAL CHANGES TO THE EXISTING LAW

Under existing law, employees of the railroads in reorganization that transferred properties to Conrail on April 1, 1976 are entitled to protection against reductions in compensation and deprivation of employment. Conrail is obligated to make these payments in most instances and is then reimbursed from appropriated funds by the Railroad Retirement Board. The bill maintains these principles, but changes the level of protection provided in the following ways:

1. An employee's compensation "guarantee" is changed from the total compensation received by the employee for 1974 to distinct guarantee formulas for union labor in the nonoperating, maintenance-of-way and operating crafts and for non-contract employees. These formulas will keep compensation guarantees within the range of earnings for a typical employee who works a normal work schedule.

2. Labor protection allowances will not be paid with respect to periods of *force majeure* such as floods, snowstorms and strikes.

3. Protected employees who are in the marine crafts or who were Penn Truck Lines, Inc. employees can be retrained and transferred for bona fide job vacancies in other crafts, since no bona fide vacancies exist for these individuals in their present crafts. Note that the transfer provisions in the bill do not apply to the National Railroad Passenger Corporation (Amtrak), even though about one-third of Amtrak's employees are protected under title V. When discussions on this subject between Amtrak management and its employees are concluded, I will propose further amendments to title V as necessary.

4. Authorized Federal funding for the title V program will increase by $235 million (of which up to $180 million could be spent on monthly displacement allowances) to a revised level of $485 million. Should the cost of title V employee protection exceed this revised funding level, each carrier would be responsible for paying title V benefits to its protected employees without reimbursement from the Federal Treasury.

### IMPACT ON THE ENVIRONMENT

Because the proposed legislation revises an existing compensation guarantee program, no significant adverse impact on the environment is anticipated.

The Office of Management and Budget has advised that submission of this bill is consistent with the Administration's program.

Sincerely,

NEIL GOLDSCHMIDT.

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### SECTION-BY-SECTION ANALYSIS OF THE RAILROAD EMPLOYEE PROTECTION MODIFICATION ACT OF 1980

Sec. 1. This section sets out a short title for the Act.

Sec. 2. Findings and Purpose.

Subsection (a) recites the findings of Congress that the original provisions designed to protect railroad employees under title V of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 701 *et seq.*) against deprivation of employment and reductions in railroad-related compensation contain inequities; that these inequities hinder the Consolidated Rail Corporation from achieving improved management of certain protected employees in its workforce; and that elimination of these inequities would help reduce the cost levels of the Consolidated Rail Corporation, and thereby improve the Corporation's ability to provide carriage of goods in interstate commerce.

Subsection (b) declares it to be the purpose of the Congress in this Act to foster fair and equitable labor protection for certain railroad employees; to foster improvements in the ability of the Consolidated Rail Corporation to manage productively such employees in the workforce; and to help reduce the cost levels of the Consolidated Rail Corporation by eliminating the inequities of the labor protection provisions, thereby improving the Corporation's ability to provide carriage of goods in interstate commerce by (1) revising the cash allowances provided to protected employees under title V and (2) improving the ability of the Consolidated Rail Corporation to train for productive jobs certain employees who have been deprived of employment.

Subsection (c) ensures that nothing in this Act compromises equal employment opportunity programs covering the Corporation or other employers entitled to reimbursement under title V.

Sec. 3. Monthly Displacement Allowance.

Existing Law. Under current law, a protected employee's monthly displacement allowance (MDA) is computed by first determining his average monthly compensation and his average monthly time paid for as follows:

(1) The employee's total compensation for calendar year 1974, adjusted for general

wage increases, is computed. This figure includes compensation for straight time, overtime, constructive allowances and holiday and vacation pay, and other compensation such as penalty payments and merger protection payments. Total compensation is then divided by 12 to derive the employee's average monthly compensation, which is the employee's compensation "guarantee." The employee is entitled to receive monthly, unless he misses work, an amount equal to his average monthly compensation.

(2) The employee's total time paid for is also computed for calendar year 1974 as the sum of his or her straight time paid for, overtime paid for (converted to its straight time equivalent), and hours attributable to other payments such as constructive allowances, holiday and vacation pay, and penalty payments and merger protection payments. This figure is divided by 12 to derive the employee's average monthly time paid for.

Once a protected employee's average monthly compensation and average monthly time paid for are determined, his MDA is computed and paid as follows:

(1) In any month that his compensation is less than his average monthly compensation, the employee receives an MDA which is equal to the difference.

(2) In any month that the employee works more hours than his average monthly time paid for, he or she receives an MDA equal to the excess (if any) of his or her average monthly compensation over the compensation he would have earned had he worked only his average monthly time paid for.

The funds originally authorized for the program were exhausted during the first quarter of calendar year 1980. One of the reasons for the high cost of the program is the extraordinarily high amount of overtime apparently worked in 1974 by certain protected employees, the year on which the average monthly compensation formula is based. Consequently, the average monthly compensation figures for these employees exceed what would be considered "normal" compensation and hourly figures. This has permitted many more employees to receive MDAs, and to receive higher MDAs, than had been forecast at the start of the program.

Proposed Modifications. This legislation would address the problem of unusually high overtime figures in 1974 by changing the formula for computing average monthly compensation. Currently an employee's "guarantee" is based on his total compensation. The proposed amendments substitute four guarantee calculations for the formula described above.

Description of Modification. Section 3 redefines a protected employee's guarantee as follows:

(1) Non-operating employees: Except for maintenance-of-way employees, non-operating employees (i.e., other than train and engine service employees) will receive an hourly guarantee, based upon the rate of pay of the position they held on September 1, 1979. This guarantee will be increased to reflect subsequent general wage increases, and will be increased whenever the employee, in the exercise of his or her seniority, becomes the qualified incumbent of a higher rated position. If, as a result of a reduction in the number of positions available, a protected employee is required to exercise seniority to a position with an hourly rate less than the guarantee, he or she will receive a monthly guarantee payment representing the hourly differential multiplied by the number of hours in the new position's straight time work schedule for the claim month. If a protected employee is unable to retain any position, he or she will receive the guaranteed hourly rate for the number of hours the employee would have worked on a straight time basis if he or she had retained his or her previous position.

(2) Maintenance-of-way employees: Maintenance-of-way employees often work as portable equipment operators in the summer when extensive track rehabilitation is undertaken, and as trackmen in the winter when only routine maintenance can be performed. As a result of this circumstance, maintenance-of-way employees frequently earn less than their average monthly compensation in the winter and more than their average monthly compensation in the summer. When monthly displacement allowances during the winter months are added to these earnings, the employee's actual annual compensation can well exceed his or her annual compensation guarantee.

In order to correct this situation, a separate calculation is proposed for maintenance-of-way employees. Each protected employee will be assigned a monthly guarantee equal to his or her 1974 average hourly earnings on a straight time basis, upgraded by subsequent general wage increases, and multiplied by 174 (i.e., the number of hours in a straight time work schedule in the average month). If a protected employee's current monthly guarantee is less than this value, the current guarantee will be retained. If, in any month, a protected employee's earnings are less than the guarantee, a payment will be due equal to 75 percent of the difference. At the end of the calendar year the employee's annual guarantee will be compared to his or her annual earnings plus monthly guarantee payments and any offsets. If the annual guarantee is larger, the full difference will be paid. If the annual calculation demonstrates that all or a portion of the monthly guarantee payments represent an overpayment, the employee will be entitled to no further guarantee payments until the overpayment is recovered. In the calculation of guarantee payments on the monthly and the annual basis, earnings include overtime earnings received as a result of working up to two hours at the overtime rate on any given day.

(3) Operating employees: It is proposed that operating employees (i.e., train and engine service employees) retain their current monthly guarantees subject to two important modifications. Average 1977 Conrail earnings will be calculated for each ICC classification of operating employees. These values will be upgraded by subsequent general wage increases, and will constitute maxima. Those protected employees whose current monthly guarantees exceed the applicable maximum will have their guarantees reduced to the maximum. The second modification is an annual calculation in accordance with the maintenance-of-way formula described above. If a protected employee's earnings are less than the guarantee in any month, 75 percent of the difference will be paid. At the end of the calendar year, a comparison of guarantee and earnings on an annual basis will determine whether an additional payment will be made or whether payments will be withheld pending recovery.

(4) Non-contract employees and employees who have been transferred: No change is proposed in the guarantee formula currently applicable to these employees. Non-contract employees receive salaries which do not include overtime compensation. Additionally, they receive merit increases rather than general wage increases, so that their guarantees have not changed since the formation of Conrail. Consequently, they have not been the recipients of "windfall" payments as is the case with contract employees.

Transferred employees retain their current guarantee. They have frequently purchased new homes at a price reflecting the standard or living they thought they were assured of on the basis of the current guarantee formula. A sudden reduction in their monthly income might place them in an untenable financial position. There are approximately 350 employees who have transferred.

There are two other changes made in this section. Under subsection (b)(7), in addition to all unemployment compensation benefits and railroad earnings being set off against the employee's MDA (as under existing law), all outside earnings of a protected employee deprived of employment must be set off against the employee's MDA (rather than 50 per centum). This change will ensure that the MDAs of such protected employees are fully offset by other compensation.

An additional change is made by this section in proposed subsection (b)(10). It calls for employees deprived of employment, or the employees' class or craft representative, and the employer to agree on a procedure by which such employees will report their non-railroad earnings in order that they may be set off against MDAs. It also calls for an agreed upon procedure by which the employer is kept apprised of the unemployment benefits currently paid to employees deprived of employment, also for the purpose of off-setting their MDAs. These procedures are necessary to ensure that the reporting/investigative burdens are shared by the employer and the employees, rather than having the burden of investigation fall solely on the employer, as now exists.

Sec. 4. Duration of Monthly Displacement Allowance.

Existing Law. Under current law, an employee who had five or more years of service as of January 2, 1974 is eligible to receive MDAs until the employee reaches age 65. An employee who had fewer than five years of service as of January 2, 1974 is eligible to receive MDAs for a period equal to the period he or she has been an employee. MDAs terminate in the event a protected employee dies, retires, resigns or is dismissed for cause. MDAs are suspended for the period of disciplinary suspension for cause; failure to work due to illness, disability, or voluntary furlough; and failure to take or keep a position available through the exercise of seniority rights.

Description of Proposed Modifications. This legislation would restrict the payment of the MDA in two situations. First, a protected employee's entitlement to an MDA would be suspended for the period that the employee fails to work for reasons beyond the control of his or her current employer due to strikes, floods, snowstorms, and similar natural occurrences. Second, the legislation would require a protected employee to claim an MDA within three months of entitlement and would require that entitlement to claims be approved or denied within 150 days after a claim is filed, unless the employee and the employer agree upon other time frames for filing and determining claims. This provision will eliminate bookkeeping problems caused by delay in filing a claim for an MDA, and enable the Corporation to assess more accurately expected payments for labor protection.

Sec. 5. Training and Transfer.

Existing Law. Subsection 505(d) of the current law sets out transfer procedures by which the Corporation may require a protected employee deprived of employment to transfer to a bona fide vacancy within the employee's class or craft. These provisions have restricted the Corporation's attempts to utilize its manpower more effectively in several ways. For example, by not authorizing the Corporation to transfer to another class an employee who has been deprived of employment, existing law forces the Corporation to lay off workers in over-populated classes and to hire employees in under-populated classes. The Corporation thus pays twice (by giving MDAs to those who are not working and paying wages to those who have been hired), rather than once (by transferring the person who had been laid off in one class to the vacancy in another class). In addition, existing law prevents the Corporation from transferring employees whose jobs have been abolished to new positions where manpower can be productive.

Proposed Modifications. This legislation addresses restrictions on manpower utilization by permitting the Corporation to transfer employees in the marine crafts and unemployed Penn Truck Lines, Inc. workers to another class, and by offering retraining programs to make the inter-class transfer provisions meaningful.

Description of Modifications.

The new training and transfer provisions would apply to unemployed Corporation employees in the marine crafts and unemployed Penn Truck Lines, Inc. employees. No bona fide vacancies exist for these employees in their class or craft. Consequently, their guarantee payments represent a considerable ongoing liability.

Training expenses would be paid for by the Corporation, which could then be reimbursed from the Regional Rail Transportation Protective Account. Moving expenses incident to transfers would be reimbursable under the provisions of section 505(g), as is the case under existing law.

Finally, the proposed legislation establishes procedures that permit the Corporation to expedite reassignments by making simultaneous offers of a vacancy to no more than 4 employees at a time (those contacted employees junior to the least senior employee who accepts the vacancy will be furloughed or severed).

Sec. 6. Payment, Audit and Report.

Existing Law. Under current law, the Corporation (and where applicable the Association, replacement operators, or acquiring railroads) is responsible for making payments under this title to protected employees. The Corporation then certifies these paid amounts to the Railroad Retirement Board, which reimburses the Corporation in full up to a total amount of $250,000,000. The Railroad Retirement Board has no statutory authority to audit or evaluate the employee protection program.

Also under existing law, no one is formally charged with the task of evaluating the program with a view toward improving the program or encouraging the Corporation to improve the management of its workforce. It is important, therefore, to ensure that some agency or body has statutory authority to both audit the program and evaluate the effectiveness of the employee protection program. The Association, which has pending the outcome of the study of its future, which has been mandated by Congress, should be given this function.

Description of Proposed Modifications. This section would redesignate section 509 of the 3R Act as section 509(a) and increase the amount of funds authorized to be appropriated under title V by $235,000,000 (of which up to $180,000,000 could be spent on MDA's) to a new authorization level of $485,000,000, make training costs incurred by the Corporation under revised section 505(d)(4)(D) reimbursable costs, direct the Secretary of Transportation to be responsible for requesting needed appropriations for expenditure by the Railroad Retirement Board, and additionally authorize the appropriation of funds for administrative expenses incurred by the Railroad Retirement Board and the Association in performing their functions under section 509. The appropriations may be allocated by the Secretary to the Board and the Association.

It is proposed that an additional $235 million be authorized to fund the revised level of benefits afforded by these amendments. Conrail projects that this sum will fund the program. If in fact the cost of the program exceeds an additional $235 million, the carriers employing protected employees would be responsible for the payment of benefits without reimbursement.

In addition, this section would add two new subsections to section 509 that impose auditing and reporting responsibilities upon the Association. Section 509(b) would direct the Association to audit the payment of benefits under title V and evaluate the effectiveness of the provisions of title V in providing a reasonable level of protection to protected employees and enabling the Corporation to improve management of the protected employees in its workforce. In conducting the program audit, the Association should be particularly sensitive to the impact of title V provisions upon management policies, so that the Association will be able to suggest corrective legislation quickly in the event inequities are uncovered in the program or the way that the Corporation administers the program.

The Association would be afforded access to pertinent documents for the purpose of facilitating its audit and evaluation functions. Section 509(c) would require the Association to transmit an annual detailed and comprehensive report of its periodic audit and evaluation to the Congress and the President within 90 days after the end of each fiscal year.

Sec. 7. Technical Amendments.

Subsection (a) makes technical changes to the table of contents of the Regional Rail Reorganization Act of 1973.

Subsections (b) and (c) permit the Secretary of Transportation and the Secretary of the Treasury to delegate their responsibilities under the 3R Act, including membership on the Board of Directors of the United States Railway Association and its committees, to designated representatives.

Subsection (d) amends the definition of "deprived of employment" in subsection 501(6) to exclude from the definition, and thereby exclude from coverage under the protection program consistent with changes made in section 4 of this legislation, failure to work due to Acts of God. Subsection (d) also adds a definition of "compensation" to section 501 so that it is clear the word means only earnings in employment subject to the Railroad Retirement Act rather than such earnings plus earnings from non-railroad employment and compensation for personal injury claims against the employer.

Finally, subsection (e) clarifies that the arbitration provisions that apply to disputes between the Corporation and its employees regarding the interpretation of title V provisions do not restrict the newly-created audit and reporting responsibilities of the United States Railway Association.

Sec. 8. Effective Date.

This section gives the effective date of this Act as January 1, 1980. However, the authorization of appropriations for such sums as may be necessary for the Association to carry out its responsibilities under section 509 of the Regional Rail Reorganization Act of 1973 does not become effective until fiscal year 1981.●

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By Mr. PELL (for Mr. CHURCH) (by request):

S. 2531. A bill to amend the United Nations Participation Act, certain passport authorities, the Foreign Service Act, and for other purposes; to the Committee on Foreign Relations.

● Mr. PELL. Mr. President, I introduce for Mr. CHURCH, by request of the administration, a bill to amend the U.N. Participation Act, Certain Passport Authorities, the Foreign Service Act, and for other purposes.

The bill has been requested by the Assistant Secretary of State for Congressional Relations and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the section-by-section analysis of the bill and the letter from the Assistant Secretary of State to the President of the Senate dated March 24, 1980.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

### S. 2531

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### LIVING QUARTERS FOR THE STAFF OF THE U.S. REPRESENTATIVES TO THE UNITED NATIONS

SEC. 101. Section 8 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287e), is amended:

(1) by striking "the representative of the United States to the United Nations referred to in paragraph (a) of Section 2 hereof" and inserting in lieu thereof "the representatives provided for in Section 2 hereof and of their appropriate staffs", and

(2) by adding at the end thereof the following: "Any payments made by United States Government personnel for occupancy by them of such leased or rented premises shall be credited to the appropriation, fund, or account utilized by the Secretary for such lease or rental, or to the appropriation, fund, or account currently available for such purposes".

### CEREMONIAL GIFTS

SEC. 102. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended, (22 U.S.C. 2696), is amended by adding at the end thereof the following new section:

"Section 25. Funds authorized to be appropriated for International Organizations and Conferences may be used from time to time for payments by the United States for ceremonial gifts to international organizations of which the United States is a member."

### INTERNATIONAL ORGANIZATIONS IN VIENNA

SEC. 103. Amend Section 2 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287e) by adding at the end thereof the following new subsection:

"(h) The President, by and with the advice and consent of the Senate shall appoint a representative of the United States to the Vienna office of the United Nations with appropriate rank and status who shall serve at the pleasure of the President and subject to the direction of the Secretary of State. Such person shall, at the direction of the Secretary of State, represent the United States at the Vienna office of the United Nations, and perform such other functions there in connection with the participation of the United States in international organizations as the Secretary of State from time to time may direct."

### CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

SEC. 104. Public Law 94-37, approved June 19, 1975, is amended by striking out "of the United Nations peacekeeping forces in the

Middle East," and inserting in lieu thereof "of United Nations peacekeeping forces,".

PASSPORT FEES AND DURATION

SEC. 105. (a) Section 1 of the Act of June 4, 1920, as amended (22 U.S.C. 214) is amended by striking out the first sentence and inserting in lieu thereof "There shall be collected and paid into the Treasury of the United States a fee prescribed by the Secretary of State by regulation for each passport issued and a fee prescribed by the Secretary of State by regulation for executing each application for a passport".

(b) Section 2 of the Act of July 3, 1926, as amended (22 U.S.C. 217a), is amended—

(1) by striking out "five" in the first sentence and inserting in lieu thereof "ten";

(2) by inserting before the period at the end of the second sentence "in an individual case or on a general basis pursuant to regulation"; and

(3) by striking out the third sentence, and substituting in lieu thereof "A passport issued subsequent to the effective date of this section shall be valid for a period of ten years from the date of issue except where such passport is or has been limited by the Secretary of State to a shorter period."

DOMESTIC TRANSFER ALLOWANCE

SEC. 106. Section 911 of the Foreign Service Act of 1946 is amended by adding to the end thereof:

"(13) The travel and relocation of officers and employees of the Service, and members of their families, assigned to or within the United States (or any territory or possession of the United States or the Commonwealth of Puerto Rico), including assignments under sections 3371–3376 of title 5, United States Code (notwithstanding section 3375(a) of title 5, United States Code), if an agreement similar to that required by section 3375(b) of title 5, United States Code, is executed by the officer or employee of the Service."

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SECTION-BY-SECTION ANALYSIS

Sec. 101. Living Quarters for the Staff of the U.S. Representative to the United Nations.

This section would provide authorization for the lease or rental of living quarters for use of the staff of the United States Representative to the United Nations. This amendment is necessary to: (1) cope effectively with the housing market; (2) take advantage of the rent increase limitation imposed by the New York City Rent Stabilization Code; and (3) eliminate substantial, personal, out-of-pocket expenses and insure that economic hardship does not adversely affect the ability to attract the best qualified individuals for service at the United States Mission to the United Nations. To reduce expenditures of appropriated funds, the payments made by employees to occupy these living quarters would be credited to and used by the appropriation or account from which the Department lease or rental is financed.

Sec. 102. Ceremonial Gifts.

This amendment will enable the U.S. to participate uniformly with other member nations in providing appropriate support to ceremonial occasions of various international organizations. For example, this legislation will allow the United States to provide the International Maritime Consultative Organization with a seal to be placed outside its new headquarters building in London when completed.

Sec. 103. International Organizations in Vienna.

This section will enable the U.S. to combine the direction and management of its offices to International Organizations in Vienna into one mission.

Sec. 104. Contributions for International Peacekeeping Activities.

Under Public Law 94–37, the United States is limited to making payments for expenses of United States peacekeeping forces in the Middle East. However, on September 29, 1978, U.N. Security Resolution 435 established the United Nations Transitional Assistance Group (UNTAG). The purpose of this group is to ensure the early independence of Namibia through free and fair elections under the supervision and control of the United Nations. Upon implementation of U.N. Security Council Resolution 435, the United States will be obligated to pay its share of UNTAG's expenses through an assessed contribution. The ability of the United States to meet this additional obligation necessitates an amendment to Public Law 94–37. This change will enable the United States to contribute its assessed share, as apportioned by the U.N. General Assembly, to peacekeeping operations that occur worldwide.

Sec. 105. Passport Fees and Duration.

Subsection (a) would permit the Secretary of State to determine the execution and issuance fees for United States passports. It would eliminate the statutory issuance fee of $10.00 and provide flexibility in adjusting passport issuance as well as application fees. It would thus permit the Secretary of State to apply the same kind of process in determining passport fees as is applied in consular and other fees, in accordance with the policy and standards set out in 31 U.S.C. 483a. The Department intends to establish passport fees in accordance with the user charge principle provided for in Title V of the Independent Offices Appropriation Act of 1952.

Subsection (b) would set a ten-year duration for passport validity, extending the period from the present five years from the date of issuance. In addition, it would permit the Secretary of State to establish a shorter period either in a particular case or on a general basis pursuant to regulation. This will provide flexibility to deal with particular categories of cases which require that the period of a passport's validity be less than ten years (e.g., infants whose appearance will change greatly over a ten-year period).

Subsection (b)(3) is entirely prospective and would not require the physical endorsement of currently outstanding passports (estimated at 16.3 million). The Department of State estimates that 60 percent of the time required to issue a new passport would be required to endorse a previously issued one.

Sec. 106. Domestic Transfer Allowance.

The addition of a new subsection (13) to Section 911 of the Foreign Service Act of 1946, as amended, is proposed to make available a transfer allowance to foreign service officers and employees transferring to or within the United States, its territories or possessions or the Commonwealth of Puerto Rico on the same basis as is currently available to non-Foreign Service employees. Foreign Service benefits now fall short in two respects. First, transfer allowances are authorized for Foreign Service personnel reassigned from overseas to the United States only if further foreign assignments are anticipated by the agency and the employee (5 U.S.C. 5924(2)(B)). Second, Foreign Service personnel transferring from one domestic assignment to another are excluded from domestic transfer allowances (5 U.S.C. 5724 (g)). This amendment, by covering travel and relocation expenses of all transfers to and within the United States, will provide equity with other Government employees. Like other employees, the personnel covered by this legislation will be required to agree in writing to serve for 12 months after their transfer unless separated for reasons beyond their control for reasons acceptable to the agency.

MARCH 24, 1980.

Hon. WALTER F. MONDALE,
*President of the Senate,*
*U.S. Senate*

DEAR MR. PRESIDENT: There is transmitted herewith a legislative proposal to amend several existing authorities in order that the Department of State may carry out its functions, duties and responsibilities in the conduct of the foreign affairs of the United States, and for other purposes authorized by law.

This proposal contains amendments to the U.N. Participation Act, certain passport authorities, the Foreign Service Act, and amendments for other purposes. An analysis further explaining the proposed legislation is enclosed.

The Department has been informed by the Office of Management and Budget that there is no objection to the presentation of this proposed legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

J. BRIAN ATWOOD,
*Assistant Secretary for*
*Congressional Relations.*●

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By Mr. HAYAKAWA (for himself, Mr. TOWER, Mr. WALLOP, Mr. MCCLURE, Mr. SIMPSON, Mr. STEVENS, Mr. HART, and Mr. BOREN):

S. 2532. A bill to reinstate and validate U.S. oil and gas leases numbered OCS–P–0218 and OCS–P–1226; to the Committee on Energy and Natural Resources.

OFFSHORE OIL LEASES

Mr. HAYAKAWA. Mr. President, I introduce for consideration a bill to be referred to the Committee on Energy and Natural Resources to reinstate and validate certain U.S. oil and gas leases.

The PRESIDING OFFICER. Will the Senator repeat his request?

Mr. HAYAKAWA. My request is that my bill be received for referral. It is not for immediate consideration.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

Mr. HAYAKAWA. Mr. President, on behalf of myself and Senators TOWER, WALLOP, MCCLURE, SIMPSON, STEVENS, HART, and BOREN, I introduce legislation today which will resolve a longstanding dispute between the holders of certain offshore oil leases in the Santa Barbara Channel, Calif., and the U.S. Government. The resolution of this dispute will not only provide a fair and equitable solution for the leaseholders and the Government, but will enhance our goal of increased energy production in an environmentally sound fashion.

Mr. President, this legislation has already been introduced in the other body by my distinguished colleague from California, Representative JERRY PATTERSON. The Subcommittee on Mines and Mining of the Committee on Interior and Insular Affairs held hearings on H.R. 5769 on March 13, 1980, at which time, testimony was received from the Secretary of the Interior and representatives of the holders of the leases in question. This legislation has widespread bipartisan support, which is indicative of the sound policy justification on which it is based.

The genesis of the dispute which led

to the introduction of this legislation is in the atmosphere of misunderstanding and uncertainty which followed the oilspill in the Santa Barbara Channel at the Union Oil Co.'s well in tract 402 on January 28, 1969. A year before the blowout, a consortium of nine independent oil and gas companies lead by Pauley Petroleum of Los Angeles, Calif., had successfully bid on two Outer Continental Shelf tracts in the Santa Barbara Channel. They were able to pool their resources and bid cash bonuses of $73.8 million for tracts 375 and 384. In exchange for these costly cash bonus payments and an annual rental payment of $34,560, the U.S. Government granted the Pauley group the right to explore for oil and gas. The terms of the lease granted an exclusive right for a primary term of 5 years and "as long thereafter as oil or gas may be produced * * * in paying quantities * * * ."

At the time of the Union Oil blowout, in addition to the purchase of the leases, Pauley group had already expended nearly $1.5 million in prebid exploratory activities and close to $4 million in drilling costs involved in eight exploratory wells. Pauley was about to begin work on a ninth well at the moment the blowout occurred. All drilling activities in the channel were voluntarily suspended by the oil companies. Secretary of Interior Hickel then suspended all drilling operations in February 1969 and subsequently promulgated a "temporary" strict liability standard for offshore oilspills making operators absolutely liable for any damage to the environment or third parties by oilspills.

Mr. President, the strict liability standard presented an extreme hardship for all independent oil companies. Unlike the majors, the independents faced a collapsed insurance market and were incapable of self-insuring their operations in order to comply with the Secretary's strict liability standard. In effect, this meant that independents could not resume offshore oil operations. The majors were capable of self-insuring and resumed operations when the drilling suspension was lifted.

By April 1969, the Pauley Group was confronted with a serious problem which threatened the financial viability of the companies and their ability to commit resources to other exploratory activities. The Government's "temporary" strict liability standard prevented them from resuming operations in the channel if and when the drilling ban would be lifted by the Interior Department. In waiting, the group faced enormous interest payments on its investment. It was clear to them that waiting held great financial risks. Based on sound business judgment, the group decided it could not afford to wait for some form of governmental action which would permit resumption of drilling and perhaps alter the extremely burdensome liability standard. Seeking judicial relief for the extreme financial losses which it had incurred and which it would continue to incur seemed the only viable option open to these companies in order to protect their $80 million investment. In April 1969 the Pauley Group filed suit in the Court of Claims for damages against the United States.

These legal proceedings dragged on for a decade. The costs to the independent companies as well as to the Government were substantial. In January of this year the Court of Claims dismissed the group's claim and held that they "had no legal rights, vindicable here, when they brought suit." However, the court pointed the way to the remedy which I propose today. It stated:

> Perhaps the legislative or executive branches could, as a matter of grace or policy, extend their lease terms to permit them to drill further (if they still wish to) in an effort to discover oil in commercial quantities, but of course, we cannot take that step.

After 40 years of litigation the Pauley Group now seeks relief from the Congress according to the recommendation of the Court of Claims. They do not seek a refund of their cash bid or any other monetary relief. Rather, they seek the right to continue their exploration, a remedy the Court of Claims could not grant.

The legislation which I offer today would provide such equitable relief by reinstating the two leases for the unexpired term, approximately 4 years, 126 days and so long thereafter as oil or gas is produced in paying quantities. Another section of the bill imposes three conditions on the lessees:

First, the lessees must exercise "due diligence" in the exploration and development of these leases. In order to carry out this requirement, the lessees must file within 45 days of enactment of this bill an exploration and development plan with the Secretary of Interior.

Second, the lessees are required to comply with all environmental and regulatory requirements of the Outer Continental Shelf Lands Act Amendments of 1978.

Third, the legislation would require the lessees to pay back rentals for the period 1973 to present.

Legislative reinstatement is a fair and equitable course of action for the companies and for the Government. It is the only way to end more years of prolonged court battles. It is the only way to obtain rapid development of the leases. It is the only way to prevent further financial loss to the Government. And it is the only way to correct over a decade of misunderstanding which has unfairly deprived my constituents of their rightful interests in an $80 million investment.

I believe that congressional reinstatement of these leases can be supported on five basic policy grounds:

First, reinstatement is fully consistent with the publicly stated goals of President Carter and the Congress of rapidly increasing the domestic production of oil and gas. Rapid development of these leases is clearly in the national interest. The Pauley Group can provide the country with something no other oil company can: the potential for oil and gas production from these tracts as early as 1983. If these leases are put on the auction block instead of being reinstated, the Government's action could delay oil and gas production at least until the mid-1980's and perhaps past 1990 in view of the slowness of lease procedures and the expected delays from continued litigation.

Second, reinstatement is the only method to achieve the objectives stated by Interior Secretary Andrus for rapid development of the oil leases in the Santa Barbara Channel. The Secretary has been openly critical of the slow exploration schedules of some oil companies holding leases in the channel. The Pauley Group has pledged that it will take the steps necessary to continue exploration immediately after reinstatement. Their familiarity with the geological data base of these tracts puts them in a unique position to recommence their exploration quickly.

Third, reinstatement is consistent with the recently enacted Outer Continental Shelf Lands Act Amendments of 1978 (Public Law 95–372). Many of the problems of independent companies, such as the oil spill liability question, have been resolved by the OCS amendments. In passing these amendments, the Congress believed that independents should be able to play a role in the competitive bidding process and not be barred from offshore exploration by the high cost involved.

Fourth, reinstatement will likely provide economic benefits to the U.S. Government which probably cannot be obtained if these leases are put up for resale. The Pauley Group will—

Pay all accrued rentals and begin payments of royalties of commercial quantities of oil that are discovered;

Pay windfall profit taxes longer than a new lessee;

And not take an immediate tax write-off of its 1968–69 expenditures thus saving the Government several million dollars.

Moreover, based on the recent—June 28, 1979—and disappointing Santa Barbara lease sale by the Interior Department, if the Government attempts to resell these leases rather than supporting their reinstatement, it is unlikely to equal or improve its economic position.

Fifth, there is ample precedent for legislative reinstatement of Federal oil and gas leases. For example, in the 95th Congress, legislation reinstating oil and gas leases was considered and enacted by the Congress (Public Law 95–77 and Public Law 95–586). I believe the legislative precedents for reinstatement of mineral leases strongly support this legislation.

Mr. President, it would be impossible to discuss the issue of oil and gas exploration in the Santa Barbara Channel without expressing deep concern for the protection of the unique environmental heritage of this part of California's coast. The Pauley Group is firmly committed to do its utmost to safeguard the channel's environment.

Further, the group will, of course, comply with all pertinent and relevant provisions of the OSC Lands Act Amendments of 1978, including the submission of all lease development and production plans to the Secretary for approval. It should be noted that there is development activity all around these two tracts and thus reinstatement of the leases involves no peculiar environmental problems or risks. In fact, these two tracks were squarely within the geographical area covered by the exhaustive Environmental Import Statement prepared for the June 1979 lease sale.

Finally, Mr. President, I believe that

the unique circumstances and history of the Pauley Group's leases in the Santa Barbara Channel warrant a reinstatement in a timely fashion by the Congress. These two leases are the only ones remaining from the 1968 lease sale where much needed oil and gas exploration and development has not been able to go forward.

After spending $80 million on these leases, the Pauley Group would like to resolve this matter and continue its exploration. The group does not wish to engage in endless litigation with the Government and it is certainly not in the Government's interest to leave this matter unresolved.

I want to emphasize to my colleagues that the Pauley Group is not seeking a bailout or special Government compensation. It only wishes to resume exploration which was interrupted in 1969 by a totally unrelated event. Reinstatement will be beneficial to the group, the Government, and it will be consistent with our Nation's environmental and energy policies.

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By Mr. BENTSEN:

S. 2533. A bill to amend the Internal Revenue Code of 1954 to exempt independent producers and royalty owners from the windfall profit tax on the first 1,000 barrels of daily production; to the Committee on Finance.

● Mr. BENTSEN. Mr. President, almost a year after the ill-conceived windfall profit tax first came to public attention, President Carter today played out the last act in this American tragedy by signing into law a massive tax that guarantees less domestic energy production in the future while insuring greater dependence on foreign sources of supply. I consistently voted against the windfall profit tax because it symbolizes the sort of disastrous energy policy this Nation can no longer afford.

The fact that the tax has now been signed into law only strengthens my determination to redress the injustices inherent in the notion of "windfall profits" and embodied in the tax.

When people consider the issue of the windfall profit tax there is a tendency to believe it is targeted solely at the major oil companies—the so-called Seven Sisters—who, according to the conventional wisdom, stand to reap huge, unearned profits from the decontrol of oil. The general public fails to recognize that the windfall profit tax also victimizes millions of individuals, millions of royalty owners, who hold title to an average of less than five barrels per day of crude production from their land.

Another major defect in the bill signed into law today is that it imposes a stiff excise tax—some $22 billion over the next decade—on oil produced by America's 12,000 independent producers.

Most of the oil and gas found in this country is due to the efforts of our independent producers. Unlike the majors, these entrepreneurs have no other fish to fry. Their only activity, their only source of income, is to search for oil and gas in this country.

They drill the wells that are not big enough or profitable enough for the majors; they take the chances considered too risky by the majors. Day in and day out they find oil—millions of barrels of oil—that would otherwise remain under the ground.

The statistics are by now familiar and compelling. Independents drill 90 percent of the wildcat wells in this country. They find 75 percent of the new oil and gas fields. They account for 54 percent of our new oil and gas reserves.

The vast majority of independents are unincorporated, and their profits are subject to a maximum tax rate of 70 percent—not the 46 percent corporate tax rate enjoyed by their competition.

The "push" of our tax code and the "pull" of the profit motive have over the years created a unique situation in which independent producers have reinvested 105 percent of gross wellhead revenues in new exploration.

If we are sincerely concerned about increasing domestic oil and gas production, I can think of no more efficient or effective way to go about it. Give the independent producers $100 in incentives, and they will invest $105 in new production at a time we desperately need every drop of oil we can produce in this country.

Mr. President, if we want to make maximum effective use of our energy assets in America, it simply makes no sense to place a windfall profit tax on the first 1,000 barrels of daily production from our independent operators. It makes no sense to take $22 billion out of production over this decade.

The effect of such a tax is clear and indisputable: It would take resources away from those who invest in our energy future. It would increase our dependence on imported energy. It would impose a huge regulatory burden on those least able to contend with it.

We have seen that the so-called windfall profit that will be earned by the independent producers will be reinvested—dollar for dollar and then some—in activities leading directly to greater energy production in America. That, in my opinion, is a trend that should be encouraged, particularly at a time when it is becoming increasingly costly and risky to find oil and gas in this country.

Accordingly, Mr. President, I am introducing legislation today designed to eliminate two of the more onerous aspects of the windfall profit tax. My legislation would exempt royalty owners, millions of whom depend on this modest income to cope with inflation, from paying a windfall profit tax which clearly should not apply to them. And it would also provide a complete and total exemption for the first 1,000 barrels of daily production by America's independent producers.

The Senate is clearly on record, Mr. President, as favoring both exemptions and I am hopeful that we can move promptly to redress these flagrant injustices in the windfall profit tax.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2533

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. Section 4987 of the Internal Revenue Code of 1954 (relating to amount of windfall profit tax) is amended to read as follows:

"Sec. 4987. AMOUNT OF TAX.

"(a) IN GENERAL.—The amount of tax imposed by section 4986 with respect to any barrel of taxable crude oil shall be the applicable percentage of the windfall profit on such barrel.

"(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a)—

"(1) GENERAL RULE FOR TIERS 1 AND 2.—The applicable percentage for tier 1 oil and tier 2 oil is—

| | |
|---|---|
| "Tier 1 | 70 |
| "Tier 2 | 60 |

"(2) TIER 3 OIL.—The applicable percentage for tier 3 oil is 30 percent.

"(c) FRACTIONAL PART OF BARREL.—In the case of a fraction of a barrel, the tax imposed by section 4986 shall be the same fraction of the amount of such tax imposed on the whole barrel."

SEC. 2.—Section 4991(b) of the Internal Revenue Code of 1954 (relating to taxable crude oil) is amended to read as follows:

"(b) EXEMPT OIL.—For purposes of this chapter, the term 'exempt oil' means—

"(1) any crude oil from a qualified governmental interest or a qualified charitable interest.

"(2) any exempt Indian oil,

"(3) any exempt Alaskan oil,

"(4) any exempt front-end oil, and

"(5) any independent producer and royalty owner oil."

SEC. 3. Section 4992 of the Internal Revenue Code of 1954 (relating to independent producer oil) is amended by:

(a) changing the heading to read "Sec. 4992. Independent Producer and Royalty Owner Oil.",

(b) striking subparagraph (d)(1)(D), and

(c) striking paragraph (d)(2).

SEC. 4. Effective Date. The amendments made by this Act shall be effective beginning March 1, 1980.●

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By Mr. CRANSTON:

S. 2534. A bill to amend title 38, United States Code, to promote the recruitment and retention of physicians, dentists, nurses, and other health-care personnel in the Veterans' Administration Department of Medicine and Surgery, and for other purposes; to the Select Committee on Veterans' Affairs.

### VETERANS' ADMINISTRATION HEALTH-CARE ACT OF 1980

● Mr. CRANSTON. Mr. President, I am today introducing, for appropriate reference, S. 2534, the proposed "Veterans' Administration Health-Care Personnel Act of 1980." The basic purpose of this bill, in the interest of assuring quality health care for our Nation's eligible veterans in VA health-care facilities, is to help overcome serious difficulties being experienced in the VA health-care system in the recruitment and retention of capable, qualified health-care professionals and to make needed improvements in various aspects of the administration of the VA's own health-care personnel system under title 38, United States Code.

BACKGROUND

Mr. President, the issue of the quality of health care for veterans is one that has occupied a great deal of the committee's time and attention during this Congress. Although I am not convinced, as some have suggested, that there is a grand design on the part of the administration to dismantle the VA health-care system, I am concerned that the system has encountered severe difficulties resulting in a serious, adverse impact on the ability of the VA to provide appropriate health care to disabled and other eligible veterans who rely on the VA to meet their health-care needs.

In this regard, I believe that 1979 was a very turbulent year for the VA health-care system—especially in terms of personnel strength and stability. The testimony the committee heard last October 25, sitting in extraordinary joint session with our counterpart committee in the House, stands as compelling evidence to this point. I was especially impressed by the views expressed by the witnesses at that hearing from VA health-care facilities around the country, each of whom expressed the same message in different words drawn from their different experiences—that the system was struggling to meet the needs of the veterans who came to the VA for care and the personnel and budget cutbacks that had been imposed on the system were the cause of this struggle.

IMPORTANCE OF VA HEALTH-CARE SYSTEM

While far from a panacea for all of the problems facing the VA health-care system today, I believe that the bill I am introducing today has many important elements that, if enacted, will go a long way to addressing some of the more significant problems, most especially the present difficulties that the VA faces in attempting consistently to recruit and retain the high caliber of health-care personnel that is an indispensable part of providing quality health care.

Mr. President, I believe that it is important that the VA health-care system receive priority attention from the Congress and the administration at this time. Not only is that system a major, vital part of the range of VA benefits that have been promised to our Nation's veterans for their service on behalf of the Nation—and, as such, a sacred commitment, especially to those who suffered a disability while in service—but it comprises a key element in our overall national defense effort. The events in the Middle East and Southwest Asia are the clearest sort of reminders, if any are needed, that world events could propel us once again to confront an adversary on the field of battle. We must be prepared for that eventuality and, in that context, must recognize that the VA health-care system is critical to our military preparedness.

Mr. President, the defense of our Nation and the great cost of war include our commitment to restore the health and welfare of our warriors injured while serving the Nation. If we are perceived as failing to keep our promises to veterans of past conflicts by, for example, not assuring that the VA's ability to provide health-care services to eligible veterans is unimpaired—it is difficult to expect that those presently in the service and would-be recruits will be eager to serve. It should be understood that the costs of war do not end with the cessation of hostilities; our obligation to those who fight, their families, and their suvivors continues as the on-going cost of war and must be understood as such.

Mr. President, there is another, more tangible element in the VA/national defense equation. The VA health-care system, with its 172 hospitals and hundreds of other health-care facilities, is the first backup to the relatively meager medical resources available to the Department of Defense in the event of war. Although I know that some officials in the Department of Defense understand the vital role of the VA, in the event of a future conflict, to care for the casualties after they have been stabilized, I believe that it is critical that this factor receive wider attention.

Mr. President, in this regard, I wrote President Carter on March 13 stressing my view that, because of these commitments to veterans and this important VA role in connection with our national defense, VA health-care facilities should receive special treatment under any freeze in Federal employment. Mr. President, I ask unanimous consent that the text of that letter, which more fully sets forth my views on this issue, be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
*Washington, D.C., March 13, 1980.*

Hon. JIMMY CARTER,
*The White House,*
*Washington, D.C.*

DEAR MR. PRESIDENT: I am writing to express my concern about Administration plans for the VA health-care system for fiscal years 1980 and 1981 in light of present efforts to reduce overall spending levels. Specifically, I am most concerned about VA health-care personnel ceiling levels and the impact that reductions in the existing ceiling or a personnel hiring freeze would have on the VA's ability to provide quality health care to our Nation's veterans.

At the outset, I want to stress my commitment to taking appropriate action to reduce the federal deficit as one necessary way to help curb the inflation that is hurting all Americans, including, of course, all veterans. Although I will work to preserve the integrity of veterans programs, because I see our system of veterans benefits and services as a solemn commitment made by the government to those who answered their country's call and bore the brunt of battle, I understand that there are some economies that the VA should accept as part of a larger national effort to reduce federal spending. However, I believe that VA health-care facilities, particularly in terms of personnel levels, must be protected from reductions and from any harm that could stem from unduly arbitrary restrictions on hiring.

I take this position because the VA health-care system has already suffered severe dislocations, particularly in the past two years, and it cannot afford any further, substantial disruptions. You may recall that I wrote to you exactly one year ago outlining my concerns in this regard based on the situation as it then existed. Despite the addition of 3,800 health-care personnel positions to the VA's Department of Medicine and Surgery in fiscal year 1980 to restore cuts imposed during the preceding year, many of the concerns raised in my earlier letter still apply. The fact is that the system is operating at minimum personnel levels that threaten the physical and mental well-being of veterans in need of medical and psychological assistance.

Any significant disruption in VA health-care facility staffing could be devastating, coming as it would in the wake of the variety of problems recently faced by the system as outlined in my earlier letter—including personnel cutbacks imposed by OMB in fiscal year 1979, the unwise and unjustified diversion of funds specifically appropriated for new personnel hires to defray the cost of the October 1978 pay raise, the untimely and arbitrary personnel hiring freeze instituted in October 1978, and the uncertainties and controls connected with the FTEE test in which the VA has been required to participate.

These various actions generated problems that accumulated and produced burdens on the system that were not expected to be caused by any one action but were suffered as the result of the manner in which each such action aggravated the effects of the others. Moreover, by reducing an already overworked staff, a greater workload was placed upon those who remained in the system and that, in turn, led to further personnel reductions by way of increased resignations and recruitment difficulties. The system is still trying to recover from the impact of these multiple problems.

During the October 25, 1979, joint House-Senate hearing on VA health care, extensive, credible evidence was presented that, almost eight months after the termination of the hiring freeze, some VA facilities were still suffering major effects of the freeze in certain key personnel categories and were actually still experiencing a downturn with respect to nursing staff. In fact, the VA reported recently that, as of February 29, 1980, cumulative medical care FTEE was more than 2,400 below the funded level, which the Congress views as the acceptable level for the current fiscal year. I believe that the VA's difficulties in bringing health-care staffing up to authorized levels is a continuing after-effect of the severe personnel problems that were imposed on the VA in fiscal year 1979.

Any further actions along similar lines at this point could undo the recovery process and could well put the system in a situation as bad as or worse than the one that existed when I wrote you a year ago. As I stressed then, personnel management in health-care settings has an immediacy and sensitivity and real life-and-death consequences that are duplicated in few other areas of federal employment. The imposition of personnel cuts or freezes on the VA health-care system similar to ones imposed on non-health-care systems would clearly jeopardize the quality of VA medical services and the safety of the veteran-patient receiving those services.

My concerns on this score derive not only from the importance of the system as a part of the national commitment to our veterans but also from the need to maintain the system as part of our national defense efforts.

The role of the VA health-care system in national defense has two important aspects, one intangible and the other tangible. The intangible aspect relates to the recruitment and retention of capable, motivated military personnel and to their morale. The defense of our Nation and the great cost of war include our commitment to restore our warriors injured while serving the Nation. If we are perceived as failing to keep our promises to veterans of past conflicts—by, for example, impairing the VA's ability to provide health-care services to eligible veterans—it is difficult to expect that those presently in the service and would-be recruits will be eager to serve. The costs of war plainly do not end with the cessation of hostilities; our obligation to those who fight, their families, and their survivors continues as the on-going cost of war and must be understood as such.

The tangible element in the VA/national defense equation is that the VA health-care system, with its 172 hospitals and hundreds of other health-care facilities, is the first back-up to the relatively meager medical resources available to the Department of Defense in the event of war. Defense Department contingency plans clearly recognize this fact, but I am not convinced that the importance of the VA to our military preparedness has been appreciated or appropriately taken into account in recent budgetary actions.

Thus, I want to express my strong opposition to the inclusion of VA health-care personnel in any long-term personnel hiring freeze that may be contemplated. With respect to the possibility of a short-term freeze, I would reemphasize that the VA health-care system is already hampered by the existence of a current shortfall of over 2,400 FTEE's. In addition, due to personnel turnover rates—approximately 1,000 per month for nursing personnel alone—a temporary freeze or hiring restriction would prevent the hiring of literally thousands of direct-care and support personnel needed just to stay at the present, below-strength staffing level. I, therefore, strongly urge that, in the design of any such temporary restrictions on hiring, serious and compassionate consideration be given to providing sufficient flexibility regarding VA health-care personnel to assure that the lives, health, and safety of veterans who rely on the VA for medical care will not be jeopardized.

Mr. President, in closing, I want to affirm my commitment to supporting initiatives to control inflation; however, I am equally committed to assuring that we deal appropriately and fairly with our nation's veterans and, most importantly, that the vital role of the VA health-care system is recognized and supported in making any budgetary decisions.

With warm regards,

Cordially,

ALAN CRANSTON,
*Chairman.*

Mr. CRANSTON. Mr. President, I am grateful that the President has accepted the views I put forth. The VA, pursuant to direction from the Office of Management and Budget, has been granted broad authority to make exceptions from the terms of the hiring freeze for direct-care and related personnel where necessary to maintain and assure the quality of medical care in VA health-care facilities.

### PRINCIPAL ASPECTS OF LEGISLATION

Mr. President, the bill that I am introducing today would help in a number of important ways to help achieve the goal I mentioned earlier of improving the overall quality and performance of VA health-care personnel. Among the key provisions are ones that would improve the existing program for special pay for VA physicians and dentists, which is aimed at overcoming difficulties in the VA's retention of these health-care professionals, and make such a program permanent, replacing the out-dated, inadequate, stop-gap measure that has been in effect since 1975; remove top VA Department of Medicine and Surgery (DM&S) personnel who are hired under the authority of title 38 from the Senior Executive Service under title 5 and the purview of the Office of Personnel Management; and clarify the appropriate balance between full- and part-time health-care personnel in the VA and between the various VA health-care facilities and the medical schools with which they are affiliated.

In addition to these features are provisions that would improve the VA's overall administration of its health-care personnel system in a variety of ways, including by bringing licensed practical or vocational nurses and nursing assistants under title 38 for most purposes relating to their employment in the VA; by providing new authority to the Administrator to vary the rates of pay for health-care professionals on local or regional bases when such action is needed to meet the rates being paid to such personnel by non-Federal health-care facilities; and by improving the schedule pursuant to which nurses and other direct-health-care personnel receive additional pay for work outside of normal working hours, such as for overtime and standby activity.

### HEARINGS AND FURTHER ACTION SCHEDULED

Mr. President, hearings have been scheduled on this legislation for April 16, at 9 a.m. in room 412 of the Russell Senate Office Building. After the committee has had the opportunity to hear from individuals and groups wishing to comment on this legislation, committee markup is scheduled for April 30.

### SPECIAL PAY PROVISIONS

Mr. President, as I mentioned earlier, among the key provisions of this bill are those that would update, improve, and make permanent the special pay program for physicians and dentists in the VA's Department of Medicine and Surgery.

When Public Law 94-123, the Veterans' Administration Physician and Dentist Pay Comparability Act, was enacted in 1975 to provide a special-pay program for VA physicians and dentists in order to overcome difficulties that the VA was experiencing in the recruitment and retention of these professionals, the scheme created by that law was regarded as a temporary measure that would be replaced, in a very few years, with a permanent, unified salary structure applicable to all Federal physicians. The original law, in fact, authorized the VA to enter into agreements only until October 11, 1976. Although this termination date was extended three times—the current termination date is now September 30, 1981—such action was always taken with the understanding—based on assurances from the Director of the Office of Management and Budget—that a permanent measure that would address all Federal physicians would be forthcoming from the administration.

It was not until late last summer that OMB finally indicated to the Committee that the administration no longer intended to develop a unified salary system to address all Federal physicians and that, rather, the administration was satisfied with existing individual bonus authorities.

Mr. President, I ask that the text of two of my letters to the Director of OMB—dated April 10, 1978, and June 22, 1979—together with the text of the Director's reply to me of August 6, 1979, be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
*Washington, D.C., April 10, 1978.*

Hon. JAMES T. MCINTYRE, Jr.,
*Acting Director, Office of Management and Budget, Executive Office Building, Washington, D.C.*

DEAR JIM: I am writing with regard to a commitment by the Office of Management and Budget to propose legislation on compensation for Federal physicians and dentists. In a May 2, 1977, letter to the Honorable Ray Roberts, Chairman of the House Committee on Veterans' Affairs, your predecessor stated that the Office of Management and Budget was reviewing relevant studies and that "[l]egislative proposals based upon this review will be reflected in the President's fiscal year 1979 budget".

The President's fiscal year 1979 budget, however, does not reflect any such proposal. Rather, with respect to the Veteran's Administration, the budget includes a proposal for another one-year extension of the Veterans' Administration Physicians and Dentists Pay Comparability Act. If extended, this would be the third renewal of what was intended to be a stopgap measure, necessitated by the absence of a permanent solution.

Similarly, the authority for the special-pay program for physicians and dentists in the uniformed services is due to expire on September 30, 1978 and; in the absence of a new permanent program, a further extension of that program must also be considered. At the same time, Federal physicians and dentists paid under the General Schedule are not covered by a special-pay authority.

Within the past two years alone, there have been four studies on this problem on a government-wide basis; an Inter-Agency Task Force comprised of Federal agencies which employ physicians and dentists (May 12, 1975); a General Accounting Office report (August 30, 1976) and an Office of Management and Budget report on recruitment and retention of Federal physicians and dentists (December 28, 1976); and the President's Reorganization Project Option Paper No. 6 (October 14, 1977).

The need for comprehensive reform has been clearly recognized. However, in view of the approximately one dozen Congressional committees involved, I believe that the impetus for a permanent, government-wide solution must come from the Administration. Therefore, I would appreciate your advising me as to the status of your progress in developing the necessary legislative proposals and the anticipated date for their submission to the Congress.

This becomes very crucial from a time standpoint because there is legislation currently pending in the Senate, S. 990, which would create a comparability allowance program for physicians and dentists paid under the General Schedule. During the last session of Congress, Senator Mathias submitted Amendment No. 1621 incorporating the provisions of that bill as an amendment to H.R. 8175—now Public Law 95-201, the Veterans' Administration Physicians and Dentists Pay Comparability Amendments of 1977—at the time of final passage of H.R. 8175 by the Senate. Although the amendment was defeated by a vote of 37 to 48, similar amendments seem likely during floor action on any measures extending the special-pay programs of the VA or the uniformed services.

In my December 7, 1977, letter to you, I previously expressed my concerns with respect to undue OMB delays in submitting reports and proposals to the Congress. The Administration's long delay in submitting a comprehensive proposal for Federal physicians' and dentists' pay in unduly postponing the achievement of an equitable solution to the physicians' and dentists' pay problem.

On March 10, 1978, in testimony before the Civil Service and General Services Subcommittee on S. 990, "Federal Comparability Allowance Act of 1977", the Civil Service Commission stated that a comprehensive Administration proposal will be submitted to the Congress in the "near future". I urge you to honor this further commitment by submitting your proposal to Congress as soon as possible.

Thank you for your consideration of these matters. The Committee on Veterans' Affairs is prepared to cooperate with the Administration and other Senate committees concerned in the interest of ensuring that Administration proposals in this area are given full and timely consideration in Congress.

With warm regards,
Cordially,
ALAN CRANSTON,
*Chairman.*

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U.S. SENATE,
*Washington, D.C., June 22, 1979.*
Hon. JAMES T. MCINTYRE, Jr.,
*Director, Office of Management and Budget, Washington, D.C.*

DEAR JIM: On April 10, 1978, I wrote you regarding a commitment by the Office of Management and Budget to propose legislation on compensation for Federal physicians and dentists to develop a unified salary structure applicable to all Federal physicians. I am enclosing a copy of that letter, which outlined the urgent need for such a proposal.

Please inform me as to the status of this proposal and when you expect to submit it to the Congress. If no such legislation is going to be proposed, please advise me as to why the Administration has abandoned such an important proposal.

I trust you will give this very important matter your personal and prompt attention.

With warm regards,
Cordially,
ALAN CRANSTON,
*Chairman.*

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EXECUTIVE OFFICE
OF THE PRESIDENT,
*Washington, D.C., August 6, 1979.*
Hon. ALAN CRANSTON,
*Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: I am responding to your recent letter inquiring about the prospects for an Administration proposal for a unified salary structure applicable to all Federal physicians.

In my letter to you of May 25, 1978, I outlined the difficulties we were experiencing in reaching a consensus on a unified physician salary structure. I also outlined the alternative we favored for the near term. That is, providing bonuses or special pay over and above salary, specifically designed to satisfy the recruitment and retention needs of the various groupings of physicians. These major groups of physicians are Veterans Administration physicians under Title 38 U.S.C., civilian physicians under the General Schedule, and military physicians, including those in the commissioned corps of HEW's Public Health Service.

With the enactment last November of PL 95-603 which provided a bonus for General Schedule physicians, all major groups of Federal physicians are now covered by a bonus authority. Further, we have forwarded to the Congress legislation to extend the General Schedule bonus authority for two years and have requested changes to the military bonus authority. We have taken these actions with the view of making sure that our bonus authorities are adequate in amounts and are properly tailored to respond to the different problems agencies have in attracting physicians to serve under different conditions (military vs. civilian) and in different locations.

As we have worked to resolve this complex problem, we have gradually come to believe that it is not feasible to design a unified salary system that would successfully address the varying problems faced by agencies in the recruitment and retention of Federal physicians. Consequently, we think the best solution is to recognize the very different attraction and retention problems of various groups of physicians by having individual bonus authorities specifically tailored for each group as we now have.

I trust this will satisfy your request.

Sincerely,
JAMES T. MCINTYRE, Jr.,
*Director.*

Mr. CRANSTON. Mr. President, although I am not satisfied with the executive branch's inability to design a pay plan that would deal effectively with all Federal physicians, I am constrained to proceed separately to try to meet the pressing needs that exist in the VA today. It is as vital in 1980 as it was in 1975 to recruit and retain a qualified workforce of physicians and dentists to staff D.M. & S. Although the initial special pay legislation helped meet this need at the time it was enacted, the schedule of special pay included in that legislation no longer is sufficient—due to inflation in the economy and increases in non-Federal health care professionals' remuneration nationwide and in particular regions—to meet the needs of the VA health care system. In light of this clear, continuing need and OMB's decision to not develop a unified approach, I am very disappointed that the administration has not sent forward any legislation to update the 1975 doctor pay schedule applicable to the VA.

Mr. President, in introducing this bill, I am not unmindful of the President's veto on March 11 of H.R. 5235, the Uniformed Services Health Professionals Special Pay Act of 1980, legislation—not dissimilar in purpose to this bill—to provide bonus payments to physicians and dentists in the uniformed services. Although I recognize that there may have been provisions in that legislation that justified the veto in light of other considerations, I believe that there are a number of differences between the situation in the VA and in the uniformed services—for example, the relationship between recruitment problems in the uniformed services and the possible impact of changes in the status of the draft that is not applicable to the VA's situation—that distinguish this legislation from H.R. 5235. Moreover, a number of the President's objections to H.R. 5235 were either not applicable to the VA or have been taken into consideration in the drafting of this bill.

Mr. President, with specific reference to the President's veto message, there is one point on which I want to comment specifically. In the course of his message, the President stated:

> Only in the Armed Forces are we experiencing a serious shortage of physicians.

This statement could be read in the narrower context of comprising shortages of physicians in the Public Health Service and the Armed Forces, a point the President was addressing in his veto message, and, if that was the full intended meaning, I do not challenge this assertion. If, however, the President was comparing the situation in the armed services with the rest of the Federal sector—including the VA—then I must disagree strongly. As will be more fully documented as the committee considers the legislation I am introducing today, there is, indeed, a serious recruitment and retention problem in D.M. & S. and serious remedies are needed.

Mr. President, the special pay provisions in the bill generally build on the formula in existing law, with some modifications. In recognition of the different personnel issues presented by the employment of physicians and dentists in the VA, the bill proposes two schedules for special pay, one for each profession, in lieu of the single schedule in current law. In addition, there is a change proposed to existing law relating to the extent to which part-time employees receive special pay. With reference to the specific special pay levels proposed to be authorized, the overall maximum amount of special pay is increased to $23,500 for physicians and $10,000 for dentists. Of this total, the primary special pay level is proposed to be $7,000 for physicians and $2,500 for dentists, with $16,500 for physicians and $7,500 for dentists as the maximum amount of incentive special pay. In the area of incentive special pay, I believe the most important change proposed in the bill concerns incentive special pay for persons serving in scarce medical or dental specialties. Under the provisions in the bill, the VA would be able to pay up to the maximum amount of incentive special pay authorized—$16,500 for physicians, $7,500 for dentists—to an individual serving in a scarce specialty. This provision is designed to enable the VA to compete more effectively for persons qualified in such scarce specialties and thereby reduce the agency's dependence on part-time and contract personnel to fill such positions.

Mr. President, one other provision relating to the special pay authority that I want to highlight briefly is the Veterans' Administration Physicians' and Dentists' Pay Board, a mechanism—modeled on the Commission on Executive, Legislative, and Judicial Salaries provisions in 2 U.S.C. 351 et seq. applicable to various executive schedule, legislative and judicial salaries—proposed in the bill that would allow for periodic increases in the rates authorized under the special pay authority without the necessity of repeated congressional action. As set forth in the bill, the Board will make a recommendation to the President annually, who, in turn, would include recommendations for the appropriate level of special pay for VA physicians and dentists as part of his budget submission to the Congress. The rates so proposed would become effective unless the Congress, or either House of the Congress, acted in some manner to produce a contrary result. I believe this approach permits the Congress to maintain an appropriate monitoring role and a check on the special pay system without the necessity of annual legislative action.

### RELATIONSHIP TO SENIOR EXECUTIVE SERVICE

Mr. President, along with the revised plan for special pay for VA physicians and dentists, the provision relating to the Senior Executive Service is another very important element in this bill. Following passage of the Civil Service Reform Act, Public Law 95-454, questions arose about the applicability of the Senior Executive Service (SES) established by that legislation to the senior personnel in the VA's Department of Medicine and Surgery who are employed under title 38. The VA has requested and the President has granted a 1-year exclusion of senior medical positions in D.M. & S. from SES which runs until July 13, 1980. Both Chairman Ray Roberts of the House Committee on Veterans' Affairs and I then took the position that the lack of clear congressional intent during consideration of the Civil Service Reform Act to repeal the provisions of title 38 supported a finding that title 38 personnel were not covered by SES.

However, the Comptroller General issued a legal opinion that reached the contrary result, and I am most concerned that, should VA personnel actually be placed under SES, it would seriously undermine the existing VA health care personnel system by shifting the final authority for appointment of the top positions in D.M. & S. and the management of these key positions from the Administrator to the Director of OPM, thus effectively removing the flexibility and control that the VA has exercised for over 33 years since the establishment of a separate Department of Medicine and Surgery. Accordingly, the bill contains a provision clarifying explicitly that the VA's title 38 health care personnel system is independent of SES.

### STAFF AND AFFILIATION BALANCE

Mr. President, other significant parts of the bill I am introducing today relate to the issue of the appropriate character of the VA health care system—the balance in the system's professional staff between individuals who are full-time employees and those who are part-time employees, and in the relationship between the various VA health care facilities and the health care training institutions with which they are affiliated.

Mr. President, I mention these two matters together because they both are integral parts of the change that has come to the VA system since the end of World War II. By establishing close ties with health care training institutions, particularly with medical schools, the VA has gained enormous advantages in terms of improved health care for veterans. At the same time, the Nation as a whole has gained a great deal because our medical schools have gained access to a very large health care system within which medical students can gain critical experience in their profession in a clinical setting. It is my view, therefore, that VA affiliations with medical schools—and the associated practice of having some physicians serve part time at the VA and part time at the affiliated institution or elsewhere—are generally beneficial to all the parties concerned, including veteran-patients, and should be supported.

Nevertheless, Mr. President, I recognize that these relationships can get out of balance to the possible detriment of the VA—when, for example, the affiliated medical school becomes the dominant partner in a given affiliation and dictates policy, including, for instance, hiring policy at the VA, that impairs the VA's ability to provide appropriately for veterans seeking care at the VA facility or when the percentage of full-time VA physicians becomes so small that there is no longer an effective force at the VA facility to manage it properly and the presence of the requisite primary commitment of the staff to the care and treatment missions of the VA is called into question. Many observers believe that such situations exist at the present time at quite a few VA health care facilities, and our hearings should help explore these observations. The legislation attempts to establish safeguards to assure that appropriate balances are maintained between VA health care facilities and affiliated institutions and between full- and part-time employees on the VA staff.

Mr. President, the bill addresses these areas in a variety of ways. On the full- and part-time employee issue, the proposed special pay structure is calculated to provide greater incentive to full-time service without penalizing part-time employees. In addition, there are provisions in the bill that would require that chiefs of staff, associate chiefs of staff, service chiefs, and other individuals in similar positions would have to serve on a full-time basis although provision is made to allow persons currently serving in such positions on a part-time basis to continue to do so, and the Chief Medical Director would be authorized to make exceptions to this requirement, on both a categorical and individual basis, for persons serving as associate chiefs of staff or service chiefs, or in comparable positions. These proposals, if enacted, are designed to produce significant beneficial impact in the area where full-time status is most vital—at those positions where the health-care leadership is exercised at individual VA health-care facilities.

Mr. President, on the issue of the appropriate relationship between VA facilities and affiliated institutions, the bill proposes changes in existing law that are relatively minor but which should yield important results. Provisions in the bill would modify the statutory provisions relating to deans' committees and similar advisory committees at VA health care facilities that are affiliated with health care institutions to restrict the committees to matters of education and training at the affiliated institutions and to make clear that final decisions concerning employment at the VA facility shall not be delegated to any such committee. In addition, the bill would require that at least one-half of the membership of these committees consist of full-time VA employees, except that the Chief Medical Director could authorize a reduced proportion of full-time VA employee members of not less than one-fourth of the total membership. In addition, the bill would provide for a new form of advisory committee—a medical center advisory committee—to be established at each VA health care facility. This new committee would be an internal VA body made up of full-time VA physicians, dentists, and nurses representing the various services in the facility, together with representatives of veterans' service organizations, that would advise the VA facility management on all matters relating to the provision of health care at that facility.

### PERSONNEL MANAGEMENT IMPROVEMENTS

Mr. President, as I mentioned earlier, there are a number of other provisions in the bill that are designed to provide the VA with greater flexibility in the management of its health care system. It is obvious that any health care system that seeks to provide the high quality and wide range of health care that the VA seeks to provide must rely on a highly trained interdisciplinary staff. Each member of this health care team plays a critical role in the treatment of every veteran served. Although the recruitment and retention of physicians and dentists is essential, it is equally essential—as I stressed during consideration of prior VA doctor special pay legislation—that the VA be able to recruit and retain other health care personnel, including nursing staff personnel and there are many provisions in the bill that are designed to improve the VA's capability and performance in this area. I would like to highlight briefly a few of those provisions.

First, the bill contains provisions designed to improve the VA's recruitment and retention of registered nurses. There have been numerous instances in the past year—especially in southern California where the problem is particularly acute—where the VA has had great difficulty in competing with the community for the skills of these personnel. Under provisions in the bill, the VA would have new authority to modify both entry and other levels of pay as well as rates of additional pay for nurses for work outside of regular work hours—such as on Sundays, holidays, and overtime—so as to increase the agency's ability to respond to changes in such rates of pay in the community on a more timely and effective basis.

The bill would also permit the Administrator to provide support for training for any registered nurse including any nurse practitioner, seeking a baccalaureate degree which should serve to make a VA career more attractive for nurse personnel. The bill also would require the Administrator to conduct a pilot program and study of the impact and cost effectiveness of combinations of various administrative actions—such as changing the normal work schedule to permit the use of flextime or compressed workweeks, establishing childcare centers where nursing personnel could leave their children while on duty, and other such actions—on the VA's recruitment and retention of nurses, as well as other nursing personnel.

Second, the bill would bring licensed practical or vocational nursing assistants into the title 38 statutory employment scheme. This change, which would give the Administrator far greater control over these very vital personnel than is available at present, with the Office of Personnel Management—OPM—having direct control over the positions, is necessary because, of all the health care personnel working in VA facilities who do not serve under title 38 provisions, licensed practical or vocational nurses and nursing assistants are the most involved in direct patient care services, and their role as nursing support personnel is critical to the smooth functioning of VA health care facilities. Under present law, the VA is unable, without waiting for extended periods for OPM approval, to make changes at local facilities to improve rates of pay or other conditions of employment for those personnel when such action is necessary and, indeed, urgent in order to recruit qualified nursing staff personnel to fill positions vacated by those who have left the VA for more attractive employment opportunities in the community, and in order to prevent further damaging attrition.

In addition, the VA's recruitment efforts with respect to these personnel has frequently been impaired by OPM's apparent inability or unwillingness to recognize the key differences between the two types of personnel despite the clear recognition in the health care community of the different preparation these personnel undergo and the different responsibilities they assume in the hospital environment. Under the changes proposed in the bill, these personnel would remain under title 5 provisions for the purposes of performance appraisals and adverse actions but would be placed under chapter 73 of title 38 for all other purposes relating to their employment, including premium pay. In furtherance of this change, the bill would provide a new pay schedule—a nursing support schedule—that establishes rates of pay for these personnel under title 38.

Third, the bill would give the Administrator authority to modify rates of pay on selected bases for health care personnel. Under the proposals contained in the bill, the Administrator would have the authority to modify entry and other rates of pay and rates of additional pay, such as for overtime service, when necessary to recruit or retain certain types of personnel. This authority would give the VA greater flexibility to meet hiring and retention problems that arise at different locations around the country when rates of pay in particular communities exceed those that the VA is authorized to pay so as to present a serious recruitment or retention problem.

Fourth, the bill would provide for payment of special pay under section 4118 to physician hospital directors when such directors are assigned significant medical duties. Since the special pay authority was first enacted in 1975, the number of hospital directors in the VA system who are physicians has decreased to the point that, today, there are only six such directors. This result is attributable to the fact that, although here is no explicit provision in the special pay, the VA—despite my consistent urging—has administratively barred such payment, relying on a provision in current law which authorizes the Chief Medical Director to determine categories of physicians or dentists which will not be eligible for special pay. In my view, this disincentive to physicians to serve as hospital directors results in a shortage of physicians who have had appropriate management experience that would best qualify them to serve in the top positions in D.M. & S. Thus, although the bill does not absolutely mandate the payment of special pay to physician hospital directors, it would establish the basis for such payment to an individual serving in that capacity when the director is assigned significant additional medical duties along with the administrative responsibilities ordinarily associated with serving as a facility director.

### CONCLUSION

Mr. President, the legislation that I am introducing today contains many elements that are designed to address many different issues of great importance to the VA's health care efforts. In drafting this measure, significant effort has been made to put together the best possible legislation. I want to stress, however, that I remain openminded about the final form of the various key provisions and that I look forward to receiving comments from and working with the administration, veterans organizations, organizations representing VA employees, other organizations and groups with an interest in VA health care matters, and others with an interest in this legislation. I would expect that we will learn a great deal from our hearing on April 16 and that substantial improvements in the final legislation will result from the remainder of the committee process yet ahead. In sum, this is the first step in the development of this very important legislation, not a finished proposal.

Mr. President, in order that all Senators and the public may have a more complete understanding of the various provisions of this measure, I ask unanimous consent that there be printed in the Record at this point an analysis of the provisions of the bill followed by the text of the bill.

There being no objection, the analysis and bill were ordered to be printed in the Record, as follows:

### ANALYSIS OF S. 2534, THE PROPOSED VETERANS' ADMINISTRATION HEALTH-CARE PERSONNEL ACT OF 1980

Section 1. Would provide that this Act may be cited as the "Veterans' Administration Health-Care Personnel Act of 1980".

Section 2. Would amend section 6(a) of the Veterans' Administration Physician and Dentist Pay Comparability Act of 1975, Public Law 94–123, relating to the expiration of the VA's authority to enter into special pay agreements, to remove the termination date and, thus, make such authority permanent.

Section 3. Would amend present section 4101 of title 38, relating to the general organization of the VA's Department of Medicine and Surgery (DM&S), to exempt health-care profesionals employed in the DM&S title 38 personnel system from the provisions of title 5, United States Code, relating to the Senior Executive Service.

Section 4. Would amend present section 4104 of title 38, relating to the appointment of health-care personnel in DM&S, to add licensed practical or vocational nurses and nursing assistants to the categories of health-care personnel appointed by the Administrator under title 38.

Section 5. Would amend present section 4105 of title 38, relating to the qualifications of health-care personnel appointed under title 38, to require that licensed practical or vocational nurses and nursing assistants have medical and technical qualifications as prescribed by the Administrator.

Section 6. Would amend present section 4106 of title 38, relating to periods of appointments and promotions of title 38 health-care personnel, to include licensed practical or vocational nurses and nursing assistants among the health professionals covered by the provisions of the section and to specify provisions of title 5 that would continue to apply to such personnel. Those provisions of title 5 that would continue to apply would be section 3321 relating to the probationary period, which would remain at one year, and the provisions of subchapter I of chapter 43 and subchapters I and II of chapter 75, relating to performance appraisals and the termination and disciplinary protections and provisions.

Section 7. Would amend present section 4107 of title 38, relating to the pay of title 38 health-care personnel.

Clauses (1) and (2) would amend present subsections (a) and (b) to conform the DM&S salary schedules to the rates last established by executive order—No. 12165 of October 9, 1979—and to add a new salary schedule for nursing support personnel (licensed practical or vocational nurses and nursing assistants).

Clause (3) would amend present subsection (c) to substitute "health-care facility" for the phrase "hospital, domiciliary facility, or center", and to provide that a physician serving as a hospital director, is assigned significant additional medical duties by the Chief Medical Director, shall receive special pay pursuant to section 4118 of title 38. This provision would preclude the Chief Medical Director from making a determination, as at present, that there is no significant recruitment and retention problem as to physician hospital directors who are assigned significant additional medical duties.

Clause (4) would amend present subsection (e), relating to additional pay (e.g., overtime and standby duty) for nurses, to authorize the Administrator to increase the rates of such additional pay for nurses at specific VA facilities to establish additional pay rates competitive with the rates paid the same category of health-care personnel by non-Federal health-care facilities in the same geographic area; to provide that travel time by title 38 health-care personnel who are covered by the additional pay provisions of present subsection (e) (nurses, physician assistants, and expanded-function dental auxiliaries under current law and licensed practical or vocational nurses and nursing assistants by amendments proposed in this legislation) incidental to such employees' work shall, in certain specified instances, count as overtime work so as to establish eligibility for overtime pay; to authorize a procedure whereby title 38 health-care personnel covered by the subsection can be assigned to "on-call" duty at home—rather than having to be on duty at the hospital—on a holiday that falls during a regular work week, and establish a procedure relating to payment for overtime or on-call periods for VA employees paid under the General Schedule (non-title 38 employees) who are determined to be performing either direct patient-care services or services incident to direct patient-care services, which incorporates provisions from both title 5 and present subsection (e) and which provides such employees the opportunity to elect coverage under different provisions—such as on-call pay under title 38 or standby premium pay under title 5 so as to assure adequate flexibility within the VA in compensating these employees for such extra work periods.

Clause (5) would add to present section 4107 a new subsection (f) to provide that licensed practical or vocational nurses and nursing assistants are to receive basic compensation and additional pay under the Nursing Support Schedule (as proposed to be added by clause (2) of this section of the bill).

Clause (6) would add a new subsection (g) to present section 4107 to authorize the Administrator, when the Administrator determines it to be necessary to obtain or retain the services of title 38 health-care personnel or other VA employees providing direct patient-care services or services incident to direct patient-care services, to increase the rates of pay, within specified limits, for selected groups of personnel in specified geographic areas in order to provide rates competitive with the rates paid the same category of health-care personnel by non-Federal health-care facilities in the same labor market, to achieve adequate staffing at particular facilities, or to recruit personnel with specialized skills, especially skills which are difficult or demanding, such as work in intensive care or spinal cord injury units.

Section 8. Would amend present section 4108, relating to general personnel administration for title 38 employees, to add licensed practical or vocational nurses and nursing assistants to the categories of health-care personnel for whom the Administrator sets conditions of employment and to add new subsections (b) and (c) as follows:

New subsection (b) would generally require that a chief of staff of a VA medical center be a full-time VA employee who does not receive remuneration of any kind from an affiliated institution, either directly or indirectly. However, chiefs of staff serving on less than a full-time basis—there are presently seven in the system—or drawing remuneration from a non-VA source—as of 1978, the last year for which data are published, one-third of the chiefs of staff were receiving such outside remuneration although it is not apparent from available data the amounts of such remuneration received—on the effective date of this new subsection would be permitted to continue serving on a less than full-time basis and receiving such remuneration but, while doing so, would not be eligible for any increase in the special pay authorized pursuant to amendments to section 4118 made on or after the effective date.

New subsection (c) would generally require any person serving as an associate chief of staff or service chief or in a comparable position in a VA medical center to be a full-time VA employee. Individuals serving in any such capacity on less than a full-time basis on the effective date of the subsection would be permitted to continue serving on a part-time basis but, while doing so, would not be eligible for any increase in the special pay under amendments to section 4118 made on or after the effective date. The Chief Medical Director would be authorized to waive the prospective full-time requirement for specific categories of personnel (such as the chiefs of small services) or in individual cases when such waiver would be in the best interests of the Federal Government.

Clause (3) would authorize the Administrator to provide support for the training of VA registered nurses, including nurse practitioners, for a baccalaureate degree in nursing on the same basis that agency heads are authorized to support title 5 General Schedule employee training pursuant to section 4109 of title 5.

Section 9. Would amend present section 4109 of title 38, relating to retirement rights of DM&S employees, to add a new subsection providing that, after the effective date of the subsection, DM&S title 38 personnel serving on less than a full-time basis shall receive civil service retirement credit under title 5 for such future service only on a pro rata basis. Under current law, such service on a part-time basis accrues a full month's retirement credit for each month served on a part-time basis, no matter how little the part-time ratio.

Section 10. Would amend present section 4110 of title 38, relating to disciplinary boards to review charges against DM&S title 38 employees, to exclude licensed practical or vocational nurses and nursing assistants from the jurisdiction of such boards because (under existing section 4106, as proposed to be amended by section 6 of this bill) such personnel would remain subject to title 5 provisions relating to disciplinary matters.

Section 11. Would amend present section 4112 of title 38, relating to medical advisory bodies.

Clause (1) would amend subsection (b) of present section 4112, relating to certain advisory committees (the so-called "deans" committees) established at locations where VA facilities have an affiliation with one or more health-care professional training institutions by limiting the activities of such Committees to policy matters related to education and training at the VA facility and affiliated institutions and specifying that final decisions concerning employment at the VA facility must be made by the VA.

Clause (2) would further amend present subsection (b) to require that at least one-half of the membership of each such committee be full-time VA employees, unless, under certain circumstances, the Chief Medical Director permits the proportion to be reduced to no less than one-fourth.

Clause (3) would amend present section 4112 by adding a subsection (c), as follows:

New subsection (c) would require the establishment of a medical center advisory committee at each VA health-care facility to advise management at each such facility on all matters relating to the provision of health care to veterans. Each such committee would be chaired by the chief of staff of the facility or the next senior physician who is a full-time VA employee if the chief of staff is not full-time, and the membership would consist of one full-time physician or dentist and one nurse from each Service in the facility and representatives of veterans' service organizations.

Section 12. Would amend present section 4114 of title 38, relating to part-time and temporary full-time appointment authority under the DM&S title 38 personnel system, to add "licensed practical or vocational nurses and nursing assistants" to the categories of personnel who may be appointed under such authority.

Section 13. Would amend present section 4116 of title 38, relating to defense of certain malpractice suits against DM&S employees, to add "licensed practical or vocational nurses and nursing assistants" to the categories of title 38 personnel covered by this section.

Section 14. Would amend present section 4118 of title 38, relating to special pay for DM&S physicians and dentists, to increase the amounts of special pay authorized for certain purposes and to make other modifications to the schedule of special pay benefits. Specifically, this section would:

Increase the total amount of special pay authorized to be paid to eligible DM&S physicians and dentists to $23,500 and $10,000, respectively;

Modify the prohibition on payment of special pay to reemployed annuitants to permit such payment to those reemployed annuitants who were separated involuntarily under prior Federal law requiring mandatory retirement at age 70;

Increase the total amount of primary special pay authorized to be paid to eligible DM&S physicians to $7,000;

Increase the total amount of incentive special pay generally authorized to be paid to eligible DM&S physicians and dentists to $16,500 and $7,500, respectively;

Establish two schedules setting forth levels of incentive special pay, one for full- and part-time physicians, the other for full- and part-time dentists. In each schedule, individuals serving on a qualifying part-time (at least one-half time or greater) basis would be eligible for three-quarters of the proportional amount of the incentive special pay level established for a comparable full-time physician or dentist, such proportion to be calculated on the basis of the proportion which the part-time service bears to full-time employment. The amount of incentive special pay for which an individual is eligible would depend on the following factors: Full-time employment status (physicians, $6,000, and dentists, as in present law, $1,000), tenure within DM&S, scarcity of medical or dental specialty (physicians, from $4,000 up to $16,500, and dentists, from $2,000 up to $7,500), and increased professional or administrative responsibilities;

Authorize extra amounts of incentive special pay for board certification (primary and secondary) for physicians ($2,000 or $2,500) and for service by physicians (from $3,500 up to $5,000) and dentists (from $1,750 to $2,500), in geographic areas determined by the Chief Medical Director to entail extraordinary difficulties of recruitment and retention; and

Establish that the amount of special pay received by a physician or dentist would be considered as basic pay for the purposes of life insurance coverage under title 5 and, at the option of the physician or dentist concerned, applied on a phased-in schedule toward the amount of basic pay for retirement purposes under title 5, or, notwithstanding prohibitions in title 26 on individuals covered by a Federal Government retirement plan, be utilized as a basis for the establishment of an individual retirement account (IRA) under section 219 of the Internal Revenue Code (26 U.S.C. 408).

The provisions in the section would be effective with respect to pay periods beginning after March 30, 1981.

Section 15. Would amend present subchapter I of chapter 73 to add a new section 4119 to establish a Veterans' Administration Physicians' and Dentists' Pay Board.

New section 4119, entitled "Veterans Administration Physicians' and Dentists' Pay Board" would establish this new Board; it would consist of subsections (a) through (l), as follows:

Clause (1) of subsection (a) would provide for a board of five members appointed from private life, three by the Administrator of Veterans' Affairs, including at least one disabled veteran, and one each by the President of the Senate upon the joint recommendation of the majority and minority leaders of the Senate and by the Speaker of the House of Representatives.

Clause (2) of subsection (a) would provide that the terms of office for the members first appointed to the Board would be: for the members appointed by the Administrator, one to serve until September 30, 1981, one until September 30, 1982, and one until September 30, 1983, and for those appointed by the President of the Senate upon the joint recommendation of the majority and minority leaders of the Senate and by the Speaker of the House, to serve until September 30, 1981.

Clause (3) of subsection (a) would establish that the term of service of members appointed to the Board after the expiration of the terms of the first members would be three years.

Clause (4) of subsection (a) would provide that vacancies on the Board would be filled in the same manner as was the original appointment.

Clause (5) of subsection (a) would require that, upon the expiration of a member's term, such member would continue to serve until such member's successor is appointed and qualified.

Clause (6) of subsection (a) would establish authority for Board members to receive pay at the rate prescribed for GS–18 of the General Schedule.

Subsection (b) would specify the duties of the Board including defining the bases for pay distinctions among various federal and non-federal physicians and dentists, obtaining measures of income of non-Veterans' Administration physicians and dentists for use as guidelines for setting and adjusting rates of special pay, and submitting an annual report to the President to include recommendations for changes in the rates or types of special pay.

Subsection (c) would require the President, after receiving the Board's recommendations, to submit to the Congress, as part of the President's budget submission, recommendations with respect to the exact rates of special pay for Veterans' Administration physicians and dentists.

Subsection (d) would provide that the recommendations submitted by the President pursuant to subsection (c) of this section would become effective unless the Congress or either house of the Congress took prescribed action to preclude such a result.

Subsection (e) would specify that the recommendations of the President for rates or types of special pay that become effective according to the terms of subsection (d) of this section would have the force and effect of law.

Subsection (f) would specify the manner for the publication of such pay recommendations as would become effective pursuant to subsections (d) and (e) of this section.

Subsection (g) would authorize the Board to appoint an Executive Director and other staff personnel as necessary, and to compensate such personnel at rates not in excess of the maximum rate for GS–18 of the General Schedule.

Subsection (h) would permit the Board to request and secure information and assistance from any department or agency of the United States in furtherance of the Board's mission.

Subsection (i) would authorize the head of any department or agency of the United States to detail personnel to the Board.

Subsection (j) would allow the Board to obtain the services of experts or consultants at rates not to exceed the rates for GS–18 of the General Schedule.

Subsection (k) would authorize the Board to accept uncompensated services and enter into such contracts and agreements as the Board deems necessary.

Subsection (l) could require the Administrator of General Services to provide administrative support to the Board on a reimbursable basis.

Section 16. Would require the Administrator to conduct a pilot program and study, of between twenty-four and thirty-six months duration, of the impact of taking various administrative actions on the Veterans' Administration recruitment and retention of sufficient qualified nursing personnel, including licensed practical or vocational nurses and nursing assistants. The pilot program and study, which would be conducted in at least six geographic areas where the agency has experienced difficulties in recruiting and retaining such sufficient qualified nursing personnel, would require the Administrator to take various administrative actions, including, but not limited to, a combination of each of the following actions: modification of existing work scheduled to permit nursing personnel to work on a flexitime basis or to work a compressed work week, establishment of onsite childcare centers where nursing and other personnel could leave their children while such personnel are on duty, provision of free parking for nursing personnel where such personnel would otherwise be required to pay for such parking, and enhanced programs of career development for nursing personnel, including appropriate support for outside educational opportunities. The Administrator would be required to report to the Congress the results of this pilot program and study not later than forty-two months after the date of enactment of the legislation and to include an evaluation of the cost factors of each alternative implemented and the impact on recruitment and retention of nursing personnel of each such alternative, together with recommendations for administrative or legislative action, or both, as may be indicated by the program and study results.

Section 17. Would provide that, with the exception of the changes in the rates of special pay for physicians and dentists which would be effective for the first pay period beginning after March 30, 1981, the provision of the Act would become effective on October 1, 1980.

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### S. 2534

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) this Act may be cited as the "Veterans' Administration Health-Care Personnel Act of 1980".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

SEC. 2. Section 6(a) of the Veterans' Administration Physician and Dentist Pay Comparability Act of 1975, Public Law 94–123 (89 Stat. 669), is amended by striking out "(1)" and by striking out paragraph (2).

SEC. 3. Section 4101 is amended by—

(1) amending subsection (b) by striking out "manpower" and inserting in lieu thereof "personnel" each place such word appears; and

(2) adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of law, physicians, dentists, nurses and other health-care professionals employed by the Veterans' Administration's Department of Medicine and Surgery and appointed under authority of sections 4103, 4104(1), and 4114 of this title shall not be subject to the provisions of section 413 of the Civil Service Reform Act of 1978, and the following provisions of title 5: subchapter II of chapter 31, subchapter VIII of chapter 33, subchapter V of chapter 35, subchapter II of chapter 43, section 4507, subchapter VIII of chapter 53, and subchapter V of chapter 75.".

SEC. 4. Section 4104(1) is amended by striking out "and" and inserting after "auxiliaries" a comma and "licensed practical or vocational nurses, and nursing assistants".

SEC. 5. Section 4105(a)(9) is amended by striking out "and" the first place it appears and inserting after "auxiliaries" a comma and "licensed practical or vocational nurses. and nursing assistants".

SEC. 6. Section 4106 is amended by adding at the end the following new subsection:

"(g) Licensed practical or vocational nurses and nursing assistants shall be appointed by the Administrator pursuant to the provisions of this section, except subsection (b), and without regard to the provisions of title 5, except that the probationary period set forth in section 3321 and the provisions of subchapter I of chapter 43 and subchapters I and II of chapter 75 of such title shall apply to such employees.".

SEC. 7. Section 4107 is amended by—

(1) amending subsection (a) to read as follows:

"(a) The annual rates or ranges of rates of basic pay for positions provided in section 4103 of this title shall be as follows:

"Section 4103 schedule

"Chief Medical Director, $73,733.

"Deputy Chief Medical Director, $70,731.

"Associate Deputy Chief Medical Director, $67,747.

"Assistant Chief Medical Director, $65,750.

"Medical Director, $56,099 minimum to $63,759 maximum.

"Director of Nursing Service, $56,099 minimum to $63,759 maximum.

"Director of Podiatric Service, $47,889 minimum to $60,657 maximum.

"Director of Chaplain Service, $47,889 minimum to $60,657 maximum.

"Director of Pharmacy Service, $47,889 minimum to $60,657 maximum.

"Director of Dietetic Service, $47,889 minimum to $60,657 maximum.

"Director of Optometric Service, $47,889 minimum to $60,657 maximum.";

(2) amending subsection (b)(1) to read as follows:

"(b)(1) The grades and annual ranges of rates of basic pay for positions provided for in paragraph (1) of section 4104 of this title shall be as follows:

"Physician and dentist schedule

"Director grade, $47,889 minimum to $60,657 maximum.

"Executive grade, $44,219 minimum to $57,485 maximum.

"Chief grade, $40,832 minimum to $53,081 maximum.

"Senior grade, $34,713 minimum to $45,126 maximum.

"Intermediate grade, $29,375 minimum to $38,186 maximum.

"Full grade, $24,703 minimum to $32,110 maximum.

"Associate grade, $20,611 minimum to $26,794 maximum.

"Nurse schedule

"Director grade, $40,832 minimum to $53,081 maximum.

"Assistant Director grade, $34,713 minimum to $45,126 maximum.

"Chief grade, $29,375 minimum to $38,186 maximum.

"Senior grade, $24,703 minimum to $32,110 maximum.

"Intermediate grade, $20,611 minimum to $26,794 maximum.

"Full grade, $17,035 minimum to $22,147 maximum.

"Associate grade, $14,659 minimum to $19,060 maximum.

"Junior grade, $12,531 minimum to $16,293 maximum.

"Nursing support schedule

"NSS–6, $13,925 minimum to $18,101 maximum.

"NSS–5, $12,531 minimum to $16,293 maximum.

"NSS-4, $11,243 minimum to $14,618 maximum.

"NSS-3, $10,049 minimum to $13,064 maximum.

"NSS-2, $8,952 minimum to $11,634 maximum.

"NSS-1, $8,128 minimum to $10,327 maximum.

"Clinical podiatrist and optometrist schedule

"Chief grade, $40,832 minimum to $53,081 maximum.

"Senior grade, $34,713 minimum to $45,126 maximum.

"Intermediate grade, $29,375 minimum to $38,186 maximum.

"Full grade, $24,703 minimum to $32,110 maximum.

"Associate grade, $20,611 minimum to $26,794 maximum.";

(3) amending subsection (c) by—

(A) amending the first sentence by—

(i) striking out the comma after "law" and inserting "(1)" in lieu thereof, and

(ii) inserting before the period a comma and "and (2) a physician serving as a health-care facility director, if assigned significant additional medical duties by the Chief Medical Director, shall be paid special pay pursuant to section 4118 of this title"; and

(B) striking out "hospital, domiciliary facility, or center" and inserting in lieu thereof "health-care facility" each place such words appear;

(4) amending subsection (e) by—

(A) inserting at the end of paragraph (2) the following new sentence: "Notwithstanding any other provision of law, when the Administrator determines it to be necessary in order to obtain or retain the services of nurses entitled to additional pay under this subsection, the Administrator may increase the amount of additional pay authorized under this subsection to be paid to nurses at any specific Veterans' Administration health-care facility in order to provide additional pay competitive with, but not exceeding, the amount of the same type of pay that is paid to the same category of nurses at non-Federal health-care facilities in the same geographic area as such Veterans' Administration health-care facility (as determined by a reasonably representative sampling of such non-Federal facilities).";

(B) striking out "per centum" in paragraphs (2), (3), and (8) and inserting in lieu thereof "percent";

(C) inserting at the end of paragraph (5) the following new sentence: "For the purposes of this paragraph, hours of a nurse's officially ordered or approved travel away from such nurse's official duty station shall not be considered hours of service unless—

"(A) such travel occurs during such nurse's tour of duty; or

"(B) such travel (i) involves the performance of services while traveling, (ii) is incident to travel that involves the performance of services while traveling, (iii) is carried out under arduous conditions, or (iv) results from an event which could not be scheduled or controlled administratively.";

(D) amending paragraph (8) by inserting "or on a holiday designated by Federal statute or Executive Order" after "regular hours"; and

(E) inserting at the end the following new paragraph:

"(10) The provisions of this subsection shall apply, in lieu of the provisions of sections 5542, 5545 (a) and (b), and 5546 of title 5, with respect to Department of Medicine and Surgery employees (other than administrative, clerical, and physical plant maintenance and protective services employees) who are paid under the General Schedule pursuant to section 5332 of title 5 and who are determined by the Administrator to be providing either direct patient-care services or services incident to such direct services, except as follows:

"(A) The compensatory time off provisions of section 5543 of title 5 shall apply in lieu of the compensatory time off provisions of paragraph (5) of this subsection; and

"(B) An employee may elect to receive either on-call pay under paragraph (8) of this subsection or standby premium pay under section 5545(c)(1) of title 5. An employee in receipt of such premium pay shall receive such premium pay on an annual basis in lieu of additional pay under this subsection, except that the employee shall receive additional pay as authorized under paragraph (5) of this subsection for overtime service outside the employee's tour of duty (including standby duty).";

(5) amending subsection (f) to read as follows:

"(f) Under standards which the Administrator shall prescribe in regulations, (1) basic pay for physician assistants and expanded-function dental auxiliaries shall be based on the "nurse schedule" grade titles and related basic pay ranges set forth in paragraph (1) of subsection (b) of this section and basic pay for licensed practical or vocational nurses and nursing assistants shall be based on "nursing support schedule" grade titles and related pay basic ranges set forth in such paragraph, and (2) physician assistants, expanded-function dental auxiliaries, licensed practical or vocational nurses, and nursing assistants shall be entitled to additional pay on the same basis as provided for nurses in paragraphs (2) through (8) and (10) of subsection (e) of this section."; and

(6) adding at the end thereof the following new subsection:

"(g) Notwithstanding any other provision of law, when the Administrator determines it to be necessary in order to obtain or retain the services of physicians, dentists, nurses, physicians' assistants, expanded-function dental auxiliaries, licensed practical or vocational nurses, nursing assistants, or other health-care personnel determined under section 4107(e)(10) of this title to be providing either direct patient-care services or services incident to such direct services, that would not otherwise be available to provide medical care and treatment for veterans, the Administrator may increase the minimum intermediate, or maximum rates of basic pay authorized under this section, on a nationwide, local, or other geographic basis, for one or more grades listed in the schedules in subsection (b)(1) of this section or for one or more medical, nursing, or dental fields within such grades, in order to provide pay competitive with, but not exceeding, the amount of the same type of pay paid to the same category of health-care personnel at non-Federal health-care facilities in the same labor market, to achieve adequate staffing at particular facilities, or to recruit personnel with specialized skills, especially those with skills which are especially difficult or demanding. The amount of any such increase in the maximum rate for any grade may not exceed the amount by which the statutory maximum for such grade exceeds the statutory minimum for such grade, and the maximum rate so increased may not exceed the rate paid for Assistant Chief Medical Director under the 'section 4103 schedule' pursuant to subsection (a) of this section.".

SEC. 8. Section 4108 is amended by—

(1) amending subsection (a) by striking out "physician assistants, and expanded-function dental auxiliaries" the first time such phrase appears and inserting in lieu thereof "physician assistants, expanded-function dental auxiliaries, licensed practical or vocational nurses, and nursing assistants";

(2)(A) redesignating subsections (b), (c), and (d) as subsections (d), (e), and (f), respectively,

(B) inserting the following new subsections (b) and (c):

"(b) Any person serving as a chief of staff of a Veterans' Administration health-care facility shall be appointed on a full-time basis and shall not receive any renumeration of any kind from an affiliated institution or from any source connected with or associated with such affiliated institution, either directly or indirectly, while serving in such position, except that any individual serving as chief of staff on the effective date of this subsection may continue to serve in that capacity in the same manner and under the same terms and conditions of service and remuneration as are applicable on such effective date but shall not be eligible, so long as such individual continues to so serve, for any increase in the rates of special pay authorized by amendments to section 4118 of this title made on or after such effective date.

"(c)(1) Except as provided in paragraph (2) of this subsection, any person serving as an associate chief of staff, or service chief, or in a position comparable to service chief, as determined by the Chief Medical Director, in a Veterans' Administration health-care facility shall be appointed on a full-time basis, except that any person serving as an associate chief of staff, or service chief, or in a position comparable to service chief, as determined by the Chief Medical Director, on the effective date of this subsection may continue to serve in that capacity in the same manner and under the same terms and conditions of service and remuneration as are applicable on such effective date but shall not be eligible, so long as such individual continues to so serve, for any increase in the rates of special pay authorized by amendments to section 4118 of this title made on or after such effective date.

"(2) The Chief Medical Director, pursuant to regulations which the Administrator shall prescribe and upon finding that it is in the best interests of the Federal Government and of the provision of quality health-care services to eligible veterans, may (A) exempt categories of personnel who would otherwise be covered by the provisions of paragraph (1) of this subsection from the application of such provisions or, (B) upon application of the associate chief of staff, service chief, or other individual concerned, waive the provisions of such paragraph as to such individual with respect to a category not exempted under clause (A) of this paragraph."; and

(3) inserting at the end the following new subsection:

"(g)(1) In order to carry out more effectively the primary function of the Department of Medicine and Surgery and the health personnel education and training mission provided for in section 4101(b) of this title, of assuring an adequate supply of health personnel, the Administrator, under regulations which the Administrator shall prescribe, may provide support (including such support described in section 4109 of title 5 as the Administrator determines to be appropriate) for training of selected registered nurses, including nurse practitioners, employed by the Veterans' Administration for a baccalaureate degree in nursing subject to the execution by the employee selected for the training of a written employee agreement conforming to the provisions of section 4108 of title 5.

"(2) The authority granted the Administrator under paragraph (1) of this subsection is in addition to any authority granted the Administrator under chapter 41 of title 5.".

SEC. 9. Section 4109 is amended after the catchline to read as follows:

"(a) Except as provided in subsection (b) of this section, persons appointed to the Department of Medicine and Surgery shall be subject to the provisions of and entitle to benefits under chapter 83 of title 5.

"(b) Notwithstanding any other provision of law, on and after the effective date of this subsection, a person serving in the Department of Medicine and Surgery on a less than full-time basis shall accumulate creditable service for the purposes of chapter 83 of title 5 on a proportionate basis equal to the fraction that such person's service after such date is of full-time service.".

SEC. 10. Section 4110(a) is amended by inserting a comma and "except for persons employed as licensed practical or vocational nurses or nursing assistants" before the period at the end of the first sentence.

SEC. 11. Section 4112 is amended by—

(1) striking out the second sentence of subsection (b) and inserting in lieu thereof: "The activities of such advisory committee shall be restricted to policy matters directly related to matters of education and training arising in connection with the program with respect to which it was appointed, and final decision concerning employment at the Veterans' Administration facility concerned shall be made only by the Administrator and shall not be delegated to any advisory committee or any other non-Veterans' Administration entity.";

(2) inserting before the period at the end of the last sentence in subsection (b) "in such a manner that at all times at least one-half of the membership of each such committee shall be full-time Veterans' Administration employees unless the Chief Medical Director determines, pursuant to regulations which the Administrator shall prescribe, that the health-care needs of veterans and the mission of the Department of Medicine and Surgery, as set forth in section 4101 of this title, require a lesser proportion of such employees in which case not less than one-fourth of the membership of such committee shall be full-time Veterans' Administration employees"; and

(3) adding at the end the following new subsection:

"(c) In addition to any advisory committee described in subsection (b) of this section, the Administrator shall, in each Veterans' Administration health-care facility, establish a medical center advisory committee. Each such advisory committee shall advise the medical center management with respect to all matters concerning the provision of health care to eligible veterans and dependents and shall be chaired by the chief of staff of the facility if such individual is a full-time Veterans' Administration employee or, if not, by the highest ranking chief of service who is a full-time Veterans' Administration employee or, if none, by the highest ranking physician on the medical center staff, as determined by the Chief Medical Director, who is a full-time Veterans' Administration employee. Members of each such advisory committee shall include one full-time physician or dentist, and nurse from each service in the medical center and, on a rotating basis, representatives of such veterans' service organizations as the Chief Medical Director shall prescribe.

SEC. 12. Section 4114(a) is amended by—

(1) amending paragraph (1)(A) by inserting after "auxiliaries" a comma and "licensed practical or vocational nurses, nursing assistants";

(2) amending paragraph (3)(A) by striking out "and" in the first sentence and inserting after "auxiliaries" a comma and "licensed practical or vocational nurses, and nursing assistants"; and

(3) amending paragraph (3)(B) by inserting "licensed practical or vocational nurses, nursing assistants," before "and interns".

SEC. 13. Section 4116(a) is amended by—

(1) inserting after "auxiliary" a comma and "licensed practical or vocational nurse, nursing assistant," each place it appears; and

(2) striking out "nursing assistants" in the parenthetical phrase.

SEC. 14. Section 4118 is amended by—

(1) amending subsection (a) by—

(A) amending paragraph (1) by striking out "$13,500" and "$6,750" and inserting in lieu thereof "$23,500" and "$10,000", respectively; and

(B) amending paragraph (2) by inserting before the period at the end a comma and "except that special pay may be paid to a reemployed annuitant who was separated involuntarily under section 8335 of title 5, relating to mandatory retirement at age 70".

(2) amending subsection (b) by striking out "$5,000" both places it appears and inserting in lieu thereof "$7,000";

(3) amending subsections (c) and (d) to read as follows:

"(c)(1) In the case of eligible full-time and part-time physicians appointed under this chapter, the Administrator shall provide, in addition to the primary special pay provided for in subsection (b) of this section and in accordance with regulations prescribed pursuant to subsection (a) of this section, incentive special pay of no more than $16,500 (except as otherwise provided in this section) to any eligible physician. In prescribing regulations to carry out this paragraph, the Administrator shall take into account only the following factors and may pay no more than the following per annum amounts of incentive special pay to any full-time physician eligible therefor, or a proportional amount of three-quarters of the following per annum amounts to any part-time physician to the extent eligible therefor, which proportional amount shall be equal to the fraction which the part-time employment in the Department of Medicine and Surgery of such physician is of full-time employment:

"(A)(i) For full-time status, $6,000;

"(ii) for tenure of service within the Department of Medicine and Surgery—

"(I) of three or more years, but less than five years, $1,000;

"(II) of five or more years, but less than eight years, $2,000;

"(III) of eight or more years, $3,000; and

"(iii) for service in a scarce medical specialty, an amount, as determined by the Chief Medical Director pursuant to regulations which the Administrator shall prescribe, not less than $4,000 and not more than $16,500.

"(B) For service—

"(i) as a Service Chief, or Associate Chief of staff (or in a comparable position as determined by the Chief Medical Director), $9,625;

"(ii) as a Chief of Staff or in an Executive Grade, $12,250;

"(iii) as a Deputy Service Director or in a Director Grade, $12,700;

"(iv) as a Service Director, $13,125;

"(v) as a Deputy Assistant Chief Medical Director, $14,000; and

"(vi) as Assistant Chief Medical Director or an Associate Deputy Chief Medical Director, $14,875.

"(C) For general or first board certification, $2,000; or for specialty or secondary board certification, $2,500.

"(D) For service in a specific geographic location in which the Chief Medical Director determines, pursuant to regulations which the Administrator shall prescribe, there are extraordinary difficulties in the recruitment and retention of qualified physicians in a specific category of physicians, an amount, as determined by the Chief Medical Director pursuant to regulations which the Administrator shall prescribe, not less than $3,500 and not more than $5,000.

"(2) In the case of eligible full-time and part-time dentists appointed under this chapter, the Administrator shall provide, in addition to the primary special pay provided for in subsection (b) of this section and in accordance with regulations prescribed pursuant to subsection (a) of this section, incentive special pay of no more than $7,500 (except as otherwise provided in this section) to any eligible dentist. In prescribing regulations to carry out this paragraph, the Administrator shall take into account only the following factors and may pay no more than the following per annum amounts of incentive special pay to any full-time dentist eligible therefor, or a proportional amount of three-quarters of the following per annum amounts to any part-time dentist to the extent eligible therefor, which proportional amount shall be equal to the fraction which the part-time employment in the Department of Medicine and Surgery of such dentist is of full-time employment:

"(A)(i) For full-time status, $1,000;

"(ii) for tenure of service within the Department of Medicine and Surgery—

"(I) of three or more years, but less than seven years, $500;

"(II) of seven or more years, $1,000;

"(iii) for service in a scarce dental specialty, an amount, as determined by the Chief Medical Director pursuant to regulations which the Administrator shall prescribe, not less than $2,000 and not more than $7,500.

"(B) For service—

"(i) as a Service Chief (or in a comparable position as determined by the Chief Medical Director), $2,250;

"(ii) as a Chief of Staff or in an Executive Grade, $3,000;

"(iii) as a Deputy Service Director or in a Director Grade, $3,625;

"(iv) as a Service Director, $3,750;

"(v) as a Deputy Assistant Chief Medical Director, $4,000; and

"(vi) as an Assistant Chief Medical Director, $4,250.

"(C) for service in a specific geographic location in which the Chief Medical Director determines, pursuant to regulations which the Administrator shall prescribe, there are extraordinary difficulties in the recruitment and retention of qualified dentists in a specific category of dentists, an amount, as determined by the Chief Medical Director pursuant to regulations which the Administrator shall prescribe, not less than $1,750 and not more than $2,500.

(3)(A) Except as provided in subparagraph (B) of this paragraph, a physician or dentist may not be provided incentive special pay under both clauses (A) and (B) of paragraph (1) or (2), (whichever is applicable) of this subsection.

"(B)(i) A physician or dentist serving as a service chief (or in a comparable position as determined by the Chief Medical Director) on a full-time basis may be provided incentive special pay under clauses (A)(i) and (iii) as well as under clause (B) of paragraph (1) or (2) (whichever is applicable) of this subsection.

"(ii) A physician or dentist serving as a chief of staff on a full-time basis may be provided incentive pay under clause (A)(i) as well as under clause (B) of paragraph (1) or (2) (whichever is applicable) of this subsection.

"(d) In determining—

"(1) the total amount of special pay provided under this section to a physician or dentist for the purpose of determining the applicability to such special pay of the limitation specified in subsection (a) of this section on the total amount of such special pay, and

"(2) the total amount of incentive special pay provided under subsection (c) of this section to any physician or dentist for the purpose of determining the applicability to the incentive special pay of such physician or dentist of the limitation specified in such subsection on the total amount of such incentive special pay,

there shall be excluded any special pay provided to such physician under subsection (c)(1)(C) of this section for certification and any special pay provided under subsection (c)(1)(D) or (c)(2)(C) of this section for service in certain geographic locations.".

(4) amending subsection (e)(1) by striking out the third sentence thereof; and

(5) amending subsection (f) to read as follows:

"(f)(1) Any additional compensation provided as special pay under this section shall be considered as basic pay for the purpose of chapter 87 of title 5.

"(2) At the election of any physician or dentist serving on a full-time basis in the Department of Medicine and Surgery who receives additional compensation provided as special pay under this section, such amount of additional compensation may either—

"(A) be considered as basic pay, and the provisions of section 8334 of title 5 shall apply to the full amount of such additional compensation, for the purposes of chapter 83 of such title in accordance with the following schedule:

"(i) effective after September 30, 1981, 20 percent of such additional compensation shall be creditable in the computation of average pay as provided in section 8339 of title 5;

"(ii) effective after September 30, 1984, 40 percent of such additional compensation, which has been received beginning after September 30, 1981, shall be creditable in the computation of average pay as provided in section 8339 of title 5;

"(iii) effective after September 30, 1986, 60 percent of such additional compensation, which has been received beginning after September 30, 1981, shall be creditable in the computation of average pay as provided in section 8339 of title 5;

"(iv) effective after September 30, 1988, 80 percent of such additional compensation, which has been received begining after September 30, 1981, shall be creditable in the computation of average pay in section 8339 of title 5; and

"(v) effective after September 30, 1989, 100 percent of such additional compensation, which has been received beginning after September 30, 1981, shall be creditable in the computation of average pay as provided in section 8339 of title 5; or

"(B) be used, notwithstanding the prohibition in section 219(b)(2)(A)(i) of title 26, relating to individuals covered by retirement plans established by the United States for its employees, or any other provision of law, to establish, in accordance with section 408(a) of such title, an individual retirement account described in such section. Such amount of additional compensation and such account shall, for purposes of such title, be treated as earned income paid into an account established pursuant to such section and an account so established, respectively.

"(3) Except as otherwise provided in paragraphs (1) and (2) of this subsection, any additional compensation provided as special pay under this section shall not be considered as basic pay for the purposes of subchapter VI and section 5595 of chapter 55 or chapter 81 of title 5, or for the purposes of other benefits related to basic pay.".

(f) The amendments made by this section shall apply with respect to pay periods beginning after March 30, 1981.

SEC. 15. (a) Subchapter I of chapter 73 is further amended by adding at the end thereof the following new section:

"4119. Veterans' Administration Physicians' and Dentists' Pay Board

"(a)(1) There is established a Veterans' Administration Physicians' and Dentists' Pay Board to be composed of five members who shall be appointed from private life as follows:

"(A) three appointed by the Administrator of Veterans' Affairs, to include at least one disabled veteran, one of whom shall be designated by the Administrator to chair the Board;

"(B) one appointed by the President of the Senate upon the joint recommendation of the majority and minority leaders of the Senate; and

"(C) one appointed by the Speaker of the House of Representatives.

"(2) The terms of office of persons first appointed as members of the Board shall be:

"(A) the terms of the members appointed by the Administrator shall expire, as designated by the Administrator at the time of appointment, one on September 30, 1981, one on September 30, 1982, and one on September 30, 1983; and

"(B) the terms of the members appointed under paragraph (1)(B) and (C) of this subsection shall expire on September 30, 1981.

"(3) Beginning with the appointments made following the end of fiscal year 1981 and thereafter, the term of persons appointed as members of the Board shall be for the period of the fiscal year in which such appointment is made and for the two succeeding fiscal years.

"(4) A vacancy in the membership of the Board shall be filled in the manner in which the original appointment was made, and an appointment to fill a vacancy occurring before the expiration of a term shall be for the period ending on the date on which such term expires.

"(5) Upon expiration of a member's term, such member shall continue to serve until such member's successor is appointed and qualified.

"(6) Members of the Board shall receive compensation at the daily rate prescribed for GS-18 of the General Schedule under section 5332 of title 5, including traveltime, for each day they are engaged in the performance of their duties as members of the Board; and they shall be entitled to reimbursement for travel, subsistence, and other necessary expenses, at rates provided for in subchapter I of chapter 57 of such title, incurred by them in carrying out their duties as members of the Board.

"(b) To assist the President in carrying out the Congressional policy of assuring that the pay for Veterans' Administration physicians and dentists is fixed at levels reasonably comparable with the total remuneration of physicians and dentists employed elsewhere in the Federal Government and with the income of non-Federal physicians and dentists, so as to make possible the recruitment and retention of a well-qualified work force of physicians and dentists capable of providing quality care for all eligible veterans in Veterans' Administration health-care facilities, the Board shall—

"(1) define the bases for pay distinctions, if any, among various categories of physicians and dentists, including between Veterans' Administration and other Federal sector physicians and dentists and between all Federal and non-Federal sector physicians and dentists;

"(2) obtain measures of income from employment or practice of physicians and dentists in the non-Veterans' Administration sector, including Federal and non-Federal sectors, for use as guidelines for setting and periodically adjusting amounts of special pay for Veterans' Administration physicians and dentists;

"(3) submit a report annually to the President, on such date as the President may designate but not later than December 31 of each year, recommending appropriate amounts of special pay to fulfill the policy set forth in this subsection with respect to Veterans' Administration physicians and denists; and

"(4) include in such recommendations, when considered appropriate and necessary by the Board, modifications of the special pay levels set forth in section 4118(c) of this title (A) whenever the Veterans' Administration is unable to recruit or retain a sufficient workforce of well-qualified physicians and dentists because income for non-Veterans' Administration physicians and dentists performing specialized types of duties is substantially in excess of the total pay levels (including basic pay and special pay) for Veterans' Administration physicians and dentists, or (B) whenever other extraordinary circumstances are such that special pay levels are needed to recruit or retain a sufficient number of well-qualified physicians and dentists.

"(c) The President shall include, in the budget next transmitted to the Congress after the date of the submission of the report and recommendations of the Board under subsection (b)(3) of this section, recommendations with respect to the exact rates of special pay for Veterans' Administration physicians and dentists pursuant to section 4118 of this title. As used in this subsection, the term "budget" means the budget referred to in section 11 of title 31.

"(d)(1) Except as provided in paragraph (2) of this subsection, the recommendations of the President transmitted to the Congress in the budget under subsection (c) of this section shall become effective at the beginning of the first pay period which begins after the sixtieth day following the transmittal of such recommendations in the budget, but only to the extent that such recommendations are not inconsistent with either—

"(A) any statute enacted into law between the date of transmittal of such recommendations in the budget and the beginning of such first pay period which establishes rates of pay other than those proposed by all or part of such recommendations; or

"(B) any resolution, approved by either House of the Congress between such date and day, which specifically disapproves all or part of such recommendations.

"(2) Any part of the recommendations of the President may, in accordance with express provisions of such recommendations, be made effective on a date later than the date on which such recommendations otherwise were to take effect, but on a date no later than the first day of the next fiscal year.

"(e) The recommendations of the President transmitted to the Congress pursuant to subsection (c) of this section which become effective as specified in subsection (d) of this section shall be held and considered to modify, supersede, or render inapplicable, as the case may be, to the extent inconsistent therewith—

"(A) all provisions of law enacted prior to the effective date or dates of all or part (as the case may be) of such recommendations, and

"(B) any prior recommendations of the President under this section.

"(f) The recommendations of the President which take effect shall be printed in the Statutes at Large in the same volume as public laws and shall be printed in the Federal Register and included in the Code of Federal Regulations.

"(g) To assist the Board in carrying out its functions, the Board shall appoint an Executive Director, who shall not hold any other office or position in the Government of the United States or the government of the District of Columbia and such additional staff personnel as may be necessary, and fix the compensation of such executive director and additional staff personnel, without regard to chapter 51 and subchapter III of chapter 53 of title 5, but at rates not in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of such title.

"(h) The Board may secure from any department or agency of the United States information, estimates, statistics, suggestions, and technical assistance for the purpose of carrying out its functions. Each such department or agency shall furnish to the Board, upon the Board's request, such information, estimates, and statistics as it is otherwise authorized to furnish and as relate to such department or agency, and such suggestions and technical assistance as are within each such department's or agency's capability.

"(i) On request of the Board, the head of any department or agency may detail, on a reimbursable basis, any of its personnel to assist the Board in carrying out its functions.

"(j) The Board may obtain the services of experts or consultants in accordance with section 3109 of title 5, but at rates for individuals not to exceed that for GS–18 of the General Schedule under section 5332 of title 5.

"(k) The Board may, for purposes set forth in this section, and notwithstanding any other provisions of law, accept uncompensated services and enter into contracts and agreements with private or public agencies or persons, for such services (including personal services) as the Board may deem necessary.

"(1) The Administrator of General Services shall provide administrative support service for the Board on a reimbursable basis.".

(b) The table of sections at the beginning of such chapter is amended by adding after the item relating to section 4118 the following new item:

"4119. Veterans' Administration Physicians' and Dentists' Pay Board.".

SEC. 16. (a) In order to evaluate the effectiveness of various actions in enabling the Veterans' Administration to recruit and retain sufficient qualified nursing personnel, including licensed practical or vocational nurses and nursing assistants, capable of providing quality care for eligible veterans in Veterans' Administration facilities, the Administrator shall conduct a pilot program and study for a period of not less than twenty-four and not more than thirty-six months, in at least six geographic areas in which the Veterans' Administration has experienced difficulties in recruiting and retaining such sufficient qualified personnel, and, in the course of such study, shall take various administrative actions to overcome such difficulties, including, but not limited to, combinations of each of the following actions:

(1) Modification of existing work schedules for nursing personnel so as to allow such nursing personnel to work on a flexitime basis or to work a compressed workweek and other variations in workday and workweek schedules as provided for in the "Federal Employees Flexible and Compressed Work Schedules Act of 1978", Public Law 95–390.

(2) Establishment of on-site childcare centers at Veterans' Administration healthcare facilities for the care of the children of nursing personnel and other Federal employees while such personnel are on duty.

(3) Provision of free parking for nursing personnel at Veterans' Administration facilities at which such personnel would otherwise be required to pay for such parking.

(4) Enhanced programs of career development for nursing personnel, including appropriate support for outside educational opportunities to support such career development programs, including application of the authority provided in section 4108 of this title and section 4109 of title 5.

(b) Not later than forty-two months after the date of enactment of this Act, the Administrator shall report to the Congress on the results of such program and study, including an evaluation of the cost factors associated with each alternative administrative action on an annual basis and the impact on the recruitment and retention of nursing personnel at each facility involved, together with any recommendations for administrative or legislative action, or both, that the Administrator considers appropriate based on the results of such program and study and other pertinent information.

SEC. 17. Except as provided in section 14(f) of this Act, the provisions of this Act shall become effective on October 1, 1980.●

By Mr. DOLE (for himself and Mr. ROTH):

S.J. Res. 159. A joint resolution disapproving the action taken by the President under the Trade Expansion Act of 1962 in imposing a fee on imports of petroleum or petroleum products; to the Committee on Finance.

### DISAPPROVING THE FEE ON IMPORTED OIL

● Mr. DOLE. Mr. President, this afternoon, President Carter has issued a proclamation which should concern every Member of Congress and every American citizen. This proclamation will impose a more than $12 billion new Federal tax burden on the American people. In name it is a substantial new oil import fee, whose cost will be shifted to all gasoline sales. But behind the smokescreen of authorities, regulations, and assumptions, it comes down to a highly inflationary tax imposed by Presidential decree, without regard to the constitutional prerogatives of the Congress.

The stated legal justification for these drastic actions is section 232 of the Trade Expansion Act of 1962, which authorizes the President to adjust imports for national security reasons; and the Emergency Petroleum Allocation Act, which provides temporary authority to allocate scarce petroleum supplies. I have long been troubled that section 232 delegates far too much authority to the President to increase the duties of oil imports, without further approval by Congress. In recent Congresses, the Senator from Kansas and several other Senators have introduced bills to restrict that authority so that the President could not impose unlimited new tax and energy burdens on the American consumer by the backdoor of section 232.

President Carter's latest proposed use of section 232, however, must arouse even those who have been reluctant in the past to limit that authority. Whatever justification might be argued for Presidential authority to limit imports that threaten the national security, it is inconceivable that the Congress ever intended section 232, even strung together with separate emergency allocation authority, to permit the President to impose fixed new Federal taxes on gasoline.

There is a very serious question whether the courts will sustain this attempted further extension of Presidential discretion. To take a blatant example of the twisted logic and law of this proclamation, the import fee will rise if imports decline, and the fees will decrease if imports increase.

But we in this body need not and must not await the outcome of lengthy court proceedings. Congress cannot allow this attempt to usurp our constitutional responsibilities for taxation. Even those who may be tempted to allow this action as a way to finance our bloated budget without having to take political responsibility must consider the long-term consequences of abdicating to the President our constitutional responsibilities over the budget.

Even the White House admits this tax will be highly inflationary. Gasoline prices will rise by 10 cents per gallon, and even the White House acknowledges that the overall inflation rate will ultimately rise by three-quarters of a percent as a result of this action. Of course, if OPEC sees the fee as showing them how much more they can raise prices, the inflationary effect will be that much more.

All this burden of increased taxes and increased inflation is promulgated in the name of saving 100,000 barrels per day of oil in the first year. I think many of us would question whether this much more inflation and tax burden was worth these savings, but of course we were not even allowed to make that judgment since the President acted alone.

Of course, President Carter has also told us that he will withdraw his taxation by decree if we will only enact by proper constitutional procedures the same tax he has imposed. Now, if he later changes his mind or if he does not like a different judgment congress might make, who knows whether he might not even increase the tax based on the new powers he thinks he has discovered.

Fortunately, the Congress has just approved a provision in the crude oil Windfall Profit Tax Act which enables expedited disapproval of Presidential actions to adjust petroleum imports under section 232. Under the new law, any such Presidential action will cease to have effect upon enactment of a joint resolution of disapproval. Such a joint resolution cannot be amended in either House. While the resolution could be vetoed by the President, that veto can also be overridden by two-thirds vote of both Houses.

Senator ROTH and I are introducing such a resolution today, and we hope that you will join us in this effort. It is important that we quickly show the President and the American people that we will not allow enormous new taxation and inflation by Presidential decree.

Frankly I think we will need to go still further to prevent future abuses of section 232, and I intend at a later date to ask your support for amendments to the law. In the meantime, however, let us use the new statutory procedures to give relief to the American people.●

## ADDITIONAL COSPONSORS

### S. 1794

At the request of Mr. MELCHER, the Senator from Minnesota (Mr. BOSCHWITZ), and the Senator from Hawaii (Mr.

Inouye) were added as cosponsors of S. 1794, a bill to amend the Public Health Service Act to provide for research concerning Reye's Syndrome, and for other purposes.

### S. 2071

At the request of Mr. Cohen, the Senator from Kansas (Mr. Dole) was added as a cosponsor of S. 2071, a bill to provide cancellation of student loans made or guaranteed under the Higher Education Act of 1965 for military service, and for other purposes.

### S. 2239

At the request of Mr. Nelson, the Senator from Kentucky (Mr. Huddleston) was added as a cosponsor of S. 2239, a bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of incentive stock options.

### S. 2308

At the request of Mr. Thurmond, the Senator from Kansas (Mr. Dole) was added as a cosponsor of S. 2308, a bill to amend section 2003 of title 38, United States Code, to provide for the assignment of clerical or secretarial employees to assist veterans' employment representatives assigned to the States under such section.

### S. 2366

At the request of Mr. Huddleston, the Senator from Mississippi (Mr. Cochran), the Senator from Ohio (Mr. Metzenbaum), and the Senator from Indiana (Mr. Lugar) were added as cosponsors of S. 2366, a bill to require adjustments in census population figures for aliens in the United States illegally so as to prevent distortions in the reapportionment of the House fo Representatives, the legislative apportionment and districting of the States, and the allocation of funds under Federal assistance programs.

### S. 2470

At the request of Mr. Ford, the Senator from Ohio (Mr. Metzenbaum) was added as a cosponsor of S. 2470, a bill to reduce consumption of petroleum and natural gas by electric utilities and for other purposes.

### SENATE JOINT RESOLUTION 119

At the request of Mr. Sarbanes, his name was added as a cosponsor of Senate Joint Resolution 119, a joint resolution to authorize the Vietnam Veterans Memorial Fund, Inc. to erect a memorial.

## SENATE CONCURRENT RESOLUTION 85—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO ADVISORY OPINIONS FROM THE WORLD COURT

Mr. CRANSTON submitted the following concurrent resolution, which was referred to the Committee on Foreign Relations:

### S. Con. Res. 85

*Resolved by the Senate (the House of Representatives concurring)*, That it is the sense of the Congress that the President should—

(1) direct the permanent representative of the United States to the United Nations to propose to the United Nations General Assembly the adoption of a resolution which establishes a Special Committee authorized—

(A) to seek an advisory opinion of the International Court of Justice, upon request by a national court or tribunal which is duly authorized by national legislation to make such request, regarding any question of international law of which such court or tribunal has jurisdiction; and

(B) to establish procedures providing adequate opportunities for the presentation to the International Court of Justice of the views of each party to the case before the court or tribunal requesting such advisory opinion; and (2) after the establishment of the Special Committee, propose legislation to the Congress which—

(A) authorizes Federal courts to request such advisory opinions; and

(B) establishes procedures whereby any Federal court may submit such requests to the Special Committee.

(C) defines the scope of the acceptance by the United States of the expanded jurisdiction of the International Court of Justice.

### RESOLUTION ON ADVISORY OPINIONS FROM THE WORLD COURT

● Mr. CRANSTON. Mr. President, I am today submitting a concurrent resolution designed to make greater use of the International Court of Justice—better known as the World Court. The purpose of this resolution is to put the Congress on record in support of a proposal to authorize a Special Committee of the United Nations to seek, upon the request of national courts and tribunals, advisory opinions from the World Court on questions of international law. The intent of this resolution is to make better use of the Court's potential role as a peaceful arbiter in international affairs, a role which the Court has not yet fulfilled.

Mr. President, I have no illusions about the ability of our primary international institutions—the U.N. and the World Court—to solve singlehandedly all of the complex problems on our troubled planet. These institutions offer no panacea. But I believe it is especially important during the current time of heightened international tension for us to continue to make progress toward the long-term goal of strengthening the peaceful dispute-resolution mechanisms of the U.N. and the World Court. While I share the disappointment of many Americans that these mechanisms have been of only limited effectiveness in the curent confrontations in Iran and Afghanistan, I believe recent experience argues for the strengthening of the jurisdiction and enforcement powers of our international institutions—and not for their abandonment.

The fact is that there are no more promising institutions available for peaceful resolution of international conflicts than the U.N. and the World Court. The status of these institutions is akin to Churchill's view of democracy, which the great British leader noted was "the worst form of government—but for all the others." Just as democracy has proven an imperfect—but clearly the best—form of national government, the U.N. and the World Court still hold the best long-term promise for the goals of achieving greater international justice and more enduring peace among nations.

These goals cannot be realized overnight. They cannot be achieved in a year, or even in a decade. These efforts will take many years before fruition. But I, for one, believe it is essential for us to retain our hopes for a more peaceful and just human future. Even as we proceed to modernize our military defenses with a coolheaded realism, we must not lose sight of our long-term ideals of building a peace defended not by arms alone, but by international cooperation and the rule of law as well.

The step which I am proposing today is admittedly a very small one. I am urging that the United States take an initiative in the U.N. to establish a special committee authorized to accept requests from individual countries to have their national courts receive advisory opinions from the World Court on issues involving international law. The requests for such opinions would be made voluntarily to the U.N. committee by national courts and the World Court opinions would be nonbinding, and thus would not pose any threat to national sovereignty. But the increasing use of such opinions would expand the purview of the World Court and would make better use of the Court's woefully underutilized capabilities, two accomplishments which I believe would be of considerable significance.

This resolution also requests the U.S. permanent representative at the U.N. to coordinate, after the establishment of the Special U.N. Committee, the proposal of appropriate U.S. legislation authorizing Federal courts to request such advisory opinions. Such legislation would also serve to define the scope of U.S. acceptance of the jurisdiction of the World Court.

The genesis of the proposal which I am introducing today can be traced to a series of resolutions relating to the World Court which I introduced along with my former colleague, Senator Taft, in May 1974 and which were adopted by the Senate later that year. The last of these resolutions, Senate Resolution 78, initiated a State Department study on means of increasing access to and use of the World Court. In the State Department's 1977 report and again in 1978—in the President's submission to the Senate Foreign Relations Committee entitled "Proposals for U.N. Reform"—the executive branch has endorsed establishment of a preliminary opinion procedure whereby national courts could voluntarily submit questions of international law to the World Court for advisory opinions.

The resolution which I am introducing today is designed to establish such a procedure through the formation of a special U.N. committee. This proposal enjoys the preliminary support of the ABA Section of International Law and such noted international legal scholars as Prof. Louis Sohn of Harvard Law School. I commend this resolution to the attention of my colleagues and would welcome their support in taking this small but significant step.●

## SENATE RESOLUTION 400—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY

Mr. PELL, from the Committee on Rules and Administration, reported the following original resolution, which was ordered placed on the calendar:

S. RES. 400

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Lillie M. Hines, widow of James E. Hines, an employee of the Architect of the Capitol assigned to duty in the Senate wing of the Capitol at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

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## SENATE RESOLUTION 401—SUBMISSION OF A RESOLUTION DISAPPROVING ASPECTS OF PROPOSED MODEL ADOPTION LEGISLATION AND PROCEDURES

Mr. TOWER (for himself and Mr. HUMPHREY) submitted the following resolution, which was referred to the Committee on Labor and Human Resources:

S. RES. 401

*Resolved*, That it is the sense of the Senate that the Secretary of Health and Human Services shall not approve any portion of the Model State Adoption Act and Procedures prepared under section 202 of the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 which—

(1) confers upon all biological fathers of children born out of wedlock, without distinction, the right to veto adoption of the child upon mere proof of paternity,

(2) sets less stringent standards for the placement of children by unlicensed intermediaries than by licensed child-placing agencies,

(3) gives parents the right to revoke relinquishments which have not been obtained through fraud, duress, or undue influence,

(4) requires automatic opening at the request of an adult adoptee of confidential birth records, court records, and adoption agency records, and

(5) requires agencies to notify adult adoptees that a birth parent desires to meet the adoptee even if the adoptee has not expressed a desire to meet with his birth parents.

● Mr. TOWER. Mr. President, on October 27, 1977, the Senate passed H.R. 6693. That bill, which became Public Law 95-266 on April 24, 1978, contained provisions designed to eliminate barriers to adoption of children who could benefit by adoption. To accomplish this laudable purpose, the law called for the Secretary of the Department of Health, Education, and Welfare to convene a panel to develop model adoption legislation and procedures.

On February 15, 1980, the Secretary published for public comment in the Federal Register the 78-page panel draft proposed as the Model State Adoption Act. After carefully reviewing the contents of the proposed Model Act, I firmly believe, in the areas enumerated below, that the HEW panel exceeded the scope of its authority and ignored the intent of Congress, thereby creating a number of new problems—social as well as legal—which actually will make it more difficult to free children for adoptive placement.

There are five areas in particular which cause me great concern:

First. The panel draft confers upon any man who can prove that he is, in fact, the biological father of a child born out of wedlock the right to obtain custody of the child by proving the fact of paternity. In effect, the rapist under the Model Act apparently has greater rights than his victim. Rights of biological fathers must be recognized, but they must not prevail over the rights of children;

Second. The panel draft does not require doctors, attorneys, clergymen, and other unlicensed "intermediaries" to comply with the same minimum child placing standards required of agencies licensed to place children for adoption. Children placed by unlicensed intermediaries need no less protection than children placed by licensed agencies.

Third. No parent should ever be allowed to sign a relinquishment of parental rights while that parent still feels that "I might change my mind later." Relinquishments should, in the absence of fraud, duress, or undue influence, be final when given. The panel has suggested that parents be given 14 days during which they may revoke relinquishments. This provision will unnecessarily delay thousands of infant adoptions every year while encouraging parents to sign relinquishments before they are ready;

Fourth. The panel recommended opening confidential birth, court, and agency records as a matter of right to adult adoptees. This proposal can be detrimental to the biological parents, their families, to the parent-child relationship in the adoptive home, and even to the adoptee himself. Retroactive opening of sealed adoption records will not open a single adoptive home to a child in need of adoptive placement; and

Fifth. The panel has also recommended that biological parents be given the right to force agencies to contact adult adoptees to request a meeting. This could precipitate an identity crisis in an adoptee who has never sought to trace his biological origins. Searches of this nature should be initiated only by the adoptee, and only when that adoptee is ready.

It is my belief that in dealing with each of these areas, the panel has exceeded its congressional mandate. The intent of Congress was to remove barriers to adoptive placement, not create them.

Facilitating birth parents' searches for children adopted by others will not promote adoption of hard-to-place children. Legitimating dual standards for adoptive placements—tough standards for agencies and loose standards for unlicensed intermediaries—will not promote adoption of hard-to-place children but may facilitate the black market placement of easy-to-adopt infants. Allowing parents to retract relinquishments, which should be permanent when given, will delay countless adoptions and will promote adoptions only if parents sign, and then fail to revoke, relinquishments before they are ready to make a final decision. Giving biological fathers—including rapists, incestuous family members, sperm donors, and "hit and run" lovers—automatic veto power over a proposed adoption will block untold numbers of adoptions and bring undue and unnecessary suffering not only to the children but to thousands of unwed teenagers as well.

Opening birth records will not promote the adoption of hard-to-place children. In expressing this belief, I am not suggesting that sealed records should never be opened. When, under what circumstances, and subject to what conditions birth records may be opened are issues to be determined by our State legislatures. Many are now considering open-records legislation. In the meantime, I note that informal search networks exist through which birth parents and adoptees may pursue their mutual desires for reunion. A few States have already created formal registries to facilitate the voluntary reunion process. In most States, an adoptee with a genuine need for information concerning natural origins can, by proving that need through judicial or administrative proceedings, secure release of the information needed. I am not ready to tell State legislators that they are wrong in refusing to enact open-records-upon-demand legislation. Under our Federal system, that is a matter for their decision.

A good friend and fellow Texan, the late Sproesser Wynn, served on the model adoption panel. He had the same reservations about the panel's proposals and expressed his concern in a minority report to the model State Adoption Act.

In addition to these and other specific provisions, I am concerned about the Federal Government's involvement to this great an extent in the area of adoptions. Adoption is a matter traditionally handled at the State level. I am aware that the panel's work is only the draft of the Model State Act. Nevertheless, it is the first time that the Federal Government has intervened to such an extent in this area. This activity at the Federal level proposes Federal goals in an area better dealt with at the State level, where officials are more knowledgeable about, and better equipped to deal with, the particular problems involved. For these reasons, today I am introducing a resolution expressing the concern of the Senate over these enumerated proposals contained in the Model State Adoption Act. I urge my colleagues to join with me in expressing to the Department of Health and Human Services concern that these proposals will make most adoptions more difficult, in direct contradiction to congressional intent; and that they greatly exceed the scope of the authority granted by Congress to eliminate barriers to adoption so that children—especially those with special needs—can find permanent and loving home environments.

To further reassure those who are concerned about the implications of this Federal intrusion into family life, I hope the Senate will firmly reiterate its unwillingness, now and for the future, to put any pressure—including financial pressure—on States to enact such provisions.●

## AMENDMENTS SUBMITTED FOR PRINTING

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## CRIMINAL CODE REFORM ACT—S. 1722

### AMENDMENT NO. 1690

(Ordered to be printed and to lie on the table.)

Mr. MATHIAS (for himself, Mr. CANNON, Mr. DOLE, Mr. GOLDWATER, Mr. NUNN, Mr. LAXALT, Mr. SCHMITT, Mr. ARMSTRONG, Mr. HEFLIN, and Mr. HUMPHREY) submitted an amendment intended to be proposed by them, jointly, to S. 1722, a bill to codify revise, and reform title 18 of the United States Code. and for other purposes.

● Mr. MATHIAS. Mr. President, today I am joined by nine of my distinguished colleagues (Mr. CANNON, Mr. DOLE, Mr. GOLDWATER, Mr. NUNN, Mr. LAXALT, Mr. SCHMITT, Mr. ARMSTRONG, Mr. HEFLIN, and Mr. HUMPHREY) in submitting an amendment to S. 1722, the Criminal Code Reform Act, that would strike the provisions of this bill that would reduce the penalties for possession of marihuana, thereby retaining current law.

I ask unanimous consent that this amendment be printed in the RECORD.

I also request that a three-part series that appeared in the Washington Star last week on the health effects of marihuana use be printed in the RECORD in full following the amendment.

There being no objection, the amendment and material were ordered to be printed in the RECORD, as follows:

### AMENDMENT No. 1690

On page 153, line 11, strike out "300 grams of marihuana", and insert "50 kilograms of marihuana or hashish, or 5 kilograms of hashish oil".

On page 153, line 14, strike "or".

On page 153, line 15, insert "or" after the semicolon.

On page 153, between lines 15 and 16, insert the following:

"(C) more than one kilogram of marihuana or hashish, or 100 grams of hashish oil;".

On page 153, line 16, strike out "a substance" and insert a dash.

On page 153, line 17, strike out "listed in schedule IV:", and insert the following:

"(A) a substance listed in Schedule IV; or

"(B) less than one kilogram of marihuana or hashish, or 100 grams of hashish oil;".

On page 153, line 18, strike the dash and insert "a substance listed in Schedule V;".

On page 153, strike out lines 19 through 22.

On page 153, strike out lines 34 through 36.

On page 153, line 37, strike out "(d)" and insert "(c)".

On page 154, line 1, insert "or" after the semicolon.

On page 154, strike out line 2.

On page 154, line 3, strike out "(C)" and insert "(B)".

On page 154, line 3, strike out the semicolon and insert a period.

On page 154, strike out lines 4 through 18.

On page 383, line 16, strike out "404,".

On page 407, between lines 35 and 36, insert the following:

"(f) Section 404(a) (21 U.S.C. 844(a)) is amended by striking out "a controlled substance unless such substance" and inserting in lieu thereof "marihuana, hashish, or hashish oil unless such marihuana, hashish, or hashish oil".

On page 407, line 36, strike out "(f)" and insert in lieu thereof "(g)".

On page 407, line 38, strike out "(g)" and insert in lieu thereof "(h)".

On page 408, line 6, strike out "(h)" and insert in lieu thereof "(i)".

On page 408, line 8, strike out "(i)" and insert in lieu thereof "(j)".

On page 408, line 10, strike out "(j)" and insert in lieu thereof "(k)".

On page 408, line 17, strike out "(k)" and insert in lieu thereof "(l)".

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## NEW WORRIES SURFACING ABOUT THE EFFECTS OF POT

(By Cristine Russell)

### MARIJUANA

(The motion picture you are about to see may startle you. It would not have been possible otherwise to sufficiently emphasize the frightful toll of the new drug menace, which is destroying the youth of America in alarmingly increasing numbers.

(Marijuana is that drug . . . an unspeakable scourge—the real Public Enemy Number 1. Its first effect is sudden, violent, uncontrollable laughter; then come dangerous hallucinations . . . fixed ideas come next, conjuring up monstrous extravagances—followed by emotional disturbances, the total inability to direct thoughts, the loss of all power to resist physical emotions . . . leading finally to acts of shocking violence . . . ending often in incurable insanity. . . .

(Something must be done to wipe out this ghastly menace.)

A 1936 American film called "Reefer Madness" depicted a growing nationwide hysteria over the reputed evils of marijuana. The melodrama portrayed an innocent group of high school kids drawn—by the drug—into a den of iniquity, with a hit-and-run accident, a death and a suicide as the result.

The above indictment of marijuana, from the introduction to the film, was based on emotion rather than fact because at that time few scientific studies of "reefer" had been conducted.

By the 1960s, as marijuana use became fashionable on college campuses, the film had become a camp classic, viewed with amusement by pot smokers. Marijuana was then considered by many to be generally harmless.

Today, the pendulum has swung once again.

"What seems quite clear now is that both the horror stories that pervaded the first part of this century and the over-enthusiastic assessment of marijuana of more recent years were equally without a data base," says Dr. Sidney Cohen, a University of California psychiatrist with long experience in the drug abuse field.

He once dismissed marijuana as just "a trivial weed." But after more than a decade of intensive laboratory study, Cohen and many other researchers have become increasingly concerned about new findings of potential health damage from abuse of the widely available drug.

"We're at a real turning point. There's a growing crescendo of scientific evidence about the problems with marijuana. I've changed from thinking it's relatively insignificant compared to heroin to considering it the most important single issue in the drug field," says Dr. Robert L. Dupont, a former government drug abuse official.

The heightened concern also stems from surveys showing that more and more young Americans are regularly smoking marijuana—alias pot, grass, or weed—which in recent years has become far more potent through more sophisticated cultivation techniques.

"For the most important group of users, the teens and sub-teens, it's a demonstrated serious public health hazard," warns Dr. William Pollin, director of the National Institute on Drug Abuse.

The growing problem among America's youth will be the major emphasis of a soon-to-be-released government report to Congress on the health effects of marijuana. The federal drug abuse agency is also launching a major nationwide educational effort directed at warning teenagers about the hazards of the drug.

The combination of damaging, but often inconclusive, research and the dramatic climb in consumption by adolescents has also contributed to a phenomenal growth in grassroots parents groups opposed to marijuana. Armed with new research findings, they have launched a concerted effort to alert their children—and the rest of the world—to the dangers of smoking the mind-altering substance.

The vocal "parent power" efforts have been countered by organizations carrying on the campaign begun in the 1960s for more liberal marijuana laws. They charge that an overly emotional anti-pot atmosphere—reminiscent of the 1930s mood that led to stringent legal sanctions against the drug—may again be building.

"Marijuana seems to be shaping up as a battleground with the new right," says Larry Schott, national director of the National Organization for the Reform of Marijuana Laws.

The antagonism between proponents and opponents is illustrated by a recent Capitol Hill incident: after an elderly pediatrician on NORML's board testified in favor of loosening criminal laws for personal possession of pot, she was heckled in a Senate hallway by a group of teenage girls vehemently opposed to its use.

Today, as always, it is difficult to separate political and philosophical concerns about one of the country's most commonly used recreational drugs from the "facts"—such as they are—about its health effects.

Marijuana researchers themselves have joined the debate, lining up on either side of the issue and interpreting the preliminary scientific findings in entirely different ways. One researcher prominently identified on the "pro-marijuana side" argues that the deck is now "stacked" with "anti-marijuana researchers who went into the field to prove their strong feelings were correct."

The "laboratory" scientists also tend to be more negative about marijuana and its health effects than the people-oriented social scientists in the field, contends Harvard psychiatrist Dr. Norman Zinberg, who sits on the NORML advisory board.

Few experts familiar with the accumulating evidence, however, would give marijuana a clean bill of health today. "At this point we can say clearly it is not a safe and benign drug," says NIDA director Pollin.

Researchers have detected more than 400 chemicals in marijuana, but the focus has been on the chief "psychoactive" or intoxicating ingredient, delta-9-tetrahydrocannabinol, better known as THC.

There is general agreement among scientists that the "high" produced by THC does impair short-term functioning, affecting both memory and intellectual performance.

The evidence also "strongly" suggests that intoxication from social use of marijuana—like alcohol—interferes with driving, flying and other coordination-requiring skills, says Pollin.

While the euphoria induced by marijuana is pleasant to most users, some people react badly to the drug—in 1978, more than 10,000 emergency room visits related to marijuana use were reported. (In comparison, there were 17,000 for aspirin and 53,000 for alcohol-drug combinations.)

The degree of long-term physical, and psychological, risk marijuana use poses is in greater dispute. Researchers have found that even a single dose of marijuana, in animal tests, may lodge in body tissues for as long as a month.

Concern about cumulative effects of regular marijuana use has concentrated on possible pulmonary damage and the risk of lung cancer, as well as reproductive problems. Studies suggesting both brain damage and an effect on the body's natural defenses—the immune system—are even more controversial. Because they have shown up largely in limited animal studies rather than in people, the human implications are unclear, but unsettling.

### Drug's Use and Potency Alarms Medical Experts

It will take years or even decades for scientists to learn with some certainty how marijuana use affects health. But in the meantime, medical experts of all persuasions—even those in the pro-marijuana camp—are alarmed about the changing patterns of pot smoking.

"More young people are using more potent marijuana more regularly at a much earlier age," warns Dr. William Petersen, an official at the National Institute on Drug Abuse.

A decade ago, "typical use was primarily in college students of liberal to radical persuasion who used it on weekends," he says. Today, "kids are going to school stoned in greater numbers," even down to the grammar-school level.

The statistics, based on government-sponsored surveys in 1978 by the University of Michigan Institute for Social Research, suggest that 60 percent of high school seniors had tried marijuana and one in nine smoked it on a daily basis. This was nearly double the rate of 1975. During the same period, however, use of alcohol remained about the same.

An even higher rate of marijuana use among teenagers has been found in surveys in the state of Maryland. And at one Montgomery County elementary school last year, 8 percent of the sixth-graders reportedly admitted to having used the drug.

One optimistic sign that the increase in use by youngsters may be leveling off is a new national survey that indicates a slight decrease in the reported daily use by high school seniors—from 10.7 the previous year to 10.3 percent in 1979. The Michigan researchers also found that more of the students believed that regular marijuana users run a "great risk" to their own health.

Marijuana itself has also been increasing in potency. Five years ago, "street grass" analyzed by University of Mississippi chemists contained only 0.5 percent of the active ingredient, delta-9-tetrahydrocan-nabinol, better known as THC. Today more sophisticated cultivation and higher quality seed stock has produced marijuana with six to ten times as much THC.

The strength has increased so much that street marijuana is frequently more potent than the traditionally stronger hashish. An even stronger derivative, hash oil, which is smoked in small amounts with cigarettes or in small pipes, contains up to 30 percent THC. Along with the changing forms of the drug, the paraphernalia market has grown phenomenally, making drug use "seem chic," says NIDA's Petersen.

Whatever their political persuasion, a clear consensus has merged among medical experts and marijuana groups that use of the drug by anyone under the age of 18 should be discouraged. The government drug abuse agency will emphasize this in its upcoming annual health report. A letter is also being developed to demonstrate the areas of agreement in the controversial marijuana field.

The consensus effort stems from a list drawn up by Dr. Sidney Cohen, a University of California psychiatrist. In addition to concern about young people, he targeted the following groups as being at special risk from marijuana use:

Drivers, who may threaten their own health and that of others.

Patients with, or at high risk of heart disease. Marijuana increases the pulse rate by as much as 50 percent.

Patients with a history of mental problems, particularly schizophrenia, which might be exacerbated by the drug.

Patients with lung problems, who might be especially sensitive to the irritating marijuana smoke.

Pregnant women, because any drug use is discouraged, and marijuana has been linked with some adverse reproductive effects in animals.

Individuals seeking to get pregnant or those with fertility problems should also avoid marijuana, say the experts. And they say breast-feeding mothers should be aware that the drug will probably be transmitted through the milk to their children.

Occasional use of marijuana by healthy adults, however, would appear to have negligible health impact, according to Cohen and several experts surveyed by The Washington Star.

Even Columbia University scientist Gabriel Nahas, author of an anti-marijuana book called "Keep Off the Grass" and one of the most outspoken researchers in the field, admitted that "rare exposure doesn't carry a damaging effect. One cigarette a week is not damaging the health of a mature adult."

The most recent estimates indicate that 43 million Americans have tried marijuana at least once, and roughly 16 million were using the drug at the time of the last survey in 1977.

Because the United States experience with marijuana among significant numbers of people is relatively short, it may be too soon to measure any impact among the moderate to heavy users. "We've known about alcohol for 800 years and nicotine for 80 years. But we've known the most active ingredient in marijuana for less than 15 years, and serious research only began ten years ago," emphasized Dr. William Pollin, the director of NIDA.

Until the jury is in on the long-term health effects, the proponents and opponents will continue to argue about the legal implications of marijuana use.

In the early 1970s many people took the position that the criminal sanctions against personal use of the drug were more hazardous to young people than the drug itself. Rather than out-and-out legalization, "decriminalization"—or removing criminal penalities imposed on personal use of small amounts but not legalizing the drug itself—was proposed.

"My argument isn't that it's good for people to smoke it. What to do about it is another issue. Marijuana is a strong intoxicant so there are bound to be health effects. But there's no evidence anybody has died of marijuana use. People die each year from aspirin, but we're not going to take aspirin off the market," said Dr. Norman Zinberg, a Harvard psychiatrist.

"My fear is that we're going to have another episode of law enforcement that's not going to do kids any good," he added.

"I would not recommend anybody smoke it. There is some risk, but it's minimal. Every activity involves certain risks and hazards," agrees Larry Schott, who leads the main lobbying effort for legal changes under the National Organization for the Reform of Marijuana Laws. "We are promoting a responsible and workable drug policy. The government should be spending more money on research and less on enforcement."

The Carter administration has supported decriminalization. Some officials who originally endorsed this approach, however, are changing their minds. Dr. Robert L. DuPont, a former NIDA director who advocated decriminalization in the early 1970s, is now againts it "because it's the only way to communicate that I'm against pot. It's a flag that symbolizes which side you're on."

The political situation may also be shifting. "The wave of support for decriminalization has peaked and is now passing," argues Dupont. "We're not losing ground, but we're fighting harder to preserve what we have," responds NORML director Schott.

Eleven states have changed their laws to lessen penalties for personal pot use, and a pending congressional bill to overhaul the federal criminal code contains a "decriminalization" provision.

But some states have been reconsidering their liberalized marijuana laws, and there are rumblings that the proposed change will have trouble getting out of Congress. Anti-marijuana groups like the Interstate Movement against Dangerous Drugs are planning to lobby against decriminalization in virtually every Capitol Hill office, carrying one-ounce bags of parsley—which bears a vague resemblance to pot—to illustrate their point.

Sen. Charles Mathias, Jr., R-Md., believes that the growing evidence of health hazards means the proposed legal changes must be reconsidered. He has just decided to oppose the decriminalization provision and lead a Senate fight to maintain stiff penalties.

"Marijuana is one of the most dangerous drugs available today—it's sneaking up on us," he said in an interview. "Decriminalization is becoming more and more unlikely as the scientific evidence piles up."

### Scientists Study Drug's Effects on Health

Although marijuana has been smoked for centuries around the world, scientific scrutiny of the drug and its chief chemical component is still in its infancy.

The verdict on health effects will not be in for many years. But new research reviews prepared for the National Institute on Drug Abuse, as well as accumulated studies by various medical experts, point to potentially damaging medical evidence against the drug in the following areas:

Short-Term Effects—In addition to the frequently reported euphoria that provides the recreational attraction of marijuana, the drug produces physical changes, such as an increase in heart and pulse rate, reddening of the eyes, and a slight decrease in body temperature.

"Virtually all" of the studies of performance of persons "high" on marijuana conclude that marijuana interferes with short-term memory and "intellectual performance in ways that impair thinking, reading comprehension, verbal and arithmetic problem solving," according to a NIDA review.

It also "reduces the ability to perform tasks requiring concentration, swift reactions, and coordination," says the federal drug abuse agency.

Such changes may affect driving ability, even after the high wears off. And the hazards may be increased with the combined use of alcohol and marijuana, an increasingly widespread practice.

In a 1979 California study, 16 percent of the people stopped by the police for driving while intoxicated had the marijuana chemical THC in their blood. NIDA is now working with the National Highway Traffic Safety

Administration to develop standards for "driving under the influence of Cannabis."

### LUNG EFFECTS

As far back as the 1893 Indian Hemp Commission study, marijuana was linked with bronchitis and lung irritation. Not surprisingly, recent animal and human studies in the laboratory by University of California at Los Angeles researchers and others have found that heavy marijuana use may impair lung functioning.

There is no direct human evidence that marijuana causes lung cancer—it took decades to confirm that among tobacco smokers. But researchers have reported that marijuana smoke contains more cancer-causing agents than tobacco. And the way users smoke marijuana—inhaling deeply and holding in the smoke—as well as the increase in daily use in larger amounts leads many experts to worry that a generation of human "guinea pigs" may fall victim to marijuana-induced lung cancer.

Those who smoke both marijuana and tobacco cigarettes are at even greater risk.

### REPRODUCTIVE EFFECTS

"There are a variety of both animal and human studies suggesting that marijuana used daily and in substantial amounts similar to those of a regular heavy tobacco smoker may adversely impair aspects of the reproductive function," warns NIDA director William Pollin.

For men, there is human evidence showing a significant decline in sperm count as well as abnormalities in the sperm among some heavy users of marijuana. Marijuana has also been linked with lowered levels of the male sex hormone testosterone in some studies, although the condition was reversed when heavy use of the drug stopped. (Recent studies have also shown that exposure of male mice to marijuana before birth later affected their reproductive organs and sexual activity).

For women, human research has been more restricted. Animal and early human research suggests possible reductions in fertility among women using the drug at heavy levels.

In one study, 26 women who were using "street" marijuana three times a week or more for at least six months also suffered from three times as many menstrual cycle problems as non-users. Since the women also used alcohol, marijuana was not necessarily the culprit.

However, several animal studies using marijuana or THC—as reported at a 1978 international conference in France—revealed a range of potential problems, including increased death of developing fetuses.

Although there have been some animal studies linking marijuana with birth defects, there is no human evidence that this is so.

And although earlier studies suggested that marijuana may damage chromosomes—the carriers of genetic material in the cell—other studies have been inconclusive or contradictory. "Overall, there continues to be no convincing evidence that marijuana use causes clinically significant chromosome damage," says NIDA.

### BRAIN DAMAGE

Nearly a decade ago, British researchers published one of the most alarming health studies ever reported on marijuana use. They suggested that marijuana use among a group of young men had resulted in "atrophy," or shrinking, of their brains. The study was severely criticized on a number of counts and others have since contradicted it.

But concern about potential brain damage persists, particularly the possibility of more subtle effects. Tulane University researcher Robert Heath has recorded changes in electrical activity in the brains of Rhesus monkeys, as well as microscopic changes in brain cells related to marijuana use. The controversial work has not been reproduced by other researchers and the possible human relevance in terms of behavior is still debated.

More general acceptance is given to studies showing psychological impairment from marijuana use, particularly potential damage to personality development in the sensitive teen years. While marijuana has not been shown to be physically addictive, it can be psychologically so.

Clinically, some doctors are now diagnosing chronic users suffering from a condition popularly known as "burn-out," in which the individuals become increasingly unaware of or disinterested in their surroundings. While the condition seems to be reversible, some experts maintain that it may not be completely so.

### IMMUNE SYSTEM

Some studies have suggested that marijuana use may weaken the body's natural defense system, but—once again—there is considerable controversy about the human implications in terms of increased disease susceptibility.

In two human studies, the function of white blood cells was affected in some heavy marijuana users on a short-term basis, but other research has not confirmed this. Reductions in immune response have been reported in mice and rat laboratory studies involving THC. NIDA calls the results thus far "far from clear-cut" for humans.

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## SCIENTISTS STUDY OLD, NEW CLAIMS THAT DRUG HAS MEDICINAL BENEFITS

It was an Irishman, wandering far from home, who taught the West an old medical secret of the exotic East.

For thousands of years, marijuana had been used in India as medicine. But it was not until the late 1830s that W. B. O'Shaughnessy, a physician in the Bengal Medical Service of Britain's East India Company, began publicizing marijuana's medical benefits.

Writing "On the Preparations of the Indian Hemp, or Gunjah," he extolled the drug's virtues in relieving pain, relaxing muscles and controlling the convulsions of diseases such as rabies, cholera, tetanus, and rheumatism.

O'Shaughnesy's missionary zeal inspired others to apply marijuana to a multitude of ailments—anxiety, asthma, insomnia, cough, migraine headaches, and menstrual cramps.

Extracts of marijuana became a common over-the-counter remedy in the United States until more easily administered drugs became available and the political uproar over its recreational use discouraged medical experimentation. In 1937, the federal government classified it as an illegal dangerous drug—a status it still holds.

The discovery in the mid-1960s of the chief active ingredient in marijuana, delta-9-tetrahydrocannabinol or THC, opened a new research era for studies of this controversial drug.

While scientists first sought evidence of the hazardous health effects of social use and abuse of marijuana, investigations of new medical applications have also attracted recent attention.

"Therapeutic uses of marijuana should be exploited," said Dr. Sidney Cohen, a well-known Los Angeles researcher who has just completed a review on the subject for the National Institute on Drug Abuse. This review and others provided a technical basis for the 1980 "Marijuana and Health" report released by the government yesterday.

Cohen noted that marijuana may be useful both for its physiological effects on the body and for its mood-altering properties. Areas in which it is now being studied for potential medical value—some of them harking back to 19th century uses—include:

Nausea—The use of marijuana and its chief constituent, THC, in controlling the nausea that often plagues cancer patients undergoing chemotherapy has received the most research interest. Because existing drugs have not been helpful for many people, the nausea and vomiting are sometimes a severe enough side effect for patients to give up treatment unless these ill effects can be controlled.

Pioneering research using THC was began more than five years ago at Boston's Sidney Farber Cancer Institute and has since been confirmed at the National Cancer Institute. Today nearly 30 FDA-approved studies with marijuana and THC are under way.

A recent report by the Massachusetts group concluded that THC was more effective than a commonly used anti-nausea drug. A Mayo Clinic report expressed more reservations, saying it was no better than available drugs and had disturbing side effects for some older cancer patients. A report this week by Duke University researchers concluded that THC "clearly" is an effective agent for controlling nausea, which should become more widely available.

Glaucoma—Marijuana cigarettes and synthetic THC eyedrops have been studied for their potential in treating glaucoma, a condition that often causes blindness.

In 1971, researchers first noted that internal pressure in the eye was reduced by smoking marijuana. More recently, the National Institute on Drug Abuse has developed THC eyedrops, but the long-term effectiveness has not yet been determined. Six research projects are in the works.

Multiple sclerosis—Two studies are testing whether THC can help patients with MS or other disorders by reducing the spasticity or involuntary muscle contractions that accompany them.

Epilepsy—Both animal and human studies have sought to determine whether marijuana can treat epileptic seizures. Some researchers have found that THC actually triggered epileptic seizures in animals. But another marijuana chemical—cannabidiol—seems to reduce or control seizures in some studies and deserves additional human studies, Cohen said.

Anorexia nervosa—There has been interest in using the reputed appetite-inducing characteristic of marijuana to treat young women afflicted with anorexia nervosa, a potentially life-threatening condition in which a victim may literally starve herself to death. One recent study appeared to show no effect, perhaps because the origin of the illness seems to be as much psychological as physical.

Asthma—Initial research enthusiasm for using marijuana to dilate the air passageways of asthma patients was dampened by findings that it also irritates the lungs and may pose a longer-term threat of lung cancer.

There is still some interest, however, in developing aerosol sprays that might have fewer side effects as well as in understanding the mechanism for the beneficial effects.

Antibiotic action—Czechoslovakian researchers have found some indications that externally applied marijuana preparations could control bacterial infections. If further studies corroborate this, such ointments might be a useful addition to available drugs, Cohen said.

Folk medicine—Mixed results have been reported in attempts to corroborate folk medicine claims that marijuana controls pain, relieves depression or anxiety and induces sleep.

There is evidence that marijuana is useful, but in no way a wonder drug," said Dr. Norman Zinberg, a Harvard University psychiatrist involved in the research with cancer patients.

He and others noted that it is hard to determine proper dosages, that the available preparations are often uneven in effects, and that the intoxicating "high" that makes marijuana attractive as a recreational drug may be an unwanted side effect for many patients.

An unwanted side effect for many scientists attempting such research has been the miles of bureaucratic red tape involving Marijuana's status as a tightly controlled illegal drug—in the same category as heroin and LSD—means dealing with three government agencies rather than one.

The National Institute on Drug Abuse is the drug supplier, growing its own "grass" and manufacturing the chemical THC for research purposes. The Food and Drug Administration is responsible for approving the projects and the Drug Enforcement Administration must also grant permission.

### THE PRIVATE SECTOR

But despite the obstacles, the studies have finally reached the point where the government is attempting to attract private industry to market the marijuana chemical THC for nausea treatment.

At a recent FDA meeting, 12 companies attended and several have since indicated privately that they are interested in following up on the drug. "It looks encouraging," said Dr. Robert Willette, chief of NIDA's research technology branch. "The response has been better than we expected it's a high-risk investment with relatively little payoff."

He estimated that if a company decides to submit a new drug application to the government, "the most optimistic picture would be one year to get on the market. It will probably take longer than that."

But at present, the illegal status and limited availability to only those in approved studies has reportedly led many patients to seek underground supplies of marijuana for controlling nausea or treating glaucoma.

### FREEDOM OF CHOICE

A wave of "freedom of choice" enthusiasm around the country—similar to that for the alleged cancer drug laetrile—has sought to change all that. Nineteen state legislatures have passed laws making marijuana more available for therapy.

Most of the laws set up state-sponsored research programs that allow patients access to supervised studies. But in about half of the cases, the new state laws contain provisions that are contrary to federal drug laws.

In general, most of the medical interest has focused on the chemical THC rather than on marijuana, which contains more than 400 different ingredients. While it would be possible for THC to meet drug marketing requirements of safety and effectiveness, it would be virtually impossible for marijuana—and all of its ingredients—to do so.

The distinction is a crucial one, particularly for groups such as the National Organization for the Reform of Marijuana Laws. While NORML has championed the cause of reducing criminal penalties for recreational use of marijuana, it has also embraced the medical potential of the drug.

### SEEK TO RECLASSIFY DRUG

In 1972, the group petitioned the government to reclassify marijuana from Schedule I, the classification that calls for the most stringent controls and penalties, to a less restrictive category that would allow doctors to prescribe the drug. But last year, the Department of Health, Education and Welfare recommended that there be no change, and the case is still pending in the courts.

Some of NORML's experts maintain that marijuana as a whole may be more effective than one of its parts. "I'm not sure THC capsules are as effective as marijuana cigarettes," said Alice O'Leary, head of the group's medical reclassification project.

There is some preliminary evidence to support this claim. The research program being supported by the state of New Mexico for cancer patients has found preliminary evidence that orally administered THC tablets may not be as helpful as smoking marijuana for the control of nausea.

Robert Randall, a young man from Washington with glaucoma who has worked closely with NORML in publicizing the medical benefits of marijuana, has steadfastly maintained that it is the cigarettes, not the THC, that are helpful in his case. He and other glaucoma patients get their supplies from the government.

"The federal government has tunnel vision focused on THC," O'Leary said. "It would take changes in the law for marijuana to be made available by prescription, but I wouldn't discount that possibility."

### MAY BE MISLEADING

But one government official said that "pro-marijuana groups are using the therapeutic potential as a vehicle to destigmatize the drug" and open the way for more liberal marijuana laws in general.

Other critics have charged that undue attention to the beneficial aspects of marijuana may even mislead those who experiment with it recreationally into thinking that the drug is harmless, if not healthful.

"I'm afraid young kids will think marijuana is good for you," complained Joyce Nalepka, a Maryland mother active in the Interstate Movement Against Dangerous Drugs. "By making it look like medicine, people will think it's medicine," agreed one health expert who asked not to be identified.

Even if marijuana should become part of the medical profession's therapeutic arsenal, it may be perceived as a double-edged sword. While it could help treat selected groups of patients, many parents and drug abuse experts worry that marijuana's widespread use among the young will also contribute toward more medical problems in the future.●

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## DEFENSE AUTHORIZATIONS, 1981—S. 2294

### AMENDMENT NO. 1691

(Ordered to be printed and referred to the Committee on Armed Services.)

Mr. THURMOND submitted an amendment intended to be proposed by him to S. 2294, a bill to authorize appropriations for fiscal year 1981, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes.

Mr. THURMOND. Mr. President, the Persian Gulf crisis has underscored the requirement which this Nation has to improve its declining naval power. In the face of continuing communist inspired aggression and crises around the world, the United States must have an adequate supply of ships it can deploy for a variety of missions.

Even though this administration claims we must maintain a 550-ship Navy, President Carter's ship requests during his first term have not been supportive of this size Navy. In continuation of this weak policy he has asked for less money for naval shipbuilding in fiscal year 1981 than Congress authorized in fiscal 1980, $6.1 billion versus $6.6 billion. The President also recommends the construction of fewer fighting ships than authorized last year, 8 versus 12.

To help overcome these deficiencies, I believe the reactivation of the Battleship *New Jersey*, a floating asset which already exists, is a correct step for our Navy to take to improve its force structure and respond to emergencies. This approach offers considerable savings both in the time required to place a ship in service and in dollars saved when compared with the construction cost of a new ship.

### BATTLESHIP "NEW JERSEY"

Although commissioned in 1943, this ship has seen only approximately 6 years of sea duty. There are at least 25 years of life yet to be obtained. The tonnage of the *New Jersey* is 58,000 tons, speed 32 knots, length 880 feet, and the ship has excellent survivability due to highly compartmentalized 16-inch steel belt armor and heavily armored steel decking. The *New Jersey* has the highest nonnuclear survivability figure of merit of any United States ship currently in the inventory.

The *New Jersey* is needed in the active fleet, not only to maintain a presence, but to perform naval missions in the Indian Ocean, the Caribbean, the Pacific, and elsewhere. This battleship has nine 16-inch and twenty-five 5-inch guns. My personal investigation reveals there are more than adequate supplies of ammunition in storage for this ship. This ship also has ample space for new cruise missiles. Installation of these weapons will make it a powerful fighting ship capable of performing many vital naval missions, including projection of power at sea and ashore as well as protection of our vital sealanes.

The *New Jersey* recently saw duty for the third time in the Vietnam war. Her 16-inch guns have a range of about 25 miles which can be extended if needed by the use of rocket-assisted guided projectiles. With appropriate modifications, the *New Jersey* could easily serve as a flagship for the rapid deployment force. As currently configured, her 16-inch guns can put tons of warhead explosives on a target in less than 3 hours. This devastating power can be delivered in all kinds of weather in support of marines ashore or in sinking any ship afloat in short order. It can also operate as a tanker and refuel other ships at sea.

Mr. President, the reactivation of the *New Jersey* will significantly aid us in our efforts to maintain our slim edge in naval forces. Without refueling, the *New Jersey* can steam about three times as far as a large deck, conventionally powered aircraft carrier. Because of this great capability, the *New Jersey* can serve double duty as a tanker in remote areas such as the Indian Ocean. She will also carry a significantly smaller crew, have one-third the 5-year carrier overhaul cost, and will be one of the fastest naval vessels on the sea. Most important, the *New*

*Jersey* will have the capability for the surgical destruction of high priority targets at great ranges. As an example, the *New Jersey*, situated off the coast of Los Angeles, has the capability utilizing cruise missiles to destroy a bridge or airfield in Denver, Colo. Thus, the highly survivable *New Jersey* will have the capability to engage targets which otherwise would entail high risks for U.S. air or ground forces. This capability can be obtained at a relative low cost when compared to the expense of a new ship.

Admiral Hayward, Chief of Naval Operations, testified that a completely modified *New Jersey* could be put in service with cruise missiles and other weapons for about $250 million (fiscal year 1980), whereas a new ship of equal capability would cost $1.4 billion.

The Soviet Union is also taking steps in this direction. They have under construction a 35,000-ton cruiser bristling with armament. As the Senate is well aware, the Soviet Union has been rapidly building a large naval force which each year becomes more threatening to the sealanes of communication so essential to our survival both from a military and economic standpoint. In addition, recent problems in the Middle East have forced upon this Nation a requirement for an expanded naval force in the Indian Ocean. This has drawn down our already thin naval strength in other places. The need for more ships on a quick reactivation basis, is a requirement recognized and endorsed by both our military and civilian leadership.

Mr. President, I believe that my colleagues in the Senate will support this important step in revitalizing our naval forces. The Navy views this as a high priority unfunded program and the House of Representatives is also supportive. The time has come, by reactivating the battleship *New Jersey*, to take a positive step in meeting our naval surface ship requirement and protect our interests throughout the world. In an atmosphere of concern about budget escalation, inflation, and the desire for cost effectiveness within our Government, the reactivation of this vital asset should receive the Congress' full endorsement.

Mr. President, Admiral Train, commander of the Atlantic Fleet believes the reactivation of the *New Jersey* is extremely important to the Navy. He has offered to supply the personnel required to man the ship. I ask unanimous consent that Admiral Train's comments be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Virginia Pilot, Mar. 18, 1980]

### BATTLESHIPS WORTH PRICE, TRAIN SAYS

(By John Stevenson)

ABOARD THE "NASSAU".—The top admiral in the Atlantic would be willing to make sacrifices on other ships in order to free the more than 6,000 sailors needed to man four World War II battleships he hopes to reactivate.

Adm. Harry D. Train II, commander of the Norfolk-based Atlantic Fleet, said during a shipboard interview that he would be "willing to make some sacrifices" if the battleships were returned to service. He did not say precisely what changes he would recommend.

The Navy is already short of ships and personnel, and whatever Train hopes to do would help solve one shortage but might make the other more acute. The main reason he gave for bringing the battleships out of mothballs is to impress countries where the Russian navy has a high visibility.

The size and firepower of battleships make them suited for projecting American naval power in the Indian Ocean than the two carrier groups now there, Train said.

With their sophisticated warplanes, carriers are "overqualified" for showing the flag in the Indian Ocean, and such use is stretching the nation's carrier force too thin, Train added.

Train was interviewed aboard the *Nassau* last week where he is making an unprecedented Caribbean cruise. The cruise is aimed at creating high visibility with the ship and a four-star admiral who generally works at his Norfolk headquarters.

During the interview, Train predicted that two aging cruisers, the *Chicago* and *Albany*, will be kept in commission rather than retired, as now planned. He also said the Norfolk-based nuclear carrier *Nimitz* and cruisers *Texas* and *California* will remain in the Indian Ocean longer than scheduled.

Keeping the cruisers in service would be part of the Navy-strengthening plan that has led to the battleship-reactivation concept sought by Train, other Navy officials, and some congressmen.

While there has been much talk about bringing back the four battleships, Train was the first high ranking Navy officer to suggest that the cruisers be kept in service.

The admiral said he is pushing to keep the cruisers and "I expect it to happen. But it's not my decision. I just expect the wisdom of the American people to prevail."

If a decision to keep the *Chicago* and *Albany* is made soon enough. Train said, it is possible that the *Albany* could remain in its present position as 6th Fleet flagship in the Mediterranean.

Without such a decision, however, the *Albany* soon would be replaced as flagship by the Norfolk-based destroyer tender *Puget Sound*. These plans have drawn fire from some who think that the virtually unarmed *Puget Sound* is not impressive enough to be a flagship.

Still unanswered is how the Navy would find manpower for four reactivated battleships and for retaining the *Chicago* and *Albany*. Each battleship would need as many as 1,800 crewmen, while the two cruisers carry about 1,000 people each.

Because of recruiting and personnel retention problems, the Navy is having trouble crewing much smaller vessels than battleships and cruisers. Some ships in the frontline Mediterranean 6th Fleet were reporting "significant degradation of readiness" late last year because of this problem.

Asked about the recent diversion of the Norfolk-based nuclear carrier *Nimitz* and two Norfolk-based nuclear cruisers to the Indian Ocean, Train said: "They may have to stay there awhile."

The ships were to have been home late this month from what started out as a six-month Mediterranean tour. But with their diversion to the Indian Ocean, a 24,000-mile investment has been made, he said.

"It would be irresponsible," Train said, to "put them in and pull them out." However, he would not say exactly how late the *Nimitz* and cruisers *Texas* and *California* will be in returning to Norfolk. Such information is classified.

About 20 U.S. Navy ships are now plying the Indian Ocean in response to the crisis in Iran. The Soviet invasion of Afghanistan is also reportedly responsible for keeping the ships where they are.

Train applauded this large warship presence, saying: "I can't foresee what event might occur that would alter our reason for being in the Indian Ocean. It has put a bit of a squeeze on the freedom of action of the Soviet Union."

However, the new Indian Ocean commitment has stretched the 400-ship Navy thinner than at any time since before World War II. The chief of naval operations, Adm. Thomas B. Hayward, has complained to Congress that he is being asked to meet a three-ocean requirement with a "1½-ocean" fleet.

The battleships that the Navy hopes will help solve the problem are the *New Jersey*, *Iowa*, *Wisconsin*, and *Missouri*. It was on the *Missouri* that Japan signed the documents of surrender at the end of World War II.

Planners estimate that it would cost about $500 million each to recommission the *Iowa*, *Wisconsin*, and *Missouri*, but only $200 million for the *New Jersey*. That ship would require less money because it was reactivated for Vietnam and doesn't need as much modernization as the others.

The ships each displace 45,000 tons and have weapons that include nine 16-inch guns. Train said the recommissioning cost for each battlewagon would be about the same as construction costs for a Spruance-class destroyer, but that the battleships would be "considerably more effective in displaying power."

The fiscal 1981 defense budget contains no money for recommissioning the four battleships, but Train predicted that supplemental funding will be provided.

## NOTICES OF HEARINGS

### SUBCOMMITTEE ON ENERGY RESOURCES AND MATERIALS PRODUCTION

● Mr. JACKSON. Mr. President, I would like to announce for the information of the Senate and the public that the Subcommittee on Energy Resources and Materials Production of the Committee on Energy and Natural Resources will hold a hearing to review the current status of the strategic petroleum reserve. The hearing will address the question whether or not the administration will propose the resumption of filling the strategic petroleum reserve. This hearing had been scheduled earlier this year, but had to be canceled.

The hearing will be held on Friday, April 18, at 10 a.m., in room 3110, Dirksen Senate Office Building.

Questions regarding this hearing should be directed to George Dowd of the subcommittee staff at 224–2564.●

### SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, the Select Committee on Small Business will hold a hearing on small business capital formation retention and recovery.

The hearing will begin at 10:30 a.m. on Monday, April 7, 1980, in the Federal Building, Pattie and Pine Streets, Missoula, Mont.●

### SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION, AND FEDERAL SERVICES

● Mr. GLENN. Mr. President, I wish to announce hearings that will be held by the Subcommittee on Energy, Nuclear Proliferation and Federal Services of the Committee on Governmental Affairs. The subcommittee will conduct hearings on H.R. 79, the Postal Service Act of 1979, and H.R. 826, which places the Postal Service under the provisions of the Occupational Safety and Health Act of 1970.

These hearings will start on April 15, in 1202 Dirksen Senate Office Building at 10 a.m.; and continue on April 16, in 1202 Dirksen at 10 a.m.; on April 17, at 10 a.m. in room 318, Russell Senate Office Building, and on April 21, at 10 a.m. in room 3302, Dirksen Senate Office Building. General Bolger will present his annual report to the Congress before the full Governmental Affairs Committee.

If you have any questions regarding these hearings, please contact Anne Boni of the subcommittee staff at 224-2627.●

### SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, the Select Committee on Small Business will continue its hearings on S. 1860, the Small Business Innovation Act of 1979.

The hearing will begin at 9:30 a.m., in room 424 of the RSOB, on April 15, 1980.●

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## ADDITIONAL STATEMENTS

### REMEMBER THAT INFLATION SURTAX

● Mr. DOLE. Mr. President, by the time the Senate reconvenes after the recess, most Americans will have completed and mailed their tax returns for 1979. As they do so, they will become acutely aware of what is wrong with the personal income tax structure.

I am talking about the inflation bonus to the Government in increased tax revenues, caused by the interaction of inflation with the progressive income tax. Unfortunately, in recent months this phenomenon has come to be taken for granted. Both defenders and critics of the administration's successive budget proposals for fiscal 1981 point out that the deficit is reduced, in significant part, by the effects of inflation moving people into higher tax brackets.

Now the administration has proposed additional tax increases, in the form of withholding tax on interest and dividends, imposing an oil import fee that would function as a gasoline tax, and a few other items. We in Congress will be taking a look at those proposals. But neither we nor the taxpayer should forget that the biggest tax increase is automatic, and not the result of legislative action—it is the result of inaction. Because of the progressive rate structure of the income tax, peoples' taxes rise faster than income—even when income gains are illusory because of inflation. This, in turn, destroys the progressivity of the tax as low and moderate income taxpayers are lifted into higher rate brackets.

Mr. President, no one wants to bust the budget this year but we must do our level best to cut spending enough to facilitate tax relief. A number of proposals have been put forth, but we must include steps toward indexing the tax code to inflation. Taxpayers who are now preparing their returns will understand why. Taxes for 1979 were increased by about $11.5 billion because of inflation alone—an average of about $115 per taxpayer. Of course, the impact differs for various income groups. Taxpayers ought to be aware of where this additional $115 in tax burden came from as they file their returns.

In 1978 Congress enacted a tax cut effective for 1979. The amount for individual income tax relief was $12.4 billion. The $11.5 billion taxflation figure for 1979 virtually wiped out that reduction. How can we use taxes for fiscal policy, if the steps we take are negated before they can have an effect? The answer—whether it is adopted this year or next—is the Tax Equalization Act, S. 12, which the Senator from Kansas introduced last year. This bill would adjust the tax brackets, zero bracket amount, and personal exemption according to the inflation rate. Then tax rates will be stable relative to real income. Congress will have to vote for tax increases if it deems them necessary.

Mr. President, with a record peacetime tax burden—tax increases totalling $100 billion proposed for 1981, we have to find a way to cut the Government's share of our wealth enough to facilitate an end to the inflation surtax on income. This issue is important this year as never before, and I will continue to address the problem until we can agree to a solution.●

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### THE COURAGE OF ANDREI SAKHAROV

● Mr. CRANSTON. Mr. President, Soviet physicist Andrei Sakharov is currently enduring internal exile within the "closed" Soviet city of Gorkiy. The brutal mistreatment of the distinguished Dr. Sakharov has shocked the world, but has not silenced this courageous voice, which still speaks in defense of human rights and individual freedoms. I am hopeful that world opinion may help in convincing the Soviet authorities that such treatment of a distinguished international scientist is unacceptable and that if the Soviet society cannot tolerate a free and open mind such as Dr. Sakharov's, they should allow him to emigrate to a nation where his insights and advocacy of human rights is appreciated.

Mr. President, one of the leading scientific minds in the United States, Dr. Sidney Drell, deputy director of the Stanford Linear Accelerator Center, recently spoke from the heart about Dr. Sakharov in a meeting at Stanford University.

I ask that the full text of Dr. Drell's eloquent and forceful address be printed in the Record.

The remarks follow:

#### REMARKS FOR ANDREI SAKHAROV

I am privileged to know Sakharov and his equally brave wife, Yelena Bonner, as close friends. They are two of the most courageous people in our world today. I am outraged at the despicable treatment inflicted on Sakharov by Soviet authorities who have banished him in internal exile to the closed city of Gorkiy, some 250 miles east of Moscow; who have stripped him of his honors; who have warned him not to talk with foreigners or to associate with criminal elements, meaning dissidents; who have threatened his confinement to psychiatric hospitals if he does not silence his voice; and who have harassed and physically assaulted him and his wife, using gun-waving rowdies to break into his new Gorkiy residence-in-exile and, very recently, police officers themselves.

Not only I am outraged by this deplorable and appalling treatment. In a totally unparalleled outpouring of concern many, many thousands of colleagues from most of the major scientific research centers of the world, from presidents of prestigious national scientific academies and major universities (including Dr. Lyman of Stanford) have expressed their outrage and dismay. I know of no parallel to this spontaneous expression of support for Andrei Sakharov, whom I look upon as truly a living saint. An eloquent and brave spokesman for human rights, an indomitable and unflinching figure of courage and reason, and a stirring example of the freedom and dignity of the human spirit, Andrei Sakharov has become the conscience of mankind.

Tonight I want to sketch briefly the person, the principles, the ideals and the extraordinary courage of this historical figure. Andrei and Yelena should know, their many fellow dissidents and political prisoners around the world should know, and their jailers and oppressers must know that we care deeply; that we are willing to toil for their freedom; and that we do commit ourselves to the principles of human dignity and freedom to which Andrei Sakharov, Yelena Bonner, and their even less fortunate colleagues in the gulags of our imperfect world have dedicated their lives.

Andrei Sakharov is a brilliant theoretical physicist—and it is an issue of great personal concern to him that, adding insult to injury, he is unable to have his latest work in the theory of general relativity, which he himself views as highly significant, published anywhere—the Soviet journals have not yet agreed to publish it and he is not permitted to send it abroad for publication. Known as the father of the Soviet H-bomb and as a brilliant scientist, he was elected at the age of 32 the youngest full member of the U.S.S.R. Academy of Sciences in 1953. By 1957 his concern about radioactive fallout from Soviet nuclear weapons tests in the atmosphere moved him to a politically active role, but he managed to express his conscience within limits acceptable to Soviet authorities for six years until 1963 when he, and most people everywhere, welcomed the signing of the limited atmospheric test ban treaty that confined nuclear testing to underground shots that created none of the dangerous fall-out.

For four more years Sakharov strove against censorship—finally breaking into print in 1967 with the circulation of his remarkable essay on "Progress, Coexistence, and Intellectual Freedom" published in the West in 1968. The two basic theses which Sakharov develops in this essay are (1) the division mankind threatens it with destruction and (2) intellectual freedom is essential to human society. His arguments remain as valid and compelling today as they were when they first appeared thirteen years ago. This essay publicly marked Sakharov's conversion from a scientist in search of nature's principles for the structure of matter to a moral leader in search of ethical principles for a humanity striving for peace, for progress, and for freedom for all.

Sakharov was a founder of the Human Rights Commission in Moscow in 1970, and in 1973 was finally moved to make worldwide public appeals for support for dissidents forcibly confined to psychiatric hospitals. This led to his first public warning by Soviet officials and to his public chastisement by some of his own academic colleagues for activities "hostile to the Soviet Union." The petty harassment which was initiated at this point by Soviet authorities began taking its toll physically on Sakharov, plagued by serious heart problems, and on his wife, Yelena, afflicted with serious problems with her eyes.

It was shortly after this that I first met Andrei when I attended a small working physics seminar organized by the Soviet Academy of Sciences in the summer of 1974 in Moscow. I found him a gentle colleague with whom a warm bond of friendship was formed out of our shared scientific interests as well as our concerns about the impact of science on the human condition; particularly in the field of nuclear weapons and their control, which is an area of deep and active concern to us both. Sakharov invited me to his small, crowded, but humanly warm Moscow apartment for supper with several family members. Yelena came briefly via taxi from her hospital bed where she was undergoing treatment for her severe glaucoma that partially blinds her—and threatens worse.

As it turned out, this was to be his last supper for some time because it marked the start of his first hunger strike which coincided with his delivery of a letter of protest to the heads of both the U.S. and Soviet governments, just then starting summit talks in Moscow. His letter protested the restrictions on emigration for many of the ethnic minorities in the Soviet Union, and this hunger strike was his personal way of focusing the world's conscience and attention on this issue. This hunger strike ended after six days at his physician's insistence when his body, but not his indomitable spirit, could endure the ordeal no longer.

I recall that the police had called on Sakharov in his Moscow apartment an hour or so before I arrived that evening, bearing a crudely written protest from neighbors who complained that his noisy friends and visitors disturbed their peaceful ways. He was mildly cautioned on this score. What makes this worth recalling is the beautiful event that was the cause of this warning. The previous day a bit of music had been brought into the lives of the Sakharovs most unexpectedly. Two lead singers of the visiting La Scala Opera Company had arrived at his door unannounced to show their admiration and affection for him, which they expressed in the best way they could—that is, through song in a private operatic recital. Sakharov was very touched by this gesture.

Sakharov achieved a pinnacle of reverence, respect, and recognition in the fall of 1975 when awarded the Nobel Prize for Peace. As the Nobel citation so fittingly concluded:

"Sakharov's love of truth and strong belief in the inviolability of the human being, his fight against violence and brutality, his courageous defense of the freedom of the spirit, his unselfishness and strong humanitarian convictions have turned him into the spokesman for the conscience of mankind, which the world so sorely needs today."

Characteristically Andrei responded in his prize lecture by calling attention to his countrymen who were prisoners of conscience with whom he wished to share the honor of the Nobel award, and by rededicating himself. Incidentally, this address was delivered by his wife who was then visiting Italy on a short visa for eye surgery since Andrei was refused permission by Soviet authorities to go to Oslo for the ceremonies. Here are several quotes from his response:

"It is unbearable to consider that at the very moment we are gathered together in this hall on this festive occasion hundreds and thousands of prisoners of conscience are suffering from undernourishment as the result of year-long hunger, of an almost total lack of proteins and vitamins in their diet, of a shortage of medicines (there is a ban on the sending of vitamins and medicines to inmates), and of over-exertion. They shiver from cold, damp, and exhaustion in ill-lit dungeons, where they are forced to wage a ceaseless struggle for their human dignity and to maintain their convictions against the 'indoctrination machine,' in fact against the destruction of their souls. The special nature of the concentration-camp system is carefully concealed. The sufferings a handful have undergone because they exposed the terrible conditions provide the best proof of the truth of their allegations and accusations. Our concept of human dignity demands an immediate change in this system for all imprisoned persons, no matter how guilty they may be. But what about the sufferings of the innocent? Worst of all is the hell that that exists in the special psychiatric clinics in Dnepropetrovsk, etc. . . ." and "I would ask you to remember that all prisoners of conscience and all political prisoners in my country share with me the honor of the Nobel Prize."

Calling for a better world order and a more decent society, Sakharov concluded his response by nothing that although other civilizations may:

". . . exist an infinite number of times on the 'preceding' and the 'following' pages of the Book of the Universe, . . . we should not minimize our sacred endeavors in this world, where, like faint glimmers in the dark, we have emerged for a moment from the nothingness of dark unconsciousness into material existence. We must make good the demands of reason and create a life worthy of ourselves and of the goals we only dimly perceive."

Characteristically, while these ceremonies were in progress, Sakharov himself was in Vilna, Lithuania in a vigil at the trial of a close friend and fellow leader of the human rights movement, the brave and then painfully ill biologist, Sergei Kovalov. His public statement on that occasion, as on many occasions since then, emphasized his coldly reasoned concerns about survival in our nuclear armed world. I quote Sakharov's Vilna statement:

"It is absolutely unacceptable—even for a goal as important as respect for human rights—to make conduct in that area a precondition for disarmament negotiations. Disarmament must have first priority."

This concern is repeated in Sakharov's 1975 book "My Country and the World" where we find the quote:

"The unchecked growth of thermonuclear arsenals and the build-up toward confrontation threaten mankind with the death of civilization and physical annihilation. The eliminaton of that threat takes unquestonable priority over all other problems in international relations. This is why disarmament talks, which offer a ray of hope in the dark world of suicidal nuclear madness, are so important."

At the same time, both in words and by his brave example, Sakharov insists that the human rights problems, though not interfering with progress towards nuclear arms reductions, must remain on the basic agenda of our concerns. As he also wrote in his book:

". . . the struggle for greater humanity in places of imprisonment and for human rights in general is not only the moral duty of honest persons throughout the world but constitutes a direct defense of human rights in their own countries."

I was with Andrei Sakharov and his courageous wife in 1976 at an international scientific congress in our common field of physics that convened in Tbilisi in the other Georgia. Once again in conversation, as we walked or lunched and talked together, I was moved by the devotion and personal commitment to basic human rights of this modern-day saint. Occasionally he entered with considerable enthusiasm and pleasure into intense discussions of the latest discoveries in particle physics. But inevitably he would return to his concerns about comrades in trouble—to the plight of his close friends and co-founders of the Committee for the Defense of Human Rights; biologist Sergi Kovalev, suffering in prisons; and physicist Andrei Tverdokhlebov, isolated in the Siberian gulag; and to his efforts in behalf of amnesty for them and for persecuted colleagues in other countries as well.

Sakharov's vigil now continues on a more dangerous and precarious level. He did not go to Gorkiy as an alternative to emigrating to the West—I can tell you directly: there was no such option, and rumors to the contrary are not founded. As to accusations of telling state secrets to the West—that is not only false, it is laughable as his work on the Soviet weapons programs is already thirteen years out of date and out of touch with the considerable progress that has been made since then in this area. As to violence, nonsense. He has addressed this issue repeatedly—here is a quote from a statement following the Moscow subway bomb explosion in January 1977 which was viewed by some as a pretext to crack down on dissidents:

"It is especially relevant that the activity of those who are commonly called dissidents, who struggle in these countries for human rights, is based on a total, principled rejection of force or the advocacy of violence. Our main goal, as well as our only weapon, is public discussion, based on accurate information as complete as possible. This consistent and principled position is at the heart of the dissidents' success and moral authority."

He spoke to this point again in November 1977 when he received, along with Anatoly Shcharansky, the Joseph Prize for Human Rights given by the Anti-Defamation League of B'nai B'rith. I had the great personal privilege to accept this honor for him, at his request, in Washington, D.C. at a dinner attended by Vice-President Walter Mondale. My remarks then included a message obtained from Andrei that again insisted, and I quote:

"The vast majority of dissenters in the U.S.S.R. reject force on principle and employ the true free word as their only weapon."

This is the man we honor here tonight. Underneath it all he is a warm human being—and one no longer very robust, as he now stands on the threshold of great peril. Andrei Sakharov and Yelena Bonner will not allow their courageous voices to be silenced so long as their strength remains. Through petitions, wires, and interviews on the Voice of America, colleagues and scientists in the West have called on our Soviet scientific colleagues to rally to his support and to maintain his one remaining protection of membership in the Soviet Academy of Sciences. We have learned that the Soviet Academy will soon meet (on March 4) and that, ominously, Andrei, for the first time, has not received an invitation to attend. Should the Academy then and there strip him of his membership—and that would require acquiescence of two-thirds of the membership in a secret ballot—the remaining damaged, fragile thread of cooperation between our scientific communities will unquestionably break—and that will be surely a tragedy of great proportions after so many years of carefully nurturing a constructive cooperation in our common search for an understanding of the laws of the one Nature and the one Universe we must share peacefully.

My message to you tonight is—let his oppressors know how much Sakharov, his wife, his colleagues, and what they stand for—mean to us. There is precious little we can do in such dismal circumstances—but the human voice, spirit, and word is a mighty force—or why otherwise are there political prisons and censorship in totalitarian societies? We say to Moscow: Don't martyr this saint. If the Soviet system cannot tolerate a free and active Sakharov and what he stands for, then send him out to us in the West. We'll enthusiastically welcome the most courageous voice of our time.●

## REQUIEM FOR SALT II: IT DIED FROM EXPOSURE TO SOVIET GERM AND CHEMICAL WARFARE

● Mr. HUMPHREY. Mr. President, defeat and despair has finally been struck into the hearts of the well-meaning but naive members of the American arms control community. For over 25 years, American arms controllers have assumed that the Soviets have shared with them a sincere interest in real arms control similar to their own.

American arms controllers have assumed that both the United States and the Soviet Union have a common interest in continuing efforts to control the arms race, that the Soviets negotiated arms control agreements in good faith, and that the Soviets could be relied upon to comply in good faith with the agreed provisions of arms control treaties which they had signed.

We imagined Soviet intentions were mirror-images of our own.

Now, however, the whole philosophical underpinning of American arms control theory has been unraveled. There is now strong and easily comprehensible evidence of flagrant Soviet violations of two solemn arms control treaties.

One of these violations is of a protocol banning gas warfare, signed by the Soviets in 1928, and the other is a convention banning biological warfare signed by the Soviets in 1972.

Neither of these treaties has any verification provisions. The Soviets have to be trusted to comply. On-site inspection is the only feasible verification technique, but naturally the Soviets have refused this.

The arms control community must now be terrified by the new evidence of Soviet arms control violations.

It is significant that chemical and biological weapons have always been considered weapons of mass destruction like nuclear weapons. But chemical and biological weapons can be even more universally deadly to human life than nuclear weapons, and possession or employment of these weapons is even more reprehensible.

Mr. President, I request that the following four articles be printed in the Record. One is entitled "Soviets Feared Violating Germ Weapon Ban," and is dated September 28, 1975. The second is entitled "Germ Warfare: Is the Kremlin Tearing Up the Rules Book?" It is dated March 21, 1980. Both are by William Beecher, from the Boston Globe. I also request that two additional articles be placed in the Record. One is by Rowland Evans and Robert Novak in the Washington Post of April 2, 1980, entitled "Policy or Passing Fancy?" The other is from the Baltimore Sun of March 29, 1980, by Charles Corddry, entitled "U.S. Insists Anthrax Cases Came From Germ Weapons."

The articles follow:

### Soviets Feared Violating Germ Weapon Ban

(By William Beecher)

Washington.—Administration officials here are in a quandary over what they can do about strong indications that the Soviet Union may be violating the ban on biological weapons by building new facilities for their manufacture and storage.

A treaty prohibiting the development, production and stockpiling of biological weapons went into effect last March and the Soviet Union formally declared in June that it "does not possess any" such weapons.

But sources say there is evidence that within recent months the Soviet Union has been constructing or expanding facilities which appear to be biological arms production plants, having very high incinerator stacks and large cold storage bunkers that could be used for stockpiling the weapons.

The locations, they say, are at Zagorsk, about 50 miles north of Moscow, at Omutninsk, 500 miles northeast and at Sverdlovsk, 900 miles due east of the capital.

Some officials point out, however, that even though photographic evidence appears to show biological installations, there is no way to be absolutely certain without sending inspectors into the facilities.

"If we raise the issue," one official said, "the Russians could insist these are simply new pharmaceutical plants and it would be hard for us to prove otherwise, even though the special characteristics are those associated with biological weapons."

Other officials say that if the issue is not raised and thoroughly aired, it might tempt the Soviets to feel they are free to cheat at will on the biological ban.

An even larger issue, some officials say, is what the evidence suggests about the good faith of the Soviets in living up to any arms control agreement.

Administration sources, however, say that certain analysts regard the evidence as sufficiently ambiguous to call for nothing more than continued close surveillance of the suspected facilities.

The treaty, ratified by the Soviets last Feb. 11, calls for a ban on all biological weapons and toxins and the destruction of those on hand. It was drafted in 1971. Thus far it has been signed by 113 nations, of which 50 have ratified it.

The treaty does not establish a specific monitoring mechanism or procedure, but provides that any party believing another to be in violation may "lodge a complaint" with the UN Security Council. "Such complaint should include all possible evidence confirming its validity, as well as a request for its consideration by the Security Council."

And this procedure, too, raises problems.

First, if the United States should complain to the Security Council, it would have to trot out very sensitive reconnaissance photos which would provide intelligence on how good US satellite capabilities are.

Second, raising such an issue formally would tend to undermine the spirit of detente, regarded by any top officials as crucial to negotiations with the Soviets on a second strategic arms limitation treaty, an agreement for mutual troop reductions in Europe and even for Soviet cooperation in moving toward long-term diplomatic solutions to the Arab-Israeli dispute.

Finally, even if a persuasive case were made in the Security Council, the Soviet Union could veto any move for an investigation or a censure.

Given these problems, some officials prefer to raise the issue privately with the Soviets.

"Unless we call them on this issue and demand an explanation," said one senior official, "how much are other prospective agreements worth, anyway?"

Historically, the Soviet Union has taken a leading role in advocating a ban on all biological and chemical weapons. It submitted a draft convention at the United Nations in 1969. For some time thereafter, the United States tried to treat biological and chemical weapons separately, feeling that such things as herbicides and riot-control agents should not be banned from use in combat.

In fact, the United States used herbicides for jungle clearance in the Vietnam war.

In November 1969, President Nixon declared a unilateral renunciation by the United States of the first use of lethal or incapacitating chemical weapons. He also unconditionally renounced all methods of biological warfare. All biological-warfare stockpiles would be destroyed, Mr. Nixon said, and work in the field would be limited to research on methods of defense. A few months later the ban was extended to toxins, as well.

In 1971, at the Disarmament Conference in Geneva, the Soviets agreed to discuss separately chemical and biological weapons and submitted a draft treaty on the latter. Subsequently, the United States and the Soviet Union after considerable negotiation, submitted identical drafts.

Under the terms of the accord, signatory states agree not to develop, produce, stockpile or acquire biological agents or toxins "of types and in quantities that have no justification for prophylactic, protective, or other peaceful use." The same ban covers special weapons and means of delivery.

All such existing weapons are to be destroyed within nine months of the treaty going into effect. Since it didn't go into effect until March 26, the signatories have until Dec. 26 to destroy any biological or toxin weapons they may possess.

The United States has three months in which to destroy or turn over to nonmilitary researchers the small supplies of deadly toxins that the Central Intelligence Agency recently discovered were spared from destruction by middle-level officials acting contrary to instructions.

At the Disarmament Conference in Geneva last June 24, the Soviet delegate, Mr. Roshchin, said: "We attach great value to this international agreement, which bans one of the types of weapons of mass destruction."

He said he was instructed to state that, "At present, the Soviet Union does not possess any bacteriological (biological) agents or toxins, weapons, equipment or means of delivery."

U.S. analysts said such language suggested either that the Soviet Union had destroyed all such stocks, or had never possessed any. The analysts do not know of any destruction program similar to what was undertaken in the United States.

Analysts note, however, that Soviet tanks and armored personnel carriers captured by Israel from Egyptian forces in the 1973 Mideast war were especially sealed and equipped to operate in a chemical, biological or radioactive environment. The Soviets are also known to have conducted extensive defensive training in all three fields, presumably permissible under the treaty.

Given Soviet interests in defense, the question arises whether the three new or expanded plants could have been designed to produce biological agents solely for research purposes. Most analysts say the minute quantities that might be necessary for such purposes can easily be produced in small laboratories and do not require large manufacturing plants.

One concerned senior official said: "The only way to really resolve this matter would be for the Soviet Union to agree to seal these plants and allow some impartial scientists to inspect them. But that's not about to happen."

### Germ Warfare: Is the Kremlim Tearing Up the Rules Book?

(By William Beecher)

Washington.—If reports are true that the Soviet Union is employing poison gas in Afghanistan and is producing germ-warfare agents—both contrary to treaty obligations—the implication is staggering.

It could undermine confidence in the value of a wide sweep of arms control efforts with the Russians.

It would call for a searching reappraisal of the defensive plans for Western Europe.

It would raise deeply troubling questions about whether the Kremlin is becoming contemptuous of the reaction to activities condemned as barbarous by most of the civilized world.

Right off, it should be underscored that the evidence is not unambiguous.

First a trickle and most recently a flood of reports have come from Afghan tribesmen, fleeing to safety in Pakistan, of the use against their villages of a bluish gray gas that caused violent retching and, in some cases, death. During the current Soviet spring offensive to wrest control from the rebels of Kunar Valley, on the Pakistan border, such reports have proliferated.

Might the agent, dispensed from low-flying aircraft, be some form of potent tear gas designed to flush rebel marksmen from their huts where they could be attacked with bombs, bullets and napalm? A person with a severe respiratory problem or weak heart might be killed by such a "nonlethal" agent. Anyway, the reports were sketchy and emotional, coming primarily from illiterate tribesmen.

Analysts noted that while Soviet units throughout Afghanistan have their normal chemical warfare and decontamination units, this could be explained as reflecting a decision to deploy units intact, rather than leave some elements back home.

But one recent report came from a relatively expert witness, a defecting Afghan army colonel who is well schooled on the properties of lethal chemical agents and their effects. He believes he observed a nerve gas attack.

Since the United States now has what it regards as convincing evidence that Vietnamese forces in Laos and Cambodia used Russian-supplied stocks of nerve and mustard gas, some analysts are prepared to believe the Soviets are using poison gas in Afghanistan.

"Why not?" asked one official. "They're using napalm to torch whole villages. They know that if this war drags on it can only bring them grief, with the Moslem world, with the Americans, with everyone. Better to smash resistance as fast as possible. Then there will be only the silence of the grave."

So the United States has decided to try to secure convincing evidence. If it succeeds, it could go before the United Nations to condemn the Soviet Union. Technically, the Russians could use gas in Afghanistan because that country is not a signatory to the 1925 Geneva protocol against gas warfare. But that's a quibble. How would Western Europe, which remembers well the use of gas in World War I, react? And how about the Moslem world, contemplating this kind of gruesome war on its coreligionists?

The other report comes from Russian emigres who have persuasively confirmed rumors of the deaths of hundreds of people in Sverdlovsk following the explosion last spring at what is described as a biological warfare manufacturing plant. American intelligence is convinced that deadly pulmonary anthrax spores were spewed into the atmosphere.

In 1972 the Russians signed a convention banning the development, production, stockpiling or acquisition of lethal germs or toxins, except in small laboratory quantities for medical research. The convention went into effect in 1975, at which time the Soviet Union formally declared it "does not possess any" such weapons.

But at roughly the time of that declaration, U.S. intelligence came up with photographic and other evidence suggesting the Russians might be constructing or expanding bacteriological warfare plants at Zagorsk, Omutninsk and Sverdlovsk. They pointed to the high incinerator stacks and large cold-storage bunkers normally associated with such special production.

If confronted, the Russians might, of course, have insisted the plants were simply for pharmaceutical manufacture. But some officials urged the Administration to approach the Russians and ask for on-site inspection—by a neutral panel of experts, if necessary—lest an absence of challenge let the Soviets thinks they could get away with stockpiling germ weapons.

But the Administration, at that time, felt the evidence was unclear and the danger of bruising détente too great. Now, however, after Afghanistan and after the Sverdlovsk incident, the U.S. is demanding an explanation from the Russians.

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### Policy or Passing Fancy?

(By Rowland Evans and Robert Novak)

President Carter's disavowal last week of his three-month-old confession that the invasion of Afghanistan changed his view of "ultimate" Soviet goals followed a familiar pattern of reshaping positions to his political needs, a syndrome newly apparent in his treatment of germ warfare charges against Moscow.

In an interview with The Washington Post's Meg Greenfield, Carter denied he had ever admitted changing his own mind about the Soviets' "ultimate goals" as a result of Afghanistan. In fact, on Dec. 31, following the Soviet invasion, Carter declared over ABC television that Afghanistan "made a more dramatic change in my opinion of what the Soviets' ultimate goals are than anything they have done" during his administration.

Thus, Carter's syndrome: what he says for immediate political impact one day, he denies the next under the stress of changed political needs. The result is that U.S. policy becomes hostage to instant political requirements. That has infuriated U.S. allies, confounded U.S. enemies and consigned Carter's real policy to the murky world of make-believe.

The Carter syndrome has been tripping him and his country in foreign policy for three years, but never so consistently as in these days of the Soviet global offensive and the Carter reelection drive.

On Jan. 23, one month after Afghanistan, the president sounded a call to arms in his State of the Union message. It is "imperative," he said, that Congress approve a 1981 defense bill equal to "a 5 percent real growth in authorizations, without any reduction."

When Carter's budget revisions reached the House Armed Services Committee March 31, he called for a 2 percent real growth. In just three months, the president's perception of political reality had caused him to downgrade drastically what he had told Congress was an "imperative" of military preparedness.

The case of alleged Soviet violations of the 1972 treaty banning biological (germ) warfare also has triggered the syndrome. When the allegations about violations were first heard by Carter last spring, he turned a deaf ear. He did so not because the suspicions had been disproved, but because he did not want to harm his cherished strategic arms limitation agreement (SALT II).

Any proof that Moscow has violated the insistent and specific terms of the germ warfare treaty would have made SALT II its first casualty. So, the wraps were on; the explosion in a suspected biological warfare plant in the closed city of Sverdlovsk, nearly 1,000 miles east of Moscow, was given the quick brush.

Afghanistan changed everything. Suddenly, the same circumstances deemed inadmissible for U.S. scrutiny only months earlier were perceived, said a State Department spokesman, as having caused "substantial numbers of fatalities perhaps running into the hundreds."

But will Carter insist tomorrow, as he does today, on uncovering the truth about the alleged Sverdlovsk treaty violation? The State Department says he will. The president's record of making policy according to political needs of the moment strongly argues that he will not.

That is particularly true in this case because a U.S. finding that the Russians blatantly cheated on the unverifiable germ warfare treaty would revolutionize the political climate here against the strategic arms agreement. The top-secret guideline drafted by the National Security Council's Special Coordination Committee last month, informing Carter the administration was "raising this matter" with Moscow, specifically noted "potentially serious implications for the future of arms control."

Those implications center not on germ warfare but on the broader question of nuclear arms control. In the words of one top arms-control expert, a finding of Soviet guilt at Sverdlovsk "would terrify the arms controllers, not just because of the verification problem but because it would prove Soviet intent to cheat at a time many arms controllers claim that there is no such intent."

Some day, perhaps soon, Jimmy Carter may decide to resume all-out pursuit of détente, despite Afghanistan. When that day comes, the Carter syndrome makes change easier: the Sverdlovsk incident, along with the 5 percent increase in the defense budget and many other now-forgotten Carter policies pegged to the passing fancy, will simply be denied and hidden in some musty file.

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### U.S. Insists Anthrax Cases Came From Germ Weapons

(By Charles W. Corddry)

Washington.—Administration officials said last night they had compelling evidence that outlawed germ-warfare weapons were involved in the 1979 accident that caused an outbreak of anthrax in Sverdlovsk, an industrial city about 900 miles east of Moscow.

Going well beyond earlier State Department declarations on the highly sensitive issue, the sources also said the Sverdlovsk military installation involved was one of *nine* where the Soviet Union was suspected of producing or storing biological weapons.

Weapons that spread disease are banned under a 1975 Biological Weapons Convention to which the United States and the Soviet Union are parties.

Moscow indignantly denied as fabrications the State Department's first statement, March 18, about reports of an accident with germ weapons. The department rejoined that the accident may have caused "hundreds" of deaths, but gave relatively little of its evidence.

The sources last night, declining to be quoted by name, said the evidence from "emigrants and eyewitnesses" contradicted Moscow's claims that contaminated beef caused the anthrax at Sverdlovsk.

They noted, too, that Moscow now acknowledges there was an anthrax outbreak but has failed to report it, as required, to the World Health Organization. Anthrax is a disease of cattle and sheep that can be transmitted to humans.

The administration sources gave this account of the incident:

One April night in 1979 there was an explosion at the plant in Sverdlovsk. Four days later, military personnel were admitted to a civilian hospital choking, their lips and ears turned blue, running high temperatures.

They died within seven hours.

Within 10 days of the explosion, more than 40 military personnel had died, and the same symptoms were showing up in civilians who had been downwind from the explosion. Doctors were called in from other districts, and all patients except those with anthrax were evacuated from the hospital.

Total deaths are unknown, but more than 200 died in the one hospital. Inoculations were administered throughout the district.

Visiting doctors simply did not believe, the account went on, the district physician's claim that the anthrax resulted from an illegal sale of contaminated beef. Autopsies showed that the victims had pulmonary anthrax, from inhaling the bacilli—not the gastric type, which might be caused by eating bad beef, or the skin type, caused by handling infected meat.

The explanation that contaminated meat was involved is practically impossible to accept, the administration sources said. Cooking destroys bacilli, they said. and hundreds of persons would have had to have eaten raw beef to have caused an outbreak such as that at Sverdlovsk. In addition, the beef would have had to have been extremely sloppily handled.

Moreover, no animal quarantine was ordered, as would have been expected if there was an infected herd, it was remarked.

Mr. HUMPHREY. Mr. President, Soviet employment of chemical and nerve agents in Afghanistan, together with the Soviet pulmonary anthrax accident at the Sverdlovsk Biological Warfare Manufacturing facility in the spring of 1979, reflect flagrant Soviet violations of solemn arms control treaties.

The Soviets should be branded international outlaws for their dangerous treachery. These Soviet violations should finally sound the death knell of 25 years of futile U.S. arms control efforts too often based on wishful thinking about benign Soviet intentions.

The Soviet claim in 1975 never to have possessed biological warfare weapons is now also clearly exposed as another Soviet lie. It is still another example of Soviet arms control deception.

Soviet arms control perfidy has now been exposed on such a grand scale that the whole world can clearly see Soviet duplicity for what it is.

By their treacherous failure to comply with arms control treaties, by their flagrant lies, the Soviets have shown clearly for all the world to see that they view international arms control treaties as meaningless scraps of more paper to be covertly and openly violated anytime it suits their purposes.

Even more important than the new evidence of Soviet arms control violations themselves is a recent confession from the Carter administration's State Department. The week before last, Barrie Dunsmore of ABC News reported that a State Department official admitted that had it not been for the ominous Soviet invasion of Afghanistan, the American people would never have heard about the Soviet pulmonary anthrax accident last year at the Sverdlovsk Biological Warfare Manufacturing plant. Evidence of the Soviet accident was evidently suppressed for almost a year. Indeed, the 1975 Beecher article suggests that evidence of Soviet biological warfare capability was suppressed by Secretary of State Kissinger as well.

This is a remarkable confession by the State Department. The State Department seems to be admitting also that the American people may not yet have been told the true story of Soviet SALT violations, which has likewise been suppressed for years.

I have studied the Soviet compliance record with the SALT I agreements in great detail, and I know that there have been a number of serious Soviet SALT violations which have been condoned and suppressed by the United States. The American people are only now starting to learn of the pattern of U.S. suppression of the history of Soviet SALT violations.

Today, much of the U.S. coverup of reported Soviet bad faith is still concealed by classification restrictions, many of which are unnecessary.

The American people have a right to know their vital national security interests have been deliberately weakened by the SALT-sellers of this and past administrations. Our Nation's future is at stake.

Americans have a right to be outraged by Soviet SALT duplicity and blatant cheating.

I believe our citizens have even more right to the anger which will arise when the public learns how our own official policymakers actually have aided the Soviets by suppressing the history of Soviet SALT violations.●

## DOUBTS ABOUT THE MX MISSILE

● Mr. PELL. Mr. President Henry E. Eccles, a retired U.S. Navy rear admiral recently prepared a highly perceptive analysis of the administration's plan to deploy a new generation of land based intercontinental ballistic missiles known as the MX. He concluded that the MX program should be abandoned and that we place greater emphasis on arms control to advance our security. I am inclined to agree with Admiral Eccles. I ask that his paper be printed in the Record.

The material follows:

### THE MX MISSILE

The United States' plan to deploy 200 mobile thermonuclear missiles, each on a special railroad track with 23 hardened shelters covering about 20,000 square miles in Utah and Nevada, is estimated to cost at least 30 billion dollars.

They are designed not to make a preemptive first strike at the Soviet weapons sites, bases, industry or cities but rather to provide the capability to conduct what is known as controlled counterforce nuclear war against Soviet missile sites.

The purpose is to pose such a large number of possible targets for Soviet missiles that the probability of disarming the United States by a "first strike" counterforce missile attack would be so low that the Soviets would have little incentive to attack.

This program is part of the policy of nuclear deterrence and as such its merits and demerits are usually argued in language and logic so esoteric and so speculative that informed, honest, and patriotic men can reach and plausibly support, opposite conclusions. Each makes a personal, intuitive and unquantifiable evaluation of the inherent critical risks. Therefore, we must cut through the confusion of argument to reach the critical issues. These are:

1. What is the nature of national security?
2. Is counterforce nuclear action a valid concept to insure such security?
3. What is the special nature of command decision and control in nuclear action?

Other issues, such as the cost effectiveness of the system, its effect on inflation and on the environment and the feeling that the system is the child of bureaucratic politics rather than sound strategic analysis, while pertinent, are not decisive.

National security: National security is both the security of the state itself as a sovereign political entity and the security of the institutions of the nation. These institutions grow out of and protect the values of the people of the nation. Thus, National Security should be seen as:

External security: national political sovereignty, territorial integrity, and access to economic resources.

Internal security: economic sufficiency, freedom of enterprise, of expression, of elections, and of the judiciary.

Each category of security and of freedom has its own constituency of special interest which is in continuing competition with other interests for economic and political preference and power. Since resources are always limited, this complex competition makes it impossible to formulate and carry out a no risk national security policy. There is no way in which the risks can be calculated scientifically. Instead, risk evaluation is a matter of intuitive, political, economic, and military judgment.

### FUNDAMENTALS OF NUCLEAR ACTION

In conventional war, a major command error can be overcome by extraordinary effort by that command itself or in another area of the field of action.

Nuclear weapons are so swift and so destructive that their use leaves no room for error in the Commander-in-Chief's decision process or the operation of the command and control system.

Time and timing are critical: time available to make the decision, time required to carry out the decision, timing of the various phases of the action, particularly the time required to change targets in response to unanticipated developments.

In nuclear warfare, mistakes are irretrievable. Thus, nuclear weapons command and control is a system of absolutes. Once the weapon is loose, the decision cannot be reversed.

The weak link in this vital system is the sense of moral responsibility for making the critical decision to initiate the use of nuclear weapons. This cannot be resolved by scientific analysis. It is the ultimate expression of one's deepest sense of human values. It must be made in a few critical minutes during which the Commander-in-Chief comes to the shocking recognition that right now, he must decide the life or death of tens of millions of his fellowmen.

Any decision to use a nuclear weapon would require the imposition of authoritative control over most of the normal activities of the nation to prepare for the vast physical destruction and social, economic, and political disruption which certainly would follow even a limited nuclear exchange.

Even the imminent threat of such exchange can create panic. No one can foresee the consequences of the news that the President has gone to a sheltered command post while two hundred million of his people are exposed to extinction.

### CONCLUSIONS

The situation today is:

Repeated studies show that even a relatively small nuclear exchange would produce catastrophic long-range harm as well as immediate damage and casualties.

There is no effective civil defense in the U.S.A. nor is there any evidence that one will be adequately funded and competently managed.

The concept of counterforce nuclear warfare as a means to assure national security is being challenged. Recent events have shown the fallibility of the Presidential decision process. The reliability of the operation of the command and control system under stress is seriously questioned. The cumulative effect of these and of the secondary issues is to diminish rather than enhance both the external and internal elements of national security.

The nature and degree to which the MX system would influence Soviet action is purely conjectural. The present situation with both "strategic" and "theater" weapons is complex and dangerous enough, without spending enormous resources on a project which will further complicate the situation without any assurance of accomplishing its supposed objective.

Therefore, we should abandon the MX missile system program, continue to depend on the present general system of nuclear weaponry to provide deterrence against nuclear attack, make every effort to reduce nuclear weaponry, and accept an acknowledged risk in so doing.●

## U.S. POPULATION

● Mr. PACKWOOD. Mr. President, I wish to report that, according to the latest U.S. Census Bureau approximations, the total population of the United States on April 1, 1980 was 222,566,632. This represents an increase of 155,924 since March 1, 1980. Since last year, our population has grown 2,299,646.

During the past month we have added enough additional people to our country to fill the entire city of Youngstown, Ohio. Over the past year, our population has increased enough to fill the city of New Orleans almost four times.●

## METHANE FROM MANURE

● Mr. McGOVERN. Mr. President, faced with ever-mounting financial and market problems, it is heartening to see the ingenuity being displayed by the American farmer in turning toward renewable energy sources. One well-known resource is alcohol fuels, the subject of much interest and legislation by those of us who believe in its positive contribution to our future liquid fuel supplies.

There is, however, another promising source of rural renewable energy coming on to the marketplace, and that is methane Animal manure, when collected and transformed into methane in a digester, can power all of a farm's electricity. Waste heat drawn off a methane generator can fire an alcohol still. And excess methane can be used for cooking and heating a farmhouse. Thus a farm's gas, electric and liquid fuels can all come from its own resources.

The Mason-Dixon Farm, just a few miles from Camp David in Pennsylvania, may well be the showcase for methane generation. As the following article points out, manure from 700 of the farm's dairy cows is used to generate 75 percent of the farm's electricity. I understand that, as with alcohol distillation, there is valuable byproduct left over from the methane generation process which is used for bedding. This material, free of disease-carrying bacteria, cuts down on disease and frees up land normally set aside for growing bedding crops.

If the Mason-Dixon Farm digester's payback period is as good as projected—3–5 years—there should be no doubt that farmers can soon look forward to better financial times as we move toward rural energy self-sufficiency. Mr. President, I submit for the RECORD the following article describing the digester.

The article follows:

[From the St. Louis Post-Dispatch]

DAIRY FARM USES MANURE FOR ENERGY

GETTYSBURG, PA.—Dairy farmer Richard Waybright surveyed the row of cows being mechanically milked in his milk parlor and chuckled.

"What amazes me," he said to no one in particular, "is that these cows are being milked by electricity produced from their own manure."

Waybright, owner with his brother of a $6 million dairy farm seven miles south of here, had reason to be happy. Eight months ago he took a gamble on a bold proposal of a Chicago engineering firm to produce energy out of cow manure.

The result is a methane biogas system which now produces about 75 percent of the Waybright farm's energy, has cut his $30,000 yearly electric bill in half and has the potential in six months to generate not only enough electricity to be self-sufficient but also to sell excess electricity to the local power company.

What is even more unusual about Waybright's project—considered by biogas observers as the first commercial success—is that not a nickel of government money has gone into the operation.

On paper, the system looks simple.

Twice daily water flushes through the 740-foot long barn, collecting approximately 60 pounds of wet manure from each of 700 dairy cows. The manure ferments for 15 days in a large tank 14.5 feet deep. As it ferments, methane gas collects above the tank and is delivered to an electric generator, developed by Stewart and Stevenson of Houston. The generator is first started by diesel fuel.

The waste heat then is mixed with corn grown on the farm to produce pure alcohol, which can be sold for gasohol. The corn remains are then processed into feed for the animals, essentially completing a cycle which has the potential to make the farm self-sufficient.

The key, says agricultural engineer Mark Moser, who helped design the system, is to have a minimum of about 250 dairy cows. have a way to collect the manure and have an engineering firm tailor the process to fit the farm.

Prior to last spring's accident at Three-Mile Island, the Waybright farm had been drawing some of its electricity from that facility, about 40 miles away. The farm, running 2,600 acres of which all but 500 are farmed, grows alfalfa, corn and grass.

The system cost Waybright about $80,000 to install, including construction which was done by his own employees. Because of inflation and other factors, a similar project would cost about $120,000 today.

The methane biogas system, designed by Chicago-based Sheaffer and Roland, Inc., has generated considerable interest in both governmental and industrial circles.

Karl Conrad of the citizens division of the U.S. Department of Energy believes other dairy farms could become energy producers by effectively collecting their cow's manure while Stewart and Stevenson, a $250 million company, is building a new plant in San Marcos, Texas, to specialize in producing generators and motors to convert the biogas into electricity.

Although it's difficult to estimate how adaptable nationally the technology can be, one U.S. Department of Agriculture study cited by the engineering firm predicts that 53 million tons of animal excretion from 23 farm states can produce $767 million of electricity at 5 cents-per-kilowatt hour.

In his case, Waybright believes that at that rate his farm in about six months will produce about $13,000 more electricity than it can use. Although he speculates that it might be a public relations gimmick as much as anything, Metropolitan Edison Co. of Pennsylvania contacted him last month seeking to purchase any excess power.●

## PROPOSED ARMS SALES

● Mr. PELL. Mr. President, on behalf of the Senator from Idaho (Mr. CHURCH), section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calender days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the 5 notifications I have just received.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
*Washington, D.C., March 24, 1980.*

Hon. FRANK CHURCH,
*Chairman, Committee on Foreign Relations, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 80–51, concerning the Department of the Army's proposed Letter of Offer to Egypt for defense articles and services estimated to cost $34.3 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
*Lieutenant General, USA, Director, Defense Security Assistance Agency.*

[Transmittal No. 80–51]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Egypt.

(ii) Total estimated value: Major Defense Equipment*, $31.3 million; other, $3.0 million; total, $34.3 million.

(iii) Description of Articles or Services Offered:

Forty-three (43) M88A1 full tracked medium recovery vehicles with ammunition, communications and support equipment, related spare parts, training and other associated services.

(iv) Military department: Army (UBI).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

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*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: None.

(vii) Section 28 report: Case not included in section 28 report.

(viii) Date report delivered to Congress: March 24, 1980.

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DEFENSE SECURITY ASSISTANCE AGENCY,
*Washington, D.C., March 24, 1980.*
Hon. FRANK CHURCH,
*Chairman, Committee on Foreign Relations, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 80-52, concerning the Department of the Army's proposed Letter of Offer to Egypt for defense articles and services estimated to cost $82.8 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
*Lieutenant General, USA, Director, Defense Security Assistance Agency.*

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[Transmittal No. 80-52]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Egypt.

(ii) Total Estimated Value: Major Defense Equipment,* $75.0 million Other, $7.8 million; Total, $82.8 million.

(iii) Description of Articles or Services Offered:

Five hundred fifty (550) M113A2 Full Tracked Armored Carriers including applicable armament, basic loads of ammunition, training, spare parts and ancillary and support equipment.

(iv) Military Department: Army (UBJ).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Case not included in Section 28 report.

(viii) Date Report Delivered to Congress: March 24, 1980.

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DEFENSE SECURITY ASSISTANCE AGENCY,
*Washington, D.C., March 27, 1980.*
Hon. FRANK CHURCH,
*Chairman, Committee on Foreign Relations, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 80-49, concerning the Department of the Navy's proposed Letter of Offer to Denmark for defense articles and services estimated to cost $10.4 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
*Lieutenant General, USA, Director, Defense Security Assistance Agency.*

[Transmittal No. 80-49]

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NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Denmark.

(ii) Total Estimated Value: Major Defense Equipment,* $10.1 million; Other .3 million; Total 10.4 million.

(iii) Description of Articles or Services Offered:

Fifteen (15) RGM-84A HARPOON missiles in grade B canisters with related supporting equipment.

(iv) Military Department: Navy (ABQ).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: Navy.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending 31 December 1979.

(viii) Date Report Delivered to Congress: March 27, 1980.

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DEFENSE SECURITY ASSISTANCE AGENCY,
*Washington, D.C., March 26, 1980.*
Hon. FRANK CHURCH,
*Chairman, Committee on Foreign Relations, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 80-54, concerning the Department of the Air Force's proposed Letter of Offer to Germany for defense articles and services estimated to cost $49.9 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
*Lieutenant General, USA, Director, Defense Security Assistance Agency.*

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[Transmittal No. 80-54]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Germany.

(ii) Total Estimated Value: Major Defense Equipment* $0.0 million; Other, $49.9 million; Total, $49.9 million.

(iii) Description of Articles or Services Offered:

Replacement/modification of electronic warfare and radar equipment for Brequet "Atlantic" 1150 measuring variant special mission aircraft.

(iv) Military Department: Air Force (YAK).

(v) Sales Commission, Fee, etc. Paid, Offerred or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending 31 December 1979.

(viii) Date Report Delivered to Congress: March 26, 1980.

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DEFENSE SECURITY ASSISTANCE AGENCY,
*Washington, D.C., March 28, 1980.*
Hon. FRANK CHURCH,
*Chairman, Committee on Foreign Relations, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 80-55, concerning the Department of the Army's proposed Letter of Offer to France for defense articles and services estimated to cost $9.2 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
*Lieutenant General, USA, Director, Defense Security Assistance Agency.*

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[Transmittal No. 80-55]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: France.

(ii) Total Estimated Value: Major Defense Equipment,* $8.2 million; Other, $1.0 million; Total, $9.2 million.

(iii) Description of Articles or Services Offered: Ten thousand (10,000) rounds of 105mm, M735, armor piercing ammunition.

(iv) Military Department: Army (UWS).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Case not included in Section 28 report.

(viii) Date Report Delivered to Congress: March 28, 1980.●

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## THE SCHOOL BREAKFAST PROGRAM

● Mr. McGOVERN. Mr. President, the school breakfast program, which began as a pilot program in 1966 and made permanent in 1975, provides breakfasts to over 3 million children in more than 27,000 schools across the Nation. Even though most nutritionists agree that breakfast is the most important meal of the day, for far too many of these children, the breakfast at school is the only breakfast available to them.

Congress acknowledged the importance of the breakfast program at school when it mandated in the 94th Congress an Outreach Program through the Department of Agriculture. Pursuant to this mandate, the Food and Nutrition Service of the Department of Agriculture has undertaken a three-pronged effort to increase participation in the breakfast program. Regional offices of USDA have selected 19 States for special work with State education agencies; the national PTA has received a grant of $98,000 for work in 20 States; and six nonprofit organizations were awarded a total of $230,000 for outreach efforts.

Today I would like to bring to the attention of my colleagues one of these outreach efforts, a 10-minute film entitled "School Starts with Breakfast" produced by the national child nutrition project. The film depicts an actual school breakfast program in operation with testimony from school officials, parents and children. It can serve as an introduction to the program for school administrators, parents, and teachers in communities without school breakfast.

At a time of severe budgetary constraints, thus making Federal outreach efforts more difficult, I am especially encouraged that this excellent film, which was developed by a nutrition advocacy organization, has been purchased and distributed to all State school food service directors free of charge by the Kellogg Co.

I ask that a short description of this film be printed in the RECORD.

The description follows:

### SCHOOL STARTS WITH BREAKFAST

A 16mm color documentary film of the Andover-Morris School Breakfast Program, Phillipsburg, New Jersey; Length: 10 minutes.

### PARTICIPATION

The School Breakfast Program began in the fall of 1976 at the Andover-Morris School. It then served nearly 80 children a day. Participation has increased to the current 110 children who eat daily from 8 to 8:30 a.m. in the school's gym. Approximately 320 children are enrolled in the school which covers kindergarten through fifth grade and includes a special education class.

### PREPARATION

Two cafeteria aides work an hour and a half every morning preparing and serving breakfast, and then cleaning up afterwards. The food is delivered from a central kitchen in the district; fresh milk arrives daily from a local dairy. The school custodian takes about 10 minutes a day to do the final clean up. The food service director spends about 2 hours per month on administrative duties.

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*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

### SAMPLE MENU

A variety of cold cereals are served daily. Children usually have a choice between a cold cereal and a hot food item.

Monday: Oatmeal or Cereal; Orange Wedges, Milk.

Tuesday: Pancakes or Cereal; Grape Juice, Milk.

Wednesday: Cream of Wheat or Cereal; Banana, Milk.

Thursday: French Toast or Cereal; Pineapple Juice, Milk.

Friday: Oatmeal or Cereal; Orange Juice, Milk.

### PROGRAM COSTS PER DAY—APRIL 1978

The daily cost of serving breakfast varies according to menu changes. It averages $44.00. Children's payments plus the regular per meal rate of reimbursement provide up to $48.07 to cover the costs of food, labor, and administration. If program costs should rise, the higher, especially needy rate of reimbursement—plus the children's payments—would make available up to $54.76 to cover program expenses.

"School Starts With Breakfast" was produced by the National Child Nutrition Project with funds from the Community Services Administration.●

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## CLOSING OF AMERICAN CONSULATES

● Mr. PELL. Mr. President, on February 19 President Carter ordered the State Department to close five U.S. consular posts in Europe and two in East Asia. This order was given despite the fact that section 108 of the fiscal year 1980–81 State Department authorization act prohibits the closing of these posts.

In signing that act, the President took issue with section 108, claiming that it infringed on his authority to appoint consuls. I regret that interpretation, as I had hoped that the President would see section 108 as an exercise of the Congress power to designate the purpose for which authorized funds are to be spent.

But whatever the constitutional points are in this matter, I believe that it is unwise to dismantle a valuable part of our network of consular posts. They are a part of our front line of diplomacy, which is just as important as our defense establishment in protecting and advancing our interests abroad.

The reaction abroad, both by Americans served by the consulates slated for closure and the host governments, has been highly negative. In this connection, the International Herald Tribune on March 18 published a very important and persuasive article by Jeffrey Robinson on the importance of the consulates to be closed in Europe.

I ask that the article be printed in the RECORD, and I hope very much that it will arouse my colleagues to urge the President to reconsider his decision.

The article follows:

### FIVE U.S. CONSULATES IN EUROPE ON PRESIDENT'S SHUT-DOWN LIST

(By Jeffrey Robinson)

NICE, FRANCE (IHT).—Five American consulates in Europe are scheduled to be shut by Sept. 30 despite a congressional provision directing the president not to close them. President Carter issued an order directing the closures last month in Washington.

The consulates are in Salzburg, Austria, Goteborg, Sweden, Bremen, West Germany, Turin, Italy and Nice. Also listed for closure are U.S. consulates in Brisbane, Australia, and Mandalay, Burma, plus two not yet identified. Three which the president apparently considered closing but has decided to keep open are those in Adana, Turkey, Tangiers, Morocco, and Surabaya, Indonesia.

In 1978, President Carter outlined a plan to close some consulates around the world for budgetary reasons, among them, the five in Europe. But protests from American and local communities served by the consulates resulted in Congress' tacking a provision onto the State Department authorization bill to keep the posts open. President Carter signed the bill.

In February, however, the president sent a memo to Secretary of State Cyrus Vance saying that on Vance's recommendation in 1978 he approved the closure of the 13 consulates that the secretary of State had judged to be no longer necessary for the performance of essential functions. He acknowledged that Congress had included a provision in the Department of State Authorization Act for fiscal years 1980 and 1981, that 10 specific consulates of the 13 should not be closed.

"At the time of my approval of the Authorization Act," the president's memo reads, "I noted that because of the president's constitutional power to appoint consuls and the authority implicit in that grant of power to decide where and when a consul should be appointed. I regarded the provision in the Authorization Act to be a recommendation and not a requirement."

The presidential memo says that the advisability of closing the 10 consulates was reconsidered during the preparation of the 1981 budget, but that recent events have led him to conclude that only three of the 10 should remain open. The seven to be closed are, in his words, "clearly marginal", and he wants them shut.

### IF ASKED ONLY PRESS RELEASES

The 1978 position of the State Department towards the announced closings was summed up by spokesman Hodding Carter 3d: "Closing posts is, in fact, only one of a number of measures we are obliged to take within the Department of State because of the current constraints on our resources . . . However, the closing of posts should not be interpreted as any lessening of U.S. interests in a particular area . . . Our level of services and representation [will be] maintained at as high a level as possible."

The same response comes, almost verbatim, from the principal officers at the consulates involved.

To avoid the kind of outcry that followed the 1978 announcements, embassies in the various countries concerned have drawn up "if asked only" press releases. The "if asked only" statements say that the president has deemed the closing necessary for budgetary reasons and that the nearest U.S. consulate will pick up the work load, continuing to provide the fullest service to the area.

Operating budgets at each of the five consulates runs from about $175,000 to $275,000 a year, with three of the five in the $225,000–$250,000 range.

"That $1.2 million figure is not necessarily money saved," admits an embassy budget officer. "Closing one consulate adds to the operating costs of another. Travel expenses increase because there is now a wider area to be serviced, and the increased work loads require an increased staff."

The shutdowns come at a time when the number of visa applications in Europe is increasing as Europeans discover the United States. The decline in the value of the dollar makes the U.S. a bargain for most Europeans.

The consulate general in Bremen, which opened in 1796, issued more than 20,000 nonimmigrant visas last year. There are only about 3,000 Americans living in the area, but the Bremen office also handles official matters for about 10,000 servicemen and their dependents living within the consular district.

The five-member staff of the Salzburg consulate does not issue visas, but it does account for nearly a fourth of State Department-generated trade opportunities in Austria, according to a spokesman. Opened after World War II, the Salzburg consulate was closed in 1963, but reopened in 1973.

The Turin consulate, opened in 1877, services an area considered by U.S. experts to be Italy's second most important commercial market. Milan is first. It reports that U.S. exports to the Turin consular district yearly amount to almost $300 million.

At the consulate general in Goteborg, nonimmigrant visas are up 40 percent, and trade opportunities have increased nearly 50 percent over 1978. The nearest consulate to take up the slack if Goteborg closes is in Stockholm, about 6 hours away by car. The Goteborg office was closed once before in 1970 but reopened six years later. The East Germans have a large trade center in the city and the Soviets have recently purchased a parcel of downtown land on which they are erecting two three-story glass buildings—one for a new consulate general, the other as a residence to house the estimated 60 employees who will work there.

The Nice consulate, opened in 1818, represents not only a part of France heavily settled by Americans but also serves as the official American representative to the Principality of Monaco. It is the busiest U.S. post in France outside Paris for special consular services. Commercial activities are reported to be up by almost a third over the previous year. Adds a longtime area resident, "The reason Nice is slated to close is because it's Nice. No one bothered to look at the work load of the consulate or at the fact that on any given day during the season there are some 20,000 Americans in the area. They figure Nice must be a vacation for the people employed here so the ax drops."●

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## YOUTH UNEMPLOYMENT

● Mr. CRANSTON. Mr. President, on March 13, 1980, the Subcommittee on Employment, Poverty, and Migratory Labor on which I serve on the Committee on Labor and Human Resources, received testimony from Pedro Ruiz Garza, national director of Ser-Jobs for Progress, the largest hispanic community-based employment and training organization in the United States.

Given the difficult decisions that we have to make in the days and months ahead in our attempt to balance the Federal budget, I think it is especially important that we understand all of the many aspects of youth unemployment today and fully grasp its potential significance for the upcoming decade. As we enter the eighties, young men and women between the ages of 16 and 19 have an unemployment rate of over 16 percent—almost three times the national average. The figure for minority youth of the same age is an unbelievable 32 percent.

It is for these reasons that I wanted to share with my colleagues Mr. Garza's testimony. While I certainly do not agree with his assessment of the administration's concern for the problems of the unemployed, I think his remarks give a good sense of the seriousness of the problem.

Mr. President, I ask that Mr. Garza's remarks be printed in the RECORD.

The testimony follows:

### TESTIMONY OF PEDRO RUIZ GARZA

Mr. Chairman and members of the subcommittee: I welcome the opportunity to present testimony before you this morning on the proposed Youth Training and Employment Act and its impact on youth employment, particularly as it relates to hispanic youth.

As national director of the largest hispanic community based employment and training organization in the U.S., I come before you to share our views on the unique employment problems facing hispanic youth and our recommendations for addressing them.

1. Hispanic youth employment problems.—The most devastating problem facing our youth continues to be an economic system that has been neither sensitive nor responsive enough to the employment, training and educational needs of young hispanics.

Public policy makers have shown little or no commitment to increase and improve information and awareness of hispanic youth employment problems. The result has been a minimal resolution of the problem. Moreover, the little data available shows the hispanic youth population falling far behind the general youth population in many economic and educational indicators.

If these trends are not addressed, the problem confronting our youth will be compounded, thereby widening the gap between hispanic youth and the general youth population.

1. Population characteristics. In 1978, the U.S. Census Bureau estimated the Hispanic community conservatively at 12 million persons. Of this number, 42 percent were under 18 years of age as compared with 29 percent for the total U.S. population. The median age of 22.1 years for persons of "Spanish origin" was by far the lowest of any group in the U.S.

2. Labor force participation. Over the past decade Hispanic youth significantly increased in labor force participants, but did not surpass that of the total youth population. Diversity in Hispanic youth (16–24) labor force participation is demonstrated by the 20 percent differential between Mexican-American (72 percent) and Puerto Rican (under 50 percent) youth.

Nonetheless, increased labor force participation did nothing to improve the employment situation. According to a noted labor economist, Dr. Richard Santos of the University of Texas at Austin, persons between the ages of 16 and 24 years comprise only 26 percent of the total Hispanic labor force, but represent nearly 45 percent of all unemployed Hispanics.

3. Unemployment rate. Current statistics indicate that the Hispanic youth unemployment rate is 20 percent. In other words, one out of every five Hispanic youths is unemployed, with the figure for Puerto Rican youth reaching one out of every four without a job. Several factors contribute to the disproportionately high Hispanic youth unemployment rate:

3(A). Educational attainment. More than one out of every three Hispanic youths ages 16–24 years is a high school dropout. Consequently, the median years of school completed by Hispanics is 10.4.

Thus, it becomes apparent that Hispanic youth are not receiving the basic educational skills and related work experience necessary to properly enter and succeed in the labor force. Furthermore, this unfortunate situation is perpetuated by a cvcle where poor preparation for entering the labor force leads to unemployment. This results in low incomes.

a. Minimal income does not offer individuals or their children equal opportunities for adequate training to upgrade employment or to successfully compete in the labor force.

b. Language barrier. The fact that a large number of Hispanic youth in the labor force are of limited English-speaking ability further reduces their employability in an English language dominant society. In many cases, it is the employer who will not hire them. In others the youth themselves are discouraged from applying for employment because of their English language deficiency.

c. Discrimination. We also have to acknowledge the fact that employment discrimination exists in the labor force and that Hispanic youth must overcome two handicaps: the fact that they are young, (not accepted in the labor market as adequately trained or experienced) and the fact that they are predominant in a culture other than society's dominant culture.

The employment problems of Hispanic youth are structural and chronic in nature and cannot be solved by short run solutions. The strategy developed to address the youth unemployment issue must become part of the overall national employment and economic policy if it is to succeed.

II. Economic policy for the eighties. The availability of employment opportunities in this decade will be profoundly affected by the economic policies that are developed by the U.S. Congress and the President in the next two years. It is, therefore, distressing to hear President Carter announce that his administration will adopt so-called anti-inflationary measures that will cut back vital services to our communities and sacrifice millions of productive individuals to the ranks of the unemployed. This economic policy not only demonstrates a total lack of concern for the plight of working people, but it also retracts the promises and commitments of the administration and the Congress.

The Full Employment and Balanced Growth Act of 1978 established as national policy the inherent right to employment at fair rates of compensation to all Americans who are able and willing to utilize such opportunities. This is a basic premise that cannot and must not be compromised if we are to maintain and indeed restore confidence in our economic system. We cannot accept delays in accomplishing the mandates of this act, 3 percent adult unemployment and 4 percent overall unemployment by 1983, nor can we abandon the spirit of the law by allowing ourselves to be exploited by politically expedient measures that will eventually stifle our economy.

The effect of this administration's proposed policy of austerity will most deeply impact Hispanics and other minorities, particularly minority youth. Hispanic youth are the least skilled and least experienced segment of the working force; therefore, they are inevitably the last hired and first fired. These policies of austerity will perpetuate this practice. The short range consequences, massive layoffs of productive workers, is a cruel fate to bestow upon a labor force. The long range effects would not only be brutal, but also irreparable. It is painful, yet realistic, to conceive of a large segment of our youth population who will develop into adulthood without ever having held a job.

This disfranchisement of youth from our Nation's work force will reproduce the conditions that preceded the social havoc that rocked our Nation in the sixties, and perpetuate the economic decline that we have experienced since the mid-1970's. I propose to each of you, that we neither desire nor can we afford these consequences.

III. Youth employment policy for the 80's. Our national employment policy must reflect the needs of the Hispanic youth population of this Nation. Because of the diversity of Hispanic groups and the complexity of youth employment problems, it is essential that a variety of strategies be utilized to reduce Hispanic youth unemployment.

The employment strategies that Ser supports are those that have been previously advocated by economist Dr. Richard Santos. Foremost, we propose the investment of financial resources in improving the supply of Hispanic workers through increased education, skills training, and job search information. The available demographic data consistently reveals an Hispanic labor force that has a lower educational attainment level than that of the general working population. We know that one out of every three Hispanic youths 16–24 years of age in our labor market is a high school dropout.

Ser's experience with Hispanic youth has revealed a deficiency in career awareness, career preparation, and skills development on the part of those youths. More needs to be done to bring career awareness and training opportunities to these youths.

These measures will not be sufficient if discrimination against Hispanic workers persists, and there is ample evidence that it remains a serious impediment.

Because of the wide dispersion of Hispanics and the heterogeneous nature of this group, Ser-Jobs for Progress, the Nation's largest employment and training organization is prepared to serve the Hispanic youth community. Ser proposes:

1. The development of multiple program approaches to address the diverse labor market needs of the various Hispanic youth subgroups.

2. The implementation of multi-year funding mechanisms for the comprehensive youth employment and career development act.

3. The deployment of mechanisms to insure the full participation of community-based organizations, neighborhood groups, and other institutions representing the structurally unemployed and unemployable youth of the country in policy, research, and programmatic responsibilities.

4. The implementation of the National Commission on Employment and Unemployment Statistics' recommendation to insure accurate, reliable and timely data on Hispanic youth.

5. The establishment of a National Hispanic Employment Policy Commission to advise the Secretary of Labor on Hispanic youth research.

6. The development of stronger programmatic linkages between the education community and the employment and training system.

These six propositions will begin to address the employment needs of Hispanic youth.

Now, gentlemen let me turn to the President's proposed youth legislation.

V. Recommendations to the proposed youth legislation. President Carter's Youth Act of 1980 proposes to meet the challenges faced by youth unemployment, given the present economic conditions and youth employment needs. SER recognizes the intent of the act and commends the administration on its action response to this critical issue. We find, however, that the act ignores the needs of Hispanic youth. In its attempt to recognize the need to attack the causal factors of youth unemployment—specially among minority disadvantaged in urban areas—we find that the act has some limitations. Recent studies reveal that race and ethnic discrimination continue to be among the strongest forces against youth as they attempt to enter the world of work. In an era when 90 percent of the employment opportunities in the U.S. require a high school diploma: and where the school dropout rate for Hispanic youth is up to 40 percent of that population: there is enormous need to address these needs in the bill.

Far too much hope is placed on the public educational system to help minority youth get a decent chance at a career. The proposed legislation would in fact, reward the school systems that have treated minority youth with less fairness and allows them to continue to be left behind. As representatives of Hispanic youth, we are strongly opposed to such emphasis on the local educational agencies as the services deliverers of the act.

We find the need to address specific areas in title I of the act as follows:

The youth population being given priority in the act should include persons of limited English-speaking proficiency.

Skills and competencies for youth employment and training programs should include providing English as a second language training for youth lacking language proficiency for employment.

Prime sponsor basic programs should include an equitable allocation of funds for language proficiency training proportionate to the percentage of eligible youth in the population that would be considered persons with limited English speaking ability.

Prime sponsors using equal chance supplemental allocation shall include persons with limited English-speaking ability.

Definitive means be provided to insure that the Secretary and prime sponsors will use nationally affiliated community-based organizations (such as Ser-Jobs for Progress, Inc.) to provide training and technical assistance to service providers.

Prime sponsors shall be required to (1) publish summary reports on annual plans and program performance in daily newspapers with large circulation and to (2) hold public hearings on annual plans prior to submission to the Secretary. Summary reports shall begin with a basic statement of purpose of programs, priority of population segments to be served, historical results of prior years' programs (projected services for (1) age, sex, ethnicity of identifiable subgroups, (2) the measurable unemployment rate and school dropout rates and grades at which dropouts occurred, (3) types of training provided: (4) job placement and job retention rates, (5) incomes earned, (6) statistical design for "comparison groups" to demonstrate contribution to community, (7) program management performance criteria, (8) prime sponsor administrative costs.

The following comments are made in reference to title II of the proposed youth act of 1980:

(1) the use of 1970 data from the census will again negatively impact hispanic youth due to the 17 percent undercount and the demographic growth of that population during the 70's. Projections to account for the increase in hispanic youth population and the most updated data from the census, must be used to adequately serve this segment of the youth population.

(2) The role of community-based organizations is completely absent from the "partnership" with local educational agencies, employment and training officers, and the private sector. Community-based organizations must be added to the act as full partners.

(3) The proposed bill does not sufficiently stipulate the particular differences and needs of hispanics for employment and training and "back-to-school" programs, that are based on bilingual education and culturally relevant curricula. This approach obviously should include the role of parents and of community-based organizations.

In closing, allow me to leave you with these thoughts in mind as we enter the most important decade of our existence as a multi-cultural nation, we ask that you join us in enhancing the opportunities for economic growth and prosperity for America's youth.

Thank you.●

## FRANCE DESERVES THANKS

● Mr. RIBICOFF. Mr. President, there has been insecurity and extensive loss of life in the nation of Chad in Central Africa during the past few days. The tragedy of internal fighting has involved hundreds of deaths. We are indebted to France for the safe delivery of about 30 Americans from this danger.

The United States has enjoyed friendly relations with Chad since its independence, and I hope that those good relations and development cooperation will continue when the current difficulties have been sorted out. It is likely that U.S. citizens would have been caught in the upheavals in the capital city of N'Djamena had it not been for French protection. France helped some Americans to fly from N'Djamena to Douala, the capital of Cameroon, and assisted others to find refuge across the Chari River in Cameroon. Our Ambassador, Donald R. Norland, and about 30 Americans were the beneficiaries of this French assistance.

I know that many of my colleagues have shared with me the question as to why France so often appears to make a special effort to distinguish itself from the United States on foreign policy questions. Such distinctions are not worth the careful crafting they receive, for France and the United States have every reason to cooperate and seek common purpose in today's world. In this instance there was an emergency and immediate action was necessary. I like to think that the urgency cut through diplomacy to the real and shared interests the United States has with France. I have not seen coverage of this assistance in the U.S. press, but it deserves to be recorded that France has done us a real service, and 30 Americans safe in the Cameroon are there because of French help.

Mr. President, we are indebted to our old friends of more than 200 years for yet another act of friendship.●

## MEDICAL CONSEQUENCES OF NUCLEAR WAR

● Mr. PELL. Mr. President, from time to time we hear statements that nuclear war is "winnable" or that a modern industrial society can "survive" a nuclear attack. Statements such as these concern me greatly because in my judgment they are wrong and undermine the strategy of deterrence on which our security is based.

In this connection, a group of distinguished physicians and natural scientists met in Cambridge, Mass., this past February to review the medical consequences of nuclear weapons and nuclear war. The symposium was jointly sponsored by Harvard and Tufts Medical Schools and physicians for social responsibility.

At that conference, it was demonstrated that medical disaster planning for nuclear war would be futile and that effective civil defense and ecological recovery from a nuclear attack would be essentially impossible. Two Washington physicians, Fredric Solomon and Mary Coleman recently prepared a summary of the findings of the Cambridge conference, which was published in the Washington Star on March 26. I commend it highly to my colleagues and ask that it be printed in the RECORD.

The article follows:

### IF THERE WERE A NUCLEAR WAR

A belief that the United States should be able to win an all-out nuclear war with the Soviet Union appears to be one foundation of George Bush's approach to military and foreign policy. He rejects the idea that nuclear war has no winners. According to an interview with the Los Angeles Times, Bush foresees "survivability" of industrial potential, command and control functions and a "percentage of the citizens"—even if "everybody fires everything he has" in a nuclear exchange.

As physicians, we are dismayed and alarmed by these pronouncements of a respected political leader, because current medical knowledge shows Bush's assumptions to be dead wrong.

Last month, a group of distinguished physicians and natural scientists met in Cambridge to review the medical consequences of nuclear weapons and nuclear war. The symposium was cosponsored by the Harvard and Tufts Medical Schools and Physicians for Social Responsibility.

At the conference, renowned authorities documented the futility of medical disaster planning for nuclear war. Effective civil defense and ecological recovery were likewise shown to be essentially impossible.

Consider this information, presented at the symposium:

The single bomb dropped on Hiroshima had the explosive force of about 15 kilotons (15,000 tons of TNT). Nuclear weapons in present-day arsenals range in size from one kiloton to 20 megatons (20 million tons of TNT). Today the United States has over 30,000 nuclear bombs, and the Soviet Union has 20,000.

In an all-out nuclear exchange, all major population and industrial centers would be hit, both in the United States and the Soviet Union. Such an exchange could be complete in one hour. At least 90 per cent of the population of both countries would die as a direct result of the thermonuclear blast and radiation.

The survivors, many of them blind and grievously injured, would have to cope with an environmental and ecological catastrophe. Worldwide fallout would contaminate the earth for thousands of years. Plant and bacterial mutations, the disappearance of most birds and mammals, alterations in the earth's temperature and other atmospheric changes would result in disease, famine and floods on an unprecedented scale.

After an all-out nuclear war, most of the ozone layer in the earth's atmosphere would be destroyed, according to Professor Henry Kendall, a physicist at M.I.T. The sun's rays would then become terrifying and dangerous. Anyone in the world whose uncovered skin is exposed to daylight would risk incapacitating sunburn within 10 minutes and lethal sunburn within an hour. Skin cancer would become rampant. In the long run, only insects can be assured of survival in such a postwar world.

The Cambridge conferees offered conservative estimates of the effects of one 20-megaton thermonuclear bomb upon one large city. Such a bomb would be 1,000 times more powerful than the bomb used in Hiroshima.

If the bomb exploded on ground level on

a clear day it would create a fireball 1½ miles in diameter, with temperatures of 20 million to 30 million degrees Fahrenheit. Every structure and every living thing in the downtown area would be vaporized.

At six miles from the explosion's center (to the D.C. line and some suburbs), all people would be instantly killed by a huge silent heat flash traveling at the speed of light. Glass would melt and buildings would collapse when hit by a supersonic shock wave and winds of 300 miles per hour.

Within a 10-mile radius (to the Beltway) the blast wave, 180 mph winds, and fire would inflict death or injury on almost every human being. At least 50 per cent would die immediately. Even at 20 miles from the explosion, half the population would be either killed or injured by the blast pressure and heat.

Thus a single nuclear device would result in tens of thousands of life-threatening burn injuries. The entire United States has intensive care facilities for fewer than 2,000 such cases.

Many would be killed by random spontaneous fires fueled by oil storage tanks, natural gas lines, gasoline and liquid natural gas tanks. These fires might coalesce into an enormous firestorm, 1,200 square miles in area, fanned by 100–200 mph winds, creating temperatures capable of cooking and asphyxiating those in shelters. Altogether, immediate deaths would come to 2.2 million inhabitants of a metropolitan area like Boston, with a population of 3 million.

Survivors of the fires would be exposed to lethal or sublethal doses of radiation from short-term fallout. Even mild winds of 20 mph would carry fallout as far as 150 miles, where everyone exposed could receive a lethal dose within 24 hours.

This would cause incurable acute radiation sickness, with decreased resistance to infection, and inevitable death within one to two weeks. Sublethal doses would produce stillbirths, fetal malformations, leukemia, and cancer. In subsequent generations, if any survived, genetic damage would appear.

Hospitals would be destroyed, and most medical personnel would be among the dead and injured. There would be millions of corpses. Food, air and water would be contaminated. Survivors would die soon from starvation, dehydration, radiation sickness and infections.

These estimates are for only one bomb. Population centers are known to be targeted with many bombs. Yet some political leaders still talk confidently of "winning" a nuclear war, including one in which—as George Bush puts it—"everyone fires everything he has."●

## SMALL BUSINESS VOICES SHOULD BE HEARD—AND WILL

● Mr. EAGLETON. Mr. President, this Nation has an historic commitment to small businesses—a commitment that has spurred many important legislative enactments by past Congresses, principally Democratic Congresses, to preserve and enhance small business ownership. I am pleased to be among the Democratic Senators who, by joining the small business task force and adopting the action agenda released today, are seeking to continue the tradition of congressional concern for small business.

Today, the well-being of small businesses is threatened by the weight of Federal regulations, frequently inequitable tax treatment, increased energy costs and the tendency of many industrial sectors toward concentration. It is necessary to focus systematically on the problems of small business and to commit ourselves to the actions necessary to preserve the small business sector. The Democratic Senate leadership has indicated its desire to do precisely that, by establishing the small business task force and developing the action agenda. The agenda contains items responding to the 15 most important recommendations made at the recent White House conference attended by small business representatives.

The task force agenda is both strong and realistic. Where final action could be accomplished in this legislative session, a strong commitment to do so is made. Where complicated or controversial policy questions are raised by various proposals, the agenda seeks, through prompt scheduling of hearings and committee deliberations to expedite the time frame for resolution of the difficult questions. The agenda significantly increases the chances for adoption of legislative proposals that are important to small business, lending greater visibility and clout to them. At the same time, the agenda avoids the cynical ploy of promising more than we know can realistically be delivered.

I am particularly pleased with two of the task force agenda's points of emphasis: a balanced Federal budget, and meaningful regulatory reform.

The agenda's endorsement of a balanced Federal budget for the coming fiscal year responds directly to the White House Small Business Conference's call for a Federal budget balance. This recommendation received the third largest number of "yes" votes during conference deliberations. The conference's impressive consensus on this issue is definitely on target. I believe that balancing the budget can achieve important beneficial effects, as part of a larger, more comprehensive plan to develop a national energy policy and improve productivity. My belief in the balanced budget led me to cosponsor the resolution which passed the Senate last week and which commits this body to submit a balanced Federal budget in 1981.

Balancing the budget will not be easy. The discipline required of both the Congress and the American people will be very, very tough. Each one of us in the Congress will have to cut back on our favorite programs and possibly incur the wrath of our favorite constituents. Thus, I think it is very important and appropriate that the balanced budget commitment figure prominently in the small business agenda. The more often the balanced budget commitment is repeated and reemphasized, the more often the commitment is linked to other actions that should be taken on behalf of important sectors in our economy, the more likely it is that the commitment will be achieved.

I also believe the inclusion of regulatory reform measures in the agenda is appropriate and, indeed, essential. Regulation figures prominently in the minds—and probably in the nightmares—of small business owners. A constant theme in communications from the small business sector is the extent to which burdensome regulation, staggering redtape, and lengthy paperwork requirements are exerting an increasingly tight stranglehold on small business. The task force agenda responds to these concerns by urging prompt Senate consideration and enactment of regulatory reform and paperwork burden reduction legislation.

As chairman of the Subcommittee on Governmental Efficiency and a member of the Senate Governmental Affairs Committee, I have been working for enactment of comprehensive regulatory reform legislation. Early last year, along with Senator NELSON, I introduced a tough regulatory reform bill. The main features of the Eagleton-Nelson bill are similar to a bill (S. 262) now under active consideration in the Governmental Affairs Committee. Both bills embody a two-pronged approach to regulatory reform. First, new regulations would be promulgated only if they can be justified after a detailed evaluation of all relevant considerations, especially the economic and other adverse consequences of proposed action. Second, agencies would be required to reevaluate regulations and subject them to careful public scrutiny. Agencies would have to abolish all rules that are absolete, unwise or unjustifiable in any respect.

I am pleased that in the course of its deliberations the Governmental Affairs Committee has adopted a series of amendments I offered to toughen the reform provisions of S. 262. One amendment that I believe is particularly important would require that when agencies and the public analyze the consequences of proposed regulations, they give special attention to the rules' impact on small businesses. It is obvious that businesses differ in their ability to absorb the compliance costs imposed by regulations. Small businesses usually bear a relatively greater compliance burden. My amendment would require the designers of regulation to be more sensitive to small business interests, both in determining whether any rule is justified and in choosing among available alternatives which would have different impacts on small business.

This amendment also focuses agency and public attention on the paperwork burdens that would be imposed by a proposed rule and its various alternatives. Frankly, I feel that millions of wasted hours are consumed in filling out forms that no one ever reads or uses, and the mail I receive from small business owners indicates that they do, too. By highlighting the paperwork factor, my amendment can help insure that rules which would impose onerous, needless redtape, or would generate reams of worthless forms can be sent back to the drawing board.

Significantly, the task force agenda makes clear that, while the paperwork problem should be addressed as part of an overall plan to tame regulatory excesses, the problem is also important enough to receive additional, separate consideration. The agenda urges prompt consideration of the various paperwork reduction proposals that are now pending before the Congress.

There are approximately 14 million small business units in this country. The number of men and women involved in the ownership of small businesses is variously estimated at between 20 and 50 million. Clearly, the welfare of this large and diverse segment of our society must be of concern to the Congress and the Nation.

Yet, small business owners are also important because of the critical role they play in our Nation's economy. At no time is the need to facilitate small business entrepreneurship clearer than in times of economic distress, such as that which we are now experiencing. Unprecedented inflation rates and alarmingly low productivity call for strong measures. It is clear that if this strong action is to succeed, small businesses must be in the forefront of the fight. For it is small business that produces a disproportionate share of the inventions and innovations that help spur productivity in our economy. It is small business, many observers of the energy situation believe, which can best take advantage of promising new energy technologies, which, by their very nature, call out for small scale application and experimentation. It is small business that provides the great majority of the new jobs which help to reduce unemployment.

We can overcome our present economic difficulties, and pave the way to a new prosperity, but only if we realize that small business is essential to a competitive, productive economy. The creation of the small business task force by Senate Democrats and the adoption of the action agenda reflects just such a recognition.●

## ARTHUR OKUN

● Mr. KENNEDY. Mr. President, at any time in the life of a nation, the loss of a brilliant and humanitarian thinker is tragic. At a time of national economic crisis, when events disturb the fundamental assumptions, when they call for new courage and insight, the loss of a wise leader like Arthur Okun is felt especially deeply.

Art Okun gave far more to this Nation than the genius which brought him to the top of his profession. His rise to preeminence was a reflection of his extraordinary capacity. From a professorship in economics at Yale, he became the youngest Chairman in the history of the Council of Economic Advisers. And for the past 11 years, from his position as senior fellow at the Brookings Institution, he continued to advise all in Congress and the administration who had the good sense to seek his counsel.

His accolades were the product of his piercing intellect, which led others to describe him as the possessor of a "steel trap mind." His mentor at Yale and the CEA, James Tobin, called him "about the smartest and most brilliant and insightful economist I have known." He was respected as much for insight and imagination as for scholarly rigor and mathematical gifts. He formulated the accepted definition of recession as two consecutive quarters of decline in the gross national product, adjusted for inflation. He also identified a relationship between unemployment and economic growth—a relationship known as Okun's law.

Arthur Okun's place in history is assured by virtue of these accomplishments. But his place in the memory of his colleagues is the product of less tangible attributes. He was a kind, decent, and compassionate man. He was soft spoken and easygoing. His remarkable wit and sense of humor made even the most esoteric economic discussion an occasion not only for education but entertainment. Above all, he was an able adviser, respected not only for his technical brilliance, but for his capacity to translate his specialized knowledge into the language of public policy.

Art had that rarest of capacities in a scholar of specialized expertise—the ability to speak plain English and to communicate clearly. He had a special talent for the word or phrase that could make even the most difficult concept understandable. He once compared the psychology of inflation to a crowd watching a parade: "If everyone stands on their tiptoes, nobody sees any better but everybody is more uncomfortable." On another occasion he wove an elaborate analogy between the state of our economy and "a fat lady munching candy."

> Nobody can promise her a lovely figure overnight if she stops nibbling. Nobody can legitimately warn her that one more piece would do incalculable damage. And foregoing the candy means sacrificing a lot of fun in the short run. But the more she overindulges, the more serious the risks become.

In Arthur Okun, this capacity for plain speaking, the sense of the commonplace, was a bridge to the larger world, the world of individuals touched tangibly by the abstract concepts of economics.

To his profession, Arthur Okun left a legacy of insight and scholarly achievement. To his colleagues, he left a memory of kindness and friendship. But to the people of this Nation—in the midst of our greatest economic crisis since the Depression—he left a larger legacy: A constant plea for social justice as a centerpiece of economic policy. He rejected categorically the fundamental flaw of our current economic policy, that inflation will yield only to the calculated inducement of recession. He said once:

> Beware of anyone who claims to have a sure cure for inflation. I know the prescription: Just create a recession or two, add a few years of sluggish growth, and watch the price curve flatten. That remedy is like cutting off your head to cure a headache.

In today's economy, with inflation and interest rates touching annual rates of 20 percent, all Americans can feel the knife.

In contrast to current policy, Art sought a marriage between economic theory and social values. With his Brookings colleague, George Perry, he began the Brookings Papers on Economic Activity, a journal which explores the relationship between complex economic analysis and current policy issues. In 1975, he delivered a ringing plea for social justice in the Godkin Lectures at Harvard. They were later reprinted under the title "Equality and Efficiency," which has become one of the most important economic works of our time. In its conclusion, Okun quoted John Stuart Mill's assertion that only a Communist could believe that economic misery and deprivation are inherent in a capitalist economy. He wrote:

> Mill was right; they are not inherent and they can be eliminated. Indeed in a democratic capitalism, they must be eliminated. The society that stress equality and mutual respect in the domain of rights must face up to the implications of these principles in the domain of dollars.

In the midst of our economic crisis, this Nation is struggling to face up to those implications. In the struggle, we shall miss the wisdom and compassion of Arthur Okun—the soaring intellect, the personal decency, the clear language, the voice for social justice. He was a teacher of Presidents and Congress. He was taken from us too soon, and at a time when the Nation can ill afford his loss.

Mr. President, Joan and I convey our deepest sympathy to Art's wife Suzanne, and to their sons Lewis, Matthew, and Steven. I ask to have printed in the RECORD the eulogies delivered at the service last week by George Perry, Joseph Pechman, James Tobin, and Hobart Rowan, as well as several tributes which appeared in various publications.

The material follows:

### ARTHUR M. OKUN 1928–80

(Remarks of James Tobin at Memorial Service)

For a long time it's been hard for me to talk about Art Okun without bragging, and today it's hard for me to talk about him without crying. Those are usually the feelings of a father for a son, of an older brother for a younger, of a teacher for his prize protege. Those were not, of course, my relationships to Art, even figuratively. From the beginning I learned more than I taught and received as wise counsel as I gave. Yet I may be excused for taking a mentor's pride in Art's achievements and their ever wider recognition, and excused also for my special grief today.

Our close friendship spans nearly three decades, beginning in 1952 when Art and Sue came from New York to New Haven, together with an incomplete Columbia dissertation. Lloyd Reynolds, our Chairman, needed bodies, instructors for sections of introductory economics. No chairman ever had a better day of recruiting. It didn't take long to see through the shyness and insecurity of my new young colleague. We had a lot in common, above all the care and feeding of growing families, each eventually blessed with three boys. Art's priorities were always straight—I haven't known a more devoted, proud, and occasionally anxious husband and father. Then came economics. For the next dozen years, in New Haven and in Washington, Art Okun and I worked together, argued together, taught together, wrote together, laughed together. We shared coffees and lunches, puzzles and solutions, triumphs and defeats.

Art's office—door always open—was the place for colleagues and students to go to get things set straight, confusions dispelled, errors corrected, questions sensibly posed, models repaired. A thinker of natural integrity and inexhaustible curiosity, he pursued matters in depth, unsatisfied until logic was tight and facts fell into place.

When I came to Washington in 1961, with Walter Heller, Kermit Gordon and other explorers of the New Frontier, I had a secret weapon back in New Haven, Art Okun, then not fully appreciated beyond Yale. We called him on the phone, we called him down to Washington; Lyndon Johnson and Kermit Gordon saw to it that Yale never really got him back.

It has been too many years since Art's office was only a few steps from mine. But we certainly kept contact. Only last week I promised myself I would soon phone Art to discuss a problem that was puzzling me. Alas.

We all know Art was a great economist, unerring in his intuition and his perception of the core of a problem or the essence of an argument, that his unique chemistry compounded theory, insight, and hard-won fact into miracles of revelation, that his expositions, even of difficult material, were models of clarity, grace, humor, and style, that in the architecture and practice of economic policy he was simultaneously innovative and prudent, that he was a superb editor, who together with George Perry made Brookings Papers the most admired of economic journals, and not least that both as scholar and as policymaker he was not only a realist but a humanist, unwavering in his conviction that economics and its application could and should improve the welfare of actual human beings, mainly those who start the competitive race far behind.

You know all that. One thing I can add from Art's university career is that he was a marvelous and generous teacher. His theory course for honors undergraduates, his graduate course in what we called in those days aggregative economics, the demanding seminar he as director of our introductory course ran for the graduate students and young instructors who taught its many sections, the individualized reading and research supervisions he undertook on demand—all these were inspirations still gratefully remembered by his students. Patient and considerate in classroom and out, he always could find and foster some kernel of merit in even the most unpromising question or comment. The same quality, I know, has both encouraged and instructed contributors to Brookings Papers, old as well as young.

As an academic, Art steadfastly—and, I always thought, admirably—refused to be drawn into "publish or perish" competition for advancement. He would be himself, follow his own interests in research wherever they led, write when he felt he had something to say. The university, the profession, could value him as he was, being himself, or not. Well, he was valued for himself, and the words poured into print too.

At Yale, in the Economics Department and the Cowles Foundation, as later at the Council of Economic Advisers and Brookings, Art was loyal citizen, constructive critic, active leader, one of those few who hold an institution together and make it work. So he was for the United States.

Art himself was very conscious of the irony, caprice, and inequity of chance and fate in the lives of societies and men. Maybe he could do what I cannot, find some meaningful consolation for the loss of a gentle man who had so much still to give to his family, his friends, his profession, his country, his world.

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### ARTHUR M. OKUN

(By Joseph A. Pechman)

Eleven years ago Kermit Gordon persuaded Arthur Okun to stop off at Brookings before making a permanent decision about his career. Kermit was confident that Art would find Brookings attractive and, as usual, his intuition was right. Art never left Brookings after he settled in.

During these eleven years, Art was a model of a Brookings staff member. His research was always concerned with important policy issues. He tackled these issues with the most advanced analytical techniques. And he wrote beautifully, so that the results of his research were understood by key opinion leaders and the public at large, as well as by his fellow economists.

Art's major preoccupation as an economist was to devise methods of achieving economic growth with price stability. Early in his career, he observed that the economy grew by 3 percentage points when the unemployment rate was reduced by 1 percentage point. This relationship, now known as Okun's law, held for many years, and now many scholars are trying to explain why it isn't working. In the last two years, Art was grappling with the problem of stagflation, which—he felt—would undermine the U.S. economy unless brought under control. The manuscript he left will be studied by students and policy makers alike for many years to come. Brookings expects to publish it as soon as possible.

Art's ability as a phrase-maker greatly added to his effectiveness as a policy analyst. His speeches and congressional testimony were lucid and often contained artful figures of speech. Among others, he invented the terms:

Discomfort index—the sum of the unemployment rate and the inflation rate;

The leaky bucket—the loss in economic efficiency accompanying programs to help low income people;

The invisible handshake—the implicit contract between employers and workers which is an important element on the wage-price spiral; and, most recently:

Expensive easy money—a condition when credit is plentiful at the same time that interest rates are high.

Art Okun was a compassionate as well as a technical economist. His essay "Equality and Efficiency" (which has sold 65,000 copies and is still going strong), is concerned with the trade-off between the goals of greater equality and economic efficiency. He recognized that the pursuit of too much equality could generate unacceptable efficiency losses, but he also believed that methods can be devised to achieve social betterment without sacrificing too much economic efficiency.

Above all, Art Okun was a superlative human being. He was loved and admired by everybody who worked with him. He spent countless hours helping others in their research and writing. He was always available to the press for explanation and comment on the day's economic events. Many economists with whom he disagreed were his close friends, simply because they knew he was eager to understand and discuss their point of view. Politicians and businessmen of all persuasions sought his advice, which was always forthright and objective. He was rarely able to say "no," so he always overcommitted and overworked.

These qualities are urgently needed in these difficult times. Arthur Okum had all of them and will be sorely missed by his family, his colleagues, his friends, and the nation as a whole.

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### ARTHUR M. OKUN

(By George L. Perry)

Art Okun was a superb professional economist. As a scholar, he made lasting contributions to knowledge in many areas of macroeconomics and in analyzing the choices that confront a society. He was also the most astute and effective political economist of our time. In working tirelessly for the public good, he was a lesson in character and integrity.

Art was unsurpassed in seeing through complex problems and then making them clear. This made him a great natural teacher. He taught Presidents and Senators and Congressmen a lot when he responded to their requests for advice and comment. He taught his profession a lot through his scholarly work. His death is a great loss, both to the profession and to the country.

But my own sense of loss barely begins there. For the past ten years, Art's office was next to mine. And that made my job the best job in the world. It's terrible to realize that he won't be dropping in any more, and that I can't drop in on him.

Art was the best colleague you could have and he gave the rest of us at Brookings a very special kind of lift. His humor, his wisdom and his real goodness as a person made him wonderful to have around. When he sat down at the lunch table, the conversation got livelier and the discussion richer. While he may have been smarter than the rest of us and may have been right more often than the rest of us, he never made us feel that way. He had a rare gift. You felt brighter and better for having been with him.

It's not nearly enough to say we'll miss him. I loved Art Okun. Many people did. And it hurts so much to know he's gone. But I feel very lucky to have had him as part of my life.

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### ARTHUR M. OKUN

(By Hobart Rowen)

Art Okun was my friend. And I was a friend of his. Newspapermen, as you know, are not supposed to get too close to their sources—and of course Art, with his great skill as a communicator in terms that the public could understand, was a great, reliable, and engaging source of economic advice and commentary for a host of newsmen in town. Including me. But if objectivity was threatened (I don't think it was), if the rule was broken, I have no regrets.

But I do not come before you in this sad moment for all of us to talk of the professional relationship that Ark Okun and I enjoyed. Nor do I come here to discuss Art as one of the creative economic thinkers of his time. You have heard adequate testament as to that from Jim Tobin, Joe Pechman, and George Perry.

I want to speak of Art Okun as a great human being. I want to talk of his gentility and wit, his warmth and modesty, his self-effacing nature against a background of superb achievement. He had extraordinary talent, but beyond that a grace, simplicity, and humanity.

There wasn't a phony inch to this big man.

In the 19 years I have known him, back to his days on the Economic Council staff in 1961, and more recently at Brookings, I never heard him say a single mean thing about another person—although there were times I thought he had the right to do so.

He had a deep, close, and loving relationship with his wife—expressive and natural and a joy for their friends to behold. He had a consuming devotion to their three sons. I remember a time in 1967 when the White House Correspondents Association had its annual banquet for the President. As you know, that's a mob scene where hundreds of exhibitionists go to see and be seen by the great and the near great. It's fun, of course, and we all from time to time succumb to the lure.

But on that occasion, Art passed up the dinner invitation in order to root for Lewis, who was competing in a spelling bee at a local junior high school.

That wasn't so unusual for the Okuns. In a town that puts a premium on social climbing and cocktail parties, Art and Sue stuck to some of the oldtime virtues. Art got by on sheer ability. At the Council (when the boys were younger, he worked later—)so sometimes Sue would pack dinner in a basket and take herself off with the kids to the Executive Office Building, so they could spend time together. If Art was a workaholic, he was a workaholic with a difference.

There was a lot more to Art Okun than his academic concentration. He was an avid sports fan, and exuded over every win of the Washington Redskins, the Bullets—and in a better and earlier era, the old Washington Senators. He could cite Joe Theismann's passing average as accurately as the "discomfort index" he devised for the economy.

He loved to talk—about anything and everything. And when we disagreed, or when I had an occasional barb for him in print, his most harsh observation might be—in that slightly incredulous tone of his—"Aw, come on!" He wasn't thin-skinned: he had too much class and self-confidence for that.

So I mourn here for a friend—a friend from whom I learned much, much that will stay with me always.

Dear Art, as Juanita Kreps once referred to him, Dear Art, we will miss you sorely.

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### Arthur M. Okun 1928–80

(By Paul A. Samuelson)

At all times it is a personal tragedy when a top scientist or artist is cut off in the prime of life. In difficult times like these it is a national loss when an experienced and wise policy economist dies.

Arthur Okun was a young and rising star in the Camelot days when President John F. Kennedy was turning a stagnant economy around and initiating a decade of sustained economic growth. Douglas Dillion, Walter Heller, James Tobin and Kermit Gordon deserved the public notice that their successful efforts brought them. But they and the President knew how much our success depended on a younger cadre of able economists—on scholars like Arthur Okun and Robert Solow.

#### THE PUBLIC INTEREST

Academia's loss was the public's gain when Okun decided not to go back to Yale. For Arthur Okun was the consummate macroeconomist. He even has a law named after him: *Okun's Law*, a rule of thumb relating the unemployment rate and the change in real gross national product, which has stood up remarkably well considering the inexactness of economics. His was the definitive post-mortem on how the Kennedy-Johnson tax cut had worked out (not miraculously, but on the whole, well).

Trained at Columbia by Arthur Burns, he had the electric judgment to combine Keynesian insights with the emerging realities. Okun could estimate econometric regressions with the best of the mathematical virtuosi. But many have that skill.

Economic value comes from scarcity. The rare and precious quality that Okun possessed was *good judgment combined with resourcefulness*. I sit on the board of a nonprofit organization whose bonds are invested by a bank that relied on Okun for macroeconomic advice. His *practical* forecasts were a fountain of good sense. Brokerage houses sought his views because they were worth having.

If you know economists, you will realize how lavish my praise is when I report that I never heard Arthur Okun say a foolish thing. He was often wrong, as all economists turn out to be. But his long-run batting average was good, and even his wrong judgments were cogently based on such evidence as could be known in advance.

Having mastered the lesson of how to move the United States economy to high employment, Okun devoted the last dozen years of his life to seeking ways to make price stability compatible with full use of society's resources. He sought a better incomes policy—not a perfect one but a better one than what we've been stuck with.

His reason and knowledge made him dubious of mandatory wage-price controls as a permanent solution. But his econometric research correctly predicted that contriving a recession to fight inflation would produce disappointing benefits and staggering human costs.

Okun believed that there must be some compromise program, partly voluntary and partly compulsory, that would bring Presidential leadership to bear on the more flagrant sectors of stagflation—perhaps a "social contract" that persuaded workers to forego real wage increases made untenable by OPEC, but which ensured those who complied against being victimized. Like the physicist Max Planck, who devised the radical quantum theory as "an act of desperation," Okun was willing to try tax penalties against excessive wage and price increases. He died still grappling with our No. 1 problem of stagflation.

#### DOUBLE VISION

It is well that we have organizations like the Brookings Institution that can provide a research base for policy-oriented economists between tours of government duty. And I welcome the rise in size and stature of the American Enterprise Institute. It is natural that the latter should attract economists who average out to a more conservative viewpoint. But it is healthy that both these Washington think tanks should attract economists spread across the political spectrum.

Harry Truman is sometimes quoted as saying, "What I want is a one-armed economist, who won't pussyfoot with 'on the one hand this, on the other hand that'." With respect, this is foolish. What he'd have is a cripple. For one-armed economists come in two dogmatic varieties, those with a right arm only and those with only a left. And then you need a two-armed eclectic to adjudicate between them.

Arthur Okun looked at both sides of an issue, and then, in striking his judicious compromises, he employed a cool hand in the service of a warm heart.

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### Art Okun: The Economist as Philosopher

(By Richard F. Janssen)

When someone you know well gets his name in the papers a lot, you come to assume the context, and maybe even the message. When the name Arthur M. Okun caught my eye on Monday morning, I assumed the Brookings Institution liberal economist had said something about his least captivating concept, that companies should be pressured through income tax penalties to hold down wages and prices.

It took a while to realize that the verb wasn't the usual "said," it was "died," and at age 51. But perhaps I should have guessed. From the start in the early 1960s, Art Okun didn't match my assumptions.

He was new at the Council of Economic Advisers, and I had been in the Journal's Washington bureau just long enough to be unenthusiastic about meeting yet another "bright young economist." I assumed Mr. Okun would fit the mold: trim, briskly intellectual, and probably impatient at my inability to fathom the formulas and party-line theories he'd be tossing at me.

On the way in, though, an aide advised me to be tolerant of him. "Art sort of comes apart toward the end of the day," he half-apologized. Sure enough, when he turned back to his heaped desk after a rather bashful handshake and mumbled welcome, Art Okun's shirttail was hanging full-length outside his ample waistband. When we talked, it was so easily that I could picture him as one of the undershirted gents who used to relax after work by swigging beer and tinkering with their cars in the alley of my old neighborhood.

Mr. Okun remained distractedly harried, yet good-humored, patient and unpretentious. Even when he was council chairman, a secretary recalls, "We called him Art—everyone else was doctor." When I asked him how he could put so much faith in statistics measuring such a vast economy, he didn't bristle, he answered, in his typical harumph-chuckle combination, "St. Offset." The patron saint of statisticians, he explained, sees to it that errors on the plus side are offset by mistakes on the minus side.

Despite their wide disagreements over policy, his fellow economists never expressed doubt about his brilliance, and ability to communicate his ideas. Even when he was a student at Columbia University, "We looked at him more like a professor," recalls William Freund, a classmate who now is chief economist at the New York Stock Exchange. Art Okun, he says, was "the intellectual type" but knew when to withhold the intellectual jargon, and was "never pushy."

A veteran Washington economics reporter agrees that long after Mr. Okun retreated to the exile of the Brookings Institution (a think-tank congenial to former Democratic officials), a session with Mr. Okun never failed to provide "fresh insights," or to display a penchant for getting to the heart of political-economic issues. In contrast to the many economists these days who rely mainly on mathematical formulas, Mr. Freund calls the former Yale professor "the last of a whole school" of economists who were more in the mold of philosopher than of mathematician.

What did change greatly, of course, was the nation's economic problems. In the council report for 1965, the section on "problems unsolved" dealt with "excessive unemployment" (5.0 percent represents 3.7 million persons seeking work") and "the contrast between our great over-all prosperity and the poverty and misery which still afflict too many families." Inflation, which had been 1.2 percent in 1964 wasn't mentioned among the "challenges" to "the Great Society" of Lyndon Johnson.

Mr. Okun was slow to see the emerging menace, he readily admitted last week in an interview with Journal colleague Lindley Clark. Having overestimated the "slack" that was so central to the successful Keynesian stimulus in the pre-Vietnam period, "I didn't take inflation seriously enough until after 1970," he recalled.

But Mr. Okun lately had been arguing that a recession does more harm than good. Only about 10 to 20 percent of its impact is in slowing inflation, the rest in raising unemployment and reducing output, he estimated. To slice one percentage point off the basic inflation rate that way "will sacrifice roughly $200 billion of production" a year, he figured.

A Washington liberal with his eye on blacks and the poor, Mr. Okun was visibly shaken by the fervor for recession he found in New York's financial community. After mingling with stock and bond people in late 1978, he marveled disconsolately, "it's a different world up here . . . these guys really seem to want a recession."

Concerned that a recession serves neither the causes of fairness nor efficiency in the economy, Mr. Okun had been searching for alternatives, such as his "tax-based incomes policy" which he hoped would give businesses direct incentive to hold down prices and wages. The U.S. economy doesn't respond like "a giant soybean market" to any "invisible hand," or to broad fiscal and monetary policy alone, he reasoned, citing the phenomenon of "the invisible handshake"—non-union businesses granting pay raises even when workers are in abundant supply.

The most popularized and least scientific of Mr. Okun's contributions is undoubtedly the "discomfort index," a simple addition to two disparate but politically sensitive statistics, the rates of unemployment (a percentage of the labor force) and inflation (the annual rate of increase in the consumer price index). Generously, and prudently, he's shared credit for it with this writer, recalling that the concept surfaced over lunch, and somehow came to be taken more seriously than he intended. (The index was 6.4 in 1964, and a striking 19.1 last year.)

The idea most closely linked with Mr. Okun is, of course, the one others dubbed "Okun's law," focusing on how much extra growth in real output it takes to lower the unemployment rate by one percentage point. Recently, however, the jobless rate has declined even with sluggish growth prompting Mr. Okun to make a characteristically wry remark a while back: "Okun's law has been repealed, or at least suspended. And it was my only claim to professional immortality.

He underestimated that, too.

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### A DISMAL DAY FOR THE DISMAL SCIENCE

(By Hobart Rowen)

Arthur M. Okun, who died too early—at age 51—last Sunday, was a brilliant economist whose academic teachings will endure and be studied by future generations.

But so will his less weighty and more popular simplifications of abstruse economic concepts. Art Okun, over time, became one of the best communicators on his specialty. And Washington reporters, including this one, who depended on his incisive evaluations know this better than anyone else. So do numerous public figures, to whom he freely gave of his time and energy, when asked.

Okun could dream up such things as the 1971 "discomfort index," a simple addition of the unemployment and inflation numbers that tells you at a glance just how badly the economy is behaving. (Right now, the discomfort index is around 24, much higher than in that Nixon year when it was 13.4—even then double the happier days of the Kennedy-Johnson era.)

Then, there was "Okun's Law." How many economists have a law named after them? Okun's Law is a tool for economists to use. It says that for every 1 percent gain in the nation's gross national product, the unemployment rate will drop three-tenths of 1 percent.

Lately, the stagflation that perplexed Okun and his fellow economists seems to have altered that precise relationship—and there is disagreement on whether modification is needed.

Okun is also credited with the rule-of-thumb that everybody uses to define a recession: two consecutive quarters of negative growth in GNP. Until Okun provided that formulation, a boxcar's worth of statistics had to be ordered from the National Bureau of Economic Research.

He patiently sought for the phrase that would make abstract policy issues clear to the public. For example, the message of a guest column he wrote for me on July 21, 1968, while chairman of President Johnson's Council of Economic Advisers, has applicability for today:

"Beware of anyone who claims to have a sure cure [for inflation]. I know that prescription: just create a recession or two, add a few years of sluggish growth, and watch the price curve flatten. That remedy is like cutting off your head to cure a headache."

I first met Arthur Okun when he came to Washington in 1961 as a staff economist for Walter Heller's CEA. Much of the success of that talented council, which also included Yale's James Tobin and the late Kermit Gordon, was due to Okun's spectacular work in the background.

"Art could do and did do everything with numbers that the Treasury and entire Bureau of the Budget could do," said one of his admirers at the time, "and on the back of an envelope."

He became a council member in 1964 and in 1968, at 39 years of age, chairman of the CEA in the midst of the Vietnam era. It was a difficult period for economic advisers. Back in December 1965, Okun and his colleagues had pressed Johnson, as the war escalated, to ask Congress for a tax increase to cover the huge budget increases for the war machine.

But Johnson rejected the proposal as "politically impossible," and his guns-and-butter budgets later precipitated a virulent inflation. "It was a classic example," Okun said, "of fiscal policy veering off course."

Okun nonetheless retained his faith in fiscal policy—modified to bring government more directly into the wage-price process. He was unhappy, in recent years, with what he considered excessive reliance on monetary policy, but blamed the Carter administration (for which he was a time-to-time unofficial adviser) for inaction. He said this Carter failure meant that "the Fed has [by default] the only anti-inflation game in town."

In the past 11 years, while a senior scholar at Brookings, Okun focused on ways to deal with what he felt had become the major economic problem of his time—how to overcome "stagflation."

"The task of combining prosperity with price stability now stands as the major unsolved problem of aggregative economic performance," Okun said in a 1970 essay called "The Political Economy of Prosperity."

Okun never wavered in his belief that monetary and fiscal policy needed to be reinforced by other public policies, including presidential jawboning and wage-price guideposts. He shunned mandatory wage and price controls, but urged that the tax system be put to work as a stick or carrot to enforce guidelines—one of the many so-called "Tax-based Incomes Policies" (TIP, for short).

In conversations in just the past week, he was pessimistic about the prospects for the U.S. and world economy, and dubious that Carter's latest proposals were strong enough to deal with inflation here.

Okun's tragic death robs the nation of a mind that surely would have helped see it through the present morass. It is difficult, yet, for me to accept the reality that I no longer will be hearing the unique little chuckle or words of wisdom of my friend, Art Okun.

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### ARTHUR OKUN'S CHALLENGE

Arthur Okun, the influential economist who died Sunday at the age of 51, struggled during the last years of his life to find a liberal answer to the problem of inflation. While many Keynesian colleagues abandoned Washington or even liberalism, he held the fort at the Brookings Institution and lobbied with only the force of his ideas to keep the policy options open.

He refused to accept recession as a cure because he knew what pain it would cause before the job was truly done. Instead, the former Chairman of the Council of Economic Advisers kept coming up with socially more attractive, albeit politically harder alternatives. Most recently, for example, he urged Washington to yield income tax revenues to the states so they could reduce sales taxes and lower the inflation index. He thought Social Security taxes could be held down the same way. And he would have subsidized low-paid workers rather than raise minimum wages. Above all, Mr. Okun lobbied recently for using tax incentives to "pay" labor and business to hold down wages and prices.

What he was doing with all this tinkering was serving a profound conviction that America requires constant balance between its rival ambitions for equality and efficiency. He knew the nation never would and never should give up too much of either. He knew there was no remedy in reckless inequality to improve efficiency or in massive inefficiency to enhance equality. Cruel recession was no answer; neither were controls.

Right or wrong, Arthur Okun was wrestling with the hardest problem. It will be harder still without him.●

## NATO COOPERATIVE PROJECT FOR A FAMILY OF ADVANCED AIR-TO-AIR MISSILE SYSTEMS

● Mr. PELL. Mr. President, last year the Congress enacted section 27 of the Arms Export Control Act which established North Atlantic Treaty Organization cooperative projects. The provision was passed to support and stimulate NATO rationalization, standardization, and interoperability of weapons systems.

On March 21, 1980, the administration transmitted a notification to the Senate Foreign Relations Committee under section 27(c) of that act concerning a proposed memorandum of understanding between the Governments of the United States, France, Germany, and the United Kingdom to establish a NATO cooperative project for a family of advanced air-to-air missile systems. The proposed memorandum of understanding itself is classified but is available to Senators in the office of the Foreign Relations Committee, room S–116 in the Capitol.

I ask that the unclassified portion of the notification be printed in the RECORD.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
*Washington, D.C., March 21, 1980.*

Hon. FRANK CHURCH,
*Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to Section 27(c) of the Arms Export Control Act, and acting under the instructions of the Department of State, I am transmitting under separate cover Transmittal No. 01–80, concerning a proposed Memorandum of Understanding between the Governments of the United States, France, Germany, and the United Kingdom to establish a NATO Cooperative Project for a Family of Advanced Air-to-Air Missile Systems.

Sincerely,

ERNEST GRAVES,
*Director.*●

## NO SUBSTITUTE FOR FREEDOM

● Mr. TALMADGE. Mr. President, I address today an issue which is close to the hearts of those among us who believe in human dignity and the rights of free men and women. I speak of the terrible plight of Anatoly Shcharansky, Andrei Sakharov, Egor Guberman, and hundreds upon hundreds of other courageous human beings imprisoned and suppressed by the Soviet Union in an attempt to preserve the facade of legitimacy projected by that corrupt regime. I also speak of the unfortunate circumstances of the Vashchenko and Chmykhalov families who have taken unofficial refuge in the U.S. Embassy in Moscow since June 28, 1978.

I fear we in the United States have for so long enjoyed the freedom of speech, expression, and congregation guaranteed by our Constitution that we may forget that our fellow men may not enjoy the practice of these fundamental rights, but live out their lives under the burden of subjugation and denial by a totalitarian state based upon the crushing of free expression and free will.

Mr. President, even as we speak, Egor Guberman is on trial for his freedom in the Soviet Union. Anatoly Shcharansky has been illegally imprisoned for 3 long years in vioaltion of the Helsinki accords, and Andrei Sakharov faces the vindictive wrath of the Communists because he dares speak the terrible truth about the Soviet State. The Vashchenko and Chmykhalov families have been persecuted since 1962 because of their religious beliefs and denied the right to emigrate.

I ask that the Congress of the United States and the American people reaffirm their commitment to the rights of man by decrying, protesting, and condemning this shameful subjugation of free men by Soviet Russia, and insisting upon, no, demanding the freedom of these champions of mankind's liberty: Sakharov, Shcharansky, Guberman, the Vashchenko and Chmykhalov families, and the rest. Many years ago, a great American said: "There is no substitute for victory." I say to you and the people of this Nation: "There is no substitute for freedom."●

## JESSE OWENS

● **Mr. STEWART.** Mr. President, today I would like to honor one of my State's native sons, who died this week at the age of 66. Jesse Owens' life began amid poverty in the Alabama cotton fields as the son of a sharecropper. By the time he died, he proved himself not only one of the greatest athletes of modern times, but a humanitarian as well and a model for young athletes and all persons to emulate.

As the winner of four gold medals at the 1936 Olympics at Berlin, Jesse Owens did more than display an astounding feat of human capacity, setting world records as a sprinter, long jumper, and hurdler which remained unassailable for decades. He also debunked the theory of Adolf Hitler that the blonde, blue-eyed Aryan race was genetically superior and destined for world conquest.

His career by no means stopped after his Olympic triumphs. In decades since, he has inspired others to strive for greatness. He has worked to develop the confidence of uncounted young athletes, whom he held in highest esteem even when they slowly began to approach and surpass his records. The legend of Jesse Owens transcended athletics, and he was an unofficial overseas ambassador for America. The last two Presidential administrations have honored him with the Medal of Freedom and the Living Legends Awards. Although he is no longer with us as a living legend, let us be certain that his legend will always live.●

## HONORING LOUIS FAUTSCH

● **Mr. CULVER.** Mr. President, of all forms of drug abuse in our drug-oriented society, the common disease of alcoholism causes more human misery, poverty, broken families and economic loss than all others. It is only in recent years that alcoholism has been fully recognized for what it is—one of the Nation's most serious health problems.

Throughout the United States, there are unsung men and women who devote their lives to helping other human beings recover from this deadly affliction. Often this work is done anonymously with no thought of personal reward other than the profound spiritual satisfaction of seeing valuable human lives reclaimed and families reunited in health, happiness and faith for the future. I cannot think of any more valuable and unselfish public service than the devotion of a human life to this great work.

Louis Fautsch of Dubuque, Iowa, who is a recovered alcoholic himself and who has devoted much of his life to helping others, is a beloved, legendary figure in our State and other States of the Midwest. Recently the Dubuque Telegraph-Herald awarded Mr. Fautsch, affectionately known as the "Little Judge," their "First Citizen Award" for distinguished public service. An article in the Telegraph-Herald on December 31, 1979, is an absorbing story not only of Louis Fautsch and his life and good works, but of the miracle being wrought, day in and day out, by compassionate people in every American community in salvaging human lives from a dread disease. I ask unanimous consent that this article be printed in the RECORD.

The article follows:

### LOUIS FAUTSCH: THE ANONYMOUS HELPER

(By Roxie Hammill)

Louis Fautsch isn't the obvious center of attention in the meeting room of about 40 recovering alcoholics, yet his presence is as pervasive as the smoke that fills the room.

He sits near the back of the room while the speaker tells of his three years of sobriety. When the meeting is over, Fautsch moves quietly from person to person, squeezing a few shoulders, exchanging funny stories and introducing himself to newcomers.

But ask anyone who knows Fautsch, and he or she will tell you that the Dubuque attorney is the guiding force behind a movement that includes hundreds of members in the tri-state area.

"Because recovering alcoholics tend to wish to remain anonymous, and because the tenets of Alcoholics Anonymous are written in such a way that it is not possible for members to 'profit' from their association with AA in a monetary way, the work that Louis has done during his 35 years of sobriety has not been front-page news," said a letter nominating Fautsch for the First Citizen Award.

"You could not choose an individual to receive your award who has done more, usually anonymously, always with the knowledge that the traditions of Alcoholics Anonymous demand that service be donated freely and willingly."

Fautsch founded the first Dubuque chapter of a AA and estimates that he has spent a third of his waking hours counseling alcoholics and spreading information about what he calls the "insidious disease."

For this, he receives no pay. It's this service and dedication that earn him the honor of being selected as the Telegraph-Herald's First Citizen of 1979.

Fautsch has served under seven governors on the Iowa Commission on Alcoholism. The Louis F. Fautsch Alcoholism Treatment Center at St. Joseph's Unit of Mercy Health Center in Dubuque was named in his honor. He also has received the Outstanding Service Award from the National Association for Mental Health and the Dr. Sedlacek Award from the University of Iowa Alcoholism Treatment Center.

In fact, the walls of his modern, eighth-floor office in the Dubuque Building are lined with mementos—certificates from various Iowa governors, black-and-white vintage 1940 photographs and law diplomas. But the highest plaudits come from the people he has helped.

"Louis has kept me going more than anybody else," says a big quiet Irishman who has traveled with Fautsch about 25 years. "He has a real knack for making everyone feel welcome. He's held this place together, as far as I can see."

Part of Fautsch's knack, he says, comes from his storytelling and sense of humor. Others come across as somber and straight-laced, he says, but Louis' humor has been the best medicine to troubled alcoholics.

"The big thing about Louis is that everyone is always glad to hear him talk. He always keeps them interested."

And if they enjoy coming to the meetings, they're more likely to come back and benefit from the program, he says.

The anonymous self-help group was the first in the city to treat alcoholism as a disease instead of something that can be cured by just willpower," Fautsch says.

"In fact, in the early days, all we used to hear about was willpower."

Fautsch grew so tired of the moralizing that usually accompanied the various "cures" for alcoholism that he told the organizer of a Des Moines group, "If this takes willpower, then you can count me out."

That was in 1944. This year, he is celebrating his 35th year of sobriety, and AA is celebrating its 35th year in Dubuque.

In his office overlooking the streets of downtown Dubuque, Fautsch draws on a wealth of anecdotes from his early years with alcohol treatment groups.

He recalls a dinner celebrating the opening of an alcoholism treatment center. Former Iowa Gov. Harold Hughes, himself a recovered alcoholic, attended, as did Fautsch and several others. After the meeting, a man approached Hughes and asked, "How can you set aside a treatment center for drunks when you send people with tuberculosis off to Colorado?"

Hughes responded politely at first, but the man persisted, Fautsch recalls. At last Hughes lost his temper. "You ——— — — ———," he exploded. "There are twice as many drunks in Dubuque than there will ever be tuberculosis patients."

Fautsch became known as the "Little Judge" because he was considered one of the more prestigious members of the organization in its early days. As such, he spoke throughout the United States and helped start treatment groups in Iowa, Illinois, Minnesota, Nebraska and the Dakotas.

After one speaking engagement in Canada, Fautsch was treated to a ride down churning rapids in a canoe made by the Cree Indian tribe of that area. "What a ride that was," he says. "After it was over, they named me Chief of Jumping Waters."

Fautsch has a colorful history of his own. He was born in Dubuque in 1908, and has lived here all his life. He did his undergraduate work at Loras College and received two law degrees from the University of Notre Dame. In 1937, he became the youngest judge of a court of record in Iowa at the age of 29.

Fautsch became well known in Dubuque's Police Court. He participated in weaponry tests with police officers, often scoring better than the police officers, according to friends who nominated him for First Citizen. On one Christmas Eve, Fautsch dismissed the charges against all people coming to his court, wishing them a merry Christmas and warning them, "Whatever you did, don't do it again."

Fautsch is married to the former Lorraine Egelhof, also a Dubuque native. They have a daughter, Louise Strub, and three sons, Louis Jr., Larry and Lee David. Larry Fautsch practices law with his father.

Fautsch hasn't had a lot of time for hobbies, but he says he used to hunt frequently. "I still do, but not nearly as much now." He and companions usually hunted for small game, Fautsch says.

He also collects ceramic heads depicting people from various countries. His collection now includes about 25 heads from several countries, he says.

Things were not always joyful for Fautsch and his family. In 1945, he admitted to himself that his life had become unmanageable because of drinking.

"I was quite a guy," Fautsch says of his early drinking days. "I could stand up and exchange limericks with the best of them. I wished the others wouldn't sing so loud so they could hear me better."

In 1945, he replied to an ad in Argosy Magazine that claimed a relatively new New York group could help people stop drinking and remain happy.

Although Fautsch recalls being skeptical, he got in touch with a Des Moines member of the group. By that time, Fautsch says, he'd had a drinking problem seven years.

After some conversations with the Des Moines group member, Fautsch decided to climb on the wagon. "I came downstairs one morning and told my wife I'd had my last drink," he says. "And, by God, I had."

Fautsch quit cold turkey and never slipped back into his old ways, he says. "It was difficult, but I know it can be done. I also knew I had to keep living with people who drank."

His poker club, for example. In the beginning, Fautsch says, he had to ask the members of his poker group to take their booze with them after playing at his house. "Now, I can have it in my house, but I don't monkey with it."

Fautsch says he drinks a lot of coffee, pop and diet soda instead.

At first, Fautsch attended each weekly in Des Moines, the closest city with a meeting for recovering alcoholics. "It was an all-night ride and I had to change trains twice, but I would have been glad to walk it because of what they were doing for me," he says.

But the trips to Des Moines weren't to last long. The organizers there talked Fautsch into starting a group in Dubuque, which he did about a month later.

The original Dubuque group was "pretty anonymous," Fautsch says. "Not even the drunks would associate with us." The group was made up of about six men meeting in Fautsch's office.

Now, a group meets every night of the week somewhere in Dubuque to talk about their problems with liquor and how they can be overcome.

And most of the members have something nice to say about Fautsch.

"Louis Fautsch has done at least as much as the founders of Alcoholic Anonymous," says one member.

Another younger member of the group credits Fautsch with bringing his mother and father together after a divorce, getting him into a training school for alcohol and drug abuse counseling and helping to solve his own drinking problem.

Fautsch convinced the man's father to attend meetings and stay sober, he says. During that time, he says he could remember going to the meetings and hearing Fautsch speak. "He would always give me orange pop and let me keep what money I could find on the floor. You know, I think he used to throw money on the floor because there was always about the same amount there—about 50 or 60 cents of nickels and dimes."

He says his father's sobriety convinced his mother to return.

Later, he developed his own drinking problem. He says Fautsch was responsible, in an indirect way, for getting him treatment.

One of the rooms of the treatment center at Mercy has a large portrait of Fautsch with a light overhead, he says. That picture can be seen easily from the road.

The man says he had been contemplating his own problem on the way to the hospital to see a friend who was undergoing treatment when he noticed the picture. All those memories of Fautsch's talks came flooding back. "I decided right there to go into treatment," he says.

"Louis was also directly responsible for me going to school," he says, by convincing the director of the alcohol and drug abuse training program at the Mental Health Institute at Independence, Iowa, to accept him, even though he didn't qualify to study there. The man is now a counselor for people with drug or alcohol problems.

A former public official who has participated in the alcoholism group describes Fautsch as a "neat guy" who always seems to have the "right word for the right place at the right time." Like so many others, he had received counseling from Fautsch after he decided to throw away the bottle.

"He develops a rapport with people and it breaks down a lot of barriers," he says. "I spoke in Marquette a while back and I had to bring a list back of folks who just wanted to tell him hello."

But perhaps Fautsch's philosophy can be expressed best through a framed needlepoint hanging in his office of the famous prayer, penned by theologian Reinhold Niebuhr in 1934, which has become AA's motto: "Lord grant me the serenity to accept the things I cannot change, the courage to change the things I can and the wisdom to know the difference."

As for Fautsch, he has spent most of his time changing the things he can.

### PREVIOUS WINNERS

Previous winners of the TH First Citizen Award are Roger Rhomberg, a businessman and civic leader, former Dubuque city manager Gil Chavenelle; Gerald "Red" McAleece, retired radio broadcaster and leader in youth and recreation activities; Wayne A. Norman, chief impetus behind the Fuve Flags Center, Rev. Thomas W. Rhomberg, moving force behind Ecumenical Towers Inc.; Jackson "Mac" Farshall, donor of park acreage to Dubuque; Paul E. Hemmer, musician, songwriter and radio station operations director; Leo F. Frommelt, retired city clerk, and Jaqueline "Jacque" Merritt, a promoter of the arts and services to the handicapped.●

## EXPORT TRADING COMPANIES

● Mr. GLENN. Mr. President, I rise to join my colleagues, Senators Stevenson, Heinz, Javits, and Bentsen in sponsorship of S. 2379, a bill to encourage exports by facilitating the formation and operation of export trading companies. The purpose of this bill is to improve U.S. export performance at a time when American companies are facing vigorous competition in the international marketplace. From every corner of the world, government planning and financing of foreign trade challenges the resources of American firms. To meet this challenge, American companies must organize the most efficient business operations possible. We in Government must do what we can to help American business meet this challenge. We can no longer sit idly by while American firms lose their competitive edge. We must act now to free the adventurous spirit of American enterprise from the yoke of tax laws and Federal regulations that limit its resourcefulness.

One way in which we can do this is by facilitating the formation of trading companies. The trading company is not a new idea. It is as old as commerce itself and has enjoyed great success in other countries. In Japan, for example, the top 10 trading organizations, the Sogo Shoshas, account for approximately 60 percent of Japan's imports and 50 percent of its exports. Trading companies have also played an important role in the economic growth of many European countries. Yet, despite their historical and international success, trading companies have not flourished in the United States.

There are several reasons—both economic and legal—for this failure. It is my contention that the economic conditions no longer prevail and that the legal restraints are outdated as well.

First, we have been generally self-sufficient for the bulk of our economic needs throughout our Nation's history. Second, the industrial revolution occurred early in our history and its effects spread quickly. This made the acquisition and distribution of goods easy and further reduced our dependence on foreign trade. Third, the large size of our domestic market meant that American businessmen had ample growth opportunities close at hand and with relatively low risks involved. These factors, all product of our unique geographic and economic heritage, limited the attractiveness and need of foreign trade companies. These unique conditions no longer prevail. The interdependence and competitiveness of the world market make it impossible for the United States to sustain its economic growth while operating on outdated notions of resource self-sufficiency in limited domestic markets. We must acknowledge and respond to the very real international challenges that confront us in foreign trade.

Unfortunately, Federal laws and regulations limit our ability to respond to these new challenges. For example, Government regulations prevent U.S. banks from offering many important trading services. In addition, antitrust uncertainties deter many U.S. firms from cooperating with other U.S. producers in their organization of export activities. These restrictions are anachronisms. They hamper American firms at a time when foreign governments are cooperating with and, in many instances, subsidizing and directing the efficient operation of export trade. These restrictions cost American businessmen opportunities abroad and cost American workers jobs at home.

Mr. President, S. 2379 addresses many of these obstacles and facilitates the formation and operation of export trading companies. It does so in a way that opens the door of foreign trade to tens of thousands of small- and medium-sized companies not presently realizing their export potential. Once enacted, this legislation will increase opportunities for small- and medium-sized firms to find markets, reduce the costs of sales and increase access to credit. In so doing it will increase U.S. competitiveness in world markets, improve our balance of payments and stimulate economic growth at home. I urge my colleagues to support this legislation.●

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## SMALL BUSINESS PROGRESS REPORT

● Mr. NELSON. Mr. President, as chairman of the Task Force on Small Business appointed by the Senate majority leader, I am pleased to report some substantial progress in assisting the 14 million independent enterprises which constitute a vital sector of the American economy. The highlights of this progress are set forth in a "Small Business Agenda for Action in 1980," which the task force is making available to the Senate and the public today as a part of our report.

### IMPLEMENTATION OF WHITE HOUSE CONFERENCE RECOMMENDATIONS WELL UNDERWAY

At the Nation's historic first White House Conference on Small Business in January, nearly 1,700 delegates deliberated and agreed upon 60 recommendations, and I shall submit for the RECORD a listing of the delegate recommendations as exhibit I.

In response, within 2 months, the Senate has organized to consider these recommendations systematically with a view to implementation of those upon which a consensus is reached. On February 28, the majority leader (Mr. ROBERT C. BYRD) announced the appointment of a task force for this purpose. The task force is composed of key committee and subcommittee chairmen having jurisdiction over the major small business legislation pending before various committees of the Senate.

The task force has met and agreed upon a plan of action. We are therefore pleased to announce that we have initiated a program to begin the enactment of a broad spectrum of small business legislation in 1980 and subsequent years.

Directly responding to the top White House Conference recommendations, and related Senate legislation, the agenda contains a list of public hearings, committee executive sessions, floor action, and endorsements of pending legislation and other action of specific and major benefit to new small and independent business and to the private enterprise system as a whole.

In my view, it is impressive evidence of the seriousness of this commitment, that several of the hearings have already been started.

### SUMMARY OF AGENDA

This agenda may be summarized as follows:

Scheduling of public hearings to take testimony on bills which have been introduced to implement conference recommendations and related matters:

First. Taxes and capital formation: The Senate Finance Subcommittee on Taxation, under the chairmanship of the Senator from Virginia (Mr. HARRY F. BYRD, JR.) has begun two very important sets of hearings.

On March 24 testimony was taken on a number of estate tax bills (such as S. 1825, S. 1984, and S. 2220). The objective is to enact legislation to substantially improve the prospects for continuity of small and family businesses and farms. Estate tax improvements can help keep local ownership of business, which means so much to community life, and can preserve the incentives to expand a business so it can be passed along to one's family. Such an effort responds to delegate recommendation No. 4.

On March 28 and April 1 the Byrd subcommittee begins hearings on all of the remaining White House Conference delegates tax recommendations and related bills pending in the Senate. (Recommendations No. 1, 2, 7, and 9.) The committee's list includes :

1. S. 653 "roll-over" of capital gains from sale of business;
2. S. 487 tax credit for purchasing the first stock offering of a small business;
3. S. 1481 creation of new security called "Participating Debenture";
4. S. 2136 Corporate rate reduction up to $150,000;
5. S. 1435/S. 110 depreciation simplification and reform;
6. S. 2171 elimination of mid-year W-2 form;
7. S. 2168, to increase the number of Subchapter S. shareholders to 100;
8. S. 2239 to restore tax-favored options;
9. S. 1967 to allow creation of a broker-dealer profit reserve for supporting securities of smaller companies;
10. S. 2152, to double eligibility for Used Machinery Investment Credit to $200,000.
11. S 2480, to increase permissible accumulated earnings to $250,000.

Second. Innovation. On March 18, the Senate Small Business Committee commenced hearings on S. 1860, the comprehensive bill designed to support innovative small business. Small firms and individuals account for half of all industrial innovations at a fraction of the cost of their larger brethren. However, they receive only 3½ percent of Federal research contracts. Our bill, S. 1860 proposes to increase the small business share of R. & D. contracts by 1 percent a year up to 10 percent. (Delegate recommendations No. 6 and 14.)

Third. Small business share of energy funds. Senator ROBERT BYRD has announced hearings in the Senate Appropriations Committee to consider proposals to increase the small business share of procurement and research in the rapidly growing energy area, where developing alternative and renewable energy sources can greatly benefit our citizens.

Fourth. Stimulating small business exports. The Senate Small Business Committee commenced hearings on March 12 and 13 to consider S. 2040, a bill to provide financial and other assistance to small business exporters. Now most large corporations export but few small firms do and we need to develop export markets, to improve our balance of payments. Our hearing has set in motion follow-up hearings in the Senate Banking Committee with the objective of reporting export-assistance legislation to the Senate floor for consideration in 1980. (Responds to five delegate recommendations on international trade.)

Fifth. Capital formation credit and securities. The Senate Banking Committee began joint hearings with the Senate Small Business Committee on March 3 and 5 which will continue on April 24 and 29 on the securities and credit aspects of small business capital formation. During the 1970's small companies and venture capital financiers were virtually excluded from the national capital markets. Growing institutionalization of financial markets could make the situation even worse in the future. These hearings will consider bills such as S. 2239 (options), S. 1967 (broker-dealer profit reserve), the administration's "Small Business Issuers Simplification Act," S. 1940, and S. 1533, in an effort to reverse these unfortunate trends. (Delegate recommendations No. 7, 9, and 11.)

Sixth. Overall response to delegate recommendations. The Senate Small Business Committee promptly began public hearings on March 3 and 5 with the intend of covering all of the 12 areas addressed by the White House Conference, particularly those areas which other committees do not cover. The first series of hearings is in the area of capital formation, which contained 5 of the top 10 recommendations.

Scheduling executive committee markup sessions to prepare legislation already pending before committees for consideration by the full Senate: ·

First. Regulatory flexibility. A markup of a pending bill to inaugurate a system of "regulatory flexibility" (S. 299) has been scheduled for early April before the Senate Judiciary Committee. This legislation is aimed at getting Federal agencies to scale their regulations, reporting, and paperwork according to the size of the businesses involved and the resources they have available to comply.

It is well known that as businesses grow larger, they can afford the services of full time bookkeepers or public accountants. But new and small enterprises often must make do with part time help and advice.

Therefore, it could be tremendously helpful if, for example, Government reports could be scaled down to once every 2 or 3 years for small business. Another possibility is reporting on a sampling basis for smaller firms, instead of once a year or once per quarter. (This responds to delegate recommendations No. 5 and 15.)

Second. Comprehensive regulatory reform (including sunset provisions). A completion of the markup on two major bills which deal with this subject (S. 262 in the Governmental Affairs and S. 2147 in the Judiciary Committee) have been announced for early April. In this area of vital importance to small business the task force is working for enactment in 1980 of omnibus legislation which includes the following provisions:

Detailed analysis of anticipated costs and proposed benefits of major regulations;

Strengthened oversight and management of the regulatory process;

Specific provisions addressed to small business problems.

(Delegate recommendations No. 5 and 15.)

Third. Paperwork reduction. Small businesses know from experience that paperwork requirments of Federal, State, and local governments are excessive. The very sizable reductions of reporting resulting from the work of the Senate Small Business Committee—which I will summarize later in this report—lead us to believe that Government paperwork could be cut 50 to 75 percent and at the same time improve the quality of the information submitted. The task force has accordingly urged that paperwork reduction legislation such as S. 1411 be marked up in the full Governmental Affairs Committee, following the early markup contemplated in the Subcommittee on Federal Efficiency. Additionally, the task force supports a target for immediate Federal paperwork reduction of 25 percent within 18 months.

Fourth. Small business advocacy. The Advocacy Office at the Small Business Administration has proved to be one of the most effective voices of small business before Federal agencies and the public. The Advocate, backed up by a small staff of experts and researchers, is a partial answer to the difficulties faced by 14 million American small businesses—infinitely diverse and scattered throughout the country—in responding to adverse agency decisions or complex new forms. By mid-June, the Senate Appropriations Subcommittee, under the Senator from South Carolina (Mr. HOLLINGS), will consider how to preserve and strengthen the small business advocacy function through appropriations bills.

Also, the Senate Small Business Committee will act during 1980 to strengthen the statutory foundation for advocacy activities. (Delegate recommendation No. 10.)

Adoption of policy positions, to advance legislative and other actions which will be beneficial to the small business community.

First. Balance budget/inflation. The task force unanimously endorsed the objective of a balanced budget for fiscal year 1981 for the purpose of combating inflation, which is a paramount concern of all small businesses. (Delegate recommendation No. 3.)

Second. Elimination of "carryover basis" rules from the estate tax. The task force endorsed final enactment of this provision which is part of the windfall profit tax bill (H.R. 3919) that had already passed the Senate, and which I am pleased to report was signed into law just today.

Third. Access to courts and magistrate review of penalties. At present, a small business owner contesting a Federal regulation of general applicability, or the assessment of a penalty, is fighting an unequal battle because of the vastly superior resources of the Federal Government. The task force therefore urged House consideration and passage of S. 265 offering relief to small business in the judicial access and penalty areas. This measure has already passed the Senate. (Delegate recommendation No. 12.)

Fourth. Patent reform. The Small Business Committee has found that small firms are victimized by the present patent system almost as often as they are helped by it. The task force urged action on small business patent reform, along the lines of presently pending S. 414 or S. 1679, which are now on the Senate calendar. The task force also urged sufficient appropriations to strengthen the patent office, so processing backlogs can be reduced.

### CONSIDERATION BY THE FULL SENATE

In each of these instances, it is contemplated that the measures being considered by these subcommittees and committees, will, when perfected, be placed on the calendar for consideration by the full Senate. We believe that there is an excellent prospect for action on a number of these measures this year and next year.

### AGENDA IS DIRECTLY RESPONSIVE

This program is directly responsive to the recommendations of the delegates to the White House Conference on Small Business, and also to the many small business organizations who are testifying on Capitol Hill over the years on the major problems of small and independent enterprise. In my view, it is a sound and realistic agenda for action. The agenda has been assembled by those Senators who have direct responsibility over the area concerned.

I believe the task force members deserve the thanks of the small business community for their splendid cooperation in assembling the overall task force agenda, and in carrying forward the work on the bills within their committees. The members have already identified the legislation and other action which can implement the White House Conference delegate recommendations and relieve other pressing small business and economic problems, and have mobilized their resources to consider these matters, so that measures can move forward all along the line. Membership follows:

### TASK FORCE MEMBERSHIP

Sen. Gaylord Nelson, Wisconsin, Chairman, Select Committee on Small Business, Chairman; Finance, Chairman, Subcommittee on Social Security; Labor and Human Resources.

Sen. Alan Cranston, California, Assistant Majority Leader, U.S. Senate; Banking, Chairman, Subcommittee on Financial Institutions; Veterans' Affairs, Chairman; Labor and Human Resources.

Sen. Ernest F. Hollings, South Carolina, Appropriations, Chairman, Subcommittee on State, Justice, Commerce and the Judiciary; Budget (no subcommittees) 3rd ranking member; Commerce, Science and Transportation, Chairman, Subcommittee on Communications; Member of Subsommittee on Science, Technology and Space.

Sen. Donald Stewart, Alabama, Agriculture, Chairman, Subcommittee on Agricultural Research and General Legislation; Banking, Member, Financial Institutions Subcommittee; Select Committee on Small Business.

Sen. Thomas F. Eagleton, Missouri, Governmental Affairs, Chairman, Subcommittee on Government Efficiency; Appropriations, Chairman, Subcommittee on Agriculture and Related Agencies; Labor and Human Resources.

Sen. John C. Culver, Iowa, Judiciary, Chairman, Subcommittee on Administrative Practices and Procedures; Armed Services; Environment and Public Works, Chairman, Subcommittee on Government Regulations and Paperwork; Select Committee on Small Business, Chairman, Subcommittee on Government Regulation and Paperwork.

Sen. Gary Hart, Colorado, Armed Services, Chairman, Subcommittee on Military Construction; Member, Subcommittee on General Procurement; Budget (no subcommittees); Environment and Public Works.

Sen. Wendell H. Ford, Kentucky, Commerce, Science and Transportation, Chairman, Consumer Subcommittee; Ranking Member, Subcommittee on Science, Technology and Space; Energy and Natural Resources, Chairman, Subcommittee on Energy Resources and Materials Production; Rules and Administration (No subcommittees).

Sen. Bill Bradley, New Jersey, Energy and Natural Resources; Finance, Chairman, Subcommittee on Revenue Sharing and Economic Problems; Special Committee on Aging.

### SIGNIFICANCE OF THE SENATE TASK FORCE

Mr. President, it is encouraging after many years during which small business problems received inadequate attention in Government, to see the small business task force organized and proceeding with swift and effective action. In my view, the majority leader's task force adds a number of significant dimensions to this work, which may be summarized as follows:

The task force is sheperding the response to the White House Conference, assuring early congressional attention for virtually all of the high priority and many of the other recommendations of the Conference;

It has allocated definite responsibility among task force members for moving the top priority bills forward;

It has set definite dates for the consideration of many of these matters in public hearings and executive committee markups;

It has established a coordinating mechanism for those Senators who are deeply concerned about small business and those who are in a position to help;

It has established a channel of communication between the committee and subcommittee chairmen and the Senate leadership, which will be highly beneficial to the progress of legislation;

It offers a focal point for cooperation of the Senate with the President and House of Representatives. We therefore have a beginning of a foundation for joint and cooperation action across the entire Federal Government.

This is a formula for action. I commend the imagination and initiative of the Senate majority leader (Mr. ROBERT C. BYRD) who conceived the idea of the task force, and also each of the members of the task force who have brought it to life and given it a meaningful program in such a short period of time.

### THE COMPLETE TASK FORCE AGENDA

The detailed agenda, as agreed upon by the task force, is set forth below for the full information of the other Senators, the small business community and the public:

### SENATE SMALL BUSINESS TASK FORCE AGENDA FOR ACTION IN 1980

In response to the recommendations of the White House Conference delegates, the Senate Small Business Task Force has listed the following agenda of hearings, related actions, and the results which may be expected from these efforts:

| SUBJECT | SPECIFIC ACTIONS TO BE TAKEN | EVENTUAL GOALS |
|---|---|---|
| 1. Taxes and Capital Formation<br>(H. Byrd–Finance)<br>(Bradley–Finance)<br>(Nelson–Finance) | *Hearings to begin* March 28 and April 1 on the entire range of Small Business Capital Formation proposals by the Taxation Subcommittee of the Senate Finance Committee, including the following bills:<br>1. S. 653 "roll-over" of capital gains from sale of business;<br>2. S. 487 tax credit for purchasing the first stock offering of a small business;<br>3. S. 1481 creation of new security called "Participating Debenture";<br>4. S. 2136 Corporate rate reduction up to $150,000;<br>5. S. 1435/S. 110 depreciation simplification and reform<br>6. S. 2171 elimination of mid-year W-2 form<br>7. S. 2168, to increase the number of Subchapter S shareholders to 100;<br>8. S. 2239 to restore tax favored options;<br>9. S. 1967 to allow creation of a broker-dealer profit reserve for supporting securities of smaller companies;<br>10. S. 2152, to double eligibility for Used Machinery Investment Credit to $200,000.<br>11. S. 2480 to increase permissable accumulated earnings to $250,000. | Consideration in 1980 by Finance Committee and passage by full Senate in 1980 of tax legislation to improve capital formation, recovery and retention, which does not involve significant revenue loss.<br>(These hearings respond to delegate recommendations Nos. 1, 2, 7 and 9) |
| 2. Capital Formation—Estate Taxes<br>(H. Byrd–Finance)<br>(Bradley–Finance)<br>(Nelson–Finance) | *Hearings underway* on March 24 in the Senate Finance Subcommittee on Taxation on Estate Tax Revisions (S. 1825, S. 1984, S. 2220); also, the Task Force advocates final action on elimination of "carry-over basis" of 1976 estate tax law | Enactment of legislation to improve prospects for continuity of businesses and farms; including provisions of H.R. 3919 whch would eliminate carry-over basis provisions.<br>(Delegate recommendation No. 4) |
| 3. Budget Policy—Inflation<br>(Hollings, Hart) | *Endorse balanced budget.* | Achieve balanced budget for coming fiscal year (1981) to combat inflation. (Delegate rec. No. 3) |
| 4. Capital Formation—credit and securities (Cranston-Banking) (Stewart-Banking and Small Business) Nelson-Sm. Business) | Joint hearings underway by Senate Banking and Small Business Committee, March 3, 5, and April 24 and 29. | Possible legislative action on credit and securities matters. Delegates recs. No. 9, and 11) |
| 5. Regulatory Flexibility<br>(Culver-Judiciary) | Mark-up of S. 299 scheduled for early April in Senate Judiciary Committee | Enactment in 1980 of legislation to empower and encourage agencies to scale regulations and paperwork requirements to the size and resources of the businesses regulated. (Delegates recs. Nos. 5 & 15) |
| 6. Comprehensive Regulatory Reform<br>(Culver-Judiciary) (Eagleton-Gov't Affairs) | Completion of mark-up to be scheduled on S. 262 in Governmental Affairs Committee; also S. 2147 in Judiciary Committee, on which mark-up is scheduled for early April. | Enactment in 1980 of omnibus legislation Including: a) detailed analysis of anticipated costs and proposed benefits of major regulations; b) strengthened oversight and management of the regulatory process; c) specific provisions addressed to small business problems. (Delegate recs. Nos. 5 & 15) |
| 7. Paperwork Reduction<br>(Eagleton-Gov't Affairs) | The Task Force urges mark-up of legislation such as S. 1411 in full Government Affairs Committee following presently contemplated mark-up by Subcom. on Federal Spending. Additionally, the Task Force endorses, as a target a 25 percent reduction in paperwork burdens within 18 months. | Enactment of legislation in 1980 to reduce paperwork burdens by: 1) eliminating present loopholes in clearance procedures for new reports; and 2) requiring comprehensive periodic reviews of existing forms. (Delegate recs. Nos. 5 an 15) |
| 8. Access to Courts and Magistrate Review of Penalties<br>(Culver) | The Task Force urges House passage of S. 265, covering these matters, which has passed Senate. | Enactment of legislation in 1980 along the lines of S. 265. (Delegate rec. No. 12) |
| 9. Small Business Advocacy<br>(Hollings-Appropriations)<br>(Nelson-Sm. Business) | Consideration by mid-June on the part of the Senate Appropriations Committee on SBA advocacy function, also strengthen statutory authority for advocacy activities. | Legislative action in 1980 to preserve and strengthen SBA Advocacy program. (Delegate rec. No. 10) |
| 10. Innovation<br>(Nelson-Sm. Business)<br>(Hollings-Appropriations)<br>(Ford-Commerce) | Hearings underway on Omnibus Small Business Innovation bill (S. 1860) in Small Business Committee, beginning March 18, 1980. | Consideration on Senate floor in 1980 of increasing small business share of research and development as well as other provisions of the bill. (Delegate recs. No. 6 and 14) |
| 11. Patent Reform<br>(Culver-Judiciary)<br>(Hollings-Approp.) | The Task Force urges action on small business patent reform along the lines of S. 414 and/or S. 1679 which are now on the calendar and also urges sufficient appropriations to strengthen patent office to reduce backlog. | Enactment in 1980 of small business related patent reform bills, including stronger patent office. |
| 12. Procurement-Small Business Share<br>(Various Senators) | The Task Force urges various committees having jurisdiction to explore the potential benefits to the economy of increasing small business share of government research and other contracts. | Progressive increase in small business share in major procurement programs. (Delegate rec. No. 14) |
| | Hearings to be scheduled in the energy area in Appropriations Committee by Robert Byrd. | Consideration of small business share of Dept. of Energy R & D in connection with 1981 appropriations. |
| | The Task Force also advocates similar hearings in such other areas as Defense, the Space Agency, National Science Foundation and the Departments of Commerce, Transportation and Housing. | |

| SUBJECT | SPECIAL ACTIONS TO BE TAKEN | EVENTUAL GOALS |
|---|---|---|
| 13. Stimulate Small Business Exports (Nelson) | Hearings held on S. 2040 in the Small Business Committee on March 12 and 13, to be followed by hearings in Banking Committee, the dates of which have not been announced. | Clean bill for Senate floor consideration on financial aid for small business exporters. (Responds to five recommendations in the area of International Trade by delegates) |
| 15. Product Liability (Commerce Consumer Subcommittee) | Hearings to be held in mid-1980, to include small business testimony. | Eventual enactment of product liability relief legislation which would aid small business. |

Mr. NELSON. To place these developments in perspective it would be appropriate at this point to sketch in the background of the White House Conference on Small Business.

### HISTORY—NEED FOR THE WHITE HOUSE CONFERENCE

Those familiar with the condition of small business in this country had been discouraged by adverse trends since World War II. By 1975, a low point had been reached.

A recent report of the Select Committee on Small Business (Senate Report 96-31, March 7, 1979) summarized as follows:

> Despite the outstanding contributions of small business to American life, several decades of neglect had left the small business community in this country on the critical list by mid-1970's.
>
> In 1975, there were 30,000 business bankruptcies, twice the average for the late 1960's. Thirty percent of all new businesses were failing within the first year. Among existing businesses, the number of newly registered stock issues by firms worth less than $5 million dropped from a high of 698, in 1969, to only three in that year.
>
> By November of 1975, author Irving Kristol could write in The Wall Street Journal that the small business owner was "today's forgotten man."

In an effort to turn things around, the Senate Small Business Committee has held over 300 days of public hearings on a broad range of small business problems during the past 5 years.

As a result of those hearings and resultant legislation, there has been some large breakthroughs made in reversing these trends of the last three decades.

### BILLIONS OF DOLLARS IN SMALL BUSINESS TAX REDUCTIONS

Business taxes have been restructured to aid smaller businesses in several of the most fundamental areas of the law:

Corporate income taxes were made progressive up to $100,000. This saved up to $14,750 in taxes for any company earning $100,000, and a total of $2 billion for all of the smallest 94 percent U.S. corporations.

Estate taxes were thoroughly reformed for the first time since 1942. The estate tax exemption was tripled from $60,000 to $175,625 for children and was increased to $425,000 for surviving spouses.

Capital gain taxes on investment income were rolled back 49.1 percent to 28 percent.

Capital Recovery. A sweeping depreciation simplification and reform bill which would have benefited 80 percent of all businesses passed the Senate in 1978, but was not enacted.

### EXAMPLES OF MASSIVE REDUCTIONS IN FEDERAL PAPERWORK

Some significant reductions in Government forms and reporting were achieved through Senate Small Business Committee efforts in recent years. These examples clearly indicate the feasibility of a massive reduction in Government paperwork in the future.

Committee hearings led to the creation of the Federal Paperwork Commission in 1974, which undertook a major review of paperwork requirements imposed on businesses and the public. The Commission's final report made 649 recommendations, one-third of which have already been implemented.

An amendment to the 1977 minimum wage bill reduced 8 pages of applications, notices, and instructions on hiring part-time students to a single post card with 4 questions. In the following year, there was a six-fold increase (from 900 to 5,800) in the number of businesses willing to apply under this program.

A committee bill in 1978 consolidated, into a single annual filing, the "941 employment form" on which each of the 4½ million employers had listed the name of every employee four times a year. This eliminated a stack of paperwork more than 2 miles high annually.

Committee hearings and correspondence helped bring about a reduction in ERISA form EBS-1 from 16½ pages to 5½ pages, eliminating 7 million pages of paperwork yearly for retirement plans.

The Treasury Department eliminated two revenue sharing reports per year after it was brought to its attention that more detailed information was already being collected by the Census Bureau. All 38,000 of the Nation's governmental units were spared this additional paperwork.

The Small Business Administration reduced its affirmative action form from 19 pages to 7. This eliminates 12 pages of unnecessary paperwork for an estimated 26,000 businesses.

Another committee amendment to the 1980 Housing Act exempts a half-million homebuilders and realtors and approximately 7,000 new housing subdivision yearly from filing extensive Federal documents pursuant to 60 pages of regulations, provided all the lots are sold to buyers within the same State.

A pending bill permitting W-2's to be filed once at yearend, instead of after every one of the 65 million midyear job changes, will save businesses $300 million annually in addition to the waste of time and effort in filling out these extra forms.

### OTHER ACCOMPLISHMENTS

A series of other initiatives result in progress in the area of curbing unnecessary regulations, strengthening capital formation, improving small business prospects under Government contracts and subcontracts, and giving small business greater participation in the Nation's critical energy and technology efforts.

These Small Business Committee activities also provided an excellent focus for educating Members of the Senate and the public about the complexity of far-ranging and interlocking small business problems.

However, in the course of this effort, it became clear that congressional initiatives have some limitations. Lasting progress across the board can only be secured by continuing cooperation by all branches of Government. It became increasingly clear to us that small business needed an overall strategy to encourage and assist new, small, local and independent enterprise as a vital sector of the American economy.[1] Our committee advocated a White House Conference on Small Business in its annual reports for several years as a vehicle for developing "a national policy—in each branch and on every level of Government—that will make small businesses more visible, give them higher priority so that traditional small business values will be preserved." [2]

At the announcement of the conference, its potential was envisioned as follows:

> A White House Conference is the ideal forum to examine the problems of small business because the White House commands national and world attention and could encourage a comprehensive strategy that can cut across the entire American economy, in order to create a better environment for small business to begin to grow, thrive and finally, survive from one generation to another.[3]

### SMALL BUSINESS ORGANIZATION IMPROVES

During the past 5 to 10 years, the common problems and common interests of the Nation's 20 to 50 million small business owners also found expression in greater membership and more activity in national, regional, local, and trade associations.

The most numerous national small business groups, the National Federation of Independent Business (NFIB), had less than 100,000 members in 1953. By the end of 1970 the number had grown to 260,000, and during the 1970's, the total more than doubled to 555,000 in 1978.

During the same 25-year period, the National Small Business Association (NSBA) grew from 20,000 to 50,000 members. Three years ago, NSBA organized a coalition of trade associations predominately made up of small businesses. This coordinating mechanism in Washington, D.C., was named the Small Business Legislative Council. The coalition currently encompasses 77 groups which speak for about 4½ million business members.

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[1] See "Small Business—A Vital Sector", remarks on the Senate floor by Majority Leader Robert Byrd, CONGRESSIONAL RECORD, January 31, 1980, page S.691.

[2] 27th Annual Report of the Senate Select Committee on Small Business (Senate Report 95-30), February 25, 1977, page 3; see also 28th Annual Report (Senate Report 95-629), February 1, 1978, pp. 11-12; also 29th Annual Report (Senate Report 96-31), March 7, 1979, pp. 5-8.

[3] Remarks at the announcement of the White House Conference by Senator Gaylord Nelson, Chairman of the Senate Small Business Committee, April 6, 1978.

There was a similar growth in activity at the regional level. The annual "Small Business Week Presentation" in May of each year is an opportunity for the regional organizations to personally inform the Congress of their special problems, and to recommend solutions. In 1970, there was only one regional association, the Smaller Business Association of New England (SBANE). In 1971, they were joined by the Independent Business Association of Wisconsin and the Smaller Manufacturers Council of Pittsburgh. By 1978, there were nine active regional associations and in 1980, 32 States were represented as participants and observers. These groups increasingly came to Washington not only for Small Business Week, but throughout the year—to learn, to testify, and to participate in the governmental process.

There was similar growth among organizations of firms in the same trades or industries. For example, the National Association of Wholesaler-Distributors currently is made up of 108 national associations. Recently this group expanded in another direction by forming 30 State task forces to deal primarily with product liability problems.

Several years ago, four of the national groups and four of the regional organizations began coordinating their efforts as the Council of Small and Independent Business Associations (COSIBA). This has proved to be a very convenient medium for discussion and action.

The effectiveness of all of these developing small business organizations was manifested in the legislative victories which I have described above.

So, the climate in Congress and in the private sector, was becoming increasingly congenial to a major national effort to improve the prospects for small business and the free enterprise system.

### THE WHITE HOUSE CONFERENCE IS PROPOSED

All of these impulses came together in 1976, in the course of a visit of candidate Jimmy Carter to the State of Wisconsin during his Presidential campaign. On a flight from Milwaukee to Eau Claire, I suggested that the small business community needed a White House Conference to focus the best thinking on the problems which prevented them from making their maximum contributions to the American economy and society.

Following the 1975 election, we furnished a number of memorandums to the President and Vice President, spelling out this concept of the White House Conference. I shall submit such material for the RECORD as bearing upon the origin of the conference as exhibit II.

In March 1977, the Small Business Committee offered and the Senate passed Senate Resolution 105, which called upon the President to convene such a White House Conference. I shall submit for the RECORD a copy of this resolution also as exhibit III.

On October of 1977, I presented to the President and the Vice President, an extensive memorandum on the problems with which small business owners were most concerned, and which should be addressed by legislation and a nationwide White House Conference on Small Business.[4]

On April 6, 1978, the President, announced that he would conduct such a Conference.

### PREPARATION FOR THE CONFERENCE

From the beginning, the White House became directly involved in arrangements for the conference. Vice President MONDALE greeted the representatives of over 200 small business and trade organizations on July 25, 1978, for the preplanning meeting within the White House itself.

President Carter presided over the swearing in of the 11 Commissioners for making up the Advisory Commission on the White House Conference, chaired by Arthur Levitt, chairman of the American Stock Exchange.

High administration officials and White House staff advisors participated in many of the subsequent State and regional forums and the delegates meetings.

As the conference proceeded, we learned that a "White House Conference" goes far beyond an isolated meeting in Washington, D.C. It involves regional, State, and local meetings. In the case of this White House Conference, there were 12 regional and 45 State meetings. In two States, Washington and Wisconsin, there were also local grassroots meetings throughout the entire State.

In my own State, almost 1,200 small businessmen attended the briefing sessions in a dozen locations. They discussed the issues and prepared to elect delegates. Wisconsin set an excellent pattern for subsequent White House Conference proceedings. Wisconsin business owners setup a statewide steering committee to coordinate preparations for the conference. The steering committee, in turn, was instrumental in selecting the moderators who supervised the issue discussions. The Wisconsin State forum which took place in Milwaukee on June 26, 1979, was the largest of all of the field meetings, and one of the liveliest and most productive. Because the leading State organizations gave their resources and their enthusiasm to this effort, the issue workshops and other discussions produced a wealth of practical suggestions and a "can-do" spirit.

All of these meetings proved to be a tremendous vehicle for education of Government officials, Federal, State, and local government officials, the media, the academic community and small businessmen themselves as to the scope and depth and complexity of small business problems, and how they affected the various segments of the small business community.

The meetings were a tremendous asset to small business. They began to encroach upon one of the greatest problems, the lack of small business visibility.

And, out of these meetings came 2,000 delegates to be the representatives of the small business community at the conference in Washington.

### THE WASHINGTON CONFERENCE

On January 13 through 17, 1980, 1,700 elected and appointed delegates and an equal number of interested observers convened in Washington, D.C. for the country's first Small Business Persons White House Conference. The proceedings were highlighted by an address from President Carter at the opening session.

On the next 2 days, each of the delegates chose 2 of the 12 issue areas in which to personally participate in the intensive process of formulating recommendations.

After briefing sessions and workshops on these issues had obtained the views of the delegates, the moderators of the sessions gathered together to hammer out the final working of recommendations to place before the conference.

When the 60 recommendations, five from each area, were presented, each of the delegates voted to establish the highest priority items.

### PARALLEL WORK IN THE SENATE

During the year and a half prior to the White House Conference, the work on small business matters continued in the Congress. In some cases, we were able to draft proposals based upon discussions at the preliminary regional and State White House Conference meetings. In many other areas, the Senate moved forward in response to testimony at the congressional hearings presented by small business owners and their able spokesmen and organizations.

A committee document, prepared in late 1979 reflect the diversity of the work which was going on in Congress and some of the progress which had been made in some of these areas prior to the conference and its recommendations. I ask unanimous consent that this summary also be included following my remarks (see exhibit IV).

It is not surprising that most of the major issues suggested by the White House Conference were also issues addressed in congressional hearing. These were the central, common, and recurring problems: tax equity, capital formation, excessive paperwork and regulations, expanding opportunities for small business in research and other Government contracting, product liability, export assistance, and so forth.

### WHAT IS AT STAKE IN THE EFFORT TO PRESERVE SMALL BUSINESS

The White House Conference has given a tremendous impetus to the effort to help the free enterprise system work better. It has opened the door to a wide range of action in behalf of the Nation's independent enterpreneurs. In my view, the conference has done more than any other event in my lifetime to project to the public the many fundamental contributions which small businesses make to their neighborhoods, their communities, their States, regions, and to national strength.

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[4] Memorandum summarized in "Shortage of Capital Causing Flight of U.S. Technology to Foreign Countries—Overhaul of Tax and Capital Formation Policies Urgently Needed for Small Business" in "Capital Formation Part I," hearings before the Select Committee on Small Business, Feb. 8 and 10, 1978, pp. 206–218.

There is greater understanding now that small business accounts for more than half of all the private sector jobs in the country. The public has been exposed to the statistics showing that new and small firms (of 100 or less employees) account for about three-quarters of all the new jobs in the economy, 48 percent of the gross domestic product, and 43 percent of the entire cross national product.

The scholars are finding that a healthy small business community is the first to expand employment in prosperous times, including the hiring of lesser skilled workers. They are among the last to discharge employees when the economy turns down. They are thus one of the most important forces for community stability.[5]

Through their innovation and their competitiveness and contact with the public, small businesses fight inflation through new products and better methods and through working harder, longer, and smarter. They make our economy more competitive, productive, and efficient, so we can maintain our standard of living.

We are also constantly reminded that small business keeps alive the American dream—that a person can own his own business and therefore control his own destiny—that he or she can prosper by their own efforts and to do things in their own way rather than be bound by the set procedures of big government, big business, or big labor. This dream burns undimmed in a great number of Americans, and also in persons in other nations around the world. If the vital dynamism of entrepreneurship is quenched in the United States, then much that we treasured most will go out of American life, and the effects will be felt around the world.

Therefore, the well-being and success of American small business has great implications—not only for the fabric of our own economy and society, but also for the prospects for private enterprise elsewhere.

### IMPLEMENTATION OF THE SMALL BUSINESS AGENDA

It is therefore my pleasure to report that the Senate has responded well to these challenges and opportunities. The agenda for action which the Senate Task Force on Small Business has developed is in direct response to the recommendations of the White House Conference delegates.

The process of implementing these recommendations, and related Senate initiatives is underway and is moving ahead. The task force will encourage and assist in the further steps to enact pending proposals in the Senate.

With the Small Business Task Force in existence, I believe it is quite likely that there will be a series of major small business bills moving through the Senate in 1980, and in future years. In my view it is appropriate that the Senate which gave birth to this idea should take a leading part in following it through.

This effort to have a "Small Business Program for 1980" also has received the enthusiastic support of President Carter. I hope the President will address a joint meeting of the Senate and the House to present his small business recommendations and give further momentum to implementing small business recommendations on a broad front in the near future.

The Senator from Virginia (Mr. HARRY BYRD) and others have talked of the desirability of having a task force similar to ours in the House of Representatives, and I hope this will happen.

Accordingly, we look forward to working with all who are concerned with the prospects of small business, including the President, the House, the small business community, and other organizations in this endeavor.

The material follows:

### EXHIBIT I

### BALLOTING ON WHITE HOUSE CONFERENCE RECOMMENDATIONS

### THE TOP 15

Below is a summary of the 15 issue options which received the most votes from the delegates:

1. Graduate the corporate and individual income tax schedules; set the corporate surtax threshold at $500,000, 1,129 votes.

2 Simplify and accelerate the capital cost recovery system. 818 votes.

3. Balance the federal budget by statute in Fiscal Year 1981 by limiting total federal spending to a percentage of the GNP, commencing with 20 percent and declining to 15 percent. 807 votes.

4. Lower estate taxes for family-owned businesses. 799 votes.

5. Institute sunset reviews of all laws, regulations, and agencies, to ensure that none exceeds original congressional intent. Cost benefit analyses of the impact of each regulation and agency should be undertaken by a Regulatory Review Board composed of representatives from the Executive Branch, Congress and small business owners. Congress may line-item veto regulations, with only a one-house floor vote. 757 votes.

6. Support and urge passage of the Small Business Innovation Act, which proposes revisions in the tax, patent, regulatory and procurement codes to foster greater small business innovation and subsequent commercialization. 746 votes.

7. Provides for a tax credit for initial investment in a small business, and permit deferral of taxes for roll-overs of investments affecting small business, 681 votes.

8. Move the Social Security System toward actuarial soundness by: (1) including all constitutionally eligible public and private sector employees as contributors; (2) limiting benefits to the original old-age and survivor benefits; (3) freezing the tax base and rate at the January, 1980 level; and (4) eliminating double dipping. 675 votes.

9. Create a new security called a Small Business Participating Debenture to provide another source of capital for small businesses. 646 votes.

10. Preserve the independence of the Office of Advocacy, making its mission the top priority at the Small Business Administration (SBA), by ensuring its budget to be not less than 5 percent of the SBA salary and expense budget. 597 votes.

11. Private lending institutions should be required to provide equal access to commercial credit for women in business. 578 votes.

12. Small businesses who win civil disputes with the federal government should be reimbursed for court costs, reasonable attorney's fees, and damages from administrative action. 564 votes.

13. Freeze minimum wage standards at January, 1980 levels, and establish a two-tier minimum wage by exempting teenagers, seasonal workers and part-time workers. 553 votes.

14. Mandatory procurement goals should be set for federal contracts to reach the following percentages (on a contract-by-contract or agency-wide basis): 35 percent—small businesses; minority-owned businesses—15 percent; and women in business—10 percent. 472 votes.

15. Similar to number 5, excluding the line-item Congressional veto and the Regulatory Review Board. 471 votes.

By subject area, this is where the top 15 votegetters fall: Capital Formation, 5; Women in Business, 1; Minority Business Development, 1; Government Regulations and Paperwork, 2; Innovation and Technology, 1; Economic Policy and Government Programs, 2; Inflation, 3.

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### THE DELEGATE CHOICES

The options below represent the five which received the most delegate votes in each of the 12 issue areas. Delegates voted on the final day of the Conference for their 15 preferences out of this list of 60. The results of the ballot appear above.

#### CAPITAL FORMATION AND RETENTION

1. Replace the present corporate and individual income tax schedules with more graduated rate scales, specifying the graduated corporate tax scale up to $500,000.

2. Adopt a simplified accelerated capital cost recovery system to replace the present complex Asset Depreciation Range (ADR) regulations, with provisions such as: (a) immediately expensing capital costs less than a specified amount, (b) immediately expensing government mandated capital costs, and (c) the creation of a maximum annual benefit that may be derived from the system.

3. Revise estate tax laws to ease the tax burden on family-owned businesses and to encourage the continuity of family ownership.

4. Provide for a tax credit for the initial investment in a small business, and permit deferral of taxes for roll-overs of investments affecting small businesses.

5. Provide tax incentives in the form of a new security called a Small Business Participating Debenture (SBPD) to provide a source of capital for small businesses.

#### MINORITY BUSINESS DEVELOPMENT

6. The President, by Executive Order, and Congress, by legislation, shall establish mandatory goals for all Federal procurements and Federal funds or grants to states, localities, and public private institutions, on a contract-by-contract or agency-wide basis for small businesses [35%]; minority-owned (Black, Hispanic, Native American, Asian Pacific American, and other racial minorities) businesses [15%]; and women in business [10%].

7. The President shall direct the Office of Management and Budget (OMB) to establish as part of the budget process, a formal reporting and goal setting system, requiring all departments and agencies to specify and separately make public the resources they plan to make available to small businesses, minority-owned (Black, Hispanic, Native American, Asian Pacific American, and other racial minorities) businesses, and women in

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[5] See "Small Business and the Quality of American Life", Committee Print of the Senate Small Business Committee, November 7, 1977.

business. The departments and agencies shall also be mandated to publicly report the levels of attainment of these goals.

8. Congress and the Executive Branch shall ensure the effective implementation and enforcement of PL 95-507 by adopting the following changes/recommendations: (1) requiring the law or implementing regulations to provide that the prime contractor set forth a narrative description of the subcontract or sub-contract item; and (2) giving the Associate Administrator for Minority Business, within the SBA, the clear authority to enforce and monitor compliance with PL 95-507.

9. Congress shall (1) adopt a SBIC and MESBIC Investment Tax Credit Act to provide a 50-percent tax credit for corporations and individuals who invest in any issue of equity securities of SBICs and licensed MESBICs; and (2) authorize MESBICs to borrow long-term loans from the Federal Financing Bank at subsidized interest rates.

10. The President, by Executive Order, or Congress, by legislation, shall establish a National Minority Economic Commission to provide a centralized focus to the Federal effort to assist minority business enterprise. This Commission, a majority of which shall consist of non-government contractors, shall report directly to the President.

### INNOVATION AND TECHNOLOGY

11. Support and urge passage of S. 1860, the Small Business Innovation Act of 1979, and companion bill H.R. 5607, as presently drafted with flexibility for minor future amendments, covering: small business research and development set-asides; small business innovation and research programs; patents; amendments to the Internal Revenue Code; and regulatory flexibility.

12. Existing Federal research and development procurement, assistance, and tax laws and policies must be modified and new laws enacted to: (1) eliminate unfair advantages enjoyed by governmental agencies, nonprofit organizations and educational institutions which compete with innovative small business in providing goods and services and, (2) mandate statutorily a national policy of reliance on small business, (3) prevent the Federal government from disseminating proprietary information, (4) prevent the Federal government, through the use of its own personnel including Federal Research Centers, from competing with small business.

13. Increase the amount of Federal research and development prime contracts awarded through small business set-asides by one percent per year of each agency's research and development budget, until the dollar value of the set-asides reaches at least ten percent of that agency's total annual research and development budget.

14. Clarify the "prudent man rule" to broaden it and insure that securities of small insurers are not excluded from those securities eligible for purchase by funds subject to ERISA, and exempt those securities from planned asset regulation issued by the Department of Labor.

15. Institute specialized capital gains treatment for generative capital invested in technology based firms starting with 25 percent in the first year, decreasing by 5 percent per year to zero after five years and, further, defer taxation on such gains whenever the proceeds from sale of investments is reinvested into a small business within the next twelve months.

### INFLATION

16. Balance the Federal Budget by statue in Fiscal Year 1981 by limiting total Federal spending to a percentage of the GNP, commencing with 20 percent and declining to 15 percent.

17. Reform the Social Security System by including, where constitutionally possible, all public and private sector employees as contributors and more closely tie benefits to contributors to move the system toward actuarial soundness. Limit benefits to the original old-age and survivors benefits. Freeze the tax base and tax rate at the January 1980 level. Eliminate double dipping.

18. Revise minimum wage standards by freezing standards at January, 1980 levels and establishing a two-tier minimum wage by exempting teenagers, seasonal workers and part-time workers.

19. Repeal the Davis-Bacon Act.

20. Provide greater incentives for savings and investment by eliminating income tax on investments and interest income up to $10,000.

### VETERANS

21. The President shall issue an executive order providing for the full and effective implementation of the provisions of the Small Business Act providing for "special consideration" for veterans; to assist in carrying out the veterans "special consideration" provisions such executive order shall establish within the Small Business Administration an internal Veterans' Business Committee, the majority of whose members shall be veterans and whose purpose shall be to advise and assist the SBA in the development and implementation of programs and the formulation of policies necessary and appropriate to carry out the veterans' "special consideration" provisions of the Small Business Act.

Such executive order shall require all appropriate agencies and departments of the Federal Government which engage in business assistance activities, such as procurement authority, to provide "special consideration" to veterans.

22. The President should establish an Interagency Committee on veterans in business.

23. 15 percent of all Federal Procurement contracts and 15 percent of all SBA Direct and Guaranteed Loan Program Funds shall be set aside for veteran applicants.

24. All legislation or regulations affording special treatment for women, minorities, and socially and economically disadvantaged or other special groups, should be amended to also provide priority for qualified veterans, including disabled veterans.

25. SBA regulations shall include disabled and/or Vietnam veterans in their definition of "socially and economically disadvantaged."

### FEDERAL PROCUREMENT

26. The Federal Government shall be required by statute to contract out to small business those supplies and services that the private sector can provide. The government should not compete with the private sector by accomplishing these efforts with its own or non-profit personnel and facilities. Small business generally—50 percent which shall include the following: minority-owned businesses 15 percent, businesses owned by women 10 percent.

27. Procurement agencies should break down large requirements (including those for research and development) into smaller parts where feasible to permit solicitation from, and award to, small businesses.

28. The Federal Government should contract out supplies and services to private industry (particularly small and minority business) and should not compete with the private sector either through the use of its own personnel or through non-profit organizations such as the Federal Research Centers, educational institutions or other nonprofit entities.

29. The Office of Federal Procurement Policy should develop a new set of procurement regulations applicable to procurements under a special amount from all businesses. This "second-tier" regulation should eliminate clauses, procedures, reporting requirements, etc., applicable to large systems procurement which are currently imposed on small businesses, as well; and to the extent possible, apply to subcontracts with small businesses.

30. Congress should adopt legislation establishing separate mandatory goals for all federal procurements and federal funds or grants to states, localities, and public and private institutions on a contract by contract basis or agency-wide basis for small business [35 percent], minority-owned businesses [15 percent], and women in business [10 percent].

### ENERGY

31. The Federal Government should open public lands to energy exploration and production under regulations which provide reasonable environmental protection with: (a) a 30 percent small business set-aside; (b) fixed time limits for statutory environmental analysis; and (c) a 5-year limit on lease terms to encourage rapid development.

32. Government must use any new tax income from energy production and development for the future production and development of energy in the private sector, until the U.S. is energy self-sufficient. Small business should have tax exemptions and appropriate set-asides.

33. The U.S. Government shall encourage the immediate expansion of nuclear and coal-powered electric generating capacity. Research efforts directed toward power technology should be expanded.

34. Congress should encourage substantial direct and investment tax credits for the implementation of all forms of conservation and alternative energy. Additionally, investments of up to $150,000 per year should be expensed.

35. Action should be taken to immediately remove price and allocation controls on crude oil and all petroleum products.

### WOMEN IN BUSINESS

36. Private lending institutions should be required to provide equal access to commercial credit for women in business. The Federal Reserve Board should establish record keeping requirements for commercial loans to women which will permit effective monitoring of performance under the Equal Credit Opportunity Act. The Small Business Administration should make bank certification available to as many commercial banks and other lenders as possible and establish targets for increasing the dollar volume of loans made to minority-owned and women-owned businesses, as one of the criteria for recertification.

37. The President should initiate by Executive Order and Congress should enact legislation establishing mandatory goals and reporting requirements for all Federal procurements and procurements resulting from Federal funds and grants to states, localities and public and private institutions for small businesses on the basis of 50 percent for small businesses. The 50 percent shall be distributed so that 15 percent of all procurements shall be targeted for businesses owned by socially and economically disadvantaged persons, and 10 percent of all procurement shall be targeted for women-owned businesses as defined in Executive Order 12138. And, further, that Congress should amend the Small Business Act to provide incentives to Federal prime contractors for subcontracting with women-owned businesses; provided however, that such an act does not include women-owned businesses as a category or class of socially and economically disadvantaged small business.

38. The Small Business Administration should identify existing public and private management training programs, evaluate their effectiveness for women entrepreneurs and increase funding to those found to be effective.

39. Evaluate all Federal government employees in positions which impact on women and minorities, particularly loan officers, pro-

curement officers and management assistance officers, in part on the basis of their performance on behalf of women and minorities.

40. The Small Business Administration shall establish a bonding program that permits the waiver of bonding requirements for Federal contractors who are small business owners. This program shall be available to all small business owners who have been: (1) unable to obtain bonding from any other source, and (2) certified as competent by the SBA.

### GOVERNMENT REGULATIONS AND PAPERWORK

41. Congress should exercise its oversight function with the assistance of the General Accounting Office, instituting sunset reviews of all laws, regulations, and agencies, to ensure that none exceeds original congressional intent. Sunset reviews, in an appropriate time frame (not less than every five years) should include economic impact analysis and proposed agency budget reductions, leading to reenactment of each agency's enabling legislation to permit its continued existence, or to reduce its size and cost.

(a) Establish a Regulatory Review Board composed of representatives from the Executive Branch, Congress and small business owners, with responsibility for impact statements and cost controls.

(b) Congress shall exercise line-item veto over regulations within a specified time through congressional oversight committees, with one-house floor vote.

42. Small business should be eligible for magistrate review of agency civil penalties, and reimbursed for court costs, reasonable attorney's fees, and damages from administrative action, if successful in civil disputes with the Federal Government, including IRS.

(a) Such costs and fees to come from the operating budget of the agency.

(b) Magistrates will be appointed and be responsible to the judges in each Federal Judicial District.

(c) With burden of proof on the agency to defend its action.

43. The Office of Management and Budget should be designated the lead agency for both Federal regulations and paperwork of all agencies and programs (specifically including IRS), with responsibility for forms clearance, paperwork reduction, simplification and elimination; coordinating regulations and cost control oversight; requiring agencies to submit to OMB an economic analysis measuring administrative and compliance costs, particularly for small business, of all proposed regulations and paperwork.

44. All Federal agencies should have the power to implement a tiered system of regulation. This should include the power to minimize and exempt small business from various regulations and reporting requirements as well. All new regulations should be designed to take into account the size and nature of the regulated business. All present regulations should be reviewed to see if they are still required.

45. When developing rules, forms and guidelines, regulatory agencies must consult with small business representatives from affected industries and advocates assigned to each agency.

(a) Consult SBA Office of Advocacy and small business trade associations who should be given sufficient authority and time (90–180 days prior to publication of notice of proposed rule-making) to influence regulators if a proposed rule and/or form would have an impact on small business.

(b) Such proposed rules should reflect less formal administrative procedures for small business.

(c) Agencies make available timely information and assistance, within 30 days in writing.

### ECONOMIC POLICY AND GOVERNMENT PROGRAMS

46. Require that all government agencies which develop fiscal, monetary, legislative and regulatory policies/practices shall submit small business "economic impact" statements that require the regulatory agencies to identify the anticipated benefits and to justify the costs of Federal regulatory requirements to small business. In addition, all regulatory policies shall be subject to sunset provisions to be reviewed every 5 years in order to insure that only cost effective regulations shall be maintained and retained in the future.

47. The Office of Advocacy must be maintained, reinforced and expanded so that activity be not less than 5 percent of the SBA salary and expense budget. The legislative mission of Advocacy must be considered the number one priority of SBA and the Office of Advocacy. The independence of that function of the Office of Advocacy must be protected so that it may continue to have the confidence of the small business community. SBA's Advocacy budget should be devoted to economic research and analysis, as well as, small business advocacy. Small business advocates, under the direct supervision of the SBA Office of Advocacy, shall be assigned to OMB, Federal Reserve Board, Treasury, International Trade Policy Committee and other regulatory agencies.

48. The merger and acquisition anti-trust laws should be amended to: (1) inhibit monopoly and conglomerate growth of giant companies, provided safeguards are built in to protect the needs of small business, (2) prohibit dual distribution that adversely affects wholesalers, distributors, dealers, retailers, and franchises; and (3) prevent the termination or nonrenewal of wholesalers, distributors, dealers, retailers and franchises without good legal cause.

49. The SBA should be directed to implement the following changes:

A. The duties of the Administrator of the SBA shall include the additional function of chairing a new group, within the Executive Branch, to be known as the "Economic Policy Planning Committee for Small Business" to advise the President of small business matters. The new committee shall consist of the following: high level representatives of the Departments of Commerce, Treasury, and Council of Economic Advisers.

B. The SBA Bank Certification program should be expanded so that the SBA can devote more of its resources in terms of personnel and funding to small business advocacy.

C. The Office of Advocacy must be maintained, reinforced and expanded so that activity be not less than 5 percent of the SBA salary and expense budget.

50. Small business representation in economic and regulatory decision-making should be increased. This should include, but not be restricted to the following steps by the President:

(1) Seek the Counsel of the SBA Administrator and representative small business executives in developing policy.

(2) Appoint a small business executive as a senior advisor on the White House Domestic Policy Staff.

(3) Direct that small business advocates be assigned to the OMB, FRB, Treasury Department and regulatory agencies, under general guidelines from the Office of Advocacy at the SBA.

(4) Appoint small business persons to all national boards, commissions and advisory committees whose work impacts on small business.

### INTERNATIONAL TRADE

51. Congress should broaden the tax deferral options of the Domestic International Sales Corporation and provide for the development of an American Trading Company which would automatically qualify as a DISC. Tax deferral options should include the following additional provisions for DISSs: 1) allow for deduction of twice the monies expended for participating in any bona fide overseas trade fair by a DISC; 2) allow for the deduction of twice the amount of premiums paid to Eximbank and FCIA, as legal deductions prior to payment of DISC taxes; 3) increase the $100,000 exemption clause to $500,000; 4) provide for a graduated tax on "deemed distribution" from $500,000 for $50 million, and a standard rate of 50 percent levied on over $50 million; 5) exempt new DISSs from any "deemed distribution" requirement for at least the first three years of operation; and, 6) provide for the elimination of existing incremental provision of DISC regulations. Congress should provide within the tax structure an "Exporter's Allowance" or tax deduction which would apply in the trade of all goods abroad by granting an allowance for 75 percent of the marketing expenditures incurred by the exporter.

52. Eximbank should establish a special small business founding program through commercial banks, and should consider discounting loans to support international sales and should develop a cooperative program with the SBA for pre-export financing.

53. The Federal government should establish field one-stop service shops to include export services of all Federal agencies under the guidance of the Department of Commerce.

54. The President and Congress should consolidate under an existing cabinet level department, a unified world trade administration. It would be responsible for all trade policy functions of the various agencies and departments. Its objective would be to maximize the international competitive strengths of U.S. Small Business with support and goals for minority, women-owned and disadvantaged business and specific programs developed to utilize their units of, technological, educational, cultural, language and political expertise.

55. Congress should provide for support and expand the use of all officially recognized Trade Fairs, Exhibits, and Trade Centers abroad with small business participation; continue to encourage the Department of Commerce to increase the promotion of foreign buyer and foreign visitor travel to the United States; and develop a program utilizing the cultural, language and political expertise of all Americans, especially ethnic groups, to assist in preparing, implementing and utilizing a sales package for use in expanding International Trade in all world markets.

### EDUCATION, TRAINING AND ASSISTANCE

56. A Small Business Educational Task Force for entrepreneurial educational training shall be appointed by the President and coordinated by the Office of Advocacy. Task Force members shall come primarily from small business to initiate, promote, and develop the incentives for demographically, projectionable, formal, business planning and case history-type continuing education and public awareness (through all media) in small business.

57. The Small Business Administration's management assistance programs should be strengthened and expanded by allocating a greater portion of the Agency's total resources to reflect an increased emphasis on management assistance rather than the traditional emphasis on financial assistance.

58. A National Policy should be established for the support of entrepreneurial education and training, continuing education and management assistance, provided by the public and private sector, as an opportunity for every American who wishes to own his or her small business.

59. Establish "One-Stop Shops" under the coordination of SBA for small business assistance programs utilizing effective information systems and management assistance programs to serve the small business community of the local level, with primary im-

plementation occurring through the private business sector, existing agencies and existing organizations.

60. Congress should enact legislation that would provide tax credits or other tax incentives for:

A. Expenses incurred to educate small business owners and operators regarding the management of business; and

B. Expenses incurred to conduct continuing education and training and to provide on-the-job entrepreneurship experience.

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### EXHIBIT II

### MEMORANDUM TO PRESIDENT JIMMY CARTER

DECEMBER 5, 1976.

Memorandum re White House Conference on Small Business.

From the Senate Select Committee on Small Business.

The recognition which the Carter/Mondale campaign accorded small business owners—in the 1976 Democratic Platform, in statements to such groups as the National Small Business Association, and in speeches in Alabama and Ohio pledging that the growth rate of small business would exceed the growth rate of big business and big government—should certainly be encouraging to this group which has suffered from neglect of their legitimate concerns.

Tabulations by the Small Business Administration and others further document the importance of small business to the economy. SBA attributes 52 percent of all private employment, 43 percent of business output, and one-third of GNP to the more than 97 percent of all U.S. enterprises defined as "small business." Commerce Department studies further indicate that more than half of all innovations and inventories originate in this sector, with obvious benefits domestically and in the balance of payments.

The Committee's own studies point out the sensitive relationship between labor-intensive smaller concerns and employment, and led to the conclusion that between one-half and one million jobs were saved last year as a direct result of temporary tax relief accorded to smaller and medium-sized firms in the 1975 anti-recession tax legislation.

Because of the central nature of the economic issues which have been stressed, and the close relationship of small business to them, the Senate Small Business Committee would recommend that, during the early months of the new Administration, there be convened a White House Conference on Small Business.

The last such conference was held in 1956, 20 years ago. Its staff director was Arthur Burns. Two reports were issued, which set the stage for enactment in 1958 of the Small Business Investment Act and the Small Business Tax Act.

Some of the matters that might be involved in such a conference would be: (1) appropriate yardsticks for measuring the status of small business; (2) data-gathering techniques which would reduce federal paperwork and would still make such measurement possible; (3) tax policy; (4) regulatory policy; (5) reporting and compliance burdens arising out of federal legislation; (6) financing; (7) competition policy; (8) procurement, management, and technical assistance and other programs of the Small Business Administration; (9) the role of small business in energy policy; and (10) adequate representation for smaller business in agency decisions on economic policy, regulations, forms, and technical matters. Emphasis might be placed upon identifying such policies which would be both helpful to new, small and family businesses and also which would be realistic of attainment.

It is an accepted fact that the Senate Small Business Committee led the efforts which resulted in increasing the proportion of the 1975 emergency tax cut going to small business from the proposed 25 percent to 37½ percent, in enacting the first thorough revision of the estate and gift tax laws since 1942, and in the establishment of a Small Business Advisory Committee to the Internal Revenue Service.

This Committee also urged that the 1975 rate reductions of 9 percent for small companies and 40 percent for medium-sized independents be made permanent. This would maintain the 1975–77 three-step graduation in corporate rates created by the Tax Reduction Act of 1975, in accordance with President-elect Carter's statement in Cleveland that he is in favor of a graduated corporate income tax but the present system appears to work in reverse, with the small companies paying at higher rates than the large corporations.

At the Senate Small Business Committee's request, the Treasury Department is performing a detailed study which should further confirm differentials in effective tax rates according to size.

This Committee has also offered legislation to provide "fair representation" for small business in advisory committees (S. 3085), to designate a small business contact at each agency (S. J. Res. 177), to upgrade attention to small business matters at the Federal Reserve (S. Res. 308), to enhance small business opportunities to perform energy research (S. 2845), and a number of proposals which would utilize tax credits to reduce the impact of payroll taxes and thus increase employment.

Specific proposals of this kind are available, among many others, for consideration.

The Democratic Platform restated the belief in a healthy small business community as "a pre-requisite for increasing competition and a thriving national economy."

A small business conference could serve to follow through on the new Administration's concern for small business as a vital part of our economy and society. It could become a workshop for greater participation by small business people in the task of formulating economic policy, and would highlight the importance of this area to the general public.

If there is agreement on the value of such a conference and one is convened, the Committee would be pleased to cooperate in every way possible toward its accomplishment.

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### EXHIBIT III

### S. RES. 105

Whereas the United States of America is entering on a crucial period of economic rebuilding;

Whereas such rebuilding can only be accomplished by a revitalization of the Nation's small business community;

Whereas small business provides 52 per centum of all the non-government employment in the United States;

Whereas small business provides 48 per centum of business output;

Whereas 43 per centum of the gross national product of the United States is produced by small business;

Whereas 97 per centum of all United States enterprises are defined as small business;

Whereas significant innovative and technological developments frequently originate in the small business community; and

Whereas the Senate Small Business Committee has actively recommended better development of the Nation's small business community to reduce unemployment, increase production, and provide for the future: Now, therefore, be it

*Resolved,* That it is the sense of the Senate of the United States that the President of the United States convene a White House Conference on Small Business with the help of the Senate Small Business Committee to develop specific and comprehensive recommendations to increase public awareness of the importance of small business; to identify the problems of new, small, and independent business enterprise; and to suggest legislative, executive, administrative, and other appropriate governmental actions for encouraging and maintaining the economic interests and potentials of the American small business community in order to strengthen the overall economy of the Nation.

SEC. 2. The Secretary of the Senate is hereby directed to transmit a copy of this resolution to the President of the United States.

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### EXHIBIT IV

### PROGRESS REPORT

Despite the outstanding contributions of small business to American economy and society, several decades of neglect had left the small business community in this country on the critical list by the mid-1970's. In the past four years, the Senate Small Business Committee has made progress in changing this situation.

During the years 1975 through 1978, the Committee's activities resulted in major small business tax reforms, reduced paperwork, pension simplification, assistance for family farmers, and closer supervision over the Small Business Administration. Attention to small business in government, in the nation's press and academic institutions has been heightened, leading to the forthcoming White House Conference on Small Business.

This report capsulizes these developments and accomplishments:

The White House Conference on Small Business. As a culmination of this four years of activity, President Carter, Small Business Administrator A. Vernon Weaver, and Senator Gaylord Nelson last April announced the nation's first White House Conference on Small Business, to be held in Washington, D.C., in January, 1980. It is to be preceded by 12 regional and 45 state meetings, which are now underway. The aims are to carefully delineate the problems of small business and develop an agenda for action over the next 25 years to restore a climate in which small business can be born, grow, and thrive. The 14 million small enterprises in the U.S. account for 55 percent of the private sector jobs, 48 percent of business output, 43 percent of the GNP, and more than 50 percent of all industrial innovations in this century. Given fair treatment, they can make vital contributions to the country's most valued goals.

Breakthroughs in Tax Reform for Small Business. In the four years 1975–78, Congress restructured the corporate income tax to subject all earnings under $100,000 to a progressive and significantly lower level of tax. Savings range from almost one-quarter for the smallest firms earning less than $25,000 to almost one half for those earning between $25,000 and $50,000, as shown in the table below.

Overall, the 94 percent of U.S. companies earning less than $100,000 will save $2 billion in federal taxes in 1979 and $2.2 billion in 1980 as a result of this legislation:

SMALL BUSINESS TAX SAVINGS, 1975–79

| Corporate income | Amount saved | Percentage reduction | Total saved in 1979 (millions) |
|---|---|---|---|
| $25,000 | $1,250 | 23 | $371 |
| $50,000 | 8,250 | 47 | 616 |
| $75,000 | 12,750 | 43 | 592 |
| $100,000 | 14,750 | 36 | 449 |
| Total | | | 2,028 |

Public hearings in 1975 resulted in a thorough reform of federal estate and gift tax laws, including: an increase of the "marital deduction" available to surviving spouses to $250,000; tripling of the amount of property exempt from estate tax to $175,000; tripling the gift exemption to $100,000; and providing 15 years for payment of estate taxes attributable to farms or small businesses.

A 1978 Committee investigation on capital formation brought a deep reduction of the maximum tax rate on capital gains—from 49.1 percent to 28 percent—a cut of 43 percent. The Nelson proposal enacted by Congress will exclude 60 percent of capital gains from taxation (compared to the previous 50 percent). This has already led to an increased flow of venture capital to new and small enterprises. In addition:

Subchapter-S of the Internal Revenue Code (used by 300,000 closely-held businesses) was substantially revised and liberalized, increasing the maximum number of shareholders from 10 to 15.

The Investment Tax Credit was increased 43 percent for all business (from 7 percent to 10 percent) but 185 percent for small firms buying used machinery, because the amount of used machinery eligible for the investment credit was doubled ($50,000 to $100,000).

The excise tax was graduated for small brewers, saving 35 small breweries $2 per barrel on their first 60,000 barrels of production, or a total of $4.2 million a year.

A Small Business Advisory Committee was formally established at the Treasury Department at the Commitee's request.

A sweeping small business depreciation reform bill developed over the past four years almost passed Congress in 1978. This proposal (S. 110) offers massive simplification, eliminating 100 pages of regulations for the 80 percent of U.S. businesses purchasing less than $25,000 per year in equipment, along with an additional $1.5 billion of capital formation for these companies. It passed the Senate in 1978, but was eliminated from the tax bill in the closing moments of the 95th Congress.

Reduction of Government Paperwork. The first success was creation of a Federal Paperwork Commission which, in turn, conducted a two-year study of paperwork problems. At the end of 1978, 151 of the Commission's 520 recommendations for paperwork reduction had been acted upon; eliminating 400 federal reports.

Another committee bill consolidated into a single annual filing the form 941 on which each of the nation's 4½ million employers must list the name of every employee. Beginning in 1978, this law eliminated a stack of paper more than two miles high every year.

In 1976, the Committee got the Labor Department to drastically reduce the new ERISA pension form (EBS–1) from 16 to 5½ pages. Cutting 10½ pages for each of the nation's 710,000 retirement plans reduced paperwork by 7½ million pages.

An amendment to the 1977 Minimum Wage bill reduced 12 pages of applications and instructions on hiring part-time students to a single postcard. This resulted in an increase in more than 5,000 part-time jobs the following year from businesses newly willing to apply.

In 1979, the Committee Chairman introduced a comprehensive bill to require the Federal Government to cut paperwork 25 percent within two years, or to explain to the Congress why it cannot be done. (S. 259)

Beginning the process of reducing governmental regulation. Committee studies demonstrated the cost of governmental regulation, and showed that regulations have been a greater source of increased housing costs than labor and materials. As a result, the median price of homes is now more than $50,000, out of range for three-quarters of all U.S. families.

Senator Nelson's "Regulatory Flexibility Act", calling for "two-tier regulation" passed the Senate in 1978 but was not enacted. It would distinguish between large companies that can bear the costs of sophisticated regulations and small firms which cannot, (S. 299)

Another bill, the "Regulatory Procedures and Improvements Act of 1979" (S. 93) would require government to state the cost of regulations and justify the benefits in each instance. Both bills are pending in the current 96th Congress.

Simplification of pension reporting and compliance. The Committee held the first congressional hearings highlighting the adverse effects of the Pension Reform Act of 1974 (ERISA) on the more than 90 percent of U.S. pension plans sponsored by small businesses. It found that, because of ERISA, the ratio of retirement plan creations to terminations fell from about 14–1 in the five years prior to the law to 3.6 and 1.5 to 1 respectively in 1975 and 1976. Almost 25,000 pension plans closed down in those two years. As a result of these hearings:

The Labor Department reduced the EBS–1 form from 16 to 5½ pages (1975);

The Labor Department and the Internal Revenue Service agreed to limit themselves to a single annual report (1977);

The Administration simplified reporting to plan participants and beneficiaries (Reorganization Message, 1978);

The Labor Department modified the "prudent man" regulations to facilitate investment in small business (April 26, 1978).

Improving capital formation for small business. In 1978, the Committee began the most concerted congressional investigation of credit and capital needs of small business of the past twenty years.

The initial hearings at the American Stock Exchange in New York and elsewhere laid the basis for approval of Senator Nelson's proposal to cut capital gains taxes from 49.1 percent to 28 percent. The hearings are continuing in 1979.

Requiring a fair share of Government contracts for small business. The Committee has consistently pushed for a greater proportion of government contracts of all kinds to be opened to cost-competitive small firms. For example, in research and development, small business has a brilliant record of producing half of all the country's innovation, but it receives only 3.4 percent of federal research contracts.

In 1978, the Committee developed the most comprehensive legislation for small contractors of the past 20 years and gained its enactment as Public Law 95–507. The new law requires Federal agencies to establish specific goals for small business contracts, and the appointment of a responsible official at each agency to assist small firms in obtaining this business. Additionally, every large prime contractor must now have a formal subcontracting procedure on each contract.

Another Committee report (S. Rept. 1413) recommended that the Executive Branch lay down targets for small business R & D procurement that could mean an extra $2 billion for small firms.

Imposing a tighter rein on the Small Business Administration. In 1978, the Committee developed legislation which would: 1) tighten controls over the SBA through Congressional review of the Agency's budget; 2) strengthen the agency's advocacy program; 3) increase the number of Small Business Development Centers in universities throughout the country to render services similar to the Agricultural Extension Service; 4) create a small business "data base" to improve the quality of small business research; 5) provide for a national small business economic policy mechanism; 6) increase support for venture capital investment; and 7) provide adequate funds for the White House Conference. This bill passed both the Houses of Congress but was not signed by the President. It has been modified and reintroduced in 1979, and has been reported to the Senate as S. 918.

Helping the family farm survive. The Committee legislated an extension of Small Business Administration programs to family farmers. Another initiative was the investigation of the 160-acre size limitation on farms receiving Federal water. A bill has been introduced to assure this land remains in family farm ownership.

Initial steps toward product liability relief. Committee hearings revealed that some businesses experienced premium increases for liability insurance of up to 1,000 percent, and others could not obtain such insurance at any price. A Nelson-Culver bill enacted as part of the Revenue Act of 1978 provided for a 10-year carry-back of product liability losses and the lifting of the accumulated earnings penalty on after-tax product liability reserves.

Women in business. Committee conferences on the problems of women business owners in 1976 raised the visibility of this issue and led to a national program to promote and assist women owners of businesses.

Increased stature of small business in the Congress and the Nation. The Congressional Small Business Committees, particularly in the Senate, made great strides in the past four years. The Senate Committee was given legislative authority over all matters pertaining to the Small Business Administration, the Small Business Act, and the Small Business Investment Act. The Committee consults 200 business organizations in seeking to develop the most effective working agenda for the nation's small business community.●

● Mr. STEWART. Mr. President, I am proud to be a member of the Democratic Party's special Small Business Task Force, whose agenda for action we announce here today. Shortly after the historic White House Conference on Small Business, I urged the majority leader to create an appropriate vehicle to expedite consideration of the legislative priorities established at the conference. I commend the distinguished majority leader for setting up this task force. I think his actions clearly signal the commitment of the Democratic Party to small business, and the determination of the party's leadership to see that meaningful action is taken.

Under the able leadership of Senator NELSON, chairman of the task force, we have developed an agenda which I believe is responsive to the most pressing concerns of the small business community. I think we have something which the whole Democratic Party can rally behind. This agenda is meaningful without being overambitious. I am confident that with the active support of the administration, the Democratic leadership, and the members of the task force, we can accomplish final action on several items listed on the agenda during the current legislative session.

The agenda for action we unveil here today is yet another unanticipated but extremely welcome and timely outgrowth of the recent White House Conference on Small Business. This meeting of over 1,500 representatives of the small business community from around the country provided an excellent forum for a discussion and consensus on the most serious issues facing small business. Of equal importance, it provided an opportunity for the small business community to organize itself into an effective political force. And, last but not least, it focused the attention of policymakers here in Washington and elsewhere on the needs and concerns of the small business community, as well as on its past, present, and future contributions to society as a whole.

Small business is the cornerstone of the American free enterprise system. Healthy competition to provide goods and services which meet human needs is the foundation upon which the American way of life has been built.

Today, the free enterprise is under siege, throttled by rigid and inflexible regulatory bureaucracies that impose almost unimaginable cost and paperwork burdens on small business. Equally disturbing is the no risk, no growth attitude which has contributed so much to the lamented decline in American productivity.

If we truly are to reinvigorate our stagnating economy, we must not put a leash on the very American ingenuity and enterprise which has enabled this Nation to attain a preeminent position in the world economy. And we must not choke off the capacity of the small businessman to obtain the working capital needed to maintain, modernize, and expand his business.

There are many low- and no-cost items on this agenda, some of which I am cosponsoring, which would facilitate small business access to capital. We must enact measures that will enable small businesses to retain more of their earnings, create incentives for equity investment in small business, and improve the general business climate. As a member of the Senate Banking Committee, I will be pushing for reforms in certain credit and security laws that would provide small business with better access to the capital markets.

There are many other important items on the small business agenda introduced today. I am particularly concerned with and will lend my full support to regulatory reform, export stimulus, and greater small business participation in Federal research and development and procurement contracts, especially in the energy field.

I also heartily endorse the No. 3 policy recommendation of the White House conference, balancing the Federal budget. Many of us are currently involved in the painful process of balancing the budget. Everyone will need to make sacrifices, and I know I stand on very safe ground when I say that the small business community is ready, willing, and anxious to accept its fair share of the burden.

Again, I commend the distinguished majority leader for convening this special task force. The small business community has spoken with a loud, clear, and remarkably unified voice on the issues. The time has now come for the Congress to act.●

### SMALL BUSINESS AGENDA FOR 1980

Mr. ROBERT C. BYRD. Mr. President, I am most pleased to add my support to the recommendations which the Small Business Task Force and its able Chairman, Senator NELSON, are making to the Senate.

The Small Business Task Force, which convened last month, has done a superb job of developing an agenda which is ambitious, yet realistic.

The Democratic Party has a long history of commitment to small business. The agenda developed by our colleagues builds on the long tradition of Democratic small business initiatives in areas such as tax policy, capital formation, regulatory reform, paperwork, procurement, and patent policy.

Most of the items on the 1980 agenda grew out of the recommendations of the thousands of small business people who participated in the White House Conference on Small Business in January.

I am committed to this agenda. Together with the task force members, I shall endeavor to insure that these small business goals become a reality this year.

These are troubled economic times for small business. They are the first to feel the credit crunch; the first to be squeezed out of capital markets; the last able to withstand a sustained seige of high interest rates.

One of the commitments of the agenda balancing the Federal budget. Balancing the budget can bring some relief to this hard-pressed sector of the economy from the pressures of the current monetary policy. We are working to take the pressure of Federal borrowing off the credit markets so that interest rates can moderate. Nothing is more important to the viability of the small business sector, particularly those who are dependent on the housing and construction trades, than a moderation of interest rates.

Our agenda for 1980 should draw support from both sides of the aisle, from a broad cross-section of the political spectrum. I predict that, under the able leadership of Senator NELSON, small business will receive some good news from the Senate this year.

## ORDER FOR RECESS UNTIL 10:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 10:30 a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

## EXTENSION OF REORGANIZATION AUTHORITY OF THE PRESIDENT UNDER CHAPTER 9 OF TITLE 5

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. RIBICOFF, I ask unanimous consent that the Committee on Governmental Affairs be discharged from further consideration of H.R. 6585 and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. STEVENS. There is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 6585) to extend the reorganization authority of the President under Chapter 9 of Title 5.

● Mr. RIBICOFF. Mr. President, I support H.R. 6585.

This one-line bill extends until April 6, 1981, the President's current authority to propose reorganization plans to Congress. It makes no other changes in the Reorganization Act. If the Senate did not act on the bill this week, the President's authority would lapse over the upcoming recess.

The President should have this authority in case relatively minor adjustments need to be made in the next 12 months in the way the Government is organized. I know that some Senators would be concerned about even this one year extension if the administration were to try to use it to propose such a major reorganization as a new Department of Natural Resources. The administration has said, however, that they have no intention to use the authority to establish a new Department of Natural Resources in the next year.

The past experience of the Governmental Affairs Committee suggests further study could lead to improvements in the way the act works. By limiting the extension to 1 year the Governmental Affairs Committee and the full Senate will have time to review fully the desirability of amending the act. During that time we can all consider what changes should be made in the law in order to define more precisely the exact scope of the President's authority, and to improve the procedures for congressional action on proposed reorganizations.

To assist the committee in this review, I intend to ask GAO to evaluate the way the current statute has operated, and to report to the committee before the authority expires.

In the meantime, I urge the Senate to approve H.R. 6585 without amendment.●

Mr. STEVENS. Mr. President, I wish to print in the RECORD a letter I received from the Executive Office of the President, the Office of Management and Budget.

When this matter was raised in the committee I inquired whether the extension of authority here, which will end on April 6, 1981—this is the extension of the President's reorganization authority—would be used in any way to bring about the reorganization plan that contemplated moving NOAA, the Forest Service, and other elements of the executive branch into a new Department of Natural Resources.

As is indicated by this letter from Mr. McIntyre, sent up in his behalf, in his conversations with Senator HOLLINGS and Senator TALMADGE and conversations I had with his office it has been stated to us categorically that the administration does not intend to use this authority to send up reorganization plans affecting the status of those agencies.

I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF MANAGEMENT AND BUDGET,
*Washington, D.C., April 2, 1980.*
Hon. TED STEVENS,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR STEVENS: This is to confirm the statement of Jim McIntyre, Director of the Office of Management and Budget, in his conversations with Senators Hollings and Talmadge, that the Administration does not intend to send up reorganization plans affecting the status of NOAA, the U.S. Forest Service, or any of their elements, during the period of extension of reorganization authority ending April 6, 1981.

Sincerely,
JAMES T. MCINTYRE, Jr.,
*Director.*

Mr. STEVENS. Mr. President, on the basis of this assurance about this extension authority, which does only go to April 6 of next year, I withdraw my objection to consideration of this matter at this time.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Alaska, the acting Republican leader, for his withdrawal of his objection. I appreciate his comments.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The bill (H.R. 6585) was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## UNANIMOUS-CONSENT AGREEMENT—S. 2245

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as Calendar Order No. 684, S. 2245, the Motor Carrier Reform Act, is called up and made the pending business before the Senate, that there be a time agreement thereon as follows: Two hours on the bill equally divided between Mr. CANNON and Mr. PACKWOOD; 1 hour on the bill controlled by Mr. HOLLINGS; 30 minutes equally divided on any amendment; 1 hour equally divided on an amendment by Mr. HOLLINGS dealing with the exemption from Federal regulation of the transportation of food and agricultural supplies; 1 hour equally divided on an amendment by Mr. KENNEDY dealing with antitrust immunity; 30 minutes equally divided on an amendment by Mr. EXON dealing with mandatory insurance requirements for motor carriers; 1 hour equally divided on an amendment by Mr. SCHMITT dealing with services to small communities; 1 hour equally divided on an amendment by Mr. CANNON dealing with motor carrier transportation incidental to rail transportation; 1 hour equally divided on each of two amendments by Mr. STEVENSON in the first or second degree on the same subject as the amendment of Mr. CANNON; 1 hour equally divided on an amendment by Mr. MCCLURE dealing with the operation of triple combination truck trailers on the interstates; provided further, that there be a time limitation on any debatable motion or appeal or a point of order, if such is submitted to the Senate, of 20 minutes, and that the agreement otherwise be in the usual form.

Mr. BAKER. Mr. President, reserving the right to object, and I will not, the reservation is for the purpose of advising the majority leader that the agreement as described by him has been cleared on this side and we have no objection.

Mr. ROBERT C. BYRD. I thank the distinguished Republican leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement follows:

*Ordered,* That when the Senate proceeds to the consideration of S. 2245 (Order No. 684), a bill to amend title 49 of the U.S. Code to eliminate unnecessary regulation of motor carriers of property, and for other purposes, debate on any amendment shall be limited to 30 minutes (except on a Hollings amendment on exempting from Federal regulation the transportation of food and agricultural supplies, on which there shall be 1 hour; a Kennedy amendment on antitrust immunity, on which there shall be 1 hour; an Exon amendment on mandatory insurance requirements for motor carriers, on which there shall be 30 minutes; a Schmitt amendment on services to small communities, on which there shall be 1 hour; a Cannon amendment on motor carrier transportation incidental to rail transportation, on which there shall be 1 hour; two Stevenson amendments in the first or second degree on motor carrier transportation incidental to rail transportation, on each of which there shall be 1 hour; and a McClure amendment on trucking combination on the interstates, on which there shall be 1 hour), to be equally divided and controlled by the mover of such and the manager of the bill, and debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided,* That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or his designee: *Provided further,* that no amendment that is not germane to the provisions of the said bill shall be received.

*Ordered further,* That on the question of final passage of the said bill, debate shall be limited to 3 hours, to be equally divided and controlled, respectively, by the Senator from Nevada (Mr. Cannon), the Senator from Oregon (Mr. Packwood), and the Senator from South Carolina (Mr. Hollings): *Provided,* That the said Senators, or any one of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

### ORDER TO PROCEED TO THE CONSIDERATION OF S. 2245 OR S. 414

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the recess and upon the disposition of the First Concurrent Budget Resolution, the Senate then proceed to the consideration of either Calendar Order No. 684 on the regulation of trucking or Calendar Order No. 515, on which some work has already been done but which has not been completed, and that the majority leader be authorized to decide, after consulting with the distinguished Republican leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

## RECESS UNTIL 10:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until tomorrow morning at 10:30 a.m.

The motion was agreed to; and at 4:59 p.m., the Senate recessed until Thursday, April 3, 1980, at 10:30 a.m.

## NOMINATIONS

Executive nominations received by the Senate April 2, 1980:

### THE JUDICIARY

Samuel James Ervin, III, of North Carolina, to be U.S. circuit judge for the fourth circuit, vice a new position created by Public Law 95–486, approved October 20, 1978.

William Cameron Canby, Jr., of Arizona, to be U.S. circuit judge for the ninth circuit vice Ozell M. Trask, retired.

Charles L. Hardy, of Arizona, to be U.S. district judge for the district of Arizona, vice Walter E. Craig, retired.

Milton Irving Shadur, of Illinois, to be U.S. district judge for the northern district of Illinois, vice Hubert L. Will, retired.

Frank J. Polozola, of Louisiana, to be U.S. district judge for the middle district of Louisiana, vice Elmer Gordon West, retired.

Clyde S. Cahill, Jr., of Missouri, to be U.S. district judge for the eastern district of Missouri, vice James H. Meredith, retired.

### IN THE COAST GUARD

The following-named Reserve officers of the Coast Guard to be permanent commissioned officers in the grades indicated:

*Lieutenant commanders*

David K. Arnold
Kenneth E. Gray

*Lieutenants*

Michael L. Beatty
James E. Begley
William S. Chubb
James J. D'Allesandro
Edward M. Fiegel
Cheryl L. Gaebel
Donald W. Gold
John H. Harper, Jr.
Clyde M. Henkel
Ronald R. Korenek
Christopher L. Lee
Dennis M. Maguire
Lane I. McClelland
Max R. Miller, Jr.
William R. Miller
Theron A. Patrick
Tommy G. Perkins
Keith L. Randall
Stephen C. Rapalus
Billy R. Slack
Louis S. Stanton
Joseph A. Steen
Paul D. Thomas

*Lieutenants (junior grade)*

Paul J. Bergman
Richard A. Blais
William P. Cummins
Charles J. Dickens
David H. Dickey
Lee W. Ellwein
Clayton W. Evans
Ernest J. Fink
Stanley W. Harris
Phillip L. Hawkins
Claude H. Hessel
Jody A. Hinchion
Jack L. Hirsch, Jr.
Richard H. Holzshu
Joseph M. Hunt
Gerald T. Huser
Robert F. Lavender
Theodore C. Lefeuvre
Andrew J. Matta
Maureen T. McBride
Edward J. McCauley
James G. McKnight
Randolph Meade, III
Douglas Mihalik
Harry B. Milford
Ronald J. Morris
Susan G. Moritz
Terrance Mulligan
Kevin C. Myers
Norman T. Ohr, Jr.
Scott J. Olin
James G. Parker
Wayne M. Patrick
Raymond A. Pelletier
James A. Peoples, Jr.
Victor M. Pounds, Jr.
James E. Quarles
Howard P. Rhoades
Harley L. Rhodes
Van M. Richardson, Jr.
Donald W. Rigney
Edward L. Ristaino

Ernest P. Rivas
Michael D. Russell
Ronald L. Rutledge
Donald A. Salamone
Robert L. Sainlar
Charles M. Shirk
John H. Siemens
Peter C. Smith
Theodore H. Smith
Christopher J. Snyder
James E. Stinson
Rex M. Takahashi
Russell N. Terrell
Edward J. Toscano
Ronald L. Walters
Lawrence T. Yarbrough
John W. Zoch

### *Chief warrant officer (W–3)*

Michael A. Shafer

The following graduates of the Coast Guard Academy to be permanent commissioned officers in the Coast Guard in the grade of ensign:

Lyle Y. Fleck
William Charles Floyd
Roderick E. Walker

The following-named officers of the Coast Guard Reserve for promotion to the grade of captain:

Richard W. Doherty
Lawrence C. Foley
Charles L. Hayes, Jr.

The following-named officers of the Coast Guard Reserve for promotion to the grade of commander:

John C. Griggs
Robert L. Pritchard
James J. McCartin, Jr.

The following-named officer of the permanent commissioned teaching staff of the Coast Guard Academy for promotion to the grade of captain:

Bruce C. Skinner

### IN THE NAVY

The following temporary lieutenant commanders of the U.S. Navy for permanent promotion to that grade, pursuant to title 10, United States Code, sections 5782 and 5791.

### SUPPLY CORPS

Allega, Timothy James
Allen, Daniel William, Jr.
Allen, Dennis Jean
Atkins, John Wesley, III
Barnes, Frank
Barnett, Orlando Tyrone
Battersby, Richard Wayne
Baum, Christopher Charles
Beamer, George Patrick
Benbow, Robert Thomas
Biel, Jeffrey Donald
Biggs, Edmund Logan
Black, John Floyd, Jr.
Brady, Richard Lee
Brown, William Timothy
Carstanjen, Jan Hendrik
Carstens, Delbert Kenyard
Chamberlain, Edward Robert
Clements, Charles Cecil, III
Coffin, Charles Edward, III
Cohan, Lawrence Louis
Collette, Robert Lloyd
Collins, Ralph, Jr.
Conradt-Eberlin, Viggo Paul
Cottrell, Michael Francis
Crognale, Stanley Joseph, Jr.
Culver, Kenneth Duane
Deck, Robert Lee
Dexter, Stephen Thompson
Diaz, Adalberto Miguel
Doubleday, Ross Justin
Earlston, Robert Paul
Edgerton, Donald Kenneth
Evans, Neale William
Flakes, Donald Lewis
Fronabarger, Jerry Lloyd
Gardner, Everette Shaw, Jr.
Garner, Darrell William
Garrett, George William
Gibson, John Justin
Gonzales, Virgilio Garcia
Griggs, Thomas George, III
Grove, William Earle
Gustavus, Robert Lynn
Haddock, Ira Frederick, Jr.
Hall, Robert Leo
Hallenbeck, Gerald Thomas
Hanson, Maurice Dale
Harris, Timothy Leon
Haugen, Steven Carl
Hawkins, Joe Crane
Hendricks, Ross Franklin
Holley, Dewey Arnold
Hoyt, Charles Arny, III
Humes, Larry Frank
Ireland, Dennis Wayne
Janssen, Clark John
Jaudon, James Elton, III
Jenkins, Evan Richard
Jennings, Jay Jeffrey
Jepson, Francis Edward, Jr.
Jones, James William
Jordan, Robert Richard
Joshua, Edward Raymond, III
Kamel, Mohsen
Keller, Frank Boyd
Kellum, William Carlisle
Kern, Samuel Yeager
Kinsey, Joseph William
Kirtley, Richard Wayne
Kowalski, Fred Walter
Krisman, Dennis William
Kurz, Robert Raynor
Leenstra, Richard Byron
Libby, Kurt William
Lippert, Richard Alan
Lord, Clifford Carol
Lovejoy, Leonard Norman
Luring, Gregory Bates
Lynn, Gary Dexter
Major, Samuel James, Jr.
Marx, Paul Thomas
McCurdy, Jeffrey Horace
McInnis, Roger Eugene
McMeans, Edwin Walter
McQuinn, Dale Eugene
Mills, Kenneth Brewster
Monahan, David Wilson
Moore, Beryl Grant, II
Moore, Richard Snowden, Jr.
Nelson, Thomas Russell
Nordwall, Marvin Raymond
Ott, Gene Franklin
Parks, Michael Blake
Perkins, Robert Morris
Perry, William Kurtz, Jr.
Peters, Charles Allan
Pollock, William Jay
Printz, Stephen Carl
Quigley, Robert Michael, Jr.
Quirk, David John
Ramelli, Daniel Steven, III
Ray, Larry Clay
Robuck, Charles Henry
Scarola, Joseph Ralph
Schechter, Kenneth Alan
Schlegel, Merrill Edward, II
Scudi, John Turner
Sever, Donald Edwin, Jr.
Shaw, Mark Charles
Sheppard, James Michael
Smith, Jay Schuyler
Smith, Rene Allen
Soares, Leonard Joseph
Souza, John Edward
Spradlin, Willie Lee
Sullivan, Michael Patrick
Tabb, Donald Cameron, Jr.
Thompson, Ronald Harris
Thomson, James Edward
Thurlow, Robert Sheridan
Townsend, David Alvin
Townsend, Richard Harding
Ullrich, James Marshall
Utter, James Henry
Vaughan, Larry Edward
Velte, Duane Robert
Williams, Edward Leo, III
Williams, Fred Alan
Wilson, Richard Davis
Wise, William Allen, III

### CHAPLAIN CORPS

Anderson, Kevin Lenwood
Apple, James Lewis
Atwood, Theodore Oertel, Jr.
Baldwin, John Frances
Baxter, Clifford Albert, Jr.
Benedum, Thomas John
Bentley, Lawrence Jay
Bevins, John Joseph
Black, Richard David
Bond, Thomas Dudley
Boyd, James August
Brogan, Hugh Thomas
Bunce, Bobby Gene
Burt, Michael Floyd
Carroll, Vincent Wayne
Cartee, Ira Oliver
Connor, Robert Matthias
Cronin, James Edward, Jr.
Dagnoli, Albert James
Daigle, Robert Edward
Dendulk, Donald Edward
Deramus, David Tillman
Dike, William Louis
Dowers, Jack Emerson
Eack, Donald James
Eslinger, Harold Howard
Evans, George Wesley, Jr.
Ferraro, Joseph Anthony
Forrester, Oscar Bron
Fuller, Ivan Richard
Greco, Robert John
Grove, John Wesley
Gryga, Theodore
Hart, Brian Patrick
Holwager, Philip Joseph
Horne, Lawrence Rexwell, Jr.
House, John David
Howland, Joseph Albert
James, Willard Lewis
Keyser, Charles Lovett
Kibble, Herman Loris
Kirstein, James Fritz
Latty, Allan Robert
Leis, Edward Charles
Maiorana, John
Marsden, Thomas Charles
Martin, Henry Lawrence
McCoy, Marion Wilbert
McMahon, Gerard Thomas
McManus, William Griffis, Jr.
McNeil, John Roland
Mulqueen, Joseph Christopher
Niederhuth, Wayne Lee
O'Connor, Gerald Coman
O'Connor, James Paul
Palafox, Lorenzo Joseph
Parker, Charles Roy
Patrick, William Lee
Peterson, Jay Dean
Pocock, Thomas Reid
Prendiville, Edmond
Ramming, Michael Evert
Reidy, Robert Paul
Robertson, Carey Ellis
Robison, Paul David
Rosenblatt, John Jacob
Ryder, Frederick William
Sellers, Larry Gene
Sestito, Joseph Nicholas
Shirey, Larry Neil
Sostrich, John Louis
Sperry, Robert Henry
Spreier, John Edward
Stubbe, Ray William
Taylor, Andrew Robert
Travers, David Owens
Wallace, Rodney Carrol
Walz, Arden Dean
Williams, Paul Henry
Wilson, James Roscoe, Jr.
Zobel, Frederick Robert

### CIVIL ENGINEER CORPS

Alfredson, Leonard, Eric
Angelelli, Ronald Paul
Ayres, Larry Lee
Bankert, Frederick Ball, III
Best, Thomas David
Binning, Cogal David, Jr.
Bivins, Joseph Powell
Bone, Talbot Wade
Brown, Richard Eugene
Brown, William David
Burke, William Francis, III
Burkett, Hugh Alan
Cottingham, John Richard
Dean, Hilbert Dwayne

Fisher, William Grayson, Jr.
Franz, John Peter
Frey, Michael Leslie
Fulgham, James Grant
Geibel, Bruce Burgee
Groncznack, Robert Patrick
Gunn, Alexander Carlan
Hamm, Edward Roger
Hartman, Franklyn Joseph
Heath, John Emery
Hemme, Glenn Darwin
Hoff, Michael Leroy
Holland, George William
Holm, Stanley Robert, Jr.
Hoyt, Ronnie Allan
Hughes, Duncan Stuart
Johnson, Allan William
Johnston, Keith Alan
Jones, Frederick Joseph
Jones, Lloyd Kenneth
King, Jerry Wade
Kovach, Richard Gaza
Larsen, Quentin John
Leech, John Geoffrey
Lehman, John August
Lemon, Harvey Brace
Lenehan, Thomas Francis, III
Lines, Richard Alden
Lowery, Edward Joseph, Jr.
Lucas, John Albert, Jr.
MacKinnon, Donald Joseph
MacLaughlin, James Warren
McClure, Thomas Daniel
Moeller, Robert Lewis
Mohsberg, Sidney Augustus, III
Monroe, Gary Ellis
Moyle, Allan Leroy
Nash, David Julian
Nigro, William Thomas
Osborn, Prime Francis, IV
Owens, James Walter, II
Palmborg, James Glenn
Prahl, Charles Scott
Reid, Gary Harper
Rever, John Nicholas
Rice, Richard Hardwicke, Jr.
Shelton, Michael William
Sherron, John Thomas
Simons, William Joseph
Smith, Louis Martin
Somers, Allen Harry
Spiezio, Frank Anthony
Talutis, William Romans
Taylor, Robert Adell
Tomayko, David James
Tomiak, Walter Wayne
Vadas, Peter Paul
Walcott, Fred Perry
Ward, James Emerson
Waters, William Allen
Weyler, Michael Ernest
Wynn, Alfred Lee
Yankoupe, George William

### JUDGE ADVOCATE GENERAL'S CORPS

Clum, John Peter.
Collins, Cornelius John, Jr.
Engstrom, David Lennart.
Freyer, James Anthony.
Gallagher, Stephen Barry.
Glenn, Lawrence Michael.
Goldberg, Michael Mendel.
Grant, Harold Eric.
Green, Michael Pruette.
Greiveldinger, Geoffrey Robert.
Guy, David Ansley.
Haldeman, Harold Watson, Jr.
Henriksen, John Raymond.
King, Richard Glen.
Krogmann, Newell Daniel.
Larson, David Charles.
Lawrence, Thomas Anthony.
Llewellyn, Adam Karl.
Maris, George Michael.
Milliken, Jon Chancy.
Misiaszek, Peter Edward.
Mollison, Richard Miles.
Newman, Richard Carson.
Nicks, Harold Troy.
Nolta, Franklin Lyman.
Osper, George Peter.
Powers, Jack Thomas.
Principi, Antonino Joseph.
Radlinski, Gregory Keith.
Riggio, Michael Vincent.
Schiff, Richard Benjamin.
Scholz, Ronald Walter.
Shea, John Patrick, III.
Smith, Glee Sidney, III.
Smith, Roger Arthur.
Smith, Willie, Jr.
Stoller, Harold Lloyd, Jr.
Surpless, Donn Curtis.
Thomas, Arthur Ralph.
Uris, Richard Blair.
Vanderhoef, Craig Titus.
Vinson, John Charles.
Warden, Irving Darris, Jr.
West, David Ian.
Wylie, Peter Caldwell.
Zimmerman, Richard Edward, Jr.

### MEDICAL SERVICE CORPS

Ackley, Paul Nelson
Aringdale, Gordon Lyle
Bailey, John William, II
Banner, Herrmann Edwin
Benander, Douglas Norman
Brady, James Arvid
Brant, Robert Henry
Brubaker, Ralph Wesley
Buckley, William Michael
Campbell, Robert Eugene
Chitwood, Carl Steven
Coolbaugh, James Cameron
Cooper, Thomas Michael
Cowart, Paul Ray
Creahan, David Joseph, Jr.
Cunningham, Robert Smith, II
Cygan, Walter Francis, Jr.
Daniel, Paul Edwin
Dayhuff, James Edmund
Dickens, Timothy Holland
Dodge, Benjamin Fowler, III
Ehlert, George Joseph
Elzy, Robert Lee
Fisher, David Howard
Flondarina, Melchor Navelgas
Freed, Stanley Harold
Friedman, Arnold Leon
Fromm, Susan Alice
Frost, Alan Walker
Galley, Charles Bernard
George, James David
Giron, Sagat Macaraeg
Conard, George Eugene
Graham, Bruce Warren
Hall, Charles Edwin
Hamm, Melvin Neal
Hazelton, Robert Henry, Jr.
Hopkins, Robert Frank
Husted, Stanley Ross
Hyde, Noel Alfred
Jackam, David Charles
Kafer, Sallee Pittman
Kellner, John Robert
Koehn, Galen Roy, Jr.
Lamdin, Jay Marshall
Littlefield, Judith Hiller
Mack, Earl Kenneth, Jr.
Maples, John Allen
Mataldi, Alan Elio
McCalment, Theodore Emil, Jr.
McCracken, Gary Owen
McDermott, Donald Stephen
McLaughlin, Judith Schut
Moore, John Riley
Morris, Wayland Franklin, Jr.
Myers, Charles Michael
Nayote, Arthur Dennis
Nazzaro, John Thomas
Newquist, Robert Louis
O'Leary, Terrence James
Parker, Richard John
Patterson, William Larry
Pinkerton, John Ward
Potts, James Conrad
Pratt, Michael Lee
Profita, Salvatore John
Relinski, Robert George, Jr.
Rethmeier, Kenneth Allen
Riesenhuber, Richard Dale
Shannon, Richard Harold
Stockmoe, Elizabeth Anne
Tackitt, Robert Duane
Tenopir, Stanley Joseph
Thomas, Whitney Proctor
Thompson, Robert Arthur
Vosloh, David Lee
Walker, Richard Ives
Watkins, Osborne Thompson, III
Wildes, Dudley Joseph
Wilkinson, John Preston
Wood, Owen Leslie
Woods, Ronald Stafford
Zila, Robert Charles

### NURSE CORPS

Austin, Stuart Richardson, Jr.
Baker, Deirdre Jean
Bloshinski, Elizabeth Rose
Bohn, Randolph Joseph
Clifford, Betty Jean
Corboy, Mary Cornelia
Cords, Marvin Dale
Crist, Margery Weitzel
Dempsey, Frederick James
Emerson, David Kent
Finley, Frances Lee
Griffith, Joanne Simon
Hamilton, Dorthea Carolyn
Harris, Marina June
Hildebrand, Carol Thorson
Holman, Diane Margaret
Ingram, Charles Hershel
Jacobsen, Jayne W. M.
Krauser, Sheila Ann
Kudrav, Christine
Lane, Sally Lois
Lochotzki, Kenneth Jerome
Mencik, Barbara Ann
Meredith, Linda Margaret
Miller, Linda Jeanne
Mitchell, Mary Catherine
Mocarski, Frances Jane
Morris, Edward William
Nolan, Marguerite Anna
O'Brien, Barbara Ann
Patec, Karen Martin
Peace, Velia Decicco
Powell, Alice Ann
Prue, Phyllis Erma
Rex, Anita Carmelita
Richter, Maryellen Agnes
Rist, Susan Elizabeth
Robinson, Ida Marie
Ryan, Kathleen Veronica
Sattazahn, Mary Della
Schneider, Karen Sue
Smith, Maureen Moloney
Stokes, James Edmond
Sulcer, Bert Reid, Jr.
Thomas, Thelma Ann
Vering, Wilma Gertrude
Vivian, Sandra Joy
Warenfelt, Marianne Krisanda
West, Mary Alice
Wilhelm, Patricia Ellard

### IN THE MARINE CORPS

The following-named chief warrant officers for temporary appointment to the grade of first lieutenant in the Marine Corps, for limited duty, pursuant to title 10, U.S. Code, section 5596, subject to the qualifications therefor as provided by law:

Armstrong, Terry L.
Ashe, Johnnie E.
Bauer, Craig L.
Bishoff, Douglas L.
Blair, Eldon E., Jr.
Blume, Hendrik A.
Bohlen, Michael W., Sr.
Bolton, Burl D.
Brahmer, Ronald M.
Brown, Stephen R.
Buck, James D., Jr.
Burpo, Fred L.
Calvert, Walter D.
Carter, Dandridge S.
Carver, Dennis
Case, Douglas L.
Castro, Robert, Jr.
Chatelain, Jerry W.
Chavez, Jose C., Jr.
Cochran, Melvin L.
Cone, Donald P.
Cornwell, Charles L., Jr.
Craig, Douglas B.
Craig, Dwight D.
Crowl, Daniel F.
Cummings, Michael K.
Czaikoski, Stephen H.
Daly, Otto A., III
Davidson, Ronald J.
Davis, Gunnar F.
Demers, Steven S.

Dickerson, Walter S.
Douthit, Roger W.
Edwards, James R.
Ellis, Ernie L.
Ewadinger, James L.
Finklea, Gordon R.
Finocchiaro, Carmelo A.
Foltz, Donald K.
Fox, Thomas A.
France, Clarence N.
Frierson, Douglas
Fuhrman, Gary M.
Ganey, Michael J.
Garcia, Jose T.
Garner, Robert M.
Gebaide, Johnny E.
Giri, Bruno J., Jr.
Gomez, Mario A.
Graham, Arvis O., Jr.
Grant, Frederick H.
Guthrie, Charles S., Jr.
Hajduk, Loren E.
Hambrick, David W.
Hardy, Patrick J.
Harrington, Stephen L.
Hasty, Boyette S.
Hazelwood, James W., Jr.
Heuman, Terry L.
Hill, Benjamin F.
Hoot, Roger L.
Hopper, Seybourn E., Jr.
Jamieson, Robert C.
Jellison, Larry E.
Johnson, Michael D.
Jolicoeur, Paul J.
Jungel, Paul M.
Karlson, Kenneth E.
Kidwell, David L.
Kierepka, John J.
King, Stanley F., Jr.
Kinsella, Michael S.
Kiser, Marvin
Klepac, Henry L.
Knippel, Bruce W.
Koon, Arthur C.
Koren, Ronald A.
Kush, Dennis E.
Labrousse, Robert M.
Lake, Dawaine H.
Lambeth, Stephen C.
Larkin, Herman C.
Legeyt, Charles H., III
Lemasters, Richard G.
Longshore, John M.
Lowery, William D.
Martin, Brian R.
Martin, Raymond I., Jr.
McMann, Donald R. G.
McWilliams, Charles A.
Meisenhelder, Gary P.
Miller, Robert B.
Moon, Nathaniel
Mulloy, Thomas M.
Nall, Mark A.
Neal, James H., Jr.
Oermann, Dennis K.
Owens, Andy G.
Palacpac, Joseph J.
Parslow, James F.
Penn, David T.
Penn, Thomas L.
Perez, Arturo
Pfaffenberger, Thomas J.
Pickens, Daniel B.
Pierre, Clarence G., Jr.
Pitt, Thomas I.
Poteet, Kenneth B.
Preece, Winnis G.
Pritchard, John E.
Puhr, Michael A.
Reed, Marcus T.
Reese, Alec W.
Roberge, William J.
Robinson, Michael L.
Rosenfield, Martin L.
Rudolf, Larry F.
Runa, Frank L., Jr.
Santa Cruz, Javier
Schrader, William W.
Scott, Frank L., Jr.
Shaw, Gordon A.
Shea, Daniel P.
Sheffer, James M.
Sliva, Antonio B.
Slock, Douglas G.
Smorsty, Dennis, G.
Smith, Paul L.
Smith, William J.
Snipes, Karl P.
Snow, Joseph J., Jr.
Sofranac, Paul
Stevens, Terry G.
Stiltner, Johnny J.
Stuck, Gary W.
Tallman, Peter W., Sr.
Tate, Robert R.
Thames, James V., Jr.
Thompson, James E.
Thurman, Russell R.
Troublefield, Donald T.
Turbyfill, Charles L.
Vickers, Jerry M.
Waller, Dean A.
Warford, Jack L.
Westerman, Terrence M.
Wherry, David J.
Wieckowski, Wesley
Willmon, James R.
Wilson, Charles B.
Woodruff, Roger L.
Wyss, Douglas E.
Yale, James E.
Rates, Charles W., Jr.
Yinger, Raymond R., III

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## CONFIRMATIONS

Executive nominations confirmed by the Senate, April 2, 1980:

### PANAMA CANAL COMMISSION

The following-named persons to be Members of the Board of the Panama Canal Commission:

Michael Blumenfeld, Assistant Secretary of the Army, of the District of Columbia.

John Alden Bushnell, of Connecticut.

John W. Clark, of Louisiana.

Clifford Bradley O'Hara, of Connecticut.

William Sidell, of California.

### INTERSTATE COMMERCE COMMISSION

Reginald E. Gilliam, Jr., of Virginia, to be a member of the Interstate Commerce Commission for the term of 7 years from January 1, 1976.

### FEDERAL MARITIME COMMISSION

Peter N. Teige, of California, to be a Federal Maritime Commissioner for the remainder of the term expiring June 30, 1980.

Peter N. Teige, of California, to be a Federal Maritime Commissioner for the term of 5 years expiring June 30, 1985.

### NATIONAL TRANSPORTATION SAFETY BOARD

James B. King, of Massachusetts, to be Chairman of the National Transportation Safety Board for a term of 2 years.

### DEPARTMENT OF EDUCATION

Betsy Levin, of North Carolina, to be General Counsel, Department of Education.

The above nominations were approved subject to requests to appear and testify before any duly constituted committee of the Senate.

# EXTENSIONS OF REMARKS

## IDAHO ECONOMIC OUTLOOK

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### HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. SYMMS. Mr. Speaker, Don Holley and John Mitchell, professors of business and economics in the School of Business at Boise State University, have prepared a fascinating and incisive report on the economic outlook for the State of Idaho, which I strongly recommend to my colleagues. Too often, Washington forgets that the source of America's greatness does not lie along the banks of the Potomac, but rather in our country's heartland. And too often decisions are made here in Washington without due consideration for the thoughts and insights back home. I urge my colleagues to consider the views of Professors Holley and Mitchell when they consider legislation of particular importance to my State.

The study follows:

### IDAHO ECONOMIC OUTLOOK

The past year has seen Americans hit with 13.3 percent inflation, surging energy prices and high interest rates. The national economy continued to grow, employment increased by about two million, and the widely anticipated recession failed to materialize. The outlook for 1980 is clouded with uncertainty given the Iranian and Afghan situations, the fact of a presidential election, and possible disruption of energy supplies.

The primary concern of Americans seems to be inflation, which has ravaged the nation since the mid-1960's. Hopefully, 1979 was the peak. Recent actions by the Federal Reserve Board, if continued, will provide the foundation for substantially reduced inflation in the years ahead. The Volcker Fed has committed itself to slowing the growth of money and credit, which will reduce spending and eventually dampen price pressures. In the interim there will be a cost in sluggish output and employment that may or may not be called a recession, but the end result will be a healthier economy with more stable prices and increased output.

The slowdown in credit expansion sent interest rates upward with the accompanying slowdown in the credit sensitive housing sector. In Idaho housing starts were down by about 15 percent from the 1978 levels and employment in the lumber industry fell. The slowdown reflects the impact of high interest rates deterring borrowers and the usury ceiling in the state which prevents loans from being made. The usury ceiling has recently been suspended temporarily by Federal legislation, but the industry is expected to remain in the doldrums until rates ease later in the year. Interest rates should decline as economic activity weakens and the demand for credit eases. The developments will stimulate the housing and lumber industries.

Two other forces are working to slow the economy in 1980. First, recent oil price increases will reduce economic activity as spending for energy imports reduces funds for other purposes. Secondly, the Federal Budget is moving closer to balance, and no tax cut is currently being proposed by the Carter Administration. These forces should contribute to a modest slowdown in economic activity that will be less severe than the 1974-75 recession. The slowdown will likely be modest given the lack of inventory imbalance, the strength of investment, and the strength of housing due to changes in the financial institutions that enable mortgage funds to be supplied, and the demographics of the nation. A moderate slowdown will help avoid the temptation to massively stimulate the economy—a policy which would quickly boost the inflation rate.

An examination of other post World War Two slowdowns reveals that Idaho is in a region of the nation that has experienced relatively mild cycles. The industry mix of the state has not contained the industries affected most heavily in a national downturn. Idaho's manufacturing until lately has been heavily tied to food processing and other extractive products—not durable goods. In addition, in rapidly growing areas like Idaho, national slowdowns appear as a reduction in the growth rate rather than an absolute decline in activity. Employment growth has already slowed in Idaho. The increase in employment in 1979 over 1978 was 1.2 percent and is expected to continue to increase slowly in 1980.

In spite of 1980 being a presidential election year, the ability to stimulate the economy at the first sign of a slowdown is limited because of the high rate of inflation and the problems of the dollar in the foreign exchange markets. Any perception that the United States is going to stimulate its economy would fuel inflationary expectations and quickly result in a falling dollar which would increase the prices of imported goods and the domestic goods that compete with them.

The determination to deal with inflation offers the nation the chance to implement the policies which will, over time, move us toward price stability, but this will not be easy. Long term action to slow the price level's increase has not been taken in recent years. Instead policymakers and elected representatives have enacted very inflationary policies. Future progress against inflation will require moderate monetary and fiscal policies, progress in reducing the power of the oil producing cartel, and enhanced productivity. These will be long term policies, but we may get started in 1980.

The years ahead will be marked by some major adjustments for Americans as we finally face the altered energy situation and adjust our patterns of living. Already cars are changing (gasoline consumption fell in 1979), alternative energy sources are growing and recreational patterns are changing. These are adjustments which we may not like, but they are inevitable with the present world energy situation.

Except for agriculture and the potato, no other single activity is identified with Idaho like mining. The gold that was taken out of the Boise Basin exceeded that of the more famous California and Alaska gold fields. The current operations at Sunshine, Lucky Friday and De Lamar attest to the fact that much precious metal still exists in the state, and the current increases in gold and silver prices must make the blood of the prospector run wild. The economic lot of the individual miner has not been good. Corporate mining in Idaho has been very successful, but during the entire period for which data are available, 1958-78, proprietor income of individual miners has been negative—which means that hunting for precious metals in Idaho has provided more recreation than income. When the data are in for 1979 and 1980 the negative profits may become positive, but beyond 1980 we're not willing to conjecture. But $700 gold and $50 silver can make for a lot of black ink on the income statements of small mining operations.

As exciting as this may be, the real future in mining in Idaho appears to be in two unlikely minerals, cobalt and molybdenum. The future of gold and silver prices are so uncertain that we will probably see a lot of profit taking rather than any major increase in output and employment. There are plans for new shafts at Lucky Friday and Sunshine mines, but the impact on employment is still a few years away.

But not so with cobalt and molybdenum. There has been no cobalt mined in the U.S. since 1971. Our supplies have come from the African countries of Zaire and Zambia. Used widely as an alloy in the manufacture of jet engines, there has been a substantial increase in demand for cobalt in recent years at the same time that political unrest in Africa has jeopardized supplies. Outside of Africa the largest reserves are in the U.S.S.R. and Cuba, so it only seems natural to turn to the largest known deposits in the U.S., in the Blackbird Mining District southwest of Salmon. Between 1967 and 1975 cobalt prices slightly more than doubled. Between 1975 and 1978 they almost tripled, and in 1979 they doubled again and are now 13½ times higher than they were in 1967. That's quite a message for the domestic producers, and plans are to open a mine and milling operation which will employ over 500 people in the Salmon area.

The increase in the price of molybdenum, while less spectacular than the price of cobalt, has more than tripled in the last ten years. Also, while the U.S. is the world's largest producer of molybdenum, the market is large enough and the deposit on Thompson Creek near Challis of such high quality that the Cyprus Mining Company will open an operation which will employ close to 1,000 during construction and about 550 when in operation.

A city the size of Boise, Pocatello or Coeur d'Alene can absorb such an increase in employment and population with few problems. But 1,000 workers during the construction period and an increase in permanent employment of 550 could double the size of Challis.

These circumstances conjure up visions of Rock Springs, Wyoming when the construction of the Jim Bridger coal-fired electricity plant and simultaneous major expansions in all of the area's potash plants increased the size of the town 68% in four years. Strains on the public services, e.g. schools, police, fire, sewer and water, created severe problems for local government. In addition there were the social problems caused by new people moving into the community with long established social relationships. The newcomers felt unaccepted and the oldtimers felt rejected, and it took time for things to settle down.

Some of these problems will be unavoidable in Challis and Salmon if these minerals are to be mined. But some problems are avoidable if local officials have the resources with which to work. It is to the credit of the Cyprus Company that they are willing to prepay property taxes which will allow the City and County to pay for the public services which will be needed immediately. It will be a credit to state and local government and Cyprus if ways can be found to accommodate the growth that is coming.

### THE GRAIN EMBARGO

The United States government has embargoed certain grain shipments to the Soviet Union in order to punish the Russians for the incursion into Afghanistan. This action may cost the farmer dearly in the years ahead. Foreign leaders will be concerned about the wisdom of dependence on the United States for food imports in light of our actions. We have created incentives to develop alternative supply sources and domestic production in other nations. Over time the recent actions may well reduce exports and income in one of our most efficient export industries at great cost to the nation and the world. In addition third party transactions and transshipping may reduce any impact on the Soviet Union.

### TOURISM

The increased cost of transportation will result in:

(1) fewer trips
(2) shorter trips
(3) longer stays.

Therefore, the Idaho tourist industry will find itself catering to more Idaho customers and with a different tourist behavior than before.

Is this market large enough to sustain the current Idaho industry? We'll see next fall.●

## GEORGE FALLON

### HON. JIM WRIGHT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. WRIGHT. Mr. Speaker, George Fallon possessed two great characteristics which stand out to this day as standards for all of us here.

First, he was a serene, unflappable man—secure in himself and in the virtues of the people and the city he represented.

He kept his desk clean, and at the end of the day he left the Capitol, boarded the train, and went home to Baltimore for the night. It was apparent to all of us who were George Fallon's colleagues that he had control of his time and of his life, and that is not a simple accomplishment for Members of this body.

Second, George Fallon was a builder. The fruits of his legislative labors stand today in every corner of our Nation.

"There is no place that I can go that I will not see a monument to the Public Works Committee, a building, a bridge, a road, a dam," he once said. He did not call those accomplishments monuments to himself. They were monuments to his committee.

And what monuments they were. It was under his leadership that we began to build our magnificent Interstate Highway System, funded by the highway trust fund. The work which flowed from the Fallon Act has touched the lives of all Americans, making it possible to drive quickly between our cities and to carry the finished goods and raw materials which are the lifeblood of our economy.

George Fallon's bill built roads and it provided jobs. And when the 1958 recession hit, George Fallon said: "I know of no better way to stimulate the economy and provide hundreds of thousands of jobs than by increasing our investment in highway construction."

George Fallon was a man who believed that America was a nation of builders, not a nation of doubters and nay-sayers.

He was right about that and his accomplishments stand before us today as proof that the United States is a nation capable of solving problems, of building a better life for the American people.●

## THE FUTURE OF HUMAN RIGHTS

### HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. HARKIN. Mr. Speaker, I would like to commend to my colleagues in the Congress the words of a great American, Allard K. Lowenstein, who died tragically last month. In the following speech, given in March 1978 at Columbia University, Al discusses the role of human rights considerations in shaping American foreign policy. In his own work, Allard Lowenstein furthered the cause of suffering people around the world. It is my hope that we can build on his vision in the pursuit of human rights, social justice, and peace on Earth.

The speech follows:

### THE FUTURE OF HUMAN RIGHTS IN AMERICAN FOREIGN POLICY

(Allard K. Lowenstein [1])

Professor Friedmann was a hero to many who know not only the circumstances of his death but also the qualities of his life. We ought to try to commemorate him in the way we live, and words on an occasion like this ought to be measured by whether they tend to encourage or to substitute for attitudes and patterns of activity that further the influence of those qualities . . . which may be a good way to begin these observations, because so many people are frustrated about the inadequacy of words in trying to deal with problems of human suffering. But despite that understandable and valid frustration, much of what can be achieved has to start with words.

We live in a world where technology has limited what we can do. This is a peculiar paradox, because it has also taken away many limits to what we can do—which is to say that for the first time since Cain killed Abel, we can wipe out half the population of the world in about five minutes. This fact somewhat transforms what war is about. It limits what can be done by violence, even if you do not subscribe to pacifism as a philosophy. . . .

Once it is perceived and accepted that war has become an overwhelmingly brutal and potentially terminal tactic, the intertwining of necessities becomes almost tantalizingly contradictory. We need peace, justice, opportunity, and the decrease of suffering. But how do you obtain the second, third, and fourth of those items without violence in, say, South Africa? . . .

So there is the paradox. How can we have human rights without peace?

How can we have peace without human rights? How do we achieve both under the intense pressure of time resulting from technological breakthroughs? One must start with talk, and that fact must add to one's awe about the extraordinary foresight of Eleanor Roosevelt in her work after the Second World War. If it had not been for her driving commitment, stature, and patience, there could not have been developed a document accepted by the whole world as a common standard of human rights—however differing the interpretations and flagrant the hypocrisies. . . . These documents have given human rights international legal status, status as a proper topic for concern by governments about each other's behavior. . . . We can't enforce our view of these rights on other countries. But we can persist in placing the topic of human suffering on the agenda of governments in a way that affects the obligations of governments as spelled out in these documents. In fact every government except South Africa proclaims its adherence to the human rights principles of the Universal Declaration of Human Rights and the UN Charter, and even South Africa is trying to make noises in that direction. . . . Governments thus can be perceived not only as the source of a great deal of suffering, but also as the logical vehicles to decreased suffering. And *that* paradox lends power to the demands of conscience expressed by private citizens and builds pressures that cross national borders. . . .

Perhaps the greatest contribution of President Carter and Ambassador Young to human rights during their first year in office is that the problem of human suffering has been transformed from a kind of do-gooders' inside joke to a major item on everybody's diplomatic agenda. And this transformation has in turn affected the atmosphere within many countries with repressive governments. It should make Americans feel good about their country to realize that our government has become a purveyor of hope in many places where not too long ago it was seen as a purveyor of quite a different sort. . . .

Our concern about human rights is what must be consistent and universal, not our tactics or our impact. We should do whatever we can to decrease the suffering of people wherever they live, whatever the source of suffering, understanding that there are limits to what we can do and that there are other requirements in shaping national policy. . . .

But much can be achieved even within these limits when the government of a major power decides to make a priority of human rights concerns. Simply sending Andrew Young as our representative to the United Nations was a great contribution, because Andrew Young's compassion, experience, and intuitive genius in dealing with people of greatly varied backgrounds and points of view have helped arrest a kind of rigor mortis that had overtaken so much of international discourse for so many years. Because of Andy Young's personal impact, people are talking—and listening—who have not done much of either for a long time. That is a blessing for our country, and for people trapped too long in various kinds of adversity around the world.

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[1] These extracts were taken from a talk given on March 23, 1978 that was cosponsored by the Program of General Education and the Friedmann Conference.

Robert Kennedy used to say that the future might lie beyond our vision, but it was not beyond our control, and that the work of our hands matched to reason and principle could help shape that future. If we want a future shaped by the spirit that we commemorate on this occasion, we had better revive and organize our energies to work for the values that have moved this University to greatness over the centuries.●

## FRIENDS OF THE BALTIMORE AGUDATH ISRAEL BOYS ORGANIZATION

### HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. LONG of Maryland. Mr. Speaker, today 41 members of the Baltimore branch of Agudath Israel organization, accompanied by Mr. Aaron Prero, are visiting the Capitol. My friends from Baltimore are students in the first through sixth grades. They will tour the House and Senate Chambers and will learn about the legislative process.

I welcome the boys from Agudath Israel and am certain that their day here will be memorable and educational.

The boys are:

David Hoffman, Moshe Bamberger, Chanoch Bamberger, Avrohom Kuritsky, Chaim Siegel, Yehoshue Ottensoser, Chaim Levin, David Levin, Avrohom Shor, Shmuel Greisman, Mordechai Steinharter, Yehuda Steinharter, Avrohom Shnidman, Nosson Labovits, Israel Labovits, Meir Raskas, Doniell Fishkind, Ari Fishkind, Yehuda Fishkind, Dov Schechter, Yaakov Kestenbaum, Shmuel Kestenbaum, Gary Macklin, Tzvi Rosen, Eliyahu Rosen, Pesachya Skaist, Robert Mehler, Levi Friedman, Avrohom Miller, Louis Vasquez, Boruch Weinberg, Shraga Berlin, Hillel Drazin, Michoel Eisemann, Yitzchok Eisenberg, Aharon Levin, Yeruham Prero, Asher Prero, Shaul Prero, Tani Sperling, and Shmuel Sperling.●

## WHAT IS THE BASIC CAUSE OF INFLATION?

### HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. DANNEMEYER. Mr. Speaker, at other times I have risen to discuss the causes of inflation here in the House. At this time I feel that it would be appropriate to identify just who has the responsibility for this inflation, how it affects the working people of this Nation, and how this inflation can be curbed.

It is important to ask who is responsible for these horrendous deficits in the past 5 fiscal years. The simple irrefutable truth is that the Democrats have overwhelmingly controlled the Congress since World War II and by huge majorities in the past 5 years. The following analysis indicated that Democrats have overwhelmingly voted to create these huge deficits and Republicans have consistently voted against them.

PERCENT VOTING FOR DEFICIT BUDGETS FOR THE PAST 5 YEARS

| | 1975 | | 1976 | | 1977 | | 1978 | | 1979 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Republican | Democrat | Republican | Democrat | Republican | Democrat | Republican | Democrat | Republican | Democrat |
| 1st budget resolution | 2.3 | 74.3 | 10.5 | 82.5 | 1.5 | 30.7 | 2.2 | 76.5 | 6.3 | 80.8 |
| 1st budget resolution conference report | 3.5 | 80.4 | 7.4 | 82.6 | 5.5 | 78.0 | 1.5 | 75.4 | 25.0 | 41.5 |
| 2d budget resolution | 8.2 | 76.2 | 9.6 | 85.0 | 21.3 | 73.3 | 1.5 | 83.7 | 27.0 | 73.7 |
| 2d budget resolution conference report | 2.3 | 76.3 | 16.4 | 85.3 | 3.0 | 76.8 | 5.4 | 84.8 | ............... | 80.3 |

AVERAGE PERCENT FOR AND AGAINST DEFICIT BUDGETS BY PARTY

| | Republicans | Democrats |
|---|---|---|
| For | 8.0 | 74.9 |
| Against | 92.0 | 25.1 |

Unfortunately, it is "the common practice of politicians and voters to pursue the booty of government without showing concern about how to pay for it." Democrats in the Congress have by their voting records proved the truth of this statement by Edgar Fiedler, vice president for economic research at the conference board, a business research organization.

EFFECTS ON PEOPLE

Economic effects of inflation are everywhere apparent. Of at least equal importance, and perhaps from the standpoint of the long-term impact upon our society, is the effect on society's values. Wilhelm Ropke recently wrote:

> Such a spirit seems at work in the 1960s and 1970s and is evidenced by what appears as a generalized erosion in public and private manners, increasingly liberalized attitudes toward sexual activities, a declining vitality of the Puritan work ethic, deterioration in product quality, explosion of the welfare rolls, widespread corruption in both the private and the governmental sector, and, finally, observed increases in the alienation of voters from the political process. We do not, of course, attribute all or even the major share of these to the Keynesian conversion of the public and the politicians. But who can deny that inflation, itself one consequence of that conversion, plays some role in reinforcing several of the observed behavior patterns. Inflation destroys expectations and creates uncertainty; it increases the sense of felt injustice and causes alienation.

In 1930 prices were about what they had been in 1770, although in the interim they occasionally had been twice as high. Since the 1930's many economists advising national leaders in Washington have encouraged the Keynesian revolution. It is the essence of this philosophy that we can spend our way into prosperity. The stark truth of the matter is that it has brought us to the verge of national bankruptcy. Between 1970 and 1979, the cumulative budget deficit was $338 billion which has increased the national debt to a total of $850 billion today. The annual interest expense alone is in excess of $59 billion. In addition, the cost of living has doubled since 1967 (1967=100, October 1978=200).

For the 6-month period ending in July 1979, the inflation rate was 13.4 percent. Not since the early days of the Korean war has the inflation rate been so high.

On the average, debtors win and creditors lose during inflationary times. Those who live on wages win, those who live off capital lose. With these statements in mind, people working for wages might get the impression they are somehow benefited by inflation. This is decidedly not true. The largest aggregations of capital in the modern economy are not the stockpiles of the rich; they are trust funds representing the bested pension and life insurance rights of working people. Most of these commitments to workers are expressed in dollar terms, unindexed to the rate of inflation. If present trends continue, retirement security is a hoax for today's workers.

For people who have already reached retirement age and are on fixed incomes, unindexed for inflation, concern for the future is in some cases verging on fear. Their numbers are growing. In 1950, there were 18.5 million persons age 60 and over. By the year 2000, there will be 40.6 million.

CURE FOR INFLATION—STABLE ECONOMIC GROWTH

The first step in stopping inflation from slowly but surely destroying the middle class of this country is to elect individuals to Congress who will reduce and then eliminate deficit spending. Every American has his own impression and recollection of Watergate. One of the fallouts was the election to Congress in 1974 of a crop of liberal Democrats who have used their muscle to vote for spending without the courage to pay for it in direct taxes.

The result has been predictable. The indirect tax of inflation has financed their spending. We have shifted the privilege of paying for this to our grandchildren and their descendants. In effect, we have stolen from the future.

Given the fact that over the past 5 years Democrats in the House have voted for these huge deficits by an average majority of 74.9 percent and Republicans have voted against them by 92 percent, it is fair to say that if a majority of Republicans were elected to the Congress that the American people would have the assurance that deficit spending would end. The Democrats currently enjoy a 267 to 159 advantage in the Congress.

The plain, simple truth is that the U.S. Congress is fiscally out of control.

At this time Congress seems philosophically incapable of matching the outgo with the income. Keynesian economic theory is so deeply engrained in the political habits of Democrat leaders of the Congress that not even the threat of 30 States of the Union demanding that Congress get its fiscal house in order can deter them. Dr. Charles W. Baird of California State University at Hayward reported:

> The major impetus to inflationary increases in the Nation's money supply has been and continues to be large and repeated deficits in the Federal budget.

These deficits have placed great pressure on the Federal Reserve System to finance them with printing press money, and it has obliged.

The OPEC nations of the world operate a monopoly. They have jacked up energy costs fourfold since 1973, and, correspondingly, this has caused a dramatic increase in the cost of everything we consume which is produced with this more expensive energy. The total impact of this increased energy cost is estimated by most economists to represent about 3 percent of the inflation rate. The balance of the inflation is caused by the spending practices of the Congress.

In a nutshell, fiscal irresponsibility of the U.S. Congress, guided and directed by a heavy Democrat majority, is the principal cause of inflation in this country. If we Americans want to change this pattern of fiscal chaos, we must remove the Democrats who occupy seats in the Congress by replacing them with Republicans.

Stable monetary growth is the next step to pursue in stopping inflation. It is reasonable to assume and predict that if monetary expansion is limited to 3 percent annually, we will be taking a sound step to stop inflation. This statement is based upon a growth rate of 3 percent in gross national product, a figure that is close to what we have experienced in this country up until very recently. However, this growth in printing press money has not been restrained by the Federal Reserve Board since 1913. Since the Board has not performed its delegated task of providing for an orderly growth of the money stock, it may be appropriate for the Congress to direct, by statute, that the growth rate in the money supply be gradually reduced from the current annual rate of about 8 percent per annum so that gradually, over 4 years, the rate is reduced to 3 percent annually. Rapid deceleration should be avoided in order to protect our economic system from an unnecessary shock.

Increased worker productivity and personal savings are just as important to our economic health. If the American people are to produce more, the incentives to do so must be present. This means reducing taxes which lays the foundation for increased economic expansion. With an increased gross national product, workers will earn more and Government will receive more at a lower rate than it does at the current higher one. The price of our high-tax, low-incentive system has been the loss of between $20 billion to $100 billion per year in taxes not paid by an underground economy estimated at $200 billion to $500 billion—our total economy generates $1.5 trillion per year. People are opting to barter and cheat on their taxes rather than pay the tax load which today is estimated at 43 percent of our national income for all levels of government.

Our people should be encouraged to save more than they do now. We can do this by exempting from income tax the interest income from savings accounts. These savings will help to form the capital which is needed to create jobs in the private sector of our economy.

In addition, the laws should be changed so that business can be more certain of recovering the cost of research and development. This is most important to restore growth in productivity. Depreciation allowances should be accelerated so as to modernize American industry. In the last 15 years, Japanese steelmakers have constructed nine supermills, while U.S. industry has built only one. Regulation of business, where gains in safety and health are small to the costs of achieving them, and marginal to the individual's welfare, should be reduced. All of these costs are ultimately borne by the consumer.

Congress can achieve these steps if it has the courage and the commitment to do so. Republicans have demonstrated that commitment. The only problem is that 59 more Republican votes are needed in the House in order to bring Republicans into majority control with 218. Our economy has been left in the hands of a Democrat majority for too long, resulting in demoralizing deficits, devalued money, and defeating inflation. It is time that we put our economy's great strength back in the hands of its people which would be best served by the election of a Republican majority to the U.S. Congress.●

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## PASADENA FESTIVAL OF ART AND SCIENCE

### HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. MOORHEAD of California. Mr. Speaker, the Pasadena Festival of Art and Science is an influential and beneficial event in which all the members of the community can and do take pride.

The growth and ascendancy of the festival during its first 5 years provides clear evidence that it has received masterful handling from its supporting members and organizations.

Recently the sponsoring agencies—the Pasadena Arts Council, the Pasadena Recreation Division, the Pasadena Community Arts Center and the Pasadena Chamber of Commerce—expanded the Pasadena Festival of Art to include science. This was an important and appropriate step as within the bounds of Pasadena are some of the finest minds in the world.

Further, the mixing of science and art is advantageous to both as science lends dynamism and discipline to art while art lends humanism and beauty to science.

The theme of this year's festival is "Technology for the Eighties." Involved in the affair will be the Jet Propulsion Laboratory, the California Institute of Technology, Rockwell Space Systems, Disney Productions, Ralph M. Parsons Engineering, and other firms dealing in technology.

Vital and creative entities such as these will play a key role in solving the problems which are currently facing society. With imagination and technology, with science and art, we will be successful in unraveling the puzzles of energy, environment, and productivity.

The Pasadena Festival of Art and Science is a functioning tribute to the capabilities of man and his myriad accomplishments. It is a reminder of the many things man can and will accomplish in the future. It is an example of men working together to solve problems for the common good of all.

There is no question that the Pasadena Festival of Art and Science is an emerging community tradition and an exciting venture.●

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## INFLATION, BALANCING THE BUDGET, AND THE POOR

### HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. MOFFETT. Mr. Speaker, there is no question that the present economic situation in our Nation is intolerable. Obviously, Congress must take steps to halt the spiraling inflation which is ruining our economy. In this regard, the present efforts to balance the fiscal year 1981 budget are commendable—even though economic studies show that a balanced 1981 budget will only reduce inflation by less than one-half of 1 percent. Properly done, balancing the budget can have far-reaching effects toward making Congress a more efficient and effective lawmaking and budgetsetting entity. Improperly done, balancing the fiscal year 1981 budget will cause enormous, unnecessary suffering and have no lasting effect on Congress future fiscal responsibility. Across-the-board budget cuts will only balance one budget. They will not increase our chances of balancing future budgets. In our efforts to balance the budget, we must not ignore the goals of our Government and our Nation.

The following article, which appeared in the Wall Street Journal of

March 27, deeply moved me. I am submitting it in the hopes that my colleagues will also read it and reach a better appreciation of the devastating effects of inflation on the over 24 million poor in the United States. In our haste to balance the 1981 budget, we must not get lost in the clean abstractions of numbers and percentages. We are literally dealing with the lives of people who have already lost the race against inflation and have had to cut back their use of the basic necessities. Necessities are, by definition, things that no person or family can do without—or should have to go without in our society.

The article follows:

### THE HAVE-NOTS—STEEP INFLATION MEANS CUTBACKS IN ESSENTIALS FOR POOREST FAMILIES

(By Jonathan Kaufman)

CHICAGO.—To listen to Betty Watson is to hear the complaints of housewives and mothers just about everywhere these days. "They really have to do something about this inflation," she says. "Prices are just too high."

But Mrs. Watson's complaints carry an especially plaintive tone. She is poor. This month she will have $175 left over from her welfare check to feed herself and her nine children (her husband doesn't live with her). That isn't enough, and the more Mrs. Watson thinks about it, the more she worries that things soon may become as bad as they were four years ago.

Back then, out of work because she was pregnant, she went to sleep hungry several nights a week so her children could have enough to eat. Her daughter Ruthina, now three, was born with a cleft palate and webbed fingers on her right hand. The doctor told Mrs. Watson the fetus hadn't received enough nourishment.

For most middle-class and better-off Americans, soaring inflation at times has imposed significant changes on the way they live: a new car unbought, a vacation curtailed, a savings account dipped into far too often. But for the nation's poor—roughly defined as the 24 million people who fall below the government's poverty level and thus qualify for a variety of public-assistance programs—the choices are much more stark.

#### NO FAT LEFT

"For the middle class, inflation means taking money away from less essential things and using it for essentials," says Judy Masterman, director of family and aged services for Chicago's Catholic Charities. "There's a cushion. But the public aid given to poor families never included any fringes. There is no fat to cut."

In New York City, for example, the basic welfare grant—established in 1974—allocates $14 a month for gas, electricity and telephone combined. Today, however, the average electricity bill in New York is $31, the minimum phone bill $9 and the average gas bill $32, according to New York's Human Resources Administration.

Similarly, families receiving welfare benefits and food stamps in Chicago have less to spend today, in real terms, than they did five years ago. Since 1975, welfare benefits and food stamps for a family of four have increased 33 percent to about $500 a month. During the same period, prices have risen almost 50 percent.

What that has meant for Betty Watson is a diet for her children that is too heavy on starches and leads to anemia; for Patricia Willingham, it has meant having to scour alleyways for Christmas presents and furniture; and for Benjamin Cabrera, it has meant having to think less about moving to a larger apartment in a safer neighborhood and more about how he will support a family of five on $125 a week.

#### GHETTO DWELLERS

Mrs. Watson, Mrs. Willingham and Mr. Cabrera all live in ghetto sections of this big city—Mrs. Watson and Mrs. Willingham on the black South Side and Mr. Cabrera on the Hispanic West Side. The two women have been on welfare for several years. Mr. Cabrera only recently turned to welfare after a job-related disability and a brain tumor forced him to quit his job as a spray painter. Along with millions of other urban poor, rural poor and poor elderly, these three and their families are facing hard, even desperate, times as inflation continues to push up the cost of their food, clothing and rent.

Nor are things likely to improve soon. President Carter's anti-inflation plan envisions millions of dollars in cuts in federal and state programs that benefit the poor. The plan is expected at best to hold prices near their current level, where they already put many items beyond the poor's reach. And the nation's current political mood seems to foreclose any possibility that the government will step in to help the poor on a huge scale. Referring to the federal program to guarantee loans to Chrysler Corp., an elderly woman on welfare here says with a scornful laugh, "The government wants to give all the money to Chrysler so they don't end up on welfare like us."

Here is a look at how three Chicago families on welfare are coping—and aren't coping—with today's high cost of living:

#### BETTY WATSON

The 11 members of the Watson family—Mrs. Watson, her nine children, and Mrs. Watson's 70-year-old mother—live in three rooms on Chicago's South Side. Six beds, two tables and a few chairs furnish the apartment. Along the baseboards are plastered-up holes where rats ate through the walls. When the house is still, you can hear a scraping and scurrying behind the walls where the rats have begun to eat again.

The neighborhood is dangerous. Mrs. Watson insists that her daughters walk in groups when they go to school, and when she goes to pick up and cash her welfare check once a month, she brings along her oldest boy, who is 16, and carries a butcher knife in her pocketbook. "I don't know if I would have the courage to use it," she says with a shrug of her shoulders and a self-conscious smile. "I've never cut anyone."

When she can, Mrs. Watson works as a cook. She has tried to learn all she can about nutrition—especially since Ruthina was born and the doctor told Mrs. Watson that her son Barry was both overweight and anemic because he was eating too many starchy foods and not enough vegetables.

"Like tonight, we'll be having rice and beans with maybe some corn bread," she says. "Beans contain a lot of protein and rice has calcium." Mrs. Watson's children like her spaghetti with meat sauce, but she hasn't been able to make that for several months because the price of ground beef is so high. And she recently had to quit her $140-a-week job as a part-time cook because it meant leaving the house at 4:30 in the morning and the children weren't getting to school on time. So now fresh vegetables and fruit are out too, and the bread Mrs. Watson buys "isn't very good quality." But it costs only 25 cents a loaf. A good-quality loaf costs 89 cents.

"Sure I get angry," says Mrs. Watson. "But I get angry at myself because I know there are things the kids need and I can't afford them."

She pauses. "There was this girl where I worked. She could afford to go the best places to eat, to wear nice clothes, to live in a nice place. I'm paying $175 a month for this apartment, and there's no heat and half the windows are out."

"But I can't get angry at that woman," says Mrs Watson, shrugging again. "It's not her fault that she's there and I'm here. You just do the best you can where you are."

#### PATRICIA WILLINGHAM

The worst thing, says Patricia Willingham, is that "you can't do anything like a normal woman would do. You can't go to the beauty parlor. You can't buy new shoes. Every time you go into a store you have to stand there and figure out a way to say—tactfully—'I don't want that. I want the cheapest you have.'"

Mrs. Willingham and her six-year-old son have been on welfare for six years in two states. They always have had to struggle, but these past few months, says Mrs. Willingham, have been the worst. "I should be embarrassed telling you this," she says, "but I do a lot of garbage shopping. Last Christmas I was walking down an alley and saw this toy that someone had thrown out that my son had always talked about. So I took it home and cleaned it up and gave it to him. I've also found some chairs in the garbage, too."

Shopping for food annoys and exhausts Mrs. Willingham. Prices in local grocery stores are high, and she can't affort the carfare to shop around much.

"If I make one mistake, like buying something that's not on sale or a dessert that my son really wants, I pay for it for the next two weeks," she says. She has become a connoisseur of vegetables "that are a little brown and soggy; I can get a head of lettuce like that for 39 or 49 cents instead of the 79 cents you pay for a fresh head."

Mrs. Willingham usually runs out of food money several days before her next welfare check arrives. She then makes the rounds at the "emergency pantries" that have been set up by the city of Chicago and by private charities to distribute free canned goods. "All they seem to give out in these pantries is canned mackerel." she says. "I don't like it and neither does my son, but that's what they give out and that's what you got to eat." She breaks into a laugh. "I must know 60 ways now to make canned mackerel taste better. We struggle, but we get it down."

As she jokes about it all, the strain of living on $300 a month—$200 of which goes for rent—doesn't seem to affect Mrs. Willingham very much. On her wrist, however, she still carries the plastic identification bracelet from a visit to the hospital the day before. In the pocket of her raincoat is a bottle of Valium, the tranquilizer. For the past few months, Mrs. Willingham says, she has suffered from persistent headaches, has "screamed a lot," and now has been put on a low-cholesterol diet, to reduce the risk of heart disease.

(The taking of Valium and the painkiller Darvon seems widespread among the ghetto poor. All of the nine women interviewed for this article said they regularly were given Valium or Darvon by doctors in local hospitals and health clinics. "All you have to do is go into a doctor and say you're upset and they give you pills," says Mrs. Willingham.)

It is the humiliation of being on welfare that bothers Mrs. Willingham the most. Starting next month, after six months of job hunting, she is leaving the welfare rolls for a job in a neighborhood school that pays $3 an hour. "I'll be scrubbing floors, taking out garbage doing whatever they tell me," she says. Leaving welfare will mean losing free medical care for herself and her son. Mrs. Willingham worries about that. But, she says, "You lose your self-respect when you go on welfare. I want that back."

#### BENJAMIN CABRERA

Up until last June, Benjamin Cabrera, who is married and has three children, brought home $864 a month from his job as a spray painter. He remembers that even then he worried about high prices. "The companies, they don't increase the prices they pay their workers," he says. "But they increase the price of their products—whoosh—sky-high." Last June, doctors told Mr. Cabrera that he had become allergic to certain chemicals in the spray paint and could no longer work. He also was found to have asthma, diabetes and a brain tumor.

Disability payments from the company he had worked for ran out in December. Mr. Cabrera soon spent his savings paying off his gas, electricity and telephone bills (heating alone cost him $75 a month this winter). "I kept on going down there"—Mr. Cabrera never mentions the welfare office by name—"and they kept making me fill out forms and telling me to wait. The bills kept piling up." Finally, a few weeks ago, Mr. Cabrera received an emergency grant and paid off his bills. An emergency grant of food stamps helped restock the refrigerator.

For the moment, life in the Cabrera house continues much as it did before Mr. Cabrera went on welfare. The living room, with its two television sets and red upholstered furniture, could fit easily into any middle-class suburban living room. While Mrs. Cabrera says she buys less meat now, she still has enough money to buy chicken, pork chops, and Rice-A-Roni.

But Mr. Cabrera worries about the future; now he will be receiving only $500 a month from welfare—$364 less a month than he brought home when he could work. He would like to move to a larger home in a better neighborhood. The current neighborhood has too many gangs, he says, and his daughter, who attends a local college, still must share a bedroom with her two brothers. But a new apartment would cost Mr. Cabrera $200 to $300 a month. His rent now is $90.

"If there were no inflation, we could move to a better house," says Mr. Cabrera's daughter, Evette. "The high prices hurt you most when you try to move ahead a little bit, when you try to leave the old neighborhood."

Mr. Cabrera is more reticent. "I don't know what will happen," he says. "With prices so high, I can't see that the money they say they will give me will be enough. But I will have to wait. I will have to see what it is like."●

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## LAUREL HIGH SCHOOL SPARTANS WIN THE MARYLAND STATE AA BASKETBALL CHAMPIONSHIP

### HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mrs. SPELLMAN. Mr. Speaker, 6 weeks ago, the entire Nation sat in rapt attention as an underdog U.S. Olympic hockey team accomplished the impossible in Lake Placid, N.Y. And when the action finally was over—and the victory won—a spontaneous outpouring of pride and admiration swept across the country.

Mr. Speaker, it was with a similar mixture of awe and satisfaction that my own community of Laurel, Md., recently cheered its high school basketball team on to the Maryland State AA championship. It was, as one local newspaper put it, "a dramatic conclusion to a superseason" for the Laurel High School Spartans, a "Cinderella team" that had never before won a State title.

And just as the whole Nation is proud of our Olympic hockey team, so too is all of Laurel immensely proud of the Spartans. On their way to their first winning season in 18 years, they brought a new spirit to our community. As victory followed victory, they gave us not just thrills but a contagious excitement that infected us all.

Charles O. Finley, owner of the Oakland Athletics, said that "sweat plus sacrifice equals success." I think that maxim can very appropriately be applied to the Spartans. During the course of the season, they displayed all the qualities of true champions. They sweated and sacrificed and sacrificed and sweated. In the words of coach Randy Maddox, his players simply "worked and worked and weren't going to lose." They kept on fighting and never lost sight of their objective. And when victory finally was theirs, they accepted it with humility and grace.

Mr. Speaker, I know my colleagues will want to join me in offering congratulations to the Laurel High School Spartans for their superior performance throughout the 1979-80 season. I know, too, they will want to wish this exemplary team continued success in future years. And most of all, Mr. Speaker, I know my colleagues will want to join me in thanking the Laurel Spartans for the spirit and excitement they brought the residents of my area. They gave us something to cheer about and for that we are most grateful. Like the U.S. Olympic hockey team, they are champions in the finest sense of the word.●

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## THE STRATEGIC IMPORTANCE OF ISRAEL

### HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. SYMMS. Mr. Speaker, I wish to call to the attention of my colleagues a recent column by William Safire. Mr. Safire's column discusses Governor Reagan's views on Israel, views which I share. Governor Reagan realizes the importance of Israel as a strategic ally in the world and does not merely mouth a lot of trite expressions about the special United States-Israel relations which a lot of other politicians speak about. Israel and the United States are very important to one another in a world where Soviet influence is growing, particularly in the Middle East. I want to commend Mr. Safire for his fine presentation of Governor Reagan's views on the Middle East situation and his strong commitment to Israel. The column appeared in the New York Times of March 24, 1980. I urge my colleagues to read this interesting essay:

#### REAGAN ON ISRAEL

(By William Safire)

Ronald Reagan, campaigning in New York City last week, met for a half hour with a group of Jewish leaders brought together by Albert A. Spiegel of Los Angeles, a Reagan campaign vice chairman.

"If there's one statement I'd like you to remember, it's this," said the likely Republican nominee. "In my Administration, there will be no more betrayals of friends and allies by the United States."

The questioning went to that point. How would he, as President, have instructed his U.N. Ambassador to vote on the resolution condemning Israel and ordering it to dismantle settlements on the West Bank and in Jerusalem?

"I would have directed the Ambassador to vote no," Reagan replied. "This Administration should rescind its vote, and there should be an investigation into who makes our Mideast policy and what it is. The West Bank should be a decision worked out by Jordan and Israel; I would never have supported dismantling."

One questioner—a Democratic officeholder—evidently wanted to see if Governor Reagan had been reciting some tough-sounding words, or if he understood the diplomatic consequences of them. "An undivided Jerusalem" is an ambiguous phrase—to the U.N., it means "international control"; in terms of sovereignty, which is what the dispute is really about, where did Reagan stand?

"I mean that the sovereignty is Israel's," Reagan said, and repeated it in a way that could not be mistaken: "An undivided city of Jerusalem means sovereignty for Israel over that city."

No hedging; that was refreshing. One worry expressed to Reagan was that the State Department had a way of capturing Presidents after elections. "I lack a great deal of confidence in the present State Department," Reagan allowed. "I think the State Department should represent the policies of the President—they're not in business for themselves."

He said all the right-wing things: "I believe in the right of settlements in the West Bank." On the P.L.O.—which will surely be recognized if Mr. Carter is re-elected—he told an interviewer later that afternoon: "I don't see any reason to negotiate with a terrorist group." If the P.L.O. were to embrace U.N. Resolution 242, "I'd still want to know whether they represent the Palestinian people they claim to represent." His mindset is wholly different from that of Mr. Carter's coterie of Arabists.

Some of the Jewish leaders, having been burned by assurances made when Carter was a candidate, wondered if Mr. Reagan would stand by Israel in December as he was doing in March. After proving to themselves that they could ask questions about U.S. domestic subjects, the Jewish leaders came back to the point of erosion of White House support for Israel.

Reagan did not give them the customary pap that candidates generaly ladle out to Jews about Israel—the special relationship, the moral obligation, the guilty hang-ups of the world after the Holocaust. Instead, as a long-time realist about Soviet intentions, this conservative leader spoke in terms of the U.S. strategic interest in the world:

"Israel is the only stable democracy we can rely on in a spot where Armageddon could come. The greatest responsibility the United States has is to preserve peace—and we need an ally in that area. We must prevent the Soviet Union from penetrating the Mideast. The Nixon Administration successfully moved them out; if Israel were not there, the U.S. would have to be there."

Mr. Reagan does not see Israel as an obligation and a burden for the U.S., and thus is not tortured by doubt about whether a pro-Israel position is in the U.S. interest. On the contrary, Reagan sees Israel as a much-needed ally, to be defended and upheld because the alliance is in the U.S. strategic interest—not so much for old times' sake, but for U.S. security in the future.

That consistent, hard-line approach to alliances, it seems to me, offers Israel's supporters the main assurance that Reagan would not emulate Carter's post-election performance. (Reagan sticks up for Taiwan and there are not that many votes in Chinatown.) Israel will be willing to take more "risks for peace" when trusting America ceases to be a risk.

For too long, American supporters of Israel—and that's not just a code-word for Jews—have been enchanted by liberal pols who say all the right things about defending Israel and then (a) get a post-election attack of the even-handed twitch and (b) cut military spending so that the U.S. could not defend any ally.

Israel's only security is in being a valued part of—and not a sentimental exception to—American strategic response to Soviet expansion and subversion. In gaining the respect of the nervous, great powers should not betray the steadfast.

After the session, I asked a member of the group who was an educator how he rated Reagan's presentation. "A minus." Why the minus? "I'm a professor—I never give an A."●

## CLARIFICATION OF OUR COMMITMENT TO ISRAEL

### HON. ADAM BENJAMIN, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. BENJAMIN. Mr. Speaker, I rise to add my voice to those of my colleagues who have expressed their concern over the current incidents regarding United States-Israel relations.

I regret the United States vote on Resolution 465 on March 1 in the United Nations Security Council. It is unfortunate that the intentions of the administration's policy toward settlements in the West Bank and Gaza remain confused, 1 month after the vote was taken. Conflicting statements regarding our posture on the West Bank and Gaza have understandably precipitated alarm in Israel and concern by Americans.

It is not a U.S. policy to divide. The autonomy of the existing settlements in the West Bank and Gaza must still be considered in ongoing negotiations. It is critical that the credibility of the peace negotiations not be threatened by misinterpretation of breakdowns or confusion in the line of authority in communicating U.S. policy toward the Middle East. A comprehensive peace settlement that considers the religious freedoms and access to places of worship must still be adamantly and consistently pursued as a goal of our Middle East policy.

The United States helped draft the Camp David peace accords and is cognizant of the contradictions which the U.N. resolution and our subsequent statements regarding this matter have promoted.

The U.S. commitment to the security of Israel, our strongest and most loyal ally in the Persian Gulf, must be reaffirmed by the President. Any differences in specific policies must be negotiated within the framework of the Camp David treaty. Careful and consistent negotiations between Israel and Egypt, supported by the United States, will enable the people of the Middle East to live together in peace and cooperaton.

I call upon the administration, in which the peace and security of Israel is entrusted, to clarify its commitment to Israel and reassure Americans that we intend to definitively confront the difficult and complex issues at hand.●

## CHEMICAL WARFARE

### HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. BEARD of Tennessee. Mr. Speaker, the recent use of chemical warfare by Soviet troops in Afghanistan once again raises very serious questions regarding U.S. and NATO capabilities to operate effectively in a conventional warfare scenario.

Offensive and defensive chemical warfare capability in the Soviet Army exists at every level of command. Soviet troops train frequently in the use of chemical agents and in decontamination procedures.

It is time that the Congress and the Department of Defense realize the nature and magnitude of this threat, and take action to neutralize it by building U.S. troop defensive capabilities.

A recent article published in the Nashville Banner provides an excellent analysis of the problem. I herewith insert it in the RECORD:

### WEST LAGS BADLY IN CHEMICAL WARFARE

(By Gary Anderson)

As a young Marine first lieutenant in 1973 I was forced to submit to the obligatory two week Nuclear, Biological, and Chemical Defense School that is a standard feature of peacetime training. The most memorable part of the school was the "nerve gas goat flicks." These were World War II vintage films of captured German nerve gas being tried on a hapless herd of government issue goats; the spectacle of the unfortunate animals twitching and drowning in their own vomit usually caused a number of bad jokes and a queasy feeling in the stomach, but not much more.

After all, gas had last been used in World War I without any decisive effect; in World War II, since both sides had defensive capabilities, neither side wanted to exacerbate a bad situation by resorting to chemical warfare. In 1973, most U.S. planners assumed future wars would be the same; a minimal emphasis on defense by both sides would insure against its use. We know now that the Soviets didn't share that view; seeing shoddy NATO NBC defense efforts the Soviets attacked a position of perceived weakness by developing an awesome chemical capability.

Russian armies can deliver deadly chemical agents by artillery, aerial bomb, aerial spray and rocket. These chemicals are varied; some consist of quick kill agents which destroy troops but do not contaminate facilities. This allows Soviet troops to move through the area shortly after the strike. The Russians can also contaminate whole airbases with persistent chemicals; this makes aircraft useless to the pilots until decontamination takes place; a successful first strike of this kind at NATO airbases could fatally incapacitate NATO's air defenses during a Soviet invasion.

These agents vary in form, but are all equally unpleasant in their effect on the human body. Nerve agents cause a quicker, but noticeably unpleasant death; these are complemented by blistering agents which cause painful wounds to the skin, and can kill by searing the lungs if they are inhaled.

Finally, hydrogen cyanide compounds can be used to cause rapid and complete respiratory failure in its victims. Christopher Donnelly, a noted British expert on Soviet military affairs, points out that the Soviets have spent millions to find chemicals that are impervious to the standard NATO antidotes issued to allied soldiers.

Persistent reports of chemical use by Soviet advisers and troops in Cambodia and Afghanistan have given to rise to renewed fear that the Russians fully intend to use chemical warfare as a part of any future conflict. These reports are given further credence by Defense Intelligence Agency reports of Soviet military training, which accepts the use of chemical warfare as a normal part of modern military operations. The D.I.A. has solid evidence that the Soviets have used diluted quantities of lethal chemical agents in training, and that casualties have resulted from this training.

Austrian analysts Fredrich Wiener and William Lewis point out that Soviet units down to the regimental level have trained chemical-radiological specialists and equipment to detect and decontaminate lethal agents. In addition, they have the finest NBC defense equipment in the world. This includes chemical protective uniforms for soldiers; each Russian infantry squad rides in its own BMP armored vehicle which has a cheap and effective overpressure system to protect against gas. Tanks are also protected this way. Very efficient detection and decontamination vehicles are available down to the regimental level; the TMS-65 decontamination vehicle can quickly decontaminate the outside of vast numbers of Soviet armored vehicles.

This acceptance of chemical warfare as a norm by Soviet planners has left the West far behind. By their own estimates, NATO generals are at least five years behind their Soviet counterparts in defensive chemical warfare training and equipment.

In 1915 during the Ypres offensive the British were only a few months behind their enemies in this area when the Germans launched their first gas attack; only the German failure to coordinate their attack prevented a quick and final gas-induced German victory. In light of that, the potential effect of a five-year technology gap against a well planned Soviet chemical offensive is staggering.

In this era of limited defense funds, chemical warfare defense must compete with a myriad of other defense priorities;

**however the grim spectre of young Americans hopelessly writhing in agony in a cloud of nerve gas should provide more motivation to improve this neglected area of national defense.●**

## FERN-GREENWOOD SCHOOL'S 50TH ANNIVERSARY

### HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. ANDERSON of California. Mr. Speaker, a series of events to be held this year will celebrate the golden anniversary of the Fern-Greenwood School located in Torrance, Calif. On April 18 a golden anniversary dinner-dance will be held. The following month, a birthday open house will take place on the Fern campus. Last January, students spread the word about the occasion by sending off an aerial alumni search by launching helium-filled balloons with announcements of the school's golden anniversary attached. To join in the celebration, I would like to take this opportunity to briefly describe the school's history and the contributions it has made to the Torrance community.

The school first opened its doors in September 1929 as part of the Los Angeles Unified School District. Its combined enrollment was 114 at that time. On July 1, 1947, Fern and three other schools separated from Los Angeles and established what has become the Torrance Unified School District. The Greenwood campus was built in 1952 as a separate school, but later merged with Fern to become the Fern-Greenwood School.

Today, Fern-Greenwood serves 750 students in the central Torrance area. The children are representative of different cultures from around the world. The school supplements its usually outstanding educational environment with federally assisted programs. Through title I programs of the Elementary Secondary Education Act of 1965, it provides help to disadvantaged children in the areas of reading and math as well as a special program designed for non-English-speaking students. In addition, the school operates the school improvement program in kindergarten through third grade and will establish a State compensatory education program for the seventh and eighth grade students at the beginning of the second semester of this school year.

Participation by parents in the school's special programs is a major element of the school's learning environment. Fern-Greenwood has two parent advisory committees which offer input into the operation of these programs as well as assisting in developing and evaluating goals and objectives.

Mr. Speaker, through the past 50 years, Fern-Greenwood has been an integral and vital part of the Torrance community. This will make this year's anniversary celebration an especially warm one. My wife, Lee, joins me in congratulating all the many capable school administrators, and especially the current school principal, Daniel Kelly, for making possible this golden anniversary celebration. We also want to recognize Mrs. Chick Lynn and Mrs. Doris Hull, cochairs of the golden anniversary dinner-dance, for all the effort they are exerting to make this occasion a success.●

## A TRIBUTE TO THE LATE FRANK J. MELUSKEY, JR.

### HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. RITTER. Mr. Speaker, on April 11, 1980, a very special memorial dinner will take place in the Lehigh Valley, honoring the memory of one of the most admired and inspirational young leaders ever to serve the people of any community, the late State Representative Frank J. Meluskey, Jr.

Representative Meluskey, who earned in his tragically brief yet eventful life of public service the kind of deep respect and admiration that few public officials can hope to achieve in careers many times longer, died of a heart ailment November 22, 1978, 3 weeks after being overwhelmingly reelected to a second term in the Pennsylvania State House of Representatives. He was 26 years of age.

It will be my honor to join with many fellow citizens of all political views in honoring him April 11. On that night, political differences and any other differences that may divide us will be put aside as we unite in tribute to the promise that Frank J. Meluskey, Jr., offered—the promise that government can be good, honest, responsive, fair, and honorable if enough people of goodwill work to make it so.

I was privileged to know Frank, since I began my own career in public life not long after Frank was elected to the statehouse. We went through campaign 1978 together and exchanged many ideas, beliefs, and feelings with one another. He was always the kind of person who cared far more about problem solving and helping people than about the trappings of politics. He was a doer, not a talker—he gave of himself to government, rather than taking from it.

Frank was born July 9, 1952, in Bethlehem. He was the only son of Frank C. and Mary Meluskey of 903 Stratford Street, Bethlehem. He was single and resided with his parents.

"He was good," Mrs. Meluskey said of her son. "He loved people. He would do anything for people to help their problems."

Frank had graduated at the top of his class at Liberty High School and received the Bethlehem Area Council of PTA Scholarship Award.

He started his career in public life with his election in 1973 to the Bethlehem Area School Board. At that time, he was a student majoring in government at Lehigh University.

During his tenure on the school board, he also served as the board's vice president. He graduated from Lehigh in 1974, Phi Beta Kappa.

When former State Representative William Eckensberger announced his retirement from the State house, Frank entered the contest to succeed him.

In 1976, at the age of 23, he defeated six opponents in the primary to win his party's nomination in the 133d district. That November, when he was only 24, he won an impressive victory in the general election.

During his 2 years in the house, Frank was known as a dedicated, hard worker, who regularly attended public meetings in his district and held more than 20 town meetings to hear the concerns of constituents. He truly cared about open communication between the people and their government.

After his election in 1976, Frank pursued his interest in local government and fiscal matters as a member of the house Committees on Finance, Local Government and Federal-State Relations.

In his term in the house he received a most unusual appointment for a freshman lawmaker—vice chairman of the House Finance Committee.

Throughout his term, Frank was the kind of legislator who would not tolerate corruption in government and who actively worked against it, to restore public respect and trust in their elected officials.

At the time of his death, State House Speaker K. Leroy Irvis said:

> He certainly was one of the brightest and most sincere members we had on the floor of the House.

Throughout his brief career, Frank served his community on local boards and committees, including the Bethlehem Area Vocational-Technical School Joint Operating Committee and the Northampton Area Community College delegate board. He had been named one of the "Outstanding Young Men in America" in 1975.

Mr. Speaker, it is hard to describe the profound effect that Frank J. Meluskey, Jr.'s brief career in public service has had on the citizens in the Lehigh Valley. At a time when grim events in our Nation and the world threaten to cause us to despair for the survival of our free system of government, the shining example of Frank J. Meluskey, Jr. braces us. It is as if he understood better than most the brevity of our time here as individuals. He knew that in today's world, one who truly cares about his fellow man must do more than waste time needlessly weighing and delaying, idly considering or merely complaining. He knew that a man or woman who cares about his country must confidently step into life, meeting its challenges and turning them into opportunities. "Do not squander time," urged Benjamin Franklin, "for time is the stuff of which life is made." Frank J. Meluskey, Jr., understood that well. As a result, his short life was far fuller than could ever be measured within the confines of 26 years.

I have come to know and respect Frank's parents. They are decent, caring, and wonderful people. It is easy to see how Frank must have acquired his own sense of honor and concern as he grew up at home. To Frank, Sr. and Mary, I offer my most profound wishes for the satisfaction and pride that must come from knowing that their son was a man who looked at life, saw its problems, and tried to help solve them, beginning in his own community. Above all, as his mother said, "Frank was a person who loved people." As a result of that love, we are all richer.●

## WHITE HOUSE CONFERENCE ON SMALL BUSINESS' RECOMMENDATIONS TO CONGRESS

### HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. CORCORAN. Mr. Speaker, I would like to commend to the attention of my colleagues the views of Frederick "Fritz" Rabenstein concerning the current state of the over 14 million small and independent businesses in the United States. Mr. Rabenstein, a resident of Illinois' 15th District, and the owner of Rabenstein's Home Furnishings in Ottawa, Ill., recently served as a delegate to the White House Conference on Small Business.

The end product of more than 30,000 small business people meeting in a series of 57 regional meetings over 18 months time, the conference formulated 60 issue recommendations for improving the economic climate for small businesses in the United States. Of these 60 recommendations, 15 were selected as top priority.

I list these 15 priority issue recommendations with the hope that my colleagues in Congress will join me in supporting legislation for their implementation. Small businesses account for more than 58 percent of all private sector jobs and 48 percent of our gross business product. With the current economic crisis, it is imperative that we encourage their growth—not with more Federal assistance, but with less Federal hindrance.

The 15 priority issue recommendations are as follows:

First. Replace the present corporate and individual income tax schedules with more graduated rate scales, specifying the graduated corporate tax scale up to $500,000. This would also include reducing maximum tax rates for individuals from 70 percent to 50 percent.

Second. Adopt a simplified accelerated capital cost recovery system to replace the present complex asset depreciation range regulations.

Third. Revise estate tax laws to ease the tax burden on family-owned businesses and encourage the continuity of family ownership.

Fourth. Provide for a tax credit for initial investment in a small business, and permit deferral of taxes for rollovers of investments affecting small businesses.

Fifth. Provide tax incentives in the form of a new security called small business participating debenture to provide a source of capital for small businesses.

Sixth. Establish mandatory goals for all Federal procurements and Federal funds or grants for small businesses, minority-owned businesses, and women in business.

Seventh. Support the Small Business Innovation Act of 1979, which covers small business research and development set-asides, small business innovation and research programs, patents, retention, amendments to the Internal Revenue Code, and regulatory flexibility.

Eighth. Balance the Federal budget.

Ninth. Freeze minimum wage standards at January 1980 levels and establish a two-tier minimum wage by exempting teenagers, seasonal, and part-time workers.

Tenth. Reform the social security system by including, where possible, all public and private sector employees as contributors and more closely tie benefits to contributions to move the system toward actuarial soundness.

Eleventh. Require private lending institutions to provide equal access to commercial credit for women in business.

Twelfth. Institute sunset reviews of all laws, regulations, and agencies, to insure that none exceeds original congressional intent.

Thirteenth. Reimburse small business for court costs, reasonable attorney's fees, and damages from administrative action, if successful in civil disputes with the Federal Government, including the IRS.

Fourteenth. Require regulatory agencies to identify the anticipated benefits and to justify costs of Federal regulatory requirements to small businesses.

Fifteenth. The Office of Advocacy must be maintained, reinforced, and expanded so that activity is not less than 5 percent of the Small Business Administration's salary and expense budget.

In summary, I quote Mr. Rabenstein's feelings on the overriding mood of the conference. His words should be given careful consideration by all of us:

> We want the government to leave us alone, and give us the freedom to operate, rather than killing us with regulation after regulation. The small business community is not dying, and it will always be around, provided the government doesn't hamstring us by all their interference.●

## STATEMENT OF EARNINGS AND TAXES

### HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. PEYSER. Mr. Speaker, each year that I have served in the Congress I have inserted in the RECORD my total income and taxes paid for the previous year. For the year of 1979, my total income was $63,245. My taxes—including Federal, State, local, and real estate—equaled $20,811.●

## IRRATIONALITY OF REGULATING FOR ZERO RISK

### HON. MIKE McCORMACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. McCORMACK. Mr. Speaker, one of the least understood concepts in the public debate on technology and the environment is that of comparative risk. We must be aware that the public perception of risk is often based on incomplete information and, more importantly, on fear of the unfamiliar. This situation has led in many cases to advocacy of irrational regulatory policies which call for essentially zero risk in many of society's critical technology activities, such as energy production.

In June 1979, the Subcommittee on Energy Research and Production of the House Committee on Science and Technology held hearings on low-level ionizing radiation and the associated health effects from various radiation sources, both natural and man-made. The hearings establishes a comprehensive record of the latest scientific information on risks associated with radiation. The subcommittee plans to hold further hearings during the present session of Congress on relative risks of different energy fuel cycles.

I should like to recommend to my colleagues an excellent editorial on public perception of risk that appeared in the April 4, 1980 issue of Science magazine. This editorial, written by Mr. Mitchell H. Bradley of the American Society of Mechanical Engineers, is entitled "Zero—What Does It Mean?" I am pleased to include that editorial for the RECORD.

The editorial follows:

#### ZERO—WHAT DOES IT MEAN?

Pollution of the environment, additives in food, exposure to radiation, hazards in the workplace, and identification of carcinogens are resulting in calls for zero discharge of pollutants, zero contamination, zero radiation, and zero risk. Congress, State and local governments, and their respective administrative agencies have responded with a stream of new laws and regulations. Some citizens' organizations and legislators are seeking the elimination of all pollution or of what are considered contaminants.

This desire to obtain zero is causing consternation in the minds of many engineers and scientists. When people speak of zero they apparently mean different things. And even in the case of scientific analysis, zero has changed. A few years ago analytical methods might have indicated the absence of a particular chemical in a test sample. Today, with better analytical methods, that same sample would show the particular chemical present; we no longer have the zero we had a few years ago.

Analytical methods are now measuring such minute quantities of chemicals (parts per billion and even parts per trillion) that supposedly identical samples of water from the same effluent, when analyzed, show different concentrations of pollutants. The problem may be one of humans not being skilled enough to get reproducible results with sophisticated equipment (assuming the equipment is not at fault), or it may be like the four blind men trying to identify the elephant—by touching different parts of the elephant, they come up with different conclusions about what an elephant is.

Concern about radioactivity's effect on health is resulting in calls for zero radiation, particularly where nuclear power plants are concerned. And yet there is naturally occurring radiation from space, from rocks, and even from our own bodies and food. Such radioactivity varies from place to place by as much as 400 to 500 percent. Knowing, then, that nowhere on earth is there zero radiation, are we talking about zero based on a particular location—and if so, which location? Or are we talking about a permissible level that is believed to be safe for human beings?

With the advent of new machines, new materials and chemicals, and new modes of living and with a greater knowledge of the things around us, we have suddenly become aware of new risks or risks we were not previously aware of. Through the years society has become used to and accepted certain risks. People learned to control fire, to build homes away from flooding rivers and volcanoes, to control the internal combustion engine. All of these things involve risks. Society has been able to reduce risks in many instances, but where natural forces are involved, risks are always present.

What do we mean when we ask for zero risk? Does zero mean a standard, a limit, or perhaps a goal for each kind of risk? Will we accept (and call zero) 50,000 deaths a year from automobiles, 100 deaths from airline traffic, or 25 to 60 deaths attributable to producing electricity from coal, but refuse to accept any deaths from nuclear power plants producing electricity because we don't want to risk a possible unknown?

Webster's dictionary defines zero (other than the numeral) as (i) a state of total absence or neutrality; (ii) the lowest point, nadir; and (iii) something arbitrarily or conveniently designated zero. In calling for zero, people may be asking for a state of total absence. However, just as it is impossible to stop killer hurricanes and to keep people from falling out of bed, we know we are going to have accidents if we use fire to heat our homes and cook our meals or use other new things that improve the quality of life and lengthen our life-span.

Knowing this, we may have to accept "something arbitrarily or conveniently designated zero for pollutants, radiation, and risk. The costs of guessing at zero are enormous; laws and regulations must come to grips with this problem. Until they do, costs to society can only continue to go up. Everyone's checkbook will feel it—and there we all know what zero means.—MITCHELL H. BRADLEY, *Washington Office Director, American Society of Mechanical Engineers, Washington, D.C. 20006.*●

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## POLL RESULTS RELEASED

### HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. WINN. Mr. Speaker, today I am releasing to the public and to my colleagues, the results of the spring questionnaire I recently conducted in the Third District of Kansas.

This questionnaire was mailed to 186,000 postal patrons in my district and the response was overwhelming, demonstrating to me the great concern the people of Kansas have about the actions of their Government.

For the most part, I directed my questions to the three major areas of concern we will face in the remainder of this Congress—the economy, energy, and national security.

On economic questions I found a great deal of unanimity. Yes; my constituents are deeply concerned about inflation. But over 61 percent said they would oppose the imposition of mandatory wage and price controls in all segments of the economy. Yes; they are frustrated with the heavy tax burden and would like to see individual income tax rates indexed for inflation. No; they do not believe the Government needs to be looking for alternative methods, like the value added tax, to raise revenues.

As far as energy is concerned, I found that most people believe we can conserve more. They do not want the Government to waste energy for court-ordered school busing. Over two-thirds want to see energy reserves on Federal lands opened to increased development, and a large majority believes the 55-mile-per-hour speed limit should be more strictly enforced.

On defense issues my constituents are also strongly united. An overwhelming majority responded that they do not believe our national defense posture is presently sufficient to insure America's security interests both at home and abroad. Perhaps not surprisingly, then, over three-fourths said they would favor the resumption of registration for a potential military draft, and over half said they would also favor the registration of women for military service.

On related questions, I found that most of my constituents agree with President Carter's decision to withdraw U.S. athletes from participation in the summer Olympic games, and most also believe that our intelligence agencies should be given more freedom in carrying out covert activities abroad.

Mr. Speaker, at this time, I include in the RECORD the statistical results of this poll:

VOTER RESPONSE

[In percent]

| | Yes | No |
|---|---|---|
| 1. In the interest of saving gasoline, do you favor the elimination of compulsory, court-ordered school busing? | 90.6 | 9.4 |
| 2. Should energy reserves, such as oil and natural gas, on Federal lands (including wilderness areas and public lands in Alaska) be opened to increased development? | 67.7 | 32.3 |
| 3. Do you believe the 55 mile-per-hour speed limit should be more strictly enforced? | 57.3 | 42.4 |
| 4. Do you believe our national defense posture is presently sufficient to insure American security interests both at home and abroad? | 16.6 | 83.4 |
| 5. Do you favor the resumption of registration for a potential military draft? | 75.6 | 24.4 |
| If yes, should registration include women? | 51.2 | 48.8 |
| 6. Do you agree with President Carter's announced decision to withdraw U.S. athletes from participation in the summer Olympic games in Moscow? | 77.0 | 23.0 |
| 7. In order to strengthen our intelligence gathering capabilities, should our intelligence agencies be given more freedom in carrying out covert activities abroad? | 77.6 | 22.4 |
| 8. Would you favor legislation which would index personal income tax rates by tying them to the rate of inflation so that people are not automatically pushed into higher tax brackets when they receive cost-of-living raises? | 82.8 | 17.2 |
| 9. Do you favor the imposition of mandatory wage and price controls in all segments of the economy? | 38.1 | 61.9 |
| 10. The value added tax (VAT) is a tax imposed on goods at each level of production and distribution. Do you favor the VAT as an alternative method of raising Government revenues? | 20.2 | 79.8 |

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## CASE WESTERN CELEBRATES CENTENNIAL

### HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Ms. OAKAR. Mr. Speaker, in honor of the 100th anniversary of Case Western Reserve University, I submit the following statement for the CONGRESSIONAL RECORD:

CASE INSTITUTE CELEBRATES CENTENNIAL

Case Institute of Technology of Case Western Reserve University is celebrating its Centennial. Signs at Cleveland Hopkins International Airport and massive banners at the University herald "Case Institute of Technology: Cleveland's 100-year-old Renewable Resource."

It is with great personal pride that I join those who share in the joy of this celebration because Case Institute of Technology has touched so many lives.

It was precisely 100 years ago today, April 2, 1880, when the Articles of Incorporation were signed creating the Case School of Applied Science. The first technological school west of the Allegheny Mountains has since changed its name, but the tradition of excellence demanded 100 years ago remains strong today.

Of the six Nobel prize winners among Case Western Reserve University's faculty and alumni, three have Case ties. Case Professor Albert Michelson brought the first Nobel Prize in science home to America. The coveted prize was presented in 1907 in connection with his famous experiment of 1887 with Edward Williams Morley, a professor of Western Reserve College. That was 80 years before the two undergraduate colleges federated into one University, but the cooperative effort of these two men produced one of the greatest physics experiments of the 19th Century. Their light speed experiments happened to prove that the atmosphere was not filled with "ether," as scientists of the day had assumed. This finding so shocked the scientific community that it was more than a half century later when Nobel laureate Albert Einstein continued to ponder the work which is said to have laid the foundation for his own relativity theory.

Two other Case graduates, Polykarp Kusch ('31) and Donald A. Glaser ('46) also received Nobel prizes for their individual accomplishments in physics.

The Case Who's Who includes such other notables as John Eisenmann, the civil engineering professor who, along with George Smith, designed one of Cleveland's national landmarks, The Arcade, patterned after the Victorian light courts of Europe. Eisenmann also designed the state flag of Ohio, unique among others because of its penant shape.

In chemistry, the name of Charles Frederic Mabery held international significance at the turn of the century. He played a key role in the development of three major industries—petroleum, aluminum and bromine. Among his most successful students were Herbert W. Dow, who went on to establish the Dow Chemical Company, and Albert W. Smith. Smith later returned to Case as a professor and two of his three sons graduated from the Case School of Applied Science. The Smith family founded the Cleveland-headquartered Lubrizol Corporation.

Case has long been at the forefront of science and technology. Professor Dayton C. Miller, an internationally-known expert in acoustics, as head of the physics department once hosted the campus visit of Albert Einstein, who sought out Miller to further discuss the Michelson-Morley experiment. Miller also was the first person to use X-ray as a medical diagnostic tool, using a machine of his own design to cast the first complete X-ray of the human body—his own.

In astronomy, John Stockwell, who provided leadership to the fledgling school before a President was named, was called the "Dean of American Astronomers," having published the first astronomy journal. Cleveland industrialists Worcester Warner and Ambrose Swasey, founders of the Warner and Swasey Company, later designed a telescope that surpassed the best European models, winning a gold medal at the 1900 Paris Exposition and later donating the telescope to Case so that future astronomers would have the best equipment. Now Case holds one of the limited, prestigious perches at the internationally-famous Kitt Peak observation ridge in Arizona.

Case established early ties with industry. The first physics building planned in 1904 was one of two donated by petroleum magnate John D. Rockefeller, and Case graduate Wilbert J. Austin (1899) worked on its construction before his complete service concept made his Austin Company a construction corporation of international status. A more recent advancement is the Computer Center, established in 1958 and since expanded to be one of the world's largest through a gift from the widow of IBM European manager Andrew R. Jennings, namesake of the center.

An active roster of some 13,500 Case Alumni Association members uphold the fine traditions of Case Institute of Technology. Eric Baer, Dean of Case Institute of Technology since 1978, internationally known in his discipline, macromolecular science, leads Case Institute into its second century as Cleveland's 100-year-old renewable resource. We share in their Case Centennial Celebration and acknowledge the impact Case has had and will have on our future.●

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## A LOOK AT THE WINTER MAINTENANCE PROGRAM AT THE ST. LAWRENCE SEAWAY

### HON. ROBERT C. McEWEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. McEWEN. Mr. Speaker, I am pleased to bring to the attention of my colleagues an excellent article which appears in the winter 1980 edition of Seaway Review magazine. Entitled "Down Deep at Eisenhower," this article by the magazine's senior editor and publisher, Jacques LesStrang, details the extraordinary effort undertaken each winter by the staff of the St. Lawrence Seaway Development Corporation in Massena, N.Y., to assure the two U.S. seaway locks, Eisenhower and Snell, will function properly throughout the 9½ month seaway navigation season. This article gives recognition to the work done by my constituents in Massena who are responsible for maintaining the seaway as a safe, efficient, and effective artery for maritime commerce.

Although the seaway facilities are only 20 years old, Eisenhower lock has not aged well. As the article points out, the concrete is deteriorating at an exceptionally fast rate and an increasingly intense maintenance effort is required each year. The costs of this work are passed on to the seaway's users through the joint United States-Canadian tariff of tolls.

The article also notes the interest of our distinguished colleague, ROBERT B. DUNCAN of Oregon, who, as chairman of the Transportation Appropriations Subcommittee, ventured into the depths of the lock to witness the problem firsthand.

The article is commended for your reading and follows:

#### DOWN DEEP AT EISENHOWER

AT EISENHOWER LOCK, MASSENA, N.Y.—It's bleak here, and cold. The wind hurls itself at you with an intensity that stops you in your tracks and the snow whips up from the frozen ground in swirls, stinging your face and blotting out the landscape.

The ships are gone now. The sleek Manchester feeders with their bright red containers, and the towering Polish and Greek liners, heavy with grain. And the ore boats, with their ruminating engines and sonorous horns—they're gone. A strange silence hovers over the locks.

Through the blur of the snow you slowly realize that the lock is gone, too. Somehow, in its place, no more than two feet above the ground, is a seemingly endless stretch of black metal. There are no gates; those monolithic giants, too, are gone. And you are aware that if it were not for the highway tunnel you know is below you, and the control building up there in the mist, you would not know you were at a Seaway lock.

You are here to look and to listen. You had heard—for how many years has it been?—of winter maintenance on the locks, of the necessity for closing down the Seaway System in time to permit what has been called "necessary repairs and maintenance".

So you come here yourself, to see what it's all about.

And you learn.

Down there, under that broad black canopy of metal modules, deep into the place the Seaway people call "the hole" are men, lots of them, split up into work groups and busy in a variety of operations. They work two—and now there is talk of three—shifts, virtual round-the-clock work to accomplish a seemingly endless job.

It hardly seems as though there are sixty or seventy men down there. That's because the distance in "the hole" is so vast, the scale so monumental.

Getting into the hole is arduous in itself. You walk down four flights of metal stairs—about 50 feet on the downbound side—to a construction elevator, which drops you another 40 to 50 feet underground. When you emerge, you are standing just inside the towering, and covered, downbound gate. Above you, and stretching nearly as far as you can see, is a blackened sky of metal. And off in the distance, about the size of a pair of playing cards, is another set of gates—the upbound side of Eisenhower.

Ahead of you is what they call "the chamber"—the place where the boats go. Towering walls on either side of you stretch, it seems, all the way up to Andromeda and the brackish water below you, drained from the locks, yet still more than 20 feet deep, looks cold and menacing.

Off in the distance, more than halfway up the wall, an island of light penetrates the darkness and you make out a minute platform with perhaps half a dozen men working with small air hammers. The sound of their drills is staccato as it ricochets off the far chamber wall.

In the remote distance you see another team of men, this time the size of ants, working quietly with machinery you cannot identify, engaged in tasks you cannot understand.

Along catwalks which criss-cross a maze of culverts below your feet, helmeted workmen move to unannounced destinations, preoccupied, seemingly fighting against the sense of isolation that permeates the cavernous arena.

You get the feeling, somehow, that this is not unlike an archaeological dig, the inside of Cheops or Quetzalcoatl. It is not of this world, surely, for all of your frames of reference seem to have vanished.

Urged to be careful—for there is danger here for the uninitiated—you make your way another fifteen feet into a maze of tunnels and corridors below you, putting you still deeper into the dank, chilled bowels of the lock.

You are dressed warmly: the Seaway people have seen to it that you are prepared, as their own men are, to ward off the elements you find here. Furnaces provide surprising levels of warmth, but there is water under foot here, there is a chill—and there is the darkness.

You move through a tunnel half as high as you are—in a place they call a diffuser area—and down a couple of corridors of concrete until you stand in a towering gallery—an endless concrete hallway as wide as a house and as long as the eye can see. You learn, soon, that the gallery is broken up with heavy plastic dividers to keep warmth and dust from scurling throughout.

With you is Joseph Simms and Richard Bieulieu. Simms is chief of operations and Bieulieu, right now, is an inspector. Both have been with the Seaway since day one, and both speak with the kind of pride you seem to hear only when people talk about their alma maters—or their military service.

Simms tells you that they installed stop logs on December 22, after passage of the last vessel. Both locks were completely covered six days later.

You remember that upstairs, somewhere, in the daylight, Ralph Millar, Director of Procurement and Supply, had told you that three contracting companies and over 50 temporary tradesmen had been added to the more-than-fifty Seaway Corporation operations personnel to make the winter repairs.

The 1979-80 winter maintenance program, Millar said, could cost nearly $2 million, with over $950,000 of this amount awarded to northern New York contractors and another $250,000 used to pay the temporary winter help.

What are they doing?

Well, at Snell they're sandblasting and painting downstream mitre gates, repairing deteriorated concrete—we'll talk more about that later—and executing a massive core sampling program to determine the ongoing fitness of the locks.

Here at Eisenhower, crews are completing a flushing port system, changing hoist cables on the vertical lift gate and, again, repairing deteriorating concrete.

(According to Maintenance Chief Allan G. McIntosh, emphasis is being placed upon lock machinery maintenance—a job which had been deferred in previous years in favor of more pressing structural repair work. Because of the need for emphasis on repairing deteriorating concrete, time did not permit complete maintenance of all of the machinery.)

Throughout the vastness of the lock—along the chamber walls, by the diffusers, in the ports and the gallery—isolated crews, in numbers ranging from six to perhaps ten, work with air hammers to remove crumbling concrete. You watch as the concrete falls away, like powder, leaving only aggregate, which soon clatters to the floor.

Everywhere you look this work is going on—in galleries, on both sides of the lock chamber, at both ends of the vast lock, around corners, along the floors, in culverts, at the downstream valves, above you, down below . . . .

When the deteriorated concrete is removed—that is, when the Seaway men drill far back enough to hit good concrete—new reinforced concrete is poured back. That will come later. Right now, the job is to dig out the bad stuff.

Also now, cores are being taken—round cylinders about four feet long and perhaps four inches across—to monitor the condition of the concrete—to see if, and at what point, it is deteriorating.

You hear a lot of talk among the men, down there in the darkness, and it makes you wonder what might happen if, for some unexplained reason, it became necessary to close down one of the locks during the shipping season for some kind of emergency repair.

According to Thomas Sizemore who is Executive Assistant to Associate Director William Kennedy, if a gate is rammed, a gatelifter is standing by with a set of new gates, and damage can be repaired with relatively little loss of time.

(Sizemore, before joining the St. Lawrence Seaway Development Corporation, was a member of the staff at the Panama Canal.)

Given a bad enough problem, Great Lakes international trade would grind to a halt. An end to shipping.

Down there, in the chill and dark, it seemed an unnecessary risk to take, from a military as well as an economic standpoint. Why, you wonder, aren't those locks twinned, too?

Joe Simms points to a group of men working overhead in one of the culverts, and tells you they are installing a butterfly valve, along with hydraulic and electrical controls for operating the flushing port system.

Like everyone you see in this underground world, these men are working hard. With a sense of dedication. And with a sense of pride.

"We've gotta get it finished and get out of here," one of them tells you. "If we don't get finished on time, the shipping season don't start on time."

Another, coming down from a ladder, and casting about for his lunchbox, learns who we are and says, "You tell 'em out there in the Lakes that every one of 'em that complains about closing up the locks in winter should get their [deleted] down here to see what we got to do to keep these things working and safe."

Another worker, a linesman during the shipping season, and working a drill now, adds, "Back there in the Lakes, they think we just loaf around all winter. Let me tell you, if it weren't for what we do in the winter, there wouldn't be no summer shipping. He removes his goggles and gas mask and looks not unlike an owl, his face chalked with dust except for where the protection was.

You climb temporary ladders up the face of the lock wall, until your arms and legs ache. Up there, too, the hammers are at work. Through more culverts and tunnels and out onto the black water on a barge, you look at this wondrous thing, which goes by the unassuming name of *winter maintenance.*

Hours pass and you feel you've seen enough to write about it. So you head back, bringing a spent photographer with you, and as you move through one of the low, black diffusing ports, you meet another figure coming the other way.

There are a lot of them, all bent nearly double, moving in the dark. From somewhere the beam of a flashlight stabs into the darkness.

You get yourselves untangled and find a group of five or six, in hard hats, work clothes, boots and jackets, and you assume it's another crew moving into position.

The man with the flashlight points his beam of light toward a passage and another voice says, "We'll be moving into this area next week."

You recognize the voice. But not the outfit. David Oberlin, Seaway Administrator, below his goggles and hard hat grins at you and wonders if you're lost, or whether *Seaway Review* has simply gone underground.

He introduces you to Robert Blackford Duncan, who happens to be a Congressman from Oregon, interested in Seaway maintenance because he's Chairman of the House Subcommittee on Transportation Appropriations and he wants to find out first hand what's going on.

With them are William Kennedy, Associate Administrator and Resident Manager at the Seaway locks; John Adams (with the flashlight), the Seaway's Chief of Engineering; Robert Kraft, Deputy Counsel; David Burt, an aide to Rep. Duncan; and a man from D.O.T.'s Congressional Affairs Office, Stevenson McIlvaine.

Oberlin invites you to have a boxed lunch in the tool crib with the group, but you decline with the urgent sense that you have had enough of this dark, chilled hole.

"What do you think of our people?" he asks. "Aren't they great?"

"They're fantastic," you nod. "If anybody every complains about a regulated close, or asks why the locks shouldn't stay open when the weather's not quite disastrous—let them talk to that fellow who's helping build the flushing port."

Oberlin wonders why you say that.

"Because he'll tell them that if you don't close on time, you don't get the work done—and you can't open on time."

"Amen," says Bill Kennedy.

"Amen," says Joe Simms.

"And over here," John Adams continues, "you can see by this core sample . . ."

You move into the darkness again, glad you had already seen all that and hoping you could remember enough to write it as it was.●

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## GEORGE H. FALLON

## HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 1, 1980*

● Mr. MOORHEAD of Pennsylvania. Mr. Speaker, former Congressman George H. Fallon, who served in the House of Representatives for 27 years beginning in 1944, died on March 21 of this year. He served his district well during his service here. He was a good man and a nice man and the traditions of the House were enriched by his service.

I extend my condolences to his family on this sad occasion.●

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## INTRODUCTION OF CRANBERRY WILDERNESS AREA

## HON. HARLEY O. STAGGERS

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. STAGGERS. Mr. Speaker, I take this time to advise my colleagues in the House that I am today introducing a new proposal to establish a Cranberry Wilderness Area in West Virginia.

My new bill generally follows the outlines of part of one of the alternatives originally studied by the U.S. Forest Service. It will create a wilderness area totaling approximately 10,500 acres. Combining this new area with the eight other units of the National Wilderness System in the general region, we will have preserved well over 150,000 acres of wilderness forever.

The bill I am introducing also formally recognizes the national significance of the Cranberry Glades by designating it as the "Cranberry Glades National Botanical Area" and by assuring its continued management for maximum public use and enjoyment. There is no comparable protection for this popular area in the administration's wilderness proposal.

This has not been an easy compromise to develop. Not only is the area famous for its beauty and solitude, but it is, also, an area rich in natural resources. It contains 18.5 million tons of known coal reserves and supports a timber stand which Forest Service estimates indicate could produce 3.6 million board feet of valuable hardwood. Other authoritative sources suggest that this estimate is far under the real timber potential of the area. In addition, it contains significant potential oil and gas resources.

I mention this because the Forest Service wilderness study acknowledges the fact that "the economy of the local area is heavily dependent on natural resource production." To help minimize the adverse economic impact of the wilderness designation on Webster and Pocahontas Counties my proposal is carefully crafted to excise from the wilderness boundaries nearly all of the known coal reserves and a significant portion of the saw timber. This is essential to the economy of the area and particularly to these two counties which are already suffering extreme economic hardship and severe unemployment problems. Under my proposal, these valuable resources could be developed and utilized if such development can be accomplished without significantly and substantially impairing the outdoor recreational values of the back country. This will mean that any development of the resources will have to be accomplished carefully and in a manner that is sensitive to the natural, scenic, and recreation values we are trying to protect.

The development of the coal in this area should not impair the values of the back country lands, since any future extractions would be required to conform to all existing Federal and State laws and regulations. In fact, it is my understanding that there are no existing strip mining rights in this entire area.

I need not tell the Members of this House how important it is for America to develop its energy resources. Here we have not only coal, but possibly oil and gas, which could help—even if only in a modest way—to satisfy our Nation's energy needs and I believe we must not preclude its development. But if the Secretary decides, even with all of the existing protections under present law and under this new bill, that the coal should not be mined, then he can preclude it by purchasing the private holdings.

Mr. Speaker, my proposal will give immediate wilderness protection to 10,500 acres of pristine wild lands worthy of wilderness designation. The rest of the administration's proposed wilderness area—another 25,100 acres—would be outside the wilderness, but would be formally designated as "Back Country," and would be managed, as it has been for several decades, so that everyone can have an opportunity to enjoy this beautiful area.

In this back country area, my proposal will allow Adirondack-type shelters to continue to be maintained, and should permit picnic areas, campgrounds and shelters to be constructed for families and friends who want to have a Sunday outing or a weekend in the woods. My proposal will insure the most complete use and enjoyment of the entire area for all kinds of outdoor experiences. It will allow the hardy backpacker his wilderness experience; it will protect the scenic beauty for the casual hiker, horseback rider, and cross-country skier; it will permit fishermen and hunters to continue their traditional activities; it should enhance recreational opportunities for all people—young and old alike; and it may permit the development of some energy and other natural resources which this Nation so sorely needs.●

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## R.L.D.S. CHURCH MARKS 150 YEARS

## HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. SKELTON. Mr. Speaker, April 6 is a significant day in American history. On this date, 150 years ago, the Reorganized Church of Jesus Christ of Latter Day Saints was founded by Joseph Smith, Jr., in western New York.

This church is large in worldwide accomplishments, and it is an excellent international representative for the United States. The compassion, love, and concern for fellow men and women have endeared the Reorganized Church of Jesus Christ of Latter Day Saints to the hearts of millions worldwide.

R.L.D.S. members are often outstanding community, State, and national leaders, exemplifying their love for God unassumingly, yet with strength. The distinguished U.S. Senator MILTON YOUNG of North Dakota is a lifelong member of the R.L.D.S. Church.

Today, I would like to recognize the tremendous contributions the Reorganized Church of Jesus Christ of Latter Day Saints, with headquarters in Independence, Mo., has made to the world.

In this sesquicentennial year, our prayers are with R.L.D.S. President Wallace B. Smith in his efforts to continue the church's fine work.●

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## FOR COMPETITION, FORD HAS BETTER IDEA: NONE

## HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. SHUMWAY. Mr. Speaker, as our national economic troubles mount, there is an increasing tendency to blame others. The Carter administration's insistence, only recently tempered, that OPEC is solely to blame for our unprecedented rate of inflation is perhaps the classic example.

The private sector is, of course, hardly immune from this temptation. During the protracted debate on the Chrysler bailout, Chrysler's failings were variously ascribed to the Federal Government, the OPEC nations—a popular villain—Chrysler workers, Japan, GM, and the American consumer. While Chrysler management even admitted that it too might be partially to blame, the bottom line remained consistent: Federal assistance and protection from the natural workings of the marketplace was necessary.

The pattern persists. We have recently witnessed suggestions from the Ford Motor Co. and from the United Auto Workers that Japanese auto imports be limited, and that Japanese car companies be required to build plants in the United States. The point, of course, is to protect U.S. firms and U.S. workers from what is increasingly viewed as a dangerous economic principle: competition.

Like everyone else, Mr. Speaker, I am seriously concerned about the state of our economy. It appears to me, however, that we may have more to fear from ourselves than from those so commonly blamed for our problems. I, therefore, commend to my colleagues a lucid article by Robert Samuelson which bears provocatively on this issue.

### FOR COMPETITION, FORD HAS BETTER IDEA: NONE

(By Robert J. Samuelson)

Some ideas compel parody. The recent suggestion by the Ford Motor Co. to restrict Japanese car imports—a proposal heartily endorsed by the United Auto Workers—struck us just that way. And nothing would be easier. We'd invite Ed McMahon, the announcer who does Ford's commercials, into our column and engage in a bit of self-serving dialogue. It would go like this:

Us: Glad you could join us, Ed, for our weekly talk show on the economy. What's new at Ford?

McMahon: Well, as you know, Ford wants to be your car company. We've had our problems recently. The North American division actually lost money last year. But Ford still wants to be your car company.

Us: How do you and Henry intend to do that Ed?

McMahon: Competition is old-fashioned, out-of-date. Ford has a better idea. We're going to pass a law hindering people from buying other companies' cars. First, limit Japanese imports. Next, make the Japanese build factories here.

Us: Won't that drive car prices up?

McMahon: That's the idea. As you know, most of the car slump is in bigger models, which the Japanese don't make. But all those small Japanese cars force us to keep our own profit margins down on small cars, and that's where the big market will be in the 1980s. Our labor rates are higher than Japan's, and their workers probably work harder. That's why we'd like them in the United States, where they can pay more for less.

This kind of writing is fun: it gets the juices going. But we're going to abstain from further journalistic self-indulgence. The Ford proposal deserves more serious treatment because it symbolizes something more significant than just another dose of trade protectionism.

More and more, it's economic isolationism. A vague feeling now exists that the less we have to do with the rest of the world, the better. The rough idea is to become stronger militarily and more self-sufficient economically. Anything that improves our insulation seems increasingly attractive. Ford's plan is but one of the legislative proposals to favor domestic over foreign production; suggested subsidies for small refineries, synthetic fuels and gasohol—turning grain into fuel—are only some of the most prominent.

All these schemes differ in detail, but they signify a shift in the domestic political climate with possibly profound implications.

The dangers are clear enough. Protecting inefficient industries and resorting to increasingly heavy subsidies for fuel and other "essential" goods could turn the United States into one of the world's permanently high-cost economies. Rampant protectionism could fragment our overseas alliances. Only last month, U.S. Steel Corp. filed a massive "dumping" complaint against European steel producers. Further complaints against Japan and others could follow.

Possible side effects defy prediction. Consider Japan. It is the largest customer for U.S. farm goods, but if its steel and car exports are suppressed, can it sustain U.S. grain purchases? If not, pressure from farmers to turn more grain into fuel (and prop up grain prices) are bound to mount. Ecologists such as Lester R. Brown of the Worldwatch Institute see a larger moral issue in this trend: feeding cars instead of people.

But no one should deny the lure of the new isolationism. Vague as it is, this new ideology represents an understandable reaction to the growing intrusion of international events on the American economy. For years, these were minor and the United States played global preacher, moralizing against the sins of protectionism and economic nationalism. Now, we have joined the congregation and see that oil is only an extreme example of a general truism; once imports or exports capture a substantial part of an industry's sales, it loses its national autonomy.

About two-fifths of America's harvest goes abroad, and U.S. grain prices—and, ultimately, meat prices—depend heavily on world food conditions. About a fifth of U.S. steel and car sales are imports; that's large enough to put U.S. workers in direct competition with their overseas counterparts.

Americans are now painfully learning that world markets are inherently less stable—than national ones. Political upheavals can create havoc with prices and supplies: witness oil. Natural calamities can do the same: witness grain. Export and import volumes can swing unpredictably: witness everything from shoes to nuclear reactors.

Who can deny the appeal of insulating the United States from this turbulence? We are loath to let other countries dictate our living conditions, and yet that seems to be the threat. Many of our best-paid manufacturing workers (autos and steel again) are in relatively low-skill jobs. Workers in less developed countries can do these jobs for much less, and possibly, with more zeal, because they appreciate the work and have weaker unions (or none at all) to protect them.

If all this seems to imply an economic version of the America First Committee, you have to wonder: if Americans aren't for America first, who will be? Good question.

But the question that needs to be asked simultaneously is whether the proposals that parade under this banner really put all Americans first—or just some. The Ford and UAW import restrictions are self-serving in the extreme. Ironically, higher car prices would probably slow the shift to more fuel-efficient vehicles, exaggerating the national dependence on imported oil.

There are limits to the threats of low foreign labor costs and other associated economic "advantages," more lax environmental or safety regulations. Transportation to the United States provides one cost cushion (it adds about 10 percent for steel), and traditionally-high U.S. productivity has constituted another. The ailments of the auto and steel industries stem largely from runaway labor costs (which have advanced much more rapidly than average) and special problems: the dramatic shift to smaller cars for autos and obsolete plants for steel.

We are going to face this issue again and again in the 1980s: what is to be our political response to global economic change? The possibility is real that all nations, scrambling to protect their individual interests, will make things worse for everyone. And, like it or not, the United States does have a leadership role to play. No one wants to trust unreliable foreign markets for essential goods, but we need to be clear-headed about what is a genuine threat to national security and what is simply clever sloganeering.●

## TRIBUTE TO BART MUELLER

### HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. FLORIO. Mr. Speaker, I would ask my colleagues to join with me today in recognizing the award given to my friend, Bart Mueller, by the New Jersey Bell Telephone Co. Bart has been selected from the thousands of persons employed by New Jersey Bell Telephone as the "Citizen of the Month."

Each month New Jersey Bell Telephone selects from the ranks of its employees one person who displays a commitment to the improvement of his community and an eagerness to take the lead in achieving that end. Bart Mueller is clearly such a person, so it comes as no surprise to me that he has been chosen for this honor.

Bart Mueller serves his community is a variety of ways. As a member of the Lions Club, he has been active in upgrading recreational opportunities to the youth of Oaklyn. As director of public safety, he was instrumental in instituting the senior citizen check-in program that monitors the health and well-being of the senior citizens of his community. As a coach of the Oaklyn Cougars, he has helped the young of his town strengthen both their body and the character through sport. As a member of the public assistance board he has helped the less fortunate weather the storm. He was recently elected mayor of Oaklyn where I am sure he will continue to seek the greatest good for his community.

On the occasion of this award, I would like to add my congratulations to those of his fellow workers and friends.●

## THE EFFECT OF MR. MUGABE'S TRIUMPH

### HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. LAFALCE. Mr. Speaker, Rhodesia is in the process of transforming itself from a British colony to an independent Zimbabwe after 7 long years of civil war, which left more than 25,000 casualties. Under Commonwealth auspices, democratic elections took place; and the black voters overwhelmingly picked Mr. Robert Mugabe and his party to be their future leader.

Although there had been some concern among Western observers about a possible Mugabe victory, calm reflection concerning his positions on the important issues has eased most of that concern. In addition, Mr. Mugabe's statements and actions since his electoral victory have been extremely moderate. He has appointed his chief electoral rival, Mr. Joshua Nkomo, Minister of Home Affairs; and he has appointed two whites, including a member of the white-supremacist Patriotic Front, to his new cabinet. He has repeatedly stated that he will respect the right to private property, which is welcome news to both white Rhodesians and Western investors who are very interested in the large quantities of key minerals which his country possesses.

Most significantly, Mr. Mugabe has emphasized that he will not interfere in the internal affairs of the Republic of South Africa, despite that country's official policy of systematic discrimination against nonwhites. Perhaps, Mr. Mugabe's most important contribution to peace in southern Africa will be to send a clear signal to the whites in South Africa, and particularly to the intransigent Afrikaners, that apartheid must be abandoned. If white South Africans do not embark on a course of liberalization on all fronts, black and other South Africans are likely to lose their already worn patience and resort to armed struggle, in order to achieve majority rule.

Because of its long involvement in the area, Great Britain has been especially concerned about developments in southern Africa. Throughout the long history of problems in southern Africa, the Manchester Guardian has reported events in the area in a fair and insightful manner. I want to share with all of my colleagues two editorials which recently appeared in the weekly edition of the Manchester Guardian. The first discusses the impact of Mr. Mugabe's victory on the soon-to-be Zimbabwe, and the second analyzes the situation in the Republic of South Africa and the options open to Prime Minister Botha.

The editorials follow:

#### RHODESIA—THE CLEAREST OUTCOME AND THE BEST

The Rhodesian elections have produced the best possible decision. Anything else would have been not a decision but a lack of decision, leading to long and damaging infighting or worse. There would have been endless scope for speculation about whether the Zezuru and the Ndau could team up against the Manyika, or what role the Ndebele could play as middlemen. White power-brokers would have been called in to shore up unsteady alliances. All that can be forgotten. Zimbabwe has voted as one nation, and the outlook for the country is better now than it has ever been. Of course Zimbabwe is not in fact one nation, any more than Great Britain. Mr. Mugabe and Mr. Nkomo are the leaders of the two nations of which Zimbabwe is composed and each has received the overwhelming endorsement of his people. To have expected only one leader to emerge would have been to want the best impossible result. But there should be no mistake that both Robert Mugabe and Joshua Nkomo know that the unity of their country is absolutely essential and will set about to achieve it. This emphatic endorsement puts them in the strongest position to do so.

To call a man a Marxist in the context of Zimbabwe is like calling him a black or a settler. It is a non-descriptive word, saying virtually nothing about his aims or his methods. What matters most about Mugabe is not his Marxism or his Catholicism but his capacity to rule. If his victory is to mean anything it must result in a more fruitful life for the mass of the people: not necessarily as an economist would use the phrase but in a simpler and more humanitarian sense. That cannot be achieved, as Mr. Mugabe has acknowledged, by the further destruction of what exists or by alienating anyone, white or black, whose stake and livelihood are in the country. But even granted the difference in training and skills which have enabled the whites to create a prosperous economy the profits have been seriously maldistributed. If Marxism means that the land will be more equitably shared and that schooling will be a larger charge on the national income then no one should be frightened of the term.

In celebrating election results it is customary to point out that, nevertheless, formidable problems remain. We ask to be excused from that exercise, if only because everybody knows what they are. You do not arouse keen expectations, as Mrs. Thatcher and Bishop Muzorewa have learned within the year, without risking inflated prices or deflated hopes. By contrast there looks to be one problem fewer than there was a fortnight ago. The fear of a white coup has receded. An indecisive result might have revived it. A decisive result has killed it. Major-General Walls is only one of many whites who judge their future to lie in Zimbabwe and who, along with many more blacks, have to start again after years spent not as they would have chosen. If the general remains in command of the security forces he will be well qualified (better than the outsider visualised under the forgotten Anglo-American plan) to integrate the guerrilla forces with his own.

Conservatives who lavished praise on Lord Carrington after the Lancaster House conference are now reported to be giving him the bum's rush. They are singularly ill-informed. It was inherent in the Lancaster House formula that Mr. Mugabe's chances would be high. He more than anyone had brought Lancaster House about. Nkomo's vote turned out almost exactly as predicted. The question lay between Mugabe and the Bishop, and almost every forecast gave the Bishop far more than he actually received. It is easy to see why. The Bishop did receive a huge vote last year in elections which offered voters a half-way stage towards the nationalist government which most of them wanted. But there is scarcely a village in the trust lands which has not seen sons depart to Mozambique (in Nkomo's case, Botswana or Zambia) to train with the guerrilla armies. Their prestige has been great, the greater when set against the erosion of the Bishop's authority. Therefore, although intimidation may have played some part in the campaign, and has certainly been an ugly feature, it has not in any way been decisive. Social pressure, yes. A villager will not risk unpopularity. But intimidation, meaning the coercion of many thousands of people to act against their wishes, has been a superfluous ZANU election tactic since the campaign began.

Those who now criticise Lords Carrington and Soames might instead be congratulating them. In the first place the logistical conduct of the cease-fire and the election has been highly professional. It can do Britain no harm to be seen exporting such thorough-going expertise. Secondly it is widely assumed that Britain would have preferred a different result and that Lord Soames was somehow trying to wangle an improbable Muzorewa victory. President Nyerere was the leader of that school and has had the grace to apologise. It is an elementary thing to say to Dr. Nyerere and the other recent sceptics but in some countries elections are not a foregone conclusion and the result is often not known until the votes have been counted. (They should try it some time.) But thirdly it is only necessary to look back to the days before Lancaster House and contemplate what seemed the impossibility of the course on which the British Government had embarked: ending the way, agreeing to the constitution, ruling the country, producing a convincing prime minister, and releasing Britain from the burden of 15 years, Mission accomplished, and not with aplomb.

### MR. BOTHA LOOKS TO THE FUTURE

Mr. P. W. Botha is doing what guerrilla leaders are reckoned to do. He is politicising the people. Whereas Mr. Vorster's speeches all emphasised resistance and continuity Mr. Botha's emphasise change. Since he took office in the throes of the Information Department scandal he has put forward a number of notions which are not obviously popular with his constituents, including trade union rights for black workers, even migrant ones, and abolition of the ban on mixed marriages and the so-called Immorality Act. He now proposes a conference of the races—the national convention, in fact, for which Opposition groups and churchmen have in the past campaigned. Its purpose is to strike a new bargain between the races to replace that struck by the whites alone.

After Zimbabwe there is certainly no escape from fundamental re-thinking. What is not known is whether Mr. Botha is seeking to promote radical change or to forestall it. The outcome of the Rhodesian poll is bound to alter South African perceptions of what is possible and of the time available. Nothing short of majority rule has been found possible farther north, but in the view of some South African academics who have scrutinised the problem over the last decade, that is because nothing short of majority rule was seriously tried. The purpose of the national convention will presumably be to find a form of partition, either of territory or of governmental powers, which will represent that half-way house between apartheid and majority rule which the originators of apartheid believe to be impracticable, and even logically unsound.

Mr. Botha is, however, going the wrong way about seeking the sort of accommodation he wants—supposing, as must at this stage be supposed, that it is a realistic option. All races, he says, are standing shoulder to shoulder against Marxism. But that is a manifest untruth. The races are not standing shoulder to shoulder in any cause, and by identifying his enemy as Marxism, when in fact it is black nationalism, he is asking his black opponents to identify themselves as Marxists. On his other wing Mr. Botha has a large reserve of Afrikaner fundamentalism, personified by Dr. Andries Treurnicht, to grapple with. It is that wing of the party which thought it had gained a victory when Mr. Botha was elected. Mr. Vorster never subdued it nor did he ever fight it. The cosmetic changes he introduced in the apartheid laws were tiny in comparison with the structural changes at which Mr. Botha is aiming. Before the national convention can commit white South Africa to the changes which blacks might, ad interim, accept, a battle has to be fought and won on the right wing of the National Party. Mr. Botha is well placed to fight it and win it, for it seems likely that only the grim realities of governing South Africa have saved him from adopting that position.

To judge from the Cape meeting addressed by Mr. Botha and subsequent comment in the South Africa press the lesson of Rhodesia for South Africa may have been heeded. It is that self-deception must be avoided about the true leadership of black opinion. Rhodesians believed themselves to have blunted nationalism when they had only settled Bishop Muzorewa. South Africans will repeat that error if they do not open the gates of Robben Island. Mr. Botha's national convention could be a fruitless discussion or a vitally important turning point for South Africa. That will depend on who sits on the other side of the table.●

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## A LOWER DISCOUNT RATE FOR SMALL BUSINESS RELATED PAPER

### HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. GRASSLEY. Mr. Speaker, I am introducing today a concurrent resolution which requests the Federal Reserve Board to offer a lower discount rate for small business related paper. Pursuant to the authority granted under the Federal Reserve Act, sections 13, 13(a), and 14, the Board may offer special discount rates for industrial and commercial paper. As my colleagues are aware, it is the small businessmen who can least afford the high interest rates which are causing so many businesses to fail.

Dun & Bradstreet indicates that for the first 10 weeks of 1980, business failures increased 30 percent over 1979 for the West North Central States, which include Iowa, Nebraska, and the Dakotas. This statistic, combined with the fact that failures had already increased 19 percent in 1979 over 1978 in the same region, shows a dramatic need for action by the Board to aid small businesses, especially in rural areas.

Many rural banks have been unable to spring back from the monetary crunch of 1973 and 1974. In recent Government surveys, about three-fifths of these banks have been reporting greater demand for farm loans than a year earlier, while only about one-tenth of the banks have been indicating increased availability of funds for these loans. Meanwhile, the imbalance between deposit growth and loan demands continues to cause critical liquidity and capital ratios which are below average.

The Federal Reserve Board in a recent letter to its member banks stated that it expected that banks, wherever possible, would adjust lending rates and other terms to meet the special needs of small businesses and farmers. My constituents inform me that this is simply not happening in Iowa. While Chairman Volcker believes his policies of credit restraint are necessary, I believe that the economic adjustments that must be made are borne equally by all segments of our economic system.

Furthermore, the concurrent resolution requests the Federal Reserve Board to report regularly to the Congress on the loans and commitments made by banks with less than $300 million in assets. These banks are currently exempted from the reporting requirements of the special credit restraint program. I think it is extremely important that the Board be aware of the impact of its policies on rural banks which represent a substantial percentage of those with less than $300 million in assets. Only then will the Board be cognizant of the credit problems of small business.

I invite my colleagues to cosponsor this important resolution.●

## DEFENSE SPENDING AND A BALANCED BUDGET

### HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. ROUSSELOT. Mr. Speaker, as the balanced budget bandwagon gains steam, our born-again budget balancers are looking toward a downward adjustment in Federal spending. Many are looking in the wrong place, however. They are concerned with an area of expenditure which has decreased in real terms over the past 20 years—defense spending—rather than those areas which have appreciably increased. It is also vital to note that 55 percent of the defense budget is for manpower, rather than the appropriation of military hardware. I would like to bring to my colleagues' attention an editorial from the Wall Street Journal on Monday, March 31, 1980, which points out that statistics for the past two decades indicate a clear decrease in military expenditures relative to the total budget—from 52.3 percent in 1958, to 22.7 percent during the current fiscal year. Conversely, expenditures for public assistance and social welfare giveaway programs increased dramatically from 20.8 percent in 1958 to an estimated 50 percent of the total budget for fiscal year 1981. Following is the editorial entitled "Guns vs. What?" I strongly recommend that my fellow budget balancers carefully review the article and give special attention to the chart of Federal outlays.

#### GUNS VS. WHAT?

With growing understanding of both our unmet defense needs and the necessity to curb government spending to help combat inflation, the stage ought to be set for a debate over guns versus butter. But there is a powerful disposition on Capitol Hill to exempt butter from this debate. We are told the choice is guns versus budget balance, or guns versus tax cuts, or guns versus motherhood.

"The real test of whether there is restraint," alleged budget guardian Senator Edmund Muskie declared, is whether the Congress holds the line on defense spending. The House Budget Committee cut $1.4 billion from the President's original military request, and we heard no roar of protest from the administration. Instead, the President merely made a counter-offer late last week to reduce defense expenditure by $1 billion. The defense cut troubled the White House less than the panel's deletion of $500 million in revenue-sharing for wayward cities which had the administration screaming down Pennsylvania Avenue.

Before we accept the phoney dichotomy we are being offered, we ought to understand the realities of the federal budget. These realities are evident in a glance at the accompanying chart.

Aside from the Vietnam era, military spending has not contributed to the meteoric rise in total federal outlays since the late 1950s or to the budget deficits which have occurred every subsequent year with the exception of 1960. Rather, the growth in spending has been almost wholly due to the rapid expansion of social programs and other payments to individuals.

Defense spending was cut in 11 of the last 21 years in real terms. As a percentage of total federal outlays, military expenditure fell from 52.3 percent in 1958 to 38.7 percent in 1965. By the Vietnam peak in 1968, it still only accounted for 43.2 percent of the total budget and has since fallen to 22.7 percent this fiscal year. Mr. Carter's original proposals for fiscal 1981 would have increased the percentage to only 23.2 percent and that figure is now doubtful due to the budgetary flip-flops.

By contrast, payments for individuals outside the military have risen every year since 1958, except for a small dip last year, and have displaced defense outlays as the federal government's top spending priority. In 1958, these payments took 20.8 percent of the entire budget and, even after President Kennedy's New Frontier program and President Johnson's Great Society, the figure had only risen to 25.7 percent by 1968. During the 1970s, however, these outlays grew at a dramatic rate, accounting for 44.7 percent of the 1974 budget and estimated at half of all spending in fiscal 1981 in real terms.

Net interest payments on the government's debt have not varied much in real terms since 1958, hitting a low of $14.3 billion (at fiscal 1972 prices) in 1974 and a high of $17.8 billion in 1978. All other forms of non-defense spending have grown fairly moderately from $21.9 billion in 1958 to an estimated $54.9 billion next year.

Over the last decade, in short, we have expanded largess to individuals by both raising total spending and skimping on defense. Given that history, we see nothing inconsistent with arguing that we now need to both increase defense spending and curb total expenditure. Both of those priorities ought to have been perfectly predictable to anyone who has been paying attention over the past decade. The solution to both problems is to stop voting ourselves payments from the public treasury, and this of course is the option Senator Muskie, the House Budget Committee and the like are trying to foreclose.●

## THE LINCOLN HIGH SCHOOL RAIDERS FINISH FOURTH IN STATE

### HON. EDWARD R. MADIGAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. MADIGAN. Mr. Speaker, last Monday my hometown newspaper, the Lincoln Courier, reported in front page headlines the Shah of Iran's arrival in Egypt, the renewed threat of spy trials for our hostages in Tehran, and the fourth place finish of the Lincoln High School Raiders in the Illinois State basketball tournament.

The Raiders' finish in the State tournament was front page news because it was the climax of the most successful season in Lincoln High's history. The team finished with 30 wins and 3 losses and was the first in the school's history to finish in the coveted final four. Although the Raiders finished fourth in the official tournament results, they finished in first place of the hearts of Lincoln High School fans.

A lot of hard work and late suppers went into the Raiders' successful season. The parents of the players and the Lincoln community are rightfully proud of the achievements of these young people.

My congratulations to coach Loren Wallace and the members of the Raider team.●

## BOYCOTTING THE OLYMPICS

### HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. DERWINSKI. Mr. Speaker, President Carter continues to vacillate on his stand on the Olympic boycott. His lack of strength is causing our allies to reconsider their positions regarding withdrawal from the Moscow games.

I insert a very pertinent and timely editorial which appeared in the Chicago Tribune of March 31, discussing seven very important and valid reasons for the United States to stand firm in its decision to boycott the Olympic games. The editorial follows for the Members' attention:

#### SEVEN REASONS TO BOYCOTT

If Olympic athletes in the United States and other non-communist countries are unable to accept the good reasons and urgent necessity for declaring a firm boycott of the Moscow Olympics, perhaps they should speak to Mohammad Saber Rohparwar. Or Ebrahim Hashimi. Or Ziaulla Jahed, Baz Mohammad Norestani, Alef Mohammad Shojaai, Muhammadullah Taheri, and Karim Karimi.

The seven men constitute a majority of the Afghanistan national soccer team, and they recently fled their Soviet-occupied homeland rather than play a series of "friendly" matches in the U.S.S.R. They certainly will boycott the Moscow games, and they certainly understand why.

Those seven Afghanis and millions of their countrymen are being betrayed by the indecent refusal of all but a handful of the free world's national Olympic committees to join the boycott move. If the boycott fails, and it now appears that it will, the Soviets need feel no compunction about completing the rape of Afghanistan with a massive reinforcement of the troops that are having such an embarrassingly difficult time there.

The soccer players' escape refutes the specious contention of the International Olympic Committee that politics can in the present circumstances be separated from sports. However nice it makes IOC members feel to say it, reality has already corrupted this fantasy. As far as the Soviet Union is concerned, sports is politics. As Karen L. Coffin reported in a recent column on this page, a 1979 Soviet handbook on the Olympics said it clearly: "The view popular in the West that 'sports is outside politics' finds no support in the U.S.S.R." It went on to say that boycotts for political reasons are fully in keeping with Soviet views on sports.

It is similarly political for the Kremlin to incarcerate or expel potential dissidents from Moscow before the games, to send children to summer camp so they will not be "contaminated" by Western ideas, and to declare that the selection of Moscow for the Olympics signifies worldwide approval of the Soviet Union's foreign policy. By participating, Western athletes will be telling the Soviets not only that they may invade Afghanistan with impunity, but that they can get away with doing the same to Pakistan, Iran, or the entire Arabian Peninsula.

In these circumstances it is nothing less than outrageous that the U.S. Olympic Committee will not bring itself to declare a boycott, plain and simple. It is weaseling and hesitating in the apparent hope that President Carter will be persuaded to change his mind before the May 24 deadline. Some U.S. athletes have gone so far as to suggest they would go to the games in defiance of the President.

Most European committees have been more straightforward. They have said they will go to Moscow come what may, and Afghanistan be damned. Officials of the International Olympic Committee have even offered financial aid to teams that defy their governments' boycott wishes, no doubt using money supplied by the Soviets.

The athletes may go if they wish. Unlike the Soviet Union where guards, dogs, barbed wire, and odious passport laws keep the people caged, American and European athletes will not be hindered if they choose to go. They might even manage to defeat a few of Eastern Europe's hormone-laden "amateurs" and come back home with gold around their necks. But they'll have blood on their hands.

QUOTE

The Scotsman in Edinburgh recently commented on opposition to an Olympics boycott by Lord Killanin, chairman of the International Olympics Committee:

> The noble Lord said Olympic competition created brotherhood and might avoid an impending holocaust, blithely ignoring the fact that the propaganda spectacular at the Berlin Olympics in 1936 was followed closely by the Holocaust. Even now dissident Jews are being moved out of the Soviet capital prior to the 1980 Olympics and Jews expressing the desire to emigrate continue to be confined to prison camps and psychiatric wards. What athletes must now be bombarded with is the abundant evidence of the cruel and despicable system that is organized for the Soviet people by virtually the same men as are organizing the Moscow Olympics.●

## THE CORPORATE DEMOCRACY ACT OF 1980

### HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. ROSENTHAL. Mr. Speaker, today I am introducing, with a number of my colleagues, the Corporate Democracy Act of 1980. This important piece of legislation represents a first step in making the power of the corporation in America a major item on the political agenda of the 1980's.

The bill deals with the composition and duties of boards of directors of large corporations, the role and participation of shareholders in the decisions of corporations, the rights of employees and affected communities, the public disclosure of corporate operations, the power of interlocking directorates, the growth of multinational corporations, and other fundamental issues.

For some years as chairman of the House Subcommittee on Commerce, Consumer, and Monetary Affairs, I have been examining the practices of large American corporations. I have come to believe, from accumulated evidence, that corporations must now be understood and dealt with as private governments, often exercising unchecked power over American democracy and public policy. Corporate crimes—whether price gouging, foreign payoffs, the knowing manufacture of dangerous products or pollution of our environment, consumer frauds or antitrust violations—represent more than the occasional acts of dishonest individuals. They derive from the very structure of the contemporary corporation—a structure that makes difficult or impossible serious consideration of broad societal concerns.

It follows that we can no longer rely on the traditional regulatory process to curb and control these abuses. Indeed, because the Corporate Democracy Act reforms the internal structure of our large corporations, it is my hope and expectation that enactment of this legislation would permit the elimination of unnecessary Federal regulation.●

## CURES FOR INFLATION MUST TREAT THE CAUSE

### HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. DANNEMEYER. Mr. Speaker, as the rate of inflation continues to rise at 18.2 percent on an annual basis, suggestions for bringing it under control are becoming almost as plentiful as theories suggesting its cause. But, as our past inability to curb inflation would indicate, trying to develop a cure without a sufficient understanding of the disease, is about as helpful as trying to treat appendicitis with a couple of aspirin. The fever may come down ever so briefly, but in the long run, the patient gets far sicker for having been delayed in getting the needed operation.

In view of the fact that three times in the past 13 years bursts of deficit spending have been followed by rapid monetary expansion and then, within 2 years or so, a significant jump in inflation, it should be obvious that the principal cause of inflation is not higher oil prices but deficit spending by the Federal Government itself. Of course, there are some secondary or tertiary causes—such as Government overregulation, which everyone admits drives up the cost of goods and services—but, in the main, the inflation we are suffering today comes from nearly $250 billion in deficit spending the past 5 years. To finance those deficits, the Government has had to expand the money supply at a rate greater than the rate at which productivity has grown. The predictable result has been greater dollar competition for available goods and services and, subsequently, higher prices.

As Prof. Howard E. Kershner of Northwood Institute (Texas) points out in a recent article entitled "The Consequences of Tight Money," making money hard to borrow is not necessarily the answer to this problem. For one thing, it drives up interest rates; for another, it punishes those acting in self-defense rather than the culprit, and for a third, it may slow down productivity which, in turn, may offset any drop in the growth of the money supply. And, finally, while it may discourage those in the private sector from borrowing, it does nothing to discourage the Federal Government's penchant for deficit spending, a penchant that, as previously noted, is responsible for the problem in the first place.

In this thought-provoking article, Dr. Kershner not only argues that a tight money policy is the wrong answer to inflation but that there are a number of ways the right one—stopping the expansion of the money supply—may be achieved. Without necessarily advocating all of Dr. Kershner's suggestions, I commend them to my colleagues in the hope that they will stimulate discussion of how monetary expansion can be curbed. To that end, therefore, I insert Dr. Kershner's article, which appeared in the March 1980 edition of the newsletter Answers to Economic Problems, in the Record at this point:

### The Consequences of Tight Money

The Fed continues its tight money policy. Chairman Paul Volcker is reported in the Wall Street Journal of September 24, 1979, as pledging ". . . a tight money policy while inflation rages." Tight money per se is not a cure for inflation. It misses the mark as much as the old time doctors who bled their patients to reduce fever. The treatment sometimes killed the patient, but it never improved the malady.

I have observed every inflation, depression, panic, and boom in our country since the mid-nineties. I have also observed these phenomena in 60 other countries. Let me say with all the emphasis at my command, that tight money is not the cure for inflation.

Raising interest rates to tighten money adds to the cost of goods and services. What is needed is to reduce these costs, or more precisely, to reestablish reciprocal conditions among the different groups of producers, so that what each group makes will exchange readily for the output of other groups.

Workers who are paid $100 a day cannot expect to exchange much of their goods with those who earn $40 a day. Such unevenness blocks the market, creates gluts on the one hand and scarcities on the other. What is needed is the flexibility of the free market so that men, money, and raw materials leave the places where there is little demand, and move into activities where there is more demand. Freedom and flexibility will make these adjustments from day to day, so that the markets are kept in balance and production and distribution proceed normally.

There are two principal causes of inflation. The first and most important is the increase in the quantity of money, which arises from deficit spending. When the nation spends more than its income, payment is made by increasing the quantity of money. This is what causes the inflation fires to rage. There is no mystery about it. It is not an act of God, and it will not burn itself out. It will continue as long as we keep increasing the quantity of money, or until the currency is destroyed and with great suffering we have to make a new start.

A secondary cause of inflation is rigidly imposed upon the economic activities of the people, either by government or by strong labor unions. Over-regulation by government not only costs the country about $130 billion a year—three times the cost of balancing the budget—it also greatly restricts and retards the production that otherwise could make the nation prosperous. There is much restrictive legislation by Congress, and many more bureaucratic regulations having the force of law, that prevent the free and full play of economic activities that would correct the imbalances and result in prosperity.

Strong labor unions, that force their own wages up beyond a reciprocal relationship with other groups of producers, prevent the restoration of a balanced relationship, slow down production, and for long periods of time, stop it altogether.

The way out of the impasse is to stop spending more than our income—stop the increase of the quantity of money.

The whole problem can be solved by: (1) Cutting regulations by at least half, saving more than enough to balance the budget; (2) Selling government-owned businesses that run at a loss back to private enterprise: (3) Giving the young man or woman the option of setting up his or her own retirement fund and being exempt from Social Security taxation; (4) Lengthening the working span of those who prefer Social Security until an actuarial balance is reached; (5) Removing government and labor union-imposed rigidities from the economic activities of the people, and allowing them to produce at their full potential.

This is the easy way, the right way, and the only way to end inflation, restore prosperity, and maintain our freedom.●

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## A TRIBUTE TO HON. ALPHONSE M. D'AMATO, PRESIDING SUPERVISOR, TOWN OF HEMPSTEAD, LONG ISLAND, N.Y.

### HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. LENT. Mr. Speaker, on April 12 many friends of Hon. Alphonse M. D'Amato, presiding supervisor of the town of Hempstead in my Fourth Congressional District, New York, are gathering at the annual dinner-dance of Rocky Marciano Lodge 2226, Order of Sons of Italy in America, to pay tribute to this remarkable man. I wish to join in this tribute as a long-time friend and call to the attention of my colleagues here in the Congress some of his outstanding accomplishments.

Mr. Speaker, we who are Al's friends know that his life and his record in public affairs in New York have been marked with one successful achievement after another. And we know there are many more pages to be added to this enviable record of success.

Al D'Amato represents the great American dream become reality. Born of humble origin in Brooklyn, Al's tremendous determination, his dedicated diligence in attacking every task, his innovative brilliance in overcoming problems have enabled Al D'Amato to meet and conquer every challenge in his life.

His career in public service provides ample demonstration of his outstanding abilities and talents.

At age 28, Al D'Amato was appointed public administrator of Nassau County, the youngest man ever to serve in that responsible position. His outstanding performance of the duties in that office won him swift advancement, being first appointed, then elected receiver of taxes in the town of Hempstead, then as a supervisor of the town. In 1977, Al D'Amato was elected presiding supervisor, the top official of the town of Hempstead. He is now serving in that office, reelected in 1979 with 68 percent of the vote. He governs the Nation's largest township. In fact, Hempstead town's population of 802,000 is larger than the population of 11 States, so Presiding Supervisor D'Amato represents more people than 22 U.S. Senators.

Further, as presiding supervisor, D'Amato is the ranking legislator on the Nassau County Board of Supervisors, representing more than 1½ million county residents. His responsibilities in that key position include overseeing the county's police, social services, corrections, health and hospitals, and transportation departments.

Throughout his years of public service Al D'Amato has shown a special talent for solving the problems of his constituents, while, at the same time, waging a successful battle against rising taxes. In fact, in 1979 and 1980, Al D'Amato succeeded in reducing property taxes 10 percent. There is a record President Carter should look to for guidance.

Al's prudent fiscal management has had other benefits, encouraging business and industry to expand or relocate in Hempstead town, creating or saving more than 3,000 jobs for his constituents.

Nor have Al D'Amato's outstanding achievements been limited to public office. He has been a leader in the fight against defamation of Americans of Italian descent. We have been shocked and dismayed at the eagerness of the mass media to depict Italian Americans as stereotyped buffoons, criminal figures, or brawling high school dropouts. Such negative images have a profound effect on the self-respect of the Italian American population, and influence other Americans adversely. Al D'Amato has done much to erase such false images and to persuade the media to avoid them.

Indeed, Al's own life offers the most eloquent testimony against those who would characterize Italian Americans as hoodlums or know-nothings. His outstanding success in public office shows the complete stupidity of such derogatory images.

Mr. Speaker, I join Al's many friends in congratulating him upon his success to date, and in offering the warmest good wishes for the future to him, to his lovely wife Penny and their four fine children, Lisa, Lorraine, Daniel, and Christopher.

I know we all share the belief that even greater success and happiness await them in the future.●

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## THE GREAT STRIKE IN LAWRENCE, MASS.

### HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. SHANNON. Mr. Speaker, in April 1912, in the city of Lawrence, Mass., one of the most significant incidents in the history of the American labor movement took place: 25,000 millworkers, speaking over 45 different languages, walked off the job to demand a decent living wage. Despite the violent opposition of the millowners, of the local police, and of the Commonwealth of Massachusetts, the millworkers put aside their cultural and ethnic differences and organized one of the largest and most effective strikes in early labor history. The strikers persisted, winning what was then considered an awesome settlement—an increase of 87 cents in their weekly pay, and the right to be paid for overtime. The great strike in Lawrence had a profound effect upon the American labor movement. It showed that unity and courage could, indeed, reap results.

Mr. Speaker, as a lifelong resident of the city of Lawrence, its history has always had an effect upon me. As a child I heard stories of the great strike; as a student in high school I had listened to my history teacher relate the events which led up to the walkout. But the city, until recently, has never directed much attention to its proud past. I would like to submit for the Record an article written by Paul Cowan, published in the Sunday, March 30, issue of the New York Times, which describes some of the events of the great strike. I believe it would be instructive for all those interested in the history of our country to read it.

The article follows:

### A Town's "Amnesia"

(By Paul Cowan)

The Appomattox of the industrial labor movement was fought and won in Lawrence, Mass., 68 years ago this month. Yet until recently even the older people who participated in the momentous 1912 textile strike were reluctant to discuss it.

The strike began spontaneously. In January, the mill owners were required by law to reduce the work week from 56 to 54 hours. To save money, they also cut mill hands' pay, which had averaged about $8.75 a week. The cut prompted thousands of workers at the American Woolen Company to walk out. Within days, local residents, some of them militants, had asked leaders of the Industrial Workers of the World, including such prominent radicals as "Big Bill" Haywood and Elizabeth Gurley Flynn, to help them organize a strike. By the end of January, 25,000 people from 51 nationality groups, speaking 45 languages, were battling the owners of the nine major mills.

The strike lasted two months. It proved that immigrant workers, divided from one another by culture, ill at ease in their new land, could overcome their differences and unite for social justice. Their gains were awesome: a 10 percent pay increase and a right to overtime pay. Those economic changes soon swept across the United States. But in the decades after the strike, most people in Lawrence devalued their role in helping bring them about.

In 1976, while spending several weeks in Lawrence researching the strike and its aftermath, I became particularly interested in the fate of Camella Teoli. In 1911, when she was 13, Camella and her immigrant father were approached by a labor recruiter from the American Woolen Company. He promised that if Camella dropped out of school to work in the mill, he would help her forge a birth certificate and evade child-labor laws. Soon she went to work. Three weeks later, she was scalped by a machine that twisted cotton into thread and was hospitalized for seven months. She returned home in January 1912, just as the strike was beginning. A month later, Margaret Sanger, then an organizer for socialist causes, arranged for a group of workers to testify in Washington before the House Committee on Rules, which was investigating the strike and its causes. The hearing room was packed. Mrs. William Howard Taft, the President's wife, was in the audience. Camella Teoli, speaking softly, told the most riveting story of all. Her testimony was front-page news. It helped prompt an investigation of working conditions throughout America.

In 1976, a cousin of hers told me that Camella died a few years earlier but that her daughter had a home in a Lawrence suburb. Astonishingly, the daughter had been told nothing about the powerful impact that her mother's words had made on America's conscience. We drove to the Lawrence library where there is a two-volume transcript of the hearings. She read the testimony, enraptured. "Now I have a past," she said. "Now my son has a history."

Why had she, like thousands of others in Lawrence, lost that past? Why were they afflicted with "amnesia" about their history instead of considering themselves the heirs of workers who had created a tradition of economic justice?

The strike had threatened industrialists across the country. If the nation's new immigrants, who were providing a cheap, docile pool of labor, all organized as effectively as the Lawrence millhands, the nation might be on the brink of class war. From the industrialists' point of view, then, it was important to transform participation in struggles like Lawrence's from a badge of honor to a stain on one's reputation.

In Lawrence, the pressures to feel ashamed of the strike were fierce. The insurgents' tactical mistakes fueled them, to some extent. For example, at a rally in September 1912, a small group of anarchists carried a banner that read "No God, No Master." On Columbus Day, a priest, the Rev. James O'Reilly, organized a "For God, For Country" parade in which 50,000 of Lawrence's 90,000 people marched—including some strikers, who feared that if they didn't, they would be stigmatized as unpatriotic and atheists. Soon the insurgents, not the working conditions, became the town's main issue. Furthermore, after they were back on the job, many workers felt that they were penalized for participation in the walkout. Camella Teoli, who worked in the mills most of her life, was never promoted. Most likely she and her contemporaries were unwilling to burden their young with a history that had caused them such psychological and economic hardships.

Now the curtain over the city's memory is beginning to lift. In 1977, Lawrence Lefebre was elected Mayor at the age of 34. He and the young people he brought into government didn't share their elders' need to keep the past buried. Those who knew about it were proud of it. On April 27, Lawrence will celebrate its labor and ethnic history. The highlight of the day will be a ceremony in which Mayor Lefebre names a walkway across the city's common after Camella Teoli.●

## INFLATIONARY IMPACTS OF INCREMENTAL PRICING OF NATURAL GAS

## HON. RICHARDSON PREYER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. PREYER. Mr. Speaker, Mr. Dingell placed in the March 19, 1980, Congressional Record a letter from Robert Russell, Director of the Council on Wage and Price Stability (COWPS), to Charles Curtis, Chairman of the Federal Energy Regulatory Commission, concerning the inflationary impacts of incremental pricing of natural gas. Mr. Stockman and I have introduced a bill, H.R. 5862, to repeal the incremental pricing provisions of the Natural Gas Policy Act of 1978 and I therefore feel impelled to respond to Mr. Dingell's statement.

In his preface to the COWPS letter, Mr. Dingell stated that the Wharton Econometric Forecasting Associates (WEFA), which has prepared the only comprehensive analysis to date of this subject, had acknowledged errors in their study. That study, dated February 1980, concluded that a three-tier incremental pricing system would be inflationary. Mr. Speaker, I am at a loss to understand how Mr. Dingell could make this statement, since at no time has WEFA ever acknowledged any errors in their analysis.

As regards the COWPS letter to Chairman Curtis, Mr. Russell properly advised the FERC to "* * * proceed cautiously with phase II, and seek ways to mitigate the proposal's adverse effects." COWPS also concluded that they could not endorse the results of the WEFA analysis because it was based on assumptions and specifications with which they "cannot agree." WEFA is now rerunning their macroeconomic model to accommodate the advice and changes requested by administration economists, including COWPS, and the effect of the recent outline of rule II proposed by the FERC staff. Initial indications are that all the conclusions reached by the original Wharton study are sustained by this new series of model runs; namely, that incremental pricing will cause inflation, will reduce GNP, and will cause substantial unemployment compared to the repeal of title II of the Natural Gas Policy Act of 1978.

I believe you will be interested in a March 14 letter from the American Gas Association to Mr. Russell, which not only responds to his letter to FERC but also discusses the rerun of the Wharton model. The text of this letter follows:

American Gas Association,
*Arlington, Va., March 14, 1980.*

Mr. R. Robert Russell,
*Director, Council on Wage and Price Stability, Washington, D.C.*

Dear Mr. Russell: I have read your letter to Federal Energy Regulatory Commissioner Curtis regarding COWPS views on incremental pricing. As you are aware, our staffs have had extensive meetings and discussions on this subject over the past several weeks since Wharton Econometric Forecasting Associates (WEFA) completed its analysis on contract with A.G.A. concluding that significant inflation will be induced by Phases I and II incremental pricing together.

After a very careful review of your letter to FERC, I am convinced that you acted prematurely in forwarding to FERC a COWPS position on incremental pricing at this time. While your letter properly requests FERC to "proceed cautiously with Phase II, and seek ways to mitigate the proposal's adverse effect", it wrongly downplays the role of macroeconomic modeling as a tool to help ascertain inflationary impacts and concludes that incremental pricing "is unlikely to increase inflation significantly".

We have several major problems with your letter. First, there was an understanding between our staffs that we would complete a joint analysis on the inflationary impacts of incremental pricing before COWPS took a definitive position. As the attached letter of March 5 to Vartkes Broussalian indicates, we are currently about to rerun the WEFA model with COWPS assistance and advice to accommodate a number of changes which were suggested by COWPS, DOE and CEA staff representatives at our February 27 meeting. In this regard, your March 7 letter seemed to prejudge the outcome of this joint effort.

Second, I am concerned that your letter failed to mention the DOE sponsored study employing the Data Resources, Inc. (DRI) macroeconomic analysis model. That particular DRI exercise was included as Appendix C to DOE's filing on Phase II of incremental pricing. Any objective evaluation of outstanding macroeconomic modeling efforts on incremental pricing should include a detailed critique of the DRI analysis. We understand that WEFA will be furnishing such a critique shortly.

Third, while your staff could not concur in the magnitude of inflationary impacts shown by WEFA, they did not disagree that some impacts could be expected. The significant inflationary impact of incremental pricing projected by the WEFA analysis is already being substantiated. Attached is a preliminary list of industrial gas users who are leaving or planning to leave their gas systems because of their fears and uncertainty of incremental pricing. We compiled this list by contacting our member companies who told us which industrial firms will switch from gas to oil, suspend operation, or relocate their facilities onto an intrastate gas system.

Fourth, in your letter to Chairman Curtis you correctly recognize the severe disruptive effects on particular industries or individual users which may result from incremental pricing. Forthcoming analysis by A.G.A. staff also projects regional dislocations resulting from incremental pricing. These dislocations will necessarily be inflationary and hurt productivity.

Finally, on key inflationary issues as incremental pricing, the Council on Wage and Price Stability must examine the "real world" consequences of government regulatory actions. It is not sufficient to merely theorize that "true replacement cost pricing" will be the least inflationary gas pricing option over the long-term. As both our industry representatives and the Business Roundtable leaders told Alfred Kahn at meetings on February 6th and 7th, respectively, NGPA incremental pricing will have a severe impact on American industry and productivity. Incremental pricing will immediately cause American produced goods to become less competitive in world markets, the gas pipeline system to be less efficiently used, and a number of marginal businesses to close down. Simple textbook "two-commodity" microeconomic analysis is just not capable of comprehending these real-world impacts.

In conclusion, let me reiterate our initial request to COWPS Chairman Alfred Kahn: The Wharton analysis suggests that the incremental pricing implementation is absolutely and very possibly strongly inflationary. We ask you to analyze this in detail yourselves. In this regard, we have provided COWPS, and will continue to provide COWPS, with any information at our disposal that will help you in such an examination. I know you share our view that this issue has important national significance. Let us continue to evaluate the effect in detail so COWPS can make a formal, rational judgment. We believe this work will validate industry projections that incremental pricing will be significantly inflationary.

Sincerely,

Benjamin Schlesinger.●

## GERALD T. HAUGH, LONG BEACH TRANSIT GENERAL MANAGER

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## HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. ANDERSON of California. Mr. Speaker, I would like to commend to the House of Representatives Gerald T. Haugh for the fine service he has offered during these past 3 years as general manager of the Long Beach Public Transportation Co. Mr. Haugh will soon be assuming greater responsibilities in Seattle, Wash., where he will direct the area's transit system, Seattle Metro.

Gerald Haugh's career in the transportation field started in 1969 after having earned his M.A. degree from Fordham University and two undergraduate degrees from St. Mary's University in Baltimore, Md. In that year, he joined the Department of Highways in Delaware as a community relations administrator. Four years later, he became assistant executive director of DART, the Delaware Authority for Regional Transit. His new role suited him well and he advanced quickly becoming the executive director for the organization the following year.

In July 1977, Gerald Haugh made another move, this time to Long Beach. Much can be said about his tenure in this city. Long Beach and its citizens have benefited greatly from his direction of the city's public transit system. The 324-employee organization which he directed has been keeping nearly 200 buses running smoothly on city streets. While he served as manager, Long Beach public transit service suffered no major service disruptions which other transit systems have experienced. Equally important, under his careful administration, no sharp rises in fares were required to keep the company solvent.

He helped organize the soon-to-be-constructed transit center for Long Beach. This new multimillion-dollar facility will incorporate the most advanced design features to provide an orderly, efficient, and esthetically pleasing public transit center. Bringing the project to its current stage, with the financing fully secured, is an accomplishment of which he can be proud.

Mr. Speaker, Long Beach and all of Gerald Haugh's friends and associates will certainly miss him. As a capable administrator and as a friend, he has been an asset to us all. My wife, Lee, joins me in expressing our congratulations to Gerald Haugh for the fine work he has done for Long Beach. We hope Gerald, his wife, Adele, and their two children, Colin Shawn and Renette, find continuing success and good fortune in the future.●

## SOVIET EXPANSION FACING A PERIOD OF NOW-OR-NEVER

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## HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. SYMMS. Mr. Speaker, I wish to submit to the Record an excellent article written by Edward Luttwak in the Washington Star of March 30, 1980, on the growing power of the Soviet Union and the "window of opportunity" which is presented to the Soviets over the next several years. Mr. Luttwak's article originally appeared in the Commentary magazine, published by the American Jewish Committee, and it discusses the shifting strategic balance and how this shift will afford the Soviets many opportunities to pursue their goals and designs around the globe. The key to Mr. Luttwak's essay is that in the very near future, the Soviets will be in a position that they have never attained before, a position of clear superiority over the United States, and that they may decide to act out their expansionist goals now before the United States can regain its position relative to the Soviets. I urge my colleagues to read this insightful presentation on all of the possible scenarios that could result from Soviet strategic superiority in the early 1980's. Mr. Luttwak's article reads as follows:

### SOVIET EXPANSION FACING A PERIOD OF NOW-OR-NEVER

(By Edward Luttwak)

The Soviet Union of ceaseless opportunism, that would fill any local vacuum but which would not deliberately go to war for fear that its forces would make a mess of things, has now evolved into a different kind of enemy, one that is plainly willing to add direct warfare to its abundant array of expansionist instruments.

For some time now, there has been talk of a Soviet "window of opportunity"—a period of several years in which the Soviet Union could count on a net advantage over the United States in strategic-nuclear forces. American obstinacy in pursuing arms control by unilateral restraint in the deployment of strategic-nuclear weapons, along with the energetic Soviet production of those weapons, has now brought this unhappy circumstance upon us.

Certainly the United States can no longer rely on a strategic-nuclear advantage to offset weakness in theater forces, and that, among other things, opens vast doubts about the security of the NATO alliance, whose very foundation is the American nuclear guarantee.

It is, however, quite wrong to view the U.S. Soviet strategic nuclear balance in isolation. In fact, the Soviet armed forces have achieved or are about to achieve superiority not only in strategic nuclear weapons, and not only over those of the United States, but rather in military capabilities overall, nuclear and not, and against the forces of Western Europe and China as well as those of the United States.

By perverse coincidence, the period 1968-75, in which the United States failed to build up its military forces (first because of vast expenditures in Vietnam and then because of budget cuts), was also a time in which Western Europe reduced defense investment. This was also, more or less, the period of the "Cultural Revolution," which greatly restricted the flow of new equipment for the Chinese armed forces.

During those same years the Soviet Union continued to invest steadily in the growth and qualitative improvement of its forces, adding each year to its expenditure at a rate usually stated as 4 per cent (real growth). This undramatic but constant increase, kept up year after year, has had its cumulative effects in detail, the result is manifest in the mass deployment of new aircraft, armored vehicles, warships, strategic weapons, and in the whole connective tissue of supporting and ancillary forces; *in toto* the result is manifest in the fact that the Soviet Union could greatly increase its relative strength as compared to the West even *after* building a whole new panoply of forces and infrastructures to achieve a net superiority over a China transformed from ally to antagonist.

By any standards, the Soviet achievement has been a very great one, even if much facilitated by the sheer bad luck that made our own misconduct of the Vietnam war (and more foolish anti-war reaction) concurrent with the outbreak of adolescent fury that paralyzed China. That NATO-Europe then failed to assay the adverse trend, that it failed to recognize the task left to its own statecraft, that it failed to offset American weakness by applying some fraction of its growing wealth to military investment—all this was not of course bad luck, except insofar as the willful descent of entire national elites into self-satisfied provincialism may be so described. In any case, our own military decline was not offset by a growth in the strength of others also ranged against the Soviet Union.

The perverse circumstances that allowed the Russians to gain military superiority over a collection of countries much richer and more populous than themselves now shapes the world-wide military balance. Because of the delay of several years that intervenes between military expenditures and the actual deployment of armed forces, the fruits of the uncontested Soviet effort did not fully emerge until quite recently, and the Soviet advantage will continue to increase for some years almost regardless of what we, Western Europe, and the Chinese might all set out to do.

Had the United States, Western Europe and China simply continued to underinvest through the later 1970s and beyond, the 1980s would have been characterized by a growing and *open-ended* Soviet military advantage. Had things turned out that way, the pressure of Soviet intimidation on Western Europeans and Chinese would of course have steadily increased. But on the other hand, we could all have been assured of a time of tranquility, albeit dismal and doomed, since then the Soviet Union could have looked forward with confidence to a period of wholly decisive and uncontested military advantage during the later 1980s and beyond. Peace would thus have been assured today and over the next few years at the cost of an assured Soviet domination thereafter.

### CLOSING THE WINDOW

However, this is not to be. Again by coincidence, the gradual recovery of American realism about the outside world after 1975, changes in China, and the first stirrings of belated alarm in Western Europe have all created circumstances in which the decline in the military effort of each side has been reversed, so that a modest but accelerating recovery is now under way. Even at a net annual growth that is in reality well short of the much-publicized 3 per cent U.S.-NATO budget target, the trend has now become adverse for the Soviet Union. With a combined economic capacity so much larger than that of the Soviet Union, even a sacrifice so slight does produce results for Americans and Europeans; with armed forces so backward and arsenals so obsolete as those of the Chinese, even a modest flow of new equipment has an amplified impact on real capabilities.

Thus, instead of being free to expect an open-ended period of growing military advantage, the Soviet Union is now confronted with a *transitory* period of superiority that will end—on present trends—in the later 1980s, when the efforts of today and of the next few years will mature in the reality of American and other military forces armed, trained, deployed and ready.

### URGENCY IMPOSED

The lineaments of great danger are easily recognizable in this situation: if an edge in military power can normally be expected to encourage activism (but also make it less necessary since others will pay power its due in their diplomatic concessions), a transitory advantage is apt to make action positively urgent.

Since the elements of military power are mostly rather perishable, equipment becoming obsolete and training dulled in a matter of years, the Soviet Union needs a great effort merely to maintain the high quality of its present forces, which have been made much more ambitious in quality as well as somewhat larger in size over the last 15 years or so. To do more than maintain the relative advantage of today would require a greater effort still, and with roughly one-eighth of the Soviet national product already given over for defense, the Soviet leaders cannot easily offset the reawakening of their competitors by simply imposing a greater sacrifice on their population—whose existence is already a shoddy one, by standards of comparison which they themselves recognize.

### AN EXTRA RESTRICTION

Even so, one could not go beyond the assessment that there is a danger of war to predict its virtual certainty, if it were not for yet another perverse coincidence that now intervenes: the time period in which the "window" of Soviet military advantage is projected to close happens to coincide with the advent in full force of a restriction on the Soviet economy whose first signs are already with us.

It is well known that the Soviet economy is not growing as fast as it used to do, and the unfavorable estimate is that its growth will decline to very little or cease altogether by the mid-1980s, so that Soviet military growth can only continue if its share of the total product is increased pro rata.

One can cheerfully disregard the prognostications of economists, but this one actually reflects the predictions of demographers, and as such is an altogether more serious matter. Apparently the population of the Soviet Union is not growing and is therefore aging; thus a rising proportion of those who enter the labor force are Central Asians and Transcaucasians, mostly Muslim and backward; with this, worker productivity will decline, and much new investment will be needed just to maintain production levels rather than to increase them.

### A NEW PESSIMISM

So for the first time ever—if these projections turn out to be as accurate as they are persuasive—the leaders of the Soviet Union will not be able to look forward to the future with optimism as far as the productive capacity of the Soviet economy is concerned.

Once these factors are admitted into the overall picture, the danger of conflict is greatly heightened. If military advantage prompts activism, in the search for ways of exploiting power otherwise perishable, and if a transitory advantage adds the urgency of a time limit to that intent, the combination of a short-lived military optimism with a long-term regime pessimism is a most powerful impulse to war—in the attempt to change an unfavorable future by forceful action.

Thus if, by war, the Soviet Union could achieve a permanent enhancement of its position in some decisive map-changing way, all would become easier in the future, even the possibility of reduced military expenditures being imaginable. Alternatively, successful warfare might seize valuable resources for the Soviet state and then the advantage of these resources might serve to modify the future that now looms so unfavorable.

### CONFIDENCE REPLACES IMAGE OF BLUNDERING IN SOVIET MILITARY

Even so, the impulse to go to war might be resisted if the leaders of the Soviet Union lacked *operational confidence* in their armed forces. Such a confidence is not at all the same thing as a generic sense of military superiority. In a pattern of expectations greatly reinforced by the experiences of World War II but in fact very much older, the rulers of Russia could retain faith in their country's ability to win wars even without having any great operational confidence in their armed forces. The enemy would attack and invade; Russian generals would then be revealed as incompetent, Russian plans irrelevant; ambitious new weapons would not work, and whole Russian armies would be lost. But by its own victorious advance the enemy would then be stretched out across the vast Russian lands, and rains and snow and ice would come to paralyze him; and then through rivers of blood, war-created Russian armies, newly formed, commanded by new battle-educated leaders, using methods newly learned from the enemy, would drive out the invader—and then advance the borders beyond the initial starting line. By such means has Russia expanded in its recent history.

This particular conception of its military strength, which closely paralleled a certain cultural self-image of the Russian as less accomplished but stronger in spirit then the West European, was not one that would incline Russian political leaders to use their military forces in a deliberate search for advantage. Their kind of military power, even if massive, had a blundering and uncontrollable quality that would disqualify it as a useful instrument of aggression, deliberate, precise and purposeful. It was this military fact rather than any innate moderation that endowed Soviet conduct with a degree of prudence—a prudence much exaggerated and altogether misinterpreted by the Kennans of this world who saw as a chosen restraint of ends what was only an imposed restraint of means. It is most unfortunate that this powerful, peace-preserving inhibition upon Soviet conduct has now been removed.

### BOLDNESS IN ETHIOPIA

The first clear sign of this undoubtedly momentous but largely overlooked change was manifest in 1977, when the Soviet Union stepped in to decide the outcome of the Ethiopian war. Colonel-General Petrov, *de facto* commander of the defense of Ethiopia, embodied in his own person the advent of Soviet operational confidence as he elegantly orchestrated the whole array of local Amhari militias, Cuban armored units, East

European technicians, the Soviet airlift, and Soviet arms to achieve the winning combination in that war.

To be sure, Soviet troops were not then involved, but Soviet prestige was. The Kremlin leaders were out to prove that they, unlike the Americans, would effectively defend those to whom their protection was granted.

In Ethiopia we only caught a glimpse, but in Afghanistan the picture was fully revealed. The surprise airborne descent on Kabul, the special operations (including the use of deception and sabotage to paralyze the Afghan forces that might have been hostile), the willingness to rely on the swift followup of mechanized forces through narrow roads with many vulnerable tunnels and bridges—all present a familiar aspect, but one not at all Russian in style. It is rather the style of the German conquest of Oslo by a handful of men, of the seizure of the great Belgian fort of Eben Emael by glider troops landed directly on its roof, of the airborne conquest of Crete, of Rommel in Cyrenaica—it is quintessentially the style of the self-confident who mean to prevail over victim forces (perhaps much larger) by swift, bold action and a simulated omnipresence that paralyzes the will to resist.

The Kremlin leaders who sent such forces into action to use such high-risk methods very obviously had acquired an operational confidence in them and their leaders that they had lacked as recently as 1968, when unresisting Czechoslovakia was flooded with invasion forces in numbers so large that the Soviet logistic system broke down at many points. Such an over-allocation went beyond all the normal bounds of prudence, and was a clear sign of a lack of confidence.

Of course the Afghans were thoroughly penetrated before the invasion by Soviet operatives, to the extent that the whole Afghan air force was seemingly in the Soviet service. Of course the Soviet Union had the capital advantage of territorial contiguity with its latest victim land.

SCORNING AFGHAN ARMOR

But to assay the significance of the new phenomenon before us, it suffices to note one single tactical fact: it is reliably reported that an Afghan tank division was garrisoned in the environs of Kabul, quite near the airport where the Soviet airborne troops were to land. A divisional force of full-weight battle tanks, even if very poorly handled, can wreck an airborne descent very easily, merely by driving on to the airfield and shooting anything that moves. The Russians apparently relied on surprise, deception, and special-purpose covert action to immobilize the Afghan armor—they could certainly not count on being able to defeat it with the small number of light fighting vehicles that were flown in with the troops. To rely on such high-risk means to defeat a threat so inherently formidable to an operation so inherently fragile, denotes self-confidence of a high order, obviously matched by trust equally broad on the part of the leaders who sent in the troops.

If any would scoff, let them ask whether our own military men would be willing to fly in an airborne division—of necessity lightly armed—in the immediate presence of a potentially hostile armored division? The answer would be a categorical negative.

NEW WEAPON READY

Thus we are now facing a Soviet Union that has changed in a way most ominous. The Soviet Union of ceaseless opportunism that would fill any local vacuum as a sneak thief in a hotel tries every door, but which would *not* deliberately go to war for fear that its forces would make a mess of things, has now evolved into a different kind of enemy, one that is plainly willing to add direct warfare to its abundant array of expansionist instruments: proxy forces, not only Cuban; arms supplies meant to upset regional balances rather than preserve them; political warfare by all possible means; and of course a tireless diplomacy of threats and blandishments of punishment and reward—a diplomacy much more coherent than our own in recent years. Even before the new instrument of direct war was added we could scarcely cope with the sheer tenacity of Soviet policy. Now we face the prospect of war as well.

Aside from the nuclear threat, there are several other theaters of action where the Soviet Union could achieve the conversion of its transitory military advantage into a long-term enhancement of its position by resorting to deliberate, purposeful, and safely non-nuclear war.

CUTTING UP CHINA

One possibility would be to launch swift invasion columns to cut off the vast territories of Chinese Central Asia from the rest of that country. In the arid, open terrain of the region, the tactical advantage of mechanized Soviet forces over Chinese infantry would be greatest, and the combat value of Soviet air superiority would be maximized. At the same time, the very small population and its heavily non-Chinese composition would render a guerrilla resistance insignificant, while the Russians could count on their vast nuclear superiority to inhibit any suicidal Chinese resort to nuclear weapons.

The assured strategic benefit would be to shift China eastward by 1,000 kilometers, and a concurrent campaign of non-nuclear bombardment against Chinese industry could retard that country's development very seriously. One possible benefit might be to precipitate the latent regional separatisms throughout China by exposing Peking's inability to defend the national territory.

Other map-changing opportunities present themselves in Korea, where a Soviet-sponsored unification would greatly facilitate the longstanding Soviet attempt to pressure Japan out of the American alliance and into a weak neutralism. This would be most useful to the Soviet Union even if Japan is too large in population and too recondite in culture to be Finlandized. At the very least, a weak, neutral Japan could be induced to invest heavily in Siberian development, while avoiding investment in China.

As for Pakistan, map-changing could take the easier form of playing anvil to India's hammer to destroy that country's independence. A resulting unified India would *ipso facto* be greatly advantageous to the Soviet Union, since then it would be an effective strategic counterweight to China.

And then of course there are the various possibilities in and around the Persian Gulf, from the seizure of Iran's northern provinces to something on a wider scale; or else, starting from the Soviet base in Yemen, south-to-north political-military action, to change political structures in Arabia, if not the map.

OTHERS WAIT THEIR TURN

To predict which course of action will have the most appeal for the leaders of the Soviet Union is not the object here. What we for our part must now recognize once and for all is that such possibilities have now become actual Soviet options. That, finally, is the inevitable consequence of the imbalance of power through which we must now survive. Afghanistan was merely the weakest and least protected of the countries unfortunate enough to be directly adjacent to the Soviet Union. Now the others wait their turn, facing a Soviet military empire once again on the move.

As for us, now that the military advantages of the Soviet Union can no longer be concealed by delusionary or perhaps cynical claims that we are still "number one"; now that the transitory nature of that advantage creates a fixed urgency to convert perishable power into long-lasting results by decisive map-changing war, it is very important that we recognize the full significance of the new phenomenon before us. Never in their recent history have the Russians had this quality of operational confidence in their armed forces, and its emergence now completes the matrix that will lead to war unless we are very much luckier than we deserve to be.●

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## A SALUTE TO THE SPIRIT OF PEACE SINGERS

## HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. STOKES. Mr. Speaker, I would like to take this opportunity to salute a group of young people who melodiously praise the Lord and literally spread the spirit of peace and brotherhood through song—the Spirit of Peace Singers. Their moving gospel renditions effectively translate biblical teachings to present-day situations.

A week ago, I was invited to hear the singers perform by a member of my staff, Mrs. Joanne White, who is an original member of the group. After she insisted that the group was one of the best gospel ensembles in this area, I decided to attend a program where they were the featured guests. Their performance was superb. They more than surpassed my expectations.

After hearing their harmonious voices so uniquely joined in uplifting the name of Jesus during this Lenten season, I was moved and inspired. Their performance was both entertaining and thought provoking.

As I looked around the audience, I noted that my assessment of the group was shared by everyone at the program. Probably more than any speech or sermonette I have heard recently, their musical program effectively delivered a message and a challenge to me for this religious season.

Moreover, their songs served as a message of hope at a time when world events seem to diminish any hope for a lasting peace. For the all too few minutes that the group performed, I felt that we would finally find a way to slow down the military arms race, slow down the disintegration of the family unit, and eliminate the discrimination against the poor, minorities, and the disadvantaged. At that point, I wished that every Member of Congress could have heard the singers.

The Spirit of Peace Singers were organized in April 1976 under the direction of Mr. Raymond D. Petty. They have participated in many gospel concerts and programs in the Washington metropolitan area. They recently released their first album entitled "Rejoice."

The members of the group are as follows: Raymond Petty, director, Joanne White, Ronald Petty, Denise Petty, Cynthia Petty, Martin Petty, Cheryl Mials, Vicky Wilson, Mae Davis, Otha Davis, Sheila Robinson, Shirlene Wilson, Sandra Leonard, Francine Woodland, and Theodora Taylor. The musicians for the group are Kevin Shepherd, James Dudley, and John McIwain.

Therefore, at this time, Mr. Speaker, I would like my colleagues in the U.S. House of Representatives to join me in saluting the Spirit of Peace Singers as a group with an inspirational message and challenge for these perilous times.●

## THE NEW ALLURE OF THE GOLD STANDARD

### HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. KEMP. Mr. Speaker, there is a growing realization worldwide that only dramatic monetary reform can restore the U.S. dollar. Many now believe that the United States must move toward a system requiring the Government to once again redeem the paper dollars it prints with something of value. In other words, leading economists are telling us that our economy will not be as "sound as a dollar" until the dollar is once again made as "good as gold."

This week's Fortune magazine takes an indepth look at the growing allure of the gold standard, and at the growing movement for convertibility here on the Hill. Author John A. Davenport looks at both sides of the gold standard debate, and concludes that, "* * * it is time to take the case for gold seriously." I commend this important analysis to the attention of my colleagues in the House and Senate.

The article follows:

### THE NEW ALLURE OF THE GOLD STANDARD

(By John A. Davenport)

One day last January there came to the attention of Mr. Barton M. Biggs, a managing director of the firm of Morgan Stanley, a bulky manuscript with the all-inclusive title of Monetary Policy, the Federal Reserve System, and Gold. Written by a business acquaintance of some years standing by the name of Lewis E. Lehrman, the memorandum was at once a scorching criticism of recent Federal Reserve policy and a reasoned appeal for a return of the dollar to gold convertibility. Biggs found the opus to be "long but lucid" and at least worthy of circulation. At month's end, accordingly, the memorandum went out to Morgan Stanley's not inconsiderable clientele with a covering note dissociating the firm from the opinions expressed by Lehrman but adding: "This essay presents among other things what could be the economic and political issue of the 1980's—why the world must return to the discipline of the gold standard."

That was enough to make the memorandum required reading in the purlieus of Wall Street. It also brought considerable satisfaction to Lehrman, an intense young man who helped to parlay a grocery business in eastern Pennsylvania into the Rite Aid Corp., a Big Board company with sales last year of $640 million. In recent years, he has devoted no little time and self-made money to the study of the phenomenon of money itself. In his view, the era of managed paper money, in which a Federal Reserve note bears little more than the embellishment "In God We Trust," is ineluctably drawing to an end. "I reject," says he, "the implication that we must go back to gold. Going to gold, in fact, points the road forward."

In other days, such brash opinion might have been dismissed as the effusion of one more "goldbug." Today, however, Lehrman is only one of an increasing number of economics students who want to make the dollar convertible into a fixed quantity of gold. Under their proposal, foreign central banks would regain the option to exchange dollars for gold, and ordinary Americans would find that gold coins were again part of the currency.

For years now, despite opprobrium and jeers, such first-rate economists as Donald Kemmerer, head of the Committee for Monetary Research and Education, Arthur Kemp of Claremont Men's College, Hans Sennholz of Grove City College, and the indestructible Henry Hazlitt have been telling us that sooner or later a currency divorced from gold is headed for trouble. Now that trouble aplenty has palpably arrived, with inflation seemingly out of control, this old guard is being reinforced.

The convertibility advocates nowadays include Eugene Birnbaum, erstwhile senior economist for the International Monetary Fund (an unlikely training ground, given the IMF's fondness for gold substitutes), Lawrence A. Kudlow, economist for the brokerage firm of Bear Stearns, and the ebullient Arthur Laffer of the University of Southern California, progenitor of the famous Laffer Curve. Congressman Jack Kemp, who has been influenced by Laffer, has now come out for "making the dollar as good as gold," and with others is readying a bill to put that proposal into definitive legislation.

Such legislation is not apt to get much of a hearing in the present mood of the country, where there are more supporters of controls on prices and wages than of reforming the monetary system that relentlessly pushes up both prices and wages. The commanding heights of economic policy are still held by such neo-Keynesians as Paul Samuelson ("Gold is a sideshow") and monetarists, led by the redoubtable Milton Friedman. While paying his respects to the gold standard of yesteryear, Friedman believes that rehitching the dollar to gold at present swirling prices would be tantamount to tying our currency to "pork bellies."

In broader perspective, however, the rise of the gold price is signaling a loss of confidence in the paper dollar. (See "The Message from the Gold Markets," Fortune, November 5, 1979.) The signal reinforces the insight of the great economist David Ricardo, who as early as 1817 opined: "Experience shows that neither a state nor a bank ever have had the unrestricted power of issuing paper money without abusing that power." It was partly under Ricardo's influence that, following the Napoleonic wars, England returned to the gold standard, under which (1) nations defined their currencies in specified grains of gold, payable on demand to private citizens and central banks alike; (2) rates of exchange between different currencies were linked, giving the Western world what amounted to a single international medium of exchange; and (3) nations losing gold because of balance-of-payments difficulties were expected to tighten credit at home, while those gaining gold pursued opposite policies. There was, to be sure, some discretionary management in this Newtonian-like mechanism, but on the whole it served the world well, not only in maintaining stable exchange rates but in achieving a measure of price stability, which looks pretty good in the spring of 1980.

Under the hammer blows of war, the depression years of the Thirties, and a broad shift to Keynesian thinking, the true gold standard was progressively eroded. Yet as late as 1971, under the Bretton Woods system, the U.S. at least maintained dollar-gold convertibility on foreign accounts at $35 per ounce, while other currencies were pegged to the dollar. In that year this vital linchpin was pulled when, under the pressure of creditors (and, in retrospect, of a wholly unrealistic price for gold), the U.S. slammed shut the gold window, sending us into the era of floating exchange rates.

The final demise of the gold standard has given rise to a most paradoxical situation. Offhand, one might suppose that, having relegated gold to the position of a "barbarous relic," governments everywhere would have got rid of the stuff, a course long favored by Milton Friedman and other monetarists. But no such thing has happened. Today, central banks and treasuries jealously cling to their gold bricks, which cumulatively account for 30 percent to 50 percent of the entire world's gold stock, and the U.S. alone holds 264 million ounces that at a market price of, say $600 would be worth a colossal $158 billion. Even Chairman Henry Reuss of the House Banking Committee, long a defender of managed paper money, has come to the conclusion: "I don't think we should spend any time fighting gold . . . We should thank our lucky stars that we've got it."

But why and to what end or purpose? That is what the young Turks of monetary reform are asking, and what older defenders of the gold standard have long asked. If gold is so valuable that the plain ordinary citizen, not to mention Arab sheikhs, will risk his savings to invest in it at $600 per ounce, and if national treasuries and central banks worldwide cling to their present huge hoards as ultimate reserves against contingencies, then are we not already acknowledging the special role that gold plays in the world? And if gold inspires that kind of trust, then what sense does it make to let the economies of the world flounder in a Sargasso sea of irredeemable paper? Why not at least contemplate putting gold to use? Why not restore what Arthur Laffer has called "the moneyness of money"—the feeling and faith that the dollar bill you hold in your hands today will have the same purchasing power that it enjoyed yesterday, and will retain that purchasing power in the years ahead? That was the feeling and faith engendered by the gold standard, which, whatever its shortcomings, forced a government to maintain its currency not just as a unit of account (so many dollars per bushel of corn), not just as a medium of exchange, but as something more basic. That something is money considered, in the language of the older economists, to be a fundamental store of value.

It is money in this last, deeper dimension that the reign of managed paper divorced from gold has fearfully eroded, and it is the "moneyness of money" that advocates of dollar-gold convertibility wish to restore. In achieving this end, their several approaches differ, though on one point there is fair agreement: namely, that simply seeking to control the supply of money (the countless $M_1$'s, $M_2$'s, etc.) will not achieve the results hoped for. On this point Laffer argues that the price of any currency and its inverse, the general price level, depend not only on the supply of money but also on the demand for money—a concept that must be examined with some care.

Obviously, there is today an enormous demand for money as credit by corporations and individuals alike, but this conceals the decline in demand for money to be held as a store of value. In better days a man with $1,000 in his checking account might consider himself content and lucky. Today he is worried by that very accretion and rapidly seeks to translate his holdings into something that might be expected to earn money, such as Treasury bills, bank CD's, Flemish paintings, or South African gold shares. Velocity of demand deposits picks up at the very time that central banks are squeezing the money supply; and pressure on the price level intensifies even while interest rates pursue their merry way upward and the bond market plunges.

In short, the definition of inflation as "too much money chasing too few goods" is only part of the story. What matters also is how holders of money—be they individuals or corporations—regard what may be called the quality of the money put in their hands. In Laffer's view, that quality can ultimately only be enhanced as the dollar and other currencies are rehitched to gold. That, too, is the conclusion of Lewis Lehrman, though he goes about developing it in a different and more elegant fashion through so-called cash-balance theory.

The theory holds that we must distinguish sharply between the desired cash balances—what individuals and corporations want to hold—and the actual cash balances that are, so to speak, forced into their hands. Lehrman's quarrel with present monetary arrangements is that central banks are constantly supplying more cash or cash equivalents to the market than the market, left to its own initiative, would demand. The inevitable result is a constant tendency to inflation as the resulting liquidity is absorbed into a rise in overall prices.

In curing this situation, Lehrman would do away entirely with Federal Reserve open-market operations aimed at "fine-tuning" the monetary aggregates (however defined) to some predetermined targets; he argues that, even if those targets could be achieved, there is no way of knowing that they are the correct ones. He would rely exclusively on an older technique: changing the Federal Reserve discount rate, at which member banks can borrow from the central bank when pressed for funds. In a period of inflation, Lehrman believes, the discount rate should always be held above the rates that member banks charge their customers and not be allowed, as is the case today, to lag behind them—the lag being a flagrant invitation to monetary expansion.

But this emphasis on the use of the discount rate is not the heart of the Lehrman proposal. His central idea is that the Fed will never get a handle on credit unless its monetary efforts are accompanied by a "pre-announcement" of a return to gold—a statement that in a year or eighteen months, say, dollar-gold convertibility will become a reality. For this transition period there is, it happens, a precedent: after the tumultuous greenback period of the Civil War, the government announced in 1875 that it intended to return to the gold standard. It effected that return, smoothly and triumphantly, in 1879.

In Lehrman's view, the desired scenario today is one in which the original gold announcement would itself dampen inflationary expectations and increase the desirability of holding dollars while a high discount rate was restricting their availability. We would emerge in this scenario with a new market-dictated equilibrium, where desired cash holdings approach actual cash holdings and we would be in a position to set a dollar-gold parity that could be defended and that would stick.

Other gold advocates, who place little store in Lehrman's discount-rate technique, go along with the rest of his proposal. All of them explicitly or implicitly agree that there must be a transition period and a partial stabilization of the price level before the proper price for gold can be determined. Obviously, if the Treasury had set the conversion rate at the $800-per-ounce level that obtained during the wild weeks of last January, the banking system would have been flooded with gold reserves. On the other hand, if the Treasury had set the price at $200 per ounce, it might have been denuded of gold by its own citizens, not to mention the sheikhs, before the proposed gold standard was given a fair trial.

To forestall any such miscalculations, Lawrence Kudlow of Bear Stearns suggested in a memorandum last September that the Treasury or the Fed start buying and selling gold in a range between $350 and $450, and, so to speak, feel its way to a proper conversion rate. Arthur Laffer has followed up his memorable disquisition on the "moneyness of money" with a complex blueprint for a transition to full gold convertibility—a blueprint that includes "escape hatches" if the initial gold price is unsustainable. Meanwhile, Eugene Birnbaum—who is currently chairman of a private group called the International Monetary Advisory Board—has explicity warned against dollar-gold conversion before the dollar has been strengthened in foreign-exchange markets by tighter restraint of credit at home.

Taken out of context, such talk of "transition periods" invites a seemingly devastating crossfire from critics who say: If you know how to cool inflation before restoring gold convertibility, why in the world drag in the gold issue at all? At least one governor of the Federal Reserve Board recently put the matter in even stronger terms. "My God," said he, "we all know what should be done in terms of restricting credit and balancing the budget. Why divert us from these objectives by promising gold at the end of the rainbow?"

The question, however, is whether the Fed really does know how to conquer inflation without the discipline of gold. The advocates of convertibility, for their part, believe that without the publicly announced prior commitment to gold, no anti-inflation program will be credible. Only that commitment would signal the fact that the U.S. was really serious about restoring the integrity of the dollar, and the signal would change the whole financial climate. As matters stand, the private sector of the economy, and specifically the money markets, have lost all faith that Washington knows what it is doing. What is needed is a new start that will restore trust in monetary arrangements, and gold, the symbol of enduring value, is essential for restoring that trust.

Predictably, none of this satisfies Milton Friedman. He is not persuaded by talk of the "moneyness of money." He has budged not an inch from his position that, whatever the merits of the gold standard in bygone days, attempts to reestablish it are at best diversionary, and at worst disastrous. His program remains what it always has been: define and stick to targets for the money stock, index taxes and government bond issues to changes in the price level, and clamp a constitutional lid on federal spending.

Needless to say, the advocates of gold are not in the least opposed to trimming the budget. When it comes to the Constitution, however, they point out that it already includes a provision for coping with our inflationary adversities. It already gives Congress the power "to coin money and regulate the value thereof." And presumably the Founding Fathers meant something more by that word *coin* than the emission of a cloud of paper notes—notes that, in the cutting phrase of John Exter, are, in fact, only IOU's promising "to pay you nothing."

In the face of such rapier thrusts, the uninstructed layman might be inclined to leave the whole business of money to wiser heads than his own, were it not for one final consideration. Both monetarists and gold advocates are in their different ways seeking to tie down the government to a set of rules and take away the vast discretionary power that it has seized over the years. They are asking for the restoration of the kind of discipline that modern governments everywhere resist. Looking out into the dusk from his office atop the RCA Building, banker David Rockefeller the other evening posed the uneasy question: "Do you know of any modern sovereign state which will discipline itself?" Pregnant pause, and then the gentle-voiced self-answer: "I know of none."

Perhaps gold-standard advocates are wrong in contending that gold convertibility is the only means we have found for restoring to the people some control over money issue. Perhaps they are overenthusiastic in believing that they alone know how to bring the sordid, cruel Age of Inflation to an end. But perhaps, too, at a time when even the liberal *New Republic* prints an article called "A Cross of Paper," it is time to take the case for gold seriously. Chewing over the whole complicated situation and arguments and counterarguments, Leif Olsen, chairman of Citibank's economic policy committee, recently summed up a position that the layman can take home. Olsen is not, he pointed out, a member of the gold club. He is more than aware of all the fallibilities of gold. He believes the present monetary system can be made to work, given the resolution to make it work, and he hopes for that outcome. "But if I were in Washington," he then added, "I'd be listening mighty hard not just to what the gold market has been telling us, but to what responsible advocates of a return to the gold standard are saying."●

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## THE PANIC OVER INFLATION

## HON. RICHARD KELLY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● Mr. KELLY. Mr. Speaker, as this country continues to feel the impact of spiraling inflation, more and more public attention is being directed toward magical solutions and quick fixes. Credit, price, and wage controls—all have been alluded to as devices to stem the growth of inflation. The Carter administration has responded in its own way by imposing the largest tax increase in American history and has matched this by announcing a balanced budget for the year. What is common to all these approaches is that, while they may temporarily remove some of its symptoms, none will eliminate inflation.

Controls aside—they have a long history of never working—a strategy of balancing the budget and imposing large tax increases cannot stop inflation. Large tax increases only stagnate the economy. More significant than balancing the budget is how the budget is balanced.

Budget cutting must be accompanied by cuts in off-budget spending—such as direct and guaranteed Federal loans—tax cuts, and other measures designed to increase investment and productivity. If tax cuts do not accompany budget balancing, inflation and progressive tax rates will combine to keep Federal revenues at rates which will continue to match inflation rates.

In an article which appeared in the April 1, 1980, Wall Street Journal Irving Kristol, professor of social thought at the New York University Graduate School of Business and a senior fellow of the American Enterprise Institute, sets forth a three-pronged strategy to cope with inflation. First, we must gain credibility for slowing down the rate of growth of Government spending; second, we must slow down the rate of growth of the money supply; and third, we need a successive series of tax cuts—especially on investments, savings, and business enterprise—that will encourage economic activity on the supply side, stimulate economic growth, and lessen the pain of the transition to a noninflation economy.

I commend the article as follows to my colleagues:

### THE PANIC OVER INFLATION

(By Irving Kristol)

Austria is a small nation with practically no natural resources, and with an overblown, expensive welfare state that produces regular, annual budgetary deficits. It also has the lowest inflation rate in Europe. Why this should be the case, I have no idea—I know very little else about Austria. But the facts are right, and I call attention to them only as a reminder that, though the principles of economic theory are simple and clear enough, successful economic policy-making in specific contexts is never a simple matter. Indeed, the greatest single danger in economic policy-making is oversimplification—in focusing on one factor to the exclusion of others, in looking at short-term effects at the expense of intermediate-term or longer-term effects, or of confusing these various effects and their root causes.

In a sense, making economic policy can usefully be compared to a perpetual game of three-dimensional chess, where new players replace old ones at regular intervals, and where there is a lot of background noise that drowns out all communication between them. Under these circumstances, you don't fully understand why your situation is as it is, and you have only an imperfect sense of its risks and possibilities. But you do know—or ought to know—that the very worst thing you can do is to panic.

Yet this is what the Carter administration, and much of the business community and media too, have done in the face of our inflation. They have panicked. Astute financiers have called for credit, price and wage controls—i.e., political magic as a cure for economic distress. The media, meanwhile, keep focusing on isolated symptoms in such a way as to create a climate of hysteria. Won't tight money, which is supposed to cure inflation, send interest rates higher and thereby increase the cost of living? The answer to that question is "Yes, but . . ." at which point the media turn off their hearing aid and rush out to announce the apocalypse, an apocalypse being the most interesting of all possible media happenings.

#### QUICK MANEUVERING

As for the Carter administration, it has engaged in some quick maneuvering that is, at best, pointless. It has cut 1981 spending, increased taxes and triumphantly announces a "balanced budget" for that year. The question one ought to be asking oneself is: In an economy of our magnitude, how much real difference can a cut in expenditures of a few billion make? And the answer is that, in itself, it is of no economic significance at all—any more than an increase of several billion in expenditures for military purposes, say, would have, in itself, any economic significance. If the world's financial markets had sufficient confidence in the basic thrust of our economic policies, they would lend us that kind of money without blinking an eye. As it is, the financial markets, both here and abroad, seem quite unimpressed by Mr. Carter's balanced budget.

On the other hand, even such a modest cut in the deficit would be of economic significance if—and only if—the world were persuaded that it really were part of a determined, persistent effort to reduce the rate of growth of federal spending in the years ahead. But the history of the Carter administration and its ideological leanings are such as to leave such a proposition devoid of credibility.

The tax increase, however, is bad economic news. Withholding taxes on interest and dividends is merely a method of increasing those taxes, and this is no way to spur the savings and capital formation. As for the tax on gasoline—well, that is a tax, and it will inevitably have the effect of discouraging all economic activity in which gasoline plays a role. For some reason, the idea of a tax on gasoline meets with the enthusiastic approval of all sorts of people who would otherwise greet that, at this time, a tax increase is what we really don't need. Perhaps that is a kind of homeopathic fetishism at work—because the increase in oil costs is so painful, we'll proceed to stick pins into ourselves by increasing those costs still more, and that will make us spiritually superior to those nasty OPEC nations, while teaching the gasoline itself a lesson. Or whatever—I really do not understand how one can be in favor of an increased sales tax on gasoline while disapproving of an increased tax on, say, clothing or TV advertising. What is so special about gasoline? There isn't even a "balance of payments" issue here, since we now have such a balance in our external accounts.

So what should we be doing about inflation? Well, the first thing to do is to distinguish between the illness, its symptoms, and the pains associated with its cure.

The disarray in the credit and financial markets, resulting from Mr. Volcker's efforts to correct the very loose monetary policy of the past decade, is certainly painful enough. But the plain truth is that it is an absolutely unavoidable and curative "credit crunch" we are going through. The further plain truth is that those financial institutions that have been making a lot of money because of the Fed's generous lending policies ought to have realized that a day of reckoning would come, and should have positioned themselves to cope with it better than they are.

It is truly astonishing how many banks will urge upon you the importance of saving for a rainy day, while themselves playing the grasshopper rather than the ant. And it is equally astonishing how many intelligent business executives persuaded themselves that it made sense to go ever more deeply into debt, because inflation would eventually bail one out. In the end, however, inflation reaches a point where it mangles—if in different ways—both overenthusiastic creditors and overenthusiastic debtors.

There is little argument among economists as to whether Volcker is or is not on the right track. His is, in fact, the only track that leads us out of the spiraling maze of inflation. There is, however, debate over whether he is moving fast enough. Some conservative economists insist that he cut monetary growth radically and quickly, regardless of consequence, because this is the only way to break inflationary expectations.

Others, notably Milton Friedman, are more fearful of those consequences, and are for a gradualist policy. On political grounds alone, it does seem to me that Friedman and Volcker are correct. Whether Friedman is also correct in asserting that a very gradual squeeze on the money supply, however discomforting, will avoid the agony of a deep recession, remains to be seen. But the growth of the money supply just has to be slowed down, and if a temporary "credit crunch," as well as temporarily sky-high interest rates, are the prices to be paid, they will have to be paid. If we don't pay them now, we'll pay a much higher price later.

The surge in the cost of living, about which the government is being urged to "do something," is no less painful—only this is a symptom for which we have no treatment. Here too, the plain truth is that government, in the shorter term, is absolutely powerless to do anything—except perhaps make matters worse.

To some degree, the perceived increase in the cost of living is a statistical illusion. The distortions inherent in the Consumer Price Index are by now widely recognized. This index includes various taxes, which is ridiculous—no government that imposes indirect taxes (e.g., a sales tax) can have as its goal the maintenance of after-tax price stability. It notoriously exaggerates the cost of housing. It includes energy costs, a good portion of which ought simply to be regarded as an OPEC sales tax. All of these do result in a more expensive consumer basket. But so does a drought that sends meat and bread prices higher—yet no one regards such a situation as "inflation."

The true rate of inflation—i.e., an increase in the price level for which one can reasonably hold governmental policies to be responsible—is probably about 10% to 11%. That is high enough, Lord knows, and cause enough for concern. But not for panic, especially since (a) the monetary policy needed to reduce inflation might actually tilt the cost of living upwards for a while (via the diffusion of higher interest costs); and (b) most people do reshape their consumption habits to minimize their costs—a fact the Consumer Price Index blandly ignores.

#### THREE-PRONGED STRATEGY

To cope with inflation itself, as the cause of this and other symptoms, a three-pronged strategy would seem to be called for. First, we have to gain credibility for our efforts to slow down the rate of growth of government spending, so that it doesn't look like a one-shot affair. Second, as already indicated, we have to slow down the rate of growth of the money supply. Third, we need a successive series of tax cuts—especially on investments, savings, and business enterprise—that will encourage economic activity on "the supply side," stimulate economic growth, and lessen the pain of the transition to a non-inflationary economy. And when one starts thinking about such tax cuts, there is no point in being chintzy. After all, as Karl Brunner has pointed out, just to bring our average tax burden down to the 1976 level would require an $88 billion tax cut.

For such a tax policy to be instituted, however, we would need less immediate concern about a balanced budget—though no less concern about government spending. An unbalanced budget does not of itself cause inflation, as the case of Austria shows. It all depends on why and how it is unbalanced, as well as on the context established for it by other economic policies. A deficit resulting from a tax cut and a deficit resulting from increased government spending can be two quite different economic phenomena, even if they result in an identical number. It is the difference between a young man incurring debt because he is living beyond his means and a young man who incurs the identical debt in order to go to medical school.

Needless to say, none of these policies can be effective overnight, nor can we entirely avoid the pain today resulting from yesteryear's follies. We shall need some patience and fortitude. It would be nice if we could all be candid with ourselves, and our statesmen with us, about this. Absent such candor, panic will do us all in.●

## YEAR OF THE COAST

### HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 2, 1980*

● **Mr. YOUNG of Florida.** Mr. Speaker, a group of organizations interested in the preservation of the best of our environment gathered together Saturday, March 29, at Fort DeSoto Park in Penellas County to celebrate the designation of 1980 as "The Year of the Coast."

Saturday's program was sponsored by the Tampa Bay Audubon Societies, the Suncoast Sierra Club, the League of Women Voters, the Coast Guard Auxiliary, the Florida Sport Paddling Club, the Florida Trail Association, and the Pinellas County Science Center. I had the pleasure of participating in the program.

The ecology of our Nation's coastlines is of particular importance to Florida and Pinellas County. Florida has the longest coastline of any State in the contiguous United States; and Pinellas County, a peninsula within the peninsula of Florida, has one of the longest coastlines in the State.

"The Year of the Coast" has been designated to spotlight problems associated with erosion, shore preservation, disturbance of wildlife, and the protection of fishing habitats. At one time some people thought of mangroves as smelly areas that bred mosquitoes; now most people realize that mangroves are a vital link in the life cycle that produces food from the sea and protects other wildlife along our shores.

Members of the House will be interested in a unique way in which Florida is celebrating "The Year of the Coast." The Florida Audubon Society is sponsoring a canoe-a-thon. Peter Quincy, a paddling enthusiast, has begun a canoe trip which will take him around the entire State. He began his trip in February from Pensacola, at the western edge of the Florida panhandle, and is scheduled to complete his 2-month journey this month by landing at Fort Clinch State Park north of Jacksonville.

The St. Petersburg City Council has passed a resolution endorsing 1980 as "The Year of the Coast," and I would like to insert it in the RECORD at this point. The resolution follows:

No. 80-295—A RESOLUTION APPROVING AND ENDORSING 1980 AS "THE YEAR OF THE COAST," AND PROVIDING AN EFFECTIVE DATE

Whereas, Florida's immense coastline is one of the longest of all continental states and a valuable natural resource for our State; and

Whereas, President Carter has endorsed 1980 as "The Year of the Coast" to increase Americans' awareness of the environmental, economic and aesthetic values of the coast; and

Whereas, the Florida Audubon Society is conducting a canoe-a-thon of 1,100 miles around the entire coast of Florida, from Pensacola to Fernandina Beach, in which Peter Quincy of Florida Audubon is paddling the entire distance, accompanied on most legs by a number of prominent people in the State; and

Whereas, a number of special events have been planned by environmental and conservation organizations throughout the Tampa Bay area, including all-day activities at Fort DeSoto Park, in Pinellas County, on Saturday, March 29, 1980: Now, therefore, be it

*Resolved by the City Council of the City of St. Petersburg, Florida,* That this Council approves and endorses 1980 as "The Year of the Coast" and urges all citizens to join in the celebration by participating in the activities this year, to make us more aware of the importance of our coastline, and in protecting Florida's abundant coastal resources.

This resolution shall become effective immediately upon its adoption.

Adopted at a regular session of the City Council held on the 20th day of March 1980.●

## SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, April 3, 1980, may be found in the Daily Digest of today's RECORD.

### MEETINGS SCHEDULED

APRIL 4

10:00 a.m.

Joint Economic

To hold hearings on the employment-unemployment figures for March.

2222 Rayburn Building

APRIL 15

9:30 a.m.

Labor and Human Resources

To hold hearings on S. 2153, 1486, and 1572, bills to provide an exemption from OSHA regulation for certain workplaces with good safety and health records.

4232 Dirksen Building

Select on Small Business

To resume hearings on S. 1860, to develop a program by which each qualified and interested small business concern has the opportunity to participate in federally funded research and development programs.

424 Russell Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Inspector for Alaska pipeline, and the Energy Information Administration of the Department of Energy.

1223 Dirksen Building

Appropriations

Transportation Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.

1318 Dirksen Building

Banking, Housing, and Urban Affairs

*International Finance and Subcommittee

To hold hearings on S. 2097, proposed Joint Export Marketing Assistance Act, and on the substance of S. 2040, proposed Small Business Export Expansion Act and S. 2104, proposed Small Business Export Development Act.

5302 Dirksen Building

*Energy and Natural Resources

Energy Regulation Subcommittee

To review those items in the President's budget for fiscal year 1981 which fall within its legislative jurisdiction and consider recommendations which it will make thereon to the Budget Committee receiving testimony from officials of the Federal Energy Regula-

tory Commission and for the Office of Hearings and Appeals.
6226 Dirksen Building

Energy and Natural Resources
Energy Resources and Materials Production Subcommittee
To hold hearings on S. 1455, authorizing the Secretary of the Interior to issue coal leases on other Federal lands in the State of New Mexico to the owner of a specified coal lease upon surrender of such lease; and S. 1529, a private relief bill.
3110 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To hold hearings on proposed legislation to increase the authority of the President and Congress in postal operations and to provide continued financial security for the Postal Service.
1202 Dirksen Building

2:00 p.m.
Appropriations
Transportation Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.
1224 Dirksen Building

2:30 p.m.
Foreign Relations
To hold hearings on the Maritime Boundary Settlement Treaty with Canada (Exec. U, 96th Cong., 1st sess.) and the Agreement on East Coast Fishery Resources with Canada (Exec. V, 96th Cong., 1st sess.).
4221 Dirksen Building

APRIL 16

9:00 a.m.
Finance
Taxation and Debt Management Generally Subcommittee
To resume hearings on proposed legislation to extend the temporary limit on the public debt.
2221 Dirksen Building

*Veterans' Affairs
To hold hearings on the recruitment and retention of qualified health-care professionals to staff the Veterans' Administration's health-care facilities.
412 Russell Building

9:30 a.m.
Labor and Human Resources
To continue hearings on S. 2153, 1486, and 1572, bills to provide an exemption from OSHA regulation for certain workplaces with good safety and health records.
4232 Dirksen Building

Labor and Human Resources
Health and Scientific Research Subcommittee
To hold hearings on S. 1424, proposed International Health Act.
6226 Dirksen Building

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the National Gallery of Art, and the Commission of Fine Arts.
1223 Dirksen Building

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.
1318 Dirksen Building

Banking, Housing, and Urban Affairs
International Finance Subcommittee
To resume hearings on proposed authorizations for fiscal year 1981 for the international affairs programs of the Department of the Treasury S. 2271, to increase the U.S. quota in the International Monetary Fund, and S. 1963, to control Government purchases and sales of gold.
5302 Dirksen Building

Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold hearings on S. 2193, authorizing funds for fiscal year 1981 for the United States Railway Association.
235 Russell Building

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Foreign Relations
To hold hearings on the role and accountability of the National Security Advisor.
4221 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To continue hearings on proposed legislation to increase the authority of the President and Congress in postal operations and to provide continued financial security for the Postal Service.
1202 Dirksen Building

Judiciary
To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.
357 Russell Building

Select on Intelligence
To begin closed markup of proposed legislation authorizing funds for fiscal year 1981 for intelligence activities of the United States.
S-407, Capitol

2:00 p.m.
Appropriations
Military Construction Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.
1224 Dirksen Building

APRIL 17

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings on S. 1391, authorizing funds for fiscal years 1981 and 1982 for the National Climate Program.
235 Russell Building

Labor and Human Resources
Child and Human Development Subcommittee
To hold oversight hearings on the development of children who benefit from adoption by facilitating their placement in adoptive homes.
457 Russell Building

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Forest Service, Department of Agriculture.
1223 Dirksen Building

Appropriations
Transportation Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.
1224 Dirksen Building

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.
1114 Dirksen Building

Energy and Natural Resources
Parks, Recreation and Renewable Resources Subcommittee
To hold hearings on S. 1842, proposed National Heritage Policy Act.
3110 Dirksen Building

Foreign Relations
To continue hearings on the role and accountability of the National Security Advisor.
4221 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To continue hearings on proposed legislation to increase the authority of the President and Congress in postal operations and to provide continued financial security for the Postal Service.
318 Russell Building

Select on Indian Affairs
To hold hearings on H.R. 2103, to modify the law regulating the devise or descent of interests in trust or restricted property on the Standing Rock Sioux Reservation in North and South Dakota.
357 Russell Building

11:00 a.m.
*Labor and Human Resources
To continue hearing on S. 2153, 1486, and 1572, bills to provide an exemption from OSHA regulation for certain workplaces with good safety and health records.
4232 Dirksen Building

2:00 p.m.
Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.
1318 Dirksen Building

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.
S-146, Capitol

2:30 p.m.
Foreign Relations
To resume hearings on the Maritime Boundary Settlement Treaty with Canada (Exec. U. 96th Cong., 1st sess.), and the Agreement on East Coast Fishery Resources with Canada (Exec. V. 96th Cong., 1st sess.).
4221 Dirksen Building

APRIL 18

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Emergency Management Agency.
1318 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

### APRIL 21

10:00 a.m.

Governmental Affairs

Energy, Nuclear Proliferation, and Federal Services Subcommittee

To resume hearings on proposed legislation to increase the authority of the President and Congress in postal operations and to provide continued financial security for the Postal Service.

3302 Dirksen Building

Judiciary

To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

2228 Dirksen Building

Select on Indian Affairs

To hold hearings on proposed legislation authorizing funds for fiscal year 1981 for the Indian Health Care Improvement Act.

1202 Dirksen Building

2:00 p.m.

Finance

Social Security Subcommittee

To hold hearings on H.R. 5295, S. 248, 1287, 1418, 1498, 1554, 2034, 2083, and 2208, bills to correct certain problems with the social security earnings limitation as a result of the enactment of the Social Security Amendments of 1977 (Public Law 95-216), eliminating the monthly earnings test.

2221 Dirksen Building

### APRIL 22

9:30 a.m.

*Energy and Natural Resources

To resume hearings to assess the political, military, economic, and social factors affecting world oil production and consumption over the next decade.

3110 Dirksen Building

Environment and Public Works

Nuclear Regulation Subcommittee

To resume hearings on S. 2358, authorizing funds for fiscal years 1981 and 1982 for the Nuclear Regulatory Commission.

4200 Dirksen Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Economic Regulatory Administration, Department of Energy.

1223 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury, and on the U.S. Postal Service.

1318 Dirksen Building

Commerce, Science, and Transportation

To hold hearings on S. 1789 and H.R. 6152, proposed Product Liability Risk Retention Act.

235 Russell Building

Labor and Human Resources

Health and Scientific Research Subcommittee

To hold hearings on S. 1865, proposed Radiation Exposure Compensation Act.

4232 Dirksen Building

Select on Indian Affairs

To continue hearings on proposed legislation authorizing funds for fiscal year 1981 for the Indian Health Care Improvement Act.

5110 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of DOD.

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.

S-146, Capitol

### APRIL 23

9:30 a.m.

Environment and Public Works

Nuclear Regulation Subcommittee

To continue hearings on S. 2358, authorizing funds for fiscal years 1981 and 1982 for the Nuclear Regulatory Commission.

4200 Dirksen Building

Veterans' Affairs

To hold oversight hearings to examine the need for a central data monitoring service in V.A. hospitals for veterans with surgically implanted pacemakers.

412 Russell Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the National Endowment for the Arts.

1223 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Executive Office of the President.

1318 Dirksen Building

*Commerce, Science, and Transportation

To hold hearings on S. 2489 authorizing funds for fiscal years 1981 and 1982 for the U.S. Coast Guard.

235 Russell Building

Energy and Natural Resources

Energy Regulation Subcommittee

To hold hearings on S. 2470, proposed Powerplant Fuels Conservation Act.

3110 Dirksen Building

Rules and Administration

To receive testimony on Senate Resolution 207, to create a Select Committee on Narcotics Abuse and Control; and to consider other legislative and administrative business.

301 Russell Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1224 Dirksen Building

### APRIL 24

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the National Aeronautics and Space Administration.

1318 Dirksen Building

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Bureau of Land Management.

1223 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Executive Office of the President.

1114 Dirksen Building

Environment and Public Works

Environmental Pollution Subcommittee

Business meeting, to consider proposed legislation authorizing funds for fiscal years 1981 and 1982 for the Clean Water Act, and a proposed moratorium extension of the Industrial Cost Recovery Program.

4200 Dirksen Building

1:00 p.m.

Environment and Public Works

To hold oversight hearings on the implementation of the Animal Damage Control Program of the Fish and Wildlife Service.

5110 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1224 Dirksen Building

### APRIL 25

9:30 a.m.

Environment and Public Works

To continue oversight hearings on the implementation of the Animal Damage Control Program of the Fish and Wildlife Service.

5110 Dirksen Building

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the National Aeronautics and Space Administration.

1318 Dirksen Building

Energy and Natural Resources

Energy Regulation Subcommittee

To resume hearings on S. 2470, proposed Powerplant Fuels Conservation Act.

3110 Dirksen Building

### APRIL 28

9:30 a.m.

*Judiciary

To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

228 Dirksen Building

10:00 a.m.

*Energy and Natural Resources

Energy Regulation Subcommittee

To review those items in the President's budget for fiscal year 1981 which fall within its legislative jurisdiction and consider recommendations which it will make thereon to the Budget Committee, receiving testimony from officials of the Economic Regulatory Administration, the Energy Information Administration, and the Assistant Secretary for Conservation and Solar Applications, all of the DOE.

3110 Dirksen Building

### APRIL 29

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal years 1981 for the Heritage Conservation and Recreation Service.

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Office of Personnel Management, Merit Systems Protection Board, Federal Labor Relations Authority, U.S. Tax Court, and President's Commission on Pension Policy.

1318 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

### APRIL 30

9:30 a.m.

Commerce, Science, and Transportation

Science, Technology and Space Subcommittee

To hold hearings on S. 2015, proposed Transportation Energy Efficiency Act, and on proposed amendments thereto.

235 Russell Building

Energy and Natural Resources

To hold hearings on the potential for improved automobile fuel economy between 1985 and 1995.

3110 Dirksen Building

Veterans' Affairs

Business meeting, to consider proposed legislation on the recruitment and retention of qualified health-care professionals to staff the Veterans' Administration health-care facilities, S. 759, to provide for the right of the United States to recover their costs of hospital, nursing home, or outpatient medical care furnished by the Veterans' Administration to veterans for non-service-connected disabilities to the extent that they have health insurance or similar contracts, and S. 1523 and H.R. 4015, proposed Veterans Senior Citizen Health Care Act.

412 Russell Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for conservation programs of the Department of Energy

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Elections Commission Advisory Commission, on Intergovernmental Relations, Advisory Committee on Federal Pay, Committee for Purchase From the Blind and Other Severely Handicapped and the Administrative Conference of the United States.

1318 Dirksen Building

Governmental Affairs

Oversight of Government Management Subcommittee

To resume oversight hearings on Federal agencies spending practices that occur just prior to the end of the fiscal year—"hurry-up spending problem"—focusing on administrative and legislative proposals to remedy this situation.

3302 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

### MAY 1

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development

1318 Dirksen Building

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Land and Water Conservation Fund of the Heritage Conservation and Recreation Service.

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the General Services Administration.

1114 Dirksen Building

Governmental Affairs

Oversight of Government Management Subcommittee

To continue oversight hearings on Federal agencies spending practices that occur just prior to the end of the fiscal year—"hurry-up spending problem"—focusing on administrative and legislative proposals to remedy this situation.

3302 Dirksen Building

*Judiciary

To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

2228 Dirksen Building

*Labor and Human Resources

Child and Human Development Subcommittee

To hold hearings on issues Congress might consider which would affect youth in the coming decade.

6226 Dirksen Building

### MAY 2

9:30 a.m.

Commerce, Science, and Transportation

Science, Technology and Space Subcommittee

To resume hearings on S. 2015, proposed Transportation Energy Efficiency Act, and on proposed amendments thereto.

235 Russell Building

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development.

1318 Dirksen Building

### MAY 6

9:30 a.m.

Appropriations

Agriculture, Rural Development, and Related Agencies Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Agriculture.

1318 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

### MAY 7

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the U.S. Geological Survey.

1224 Dirksen Building

### MAY 9

9:30 a.m.

Commerce, Science, and Transportation

Science, Technology and Space Subcommittee

To resume hearings on S. 2015, proposed Transportation Energy Efficiency Act, and on proposed amendments thereto.

235 Russell Building

### MAY 13

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the National Park Service.

1224 Dirksen Building

### MAY 14

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Department of the Interior.

1223 Dirksen Building

Appropriations

Transportation Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.

1224 Dirksen Building

MAY 15

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development, and Independent Agencies.
1318 Dirksen Building

Appropriations
Transportation Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.
1224 Dirksen Building

MAY 16

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development, and Independent Agencies.
1318 Dirksen Building

MAY 21

9:00 a.m.
*Veterans' Affairs
To resume hearings on the Federal Government's efforts to assist Vietnam-era veterans in readjusting to society, and the use of excepted appointments for disabled veterans.
412 Russell Building

MAY 22

9:30 a.m.
Labor and Human Resources
Child and Human Development Subcommittee
To hold oversight hearings to examine issues affecting infant mortality, and preventable birth defects.
4232 Dirksen Building

MAY 29

9:30 a.m.
*Veterans' Affairs
To hold hearings on proposed legislation to establish a cost-of-living increase for service-connected disability compensation.
412 Russell Building

JUNE 11

9:30 a.m.
*Veterans' Affairs
To hold oversight hearings on the activities of the Inspector General of the Veterans' Administration.
412 Russell Building

# SENATE—*Thursday, April 3, 1980*

*(Legislative day of Thursday, January 3, 1980)*

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by Hon. Dennis DeConcini, a Senator from the State of Arizona.

### PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, as we join the throng making our pilgrimage to the foot of the cross may we grasp anew the meaning of Thy Son, laying down His life for imperfect men, transforming darkness into light, death into life, defeat into victory. Show us again that however evil this world, Thou dost never leave us nor forsake us but Thou dost love us with an everlasting love even to the cross and death. As we celebrate the sacred events, take from us and from this world the doubt and fear, the violence and the suffering of Friday and replace it with the radiant joy and power of the resurrection day. Breathe upon this world the new breath of life, the way of trust and hope, the way of justice and peace, the way of Thy kingdom. Keep us true and strong in our service to Thee and to this Nation until all shadows flee away and every day is Easter.

In the name of the Great Redeemer we pray. Amen.

## APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Magnuson).

The legislative clerk read the following letter:

> U.S. Senate,
> President pro tempore,
> *Washington, D.C., April 3, 1980.*
>
> *To the Senate:*
>
> Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable Dennis DeConcini, a Senator from the State of Arizona, to perform the duties of the Chair.
>
> Warren G. Magnuson,
> *President pro tempore.*

Mr. DeCONCINI thereupon assumed the chair as Acting President pro tempore.

## RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

## EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session for not to exceed 5 minutes to consider the nominations on the Executive Calendar beginning with "New Reports," beginning with the Judiciary, Truman McGill Hobbs, of Alabama.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object—and I will not object—the purpose of the reservation is to advise the majority leader that Truman McGill Hobbs, of Alabama, to be U.S. district judge for the middle district of Alabama, has been cleared on our Executive Calendar, and I am pleased to be able to announce to the majority leader and to my friend from Alabama, Senator Heflin, that we have no objection to the consideration of his confirmation.

## THE JUDICIARY

The ACTING PRESIDENT pro tempore. The clerk will report the nomination.

The assistant legislative clerk read the nomination of Truman McGill Hobbs, of Alabama, to be U.S. district judge for the middle district of Alabama, vice a new position created by Public Law 95-486 approved October 20, 1978.

The ACTING PRESIDENT pro tempore. The Senator from Alabama is recognized.

Mr. HEFLIN. Mr. President, initially I would like to thank the majority leader, the minority leader, Senator Kennedy, the chairman of the Senate Judiciary Committee and the committee's most capable staff for expediting the confirmation process of my good friend, Truman Hobbs.

The middle district of Alabama is now composed of three district judgeships. At the present time two of these positions are vacant. Judge Robert Varner, the only permanently assigned judge, has been plagued with medical problems over the last year. Even though district judges have been temporarily assigned to the middle district, the people of Alabama are urgently in need of additional permanent judicial assistance. Chief Judge J. P. Coleman of the Fifth Circuit Court of Appeals, Judge Varner, and Judge Frank Johnson, former presiding judge of the middle district of Alabama, requested that the Senate act on Truman Hobbs' nomination as rapidly as possible. Senator Stewart and I requested the committee that this nomination be heard at the earliest possible date in order to alleviate the crucial predicament of the U.S. District Court for the Middle District of Alabama. We are most appreciative of the committee's assistance in this matter.

Mr. President, I am delighted to wholeheartedly recommend Hon. Truman M. Hobbs to the U.S. Senate for the position of U.S. district court judge for the middle district of Alabama. It was my pleasure to recommend Mr. Hobbs to the President for this position, as it was my honor in 1968 to make the nomination speech of Truman Hobbs for president of the Alabama Bar Association, where he most admirably served.

Truman Hobbs possesses the highest traits of industry, intelligence and integrity. A Phi Beta Kappa graduate of the University of North Carolina, where he was president of the student body, recipient of the Navy-Marine Corps Medal and Bronze Star for action in Anzio while serving his country during World War II in the U.S. Navy, he received his law degree from Yale University School of Law, and served as Law Clerk to U.S. Supreme Court Justice Hugo Black of Alabama. He has successfully been in the private practice of law in the State of Alabama since 1949, and is presently senior partner in one of Alabama's most respected and distinguished law firms.

In addition to serving as president of the Alabama Bar Association, Truman Hobbs has served as president of the Alabama Trial Lawyers Association, and Montgomery County Bar Association; is a fellow of the American College of Trial Lawyers, and the International Academy of Trial Lawyers, two of the most prestigious organizations of the legal profession that a trial attorney may be selected to join. Truman Hobbs also serves on the advisory board of Cumberland School of Law, board of trustees at Jones Law Institute and Huntingdon College, and on the board of directors of the Law School Foundation of the University of Alabama. His distinguished father, Judge Sam Hobbs, served in the House of Representatives for many years, and one of his legislative achievements, the Hobbs Act, is frequently mentioned in this Chamber. His brother, Sam Earle Hobbs, a practicing attorney of Selma, Ala., was a classmate of mine in law school and is one of my close friends. He is a former law professor at the University of Alabama and has served for many years as a member of the board of trustees of that institution. The Hobbs family is one of the South's most distinguished and productive families in the field of public service.

During the period I practiced law and served on the bench, I do not believe that any district in the United States heard and determined more significant litigation affecting the constitutional rights of the individual and the evolution of the judicial system of the United States than the U.S. District Court for the Middle District of Alabama. This district was

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

served for more than 20 years by one of the great jurists of this century, Judge Frank M. Johnson, who was elevated last year to the U.S. Court of Appeals for the Fifth Circuit.

I might add that the American Bar Association has rated Truman Hobbs as being "exceptionally well qualified" for this position. This is the ABA's highest rating, and Mr. Hobbs is only the 6th individual to receive this rating of some 165 nominees to be considered by the U.S. Senate in the 96th Congress. Since Judge Johnson also received this highest of ratings, I would like to point out to the Senate that two of the six nominees receiving this rating have come from the middle district of Alabama. Truman Hobbs is the third out of 127 district court nominees to receive this highest rating.

Mr. President, it is my honor and pleasure to give Truman Hobbs the strongest possible recommendation as the U.S. Senate considers his confirmation for the position of U.S. district judge for the middle district of Alabama.

Thank you, Mr. President.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. ROBERT C. BYRD, Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. HEFLIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of Mr. Hobbs.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask that the time taken thus far not be charged against the leader's time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## THE OLYMPICS

Mr. ROBERT C. BYRD. Mr. President, our Nation has been faced with a dilemma: Whether or not we should attend the Moscow Olympics. The Olympic tradition of good sportsmanship and personal honor is a tradition we respect. But the dilemma has been whether—in pursuing these goals—we should accept the hospitality of, and lend prestige to, a nation that is violating the most basic norms of acceptable international conduct.

After some weeks of consideration, the President and the Congress decided that we should not attend the Olympic games in Moscow this summer. To understand this decision, we must look at the actions of the Soviet Union over the last several months.

Since last December, the Soviet Union—a large industrialized nation of 260 million people, or thereabouts—has perpetrated many wrongs in Afghanistan—a small, proud developing nation of 21 million people.

Afghans have been thrown into jail as political prisoners; Afghans have been driven from their homes into refugee camps; religious groups and mosques have been fired upon.

World reaction has varied from economic sanctions and statements of moral outrage to complacency. Those who are complacent seem to argue that Afghanistan is very far away, and that, besides, it is on the Soviet border, as if the Soviets somehow have a license to envelop their neighbors. This complacency is an affront to the nations that border the Soviet Union, and to the people of those nations.

The reaction of our own country has been up to this time, I think, exemplary. American farmers, at the expense of their own well-being, have, in general, backed the grain boycott. American businesses have made sacrifices, in canceling orders for high technology that were to go to the Soviet Union. American longshoremen have expressed their support, by refusing to load Soviet ships, even though the longshoremen suffered a financial loss as a result.

Through these actions, the United States has set the pace for a firm but nonviolent response to the Soviet action. These positions were taken early, and the American people, including those having to make personal sacrifices, have not wavered.

But the deadline for entries into the Moscow Olympics is May 24. As that deadline approaches, we continue to hear suggestions that we should break ranks with our policy of firmness, and permit our Olympic team to enter the Moscow games. The arguments are that the Olympics are "above" politics, and that the Olympics call for an exception to our general response.

Some say it would be easier to look the other way and to proceed to the Olympics and to compete. I do not agree.

The modern Olympics, whatever their original intent, have become a political statement. They are media events of the first order. Nations compete for the prestige and honor of hosting them. Since World War II, Italy, Japan, and West Germany have hosted the Olympics as a sign that new and peaceful nations have emerged from the ashes of the old order. Mexico held the games in 1968, sending a signal that it was a proud and independent nonalined nation. While some nations have demonstrated their desire for peace through the Olympics, other nations have used the Olympics for the glorification of martial values. Germany under Hitler did this in 1936, seeking to establish the credibility of the Nazi regime.

Those of us who participated have since been ashamed that we did so. And now the Soviet Union seeks to do the same with the 1980 Olympics.

At its most fundamental level, athletics is applied ethics—a code of personal conduct on the playing field. It is this code that gives the Olympics the aura of a principled event, and the Soviets clearly are hoping some of that aura will rub off on them. But the ethics do not stop at the edge of the playing field. They extend to the much larger arena of the conduct of other nations. The Olympics represent only a microcosm of this larger play of events. And the Olympics this year pose a test of principles, for it is these very principles that cause our Nation to take the steps necessary to deprive the Soviets of their unearned honor. To do otherwise would be to corrupt the spirit of the Olympics, by allowing the Soviets to use this principled event toward their own unprincipled conduct.

Finally, the view that the Olympics are somehow "above" politics implies that there is something that is automatically and inherently "low" about politics. But there is nothing "low" about the politics of principle.

There is nothing low about standing up for the rights of the people who have been overrun, who have been murdered, who have been driven from their homes, who have been thrown into prisons, who have become refugees in other countries.

There is nothing "low" about speaking out against firing squads, or the destruction of a homeland.

There are also additional important reasons pertaining to the conduct of nations. A boycott of the Olympics raises the cost of aggression to the Soviets, as a deterrence to future aggression. A defense of the independence of Afghanistan is a defense of the independence of Third World countries everywhere, an independence to be respected.

These are limited responses to a situation caused by the Soviet Union. We have no desire to rekindle the Cold War. Our steps are determined, but measured—tailored to the circumstances that now confront the world. A boycott of the Olympics is consistent with this measured response. To do otherwise, to attend the Olympics as "business as usual," is to put the stamp of approval on the Soviet invasion of Afghanistan.

For these reasons, I appeal to the U.S. Olympic Committee to state unequivocally that it will not enter the Moscow Olympics. I hope that the committee will make this decision. It is not a decision that Congress should have to legislate, or that the President should have to dictate. Nor is this a time to "wait and see."

I do not favor any step that would undermine the Olympic movement. By abstaining from the Moscow Olympics, we seek to maintain the values upon which the Olympics were founded—peaceful, nonbelligerent conduct among nations.

We seek to persuade, not to direct, and the voice of persuasion has been clear. The President has given his reasons in unequivocal language. The Senate voted for an Olympic boycott by a vote of 88 to 4; and the House of Representatives did the same by 386 to 12. Public opinion polls show that the American public consistently supports a boycott.

We are taking this measured response to the Afghanistan invasion in hope of deterring future aggression by raising the price of the resort to force. If hostilities were to ensue, everyone would be forced to sacrifice. In the past, we have had to ask the young to make the supreme sacrifice of their lives. We hope such a sacrifice will never have to be asked again.

I urge the Olympic committees of other nations to support a boycott, and I applaud those governments around the world that have supported our own Government's call for a boycott.

I urge our own Olympic Committee, and the Olympic committees everywhere, to join in what is an appeal to the principles for which the Olympics stand.

## LEGISLATIVE SCHEDULE

Mr. ROBERT C. BYRD. Mr. President, on another subject, I should say before the Senate recesses for the Easter holiday that there are only 96 working days left until October 1, not including today, not including October 1, not including any Saturdays—96 working days. That figure includes Fridays through May, on which I have said we will attempt to avoid any rollcalls except in the case of an emergency, but during which Fridays the Senate would still have work to do and could conduct business. There are 96 working days.

This excludes the other holidays that the Senate will be recessing for and, of course, excludes the time out for the Republican Convention in July and the Democratic Convention in August.

Mr. President, on the calendar there are 61 measures but most of those measures, a good many of them, certainly—most of them, yes, indeed—came over from last year, through Calendar Order No. 577, as a matter of fact. They came over from last year. The calendar was pretty well cleared last year in anticipation of the time that would be needed on which to legislate the windfall profit tax, synthetic fuels, and an Energy Mobilization Board, and also in anticipation of the time that would be required to debate the SALT II treaty.

Finally, as it was apparent that the Senate would not be able to get to the SALT II treaty last year, it was stated by me that the stage would be cleared for debate on the SALT II treaty at the beginning of this second session.

So, the leadership made every endeavor, and was quite successful in carrying out the endeavor, to clear the calendar of legislation that was "must" legislation. It was evident then, and I so stated and I repeat today, that there were measures carried over beyond the first session that will never be called up. I say that in explanation of the fact that we have 61 measures on the calendar and we shall not be doing any work on them today.

Some of those measures are backup pieces of legislation for the energy bills that are in conference. Once those two energy conferences on synthetic fuels and the Energy Mobilization Board have completed their work and the conference reports have been adopted, then these half-dozen—give or take—measures that are on the calendar will be indefinitely postponed.

There are other measures on the calendar against which points of order would lie because of budgetary problems—the fact that the budget ceiling has been breached—not necessarily because of actions we have taken ourselves but because of the impact of inflation. So those measures cannot be taken up at this time because of the fact that points of order would lie against them. There are other measures on there, a very few others, which will probably be called up at some point but, for good reason, cannot be called up just now.

For example, the Criminal Code legislation, the death penalty legislation—it is quite likely that, at some point in the session, these will be called up. But at the moment, those who manage the bill are not present to do so.

Now, Mr. President, underlying all this is a mood in this country that this is no time for a lot of new programs, costly programs. The leadership recognizes that mood, recognized it last year, and the Senate, in its actions, I think, has reflected that mood. We have very serious problems in this country involving inflation, the economy, the budget, and in keeping with the necessities for dealing with these serious problems, this is no time to pass a lot of new programs, a lot of costly programs. The thrust of our efforts now is to balance the budget. That has become more difficult every day, with the high interest rates that this country is experiencing, which, in themselves, I think, contribute to inflation, increase the interest on the national debt, run the risk of creating a lot of unemployment. Whenever there is a 1-percent increase in unemployment, there is something like a $20 billion impact on the Federal budget.

So we have very serious budgetary problems and this Congress is trying to wrestle with the budget. In doing so, I think the center of the stage is going to be just these subjects that I have talked about. When I say just them, I do not mean precisely that, but in the main.

That will explain, in part, the pace of the Senate and what I anticipate down the road. We shall have the regular appropriations bills that will be coming along, but they have to come from the other body by custom. This body is proceeding, in its subcommittees, to consider the appropriations bills, but they will not be marked up in full committees until they have been received in the Senate from the House. They will not be coming along until about June. The "must" authorization bills will be coming out of committees in time; the committees are working on them.

So, as I see it as of this moment, in the main, these will be the objects of our attention during this session. This is not to say that the Senate will not act on measures that are outside the category of necessary authorizations and appropriations—authorizations that deal with expiring programs and so on. But, in the main, I think that the American people expect us to do everything we can to deal with the budgetary problems.

Everyone should expect to sacrifice and to feel the budgetary pinch, to some extent, and Congress, itself, can help to set the pace by being wise in its judgment as to the enactment of new and costly programs that can be delayed.

So, Mr. President, having said that, I hope that our committees will proceed as expeditiously as possible with the legislation that must be done, and I hope that Congress can adjourn sine die by October 1, if not before. That is clearly a hope—that is a hope. But keeping in mind that the second concurrent resolution on the budget is to be in place by September 15, I think we ought to bend every effort to attempt to make that deadline.

I also hope that the conferees in both Houses will redouble their efforts to deal with matters that are in conference. There are 22 measures in conference. Most of them have been in conference since last year. Certainly, some of the heavyweights among the legislation have been in conference since last year, if not most of the measures. Yes, I would say most of the measures have been in conference since last year. So I hope that our conferees will redouble their efforts to clear these matters in conference and allow the two Houses to get final action thereon.

Mr. President, I take this occasion, while I am on my feet, to express appreciation to the distinguished minority leader and the minority for the cooperation that the majority has received up to this point in this new session. Also, I express my very fondest good wishes to the minority leader, as he and some other Senators will be undertaking an important assignment during the recess.

I wish for all Senators a period of rest and repose and an opportunity to count our blessings and to be thankful for the many things that Americans enjoy that are unknown to the other people in this world.

I also wish to say, Mr. President, that de Tocqueville, I think, was right when he referred to the American as the "incredible American." He said that the American believes that if something has not yet been accomplished, it is because he has not yet attempted it. It is my belief that the incredible American can deal with the problems of today as he has dealt with the problems of yesterday. For centuries, the American—I should say every man—every man for centuries has stood on the Earth and gazed longingly at the Moon.

But it was for an American in this century to be the first to stand on the Moon and look lovingly upon his planet, his home, Earth.

I believe that the incredible American can deal with the problems of today even though many of them are international in scope. I think Americans will make it and we will not go under by any means.

I think we, today, as we always have, hold the destiny of this country in our hands.

I have confidence, as we look beyond the Easter period, that if we assign our talents and our labors to the job, we can get it done.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). The Senator from Tennessee.

Mr. BAKER. I thank the Chair.

Mr. President, I rise to express my appreciation to the majority leader for his description of the items that he contemplates as the business of the Senate for the balance of this year.

I share with him the hope that we can conclude the business of the Senate and adjourn sine die early this fall.

I am willing to embrace the hope expressed by the majority leader that we can do that on October 1, or prior to that time.

I am willing to cooperate in trying to make that happen.

Mr. President, I express my appreciation to the majority leader for his good wishes today on the beginning of the Easter recess and I reciprocate. I wish him well during that much deserved time of no legislative activity.

Mr. President, I, too, believe that America's future is before it. I do not believe for one moment that we have exhausted our reservoir of greatness, of enthusiasm, or of optimism.

I acknowledge the depth and the severity of the problems that confront this Nation, but I predict the country will prosper in spirit, in wealth, and in strength.

I think the economy is essentially sound. I think we take necessary steps to bring into balance our fiscal accounts and to set the example for financial responsibility.

At the same time, I do not believe we will shirk our duty to remain sensitive to the needs of those who cannot adequately provide for themselves. We aspire to provide for America at such a rate as to eliminate abject poverty in this Nation within our lifetime.

I am optimistic that while doing these things we can remain strong, and grow stronger as the needs of a hostile world may require.

In a word, Mr. President, I believe that America's greatness is clearly before it, that we have not yet lived it. I believe that those of us here in the Senate have a special obligation to attend to those aspirations, and a special privilege and opportunity to shape them.

So, as we leave on this time of Easter recess, I reiterate to the majority leader, on behalf of every Member on this side of the aisle, our determination to work for the enhanced good, prosperity, and strength of this Nation, and to do so in a spirit of sensitivity and humanity.

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## EXECUTIVE SESSION

Mr. BAKER. Mr. President, I have two requests for time, if I have any time remaining under the standing order, and I would yield, unless the majority leader has further need for his time at this moment.

Mr. ROBERT C. BYRD. Mr. President, will the minority leader yield 30 seconds that we might complete the Executive Calendar on page 2, the nominations?

Mr. BAKER. Mr. President, I am happy to do that.

I might say to the majority leader that the remainder of the items are cleared on our calendar and we are prepared to go forward with their consideration.

Mr. ROBERT C. BYRD. I thank the minority leader.

Mr. President, I ask unanimous consent that the Senate go into executive session, not to exceed 30 seconds, to consider the nominations on the Executive Calendar, beginning with Department of Commerce on page 2.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nominees be considered and confirmed en bloc, that the motion to reconsided en bloc be laid on the table, and I move that the President be immediately notified of the confirmation of the nominees.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations are considered en bloc and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

### DEPARTMENT OF COMMERCE

Herta Lande Seidman, of New York, to be an Assistant Secretary of Commerce.

### SECURITIES AND EXCHANGE COMMISSION

Stephen J. Friedman, of New York, to be a member of the Securities and Exchange Commission for the remainder of the term expiring June 5, 1981.

### DEPARTMENT OF STATE

Julian Nava, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Mexico.

Joseph C. Wheeler, of Virginia, to be Deputy administrator of the Agency for International Development.

### U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

David Bronheim, of Connecticut, to be an Associate Director of the U.S. International Development Cooperation Agency.

### UNITED NATIONS

Joan Edelman Spero, of New York, to be the Representative of the United States of America on the Economic and Social Council of the United Nations, with the rank of Ambassador.

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## LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

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## ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the time of the minority leader, once it has expired, the Senate then proceed to the consideration of routine morning business, for not to exceed 1 hour, and that Senators may speak during that period.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. BAKER. Mr. President, I yield 1 minute to the distinguished Senator from Vermont.

Mr. STAFFORD. I thank the minority leader for yielding to me.

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## GOOD NEIGHBOR DAY

Mr. STAFFORD. Mr. President, I take this 1 minute simply to say that the people of my home State of Vermont have always practiced being good neighbors, each to the other; in fact, not only within the State, but to what have traditionally been good neighbors, the Province of Quebec to the north of our State, New York on the west, New Hampshire on the east, and Massachusetts on the south.

Mr. President, acting on behalf of our Green Mountain State, our Governor has proclaimed May 25, 1980, to be Good Neighbor Day in Vermont.

Mr. President, I ask unanimous consent that the proclamation be printed in the RECORD.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

### PROCLAMATION

Whereas, the United States ranks as one of the few nations extending freedom and refuge to persecuted people from other countries; and

Whereas, the State of Vermont also has become a haven for people who flee from crime in our nation's cities; and

Whereas, the State of Vermont and the native Vermonters are proving with their open welcoming arms and warm hospitality what it means to be a good neighbor to

**strangers seeking the safety, peace, and freedom from fear; and**

**Whereas, the people of Vermont have been showing the true meaning of being a good neighbor; they are concerned Americans who care;**

**Now, therefore, I, Richard A. Snelling, Governor of the State of Vermont, do hereby proclaim Sunday, May 25, 1980, as Good Neighbor Day in Vermont. I am confident that we will each make a sincere effort to ensure the Good Neighbor Day is a gesture of brotherly love.**

## INTERNATIONAL PARLIAMENTARY UNION

Mr. STAFFORD. Mr. President, I have listened with great interest and admiration to the majority and minority leaders. I appreciate the good wishes of both.

I am sure both leaders will wish our group well going to Union Interparliamentaire in Oslo, Norway, on Friday, because we will need good wishes.

We are going to have a difficult time with our friends from the bloc nations, and the Soviet Union, over most of the issues plaguing us in foreign policy fields at the present time.

Mr. BAKER. Mr. President, I do, indeed wish to express my appreciation to the Senator from Vermont and the remainder of the bipartisan delegation making that journey and undertaking that responsibility.

The Senator from Vermont has been extraordinarily active in the International Parliamentary Union. Indeed, he is one of the international officers of that group, and I believe the senior Senate member of our delegation at this time.

I would like to pay my special tributes to him for his diligence and dedication in respect to that undertaking and the sacrifice of time and energy that goes with it.

Mr. ROBERT C. BYRD. Mr. President, I wish to express likewise, along with the minority leader, my good wishes to the distinguished Senator and my admiration for him in his constant, consistent enthusiasm for this task, and for the patience and dedication which he has continued to apply toward it.

He certainly brings great credit to the Senate in this regard.

Mr. STAFFORD. I thank the Senator.

## ORDER THAT SENATORS MAY HAVE UNTIL 5 P.M. TODAY TO INTRODUCE CERTAIN MATERIAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senators may have until 5 o'clock p.m. today to introduce statements and bills and resolutions into the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER THAT COMMITTEES MAY HAVE UNTIL 6 P.M. TODAY TO FILE CERTAIN MATERIAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that committees may have until 6 o'clock p.m. today to file bills and reports and conference reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

## AUTHORITY FOR CERTAIN ACTION DURING RECESS OF THE SENATE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the recess of the Senate over until Tuesday, April 15, the Secretary of the Senate may be authorized to receive messages from the other body and/or the President of the United States; that the messages may be appropriately referred; that during that period, the Vice President of the United States, the President pro tempore of the Senate, the Acting President pro tempore, and I, Robert C. Byrd—in the event one of the other individuals is not available—may be authorized to sign all duly enrolled bills and resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

## THE PLIGHT OF THE CAMBODIAN PEOPLE

Mr. BAKER. Mr. President, with so much of our attention focused on Iran, the Persian Gulf, and the Soviet threat and our own security, I believe it important to remember that the survival of an entire people remains threatened in Southeast Asia. We should not lose sight of the vast suffering and deprivation which continue to exist in Cambodia. Yesterday, in this Chamber, the the Senator from Missouri (Mr. Danforth) spoke with simple eloquence of the tragedy that has overtaken the people of Cambodia and of the greater tragedy that may yet occur.

Mr. President, the plight of the Cambodian people, victims of a cynical brand of international politics they will never understand, remains desperate. The international relief effort undertaken in recent months has had a significant impact and has served, thus far, to prevent the total collapse of the region.

We can be grateful that the predicted extinction of the Cambodian people has not occurred because of these efforts, funded in large part by the generosity of the American people. While our success remains tentative and elusive, and we have been disappointed by continuing problems with monitoring and distribution, it appears that we have at least been able to avoid what would have been the virtual destruction of a people.

That we have been at all successful is attributable largely to Senator Danforth and his colleagues, Senators Sasser and Baucus, who went to Cambodia and Thailand in October 1979, on behalf of the Senate.

This delegation focused the attention of Congress and the American people on the true potential of the situation in Cambodia. They conducted this most difficult mission as one of humane imperative and compassion, and through their efforts we in the Senate were made conscious and aware of the painful, brutal reality of mass starvation in Cambodia. It was this trip—the first in a series of official U.S. visits to the region—that brought to us the stark picture of acute human suffering and elicited our prompt and compassionate response. Senator Danforth and his colleages also delivered to the people and officials of Cambodia, Vietnam, and Thailand a message of sincere American concern void of political motive or intent.

Senator Danforth's advocacy of direct truck delivery of relief to the Khmer via Thailand identified a means of overcoming the logistical impediments to efficient relief. His expertise, developed in the visits to Khmer encampments at the border and in meetings with government officials in Phnom Penh and Bangkok, has been of immeasurable value to his colleagues and to the administration. In the ensuing months, he has worked to insure that the American public, private voluntary organizations, and the U.S. Government remain sensitive to the tragedy in Cambodia.

Senator Danforth and his colleagues brought the case of the Cambodians directly to the people of our country, and we were compelled to respond. He was noticeably touched by the entire experience, and I believe he has served the Senate in the most fundamental way by conveying to us this personal and moving experience.

Mr. President, the crisis of the Southeast Asian refugees continues and their plight remains far from secure. Yet, we should be aware that in the intervening months since the Danforth delegation visited the region and reported back to us, the health and living conditions of the people have improved dramatically. We have a number of dedicated organizations and individuals to praise for this result, but I did want to recognize again the selfless efforts of the Senator from Missouri and his immeasurable contribution in averting what would have been the greatest of human tragedies.

## ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, for not to exceed 1 hour.

## DR. HOWARD E. SKIPPER RECEIVES CANCER RESEARCH AWARD

Mr. HEFLIN. Mr. President, I should like to take this time to say a few words about an Alabamian of whom I am most proud. I am pleased to announce that Dr. Howard Earle Skipper, of Birmingham, has received the third annual Bristol-Myers award for distinguished achievement in cancer research.

This prestigious award carries with it

a $25,000 cash prize and is given to a scientist selected by a five-member panel of judges from cancer research centers at Baylor, Chicago, Johns Hopkins, Stanford, and Yale Universities. Each university participates in a $2.5 million grant program funded by the Bristol-Myers Co. to promote unrestricted, innovative cancer research.

Dr. Skipper is president of the Southern Research Institute in Birmingham, Ala., and is director of its Kettering Meyer Laboratory.

He is being honored for his landmark discovery of the basic principles for prescribing doses and schedules of anticancer drugs that permit the drugs to kill malignant cells faster than they can grow back.

In research of leukemia L1210 in mice, Dr. Skipper developed the theory, now accepted in human therapy, that a given dose of a given drug kills about the same percentage, not the same number, of widely varying cancer cell populations.

This ability to determine effective doses led to the wide acceptance of chemotherapy for treating cancer. Chemical control of cancer has now been achieved for at least half the patients with 11 different types of disseminated cancer, such as childhood leukemia, Hodgkin's disease and Wilms' tumor.

Dr. Skipper is among elite and erudite company in winning this high award. The first recipients were Drs. Elizabeth and James Miller of the University of Wisconsin's McArdle Laboratory. These distinguished scientists discovered that most chemicals must first be activated within the body before they can cause cancer.

The only other recipients of this award, Drs. Werner and Gertrude Henle of the Joseph Stokes, Jr., Research Institute of the Children's Hospital of Philadelphia, were honored last year for their identification of the first virus regularly associated with human cancers.

Mr. President, I am most proud that an Alabamian, Dr. Howard Earle Skipper, has received this award. Dr. Skipper is truly a pioneer in cancer chemotherapy and his work has and will save many, many Americans from the agony and suffering of cancer. I applaud him for his most successful past efforts and I wish him the very best for his continued success in this vital field of research.

## SEPS

**Mr. HEFLIN.** Mr. President, I invite the attention of Senators to a very important space system which is being studied at NASA's Marshall Space Flight Center in Huntsville, Ala.

The system is called SEPS, the solar electric propulsion stage, and its purpose is to augment the capability of our Nation's space shuttle program. For example, after spacecraft have escaped Earth's gravity, the SEPS could propel these ships through interplanetary space. The SEPS could also be used to maneuver satellites which are in orbit around the Earth. Had SEPS been available last year, it could have pushed the Skylab to a higher orbit, preventing the destruction of this space based laboratory.

SEPS is particularly desirable for long duration space missions with heavy scientific experiment packages because the amount of fuel SEPS requires is considerably less than that required for chemical propulsion. Specifically, a spacecraft driven by a SEPS requires an amount of fuel equal to its weight; a spacecraft driven by chemical propulsion requires fuel which weighs 5 to 10 times more than the vehicle. Clearly, the SEPS offers a tremendous fuel savings over chemical rocket propulsion.

The mission which has received the most attention regarding the use of SEPS is a program to send a spacecraft to fly past Halley's Comet and then to rendezvous with the Temple 2 Comet. Scientists are interested in studying comets because they are thought to contain material preserved from the time of the birth of the solar system.

Halley's Comet is particularly important in this regard because it is thought to have retained an extraordinarily large amount of primordial material. Halley's Comet comes into the inner solar system only once every 76 years. Without the development of SEPS, NASA will lose an opportunity available only once in every 76 years to broaden our understanding of the origins of our solar system.

NASA requested $20 million in the fiscal year 1981 budget to begin the development of SEPS. Their request was denied by OMB. As you all know, I feel strongly about any additional spending in times of fiscal constraint. However, I also believe that the development of SEPS should be initiated in the fiscal year 1981 budget to protect future mission options which are being considered by NASA and to achieve future cost savings.

I ask unanimous consent to have printed in the RECORD a brief newspaper article, to make my colleagues familiar with SEPS, and I invite their support for this important space project.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### MSFC "KEY CENTER" FOR ION-DRIVE UNIT

(By Dave Dooling)

Marshall Space Flight Center has been given the lead role in developing an exotic rocket propulsion stage—an ion-drive unit—for earth orbital and planetary probes, it was announced this morning.

William Sturdivant of the National Aeronautics and Space Administration's legislative affairs office in Washington, said Associate Administrator John Yardley made the assignment Monday afternoon.

"It makes Marshall the key center for definition and development."

The solar electric propulsion stage (SEPS), as it is formally known, is being studied by 18 persons at Marshall under a $1 million budget. Marshall had been in competition with Lewis Research Center in Cleveland for the lead role in SEPS.

Yardley's memo did not cut Lewis out of the program but requests that Marshall use the Lewis Center's expertise on the high-technology thrusters.

In effect, this makes Marshall the project manager and Lewis the thruster manager.

The 1980 budget request of $3 million for Marshall would cover issuing Phase B contracts leading to a so-called new start in 1981. Marshall's approach has been to treat SEPS as an upper stage for the Space Shuttle rather than a part of a probe.

It would be built in modules that would not only fit interplanetary missions, but for satellites and communications platforms going into geosynchronous—or earth stationary—orbit.

Marshall's technology work has demonstrated the fold-up solar array with concentrating mirrors needed for comet missions, and electrical systems that go with large solar arrays.

The first mission seen for SEPS is a mid-1985 launch to fly past Halley's Comet and rendezvous with the Temple 2 comet.

Follow-on missions would map the Earth's long, tenuous magnetotail, 1985; send probes to the sun, 1986; and send an orbiter and two atmospheric probes to Saturn, 1987.

The concept has been known for years, but development has been strongest at Marshall in recent years. A pioneer in the field was Dr. Ernst Stuhlinger, retired associate director for science at Marshall.

In principle, the ion drive used by SEPS is similar to the electron gun in a television tube: a material is heated until electrons are stripped off, then propelled with an electric field.

While a TV tube uses just electrons, an ion-drive engine uses the entire atom, such as mercury, and spits out separate beams of electrons and positive ions.

The thrust is very low, less than a pound—far too weak to launch any payload from the Earth's surface. But the efficiency rating is several times higher than, say, the Shuttle main engine.

An ion-drive engines uses very little fuel but consumes large quantities of electricity. SEPS will use a solar cell array similar to the one developed for Marshall's 25-kilowatt power module.

The low thrust means that SEPS would be very slow in getting started, but the engines would operate continuously. This would mean that if the Voyager planetary probe had been powered by an ion drive, its trip to Jupiter could have been shorter and carried more payload.

Earth orbital tests of demonstration engines launched in 1970 have been very successful.

The **PRESIDING OFFICER.** The Senator from Montana (Mr. MELCHER) is recognized.

## HIGH INTEREST RATES GORE MANY OXEN

**Mr. MELCHER.** Mr. President, nearly any business, in its effort to make its own particular business successful, fails to weigh the broad aspects of the economy which do not burden it directly. Whether it is a farmer, cowboy, butcher, baker, car dealer, trucker, miner, or lumberman, they do not seem to get heated up about the state of the economy until their particular ox is gored and their business starts to lose money.

So, too, with the news media business. Until their particular ox is gored there is not likely to be a dramatic presentation of the devastating effects high interest rates are having on various U.S. industries. High interest rates are killing the housing industry as well as the realtors. High interest rates have devastated the automobile industry along with host of their suppliers to the extent that they are nearing the perilous rocks of gigantic job layoffs with individual companies going entirely out of business.

The cattle industry is rocked with the effects that high interest rates have on it. Cattle feeders are liquidating lots of cattle before schedule. All farmers and ranchers are paying through the nose on the money they borrow and, added to the rising costs, producers know they must have good crops or suffer a serious financial setback this year.

These U.S. industries and many others have had their ox gored by high interest rates. To use high interest rates as a means of controlling inflation has not been effective, nor will it be effective in these industries. It only drives up their cost of doing business and in all too many cases it is so high as to drive them out of business.

While we can and will have a balanced Federal budget, that will only be a little help and small comfort to those who are crushed financially this year and next. I hope the news media—newspapers, magazines, television, and radio—with adequate advertising volume that pays their bills will not be blind to the serious effects high interest rates are having on other segments of our economy. I hope the news media can evaluate and report the serious repercussions and the sad consequences high interest rates are having on the American economy before the economic catastrophe of a depression occurs, rather than reporting the event after it happens almost as an obituary to the U.S. economy.

The serious signs that have already developed in basic U.S. industries point to a depression this summer unless this high tide of high interest rates is reversed immediately. That can be done by the Federal Reserve Board lowering the rediscount now. Lowering the rediscount rate can effectively roll back interest rates.

I asked Federal Reserve Board Chairman, Paul Volcker, in a White House meeting last night, to do just that and to do it now. He indicated that he did not believe lowering the rediscount rate would be done until economic conditions showed a lessening of inflation. I warned him that the chain reaction that has already started to cripple our basic U.S. industries would rapidly lead the entire U.S. economy into a depression this summer and that the Board's quick reversal to effectively lower interest rates must come immediately to save it.

The growing evidence that high interest rates are actually feeding inflation and driving U.S. basic industries into depression outweighs economic theory. Before it is too late, I asked Volcker, act now.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

(Mr. MELCHER assumed the chair.)

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, the able Senator from Montana (Mr. MELCHER), who is now presiding over the Senate, a few moments ago told the Senate that he feels that if firm steps are not taken by the Government at an early date, this country faces a severe economic dislocation, a severe recession.

I share those sentiments of the distinguished Senator from Montana. I think he is correct in his appraisal.

In determining the most effective course of action for the Government, for Congress and for the President, I invite the attention of the Senate to the proposal of the National Association of Realtors. It is called the "2-percent solution."

This formal plan was given to me several days ago by my friend and one-time neighbor, Mr. Charles R. Duvall, Jr., who is director of governmental affairs for the Virginia Association of Realtors.

The Virginia Association firmly supports the 2-percent solution proposed by the National Association of Realtors.

What the National Association of Realtors proposes in the 2-percent solution is to slow Federal spending by at least 2 percent.

In making this proposal the National Association of Realtors asserts that—

> Inflation can be brought under control only if we get responsible federal policies, not by the President's recent cosmetic spending "cuts" and increases in taxes. The following policies—the 2 percent solution—should be followed for a real fight against inflation:

Mr. President, I subscribe to that recommendation of the National Association of Realtors. I favor the 2-percent solution, but my preference is for a 4-percent solution—reduce the President's spending total by 4 percent.

On March 20 I inserted in the RECORD detailed recommendations as to where the tremendous increase in spending proposed by the President can be reduced by 4 percent. I started with function 150 of the budget, namely foreign aid, and I went through functions up through 850, and I submitted detailed recommendations.

I am convinced if Congress has the courage, if Congress has the will, if Congress has the determination, it can cut $26 billion from the proposed budget submitted by the President of the United States.

I do not say this can be done without some discomfort on the part of various groups who have been receiving large sums from the Federal Government. But my belief is, Mr. President, that this country is in such a serious, such a grave, condition that there is no painless way out of our dilemma.

I think there must be virtually across-the-board reductions in proposed Government spending. Almost every knowledgeable person with whom I have talked in recent weeks has asserted that the most important thing the Government can do to control inflation and reduce interest rates is for the Government to put its own financial house in order.

We hear a great deal in the news media these days that the President has proposed reductions in spending, that the Congress is proposing reductions in spending, that the Budget Committees are proposing reductions in spending. Those assertions just are not the facts.

Let me give you some figures. Four and a half months ago, November 16, Congress approved spending for the fiscal year 1980, namely the current fiscal year, of $548 billion.

The President this past Monday proposes spending for fiscal year 1981, the upcoming fiscal year, $612 billion. That is an increase in spending of $64 billion.

Is that the way to get spending under control? Of course, it is not.

I want to read another statement from the formal recommendation of the National Association of Realtors:

> WHAT CAUSES INFLATION
>
> Excessive growth in federal spending, higher taxes that add to the costs of production, the increasing cost of government over-regulation and the excessive growth of credit have been the major causes of the recent acceleration in inflation, increasing prices nearly 5 percent in 1979 alone. Government has accounted for over one-half of the acceleration in inflation from 4.8 percent during 1976 to 13.2 percent during 1979 and 18 percent so far in 1980.

(Mr. BOREN assumed the chair.)

Mr. HARRY F. BYRD, JR. Mr. President, I have a resolution from the Virginia Building Material Association signed by Richard H. Ferguson, president, and John H. Allison, secretary, and this is what that resolution says:

> Further, let it be known that we believe the solution to our current economic plight to be as follows:
>
> 1. Government spending must immediately be cut significantly so as to produce a budget surplus. Programs to be eliminated or curtailed should be those which reward non-productivity.
>
> 2. Any surplus achieved should be returned to the taxpayers in a manner which rewards investment, thrift, and productivity.
>
> 3. The size of government must be reduced.

Mr. President, I subscribe wholeheartedly to each of those proposals.

In ending, I want to commend a newscast yesterday by David Brinkley. In his commentary he put in perspective just what is, or rather is not, being done in Washington to get inflation under control—and what is not being done to get Federal spending under control.

I end by saying that I support the 2-percent solution offered by the National Association of Realtors, except that I would amend that to make it the 4-percent solution.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## EXTENSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, how much time remains in morning business?

The PRESIDING OFFICER. Twenty-two minutes remain.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I ask unanimous consent that that time may be extended by one-half hour, under the same conditions.

The PRESIDING OFFICER. Without objection, it is so ordered.

## THE UNITED STATES SENATE

Mr. ROBERT C. BYRD. Mr. President, on March 4, 1789, the day appointed for the beginning of the new Government, only eight U.S. Senators, among those already elected, assembled in the room assigned to the Senate in Federal Hall in New York City. The two Senators each from New Hampshire, Pennsylvania, and Connecticut were in attendance; one Senator from Georgia and one from Massachusetts were in attendance. More than a fortnight passed before any Senator appeared from New Jersey or Delaware. But, after 1 week of adjourning from day to day, the eight Senators sent a letter to the 10 other Senators who had been elected, urging their attendance. There was a severe storm that delayed the arrival of some of the Members. The Legislature of New York had not yet elected its Members and did not elect them until mid-summer.

At the end of another week, not a single additional Senator having appeared, a second and more urgent appeal was sent out. Finally, other Senators began to straggle in. It was April 6 before a quorum was established.

So, the Senate, which is really governed on the basis of precedents more than on the basis of its rules, was rather late a-borning, and thus set an early precedent for delay in the conduct of the people's business. The Senate met in an upper room in Federal Hall, and there are those who say that the term "upper House," may have resulted therefrom.

In any event, it was on April 30, almost 2 months after the inauguration of the new Government was supposed to have been accomplished, that President Washington spoke to Members of the House and Senate in joint session, and it was in the Senate that that joint meeting occurred.

There were 65 Members of the House of Representatives in that first session. It was almost to the end of the first session of that first Congress before 22 of the Members of the Senate put in an appearance.

After the first census was taken in 1790, in accordance with the provisions of the Constitution, the House membership increased from 65 Members to 105 Members and, after each decennial census subsequent to 1790, until 1911, the number of Representatives continued to increase. In 1911, the figure was set permanently at 435 and, since that time, has remained at that figure. In 1840, there was an exception, when Representative Millard Fillmore, before he became President of the United States, blocked an attempted increase in the size of the membership of the House of Representatives.

The representation from each State in the House of Representatives is apportioned on the basis of population, with the proviso that every State is entitled to at least one Representative. On the very first day, a committee of five Senators was appointed to draw up rules for the governance of the Senate. That committee of five was made up of lawyers.

Ten days after a quorum had been assembled—a quorum having assembled on April 6, 1789—on April 16, the committee of 5 submitted its recommended 19 rules. The Senate resolved that those 19 rules would "be observed." Two days later, an additional rule was "subjoined to the standing orders of the Senate," bringing the total to 20 rules.

There was a revision in 1806, another recodification or revision in 1824, another in 1868, another in 1884, and another in 1979. The number of rules, I believe, reached 53 in 1868. Today, there are 50 rules, but according to the recodification which took final form in 1980—this year—there will be 42 rules.

Mr. President, the Constitution contains seven articles. The first article created the legislative branch, the second article the executive branch, and the third article the judicial branch—the three coordinate equal branches of Government.

Of course, the fourth branch of Government is the people from whom those who govern derive their powers to govern.

There are 26 amendments to the Constitution. One of those, the 17th amendment, provides for the popular election of Senators.

Prior to 1913, Senators were elected by the various State legislatures, but when the 17th amendment went into effect in 1913, upon its ratification, the right to elect Senators was vested in the people, and taken from the State legislatures.

In that first session of the U.S. Senate, there were 11 Members who had participated in the Constitutional Convention. There were seven who had been commanding officers in the Continental Army. There were four who were among the authors of the Declaration of Independence.

Among those first Senators was Robert Morris, who had been the financier of the Revolution, and William Maclay, from Pennsylvania.

It is Maclay's own personal notes on the deliberations of the Senate to which we turn and on which we must depend for much or most information concerning what went on. The Senate conducted its business behind closed doors the first 5 years of its existence, and Maclay's writings, some would say, were undertaken with a "jaundiced eye."

Maclay has been described by one authority as a person who suffered from nostalgia, headaches, dyspepsia, rheumatism, acrid humor, and a pronounced inferiority complex, but without his writings very, very little would be known about what went on in the Senate during the First Congress.

He was one of the most critical observers of the doings of the Senate in the first couple of years, especially.

The Congress performs many functions under the Constitution. One of those functions is the legislative function, of course.

In carrying out this function, in the main, there are two types of bills—private bills and public bills. Public bills are legislation of a general nature. Private bills deal with granting some form of relief to a particular individual in a particular situation.

The committees of the Congress, which are really basic to our legislative process under our constitutional system, are divided, in the main, into authorizing committees and appropriations committees.

Now authorizations and appropriations cannot normally be included in the same legislation because this would make the legislation subject to a point of order, if such point of order is raised. If no point of order is raised, of course, nothing untoward happens.

But the appropriations follow the authorizations. Only that which has been authorized can be appropriated for.

So, as a general rule, points of order can be raised against appropriation bills if there is legislation included in the appropriation bill, and vice versa.

There are the following standing committees in the Senate: Agriculture, Nutrition, and Forestry; Appropriations; Armed Services; Banking, Housing, and Urban Affairs; Budget; Commerce, Science, and Transportation; Energy and Natural Resources; Environment and Public Works; Finance; Foreign Relations; Governmental Affairs; Judiciary; Labor and Human Resources; Rules and Administration; and Veterans' Affairs.

There are four select committees: Ethics, Small Business, Intelligence, and Indian Affairs.

There is a Special Committee on Aging.

So, there are today 15 standing committees, four select committees, and one special committee.

Most of the standing committees have subcommittees, with the exception of the Rules Committee. The Committee on Rules and Administration used to have subcommittees, but, upon a motion which I made some years ago, the subcommittees were eliminated and the full committee does its work without the use of subcommittees.

In the past, there have been more than 15 standing committees, but at the present time that is the number of standing committees in the Senate.

In rule XXV of the Senate, the jurisdiction of each of these committees is set forth.

Bills and resolutions are referred to committees on the basis of which committee has the preponderance of jurisdiction over the subject matter, and, upon occasion, bills are jointly referred to two or more committees, especially when those two or more committees have a considerable amount of jurisdiction over the subject matter of the legislation.

Occasionally, bills are sequentially referred, meaning that they are referred to one committee, and after the reporting of such bills from that committee, they are referred to a second or third committee.

The legislative function, of course, involves hearings, markup of legislation, reporting of the legislation from the committees to the Senate Calendar, the issuance of committee reports accompanying the legislation, in most instances, and then the action by the Senate and the House—the measures having to clear both Houses in identical form. Any differences are resolved in conference between the two Houses.

Another function of Congress under the Constitution is the informing function. Woodrow Wilson said that the informing function of the legislative branch was as important as the legislative function. The Senate implements its informing function, and so does the House, by virtue of this great forum that is available; also, through the wire services, the press, the media, the franking privilege. With the use of these instrumentalities, the people in the furthermost hamlet of the land are informed of what is going on.

The CONGRESSIONAL RECORD, itself, is a clearinghouse of information. One can find information on almost any subject, at one time or another, in the CONGRESSIONAL RECORD.

Another function of Congress is that of counting the electoral votes. The electoral college meets each December following a Presidential election; and at the beginning of the new Congress which immediately follows in January, the new Congress convenes in joint session, and two designees are appointed by each house. They count the votes, and the Vice President and the Speaker of the House preside. The roll of the States is called alphabetically, the electoral votes are counted, and the winner of the election is announced.

In the event no candidate gets a majority, the election is thrown into the House of Representatives for the President and into the Senate for the Vice President. In 1825, the election having been thrown into the House, John Quincy Adams won over Andrew Jackson, Henry Clay, and William Crawford.

Another function performed by Congress, under the Constitution, is that of originating constitutional amendments when two-thirds of the Members present and voting so determine. Such proposed constitutional amendments are in the form of joint resolutions. This is an instance in which a joint resolution does not go to the President for his signature, as is the case when joint resolutions are used as the vehicles for the creation of statutes. The States then must ratify, if the constitutional amendment is to be ratified, by at least three-fourths, either in conventions or through their legislatures.

As I indicated a moment ago, 26 amendments to the Constitution nave been ratified. Originally, 12 amendments were submitted, 10 of which were adopted, and they are referred to as the Bill of Rights. Since those first 10 only 16 amendments have been proposed and ratified.

Another function of the Senate is that of giving advice and consent to the approval of the resolution of ratification of treaties. Treaties are ratified not by the Senate, but only with the exchange of the instruments of ratification between the parties does the ratification actually occur, and that follows the approval by the Senate, such approval being manifested by a vote of two-thirds of those Senators present and voting. Even after the Senate gives its approval to the resolution of ratification of a treaty, the President may reject the treaty, if he sees fit.

Also included in the advice and consent function is that of approving or rejecting the nominations that are sent to the Senate by the President. Under the Constitution, certain officers of the Government, who are specifically set forth therein, or whose appointments are established by law, are nominated by the President and, with the advice and consent of the Senate, are appointed by the President. The President nominates the individuals; and if the Senate gives its approval by a majority vote, the President then appoints the individuals.

So the President has two steps in the process: He nominates and then later appoints the individuals to the office. Among those officers set out in the Constitution are the Judges of the U.S. Supreme Court, ambassadors, consuls, and such other officers as Congress by law, may designate.

Mr. President, in addition to the functions of the Senate which I have already set forth there is the trial function following on the impeachment function which rests with the House of Representatives.

The House of Representatives impeaches a civil officer for treason, bribery, or other high crimes and misdemeanors, and the Senate then conducts the trial of the individual.

In a case involving the President of the United States, the Chief Justice of the United States would preside over the Senate trial.

President Andrew Johnson was impeached by the House for "crimes not indictable" and failed of conviction by the Senate by only one vote.

The House of Representatives submits to the Senate the articles of impeachment from one to any number which the House of Representatives in its judgment deems justified.

The prosecutors would be Members of the House of Representatives who would appear in the Senate and proceed with the prosecution based on the articles of impeachment.

The Members of the Senate would be the questioners and jurors.

If the Senate, by a vote of two-thirds, votes to convict on the basis of one article out of many, then the person stands convicted. He could no longer hold any office of trust, honor, or profit under the United States, and would still be subject to trial and punishment according to law in the courts of the land.

The articles of impeachment need only a majority vote in the House, but conviction by the Senate on any article would be by a two-thirds vote.

Another function of the Senate is that of oversight. It carries out this function in several different ways—by requiring reports from governmental departments and agencies; by amending laws, repealing laws, or enacting new laws; by the conduct of hearings or through investigations; and also through the appropriations process, Congress having control over the public purse, the funding of agencies, the appropriation of moneys to administer programs.

Another function is the housekeeping function. The two bodies enact legislation carrying out housekeeping purposes, creating new committees, providing staffs for committees, setting up investigations, special committees, and so on.

Then there is the ceremonial function in which the two Houses receive messages from the President of the United States in joint session, the state of the Union message, for example, or such functions as that which the Senate performed in connection with the inauguration of the late Vice President Nelson Rockefeller. That inauguration took place here in the Senate.

So these are, in the main, the functions that are carried out by the Congress and, particularly, by the Senate.

The first article of the Constitution, provides that all legislative powers herein granted shall be vested in the Congress of the United States, consisting of a Senate and a House of Representatives.

Jefferson took Washington to task upon Jefferson's return from France for having agreed to a second Chamber, the Senate, under the Constitution.

Washington, it is said, according to tradition, asked Jefferson why he was pouring coffee out of his cup into his saucer, and Jefferson responded "To cool it," whereupon Washington is supposed to have said, that this was the purpose to "pour legislation into the Senatorial saucer to cool" the product of the House.

Many people feel that the legislative branch was the closest of the three branches to the hearts of the authors of the Constitution, and that closeness is conveyed in the fact that the establishment of the legislative branch is provided for in the first article, and by virtue of such placement, it is the branch that is the "popular branch," closest to the people.

The term "Congressman" can be applied to either a Representative in the other body or to a Senator. So precisely, the term "Congress" is meant for both bodies. To be more specific, a Member of the other body is a "Representative from the State of West Virginia," for example.

Lady Members of the Senate are referred to as Senators. A lady Member of the other body is referred to as a Congresswoman. "The gentlewoman from West Virginia," "from New York," or wherever it may be.

The constitutional qualifications for membership in the House of Representatives are that the individual must have attained to the age of 25, and that he will have been a citizen of the United States for 7 years at least, and that he be, when elected, an inhabitant of the State in which he shall be chosen.

Qualifications for U.S. Senator are that he shall have attained to the age of 30 years, shall have been a citizen of the United States for 9 years, and shall, when elected, be an inhabitant of the State for which he is chosen.

Henry Clay was a little too young when he was selected to serve in the Senate, but the other Members of the body did not conduct a very thorough investigation. He served two unexpired terms in the Senate. He seemed to have preferred the House of Representatives, however, over membership in the Senate, which is somewhat unique.

Henry Clay was one of three persons who was elected to the Speakership in the first term. Muhlenberg was elected Speaker of the House in the very first Congress.

Incidentally, the House was able to organize on April 1, 1789, so it organized 5 days earlier than did the Senate.

Clay of Kentucky was elected Speaker in his first term in 1811 and was reelected to the House and to the Speakership for five terms. Pennington of New Jersey was elected Speaker of the House during his first term in 1859.

Oh, yes, the late Senator Rush D. Holt from the State of West Virginia was elected to the Senate when he was 29 years of age, and had to delay his swearing in as a Member of the Senate for a while.

I should mention that Senators and Representatives receive a compensation for their services ascertained by law and paid out of the Treasury of the United States. There have been 16 pay increases for Members of Congress since 1789, and 3 of these were repealed. So there have been only 13 permanent pay increases for Members of Congress in 191 years.

Members of Congress are privileged from arrest except for treason, felony, or breach of the peace during attendance at a session of the Congress and if they are actually on their way to or from a session.

Each House is required to keep a journal of its own proceedings. So there is a journal for legislative sessions, a journal for executive sessions, and there is a journal for closed sessions of the Senate. Any Member can put the Senate into closed session if he receives a second in support of his request that the Senate go into closed session. That means that a second Senator must join a Senator in asking for a closed session. The Chair will then automatically, under the rules, clear the galleries and close the doors, and matters of a highly classified or sensitive nature can then be discussed in closed session.

The Senate, as does the House, has jurisdiction over its own rules and over the election returns and qualifications of its Members. If there is a contested election involving a Senator, the Senate Committee on Rules and Administration has jurisdiction over that contest, and then, of course, the Senate, in the final analysis, has the final say.

So, Mr. President, on another day I will hope to return to this subject. In closing, I give thanks to the "atrabilious and parvanimous creature," William Maclay, one of the first two Senators from Pennsylvania, for his foresight and vision in providing notes on the happenings and the events which occurred during the First Congress.

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## THE NEED TO HOLD THE LINE IN SPENDING FOR SENATE OPERATIONS

Mr. CHAFEE. Mr. President, in the present fiscal year, 1980, the Senate will spend $206,000,000 to operate itself. That covers the cost of our salaries, and those of our staff. That covers our travel, our stationery, and operations of our State offices, and so on. That $206,000,000 does not cover the costs of the Library of Congress or the General Accounting Office, or other associated services of the Congress.

In the past 2 years, this cost for operating of the Senate has risen by nearly 25 percent. Spending, before any possible fiscal year 1980 supplementals later this year, is up 12 percent from fiscal year 1979.

Mr. President, I am convinced that we have reached a point where the Senate, and indeed for the Congress as a whole, must put its house in order, to show the same kind of restraint we are asking of the administration and of the American people. Therefore, I am today proposing that we place a limit during fiscal year 1981 on the cost of the U.S. Senate, a limit that would be no higher than the fiscal year 1980 spending level. Specifically, I propose that we restrict spending by the Senate to $206,874,000 in fiscal year 1981.

In addition, I propose similar limitations on several joint Senate-House items, such as the $58,346,000 appropriated to the Architect of the Capitol, and the spending on the Capitol Hill Police Force, which is already one of the Nation's largest, about the size of the police force serving the city of San Diego with a population of 700,000 people.

Let us examine what has happened to spending on a couple of Senate items. The biggest increase has occurred in the Senate's contingency fund, which increased by some 54 percent to $39,195,000 in fiscal year 1980 over the fiscal year 1978 levels, including supplementals. The spending for personal office staffs has risen by 24 percent to $75,133,000 from fiscal year 1978 to fiscal year 1980.

We must also recognize the great discrepancies that exist in many of the budgets of our committees. Two of today's most pressing national problems are defense and energy. Yet committees like Judiciary and Governmental Affairs are funded at levels several times as high as the money made available to operate the committees handling defense and energy issues.

In considering my proposal, I am sure some will say: What about pay increases? What about "normal" growth? My answer to that is very simple: It is time that we in the Senate set an example. If we must fail to fill a few openings, so be it. If we must cut back on travel, so be it. But we must hold the line.

Let us not wail and gnash our teeth as though each of us would be reduced to abject poverty at the figure I am proposing. At $206,000,000 we will still have over $2,000,000 to pay and staff each of us—hardly minimal living.

Now how do I plan to implement this proposal? When the fiscal year 1981 legislative appropriations bill comes to the Senate floor later this spring, I shall offer an amendment, if that proves necessary, that would hold spending on U.S. Senate operations to the levels appropriated in fiscal year 1980. I urge that the Appropriations Committee take action in Committee to report a legislative appropriations bill with a $206,000,000 ceiling. But if that does not happen, I intend to offer my hold-the-line amendment.

Mr. President, I ask unanimous consent that several tables prepared at my request by the Congressional Research Service showing the recent level of Senate spending be printed at this point in the Record.

There being no objection, the tables were ordered to be printed in the Record, as follows:

### Selected Legislative Branch Appropriations Line Items, Fiscal Year 1978 Through Fiscal Year 1980

Twelve general headings comprise the Legislative Branch budget: House of Representatives, Senate, joint activities of both chambers, Architect of the Capitol, Library of Congress, General Accounting Office (GAO), Congressional Budget Office (CBO), Office of Technology Assessment (OTA), Government Printing Office, Botanic Garden, Copyright Royalty Tribunal, and Cost Accounting Standards Board.

In FY 1978, the House and Senate Appropriations Committees changed the format of the Legislative Branch Appropriations Bill. All activities which directly support the operations of Congress are grouped together under Title I. This encompasses appropriations for the House, Senate, and "Joint Items," the OTA, CBO, selected funds for Architect of the Capitol, Congressional Research Service (CRS), and the "Congressional Printing and Binding" functions of the GPO. All remaining Legislative Branch activities are grouped under Title II.

Tables 1 and 2 present selected Legislative Branch appropriations under Title I: "Congressional Operations" for the Senate and for selected "Joint Items," FY 1978–FY 1980. Funds include those enacted in regular annual and supplemental appropriations acts. Tables 3 and 4 depict funding, both statutory and investigative, for Senate committee staffs.

TABLE 1.—LEGISLATIVE APPROPRIATIONS ACTS—TITLE I: CONGRESSIONAL OPERATIONS—APPROPRIATIONS FOR SENATE ITEMS (FISCAL YEARS 1978 THROUGH 1980)

| Line item, Senate | 1978 appropriation [1] | 1978 supplemental | 1979 appropriation [2] | 1979 supplemental | 1980 appropriation [3] |
|---|---|---|---|---|---|
| Compensation and mileage of Vice President and Senators | $6,474,300 | | $6,480,000 | | $6,827,000 |
| Expense allowances of Vice President | 10,000 | | 10,000 | | 10,000 |
| Expense allowances of President pro tempore | | | | | 10,000 |
| Expense allowances of majority leader | 5,000 | | 5,000 | | 5,000 |
| Expense allowances of minority leader | 5,000 | | 5,000 | | 5,000 |
| Expense allowances of majority whip | 2,500 | | 2,500 | | 2,500 |
| Expense allowances of minority whip | 2,500 | | 2,500 | | 2,500 |
| Salaries, officers and employees (Senate): | | | | | |
| Office of the Vice President | 687,500 | $35,500 | 767,000 | | 810,000 |
| Office of President pro tempore | 111,100 | 4,900 | 116,000 | | 123,000 |
| Office of Deputy President pro tempore | 111,100 | | (4) | | |
| Offices of majority and minority leaders | 383,400 | 27,600 | 411,000 | | 540,000 |
| Offices of floor assistants to majority and minority leaders | 102,900 | 100 | 103,000 | | 109,000 |
| Offices of majority and minority whips | 222,200 | 16,800 | 239,000 | | 252,000 |
| Secretaries of Conference of Majority and Conference of Minority | 127,300 | 4,700 | 132,000 | | 140,000 |
| Office of the Chaplain | 36,800 | 3,200 | 40,000 | | 55,000 |
| Office of the Secretary | 3,205,200 | 220,800 | 4,116,000 | | 4,407,000 |
| Professional and Clerical Standing Committee employees and Select Small Business Committee employees | 9,284,700 | 243,300 | 10,528,000 | | 11,825,000 |
| Conference committees | 317,850 | 52,300 | 375,000 | | 792,000 |
| Administrative, clerical and legislative assistants to Senators | 56,200,000 | 4,464,100 | 70,881,000 | | 75,133,000 |
| Office of Sergeant at Arms and Doorkeeper | 16,681,000 | 1,219,000 | 19,803,000 | | 21,072,000 |
| Offices of secretary for the majority and secretary for the minority | 390,300 | 20,700 | 411,000 | | 434,000 |
| Agency contributions and longevity compensation | 6,500,000 | 785,000 | 7,785,000 | | 9,943,000 |
| Office of legislative counsel | 759,700 | 33,300 | 815,000 | | 899,000 |
| Contingent expenses (Senate): | | | | | |
| Senate policy committees | 1,178,500 | 93,500 | 1,388,000 | | 1,462,000 |
| Automobiles and maintenance | 50,000 | | 58,000 | | 65,000 |
| Inquiries and investigations (including select committees) | 28,441,200 | 1,553,800 | 30,625,000 | | 32,600,000 |
| Folding documents | 95,400 | 7,600 | 103,000 | | 109,000 |
| Miscellaneous items | 21,476,500 | 4,015,500 | 29,443,000 | | 39,195,000 |
| Postage stamps | 25,200 | | 6,000 | | 7,000 |
| Stationery (revolving fund) | 37,300 | | 39,000 | | 40,000 |

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[1] Legislative Branch Appropriations Act, fiscal year 1978, Public Law 95-94, 91 Stat. 653, Aug. 5, 1977.

[2] Legislative Branch Appropriations Act, fiscal year 1979, Public Law 95-391, 92 Stat. 763, Aug. 30. 1978.

[3] Legislative Branch Appropriations Act, fiscal year 1980, Public Law 96-86, 93 Stat. 657, Oct. 12 1979, contained in H.J. Res. 412, Continuing Appropriations, fiscal year 1980. See Congressional Record, Oct. 12, 1979, 28104–28110.

[4] Position abolished.

TABLE 2.—LEGISLATIVE APPROPRIATIONS ACTS—TITLE I: SELECTED JOINT ITEMS (FISCAL YEARS 1978 THROUGH 1980)

| Line item | 1978 appropriation [1] | 1978 supplemental | 1979 appropriation [2] | 1979 supplemental | 1980 appropriation [3] |
|---|---|---|---|---|---|
| Capitol Police—General expenses | $724,800 | | $750,100 | | $809,500 |
| Capitol Police Board | 1,572,000 | | 1,421,000 | | 1,263,000 |
| OTA—Salaries and expenses | 7,400,000 | $1,000,000 | 9,700,000 | | 11,000,000 |
| CBO—Salaries and expenses | 10,400,000 | | 11,368,000 | | 12,117,000 |
| Architect of the Capitol: | | | | | |
| Salaries | 2,002,800 | | 2,382,000 | | 2,836,000 |
| Continued expenses | 120,000 | 90,000 | 210,000 | | 210,000 |
| Capitol Buildings | 5,516,000 | 655,000 | 6,157,000 | | 7,394,000 |
| Capitol Grounds | 1,919,500 | 450,000 | 2,565,000 | | 4,062,000 |
| Senate office buildings | 9,102,000 | 1,110,000 | 10,328,600 | $600,000 | 10,983,000 |
| Senate garages | 153,500 | | 164,000 | | 196,000 |
| House office buildings | 18,176,900 | 811,000 | 21,065,000 | 400,000 | 18,484,000 |
| Capitol Power Plant (operations) | 12,317,000 | 600,000 | 13,635,000 | | 14,181,000 |

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[1] Legislative Branch Appropriations Act, fiscal year 1978, Public Law 95-94, 91 Stat. 653, Aug. 5, 1977.

[2] Legislative Branch Appropriations Act, fiscal year 1979, Public Law 95-391, 92 Stat. 763, Aug. 30, 1978.

[3] Legislative Branch Appropriations Act, fiscal year 1980, Public Law 96-86, 93 Stat. 657, Oct. 12, 1979, contained in H.J. Res. 412, Continuing Appropriations, fiscal year 1980. See Congressional Record, Oct. 12, 1979, 28104–28110.

TABLE 3.—APPROPRIATIONS FOR "INQUIRIES AND INVESTIGATIONS" AND "SALARIES, OFFICERS AND EMPLOYEES" AS APPLICABLE TO COMMITTEES OF THE SENATE (FISCAL YEAR 1978)[1]

| Committee inquiries and investigations | Total authorized inquiries and investigations | Total authorized for salaries, officers and employees |
|---|---|---|
| Aging (Special) | $468,500.00 | $267,465.77 |
| Agriculture, Nutrition, and Forestry | 658,270.81 | 469,696.00 |
| Appropriations | 870,887.00 | 1,925,381.00 |
| Armed Services | 837,237.50 | 490,817.99 |
| Banking, Housing, and Urban Affairs | 1,080,933.31 | 469,696.00 |
| Budget | 2,355,229.19 | 469,696.00 |
| Commerce, Science, and Transportation | 2,721,925.00 | 469,696.00 |
| Energy and Natural Resources | 1,248,541.69 | 469,696.00 |
| Environment and Public Works | 1,360,991.69 | 469,696.00 |
| Ethics (Select) | 500,000.00 | |
| Finance | 616,225.00 | 875,668.00 |
| Foreign Relations | 1,296,895.81 | 672,681.97 |
| Governmental Affairs | 4,157,025.00 | 537,357.97 |
| Human Resources | 2,550,083.31 | 1,078,653.97 |
| Indian Affairs (Select) | 582,600.00 | |
| Intelligence (Select) | 1,774,291.69 | |
| Joint Economic Committee (Study) | 600,000.00 | |
| Judiciary | 4,790,754.19 | 626,141.99 |
| Nutrition and Human Needs (Select) | $231,500.00 | |
| Rules and Administration | 734,645.81 | $562,775.96 |
| Small Business (Select) | 275,587.50 | 469,696.00 |
| Veterans' Affairs | 292,000.00 | 469,696.00 |
| Total authorized | 30,004,124.50 | 10,794,512.62 |
| Appropriations—Fiscal year 1978 | 29,441,200.00 | [2] 10,284,700.00 |
| Add: Cost-of-living increase | 1,553,800.00 | 243,300.00 |
| Total appropriations—Fiscal year 1978 | 30,995,000.00 | 10,528,000.00 |
| Summary: | | |
| Total appropriations | 30,995,000.00 | 10,528,000.00 |
| Less: Total authorizations | 30,004,124.50 | 10,794,512.62 |
| Total appropriations over authorizations | 990,875.50 | |
| Total authorizations over appropriations | | [3] (−266,512.62) |

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[1] Source is Legislative Branch Appropriations Act, fiscal year 1978 (91 Stat. 653).

[2] Each includes $1,000,000 carryover from fiscal year 1977.

[3] This difference essentially represents the amount for the Special Committee on Aging, which received standing committee funding on Mar. 6, 1978; the remainder ($953.15) is the result of rounding the appropriation to thousands.

TABLE 4.—APPROPRIATIONS FOR "INQUIRIES AND INVESTIGATIONS" AND "SALARIES, OFFICERS AND EMPLOYEES" AS APPLICABLE TO COMMITTEES OF THE SENATE (FISCAL YEAR 1979)[1]

| Committee inquiries and investigations | Total authorized inquiries and investigations | Total authorized for salaries, officers and employees |
|---|---|---|
| Aging | $328,508 | $481,706 |
| Agriculture, Nutrition, and Forestry | 765,167 | 481,706 |
| Appropriations | 987,271 | 2,122,727 |
| Armed Services | 837,608 | 504,008 |
| Banking, Housing, and Urban Affairs | 1,138,017 | 481,706 |
| Budget | 2,388,167 | 481,706 |
| Commerce, Science, and Transportation | 2,653,633 | 481,706 |
| Energy and Natural Resources | 1,374,167 | 481,706 |
| Environment and Public Works | 1,391,200 | 481,706 |
| Ethics (Select) | 700,000 | |
| Finance | 993,767 | 900,518 |
| Foreign Relations | 1,276,833 | 691,112 |
| Governmental Affairs | 4,345,611 | 551,508 |
| Labor and Human Resources | 2,703,833 | 1,109,924 |
| Indian Affairs (Select) | 621,600 | |
| Intelligence (Select) | 1,803,667 | |
| Judiciary | 4,782,567 | 643,612 |
| Rules and Administration | $718,333 | $576,706 |
| Small Business (Select) | 311,067 | 481,706 |
| Veterans' Affairs | 278,167 | 481,706 |
| Total authorized | 30,399,183 | 11,435,469 |
| Appropriations—Fiscal year 1979 | 30,625,000 | 10,528,000 |
| Add: Cost-of-living increase anticipated supplemental | 1,330,000 | 245,000 |
| | | 664,000 |
| Total appropriations—Fiscal year 1979 | 31,955,000 | 11,437,000 |
| Summary of appropriations and authorizations: | | |
| Total appropriations | 31,955,000 | 11,437,000 |
| Less: Total authorizations | 30,399,183 | 11,435,469 |
| Total appropriations over authorizations | 1,555,817 | [2]1,531 |

[1] Source is Legislative Branch Appropriations Act, 1979 (92 Stat. 763).

[2] Excess appropriations over authorizations for salaries, officer and employees is due to rounding.

Mr. CHAFEE. Mr. President, I take this opportunity to thank the majority leader for allowing me to intervene at this point.

Mr. ROBERT C. BYRD. I thank my friend.

Mr. PROXMIRE. Mr. President, will the distinguished majority leader yield? I apologize to him.

Mr. ROBERT C. BYRD. Not at all.

Mr. PROXMIRE. He is being so gracious.

Mr. ROBERT C. BYRD. I am sorry. I did not see my friend. I gladly yield.

## ARMS SALES UP—SECURITY DOWN

Mr. PROXMIRE. Mr. President, the recent announcement by the Secretary of State that U.S. arms sales policy will no longer be based on annual reductions in program activity underscores the inability of nations to come to grips with this most infectious of international diseases—arms addiction. Worldwide arms exports are nearing $25 billion annually with significant increases every year since 1975.

The administration's half-hearted efforts to interest NATO allies in mutual arms sales restraint have produced no results. In fact just the opposite seems to have occurred as other nations have aggressively entered the arms market. Emphasis on arms sales by high government officials in France and in other European countries has intensified the competition between arms manufacturing nations. Individual foreign firms have moved to the top of the foreign arms exporter lists. While Lockheed remains on top in terms of the dollar value of annual business, the next five companies are based in France, Great Britain or West Germany. Even developing nations are entering the market such as Brazil. And arms consumer Israel has a flourishing arms export business.

Arms trafficking has become a new international currency—a profitable expanding business force in the world. Under the justification of business is good for our balance of payments or if we do not sell weapons someone else will and that will cost us in jobs and we are just supplying a self-defense need, the arms merchants and their government spokesmen are turning the world into a vast armed camp.

While it may be true that some weapons are for show and some are for deterrence and some are for national pride, the only responsible long-term conclusion is that most are for war. They are bought to be used. And in the numbers and sophistication that are available in the current market, the result of their use will be increased devastation and increased efficiency in killing.

Our short-term greed will produce long-term disasters. The world is too populated by irrational concepts and intemperate leaders to long avoid a series of local conflagrations.

Mr. President, I ask unanimous consent that a recent article on the arms trade from Business Week magazine, which traces how tremendously expansionary this field has become, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### The Scramble To Cash in on Weapons Exports

In the chronicles of world trade, 1980 may well be known as the Year of the Gun. Spurred both by regional tensions and by the post-Afghanistan clash of the superpowers, global arms exports are soaring toward a record $25 billion and follow-on sales of spare parts, maintenance, and training could triple those earnings. The U.S., its European allies, and such new entrants to the world arms bazaar as Israel and Brazil are stepping up sales efforts—to support their domestic arms industries and to help pay their oil bills. The business has been growing at roughly $5 billion a year, and the prospects for the 1980s are for rapid expansion. As Wolfgang Mallmann, an arms control advocate at the Stockholm International Peace Research Institute, puts it: "There are no signs of restraint. The superpower talks have broken down and . . . on top of this, it looks as if the 1980s will be the decade for a struggle for world resources . . ."

That bodes ill for peace, but it is creating heady opportunities for companies that manufacture the high-priced equipment needed to fight or deter the battles of the future. The bonanza is most striking in the so-called "crescent of crisis," which runs from North Africa through the Middle East to Southwest Asia, a region where newly aggressive U.S. arms export policies and the hunger of European arms makers feeds on the insecurity of local rulers. The scope and significance of the sales is evident from a handful of recent deals and decisions.

On his early March tour through the oil states of the Persian Gulf, French President Valery Giscard d'Estaing plumped hard—and successfully—for his nation's military hardware exports. A fighter sales package, which could run to as much as $10 billion by 1985, appears set. That will shape the next decade for Avions Marcel Dassault-Bréguet Aviation, France's largest arms exporter.

In a contract believed to run to more than $1.5 billion, Italy agreed in late 1979 to supply Iraq with virtually a made-to-order fleet: four Lupo frigates bristling with Italian-made ship-to-ship and antiaircraft missiles, six fully armed corvettes, and a supply ship. The deal could push Italy past Britain (which sold some $2 billion in arms in 1978–79) to become the fourth largest arms exporter after the U.S., the Soviet Union, and France. It could also give Iraq the most powerful local fleet in the Persian Gulf.

In a key turnabout in its arms export policies, the Carter Administration announced in February that it would allow the U.S. aerospace industry to proceed with the long-delayed development of a new, lower-cost fighter plane, the F–X, which is intended mainly for export. Northrop Corp. is expected to produce a plan for an upgraded version of its durable F–5, while General Dynamics Corp. is likely to counter with a "no-frills" version of its top-of-the-line F–16.

Expanding on an earlier $1.5 billion arms package, the Carter Administration will soon seek congressional approval to supply Cairo with no less than $4 billion in U.S.-subsidized weaponry through 1984. The new package will include 250 Chrysler-built M–60 battle tanks and 40 of General Dynamics' $12 million F–16 fighters.

The Egyptian deal, together with the Administration's plan to give $400 million in arms aid to Pakistan—an idea spurned by Pakistan's strongman, General Zia ul-Haq, who wants $1.5 billion in arms and $1.5 billion in aid each year through 1982—and to sell $235 million in weapons to King Hassan of Morocco, all indicate that Washington is again willing to make arms sales a central element in U.S. foreign policy. That is a change from the Administration's initial efforts to curb the export of U.S. arms to "high-tension" areas, notably the Middle East and Africa.

### WINNING OVER WASHINGTON

That initiative never drew much response from Russia or, for that matter, from America's allies in Europe. While Russian arms sales remained high or increased, European arms marketers have fought for and won large shares in the very markets Wahington sought to cool. Indeed, many U.S. companies now worry that the Carter policy of restraint has only succeeded in creating a vacuum that European suppliers, led by France, Britain, West Germany, and Italy have eagerly filled. Industry insiders, for example, predict that French arms export orders may have reached $6.1 billion in 1979, nearly half of the U.S. total.

One prime goal for the European arms export drive is starkly simple: to keep the Continent's defense industry in business. "Exports are not an economic necessity for the Americans," says an executive at Thomson CSF, the French electronics group—because the U.S. military machine absorbs such enormous quantities of equipment. "But the day we stop exporting," he adds, "that's it. We close up shop." Indeed, France exports three times as many fighter jets as it buys for its own air force, and its leading arms makers—Dassault, Aerospatiale, and MATRA—depend on foreign markets keep unit costs down to pay for the huge research and development costs of modern weapons. Other European arms companies, such as West Germany's $1.2 billion tank-builder, Krauss-Maffei, or Italy's $213 million munitions company, Oto Melara, also export roughly 45 percent of their production—far more than most U.S. arms makers. European arms sales also help to pay the Continent's higher oil bills. Although national spokesmen deny any link, France's $5 billion in 1979 sales covered fully 20 percent of its oil-import bill.

### COMPETITION

While it is far less dependent on foreign sales, particularly since the domestic defense budget is due to rise steeply, the American arms industry has come to rely on them for a sizable portion of its income. Northrop, which has sold more than 3,500 F–5 lightweight fighters around the world, is a prime example. Northrop's export orders have made up slightly more than half of its total sales ($1.6 billion in 1979) for the past several years. Northrop's F–18L is now in competition with McDonnell Douglas Corp.'s F–18A and General Dynamics' F–16 to become the top-of-the-line fighter for a series of foreign air forces. At stake in the decisions by Israel, Spain, Australia, and Canada are not only initial orders of up to $10 billion but also a fast headstart in a world market of as much as 5,000 fighters and $50 billion in sales through the decade. Says one aerospace analyst: "The global fighter plane market in the '80s is unprecedented in numbers and dollars, and the company that gets rolling first is likely to stay out front."

Other U.S. companies that lean heavily on foreign sales include Lockheed Corp., which sold $1.4 billion abroad in 1979; McDonnell Douglas, with $638 million in foreign sales; and General Dynamics, which vended $518 million in weapons overseas last year.

But while Washington moves to sell more arms abroad, it must worry about the U.S. defense industry's ability to supply the hardware without encroaching on the production of weapons for the U.S. military. Given shortages of key materials and lead times of up to two years for such components as forgings, castings, and bearings, the industry will be hard-pressed to satisfy the needs of the Pentagon (BW–Feb. 4) and at the same time produce more for export. Delivery schedules will have to be stretched, and this could hurt the U.S. in competition with the Europeans.

U.S. companies have reason to worry about the ground they have lost to the Europeans. In retrospect, says an Administration official, restraint looks to have been "a very naive policy." For U.S. arms makers, the results were near-crippling. In 1978 alone, the Administration blocked sales of more than $1 billion in hardware to Africa, the Middle East, Asia, and even Europe. Among the potential sales aborted were Northrop F–5s and Hughes Aircraft Corp. antitank missiles to Bahrain, on which the U.S. now depends for naval facilities in the Persian Gulf. Also vetoed were sales of Vought Corp. A–7 attack aircraft and Bell Helicopter Textron gunships to Pakistan—before the Soviet invasion of Afghanistan.

### U.S. DECLINE

Indeed, although the U.S. remains the world's No. 1 arms exporter, industry spokesmen are warning that sales trends set off by the Administration's earlier policies are running against them. In mid-March, Walter R. Edgington, chairman of the Electronic Industries Assn.'s export-import committee, testified to Congress that, "This experiment in unilateral arms control was based on the premise that the 'good example' of the U.S. would reduce worldwide trafficking in arms. Instead, the result has simply been a loss of a major U.S. market share and influence." That argument is buttressed by last year's 53 percent decline in U.S. military aerospace exports to $1.9 billion from 1978's $4 billion.

Now, though, the Carter Administration is abruptly turning 180°—not only to shore up defense industry sales, but to meet the added security concerns of edgy Third World allies.

The sharpest index of that policy switch was the Administration's decision in early February to permit the U.S. aerospace industry to develop and build the new lower-cost F-X fighter plane for export. "That [arms restraint] policy is now dead," laments Senator William Proxmire (D-Wis.). "The door is now open for the [U.S.] arms manufactureres to sell sophisticated aircraft in any troubled part of the world."

### JOINT EFFORT

As the U.S. swings back toward more active arms salesmanship, it will find that the growing international cooperation between European arms corporations makes them more formidable competitors. In February, for example, France and West Germany announced that they will coproduce a new tank to replace the German-designed Leopard II and France's AMX-30 and to compete with Chrysler's new XM-1 in European and other foreign markets. Startup of the new tank will be shared by West Germany's Krauss-Maffei and Maschinenfabrik Kiel, a Krupp subsidiary, and France's state-owned arms maker, GIAT. The longer-range prospects for sales are bright, since the Bundeswehr is said to want 2,000, and the French Army will probably buy a similar number.

Other collaborative projects paying off for European arms companies include the Milan, Hot, and Roland missiles made by a partnership of West Germany's Messerschmidt Bölkow-Blöhm (MBB) and France's Aerospatiale. The three missiles have been marketed through the French-controlled corporation, Euromissile, which scored $690 million in sales in 1979.

For the moment, global markets are growing fast enough—and U.S. perceptions of heightened dangers are strong enough—that Washington welcomes multibillion-dollar French arms sales to the Middle East, for example, as complementary to U.S. policy. French Mirage sales to the Saudis and Iraqis are thus seen respectively in Washington as arming an ally who might have difficulty getting a U.S. arms purchase through Congress and weaning a former Soviet client state toward the West. But a Dassault executive already worries that Washington's new tack means that, "If the Americans sell more, we are going to sell less."

### BRAZIL'S GROWTH

The arms-buying binge is bringing in new competitors, too. From virtually nil in 1975, Brazil's arms exports have bolted to an anticipated $800 million in 1980, a move powered by sales of the Cascavel, a tough, agile armored car (BW—July 31, 1978). Brazil's numerous relatively small arms makers have focused on sales to governments in the Middle East, Africa, and Latin America, and they are also eager to supply the Chinese, who have sent two delegations to Brazil to shop—the most recent in late February.

Israel is also reaching out to global markets. The country's arms exports—ranging from Uzi submachine guns to jets—should top the $1 billion mark next year. On March 1, Israel announced that it planned to develop through Israel Aircraft Industries a new-generation fighter plane called the Lavi (Lion). Like its predecessor, the Kfir (Lion Cub), the Lavi will be powered by General Electric Co. engines—but this time the same F404 used on the U.S. F–18. The new plane could be a sharp competitor for the F–X and other U.S. fighters in Third World markets.

The biggest question mark over the arms trade of the 1980s may come from Japan. Banned by their own laws from exporting weaponry, Japanese businessmen are chafing for change. Because of the export ban, Japanese military equipment supplied to the Self Defense Forces (SDF) is among the world's most expensive. Nevertheless, Mitsubishi Heavy Industries' Type 74 tank is acclaimed by military experts, and, like other Japanese weaponry, would find a ready export market if the law allowed.

Even without the entry of the Japanese as major exporters, the arms boom will leave the world's tensest regions bristling with sophisticated arms by the decade's end. The irony may be that an intervention by the now-forming U.S. rapid development force—or any great power army—would therefore encounter stiffer resistance in any country that matters in the Middle East and much of the Third World. Speaking from the epicenter of the new arms race, a top Israeli defense expert warns grimly: "The conventional arms race has already led a number of [Middle East] states to the nuclear option."

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## THE GENOCIDE CONVENTION: RATIFICATION LONG OVERDUE

**Mr. PROXMIRE.** Mr. President, in 1946, the world was reeling in the aftermath of the holocaust, shocked by the horrifying crime which defined the word "genocide." And it was in 1949 that President Truman transmitted to the Senate for ratification the treaty designed to be a first step toward preventing a repetition of such a deliberate and systematic annihilation of a people—the Genocide Convention.

It is now 1980. For 30 years we have refused to act upon this treaty—a treaty which seeks to guarantee a basic right—the right to live, to all racial, ethnical, national, and religious groups.

Mr. President, while we have sat here and deliberated over the many facts of the Genocide Convention, atrocious violations of the most basic and fundamental rights have continued unabated. The locations are all too familiar—from Brazil to Nigeria, Uganda to Cambodia, the list goes on. Tragically, these most brutal, inhumane crimes are still very much with us.

How can we in clear conscience overlook these atrocities? We cannot. We have an obligation, a moral obligation, to use all of our diplomatic power to put an end to such inhumane behavior.

And yet, Mr. President, what have we done to halt these atrocities? Sadly, the answer is far too little. For its part, the Senate has dragged its feet for over 30 years failing to ratify the only international treaty which attempts to prevent and punish the crime of mass murder. It is no wonder that we do not always speak with credibility when protesting gross violations of human rights in other countries. Our failure to ratify the Genocide Convention is a national disgrace.

Mr. President, it is not my contention that the Genocide Convention is a panacea for the prevention of all human rights violations. It is not. It may not end, once and for all, each and every instance of the crime of genocide. It cannot.

But it is a tool, a vital tool, that can be used to strengthen our hand in eliminating this most horrible of all crimes.

Mr. President, we have no reason to delay any further. The time for us to make a final commitment to the right of all religious, racial, ethnical, and national groups to live is long overdue. We must ratify the Genocide Convention.

Mr. President, I thank my good friend, the majority leader, for so graciously yielding the floor to me.

Mr. ROBERT C. BYRD. Mr. President, the Senator is very welcome.

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## PRESIDENT CARTER'S REVISED BUDGET

Mr. THURMOND. Mr. President, while consistency is usually a commendable attribute, the consistent lack of leadership from the White House continues to plague the American people. This was illustrated, once again, when President Carter recently unveiled his revised fiscal 1981 budget.

Mr. President, a very brief editorial in the April 1, 1980 issue of the Wall Street Journal expresses quite well the crux of this problem for the Nation's taxpaying public. The editorial is titled, "Down $4, Up $28 [Billions]," and its entire content, as printed in two paragraphs, is as follows:

> The Carter administration finally released the results of its much-heralded budget cuts. The new forecasts purport to show a federal surplus of $16.5 billion [before off-budget borrowing] in fiscal 1981. This contrasts with a 1981 deficit of $15.8 billion forecast when the original budget was presented in January.
>
> This change results from a $4.3 billion drop in spending, now estimated at $611.5 billion compared to the January estimate of $615.8 billion. And from new revenues of $28 billion, now estimated at $628 billion versus the January estimate of $600 billion. The increased revenues result from the new oil import fee, withholding on interest and dividends and higher inflation estimates pushing everyone into higher tax revenues. So the result of Mr. Carter's "austerity" is budget cuts of $4.3 billion and new taxes of $28 billion. Four for you, 28 for me.

Mr. President, that brief editorial points up this country's very desperate need for leadership from the executive branch of our Government.

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## RHODE ISLAND JEWELRY SHOW

Mr. CHAFEE. Mr. President, I rise today to make mention of a most important event that will occur in my home State of Rhode Island next week which will affect every Rhode Islander. Beginning on Tuesday, April 8, and continuing through Tuesday, April 15, the city of Providence will host the biannual Wholesalers Jewelry Show.

Many of my Senate colleagues, and indeed, perhaps some Rhode Islanders, may wonder why a jewelry show, which is held twice every year, is of such importance.

The answer is simple: First, the jewelry industry is the largest single sector employer in Rhode Island, carrying 30 percent of the State's employable population; and second, the jewelry industry is facing severe economic problems. Next week's jewelry show will provide an indication of what the jewelry manufacturers can expect in the near future. It will be the first such show in Rhode Island, the center for costume jewelry, since the prices began fluctuating.

The situation is serious for several reasons.

Prices of precious metals.

Precious metal prices have increased and fluctuated dramatically. One year ago, gold was $250 per ounce. On December 1, 1979, gold rose to $415 per ounce. Seven weeks later, on January 21, it was $850 per ounce. Four days later, it had dropped to $645 per ounce. Currently, the price is running at about $500 per ounce.

Fluctuations in the vicinity of $50 per day have been common during this period, and have ranged as high as $100 per day.

The silver market has been even more volatile. One year ago, silver was $7.50 per ounce; 1 month ago the price was as high as $34.50 an ounce, and today, as a result of Mr. Bunker Hunt's recent activities, silver is sold at about $14.50 per ounce.

The jewelry industry is directly and most adversely affected by these developments. Its interest stems from the fact that the utilization of these metals is vital to the industry. It transforms them, by design and by labor, into an art form that can be sold to a market. In order to accomplish this objective, manufacturers of precious jewelry must price these products in a manner that will permit them and their distributors a profit as the merchandise moves through the distribution pipeline. Irregular price fluctuations in the ranges characteristic of this period make projection and calculation—traditional gold content pricing assumptions—virtually unworkable.

These uncertain conditions in the precious metals markets have compounded the problems of management in using industries like jewelry.

Transactions between manufacturers, wholesalers, and retailers have become chaotic. The impact of extraordinarily volatile price fluctuations can be seen currently in declining sales, cutbacks in jewelry manufacturing operations, and reductions in employment. Unemployment in the jewelry and silverware industry is up significantly, well in excess of annual seasonal adjustments. Certain regional economies have been critically affected. In Rhode Island, where the costume segment of the industry is concentrated, Department of Employment Security data show that employment in the industry dropped 10 percent between August 1979 and January 1980.

Figures from my State show that jewelry industry lost 900 jobs since January, and 3,400 over the last 12 months.

In the New York City area, the heart of precious jewelry manufacturing, employment has been severely reduced and is currently estimated to be about 40 percent of a year ago.

Imports compound the problem.

While U.S. foreign trade in jewelry rose to a record $1.1 billion in 1979, the U.S. foreign trade deficit in jewelry also rose to a new high, estimated at $773 million.

The tariff reductions, negotiated in the Tokyo round of the Mutilateral Trade Negotiations, will significantly affect future jewelry imports. Since January 1, 1980, tariffs on jewelry have begun being reduced in equal annual increments for 8 years. These tariff rates will be reduced 60 percent generally, the maximum allowed by the 1974 Trade Act.

In addition, more and more costume jewelry is entering this country duty-free each year from developing nations under the generalized system of preference (GSP) status. This trade situation is true of the silverware and plated ware industries also.

It is important to note that the overwhelming majority of jewelry manufacturers are small business. This means that these firms have less liquidity of assets and more difficulty adjusting to economic and trade pressures.

If these firms suffer economic damage due to higher prices of gold and silver, due to increased imports, or due to limitations on business credit—it could mean a financial crisis, from which my State and other regions of the country would find it difficult to recover. Not only would these manufacturers be hurt, but so too would the thousands of other companies that depend on jewelry-makers: box makers, display houses, trucking companies.

The message I wish to send to the participants of next week's jewelry show is that there is concern in Congress for their industry.

Since January, I have met with representatives from the Small Business Administration, the Economic Development Administration, bank officials, and jewelry manufacturers. Mr. George Frankovich, executive director of the Manufacturing Jewelers and Silversmiths of America, Inc., a national organization of jewelry manufacturers representing about 1,800 firms employing 30,000 people, has been the catalyst of these meetings and is, in large part, responsible for the results thus far.

As a result, some of the types of assistance that are underway are:

First. EDA will consider funding a market study for the jewelry industry to ascertain the magnitude of the problems, to explore possible remedies, and to learn what is needed to recapture an adequate share of the market;

Second. EDA has recommended that the State of Rhode Island, in conjunction with the jewelry industry, make application for an EDA grant under the revolving loan fund program. The grant would be made to the State or a State agency, and used to supply loans to individual manufacturers;

Third. SBA has met with representatives from the jewelry industry and the local commercial banks in an attempt to make more loan money available to jewelry manufacturers.

SBA suggested that current outstanding SBA loans or loan guarantees be renegotiated or refinanced, if it appears that the new market pressures will make it difficult for jewelry manufacturers to meet payments.

In addition, I am calling upon SBA to study the feasibility of raising the maximum loan amount now permitted a company to $750,000.

Fourth. Both EDA and SBA agree that greater effort be made to educate jewelry manufacturers about possible available benefits through trade adjustment assistance.

While these solutions are short term, it is my hope that a long-term plan to assist the jewelry industry can be devised and implemented. Senator PELL and I are currently working to organize a Congressional Jewelry Commission, comprised of the Senators and Congressmen from the States most seriously affected. Later this month, we plan to hold our first meeting to discuss the role of this group in greater detail.

The important message from Washington, is that there is support for the jewelry industry, and a growing awareness of the problems you face. The sooner we act, the more jobs we can save in the long run.

I hope that next week's jewelry show is a success. I join all Rhode Islanders in offering a warm welcome to the wholesale buyers who will visit our State and view our major industry's goods.

Mr. President, I ask unanimous consent to have two articles printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

### R.I. JEWELRY DROPOFF HIKES THE JOBLESS RATE

PROVIDENCE.—The jewelry slump, caused largely by the price of gold and silver, is a big factor in job losses that pushed Rhode Island's unemployment estimate to 8.1 percent in February, the highest level in two years.

State figures released Friday showed unemployment increased by 2,500 jobs from January, a month in which 35,000 people—an estimated 7.6 percent of the work force—were jobless. The national rate for February was 6.8 percent.

"If it were not for such severe cutbacks in the jewelry manufacturing industry, we would not be seeing the figures we see today," said Employment Security Director Mary C. Hackett.

Jewelry lost 900 jobs since January and 3,400 over the last 12 months. The other manufacturing segments added a total of 1,400 workers over the year, leaving a net loss of 2,000 in the category.

"Uncertain prices and the inability to buy gold and silver, and then to price their goods for later delivery are a big problem for the jewelry industry. There has been no fad, no gimmick that has caught on in the last year or so.

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### JEWELRY AND JOBS

(By Tracy Elliot Hall)

"It's the second oldest profession in the world," assures George R. Frankovich, vice president and executive director of Manufacturing Jeweler's and Silversmith's of America, Inc., with a wavering smile. "Sure we're seeing some tough times now, and they'll probably get tougher—there's no way to hide it. But there's one thing we're counting on in the long run, the desire almost everyone has to change and improve their appearance. Adornment is an ancient custom. Costume jewelry has given the average consumer that opportunity and we don't think they'll ever really give it up."

1979 has been what Mr. Frankovich and many other industry spokesmen euphemistically call, when asked, a "soft" period; the softest, in fact, since 1794 when goldsmith, jeweler, clock and watchmaker Nehemiah Dodge found a means of turning out quality piece of jewelry using less than 18 or 22 karats of gold. In his small North Main Street shop he pioneered the manufacturing of jewelry and silverware in Rhode Island setting a precedent for competition and a whole industry firmly on its way.

In a jewelry industry handbook edited by Mr. Fankovich, a thirty-year veteran of the business, the origin of jewelry is quaintly attributed to the discovery of a nonutilitarian pebble by an imaginative caveman who names it his "good luck pebble" after carrying it into a successful hunt. It goes on to say that "the history of jewelry is the history of civilization," and that "throughout the ages, the rise and fall of civilization can be traced through the ornaments of that age." Those appear to be statements for the sake of poetry, not prophecy. But the wheel of fortune that went spinning round so fast through 1965 for the jewelry industry is losing speed, noticeably, and although no one is eager to admit it, the truth is it's been happening for a long time.

By 1810 Rhode Island was grossing $100,000 in jewelry sales with the input of 100 workers. Today it claims a one billion dollar or 25 percent share of a four billion a year market, housing 800 of the industry's 4000 manufacturing firms and employing a third of the nation's 84,000 jewelry manufacturing work force. More than half of those one billion dollars, approximately 630 million, are earnings of the costume jewelry and silverware segment alone.

They're impresive figures and at the same time very deceptive; they tell little about actual industry growth, its welfare and most importantly the economic well being of a state that is precariously dependent upon its success or failure. Next to the government, the jewelry industry is the largest single sector employer in Rhode Island, carrying close to 30 percent of its employable population.

"This is a labor intensive industry," says Mr. Frankovich, "so we can make certain judgments about its condition by looking at changes in the work force over a period of time, especially in the period following vacations in July and August. That's typically a time of active hiring—last year there was almost no hiring going on. In fact, there's been attrition in the employee ranks as well as among the jewelry firms themselves—mostly the small ones, but it's starting with the bigger ones now too."

#### BAD FOR JEWELRY INDUSTRY—BAD FOR THE STATE

All jewelry falls into one of three categories: fine jewelry, made from solid gold or platinum and precious stones; silver and gold filled jewelry, using synthetic and sometimes real stones; and costume jewelry, produced from a base metal, finished through an electroplating process and only incorporating imitation or synthetic stones. Costume jewelry is plainly a bread and butter item for the Rhode Island jewelry industry; of the $783 million of finished costume jewelry shipped nationaly in 1977, over half ($418 million) came from us. So when things look bad for the costume jewelry industry, they look bad for the jewelry industry in Rhode Island and probably, logically, for the state as a whole.

#### AN EASY BUSINESS TO GET INTO

Between 1967 and 77 census figures show that whereas total industry revenues rose by 2.5 billion dollars, the costume segment work force rose by only 1300. The number of manufacturing facilities increased by just 74 and since 1977 off the record figures indicate that 38 have gone out of business. "Of course it's not really fair to draw conclusions from the change in the number of manufacturers", reminds Mr. Frankovich. "The jewelry business is one of the easiest to get into. It requires almost no capital because the job shops have all the equipment anyone would ever need to actually put a piece of jewelry together. If you want to go into business, you just take your design to a mold maker to have it cast, to a plater if you want it plated and to an assembly shop to have it put together. People are dropping in and out of this business every day without our even knowing it."

Nevertheless by September 1979 and 34,600 Rhode Islanders who were employed throughout the industry in 1977 had dropped to 30,000. According to industry officials, the bulk of the layoffs have taken place in 1979. "About 40% of our membership is from the Rhode Island and southeastern Massachusetts area," says Mr. Frankovich." "In the last year we've lost more members than we have collectively over the last ten."

#### WHAT'S GOING ON

Why is this happening to the jewelry industry, and will it turn out to be just another one of those downs in the ups and downs pattern the industry has learned to grin and bear? One theory offered by Mr. Frankovich is that with the increasing uncertainty over the dollar's value Americans are putting the few or many they have into solid investments like real estate, diamonds and gold. "Those are definitely the big three right now. The more the price of gold goes up, the more the demand for it. Right now that part of the jewelry industry is booming."

He points to the energy issue as the second major obstacle. "In the past when the economy showed a slump, like in '72, people still put their expendable dollars into luxuries, but less expensive ones, like costume jewelry. Those were actually good times for us. But there just aren't those expendable dollars anymore, they don't exist—so there's no room for luxuries. People are putting their money into necessities—mainly fuel."

Exportation has been suggested as one method of reviving lagging sales. Less than 5 percent of Rhode Island jewelry is currently exported. But more efficient production techniques is the more obvious prescription. "Unfortunately that would only hurt, not help, the crises in Rhode Island. We want to maintain a work force—increased technology can only reduce it."

While the costume jewelry industry is clearly entering a dark period, Mr. Frankovich claims that many Rhode Islanders have misconceptions about the role the industry should play in the first place which makes the situation appear worse than it really is. "A lot of people compare the jewelry industry to the steel, computer, and auto industries. They complain that our workers are underpaid. But this business isn't anything like those businesses. We've got our cadre of skilled people just like they do—the tool makers, die cutters, designers, model makers, and they make just as much as the electronics technician up Route 128 does. But the process of making jewelry is primarily hand work and requires no skills—so the bulk of our work force are secondary breadwinners. Sixty percent are women, but even that's changing. The point is we feel we fill a gap by giving unskilled labor a chance to earn those needed dollars."

Rhode Island would, according to Mr. Frankovich, be much better off with an auto or steel or computer industry in addition to the jewelry industry, which is being too heavily relied on now. "It doesn't have these other industries to fall back on and there are reasons it doesn't which obviously aren't the fault of the jewelry industry."

So while one consumer is buying up gold and the other is trying to pay for a winter's worth of fuel, neither are frequenting fashion jewelry counters the way they used to.

## PRESIDENT SADAT'S VISIT

**Mr. ROBERT C. BYRD.** Mr. President, next week, Egypt's Anwar al-Sadat will be in Washington. President Sadat is one of the world's leading statesmen. His visit comes at a critical point in the negotiations to achieve a just and lasting peace in the Middle East.

No issue in the postwar period has proved more intractable and more fraught with danger to the world community than the Middle East confrontation between Israel and its Arab neighbors. Historical, geopolitical, and cultural factors combine to make this confrontation one of the most difficult problems in international politics.

In the face of these enormous difficulties, progress toward the resolution of the confrontation has been made—progress that would have been unthinkable even a few years ago. Many factors have contributed to this progress, but it would have been impossible without the courage and imagination of three men—President Sadat, Israel's Prime Minister Menachen Begin, and President Jimmy Carter.

President Sadat's unprecedented visit to Israel in November, 1977, was a turning point in Middle East relations. This was followed by a return visit to Egypt by Prime Minister Begin. With the active intervention of President Carter, the Camp David accords were agreed to in September 1978. The subsequent Egyptian-Israeli Peace Treaty of March, 1979 is a milestone, a step toward a comprehensive peace that is in the security interests of every nation in the Middle East.

The on-going talks on autonomy for the West Bank and Gaza are the next phase in the peace process. Difficult problems remain to be resolved if major progress is to be achieved by the informal deadline of May 26, 1980. But, based on the record of achievement to date, I am hopeful that progress will be made.

President Sadat has paid a heavy price for his peace-seeking efforts in terms of Egypt's relations with other Arab countries. I hope that in time, these nations will recognize that Egypt's steps toward a comprehensive peace serve the interests of all Arabs. Major progress in the autonomy talks would help to make this clear.

Progress on autonomy for the West Bank and Gaza is also an American foreign policy priority. Without progress on the Palestinian question, it is difficult for the United States to foster closer cooperation with Arab nations—cooperation that is all the more important given recent events in the Persian Gulf and Southwest Asia.

Egypt needs and deserves U.S. support for the peace initiatives taken. Economic and military aid for Egypt—as well as for Israel—contribute to the economic progress and security that are the foundations of peace. This aid is an investment in America's own security. I support the administration's aid requests for Egypt and I am confident that my colleagues in the Senate will do so as well.

President Sadat will be welcomed next week as a firm friend of the United States in a troubled but strategically important part of the world. I join with my colleagues and the American people in wishing President Sadat well in his talks with President Carter—talks that will be complemented by talks with Prime Minister Begin the week after next. We must not lose the momentum of peace in the Middle East.

## MESSAGE FROM THE HOUSE

At 11:03 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House had passed the following bills, in which it requests the concurrence of the Senate:

H.R. 5410. An act to amend title 5, United States Code, to require any Federal employee who elects at the time of retirement not to provide survivorship benefits for the employee's spouse to notify (or take all reasonable steps to notify) the spouse of that election;

H.R. 5563. An act to provide that certain judicial pleadings and proceedings in the Commonwealth of Puerto Rico may be conducted in the Spanish language, and for other purposes; and

H.R. 6464. An act to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Mich., in return for two new office buildings at the Detroit Arsenal, Warren, Mich.

## HOUSE BILLS REFERRED

The following bills were read twice by their titles and referred as indicated:

H.R. 5410. An act to amend title 5, United States Code, to require any Federal employee who elects at the time of retirement not to provide survivorship benefits for the employee's spouse to notify (or take all reasonable steps to notify) the spouse of that election; to the Committee on Governmental Affairs.

H.R. 5563. An act to provide that certain judicial pleadings and proceedings in the Commonwealth of Puerto Rico may be conducted in the Spanish language, and for other purposes; to the Committee on the Judiciary.

## HOUSE BILL PLACED ON THE CALENDAR

The following bill was read by title and ordered placed on the calendar:

H.R. 6464. An act to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Mich., in return for two new office buildings at the Detroit Arsenal, Warren, Mich.

## EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3448. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "A Framework and Checklist for Evaluating Soil and Water Conservation Programs"; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3449. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend chapter 5 of title 37, United States Code, to make permanent the special pay provisions for reenlistment and enlistment bonuses, and for other purposes; to the Committee on Armed Services.

EC-3450. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Alternatives for Eliminating Amtrak's Debt to the Government"; to the Committee on Commerce, Science, and Transportation.

EC-3451. A communication from the Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, certain proposed amendments to the previously submitted proposed legislation to authorize appropriations to NASA in order to bring the request into line with the President's revised budget for fiscal year 1981; to the Committee on Commerce, Science, and Transportation.

EC-3452. A communication from the Secretary of the Interior, transmitting a draft of proposed legislation to amend title IV of the Federal Land Policy and Management Act of 1976, as amended (43 U.S.C. 1701 et seq.) to establish the Snake River Birds of Prey National Conservation Area, Idaho; to the Committee on Energy and Natural Resources.

EC-3453. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Problem of Disposing of Nuclear Low-Level Waste: Where Do We Go From Here?"; to the Committee on Energy and Natural Resources.

EC-3454. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "U.S. Energy Assistance to Developing Countries: Clarification and Coordination Needed"; to the Committee on Foreign Relations.

EC-3455. A communication from the Acting Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to authorize appropriations for fiscal year 1981 for the International Natural

Rubber Agreement; to the Committee on Foreign Relations.

EC-3456. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Congress Should Consider Exploring Opportunities To Expand and Improve the Application of User Charges by Federal Agencies"; to the Committee on Governmental Affairs.

EC-3457. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Federal Labor Relations Authority: Its First Year in Operation"; to the Committee on Governmental Affairs.

EC-3458. A communication from the Attorney General of the United States, transmitting, pursuant to law, a report on the activities of the Department of Justice under the Bankruptcy Reform Act of 1978 for the period October 1 to December 31, 1979; to the Committee on the Judiciary.

EC-3459. A communication from the Attorney General of the United States, transmitting, pursuant to law, a report on the activities and responsibilities of the Department of Justice for fiscal year 1979; to the Committee on the Judiciary.

EC-3460. A communication from the Chairman of the Federal Election Commission, transmitting, pursuant to law, a copy of the March 31, 1980, submission to the Office of Management and Budget concerning a further reduction of the President's recommended fiscal year 1981 budget for the Commission; to the Committee on Rules and Administration.

EC-3461. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report on a certain rescission of budget authority for the Department of Energy; pursuant to the order of January 30, 1975, referred jointly to the Committee on Appropriations, the Committee on the Budget, and the Committee on Armed Services.

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HEFLIN (for himself and Mr. Stewart):

S. 2535. A bill to amend title XIX of the Social Security Act to permit State medicaid programs to require nominal copayments for basic services provided to categorically needy individuals; to the Committee on Finance.

S. 2536. A bill to amend title XIX of the Social Security Act to permit States to terminate eligibility for medicaid medical assistance for up to 1 year for individuals determined to have abused the medicaid program; to the Committee on Finance.

S. 2537. A bill to permit relatives of medicaid-eligible individuals residing in nursing homes to contribute voluntarily to a State fund for the provision of such care; to the Committee on Finance.

S. 2538. A bill to amend title XIX of the Social Security Act to allow States to provide for competitive bidding for the purchase of certain items under their medicaid plans; to the Committee on Finance.

By Mr. JAVITS:

S. 2539. A bill to provide for the protection of the public health and safety from unnecessary exposure to radiation due to medical and dental radiologic procedures, to amend the Federal Food, Drug, and Cosmetic Act, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. YOUNG:

S. 2540. A bill for the relief of Mikako Maeda (MacGregor); to the Committee on the Judiciary.

S. 2541. A bill for the relief of Sumi Maeda; to the Committee on the Judiciary.

By Mr. CHAFEE:

S. 2542. A bill to grant a Federal charter to the Italian American War Veterans of the United States of America; to the Committee on the Judiciary.

By Mr. MAGNUSON (by request):

S. 2543. A bill to extend the appropriation authorization for the Commercial Fisheries Research and Development Act of 1964, as amended; to the Committee on Commerce, Science, and Transportation.

By Mr. CRANSTON:

S. 2544. A bill to establish an Office of Federal Audio-Visual Policy within the Office of Management and Budget, and for other purposes; to the Committee on Governmental Affairs.

By Mr. ARMSTRONG (for himself, Mr. Hart, Mr. Goldwater, Mr. Hatch, Mr. Cannon, Mr. Domenici, and Mr. DeConcini):

S. 2545. A bill to authorize certain additional measures to assure accomplishment of the objectives of title II of the Colorado River Basin Salinity Control Act, and for other purposes; to the Committee on Environment and Public Works.

By Mr. ARMSTRONG (for himself and Mr. Hart):

S. 2546. A bill to authorize the Secretary of the Interior to design and construct a gunite lining on certain reaches of the Bessemer Ditch in the vicinity of Pueblo, Colo., to prevent or reduce seepage damage on adjacent properties, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. GRAVEL (for himself, Mr. Hatfield, Mr. Levin, and Mr. Hayakawa):

S. 2547. A bill to amend the Internal Revenue Code of 1954 with respect to State or local government obligations issued to finance certain beverage container facilities the construction of which is made necessary by an antidisposable beverage container law; to the Committee on Finance.

By Mr. STONE:

S. 2548. A bill relating to the application of section 103(b) of the Internal Revenue Code of 1954 to certain bonds for harbor improvements; to the Committee on Finance.

By Mr. MAGNUSON:

S. 2549. A bill to authorize appropriations for fiscal years 1981, 1982, and 1983 to carry out the Atlantic Tunas Convention Act of 1975; to the Committee on Commerce, Science, and Transportation.

By Mr. KENNEDY:

S. 2550. A bill to provide for price and wage stabilization; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. CRANSTON:

S. 2551. A bill to establish the Big Sur Coast National Scenic Area in the State of California; to the Committee on Energy and Natural Resources.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JAVITS:

S. 2539. A bill to provide for the protection of the public health and safety from unnecessary exposure to radiation due to medical and dental radiologic procedures, to amend the Federal Food, Drug, and Cosmetic Act, and for other purposes; to the Committee on Labor and Human Resources.

### MEDICAL RADIATION SAFETY ACT OF 1980

Mr. JAVITS. Mr. President, today I am introducing a bill designed to protect the public from unnecessary exposure to medical X-rays.

With breakthroughs of new technology and new applications of existing technology, the use of radiation in the healing arts is constantly on the rise. More and more the public is aware of the health hazards associated with radiation exposure. Much of this is natural background radiation, over which we have little control. But for many years public attention has been concentrated solely on the potential dangers of nuclear power and atomic weapons tests, although these actually contribute only a small portion of peacetime radiation exposure. The much larger danger, and one which we can control, is from improperly controlled medical and dental X-rays. Medical radiation accounts for 90 percent of radiation exposure above normal background levels which the average citizen receives.

Every year over 240 million diagnostic X-ray examinations are given in the United States to as much as 90 percent of the population. The majority of these procedures are undoubtedly beneficial to the health of Americans, and many are lifesaving. No one should be discouraged from having an X-ray when it is medically necessary. But scientists and government officials now believe a large part of exposure to medical X-rays—30 percent or more—is unnecessary and can be avoided without loss of benefit to the patient. Reports by the National Academy of Sciences indicate that exposure to low levels of radiation can present serious health risks, and that exposure to 0.1 rem may be causing 2,000 to 9,000 excess cancers per year. Some estimates place that figure even higher. Where these risks are being taken unnecessarily, we cannot afford to stand by and watch.

Overexposure to medical X-rays is also costing this country billions of dollars in health care and lost productivity. In 1977 the total cost of X-ray examinations was $6.5 billion—twice the budget of NIH and 4.5 percent of the Nation's total health care bill—and the Federal Government must pick up the tab for many of these procedures. The FDA estimates that some $2 billion of that is wasted every year on unnecessary X-rays which may do patients more harm than good, besides fueling raging health care costs. That $2 billion covers only direct medical costs, and doesn't begin to include the expenses we could face 10 to 20 years from now when slow-developing cancers and birth defects begin to surface. We can expect that an additional one-fourth of the immediate cost of X-rays, in the range of $500 million a year, will appear in later years as deferred health care costs, without even counting lost productivity, or possible genetic mutations doomed to be passed on to future generations. We are already seeing higher rates of cancer and other diseases traceable to the indiscriminate mass X-ray and mammography screening programs of the 1940's and 1950's.

We could save needless risks and money by reducing X-ray exposure where possible. Yet it is becoming increasingly clear that our existing regulations and enforcement programs are not adequate to protect the public from hazardous levels of exposure.

Last year a major study by the Interagency Task Force on Ionizing Radiation headed by HEW highlighted the dangers of population exposure to medical X-rays, and found that radiation protection responsibilities are widely scattered among numerous Federal agencies with little coordination of resources and objectives. The report was the subject of extensive hearings in the Subcommittee on Energy, Nuclear Proliferation, and Federal Services of which I am ranking minority member. The report suggested that there is inadequate policing of radiologic equipment both at the distribution stage and later, in the hospitals and clinics where it is used, and that many physicians are not adequately educated in exposure techniques and hazards. The task force targeted medical radiation exposure for early action, urging that the United States "undertake a concerted program to achieve radiation exposure reduction in the healing arts." As of today, no such program exists.

A study released by the General Accounting Office last December confirmed these findings, and found that overexposure from medical radiation continues to be a serious problem, despite the mandatory and voluntary standards set by the Food and Drug Administration. The FDA's model X-ray technician licensing program has gained acceptance in only a handful of States. Doctors continue to overprescribe X-rays despite FDA's educational efforts. And even with mandatory performance standards in place for new equipment, 30 percent of new machines are still out of compliance on initial inspection. Clearly these programs are not enough, and the public is looking to the Federal Government for better protection. State officials, professionals, and consumer advocates believe the situation will not improve unless the Federal Government takes a stronger role in radiation protection. My package addresses these issues, and proposes a comprehensive program to reduce medical radiation exposure.

Increased coordination of diverse Federal radiation protection responsibilities is the essential centerpiece of any successful radiation protection program. S. 1938 filed by Senator GLENN establishes a Federal Radiation Protection Council to resolve the problems of overlapping jurisdiction and conflicting responsibilities, and requires the Council to develop a plan for reducing medical radiation exposure. I will be proposing an amendment to insure that the Council gives high priority to this important task in the first year of its life. The President has more recently established by Executive order a Radiation Policy Council, but it lacks the authority to make recommendations to the President and to Congress regarding radiation policy. The Glenn bill gives the Council this important authority.

My legislative package proposes a comprehensive set of new standards for X-ray equipment and procedures in order to assure the safe application of medical and dental radiation. Many of these standards have already been implemented in a few States such as New York and California, where they have met with widespread success and have been held up as a model for other State and Federal efforts.

First, the bill proposes a system of licensing operators of medical and dental X-ray equipment. Similar licensing bills have passed the Senate in both the 94th and 95th Congresses, but have not been enacted into law. My bill will require the Secretary of Health and Human Services to set standards for State licensing programs, and will require licensing of all X-ray technicians within 3 years. The bill also provides for Federal standards of accreditation for educational institutions which train X-ray technicians, so that we may be sure of the quality of education these technicians receive. The bill follows the approach taken by Congressman LENT in H.R. 5934.

It is inexcusable to allow persons with little or no training to administer X-rays, and yet this is possible in most States and as many as 50 percent of technologists have no recognized credentials. In Connecticut it is estimated that 90 percent of all dental X-rays are performed by assistants with no formal radiologic training. And yet in many of these States other professionals such as beauticians and butchers must be licensed and have up to 1,500 hours of formal training, although their professions constitute a lesser hazard to public health and safety.

X-ray technicians are largely responsible for protecting patients from overexposure. They determine the size and intensity of the X-ray beam, the duration of exposure, the shielding of reproductive organs, and the quality of film produced. We must insure that they receive the best possible training and have adequate knowledge of the need for caution in the use of this dangerous medical tool.

Today the Health Subcommittee on which I serve is holding hearings on a licensing proposal introduced by Senator RANDOLPH. I will be working in committee to address these and other concerns as the committee considers this proposal.

Under the second title of my bill, the Secretary would propose standards for quality assurance programs in X-ray facilities such as hospitals and clinics. FDA studies show that the exposure used for identical X-ray examinations can vary as much as one hundredfold from one facility to another. These facilities provide the largest volume of radiologic services, and are thus a major target for exposure reduction efforts. My bill would require facilities to meet those standards within 3 years as a condition of Federal reimbursement for X-ray.

Quality assurance programs have been shown to contribute significantly to exposure reduction. An FDA study done in cooperation with a Baltimore Public Health Service hospital showed a reduction of 30 percent in the number of films which had to be retaken because of poor technique, after instituting such a program. If only 10 percent of exposures are eliminated nationwide, the savings in film alone would amount to $130 million a year. Another $200 million per year could be saved in deferred health costs from avoiding overexposure.

Another aspect of quality control is the restriction of beam size on X-ray equipment. Approximately one-half of all X-ray exposures involve the use of a beam that is larger than the film registering the image; 15 percent of beams are more than twice as large as the film plate. This extra exposure can in no way contribute to the patient's benefit, and if the beam size is properly controlled, one-third of exposure can safely be avoided.

This section would also require users of X-ray equipment to recertify equipment on an annual basis as meeting applicable performance and quality assurance standards. Most experts agree that frequent inspection and calibration of equipment is necessary to keep these complex systems in proper adjustment. Yet, only 5 percent of all X-ray equipment is subject to annual State or Federal inspection. Many States inspect equipment only once every 6, 8, or 10 years, and serious defects can go unnoticed for that long while subjecting patients to hazardous exposure. In one case, the GAO found that patients in the waiting room of a Virginia dentist's office were receiving doses in excess of the State levels. These situations cannot be allowed to exist when they can be easily corrected, and an annual recertification program would insure that hazards do not go uncorrected for long.

Finally, my bill will allow the Secretary to set a number of restrictions on X-ray equipment and its use. Of top priority are minimum performance standards for X-ray equipment manufactured prior to August 1, 1974. That equipment is presently exempt from existing performance standards, yet may continue to be used for many years before being replaced with newer equipment. Older machines also require higher doses of radiation to obtain quality radiographs than newer equipment, and are thus more likely to overexpose patients. My bill would implement the recommendation of the HEW Interagency Task Force that these machines be subject to a minimum Federal standard.

This section also provides for consideration to be given to the possible hazards of exposure, and conditions such as pregnancy under which exposure is most unadvisable. Such standards would emphasize the importance of protective shielding for reproductive organs which are those most susceptible to damage that is passed on to future generations.

Finally, the section authorizes the Secretary to prohibit the routine screening of asymptomatic patients, for whom X-ray exposure is of little value. The American Cancer Society recently announced a new position opposing routine screening for patients at low risk. But many forms of routine screening, such as chest X-rays often required for hospital admission or employment and dental examinations, are not thought of as such and are accepted as valuable medical practice. We must insure that X-rays are administered for specific medical reasons when necessary, and not as a supposedly "harmless" adjunct to other medical procedures.

The bill authorizes Federal assistance to States for the administration of certain programs, such as licensing and quality assurance programs. While specific costs from these programs have not been ascertained, we will give further consideration to the necessary sums in committee and I would expect to arrive at specific figures at that time. Many of the requirements in the bill can be "self-financed" by the health care providers and will not require Federal assistance.

The problems of regulation are complex, and certainly every agency is faced with practical and financial restrictions in carrying out its duties. But this current situation cannot be allowed to continue to endanger the health of Americans who have placed their trust in the health care system.

I am today asking the GAO to study FDA's use of authority available to it to enforce compliance with existing Federal regulations, namely, the performance standards for radiologic equipment. I will also request GAO's recommendations for more effective deterrents to the high rate of violations consistently found during inspection. The GAO will also study the implementation of guidelines for diagnostic X-rays in Federal facilities, which were recommended by EPA and FDA and approved by the President in January 1978.

I am also working with the Office of Technology Assessment to determine the status of research into the health effects of nonionizing radiation. Such radiation, particularly microwaves and ultrasound, are being used extensively to replace X-rays in medicine but may not be, as they are believed, a safer alternative. The OTA will assist me in evaluating the state of research in this area, and will recommend further research that is needed. This may be an equally important task for the Research Conference to be established under S. 1938.

Mr. President, we know that X-rays can be a lifesaving tool when used in the right hands. We are beginning to find out about the dangers which can be associated with X-rays, and we realize that they should not be used indiscriminately. The decision about whether or not to have an X-ray is ultimately the decision for each individual patient to make with his or her physician in the context of his or her particular medical needs. But the American public has a trust in the health care system, and in the Government which is charged with assuring its safety. We cannot betray that trust. And with the knowledge that we now have about medical radiation and its possible hazards, I believe this legislation is necessary to assure the safety of X-ray equipment and the way it is used. I will continue to work in my capacity as a member of the Senate Health Subcommittee and the Energy Subcommittee on these vital issues, and I look forward to working with my colleagues on the important aspects of medical radiation.

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By Mr. CHAFEE:

S. 2542. A bill to grant a Federal charter to the Italian American War Veterans of the United States of America; to the Committee on the Judiciary.

ITALIAN AMERICAN WAR VETERANS CHARTER

Mr. CHAFEE. Mr. President, today, I am introducing legislation to provide a Federal charter for the Italian American War Veterans (IAWV) of the United States.

Founded in 1932, with a handful of local posts in New York and Connecticut, the Italian American War Veterans is a nonprofit service organization now incorporated in eight States and active in several others.

During the past 48 years, the organization has been involved in various charitable- and community-service activities. In assisting this Nation's hospitalized veterans, the IAWV is presently involved with more than 20 veterans hospitals. The group has consistently made donations to the needy and the handicapped. While honoring the memory of those who have given their lives to their country, members have also provided assistance to veterans' widows and their children.

Mr. President, the IAWV has sought national incorporation for some time. The organization meets all of the requirements established by Congress pertaining to Federal charters. The distinguished former Minority Leader Senator Everett Dirksen, in 1965, introduced legislation similar to my own. Ongoing efforts in the House of Representatives have received broad bipartisan support.

The IAWV continues to seek a Federal charter with good reason. It is the accepted criterion by which the Veterans' Administration and the Congress have always determined the acceptability of such an organization. Federal recognition of the group's many years of voluntary service would grant new impetus to their activities and membership, which, increasingly, are national in scope.

Mr. President, many of my colleagues are aware of the strict constraints which the House and Senate Judiciary Committees have placed on the consideration of Federal charters. Congress should not be indiscriminate in passing such proposals. However, we must also consider the relative benefits to be derived from encouraging the charity and volunteerism of groups such as the IAWV through the legislative process.

As the Italian American War Veterans approach their 50th year of community service, I urge my colleagues to join me in fully recognizing their achievements through the issuance of a Federal charter.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2542

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the following persons:

Louis Ambrosio, Chatham, New York,
Carmen Albanese, Union, New Jersey,
John Amadio, Struthers, Ohio,
Anonio Alfano, Warwick, Rhode Island,
Anthony Arcomano, Trenton, New Jersey,
Peter Argenti, Lorain, Ohio,
Herbert Asbi, Johnston, Rhode Island,
Guy Asci, East Boston, Massachusetts,
Vincent Badali, Rochester, New York,
Larry Battisti, Chicago, Illinois,
Angelo Bennati, Nutley, New Jersey,
Orlando Bisbano, Bristol, Rhode Island,
Joseph Bosco, Everett, Massachusetts,
Dominick Butch, Youngstown, Ohio,
Frank Ciccone, Providence, Rhode Island,
Eugene Civitello, Schenectady, New York,
Robert Clementi, Chicago, Illinois,
Anthony Crea, Sr., Trenton, New Jersey,
Frank Cretella, East Haven, Connecticut,
James Cuzzone, Park Ridge, Illinois,
Armond Centazzo, Bristol, Rhode Island,
Kenneth Crisafulli, Oswego, New York,
Julius Catanzarite, Elyria, Ohio,
Robert Dardano, Rochester, New York,
Anthony D'Avolio, Chicago, Illinois,
Ugo DelGizzo, Warwick, Rhode Island,
Michael DeMarco, Youngstown, Ohio,
Armando DeMartino, Malden, Massachusetts,
John DePastino, Waterbury, Connecticut,
Silvio DeSantis, Lafayette Hill, Pennsylvania,
Ernest D'Ambrosio, Fall River, Massachusetts,
Joseph DiPrima, Leominster, Massachuetts,
Joseph DeSantis, Rochester, New York,
Dando DeManna, Johnston, Rhode Island,
Neil DellArco, Youngstown, Ohio,
Vincent Esposito, Philadelphia, Pennsylvania,
Dominic Esposito, Lorain, Ohio,
Frank Ferraiola, Norristown, Pennsylvania,
George Falconiero, Conshohocken, Pennsylvania,
Alfred Faticoni, Newington, Connecticut,
Louis Gagliardi, New Britain, Connecticut,
Joseph Gaeto, Melrose Park, Illinois,
Louis Gaimpa, Norridge, Illinois,
Sam Grillo, Taftville, Connecticut,
Al Laudone, Norwich, Connecticut,
Joseph Leonelli, Cranston, Rhode Island,
Daniel Lomurno, Collingswood, New Jersey,
Vincent Loparco, Camillus, New York,
John Luparia, Wallingford, Connecticut,
Charles Maccia, Roselle, New Jersey,
Carl Mangona, Saratoga Springs, New York,
John Masciantonia, Philadelphia, Pennsylvania,
Ralph Mongiovi, Medford, Massachusetts,
Anthony Munio, Providence, Rhode Island,
Anthony Mastroiani, Milford, Massachusetts,
Louis Mucci, Medford, Massachusetts,
Anthony Murello, Lorain, Ohio,
Rocco Maglione, Malden, Massachusetts,
Guy Mucci, Revere, Massachusetts,
Rocco Marcantonio, Meriden, Connecticut,
John Marinelli, Franklin Park, Illinois,
John Nave, Syracuse, New York,
Anthony Nicotera, Melrose Park, Illinois,
Ralph Paparella, East Providence, Rhode Island,
George Pecci, Trenton, New Jersey,
Carl Padula, Waterbury, Connecticut,
Frank Panniello, Everett, Massachusetts,
Tino LaPaglia, Phoenix, Arizona,
Mario Cattani, Phoenix, Arizona,
Emilio Pasquale, Little Falls, New York,
Anthony Petrellis, Belmont Hills, Pennsylvania,
Paul Pistilli, Saratoga Springs, New York,
Dominick Rosati, Syracuse, New York,
Nicholas Raimo, Belleville, New Jersey,
Basil Rigano, Malden, Massachusetts,
Michael Rongo, Elmwood Park, Illinois,
Anthony Ross, Canfield, Ohio,
Santo Sacchetti, Providence, Rhode Island,
Ralph San Felice, Saratoga Springs, New York,
Sylvester San Felice, Saratoga Springs, New York,

John Sarlo, Waterbury, Connecticut,
Michael Scricca, New Britain, Connecticut,
Father Joseph Tamburcini, East Liverpool, Ohio,
Anthony Tucci, Youngstown, Ohio,
Pat Verdigilo, Enfield, Connecticut,
Francis Villa, Malden, Massachusetts and their successors are created a body corporate by the name of the Italian American War Veterans of the United States of America (hereinafter in this Act referred to as the "corporation"), and by such name shall be known and have perpetual succession, powers, and limitations contained in this Act.

Sec. 2. A majority of the persons named in the first section of this Act, or their successors, are authorized to complete the organization of the corporation by the selection of officers, the adoption of a constitution and bylaws, employment of personnel, and the doing of such other acts as may be necessary for such purpose.

Sec. 3. The objects and purposes of the corporation are as follows:

(a) To be an internationalized type of veterans organization.

(b) To promote peace, prosperity, and good will between the peoples of the United States and the Republic of Italy.

(c) To stimulate patriotism in the minds of all Americans by encouraging the study of the history of our Nation.

(d) To give patriotic allegiance to the United States, fidelity to its Constitution and laws, and support to the security of civil liberty and permanence of free institutions.

(e) To preserve and defend the United States from all enemies without any reservations whatsoever.

(f) To gather, collate, edit, publish, and exhibit the memorabilia, data, records, military awards, decorations, citations, and so forth, for the purpose of preserving the memories and records of patriotic service performed by men and women who served in the Armed Forces of the United States.

(g) To be a nonprofit, nonpolitical, and nonsectarian corporation.

(h) To be a bona fide veterans' organization on a local, regional, State, national, and international level, and to enjoy all the appropriate rights and privileges.

Sec. 4. The corporation shall have perpetual succession and shall have the power—

(a) to sue and be sued;

(b) to acquire, hold, and dispose of such real and personal property as may be necessary to carry out the corporate purposes;

(c) to make and enter into contracts;

(d) to accept gifts, legacies, and devices which will further the corporate purposes;

(e) to borrow money for the purposes of the corporation, issue bonds therefor, and secure same by mortgage, subject in every case to all applicable provisions of Federal and State law;

(f) to adopt and alter a corporate seal;

(g) to establish, regulate, and discontinue subordinate State and regional organizations and local chapters or posts;

(h) to choose such officers, representatives, and agents as may be necessary to carry out the corporate purposes;

(i) to establish and maintain offices for the conduct of the affairs of the corporation;

(j) to adopt and alter a constitution and bylaws not inconsistent with law;

(k) to publish a newspaper, magazine, or other publications;

(l) to adopt and alter emblems and badges;

(m) to have a women's auxiliary;

(n) to conduct Columbus Day affairs and celebration, as well as any other patriotic doings or functions; and

(o) to do any and all acts and things necessary and proper to accomplish the objects and purposes of the corporation.

Sec. 5. The corporation shall have no power to issue capital stock or engage in business for pecuniary profit or gain.

Sec. 6. The corporation shall not furnish financial aid to, or otherwise promote the candidacy of any person seeking public office.

Sec. 7. Any American citizen shall be eligible for membership in the corporation who was honorably discharged from the Armed Forces of the United States of America under conditions and provisions outlined in the corporation's constitution and bylaws.

Sec. 8. The headquarters and principal place of business of the corporation shall be located in the city of Hartford, Connecticut, or such other place as may be later determined by the corporation, but the activities of the corporation as set out in this Act shall not be confined to that place, but shall be conducted throughout the several States and any territory or possession of the United States, including Puerto Rico.

Sec. 9. In the event of final discussion or liquidation of such corporation, and after the discharge or satisfactory provisions for the discharge of all its liabilities, the remaining assets of the corporation shall be transferred to the Veterans' Administration to be applied to the care and comfort of sick and disabled veterans.

Sec. 10. The corporation and its State and regional organizations and local chapters or posts shall have the sole and exclusive right to have and use in carrying out its purposes and objectives the name "Italian American War Veterans of the United States of America", and such seals, emblems, and badges as the corporation may lawfully adopt.

Sec. 11. The corporation shall—

(a) keep correct and complete books and records of account, and shall also keep minutes of the proceedings of its members, executive committee, and committee, having any authority of the executive committee;

(b) keep at its registered office or principal office a record giving the names and addresses of its members entitled to vote; and

(c) permit all books and records of the corporation to be inspected by any member or his agent or his attorney for any proper purpose at any reasonable time.

Sec. 12. (a) As a condition precedent to the exercise of any power or privilege granted or conferred in this Act, the corporation shall file in the office of the Secretary of each State or of any territory or possession of the United States, in which organizations, chapters, or posts may be organized, the name and post office address of an authorized agent upon whom local process or demands against the corporation may be served.

(b) The corporation shall have in the District of Columbia at all times a designated agent authorized to accept services of process for the corporation; and notice to or service upon such agent, or mailed to the business address of such agent, is deemed notice to or service upon the corporation.

Sec. 13. Such provisions, privileges, and prerogatives as have been granted to other national veterans' organizations by virtue of their being incorporated by Congress are granted to the Italian American War Veterans of the United States of America.

Sec. 14. (a) No part of the income or assets of the corporation shall inure to any member, director, officer, or employee of the corporation or be distributable to any person during the life of the corporation or upon its dissolution or final liquidation. Nothing in this subsection shall be construed to prevent the payment of reasonable compensation to officers and employees of the corporation or to prevent their reimbursement for actual necessary expenses in amounts approved by the corporation's board of directors.

(b) The corporation shall not make loans to its members, officers, directors, or employees. Any director who votes for or assents to the making of such a loan, and any officer who participates in the making of such loan, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof.

Sec. 15. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

Sec. 16. The provisions of sections 2 and 3 of the Act entitled "An Act to provide for audit of accounts of private corporations established under Federal law" (36 U.S.C. 1102, 1103), approved August 30, 1964, shall apply with respect to the corporation.

Sec. 17. The corporation may acquire the assets of the following State corporations of the Italian American War Veterans of the United States, Incorporated upon discharging or satisfactorily providing for the payment and discharge of all the liability of such corporation and upon complying with all applicable laws of the State: New York, Corporation of 1933; Connecticut, Corporation of 1932; New Jersey, Corporation of 1936; California, Coropration of 1939; Pennsylvania, Corporation of 1941; Ohio, Corporation of 1943; Rhode Island, Corporation of 1950; Florida, Corporation of 1955; and Massachusetts, Corporation of 1944.

Sec. 18. The right to alter, amend, or repeal this Act is expressly reserved.

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By Mr. MAGNUSON (by request):

S. 2543. A bill to extend the appropriation authorization for the Commercial Fisheries Research and Development Act of 1964, as amended; to the Committee on Commerce, Science, and Transportation.

● Mr. MAGNUSON. Mr. President, today I am introducing legislation to extend authorizations for the Commercial Fisheries Research and Development Act of 1964 for fiscal years 1981, 1982, and 1983. This legislation was requested by the administration last year.

I ask unanimous consent that the bill, the administration's letter of transmittal, and a statement of purpose and need be printed in the Record.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 2543

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 4 of the Commercial Fisheries Research and Development Act of 1964, as amended (16 U.S.C. 779b), is further amended as follows:

(1) In section 4(a) (16 U.S.C. 779b(a)) after the date "1980.", add "(3) Such sums as may be necessary for fiscal years 1981, 1982, and 1983.".

(2) In section 4(b) (16 U.S.C. 779b(b)) after the date "1980.", add "(3) Such sums as may be necessary for fiscal years 1981, 1982, and 1983.".

(3) In section 4(c) (16 U.S.C. 779b(c)) after the date "1980.", add "(3) Such sums as may be necessary for fiscal years 1981, 1982, and 1983.".

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The Secretary of Commerce,
*Washington, D.C., March 26, 1979.*

Hon. Walter F. Mondale,
*President of the Senate,*
*Washington, D.C.*

Dear Mr. President: Enclosed are six copies of a bill "To extend the appropriation authorization for the Commercial Fisheries Research and Development Act of 1964, as amended.", together with a statement of purpose and need in support thereof.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of this legislation to the Congress and further that its enactment would be in accord with the program of the President.

Sincerely,

JUANITA M. KREPS,
*Secretary of Commerce.*

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STATEMENT OF PURPOSE AND NEED

The Commercial Fisheries Research and Development Act of 1964 (P.L. 88–309) contains three separate authorizations for appropriations to carry out the purposes of the Act. These authorizations, contained in section 4(a), 4(b), and 4(c) of the Act (16 U.S.C. 779b(a), (b), and (c)), all expire on September 30, 1980. Public Law 95–53 extended all three authorizations through fiscal year 1980 at the following levels—$10,000,000 annually for section 4(a) for apportionment to the states to carry out the purposes of the Act; $3,000,000 annually for section 4(b) to be made available to the states for the purposes of restoring fisheries affected by failures due to disasters from natural or undetermined causes; and $500,000 annually for section 4(c) to be made available to the states for developing new commercial fisheries. The proposed amendment to the Act would extend all three authorizations for three years through fiscal year 1983 for such sums as may be necessary.

The Act has proven to be useful in encouraging the development of the commercial fisheries resources of the nation. The states, through the matching fund program of the Act conduct programs for the conservation of fish and wildlife resources.●

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By Mr. GRAVEL (for himself, Mr. HATFIELD, Mr. LEVIN, and Mr. HAYAKAWA):

S. 2547. A bill to amend the Internal Revenue Code of 1954 with respect to State or local government obligations issued to finance certain beverage container facilities the construction of which is made necessary by an antidisposable beverage container law; to the Committee on Finance.

● Mr. GRAVEL. Mr. President, today I introduce legislation which will clarify that facilities to comply with beverage container laws can be financed with tax exempt industrial development bonds. The tax law already allows tax exempt financing for "solid waste disposal facilities," but the IRS has refused to rule that expenditures for converting to reusable bottles in States with "bottle" laws are eligible facilities. The conversion from disposable to returnable bottles requires substantial new capital investment which is governmentally mandated to deal with the problem of solid waste disposal. The IRS position results in the following absurd outcome:

Under existing law, if a taxpayer purchased a truck with which to collect discarded nonreturnable bottles; land, warehouses, and machinery to store the bottles, crush them, clean the glass, and recycle it into new bottles which he sells at a profit, tax exempt financing would be available for all phases of his capital investment.

However, if another taxpayer sells soda in nonreturnable bottles and, because of the passage of a State "bottle" law, he converts to the use of returnable bottles in the process purchasing new bottles, trucks with which to collect the bottles; land, warehouses, and machinery to store the bottles, clean and sterilize them he cannot use tax exempt financing for any of the capital costs.

As with many of the provisions regarding tax exempt bonds under the Internal Revenue Code, these limitations do not make any sense. I believe that the legislation I propose will be of potential benefit to bottlers in States throughout America and I hope that the Congress will act to adopt this legislation quickly.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2547

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. QUALIFIED BEVERAGE CONTAINER FACILITIES.

(a) IN GENERAL.—Paragraph (4) of section 103(b) of the Internal Revenue Code of 1954 (relating to certain exempt activities is amended—

(1) by striking out "or" at the end of subparagraph (G),

(2) by striking out the period at the end of subparagraph (H) and inserting in lieu thereof a comma and "or", and

(3) by inserting after subparagraph (H) the following new subparagraph:

"(I) Qualified beverage container facilities.".

(b) QUALIFIED BEVERAGE CONTAINER FACILITY DEFINED.—Subsection (b) of section 103 of such Code is amended by redesignating paragraph (9) as paragraph (10), and by inserting after paragraph (8) the following new paragraph:

"(9) QUALIFIED BEVERAGE CONTAINER FACILITIES.—For purposes of this section—

"(A) IN GENERAL.—The term 'qualified beverage container facility' means a beverage container facility—

"(i) the construction, reconstruction, erection, or acquisition of which occurs during the period beginning on the date of enactment of a beverage container law applicable to containers in connection with which such facility is used and ending on the date which is 2 years after the effective date of such law,

"(ii) which does not replace an existing beverage container facility, and

"(iii) which is used in connection with a beverage container law.

"(B) BEVERAGE CONTAINER FACILITY.—The term 'beverage container facility' means the initial supply of refillable beverage containers and shells, plus any facility used by a distributor or bottler of beverages—

"(i) used in the collection, sorting, handling, or storage of beverage containers,

"(ii) used in the cleaning and processing of refillable beverage containers, or

"(iii) used for production of refillable beverage containers and shells, or

"(iv) for the manufacture of metal beverage container tops with non-detachable opening devices where a beverage container law requires them.

"(C) BEVERAGE CONTAINER LAW.—The term 'beverage container law' means a law of a State or a political subdivision thereof which—

"(i) requires the purchaser of beverages sold in containers within the jurisdiction of that State or political subdivision to pay a refundable deposit or fee to the seller in connection with the purchase of such beverages,

"(ii) prohibits or discourages the sale of beverages in nonreturnable containers, or

"(iii) prohibits or discourages the sale of beverages in metal containers unless the containers have nondetachable opening devices.".

SEC. 2. EFFECTIVE DATE.—

(a) IN GENERAL.—The amendments made by section 1 of this Act shall apply with respect to obligations issued after December 31, 1979.

(b) SPECIAL RULES.—The cost of a qualified beverage container facility described in section 103(b)(4)(I) of the Internal Revenue Code of 1954 shall be treated as an amount which is chargeable to capital account. Such a facility shall not be treated as a facility not described in section 1.103–8(a)(5)(iv) of the Income Tax Regulations solely because the facility was used by a substantial user (within the meaning of such regulations) before the date of issue of the State or local obligation used to provide the facility if—

(1) a bond resolution was adopted, or other similar official action was taken, by the issuer of the obligations before the commencement of the construction, reconstruction, erection, or acquisition of such facility, and

(2) such obligations are issued no later than 1 year after the date of enactment of this Act.●

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By Mr. STONE:

S. 2548. A bill relating to the application of section 103(b) of the Internal Revenue Code of 1954 to certain bonds for harbor improvements; to the Committee on Finance.

● Mr. STONE. Mr. President, today I am introducing the companion bill to legislation, H.R. 5847, introduced in the House of Representatives by Congressman SAM GIBBONS. This legislation will enable the Tampa Port Authority to use tax-exempt industrial development bonds to expand and improve the Tampa Port. This expansion will produce substantial economic benefits for the State and the local community, and will result in a revenue gain to the Federal Government through the elimination of demurrage charges and a tax gain on the increased business.

I ask unanimous consent to have printed in the RECORD a letter from the Tampa Port Authority outlining the need for this legislation.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

Re H.R. 5847—Relating to the application of Section 103(b) of the Internal Revenue Code of 1954 to certain bonds for harbor improvements.

Hon. RICHARD "DICK" STONE,
*Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR STONE: As you may know, the Phosphate Industry has suffered greatly by virtue of the terminal capacity within the Tampa range not being able to meet the current-day demand for foreign and domestic shipments in a timely and efficient manner. Demurrage costs for ships waiting to be loaded are quite substantial and these are absorbed by the industry, resulting in higher prices being passed along to customers and consumers.

One very positive action to help solve this problem, as viewed by the Board of Commissioners of the Tampa Port Authority, is a project wherein the Authority will acquire and expand the capacity of an existing phosphate terminal for lease-back to a joint venture group. More specifically, the project envisions our acquisition of the Agrico Chemical Company's Big Bend terminal in the lower East Bay area of our port and the lease-back to a new company, one of whose owners will be Agrico.

The proposed legislation will enable the Authority to issue tax-exempt bonds whereas Agrico's inclusion in the joint venture company will, under an existing Treasury regulation, prohibit this endeavor. We believe this regulation to be inconsistent with the tax incentive contained in other sections of the Internal Revenue Code and seek to have it set aside for this project.

Over and above the major benefits to accrue through increased efficiency in movement of phosphate through the Port of Tampa, there are substantial corollary benefits. The Authority will net in the neighborhood of one half million dollars annually from the project which can support port improvements at no cost to taxpayers. Additionally, some 100 acres of waterfront property will pass to the Authority in the transaction and can be used to support further growth within the port.

Quite frankly, Senator, we are quite concerned that with the exceedingly high costs involved, this very important development in our port could rise or fall on the issue of tax-exempt financing. Because of this concern we request your assistance in bringing this legislation before the Senate. Specifically, we ask that you introduce a companion bill in the Senate to that introduced by Congressman Gibbons in the House, and that you urge Senator Byrd to take up the bill for hearing during the session, which I understand is set for April 24/25, 1980.

Our Authority staff and Mr. Hector Alcalde, whose firm represents the Authority in the matter, are at your service, should you require additional information. I understand that Hector has provided your office with specifics concerning the project and its benefits. For that reason I have held to generalities in this letter.

We are, as always, grateful for your support in developing the Port of Tampa into one of America's finest. We would be exceedingly grateful for your additional support in this matter.

With kindness regards, I am

Respectfully,

TED DELAVERGNE, Jr.,
*Chairman.*●

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### By Mr. MAGNUSON:

S. 2549. A bill to authorize appropriations for fiscal years 1981, 1982, and 1983 to carry out the Atlantic Tunas Convention Act of 1975; to the Committee on Commerce, Science, and Transportation.

● Mr. MAGNUSON. Mr. President, today I am introducing legislation to extend the authorization of appropriations for the Atlantic Tunas Convention Act of 1975 for fiscal years 1981, 1982, and 1983. This act implemented the International Convention for the Conservation of Atlantic Tunas, which currently has been ratified by 19 countries, and which provides for regulations of the exploitation of Atlantic tunas and similar species. The administration has testified in support of identical legislation before the House.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2549

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 10 of the Atlantic Tunas Convention Act of 1975 (16 U.S.C. 971h) is amended by striking out "and 1980" and inserting in lieu thereof "1980, 1981, 1982, and 1983".●

### By Mr. KENNEDY:

S. 2550. A bill to provide for price and wage stabilization; to the Committee on Banking, Housing, and Urban Affairs.

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Massachusetts (Mr. KENNEDY), I send to the desk a bill for him dealing with wage and price controls.

I ask unanimous consent that Mr. KENNEDY's statement, bill, and analysis of his bill be printed in the RECORD.

There being no objection, the statement, bill, and analysis were ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR KENNEDY

I am introducing today the legislation which has become essential if this nation is to escape the rising and uncontrollable spiral of inflation. This legislation—The Emergency Price and Wage Control Act of 1980—requires the President to impose an immediate freeze upon prices, wages, rents, dividends, profits, and interest rates to be followed by a period of price and wage controls.

The necessity for binding legislation arises because responsibility for leadership in confronting our economic problems has passed to the Congress. In the areas of energy, of budgetary restraint, of improving productivity and competition, it is the Congress, not the White House, which is fashioning our agenda for the 1980's. I recognize the difficulty of enacting legislation on this issue in the face of a Presidential threat of veto. Nonetheless I introduce this bill to provide increased opportunity to debate this issue.

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S. 2550

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Wage-Price Control Act of 1980".

#### STATEMENT OF PURPOSE AND INTENT

SEC. 2. (a) The purposes of this Act are—

(1) to end inflation and preserve the value of the national currency;

(2) to stabilize the cost of living and the cost of production for workers, consumers, farmers, and businessmen;

(3) to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards;

(4) to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services;

(5) to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and

(6) to prevent a future economic collapse.

(b) It is the intent of Congress that the authority conferred by this Act shall be exercised in accordance with the maintenance and furtherance of the American system of competitive enterprise, including independent small business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life.

#### PRICE-WAGE FREEZE

SEC. 3. The President shall issue such orders and regulations as are necessary to impose a ceiling on prices, profits, rents, wages, salaries, interest rates, corporate dividends, and similar transfers at levels not in excess of those prevailing during the 30 day period ending on the date of enactment of this Act or on such earlier date as the Council on Wage and Price Stability may determine, or in any case where there was no prevailing level during such 30 day period or where the level prevailing during such 30 day period was not generally representative because of abnormal or seasonal market condition or other causes, then at the level prevailing on the nearest date on which, in the judgment of the Council, the level was generally representative.

#### AUTHORITY FOR SUBSEQUENT CONTROLS

SEC. 4. (a) The ceilings imposed pursuant to section 3 shall remain in effect until the earlier of (1) the expiration of 180 days after the date of enactment of this Act, or (2) the date on which the President prescribes orders and regulations to limit increases in wages, salaries, prices, rents, interest rates, corporate dividends, and similar transfers to those which are consistent with the purposes of this Act and orderly economic growth. Such orders and regulations shall contain standards which shall—

(A) be generally fair and equitable;

(B) provide for the making of such exceptions and variations as are necessary to foster orderly economic growth and to prevent gross inequities, hardships, serious market dislocations, domestic shortages of raw materials, localized shortages of labor. and windfall profits;

(C) take into account changes in productivity and the cost of living, as well as such other factors consistent with the purchases of this Act as are appropriate;

(D) provide for the requiring of appropriate reductions in prices and rents whenever warranted after consideration of lower costs and other pertinent factors; and

(E) call for generally comparable sacrifices by business and labor as well as other segments of the economy.

(b) Orders and regulations under this section shall be implemented in such a manner that wage increases to any individual whose earnings are substandard or who is a member of the working poor shall not be limited in any manner, until such time as his earnings are no longer substandard or he is no longer a member of the working poor.

(c) The authority conferred by this section shall not be exercised to preclude the payment of any increase in wages—

(1) required under the Fair Labor Standards Act of 1938, or effected as a result of enforcement action under such Act;

(2) required in order to comply with wage determinations made by any agency in the executive branch of the Government pursuant to law for work (A) performed under contracts with, or to be performed with financial assistance from, the United States or the District of Columbia, or any agency or instrumentality thereof, or (B) performed by aliens who are immigrants or who have been temporarily admitted to the United States pursuant to the Immigration and Nationality Act; or

(3) paid in conjunction with existing or newly established employee incentive programs which are designed to reflect directly increases in employee productivity.

(d) The President may exempt from any order or regulation under this section rates charged by common carriers and utilities and any other rates, charges, fees, or other transfers which the President determines to be adequately regulated by appropriate Federal, State, or local authorities.

#### GENERAL EXEMPTIONS

SEC. 5. (a) Orders and regulations under sections 3 and 4 shall provide for the making of such adjustments as may be necessary to prevent gross inequities or to avoid umdue or severe hardship. There shall be exempted from any such order or regulation—

(1) any pension, profitsharing, or annuity

(2) other items which may be imported

into the United States or its territories or possessions.

(b) For the purposes of this Act the term "wages" and "salaries" do not include contributions by any employer pursuant to a compensation adjustment for—

(1) any pension, profitsharing, or annuity and savings plan which meets the requirements of section 401(a), 404(a)(2), or 403 (b) of the Internal Revenue Code of 1954;

(2) any group insurance plan; or

(3) any disability and health plan;

unless the President determines that the contributions made by any such employer are inconsistent with the standards set forth in the second sentence of section 4 (a).

### DELEGATION

SEC. 6. (a) The President shall delegate the performance of any function under this Act to the Council on Wage and Price Stability.

(b) To assist the Director of the Council on Wage and Price Stability in carrying out the provisions of this Act, the President shall appoint—

(1) a Pay Board which shall consist of 15 members of whom 5 shall be representatives of employers, 5 shall be representatives of employees, and 5 shall be representatives of the public; and

(2) a Price Administrator.

### CONFIDENTIALITY OF INFORMATION

SEC. 7. All information reported to or otherwise obtained by any person exercising authority under this Act which contains or relates to a trade secret or other matter referred to in section 1905 of title 18, United States Code, shall be considered confidential for the purposes of that section, except that such information may be disclosed to other persons empowered to carry out this Act solely for the purpose of carrying out this Act or when relevant in any proceeding under this Act.

### SUBPENA POWER

SEC. 8. The head of an agency exercising authority under this Act, or his duly authorized agent, shall have authority, for any purpose related to this Act, to sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, papers, and other documents, and to administer oaths. Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of refusal to obey a subpena served upon any person under the provisions of this section, the head of the agency authorizing such subpena, or his delegate, may request the Attorney General to seek the aid of the district court of the United States for any district in which such person is found to compel such person, after notice, to appear and give testimony, or to appear and produce documents before the agency.

### ADMINISTRATIVE PROCEDURE

SEC. 9. (a) The functions exercised under this Act are excluded from the operation of subchapter II of chapter 5, and chapter 7 of title 5, United States Code, except as to the requirements of sections 552, 553, and 555(e) of title 5, United States Code.

(b) Any agency authorized by the President to issue rules, regulations, or orders under this Act shall, in regulations prescribed by it, establish procedures which are available to any person for the purpose of seeking an interpretation, modification, or rescission of, or seeking an exception or exemption from, such rules, regulations, and orders. If such person is aggrieved by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the agency. The agency shall, in regulations prescribed by it, establish appropriate procedures, including hearings where deemed advisable, for considering such requests for action under this section.

(c) To the maximum extent possible, the President or his delegate shall conduct formal hearings for the purpose of hearing arguments or acquiring information bearing on a change or a proposed change in wages, salaries, prices, rents, interests rates, or corporate dividends or similar transfers, which have or may have a significantly large impact upon the national economy, and such hearings shall be open to the public except that a private formal hearing may be conducted to receive information considered confidential under section 7 of this Act.

### SANCTIONS; CRIMINAL FINE AND CIVIL PENALTY

SEC. 10. (a) Whoever willfully violates any order or regulation under this Act shall be fined not more than $10,000 for each violation.

(b) Whoever violates any order or regulation under this Act shall be subject to a civil penalty of not more than $5,000 for each violation.

### INJUNCTIONS AND OTHER RELIEF

SEC. 11. Whenever it appears to any person authorized by the President to exercise authority under this Act that any individual or organization has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of any order or regulation under this Act, such person may request the Attorney General to bring an action in the appropriate district court of the United States to enjoin such acts or practices, and upon a proper showing a temporary restraining order or a preliminary or permanent injunction shall be granted without bond. Any such court may also issue mandatory injunctions commanding any person to comply with any such order or regulation. In addition to such injunctive relief, the court may also order restitution of moneys received in violation of any such order or regulation.

### DAMAGES OR OTHER RELIEF

SEC. 12. (a) Any person suffering legal wrong because of any act or practice arising out of this Act, or any order or regulation issued pursuant thereto, may bring an action in a district court of the United States, without regard to the amount in controversy, for appropriate relief, including an action for a declaratory judgment, writ of injunction, or damages.

(b) In any action brought under subsection (a) against any person renting property or selling goods or services who is found to have overcharged the plaintiff, the court may, in its discretion, award the plaintiff reasonable attorney's fees and costs, plus whichever of the following sums is greater:

(1) an amount not more than three times the amount of the overcharge upon which the action is based, or

(2) not less than $200 or more than $2,000; except that in any case where the defendant establishes that the overcharge was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to the avoidance of such error the liability of the defendant shall be limited to the amount of the overcharge. Where the overcharge is not willful within the meaning of section 10(a) of this Act, no action for an overcharge may be brought by or on behalf of any person unless such person has first presented to the seller or renter a bona fide claim for refund of the overcharge and has not received repayment of such overcharge within ninety days from the date of the presentation of such claim.

(c) For the purposes of this section, the term "overcharge" means the amount by which the consideration for the rental of property or the sale of goods or services exceeds the applicable ceiling under regulations or orders issued under this Act.

### JUDICIAL REVIEW

SEC. 13. The district courts of the United States shall have exclusive original jurisdiction of cases or controversies arising under this Act, or under regulations or orders issued thereunder, notwithstanding the amount in controversy; except that nothing in this section affects the power of any court of competent jurisdiction to consider, hear, and determine any issue by way of defense (other than a defense based on the constitutionality of this Act or the validity of action taken by any agency under this Act) raised in any proceeding before such court. If in any such proceeding an issue by way of defense is raised based on the constitutionality of this Act or the validity of agency action under this Act, the case shall be subject to removal by either party to a district court of the United States in accordance with the applicable provisions of chapter 89 of title 28, United States Code. Except as to cases the court considers of greater importance, proceedings before the district court, as authorized by this section, and appeals therefrom, take precedence on the docket over all cases and shall be assigned for hearing and trial or for argument at the earliest practicable date and expedited in every way.

### PERSONNEL

SEC. 14 (a) The Chairman of the Pay Board and the Price Administrator shall be compensated at the rate prescribed for level III of the Executive Schedule (5 U.S.C. 5314).

(b) Any member of a board, commission, or similar entity established pursuant to authority conferred by this Act who serves on less than a full-time basis shall receive compensation from the date of his appointment at a rate equal to the per diem equivalent of the rate prescribed for level IV of the Executive Schedule (5 U.S.C. 5315) when actually engaged in the performance of his duties as such member.

(c) In addition to the number of positions which may be placed in GS–16, 17, and 18, under section 5108 of title 5, United States Code, not to exceed twenty positions may be placed in GS–16, 17, and 18, to carry out the functions under this Act.

(d) The President may require the detail of employees from any executive agency to carry out the purposes of this Act.

(e) The President is authorized to appoint, without regard to the civil service laws, such advisory committees as he deems appropriate for the purpose of consultation with and advice to the President in the performance of his functions under this Act. Members of advisory committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or while otherwise serving at the request of the President may be paid compensation at rates not exceeding those authorized for individuals under section 5332 of title 5, United States Code, and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(f)(1) Under such regulations as the President may prescribe, officers and employees of the Government who are appointed, without a break of service of one or more work days, to any position for carrying out functions under this Act are entitled, upon separation from such position, to reemployment in the position occupied at the time of appointment or in a position of comparable grade and salary.

(2) An officer or employee who, at the time of his appointment under paragraph (1) of this subsection, is covered by section 8336(c) of title 5, United States Code, shall continue

to be covered thereunder while carrying out functions under this Act.

### EXPERTS AND CONSULTANTS

SEC. 15. Experts and consultants may be employed, as authorized by section 3109 of title 5, United States Code, for the performance of functions under this Act, and individuals so employed may be compensated at rates not to exceed the per diem equivalent of the rate for grade 18 of the General Schedule established by section 5332 of title 5, United States Code. Such contracts may be renewed from time to time without limitation. Service of an individual as an expert or consultant under this section shall not be considered as employment or the holding of an office or position bringing such individual within the provisions of section 3323 (a) of title 5, United States Code, section 872 of the Foreign Service Act of 1946, or any other law limiting the reemployment of retired officers or employees.

### REPORTS

SEC. 16. (a) In transmitting the Economic Report required under section 3(a) of the Employment Act of 1946 (15 U.S.C. 1022), the President shall include a section describing the actions taken under this Act during the preceding year and giving his assessment of the progress attained in achieving the purposes of this Act. The President shall also transmit quarterly reports to the Congress not later than thirty days after the close of each calendar quarter describing the actions taken under this Act during the preceding quarter and giving his assessment of the progress attained in achieving the purposes of this Act.

(b) In carrying out his authority under this Act, the President shall study and evaluate the relationship between excess profits, the stabilization of the economy, and the creation of new jobs. The results of such study shall be incorporated in the reports referred to in subsection (a).

### FUNDING

SEC. 17. There are authorized to be appropriated to the President, to remain available until expended, such sums as may be necessary to carry out the provisions of this Act.

### EXPIRATION

SEC. 18. The authority to issue and enforce orders and regulations under this Act expires at midnight September 30, 1982, but such expiration shall not affect any action or pending proceedings, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to October 1, 1982.

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### SECTION-BY-SECTION ANALYSIS

Section 1 of the bill states that this act may be cited as the "Emergency Price-Wage Control Act of 1980."

Section 2. Statement of Purpose and Intent affirms the Congressional sense that a price-wage control program is necessary.

Section 3. Requires the President to freeze prices, wages, salaries, interest rates and corporate dividends at levels not to exceed those prevailing in the thirty days ending on the date of enactment of this bill or on such earlier date as the Council on Wage and Price Stability may determine.

Section 4. Provides that the President shall replace the freeze with controls and provides standards for the exercise of that authority. Exempts from the controls substandard earnings and other wage increases prescribed by laws such as the Fair Labor Standards Act.

Section 5. Authorizes exemptions from both the freeze (section 3) and the subsequent controls (section 4) necessary to prevent gross inequities or to avoid undue or severe hardship. Exempts raw agricultural commodities and imports. Defines "wages" and "salaries" as not including certain pension and health benefits.

Section 6. Provides for the delegation of the functions to the Council on Wage and Price Stability, and for the appointment of a Pay Board and a Price Administrator.

Section 7. Preserves the confidentiality of certain business information submitted to the Government under this Act.

Section 8. Gives nationwide subpoena power to the agencies exercising authority for any purpose related to the Act.

Section 9. While exempting the agencies from the full operation of the Administrative Procedures Act, certain characteristics of the administrative review procedures of these agencies are specified.

Section 10. Provides for a $10,000 criminal fine for each violation and a $5,000 penalty for each violation.

Section 11. Authorizes the Attorney General to bring injunctive actions. He may also seek a court order for restitution of overcharges.

Section 12. Authorizes treble damage suits to be brought by private persons against violators of regulations or orders.

Section 13. Specifies the form of judicial review for cases and controversies arising under the Act. Provides for the expedition of cases arising under the Act.

Section 14. Gives authority for hiring and compensating personnel necessary to perform functions authorized by the Act.

Section 15. Authorizes hiring of experts and consultants needed for the program.

Section 16. Provides that the President's Economic Report shall contain a section describing the actions taken under this Act and an assessment of the progress in achieving its purposes.

Section 17. Authorize the appropriation of funds necessary to carry out the functions authorized.

Section 18. Provides that authority under this Act expires September 30, 1982.

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By Mr. CRANSTON:

S. 2551. A bill to establish the Big Sur Coast National Scenic Area in the State of California; to the Committee on Energy and Natural Resources.

### BIG SUR COAST NATIONAL SCENIC AREA ACT

● Mr. CRANSTON. Mr. President, I introduce for appropriate reference a bill to establish the Big Sur Coast National Scenic Area in the State of California.

The Big Sur coast is the longest and most scenic stretch of undeveloped coastline in the contiguous 48 States. Each year over 3 million Americans visit Big Sur to make the incredibly beautiful drive along California State Highway 1 overlooking the Pacific Ocean.

Those who know and love Big Sur want to preserve it the way it is today—especially the residents of the immediate area—although, of course, they have a variety of views about how to go about doing so. The State of California and the local county governments have done everything they can to protect the Big Sur coast through local zoning and the local coastal program being developed under the California Coastal Act.

But in spite of these efforts, piecemeal residential and commercial development is occurring which is altering the existing character of the Big Sur coast and degrading its natural beauty. Tourist visitation and associated vehicular traffic are also seriously impacting the fragile coastal ecosytem of Big Sur.

Because the Big Sur coast is truly a national treasure, I strongly believe the Federal Government should take steps now to protect the scenic beauty of the area. Fortunately, right now we have a unique opportunity to act before there is significant degradation or even a major threat because the State and local governments have done so much already. But if we wait, there efforts will unravel and once again the Federal Government will be asked to deal with a state of emergency and arrest extensive development already underway. And once subdivision of the large ranches on the Big Sur coast has taken place, with a consequent increase in land values, the cost of Federal land acquisition will be substantially more for less land.

Thus in anticipation of the problems, I am proposing that the Federal Government assume its share of responsibility for the future of Big Sur and help protect this nationally significant resource through the establishment of the Big Sur Coast National Scenic Area.

The Nation has a vested interest in preserving the beauty of the Big Sur coast. Perhaps no one has a greater interest than the property owners in the area—and no one appreciates that fact more than they.

My action is intended to protect the property and the private owners by preserving the quality of Big Sur that makes their property so valuable—preserving it for their enjoyment and for the enjoyment of all Americans.

There may be differences as to how this objective might best be attained. The bill I am introducing today is the start of the process. There will be every opportunity for every view to be aired and considered in public hearings. I expect that there will be any number of amendments improving the bill before enactment—and I, for one, would welcome them.

Today I am introducing a bill to establish a Big Sur Coast National Scenic Area administered by the U.S. Forest Service. Included within the scenic area would be all the private lands from Malpaso Creek in Monterey County south to the Hearst Ranch and visitor facilities in San Luis Obispo County, about 410,000 acres of land in the Monterey District of the Los Padres National Forest, the Hunter Liggett Military Reservation, and some State lands.

In all, more than 100 miles of magnificent coastline in Monterey and San Luis Obispo Counties would be protected.

The bill provides that the State and local lands within the scenic area would be acquired only by donation or exchange, and that the military lands would be transferred to the U.S. Forest Service only when the Department of Defense determines it has no further need for the properties.

Regarding the private lands within the scenic area, the bill provides for both fee title acquisition and purchase of scenic easements or other interests.

There will be no use of condemnation except under the very limited circumstances specifically mentioned in the bill and that use would be carefully circumscribed in the following ways:

First. Prior to the adoption of the comprehensive plan for management and development of the scenic area, condemnation could occur only if the Secretary of Agriculture finds that a property has undergone a change in use that is substantially incompatible with the use of the area as a national scenic area; and

Second. After the adoption of the comprehensive plan, condemnation can be used only if there is a new use of the property that is inconsistent with the comprehensive plan, or if the property has been identified in the land acquisition plan and the owner of the property has refused to give the Secretary of Agriculture the right of first refusal when the property is disposed of to anyone other than a direct lineal descendant. In no event can the Secretary of Agriculture use condemnation to acquire more than 5 percent of the total private lands necessary for public access and recreational use.

I believe these stringent limitations on condemnation authority will protect the private property owners in the Big Sur coast, and insure that they will know what kinds of activities are incompatible with the scenic area by reference to the comprehensive plan.

It is the intention of the legislation to perpetuate the existing residential and agrarian character of the Big Sur coast, and the bill provides that any agricultural land acquired by the Secretary of Agriculture may be leased back for grazing and other agricultural purposes, with the first option on leasing to the former owner of the property.

Under the legislation, the Secretary of Agriculture must prepare a comprehensive plan for the management and development of the scenic area within 2 years of the enactment of the bill. The comprehensive plan will include a visitor transportation system plan, a plan for public access and use, resources protection and management, and plans for providing public information and interpretation of the scenic area. As part of the comprehensive plan, the Secretary is directed to develop a land acquisition plan for the scenic area. Public hearings will be held in Monterey County on the comprehensive plan before it is adopted.

The local coastal program developed by Monterey County, San Luis Obispo County, and the State of California will be the minimum standard for development of the private lands within the scenic area.

In order to insure continued local involvement in the management of the Big Sur coast, the bill establishes a 9-member advisory commission for the scenic area. All appointments are to be made by the Secretary of Agriculture with the requirement that at least five members, a majority of the commission, be residents of the Big Sur Coast National Scenic Area.

Finally, the bill authorizes $100 million which would come from funds in the existing land and water conservation fund for Federal land acquisition, $10 million in each fiscal year from 1981 through 1990. The authorization is spread out over a 10-year period since it is anticipated that most of the acquisition will take place over time as owners of property identified in the land acquisition plan decide to sell.

Mr. President, I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2551

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Big Sur Coast National Scenic Area Act".

SEC. 2. The Congress finds and declares that—

(1) the Big Sur coast is the longest and most scenic stretch of undeveloped coastline in the contiguous 48 States;

(2) the Big Sur coast is a national treasure, and one of the Nation's most heavily visited scenic areas;

(3) California State Highway 1 along the Big Sur coast provides the most beautiful scenic drive in the United States and should remain a rural, scenic two-lane highway;

(4) development, tourist visitation, and associated vehicular traffic are impacting the fragile coastal ecosystem and diminishing the natural beauty and public enjoyment of the Big Sur coast;

(5) the existing character of the Big Sur coast and the indigenous residential and agrarian community should be perpetuated;

(6) because of the growing pressures for residential and commercial development and increasing tourism, State and local efforts to preserve the Big Sur coast are inadequate and require federal action in order to maintain the existing character of the community and to protect the scenic beauty; and

(7) the federal interest in the Big Sur coast is substantial as the United States owns the adjoining national forest lands, including the 170,000-acre Ventana wilderness area, and bears major responsibility for maintaining and improving Highway 1.

SEC. 3. (a) In order to carry out the purposes of this Act, there is established the Big Sur Coast National Scenic Area (hereinafter in this Act referred to as the "scenic area").

(b) The scenic area shall consist of the area within the boundaries generally depicted on the map entitled "Boundary Map, Big Sur Coast National Scenic area", dated April 1, 1980, which shall be on file and available for public inspection in the office of the Chief, Forest Service, Department of Agriculture. As soon as practicable following the date of the enactment of this Act, the Secretary of Agriculture (hereinafter referred to in this Act as the "Secretary") shall file a map and legal description of the Big Sur Coast National Scenic Area with the Energy and Natural Resources Committee of the Senate and the Interior and Insular Affairs Committee of the House of Representatives. Such description shall have the same force and effect as if included in this Act, except that correction of clerical and typographical errors in such legal description and map may be made.

(c) The Secretary shall administer the scenic area in accordance with the provisions of this Act and in such manner as will best implement the plan adopted under section 6. Prior to the adoption of the comprehensive plan for the scenic area, those portions of the scenic area consisting of national forest lands shall be administered in accordance with the laws applicable to the national forests in conformance with the purposes of this Act.

SEC. 4. (a)(1) The Secretary may acquire by donation, purchase with donated or appropriated funds, or by exchange any property or interests therein (including, but not limited to, scenic easements), within the scenic area. Property or any interest therein within the scenic area owned by the State of California, or any political subdivision thereof, may be acquired only by donation or exchange. Except to the extent specifically provided in subsection (c) of this section, the Secretary shall have no authority to acquire any private property within the scenic area by condemnation.

(2) Whenever the Secretary of Defense determines any lands under his jurisdiction within the area comprising the scenic area are excess to the needs of the Department of Defense, such lands shall be transferred to the Secretary of Agriculture and shall be administered by the Secretary of Agriculture as a part of the scenic area.

(b) In exercising his authority to acquire property by exchange, the Secretary may accept title to any non-federal property (or interest therein) located within the scenic area and in exchange for such property or interest may convey to the grantor any federally owned property under the jurisdiction of the Secretary within the State of California which the Secretary classifies as suitable for exchange or disposal. The values of the properties so exchanged shall be equal, or if not equal, shall be equalized by the payment of cash to the grantor or to the United States as the circumstances require. In the exercise of the authority to exchange property, the Secretary may utilize authorities and procedures generally available to him in connection with the exchange of lands.

(c) The Secretary may acquire private property (or interests therein) by condemnation only if—

(1) prior to the adoption of the comprehensive plan, the Secretary determines with respect to the use of such property, that there has been a substantial change in use of such property from that which was in existence on April 1, 1980, and that such change is substantially incompatible with the use of such areas as a scenic area; or

(2) after the adoption of the comprehensive plan and the local coastal program, the Secretary determines there is a new use of such property that it is inconsistent with such comprehensive plan and local coastal program; or

(3) the owner of any such property identified in the land acquisition plan described in section 6(c) of this Act has refused to give the Secretary an agreement or other arrangement to the effect that the Secretary shall have the right of first refusal with respect to the acquisition of such property in the event of its sale or other disposition involving the transfer of title to a person other than a direct lineal descendant; or

(4) The Secretary identifies the property in the land acquisition plan as necessary for public access and recreational use, provided, however, that no more than 5 percent of the private lands within the scenic area as of the date of enactment of this Act shall be so acquired.

SEC. 5. (a) The owner of improved residential property or of agricultural property on the date of its acquisition by the Secretary under this Act may, as a condition of such acquisition, retain for himself and his or her heirs and assigns a right of use and occupancy for a definite term of not more than twenty-five years, or, in lieu thereof, for a term ending at the death of the owner or the death of his or her spouse, whichever is later. The owner shall elect the term to be reserved. Unless the property is wholly or partly donated to the United States, the Secretary shall pay to the owner the fair market value of the property on the date of acquisition minus the fair market value on that date of the right retained by the owner. A right retained pursuant to this section shall be subject to termination by the Secretary upon his or her determination that it is being exercised in a manner inconsistent with the purposes of this Act, and it shall terminate by operation of law upon the Secretary's notifying the holder of the right of such determination and tendering to him or her an amount equal to the fair market value of that portion of the right which remains unexpired. Where appropriate in the discretion of the Secretary, he or she may lease federally owned land (or any interest therein) which has been acquired by the Secretary under this Act, including lands acquired under section 4(c) (1), (2), or (3) and which was agricultural land prior to its acquisition. Such lease shall be subject to such restrictive covenants as may be necessary to carry out the purposes of this Act. Any land to be leased by the Secretary under this section shall be offered first for such lease to the person who owned such land or who was a leaseholder thereon immediately before its acquisition by the United States.

(b) The term "improved property", as used in subsection (a) of this section, means a detached, noncommercial residential dwelling, the construction of which was begun before April 1, 1980, together with so much of the land on which the dwelling is situated, the said land being in the same ownership as the dwelling, as the Secretary shall designate to be reasonably necessary for the enjoyment of the dwelling for the sole purpose of noncommercial residential use, together with any structures accessory to the dwelling which are situated on the land so designated. The term "agricultural property" as used in subsection (a) means lands which are in regular use for agricultural, ranching, or dairying purposes as of April 1, 1980, together with residential and other structures related to the above uses of the property as such structures existed on said date.

SEC. 6. (a) On or before the expiration of the twenty-four month period following the date of the enactment of this Act, the Secretary shall submit to the Energy and Natural Resources Committee of the Senate and the Interior and Insular Affairs Committee of the House of Representatives a comprehensive plan for the protection and management of the scenic area. Such plan shall be prepared by the Secretary in consultation with the advisory commission established pursuant to section 7. Such plan shall include a land acquisition plan described in section 6(c) and shall also include, among other matters, a visitor transportation system plan, a plan for public access and use, resources protection and management, and plans for providing public information and interpretation of such scenic area.

(b) The local coastal program developed by Monterey County, San Luis Obispo County, and the State of California shall be the minimum standard for use and development of private lands within the scenic area. Whenever there is a conflict between the local coastal program and the comprehensive plan for the scenic area, the comprehensive plan shall be governing.

(c) The Secretary shall prepare a land acquisition plan which shall identify lands and interests therein within the scenic area which should be acquired and held in public ownership for the following critical purposes: preservation of the scenic view from Highway 1; access to the beaches and coastal uplands; protection of the watershed; public health and safety; interpretation of the natural and cultural heritage of the coast; development of minimal visitor serving facilities; and implementation of the comprehensive plan.

(d) In addition to the requirements of subsection (a) of this section, the Secretary, in connection with the preparation of the comprehensive plan, shall hold public hearings in Monterey County, California for the purpose of receiving the comments and recommendations of interested persons.

SEC. 7. (a) There is established the Big Sur Coast National Scenic Area Advisory Commission (hereinafter referred to as the "Commission").

(b) The Commission shall be composed of 9 members appointed by the Secretary, at least 5 of whom shall be residents of the Big Sur Coast National Scenic Area, and one of whom shall be designated by the Secretary as chairman.

(c) Members of the Commission shall serve for terms of three years. Any vacancy in the Commission shall be filled in the same manner in which the original appointment was made.

(d) Members of the Commission shall serve without compensation as such, but the chairman may pay the expenses reasonably incurred by the Commission and its members in carrying out their duties under this Act.

(e) The Secretary, or his designee, shall from time to time, but at least annually, meet and consult with the Commission on general policies and specific matters relating to planning, administration and development affecting the scenic area.

(f) The Commission shall act and advise by affirmative vote of a majority of the members thereof.

SEC. 8. Within three years from the date of the enactment of this Act, the Secretary shall review the area within the scenic area and shall report to the President, in accordance with subsections 3 (c) and (d) of the Wilderness Act (78 Stat. 890), his recommendations as to the suitability or nonsuitability of any area within the scenic area for designation as wilderness. Any designation of any such areas as wilderness shall be accomplished in accordance with such subsections.

SEC. 9. Notwithstanding any other provision of law, no fees shall be charged for entrance or admission to the scenic area.

SEC. 10. The Secretary of Agriculture shall establish a program for the purpose of making payments on a fiscal year basis to each unit of local government in which private lands acquired by the Secretary for purposes of the scenic area are located. Such payments shall be made in such manner and to such extent as in the case of payments under the Act entitled "An Act to provide for certain payments to be made to local governments by the Secretary of Interior based upon the amount of certain public lands within the boundaries of such locality", approved October 20, 1976, except that the provisions of subsection (d) of section 3 of such Act shall not be applicable.

SEC. 11. (a) For the purpose of enabling the Secretary to carry out the development of the scenic area, there is authorized to be appropriated such sum, not to exceed $500,000, as may be necessary.

(b) For the purpose of land acquisition, including interests therein, under this Act, there is authorized to be appropriated from the Land and Water Conservation Fund, $10,000,000 in fiscal year 1981 and each succeeding fiscal year through 1990. For the authorizations made in this subsection, any amounts authorized but not appropriated in any fiscal year shall remain available for appropriation in succeeding fiscal years.●

## ADDITIONAL COSPONSORS

### S. 1465

At the request of Mr. TALMADGE, the Senator from Idaho (Mr. MCCLURE), and the Senator from Arkansas (Mr. BUMPERS) were added as cosponsors of S. 1465, a bill to amend the Farm Credit Act of 1971 to permit Farm Credit System institutions to improve their services to borrowers, and for other purposes.

### S. 1758

At the request of Mr. LEVIN, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 1758, a bill to amend title 39, United States Code, to restore to Postal Service employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

### S. 2249

At the request of Mr. TALMADGE, the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 2249, a bill to increase the minimum level of price support on quota peanuts for the 1980 and 1981 crops.

### S. 2415

At the request of Mr. PACKWOOD, the Senator from Georgia (Mr. TALMADGE) was added as a cosponsor of S. 2415, a bill to amend the Internal Revenue Code of 1954 to provide for the application of the investment tax credit to property purchased by a person who is engaged in the trade or business of furniture rental or leasing to others.

### S. 2424

At the request of Mr. HATFIELD, the Senator from Kansas (Mr. DOLE) was added as a cosponsor of S. 2424, a bill to amend the Mineral Lands Leasing Act to require competitive bidding in oil and gas lands set apart for military or naval purposes, and to expand leasing by competitive bid 2½ miles outside known geological structures of a producing oil or gas field.

### S. 2435

At the request of Mr. CHILES, the Senator from Texas (Mr. BENTSEN), the Senator from Delaware (Mr. ROTH), the Senator from Indiana (Mr. BAYH), the Senator from Wisconsin (Mr. NELSON), and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of S. 2435, a bill to rescind certain appropriations provided for the purchase of furniture by Federal departments, and for other purposes.

### SENATE JOINT RESOLUTION 156

At the request of Mr. BURDICK, the Senator from Tennessee (Mr. BAKER), the Senator from Kentucky (Mr. FORD), the Senator from North Dakota (Mr. YOUNG), and the Senator from Idaho (Mr. CHURCH) were added as cosponsors of Senate Joint Resolution 156, a joint resolution to authorize the President to issue annually a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week."

### SENATE RESOLUTION 392

At the request of Mr. MAGNUSON, the Senator from Oklahoma, (Mr. BOREN), and the Senator from New Hampshire (Mr. DURKIN) were added as cosponsors of Senate Resolution 392, a resolution expressing the sense of the Senate that the Board of Governors of the Federal Reserve System should immediately take steps to reduce interest rates.

### AMENDMENT NO. 1689

At the request of Mr. JACKSON, the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of amendment No. 1689 intended to be proposed to S. 2392, a bill to repeal the Federal requirement of incremental pricing under the Natural Gas Policy Act of 1978.

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## SENATE RESOLUTION 402—SUBMISSION OF A RESOLUTION TO AMEND THE STANDING RULES OF THE SENATE

Mr. HEFLIN submitted the following resolution, which was referred to the Committee on Rules and Administration:

S. Res. 402

*Resolved*, That (a) paragraph 11 of rule XXVI of the Standing Rules of the Senate is amended by redesignating subparagraph (c) as subparagraph (d) and by adding after subparagraph (b) the following new subparagraph:

"(c) Each such report (except those by the Committee on Appropriations) shall also contain—

"(1) an economic evaluation, made by the committee, of the bill or joint resolution specifying the extent (if any) to which the carrying out of the bill or joint resolution will affect inflation or deflation in the national economy; or

"(2) in lieu of such evaluation, a statement of the reasons why compliance by the committee with the requirements of clause (1) is impracticable.".

(b) Subparagraph (d) of paragraph 11 of such Rule XXVI (as redesignated by subsection (a) of this resolution) is amended by striking out "subparagraphs (a) and (b)" and inserting in lieu thereof "subparagraphs (a), (b), and (c)".

### INFLATIONARY IMPACT ACT

Mr. HEFLIN. Mr. President, today I am submitting a resolution which I believe will provide the necessary impetus to force Congress to effectively deal with this Nation's very serious economic problems.

It is becoming increasingly clear—as both interest rates and inflation loom ominously at 20 percent—that Congress must act—and act now—to slow the inflation rate and restore fiscal responsibility to our economy.

I am afraid that a failure to effectively deal with our current economic problems could touch off a round of economic chaos in this country that could leave each of us in this Chamber helpless as this great Nation teeters on the brink of economic depression.

I have long advocated the restoration of fiscal responsibility to our Nation's economy. I fought long and hard, alongside other of my colleagues, for the passage of a constitutional amendment designed to prohibit Congress from spending more money in any given year than it takes in. I am still convinced that this simple, sound economic principle, enforced by constitutional edict, would be the most effective way to force Congress to live within its means.

I noted with great interest during the recent Senate Judiciary Committee battle over this amendment that not one of those Senators opposing the amendment objected to the concept of a balanced budget—but only to a constitutional mandate that the budget be balanced. At that time I voiced my doubts that this Congress resolve was strong enough to balance the budget without the constitutional mandate. I based these doubts on the dismal record this Congress has in balancing the budget by the statutory process.

Mr. President, while I still have my doubts, today I am introducing a bill which I believe will provide the necessary impetus to force Congress to solve our economic problems through the statutory process.

This bill, to be called the "Inflationary Impact Act," would require that an economic evaluation be made and accompany each bill acted upon by the U.S. Senate.

This inflationary impact statement would determine to what extent any proposed legislation would affect inflation in our national economy.

This economic evaluation, to be made by the committee reporting out the bill in question, would give Senators a clear indication of what impact the proposed measure would have on the economy. If a bill would cause inflation to be increased, this information would be clearly stated in the report. If the measure would tend to reduce inflation, that too would be known. Then each Member could vote according to his or her own conscience.

I do not have to remind any of you in this Chamber that balancing the budget will not be an easy task. Many good and worthwhile programs will be cut—and some will be eliminated altogether. Yet, however difficult the task, we must stand firm in our resolve to balance the 1981 Federal budget and to solve our economic problems.

Many painful and difficult choices await us in the coming months as we begin the agonizing process of deciding which programs and projects will be cut. I believe an inflationary impact statement would serve as a useful and essential guide to those Senators making difficult decisions in regard to budget cuts. This type of economic evaluation would provide the Senators the insight, which is now lacking, into the short-term and long-term economic impact of their votes.

I, for one, would give great credence to the results of such an economic evaluation—and I believe other of my colleagues who are truly interested in spending discipline would do the same.

The idea of impact statements is not new. As each of you knows, the Government now requires that businesses file an environmental impact statement with the Environmental Protection Agency to determine what impact new business construction or expansion will have on the Nation's environment.

I believe Congress has little excuse for not practicing the same type of discipline that it requires of private industry.

Congress must take the lead if we are going to wage a successful war against inflation—and to fight this war, I believe it is absolutely imperative that we weigh very carefully the impact our actions will have on the American economy.

However, before we can use this type of economic evaluation as a helpful and essential guide, we must put into place the means by which this kind of evaluation can be made.

Mr. President, my resolution provides this means. Due to the gravity of our current economic problems, I respectfully request that my resolution be considered and acted upon by the Senate as expeditiously as possible.

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## SENATE RESOLUTION 403—SUBMISSION OF A RESOLUTION WITH RESPECT TO SENATORIAL PAY RAISES

Mr. BAUCUS submitted the following resolution, which was referred to the Committee on Governmental Affairs:

S. Res. 403

*Resolved*, That it is the sense of the Senate that, notwithstanding any other provision of law, the annual rate of pay of each Senator, the President pro tempore of the Senate, and the majority and minority leaders of the Senate which is actually being paid as of the date of passage of this resolution shall not be increased during a one-year period beginning on the date of passage of this resolution.

### SENATORIAL PAY RAISES

● Mr. BAUCUS. Mr. President, I am introducing a resolution calling for a 1-year freeze on congressional pay raises.

The American people are demanding fiscal responsibility by the Federal Government. Congress must respond to that demand by cutting spending to balance the budget, by enacting procedural reforms that will insure balanced budgets in future years, and by establishing policies that encourage American productivity.

With inflation rates approaching 20 percent, with interest rates approaching 20 percent, there is a wide public perception that the Federal economy is out of control. Congress must show that it is prepared to regain control of the economy through strong and positive action.

Stopping inflation will require sacrifices by everyone, including Members of Congress. We must send the American public a message that we are prepared not only to do our part in controlling inflation, but we intend to take the lead in fashioning solutions to the Nation's economic problems.

For that reason, I urge my colleagues to join me in placing a 1-year moratorium on congressional pay raises. Members of Congress can let the American people know that we, too, are willing to sacrifice in order to get our economy back on the right course.

For us to ask Americans to make all the sacrifices is nothing less than the worst kind of arrogance. By adopting this resolution we can make our intentions clear.●

## SENATE RESOLUTION 404—SUBMISSION OF A RESOLUTION RELATING TO A STUDY OF HUMAN EXPOSURE TO NITRITES

Mr. TALMADGE (for himself, Mr. Boren, Mr. Boschwitz, Mr. Cochran, Mr. Culver, Mr. Dole, Mr. Helms, Mr. Huddleston, Mrs. Kassebaum, Mr. Lugar, Mr. McGovern, Mr. Nunn, Mr. Pryor, Mr. Stewart, Mr. Young, and Mr. Zorinsky) submitted the following resolution, which was referred to the Committee on Labor and Human Resources:

S. Res. 404

Whereas the meat industry is an integral and significant part of American agriculture and is important to the American economy;

Whereas the production of bacon and certain processed meat and poultry products is vital to agricultural producers and the meat industry;

Whereas the use of nitrites is imperative in the production of bacon and certain processed meat and poultry products to prevent botulism;

Whereas the use of nitrites is important in imparting the characteristic flavor and color of bacon and certain processed meat and poultry products;

Whereas the May 18, 1978, study "Dietary Nitrite in the Rat" conducted by Dr. Paul M. Newberne of the Massachusetts Institute of Technology questioning the safety of nitrites, has created market uncertainties for certain meat and poultry producers, and has contributed to consumer doubts and confusion about the safety of certain meat and poultry products;

Whereas the United States Department of Agriculture and the Food and Drug Administration are using the Newberne study to question the safety of nitrite use, which could result in a ban on the use of nitrites;

Whereas a ban on the use of nitrites could have serious repercussions on American agricultural producers and the American meat industry;

Whereas the General Accounting Office, in its January 31, 1980, report "Does Nitrite Cause Cancer? Concerns About Validity of FDA-Sponsored Study Delay Answer" points out criticims of the research design and possibly incorrect pathological diagnosis in the Newberne study; and

Whereas an increasing number of members of the scientific community believes that rigid and inflexible approaches to food safety are not defensible scientifically, economically, and socially: Now, therefore be it

*Resolved,* That the National Academy of Sciences is requested to conduct a comprehensive review of all pertinent scientific information relating to the risks and benefits associated with human exposure to nitrites. The review should include, among other things, the Newberne study and all other animal feeding studies (including those in progress), and nitrosamine occurrence in foods and beverages.

Sec. 2. The National Academy of Sciences is requested to submit the results of the review, together with any recommendations that the Academy may wish to make, to Congress by July 1, 1981.

Sec. 3. The Secretary of the Senate shall transmit a copy of this resolution to the President of the National Academy of Sciences.

● Mr. TALMADGE. Mr. President, to reduce the economic uncertainties being faced by the Nation's pork producers, I am today submitting a resolution under which the National Academy of Sciences would make a comprehensive review of all scientific information relating to the risks and benefits of using nitrites.

All of our agricultural producers each day face a multitude of risks. Diseases, weather, insects, surpluses, and shifting consumer preferences are among the problems they face. Over the past decade, however, no group of farmers has endured more continuing problems than the Nation's pork producers.

The press their product has received resulted in declining demand. Only after a long period of hard work were the producers able to begin to moderate the slide and then turn around pork consumption.

Ten years ago the price of hogs slipped to 10 cents a pound. This drove thousands of producers out of business. Those who managed to stay in business were later hit with the effects of the Russian grain purchase and the short crops of 1974 that pushed feed prices to record levels.

Our swine producers have been hit with a new disease problem—pseudorabies—that takes a devastating toll. Producers are also haunted by the spectre of African swine fever now in the Caribbean and South America.

However, the economic and natural problems that pork producers face are minor in comparison to the problems caused by Government regulations. A few years ago, the Food and Drug Administration began an examination of the use of various animal drugs, many of which are vital to hog production. This has added uncertainty. The Food and Drug Administration and the Department of Agriculture have increased their monitoring activities for drug residues even though there is widespread scientific opinion that some of FDA's analytical techniques are not reliable. This not only causes uncertainty, but it has resulted in several major economic losses.

The most serious threat to hog producers, however, comes from the two pronged attack of the Department of Agriculture and FDA against nitrites, a product that has been used in the preserving and processing of meats for thousands of years.

Much of our pork is processed and preserved using nitrites. They are critical in the production of bacon and the prevention of botulism. Over the past 2 years there has been a concerted attack on the use of nitrites. Much of this results from the emotion-laden opposition against all food additives regardless of their function or of their importance to public health.

One study suggested a possible link between nitrites and cancer. I would note that the principal researcher, Dr. Newberne at the Massachusetts Institute of Technology, carefully qualified his findings as to their implications for policy. We have had continued debate about nitrites but again without evidence of fact. In hearings that were held by one of our subcommittees, the following exchange occurred between Senator Leahy, the subcommittee chairman, and two witnesses, who are scientists:

Senator Leahy. Do we run a greater risk from the addition of nitrites to food than from what occurs naturally, generally in the United States, in vegetables and other substances?

Dr. Lijinsky. Yes.

Dr. Weisburger. There I would say categorically, "No."

It is evident that there is no scientific consensus on this issue. At this time, the Newberne study is being reviewed by a panel of scientific experts. I think their findings have already been documented in a GAO review as well as preliminary reports from the scientists on the review panel. In essence, they are suggesting that there are inadequacies in the study design and with the conclusions. Yet our pork industry continues to endure uncertainty because of the doubts raised.

Mr. President, it is imperative that we establish once and for all the benefits and risks of nitrites. The use of nitrites as a preservative and processing agent is important to consumers as well as to pork producers. The role of Government should not be one that creates uncertainty and confusion. We should move to find answers to the questions that have been raised. This is precisely what my resolution is designed to do. The resolution calls for a comprehensive review by the National Academy of Sciences of all pertinent scientific information relating to the risks and benefits associated with human exposure to nitrites.

I am pleased that 15 of my colleagues are cosponsors of the resolution. I urge the Senate to agree to the resolution without delay.●

## AMENDMENTS SUBMITTED FOR PRINTING

### FEDERAL RADIATION PROTECTION COUNCIL—S. 1938

AMENDMENT NO. 1692

(Ordered to be printed and referred to the Committee on Governmental Affairs.)

Mr. JAVITS submitted an amendment intended to be proposed by him to S. 1938, a bill to insure adequate protection of workers, the general public, and the environment from harmful radiation exposure, to establish mechanisms for effective coordination among the various Federal agencies involved in radiation protection activities, to develop a coordinated radiation research program, and for other purposes.

(See the remarks of Mr. Javits when he introduced S. 2539 earlier in today's proceedings.)

## NOTICES OF HEARINGS

### SUBCOMMITTEE ON ENERGY REGULATION

● Mr. JOHNSTON. Mr. President, on April 15, 1980, the Subcommittee on Energy Regulation of the Committee on Energy and Natural Resources will receive testimony on the proposed authorization for the Federal Energy Regulatory Commission, the Office of Hearings and Appeals, and the regulatory programs under the supervision of the Assistant Secretary for Conservation and Solar Applications. This hearing will begin at 9:30 a.m. in room 6226 of the Dirksen Senate Office Building. The appearance of the Assistant Secretary for Conservation and Solar Applications has been rescheduled to April 15 from the originally announced date of April 28.●

### SUBCOMMITTEE ON NUTRITION

● Mr. McGOVERN. Mr. President, I wish to announce that the Agriculture Subcommittee on Nutrition has scheduled hearings to review the child nutrition programs administered by the U.S. Department of Agriculture. Testimony should be directed to legislative changes in the 1980 child nutrition programs, but the subcommittee does not intend to deal with the issue of commodity vouchers at these hearings.

The hearings will be held on April 15 and 17 beginning at 9:30 a.m. on both days in room 324, Russell Building. Anyone wishing to testify should contact Barbara Washburn of the Agriculture Committee staff at 224-6901.●

### COMMITTEE ON VETERANS' AFFAIRS

● Mr. CRANSTON. Mr. President, I would like to announce, for the information of the Senate and the public, the hearing schedule of the Committee on Veterans' Affairs, which I am privileged to chair, for the month of April.

On Tuesday, April 8, beginning at 1 p.m., in room 412 of the Russell Senate Office Building, the committee will be conducting a staff inquiry, open to the public, concerning the replacement medical facilities proposed by the Veterans' Administration for the Minneapolis VA Medical Center. Participants will include representatives of the Veterans' Administration, the University of Minnesota Medical School, veterans service organizations, and community groups concerned about health care and planning in the area served by the VA medical center.

Questions regarding this inquiry should be directed to Janice Orr, professional staff member on the committee, at (202) 224-9126.

On Wednesday, April 16, beginning at 9 a.m., in room 412 of the Russell Senate Office Building, the committee will conduct a public hearing on S. 2534, a bill I introduced to amend title 38, United States Code, to promote the recruitment and retention of physicians, dentists, nurses, and other health-care personnel in the Veterans' Administration's Department of Medicine and Surgery, and issues relating to the recruitment and retention of qualified health-care professionals to staff VA health-care facilities, including special pay authority for VA physicians and dentists and appropriate methods of improving the conditions relating to hiring, compensating, promoting, and similar activities in connection with nursing personnel and other health workers within the VA's Department of Medicine and Surgery.

Persons interested in testifying at this hearing should contact Bill Brew, associate counsel on the committee staff, at (202) 224-9126.

On Wednesday, April 23, beginning at 9:30 a.m., in room 412 of the Russell Senate Office Building, the committee will hold an oversight hearing on Veterans' Administration programs and policies relating to purchasing, implantation, and monitoring of cardiac pacemakers. I have asked the Senator from Florida (Mr. STONE) to chair this hearing.

Persons interested in testifying at this hearing should contact Bill Brew, associate counsel on the committee staff, at (202) 224-9126.●

### SUBCOMMITTEE ON CIVIL SERVICE GENERAL SERVICES

● Mr. PRYOR. Mr. President, I wish to announce that on April 16, in room 3302, Dirksen Senate Office Building, at 9:30 a.m., the Subcommittee on Civil Service and General Services will continue oversight hearings on the civil service retirement system and consider issues and legislation affecting the system, including S. 2449, a bill to improve the operation of the disability retirement program, and S. 2450, a bill to reduce cost-of-living increases for annuitants by increases attributable to months prior to the month in which the commencing date of an annuity occurs.●

### SELECT COMMITTEE ON INDIAN AFFAIRS

● Mr. MELCHER. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Select Committee on Indian Affairs.

The hearing is scheduled for April 17, 1980, beginning at 10 a.m. in room 357 of the Russell Senate Office Building. Testimony is invited regarding H.R. 2102, an act pertaining to the inheritance of trust or restricted land on the Standing Rock Sioux Reservation, North Dakota and South Dakota.

For further information regarding the hearing you may wish to contact Peter Taylor of the committee staff on extension 224-2251. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Select Committee on Indian Affairs, U.S. Senate, Washington, D.C. 20510.●

### COMMITTEE ON ENERGY AND NATURAL RESOURCES

● Mr. JACKSON. Mr. President, the hearing which the Committee on Energy and Natural Resources had scheduled for 10 a.m., Friday, April 18, on the recent study of the National Academy of Sciences, entitled "Energy in Transition: 1985–2010," is being rescheduled for 2 p.m. on the same day, Friday, April 18, 1980 in room 3110 of the Dirksen Senate Office Building. Questions about this hearing should be directed to Benjamin S. Cooper or James T. Bruce of the committee staff at 224-9894.●

### SELECT COMMITTEE ON INDIAN AFFAIRS

● Mr. MELCHER. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Select Committee on Indian Affairs.

The hearing is scheduled for April 21 and 22, 1980, beginning at 10 a.m., in room 1202 of the Dirksen Senate Office Building on April 21, and in room 5110 of the Dirksen Senate Office Building on April 22. Testimony is invited regarding proposed legislation to reauthorize the Indian Health Care Improvement Act.

For further information regarding the hearing you may wish to contact Jo Jo Hunt of the committee staff on extension 224-2251. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Select Committee on Indian Affairs, U.S. Senate, Washington, D.C. 20510.●

### SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, the Select Committee on Small Business will hold a hearing on the Department of Energy's small business research and development program on April 30, 1980, in room 424 of the Russell Senate Office Building.

The hearing will begin at 9:30 a.m. Interested persons should contact the committee staff at 224-5175.●

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## ADDITIONAL STATEMENTS

## VIEWS OF DISABLED AMERICAN VETERANS ON INCARCERATED VETERANS

● Mr. CRANSTON. Mr. President, on July 11 of last year, the Committee on Veterans' Affairs held an oversight hearing on issues related to incarcerated veterans. Among the witnesses who provided statements for that hearing was Mr. Stephen L. Edmiston, Administrative Assistant, Disabled American Veterans. By inadvertence, which I sincerely regret, the DAV statement was not included in the printed record of that hearing.

Mr. President, in order to remedy that error, the DAV statement will be printed as an appendix to that organization's testimony before the committee at an oversight hearing on the Veterans' Administration readjustment counseling program for Vietnam-era veterans, which is scheduled for May 21. In addition, I ask that the DAV statement be printed in the RECORD, so that all Senators and members of the public may have the benefit of the DAV's views on issues related to incarcerated veterans at this time as well as when the May 21 hearing record is published.

The statement follows:

### STATEMENT OF STEPHEN L. EDMISTON

Mr. Chairman and members of the committee: The DAV appreciates this opportunity to present our views on the Veterans Administration's Outreach Services Program for incarcerated veterans.

Mr. Chairman, the DAV commends you and the members of the Committee for holding these hearings. Clearly, this reflects the sincere interest and concern of the Committee in the VA's efforts to assist incarcerated veterans in obtaining benefits to which they may be entitled.

### VETERANS OUTREACH SERVICES PROGRAM

The Congress has declared that the Outreach Services Program authorized by Subchapter IV of Chapter 3, Title 38, U.S. Code is for the purpose of ensuring that all veterans are provided timely and appropriate assistance to aid and encourage them in applying for and obtaining benefits and services in order that they may achieve a rapid social and economic readjustment to civilian life and obtain a higher standard of living for themselves and their dependents. The Congress has charged the Veterans Administration with the affirmative duty and responsibility of seeking out veterans and their dependents who may be eligible for benefits and providing them with the services necessary to apply and obtain such benefits.

Mr. Chairman, as the result of a report released by the Comptroller General in December 1974 (Need for Improved Outreach Efforts for Veterans In Prison or on Parole) the Veterans' Administration issued regulations which directed the Regional Offices to schedule semi-annual visits to all federal and state prisons for the purpose of conducting group briefings and individual counseling for veteran inmates. Additionally, the Regional Offices were directed to also conduct periodic briefings for appropriate officials of penal institutions for the purpose of providing assistance concerning veterans' benefits. However, this regulation specified that visits would only be scheduled where prison authorities felt that such services were desirable and necessary.

In December of 1978 the Administrator of Veterans' Affairs reported that Department of Veterans' Benefits personnel had conducted nearly 63,000 individual counseling sessions for incarcerated veterans since 1975.

Certainly, statistics reveal an improved outreach effort by the Veterans' Administration, at least compared to the statistics reported by the Comptroller General in 1974.

However, Mr. Chairman, we are concerned that the VA's effort is not evenly applied nationwide. Earlier this year Correction's Magazine reported that they had conducted a small survey of institutions in New England. Correction's Magazine reported that the assessments provided by the corrections administrators from these institutions "ranged from 'outstanding cooperation' to an adamant 'we never seem them'."

Additionally, a recent survey conducted by the DAV of a number of selected National Service Offices around the country revealed similar findings.

Of course, Mr. Chairman, we do not believe the Veterans' Administration is totally at fault for these findings. We believe the authorities of many correctional institutions and in some cases the state governments and their legislatures are also to blame for this uneven activity in the VA's outreach program for incarcerated veterans.

As an example, on June 6, 1979 the governor of the state of Florida approved House bill No. 1595. This law, which became effective July 1, 1979, relates to the veterans' benefits received by inmates in Florida's correctional institutions—directs the Department of Education, the State Board of Education and the Board of Regents to require that area vocational-technical centers, institutions within the community college system, and institutions within the state university system withdraw all requests for course approval from the Veterans' Administration for education programs offered in correctional facilities which are provided through state funding at no cost to the inmates.

Similar legislation to restrict the payment of VA educational benefits has also been introduced in the House of Representatives as a result of complaints from prison officials who believe that these excess funds paid to inmates cause problems with respect to narcotics and thefts.

Quite frankly, Mr. Chairman, we find these types of proposals inappropriate, however, we are most supportive of the provisions of S. 870, an Administration proposal, to provide special limitations on the payment of education benefits to incarcerated veterans. We believe that this type of an approach—to a situation that prison authorities apparently cannot correct or control—will serve to aid these veterans in returning to the mainstream of society and greatly reduce the high rate of recidivism.

However, Mr. Chairman, we would suggest that the Veterans Administration could improve their present outreach efforts if they scheduled more frequent and regular visits to institutions by one specific individual. It is our belief that the VA must establish and gain the trust of inmates and prison officials by providing consistent service with appropriate follow-up contact to insure the ultimate success of this program.

Of course, Mr. Chairman, it is no secret that the Department of Veterans Benefits has been seriously affected by the budgetary restrictions of the past few years. Therefore, Mr. Chairman, we strongly urge the Committee to consider the staffing levels within the Department of Veterans Benefits to insure that the VA has sufficient personnel to do the job right.

In conclusion, Mr. Chairman, notwithstanding the fact that these individuals are being punished for unlawful acts against society, we must not forget that many of these individuals served honorably in the defense of our great Nation and have earned the right to certain VA benefits. And of special concern to the Disabled American Veterans are the needs of those incarcerated veterans who suffer from service-connected disabilities. Therefore, it is our belief that greater emphasis should be directed to the positive utilization of VA benefits in an effort to assist this unique group of veterans, particularly the service-connected disabled veteran, rather than further alienate and restrict them.

That completes my statement Mr. Chairman. I wish to again thank you and the members of the Committee for holding these hearings and allowing the Disabled American Veterans to express its views on the VA's outreach efforts to assist incarcerated veterans.

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[Chapter 79–182]

House Bill No. 1595

An act relating to veteran's benefits received by inmates of correctional institutions; creating s. 230.655, Florida Statutes; amending s. 230.761(2) (b), Florida Statutes, 1978 Supplement; adding s. 240.052 (4) (c), Florida Statutes, 1978 Supplement; directing the Department of Education, the State Board of Education and the Board of Regents to require that area vocational-technical centers, institutions within the community college system, and institutions within the State University System withdraw all requests for course approval from the Veteran's Administration for education programs offered in correctional facilities which are provided through state funding at no cost to the inmate; providing an effective date

Be it enacted by the legislature of the State of Florida:

Section 1. Section 230.655, Florida Statutes, is created to read: 230.655 Education programs in correctional facilities.—The Department of Education shall require that each vocational-technical center withdraw all requests for course approval from the Veteran's Administration for education programs offered in correctional facilities which are provided through state funding at no cost to the inmate.

Sec. 2. Paragraph (b) of subsection (2) of section 230.761, Florida Statutes, 1978 Supplement, is amended to read: 230.761 Financial support of community colleges.—

(2) Student fees.—

(b) The state board shall adopt rules permitting the deferral of registration and tuition fees for those students receiving financial aid from federal or state assistance programs, when such aid is delayed in being transmitted to the student through circumstances beyond the control of the student. Failure to make timely application for such aid shall be insufficient reason to receive such deferral.

1. Veterans and other eligible students receiving benefits under chapter 32, chapter 34, or chapter 35, 38 U.S.C., shall be entitled to one deferment each academic year and an additional deferment each time there is a delay in the receipt of their benefits.

2. In adopting such rules, the state board is required to enforce the collection of or otherwise settle delinquent accounts.

3. The state board shall require that each institution within the community college system withdraw all requests for course approval from the Veteran's Administration for education programs offered in correctional facilities which are provided through state funding at no cost to the inmate.

Sec. 3. Paragraph (c) is added to subsection (4) of section 240.052, Florida Statutes, 1978 Supplement, to read: 240.052 Admission of students; fees.—

(4) The Board of Regents shall adopt rules permitting the deferral of registration and tuition fees for those students receiving financial aid from federal or state assistance programs, when such aid is delayed in being transmitted to the student through circumstances beyond the control of the student.●

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## HOUSE JOINT RESOLUTION 514 ESTABLISHES A HARMFUL PRECEDENT

● Mr. STAFFORD. Mr. President, Senator Hatfield and I would like jointly to indicate our reservations concerning House Joint Resolution 514, which both Houses of Congress accepted a few days ago. As everyone will recall, the Federal Trade Commission has faced serious and immediate financial problems since March 15 when its authority to expend funds expired. This was an urgent situation. It required a quick solution, and the Congress demonstrated its ingenuity and flexibility by finding one.

We would like to draw attention, however, to the consequences of the solution selected, which was to expropriate $12.1 million in so-called unobligated balances in fiscal year 1980 funds from the International Communication Agency.

At this moment, U.S. relations with other countries are seriously strained in several areas of the world. Especially at this time, we need improved capabilities for communicating with other parts of the world and promoting mutual understanding. It is not helpful to withdraw these $12 million from the budget of the agency which supports the Voice of America and the already greatly diminished Fulbright exchange program. It is also incorrect to term such funds as "unobligated balances" since it is not possible to determine at mid-year what levels of funding may not be committed by year's end. Indeed, it would be administratively prudent to reserve some budgetary flexibility in the fast-moving foreign affairs field. We are disturbed that the ICA may have been selected for the expropriation in part because of a perception that its contributions to the Nation's welfare are somehow less essential than are those of other programs.

We concur with the U.S. Advisory Commission on Public Diplomacy and with members of the higher education community that House Joint Resolution 514 establishes a harmful precedent. A statement recently issued by the board of directors of the American Council on Education well establishes the value of the ICA programs, while Advisory Commission Chairman Olin Robison's statement of objection to House Joint Resolution 514 raises questions which remain challenging. Mr. President, I shall submit these two statements for the RECORD at the conclusion of these remarks.

Senator HATFIELD and I jointly urge, within the spirit of the economizing that must occur throughout our Government, that at least half of the $12 million be restored to the International Communication Agency budget prior to September 30, 1980. We also urge that House Joint Resolution 514 not establish precedent for additional ICA budget raids in fiscal year 1981. We believe that in the increasingly interdependent world of the 1980's, the important programs of the International Communication Agency should be free from capricious budgetary action.

The statements follow:

STATEMENT BY THE BOARD OF DIRECTORS OF THE AMERICAN COUNCIL ON EDUCATION

Scholarly exchanges with other nations have served this country well for over a generation. They have increased our understanding of other peoples, and they of us. They have established lasting channels through which the world's intellectual resources can be tapped in the search for solutions to man's common problems. They have tempered the parochialism of national outlook which characterized this nation prior to World War II. Cross-cultural scholarly collaboration has proved to be sound public as well as sound educational policy.

Of all the international communications media at our disposal, scholarly exchange ranks among the highest in its long-range, permeative effect. In times of peculiar international tension, however, its benefits can recede in the national consciousness, and its public policy support can be eroded by the seemingly more urgent claims of other international communications media.

The current pressure of events, particularly in the Middle East, clearly reflects such international tension. The Board of Directors of the American Council on Education, broadly representative of the higher education community, urges that public policy support of scholarly exchanges should be strengthened despite present tensions. Indeed, this Board believes that both the Government of the United States and the academic community should strengthen their joint commitments to international intellectual communication and collaboration through this critical and lasting means.

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U.S. ADVISORY COMMISSION
ON PUBLIC DIPLOMACY,
*Washington, D.C., March 24, 1980.*

To the Members of Senate Committee on Appropriations, House Committee on Appropriations.

We have indeed reached a sorry state of affairs when the Congress of the United States proposes to take over $12 million from academic exchanges and the Voice of America to finance the day-to-day operations of the Federal Trade Commission. We of the Advisory Commission on Public Diplomacy are appalled at the extraordinary implications of Joint Resolution H.J. Res. 514.

It is outrageous to imply that the ongoing operations of the Federal Trade Commission are of more importance to this country than the work of the International Communication Agency. At a moment when American obligations and responsibilities abroad are being reassessed, at a moment when the American public clearly wish a stronger U.S. presence overseas, members of the Congress are suggesting that our most important arm of peaceful international diplomacy be shortened.

Do members of the Congress seriously think that it is wise, prudent and sound public policy:

To take money from students and scholars traveling to and from this country;

To take money from the operations of the Voice of America (only recently instructed by the National Security Council to broaden their efforts overseas);

To take money from our libraries, publications and exhibitions around the world;

All this to finance the payroll of a domestic agency caught in the throes of a congressional fight?

We urge you in the strongest possible terms to withdraw or defeat H.J. Res. 514 in the public interest. Surely our great nation does not have to resort to this kind of shabby, ill-conceived, even shameful maneuvering to meet its payrolls and other obligations.

OLIN ROBISON,
*Chairman.*●

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## SOVIET INTRODUCING NEW TANK IN EUROPE

● Mr. GARN. Mr. President, we have reaped the inevitable results of 20 years of neglect of U.S. armored forces. Twenty years ago we fielded the M–60 tank which was slightly better as a combat vehicle than its contemporary, the Soviet T–62. Unfortunately, the most modern U.S. tank in service today is the M–60 while the Soviets have fielded the T–64 and the T–72.

This did not have to be the case. The U.S. developed but did not deploy the dramatically improved MBT–70. The MBT–70 was a casualty of the antimilitary feeling of the late 1960's and early 1970's. The termination of this vehicle assured U.S. inferiority in the 1970's.

The current situation is far worse than we have been lead to believe. Drew Middleton writing in the New York Times reports that "the evidence of European intelligence sources and Defense Department officials who have testified before Congress is that the two Russian battle tanks are equipped with a new form of armor resistant to penetration by U.S. TOW and Dragon antitank missiles and against European HOT and Millan missiles well." These are the heaviest antitank weapons that NATO has in Europe today. If this is true it means that not a single antitank weapon on the ground in Europe today can stop the latest Soviet tanks. Moreover, writes, Drew Middleton, "The T–80 is expected to have even better Armor." The Under Secretary of Defense, Dr. William Perry, told the Congress, Mr. Middleton notes, that "the TOW antitank missile was incapable of penetrating the T–64 and T–72 and that even after planned modifications the new TOW–2 might be incapable of stopping the T–80."

During World War II we faced similar problems. The German Tiger and Panther tank had far superior armor. U.S. M–4 Sherman could not penetrate its frontal armor. However, we were able to defeat the Germans because we had far more tanks than they did.

Today, the situation is worse. The Soviets have better tanks and much greater numbers of tanks. Mr. Middleton reports that the Soviets already have 9,900 T–64/72 tanks by mid-1979, compared to a planned U.S. production of 7,700 XM–I by 1990.

I find it incredible that under these circumstances the President of the United States has not reversed his ill-advised decision against the production of the neutron bomb. This may be the only effective antitank weapon we have in the 1980's. Especially in the light of his subsequent decision to deploy high yield long range theater nuclear weapons in Europe, his opposition to the neutron bomb is simply irrational.

I commend Mr. Middleton's article to my colleague's attention and ask that it be printed in the RECORD.

The article follows:

SOVIET INTRODUCING NEW TANK IN EUROPE

(By Drew Middleton)

While the United States has been moving toward the production of its first new tank in 20 years, the Soviet Union has been improving the quality and quantity of its tank forces and has embarked on the production of its fourth new tank in 20 years, the T–80.

The Russian tank program could be viewed with more equanimity by the United States and its NATO allies if there was reasonable confidence that the Soviet tanks now deployed, the T–64 and T–72, were vulnerable to the antitank guided missiles in the American and allied armies.

But the evidence of European intelligence sources and Defense Department officials who have testified before Congress is that the two Russian battle tanks are equipped with a new form of armor resistant to penetration by the United States TOW and Dragon antitank missiles and against the European HOT and Milan missiles as well.

Both TOW and Dragon are being modified to insure penetration of existing Russian armor. But some analysts of the Soviet tank forces doubt whether these modifications will produce weapons that will destroy the T–80's, which are expected to reach Russian armored divisions late this year.

SOVIET DEPLOYS MORE TANKS

The quantitative lead that the West hoped to assume through the production of the American XM-1 tank, the West German Leopard II, the British Chieftan II and hundreds of thousands of antitank guided missiles has been put in doubt. And the Russians have added to their quantitative superiority.

By the middle of last year about 9,900 T-64's and T-72's had been deployed by the Soviet Union. About 7,800 of these were with armored units in Eastern Europe and in the western military districts of the Soviet Union. In addition the Soviet army has about 12,000 tanks, most of them older models, in storage, according to European intelligence sources.

The United States Army's goal for production of the XM-1 is about 7,700 tanks by late in the decade.

The military problem posed for the West by the Soviet superiority in numbers and quality has been exacerbated by the improvement in the body armor of the T-72 and, to a lesser extent, in late models of the T-64. The T-80 is expected to have even better armor.

In testimony to Congress last year William J. Perry, Under Secretary of Research and Engineering in the Defense Department, and Percy A. Pierre, Assistant Secretary of the Army for Research, Development and Acquisition, made some significant disclosures.

INCAPABLE OF PENETRATING ARMOR

Mr. Perry said that the TOW antitank missile was incapable of penetrating the T-64 and T-72 and that even after the planned modifications the new TOW-2 might be incapable of stopping the T-80.

Mr. Pierre was equally frank. He told Congress that both the T-64 and the T-72 were superior to the M-60, the American tank now deployed in Europe, and that "in face of the overlapping succession of new tank developments we no longer are on safe ground contending that our yet-to-be-deployed XM-1 will be vastly superior to future Soviet models."

American and European specialists see these elements in the armored equation:

¶Until modified American and European antitank missiles are produced and deployed, Soviet tanks, already numerically superior, will be able to take a hit on their frontal armor and keep moving.

¶The quality of the new American tank and of advanced West German, British and French tanks will be matched by the Soviet T-80, which, if past performance offers a criterion, will be produced at greater speed and in greater numbers.

The United States is attempting to improve the range and lethality of the more than 100,000 TOW missiles in the Army's inventory and to improve the range of the Dragon missile by over 50 percent of its present range of 1,000 to 1,500 meters.

### PROMISING WEAPON FOR FUTURE

A more promising weapon for the future is the Assault Breaker, a new antitank weapon being developed by the United States and a French-British-West German consortium that, barring delays in funding and development, will be deployed in the last half of the decade.

Assault Breaker will fire multiple missiles carrying large numbers of small heat-seeking bombs, or, alternatively, small missiles with a range of almost 100 miles.

The Defense Advanced Research Projects Agency, according to arms specialists, already has awarded a number of contracts for components of the Assault Breaker system. The next steps are the assembly of the missiles and tests against tanks.

Some senior officers, who asked for anonymity because of their roles in operational planning, said they thought the Assault Breaker was like other panaceas promised in the past: "Pie in the sky."

What the Army needs in the next "dangerous years," they said, is a weapon available today "or at latest tomorrow." The recurring theme is that the Army may not have the time to develop, test and produce: "We need something now." ●

## BALANCING THE FEDERAL BUDGET

● Mr. MUSKIE. Mr. President, I ask that my remarks to the National Association of Realtors Monday, March 31, be printed in the RECORD.

The remarks follow:

### REMARKS OF SENATOR EDMUND S. MUSKIE TO THE NATIONAL ASSOCIATION OF REALTORS, MARCH 31, 1980

The very nature of the Budget Committee's work demands an ongoing dialogue wtih outside experts and informed advisors.

We are legislators, not economists—and yet we must make decisions which are intimately related to the state of the economy.

We deal with issues of great concern to the business community—and yet very few of us have much practical business experience.

We must budget for every aspect of Government activity—and yet it is impossible for us to be deeply familiar with all of those activities.

And so, we must rely to a large extent on the opinions and judgments of others—both in and out of Government. That is why I am very pleased to speak with you this morning, and to have your association's formal statement to the committee on the fiscal 1981 budget.

I would like to respond to that statement this morning, and I would like to share with you some of my own thoughts about the direction we are taking this year.

Mark Twain defined an expert as someone who comes from more than 25 miles away. By that standard, most of you would qualify.

But a more stringent standard must apply to those who seek to play a role in shaping fiscal policy. As representatives of one of Americas' most important industries, you are well qualified to help us consider the issues.

The well-known maxim that "the business of America is business" may be a bit overstated. But the well-being of American business and industry is centrally important to the prosperity of all of our citizens.

Yours is one of the most essential industries of all. The health of our economy depends very heavily on the builders, developers, and those who manage the buying and selling of real property.

Unfortunately, your industry is also one which traditionally absorbs much of the punishment when the economy turns sour. And the housing and real estate markets are among the first to fall.

In the end, of course, no one is safe from the twin disasters of ever higher prices and ever more expensive credit. Quite rightly, the American people look to public officeholders for answers.

I will not accept the simplistic point of view that Government alone is responsible for the current dilemma—nor that Government alone can solve it.

But Government is indeed responsible for limiting public spending to prudent levels—for shaping a disciplined long range fiscal policy—and for exercizing leadership in a national effort to turn the economy around.

I am convinced that such leadership must begin with a balanced Federal budget for fiscal 1981. I can assure you without reservation that the budget which we are now drafting will indeed reflect a balance for the coming fiscal year.

But do not be taken in by the rhetoric of those who insist that achieving such a balance is painless. To the point of monotony, catch-words like "fat," "waste," "inefficiency," and "bloated bureaucracy" have anchored the rhetoric of some who know no better and others who should. It is not that easy.

I proposed to the Budget Committee last week that spending should be $19 billion lower than the President's January budget. Believe me when I tell you that there isn't $19 billion of "fat" to trim. Real sacrifices be imposed.

In your association's statement to the Budget Committee, it is noted that a recent Gallup poll showed broad public support for fiscal restraint. That is no surprise. It is even less surprising that many of the respondents called for tax relief.

But those people were not asked where the cuts should be made. Similar polls have produced similar results on the general question of overall Federal spending. But the answers are different when specific programs are mentioned.

"Cut the budget," people say. But don't touch pensions for the elderly. Don't pull the rug out from under the colleges and universities. Don't do away with revenue sharing. Don't diminish the Federal effort to solve the energy crisis. And oh yes, be sure to allow for a huge new increase in military spending. And don't forget to provide a tax cut while you're balancing the books.

A theoretical devotion to austerity is one thing. A willingness to accept the consequences is quite another. We are now working to overcome the most serious economic challenge in recent memory. And yet, even modest sacrifice produces an uproar in many quarters of our society.

Ironically enough, public demands for Federal largesse are a prominent reason why public demands for a balanced budget are so very hard to satisfy.

That also explains why so many politicians talk in frugal generalities and vote for specific spending increases.

A variation of the same principle explains why every interest group in America couples faith in fiscal responsibility with an equally fervent demand for a bigger piece of the action.

It is to the credit of your association that the statement you have submitted to the committee is a responsible and well researched approach to fiscal policy. It is long on logic and short on rhetoric.

That is not to say that I find all of the logic to be compelling in its conclusions. But I would like to take a few moments to outline the areas in which we agree as well as those in which our perspectives may differ.

The association's first recommendation calls for 2 percent slower growth in Federal spending during the remainder of fiscal year 1980.

My recommendation to the Budget Committee calls for outlays of $567 billion in 1980. That level would actually provide a budget balance between outlays and revenues during the remainder of the fiscal year.

We are already half way through that year. Much of the money has already been spent. Much is contracted for. But much can be cut back if the committee accepts my position.

The association's second recommendation calls for 1 percent slower growth in Federal spending than proposed by the President for fiscal year 1981 in his January budget.

That would require outlays of no more than $611 billion. I am recommending an outlay total of $610.6 billion.

If the committee, and then the Congress, accept that recommendation, the association's proposal will be realized. I intend to work very hard for that result.

The association's third recommendation calls for a balanced budget for fiscal year 1981. As I said at the outset, the Budget Committee will make that recommendation to the Senate. Moreover, I will do all within my power to see it approved on the floor and respected throughout the legislative year.

The association's fourth recommendation is a bit more ambitious. It suggests that Federal spending should grow 1 percent more slowly than national income does. Presumably, the gross national product would serve as a benchmark.

It is a far more reasonable proposal than some GNP-related plans which have been offered by others. One such plan would limit Federal spending to 21 percent of GNP in fiscal year 1981.

I favor a reduction in the Federal share of GNP below 21 percent. But 21 percent is not a reasonable goal for 1981—not if we are to increase defense spending and avoid the virtual shutdown of essential programs overnight.

By the way, the Brooke-Cranston program and other Federal housing aid would surely be among the victims.

In any case, limiting the growth of Federal spending will demand the real spirit of discipline which I hope the Congress is prepared to accept.

No one, of course, has patented a reliable crystal ball. And economists are not well known for confident estimates of the course of the economy.

The story is told that one economic wizard was asked to explain the economic impact of the American revolution. He replied that it was too early to tell.

It may be too early to tell whether the

Federal growth path will indeed be as moderate as we now hope. But it is a good bet that the days of wide open spending are behind us.

The association's fifth and sixth recommendations deal with the question of tax relief. It is proposed that tax cuts should be implemented in fiscal 1981. It is then proposed that they should be targeted to encourage savings and investment.

Let me respond with several observations.

First, priority number one is to balance the books. Even in an election year, it would be unconscionable for Congress to vote a tax cut unless that can be done without sliding back to a deficit.

Last week, the Senate adopted the amendment I proposed to balance the 1981 budget and to reserve any surplus for a tax reduction. And under the amendment at least half the tax cut should be devoted to encouraging productivity and investment.

Second, my recommendation to the budget Committee as its chairman calls for balance, and for a $16 billion tax cut in fiscal year 1981.

Our people need tax relief. Investment can be stimulated by tax relief. Productivity can be enhanced.

But the tax relief which I hope we will provide in 1981 might well be described as a "good behavior tax cut." Not only the Congress, but the economy must cooperate in order to achieve it.

The Congress must be on its best behavior in accepting the discipline of outlay restraints in the budget resolution.

The economy must be on its best behavior to spare us another inflationary surge or a deep recession—either of which could gobble up a surplus without any congressional action at all. It is particularly important that wages and prices be restrained.

Finally, individual Congressmen and Senators must be on their best behavior when each separate spending vote comes up on the floor.

A balanced budget resolution is merely a balance on paper. That is hard enough to achieve. But the real test comes when the real cuts are voted upon—one by one—throughout the spending season.

Unfortunately, too many legislators are press conference misers and roll call spendthrifts.

A moment ago, I mentioned a recent Senate proposal to confine Federal spending to 21 percent of GNP. 43 Senators cosponsored that resolution. The press conference was well attended.

But just 1 month before they joined that crusade for draconian austerity, 34 of them voted to break the budget for veterans programs; 26 of them did the same for disability insurance.

No one held a press conference to draw attention to that.

As individnuals, and even as a group, you can do little to prevent the economic blowups which could make a surplus vanish. But in both capacities, you can help through your own willingness to absorb some of inflation's costs instead of passing them on.

As individuals, and especially as a group, you can do a great deal indeed to help prevent political sleight-of-hand, the sort which allows some politicians to talk like budget-cutters and vote like budget-busters.

Someone has offered a bit of real world advice regarding efforts to influence Congress. It is better to make them feel the heat than to make them see the light.

I believe a majority of Congress has seen the light in regard to the need for fiscal discipline. But a little heat may well be in order as well.

That is why the achievement of a balanced budget in fact as well as on paper is largely up to you and other constituencies throughout the nation.

That is why a fiscal 1981 tax cut depends on that same variety of old fashioned political heat.

Having so far expressed substantial agreement with most of your association's recommendations, I cannot conclude without raising at least a hackle or two.

The special interests I have referred to rather disparagingly are everyone's whipping boy. Each of us belongs to a chamber of commerce, a trade union, or a professional association, but none of us would be caught dead associating with a special interest.

In the end, of course, we all have special interest in one piece of the budget or another. And if true fiscal restraint is ever to be achieved, we must all be willing to sacrifice something.

If I were to stand before this audience and rattle off a carefully prepared list of budget cuts, I know I would receive your hearty approval.

But the cuts we are considering this year are not confined to any single program.

I wonder what a show of hands would produce here this morning in regard to one particular cut which the committee has before it—the one which would save $700 million in budget authority by reducing the interest subsidy for Ginny Mae.

I can offer you the solace that this particular cut is unlikely to be adopted. And I am sure that you could give me many reasons as to why it should not be.

But I assure you that there are just as many reasons for sparing every other portion of the current Federal budget.

One person's wasteful extravagance is another's vital contribution to the welfare of the republic. One person's tax loophole is another's investment incentive.

Such is the dilemma of those who must face the voters—voters who demand a balanced budget—but not at the expense of actual sacrifice.

Everyone has a cut list—a route to balanced books. But no one completely agrees on anyone else's formula.

One is reminded of the Catholic Priest who spoke to a group of Protestant Ministers. "We are Both Doing God's Work," the Priest told them, "You in Your Way, And I In His."

Let me conclude with the basic reassurance that the budget resolution will be balanced—perhaps not exactly in your way—and certainly not exactly in mine. The requirements of legislative compromise do not allow for such purity. But the requirements of meeting the current economic challenge demand more than a little sacrifice and more than a little discipline from each of us.●

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## PERSECUTION OF CHRISTIANS IN THE SOVIET BLOC COUNTRIES

● Mr. JEPSEN. Mr. President, last December the Senator from Oklahoma (Mr. Boren) and I were joined by two of our colleagues in the House, Representatives Jack Kemp and Jim Howard, in introducing two concurrent resolutions dealing with the matter of the persecution of Christians in the Soviet bloc countries. The purpose of the resolutions is to establish a national campaign of awareness on behalf of Christian dissidents, similar to the one that is ongoing in behalf of Soviet refuseniks.

Since we introduced Senate Concurrent Resolutions 60 and 61, 27 Senators have joined our effort by cosponsoring the resolutions. Preliminary talks with the Senate Foreign Relations Committee have been encouraging, and it is possible that some hearings will be held on them in the not too distant future. I want to take this time to express my thanks to the chairman and ranking member of the Foreign Relations Committee, Mr. Church and Mr. Javits, respectively, for their cooperation.

Mr. President, Senate Concurrent Resolutions 60 and 61 could not be more timely. Recent events inside the Soviet Union and other Soviet bloc countries show just how much the freedom to exercise religious beliefs is denied. People courageous enough to proclaim and preach the word of God are harassed and imprisoned. Those believers who wish to emigrate to freedom are prevented from leaving and are hounded by Government agents and officials.

In this regard two recent articles have been brought to my attention. One, appearing in a recent edition of the Wall Street Journal, is a statement by Russian author Alexandr Solzhenitsyn on the treatment of Father Dmitri Dudko and Father Gleb Yakunin by Soviet authorities. The other is an article written by Kevin Lynch for the March 21 issue of National Review updating the story of the Pentecostal families holed up in the U.S. Embassy in Moscow.

Mr. President, the circumstances and tone of these articles suggest that it is time once again for the current administration to renew its commitment to the human rights of the persecuted Christians and Jews behind the Iron Curtain. Furthermore, it might be wise to reevaluate the U.S. participation in the Helsinki accords. The commitment to human rights must be a mutual affair, but it seems that such is not currently the case.

I want to commend the articles to the attention of my colleagues, and once again call and encourage them to join with the effort embodied in Senate Concurrent Resolutions 60 and 61.

I ask that the articles be printed in the Record.

The articles follow:

[From the National Review, Mar. 21, 1980]

### The Guests in the Basement

(By Kevin Lynch)

(It is also wrong, and patently unfair, to imply that we in the Embassy are indifferent to the plight of these people, and indeed of others like them in the Soviet Union. I can assure you that the U.S. Government is deeply concerned about these families, and is continuing to do everything it can to help them.)—Thomas R. Hutson, American Consul, U.S. Embassy, Moscow.

(Which one of you is going to have the courage to go back to Chernogorsk first?)—Unnamed U.S. Embassy official, as quoted in the Los Angeles Times, December 29.

The third day of Christmas—December 27—marked the 18th month of asylum for seven Russian Pentecostals sealed inside the U.S. Embassy in Moscow. From one perspective, little has changed since NR's first report on the seven, five members of the Vashchenko family and two members of the Chmykhalov family ("Down and Out in the U.S. Embassy," August 31). They haven't seen any members of their families in Chernogorsk, Siberia since they surprised the Soviet guards and dashed inside the Embassy on June 27, 1978; their only contact remains by mail and telephone, when the Soviets permit. In all these months Soviet officials have offered no promise that they will allow the families to emigrate. As for the U.S. Embassy, it persists in its stated position that the families would be better off if they returned to their homes in Chernogorsk and, as seen above, continues to urge them to do so. But while the overall picture remains the same, details have changed, some of them for the better.

The day-to-day existence of the seven inside the Embassy has improved somewhat since NR's first report.

First of all, Ambassador Malcolm Toon retired in October. Usually classed as a hardliner on the Soviet Union (an image he buffed in all his farewell interviews), those close to the seven readily grant one thing: Toon was a hardliner on them. It's too soon to judge Toon's successor, Thomas J. Watson Jr., the former head of IBM, but he is believed to be more sympathetic to the families than was Toon. The main concern is that Watson, a diplomatic novice, is very much a team player, and never in 18 months has any member of the Carter team extended himself on behalf of the families.

Interviews with the press may now take place indoors rather than in the Embassy courtyard. This concession is especially welcome now in winter.

Mail is getting through to them from the West, thanks largely to the efforts of two Alabama dynamos, Jane Drake, head of the Society of Americans for Vashchenko Emigration, and Babette Wampold, president of the Alabama Council to Save Soviet Jews. The two women succeeded in getting Congress to approve a resolution condemning Soviet interference with the mails. Prior to the resolution, about two dozen letters had trickled through to the families in the first ten months of 1979; since the resolution, about 1,200 letters have reached them.

Perhaps most important of all, the deeply religious families are now permitted to attend Catholic Mass inside the Embassy. This concession came last autumn, and, as with most of the Embassy's humanitarian gestures, it came only after pressure was applied, in the form of an open letter from the seven to Pope John Paul II. "We should like very much to attend the Catholic services here in the Embassy," the families wrote, "however, we did not receive permit from the Consulate. The Consulate has not refused us flatly, so the whole world would not get the impression that we are being confined here like in prison." A short while later the families were worshipping with their fellow Christians.

Some things haven't changed at all. Their living quarters remain the same—a room in the basement of the Embassy. The State Department, in its form letter reply to those who inquire about the families, reassuringly notes that they have been "provided with a furnished apartment equipped for cooking." The "apartment" is one room, approximately 12 feet by 15 feet, and is furnished with two single beds for the seven (three of them sleep on the floor). But the seven never complain of being cramped. The Vaschenkos, who have a total of 15 people in their family, have about as much room in the Embassy as they do in their two-room house in Chernogorsk. In addition to such undreamt-of luxuries as a refrigerator, washer, and drier, they have something their kinsmen back in Chernogorsk would really covet—an indoor toilet. In short, though their living quarters are miniscule by Western standards, the families are well cared for physically. Whether they are well cared for politically is another question.

Toward the end of August, four congressmen descended into the cellar to visit them, one of whom was Representative Robert K. Dornan (R., Calif.). Obviously moved by what he had seen, Dornan later confronted a Soviet official and asked if he could take the seven and the others members of their families back to the States with him on the congressional plane. The Soviet official replied that he couldn't let him do that since the U.S. Embassy had never officially requested permission for the families to leave. At the time of Dornan's request, the families had been confined in the Embassy for 14 months, during every one of which the U.S. Government supposedly was, as Mr. Hutson wrote in his letter quoted above, "continuing to do everything it can to help them."

Toward the end of September, word came of a possible breakthrough; America's quiet diplomacy, it appeared, had finally triumphed. The Soviet Union offered the seven a chance to emigrate. There was only one catch; they would have to leave the Embassy and return to Chernogorsk. The U.S. Embassy, predictably, jumped at the offer and, as the *New York Times* put it, "recommended strongly" that the families accept it. The families, however, refused to budge. Several members had already spent years in Soviet prisons and psychiatric hospitals in punishment for previous visits to the Embassy; this time the punishment would undoubtedly be more severe. In their earlier visits they had quickly departed the Embassy after brief conversations with U.S. officials; this visit, at the time of the Soviet offer, had lasted 15 months. Though Toon was extremely perturbed by their decision, a different sort of hard-liner was greatly relieved. Soviet dissident Aleksandr Ginzburg dismissed the offer as a trick to get the families out.

Having failed to lure them out by diplomatic means, the Soviets reverted to methods they're more familiar with. Peter and Augustina Vashchenko have ten children not in the Embassy. Maria Chmykhalov has a husband and four children in Chernogorsk. If the Soviets can't punish the seven physically, they can still punish them psychologically.

Both families have suffered from their months of separation, but of all those outside of the Embassy, Aleksandr Vashchenko—Sasha—is probably the most vulnerable. Imprisoned in a labor camp in the Krasnoyarsk territory for his conscientious refusal to serve in the army, he is separated from both wings of his family, the five in the Embassy and his nine brothers and sister in Chernogorsk.

No inmate of a Soviet labor camp enjoys anything but a miserable existence, but there are degrees of misery. Late in December the Vashchenkos learned that Sasha had been sent to the isolation cell, a place harrowingly described by Vladimir Bukovsky in To Build a Castle. Food every other day. Bed is a wooden plank. "The place is indescribably filthy," writes Bukovsky. "Dried globs of bloody saliva adorn the walls before you. And right here is where you start to go under, to slip down to the very bottom, into the ooze and the slime."

Denied correspondence privileges by the camp authorities, Sasha tried to smuggle a letter to his family in the Embassy. He was caught and sentenced to an extraordinary six months in the isolation cell. Upon learning of Sasha's sentence, the families immediately smuggled word to the West. The Research Center for Religion and Human Rights in Closed Societies, located in New York City, relayed the appeal to its network of supporters, who thereupon sent letters to the chief Soviet prosecutor as well as the head of Sasha's camp. Weighing upon everybody's mind was the belief that Sasha would never survive his sentence—five and a half months longer than the usual term in the isolation cell. Three weeks after the letter-writing campaign began, the families learned that Sasha had been removed from the isolation cell and permitted to rejoin his fellow prisoners. The authorities gave no reason for their action, but the letters from the West undoubtedly made a difference.

In the midst of the turmoil over Sasha, Embassy officials demonstrated once more their special sensitivity toward the families. Recipients of the State Department form letter are led to believe that anyone who wishes to may visit them: the families, the letter states, "have received numerous visitors, including members of Congress, members of the President's Commission on the Holocaust, and American religious leaders." On December 19, five prominent Baptist leaders went to the Embassy and requested permission to see the families. Since the five were in Moscow for the Congress of the All-Union Council of Evangelical Christians Baptists in the Soviet Union, they obviously had passed inspection by the Soviets, but American standards appear to be even higher. An Embassy official denied them permission to see the families. Six days later, Christmas Day, a member of the Embassy sought permission to see the families (except for about half a dozen members of the Embassy, all other Embassy personnel must first receive permission before they can visit the families). Once again the answer was no. These rejections are by no means unusual. Not once in all the months the families have been in the basement, the State Department letter to the contrary notwithstanding, has an American religious leader been granted permission to see them.

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[From the Wall Street Journal]

### Notable & Quotable

(Alexander Solzhenitsyn, denouncing the Soviet Union's arrest and planned trial of two outspoken Russian Orthodox priests, in a statement released by Freedom House through its Center for Appeals for Freedom in New York City)

The time has passed for the trumpet calls of Communist slogans: "We shall seize God by the throat!" With all their totalitarian power Communists are now trying to squirm out of admitting that they are persecuting and burning out belief in God.

There has flowered in Russia an independent, courageous priest who is loved far beyond his own parish, Father Dmitri Dudko, who has not bowed his head before the standing KGB orders of the official church. He has renewed the age-old sermons to the hearts of the people, sermons which are forbidden in the U.S.S.R., and the people, pining for the word of God for half a century came to him in throngs.

It is precisely for this reason that the Communists are destroying Father Dmitri today, but their mighty power is afraid to act openly—word has come from Moscow that the KGB is coaching false witnesses among the young people for a spurious trial with the vile allegation against the priest of homosexuality and drunken orgies, as his parish discussions with young people are portrayed, and which are closer to the government's level of understanding of such matters.

Another independent brave priest, Father Gleb Yakunin, who informed the world about Khrushchev's persecutions of the Church earlier than all others, who fearlessly defended all persecuted believers in the U.S.S.R. for 15 years, will also be tried covertly for his Christian belief and Christian truth. Against him, however, they are preparing yet another false accusation: speculation in icons. The greatest marauder and speculator in Russian history—the Soviet government—comes forth with this accusation after having exported, and while still exporting abroad immeasurable treasures of the Orthodox religion and of Russian art, for currency.

I have personally known both of these self-sacrificing, inspired priests for many years and I will testify for them in order that the world may hear beforehand about the baseness being prepared by the Soviets. Brezhnev's total attack against religion is now under way. Members of Christian seminars, young people who have begun to see clearly, are being arrested, and they will be tried on false charges.

Communist leaders still have sufficient power to seize people, and even continents, but they lack the courage to look people straight in the eye.●

## NOTICE OF DETERMINATIONS BY THE SELECT COMMITTEE ON ETHICS

● Mr. HEFLIN. Mr. President, it is required by paragraph 4 of rule 35 that I place in the Congressional Record this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Mrs. Margo Carlisle, of the staff of Senator McClure, to participate in a program sponsored by a foreign educational organization, the Konrad Adenauer Stiftung in the Federal Republic of Germany from April 8 to April 12, 1980.

The committee has determined that participation by Mrs. Carlisle in the program in the Federal Republic of Germany at the expense of the Konrad Adenauer Stiftung, to participate in a study program, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 43 which would permit Mr. Timothy Keeney, of the staff of the Committee on Appropriations, to participate in a program sponsored by a foreign educational organization, the Graduate School of American Studies of Tamkang College in Taipei, Taiwan, from April 4 to April 11, 1980.

The committee has determined that participation by Mr. Keeney in the program in Taiwan, at the expense of Tamkang College, to discuss the political and legislative systems of the United States and United States-Taiwanese relations, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 43 which would permit Mr. Michael B. Joy, professional staff member on the Senate Appropriations Committee to Senator Hollings, to participate in a program sponsored by a foreign educational organization, the Graduate School of American Studies of Tamkang College in Taipei, Taiwan, from April 4 to April 11, 1980.

The committee has determined that participation by Mr. Joy in the program in Taiwan, at the expense of Tamkang College, to discuss the political and legislative systems of the United States and United States-Taiwanese relations, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 43 which would permit Mr. William R. Hoppner, administrative assistant to Senator Exon, to participate in a program sponsored by a foreign educational organization, the Graduate School of American Studies of Tamkang College in Taipei, Taiwan from April 4 to April 11, 1980.

The committee has determined that participation by Mr. Hoppner in the program in Taiwan, at the expense of Tamkang College, to discuss the political and legislative systems of the United States and United States-Taiwanese relations, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 43 which would permit Mr. George Ramonas, an employee on the staff of Senator Pete V. Domenici, during the period from April 6, 1980, to April 13, 1980, to participate in a program sponsored by Tunghai University of Taiwan. It has been determined that Mr. Ramonas' travel, the costs of which will be borne by Tunghai University, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 43 that would permit Mr. Steve Jones, an employee on the staff of Senator Strom Thurmond, during the period from April 6, 1980, to April 13, 1980, to participate in a program sponsored by Tunghai University of Taiwan. It has been determined that Mr. Jones' travel, the costs of which will be borne by Tunghai University, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 43 which would permit Mr. Ned W. Massey, a member of the staff of Senator Randolph, to participate in a program sponsored by a foreign educational organization, the Graduate School of American Studies of Tamkang College in Taipei, Taiwan, from April 4 to April 11, 1980.

The committee has determined that participation by Mr. Massey in the program in Taiwan, at the expense of Tamkang College, to discuss the political and legislative systems of the United States and United States-Taiwanese relations, is in the interests of the Senate and the United States.●

## THE 150TH ANNIVERSARY OF THE MORMON CHURCH

● Mr. GARN. Mr. President, this Sunday, April 6, will mark the 150th anniversary of the organization of the Church of Jesus Christ of Latter-Day Saints, commonly referred to as the Mormon Church. As a life-long member of the church, I am proud of its phenomenal growth and development—from a tiny group of 6 in 1830 to a world-wide community of 4.5 million in 1980. The fastest growing major denomination, the Mormon Church is projected to have upwards of 11 million members by the year 2000.

But my pride in the Mormon Church goes beyond its numerical growth. The church also has produced generations of industrious, patriotic, God-fearing people who have contributed meaningfully to the progress and well-being of nations all over the globe.

I would like to share with my colleagues an article by Elder Gordon B. Hinckley, a member of the church's Quorum of the Twelve. He gives "A Personal View of Our History," which I believe graphically portrays the 150-year panorama of Mormonism. The article appeared in the April issue of the Ensign, the official publication of the church. I ask that the article be printed in the Record.

The article follows:

### A Personal View of Our History

The soil that Peter Whitmer and his sons cultivated in 1830 is still farmed and is still productive. The immediate area remains essentially rural, the roads narrow, the houses scattered. The old home of the Whitmer family has been authentically restored—the walls, floors, and roof structure formed of logs from buildings that were erected in the area prior to 1830. Archaelogical research, locating the old stone footings, determined the precise location and size—twenty feet by thirty feet. It contained two rooms on the main floor, with two more in the loft above. A substantial rock fireplace provided warmth against the bitter New York winters. All of this has been recreated in a most careful manner to restore what was previously there.

The log house is part of a three-building complex. Directly opposite is the newer farmhouse, constructed years later, more commodious and ornate, its Doric columns affording a look of dignity. Between the two homes is an impressively beautiful new meetinghouse, architecturally faithful to the 1830 period, its gleaming white wood siding and mullioned windows giving the flavor of colonial New England, and its gold dome speaking of the Greek Revival architecture followed in western New York, as seen in the old courthouse in nearby Canandaigua.

The building houses a small and quiet chapel, the woodwork of which represents the very best of the millwright's art. Two wings lead off from the chapel, the one housing classrooms, the other a visitors center. This has been provided to accommodate those who will come by the many thousands from over the earth, to stand where Joseph stood that historic April 6, 1830, when the Church was organized.

Now a century and a half after the day of organization, one can in imagination return to that historic Tuesday which had been designated by revelation as the day to organize anew the church of Jesus Christ.

Peter Whitmer, Sr., had offered the use of his home for the organization meeting just as he had proffered its use a year earlier to Joseph Smith and Oliver Cowdery for the work of translating the sacred record which became the Book of Mormon.

Now, on the appointed day of April 6 there gathered a substantial number at the Whitmer farm. Some had previously been baptized; some had not. One can envision the horses tied to the fence, their saddles draped over the rails, and the wagons and buggies parked about the yard, with the harnesses thrown on the seats.

Those who had gathered from far and near expected to be there for some hours. This was an occasion they had looked forward to with much expectancy. At least thirty men and women, and perhaps as many as sixty, crowded into the small house. The proceedings were simple. Joseph Smith, then twenty-four years of age, called the meeting to order and designated five of his associates to join with him as the actual incorporators to meet the legal requirement in forming a religious society.

Those present knelt in solemn prayer. Joseph then asked if they were willing to accept him and Oliver as their teachers and spiritual advisers. All assented to this, thereby instituting operation of the principle of common consent, which has subsequently been followed in the naming of all Church officers. Following this, Joseph ordained Oliver an elder, and Oliver in turn ordained Joseph. The sacrament of the Lord's supper was administered, the prayers used in this ordinance having been given through revelation (see D&C 20:75–79).

Joseph and Oliver then laid their hands upon the heads of those who had been baptized, confirming them members of the Church and bestowing upon them the gift of the Holy Ghost. Next, some of the men were ordained to various offices in the priesthood.

Through revelation received on this occasion, Joseph was designated "a seer, a translator, a prophet, an apostle of Jesus Christ" (D&C 21:1). Speaking in this capacity of authority, he instructed those present on how to build up the Church, and exhorted "them to be faithful in all things," declaring that "this is the work of God" (Joseph Knight, Sr., "Manuscript of the early History of Joseph Smith finding of plates, &c. &c.," Archives of The Church of Jesus Christ of Latter-day Saints, Salt Lake City, p. 7).

Following the meeting, others were baptized, including Joseph's father and mother, and his friend Martin Harris.

Thus, under those simple circumstances, was established in these latter days the Church of Jesus Christ, "built upon the foundation of the apostles and prophets, Jesus Christ himself being the chief corner stone," fitting the description written by the Apostle Paul centuries earlier (Eph. 2:20).

This day of organization was, in effect, a day of commencement, the graduation for Joseph from ten years of remarkable schooling.

It had begun with the incomparable vision in the grove in the spring of 1820, when the Father and the Son appeared to the fourteen-year-old boy.

It had continued with the tutoring from Moroni, with both warnings and instructions given on multiple occasions. Then there was the translation of the ancient record, and the inspiration, the knowledge, the revelation that came from that experience.

There was the bestowal of divine authority, the ancient priesthood again conferred upon men by those who were its rightful possessors—John the Baptist in the case of the Aaronic Priesthood, and Peter, James, and John in the case of the Melchizedek.

There were revelations, a number of them, in which the voice of God was heard again, the channel of communication opened between man and the Creator. All of these were preliminary to that historic April 6.

A full century and a half have passed since that historic day. In ancient Israel, each fifty years was marked as a year of jubilee, a time for remembering, a time for gratitude, a time for generosity, a time to look about and assess the present and to look ahead and plan the future.

For The Church of Jesus Christ of Latter-day Saints, 1980 is a triple-jubilee year in which to look back with appreciation for all of those who have gone before us and made possible the miracle of the present, to look at our situation today with a spirit of accomplishment marked by humility, and to resolve to continue with enthusiasm and strong conviction the building of the mighty work which God himself restored in this the dispensation of the fullness of times.

Ours is an incomparable inheritance. What a terrible price has been paid for what we have today. There was much suffering even before 1830. There were the snide remarks, the cutting jeers, the vicious threats against the boy who declared that he had seen a vision both transcendent and wonderful.

There was the crude laughter over "Joe Smith's gold Bible," with attempts to steal the sacred record. There was the heartbreaking loss of the 116 manuscript pages of the initial translation, the difficulty in finding a printer, the attempt of enemies to plagiarize the writing with a distorted version, the loss of the family home and farm through the knavish actions of a supposed friend.

These and more were among the troubles of Joseph, the boy and the young man, through the years of his preparation.

And then followed the troubles that came like legions after the Church was organized. It was a long journey from the land of Cumorah to the valley of the Great Salt Lake as it was traveled in those early days, moving from place to place a cause and a kingdom and a people.

Each location at first appeared as an oasis and subsequently became a place of despair. Repeatedly they arrived to search for peace, built for a season, and then were forced to leave, the objects of intolerance and persecution.

Kirtland, on the level land south of Lake Erie, was their first bright hope. Here they built their temple. This was a house of revelation, a spiritual refuge. But the peace of Kirtland was violated with tar and feathers, economic disaster, and blighted hopes.

Missouri was next, rich with promise concerning a center stake of Zion. This was in fact to be Zion. That hope was blasted with rifle fire, the burning of homes, the cry of the night-riding mobs, death of Haun's Mill and Crooked River, the evil expulsion order, the painful march to the bottomlands of the Mississippi and over the river to a temporary asylum at Quincy.

Left behind the fleeing exiles was their prophet with a few associates in the jail at Liberty. There they spent the lonely, miserable months of the winter of 1838–39. It was here that Joseph cried out, "O God, where are thou?" (D&C 121:1). Among the words of response came this remarkable prophecy: "The ends of the earth shall inquire after thy name, and fools shall have thee in derision, and hell shall rage against thee;

"While the pure in heart, and the wise, and the noble, and the virtuous, shall seek counsel, and authority, and blessings constantly from under thy hand.

"And thy people shall never be turned against thee by the testimony of traitors" (D&D 122:1–3).

There followed the miracle of Nauvoo, the City of Joseph. Here was the zenith of the prophet's mortal career—and the fast decline from their high point. The swamps were drained, a city planned, reaching from the water of the river up to the hill where the temple was built. The homes were of brick, sturdy and well planned.

Sounds of industry were to be heard—sounds of hammer on anvil, of stone shaped by the masons' tools, of saw and lathe and plane. Beauty rose from that swampland, beauty and order and the society of Illinois' finest city.

But there also rose a miasma of jealousy and hate and disloyalty. There were the Laws, the Higbees, the Bennetts, and others of their kind; and over in Missouri, Governor Boggs grew angry in his frustration over attempts to get at the Saints and more particularly their leader.

Likewise politicians, concerned over the Mormon vote, did their part. Small problems became mountains of conflict. Joseph knew a storm was coming. Prophetically he said one day in Montrose that the Saints would continue to suffer much affliction, that they would be driven to the Rocky Mountains, and that there they would become a mighty people.

He never saw that day, except through the eyes of prophecy. June 27, 1844, was the hour of his tragedy. A mob, their faces blackened that sultry afternoon, took his life and that of his brother Hyrum. That night was the darkest of all the nights through which the Saints had lived in the city on the river. The forces of evil had finally claimed their prize. The Prophet was dead.

John Taylor, who had been with him at Carthage, summed up his work: "Joseph Smith, the Prophet and Seer of the Lord, has done more, save Jesus only, for the salvation of men in his world, than any other man that ever lived in it. . . . He lived great, and he died great in the eyes of God and his people" (D&C 135:3).

Meanwhile the message of the restored gospel had been carried throughout the eastern states and Canada, and across the Atlantic to Britain. Notwithstanding the serious problems at home, converts came in ever-increasing numbers. Their strength was needed for the ordeals that lay ahead.

The first wagons rolled out in early February 1846. Later that month the river froze and the wagons were able to cross on the ice. But the same bitter weather that brought this boon, also brought immense suffering to those who were leaving comfortable homes.

There were no roads the way the Saints traveled, and as the ice melted, mud, deep and embracing, took its place. What a picture they were, these thousands of wagons strung along a thin line that reached from dying Nauvoo on the Mississippi to Council Bluffs coming alive on the Missouri, all across what is now the state of Iowa. There were births and deaths, each fraught with pain.

On the west side of the Missouri a temporary city was built. It was called Winter Quarters. To those of lesser faith it might more fittingly have been named Despair. Nauvoo was irretrievably behind the exiles; to them it was the City of No Return.

Their objective in the Rocky Mountains seemed so everlastingly far away, even beyond the length of life itself for many. They died and were buried in the little cemetery above the river—men, women, and children, the victims of exposure and cholera and black canker.

Others traveling from the British Isles died at sea, or after coming up the river from New Orleans and getting as far as St. Louis, became victims to the dread disease that struck frequently, suddenly, and with finality.

But they sang a song in the strange land through which they moved—"Come, come, ye Saints, no toil nor labor fear; But with joy wend your way." Its words spoke of courage, struggle, and death, but concluded always with the promise, "All is well! all is well!" (Hymns, no. 13).

Another blow fell with the recruitment of the Mormon Battalion with five hundred of its badly needed strong young men, but they went with a promise, and without them the Saints began moving west the following spring. They broke their own trail, killing rattlesnakes by the cord, fording and ferrying the streams and rivers, pausing on the Sabbath to worship their God.

They had left Winter Quarters when the warm spring sun melted the ice and grass began to green. They arrived in the valley of the Great Salt Lake in the scorching heat of summer when grass turned brown and withered from the absence of moisture.

But water from the mountain streams was turned onto the parched land, and for the first time plows broke the desert soil. The years that followed were years of struggle and expansion as they labored to make the desert blossom and to build Zion in the valleys.

They requested no help from government,

but unitedly worked to grub the sagebrush, to build canals, to lay out roads, and to erect temples and tabernacles, theaters and meetinghouses, schools and public buildings, as well as snug and comfortable homes.

While doing all of this they expanded the work of carrying the gospel of salvation to the people of the earth, across their own America and Canada, over the sea to the British Isles and Europe, to the ancient lands of Asia and the South Pacific, and later to Mexico and Central and South America.

This is the great drama, with its own peculiar elements of tragedy and triumph, of a century and a half of The Church of Jesus Christ of Latter-day Saints. It is unique. It is heroic. It is tremendous.

Notwithstanding the pressures of unrelenting persecution, the falsehood and vicious innuendo of public speakers and public press, the struggles against poverty and the harshness of nature, the Church and its people never took a step backwards.

There were pauses when it reeled from the blows of hate brought against it, but each year saw its membership grow in numbers and in strength. The predictions of its enemies evaporated without fulfillment. It outlived all of the prophets of doom who spoke against it.

I drafted the words of this article while flying from Salt Lake City to Washington, D.C., with a telegram of invitation from the White House to attend a breakfast with the President of the United States and members of his cabinet, participating with a group of others from across the nation in a briefing to discuss critical issues presently facing the United States. I had been designated by President Spencer W. Kimball to represent him on this occasion.

Flying 600 miles an hour at 39,000 feet above sea level, I looked at the earth beneath me. I saw where my brethren and sisters of earlier generations broke the road along the Elkhorn and the Platte. I envisioned their wagons drawn in circles at night after traveling only fifteen or twenty miles in a long day. In my mind's eye I witnessed them nursing their sick and burying their dead. I heard the cries of widows and orphaned children, the sobs of unspeakable loneliness as shallow graves were dug by those who never again would visit those hallowed places.

My journey completed, I entered the White House the next morning and sat among some of the wise of this nation, and reflected on the time when Joseph Smith also came to Washington, riding horseback much of the way and taking the cheapest lodging he could find, all that he could afford. He had come to make a plea for help from President James Buchanan, only to be rebuffed and return empty-handed to his people.

My journey epitomized for me the miraculous changes that have occurred since the days of Joseph. The little handful of people on April 6, 1830, has grown to 4½ million. The provincialism of that beginning in the towns and villages of western New York has blossomed into a great cosmopolitan society established in seventy-two nations of the earth. The respect others presently have for the Church has been won over a period of many years through the integrity of our people.

Of course there are voices of dissent and still much of criticism. But these voices are like the barking of a little dog at the heels of a strong and beautiful animal. Some few pay attention to the barking, but most see above that noise to the innate strength, the solidarity, and the beauty of the creature at which its enemies shout their ineffective complaints.

Standing on the summit of a century and a half, we view with gratitude and humility what has been wrought. Prophecy has been fulfilled: "The mountain of the Lord's house [has been] established in the top of the mountains." Many people in many lands have said, "Let us go up to the mountain of the Lord, to the house of the God of Jacob; and he will teach us of his ways, and we will walk in his paths" (Isa. 2:2–3).

As we celebrate the sesquicentennial year of the Church, we assess the present and find strength. The Church flourishes in a world of secularism. It is a refuge of spirituality to ever-increasing numbers. Not in the memory of any living member has the rate of activity been so high. Increased faithfulness is evident in attendance at sacrament meetings, priesthood meetings, seminaries and institutes, and in temple attendance. Never before have there been so many missionaries, nor so many converts.

Faithful and active members of the Church occupy positions of great trust in government, education, business, and the professions. Its building program is vast, yet there is difficulty in keeping up with the demands of growth. Growth, in fact, is its most serious challenge.

We are far from being a perfect society as we travel along the road to immortality and eternal life. The great work of the Church in furthering this process is to help men and women to move toward the perfection exemplified by the Savior of mankind. We are not likely to reach that goal in a day or a year or a lifetime. But as we strive in this direction, we shall become better men and women, sons and daughters of God.

Looking to the future, the challenges we see facing the Church are immense. The Lord himself has declared that this work will roll forth to fill the whole earth, in preparation for the coming of the Savior to reign as King of Kings and Lord of lords.

Much has been done, but much more remains to be done. All of the work of the past is but prelude to the work of the future. In lands where the gospel has been taught for a century and more, the numbers of the Saints are still relatively small.

And in the earth's most populated nations the doors are presently closed. But somehow, under the power of the Almighty, they will in his time be opened, for this gospel "shall be preached in all the world for a witness unto all nations" before the end shall come (Matt. 24:14). There must be much more dedication, devotion, consecration. There must be a great expansion and a great acceleration.

Nor can we expect the powers of the adversary to lie dormant. Let us hope and pray that the days of burnings, drivings, and murders are forever behind us. But there will likely continue to be criticism and attacks of many kinds on the Church and its people.

It will be of a more sophisticated nature than it has been in the past; and in the future, as before, we may expect much of it to come from those within the ranks of the Church—members of record while apostate in spirit.

The very extent of the harassment we shall experience will stand as an evidence of the truth of this work. Else why would the adversary be so zealous to destroy it?

New challenges will arise as the work confronts new cultures. Yet there need be no fear of these. All of the people of the earth are sons and daughters of God, and there beats in the hearts of everyone something of divinity that will respond to the same teaching, no matter what the language or the land.

In days of sunshine it will become us to be humble. In times of storm we shall look to God for strength. This is his work. He will overrule for its blessing in the future as he has in the past. His Spirit will brood over the nations according to his will and wisdom, and hearts will be touched by its power.

The message of this work is the gospel of salvation. Its cause is the cause of peace. Its challenge lies in teaching eternal truths. Its victory lies in accomplishing the work of God.

This year of jubilee is a season to look back over the past with wonder and gratitude at what has been accomplished against so much opposition; a time to walk in humility with appreciation for the munificent blessings of heaven; a day to gain strength and to reaffirm objectives for the years ahead. Those years will be fruitful and wonderful if this people will remain true and faithful and work with an eye single to the glory of God.●

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## MAKING ENDS MEET

● Mr. MUSKIE. Mr. President, high energy costs and the other demands of inflation are human problems. The costs of inflation are not measured in the dollars and cents of the Federal budget, but in the struggle of the average family to make ends meet. For more and more families, there are no longer any luxuries to sacrifice to inflation, only a choice among necessities.

An article in the Washington Post on March 25 by reporter Tom Welch of Biddeford, Maine, brings these human choices into sharp focus. I ask that the article be printed in the Record.

The article follows:

### Laborer Vs. Inflation

(By Tom Welch)

Biddeford, Maine.—A few years ago, Raymond Libby felt sorry for the people living in a nearby housing project who seemed to be struggling just to get by.

But today, as he points to a rusting automobile in his driveway and repairs needed around his house, he only shrugs his shoulders and sighs.

"What I'd really like to do," he says halfheartedly, "is to buy a moped, and then take the money I save in gas and do some of the things that need to be done around here."

But for Libby, his wife Germaine and their three children, buying anything these days is no simple matter. Spending money will take careful planning—planning that will include deciding whether to stop using electricity for non-essentials and whether to cut more of the weekly food budget.

"I never dreamed I'd be sitting here talking about cutting out electricity and using kerosene lights for my home," he says, raising his voice above the crying of his nine-month-old son, who squirms in his lap. "But I know how it all works now—it creeps up on you and hits you. And it hits you where it hurts."

"It" is inflation. And in Maine, where a laborer's wages are often low and winter living expenses are almost always high, inflation is much more than just an abstract term. "It's something you can actually feel every day," says Libby. "And believe me, it isn't a good feeling."

Libby, 39, owns a modest ranch-style home near the center of this small textile mill city, about 20 miles south of Portland. An ex-hockey player, he works in the stitching room of a local shoe factory, earning $4.42 an hour and working no more than 40 hours a week.

Although Germaine Libby at one time worked in the same shoe factory, she now stays home because of a physical disability. And with one pay check coming in each week, Libby says, "we're always borrowing from next week to get by this week." The Libbys have used their son's $35 a week paper route to help with the family budget.

"I even receive monthly (Aid for Families with Dependent Children) benefits," says Germaine Libby, "and it still comes down to the penny—if we're lucky."

The Libbys spend between $75 and $85 a

week on groceries, $100 a month for oil and nearly $50 a month for electricity. They received $200 this winter in emergency fuel assistance from the state.

For Maine, the past winter has been mild. Temperatures seldom dropped below zero, and except for one major snowstorm, snowfall has been light. But with heating oil costing nearly $1 a gallon and a cord of wood between $60 and $80, Libby observes, "there's no cheap way out of it."

Libby may be right. Other families earning twice as much are beginning to feel more than a pinching sensation from the economy.

"I don't ever remember economic times this rough for us," says Paul Legere, a foreman in a textile mill in Sanford, a mill town about 50 miles south of Portland.

Legere, 43, owns a ranch home in a quiet residential section of town, has an above-ground swimming pool in his back yard and owns a recreational camper.

"But," he laments, rolling his eyes in the direction of the driveway, "I don't think I'll be using that camper much this year—I may even have to sell it."

"With four kids and $100-a-week grocery bill," says his wife, Rita, who is a teacher in Sanford, "the $26,000 we earn a year doesn't go very far."

The Legeres have not had to consider any drastic cutback in their home budget to save money. "But all of our kids work," she says, "and believe me, we have to borrow from time to time."

Because the winter has been mild, "we've managed to keep our fuel bills down to a little over $100 a month," explains Rita Legere. "We've kept our thermostats down so that we have to wear sweaters, and we've tried to conserve wherever we can."

Legere even installed a home-made solar panel on the front of his home to save oil this winter. "It works fine," he observes, but adds quickly, "when the sun shines."

Legere, who has lived in the area most of his life, says he's "frustrated" at not being able to get ahead.

"We're making ends meet," he says, "but we can't save and we can't seem to find that little extra at the end of the week that we think we deserve.

"You work hard for 20 years, and you hope to be doing better all the time, but these days, who can get ahead? Most people are going backwards." ●

## RECODIFICATION OF THE CRIMINAL CODE

● Mr. McCLURE. Mr. President, the article on the criminal code appearing in Human Events' April 5 edition may come as a shock to those of us who thought that S. 1722 was intended to be a recodification of current law.

That article charges that the bill's drafters have attempted to hide pivotal policy changes in 440 pages of verbiage. It discusses policy changes concerning gay rights, organized crime, women's rights, dangerous drugs, gun control, pornography, and prosecution of businessmen.

If even a fraction of these allegations are correct, S. 1722 represents by far the most controversial bill in the 96th Congress.

Earlier this year, I had asked Senate Steering Committee staff to do a legal analysis of S. 1722 from a conservative perspective. Pursuant to that analysis, staff members from various offices have met with representatives of the Justice Department to discuss concerns similar to those mentioned in the Human Events article.

I am optimistic that those meetings will reach an appropriate conclusion concerning many of the points raised by staff and by the article.

In the absence of such an agreement, however, S. 1722 should be shelved.

Mr. President, the Senate floor is not the appropriate forum for going word-by-word through each of 70 sections. I would therefore hope that the Senators who have an interest in the bill would focus on some of the sections mentioned in the Human Events article, and would work with me to conform the bill more closely to current law.

I ask that the article from Human Events be printed in the RECORD.

The article follows:

### DANGEROUS KENNEDY BILL SNEAKING THROUGH SENATE

How would you feel about a bill which:

Enacted a major part of the Equal Rights Amendment by legislative mandate;

Cut back on the right of businessmen to keep warrantless federal inspectors off their premises;

Limited the ability of the FBI to investigate organized crime;

Virtually decriminalized marijuana possession, and lowered the penalities for a wide range of drug offenses;

Eased the ability of government to send buinessmen to jail for murder as the result of deaths caused by their products;

Made it virtually impossible to prosecute pornography importers and interstate prostitution rings;

Tightened gun control laws;

Impeded the prosecution of labor union officials for extortion;

Expanded criminal penalties for businesses;

Repealed the death penalty and generally decreased criminal penalties for dangerous persons; and

Extended the rights of homosexuals?

Not your cup of tea?

Then you may be interested in the fact that such a bill, according to legal experts, is about to pass the U.S. Senate with only scattered opposition.

The bill, S. 1722, is the recodification of the criminal code, and the chief author is none other than President Carter's main challenger in the primaries, Sen. Edward Kennedy (D.-Mass.). The bill's enormous size—440 pages—has allowed Kennedy to build the liberal agenda for the 1980s without attracting much attention in conservative circles.

For instance, nowhere in the code is the word "homosexual" explicitly mentioned. Yet, Kennedy admitted to the Washington Post that he had implicitly built "gay rights" guarantees into the bill. Said Kennedy:

"I think that in the area of gay rights that there has to be elimination of all discrimination against gay rights in our society. I think any legislation that exists on the books should be struck down. We made some progress in the area of the recodification of the criminal code in that area."

But this is only one example of Kennedy's extraordinary craftiness in achieving liberal objectives without explicitly saying so.

Another section would overrule a Supreme Court case in which an Idaho man successfully prevented a warrantless OSHA inspector from inspecting his business. Under Section 1302 of the bill, Bill Barlow would now be in jail for "obstructing an (OSHA) function," unless he could demonstrate that, in addition to being unconstitutional, the inspection was also conducted in "bad faith."

Still another section would allow a pornography importer to transport foreign smut into a jurisdiction with very loose moral "community standards," sell the material to a distributor, and thereby escape prosecution because the pornography "was legal in the political subdivision or locality in which it was disseminated."

In a backdoor effort to enact ERA objectives, the bill would prohibit discrimination on the basis of sex in connection with any state activity, any hotel or lodging house, any athletic facility, or any job, whether or not an individual's sex was relevant to the performance of that job. If enacted, charge some, the ERA amendment wouldn't be needed. At the very least, state laws designed to protect women would almost certainly be preempted.

Another section of the bill would decriminalize marijuana, and, in certain instances, lower the penalties for trafficking. As one analysis puts it:

"Specifically, S. 1722 provides that the possession of 30 grams or less of marijuana shall be considered an 'infraction'—a new criminal classification which rates below a 'misdemeanor'; that no one shall be arrested for such an 'infraction,' no matter how many times he repeats the offense, but shall, instead, be issued a summons; and that the maximum penalty for a first offense shall be a $100 fine and for the third offense a $500 fine. For all practical purposes, this constitutes decriminalization."

Yet another section would repeal the "loansharking" provisions which allow the FBI to investigate the gangland slaying of a recalcitrant debtor.

In all, S. 1722 suffers from over a hundred major deficiencies, spanning 70 sections.

Some of these deficiencies are simply drafting errors, such as the section making it unlawful to pay witness fees to expert witnesses. These reflect insufficient skill and care in the preparation of the bill. One congressional staffer, inquiring into one of these deficiencies, was shocked to be told by the committee: "We just threw that section in at the last minute."

More troublesome than the drafting errors, however, is the attempt to infuse the code with liberal policy, particularly regarding business.

For example, the Justice Department has admitted in its memorandum to the House Subcommittee on Criminal Justice that the "endangerment" provisions of the proposed criminal code are intended to impose far more "serious criminal penalties" upon businessmen in violation of health and environmental regulations.

As the memo said, "An important area in which the Department will increase its activity in the future is the regulatory crimes field. Many regulatory offenses may have serious health and safety consequences, such as those in the environmental, mine safety, food and drug, air safety and nuclear areas. . . . When knowing violations of regulatory standards, designed to protect health and safety occur and more serious risks are created, more serious criminal penalties should be available to deter and to punish such dangerous conduct."

With the constant threat of lawsuits, fines, jail and other heavy penalties hanging over every businessman's head already, many view this new provision as just a new club with which the government can threaten corporate management and gratify Kennedy's Naderite constituency.

In addition, S. 1722 would massively expand the power of Washington bureaucrats to harass business. Overreaching agencies such as the Federal Trade Commission could require companies to continue doing business with those who testify against them. The FTC could, for the first time, declare companies "in contempt of the FTC." It could prohibit companies from disposing of their own records, even if it had not yet made up its mind about bringing charges against those companies. It could demand the prosecution of a witness for misstating her age.

Ironically, the Business Roundtable, a left-of-center organization representing large business, not only approves these changes, but it has actively worked to prevent the rest of the business community from opposing this type of expanding government authority.

But, for all of the lethargy over S 1722, there are some conservative heroes.

Leading the fight to improve the code and remove liberal adornments are Senators Orrin Hatch (R.-Utah), Strom Thurmond (R.-S.C.), and Alan Simpson (R.-Wyo.). Hatch has already attained more than any single senator in removing provisions significantly expanding federal jurisdiction. And, although part of their deal for these concessions was that these three senators cosponsor S 1722, a Hatch aide has indicated that the senator's fight to remove liberal provisions has only begun.

But without a surge of conservative interest, the efforts of conservative senators is almost certainly doomed to failure.●

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## DRAFTING DAUGHTERS

● Mr. GARN. Mr. President, the President has asked the Congress to reach a decision on whether or not to ask for the registration of women for military service. Implicit in that decision will be a decision on whether or not to actually draft women for such service. My own view is that there is a further decision implicit in these first two: That is, whether or not to send women into combat. These are not easy decisions. Indeed, they are of such difficulty that it is essential that they be fully debated before the representative bodies of the land before they are made.

I have publicly stated that it is premature to be talking about draft registration for anybody. The question of the All-Volunteer Army is still an open one. The argument proceeds on both sides, and we have much to learn yet. But that aside, we have too many options available to us before we reach the point of registering our young people for the draft. We should not be stampeded into actions that do not really address the question of Soviet adventurism in Afghanistan. I will be speaking about some of these options in the near future. Others will share their views about the course of action we ought to take.

Perhaps the most critical issue, at least in terms of public perceptions, is the place of women in the military, in the draft, and in combat. Let me state at the outset that I do not believe that women should be drafted for combat. There may well be a place for women in the military: I am inclined to think that there is. But that place is not in combat. I believe that, setting ideology aside, and avoiding egalitarian rhetoric, that most Americans feel the same way.

For instance, I read a recent column in the Washington Post by Ellen Goodman. Ms. Goodman is an intelligent woman, dedicated to equality of women and men, a supporter of the equal rights amendment, and so on. I sense in her columns that she does retain a realistic outlook on the real differences between men and women, and though she differs with me on a number of issues, I respect her good sense.

In this column, Ms. Goodman tells us that she does not want her daughter to be drafted. But, she would not want her son to be drafted either, and so she tells us that "when I am asked now about registering women for the draft along with men, I have to nod yes reluctantly."

And yet she wonders: Would she feel the same way if she had a son instead of a daughter. She thinks not. But she is not sure.

Actually, Ms. Goodman is too honest to mislead us. She does not tell us that she would feel the same way. She says that she "cannot believe" that she would feel differently. Actually, she can well believe it, or she would simply say that she would not feel any differently. She does not say that. She says, with a note of hope in her words, that she "cannot believe that I would feel different if my daughter were my son."

There are those, of course, who do not want any draft, who do not want any combat, who do not want any wars, no matter what. For them, the kind of introspection Ms. Goodman has gone through is unnecessary and irrelevant. But those who realize that war is occasionally an unfortunate reality in an untidy world, the kind of thinking she has done is critical. As one who has both daughters and sons, let me say that one does feel differently about them with respect to war. Women and men have different functions, and perhaps never are those different functions as apparent as they are during wartime. Without women, civilization cannot survive, cannot even propagate itself. That is why historically women have never played a major role as warriors. Call it ordained of God, or inherent in our genes, or whatever you like, that is the way it is. Any civilization which ignores that reality has little to recommend it, and will probably not be around long anyway.

So I think, Mr. President, that Ms. Goodman knows, deep inside her, that she would feel different if she had a son. Maybe not very different: The heartache of losing a son in the war must be terrible. But a little different. It is not quite the same thing.

There are other arguments against drafting women into combat, and I shall speak about them at another time. But it is essential, right at the beginning, that we understand ourselves, and the kind of civilization we are. It is not a denial of equal rights to send men into combat and keep women out of it. It is an affirmation of the civilizing role of women, of the fact that they provide the continuity for our society. I think the American people understand this fact, and that they will never approve of drafting women into combat.

Mr. President, Ms. Goodman's column contains some fascinating insights, and is well worth the attention of my colleagues. I ask that it be printed at this point in the RECORD.

The column follows:

### DRAFTING DAUGHTERS

BOSTON.—My daughter is 11, and as we watch the evening news, she turns to me seriously and says, "I don't like the way the world is doing things." Neither do I.

My daughter is 11 years and eight months old, to be precise, and I do not want her to grow up and be drafted. Neither does she.

My daughter is almost 12, and thinks about unkindness and evil, about slaughtered seals and war. I don't want her to grow up and be brutalized by war—as soldier or civilian.

As I read those sentences over, they seem too mild. What I want to say is that I am horrified by the very idea that she could be sent to fight for fossil fuel or fossilized ideas. What I want to say is that I can imagine no justification for war other than self-defense, and I am scared stiff about who has the power to decide what is "defense."

But now, in the last days before President Carter decides whether we will register young people and whether half of those young people will be female, I wonder about something else. Would I feel different if my daughter were my son? Would I be more accepting, less anguished, at the notion of a son drafted, a son at war?

Would I beat the drums and pin the bars and stars on his uniform with pride? Would I look forward to his being toughened up, be proud of his heroism, and accept his risk as a simple fact of life?

I cannot believe it.

So, when I am asked now about registering women for the draft along with men, I have to nod yes reluctantly. I don't want anyone registered, anyone drafted, unless it is a genuine crisis. But if there is a draft, this time it can't touch just our sons, like some civilized plague that leaves daughters alone to produce another generation of warriors.

I know that, realistically, we will have to register women along with men anyway because the courts will require it. Women may not have won equal rights yet, but they have "won" equal responsibilities. A male-only draft would surely be challenged and likely ruled unconstitutional.

But at a deeper level, we have to register women along with men because our society requires it. For generations, war has been part of the rage so many men have held against women.

War is in the hard-hat yelling at an equal-rights rally, "Where were you at Iwo Jima?" War is in the man infuriated at the notion of a woman's challenging veterans' preference. War is in the mind of the man who challenges his wife for having had a soft life.

War has often split couples and sexes apart, into lives built on separate realities. It has been part of the grudge of self-sacrifice, the painful gap of understanding and experience between men's and women's lives. It is the stuff of which alienation and novels are written.

But more awesomely, as a male activity, a rite of passage, a test of manhood, war has been gruesomely acceptable. Old men who were warriors have sent younger men to war as if it were their birthright. The women's role until recently was to wave banners and sing slogans, and be in need of protection from the enemy.

We all pretended that war was civilized. War had rules and battlegrounds. War did not touch the finer and nobler things, like women.

This was, of course, never true. The losers, the enemies, the victims, the widows of war were as brutalized as the soldiers. Under duress and in defense, women always fought.

But perhaps, stripped of its maleness and mystery, its audience and cheerleaders, war can be finally dis-illusioned. Without the last trappings of chivalry, it can be seen for what it is: the last deadly resort.

So if we must have draft registration, I would include young women as well as young men. I would include them because they can do the job. I would include them because all women must gain the status to stop as well as to start wars. I would include them because it has been too easy to send only men.

I would include them because I simply cannot believe that I would feel different if my daughter were my son.●

## WATCHING THE ACTION IN ORBIT

● Mr. SCHMITT. Mr. President, for the past 23 years, man has been sending various objects into space. Everything from weather satellites to debris is presently orbiting the Earth. While the U.S. Air Force's North American Air Defense Command has been cataloging these objects, the process is slow, tedious, and somewhat unreliable; that is until now.

We are in the process of building a worldwide network of monitoring stations called GEODSS (ground-based electro-optical deep space surveillance system). GEODSS has the capability to rapidly scan the sky and plot all manmade objects in orbit. Utilizing two powerful 101-cm. telescopes and a smaller 38-cm. telescope, GEODSS takes in rapid succession several separate electronic snapshots of each sector of the sky. A computer compares the pictures and removes the stationary objects; that is, the stars. All that is left are the satellites.

Mr. President, the Congress has authorized five GEODSS stations around the world to provide for complete global coverage. The sites are White Sands, N. Mex.; Taegu, South Korea; Maui, Hawaii; the Indian Ocean area and the Eastern Atlantic regions. Four of the sites are already funded. Last year the Senate Appropriations Committee instructed the Air Force and State Department to quickly decide the last two sites so that funding for the last site can be completed.

The intelligence value of GEODSS cannot be underestimated. In addition, much knowledge about the stars and space can be gained by providing astronomers with access to some of the information from GEODSS.

The March 24 issue of Time magazine contained an article about GEODSS. I ask that the article be printed in the Record.

Mr. President, I hope that the Congress provides the funding for the last GEODSS site so that a complete system can be operational as soon as possible.

The article follows:

### Watching the Action in Orbit: A New Eagle-Eyed Satellite-Tracking Network Takes Shape

Ever since Sputnik was rocketed into space nearly 23 years ago, the heavens have become increasingly crowded. At last count, the U.S. Air Force's North American Air Defense Command, the watchdog of all objects in orbit, listed 4,552 pieces of hardware—ranging in size from a Soviet space station to such bits of space junk as an astronaut's glove, stray cameras, and even nuts and bolts. In the coming years NORAD's job will become still harder. By the mid-1980s, the number of orbital objects may double, making it more difficult to tell what is up, and whether it belongs to friend or foe.

Now M.I.T.'s Lincoln Laboratory, together with researchers elsewhere, has come to the rescue of the overtaxed satellite watchers. Using the latest in silicon-chip wizardry, it is setting up a worldwide network of monitoring stations that should vastly expand NORAD's ability to keep tabs on orbiting objects.

The first station is being built at the White Sands Missile Range in New Mexico. Others will be located near Taegu, South Korea, on the Hawaiian island of Maui, and at sites in the Indian Ocean and the Eastern Atlantic regions. Known as GEODSS (for ground-based electro-optical deep space surveillance), the system will provide almost live-action portraits of distant satellites and permit virtually instantaneous identification of any mysterious intruders in the night sky.

Such near "real time" observations are a giant step forward in satellite tracking. Until now, the U.S. has been relying on standard telescopic techniques using Baker-Nunn cameras, which provide fast, short-exposure pictures of wide swatches of the sky. The optics and the film have been vastly improved over the years, but each film strip must still be chemically processed and tediously analyzed, which can take an hour or more.

GEODSS takes some remarkable short cuts. The installations, which resemble small, domed astronomical observatories, will be equipped with two powerful 101–cm (40-in.) telescopes and a smaller 38–cm (15-in.) auxiliary telescope. As the instruments scan the skies, the images they capture will be focussed onto sensitive photo-imaging tubes rather than film. An outgrowth of the military's night-vision devices, these tubes convert even the faintest flickers of light into electronic impulses, which are then fed into computers. There GEODSS performs its real prestidigitation. It separates from the myriad stars in the background any tiny manmade objects passing into the telescope's field of view.

How? GEODSS takes in rapid succession several separate electronic snapshots of each sector of the sky. Because the telescopes are geared to sweep the heavens at a rate that will exactly counter the rotation of the earth, the distant stars appear as sharp pinpoints of light in precisely the same positions in each of the images; if the telescope were fixed, the earth's rotation would cause apparent movement of these stars. But satellites, even those placed in so-called geosynchronous orbits over a fixed point on earth, move against the background stars, however slightly. Thus they change position in successive pictures.

Everything that the computer finds in the same position in each picture is wiped out of the final image, while objects that have moved between exposures are allowed to remain. Thus the stars vanish and only the tiny blurs created by any satellites are left for display on GEODSS's video screens. All this is accomplished in a flash, and the information is relayed by microwaves and satellites to NORAD's master computers at its headquarters deep within Cheyenne Mountain at Colorado Springs, Colo., where the location, size and other characteristics of the object are quickly determined.

The network, scheduled to be completed in 1982, will cost $62 million. But the Air Force, already hard pressed in its role as orbital traffic cop, figures the price is something of a bargain. Training its eagle eyes on the heavens, GEODSS should be able to spot—and identify—an object as small as a soccer ball 40,000 km (25,000 miles) away.●

## WOMEN AND THE DRAFT

● Mr. GARN. Mr. President, in the discussion of women and the draft, there are two arguments raised that relate to the equal rights amendment. I would like to discuss those for just a minute.

The first argument is that the ERA would have no effect on the question of drafting women, because women could be drafted anyway, without the ERA. Diana Steele of the American Civil Liberties Union, goes so far as to say that any draft that did not include women would be declared unconstitutional by the Federal courts.

It is true, of course, that Congress could order the drafting of women, without an equal rights amendment. We have always had that power, and there was even a time, toward the end of World War II when, faced with manpower shortages, use of that power was contemplated.

But in the present context, it is not at all clear to me that Congress will order the drafting of women. Should the equal rights amendment be ratified, on the other hand, I can see no way in which any draft statute that did not include women could pass constitutional muster. That is equally true, by the way, of any order relating to combat. In other words, with passage of the ERA into our Constitution, women would have to be drafted if men were, and women would have to be sent into combat if men were. I can see no other way in which the absolute language of the ERA could be read.

It is precisely this reasoning, of course, which has kept the ERA from being ratified in the requisite number of States, and which has led to the rescission of ratifications in some of the States which acted in haste, and are now repenting at leisure. Although a few hints were thrown around back in 1972 that the ERA might require the drafting of women, any question of the draft must have seemed very far off. The question of hand-to-hand combat was even further from the minds of the Congressmen who sent the ERA to the States, and the issue was never really treated.

Those supporting the equal rights amendment have complained that the merits of ERA have not been debated, and that it has been defeated in State after State by scare tactics. But I have noticed that whenever this issue is raised, it is the pro-ERA forces who have avoided the debate. Even today, there are attempts to dodge it by opposing any draft, taking a strictly pacifist line, or claiming that the question of registration is separate from the question of drafting, and certainly separate from the question of combat, and that those questions can be handled later.

As to Ms. Steele's comment that the courts would bar any male-only draft under present constitutional constructions, I am inclined to think that she is right, if there were a draft law now in place. But there is not, and before any such law is put into place, there will be a national debate on the issue, and Congress will have provided some legislative history to the courts, some guidance on which way the Nation should be going. My own guess is that the guidance will indicate that drafting women is going in the wrong direction.

The second argument takes precisely the other tack. "Even though you can draft me without the ERA," this argument runs, "it is unfair to do so. At least give me the ERA before you declare me equal to the task of dying for my country."

This argument has more appeal than the first one, because at the least it poses the question directly. It does not pretend that there is no issue, or that the issue can be finessed by opposition to any military activity. But the argument is no more compelling for that.

The fact is that opponents (and a few proponents) of the ERA have long maintained that there are differences between men and women. There has been some debate about exactly what those differences are, and what deference ought to be paid to them, but my conclusion is that one of the areas of agreement has been that women should not go into war.

The belief that women are a civilizing, culturizing influence on men may be irrational, though I have read some pretty competent studies which indicate otherwise. But irrational or not, it is widely held, and it does have behind it several thousand years of recorded history, during which the man's "job" if you will, was to protect the homefires while it was the woman's "job" to tend them. We have come a long way, but I frankly do not think we have come entirely away from that view, and I question whether we can entirely come away from it without destroying the civilized base on which our society exists.

In other words, my response to this line of argument is: "Don't worry, we won't send you into combat, and lest we have to, we won't pass the equal rights amendment in its present form. There may be a formulation of the ERA which would preserve essential differences, of which the sexual relationship to war is one, that could pass, but the present ERA just involves too much risk to society."

No doubt that answer is not persuasive to the pro-ERA advocate, but I suspect it will be to the people as a whole. At any rate, that is my view.●

## SENATE WAS WRONG ON AMBASSADOR WHITE

● Mr. SCHMITT. Mr. President, on March 5, less than 1 month ago, the Senate approved the nomination of Robert E. White as Ambassador to El Salvador by a vote of 71 to 17. I voted against this nomination.

During the debate on the nomination, the senior Senator from North Carolina (Mr. HELMS) argued that Mr. White was not the right man for the challenge facing us in dealing with the political instability in El Salvador. Specifically, the Senator said:

> The job in El Salvador requires a man committed to healing political divisions; and nothing could be clearer, Mr. President, than that Mr. White has scornfully written off most of the capable and experienced leaders of El Salvador.
>
> The job in El Salvador requires a man with a realistic grasp of elementary free enterprise economics. Mr. White, in response to questions posed to him by the Senator from North Carolina, clearly demonstrated that he openly supports murky proposals to turn El Salvador's economic system sharply toward socialism.
>
> The job in El Salvador requires a man with political sensitivity to the dangers of Marxism in Central America. Mr. White is a defender of what he himself called, in a response to my question, "The passionate left" in El Salvador.

Mr. President, these warnings should have been heeded by the Senate last month. Less than a month on the job and Ambassador White has opposed administration efforts to support the ruling government, has accused Salvadoran businessmen of plotting murders and has falsely announced the death of a leftish leader, Juan Chacon.

Saturday's Washington Post and Tuesday's Wall Street Journal carried stories about the activities of Ambassador White. At a time when it is imperative that U.S. policy toward El Salvador and Central America be clear and carefully thought out, Ambassador White has managed to confuse and misrepresent it. There is never any room for irresponsible statements by individuals representing the United States, much less during such a crucial time in the history of El Salvador.

Mr. President, I urge the President to ask Ambassador White to refrain from the irresponsible actions he has already taken or to resign from that very important post. We just cannot afford this type of continued speech. I ask that the Wall Street Journal article be printed in the RECORD.

The article follows:

### UNITED STATES SHOCKS BUSINESSMEN IN EL SALVADOR BY ACCUSING THEM OF FUNDING VIOLENCE

(By Beth Nissen)

"We knew the U.S. was trying to find someone to blame for the violence in El Salvador," says a member of the business community in the Central American nation, "but in our worst nightmares, we never thought it would point at us."

The remaining members of the once-dominant Salvadoran business community expressed shock at U.S. Ambassador Robert E. White's denunciation of them for their role in the political violence that has killed more than 700 this year. In a speech Friday before the San Salvador American Chamber of Commerce, Mr. White accused the businessmen of financing "hit squads" and killing and torturing opponents of the right.

Mr. White offered a "working hypothesis" that right-wing political groups are responsible for the March 24 assassination of Archbishop Oscar Arnulfo Romero, a popular champion of human rights.

"I'll tell you on good authority that sectors on the left were surprised by the archbishop's death," Mr. White told the assembled businessmen. "They didn't know how to react. If you have a plan to kill someone, you also have a plan to exploit that situation. The left didn't."

With or without such a plan, reaction to the prelate's death was violent. Dozens of people were killed in demonstrations last week, and at least 40 died during an emotional funeral for the archbishop Sunday, when an explosion and gunfire set off a panicked stampede among the 80,000 mourners.

#### VICTIM OF MISINFORMATION

The sources of the explosion and gunfire were undetermined, although both leftist and rightist extremists were blamed. "How can you possibly assign blame for this chaos?" asked Jose Eduardo Palomo, president of the National Association of Private Enterprise, the country's leading business organization. "Mr. White's statements have made me a target for everyone. If anything happens to me, he's going to be responsible. I will be one more victim of U.S. misinformation."

There has already been one such victim, but a decidedly live one. Mr. White, who has been ambassador in this embattled country for only a few weeks, surprised his business audience by announcing and deploring the death of leftist leader Juan Chacon. Mr. Chacon turned up to hold a news conference only hours later.

Despite the damaging mistake, which the American embassy suggests was a deliberate attempt to embarrass the ambassador and the U.S., the State Department has strongly backed Mr. White's harsh criticism of the Salvadoran business community.

"It's quite clear that the right wing is guilty of some very serious terrorism," a State Department official says. "Do you think the left is going in for great collective suicide? If some members of Mr. White's audience are upset, maybe they are feeling a little guilty."

Members of that audience, reached by telephone yesterday, insisted they are feeling only frightened and betrayed. "We thought the U.S. would defend free enterprise," one coffee grower says. "Now we are made to fear the Yankees as much as the Communists—maybe more, because they are an unexpected enemy."

#### SUPPORT FOR JUNTA

The wealthy elite who once practically owned and ran this tiny, coffee-rich country didn't expect the U.S. to so strongly support the moderate military-civilian junta that took power last October from right-wing President Carlos Humberto Romero.

To the businessmen's dismay, the U.S. approved and supported the junta's recent expropriation of about 60 percent of the country's richest private farms and the nationalization of the banking system. And last week, the Agency for International Development announced that El Salvador will receive $13 million in U.S. aid. "Next, the U.S. will just send in the Marines to kill anyone in a three-piece suit," a bitter former landowner says.

Mr. White's broad condemnation of Salvadoran businessmen prompted some to defend themselves by admitting the limits of their political involvement. "Of course I have played a role in this tragedy," one wealthy businessman says. "Like many, I paid to have my workers propagandized against the lies of the left, and I gave money I suspected would go for guns. And, yes, I think a few of us paid to have evil men killed. The U.S. can rightly blame us for X and for Y, but not for the whole alphabet."

While leftists in San Salvador expressed hope Mr. White's censure of the oligarchy would, as one put it, "bring the world's scrutiny down on this 'upstanding' class," it didn't lessen the left's hostility to the U.S. Mr. Chacon, the leftist leader, cited Mr. White's erroneous announcement of his death as part of "a campaign of misinformation" to provoke more violence between leftist and rightist groups.

One grieving and weary priest in San Salvador says, "This may be all the left and right agree on: that in trying to mediate, the U.S. is pouring more fuel than water on the fires here." ●

## SENATOR PACKWOOD'S ANALYSIS OF U.S. MILITARY DEVELOPMENT

● Mr. TOWER. Mr. President, last September my good friend and colleague, Senator BOB PACKWOOD of Oregon, joined me and others in the debate to increase the defense budget. Without BOB PACKWOOD's voice we might well have failed in our efforts to obtain critical funding for defense.

Senator Packwood eloquently and expertly analyzed our deficiencies in foreign and military policy then. He recently has presented another very accurate picture of where and when our policy began to slip.

In a recent speech, he made the point that the Soviet invasion of Afghanistan, which history will record having started in December 1979, actually started in October 1962. That was the year that a resolute and strong United States faced down the Soviet Union over the issue of offensive missiles in Cuba.

But, Mr. President, as Senator Packwood so eloquently pointed out in a speech to the Dorchester Conference of Oregon Republicans, October 1962 also was a year that marked the nadir of Soviet military adventurism, and ever since the Soviet Union has said, "Never again." She had suffered a series of humiliating defeats culminating with the Cuban Missile Crisis, and, as Senator Packwood notes, resolved never again to be second best to the United States in its military power.

In his speech, Senator Packwood utilizes his talent of critical analysis to look at the intervening years from 1962 through the Afghanistan invasion, and to trace the trends of American military reverses and Soviet successes. He concludes that we have allowed ourselves to slip so badly that the United States no longer is considered a credible deterrent to Soviet expansionism. And here, Mr. President, Bob Packwood says "never again."

I believe this speech should be disseminated more widely and that the American people and my colleagues in the Senate should take the time to study the analysis of U.S. military development as postulated by Senator Packwood. For this reason, I ask to have printed in the Record the full text of his speech of February 29, 1980.

The remarks follow:

### Senator Bob Packwood Addressing the Dorchester Conference, March 1, 1980

History will record that the Russian invasion of Afghanistan took place in December, 1979. It actually started in October of 1962.

It specifically started in the memory of one American, Col. Al Barry, U.S. Marine Corps, retired, now on my staff, at about 9:20 p.m. October 27, 1962.

Al Barry was then a young Marine lieutenant stationed at Cherry Point, North Carolina. He had just returned home to be greeted by his wife, then four months pregnant with her first child. Barely five minutes after arriving home, there was a knock at the door. He answered and was handed orders to report by 6:00 a.m. the following morning to Camp Le Jeune, Jacksonville, North Carolina, about 50 miles from Cherry Point.

Lt. Barry reported at 6:00 a.m. By 8:00 a.m. he was boarding a troop ship. When at sea, the commanding officer of the troops aboard the ship relayed the orders from President Kennedy—prepare for the amphibious invasion of Cuba.

The 82nd Airborne Division was gathered at Fort Bragg, North Carolina, and the 101st Airborne at Fort Campbell, Kentucky, preparing to board planes to parachute onto the island. The Second Marine Division and the Second Marine Air Wing were massed. Guantanamo Bay was reinforced with elements of the First Marine Division. Other Marines were brought from Camp Pendleton through the Panama Canal and stationed in Florida. All together, 80 to 100,000 United States troops prepared for the combined air and sea assault.

On shore, 30,000 Russian combat troops deployed on the beaches. Several thousand more set up artillery stations on the hills overlooking Guantanamo Bay. All was in readiness for what has become known in history as the Cuban missile crisis.

What was not commonly known then but has become known recently, is that President John F. Kennedy was as much disturbed by the 30,000 Russian combat troops on Cuba as he was by the deployment of their missiles.

With the blockade at sea effective, President Kennedy let Premier Khrushchev know in no uncertain terms that we had a clear preponderance of conventional power and we were prepared to use it. The tension mounted—a few days passed—and Russia backed down. The troops were removed and the missiles dismantled.

From that day onward, however, Russia said, "never again." She had already suffered a series of humiliating defeats.

The Berlin airlift, where in 1948 thousands of American cargo planes flew into Tempelhof Airport to supply everything needed for the free city of Berlin, despite the Russian blockade of truck traffic on the road. Because of the overwhelming numbers and preponderance of the American planes, the blockade was broken.

Korea in 1950—when the Soviets and their North Korean allies hoped to overwhelm South Korea before the United Nations and the United States would act. To Russia's everlasting embarrassment, we did act and today, South Korea still maintains the right of self-determination and has become one of the industrial giants of the Earth.

Sputnik, in 1957, whereby Russia tried to give the world the impression that they had leap-frogged the United States in technology only to discover that Sputnik had so aroused the American people that we leap-frogged the Russians and sent mankind's spirit soaring into space while they remained essentially earthbound.

Cuba in 1962 was the last straw. Premier Khrushchev, already in trouble with his military advisors, was told that never again was Russia going to be humiliated by a lack of conventional military power—no longer was Russia going to be inferior to the United States in ships, in tanks, in tactical aircraft. From 1962 onward, Russia resolved to reverse the imbalance.

From 1962 onward, the Soviet clarity of purpose, together with its growing military preponderance enabled it to place the United States on the defensive.

Vietnam muddled our purpose and weakened our military. Taking advantage of this, the Russians brutally reimposed their will by military force in Czechoslovakia in 1968.

By 1975, a dispirited United States was beaten in Vietnam and subsequently, in Laos and Cambodia.

In 1975, Angola also went.

In 1977, Ethiopia.

In 1978, South Yemen.

And in 1979, Afghanistan.

During the late 1960's and through the mid-1970's, despite the fact that the Soviet Union was increasing its defense budget the United States was cutting its military budget. Because of the changing relationship of the two powers in conventional weaponry, and because Vietnam had caused such a pall over the foreign policy resolve of America, the Soviet Union felt free to send tentacles of aggression through the world without fearing United States opposition.

Let me now shift to some personal experiences which have shaped my thinking in the 12 years that I have been in the United States Senate.

I, of course, came into the Senate at the same time that Richard Nixon became President. One of the major issues that the Senate soon faced, and as a brand new senator I faced, was the anti-ballistic missile system—the ABM. It became the focal point for unleashing all of the passions, pro and con, that existed in this country about the Vietnam war. The merits or demerits of the ABM were almost lost in the rhetoric. Strong voices were raised to say that Russia would never think of launching a missile attack on the United States and, therefore, we didn't need the ABM. Russia could be trusted, they said.

After months of debate on the ABM, the time for voting arrived. Prior to the vote, however, the Senate agreed that it would have a 6-hour closed session—a closed session meant no members of the press, no public in the gallery, no stenographic reporters—nobody but Senators. 99 Senators were in attendance for the entire 6-hour debate.

The first speaker, speaking against the ABM was Senator Stuart Symington of Missouri—a life-long member of the Armed Services Committee—an expert in weaponry and missilery—a person as fully informed about the ABM as any could be. He spoke for an hour without notes. His arguments were sharp and logical. He used secret information and charts from the Pentagon to prove that we did not need the anti-ballistic missile system. When he sat down, I thought to myself, "that's it. There's not going to be any ABM. Nobody could rebut that."

Then the principal proponent of the ABM arose for his allotted hour, Senator Henry Jackson of Washington, a life-long member of the Armed Services Committee—an expert in weaponry and missilery—a person as fully informed about the ABM as any could be. Senator Jackson spoke for an hour without notes. He was lucid, forceful, dynamic. He used secrets from the Pentagon. As a matter of fact, he started with the last chart that Senator Symington had used and said, "My fellow Senators, let me take you just a few charts beyond where my distinguished colleague from Missouri, Senator Symington, has left off." At the end of the hour, I thought to myself, "that's it. We are going to have an ABM. Nobody could rebut that argument."

Then Symington and Jackson asked questions of each other. Each knew the answer to the question they were asking. They were like two great fencers, parrying and thrusting back and forth, trying to put the other on the defensive, in the hopes of convincing the 5 or 10 votes in the Senate yet undecided on this issue.

At the end of the hour of questions and answers between them, it fell to the rest of the Senate to ask questions if they chose.

William Fulbright, then chairman of the Foreign Relations Committee, rose and said:

Fulbright. Will my distinguished colleague from Washington yield to a question?

Jackson. Yes.

Fulbright I don't know if my distinguished colleague has had a chance yet to digest the remarks that the Russian Foreign Minister, Mr. Gromyko, made

In Warsaw last week, when Foreign Minister Gromyko said that Russia wanted to reach a new era of detente—a new era of cordiality and friendship with the United States. Doesn't the senator from Washington think that before we rush pellmell into this unproven missile system, we should give just some little credibility to the words of the Russian Foreign Minister, Mr. Gromyko?

Senator Jackson shot back as if it had been a planted question. He extended his arm, pointed it toward Fulbright and said:

Jackson. Let me call to memory for the senator from Arkansas.

And then Senator Jackson paused and looked gradually around the entire senate:

Jackson. And to the others of you who were not here that morning in October of 1962, when President John F. Kennedy called Andrei Gromyko, then Russian Ambassador to the United States, into his office and asked.

KENNEDY. Did the Russians have any missiles or troops in Cuba?

GROMYKO. No.

KENNEDY. Had the Russians transported any missiles into Cuba that were perhaps being manned by other countries?

GROMYKO. No.

KENNEDY. Had any third party countries transported missiles into Cuba that might be manned by the Russians in Cuba?

GROMYKO. No.

JACKSON. The President asked the question a dozen different ways. On every occasion Gromyko answered no.

JACKSON. Then President Kennedy opened the drawer of his desk and took out the pictures taken from the U-2, showing the Russian missiles, showing the Russian troops manning the missiles—pictures so clear that you could see the chevrons on the sleeves of their uniforms.

When Andrei Gromyko left the White House, he left an acknowledged liar. Now—if the Senator from Arkansas wants to rest the security of this country in the credibility of Andrei Gromyko, that's his business. I would not ask a single Senator to trust the protection and survivability of the United States to the integrity and honesty of Andrei Gromyko.

Fulbright sat down, and asked not another question during the afternoon. At the end of the debate, the vote on the ABM was 50 to 49—it passed. The answer to that one question was the difference. That answer said, Russia could not be trusted in Cuba in 1962. They cannot be trusted now.

Slip forward now to January of 1973. A dinner party at the home of Paul Berger, a Washington atttorney and close friend of mine from law school. The only people in attendance were the Bergers, the Packwoods, Justice William O. Douglas and his wife, and soon-to-be-leaving Ambassador Yitzak Rabin of Israel and his wife.

Rabin had been the hero of the six-day war in Israel in 1967. Although a career military man, he was shortly thereafter appointed Ambassador to the United States. He served with distinction for over four years and was then returning to Israel. He would subsequently become Prime Minister.

During the dinner party, Ambassador Rabin and Justice Douglas got into a discussion about American involvement in Vietnam. Justice Douglas opined that the United States had no interest in Vietnam and should not have been there and that in addition the war was immoral. Ambassador Rabin replied that after almost 25 years in the military, he agreed that war was immoral. He had seen too much of it in his lifetime to ever want to see it again.

He also agreed that the United States had no interest in Vietnam. It mattered not to our vital national interests what happened in that area, but then he added:

RABIN: America should never make a commitment that is not in the national interests of the United States. But having made a commitment that others rely on—If you want to maintain your credibility—fulfill that obligation, even if it no longer serves your immediate national interests. In the long run, others willing to rely on your promise is the more important national interest.

DOUGLAS. Mr. Ambassador, you are apparently not familiar with the advice given to poker players that you should not throw good money after bad.

RABIN. Mr. Justice Douglas, that advice presumes you're never going to play another hand.

Now, before proceeding further with this speech, I want you to fully understand how much we spend for defense and its relation to other government spending. Look at the sheets before you which show the comparative military and human resource spending of the United States for the last 25 years.

BUDGET OUTLAYS IN CONSTANT 1979 DOLLARS, FISCAL YEARS 1955–80

[Prepared by Congressional Research Service, Feb. 1, 1980]

[Amounts in billions of dollars]

| Fiscal years | National defense | | Human resources | | Net interest | | Other | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | |
| 1955 | 108.0 | 58.1 | 39.6 | 21.2 | 13.0 | 7.1 | 25.2 | 13.5 | 185.8 |
| 1956 | 104.5 | 56.4 | 41.5 | 22.3 | 13.3 | 7.2 | 26.0 | 14.1 | 185.3 |
| 1957 | 108.0 | 55.3 | 45.0 | 23.1 | 13.6 | 7.0 | 28.8 | 14.7 | 195.3 |
| 1958 | 109.6 | 52.9 | 54.5 | 26.3 | 14.1 | 6.8 | 28.8 | 13.9 | 206.7 |
| 1959 | 112.6 | 49.9 | 59.4 | 26.3 | 14.1 | 6.2 | 39.6 | 17.5 | 225.7 |
| 1960 | 108.8 | 49.0 | 61.6 | 27.7 | 16.8 | 7.5 | 35.3 | 15.8 | 222.2 |
| 1961 | 111.2 | 47.7 | 69.5 | 29.8 | 16.0 | 6.9 | 36.6 | 15.7 | 233.6 |
| 1962 | 115.0 | 45.9 | 72.2 | 28.8 | 16.0 | 6.4 | 47.2 | 18.9 | 250.4 |
| 1963 | 115.8 | 45.0 | 75.2 | 29.2 | 17.9 | 6.9 | 48.3 | 18.8 | 257.2 |
| 1964 | 117.2 | 43.5 | 77.6 | 28.8 | 18.7 | 6.9 | 56.2 | 20.8 | 269.9 |
| 1965 | 105.5 | 40.1 | 78.7 | 29.9 | 19.0 | 7.2 | 60.2 | 22.8 | 263.7 |
| 1966 | 118.3 | 40.7 | 90.1 | 31.1 | 20.1 | 7.0 | 61.6 | 21.2 | 290.3 |
| 1967 | 143.0 | 43.1 | 106.6 | 32.2 | 21.4 | 6.5 | 60.2 | 18.2 | 331.3 |
| 1968 | 157.9 | 44.0 | 116.1 | 32.4 | 22.2 | 6.2 | 62.4 | 17.4 | 358.4 |
| 1969 | 151.4 | 43.0 | 122.6 | 34.8 | 24.1 | 6.9 | 53.7 | 15.3 | 352.1 |
| 1970 | 142.2 | 40.0 | 132.9 | 37.4 | 26.0 | 7.3 | 54.8 | 15.4 | 355.9 |
| 1971 | 130.5 | 35.9 | 154.6 | 42.5 | 25.5 | 7.0 | 53.4 | 14.7 | 364.4 |
| 1972 | 126.7 | 33.0 | 173.1 | 45.1 | 25.5 | 6.7 | 58.6 | 15.2 | 383.9 |
| 1973 | 116.7 | 30.2 | 182.3 | 47.2 | 27.1 | 7.0 | 60.4 | 15.6 | 386.3 |
| 1974 | 111.0 | 28.8 | 188.6 | 49.0 | 30.7 | 8.0 | 54.5 | 14.2 | 384.4 |
| 1975 | 111.2 | 26.2 | 219.5 | 51.7 | 30.1 | 7.1 | 63.2 | 14.9 | 424.3 |
| 1976 | 110.7 | 24.4 | 245.0 | 54.1 | 33.1 | 7.3 | 64.6 | 14.2 | 453.3 |
| 1977 | 113.9 | 24.2 | 252.0 | 53.6 | 35.0 | 7.4 | 69.7 | 14.8 | 470.4 |
| 1978 | 115.7 | 23.3 | 258.9 | 52.2 | 38.9 | 7.8 | 82.4 | 16.6 | 495.9 |
| 1979 | 117.7 | 23.8 | 259.4 | 52.5 | 42.6 | 8.6 | 74.6 | 15.1 | 493.7 |
| 1980 | 117.3 | 23.1 | 263.9 | 52.0 | 46.6 | 9.2 | 79.4 | 15.7 | 507.2 |

Source: Budget of the U.S. Government for 1981; January 1980 edition.

Military spending has barely increased. What has increased has been our human resource spending. I'm not here to argue whether that is right or wrong. I'm simply here to put an end to the myth that human resource spending has suffered at the expense of the military. What has happened is the opposite. Military spending has remained practically static and human resource spending has dramatically increased.

Next, look at the chart that shows how much Russia and the United States spend on the military.

TREND OF UNITED STATES VERSUS U.S.S.R. DEFENSE EXPENDITURES

[Constant 1978 dollars (billions)]

| | United States | U.S.S.R. (range)[1] |
|---|---|---|
| 1962 | 122.2 | [2] 89 |
| 1963 | 124.4 | 92 |
| 1964 | 123.2 | 94 |
| 1965 | 112.4 | 96 |
| 1966 | 123.8 | 99 |
| 1967 | 145.3 | 104 |
| 1968 | 158.3 | 98–129 |
| 1969 | 153.5 | 102–132 |
| 1970 | 141.2 | 103–133 |
| 1971 | 128.6 | 107–135 |
| 1972 | 119.9 | 109–137 |
| 1973 | 109.8 | 113–114 |
| 1974 | 107.0 | 121–146 |
| 1975 | 105.0 | 122–150 |
| 1976 | 100.9 | 126–154 |
| 1977 | 104.6 | 130–158 |
| 1978 | 110.1 | 133–155 |

[1] Source: CIA, congressional liaison.

[2] Pre-1968 figures have a probable error of ±10 percent.

Source: Department of Defense comptroller.

Russia spends substantially more. From a position of vast superiority in conventional weapons during the '60's and early '70's, the United States has passed to a present position of vast military inferiority in conventional weapons.

Ships

| | |
|---|---|
| United States | 460 |
| Russia | 1,750 |

Tactical aircraft

| | |
|---|---|
| United States | 3,550 |
| Russia | 6,950 |

Artillery

| | |
|---|---|
| United States | 2,700 |
| Russia | 20,000 |

Armored personnel carriers and similar vehicles

| | |
|---|---|
| United States | 22,000 |
| Russia | 55,000 |

Tanks

| | |
|---|---|
| United States | 11,000 |
| Russia | 50,000 |

In January, 1979, after patiently waiting my turn, I finally became a member of the Senate Budget Committee. This put me on the committee that has the first crack at determining how much we spend on defense.

Even prior to going on the committee, it had become patently clear to me how dangerously slim our military position was in this world.

One could argue whether or not the United States or Russia had a superiority in strategic weapons, i.e., missiles. Certainly one could argue that each country had enough missiles to blow up the other country many times over. That argument begged the question, however. It was not missiles that were used in Angola, or Ethiopia, or Afghanistan. It was tanks and trucks. And in Afghanistan, doubly ironically trucks manufactured at a plant built by American experts.

Nothing could have more brutally brought home the fact of our conventional inferiority then the so-called Cuban troop crisis in the summer of 1979. The Russians had 3,000 combat troops in Cuba. Bear in mind, in 1962 they had 30,000.

Last summer, for the second time, an American President said the Soviet build-up in Cuba was unacceptable. But the Soviets had not been idle since their Cuban retreat in 1962. They said "never again" and meant it. Unfortunately, in 1979, our President did not have the arsenal to play out his hand. This time the Russian troops stayed.

Many of us thought in the face of this grave embarrassment, the President would now be prepared to join us in our efforts to restore our Nation's military preparedness.

Last September 8th, before Iran and Afghanistan, together with Senator JACKSON, Senator NUNN of Georgia, Senator TOWER of Texas and Senator HOLLINGS of South Carolina, I sent a telegram to the President, begging the President to support us in an effort to increase the military budget 3 percent above the rate of inflation for the fiscal year we're now in and 5 percent above the rate of inflation for the succeeding two years. We were convinced that this country needed a crash program to rebuild its conventional military forces.

The telegram read as follows:

DEAR MR. PRESIDENT: An immediate and pressing concern is the disposition in the Senate of the second concurrent budget resolution which must be enacted before September 15, 1979. We, who serve as members of the Budget and Armed Services Committees, are agreed that, at a minimum, 3 percent growth in fiscal year 1980 is needed and 5 percent real growth in the National Defense Function is required for the fiscal years 1981–1982. We are writing to you to ask that you meet with us on an urgent basis to consider a joint effort by which we, working together, can persuade the Congress to approve such a measure. We recognize the near futility of proposing such an amendment in the face of administration indifference; but we are certain that together we can prevail . . .

We look forward to hearing from you and meeting with you.

We knew that when the President realized our resolve to try to rebuild the military in this country, he was bound to support us.

Two days after we sent this telegram, we went to the White House for a meeting to hear the President's answer.

The meeting was the coldest, most humorless, straight-forward meeting I have ever attended in or out of the White House. It left an indelible and unforgettable impression that I shall never forget

There was not the usual back slapping when we entered the cabinet room. None of the banter such as how was your campaign coming, or good job on the Senate floor the other day, or congratulations Mr. President on your speech, or anything like that. The five senators filed in and sat down on one side of the cabinet table. On the other side were the President, Vice President, National Security Advisor Brzezinski and Secretary of Defense Harold Brown. The meeting quickly got down to business. We argued that we were not spending enough on defense and that we were lagging behind the Russians badly. The President responded that he thought his budget requests were enough. This back and forth argument continued for six or seven minutes. Then Senator Sam Nunn, of Georgia, who will soon inherit the mantle of both Senator Jackson and Senator Stennis as the military expert in the Senate, addressed himself to Secretary of Defense Brown. Someone in the Pentagon had leaked to Sam Nunn a report prepared by Secretary Brown, setting forth what Brown thought were the minimum defense needs for this country in 1985. Sam Nunn asked the following question:

NUNN. Isn't it true Mr. Secretary that the report just completed for you stating what our defense needs are in 1985 cannot be met by the defense budget that you are asking from Congress?

After some hemming and hawing the Defense Secretary admitted that was true.

Then Sam Nunn turned and looked directly at the President. They were sitting across the table, not four feet from each other. They had both been in the Georgia State Senate together. They are close acquaintances. I do not know if they are close friends. I do not know what the President thinks of Senator Sam Nunn. I know what Sam Nunn thinks of the President. Sam said:

NUNN. Mr. President, you have only one of two choices, either you support us in our efforts to raise the Defense Budget sufficiently to meet the needs you say are necessary for this country, or you should go before this country and admit that you do not intend to fund even the minimum defense needs you say are vital to protect our interests.

There were six to seven seconds of the quietest silence I have ever heard. Then the President reponded:

PRESIDENT. Sam, you don't understand. It's not my fault. When I became President there was no decision on the MX, the cruise missile hadn't even gotten off the drawing boards, I'm the one who has started to redress our military imbalance. The tremendous cuts in the military budgets came under Nixon and Ford, Sam, the tremendous cuts were made by the Republicans'.

Sam Nunn looked at the President incredulously and then he said:

NUNN. Mr. President, you don't seem to understand. If we go to war, we're not going to war with the Republicans.

That was the end of the meeting. We filed out as silently as we filed in. The President had refused to support us.

In November, 1979, we had Iran.

In December, 1979, Afghanistan.

In January, 1980, shortly after the Afghanistan invasion, President Carter made that incredible comment when being interviewed by Frank Reynolds of ABC that he had learned more about the Russians in the last ten days than in the first three years of his presidency.

I thought to myself, what a discouraging comment. We have a President either hopelessly naive, or surrounded by advisors who are hopelessly incompetent or blind to reality or both.

On January 23, 1980, in his State of the Union message, the President said, if necessary, we will use military force in the Persian Gulf to protect our interest.

On January 25, two days after the state of the Union message, a headline in the Washington Star says, "Oil States Resist U.S. Protection." I thought to myself, they don't want us, they don't trust us, they can't rely on our stamina. And then without having thought about the statement for a number of years, I recalled as vividly as the night it was made, that statement of Ambassador Rabin's at the 1973 dinner party:

" . . . having made a commitment that others rely on, if you want to maintain your credibility, fulfill that obligation, even if it no longer serves your immediate national interest. In the long run, others willing to rely on your promise is the more important national interest."

That's what it has come to. Simply and bluntly put, the United States is no longer believed to be a credible deterrent.

Our weakness was highlighted again only a few weeks ago when Secretary of Defense Harold Brown in his annual report said:

"As I have emphasized before, Soviet military spending has steadily risen independently of whether the U.S. defense budget has gone up or down."

* * * * *

"In 1979, the Soviet military effort was about 50 percent larger than our own.

* * * * *

"If we do not respond over the coming years to the sustained Soviet defense increase by increasing our own, we will condemn the United States to an inferior military position."

Ladies and gentlemen, Russia said in 1962, "never again." It is now 1980, and I tell you, it is time for America to say, "never again".

We have given the Russians every chance to join us in seeking peace.

During the '70's we cut military spending: Russia increased theirs.

During the '70's, we exercised military restraint: Russia practiced military aggression.

The time for second best and silver medals is over. If Russia wants to continue this competition, America has just shown we can win the gold. We have the productive capacity, the industrial base, and most important of all, the will to leave Russia behind.

George Washington, in his farewell address to Congress in 1790 said it as well as it can be said: "A nation that wants peace must be prepared for war."

No nation has ever risked so much for peace—or fought so hard for freedom—as America.

So in this year—1980—let us say to the world, we are going to rebuild our military so that it will be second to none.

We will have a foreign policy and a military preparedness that our allies will trust, our enemies will respect and our people will support.

When we have done that, we will again achieve the preeminent position in the world necessary to protect our freedom.

Despite that preponderance of power, we will not seek to impose our system on others. We shall, however, against all odds, prevail, and if necessary—to prevail—we will fight. And if we fight—without question—we will win.●

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## SALT—OR HOW THE BEAR CAUGHT THE BIRD

● Mr. GARN. Mr. President, although the immediate issue of SALT II has been placed on the back burner for the present time, my colleagues might find some amusement, disconcerting as it may be, in a witty pamphlet entitled, "SALT—Or How the Bear Caught the Bird." The author is Mr. William K. Stoos of Iowa. He is indeed a creative individual, and I appreciated receiving a copy of his publication.

Mr. President, I ask that the pamphlet by Mr. Stoos be printed in the RECORD.

The pamphlet follows:

### SALT . . . OR HOW THE BEAR CAUGHT THE BIRD

(By William K. Stoos)

Of all the woodland creatures
None in power could compare
To the proud and soaring eagle
And the mighty Russian bear.
For the eagle with his talons strong
And quickness of his flight.

Was perceived as high and mighty
And the champion of the right.
Yet on the forest flood below
No beast could e'er compare
In size and strength and fierceness
To that surly Russian bear.
Though he be slow and plodding
[And seldom walks upright]
He was without exception
Unmatched in pow'r and might.

Though the bear the stronger be
It wasn't always so;
Once had the eagle mastery
O'er all that lay below
He vowed where any animal
Had the will to be.
It was his natural given right
To roam the forest free.
Because he felt so strongly that
All creatures are born free
He flew above the forest
To insure their liberty.

For it was known throughout the land,
Of the boorish bear,
That in a glance, if giv'n the chance
He'd venture from his lair
And roam about the forest to
Enslave the creatures there.
For, you see, that wooly bear
Had been taught since birth,
That it was his legacy
To rule o'er all the earth;
And that the natural order
For animals of the wood
Was total subjugation
Unto the common good;
And no creature of the woodland
Should dare be free and great
For glory be in equality
And obedience to the state.

Now the eagle's view was different,
And therein lies the rub
For he was soaring high and free
When the bear was still a cub.
And he believed that destiny
Is not controlled at birth,
And all creatures have the freedom
To realize their worth.

Thus each of the two had his own view
Of the world as it should be:
The bear would make all servants
And the bird would make all free
But the bear would seldom venture
When the eagle made his flight,
And reserved his mal-adventure
For the sinister cloak of night.
But even though the eagle kept
His vigil in the air,
He could not stop completely
The tyranny of the bear.
For some throughout the forest
Believed him earnestly
When he voiced his chorus
For world equality
(Though no creature dare presume himself
As equal, quite, as he.)
But tho the bear made inroads
With his ideology,
Most of God's wild creatures
Lived like the eagle free.
Then had the eagle mastery,
And he would have it still
But for the day his reason fled
And he lost his soaring will.
Once high above a rocky crag,
The eagle looked below;
His eagle eye was blurry and
His wings were bending low.
"I wonder," said the eagle as
He rode upon the air,
"Why is it that I make these flights
When no one seems to care?
Why is it that I beat my wings
And watch out constantly,
Why do I keep my talons strong
That others may be free?
For daily grows the tyranny
Of the Russian bear
Yet the creatures are complacent,
And no one seems to care.
It would be far less burdensome
To stay inside my nest,
These flights are far too tiring;
Why should I protect the rest?"

Now sensed the wooly mammal that
The eagle's will was weak
And on silent paws he ventured to
The foot of Eagle's Peak.
He knew that while the eagle
Was a challenge still,
He was but a lowly bird
Without his soaring will.
"Brother eagle," roared the Russian bear,
"It's useless don't you see,
For the two of us to long for
Superiority.
For neither can prevail
And so I must insist,
Why bear your hard travail,
Can we just co-exist?"
"Agreed," replied the eagle,
Who appeared to be quite glad,
"Number one is much too tiring,
But equal's not so bad."

"To solemnize our treaty
And toast to your good health,
I give to you," the bear announced,
"A vault of mineral wealth.
It's a substance that's so precious,
It's sought the world through.
This silv'ry seed is guaranteed
To cure what ails you!"
And with that invocation
He opened up the vault
Revealing to the eagle
A precious mound of SALT.
"I thank you," said the eagle
As he hoisted up the box,
He held it on his tail
And flew up into the rocks.
"My pleasure," roared the mammal
With an evil, crafty smile,
What force could never conquer
Had been simply won by guile.

(Now the bear had known it all too well
What the eagle could not see;
That mound of silv'ry mineral
Had the strangest property.
SALT makes the vision blurry
And dulls the sense of smell,
It suppresses all the worry
And makes one feel too well.
It makes one feel complacent
And happy with his lot,
Unwary of a nascent,
Inauspicious plot.
What marks its blind consumption,
By far most tragically,
Is the feeling in the user
Of false security.)

So for many years the eagle sat
In a state of ignorant bliss,
Lulled into inaction
By the mineral's pungent kiss.
His talons had grown duller
And his wings were seldom used,
His eagle-eye was cloudy
And his purpose now confused.
And the bear's domain grew larger
But no one took exception,
As the eagle now engaged in
Destructive self-deception.
"All's well now with the world,"
Said the eagle assuredly,
"For now we have a treaty,
Against hegemony!"

And seven years had come and gone
Since the bird first tasted SALT.
When at the foot of Eagle's Peak
Stood the bear with a second vault.
"Brother eagle," growled the wily bear,
"I'd like to treat with you,
Fly down now from your aerie,
Today I've brought SALT, too!"
"Agreed," replied the eagle meek,
"I'll talk to you once more,"
And he climbed down from the lofty peak
From which he once did soar.
"We have here," said the Russian bear,
"An urgent situation,
For tension fills the woodland air
With awful consternation.
So let's curb our power equally,
For equal is our fault;
As a token of sincerity
I give to you this vault."
[Now the eagle with his senses dulled
Did not appear to see
How equal limitation can
Mean inequality.
For where one with greater power
Reduces equally,
It's plain that he will yet retain
Superiority!]
"Agreed," replied the eagle
In a tone of great elation,
"We insure the good of all the wood
When we seek limitation!"

[But the terms did not concern him,
And it was not his fault;
He was swayed by his desire
For the precious mound of SALT.]

"Can you indulge me?" asked the eagle,
"For I fear that I'm too frail,
Would you kindly lift the box
And place it on my tail?"
But the eagle learned that moment
That the mineral sometimes stings,
For in a flash, with a mighty slash,
The bear had clipped his wings!
"Now we're *truly* equal!"
Cried the Russian bear with glee,
"For you are bound to roam the ground,
Flightless just like me!"

And now the eagle never flies,
Above the forest floor
And like the other creatures
He cowers at the roar
Of the wily Russian bear
Who tamed his will to soar.

Now the moral of this fable
Is plain for all to see:
He who forsakes greatness
And craves security
Makes himself the subject
Of another's mastery.

And so I close this bit of prose
With an ancient borrowed verse,
Penned by an unknown writer
Whose eloquence is terse.
In the logic of his plan
The bear could never fail:
For he who wants to catch the bird,
Puts SALT upon its tail! ●

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## JESSE OWENS: AN AMERICAN HERO

● **Mr. PERCY.** Mr. President, we are all deeply saddened at the passing of Jesse Owens, one of the few individuals of our time who truly deserves the title American Hero.

Jesse Owens was a man of character, courage, and compassion, as well as one of our greatest athletes. Throughout his lifetime, he exemplified personal qualities that inspire honor and respect.

As a gold-medal winner in the 1936 Olympics, Jesse Owens captured the attention of the world. He showed that ability and determination are the real qualifications for success.

For many years Jesse Owens lived and worked in Chicago. He was especially active in work with young people. This is perhaps his greatest legacy. To untold numbers of youngsters, he provided inspiration and encouragement. I talked to him on the telephone at his Arizona home just a few weeks ago.

Jesse Owens was one of the most outstanding citizens of Illinois and America of our entire lifetimes. We honor his memory and extend our condolences to his family.

I ask that articles on Jesse Owens' outstanding career from the Washington Post, Chicago Tribune, and Chicago Sun-Times be printed in the RECORD.

The articles follow:

[From the Washington Post, Apr. 1, 1980]

### JESSE OWENS

Jesse Owens was, without any doubt, one of the greatest athletes of modern times. His feats at Ohio State University (four world records on one May afternoon) and at the 1936 Olympic Games (four gold medals) took him to the pinnacle of athletic success. But, in a curious twist of history, the fame of Jesse Owens came finally to rest on something he never seemed fully to understand: the relationship of sports to international politics.

Mr. Owens was most widely known as the black American who frustrated Adolf Hitler's dream of using the 1936 Olympics to demonstrate "Aryan superiority." That is a perception of the events in Berlin that summer sharpened considerably by hindsight. As Mr. Owens said, "I wasn't running against Hitler. I was running against the world." If the contemporaneous press accounts of his feats are any guide, few athletes or other associated with the Olympics that year wholly grasped the political turn Hitler had given to international sports competition.

What Mr. Owens did realize when he came home that fall was, as he later put it, that "I still couldn't ride in the front of the bus." There was no White House reception honoring his accomplishments, and there were no lucrative advertising endorsements. He made a considerable amount of money in the next year by tap dancing with Bill (Bojangles) Robinson, running against a horse in Cuba and doing other things that today's Olympic champions would find beneath their dignity.

He worked hard for the next 30 years to survive—leading an orchestra, running a small business, working for local governments and helping young people when he could. It was not until the last decade of his life that he reappeared as a full-fledged national hero. This status was strengthened by the recognition—when the Olympics returned to Germany in 1972—that there had been something special about those games in Berlin 36 years before.

That special quality—the link between international politics and sports—was despised by Mr. Owens, and most other world-class athletes seem to feel that way. They want to be free to compete against each other without regard to nationality, race or political view. That's why many of them (Mr. Owens included) have opposed an American boycott of this summer's Moscow Olympics.

It is sad and ironic that the name of Jesse Owens has become so bound up with events that demonstrated the political ramifications of international sport. We prefer to remember him as the man who set 11 world records in track and field events—one of them to stand for 45 years—and who then spent the rest of his life trying to help young people lift themselves, as he had done, from humble beginnings to glory.

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[From the Washington Post, Apr. 1, 1980]

### OWENS FEAT AN EYESORE FOR HITLER

(By Shirley Povich)

In the summer of 1936, Nazi Germany was swept up in a sports culture high. The hooked cross of Hitler's Nazis, the swastika, was flying everywhere, with Berlin the host city for the Olympic Games. The storm troopers, in their severe black uniforms, were goose-stepping a little higher on the Berlin streets and in the stadium, perhaps to impress the 5,000 visiting athletes, perhaps to catch the Fuhrer's eye.

Pumped way up in fact, was Hitler's trumpeted theory of a German master race. Only two months before, in Madison Square Garden, Max Schmeling, an Aryan and good, loyal, Deutschlander, had knocked out Joe Louis in 12 rounds. They flew him back on the Hindenburg and aired blow-by-blow recordings of the fight for weeks.

To signal the beginning of the Games, a sinewy blond German youth, his hair bordering on platinum, loped into the stadium with torch to light the Olympic flame. Here was a hand-picked symbol of Aryan or German supremacy.

Into this scene loped another young man, black. He was the son of an Alabama cotton picker, and picked cotton himself as a boy. Within a week, Jesse Owens consigned Hitler's master race theory to the Berlin city dump, drove the Fuhrer himself slinking out of the Olympic stadium in deep dismay, and gave the world its most magnificent week in sports history.

Jesse Owens won the 100 meters, the 200 meters and the broad jump and gave the United States' 400-meter relay team a big 15-meter lead with his leadoff leg. He broke three world records and added a new Olympic record.

He died yesterday of lung cancer, at 66. Let's say this about Jesse Owens: He wouldn't have lost that final contest if they had put a tape across the finish line.

Jesse Owens' fame may best be told, perhaps, by the old word-association game: mention baseball, and, quick, you get Babe Ruth. Boxing? Dempsey, of course. Golf, it'll be Jones or Hagen. Tennis, Tilden. Horse racing, Man o'War. Football, Grange. Olympics—it is knee-jerk—it has to be Jesse Owens when the call is for instant recall.

The story that Hitler snubbed him after Owens won the 100 meters in record time on the opening day is true. Earlier in the day, the jubilant Fuhrer summoned two Germans who finished one-two in the shot put to his ceremonial box for a special congratulations. But when Owens won the 100 meters, Hitler suddenly decided he would not make a habit of publicly congratulating winners, and bugged out of his private box.

Hitler's aides said that there was a threat of rain and that the Fuhrer wanted to beat the showers. But when there was another German winner later in the day, Hitler received him, sneakily, under the stands.

Two days later, American writers were calling it Black Tuesday for the Nazis, so many events were won by the athletes the Germans had been calling "America's black auxiliaries." On that day, Owens gave perhaps his greatest performance. After winning the 200 meters, he strolled over to the broad-jumping pit for his next qualifying event. That was supposed to be no great challenge for Owens, the only man who had ever leaped 26 feet.

It would have been trauma, for a less-confident chap then Owens. The red flag went up and Owens was charged with a jump when he merely strolled down the broad-jump path to measure the distance. He still was wearing his jersey pullover while examining the condition of the runway.

When Owens did get off a jump, the German officials ruled he had overstepped the takeoff, and he was left with only a third and final try at qualifying. This time Owens took off a full foot before the takeoff mark and soared to a world record leap of 26 feet, 5 15/16 inches.

He had a hard time with the German officials earlier, in the 100-meter semifinal. He won his heat but they said he couldn't be credited with his world-record time of 10.2 because he had a following wind. A series of photos by American cameramen showed all flags limp during the race.

As an Ohio State sophomore the year before, Owens had given warning that he would be the man to beat in his Olympics events. He set records in the 220-yard hurdles and 200 meters and equaled the broad-jump mark in the Western Conference track meet.

After Berlin, Owens found himself with heaps of Olympic glory and little cash with which to operate. Instant offers of big honorariums turned out to be mostly the phony attempts of pseudo-celebrities to get their own names in the paper.

As a consequence, Owens submitted to some indignities to support his family. He donned his Olympic trunks and raced against anything that could run, horses, dogs, other beasts and humans (who had a head start). for promoters trying to make a buck for themselves as well.

In later years America did seem to recognize a debt to Owens. The U.S. Olympic Committee hired him for public relations, and he was on the banquet circuit. His biggest score since the Olympics happened only in the months before he died when he was a frequent face on national television, holding up that card and saying you can't leave home without it. The pay for that was good, and people liked it.

World records once held by Jesse Owens:
60 Meters, Indoors: 6.4 seconds.
100 Yards: 9.4.
100 Meters: 10.2.
220 Yards: 20.3.
200 Meters: 20:3.
200-Meter Hurdles: 22.6.
220-Yard Hurdles: 22.6.
Broad Jump: 26 feet, 8¼ inches.
400-Meter Relay: 39.8.

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[From the Washington Post, Apr. 1, 1980]

### OLYMPIC TRACK GREAT JESSE OWENS IS DEAD AT 66

(By J. Y. Smith)

Jesse Owens, 66, a track star who won four gold medals at the 1936 Olympics in Berlin and one of the greatest athletes of modern times, died of lung cancer yesterday at the University of Arizona Hospital in Tucson.

A sprinter, hurdler and long jumper of surpassing grace, Mr. Owens once held 11 world records. One of these marks stood for 25 years. Another stood for 40.

Each of his Olympic victories produced an Olympic record. All were won in a setting in which Adolf Hitler hoped to demonstrate the soundness of his belief in the superiority of the Aryan race and the efficacy of the Nazi doctrine of "strength through joy."

Later, it was widely reported that Mr. Owens, a black who was born into a family of sharecroppers in Oakville, Ala., had been snubbed by Hitler. But there was no snub as Hitler had been asked not to congratulate any winners.

But there was no doubt that the Fuehrer was angered by the young American's prowess and the Nazi press referred to Mr. Owens and the nine other blacks on the 382-member U.S. team as "the black auxiliaries." This had no apparent effect on the sports fans who crowded into the 110,000-seat Olympic Stadium and greeted Mr. Owens' triumphs with waves of cheering.

Mr. Owens had to make his stand against racial prejudice in the United States.

"When I came back, after all the stories about Hitler and his 'snub,' I came back to my native country and I couldn't ride in the front of the bus," he once said.

"I had to go to the back door. I couldn't live where I wanted. I wasn't invited to shake hands with Hitler, but I wasn't invited to the White House to shake hands with the president, either."

Mr. Owens prevailed. He became a successful businessman, a "sports ambassador" for the State Department, an effective spokesman for the U.S. Olympic Committee and for the whole Olympic movement, and an inspiration to youngsters of all races as his athletic feats were recounted on television and radio and in newspapers and magazines.

At his death, President Carter issued a statement that said:

"Perhaps no athlete better symbolized the human struggle against tyranny, poverty and racial bigotry. His personal triumphs as a world-class athlete and record holder were the prelude to a career devoted to helping others. His work with young athletes, as an unofficial ambassador overseas, and a spokesman for freedom are a rich legacy to his fellow Americans."

Mr. Owens also was honored by presidents before his death.

On Aug. 5, 1976, President Gerald R. Ford presented him with the Medal of Freedom at the White House.

In February 1979, Carter presented him with the Living Legends Award. The president said at that time:

"A young man who possibly didn't even realize the superb nature of his own capabilities went to the Olympics and performed in a way that I don't believe has ever been equalled since . . . and since this superb achievement, he has continued in his own dedicated but modest way to inspire others to reach for greatness."

If Mr. Owens' performance at the Olympics became the standard by which later superstars were measured, it still did not equal what he did one afternoon a year before the Olympics.

In less than an hour on the afternoon of May 25, 1935, while a sophomore at Ohio State University, when he was known as the "Buckeye Bullet," Mr. Owens set three world records and tied a fourth. It was in a meet at the University of Michigan at Ann Arbor.

Despite a bad back, Mr. Owens equaled the world mark of 9.4 seconds in the 100-yard dash. He then set new records in the long jump (26 feet, 8½ inches), the 220-yard dash (20.3 seconds) and the 220-yard low hurdles (22.6).

The long jump record set that day was not surpassed until 1960, when Ralph Boston jumped 26 feet 9¼ inches in the Rome Olympics. Mr. Owens's longest-standing record was the 6.6-second mark he set in the indoor 60-meter dash in Madison Square Garden in 1935 That finally was broken by Cliff Outlin of Birmingham in a United States-Soviet Union dual meet in 1975. The new time was 6.4 seconds.

"Sure, I'm a little sad, it's like losing a member of the family," Mr. Owens said when informed of Outlin's feat "I looked upon [my records] as part of history. I was proud to be involved in that history-making process, but I have nothing but great admiration for the kids coming up today"

Mr Owens' Olympic victories were in the 100-meter dash (10.3 seconds), the 200 meters (20.7), the long jump (26 feet 5-5/16 inches) and in the 400-meter relay. Another leg of that relay was run by the late Ralph Metcalfe, who went on to become a congressman from Illinois. Mr. Metcalfe also finished second to Mr. Owens in the 100.

The story that Hitler snubbed Mr. Owens apparently came about in this way.

One of the first events of the Olympics that year was the shot put and it was won by a German, Hans Woellke. It was Germany's first victory in track and field events since the modern games began in 1896 and Hitler directed that Woellke and the other medalists be brought to him for congratulations.

But the president of the International Olympic Committee, Count Henri de Baillet-Latour of Belgium, told the Fuehrer that he had no business congratulating any of the athletes. Hitler heeded this admonition after later events and left the stadium each day without congratulating anyone. All of Mr. Owens' victories came after the count had spoken to Hitler.

The American said later, "I wasn't running against Hitler. I was running against the world."

James Cleveland Owens was born on Sept. 12, 1913, one of seven children of Henry and Emma Alexander Owens. His father called him "J.C." and the boy helped in the Alabama cotton fields until the family moved to Cleveland, when he was about 9.

When he went to school in Cleveland, a teacher asked the boy what his name was. "J.C.," the lad replied. The teacher thought he said "Jesse" and Jesse was the name Mr. Owens used for the rest of his life.

He began to make a mark as a track phenomenon while still in high school and won a scholarship to Ohio State, where he helped support himself with various odd jobs. His coach there was Larry Snyder, who said yesterday that Mr. Owens "was the greatest by far. He was given an award as the greatest athlete of the half century. I would say that pretty much says it, wouldn't you?"

After the Olympics, Mr. Owens began a business career. At first he prospered. But then there was a period in which he was treated as a kind of curiosity. He ran against a race horse and ran demonstration races at other athletic events. He also toured with the Harlem Globetrotters basketball team.

He later became a personnel official for the Ford Motor Co. and then sales director for a sporting goods company.

In more recent years he had been a public relations executive. In the last few months, he appeared frequently in a television ad for American Express.

He maintained his interest in the Olympics until the end of his life. He opposed President Carter's plan to boycott the summer Olympics in Moscow on the grounds that politics should be out of the games.

It was this aspect of Mr. Owens' life that others remembered yesterday in paying tribute to him.

"Owens was without a doubt the best known and most beloved Olympic champion all over the world," said Bob Paul, director of communications for the U.S. Olympic Committee. "He not only achieved greatness on the track but in his entire life."

Jack Kelly, the vice president of the USOC, said Mr. Owens had raised funds for the committee and would be remembered for "personifying the Olympic spirit."

Glenn Cunningham, the great miler and a teammate of Mr. Owens at the 1936 Olympics, said his friend "didn't try to grab money. He always tried to help others."

Gov. James A. Rhodes of Ohio said Mr. Owens was "the greatest athlete of our time."

Simon Wiesenthal, the well-known hunter of Nazi war criminals, proposed that an avenue in Berlin be named after Mr. Owens. Wiesenthal said he had made this proposal once before, but had been told by Berlin authorities that streets in that city are not named after living persons.

Mr. Owens' body was to lie in state in the rotunda of the State Capitol in Arizona. Gov. Bruce Babbitt ordered that flags in the state be flown at half staff in his honor.

Mr. Owens always credited athletics with giving him his start in life and the United States with giving him a chance to fulfill it.

"In what other country in the world could a poor black kid like me go all the places I've been, see all the things I've seen and make so many friends?" he once asked.

Survivors include his wife of 47 years, the former Ruth Solomon of Tucson, and three daughters.

[From the Chicago Tribune, Apr. 2, 1980]

### JESSE OWENS WAS AN INSPIRATION

(By Vernon Jarret)

The late Jesse Owens was more than a famous black athlete who ran and jumped so well in the 1936 Olympics that he humiliated Adolf Hitler, the most infamous racist of this century.

Owens' record-setting feats at the Berlin Olympics made him a hero to sports-loving Americans of all races. But to thousands of us, when we were children, the Ohio State University track star represented another dimension to both our public and secret wars against racism.

I must underscore "secret," because during the Jesse Owens era, publicly expressed resentment of racism could lead to real punishment.

The essential ammunition in that secret war was—particularly in the South—education. Owens not only ran like a champion, he walked and talked like an educated man. The same could be said of the late Ralph Metcalfe of Marquette University, Owens' competitor in 1936 in the 100-yard dash and partner in the 400-meter relays.

The same description fits other famous black track and football stars of the 1930s and 1940s. It fits those of decades earlier, too. Willis Ward of the University of Michigan not only was a great track star and an outstanding end on the football team, he left the impression that he had goals beyond athletic prowess. Ward today is a judge in Detroit.

Another hero of my youth was Jerome H. Holland, the All-American end at Cornell University. Holland went on to earn a Ph.D. at the University of Pennsylvania. Holland served as president of two colleges. He also has served on the board of directors of 10 major corporations, and he was ambassador to Sweden in 1970.

In 1972 Holland became the first black elected to the board of the New York Stock Exchange.

I refer to a period that could be labeled the era of the articulate black athlete.

During that era, blacks at all economic levels enjoyed seeing or hearing black college stars being interviewed on the radio or appearing in the Movietone and Pathe newsreels. Owens and so many of his lesser-known black counterparts in college football and track seemed to have a confident command of English.

I don't know about their scholastic achievements in college. However, I recall that when they spoke on the radio or were quoted in the newspapers, they presented themselves in a manner that caused us to believe that they were equal—if not superior—to the individuals who insisted that they were inferior.

One could have assumed from the public demeanor of these young men that they were aware of the value of example-setting in the black American's secret war against racism. During the Owens' era, a black man was lynched near Brownsville, Tenn., just 80 miles from my home, because he spoke out one Sunday against racism and for the right to vote. It was too difficult to lynch the subtle message of Owens.

The college athlete of yesteryear seemed to want all blacks and whites to see racism destroyed by the very way that educated blacks performed outside the arena.

Black athletes then appeared to know that advocates of racism might be willing to concede the equality of blacks and whites in purely physical endeavors. Black athletes of yesteryear wanted it known that they were equal mentally as well as physically. However, they received very little help from the media of that time.

That's why the black public school teachers must be credited with filling in the educational gap for so many decades. My teachers made it known that Paul Robeson not only was an All-American football player at Rutgers, but he also spoke several languages and was a Phi Beta Kappa.

We also were told that the great Fred "Duke" Slater of the University of Iowa was an All-American tackle in 1921 because he had a brain as well as big hands and shoulders. Slater, now dead, became a circuit judge in Chicago.

Metcalfe still had such strong feelings about example-setting that when I met him in the late 1940s he insisted that black athletes and "black journalists leave the proper impression before the public" in the work that they did.

Early in his political career, Metcalfe served as a member of the Illinois Athletic Commission. I recall that at one commission meeting, Metcalfe privately criticized a fledgling journalist for both his dress and his poor use of English. It had a good effect on the writer, who today is employed and highly respected by a leading newspaper on the East Coast.

The Owens' era coincided with that of heavyweight champion Joe Louis, who probably was the most revered athlete of my generation. Joe Louis was no public speaker by any measure. However, no one expected eloquence from Louis. His boxing skills and character did the talking. Everyone knew that the Brown Bomber from Detroit was an unlettered migrant from Alabama. Owens also was from Alabama, but he was a college man and he spoke that way.

It is unreasonable to expect all athletes to speak with the ease of the basketball genius Julius "Dr. J" Erving or Arthur Asche, the former tennis star. But since we have today so many college students who speak so poorly, it's time somebody should start asking why.

Are today's black athletes victimized by a secret or subtle kind of racism? Are they viewed by their sponsors or employers as athletes only—another way of saying we recognize you only for your brawn and supple bodies but not your supple minds?

We're going to miss you, Jesse Owens.

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[From the Chicago Tribune, Apr. 2, 1980]

## JESSE OWENS

Jesse Owens was a great American and a great athlete, probably the finest Olympic competitor ever produced by this country or any other. But it is a special point of civic pride that he also was a great Chicagoan. He adopted this city, and this city adopted him, when he came here in the 1940s to find the opportunity that Cleveland lacked. He prospered with the city, giving generously of his time and talent to civic projects, especially those devoted to young people.

But it was not easy. Although he struck a memorable blow against racial bigotry by winning four gold medals at Hitler's 1936 Olympics, he found that from the winner's stand in Berlin he went to the back of the bus in the U.S. We remember more readily the fact that Hitler snubbed him than the fact that he was not invited to the White House to shake a President's hand until 1975.

But he fought on with dignity and good will. And when disease ravaged his body, but not his spirit, he could die knowing that he had won.

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[From the Chicago Sun-Times, Apr. 1, 1980]

## JESSE OWENS

Eleven world records in track and field, plus four Olympic gold medals: Jesse Owens leaves a legacy of pride and achievement—and triumph over prejudice—that inspires generations of Americans, black and white.

"I came back to my native country [after the 1936 Olympics] and I couldn't ride in the front of the bus. I had to go to the back. I couldn't live where I wanted . . . I wasn't invited up to shake hands with Hitler—but I wasn't invited to the White House to shake hands with the president, either."

No, not then. But twice later honored there, by Gerald R. Ford and Jimmy Carter. Tapped by the State Department for special "ambassador to sports" duties around the world. And on one of those assignments, in 1956, at age 43, he gave a demonstration run in the 100-yard dash. He timed in at 9.8 seconds—four-tenths of a second over his 1935 record.

An American giant: one who does not die so long as history lives.

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[From the Chicago Sun-Times, Apr. 1, 1980]

## OWENS: THE LEGACY WILL REMAIN

(By Ray Sons)

So Jesse Owens has lost the race we all lose. But the races he won will remain with us as a legacy that can never be squandered.

He was grace winning over barbarism on its home track, excellence clearing the hurdles of ignorance and intolerance.

His death of lung cancer in Arizona Monday sent sportswriters around the world thumbing through yellowed clippings and reels of microfilm to recapture a career without parallel in sports.

Babies born in 1935 and 1936, the years of Owens' magnificent achievements, have lived to their middle years. They have been delighted, enthralled and inspired by the achievements of Jackie Robinson, Henry Aaron, Willie Mays, Jimmy Brown, Wilt Chamberlain, Muhammad Ali, Kareem Abdul-Jabbar, Walter Payton and legions of athletes of their race.

And it seems impossible that one man's lifetime, ended this week at 66, could have embraced the entire history of the black athlete's achievement of his rightful place.

Owens and Joe Louis were the first American blacks to become heroes among people of all races in this country and throughout the world. Owens probably had a greater impact than Louis upon the conscience of a bigoted world because of the Olympic setting of his most memorable days and his ability to communicate his story and his ideals.

For that reason, sportswriters and broadcasters voting in a national survey in 1973 chose his winning of four gold medals in the Berlin Olympics in 1936 as the most important sports story of this century.

Adolf Hitler, whose dogma of intolerance soon was to create hell on earth, had hoped to use the Olympics as a stage for the glorification of Nazism and his creed of "Arayan supremacy." Hitler's propaganda was foiled when this lithe American black wrote the most stirring chapter of that Olympic story. Owens set Olympic records in winning the long jump and the 200-meter dash. He also won the gold in the 100-meter dash and shared the victory of the American 400-meter relay team.

But it was not just the winning that made Owens so special. It was the grace with which he accepted the adulation he had won.

In fact, Owens always gave credit to a German competitor, Luz Long, for "the greatest display of sportsmanship I've ever known" in offering him a friendly helping hand when Jesse was in danger of failing to qualify for his first event, the broad jump.

Owens was angry at Hitler that day. He felt the dictator had snubbed him because of his race, though historians now believe there was no intentional snub. Owens had been chosen by Olympic officials as the American performer who would sit with the leader of the host nation in his private box after the day's qualifying. But Hitler had left the stadium before Owen's event. Owens blamed his anger at Hitler for causing him to foul on his first two qualifying jumps. He had only one more chance.

It was at this moment, Owens wrote in the Chicago Daily News years later, that he felt a hand on his shoulder.

"I turned to look into the friendly blue eyes of the tall German broad jumper. He had easily qualified for the finals on his first attempt. He offered me a firm handshake.

"'Jesse Owens, I'm Luz Long.' Something must be eating you,' he said—proud the way foreigners are when they've mastered a bit of American slang. "You should be able to qualify with your eyes closed.'

"'Believe me, I know it,' I told him—and it felt good to say that to someone. For the next few minutes, we talked. I didn't tell Long what was 'eating' me, but he seemed to understand my anger and took pains to reassure me . . . he didn't believe in the Aryan supremacy business any more than I did."

Long advised Owens to draw a line in the dirt a few inches behind the board and take off from there. "You'll be certain not to foul," the German said, "and you certainly ought to jump far enough to qualify."

Owens took Long's advice, qualified and beat Long the following day for the gold medal. Long was first to congratulate him.

They never met again. Long, a soldier in Hitler's army, was killed in Sicily. Owens visited his family in Germany after the war and lauded the courage Long had shown by befriending him that day in that political climate.

The incident probably led to Owens' insistence throughout his life that there was an essential brotherhood among the world's athletes that should not be marred by political interference with the Olympic games.

He was called an "Uncle Tom" by some for his part in preventing a mass walkout of U.S. blacks from the 1968 Olympics in Mexico City, where John Carlos and Tommie Smith raised their clenched fists in a demonstration of their views. It was Owens' view that sports were a means of bridging the gaps of understanding between men, and not to be used to widen those gaps. "I could appreciate their frustrations," he said of Carlos and Smith. "I told them they should fight their war on another battlefield."

As a sportwriter, I always have felt that Owens' greatest athletic achievement was not his Olympic performance but his shattering of world records for the broad jump, the 220-yard dash and the 220-yard low hurdles and his tying of the world mark for the 100-yard dash—all in 45 minutes on May 25, 1935, while competing for Ohio State in the Big Ten outdoor track meet in Ann Arbor, Mich. That may have been the greatest afternoon any athlete ever had in any sport.

But Owens' life transcended sport. He opened doors that had been closed. He was not a militant for his race, because his day predated the time when militance could be helpful.

"When Joe Louis and I came along," he said, "blacks in America had no image. We agreed that the only way to help our people was by deeds. We bled on both cheeks, but we lived in that vein. We didn't make waves."

On the contrary, his flying feet did make waves. They washed us into an era when we could enjoy each other's victories without regard to the differences in the color of our skin.

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[From the Chicago Sun-Times, Apr. 1, 1980]

## "GREATEST" OLYMPIAN OWENS DIES

(By Ted Green)

Jesse Owens, arguably the greatest Olympic athlete of all, surely the Games' most passionate American spokesman and the man best remembered for a performance that mocked Hitler's theory of Aryan supremacy, died Monday of lung cancer at a Tucson, Ariz., hospital. He was 66.

Owens, who won four gold medals at the 1936 Summer Olympics in Berlin—with Hitler among the 100,000 Germans who watched the lean, black American run faster and jump farther than anyone else—succumbed after a three-month bout with the disease.

A pack-a-day smoker for the last 35 years, Owens had called his battle with cancer "the biggest fight of my life." His wife Ruth was at his bedside when he died.

President Carter issued a statement in Washington saying that "perhaps no athlete better symbolized the human struggle against tyranny, poverty and racial bigotry" than Owens.

"His personal triumphs as a world-class athlete and record-holder were the prelude to a career devoted to helping others," Carter said.

In Columbus, Ohio, Gov. James A. Rhodes called Owens the "greatest athlete of our time" and in Vienna, Austria, Simon Wiesenthal, the well-known "Nazi hunter", proposed that an avenue leading to the Berlin stadium be named after Owens.

Owens' body will lie in state Wednesday in the Capitol Rotunda in Phoenix, where Gov. Bruce Babbitt ordered that flags be flown at half-staff. Mourners will be permitted to view his body Tuesday at Universal Memorial Center in Phoenix.

Other services and burial will be in Chicago, but details were pending late Monday.

As success stories go, a better script could not have been written. Jesse Owens was to track and field what Babe Ruth was to baseball, Bobby Jones to golf, Bill Tilden at tennis and Jack Dempsey to boxing.

Son of an Alabama sharecropper, James Cleveland (Jesse) Owens went from shoeshine boy in Cleveland, to Ohio State University sprinter and broad jumper whose many records stood the test of time, to Olympic (and national) hero, to businessman and, ultimately, to the man who in the United States came to symbolize the entire Olympic movement. During his travels, Owens made so many speeches that he literally became the Olympics' unofficial ambassador to the world.

He also had hard times, growing up poor; suffering during the early years the indignities nearly all blacks suffered; enduring, *after* his Olympic triumph, the humiliation of having to race against horses to make ends meet; failing at his first ventures as a gullible businessman and having to declare bankruptcy; and, much later, being criticized by more militant blacks for his moderate positions on politics and sports.

He spoke out strongly against boycotting the upcoming Olympics, saying: "No. We have got to go! The Olympic Games should be hallowed ground, quite apart from political considerations. They mean too much to the youth of the world. They are the greatest show on earth, and a force for positiveness in intercultural understanding."

As his health declined in recent weeks, Owens still was speaking out as it looked less and less likely that the United States would send a team to the Moscow Olympics this summer because of Soviet military intervention in Afghanistan.

"To me, it (boycotting) is not right in the eyes of God or the soul of man," Owens said.

Jesse Owens probably accomplished more, wordlessly, merely with his flying feet, than anyone before or since.

Competing as one of only 10 black athletes on the 362-man 1936 U.S. Olympic team, knowing that the virulent Nazi newspaper, "Der Angriff," had tauntingly called the 10 "America's black auxiliaries," Owens won four gold medals. And he did it in front of Hitler, Goering, Goebbells and Himmler, at a time when those Nazi leaders were preaching white (specifically Aryan) supremacy.

Before huge crowds at the new stadium Hitler ordered built for the Olympics, with Hitler and other top Nazis looking on from their private boxes, Owens:

Leaped 26 feet, 5$\frac{3}{16}$ inches, the first 26-foot-long jump in Olympic history.

Won the 100-meter dash in 10.3 seconds, equalling an Olympic record that was disallowed because of an aiding wind.

Won the 200-meter dash in 20.7, a world record around a turn.

Ran the leadoff leg for the United States' winning 400-meter relay team.

This is where the fable comes in.

To this day, the story persists that Hitler snubbed Owens by refusing to shake his hand after his victories. Actually, as Owens and Olympic historians would later recount, Owens never got the chance because Hitler, in each instance, apparently left the stadium either before or moments after Owens' events. Those old film clips of the Berlin Games—the ones that show Owens winning, then cut to Hitler, grim-faced and obviously disgusted—probably helped perpetuate the myth.

The fact is that Hitler, after publicly congratulating several German hammer-throwers and shot-putters, hurriedly left the stadium after Cornelius Johnson and Dave Albritton, both black Americans, finished 1-2 in the high jump. This was before Owens' first event; so it was Johnson whom Hitler snubbed, not Jesse Owens.

Not that any of this mattered to Owens, who said, years later:

"I didn't go to Berlin to shake hands with Der Fuhrer. I went to run for my country. I wasn't running against Hitler, I was running against the world. Besides, that's too long ago to bear any resentment, even toward a man like Hitler. And the German people have since made me a welcome guest."

As amazing as Owens' Olympic performance was in Berlin, it paled compared to his remarkable feat the year before.

On May 25, 1935, at Ann Arbor, Mich., scene of the Big Ten track and field championships, Owens set three world records and tied a fourth within 45 minutes. At 3:15 p.m., clad in the scarlet and gray of Ohio State, the 21-year-old sophomore ran the 100-yard dash in 9.4 seconds, tying Frank Wykoff's record. At 3:25 he long-jumped (it then was called the broad jump) 26–8¼, breaking the previous record by half a foot. At 3:34, he ran 220 yards in 20.3, clipping three-tenths of a second off the previous record. And at 4 p.m. he clocked 22.6 in the 220-yard low hurdles, four-tenths faster than the best previous time.

All those Big Ten records still stand today.

Sports historians still regard May 25, 1935, as the greatest day an athlete ever had—in any sport.

And Owens had a bad back that day, having twisted it by falling down a fraternity house staircase. He was so stiff during warm-ups that he could hardly jog. His coach, Larry Snyder, wanted to scratch him from the championships. Owens wouldn't hear of it.

Looking back, Owens said: "I had the damnedest cramps in my legs, worse than I've ever had before or since. I never realized I was breaking world records. All I could remember was that my back was killing me. Besides, it wasn't that hard. Once I warmed up, I never cooled down. Just kept running and jumping."

Owens couldn't cash in on his Olympic celebrity, the way Mark Spitz and Bruce Jenner have, because there was no television, few athletes were endorsing anything except small (by today's standards) paychecks and there was no market for a former Olympic champion, especially a black one.

So Owens, who needed money to support his wife (he married at 18) and young daughter when he couldn't make it on the $28 a week he was earning as a playground director in Cleveland, raced against horses for extra money in shoddily promoted spectacles that were freakish and demeaning yet sadly necessary for a money-hungry amateur.

Owens usually beat the horses, thanks to a little trick he revealed years later.

"We always got a high-strung thoroughbred," he said. "The gun would go off close to the horse's ear; naturally, he'd rear and I'd be off with a tremendous break. By the time he came down, I'd be 50 yards down the track (in a 100-yard race). Even though he'd cover 21 feet to my 7 the rest of the way, it was too late. I'd win."

Owens invested what money he had saved in a dry-cleaning business, but that soon folded and he declared bankruptcy in 1939. In that three-year period after the Olympics, he had made speeches for Republican presidential candidate Alf Landon, raced against horses, led a dance band, worked for the Cleveland parks department, owned a cleaning shop and had been a salesman for a New York distilling company.

In the ensuing years Owens had better luck in business, as a consultant and in public relations. He prospered enough to buy property in Arizona and Ohio. And he made speeches like a hungry politician. What Owens was usually politicking for, of course was the Olympics.

When some U.S. black athletes boycotted the 1968 Summer Games at Mexico City, where Tommie Smith and John Carlos gave their black-gloved salute on the victory stand, Owens responded to those blacks who thought he had priorities reversed when he described himself as an American first and a black man second.

Wherever Owens the speechmaker went, people inevitably asked about Hitler. At a fund-raiser in Las Vegas in 1968, Owens said: "Yes I noticed him, but I was so thrilled with all the activities that he seemed like just another person in the stands. He looked like any other man with a little mustache."

Then he told this story: "Hitler didn't believe in God, you know, so when the war started to turn, it was hard on him, and he called in his astrologers.

" 'Are we going to win the war?' Hitler asked.

" 'No,' they said.

" 'Am I going to die?'

" 'Yes,' they said.

" 'When?'

" 'On a Jewish holiday,' they said.

" ' Which one?'

" 'Any day you die will be a Jewish holiday.' "

Owens, whose "scholarship" at Ohio State in the Depression '30s was running a freight elevator from 4 p.m. to midnight, finally reaped some long-overdue awards (if not rewards) in his latter years. They included the Medal of Freedom, presented by President Ford in 1976, and the Theodore Roosevelt award, highest given by the National Collegiate Athletic Association. Owens was inducted into the Track and Field Hall of Fame in 1974. In every poll worth taking, he was named top track athlete of the half century.

Few know that Jesse wasn't his real name. When his family moved from Alabama to Cleveland and enrolled him in school, the teacher asked the shy, 9-year-old his name. Owens, almost in a whisper, said, "J.C." for James Cleveland. The teacher thought he said "Jesse." The name stuck.

By any name, he was an Olympian for all times.●

## EAST ASIAN AFFAIRS

● **Mr. GLENN.** Mr. President, Richard Holbrooke, the Assistant Secretary of

State for East Asian and Pacific Affairs, recently delivered two speeches which provide an unusually insightful analysis of East Asian affairs and the U.S. position in the area. While the scope of Secretary Holbrooke's remarks is too broad to permit a detailed description of his remarks, I would like to mention two points that he stresses.

The first is the extent to which the position of the United States in East Asia has improved in the years since the Communist victories in Indochina. There are many reasons for this, but probably the most important has been our success in developing good relations with both Japan and China, the two major powers in the area.

The second point, and a very troublesome one, is the great suffering and danger to the peace of the area caused by Vietnamese expansionism—an expansionism made possible only because of Soviet backing of some $3 million a day. The huge number of Indochinese refugees and the continuing threat of mass starvation in Kampuchea are the direct result of Hanoi's ambitions to dominate its Indochinese neighbors, even if that requires deprivation for its own people and heavy dependence on the U.S.S.R. Only Thailand's farsighted and humanitarian policy of opening its borders to starving Khmer, the generous first asylum policies of the ASEAN countries and Hong Kong, and the willingness of many nations—led by the United States—to provide permanent homes for hundreds of thousands of refugees have prevented the situation from exploding.

As chairman of the East Asian and Pacific Affairs Subcommittee of the Committee on Foreign Relations, I have worked closely with Secretary Holbrooke since he assumed his present position early in 1977. He has been diligent in consulting with Congress on important matters regarding U.S. policy toward East Asia, a cooperation I am sure will continue.

Mr. President, I would like to insert Secretary Holbrooke's remarks in the Record.

The remarks follow:

### The American Position in the Pacific: 1980

(Speech by Assistant Secretary Richard Holbrooke at the Women's National Democratic Club, Washington, D.C.)

The world looks less stable today than it did when I last spoke here 16 months ago; the challenges we face, especially in Southeast Asia, are more acute. The President has laid out our response to the Soviet invasion of Afghanistan, focussing on our actions in Southeast Asia and the Indian Ocean, and on our relations with the Soviet Union.

East of this area of confontation lies East Asia and the Pacific, a region where the American role has been characterized by wide and politically controversial swings between overinvolvement and inattentiveness.

Thus, if one had predicted in 1975 that less than five years after the end of our long and traumatic involvement in the Indochinese Wars our position in the Pacific would be as strong as it is today, almost no one—optimist or pessimist—would have found the prediction credible.

In the last three years we have redefined the proper role for the U.S. in the area. In so doing, we have strengthened our national security in a critical region at a critical time.

When I last spoke here I described a number of dramatic and positive changes that were taking place in East Asia. The United States was just emerging from a period of drift and debate over its role in Asia. The basic cause of tension in the region had become the rivalries among communists. The non-communist countries of Asia, relieved of many of the pressures caused by the old Cold War divisions, were experiencing unprecedented economic and political development. We were in the process of building a new foundation for our nation's future in the Pacific. Secretary Vance laid out our policy direction in a speech in June of 1977 before the Asia Society:

Consolidating our alliance with Japan;

Achieving full normalization with China;

Maintaining close consultation with our ANZUS allies, Australia and New Zealand, on all matters of common interest:

Strengthening our ties with the members of ASEAN, the Association of Southeast Asian Nations, and forging a new relationship with the organization itself;

Maintaining our security commitment to the Republic of Korea and assisting it to improve its own defense capabilities; and

Building a new sense of community in Asia and the Pacific.

Today the United States has redefined its role in East Asia in a series of policy initiatives that span and help link the region from Japan and Korea in the north to Australia and New Zealand in the south. The crisis in Southwest Asia has created a crucible in which the strength of our position in East Asia is being tested.

Let me begin, therefore, by reviewing with you the seven major American achievements of the past three years in East Asia.

First, there has been a significant and steady growth in the political and strategic relationship between the U. S. and our most important Asian ally, Japan. In the United States, this achievement has been overshadowed by the public focus on our recurrent trade frictions. But it is nonetheless real and important for the future strength of both our countries. Our strategic and political position throughout the Pacific must begin with an unbreakable bond between Tokyo and Washington. Economic strains in recent years could have severely weakened this relationship. But under the strong leadership of the President and two Japanese Prime Ministers that did not happen. The vastly increased coordination between our two nations in East Asia and beyond does not make front page news. Nor do the new Joint Defense Guidelines adopted in 1978, which have added operational credibility and efficiency to our alliance with Japan. But these are important indicators of the maturity of our alliance and its transformation into what President Carter and Prime Minister Ohira have called our "productive partnership."

Second, the normalization of U. S. relations with the People's Republic of China in December 1978 and the subsequent rapid pace of development in U. S.-Chinese relations. There is no doubt that this will be viewed as one of the major foreign policy achievements of the Carter Administration. The 15 months since normalization can be divided into three phases:

First, the act of establishing normal diplomatic and political relations with China, the ending in an orderly manner of our official relations with Taiwan, and the maintenance of a relationship with the people of Taiwan through unofficial instrumentalities. Vice Premier Deng's trip to Washington was the highlight of this phase.

A second phase, which is not quite completed and thus overlaps the third, has involved the development of trade, economic, commercial, cultural, consular and other ties that will put Sino-American relations on a truly "normal" footing across the board. In many of these areas we moved with great speed to cut through almost thirty years of non-communication, bureaucratic debris, and legal and psychological obstacles, but we are still awaiting completion of several essential elements. Vice President Mondale's trip was a key event in this phase. Under his personal direction we completed the following actions: Approval by Congress of a U.S.-China trade agreement, including Most-Favored Nation Status; the extension of Export-Import Bank credits to China, now agreed upon in principle by both countries; the extension of Overseas Private Investment Corporation guarantees to China; the designation of China as a "friendly nation" under law in order to qualify it for reimbursable technical assistance; the revision of our policies towards transfer of high technology to China to make more of our products available to China without endangering our own security; and the signing of a cultural agreement. We have also resolved the long-standing claims assets problem. Among the items still outstanding, on which we hope that progress will be made quickly, are a civil aviation agreement, a maritime agreement, a textile agreement and a consular treaty.

In the third phase, which began with Secretary of Defense Harold Brown's trip this January, we are broadening and deepening our dialogue with the Chinese government on global and regional issues of mutual concern. In regard to Afghanistan, for example, Secretary Brown found a similarity of views that led us to suggest follow-on talks at the sub-Cabinet level. Held in Washington last week with Chinese Vice Foreign Minister Whang Wenjin, these talks provided a new form of contact which both sides found of great value. We have already agreed to more such consultations in both Washington and Beijing, probably at a pace of about two or three exchanges a year at various sub-cabinet levels. These contacts will be of immense value in improving our mutual understanding.

The development of our relations with China will gradually evolve to a more normal pace; the result should be a solid, constructive relationship that is consistent with our global policies. And those who feared that normalization with Beijing would jeopardize Taiwan's security, prosperity, or stability have been given no grounds for those fears; on the contrary, the level of tension in the Taiwan Straits area is now at an historic low.

The third major achievement in East Asia has been the negotiation of a revision to the Philippine Base Agreement which assures our access to those vital bases until 1991 with a review of the agreement in 1984. The new arrangement, which ended a ten-year negotiation that often looked hopeless, protects our strategic interests while meeting legitimate Philippine concerns of long standing. The importance of these bases and facilities for the deployment of U.S. forces in both the Pacific and Indian Oceans is obvious. If we had not succeeded in concluding this negotiation well before the present crisis in Southwest Asia, uncertainty over access would now be plaguing our military planners. The agreement we reached is a fair one to both countries, and we are fully committed to it, including an important all-out effort, which I am hopeful will be successful, to obtain from Congress the full authorization of security assistance funds that we requested for FY 1981.

Fourth, the development of a comprehensive ASEAN policy. The five nations—Thailand, Indonesia, Malaysia, Philippines, and Singapore—that form the Association of

Southeast Asian Nations (ASEAN) are the core around which we have rebuilt U.S. policy in Southeast Asia since 1977. They have augmented their individual strength immeasurably by speaking with a single voice on many issues. And we have expanded our relations with ASEAN at a pace related to their desires and development.

Fifth, renewed support of the United States for the security of Thailand. Here is a clear demonstration that we are still willing and able to take a stand in this region. In the 1977 budget inherited by this Administration, for example, economic aid for Thailand was down to $4 million and heading for zero. There was a feeling in some quarters that the whole of Southeast Asia was as "lost" as Vietnam, and that the U.S. had no major interests at stake in the region. Those trends have been reversed. Today, Congress recognizes Thailand as a country to which we have and must maintain special ties and commitments. We have expanded economic aid and military credits for Thailand, we have accelerated deliveries of military equipment urgently needed to meet Vietnamese pressure on the Thai-Cambodian border and we have provided major relief for the refugee influx. We have stated at the highest levels that a Vietnamese attack on Thailand, which could not take place without Soviet support, would cause a major crisis extending beyond the immediate area.

Sixth, the President's decision, in the highest traditions of our Nation, to resettle 168,000 refugees a year from Southeast Asia in the United States. Many people and countries are paying the price for Hanoi's policies—most especially the people of Indochina themselves, and the nations of first asylum like Thailand and Malaysia and Indonesia and Hong Kong who have borne the brunt of the exodus. Mrs. Carter's emergency trip to Thailand last November helped dramatize the situation and galvanize the relief effort. The President's decision on resettlement, along with similar actions by France, Canada, Australia, and others, is reducing the refugee burden in the first asylum countries. By so doing, we are also reducing the threat to their political stability and economic welfare. The support of the American people for the resettlement program and the massive contributions we have made to feed and care for Indochina refugees represent an enormous national commitment in both humanitarian and financial humanitarian terms, but one that we must and will continue to bear—because it is right.

Seventh, I would list the cooperative relations we have developed with the newly-independent countries of the South Pacific and with the institutions through which they are working together to ensure the peace and progress of their region. Few developments of recent years have been more heartening than the peaceful transition in the South Pacific of about a dozen small countries from colonialism to self-government and independence. The United States is playing a constructive part in that process. Popularly-elected governments have already been established in the American territories and the islands of Micronesia that we administer under United Nations trusteeship. And we have made it clear to American and trust territories alike that it is for them to choose whether they wish a continued association with the United States, and on what basis. We have recently taken an important step forward in the negotiations that will establish a new relationship with the Micronesians. And, even as these negotiations continue, both the Micronesians and the American territories are playing a more active and independent part in the affairs of the region in cooperation with their independent South Pacific neighbors.

Perhaps nothing better illustrates the strength of our Asian relations and their growing relevance to other parts of the world than the intensive series of consultations with our Asian friends and allies that we have conducted during the past six weeks. Prime Minister Fraser of Australia and Deputy Prime Minister Lee of Korea came to Washington for consultations in February. The ANZUS Council then moved up its annual session and met in Washington, with Secretary Vance presiding, to develop a common response to the Soviet invasion of Afghanistan. As I mentioned earlier, Chinese Vice Foreign Minister Zhang Wenjin came to Washington last week for the first working level meeting between our two governments that we have ever hosted. Foreign Minister Okita of Japan has just completed a round of important consultations in Washington. And after chairing a meeting of our Ambassadors in East Asia, I visited the leaders of all five ASEAN countries in mid-February to discuss their view of the situation. It is notable that bilateral issues have not dominated these discussions as they have in the past. Instead, the consultations have centered primarily on the business of developing cooperative efforts to meet international problems and threats to stability in both Southwest and Southeast Asia.

Let me also emphasize that, in constructing our Asian and Pacific policies, we have been fortunate in having had continual and strong support from both Houses of Congress. One lesson from our recent past that cannot be stressed enough is that a policy which does not have the support of Congress will ultimately be severely weakened, if not brought down, by the simple fact of disagreement between the two branches, even if the policy itself appears to be sound.

The challenges that still face us and our friends in East Asia are formidable. The most serious of these are clearly those surrounding Vietnamese territorial ambitions and the Vietnamese relationship with the Soviet Union.

After more than 30 years of war in Indochina, Vietnam continues today to prolong instability and human suffering in the region. The Vietnamese, in their quest for domination over all of Indochina, have given a new term to our language: "boat people."

And in late 1978, Vietnam, with the support of the Soviet Union, invaded Cambodia, driving the infamous and brutal regime of Pol Pot from Phnom Penh and setting up an unrepresentative regime under a former Khmer Rouge military commander named Heng Samrin, a regime which is dependent for its survival on the presence of about 200,000 Vietnamese forces. For several months now some 50,000 to 70,000 Vietnamese troops have been pressing up against the Thai border, bringing additional refugee pressure on Thailand and threatening that country's stability and security.

The challenge posed to stability in Asia by Vietnam's actions is a serious one indeed. For the United States, less than five years after the end of our Indochina tragedy, it poses especially painful problems. We seek to promote in Southeast Asia a stable system of independent nation states, including Cambodia. The urgent needs are to save the Cambodian people from destruction and to protect the territorial integrity and security of Thailand. Our overall objectives are to reduce and eventually eliminate the Soviet military presence in Indochina, to seek the withdrawal of Vietnamese troops from Cambodia, and to support and encourage the search for a political settlement that will ensure the self-determination and non-alignment of the Cambodian people. We are pursuing these difficult multiple objectives through refugee and relief efforts, through diplomatic channels, and through the increased assistance to Thailand that I have mentioned previously.

Another area of potential instability remains the Korean peninsula. Thirty years after war exploded in that divided land, huge and well-equipped armies still face each other across one of the globe's tensest and most heavily-fortified lines. North Korea has not renounced its goal of reunifying the peninsula on its own terms. In this context, this Administration has reaffirmed the U.S. security commitment to South Korea and, after personally re-examining the balance of forces on the peninsula last year, the President decided to suspend the gradual withdrawal of American ground combat forces until at least 1981.

Coupled with immediate American actions to demonstrate our strong commitments to South Korea, this decision aided the maintenance of stability at a delicate and difficult moment in Korean history several months later, when South Korea's President, Park Chung Hee, was assassinated by his own intelligence chief.

Since President Park's death, the civilian leadership of South Korea has made steady progress, at a measured pace, in the direction of a broadly-based, popularly-supported government. A revised Constitution is being prepared. Personal liberties have gradually increased. We are particularly gratified at the recent restoration of political rights to over 600 people, including several of the most prominent men in Korean life. For progress to continue, we believe that it is critically important that the Korean military continue to support the civilian government and allow the process now underway to develop in a manner consistent with the desires of the Korean people.

At the same time, South Korea faces two other serious issues. First is the economy, now facing a difficult year after a decade of dramatic double-digit real growth. We shall do what we can to show special concern for Korea in these times of pressing economic problems throughout the world.

Second, even while trying to build a new political structure in the South, the Republic of Korea is responding to a potentially promising initiative from North Korea for direct talks at the officially-recognized government-to-government level. This tentative and delicate effort may prove, as have so many "peace feelers" in the past, to be an illusion, or a deception.

This possibility has been underlined dramatically in the past week by four serious North Korean-initiated infiltration incidents. The most recent occurred yesterday when a routine South Korean patrol encountered North Korean intruders. It is difficult for us to reconcile this kind of activity on the part of the north with sincerity in the North-South talks. Thus one can only approach such discussions with caution and vigilance.

But everyone recognizes that the present discussions have a somewhat different cast to them, in the wake of so many recent developments which could not have failed to make an impact on North Korea. Among these I would include Sino-American normalization, the change in government in Seoul, and the Soviet invasion of Afghanistan, a country that, like North Korea, borders on the Soviet Union. If the present talks between the Democratic People's Republic of Korea and the Republic of Korea result in a lowering of tensions in Northeast Asia, especially when tensions are rising in so many other areas of the world, then we are ready to welcome and encourage them. For our part, we will continue our full support for the Republic of Korea, to bolster their security against outside interference or adventurism, just as we will support Seoul's continued development towards democracy.

Finally, we must be concerned more generally about Soviet attempts at military expansion in the East Asia region. In the past few years, we have seen a gradual but significant increase in Soviet naval strength in the Pacific. Soviet ground forces have moved back into the northern islands taken from Japan at the end of World War II. As a countermove to their lack of success elsewhere in the region, the Soviet Union has established a foothold in Vietnam, giving Soviet forces access to naval and air facilities at a strategic point for their deployments to the Indian Ocean and improving their capabilities for surveillance in the Pacific. We are deeply concerned at this threat to the equilibrium of power in the region.

To meet this challenge, we have maintained and supplemented our strong strategic posture in the Pacific, as I have already outlined. But the significance of a strong U.S. strategic posture in East Asia is not confined to our interests in the Pacific. It is vital to our ability to respond effectively in the Indian Ocean and Southwest Asia. It is no longer accurate—if it ever was—to make an artificial division between the Pacific and Indian Oceans; they form an indivisible sea stretching well over half way around the globe; instability in one part of Asia can affect stability in the other. The strength of our response to Soviet aggression in Southwest Asia serves our common interests with our Pacific allies and friends. And it supports and contributes to the defense of Europe as well.

What does this mean for U.S. policy in Asia and the Pacific? We must continue to maintain a strong and flexible force structure in the Pacific to meet our security commitments in that region, as well as the new demands in the Indian Ocean. We will continue to deepen our security cooperation with Japan, as each augments its defense efforts in light of the current international situation. And we will seek to coordinate our diplomatic actions with Japan in Asia, the Pacific, and other regions. We will continue to explore with Australia and New Zealand the potential for contributing to our mutual long-term interests in stability in Southeast and Southwest Asia. We will continue to strengthen our relations with each of the ASEAN countries and their regional organization.

Our relations with China will also continue to take on significance beyond East Asia. We are already discussing those situations where we share a common interest. This is not to say that the differences in values and structures between us will disappear. We are friends, but we are not allies. We shall be expanding our trade with China into new areas of technology, some of which involve military support equipment. Let me emphasize that this does not constitute a decision to sell arms to China, nor do we contemplate such a decision. There has been a fear sometimes expressed in other capitals that the speed with which our relations with China are improving reflects a decision on the part of the United States to put China ahead of our traditional friends in Asia. This simply is not true.

We see our relations with China and Japan, and their relations with each other, not as being directed against any other power, but as important elements in maintaining the peaceful equilibrium in Asia. However, if the Soviet Union promotes and exacerbates instability in Southeast Asia, common interests in opposing these Soviet actions will naturally increase, just as Soviet aggression in Afghanistan has already created a common concern among other nations. We believe that the best defense against Soviet adventurism will be a continued American presence in the region and support for a strong political base throughout East Asia.

A sustained U.S. presence in the region, including the Indian Ocean, also requires over the longer term additional U.S. naval assets in the Pacific Command. There are a number of ways to augment our naval presence in the Pacific and thereby to bring more forces within a closer range of the Indian Ocean. For example, one possibility being considered is to homeport an additional aircraft carrier overseas, perhaps in the Western Pacific.

By the beginning of the 21st century we are likely to see a significant shift of the economic, if not political balance in the world towards the Pacific. This region contains almost half the world's population and has demonstrated an economic dynamism unmatched by any other single region of the world in the last few years. Our total trade with East Asia roughly equals our total trade with Europe; the region has become an increasingly important source of raw materials and a hospitable locale for private investment. As the region continues to develop, it will be essential for the United States to remain actively involved. Our fundamental interest in Asia and the Pacific still lies in encouraging the establishment and maintenance of a stable and peaceful system of independent states.

There were times in our history, over the last 40 years, when many Americans wondered why we were involved at all in lands and oceans so distant and so different from our own heartland. But today, we should feel especially blessed that, by history, geography, and economic interests, we are as much part of the newly emerging Pacific Community as we are part of the Atlantic world. If the trends of history in fact do run towards that part of the world that we once knew as the Far East, we can, and must, participate in this development in full partnership with old and new friends in Asia.

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### The Never Ending Tragedy

(Speech by Assistant Secretary Richard Holbrooke at the Council on Foreign Relations, New York, N.Y.)

It is both ironic and painful that as the 1980's begin, we are meeting here at the Council on Foreign Relations to discuss the situation in Indochina, just as we might have ten years ago, or twenty, or indeed even thirty years ago.

With regret and sadness one must conclude that the greatest single threat to peace in East Asia in the 1980's still remains the unresolved situation in Indochina.

After years of uncertainty, the rest of East Asia looks hopeful and promising as the new decade begins. Our political and strategic relations with Japan have never been stronger; China is moving towards a broader and constructive participation in world affairs while trying to transform the lives of its people; the association of Southeast Asian Nations (ASEAN) is developing new bonds of common purpose and resolve; the ANZUS alliance between the U.S., Australia, and New Zealand has shown its enduring strength in the face of the challenge in Southwest Asia; South Korea is trying to develop a more broadly-based and popularly-supported government; there are potentially promising preliminary talks between North and South Korea, although clouded by a series of North Korean initiated incidents in the Demilitarized Zone last week the tiny island nations of the South Pacific are emerging into independent status in a peaceful and democratic way with the support of the ANZUS powers; and although slowed by inflationary pressure, there has been dramatic economic progress throughout the region. A new sense of Pacific Community is growing up among the nations bordering the greatest of all oceans. We are fortunate that we are as much a Pacific as an Atlantic nation, and we will participate fully in these developments.

Last week, speaking in Washington, I outlined the strategic objectives and major achievements of the Administration in East Asia and the Pacific since 1977. The overall record is good, and most observers would agree that the United States, through a combination of its own policies and other events, has succeeded in playing a role in the region that few people would have thought possible in 1975, when the American position in Indochina collapsed in turmoil and tragedy.

Nevertheless, war in Indochina again threatens the stability of the entire region. The circumstances are different now than in the past. The colonial and Western powers are gone; the civil war is over; the coalition of communist regimes has disintegrated.

This time around, it is Asian against Asian, communist against communist, Vietnamese against Cambodian, Chinese against Vietnamese, and, in the background, the Sino-Soviet rivalry.

Yet both our national interests and values do not permit us to turn our backs on the political turmoil and human suffering unfolding in Indochina. We continue to have an important stake in the stability and equilibrium of the Pacific region. We have security commitments to Thailand. We must continue to assist the nations of first asylum—Malaysia, Thailand, Indonesia, the Philippines and the Crown Colony of Hong Kong—in dealing with the refugee flood, or some of them may find themselves cracking under the pressures, and resorting to draconian measures to deal with the refugees. Under Hanoi's domination, Laos is continuing to decline economically and sizeable numbers of refugees continue to flee across the Mekong into Thailand.

Dealing with these problems could hardly be more difficult. But we are going to continue to play a role because the nations of the region want us to and expect us to. We are going to continue to play a role because we must seek to prevent what otherwise will be an even greater tragedy. And we are going to continue to play a role because it is in our national interest to do so.

The center of the tragedy, of course, is Cambodia, although the root cause for its misery lies outside its borders. After ten years of unimaginable horror, this little country is further than ever from peace. Its people are still in the process of being destroyed. Whether they can ever rebuild themselves into a viable state, or whether they are now in the process of being reduced to an ethnic minority within a structure controlled by someone else, like the Armenians or the Latvians, or so many peoples in this century, is something that we will not know for years to come. But their prospects are bleak.

A visit to the border between Thailand and Cambodia is a very sobering experience. I visited there last October with Senators Sasser, Danforth and Baucus, only a few days after the first refugees were admitted into Thailand as a result of the change in policies of the Thai Government under then Prime Minister Kriangsak, a humanitarian policy which rightfully earned the Thais worldwide support. Tens of thousands of people had walked west across Cambodia looking for food, finally—if they survived—stumbling across the border into Thailand. They lay silently by the thousands in the open fields and under bushes waiting for food and medical help. It was the silence, especially the silence of the children, that chilled us most. Many were dying, but no one was strong enough even to cry.

The world responded to that scene of unrelieved horror. Led by the United States, and spurred on by Mrs. Carter's emergency trip to the border in November, massive international support stemmed the famine.

Many people did die, but the worst was averted. Life returned to the people at the border. Today one can see children laugh—and cry.

This improvement in the situation was the result of a three-pronged relief effort. First, setting aside all political considerations at the direction of the President, we pressed for the maximum input of relief supplies by the international agencies through Phnom Penh in order to get food distributed to the people inside Cambodia. A debate continues over how much diversion and stockpiling of this food there has been on the part of the Vietnamese and Heng Samrin. We have studied the charges and countercharges carefully, but our information is incomplete. To the best of our knowledge, there has been significant stockpiling. An undetermined amount of food has not yet reached the people for whom it was intended. Recently, the international agencies have been telling us that food is now getting out to the provincial capitals, although the Vietnamese have done nothing to facilitate this. The only way to stop diversions and stockpiling would be to stop the relief efforts, and this would simply increase refugees and accelerate the destruction of the Cambodian nation. Hence we believe that these efforts must continue, and, considering the suffering the Cambodian people face, there is no humane alternative to this relief program. But we must have better evidence that the relief is reaching the people. So, in last week's meetings at the U.N. to discuss how to raise additional, much-needed funds, we stressed our readiness to continue to support these efforts, as well as our desire for better information about the end use of the relief supplies. This is vital if we are to be able to justify the continuing costs to the American people.

The second part of our effort was to provide relief for the growing number of people who began walking west towards Thailand in search of the food they could not find in Cambodia. It was these people whose dramatic emergence from the interior last fall woke the world up to the tragedy unfolding inside their country. By the end of last year perhaps as many as 600,000 people were at the border. They gathered for the most part not in organized and officially sanctioned U.N. refugee camps, but in tightly-packed concentrations straddling both sides of the border. Today, these people are no longer starving to death, but as the dry season comes to an end, we face a new crisis. The people at the border are being fed, but they are not ready for the rains; their huts are not raised off the ground, many of the temporary dirt roads will wash away, and the people will have great difficulty staying where they are now. I regret to say that the preparation for the rains has not been adequate along the border.

We and others, including the three Senators who visited Phnom Penh, repeatedly asked the Vietnamese to open up the border to permit the dispatch from Thailand of truck convoys with food for the people of Western Cambodia. This would have been the simplest way to feed the people. The Vietnamese refused, presumably because they feared that the food would strengthen many Cambodians opposed to their rule. At that desperate moment, the cross border feeding operation which was to save countless lives emerged. The idea was simple: If we could not get the food to the people, let the people come to the food. Assemble it in very large quantities at the border, let the people come out to get it and return to the interior to feed their families and neighbors. This makeshift operation, dubbed the "Ant Army" by some journalists who observed it, has worked; enormous numbers of people have been saved from starvation in the last few months. But it too is jeopardized by the coming rains.

In this connection, I have yesterday received a cable from our Ambassador in Bangkok, Mort Abramowitz. He says:

"The grain from the recent harvest is nearly exhausted. Food must be delivered in great quantities over the next few months, but getting it to the population outside the cities will be difficult. Phnom Penh's distribution system operates near capacity, hobbled by terrible transportation conditions, inexperience, and Vietnamese/Heng Samrin priorities. The Phnom Penh government simply cannot get it together. The approaching monsoon will hinder both Phnom Penh and Cross-border efforts.

"To escape another relief cycle, the agricultural system must be revived. Large infusions of seed across the border to supplement what can be distributed from Phnom Penh seems to offer the only hope of getting seeds to farmers in time. Without tremendous luck, the probability is for limited planting and harvest. In the meantime, large numbers will have to survive on a dangerously fragile margin, although the dimensions of the tragedy remain uncertain. I cannot be optimistic."

Even when they work, these are makeshift arrangements. The basic problem remains the devastation of Cambodia's agricultural base. The most urgent need now is to get rice seed back inside the country. If the next rice crop does not get in for the May planting season, then we will face an even more serious crisis in a few months. The international agencies are currently rushing rice seed to the border, and trying to find other ways to get it into Cambodia in time to avert this nightmare.

The third part of our effort to avert the starvation of a nation was to urge the U.N. High Commissioner for Refugees to prepare for the possibility that the first two efforts—the cross-border feeding operation inside Cambodia, and food and shelter at the border—would be insufficient. In that case, additional officially organized refugee holding centers would be required inside Thailand. The UNHCR has organized these centers, and they now hold around 150,000 people. They too are not yet ready for the rains, although here at least, unlike the border, work on raising the houses off the ground has begun. These refugee centers are in addition to the other camps in Thailand, which hold another 150,000 refugees awaiting resettlement.

These were not small achievements, given the difficulties encountered along the way. The international relief workers in the border area and inside Cambodia are true heroes of a never ending struggle against personal danger, fatigue, frustration and a sense that it is all overwhelming and hopeless. They deserve our admiration.

Most of all, the victims of this tragedy deserve special thought. Now that mass starvation has been averted, they sit in camps of despair, not knowing if they will ever be able to return to their homeland. My impression, in three visits, is that they are a traumatized people who have lost hope that they can affect their own destiny. They seek only to survive. An increasing number, once they reach the official refugee camps, enter into a sort of emigre mentality, and begin to hope for permanent resettlement in third countries. While some of them will follow the Vietnamese boat people and the Lao and earlier Cambodian refugees into third country resettlement, this is clearly not what the bulk of the people want, nor is it desirable. We want to see them able to return voluntarily—and I stress the word voluntarily—to their native villages. Most would do so if they can feed themselves and can live in peace.

But living in peace in Cambodia has been particularly difficult in the last decade. No country in the world has suffered more in our times. I remember particularly, in my visits to the camps, the answer the refugees gave to the question of which regime had been worse, Pol Pot or Heng Samrin.

The answer, curiously, never varied, except in those camps where the immediate families of Pol Pot's followers were clustered. While everyone else spoke of Pol Pot with far greater emotion and bitterness, they described both regimes with hatred. "The main difference was that Pol Pot killed us, and the Vietnamese are starving us," was the reply, repeated almost without variation. And in one camp, a woman who had led a small group out of Cambodia only a few hours earlier added: "And Lon Nol bombed us."

It struck me as an indescribably tragic but accurate summation of a decade of Cambodian history: First the bombs of 1970–75; then the unimaginable savagery of the Pol Pot regime, surely the worst and most brutal leadership any nation has known in recent times; now subjugation and selective starvation by the Vietnamese.

That answer should also remind us that this tragedy is entirely man-made. Cambodia is not the victim of a typhoon, or a cyclone, or a drought. Cambodia's ordeal is the result of politics and events that have run out of control in Southeast Asia for too long.

Thus, while we continue to work around the clock to deal with the humanitarian crisis, we must recognize that if the underlying political causes of the tragedy are not dealt with, then the costs and risks will continue to mount.

Thus, even as we have been dealing with the humanitarian problem, we have also been trying to prevent an expansion of the fighting into Thailand. In doing so, we have demonstrated our willingness to take a stand in the region in support of Thailand. For several months now, some 50,000 to 70,000 Vietnamese troops have been fighting near the Thai border, raising the danger that the fighting might spill over into Thailand. We have urged both Hanoi and Moscow to insure that Vietnamese forces exercise restraint along the Thai-Cambodian border, and we have noted their assurances that the Vietnamese will not attack or invade Thailand, assurances that have so far been kept. In addition to our assistance to Thailand for the refugee influx, with the support of Congress we have expanded military credits and accelerated deliveries of military equipment to Thailand. We have reaffirmed our commitment to Thailand's security under the Manila Pact and we have stated at the highest levels that a Vietnamese attack on Thailand, which could not take place without Soviet support, would cause a major crisis extending beyond the immediate area.

So far, the territorial integrity and security of Thailand has been maintained. Thailand has not been attacked. An even more serious crisis has been averted for now.

At the same time, we must recognize that the underlying problems are probably no closer to solution today than they were one year ago. The number of people seeking safety outside Cambodia has not diminished, and the costs of the relief to the international community and especially to the United States at this time of severe budgetary pressures have been enormous. And refugee pressure on Thailand could contribute to political instability in Bangkok, creating complications for the new government of General Prem. Finally, we are no nearer the political solution for Cambodia that we have stated is our long range goal.

The root cause of this situation remains Vietnamese actions. First, Hanoi's longstanding dream of dominating all of Indochina. Second, their increasing dependence on the Soviet Union and the growing Soviet use of Vietnamese territory as a strategic foothold in Southeast Asia. I view this as a serious development that runs counter to the otherwise improving trend in East Asia.

Third, the continuing Vietnamese occupation of Cambodia, and the creation of refugees along the Thai border. Fourth, the threat that the Vietnamese hold over their neighbors that they will unleash a new wave of boat refugees. Although the number of people fleeing Vietnam has decreased substantially since last summer's Geneva conference, it still averages about 2–3,000 per month.

Hanoi's policies have imposed a heavy burden on Vietnam itself. The task of unifying the country has never been completed. The economy is in disarray. Reconstruction, so desperately needed after 30 years of war and turmoil, is being postponed again throughout Indochina.

Let me outline American objectives in Indochina:

First, an end to the human tragedy and suffering of the Cambodia people.

Second, a sharp reduction and eventual elimination of the Soviet military role in Vietnam. This will be difficult to achieve and may take a long time, but it is an important goal toward which we must work.

Third, the withdrawal of Vietnamese troops from Cambodia and an end to the pressure the Vietnamese are now exerting on Thailand.

Fourth, the replacement of the puppet regime of Heng Samrin with a non-aligned government responsive to the will of the Cambodian people and at peace with its neighbors. Who should be its leader is not for the United States to say. We back no group or people. It goes without saying that neither we nor the people of Cambodia would favor the return of Pol Pot and his colleagues.

We will hold firmly and patiently to these objectives. The Vietnamese, while suffering heavy costs, do not yet seem ready to make meaningful compromises. We nevertheless believe that, in conjunction with ASEAN and other concerned countries, we must continue to seek ways to use negotiations as a means of seeking the objectives I have outlined above. We cannot, of course, speak for other governments, but we will be discussing these possibilities further with them.

Let me be very clear. We are not interested in producing a negotiated acceptance of the Vietnamese occupation of Cambodia. We agree with our friends in ASEAN that such action, which would leave Vietnamese troops on Thailand's border, is not in the interests of peace in the region.

I want to reaffirm again our firm support of ASEAN and the resolution which they sponsored in the U.N. General Assembly last November calling for humanitarian relief and political settlement in Cambodia. This resolution received an overwhelming vote in the U.N., testifying to the disapproval of the majority of nations for Vietnam's behavior. ASEAN is the core around which we have rebuilt our foreign policy in Southeast Asia since 1977, and we will continue to work closely and directly with each of the countries of the organization.

Even as we explore the possibility for a political settlement, we must look for additional ways to alleviate the human tragedy. One of last year's more successful efforts was the international conference convened in Geneva by U.N. Secretary-General Waldheim.

As a result of the concerns demonstrated by that conference, the number of boat people dropped substantially. And the rest of the world opened its doors and pocketbooks wider to resettle more land and boat refugees. The Thai Government has now suggested that a similar meeting be convened this year to consider the situation in Cambodia. Such a conference is, in our judgment, urgently needed.

Even as the world grapples with pressing crises elsewhere, we must summon greater international attention to this problem. Its need is justified by the uniqueness of the situation: An entire nation and its people are threatened with destruction. Without Cambodians there will be no Cambodia. Even in these difficult times, there is no other nation facing extinction. We hope that the Secretary-General will respond as quickly as possible to the Thai Government's call for a conference to deal with the humanitarian aspects of the problem. This conference should include all parties involved in the problem, and it should deal with the urgent problems of feeding and supporting the refugees in Thailand, the need to create a safeguarded haven for Cambodian civilian concentrations on the Thai Border, the need to increase the international effort in Cambodia and to rebuild Cambodia's agricultural base. We will also be urging other nations to join in this effort.

Whatever solution is found, it must be sought in a larger regional context. Peace will not come to Cambodia until a government exists in Phnom Penh that can be accepted by both China and Vietnam, and both China and Vietnam feel more secure and less threatened by each other than is now the case.

The Soviets could make an important contribution to ending the tragedy in Cambodia. They have been giving Vietnam $3 million worth of assistance per day; they make contributions vital to Vietnam's ability to maintain 200,000 troops in Cambodia. By their actions, they are prolonging the conflict and assisting in the demise of the Cambodian people. The Soviets, if they wish to follow a constructive policy in Southeast Asia, could play an important role in overcoming the current deadlock on political settlement. So far, they have refused even to discuss the matter. They should reconsider their position in light of Vietnam's inability to bring the fighting in Cambodia to a close.

Let me conclude by stressing that the Vietnamese have it in their power to end the tensions and crisis in the region if they wish to. They are, truly, at a crossroads. They can be peaceful participants in the region, establishing good relations with ASEAN and seeking to reduce their tensions with China. Or they can become, whether they intend it or not, a Soviet stalking horse in Southeast Asia. They can create a society which does not drive people into the South China Sea in boats. They can join in the search for a non-aligned and representative government in Cambodia, or they can continue to insist that the situation is irreversible and perpetuate the suffering of the Cambodian people.

If they choose the path of cooperation, then the ASEAN countries, Japan, the United States, and other nations are ready to work with them, in a peaceful and forward-looking Southeast Asia. But if they persist in their present course, then they will increasingly isolate themselves from the rest of the world, put heavier and heavier burdens on their own people, and set back even further their own economic development.●

## UNITED STATES STEEL CHAIRMAN POINTS OUT TRADE-OFFS BETWEEN ATTAINING ENVIRONMENTAL AND ECONOMIC GOALS

● Mr. HEINZ. Mr. President, for several days over the past 2 weeks, the county commissioners of my home county—Allegheny County, Pa.—have been holding hearings in connection with the development of a State implementation plan (SIP) as required under the Clean Air Act.

I would like to share with my distinguished colleagues the remarks at those hearings of David M. Roderick, chairman of the United States Steel Corp. I ask that the text of Mr. Roderick's remarks, which point out some of the tradeoffs between attaining environmental and economic goals, be printed in full in the RECORD.

The text follows:

### TESTIMONY BY DAVID M. RODERICK

My name is Dave Roderick, chairman of the board of the United States Steel Corporation. I'm pleased to have this opportunity to testify at today's hearings . . . especially since we at U.S. Steel have a vital stake in the provisions included in the State Implementation Plan. I want to assure you today that it's one of our company's major goals to control emissions from our steel producing operations in a manner consistent with the essential principles of the 1977 Clean Air Act amendments. We are firmly committed, in principles and in practice, to improving air quality and protecting the public health.

But it's also the goal of U.S. Steel to continue producing the highest quality steel products, both to keep our facilities economically viable and to provide the related opportunities for employment and prosperity in our neighboring communities.

I'm well aware that what I have to say here today may be very different from some of the testimony you'll be hearing later on. And, I'm sure that during the course of these hearings you'll hear industry accused of "dragging its feet" in meeting clean air standards. That's a reckless charge, and I suppose that I could make a few "reckless" charges of my own.

But today I think it's vital that we put aside the rhetoric of confrontation and talk about some basic realities. All of us want the air we breathe to be clean and pure. All of us want to work and to prosper so that we can provide the best possible life for ourselves and for our children. That is pretty basic isn't it? The difficult part is trying to achieve both of those objectives—cleaner air and a better standard of living—at the same time.

The simple fact is clean air isn't free. Maybe it ought to be, but it isn't. Somebody has to pay for it. And because of the nature of our economic system, because every person is dependent on some other person for a product or a service, when somebody pays, then sooner or later everybody pays. When it costs industry more to make a product, it costs you more to buy that product.

At U.S. Steel, we recognize the economic idiocy of being mandated by overly strict environmental standards to install controls to achieve cosmetic improvement—a waste which can only further debilitate our efforts to invest our capital in steel-producing, job-producing plant and equipment. We must make our steel mills in Allegheny County more modern and more competitive, and *I'm* determined to do everything *I* can to see that our people and their neighbors in our steel communities don't wind up paying for clean air with their jobs. And I'm determined to see that what happened in the Mahoning Valley never happens to the Mon Valley.

Our environmental control people have been working long and hard for many years with one goal in mind: to see that we—you and I—get a hundred cents worth of cleaner air for every dollar we spend on pollution control. Today I'd like to share with you some of the results of that effort as they concern Allegheny County.

Our steel industry today is an industry in crisis. I don't need to remind most of you that my company recently reported losses of over $500 million and that a shutdown of plants which employed some 11,000 people was recently announced. A number of our steel facilities have grown too old for economic stability. For example, our Homestead open hearth facility is 40 years old. And, frankly, some of these older steelmaking facilities are one of the main problems we're having with productivity. In the American steel industry, improvement in output per man-hour has lagged behind those of certain other industrialized nations. This can be changed by replacing, modernizing and expanding our facilities. In doing so, we would make existing jobs more secure, hopefully even create new ones.

What's stopping us from expanding our facilities? Chiefly, it's a problem of inadequate capital available for investment. And, unfortunately, one of the principal causes of that capital problem is the impact of government regulation in the area of environment. Right now, the steel industry has spent or is spending on environmental controls about six billion dollars—figured in terms of 1978 dollars. Through 1985, we calculate that we'll need to spend another four billion dollars or so to meet further environmental standards. In view of the limited capital available to our industry to replace the tools of production required just to maintain our present capacity, the drain of capital into environmental facilities of questionable benefit seriously impairs our industry's viability.

As a result of these demands and as a result of the serious problems of illegal imports and inadequate rates of capital cost recovery for plant and equipment under current tax laws, it can be predicted that America's steel industry will continue to decline in capacity over the next decade. It's in this context that the present Allegheny County SIP revision process is of great importance to us. For years, as compared to other areas around the country, Allegheny County has had among the most stringent air emission regulations. We urgently need more reasonable and effective air emission control strategies in Allegheny County. We need alternatives which would permit replacement and modernization of some of our facilities and would renew the possibility of modest industrial growth. In addition, we believe it unwise to require the use of tremendous amounts of capital for controls aimed at capturing marginal emissions when we can use less capital to control more emissions, faster and with less energy.

Capital is sorely needed to provide the replacement tools to maintain our industrial base here in Allegheny County, and also to provide for necessary modernization to meet the challenge of foreign competition in the American marketplace. Given that vital need, we believe our capital should be used in a way that shows results, whether it is being used to clean the air or to produce steel.

Right now we are reviewing plans to install a modern basic oxygen shop or other new steelmaking technology here in the Mon Valley to replace the present open hearth steelmaking facilities at Homestead Works. We are also considering installing a new caster, perhaps, at another Valley plant. In order to proceed with our plans, provisions in the present SIP are essential and modifications in our consent decree of May 1979 must also be considered. We need recognition of changes required at various emission sources in the Valley as part of our new construction program. We will work with the government agencies at the county, state and federal levels to modify the consent decree to make it possible to proceed with our plans. Construction of a new facility at Homestead would be important to U.S. Steel and to Allegheny County not just because it would provide modern steelmakng opportunities here in the Mon Valley, but because it would also result in a more rapid advancement of clean air than would be possible by attempting to retrofit controls at the existing open hearth shop.

In addition to the revisions in the decree necessary to modernize our Homestead facilities and to provide air quality control that's "cleaner," "faster," "cheaper," and "less energy-intensive," other revisions must be made in the State Implementation Plan for Allegheny County. Last September 21, we submitted a carefully prepared list of those revisions. Unfortunately, our proposal was all but ignored—even though many representatives from local governments, chambers of commerce, sportsmen's organizations and private citizens testified in its favor.

We need the help of our government and our County Commissioners to develop a SIP that not only results in clean air but promotes industrial modernization and emission control strategies that are cost-effective. In other words, we believe that our September 21 comments, should be given serious consideration for incorporation into the SIP.

In addition, site-specific regulations should be developed for our facilities. These site-specific regulations should be based on the philosophy of the bubble concept—where a plant as a whole meets the overall emission requirements of existing regulations. We believe that new or replacement facilities such as our proposed modernization at Homestead, a new caster or a new coke battery at Clairton should be encouraged—not discouraged—by environmental regulation. The only restriction that we believe is necessary is that the replacement facility will produce less total air emissions than the existing facility, thus resulting in reasonable further progress toward attaining and maintaining the air quality standards.

Dr. Philip Masciantonio, U.S. Steel's director of environmental control, will elaborate in his presentation on the specific recommendations we have for the Allegheny County SIP, and we will submit for the record of these hearings an update of our September 21 comments with specific language recommendations. In addition, our consultant, Energy Impact Associates (EIA), has made perhaps the most comprehensive study of steel mill air pollution sources in Allegheny County and will demonstrate why our program will result in cleaner air—in less time and at less cost—than the SIP program currently under consideration.

A recent editorial in the Post-Gazette emphasized how much we all have in common in the implementation of these standards and how important it is for the public to keep an open mind until all the evidence is heard. Certainly we at U.S. Steel welcome proposals from whatever quarter that are aimed at a constructive, cost-effective solution to the clean air issue in Allegheny County. And, we'd hope that the proposals we've set forth will likewise be carefully considered on their merits.

A moment ago, I mentioned that in the long run, everybody must pay for a cleaner environment. For all of us, the first payment could be in the form of electricity rates in Allegheny County, according to Duquesne Light Company. It seems that there is a major difference of opinion between Duquesne Light and the EPA over the necessity for installing a scrubber system at the company's Cheswick Power Plant.

If such a system is not required, as Duquesne Light contends, then I cannot understand why the utility's customers—including U.S. Steel—must pay the price. For us, the potential increase—6 percent over last year's rate—would boost our electric bill by $4 million a year. A 6 percent increase wouldn't be very good news for the residential consumer either.

Today's effort to revise the State Implementation Plan for Allegheny County represents a fundamental step toward the future economic strength of our country. We are long past the point where there is a need for debate over the desirability of an improved environment and its importance in our lives. What we are now concerned about is achieving that goal in the most cost-effective and balanced way . . . a way that will ensure not only a healthy environment but a prosperous future for the citizens of our county. The 80s represent an opportunity to determine whether we can meet the environmental challenge and at the same time, recognize and control those elements that would tend to destroy our economic strength.

Our community has moved forward not only through the accomplishment of our athletic teams, of which we are justly proud, but also through the business leadership . . . the political leadership . . . and the labor leadership which has won us many real victories over the years. Now is the time for all of us to put aside our differences and join together in a commitment to the revitalization and renewal of Pittsburgh's leadership role among the great cities of America. Enough has been said and written of our so-called "Smoky City" in past decades. Let's move forward into the new decade in a balanced community whose citizens enjoy a clean environment and good jobs.

Thank you for this opportunity to appear before you today.●

## EMERGENCY HOME PURCHASE ASSISTANCE ACT

● Mr. BAYH. Mr. President, I have recently joined several of my colleagues in cosponsoring S. 2177, a revision of the Emergency Home Purchase Assistance Act, commonly known as the Brooke-Cranston program. Under this program the Government National Mortgage Association (GNMA) buys residential mortgages at below market interest rates and later sells them at market rates of interest.

Between 1974 and 1976 GNMA purchased about $9 billion in single and multifamily home loans at about 7½ percent when market rates were approximately 9½ percent. Under this program a lender can issue mortgages for single or multifamily housing at below market interest rates in order to prevent severe declines in housing production and to enable American families to acquire home financing at reasonable interest rates.

Under the program the lender is assured that GNMA will purchase these mortgages at a specific price. Later GNMA will sell the mortgage on the market. The difference between the price GNMA pays and the price at which it sells is the amount of the subsidy. If interest rates should decline in the future, it is possible that there will not even be a loss.

Now Mr. President, some may ask why the Federal Government should be involved in such a program? I believe that such a program is necessary to reduce the severe impact of high interest rates on the housing industry. Furthermore it will help many Americans who are anxious to acquire their first homes, but who are caught in the clutches of a tight money and high interest rate policy.

Housing is an extremely cyclical industry. In 1977 and 1978 housing starts ran at about 2 million units per year. However, for 1980 housing starts are expected to fall to around 1 million units. Single-family units are expected to fall from 1,400,000 starts in 1978 to only 600,000 starts in 1980. The effect of this is not limited to the building trades, but to home furnishings, the lumber industry, and the home appliance industry as well.

The reason for the cyclical nature of the housing industry is monetary policy. Monetary policy caused a decline in housing starts from the 2.4 million level in 1972 to 1.2 million in 1975. Over the years, housing starts have averaged somewhat above 1.5 million a year. However, the cyclical nature causes lost output, unemployment, bankruptcy and ripple effects throughout the economy. Declines in housing are usually a forerunner of a national recession.

The Brooke-Cranston bill will not eliminate the roller-coaster ride which housing is experiencing. However, it will soften the fall. An additional 200,000 housing starts may prevent the crunch from being the worst since the 1930's.

In order to make the program work, we have to do two things: First, we need to pass S. 2177 in order to change existing legislation to meet today's housing market conditions. This includes revising outdated mortgage limits, sales price ceilings, and the interest rate. S. 2177 as reported by the Banking Committee would limit mortgage-purchase commitments to loans with interest rates no greater than the FHA maximum.

Second, the necessary loan purchase authority must be released in an appropriation act. As of this date, it is estimated that GNMA has $15 billion in purchase authority which is not presently tied up in outstanding commitments or mortgages held in GNMA's portfolio.

What I want to stress today is the urgency of the problem. Housing starts in April will already be down to the 1 million per year level. That level is likely to continue throughout the year. That does not mean that housing demand has lessened or that the need is not great. It only means that interest rates are preventing people from buying homes at a price they can afford.

What may result from this decline in housing production is a shortage of housing which in turn drives up the cost of housing and destroys the confidence of many Americans that their hard work will pay off in a decent life for their families. One of the things that has made America so great is our fantastic ability to provide housing for our citizens. America is the envy of the world in terms of its housing stock. People in other nations have to wait years for homes which do not even meet their needs.

Here in America we have designed a unique set of incentives and institutions to meet our housing needs including the savings and loan industry, tax deductible interest, deductible property taxes, and VA and FHA housing subsidies. These institutions and incentives have contributed greatly to our ability to house our people in the post-World War II era. I am proud to say that I have supported these programs vigorously. They have in no small way made the American dream possible.

The housing industry is a good example of cooperation between business and Government. Using the ingenuity of our free enterprise system and selective intervention in the marketplace, we have created a housing stock second to none. However, during economic downturns, we need to supplement existing incentives. Consequently, I support this bill. It will keep our homebuilders building at a time when the Federal Reserve is trying to make them lead us into a recession.

A program such as Brooke-Cranston need not be continued beyond the current recession in the housing industry. It is designed to be in effect only when housing starts fall below 1.6 million for 4 consecutive months. Brooke-Cranston is one example of a Government program that has worked. In a time when everyone is critical of Government programs, I think it is worth while to look at what we have accomplished in housing in the past and what can be done in the future.

Time is of the essence. Such a program is needed now. Every day that passes without it, more builders go out of business and more American families are deprived of their dream home. When this happens, not only are dreams destroyed, but skills are lost, unemployment rises, and the housing industry, the lumber industry, and the home appliance and home furnishing industry also suffer.

The Fed has already overreacted by raising interest rates to record levels which threaten to lead us into a deep recession. I think we have to counteract the excesses which their policies inflict on the homebuilding industry. I think we must act quickly because the downturn has come exceedingly fast.

Even Federal Reserve Chairman Volcker has indicated that actions to support the homebuilding industry are not inconsistent with the harsh medicine he prescribes for the economy as a whole. I hope that we will not attempt to put the whole burden of fighting inflation on the housing industry. Government must cut back its expenditures, consumers must restrain their borrowing and attempt to curb their purchases of expensive foreign energy, and industry must seek to become more energy efficient.

Together we can solve our inflation problems without placing the burden entirely on the housing industry. This will involve cooperation between Government and industry. Perhaps there is something to be learned from our past successes with housing which could apply to other sectors of our economy.●

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## AMENDMENTS TO S. 1722, CRIMINAL CODE REFORM ACT

Mr. DOLE. Mr. President, the Senator from Kansas would like to discuss six amendments which he may offer to S. 1722, the Criminal Code Reform Act of 1979, when it arises on the Senate floor. These amendments concern several areas of Federal criminal law which this Senator has felt to be of critical concern to this country; namely, the penalty provisions of the Gun Control Act of 1968, the exclusionary rule of evidence, the problem of preventive detention, the Foreign Corrupt Practices Act, the problem of forging endorsements on and trafficking in U.S. Treasury checks, bonds, and securities, and the need to confer proper arrest powers on State Department security officers for visa fraud, and the need to expand these officers' eligibility for Federal law enforcement retirement program benefits.

Mr. President, these six amendments merit discussion and debate in detail. The Senator from Kansas would like to engage in such discussion now.

### GUN CONTROL ACT AMENDMENTS

Mr. President, the Senator from Kansas would like to offer an amendment to section 1822 of the bill, dealing with the issue of gun control. This is a subject which has been of considerable controversy for decades. Certainly, we are all aware of the fact that guns are used in crime. Certainly, in 1968, the Congress sought to limit this problem by enacting the Gun Control Act.

In enacting the Gun Control Act of 1968, however, the Senator from Kansas is concerned that we may have overreached in imposing penalties which are too harsh for the type of regulatory violation offense involved. The current act imposes a felony classification for any violation of the Gun Control Act. Such classifications impose a very harsh penalty on many law-abiding gun dealers and collectors who may have committed some recordkeeping violations inadvertently. These individuals are commonly harassed by the Bureau of Alcohol, Tobacco and Firearms (BATF) agents who raid their premises, search for evidence of violations of the act, often without reasonable cause to believe a violation has occurred, and arrest the gun dealers or collectors.

Mr. President, the definitions in the Gun Control Act are themselves vague, and this vagueness makes it all the more likely that innocent gun dealers and collectors will be found in violation of the act by some overscrupulous BATF agent. For example, in New Hampshire a few years ago, a disabled veteran was arrested and literally forced out of business by a BATF raid, when in fact, he thought his guns were "inoperable" and therefore not subject to the regulatory requirements of the act.

It is in order to curtail such abuses as these that the Senator from Kansas cosponsored S. 1836, the bill introduced by my distinguished colleague from Idaho, Mr. McClure, last year. This bill seeks to curtail BATF powers to arbitrarily search and seize.

Mr. President, while BATF abuses are a major issue in the Gun Control Act another major area of concern is the issue of penalties. In the Judiciary Committee last fall, on S. 1722, the Senator from Kansas successfully offered a "compromise" amendment to section 1822, which reduces the penalty grade for "recordkeeping" violations of the Gun Control Act from a felony to a class A misdemeanor, unless the violation involved five or more firearms, in which case it is a class D felony.

Mr. President, this amendment was reached as a compromise. While it is a step in the right direction, the Senator from Kansas feels it does not go far enough, and that the attempt to distinguish between felony and misdemeanor on the basis of "five or more firearms," versus less than five, does not make sense. For one thing, it is unclear during what time frame the violation involving five or more firearms must have occurred in order to constitute a felony. Is it a year?

The more serious problem is that this provision seeks to arbitrarily define "gun running" as a regulatory omission involving five or more firearms. This is an arbitrary figure and represents a dangerous precedent in that it could lead to different arbitrary number thresholds. A person may be honestly negligent in failing to comply with a regulatory provision for five guns, or six, or three, and it is incorrect to infer that he is deliberately engaged in a pattern of gun running, thereby justifying a felony classification.

Accordingly, Mr. President, the Senator from Kansas is offering an amendment today to eliminate this arbitrary distinction, and to classify any administrative violation of the Gun Control Act as a class A misdemeanor, regardless of the number of firearms involved.

Mr. President, this amendment is fair and just. It merely corrects an injustice in the current statute, and imposes a penalty proportionate to the crime involved. Let it not be said that this amendment will lead to an increase in crimes involving firearms. Sections 1823 and 1824 of the bill adequately concern the problem of crimes involving firearms. In addition, State laws regulate firearms in those areas which are particularly concerned with crimes involving guns.

Accordingly, Mr. President, the Senator from Kansas urges his colleagues to support his amendment to section 1822.

### EXCLUSIONARY RULE AMENDMENT

Mr. President, the Senator from Kansas wishes to discuss an issue which has been a matter of some concern for many years to many of my colleagues, legal scholars, and law enforcement officers—the so-called exclusionary rule. This rule prohibits the introduction of evidence which has been seized in violation of the defendant's constitutional rights.

The Supreme Court, in Mapp against Ohio, has stated that the exclusionary rule is necessary in order to deter police from violating people's constitutional rights. The Court stressed, however, that the reason why the exclusionary rule is necessary is that there is no meaningful alternative to legislation to deter overzealous police behavior.

Mr. President, the Senator from Kansas would like to propose such an alternative on the floor now. This alternative gives the victims of unreasonable search and seizure a right to sue the Federal Government for damages in tort, through the Federal Tort Claims Act. In addition, the amendment provides that any police who have violated people's fourth amendment rights shall be disciplined. Since these provisions constitute adequate deterrence for police misconduct, the amendment also permits the admission of evidence seized.

Mr. President, this amendment would provide a better deterrent to overzealous police action than the exclusionary rule, because it makes the police officers personally liable and subject to disciplinary action. By contrast, the exclusionary rule merely excludes evidence in court; it does not personally affect the interests or career of police officers, so they have less personally at stake than they would if the Dole Amendment were enacted.

Mr. President, the exclusionary rule is a classic case of overreaction to a problem which exists only in a small number of cases. The courts are forced to turn 10 guilty persons free just because they want to prevent one police officer from acting too zealously. Yet a better and more reasonable remedy for the victim of police zeal would be to award damages to the victim, but nevertheless force him or her to pay for their crime.

Mr. President, the exclusionary rule has been criticized not only for its overreaction to a problem, but also for its failure to actually deter police misconduct. An extensive study of the exclusionary rule by Dallin Oaks, commissioned by the Law Enforcement Assistance Administration 10 years ago, concluded that:

> (T)oday, more than fifty years after the exclusionary rule was adopted for the federal courts and almost a decade after it was imposed upon the state courts, there is still no convincing evidence to verify the actual premise of deterrence upon which the rule is based or to determine the limits of its effectiveness.

Clearly, Mr. President, there is little or no evidence that the exclusionary rule deters unreasonable police search and seizures. When a police officer is faced with a situation where he feels strongly that evidence exists to reveal the commission of a crime, he is not likely to avoid searching for and seizing it merely because it might be excluded in court. The officer himself has nothing to risk by seizing this evidence, but a lot to gain if it is admissible. Consequently, he will most likely take the chance and engage in the search and seizure. Even Mr. Chief Justice Burger, in Bivens against six unknown agents of the Federal Bureau of Narcotics, has suggested that the deterrent effect of the exclusionary rule is not readily susceptible to empirical proof.

Mr. President, we must act now in order to abolish this irrational rule whose only clear effect is to turn loose guilty persons. If Congress seizes the initiative in Federal law, we could provide a model for States to follow.

Finally, Mr. President, the Senator from Kansas would like to point out that this amendment affects only evidence seized in violation of one's fourth amendment rights. It does not affect evidence seized in violation of the fifth or eighth or other amendment rights. The reason for this is that the fourth amendment type of evidence seized will be objective and reliable. It does not involve coercing a statement or subjecting a defendant to cruel and unusual punishment. Such evidence would still be excluded from court, and should be, because it may not be reliable. Thus, this amendment is limited in scope and reasonable.

The Senator from Kansas urges his colleagues to accept it.

### PREVENTIVE DETENTION

Mr. President, the Senator from Kansas has been concerned for some time with the danger posed to society by certain offenders who are released on bail pending their trial. Statistics show that the rate of crime committed by such persons is considerably greater than the average crime rate.

Yet such offenders are still being released by courts throughout the country, on the basis that their constitutional rights would be violated if they were detained before being judged guilty.

Two years ago on the Senate floor, this Senator introduced an amendment to the Criminal Code Reform Act, S. 1437, which forbade a judge from releasing certain dangerous defendants pending trial, based on the nature of the crime in question and the degree of danger posed to society by the defendant in question.

That amendment was accepted by the full Senate, and became a part of S. 1437.

Based partly on the success of that amendment, Mr. President, the Senate Judiciary Committee last fall listened to significant testimony from witnesses on the subject of so-called preventive detention, and adopted a new "compromise" amendment which created section 3502 in the Criminal Code bill before us.

Section 3502 is certainly a step in the right direction. However, it is a middle course, and does not contain the formality, breadth, and complexity of a genuine preventive detention statute.

Section 3502 requires the court to consider the danger which a defendant poses to the community, but it gives the judge the discretion of imposing "extreme restrictions" on the liberty of this defendant. These discretionary release conditions are disturbingly vague. Judges are not given clear authority to impose genuine preventive detention on dangerous offenders. It is quite possible that one judge will interpret this provision as authorizing preventive detention, while others will interpret it in the opposite direction. Thus, the imposition of preventive detention may become an arbitrary, inconsistent aspect of the criminal justice system. It may become no better than the current system of de facto preventive detention, whereby some judges who philosophically favor preventive detention impose unreasonably high bail requirements on dangerous defendants, while other judges who oppose preventive detention set reasonable bail.

Mr. President, such an arbitrary system does not represent justice, and does not protect society from dangerous offenders. Accordingly, the Senator from Kansas is introducing an amendment which would clearly authorize courts to impose preventive detention on certain defendants, based on the previous criminal record of the defendant and the nature of the crime for which he has been arrested.

Under my amendment, preventive detention can be ordered if a person is charged with a dangerous or organized crime offense, and if he committed the offense while on bail, probation, or parole for a felony, or if he is a drug addict, or if he was convicted of a felony during the preceding 10 years, or if the Government certifies that he would pose a danger to the community if he is released, based on his prior and present conduct.

Mr. President, this amendment would clarify the obscurity posed by the present section 3502. It would protect society and permit the detention of dangerous offenders. The criteria for imposition of such detention are clearly set out in the amendment. This will assure fairness and consistency. We must not allow the slowness of our criminal judicial system to justify the release of dangerous offenders. We have an obligation to society to protect our people against such offenders. Accordingly, the Senator from Kansas urges his colleagues to support this crucial amendment.

### FOREIGN CORRUPT PRACTICES ACT AMENDMENT

Mr. President, the Senator from Kansas wishes to introduce an amendment which would ease the burden on American companies seeking to compete for business with foreign joint partners abroad, where the custom in foreign countries may be to offer money to local government officials. While there surely is a need for ethical moral business practices in our companies, what we must realize is that our business must be able to compete effectively in world markets in order to alleviate our balance-of-trade deficit.

The current situation, due to the enactment of the Foreign Corrupt Practices Act in 1977, is such that if our companies considered entering into a joint venture with a foreign local partner, they will be subject to criminal prosecution under this act if their foreign partner engages in illegal conduct under the act. This act exerts the chilling effect on our companies. It imposes a system of vicarious liability which has no effect but to harass our business activity.

My amendment would simply exempt U.S. companies from this vicarious criminal liability under the act if they are required by foreign statute or request for bids to have a foreign local partner.

The amendment prevents the law from reaching U.S. corporate officials for acts which they themselves did not have knowledge of, and which they did not personally commit, but which their local partners may have performed in the ordinary course of business, and according to local custom.

Why should we attempt to dictate the practices of foreign governments and their officials? The events in Iran show how difficult it is for us to understand foreign customs, particularly in the Middle East. The only effect which the current law can have is to unilaterally punish our companies while our balance of payments suffer, and our businesses lose valuable business to firms of other countries.

The Senator from Kansas urges his colleagues to consider the reality of world business and custom. While we continue to suffer enormous deficits in our balance of trade, this is due only partially because of our dependence on foreign oil. It is also due partly to the fact that our businesses are prevented or deterred from selling goods and operating in the OPEC states and other foreign markets by legislation such as the Foreign Corrupt Practices Act. How can we talk about rectifying our trade imbalance, and stopping the depreciation of the dollar, unless we allow our businesses to compete with our allies for business overseas? The construction industry estimates that $15 billion worth of business has been lost in one Middle Eastern country alone in the past year.

It seems to the Senator from Kansas that we must prioritize our concerns, and that the health of our business and our dollar must receive top priority. The Senator from Kansas is merely urging his colleagues to realize that we cannot realistically hope to change foreign states' customs, and should not sacrifice our own business interests in a vain effort to do so.

Mr. President, this amendment will not encourage or permit our own business to engage in unethical conduct. It merely exempts them from vicarious liability for acts of their foreign local partners. I urge my colleagues to vote for it.

### SECRET SERVICE FORGED INSTRUMENT AMENDMENT

Mr. President, the Senator from Kansas would like to draw his colleagues' attention to a serious problem which he feels merits immediate attention. The Secret Service, during its investigative activities, has observed many problems concerning lost or stolen U.S. Government securities. The problem is that there is currently a "gap" in the Federal Criminal Code, which does not give specific Federal authority to enforce the forging or trafficking of such U.S. securities, such as U.S. Treasury checks, bonds, and other instruments.

Federal jurisdiction exists only if the security has been stolen from the mail, or if the guilty party takes it across State lines and if the amount of the security is in excess of $5,000, in which case 18 U.S.C. section 2314 is invoked by the FBI. Situations including intrastate trafficking of lost or stolen U.S. securities are referred to local police departments. However, the Secret Service notes a reluctance of local police authorities to become involved in such investigations. Local police lack experience, knowledge, informant funds, Treasury connections and nationwide manpower to properly investigate such cases. In addition, some State criminal statutes are no stronger than current Federal laws, concerning this problem.

Mr. President, the Secret Service sees the problem as causing severe problems with their increased involvement in intrastate "sting" operations, in cases where undercover agents purchase stolen U.S. bonds. In many cases where the Secret Service has discovered information and identified suspects, it has had to back off because of the Federal jurisdiction gap.

Mr. President, the bill before us today, S. 1722, does not fill this gap. Section 1731 deals with theft, and section 1732 makes it a felony to traffick in stolen property. However, those provisions do not provide Federal jurisdiction for a stolen or fenced U.S. Treasury instrument unless it is stolen from the mail. In addition, section 1742, the provision making it a felony to forge, utter or possess a forged written instrument which is an obligation of the U.S. Government, does not contain a misdemeanor provision, which would expedite cases involving less than $500 before magistrates.

These three provisions of S. 1722 are inadequate because they could not be used to prosecute an individual if the U.S. obligation was not in the custody of the Government at the time of the theft, or if the property did not meet any other circumstances required for Federal jurisdiction. For example, there could be no jurisdiction for trafficking of Government obligations stolen from an individual.

Mr. President, in order to rectify this problem, the Senator from Kansas is offering an amendment which would create a new section "1746." This amendment would make it a Federal crime, first, to forge an endorsement or signature on a U.S. Treasury check, bond, or security of the United States, or, second, to pass or attempt to pass such an obligation knowing that it bears a forgery, or, third, to knowingly exchange or possess, with knowledge of its false character, an obligation of the United States which has been stolen, or which bears a forged endorsement.

The penalty would be a class C felony if the amount of the obligation is $500 or greater, and a class A misdemeanor if the amount of the obligation is less than $500.

Mr. President, this amendment is a necessary part of the Federal Criminal Code, if we are to truly enable the Secret Service to investigate and arrest those who forge and traffick in forged U.S. Treasury obligations. The Senator from Kansas urges his colleagues to support it.

Finally, Mr. President, the Senator from Kansas may offer an amendment which would confer power on the State Department security officers to arrest persons who have committed visa fraud. In addition, the amendment would expand the eligibility of these State Department security officers for the Federal law enforcement retirement program.

Mr. President, the Senator from Kansas urges his colleagues to consider these proposed amendments as S. 1722 comes to the Senate floor. These amendments deal with issues of vital concern in present law.

## EMERGENCY UNEMPLOYMENT COMPENSATION ACT OF 1980

● Mr. LEVIN. Mr. President, I am pleased to sponsor legislation, S. 2518, introduced by Senator RIEGLE which will establish a program of emergency unemployment benefits for individuals who have exhausted their regular 26 weeks and extended 13 weeks of benefits.

This is an important piece of legislation as our national economy slips toward a recession. Indeed, more and more States are already in a recession. More and more States are qualifying for extended benefits and unless the economies of those States and of our Nation abruptly turn around, workers will be, in increasing numbers, exhausting their extended benefits and finding themselves without any source of income, except perhaps welfare. This is not an unfamiliar situation. From 1974 to 1978 Congress authorized a similar program to the one introduced today providing for an additional 13 weeks of emergency unemployment benefits.

Most States have 26 weeks of unemployment benefits and during high periods of unemployment qualify for an additional 13 weeks of extended benefits. These extended benefits "trigger on" in several ways. Currently, for the States which have qualified, this has occurred either when the insured unemployment rate has reached 4 percent for the previous quarter and 120 percent of the previous 2-year average for the corresponding quarter, or simply when the insured unemployment rate has averaged 5 percent or more for the previous 13 weeks. Aside from Alaska and Puerto Rico which are always on extended benefits, Michigan was the first State to "trigger on" due to the current economic downturn. Since October 1979, when Michigan qualified, seven other States have become eligible for extended benefits of 13 weeks. The Department of Labor is predicting that additional States will soon be joining the present 10, and, in fact, both Indiana and Wisconsin will become eligible this week. The program proposed today would "trigger on" 13 more weeks of benefits over a 13-week period.

Given the current state of the economy, this means that many workers will soon be without any benefits. In Michigan alone, there are 358,000 individuals collecting unemployment benefits and it is projected that each month 15.000 will exhaust their extended benefits. With an insured unemployment rate of 8.18 percent and a seasonal rate of 10.3 percent, these workers are not going to find very much work at any level available to them. New categorical assistance applications have reached the level of 75,000 per month in Michigan, 50 percent higher than the normal rate.

While the national insured unemployment rate is 3.15 percent, the actual unemployment rate for February 1980 was 6 percent and increasing. The administration's anti-inflation program as well as the budget cuts which are being discussed in Congress are not going to expand employment opportunities for Americans. We need to be prepared to assist our citizens and not wait until the situation becomes worse. We need a program of emergency unemployment benefits for workers in the 10 States which are on extended benefits and for the workers in the States which will be affected in the future. These workers are involuntarily unemployed and it is appropriate that we come to their assistance now as the Congress has done in the past.●

## MIDDLE EAST

● Mr. HEINZ. Mr. President, as we move deep into this Presidential election year, the puzzling course of this administration's Mideast policy has taken another troubling turn.

While it is probably fair to say that our policy has taken more sudden jumps than one would see in a college basketball game, the President's latest 180 degree turnabout at the U.N. is the most dangerous and cynical yet. It brings us back nearly full circle to the President's statements early in 1977 regarding the legitimate rights of the Palestinian people. Initially our vote at the U.N. on March 1 would suggest that the President has decided that these "legitimate" rights also include Jerusalem.

The administration's performance since then has been—literally—unbelievable. We have learned at various times that the vote was all a mistake—a mere communications mixup; that we objected to the resolutions' references to Jerusalem; that it was a deliberate decision at the highest policy level reversed only when the growing protests from Israelis and Americans became obvious; that it was Vance's fault, McHenry's fault, the President's fault. Finally we have Secretary Vance telling Congress that the President reversed himself not because the references to Jerusalem contradicted U.S. policy but because they might upset the Egyptian-Israeli autonomy negotiations.

At this point I can only ask, Who does the President think he is fooling? Apparently he is trying to signal the Arabs he is on their side while telling the Israelis he supports them, with the result that he is leaving the American people holding the bag in terms of lost credibility and a failed policy.

Beyond that, what I fear this cynical ploy on the part of the administration represents is the triumph of the Arabists in the State Department at the expense of Israel and Jews all over the world. One might question whether the loyalty of these minions lies more with the enemies of our ally than with the nation that is truly our friend.

The tragedy of this sorry series of events, of course, is that regardless of which reason for our vote and subsequent change is correct, the damage has already been done to our policy and our credibility, and a rare opportunity to make some important progress in the region has been forgone.

Mr. President, the leaders of the nations in the Middle East are not fools. The President's efforts to treat them that way have succeeded only in alienating both Arabs and Jews. The latter do not know which of the many explanations to believe and therefore assume—correctly, in my opinion—the worst about the direction our policy is heading. The Arabs have a choice of unsatisfactory explanations as well but are also faced with the unalterable fact of a repudiated vote which they can only regard as duplicitous. As a result we are losing the opportunity to capitalize on growing hostility toward the Soviet Union on the part of a number of Middle East States.

The Soviet Union's blatant aggression and subsequent oppression in Afghanistan is graphic evidence to other nations near Soviet borders that the U.S.S.R. is not the benign peace-loving state it claims to be and that a major question is who will be swallowed up next. The contrast between the army next door and the United States 8,000 miles away could not be starker. Unfortunately, instead of taking advantage of these developments to try to encourage a move away from the Soviet Union by Arab States, we have lost what credibility we have had through our United Nations flip-flop.

This is not the first time the President has lost his grip on foreign policy, nor is it the first time the administration as a whole has made ineptitude a new art form. In the beginning we could chalk it up to inexperience—unfamiliarity with running a huge bureaucracy. Now, with three-fourths of his term gone, it is too late for that excuse. Indeed, it is too late for any excuse—the damage is already done. There is not a leader in the world—either in the West or the Eastern bloc—who has any idea what Jimmy Carter's foreign policy is or what this administration will do next. In a world already unsettled by rapid economic and social change, skyrocketing oil prices and the threat of nuclear proliferation, an uncertain and inconstant hand at the helm of American policy is a disaster, particularly so in the Middle East. A recent column by Joseph Kraft eloquently sums up the magnitude of the President's foreign policy problems, describing our current situation as "a policy on the edge of collapse." I would go a bit further and suggest that our policy already has collapsed in the eyes of Arabs, Israelis, and Americans and that it is past time for a change of policy and personnel.●

## SENATOR KENNEDY ON THE MIDDLE EAST

● Mr. METZENBAUM. Mr. President, in an interview that appeared in the March 30 edition of the Milwaukee Journal, President Carter dismissed as politically motivated Senator KENNEDY'S criticism of the "mistaken" U.N. Security Council vote on Israel: "It is obviously highly advantageous," the President said, "to greatly favor the Israeli position * * * as we approach the New York primary." But, he continued, "I cannot modify our positions or yield to the temptation to mislead the American people or to demagogue an issue just to get a few votes."

I found these remarks by the President disappointing because I believe that the issues raised by the U.N. vote go beyond any domestic political calculations. As I have stated on the floor of the Senate, our vote for a resolution that implicitly accepts the PLO case for a Palestinian state raises fundamental and wholly legitimate questions about the true direction of the administration's Middle East policy.

Senator KENNEDY is one of many, myself included, who have questioned the firmness of the administration's commitment to the security and survival of Israel. He is one of many, myself included, who have called upon the administration to provide answers to the obvious questions that its own contradictory policies and pronouncements have engendered.

And in reviewing Senator KENNEDY'S

statements on the Middle East in general and the U.N. vote in particular, I see no reason whatever to characterize them as in any way demagogic or misleading. To the contrary, his remarks have been thoughtful, perceptive and very much in line with the concerns that many of us in the Senate have expressed.

Mr. President, I ask that the texts of Senator KENNEDY's speeches before the Jewish United Fund of metropolitan Chicago on March 14, the American Jewish Congress in New York City on February 24, the Anti-Defamation League of B'nai B'rith in Palm Beach, Fla., on February 7 and the Conference of Presidents in New York City on January 28 be printed in the RECORD.

The text of the speeches follow:

### ADDRESS OF SENATOR EDWARD M. KENNEDY

It is an honor and privilege for me to be here this afternoon with so many distinguished leaders of the Chicago Jewish Community. I am grateful to your Public Affairs Council Chairman, Joel Sprayregen, for the opportunity to address this gathering, and I commend him for his dedicated efforts in the cause of Soviet Jewry.

And I also thank Philip Spertus, the Board Chairman of Spertus College of Judaica, for permitting the use of Bederman Auditorium.

I commend this college as well, with its unique past and its current role as a center of Jewish culture and Jewish history, the only non-denominational institution of higher education in Jewish studies in the Midwest.

The Bernard Rochelle Zell Museum has special meaning. The holocaust memorial teaches us of the suffering and horror of the Nazi terror. A month from now, on your annual day of remembrance, Americans everywhere will join in commemorating the courage and faith of the Jewish people.

The words of a holocaust survivor are grim reminders of the nightmare: "The survivor's eye is a mirror. You cannot look back and fail to see the darkness." For all peoples, there is a memory not just of the pain and anguish, but of the indestructible spirit of the Jewish people.

I have walked through the memorial at Yad Vashem. I have seen the names. I know that some among those names also are etched on the six pillars of the memorial here. And I renew the pledge, "Never again."

We meet in troubled times for the United States in domestic and world affairs. We share a deep concern about the darkening clouds that cast their shadows over our economy, and that create a future fraught with fear and desperation for millions of people in every section of our nation.

Here at home, we feel the heavy pressure of inflation on the elderly, the poor, and families struggling to buy a home and educate their children.

When the economy is wrong, nothing else is right. The social fabric of this nation cannot endure rates of inflation that now touch 20 percent and threaten to soar still higher. America cannot endure interest rates that now surpass 18 percent and march in lockstep with rising prices.

For the past three weeks, the President and his advisers have been pondering the economy, wondering what to do to bring inflation down. Now, they are about to unveil yet another plan, and all of us must hope that the measure they finally recommend will be strong enough to do the job.

But the signs are not auspicious. Symbols are no substitute for strength, and a balanced federal budget is not tough enough to stop inflation. The time has come to use real bullets in the war against inflation. We cannot keep on shooting corks.

In fact, the Administration's version of a balanced budget may actually be a setback in the war against inflation. It appears that their balance will pend on revenues obtained by raising the price of gasoline. It makes no sense to fight inflation by raising prices. It makes no sense to pour gasoline on the fires of inflation by raising the price of gasoline. It makes no sense to win the battle to balance the federal budget and lose the war against inflation.

We can stop inflation. We can stop it in its tracks. And we can do it fairly, through a freeze, followed by mandatory controls across the board on every aspect of the economy—prices, wages, profits, dividends, interest rates and rent—while we put the long-run steps in place essential to revitalize the economy and keep inflation down.

The greatest danger today is that we face an economic point of no return, similar to the one we faced in the 1930's before Franklin Roosevelt took command. America is slipping into the worst economic crisis since the great depression and the days of Herbert Hoover, and we need a new leader to take command.

We cannot afford incompetence at the highest levels of national leadership. Our economic future is too important to gamble away through failing policies based on symbols and good intentions that have no chance to work.

The stakes are very high. If expectations on the economy again are disappointed, if present steps prove hopeless to the task, then we may face years of even worse decline, while other nations with wiser policies and more competent leaders take America's place in the forefront of leadership in the world.

So look closely at the policies to be disclosed this afternoon. And ask yourselves if they are really adequate to meet the challenge now before us.

In foreign policy as well, we face the same growing doubts and questions about our country's competence.

You do not need to look only at Cuba, Iran, or Afghanistan to see the omnipresent failures. For Israel has also paid the price of the President's mismanagement of foreign policy. Again and again in the past three years, the Administration has sent deliberate signals on the Middle East that have shaken the confidence of our surest and most dependable ally in that troubled region of the world.

In 1977, the Administration tried to bring the Soviet Union and the P.L.O. into the peace negotiations. That should not have been the policy of the United States.

In 1978, the Administration sold sophisticated military weapons to Saudi Arabia, a declared enemy of Israel which continues to reject the Camp David peace accords. That should not have been the policy of the United States.

And in 1979, the Administration's National Security Adviser shook hands in public in Algiers with the leader of the P.L.O. And that, too, should not have been the policy of the United States.

Every friend of Israel must have growing doubts about the prospect of a second Carter Administration. Would they resume their contacts with the P.L.O.? Would they launch new efforts to amend Resolution 242? Would they seek solutions that are inconsistent with a genuine and lasting settlement? Would they seek peace at any price—even at the price of Israel?

The latest and clearest evidence of their inclination is the President's appalling betrayal of Israel two weeks ago in the vote at the United Nations. I am proud to say that, to my knowledge, I was the first public official in this country to speak out against that vote.

Within hours, the Administration began to circle its wagons. They tried to quell the firestorm of protest that erupted over the shameful vote against our closest friend, the most stable government and the only democracy in the Middle East.

After two days of urgent meetings in an atmosphere of crisis, the Administration released a statement saying the U.N. vote was all a mistake. They told us that the resolution contained references to Jerusalem they thought had been deleted in negotiations before the vote.

But the references to Jerusalem were not the only flaw in the resolution. Its text was a stark attack on Israel in almost every line. Even if there had been no mention of Jerusalem, the United States should never have voted for a resolution on the Middle East that ignored and undermined Security Council Resolutions 242 and 338. Even if there had been no mention of Jerusalem, the United States should never have voted for a resolution that calls the West Bank "Palestinian territory."

So today, Israel and other friends of the United States must wonder what kind of ally always has to say it is "sorry".

It is unacceptable for the President to explain that he never took the time to read the resolution. It was not a complex document, nor was it filled with legalistic phrases. Its page-and-a-half of text contained less than a thousand words, a few minutes worth of reading, in which every flaw was plain.

The Administration asks us to believe that the mistake in the U.N. vote resulted from a communications gap between the Secretary of State and our mission at the United Nations.

But was it a communications gap or a credibility gap? If it was only a communications gap, why did it take two full days of round-the-clock meetings between the President and his political advisers to decide that a mistake had actually been made.

And why does a President who proudly quotes from Harry Truman and says the buck stops here, now pass the buck to Cyrus Vance?

Yesterday, fueling the fears of cover-up, the Administration invoked executive privilege to prevent disclosure of the documents that can alone resolve the growing doubts about their credibility. What do they have to hide? Why are they reluctant to see the facts laid out on the public record?

So far, the claim of executive privilege has been asserted only by a subordinate official in the State Department. Today, I call on the President to revoke that claim, so that all the documents may be submitted to the Senate and House committees, and so that every official of the Administration involved in the events may testify before those committees.

All of us wish for an early end to the confusion and disarray that plague our foreign policy. Events like these damage the nation abroad and weaken our confidence at home They have become an all-too-freqeunt occurrence in the past three years, and they raise growing doubts about the competence of the present Administration to manage foreign policy in a dangerous world. Neither the people of America nor the people of Israel should pay the price of a foreign policy that fails to meet the tests of clarity and consistency, steadiness and strength.

A Kennedy Administration will never act in ways that give aid and comfort to the enemies of Israel. A Kennedy Administration will never negotiate with a P.L.O. sworn to destroy Israel. A Kennedy Administration will never try to dictate the terms of peace in the Middle East, or allow itself to be trapped in the embrace of the bloc at the United Nations that seeks at every turn to embarass and repudiate the State of Israel.

These pledges are not just the fleeting promises of a single election year. They reflect a seventeen year record of service and commitment that I am proud to place before you today.

Indeed, my direct involvement with Israel predates my Senate career, beginning with the first of my five visits to the Holy Land.

I have walked among the people of Israel. And I have sensed their feeling of exposure to enemies on every side.

I have walked with Teddy Kolleck through Jerusalem, a holy place where all religions now can worship in every corner.

I recognize the age-old tie to the City of David. Never again can Jews be denied the chance to pray at the ancient wall. Never again can we permit the City of Jerusalem to be divided. Never again can we see its unity as a Holy City destroyed by barbed wire and fences. I am committed to an undivided Jerusalem, just as I am committed to an Israel with secure, defensible, and recognized borders.

In other ways, I have expressed my commitment in the past.

I worked for the transfer of F-4s during the war of attrition. I worked for immediate arms shipments during the first perilous days of the Yom Kippur War, before Israel's brave forces turned the battle's tide.

I spoke against, and voted against, the Administration's sale of fighter aircraft to Saudi Arabia. I would do the same today. It makes no sense for America to arm the foes of Israel with weapons that one day may become the armaments of aggression against our ally. America must never yield to blackmail, or barter the future of Israel for a barrel of OPEC oil.

In other ways as well, I have stood with Israel and her people. In nearly two decades in the Senate, I have supported every foreign assistance bill and every special measure appropriating funds for Israel.

Last December, I called for a $350 million increase in economic aid, to offset Israel's spiraling inflation and her soaring cost of energy. We know the high cost that Israel is now enduring to implement the Camp David peace accords, and we must help to ease the burden of that cost.

My concern has extended not only to Israel and her people, but to Jews in the diaspora still suffering the evils of anti-Semitism, whether in the Soviet Union or Argentina or any other place on earth. And the record shows that the rhetoric of concern can be translated into the reality of achievement, through the political power of individual initiative.

It is with pride and satisfaction that I tell you of Soviet, Romanian and other families I have helped to reunite, and of the dissidents who have been released because I intervened—courageous men and women like Benjamin Levich, the world-renowned scientist, or Boris Katz and his daughter, Jessica, or all the others who were persecuted because of conscience and religion, and who now live in Israel's freedom.

In closing, let me say that it is not always easy for Americans to understand the special burdens of the people of Israel. We do not have to live in a sea of hostility and fear. But the people of Israel do. We do not have to live our lives surrounded by nations pledged to our destruction. But the people of Israel do.

In a few weeks, Jews will be celebrating the Passover ceremony, teaching their children again of the liberation of the Jewish people.

Four times in the Book of Exodus, the pledge of liberty is made to the people of Israel. And four times on Passover, a cup of wine is raised to symbolize that call for freedom.

This year, when the cup is raised, may it bring full freedom to the people of Israel and the Middle East—freedom from war and fear, freedom from want and oppression.

For peace is all that Israel asks.

Peace, as the Prophet Micah wrote, so that "they shall sit, every man under his vine and under his fig-tree, and none shall make them afraid."

Peace, as the Torah teaches, so that "the desert shall rejoice and blossom as the rose . . . and they that wait upon the Lord shall renew their strength."

Let us seek that peace together. Let us work to make the dream come true. Let us praise the cup of Passover, and truly say, "Next year in Jerusalem."

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### ADDRESS OF SENATOR EDWARD M. KENNEDY, AMERICAN JEWISH CONGRESS, NEW YORK CITY

Thank you, Marshall Cogan, for that generous introduction.

It is a pleasure for me to be here this evening and to share this platform with so many distinguished citizens and leaders of our society. I was deeply honored to receive the Stephen S. Wise Award earlier this evening from the American Jewish Congress, presented to me by a distinguished lawyer—my friend and Harvard classmate, Arthur Liman. Your Congress has enlightened the nation by enriching American democratic principles with traditional Jewish values. Your organization has embodied the spirit of one of your founders, Justice Louis Brandeis, who once said that the twentieth century ideals of America have been the ideals of the Jewish people throughout time.

I am honored to be associated with the memory and the meaning of the life of Rabbi Wise. With his fearless soul, his independent thought, and his clear voice, he truly was one of the wise and just men of American history.

His words on leadership echo with searing eloquence in our own era. "The Minister," he said, "may from time to time be under the necessity of giving expression to views at variance with the views of some, or even many, members of the congregation. Far from such difference proving the pulpit to be wrong, it may, and ofttimes is, found to signify that the pulpit has done its duty in calling evil evil and good good, in abhorring the moral wrong of putting light for darkness and darkness for light."

His counsel commands that we reject the complacency of conventional wisdom. In our generation, they require of us a renewed commitment to end the inequity, injustice, and intolerance that still stain our society.

There are those who say that our best hopes are helpless against the reactionary tide. But their pessimism is self-fulfilling prophecy.

I say with Stephen Wise that "injustice and inequity must cease to be, and the requirement of the Lord, which is justice, must become the voluntary bond between our people."

The American Jewish Congress has sought to strengthen that bond. You have not limited yourselves to sectarian concerns. You are now proudly celebrating the 35th anniversary of your Commission on Law and Social Action.

My public career and my presidential campaign alike are pledged to the goal of this Commission—"full equality in a free society for all Americans."

We have great gifts of talent and technology. We must give of them to bring food to the hungry, health care to the sick, quality education to our children, and jobs for the unemployed. We cannot permit the misuse of these gifts to degrade our environment, to comfort the few and afflict the many, to make Orwell's dark vision of 1984 the world's dawning fate, and even to threaten the existence of civilization itself.

We must continue and complete the works of social justice and economic democracy.

The first imperative is to restore the condition of our economy.

A sound economy is the finest social program America ever had. When the economy is weak, there are inevitable and increasing disputes over how to divide a shrinking pie.

America is slipping into the worst economic crisis in half a century—the worst since the days of Herbert Hoover and the Great Depression.

Inflation now races ahead at an annual rate of 18 to 20 percent. Interest rates climb above 16 percent. A new recession looms on the horizon of our economy, with government itself making the unprecedented prediction that 1.5 million more Americans will lose their jobs this year because of rising unemployment.

Behind these cold statistics lie real human tragedies. Public surveys report that Americans are fearful for their future. And they worry that their children will live in a lesser land and at a lower standard of life.

It is not just a matter of economic philosophy. Elderly persons huddle in small apartments, trying to make cruel choices between heat and health and food and rent. Young couples find their savings stretched too thin to buy a home. Parents recoil before the cost of health care for their family, and worry that they cannot afford to educate their children.

In countless ways like these, the sudden sinister shadow of inflation has fallen across our nation's future. We must honestly face this situation. We must not accept a future in which Americans expect relentless economic decline. Instead let us resolve to match our commitment to our capacity—and to make America prosperous again.

Economic distress and human suffering demand bold action. The time for temporizing is over. The last resort is now our only resort if we are to restore the economy to an even keel.

We must break the psychology of inflation with an across-the-board freeze on prices, wages, dividends, interest rates, and rent. Only controls can restrain the march of inflation; only then can we reduce the risk of a deeper recession that will further poison our economy and further divide our people.

In recent days, respected experts in the financial community of this city have joined the call for such controls. Momentum has begun to swell for action.

It may well be that the alarming surge of inflation in recent weeks reflects in part a rush to higher prices by firms that hope to beat controls.

We must act now, before a new round of anticipatory price increases drives inflation to even higher levels. The only way to stop inflation is to stop it in its tracks. Lesser steps have failed and now we need controls.

Controls are short-term measures. But they will buy the time we need to put in place long-term programs to stimulate investment, productivity, competition, foreign trade, and an energy policy that relies on the efficient use of renewable sources. And in this way, we can bring our economy back to health.

The second imperative of social justice is to assure that our prosperity is fair.

There is a hidden form of runaway spending in our tax code. Special interests manage to avoid taxes by taking advantage of loopholes that siphon funds from our federal treasury as surely as any spending program.

When President Carter took office, tax subsidies totalled $110 billion. Today, they have risen above $200 billion. And in 1978, Congress passed and the President approved one of the most regressive pieces of tax legislation in history. The internal revenue code is the most expensive welfare program of all—but it is welfare for the wealthy, and it cries out to be made more fair.

If we persist in widening the gap between the many and the few, if workers continue to feel that their taxes are too high because others pay too little, we will enter a period of gathering bitterness and anger. Tax reforms to end unjustified tax preferences are essential to the social compact that holds this country together.

The third imperative of social justice is to make health care a matter of right, not privilege.

We are the only nation in the industrialized world outside South Africa that does not have a system of health insurance to guarantee decent care for every citizen. Instead, we have a non-system that provides the very rich with unparalleled care, the very poor with abysmal care, and all of us with expensive care.

There is a two-class system of medical care in this country—one for those who can pay, with private physicians and private hospitals, and another for those who cannot, with public hospitals and their salaried physicians.

The private system is strong, sustained by a regime that allows whatever the traffic will bear to be paid for medical services.

The public system is on the brink of collapse, because public hospitals must accept all patients, whether they can pay or not, whether they have insurance or not.

There is a public hospital crisis in the major cities of this nation. Public hospitals—the last refuge of those with nowhere else to go—are threatened with extinction here in New York, in Chicago, and all across the land.

And when a rare private hospital, like the Brooklyn Jewish Hospital, commits itself to serve the poor, it comes to the brink of closing down.

I am proud to have been able, with Senators Javits and Moynihan and Governor Carey, to convince the Carter Administration to save Brooklyn Jewish Hospital. But there are other Brooklyn Jewish Hospitals in this nation, and countless public hospitals whose doors will close unless our health care system is cleansed of these abuses.

How a nation cares for the ill is a powerful measure of its humanity, and its humanity is the truest measure of its greatness. Surely, a nation of our wealth can secure the basic human right of health—and we can gain that health security in the next four years.

The fourth imperative is a federal budget that seeks social justice.

For the past three years, we have seen a pattern of reductions in programs for housing, education, the elderly and the unemployed. Now we have a new budget that tells only the poorest among us to ask what they can do for their country.

It asks two million children to give up school lunches.

It asks 900,000 jobless workers to go without unemployment benefits.

It asks 90,000 more of the unemployed to do without public service jobs.

It asks the homeless to make do with fewer public housing units than Richard Nixon allowed them.

The elderly have borne the heaviest burden of displaced budget priorities in the past three years. Every year, the level of housing for the elderly has declined. Every year we have had to fight against Administration reductions in home health care—reductions that would consign many of the elderly to live out their lives in dreary institutions.

Last year, we even had to fight against the unprecedented effort of a Democratic Administration to reduce social security benefits.

And this year we must fight again for adequate programs in nutrition for the elderly. In Jewish community centers across the country, that program draws retired people together to share a meal and each other's company. We cannot accept a budget that calls on us to deny the needs and dignity of the elderly.

And now the elderly, along with other New Yorkers, face higher subway fares or higher state taxes to save the present fare. The Carter Administration has been unresponsive in asking Congress for enough mass transit operating expenses. There is nothing in the windfall profits tax either.

For the Jewish community, the claims of the elderly have a special priority. No community has a higher percentage of people over the age of 65.

In countless ways, the American Jewish Congress has spoken for the elderly. You and I have stood together in that struggle. And together, in the next Administration, we will give the guarantee of a secure life to the elderly, in return for all they have given to the life of this land.

A fifth and fundamental imperative of social justice is to strike at the roots of intolerance, bigotry, and discrimination.

Not a single state has ratified the equal rights amendment since this Administration took office. The next President must commit all his efforts to see to it that ERA will become the 27th Amendment to the Constitution of the United States.

Stephen Wise viewed this issue as a moral one over half a century ago. He wrote then: "The woman's movement rests upon the cardinal truth that inasmuch as life is a sacred thing and personality inviolable, woman ought to be as free as is man to determine the content of life for herself."

Whether it is the majority who are women, or the minority who are not white, or the millions who share the faith of the Old Testament, intolerance against anyone threatens tolerance for everyone.

When a cross is burned on the front lawn of a black church in Maryland and a black child asks "Why?" national leaders have an obligation to answer—and to act so that it will not happen again.

When a swastika is scrawled on a synagogue wall, a desecration that has already occurred in 1980, an Administration must speak—and law enforcement agencies must prosecute.

We have seen the sinister spectre of anti-Semitism rise again and again. We have seen the Holocaust of the Nazis. And now we see the persecution of Jews in the Soviet Union.

I have worked for emigration from the Soviet Union. I am proud that I have helped to reunite many families. And I am proud that this concern reaches across the years in my family.

On March 3, 1897, my grandfather, Congressman John F. Fitzgerald, asked the House of Representatives to resolve:

"That the Secretary of State be requested to demand from the Russian government that the same rights be given to Hebrew-American citizens in the matter of passports as now are accorded to all other classes of American citizens."

In Argentina, in Syria and other Arab countries, anti-Semitism has been condoned by governments. It has been made into a weapon against the State of Israel. Indeed, Israel is the ultimate target at which all the attacks on the Jewish people are now aimed.

In the years ahead, I will stand, as I have always stood with Israel, our surest ally and our closest friend in the Middle East.

No member of a Kennedy Administration will ever deal, openly or covertly, with a P.L.O. committed to the destruction of Israel.

What must all friends of Israel think of this Administration's on-again, off-again flirtation with the P.L.O.? What must they conclude when our U.N. Ambassador is forced to resign for negotiating with the P.L.O.—only to discover that our Ambassador to Austria is also doing so—and that Mr. Carter's national security adviser is shaking hands with Arafat in Algiers?

This is an election year; but how soon after the election would this President resume his attempt to amend U.N. Resolution 242 to appease P.L.O. demands?

I have a very different view. I believe that our bonds with Israel are deeply rooted in moral commitment and common values. And they are founded on a realistic view of America's own security interests.

It is a fundamental fact that Israel deploys the most powerful armed forces in the Middle East.

It is a fundamental fact that Israel has protected American interests in the past, and that Israel will do so in the future.

Support for Israel is not an act of charity; it is an act of national security. And America must never barter the safety or future of Israel for a barrel of oil.

It is not always easy for Americans to understand the special burden on the people of Israel. We do not have to live in a sea of hostility and fear. But the people of Israel do. We do not have to live our lives surrounded by nations pledged to destroy us. But the people of Israel do.

Peace is all that Israel asks.

Peace, as the prophet Micah wrote, so that "they shall sit, every man under his vine and under his fig-tree, and none shall make them afraid."

Peace, as the Torah teaches, so that "the desert shall rejoice and blossom as the rose . . . And they that wait upon the Lord shall renew their strength."

But this work is also our own.

And in the 1980s, we cannot wait to renew the strength of our commitment to justice.

In the words of Martin Luther King, Jr., "We are faced with the fact that tomorrow is today. We are confronted with the fierce urgency of now."

We cannot allow four more years to pass while children grow up in despair in racial ghettos. We cannot wait while sick children cry in the night and their parents cannot afford a doctor. We cannot wait while more workers lose their jobs, more families lose their homes, and more Americans lose their hopes.

We have work to do together, if we are to be faithful to our stewardship and the heritage of this land.

So join with me now in keeping the ideals of Stephen Wise and the command of Isaiah —"to undo the heavy burdens and let the oppressed go free."

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### ENERGY SECURITY FOR AMERICA

(Address by Senator EDWARD M. KENNEDY)

It is an honor for me to be here this evening with Max Greenberg, Matty Rosenhaus, Nate Perlmutter, Dave Brody, and so many other friends, particularly Rabbi Schindler and my Massachusetts friends—and I see Judge Rose, Bill Sapers and Sol Kolack—and to participate in the semi-annual meeting of the National Executive Committee of the Anti-Defamation League of B'nai B'rith.

I join you in honoring Dore Schary, not only for his brilliant artistic career, but also for his vital contributions to ending religious and racial bigotry in our society. The fight for civil rights and civil liberties for all Americans has been the great cause of our generation. We have stood together and fought together in that cause. ADL can be proud of its role in the progress that has been made and proud of its commitment to carry on the struggle.

We confront many issues in the first year of a new decade, but there is only one central question: Can we, as individuals, as families, as communities, and as a nation, regain control over our own destiny?

A decade ago, Americans were debating—in the Congress and in the streets—whether we should try to shape the fate of other nations. Today, we wonder whether we can control our own.

The 50 Americans held hostage in Iran symbolize the general captivity of the American condition. We hope they will soon come home, but we also know that they are not the only hostages that are now being held. At home, our economy remains hostage to relentless inflation. Workers are hostage to rising unemployment and to recession. Our oil supply continues hostage to the whim of wealthy sheiks who now stand under the shadow of Soviet power. And our democracy itself is hostage to the political strategy of an incumbent President who prefers the silence of the Rose Garden to the sound of free and full debate.

Israel may soon join America as hostage to the incoherent and inconsistent policies of the Carter Administration.

What must all friends of Israel think of President Carter's on-again, off-again flirtation with the PLO? What must they conclude when our UN Ambassador is forced to resign—only to discover our Ambassador to Austria contacting the PLO and only to observe Mr. Carter's national security adviser shaking hands with Arafat in Algiers? How soon will it be before this President resumes his offensive to amend UN Resolution 242 to accommodate PLO demands?

Let me say here and now that there would be no such incoherence and no such inconsistency in a Kennedy Administration. No member of a Kennedy Administration will ever negotiate or deal with representatives of a PLO committed to the destruction of Israel. No Kennedy Administration would cast doubt on Israel's right to survive and prosper within secure, defensible and recognized borders.

Faced with increased stability and increased violence in the Middle East and Southwest Asia, the Carter Administration is desperately arming Moslem states with sophisticated weapons that can be used against Israel. The Administration is obsessed with the notion that appeasement on the West Bank and the Gaza Strip will somehow rally Islam against the Soviet threat.

These facile panaceas proved wrong in the past and are wrong today. There is no stable and democratic nation in the region except Israel, and we should take care not to supply sophisticated, offensive arms to a moderate government which its radical successor can use to destroy the state of Israel. I am proud of my opposition to the Carter Administration's 1978 arms package for the Middle East, and I will continue to oppose arms sales which will jeopardize the security of Israel and the stability of the Middle East.

And I will oppose policies which will lead to the creation of a PLO state—a dependent on the Soviet Union, a dagger pointed at the heart of Israel, a wellspring of instability for all moderate states in the region. Israel has an interest in a fair and enduring solution of the Palestinian issue. But never should Israel be sacrificed to the oil politics of the Persian Gulf.

The Anti-Defamation League knows all too well the divisions between Jewish, black and other communities created when President Carter failed to acknowledge that it was the failures of his Administration—not those of Israel—which forced his UN Ambassador to resign last year.

Consider the damage created by months of flirtation with the PLO, months of damage to the alliance of Jews, blacks and all good people for racial and social justice. As one long committed to this alliance—our alliance—I was heartsick over the intolerance bred of Administration insensitivity and incompetence. And I remember vividly joining with Sol Kolack and Bill Sapers and Dave Rose in this audience to re-construct this alliance, piece by piece, in our native New England.

Neither America nor Israel can afford four more years of captivity to the stops and starts of Mr. Carter. Our challenge in the decade ahead is to regain control, take charge, and order our common destiny.

We do not have to accept policies that rely solely on reaction and that are the opposite of leadership. Good intentions are not enough; performance is still the test by which a president should be judged. Americans know that we are not doing the best we can. Surely we are not ready to admit that America is second best. This nation is not ready to regard failure as a virtue.

There are many things which government and the people must do together to regain control and restore our national self-respect. In the course of this campaign, I have described the steps we must take in specific areas of foreign and domestic policy. A critical and necessary task ahead is to end our excessive dependence on foreign oil and to achieve the goal of real energy security for America.

Our petroleum paralysis threatens both the peace and our prosperity. We must protect ourselves and our allies from oil cutoffs; we must remove the oppressive burden of OPEC price increases from our domestic economy.

Only by putting our energy house in order can we free our foreign policy from the pressure—and the appearance of pressure—by the OPEC nations and by the Soviet Union. Only an energy secure America can do what is in America's interest. Only an energy secure America can do what is right for the Middle East and Persian Gulf. Only an energy secure America can assure a thriving Israel and maintain our Atlantic and Pacific alliances.

The lessons of Iran and Afghanistan are clear. We must assure our security and end our energy dependence now, before new and unpredictable Irans catch us short and unprepared again.

Energy security begins at home—with cuts in energy consumption. I believe we should ration gasoline now—not on a standby basis, as the Administration has proposed; not unfairly and not by price, as the Administration prefers.

America must free itself from its oil addiction on the Persian Gulf. A decision to discipline our consumption of oil will send a message not only to OPEC, but to our allies and our adversaries that we are ready to break our petroleum paralysis. By demonstrating resolve at home, we can become stronger abroad.

In addition to rationing, we must take other urgent measures:

First, we must pursue an aggressive program of energy conservation in homes, industries, and commercial buildings. Only by using energy efficiently will we extract the maximum power from minimum energy.

Second, we must be able to significantly increase domestic oil production in the event of shortage. Not only an energy-lean America, but an energy-ready America must be able to look OPEC in the eye.

Third, we must fill the Strategic Petroleum Reserve without delay, to protect against sudden cutoffs of foreign oil, and our allies should do the same. The Administration originally pledged to achieve a six-month reserve by the end of the last year, but today we have only a 45-day supply. The empty storage domes in Texas and Louisiana are silent testimony to the reckless gamble the Administration has wagered with our national security. If the crisis over the Persian Gulf is as serious as the Administration claims, the reserve should be full today, not three-quarters empty.

In the longer run, we must develop alternative sources of energy. Winston Churchill warned 67 years ago: "Safety and certainty in oil lie in variety alone."

A strong conversion program is essential to speed the process of shifting utilities from oil to coal. But for three years, the Department of Transportation and the ICC have been feuding with the Department of Energy over the charges for transporting coal from Montana to Texas. The absurd result is that Corpus Christi is importing coal from South Africa, and San Antonio has started coal negotiations with Australia.

I am also committed to a solar economy. Let us ensure, by the year 2000, that fully 20 percent of our energy needs will be met by harnessing the common resource of all the earth, the light and power of the sun.

As we reduce our dependence on OPEC oil, we must obtain a better bargain with the oil-producing states. In return for American security guarantees in the Middle East, they should be willing to assure more certain supplies of oil at more stable prices.

Last year, for example, the United States provided over $6 billion in military supplies to Saudi Arabia, including sophisticated, offensive arms which I opposed. Yet just last month the Saudis raised the price of oil by another $2 a barrel.

We must support a Saudi Arabia that can be secure and free of Soviet influence. But security is a two-way street. If Saudi Arabia requests American assistance in the interest of its national security, then Saudi Arabia must exercise restraint on oil prices in the interest of America's energy security.

American action to achieve energy security must also be matched by a readiness to protect our interests in the Persian Gulf.

There must be no doubt that America will do what it can and must to keep strategic sea routes open and to strengthen the region against internal disruption and aggression from the Soviet Union and radical Arab states.

But today there is a great doubt about these capabilities. I am dismayed by the recent testimony of the Chief of Naval Operations that we have a one-and-a-half ocean navy where we now face a three ocean threat. Mr. Carter says he supports a strong Navy, but his defense budget fails to fund the ships and planes we need even to maintain existing levels, while he goes along with gold-plated weapon systems such as the nuclear aircraft carrier.

Even when we have reduced, and eventually ended, our own dependence on Mideast oil, we will continue to have an important stake in Western access to petroleum supplies in that region. With the exception of Great Britain, our allies import a much larger percentage of their oil than we do. Western Europe and Japan will depend on Middle East oil for years to come. America must be prepared to cooperate with our allies to advance our common interests in that region in the years ahead.

And we must focus on the real security needs and the clear and present dangers to Mideast nations. For example, the threat to Saudi Arabia is not only external invasion but internal decay and subversion from the PLO and other Soviet surrogates.

We must work with Israel, Egypt, and the Arab states opposed to Soviet expansion to deter the Soviet danger. The Russian invasion of Afghanistan and Moscow's support of subversion have turned the region into a cockpit of potential conflict.

We must ensure that the defensive arms we supply to Egypt and other moderate states in the region will be aimed in the right direction—and never against Israel.

We must maintain a credible military presence in the Persian Gulf and Indian Ocean. We should strengthen our air and naval forces, improve our airlift and sealift capabilities, and establish effective military communications. We should negotiate access to facilities such as the Etzion air base in the Sinai, to assure that our military power can be mobilized credibly and effectively to meet any future emergency.

It is equally clear, however, that America cannot stand astride the Persian Gulf solely on its own. Our allies have equal or greater interests in the security of oil supply. As Senator Jackson has said, "We must enlist our friends and allies in a broad effort to provide for the common defense . . . NATO nations must be prepared to act." Close military coordination with our allies must assure that the shipping routes which form the world's lifeline remain free.

We must also move to support Egypt and President Sadat, who has taken real risks for peace—for the sake of his nation and the future of the Middle East. We must show the world the benefits of peace. This means effective economic assistance to Egypt. And this means continued assistance to assure its ability to defend itself.

Above all else, we must strengthen our alliance with Israel. That alliance is vital to the success of any American policy in the Middle East and Persian Gulf. Together, Israel and Egypt already constitute a bulwark against Soviet expansion. They are the cornerstones on which we must build the regional stability we seek.

Our bonds with Israel are deeply rooted in moral commitment and common values. And they are founded on a realistic view of America's own security interests.

It is a fundamental fact that Israel is America's strongest and surest ally in the Middle East.

It is a fundamental fact that Israel deploys the most powerful armed forces in the region.

It is a fundamental fact that Israel has protected American interests in the past, and that Israel will do so in the future.

Support for Israel is not an act of charity; it is an act of national security. And America must never barter the security or future of Israel for a barrel of oil.

It is not always easy for Americans to understand the special burden on the people of Israel. We do not have to live in a sea of hostility and fear. But the people of Israel do. We do not have to endure each day in the face of terrorist threats. But the people of Israel do. We do not have to live our lives surrounded by nations pledged to destroy us. But the people of Israel do.

As Israel's delegate once told the United Nations, "Israel alone amongst the nations of the world faces a battle for its security anew with every approaching nightfall and every rising dawn."

Peace is all that Israel asks.

Peace as the prophet Micah wrote, so that "They shall sit, every man under his vine and under his fig-tree, and none shall make them afraid."

Peace, as the Torah teaches, so that "The desert shall rejoice, and blossom as the rose . . . and they that wait upon the Lord shall renew their strength."

In the 1980s, we must renew the strength and credibility of American policy. We must stand for ideals, and with our allies. We must end the era of false starts, of empty bluffs, of surprises about our adversaries, of stumbling into crises that never should have happened. No nation, least of all the Soviet Union, should be in doubt about America's interests and intentions.

We have learned anew in recent months what we do, or fail to do, at home can mean failure or success abroad. We know now that energy security is a vital element of national security. And as the Anti-Defamation League has tried to teach us for many years, we must match our power to our principles—in our dealings with friends and foe overseas—and with all the citizens of our own country.

The new decade beckons America with great challenges and opportunities. It calls upon us to end this era of uncertainty and retreat. It calls upon us to reshape our destiny. It asks us, in a word, to be faithful to our stewardship of this land, and to go forth again with our nation's light held high at home and in the world.

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### STATEMENT BY SENATOR EDWARD M. KENNEDY, CONFERENCE OF PRESIDENTS

It is an honor and privilege to have an opportunity for the fourth time in my public career to participate in a Conference of Presidents event and to meet with the leadership of the American Jewish community.

I want to thank Ted Mann for his gracious words of introduction and Yehuda Hellman for all he did to welcome me back to 515, and to all of you—many of whom I have known for many years—for sharing this time.

As you know, I spoke this morning about the problems America faces at home and abroad and what I believe are the fundamental issues of the 1980s. I spoke about the need not just to respond to crises after the fact, but to anticipate and to prevent them. I spoke about the need to respond effectively—with strength, not symbols—to threats from the Soviets and Arab radicalism following the brutal invasion of Afghanistan. The need to obtain the release of all American hostages through a UN Commission. The need to avoid a second Cold War. The need to reduce our energy dependence on the Persian Gulf and to bring inflation under control—including a freeze on inflation in all parts of our capsized economy.

It is clear that these are difficult times for the United States in world affairs. But I take comfort—and am heartened—when I consider the enduring special relationship between America and the State of Israel, a democratic ally—tried, trusted, and true—a friend that can be relied on.

Eighty-six days ago, before Americans were taken hostage in Teheran, there were some who questioned this relationship. In these days of upheaval in Iran and Soviet aggression in Afghanistan, it should be easier for people to grasp the importance of the special relationship—and to understand why it must be strengthened and never jeopardized.

If the bonds which unite our country with Israel were only those of moral obligation, we would still feel a special responsibility to insure the survival and well-being of Israel. The secure existence of the reborn Jewish state, built on the ashes of the Holocaust, is a moral imperative.

But this is only one part of the special relationship. Too often ignored or purposefully slighted is that Israel is a proven and indispensable strategic asset in its military and intelligence contributions to America and to the Western World.

Our alliance with Israel is an alliance based on common democratic ideals and mutual benefit. In the critical region of the Eastern Mediterranean and the Middle East, Israel is a rock of strength, stability, and friendship.

We must never barter the freedom and future of Israel for a barrel of oil—or foolishly try to align the Arab world with us, no matter what the cost. Indeed, Israel and Egypt already constitute a bulwark against Soviet expansionism and are cornerstones for the wider regional alliances we must seek.

As America prepares to defend its interests in the Persian Gulf region, the importance of our alliance with Israel grows.

This moral and geopolitical reality is the basis of my 17-year record of staunch and sustaining support for Israel. I know that in advocating Israel's cause, I am, inevitably, advancing the cause of America.

The reverse side of that coin must also be understood. The inability of the United States to put together an effective energy conservation program and energy alternatives program hurts America—and hurts Israel.

This morning I announced my support for a program of gas rationing—now. That program is vital to the national security of America—and no less important to the future of Israel.

Gas rationing is the only fair and effective way we have to cut our dependence on Persian Gulf oil. Cutting oil imports from the Arab countries frees American policy from the threat of blackmail and is the best assurance that America will do what is right for Israel—and what is in our long-term national self-interest

The inability of the United States to put meaningful limitations on the numbers and quality of nuclear weapons possessed by the superpowers—and to reverse the dangerous trends toward nuclear proliferation in Pakistan and Libya and other countries—presents a real danger both to America and to Israel. Unending inflation in the United States weakens our national security—and that of Israel's as well. Declining economic justice at home makes it that much more difficult to contribute to economic growth in Israel, in Egypt, and in other key areas of the world.

"These are the issues of deepest concern to me, and these are the problems with which we must come to grips and overcome in the shortest period of time possible.

It is in this context that I put before you today my record, through thick and thin, of my lenghy association with Israel.

Indeed, my direct involvement with Israel predates my Senate career, beginning with the first of my five visits to the Holy Land

Just as I fought for the transfer of F-4s during the war of attrition, so did I battle for immediate arms shipments during the first perilous days of the Yom Kippur War, before Israel's gallant warriors turned the tide of battle.

I spoke out and voted against this Administration's sale of advanced fighter aircraft to Saudi Arabia, an issue of critical importance to Israel.

I have never been cowed by economic blackmail, and I have never hesitated to counter those who would yield to such threats.

During my Senate career I have supported every Foreign Assistance bill as well as special measures appropriating funds for Israel.

Last month, I called for a $350 million increase in aid to offset Israel's spiraling inflation and added energy costs.

And my concern and efforts have extended beyond the Israeli Government to the people of Israel, and especially to those Jews in the diaspora who are still experiencing the evils of anti-Semitism from the Soviet Union to Argentina. It is here that I have tried to demonstrate that concern can be translated from rhetoric into substantive action, to offer an example of the political power of individual initiative.

And I note with a deep sense of pride and satisfaction all the families from the Soviet Union, Romania, and other countries I have helped to reunite, and the newly-released dissidents on whose behalf I intervened—courageous men and women like Ben Levich and Boris Katz and his daughter, Jessica, who sought to exercise their inalienable right to free emigration and who now bask in the sunshine of free societies.

The exile of Andrei Sakharov is but one demonstration of the dangers ahead. During my September 1978 trip to the Soviet Union, I met with Dr. Sakharov and other prominent dissidents. In our meeting, the dissidents stressed the human right to live in peace. Unfortunately, we are now engaged in increased confrontation and we are faced with deteriorated respect for human rights in the Soviet Union. Just last week, Anatoly Shcharansky passed another birthday and lost his father while languishing in prison—and he is one more example of increased repression in Soviet society.

I come before you today to express my deep concern with the policies pursued over the last three years by the Carter Administration—if indeed it is even appropriate to characterize the incoherent, inconsistent set of stops and starts as policy.

The October 1, 1977 U.S.-Soviet joint communique was only the beginning. Although President Carter's awakening to Moscow's global designs is quite recent, how could he have thought even then that it would be healthy or constructive to invite the Soviets to play a role in the peace process? A Middle East peace is the last thing Moscow wants. Only the outcry in Congress and President Sadat's visit to Jerusalem derailed the Administration's express to Geneva.

What lies behind President Carter's on-again, off-again flirtation with the PLO? What lies behind the support he has received from Crown Prince Fahd for his re-election and behind Arab expressions of approval for his pro-Palestinian positions? I have said publicly, and I reiterate here today, that no member of a Kennedy Administration will ever negotiate or in any way deal with representatives of a PLO committed to the destruction of Israel.

I agree with AFL–CIO President Lane Kirkland when he said to one of the member organizations of the Conference of Presidents 14 days ago in Philadelphia, "it is no accident that the Ayatollah's gunmen receive their training from the PLO and that Yassir Arafat has offered materials and political support to Khomeini's campaign to humiliate the United States. . . . A Palestinian state . . . would be a pro-Soviet state in the energy heartland of the world. . . . To permit establishment of such an entity in the wake of the Soviet invasion of Afghanistan and the continuing threat to Israel would be geopolitical disaster for the United States."

How often have threats and pressures, veiled and explicit, been used by this Administration in attempting to coerce Israel? I have never heard Arafat or Khaddafi described as stubborn or intransigent.

Think how long it took the President to come out and acknowledge that Israel had absolutely nothing to do with forcing the resignation of his Ambassador to the United Nations—only to permit his national security adviser to shake hands with Arafat in Algiers. Consider the damage that had already been done by then. As one committed to racial justice and the alliance of Jews, blacks, and all good people in pursuit of that goal, I was heartsick over the intolerance bred of Administration insensitivity and incompetence.

In the absence of a coherent policy, Mr. Carter has remained committed to the chimera of a "comprehensive" settlement. What sort of settlement can Israel expect from this President electorally unfettered in his second term?

I noted last Wednesday night that Mr. Carter in the prepared text of his State of the Union address—sent to the press and all foreign governments—dropped the sentence included only for his American television audience: "Let no one doubt our commitment to the security of Israel." If Mr. Carter wanted no one to doubt his commitment, why did he withhold it from the rest of the world?

This administration is obsessed with the notion that the solution to the problems of the Middle East and Southwest Asia depends on the West Bank and Gaza Strip. This facile panacea proved wrong in the past, and remains wrong in today's turbulent world. The presence of a Soviet-dependent PLO state would undermine even further the stability of the region and the security of Israel.

Why does the Carter Administration insist on publicly calling the old city of Jerusalem as "occupied territory?" I recognize the millenial Jewish identification with the City of David, and I am committed to both an undivided Jerusalem and an Israel with secure, defensible, and recognized borders.

Today, I have come to share some common concerns with fellow friends of Israel. No matter what the future may hold, my concern for Israel will remain unwavering. Israel is not just a Jewish issue; it is a moral and security issue for all Americans.

The words of the father of political Zionism resonate deeply within my soul and my personal experiences.

Theodor Herzl asserted: "If you will it, it is no dream." With a strong, united will, we can realize the long-cherished dream of an Israel at peace with all its neighbors. And we can work for the day when Israel's neighbors will be at peace with themselves.●

## CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, how much time remains in morning business?

The PRESIDING OFFICER. The time for morning business has expired.

## EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be an extension of time for morning business in which Senators may speak of up to 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

## RAILROAD TRANSPORTATION POLICY ACT OF 1979

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Nevada (Mr. CANNON), I ask unanimous consent that in the engrossment of S. 1946 the following amendment be considered to have been agreed to:

On page 52, strike lines 11 through "further," on line 14, and insert in lieu thereof the following: *"Provided, however,"*.

This technical amendment was discussed by Chairman CANNON at the time we considered the bill on April 1, 1980. He described this change as intended to delete a proviso in section 105 to correct an ambiguity in that section. However, it was inadvertently omitted from the list of technical amendments sent to the desk.

It has been cleared with the minority.

The PRESIDING OFFICER. Without objection, the amendment is considered to have been agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was agreed to and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## AUTHORITY FOR COMMITTEES TO FILE BILLS, REPORTS, AND CONFERENCE REPORTS DURING RECESS

Mr. ROBERT C. BYRD. I ask unanimous consent that committees may file bills, reports, and conference reports during the recess on Wednesday, April 9, from 12 o'clock meridian until 3 p.m., and on Friday, April 11, from 12 o'clock meridian to 3 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

## RECESS UNTIL TUESDAY, APRIL 15, 1980, AT 11 A.M.

Mr. ROBERT C. BYRD. Mr. President, with deep appreciation to the distinguished Senator from Wisconsin (Mr. NELSON) who presently presides over the Senate, and with good wishes to all who are about to depart this Chamber, including our guests in the galleries—and those good wishes include the desire that all may enjoy a happy Easter and may reflect upon the deep meaning of the holiday, and if they are looking for a place to vacation they will go to a State which is almost heaven, West Virginia—I move, in accordance with the provisions of House Concurrent Resolution 312, as amended, that the Senate stand in recess until the hour of 11 a.m., until Tuesday, April 15, 1980.

The motion was agreed to; and at 12:50 p.m., the Senate recessed until Tuesday, April 15, 1980, at 11 a.m.

## CONFIRMATIONS

Executive nominations confirmed by the Senate April 3, 1980:

### DEPARTMENT OF COMMERCE

Herta Lande Seidman, of New York, to be an Assistant Secretary of Commerce.

### SECURITIES AND EXCHANGE COMMISSION

Stephen J. Friedman, of New York, to be a Member of the Securities and Exchange Commission for the remainder of the term expiring June 5, 1981.

### DEPARTMENT OF STATE

Julian Nava, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Mexico.

Joseph C. Wheeler, of Virginia, to be Deputy Administrator of the Agency for International Development.

### U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

David Bronheim, of Connecticut, to be an Associate Director of the United States International Development Cooperation Agency.

### UNITED NATIONS

Joan Edelman Spero, of New York, to be the Representative of the United States of America on the Economic and Social Council of the United Nations, with the rank of Ambassador.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

### THE JUDICIARY

Truman McGill Hobbs, of Alabama, to be U.S. district judge for the middle district of Alabama.

# HOUSE OF REPRESENTATIVES—*Tuesday, April 15, 1980*

The House met at 12 o'clock noon.

The Reverend Dave Paul, Daniel Gross High School, Omaha, Nebr., offered the following prayer:

Lord, make us an instrument of Your peace.
Where there is hatred, let us sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
Where there is sadness, joy.
O, divine Master, grant that we may not so much seek to be consoled as to console;
To be understood, as to understand;
To be loved, as to love;
For it is in giving that we receive;
It is in pardoning that we are pardoned;
And it is in dying that we are born to eternal life.

## THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1786. An act to amend the act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said act; and

S. 1946. An act to reform the economic regulation of railroads, and for other purposes.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4088. An act to authorize the Secretary of Commerce to sell two obsolete vessels to Coast Line Co., and for other purposes.

## THE REVEREND DAVE PAUL

(Mr. CAVANAUGH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CAVANAUGH. Mr. Speaker, today we marked the opening of this session of the House with a prayer by Father David Paul, a Marianist priest from Omaha, Nebr. Father Paul is an exceptionally talented man, the superintendent of Daniel J. Gross High School in Omaha. Just 12 years ago, Gross High School was the smallest Catholic high school in the State of Nebraska. But aware of the many roads open to them thanks to Father Paul, Gross High School now boasts the largest enrollment of any Catholic high school in the State. Hard work is nothing new to Father Paul. He made his first vows in the Marianist order in 1957 and was officially ordained a Marianist priest in January of 1970. Father Paul has long been a lover of education. He did his undergraduate work at St. Mary's College in San Antonio, Tex., and later completed his graduate studies in classical languages at St. Louis University. His love of knowledge led him to study philosophy and theology at the university of Friebourg in Switzerland, where he later taught. Father Paul received his masters degree in moral theology from St. Louis University upon his return to the United States. He later traveled to Omaha, Nebr., where he earned his masters degree in education from Creighton University.

Father Paul has a very obvious and deep dedication to education and knowledge. Being a scholar himself, he understands the drive and willingness of his students to obtain more and more knowledge. In understanding this zeal for knowledge, Father Paul has reshaped the spirit of academics at Gross High School. The current high school curriculum has received the highest academic rating in the city of Omaha.

As superintendent of Gross High School Father Paul has always accentuated the future. Father Paul broke new ground by establishing an endowment fund drive for the high school, the first time this has ever been attempted by a Nebraska high school. In the endowment's 2-year history, $443,000 has been secured from local business, industry, parents, and alumni, which is far ahead of the $1 million goal projected over the next 10 years.

Perhaps Father Paul's biggest accomplishment in his 10 years as superintendent at Gross High School is the development of the industrial technology center. This project was expected to cost $300,000 and seemed like only a dream to the students at Gross. But through the support and encouragement of Father Paul the parents pitched in and helped with the actual construction limiting the total cost of the center to $100,000. Only a man with Father Paul's determination and charisma could have made the center's completion a reality. Parents and students at Gross High School have much to be thankful for in their honest and caring superintendent.

Father Paul was honored with the Distinguished Educator Award in 1974 from the Kettering Foundation and received the coveted award again in 1976. But to a man like Father Paul honors and awards mean little. The true satisfaction and rewards of his work come when he sees his students, his scholars, maturing into strong Catholic adults, as a result of their painstaking and outstanding educations.

I am personally honored to have Father Paul with us today. It is my hope that all Members of the House of Representatives reflect upon what he said in benediction and realize the fine accomplishments of Father David Paul to the education of our youth.

## COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
*April 3, 1980.*

Hon. THOMAS P. O'NEILL, Jr.,
*The Speaker, House of Representatives, Washington, D.C.*

DEAR MR. SPEAKER: Pursuant to the permission granted April 1, 1980, the Clerk has received this date the following message from the Secretary of the Senate:

That the Senate passed without amendment H.R. 6029, An Act providing for the implementation of the International Sugar Agreement, 1977, and for other purposes:

That the Senate passed without amendment H.R. 6585, An Act to extend the reorganization authority of the President under chapter 9 of title 5.

With kind regards, I am,
Sincerely,
EDMUND L. HENSHAW, Jr.,
*Clerk, House of Representatives.*
By: W. RAYMOND COLLEY,
*Deputy Clerk.*

## ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to the authority granted the Speaker pro tempore on Tuesday, April 1, 1980, the Speaker pro tempore did on Wednesday, April 2, 1980, sign the following enrolled bills:

S.J. Res. 97. Joint resolution designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust";

H.J. Res. 520. Joint resolution to extend by 60 days the expiration date of the Defense Production Act of 1950;

H.R. 5794. An act to designate the building known as the Federal Building in Evansville, Ind., as the "Winfield K. Denton Building";

S.J. Res. 131. Joint resolution designating April 10, 1980, as "Ort Centennial Day"; and

S. 2427. An act to encourage greater participation in the farmer-held reserve program for corn and wheat, and for other purposes.

The SPEAKER pro tempore did on Thursday, April 3, 1980, sign the following enrolled bill:

H.R. 6585. An act to extend the reorganization authority of the President under chapter 9 of title 5.

The SPEAKER pro tempore did on Wednesday, April 9, 1980, sign the following enrolled bill:

H.R. 6029. An act providing for the implementation of the International Sugar Agreement, 1977, and for other purposes.

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☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

## SUPPORT FOR THE PRESIDENT'S ACTION ON IRAN

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, during our recent work period the President took an action that I believe was long overdue but I am very supportive of it, in breaking diplomatic relations with Iran and imposing economic sanctions and other steps. Today, Mr. Speaker, I am introducing a resolution of the House that we will support, and I believe overwhelmingly endorse the President's action. Unfortunately, confusion exists in many parts of the world, particularly among our allies as to where the Congress is on this issue. Here is an opportunity to stand very solidly behind the United States and for our American citizens who are being held hostage in Iran. I trust we will be able to act on this resolution speedily. I believe this will help our allies to move ahead with their own action against the Iranian Government.

## PROHIBITION OF INCOME TAX ON SOCIAL SECURITY BENEFITS URGED

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, I rise to express my deep concern with a recent recommendation by the President's Commission on Social Security to subject half of a person's cash benefits to Federal taxation. In my mind, this would represent a grave injustice, and a dangerous precedent, to those 23.3 million retired American workers over the age of 65, who have supported the social security program over the years, and could not hope to bear this additional financial burden.

I have heard from numerous elderly constituents living on limited or fixed incomes who already face great difficulties in making ends meet. This proposal, Mr. Speaker, would amount to double taxation for the estimated 10.6 million beneficiaries to be affected. The average additional tax of $350 proposed hits hardest those already the most vulnerable to the cruel forces of inflation, particularly in the areas of medical care, food, and housing.

American working men and women have entered into what must be considered an inviolable compact with the Federal Government. When they contribute to the social security system through payroll deductions during their working years, they have every reason to expect that benefits to which they are entitled, and which many rely on exclusively, will be available to them. To subject part of these benefits to further taxation amounts to a cruel hoax on recipients, and must be prevented. I would urge my colleagues to support H.R. 6012, introduced by Representative ALBOSTA, which would make a necessary technical amendment to the social security laws to expressly prohibit the imposition of such a tax. Thank you.

## UNDER CARTER ADMINISTRATION NOTHING IS CERTAIN BUT DEATH AND HIGHER TAXES

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, today is the day when thousands of Americans are more aware than on any other day of the year of just how much they pay in taxes. Nearly 200 years ago, Benjamin Franklin wrote that—in this world, nothing is certain but death and taxes. After 25 years of Congress being controlled by the Democrats, I think Mr. Franklin would agree that his statement should be amended to read: "Nothing is certain but death and higher taxes."

During the first 3 years of the Carter administration, the Democrats who run Congress have increased taxes by $76 billion—an average of $1,000 per taxpaying household.

In 1980, taxes will increase by another $66 billion—and in 1981, the tax bite will worsen by a staggering $96 billion—unless the American people finally stand up and say enough.

Today truly is Democrat Tax Increase Observance Day. But on Tuesday, November 4, the American voters can celebrate Republican Tax Cut Day by electing a Republican Congress.

## A PROTEST AGAINST IRRESPONSIBLE FEDERAL SPENDING AND TAXATION

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, today is the deadline for American taxpayers to file their 1979 Federal tax returns.

On behalf of my Arizona constituents, I take this time to register a strong protest over the fact that the personal tax burden of average households throughout our country has increased 20 to 34 percent just since the Carter administration took office.

This means that families whose incomes have kept pace with inflation each year have still suffered an annual loss of 4 to 6 percent in real aftertax earnings because of Carter administration tax increases.

Federal taxation last year was $182.1 billion more than 1976, the last year of the Ford administration—a total tax increase of 64 percent in just 3 years.

Federal income and social security taxes for the median income American family are now $3,219—compared to $714 25 years ago.

The gigantic Federal tax increase that our people continue to suffer is the direct result of Federal overspending—particularly by taxing the earnings of American working people and their businesses in order to redistribute that money through Federal social welfare programs.

Today, Federal tax deadline day, let it be noted that the American people demand a halt to the profligate overspending policies of Congress, which are responsible for the heavy burden of Federal taxes which saps the strength of our American economy and destroys the incentive of our people to work and to produce.

□ 1220

## INCREASING UNEMPLOYMENT IS NO WAY TO FIGHT INFLATION

(Mr. LOWRY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LOWRY. Mr. Speaker, the people of the State of Washington do not think much of the policies of fighting inflation by increasing unemployment. We need this year in this Congress to address the need for capital formation. We need to have capital for housing.

We have 3 million people unemployed in housing in this country, and we are going to lose 1 milion jobs if we continue not to address the need for capital.

We need capital for business. That means that we have to look courageously at the budget this year as it applies to the future.

Mr. Speaker, let us not be shortsighted. Let us not be pennywise and pound foolish. Let us use good domestic policies in the budget this year for capital formation.

## HUMAN RIGHTS AND THE COUP IN LIBERIA

(Mr. BONKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONKER. Mr. Speaker, the coup which occurred in Monrovia, Liberia, over this past weekend is part of a phenomenon which has pervaded many other parts of Africa in recent years. Low-ranking military elements seize control by killing some of the top leadership, councils of "national redemption" are established to root out "corrupt" elements, and, unfortunately, all too often countries sink further into poverty and economic stagnation.

I fervently hope that this tragic pattern will not be repeated in Liberia. The old order was on its way out; the rice riots of last year gave some indication of the discontent felt by the populace. Yet news accounts of the conduct of M. Sgt. Samuel Doe's new regime are very distressing. The killing which has occurred, and which may continue if the "treason trials" are allowed to take place, is reprehensible and should be vigorously condemned. The cycle of violence must be stopped. The abuse of those now held captive by subjecting them to public ridicule should be ordered to a halt immediately.

The United States is in a unique position to encourage Mr. Doe's regime to respect human rights and refrain from embarking on a wave of bloody recrimination or promoting a spirity of revenge. Historically the bonds of friendship between the United States and Liberia have been very strong, and hopefully can remain so in the future. But I urge that our Government condemn any further recriminations which may occur in Liberia. This is a time of great opportunity as well as danger for the Liberian people. I hope that the new regime will now turn its sights to the future and focus on the most important task of reducing the poverty which afflicts most Liberian families. We stand ready to help in this effort, but only if basic human rights are respected.

## MAYBE ALICE SHOULDN'T LIVE HERE ANYMORE

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, it is bad enough with a Federal budget that has gone through the roof. It is just as bad when it appears that the director of the Congressional Budget Office has been caught on the roof with questionable intentions.

Budgetary objectivity at the CBO appears to be nothing more than a facade, as evidenced in a report by Evans and Novak in the Washington Post this past week. In that report, Dr. Alice Rivlin, the CBO chief, is alleged to have privately sanctioned efforts to prevent hearing or at least rig a congressional hearing to discredit certain tax reduction ideas; namely, reduce taxes and spending and stimulate economic growth.

When so much is riding on the objective analysis and presentation of critical budget issues by the CBO, even the appearance of partiality must be quickly, thoroughly, and publicly aired. At the very least, an inquiry into this report of backroom manipulation is imperative.

Mr. Speaker, if the reports are confirmed, maybe (to paraphrase the title of a popular book and TV series) Alice should not live here anymore.

## DEMOCRATIC TAX OBSERVANCE DAY

(Mr. HYDE asked and was given permission to address the House for 1 minute.)

Mr. HYDE. Mr. Speaker, the litany of criticism of this administration by our Democratic colleagues this afternoon shows that the road to Damascus is indeed getting crowded.

Today is Democratic tax observance day—one that should be symbolized by pulling our pockets inside out to show how empty they are.

The Democrats' lust for tax dollars is insatiable, because Congress is spending a million dollars a minute.

In the last 25 years of majority party control, the value of the dollar has dwindled to an anemic 36 cents. Their brand of economics has given us runaway inflation, a crushing national debt, and 3 months every year when everyone works exclusively for the Federal Government.

If the Democratic Congress would protect the taxpayers half as much as they do the snail darter, a few of us might survive.

Hang in there America—only 204 days until November 4.

## THE CIGARETTE SAFETY ACT (H.R. 6675)

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOAKLEY. Mr. Speaker, the story of the careless use of smoking materials leading to the destruction of life and property was brought home to suburban Washington last weekend.

Last Saturday night, seven people perished in a fire apparently started by a cigarette left to smolder in an armchair in McLean, Va.

This incident joined the ranks of the over 70,000 smoking-related fires that occur each year across the country, and result in 1,800 deaths, 4,000 injuries, and $180 million in economic losses. These fires could easily have been prevented.

Recently, I introduced the Cigarette Safety Act, which seeks to insure that cigarettes have a minimum capacity for igniting smoldering upholstered furniture and mattress fires. The act mandates the Consumer Product Safety Commission, to develop a performance standard that will reduce the potential of cigarette-related fires from occurring.

Mr. Speaker, I urge my colleagues to join me, in working to reduce the needless damage, to life and property of smoking-related fires by supporting this legislation.

## THE TAX-INFLATION SPIRAL

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGRICH. Mr. Speaker, taxes and inflation are feeding on each other. Politicians like to talk about the "wage-price spiral," because it is easy to blame inflation on business and labor.

But the real threat to our Nation is the tax-inflation spiral. Inflation pushes people into higher tax brackets. They then pay more taxes on the same real income. The added taxation burdens the economy, stifles growth, and invites stagnation and finally recession. Recession means big deficits, all the while inflation becomes deeper and deeper embedded in the economy.

It is a moral imperative for this Congress to stop the tax-inflation spiral. Unfortunately, the President and the people who run this House feel otherwise. They have offered a 1981 budget with a $96 billion tax-and-revenue increase—$990 for every American in the civilian labor force.

The majority budget is a prescription for the strangulation of the American economy. Its tax increases mean more hardship. Its underlying assumptions mean years of decay and weakness for America; it is a surrender to both inflation and recession.

Today is the day when millions of working Americans send more money to Washington—to support an establishment that rewards them with pain, phony promises, inefficiency, and zero hope for their families' future.

Today is also "Democratic Tax Increase Day." The Members of the minority join with working America to mourn the majority party's surrender to inflation, recession, and a big-spend, big-tax attitude that threatens the survival of our Nation.

## REMEMBERING TAX DAY

(Mr. SCHULZE asked and was given permission to address the House for 1 minute.)

Mr. SCHULZE. Mr. Speaker, today marks the 67th annual plundering of the American people by their Government through the Federal income tax.

While the IRS will collect some $530 billion this year, next year's burden will be far greater. The Carter administration's fiscal year 1981 budget proposal is a "windfall profit," to the Federal Treasury.

Social security taxes will increase by $25.2 billion;

Inflation will add $15 billion;

The oil windfall profit tax, $15 billion;

The oil import fee will add $12.6 billion; and

The President's cash management initiatives and withholding taxes on dividends and interest another $7.7 billion.

The Carter administration will increase tax revenues next year by nearly $100 billion. With these revenues they will try to balance the Federal budget on the backs of the poor, the elderly, and the working men and women of the United States of America.

## D-DAY FOR AMERICAN TAXPAYERS

(Mr. SHUMWAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHUMWAY. Mr. Speaker, today is D-day for American taxpayers.

In their rush to meet the IRS' filing deadline, a great many Americans have probably stumbled across the secret of the majority party's approach to "budgetary balance." By permitting inflation to push taxpayers into higher and higher tax brackets, it is possible to collect more and more revenues from them in an underhanded manner—revenues which are then available to meet free-spending demands.

Those signing their names to 1040 forms today will not need to be reminded that this is National Tax Increase Observance Day. However, those of us on the other side of the aisle who are fighting for both spending and tax cuts would like the beleaguered taxpayers to know this: Just because taxes have risen steadily for 25 years, and just because the dollar is now worth only 35 cents does not mean there is no other choice.

## THE FLYING OF OLD GLORY

(Mr. EVANS of Delaware asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVANS of Delaware. Mr. Speaker, this morning I picked up my local hometown newspaper, the Wilmington News Journal, to find one of the most shocking editorials that I have ever seen.

This editorial criticized the practice of Members of Congress, including myself, for providing American flags at cost to the public, and called the practice "plain hucksterism."

Mr. Speaker, it is not hucksterism to be proud of one's country, and I think the News Journal has, with this ill-chosen slogan, insulted every person and every group which proudly flies the colors every day.

I believe that when 50 Americans are being held hostage in Iran by a bunch of hoodlums, when our Ambassador in Colombia is being held hostage, and when our country is just plain being kicked around in the world, the time has come for all Americans to proudly fly their country's flag.

I am displaying the American flag at both my home and my office, and I shall continue to do so until all our hostages are returned. Further, I have been deeply gratified that thousands of Delawareans and hundreds of thousands of Americans have begun to fly the flag in the last several months. In fact, over 1,000 persons have ordered flags through my office in the last several weeks.

Mr. Speaker, the American flag is the symbol of our country and its freedoms. Despite the cynical attitude displayed by the News Journal, I shall continue to do everything I can to encourage the flying of Old Glory.

## FOR A TAX REDUCTION WE NEED A REPUBLICAN CONGRESS

(Mr. CARNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARNEY. Mr. Speaker, today, April 15, is a day we all recognize as the last day to file our income tax returns.

And we recognize it as the day by which our patience has run out with receipts, invoices, doctor's bills, and a mountain of canceled checks we wade through to figure out how much we owe.

Not only is our patience taxed to its limit, but our pockets are being taxed empty.

When the Republicans last controlled Congress, the median tax bill for a family was about $700; today, that same median income family pays over $3,200 in Federal income and social security taxes.

The Democrats have taxed the dollar to oblivion. They have collected nearly $5 trillion in taxes in the past 25 years.

Nearly 100 bills which would have reduced our tax rates were introduced in the first session of the 96th Congress alone. But the Democratic leadership thinks they know better than the American people, as to how we want our money spent.

For a tax reduction, we need a Republican Congress. Mr. Speaker, it's time for a change.

## FRIVOLOUS STUDIES WASTE TAX MONEY

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, several years ago a University of Virginia economist studied social welfare spending and found that the Government spent enough on poverty programs to put everyone below the poverty line in the United States, 30 percent above the poverty line.

The fact that the poor are still with us after expenditures of this magnitude is a testament to how much of this money is wasted on feeding the industrial complex that specializes in advising us about the poor.

A recent example of a Government funded study we probably could have done without crossed my desk today. It is entitled, "Tell Me About Your School."

This study interviewed 80 unrandomly selected youngsters in inner-city schools in New York and asked them if they like school; how their friends liked school; how much homework they received; who helped them with their homework; what should be done about pregnant girls in school; what they wanted to be when they grow up, et cetera.

The study states that in order to keep the attention of the students, they paid each child $3 to answer the questions.

The National Commission for Employment Policy partially funded the study, as well as paid for the printing and publishing costs. Mr. Speaker, these are tax dollars.

This study was commissioned to shed some light on why we have such a high unemployment rate among minority youngsters.

Mr. Speaker, this is indeed a serious problem.

But I doubt if frivolous studies such as this one make any contribution to understanding this problem.

## REDUCE SPENDING TO BALANCE THE BUDGET

(Mr. TAUKE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TAUKE. Mr. Speaker, Sunday evening I had the pleasure, via the courtesy of the University of Dubuque, to dine with professor and Mrs. John Kenneth Galbraith. I was pleasantly surprised by the strength of Dr. Galbraith's stated conviction that the Federal Government ought to have a substantial budget surplus. That is right, Galbraith wants a budget surplus. The only problem is that Dr. Galbraith believes that the surplus should be achieved by imposing even higher taxes on the American people.

It is no secret, of course, that Dr. Galbraith has been the patron saint of Democratic economic policy during the past 25 years. During these 25 years, the Democratic Congress has raised taxes to the point that they are starving the private sector of needed money. And that is at the heart of our economic problems.

Today, April 15, it is time to note again that we need to reduce spending to balance the Federal budget, not increase taxes. And that job rests with this Congress.

## FLY THE FLAG TO EMPHASIZE UNITY NOT DIVISIVENESS

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, I would like to associate myself with the remarks made previously by the gentleman from Delaware (Mr. EVANS) with regard to flying the flag. It seems to me that flying the flag as a symbol of unity during this period of national crisis, is an entirely appropriate action.

We might reflect upon the fact that the policies that have led to the crisis that we now face were developed during that period of time when we were out burning the flag, when we were emphasizing our divisiveness as a society rather than the unity that we should have.

It is time that we do show that we stand together, rallied around the flag, and the gentleman from Delaware is to be congratulated for promoting this effect.

## DEMOCRAT TAX INCREASE OBSERVANCE

(Mr. EDWARDS of Oklahoma asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. EDWARDS of Oklahoma. Mr. Speaker, today, the last day to pay taxes, is the focus point of Republican Party's nationwide "Democrat Tax Increase Observance."

Last night Hollywood handed out its Academy Awards. We can turn to Hollywood to help describe the work of the Democrat-controlled Congress and what it has done to millions of innocent taxpayers. Both Hollywood and this Congress deal in fantasy, make-believe and illusion.

Over the years, we have seen that a great many tax cut ideas have "Gone With the Wind." Despite rising taxes and a failing economy, the Democratic leadership refuses to take action. Well, the American people are tired of "All That Jazz." They know that we are in "Hard Times". The leadership seems to have forgotten what "Being There" is like—paying year in and year out the heavy and unnecessary cost of the tax policies of a Democrat-controlled Congress.

Well, it is time for "Chapter II." The Republican Party knows that the American people are demanding we begin "Breaking Away" from the tax policies that have failed and the budgets that have not been balanced. The people are tired of being treated like "The Jerk."

Republicans think it is time that we were "Starting Over." We want to bring tax relief to the American people, "And Justice for All." If we fail to act, we will surely face our "Apocalypse Now."

□ 1240

## TAXATION IS WORSE THAN EVER

(Mr. KRAMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. KRAMER. Mr. Speaker, 202 years ago, we fought the Revolutionary War over the issue of "taxation without representation." Today, we have representation, but taxation is worse than ever—thanks to 25 years of Democratic control of Congress. The American people want programs and ideas that will get this country moving again; they've had enough of the Democrats' pet philosophy of "spend, spend, spend, tax, tax, tax." Thus, at a time when President Carter and the Democratic leadership in the House are proposing to achieve a balanced budget by raising taxes, it's interesting to look at the results of a survey I recently conducted in my congressional district in Colorado: 79.2 percent said we need statutory spending limits on Federal spending; 63.1 percent favor tax cut legislation this year; and 85.8 percent say Federal income taxes should be indexed to prevent inflation from shoving people into higher tax brackets. I, for one, think it is high time we had a Congress that listened to the people.

### COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore, (Mr. Moakley) laid before the House the following communication from the Clerk of the House of Representatives:

Washington, D.C., *April 8, 1980.*

Hon. Thomas P. O'Neill, Jr.,
*The Speaker, House of Representatives, Washingotn, D.C.*

Dear Mr. Speaker: I have the honor to transmit herewith a sealed envelope from the White House received in the Clerk's Office at 4:15 p.m. on Monday, April 7, 1980, and said to contain a message from the President concerning Iran, together with a copy of an Executive Order.

With kind regards, I am,

Sincerely,
Edmund L. Henshaw, Jr.,
*Clerk, House of Representatives.*
By W. Raymond Colley,
*Deputy Clerk.*

### PRESIDENTIAL ACTION TAKEN AGAINST IRAN PURSUANT TO INTERNATIONAL EMERGENCY ECONOMICS POWERS ACT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC NO. 96-292)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Foreign Affairs and ordered to be printed:

(For message, see proceedings of the Senate of today, April 15, 1980.)

### COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

Washington, D.C.,
*April 11, 1980.*

Hon. Thomas P. O'Neill, Jr.,
*The Speaker, House of Representatives, Washington, D.C.*

Dear Mr. Speaker: I have the honor to transmit herewith a sealed envelope from the White House received in the Clerk's Office at 12:12 p.m. on Friday, April 11, 1980, and said to contain a message from the President wherein he transmits the 20th quarterly report of the Council on Wage and Price Stability.

With kind regards, I am,

Sincerely,
Edmund L. Henshaw, Jr.,
*Clerk, House of Representatives.*
By W. Raymond Colley,
*Deputy Clerk.*

### THE 20TH QUARTERLY REPORT ON COUNCIL ON WAGE AND PRICE STABILITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 96- )

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Banking, Finance and Urban Affairs:

(For message, see proceedings of the Senate of today, April 15, 1980.)

### COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

Washington, D.C., *April 8, 1980.*

Hon. Thomas P. O'Neill, Jr.,
*The Speaker, House of Representatives, Washington, D.C.*

Dear Mr. Speaker: I have the honor to transmit herewith a sealed envelope from the White House received in the Clerk's Office at 12:08 p.m. on Tuesday, April 8, 1980, and said to contain a message from the President wherein he transmits the Thirteenth Annual report required by the Automotive Products Trade Act of 1965.

With kind regards, I am,

Sincerely,
Edmund L. Henshaw, Jr.,
*Clerk, House of Representatives.*
By W. Raymond Colley,
*Deputy Clerk.*

### THIRTEENTH ANNUAL REPORT RELATING TO DEVELOPMENTS DURING 1978, TRANSMITTED IN ACCORDANCE WITH THE AUTOMOTIVE PRODUCTS TRADE ACT OF 1965—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Ways and Means:

(For message, see proceedings of the Senate of today, April 15, 1980).

□ 1250

### TO ELIMINATE DUPLICATE JURISDICTION IN COLLECTIVE BARGAINING

Mr. MURPHY of New York. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6613) to amend the Shipping Act, 1916, in order to prohibit regulation of collective bargaining agreements by the Federal Maritime Commission, as amended.

The Clerk read as follows:

H.R. 6613

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

(a) That section 1 of the Shipping Act, 1916 (46 U.S.C. 801), is amended by defining the term "other person subject to this chapter" to read as follows:

"The term 'other person subject to this chapter' means any person not included in the term 'common carrier by water', carrying on the business of forwarding or furnishing wharfage, dock, warehouse, or other terminal facilities in connection with a common carrier by water: *Provided, however,* That any multiemployer bargaining group when it negotiates or administers collective bargaining agreements with a labor organization representing employees in the maritime or stevedoring industry shall not be deemed a common carrier by water or other person subject to this chapter without regard to whether membership of said multiemployer bargaining group includes any 'common carrier by water' or 'any other person subject to this chapter'."

(b) That the first paragraph of section 15 of the Shipping Act, 1916 (46 U.S.C. 814), is amended to read as follows:

"Every common carrier by water, or other person subject to this chapter, shall file immediately with the Commission a true copy, or, if oral, a true and complete memorandum, of every agreement with another such carrier or other person subject to this chapter, or modification or cancellation thereof, to which it may be a party or conform in whole or in part, fixing or regulating transportation rates or fares; giving or receiving special rates accommodations, or other special privileges or advantages; controlling, regulating, preventing, or destroying competition; pooling or apportioning earnings, losses, or traffic; allotting ports or restricting or otherwise regulating the number and character of sailings between ports; limiting or regulating in any way the volume or character of freight or passenger traffic to be carried; or in any manner providing for an exclusive, preferential, or cooperative working arrangement. The term 'agreement' in this section includes understandings, conferences, and other arrangements: *Provided, however,* That collective bargaining agreements and all provisions thereof, between a common carrier by water, other persons subject to this chapter or a multiemployer bargaining group and a labor organization representing employees in the maritime or stevedoring industry, and any agreements preparatory thereto among members of the multiemployer bargaining group, and any provisions for the implementation of the collective bargaining agreement, including the means and method of raising the moneys for wages, fringe and other employee benefits provided in the collective bargaining agreement, shall not be deemed either an agreement or a cooperative working arrangement subject to the filing provision herein: *And provided further,* That said collective bargaining agreements and agreements preparatory to, and for the implementation thereof, shall not be subject to Commission jurisdiction for any purpose under any other provision of this chapter including, but not limited to, Sections 16, 17 and 22 thereof."

(c) The first paragraph of section 16 of the Shipping Act (46 U.S.C. 815), is amended to read as follows:

"It shall be unlawful for any shipper, consignor, consignee, forwarder, broker, or other person, or any officer, agent, or employee thereof, knowingly and willfully, directly or indirectly, by means of false billing, false classification, false weighing, false report of weight, or by any other unjust or unfair device or means to obtain or attempt to obtain transportation by water for property at less than the rates or charges which would otherwise be applicable: *Provided, however,* That any charge, tax or assessment imposed upon cargo or any shipper or ocean carrier to fund the fringe benefit obligations under a collective bargaining agreement shall not be deemed a charge within the meaning of this section."

(d) The first paragraph of section 17 of the Shipping Act, 1916 (46 U.S.C. 816), is amended to read as follows:

> "That no common carrier by water in foreign commerce shall demand, charge, or collect any rate, fare, or charge which is unjustly discriminatory between shippers or ports, or unjustly prejudical to exporters of the United States as compared with their foreign competitors. Whenever the Board finds that any such rate, fare, or charge is demanded, charged, or collected it may alter the same to the extent necessary to correct such unjust discrimination or prejudice and make an order that the carrier shall discontinue demanding, charging, or collecting any such unjustly discriminatory or prejudicial rate, fare, or charge: *Provided, however,* That any charge, tax or assessment imposed upon cargo or any shipper or ocean carrier to fund the obligations under a collective bargaining agreement shall not be deemed a charge within the meaning of this section."

The SPEAKER pro tempore. Is a second demanded?

Mr. McCLOSKEY. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from New York (Mr. Murphy) will be recognized for 20 minutes, and the gentleman from California (Mr. McCloskey) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York (Mr. Murphy).

Mr. MURPHY of New York. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 6613, legislation which will amend the Shipping Act of 1916 to prohibit regulation of collective bargaining agreements by the Federal Maritime Commission.

Section 15 of the Shipping Act of 1916 requires that common carriers by water and "other persons subject to the act" file with the FMC certain maritime agreements. Until recently, the FMC did not consider collective bargaining agreements within their filing and review jurisdiction. The Supreme Court has now found that such agreements are subject to commission review. H.R. 6613 would exempt collective bargaining agreements from the filing and review requirements of the 1916 Shipping Act.

Presently, the shipping industry is the only regulated industry where collective bargaining agreements are subject to prior approval. The industry is subject not only to our elaborate system of labor laws, but also to regulation by the FMC, an agency totally lacking expertise in the area of collective bargaining.

This preimplementation approval requirement which permits the Government to supervise the terms of collective bargaining agreements will have an adverse impact on parties trying to reach agreements on labor problems. The concept of labor and management reaching an agreement which represents merely a tentative settlement, which could be nullified by a Government agency, is foreign to American labor law.

The FMC supports this legislation, as does the Department of Labor, the AFL-CIO, and various other groups representing maritime management and labor.

Mr. Speaker, I reserve the balance of my time.

Mr. McCLOSKEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the minority has no basic objection to this bill. The bill does no more than remove an unwanted and ineffectively used power from the Federal Maritime Commission to regulate agreements between longshoremen and maritime unions and the industry.

We have had an omnibus bill (H.R. 6899) reported out of the committee on April 2, 1980, that we expect on the floor shortly, and that will accomplish substantially the same result.

The bill, in my judgment, is not essential to the future of the Nation, but I see no harm in it.

The bill clears up an ambiguous provision in the law that has caused protracted litigation over whether the Federal Maritime Commission (FMC) has, or should exercise, jurisdiction over collective bargaining agreements between maritime and waterfront unions and management concerning charges to be paid by shippers to fund pension and other union benefits.

The FMC initially argued that they should not consider such agreements. After lengthy litigation, the Supreme Court recently ruled, 5 to 3, that the law required the FMC to exercise jurisdiction.

The bill before us removes the FMC's jurisdiction, but with a reluctant and often incompetent FMC, any resulting damage to the public interest is remote. Whatever may be the public interest in preventing unjust and discriminatory assessment of freight rates as between the value of cargoes as opposed to tonnages, or between container shipments and break-bulk shipments, that public interest is best served by an alert Justice Department enforcing the antitrust laws rather than trying to stir a comatose and unwilling FMC into action it neither wants to take nor is capable of doing well.

The FMC, if not ripe for abolition, has richly earned this slight diminution in its jurisdiction. Hopefully the removal of this type of case from its already outrageously delayed docket will give the FMC time and energy to do a better job in its primary responsibility to protect shippers from far more substantial rapes than the relatively minor depredations of the longshoremen's unions in the past.

If pending collective bargaining agreements reflect abuse of the new freedom of the unions, or if the Justice Department is unable to prevent public injury caused thereby, we can hopefully devise a legislative remedy that will protect the public without further increase in the jurisdiction, staff and length of time for decision of what may well be the most ineffective of all of the agencies of the Federal Government.

As I said before, Mr. Speaker, this is not a bill that will save the Nation, but neither will it do us any great harm. It merely removes from an incompetent agency, jurisdiction over a matter that agency did not want to concern itself with in the first place.

The bill is intended to affect only future collective bargaining agreements; it is not intended to remove from FMC consideration or court litigation any agreements which are currently under agency or court review.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. Murphy) that the House suspend the rules and pass the bill, H.R. 6613, as amended.

The question was taken.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 358, nays 2, not voting 71, as follows:

[Roll No. 178]

YEAS—358

Abdnor
Addabbo
Akaka
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Bailey
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Byron
Carney
Carter
Cavanaugh
Cheney
Clausen
Clay
Cleveland
Coelho
Coleman
Collins, Ill.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Dickinson
Dicks
Diggs
Dingell
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Giaimo
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harkin
Harris
Hawkins
Heckler
Hightower
Hillis
Holland
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Huckaby
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffries
Jenkins
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kelly
Kildee
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, La.
Leath, Tex.
Lee
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Lundine
Lungren
McClory
McCloskey
McCormack
McDade
McEwen
McKay
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.

Moakley
Mollohan
Montgomery
Moore
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oberstar
Ottinger
Panetta
Patten
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pursell
Quillen
Quayle
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Roe
Rose
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Runnels
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stratton
Studds
Stump
Symms
Synar
Tauke
Taylor
Thomas
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Waxman
Weaver
Weiss
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Winn
Wolff
Wolpe
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—2

Butler
Leach, Iowa

NOT VOTING—71

Albosta
Alexander
Archer
Atkinson
Badham
Baldus
Bevill
Biaggi
Brooks
Brown, Ohio
Burton, Phillip
Campbell
Carr
Chappell
Chisholm
Clinger
Collins, Tex.
Crane, Philip
Davis, S.C.
Devine
Dixon
Dougherty
Eckhardt
Evans, Ga.
Foley
Garcia
Gibbons
Goldwater
Hansen
Harsha
Hefner
Heftel
Hinson
Holt
Holtzman
Hughes
Jeffords
Jenrette
Johnson, Colo.
Kazen
Kemp
Kindness
Lederer
Lehman
Luken
McDonald
McHugh
McKinney
Mathis
Moffett
Moorhead, Calif.
Murphy, Ill.
Myers, Pa.
Oakar
Obey
Pashayan
Patterson
Pritchard
Rodino
Russo
Stokes
Swift
Thompson
Trible
Watkins
White
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wyatt

□ 1310

The Clerk announced the following pairs:

Mr. Biaggi with Mr. Albosta.
Mr. Hughes with Mr. Archer.
Mr. Jenrette with Mr. Goldwater.
Mr. Kazen with Mr. McKinney.
Mr. Lederer with Mr. Moorhead of California.
Mr. McHugh with Mr. Badham.
Mr. Moffett with Mr. Atkinson.
Mr. Myers of Pennsylvania with Mr. Murphy of Illinois.
Mr. Obey with Mr. Pashayan.
Mr. Patterson with Mr. Pritchard.
Mr. Rodino with Mr. Swift.
Mr. Russo with Mr. Trible.
Mr. Stokes with Mr. Jeffords.
Mr. Thompson with Mrs. Holt.
Mr. White with Mr. Hinson.
Mr. Charles H. Wilson of California with Mr. Harsha.
Mr. Wirth with Mr. Hansen.
Mr. Alexander with Mr. Bevill.
Mr. Baldus with Mr. Brooks.
Mr. Foley with Mr. Brown of Ohio.
Mr. Phillip Burton with Mr. Campbell.
Mr. Chappell with Mr. Kindness.
Mrs. Chisholm with Mr. Clinger.
Mr. Davis of South Carolina with Mr. Collins of Texas.
Mr. Mathis with Mr. Philip M. Crane.
Mr. Lehman with Mr. Devine.
Ms. Holtzman with Mr. Dougherty.
Mr. Heftel with Mr. Eckhardt.
Mr. Hefner with Mr. McDonald.
Mr. Garcia with Mr. Kemp.
Mr. Charles Wilson of Texas with Mr. Wyatt.
Mr. Luken with Mr. Bob Wilson.
Mr. Gibbons with Mr. Watkins.
Mr. Evans of Georgia with Ms. Oakar.
Mr. Dixon with Mr. Carr.

Mr. LONG of Maryland changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

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## PROVIDING FOR CONSIDERATION OF H.R. 6554, MARITIME APPROPRIATIONS AUTHORIZATION ACT FOR FISCAL YEARS 1981 AND 1982

Mr. ZEFERETTI. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 629 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 629

*Resolved*, That upon the adoption of this resolution it shall be in order to move, clause 7 of rule XIII to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6554) to authorize appropriations for the fiscal years 1981 and 1982 for certain maritime programs of the Department of Commerce, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from New York (Mr. ZEFERETTI) is recognized for 1 hour.

Mr. ZEFERETTI. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 629 provides for the consideration of H.R. 6554, to authorize appropriations for the fiscal years 1981 and 1982 for certain maritime programs of the Department of Commerce. The Rules Committee has granted an open rule providing 1 hour of general debate to be equally divided and controlled between the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries. In addition, the committee has granted a waiver of clause 7, rule XIII, due to the incomplete cost estimate in the committee report. At the conclusion of the amendment process, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. Speaker, this measure requests an authorization for fiscal year 1981 of $582,174,000 and for fiscal year 1982 such sums as may be necessary. These funds will go for the acquisition, construction, or reconstruction of vessels, for construction-differential subsidies, for maritime training at the Merchant Marine Academy, and for numerous other programs all of which are essential to the continued success of our merchant marine fleet.

The amount authorized represents $15,100,000 over the request in the most recent administration budget. I believe this increase is justified and in particular the $10,000,000 that is earmarked for the funding of a sealift readiness exercise, this exercise is especially important in light of the questionable ability of our merchant marine fleet to respond to an emergency.

As Chairman MURPHY continually stated during Rules Committee hearings, we cannot allow any further erosion of our merchant marine fleet. I hope my colleagues keep this in mind during the debate on this measure and urge the adoption of this resolution so we may proceed to the consideration of this most vital legislation.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule provides 1 hour of general debate for the consideration of the Maritime Appropriation Authorization Act for fiscal year 1981. The bill will be open to all amendments which comply with the standing rules of the House There is one waiver of points of order. Clause 7 of rule XIII requires a committee estimate of the costs which would be incurred in carrying out the bill "in the fiscal year in which it is reported and in each of the 5 fiscal years following such fiscal year * * *." In this case, the committee report gives the total cost of the legislation, but not a year-by-year breakdown. Therefore, the waiver is included to remedy this technical problem.

The purpose of H.R. 6554 is to authorize certain appropriations for the programs of the Maritime Administration within the Department of Commerce.

The bill authorizes $234.5 million for fiscal year 1981 and such sums as may be necessary for fiscal year 1982 for certain maritime programs of the Department of Commerce, as well as $347.7 million for fiscal year 1981 and such sums as may be necessary for fiscal year 1982 for liquidation of contract authority for operating-differential subsidies. I am informed the gentleman from Kentucky (Mr. SNYDER) will offer an amendment to delete the words "such sums" for fiscal year 1982. This is a good amendment and I hope it is adopted. The bill also authorizes such additional sums as may be necessary for increases in employee benefits authorized by law, and for increased costs of the Merchant Marine Academy at Kings Point, N.Y.

According to the Congressional Budget Office, the 1981 authorization level in the bill is approximately 29 percent above the funding level enacted for fiscal year 1980, due primarily to the $34 million increase for construction-differential subsidies and the $10 million provided to conduct a sealift readiness exercise.

☐ 1320

Mr. Speaker, I yield 1 minute to the gentleman from Idaho (Mr. SYMMS).

(By unanimous consent, Mr. SYMMS was allowed to speak out of order.)

### FILING AND VOTING DAY

Mr. SYMMS. Mr. Speaker, today I am introducing legislation to change the taxable year to match the Government's fiscal year and require that tax returns be filed by November 1 of each year instead of April 15.

My bill will not in any way change the filing dates of those individuals and corporations who choose to file on a noncalendar year basis but it will mean that for many individuals filing returns they will be filing and paying taxes just before they cast their votes for those officials running for public office.

By making individuals more immediately aware of the monetary burden their Government is imposing upon them, I believe that the general public will begin to more carefully examine the records of those individuals for whom they are voting.

It is the responsibility of the taxpayers to return to public office those individuals who hold tight the strings of the public purse. Oftentimes, the overburdened taxpayer's April 15 pain has been somewhat dulled by election day because of the 7-month timelag between the day the Government took more than its fair share of profits and the day that taxpayers cast their votes.

It is imperative that the Representatives in this Congress and future Congresses make substantial, real cuts in the budget, provide tax incentives to the productive sectors of our economy, and cease the Government's off-budget spending in order to reverse the economic trends our economy has taken.

Therefore, I believe that by implementing measures that would make all individuals more immediately aware of the Government's spending patterns, the elected officials voting for "tax and spend" legislation would perhaps reexamine their voting patterns.

Mr. ZEFERETTI. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 359, nays 0, not voting 72, as follows:

[Roll No. 179]

YEAS—359

Abdnor
Addabbo
Akaka
Albosta
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Ashbrook
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carter
Cavanaugh
Cheney
Chisholm
Clausen
Clay
Cleveland
Coelho
Coleman
Collins, Ill.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Ford, Mich.
Ford. Tenn.
Forsythe
Fountain
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Green
Grisham
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harris
Harsha
Hawkins
Heckler
Hightower
Hillis
Holland
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Huckaby
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffries
Jenkins
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kelly
Kildee
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, La.
Leath, Tex.
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Lundine
Lungren
McClory
McCloskey
McCormack
McDade
McEwen
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Moore
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oberstar
Obey
Ottinger
Panetta
Patten
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Roe
Rose
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Runnels
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stratton
Studds
Stump
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Winn
Wolff
Wolpe
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—0

NOT VOTING—72

Alexander
Archer
Ashley
Badham
Baldus
Bevill
Biaggi
Brooks
Brown, Ohio
Burton, Phillip
Carr
Chappell
Clinger
Collins, Tex.
Davis, S.C.
Diggs
Dingell
Dixon
Dougherty
Eckhardt
Evans, Ga.
Foley
Fowler
Garcia
Giaimo
Gibbons
Gray
Guarini
Hansen
Harkin
Hefner
Heftel
Hinson
Holt
Holtzman
Hughes
Jeffords
Jenrette
Johnson, Colo.
Kazen
Kemp
Kindness
Leach, Iowa
Lederer
Lloyd
Luken
McDonald
McHugh
Mathis
Mitchell, Md.
Moffett
Montgomery
Moorhead, Calif.
Murphy, Ill.
Murtha
Myers, Pa.
Oakar
Pashayan
Patterson
Pritchard
Rodino
Russo
Solarz
Stokes
Swift
Trible
White
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wyatt

☐ 1330

The Clerk announced the following pairs:

Mr. Alexander with Mr. Hefner.

Giaimo with Ms. Holtzman.

Mr. Mitchell of Maryland with Mr. Solarz.

Mr. Russo with Mr. Swift.

Mr. Rodino with Mr. Archer.

Mr. Charles H. Wilson of California with Mr. Badham.

Mr. Lederer with Mr. Brown of Ohio.

Mr. Phillip Burton with Mr. Gibbons.

Mr. Brooks with Mr. Hansen.

Mr. Biaggi with Mr. Clinger.

Mr. Bevill with Mr. Collins of Texas.

Mr. Baldus with Mr. Heftel.

Mr. Guarini with Mr. Hinson.

Mr. Jenrette with Mr. Moorhead of California.

Mr. Kazen with Mr. Murphy of Illinois.

Mr. Mathis with Ms. Oakar.

Mr. Wirth with Mr. Pashayan.

Mr. McHugh with Mrs. Holt.

Mr. Moffett with Mr. Jeffords.

Mr. Montgomery with Mr. Trible.

Mr. Hughes with Mr. Bob Wilson.

Mr. Carr with Mr. Wyatt.

Mr. Chappell with Mr. Lloyd.

Mr. Diggs with Mr. Dixon.

Mr. Dingell with Mr. Dougherty.

Mr. Foley with Mr. Davis of South Carolina.

Mr. White with Mr. Evans of Georgia.

Mr. Stokes with Mr. Fowler.

Mr. Patterson with Mr. Johnson of Colorado.

Mr. Myers of Pennsylvania with Mr. Kemp.

Mr. Murtha with Mr. Luken.

Mr. Ashley with Mr. McDonald.

Mr. Eckhardt with Mr. Leach of Iowa.

Mr. Garcia with Mr. Kindness.

Mr. Gray with Mr. Charles Wilson of Texas.

Mr. Harkin with Mr. Pritchard.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1340

## HON. RAPHAEL MUSTO

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania, Mr. Raphael Musto, be permitted to take the oath of office today. His certificate of election has not arrived, but there is no contest, and no question has been raised with regard to his election.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. Will the Pennsylvania delegation kindly accompany the newly elected candidate to the bar of the House to take the oath of office?

Mr. MUSTO appeared at the bar of the House and took the oath of office.

## MARITIME APPROPRIATIONS AUTHORIZATION ACT FOR FISCAL YEARS 1981 AND 1982

Mr. MURPHY of New York. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6554) to authorize appropriations for the fiscal years 1981 and 1982 for certain maritime programs of the Department of Commerce, and for other purposes.

The SPEAKER pro tempore (Mr. Donnelly). The question is on the motion offered by the gentleman from New York (Mr. Murphy).

The motion was agreed to.

### IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 6554, with Mr. Moakley in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from New York (Mr. Murphy) will be recognized for 30 minutes, and the gentleman from California (Mr. McCloskey) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New York (Mr. Murphy).

Mr. MURPHY of New York. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 6554, a bill to authorize appropriations to the Department of Commerce for certain maritime programs for fiscal year 1981.

On March 12, 1980, the Merchant Marine and Fisheries Committee favorably reported on H.R. 6554. This authorization bill will allocate funds to assure that the merchant marine is, at least minimally, able to perform its functions in time of peace and in time of war. We cannot sit back and allow the further erosion of our merchant fleet and shipbuilding base.

The bill, as reported by the committee, requests an appropriation authorization for fiscal year 1981 of $582,174,000. This is broken down as follows: $135,000,000 to subsidize ship construction: $347,697,000 for operating-differential subsidies; $18,750,000 for research and development activities; $7,208,000 for reserve fleet expansion and maintenance, $26,763,000 for maritime education and training, and $41,656,000 for maritime administration operating expenses.

The amounts which would be authorized by this bill are $15,100,000 higher than the request appearing in the administration budget of January of this year. $10,000,000 of these additional funds are for the express purpose of funding a sealift readiness exercise. Hearings before the Merchant Marine and Fisheries Committee this past year emphasized the questionable readiness of our merchant fleet, and indicated the need to ascertain the ability of the fleet to respond to an emergency.

The remaining $5,100,000 are additional allocations for education and training. These additional sums will provide $3 million for the express purpose of renovating the training vessel of the California Maritime Academy: And $2,100,000 for fuel oil for State schools.

On February 26 and 28 of this year the committee held hearings on this legislation. In addition, the Ad Hoc Select Subcommittee on Maritime Education and Training held a hearing on February 25 to examine the sections of the bill related to maritime education and training programs. Based on these hearings, it is evident that these programs represent the minimum authorization necessary to maintain a competitive U.S. merchant marine.

Mr. Chairman, I reserve the balance of my time.

Mr. McCLOSKEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, ordinarily, the maritime authorization bill would be the occasion for another long and bitter debate over maritime operating and construction subsidies, mismanagement of shipping and shipyard companies, feather-bedding practices of maritime labor and the misuse of taxpayers' money for political lobbying purposes.

This year, however, these crucial and substantive issues will be battled out when the omnibus maritime reform bill, H.R. 6899, reported by the Merchant Marine Committee on April 2, comes to the floor, hopefully in the near future.

In view of the backlog of major congressional business, together with the necessity for thorough and complete study of the omnibus bill—perhaps the most important maritime bill since 1916—it seems to me both presumptuous and unwise to fight the same issues twice within a few weeks, and to do so under the narrow umbrella of the annual MarAd authorization bill.

Therefore, Mr. Chairman, I suggest we pass this bill with disspatch, each of us taking note that our entire and very important maritime policy will be before the Nation for decision very shortly and that the setting of maritime goals and policy for the balance of this century is worthy of careful and comprehensive study and preparation.

There are two amendments, both of which I believe deserve favorable action. The gentleman from Kentucky (Mr. Snyder) will offer an amendment to correct an oversight and limit the authorization to 1 year instead of 2. I do not believe there is opposition to that amendment.

The gentleman from New York (Mr. Wolff) will ask to restore $1.7 million to the Federal academy at Kings Point, largely on the practical grounds that the committee's decision to transfer these funds to the six State academies will be lost in the appropriations process anyway under the press of our new unity of purpose to cut unplanned spending. The harsh truth is that the spending of this $1.7 million at Kings Point had been planned. The State academies, while they could certainly use additional funds—and I respect the decision of the subcommittee chairman in this respect, the gentleman from Oregon—have certainly not counted on nor planned nor indeed even requested the transfer of funds that the committee bill initially proposed.

Mr. Chairman, I am glad to support the bill.

Mr. Chairman, I yield such time as he may consume to the gentleman from Maine (Mr. Emery).

Mr. EMERY. Mr. Chairman, I rise to urge my colleagues to support the Maritime Administration authorization for 1981. In particular, I would like to bring to your attention the crucial nature of the amendments that the Maritime Education and Training Select Committee offered to this bill.

There is no question that the Congress must support the State maritime academies if the United States is to maintain its high standards of training that are necessary for safe operation of increasingly sophisticated vessels.

Last year, in recognition of this fact, the House accepted an amendment I offered that authorized $1.9 million for fuel assistance for training vessels to the State maritime academies. The Maritime Administration, also recognizing this need, has requested funding for fuel assistance, but OMB has deleted the item without justification.

At-sea training is the most critical portion of a cadet's education. Only in the training cruise format can the cadet practice and experience the actual operation of a large cargo vessel. Ship simulators, while an increasingly useful tool, do not provide a completely realistic experience. Training aboard commercial vessels does not allow for the practice and mistakes necessary for a sound learning experience.

Fuel costs have increased nearly tenfold since 1970 and are now seriously threatening the ability of the State academies to provide the 6 months of sea cruising time required by the Coast Guard for officer licensing.

The importance of fuel assistance to

the State maritime academies cannot be overstressed. Days of hearings and study by the Maritime Education and Training Subcommittee and the Maritime Administration have led to the inescapable conclusion that this authorization is of absolute necessity.

I urge my colleagues to support passage of this legislation.

□ 1350

Mr. MURPHY of New York. Mr. Chairman, I have no further requests for time.

Mr. McCLOSKEY. Mr. Chairman, I yield myself such time as I may consume, and I would like to address a question to the committee chairman on a matter involving this authorization.

In subcommittee markup on H.R. 6899, provisions relating to a proposed per diem subsidy program were stricken from that legislation. My question to the chairman is whether those provisions will be reinserted in the omnibus maritime bill or dealt with in this authorization?

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. McCLOSKEY. I yield to the gentleman from New York.

Mr. MURPHY of New York. The gentleman is correct in stating that the per diem subsidy section was stricken by subcommittee vote. However, this was in no way intended to prejudice the rights and powers of the Maritime Administrator under current law. On the contrary, the committee is anxious to see the Maritime Administrator exploit what appears to be a promising and useful program which current law presently permits him to do.

Mr. McCLOSKEY. I thank the chairman.

Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

● Mr. TRIBLE. Mr. Chairman, I rise in support of H.R. 6554, the Maritime Administration bill as reported by the Committee on Merchant Marine and Fisheries. This authorization will insure the continuation of programs crucial to the maintenance and development of the U.S. merchant marine.

The importance of a U.S.-flag merchant marine to our national security and economic well-being cannot be overemphasized. Our national security means a continuing supply of the raw materials on which our Nation depends. We must be able to insure that these resources are available. And, of course, that iron ore for steel or bauxite for aluminum or tungsten for missile components cannot be brought to the United States in airplanes. We must have merchant ships.

A strong U.S.-flag fleet serves two additional and critically important roles. Our merchant marine must be able to support military operations the world over. In the event of war or national emergency our merchant marine would be called on to transport troops and supplies. Our inability to mount the necessary sea lift to supply our armed services diminishes our ability to influence world events and to move quickly to protect our vital interests.

Moreover, a strong U.S.-flag fleet eliminates another American weakness—the dependence on foreign governments for the use of their flag fleets. The uncertainty respecting the rise of foreign flagged, U.S.-owned vessels will only increase. The oceans of the world are becoming as political as its parliaments.

The requirements of national security provide reason enough to maintain a strong merchant marine. The staggering growth of world trade—trade which the United States generates the largest share—redoubles the importance of an American flag merchant marine.

The U.S.-flag fleet competes with heavily subsidized national fleets whose carriage is increased by cargo preference laws. Over 40 nations now allocate specific percentages of cargo to their national fleets. In addition, they enjoy extremely favorable tax, tariff, customs and berthing treatment.

The United States must also compete with the growing and aggressive state-controlled fleet of the Soviet Union. Totally subsidized by the state, the Soviet merchant marine operates for political and military—as well as economic motives. The Soviets use their fleet to show the flag throughout the world, to establish political entree into third world countries, as well as to win foreign exchange.

Only a renewed national commitment to a strong American merchant fleet will sustain the innovation, ingenuity and efficiency which has characterized the American merchant marine for two centuries. America's shipbuilding industry has been a world leader in the development and construction of the most sophisticated vessels afloat. Such major breakthroughs as container ships, barge-carrying vessels and roll-on/roll-off ships originated in the United States. These technological advances have generated direct savings to American consumers.

H.R. 6554 is essential to the maintenance of America's shipbuilding base and its trading future. The authorization for construction differential subsidy will result in a growth in the gross national product of $267 million, and 1,900–2,900 man-years of work in U.S. shipyards. The CDS budget sustains a workforce crucial to the integrity of our defense industrial base, and supports thousands of jobs—jobs which are increasingly being filled by minority workers. In fact, since 1969 minority employment in U.S. yards has increased from 19.6 to 28.1 percent of the work force.

Equally important, CDS aids the ability of the United States to retain its important defense-related industrial capability. The Department of Defense has indicated that future wars will allow no time to construct or reconstruct the industrial facilities for mobilization; nor would there be adequate time for the training of new personnel. Our mobilization would have to be carried out with the industrial base existing in peacetime. Any reduction of yard capacity or manpower would seriously jeopardize our national defense.

The operating differential subsidy supports 147 liners and 26 bulk ships engaged in the foreign commerce of the United States and flying the U.S. flag. These ships are the foundation of our available sealift for military cargo and equipment. Without available ODS, these ships would either be unable to operate, or operate under foreign registry. This would seriously undermine our ability to support our troops in time of war or national emergency.

In addition, shipowners now receiving ODS are required to replace their vessels with ships built in U.S. yards. The result is additional domestic construction when these ships reach the end of their useful life, further buttressing our industrial capacity.

Still, much remains undone. As a nation, we must recognize that a strong U.S.-flag merchant marine serves our political and strategic, as well as economic objectives. The legislation before us today maintains a merchant marine in a state of decline. We must act promptly and decisively to reverse this disquieting trend.

I urge my colleagues to support this legislation.●

● Mrs. SNOWE. Mr. Chairman, my distinguished colleagues, I rise today in support of H.R. 6554, the maritime authorization bill. Passage of this legislation is vital to the support and maintenance of a viable U.S.-flag merchant marine—vital not only for our national defense but also for our economic security. By providing continued funding for construction and operating differential subsidies, research and development, and maritime education and training, we will sustain efficient and competitive U.S. facilities for shipbuilding and ship repair, and assure the continuity of regularly scheduled service for U.S. imports and exports. While I strongly support these provisions, of particular interest to me is the section pertaining to maritime education and training.

The House Merchant Marine and Fisheries Committee recommends that $13.4 million be authorized for financial assistance to State marine schools, with an additional $1.9 million for supplementary training courses. I heartily endorse such a recommendation. An incipient crisis is facing State maritime schools in education and training. A current shortage of licensed deck and engineering officers exists for U.S.-flag vessels, and is anticipated to extend through most of the 1980's; State academy training vessels are in a serious state of deterioration; and the increasing cost of fuel is having a disastrous impact on State academies' operating budgets. These are serious problems confronting our six State maritime academies, including the Maine Maritime Academy located in Castine, Maine. Rear Admiral Rogers, superintendent of Maine maritime, has testified on the critical nature of these issues.

The committee of origin, in its wisdom, has amended the administration's request by providing additional funds to forestall this crisis.

At the present time, about 1,100 new merchant marine officers enter the industry each year. Of these about 600 or approximately one-half graduate from the State maritime academies. Unless this legislation receives favorable consideration, one or more of these academies may be forced to terminate operations in the near future. Our academies constitute the major and least costly source of new trained officers for our merchant marine and are an increasingly important supplement of naval officers. Given our unstable global situation, and the critical value of the U.S. merchant marine to our national defense, it is urgent that the Federal Government provide its share of support for the State maritime academies. I ask that my colleagues join with me today in support of this farsighted legislation.●

● Mr. ANDERSON of California. Mr. Chairman, I am almost at a loss for words. It has become a habit for me to defend the MARAD authorization, because for as long as I can remember, the construction and operating subsidies in the program have come under attack every time Congress considers it.

While it heartens me that there is no attempt this year to reduce or eliminate these subsidies, it is tragic that the plight of our ocean transport system is forced to our attention by the crises we face in the world, especially in the Middle East.

These subsidies are only enough to slow down the decline of our merchant fleet and the evaporation of our shipbuilding industry. While CDS and ODS may seem to some to be extravagant giveaways, they hardly match the efforts of our competitors on the seas. The Japanese and Koreans have set no limit on underwriting their shipbuilding industries. The Soviets do not consider profit and efficiency in the establishment of a massive, modern merchant fleet which is completely integrated with their navy.

In response, we seem willing to export our shipbuilding industry and watch our fleet wither to the point that only 4 percent of our trade with foreign countries is carried on U.S.-flag vessels. As a result, we are particularly vulnerable in times, such as now, of international crisis.

So, it is with relief that I see these subsidies considered unopposed today. And I hope that our Merchant Marine Committee will be able to report other legislation to the floor which will reverse the sad and frightening trend of the last 20 years.●

● Mr. AKAKA. Mr. Chairman, I want to urge my colleagues to support H.R. 6554 as reported by the Committee on Merchant Marine and Fisheries.

The authorization is particularly important because it directly aims at a key objective of amendments made to the Merchant Marine Act of 1970, the redevelopment of a dry bulk fleet under the U.S. flag. Five dry bulk vessels will be built with the construction funds made available under H.R. 6554. As my colleagues well know, the dry bulk sector of the U.S. fleet has deteriorated to where only 2 percent of our dry bulk imports are carried in U.S. vessels. This is complicated further by the fact that the United States has developed an increasing reliance on the imports of raw materials.

We find ourselves in a difficult position. We are dependent on the goodwill of foreign owners of raw materials and on foreign-owned transportation systems for the delivery of raw materials that are critical for our economy and security.

Thus, the need for MARAD to carry out its initiatives to address this situation cannot be overstressed.

MARAD's construction program is crucial to attract new orders to American shipyards. This strong shipbuilding capability is crucial to our national defense.

As a whole, the fiscal year 1981 maritime authorization is a cornerstone for continuation of our maritime policy that a strong U.S.-flag merchant fleet is an essential component in our economy and defense.

I urge your support of H.R. 6554 ●

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

H.R. 6554

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Maritime Appropriations Authorization Act for Fiscal Years 1981 and 1982".

SEC. 2. Funds are authorized to be appropriated without fiscal year limitation as the appropriation Act may provide for the use of the Department of Commerce, for the fiscal years 1981 and 1982 as follows:

(1) For acquisition, construction, or reconstruction of vessels and construction-differential subsidy and cost of national defense features incident to the construction, reconstruction, or reconditioning of ships, not to exceed, $135,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal year 1982;

(2) For payment of obligations incurred for operating-differential subsidy, not to exceed $347,697,000 for fiscal year 1981, and such sums as may be necessary for fiscal year 1982;

(3) For expenses necessary for research and development activities, not to exceed $28,750,000 for fiscal year 1981, and such sums as may be necessary for fiscal year 1982: *Provided,* That of the amounts authorized for research and development there is specifically authorized $10,000,000 for the sole purpose of conducting a sealift readiness exercise prior to the end of calendar year 1980, with a report on the outcome of the exercise made to the appropriate committees of Congress prior to February 1, 1981;

(4) For maritime education and training expenses, not to exceed $26,763,000 for fiscal year 1981, including not to exceed $18,201,000 for maritime training at the Merchant Marine Academy at Kings Point, New York, $6,680,000 for financial assistance to State marine schools, and $1,882,000 for supplementary training courses authorized under section 216(c) of the Merchant Marine Act, 1936, and such sums as may be necessary for fiscal year 1982; and

(5) For operating expenses, not to exceed $38,864,000 for fiscal year 1981, including not to exceed $7,208,000 for reserve fleet expenses, and $31,656,000 for other operating expenses, and such sums as may be necessary for fiscal year 1982.

SEC. 3. There are authorized to be appropriated for the fiscal year 1981 and 1982, in addition to the amounts authorized by section 2 of this Act, such additional supplemental amounts for the activities for which appropriations are authorized under section 2 of this Act, as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law, and for increased costs for public utilities, food service, and other expenses of the Merchant Marine Academy at Kings Point, New York.

Mr. MURPHY of New York (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 16, strike out "28,750,000" and insert in lieu thereof "$18,750,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 18 through 25, strike out—

*Provided,* That of the amounts authorized for research and development there is specifically authorized 10,000,000 for the sole purpose of conducting a sealift readiness exercise prior to the end of calendar year 1980, with a report on the outcome of the exercise made to the appropriate committees of Congress prior to February 1, 1981.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 3, line 2, strike out "$26,763,000" and insert in lieu thereof "$31,863,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 3, line 3, strike out "$18,201,000" and insert in lieu thereof "$16,521,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 3, line 5, strike out "$6,680,000" and insert in lieu thereof "$13,460,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 3, line 6, after "schools" insert the following: of this amount, $3,000,000 shall be to renovate the training ship of the California Maritime Academy and $2,100,000 shall be for fuel oil for State marine school training vessels.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 3, line 13, strike out "$38,864,000" and insert in lieu thereof "$48,864,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 3, line 16, after the word "expenses", insert: : *Provided*, That of the amounts authorized for operations there is specifically authorized $10,000,000 for the sole purpose of conducting a sealift readiness exercise prior to the end of calendar year 1980, with a report on the outcome of the exercise made to the appropriate committees of Congress prior to February 1, 1981;.".

The committee amendment was agreed to.

### AMENDMENT OFFERED BY MR. SNYDER

Mr. SNYDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SNYDER: On page 1, lines 3 and 4, strike "Maritime Appropriations Authorization Act for Fiscal Years 1981 and 1982" and insert in lieu thereof "Maritime Appropriations Authorization Act for Fiscal Year 1981".

On page 2, line 4, strike "years 1981 and 1982" and insert in lieu thereof "year 1981".

On page 2, lines 9 and 10, strike "1981, and such sums as may be necessary for fiscal year 1982;" and insert in lieu thereof "1981;".

On page 2, lines 13 and 14, strike "1981, and such sums as may be necessary for fiscal year 1982;" and insert in lieu thereof "1981;".

On page 2, lines 17, 18 and 25, strike "1981, and such sums as may be necessary for fiscal year 1982;" and insert in lieu thereof "1981;".

On page 3, lines 11 and 12, strike ", and such sums as may be necessary for fiscal year 1982;" and insert in lieu thereof ";".

On page 3, lines 21 and 22, strike "; and such sums as may be necessary for fiscal year 1982." and insert in lieu thereof ".".

On page 3, line 24, strike "and 1982".

Amend the title to read as follows: "To authorize appropriations for the fiscal year 1981 for certain maritime programs of the Department of Commerce, and for other purposes."

Mr. SNYDER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SNYDER. Mr. Chairman, this amendment simply confines the authorization in H.R. 6554 to the fiscal year 1981. As it now appears, H.R. 6554 would not only authorize certain specific amounts to be appropriated in fiscal year 1981, but it also authorizes such sums as may be necessary in fiscal year 1982. I believe that such an open-ended authorization for fiscal year 1982 represents an unwarranted extension of the committee's annual oversight responsibility.

There was no testimony received during the subcommittee hearings concerning fiscal year 1982 nor were there any questions by the members directed toward H.R. 6554's implications for fiscal year 1982.

I think that it is important, particularly in light of the Nation's present mood of austerity, to carefully limit whatever Federal expenditures the Congress does choose to authorize and to avoid giving the impression that we are authorizing appropriations for programs that we have not yet had the opportunity to review.

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from New York.

Mr. MURPHY of New York. I am happy that the ranking minority member, the gentleman from Kentucky (Mr. SNYDER), brought up this issue.

Speaking as a member, and chairman of this committee, I am not in favor of an open-ended authorization, because it takes away the necessary oversight and authorizing responsibility of the committee. We certainly want to be in a position to scrutinize all recommended expenditures and to limit or increase them, if necessary, as the programs and the needs of the Nation demand.

I would be happy to support the amendment of the gentleman from Kentucky.

Mr. McCLOSKEY. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from California.

Mr. McCLOSKEY. I thank the gentleman for yielding.

We are glad to support the amendment. It does cure an oversight, as the gentleman has stated.

Mr. SNYDER. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky (Mr. SNYDER).

The amendment was agreed to.

### AMENDMENT OFFERED BY MR. WOLFF

Mr. WOLFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLFF: Page 3, strike lines 1 through 12 and insert:

(4) For maritime education and training expenses, not to exceed $31,863,000 for fiscal year 1981, including not to exceed $18,201,000 for maritime training at the Merchant Marine Academy at Kings Point, New York, $11,780,000 for financial assistance to State marine schools, and $1,882,000 for supplementary training courses authorized under section 216(c) of the Merchant Marine Act, 1936.

Mr. WOLFF. Mr. Chairman, my amendment to H.R. 6554, the Maritime Administration Appropriations Act for fiscal year 1981. This amendment will simply restore the administration's request of $3.36 million for the modernization program of the U.S. Merchant Marine Academy at Kings Point, N.Y. During the markup session conducted by the Merchant Marine and Fisheries Committee this authorization was reduced by half with the deleted funds being transferred to the six State academies. I would like to strongly emphasize that my amendment will not increase the total authorization but will transfer the necessary funds back to the U.S. Academy from which it was taken. Mr. Speaker, these funds must be restored to allow the U.S. Merchant Marine Academy to fulfill the congressional mandate to modernize its facilities. The perceived inadequacies of the State academies should not be corrected at the expense of the U.S. Merchant Marine Academy.

In 1974 the administration and the Congress recognized this deficiency and authorized a 10-year program to renovate the existing warbuilt and prewar structures and provide some very essential academic, recreational and administration facilities needed to effectively maintain the Academy's training mission.

The Academy's request of funding for fiscal year 1981 at $3,360,000 represents a significant decrease from the average annual amounts appropriated in prior years for the modernization program. For example, it is $320,000 lower than the amount appropriated in fiscal year 1980 for this program. They deliberately reduced their request for funds for the modernization of the Academy to partially offset the increased funds needed to cover the fiscal year 1981 cost to the agency of the October 1979 pay increase.

The modernization projects that are to be accomplished with the funds that I am requesting for fiscal year 1981 are as follows:

| | |
|---|---|
| Renovation and replacement of steam propulsion laboratory in Fulton Hall | $400,000 |
| Construction of a new Public Works Department building | 1,659,000 |
| Renovation and replacement of utilities in four barracks buildings | 718,000 |
| Waterfront rehabilitation and renovation | 290,000 |
| Relocation of Media Center to Bland Library | 172,000 |
| Architect and engineering services for the renovation of Fitch and Furuseth Hall buildings | 121,000 |
| Total | 3,360,000 |

I would like to insert into the RECORD at this point a brief description of these projects:

### DESCRIPTION OF THE PROJECTS

#### RENOVATION AND REPLACEMENT OF STEAM PROPULSION LABORATORY IN FULTON HALL

In FY 1980 the academic engineering building, Fulton Hall, will be renovated to meet standard habitability requirements. However, insufficient funds have been appropriated to upgrade the steam propulsion laboratory to meet the basic needs for marine engineering training in steam propulsion systems. The existing steam laboratory is almost 40 years old and is technically and functionally obsolete and operationally unreliable for instructional purposes.

Although diesel engine propulsion is expected to become the dominant power source in new ship construction, there will be a continuing need for training in the modern, sophisticated steam turbine engines that will propel U.S. flag vessels at least for the next 20 years. The requested $400,000 will fund the procurement and installation of a new, modern steam propulsion system laboratory.

#### CONSTRUCTION OF A NEW PUBLIC WORKS DEPARTMENT BUILDING

Architect/engineering services for the design of a new Public Works Department building were funded in FY 1980, and construction is planned for FY 1981. The Public Works Department is currently housed in a structure that was originally a public bath house.

It was minimally modified to accommodate the administration and some of the tradesmen of this Department. The building is small, antiquated and has serious fire code deficiencies. Many of the Public Works personnel and shops are scattered throughout the Academy grounds due to the lack of space and facilities in the present building.

The requested funding of $1,659,000 will provide a new structure in a more desirable location to consolidate the operation of the Public Works function, including administration, maintenance shops, materials storage and garage facilities. It will also incorporate a solar energy installation for energy conservation.

### RENOVATION AND REPLACEMENT OF UTILITIES IN FOUR BARRACKS BUILDINGS

The renovation and replacement of plumbing and electrical utilities in two barracks buildings is funded in FY 1980. The $718,000 requested in FY 1981 is to complete this project in the remaining four barracks buildings. The plumbing and electrical systems in these buildings are 40 years old and seriously deteriorated.

The upgrading work will consist of replacing heavily corroded cast iron waste piping, the remaining galvanized hot and cold water piping, valves and fixtures as required, and electrical wiring.

### WATERFRONT REHABILITATION AND RENOVATION

The seriously deteriorated condition of the seawall on Long Island Sound has caused major erosion of Academy property and the danger of more extensive damage. In 1979 a portion of the seawall was reinforced as part of the major repair program.

However, the project is too large to be completed within the scope of a major repair program. The $290,000 of funds requested will replace and reinforce the remainder of the seawall to prevent further erosion and damage to the Academy grounds and neighboring property.

### RELOCATION OF MEDIA CENTER TO BLAND LIBRARY

The Academy media and audio/visual center is currently housed in the basement of Wiley Hall, the primary administration building. The space occupied, essentially the cellar of a former residence, is too small, inconveniently located and functionally inadequate to support the academic program.

It was cited as a deficiency by the Middle States Academic Accrediting Committee. The requested funds in the amount of $172,000 will provide for the relocation of this activity to the Bland Library, as recommended by the Accrediting Committee, and provide for some very essential upgrading of this facility.

### ARCHITECT AND ENGINEERING SERVICES FOR THE RENOVATION OF FITCH AND FURUSETH HALL BUILDINGS

The purpose of this funding request of $121,000 is to undertake the architect/engineering design phase of renovating the last two administrative and academic buildings at the Academy. These buildings, each of which is 40 years old, have serious fire code deficiencies, deteriorated plumbing and electrical systems, and inadequate accommodations for the administrative and educational functions conducted in them.

The renovation will correct the safety deficiencies, modernize the utility systems, incorporate cost-effective energy conservation features, and provide a more efficient work and instructional environment.

Mr. Chairman, it is evident from this list of planned projects that the item that would have to be most affected is the construction of the Department of Public Works building. Indeed, during the deliberations of the subcommittee, several members noted that the transferring of funds need only affect the construction of the building while allowing the remainder of the modernization program to be completed. They maintained that the deletion would merely necessitate a year's deferral of the building and not a cancellation of the proposal. They also acknowledged that this building is essential to the efficient operation of the Academy.

□ 1400

However, Mr. Chairman, a 1-year's deferral of this essential building will significantly increase its construction costs. In view of the drastic escalation of building costs currently being experienced, even a 1-year deferral represents an increase of $275,000, over a quarter of a million dollars, in construction costs, calculated using the 1978 HEW higher educations and prices index.

Furthermore, the cost savings realized from improved energy conservation features, including a solar energy capability, and more cost effective and efficient operations would be deferred. Also, the dangers to the midshipmen and faculty from the fire and safety hazards of the existing structure would continue in the interim.

Mr. Chairman, I can understand the Chairman's concern for the status of the State academies. However, I must reemphasize that their inadequacies should not be corrected at the expense of the U.S. Merchant Marine Academy. Mr. Chairman, the Academy desperately needs the entire modernization program and I urge my colleagues to support me in correcting this injustice.

Mr. EMERY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the amendment. I can fully understand why the gentleman from New York is concerned about transfers of revenues from the Kings Point Academy. I certainly hope that we do not give anyone the impression that we are trying to gut any of the programs at the U.S. Merchant Marine Academy in order to somehow fund other academies that we may support.

Of course, the truth is certainly the opposite. We need a strong U.S. Academy. We also need strong State academies.

The fact of the matter is that we are trying to set priorities that are going to be very important for the continuation of programs at both. I think that it is up to the House of Representatives to judge whether or not a new administration building, albeit old and in need of replacement, which we agree with, is more important priority for the training of cadets than shipping.

Now, we have a situation where many of the training ships that are being used by the State academies are old. They are in need of renovations, some relating to safety, others to energy conservation. The simple matter is that we will be able to provide more efficient and safer training for cadets at sea if we spend a little money now to keep these ships afloat and make the necessary modernization and improvement.

That is the reason the committee recommended this transfer in the first place. I can assure the gentleman from New York that at least this member of the Committee on Merchant Marine and Fisheries is not interested in gutting a program which I very strongly support at the New York State Academy. I am perfectly willing to support those funds as well; but I think when we talk about the expense of fuel oil for the ships, when we talk about the need for renovation and modernization and improvement, to my mind those ships and their needs are a greater priority than the building the gentleman would suggest.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. EMERY. I would be happy to yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, I thank the gentleman and I thank the gentleman for his support of the U.S. Merchant Marine Academy.

Mr. EMERY. The gentleman is welcome.

Mr. WOLFF. I do think, however, that if the gentleman's reasoning had been totally correct, this money would have been appropriated in addition to the funds that were requested and not taken out of approved funds that had been authorized by this Congress many years ago. There was a program that was originally authorized, a 10-year program that was originally authorized by the Congress, so these funds actually were authorized before.

I know the gentleman's deep interest in conserving Federal funds. It will cost the U.S. Government, this $1,600,000 deferral will cost the U.S. Government in addition to the $1,600,000 an additional $240,000 even if it is deferred for just 1 year.

Mr. EMERY. Mr. Chairman, if I may reclaim my time, I know the gentleman is well aware of the cost escalations involved with postponing any project, any program at all. I am sure that that is going to apply to renovations on vessels as well as construction of new buildings; so we are not really talking about saving a tremendous amount of money more by doing one first or the other first. What we are talking about is the need.

Now, I agree with the gentleman that if we had the additional revenue and we were covered by no budget contingencies that we presently face, we should appropriate for both and I would support that.

I happen to believe that the renovations for the vessels is a greater need and of greater importance than the building that the gentleman supports, which is why I support this.

Mr. WOLFF. Mr. Chairman, will the gentleman yield further?

Mr. EMERY. I will yield.

Mr. WOLFF. Do the students at the State academies have a mandatory Naval Reserve requirement?

Mr. EMERY. No, not in all cases, they do not; but the fact of the matter is that if we gut the State programs, there is going to be a shortfall in cadets. And in order to get necessary Coast Guard approval for licensing, a certain amount of sea time is necessary; so if those vessels are not able to go to sea for safety reasons or oil conservation reasons or any others, then it simply means that 60 percent of the graduates are not going to be qualified for duty at sea.

Mr. AuCOIN. Mr. Chairman, will the gentleman yield?

Mr. EMERY. I yield to the gentleman from Oregon.

Mr. AuCOIN. Mr. Chairman, I appreciate the gentleman yielding. The gentleman is the ranking minority member on the Subcommittee of Maritime Education within the Committee on Merchant Marine and Fisheries. The gentleman has been a valuable help in trying to assess the totality of the training programs within the merchant marine field. The gentleman has worked very hard and diligently. I appreciate the work the gentleman has given to me as chairman of that committee.

Mr. EMERY. I thank the gentleman.

The CHAIRMAN pro tempore. The time of the gentleman from Maine has expired.

(At the request of Mr. AuCoin, and by unanimous consent, Mr. Emery was allowed to proceed for 2 additional minutes.)

Mr. AuCOIN. Mr. Chairman, if the gentleman will yield further, the question was raised about whether or not State academy graduates end up serving this country in the maritime fleet. I think it should be noted that each year approximately 1,000 graduates from all academies go into the field. Out of that figure of 1,000, about 600 are from the State academies.

Mr. EMERY. The gentleman is absolutely correct.

Mr. AuCOIN. And about 250 are from the Federal academy and the remainder are from the union academies; so let no one make any mistake about the fact that the State academies are producing officers that are serving this country in the U.S. Merchant Marine.

I appreciate the gentleman's contribution to the subcommittee.

Mr. EMERY. Mr. Chairman, I thank the gentleman. The gentleman is absolutely correct. I think the point to underscore is that it is really injurious to the entire merchant marine training program to try to get into some kind of debate over which one we ought to be supporting. The fact of the matter is that we need all of them. There is room for all of them. Hopefully, as we improve the role of the merchant marine and improve the standards of education and training for merchant marine officers, that role will be enhanced, rather than reduced.

To come back to the central argument, renovations of these old ships for safety reasons, for efficiency reasons, for energy conservation reasons, really ought to be a priority when funds are restricted. That is not to say that the gentleman's program at the Kings Point Academy is not justified. It is, and if we had the flexibility in the budget and additional revenues, I would be one of the first to support the gentleman and I make that pledge to him.

Mr. LENT. Mr. Chairman, will the gentleman yield for a question?

Mr. EMERY. I yield to the gentleman from New York.

Mr. LENT. Mr. Chairman, is it not a fact that even if the Wolff amendment were to be carried and $1.68 million were to be transferred back to the U.S. Merchant Marine Academy at Kings Point, would not that still leave the State academies with an increased authorization of over $5 million over what the Maritime Administration had originally requested?

Mr. EMERY. Well, the gentleman is correct, that this still is an increase. Of course, we are talking about fuel oil needs as well as improvements.

Mr. AuCOIN. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I have great respect for the gentleman from New York in whose district the Federal Academy resides and is located. I can understand why the gentleman would want to battle for what the gentleman sees as the best interests of the Federal Academy. I can understand why the gentleman would not want to see any reduction of any kind in the budget for the concern of the House of Representatives and the concern of this committee ought to be broader than that. Our concern ought to be, and I will yield to the gentleman, my friend, because I mentioned the gentleman, in just a moment; but our concern ought to be the totality of the training requirements for all of our future merchant marine officers, both engineering and deck officers.

□ 1410

I want my colleagues to know that this year under the chairmanship of Chairman Murphy the Maritime Education Subcommittee looked at the education component of the MARAD reauthorization bill for the first time in years. Our instructions were to see what kind of balance existed in the totality of the training programs in the United States. We came up with some very startling revelations.

One of them is that the State academies producing the number of officers I mentioned a moment ago are being shortchanged. We also ran across the startling statistics that by the year 1989 this country is going to have, according to MARAD itself, a 15 to 20 percent shortfall in licensed U.S. merchant marine officers, both deck and engineering. That translates into these raw numbers of a shortage by 1989 of 1,300 deck officers and about 1,000 engineering officers.

In addition to that, there is a proposed treaty, the IMCO treaty, that would substantially increase sea time training requirements for all countries who have maritime fleets. If that treaty is ratified it will require the doubling of sea time training of all educational institutions providing maritime officers for our maritime fleet.

The problem is how are we going to meet these challenges? I suggest my colleagues look at the totality of the budget requests for Kings Point, the Federal Academy, of $16.5 million.

Mr. McCLOSKEY. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I am happy to yield to the ranking minority member of the committee.

Mr. McCLOSKEY. I am impressed by the gentleman's figures. If I felt that by transferring this money to the State academies we would get more officers for that shortage the gentleman referred to in 1980, the arguments would be persuasive. My understanding, however, is that it is not the lack of graduates from the academies that will be short, it is the fact that the graduates from the State and Federal Academies as well have gone into unrelated functions to being deck officers and engineering officers. I have a gentleman sitting here right beside me, the minority counsel, who is a graduate of the Federal Maritime Academy. My understanding is that a large proportion of these officers are not going to sea, they are going into land jobs instead. Is that not the true reason that we are going to be short in 1980, not that there is a paucity of funds for the six academies?

Mr. AuCOIN. I understand the gentleman's question and I think service requirements and service obligations for both State academy graduates and Federal Academy graduates are essential, and that is why this subcommittee I chair, and the gentleman from Maine serves on, as the ranking minority member, is producing a bill that this House will have an opportunity to vote on within a matter of weeks providing for exactly that remedy.

There is one other reason, however, why we might have a shortage of merchant marine officers, and that is the amount of training that is required to license them. If we do not provide for funds to keep alive and to keep in a sound state of repair, and to prolong the life expectancy of the training vessels for the State academies, including the California Academy, from the gentleman's own State, and the Maine Academy, the New York State Academy, I would say to my colleague from the State of New York then these trainees are not going to be able to have enough at sea training time to qualify for licenses and we will then further aggravate the shortfall.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

(At the request of Mr. Murphy of New York and by unanimous consent, Mr. AuCoin was allowed to proceed for 5 additional minutes.)

Mr. McCLOSKEY. Mr. Chairman, will the gentleman yield further?

Mr. AuCOIN. I yield to the gentleman.

Mr. McCLOSKEY. Mr. Chairman, my mind is not made up on this amendment and I would like to hear debate by both sides because, as I understand the issue, it is whether or not $1.7 million is best spent by the Federal Academy or it is best spent by the State academies. That is essentially the issue, is it not?

Mr. AuCOIN. The gentleman poses the question very well. I think that is, in essence, what we are talking about here. What the Subcommittee on Maritime Education proposed to the full Merchant Marine and Fisheries Committee was a one-shot funding for upgrading of the training vessels of the State academies, and to find that funding we proposed a 50-percent reduction in the modernization program for Kings Point, a program that has provided $18 million already to the Federal Academy at Kings Point.

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I am pleased to yield to my chairman.

Mr. MURPHY of New York. Mr. Chairman, I would like perhaps to respond to the remarks of the gentleman from California in that he has not made up his mind yet as to how to place in perspective the amendment of my colleague from New York (Mr. Wolff) in whose district the Federal Academy resides. I also am well aware of the great contributions to the committee made by the gentleman on his left, a graduate of the Merchant Marine Academy and, in fact, many times I have wondered why he did not stay as an officer in the merchant marine instead of coming here to give us an incisive perspective from the maritime officer's viewpoint as one who has been trained by one of our Federal academies. Perhaps the gentleman would like to yield so that the gentleman from California could respond.

Mr. AuCOIN. I am pleased to yield to the gentleman if he wants me to yield to him.

Mr. McCLOSKEY. I am glad to defend the counsel for the minority. I think he has made a far greater service to the merchant marine from his desk in this committee than he could have working for Jesse Calhoun in the Engineers' Union or in the Seamen's Union, but I would still like to hear the argument. The chairman is from New York and has both the State academy that would get one-sixth of this money, and the Federal Academy that will get all of it. What is the chairman's view?

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentleman.

Mr. MURPHY of New York. Mr. Chairman, being in the position of having two academies so closely geographically located from each other, one at Kings Point and the other at Fort Schuyler, one a State academy and the other a Federal Academy, with just a portion of the truition of the State academy being financed on a Federal basis, I am probably more aware of the necessity for the funding that was recommended and adopted within the full Committee on Merchant Marine and Fisheries, at the recommendation of the Ad Hoc Select Committee on Maritime Training.

The gentleman mentioned Mr. Calhoun's name, and it throws a third ingredient into the national training of maritime personnel in America. We have a Federal Academy, hopefully, which sets a standard, and I know it does, being on the board for 18 years, for officer training. We have the State academy so that we broaden out geographically from New York, to California, to Maine, to Massachusetts, to Michigan.

We know there is a tremendous shortage of trained personnel in the Great Lakes at this time where ships cannot sail on schedule because of the lack of a skilled officer at a given time.

What this transfer of money does this year is permit the State academies to upgrade their vessels, which we all know are rapidly approaching the scrapheap. Those vessels need funding so that we can maintain the officer production level from the State academies at the present level. So, perhaps some people might say, well, I am proposing that money leave New York. I am not proposing that money leave New York. These funds can can be replaced by the committee next year in its authorization bill, and they can go ahead with that program of construction at the Federal academy. But, at the same time, I think we have a national responsibility to maintain the training ship and if we do not have those training cruises the men and women graduating from the State academies will not be qualified for their licenses. That is the reason I support my colleague from Oregon.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to my friend from New York.

Mr. WOLFF. Mr. Chairman, the gentleman, in his opening remarks, indicated that the facility was located in my district. It is and I am proud of it.

Mr. AuCOIN. I would say to the gentleman I can understand why he would be proud of it. It is an excellent institution.

Mr. WOLFF. Having visited there only recently, I am sure the gentleman will agree.

Mr. AuCOIN. Indeed I do agree.

Mr. WOLFF. However, it must be understood this is a Federal academy, and that is what we are talking about here.

The CHAIRMAN. The time of the gentleman from Oregon has again expired.

(At the request of Mr. Wolff and by unanimous consent, Mr. AuCoin was allowed to proceed for 1 additional minute.)

Mr. WOLFF. Will the gentleman yield further?

Mr. AuCOIN. I am pleased to yield.

Mr. WOLFF. The question is shall the Federal Government be the never-ending trough that States dip into for what is their responsibility. If we are going to have State academies they should be supported by the States. If we are going to have Federal academies, they should be supported by the Federal Government. If we want to cut back on the funding that exists on the expenses that exist for maritime training, then we can cut them all across the board, but one does not add $5 million for the State academies and then cut back $1.5 million for the Federal Academy.

Mr. AuCOIN. If I may reclaim my time, I would have to say if my colleagues are to follow my good friend from New York's logic, that would mean then we would have to build approximately seven or eight additional Federal academies to meet the manpower needs for licensed deck and engineering officers for the U.S. Merchant Marine. I do not think any Member of this House wants to see that approach followed.

The CHAIRMAN. The time of the gentleman from Oregon has again expired.

(By unanimous consent Mr. AuCoin was allowed to proceed for 5 additional minutes.)

☐ 1420

Mr. EMERY. Mr. Chairman, I can only add to the gentleman's argument that of course the States in which State academies are located have over the years made significant contributions, very significant contributions, in terms of buildings and equipment, in terms, in some cases, of money for training.

Mr. Chairman, the States have made a very significant contribution so I do not think we ought to assume that somehow or other the State academies in name only which are funded entirely by Federal revenues, that certainly is not true.

Mr. Chairman, one other point I would mention is that we would be very, very foolhardy indeed if we allowed these several State academy vessels to go down the drain because as everyone here in this Chamber knows the cost of replacing those vessels, whether it is from scrapeheap Navy vessels that would need extensive renovation in terms of hundreds of millions of dollars possibly, or the construction of new vessels totaling maybe the same, is far and beyond, far out of reach of our meager budgetary resources and would certainly not meet with much favor at this point in time when we are talking about trying to save money. It is certainly cost-effective for us to put this paltry amount of money into this program which will allow these ships to operate in some cases for 10 years more. That is certainly cost-effective.

Mr. AuCOIN. I think the gentleman makes an excellent point, Mr. Chairman. It is in the total scheme of things a small investment that will buy a great deal of good, and it is very, very wise from a long-range investment point of view. If we allow these training vessels to go down the drain, if we cripple the State academies, then it is going to put incredible pressure on the Federal Government to provide some kind of alternative; and to give my colleagues an idea of what the costs might be in terms of costs and benefits if that is an area which is to be followed, I would note that the administration requests this year in this bill for about $6.7 million for the State academies was for some academies that graduated 600 graduates annually. That turns out to $11,000 per graduate, approximately. For the Federal Merchant Marine Academy, which graduates 250 students annually, the administration's original request was about $18 million, or about $73,000 annually.

Mr. Chairman, to come back to the question that the gentleman from California posed, it really does come down to a question of academic excellence and training excellence for the totality of our students who are trying to get into the U.S. merchant fleet as qualified officers. What this budget request, what this amendment would do would be to knock out a provision that simply defers temporarily one-half—not all but one-half—of this year's original request for a modernization program.

Mr. Chairman, what does that translate into, that $1.6 million? It translates into the deferral of a maintenance shop at Kings Point, and what do we buy instead? What do we buy with those funds? We buy the upgrading, through maintenance and repair, of the training vessels of the State academies which are at the heart of the training of over one-half of the students who actually go into the maritime business, the maritime fleet, as licensed officers every single year. I think it is a good bargain.

Mr. EMERY. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentleman from Maine.

Mr. EMERY. What training function at Kings Point is going to be enhanced by the revenues that we are transferring back and that the gentleman from New York wants to retain?

Mr. AuCOIN. Mr. Chairman, no academic program will be enhanced by the return of the funds under the gentleman's amendment. What we are here talking about is return of funds that build a public works administration building, some maintenance shops and the consolidation of paint and supply and storage and garage facilities. That may be very, very important but it is not nearly as important as prolonging the life expectancy of these training vessels at these State academies.

Mr. Chairman, if the Maritime Administration feels there needs to be some adjustments, it has the authority to reprogram certain amounts of funds in other areas of the budget to take care of any fire hazards to which the gentleman from New York alluded in his opening statement.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, the request of the administration included this $1.6 million or $1.9 million, did it not?

Mr. AuCOIN. The gentleman is correct.

Mr. WOLFF. Mr. Chairman, the request from the administration did not retain any request for the upgrading of the State academies' facilities, did it?

Mr. AuCOIN. The gentleman knows that is correct.

Mr. WOLFF. In other words, Mr. Chairman, this is an additional $6 million that the gentleman would like to have the Congress spend.

Mr. AuCOIN. Mr. Chairman, the gentleman is absolutely wrong in that, for all the reasons he has already heard.

Mr. WYDLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, what we have here is simply a clear case of robbing Peter to pay Paul. It is a very illogical action for the Congress to take and I hope the members of the committee and the House will consider what is involved here.

Mr. Chairman, on the one hand you have a situation where the administration has asked that after review certain moneys be given to the U.S. Merchant Marine Academy. That is our Federal Academy, the one for which the Congress has sole jurisdiction and responsibility. That money is to be used to enhance the facilities at the Academy which is the backbone of our merchant marine officers training.

Mr. Chairman, on the other hand, we now have a situation where we are being asked by the committee to take part of the money away from the National Academy and give it to a number of State academies for what they say are very noble purposes.

Mr. Chairman, assuming that it is, what is the sense of taking it away from the national academies where it is also needed and necessary? Why do they not find those funds in other ways?

Mr. Chairman, let me make a few suggestions where they might find those funds. Why not, for example, go to the States and ask them to make a greater contribution in some other area where they can assume some of the responsibility that is now being undertaken by the Government so that the academies might have some free funds to use for these purposes? It would seem to me if the States think that is such a good purpose and a good cause and is so necessary for the States and the Nation, they would make that type of a contribution.

Mr. Chairman, I think the foregoing might be a very good solution to this problem but it seems to me the last thing we should be doing here today is taking from the national economy. This is like the Academy of West Point is to the Army, the Air Force Academy is to the Air Force and the Naval Academy is to our Navy. This is our National Academy. Mr. Chairman, taking the funds away from our National Merchant Marine Academy to give to a certain number of State academies is an extremely bad precedent for this committee to approve. I do not think it is a sensible or a logical way to solve the problem if indeed there is a need for additional funds at the State academies.

Mr. Chairman, I would hope that the members of this committee would support the amendment that has been offered by the gentleman from New York (Mr. WOLFF) and myself, and that we would keep this money in the National Merchant Marine Academy where it is extremely necessary and can do some good work not only for today but for the years to come.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. WYDLER. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, I thank the gentleman for yielding. I thank the gentleman for his support of our joint amendment.

Mr. Chairman, I should like to observe, however, that there was a statement made that this money that is going to be taken away, can be deferred because it is for a building to house public works and therefore we have to be concerned about the life of certain boats.

Mr. Chairman, what about the lives of the people who are at the Academy when this has been definitely proven that a building 40 years old is a fire hazard? The one element that has not been spoken about here is the fact that the Academy has not said that they can defer this. The Academy has asked for $400,000 for an instructional facility for steam propulsion. They have asked for the replacement and renovation of utilities in four barracks buildings which will save money for the Federal Government in that they will be able to upgrade their energy facilities. They have also asked for waterfront rehabilitation to prevent the erosion of the areas that they must use to dock their boats and the shoreline.

□ 1430

It also is asking for $172,000, which is included in this $3,600,000, which is the original request, for the relocation of a media center for audio visual control; and also to pay for architectural and engineering services of $121,000 to replace and to make up for serious fire code deficiencies.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent Mr. WYDLER was allowed to proceed for 2 additional minutes.)

Mr. WYDLER. The gentleman's point is a good one. In either case the money is going to be used to improve facilities; in one case ships and in the other case the shore facilities. But, the fact is that the facilities are for training the future officers of our merchant marine. I think if we want to give a priority in this case—and that seems to be what we are forced to argue here today—I would give the priority to the U.S. National Merchant Marine Academy and not to various State academies around the country.

Mr. Chairman, I ask the members of this committee to support the amendment.

Mr. ALBOSTA. Mr. Chairman, will the gentleman yield?

Mr. WYDLER. I yield to the gentleman from Michigan.

Mr. ALBOSTA. Mr. Chairman, I just wonder if the gentleman would take the same position if he knew that in my district of Traverse City we have the only fresh water Marine Academy in the United States. Does he feel that it would be the responsibility of the State of Michigan to totally support that Marine Academy because it is located there, when the States of Minnesota, the Dakotas, all those States in the Midwest gain by the reference that we are able to provide engineers and captains and all the crew from that Marine Academy?

It is a totally different concept from a salt water academy, and we have the only one in the whole United States. It is not only the responsibility of the State of Michigan to support that academy, but it is, I think, the responsibility of all the States to support it because we have the largest inland water system in the world. So, it is the responsibility of the United States as a whole.

Mr. WYDLER. Of course I agree with the gentleman. I am just saying that it is a question of degree, and obviously it is. It is not the sole responsibility of the gentleman's State any more than it is the sole responsibility of the State of New York, where one of these academies is also located, to support that. It is however a partial responsibility of the State, and I would say that in the case of the States involved here that they could make that additional commitment.

Mr. ALBOSTA. I would be opposed to the amendment.

● Mr. BIAGGI. Mr. Chairman, I rise in opposition to the Wolff amendment to H.R. 6554, fiscal year 1981 maritime authorizations. This amendment would restore $1,680,000 in authorized funds requested by the administration for the modernization program of the physical plant at the U.S. Merchant Marine Academy at Kings Point, N.Y. These funds were reprogramed by the Committee on Merchant Marine and Fisheries to permit the undertaking of necessary rehabilitation and maintenance of State Merchant Marine Academy training vessels upon the recommendation of the ad hoc Select

Subcommittee on Maritime Education and Training, chaired by my good friend and colleague, Les AuCoin of Oregon.

As the current economic and fiscal crisis deepens and broadens into a projected recession, the Congress will more frequently be called upon to make critical budgetary choices within stringent self-imposed limits. This debate is a harbinger of many similar difficult choices to follow.

The choice here is between taking timely action to forestall the possible closure of one of our five saltwater State maritime academies because of skyrocketing fuel costs and deteriorating status of its school training vessel—or to fund the modernization of a support facility at the U.S. Maritime Academy at this time.

When Congress passed the Maritime Academy Act of 1958, it recognized the reality that the single federally operated facility could not generate sufficient numbers of qualified deck officers to meet the current and anticipated demands of the U.S. merchant marine. The facts bear this out. Current needs of our merchant marine require that 1,100 new officers enter the fleet each year. Approximately 260 of these graduate from the U.S. Merchant Marine Academy—and of the remainder, some 600 graduates are annually provided by the State maritime academies.

A general shortage of deck officers is beginning to manifest itself attributable in large part to the retirement en masse of many deck officers who entered the merchant marine during and shortly after World War II.

In testimony before the ad hoc Select Subcommittee on Maritime Education and Training, my good friend, Rear Adm. Sheldon Kinney, USN (retired), called the subcommittee's attention to a growing operating crisis affecting State maritime academies from increased fuel costs and from a deteriorating physical condition of State academy training vessels. The oldest of these, the California Maritime Academy, is now 39 years old. This growing crisis threatens the continued existence of these State maritime academies which provide the bulk of new officers entering the U.S. merchant marine.

As chairman of the Subcommittee on Coast Guard and Navigation, I can strongly emphasize with the plight of the maritime academies. The Coast Guard, too, is in the midst of a budgetary crisis, generated by escalated fuel prices, affecting its general operations, and is likewise suffering from block obsolescence and severe fleet maintenance problems—only magnified on a larger scale. Furthermore, analogous to the Coast Guard's situation which finds its fleet in disrepair at the same time its operational commitments increase, the State academies will soon be required to operate their vessels longer and harder than ever. When ratified, the IMCO Convention on Standards of Training, Certification, and Watchkeeping for Seafarers will increase the requirement from 6 to 12 months for at-sea qualifying time for deck officers. Clearly, some remedial action to assist the State maritime academies is warranted.

In response to this crisis, the Maritime Administration requested $169 million in fiscal year 1981 to replace two of the five State training vessels. This request was denied in toto. As an alternative remedy, the Committee on Merchant Marine and Fisheries determined to rehabilitate each of the five State training vessels in sequence, beginning with the oldest, at an annual cost of $3 million. The committee, however, was concerned that even these funds might not be appropriated under prevailing economic and fiscal conditions. It therefore elected to reprogram approximately $1.7 million in funds from a planned modernization effort at the U.S. Merchant Marine Academy, postponing for 1 year the upgrading of an existing garage facility in order to permit the necessary rehabilitation of the first of the State training vessels.

Mr. Chairman, this is the choice that confronts us. I, for one, aline myself with the national interest in insuring the provision of qualified deck officers in sufficient numbers to man the vessels of the U.S.-flag fleet. Without the continuing input of necessary personnel, we cannot hope to stem the tide and rebuild our declining merchant marine.●

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Wolff).

The question was taken; and the chairman announced that the noes appeared to have it.

### RECORDED VOTE

Mr. WYDLER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. WYDLER. Mr. Chairman, I withdraw my point of order of no quorum.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 68, noes 302, not voting 62, as follows:

[Roll No. 180]

AYES—68

Addabbo
Ambro
Bennett
Bereuter
Bingham
Burgener
Carney
Conable
Coughlin
Davis, S.C.
Derwinski
Devine
Dingell
Dornan
Downey
Fary
Fenwick
Ferraro
Fish
Gilman
Goldwater
Gradison
Green
Hanley
Harsha
Hawkins
Horton
Hyde
Kramer
LaFalce
Lee
Lent
Lujan
Lundine
McCloskey
McEwen
Marks
Marlenee
Martin
Michel
Mitchell, N.Y.
Mollohan
Nowak
O'Brien
Ottinger
Patten
Peyser
Price
Rangel
Rhodes
Richmond
Rinaldo
Rosenthal
Rousselot
Sawyer
Scheuer
Schulze
Simon
Snyder
Solomon
Stratton
Taylor
Volkmer
Weiss
Wolff
Wydler
Wylie
Zeferetti

NOES—302

Abdnor
Akaka
Albosta
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Ashbrook
Ashley
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bethune
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burlison
Burton, John
Butler
Byron
Campbell
Carter
Cavanaugh
Cheney
Chisholm
Clausen
Clay
Cleveland
Coelho
Coleman
Collins, Ill.
Conte
Conyers
Corcoran
Corman
Cotter
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Dellums
Derrick
Dickinson
Dicks
Diggs
Dodd
Donnelly
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Fascell
Fazio
Findley
Fisher
Fithian
Flippo
Florio
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gramm
Grassley
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Harkin
Harris
Heckler
Hightower
Hillis
Holland
Hollenbeck
Hopkins
Howard
Hubbard
Huckaby
Hutto
Ichord
Ireland
Jacobs
Jeffries
Jenkins
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kelly
Kildee
Kogovsek
Kostmayer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lehman
Leland
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lungren
McClory
McCormack
McDade
McKay
McKinney
Madigan
Maguire
Markey
Marriott
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Moakley
Montgomery
Moore
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Musto
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Oberstar
Obey
Panetta
Paul
Pease
Pepper
Perkins
Petri
Pickle
Porter
Preyer
Pursell
Quayle
Quillen
Rahall
Railsback
Ratchford
Regula
Reuss
Ritter
Robinson
Roe
Rose
Rostenkowski
Roth
Roybal
Royer
Rudd
Runnels
Sabo
Santini
Schroeder
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Studds
Stump
Symms
Synar
Tauke
Thomas
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vento
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Winn
Wolpe
Wright
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki

NOT VOTING—62

Alexander
Archer
Badham
Bevill
Brooks
Brown, Ohio
Burton, Phillip
Carr
Chappell
Clinger
Collins, Tex.
Dixon
Dougherty
Eckhardt
Evans, Ga.
Foley
Ford, Mich.
Fowler
Giaimo
Gibbons
Gray
Hansen
Hefner
Heftel
Hinson
Holt
Holtzman
Hughes
Jeffords
Jenrette
Johnson, Colo.
Kazen
Kemp
Kindness
Lederer
Luken
McDonald
McHugh
Mathis
Moffett
Moorhead, Calif.
Murphy, Ill.
Myers, Pa.
Oakar

Pashayan
Patterson
Pritchard
Roberts
Rodino
Russo
Satterfield
Solarz
Stokes
Swift
Trible
Vander Jagt
White
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wyatt

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Mr. WINN, Mrs. COLLINS of Illinois, Mr. MAGUIRE, and Mr. LEWIS changed their votes from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MOAKLEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6554) to authorize appropriations for the fiscal years 1981 and 1982 for certain maritime programs of the Department of Commerce, and for other purposes, pursuant to House Resolution 629, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. EDWARDS of Oklahoma. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 320, nays 50, not voting 62, as follows:

[Roll No. 181]

YEAS—320

Abdnor
Addabbo
Akaka
Albosta
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Ashbrook
Ashley
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carter
Cavanaugh
Chisholm
Clay
Coelho
Coleman
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Dellums
Derwinski
Devine
Dickinson
Dicks
Diggs
Dingell
Dodd
Donnelly
Dornan
Downey
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Guarini
Gudger
Hall, Ohio
Hall, Tex.
Hammerschmidt
Hance
Hanley
Harkin
Harris
Harsha
Hawkins
Heckler
Hightower
Holland
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kildee
Kogovsek
Kostmayer
LaFalce
Lagomarsino
Leach, La.
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lundine
Lungren
McClory
McCloskey
McCormack
McDade
McKay
McKinney
Maguire
Markey
Marks
Marriott
Martin
Matsui
Mattox
Mavroules
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Pa.
Mottl
Murphy, N.Y
Murphy, Pa.
Murtha
Musto
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
Oberstar
Obey
Ottinger
Panetta
Patten
Pepper
Perkins
Petri
Peyser
Pickle
Preyer
Price
Quayle
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Robinson
Roe
Rose
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Runnels
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schulze
Sebelius
Shannon
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stewart
Stratton
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, C. H.
Winn
Wolff
Wolpe
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—50

Barnard
Beilenson
Cheney
Cleveland
Conable
Corcoran
Dannemeyer
Deckard
Derrick
Drinan
Fenwick
Gephardt
Gore
Gradison
Gramm
Grassley
Green
Grisham
Guyer
Hagedorn
Hamilton
Hillis
Jacobs
Jeffries
Jenkins
Kastenmeier
Kelly
Kramer
Latta
Leach, Iowa
Leath, Tex.
Lujan
McEwen
Madigan
Marlenee
Mazzoli
O'Brien
Paul
Pease
Porter
Pursell
Quillen
Schroeder
Seiberling
Sensenbrenner
Sharp
Stenholm
Stockman
Stump
Vanik

NOT VOTING—62

Alexander
Archer
Badham
Bevill
Breaux
Brooks
Brown, Ohio
Burton, Phillip
Carr
Chappell
Clausen
Clinger
Collins, Tex.
Dixon
Dougherty
Eckhardt
Evans, Ga.
Foley
Ford, Mich.
Fowler
Giaimo
Gibbons
Gray
Hansen
Hefner
Heftel
Hinson
Holt
Holtzman
Jeffords
Jenrette
Johnson, Colo.
Kazen
Kemp
Kindness
Lederer
Luken
McDonald
McHugh
Mathis
Moffett
Moorhead, Calif.
Murphy, Ill.
Myers, Pa.
Oakar
Pashayan
Patterson
Pritchard
Roberts
Rodino
Russo
Solarz
Stokes
Studds
Swift
Trible
Vander Jagt
White
Wilson, Bob
Wilson, Tex.
Wirth
Wyatt

☐ 1510

The Clerk announced the following pairs:

Mr. Rodino with Mr. Luken.
Mr. Roberts with Mr. Archer.
Mr. Bevill with Mr. Badham.
Mr. Brooks with Mr Hansen.
Mr. Chappell with Mr. Pashayan.
Mr. Jenrette with Mr. Pritchard.
Mr. McHugh with Mr. Jeffords.
Mr. Myers of Pennsylvania with Mr. Swift.
Mr. Lederer with Mr. Vander Jagt.
Mr. Eckhardt with Mr. Bob Wilson.
Mr. Ford of Michigan with Mr. Clausen.
Mr. Giaimo with Mr. Brown of Ohio.
Ms. Holtzman with Mr. Clinger.
Mr. Kazen with Mr. Collins of Texas.
Mr. Wirth with Mr. Dougherty.
Mr. White with Mrs. Holt.
Mr. Stokes with Mr. Hinson.
Mr. Russo with Mr. Johnson of Colorado.
Mr. Patterson with Mr. Kemp.
Mr. Breaux with Mr. Evans of Indiana.
Mr. Carr with Mr. McDonald.
Mr. Alexander with Mr. Moorhead of California.
Mr. Dixon with Mr. Murphy of Illinois.
Mr. Foley with Ms. Oakar.
Mr. Fowler with Mr. Solarz.
Mr. Gibbons with Mr. Studds.
Mr. Hefner with Mr. Trible.
Mr. Gray with Mr. Charles Wilson of Texas.
Mr. Heftel with Mr. Wyatt.
Mr. Phillip Burton with Mr. Kindness.
Mr. Mathis with Mr. Moffett.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

### TITLE AMENDMENT OFFERED BY MR. MURPHY OF NEW YORK

Mr. MURPHY of New York. Mr. Speaker, I offer an amendment to the title of H.R. 6554, the bill just passed.

The Clerk read as follows:

Title amendment offered by Mr. MURPHY of New York: Amend the title so as to read: "To authorize appropriations for the fiscal year 1981 for certain maritime programs of the Department of Commerce, and for other purposes.".

The title amendment was agreed to.

A motion to reconsider was laid on the table.

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### GENERAL LEAVE

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

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## CONGRESSMAN STRATTON DETAILS HIS IMPRESSIONS GAINED FROM A SEVEN-NATION TRIP THROUGH THE INDIAN OCEAN AND PERSIAN GULF AS PART OF A HOUSE ARMED SERVICES COMMITTEE DELEGATION, FROM APRIL 2-13, 1980

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, I take this time to present my own personal impressions gleaned from a trip which our Armed Services Committee delegation concluded on Sunday to seven countries in the Persian Gulf and Indian Ocean area, the current area of confrontation with the Soviet Union. I take this early opportunity to make these observations because I came back with the firm impression that events in that area are moving with extreme speed, and the sooner the American people know what is happening there, and the sooner we begin to react forcefully to deal with it, the greater will be our chances of acting successfully. Others in our group may have different impressions, but I believe we need to get the fullest possible picture of what is happening in this explosive and fateful area.

During an 11-day period we visited, in the following order, the Sudan, Somalia, Oman, the U.S.S. *Coral Sea,* operating in the Indian Ocean, Pakistan, Saudi Arabia, Kuwait, and Turkey. Our group spent a half-day with the *Coral Sea* while it conducted demonstration air operations; and in Pakistan, before paying a visit to the famous and historic Khyber Pass, where we looked across into Afghanistan, we met with hundreds of Afghanistan rebels now in refugee camps in the Peshawar area.

The visit presented to me—and I believe to other members of our group as well—a deeply disturbing picture of the future of the United States as a world power, especially in any continuing competition with the Soviet Union in that part of the world.

There is no question but that the United States has suffered an enormous loss of prestige and influence as a result of our obvious impotence in resolving the Iranian hostage situation.

Moreover, in spite of our urgent efforts to deal with the even greater threat posed by the Soviet invasion of Afghanistan, there are widespread doubts in all these countries as to our credibility, steadfastness, and even the coherence of our national policy toward the Soviet Union, particularly as it relates to projecting American military power into this area.

Countries fault us openly for not acting like a superpower—being weak, hesitant, and indecisive. Yet at the same time they shrink from associating themselves too closely with us because they think it might make them look bad with their neighbors. And they also caution us against going too far or being too tough with Iran.

Obviously, we have a long way to go in this area to be truly effective; and we do not, as I see it, have very much time left to get there.

Fortunately, the picture is not all bleak. To me the most encouraging and reassuring part of our whole trip was a half-day visit to the U.S. fleet steaming in the Arabian Sea. We traveled by helicopter to the U.S.S. *Coral Sea,* our oldest operating carrier, and obviously much in need of repair and rehabilitation. But we witnessed a most impressive, precise, and up-to-date exhibition of American naval air power over a 2-hour period. All of which demonstrates that despite any other failings, our Navy has not lost its professional touch at sea.

Even more than that, in talking with the sailors themselves—who, by the way, have set an unenviable record of some 140 days of operating at sea without making a single port call—we found their morale high, their spirits good, and their enthusiasm for demonstrating American resolve undiminished.

All they wanted to know from us was why some of our allies—to whom we have given so much of our substance, largesse, and technical know-how over the years—were not out there operating with them to help prevent further Soviet aggression in the Indian Ocean and the Persian Gulf.

And they also wondered out loud how long America was going to sit by and allow the hostages to remain in Iranian captivity.

This is a kind of patriotism we have not really seen in the Nation's Armed Forces since World War II. It is heartening indeed, believe me.

All these men want is just an occasional port visit—and, incidentally, they wonder why more Americans are not volunteering to come out there and give them just a bit of needed relief.

Also heartening to me were the receptions we received in Somalia and in Oman, where our efforts to obtain operating facilities that could allow some real measure of relief for our hard-pressed sailors afloat, do appear to be going well and to offer encouragement for the future. We should nail these arrangements down promptly. We must not dawdle or delay, as I fear the State Department may be doing.

Likewise, I was much encouraged by the continuing support and friendship of the Saudi Arabians, whose prestige in the area is enormous and who have played such a vital role in helping to ease the difficult problems we face with oil. Similarly, with the continuing friendship of Turkey, with its highly strategic location, and still willing to work with us in spite of all its own monumental political and economic problems.

Finally, I believe all of us were deeply impressed and moved by the Afghan rebel refugees we met and talked with in the refugee camps in Pakistan, just east of the famous Khyber Pass. While they have little more than the clothes on their backs, these brave freedom fighters plead with us to give them arms—weapons of any kind—so that they can go back across the pass and fight some more against the Soviet invaders of their homeland. With all our sophisticated and highly expensive programs of arms assistance around the world, here is one plain, simple, direct, and manifestly inexpensive way to help stop Russian aggression dead in its tracks.

If these men—and even the women were calling for arms—are prepared to go back and fight as guerillas against the Soviets, why in heaven's name shouldn't we let them do it?

Like Winston Churchill, they seemed to be telling us: "Give us the tools, and we will finish the job."

Surely if we can keep the Pacific and Atlantic fleets stretched thin in the Indian Ocean to deter further Russian aggression, a way can and must be found to let these war-scarred but still dedicated people go back and help recover their homeland while time remains.

I strongly support the effort to increase our military power in this area, Mr. Speaker, as the President has proposed. But I believe we must not blind ourselves to the massive problems involved. It will not be an easy task, either militarily or politically. And we must by all means move as quickly as we possibly can to get that presence in that area where it can be seen. Only in that way can we restore some of our credibility with the nations of that area, and only in that way can we persuade them that we really mean business, and aren't just posturing.

Believe me, Mr. Speaker, the nations in that area are hesitating to make sure that they line up with the winning side. We have to convince them that America intends to stay the course in behalf of peace and stability.

☐ 1210

## VA NEGLECTS AGENT ORANGE ISSUE

(Mr. FROST asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FROST. Mr. Speaker, let me take a minute of my colleagues' time to share one more example of the shameful treatment afforded many of this Nation's Vietnam veterans. This story is about a man who suspected he had been exposed to agent orange while on a tour of duty in Vietnam, yet his attempts to determine if damage had been done were repeatedly ignored by the Veterans' Administration.

This man served 1,800 combat hours in Vietnam, between 1966 and 1969. Both his tours were served during the time that agent orange defoliation operations were reportedly in progress.

In 1972, still on active duty, this man developed stomach pains and began missing long stretches of work. He was sent to Fort Sam Houston for testing and in 1973, he underwent exploratory surgery. A hernia was discovered and repaired, but he was hold that he had no liver problems.

In August 1973, he retired from the military.

He immediately went to work as a civilian helicopter pilot for Bell Helicopter and in September 1976, he was sent to Iran. Problems similar to the ones he had had in the service recurred, and in April 1977, he was sent home to have his gall bladder removed. But his pain persisted, and it got so bad that he could not return to Iran.

Last April, this man read about the agent orange issue. Suspecting that he might have been exposed, he presented himself to the VA hospital for testing. They drew a blood sample and sent him home. Last July, he wrote the regional office of the Veterans' Administration, and asked that he be given the complete test for agent orange exposure. In November, 4 months later, he was told to report to the VA hospital for testing. Once again, his "test" consisted of a blood sample and nothing else.

Several weeks ago, a local television station reported that tests were available at VA hospitals for anyone who suspected having been exposed to agent orange during a tour of duty in Vietnam. Knowing that the test was not in fact available to anyone who requested it, this man contacted the TV station and related his story to a reporter. That reporter accompanied him to the VA hospital and demanded that the test be administered to this man. He also filmed the entire story.

This man received the complete agent orange test, but only after the story had been aired on TV, and only after nearly 1 year had expired since his original request for the test.

Mr. Speaker, I submit that this man's case is not unique. It is a classic example of the kind of treatment afforded anyone in this country associated with the Vietnam war. And it also serves as a graphic description of the ineptitude and ambivalence that has characterized the Veterans' Administration's treatment of the agent orange controversy.

Our public officials must change their attitudes toward our Vietnam veterans. On the agent orange case, it is essential that a clear-cut policy be formulated, that a broad outreach program be implemented, and that Vietnam veterans who suspect they were exposed to this defoliant finally receive the treatment they are entitled to.

Anything less speaks very poorly of the way this country chooses to honor the men and women who once served it in war.

## NAVY PERSONNEL FUNCTION UNDER SHAMEFUL AND DANGEROUS CONDITIONS

(Mr. DAN DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DAN DANIEL. Mr. Speaker, yesterday morning's Washington Post carried an article by George Wilson regarding Navy families in the Tidewater area who are on foodstamps and who are otherwise laboring to keep their heads above the financial waters in light of inadequate pay. I insert this article in the RECORD today.

Permit me to add some recent personal observations.

On Tuesday night of last week, I learned that we have 5,000 troops in training in one area whose training may have to be suspended because of a lack of training funds.

While visiting a military base last week, I found there was not enough fuel to provide transportation to training areas, and personnel were of necessity driving their own cars to those areas.

At still another area, the men and women were taking money out of their own pockets to purchase wrenches at Sears because wrenches were not available on base.

Mr. Speaker, it is not only shameful but dangerous when we ask those who would defend us to function under such conditions.

### FAMILIES FIND ROUGH SAILING ON NAVY PAY

(By George C. Wilson)

NORFOLK.—Two sailors sat among society's wounded here at the welfare office, waiting to see someone in authority about getting food stamps.

This would have been an unusual sight a couple of years ago, but it is not anymore. The supervisor at the Little Creek branch office said one of every 10 food stamp applicants is a sailor from the U.S. naval base at Norfolk.

"There has been a big upsurge—triple what it was 1½ years ago," said Georgia Jarvis, manager of the food stamp center. Navy applicants now come in at the rate of about 40 a week.

"They make the typical plea," she said, "insufficient funds. Their expenses keep going up. Service people are overextending themselves."

All around this Navy town, sailors, chiefs and their wives, hoot at President Carter's memo to Defense Secretary Harold Brown, recently revealed by Navy Times, in which the president said pay raises are not the answer to military personnel problems.

"You should assess other factors involved in reenlistment problems," ex-Navy lieutenant Carter wrote, rejecting the Joint Chiefs of Staff plea for pay raises. "When I was in the Navy, pay was not the major factor."

Carter was commissioned an ensign in 1946 and left the service as a lieutenant in 1953, opting against making the Navy a career.

The Joint chiefs contend that service people should get 6.6 percent pay increases annually for the next 3 years to make up for what they have lost due to inflation since 1972. The president rejected the proposal.

"Where's Carter been?" asked a boatswain's mate as he went from counter to counter at the welfare center here, trying to get food stamps for himself and his wife, who is pregnant.

"I bring home $584 a month, pay $150 a month for a one-bedroom apartment in Little Creek, $90 for electricity, $40 a month for our TV, and $82 a month for my used car," he said.

That leaves this sailor about $55 a week for gasoline, food and everything else—including some medical bills the Navy does not cover.

"We can't make it," said the sailor, who did not want to his name used. He has been in the Navy 5 years and plans to leave it next year when his enlistment is up.

"A lot of our Navy friends would be down here applying with us," said his wife bitterly, "excepting they don't want to go through the s - - - we just went through."

What that means is going from one receptionist to another, filling out forms and waiting for a turn to make the plea for food stamps. After all that, a welfare official at the Little Creek branch said the sailor makes too much money—gross—to qualify. Many others have qualified.

"They should have lied," and one bureaucrat afterward. "He could have claimed his wife needs special medicine, which would bring down their income to qualify. Sailors and old people, who really need the help, don't know how to work the system."

The second sailor who was filling out forms for food stamps—apparently fearful that he might sound like an out-of-work welfare case—left the office hurriedly without telling his story.

A few blocks away, Shirley Corley, 21, a Navy wife was ringing up sales at the K mart, where she earns $3.50 an hour as a cashier.

"We don't even get to meet anybody," said Mrs. Corley, an outgoing native of Muskegon, Mich., who went to college for 1½ years before marrying Seaman Norman Corley Jr. 23. "He works and I work. We have exactly $68 in the bank, which I'm putting toward the [$141] Vepco bill."

Their unfurnished apartment, she continued, cost $195 a month. Other monthly expenses, she said, are $120 for their child's baby sitter, $105 for the Ford van, $36 in furniture payments, $120 a month for gas to commute to the Norfolk naval base, and $50 to Sears.

That comes to $767 before the Corleys have bought food, clothes or paid doctors for medical care the Navy does not cover. No movies, no dining out. Seaman Corley's after-taxes monthly paycheck is $600. His wife's job gets them by.

Mrs. Corley said the Navy is so short of trained people that it cannot find anybody to replace her husband to run technical equipment on the base, so his requests to do something different keep being rejected.

"He doesn't like it," she said, "but the way the United States is going, it is a sure job. He'll probably reenlist in 1982, even though he doesn't like it."

She said that about 80 percent of the workers at the K mart are young Navy wives like herself, trapped into the same routine for lack of enough money to do little more than work and watch television.

Fear of the economic future keeps some people in the Navy. A recession is good for recruiting volunteers and raises reenlistment rates, but thousands of other sailors the Navy would like to keep are eager to take their chances on the outside.

"I don't like that sea duty, being confined, no freedom, no time to yourself," said Ken Russell, 22, of Miami, as he pumped gas at his after-duty job. And, continued Russell, who is a hull technician third class—another skilled person the Navy would like to keep—the $700 a month he takes home does not cover his expenses.

"The Navy just pays my bills. If I didn't work here, I wouldn't eat," said Russell of his $3.40-an-hour evening job at the Amoco station.

Come July, when his enlistment ends, Russell will practice the welding trade he learned in the service. "I've got nothing against the Navy," he said, even though the workdays at sea ran up to 22 hours. "I joined to learn a trade, establish myself as a man."

The Navy helped him do that, Russell said.

"Some of the guys don't want anything better," he continued. "But I do. I'm from a middle-class family. Maybe that's a lot of my problem." He expects to make $14 an hour as a civilian welder.

Navy Fireman Bill Esposito, 23, pushes a broom in Hechinger's warehouse here after he get off work at the naval base, where he repairs tugboat diesel engines. Like his friend Russell, Esposito is single but still cannot get by on his $600 monthly Navy pay. He works four nights a week at Hechinger's for $3.70 an hour.

Being away from the family and having to move a lot compounds the pay problem for married petty officers, like Ralph E. Myers Jr., 26, a second class petty officer trained and experienced in operating the nuclear power plants in Navy submarines. He is a highly skilled electronics instructor at the Navy school on the base.

After serving four years on the attack submarine Robert E. Lee, including patrols where he was out of touch for 30 days at a time, he said, "I began to get disillusioned with the Navy."

His disillusionment with the tediousness and loneliness of Navy life aboard a nuclear submarine deepened after he was married in 1976. He plans to leave the Navy next year after finishing his six-year hitch, despite the offer of an $11,000 bonus to reenlist.

Myers said he can easily double his $9,000 a year Navy salary by joining a civilian nuclear power company or working on electronic gear the Navy sends to a company such as Raytheon for repair. As a husband and the father of two children, Myers hates the long family separations built into Navy life. He said he cannot resist a job that keeps him at home, and probably will start at $14,000 a year with prospects of soon moving up to about $35,000.

Even the big raises that the joint chiefs want and Carter opposes would not bring Myers' pay in line with what private industry offers for skilled technicians.

In the Navy, the chief petty officers have answers to everything, as interviews in their bar at the base demonstrated.

Between gulps of draft beer as 50 cents a glass, the chiefs talked about today's All Volunteer Force.

"Carter doesn't know what he is talking about when he wrote that thing about money not being important," one chief said. "This is 1980. My wife says my neighbor drives a tank truck for Texaco, and makes twice as much as you do."

"But it is true pay wouldn't be the whole thing," he added. "The junior officers today are afraid. They won't back us up. They're afraid if they back us up and discipline somebody, he won't reenlist."

"Cowards?" asked one chief in referring to some officers. "We're loaded with them. If you've got a dirt-ball, get rid of him."

The chiefs complained that the Navy brass, by grading an officer on how many of his people reenlist, has undermined the foundation of discipline.

"We're losing middle management's cutting edge," said another chief.

The chiefs interviewed agreed that higher pay would attract and hold more qualified people; that the draft should be reinstituted; that the system for rating officers should encourage, rather than discourage a fair but firm hand; that Navy people should take over many of the jobs now held by civilians on the military payroll. With more shore billets filled by Navy people, they reasoned, six-month tours at sea could be reduced to three months through the larger pool of experienced officers and sailors.

Of course, not everybody the Navy trains is quitting. There are some bright spots in the generally dark picture.

At The Washington Post's request, Navy officials produced a highly skilled boiler technician who has decided to reenlist.

Alan T. Thackeray, 26, of Goshen, Mass., son of a golf course greenskeeper, joined the Navy in 1971 right after high school in hopes of learning a trade and bettering himself. He has done all the dirty jobs in 100-degree temperatures in ships' boiler rooms and currently is an instructor at the Navy firefighting school here, with the rank of boiler technician first class.

He married his hometown sweetheart, Carlotta, in 1975 and they had a baby, Thomas, born 2½ months early. The infant weighed 2 pounds, 4 ounces at birth and had to be placed in the incubator at a Navy hospital.

From all she has been able to learn about her son's case, Mrs. Thackeray said, he received too much oxygen. He became blind and developed so much scar tissue in his nose and throat that he must be kept alive by having tubes inserted in a hole in his throat.

"He smiles all the times," said Mrs. Thackeray. "That makes up for a lot of his problems."

Thackeray signed up for another 4 years last week, partly to get the $12,000 reenlistment bonus he hopes to use to buy a house. He said the main reason, however, was to make sure the money and medical benefits for his son keep coming in.

"I have nothing to look forward to but 5 years at sea," said Thackeray in a flat, but not bitter, observation about his future. "I don't enjoy sea duty at all. I enjoy being with my family.

"But my father worked at the same golf course for 20 years and somebody bought it. Zip! He was out. There's a lot of hard times out there. With the boy and everything, I'm trying to do the right thing without taking chances."

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## GENERAL REVENUE SHARING PROGRAM SHOULD BE RECONSIDERED TO ELIMINATE INEQUITIES

(Mr. FISHER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FISHER. Mr. Speaker, the administration is expected to submit to Congress today its detailed proposal for the reauthorization of the general revenue sharing program. I have been informed that the administration will propose eliminating the State share of general revenue sharing—one-third of the funds—and changing the formula by which the local government share within each State is determined. Apparently the local governments in the district I represent would receive severely reduced amounts under the new formula. One county will lose about two-thirds of the funds it received last year and another will lose more than one-third. Taken together, the loss of all the State share and much of the local share would have a devastating effect on essential programs of local government, such as education.

I recognize that inflation and the need to reduce Federal spending will require restraint and some cuts in various Federal programs, but to concentrate cuts based on changes in allocation so heavily in a few local jurisdictions is not the way to go about reaching this laudable objective.

It would be far better to reduce spending by spreading the cuts over all jurisdictions, rather than to alter formulas so some jurisdictions lose virtually everything. To provide for adjustment to the loss of the State share of general revenue sharing, the proposal should at least delay any changes in the allocation formula for the local share for a year or more. In some States, such as my own State of Virginia, all the State share is funneled directly back to the local governments. The local governments should not have to absorb a double loss in 1 year. Another possible transition alternative would be to phase out the elimination of the State share and reexamine the new formula for distribution of the local revenue sharing funds. Clearly any proposal that hits a few areas as hard as my district is being hit needs rethinking.

## INTRODUCTION OF LEGISLATION TO PROVIDE REFUND OF GASOLINE COST INCREASES TO CERTAIN CONSUMERS

(Mr. DASCHLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DASCHLE. Mr. Speaker, I am today introducing legislation to provide a refund of the increase in the cost of gasoline which will result from President Carter's decision to impose a gasoline conservation fee on imported crude oil and gasoline and direct the resulting higher fuel cost to gasoline alone. Consumers who are now exempt from the Federal excise tax on gasoline would be eligible for this refund. These consumers include agriculture, the construction industry, State, county, and municipal government, nonprofit educational organizations, intercity, local, and school bus systems, and vessels or aircraft.

The President has indicated an import fee has been imposed on petroleum and the resulting higher fuel cost directed to gasoline alone in order to spur energy conservation and gasoline conservation in particular. I, too, believe energy conservation is essential if we are to succeed in reducing the Nation's unwelcome and continuing dependence on uncertain supplies of increasingly costly foreign oil, but I also believe perspective is needed.

The current economic plight of America's food and fiber producers and the construction industry is extremely serious. In fact, the condition of our agricultural economy mirrors the condition which existed 25 years ago, a condition which prompted the Congress to exempt agricultural users from the Federal excise tax on gasoline. The report of the Senate Finance Committee which accompanied H.R. 8780 during the 84th Congress said, in part:

> The depressed situation in agriculture probably constitutes the most important domestic problem before Congress at the present time. The decline in farm income has now continued for several years and unless reversed is likely to constitute a threat to the well-being of the entire economy. The farmer today is caught in a severe price-cost squeeze. At the same time farm prices are declining, the costs of articles he must buy have risen. This problem must be met on several fronts, one of these involving the reduction of the costs which the farm must pay.

During the last year farm production costs have skyrocketed, increasing by 21.5 percent, due in large measure to rising energy costs while the value of farm production has fallen, by 1.7 percent last month alone. The condition of the construction industry is unfortunately similar. Housing starts, one measure of construction activity in this country, have fallen from more than 1.7 million starts last spring to nearly 1.3 million starts this spring.

Energy consumption in agriculture is essentially inelastic and food and fiber production requires major energy investment. Agricultural producers in my district have already begun and will continue to conserve energy whenever possible; the economics of agriculture dictate energy conservation and neither permit nor reward energy waste. Farmers and ranchers in South Dakota are not burning thousands of gallons of gasoline a year cruising through the parking lots of fast food restaurants in combines. The gasoline conservation fee will thus "succeed" in increasing gasoline and production costs for agriculture and will worsen an already serious economic condition, but it will have minimal, if any, effect on conservation.

Already during the first 2 months of 1980, the price of gasoline has increased by 134.2 percent on an annualized basis. Farmers in my district are patriotic, resourceful, and practical, but they are not magicians. They cannot be expected to perform feats which would astound the legendary Houdini. Agricultural producers in South Dakota who have been denied a market for their product as a result of the grain embargo will now be required to absorb a 10-cent-per-gallon increase in the price of gasoline. This alone will increase the cost of gasoline used in agriculture in South Dakota by more than $7,500,000 a year. And our farmers are expected to remain viable. This is not possible and this policy is both unwise and unfair.

Mr. Speaker, the President has made his decision and imposed the gasoline conservation fee. While I do not relish opposing the President, I must strongly oppose this initiative for the reasons I have just cited. To my colleagues who also oppose this policy, I invite you to join with me in supporting the legislation I am offering today.

Mr. Speaker, the text of the bill I am introducing is as follows:

H.R. 7043

A bill to amend the Internal Revenue Code of 1954 to provide for repayment of the oil import fee in the case of certain uses of gasoline

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) subchapter B of chapter 65 of the Internal Revenue Code of 1954 (relating to rules of special application for abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"Sec. 6429. Repayment of Oil Import Fee.

"(a) Allowance of Payment.—If any gasoline is used in an exempt use, the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline an amount equal to 10 cents for each gallon so used.

"(b) Exempt Use.—For purposes of this section, the term 'exempt use' means—

"(1) any use by a State or local government,

"(2) any use by a nonprofit educational institution (as defined in section 4221(d) (5)),

"(3) any use as supplies for vessels or aircraft (as defined in section 4221(d)(3)),

"(4) any use on a farm for farming purposes (within the meaning of section 6420 (c)),

"(5) any qualified business use (as defined in section 6421(d)(2)), and

"(6) any use which meets the requirements of section 6421(b) (relating to use in intercity, local, or school buses).

"(c) Time for Filing Claims; Period Covered.—

"(1) General rule.—Except as provided in paragraph (2), not more than one claim may be filed under subsection (a) by any person with respect to gasoline used during his taxable year; and no claim shall be allowed under this paragraph with respect to gasoline used during any taxable year unless filed by the purchaser not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purposes of this subsection, a person's taxable year shall be his taxable year for purposes of subtitle A.

"(2) Exception.—

"(A) In general.—If $1,000 or more is payable under subsection (a) to any person with respect to fuel used during any of the first 3 quarters of his taxable year, a claim may be filed under this section by the purchaser with respect to fuel used during such quarter.

"(B) Time for filing claim.—No claim filed under this paragraph shall be allowed unless filed on or before the last day of the first quarter following the quarter for which the claim is filed.

"(d) Applicable Laws.—

"(1) In general.—All provisions of law, including penalties, applicable in respect of the taxes imposed by section 4081 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments consitituted refunds of overpayments of the tax so imposed.

"(2) Examination of books and witness.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

"(e) Income Tax Credit in Lieu of Payment.—

"(1) Persons not subject to income tax.—Payment shall be made under this section only to—

"(A) the United States or an agency or instrumentality thereof, a State, a political subdivision of a State, or any agency or instrumentality of one or more States or political subdivisions, or

"(B) an organization exempt from tax under section 501(a) (other than an organization required to make a return of the tax imposed under subtitle A for its taxable year).

"(2) Exception.—Paragraph (1) shall not apply to a payment of a claim filed under subsection (c)(2).

"(3) Allowance of credit against income tax.—

"For allowances of credit against the income tax imposed by subtitle A for fuel used or resold by the purchaser, see section 39.

"(f) Regulations.—The Secretary may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

"(g) Termination.—This section shall not apply to gasoline purchased after the close of the calendar month in which the oil import fee imposed by the President on April 2, 1980 ceases to apply.

"(h) Cross References.—

"(1) For civil penalty for excessive claims under this section, see section 6675.

"(2) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures)."

(b)(1) Subsection (a) of section 39 of such Code (relating to certain uses of gasoline, special fuels, and lubricating oil) is amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof ", and", and by adding at the end thereof the following new paragraph:

"(5) under section 6429 with respect to exempt uses of gasoline (determined without regard to section 6429(e))."

(2) Subsection (b) of section 39 of such Code is amended—

(A) by striking out "or 6427" and inserting in lieu thereof "6427, or 6429", and

(B) by striking out "or 6427(h)" and inserting in lieu thereof "6427(h), or 6429(e)".

(c)(1) Section 6206 of such Code is amended—

(A) by striking out "or 6427" each place it appears and inserting in lieu thereof "6427, or 6429",

(B) by striking out "and 6421" and inserting in lieu thereof ", 6421, and 6429", and

(C) by striking out "AND 6427" in the subsection heading and inserting in lieu thereof "6427, AND 6429".

(2) The table of sections for subchapter A of chapter 63 of such Code is amended by striking out "and 6427" in the item relating to section 6206 and inserting in lieu thereof "6427, and 6429".

(3) Paragraph (9) of section 6504 of such Code is amended—

(A) by striking out "or 6427 (relating to fuels not used for taxable purposes)" and inserting in lieu thereof "6427 (relating to fuels not used for taxable purposes), or 6429 (relating to repayment of oil import fee)"; and

(B) by striking out "6424, or 6427" and inserting in lieu thereof "6424, 6427, or 6429".

(4)(A) Subsection (a) of section 6675 of such Code is amended by striking out "or 6427 (relating to fuels not used for taxable purposes)" and inserting in lieu thereof "6427 (relating to fuels not used for taxable purposes), or 6429 (relating to repayment of oil import fee)".

(B) Paragraph (1) of section 6675(b) of such Code is amended by striking out "or 6427" and inserting in lieu thereof "6427, or 6429".

(5) Sections 7210, 7603, 7604(b), 7604(c), and 7610(c) of such Code are each amended by striking out "6427(g)(2)" and inserting in lieu thereof "6427(g)(2), 6429(d)(2)".

(6) Subsection (a) of section 7605 of such Code is amended—

(A) by striking out "6427(g)(2), or 7602" and inserting in lieu thereof "6427(g)(2), 6429(d)(2), or 7602", and

(B) by striking out "or 6427(g)(2)" and inserting in lieu thereof "6427(g)(2), or 6429(d)(2)".

(7) Paragraph (1) of section 7609(c) of such Code is amended by striking out "or 6427(g)(2)" and inserting in lieu thereof "6427(g)(2) or 6429(d)(2)".

(d) The amendments made by this section shall apply with respect to gasoline purchased on or after May 15, 1980.

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## BIG OIL SNUBBING ITS NOSE AT PRICE GUIDELINES

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. CONTE. Mr. Speaker, I was appalled recently by an article in the Wall Street Journal entitled, "Mobil Oil Wins $154.2 Million Contract From U.S. Despite New Rebuke by Carter." While the administration is concerned that its voluntary wage-price program may be losing credibility, it is signing new contracts with Mobil Oil for millions of dollars.

I find this difficult to understand, particularly when Mobil has allegedly overcharged its customers by some $45 million and has refused to consider rolling back its high prices.

In a related article in the Washington Post entitled, "COWPS Bullied By Big Oil Barons," there is cited a confidential White House memo which states that, "Price guidelines have been remarkably successful in restraining price increases in most other industries," but concedes that the administration's effort has not produced a "similar restraint in petroleum products."

Mr. Speaker, while the American consumer is struggling against the ravages of sky-high inflation, in many cases just making ends meet, we read of recalcitrant big oil, snubbing its nose at these price guidelines and indirectly at the American public.

We must all make a concerted effort to weather this inflationary storm together. If we do not, and big oil strikes out on its own, it will certainly spur another round of inflationary roulette.

The articles from the Washington Post and the Wall Street Journal are as follows:

### COWPS BULLIED BY BIG OIL BARONS

(By Jack Anderson)

No amount of jawboning from the White House has been able to keep Big Oil from going its merry buccaneering way, ripping off the American consumer for gasoline and home heating fuel. Even the president's astonishing tirade against Mobil will probably have no chastening effect on the recklessly greedy oil companies.

The trouble, as Jimmy Carter's top inflation fighters admitted in a memo late last year, is in the administration's voluntary anti-inflation program itself. The Council on Wage and Price Stability (COWPS) is a paper tiger as far as Big Oil is concerned, they explained to the president.

The confidential memo, written by presidential advisers Stu Eizenstat and Alfred Kahn, boasts that "price guidelines have been remarkably successful in restraining price increases in most other industries," but concedes that the White House effort has not produced a "similar restraint in petroleum products."

Eizenstat and Kahn explained that "even if through sophisticated accounting methods it turns out that most individual companies are in compliance with the letter of the standard, the aggregate data leaves no doubt that the industry as a whole has not complied with its spirit."

In other words, with a little effort by their accounting departments, the oil companies can rake in enormous profits and still be technically within the COWPS guidelines.

The basic problem is that only refining—a small part of the oil industry's operations—is covered by the guidelines. Crude oil production, distribution and marketing are not.

"The extent of COWPS authority can at best be expected to affect only a relatively small portion—the refiners' margin—out of the total retail price of gasoline, home heating oil and other refined petroleum products," explains an unpublished analysis of the guidelines prepared by the General Accounting Office.

And even in this limited area of supervision, COWPS has been letting the oil companies get away with murder. In one recent report, for example, COWPS disclosed that there had been an average 4.5 cents per gallon increase in the refiners' margin during the first year the voluntary guidelines were in effect. That was almost a 45 percent rise.

"A standard under which such an excessive increase can occur for reasons other than noncompliance must surely be considered suspect," the GAO study observes.

The trouble is that the president's voluntary program relies on the patriotism and moderation of industry and labor, and there are apparently few born-again Christians in the boardrooms of Big Oil. The chief executive of Exxon, for example, was paid $977,993 in salary and bonuses last year while the price of gasoline soared over $1 a gallon. The No. 2 man drew $611,023.

With motivation like that, it's small wonder the oil moguls shrug off the administration's pitiful, helpless giant steps to control inflation.

The only weapons COWPS has against those who exceed the guidelines are the withholding of government contracts and the spreading of bad publicity. And these are singularly unsuitable weapons with which to belabor Big Oil.

It's too soon to assess the impact of the administration's blasts at Mobil. But the smart money didn't seem worried. In late February, COWPS accused Mobil of violating the price guidelines, and the firm's stock jumped $4.50 per share. After President Carter's blast, the price of Mobil's stock went up $1.75 the next trading day.

Animal Farm—The Russian bear that rampaged through Afghanistan is being transformed by Soviet propagandists into Mischa, the cuddly cute cub that is the symbol of the Summer Olympics. It fools those of childlike gullibility.

The Kremlin has more skillfully utilized another animal from childhood fable—the wolf in sheep's clothing—to manipulate a worldwide network of interlocking front groups that lend respectability to Soviet policy goals abroad, according to secret CIA files.

The front organizations include such high-sounding groups as the International Institute for Peace, World Peace Council, World Federation of Democratic Youth, and even, with particular irony, the Christian Peace Conference and the International Federation of Resistance Fighters.

"These organizations profess non-communist goals," one CIA report states, "and for that reason are, under certain circumstances, more operationally useful to the Soviet Union than groups of communist sympathizers."

The CIA estimates that the Kremlin funds 13 of these international organizations to the tune of $63 million a year.

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### MOBIL OIL WINS $154.2 MILLION CONTRACT FROM U.S. DESPITE NEW REBUKE BY CARTER

WASHINGTON.—Mobil Oil Corp. got a new rebuke from President Carter and a new $154.2 million contract from the Defense Department.

The jet fuel contract issued by the Defense Logistics Agency, was announced only a few hours after the President renewed his criticism of the Mobil Corp. subsidiary for what he said were violations of the government's voluntary price guidelines. Yesterday's criticism, before a meeting of construction union members, was essentially a replay of the tongue-lashing the President gave Mobil Friday.

At that time, the Council on Wage and Price Stability said it was adding Mobil's name to a list of concerns that may be barred from getting government contracts of $5 million or more.

A Pentagon spokesman said the contract was actually awarded Friday, even though it was only announced yesterday. Moreover, a spokesman for the price council explained that under the agency's regulations, Mobil won't be formally listed as a noncomplier until today. It would have been premature for the government to withhold the contract, the spokesman said.

Another reason Mobil got the contract, one Pentagon official said, was that the type of jet fuel involved is scarce. "The Department of Defense is in the business of national security," said George Marienthal, a deputy assistant defense secretary. "We needed the fuel, so we proceeded." He added that it's possible Mobil will continue to get fuel-supply contracts if the fuel is scarce. The price rules would permit the contract in such a situation.

In other developments, Mobil announced in its annual report that it will test this year a system for deep-ocean drilling in water as deep as 6,000 feet. Mobil said it has developed a method for connecting flow lines to oil or gas wells that will significantly add to the depths at which commercially viable drilling can be done offshore. Technology currently restricts production from water to depths of about 1,000 feet.

At the same time, Mobil said Newfoundland Province has made a novel claim to a 40% equity interest in the Hibernia discovery, in which Mobil holds the largest interest, 21.8%, among the drilling partners. Mobil indicated the claim could take a long time to resolve in the courts.

Separately, Mobil said it has largely written off its expenditures in the Baltimore Canyon, where it drilled two unsuccessful wells.

Mobil wasn't the only company to get a big fuel contract yesterday. Atlantic Richfield Co. was awarded an $83.3 million contract from the Defense Logistics Agency for jet fuel and marine diesel fuel.

Other contracts announced yesterday by the Pentagon went to:

Todd Shipyards Corp., two Navy contracts totaling $25.5 million for ship overhaul and modification.

C-Three Inc., Reston, Va., a $16.7 million Army contract for data-processing equipment.

Lockheed Missiles & Space Co., a unit of Lockheed Aircraft Corp., $14.6 million in contracts for a data link for remotely piloted vehicles for the Army and for materials used in the Navy's ballistic missile program.

Honeywell Inc., a $14 million Army contract for fuzes.

Hughes Aircraft Co., a $10 million Army contract for spare parts for radar used to locate enemy mortars and artillery.

Bendix Corp., a $9.9 million Air Force contract for fuel controls and sensors for engines used in F15 and F16 fighter planes.

Western Electric Co., the manufacturing arm of American Telephone & Telegraph Co., an $8.7 million Navy contract for oceanographic research.

McDonnell Douglas Corp., a $7.6 million Navy contract for Harpoon missiles and related spare parts, equipment and services.

Kentron International, a $7.4 million Air Force contract for base-operating services.

General Electric Co., a $6.8 million Navy contract for improvement of a gas turbine.

Coopers & Lybrand, a $4.4 million Navy contract for civil service personnel training.

Chrysler Corp., a $4 million Army contract for engineering work on installation of a 120-millimeter gun on the new XM1 tank.

Armament Systems Inc., a $4 million Navy contract for services, materials and facilities used in evaluating weapons systems.

Lancer Clothing Corp., a $3.3 million contract from the Defense Logistics Agency for cold-weather jackets.

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## CONTROL OF YEAR-END SPENDING

(Mr. DICKINSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DICKINSON. Mr. Speaker, today is April 15—the day that our constituents and many of us here in this body are painfully reminded of the awful cost of supporting the vast array of programs of our Federal Government.

I do not recall a time when more of my colleagues were looking for ways to reduce wasteful Federal spending than now. I would like to suggest to Members legislation which will help eliminate wasteful splurge spending by Federal departments and agencies at the close of each fiscal year. This spending has sparked renewed interest in corrective measures to halt their abuses.

I am today introducing legislation which I believe addresses this problem in a realistic manner.

I have incorporated in this bill language suggested by the General Accounting Office in testimony before the Government Operations Committee. The main feature of my proposal is that spending in the last quarter of any fiscal year be limited to 25 percent of the total appropriation.

This would be accomplished by utilizing the Antideficiency Act. The main features of this approach are as follows:

It would use the existing apportionment process to administer the limitation, thereby assigning responsibility to those in the executive branch who should be monitoring and controlling spending.

It would have general applicability to all obligational authority available and planned for use in a fiscal year, thereby basing the limitation on the agencies' financial plans for each fiscal year and covering all uses, not just contractual services.

It would limit total agency spending in the last 3 months of each fiscal year to 25 percent of planned spending for the year.

It would allow the Director of the Office of Management and Budget to authorize exceptions to avoid serious disruption to the execution of a program, thereby allowing some executive flexibility; but it would require that departures be reported to the Congress.

It would be in effect for 3 fiscal years, thereby allowing the executive time to strengthen the budget execution and procurement processes and, perhaps, eliminate the need for the limitation.

It would require: First, that after the first 2 years, the Director report to the Congress on the results of administration of this limitation and actions taken to strengthen the budget execution and procurement processes and to make recommendations concerning the continuation of the limitation and second, that the Comptroller General review the report and provide the Congress with his analysis and recommendations; thereby, providing the Congress with information upon which to decide whether to continue the limitation or allow it to expire.

It would exempt actions taken to satisfy this limitation from the reporting requirements of the Impoundment Control Act of 1974.

## LEGISLATION TO REQUIRE HUD TO IMPROVE COLLECTION PROCEDURES IN MORTGAGE INSURANCE PROGRAMS

(Mr. BUTLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BUTLER. Mr. Speaker, I am introducing a bill today which will require the Department of Housing and Urban Deveopment to improve collection procedures in its mortgage insurance programs. If implemented, this change could benefit the Government by $16 million per year.

FHA housing insurance programs require borrowers to pay one-half of 1 percent of their monthly mortgage payment as an insurance premium. The financial institution which receives the mortgage payment forwards the premium to HUD. The institution is merely a conduit for the money intended for the benefit of the Federal Government.

However, rather than being required to turn it over immediately to the Government, the mortgage servicer is allowed by HUD to keep the money for periods of up to a year. HUD only bills a servicer once a year for each mortgage being held. Thus, the financial institution is able to gain benefits from the use of this money which should be used for the benefit of the HUD mortgage insurance funds. With the prime rate in excess of 19 percent, this is a substantial windfall for the mortgage banker.

Although mortgage servicers are required to place these funds in noninterest-bearing escrow accounts, they do accrue financial benefits from these funds. In situations where the mortgagee or servicer is a bank, the earnings from the use of the related cash placed in these accounts accrue directly to that institution. This is true even though the amounts are recorded in noninterest-bearing accounts. Subject only to reserve requirements, deposits such as this are invested in short- and long-term earning assets. If the mortgagee or servicer is wholly or partially owned subsidiary of the financial institution, the benefits are similar, though less direct.

Nonbank mortgages also benefit from holding these insurance premiums. They are able to maintain substantial lines of credit with the banks holding their deposits, including the ability to temporarily finance mortgages. In many cases, these deposited premiums serve as "compensated balances" which act as reserves against loans. Even if no loans are based on these deposits, other benefits arise, including free or reduced cost bank reserves. It is clear that the mortgage banking community enjoys substantial benefits because of the present HUD policy. These should be available to the HUD insurance funds.

The bill I am introducing provides the Secretary of HUD with two options for regaining the use of insurance premium money. First, the Secretary is directed to collect the funds promptly upon their payment to the financial institution. Second, the Secretary would be able to allow payments on an annual basis, provided that an interest charge is imposed. In either case, the money would work to the benefit of the insurance fund. Further, because this bill affects only the relationship between HUD and the financial institution holding the mortgage, it will have no impact upon homeowners or other borrowers.

HUD's problems with its mortgage insurance premium payments have been long documented. The Manpower and Housing Subcommittee of the Government Operations Committee has held a series of oversight hearings on HUD accounting systems, including the mortgage insurance component. A 1977 GAO report also highlighted the millions of dollars lost by HUD because of this flaw in the insurance premium collection process. And yet, nothing has been done to correct this problem.

This problem could be corrected by HUD simply through a change in its policy toward mortgage holders and servicers. However, the Department has refused to do so. As a member of the Manpower and Housing Subcommittee, I pressed HUD officials on the matter at last year's hearing. But, they refused to make this change. Because they are unwilling to save this money, it is time for Congress to act and require that it be done. My bill will serve this purpose, and thus I urge its passage.

## MUST AMERICA DIE BY SUICIDE

(Mr. ASHBROOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ASHBROOK. Mr. Speaker, "Must America Die by Suicide?" That is the title of a most provocative speech by a great American and one of my good friends.

John A. Lloyd, retired president of the Union Central Life Insurance Co., and a member of the Supreme Council of Scottish Rite Masonry, resident in Cincinnati, delivered on February 21, 1980, to Scottish Rite Masons, in connection with their celebration of the birthdays of Washington and Lincoln, a timely and provocative speech concerning the defense posture of the United States during the current crisis.

Mr. Speaker, it is my feeling the Members of Congress will be interested in having the benefit, as I have had, of Mr. Lloyd's analysis of what most Americans feel is the urgent obligation of Congress to protect the security of the United States in the immediate future.

His timely speech follows:

### MUST AMERICA DIE BY SUICIDE?

(Address of John A. Lloyd)

I have stood at this podium many times over the past two decades and for most of the times when I have addressed you, the subject has been Our Country.

Tonight, again, the subject is the same: Our Country, and the theme is the same: the peril our country faces and what we, the people who constitute Our Country, must do about it.

Among the thirty-nine men who have served the United States as President, two were major prophets of their country's future. Alas, however, like the prophets of Israel of old, their counsel has been spurned by the people and, as has occurred in the history of every society founded by men, the government they served is now paying the price of the neglect of this wisdom.

It was George Washington, our first President, who upon announcing his decision to refuse election for a third term, took care to point out in his Farewell Address to the American people, dangers to freedom and the Republic which he could foresee in the future.

In his complicated and ponderous prose, President Washington warned of three major dangers, all of which have occurred and all of which have been permitted by the people despite the wisdom of his warning.

First, he predicted that there would be efforts to tamper with the Constitution.

"effecting," he called it, "alterations which would impair the energy of the system; and thus to undermine what cannot be directly overthrown."

We allowed that to happen!

Second, he advised us to avoid division into political parties. He said: "However combinations or associations of the above descriptions (political parties) may now and then answer popular ends, they are likely, in the course of time and things, to become potent engines by which cunning, ambitious and unprincipled men will be able to subvert the power of the people and usurp for themselves the reins of government; destroying afterwards the very engines which have lifted them to power."

We have allowed that to happen!

Third, he warned the American people to be "constantly awake against the insidious wiles of foreign influence. I conjure you to believe, my fellow citizens," he said, "the jealousy of a free people ought to be constantly awake; since history and experience prove that foreign influence is one of the most harmful foes of republican government."

And we have allowed that to happen!

The second major prophet among our Presidents was the 16th, Abraham Lincoln, and I call your attention to an address made by him on January 27, 1838, twenty-three years before he assumed the Presidency. His subject was "The Preservation of our Political Institutions."

The main thrust of his argument is that our political institutions (meaning our sovereign government) will survive as long as the citizens of America treasure personal freedom and take the steps necessary to preserve it.

He then asks this rhetorical question, "At what point, then, is the approach to danger to be expected?" and then he said, "I answer, if it ever reaches us, it must spring up amongst us. It cannot come from abroad. If destruction be our lot, we must, ourselves, be its author and finisher. As a nation of free men, we must live through all time or die by suicide."

The point of danger is here. It sprang up amongst us. It did not come from abroad.

We have heard and read but have learned no lesson from these prophecies of Washington and Lincoln. We have paid no heed to the teachings of history as it reveals the causes of the disappearance of nations and civilizations. The tragedy of it all recalls the verse in St. Luke's gospel: "If they hear not Moses and the prophets, neither will they be persuaded though one rose from the dead."

And the consequences of not heeding—what are they?

In 1945 at the conclusion of World War II, the United States was the most powerful nation in the world. Today that position is held by the Soviet Union.

Thirty years ago the world looked upon the United States with respect. Today even insignificant nations flout us.

For example Iran, for centuries called Persia, holds 50 American diplomats and military personnel prisoner and hostage and has so held them in the United States Embassy for more than 100 days, and the United States is powerless to secure their freedom.

Today, the Soviet Union holds directly or by proxy control more than half of Europe, nearly half of Asia, much of Africa and South America including Panama and the Panama Canal, and the United States can throw only piously mouthed threats in the path of the Soviet march to world domination. Threats we cannot enforce.

By successful spy activities and lax security by the United States, the Soviet Union stole the secret of the atom bomb and now, by virtue of its constantly growing military strength, Soviet Russia is the dominant nuclear power in the world.

General Lewis M. Walt, United States Marine Corps, Retired, has written a book which every American should read; Its title is "The Eleventh Hour." Even the dust jacket of this timely warning challenges us with this statement:

"The United States has fallen so far behind in strategic power that we are inviting a surprise nuclear attack from the Soviets. We are in imminent peril now, not in the future. The Soviets are far ahead in virtually every arms category, as well as civil defense, and can launch a first strike that will kill half our population while they suffer fewer casualties than they did in World War II."

General Walt pleads for immediate and determined renewal of our strategic power so that we can restore the credibility of our deterrence, credibility which has been lost by our leaders rejecting mobile missiles, the B1 bomber and the neutron warhead.

Look at the difference between Russia and the United States in strategic missiles and bombers in the last 10 years—a period when with the Salt I and Salt II treaties, the United States has been giving in to the Soviets on every military front. In 1969 the United States had 2,270 strategic missiles and bombers, and Soviet Russia had but 1,369. Ten years later, in 1979, the United States had 2,141 strategic missiles and bombers and Soviet Russia had 2,582. In that decade the United States lost 129. Soviet Russia gained 1,213!

Now let us look at the figures of armed forces of the two nations at the end of 1979:

| | |
|---|---|
| United States | 2, 068, 800 |
| Reserves | 819, 700 |
| Total | 2, 888, 500 |
| U.S.S.R. | 3, 638, 000 |
| Reserves | 6, 800, 000 |
| Total | 10, 438, 000 |

To the Soviet Union armed forces ready for instant use must be added those of the Soviet slave states: Poland 306,500; Czechoslovakia 186,000; East Germany 157,000; Hungary 114,000. They total 753,500 available in addition to Soviet Russia's 3,638,000 concentrated and ready to move under Russia's command at a moment's notice. Against this, the United States has 2,068,800 scattered throughout the world.

The United States deliberately has allowed this wide divergency to develop. It has done so as a matter of policy and has done so even though it has known since 1919 that Soviet Russia is bent on conquering the world, and this inexcusable reduction has occurred because (1) of a succession of stupid administrations each of which has to some extent been infiltrated by Soviet Russian sympathizers and (2) because of a series of Congresses which by majority vote deliberately supported their defeatist policies.

Coming across my desk every week for years has been the most complete non-governmental intelligence service available. It has been accurate to an unbelievable degree.

This week's issue says that Soviet Russia will consolidate its conquest of Afghanistan and then will seek to "destabilize" Pakistan, isolating that country and detaching Baluchistan with at least one Marxist leader in power.

"Then," it says, "the drive toward the oil-rich Gulf will continue with the fragmentation of Iran into 'autonomous' republics 'guaranteed by the Soviet Union.'"

"Then the 'sleeper agents' within the Saudi government will be activated and the vast, empty interior of the country will be used in a massive airbound military operation for which the Soviet Union has been training."

A flotilla of submarines is stationed at Aden, South Yemen's seaport and capital, and at least three Krivak Class destroyers of the Soviet Navy are ready to convey marines for landing operations. A Russian general has taken command of South Yemen with East German forces which have assumed control.

So, Soviet Russia is on its way to capture the oil-rich Middle-East and if she succeeds in so doing, America and her friends either will be without Arabian oil or will have to pay so much for oil as to bring about their economic collapse.

And what was the United States government doing while all this has been going on? Reducing her military power; cutting the size of her Navy; making treaties advantageous to the Soviets; giving away the Panama Canal; allowing her allies in South America to be taken over by Russian Marxists; playing politics at home; spending itself into bankruptcy with the biggest deficit budget in history; and releasing the most debilitating inflation ever to hit the American economy.

If Soviet Russia's plans succeed, if it attains worldwide control and conquers the United States it will, as president Lincoln predicted, be because we allowed ourselves to become so weak that we cannot defend ourselves. Our nation could die by suicide.

Let me pose this to you: Do you think this awful event is far away in distant years? Do you think the Russian autocrats now having military power vastly more effective than ours will wait patiently while we rebuild our defense?

To answer that question with an understatement: I doubt that they wait very long. Their achievements to date indicate that they are far from stupid.

Our country has no civil defense program worth mentioning; it has no anti-ballistic missiles. Our fighter interceptors have been reduced to 324 aircraft. And most of our air defense radars have been dismantled or converted to other use.

The Soviets have protective machines and protective uniforms and masks which permit them to use a new form of deadly nerve gas which slays animal life—including humans—upon instant contact of the tiniest particle and they are prepared to use it. They have the machinery for using it in Afghanistan.

But when our military leaders ask for modern nuclear weapons and the B1 and the neutron bomb, President Carter and Congress said, "No."

We have but 453 ships in our Navy. Soviet Russia has 1,400. Soviet Russia has 50,000 tanks—we have 10,000. Russia has 55,000 armored personnel carriers, we have 22,000. Russia has 20,000 artillery pieces—we have 5,000. Russia has 7,000 heavy mortars—we have 3,000. Our troops are equipped with the out moded M-16 rifles, wholly inadequate to compete with the Russian AK-47.

I could go on with facts and figures which only would depress you further.

All my life I have believed that the United States was the most powerful nation in the world, and for most of my life this has been true. I have seen us enter two World Wars underarmed and undermanned, and in each I have seen American citizen soldiers and American industry and American agriculture perform miraculous feats of production, and in each, American arms saved not only the United States but all of our allies and created complete and final victory, which we then proceeded to abandon.

But an unprepared America now has to face atom bombs and atomic missiles which in moments can destroy entire cities and millions—hundreds of million—of people.

Also, we must remember that American industry is far from as productive as it has been in previous crises.

Despite the despair which encompasses my soul, I cannot—perhaps it is just that I will not—believe that the American spirit is conquerable. No matter how grim the warclouds that fill the sky, America must not betray her heritage. She must *now* (not next summer or after the next election) push the buttons which will turn our industry three shifts a day, seven days a week, producing the most effective arms of all kinds which we shall need. She must provide speedily for the induction of millions into the armed forces and get them trained speedily and thoroughly. Her leaders must begin to think only of the United States and only of making her powerful enough to meet this crisis victoriously.

Preparation for war is the only guarantee of peace. We have forgotten that, but we must remember it now.

Just take time for a short lesson in history and you will learn that every nation and every civilization which lost its will to fight has been destroyed.

We must restore what once was our covenant with destiny, expressed so clearly by President Harding in 1922 when he said that America would never be too righteous to make a war of conquest and so strong that none would dare incur her wrath.

We must return to the America of Theodore Roosevelt who urged us to "walk softly but carry a big stick."

I know that only the will of the American people can save America, and the patriotism which fills our hearts and thrills our souls, as it always has, must now express itself to the politicians.

I recall what Abraham Lincoln said in 1859 in Cincinnati: "The people of these United States are the rightful masters of both Congresses and courts, not to overthrow the Constitution, but to overthrow the men who pervert the Constitution."

All of the desperate situations in which we find ourselves can be laid to the stupidity or the carelessness or the greed to hold office of the politicians who have permitted this country to trade security and solvency for a welfare state and a staggering debt-ridden democracy.

Remember, it was an American Naval Captain James Mugford, lying mortally wounded on the deck of his schooner, The Franklin, on May 19, 1776, during a British attack in Boston Harbor, who called out to his crew: "Don't give up the ship; you will beat them off."

And remember also that while it was Abraham Lincoln who warned us more than a hundred and forty years ago that when this danger came it "would spring up amongst us" it was this same Abraham Lincoln who aroused our citizens during the greatest Civil War in all history and led them to saving this nation, and it was he who said in Indianapolis on February 11, 1861, "when the people rise in mass in behalf of the Union and the liberties of this country it may be said that the gates of hell cannot prevail against them."

No matter how late the hour; no matter how strong the enemy; no matter how desperate the situation, we will not give up the ship; we will rise in mass as a people determined to save our country and our freedom and the gates of hell shall not prevail against us.

Our duty—that of each one of us, no matter how old or how young, how rich or how poor; no matter what our politics; no matter what our religion; no matter what our race—our duty is to swing into the battle lines of citizenship and raise so much hell that the politicians must rearm America on a crash program and do it now. We must become a warrior nation; for what we must save is America and civilization.

William McKinley told us that "duty determines destiny." We know our duty. As we do it, our destiny will be determined.

If we do it, the old flag will fly again in victory and our children and their children will live in freedom.

Never has duty been more important to survival.

We are American citizens; God help us to do our duty as such.

## INFORMAL ENTRY INCREASE LEGISLATION

(Mr. WON PAT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WON PAT. Mr. Speaker, today I am introducing a bill to amend section 498(a)(1) of the Tariff Act of 1930, as amended, to increase from $250 to $600 the informal entry limit for imported items.

At present, under the Tariff Act of 1930, all merchandise brought into the U.S. customs zone in shipments exceeding $250 in value must be formally entered. But shipments under that amount need only meet whatever rules and regulations are prescribed by the Secretary of the Treasury. This saves small importers the time and cost required to prepare the formal declarations, and saves Treasury the administrative time needed to process small shipments. The $250 limitation has been in effect for many years, however, during which time inflation has made this an unrealistically low figure.

Guam is outside the U.S. customs zone. While we derive several benefits from this, most notably duty-free port status, our business community suffers certain drawbacks. An excellent example occurred recently: A retailer on Guam brought in a stock of records worth over $40,000 for sale to the island public. Under the contract with the mainland distributor, all unsold discs could be returned to the distributor. Not many of the records were sold, so the remainder was being shipped back to the States. But it was a very slow process because each shipment to the mainland could not exceed $250 in order to meet the current informal entry limit.

As you know, the prices for sound recordings have gone up like almost everything else. Shipping records in bundles valued at not more than $250 does not allow very rapid return of the total lot valued at many thousands of dollars.

My bill, which was drafted in cooperation with the U.S. Customs Service, would increase the informal entry level to $600 to compensate for inflation. The U.S. Census Bureau, which has responsibility for compiling foreign trade statistics, has informed me it could work with customs to develop procedures to obtain full commodity detail for shipments valued up to $600.

This legislation is but one step in my efforts to correct problems encountered by Guam's business community due to customs laws and regulations. While the territory enjoys the benefits of being a duty-free port, I do not believe we should be penalized in relation to other U.S. areas because we are outside the customs zone. Our economy must be able to compete equitably, especially in these days of increased pressure to limit Government dependence and spending. I urge my colleagues to act favorably on this legislation.

## AMERICA IS STILL HELD HOSTAGE DAY 164

(Mr. DORNAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN. Mr. Speaker, the United States of America has been humiliated for 164 days. It is hard to comprehend, let alone accept.

Well, last night millions of Americans felt humiliated by their tax output and seethed in anger and frustration as they put the finishing touches on their 1040 forms, desperately trying to retrieve and/or protect every possible penny of their hard-earned money from the tax collector. With the twin cancers of high inflation and excessive taxation eating away their substance, patience among our people, particularly the American middle class, is wearing thin.

The American people are being asked to pay more and more for a government that is less and less responsive, for a bureaucracy that is more and more arrogant, and for a Congress that is apparently incapable of even considering new ideas or proposals to remedy the current sickness of the American economy. The proof of this rests in the fact that real tax relief measures are being left to die in congressional committees without even a hearing.

The administration proposes to fight inflation through tax increases unprecedented in American history. It is a familiar pattern. In 1979 receipts amounted to $465.9 billion, in 1980 receipts amounted to $532 billion; and this year, according to the latest budget estimates, new receipts will reach $628 billion, a $96 billion increase over last year. The newest tax increases include an additional 10-cent-a-gallon gasoline tax, in spite of substantial reductions in gasoline consumption. We have the imposition of a withholding tax on interest in savings accounts, despite the fact that we suffer from reduced investment and productivity and our percentage of savings is the lowest of any industrial nation.

Last night "Kramer Versus Kramer" was an Academy Award winner, but today, April 15, tax day—Carter versus Carter is a loser. Carter's first budget versus Carter's second budget.

The windfall tax is immoral! That is correct—windfall tax—the tax that this Federal Government enjoys every year because taxpayers cannot index their earnings against creeping up the tax rate tables—taking a bigger chunk of their earnings away than they may have negotiated in raises to fend off inflation.

## AGRICULTURAL EMERGENCY CREDIT RELIEF ACT

The SPEAKER. Under a previous order of the House, the gentleman from Kansas (Mr. SEBELIUS) is recognized for 5 minutes.

● Mr. SEBELIUS. Mr. Speaker, any Member of this Congress who comes from farm country is being made aware of how the increase in interest rates is driving farmers out of business. Between declining prices for livestock and grains, and rising interest costs, many farmers in my district are getting ready to give it up.

I am not getting calls from farmers alone. Bankers from all over my district have been calling my office telling me we are on the verge of the worst financial disaster since the Great Depression. The crunch is being felt throughout the economy. As farm prices fall and farm production costs rise, we are seeing farmers cut back on their purchases. Many are unable to service existing debt. As a result, small businessmen throughout my district are now finding themselves in cash flow crises.

Major feedlots in Kansas are now closing or cutting back their operations because cattle producers cannot afford the interest rates they must pay when they borrow money to buy cattle. This has a multiplier effect.

In Garden City, Kans., a major meatpacking plant has laid off all 400 of its employees. Seventy-three federally inspected meatpacking plants have closed since January 1. The consumer will feel the effects in the months ahead, in the form of reduced supplies and higher prices.

Mr. Speaker, the bill I introduced today is identical to legislation introduced in the Senate by Senator NANCY KASSEBAUM of Kansas. It is introduced in hopes that we can get to work on it immediately and save time.

The bill authorizes refundable tax credits for interest charges exceeding 12 percent on agricultural operating loans. As defined in the bill, these loans could not exceed 12 months and the principal may not exceed $25,000.

Under this bill, a farmer who obtained a $10,000 loan at 14 percent with a $1,400 interest charge would be allowed a $1,200 deduction and $200 in dollar-for-dollar tax credits. If he had no tax liability, he would receive a $200 refund from IRS.

Mr. Speaker, the bill is a very modest effort to address serious economic problems in the agricultural sector of our economy. I urge my colleagues to support it. Thank you.●

## THE ADMINISTRATION'S DISMAL PRODUCTIVITY EFFORTS

The SPEAKER. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 5 minutes.

● Mr. CORCORAN. Mr. Speaker, within the last few months, the United States achieved a dubious milestone in establishing an all-time high—in the 20 percent range—for the prime rate of interest. The U.S. Department of Commerce recently predicted that 1980 will bring a trade deficit worse than 1979. The prediction by the administration is that consumer prices will rise 12.8 percent in 1980 and is surpassed by the reality of the 18.2 percent annual rate increase actually recorded in February. This performance and near-term prognosis virtually guarantees that the citizens of the Nation will experience a further decline in their standard of living during 1980.

What is the administration doing to address these ills? President Carter was quoted in the press in February as saying his economic policies suit him just fine. It is unfortunate that these policies are not suiting the American people very well at all. The President's action seems to be consistent with his stated complacency.

A case in point is the administration's lack of leadership in the area of productivity. The President's economic advisers have stated that developments in productivity have been an important source of the upward trend of costs and prices. It is obvious that many of the Nation's economic ills could be addressed through improved productivity performance.

While the current approach on the part of the administration and the Congress is to find ways to cut the Federal budget, a more useful approach might be to focus on improving this country's productivity. Improving productivity would combat inflation and the accompanying decline in our standard of living.

An article was recently brought to my attention that was written for the Productivity News, a publication of the Japan Productivity Center. This organization has existed in Japan for 25 years and is indicative of the significance Japan affords the subject of productivity. This article, while not professing to describe all Federal productivity activities, does provide an insight into the administration's level of concern. The article describes the accomplishments of the National Productivity Council, which is purported to be the focal point among executive agencies in terms of productivity. This council, which has been in existence for 17 months, has met all of four times for about 1 hour per meeting. The article also describes the initiatives that are to be implemented by the Department of Commerce that were recommended by the President as a result of his domestic policy review on industrial innovation.

While several of these programs might have potential, they are so diffuse and insignificant that it is virtually guaranteed they cannot be effective. The administration clearly has no plan or strategy other than to present a public relations case. For instance, the Department of Commerce's original budget request amounts to $3.4 billion. Since Commerce is the department working with commercial enterprise, one might expect that the significant effort to address productivity in the private sector would come from this department. Yet the budget requested in the productivity area amounts to less than 1 percent of the Department's budget.

A recent example of the administration's public relations approach to the issue of productivity was the February 29 announcement by Secretary of Commerce Philip M. Klutznick that he has reorganized part of the Commerce Department. Addressing the Chicago Association of Commerce and Industry, Secretary Klutznick announced that he has established an Office of Productivity, Technology, and Innovation. While this sounds good, I find no more reason to believe that this reorganization will result in meaningful results than the establishment of the National Productivity Council 17 months ago. The level of commitment indicated by the National Productivity Council meeting for a total of 4 hours over the first 17 months of its existence is obvious. The NPC is little more than a convenient group to which to point when anyone questions the administration's actions in the productivity area. I was pleased to note that the Joint Economic Committee, in its 1980 Joint Economic Report, recognized the lack of resources of the NPC and recommended that the "efforts of the National Productivity Council should be expanded."

I have had direct experience with this council. On March 8, 1979, I introduced H.R. 2735, the Intergovernmental Productivity Improvement Act of 1979. The Senate companion bill, S. 1155, was introduced on May 15, 1979, by Senator PERCY. The NPC, at its first meeting in December 1979, appointed a study committee to study the role that the Federal Government plays in the area of State and local productivity improvement. When the three congressional subcommittees to which my legislation was referred asked the administration for its views, the Office of Management and Budget recommended that Congress defer consideration until the NPC's report was completed.

Finally, last January, the study team submitted its final report to the NPC. Now, when the administration is asked for its views on this legislation, the OMB states that it is "studying" the NPC study team's study. Meanwhile of course, congressional committees are reluctant to hold hearings on the legislation until the administration is ready to make known its views. But, once again, should anyone inquire as to the administration's efforts in the area of productivity, it can say that the matter is being "studied."

We should be aware of the administration's puzzling lack of meaningful concern regarding improved productivity performance, public and private. The General Accounting Office, in a November 13, 1979, letter to Joint Economic Committee Chairman Lloyd Bentsen, suggested that Congress legislatively establish the NPC. Legislation has been introduced—H.R. 6462, February 7, Congressman STANLEY N. LUNDINE and S. 2417, March 12, Senator LLOYD BENTSEN—which would follow through with GAO's recommendations. When Congress asks the administration for its views on this legislation, I have no doubt that the answer will be that the administration is "studying" the idea.

Mr. Speaker, I commend to my colleagues the following article which I believe verifies the administration's lack of commitment in the area of productivity. The author, Charles H. Kimzey, wrote this article for the Japan Productivity Center. Mr. Kimzey is the assistant director of the Department of Commerce's cooperative generic technology program. I believe Mr. Kimzey is to be commended for accurately reporting both the activities of the National Productivity Council and the plans of the Department of Commerce in the area of productivity.

The article follows:

### NEW FEDERAL PRODUCTIVITY INITIATIVES

(By Charles H. Kimzey)

United States' poor productivity performance was confirmed again by the recently released 1979 results. For only the second time since 1947 when productivity data was first produced by the government, the U.S. showed a productivity decline for the year in the private business sector. Preliminary data from the Bureau of Labor Statistics shows the decline at 0.9%. Productivity declined in each quarter of 1979 which is the longest sustained decline since the 1974–75 recession.

There is, however, both good news and bad news to be derived from these statistics. The negative implications on the economy of this performance are evident to many. Unit labor costs rose 10.4% in 1979, the first double-digit increase since 1974. Real hourly compensation declined 5.6% in the fourth quarter, the largest single decline in the 33 years the series has been reported.

The good news is that the productivity problem has reached a sufficient proportion that the level of concern is both rising and broadening. One result of the democratic process is that Congress and the Administration are responding to the increasing call for action.

#### HISTORICAL PERSPECTIVE

A brief recount of recent government sponsored productivity initiatives may help to put current plans in perspective. Within the U.S., the first effort to establish an organization to deal primarily with productivity issues was the National Commission on Productivity, established by an Executive Order of the President, dated July 10, 1970. The Commission was given statutory authority late in 1971 through an amendment to the Economic Stabilization Act. This authority was extended on an annual basis twice, and, in 1974, actually functioned as the Office of Productivity under the Cost of Living Council. In legislation signed by the President in June 1974, the Commission's name was changed to the National Commission on Productivity and Work Quality. The public law which established the National Center for Productivity and Quality of Working Life was signed in November 1975.

The philosophy behind both the Productivity Commissions and the National Center was that cooperation among business, labor and government is essential if the Nation is going to make progress in the productivity arena. These two organizations, through their tripartite Board of Directors provided a mechanism to enable nonadversarial discussions on alternatives to address productivity issues. Over time some of the Nation's most prominent leaders served on the Board of the Commission and the Center, including Lane Kirkland, current President of the AFL–CIO, and the late Nelson Rockefeller who served as Chairman of the Board when he was Vice-President.

The Board of the National Center established human resources, capital, technology, the public sector, government regulation, and certain industries such as construction and food distribution as priorities for Center attention.

The legislation authorizing the Center's existence was one of the first public laws that provided for a so-called "sunset" provision. Under this provision the Center would have a finite existence of three years and expire in the absence of new legislation.

#### NATIONAL PRODUCTIVITY COUNCIL

It was the decision of the Carter Administration, after considering many alternatives, to allow the National Center to expire in September, 1978. In October 1978, the President, by Executive Order, established the National Productivity Council, "to provide for coordinated and effective Federal programs to improve productivity in the public and private sectors." The Council is not a distinct agency with its own staff and separate budget but is designed to be a mechanism to make sure the many activities of the Executive Branch Agencies work together. It is composed of the heads, or designee, of the following agencies: Treasury, Commerce, Labor, Special Representative for Trade Negotiations, Council of Economic Advisors, Management and Budget, Science and Technology Policy, Council on Environmental Quality, Personnel Management and the Council on Wage and Price Stability. The Director of the Office of Management and Budget serves as Chairman and provides administrative support.

Among the functions of the Council, as described in the Executive Order, is working with Executive Agencies to assure that productivity activities are "carried out in a manner that realizes maximum benefit from the resources invested" including identifying opportunities for cooperative or innovative projects and eliminating overlapping or duplicative programs.

The Council is to identify major policy issues for the President and to make assignments for studying and resolving problems. The Council was further to serve as the focal point for liaison with the private sector.

The President underscored the responsibilities of certain agencies in support of the Council:

*Activity and responsible agency*

Technological innovation, management systems and production methods; information dissemination: Department of Commerce.

Labor/Management Cooperation; Productivity Measurement: Department of Labor.

Improved and innovative utilization of employee skills; Quality of Working Life; Department of Labor with Department of Commerce.

Federal Work Force: Office of Personnel Management with Office of Management and Budget.

Regulatory concern: Office of Management and Budget.

The President asked the Council as its first order of business to determine the appropriate role of the Federal Government in supporting the producitivity improvement efforts of State and local governments.

The Council has met four times since its formation, and, in addition to the State and local issue, has examined labor/management committees, Federal workforce performance, industrial innovation, national productivity statistics, causal factors for the decline in productivity performance, and the role of small business.

The Council's actions have been to approve expanded Federal support for labor-management committees and to support the development of national total factor productivity measures. This action has resulted in the Administration approving a request from the Federal Mediation and Conciliation Service, an independent executive agency whose mission is to assist in settling disputes in industries affecting commerce, for $2.3 million in Fiscal Year (FY) 1980 and $2.4 million in FY 81 to implement the Labor Management Cooperation Act of 1978. This will provide financial assistance for labor-management committees established for the improvement of labor-management communications and organizational effectiveness and to enhance economic development. Assistance would be available for the establishment and operation of committees that serve a geographical area as well as committees on an industry and in-plant basis.

The Council's support for total factor productivity measures has resulted in an Administration recommendation to increase the budget of the Bureau of Labor Statistics (BLS) in Fiscal Year 1981. The BLS has already developed the foundation, including conceptual schema and partial data accumulation, to produce the multi-factor measurement as a result of studies conducted for other government agencies. If granted the funding increase, BLS is expected to work for an early release of output per unit of capital and per unit of energy with 1980 data, for the private business sector and the nonfarm business sector. BLS currently produces the national statistics of output per labor input. The total factor concept would be satisfied with the inclusion of output per unit of material which would be forthcoming at a later date.

It should be pointed out that both of the budget increases mentioned are including in the President's 1981 budget submission which must be ratified by Congress.

#### INNOVATION INITIATIVES

In addition to the actions of the Council, President Carter in May 1978 called for a domestic policy review of industrial innovation. This effort was afforded the highest level of policy attention by the executive branch of government. The study was conducted by a Cabinet-level Coordinating Committee chaired by the Secretary of Commerce.

Broad input to the study was sought from outside government as well. Over 150 senior representatives of industry, public interest groups, labor, science, and academia participated in the policy review. Five subcommittees were formed in the following areas:

Economic and trade policy;

Environmental health and safety regulations;

Regulation of industry structure and competition;

Federal patent and information policy, and

Federal procurement policy and direct Federal support of research and development.

The question posed at the initiation of the review, "what actions should the Federal Government take to encourage industrial innovation," was answered by the President's recommendations issued in October 1979. The nine areas where action is to be taken are:

Enhancing the transfer of technical information;

Increasing technical information;

Improving the patent system;

Clarifying anti-trust policy;

Fostering the development of smaller innovative firms;

Improving Federal procurement;

Improving the regulatory system;

Facilitating labor/management adjustment to innovation, and

Maintaining a supportive attitude toward innovation.

While there are many recommendations under these categories involving many of the Executive Agencies, the most significant budgetary initiatives favored the Department of Commerce and the National Science Foundation (NSF).

The prime activities of NSF expected from the recommendations are: (1) an expansion of a program that provides funds to small companies for venture analysis of new projects and to demonstrate technological feasibility; and (2) an expansion of a program for the support of high quality R&D projects proposed jointly by industry-university research teams.

#### DEPARTMENT OF COMMERCE

The Department of Commerce (DoC), whose mission is "to foster, promote and develop the foreign and domestic commerce . . . of the United States," is responsible for implementing a number of productivity initiatives recommended by the President. DoC's activities were described recently by the newly appointed Secretary, Philip M. Klutznick, as going beyond simply business and trade. Secretary Klutznick felt that a better description of the Department's mission encompasses the "means by which our erational. The technical areas where CGTC's would be established have not been selected. Among the candidates are (1) welding and peoples and the peoples of the world exchange mutually the benefits they create." The Secretary, in presenting his 1981 budget appropriations request of $3.4 billion, cited the only areas of the Department containing significant *new* initiatives are those associated with technological advance.

### SCIENCE AND TECHNOLOGY

The office having the responsibility for these programs is that of the Assistant Secretary for Science and Technology (S&T). Historically, this office represents the technical expertise of the agency containing the organizational units of the National Bureau of Standards, the Patent and Trademark Office, and the National Technical Information Service (NTIS). The Secretary foresees a broadening of emphasis in this office "from science and technology alone, to productivity and industrial technology."

These new budgetary initiatives total $10.2 million and consist of (1) $3 million to enhance the transfer of Federal and foreign technology; (2) $5.2 million to establish three cooperative centers for generic technology; (3) $1.9 million to develop and evaluate operational strategies; and (4) $100,000 for the establishment of two regional Corporations for Innovation Development (CID).

NTIS has the responsibility to make Federal technological, scientific, economic and engineering information readily available to industry, government and other interested parties. NTIS is the prime activity of the DoC for the transfer of technology. The $3 million budget request for technology transfer is to fund the new programs recommended by the President.

NTIS will utilize $1.2 million to establish the Center for Utilizing Federal Technology (CUFT). The goal of CUFT is to improve the economic health and growth of U.S. firms through an improved flow of knowledge from Federal laboratories and R&D centers to industry.

The remaining $1.8 million is to fund the Foreign Technology Utilization Program. This program is to gather, analyze, organize and disseminate information regarding foreign research and development activities that may affect the competitiveness of U.S. firms.

To accommodate the programs involving the cooperative centers, strategy development, and corporations for innovation development, Science and Technology plans to establish a new organizational unit entitled the Office of Industrial Development.

The program to establish the cooperative centers is the Cooperative Generic Technology Program. The goal of the program is to stimulate industrial innovation through the cooperation and financial commitment of both industry and government. This cooperation would take place through the institutional mechanism of a nonprofit corporation, known as the Cooperative Generic Technology Center (CGTC), which would be separate and distinct from government. Industrial firms that support the Center would elect a Board of Directors who would be responsible for allocating both government and industrial contributions. The Centers would not develop new products or proprietary processes but would cooperate to produce the underlying technological base required to produce new products. The centers would not only conduct applied research but would also actively pursue the rapid transfer of technology into industry. New product development would take place entirely by individual firms and not as part of the CGTC's activities but building on the results of the CGTC's efforts.

The recommendation of the President to implement this program was a result of a year-long study into the feasibility of such a concept. The attitude of industry had to be tested before the program could become operational. The technical areas where CGTC's would be established have not been selected. Among the candidates are (1) welding and joining; (2) automated batch manufacturing; (3) semiconductor fabrication; (4) powdered metals; and (5) composite materials. The mandate calls for the establishment of three centers in Fiscal Year 1981.

An appropriation of $1.9 million is proposed for the Office of Technology Strategy and Evaluation. This office will support, monitor, and evaluate the programs in innovation carried out by the Department of Commerce. The office will also cooperate with Federal, State and local government agencies to design, implement and evaluate programs related to technology innovation.

The Corporations for Innovation Development (CID) will be modeled partly after the British National Research and Development Corporation and the Connecticut Product Development Corporation. The CID's are being established to help alleviate some of the difficulty individual entrepreneurs have in obtaining start-up capital for promising, high-risk technological products. The CID's would provide both direct equity funding and guidance to entrepreneurs. Partial funding would come from states or regions. The remaining funds would come from the Federal Government. It is anticipated that two regional CID's would be established in FY 1981.

### CONGRESSIONAL ACTION

An indication of Congressional interest is a bill introduced in the House of Representatives on February 7, 1980. This Bill, H.R. 6462, entitled the "Productivity Improvement Act of 1980" would provide for the legislated establishment of the National Productivity Council (NPC) and the National Productivity Council Advisory Board. The NPC is patterned after the existing National Productivity Council established by Presidential Executive Order. The bill provides a more active role for the NPC with its own budget. The authorization for FY 1980 is $5 million. Among the activities prescribed for the NPC under this bill is to develop and annually revise a comprehensive "National Productivity Improvement Plan" that specifically establishes short and long-term objectives to improve productivity in the private sector. This bill has been referred to the House Committee on Banking, Finance and Urban Affairs for consideration.

These activities point to a Nation slowly coming to the realization that improved productivity performance is indeed critical to the long term well being of its citizenry. The question of how effective these and other efforts will be to turn around U.S. performance remains to be seen, but they indicate a beginning effort to address the problem.●

## FISHERIES DEVELOPMENT—A CALL TO ACTION

The SPEAKER. Under a previous order of the House, the gentleman from New Jersey (Mr. FORSYTHE) is recognized for 20 minutes.

● Mr. FORSYTHE. Mr. Speaker, when the first colonists came to America they found a land rich in fish and wildlife resources. To survive in this new land, men and women turned to the sea for sustenance—and until the arrival of massive foreign fishing fleets the sea yielded its wealth. However, the decade of the 1960's brought unrestricted foreign fishing to the shores of the United States. Unrestricted fishing meant overfishing—and fish stocks plummeted. The decline of the U.S. fishery resource resulted in severe economic damage to many of our coastal communities which were dependent upon the commercial and recreational fishing industry as a major source of employment.

Overfishing presented a clear threat to the resource. The response was the passage of the Fishery Conservation and Management Act which marked the dawning of a new era in fisheries conservation. The success of the FCMA in controlling overfishing is reflected by the fact the foreign catch within the fishery conservation zone has been reduced from 2.7 million metric tons in 1976 to under 1.8 million metric tons in 1978. In the same period, the number of foreign fishing vessels was reduced from 2,500 to approximately 700. More importantly, fishery management plans have been developed for 12 fisheries. Eight plans are currently under review and an additional eight are in some stage of preparation. By the end of 1980, it is expected that 23 plans will be in effect. By the end of 1982 another 33 plans will have been put into force.

In addition to providing for the rational management of our fisheries resources, the act created a priority access for U.S. fishermen. Unfortunately, the U.S. share of the total commercial harvest within the fishery conservation zone has increased from only 48 percent in 1976 to 52 percent in 1978. The processing of this harvest has also increased only slightly. I would note, however, that these percentage figures are somewhat misleading. In terms of the tonnage of fish harvested in the fishery conservation zone, the U.S. catch has declined from 812,044 tons in 1976 to 641,000 tons in 1978.

By giving U.S. fishermen first access to the fish, the FCMA laid an economic foundation upon which the fishing industry could rebuild. The act caused a renewal interest in fisheries development and there has been a substantial increase in the level of investment in the U.S. industry. Nevertheless, the total U.S. harvest in the 200-mile zone has declined and the question we must ask is why?

Today, I, together with the chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment, have introduced comprehensive legislation, the American Fisheries Promotion Act, which seeks to answer the question why. The legislation provides the U.S. fishing industry with the tools it needs to take advantage of the vast fisheries resources found off the coasts of our country.

It is in the national interest to expand our fisheries development efforts because significant economic advantages will flow from the full utilization of U.S. fishery resources. While 20 percent of the world's available fishery resources are found within the U.S. fishery conservation zone, and while the United States consumes 7.5 percent of the world's fish harvest, we take only 4 percent of the world's catch. The result is an unacceptable balance-of-payments deficit in the fisheries sector.

In 1978, the United States exported $900 million of fisheries products. In the same year, we imported $3.1 billion of fish, shellfish, and related products. This fisheries trade deficit, in excess of $2 billion, represents almost 10 percent of the total U.S. balance-of-payments deficits. The strain placed upon the U.S. dollar by this deficit adds to the rampaging inflation which is severely affecting

Americans of all ages and economic strata.

A comprehensive fisheries development program could, within the next decade, create more than 40,000 jobs, and more than $1 billion per year to the U.S. economy, and reduce the U.S. trade deficit by $1.7 billion per year—and I submit this is just the beginning. A comprehensive fisheries development program will convert the United States from a net importer to a net exporter of fisheries products. In addition, it is estimated that for every $1 million of landings, up to 113 jobs will be created. Coastal communities that have seen their economy suffer from foreign exploitation of U.S. fisheries will see a swift revival because of efforts made to develop the U.S. fishing industry.

Mr. Speaker, the American Fisheries Promotion Act will, at no cost to the taxpayers, except administrative expenses, provide an effective means of realizing the full potential of the U.S fishing industry. At the outset, the bill recognizes that the only people who can truly develop the U.S. industry are the fishermen and the processors. The bill amends the existing Saltonstall-Kennedy Act to specifically provide matching grants to the industry for the purpose of funding industry-initiated fisheries development projects. Under the S-K Act 30 percent of the revenues derived from the import tariffs on fish and other items is placed in a separate fund for use by the National Marine Fisheries Service for fisheries development.

All too often, Saltonstall-Kennedv funds have been used for administrative and other purposes within NMFS and have not been made available to the people who best know how to utilize these funds—the fishing industry. I recognize that the National Marine Fisheries Service has important funding needs—but the fact remains that the Saltonstall-Kennedy Act was enacted to provide funds to the industry for fisheries development. This has not been done and the legislation I am introducing today attempts to insure that the funds are used for their intended purpose. In fact, the bill directs that 75 percent of the available funds be used to fund projects proposed by the fishing industry.

It is estimated that in fiscal year 1981 $38 million will be available under the Saltonstall-Kennedy Act. Under my proposal 75 percent of this would be channeled to the fishing industry. The remainder of the funds would be available to the National Marine Fisheries Service for use in such fisheries development projects as MNFS believes are a necessary part of a fisheries development program and which are not adequately addressed by industry proposals.

In considering projects submitted under this part of the bill, the legislation directs the Secretary to approve two projects if meritorious proposals are submitted. If no such proposal is received, the Secretary is directed to conduct the project. The two projects would: First, provide for the establishment of a voluntary fish-grading system in one port of the United States; and second, provide for an investigation of more energy-efficient fishing vessels, equipment and techniques.

The purpose of the fish quality project is to encourage the industry to develop a program whereby the quality of fish landed at the dock is graded, thus enabling fishermen bringing in the higher quality fish to command a higher price. Generally, the current practice is that fishermen are offered the same price regardless of the quality of the fish they land. There is no incentive to provide higher quality fish to the market. I believe that if U.S. fishermen were given a price incentive to deliver a higher quality product they would do so. A higher quality product will increase market acceptability and stimulate consumer demand.

A similar system is in effect in Iceland and has worked to the benefit of the fishermen and the consumer. In fact, the 1976 study by the General Accounting Office reports that Iceland's system of quality control incentives which extend to fishermen as well as processors has been highly effective because Iceland is known for the high quality of its fish products. In fact, one of the largest U.S. fast food corporations imports the bulk of its fish for fish fillet sandwiches from Iceland.

The importance of bringing high quality fisheries products to the consumer is further demonstrated by a test program conducted in 1977 by the National Marine Fisheries Service. Under this program, Federal inspectors and marketing personnel collaborated with one fish processor and two stores of a supermarket chain to bring the highest possible quality fish to the consumer. Fresh cod, cusk, flounder, haddock, ocean perch, and pollock which, when landed, met the Department of Commerce inspection standards for grade A were filleted by the processor who operated a plant approved by the Department of Commerce inspection service. The processed fish were displayed in mechanically refrigerated cases at the retailer. The display cases were temperature controlled to assure that the proper temperature was maintained.

A sign to educate potential customers as to the quality standards of the product was placed adjacent to the display case. The sign stated that the fish was guaranteed as grade A fish and had been inspected by the Government when offloaded from the boat, at the processing plant, in trucks when transported, and at this particular outlet. This sign was supplemented by a 30-second oral description that was issued by tape recording every 5 to 10 minutes. Starting with the second day, the fillets were inspected daily by a Department of Commerce inspector, and when the quality fell below U.S. grade A, they were withdrawn and replaced with fresh fillets that did meet the grade A standard.

While it is generally conceded that there is a relatively high rate of rejection of fish purchases among consumers, the most important demonstration of consumer satisfaction in this particular experiment was the complete absence of consumer complaints as to the quality of the product. The magnitude of this accomplishment rests in the fact that the demonstration covered a 20-week period and involved the sale of nearly 10,000 pounds of fish. Consumers grew to accept the concept of quality control, even if it meant paying a higher price for the product. At times, prices reached $1 per pound more than fillets of other brands. In fact, by the end of the demonstration project, some consumers actively requested the U.S.-inspected fish. They did not want regular, store brand fish. This is significant evidence that the buying judgment of the consumer was influenced by assured quality.

A few months after this federally coordinated experiment was initiated, the processor and the supermarket chain involved entered into an agreement—independent from the Government—to conduct a pilot operation involving five randomly selected stores and 200 pounds of fish fillets per week. The procedure used was the same as described above. From this limited exploratory effort, the project grew to the point that the processor was supplying 200 stores in the chain with 15,000 pounds of fillets per week.

Taken together, these projects demonstrate the beneficial effects of a quality control program. A quality control program can have several benefits including: First, the reduction or elimination of consumer complaints; second, higher sales; third, an enhanced image for the fishing industry; and fourth, an increased ability to introduce underutilized species to the market. It is for these reasons that I believe a prototype project such as that provided in the American Fisheries Promotion Act will be beneficial.

With regard to an investigation of more energy-efficient fishing techniques, one of the critical problems facing our gulf shrimp fleet, the Atlantic coast scallop fleet, and certain other fishing fleets is the excessive cost of fuel. The ultimate solution to the problem may well lie in the development of new engine and hull designs as well as in modified fishing techniques. The purpose of directing that one S-K project be focused on improving fleet energy efficiency is to encourage the industry to seek out more energy-efficient ways of doing business.

Mr. Speaker, fisheries development and demonstration projects conducted under the Saltonstall-Kennedy Act will be a major factor in the development of the U.S. fishing industry because these projects will place the initiative for development with the industry. However, an equally important factor in fisheries development will be the establishment of adequate onshore facilities to service the harvesting sector. The importance of onshore facilities to fisheries development cannot be underestimated. In fact, one of the reasons the Atlantic coast scallop fleet faces a fuel cost crisis is that the fishing grounds are frequently far distant from the vessel's port and there are insufficient port, harbor and other shore facilities to serve the fleet near these grounds. The result is that the fleet continues to travel long distances, burning fuel which has doubled in price in the last 12 months. Adequate onshore facilities would permit the fleet to be based nearer the fishing grounds, thereby reducing their fuel needs and enabling the vessels to operate more economically.

All too often the limiting factor to the development of a particular fishery is the absence of adequate onshore facilities. Many west coast fishermen are unable to fish to the total capacity of their vessel because the processors are unable to handle the load. To help remedy this problem, the American Fisheries Promotion Act extends the capital formation and investment provisions of the Merchant Marine Act of 1936, which are now only applicable to fishing vessels, to onshore fishery facilities.

Under title XI of the Merchant Marine Act of 1936, a person may secure a Federal loan guarantee for the purchase, reconditioning or reconstruction of a fishing vessel. Pursuant to section 607 of the 1936 act, a fisherman may also place the profits from his fishing activities in a tax-free account—a capital construction fund account—which he can use as a means to rapidly accumulate capital for investment in additional fishing vessels. The funds placed in the account are taxed eventually because the amount withdrawn from the fund is deducted from the cost of the vessel purchase for purposes of determining the value of the vessel and, thus, the taxpayer is only able to depreciate a portion of the actual cost of the vessel. Similar programs are not now available to onshore processors, to the owners of dock facilities and to those persons operating other onshore facilities such as warehouse and freezer facilities. The American Fisheries Promotion Act will extend these two programs to include all onshore fishery facilities, thereby encouraging capital formation and the expenditure of that capital for onshore facilities.

The legislation I am introducing today also permits the use of these two programs for the purchase of used fishing vessels and used onshore facilities. The existing law, which only covers fishing vessels, prohibits the use of funds for the acquisition of used vessels. The problem with this arrangement is that many fishermen are able to secure funds to reconstruct and adapt used vessels to new fisheries but cannot raise the funds to purchase the vessel itself. Given this situation, it makes no sense to restrict the program to new vessels or new facilities. Fishermen who wish to transfer vessels from one fishery to another, without substantial modification, should be able to participate in the title XI and section 607 programs for the purchase of used vessels or facilities.

Further, the legislation will permit fishermen to use the moneys they place in a capital construction fund account for the purchase of onshore facilities. As I noted earlier, subsequent to the passage of the FCMA fishing vessel construction exceeded the growth of onshore support facilities. Currently, there are well over $100 million in fishing vessel capital construction fund accounts. These funds could be used for the expansion of onshore facilities such as port and harbor areas, storage facilities and processing plants. The bill will also permit the owners of onshore facilities, which will be covered for the first time under this bill, to use their capital construction fund accounts for the purchase of fishing vessels. This crossover provision will enable fishermen and processors to use their capital construction fund accounts to integrate their fishery operations to achieve certain economies of scale and to better meet their individual needs.

In addition to the provisions I have already discussed, the American Fisheries Promotion Act attempts to improve the climate for U.S. fisheries development by phasing out foreign fishing in the U.S. 200-mile zone. The bill provides that beginning in 1981 the total allowable level of foreign fishing in each year shall be the lesser of, first the difference between the optimum yield and the U.S. harvest for that year, or second, a specific percentage—which steadily decreases beginning in 1981—of the level of foreign fishing allowed during the 1979 fishing season.

In 1981, the level of foreign fishing which would be allowed, if the percentage reduction formula were used, would be 90 percent of the 1979 harvest. For 1982, 75 percent; for 1983, 55 percent; and for 1984, 30 percent. In 1985 there will be no foreign fishing within the U.S. fishery conservation zone. However, there may be instances in which U.S. fishermen will be unable to harvest the full amount which is available under the percentage reduction formula, assuming that is the formula used to set the level of foreign fishing.

In that situation, the bill provides a mechanism whereby the fish which would not be harvested by U.S. fishermen could be made available to foreign fishermen. The Secretary of Commerce could recommend, subject to congressional veto, a deferral of the percentage reduction so that not all of the reduction would go into force that year.

Mr. Speaker, many foreign nations impose tariffs on imported fish which make U.S. products substantially less competitive. Generally, these tariffs exceed comparable U.S. tariffs. Further, some foreign nations limit the amount of fish which may be imported into their country. The result is that U.S. access to foreign markets is restricted—and without this access the U.S. fishing industry will never develop to its full potential. By restricting the amount of fish which foreign nations may harvest from our 200-mile zone, these nations may be forced to reduce or eliminate their trade barriers.

The Fishery Conservation and Management Act provides that the Secretary of State, in allocating surplus U.S. fish, shall consider such factors as the Secretary deems appropriate. It was the intent of Congress in including this language that each nation's trade barriers be considered. I do not believe this has been done to the necessary extent. Although the bill I am introducing specifically rewrites the appropriate section of the Fishery Conservation and Management Act to require that foreign trade barriers be considered when allocating surplus fish among foreign nations, I believe this new language may not be sufficient to achieve the objective of lowering foreign trade barriers.

I reach this conclusion because the State Department views the allowable level of foreign fishing as a foreign entitlement and not as a discretionary allocation to be used to further the interests of the U.S. fishing industry. In view of this attitude on the part of the State Department, the percentage reduction formula for foreign fishing may be the only way to force the issue and to achieve a reduction in foreign trade barriers—barriers that artificially limit the growth of the U.S. fishing industry—barriers that each foreign nation has an interest in retaining in order to limit the competitive threat of the U.S. fishing industry.

Furthermore, the phaseout of foreign fishing will have a beneficial impact on investors who would be more willing to invest capital in the U.S. fishing industry if the industry were more certain of having access to the fish stocks and the necessary markets.

To further promote U.S. access to foreign fish markets, the legislation directs that the number of U.S. fisheries attachés assigned to U.S. diplomatic stations abroad be increased from two to six. When our fisheries trade deficit constitutes approximately 10 percent of our total trade deficit it behooves us to take every reasonable step to increase the market opportunities for our fish and fish products.

Mr. Speaker, thus far I have spoken exclusively to the issue of developing the U.S. industry. But it will do us no good to pass a development bill if the fish are all gone. The Fishery Conservation and Management Act was supposed to solve this problem—and it would have if foreign overfishing had not continued. There is disturbing evidence of foreign vessels significantly underreporting the level of their catch. This underreporting enables foreign vessels to continue harvesting even when they have exceeded their allowable level of catch. In some fisheries, it is estimated that the underreporting reaches as high as 30 percent. There is a continuing threat in this situation that the optimum yield set for the fishery could be exceeded—and the fishery will be overharvested. It is no longer realistic for us to expect voluntary compliance to work, given the evidence of foreign underreporting. Therefore, it is essential that we significantly increase the current level of U.S. observer coverage.

To effectively monitor the level of foreign fishing occurring in the U.S. fishery conservation zone, the American Fisheries Promotion Act provides that there shall be established a 100 percent observer program so that all foreign vessels operating in the U.S. zone are covered at all times.

In 1978, the United States had observers monitoring approximately 14 percent of foreign fishing activity. It is estimated that a 100-percent observer program would take 6 months to implement and would cost approximately $8.3 million per year. I would note, however, that the $8.3 million will not come from the U.S. Treasury. The Fishery Conservation and Management Act requires that foreign nations with vessels fishing in our 200-mile zone reimburse the United States for the cost of the observer program.

Mr. Speaker, with the effective conservation of our fishery resources under the Fishery Conservation and Management Act and with the passage of the American Fisheries Promotion Act, the future for the U.S. fishing is bright. But the industry will never see the future, if they cannot survive the present. In many fisheries, notably shrimp and scallops, the cost of fuel has risen so dramatically as to make it uneconomical for fishermen to continue.

A significant percentage of the gulf shrimp fleet and the Atlantic coast scallop fleet is now tied to the dock and not fishing because of the prohibitive costs of fuel. In the past year, the cost of fuel has risen from approximately 20 percent to approximately 42 percent of the overhead costs of these fleets. While the price of fuel has continued its rise, the price of the final product has not increased commensurately. The industry cannot absorb these fuel cost increases. It is incumbent upon us to assist our fishermen in this time of crisis.

As I noted earlier, the legislation I am introducing today provides funds to the Saltonstall-Kennedy Act for the purpose of developing more energy-efficient fishing vessels and techniques. But this program is a long-term effort that does not answer the present needs of the fishing industry. Therefore, the American Fisheries Promotion Act reactivates the defunct fisheries loan fund until the end of fiscal year 1982 in order to provide low interest fuel cost assistance loans to U.S. fishermen who are faced with the possibility of defaulting on their vessel loans because of excessive fuel costs. The purpose of the loan would be to assist the fisherman in meeting his current obligations in order to prevent his defaulting. The interest rate on the loan will be the amount needed to cover the administrative cost of the program.

The Federal Government because of the title XI loan obligation guarantee program would be responsible for millions of dollars in loans should massive defaults occur. As of March of this year, the United States had outstanding loan guarantees valued at $145 million. It is more logical for the Government to assist these fishermen to continue in business than to stand idly by and be responsible for not only paying off the loan but assuming ownership of the vessel. The program I am outlining is not, and should not, be limited to vessel owners who are participating in the title XI program. Although title XI should receive first priority, those persons who have nonguaranteed loans should also be able to take advantage of the assistance provided in this legislation.

In an era of fiscal restraint, a fuel cost assistance loan program could entail the expenditure of millions of dollars and in that light may be viewed by some as a worthwhile but unaffordable luxury. But the legislation I have today introduced solves this problem by placing an additional levy on foreign fishermen operating within the U.S. fishery conservation zone. This additional fee is set at a level equal to 10 percent of the ex-vessel price of the fish harvested within the U.S. zone.

I would point out. Mr. Speaker, that this legislation is not discriminatory against foreign nations, as will no doubt be alleged. Rather, it brings the U.S. fee schedule into line with the fees assessed by foreign nations against the United States and other fishermen. Currently, each foreign vessel operating within the U.S. zone must pay a fee based on the size of the vessel and the price of the fish which is harvested. U.S. permit fees are $1 per registered ton for fish harvesting vessels and 50 cents per registered ton for processing vessels. No foreign nation charges less.

For example, Cameroon charges $20 per registered ton; Mauretania, $180 per registered ton; Chile, $60 per ton; Ecuador, $80 per ton; Mexico, up to $46 per ton; and Peru, $80 per ton. In addition, the United States levies a fee based on the price of the fish harvested. This fee is equal to 3.5 percent of the value of the fish. For almost every species caught within the U.S. fishery conservation zone, this fee is between $1.86 and $30 per ton. Comparable value fees charged by other nations range between $10 and $2,000. Clearly, U.S. fees can be characterized as moderate.

It is my view that these fees should be increased to reflect the practice of other nations of the world. The American Fisheries Promotion Act would accomplish this objective. It is estimated that the 10-percent fee will provide additional revenues of $45 million per year. These funds would be used to capitalize the fisheries loan fund and provide fuel cost assistance loans until the close of fisctal year 1982. Any funds not used to provide fuel assistance loans would be deposited in the Saltonstall-Kennedy Act in order to fund fisheries development projects.

Mr. Speaker, the legislation which I have introduced is a beginning. I do not contend the bill is perfect. What I do contend is that there are substantial benefits which can be derived from fully developing the U.S. fishing industry. A comprehensive program which gives the industry the tools it needs to fully develop the extensive U.S. fisheries resources is in the national interest.

The Subcommittee on Fisheries and Wildlife Conservation and the Environment, of which I am the ranking minority member, will be holding hearings on this legislation in the near future. I am confident that the information which we develop in these hearings will serve to improve and refine the bill which I am proud to introduce today.●

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## MEMORIAL TO HONOR VIETNAM VETERANS

The SPEAKER. Under a previous order of the House, the gentleman from Arkansas (Mr. HAMMERSCHMIDT) is recognized for 5 minutes.

● Mr. HAMMERSCHMIDT. Mr. Speaker, it gives me great pleasure to reintroduce today House Joint Resolution 431, with additional cosponsors, which would authorize the Vietnam Veterans Memorial Fund, Inc., to erect a memorial on public grounds in the District of Columbia in honor of those men and women of the Armed Forces who served in the Vietnam war.

This worthwhile resolution now has 177 cosponsors in our body, Mr. Speaker, and no fewer than 91 cosponsors in the Senate. I earnestly hope that the Subcommittee on Libraries and Memorials of the Committee on House Administration will move expeditiously for an early hearing. It would be most fitting, in my view, for the resolution to be passed by Memorial Day.

I would like to emphasize again that this is a no-cost, privately funded proposal whose supporters include Members of Congress from all political persuasions. I again invite those of my colleagues who have not yet joined me in sponsoring the measure to do so.●

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## HEARING SCHEDULED ON FAIR CREDIT PRACTICES ACT/CASH DISCOUNT ACT

The SPEAKER. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, today I am introducing legislation which will prevent the Federal Reserve's proposed regulations on credit from sending millions of Americans right to the gates of the poorhouse. Since March 14, the American consumer has been hit by a barrage of claims and counterclaims concerning the Fed's new anti-inflation program. At the beginning, these new credit control proposals were fuzzy, but they came into focus fast enough. Fast enough for me, or anyone else, to see that the little guy, the average American consumer, is going to carry the burden of this program. I think this will be the burden to break the consumer's back, and I am going to fight it.

What was not clear before is clear now. Namely, that the Federal Reserve Board is going to allow credit card companies to change the terms of credit regardless of what was agreed to in the original credit application. If this is not changing the rules in the middle of the game, I do not know what is. Not only will the Fed allow credit card issuers to charge more interest, demand higher minimum monthly payments, and change the method of computing finance charges on purchases made after March 14, but it will also allow these changes to apply to a consumer's entire outstanding balance, on all purchases, regardless of when they were made, if that consumer dares to use his card one more time. This is unfair, and this is what my legislation will prevent.

Under the Fed's proposal, all the consumer has to do is use his credit card once for a $5 purchase, and his entire $500 balance is subject to the new, more expensive credit terms. This means that the consumer who has budgeted $20 a month to pay for his children's school clothes, and has to charge again, will face higher monthly payments, and higher finance charges on his entire credit balance. This smacks of unfairness like nothing I have ever seen during my tenure as chairman of the Consumer Affairs Subcommittee.

The legislation I am introducing today would prevent this retroactive aspect to the Fed's new credit control proposals. Under this bill, a credit card company cannot require a consumer to pay back a higher amount each month than he is now paying for the purchases previously made. The company can change the credit terms on future purchases, but those terms would apply only after the consumer has been notified of the change 60 days in advance, and then would only apply to purchases made after that time. Under no circumstances would a consumer have to pay more than what was agreed to for previous purchases. The provisions of this bill would take effect today, April 15, 1980, but a creditor is not subject to criminal liability for violations until after the date of enactment.

I am calling hearings on this legislative proposal for April 23, 1980. At that time testimony will be heard from Government witnesses, consumers, and retailers. Also at that time, the subcommittee will hear testimony on another bill which I introduced, H.R. 6928. This bill waives the provision in the Truth in Lending law which places a 5-percent ceiling on discounts for cash purchases. By eliminating this ceiling, this legislation would allow merchants to set their own discount rates for cash sales. Cash discounts benefit the consumer, because he saves money, and the merchant, because it promotes sales. It is also healthy for the economy because it gets this Nation away from our national addiction to credit, and moves it back toward "cash and carry."

If we are truly going to strike a blow against inflation, I believe we must start living within our means. Making purchases with cash in a true measure of this ability. Both these bills will help meet these goals, first by promoting cash sales, and second by agreeing to make credit purchases more difficult, but not at the expense of consumers past actions.

The hearing will be held April 23, 1980, at 10 a.m. in room 2128, Rayburn House Office Building.●

## TRIBUTE TO THE HONORABLE JAMES MICHAEL HANLEY

The SPEAKER. Under a previous order of the House, the gentleman from Texas (Mr. Roberts) is recognized for 5 minutes.

● Mr. ROBERTS. Mr. Speaker, when our dear friend and colleague from New York, Jim Hanley, the distinguished chairman of the Committee on Post Office and Civil Service, announced his plan to retire from Congress this year, it caught us all by surprise. Jim's constituents love him and he is now serving his eighth consecutive term.

Mr. Speaker, I regret Jim will be leaving because he is a personal friend. In addition, he is one of the most able and effective legislators in the Congress.

His retirement will be a great loss to the House. The loss will be especially great, however, for the veterans of our country. Jim's desire to leave the House means they will be losing a great advocate for veterans' benefits and services. Not only does Jim serve as chairman of the Post Office and Civil Service Committee, and sits as a ranking member of the powerful Committee on Banking, Finance and Urban Affairs and the Committee on Small Business, he is a former member of the Committee on Veterans' Affairs. That is where I came to really understand and appreciate his dedication to our Nation's veterans.

We all recall his success in stopping the administration from eliminating veterans' preference in 1978. Notwithstanding one of the most intense lobbying efforts ever conducted by the White House to terminate veterans' preference for hundreds of thousands of veterans, Jim Hanley led the floor fight that prevented this from happening. Veterans throughout the country appreciate his great work.

Mr. Speaker, Jim holds memberships in organizations too numerous to mention, but for his work in behalf of veterans and their families, I would like to mention a few of the most outstanding ones.

In 1978 he was recognized by the Veterans of Foreign Wars when he was presented the "Gold Medal of Merit," one of the national organization's highest honors. He received the American Legion's "1979 Legislative Award" in recognition of his legislative accomplishments in behalf of veterans, and in 1978 in Syracuse, N.Y., the Disabled American Veterans' National Commander, Oliver E. Meadows, presented him with the National Commander's Plaque for his outstanding service to disabled veterans. All veterans throughout the country respect and admire him as one of their most effective national leaders. We thank him for his untiring efforts in their behalf.

Mr. Speaker, Jim Hanley is one of the finest men I have ever known. Always a gentleman, he is an extremely effective leader of this House. Those of us who serve on the Veterans' Affairs Committee know we can count on him as we continue to seek equity for servicemen and women who have defended our country. We know he will continue to be active in his support of our veterans after he leaves the House at the close of this Congress. He is that kind of a man.●

## LEGISLATION TO INCREASE THE CIGARETTE EXCISE TAX

The SPEAKER. Under a previous order of the House, the gentleman from Massachusetts (Mr. Drinan) is recognized for 5 minutes.

● Mr. DRINAN. Mr. Speaker, in the current battle to fight inflation and balance the Federal budget, a multibillion-dollar opportunity has thus far been overlooked. This opportunity is uniquely appealing in that it would not entail cutbacks in Government services, and might well improve the health of the American people.

Despite the tremendous financial burden which cigarette smoking places on the Federal Treasury ($5 to $8 billion in health care and disability expenses), the Federal cigarette excise tax has not been raised since 1951 when it was increased to 8 cents per package, or 37 percent of the average retail price. Today, the Federal cigarette excise tax constitutes only 14 percent of the retail price of a package of cigarettes.

As we struggle to reduce Federal spending, it is obvious that the Government can no longer afford to subsidize the multibillion-dollar public health cost of cigarette smoking. Consequently, I have introduced along with a number of our colleagues legislation which will increase the cigarette excise tax by a dime per package. This bill, which has already been endorsed by the American Heart Association, the American Lung Association, ASH (Action on Smoking and Health), and GASP (Group Against Smokers' Pollution), will raise the tax to 27 percent of the price of a package of cigarettes; still well below the level established in 1951.

If consumption remains stable, this tax will raise an additional $3 billion per year, bringing the annual total revenue to $5.4 billion—barely equivalent to what smoking costs the Government directly.

Whatever one's attitude toward cigarette smoking, Mr. Speaker, there can be no doubt that it is altogether appropriate to place the economic burden of smoking on the 54 million Americans who this year will choose to smoke 615 billion cigarettes.

In addition to insuring that the Government is more fully compensated for the economic cost of smoking, increasing the cigarette excise tax will encourage smokers to "kick the habit," and discourage nonsmokers, particularly the young, from taking up the habit. Not surprisingly, "A Study of Public Attitudes Toward Cigarette Smoking and the Tobacco Industry in 1978," prepared by the Roper organization for the Tobacco Institute, noted that "for a growing number of Americans, the tax power is now being seen as a way to reduce smoking."

While no one can predict exactly what impact increasing the tax will have on consumption, studies cited in the Surgeon General's report on smoking and health indicate that enactment of this legislation would cause about 6 million Americans to quit smoking (assuming that this many people quit, the new excise tax would generate $4.8 billion—doubling current revenue).

More importantly, it is quite likely that such a move will discourage teenage smoking. The Surgeon General noted in the preface of his report that "the demand for cigarettes among teenagers may be more price sensitive" than the demand for cigarettes among adults. The Roper study similarly concluded that "younger smokers seem to be more susceptible to price considerations." If this is indeed the case, this legislation could be a very important means of reducing cigarette smoking among the young. This population is particularly critical because, as the Surgeon General noted, "survey data suggest that teenage and early-youth smoking habits are major determinants of life-long cigarette consumption."

Over the last decade the percentage of girls aged 12 to 14 who smoke has increased eightfold; currently there are 6 million smokers between the ages of 13 to 19. These are alarming statistics in and of themselves, but when we consider that 41 million of America's smokers started when they were under 21, it becomes clear that if our Nation is ever to reduce the number of its smokers, it must first reduce smoking among teenagers.

Almost 350,000 Americans will die this

year as a result of smoking-related illness, and smoking will cause a loss to the economy of $12 to $18 billion in lost wages, productivity, and absenteeism. Enactment of this legislation would discourage smoking and would begin to compensate the Government for the massive financial burden generated by the 33 percent of the American people who choose to smoke.

I am very pleased that a number of my colleagues from all parts of the country, Democrat and Republican, liberal and conservative, including members of the Budget and Ways and Means Committees have joined me in introducing H.R. 7019. Mr. Speaker, this is a rare opportunity to attack America's largest preventable cause of death while helping to balance the Federal budget. I hope and expect that this measure will attract broad support from the Members of the House.

For the benefit of my colleagues, I include the text of H.R. 7019 at this point in the Record:

### H.R. 7019

A bill to amend the Internal Revenue Code of 1954 to increase the excise tax on cigarettes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That (a) paragraph (1) of section 5701(b) of the Internal Revenue Code of 1954 (relating to rate of tax on small cigarettes) is amended by striking out "$4 per thousand" and inserting in lieu thereof "$9 per thousand".

(b) Paragraph (2) of section 5701(b) of such code (relating to rate of tax on large cigarettes) is amended by striking out "$8.40 per thousand" and inserting in lieu thereof "$18.90 per thousand".

Sec. 2. The amendments made by the first section of this Act shall apply on and after the date which is ninety days after the date of the enactment of this Act.●

## INDUSTRY ENERGY SAVING

The SPEAKER. Under a previous order of the House, the gentleman from California (Mr. Corman) is recognized for 5 minutes.

● Mr. CORMAN. Mr. Speaker, those of us who gather here each day trying to sort out and help resolve some of the many complications and problems which beset our country and its citizens are frequently heartened by some constructive, helpful action in our districts back home. Many good people, good citizens—as both individuals and corporations—provide us with examples, give us hope, and let us know that they are in the fight with us.

Not long ago, in my own San Fernando Valley neighborhood, a Los Angeles Councilwoman, Joy Picus, called on two Litton divisions—Guidance and Control Systems in Woodland Hills, and Data Systems in Van Nuys—to present them with awards for doing something about the energy crisis. One of those divisions, Guidance and Control Systems, had saved 11,000 barrels of oil while maintaining its regular manufacturing operations, a saving to this country of $330,000 a year. Data Systems reduced electrical power usage 35 percent.

That improvement of our plight in energy conservation is possible, I offer an excerpt from the proceedings of those awards for insertion in the Record, expressing my pride that it happened in my 21st District, and through the good efforts of my constituents.

### Transcript of Energy Award Press Conference

Councilwoman Joy Picus: This is a unique event and I am just extraordinarily proud to be able to commend Litton Systems today for what they have done for energy efficiency and energy conservation here in the West San Fernando Valley. You have proved yourself to be a socially responsible company by making such great efforts at cutting back on your energy usage. After the Arab oil crisis of 1973 you didn't just drift back into bad habits, but you continued to see what you could do to decrease our dependency on foreign oil. And in doing so, you have not only saved a lot of energy and decreased dependency, but you've saved yourself a lot of money as well. So it works well for all of us. What's really significant about all of this is that it's been a commitment on the part of management and it goes all the way through to every person who is working for Litton, who all feel a commitment to cutting back on energy usage. I believe that you have saved well over 26 percent in your energy usage and that is enough to power some 8,000 homes. Think of that, 8,000 homes!

We can do that as individuals in our own homes and other companies can do this as well. Our Department of Water and Power, who has worked with you in looking at ways in which you can save this energy, is happy to work with individuals and with businesses in doing this.

Within a month, I will be bringing together other businesses and industries in my district, particularly in the West Valley, and I'm going to ask you at Litton to, as an example, show us what you have done here, and set an example to what can be done throughout the district and certainly throughout the city of Los Angeles that will help us to save a great deal of energy and help us to decrease this dependency on foreign oil. I'm going to be calling on you again before the middle of April and we're going to bring together all these people and you're going to say, "This is what we did to accomplish it and this is what you can do to accomplish the same goals of energy reduction and energy efficiency." So, Litton, I'm really proud of you and the Department of Water and Power, and I'm going to give you the opportunity to tell specifically what you have done.

Mr. Hodges (Guidance and Control Systems): In the base period 1972–1973 we were consuming power at the rate of 2.8 million kilowatt hours per month. We were doing that because power was cheap in those days and plentiful, and there was no real reason to control the building system the way we do now. When the energy crisis hit in October 1973, you can see that we significantly brought down the consumption basically due to manual control. We started turning off the lights at night, we shut off electric motors which run our air conditioning and heating systems, but the plant was far too large to continue in that mode. For about two years we had dropped down about 15–20 percent under the base year, and then in 1975 we installed a building energy management system to automatically control all these motors, temperatures, lighting that we couldn't do manually. We achieved another 6 percent, you can see we were driving the power consumption down here pretty good, at the same time we were bringing on line about another 10 percent in production equipment. We stayed at that level for about four years until recently. Now you can see where we were starting to bring this power consumption down again.

Right now, we are running at about a 1.75 million kilowatt/hour per month basis, which is about 38 percent under this level. We're doing this through a more up-to-date energy management system and we're still removing a lot of lighting. We've converted all the air conditioning systems so we can take advantage of all the cool outside air instead of refrigerated air. We've done some other engineering things to the buildings. We've tied together the air conditioning and water systems so that we can more evenly match the supply to the demand on the chillers. We have other ideas on the board right now which will give us another 10 percent. So, ultimately, by 1982, we will be down to about 50 percent level, as far as kilowatt hour consumption, compared to the base year 1972–1973.

It's obvious that the importance of this is that if everybody could do that, we could just about eliminate our reliance on the OPEC countries. I think in general, that industrial segments of the U.S. have done a pretty fair job. The commercial area and the homeowners are lagging a little because they have not had the expertise that the industrial facilities have had. The G&CS division has committed over a half a million dollars in the last seven years to achieve this energy reduction. Of course, that is paid back. We have saved well over a million dollars; but it still takes a commitment by the top management of these industrial plants to do this type of thing. I think that this shows that they are committed.

Mr. Virgili (Data Systems): In our particular facility, the DSD system division is comprised of a half million square feet in Van Nuys. In all the buildings, there are 12 different buildings, of WWII vintage when energy conservation was certainly not a thing that everyone had on their minds. We've fought a continual battle for the last three years, with all the manual and using the existing technology that we could to reduce energy. We've achieved a 35 percent reduction which represents about $115,000 a year reduction in our overall energy costs, in real dollars. We are now investigating the same system that G&CS has and we hope to achieve at least another 10 percent in the next five years.

Joy Picus: On behalf of the city, I have a number of certificates of commendation. This is to Litton Industries' Data Systems Division for being a guiding force in the San Fernando Valley through successful participation in its company sponsored energy conservation program.●

## MOBIL'S RESISTANCE TO GASOHOL DEMONSTRATES NEED FOR LEGISLATION

The SPEAKER. Under a previous order of the House, the gentleman from Iowa (Mr. Bedell) is recognized for 5 minutes.

● Mr. BEDELL. Mr. Speaker, I wish to call the attention of the House and of the public to Mobil Oil Corp.'s continuing resistance to the marketing of gasohol. Despite repeated assertions by the Congress and the President, declaring it our national policy to promote the use of alcohol fuels, Mobil persists in making it very difficult for its dealers to sell gasohol to consumers.

Mobil does not make gasohol. They say that their dealers are free to purchase it from others, though, and to sell it to the public. Upon close examination, we find that this freedom takes a very strange form.

If a Mobil dealer owns the station and all of its facilities, then he or she can indeed sell gasohol. The company requires that the dealer buy and install a $400 kit to disguise the round pumps Mobil stations normallv use, and the pumps must be "debranded."

This arrangement is fair enough for the dealers who own their own stations.

Currently about 70 of them sell gasohol. The problem is that the vast majority of Mobil's 18,700 stations are leased from the company. There, the story is quite different.

Mobil tells its leaseholders that they cannot use the company's equipment to store or sell gasohol. Instead, they must install new tanks and pumps, at their own expense, and they must remove that equipment upon expiration of the lease.

Mr. Speaker, the effect of this is to bar Mobil's lessee dealers from selling gasohol to their customers. Thus, the company stands between so-called independent dealers who want to sell gasohol and the consumers who want to buy it. The result is an impairment of our national policy of replacing OPEC oil with alcohol fuels produced from renewable energy sources.

A clear illustration of this situation came to light recently in New Jersey. There, the Greater New Jersey Service Station Association, GNJSSA, is helping its members obtain and market gasohol.

The independent dealers in that association are attempting to meet public demand by making alcohol fuels available to consumers. The number of member stations selling gasohol went from 25 at the end of last year to 47 in March.

One of those stations is Herb Staretz's Mobile service station in Passaic, New Jersey. He leases the facility from the company.

On March 14 Mobil's district manager, D. L. Eastmen, sent Mr. Staretz a letter including the following statement:

> Your action in selling gasohol, a non-Mobil product, through Mobil's equipment, constitutes a violation of the provisions (of your contract) . . . . If you desire to sell gasohol from the leased premises, there is a proper way to accomplish such. You are, of course, free to sell gasohol at this station as long as you do not utilize Mobil equipment. If you wish to install at this station your own tank and dispenser for the sale of gasohol you may accomplish such by the submission to us for our approval the necessary engineering plans and drawings for the installation of the tank and dispenser. . .

Sal Risalvato, chairman of the GNJSSA's committee on gasohol, estimates that it would cost a dealer between $15,000 and $25,000 to install the equipment required by Mobil. Of course, it would be unlikely to expect the cost of such an investment to be recovered within the lifetime of the typical 3-year lease. The added cost of removing the tanks makes the investment even less likely.

Mr. Risalvato says the Mobil Oil Corp.'s policy is, "the exact kind of discouragement that is going to prevent the public from getting more gasohol." Commenting on the effect of the letter to Mr. Staretz, he adds, "We had two other Mobil dealers who were considering putting in gasohol, but now they've backed right out. They're low on gasoline and they want to offer gasohol to their customers, but now they're afraid to carry the stuff."

Mobil is not alone in its policy of inhibiting dealers who want to sell gasohol; they just seem to be the most brazen about it. Mr. Risalvato says, "The major oil companies are in the process of trying to kill gasohol." He contends that this is part of a broader strategy. "The oil companies are squeezing out independent stations by the thousands. They want to prevent dealers from getting supplies from anyone else, and they don't want to give independent dealers enough product to stay in business."

Mr. Speaker, all of this serves to further demonstrate the need for enactment of new legislation to assure that service stations truly are independent businesses, that independent dealers truly are free to shop around for supply and to respond to consumer demands. This would be accomplished by enactment of H.R. 6722, the Small Businesses Motor Fuel Marketer Preservation Act, which I introduced last month. The legislation now has 45 cosponsors and the Small Businesses Committee will hold hearings on it soon.

Last year the Small Business Subcommittee on Antitrust, which I chair, held general investigative hearings on the subject of gasoline retail marketing practices. On October 18 we heard from Joseph B. Hinton, a representative of the Mobil Oil Corp. I would like to insert in the RECORD a portion of the transcript of a discussion between Mr. Hinton, Congressman JIM HANLEY, who was the acting chairman of the meeting, and Marc Rosenberg of the subcommittee staff. I think this will help clarify exactly how Mobil's policy works.

Also, at the conclusion of my remarks, I wish to insert in the RECORD the text of a letter I sent to William Tavoulareas, president of the Mobil Oil Corp.

EXCERPT FROM THE TRANSCRIPT OF A HEARING BEFORE THE SUBCOMMITTEE ON ANTITRUST AND RESTRAINT OF TRADE ACTIVITIES AFFECTING SMALL BUSINESS, OCTOBER 18, 1979

Mr. HANLEY. Mr. Hinton, is my information correct that, of your distribution network, there are but 69.*

Mr. HINTON. The last count we had was 69.

Mr. HANLEY. Would these be leased stations or owner operated?

Mr. HINTON. They would be mostly nonlessee dealers, contract dealers—different people call them different things—the individual who owns his own service station, his own tanks, and we supply him product through a contract, also distributors and distributor stations. I do not know of any of our stations, which we refer to as our O.G. & L.'s—those where we own the property—that are currently engaged in marketing gasohol. But with 6,000 of those out there, there could be some.

Mr. HANLEY. Essentially, the 69 you refer to would be owner operated, then?

Mr. HINTON. That is right.

Mr. HANLEY. Of how many stations?

Mr. HINTON. Our total count is 18,700, in round figures.

Mr. HANLEY. Why is it that none of the 69 are leaseholds?

Mr. HINTON. I expect that the leasehold dealers, or the O.G. & L. dealers, have not been interested in making an investment in tank and pump to go into that business.

Mr. HANLEY. Mr. Rosenberg?

Mr. ROSENBERG. Are you saying that for a leaseholder to sell gasohol, he would have to install a tank and a pump at his own expense?

Mr. HINTON. That is right.

Mr. ROSENBERG. In a property that is owned by Mobil?

Mr. HINTON. That is right.

Mr. ROSENBERG. And if, for some reason, the lease should expire, what becomes of that equipment?

Mr. HINTON. We just ask that he leave the property in the same condition in which he found it. If he put in a tank and pump, we would expect him to take it with him.

Mr. ROSENBERG. That might help us find an explanation for why none of these 69 dealers selling gasohol are leasehold dealers.

Mr. HINTON. It could be.

Mr. HANLEY. With due respect, I think that is a pretty logical rationale.

HOUSE OF REPRESENTATIVES,
*March 31, 1980.*

Mr. WILLIAM P. TAVOULAREAS,
*President, Mobil Oil Corporation,*
*New York, N.Y.*

DEAR MR. TAVOULAREAS: I am writing to express my continuing concern over Mobil's resistance to the marketing of gasohol by its dealers. It seems to me that this is contrary to the notion of dealers being independent businessmen and it is contrary to our national policy of encouraging the production and use of alcohol fuels.

The Small Business Subcommittee on Antitrust, which I chair, is aware of many dealers across the country who would like to sell gasohol, and whose customers want to purchase gasohol, but gasohol is kept out of their stations by the terms of their leases. This situation is dramatized by the case of Herb Staretz, a Mobil lessee dealer in Passaic, New Jersey.

Mr. Staretz recently joined a number of New Jersey dealers who are increasing their fuel supply by selling gasohol. Mobil recently threatened to terminate Mr. Staretz's lease if he continues to sell gasohol, a non-Mobil product, in a station he leases from the Company. Mobil does not have its own brand of gasohol for its dealers to sell.

The option that Mobil says it offers to its leaseholders is that they may install new tanks and pumps on their premises, and dispense gasohol through those facilities. As you know, it is most unlikely any dealer will invest the many thousands of dollars this will cost, knowing that the Company probably will require the removal of that equipment upon the expiration of the lease.

I am aware of the various arguments Mobil makes in opposition to gasohol. Nonetheless, I believe dealers ought to be allowed a fair opportunity to meet marketplace demands. I feel Mobil should immediately cease obstructing our nation's policy of encouraging development and use of renewable energy resources, such as gasohol, that could do much to reduce our costly dependence on OPEC oil.

Sincerely,

BERKLEY BEDELL.●

## THE VOICE OF CARL SCHURZ

The SPEAKER. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

● Mr. REUSS. Mr. Speaker, there follows the text of my remarks to the Friedrich Ebert Foundation in Bonn, Germany, on April 10, 1980:

THE VOICE OF CARL SCHURZ

I have been in Germany many times in many roles. I have been here as a descendant of German emigrants returned to look at the old country. I have been here as a soldier in the U.S. army. I have been here as a student of German language and literature, art and music, the national culture that has so enriched the world and especially my own country. I have been here as an economist and as a legislator, studying the German economic and legal structure to see how it works and what in it might be adapted to the United States. I have been here as a simple tourist, gawking at palaces and town squares, munching my way through the endless varieties of wurst, exploring the principal brands of German beer.

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*Stations selling gasohol.

This visit, however, is special. Today I am here as a visitor to the country that is now the economic leader of the Western world, the world in which, for virtually all of my adult life, my own country was the leader. I offer my respect and congratulations.

I do note, however, as Germany becomes the economic leader of the free world, that it has, in fact, few heroes of freedom to offer. This is a serious lack. A nation that assumes leadership over a coalition of nations ought to present a certain number of saints or heroes in the general cause that binds the coalition together.

In our own case, we had no lack, from the Revolutionary heroes to Abraham Lincoln, who freed the slaves, to Franklin D. Roosevelt, who freed the economic slaves, and on to the heroes of World War II who fought against and ultimately triumphed over the worst threat to liberty the world has ever known.

In the meantime, what heroes of freedom has Germany produced? Well, there was Frederick the Great, Old Fritz, a humdinger in the line of battle, but not all that towering in the line of freedom. So it went, certainly, with Wilhelm and Bismarck in the 19th century, and on to the First World War.

I am here not to taunt Germany about this unfortunate lack of a hero of freedom, but to remind you of one. My candidate is a German freedom-fighter, but not only a German. He was also an American. I am offering you, of course, your own, and my own, Carl Schurz.

Born in the small town of Liblar near Cologne, Schurz entered his first struggle for human liberation right here in Bonn. From his student days at the University of Bonn, he was an insistent voice on behalf of constitutional reform and representative government.

In Schurz's young life, these goals were summed up by the name of a year: 1848. Schurz was in the forefront of the fight. When autocracy prevailed, he fled to Switzerland, returned clandestinely to help his beloved professor to escape from jail, and then left his native land forever, already a hero in the struggle for liberty and equality. He was twenty-one years old.

It is worth reflecting that had the German Revolution of 1848 succeeded, Carl Schurz would have resumed his university studies and his pournalism, worked for the unification of Germany on some more democratic model than that achieved by Bismarck, and died happy to have had some small influence on his native land.

As things worked out, Schurz was not allowed that modest career. Instead, he emigrated to America. Germany went on to find its unity under Prussia and militarism, fought and lost two devastating wars, and found democratic socialism only after a hundred years of search.

Schurz himself went on to become a giant of libertarianism in a new world. He played a significant role in the war of survival that his new country fought with itself. He labored constantly and to good effect for extensions of the causes he had fought for in 1848. He became a permanent influence on the political, economic and philosophical thought of his adopted country.

He came to America, came to my own state of Wisconsin and practiced law, as I have myself, in my own city of Milwaukee. As the nation moved inexorably toward the Civil War, Carl Schurz became an impassioned advocate of the abolition of slavery. As a delegate to the Republican Convention of 1860, he supported Abraham Lincoln and from the first saw that the Civil War was really about the emancipation of the American blacks from slavery.

Lincoln made him the minister to Spain, a post from which Schurz was able to oppose the harebrained scheme advocated by some in the cabinet that the Union achieve reunification by declaring war on Spain. The theory was that if the country were engaged in a foreign war, the South would rally to the North. Later in the war, Schurz served as major general in command of a division. He fought at several crucial battles, including Gettysburg.

When the war ended, so did Carl Schurz's military service. He went South on an exploratory trip, returned and strongly recommended a national program of reconciliation, with the Southern state readmitted to the union without undue harassment. His report was ignored. Schurz went back to journalism, becoming in rapid succession editor of the Detroit Post, then of the St. Louis Westliche Post. He maintained the old ties with the language of Germany and with the fortunes of German fellow-immigrants.

From Missouri he was elected United States Senator, and revealed himself as a leading thinker on economics. In 1877, he became Secretary of the Interior. In that position he unswervingly advocated living up to the country's treaties with the Indians. This was against the swelling movement, both popular and military, to seek a "final solution" to the Indian problem. On the Carl Schurz Memorial in New York City, both the figure of an American Indian and that of an American black appear, testimony to Schurz's dedication and effective work on behalf of two oppressed races.

Schurz began breaking with the Republican Party during Grant's presidency, in great part over the spoils system of political appointment. He advocated Civil Service Reform. He first realized the importance of such reform when he saw Lincoln, trying to mount a war to defend the Union itself, beset and besieged by office-seekers and their political advocates. Schurz's ultimate break with his party came over American imperialism, starting with Grant in Santo Domingo, climaxing in the Spanish-American War and its aftermath.

In the first dawn of patriotic American fervor, an American naval hero offered a toast: To my Country: May she always be right, but right or wrong my Country! These were stirring words for the unthinking, which, in times of patriotic fervor, often includes most of us. Schurz had both the good sense and the political courage to amend that all-but-religious sentiment to read, revised: "My Country! When right, to be kept right. When wrong, to be set right!

That is the sort of intelligent patriotism called for in his times, and in our own.

So there he is, my friends: Carl Schurz, a man for his time and ours, a man for both our countries—they happen to be both of his—a man for a Germany which has finally caught up with Carl Schurz's thinking, a man for an America whose better self he helped profoundly to form.

Carl Schurz, a friend of the oppressed.

Carl Schurz, a friend of freedom.

Carl Schurz, a socialist in economics, but deeply opposed to Marxist autocracy.

Carl Schurz, the foe of corruption in government.

Carl Schurz, the foe of every effort he saw to impose shackles upon the human spirit.

Carl Schurz, a model and mentor for us all.

In a time of your national triumph based solidly on most of the things he fought for all his life, I offer you Carl Schurz.

And now, in the spirit of Carl Schurz, who so well understood the moral imperatives of power, let me turn to some of the problems—problems of the etiquette of world economic leadership, if you will—that Germany now faces. For if German economic leadership is to endure, it cannot be simply because of the productiveness of your industry, the skill of your workers, or the strength of the D-mark. It must also be because the German voice in world economic affairs comes to represent the best instincts of us all: magnanimous to the weak, compassionate to the poor, and profoundly respectful of those who justly struggle for human rights and economic security in all the nations of the world.

A great German leader, Willy Brandt, has recently made this point with force in the report of his Commission on North-South Relations. As a group, the industrial nations must adopt an attitude of rational compassion toward the developing world, a program that assures the availability of capital and of markets for those countries embarked on a stable and well-managed development path; a program that discourages arms races, foolish investments in prestige hardware, and the emergence of dictatorships of either the right or the left. We must frankly face the possibility that we will shortly need a major restructuring of worldwide financial obligations if we are to avoid a severe crisis. We should be working now to put the necessary institutional mechanisms, such as the Brandt Commission's proposed World Development Fund, into place.

But if the problems of North-South relations in the wake of the latest oil shock are pressing, they press both your country and mine with equal force. They are not problems which demand more forebearance, generosity, and flexibility from Germany than from the United States; they call for an equal degree of these virtues from us all. Indeed, I fear that the resistance to adjustment will be greater in my own country than elsewhere. I merely note the work of Willy Brandt's Commission as an example of the spirit of Carl Schurz at work in the world today, and salute the German nation for having produced two such leaders.

My immediate concerns today have more to do with the emerging economic difficulties in my own country, and the effect that German world economic leadership can come to have, for good or ill, on our ability to overcome them.

We have come to recognize that economic decline in the United States is a long-term phenomenon, and not solely the result of short-run macroeconomic mismanagement—excess demand, overvalued exchange rates, or monetary madness. Instead, we face a profound structural deterioration, rather like that of the British, which dates at least from the beginning of our last great imperialist adventure in 1965.

The Vietnam war, unlike World War II, was large enough to constitute a deep drain on our investible resources, but not large enough to engender an economic and technical transformation that would lead to subsequent rapid recovery and enduring growth. As a result, American industry lost precious ground to foreign competition during the Vietnam period and the years of stop-go macroeconomic policy that followed it. Our imports of industrial goods grew, on average, three percentage points per year faster than our industrial exports, and by the late 1970's had come to exceed them. Our radio, television and rail-car manufacturers, to name just three disappeared. Our textile and shoe producers survive only at the heavy price of protection and subsidization. Our steel and automobile industries, the very heart of our economy, lost market share steadily to Japanese and German operations.

At the same time, we became very vulnerable to the effects of actions taken outside our frontiers. The symptoms of this vulnerability can be traced to 1971, when a devaluation intended to restore our exports produced instead a serious outbreak of domestic inflation. In 1972 and 1973, foreign actions further unhinged our domestic price level. First, the huge Soviet purchases of our wheat—abetted, it is true, by a corrupt administration eager to see farm prices soar before the election—sent food prices through the ceiling. Then, of course, there came the October War and the OPEC price shock—the first OPEC price shock. The inflationary disease spread quickly, took hold deeply, and has been with us ever since.

Two consequences flow from this sad chain of events. First, short-run macroeconomic adjustment alone cannot lift us back to economic preeminence in the free world—although sound short-run monetary and fiscal policies are always needed. Second, we can be profoundly affected, as never before, by both the economic practices of our allies and by the responsibilities that you expect us to assume for international reasons. The former—our structural flaws—requires your understanding and forebearance. The latter—interdependence—impose a mutual network of responsibilities which we must both come to accept.

How do we in the U.S. get out of this mess? I have proposed a comprehensive anti-inflation and structural reform package, couched in a metaphor of medieval fortifications. At the heart of our economic defenses, we must build a great citadel of structural reform. As I see it, that central fortress has five towers, corresponding to the five U.S. policy areas in which we must have major, long-term reform. Government-business-labor cooperation in sectoral indicative planning and structural problem-solving can be a key technique in that reform.

Industry is the first tower. We must massively reorient our economy toward investment in competitive, innovative and high-productivity enterprise, and out of the declining sectors in which other nations, particularly in the third world, now have a commanding comparative advantage.

In steel, we need massive new investment in continuous casting technology, to overcome our technological lag and to recover the ground lost in recent years to foreign producers.

In autos, we need to persuade more foreign manufacturers to follow Volkswagen, Honda and Renault in decisions to establish U.S. manufacturing plants. We need to assure the transformation of the Chrysler operation into a viable, energy-efficient producer, and to reverse Ford's North American decline.

In consumer electronics, semiconductors, motorcycles, and a dozen other sectors, we need to restore American production.

In textiles, shoes, and many other declining sectors, we need to make a definitive choice: either rebuild for full-fledged competitiveness in world markets, or phase out altogether, providing alternative jobs to workers in these industries in new industries that are world-competitive as the agreed price of adjustment. We cannot afford to waste scarce fiscal resources propping up a legion of industrial cripples.

To get the job of re-industrialization done, I have proposed that our Department of Commerce be replaced by a Department of Industry and Trade, which could provide the central coordination and leadership that the situation requires. Such a Department would adopt the present export-promotion functions of the Treasury Department, and add the incentives to modernize decrepit U.S. industry and to attract foreign capital to our shores that are needed to get the job done.

Transport is the second tower. We need to rationalize and rebuild our railroads before they literally crumble away. The once-great Midwestern lines are in danger of complete collapse. If government inaction allows the rights of way of these systems to disappear, an irreplaceable part of our transportation base will be lost.

We also need a coordinated effort to resurrect urban mass transit. The federal government should help create a market for a mass-produced, made-in-USA light rail transit car.

The third tower is our cities. A city that is a bad place to live in is also a bad place to work in. For too long, urban reconstruction has been the last thing added to the federal budget, and the first thing taken away. Our cities must now go to the top of the list.

The fourth tower is our food supply. We can no longer afford to waste our resources to keep farmers in the production of sugar beets, rock-hard tomatoes, and other crops that could be more cheaply imported from our southern neighbors. Farmers should be helped to shift to the sectors where we have a comparative advantage. We also need a substantial revision of our inefficient food processing and distribution network.

The fifth tower is health care. We need a comprehensive national health program, coupled with rigorous cost control, and we need it now.

Such is the citadel of the new economic structure that we must build. We should not delay a day in starting to build this central economic fortress.

But though we must start today, it takes time to build the castle. The Administration has designed a network of outworks to hold the fort while construction is in progress:

Energy conservation, particularly with respect to imported oil. As much as 40 percent of U.S. gasoline use is "discretionary", and could be curtailed. The Administration's current proposal for a 10 cents a gallon gasoline tax increase is too modest to do the job. What is needed, I believe, is gasoline rationing, providing enough for essential business, agriculture and commuting use, but cutting back heavily on discretionary use.

Fiscal restraint, with a priority for jobs. The now popular balanced budget is an inadequate necessity, particularly as a symbol.

Monetary restraint, with a priority for investment. The Federal Reserve is now toying with a proposal to induce banks to increase periodically the proportion of their portfolios devoted to productive loans, and reduce the portion devoted to corporate takeovers or commodity speculation. This would help lower interest rates for worthy uses of funds, while keeping them high for unproductive uses.

Wage and price controls. In the absence of a thoroughgoing program to reform our economic structure, mandatory wage-price controls merely intensify structural rigidities. But in the presence of such a program, controls can play a useful bridging role. In the long run, structural reform can liquidate the need for controls, as gains in rates of productivity permit the payment of higher wages without contributing to inflation.

This program, I believe, represents our best chance to build for an enduring prosperity with stable prices—a development that is profoundly in the interest of both Germany and the United States. It is a hopeful alternative to the present despairing cycle of stop and go.

It is worthy, I suggest, of German support if it is adopted, and of German advocacy in world economic councils until it is adopted. It would be far better for us both, I suggest, if Chancellor Schmidt, in his frequent consultations with President Carter, would bring the weight of his personal influence and the moral authority of the German nation—where so many of the measures I advocate are already in effect—to urge a program of fundamental reform, rather than another heartless and ultimately ineffective ratcheting down of the macroeconomic screws.

As the price of German forebearance on short-run macroeconomic contraction and of German cooperation with our own program of long-range reconstruction, I would suggest the following: the United States should, by negotiation if possible and otherwise unilaterally, guarantee the purchasing power of a barrel of oil at current prices, on the condition that the dollar remain stable. The United States would thus resume its international responsibilities and, in short, guarantee the current value of the dollar. Germany and Japan would agree to support our efforts; both would benefit from a stable dollar and a stable oil price. OPEC would have the clear choice between the great long-range benefits of cooperation at present high real prices, and the uncertainties and potential costs of continued nominal price escalation. The U.S. would agree to support the dollar by means other than short-term raids on the capital markets—that is, by guaranteeing a reduction in our rate of inflation.

Such an agreement could be put into effect and enforced, precisely because the program of structural reform that I have outlined above would put the necessary powers in the hands of the American government; power in the short run to restrain prices and wages, and in the long run, to assure that the manufacturing capacity necessary to meet our financial commitments to OPEC is in place. This, I suggest to you, is the responsible way for the United States to meet its international commitments.

German support for those of us seeking to remake American economic policy in this mold would do honor to the memory of Carl Schurz.●

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## THE AMERICAN FISHERIES PROMOTION ACT

The SPEAKER. Under a previous order of the House, the gentleman from Louisiana (Mr. BREAUX) is recognized for 10 minutes.

● Mr. BREAUX. Mr. Speaker, today, I am introducing legislation entitled the "American Fisheries Promotion Act." This bill is the product of many months of intensive study of the multitude of problems facing the U.S. commercial fishing industry. I believe that the enactment of the measure would set fisheries development on the right course for decades to come and would help insure that the valuable fishery resources of our 200-mile zone and Continental Shelf are developed for the maximum benefit of the American people.

In 1976, the Fishery Conservation and Management Act (FCMA) was enacted. It established an effective management regime and priority access to fisheries resources (except tuna) within 200 miles for U.S. fishermen, thereby creating a basically sound, though by no means entirely adequate, economic foundation for the development of the U.S. fishing industry. The U.S. share of the total commercial harvest within the fishery conservation zone has increased from only 48 percent in 1976 to 52 percent in 1978. The processing of this harvest has also increased only slightly.

Twenty percent of the world's available fishery resources—approximately 20 million metric tons on an annual sustained basis—are found within the U.S. fishery conservation zone. The United States consumes more than 7 percent of the world's fish harvest. However, we take only 4 percent of the world's catch. In 1978, the United States exported $900 million in fishery products. In the same year, we imported $3.1 billion of fish, shellfish, and associated products. This fisheries trade deficit, in excess of $2 billion, represented almost 10 percent of the total U.S. balance-of-payments deficit. The situation has not improved substantially since 1978. The continuing strain placed upon the U.S. dollar by this deficit adds to the inflation which affects all Americans.

When the U.S. fishery resource is fully developed by U.S. citizens, more than 40,000 jobs will be created, more than $1 billion per year will be added to the U.S.

economy, and the U.S. trade deficit will be reduced by $1.7 billion per year—all in a single decade—and greater advances will follow. A comprehensive fishery development program will eventually convert the United States from a net importer to a net exporter of fisheries products. For every $1 million of fish landings, more than 100 jobs will be created. Coastal communities which have suffered from foreign exploitation of U.S. fisheries will look forward to improved conditions.

### OVERVIEW OF THE BILL

The bill reflects the fact that it is our fishermen and fish processors who best know what must be done to realize the goal of full domestic development of our fisheries. Accordingly, the direct participation of the Federal Government in research and development is carefully limited.

The bill also reflects the harsh reality that fiscal restraint is the order of the day. Consequently, while the measure is comprehensive in its approach to dealing with the wide variety of problems facing our industry, there are no authorizations for the expenditure of additional Federal tax dollars. Earlier established programs which are self-financing are restructured to be more responsive to prevailing conditions in the industry today, and are augmented by non-tax-derived funds. New policies, in fact, generate new funds from foreign sources.

The fishing industry of the United States has suffered seriously from the ravages of inflation on our national economy. This not only has contributed to the financial restraints encountered by those who wish to expand their fishing and fish processing efforts, but also has threatened the very survival of important segments of our industry. My bill seeks to respond to this situation by assisting those who are experiencing severe economic difficulties and those who are more successfully weathering the storm and are looking forward to substantial expansion.

The domestic climate for the industry is, indeed, difficult. But the international situation facing our fishermen and fish processors is practically impossible. In attempting to export fish products to foreign countries, the U.S. industry faces oppressive import duties, restrictive quotas and import licensing arrangements, capricious quality standards and anticompetitive price and market manipulation. In our own fishery conservation zone, our fisherman are compelled to compete with heavily subsidized and ruthlessly efficient foreign fishing fleets and factory ships. My bill is calculated to deal with all of these problems.

### FISHERIES LOAN FUND

I believe that it is an essential role of Government to come to the aid of its people when, through the operation of forces beyond their control, their very livelihoods are threatened. Just such forces have been at work in the severe economic depression that has struck several important segments of our fishing industry and threatens to descend upon others. In particular, fuel prices have soared to the point where fishing has become uneconomic for our vitally important gulf shrimp industry. For example, the cost of a gallon of diesel fuel has escalated from about 48 cents in early 1979 to more than 95 cents, today, in the Gulf. The gulf shrimp industry, our Nation's No. 1 fish industry, represents about 24 percent of the value of our total food fish harvest and contributes approximately $334 million annually to our national economy. That great industry faces ruin. Even as I speak, approximately 75 percent of our fleet of some 4,500 vessels lay idle. In New Bedford a fisherman pays 93 cents per gallon, but only a year ago he paid 49 cents. In Seattle fuel is up from 47 cents in March 1979 to 89 cents today. There is ample reason to fear that the gulf shrimp fleet will not be alone in its plight, unless the Federal Government steps in to remedy the conditions for which it must accept a substantial part of the blame, due to its ineffective response to what has been a growing problem for the national economy.

Clearly, some fishermen cannot wait for broadly based and long-term solutions to be implemented. Assistance is needed immediately. Therefore, I am proposing that the fisheries loan fund established under the Fish and Wildlife Act of 1956 be revitalized to provide aid, in the form of loans, for those fishermen who have been most heavily impacted by adverse economic conditions and who are about to default on their vessel mortgages and lose their boats. The fisheries loan fund has been subject to administrative moratorium since 1973; $6 to $7 million lies unutilized in the fund. These funds can be put to good use in these extraordinarily difficult times.

However, that amount of money is insufficient to respond properly to the immediate needs of the industry. Therefore, I am proposing that additional funds be made available for the new, limited purpose of the fund, not through Federal tax dollars, but through substantial, though not unprecedented or unfair, fees imposed on the competing, government-subsidized fishing fleets that operate in our own 200-mile zone. I note that Mexican fishermen purchase government-subsidized fuel at 17–20 cents a gallon.

Currently, each foreign vessel that fishes in our zone must pay a fee based on the size of the vessel and the price of the fish which is harvested. The U.S. permit fees are $1 per registered ton for harvesting vessels and 50 cents per registered ton for processing vessels. No foreign nation charges less. For example, Cameroon charges $20 per registered ton; Mauratania, $180 per registered ton; Chile, $60 per ton; Equador, $80 per ton; Mexico, up to $46 per ton; and Peru, $80 per ton.

Also, the United States levies a fee based on the price of the fish harvested. This fee is equal to 3.5 percent of the value of the fish. For almost every species of fish caught within the U.S. fishery conservation zone, this fee is between $1.86 and $30 per ton. Comparable fees charged by other nations range between $10 and $2,000. Clearly, U.S. fees can and ought to be increased. These new fees provided by the bill would be set at 10 percent of the ex-vessel price of the fish harvested in our waters. These fees would be in addition to existing ones. The new fees would contribute approximately $45 million next year and substantial additional amounts in future years. To the extent that these funds might exceed the needs of the fisheries loan fund, surplus moneys would be directed into the fisheries development program under the Saltonstall-Kennedy Act.

New, high-interest loans at prevailing market rates under the fund might simply compound the fishermen's problems. Consequently, my proposal provides that interest rates will be only so high as to cover administrative expenses.

There is, of course, a general public interest in avoiding severe economic dislocation in an important industry and there is a specific Federal Government interest in preventing foreclosure on vessel mortgages which are guaranteed under title XI of the Merchant Marine Act. My proposal would give priority assistance to fishermen who have federally guaranteed loans on their vessels. This approach would give particular protection to the Government, which is confronted with defaults of possibly $36 million in guaranteed loans. However, the distress of those who have not availed themselves of the opportunities provided by title XI would not be ignored. It is possible that there would be sufficient funds to aid those fishermen, too. In addition, if it is demonstrated that the fish processing industry faces problems similar to those encountered by the fishermen, I am willing to consider assistance to processors, as well.

It is my hope and my belief that the severity of economic conditions will abate soon. I recognize that the fiscal restraint that is necessary to help cure the economy of its ills, should and must remain long after times improve, if we are to avoid slipping back into the abyss. Therefore, I am proposing a sunset provision for the fund. No new loans would be made after December 31, 1982.

I hope that this proposal will be regarded as both adequate to provide the needed level of assistance and not so ambitious as to fail in an austere budget year. Renewal of the fund, the infusion of additional dollars, and concessionary interest rates are intended to meet the first concern. Stricter limits on the use of the fund, the injection of new money only from new fees imposed on foreign fishing in our zone, and a guillotine on the program should respond to the second.

### AMENDMENT OF THE SALTONSTALL-KENNEDY PROGRAM

The Saltonstall-Kennedy Act has been the centerpiece of fisheries research and development for many years. However, the program has never attained its full potential and it has failed to keep pace with changing conditions in the industry. S–K moneys have been frittered away on Federal administrative expenses and on programs that are essentially unrelated to fisheries development. Industry-initiated projects have played too small a role in the S–K program. Moreover, the administration of S–K has failed to respond adequately to the fact that much of the development work that needs to be done is now in the areas of processing and infrastructure, such as ports, warehouses, and transportation facilities.

My proposal seeks to assure that the S-K development program receives the funding that was originally intended. The bill also mandates that no less than 75 percent of S-K moneys be dedicated to industry-initiated projects and that the balance be used for the fisheries development efforts of the National Marine Fisheries Service (NMFS).

Criteria for industry project proposals and a timetable for their consideration are established. A floor and a ceiling are provided for Federal matching funds. Detailed reports to the Congress are required. These provisions insure that applications will be given fair and speedy consideration and that administrators will not unduly limit projects through the manipulation of the levels of Federal grants.

Emphasis is placed on the processing sector and on fisheries infrastructure. However, this is not intended to reduce the effectiveness of the program in the continued development of the harvesting sector.

Two projects are specifically mandated. The first relates to fuel efficiency and the second to fish quality standards. The severity of the fuel problem is painfully clear to everyone. Long-term solutions are needed. Redesign and modifications may be needed for hulls, engines and fishing equipment. New, more efficient fishing techniques may be necessary. S-K research and development ought to intensively explore these areas.

The issue of fish quality standards is extremely controversial. For that very reason, it should be examined. My proposal would do just that. The bill would not impose a system of standards. Rather, at least one, substantial experimental project would be carried out—by industry, if the private sector seizes the initiative, or by NMFS, if necessary.

Fisheries development is intended to provide optimum benefits for the American people. Therefore, in my bill, recipients of S-K funds for industry projects must be 75 percent U.S. controlled enterprises, along the lines set out in the Shipping Act of 1916. While foreign investment, if it does not become dominant, can play a useful role in our economy, domestically controlled enterprises and capital formation from domestic sources need to be encouraged. There is also the fact that foreign capital usually brings foreign technology and know-how, much of which is advanced and is developed with foreign government assistance. Likewise, foreign capital frequently is accompanied by international marketing opportunities. U.S. controlled companies often lack these advantages. My proposal would help deal with that situation.

The revitalization of the S-K program is essential to the success of our fisheries development efforts in the Federal Government. My proposal is calculated to assure that the full potential of S-K is finally realized.

### AMENDMENTS TO THE CAPITAL CONSTRUCTION FUND

The capital construction fund (CCF) has provided a tax deferral mechanism that has aided the substantial growth in the fish harvesting capacity of the United States. This program has been so successful that, in important fisheries, our ability to catch fish has far outstripped our ability to process them. As a result, fishermen have been put on limits, fish that might have been harvested by U.S. vessels have been left to the foreign fishermen, and in extreme cases, harvested fish have been discarded for lack of available processing capacity. Moreover, dock space, warehouse capacity, and transportation facilities have proved to be inadequate to handle the increased fish harvests.

In line with other proposals before the Congress, my bill amends CCF to extend its benefits to shoreside facilities for fish processing and infrastructure development. The bill also would permit the use of CCF for processing vessels which offer an increasingly attractive alternative to shorebased processing, as fuel prices escalate for fishermen and the need grows for assuring longer periods of time on the fishing grounds and less time in unproductive and costly transit.

The bill would allow the purchase of used vessels and shoreside facilities under CCF. This proposal is exploratory in nature and I will look forward to receiving comments on it.

I also am proposing that funds derived from fishing be allowed to be used under CCF for development of shoreside facilities and floating processors. The reverse would also be permitted. This would allow the efficient flow of capital from either area into the other, thus assisting in avoiding relative undercapitalization or overcapitalization of one sector or the other.

Finally, the bill would restrict the utilization of CCF for shoreside facilities and floating processors to 75 percent U.S.-controlled enterprises. Of course, foreign-controlled enterprises receive the bulk of their direct financial benefits from abroad, often with the indirect assistance of foreign governments. Domestically controlled enterprises are not so advantaged. This proposal regarding CCF is intended to respond to that reality.

### AMENDMENTS TO THE TITLE XI VESSSEL OBLIGATION GUARANTEE PROGRAM

The vessel obligation guarantee program established by title XI of the Merchant Marine Act has also played a useful role in assisting the expansion of the U.S. fishing fleet. Again, however, the processing sector has not been able to utilize the program. My proposal would amend title XI to extend its availability to shoreside facilities and to confirm its use for floating processors, as well. The limitation to 75 percent U.S.-controlled enterprises would apply to these extended benefits.

Much of the purpose of this bill is to stimulate the development of species that are underutilized by U.S. fishermen. My proposal for title XI would allow high-risk guarantees for these new fisheries.

### AMENDMENT OF THE FCMA TO LINK FOREIGN FISH ALLOCATIONS TO TRADE BARRIERS AND TO PROVIDE FOR FISHERIES ATTACHES

A very serious problem encountering the U.S. fishing industry is the existence of tariff and nontariff barriers in foreign countries to U.S. fish products. These barriers have contributed to the perpetuation of the underdevelopment of U.S. fisheries.

It is remarkable that foreign countries that maintain these barriers to U.S. fish imports are permitted to continue their often massive harvesting of fish in our zone. Japan is probably the worst trade offender and yet, among all the foreign countries fishing in our zone, maintains the highest level of foreign harvesting (more than two-thirds of the total) year after year.

While the State Department has acknowledged that the FCMA provides legal authority to curtail fishing in our zone by nations that maintain offensive barriers to our fish products, there has been only one instance in which our fish have been withheld on that basis and that was a pitiful 40,000 metric tons out of more than one million metric tons taken by that country, Japan, in our waters. So that the point is made properly, my bill amends the FCMA to provide expressly that trade barriers should be a consideration in the allocation of our surplus fish to foreign nations.

In addition, six fisheries attachés are to be assigned to key U.S. diplomatic posts abroad to facilitate market assessments and to assist our industry in the export of fish products. This may appear to be a small step, but it could, in fact, help advance us far beyond our present, woefully inadequate position.

### AMENDMENT OF THE FCMA TO PHASE OUT FOREIGN FISHING

While foreign fishermen have carried out their subsidized operations in our zone, and their harvests have been protected by trade barriers erected by their governments against competition from our fishermen, American expectations aroused by the enactment of the FCMA have declined. The concept of optimum yield has proved a weak device for the protection of the economic and social aspects of the fishing interest of our nation and has been distorted by excessive emphasis on biological considerations. The level of foreign fishing has not been appropriately reduced and the huge participation of foreign vessels in the fisheries of our zone has overwhelmed our fishermen. I view a forcing mechanism in this area to be an important adjunct to other development efforts, including those to increase our processing capacity. Properly assisted, our processing industry will grow tremendously and the limits to fisheries development will become largely those imposed by excessive foreign fishing in our zone.

Therefore, I propose to amend the FCMA to establish a schedule to phase out foreign fishing. It is important to note, however, that the phaseout is only presumptive. If U.S. fishermen fail to expand into the surplus created by the scheduled phaseout, the process of ending foreign fishing will be decelerated by the Secretary of Commerce, subject to a veto by either House of the Congress. The intent is to give U.S. fishermen a reasonable expectation of a foreseeable end to foreign fishing. That should attract investment, as our market share looks increasingly attractive. Nevertheless, if U.S. fishermen fail to respond adequately, the resource will likely not be wasted, because foreign participation will probably be allowed to be moderately extended. In any case, the Congress will decide, not the Departments of State and Commerce.

The established schedule for the phaseout for each fishery is linked to the fishing season that ended in 1979. The base level is the amount of harvested fish, not allocated fish, since historically, many nations have not used their full allocations. It is worth noting that 1980 should not be used, because the emergence of this bill would probably cause foreign fishermen to harvest their full allocations this year, so as to maximize the base year numbers to be used in the phaseout. They would thereby derive an artificial advantage in relation to their historical catches.

The schedule of allowable foreign harvest is as follows:

First. In 1981, no more than 90 percent of the base harvest;

Second. In 1982, no more than 75 percent of the base harvest;

Third. In 1983, no more than 55 percent of the base harvest;

Fourth. In 1984, no more than 30 percent of the base harvest; and

Fifth. In 1985, no foreign fishing.

If, in any year, the regular domestic allowable harvest, based on the normal optimum yield, results in a total allowable level of foreign fishing that is lower than the level provided in the schedule, the foreign fishermen, of course, will receive the smaller amount of fish. Therefore, the schedule can only work to the advantage of U.S. fishermen.

If, in any year, the Secretary of Commerce finds that the phaseout will result in a "substantial surplus of fish stocks" in a fishery, he may propose to defer all or part of the scheduled reduction of the foreign harvest for that year, until the following year. As noted above, either House may veto the proposal.

In essence, this system elevates the economic/social component of the optimum yield determination to the national political level. This is likely to give U.S. fishermen an important advantage over the current, basically administrative approach. The link to surplus is necessary to maintain conformity with general (though not universal) international practice and to avoid waste.

This system is more liberal toward foreign fishermen in our zone than are the systems imposed by foreign nations on our vessels—and approved by the Department of State. The United States-Mexico agreement on gulf shrimp involved a phaseout of U.S. fishermen from the Mexican zone, with no express link to surplus. The State Department was satisfied with the Mexican Government's position that Mexican fishermen would, in the normal course, take the surplus. They did not, but we are out, anyway. It is notable that I am not suggesting that we require U.S.-controlled joint ventures and changes to the U.S. flag as the price of access, although other countries have imposed these sorts of requirements with respect to U.S. shrimping in their 200-mile zones.

I believe that this phaseout is a useful device. It gives American fishermen the benefit of the doubt. They deserve it.

### AMENDMENT OF THE OBSERVER PROGRAM

There have been loud complaints by American fishermen that foreign fishermen are not accurately reporting catches. The observer program has been too modest. A solution is needed until foreign fishing is phased out. Observers have found serious underreporting. In fact, this abuse may be increasing the foreign harvest in our zone by 30 percent. I am calling for full observer coverage, at the expense of foreign fishermen, in order to remedy this problem.

### OTHER INITIATIVES

I should add that there are other initiatives that might well be undertaken to complement my proposals. Production Credit Associations (PCA's) have been useful to the fishing industry. Perhaps some liberalization of these organizations would be worthwhile. Further, the Commodity Credit Corporation (CCC) has proved very beneficial to farmers. Perhaps CCC could be adapted in some respects to assist fishermen, as well. These ideas require the cooperation of the House Agriculture Committee and I will follow through with the members of that committee, accordingly. Countervailing duties on foreign subsidized fish products also may be appropriate. I intend to investigate this option.

### CONCLUSION

I have put together in this bill what I believe to be the essential components of a meaningful fisheries development program. I believe that, with the enactment of this legislation, fisheries development will at last be on the right track and that full development of U.S. fisheries by American fishermen and fish processors will be decisively advanced.●

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## FAIR INSURANCE INFORMATION PRACTICES ACT OF 1980

The SPEAKER. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, I am today introducing a measure which addresses a problem that concerns all insurance policyholders. The bill, the Fair Insurance Information Practices Act of 1980, seeks to protect individual insurance policyholders, many of which in the past, have been subject to violations in personal privacy; simply because they were totally unaware of the information that was being obtained about them.

As you know, the President in 1976 established an interagency task force in response to the report of the privacy protection study commission. The task force called for recommendations to amend the Privacy Act of 1974 in order that there be greater accountability by insurance companies regarding the activities of their investigators. I have carefully examined these recommendations in addition to those concerns which have been voiced by many of my colleagues and constitutients and firmly believe that this measure provides the proper balance between the individual's personal privacy interests and insurance organization's information needs. This balance is essential if we are to properly protect individuals from fraudulent activities.

Under the provisions of this legislation, personal information gathered by insurance companies and their support organizations would be subject to rules governing the method in which the information was collected, the extent to which the information could be used by these organizations, and disclosure of such information. Furthermore, the measure provides that an individual whose rights have been violated may seek action in Federal or State court for proper relief. Enforcement of the act would come solely under the jurisdiction of the State insurance authorities, whose expertise in insurance matters has been demonstrated and is highly respected.

I would like to commend very highly my dear colleague from North Carolina, Mr. RICHARD PREYER, who, through his efforts as chairman of the Subcommittee on Government Information and Individual Rights, has provided the opportunity for this important issue to be addressed. I have watched as his subcommittee has conducted informative hearings where individuals on both sides of this issue have stressed the need for effective privacy legislation. As a result of these hearings, it has been brought to my attention that, in order to be most effective, what is needed is a provision which would provide a limited appropriation for the State insurance authorities to enforce the standards I have mentioned above. My bill calls for an appropriation of $60 million, which would be divided proportionately among the States. I am most confident that even with this limited appropriation the States will be able to provide effective enforcement.

I have heard broadbased support for this proposal among the people of my State of Florida and believe that consideration is warranted. I and the subcommittee would gladly welcome any comments.●

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## RETIREMENT OF MR. BERNARD APOL

The SPEAKER. Under a previous order of the House, the gentleman from Michigan (Mr. FORD) is recognized for 5 minutes.

● Mr. FORD of Michigan. Mr. Speaker, I wish to call the attention of this body to the retirement of Bernard Apol, Michigan's veteran director of elections. Bernie has already left his position, and is being honored tomorrow night in Lansing at a retirement party.

Bernie Apol has run one of the Nation's most effective election systems for many years, without a hint of scandal. Elections officials in other States have called upon him frequently for advice and problem solving. His reputation is unblemished, and his accomplishments are known and recognized throughout the Nation.

I have had the privilege of knowing and working with Bernie for over two decades, dating back to my years as a young lawyer, when he was assistant director of elections.

In the early 1960's, when I served as a delegate to the Michigan Constitutional Convention, he was assistant to the convention chairman, and was an important contributor to the convention accomplishments. His knowledge of election law and procedures was a valuable asset to us all.

Two years later, while I was serving as a State senator, Bernie Apol was executive director of the Michigan Apportionment Commission. We worked together drawing State legislative and congressional district lines.

In 1964, I was elected to the Congress, and Bernie became director of elections for the State. In this capacity, he was instrumental in changing Michigan's code to open up the election process to all voters. He worked long hours with the legislature to recodify and modernize election laws.

He devoted weekends and evenings to counseling and advising city, township, and village clerks in their often complex task of applying State law to local election procedures. Every elected official in Michigan knows Bernie Apol, and has benefited from his knowledge.

Bernie Apol was one of those rare public servants who dedicate themselves to their work. Our political system could not work without men and women like him.

The citizens of Michigan have lost a valuable servant, who will be missed in Lansing, and who will be missed by every elected official in the State, including each member of the Michigan delegation in Congress.

Mr. Speaker, I congratulate Bernie Apol on his retirement, and I wish him success and contentment in all his future endeavors.●

## HOUSING INDUSTRY HURT BY HIGH INTEREST

(Mr. EDWARDS of California asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. EDWARDS of California. Mr. Speaker, it is foolish national policy to destroy the homebuilding industry in the fight against inflation. But that is exactly what is happening as the Federal Reserve Board pursues its high interest policy.

Because of interest rates approaching 20 percent, new home construction is rapidly declining. Lumber companies are in trouble. All the items that go into the construction of a house are languishing unsold in stores. Thousands of carpenters, laborers, bricklayers, electricians, and plumbers are losing their jobs.

Mr. Speaker, the wrong way, and cruel way to reduce inflation is to trigger a recession. It will not work for the long haul because as unemployment increases and profits diminish, tax receipts will shrink and Federal expenses connected with unemployment will increase.

We will also have an even more serious shortage of housing for American families. Does anyone think that this situation will result in cheaper home prices?

The proposal I am introducing today is a sense of the House of Representatives resolution calling on the Board of Governors of the Federal Reserve Board to act immediately to begin rolling back interest rates. There are other devices that can be used by the Federal Reserve to fight inflation—selective credit controls and money supply restrictions. Soaring interest rates are the wrong response. They do not dampen inflation. They fuel it.

A similar bill (S. Res. 392) was introduced on March 26, 1980, in the Senate by the distinguished Senator from Washington, Mr. MAGNUSON, and cosponsored by Senator JIM SASSER of Tennessee. I urge prompt approval of both resolutions.●

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. RODINO (at the request of Mr. WRIGHT), for today, on account of illness in the family.

Mr. JENRETTE (at the request of Mr. WRIGHT), for this week, on account of medical reasons.

Mr. WHITE (at the request of Mr. WRIGHT), for today, on account of illness.

Mr. CHAPPELL (at the request of Mr. BENNETT), on account of attendance at funeral in district.

Mr. HINSON (at the request of Mr. RHODES), for the balance of the week, on account of official business due to extreme flooding conditions in district.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PORTER) to revise and extend their remarks and include extraneous material:)

Mr. GILMAN, for 1 hour, on April 22.

Mr. EDWARDS of Oklahoma, for 1 hour, on April 16.

Mr. DORNAN, for 1 hour, on April 17.

Mr. KEMP, for 15 minutes, on April 16.

Mr. MCKINNEY, for 5 minutes, today.

Mr. SEBELIUS, for 5 minutes, today.

Mr. CORCORAN, for 5 minutes, today.

Mr. FORSYTHE, for 20 minutes, today.

Mr. HAMMERSCHMIDT, for 5 minutes, today.

(The following Members (at the request of Mr. MUSTO) to revise and extend their remarks, and to include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. ROBERTS, for 5 minutes, today.

Mr. DRINAN, for 5 minutes, today.

Mr. CORMAN, for 5 minutes, today.

Mr. BEDELL, for 5 minutes, today.

Mr. REUSS, for 5 minutes, today.

Mr. BREAUX, for 10 minutes, today.

Mr. PEPPER, for 5 minutes, today.

Mr. FORD of Michigan, for 5 minutes, today.

Mr. STOKES, on April 16, for 60 minutes.

Mr. CORMAN, on April 16, for 5 minutes.

Mr. DASCHLE, on April 17, for 60 minutes.

## EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PORTER) and to include extraneous matter:)

Mr. WILLIAMS of Ohio.

Mr. KEMP in two instances.

Mr. FORSYTHE in two instances.

Mr. WAMPLER in two instances.

Mr. SHUMWAY.

Mr. ERLENBORN.

Mr. DERWINSKI in three instances.

Mr. GRADISON.

Mr. LAGOMARSINO.

Mr. EMERY in two instances.

Mr. BEARD of Tennessee.

Mr. HYDE.

Mr. DORNAN in two instances.

Mr. CORCORAN.

Mr. MARRIOTT.

Mr. LUNGREN.

Mr. ROUSSELOT in two instances.

Mr. GILMAN in two instances.

Mr. RUDD in two instances.

Mr. ABDNOR.

Mr. BAUMAN in 10 instances.

(The following Members (at the request of Mr. MUSTO) and to include extraneous matter:)

Mr. ANDERSON of California in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Ms. HOLTZMAN in 10 instances.

Mr. JONES of Tennessee in 10 instances.

Mr. BONER of Tennessee in five instances.

Mr. MCDONALD in 10 instances.

Mrs. CHISHOLM.

Mr. DRINAN in three instances.

Mr. WOLFF.

Mr. WAXMAN.

Mr. KILDEE.

Mr. SCHEUER.

Mr. MAVROULES in four instances.

Mr. HARRIS.

Mr. MCCORMACK.

Mr. CONYERS.

Mr. STARK in five instances.

Mr. FORD of Michigan in two instances.

Mr. FAUNTROY.

Mr. UDALL.

Mr. STUMP.

Mr. MILLER of California.

Mr. MURPHY of Illinois.

Mr. LONG of Maryland.

Mrs. SCHROEDER in three instances.

Mr. JACOBS.

Mr. EDGAR.

Mr. ROSE.

Mr. MAGUIRE in two instances.

Mr. WEISS.

Mr. SHARP.

Mr. Biaggi.
Mrs. Spellman.
Mr. Shannon.
Mr. Murtha.

## SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1786. An act to amend the act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said act; to the Committee on House Administration; and

S. 1946. An act to reform the economic regulation of railroads, and for other purposes; to the Committee on Interstate and Foreign Commerce.

## SENATE ENROLLED BILL AND JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to an enrolled bill and joint resolutions of the Senate of the following title:

S. 2427. An act to encourage greater participation in the farmer-held reserve program for corn and wheat, and for other purposes;

S.J. Res. 97. Joint resolution designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust"; and

S.J. Res. 131. Joint resolution designating April 10, 1980, as "ORT Centennial Day."

## ENROLLED BILLS AND A JOINT RESOLUTION SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5794. An act to designate the building known as the Federal Building in Evansville, Ind. as the "Winfield K. Denton Building";

H.R. 6029.—An act providing for the implementation of the International Sugar Agreement, 1977, and for other purposes;

H.R. 6585. An act to extend the reorganization authority of the President under chapter 9 of title 5; and

H.J. Res. 520. Joint resolution to extend by 60 days the expiration date of the Defense Production Act of 1950.

## A BILL PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on April 9, 1980, present to the President, for his approval, a bill of the House of the following title:

H.R. 6029. An act providing for the implementation of the International Sugar Agreement, 1977, and for other purposes.

## ADJOURNMENT

Mr. MUSTO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 17 minutes p.m.), the House adjourned until tomorrow, Wednesday, April 16, 1980, at 3 o'clock p.m.

## CONTRACTUAL ACTIONS CALENDAR YEAR 1979, TO FACILITATE NATIONAL DEFENSE

The Clerk of the House of Representatives submits the following report for printing in the Congressional Record pursuant to section 4(b) of Public Law 85-804:

Washington, D.C.
*April 9, 1980.*

Hon. Thomas P. O'Neill, Jr.,
*Speaker of the House of Representatives, Washington, D.C.*

Dear Mr. Speaker: In compliance with Section 4(a) of Public Law 85-804, the calendar year 1979 report on Extraordinary Contractual Actions to Facilitate the National Defense is enclosed.

Table I shows that 216 contractual actions were approved and that 43 actions were disapproved. Included in the number of actions approved are 127 actions for which a potential Government liability cannot be estimated.

Table II lists the actions which have an actual or potential cost to the Government of $50,000 or more. Table II also contains a list of those actions for which a potential Government liability cannot be estimated.

Sincerely,

D. O. Cooke,
*Deputy Assistant Secretary of Defense.*

EXTRAORDINARY CONTRACTUAL ACTIONS TO FACILITATE THE NATIONAL DEFENSE (PUBLIC LAW 85-804), JANUARY-DECEMBER 1979

DEPARTMENT OF DEFENSE, WASHINGTON HEADQUARTERS SERVICES, DIRECTORATE FOR INFORMATION OPERATIONS AND REPORTS

TABLE I.—SUMMARY REPORT OF CONTRACTUAL ACTIONS TAKEN PURSUANT TO PUBLIC LAW 85-804 TO FACILITATE THE NATIONAL DEFENSE, JANUARY-DECEMBER 1979

| Department and type of action | Actions approved | | | Actions denied | |
|---|---|---|---|---|---|
| | Number | Amount requested | Amount approved | Number | Amount |
| Department of Defense, total | 216 | $5,058,550 | $3,075,543 | 43 | $4,933,262 |
| Amendments without consideration | 4 | 1,666,409 | 837,917 | 12 | 4,096,754 |
| Correction of mistakes | 24 | 1,038,830 | 837,694 | 28 | 794,524 |
| Formalization of informal commitments | 58 | 327,939 | 327,939 | 2 | 41,984 |
| Contingent liabilities | 127 | | | 1 | |
| Other | 3 | 2,025,372 | 1,071,993 | | |
| Army, total | 56 | 2,497,457 | 1,475,476 | 12 | 479,554 |
| Amendments without consideration | 3 | 1,666,409 | 837,917 | 3 | 167,219 |
| Correction of mistakes | 6 | 643,309 | 449,820 | 6 | 270,351 |
| Formalization of informal commitments | 45 | 187,739 | 187,739 | 2 | 41,984 |
| Contingent liabilities | 1 | | | 1 | |
| Other (general powers) | 1 | | | | |
| Navy, total | 123 | 359,070 | 357,469 | 8 | 3,724,618 |
| Amendments without consideration | | | | 6 | 3,660,912 |
| Correction of mistakes | 5 | 220,983 | 219,382 | 2 | 63,706 |
| Formalization of informal commitments | 10 | 138,087 | 138,087 | | |
| Contingent liabilities | 108 | | | | |
| Other | | | | | |
| Air Force, total | 24 | 2,113,932 | 1,157,289 | 10 | 531,485 |
| Amendments without consideration | | | | 1 | 197,962 |
| Correction of mistakes | 4 | 88,560 | 85,296 | 9 | 333,523 |
| Formalization of informal commitments | | | | | |
| Contingent liabilities | 18 | | | | |
| Other (residual powers) | 2 | 2,025,372 | 1,071,993 | | |
| DLA, total | 13 | 88,091 | 85,309 | 13 | 197,605 |
| Amendments without consideration [1] | 1 | | | 2 | 70,661 |
| Correction of mistakes | 9 | 85,978 | 83,196 | 11 | 126,944 |
| Formalization of informal commitments | 3 | 2,113 | 2,113 | | |
| Contingent liabilities | | | | | |
| Other | | | | | |

[1] 1 amendment without consideration duplicates Army CAB decision. Included in Army totals.

TABLE II.—LIST OF CONTRACTUAL ACTIONS WITH ACTUAL OR POTENTIAL COST OF $50,000 OR MORE TAKEN PURSUANT TO PUBLIC LAW 85-804 TO FACILITATE THE NATIONAL DEFENSE JANUARY-DECEMBER 1979

| Name and location of contractor | Actual or estimated potential cost | Description of product or service | Justification |
|---|---|---|---|
| Amendments without consideration: | | | |
| Army: | | | |
| Daywood Products, Inc | $111,118 | Single and multiple round shipping containers for Dragon missile. | Daywood Products, Inc., a small business firm and the sole producer of shipping containers for Dragon anti-tank missiles, received 3 separate contracts to produce this item. The company has requested a modification of the 1st contract to cover the loss of $117,250 incurred because of the unpredicted, sustained and extraordinary inflationary costs of lumber, plywood, and labor. The company claims that because it was unable to obtain firm price commitments initially, there was no reasonable protection against inflation. Without recovery, bankruptcy and noncompletion of the remaining contracts are imminent. All other producers of shipping containers have either defaulted on their contracts, have gone bankrupt, or have lost their facilities to fire. Based on audits and the repercussions associated with bankruptcy and default of a sole-source supplier, the Darcom and Miradcom Boards concluded that continued operation is essential to the National defense. The Board agreed to this conclusion and authorized relief not to exceed $111,118 and to be paid out in installments to ensure completion of all remaining contracts with the company. |

| Name and location of contractor | Actual or estimated potential cost | Description of product or service | Justification |
|---|---|---|---|
| EDAPCO, Inc., Springfield, N.J. | $290,240 | Payment of SBA and other indebtness. | Based upon its earlier decision (CY 1978 report), the Board authorized the contracting officer to pay the contractor's debt directly to SBA and raised the relief ceiling by $272,119. The board also granted a request for $18,121 for payment of certain State and Federal taxes and an outstanding debt owed by the contractor. The results of this decision will facilitate the national defense. |
| Survival Technology, Inc., Bethesda, Md. | 436,559 | Combo-pen, auto-injector | The contractor, a small business who manufactures medical equipment, was awarded a sole-source contract to ultimately provide 2,440,000 auto-injector "combo-pens" which they developed, to the Surgeon General. Initially, DOD had the responsibility for quality assurance; however, 9 mo into the contract DOD, through a contract modification, transferred this responsibility to the Food and Drug Administration (FDA) although this matter was not discussed with Survival during negotiations. Under DOD quality procedures, however, 800,000 units had been accepted and met contractural requirements including sterility. FDA, using the current Good Manufacturing Practice Regulations (GMPR's), issued a stop work order 3 mo after assuming the quality assurance responsibility. The contract was adjusted to meet these costs. The order was in effect 60 days before the contractor complied with the GMPR's incurring additional costs because of the stop-work order. The company requests an additional $781,130 to meet compliance costs. The board found that the contractor suffered a loss on the contract because: (1) of their efforts to achieve compliance; and (2) the Government changed quality assurance requirements. Through considerations of fairness, the Board directs that the contract price be amended not to exceed $436,559 in the interests of the national defense. |
| Correction of mistakes: | | | |
| Army: | | | |
| UTL Corp., Dallas, Tex. | 182,317 | AN/UYK-23 computer for ECMS Quick Look II. | An RFP received by UTL Corp. for the production of Quick Look II, which they developed, required that the AN/UYK-23 computer be provided by Sperry Univac Defense Systems as a sole-source subcontractor to UTL. During negotiations, the Government reduced the amount of Sperry's subcontract by 23.8 percent based on a Defense Contract Audit Agency (DCAA) oral "should cost" report as part of a full audit of a similar computer. The Army and UTL later agreed to a 12.5-percent decrease. In February 1976, UTL provided 31 units from its inventory and awarded the subcontract to Sperry for 31 units for $2,335,000. The full written audit report questioned the costs by only 2.2 percent. The contractor contends that a mutual mistake of fact occured when the Army and UTL relied on the oral audit. The contractor claimed $300,731 based on 3 components: (1) the difference ($120,790) between the prime contract price and the ultimate price negotiated with Sperry; (2) certain items not included in the prime contract, but negotiated with Sperry ($72,834); and (3) a claim for labor associated with UTL-furnished units ($14,462). The Board found that to facilitate the national defense the target price should be increased by no more than $182,317 ($120,790 plus add ons). |
| Martin-Marietta Aerospace Corp. | 202,799 | Self-destruct charges for Pershing PLA missile. | A negotiated sole-source 2-yr contract for production of the Pershing PLA missile was awarded to Martin Marietta on Oct. 31, 1977, who had supplied these items under a previous contract. The current contract called for 60 modification kits at a cost of $330,122 including contractor furnished "self destruct charges" which were Government furnished equipment (GFE) under the previous contract. The contractor priced this item as GFE using the computer generated bill of materials derived from the previous contract which listed the item as GFE. As a result, the cost for the charges were omitted and the Government failed to discover the mistake. The contractor discovered the error during a planning meeting on GFE availability and notified the Board claiming $216,745 as additional payment. The Board ruled that both the contractor and the Government were at fault but reduced the amount to $202,799, eliminating the contractor's profit and determined that this action will facilitate the national defense. |
| Navy: | | | |
| Grumman Aerospace Corp., Bethpage, N.Y. | 185,047 | Spare and repair aircraft parts | Grumman Aerospace Corp. received a multi-year contract to provide spare and repair aircraft parts. On Mar. 12, 1973, the contractor and the Government agreed to delete certain items from the contract costing $185,047 as prescribed in an earlier modification. On Apr. 23, 1973, these same items were again deleted, duplicating the March modification. The contractor requested that the 2d modification be cancelled and the $185,047 restored because of a mutual mistake. The Board ruled that it would facilitate the national defense for the contract to be amended to correct the mistake. |
| Air Force: | | | |
| La Calesa Enterprises, Inc., Holloman AFB, N. Mex. | 85,296 | Mess attendant services | The Small Business Administration (SBA) entered 2 requests on behalf of its 8(a) subcontractor, La Calesa Enterprises, Inc., for contract adjustment due to a mutual mistake relating to an inadequate manning chart included in the contract specifications. Based on this, La Calesa requested that the contract price be increased by $88,560 to $353,286, including a previous modification. Previously, the Board determined that the contract price should not exceed the estimated cost of in-house performance plus modifications or $341,504. Due to the SBA's request, this determination was reconsidered and found to be incomplete because the in-house estimates only included the costs of Government personnel performing the services. The reconsidered total estimate substantially exceeds the company's audited costs of $366,421. Since La Calesa has received $281,125, it is entitled to an additional $85,296. |
| DLA: | | | |
| Highway Equipment Co., Cincinnati, Ohio.<br>Peterson Tractor Co., San Leandro, Calif. | 55,422 | Repair parts for Caterpillar Tractor Co. construction equipment. | Highway Equipment Co. (Zone A—East coast) and Peterson Tractor (Zone B—West coast) submitted low bids in their respective zones to supply repair parts from Caterpillar Tractor Co.'s price list 34C (Dealers Net Price). Both contractors offered the dealers net price with 0-percent markup. The next lowest bids were in Zone A with a 14.9-percent markup and in Zone B with a 19-percent markup. Despite noticing this discrepancy in offers, the contracting officer neglected to request either Highway or Peterson to verify its offer. The Board decided that each company would be reimbursed for delivered orders at the rate of the 2d lowest bid in each zone and that remaining portions of each contract be cancelled. This action will facilitate the national defense by assuring contractors that they will be treated fairly and mistakes corrected expeditiously. |
| Residual powers: | | | |
| Air Force: | | | |
| Davidson Optronics, West Covina, Calif. | 750,000 | Periscope mounts, modification kits, etc. for M-60 tank. | On June 14, 1978, the company requested that the Board's previous decision of Sept. 14, 1977, be reconsidered and proposed a mutual waiver of any claims against the 2 Army contracts and a Government guaranteed loan of $750,000. The Air Force agreed to these terms and was willing to sponsor the loan guarantee. In a meeting with the Army board on Mar. 21, 1979, Davidson proposed that (1) both the Army and the company waive their respective claims to both Army contracts; (2) the Air Force would guarantee the $750,000 loan; (3) the Army would hold Davidson's 15-yr low-interest subordinated note for $550,000; and (4) Davidson and United California Bank (UCB) renegotiate their settlement in terms of cash and company stock. Both the Army and Air Force contract adjustment boards granted relief based on the above proposal and found that this relief will facilitate the national defense. |
| Redifon Flight Simulator, Ltd., United Kingdom. | 321,993 | Design, development, fabrication, testing, and installation of prototype B-52 aerial refueling part task trainer. | The contractor computed its offer on the exchange rate of $2.20 U.S. dollars to the British pound expecting the contract to be awarded on a dollar basis. The final contract at the Air Force's insistence called for payment in British pounds. However, during the life of the contract the exchange rate fell as low as $1.57 to the pound. Since a significant portion of the contractual effort required purchases in the United States and these purchases have resulted in substantial losses due to radical fluctuations in the currency exchange rate, fairness requires the granting of relief to this foreign contractor. The Board finds that the granting of relief will facilitate the national defense by strengthening the relationships underlying the reciprocal procurement agreements with our NATO countries. |

### CONTINGENT LIABILITIES

[Provisions to indemnify contractors against liabilities because of claims for death or injury or property damage arising from nuclear radiation, use of high-energy propellants, or other risks not covered by the contractor's insurance program were included in 127 contracts (the potential cost of these liabilities cannot be estimated inasmuch as the liability to the Government, if any, will depend upon the occurrence of an incident as described in the indemnification clause). Items procured are generally those associated with nuclear-powered vessels, nuclear armed guided missiles, experimental work with nuclear energy, handling of explosives, or performance in hazardous areas]

| Name of contractor | Number of contracts | | |
|---|---|---|---|
| | Army | Navy | Air Force |
| Aerojet General Corp. | | | 4 |
| Automation Industries, Inc. | | 1 | |
| Bechtel National, Inc. | | 1 | |
| Boeing Co. | | | 6 |
| General Dynamics Corp. | | 64 | |
| General Electric Corp. | | 10 | 3 |
| Hercules, Inc. | | 1 | |
| Honeywell, Inc. | | 1 | |
| Hughes Aircraft Co. | | 2 | |
| Lockheed Missiles & Space Co. | | 6 | |
| Martin-Marietta Corp. | | | 4 |
| Newport News Shipbuilding & Dry Dock | | 4 | |
| Raytheon Co. | | 4 | |
| Rockwell International | | 4 | |
| Salk Institute | 1 | | |
| Singer Co. | | 3 | |
| Struthers Wells Corp. | | 1 | |
| Thiokol | | | 1 |
| Westinghouse | | 6 | |
| Total | 1 | 108 | 18 |

Note: In addition to these, indemnification clauses will be inserted into all transportation contracts entered into by the Military Airlift Command for transportation services to be performed by air carriers which own or control aircraft which have been allocated by the Department of Transportation to the Civil Reserve Air Fleet.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3996. A letter from the Secretary of Agriculture, transmitting the annual report on animal welfare enforcement for fiscal year 1979, pursuant to section 25 of the Animal Welfare Act, as amended; to the Committee on Agriculture.

3997. Communication from the President of the United States, transmitting proposed supplemental appropriations for fiscal year 1980 for the District of Columbia and for the Federal payment to the District of Columbia (H. Doc. No. 96-293); to the Committee on Appropriations and ordered to be printed.

3998. Communication from the President of the United States, transmitting budget amendments for fiscal years 1980, 1981, and 1983, to implement his anti-inflation program (H. Doc. No. 96-294); to the Committee on Appropriations and ordered to be printed.

3999. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a cumulative report on rescissions and deferrals of budget authority as of April 1, 1980, pursuant to section 1014(e) of Public Law 93-344 (H. Doc. No. 96-295); to the Committee on Appropriations and ordered to be printed.

4000. A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, transmitting a report that the appropriation to the Department of the Treasury for "Salaries and expenses", U.S. Secret Service, for fiscal year 1980 has been reapportioned on a basis which indicates the necessity for a supplemental estimate of appropriation, pursuant to section 3679(e)(2) of the Revised Statutes, as amended; to the Committee on Appropriations.

4001. A letter from the Deputy Secretary of Defense, transmitting notice that he has authorized deficiencies to be incurred for the necessities of the current year in various appropriations for Operation and Maintenance, pursuant to section 3732(b) of the Revised Statutes, as amended; to the Committee on Appropriations.

4002. A letter from the Principal Deputy Assistant Secretary of Defense (Comptroller), transmitting notice of various transfers of amounts appropriated to the Department of Defense, pursuant to section 751 of the Department of Defense Appropriation Act, 1980; to the Committee on Appropriations.

4003. A letter from the Comptroller General of the United States, transmitting his review of the proposed rescission of budget authority contained in the message from the President dated March 4, 1980 (House Document No. 96-275), pursuant to section 1014 (b) of Public Law 93-344 (H. Doc. No. 96-296); to the Committee on Appropriations and ordered to be printed.

4004. A letter from the General Counsel, U.S. General Accounting Office, transmitting a report on the status of budget authority proposed for rescission, but for which Congress failed to pass a rescission bill; to the Committee on Appropriations.

4005. A letter from the Under Secretary of Defense (Research and Engineering), transmitting the annual report for calendar year 1979 on the Defense Industrial Reserve, pursuant to section 809 of Public Law 93-155; to the Committee on Armed Services.

4006. A letter from the General Counsel of the Department of Defense, transmitting amendments to the Manual for Courts-Martial, United States, 1969 (Revised Edition), pursuant to 10 U.S.C. 836(b); to the Committee on Armed Services.

4007. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 10, United States Code, to authorize the Secretary concerned or the Secretary's designee to determine the period of time to be allowed to a Reservist between the time he or she is ordered to active duty and the time he or she enters upon active duty; to the Committee on Armed Services.

4008. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 10, United States Code, to provide for adjustments of retired and retainer pay to reflect changes in the Consumer Price Index; to the Committee on Armed Services.

4009. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting a report covering calendar year 1979 on extraordinary contractual actions to facilitate the national defense, pursuant to section 4(a) of Public Law 85-804; to the Committee on Armed Services.

4010. A letter from the Acting Assistant Secretary of the Army (Installations, Logistics and Financial Management), transmitting notice that a study has been conducted of the avionics Maintenance services function at Fort Huachuca, Ariz., and that a decision has been made that performance under contract is the most cost-effective method of accomplishing it, pursuant to section 806 of Public Law 96-107; to the Committee on Armed Services.

4011. A letter from the Assistant Secretary of the Navy (Manpower, Reserve Affairs and Logistics), transmitting notice that a study has been conducted of the custodial service function at the Naval Air Station, Whiting Field, Milton, Fla., and that a decision has been made that performance under contract is the most cost-effective method of accomplishing it, pursuant to section 806 of Public Law 96-107; to the Committee on Armed Services.

4012. A letter from the Assistant Secretary of the Navy (Manpower, Reserve Affairs, and Logistics), transmitting notice that a study has been conducted of the operations and maintenance function at the Naval Fuel Depot Detachment, Casco Bay, Maine, and that a decision has been made that performance under contract is the most cost-effective method of accomplishing it, pursuant to section 806 of Public Law 96-107; to the Committee on Armed Services.

4013. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Navy's proposed sale of certain defense equipment to the Netherlands (Transmittal No. 80-56), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

4014. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Navy's proposed sale of certain defense equipment to the United Kingdom (Transmittal No. 80-57), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

4015. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting the annual report on the Department's activities under the Right to Financial Privacy Act of 1978, pursuant to section 1121(b) of Public Law 95-630; to the Committee on Banking, Finance and Urban Affairs.

4016. A letter from the Secretary of Housing and Urban Development, transmitting a report on the urban initiatives anti-crime program, pursuant to section 207(e) of Public Law 95-557; to the Committee on Banking, Finance and Urban Affairs.

4017. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a statement describing a proposed transaction with the Government of the Republic of Korea exceeding $60 million, pursuant to section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended; to the Committee on Banking, Finance and Urban Affairs.

4018. A letter from the Acting Assistant Secretary to the Council of the District of Columbia, transmitting a copy of Council Resolution 3-312, "To accept the transfer of jurisdiction over parts of U.S. Reservations 339 and 499, Rock Creek Park and Fort Circle Park, from the National Park Service to the District of Columbia for highway purposes"; to the Committee on the District of Columbia.

4019. A letter from the Acting Assistant

Secretary to the Council of the District of Columbia, transmitting a copy of Council Resolution 3-321, "To accept the transfer of jurisdiction of certain areas from the National Park Service to the District of Columbia for municipal purposes"; to the Committee on the District of Columbia.

4020. A letter from the Secretary of Labor, transmitting a draft of proposed legislation to amend chapter 81 of title 5, United States Code, to provide for annual cost-of-living adjustments of compensation under the Federal Employees' Compensation Act, as amended; to the Committee on Education and Labor.

4021. A letter from the Secretary of Health, Education, and Welfare, transmitting the seventh annual report on Headstart services to handicapped children, pursuant to section 513(e) of the Economic Opportunity Act of 1964, as amended; to the Committee on Education and Labor.

4022. A letter from the U.S. Commissioner of Education, Department of Health, Education, and Welfare, transmitting proposed final regulations for the ethnic heritage studies program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

4023. A letter from the U.S. Commissioner of Education, Department of Health, Education, and Welfare, transmitting proposed final regulations for the educational improvement, resources, and support programs, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

4024. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on efforts of the Secretary General of the United Nations to establish a special investigatory commission with the responsibility of securing a full accounting of Americans listed as missing in Southeast Asia, in response to House Concurrent Resolution 10 adopted July 18, 1979; to the Committee on Foreign Affairs.

4025. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of the Federal Republic of Germany for permission to transfer certain U.S.-origin defense equipment to the Government of Switzerland, pursuant to section 3 of the Arms Export Control Act; to the Committee on Foreign Affairs.

4026. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the proposed issuance of a license for the export of certain defense equipment sold commercially to Singapore (Transmittal No. MC-11-80), pursuant to section 36(c) of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

4027. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the proposed issuance of a license for the export of certain defense equipment to Saudi Arabia (Transmittal No. MC-14-80), pursuant to section 36(c) of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

4028. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the proposed issuance of a license for the export of certain defense equipment sold commercially to Malaysia (Transmittal No. MC-16-80), pursuant to section 36(c) of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

4029. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of proposed license for the export of certain defense equipment sold commercially to Israel, Transmittal No. MC-18-80), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

4030. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of proposed license for the export of certain defense equipment sold commercially to Spain (Transmittal No. MC-19-80), pursuant to section 36(c) of the Arms export Control Act; to the Committee on Foreign Affairs.

4031. A letter from the Assistant Secretary of State for Congressional Relations, transmitting the text of an agreement between the American Institute in Taiwan and the Coordination Council for North American Affairs, pursuant to section 12(a) of Public Law 96-8; to the Committee on Foreign Affairs.

4032. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b; to the Committee on Foreign Affairs.

4033. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

4034. A letter from the Director, Defense Security Assistance Agency, transmitting a report covering the quarter ended March 31, 1980, on price and availability estimates provided to foreign countries, and requests received for letters of offer, pursuant to section 28 of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

4035. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense equipment to the Netherlands (Transmittal No. 80-56), pursuant to section 36(b) of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

4036. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense equipment to the United Kingdom (Transmittal No. 80-57), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

4037. A letter from the Director, U.S. International Development Cooperation Agency, transmitting the fourth annual report on famine prevention and freedom from hunger, pursuant to section 300 of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

4038. A letter from the Administrator, Agency for International Development, transmitting a copy of Presidential Determination No. 80-13, finding that assistance to Panama is in the national interest of the United States, and the justification therefor, pursuant to section 124 of the International Development Cooperation Act of 1979; to the Committee on Foreign Affairs.

4039. A letter from the Director of the Peace Corps, transmitting a draft of proposed legislation to authorize appropriations for the Peace Corps and for other purposes; to the Committee on Foreign Affairs.

4040. A letter from the Secretary of Energy, transmitting his comments on the annual report of the Inspector General of the Department, pursuant to section 208(c) of Public Law 95-91; to the Committee on Government Operations.

4041. A letter from the Administrator of General Services, transmitting the 1979 annual report of the General Services Administration; to the Committee on Government Operations.

4042. A letter from the Comptroller General of the United States, transmitting a draft of proposed legislation to amend 5 U.S.C. 5724a(a)(4) to liberalize certain provisions which authorize reimbursement for the expenses of the sale and purchase of a residence upon transfer of an employee; to the Committee on Government Operations.

4043. A letter from the Executive Director, Committee for Purchase From the Blind and Other Severely Handicapped, transmitting a report on the committee's activities under the Freedom of Information Act during calendar year 1979, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

4044. A letter from the Chairman, Federal Election Commission, transmitting a report on the Commission's activities under the Freedom of Information Act during calendar year 1979, pursuant to 5 U.S.C. 522(d); to the Committee on Government Operations.

4045. A letter from the Chairwoman, Merit Systems Protection Board, transmitting a report on the Board's activities under the Freedom of Information Act during calendar year 1979, pursuant to 5 U.S.C. 522(d); to the Committee on Government Operations.

4046. A letter from the Administrator, United States Small Business Administration, transmitting a report on the Administration's activities under the Freedom of Information Act during calendar year 1979, pursuant to 5 U.S.C. 522(d); to the Committee on Government Operations.

4047. A letter from the General Counsel, Council on Wage and Price Stability, transmitting a report on the Council's activities under the Freedom of Information Act during calendar year 1979, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

4048. A letter from the Assistant Secretary of Health, Education, and Welfare, for Health, and Surgeon General, transmitting notice of an existing records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

4049. A letter from the Assistant Secretary of Housing and Urban Development for Administration, transmitting a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

4050. A letter from the Chairman, Civil Aeronautics Board, transmitting a report on the Board's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4051. A letter from the Staff Director, U.S. Commission on Civil Rights, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4052. A letter from the Under Secretary for International Affairs and Commodity Programs, Department of Agriculture, transmitting a report on the Commodity Credit Corporation's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4053. A letter from the Chairman, U.S. Consumer Product Safety Commission, transmitting a report on the Commission's activities under the Sunshine Act during calendar Year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4054. A letter from the Governor, Farm Credit Administration, transmitting a report on the Administration's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4055. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting a report on the corporation's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4056. A letter from the Chairman, Federal Home Loan Bank Board, transmitting a report on the Board's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4057. A letter from the President, Chief Executive Officer, Federal Home Loan Mortgage Corporation, transmitting a report on the Corporation's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4058. A letter from the Chairman, Federal Maritime Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4059. A letter from the Chairman, Board of Governors, Federal Reserve System, transmitting a report on the Board's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4060. A letter from the Secretary, Federal Trade Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4061. A letter from the General Counsel, Inter-American Foundation, transmitting a report on the Foundation's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4062. A letter from the Chairman, International Trade Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4063. A letter from the President, Legal Services Corporation, transmitting a report on the Corporation's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4064. A letter from the Chairman, National Labor Relations Board, transmitting a report on the Board's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4065. A letter from the Executive Secretary, National Mediation Board, transmitting a report on the Board's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4066. A letter from the Chairman, National Science Board, transmitting a report on the Board's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4067. A letter from the Chairman, Occupational Safety and Health Review Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4068. A letter from the President, Overseas Private Investment Corporation, transmitting a report on the Corporation's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4069. A letter from the Chairman, U.S. Parole Commission, Department of Justice, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4070. A letter from the Secretary, Postal Rate Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4071. A letter from the Secretary for the Board, Railroad Retirement Board, transmitting a report on the Board's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4072. A letter from the Chairman, Securities and Exchange Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4073. A letter from the Chairman, Board of Directors, Tennessee Valley Authority, transmitting a report on the Board's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4074. A letter from the President, United States Railway Association, transmitting a report on the Association's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4075. A letter from the Chairman, Federal Election Commission, transmitting proposed regulations pertaining to the Presidential primary matching payment account, pursuant to section 9039(c) of the Internal Revenue Code of 1954, as amended; to the Committee on House Administration.

4076. A letter from the Secretary of the Interior, transmitting the Federal coal management report for fiscal year 1979, pursuant to section 8B of the Mineral Lands Leasing Act, as amended (90 Stat. 1089); to the Committee on Interior and Insular Affairs.

4077. A letter from the Secretary of the Interior, transmitting a report on the amounts expended by the Commonwealth of Massachusetts, the city of Lowell, and nonprofit entities in furtherance of the Lowell National Historical Park, pursuant to section 103(d) of Public Law 95–290; to the Committee on Interior and Insular Affairs.

4078. A letter from the Secretary of the Interior, transmitting a proposed final 5-year leasing program for offshore oil and gas, pursuant to section 18 of the Outer Continental Shelf Lands Act, as amended; to the Committee on Interior and Insular Affairs.

4079. A letter from the Secretary of the Interior, transmitting the first biennial report on the availability of oil and natural gas from the Outer Continental Shelf, pursuant to section 606 of Public Law 95–372; to the Committee on Interior and Insular Affairs.

4080. A letter from the Secretary of Health, Education, and Welfare, transmitting the third report of the National Center for the Prevention and Control of Rape, pursuant to section 231(b)(1)(B) of the Community Mental Centers Act, as amended (89 Stat. 328); to the Committee on Interstate and Foreign Commerce.

4081. A letter from the General Counsel, Department of Energy, transmitting notice of a meeting related to the international energy program to be held in San Francisco, Calif., on April 14, 15, and 16, 1980; to the Committee on Interstate and Foreign Commerce.

4082. A letter from the Director, Office of Hearings and Appeals, Department of Energy, transmitting a report covering a quarter ended December 31, 1979, on private grievances and redress, pursuant to section 21(c) of Public Law 93–275; to the Committee on Interstate and Foreign Commerce.

4083. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting the agency's third annual report on the administration of the Toxic Substances Control Act, covering fiscal year 1979, pursuant to section 30 of the act; to the Committee on Interstate and Foreign Commerce.

4084. A letter from the Secretary, Interstate Commerce Commission, transmitting notice of an indefinite extension of the deadline for the Commission to act on the appeal in Dockets No. AB–10 (Sub-No. 11) and (Sub-No. 12) involving abandonments by the Norfolk and Western Railway Co. in Indiana, pursuant to 49 U.S.C. 10327(k); to the Committee on Interstate and Foreign Commerce.

4085. A letter from the Chairman, Securities and Exchange Commission, transmitting the annual report of the Commission for fiscal year 1979; to the Committee on Interstate and Foreign Commerce.

4086. A letter from the Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting a report covering the month of January 1980 on the average number of passengers per day on board each train operated, and on-time performance at the final destination of each train operated, by route and by railroad, pursuant to section 308(a)(2) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Interstate and Foreign Commerce.

4087. A letter from the Acting Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

4088. A letter from the Attorney General, transmitting his first report, covering the quarter ended December 31, 1979, on the United States Trustee System, pursuant to section 408 of Public Law 95–598; to the Committee on the Judiciary.

4089. A letter from the Acting Administrator, Law Enforcement Assistance Administration, Department of Justice, transmitting an advance copy of the 11th annual report of the Administration, covering fiscal year 1979, pursuant to section 816(a) of the Omnibus Crime Control and Safe Streets Act of 1968, as amended (93 Stat. 1209); to the Committee on the Judiciary.

4090. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

4091. A letter from the Acting Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in the cases of certain aliens found admissible to the United States, pursuant to section 212(a)(28)(I)(ii) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(28)(I)(ii)(b)); to the Committee on the Judiciary.

4092. A letter from the Acting Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in cases in which the authority contained in section 212(d)(3) of the Immigration and Nationality Act was exercised in behalf of certain aliens, pursuant to section 212(d)

(6) of the act; to the Committee on the Judiciary.

4093. A letter from the Acting Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in tion under the authority of section 244(a)(1) of the Immigration and Nationality Act, as amended, together with a list of the persons involved, pursuant to section 244(c) of the Act (8 U.S.C. 1254(c)); to the Committee on the Judiciary.

4094. A letter from the Comptroller General of the United States, transmitting a report and recommendations concerning the claims of The Washington Star, The Washington Post and The Dispatch (Lexington, North Carolina) for advertising services provided to the United States, pursuant to the act of April 10, 1928; to the Committee on the Judiciary.

4095. A letter from the Director, Office of Personnel Management, transmitting the final version of a proposed demonstration project entitled "An Integrated Approach to Pay, Performance Appraisal, and Position Classification for More Effective Operation of Government Organizations," pursuant to 5 U.S.C. 4703(b)(6); to the Committee on Post Office and Civil Service.

4096. A letter from the Director, Office of Personnel Management, transmitting a draft of proposed legislation to amend Chapter 83 of title 5, United States Code, to provide for annual cost-of-living adjustments to civil service annuities, to provide for the proration of initial cost-of-living adjustments, and for other purposes; to the Committee on Post Office and Civil Service.

4097. A letter from the Chairwoman of the Merit Systems Protection Board, transmitting a draft of proposed legislation to create an independent Office of the Special Counsel; to the Committee on Post Office and Civil Service.

4098. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a Corps of Engineers report on the Squaw Creek Basin, Oregon, in response to resolutions of the Committees on Public Works of the Senate and House of Representatives, adopted June 18 and December 11, 1969, respectively; to the Committee on Public Works and Transportation.

4099. A letter from the Secretary of Transportation, transmitting a report on the motorcycle helmet study, pursuant to section 210 of Public Law 95–599; to the Committee on Public Works and Transportation.

4100. A letter from the Secretary of Transportation, and the Chairman, Civil Aeronautics Board, transmitting a report on the feasibility of States and their political subdivisions sharing in the subsidy paid to provide air service, pursuant to section 106 of the Federal Aviation Act of 1958, as amended (92 Stat. 1709); to the Committee on Public Works and Transportation.

4101. A letter from the Chairman, Civil Aeronautics Board, transmitting the Board's annual report for the fiscal year 1978, pursuant to section 205 of the Federal Aviation Act of 1958; to the Committee on Public Works and Transportation.

4102. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting the State water quality inventory reports for 1978, pursuant to section 305(b)(2) of the Federal Water Pollution Control Act, as amended; to the Committee on Public Works and Transportation.

4103. A letter from the Administrator of General Services, transmitting the reports of GSA, the Defense Department, the Postal Service, and the Department of Housing and Urban Development under the Architectural Barriers Act of 1968, as amended, pursuant to section 7(a) of the act; to the Committee on Public Works and Transportation.

4104. A letter from the Administrator of General Services, transmitting an emergency prospectus proposing the replacement of the roof system of the Chet Holifield Federal Building, Laguna Niguel, Calif.; to the Committee on Public Works and Transportation.

4105. A letter from the Administrator of General Services, transmitting a prospectus proposing the acquisition of space by lease in Portland, Oreg., pursuant to section 7 of the Public Buildings Act of 1959, as amended; to the Committee on Public Works and Transportation.

4106. A letter from the Administrator of General Services, transmitting a prospectus proposing construction of an extension to the existing Federal Building in Vancouver, Wash., pursuant to section 7 of the Public Buildings Act of 1959, as amended; to the Committee on Public Works and Transportation.

4107. A letter from the Administrator of General Services, transmitting a prospectus proposing continued occupancy under a succeeding lease for space located in the Todd Building, 550 11th Street, NW., Washington, D.C., pursuant to section 7 of the Public Buildings Act of 1959, as amended; to the Committee on Public Works and Transportation.

4108. A letter from the Administrator of General Services, transmitting a prospectus proposing continued occupany under a succeeding lease of space located at 1717 H Street, Washington, D.C., pursuant to section 7 of the Public Buildings Act of 1959, as amended; to the Committee on Public Works and Transportation.

4109. A letter from the Acting Under Secretary of Energy, transmitting volume II of a report on Federal policies to promote the widespread utilization of photovoltaic systems, pursuant to section 10 of Public Law 95–590; to the Committee on Science and Technology.

4110. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a list of present and former NASA employees who have filed reports with NASA pertaining to their NASA and aerospace-related industry employment for fiscal year 1979, pursuant to section 6 of Public Law 91–119; to the Committee on Science and Technology.

4111. A letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and special training allowance paid to eligible veterans and persons; to preclude tutorial assistance to eligible veterans by certain family members; to terminate the authority for the veterans' representatives programs; to allow certain veterans with active duty service prior to January 1, 1977, to participate in the chapter 32 program; to provide for distribution of unused chapter 32 contributions upon the death of the participant; and for other purposes; to the Committee on Veterans' Affairs.

4112. A letter from the Deputy Secretary of Energy, transmitting the first annual report on the use of alcohol in fuel, pursuant to section 221(c) of Public Law 95–618; to the Committee on Ways and Means.

4113. A letter from the U.S. Trade Representative, Executive Office of the President, transmitting a draft of proposed legislation to authorize appropriations for the Office of the U.S. Trade Representative through fiscal year 1985; to the Committee on Ways and Means.

4114. A letter from the Acting Secretary of Agriculture, transmitting revisions to the Department's proposed Child Nutrition bill and the 1977 Food Stamp Act, as amended; jointly, to the Committees on Agriculture and Education and Labor.

4115. A letter from the Chairman, Federal Election Commission, transmitting a copy of the Commission's supplemental appropriation request for fiscal year 1981, pursuant to section 307(d)(1) of the Federal Election Campaign Act of 1971, as amended; jointly, to the Committees on Appropriations and House Administration.

4116. A letter from the Chairman, National Transportation Safety Board, transmitting a copy of the Board's submission to the Office of Management and Budget on the President's reductions for fiscal year 1981 operating expenses, pursuant to section 304(b)(7) of Public Law 93–633; jointly, to the Committees on Appropriations, Interstate and Foreign Commerce, and Public Works and Transportation.

4117. A letter from the President, Gorgas Memorial Institute of Tropical and Preventive Medicine, Inc., transmitting the 51st annual report of the Gorgas Memorial Laboratory and the audit report of the Institute for fiscal year 1979, pursuant to section 3 of the Act of May 7, 1928, as amended; jointly, to the Committees on Foreign Affairs and Interstate and Foreign Commerce.

4118. A letter from the Comptroller General of the United States, transmitting a report on a framework and checklist for evaluating soil and water conservation programs (PAD–80–15, March 31, 1980); jointly, to the Committees on Government Operations and Agriculture.

4119. A letter from the Comptroller General of the United States, transmitting a report of an examination of the Rural Telephone Bank's financial statements for the fiscal year ended September 30, 1979 (CED–80–77, April 11, 1980) (H. Doc. No. 96–297); jointly, to the Committees on Government Operations and Agriculture and ordered to be printed.

4120. A letter from the Comptroller General of the United States, transmitting a report on ways of providing a fairer share of Federal housing support to rural areas (CED–80–1, March 28, 1980); jointly, to the Committees on Government Operations, Agriculture, and Banking, Finance, and Urban Affairs.

4121. A letter from the Comptroller General of the United States, transmitting a report on nuclear Fuel Reprocessing and the problems of safeguarding against the spread of nuclear weapons (EMD–80–38, March 18, 1980); jointly, to the Committees on Government Operations, Foreign Affairs, Interior and Insular Affairs, and Science and Technology.

4122. A letter from the Comptroller General of the United States, transmitting a report on the problem of disposing of low-level nuclear waste (EMD–80–68, March 31, 1980); jointly, to the Committees on Government Operations, Interior and Insular Affairs, and Interstate and Foreign Commerce.

4123. A letter from the Comptroller General of the United States, transmitting a report on the job of negotiating competitive market prices for Stategic Petroleum Reserve crude oil purchases (PSAD–80–30, April 3, 1980); jointly, to the Committees on Government Operations and Interstate and Foreign Commerce.

4124. A letter from the Comptroller General of the United States, transmitting a report on action needed to improve the management and effectiveness of the drug abuse treatment program (HRD–80–32, April 14, 1980); jointly, to the Committees on Government Operations and Interstate and Foreign Commerce.

4125. A letter from the Comptroller General of the United States, transmitting a report on the actions taken by Federal agencies to implement title VI of the Civil Rights Act of 1964 (HRD–80–22, April 15, 1980); jointly, to the Committees on Government Operations and the Judiciary.

4126. A letter from the Comptroller General of the United States, transmitting a report on the Federal Labor Relations Authority's first year of operations in implementing the Federal Labor-Management Relations Title of the Civil Service Reform Act of 1978 (FPCD–80–40, April 2, 1980); jointly, to the Committees on Government Operations and Post Office and Civil Service.

4127. A letter from the Comptroller General of the United States, transmitting a report on the status of development and performance of Metropolitan Atlanta's rapid transit system (PSAD–80–34, April 9, 1980); jointly to the Committees on Government Operations and Public Works and Transportation.

4128. A letter from the Comptroller General of the United States, transmitting a report providing an analysis of the commercial buildings solar heating and cooling demonstration program implemented by the Department of Energy (EMD–80–41, April 15, 1980); jointly, to the Committees on Government Operations and Science and Technology.

4129. A letter from the Secretary of Interior, transmitting a draft of proposed legislation to amend Title VI of the Federal Land Policy and Management Act of 1976, as amended (43 U.S.C. 1701 et seq.) to establish the Snake River Birds of Prey National Conservation Area, Idaho; jointly, to the Committees on Interior and Insular Affairs, and Merchant Marine and Fisheries.

4130. A letter from the Chairman, Interstate Commerce Commission, transmitting the Commission's 93d annual report covering fiscal year 1979, pursuant to 49 U.S.C. 10311; jointly, to the Committees on Interstate and Foreign Commerce and Public Works and Transportation.

4131. A letter from the Acting Administrator, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting the biennial report on the program of research and monitoring for early detection of stratospheric ozone change, pursuant to section 154(a) of the Clean Air Act, as amended, jointly, to the Committees on Interstate and Foreign Commerce and Science and Technology.

4132. A letter from the Attorney General, transmitting the annual report for calendar year 1979 on electronic surveillance activities for foreign intelligence purposes, pursuant to section 107 of Public Law 95–511; jointly, to the Committee on the Judiciary, and the Permanent Select Committee on Intelligence.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[*Pursuant to the order of the House the following reports were filed April 11, 1980*]

Mr. RODINO. Committee on the Judiciary. H.R. 4050. A bill to expedite and reduce the cost of antitrust litigation, and for other purposes; with amendment (Rept. No. 96–870). Referred to the Committee of the Whole House on the State of the Union.

Mr. RODINO: Committee on the Judiciary. H.R. 4049. A bill to amend section 7 of the Clayton Act; with amendment (Rept. No. 96–871). Referred to the Committee of the Whole House on the State of the Union.

Mr. RODINO: Committee on the Judiciary. H.R. 5949. A bill to amend the Antitrust Civil Process Act to authorize the Department of Justice to use agents in connection with the enforcement of the antitrust laws; (Rept. No. 96–872). Referred to the Committee of the Whole House on the State of the Union.

[*Filed April 14, 1980*]

Mr. RODINO: Committee on the Judiciary. H.R. 4046. A bill to amend the Clayton Act to promote enforcement of the antitrust laws and conservation of judicial resources by clarifying the application of the common law doctrine of collateral estoppel in antitrust litigation, and for other purpose; with amendment (Rept. No. 96–874). Referred to the Committee of the Whole House on the State of the Union.

Mr. RODINO: Committee on the Judiciary. H.R. 4048. A bill to amend sections 4, 4A, and 4C of the Clayton Act to authorize awards of prejudgment interest in antitrust litigation; with amendment (Rept. No. 96–875). Referred to the Committee of the Whole House on the State of the Union.

[*Filed April 15, 1980*]

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. H.R. 6613. A bill to amend the Shipping Act, 1916, in order to prohibit regulation of collective bargaining agreements by the Federal Maritime Commission; with amendments (Rept. No. 98–876). Referred to the Committee of the Whole House on the State of the Union.

Mr. REUSS: Committee on Banking, Finance and Urban Affairs. Report on Monetary Policy for 1980 (Rept. No. 96–881). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. H.R. 6515. A bill to authorize appropriations for the fiscal year beginning October 1, 1980, for the maintenance and operation of the Panama Canal, and for other purposes; with amendment (Rept. No. 96–882). Referred to the Committee of the Whole House on the State of the Union.

## REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

[*Pursuant to the order of the House on April 2, 1980, the following report was filed on April 14, 1980*]

Mr. RODINO: Committee on the Judiciary. H.R. 6846. A bill to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1981, and for other purposes; with amendment, and referred to the Committee on Interstate and Foreign Commerce for a period ending not later than April 25, 1980, for consideration of such portions of the bill and amendment as fall within its jurisdiction under clause 1(1), rule X (Rept. No. 96–873, pt. 1). Ordered to be printed.

[*Filed April 15, 1980*]

Mr. FOLEY: Committee on Agriculture. H.R. 6245. A bill to amend the Food and Agriculture Act of 1977 to establish certain loan levels whenever the export sales of certain commodities are suspended, and for other purposes; with amendment (Rept. No. 96–877, pt. 1). Referred to the Committee on Appropriations for a period not to exceed 15 legislative days with instructions to report back to the House as provided in section 401(b) of Public Law 93–344. Ordered to be printed.

Mr. FOLEY: Committee on Agriculture. H.R. 6382. A bill to amend the Agriculture Act of 1949 to establish a land diversion payment program, applicable with respect to the 1980 crop of feed grains; with amendments. (Rept. No. 96–878, pt. 1). Referred to the Committee on Appropriations for a period not to exceed 15 legislative days with instructions to report back to the House as provided in section 401(b) of Public Law 93–344. Ordered to be printed.

Mr. FOLEY: Committee on Agriculture. H.R. 6815. A bill to amend the Agricultural Act of 1949 by increasing loan rates for corn and wheat, providing encouragement for greater participation in the farmer-held reserve program for those commodities, and for other purposes; with amendments (Rept. No. 96–879, pt. 1). Referred to the Committee on Appropriations for a period not to exceed 15 legislative days with instructions to report back to the House as provided in section 401(b) of Public Law 93–344. Ordered to be printed.

Mr. FOLEY: Committee on Agriculture. H.R. 6877. A bill to amend the Agricultural Act of 1949 by increasing loan rates for corn and wheat, and for other purposes (Rept. No. 96–880, pt. 1). Referred to the Committee on Appropriations for a period not to exceed 15 legislative days with instructions to report back to the House as provided in section 401(b) of Public Law 93–344. Ordered to be printed.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ZABLOCKI (by request):

H.R. 7037. A bill to authorize appropriations for the International Natural Rubber Agreement for fiscal year 1981; to the Committee on Foreign Affairs.

By Mr. ANNUNZIO (for himself and Mrs. SPELLMAN):

H.R. 7038. A bill to amend the Truth in Lending Act to prohibit application of any change in an open end credit plan to any credit extended prior to the effective date of the change, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BREAUX (for himself, Mr. MURPHY of New York, and Mr. FORSYTHE):

H.R. 7039. A bill to provide for comprehensive research and development regarding U.S. fisheries, to expand the fishing vessel and fish processing capacity of the United States, and for other purposes; jointly, to the Committees on Merchant Marine and Fisheries and Rules.

By Mr. MILLER of California (for himself and Mr. CONYERS):

H.R. 7040. A bill to amend title 18 of the United States Code to impose penalties with respect to certain nondisclosure by business entities as to serious concealed dangers in products and business practices, and for other purposes; to the Committee on the Judiciary.

By Mr. BUTLER (for himself, Mr. GRISHAM, and Mrs. SNOWE):

H.R. 7041. A bill to determine the time at which payments of premium charges are to be made by financial institutions or other mortgagees in connection with the mortgage and loan insurance programs established under titles I, II, IV, VII, VIII, IX, X, and XI of the National Housing Act; to the Committee on Banking, Finance and Urban Affairs.

By Mrs. COLLINS of Illinois:

H.R. 7042. A bill to provide payment for dental services under part B of the medicare program; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. DASCHLE:

H.R. 7043. A bill to amend the Internal Revenue Code of 1954 to provide for repayment of the oil import fee in the case of certain uses of gasoline; to the Committee on Ways and Means.

By Mr. DICKINSON:

H.R. 7044. A bill to require that not more than one-fourth of the budget authority of any department or agency of the executive branch may be obligated during the last quarter of a fiscal year; to the Committee on Government Operations.

By Mr. DUNCAN of Tennessee:

H.R. 7045. A bill to amend the Railroad Retirement Act of 1974 to provide spouses' and widows' benefits for certain divorced persons; to the Committee on Interstate and Foreign Commerce.

By Mr. GEPHARDT:

H.R. 7046. A bill to amend the Internal Revenue Code of 1954 to provide an income tax credit for social security taxes paid in 1981 and 1982; to the Committee on Ways and Means.

By Mr. HOLLENBECK:

H.R. 7047. A bill to suspend until January 1, 1984, the duty on certain flat knitting machines; to the Committee on Ways and Means.

By Mr. HOWARD (for himself and Mr. McKay):

H.R. 7048. A bill to amend the mortgage amount, sales prices, and interest rate limitations under the Government National Mortgage Association emergency home purchase assistance authority, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MAGUIRE:

H.R. 7049. A bill to amend the Internal Revenue Code of 1954 to provide small business concerns a credit against income tax for amounts contributed to a reserve the payments from which must be used for capital investment, research, and the employment of additional employees; to the Committee on Ways and Means.

By Mr. MOLLOHAN:

H.R. 7050. A bill to amend the Clean Air Act to revise the standard for the application of title I of the act to modifications of facilities which emit or may emit any air pollutant; to the Committee on Interstate and Foreign Commerce.

By Mr. NEAL (by request):

H.R. 7051. A bill to authorize appropriations for the international affairs functions of the Department of the Treasury for fiscal years 1981 and 1982, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. PEPPER:

H.R. 7052. A bill to improve information practices in the insurance industry, to amend the Privacy Act of 1974, and for other purposes; jointly, to the Committees on Government Operations and Interstate and Foreign Commerce.

By Mr. PICKLE:

H.R. 7053. A bill for the relief of the Texas Historical Commission; to the Committee on the Judiciary.

H.R. 7054. A bill to amend the Tariff Schedules of the United States in order to make the duty on plastic netting approximately equal to the duty now charged on the raw plastic from which the netting is made (10 percent plus 1.5 cents per pound); to the Committee on Ways and Means.

By Mr. PREYER:

H.R. 7055. A bill to amend the Freedom of Information Act; jointly, to the Committees on Government Operations and the Permanent Select Committee on Intelligence.

By Mr. PREYER (by request):

H.R. 7056. A bill to amend the Freedom of Information Act; jointly, to the Committees on Government Operations and the Permanent Select Committee on Intelligence.

By Mr. ROBERTS (by request):

H.R. 7057. A bill to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and special training allowance paid to eligible veterans and persons; to preclude tutorial assistance to eligible veterans by certain family members; to terminate the authority for the veterans' representatives programs; to allow certain veterans with active duty service prior to January 1, 1977 to participate in the chapter 32 program; to provide for distribution of unused chapter 32 contributions upon the death of the participant; and for other purposes; to the Committee on Veterans' Affairs.

By Mr. RODINO (by request):

H.R. 7058. A bill to amend section 212 of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

By Mr. ST GERMAIN:

H.R. 7059. A bill to amend the Home Mortgage Disclosure Act of 1975 to provide for the extension of such act, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ST GERMAIN (by request):

H.R. 7060. A bill to extend and amend the Home Mortgage Disclosure Act of 1975, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SEBELIUS:

H.R. 7061. A bill to amend the Internal Revenue Code to provide tax credits for interest on certain agricultural operating loans; to the Committee on Ways and Means.

By Mr. STAGGERS (by request):

H.R. 7062. A bill to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, to amend other Federal rail safety laws, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WON PAT:

H.R. 7063. A bill to amend the Tariff Act of 1980 to increase the dollar value of merchandise eligible for informal entry; to the Committee on Ways and Means.

By Mr. YOUNG of Alaska:

H.R. 7064. A bill to establish the Western Arctic Management Area in Alaska, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MADIGAN (for himself, Mr. Corrada, Mr. Duncan of Tennessee, Mr. Fazio, Mr. Marriott, Mr. McCormack, Mr. Pepper, Mr. Peyser, Mr. Royer, Mr. Corcoran, and Mr. Gilman):

H.J. Res. 530. Joint resolution to authorize and request the President to issue a proclamation designating the week of April 20, 1980, "National Secretaries Week"; to the Committee on Post Office and Civil Service.

By Mr. SHANNON (for himself, Mr. Moore, Mr. Moffett, Mr. Stockman, Mr. Cotter, Mr. Brown of Ohio, Mr. Eckhardt, and Mr. Emery):

H.J. Res. 531. Joint resolution disapproving the imposition, effective March 15, 1980, by the President of fees on the importation of crude oil and gasoline; to the Committee on Ways and Means.

By Mr. EDWARDS of California:

H. Res. 635. Resolution expressing the sense of the House that the Board of Governors of the Federal Reserve System should immediately take steps to reduce interest rates; to the Committee on Banking, Finance and Urban Affairs.

By Mr. PEYSER (for himself, Mr. Fish, Mr. Hutto, Mr. Duncan of Tennessee, Mr. Solarz, Mr. Young of Alaska, Mr. Scheuer, Mr. Moorhead of Pennsylvania, Mr. Albosta, Mr. Danielson, Mr. Derwinski, Mr. Stack, Mr. Wolff, Mr. Jones of Tennessee, Mr. Williams of Montana, and Mr. Rahall):

H. Res. 636. Resolution expressing the sense of the House of Representatives in support of the President's actions with regard to the present crisis in Iran, in severing diplomatic relations with and imposing economic sanctions on the Government of Iran, and in taking other actions against Iran; to the Committee on Foreign Affairs.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

406. By the SPEAKER: Memorial of the Legislature of the State of Virginia, relative to redefining the right of farm credit institutions to provide insurance pursuant to the Farm Credit Act of 1971; to the Committee on Agriculture.

407. Also, memorial of the Legislature of the State of Idaho, relative to opposing draft registration for women; to the Committee on Armed Services.

408. Also, memorial of the Legislature of the State of Virginia, relative to granting certain benefits to veterans of World War I; to the Committee on Veterans' Affairs.

409. Also, memorial of the Legislature of the State of Idaho, relative to operating school lunch programs on a cash basis; to the Committee on Education and Labor.

410. Also, memorial of the House of Representatives of the State of Washington, relative to transferring the jurisdiction over certain restrictions placed on berry picking from the Department of Labor to the Environmental Protection Agency; to the Committee on Education and Labor.

411. Also, memorial of the Legislature of the State of New York, relative to the rights of Irish political prisoners under British custody; to the Committee on Foreign Affairs.

412. Also, memorial of the Legislature of the State of Rhode Island, relative to securing clemency for Father Patrick Fell, a British political prisoner; to the Committee on Foreign Affairs.

413. Also, memorial of the Legislature of the State of Virginia, relative to changing the location of the 1980 summer Olympic games; to the Committee on Foreign Affairs.

414. Also, memorial of the Legislature of the State of Arizona, relative to the continued use of commercial motorized watercraft on the Colorado River in Grand Canyon National Park; to the Committee on Interior and Insular Affairs.

415. Also, memorial of the Legislature of the State of Idaho, relative to the economic impact of Federal laws on public lands, and redefining family-farm-sized units in reclamation projects; to the Committee on Interior and Insular Affairs.

416. Also, memorial of the Legislature of the State of Idaho, relative to rejecting the proposed Salmon Falls Division Upper Snake River project; to the Committee on Interior and Insular Affairs.

417. Also, memorial of the House of Representatives of the State of Washington, relative to a feasibility study of the Yakima River Basin enhancement project; to the Committee on Interior and Insular Affairs.

418. Also, memorial of the Legislature of the State of Iowa, relative to extending for at least 45 days the operations of the directed rail service carrier (Kansas City Terminal Railway); to the Committee on Interstate and Foreign Commerce.

419. Also, memorial of the Legislature of the State of New York, relative to advancing the beginning date of daylight saving time to the last Sunday in February; to the Committee on Interstate and Foreign Commerce.

420. Also, memorial of the Legislature of the State of Arizona, relative to proposing an amendment to the Constitution to limit Federal expenditures to a percentage of gross national product; to the Committee on the Judiciary.

421. Also, memorial of the Legislature of the State of Idaho, relative to rejecting legislation amending the McCarran-Ferguson Act limiting State regulation of the business of insurance; to the Committee on the Judiciary.

422. Also, memorial of the Legislature of the State of Virginia, relative to rejecting amendment to the McCarran-Ferguson Act

relating to the regulation by the States of the business of insurance; to the Committee on the Judiciary.

423. Also, memorial of the Legislature of the State of Virginia, relative to voluntary school prayer; to the Committee on the Judiciary.

424. Also, memorial of the Legislature of the State of Virginia, relative to continuing the operation of the Chesapeake Bay hydraulic model beyond fiscal year 1981; to the Committee on Public Works and Transportation.

425. Also, memorial of the Legislature of the State of Alabama, relative to enactment of H.R. 1918, to provide pensions for certain surviving spouses and dependent children of veterans of World War I; to the Committee on Veterans' Affairs.

426. Also, memorial of the Legislature of the State of New York, relative to enacting legislation which would include disabilities resulting from the use of defoliants as service-connected disabilities; to the Committee on Veterans' Affairs.

427. Also, memorial of the House of Representatives of the State of Washington, relative to enactment of H.R. 1918, to provide certain pensions to veterans of World War I and their spouses; to the Committee on Veterans' Affairs.

428. Also, memorial of the Legislature of the State of Idaho, relative to retaining the present method of providing for social security benefits to non-income-producing spouses; to the Committee on Ways and Means.

429. Also, memorial of the House of Representatives of the State of Illinois, relative to opposing a proposed tax of social security payments; to the Committee on Ways and Means.

430. Also, memorial of the Legislature of the State of Virginia, relative to establishing procedures to allow marketing of low concentration fuel alcohol by on-farm producers; to the Committee on Ways and Means.

431. Also, memorial of the House of Representatives of the State of Washington, relative to waiving the normal waiting period for social security disability payments in cases where the recipient is terminally ill; to the Committee on Ways and Means.

432. Also, memorial of the Legislature of the State of Idaho, relative to Alaska lands; jointly, to the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries.

433. Also, memorial of the Legislature of the State of South Dakota, relative to balancing the 1981 Federal budget; jointly, to the Committee on Banking, Finance and Urban Affairs, Government Operations, and Ways and Means.

434. Also, memorial of the Senate of the Commonwealth of Pennsylvania, relative to incremental pricing of natural gas; to the Committee on Interstate and Foreign Commerce.

435. Also, memorial of the Legislature of the State of South Dakota, relative to the proposal of an amendment to the Constitution of the United States; to the Committee on the Judiciary.

436. Also, memorial of the Legislature of the State of New York, relative to pensions for veterans of World War I; to the Committee on Veterans' Affairs.

437. Also, memorial of the Legislature of the State of Wisconsin, relative to assistance to veterans exposed to the herbicide Agent Orange during the Vietnam era; to the Committee on Veterans' Affairs.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 365: Mr. Bauman, Mr. Frost, Mr. Grassley, Mr. Mitchell of New York, Mr. Petri, and Mr. Roe.

H.R. 654: Mr. AuCoin and Mr. Barnard.

H.R. 953: Mr. Heftel.

H.R. 1000: Mr. Kramer.

H.R. 1600: Mr. Pepper.

H.R. 1918: Mr. Jeffries, Mr. Lederer, Mr. Shelby, Mr. Burgener, and Mr. Edgar.

H.R. 2400: Mr. Bailey, Mr. Phillip Burton, Mr. Patten, and Mr. Rodino.

H.R. 3245: Mr. Steed.

H.R. 3345: Mr. Bailey.

H.R. 4553: Mr. Tauke.

H.R. 4574: Mrs. Spellman.

H.R. 4678: Mr. Solarz, Mr. Waxman, Mr. Stokes, and Mr. Mottl.

H.R. 5116: Mr. Duncan of Oregon and Mr. Hutto.

H.R. 5779: Mr. Hughes, Mr. Whitehurst, Mr. Traxler, Mr. Sebelius, Mr. Grisham, Mr. Campbell, Mr. Archer, Mr. Roe, Mr. Petri, Mr. Neal, Mr. Jenrette, Mr. Stockman, Mr. Conable, Mr. Duncan of Tennessee, Mr. Frenzel, Mr. Moore, Mr. Rousselot, Mr. Schulze, Mr. Vander Jagt, Mr. Jenkins, Mr. Heftel, Mr. Jones of Oklahoma, Mr. Lloyd, Mr. Bafalis, Mr. Carter, Mr. Kogovsek, Mr. Charles Wilson of Texas, Mr. Gudger, Mr. Gingrich, Mr. Evans of Georgia, Mr. Davis of South Carolina, Mr. Bowen, Mr. Erdahl, Mr. Buchanan, and Mr. Loeffler.

H.R. 5888: Mr. Boner of Tennessee.

H.R. 6008: Mr. Mitchell of New York.

H.R. 6074: Mr. Abdnor and Mr. Daschle.

H.R. 6345: Mr. Wirth.

H.R. 6380: Mr. Glickman, Mr. Pepper, and Mrs. Schroeder.

H.R. 6488: Mr. Fazio, Mr. Roe, Mr. Downey, Mr. Bonior of Michigan, and Mr. Bonker.

H.R. 6637: Mr. Hansen, Mr. Butler, Mr. Hopkins, Mr. Devine, Mr. Spence, Mr. Hinson, Mr. Badham, Mr. Sebelius, Mr. McDonald. Mr. Edwards of Oklahoma, Mr. Carter. Mr. Robert W. Daniel, Jr., Mr. Corcoran, Mr. Lott, Mr. Frenzel, Mr. Stump, Mr. Campbell, and Mr. Young of Florida.

H.R. 6683: Mr. Moorhead of Pennsylvania, Mr. Brinkley, Mr. AuCoin, Mr. Price, and Mr. Coleman.

H.R. 6693: Mr. Lowry.

H.R. 6721: Mr. Abdnor, Mr. Ambro, Mr. Applegate, Mr. Boner of Tennessee, Mrs. Bouquard, Mr. Ertel, Mr. Fary, Ms. Ferraro, Mr. Flippo, Mr. Gingrich, Mr. Goldwater, Mr. Hagedorn, Mr. Hammerschmidt, Mr. Hefner, Mr. Levitas, Mr. Mineta, Mr. Rahall, Mr. Shuster, Mr. Taylor, Mr. Young of Missouri, Mr. Breaux, Mr. Clausen, Mr. Cleveland, and Mr. Livingston.

H.R. 6729: Mr. Diggs.

H.R. 6756: Mr. Gray.

H.R. 6763: Mr. Miller of Ohio and Mr. Lott.

H.R. 6841: Mr. Ashbrook, Mr. Gephardt, Mr. Clay, Mr. Goldwater, Mr. Hubbard, Mr. Dingell, Mr. Symms, Mr. Conyers, Mr. Stokes, Mr. Whitehurst, Mr. Dellums, Mr. Ireland, Mr. Hinson, Mr. Whitley, Mrs. Fenwick, Mr. Vento, Mr. Gingrich, Ms. Mikulski, Mr. Tauke, Mr. Hutto, Mr. Hughes, and Mr. Bonior of Michigan.

H.R. 6913: Ms. Ferraro.

H.R. 6919: Mrs. Fenwick, Mr. Yatron, Mr. Bafalis, Mr. Dingell, Mr. Benjamin, Mr. Moffett, Mr. Shumway, Mr. Goldwater, Mr. Erdahl, Mr. Downey, Mr. Wirth, Mr. Frenzel, and Mr. Hutto.

H.R. 6921: Mr. Porter.

H.R. 6990: Mr. Lederer, Mr. Wolff, Mr. Bevill, Mr. Mathis, Mr. Davis of Michigan, Mr. Dornan, Mr. Rinaldo, Mr. Rangel, and Mr. Leland.

H.J. Res. 431: Mr. Cheney, Mr. Mattox, Mr. Gray, Mr. Rousselot, Mr. Moorhead of California, Mr. Gilman, Mr. Grassley, Ms. Ferraro, Mr. Davis of Michigan, Mr. Obey, Mr. Hollenbeck, Mr. Forsythe, Mr. McDonald, Mr. Ambro, Mr. Simon, Mr. Sawyer, Mr. Rahall, Mr. Young of Florida, Mr. Miller of Ohio, Mr. Kindness, Mr. Kostmayer, Mr. Dannemeyer, Mr. Vento, Mr. Solarz, Mr. Howard, Mr. Bedell, Mr. Hyde, Mr. Lederer, Mr. Neal, Mr. Edwards of California, Mr. Waxman, Mr. Wyatt, Mr. Glickman, Mr. Young of Missouri, Mr. Mica, Mr. Gore, Mrs. Fenwick, Mr. Fazio, Mr. Badham, Mr. Fuqua, Mr. Moorhead of Pennsylvania, Mr. Courter, Mr. Cavanaugh, Mr. Skelton, Mr. Minish, Mr. de la Garza, Mr. Guarini, Mr. Lloyd, Mr. McKinney, Mr. Mazzoli, Mr. Brodhead, Mr. Yatron, Mr. Paul, Mr. Hillis, Mr. Mathis, Mr. Jenkins, Mr. Gingrich, Mr. Hinson, Mr. Dixon, Mr. Trible, Mr. Ginn, Mr. Pritchard, Mr. White, Mr. Daniel B. Crane, Mr. Evans of Indiana, Mr. Wirth, Mr. Bowen, Mr. Dodd, Mr. Matsui, Mr. Daschle, Mr. Dornan, and Mr. Stenholm.

H.J. Res. 451: Mrs. Holt and Mr. Mattox.

H.J. Res. 501: Mr. Walgren, Mr. Dornan, Mr. Brinkley, Mr. Barnes, and Mr. Stokes.

H.J. Res. 504: Mr. Brinkley, Mr. Bowen, Mr. Findley, Mr. Fisher, Mr. O'Brien, Mr. Weiss, Mr. Preyer, Mr. Stenholm, Mr. Jacobs, Mr. Symms, Mr. Kostmayer, Mr. Gray, Mr. Simon, Mr. de la Garza, Mr. Lederer, and Mr. Erdahl.

H. Con. Res. 122: Mr. Phillip Burton.

H. Con. Res. 257: Mr. Stenholm.

H. Con. Res. 264: Mr. Marlenee, Mr. Montgomery, Mr. McDonald, Mr. Solomon, Mr. Marriott, Mr. Long of Maryland, Mrs. Collins of Illinois, Mr. Hammerschmidt, and Mr. Fountain.

H. Con. Res. 294: Mrs. Spellman, Mr. Lungren, Mr. Chappell, Mr. Simon, and Mr. Dornan.

H. Con. Res. 296. Mr. Hollenbeck, Mr. Conyers, Mr. Kogovsek, Mr. Guyer, Mrs. Chisholm, Mr. Drinan, Mr. Lederer, Mr. Mitchell of Maryland, Mr. Downey, Mr. Corrada, Mr. Weiss, Mr. Zeferetti, Ms. Mikulski, Mr. Ottinger, Mr. Dougherty, Mr. Waxman, Ms. Oakar, Mr. McHugh, Mr. Roe, Mr. Wolff, Mr. Scheuer, Mr. Rangel, Mr. Stack, Mr. Horton, Mr. Bedell, Mr. Wampler, Mr. Grassley, Mr. Lloyd, and Mr. Gray,

H. Con. Res. 298: Mr. McEwen and Mr. Stenholm.

H. Res. 618: Mr. Stockman, Mr. Broyhill, Mr. Clay, Mr. Forsythe, Mr. Oberstar, Mr. Horton, Mr. Lagomarsino, Mr. Rhodes, Mr. D'Amours, Mr. Wydler, Mr. Abdnor, Mr. Solomon, Mr. Grassley, Mr. Winn, Mr. Hinson, Mr. Atkinson, Mr. Kindness, Mr. Royer, Mr. Devine, Mr. Roe, Mr. Edwards of Oklahoma, Mr. Andrews of North Dakota, Mr. Gradison, Mr. Sensenbrenner, Mr. Stangeland, Mr. Burgener, Mr. Dan Daniel, Mr. Young of Florida, Mr. Mottl, Mr. Hughes, Mr. Dougherty, Mr. Conte, Mr. Badham, Mr. Symms, Mr. Sawyer, Mr. Shuster, Mr. Lujan, Mr. Beard of Tennessee, Mr. Robinson, Mr. Spence, Mr. Moffett, Mr. Robert W. Daniel, Jr., Mr. O'Brien, Mr. Rudd, Mr. Sebelius, Mr. Ashbrook, Mr. Moore, Mr. Hyde, Mr. Goodling, Mr. Jeffries, Mr. Coughlin, Mr. Campbell, Mr. Tauke, Mr. Quillen, Mr. Wampler, Mr. Mitchell of New York, Mr. Taylor, Mr. Courter, Mr. Loeffler, Mr. Lee, Mr. Lott, Mr. Martin, Mrs. Snowe, Mr. Daniel B. Crane, Mr. Madigan, Mr. Trible, Mr. Clinger, Mr. Rousselot, Mrs. Holt, Mr. Kramer, Mr. Bauman, Mr. Early, Mr. Drinan. Mr. Bevill, Mr. Studds Mr. Miller of Ohio, Mr. Brown of Ohio, Mr. Kemp. Mr. Leach of Louisiana, Mr. Young of Missouri. Mr. Donnelly, Mrs. Heckler, Mr. Archer. Mr. Whitehurst, Mr. Dickinson, Mr. Buchanan, Mr. Hagedorn, Mr. Goldwater. Mr. Moorhead of California, Mr. Young of Alaska. Mr. Roth, Mr. Lungren, Mr. McClory, Mr. Lundine. Mr. Findley, Mr. Wolpe, Mr. Bowen, Mr. Dannemeyer, Mrs. Smith of Nebraska, Mr. Michel, Mrs. Fenwick, and Mr. Ottinger.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

325. By the **SPEAKER**: Petition of the Commission of the City of Miami, Fla., relative to allowing the refugees now in the Peruvian Embassy, Havana, Cuba to enter the United States; to the Committee on Foreign Affairs.

326. Also, petition of the Western States Land Commissioners Association, Sacramento, Calif., relative to public land conveyance; to the Committee on Interior and Insular Affairs.

327. Also, petition of the Hernando/Sumter Community Action Agency, Brooksville, Fla., relative to authorizing appropriations to maintain programs for the poor and elderly; to the Committee on Education and Labor.

328. Also, petition of the Middlesex County Retirement Board, East Cambridge, Mass., relative to opposing universal social security coverage; to the Committee on Ways and Means.

329. Also, petition of the Western States Land Commissioners Association, Sacramento, Calif., relative to crude oil transportation; jointly, to the Committees on Interior and Insular Affairs and Interstate and Foreign Commerce.

# SENATE—*Tuesday, April 15, 1980*

*(Legislative day of Thursday, January 3, 1980)*

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by Hon. HOWELL HEFLIN, a Senator from the State of Alabama.

## PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray:

Eternal God, who didst lead our fathers to bring forth on this continent a new nation, conceived in liberty and created under Thy sovereignty, give Thy grace to us, their children, that we may faithfully follow them.

Pardon, we beseech Thee, our sins, our disobedience of Thy holy laws, seeking to advance ourselves at the cost of suffering to others. We have consented to want in the midst of possible plenty for all. Discord, division, and strife so often threaten the unity of "one nation under God."

Yet, we do praise Thee, O Lord, for such justice, freedom, and good will as do now exist among us. Uphold us in the high resolve that government and education and religion shall faithfully serve all the people and make way for Thy coming kingdom.

Be with all who bear the burdens of government that with diligence they may seek to know and to do Thy will. Give Thy grace and wisdom to the President, the Congress, the judiciary, and to those in diplomatic and military service, that peace and justice may be the way of all men and all nations.

We pray in Thy holy name. Amen.

## APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
*Washington, D.C., April 15, 1980.*

*To the Senate:*

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable HOWELL HEFLIN, a Senator from the State of Alabama, to perform the duties of the Chair.

WARREN G. MAGNUSON,
*President pro tempore.*

Mr. HEFLIN thereupon assumed the chair as Acting President pro tempore.

## RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the standing order, the majority leader is recognized.

## THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## MODIFICATION OF ORDER FOR CONSIDERATION OF FIRST CONCURRENT BUDGET RESOLUTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order which provided for the first concurrent budget resolution to be considered today be changed and that the Senate instead proceed, at the conclusion of the recognition of the two leaders under the standing order, to take up Calendar No. 684, S. 2245, the trucking deregulation bill.

Mr. BAKER. Mr. President, reserving the right to object, I shall not object. I offer the reservation for the purpose of advising the majority leader that, on being notified of this situation on yesterday and then again this morning, we set out and endeavored on this side to clear this procedure with the Members. We have not been able to ascertain any objection to this procedure. A few people may be slightly inconvenienced by reason of the time schedule, but none seriously, I trust. There is one Member who is not presently available to consult with—he is not in the city—but I believe that now we have covered all the bases we need to cover in that respect to make this change in scheduling. I am prepared to advise the majority leader at this time that we shall not object to making this the pending business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## MODIFICATION OF TIME AGREEMENT ON S. 2245

Mr. ROBERT C. BYRD. Mr. President, I propose the following change in the unanimous-consent time agreement with respect to the trucking deregulation bill. Under the agreement previously entered, the total time agreement on the bill is 3 hours. I propose the following change: that there be 2 hours on the bill, 1 hour divided and controlled by Mr. CANNON and Mr. PACKWOOD and 1 hour controlled by Mr. HOLLINGS.

The ACTING PRESIDENT pro tempore. Hearing no objection, it is so ordered.

## ORDER FOR PERIOD FOR ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, following the recognition of the two leaders under the standing order and prior to the consideration of Calendar Order No. 684 today, there be a brief period for the transaction of routine morning business not to extend beyond 30 minutes and that Senators may speak therein up to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## OLYMPICS

Mr. ROBERT C. BYRD. Mr. President, I wish to congratulate the U.S. Olympic Committee for the courageous step it took this past weekend in deciding not to attend the Moscow Olympics.

This is the first time the U.S. committee has ever turned down an invitation to attend the Olympics. The Olympics happen only twice a decade and they are the premier events of the sports world.

The U.S. Olympic Committee has affirmed that the Olympics stand for far more than personal achievement and momentary glory. Above all, the Olympics stand for peace, and no country should be allowed to use the Olympics to undermine peace.

The delegates of the U.S. Olympic Committee voted overwhelmingly, two to one, not to send a team to Moscow. The delegates, representing athletes all over the country, voted in the interests of world peace—against their immediate personal concerns.

In my view, this unselfish act by the U.S. Olympic Committee is the single strongest statement of disapproval of the Soviet invasion of Afghanistan.

The committee's action is extremely important to the American people. At a time when many Americans are being asked to make sacrifices because of the Soviet invasion of Afghanistan, when our economy is in an uncertain state and when the hostage situation in Iran is ever more frustrating, the Olympic Committee's action is a clear signal of resolve and perseverance.

The committee's decision also has very significant consequences abroad. In both athletics and foreign policy, the U.S. Olympic Committee stands as an example of responsible leadership. No na-

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tional Olympic committee can ignore the standard set by the U.S. Olympic Committee.

As soon as word of the decision went out, support for the boycott accelerated throughout the world. Olympic committee officials in a number of countries already have said that the U.S. committee's vote will strongly affect the decisions of their own national Olympic committees.

A word should be said about the Olympic movement.

The boycott movement is not an indictment of the Olympics. If anything, the boycott movement is an affirmation of the Olympic movement, for the boycott seeks to affirm the Olympic goal of peaceful competition among peace-loving nations.

Our Nation must be careful to make this distinction, and we must be prepared to support our own Olympic athletes. American business should not waiver in its exemplary support of the U.S. Olympic Committee. The American people and the U.S. Congress will want to do everything they can to encourage the success of the Olympic movement in the United States, including the success of the 1984 summer Olympic games in Los Angeles.

The U.S. Olympic Committee has fulfilled its responsibility. Our eyes now turn to other nations and their Olympic committees, whose stake in a firm response to the invasion of Afghanistan is no less than our own. We particularly look for an encouraging response from our allies in Western Europe and from Japan.

Finally, the U.S. Committee's vote is important in the context of history. Throughout public debate on the boycott, there have been references to the 1936 Berlin Olympics, which were used by Adolph Hitler as a show of public support for his Nazi regime. In retrospect, our participation in those Olympics seems unwise. The decision by the U.S. Olympic Committee demonstrates that mankind can learn from history. In taking this step, the U.S. Committee itself has made history.

In closing, I submit for the Record a copy of a letter which I—along with other Senators—sent to the U.S. Olympic Committee before the vote was taken.

As the Olympic committees of other nations consider the boycott, I hope they will take note of the concerns expressed in this letter.

I ask unanimous consent that the letter be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Office of the Majority Leader,
*Washington, D.C., April 2, 1980.*

Mr. Robert J. Kane,
*President, USOC, Teagle Hall,*
*Cornell University, Ithaca, N.Y.*

Dear Mr. Kane: We are writing you to register our strong conviction that the United States Olympic Committee should not participate in the 1980 Summer Olympics in Moscow.

The Senate and House of Representatives, by overwhelming majorities of 88–4 and 386–12, have adopted resolutions to this effect. The resolutions asked that no United States team go to Moscow, unless Soviet troops were promptly withdrawn from Afghanistan. The invading troops have not been withdrawn; on the contrary, all evidence points to a buildup of Soviet forces.

Congress and the American people are appalled by the massive Soviet invasion; by the elimination of Afghanistan's Head of State; by the installation of a submissive puppet government; and by the brutal suppression of the country's Moslem nationalists. It is a plain violation of international law. It is a direct threat to the security of the nations of the region around Afghanistan, to the national security of the United States, and to world peace.

The Olympics should be a celebration of peace, and of peaceful human achievement regardless of nationality or political persuasion. No nation has ever served as host for the Olympic Games while that nation was in the process of invading and subjugating another independent nation.

Soviet pamphlets have already proclaimed that the selection of Moscow indicates world recognition of the correctness of Soviet foreign policy and of Soviet contributions to peace. If the United States and other independent nations send national teams to Moscow, the Soviets will tell their people that, notwithstanding the public disapproval of the invasion by the great majority of the Governments of the world, the people of the world are on their side.

We must show that the people of the United States disapprove what the Soviets have done, and that we will not let our athletes be used as pawns for Soviet propaganda. We cannot permit the Soviet Union to think it will be "business as usual" with the rest of the world after the invasion. We must not let the Olympics be exploited by the Soviets.

We, therefore, are totally opposed to the participation of U.S. athletes in the Moscow Games in any shape, form or fashion.

We look to the USOC and its constituent bodies for leadership on this issue. With a strong vote against going to Moscow, you can provide the example around which other nations will rally.

Last February, the officers of the United States Olympic Committee publicly announced that the Committee would accept any decision the President made in the light of his analysis of what is best for the country. The President has made his decision that to send a team is contrary to the national interest. The Congress has joined in that decision. We urge you to support that decision.

Any other outcome would create widespread doubt throughout the world about the national will of the United States and its resolve to defend its national interests.

We are dedicated to the tradition of the Olympics and to the preservation of the Games. We are determined to do, and will do, everything within our power to assure that they will be held in 1984—and in ensuing years—under circumstances that will invite and encourage the participation of all nations.

Sincerely,

Robert C. Byrd, Daniel K. Inouye, John C. Stennis, Howard W. Cannon, Edmund S. Muskie, Alan Cranston, Jacob K. Javits, Bob Packwood, and Frank Church.

## RECOGNITION OF SENATOR PROXMIRE

Mr. ROBERT C. BYRD. Mr. President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. Just under 3 minutes.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. I have no need for my time under the standing order and no requests for it. I am happy to yield it to the majority leader for whatever purposes.

Mr. ROBERT C. BYRD. Mr. President, the distinguished Republican leader is very kind and I accept his generous offer.

Mr. President, I yield whatever time the Senator from Wisconsin wishes.

Mr. PROXMIRE. Mr. President, I thank my good friends, the majority and minority leaders, for their gracious accommodation.

## GRAMLEY NOMINATION

Mr. PROXMIRE. Mr. President, the Committee on Banking, Housing and Urban Affairs held hearings this morning on the nomination of Lyle E. Gramley to be a Governor on the Federal Reserve Board. The committee will continue the hearings on the Gramley nomination tomorrow at 9:30 a.m. to allow Senator Culver an opportunity to testify. The committee requests that any others, and that includes, of course, all Members of the Senate and the House, interested in testifying on the Gramley nomination at tomorrow's hearing should notify the committee as promptly as possible. The committee's markup of the nomination has been set for Friday, April 18, at 9:30 a.m.

## TRAVEL EXPENDITURES BY THE GOVERNMENT

Mr. PROXMIRE. Mr. President, on April 1 my good friend and colleague the Senator from Tennessee (Mr. Sasser) had printed in the Record the text of a proposed resolution expressing the sense of the Senate on reducing expenditures for travel and other activities. I am cosponsoring that resolution, and I want to share with my colleagues some information that I have gathered on travel by employees of the U.S. Government.

In fiscal year 1979 the Federal Government spent nearly $3 billion for travel by employees, including lodging and food. The approximate amount of funds spent for travel by each major agency follows:

Fiscal year 1979 obligations

($ millions)

| | |
|---|---|
| Department of Defense (Military) | 1, 806 |
| Department of Agriculture | 132 |
| Veterans Administration | 95 |
| Department of Transportation | 92 |
| Department of Treasury | 89 |
| Department of Interior | 84 |
| Department of Health and Human Services | 75 |
| Department of Justice | 68 |
| Department of State | 52 |
| Department of Commerce | 47 |
| Department of Labor | 44 |
| Department of Defense (Civilian) | 44 |
| Department of Energy | 26 |
| National Aeronautics and Space Administration | 21 |
| Department of Housing and Urban Development | 19 |
| Environmental Protection Agency | 16 |
| The Judiciary | 16 |
| The Legislative Branch | 12 |
| General Services Administration | 11 |
| Office of Personnel Management | 6 |
| Department of Education | 6 |
| Executive Office of the President | 2 |
| All other | 196 |
| Total | 2, 959 |

With about 2 million full-time permanent employees in the Federal Government, the $3 billion travel budget is enough for $1,500 worth of travel for each one—that is for every janitor, stenographer, and file clerk—every single employee, $1,500. Some agencies average more than $1,500 worth of travel for each employee. The breakdown by major agency, which is surprisingly high for some, of average travel dollars spent per full-time permanent employee in 1979 follows:

*Average travel expenditure per permanent employee*

| | |
|---|---|
| Department of State | $2,350 |
| Department of Defense-Military | 2,038 |
| Department of Labor | 1,987 |
| Department of Commerce | 1,614 |
| Environmental Protection Agency | 1,576 |
| Department of Agriculture | 1,573 |
| Department of Interior | 1,546 |
| Department of Defense (Civilian) | 1,539 |
| Department of Energy | 1,368 |
| Department of Transportation | 1,311 |
| Department of Justice | 1,289 |
| Executive Office of the President | 1,253 |
| The Judiciary | 1,231 |
| Department of Housing and Urban Development | 1,180 |
| Office of Personnel Management | 1,043 |
| Department of Education | 984 |
| National Aeronautics and Space Administration | 928 |
| Department of Treasury | 814 |
| Legislative Branch | 632 |
| Department of Health and Human Services | 532 |
| Veterans Administration | 491 |
| General Services Administration | 335 |

I would expect both the State Department and Defense Department averages to be high, because of substantial foreign travel, but some of the rest are surprising. I hope that my colleagues look closely at these travel expenditures as they review the 1981 budgets of the agencies. And I also urge them to support the Senator from Tennessee (Mr. Sasser) and the Senator from Arkansas (Mr. Pryor) in their resolution to reduce not only travel costs, but those for transportation and consultants, and further to improve procedures to collect delinquent debts owed to the United States.

## THE GENOCIDE CONVENTION: A TRIBUTE TO THE MILLIONS

**Mr. PROXMIRE.** Mr. President, 35 years ago the U.S. Armed Forces liberated the Dachau concentration camp and revealed to the world a magnitude of Nazi atrocities so vast, so unprecedented, that it could not be comprehended at the time.

Over 6 million Jewish people and millions of other victims, were mercilessly and systematically exterminated in the death-centers of Dachau, Buchenwald, Treblinka, and Auschwitz. Mr. President, these figures are incomprehendible. This was an event so horrible that a special term had to be fashioned to describe it—holocaust.

Mr. President, on September 14, 1979, the Senate approved a joint resolution of the Congress (S.J. Res. 97) authorizing and requesting the President to issue a proclamation designating a week of remembrance for the victims of the holocaust. That time is now upon us and I join with President Carter in asking all Americans to observe this solemn anniversary as a tribute to a loss unparalleled in our time.

Mr. President, there could be no more fitting tribute to the victims of the holocaust than the prompt ratification of the Genocide Convention—the only international treaty which deals with the prevention and punishment of this most hideous crime. We must never allow this wretched tragedy to happen again. We must act now to ratify the Genocide Convention.

Mr. President, I ask unanimous consent that the text of President Carter's proclamation be printed in the Record.

There being no objection, the text was ordered to be printed in the Record, as follows:

### DAYS OF REMEMBRANCE OF VICTIMS OF THE HOLOCAUST

Thirty-five years ago, in the closing days of World War II, U.S. Armed Forces liberated the Dachau concentration camp in southern Germany. Words can hardly convey the shock and horror the world felt on seeing the victims—both the living and the dead—of the Nazi program of deliberate genocide.

Dachau and the other death camps, Buchenwald, Auschwitz, Treblinka and the others, were the machinery used by the Nazi regime to perpetrate the Holocaust—the systematic, state-sponsored extermination of six million Jews and the murders of millions of other people. The Holocaust was a crime virtually without equal in history. It has left deep moral scars on all humankind. No one who participated in the liberation of those camps or who knows their history can ever forget them—least of all the 250,000 survivors who found a home and built a new life in this country after the war.

During my trip to Israel, I visited Yad Vashem, the Israeli memorial to the victims of the Holocaust. I vowed then, and I repeat now, that the world must never permit such evil to occur again.

We must study the record of the Holocaust and learn its lessons. We must never forget the terrible fruits of bigotry and hatred, and continually rededicate ourselves to the principles of equality and justice for all peoples.

In recognition of the magnitude of those crimes against humanity, the Congress of the United States, by joint resolution (S.J. Res. 97), has authorized and requested the President to issue a proclamation designating a week of remembrance.

Now, therefore, I, Jimmy Carter, President of the United States of America, do hereby designate April 13 through April 19, 1980 as "Days of Remembrance of Victims of the Holocaust." I ask the American people to observe this solemn anniversary of the liberation of Dachau with appropriate study, prayers and ceremonies, as a tribute to our determination to eliminate the hatred that produced such horror from the face of the earth.

On the recommendation of the President's Commission on the Holocaust, I also ask the people of the United States to observe International Holocaust Commemoration Day on April 13, 1980.

In witness whereof, I have hereunto set my hand this tenth day of April, in the year of our Lord nineteen hundred and eighty, and of the Independence of the United States of America the two hundred and fourth.

JIMMY CARTER.

## ORDER OF BUSINESS

**Mr. PROXMIRE.** Mr. President, I yield the floor and I thank my good friend, the majority leader.

**The ACTING PRESIDENT** pro tempore. The majority leader has 9 minutes remaining.

**Mr. ROBERT C. BYRD.** Mr. President, I yield back the time.

## ROUTINE MORNING BUSINESS

**The ACTING PRESIDENT** pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 30 minutes, with a 5-minute limitation on each speaker.

**Mr. ROBERT C. BYRD.** Mr. President, I suggest the absence of a quorum.

**The ACTING PRESIDENT** pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. BENTSEN.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**The ACTING PRESIDENT** pro tempore. Without objection, it is so ordered. The Senator from Texas is recognized.

## REDUCTION IN FEDERAL SPENDING

**Mr. BENTSEN.** Mr. President, I am pleased to join as a cosponsor of S. 2435, introduced by my good friend and colleague, Senator Chiles. This legislation rescinds an estimated quarter of a billion dollars of appropriated funds going to the executive branch this year.

As we work to balance the budget, we must also assure the American people that their tax dollars are being spent responsibly and wisely. Yet, over the last decade, the executive branch has gone on a billion dollar spending spree and violated Federal regulations in some of its procurement practices for office furniture. It is outrageous that millions of square feet of warehouse space is crammed with usable, underutilized furnishings, the existence of which is unknown to many Government agencies. These agencies go ahead and buy new furniture, at a cost of millions of tax dollars every year.

I believe it is entirely appropriate that funds appropriated this year for office furniture for the executive branch be rescinded and that unused funds for rental space for the courts also be rescinded. With the enactment of S. 2435, Congress would take back about $250 million that would otherwise have been squandered by agencies as a result of sloppy management practices and simple ignorance.

This sort of waste and abuse in Government spending is totally inconsistent with the drive toward a balanced budget. We cannot ask the American people to sacrifice during this difficult economic period of high inflation rates, high interest rates and belt tightening, without accepting the responsibility to insure that every dollar received in tax revenues is spent for legitimate and useful purposes. We cannot condone flagrant violations of our laws nor can we tolerate unnecessary and wasteful Government spending. The Federal Government must get its own house in order before it can expect the American people to make painful sacrifices. The executive branch must be held accountable for the money it has mismanaged as a result of poor management practices and the clearest way to convey that message is to pull back these funds appropriated in good faith by the Congress.

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## CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that morning business be closed and that the Senate proceed to the consideration of the trucking deregulation bill, after which I shall recess the Senate until noon.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered.

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## MOTOR CARRIER REFORM ACT OF 1980

The Senate proceeded to consider the bill (S. 2245) to amend title 49 of the United States Code to eliminate unnecessary regulation of motor carriers of property, and for other purposes, which had been reported from the Committee on Commerce, Science, and Transportation with amendments as follows:

On page 3, beginning with line 7, insert the following:

The appropriate authorization committees of Congress shall conduct periodic oversight hearings on the effects of this legislation, no less than annually for the first 5 years following enactment of this Act to insure that the Act is being implemented according to congressional intent and purpose.

On page 3, line 22, strike "rely to the maximum extent feasible upon actual and potential competition" and insert "promote competition and efficient transportation services";

On page 4, line 2, strike "demands" and insert "demands and the diverse requirements of the shipping public";

On page 4, line 3, strike "achieve maximum utilization" and insert "allow the most productive use";

On page 4, line 8, after the word "provide" insert "and maintain";

On page 4, line 9, strike the word "and";

On page 4, at the beginning of line 10, insert "safe and competitive";

On page 4, line 11, after the word "system" insert "; and (G) promote participation by minorities in the motor carrier system";

On page 4, line 17, strike the word "carriers" and insert the word "carrier";

On page 5, line 8, strike "or upon its own initiative,";

On page 5, line 18, strike "existing quality and quantity of service" and insert "effect on existing carriers";

On page 6, line 4, strike "point not" and insert "community not regularly";

On page 6, line 8, strike "abandoned rail service" and insert "complete abandonment of rail service in a community";

On page 6, line 10, strike "90" and insert "120";

On page 6, line 10, after the word "abandonment" insert "has been approved by the Commission";

On page 6, line 12, strike "for the United States Government" and insert "under a Government bill of lading";

On page 6, line 17, strike "packages" and insert "shipments";

On page 7, line 14, strike "filed an application" and insert "pending before the Commission on application filed";

On page 8, line 8, strike the word "all";

On page 8, line 15, after "(1)" insert "reasonably";

On page 8, line 16, after "certificate" insert "or permit";

On page 8, line 24, after the word "other" insert the word "unreasonable";

On page 9, line 4, strike "(1)(C)" and insert "(1)(B)";

On page 9, line 13, strike "(1)(C)" and insert "(1)(B)";

On page 9, line 7, after "Commission" insert a comma and "except that in extraordinary circumstances the Commission may extend such deadline for a period of not to exceed 90 additional days";

On page 9, line 13, strike "(1)(C)" and insert "(1)(B)";

On page 9, line 18, after the period, insert "The Commission shall give special consideration to providing and maintaining service to small or rural communities and small shippers.";

On page 9, beginning with line 21, strike through and including page 10, line 17, and insert in lieu thereof the following:

SEC. 7. (a) Section 10526(a)(6) of title 49, United States Code, is amended to read as follows:

"(6) transportation by motor vehicle of property consisting of—

"(A) livestock;

"(B) agricultural, or horticultural or aquacultural commodities (other than manufactured products thereof except if otherwise exempt under this section);

"(C) food and edible products, whether processed or not, intended for human consumption, or byproducts thereof; or

"(D) animal feed, agricultural seeds and plants, agricultural limestone and other soil conditioners, or nonhazardous agricultural chemicals and fertilizers.".

On page 11, line 13, strike "including" and insert "and";

On page 11, line 14, after the word "property" insert "(including baggage)":

On page 11, line 16, strike "aircraft" and insert "an air carrier or, to an extent so agreed by the United States, by a foreign air carrier";

On page 11, line 21, after "aircraft" insert "or other causes";

On page 11, line 23, strike "or";

On page 12, beginning with line 1, insert the following:

(c) Section 10526(a) of title 49, United States Code, is further amended by (1) striking the period at the end thereof and (2) adding the following new paragraphs:

"(10) transportation by motor vehicle incidental to movement by rail, including transportation of property by motor vehicle for any distance as part of a continuous movement which, prior or subsequent thereto, has been or will be transported by rail, or occasional transportation of property by motor vehicle in lieu of transportation by rail because of mechanical failure, accident, or other causes beyond the control of the carrier or shipper; or

"(11) transportation of used pallets and other shipping devices and used empty containers, including intermodal cargo containers.".

On page 12, beginning with line 16, strike all through and including page 14, line 16;

On page 14, beginning with line 17, insert the following:

### EFFICIENT FOOD TRANSPORTATION

SEC. 8. (a) Subchapter II of chapter 107 of title 49, United States Code, is amended by adding at the end thereof the following new section:

"§ 10732. Food and grocery transportation

"Notwithstanding any other provision of law, it shall not be unlawful for a seller of food and grocery products using a uniform zone delivered pricing system to compensate a customer who picks up purchased food and grocery products at the shipping point of the seller. Such compensation shall be available to all customers of the seller on a nondiscriminatory basis and may not exceed the actual cost to the seller of delivery to such customer.".

(b) The index for subchapter II of chapter 107 of title 49, United States Code, is amended by adding at the end thereof the following:

"10732. Food and grocery transportation

On page 15, line 23, strike "directly or indirectly an interest of 51 percent or more" and insert "a 100 percent interest";

On page 16, line 10, strike "subsidiaries, including unincorporated divisions and other parts of such corporation or group, in" and insert "subsidiaries in";

On page 16, line 12, strike "directly or indirectly an interest of 51 percent or more" and insert "a 100 percent interest";

On page 16, line 21, after "striking" insert "", other than a motor common carrier," and by striking";

On page 17, line 1, strike the word "and";

On page 17, line 4, strike the period, insert a semicolon and the word "and";

On page 17, beginning with line 5, insert the following:

(C) by amending subparagraph (B), as so redesignated by this Act, to read as follows:

"(B) the effect that granting the permit would have on the protesting carriers if such grant would endanger or impair their operations to an extent contrary to the public interest; and".

(3) Section 10923(b) of title 49, United States Code, is further amended by redesignating paragraph (3) as paragraph (4) and inserting the following new paragraph:

"(3) No motor carrier of property may protest an application to provide transportation as a motor contract carrier of property filed under this section unless—

"(A) it possesses authority to handle, in whole or in part, the traffic for which authority is applied, is willing and able to provide service that meets the reasonable needs of the shippers involved, and has performed service within the scope of the application during the previous 12-month period;

"(B) it has pending before the Commission an application filed prior in time to the application being considered for substantially the same traffic; or

"(C) the Commission grants leave to intervene upon a showing of other legitimate interests that are not contrary to the transportation policy set forth in section 10101(a) of this title.".

On page 18, line 5, strike "(3)" and insert "(4)";

On page 18, line 12, strike "area or require a contract carrier to enter into contracts only with the owner of goods to be shipped"; and insert "area";

On page 19, line 10, strike "common" and insert "contract";

On page 19, line 12, strike "sentence" and insert "and third sentences";

On page 19, line 18, strike "an interested party" and insert "a competing motor common carrier";

On page 20, line 19, strike "(1)" and insert "(A)";

On page 20, line 22, strike "(2)" and insert "(B)";

On page 21, beginning with line 4, strike through and including line 9;

On page 21, beginning with line 10, insert the following:

"(2) The Commission, by rule, may increase the percentage specified in subparagraph (1)(B) of this subsection for any group of motor common carriers of property or freight forwarders, if it finds that—

"(A) there is sufficient actual and potential competition to regulate rates; and

"(B) there are benefits to carriers or freight forwarders, shippers, and the public from increased price flexibility.

The Commission may not increase the percentage specified in subparagraph (1)(B) of this subsection by more than 5 percentage points in any one year.

"(3) In determining, pursuant to paragraph (1)(B) of this subsection, whether a proposed rate is more than 10 percent (or such other percentage as the Commission may establish) above the rate in effect 1 year prior to the effective date of the proposed rate, the following adjustments shall be made—

"(A) in the case of a proposed rate that is to take effect prior to the elimination of antitrust immunity for the discussion of or voting on single-line rates pursuant to section 10706(b)(3)(D) of this title, general rate increases obtained in the 1-year period prior to the effective date of the proposed rate shall not be included except to the extent that such general rate increases exceed 5 percent of the rate in effect 1 year prior to the effective date of the proposed rate; and

"(B) in the case of a proposed rate that is to take effect after the elimination of antitrust immunity for the discussion of or voting on single-line rates pursuant to section 10706(b)(3)(D) of this title, the rate in effect 1 year prior to the effective date of the proposed rate shall be adjusted to reflect changes in the Producers Price Index, as published by the Department of Labor, that have occurred during the 1-year period prior to the effective date of the proposed rate.

"(4) Any rate implemented by a carrier pursuant to this subsection shall be subject to the antitrust laws, as defined in section 12 of title 15. In addition, nothing in this subsection shall limit the Commission's authority to suspend and investigate proposed rates on the basis that such rates may violate the provisions of section 10741 of this title or constitute predatory practices in contravention of the transportation policy set forth in section 10101(a) of this title.".

On page 23, line 18, strike "enable" and insert "allow";

On page 24, line 21, strike "and all cross references thereto,";

On page 27, line 22, beginning with the comma, strike through and including the word "restructurings" on page 28, line 5;

On page 28, line 17, strike through and including line 20;

On page 28, line 21, strike "(VIII)" and insert "(VII)";

On page 28, line 23, after "docketed" insert the following:

unless unusual circumstances require a greater period of time. Any such extension of time beyond the 120th day after the proposal is docketed shall be subject to review by the Commission

On page 29, line 10, after the comma, insert "discussed";

On page 29, line 13, after the comma, insert "discussion";

On page 29, line 19, strike through and including page 30, line 6, and insert in lieu thereof the following:

(b)(1) There is hereby established a Study Commission to be known as the Motor Carrier Ratemaking Study Commission, hereinafter referred to as the "Study Commission".

(2) The Study Commission shall make a full and complete investigation and study of the collective ratemarking process of motor common carriers and upon the need or lack of need for continued antitrust immunity therefor. Such study shall estimate the impact of the elimination of such immunity upon rate levels and rate structures, and describe the impact of the elimination of such immunity upon the Interstate Commerce Commission and its staff. The study shall give special consideration to the effect of the elimination of such immunity upon rural areas and small communities.

(3) Such Study Commission shall be comprised of nine members as follows:

(A) three members appointed by the President of the Senate, two from the membership of the Committee on Commerce, Science, and Transportation and one from the membership of the Committee on the Judiciary;

(B) three members appointed by the Speaker of the House of Representatives, two from the membership of the Committee on Public Works and Transportation and one from the membership of the Committee on the Judiciary; and

(C) three members of the public appointed by the President, two from the membership of national trade associations of shippers, one from the membership of the national trade association of motor carriers.

(4) The Study Commission shall not later than July 1, 1982, submit to the President and the Congress its final report including its findings and recommendations. The Study Commission shall cease to exist 6 months after submission of such report. All records and papers of the Study Commission shall thereupon be delivered to the Administrator of General Services for deposit in the Archives of the United States.

(5) The Chairman of the Study Commission, who shall be elected by the Commission from among its members, shall request the head of each Federal department or agency which has an interest in or a responsibility with respect to motor carrier collective ratemaking to appoint, and the head of such department or agency shall appoint, a liaison officer who shall work closely with the Study Commission and its staff in matters pertaining to this subsection. Such departments and agencies shall include, but not be limited to, the Department of Transportation, the Interstate Commerce Commission, the Federal Trade Commission, and the Department of Justice.

(6) In carrying out its duties the Study Commission shall seek the advice of various groups interested in motor carrier collective ratemaking including, but not limited to, State and local governments and public and private organizations working in the fields of transportation.

(7)(A) The Study Commission, or, on authorization of the Study Commission, any Committee of two or more members may, for the purpose of carrying out the provisions of this subsection, hold such hearings and sit and act at such times and places as the Study Commission or such authorized committee may deem advisable.

(B) The Study Commission is authorized to secure from any department, agency, or individual instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this subsection and each department, agency, and instrumentality is authorized and directed to furnish such information to the Study Commission upon request made by the Chairman.

(8)(A) Members of Congress who are members of the Study Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, per diem in accordance with the Rules of the House of Representatives or subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Study Commission.

(B) Members of the Study Commission, except Members of Congress shall each receive compensation at a rate not in excess of the maximum rate of pay for GS-18, as provided in the General Schedule under section 5332 of title 5, United States Code, and shall be entitled to reimbursement for travel expenses, per diem in accordance with the Rules of the House of Representatives or subsistence and other necessary expenses incurred by them in performance of duties while serving as a Study Commission member.

(9)(A) The Study Commission is authorized to appoint and fix the compensation of a staff director, and such additional personnel as may be necessary to enable it to carry out its functions. The Director and personnel may be appointed without regard to the provisions of title 5, United States Code, covering appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates. Any Federal employees subject to the civil service laws and regulations who may be employed by the Study Commission shall retain civil service status without interruption or loss of status or privilege. In no event shall an employee other than the staff director receive as compensation an amount in excess of the maximum rate for GS-18 of the General Schedule under section 5332 of title 5, United States Code. In addition, the Commission is authorized to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates not to exceed the maximum rate of pay for grade GS-18, as provided in the General Schedule under section 5332 of title 5, United States Code.

(B) The staff director shall be compensated at a Level 2 of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

(10) The Study Commission is authorized to enter into contracts or agreements for studies and surveys with public and private organizations and, if necessary, to transfer funds to Federal agencies from sums appropriated pursuant to this subsection to carry out such of its duties as the Study Commission determines can best be carried out in that manner.

(11) Any vacancy which may occur on the Study Commission shall not effect its powers or functions but shall be filled in the same manner in which the original appointment was made.

(12) There are hereby authorized to be appropriated, for fiscal years commencing on or after October 1, 1980, an aggregate amount not to exceed $3,000,000 to carry out this subsection. Funds appropriated under this subsection shall be available to the Study Commission until expended except that any such funds which remain unobligated on the date that the Study Commission ceases to exist shall be forwarded to the Treasurer of the United States for deposit in the general fund of the United States Treasury.

(c) Section 10706(c) of title 49, United States Code, as redesignated by this Act, is amended by striking "(except a rail carrier)" and substituting "(except a rail carrier or a motor carrier of property)".

(d) Section 10706 of title 49, United States Code, is further amended—

(1) in subsections (d), (f), and (g), as so redesignated by this Act, by striking "subsection (a) or (b)" and substituting "subsection (a), (b) or (c)"; and

(2) in subsection (f), as so redesignated by this Act, by inserting "or (c)" immediately before the period at the end of the first sentence.";

On page 36, line 6, strike "Whenever" and insert "Notwithstanding any exemption provided in this subtitle, whenever";

On page 37, beginning with line 1, strike all through and including line 18, and insert in lieu thereof the following:

(b) (1) Chapter 119 of title 49, United States Code, is amended by inserting the following new section immediately after section 11902:

"§ 11902a. Penalties for violations of rules relating to loading and unloading motor vehicles

"(a) Any person knowingly authorizing, consenting to, or permitting a violation of section 11109(a) of this title is liable to the United States Government for a civil penalty of not more than $10,000 for each violation.

"(b) Any person that violates section 11109(b) of this title shall be fined not more than $10,000, imprisoned for not more than 2 years, or both.".

(2) The index for chapter 119 of title 49, United States Code, is amended by inserting the following immediately after item 11902:

"11902a. Penalties for violations of rules relating to loading and unloading motor vehicles.".

On page 39, beginning with line 8, strike all through and including line 21 and insert in lieu thereof the following:

(b) (1) Subchapter 1 of chapter 111 of title 49, United States Code is amended by adding the following new section immediately after section 1109 (as added by section 14(a) (1) of this Act):

"§11110. Contracts for exempt agricultural transportation

"The Secretary of Agriculture, in consultation with the Secretary of Commerce, shall require, by regulation, the use of written contracts governing the interestate movement by motor vehicle of property described in section 10526(a) (6) of this subtitle. In promulgating such regulation, the Secretary of Agriculture shall prescribe the minimum requirements and conditions of such written contracts.".

(2) The index for subchapter 1 of chapter 111 of title 49, United States Code, is amended by adding the following item immediately after the item relating to section 11109 (as added by section 14(a) (2) of this Act):

"11110. Contracts for exempt agricultural transportation.".

On page 40, line 24, strike "$1,000,000" and insert "$2,000,000";

On page 41, line 10, after "Transportation" insert "and Interstate Commerce Commission";

On page 42, line 10, strike "30" and insert "50";

On page 43, line 13, strike "RATES" and insert "ROUTES";

On page 46, line 14, strike "180" and insert "270";

On page 47, beginning with line 15, strike all through and including page 49, line 7, and insert in lieu thereof the following:

Sec. 21. (a) Section 10322 of title 49, United States Code, is amended to read as follows:

"§ 10322. Commission action and appellate procedures in non-rail proceedings

"(a) This section applies to a matter before the Interstate Commerce Commission over which the Commission has jurisdiction under chapter 105 of this title, except a matter involving a rail carrier providing transportation subject to the Commission's jurisdiction under subchapter I of that chapter. Other sections of this subtitle supersede this section to the extent that they are inconsistent with its provisions related to deadlines.

"(b) Subject to other provisions of this subtitle related to jurisdiction, responsibility for making an initial decision may be assigned to a division, a Commissioner, an employee board, a joint board, or an employee appointed under section 3105 of title 5. If evidence is taken at a public hearing, or if the Commission has found that an issue of general transportation importance is involved, all evidentiary proceedings shall be completed by the 180th day following institution of the proceeding, and the initial decision shall be completed by the 270th day following institution of the proceeding. In all other proceedings subject to this section, the initial decision shall be completed by the 180th day following institution of the proceeding. When testimony is taken at a public hearing, the initial decision shall include specific findings of fact; conclusions of law; an order; and justification for the findings of fact, conclusions of law, and order.

"(c) The Commission or a division may void the requirement for an initial decision and make an administratively final decision in the first instance upon finding that the matter involves a question of Commission policy, a new or novel issue of law, or an issue of general transportation importance, or that waiver of the initial decision is required for the timely execution of the Commission's functions. If the requirement for an initial decision is waived, an administratively final decision shall be made within the time limits established for the making of initial decisions by subsection (b) of this section.

"(d) In a proceeding under this section, after the parties have had at least an opportunity to submit evidence in written form, they shall have an opportunity to present arguments to the initial decisionmaker. The decisionmaker may determine whether arguments should be presented orally or in writing and may require that written argument be submitted simultaneously with written submissions of evidence, and that oral argument be presented immediately upon the close of an oral hearing. Copies of an initial decision shall be served on the parties.

"(e) Appeals to an initial decision must be filed no later than the 20th day after it is served on the parties, unless the Commission extends the appeal period. The time for appeal may be extended for an additional period of not more than 20 days. The Commission, a division, or an employee board may stay the effectiveness of an initial decision if it acts within the initial 20-day appeal period.

"(f) The timely filing of an appeal or stay by the Commission has the effect of automatically postponing the effective date of an initial decision. In the absence of a timely appeal or stay, the initial decision becomes the administratively final decision of the Commission on the 21st day after it is served on the parties.

"(g) (1) Responsibility for reviewing an initial decision may be assigned to the Commission, a division, or an employee board. A decision on appeal from an initial decision shall be made by the 50th day following the date the appeal was filed or the 50th day following the date upon which the initial decision was stayed. Review may be on the record as made or the proceeding may be reopened for the receipt of further evidence. A decision on appeal which does not provide for further proceedings shall be administratively final on the day it is served on the parties.

"(2) If a proceeding is reopened, a decision shall be completed within 120 days of the date of reopening. If an initial decision is issued after reopening, subsequent actions shall be governed by subsections (e) and (f) and paragraph (g) (1) of this section.

"(h) (1) The Commission may, at any time, on its own initiative, because of material error, new evidence, or substantially changed circumstances—

"(A) reopen a proceeding;

"(B) grant rehearing, reargument, or reconsideration; or

"(C) change an action.

An interested party may request reopening, rehearing, reargument, or reconsideration under this paragraph under regulations of the Commission.

"(2) The Commission may, by rule, provide for appeals from an administratively final decision, and it may limit the issues to be considered on appeal to those of general transporation importance.

"(3) When a proceeding is reopened by the Commission under this subsection, an administratively final disposition of the matter shall be made within 120 days after the decision to reopen was made.

"(4) The Commission may stay the effectiveness of an action pending final determination of the matter under this subsection.

"(i) An action of the Commission designated under this section as administratively final shall be effective on the date it is served on the parties, and a civil action to enforce, enjoin, suspend, or set aside the action may be filed after that date.

"(j) In extraordinary circumstances, the Commission may extend a time period established by this section, provided that the total of all such extensions shall not exceed in the aggregate more than 90 days.".

(b) Section 10323 of title 49, United States Code, is repealed.

(c) (1) Section 10324(a) of title 49, United States Code, is amended by striking the last sentence.

(2) Section 10324(c) is amended to read as follows:

"(c) An action of the Commission is enforceable unless the Commission stays or postpones an action.".

(d) Section 10325 of title 49, United States Code, is repealed.

(e) The index for subchapter I of chapter 103 of title 49, United States Code is amended by striking the items that relate to sections 10323, 10324, and 10325 and substituting the following:

"10323. Repealed.
"10324. Commission action.
"10325. Repealed.".

On page 54, beginning with line 6, strike all through and including page 55, line 14, and insert in lieu thereof the following:

(b) Section 11707(e) of title 49, United States Code, is amended by adding the following at the end thereof: "For the purposes of this subsection—

"(1) an offer of comprise shall not constitute a disallowance of a claim unless the carrier specifically informs the claimant in writing that its claim is disallowed as filed;

"(2) Communications received from a carrier's insurer shall not be deemed to comply with this subsection unless ratified by the carrier in writing; and

"(3) a disallowance shall not begin the time limit for bringing a civil action if (A) the carrier has mislead the claimant; (B) the carrier has not complied with the Commission's claim regulations; or (C) the disallowance is not final, clear and unequivocal.".

On page 56, line 10, strike "AND SHIPPER";

On page 58, beginning with line 4, strike all through and including line 20;

On page 58, line 21, strike "(c)" and insert "(b)";

On page 58, beginning with line 23, strike all through and including page 59, line 9, and insert in lieu thereof the following:

"(c) (1) The Commission may prescribe the form of records to be maintained by a cooperative association or federation of cooperative associations providing transportation subject to the jurisdiction of the Commission under section 10526(c) of this title to the extent such records are related to that transportation";

On page 59, line 21, strike "associations, or such shipper or group of shippers; and" and insert "associations; and";

On page 59, line 24, strike "or service";

On page 60, line 1, strike "associations or such shipper or group of shippers" and insert "associations";

On page 60, line 3, strike "(d)" and insert "(c)";

On page 60, line 14, strike "and a shipper or group of shippers providing service subject to the jurisdiction of the Commission under section 10562(b) of this title,";

On page 60, line 18, strike "or service";

On page 60, beginning with line 20, strike all through and including page 62, line 4;

On page 62, line 5, strike "(f)" and insert "(d)";

On page 62, line 14, strike "or service subject to the jurisdiction of the Commission under section 10562(b) of this title,";

On page 63, beginning with line 1, strike all through and including line 6, and insert in lieu thereof the following:

(3) in subsection (i)(2), as so redesignated by this section, by inserting "or (h)" after "subsection (g)" and by striking "(A) the motor carrier or broker" and substituting "(A) the motor carrier, broker, cooperative association or federation of cooperative associations";

On page 63, line 12, strike "(g)" and insert "(e)";

On page 63, line 17, beginning with the comma strike through the word "title" in line 19;

On page 63, line 20, strike "(h)" and insert "(f)";

On page 64, line 1, beginning with the word "or" strike all through and including the comma on line 3;

On page 64, line 17, strike "(i)" and insert "(g)";

On page 65, line 15, strike "10923(b)(3)" and insert "10923(b)(4)";

On page 65, line 18, strike "(3)" and insert "(4)";

On page 66, beginning with line 21, insert the following:

## TITLE II

### INSURANCE

Sec. 201. Section 10927(a)(1) of title 49, United States Code is amended by striking "approved by the Commission." and inserting in lieu thereof: "approved by the Commission, in an amount not less than $2.000.000 for a single occurrence, covering public liability, property damage, and cargo and environmental restoration.".

### HAZARDOUS MATERIALS TRANSPORTATION INSURANCE

Sec. 202. Upon the date of enactment of the Commercial Motor Vehicle Safety Act of 1980, title I of such Act is amended by adding at the end thereof the following new section:

"Sec. 119. The Secretary shall establish liability insurance requirements or comparable bonding requirements, in an amount not less that $5.000,000 for a single occurrence, for the transportation by commercial motor vehicle of any material found by the Secretary to be hazardous for the purposes of the Hazardous Materials Transportation Act, as amended (49 U.S.C. 1801 et seq.).".

### TRUCK LENGTHS

Sec. 203. No State may enact or enforce any law denying reasonable access to and from the Interstate Highway System on roads providing access between the Interstate System and terminals and facilities for food, fuel, repairs and rest. Notwithstanding any provision of section 127 of title 23, United States Code, no State may enact or enforce any law regarding the interstate and defense highways which provides a gross overall length limit of less than 65 feet for tractor, semitrailer and other motor vehicle combinations and receive its apportionment of funds authorized to be appropriated for any fiscal year under section 108(b) of the Federal Aid Highway Act of 1956 nor shall the Secretary of Transportation approve any project under section 106 of such Act in any State which enacts or enforces any law which is not in accordance with such length limit. Notwithstanding any other provision of law, for a tractor semitrailer or a semitrailer-trailer combination, the maximum allowable dimension from the back of the cab or cab/sleeper to the rearmost point on the trailer shall be 15 feet less than the maximum overall allowable length for the combination, and the overall allowable length for a tractor semitrailer-trailer combination shall be at least 10 feet longer than that for a tractor-semitrailer combination. Notwithstanding the provisions of this section, a State may permit the continued use of semitrailers, trailers, or combinations thereof which were actually in use and which were within lawful length prior to the date of enactment of this section.".

So as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Motor Carrier Reform Act of 1980".

## TITLE I

### PURPOSE OF THE ACT

Sec. 2. This Act is part of the continuing effort by Congress to reduce unnecessary regulation by the Federal Government.

### CONGRESSIONAL FINDINGS

Sec. 3. The Congress hereby finds that a safe, sound, competitive, and fuel efficient motor carrier system is vital to the maintenance of a strong national economy and a strong national defense; that the statutes governing Federal regulation of the motor carrier industry are outdated and must be revised to reflect the transportation needs and realities of the 1980's; that historically the existing regulatory structure has tended to inhibit market entry, carrier growth, maximum utilization of equipment and energy resources, and opportunities for minorities and others to enter the trucking industry; that protective regulation has resulted in operating inefficiencies and anticompetitive pricing; that in order to reduce the uncertainty felt by the Nation's transportation industry, the Interstate Commerce Commission should be given explicit direction for regulation of the motor carrier industry and well-defined parameters within which it may act pursuant to congressional policy; that the Interstate Commerce Commission should not attempt to go beyond the powers vested in it by the Interstate Commerce Act and other legislation enacted by Congress; and that legislative and resulting changes should be implemented with the least amount of disruption to the transportation system consistent with the scope of the reforms enacted.

The appropriate authorization committees of Congress shall conduct periodic oversight hearings on the effects of this legislation, no less than annually for the first 5 years following enactment of this Act to insure that the Act is being implemented according to congressional intent and purpose.

### NATIONAL TRANSPORTATION POLICY

Sec. 4. Section 10101(a) of title 49, United States Code, is amended—

(1) in paragraph (5) by striking "; and" and substituting ";";

(2) in paragraph (6) by striking "industry." and substituting "industry; and"; and

(3) by adding at the end thereof the following new paragraph:

"(7) With respect to transportation of property by motor carrier, to promote competitive and efficient transportation services in order to (A) meet the needs of shippers and receivers; (B) allow a variety of quality and price options to meet changing market demands and the diverse requirements of the shipping public; (C) allow the most productive use of equipment and energy resources; (D) enable efficient and well-managed carriers to earn adequate profits, attract capital, and maintain fair wages and working conditions; (E) provide and maintain service to small communities and small shippers; and (F) improve and maintain a sound, safe and competitive privately owned motor carrier system; and (G) promote greater participation by minorities in the motor carrier system.".

### MOTOR CARRIER ENTRY POLICY

Sec. 5. Section 10922 of title 49, United States Code, is amended—

(1) in subsection (a) by inserting "of passengers" after "motor common carrier";

(2) by redesignating subsections (b), (c), (d), (e), and (f), and all cross references thereto, as subsections (c), (d), (e), (f), and (g), respectively; and

(3) by inserting after subsection (a) the following new subsection:

"(b)(1) The Commission shall issue a certificate to a person authorizing that person to provide transportation subject to the jurisdiction of the Commission under this subchapter as a motor common carrier of property—

"(A) if the Commission finds that the person is fit, willing, and able to provide the transportation to be authorized by the certificate and to comply with this subtitle and the regulations of the Commission; and

'('B) unless the Commission finds, on the basis of a preponderance of evidence in the record, that the transportation to be provided would be inconsistent with the present or future public convenience and necessity. In making a determination pursuant to this subparagraph, the Commission shall consider—

"(i) the transportation policy set forth in section 1010(a) of this title;

"(ii) evidence of public support for an application or other demonstration of public need; and

"(iii) the effect on existing carriers, but shall not find that diversion of revenue or traffic from an existing carrier is in and of itself inconsistent with the public convenience and necessity.

"(2) In no event may the Commission issue any certificate based upon general findings regarding public convenience and necessity developed in rulemaking proceedings.

"(3) The provisions of subparagraph (1)(B) of this subsection shall not apply for applications for authority to provide—

"(A) transportation to any community not regularly served by a motor carrier of property certificated under this section;

"(B) transportation services as a direct substitute complete abandonment of rail service in a community if such application is filed no later than 120 days after such abandonment has been approved by the Commission;

"(C) transportation under a Government bill of lading of commodities other than used household goods, hazardous or secret materials, and sensitive weapons and munitions; or

"(D) transportation of shipments weighing 100 pounds or less if transported in a motor vehicle in which no one package exceeds 100 pounds: *Provided*, That notwithstanding any other provision of this title, any carrier holding authority under this subparagraph operating one or more commercial motor vehicles with a gross vehicle weight rating of 10,000 pounds or greater shall be subject to commercial motor vehicle safety regulations promulgated by the Secretary pursuant to this title with respect to its entire operations, including the operations of commercial motor vehicles with gross vehicle weight ratings less than 10,000 pounds.

"(4) No motor carrier of property may protest an application to provide transportation as a motor common carrier of property filed under this section unless—

"(A) it possesses authority to handle, in whole or in part, the traffic for which authority is applied, is willing and able to provide service that meets the reasonable needs of the shippers involved, and has performed service within the scope of the application during the previous 12-month period;

"(B) it has pending before the Commission an application filed prior in time to the application being considered for substantially the same traffic; or

"(C) the Commission grants leave to intervene upon a showing of other legitimate interests that are not contrary to the transportation policy set forth in section 10101(a) of this title.

"(5) Notwithstanding the provisions of paragraph (4) of this subsection, no contract motor carrier of property may protest an application to provide transportation as a motor common carrier of property filed under this section.".

### REMOVAL OF CERTAIN RESTRICTIONS ON MOTOR CARRIER OPERATION

SEC. 6. Section 10922 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(h)(1) No later than 180 days after the date of enactment of this subsection, the Commission shall—

"(A) eliminate gateway restrictions and circuitous route limitations imposed upon motor common carriers of property; and

"(B) implement, by regulation, expedited procedures to process applications of individual motor carriers of property seeking removal of operating restrictions in order to—

"(i) reasonably broaden the categories of commodities authorized by the carrier's certificate or permit;

"(ii) authorize transportation or service to intermediate points on the carrier's routes;

"(iii) provide round-trip authority where only one-way authority exists;

"(iv) eliminate unreasonable or excessively narrow territorial limitations; or

"(v) eliminate any other unreasonable restriction that the Commission deems to be wasteful of fuel, inefficient, or contrary to the public interest.

"(2) The regulations promulgated by the Commission pursuant to subparagraph (1)(B) of this subsection shall provide for final Commission action upon such applications by no later than 120 days after the date the application is filed with the Commission except that in extraordinary circumstances the Commission may extend such deadline for a period of not to exceed 90 additional days. Such regulations shall also provide for notice and the opportunity for interested parties to comment, but need not provide for oral evidentiary hearings. In granting or denying applications under subparagraph (1)(B) of this subsection, the Commission shall consider, among other things, the impact of the proposed restriction removal upon the consumption of energy resources, potential cost savings and improved efficiency, and the transportation policy set forth in section 10101(a) of this title. The Commission shall give special consideration to providing and maintaining service to small or rural communities and small shippers.".

SEC. 7. (a) Section 10526(a)(6) of title 49, United States Code, is amended to read as follows:

"(6) transportation by motor vehicle of property consisting of—

"(A) livestock;

"(B) agricultural, or horticultural or aquacultural commodities (other than manufactured products thereof except if otherwise exempt under this section);

"(C) food and edible products, whether processed or not, intended for human consumption, or byproducts thereof; or

"(D) animal feed, agricultural seeds and plants, agricultural limestone and other soil conditioners, or nonhazardous agricultural chemicals and fertilizers.".

(b) Section 10526(a)(8) of title 49, United States Code, is amended to read as follows:

"(8) transportation by motor vehicle incidental to transportation by aircraft, and transportation of property (including baggage) by motor vehicle as part of a continuous movement which, prior or subsequent thereto, has been or will be transported by an air carrier or, to the extent so agreed by the United States, by a foreign air carrier, or occasional transportation of property by motor vehicle in lieu of transportation by aircraft because of adverse weather conditions or mechanical failure of the aircraft or other causes due to circumstances beyond the control of the carrier or shipper;".

(c) Section 10526(a) of title 4, United States Code, is further amended by (1) striking the period at the end thereof and (2) adding the following new paragraphs:

"(10) transportation by motor vehicle incidental to movement by rail, including transportation of property by motor vehicle for any distance as part of a continuous movement which, prior or subsequent thereto, has been or will be transported by rail, or occasional transportation of property by motor vehicle in lieu of transportation by rail because of mechanical failure, accident, or other causes beyond the control of the carrier or shipper; or

"(11) transportation of used pallets and, other shipping devices and used empty containers, including intermodal cargo containers."

### EFFICIENT FOOD TRANSPORTATION

SEC. 8. (a) Subchapter II of chapter 107 of title 49, United States Code, is amended by adding at the end thereof the following new section:

"§ 10732. Food and grocery transportation

"Notwithstanding any other provision of law, it shall not be unlawful for a seller of food and grocery products using a uniform zone delivery pricing system to compensate a customer who picks up purchased food and grocery products at the shipping point of the seller. Such compensation shall be available to all customers of the seller on a nondiscriminatory basis and may not exceed the actual cost to the seller of delivery to such customer.".

(b) The index for subchapter II of chapter 107 of title 49, United Satets Code, is amended by adding at the end thereof the following:

"10732. Food and grocery transportation.".

### PRIVATE CARRIAGE

SEC. 9. (a) Section 10524 of title 49, United States Code, is amended by designating the existing language as subsection (a) and by adding at the end of the section the following new subsections:

"(b) In addition to the transportation described in subsection (a), the Commission does not have jurisdiction over transportation for compensation provided by a person who is a member of corporate family for other members of the same corporate family if—

"(1) the parent notifies the Commission of its intent or one of its subsidiaries' intent to provide the transportation;

"(2) the notice contains a list of participating subsidiaries and an affidavit that the parent owns a 100 percent interest in each of the subsidiaries;

"(3) the Commission publishes the notice in the Federal Register within 30 days of receipt; and

"(4) a Commission-receipted and returned copy is carried in the cab of all vehicles conducting the transportation.

"(c) For the purposes of this section, a 'corporate family' means a corporation or group of corporations consisting of a parent and all subsidiaries in which the parent owns a 100 percent interest in each of the subsidiaries.".

(b) Section 10102(13) of title 49, United States Code, is amended by inserting "or a member of a corporate family as defined in section 10524(c) of this title," immediately after "means a person,".

### MOTOR CONTRACT CARRIERS

SEC. 10. (a)(1) Section 10102(12) of title 49, United States Code, is amended by striking ", other than a motor common carrier," and by striking "a person or a limited number of" and substituting "one or more".

(2) Section 10923(b)(2) of title 49, United States Code, is amended—

(A) by striking subparagraph (A),

(B) by redesignating subparagraphs (B), (C), and (D), and all cross references thereto, as subparagraphs (A), (B), and (C), respectively; and

(C) by amending subparagraph (B), as so redesignated by this Act, to read as follows:

"(B) the effect that granting the permit would have on the protesting carriers if such grant would endanger or impair their operations to an extent contrary to the public interest; and".

(3) Section 10923(b) of title 49, United States Code, is further amended by redesignating paragraph (3) as paragraph (4) and inserting the following new paragraph:

"(3) No motor carrier of property may protest an application to provide transportation as a motor contract carrier of property filed under this section unless—

"(A) it possesses authority to handle, in whole or in part, the traffic for which authority is applied, is willing and able to provide service that meets the reasonable needs of the shippers involved, and has performed service within the scope of the application during the previous 12-month period;

"(B) it has pending before the Commission an application filed prior in time to the application being considered for substantially the same traffic; or

"(C) the Commission grants leave to intervene upon a showing of other legitimate interests that are not contrary to the transportation policy set forth in section 10101(a) of this title.".

(4) Section 10923(d) of title 49, United States Code, is amended—

(A) in the first sentence of paragraph (1) by inserting the following immediately before the period at the end thereof: ", except that in the case of a contract carrier, the Commission may not require a contract carrier to limit its operations to carriage for a particular industry or within a particular geographic area"; and

(B) in paragraph (2) by striking "or number".

(b) Section 10930(a) of title 49, United States Code, is amended—

(1) in paragraph (1) by striking "both a certificate of a motor common carrier and a permit of a motor contract carrier issued under this subchapter, or", and

(2) by amending paragraph (2) to read as follows:

"(2) if a person controls, is controlled by, or is under common control with, another person, one of them may not hold a certificate of a water common carrier, while the other holds a permit of a water contract carrier, to transport property over the same route or in the same area.".

(c) Section 10749 of title 49, United States Code, is amended—

(1) in subsection (a) by inserting "or motor contract carrier of property" after "carrier"; and

(2) in paragraph (b)(1) by striking "or water common carrier" and substituting "water common carrier or motor contract carrier of property".

(d) Section 10766(b) of title 49, United States Code, is amended by striking "common" in the first and third sentences and by striking the fifth sentence thereof.

(e) Section 10925 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) On application of the holder of a motor contract carrier permit, or on complaint of a competing motor common carrier, or on its own initiative, and after notice and an opportunity for a proceeding, the Commission may amend or revoke any part of the permit and issue in its place a certificate of public convenience and necessity, if the Commission determines that the operations of the holder of the permit—

"(1) do not conform with the operations of a motor contract carrier; and

"(2) are those of a motor common carrier.

Any certificate issued under this subsection shall specify that its holder is authorized to provide transportation as a motor common carrier, of the same commodities between the same points or within the same territory as authorized in the permit.".

### ZONE OF RATE FREEDOM FOR MOTOR CARRIERS OF PROPERTY AND FREIGHT FORWARDERS

Sec. 11. Section 10708 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(d)(1) Notwithstanding any other provision of this title, the Commission may not investigate, suspend, revise, or revoke any rate proposed by a motor carrier of property or freight forwarder on the grounds that such rate is unreasonable on the basis that it is too high or too low if—

"(A) the carrier notifies the Commission that it wishes to have the rate considered pursuant to this subsection; and

"(B) the aggregate of increases or decreases in any such rate is not more than 10 percent above the rate in effect 1 year prior to the effective date of the proposed rate, nor more than 10 percent below the lesser of the rate in effect on July 1, 1980, or the rate in effect 1 year prior to the effective date of the proposed rate.

"(2) The Commission, by rule, may increase the percentage specified in subparagraph (1)(B) of this subsection for any group of motor common carriers of property or freight forwarders, if it finds that—

"(A) there is sufficient actual and potential competition to regulate rates; and

"(B) there are benefits to carriers or freight forwarders, shippers, and the public from increased price flexibility.

The Commission may not increase the percentage specified in subparagraph (1)(B) of this subsection by more than 5 percentage points in any one year.

"(3) In determining, pursuant to paragraph (1)(B) of this subsection, whether a proposed rate is more than 10 percent (or such other percentage as the Commission may establish) above the rate in effect 1 year prior to the effective date of the proposed rate, the following adjustments shall be made—

"(A) in the case of a proposed rate that is to take effect prior to the elimination of antitrust immunity for the discussion of or voting on single-line rates pursuant to section 10706(b)(3)(D) of this title, general rate increases obtained in the 1-year period prior to the effective date of the proposed rate shall not be included except to the extent that such general rate increases exceed 5 percent of the rate in effect 1 year prior to the effective date of the proposed rate; and

"(B) in the case of a proposed rate that is to take effect after the elimination of antitrust immunity for the discussion of or voting on single-line rates pursuant to section 10706(b)(3)(D) of this title, the rate in effect 1 year prior to the effective date of the proposed rate shall be adjusted to reflect changes in the Producers Price Index, as published by the Department of Labor, that have occurred during the 1-year period prior to the effective date of the proposed rate.

"(4) Any rate implemented by a carrier pursuant to this subsection shall be subject to the antitrust laws, as defined in section 12 of title 15. In addition, nothing in this subsection shall limit the Commission's authority to suspend and investigate proposed rates on the basis that such rates may violate the provisions of section 10741 of this title or constitute predatory practices in contravention of the transportation policy set forth in section 10101(a) of this title.".

### RULE OF RATEMAKING

Sec. 12. (a) Section 10701 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) In proceedings to determine the reasonableness of rate levels for a motor carrier of property or group of motor carriers of property, or in proceedings to determine the reasonableness of a territorial rate structure where rates are proposed through agreements authorized by section 10706 of this title, the Commission shall authorize revenue levels that are adequate under honest, economical, and efficient management to cover total operating expenses, including the operation of leased equipment, and depreciation, plus a reasonable profit. The standards and procedures adopted by the Commission under this subsection shall allow the carriers to achieve revenue levels that will provide a flow of net income, plus depreciation, adequate to support prudent capital outlays, assure the repayment of a reasonable level of debt, permit the raising of needed equity capital, attract and retain capital in amounts adequate to provide a sound motor carrier transportation system in the United States, and take into account reasonable estimated or foreseeable future costs.".

(b) Section 10704(b)(2) of title 49, United States Code, is amended to read as follows:

"(2)(A) When prescribing a rate, classification, rule, or practice for transportation or service by common carriers, other than by rail carrier, the Commission shall consider, among other factors, the effect of the prescribed rate, classification, rule, or practice on the movement of traffic by that carrier.

"(B) When prescribing a rate, classification, rule, or practice for transportation or service by common carriers other than by rail carrier or motor carrier of property the Commission shall consider, among other factors, the need for revenues that are sufficient, under honest, economical, and efficient management, to let the carrier provide transportation or service.".

### RATE BUREAUS

Sec. 13. (a) Section 10706 of title 49, United States Code, is amended by redesignating subsections (b), (c), (d), (e), (f), (g), and (h), as subsections (c), (d), (e), (f), (g), (h), and (i), respectively, and by adding the following new subsection after subsection (a):

"(b)(1) For the purpose of this subsection, 'single-line rate' refers to a rate, charge, or allowance by a single motor carrier of property that is applicable only over its line and for which the transportation can be provided by that carrier.

"(2) As provided by this subsection, motor common carriers of property may enter into agreements between two or more such carriers concerning rates (including charges between carriers and compensation paid or received for the use of facilities and equipment), allowances, classifications, divisions, or rules related to them, or procedures for joint consideration, initiation, or establishment of them. Such agreements may be submitted to the Commission for approval by any carrier or carriers party thereto and shall be approved by the Commission upon a finding that the agreement fulfills each requirement of this subsection, unless the Commission finds that such agreement is inconsistent with the transportation policy set forth in section 10101(a) of this title. The Commission may require compliance with reasonable conditions consistent with this subtitle to assure that the agreement furthers that transportation policy. If the Commission approves the agreement, it may be made and carried out under its terms and under the conditions required by the Commission, and the antitrust laws, as defined in section 12 of title 15, do not apply to parties and other persons with respect to making or carrying out the agreement.

"(3) Agreements submitted to the Commission under this subsection may be approved by the Commission only if each of the following conditions are met:

"(A) Each carrier party to an agreement must file with the Commission a verified statement that specifies its name, mailing address, and telephone number of its main office; the names of each of its affiliates; the names, addresses, and affiliates of each of its officers and directors; the names, addresses, and affiliates of each person, together with an affiliate, owning or controlling any debt, equity, or security interest in it having a value of at least $1,000,000. For the purposes of this subparagraph, the term 'affiliate' means a person controlling, controlled by, or under common control or ownership with another person and 'ownership' means equity holdings in a business entity of at least 5 percent.

"(B) Any organization established or continued under an agreement approved under this subsection must comply with the following requirements:

"(i) the organization may allow any member carrier to discuss any rate proposal docketed except as provided in subparagraph (3)(C) of this paragraph but after January 1, 1981, only those carriers with authority to participate in the transportation to which the rate proposal applies may vote upon such rate proposal;

"(ii) the organization may not interfere with each carrier's right of independent action and may not change or cancel any rate established by independent action after the date of enactment of this subsection, other than a general increase or broad rate restructuring, except that changes in such rates may be effected, with the consent of the carrier or carriers that initiated the independent action, for the purpose of tariff simplification, removal of discrimination, or elimination of obsolete items;

"(iii) the organization may not file a protest or complaint with the Commission against any tariff item published by or for the account of any motor carrier of property;

"(iv) the organization may not permit one of its employees or any employee committee to docket or act upon any proposal effecting a change in any tariff item published by or for the account of any of its member carriers;

"(v) upon request, the organization must divulge to any person the name of the proponent of a rule or rate docketed with it, must admit any person to any meeting at which rates or rules will be discussed or voted upon, and must divulge to any person the vote cast by any member carrier on any proposal before the organization;

"(vi) the organization may not allow a carrier to vote for one or more other carriers without specific written authority from the carrier being represented; and

"(vii) the organization shall make a final disposition of a rule or rate docketed with it by the 120th day after the proposal is docketed unless unusual circumstances require a greater period of time. Any such extension of time beyond the 120th day after the proposal is docketed shall be subject to review by the Commission.

"(C) No agreement approved under this subsection may provide for discussion of or voting on rates proposed pursuant to section 10708(d) of this title.

"(D) Effective July 1, 1938, no agreement approved under this subsection may provide for discussion of or voting upon single-line rates.

"(E) In any proceeding in which a party to such proceeding alleges that a carrier voted, discussed or agreed on a rate or allowance in violation of this subsection, that party has the burden of showing that the vote, discussion or agreement occurred. A showing of parallel behavior does not satisfy that burden by itself.

"(F) The Commission shall, by regulation, determine reasonable quorum standards to be applied for meetings of organizations established or continued under an agreement approved under this subsection.".

(b) (1) There is hereby established a Study Commission to be known as the Motor Carrier Ratemaking Study Commission, hereinafter referred to as the "Study Commission".

(2) The Study Commission shall make a full and complete investigation and study of the collective ratemaking process of motor common carriers and upon the need or lack of need for continued antitrust immunity therefor. Such study shall estimate the impact of the elimination of such immunity upon rate levels and rate structures, and describe the impact of the elimination of such immunity upon the Interstate Commerce Commission and its staff. The study shall give special consideration to the effect of the elimination of such immunity upon rural areas and small communities.

(3) Such Study Commission shall be comprised of nine members as follows:

(A) three members appointed by the President of the Senate, two from the membership of the Committee on Commerce, Science, and Transportation and one from the membership of the Committee on the Judiciary;

(B) three members appointed by the Speaker of the House of Representatives, two from the membership of the Committee on Public Works and Transportation and one from the membership of the Committee on the Judiciary; and

(C) three members of the public appointed by the President, two from the membership of national trade associations of shippers, one from the membership of the national trade association of motor carriers.

(4) The Study Commission shall not later than July 1, 1982, submit to the President and the Congress its final report including its findings and recommendations. The Study Commission shall cease to exist 6 months after submission of such report. All records and papers of the Study Commission shall thereupon be delivered to the Administrator of General Services for deposit in the Archives of the United States.

(5) The Chairman of the Study Commission, who shall be elected by the Commission from among its members, shall request the head of each Federal department or agency which has an interest in or a responsibility with respect to motor carrier collective ratemaking to appoint, and the head of such department or agency shall appoint, a liaison officer who shall work closely with the Study Commission and its staff in matters pertaining to this subsection. Such departments and agencies shall include, but not be limited to, the Department of Transportation, the Interstate Commerce Commission, the Federal Trade Commission, and the Department of Justice.

(6) In carrying out its duties the Study Commission shall seek the advice of various groups interested in motor carrier collective ratemaking including, but not limited to, State and local governments and public and private organizations working in the fields of transportation.

(7) (A) The Study Commission or, on authorization of the Study Commission, any Committee of two or more members may, for the purpose of carrying out the provisions of this subsection, hold such hearings and sit and act at such times and places as the Study Commission or such authorized committee may deem advisable.

(B) The Study Commission is authorized to secure from any department, agency, or individual instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this subsection and each department, agency, and instrumentality is authorized and directed to furnish such information to the Study Commission upon request made by the Chairman.

(8) (A) Members of Congress who are members of the Study Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, per diem in accordance with the Rules of the House of Representatives or subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Study Commission.

(B) Members of the Study Commission, except Members of Congress shall each receive compensation at a rate not in excess of the maximum rate of pay for GS–18, as provided in the General Schedule under section 5332 of title 5, United States Code, and shall be entitled to reimbursement for travel expenses, per diem in accordance with the Rules of the House of Representatives or subsistence and other necessary expenses incurred by them in performance of duties while serving as a Study Commission member.

(9) (A) The Study Commission is authorized to appoint and fix the compensation of a staff director, and such additional personnel as may be necessary to enable it to carry out its functions. The Director and personnel may be appointed without regard to the provisions of title 5, United States Code, covering appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates. Any Federal employees subject to the civil service laws and regulations who may be employed by the Study Commission shall retain civil service status without interruption or loss of status or privilege. In no event shall an employee other than the staff director receive as compensation an amount in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of title 5, United States Code. In addition, the Commission is authorized to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates not to exceed the maximum rate of pay for grade GS–18, as provided in the General Schedule under section 5332 of title 5, United States Code.

(B) The staff director shall be compensated at a Level 2 of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

(10) The Study Commission is authorized to enter into contracts or agreements for studies and surveys with public and private organizations and, if necessary, to transfer funds to Federal agencies from sums appropriated pursuant to this subsection to carry out such of its duties as the Study Commission determines can best be carried out in that manner.

(11) Any vacancy which may occur on the Study Commission shall not effect its powers or functions but shall be filled in the same manner in which the original appointment was made.

(12) There are hereby authorized to be appropriated, for fiscal years commencing on or after October 1, 1980, an aggregate amount not to exceed $3,000,000 to carry out this subsection. Funds appropriated under this subsection shall be available to the Study Commission until expended except that any such funds which remain unobligated on the date that the Study Commission ceases to exist shall be forwarded to the Treasurer of the United States for deposit in the general fund of the United States Treasury.

(c) Section 10706(c) of title 49, United States Code, as redesignated by this Act, is amended by striking "(except a rail carrier)" and substituting "(except a rail carrier or a motor carrier of property)".

(d) Section 10706 of title 49, United States Code, is further amended—

(1) in subsections (d), (f), and (g), as so redesignated by this Act, by striking "subsection (a) or (b)" and substituting "subsection (a), (b) or (c)"; and

(2) in subsection (f), as so redesignated by this Act, by inserting "or (c)" immediately before the period at the end of the first sentence.

### LUMPING

SEC. 14. (a) (1) Subchapter I of chapter 111 of subtitle IV of title 49, United States Code, is amended by inserting the following new section immediately after section 11108:

"§ 11109. Loading and unloading motor vehicles

"(a) Notwithstanding any exemption provided in this subtitle, whenever a consignor or consignee requires that persons who own or operate motor vehicles transporting products moving in interstate commerce be assisted in loading or unloading of such vehicles, the consignor or consignee shall be responsible for providing that assistance or must compensate the persons who own or operate such vehicles for all costs associated with securing and compensating the person providing the assistance.

"(b) It shall be unlawful to coerce or attempt to coerce a person who owns or operates motor vehicles transporting products moving in interstate commerce to employ loading or unloading assistance which consignors or consignees do not require or which the owner or operator of the motor vehicles would not otherwise employ.".

(2) The index to chapter 111 of subtitle IV of title 49, United States Code, is amended by inserting the following after item 11108:

"11109. Loading and unloading motor vehicles.".

(b) (1) Chapter 119 of title 49, United State Code, is amended by inserting the following new section immediately after section 11902:

"§ 11902a Penalties for violations of rules relating to loading and unloading motor vehicles

"(a) Any person knowingly authorizing, consenting to, or permitting a violation of section 11109(a) of this title is liable to the United States Government for a civil penalty of not more than $10,000 for each violation.

"(b) Any person that violates section 11109(b) of this title shall be fined not more than $10,000, imprisoned for not more than 2 years, or both.".

(2) The index for chapter 119 of title 49, United States Code, is amended by inserting the following immediately after item 11902:

"11902a. Penalties for violations of rules relating to loading and unloading and unloading motor vehicles.".

### MOTOR CARRIER BROKERS OF PROPERTY

SEC. 15. (a) Section 10924 of title 49, United States Code, is amended—

(1) in subsection (a) by inserting "of persons" after "transportation" in the first place it appears;

(2) by redesignating subsections (b), (c), and (d) (and any references thereto) as subsections (c), (d) and (e), respectively, and by inserting after subsection (a) the following new subsection:

"(b) The Interstate Commerce Commission shall issue, subject to section 10927(b), a license to a person authorizing the person to be a broker for transportation of property subject to the jurisdiction of the Commission under subchapter II of chapter 105, if the Commission finds that the person is fit, willing, and able—

"(1) to be a broker for transportation to be authorized by the license; and

"(2) to comply with this subtitle and regulations of the Commission.".

(b)(1) Subchapter I of chapter 111 of title 49, United States Code is amended by adding the following new section immediately after section 1109 (as added by section 14(a)(1) of this Act):

"§ 11110. Contracts for exempt agricultural transportation

"The Secretary of Agriculture, in consultation with the Secretary of Commerce, shall require, by regulation, the use of written contracts governing the interstate movement by motor vehicle of property described in section 10526(a)(6) of this subtitle. In promulgating such regulation, the Secretary of Agriculture shall prescribe the minimum requirements and conditions of such written contracts.".

(2) The index for subchapter I of chapter 111 of title 49, United States Code, is amended by adding the following item immediately after the item relating to section 11109 (as added by section 14(a)(2) of this Act):

"11110. Contracts for exempt agricultural transportation.".

### FINANCE EXEMPTIONS

SEC. 16. (a) Section 11302(b) of title 49, United States Code, is amended by—

(1) striking "more than $1,000,000" and substituting "more than $5,000,000"; and

(2) striking "more than $200,000" and substituting "more than $1,000,000".

(b) Section 11343(d)(1) of title 49, United States Code, is amended by striking "more than $300,000" and substituting "more than $2,000,000".

### UNIFORM STATE REGULATION

SEC. 17. Congress hereby declares and finds that the individual State regulations and requirements imposed upon interstate motor carriers regarding licensing, registration, and filings are in many instances confusing, lacking in uniformity, unnecessarily duplicative, and burdensome and that it is in the national interest to minimize the burdens of such regulations while at the same time preserving the legitimate interests of the State in such regulation. Therefore, the Congress directs the Secretary of Transportation and the Interstate Commerce Commission, in consultation with the States and the various States agencies which administer such requirements and regulations and with the motor carrier industry, including both the regulated and unregulated segments, to develop legislative or other recommendations to provide a more efficient and equitable system of State regulations for interstate motor carriers. Such recommendations shall be made to the Congress no later than 18 months after the enactment of this section.

### POOLING ARRANGEMENTS

Sec. 18. Section 11342 of title 49, United Code, is amended by—

(1) striking the language in subsection (a) following the first sentence;

(2) redesignating subsections (b), (c), and (d), and all cross references thereto, as subsections (c), (d), and (e), respectively; and

(3) by inserting the following new subsection immediately after subsection (a):

"(b) Any motor common carrier of property that is a party to such an agreement or combination may apply for Commisson approval of such agreement or combination by filing said agreement or combination with the Commission not less than 50 days before its effective date. Prior to the effective date of the agreement or combination, the Commission shall determine whether the agreement or combination is of major transportation importance and whether there is substantial likelihood that the agreement or combination will unduly restrain competition. If the Commission determines that neither of these two factors exists, it shall, prior to the effective date contained in the agreement or combination and without hearing, approve the agreement or combination. If the Commission determines either that the agreement or combination is of major transportation importance or that there is a substantial likelihood that the agreement or combination will unduly restrain competition, the Commission shall enter upon a hearing concerning whether the agreement or combination will be in the interest of better service to the public or of economy in operation and whether it will unduly restrain competition; and shall suspend operation of such agreement or combination pending such hearing and final decision thereon. After full hearing, the Commission shall (1) indicate to what extent it finds that the agreement or combination will be in the interest of better service to the public or of economy in operation, and will not unduly restrain competition, and (2) to that extent, approve and authorize the agreement or combination, if assented to by all the carriers party to the agreement or combination, under such rules and regulations, and for such consideration between such carriers and upon such terms and conditions, as shall be found by the Commission to be just and reasonable.".

### JOINT RATES AND THROUGH ROUTES

SEC. 19. (a) Section 10703(b) of title 49, United States Code, is amended by inserting ", II (insofar as moter carriers of property are concerned)" immediately after "subchapter I".

(b) Section 10705(a) of title 49, United States Code, is amended—

(1) in the first sentence of paragraph (1) by striking "(except a motor common carrier of property)";

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting the following new paragraph immediately after paragraph (2):

"(3) The Commission may not require a motor common carrier of property, without its consent, to include in such through route substantially less than the entire length of its route and the route of any intermediate carrier operated in conjunction and under a common management or control with such motor common carrier of property which lies between the termini of such proposed through routes (A) unless such inclusion of lines would make the through route unreasonably circuitous as compared with another practicable through route which could otherwise be established or (B) unless the Commission finds that the through route proposed to be established is needed in order to provide adequate, more efficient or more economic transportation, except that, in prescribing through routes the Commission shall, so far as is consistent with the public interest, and subject to the foregoing limitations in clauses (A) and (B), give reasonable preference to the carrier which originates the traffic.".

(c) The second sentence of section 10705(b) of title 49, United States Code, is amended by striking "rail or water carrier" and substituting "rail carrier, motor carrier of property, or water carrier".

(d) Section 10705 of title 49, United States Code, is further amended by redesignating subsections (d), (e), and (f), and all cross references thereto, as subsections (e), (f), and (g), respectively, and by adding the following new subsection immediately after subsection (c):

"(d) All rail carriers, motor carriers of property, or water carriers party to a through route and joint rate whether established by such carriers under section 10703 of this title or prescribed by the Commission under this section shall promptly pay divisions or make interline settlements, as the case may be, with other carriers party to such through route and joint rate. In the event of undue delinquency in the settlement of such divisions or interline settlements, such through routes and joint rates may be suspended or canceled under rules prescribed by the Commission.".

(e) The first sentence of section 10705(e) of title 49, United States Code, as so redesignated by this Act, is amended by striking "a rail or water common carrier tariff" and substituting "a tariff of a rail carrier, motor carrier of property, or water carrier".

### TEMPORARY AUTHORITIES AND EMERGENCY TEMPORARY AUTHORITIES

SEC. 20. Section 10928 of title 49, United States Code, is amended by—

(1) designating the existing section as subsection "(a)";

(2) inserting in subsection (a) (as redesignated by this Act) "of passengers" after "motor carrier" each time that term appears; and

(3) adding at the end thereof the following new subsections:

"(b)(1) Without regard to subchapter II of chapter 103 of this title and subchapter II of chapter 5 of title 5, the Commission, pursuant to regulations of the Commission, may grant a motor carrier of property temporary authority to provide transportation to a place or in an area having no motor carrier of property capable of meeting the immediate needs of the place or area. Unless suspended or revoked, the Commission may grant the temporary authority for not more than 270 days. A grant of temporary authority does not establish a presumption that permanent authority to provide transportation will be granted under this subchapter.

"(2) The Commission shall take final action upon an application filed under this subsection no later than 90 days after the date the application is filed with the Commission.

"(c)(1) Without regard to subchapter II of chapter 103 of this title and subchapter II of chapter 5 of title 5, the Commission, pursuant to regulations of the Commission, may grant a motor carrier of property emergency temporary authority to provide transportation to a place or in an area having no motor carrier of property capable of meeting the immediate needs of the place or area, if the Commission determines that due to emergency conditions, there is not sufficient time to process an application for temporary authority under subsection (b) of this section. Unless suspended or revoked, the Commission may grant the emergency temporary authority for not more than 30 days unless extended by the Commission for a period of not more than 90 days. A grant of emergency temporary authority does not establish a presumption that permanent authority to provide transportation will be granted under this subchapter.

"(2) The Commission shall take final action upon an application filed under this subsection no later than 15 days after the application is filed with the Commission.".

PROCEDURAL REFORM

SEC. 21. (a) Section 10322 of title 49, United States Code, is amended to read as follows:

"§ 10322. Commission action and appellate procedures in non-rail proceedings

"(a) This section applies to a matter before the Interstate Commerce Commission over which the Commission has jurisdiction under chapter 105 of this title, except a matter involving a rail carrier providing transportation subject to the Commission's jurisdiction under subchapter I of that chapter. Other sections of this subtitle supersede this section to the extent that they are inconsistent with its provisions related to deadlines.

"(b) Subject to other provisions of this subtitle related to jurisdiction, responsibility for making an initial decision may be assigned to a division, a Commissioner, an employee board, a joint board, or an employee appointed under section 3105 of title 5. If evidence is taken at a public hearing, or if the Commission has found that an issue of general transportation importance is involved, all evidentiary proceedings shall be completed by the 180th day following institution of the proceeding, and the initial decision shall be completed by the 270th day following institution of the proceeding. In all other proceedings subject to this section, the initial decision shall be completed by the 180th day following institution of the proceeding. When testimony is taken at a public hearing, the initial decision shall include specific findings of fact; conclusions of law; an order; and justification for the findings of fact, conclusions of law, and order.

"(c) The Commission or a division may void the requirement for an initial decision and make an administratively final decision in the first instance upon finding that the matter involves a question of Commission policy, a new or novel issue of law, or an issue of general transportation importance, or that waiver of the initial decision is required for the timely execution of the Commission's functions. If the requirement for an initial decision is waived, an administratively final decision shall be made within the time limits established for the making of initial decisions by subsection (b) of this section.

"(d) In a proceeding under this section, after the parties have had at least an opportunity to submit evidence in written form, they shall have an opportunity to present arguments to the initial decisionmaker. The decisionmaker may determine whether arguments should be presented orally or in writing and may require that written argument be submitted simultaneously with written submissions of evidence, and that oral argument be presented immediately upon the close of an oral hearing. Copies of an initial decision shall be served on the parties.

"(e) Appeals to an initial decision must be filed no later than the 20th day after it is served on the parties, unless the Commission extends the appeal period. The time for appeal may be extended for an additional period of not more than 20 days. The Commission, a division, or an employee board may stay the effectiveness of an initial decision if it acts within the initial 20-day appeal period.

"(f) The timely filing of an appeal or stay by the Commission has the effect of automatically postponing the effective date of an initial decision. In the absence of a timely appeal or stay, the initial decision becomes the administratively final decision of the Commission on the 21st day after it is served on the parties.

"(g) (1) Responsibility for reviewing an initial decision may be assigned to the Commission, a division, or an employee board. A decision on appeal from an initial decision shall be made by the 50th day following the date the appeal was filed or the 50th day following the date upon which the initial decision was stayed. Review may be on the record as made or the proceeding may be reopened for the receipt of further evidence. A decision on appeal which does not provide for further proceedings shall be administratively final on the day it is served on the parties.

"(2) If a proceeding is reopened, a decision shall be completed within 120 days of the date of reopening. If an initial decision is issued after reopening, subsequent actions shall be governed by subsections (e) and (f) and paragraph (g) (1) of this section.

"(h) (1) The Commission may, at any time, on its own initiative, because of material error, new evidence, or substantially changed circumstances—

"(A) reopen a proceeding;

"(B) grant rehearing, reargument, or reconsideration; or

"(C) change an action.

An interested party may request reopening, rehearing, reargument, or reconsideration under this paragraph under regulations of the Commission.

"(2) The Commission may, by rule, provide for appeals from an administratively final decision, and it may limit the issues to be considered on appeal to those of general transportation importance.

"(3) When a proceeding is reopened by the Commission under this subsection, an administratively final disposition of the matter shall be made within 120 days after the decision to reopen was made.

"(4) The Commission may stay the effectiveness of an action pending final determination of the matter under this subsection.

"(i) An action of the Commission designated under this section as administratively final shall be effective on the date it is served on the parties, and a civil action to enforce, enjoin, suspend, or set aside the action may be filed after that date.

"(j) In extraordinary circumstances, the Commission may extend a time period established by this section, provided that the total of all such extensions shall not exceed in the aggregate more than 90 days.".

(b) Section 10323 of title 49, United States Code, is repealed.

(c) (1) Section 10324(a) of title 49, United States Code, is amended by striking the last sentence.

(2) Section 10324(c) is amended to read as follows:

"(c) An action of the Commission is enforceable unless the Commission stays or postpones an action.".

(d) Section 10325 of title 49, United States Code, is repealed.

(e) The index for subchapter I of chapter 103 of title 49, United States Code is amended by striking the items that relate to sections 10323, 10324, and 10325 and substituting the following:

"10323. Repealed.
"10324. Commission action.
"10325. Repealed.".

ENFORCEMENT

SEC. 22. (a) Section 11701 (c) of title 49, United States Code, is amended by striking "related to a rail carrier".

(b) Section 11701(e) of title 49, United States Code, is amended by adding the following at the end thereof: "For the purposes of this subsection—

"(1) an offer of compromise shall not constitute a disallowance of a claim unless the carrier specifically informs the claimant in writing that its claim is disallowed as filed;

"(2) communications received from a carrier's insurer shall not be deemed to comply with this subsection unless ratified by the carrier in writing; and

"(3) a disallowance shall not begin the time limit for bringing a civil action if (A) the carrier has mislead the claimant; (B) the carrier has not complied with the Commission's claim regulations; or (C) the disallowance is not final, clear and unequivocal.".

(c) Section 1114 of title 18, United States Code, is amended by striking "Consumer Product Safety Commission," and substituting "Consumer Product Safety Commission and the Interstate Commerce Commission.".

COOPERATIVE ASSOCIATIONS

SEC. 23. (a) Section 10526 of title 49, United States Code, is amended—

(1) in subsection (a) (5) by striking the words "association, except" and all that follows and substituting "association, except as provided in subsection (c) of this section;"; and

(2) by adding a new subsection (c) to read as follows:

"(c) (1) Except as provided in paragraph (2) of this subsection and chapters 111, 117, and 119 of this subtitle, the Commission does not have jurisdiction under this subchapter over a motor vehicle controlled and operated by a cooperative association (as defined by section 1141j(a) of title 12) or by a federation of cooperative associations if the federation has no greater power or purposes than a cooperative association, which provides transportation for compensation between a place in a State and a place in another State, or between a place in a State and another place in the same State through another State, for a nonmember.

"(2) The transportation provided by a cooperative association or federation under paragraph (1) of this subsection (except for transportation otherwise exempt under this subchapter)—

"(A) for a nonmember that is not a farmer, cooperative association, federation, or the United States Government—

"(i) shall be limited to transportation incidental to the primary transportation operation of the cooperative association or federation and necessary for its effective performance;

"(ii) may not exceed in each fiscal year 35 percent of the total transportation of the cooperative association or federation between those places, measured by tonnage; and

"(iii) shall be provided only after the cooperative association or federation notifies the Commission of its intent to provide the transportation; and

"(B) for all nonmembers may not exceed in each fiscal year, measured by tonnage, the total transportation between those places for the cooperative association or federation and its members during that fiscal year.".

(b) Section 11144(c) of title 49, United States Code, is amended to read as follows:

"(c) (1) The Commission may prescribe the form of records to be maintained by a cooperative association or federation of cooperative associations providing transportation subject to the jurisdiction of the Commission under section 10526(c) of this title to the extent such records are related to that transportation.

"(2) The Commission or an employee designated by the Commission, may on demand and display of proper credentials—

"(A) inspect and examine the lands, buildings, and equipment of such cooperative association or federation of cooperative associations; and

"(B) inspect and copy any record related to that transportation of such cooperative association or federation of cooperative associations.".

(c) Section 11145(a) of title 49, United States Code, is amended—

(1) in paragraph (1) by striking "; and" and substituting ";";

(2) in paragraph (2) by striking "services." and substituting "services; and"; and

(3) by adding at the end thereof a new paragraph to read as follows:

"(3) a cooperative association or federation of cooperative associations, providing transportation subject to the jurisdiction of the Commission under section 10526(c) of this title, to file reports with the Commission containing answers to questions about that transportation.".

(d) Section 11901 of title 49, United States Code, is amended—

(1) by redesignating subsection (h) as subsection (i);

(2) by inserting after subsection (g) the following new subsection:

"(h) A person required to make a report to the Commission, answer a question, or maintain a record under this subtitle concerning transportation subject to the jurisdiction of the Commission under section 10526(c) of this title, or an officer, agent, or employee of that person that (1) does not make the report, (2) does not specifically, completely, and truthfully answer the question, (3) does not maintain the record in the form and manner prescribed by the Commission, or (4) does not comply with section 10526(c) of this title, is liable to the United States Government for a civil penalty of not more than $500 for each violation and for not more than $250 for each additional day the violation continues."; and

(3) in subsection (i)(2), as so redesignated by this section, by inserting "or (h)" after "subsection (g)" and by striking "(A) the motor carrier or broker" and substituting "(A) the motor carrier, broker, cooperative association of federation of cooperative associations."

(e) Section 11906 of title 49, United States Code, is amended by striking the words "motor carriers or brokers" and substituting "a motor carrier, broker, cooperative association or federation of cooperative associations providing transportation subject to the Commission's jurisdiction under section 10526(c) of this title".

(f) Section 11909 of title 49, United States Code, is amended by adding at the end thereof a subsection to read as follows:

"(e) A person required to make a report to the Commission, answer a question, or maintain a record under this subtitle about transportation subject to the jurisdiction of the Commission under section 10526(c) of this title, or an officer, agent, or employee of that person, that (1) willfully does not make that report, (2) willfully does not specifically, completely, and truthfully answer that question 30 days from the date the Commission requires the question to be answered, (3) willfully does not maintain that record in the form and manner prescribed by the Commission, (4) knowingly and willfully falsifies, destroys, mutilates, or changes that report or record, (5) knowingly and willfully files a false report or record with the Commission, (6) knowingly and willfully makes a false or incomplete entry in that record about a business related fact or transaction, or (7) knowingly and willfully maintains a record in violation of a regulation or order of the Commission, shall be fined not more than $5,000.".

(g) Section 11914 of title 49, United States Code, is amended by adding at the end thereof a new subsection to read as follows:

"(e) When another criminal penalty is not provided under this chapter, a person that knowingly and willfully violates a provision of this subtitle, or a regulation or order prescribed under this subtitle, related to transportation subject to the jurisdiction of the Commission under section 10526(c) of this title, shall be fined at least $100 but not more than $500 for the first violation and at least $200 but not more than $500 for a subsequent violation. A separate violation occurs each day the violation continues.".

### CONSOLIDATION, MERGER, AND ACQUISITION OF CONTROL OF A FREIGHT FORWARDER

SEC. 24. (a) Section 10741(c) of title 49, United States Code, is amended to read as follows:

"(c) A freight forwarder providing service subject to the jurisdiction of the Commission under subchapter IV of chapter 105 of this title may not discriminate against a carrier providing transportation subject to the jurisdiction of the Commission under subchapter I, II, or III of that chapter in favor of a carrier controlled by, or under common control with, such freight forwarder.".

(b) Section 10923(b)(4) of title 49, United States Code, as so redesignated by section 10(a)(3) of this Act, is amended to read as follows:

"(4) The Commission may not deny any part of an application for a freight forwarder permit filed by a corporation controlled by, or under common control with a common carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title only because the service to be provided by the corporation will compete with service provided by another freight forwarder subject to subchapter IV of that chapter.".

(c)(1) Section 11323 of title 49, United States Code, is repealed.

(2) Item 11323 of the index to chapter 113 of subtitle IV of title 49, United States Code, is amended to read as follows:

"11323. Repealed.".

(d) Section 11343 of title 49, United States Code, is amended—

(1) in subsection (a) by striking the words "or III" and substituting "III or IV"; and

(2) in subsection (d) by adding at the end thereof the following new paragraph:

"(3) A transaction referred to in subsection (a) or (b) of this section which involves a freight forwarder providing transportation subject to the jurisdiction of the Commission under subchapter IV of chapter 105 of this title and which is lawfully accomplished or effectuated prior to July 1, 1980, shall be deemed to be approved and authorized by the Commission.".

(e) Section 11702(a)(2) of title 49, United States Code, is amended by striking "or 11323".

## TITLE II

### INSURANCE

SEC. 201. Section 10927(a)(1) of title 49, United States Code is amended by striking "approved by the Commission." and inserting in lieu thereof: "approved by the Commission, in an amount not less than $2,000,000 for a single occurrence, covering public liability, property damage, and cargo and environmental restoration.".

### HAZARDOUS MATERIALS TRANSPORTATION INSURANCE

SEC. 202. Upon the date of enactment of the Commercial Motor Vehicle Safety Act of 1980, title I of such Act is amended by adding at the end thereof the following new section:

"SEC. 119. The Secretary shall establish liability insurance requirements or comparable bonding requirements, in an amount not less than $5,000,000 for a single occurrence, for the transportation by commercial motor vehicle of any material found by the Secretary to be hazardous for the purposes of the Hazardous Materials Transportation Act, as amended (49 U.S.C. 1801 et. seq.).".

### TRUCK LENGTHS

SEC. 203. No State may enact or enforce any law denying reasonable access to and from the Interstate Highway System on roads providing access between the Interstate System and terminals and facilities for food, fuel, repairs and rest. Notwithstanding any provision of section 127 of title 23, United States Code, no State may enact or enforce any law regarding the interstate and defense highways which provides a gross overall length limit of less than 65 feet for tractor, semitrailer and other motor vehicle combinations and receive its apportionment of funds authorized to be appropriated for any fiscal year under section 108(b) of the Federal Aid Highway Act of 1956 nor shall the Secretary of Transportation approve any project under section 106 of such Act in any State which enacts or enforces any law which is not in accordance with such length limit. Notwithstanding any other provision of law, for a tractor semitrailer or a semitrailer-trailer combination, the maximum allowable dimension from the back of the cab or cab/sleeper to the rearmost point on the trailer shall be 15 feet less than the maximum overall allowable length for the combination, and the overall allowable length for a tractor semitrailer-trailer combination shall be at least 10 feet longer than that for a tractor-semitrailer combination. Notwithstanding the provisions of this section, a State may permit the continued use of semitrailers, trailers, or combinations thereof which were actually in use and which were within lawful length prior to the date of enactment of this section.".

### RECESS UNTIL 12:30 P.M.

**Mr. ROBERT C. BYRD.** Mr. President, I ask unanimous consent that the Senate stand in recess until 12:30 p.m. today.

There being no objection, the Senate, at 11:25 a.m., recessed until 12:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. BOREN).

### 30-MINUTE RECESS

**Mr. ROBERT C. BYRD.** Mr. President, I ask unanimous consent that the Senate stand in recess for 30 minutes.

There being no objection, the Senate, at 12:30 p.m., recessed until 1 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. STEWART).

**Mr. CANNON.** Mr. President, I suggest the absence of a quorum.

**The PRESIDING OFFICER.** On whose time?

**Mr. CANNON.** Mr. President, I ask unanimous consent that the time not be charged to either side.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. CANNON.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. CANNON.** Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and that the bill as amended be treated as original text for the purpose of further amendment.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. CANNON.** Mr. President, I yield myself 10 minutes.

Mr. President, it is a rare opportunity for the Senate to be able to do something more than merely pay lip service to reducing Government regulation and do something concrete to fight inflation. The Senate is faced with one of those rare opportunities today.

The bill before the Senate right now, S. 2245, is a bill that truly reduces Federal regulation and strikes a great blow for the improvement of the free enterprise system in this country. For the past 45 years, the motor carrier industry has remained protected from the forces of competition that virtually every other business in the country must deal with on a day-by-day basis. Entry into the motor carrier industry has been restricted, opportunities to expand have been limited, and price competition has been exceptionally rare.

This is not to say that the existing motor carrier system is in chaos. This simply is not true. But simply because the motor carrier system in this country is not on the brink of collapse does not mean that change is undesirable. Indeed, I think the motor carrier industry would agree that it is high time to provide adequate direction to the Interstate Commerce Commission in regulating this industry. For the fact is that the basic statute under which the motor carrier industry is regulated has remained virtually unchanged for the past 45 years.

Without attempting to be judgmental, it is impossible for any agency, no matter how wise and benevolent, to administer a 1935 statute to deal with 1980 transportation policies. The time is long overdue for a change, and the change must be in the direction of more competition.

For the past year, the Senate Commerce Committee has been carefully considering the motor carrier legislation. During this last year, we held 17 days of hearings, received testimony from over 200 witnesses, and received thousands of letters and telegrams with respect to the issue. There is virtually no position that has not been taken or expressed to the committee with regard to the trucking issue. The bill before the Senate today is a compromise proposal. It represents middle ground among all of those submitting comments on the legislation.

This bill does not deregulate the motor carrier industry. It does, however, go a substantial way in assuring that increased competition is guaranteed. There are four basic provisions in the bill that are absolutely crucial to its integrity. First, and I believe foremost, is the provision that eases entry into the trucking industry and allows existing carriers the opportunity to expand their operations more readily. There is simply no more important provision in this bill. If this entry provision is changed in any substantial way whatsoever, the bill will be severely, and fatally, weakened. The basic premise of the legislation is that the Federal Government should have less and less to do with determining where and how motor carriers services will be provided throughout the country. We have come a long way from the conditions prevailing in 1935 when Congress determined that a few bureaucrats in Washington knew better than the marketplace as to whether additional service would be necessary to serve particular shippers' needs.

The second key provision in this bill is the reduction in the immunity granted from the antitrust laws to the motor carrier industry in order to allow the industry to collectively determine rates charged to the public. This is probably the most controversial aspect of the entire regulatory scheme and one in which it is absolutely crucial to make reforms in any kind of meaningful legislation. The bill does so by eliminating the immunity to discuss the vote upon single-line rates after a period of 3 years. This is the most anticompetitive type of activity engaged in by the motor carrier industry and hence the one type of immunity that should be specifically prohibited. At the same time, it is felt that the motor carrier industry has the right to a transition period in order to prepare for the new system of rate-setting and hence the effective date of the antitrust immunity elimination is 3 years from the date of enactment.

The third major provision in the legislation is that which allows the motor carriers greater ratemaking flexibility without interference from the Interstate Commerce Commission. This is, quite obviously, the provision in the bill that most appeals to the motor carrier industry, but I think it should also appeal to those interested in expanding the free market system into the motor carrier field. This allows carriers to respond both upward and downward to differing demands of the marketplace. I think it is extremely important that motor carriers have the ability to respond to the new competitive conditions in the motor carrier industry. I would not feel nearly as strongly about this point if the entry provisions in the bill were not strong enough to insure that competition will tend to keep rates down.

Finally, the bill provides for a substantial expedition of restriction removals for motor carrier operations. It will allow motor carriers who wish to provide round trip authority, stop at intermediate points, carry additional commodities, to do so with greater ease than currently done today.

These four keys—entry, antitrust immunity, ratemaking, and restriction removal—are the guts of this bill. If any of them are eliminated or weakened, the legislation will not be of any great significance as far as reform is concerned.

There are a number of amendments that will be offered and as soon as the various opening statements have been made, I think we should proceed directly to those amendments. I do want to say, however, that I think there is a widespread consensus both among supporters of this particular bill and the motor carrier industry that legislation is desperately needed to clarify the existing regulatory uncertainty that plagues the industry and those who care about it. We simply cannot tolerate another year of indecision and change of policy as we have this past year. This bill gives specific direction to the Interstate Commerce Commission and we expect those directions to be followed. Where the Commission is to be given more discretion, it is clear from the statute, but in most cases, the discretion is eliminated.

Finally, I do want to state that a good deal of debate has revolved around the question of whether the legislation will save the consumer money and, if so, how much. I want to go on record as noting that while I strongly believe that this increased competition will result in a downward pressure on prices, no one should be deceived into believing that transportation rates will necessarily drop across the board. There are enormous escalating costs in the transportation field, most notably in the fuel sector. These increased costs will continue regardless of this legislation.

If we can slow down the increase in transportation costs by the legislation, we will be much better off. In addition, there are no doubt many cases in which carriers will choose to offer higher quality service rather than lower priced service. This is perfectly consistent with the intention of the legislation that transportation services better meet the demands of shippers regardless of whether the demand is for a lower price or a higher quality of service.

The economy is in the process of taking a downturn at the present time, and motor carriers will suffer along with the rest of the country. I am certain that there will be those who will blame this downturn upon whatever legislation emerges from Congress. I firmly believe that this legislation will enable carriers to cope better in these unfortunate economic times. The difficulty with all legislation is that we will never know what would have happened if we had not enacted it.

At this time, I would call upon my distinguished colleague, Senator PACKWOOD, for any opening comments that he may have.

Before that, I ask unanimous consent that letters in support of this bill from the Secretaries of Transportation and Agriculture be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE SECRETARY OF TRANSPORTATION,
*Washington, D.C., April 14, 1980.*

Hon. HOWARD W. CANNON,
*Chairman, Committee on Commerce, Science and Transportation, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: You requested that I review the trucking regulatory reform bill recently reported by the Commerce Committee, and carefully consider criticisms of the bill that have been expressed by the opponents of reform. I have undertaken such a review, focusing upon the minority views expressed in the Committee report on S. 2245. The arguments against reform are hardly new, and I am enclosing a more detailed discussion of the points raised by the minority views. However, I would like to outline the issues that I think are particularly important, and the reasons why reform is needed to resolve those issues in the public interest.

As a preliminary matter, let me reemphasize the importance of the reforms proposed in the areas of rate bureaus and entry. Reform in these areas is essential in order to bring benefits to consumers and shippers. I urge you and the other Members of the Senate to retain and strengthen these provisions.

### SMALL COMMUNITY SERVICE

First, a few words about truck service to small communities. Truckers who oppose reform say that reform will lead to increased rates for small community service and that they will be "allowed" to leave unprofitable service in small towns. During the last several years I have met quite a few people in the regulated trucking business. My impression is that these truckers are generally good businessmen and know their industry quite well. They also know their self-interest. If reform were going to bring higher rates and the ability to drop unprofitable service, then thousands of them would be at your door screaming for reform.

The truth of the matter is that today's regulatory system has very little to do with what service is or is not provided to small communities, or the rates charged for that service. We have done extensive surveys in the Pacific Northwest, Nevada, New Mexico, Kentucky, Alabama, Kansas, the Carolinas, Georgia and Michigan. The Congressional Budget Office has looked at the issue, as has the Senate Judiciary Committee, the California Public Utilities Commission, the Interstate Commerce Commission, and others. The studies all come to the same basic conclusions. The bulk of small community service, perhaps as much as 80 percent to 90 percent, is *not* provided by ICC registered general freight carriers. Private carriers provide much of this service. UPS also provides a significant amount of service; UPS is regulated by the ICC, but it is not part of the rate bureau system and, in fact, makes its mark by voluntarily serving nearly every town in the country.

With respect to that small portion of service supplied by ICC regulated carriers other than UP, ICC involvement is minimal. The ICC has never—let me repeat—never removed a carrier's certificate for failure to serve a small community. Service to small towns is provided because it is profitable. If it is not profitable, the service is not provided. The ICC simply does not have the resources to police the thousands of carriers and the hundreds of thousands of communities involved.

Let me also emphasize that S. 2245 will not change the common carrier obligation, for whatever that obligation is worth today. In other words, arguments about proposals to allow abandonment of small town service by carriers are not arguments about the bill before the Senate.

### SAFETY

Opponents of reform have also raised the question of motor carrier safety performance and its relationship to regulatory reform. Let me categorically state that regulatory reform will not pose a safety problem. The current economic regulatory system at the ICC is not a guarantee of safety. The one study that has been cited to show some correlation between safety and economic regulation is critically flawed. All other data show no such correlation.

It is the Department of Transportation, not the ICC, that is charged with maintaining and improving highway safety. Regrettably, the record under the current system is not as good as it should be. This is the reason that we have also submitted legislation to bolster the safety function at this Department. I find it ironic that many of those who say that reform will pose safety problems because of a high influx of "unsafe" owner-operators are the very persons who, under the current system, employ those same owner-operators. Evidently the owner-operators are only considered safe if they pay 20%–40% of their revenue to certificated carriers.

### TRUCK RATES ARE HIGHER THAN THEY SHOULD BE

Will rates go down and are truck profits excessive today? I have enclosed with this letter a list of major truck firms and their profitability. To say the least, it is impressive. At a time when we are all engaged in a monumental fight against inflation, returns in the trucking industry of more than 20 percent are common, and the list indicates that one does not have to look hard to find returns even of 100 percent. Can it be that it is hard, cold profit and not charitable zeal to serve small communities that has fueled the trucking industry's opposition to reform?

Do these profits have anything to do with rates? The answer, of course, is yes. These profits come from rates that are unreasonably high and that are kept there by the processes of the current regulatory system. Can anyone reasonably question that the object of a truck rate bureau meeting is to produce a rate that is higher than it would be if market conditions prevailed? What is it that the truckers do in those meetings that they are so anxious to keep secret? What is so special about trucking rates that truckers should be allowed to fix their prices while competing firms in other industries would be subject to criminal penalties for ever discussing rates or prices? Similarly, can anyone doubt that the primary result of protests by truckers of applications by firms who wish to enter a market is to discourage and delay applications that, if granted, will provide competition which will benefit shippers and consumers? So, it is clear that the provisions in S. 2245 which would reform rate bureaus, phase out price fixing, and provide a fair chance to enter the trucking industry are right on target.

It is important to remember that the real world evidence supports this line of reasoning. Every study comparing truck rates with forms of economic regulation, whether it be a study of past changes in Federal regulation, or of deregulated state environments, or of regulation in foreign countries, indicates that rates for comparable shipments are lower in less regulated, more competitive systems. I don't suggest that the experience of these studies translates precisely to what will happen after passage of the bill. While our study comparing interstate and intrastate shipments in New Jersey found that rates were 10–15 percent lower in the less regulated intrastate environment, this does not mean that we will achieve exactly that reduction from S. 2245. However, the Congressional Budget Office has reviewed this issue just this month and found that the reforms of S. 2245 would lead to annual savings of $5.3 to $8.0 billion by 1985. So, while we cannot predict the exact magnitude of changes in rates that can be expected from reform, we can predict the direction of that change—toward lower rates and improved service—as suggested by all of the studies.

Given today's critical need to fight inflation and reduce regulatory waste, the plain facts that have been developed for the record present a compelling case for reform.

### AGRICULTURAL TRANSPORTATION

The evidence is clear that rates for transporting certain agricultural products by truck dropped significantly when truck transportation of these products was removed from economic regulation. Further, the evidence is equally clear that the agricultural truck transportation system works, and that every town in America receives regular shipments of fresh produce, even though most of it is carried by truckers not regulated by the ICC.

However, the present system of agricultural transportation is out of balance. Regulatory restrictions give us situations where one trucker can haul tomatoes to a plant, but can't haul canned tomatoes back; the canned tomatoes have to be hauled by a different trucker and the first truck rides back empty.

S. 2245 would eliminate this wasteful imbalance and help keep down truck rates for food by making processed as well as unprocessed food exempt from ICC regulation. This provision has been criticized by some opponents of reform as a means of taking traffic away from regulated carriers. While this might prove to be the result in some cases, processed items referred to in the bill constitute only 3.7 percent of total interstate truck traffic by revenue and regulated carriers would still be able to compete for this traffic. Passage of this provision will mean that shippers of processed agricultural items will have at least two opportunities to ship their goods, either by regulated or unregulated carrier, and not be captive to the regulated trucker as under the current system.

### PROVISIONS TO HELP REGULATED TRUCKERS

Conspicuously absent from the minority views was any discussion of provisions of the bill that will help the regulated trucking industry.

The most significant of these provisions would grant pricing flexibility to regulated truckers, so that rate changes within a zone of reasonableness would not be subject to ICC review. The Administration supports pricing flexibility for the trucking industry, but only if combined with reforms that will make truckers *compete* for business. If truckers are given pricing flexibility, but are allowed to continue to fix prices and slow down entry by competitors, pricing flexibility will translate into nothing but price increases for shippers.

The purpose of truck reform is to reduce waste and fight inflation, not to increase inflation by grants of pricing flexibility that would be unwarranted without other changes.

That the trucking industry wants only its rate reforms and none for anybody else is not surprising, but that doesn't make it reasonable government policy. Simply, we believe that S. 2245 has a *balanced*, not a one-sided approach to reform.

### STUDIES, NOT MERE RHETORIC, SUPPORT THE CASE FOR REFORM

My final point concerns the efforts made by the opponents of reform to discredit the studies that show the gains that can be expected from reform. Basically, opponents have said that the studies are too limited.

I don't disagree that some of our small community studies had a very specific focus, but we did study communities from diverse regions of the country. We did not want to spend millions on these studies, and we really wanted to talk to the people. This is the reason we did not send out thousands of questionnaires, and the reason we used our own interviewers in face-to-face encounters. However, other studies, such as the one commissioned by the Commerce Committee a few years ago, the recent Congressional Budget Office study, the study done by the State authorities in California, the recent ICC study, and our own study in the Pacific Northwest, were more broad based.

Two points should be made. First, no matter which way the small communities studies have been done, whether limited to one or two communities or broad based, the results have been the same; the existing regulatory system is not working in the public interest.

Second, there is an almost total absence of studies in defense of the current system. The trucking debate has been going on for years.

Where are the studies to show that there is a cross-subsidization of small town service? That the current system saves fuel? That minorities have been allowed into the truck system? That the small communities receive good service because of the existing system? The debate has raged for years and yet the opponents of reform have come forward with assertions and rhetoric and little else. On the other hand, the Administration and others have submitted literally dozens of serious studies documenting the case for reform.

Senator, I firmly believe that the time has come to reform the existing system. I stand ready to help you in any way I can.

Sincerely,

NEIL GOLDSCHMIDT.

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### REGULATORY REFORM WILL MEAN LOWER RATES COMPARED TO THE PRESENT SYSTEM

The Minority Views on S. 2245 attempt to rebut the arguments and evidence that modernization of motor carrier regulations will lead to rates lower than would be provided by the present system. The minority report contends that regulation has kept truck rates down, allowing increases at a slower pace than inflation; it argues that studies by DOT, USDA and others which show that rates in less regulated environments are lower are badly done; and further argues that casual observations of rates on four regulated and four unregulated movements "proves" that regulated rates are lower.

Has regulation kept truck rates down? The minority report includes a table prepared by the American Trucking Associations purporting to show that regulation has been so successful in holding down trucking rates that those rates have increased more slowly than either the Consumer Price Index (CPI) or Producer Price Index (PPI). We must confess our skepticism over this argument—after all, trucking companies are profit making entities, not philanthropists, and would have been lobbying for less regulation for years if they really thought it would increase rates. More importantly, however, we believe the trucking rate index used in the minority report is a misleading one. We have done our own analysis of this issue, and found that rates have increased faster than the CPI.

The ATA table compares revenues per ton-mile with the CPI and PPI. Revenue per ton-mile measures the average price charged to carry the average shipment at a point in time. When the characteristics of the average shipment change over time, a comparison of revenues per ton-mile is misleading. The ATA acknowledges this by adjusting its figures for length of haul but, significantly, has not adjusted them for changes in weight of shipment.

Over time, the average shipment weight underlying the ATA figures has grown, as shippers have tended to consolidate small LTL shipments into larger LTL shipments that can move at more advantageous rates. Since rates per pound in the under 100 pound category are more than 4.5 times the rates in the 1,000–5,000 pound class, the result reflected in the ATA table is not surprising. In addition, the very smallest packages, and packages requiring better handling quality, tend to be shipped via United Parcel Service (whose low rates and superior service make it the logical choice for such traffic). This trend further biases the ATA figures, since UPS' traffic is not included in the ATA data base.

The ATA figures, by inadequately adjusting for the change in the composition of the average shipment, understate the true rate of inflation experienced by the industry. In essence, the "market basket" no longer includes the same items, and the ATA has not accurately reflected that change.

A recent DOT report developed a measure of average price change for a large sample of ICC regulated motor common carrier movements for the period June 1972 to June 1979. Results are shown on the following page. It was found that, over this seven-year interval, the rate of change of mixed (LTL and TL) motor common carrier rates exceeded the change in the CPI by about one-half percent per year.

In addition, the study made a further investigation: If regulation were successful in holding rates down, then rates would tend to rise more slowly in the LTL sector of the industry, which is heavily regulated, than in the TL sector, where rates are more competitively determined. In fact, the findings in the table show just the opposite: Rates on LTL shipments increased by 13.0 percent per year—over half again as fast as the CPI and almost double the 6.8 percent per year of the TL sector. The Department believes this difference is explained by the amount of competition in these sectors. The truckload sector is more competitive because carriers generally negotiate the rates with the individual shippers for whom private carriage, contract carriage and railroad carloads are available as substitutes. These substitutes are not generally available for shippers who ship their goods in less-than-truckload shipments.

Thus, the ATA view that regulation and lack of competition holds down truck rates simply does not hold up under the evidence.

INCREASES IN REGULATED TRUCK RATES, 1972–79

| | Price ratio June 1979 (June 1972—100) | Average annual rate of increase (percent) |
|---|---|---|
| Mixed TL/LTL shipments | 178.9 | 8.7 |
| TL shipments | 158.8 | 6.8 |
| LTL shipments | 235.0 | 13.0 |
| Consumer Price Index | 173.5 | 8.2 |

Are rates in unregulated environments lower than regulated rates? The minority report disputes the numerous studies which show rates are lower without regulation.

The Congressional Budget Office recently reviewed these studies (CBO Table 1 appears on the following page) and concluded that "the most likely effect of deregulation on motor carrier rates would be a reduction on the order of 15%." (Emphasis added.) CBO has a mandate to perform objective analysis, and its analyses are performed by a staff generally acknowledged to be very talented. We can only conclude that CBO believes the listed studies presented sufficient evidence to support their conclusion.

Only vague or mistaken rebuttals to these studies are presented in the minority report: "We are not persuaded by the widely quoted 1958 USDA study of fresh and frozen poultry. . . . Claims cannot be supported . . . findings do not give a true picture."

TABLE 1.—RECENT STUDIES OF THE EFFECTS OF MOTOR CARRIER DEREGULATION

| Author | Date | Sector | Estimated rate reduction | Comments |
|---|---|---|---|---|
| T. A. Brown (USDOT) | 1980 | All motor traffic | 18–21 percent | Comparison of unregulated shippers' associations to regulated rates. |
| R. Cherry, MIT Transportation Systems Center (USDOT). | 1979 | do | 16.9 percent | Detailed study of 1 shipper association in Connecticut. |
| J. Farrell and R. Thibodeau, MIT Transportation Systems Center (USDOT). | 1979 | LTL vs. TL | 32 percent on LTL | Measured rate increases for sample shipments from 1972 to 1977. If LTL had risen at TL rate, current level would be 32 percent lower. |
| B. Allen, S. Lonergan and D. Plane, University of Pennsylvania (for USDOT). | 1979 | New Jersey: All motor traffic | 10–15 percent | Compared unregulated intrastate rates to regulated interstate rates. |
| D. Breen | 1978 | Household goods carriers | 25 percent | Compared unregulated intrastate to regulated interstate rates. |
| J. Lauth, J. Gerald, and R. Byrne, U.S. Dept. of Agriculture. | 1978 | Truckload movements by exempt and independent truckers. | 15 percent | Reduction in fees paid to certificate holders for transportation rights. |
| Do | | Agriculture | 19–33 percent | Reviewed results of earlier USDA studies of the deregulation experience of the 1950's. |

Source: From Congressional Budget Office study.

The minority views also purport to rebut the USDA study by showing that February/March truck rates from Florida to Wisconsin and Nebraska are higher for four movements of exempt commodities than for four movements of regulated commodities. This hardly constitutes serious evidence. First, after criticizing DOT and other proponents of reform for using studies that are supposedly not broad enough, it seems curious that the ATA would make its case on such an extremely limited sampling. Second, even using that limited sampling, the unregulated rates presented are for unspecified commodities. Third, depending on what the exempt commodities are, it is highly probable that the dates for which the rates are quoted are for "peak" period traffic. For example, if the rates are for oranges, grapefruit or corn, the rates in March will be quite high relative to other months in which little produce is moving. Exempt rates can vary widely over time.

Rates for moving grapefruit from Florida to New York City, for example, reached a high in early April of $1375–1485, but in late November were as low as $1160. Similarly, rates on California lettuce moving to New York were as low as $2000 in early March, but in mid-September were $2900–3000. The benefit of such rate freedom, of course, is that there are no annual "truck shortages" for moving produce similar to the annual rail car shortages for moving grain via regulated rail rates. So, considering the small sample size and the number of variables not accounted for, the four February/March rate comparisons in the minority views are essentially meaningless.

The minority views also disputes the New Jersey study by stating that its findings were based on the perception of a small group of traffic managers, and that the 15 percent savings figure was computed on evidence furnished by only one shipper. Neither contention is correct: The "small group" totaled 614 shippers, a stratified random sample of 86 percent of all the large firms in New Jersey and four percent of all the small ones. The savings figures of 10–15 percent were computed on the basis of actual bills of lading in some cases, and traffic managers' best estimates in others. Ninety percent of the shippers surveyed preferred the unregulated status of intrastate trucking and 97 percent considered the unregulated service at least equal to regulated service.

The study by Moore, disputed in the minority views, has not been used either in administration or CBO estimates of the savings from deregulation.

In short, the minority report attempts to rebut solid evidence for reform with vague assertions concerning the quality of that evidence for reform, misleading industry rate analyses, and four meaningless rate comparisons. The overwhelming evidence is that reform will lead to rates lower than they would be under the present system.

PROFITABILITY OF MOTOR CARRIERS

The Department has reviewed the ICC's 1978 data ranking the return on equity, less intangibles, of "Class I motor carriers".*

For the 863 Class I motor carriers, the median return on equity was 16.3 percent, with 25 percent of the firms obtaining returns of 27.5 percent or more, with 10 percent of the firms obtaining returns of 47.5 percent or more, and 2.5 percent of the firms obtaining returns of greater than 100 percent, including a few with returns of greater than 1,000 percent.

The larger carriers participate in these earnings:

CARRIERS GROSSING AT LEAST $40 MILLION

| | *Return on equity, less intangibles, 1978* |
|---|---|
| Ryder Truck Lines | 50.8 |
| Consolidated Freightways | 25.0 |
| PIE | 24.3 |
| Roadway | 21.0 |
| Smith's Transfer | 21.0 |
| Interstate | 20.5 |
| Yellow Freight | 19.6 |
| Overnite | 19.3 |
| Transcontinental Lines | 16.7 |
| Central Freight | 14.3 |
| McLean | 13.5 |
| Jones Motor Co | 13.3 |
| Preston Trucking | 12.3 |

Also, these profits are available to firms of differing size. For example, of the 13 firms earning between 33 and 34 percent, 3 had gross revenues of less than $1 million, 2 grossed between $1 and $2 million, 3 grossed between $2 and $3 million, 3 grossed between $4 and $7 million, 1 grossed $15 million, and 1 grossed $27 million.

Lastly, a word on the exclusion of intangibles.

First, the law prohibits the inclusion of the costs of securing operating authority in a carrier's rate base. 49 U.S.C. 10701(d). This prohibition makes good sense, for the value of any certificate is something that is created by the government, through its scheme of regulation. To include the value of certificates in the rate base is to allow a carrier a right to profit on a privilege extended by the government. Thus, it is entirely appropriate to exclude the value of ICC-operating rights in calculations of profits of ICC-regulated truckers.

Second, other industries also have intangible assets. In most industries, intangibles are primarily a measure of goodwill. In trucking, intangibles primarily reflects the value of ICC-operating rights. There is no doubt that including intangibles in stockholders equity would result in calculations reflecting lower profit levels for trucking firms. However, the profit levels of other industries are also computed without consideration of intangibles, and to make the same adjustment to calculations of profits by other industries would still leave regulated trucking profits well above the average profits for all industries. A chart developed by the Senate Judiciary Committee (following page) is attached for the purpose of comparing trucking profits, less intangibles, with the profits of other industries.

(Chart not printed in Record.)

Finally, the value of certificates recorded as equity generally does not reflect the price paid for certificates. Many certificates result from grandfather rights obtained for free in 1935, but which are valuable today due to restrictive entry practices. Similarly, many certificates were purchased years ago and, presumably, the carriers have already recovered the costs of those "investments."

TRUCKING SERVICE TO SMALL COMMUNITIES

Trucking service to and from small communities and how it would fare after trucking reform is one of the issues most frequently raised in the debate over trucking regulatory reform. Opponents of reform have charged that reform would adversely affect small town service. However, the record demonstrates that the present system actually impedes efforts to provide small town service. Thus, small community service will be improved by reforms. In developing legislation, the Administration recommended and the Senate included specific provisions to provide and maintain small town service.

Opponents of reform maintain that many small communities receive service only because the ICC-regulated carriers are fulfilling their "common carrier obligation" to serve. Common carriers are required to "hold themselves out" to offer the general public "reasonably continuous and adequate" services at the points listed on their operating certificates. However, the carriers are allowed considerable discretion as to the quantity and quality of service they provide.

More important, however, is that the common carrier obligation—even allowing for carrier discretion—is not being enforced and essentially cannot be enforced. Numerous studies have found that many ICC-regulated carriers do not provide service to towns they are required to serve. While shippers can complain about the service they get, many of them aren't aware of complaint procedures. Even if shippers do complain, ICC sanctions are extremely limited in practice. In fact, the ICC has never revoked a carrier's operating authority for failure to serve a community.

The ICC has limited resources. The trucks on the road are supposed to serve thousands of communities and carry many different commodities, and the ICC could not possibly monitor and evaluate all service failures. In fact, the ICC's resources do not usually even allow it to know which carriers are required to serve particular points.

It should be noted, however, that to the extent the common carrier obligation is effective, S. 2245 would not disturb the ICC's authority to enforce it. S. 2245 would not change exit provisions of present law.

Advocates of the status quo also claim that under the present system carriers cross-subsidize their unprofitable service to small towns with so-called "excess" profits from service to larger cities. Whatever residents of larger cities may think about being overcharged to subsidize their small town counterparts, no evidence has been found to support this allegation. In fact, the carriers have often said that there are no "excess" profits for truckers, so it's hard to pinpoint the source of any cross-subsidy. Furthermore, studies have shown that it is often not even the same carriers who serve large cities and small towns, thus making such a cross-subsidy impossible.

STUDIES OF SMALL COMMUNITY TRUCKING SERVICE

This issue has been studied exhaustively. Studies have been conducted throughout the country which show the problems faced by shippers and receivers in small communities under the present system. While these studies have generally found that service to small towns is adequate, it is not the regulated sector of the industry which is providing it. Most small community service is provided by private and exempt carriers and small package specialists such as United Parcel Service (UPS). None of these carriers are serving because of the "common carrier obligation" to do so; private and exempt carriers have no ICC obligations. These carriers provide this service because it is profitable.

The ICC-regulated general freight carriers do not deliver a high percentage of the goods shipped to small towns. In fact, in many instances, common carriers haul less than 10 or 20 percent of the commodities shipped to and from small towns.

Studies showing the deficiencies in the present regulatory system have been performed by numerous groups. The U.S. Department of Transportation recently conducted interviews in small towns in several states. One of these studies, A Study of Trucking Service in Six Small Communities, was requested by the Senate Committee on Commerce, Science and Transportation. This study contains interviews conducted with as many of the businesspeople in each town as possible. The interviews revealed heavy usage of private carriage and small package specialists. In addition, in comparison with comments made on other types of service, regulated LTL service received very unfavorable comments.

A similar study was performed by the California Public Utilities Commission. Sixty-eight interviews were conducted in three small communities in rural California. As in the DOT studies, service to rural California was found to be satisfactory, but this service is often provided primarily by proprietary (private) carriers and UPS. In fact, almost 40 percent of the businesses surveyed used no regulated motor carrier service at all. While regulated, for-hire carriers do provide some service, they appear to serve these communities because they find this service profitable. The study noted that the common carrier obligation does not appear to have a significant impact on the behavior of carriers. In fact, only a miniscule proportion of the common carriers authorized to serve these areas were identified in the survey as actually providing service.

The Congressional Budget Office (CBO) performed a review of the impact of trucking regulation on small communities based on recent studies. The CBO study found that it does not appear that trucking deregulation would lead to large-scale discontinuation of service or greatly increased rates in rural towns of up to 5,000 persons. The study notes that many ICC-regulated carriers certified to serve small towns do not do so and that the carriers that do serve small communities appear to do so because the service is profitable.

NO EVIDENCE THAT SMALL COMMUNITY SERVICE WILL DETERIORATE

During the lengthy debate over regulatory reform, opponents of reform submitted no studies for the record to support their arguments. It is also interesting to note that one of the studies now cited by opponents of reform as indicating the need for continued regulation, actually shows quite the contrary. The Virginia State Corporation Commission conducted a study of a limited group of shippers and receivers to examine the predicted or potential impact of motor carrier deregulation on small communities in Virginia.

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* The data compilation is 37 pages long and has been provided to the staff of the Senate Commerce Committee.

While reform opponents assert that this study shows that service to small rural communities may decrease in quality or quantity if motor carriers are "deregulated," the responses received were actually remarkably similar to studies conducted by and for the U.S. Department of Transportation and by other researchers in the area of small community service. This study's respondents were all known users of common carriage, unlike DOT studies in which no prior knowledge of respondent's shipping methods was available. Nonetheless, even though most respondent's shipping methods was available. Nonetheless, even though most respondents considered their common carriage service adequate or better, they used a variety of other trucking service—two of every three respondents, known users of common carriage, use private carriage for over half of their outbound shipments—to meet their total shipping needs. In addition, over half the respondents did not believe that even the sweeping deregulation scenario presented in the questionnaire would adversely affect the service they now receive.

### HOW REFORM CAN IMPROVE SMALL TOWN SERVICE

Regulatory reform is in the interest of small towns. As far as small community service is concerned, the current system not only doesn't keep carriers in, it keeps them out. Eased entry, removal of operating restrictions, and an expanded agricultural exemption are among the reforms that can help improve regulated general freight service to small communities and rural areas, which now rely heavily on other forms of trucking.

S. 2245, as reported by the Senate Commerce Committee, would take these steps and others to correct many of the transportation problems faced by small communities. The Administration believes that S. 2245 will ensure that small communities receive necessary and reliable trucking service.

### TRUCK SAFETY

The Administration and the Senate recognize that a safety problem exists in the trucking industry. Truck safety has deteriorated on the nation's highways over the past several years under the present economic regulatory system. Economic regulation, however, is not meant to ensure safety, so it is not surprising that it has not been effective in doing so. An effective safety program is needed to promote to the best extent possible a safety operating motor carrier industry.

### WHAT THE DATA SHOW

Most observers agree that stronger safety regulations are needed along with better enforcement regardless of any changes in economic regulation. The current safety program is not effective enough. Motor carrier accidents reported to the Bureau of Motor Carrier Safety (BMCS) of the Department of Transportation (DOT) increased from about 26,000 in 1976 to over 34,000 in 1978. Truck driver fatalities and highway deaths as a result of truck accidents have also shown increases over the past three years. This does not suggest a need for economic regulation, however. Rather, it indicates the urgent need for improved safety regulations.

Although available evidence indicates that a safety problem exists in the motor carrier industry, the data do not show a relationship between safety performance and economic regulation. BMCS accident and safety road check data indicate that there are no appreciable differences between the safety records of ICC-regulated common and contract carriers, private carriers, and exempt carriers. These BMCS data are, however, limited in that no relative mileage figures are given, so accident rates cannot be computed; only accident levels can be analyzed.

The BMCS audit data, on the other hand, contain accident histories and mileage figures. BMCS estimates of the reportable accident rate, based on these data, show no significant differences between the accident rates of common, contract and exempt carriers, while the private carrier rate is considerably lower. It should be noted, however, that these audit data are not a probability sample, but rather collected as part of audit and enforcement activities.

Opponents of regulatory reform cite the survey study of truck drivers conducted by Dr. D. Daryl Wyckoff as proof of their contention that an easing of economic regulatory restrictions will increase safety problems in the industry.

Wyckoff states that his study supports the argument that there is substantially better compliance with safety and operating rules in the ICC-regulated sector, but notes that other factors must be considered, such as the size of the company, union organization, and average age of the driver. Wyckoff is thus unable to prove the existence of a causal relationship between economic regulation and safety performance.

Furthermore, a recently completed study found an error in Wyckoff's method of computing averages used for accident rates. When the accident rates are correctly computed for all regulatory categories, there is no consistent relationship between economic regulation and motor carrier accident rates.

Going beyond his data, Wyckoff has speculated that the current regulatory system promotes self-enforcement of safety procedures by the regulated carriers due to the possibility of withdrawal of the carrier's operating authority. This argument is tenuous, however, given that in its entire history, the ICC has suspended operating authorities only twice, despite numerous safety and other violations.

### THE NEED FOR SAFETY LEGISLATION

The Administration supports legislation to improve safety programs. Title II of the Administration's proposed regulatory reform legislation (S. 1400, H.R. 4586) contains provisions to consolidate safety authority in DOT, establish a system of civil penalties for safety violations and establish a program for State safety enforcement efforts. The Senate recently passed separate safety legislation (S. 1390) which contains many of the reforms embodied in the Administration's proposal and is designed to effectively promote motor carrier safety.

A safety problem exists in the trucking industry and effective safety regulation is needed to remedy this situation. The safety records of regulated, private, and exempt carriers do not differ significantly and there is no reason to believe that economic regulatory reform will have an adverse effect on trucking safety.

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DEPARTMENT OF AGRICULTURE,
*Washington, D.C., March 6, 1980.*

Hon. HOWARD W. CANNON,
*Chairman, Senate Commerce, Science, and Transportation Committtee, Washington, D.C.*

DEAR MR. CHAIRMAN: You are to be commended for your dedication over the past several months to the cause of motor carrier regulatory reform. Senate Bill 2245, which you and Senator Packwood introduced, is an excellent bill, which reflects your understanding of the trucking industry and the need for change.

I fully endorse Secretary of Transportation Goldschmidt's testimony in support of S. 2245, the Motor Carrier Reform Act of 1980.

I also join with other Administration spokesmen in thanking you and your colleagues on the Committee for the interest you have shown in our views. I wish to add my personal emphasis to one of the Administration's highest priority areas, the agricultural sector of the trucking industry.

Rarely do policy-makers have the opportunity to base decisions on observations so nearly laboratory perfect as in the exempt sector of the trucking industry. Past studies conducted by the Department of Agriculture, with which you and your staff are familiar, have clearly shown significant cost savings in the form of lower transport rates resulting from changing the status of certain agricultural products from regulated to exempt. Given the freely competitive environment, lower rates mean lower product prices at destination and ultimately lower consumer prices for food.

Agricultural producers and shippers also benefit from the rate and service flexibilities which unregulated trucking afford. Their preference for unregulated trucking is reflected in the strong and continued support which farm organizations have expressed for the agricultural exemption since the Motor Carrier Act of 1935.

Several provisions in S. 2245 directly address the agricultural issues. The expansion of the agricultural exemption, expansion of the cooperative exemption, and the owner-operator exemption make great strides in improving trucking efficiency for food and agricultural commodities. Enclosed are detailed comments on these and other issues of particular importance to agriculture.

Again, Mr. Chairman, I commend your work on motor carrier reform. I look forward to providing any assistance you may desire as your deliberations proceed.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

BOB BERGLAND,
*Secretary.*

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Mr. CANNON. Mr. President, I reserve the remainder of my time.

Mr. PACKWOOD. Mr. President, let me put this bill in perspective from the standpoint of not only what it is and what it does, but who supports it and who is opposed to it. It is perfectly understandable why the support and the opposition exist. I bear no malice toward either side. I can understand why those who are opposed to it are opposed to it and those who favor it favor it.

The principal opposition—in fact, I might say, and I think I am right on this, the only opposition—to the entire bill comes from the American Trucking Associations and the Teamsters Union. If I have made a mistake, if there is another organization or two opposed to the whole bill, I will amend those remarks.

The American Trucking Association basically represents the large truckers, although I do not want to leave a misimpression in people's minds about that. When I say "large companies," I mean a company big enough that it is not an owner-operator driving his or her own truck, but they usually have employees and a number of trucks. Many of them are very large companies, with hundreds of trucks and thousands of employees. Some are smaller companies that may have 30 or 40 trucks and 70 or 80 or 90 employees.

The key factor, though, is that these particular trucking companies are regulated by the Interstate Commerce Commission. They also are organized by the Teamsters Union. There may be an exception one way or the other, there might be an independent operator here or there that is organized, there may be a trucking line that is not. But as a rule of thumb, the Teamsters have organized most of the trucking companies that are regulated by the ICC.

Understandably, the Teamsters do not want to lose any jobs, the union does not want to lose any membership. We saw the same argument advanced on airline deregulation by the Machinists Union. They were afraid they would lose jobs. As a matter of fact, it turned out not to be true. They have more jobs now than they did prior to airline deregulation.

But the fear is understandable. If anyone of us were lobbying for the Teamsters, we would have the same fear. Anytime there is a shift and you know what you have and you are not sure what you are going to get, you are reluctant to make the change.

As far as the trucking companies themselves are concerned, for all of the complaints they have given to all our offices over the years about the Interstate Commerce Commission, when it comes down to it and we say, all right, we are going to take the heavy hand of the Interstate Commerce Commission off you, they do not like that. They are a little reluctant about that. They have some misgiving, some fear about having that hand of regulation removed from them. Again, it should not be surprising.

With the exception of United Air Lines during the consideration of the airline deregulation bill, every single major air carrier in this country was opposed to airline deregulation. They knew what they had. They complained about it, but it was certain.

Those are the two organizations that principally oppose this bill and, understandably, from their individual standpoint. On the other side, you have almost every other conceivable combination. You have all of the small truckers and independent owners who are running their own rigs, or they may have two or three rigs and two or three drivers. You have almost everybody in the agricultural community. Let me read the list of those who favor this bill in whole or, in one or two cases, with one exception:

Common Cause.
National Consumers League.
National Agricultural Transportation Association.
Food Marketing Institute.
Consumer Federation of America.
Community Nutrition Institute.
Federal Trade Commission.
National Audio-Visual Association, Inc.
Public Citizen.
Coleman Young, Mayor, City of Detroit.
Continental Airlines.
American Farm Bureau Federation.
American Enterprise Institute.
Tiger International.
Air Florida.
Orion Industries.
Alta Freight Systems.
National Restaurant Association.
Beatrice Foods Company.
Burger King.
National Independent Meat Packers Association.
Western Airlines.
The Chemical Manufacturers Association.
National Home Furnishings Association.
Friends of the Earth.
Delmar Mitchell, president, Buffalo City Council.
Anchor-Hocking Corp.
United Parcel.
International Paper.
Boise Cascade.
Crown Zellerbach.
Mead Corp.
Weyerhauser.
St. Regis Paper Co.
Champion International.
Georgia Pacific.
American Institute for Shippers Association.
Federated Department Stores.
National Council of Farm Cooperatives.
Consumer Alert.
Frank Lorenzo, President Texas International Airlines.
Frank Borman, Chairman and President, Eastern Airlines.
Private Truck Council of America.
American Retail Federation.
National Association of Manufacturers—Heath Larry (except for zone of rate freedom).
National Association of Furniture Manufacturers.
National Federation of Independent Business.
Minority Trucking Transportation Development Corporation.
National Farmers Organization.
Center for Auto Safety (safety portion of bill).
Super Valu Stores.
The Ripon Society.
Council for a Competitive Economy.
Ore-Ida Foods, Inc.
Cooperative League of the U.S.A.
Ernest Morial, Mayor of New Orleans.
The Hubinger Company, Keokuk, Iowa.
Peninsula Transportation District Commission, Hampton, Va.
Charles Horn, Mayor of Kettering, Ohio.
Sears, Roebuck and Co.
National Grain and Feed Association.
International Management Consultants, Inc.
National Cattlemen's Association.
National Grange.
Mattel Toys.
Pacific Southwest Airlines.
Truck Renting and Leasing Association.
Civil Aeronautics Board.
National Association of Counties.
Consumers Union.
Congress Watch.
National Retail Merchants Association.
American Conservative Union.
Association of General Merchandise Chains.
Food Marketing Institute.
Cooperative Food Distribution of America.
National Association of Retail Grocers.
National Association of Wholesale Grocers.
National Industrial Traffic League (except for antitrust immunity).
American Association of Retired Persons.
American Paper Institute.
City Products.
Clorox.
General Mills.
National Meat Association (except for food exemption).
Union Camp.
DuPont.
Union Carbide.
Pittsburgh Plate Glass.
Lever Brothers.
Whirlpool.
Spiegel.
Owens Illinois.
CPC International.
Scott Paper Co.
Kraft, Inc.
Starkist Food.
Food Ways National.

Mr. CANNON. Will the Senator yield?

Mr. PACKWOOD. Did I leave somebody out?

Mr. CANNON. Also the President of the United States.

Mr. President, I ask unanimous consent that a letter from the President be made a part of the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
*Washington, D.C., April 15, 1980.*

Hon. ROBERT C. BYRD,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR BYRD: The Senate is expected to vote shortly on the trucking regulatory reform legislation recently reported by the Commerce Committee. This legislation will increase competition, conserve energy, improve service to small communities, and eliminate arbitrary restrictions on the routes truckers can take and the goods they can carry.

The Congress has already passed and I have signed far-reaching deregulation laws covering airlines and banking. In addition, legislation covering railroads, communications, paperwork reduction, and the regulatory process itself continues to move forward. This is the broadest regulatory reform program in our history, and trucking deregulation is a vital element.

The Cannon-Packwood bill also provides an opportunity for the Congress to reduce inflation. The Congressional Budget Office estimates that this legislation will save $5–8 billion per year—an average of $70 to $100 for every household in America. This represents a reduction in the Consumer Price Index of almost one-half a point. I therefore urge the Senate to resist any amendments to weaken this bill. In particular, the broad exemption for agricultural products should be retained. This provision will have a direct, beneficial impact on the price of food. Our economy needs these savings now, and I urge the Senate to approve this legislation.

Sincerely,

JIMMY CARTER.

Mr. PACKWOOD. Why do all these groups support this? Most of them are shippers. They are interested in moving their products. They do not really care from their standpoint whether the stuff moves in a truck owned by the American Trucking Associations and driven by a Teamster or a truck owned by an independent and driven by a non-Teamster. They think they will get a better deal out of this bill than they have out of the present system. The American Trucking Associations and the Teamsters think they will get a worse deal out of this bill.

It is perfectly understandable why every group concerned with its own interest is here lobbying for its interest. I would much rather have somebody come and say to me, "Senator, I am in favor of this bill or opposed to this bill because it hurts me or helps me." Our job as Senators is to try to find out what is good for America. It may or may not—it may or may not—be good for the American Trucking Associations. But I would like to think we have left the days of the Charlie Wilson statement that what is good for General Motors is good for the country. That may or may not be true.

What do we change in this bill? Let us just take four or five of the provisions. One is the so-called entry. You are a company. You want to provide service from town A to town B. Today, you have to go before the Interstate Commerce Commission in a rather expensive and time-consuming process and prove public convenience and necessity. You have to prove that the public needs you to get in. If you try to get in where there is an established carrier, you will be very, very unlikely to get in.

An argument will be made that the Interstate Commerce Commission grants almost all requests for entry. As a matter of fact, Interstate Commerce Commission grants 95 percent of all applications for new operating authority. Interestingly, however, only 7 percent of those applications are from new carriers. All the rest are extensions of existing authority by the established carriers. So all we have done in this bill is reverse the presumption on entry and we have said, in essence, that you can get into the business unless those who do not want you in can prove that you are almost going to be a harm to the public.

It is going to make it a lot easier for the small trucker to take a flyer and see if he or she can make it. Obviously, those who are in do not want to make it easier for others to get in.

Second, there is the so-called single-line rate setting. Today in this country, truck rates are established by nine so-called rate bureaus or conferences. These are meetings where all of the truckers in a particular area get together and they set their truck rates, how much they are going to charge you to haul. They are exempt by law from the antitrust laws. So any rate they set, they cannot be sued for price fixing, monopoly, conspiracy, or anything else.

This bill says that if you haul from point A to point B, and you do not interline with anybody else, the rate that is set on that haul from point A to point B is no longer exempt from the antitrust laws.

There is no reason why it should be exempt. It is no longer a situation of a number of carriers getting together and saying, all right, you are going to haul the first 300 miles and I am going to haul the second 300 and we should figure out the joint rate. It is only setting that where company A does not interline with anybody else and leaves its goods with B, that rate should not be exempt from the antitrust laws.

Third, in this country today, under the law, if you haul mostly agricultural commodities, you are exempt from the Interstate Commerce Commission regulation. There are a few exceptions, but most are exempt. The bill extends that provision to processed foods. So that those who haul exempt commodities—and most of those who haul exempt commodities are the independents—will now have more exempt commodities that they can haul.

This has a dual advantage. First, it gives them a broader area of products that are not regulated that they can haul. Second, if they haul an unregulated commodity one way—they haul lettuce from California to Chicago—they are prohibited from hauling a regulated commodity back.

So, they go back empty, wasting fuel, running an empty truck.

If they can find an unregulated commodity to haul back from Chicago, that is all right. That is all right under the present law.

What we have done is broaden the exempt categories that can be hauled. So they can haul lettuce to Chicago and a processed food product back from Chicago.

At the moment, most of those processed food products are hauled by the regulated carriers, the American Trucking Associations carriers, and they are not wild about letting the independents into it.

Now, those are the key provisions in the bill. We will hear lots of rhetoric about small towns, will they lose service, and that entire list of those who support this bill that I read, most exist in small towns.

The National Federation of Independent Business, perhaps the best cross-section of small business in this country, its membership is disproportionately in small towns, disproportionate to the population, supports this bill with a vengeance. They cannot imagine they will be worse off under this bill than they find themselves today. They think the argument that small towns will suffer is bogeyman.

The argument will be raised that under this bill and unfettered deregulation—although, it is not unfettered—the big companies will gobble up the small companies.

Well, if that is true, it is an interesting juxtaposition of position, because then the big companies ought to support it and the little companies oppose it, and it is just the reverse.

That is the sum and substance of the philosophy of this bill. If we believe in less Government control, if we think competition, as unfettered as possible—and frankly, this bill does not go as far as I would go—if we think competition will work, if we think that the little man ought to have access to a market and it should not be so hard for him to get in as it is now, if we believe in all those things we will support this bill.

If we like the system as it is, and especially if we are one of those who benefit from the present system as it is, it is understandable why we do not want to change.

As we debate this bill, the question should not be, what is good for the independent trucker, or what is good for the American Trucking Association? They, obviously, know what their interests are and what they want to achieve. Our position ought to be, what is good for America?

I think this bill goes a long step forward in saying what is good for America. It does not go as far as I would go. It goes as far as I could get. But it is a long step. I hope the Senate will support us in this position.

Mr. CANNON. Mr. President, I yield myself an additional 1 minute.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. CANNON. Mr. President, I ask unanimous consent that an editorial which appeared in the New York Times on March 29, 1980, be printed in the RECORD. The editorial notes the very positive effects of airline deregulation and the benefits of same to the airline industry in these cloudy economic times.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### AIRLINES FLYING SOLO

In 1978, Bakersfield, Calif., was served by four daily flights to Los Angeles, three to San Francisco and one to Las Vegas. After the Airline Deregulation Act gave the airlines substantial freedom to fly as they pleased, service dropped off sharply. And critics of deregulation said Bakersfield's fate proved that the benevolent hand of Government was a better airline regulator than the invisible hand of competition.

Today, Bakersfield has 12 daily flights to Los Angeles and eight to San Francisco, all big, pressurized aircraft. Travelers also have a choice of three flights to Las Vegas on smaller planes and new services to Oakland and Sacramento. While not every small- and medium-sized airport has come out a winner, Bakersfield's experience is hardly unusual. A little more than a year after deregulation, the evidence is clear: freer competition means better and cheaper air travel.

The airlines' first reaction to route flexibility was to pull their big jets off the puddle hops and put them to use where the profits are. In fact, in some 50 instances the Civil Aeronautics Board has had to block the loss of bare-bones "essential" service. That should not, in retrospect, have been surprising; between 1968 and 1978, despite regulation, the airlines had managed to extricate themselves from 129 airports. But the framers of deregulation worried that the heavily publicized difficulties experienced by small cities would overshadow the benefits gained from deregulation.

The fears proved premature. Delivery of new aircraft and the expansion of commuter airlines using smaller planes have actually increased the frequency of flights along formerly uneconomic routes. Take the case of Providence, which is sandwiched between the large airports of Hartford-Springfield and Boston. Like Bakersfield, Providence initially lost flights; it has since rebounded with expanded service from major carriers as well as commuter lines. To be sure, the comfortable DC–9's and 727's are now rarely seen in some places. But the growth in all scheduled flights from small airports has actually paced the growth of air traffic since deregulation.

The most important aspect of deregulation, moreover, is not that it turned out to be fairly painless for passengers. The freedom to drop routes, enter new markets and entice new travelers with promotional fares has greatly increased the airlines' productivity. The average number of hours each aircraft spends in the air has risen sharply since deregulation, as has the percentage of seats filled per flight. As a result, ticket prices rose only 16 percent in 1979, while fuel costs doubled and overall industry costs rose by 29 percent.

With the economy poised on the edge of recession, and more fuel-price increases inevitable, the immediate future of the airlines is clouded. Some carriers will be badly hurt, and fares will climb. But deregulation will not be the cause of the troubles ahead. Indeed, if the experience of the past year is any indication, deregulation may prove to be the airlines' salvation.

Mr. CANNON. Mr. President, I ask unanimous consent that an editorial which appeared in the Dothan (Ala.)

Eagle on February 29, 1980, be printed in the RECORD. The editorial reflects a small community's favorable assessment of both airline deregulation and trucking deregulation.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### SOONER OR LATER PRICE-FIXING FOR TRUCKERS MUST BE OUTLAWED; WHY NOT THIS YEAR? MAYBE SO

"The agencies with the worst reputations as captives of industry are two transportation regulators: the Civil Aeronautics Board and the Interstate Commerce Commission."—The Wall Street Journal, 1974.

It wasn't until 1978 when Congress decided that after 40 years it was time to pry the CAB's hand off the airline routes and fares.

Virtually all major airlines and their principal unions fought the proposal—fought it like they were being pushed from a 747 jet, 25,000 feet up and without a parachute.

But something was done. Airlines were deregulated by law. During that first year airline fares dropped, passenger loads increased and company profits went soaring. This was before fuel prices also soared. The cost of fuel, however, has not made a case for a return of regulation.

Frank Borman, president of Eastern Airlines, said last year that he was "totally wrong" in fighting air deregulation. Mr. Borman now recommends that the same process be applied to trucking.

But the ICC is still firmly under the control of the industry it is supposed to regulate. Truckers who haul general freight ("common carriers") are issued operating certificates which say exactly what they can do. They are told exactly what they may haul, what routes to travel, what cities to serve and what rates to charge.

Even so-called private carriers who are not regulated are told what products they may not carry.

This is exactly what the regulated truckers want the ICC to tell them. Those who hold the operating certificates don't want anybody horning in on the territory.

So the horror stories abound. ICC regulations say:

One trucker can carry empty ginger ale bottles, but not full bottles, or empty Coke or root beer bottles.

A trucker can carry instant chicken noodle soup, but not onion or bean soup.

The ICC has also granted authority for one trucker to haul two-gallon cans of paint, but not five-gallon cans of paint.

ICC route restrictions are so absurd that companies often cannot take direct routes between cities but must go in round-about ways which add to the mileage costs and waste fuel.

Talk about clout. They've got it—these truckers who have the support of the truck drivers' union to keep it this way. This is not an easy thing to overcome.

But there is hope on the horizon. In Washington the House Public Works Committee and Senate Commerce Committee are working on legislation (H.R. 6418 and S. 2245). The bills were introduced by the respective chairmen of the committees to try and untangle some of ICC's web of regulations wrapped around interstate trucking.

Yes, the trucker-teamster combine is fighting the legislation. But a coalition of business, farm and citizens' groups is backing deregulations an anti-inflationary step that could save shippers and consumers an estimated $5 billion a year.

Who knows? Maybe this will be the year of liberation. Sooner or later price-fixing by regulated truckers must be outlawed.

Maybe it will be soon.

Mr. CANNON. Mr. President, I ask unanimous consent to have printed in the RECORD a compilation of favorable trucking editorials that come from over 300 newspapers throughout the country, in 42 States, plus the District of Columbia.

There being no objection, the compliation was ordered to be printed in the RECORD, as follows:

### FAVORABLE TRUCKING EDITORIALS

#### ALABAMA

Birmingham News.
Birmingham Post Herald.
Huntsville Times.
Athens News Courier.
Florence Times.
Pine Bluff Commercial.

#### ARIZONA

Phoenix Republic.
Tucson Star.
Sun City News-Sun
Tempe News
Phoenix Gazette.
Tucson Citizen
Scottsdale Progress.

#### ARKANSAS

Arkansas Democrat.
Little Rock Gazette.

#### CALIFORNIA

San Diego Union.
San Diego Tribune.
San Jose News.
San Jose Mercury.
Los Angeles Times.
Palo Alto Times.
Pasadena Morning Star News.
Santa Ana Register.
San Pedro News Pilot.
Blade Tribune.
Brea Star Progress.
Santa Rosa Press.
Vista Press.
The Sacramento Bee.
Heavy Duty Trucking.
Los Angeles Herald-Examiner.
Fairfield Republic
Sacramento Union.
Long Beach Press Telegram.
Ukiah Journal.
Hemet News.
Fresno Bee.
Long Beach Independent.
Brawley News.
El Centro Press.
Palm Springs Desert Sun.
Hanford Sentinel.
Porterville Reporter.
Martinez Gazette.
Oakland Tribune.

#### CONNECTICUT

Waterbury Republican.
Waterbury American.
New Haven Register.
Norwich Bulletin.
Connecticut Times.
Torrington Register.
Middletown Press.
Hartford Courant.

#### COLORADO

Rocky Mountain News.
Loveland Reporter-Herald.
Colorado Springs Gazette-Telegraph.
Longmont Times-Call.
Colorado Springs Sun.
Pueblo Star-Journal.
Pueblo Chieftain.
Denver Post.

#### DISTRICT OF COLUMBIA

The Washington Post.
The Washington Star.

#### FLORIDA

Miami Herald.
Miami Review & Daily Record.
Tampa Tribune.
Panama City News-Herald.
Gainesville Sun.
Lakeland Ledger.
Sarasota Herald-Tribune.
West Palm Beach Post.
Sanford Herald.
Stewart News.
West Palm Beach Times.
Naples News.
Daytona Beach News.

#### GEORGIA

Augusta Chronicle.
Lawrenceville Gwinnet News.
Macon Telegraph & News.
Conyers Rockdale Citizen.
Atlanta Constitution.

#### HAWAII

Honolulu Star-Bulletin.

#### IDAHO

(Burley) South Idaho Press.
Pocatello State Journal.
Boise Statesman.

#### ILLINOIS

Arlington Heights Herald.
Chicago Sun-Times.
Chicago Tribune.
Springfield Morning Journal Register.
Joliet Herald-News.
Crain's Chicago Business.
Aurora Beacon News.
Bloomington Pantagraph.
Elgin Courier News.
Macomb Journal.
Wheaton Journal.
Charleston Times Courier.
Ottawa Times.
Buffalo Grover Herald.
Des Plaines Herald.
Palatine Herald.
Wheeling Herald.
Rolling Meadows Herald.
Elk Grove Herald.
Hoffman Estates Herald.
Hanover Park Herald.
Chicago Southtown Economist.
Mount Prospect Herald.

#### INDIANA

Muncie Press.
Evansville Courier.
Evansville Courier & Press.
Evansville Press.
Indianapolis News.
Vincennes Sun-Commercial.
Hammond Times.
Goshen News.
Fort Wayne News-Sentinel.
Princeton Clarion.
Tipton Tribune.
Gary Crusader.
Elwood Call-Leader.

#### IOWA

Ottumwa Courier.
Des Moines Register.
(Keokuk) Gate City.
Creston News Advertiser.
Algona-Upper Des Moines.

#### KANSAS

Beloit Call.
Arkansas City Traveler.
Wichita Eagle.

#### KENTUCKY

Lexington Herald.
Louisville Courier Journal.
Louisville Times.
Middlesboro News.
Henderson Gleaner.
Paducah Sun.
Covington Kentucky Post.

#### LOUISIANA

Shreveport Journal.
Opelousas World.
Monroe World.

#### MARYLAND

Baltimore Evening Sun.
Baltimore News American.
The Morning Herald (Hagerstown).
Hagerstown Mail.

### MASSACHUSETTS

Boston Morning Globe.
Christian Science Monitor.
Framingham News.
Lowell Sun.
Lynn Item.
Fitchburg Sentinel-Enterprise.

### MAINE

Lewiston-Auburn Sun.

### MICHIGAN

Detroit News.
Detroit Free Press.
Cadillac News.
Battle Creek Inquirer.
Niles Star.
Sturgis Journal.
Pontiac Oakland Press.
Grand Rapids Press.
Traverse City Record-Eagle.
Big Rapids Pioneer.
Ypsilanti Press.

### MINNESOTA

Winona News.
St. Paul Pioneer Press.
New Ulm Journal.

### MISSISSIPPI

McComb Enterprise-Journal.

### MISSOURI

St. Louis Post Dispatch.
Columbia Tribune.
(Fulton) Kingdom Daily News.
St. Joseph Gazette.
Kansas City Times.
Springfield News.
Jefferson City Post Tribune.
Livestock Market Digest (Kansas City).
Automotive Messenger.

### NEBRASKA

North Platte Telegram-Bulletin.
Omaha Morning World Herald.
Farmer-Stockman of the Midwest.

### NEVADA

Las Vegas Sun.

### NEW JERSEY

Camden Courier-Post.
Asbury Park Press.
Elizabeth Journal.
Hackensack Record.
Newton New Jersey Herald.
Motor News.

### NEW MEXICO

Albuquerque Journal.
Albuquerque Tribune.
Las Cruces Sun News.
Clovis News Journal.

### NEW YORK

New York Times.
Garden City Newsday.
Buffalo News.
Middletown Times-Herald-Record.
Glens Falls Post Star.
New York News World.
Barron's National.
Wellsville/Hornell Spectator.
New York Post.
Watertown Times.
Wall Street Transcript.
Syracuse Herald-Journal.
Nyack Rockland-Journal-News.
Canandaigua Messenger.
Rochester Times-Union.

### NORTH CAROLINA

New Bern Sun-Journal.
Lexington Dispatch.
Kannapolis Independent.

### OHIO

Columbus Citizen Journal.
Springfield News.
Cleveland Press.
Youngstown Vindicator.
Lima News.
Akron Beacon Journal.
Cincinnati Post.
Cleveland Plain Dealer.
Bucyrus Telegram-Forum.

### OKLAHOMA

Tulsa World.
Lawton Constitution.
Oklahoma City Oklahoman.
Enid Eagle.
Altus Times-Democrat.

### OREGON

Eugene Register-Guard.
Albany Democrat-Herald.
Portland Oregonian.

### PENNSYLVANIA

McKeesport News.
Pittsburgh Press.
Philadelphia Bulletin.
Philadelphia Inquirer.
Erie Times.
Altoona Times (Mirror).
Greensburg Tribune-Review.
Reading Eagle.
Kittanning Leader-Times.
Scranton Times.
Dubois Courier-Express.
Lancaster New Era.
Connellsville Courier.
Berwick Enterprise.
Carlisle Sentinel.
Hazleton Standard-Speaker.
Lansdale North Penn. Reporter.
Sayre-Athens Times.
Norristown Times-Herald.
Greenville Record-Argus.
Pittsburgh Post-Gazette.
York Record.

### RHODE ISLAND

Providence Bulletin.
Providence Journal.

### SOUTH CAROLINA

Anderson Mail.
Anderson Independent.
Aiken Standard.

### TENNESSEE

Elizabethon Star.
Memphis Commercial Appeal.
Chattanooga Times.
Chattanooga News-Free Press.
Knoxville News-Sentinel.
Knoxville Journal.
Memphis Press-Scimitar.
Nashville Banner.
Jackson Sun.
Dyersburg State Gazette.

### TEXAS

Dallas Times Herald.
Denison Herald.
Pampa News.
Houston Chronicle.
Kerrville Times.
San Antonio Express.
Beaumont Enterprise.
Tyler Telegram.
Marlin Democrat.

### UTAH

Salt Lake City Tribune.
Salt Lake City Deseret News.

### VIRGINIA

Norfolk Virginian Pilot.
Bristol Tennessean.
Danville Register.
Richmond News-Leader.
Danville Bee.
Bristol Herald-Courier.
Newport News Press
Newport News Times Herald.
Roanoke Times & World.

### WASHINGTON

Everett Herald.
Seattle KIRO Radio.
Tacoma News-Tribune.
(Bellevue) Journal American.
Pasco Tri-City Herald.
Camas Post Record.
Spokane Valley Herald.
Spokane Spokesman-Review.
Bellingham Herald.

### WEST VIRGINIA

Parkersburg News.
Wheeling Intelligencer.
Elkins Inter-Mountain.
Parkersburg Sentinel.
Vancouver Columbian.

### WISCONSIN

Milwaukee Journal.
Milwaukee Sentinel.
Green Bay Press-Gazette.
Janesville Gazette.
Sheboygan Press.

Mr. CANNON. Mr. President, I also point out, as the Senator pointed out, the savings. The Congressional Budget Office has estimated that the savings as a result of this legislation to the consumers would run from $5 billion to $8 billion a year.

Mr. PACKWOOD. Mr. President, I wonder if the chairman would also indicate that study has a double value because that is a compilation of all other studies, not one group doing its own study, but they looked at every study done and have come to those conclusions.

Mr. CANNON. From the CBO, that is correct.

### UP AMENDMENT NO. 1032

(Purpose: To assure that passenger carriage is not included in the reforms of the contract carrier provisions of the Act)

Mr. CANNON. Mr. President, I have a few technical and conforming amendments to offer at this time.

The first deals with contract carriers.

I send the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) proposes an unprinted amendment numbered 1032.

Mr. CANNON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 16, beginning with line 20, strike all of section 10 of the bill and substitute the following:

SEC. 10. (a)(1) Section 10102(12) of title 49, United States Code, is amended to read as follows:

"(12) 'motor contract carrier' means—

"(A) a person, other than a motor common carrier, providing motor vehicle transportation of passengers for compensation under continuing agreements with a person or a limited number of persons—

"(i) by assigning motor vehicles for a continuing period of time for the exclusive use of each such person; or

"(ii) designed to meet the distinct needs of each such person; and

"(B) a person providing motor vehicle transportation of property for compensation under continuing agreements with one or more persons—

"(i) by assigning motor vehicles for a continuing period of time for the exclusive use of each such person; or

"(ii) designed to meet the distinct needs of each such person."

(2) Section 10923(b) of title 49, United States Code, is amended by—

(A) inserting in paragraph (2) "of passengers" after "motor contract carrier";

(B) redesignating paragraph (3) as paragraph (5) and inserting the following new paragraphs:

"(3) In deciding whether to approve the application of a person for a permit as a motor contract carrier of property, the Commission shall consider—

"(A) the nature of the transportation proposed to be provided;

"(B) the effect that granting the permit would have on the protesting carriers if such grant would endanger or impair their operations to an extent contrary to the public interest;

"(C) the effect that denying the permit would have on the person applying for the permit, its shippers, or both; and

"(D) the changing character of the requirements of those shippers.

"(4) No motor carrier of property may protest an application to provide transportation as a motor contract carrier of property filed under this section unless—

"(A) it possesses authority to handle, in whole or in part, the traffic for which authority is applied, is willing and able to provide service that meets the reasonable needs of the shippers involved, and has performed service within the scope of the application during the previous 12-month period;

"(B) it has pending before the Commission an application filed prior in time to the application being considered for substantially the same traffic; or

"(C) the Commission grants leave to intervene upon a showing of other legitimate interests that are not contrary to the transportation policy set forth in section 10101(a) of this title.".

(3) Section 10923(d) of title 49, United States Code, is amended—

(A) in the first sentence of paragraph (1) by inserting the following immediately before the period at the end thereof: ", except that in the case of a contract carrier of property, the Commission may not require a contract carrier to limit its operations to carriage for a particular industry or within a particular geographic area"; and

(B) in paragraph (2) by striking "including each person or number or class of persons" and substituting "including each person or class of persons or in the case of a motor contract carrier of passengers the number of persons".

(b) Section 10930(a) of title 49, United States Code, is amended—

(1) in paragraph (1) by striking "both a certificate of a motor common carrier and a permit of a motor contract carrier issued under this subchapter, or", and

(2) by amending paragraph (2) to read as follows:

"(2) if a person controls, is controlled by, or is under common control with, another person, one of them may not hold a certificate of a water common carrier, while the other holds a permit of a water contract carrier, to transport property over the same route or in the same area.".

(c) Section 10749 of title 49, United States Code, is amended—

(1) in subsection (a) by inserting "or motor contract carrier of property" after "carrier"; and

(2) in paragraph (b)(1) by striking "or water common carrier" and substituting "water common carrier or motor contract carrier of property".

(d) Section 10766(b) of title 49, United States Code, is amended by—

(1) inserting "or a motor contract carrier of property" after "carriers" in the first sentence and after "carrier" in the third sentence; and

(2) striking the fifth sentence thereof.

(e) Section 10925 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) On application of the holder of a motor contract carrier of property permit, or on complaint of a competing motor common carrier of property, or on its own initiative, and after notice and an opportunity for a proceeding, the Commission may amend or revoke any part of the permit and issue in its place a certificate of public convenience and necessity, if the Commission determines that the operations of the holder of the permit—

"(1) do not conform with the operations of a motor contract carrier of property; and

"(2) are those of a motor common carrier of property. Any certificate issued under this subsection shall specify that its holder is authorized to provide transportation as a motor common carrier of property, of the same commodities between the same points or within the same territory as authorized in the permit . . ."

Mr. CANNON. Mr. President, in the bill as a whole, we attempted to restrict reforms to only transportation of property and not to include transportation of persons. Inadvertently, the committee included in the contract carrier section the reforms for transportation of persons. Since this was not intended, the first amendment merely makes it clear that the status quo remains for charter bus operations and that the amendments in the legislation pertain only to transportation of property.

Mr. President, I yield back the remainder of my time.

Mr. PACKWOOD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Nevada.

The amendment (UP No. 1032) was agreed to.

### UP AMENDMENT NO. 1033

(Purpose: To amend the intercorporate hauling provisions of the bill)

Mr. CANNON. Mr. President, the second amendment that I am offering refers to the private carriage section of the bill, and this is to make sure that private carriers are able to take advantage of the intercorporate rules more expeditiously.

Mr. President, I send the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) proposes an unprinted amendment numbered 1033.

Mr. CANNON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 15, line 23, insert "directly or indirectly" immediately after "owns".

On page 16, line 5, strike "Commission-receipted and returned".

On page 16, line 12, insert "directly or indirectly" immediately after "owns".

On page 16, strike lines 15 through 18 and substitute the following:

"(b) Section 10102(13) of title 49, United States Code, is amended by striking ', other than a motor common carrier,' and substituting ', or a member of a corporate family as defined in section 10524(c) of this title.' ".

Mr. CANNON. Mr. President, simply, it would allow a private carrier to engage in intercorporate hauling at the point in time at which it sends its documentation in to the Interstate Commerce Commission. It need not wait for a return receipt copy before providing the transportation. The amendment would also allow motor common carriers who happen to be part of a conglomerate to provide transportation services for compensation to their members under this provision.

Mr. President, I yield back the remainder of my time.

Mr. PACKWOOD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment (UP No. 1033) was agreed to.

### UP AMENDMENT NO. 1034

(Purpose: To assure a continued role for the Civil Aeronautics Board in issuing foreign air carrier permits for air cargo transportation)

Mr. CANNON. Mr. President, a third technical amendment that I am offering deals with the incidental to air section of the bill.

Mr. President, I send the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment. The legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) proposes an unprinted amendment numbered 1034.

Mr. CANNON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER: Without objection, it is so ordered.

The amendment is as follows:

On page 11, strike line 18 and insert in lieu thereof: "United States and approved by the Civil Aeronautics Board or its successor agency, by a foreign air carrier, or occasional".

Mr. CANNON. Mr. President, this amendment simply makes it clear that with respect to foreign air carriers who want to take advantage of this section, authority under a bilateral agreement is necessary together with a specific foreign air carrier permit authority issued by the Civil Aeronautics Board.

Mr. President, I yield back the remainder of my time.

Mr. PACKWOOD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Nevada.

The amendment (UP No. 1034) was agreed to.

### UP AMENDMENT NO. 1035

(Purpose: Technical amendment to clarify meaning of Government traffic provision)

Mr. CANNON. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) proposes an unprinted amendment numbered 1035.

Mr. CANNON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 6, line 13, strike "under a Government bill of lading" and substitute "for the United States Government".

Mr. CANNON. Mr. President, this final technical amendment is being offered to clarify the section with respect to transportation of Government traffic and to make certain that this applies to all traffic hauled for the U.S. Government other than used household goods.

Mr. President, I yield back the remainder of my time.

Mr. PACKWOOD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the questions is on agreeing to the amendment of the Senator from Nevada.

The amendment (UP No. 1035) was agreed to.

Mr. CANNON. Mr. President, that concludes the technical amendments.

I understand that the Senator from Oregon may have a colloquy.

Mr. PACKWOOD. Yes.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. With respect to the technical amendment to the private carriage section, I think that I am in full agreement with that proposal, but I want to make very sure about what we are doing with this particular section. I notice that the intercorporate hauling section provides for a parent corporation or one of its subsidiaries to notify the Commission if it intends to provide transportation for members of the same corporate family. I have been concerned that the corporations involved might get bogged down with onerous reporting requirements. Would this amendment affect the paperwork requirements in any way?

Mr. CANNON. No, it would not. Let me assure the Senator that we do not envision any onerous reporting requirements for private carriers engaging in intercorporate hauling. Indeed, the technical amendment goes precisely in the opposite direction. These are not reporting requirements at all. What we intend with these private carrier provisions is the filing of a simple, uncomplicated notice, which merely certifies, by way of assertion, two things—one is that the parent or subsidiary intends to provide transportation for a corporate family member and second that the participating subsidiaries are in fact subsidiaries of the parent. We mean to provide for the simplest notification of intent. It would be a onetime requirement, not an annual or periodic requirement.

Mr. PACKWOOD. Will these requirements not cause delays in facilitating intercorporate hauling?

Mr. CANNON. No. They certainly should not. From the point of view of the parent, all it has to do is send along a notice of intent to the ICC, and then carry a copy of that letter in the cab and all vehicles which provide the transportation. That is all. The Commission is to publish notice in the Federal Register, but that is of no concern to the parent or subsidiary because it can provide carriage just as soon as the notice is sent to the ICC.

Mr. PACKWOOD. With respect to this Federal Register notice, is it intended that a deliberative process commence at the ICC if someone should protest the intercorporate hauling?

Mr. CANNON. No. And I want to make this very clear. These provisions do not create a new right of protest. The ICC policing machinery would remain intact as to the monitoring of private carriage on a spot-check basis. This provision does not signal, nor may it be permissibly used to signal, the beginnings of ICC hearings on the efficacy or propriety of private carriage. I emphasize that the carriage in question may commence as soon as the Commission is notified that the intercorporate transportation is desired and the parent certifies that participating subsidiaries are in fact subsidiaries. If the veracity of the notice is questioned, the Commission must act. But the carriage is presumptively valid upon the filing of the notice.

Mr. PACKWOOD. Is there any intent here to require the disclosure of a parent's marketing or distribution plans, which can have proprietary value?

Mr. CANNON. Absolutely not. Aside from the simple disclosure of intent and certification as to the intercorporate family relationships, no other information need be provided. Nor should the notice requirement be interpreted as requiring disclosure by geographic area, routing, commodity, or other description of the exact nature of the corporate transportation anticipated. The Commission's role in this matter is essentially ministerial. We are talking about the simplest bare notification procedure. Indeed, I expect that the entire notice and affidavit could appear on a single sheet of paper and should take no more than two sentences. This is a simple procedure and is so designed as to place no burden on the private carrier, while providing general notice to the public at large as to who is in the process of providing intercorporate transportation for compensation.

Mr. PACKWOOD. I thank the Senator very much.

Mr. President, I invite the attention of the Senate to some other findings with respect to the Congressional Budget Office. I emphasize that this is a compilation of other studies.

They found that, based upon 1980 dollars, by 1985 there will be a $5.3 billion to $8 billion saving; that in 1980 dollars, the savings of transportation costs per household are between $70 and $105; that the cumulative impact on the cost-price index will be a reduction of 0.3 percent to 0.5 percent.

Mr. CANNON. Mr. President, I understand that several Senators may be on the way to the Chamber to offer their amendments. I suggest the absence of a quorum, and I ask unanimous consent that the time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

### UP AMENDMENT NO. 1036

Mr. BAYH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Indiana (Mr. BAYH) proposes an unprinted amendment numbered 1036.

On page 66, after line 20 insert the following:

"SMALL COMMUNITY SERVICE STUDY

"SEC. 25. (a) The Interstate Commerce Commission shall make a full investigation and study of motor carrier service to small communities (pop. 5,000 and under), and shall submit a report, including legislative or other recommendations, to the President and the Congress not later than September 1, 1981.

"(b) The report shall include an analysis of the common carrier obligation to provide service to small community shippers, and an assessment of whether the Commission is enforcing such obligation. If the Commission determines that it is not fully enforcing such obligation, then it shall explain why not, and detail what steps it would need to take and what resources it would have to have in order to enforce such obligation. The report shall also describe the extent to which motor carriers were providing service to small communities prior to the enactment of this Act, and evaluate the effect of this Act on such service. The report shall include specific recommendations regarding ways to ensure the provision and maintenance of service to small communities.

"(c) (1) To develop data for its report, the Commission shall monitor—

"(A) shipper complaints to determine the number and kinds of complaints by small community shippers; and

"(B) applications for new and expanded service to determine whether motor carriers are seeking to serve small community shippers.

"(2) The Commission may develop additional data by any other means, including surveys of small community shippers and motor carriers providing service to such communities to determine the reliability of such service and the availability of quality and price options. The Commission is authorized to enter into contracts or agreements with public and private organizations to carry out such surveys of shippers and motor carriers.

"(d) There is hereby authorized to be appropriated for fiscal year 1981 such sums as are necessary to carry out the provisions of this section."

Mr. BAYH. Mr. President, I appreciate the opportunity to discuss this amendment at this time, and I am deeply grateful to the chairman of our committee, Senator CANNON, and to his ranking Republican member, Senator PACKWOOD, for permitting me to bring it up at this time.

One of the most crucial issues in the area of trucking deregulation is that of the quality of service to the small communities of this Nation. Though a fair number of studies have been done on this subject, if I recall correctly, that was also the case before the airline deregulation bill passed Congress. The airline deregulation bill was lauded as a reform measure designed to not only help the industry, but also the consumer. And in many respects it has succeeded. But there is one problem which I do not want to see reemerging in the context of our efforts to deal with the problems of the trucking industry; that is, the problem of the quality of service to small communities.

The studies which have been done are theoretical and speculative at best. What is needed is a study which charts the actual occurrence regarding the effects on small community service of this proposed act, in such a way that legislative recommendations may be fashioned as rapidly as possible to forestall any negative impacts this legislation might have on small community service in this country.

The amendment I am proposing today would do the following: First, it would direct the Interstate Commerce Commission to make a full and complete investigation and study of motor carrier service to small communities defined as those communities of 5,000 persons and under. A report on the investigation would be submitted to Congress and the President no later than September 1, 1981. This report shall contain legislative recommendations which reflect attempts to solve problems which have arisen with respect to small community service during the years of the study.

Especially important, in my mind, is the issue of the common carrier obligation to provide service to small community shippers. This will be one of the main areas of investigation in the report. It is my understanding that at present the common carrier obligation is not being enforced. I want to discover why, and the report will include an analysis and assessment of the enforcement of the common carrier obligation. It will explore what resources it would take the Commission to actually enforce the common carrier obligation. And, if the concept of the common carrier obligation does not make sense under present conditions, then the report will attempt to formulate an answer to the problems raised by such a conclusion.

The investigation will also focus on the actual present day service to small communities, and the impact this act will have on such service. In my State of Indiana alone, 65 percent of the 2,081 communities are completely dependent on trucks for all of their transportation needs, and the bulk of common carrier freight service is made up predominantly of small shipments. And a large majority of the communities totally dependent on trucks are the small communities.

I think that the conditions that exist in Indiana are not dissimilar to those that exist in most of the other States of the Nation.

In light of the present economic difficulties this country is facing, we cannot allow small communities to be left without trucking service, and we cannot allow shippers of small shipments to be driven out of business. The long-term economic effects on business and the consumer would be devastating. Therefore, my study also will require that specific recommendations regarding ways to improve service to small communities, and to insure the provision and maintenance of service to small communities as a matter of national policy, be developed.

Mr. CANNON. Mr. President, I yield myself 5 minutes.

I say to Senator BAYH that I, also, am concerned with the effect of this act on the service to small communities.

The study which the Senator from Indiana proposes will once and for all determine what the actual situation is regarding the problem of maintaining and developing trucking service to the thousands of small communities in this country.

It is my feeling, as it was in the airline situation, that there must be a mechanism to assure that small communities and shippers of small shipments do not suffer as a result of this process.

We wish to encourage the development of small and medium sized business in the trucking industry. That is one of the goals of this legislation.

Mr. BAYH. I agree with the chairman of the committee, and my amendment will greatly aid the process by generating facts on which to base a legislative response.

We must closely watch and monitor the situation so that we may forestall any large scale economic dislocation before it destroys individual businessmen and women and renders small communities helpless—and without service, or with service so costly that it can be characterized as piracy.

One of the goals of this legislation, as the committee report states, is to create more of a free market effect. I am all for the free market, unless there is predatory activity designed to destroy competition and not to create competitive alternatives. The study I propose here today will deal with the whole picture of Federal regulation in the motor carrier industry as it affects small communities. It will be a broad and comprehensive study and will answer the questions hitherto unable to be answered. From there we can better develop a policy in this area that will help consumers and the industry alike and maintain the service to the small community in this Nation.

I just say to my good friend from Nevada that we have been involved in a lot of these battles in common undertaking with him as the chairman of the Commerce Committee really out there as a No. 1 expert in the area of transportation, and I have the good fortune to be the chairman of the Transportation Subcommittee of the Committee on Appropriations. Thus we worried about airplanes, we worried about railroads, and we worry now about truck transportation.

But I have to say out there in those small communities that is the end of the line, that is the last alternative, and I think it is important for us to go very slowly so that whatever we do does not leave large numbers of our communities without any recourse.

I point out to our distinguished chairman, the Senator from Nevada, in our hearings on appropriations the chairman of the ICC early this year pointed out that with deregulation they have surveyed all of the carriers in the country and 45 percent of the carriers now serving small communities said that they would no longer provide that service.

It was that concern that prompted the Senator from Indiana to initiate this study, and I want to thank the Senator from Nevada for his careful consideration and cooperation in this regard.

Mr. CANNON. Mr. President, if the Senator will yield, I may say we were very concerned in the committee. We have had a number of studies performed already, and I ask unanimous consent that this compilation of studies be made a part of the RECORD after my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CANNON. We even had some studies accomplished by the Department of Transportation out in the field. We went to three different States. We went to the State of Kentucky, we went to the State of New Mexico, and we went to the State of Nevada and considered the impact on service to small communities. This study had a very important part to play in our deliberations. This was one of the issues most frequently raised before the committee, and one which we considered exhaustively.

The opponents of reform have charged that reform would adversely affect small-town service. However, the record demonstrates that the present system actually impedes efforts to provide small-town service, and thus small community service, we feel, will be improved by the reforms we are developing in this bill.

We made specific provisions in the bill to provide and maintain small town service.

I am certainly willing to support the Senator in the amendment he has proposed. I think this will help clarify the issue once and for all, and it will be very useful in terms of dealing with the small community service problem. Without objection, I accept this amendment to S. 2245.

EXHIBIT 1

TRUCKING SERVICE TO SMALL COMMUNITIES

Trucking service to and from small communities is one of the issues most frequently raised before the Committee and one which we considered exhaustively. Opponents of reform have charged that reform would adversely affect small town service. However, the record demonstrates that the present system actually impedes efforts to provide small town service. Thus, small community service will be improved by reforms. In developing this bill, specific provisions were included to provide and maintain small town service.

Opponents of reform maintain that many small communities receive service only because the ICC-regulated carriers are fulfilling their "common carrier obligation" to serve. Common carriers are required to "hold themselves out" to offer the general public "reasonably continuous and adequate" service at the points listed on their operating certificate. However, the carriers are allowed considerable discretion as to the quantity and quality of service they provide.

More important, however, is that the common carrier obligation—even allowing for carrier discretion—is not being enforced and essentially cannot be enforced. Numerous studies have found that many ICC-regulated carriers do not provide service to towns they are required to serve. While shippers can complain about the service they get, many of them aren't aware of complaint procedures, and even if they do complain, ICC sanctions are extremely limited in practice. In fact, the ICC has never revoked a carrier's operating authority for failure to serve a community.

The ICC has limited resources. The trucks on the road are supposed to serve thousands of communities and carry many different commodities, and the ICC could not possibly monitor and evaluate all service failures. In fact, the ICC's resources do not usually even allow it to know which carriers are required to serve particular points.

It should be noted, however, that to the extent the common carrier obligation is effective, S. 2245 would not disturb the ICC's authority to enforce this obligation. S. 2245 would not change exist provisions of present law.

Advocates of the status quo also claim that under the present system carriers cross-subsidize their unprofitable service to small towns with so-called "excess" profits from service to larger cities. Whatever residents of larger cities may think about being overcharged to subsidize their small town counterparts, no evidence has been found to support this allegation. In fact, the carriers have often said that there are no "excess" profits for truckers, so it's hard to find the source of any cross-subsidy. Furthermore, studies have shown that it is often not even the same carriers who serve large cities and small towns, thus making such a cross-subsidy impossible.

Probably the most important point to be made on this issue is that small towns do get truck service now. This service is provided primarily by private and exempt carriers and small package specialists such as UPS, none of whom are serving because of any "common carrier obligation" to do so. These carriers find this service profitable. The ICC-regulated general freight carriers do not deliver a high percentage of the goods shipped to small towns. In many instances, common carriers haul less than 20 percent of the commodities shipped to and from small towns. This fact has been borne out in numerous studies performed throughout the country by the U.S. Departments of Transportation and Agriculture, the California Public Utilities Commission, and the academic community.

Regulatory reform is in the interest of small towns. As far as small community service is concerned, the current system not only doesn't keep carriers in, it keeps them out. Eased entry, removal of operating restrictions, and an expanded agricultural exemption are among the reforms that can help improve regulated general freight service to small communities and rual areas, which now rely on other forms of trucking more heavily than other areas.

Lastly, I want to emphasize how exhaustively this issue has been studied. I have submitted for the record just some of the studies which show the problems faced by shippers and receivers in small communities under the present system and indicate how reform can improve small town service. I might add that, during the lengthy consideration of this issue, the opponents of reform submitted no studies for the record to support their arguments. I am absolutely convinced that reform is the way to improve small town service.

Titles of studies follow:

1. *A Study of Trucking Service in Six Small Communities*, Karen L. Borlaug, *et al.*, U.S. Department of Transportation, Office of the Secretary, Office of Transportation Regulation, November 1979.

2. *Common Carrier Obligations and the Proviison of Motor Carrier Service to Small Rural Communities*, Denis A. Breen and Benjamin Allen, Washington State University, under Contract DOT-RC-82022, July 1979.

3. *The Impact on Small Communities of Motor Carrier Regulatory Revison*, prepared at the request of the Senate Committee on Commerce, Science and Transportation by Policy and Management Associates, Inc., June 1978.

4. *Trucking Service in Six Small Michigan Communities*, Karen L. Borlaug and Laurence T. Phillips, U.S. Department of Transportation, Office of the Secretary, Office of Transportation Regulation, March 1980.

5. *Trucking Service in Two Small Alabama Communities*, M. Dennis Marvich and G. Cleveland Thornton, U.S. Department of Transportation, Office of the Secretary, Office of Transportation Regulation, March 1980.

6. *Trucking Service to Two Small Kansas Communities*, Charles C. Orvis, U.S. Department of Transportation, Office of the Secretary, Office of Transportation Regulation, March 1980.

7. *An Examination of the Unregulated Trucking Experience in New Jersey*, W. Bruce Allen, University of Pennsylvania, under Contract DOT–OS–70064, July 1978.

8. *The Impact of Federal Trucking Regulation on Service to Small Communities*, Michael W. Pustay, Purdue University, under Contract DOT–OS–70069, March 1979.

9. *Economic Analysis and Regulatory Implications of Motor Common Carrier Service to Predominantly Small Communities*, R. L. Banks & Associates, Inc., under Contract DOT–OS–50095, June 1976.

10. *Shipper/Receiver Transportation Mode Choice* (draft), Alice E. Kidder and Harold G. Willis, North Carolina A&T State University, under Contract DOT–OS–80007, March 1980.

11. Testimony of Richard D. Gravelle, Commissioner, California Public Utilities Commission, Before the House Subcommittee on Surface Transportation, December 28, 1979.

Mr. BAYH. I appreciate the chairman's cooperation. What we want to do is find out what the facts really are, not what people say they are, and in that we all work together to see that these small communities get service.

I again thank my friend from Nevada for his cooperation.

Mr. CANNON. Mr. President, I am prepared to yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. All time has been yielded back? Does the Senator from Indiana yield back his time?

Mr. BAYH. I yield it back.

The PRESIDING OFFICER. All time has been yielded back, and the question is on agreeing to the amendment of the Senator from Indiana.

The amendment (U.P. No. 1036) was agreed to.

### UP AMENDMENT NO. 1037

(Purpose: To establish an Office of Transportation in the Department of Agriculture)

Mr. BAUCUS. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Montana (Mr. BAUCUS) proposes an unprinted amendment numbered 1037.

Mr. BAUCUS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 68, insert the following after line 19:

### OFFICE OF TRANSPORTATION

SEC. 204. (a) There is established in the Department of Agriculture an Office of Transportation. The Office shall be headed by a Director who shall be appointed by the Secretary of Agriculture. The Director shall solicit views from rural and agricultural interests with respect to their concerns and shall express such views to the Secretary and other Federal officials.

(b) The Secretary of Agriculture shall delegate to the Director of the Office of Transportation established under subsection (a) all functions of the Secretary with respect to—

(1) the representation of rural and agricultural interests in the formulation and administration of Federal transportation policy;

(2) the development and implementation of alternative programs to provide transportation services to rural areas in the United States, including the development and implementation of a rural transportation cooperative in a manner which considers the need for transporting individuals as well as freight;

(3) the analysis of—

(A) the impact of the reform of laws relating to the regulation of airlines, motor carriers, and railroads;

(B) the impact of abandonments, bankruptcies, mergers, and restructuring of railroads;

(C) the degree and type of influence of transportation on rural development and farm policy;

(D) the degree and type of influence of transportation on the supply and price of energy;

(E) the future transportation needs of the agricultural and rural areas of the United States; and

(F) the need by agricultural shippers and receivers, especially small isolated shippers and receivers, for technical assistance relating to transportation; and

(4) the provision of information to improve public and private investment decisions associated with the provision of transportation services to agricultural producers and international and domestic consumers;

(5) the development and implementation of programs to improve the productivity of systems for the transportation of agricultural products in order to reduce costs, energy consumption, and food spoilage; and

(6) the provision of advice and assistance to other Federal agencies which administer rural transportation loan and grant programs.

(c) The Director of the Office of Transportation shall prepare and transmit an annual report to the Congress which—

(1) describes the activities of the Office;

(2) assesses the adequacy of transportation services in the rural areas of the United States; and

(3) includes recommendations to improve the services assessed pursuant to paragraph (2).

Mr. DOMENICI. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. BAUCUS. I yield.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Dave Moran of my staff be granted floor privileges.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I thank my friend from Montana.

Mr. BAUCUS. Mr. President, the amendment I am offering to S. 2245 would insure that the needs and problems of rural transportation are addressed on a continuing basis and within the context of national transportation policy.

I am concerned that past and present efforts to formulate national transportation policy have inadequately addressed the unique dependency of rural America upon transportation.

Rural America is uniquely dependent upon transportation. Two major factors in determining the cost and efficiency of transportation services, whether in rural or urban areas, are distance and density. In rural areas, the combination of vast distances and sparse populations produce a much more limited base from which to support the costs of transportation than is the case in urban areas with their greater concentrations of population and business activity. Dependable and reliable transportation, thus, is vital to rural America—from keeping local grocery store shelves stocked to hauling grain and cattle to market.

I am particularly concerned about the potential effects on small communities and rural areas of recent efforts to substantially deregulate much of the transportation industry. Two years ago Congress voted to end most regulations affecting airlines. Last month, in a decision that I endorsed, the Senate voted to pass a bill that significantly alters the regulation of railroads. Now, in another burst of deregulation fever, we are preparing to revamp the rules governing the trucking industry.

There is little doubt that the law regulating trucking needs to be revised. That law, enacted in 1935, grants great discretionary authority to the Interstate Commerce Commission (ICC) to promulgate rules on trucking. That law has resulted in some of the worst examples imaginable of regulatory overkill.

Senator CANNON and the Commerce Committee are to be commended for their dedication over the past several months to the cause of motor carrier regulatory reform. They have taken a highly complex and highly technical issue and have attempted to remake it to fit modern economic conditions. Their work reflects a solid understanding of the trucking industry and the need for change.

I am prepared to support final passage of the bill now before us to change the way in which the trucking industry is governed. In the past, I have supported efforts to reduce burdensome Government regulations and to promote greater competition in the marketplace. In the past, Government has erred all too often on the side of too much regulation.

Still, a serious concern lingers. How will the nearly simultaneous regulatory reform of the major sectors of the transportation industry—air, rail, and trucking—affect services to rural areas and small towns?

Few issues surrounding S. 2245 have generated more studies and reports—and more charges and counter-charges—than the question of its impact on small communities. No one seems to be able to demonstrate, with complete conviction, how the bill will affect the many diverse elements in rural areas, including the varied agricultural interests, the small shippers, the regulated and independent truckers, and the competing modes of transportation.

Despite this uncertainty, I realize that Congress must enact legislation to provide the ICC with concrete guidelines concerning motor carrier regulation. Under its present discretionary authority, the ICC already has moved to deregulate the trucking industry in a fashion that is disconcerting to many. Without legislation, the ICC will move toward total deregulation, which I consider a potentially alarming prospect.

I recognize, too, that S. 2245 contains some provisions of potential benefit to rural communities. While retaining the fitness and safety tests, the bill almost totally relaxes entry into the trucking industry in three instances of apparent benefit to small communities, including applications for authority to provide transportation to points not regularly served by a certified carrier and in situations where trucking services would serve as a substitute for abandoned rail service. In addition, the bill increases the amount of tonnage that agricultural cooperatives can carry for nonmembers, thus increasing the likelihood of fuller backhauls and greater fuel efficiency.

I also note two other provisions that relate directly to small communities and rural areas, provisions that I fully endorse and applaud. The bill calls for annual oversight hearings and creates an independent commission to assess, on a continuing basis, the impacts of trucking regulatory reform, with special attention to be given to its effects on small communities.

I remain very concerned, however, about the combined impact of airline, rail, and trucking regulatory reform on rural areas. Much uncertainty, for instance, now characterizes transportation services in my State of Montana. Recently, at one time or another, the three largest interstate trucking firms operating in Montana have indicated a disinterest in serving intrastate points in Montana. For some time, too, increasingly high freight rates, grain car shortages, rail abandonments, the decline of trunk airline carrier and rail passenger service, and the vulnerability of truckers to diesel fuel shortages have seriously clouded the Montana transportation horizon. And Montana is not alone. All rural areas marked by great distances and low population density suffer similar uncertainties.

At the same time, there is no Federal agency with statutory responsibility for assessing the impacts of air, rail, and truck regulatory reform on rural areas. There is no Federal agency with statutory responsibility for representing rural and agricultural interests in the formulation and administration of national transportation policy. There is no Federal agency with statutory authority for developing and implementing alternative programs to provide transportation services to rural America, including the development of a rural transportation cooperative concept that would consider people as well as freight transportation needs. There is no Federal agency directly responsible for evaluating the future transportation problems and needs of agriculture and rural America. There is, in short, no Federal agency with statutory authority to serve as a focal point to insure that the needs of rural transportation are addressed within the context of national transportation policy.

Mr. President, my amendment would create that agency.

Mr. President, I have discussed this with the chairman, and I believe the chairman has some comments to make. If he does not, I will go ahead. But at this time I yield to the chairman of the committee.

Mr. CANNON. Mr. President, I am impressed by the grasp that my distinguished colleague from Montana demonstrates for the problems and needs of rural transportation. I agree with him, too, that those problems and needs are serious. They are ubiquitous. However, it is my understanding that an Office of Transportation already exists in the Department of Agriculture. Is that not correct?

Mr. BAUCUS. Mr. President, that is correct. However, that office has no statutory authority or responsibility. The office was created by Secretary Bergland less than 2 years ago under his executive powers. At that time, there were some 14 agencies within the Department of Agriculture that had responsibility for one or another aspect of transportation. Duplication was rife; coordination virtually nonexistent. I heartily commend Secretary Bergland for pulling the transportation functions in those agencies together under one roof. But the fact remains that what Secretary Bergland has pulled together someone else could pull apart.

I might add, too, that the Office of Transportation has performed a very fine job in a very short time in trying to fill the void in rural transportation policymaking. Moreover, the Rural Transportation Advisory Task Force, chaired jointly by the Secretaries of Agriculture and Transportation, recently released its final report to Congress. One of the very strong recommendations contained in the final report is the need for an ongoing effort to address and examine the essential needs of rural transportation.

I believe very strongly in the need for an Office of Transportation in USDA to do just that. I believe that the problems and needs of rural transportation require the creation of an agency with statutory authority to deal with the Department of Transportation in the setting of national transportation goals, to insure that rural transportation problems are not ignored. I would find it very disconcerting if, in the future, the Office of Transportation were simply allowed to disappear. There simply are few areas of more importance to rural America than transportation.

Furthermore, I hasten to point out a fact sometimes overlooked. Persons and enterprises within urban areas are also heavily dependent upon the costs and effectiveness of the rural transportation system. One need only point to the importance of agricultural exports to our Nation's balance of payments to illustrate this fact. To underscore this point, I repeat an old adage that states that agriculture is the heart of our Nation and transportation its circulatory system. No longer can we afford, if indeed we ever could, to treat rural transportation problems as peripheral and incidental aspects of our national transportation network.

Mr. CANNON. It is created, and it has been in existence for less than a 2-year period, and I think that certainly would indicate the interest of the Department of Agriculture in carrying out such a responsibility.

Mr. President, again I am impressed by the reasoning of my colleague from Montana. I, too, do not want to see the Office of Transportation disbanded, or ignored by other agencies with statutory authority for transportation policies.

However, I feel that the statutory creation of a new agency—even one as vital as the one proposed by the Senator from Montana—requires further debate and hearings. I wonder if the Senator would be amenable to withdrawing his amendment in lieu of a commitment to hold hearings in the near future on his very worthy idea. I also would be willing to help work out any jurisdictional problems that might arise as to the appropriate setting for hearings.

As the Senator knows, since this is in the Department of Agriculture, there may be a question as to whether the Committee on Agriculture has jurisdiction or whether the Commerce Committee which has jurisdiction over transportation matters would have jurisdiction over this proposal. But, should the Senator introduce a bill on that particular point, I am sure we could try to work out the jurisdictional responsibilities, and I would be very happy to help him do so. But I would hope he would not press his amendment on this particular bill.

Mr. BAUCUS. I thank the chairman for his very candid and helpful advice, and I yield to the chairman's counsel. As a matter of fact, the chairman represents a State which, in demography and geography, is very similar to my State's goal, and that of most Western States.

Mr. President, I thank the distinguished chairman for allowing me this time to introduce what I consider to be a very important concept. I have worked with the chairman before and he has always been most generous and gracious. I have no objection to abiding by his wishes and counsel.

I would be very glad to withdraw my amendment with the understanding that I may be able to more appropriately proceed later within the jurisdiction of the appropriate committee.

The PRESIDING OFFICER. The Senator has the right to withdraw his amendment.

Mr. CANNON. I may say that my ranking committee member is equally concerned with respect to this issue, and I am sure he will cooperate with us in trying to get the matter resolved.

Mr. PACKWOOD. Mr. President, I am sure we can work out a resolution. I think the Senator from Montana raises a very valid point, and I think we can accommodate it at the appropiate time.

The PRESIDING OFFICER. The amendment of the Senator from Montana is withdrawn.

Who yields time?

Mr. CANNON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CANNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BAUCUS). Without objection, it is so ordered.

### UP AMENDMENT NO. 1038

(Purpose: To revise provisions relating to exemptions)

Mr. HOLLINGS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 11, line 2, insert "or" after the semicolon.

On page 11, strike lines 3 through 5.

On page 11, line 6, strike "(D)" and substitute "(C)".

Mr. HOLLINGS. Mr. President, section 7 of S. 2245 would add "food and edible products, whether processed or not," to the list of commodities currently exempt from ICC regulation.

This provision, which was adopted in the committee on a motion by Senator STEVENSON, is really an invitation to tragedy. It constitutes willful destruction of regulated transportation systems for the sole purpose of satisfying a blind dedication to the ideology of deregulation.

I might say at this point, Mr. President, that we were engaged, as you well know, with the budget proceedings held this early spring and did not give all the attention we wanted to give to this highly important subject. I was rather dismayed at the way we approached it within the committee and the way this particular amendment was added on. It was done in a very casual, callous fashion, with an assumption that, actually, trucking was something that had really grown to the detriment of the public's convenience and necessity rather than the other being true.

Federal regulation of the motor carrier industry in 1935 came after intensive investigation and study of the many problems arising from the absence of regulation. The individual States were concerned about highway safety, and the increasing use of trucks by shippers had led to intolerable conditions. These were best described by the Supreme Court in a decision related to regulation when the Court said, referring to conditions in the industry prior to regulation, that the industry "was unstable economically, dominated by ease of competitive entry and a fluid-rate picture—overcrowded with small economic units, which proved unable to satisfy the most minimal standards of safety or financial responsibility."[1]

State efforts to obtain regulation in the early 1920's were ruled unconstitutional. Congressional attention was given the problem, and during the years 1925 through 1934, 31 bills were introduced in the Congress seeking Federal regulation. Seven of these went to hearings.

Finally, on the heels of intense investigations and studies over a 2-year period, the report of the Federal Coordinator of Transportation, and a special study by the ICC, legislation calling for regulation was introduced in the Congress in 1934. The House bill resulted in hearings lasting 10 days, with 51 witnesses and 565 pages of recorded testimony. The Senate bill resulted in hearings lasting 12 days with 606 pages of recorded testimony with 50 witnesses plus numerous submitted statements.

The railroad industry supported motor carrier regulation, as did the shipper community. There was a division within the motor-carier industry, but this division was more along the lines of the type of regulation rather than on the issue of regulation itself. There was opposition from the farm organizations, but this opposition was compromised by the adoption of the "exempt" provision which was designed to free farm-to-market movements of agricultural commodities from any type of economic regulation. Thus, the 1935 act had a long history of established need and with a wide base of support from shippers, carriers and Government agencies, as well as the railroad industry.

The goals of regulation, as pointed out by the Commission's report in 1934, are:

1. to minimize duplication of facilities or services;
2. to have a transportation system which is well organized and functions in an orderly, dependable way, rather than one which is unstable, uncertain and a breeder of discrimination;
3. a system that is responsible; and
4. a system that is financially stable and has good credit.

Under regulation, we have these conditions—where we do not have them is in the unregulated sector.

And it is only with the idea of deregulation that comes the neophyte and uneducated and unskilled in this particular field—politicians, if you please—pitted against good business judgment and competitive practices of the trucking industry that say: "Oh, no, a lot of money is being made out there and what we need to do is deregulate. If we can't get total deregulation, then we will go about it bit by bit, piece by piece."

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[1] ATA vs. United States, 344 U.S. 298-132 (1953).

And this particular move by Senator Stevenson on the committee would remove about 21 percent of the tonnage and about 10 percent of the truckers' revenues, all in the name of better service, cheaper cost, and to further the public's convenience and necessity.

The fact of the matter is that the trucking industry is very competitive. Unlike the airline industry, which is controlled at the gate—I know down in Atlanta, there are over 30 different airlines trying to add some 200 different flights that Atlanta would be willing to accept if the airport was big enough and the building and the runways were so configured. But that does not apply in the trucking industry.

We have 16,800 regulated motor carriers. And you only have to look at their return on equity over the past several years to try to learn where is this saving going to come from by way of competition.

Collective ratemaking is not inflationary because the ICC is able to verify carrier cost and revenue comparisons on annual and semi-annual basis to determine if profits are too high or too low, and set or approve rate levels accordingly.

Were collective ratemaking inflationary, profit would be excessive and rate levels would be outrunning inflation. In fact, return on equity for motor carriers was in line with all U.S. manufacturing during the recent inflationary period, except during recessionary periods where carrier returns were quite poor:

|  | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | Wtd. av.[1] |
|---|---|---|---|---|---|---|---|
| All manufacturing | 13.7 | 14.9 | 11.6 | 13.9 | 14.2 | 15.2 | 13.8 |
| Motor carriers | 14.1 | 14.0 | 8.5 | 13.3 | 15.1 | 15.2 | 13.5 |

[1] Weighted average.

Ninety-six percent of the general freight carrier shipments are in less-than-truckload lots. These shipments are the most costly to handle and are charged the highest rates per pound. Despite increasing labor costs and skyrocketing fuel costs (those two make up about 75 percent of total costs) in the past years, the charges that carriers assess for 96 percent of their shipments have run well behind inflation:

|  | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 |
|---|---|---|---|---|---|---|---|
| Revenue per LTL ton | 100 | 106.0 | 114.8 | 124.6 | 133.2 | 143.2 | 153.7 |
| Producer price index | 100 | 113.1 | 134.4 | 146.9 | 153.7 | 163.1 | 175.7 |

If collective ratemaking were inflationary, the opposite would be true: carrier's returns would be much higher than those of manufacturers, and the carrier price index for the most costly form of truck service would outpace the producer price index.

But thanks to the rate bureau system, the ICC can easily keep a very close track of carrier rates and profits, and allow rate increases only when they are fully and thoroughly justified.

Without this capability, the ICC would lose control over the ratemaking process. The resulting confusion and disarray would reduce carrier productivity, driving up costs—and rates—and ultimately add to inflation, not reduce it.

So, statistically, you do not have to go to a hearing. Just look at the accurate facts and you find the premise of the Stevenson approach with respect to processed foods wanting.

They come up with another false premise that—you cannot backhaul, that there is no such thing as leaseholding, which, of course, there very definitely is.

There is not any of this empty mileage that they talk about. The data received from the ICC study, dated April 1977, entitled "Exempt Loaded Truck Miles on Interstate Highways During 1976" clearly shows that 97 percent of the empty mileague in the trucking industry is caused by two factors.

Incidentally, that is less than 6 percent. And this is 97 percent of 6 percent.

There are two factors, neither having to do with the regulation or deregulation. The first factor is the natural imbalance between consuming and producing areas. For example, take our Nation's Capital here in Washington. It is primarily a consuming area and, admittedly, produces very little. The ratio of loaded trucks going into Washington as to those going out is 10 to 1.

In my home State, where there are manufacturing complexes and agricultural complexes, we have a net imbalance, actually shipping more out than taking in. And you can have all the regulations or no regulations and that would still sustain.

The second major factor is the nature of the truck equipment itself. For example, an automobile transport is designed to carry only automobiles. It cannot haul television sets or furniture on a return haul.

Another example is a tanker carrier that hauls chemicals. Because of the hazardous nature of the commodity, it cannot haul milk on a return haul.

The other 3 percent of empty mileage is due to inefficiencies that plague most businesses. But even here the regulated trucking companies, through use of computerized programs matching empty trailers with available freight, are attempting to reduce even this percentage.

They are very competitive and they are outstanding businessmen and they know exactly what they are doing. It is the business leadership, whether it is in the shipper field or the commodity carrier field, the tank hauler field or the regulated trucker, who is resisting this, because he knows he is going to have to make a devastating adjustment. This is not adding any freight. This is just saying that those without the insurance, those without the obligation, those without the safety records, those without the training programs, those without the equipment—usually just one-truck haulers—can come in now, momentarily cut certain rate practices and otherwise and take that. And, of course, when you deregulate them, you deregulate the regulated carrier.

Naturally, he says to his management, "Hereafter what we are going to have to do is take it on a contract basis or otherwise where we can make that profit and quit serving"—quit serving, if you please.

Now, I wish the Senators from these small areas would come and listen, because this is exactly what happened in airline deregulation.

I heard just a moment ago that it worked pretty good. Pretty good, my eye. Half of my airport is in darkness. National Airlines is not there and neither is Pan American to carry us to Washington. They say that is to save fuel. I get on a plane and come up here, but it is a plane designated for Philadelphia.

We all arrive in Charlotte, we empty off—almost to a man—but no one is really going to Philadelphia. Then we all try to catch the other flight going into Washington. The direct flight would have saved fuel.

I can tell you, my cost is going up and my air service is going down.

These theorists who have never been in the business ought to stop and listen because in the small communities the competition is there, it will persist, and it will succeed. But whether or not the public is going to be served, is going to be protected, and made safe is the real question here.

There is a valid distinction, Mr. President, between the processed foods and those foods that are presently exempt. The Senator from Illinois would try to say that there are no particular exemptions. But these distinctions are based upon historical factors. An extension of the farming concept would tremendously enhance the value of processed foods due to the processing and other factors.

There are often very, very different transportation requirements. Exempt foods usually move from farm to warehouse in truckload lots. Processed foods require interplant, plant to warehouse, plant to warehouse to distribution point, and distribution point to eventual consumer movement, and often involve multiple deliveries; less than truckload handling, pool truck shipments, special temperature control, and other methods of special handling.

This excellent food distribution system has grown up in a competitive atmosphere. The service is there. Unless you have the finest equipment, reliability, insurance, staff to check anything that is lost to locate where the delivery is, unless you have that, the transportation manager or shipper will not do business with you.

The more efficient, they say, have the saving of cost.

I would refer, amongst many references, Mr. President, as I am trying to save time, to the National Confectioners Traffic Conference. I commend this particular brief to show the exact experience of a tremendous group of shippers and why they, on a commonsense basis, oppose this particular approach.

Mr. President, I ask unanimous consent that the document in its entirely be printed in the Record at this point.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

### COMMENTS OF THE NATIONAL CONFECTIONERS' TRAFFIC CONFERENCE ON THE MOTOR CARRIER REFORM ACT OF 1980

The National Confectioners' Traffic Conference is comprised of 48 member companies each concerned with the transportation of confectionery, chewing gum, chocolate and the various raw materials necessary for the manufacture of these products. Membership in the Conference is confined to manufacturers of those products, importers and confectionery shipper Associations. The members have plants and distribution facilities throughout the country and use motor carrier services to virtually every point.

The positions advanced by this paper are specifically supported by the traffic personnel of the companies indicated at the end of this paper. However, all members of the Conference are concerned with the development and maintenance of a responsible and responsive national transportation system.

The Conference supports the modernization and improvement of motor carrier regulation and most of the provisions of Senate Bill 2245. However, it cannot support (1) the amendment to Section 10526(a)(6) which would make all foodstuffs exempt commodities, (2) the zone of Rate Freedom (§ 10708(d)) as now proposed, or (3) the Long Amendment (§ 10732) providing for zone allowances to be granted for customer pickups.

The first two proposals would be highly inflationary in their effect on the consuming public as they would result in higher transportation costs and increased internal costs for the shippers. Each of these proposals would also be destructive of the Bill's goals stated in the new paragraph 7 of Section 10101(a), National Transportation Policy.[1]

### FOODSTUFFS EXEMPTION

"(C) food and edible products, whether processed or not, intended for human consumption, or by-products thereof;"

The members of the Conference feel that they have a very responsive, efficient and economical transportation system available to them now. Obviously, much of their finished or processed products now move by regulated carrier and there is a high degree of satisfaction with the quantity and quality of service received.

As shippers, we protest the proposed denial to us of:

1. Fit motor carriers.
2. Motor carriers required to maintain adequate levels of insurance.
3. Motor carriers required to maintain reasonable claims procedures.
4. Reliable motor carriers with sizeable fleets of modern equipment and continuity of service.
5. Lower costs.

The usual arguments in favor of deregulation of foodstuffs are (1) that it will result in lower transportation costs which can be passed on to the consumer in lower prices, (2) that something should be done for the owner-operator and this would make more traffic available,[2] and (3) that most unprocessed foods are already exempt and it would be more consistent to have all foodstuffs exempt.

The Conference, however, wants the Congress to understand that exempting from regulation all foodstuffs would (1) increase both its transportation charges and its internal costs of doing business, (2) severely impair the well-being of many owner-operators now providing service for the regulated carriers presently serving members of the Conference, and (3) ignore the substantial and real distinctions between the transportation requirements of presently exempt fresh vegetables and fruits, etc., and processed foods.

The Conference is aware of the argument that exempting all foodstuffs would result in such intense competition that transportation charges would be forced downward. It is aware of the various studies and estimates cited to support this contention including the New Jersey motor traffic study, the U.S. Department of Agriculture studies, the Council on Wage and Price Stability study, and the statements of the current I.C.C. Chairman and his predecessor.

The members have only their individual actual experiences to rebut the estimates and theoretical projection made. Yet, those experiences demonstrate that transportation charges would total more while other costs would increase substantially.

If the regulated carriers providing service were to continue providing service, the exemption of foodstuffs would not reduce their operating costs at all. The most that could be hoped is that exempting foodstuffs would make backhauls easier to obtain and their deadhead mileage would thereby be reduced.

In fact, deadhead mileage would be likely to increase substantially. More trucks (both the regulated and the exempt) would be chasing the same volume of freight (the theoretical reason for postulating that rates will be forced down). Some trucks of regulated carriers will definitely have to go further or lay over longer to secure a backhaul load. This will increase their operating costs.

There are no other operating costs that would be reduced. The other costs are fuel, labor, equipment, insurance, administrative, taxes, and the like. Those costs will remain the same or higher for responsible carriers. If carriers now operating in the exempt area are able to operate at lower rates, it is because (1) they do not charge a rate sufficient to earn adequate profits or (2) they experience lower out-of-pocket costs.

Operators in the exempt area frequently experience lower out-of-pocket costs in the fields of insurance, administration, and taxes. Our experience is that the exempt truckers often refuse or are unable to secure insurance of the same levels as that carried by the regulated carriers. While this reduces substantially their costs, it seriously and adversely affects us.

Carriers regulated by the I.C.C. are presently required to have $10,000 coverage for cargo insurance.[3] Before agreeing to use a regulated carrier, we require that it furnish evidence of insurance, including cargo insurance of an amount sufficient to cover the value of our shipments. A truckload of confectionery is worth $40,000 to more than $100,000 while shipments of other foodstuffs shipped by some of our members approach $400,000 in value.

Thus, while Senate Bill 2245 increases insurance requirements (see Section 201 amending 49 U.S.C. 10927(a)(1)) to require insurance of $2,000,000 "for a single occurrence, covering public liability, property damage, and cargo and environmental restoration," shippers of foodstuffs would be denied the protection of such a requirement.

Experience dictates that exempt truckers will never carry cargo insurance in that amount, will rarely carry sufficient cargo insurance for our loads today, and will be under increased pressure to cut costs in a deregulated atmosphere. Non-mandated insurance is a prime candidate for a cost to be cut.

But all this presupposes that the exempt truckers presently charge rates significantly below those of regulated carriers. We indicated our awareness of the studies and comments repeatedly cited as support for that proposition but also stated that our experience does not support that conclusion.

Our experience is more accurately reflected by a recent study which took actual exempt foodstuffs shipments transported by a truck company and compared the truckload charges collected with the rates which would have been imposed by a regulated carrier holding foodstuffs authority. In some instances, the regulated rate resulted in higher charges while in other instances it resulted in a lower rate.[4]

The consistent factor demonstrated by the study was the seasonality of the results. When the volume of traffic available was low, the exempt rates were lower than the regulated rates.[5]

However, when the volume of freight available increased, the exempt costs rose above the regulated rate.[6]

Clearly, this is basic economics at work. The problem is that the rates increased when the volume of freight went up since there was more freight chasing the fixed number of trucks. Most importantly, the total freight bill for the shippers was higher than if all the freight had moved at the regulated rate then in effect.

Since more total volume moves during the high rate period than during the low rate period, the total transportation bill is higher than the steady regulated rate. The public pays for this basic economic lesson.

This is a major factor overlooked by the studies which conclude that shipping charges would decrease in a deregulated situation. They overlook the seasonal variations and a comparison of the total annual transportation charges.

As shippers we must be most concerned with our total transportation costs, not just with the shortsighted goal of saving on a single shipment. Our ability to market our products successfully is dependent upon minimizing our transportation costs while maintaining a reliable, responsible transportation system.

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[1] With respect to transportation of property by motor carrier, to promote competitive and efficient transportation services in order to (A) meet the needs of shippers and receivers; (B) allow a variety of quality and price options to meet changing market demands and the diverse requirements of the shipping public; (C) allow the most productive use of equipment and energy resources; (D) enable efficient and well-managed carriers to earn adequate profits, attract capital, and maintain fair wages and working conditions; (E) provide and maintain service to small communities and small shippers; (F) improve and maintain a sound, safe and competitive privately owned motor carrier system; and (G) promote greater participation by minorities in the motor carrier system.

[2] See p. 8 of Report No. 96–641 of Senate Committee on Commerce, Science, and Transportation. But note the very next paragraph which states that 70 percent of this traffic is unavailable for the owner-operators because it moves by private carriage. Where additional traffic for the owner-operators would come from is not identified.

[3] 49 C.F.R. 1043.2(b).

[4] The study considered all exempt foodstuffs shipments handled by a single truck company for an eight month period. On fifty percent of the movements, the regulated truckload rate would have resulted in lower charges than the unregulated truckload rate. Over the survey period, shippers would have saved $8,036 if all the shipments of exempt foodstuffs had moved at the regulated rates rather than all moving at exempt rates.

[5] Shipments during the period of January through March, 1979.

[6] Shipments during the period of June through August, 1979

We would not be able to control our costs if all foodstuffs were made exempt because (1) we could not budget costs as well, (2) we would have difficulty collecting on claims, and (3) we would not have any meaningful arbiter in disputes with carriers.

If foodstuffs were exempt, there would be no rate regulation, i.e. advance publication of rates agreed upon by carrier and shipper. Budgeting would therefore become very difficult. We would have to resort to the archaic method of negotiating a rate for each load. Many of our members ship fifty to one hundred (50–100) loads per day for several weeks at a time from a single plant. Many have several plants and/or warehouses from which to arrange transportation. Each load moves to a different area involving differences in miles traveled, roads traversed, congestion experienced, and delivery requirements. An attempt to negotiate 100 separate shipments per day on a repeated basis totally destroys any ability to project what will have to be paid.

It also totally destroys the concept of a traffic department as our members now know it. This volume of 50–100 loads per day deals only with the volume moving from points of manufacture. In addition, there are hundreds of daily truckload and LTL shipments from warehouses and distribution facilities strategically located about the country.

Without a quadrupling of the size of our traffic departments, the ability to negotiate the rates daily to move the traffic would be impossible. The additional personnel to accomplish this would be costly and would be another cost that would have to be passed on to the consumer.

Moreover, it is naive to think that it would not be necessary. As much as we might want to delude ourselves into believing that carriers would negotiate a rate for an extended period and then supply all the necessary equipment at the agreed upon rate, that ignores both our actual experience and the professed goal of the proponents of this exemption.

The proponents argue that the exempt trucker will compete for this freight by bidding the price each day based on that day's market conditions. That is the entire purpose of this proposal.

Such exempt truckers are often single independent owner-operators with but a single tractor-trailer unit. Consequently, any long-range negotiations with them would be meaningless. An agreement reached today with Owner-Operator A would not obviate the need to negotiate anew with Owners B and C tomorrow and with other owners the following day.

Our experience with exempt traffic demonstrates that these daily negotiating sessions would be necessary. And by the time the Owner-Operator A returns, circumstances would change (destination of the freight, size of the load, his knowledge of what others earned, etc.) to make the earlier agreement obsolete anyhow.

A further problem is the limited amount of equipment operated by such exempt truckers. Very few have any sizeable fleet and many operate only a single unit.

The problems of where to call for service, to call to trace a load, or to call for claims in that circumstance contrasts sharply with our present day ability to call a single carrier at a permanent phone number, order 10–50 trucks for tomorrow and know how many will be there, trace the loads that went out yesterday, and inquire about the status of claims pending all with one phone call.

In addition to these problems, there has always been a serious problem involving claims with exempt truckers. Small claims are especially a serious problem.

With small exempt truckers, there is usually neither the insurance or the wherewithal in the absence of insurance to pay claims. Occasionally, it is difficult to even locate the trucker.

With all size exempt truckers, collection of claims is difficult. There are no I.C.C. sanctions to be imposed, as the transportation is exempt from I.C.C. regulation. Nor is there the continuity of service from exempt carriers that would make them honor claims for the preservation of their good name.

It is also rare to find an exempt trucker that operates the training programs for his drivers that a regulated carrier does in the proper handling of perishable products. For all of these reasons, our claims loss experience is higher in the use of exempt truckers, a fact which must be recouped in the marketplace.

Finally, the I.C.C. is presently available as an arbiter of disputes with the truck companies. It handles problems of claims, tariff rules and rates, and other problems. It prescribes rules in those fields and others such as detention of vehicles, loading and unloading regulations, extension of credit, and many other areas so that we can be assured that every shipper is treated equally by every carrier, and vice versa.

Exempting foodstuffs from regulation denies us all those rights and privileges.

Nor is it accurate to assume that this will benefit the owner-operators.

First, many owner-operators (some estimates say more than half) are employed on a continuing, long-term basis by regulated carriers. Because of that relationship, they were able to benefit from the fuel surcharge imposed by the I.C.C. to compensate for fuel price increases. Additionally, many administrative duties involved with their ownership of equipment are performed for them by the regulated carrier. Further, the carrier arranges loads, secures insurance to cover cargo and liability, and does all of the administrative work of the transportation service including billing, claims, permits, taxes, reports, etc.

By contrast, every Government investigation into the plight of the exempt owner-operator reveals that the operators are unsophisticated business managers, that they are marginal operators, that they seek a more reliable relationship with the brokers that arrange the shipments, and that the owner-operators are seeking some type of regulation so that they can survive.[7]

Thus, a large number of owner-operators driving for regulated carriers are likely to be injured by any unwarranted exemption of all foodstuffs which forces on them the same problems experienced by the exempt operators. At the same time, it is not possible to identify any benefits that would accrue to the exempt owner-operators by broadening the range of commodities they could transport. Their problems have not appeared to be a lack of freight, but rather a lack of regulations and stability in their sector of the transportation field. Expanding their field will not make it more stable nor resolve their problems.

Lastly, the Congress should recognize that there are valid distinctions between processed foods and those foods which are presently exempt. These distinctions are based on historical factors, an extension of the farming concept, the tremendously enhanced value of processed foods due to the processing, and other factors. Further, there are often very different transportation requirements. Exempt foods usually move from farm to warehouse in truckload lots. Processed foods require interplant, plant to warehouse, plant or warehouse to distribution point, and distribution point to eventual consumer movements and often involve multiple deliveries, LTL handling, pool truck shipments, special temperature control, and other features of special handling.

In summary, we members of the National Confectioners' Traffic Conference oppose the exemption of all foodstuffs. It would increase our costs, our claims and our freight rates. It would deny us carriers with I.C.C. required levels of insurance, published rates for our budgetary planning purposes, standard (I.C.C.) regulations on claims handling, tariff rules, detention, credit extension, discrimination, and other matters, as well as a stable transportation system.

We are certain that there is no corresponding benefit for us from the exemption. We honestly believe that it will not resolve or even ameliorate the problems of the exempt owner-operator; it would merely subject the owner-operator of regulated carriers to the same types of problems. Certainly, no one has ever claimed that it would be beneficial to the regulated carriers or to their owner-operators.

We urge your support for the amendment to be offered by Senator Hollings to delete the exemption of foodstuffs.

Mr. HOLLINGS. Mr. President, let us go back to the original point. The original point, Mr. President, is that if we make the change contemplated by this section of the bill and we take rather than the present 3.7 percent of the total interstate freight but over 10 percent of that revenue, which is 21 percent of the regulated motor carriers, and over 27 percent when you get into the rails and barge service, we are going to provide, congressionally, for the worst dislocation we have had.

Let me put this issue in perspective. We are not talking just about motor carriers; we are talking about damage to our ailing rail industry; we are talking about 202 million tons of freight per year. The regulated railroads carry 124 million tons. The regulated trucking industry carries the rest.

In total, processed food amounts to 24 percent of the combined tonnage, but the distinguished Senator from Illinois minimizes the potential diversion of freight from the regulated system.

Actually, when you start taking away here and there, as I indicate, the regulated carriers are able financially, intellectually, computerwise and safetywise to know how to adjust. They will just cut out those areas they have moved into where they cannot make their profit, and they will not deal with the small shipper or the small community.

All of my air transportation has gone out of Charleston. Piedmont has left Columbia. You can get to Las Vegas, if you can get a plane out. I sat on the runway 3 hours yesterday. But that is where the planes all go, into the long hauls. We keep asking why and get in return some kind of theoretical study.

We know about born again deregulators. We know the devastation of deregulation and what it has done to the public convenience and necessity.

Mr. President, as I said, section 7 of S. 2245 would add "food and edible products, whether processed or not," to the list of commodities currently exempt from ICC regulation.

This provision, which was adopted in committee on a motion by Senator

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[7] Regulatory Problems of the Independent Owner-Operator in the Nation's Trucking Industry, Subcommittee on Special Small Business Problems of the Committee on Small Business, 95th Cong., 2nd Sess. (1978).

STEVENSON, is an invitation to tragedy. It constitutes willful destruction of the regulated transportation system for the sole purpose of satisfying a blind dedication to the ideology of deregulation.

It has been said before, but repetition does not diminish the truth, that we now have the finest transportation system in the history of civilization.

But that system is not immutable. As surely as the sea erodes the firmest shore, this provision will erode and ultimately tumble our superb national transportation system.

In his letter to the Members of this Chamber, Senator STEVENSON informed us that, "only about 3.7 percent of total interstate truck traffic by revenue will be affected by the expanded exemption."

Baloney.

Government statistics show that processed foods account for 78 million tons a year—or 21 percent of the regulated trucking industry's total tonnage. In terms of dollars, that is $4 billion out of the industry's total revenues of $41 billion.

That is more like 10 percent, not 3.7 percent.

Let me put this issue into perspective, as Senator STEVENSON has failed to do.

We are not just talking about motor carriers. We are also talking about damage to our ailing rail industry. We are talking about 202 million tons of freight per year. The regulated railroads carry 124 million tons, and the regulated trucking industry carries the rest. In total, processed food accounts for 24 percent of all the combined tonnage of the regulated transportation system.

Senator STEVENSON minimizes the potential diversion of freight from the regulated system. But in fact we are talking about billions of dollars worth of business. And as the late Senator Everett Dirksen used to say, a billion here, a billion there, and pretty soon you are talking about real money.

This is real money and very serious business, and I think my colleagues should be aware of this fact before they plunge ahead with this half-baked idea.

If we take this 202 million tons of business out of the regulated system and hand it over to what is universally described as an extremely unstable and undependable sector of transportation, we will in effect destroy the regulated system's ability to operate.

The system works because it is finely tuned—transportation of processed food is an integral part of food production and marketing. In the language of truckers, we are talking truckload or volume traffic. This traffic in many instances is used to balance a carrier's system. To me that means keeping empty miles as low as possible. This also means keeping costs and fuel usage as low as possible. It is a highly sophisticated and extremely efficient system. Certainly it is much more efficient than the transportation of unregulated agricultural commodities, a fact that is illustrated by the much lower costs of transporting regulated food. I will return to this point later.

We have been through this experiment before, and it was a complete flop. In the midfifties, we deregulated frozen fruits and vegetables, and imported agricultural commodities. Within 2 years, the shippers were crying for deregulation, and in the Transportation Act of 1958 we obliged them.

Allow me to read from the report of the Senate Committee on Interstate and Foreign Commerce at that time.

As a consequence of this deregulation, the committee said:

> Large and ever-growing volumes of important traffic have been diverted to the exempt truckers and the diversion continues.
>
> The impact upon the regulated carriers is already serious; and the erosion of further classes of traffic is threatened by the trend of administrative and judicial determinations expanding the scope of the exemption.
>
> Attempts have been made to demonstrate that the benefits of the . . . exemption accrue to the farmer in the form of increased income. These attempts are not convincing to the subcommittee, and it appears that other than the farmers are receiving benefits.
>
> It is important that this trend be halted before the position of the regulated carriers is more seriously impaired.

As the poet says, what is past is prolog. Let us not repeat our mistakes.

In his letter to us, Senator STEVENSON asserted that his provision will improve efficiency, save fuel and result in better truck service at lower prices.

If any of these assertions were true, I would not be opposed to the provision. But they are not true, and in fact the Senator's letter is replete with errors and false assumptions.

Point one: The Senator asserts that exempt trucking has provided good service at low prices.

Where was the Senator, I might ask, during the independent truckers' strike last summer? Like many of my colleagues, I recall the complaints from farmers, truckers and retailers. In South Carolina, the cucumbers and tomatoes were rotting in the fields while the truckers were out blockading the highways. The same applies to cherries in the State of Washington, to potatoes in Maine, to fruits and vegetables in California, Florida, and Texas.

Why did this happen? Because in the unregulated marketplace, the truckers could not raise their rates fast enough to cover the rising cost of fuel.

But the regulated carriers did not go out. They got the rate increase they needed because the ICC was there to institute a surcharge mechanism. And the independents that were leased to regulated carriers were able to cover their costs, as well, because the ICC ordered that the surcharge be passed through to the operator that paid for the fuel.

If there is another strike—and who knows what the oil sheikdoms will do next—it will not be just fruits and vegetables stopped on the highways. It will be everything we now buy at the supermarket.

And because the ICC will have removed from this sector, the safety valve that broke the back of the strike will no longer be available.

This loss of the ICC mechanism which permits owner-operators to recoup increased fuel costs has led the following independent trucker groups to support my amendment:

1. Owner-Operators Independent Drivers Association of America.
2. South Dakota Independent Truckers Association.
3. Oklahoma Independent Owner-Operators Association.
4. Western Montana Independent Truckers Association.
5. Michigan Owner-Operators and Drivers Association.
6. Independent Truckers of Alabama.
7. Pacific Coast Owner-Operators Association.
8. Greater Chicago Independent Truckers Association.
9. National Independent Truckers Unity Council.
10. Alabama Independent Truckers Association.
11. Associated Independent Truck Owner-Operators.
12. Florida Owner-Operators and Drivers Association.
13. Fraternal Association of Steel Haulers.
14. Independent Truckers Association of the Northern Plains.
15. Midwest Truckers Association.
16. National Council of Independent Truckers.

Studies by groups as divergent as the Departments of Transportation and Agriculture, the Small Business Committee of the House, transportation consultants and ivory tower academies all say the same things about exempt truckers: that they are seat-of-the-pants operators who do not save for the hard times; that they do not have enough economic clout to get compensatory rates; that they do not have the sophistication or expertise to deal with rip-off brokers; and that they habitually operate with far less concern for safety than do the regulated carriers.

On this point about safety, I would like to draw your attention to an article that appeared in the April 11 edition of the Washington Post. The article tells of gypsy truckers operating under a veil of secrecy and phoney manifests to illegally dump truckloads of poisonous chemicals in the fields and woodlands of New England. It describes how alleged organized crime figures arrange for the shipments, prepare the phoney documents and hire "dependable" gypsy truckers to do the dirty work.

The article says:

> The money is rumored to be two or three times the regular rates—and paid in cash. Some truckers say there's as much business available as a driver wants if he's trusted.

By any standard, this behavior is appalling. Yet these are the very truckers to whom Senator STEVENSON proposes giving the unrestricted right to carry processed food. These truckers are neither dependable nor responsible. It passes all comprehension that we should expand the list of commodities that they may transport. What they need is more regulation, not less.

Point two: The Senator says:

> The expanded exemption will make agricultural transportation more efficient, thus improving transportation service to agricultural and rural shippers.

That sentence has a fine ring to it, but you ask the agricultural and rural shippers what they think and you get a different story. According to testimony given before the Rural Transportation

Advisory Task Force, there is a real chance that under this provision, independent truckers will abandon service to rural shippers in favor of the less seasonal and more stable intercity traffic of processed foods.

Explicit evidence of this fact thas been presented to the Members of this Chamber in a letter from the National Farmers Union, one of the Nation's major farm organizations.

The Union says:

> The (Stevenson) amendment would make it even more difficult for our farmer-members to obtain adequate supplies of trucks for transporting their products to the marketplace. If processed foods were deregulated, independent owner-operators would find it more profitable to haul processed foods to large population centers than to travel to remote rural areas where balanced hauls are difficult to arrange. Consequently, service to small towns and rural communities would suffer, and shippers of raw farm products would be disadvantaged.

Point three: Senator STEVENSON informs us in his letter that regulation forces exempt carriers to travel empty. That is simply not correct. If an exempt trucker cannot find a load of exempt commodities, he is free to lease himself to a regulated carrier for his return trip. The classified advertising sections of trucking industry newspapers and magazines are filled with want ads for exempt truckers. Some trucking companies even post signs on their rigs, saying "Owner-operators wanted. Call this toll-free number."

Point four: The Senator says his provision will result in lower truck rates for these commodities.

Given the reality of truck rates, I find this to be wishful thinking. The Members of this Chamber recently received a letter from a regulated truck line based in Knoxville, Tenn., that illustrates the reality. The chairman of that firm went out and bought a bag of groceries at a store his truck line serves. He bought bananas, frozen waffles, sirloin steak, Sara Lee frozen cake, Minute Maid orange juice, Welch's grape juice, Nestle freeze-dried coffee, Similac, Kraft cheese and ground beef.

This bag of processed food cost him $25.78. Then he went and checked his freight bills, adding up the cost for transporting each of these items. It came to a grand total of 36.5 cents—1.5 percent of the total retail price. The average length of haul at that rate was 997 miles.

Now, that is a pretty good deal, I would say. Let us compare it to what we pay for transportation of exempt commodities. The December 1979, Producer Price Index for regulated transportation of processed food was 13.3 points lower than for transportation of exempt farm commodities. The December 1979, Consumer Price Index for regulated transportation of processed fruits and vegetables was 15.1 points lower than for exempt transportation of fresh fruits and vegetables.

Furthermore, the Department of Agriculture estimates that in 1979 the transportation cost of regulated commodities such as beef, pork, butter, frozen orange juice and canned tomatoes was 4 percent of the retail price. For exempt commodities such as eggs, chicken, milk, oranges, potatoes and lettuce, the cost was over 9 percent of the retail price.

In light of these figures I am sure my colleagues can see why I am skeptical of the Senator's assertion regarding rates. The evidence points in exactly the opposite direction.

There is considerable support for my amendment. Besides the National Farmers Union, it includes the National Meat Association, the Transportation Association of America, George A. Hormel & Co., Oscar Mayer & Co., Stokely-Van Camp Inc., the Nestle Co., Land O' Frost, Inc., the American Trucking Associations, the Association of American Railroads and the Freight Forwarders Institute.

Senator STEVENSON makes a great to-do about the bureaucratic niggling that the ICC goes through to define what is exempt and what is not.

In his letter to us, he presents us with the definition of three commodities. The first two are hay, which is exempt unless it contains 3 percent of molasses by weight, and manure, which is exempt unless it is fermented in a "rich liquor."

Now, I can only speak for myself, but my taste in food does not run to hay or manure, no matter how rich the liquor. Perhaps the Senator has been approached by a special interest group representing the dietary tastes of horses and soybeans. That might explain why he has included these examples in this debate about processed food.

I have eaten popcorn, though, which is the Senator's third example. This is how it is defined: "Shelled, unpopped popcorn weighing 10 or more ounces accompanied by a separate package of seasoning consisting of monosodium glutamate, butter flavor, cottonseed oil and artificial color and weighing approximately three-fourths ounce" is exempt, while "shelled unpopped popcorn packaged with cooking fat or oil—one part oil to 2½ parts popcorn" is not.

It does sound a little demented.

But while I admire the Senator from Illinois as a serious and high-minded individual, I doubt that he worries if his popcorn is exempt or not when he is watching Bo Derek on the silver screen.

If he does, then perhaps this is more serious than I thought, and maybe I should reconsider my position.

There is no doubt that the definitions need simplification. But that is not enough reason to throw out a system that works extremely well. I am sure the ICC, with its bright young go-getter commissioners, can figure out how to make the distinctions more rational. Let them do their jobs, and let us stick to the important issues.

I urge your support for our amendment to strike this harmful provision from the bill.

Mr. CANNON. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CANNON. Mr. President, I yield myself 2 minutes.

First, I would like to call to the attention of my distinguished colleague another point. I had hoped that we would not get into his and my continuing argument on the success or failure of airline deregulation. I have just put into the RECORD today material showing what a success it has been.

Mr. HOLLINGS. Will the Senator yield to give me a ticket rather than material?

Mr. CANNON. Mr. President, I have not yielded yet. I just wanted to call to the distinguished Senator's attention that I have a letter here in my hand that I am going to make a part of the RECORD in a moment, with the permission of the Presiding Officer, which bears the imprint of the State of South Carolina, Office of the Governor, Richard W. Riley, Post Office Box 11450, Columbia 29211, April 7, 1980:

Mr. MARVIN H. COHEN,
*Chairman, Civil Aeronautics Board,*
*Washington, D.C.*

DEAR CHAIRMAN COHEN: I would like to express my appreciation for your and the Civil Aeronautics Board's support of South Carolina's efforts to improve our civil air service. Mr. Sam Clark of your Atlanta office has been most helpful and is cooperating with us in every way.

South Carolina has a long and successful history of working with and attracting industry. Adequate air service is an essential aspect of this program, and we intend to attract the civil air industry and work successfully with them.

In this respect, we view the Deregulation Act.

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I repeat, "the Deregulation Act."

as an opportunity for it allows us to work with the industry concerned and apply our efforts directly. We are establishing a state level office to coordinate all activities of government, industry and citizens in this effort. We have studies underway to establish the feasibility of our state's becoming a commuter hub. Once this happens, the trunk carriers will increase their service to accommodate the increased passenger flow. Of course, the continued availability of the CAB, especially at the regional level, and its personnel to aid and advise not only us, but the other states as well, is vital.

An orderly and progressive expansion of our nation's civil air service can be achieved within the framework of legislation we now have. South Carolina intends to achieve new levels of air service and economic development within that framework.

Sincerely,

RICHARD W. RILEY.

Does the Senator know Governor Riley?

Mr. HOLLINGS. Mr. President, let me answer that question. Governor Riley has not been on a commercial plane since he took the oath of office. I am a former Governor of South Carolina. This present distinguished Governor has a jet, a prop jet, and three other smaller planes, plus all the industry down there and their planes to fly him at will.

In there where Governor Riley says what he wants to achieve, find me a sentence that says he approves of the deregulation. Where is that sentence in the letter?

Mr. CANNON. Mr. President, I ask unanimous consent that the entire letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

State of South Carolina,
Office of the Governor,
*Columbia, Ga., April 7, 1980.*

Mr. Marvin H. Cohen,
*Chairman, Civil Aeronautics Board,*
*Washington, D.C.*

Dear Chairman Cohen: I would like to express my appreciation for your and the Civil Aeronautics Board's support of South Carolina's efforts to improve our civil air service. Mr. Sam Clark of your Atlanta office has been most helpful and is cooperating with us in every way.

South Carolina has a long and successful history of working with and attracting industry. Adequate air service is an essential aspect of this program, and we intend to attract the civil air industry and work successfully with them.

In this respect, we view the Deregulation Act as an opportunity for it allows us to work with the industry concerned and apply our efforts directly. We are establishing a state level office to coordinate all activities of government, industry and citizens in this effort. We have studies underway to establish the feasibility of our state's becoming a commuter hub. Once this happens, the trunk carriers will increase their service to accommodate the increased passenger flow. Of course, the continued availability of the CAB, especially at the regional level, and its personnel to aid and advise not only us, but the other states as well, is vital.

An orderly and progressive expansion of our nation's civil air service can be achieved within the framework of legislation we now have. South Carolina intends to achieve new levels of air service and economic development within that framework.

Sincerely,

Richard W. Riley.

Mr. HOLLINGS. Mr. President, I wish the chairman would read it, if it is clear. That is just one of these things to butter up the distinguished Senator from Nevada, the chairman of our Committee on Aeronautics. I want to butter him up, too. He has done a tremendous job, but the facts are not with him in this case.

He talks about what he would like to achieve, but it certainly does not help him now.

Mr. CANNON. Mr. President, is this on my time?

The PRESIDING OFFICER. The time will be charged to the Senator from South Carolina.

Mr. CANNON. Mr. President, I yield 5 minutes to the Senator from Illinois.

Mr. STEVENSON. Mr. President, the amendment offered by our good friend from South Carolina guts the expanded agricultural commodity exemption in the bill and goes beyond that to restrict the narrow exemption for agricultural commodities already in the law. In other words, this amendment, if approved, would mean more regulation of the trucking industry, less competition in the trucking industry, more inflation, and less service for farms and rural areas.

The expanded exemption in the bill will, conversely, improve service to rural agricultural communities. It will help restrain rising transportation costs, and cut the wasted mileage traveled by empty trucks. With the expanded exemption, the trucking industry will be more competitive and more efficient.

Most raw agricultural commodities now carried by truck are exempt from regulation by the Interstate Commerce Commission. The exemption means that the Commission does not control rates, routes, or the kinds of trucking companies engaging in the transportation of exempt commodities. They may be carried by regulated common carriers, unregulated trucking companies, or owner-operated carriers.

The provision in this bill would add red meats, nonhazardous agricultural fertilizers and soil conditioners, and processed foods to the exempt commodities list.

Truck transportation of raw agricultural commodities is exempt because farmers get better service at lower prices without regulation. During the 1950's when the exempt list was expanded by court order, truck rates on those products fell by 11 to 50 percent. Rates on fresh and frozen poultry fell by more than 33 percent. Transportation service improved, and the use of private carriage declined. Marketing opportunities for shippers expanded. The percentage of shipments moving over 500 miles rose from 18 to 33 percent.

Frozen fruits and vegetables were added to the exempt list by court decision during the mid-1950's. The results were similar. Rates dropped 19 percent. Service improved, and many shippers were able to stop furnishing their own transportation. These trends were reversed when the Congress in 1958 placed frozen fruits and vegetables back under regulation.

The new exemption provision will help to alleviate one of the most wasteful and irrational results of regulation: the empty backhaul. Processed foods may be carried only by the processing shipper's trucks or by regulated carrier or under contract with a regulated carrier. An owner-operator may carry raw agricultural commodities but not processed commodities. Therefore, he often must make his return trips empty, wasting fuel, manpower, equipment, and time. With the new provision he will be able to return with processed foods since these will no longer be regulated. For example, a truck carrying potatoes to a processing plant will be able to return with potato chips; a truck carrying tomatoes to be processed may return home with catsup or tomato soup.

Mr. President, the new provision would be fully justified if for no other reason than its clarification of which commodities are exempt and which are not. The Interstate Commerce Commission has a 32-page publication entitled, "Can They Do That?" to explain the exemptions. Here are some examples from that publication:

> Hay is exempt, but hay containing 3 percent molasses is not;
>
> Manure is exempt, but fermented manure "with additives such as yeast and molds, producing a rich liquor which in water solution is used for soil enrichment" is not; and
>
> "Shelled, unpopped popcorn weighing ten or more ounces accompanied by a separate package of seasoning consisting of monosodium glutamate, butter flavor, cottonseed oil, and artificial color and flavor weighing approximately ¾ ounce" is exempt, while "shelled, unpopped popcorn with cooking fat or oil (one part oil to 2½ parts popcorn)" is not.

That is the kind of nonsense that goes from one page to the next in this pamphlet. That is the kind of regulation that is arbitrary, is artificial, and is costly to shippers, to consumers, and to farmers. It makes absolutely no sense except as a means of protecting powerful interests at the cost of everybody else in our economy.

The PRESIDING OFFICER. The 5 minutes of the Senator has expired.

Mr. CANNON. I yield 2 minutes.

Mr. STEVENSON. I thank the distinguished chairman.

Mr. President, the exemption in the bill draws a clear line. All agricultural commodities, whether processed or not, whether shelled popcorn or unpopped popcorn or unshelled popcorn, would be exempted.

The regulated common carrier will not be hurt by the exemption. It will affect less than 4 percent of total interstate truck traffic by revenue. Regulated carriers now handle over 27 percent of all exempt commodities, and they will still be able to do so. The new exemption need not divert traffic from them. It simply makes them compete for it.

This provision is supported by the Department of Transportation, the Department of Agriculture, the Interstate Commerce Commission, the National Association of Manufacturers, the National Federation of Independent Businesses, the American Farm Bureau Federation and other farm and consumer groups.

The Congressional Budget Office estimates that deregulation of truck transportation could reduce transportation costs by as much as $8 billion; this one step could cut inflation by nearly ½ of 1 percent. Regulation of the trucking industry has caused higher prices than necessary by encouraging inefficiency and waste. This amendment would perpetuate that regulation.

This morning's Wall Street Journal contains a prediction that food prices will resume their rise by fall and will be up 10 percent by the end of the year. The article goes on to point out that 60 percent of the cost of food is added after the product leaves the farm, and that these costs—for transportation, processing, and that these costs—for transportation, processing, and distribution—are likely to rise by 12.8 percent.

Deregulation will put downward pressure on food prices, as previous experience with poultry and frozen fruits and vegetables has demonstrated. We hear a great deal of talk about inflation caused by excessive government regulation. By defeating this amendment, Mr. President, the Senate will have a means of doing something about inflation caused by excessive, needless regulation. I urge the Senate to defeat the amendment.

Mr. CANNON. Mr. President, I strenuously oppose the amendment offered by Senator HOLLINGS. The agricultural section of this bill is one of the most important provisions in it. Without the expansion of the agricultural exemption, the bill is substantially weaker.

The Stevenson agricultural amendment to S. 2245 adds to the list of commodities which can currently be transported free from ICC regulation; processed foods, edible products, byproducts, feed, seeds, plants, agricultural chemicals and fertilizers. Well over half of this traffic is now carried by rail and barge. The amount of this traffic hauled by regulated carriers amounts to 3.4 percent of total interstate truck traffic by revenue for processed foods, edible products, byproducts, feed, seed, and plants, and 0.3 percent for fertilizers. Thus, the maximum amount of traffic that would be affected by this amendment is about 3.7 percent. However, as Senator STEVENSON has correctly argued, regulated carriers would continue to be eligible to carry these commodities—much as they carry 27 percent of the exempt produce now carried in trucks—so any diversion would be much less. Thus, the amendment would not necessarily divert this traffic from regulated carriers; it would just make them compete for it.

The broadened exemption is very desirable for a number of reasons, among them that it would help balance traffic flows and, hence, save wasted fuel. It would reduce the amount of "hairsplitting" ICC proceedings necessary to produce a complex document on what is and is not exempt. Agricultural shippers would enjoy lower freight rates, better trucking service, and would be able to ship to wider areas, hence expanding their markets.

Traffic flows would be better balanced because the unregulated owner-operators who now carry about 54 percent of the exempt commodities from agricultural areas would be eligible to carry food products and farm supplies back to those same areas. As it is now, they can do so only by leasing themselves to regulated carriers who have the necessary authority, for a fee of 20–35 percent of the revenues. Likewise, unregulated carriers transporting unprocessed tomatoes to the canning plant, for example, could immediately fill up their empty truck with canned tomatoes without wasting any empty miles looking for a load. Finally, these carriers could fill up a partial truckload of exempt produce with some heretofore regulated goods, which they are now precluded from doing because of the antimixing rule. Similarly, the many shippers in the processed food industry who produce some commodities which are now exempt and some which are regulated could more efficiently ship their freight if it were all exempt.

Lower rates would result in lower food prices, which is equivalent to reducing the "tax" of regulation which falls most heavily on lower income consumers. In the 1950's, as additional agricultural commodities became exempt, truck rates on those products fell by 11 to 50 percent at the same time that the corresponding rail rates rose by 6–14 percent. We would expect similar results for the products covered by the Stevenson agricultural exemption amendment.

Moreover, at the same time as these rates fell in the 1950's, studies of shippers of these products consistently indicated that shippers were extremely satisfied with the new, unregulated service. For example, 95 to 100 percent of the poultry shippers surveyed by their own trade association rated unregulated carrier service better than or equal to regulated carriers on the basis of reliability, truck quality, promptness, truck availability, claims adjustments, need for supervision, and willingness to serve off-line points. As a result of the reduced rates, these shippers expanded their markets; for example; the percentage shipping their poultry over 500 miles increased from 18 to 33 percent.

Mr. President, after finally seeing this amendment I am appalled to learn that this would actually lead to the regulation of commodities that are not now regulated; namely, fish and poultry. Thus the amendment not only eliminates a reform, but would turn the clock back 25 years to when fish and poultry were last regulated.

Mr. President, here are the commodities that would be reregulated that are currently unregulated under existing law: Cooked fish, dressed poultry, frozen poultry, cream cheese, butter, ginned cotton, rail ties, shredded bark, and 300 other items.

They would be regulated under this amendment, rather than to continue as deregulated.

Mr. President, I yield 4 minutes to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I will follow up again on the comments of the Senator from Nevada.

Not only does Senator HOLLINGS revert to the pre-1956 case law in reregulated fresh fish and poultry, he also regulates 300 other lesser commodities, including many milk products.

Mr. President, it is a step backward, prior to the status quo.

But, apart from that, let me say again what I said at the start. Who is this bill designed to help and who should we be concerned with? That is the consumer in this country, and whether or not their prices will go up or down.

Mr. President, before I make reference again to those groups, let me take 1 year further than the year cited by the Senator from South Carolina about the profits of the trucking industries, and these are statistics from the Interstate Commerce Commission for 1978.

They have not yet finished compiling figures for 1979, but they have announced that the profits will be greater in 1979, and the returns on capital and equity will be greater than in 1978.

First, 1978 return on equity for the nine motor carrier conferences, and these are the bureaus to which all trucks that are regulated belong, ranges between 17.3 percent and 21.4 percent. Return on investment is between 20.8 percent and 34.8 percent. Over 30 carriers achieved returns on equity, less intangibles, in excess of 100 percent of equity. The intangibles would not reduce that by more than 10 percent.

These carriers are not doing badly. They are doing very well. These carriers are not going to pull out of small towns. They are not going to leave the consumer barren.

These are just consumer organizations, not people carrying water for Sears, Roebuck or General Motors:

CONSUMERS

Common Cause.
National Consumers League.
Consumer Federation of America.
Community Nutrition Institute.
Public Citizens (Nader).
Consumer Alert.
Consumer's Union.
Congress Watch.
American Association of Retired Persons.
Friends of the Earth.

SMALL BUSINESS AND RURAL AREAS

N.F.I.B.
National Association of Counties.

Do we think those groups would support a Hollings amendment if they thought it would injure those people? They are opposed to the Hollings amendment.

Think it will hurt small towns? The National Association of Counties, the principal lobbying organization for the counties of this country, not cities, but counties, principally the rural areas, is opposed to the Hollings amendment.

The National Federation of Independent Business, the largest trade association of small business, with its membership located disproportionately in our smaller communities, is opposed to the Hollings amendment.

There is no significant support for this amendment except for the people that have got it and they want to keep it and not let anybody else have it. They are making extraordinary profits—I will not call them obscene, but the are extraordinary—and they will continue in business after the Hollings amendment is defeated and they will continue in business after this bill is passed.

But let no one be fooled. If the Hollings amendment passes, the losers are shippers and consumers. The beneficiaries are the present regulated trucking companies who want no change in the present system.

The PRESIDING OFFICER. Who yields time?

Mr. CANNON. Mr. President, I reserve the remainder of my time.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, with regard to independent businesses, we showed in the committee, going through the same act, the same scene, that the only thing is that they have not found any answer.

Incidentally, I am proud of the awards I received from the National Federation of Independent Businesses. But their questionnaire asks "should the ICC continue to impose motor carrier restrictions on new additional industries?"

Further, in this questionnaire, it says here that there was no entry requirement—entry requirements are arbitrary and restrict people from going into business. This is alien to American free enterprise. Success in the marketplace should be the only test the service needs. The restrictive ICC requirements protect established carriers from competition. Small town shippers frequently complain it is difficult to get adequate services, for which they are willing to pay, and so on.

Mr. President, if I received that kind of questionnaire, I probably would reach a similar conclusion.

But I know about small-town shippers. We brought them before the committee, and the facts prove the case I make.

Mr. President, watch the Senators on the floor who are interested in the small towns in America. They definitely support this particular amendment, because they know the largest shippers will have to close down these terminals and then cut out the services coming in. Regulated carriers cannot lose 20 percent of the tonnage and 10 percent of the revenues without causing a dramatic reduction in service to small towns. I strongly challenge the return on equity figures used by the opponents of any amendment because I am using the ICC and the Department of Transportation figures.

They come around with these figures out of thin air. I have given the justification for my figures. We backed down to saying, "Oh, how nice it would be, the hog farmer can take his hog and bring back a ham."

Have we ever seen a hog truck? We have not seen them put a ham in that same truck.

Our tomato farmer, "Oh, wouldn't it be nice when we start running businesses, making a living."

That is where this country gets in trouble.

Have we ever seen a tomato farmer run up and say, "Here are my fresh tomatoes, give me some cases of soup to take back."

Absolute nonsense.

I am going to tell you a true story. I tried to go into the soup business. I got Mr. Oliver Willits and Mr. Beverly Murphy, the chairman of the board and the president of Campbell Soup. We made an extensive survey, and they said, "There are not enough tomatoes here. We need more to produce soup. We need to go to a place like Texas, where they have the sun and can control with irrigation and everything else." So they put a soup factory in Texas, where it is intrastate and not even applicable to what we are talking about now.

They said, "In poultry production, Governor Hollings, if you can get it up, we can put a poultry processing plant there." We have a magnificent one, because we went around and made the talks and got together with the farmers in Clemson.

I have them in my family, and I have been trying to find one in the State of South Carolina that is producing tomatoes. I have not found one yet, and I hope they will find out who the Governor was from South Carolina.

Their staff wrote a pleasant letter, saying that the chairman of the committee was distinguished, and he is. But he surely did not come out for deregulation of the trucking industry; I can tell you that. That letter should not intimate that.

The tomato farmer will tell you now that he is not looking for cases of soup for his tomatoes when he ships them into New York.

Incidentally, since we are talking about deregulation, there is one thing: We went broke last year with a deregulated carrier, because when they had to add on the fuel costs. It was not until the ICC gave them a fast route, the unregulated carrier, the agricultural hauler, that he could get back into the business; and they went on strike, and the rest is history.

It just does not work that happy way, giving the figures and talking about deregulation. We are talking about a substantial industry, a very competitive industry, and in my prepared comments I listed those supporting my point of view.

Common Cause: Have they ever made a living? [Laughter.] Jiminetti, what are you talking about?

The Owners-Operators Independent Drivers Association of America, South Dakota Independent Truckers Association, Oklahoma Independent Owner-Operators Association, western Montana, Michigan, the Pacific Coast. Go on down to Florida, the owners and operators—they know about the backhauls, and we do not talk about that anymore.

Then go to various industries and the shippers who gave the particular pull to the Department of Transportation and rated it above everything else. There was no complaint by the shippers.

Industrial Shipper Survey—Plant Level, by J. Richard Jones, Office of Transportation Planning Analysis, Office of the Secretary, Department of Transportation presents the findings of a survey which was undertaken as part of the 1974 National Transportation Study. The survey was initiated in late November 1973 to provide DOT with a better understanding of the transportation problems, motivations, expectations, and levels of satisfaction of industrial users. It was completed in April 1974, dated September 1975 and released in November 1975.

A sample group of shippers was asked to rate all the transportation modes except pipelines on the following performance criteria: on time pickup; on time delivery; loss, short and damage; and equipment availability. Other areas of inquiry included: Private transportation, speed versus reliability, projected modal split and shipper-governmental relations. The report reveals what motor carriers have known for years—shippers are highway oriented because highway transportation serves them best. The report concludes:

> Overall, the respondents involved in the survey indicated a much higher level of satisfaction with service afforded them by air and motor carriers as contrasted to that received from the railroads. Water carriers, while not judged at the same level as the air and motor carriers, were nevertheless deemed to provide service superior to that of the railroads.
>
> These differences are made even more dramatic when it was pointed out by many shippers that their expectations involving rail service were lower than with motor carriers, i.e., they allowed more lead time for obtaining rail service.

These findings are based on the responses of 193 industrial manufacturers employing over 100 people in 19 major metropolitan areas throughout the United States. These shippers were asked to judge the overall quality of service by each mode on a five-point scale (excellent, quite good, adequate, minimally acceptable, and unsatisfactory). Table I presents the evaluation of the overall service by mode.

TABLE I.—QUALITY OF SERVICE AFFORDED SHIPPERS BY MODE

[Quality of service evaluation]

| Mode | Excellent | | Quite good | | Adequate | | Minimally acceptable | | Unsatisfactory | | Total using mode |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent | |
| Motor carrier | 20 | 10.36 | 109 | 56.48 | 59 | 30.57 | 4 | 2.07 | 1 | 0.5 | 193 |
| Rail | 7 | 5.43 | 21 | 16.28 | 57 | 44.19 | 32 | 24.81 | 12 | 9.30 | 129 |
| Air | 22 | 16.92 | 67 | 51.54 | 35 | 26.92 | 6 | 4.62 | 0 | 0 | 130 |
| Water | 5 | 8.93 | 14 | 25.00 | 34 | 60.71 | 3 | 5.36 | 0 | 0 | 56 |

The National Meat Organization, Oscar Mayer—those are the ones paying the costs and trying to save.

Stokeley-Van Camp, Nestle Co., National Small Business Association—National Small Business Association; I will say that twice—the National Farmers Union. These fellows going for these hogs are not going to come to the farm. The brokers are going to rip them off. The poor farmer is not going to get it.

Whoever is reading the Wall Street Journal said food prices are going up. What is the relation of that particular news items to what we are debating? Does anybody really think food prices are going down when we deregulate here today on processed foods? We are only talking about 1.8 percent, and we have given the survey. We have put it in a full page ad. We showed it in the Washington Post this morning. The information in the ad is contained in the letter I request be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Colonial Refrigerated
Transportation Inc.,
*Knoxville, Tenn., April 7, 1980.*
Re Senate Bill No. S2245.
Hon. James Sasser,
*U.S. Senate Building,*
*Washington, D.C.*

Dear Senator Sasser: We are a nationwide motor carrier with 575 Independent Contractors and 250 employees. Colonial has capital investments in equipment in the amount of $11,041,883. Today we have equipment note balances at our banks in the amount of $4,005,011. We operate 24 terminals from coast to coast, and we have been in business for 30 years.

Our owner-operators and employees are suffering great anxiety regarding their livelihoods. We bitterly oppose passage of Senate Bill No. S2245, as approved by the Senate Committee, especially deregulation of foodstuffs and the abolishment of collective rate making.

In the belief that you are a very busy person and further conviction that one picture is the equivalent of 10,000 words, I am taking the liberty of enclosing a picture of food samples taken from shipments handled by Colonial with supporting exhibit which reflects the average grocery store cost to consumer for these items was $2.61 per pound. Attached freight bill copies show the actual freight cost to consumers for these items was only 3½ cents per pound. Obviously if there was no freight costs whatsoever, the consumer would still have to pay $2.56 per pound for these same groceries. The items pictured cost $25.78—total freight charges were 37¢. Average freight charges represent 1.5% of the total cost.

We realize that deregulation is today's "buzz word." Promised reduction of grocery costs has great emotional appeal to the voters. However, deregulation will play havoc with our trucks nationwide "conveyor belt" service to the food stores in large and small towns and prices for freight services will zoom upwards (as has been the case with airlines deregulation).

Carriers such as ourselves know that freight charges which cost the consumer 3½ cents per pound and 1.5% of total grocery costs are one of the American consumer's greatest bargains.

In our opinion, regulation of fresh and frozen fruits and vegetables, fish and poultry must be accomplished to stabilize the food hauling industry (see exhibit on actual loads of regulated and deregulated freight hauled by Colonial between the East Coast and California). Deregulated haul cost $646.10 more than regulated load!

Trusting your vote will be cast with understanding and interest in this great and economical service to the American consumer being preserved, we ask you to vote NO on Senate Bill No. S. 2245.

Thanking you in advance for your consideration in this matter, I remain

Sincerely,

Lura M. McBride,
*President.*

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TRANSPORTATION COST STUDY

| Commodity | Retail per pound | Transportation cost per pound (cents) |
|---|---|---|
| Bananas | $0.45 | 2 |
| Eggo waffles | 1.27 | 4 |
| Meat | 4.59 | 6 |
| Sara Lee | 1.79 | 4 |
| Minute Maid Orange Concentrate | 1.23 | 3 |
| Welch Grape Juice | .77 | 3 |
| Nestles Freeze Dried Coffee | 10.78 | 3 |
| Similac | .96 | 3½ |
| Kraft Cheese | 2.87 | 2 |
| Ground Beef | 1.39 | 6 |
| Average | $2.61 | 3½ |

SUMMARY

| | |
|---|---|
| $25 worth of groceries | $25.00 |
| Total freight charges (1.5 percent of grocery costs) | .37½ |
| Total cost (no freight charges) | 24.63½ |
| Average length of haul (miles) | 997 |

[Note: Remainder of attachments not reproducible in Record.]

Mr. HOLLINGS. Have you bought any groceries lately? Why do you read the Wall Street Journal? Have you got something against the Washington Post? Read that. No political statements about hogs and tomatoes. That gives you the exact prepared foods, the exact transportation costs. It is 38 cents on a grocery basket of $26.50—1.8 percent of what we are dealing with. And they are up here selling "Ain't we good with Common Cause, which came out for deregulation?"

Look at the list of people. For example, Hygrade, Awrey Bakeries, Potato Transportation Service. They know what is needed to carry potatoes, and they are not looking for potato chips. [Laughter.]

What are we playing games for, on the floor of the U.S. Senate, with the best transportation system in the world?

I could use up the remainder of my time just by reading the list of names. They are substantial businesses. They are paying the bills. They are folks who know the history of trucking and regulating trucking and are proud of it. They know how to cut corners and how to minimize and how to rely. And you are cutting out the reliability. You are taking the figure, and you are not going to require insurance. A truck comes down the road, and whether it is regulated or deregulated, it can kill you. You say if it is not regulated, they cannot carry that insurance; they do not have to have that safety system and those checks and balances we find in the regulated industry.

We have stories—we do not want to take the time—about where they have adulterated the system. Read the Department of Agriculture report with respect to that, on unregulated agricultural hauling.

I ask unanimous consent to have printed in the Record other material I have in connection with this matter.

I reserve the remainder of my time.

There being no objection, the material was ordered to be printed in the Record, as follows:

American Meat Institute,
*April 15, 1980.*

Dear Senator: The American Meat Institute, national trade association for the meat packing industry with approximately 300 members doing business in all 50 states, favors deregulation of the trucking industry. We believe that S. 2245 achieves many meaningful reforms of present Interstate Commerce Commission deregulation and we support this legislation with one exception.

The Institute opposes the so-called Stevenson Amendment that would exempt food from any regulation by the ICC. We favor regulatory reforms that will be phased in over a period of time so that our industry, like other industries, will have time to adjust to the changes. However, we are concerned that the Stevenson Amendment—by immediately exempting food from all regulation—is a precipitous step that could cause disruptions in the transportation of meat.

We support provisions of S. 2245 to lessen regulation of the trucking industry and believe that after the experience of these changes over the next several years would be a more logical time to evaluate total deregulation. By immediately exempting our industry from any regulation, we set food apart from the basic transportation policy affecting all other industries. We believe our industry is best served by deregulation when the time frame and procedures are like all other industries. Accordingly, we urge you to oppose the Stevenson Amendment to exempt processed and unprocessed food from regulation. By doing so, you will allow our industry to go forward with deregulation but be treated like all other industries—and to have the benefits of phased deregulation.

Sincerely,

C. Manly Molpus,
*President.*

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National Small Business Association,
*Washington, D.C., April 10, 1980.*
Hon. Howard Cannon,
*Chairman, Senate Committee on Commerce, Science and Transportation, U.S. Senate, Washington, D.C.*

Dear Mr. Chairman: During the mark-up of S. 2245 we expressed our opposition to inclusion of the Long amendment (now Section 8) because it is not a transportation issue and would effectively repeal or dilute provisions of the Robinson-Patman Act.

The Committee, however, elected to include Section 8 and further stated in the Committee report on S. 2245, page 27, "the purpose of this provision is to make it clear that subtracting actual transporation savings from the delivered prices of those goods is not a violation of the Robinson-Patman Act," and again on page 9 of the report, "the Committee intends that the Robinson-Patman Act protection offered to small sellers or manufacturers or small customers will not be diluted by this amendment. Thus, the Federal Trade Commission will be expected to vigorously enforce the Robinson-Patman Act protection against discriminatory practices." Mr. Chairman, in spite of this report language, it is a fact that Section 8 does in fact provide an exclusion from the Robinson-Patman Act and, as Mr. Alfred Dougherty, Director of the Bureau of Competition of the Federal Trade Commission, stated in response to questioning on April 3 before the Senate Small Business Committee, Section 8 of S. 2245 as written would make it difficult if not impossible for the Federal Trade Commission to enforce Robinson-Patman Act as to discriminatory pricing in this situation.

Further, Section 8, when combined with Section 7(a) of the bill, would certainly increase the potential for antitrust violations due to the fact that unregulated movement of processed foods would make it extremely difficult for anyone granting a customer pick-up allowance to establish firm transportation costs against which such allowances could be measured.

As a matter of equity, and so as not to do irreparable harm to the antitrust protection provided by the Robinson-Patman Act, we once again ask that Section 8 of S. 2245 be deleted before final passage of the bill in the Senate of the United States.

Sincerely,

Herbert Liebenson,
*President.*

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National Small Business Association,
*Washington, D.C., April 10, 1980.*
Hon. Gaylord Nelson,
*Chairman, Senate Select Committee on Small Business, U.S. Senate, Washington, D.C.*

Dear Mr. Chairman: You are aware of our concern with Section 8 of S. 2245, the Motor Carrier Reform Act of 1980. This section, providing for a "backhaul" or customer pickup allowance, would provide the opportunity in many cases for discriminatory pricing, which may tend to lessen competition in the food marketing area.

This entire topic has been exhaustively investigated and discussed in recent years as it relates to the Robinson-Patman Act and has never before seen the light of day so far as reaching the floor of the Senate or the House for action.

While we have discussed this problem with you recently, I feel it necessary to once again call it to your attention, particularly in view of the fact that Section 8 of the bill, when combined with Section 7(a), would certainly exacerbate the "backhaul" problem and speed up the move toward repeal or dilution of the Robinson-Patman Act. Section 7(a), by qualifying processed foods as exempt commodities, would remove any organized or published transportation rates for the movement of processed foods against which rates or amounts of a customer pickup allowance could be measured. As a result, a shipper could grant any pickup allowance forced on him by customers who have overwhelming buying power.

I would hope that as Chairman of the Select Committee on Small Business you will make an effort to have Section 8 deleted from S. 2245 when the bill comes before the full Senate, even if only to have it referred back to committee so that it can be discussed on its merits as an amendment to the Robinson-Patman Act rather than as a transportation or trucking deregulation issue, which it is not.

Sincerely,

HERBERT LIEBENSON,
*President.*

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NATIONAL SMALL BUSINESS ASSOCIATION,
*Washington, D.C., April 10, 1980.*
Hon. ERNEST F. HOLLINGS,
*U.S. Senate, Russell Senate Office Building, Washington, D.C.*

DEAR SENATOR HOLLINGS: Knowing of your interest and involvement in S. 2245 the Motor Carrier Reform Act of 1980, I think you will be interested in the attached release.

The National Small Business Association, currently representing 50,000 small businesses throughout the country, has long been a staunch supporter of the Robinson-Patman Act. As stated in our release we are convinced that the combination of Sections 7(a) and 8 would undoubtedly do great harm to the antitrust protection provided by the Robinson-Patman Act.

Once again, the National Small Business Association does not oppose the concept of trucking deregulation per se, however, S. 2245 as currently written would preclude us from supporting passage at this time.

Sincerely,

HERBERT LIEBENSON,
*President.*

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### NEWS RELEASE

WASHINGTON, D.C. April 10.—The National Small Business Association (NSB) today charged that two sections of the Trucking Deregulation Bill (S. 2245) will have the effect of overriding previous antitrust laws that were designed to protect small business and consumers.

In a letter to U.S. Senator Gaylord Nelson (D–WI), chairman of the Senate Small Business Committee, and U.S. Senator Howard W. Cannon (D–NV), chairman of the Senate Commerce Committee, Herbert Liebenson, president of NSB, said the combination of the two provisions "would effectively repeal small business' main antitrust protection, the Robinson-Patman Act. This would result in higher consumer prices and less competition among food marketers."

NSB does not oppose trucking deregulation per se, Mr. Liebenson explained, but fears the two sections of the bill, (Sec. 7(a) and 8), "could force us to oppose S. 2245."

"We are very concerned about one of the provisions, (7(a)), introduced by Senator Adlai Stevenson (D–IL), insofar as it would totally exempt the transportation of processed foods from Interstate Commerce Commission regulations. This would effectively repeal current law which protects small business against preferential, prejudicial or discriminatory treatment by permitting large shippers of such foods to deal directly with motor carriers, with no policing of their rate-making policies.

"When linked with Section 8, a new section, not discussed in hearings, the potential for abuse is magnified many times. We strongly oppose this section as a bold attempt to virtually rescind the anti-price discrimination provisions of the Robinson-Patman Act.

"This is because there would not be any published commercial rate in effect for processed foods, against which rate the amount of the customer pickup allowance could be measured. As a result, the shipper could grant any pickup allowance forced on him by customers who have the economic force of overwhelming buying power.

"Since the 44-year-old Robinson-Patman Act is the 'Magna Carta' for small business enterprise, we oppose any effort to sabotage it, either indirectly or by design," Mr. Liebenson stated.

The NSB president explained that large companies with many stores and warehouses could dictate "healthy" pickup allowances, and then in order to survive the seller would have to increase his price to small business purchasers to make up for the price concessions granted to the bigs.

"Customer pickup allowances are presently allowed in law on a non-discriminatory basis. There is no evidence that savings in transportation costs are passed on to the consumers, and we know that the losses by small business would result in higher consumer prices," Mr. Liebenson concluded.

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NATIONAL MEAT ASSOCIATION,
*Washington, D.C., April 7, 1980.*
Subject: Amendment needed to delete Food Industry exemption in S. 2245.
Hon. ERNEST HOLLINGS,
*U.S. Senate, Washington, D.C.*

DEAR SENATOR HOLLINGS: The National Meat Association earnestly requests that you offer an amendment during floor debate to delete the provision contained in lines 3, 4 and 5 of page 11 of the Motor Carrier Reform Act (S. 2245).

This provision would exempt the food industry from all Interstate Commerce Commission regulations. Known as the Stevenson amendment, this language was not part of the original Cannon-Packwood compromise bill, but was added during committee markup.

The National Meat Association represents approximately 300 of the nation's meat slaughtering, packing and further processing operations. Our members, located in more than 40 states, handle some 70 to 80 percent of America's beef supply and a substantial portion of the pork and processed meats tonnage. Combined, our members ship thousands of truckloads weekly. Approximately 25 percent of food store sales are in the meat department.

Our association has studied carefully the ramifications that the Stevenson amendment would have on the transport of meat. While we support the basic thrusts of the original Cannon-Packwood bill and believe its prompt passage would be in the best interests of our industry, we are convinced that exemptions of the food community in a singular fashion and separate from other industries would ultimately have a negative effect on the economies of transporting our products to market.

The National Meat Association applauds proponents of the "food industry exemption" for their sincere efforts to improve backhaul opportunities for trucks carrying exempt commodities. But the exemption is ill-conceived. Thought must be given to this gasic truth: the densely-populated, high-food-consumption areas in the northeastern part of our country, whose people consume one third of our meat supply, have little extra food which could be shipped back to the agricultural-rich, low consumption midwest areas where the vast majority of our meat plants are located.

It's our conclusion that the Stevenson amendment simply will not generate any additional exempt backhaul traffic that will move trucks back into the geographic areas where we need them. Instead, it will place additional administrative burdens on our companies and make our transportation system less dependable.

When Congress decides that truckload traffic of all industrial and consumer products should be exempt, then realistic opportunities will exist for backhauls that will return trucks to our meat plants. In the meantime, the piecemeal approach suggested by Senator Stevenson is ill-advised and would do the country more harm than good.

We urge that you ask the Senate to delete this language from the bill.

Best Wishes,

JOHN G. MOHAY,
*President.*

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### NATIONAL MEAT ASSOCIATION SEEKS REMOVAL OF "FOOD EXEMPTION" FROM TRUCK BILL

WASHINGTON, March 21, 1980.—The National Meat Association strongly objects to the "food products exemption" in the trucking deregulation bill (S. 2245) approved March 11 by the Senate Commerce Committee and will seek its removal when the measure reaches the Senate floor.

"Our board of directors has taken a firm position on trucking deregulation," said National Meat Association President John Mohay. "In no instance has it ever sanctioned any exemption for meat or other food products."

At the association's February board of directors meeting, the board reaffirmed its support for economic deregulation of the trucking industry, i.e., freedom of entry and the right to negotiate rates.

The board also called for making the shipper responsible for loading and the receiver responsible for unloading. "This is the only way to resolve the current lumper problems plaguing the trucking industry," Mohay said.

As now written, Senate bill S. 2245 makes "all food and edible products, whether processed or not, and intended for human consumption and by-products thereof" exempt from all Interstate Commerce Commission regulations.

Calling attention to the impact of this provision on the meat industry, Mohay said, "It will lead to greater difficulty in securing adequate refrigerated trucks to economically move America's meat supply." He noted the bottom line could be "higher consumer costs for meat, which should be avoided if at all possible during these inflationary times."

The association will work to get this exemption deleted from the bill when it is debated on the Senate floor. At the same time, efforts will be made to strengthen the lumpers provisions to bring it more in line with the association's stated position. The bill is expected to be brought to the Senate's attention during the week of March 31.

"I understand Sen. (Howard) Cannon (D-NV) would like to see the Senate finalize the measure prior to the April 4 Easter recess," Mohay said. Cannon is chairman of the Commerce Committee and principal author of S. 2245.

National Independent
Truckers Unity Council,
*Pittsburgh, Pa., April 3, 1980.*

Hon. Ernest F. Hollings,
*Russell Senate Office Building,*
*Washington, D.C.*

Dear Senator Hollings: I am William J. Hill, Chairman of the National Independent Truckers Unity Council (N.I.T.U.C.), which is composed of an affiliation of Independent Trucker Organizations located in all parts of the country, and they represent independent truckers who haul every type of commodity, including processed foods.

Member organizations of N.I.T.U.C. are: The Alabama Independent Truckers Association, main office Birmingham, Ala.; The Association of Independent Owner Operators, Inc., main office Norwalk, Calif.; Florida Owner Operators and Drivers Association, main office Naples, Florida; Fraternal Association of Steel Haulers, main office Pittsburgh, Pa.; Independent Truckers Association of the Northern Plains, main office Fargo, North Dakota; Midwest Truckers Association, main office Springfield, Ill.; and the National Council of Independent Truckers, main office Chicago, Ill.

In behalf of the members of the N.I.T.U.C., which I have listed above, I wish to advise you that we are opposed to deregulation of processed foods, and we support your efforts to have that proposal stricken from S. 2243. We would also appreciate it if you would ask that the proposal to require truckers to be covered with 2 million dollars in liability and cargo insurance and 5 million dollars in hazardous materials be stricken from the bill.

Very truly yours,

William J. Hill,
*Chairman.*

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Nestlé,
*White Plains, N.Y., March 20, 1980.*

Senator Howard W. Cannon,
*Chairman, Senate Committee on Commerce, Science and Transportation, Washington, D.C.*

Dear Senator Cannon: I have just read, in the March 17 issue of Traffic World, the Senate Commerce Committee's Report on S. 2455 dealing with trucking reform. As I stated to you in my letter of February 25, the original reform bill was highly satisfactory to The Nestlé Company, Inc. The only major objection we had to S. 2455 was the imposition of a "Zone of Reasonableness".

Frankly, Senator Cannon, the synopsis which I read in Traffic World was most disappointing as well as discouraging to my company. In my judgment, and that of many of the carriers and shippers who are in the food industry, the action taken by the Senate Committee will certainly fuel the fire of inflation in this country.

First, the imposition of Zone of Reasonableness ranging from 15–20 percent without any interference or control by the regulatory agencies will certainly guarantee annual freight increases of that magnitude.

When you discount the imposition of the current fuel surcharge, the general freight rate increases of the motor carrier industry have not anywhere approached the magnitude of the 15–20 percent Zone of Reasonableness which S. 2455 provides. The Zone of Reasonableness also provides decreases in transportation charges, but to think the carriers are going to voluntarily offer rate reductions is living in a dream world. Granted the concept of Zone of Reasonableness is to permit the free marketing of transportation costs, but, in reality Senator Cannon, the result is rates which will only go up, up and up!

Our second serious objection is the exemption from regulation of food and edible products intended for human consumption. This also is going to be highly inflationary to the economy of this country. As stated above, the carriers are definite in their goal to provide increased transportation costs in the event of deregulation. Regulatory control over the transportation costs of food products aids immeasurably in controlling the cost of food. Congress should also recognize that the exemption of food from regulation will void the application of the Zone of Reasonableness. You can fully expect transportation costs to rise beyond that restriction.

The marketing and distribution of food products is much different than automobiles, furniture, appliances, etc. Granted you can have buyer resistance to higher food prices, but in the final analysis, people must eat. They must buy groceries, but can forgo the purchase of automobiles, furniture, etc.

In these times when the Administration and the Congress are attempting to control inflation, we look at S. 2455 and clearly see legislation that will definitely be counterproductive to that effort.

If we learned anything from deregulating the airline industry, three things are clearly evident:

1. Higher prices
2. Less service
3. Limited liability for loss and damage

Don't make the same mistake with Motor Carrier Reform!

I strongly urge the Committee and the members of the Senate to seriously reconsider their action, particularly the Zone of Reasonableness and the Exemption of Food Products from the regulatory process.

Very truly yours,

Guy R. Heckman,
*General Traffic Manager.*

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Statement by James Kanclerz

As far as Awrey Bakeries is concerned, present regulation give us a stability in the rate structure enabling us to determine at all times what our transportation costs are. Giving shipments to an exempt owner-operator would place our products with someone who does not publish rates in an orderly manner and who conceivably would have inadequate insurance for the payment of a major claim. These and other factors point to the fact that including food and edible products as an exempt commodity would jeopardize the shipment of our products by an exempt owner-operator.

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Jim Dormany Brokerage,
*Tampa, Fla., March 28, 1980.*

Subject: S. 2245—Motor Carrier Reform Act of 1980.

Hon. Bob Packwood,
*U.S. Senate,*
*Washington, D.C.*

Dear Senator Packwood: I want to voice my strong opposition to the deregulation of foodstuffs. Speaking from years of experience in the food brokerage business, I know that deregulation would undoubtedly increase the price of transportation—thereby increasing the price of food.

The already deregulated food shippers currently pay *more* than the regulated food shippers for the same service. We cannot afford to heighten inflation, Senator Packwood, which is just what deregulation would do.

Sincerely,

J. H. Dormany,
*President/Owner.*

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Jim Dormany Brokerage,
*Tampa, Fla., March 28, 1980.*

Subject: S. 2245—Motor Carrier Reform Act of 1980.

Hon. Howard W. Cannon,
*U.S. Senate,*
*Washington, D.C.*

Dear Senator Cannon: I want to voice my strong opposition to the deregulation of foodstuffs. Speaking from years of experience in the food brokerage business, I know that deregulation would undoubtedly increase the price of transportation—thereby increasing the price of food.

The already deregulated food shippers currently pay *more* than the regulated food shippers for the same service. We cannot afford to heighten inflation, Senator Cannon, which is just what deregulation would do.

Sincerely,

J. H. Dormany,
*President/Owner.*

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Jim Dormany Brokerage,
*Tampa, Fla. March 28, 1980.*

Subject S. 2245—Motor Carrier Reform Act of 1980 (Cannon-Packwood Bill).

Hon. Lawton Chiles,
*U.S. Senate, Russell Building, Washington, D.C.*

Dear Senator Chiles: I want to voice my strong opposition to the deregulation of foodstuffs. I oppose deregulation because it will undoubtedly increase the price of transportation—thereby increasing the price of food.

The already deregulated food shippers currently pay more than regulated food shippers for the same service. We cannot afford to heighten inflation, Senator Chiles, which is just what deregulation will do.

Sincerely,

J. H. Dormany,
*President/Owner.*

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Jim Dormany Brokerage,
*Tampa, Fla. March 28, 1980.*

Subject S. 2245—Motor Carrier Reform Act of 1980 (Cannon-Packwood Bill).

Hon. Richard Stone,
*U.S. Senate, Dirksen Building, Washington, D.C.*

Dear Senator Stone: I want to voice my strong opposition to the deregulation of foodstuffs. I oppose deregulation because it will undoubtedly increase the price of transportation—thereby increasing the price of food. I speak from years of experience in the food brokerage business.

The already deregulated food shippers currently pay more than the regulated food shippers for the same service. We cannot afford to heighten inflation, Senator Stone, which is just what deregulation would do.

Sincerely,

J. H. Dormany,
*President/Owner.*

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Geo. A. Hormel & Co.,
*Austin Minn., April 1, 1980.*

Mr. Stanley Hamilton,
*American Trucking Associations,*
*Washington, D.C.*

Dear Mr. Hamilton: We understand you're co-ordinating the efforts of carriers and shippers opposed to certain portions of S. 2245.

Our views have been recorded with the Senate and House committees through a Mailgram sent to all members of both committees. A copy of this Mailgram is attached. Additionally, Hormel is working with COTS, which submitted a detailed statement on this legislation, with emphasis on opposition to expanding the agricultural exemption.

There are other aspects of the bill which we object to, as well, such as unsupported entry, elimination of rate bureaus and antitrust immunity, the "Zone of Reasonableness" concept and other details, but expanding the agricultural exemption is by far the most important.

We hope the attached will be useful and we are also working with our Senators and Congressmen. Perhaps, ultimately, something of a livable nature can be preserved.

Yours very truly,

R. A. Propp,
*Director,*
*Transportation and Distribution.*

MAILGRAM

Re: S. 2245 (H.R. 6418—proposed).

As a major meat packer we would like to let you know of our concerns with Section 7 of S. 2245 which would expand the agricultural exemption (from I.C.C. regulation) to include all fresh or processed foods and by products thereof.

If this section were enacted we feel our transportation system would be subjected to chaotic and costly consequences. As shippers (of thousands of loads) we find the present system both competitive and responsive. We feel the proposed exemption would have the effect of exchanging the present system of reasonably stable companies for thousands of financially insecure individuals who would be trying to operate on their own. We feel that this would result in financial losses for both shipper and carrier. As individual operators there is little chance that many truckers could survive the cash-flow and potential claims problems inherent with high-value exempt commodities. Keep in mind if the cargo were meat it would probably be worth more than $50,000 per load.

As a shipper we feel we would need additional administrative staff to negotiate and keep records since each load would have to represent a unique agreement without tariffs or published rates.

We would like to make it clear that while we support most of the twenty-three sections of proposed legislation, Section 7 as it now stands would place our industry into the hardships outlined. It is very likely the result would be periods of both lower livestock prices and higher delivered prices for the finished goods. We urge you to reconsider the proposal and delete this portion from final legislation.

LARRY L. BROWN,
*Manager of Distribution Services.*

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GEO. A. HORMEL & CO.,
*Austin, Minn., October 18, 1979.*

Mr. GEORGE W. PLAVEC,
*J. B. Montgomery, Inc.,*
*Commerce City, Colo.*

DEAR GEORGE: The September issue of Refrigerated Transporter magazine, among other things, reported that the American Meat Institute Board of Directors adopted a policy in support of deregulation of all United States transportation, including trucking. We want you to know we do not support this position.

Like most business people, we prefer a minimum amount of government. We also prefer an orderly, predictable transportation environment and for that reason, worked hard to retain the essentials of the Interstate Commerce Act as it presently exists.

You just can't win 'em all, but we at Hormel want you to know our position. It is our intention to continue doing business with our good friends, who have developed solid motor carrier companies and service so important to us.

Yours very truly,

R. A. PROPP,
*Director,*
*Transportation and Distribution.*

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HYGRADE FOOD PRODUCTS CORP.,
*Detroit, Mich., November 9, 1979.*

Mr. GEORGE W. PLAVEC,
*J. B. Montgomery, Inc.,*
*Commerce City, Colo.*

DEAR GEORGE: As you may be aware a recent article reported that the Board of Directors of the American Meat Institute issued a policy statement supporting total economic deregulation of all U.S. transportation, including trucking.

As a matter of clarification, we at Hygrade do not agree with this statement nor do we support the position. We do not believe that total deregulation of the transportation industry will benefit us as shippers or the regulated carriers who have served our Company in the past.

Sincerely,

W. L. FIDLER,
*Director of Transportation.*

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HYPLAINS DRESSED BEEF, INC.,
*Dodge City, Kans., March 26, 1980.*

Re: General Temporary Order No. 20, Exparte No. MC-64

Ms. AGATHA L. MERGENOVICH,
*Interstate Commerce Commission,*
*Washington, D.C.*

DEAR MS. MERGENOVICH: This firm respectfully requests your consideration in extending the provisions of the above General Temporary Order.

Due to the present unstable conditions of the economy and especially the marketing of fresh meats, the majority of our sales today are made on a "spur of the moment" basis. We find it necessary to secure a motor carrier who can supply a rail trailer suitable to move our product from our facilities at Dodge City, Kansas to the customer. In the past, our sales were based on a standing order basis, that is to say that most of our customers were set up on a weekly ship and delivery basis. However, at the present time we do not operate on this basis. Our sales presently are made with customers in areas outside our past distribution pattern.

Due to our present system of quick sales, we must secure a truck that is ready for immediate loading. We cannot wait for the carrier to get an E. T. A. from the ICC or we cannot make delivery to our customer. We must be in a position to finalize the sale without checking if available carriers have the authority to deliver to the customer on schedule. As you can see when we sell a load to a customer we must load a trailer immediately.

We would like to go on record as being opposed to the deregulation of fresh meat by motor carriers. We do feel there is a need for an expeditious, simple method for established carriers to secure a temporary authority to serve a point, that he normally does not serve. General Temporary Authority No. 20 meets this need and we request your consideration of an indefinite extension beyond the present expiration date of March 31. 1980.

Respectfully submitted,

MAX KLINE,
*Traffic Manager.*

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JOAN OF ARC CO.,
*Peoria, Ill., March 25, 1980.*

COMMON CARRIER CONFERENCE,
*Irregular Route, Div. of A.T.A.,*
*Washington, D.C.*

GENTLEMAN: I am writing this letter as a concerned shipper in regards to the Bill S. 2245 (C) of section 7. Let me make this clear, we as a food processing company cannot support this bill in the present form.

We need good reliable carriers if this bill passes, it is our belief that reliable carriers will cease. We are sure rates will be cut and competition will rise until the small operator is forced out of business and the large carrier will then be in the drivers seat to make rates as he sees fit. If this is not correct let us be informed.

We all want to save today, but do not want to double our transportation costs in the long run. Please consider all aspects of deregulation before making your decision. For what you do today will have a lasting affect on all consumers.

Very truly yours,

T. D. MORSE.

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LAND O'FROST, INC.,
*Lansing, Ill., March 27, 1980.*

Senator ROBERT PACKWOOD,
*Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR: Attached is a copy of a letter I sent to Senators Percy and Stevenson and a copy of a wire I sent to the Common Carrier Conference—Irregular Route, regarding an amendment to the motor carrier regulatory reform bill S. 2245.

I would very much appreciate your reviewing these letters and considering my views in your handling of this amendment.

Yours very truly,

DANIEL C. PERRY,
*Traffic Manager.*

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LAND O'FROST, INC.,
*Lansing, Ill., March 24, 1980.*

Senator CHARLES PERCY,
Senator ADLAI E. STEVENSON III,
*Chicago, Ill.*

DEAR SENATORS: I refer herein to the amendment to the motor carrier regulatory reform bill S-2245, wherein it is proposed to expand the list of exempt agricultural commodities to include all processed foods, etc.

I am a full time employee, the Traffic Manager, of a firm that manufactures processed meat products. As Traffic Manager, I regularly confide in transportation people of other companies that manufacture similar processed food products. Anything from salad dressing to pizza to meats.

I fear this proposal would create instability in the processed food business. We price our products with a transportation cost factor built in. This factor is based on a yearly transportation expenditure. It is based on sound freight rates coupled with compatible motor carrier service. We derive it from the rates published by the carriers in their tariffs. The rates are stable and are known before shipment is made this month and even next month.

Our customers, and as far as I can determine, the customers of other processed food shippers, order in minimum quantities. That is only enough product to last them until the next order cycle, which, in the case of perishable products, is usually one week. Thus, the orders are of a small quantity, or as the truck industry phrases, LTL (less than truckload) shipments.

The segment of the motor carrier industry dedicated to handling perishable LTL shipments, is very limited. Our particular product does not produce the highest per shipment revenue to the carrier as perhaps another type of perishable LTL product would. Further, our shipments are destined to both large cities and small towns. The carriers we use do not want business to small towns, but will accept them along with shipments to the major market cities. All of these carriers have stated they probably will discontinue handling LTL shipments to small towns, if they no longer have to, as the I.C.C. requires them to do now.

They also stated they will handle only those products which give them the highest return per shipment.

I feel the carriers will establish minimum revenue needs for themselves. That is, they will require a certain amount of revenue to move their truck a certain distance. Being de-regulated, they would not care what goes inside their truck, as long as it meets their minimum revenue requirement. The present or old formula of what the traffic will bear, and other basic rate making criteria, will be abandoned.

Some products, such as ours, will increase in cost of transportation and others, those that are now high rated, will decrease.

Being de-regulated, will allow many carriers to enter the market. Each one will have a different rate. These rates could vary from day to day. There will be no tariffs and no way to determine consistent transportation prices. Customers will not know how to judge prices on commodities shipped. LTL shipments, especially to small towns, will suffer economically and the value of service will deteriorate.

Inventory levels will increase (due to a change in buying habits) which, with some products, will create quality problems, not to mention increased carrying costs. This would actually force some food processors out of business because their products will not be able to compete with these new buying habits.

The great influx of new carriers into the market will create cargo insurance problems. Presently, the I.C.C. requires all regulated carriers to have adequate cargo insurance. Under de-regulation, who will see to it that the carriers being used will have appropriate insurance. Larger food processing companies, with sophisticated traffic departments, will, I am sure, take care to make sure insurance is adequate. Smaller companies, however, with no trained transportation personnel will be wide open to serious damage.

I believe it will inevitably bring about the deterioration of service available to the food industry and leave the food industry dependent for transportation on the uncertainties of many small uneconomic transportation units.

This traffic will be subject to wide swings in rates fluctuating from inadequate noncompensatory rates to excessive rates depending on equipment availability. It will subject such transportation to instability and unreliability.

I think passage of this amendment to S-2245 will result in a disservice to our business and our industry.

Please consider these views in your handling of this amendment.

DANIEL C. PERRY,
*Traffic Manager.*

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LAND O'FROST, INC.,
*Lansing, Ill.*
COMMON CARRIER CONFERENCE—IRREGULAR ROUTE,
*Washington, D.C.*

For inclusion in your "white paper" on amendment to Senate bill—S. 2245 expansion of exempt agricultural commodities to include processed foods.

I am a full time traffic manager for a firm that manufactures processed meat products. Our shipments are perishable both truckload and less than truckload.

I fear that what is proposed would create instability in the processed food business. We price our products with a transportation cost factor built in. It is based on sound freight rates coupled with compatible motor carrier services. The rates published by the carriers in their tariffs. The rates are stable and are known well before shipment is made. The segment of the motor carrier industry dedicated to handling perishable shipments is very limited.

Our shipments are destined to both large cities and small towns. The carriers we use do not want business to small towns, but will accept them along with shipments to the major market cities. All of these carriers have stated they probably will discontinue handling shipments to small towns, if they no longer have to, as the I.C.C. requires them to do now.

They also stated they will handle only those products which give them the highest return per shipment. Being deregulated, they really wouldn't care what goes inside their truck, as long as it meets their minimum revenue requirement. The present or old formula of what the traffic will bear, and other basic rate making criteria, will be abandoned.

Being deregulated, will allow many carriers to enter the market. Each one will have a different rate. These rates could vary from day to day. There will be no tariffs and no way to determine consistent transportation prices. Customers will not know how to judge prices on commodities shipped. LTL shipments, especially to small towns, will suffer economically and the value of service will deteriorate. Inventory levels will increase (due to a change in buying habits).

The great influx of new carriers into the market will create cargo insurance problems. Larger food processing companies, with sophisticated traffic departments, will take care to make sure insurance is adequate. Smaller companies, with no trained transportation personnel, will be wide open to serious damage.

I believe it will inevitably bring about the deterioration of service available to the food industry and leave the food industry dependent for transportation on the many uncertainties.

This traffic will be subject to wide swings in rates fluctuating from inadequate noncompensatory rates to excessive rates depending on equipment availability. It will subject such transportation to instability and unreliability.

I think passage of this amendment to S-2245 will result in a disservice to our business and our industry.

DANIEL C. PERRY,
*Traffic Manager.*

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LYKES PASCO PACKING CO.,
*Dade City, Fla., March 27, 1980.*
Senator BOB PACKWOOD,
*Washington, D.C.*

Lykes Pasco Packing Co. is the world's largest citrus concentrate plant. We are entirely a food stuffs distributor. We are against deregulation of our transportation. We have facts and figures to prove that deregulation increases freight rates and further fuels inflation. It is our request that you do everything possible to see that food stuffs is dropped from any amendment to change our present transportation.

E. E. SEARS,
*Manager, Transportation.*

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### DEREGULATION

My name is Gene Sears. I am Manager of Warehousing and Transportation for Lykes-Pasco Packing Company, Dade City, Florida. I have been with Lykes-Pasco since 1966, and prior to that in rail transportation since 1955. My profession is distribution of all kinds, including truck, rail, air, and water. I am responsible for the shipping and receiving of all finished products, such as frozen citrus concentrate and canned citrus products, approximately 40,000,000 lbs. per month, from and to all points within the United States and abroad. In this position I am also responsible for the scheduling of all processing supplies that tie in with the packaging of our product.

Deregulation. Everyone has their own personal opinion of deregulation. It has become a popular word. It has also become a political football. I am going to attempt to not only give you my opinion, but I am also going to quote you facts and figures on deregulation. Many people say that this is one of the greatest things that could happen to our industries; we would have more service, and rates would be cheaper; however, most people who make this statement are not familiar at all with transportation. We in Florida have vast experience on regulated and deregulated transportation.

One of the most popular answers you hear is "look what it did for the airlines". Let's see exactly what it did for the airlines, and here again I am talking facts and not opinion. Airlines have been deregulated for over a year. Rates have increased in excess of 30 percent in the last year. Supersaver fares are available on a limited basis; however, the normal business representative cannot travel on the Super-saver fares because of his itineraries. When Super-saver fares are reduced approximately 25 percent, the saving must be recaptured from another source; so therefore, rates are increased for the every-day traveler. Under deregulation an air carrier can fly any route he chooses. If he doesn't like a particular route he has picked, then he merely cancels service.

An example of this is that Columbus, Ga. lost 56 percent of its passenger service after deregulation. Another instance is that after deregulation air cargo with decontrolled rates rose by 30 percent as compared with a 7 percent hike in trucking lines over the same period of time.

Deregulation makes it extremely difficult for the carrier that is attempting to provide service to smaller communities to regulate the type of service he can offer. Under deregulation, service to small communities will suffer, as air carriers are no longer required to service any given point, but will tend to place equipment at heavier traveled terminals, one of the reasons being that at one time a 50 to 60 percent load factor was considered adequate, but because of high priced fuel they now consider an 80 to 90 percent load factor necessary in order to operate. This will discourage service at small terminals. A carrier in Tampa states basically the same thing. Deregulation enables carriers to come and go. For instance, after approximately two years in Tampa, Continental Airlines is pulling out because they don't feel they can compete with the market in this area. One of the carriers talked with at this time is discontinuing their operations in Melbourne, Tallahassee, Panama City, and Daytona.

Hopefully someone will replace this service, but if not, the small communities will suffer. In trucking, reduced rates would be totally out of the question. You would pay based on supply and demand. When trucks are plentiful, rates are cheaper. When the supply of trucks is tight, you pay sometimes almost double, depending on how bad you want to move your product to the area you so desire.

At Lykes-Pasco all our shipments are moved on a scheduled basis, and our cost for doing so is anticipated in advance of the shipment, as we must know at a given time what the cost will be for shipping and receiving numerous items that tie in with production of our processed products. We must also tell our customer in advance what his delivered cost will be. We cannot wait until the day of shipment to see what rate we can negotiate at that time, as is done with exempt commodities. We must be able to call a carrier and have "x" number of trucks and drivers committed for a given day. Some days we load 80 to 100 trucks. A regulated carrier can do this, thereby making it possible for us to schedule shipping and production to meet our needs. Now we go direct to the truck lines to set up our scheduling. If deregulation were in existence, who do we go to? We will be dealing direct with thousands of different drivers, or with a truck broker, who is going to charge you 7 to 10 percent commission for getting a truck. We would never be able to anticipate what our cost will be until such time as the shipment actually occurs, as the rate will depend on availability of truck transportation. Individual drivers who own their own equipment are extremely independent. They only run to points where they want to run and only when they wish to go. We now experience this with owner-operators, as there is no longer any control over such individuals. (comment)

A prime example is that a large regulated truck line in a typical 4 week period was called on to handle more than 2,000 less than truckload shipments of frozen poultry and seafood. Both are exempt commodities that the present deregulated trucks can handle. Why did shippers call on this regulated carrier to handle these shipments? Because they could not get the deregulated haulers to take them; so therefore, they come to the regulated carrier because they know he has to. (comment) They are unable to get this service from the same people who are now asking for more deregulation. Under deregulation the carrier presently handling these shipments is not going to do so, as these shipments are considered undesirable freight. Who is going to fill in when everything is deregulated? Is everyone going to be able to buy a solid load of any one item in order to get service?

In many instances a load is booked for pick up and shipping, but the individual driver refuses to take it because it is not to one of his favorite points; so therefore, shipments will not go and many times our over-all sales will be affected by the lack of controls on transportation. This is a prime example of what will occur under total deregulation. It will place our market in the hands of thousands of independent truck owners throughout the country, which could have the result of curtailing our growth, as we will no longer be in a position to protect all our markets that we so desire. For seven months out of the year we do not have enough trucks in Florida to cover our northbound shipments. At this time truckers become extremely independent and they pick and choose. If a carrier does not give me service I require to a given point. I have the ability to go to the truck line management, and if I receive no satisfaction there, I go to the Interstate Commerce Commission or the Florida Public Service Commission and demand the truck line protect the authority that has been granted to them. The Interstate Commerce Commission or the Florida Public Service Commission will take action. We have done this in the past. Under deregulation, who do we go to?

It is very simple—under deregulation the regulated commodities shippers will compete with the exempt shippers for the trucks. The highest bidder gets the truck. If you're shipping to market areas where the back haul is not good, than you will have to pay more to get service to this area under deregulation. Now you have a published rate that is a maximum and minimum that can be charged, so you know exactly what your freight cost is to any destination.

Deregulation creates higher freight costs, which is a proven fact on shipments of exempt commodities out of the State of Florida. I have examples of what my regulated commodity costs to get to various market areas vs. what the exempt deregulated commodities cost. Figures are as follows:

(These figures on exempt commodities include the low and average)

| Regulated | 40,000 lb conc. | | Produce | |
|---|---|---|---|---|
| Los Angeles, Calif | $2,036.70 | Return load | $2,400–3,000 | 20 to 40 percent more |
| Chicago, Ill | 1,208.88 | | 1,400–1,600 | |
| New York | 1,235.16 | | 1,300–1,500 | |
| Boston, Mass | 1,427.88 | | 1,500–1,800 | |
| St. Louis | 1,230.78 | | 1,100–1,500 | |

Average load 20 to 30 percent higher.

There is no advantage for an industry to have total deregulation, as it would only have the effect of depleting our current transportation availability and sometimes placing us in the position of having to negotiate on the street corner to get an independent trucker to haul our product. This is not an exaggeration, as exempt shippers now sometimes have to resort to every possible method to obtain transportation.

If deregulation is the way to go, why is one organization who now ships thousands of exempt unregulated loads yearly asking the Interstate Commerce Commission to regulate them southbound, which would be halfway regulations for them, as they want to run back regulated, carrying regulated commodities with specifications that rates can be not less than the published existing regulated carrier rates to and from the same points. If deregulation is so great, then why are deregulated haulers asking to be put under regulation? It makes one wonder would we not be better off to have all commodities regulated so that all companies would know exactly what the freight cost would be? Some people don't realize how important the cost of transportation is to our industry. We can price ourselves out of business.

In our case, when prices get too high the housewife does not buy. In other instances, when prices get too high, customers look for substitute products. The end result is that deregulation will ultimately be paid for by the consumer, if our industry can withstand it. We now have many trucking companies that utilize owner-operators; however, these owner-operators are running as regulated trucks.

They have the protection of the Interstate Commerce Commission and Governmental regulations. At this time they receive a 12½% fuel surcharge, which is an add-on charge that goes into the trucker's pocket for the increased cost of fuel. The independent exempt hauler can set any rate he so desires, depending on supply and demand, yet this particular type trucker is the one having the most difficulties. No one can help him, as he is strictly exempt and on his own.

If this particular type transportation cannot survive under deregulation, why do we think that deregulating the entire country will solve our problems? I am more apt to think that we will have total chaos. We do not think the average trucker is prepared to survive under these conditions.

### LETTER

We at Lykes-Pasco do not want total deregulation. Reform—Yes. For instance, we are in favor of intercorporate hauling. We are also in favor of easing entry into transportation where the need is proven; however, we are against totally the concept that any trucker any time can handle anything he wishes. For instance, let's say for a minute we are totally deregulated. A truck comes into our plant for loading, totally unknown. He is what we refer to as a "gypsy". He is in our plant to pick up a $50,000 load for delivery to the Midwest. How do we determine that he is totally responsible for this merchandise? Suppose he gets involved in a wreck and the load is dumped. Who is going to stand the liability for this merchandise? I can ask the truck driver for a certificate of insurance, and chances are he can show me one that says he has adequate cargo insurance, and it is dated two months ago; however, his insurance could have been canceled in the last two weeks for non-payment of premiums. How am I to tell this unknown trucker is suitable to haul our merchandise? It would be necessary to call on each truck driver to verify with his insurance company that he had the coverage we require.

I have heard it said that the professional transportation people with companies, such as myself, want to retain regulated carriage because they are working hand in hand with the truck lines, and under regulation they have job security. If ever I want to have job security I would say deregulation is the way to go, because it will make my job twice as difficult and require twice as many people to negotiate and obtain the service we must have in order to ship 40,000,000 lbs. per month. In fact, I will venture to say that if deregulation comes about, those of you in this meeting that are involved in heavy shipping or receiving will most likely have to hire a professional transportation man to see that you get service unless you yourselves are willing to deal direct with the drivers involved. If you're not going to deal with the drivers, then that means you are going to deal with a truck broker. What is the difference between dealing with a truck broker and a truck line that we presently have? None whatsoever.

### COMMENT ON CONTROL OF EQUIPMENT

It would be quite an education for some people to come down on our shipping dock some day and deal direct with a truck driver who has been up for 24 hours, has been taking pills to keep awake, and try to reach an understanding with some of these individuals as to what you need from a standpoint of rates and service. By this I do not indicate that all drivers are not good individuals because some of the nicest people I know are drivers; however, a truck driver—especially a long-distance truck driver—is an entirely different breed of person, and he must be dealt with accordingly. I do not think we can base our future growth on dealing direct with truck drivers, but we must have responsible heads of companies to negotiate our rates and service with.

Unfortunately, Florida has an imbalanced traffic pattern for seven months out of the year. We have more shipments going north than we have coming into Florida. Some people say deregulate and anybody can haul back to Florida. Under deregulation this is true; however, it will not create one additional truckload of merchandise coming into the State; so therefore, the trucks are still going to have the same problem, and that is they have trouble getting back to Florida to go north again.

There is a Bill proposed now to allow exempt haulers to haul regulated freight back into Florida; however, these exempt haulers are not going to be available to my company to be used northbound because they demand an outrageous freight cost on exempt commodities. Therefore, the effect this would have is they would be handling freight southbound that regulated carriers handle normally; so therefore, my transportation will have difficulty returning to Florida to service me.

As with the airlines, deregulation for truck lines will have an adverse effect on small communities. Unless your shipment is going to a place that has an excellent back haul, the trucker is not going to want to go, and if he does, you are going to pay a premium.

My parting words to you are disregard hearsay and deal with the facts as they now stand. Do not place yourselves or us in the position of having deregulated transportation control our industry.

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Oscar Mayer & Co.,
*Madison, Wis., March 18, 1980.*

Re: Amendment to S–2245 to Deregulate all Foodstuffs.

Mr. Michael Kibler,
*Gary, Ind.*

Dear Mr. Kibler: The General Distribution Department at Oscar Mayer & Co. Inc. stands opposed to this amendment because we believe it will be extremely harmful if not destructive to the Irregular Route Common Carriers which are the predominate carriers in our industry. We also firmly believe it will not reduce any costs nor save any fuel.

The slight reduction in freight rates which might temporarily occur because of the influx of "Independent Truckers" will more than be offset by a shippers increased insurance cost because of having to use relatively financially unstable "Independent Truckers".

The free entry of numerous "Independent Truckers" will only increase the fuel use and demand, not reduce it.

Very truly yours,

**Dale N. Gillings,**
*Traffic Manager.*

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**Selected Meat Co.,**
*Sandusky, Ohio.*

As Traffic Manager of the Selected Meat Company, I can see nothing but problems with deregulation of truck transport of all food and edible products. We have a good system at present time and can see no advantage in making a change.

**Richard L. Komes,**
*Traffic Manager.*

As Safety Director of the Selected Meat Company, I can see nothing but problems with deregulation of truck transport of all food and edible products. We have a good system at present time and can see no advantage in making a change.

**William Booth,**
*Safety Director.*

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**Stokely-Van Camp, Inc.,**
*Indianapolis, Ind., March 21, 1980.*

Mr. **Mike Kibler,**
*Enterprise Truck Line, Inc.,*
*Gary, Ind.*

**Dear Mike**: Regarding our recent phone conversation concerning our position on truck de-regulation enclosed is a copy of an interoffice memo written by our Mr. J. J. Reardon, General Traffic Manager, Canned Foods Division, Stokely-Van Camp, Inc. to Mr. T. R. Metzgar, Vice-President, Distribution Department, Canned Foods Division.

Mr. Reardon is an I.C.C. Practitioner and a certified member of A.S.T.&T. His background includes 18 years in the rate department management of an Eastern Railroad and various positions in the Traffic Department of Reynold Metals Co. prior to being appointed General Traffic Manager with our company in 1977.

I agree entirely with Mr. Reardon's statement and I am additionally concerned with our ability to collect legitimate Transportation Claims under total deregulation.

We appreciate what you are trying to do in carrying our concern to Congress. I hope you have a successful trip to Washington. Thank you.

Sincerely,

**Donald L. Schmidt,**
*Traffic Manager—Operations,*
*Distribution Department.*

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**Deregulation—Full Truckload Transportation, R. L. Rice Memo of January 11, 1980**

The Traffic Department's posture as to deregulation is that we disapprove. We participated in the GMA Transportation Committee vote in September 1979. Don Schmidt represents our Company on the GMA Committee and voted our disapproval at my direction.

Some of the many reasons we disapprove of deregulation are as follows:

(1) Rate bureaus could not publish rates through collective action (Repeal of the Reed-Bulwinkle Act of 1948), shipper and receivers:

(a) Would not be informed of rate proposals prior to publication.

(b) May not be in a position to protest rate increases in a concerted action.

(c) Would have difficulty in learning what competitors pay for services.

(d) Would have to maintain massive tariff files for individual carriers.

(e) May have to develop costly combination rates instead of joint rates and through rates.

(f) May have to comply with individual carrier packaging rules rather than uniform rules.

(2) Forecasting distribution costs for budgeting, etc. will be almost impossible.

(3) Free entry to all comers may lower rates initially, but is likely to result in less competition and higher rates as the weaker companies are forced out.

(4) In the quest to use the lowest rated carriers the shipper will place himself in jeopardy which will come from using carriers of unestablished reputations. Service problems are likely to mount and those low cost carriers, in a de-regulated situation, are more likely to go into bankruptcy voiding claims we may have against them.

(5) Carriers existing under de-regulation will compete for the large metropolitan areas where it is likely they will find back hauls. Smaller towns are likely to have very poor or no service, or if service does exist, at a premium price. This could result in a loss of customers.

It is our view that de-regulation would lead to a chaotic and costly situation.

Our view is not that the present system is perfect. In fact we should support some programs of Re-regulation, such as:

(1) Ease of entry, but not unrestricted

(2) Anti-trust immunity as to joint line rate, but not single line rates.

(3) Encouragement of the issuance of motor carrier authority as irregular route and discontinuance of regular route authority.

Generally, we have and are supporting the positions of the National Industrial Traffic League. Copy of that position is enclosed.

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**Tampa Maid Sea Products, Inc.,**
*Tampa, Fla., March 27, 1980.*

Senator **Lawton Chiles,**
*Senate Office Building,*
*Washington, D.C.*

**Dear Senator Chiles**: I want you to know that I strongly oppose the deregulation of foodstuffs. I'm convinced, from my own experience, that deregulation will not only increase the price of transportation, but it will also increase the price of food.

Senator Chiles, we cannot afford to further fuel the fires of inflation by deregulating processed foodstuffs.

Sincerely,

**Edward P. Schramm,**
*Traffic Manager.*

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**Tampa Maid Sea Products, Inc.,**
*Tampa, Fla., March 27, 1980.*

Senator **Richard Stone,**
*Senate Office Building,*
*Washington, D.C.*

**Dear Senator Stone**: I want you to know that I strongly oppose the deregulation of foodstuffs. I'm convinced, from my own experience, that deregulation will not only increase the price of transportation, but it will also increase the price of food.

Senator Stone, we cannot afford to further fuel the fires of inflation by deregulating processed foodstuffs.

Sincerely,

**Edward P. Schramm,**
*Traffic Manager.*

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**Tampa Maid Sea Products, Inc.,**
*Tampa, Fla., March 27, 1980.*

Senator **Cannon,**
*Senate Office Building,*
*Washington, D.C.*

**Dear Senator Cannon**: I want you to know that I strongly oppose the deregulation of foodstuffs. I'm convinced, from my own experience, that deregulation will not only increase the price of transportation, but it will also increase the price of food.

Senator Cannon, we cannot afford to further fuel the fires of inflation by deregulating processessed foodstuffs.

Sincerely,

**Edward P. Schramm,**
*Traffic Manager.*

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**Tampa Maid Sea Products, Inc.,**
*Tampa, Fla., March 27, 1980.*

Senator **Packwood,**
*Senate Office Building,*
*Washington, D.C.*

**Dear Senator**: I want you to know that I strongly oppose the deregulation of foodstuffs. I'm convinced, from my own experience, that deregulation will not only increase the price of transportation, but it will also increase the price of food.

Senator Packwood, we cannot afford to further fuel the fires of inflation by deregulating processed foodstuffs.

Sincerely,

**Edward P. Schramm,**
*Traffic Manager.*

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**Presque Isle, Maine,**
*March 19, 1980.*

**Stan Hamilton,**
*Director, Common Carrier Council,*
*Washington, D.C.:*

We urge you and your good office to speak on our behalf against sub. C–section 7 of S2245. We as a frozen food processor are definitely against the idea of deregulating all food processed and otherwise as this item advocates.

We are dependent upon a good, viable transportation system which includes the regulation of our product in order to have the sound systematic dependable coverage by these regulated carriers that service us.

Being far removed from most metropolitan areas we are especially dependent upon the regulated carriers. We cannot afford to have the hit or miss, feast or famine coverage that would otherwise prevail.

We ship over 5,000 units per year. We are very dependent upon truck coverage and we are proud of these carriers (24 of them) that service us. We feel that our present transportation system is very good and workable in that it protects all parties concerned.

The only problem with the present system is that it works and evidently that goes against the grain of those that advance deregulation.

**Perley R. Langley,**
*Director of Transportation Potato Service.*

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**Union Packing Company of Omaha,**
*Omaha, Nebr., March 18, 1980.*

Ref: General Temporary Order No. 20, Ex Parte No. MC–64.

**Chairman,**
*Interstate Commerce Commission,*
*Washington, D.C.:*

This firm respectfully requests your consideration in extending the provisions of the above General Temporary Order.

Due to present unstable conditions of the economy generally and especially in the marketing of fresh meat, many of our sales today are made on a "spur of the moment" basis. We then find it is necessary to attempt to secure a Motor Carrier who can immediately supply a rail type trailer suitable for the transportation of suspended meat and who has authority to serve the destination from Omaha. This is not always possible as many of our loads today are moving to destinations outside our normal distribution pattern.

The time of delivery in practically all of these fast sales, does not permit carriers to act thru the Emergency Temporary Authority procedures, as when we consumate these sales we must load NOW! Those carriers willing to go thru such filings, cannot give us a "yes or no" for approximately 24 hours. Other carriers holding authority must be notified and given an opportunity to protest. Due to this delay we cannot finalize the sale and the end result at times is cancellation!

We have been operating during the winter months with carriers providing service to points they normally do not serve under the provisions of General Temporary Authority No. 20. This authority has been invaluable to us as otherwise we would have had to reduce our kills, resulting in layoffs, etc., due to the lack of an expeditious method of carriers securing proper authority.

We would like to be placed on record as being opposed to the deregulation of fresh meat by motor carriers. Such deregulation we feel would prove extremely detrimental to the well being of the packing industry. We do feel there is a need for an expeditious, simple method for an established certified carrier to secure a Temporary Authority to serve a point he normally does not serve. General Temporary Authority No. 20 meets this need and we request your consideration of an indefinite extension beyond the present expiration date of March 31, 1980.

Respectfully submitted.

WILLIAM C. ROGERS,
*Traffic Manager.*

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NESTLE COMPANY, INC.,
*White Plains, N.Y., March 20,1980.*

Senator HOWARD W. CANNON,
*Chairman, Senate Committee on Commerce, Science and Transportation, Washington, D.C.*

DEAR SENATOR CANNON: I have just read, in the March 17 issue of Traffic World, the Senate Commerce Committee's Report on S. 2455 dealing with trucking reform. As I stated to you in my letter of February 25, the original reform bill was highly satisfactory to The Nestle Company, Inc. The only major objection we had to S. 2455 was the imposition of a "Zone of Reasonableness".

Frankly, Senator Cannon, the synopsis which I read in Traffic World was most disappointing as well as discouraging to my company. In my judgment, and that of many of the carriers and shippers who are in the food industry, the action taken by the Senate Committee will certainly fuel the fire of inflation in this country.

First, the imposition of Zone of Reasonableness ranging from 15–20 percent without any interference or control by the regulatory agencies will certainly guarantee annual freight increases of that magnitude.

When you discount the imposition of the current fuel surcharge, the general freight rate increases of the motor carrier industry have not anywhere approached the magnitude of the 15–20 percent Zone of Reasonableness which S. 2455 provides. The Zone of Reasonableness also provides decreases in transportation charges, but to think the carriers are going to voluntarily offer rate reductions is living in a dreamworld. Granted the concept of Zone of Reasonableness is to permit the free marketing of transportation costs, but, in reality Senator Cannon, the result is rates which will only go Up, Up and Up!

Our second serious objection is the exemption from regulation of food and edible products intended for human consumption. This also is going to be highly inflationary to economy of this country. As stated above, the carriers are definite in their goal to provide increased transportation costs in the event of deregulation. Regulatory control over the transportation costs of food product aids immeasurably in controlling the cost of food. Congress should also recognize that the exemption of food from regulation will void the application of the Zone of Reasonableness. You can fully expect transportation costs to rise beyond that restriction.

The marketing and distribution of food products is much different than automobiles, furniture, appliances, etc. Granted you can have buyer resistance to higher food prices, but in the final analysis, people must eat. They must buy groceries, but can forego the purchase of automobiles, furniture, etc.

In these times when the Administration and the Congress are attempting to control inflation, we look at S. 2455 and clearly see legislation that will definitely be counterproductive to that effort.

If we learned anything from deregulating the airline industry, three things are clearly evident:

(1) Higher prices.

(2) Less service.

(3) Limited liability for loss and damage.

Don't make the same mistake with Motor Carrier Reform!

I strongly urge the Committee and the members of the Senate to seriously reconsider their action, particularly the Zone of Reasonableness and the Exemption of Food Products from the regulatory process.

Very truly yours,

GUY R. HECKMAN,
*General Traffic Manager.*

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HYGRADE FOOD PRODUCTS CORP.,
*Detroit, Mich., November 9, 1979.*

Mr. GEORGE W. PLAVEC,
*Chairman,*
*J. B. Montgomery, Inc.*
*Commerce City, Colo.*

DEAR GEORGE: As you may be aware a recent article reported that the Board of Directors of the American Meat Institute issued a policy statement supporting total economic deregulation of all U.S. transportation, including trucking.

As a matter of clarification, we at Hygrade do not agree with this statement nor do we support the position. We do not believe that total deregulation of the transportation industry will benefit us as shippers or the regulated carriers who have served our Company in the past.

Sincerely,

W. L. FIDLER,
*Director of Transportation.*

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UNION PACKING COMPANY OF OMAHA,
*Omaha, Nebr., March 18, 1980.*

Ref: General Temporary Order No. 20, Ex-Parte No. MC–64.

CHAIRMAN,
*Interstate Commerce Commission,*
*Washington, D.C.:*

This firm respectfully requests your consideration in extending the provisions of the above General Temporary Order.

Due to present unstable conditions of the economy generally and especially in the marketing of fresh meat, many of our sales today are made on a "spur of the moment" basis. We then find it is necessary to attempt to secure a Motor Carrier who can immediately supply a rail type trailer suitable for the transportation of suspended meat and who has authority to serve the destination from Omaha. This is not always possible as many of our loads today are moving to destinations outside our normal distribution pattern.

The time of delivery in practically all of these fast sales, does not permit carriers to act thru the Emergency Temoporary Authority procedures, as when we consumate these sales we must load *NOW!* Those carriers willing to go thru such filings, cannot give us a "yes or no" for approximately 24 hours. Other carriers holding authority must be notified and given an opportunity to protest. Due to this delay we cannot finalize the sale and the end result at times is cancellation!

We have been operating during the winter months with carriers providing service to points they normally do not serve under the provisions of General Temporary Authority No. 20. This authority has been invaluable to us as otherwise we would have had to reduce our kills, resulting in layoffs, etc., due to the lack of an expeditious method of carriers securing proper authority.

We would like to be placed on record as being opposed to the deregulation of fresh meat by motor carriers. Such deregulation we feel would prove extremely detrimental to the well being of the packing industry. We do feel there is a need for an expeditious, simple method for an established certified carrier to secure a Temporary Authority to serve a point he normally does not serve. General Temporary Authority No. 20 meets this need and we request your consideration of an indefinite extension beyond the present expiration date of March 31, 1980.

Respectfully submitted.

WILLIAM C. ROGERS,
*Traffic Manager.*

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APRIL 11, 1980.

To: All Members of the United States Senate.

The provisions of S. 2245, as reported by the Senate Committee on Commerce, Science and Transportation, which would expand the list of exempt agricultural commodities to include processed foods, is inimical to the interests of American farmers.

The amendment would make it even more difficult for our farmer-members to obtain adequate supplies of trucks for transporting their products to the marketplace. If processed foods were "deregulated", independent owner-operators would find it more profitable to haul processed foods to large population centers than to travel to remote rural areas where balanced hauls are difficult to arrange. Consequently, service to small towns and rural communities would suffer, and shippers of raw farm products would be disadvantaged.

The reduction of rural truck service would have an adverse effect on farm income. For example, potato growers and shippers in the Red River Valley would be compelled to pay much higher rates in order to attract sufficient trucks to the remote shipping points of Grand Forks, North Dakota, and East Grand Forks, Minnesota. This would make their products less competitive in the marketplace. Since potatoes are an important source of income to the communities in those areas, their overall growth and economic development would be impaired. Other raw farm products and rural communities would be similarly affected.

For these reasons we have concluded that the "Stevenson Amendment" to Section 7 is not in the best interests of American farmers. We recommend that this provision be deleted when the full Senate considers S. 2245, the "Motor Carrier Reform Act of 1980."

Sincerely,

REUBEN L. JOHNSON,
*Director of Legislative Services.*

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COLONIAL REFRIGERATED TRANSPORT,
*Knoxville, Tenn., March 24, 1980.*

Senator ERNEST HOLLINGS,
*U.S. Senate Building,*
*Washington, D.C:*

As owner operators we strongly object to Senator Cannon's bill number S. 2245 which proposed deregulation of food stuff hauling. Also we strongly protest the bill's proposal to revoke collective rate making by revoking the anti-trust immunity of our rate bureaus. Further, we are desperately concerned with the hearings being conducted by ICC Chairman Gaskins tomorrow March 25 which is aimed at destroying our fuel surcharge. Our livelihood is immediately threatened by these and other bureaucratic moves. Please help us keep our fuel surcharge in its present form and help us make the Senate

Commerce Committee aware of our strenuous objections to bill number 2245.

Thank you.

William Donaldson, George Simpson, Billy Jackson, William Simpson, Henry Cope, Lamar McDaniel, Gerald Lindner, James Reid, Jr., Wendell Ray, Kenneth Adams, Billy Jackson, Colie Jackson, Gary MacCady, Donald Cady, Perry Patton, Tommy Jordan, Gerald Lindner.

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ATLANTA, GA., *April 14, 1980.*

Hon. ERNEST F. HOLLINGS,
*U.S. Senate,*
*Washington, D.C.*

### A STATEMENT BY CONCERNED CITIZENS

We are professional traffic and distribution managers and this wire reflects our personal experience, knowledge, and opinion. We are vitally concerned with the prompt and efficient distribution of the Nation's food supply. Dependable truck service is essential to that distribution. Now pending before you are proposals for reform of trucking regulation. We support constructive reform.

However, one proposal (section 7(c) of S. 2245) would totally eliminate economic regulation of processed foods. As persons responsible for the distribution of foods on a daily basis, we urge the Congress to reject this approach. Total deregulation of processed foods can lead to market disruptions, unstable conditions, poor service and higher food costs.

An I.C.C. study of May, 1979, found that rates would rise and competition would be reduced if processed foods were deregulated.

Do not exempt processed foods from regulation.

The following persons endorse this statement:

Name, company, and location:

John Terrell, General Foods, Atlanta, Ga.

Clarence English, Winn Dixie, Greenville, S.C.

Frank Stutz, Munford, Atlanta, Ga.

Bill Sandridge, Munford, Atlanta, Ga.

Bob Hickley, Golden States, Atlanta, Ga.

Herb Shapiro, Shapiro, Augusta, Ga.

Dick See, Commercial Cold Storage, Atlanta, Ga.

Hank Blissett, Commercial Cold Storage, Atlanta, Ga.

Tony Inverso, Hormel, Atlanta, Ga.

Ray Dawkins, Southern Frozen Foods, Montezuma, Ga.

Berry Turner, Gulf Atlantic, Atlanta, Ga.

Jay Dee Johnson, Hardee Food System, Rocky Mount, N.C.

Gene Hension, Salem Carpet, Ringold, Ga.

Claude Wooten, World Carpet, Ringold, Ga.

Marie Miller, L D Brinkman, Irving, Tex.

Leonard Lifschultz, Allen Bros. Meats, Chicago, Ill.

Bob Apato, Apato Provisions, Chicago, Ill.

Jim Vandis, Azteca Food Product, Chicago, Ill.

Terry Trojac, Carl Budding, Chicago, Ill.

Hugo Braun, Chiappetti Packing, Chicago, Ill.

Edward Jurzinsky, Chicago Food Processors, Chicago, Ill.

Gary Doyle, Fulton Lamb Co., Chicago, Ill.

Bill Abraham, E. W. Kneip, Chicago, Ill.

Eddie Michols, M-M Provisions, Chicago, Ill.

Ron Bosenberg, Ed Meniat Meat, Chicago, Ill.

Jack O'Rouke, Nationwide Meat, Chicago, Ill.

Gary Huisman, Party Cookies, Chicago, Ill.

Jack Robbins, Tri-Men Packing, Chicago, Ill.

John Sullivan, Tri-Men Packing, Chicago, Ill.

Keith Thompson, Vienna Sausage, Chicago, Ill.

Rudy Rothenbuehler, Swiss Colony, Chicago, Ill.

Patricia N. Lara, Winky Food, Chicago, Ill.

Wally Bulawa, Stock Yard Packing, Chicago, Ill.

Jack Cusack, B. O. Packers, Chicago, Ill.

Ed Toms, Chinese Maid, Chicago, Ill.

John Arnold, Tropicana, Bradenton, Fla.

Eugene Boudreau, Freezer Queen Foods, Buffalo, N.Y.

Gilbert Marthage, General Foods, Avon, N.Y.

Edward Harrod, Southland Frozen Foods, Baker, N.Y.

Robert Moore, Empire Freezers of Syracuse, Syracuse, N.Y.

Louis J. Zienbiec, Henry and Henry, Buffalo, N.Y.

Arthur T. Pause, Merchants C/S, Buffalo, N.Y.

Anthony W. Richardson, S. M. Flickinger Co., Buffalo, N.Y.

Nelson Goodrich, Rich Products Corp.. Buffalo, N.Y.

Ralph Butterfield, Sr., Artic Freezers, Buffalo, N.Y.

Peter Biltekoff, Bison Foods, Buffalo, N.Y.

Bob Propf, Hormel, Austin, Minn.

Cecil Wolhler, MBPXL, Wichita, Kans.

Gene Sears, Lykes Pasco, Dade City, Fla.

Steve King, Adams Packing, Auburndale, Fla.

Ben Hill Griffin, Jr., Ben Hill Griffin, Inc., Frostproof, Fla.

Tom Falvey, P. Lorillard, Greensboro, Fla.

Bob Ryan, Jeno's Inc., Duluth, Minn.

Terrell McIhenny, Goode Brothers Poultry, Atlanta, Ga.

George Schultz, Orval Kent, Chicago, Ill.

J. E. Chandler, Chandler's Barbeque, Greensboro, N.C.

Robert Nasiatka, Charles Miller Co., Watertown, Mass.

Charles Pepper, Table Talk Pies, Worcester, Mass.

Ben Harrison, Knoxville Poultry and Egg, Knoxville, Tenn.

Bob Agee, Castleberry's, Augusta, Ga.

Jim Rucker, Southeastern Foods, Atlanta, Ga.

Charles Scott, White Hotel Supply, Atlanta, Ga.

James King, Lieber Foods, Atlanta, Ga.

Jack Coogan, Mr. Frosty, Norfolk, Va.

Hamn Prins, Dutch Quality House, Gainesville, Ga.

Harry Hopper, Commercial Cold Storage, Atlanta, Ga.

Morgan Bryan, Chicago, Ill.

R. Leonard Todd, Reelfoot Packing Co., Union City, Tenn.

Larry Woods, American Packing Co., Booneville, Miss.

Billy Glenn, Charms Candy Co., Covington, Tenn.

Marvin Turnipseed, Bryan Packing Co., West Point, Miss.

Ron, Consolidated Marketing Co., Atlanta, Ga.

Percy Young, Rudys, Donelson, Tenn.

Judy Bell, Rudys, Donelson, Tenn.

Tom Christie, Tennessee Donut, Nashville, Tenn.

Martha Myhand, Good Old Days, Little Rock, Ark.

Roger Steinbergen, Odoms Sausage, Adairville, Ky.

Johnny Stewart, Byrons BBQ, Gallatin, Tenn.

Jane Nokes, Noel C/S, Nashville, Tenn.

Russell Gibbons, Shoneys, Nashville, Tenn.

Dana Henderson, Coleman Sausage, Nashville, Tenn.

Cheryl Roberts, Kentucky Sausage, Nashville, Tenn.

Marty Lipke, Gourmet Speciality, Nashville, Tenn.

Bill Austin, Wholesale Pizza, Nashville, Tenn.

Jim Lewis, B & H Quick Foods, Little Rock, Ark.

Peggy Napier, Ezzo Meats, N. Vernon, Ind.

Carl Raff, Martha White, Nashville, Tenn.

Earl Herndon, The Beef House, Nashville, Tenn.

Charlie Fowler, Tennessee Cartage, Nashville, Tenn.

Frank G. Mayo, Mayo Sausage, Nashville, Tenn.

Randy Sullivan, Circle L Ranch, Franklin,' Tenn.

Ms. Shirley Madil, Evans Paking, Dade City, Fla.

Mrs. Charles Frost, Citrus Central, Orlando, Fla.

Mrs. Donald Dunlop, Citrus Central, Orlando, Fla.

Mr. Jeff Bradner, Citrus Central, Orlando, Fla.

Mr. Carol Mullins, Lykes Pasco, Pkg., Dade City, Fla.

Robert Burrouchs, Lykes Pasco, Pkg., Dade City, Fla.

Carnes Linton, Lykes Pasco, Pkg., Dade City, Fla.

Harold P. Cornell, Southern Fruit Dist., Orlando, Fla.

David Nemitz, Treesweet Products, Ft. Pierce, Fla.

William McGinnis, Adamo Cold Storage, Tampa, Fla.

Connie Barton, Adamo Cold Storage, Tampa, Fla.

Joe Collins, Adamo Cold Storage, Tampa, Fla.

Ralph Gay, Southland Frozen Foods, Plant City, Fla.

J. I. Gay, Southland Frozen Foods, Plant City, Fla.

Dick Saterbo, Colorado Box Meat, Auburndale, Fla.

Bryan Staerbo, Colorado Box Meat, Auburndale, Fla.

Al Valdez, Surfside Seafood, Tampa, Fla.

Delio Rodrigues, Surfside Seafood, Tampa, Fla.

Larry Glendening, Microlife Technics, Sarasota, Fla.

Mike Everett, Seabrook Seafood, Tampa, Fla.

C. A. Wells, Lykes Brothers, Plant City, Fla.

Ben Magahee, Lykes Brothers, Plant City, Fla.

Jim Kissell, Pillsbury, Fla.

Willie Fitch, Miami, Fla.

Dick Eckhard, A.S.C. Meats, Miami, Fla.

Bruce Rubin, Max Bauer Meat Packers, Miami, Fla.

Joyce Bryant, Richmond, Va.

Pat Vanmarche, Scottsdale, Ariz.

Jennie Treatron, W. Palm Beach, Fla.

Cheryle Belieff, Miami, Fla.

Barbara Kravetz, Reedy Forwarding, Miami, Fla.

Alex Shirreffs, W. Palm Beach, Fla.

Lou Adkinson, Miami, Fla.

Charlie Kiper, Tupman Thurlow, New York, N.Y.

Micky Alvarez, United Beef Packers, Miami, Fla.

Eddie Smith, Miami, Fla.

Bill Romanosky, Miami, Fla.

Eric Martenez, Miami, Fla.

Ariel Melshor, Miami, Fla.

Robert Baker, Miami, Fla.

Sal Gary, Miami, Fla.

Bob Watson, Standard Brands, Kansas City, Mo.

A. Edward Lee, Standard Brands, Kansas City, Mo.

Harold Covey, Anderson Clayton, Jacksonville, Ill.

Phil Gregowitz, Hunter Packing, E. St. Louis, Ill.

Gary Malachak, Swift Packing, E. St. Louis, Ill.

Diana Brooks, Golden Dipt, E. St. Louis, Ill.

Sue Costa, Raskus Dairy, St. Louis, Mo.

Marlene Perry, Sun Mark Candy, St. Louis, Mo.

Jerry Livingston, St. Louis, Mo.

Jim Joiner, Gulfport, Miss.

Molley Florez, New Orleans Cold Storage, New Orleans, La.

Dorsi Wilson, New Orleans Cold Storage, New Orleans, La.

Robert Change, New Orleans Cold Storage, New Orleans, La.

Joe Berthelot, Colonial, Gramercy, La.

Lottie Anderson, Standard Brands, New Orleans, La.

Bill Purcell, Armour, Britt, Iowa.

Bill Burke, Burke Marketing, Ames, Iowa.

Jim Gallegan, Perry, Iowa.

Jerry Turryvill, Menonomie, Wis.

Claude Wooten, World Carpet, Dalton, Ga.

Diane Williamson, Dalton, Ga.

Gene Hensen, Salem Carpet, Ringgold, Ga.

John H. Althom, Winter Garden Co., Bells, Tenn.

Bobby Beare, Beare Cold Storage, Jackson and Humboldt, Tenn.

Jim Rube, Mid South, Memphis, Tenn.

Harry Schuetter, Armour Processed Meat Co., Phoenix, Ariz.

Dennis Piatt, Orlando Fla.

Robert Petzlaff, Chicago, Ill.

Raymond J. White, U.S. Cold Storage, Lyons, Ill.

Robert Bjerke, Chef Reddy Midwest, Inc., Clark, S. Dak.

Kathy Sletten, International Co-op, Grand Forks, N. Dak.

Robert Stefanacci, Goldberger Foods, Inc., Minneapolis, Minn.

Doug Henry, Hygrade Foods, Detroit, Mich.

Daniel Lorusson The Nestle Co., Inc., White Plains, N.Y.

Glen Merritt, Standard Brands, Inc., Atlanta, Ga.

John Lehmann Banquet Foods Corp., St. Louis, Mo.

Ray Bernal, Banquet Foods Corp., St. Louis, Mo.

A. B. (Bert) Brennecke, The Sunmaker Companies, St. Louis, Mo.

Leroy Nagel, MBPXL Corp., Friona.

Joe Gregg, MBPXL Corp., Plainview, Tex.

Loy G. Jones, MBPXL Corp., Rockport, Mo.

Mike Kretzer, Doskocil Sausage, Hutchinson, Kans.

Phil Fookes, E. J. Kahn's & Sons, Cincinnati, Ohio.

Robert L. Gadbois, Swift & Co., Dumas, Tex.

Ron Naffozigger, Consolidated Marketing, Atlanta, Ga.

Ken Andrews, Monfort Foods, Jacksonville, Fla.

Paul Braddy, Eastern Dist., Jacksonville, Fla.

Charlie Intravaia, Uncle Charlies Sandwich, Jacksonville, Fla.

Tom Beham, Atalanta Corp., New York, N.Y.

Mr. Digney, Congoleum, S. Kerney, N.J.

Don Labossiaar, Deran, E. Boston, Mass.

Art Carolin, Henry Heidi, N. Brunswick, N.J.

Fred Calderton, Action Tungstrum, E. Brunswick, N.J.

Ron Leeper, R. M. Palmer, W. Reading, Pa.

I. Zankel, Topps Gum, Duryea, Pa.

B. Morrow, Worcester Boneless, Worcester, Mass.

Stan Zak, Holland House, Richfield, N.J.

Sandy Hager, M & M Mars, Elizabethtown, Pa.

Al Lazar, Mrs. Paul, Philadelphia, Pa.

Joey Klaussollelker, Seabrook Farms, Seabrook, N.J.

Clem Miller, Equity Meats, Folcroft, Pa.

Ken Scheffel, Del Monte, Wilmington, Del.

Jean Thompson, Duffy Mott, Aspers, Pa.

Steve Svoras, George Anthas Co., New York, N.Y.

Charles Walker, Aristan Airline Catering, Wrightstown, N.J.

Pete Donni, Amarosa, Philadelphia, Pa.

Lawrence Latkin, Best Provisions, Newark, N.J.

Mike Midler, Bee Natural Fds., Burgenfield, N.J.

Bob Laurie, Specialty, Marysville, Pa.

Terry Martin, New Albany, N.Y.

Cliff Juckett, Louisville Freezer Center, Louisville.

Lee Mason, Prestige Donuts, Cincinnati, Ohio.

Paul Miller, Roman Meal Company, Decatur, Ind.

Edgar Bright, Suffolk, Va.

Thomas E. Haile, Growers & Shippers League of Fla., Orlando, Fla.

This wire has been sponsored by Refrigerated Transport Co., Inc.

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U.S. Senate,
*Washington, D.C., April 14, 1980.*

Dear Colleague: The Senate will soon consider S. 2245, the Motor Carrier Reform Act of 1980. I plan to offer an amendment to delete food and edible products from the expanded agricultural exemption.

Service reliability will deteriorate if this provision is enacted. Like many of my colleagues, I recall the complaints from farmers, truckers, and retailers during the independent truckers' strike last summer. In South Carolina, the cucumbers and tomatoes were rotting in the fields while the truckers were out blockading the highways. The same applies to cherries in the state of Washington, to potatoes in Maine, to fruit and vegetables in California, Florida, and Texas.

The deregulation of processed foods also means that published rates will no longer exist. More importantly, shippers, regardless of size, will not be afforded transportation rates that are non-discriminatory and nonprejudicial.

It is because of these two factors, instability of service and rates, that associations and companies, such as the following, support my amendment.

National Meat Association.
Transportation Association of America.
George A. Hormel & Company.
Oscar Mayer & Company.
Stokely-Van Camp, Inc.
The Nestle Company.
Land O' Frost, Inc.
The National Small Business Association.
The National Farmers Union.
Union Packing Company of Omaha.
Selected Meat Company.
Awrey Bakeries, Inc.
Hygrade Food Products.
Potato Transportation Service.
Tampa Maid Sea Products, Inc.
Jim Dormany Brokerage.
Lykes Pasco Packing Company.
Hyplains Dressed Beef, Inc.
Joan of Arc Company.

Adding processed foods to the list of exempt commodities will not reduce food prices. You recently received a letter from a regulated carrier in Knoxville, Tennessee, dramatically illustrating this point. A bag of groceries was purchased, including bananas, frozen waffles, strip steak, ground beef, frozen cake, frozen orange juice, grape juice, freeze-dried coffee, baby formula and cheese. The total retail cost was $25.78; the total regulated motor carrier transportation cost for these items was 37¢ or 1.5 percent of the total retail price. Can anyone logically assume in light of the current economic climate that the deregulation of truck transportation of processed food would reduce the transportation charge by even one penny?

Further evidence that exempting truck transportation of processed foods will not reduce prices is found in the December, 1979, Producer Price Index (PPI) and Consumer Price Index (CPI) figures. The PPI of regulated transportation of food products was 13.3 points below that for exempt farm commodities; the CPI for regulated transportation of processed fruits and vegetables was 15.1 points lower than exempt fresh fruits and vegetables.

Two recent (February 18, 1980) shipments comparable in weight and distance, from Florida to Omaha, Nebraska, are illustrative of this cost differential. The transportation cost of exempt fresh fruit was $1,835.69; for a regulated processed frozen juice shipment, the transportation cost was $1,492.34.

Neither are there any "benefits" to the independent truck operator in deregulating processed food. To the contrary, it would have a negative impact on truck owner-operators who now transport these commodities. Today these operators who are transporting regulated commodities, including processed food, have a mechanism to recoup the escalating costs of fuel. The Interstate Commerce Commission's requirement that the increased fuel cost must be immediately passed on the owner-operator by the regulated carriers would be abrogated by deregulation of truck movements of processed food. This accounts for the opposition to this section in S. 2245, and the support for my amendment, by the following:

Owner-Operators Independent Drivers Association of America.

South Dakota Independent Truckers Association.

Oklahoma Independent Owner-Operators Association.

Western Montana Independent Truckers Association.

Michigan Owner-Operators and Drivers Association.

Independent Truckers Association of Alabama.

Pacific Coast Owner-Operators Association.

Greater Chicago Independent Truckers Association.

National Independent Truckers Unity Council.

Alabama Independent Truckers Association.

Associated Independent Truck Owner-Operators, Inc.

Florida Owner-Operators and Drivers Association.

Fraternal Association of Steel Haulers.

Independent Truckers Association of the Northern Plains.

Midwest Truckers Association.

National Council of Independent Truckers.

Proponents of the food and edible products exemption also contend that the exemption would not adversely affect regulated transportation. However, the facts prove otherwise. According to the Census of Transportation (U.S. Department of Commerce), the regulated rail and motor carrier systems transport 64 percent of the processed food, totaling more than 200 million tons in 1979. For the regulated motor carrier system alone, processed food accounts for 78 million tons annually, or 21 percent of the system's total tonnage. It also accounts for $4 billion of the industry's total 1979 revenues of $41 billion. Because of its effect, the Association of American Railroads, the Freight Forwarders Institute, and the American Trucking Associations and its 50 state trucking associations support my amendment.

I urge your support for my amendment and welcome your cosponsorship. If you would like to cosponsor this amendment, or if you have any questions, please contact me or Ralph Everett of my staff at 46661.

Sincerely,

Ernest F. Hollings.

Mr. CANNON. Mr. President, I yield 3 minutes to the Senator from Kansas.

Mr. DOLE. Mr. President, I listened to some of this debate while I was visiting with some truckers from Kansas. They have firmly held views, which they have a right to have. The Senator from Kansas has been visiting with everybody he could find on this issue, and it is not an easy issue.

While I was listening to the debate, in the presence of the Kansas truckers, we heard the distinguished chairman talking about going back to the status quo, and also about the reregulation of poultry, fish, and some 300 other items. I assume that is an accurate statement. That came as a surprise to myself and to some in the room. I believe that is important. We should not be reregulating in a regulated reform bill. That is a step backward.

It seems to me that many of us in the Senate have gone around this country and talked about the $120 billion a year in added costs because of regulation. We have a small opportunity today to take a step in the right direction.

I know that some of the concerns of my friends from Kansas are justified and some of the concerns are real. Some on one side may expect too much, and some on the other, on the trucking side, may be giving us the worst case scenario.

Mr. President, I would like to express my opposition to the amendment offered by Senator HOLLINGS.

After balancing serious concerns on both sides of the issue, I have come to the conclusion that it is important to retain the expansion of the agricultural exemption as approved by the Senate Commerce Committee. This exemption is needed by the farmers and ranchers and consumers of our country. This is a perfect example of a situation where Federal regulations can be eliminated with benefit to shippers and consumers. I do not believe it will seriously harm our transportation industry.

We in the Congress give a lot of lip-service to the need to reduce regulation and redtape. But it seems that whenever we have a chance to actually do that, we find a whole host of reasons for not easing the regulatory burden. I happen to think that we should practice what we preach. We must cut redtape during consideration of each piece of legislation that reaches the Senate floor. We must move step by step.

I know that my friends in the trucking industry are concerned about this amendment. They feel that by expanding the exemption, we will hurt the regulated common carrier, and therefore the entire trucking system. I take their concerns seriously. It will do us no good to destroy the large trucking firms in our country. My State of Kansas needs their service. But I am not convinced that this expanded exemption will destroy the common carrier. The common carrier is not prohibited from hauling these commodities. He is simply required to compete in the market for this business.

The benefits to be gained by retaining this exemption are clear. First, it will reduce existing confusion as to which goods are exempt and which are not. Because unprocessed foods are generally exempt and processed foods are generally regulated, the ICC is forced to make some difficult (and often arbitrary) decisions about what is processed and what is not.

Second, this exemption will increase fuel efficiency by permitting processed goods to be hauled back to farm country after the trucks have delivered the unprocessed goods to market. This "backhaul" ability will reduce much of the notorious waste in the transportation of farm commodities.

Third, the exemption, as I see it, will probably reduce the rates for the transportation of these products. A number of studies by the Department of Agriculture show that this has happened when commodities were deregulated in the past. I am not convinced it should be different now.

Finally, service for farmers and processors should improve. The same Department of Agriculture studies indicate that routing and delivery became more flexible and delivery times were reduced for exempted commodities.

The farmers, ranchers, and small businessmen I have spoken with favor this exemption. I must assume that they know what is best for them. And I cannot believe that the regulated truckers of my State cannot make a go of it in an unregulated environment. They have established customers. I am just not convinced that they will all go under. They will have to compete, but that is not foreign to our economic system.

I just suggest that on balance I support the Stevenson amendment and I oppose the efforts of my distinguished colleague and friend from South Carolina.

I yield back any time I might have remaining.

Mr. CANNON. Mr. President, I yield 3 minutes to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, just to respond to the charge by the Senator from South Carolina that the ad in the Washington Post is an accurate reflection of the food costs, first, let us be serious; that ad is based upon some very high-cost items. This is, I just wish to state, not coffee. It is based upon items where transportation is a relatively smaller part of the costs.

Second, if indeed the transportation of food is so cheap, why do the American Retail Grocers Association and the Wholesale Grocers Association support the bill and oppose the amendment?

The last refugee. I suppose, of the argument of the Senator from South Carolina is that the National Federation of Independent Business does not know what it is talking about, and it is an argument, I suppose, we all use to try to discredit opposition.

I am not going to look behind how the National Federation of Independent Business came to its conclusion. It has over 600,000 members. It has a permanent full-time paid, and I find qualified, staff here.

We have recently received postcards in the last 3 or 4 days from the National Federation of Independent Business reiterating their position.

If the Senator from South Carolina wants to say they do not know what they are talking about, they do not understand their members, it was a stacked questionnaire and their members are too dumb to understand it, that is his business.

All I am saying is that if I wanted to know what the the position of the National Federation of Independent Business was I would be inclined to listen to the people who speak for them, and if they do not speak for them very long they will not hold those positions very long.

I yield back the remainder of my time.

Mr. CANNON. Mr. President, I yield 3 minutes to the Senator from Illinois.

Mr. STEVENSON. I thank the chairman.

Mr. President, I have no desire to prolong this debate.

I do want to underscore the fact that rural communities will not be hurt. They will be aided by the provision in the bill.

The regulated carriers do not serve these communities. They only serve some 20 percent of their transportation requirements. They are served by exempt carriers, and the exempt carriers, because of excessive Government regulation, run empty 28 percent of the time. Twenty-eight percent of the miles of exempt carriers are empty.

What this provision in the bill does is to reduce exempt carrier's empty miles, lowering their transportation costs, saving energy, and providing better services to rural communities and to farmers, and ultimately to the consumers through lower transportation prices.

As the distinguished managers of the bill have mentioned, there is nothing in the bill to prevent the regulated carriers from continuing to serve the small communities or any other communities. They will just have to compete for the business and the competition could produce lower costs for shippers and ultimately for consumers; that is exactly what has happened every time the list of exempted agricultural commodities has been expanded in the past.

The amendment offered by the Senator from South Carolina does not restore the existing law. It narrows the present exemption for agricultural commodities.

Instead of continuing the status quo, as inflationary and as costly as that is, this amendment would make matters worse. The amendment should be defeated.

Mr. HOLLINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I say to the distinguished colleague from Nevada, the chairman, that my amendment only eliminates the language added by Senator STEVENSON in committee. The staff was just about to tell me the rationale. It gets into poultry. I know we did not do that. All I did was take my amendment which was very simple and was read and quoted, and it says on page 11, line 2 that we put the word "all." We eliminate (c) on lines 3, 4, and 5, which was the added Stevenson language, and then we relettered (D) (2) (c) on line 6. So the whole intent was not that they all found that scoundrel, "He has not only gone and taken away the

Stevenson language, he has gotten into the poultry thing and oh what a terrible thing it is."

I think, Mr. President, that we should not deal in this very serious case that we have here by trying to put words and intent that was not there and is not covered.

I differ with that interpretation. I simply and solely removed the Stevenson language. That is all I did, and we voted on that in the Committee on Commerce. I simply and solely said that the National Federation, I say to the Senator they do not know what they are doing. The Senator used the expression—not the Senator from South Carolina—that they do not know what they are doing. The Senator from Oregon was not going to go in behind. That is exactly what I had done. I went in behind, and I respect this outstanding organization and I like them and I wondered how they could get that conclusion and then when they put that language in there in taking that poll they are not going to change the poll and they put in there, "The ICC requirements are arbitrary and restricted people from going into business. This is alien to American free enterprise. Success in the marketplace should be the only test of service need."

If I did not know something about trucking and the history of the motor carrier industry in this country, I would vote for that. That is my point. I did not say they did not know what they were doing. I said, on the contrary, they knew what they were doing. They knew, my dear friend, exactly what they were doing.

Let us go back to that history. The goals of regulation, as pointed out in 1934 and as taken ipso facto, word for word, are: "One, to minimize duplication of facilities and services."

What the Stevenson amendment did was immediately duplicate these areas that are being served. They are regulated. There is an obligation. And there are good carriers and good equipment properly insured, safe drivers, and everything else.

But now you are going to duplicate it. You are not expanding the business. You say a different group is going to carry.

"Two, to have a transportation system which is well organized and functions in an orderly, dependable way rather than one which is unstable, uncertain, and a breeder of discrimination."

Therein is what they had found. They wanted to prevent that.

After they had tried unregulated competition that Senators who have not made a living all of a sudden now have now discovered, politically I say.

"Three, a system that is responsible," and that is the way it has grown in a very responsible way in the United States, and that is why all the users are 100 percent for it, and they can see that danger.

"Four, a system that is financially stable and has good credit."

Go up to Pittsburgh and ask the Mack Truck Co. how many millions of dollars they have of the unregulated pickup overnight hauling that is sitting there. They could not estimate out, and they did not have the equipment, they did not have the experience and the knowledgeability, and that equipment is gone. Once that cost of gas went up they just turned it back in—millions of dollars.

The PRESIDING OFFICER (Mr. PRYOR). The time under the amendment allowed for the Senator from South Carolina has expired.

The Senator does have time on the bill.

Does the Senator wish to utilize time remaining under the bill?

Mr. HOLLINGS. I do not.

The Senator from Nevada and I were trying to bring it to a vote and we are trying to move along. There are other amendments. I think this one has been well debated.

I only plead with my colleagues that it was totally unfounded. It was voted on in the committee, one time 8 to 8 and finally two more times, and it passed I think 10 to 5. We never did have the background and we had inaccurate information at the particular time. Now we begin to understand. It is not 3 percent, my dear friends. It is over 10 percent. It is over 20 percent of the tonnage and it is real, and we are not addressing here the confusion between foods processed. To those who are not in the business it sounds technical and confusing. But mind you me they all know what it is and what the cost covers, and it has to cover, and there is a little booklet of all the thousands of items that are exempted and the people in the industry and the trade and the traffic managers and all of those who invest know. And you do not buy a rig overnight just for $5,000. They are all $50,000 or more right now. You do not get a driver unless he is responsible. It is very expensive and it is very, very competitive, and the small towns, like the Roadway, the Waterbury example, and all the small towns are pleading because they have that good service now and they do not want just like they closed down Savannah, closed down Charleston, and closed down Norfolk.

I know the distinguished chairman does not want to go back to it, but I am living with it. They closed us down. Do not give me rhetoric about tomatoes and tomato soup, and potatoes and potato chips, and hogs and hams.

When you have not ever run a business out here, and the business people who are in it say "No," that is not going to work.

Mr. CANNON. Mr. President, I yield myself 30 seconds.

I just want to say that the amendment is clear. The bill rewrites the exemption section of the statute, and the Hollings amendment, perhaps inadvertently, imposes new regulations upon 300 commodities not now regulated.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. HOLLINGS. Mr. President, I only struck the Stevenson language. Does the Senator agree to that? Read the amendment. Will the clerk read the amendment on the Senate's time?

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk read as follows:

On page 11, line 2, insert "or" after the semicolon.

Mr. HOLLINGS. Insert the word "or," that is the first change.

The legislative clerk read as follows:

On page 11, strike lines 3 through 5.

Mr. HOLLINGS. That is the Stevenson language.

The legislative clerk read as follows:

On page 11, line 6, strike "(D)" and substitute "(C)."

Mr. HOLLINGS. There you go, that is all we did, just exactly what the distinguished Senator added in committee, the Senator from Illinois, which we eliminate.

● Mr. INOUYE. Mr. President, I rise to support Senator HOLLINGS' amendment to delete processed foods from an expanded agricultural exemption as contained in S. 2245.

My opposition to exempting processed foods from regulation is twofold and goes more to the issue of "due process" and "fair trial" than the subject of regulatory reform of the trucking industry.

First, this exemption distorts the original intent of Congress when it passed the Motor Carrier Act. The original agricultural exemption was included for the purpose of allowing the farmer and others to haul unprocessed agricultural products or livestock to and from the market.

Exempting the farmer's hauling his products to marketplace or to processing points made sense, and still does. But to allow the transportation of processed foods on an exempt basis seems a genuine perversion of the original congressional intent.

While the original exemption of "farm-to-market" transportation is clearly indicated in legislative history, the act itself unfortunately does not state this. But had Congress intended the carriers of originally exempt farm products to enter generally into other areas of transportation, surely it would have so provided.

I submit that this expansion of exempt commodities dilutes without justification the businesses of carriers which are already suffering under a distorted version of the "farm-to-market" concept. The fact that the ICC itself repeatedly but unsuccessfully sought to have Congress close this loophole, serves to support the original intent.

I regret that this expanded exemption—which in my view raises serious questions of health, safety and service—does not enjoy the benefits of a fully developed record. The amendment was only introduced at the committee's markup, and the so-called evidence of its impact on regulated carriers provided by the ICC and DOT is extremely suspect.

Indeed, the spur for this amendment seems to be more "afterthought" than "economic realism." It seems to be based more on a quarrel with the list of exempt commodities, rather than an appreciation of the impact on both regulated and non-regulated carriers.

Processed foods should be deleted from the agricultural exemption.●

Mr. HEINZ subsequently said: Mr.

President, today, I intend to record myself as "present" when the vote occurs on the question of passage of the Hollings amendment to S. 2245, the Motor Carrier Reform Act. The purpose of this amendment is to remove processed foods from the list of commodities which would be exempt from ICC regulation under S. 2245. I will record myself as "present" because I have concluded that the guidelines promulgated in Senate rule 12, paragraph 3, are applicable in this situation. Senate rule 12, paragraph 3, provides that "A Member, notwithstanding the provisions of rule XII of the Standing Rules of the Senate, may decline to vote, in committee or on the floor, on any matter when he believes that his voting on such a matter would be a conflict of interest."

I believe this condition exists on this vote by reason of a beneficial ownership interest, as fully disclosed in my annual Senate disclosures, in a processed food manufacturer, the H. J. Heinz Co. of Pittsburgh, Pa.

I thank the Chair.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. All time has expired. The yeas and nays have been ordered. The question is on agreeing to the amendment of the Senator from South Carolina. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HEINZ (when his name was called). Present.

Mr. BIDEN (when his name was called). Mr. President, on this vote I have a pair with the Senator from Georgia (Mr. TALMADGE). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Arizona (Mr. DECONCINI), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from New York (Mr. MOYNIHAN), the Senator from Michigan (Mr. RIEGLE), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that the Senator from New Jersey (Mr. BRADLEY) is absent on official business.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Illinois (Mr. PERCY), and the Senator from South Dakota (Mr. PRESSLER) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. PERCY) would vote "nay."

The PRESIDING OFFICER (Mr. BAUCUS). Is there anyone in the Chamber wishing to vote who has not voted?

The result was announced—yeas 39, nays 47, as follows:

[Rollcall Vote No. 75 Leg.]

YEAS—39

Baucus
Bayh
Boren
Boschwitz
Burdick
Byrd, Robert C.
Cochran
Cohen
Cranston
Culver
Danforth
Durkin
Eagleton
Exon
Garn
Glenn
Hatch
Heflin
Helms
Hollings
Inouye
Jackson
Laxalt
Long
McGovern
Magnuson
Mathias
Matsunaga
Melcher
Morgan
Muskie
Nelson
Randolph
Sarbanes
Sasser
Stevens
Stewart
Stone
Zorinsky

NAYS—47

Armstrong
Bellmon
Bentsen
Byrd,
  Harry F., Jr.
Cannon
Chafee
Chiles
Church
Dole
Domenici
Ford
Goldwater
Hart
Hatfield
Hayakawa
Huddleston
Humphrey
Javits
Jepsen
Johnston
Kassebaum
Leahy
Levin
Lugar
McClure
Metzenbaum
Nunn
Packwood
Pell
Proxmire
Pryor
Ribicoff
Roth
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevenson
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Young

ANSWERED "PRESENT"—1

Heinz

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Biden, against.

NOT VOTING—12

Baker
Bradley
Bumpers
DeConcini
Durenberger
Gravel
Kennedy
Moynihan
Percy
Pressler
Riegle
Talmadge

So Mr. HOLLINGS' amendment (UP No. 1038) was rejected.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. PACKWOOD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

### UP AMENDMENT NO. 1039

(Purpose: To modify the mandatory insurance provisions of the bill in order to extend coverage to non-regulated carriers and to give the Secretary of Transportation the discretion to set the minimum limits)

Mr. EXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Nebraska (Mr. EXON) proposes an unprinted amendment numbered 1039.

Mr. EXON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 66, beginning with line 22, strike sections 201 and 202 of the bill and substitute the following:

### INSURANCE

SEC. 201. Section 10927(a)(1) of title 49, United States Code, is amended by striking "approved by the Commission." and substituting "approved by the Commission, in an amount not less than that prescribed by the Secretary of Transportation pursuant to the provisions of the Commercial Motor Vehicle Safety Act of 1980.

### MINIMUM FINANCIAL RESPONSIBILITY FOR MOTOR CARRIERS

SEC. 202. (a) Upon the date of enactment of the Commercial Motor Vehicle Safety Act of 1980, title I of such Act is amended by adding at the end thereof the following new sections:

"SEC. 119. The Secretary shall establish regulations to require minimal levels of financial responsibility sufficient to satisfy liability amounts to be determined by the Secretary, covering public liability, property damage, and environmental restoration for the transportation of property for hire by commercial motor vehicle.

"SEC. 120. Each person transporting or offering to transport (1) hazardous materials, as defined by the Secretary, (2) oil or hazardous substances, as designated by the Administrator of the Environmental Protection Agency, or (3) hazardous wastes as defined by the Administrator of the Environmental Protection Agency, in cargo tanks, portable tanks, or hopper-type vehicles, with capacities in excess of 3,500 water gallons, drawn or driven by a commercial motor vehicle, in interstate or intrastate commerce, shall maintain levels of financial responsibility sufficient to satisfy liability amounts to be determined by the Secretary. Financial responsibility may be established by any one, or any combination of the following methods acceptable to the Secretary: evidence of insurance, guarantee, surety bond, or qualification as a self-insurer. Any bond filed shall be issued by a bonding company authorized to do business in the United States. The Secretary shall establish, by regulation, methods and procedures to assure compliance with this section.".

(b) No later than one year after the date of enactment of this section, the Secretary of Transportation shall report to Congress upon the regulations promulgated under this section. The Secretary shall describe the various levels of financial responsibility mandated and the rationale for selecting the final limits. The Secretary shall also include an estimate of the impact of the regulations upon the safety of motor vehicle transportation, the economic condition of the motor carrier industry, and the ability of the insurance industry to provide the designated coverage. The Secretary shall make recommendations with respect to the need for further legislation related to levels of financial responsibility, including to what extent, if any, minimum statutory levels should be required.

Mr. EXON. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senator is correct. The Senate is not in order. The Senate will be in order.

The Senator will not proceed until there is order in the Chamber. Will Senators please take their conversations to the cloakroom?

The Senator from Nebraska.

Mr. EXON. Mr. President, I offer this amendment to the provisions in the bill that deal with mandatory insurance requirements for motor carriers. As the members of the Commerce Committee will recall, when we were marking up the bill in the final minutes of the markup session, we included in the bill some provisions that set mandatory financial responsibility limits for motor carriers operating under the Interstate Commerce Act as well as motor carriers of any sort transporting hazardous materials.

I was pleased to be associated with

these amendments, and still am because I believe that they are in the public interest insofar as mandatory insurance is one means of assuring higher standards of safety in the industry. However, during the period between the Commerce Committee action and Senate floor action, I have become increasingly concerned by information that I have received with respect to this particular issue. I am most concerned about the very strong objections which appear to be unanimous coming from the insurance industry with regard to these provisions of $2 million general and $5 million hazardous materials.

The insurance industry as a whole, and many individual companies in particular, have made it very clear that these high mandatory insurance requirements may be unworkable. The overriding concern is a serious doubt that all of the insurance companies in this country may not have the combined reserve powers to write as much insurance as presently required in this bill. In fact, there is a possibility that existing carriers would no longer be able to be insured under the limits established in the bill. At the conclusion of my remarks, I ask unanimous consent that copies of some of the correspondence we have received on this issue from the insurance industry be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EXON. Quite honestly, Mr. President, I do not think that we have nearly enough information at the present time to set a statutory minimum level of insurance for all motor carriers. There are so many different situations in which more insurance might be required than other situations that it seems virtually incumbent, in the absence of far more extensive hearings on this subject, to delegate the responsibility of determining minimum liability amounts to the agency with the most expertise to do so. In this case, I believe this is the Department of Transportation, in consultation with the committee.

During the committee markup, Senator HEFLIN raised a point that I believe is quite good. That is, if minimum insurance requirements are good for regulated carriers, they should also be in the public interest for nonregulated for-hire carriers. Hence, my amendment would extend the mandate for minimum liability insurance to all carriers, whether regulated or unregulated.

Accordingly, I am proposing in this amendment to extend the mandatory insurance coverage to all carriers, both regulated and unregulated, and to provide the Secretary of Transportation with the discretion to set the minimum limits. I am also proposing that the Secretary report back to the Congress within 1 year to describe the various levels of financial responsibility mandated under the new regulations. I would expect that the Secretary would make recommendations to Congress with respect to the need for further legislation and suggest to what extent, if any, he believes specific statutory levels should be designated.

Mr. President, I believe it is important to note that the provision currently in the bill calling for the $2 and $5 million minimums has received the very sharp criticism from both shippers and small motor carriers who would be hurt the most. I would expect the Secretary of Transportation to take into account in promulgating these regulations the strong intent of the Congress to have levels of insurance that will best assure safe transportation throughout this country. This is particularly true with respect to transportation of hazardous materials. That is why there is a separate section requiring mandatory insurance for any carrier hauling hazardous materials. Clearly, the limits for a hauler of hazardous materials should be higher than those of nondangerous cargoes.

Mr. President, I want to reiterate one very important point which is at the heart of this entire matter and that is the safety of the motoring public. It has been this Senator's intent throughout the consideration of this issue that a strong insurance provision in this bill was absolutely necessary in order that we protect the motoring public as well as the motor carrier. The intent of this amendment is clear but I want to stress to the Secretary, and ask for the chairman's concurrence, that by giving the Department of Transportation the authority to promulgate rules and regulations to implement this provision we do not mean that the Secretary of Transportation or the agency can ignore the intent of the Congress on this issue.

This body believes that the insurance of the public safety through the requiring of financial responsibility at levels indicative of the cargo is critically important. Furthermore, these rates should be retained at least at the $300,000 per incident level currently required. As the manager of the bill knows, it was this Senator who, in committee, moved for a $1 million minimum per accident liability policy. This was primarily to address safety measures and protection for the driving public. I am not pressing for this minimum figure now, due the fact insurance carriers have raised questions with regard to the resultant costs and that we have not held hearings on this subject.

It would be my feeling that the committee and the Secretary of Transportation should come forth at the earliest possible date with definitive findings to increase liability limits. My view is that we should be considering liability minimums of $300,000 for one- to three-unit operators, and $500,000 to $1 million for larger operators. I also recommend that the Commerce Committee hold hearings on this matter in the near future. I believe that this is of such importance that the committee should move on its own to collect information from the affected parties on this matter in the near future.

EXHIBIT 1

ALSTON, MILLER & GAINES,
*Washington, D.C., April 10, 1980.*

Hon. HOWARD W. CANNON,
*Chairman, Committee on Commerce,*
*Washington, D.C.*

DEAR SENATOR CANNON: In behalf of our client, The Continental Insurance Companies, I am writing to express concern about the amendment to S. 2245, the Motor Carrier Reform Act, which would statutorily mandate specific dollar amounts of minimum insurance coverage for motor carriers. As you know, this amendment, which appears as Sections 201 and 202 in Title II of S. 2245, as reported March 24, 1980, was adopted by the Committee on Commerce, Science and Transportation in the final days of markup without any opportunity for public comment or extended consideration. We believe the public policy implications of amending the statute in this way are serious. The amendment could cause disruptions in the deregulation of interstate motor carriers which the Committee did not intend nor foresee.

Since 1887 Congress has required a bond, insurance policy or other type of security as a precondition for the ICC issuing a certificate or permit to a motor carrier. The ICC has delegated authority to determine what dollar amounts of insurance coverage are necessary to meet the statutory requirements. Sections 201 and 202 would write precise dollar amounts of minimum insurance coverage into 49 U.S.C. 10927(a) and into the Commercial Motor Vehicle Safety Act. Section 201 would require minimum insurance coverage of $2,000,000 for liability, cargo and environmental damage. Section 202 would require not less than $5,000,000 in liability insurance for transportation of hazardous materials. Section 201 would apply to all motor carriers under ICC jurisdiction.

One of the reasons Congress created administrative agencies, such as the ICC, is to perform delegated tasks which would render the legislative process futile if Congress attempted to write the type of regulatory detail, which sometimes becomes necessary, into statutes. Experience in the last quarter of the nineteenth century convinced Congress it could neither prescribe detailed rate regulation nor levels of import duties through statutes. Gradually the system evolved of legislating broad outlines of programs requiring continuing adjustment, and leaving to administrative agencies the tasks of working out specific application. See Davis, *1 Administrative Law Treatise* § 1.05 (1958).

We believe the question of specific amounts of insurance coverage for motor carriers continues to be an area handled best administratively. We do not believe Sections 201 and 202 in S. 2245 will work efficiently if they are signed into law. It is appropriate for Congress "to create additional incentives to carriers to maintain and operate their motor vehicles in a safe manner." It is also proper for Congress to designate areas where it believes insurance coverage is necessary. Sections 201 and 202 go beyond these policy questions by mandating absolute minimums of insurance coverage in the amounts of $2,000,000 and $5,000,000 respectively without discrimination. Is it necessary to require a truck carrying a load of corn cobs, cottonseed hull, ashes, fly ash, garbage, ice, manure, peat moss, or sugar beet pulp to carry $2,000,000 worth of insurance on its cargo? Each of these commodities is currently exempted from ICC cargo insurance requirements, 49 C.F.R. § 1043.1(b).

The amount of capital now available in the United States for underwriting property-casualty insurance is finite. American insurers in this business have assets of approximately $100 billion. The demand for insurance coverage today substantially exceeds that amount. By requiring more coverage than is necessary in several areas, Sections 201 and 202 will reduce further the amount of capital available to underwrite risks where high levels of coverage are essential. Section 201 could require excessive amounts of coverage for existing motor carriers under ICC regulation, thereby reducing insurers' capacity to underwrite new entries into interstate trucking. One might reasonably conclude that Section 201 is contrary to the deregulatory objectives which the Committee has embodied in other sections of S. 2245.

For these reasons, we respectfully request the Senate not to require minimum dollar amounts of insurance coverage in S. 2245, but rather to delegate to the ICC and to the Secretary of Transportation the task of determining the coverage necessary to satisfy the congressional goals of safe maintenance and operation of motor carriers. On behalf of The Continental Insurance Companies, we appreciate your attention to these concerns. If any further information would be helpful, please let me know.

Sincerely yours,

WALTER D. VINYARD, Jr.

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E. R. SQUIBB & SONS, INC.,
*New Brunswick, N.J., March 27, 1980.*

Re Senate Bill S2245—Insurance Requirements.

Hon. HOWARD W. CANNON,
*Russell Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR CANNON: We are writing to express our grave concern over the insurance amendment which was attached to Senate Bill S-2245. This was presumably done to insure that only well financed and responsible carriers operating safe equipment would be allowed to enter the industry. It appears that this amendment is saying only large and well financed carriers are responsible, while all small carriers are irresponsible. This simply is not so! The network of small and medium sized carriers who deliver our hazardous products are proof positive of this fact.

Our company ships a line of radiopharmaceuticals which are used in hospitals throughout the country as a diagnostic agent for various diseases, including cancer. We distribute these products through the use of regional carriers who have proven that they can provide both a safe and effective service. The requirement to carry liability and environmental protection insurance in the amount of $5,000,000 per incident would be a major hardship for these organizations. Beyond this, we are hard pressed to believe that a group of radiopharmaceutical shipments, the largest of which is 2.2 curies, exposes the environment to anything like $5,000,000 worth of damage. These facts, combined with the industry's superb safety record, make a requirement for this level of insurance totally unthinkable.

We estimate that liability insurance coverage of $5,000,000 per incident would cost our carriers an excess of $25,000 a year in premiums. This kind of expense would have to be passed along to shippers in the form of higher rates. These rate increases would eventually translate into higher prices for the consumer. This certainly will not help in the battle against inflation.

The possibility of increased rates is bad enough, but we consider the alternative even worse. The insurance cost could persuade many smaller carriers that it simply is not viable for them to handle hazardous materials. This could mean that badly needed health care products may be delayed in reaching patients or they would have to be delivered by other, and probably more expensive, means. This too will eventually drive up the cost of health care, and simply add fuel to the raging inflationary inferno.

While we definitely agree that it is in everyone's best interest for all carriers to operate safe equipment, we believe that the procedures involved to accomplish this should not penalize those carriers who have a proven record of safety and concern. We feel that a better way might be to specify mandatory periodic safety checks for all vehicles. These checks could be performed at such places as truck scales with a minimum of problems and delays. For all these reasons, we ask that the insurance requirement in this bill be reduced to a reasonable level.

We thank you for taking time to consider our point of view. If we can be of further assistance to you, please feel free to contact the undersigned.

Sincerely,

RICHARD B. MALLARD,
*Transportation Manager, Regulatory Affairs & Technical Development.*

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NORTHERN EXPRESS INC.,
*Avenel, N.J., March 23, 1980.*

Subject: Senate Bill S-2245 Insurance Provisions.

Senator CANNON,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR CANNON: I am respectfully writing to you as both an appeal and as a protest to Senate Bill S-2245, Insurance Provisions. Listed below are my grievances to this proposal.

As a small company in business for twelve years, I would like to express my concern on how this proposal will effect every small carrier operating under rigid standards and a perfect safety record. This proposal will not only have an impact on the entire trucking industry, but will in turn close down every small company across the nation, causing massive unemployment.

Why should a company already established with a perfect safety record be penalized? Is it not discrimination to say that a small carrier is not as efficient as a large carrier when there is positive proof by looking at our record?

I find this proposal definitely inflationary! The cost of insurance would naturally have to reflect in our rates. Needless to say, they would be passed down the line to the consumer.

Another point is if this proposal is passed, all carriers will avoid carrying hazardous drugs, therefore, slowing down patient care. Pharmaceutical companies will find it extremely hard to find carriers financially capable to carry this type of insurance and in most cases to keep the carrier they have had for many years to co-insure them.

Thank you for your immediate attention in this matter. Hopefully I have contributed on behalf of the small carriers point of view. I trust your good judgement when this issue comes up.

Sincerely yours,

RONALD E. MESLOW,
*President.*

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MHC MESSENGERS, INC.,
*Carteret, N.J., March 23, 1980.*

Subject: Senate Bill S-2245 Insurance Provisions

Senator CANNON,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR CANNON: I am respectfully writing to you as both an appeal and as a protest to Senate Bill S-2245, Insurance Provisions. Listed below are my grievances to this proposal.

As a small company in business for twelve years, I would like to express my concern on how this proposal will effect every small carrier operating under rigid standards and a perfect safety record. This proposal will not only have an impact on the entire trucking industry, but will in turn close down every small company across the nation, causing massive unemployment.

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Thank you for your immediate attention in this matter. Hopefully I have contributed on behalf of the small carriers point of view. I trust your good judgement when this issue comes up.

Sincerely yours,

RONALD E. MESLOW,
*President.*

Mr. EXON. Mr. President, would the chairman agree that the hearings would be most helpful and would he concur with the inclusion of these statements as part of legislative history on this measure?

Mr. CANNON. Mr. President, I concur with the Senator on that.

I commend the distinguished Senator from Nebraska for his amendment and for his considerable thought on this issue. I, too, have been concerned about this issue and about the potential inflationary impact of the increased liability limits upon increased insurance premiums which, ultimately, will be paid by the shippers and consumers throughout the country. I am particularly concerned about the Senator's information with respect to the ability of the insurance industry to write this degree of coverage today.

I think it would be tragic and, indeed, wholly inconsistent with this legislation to impose nonregulatory barriers to entry into the trucking business inadvertently. I pledge this committee will look most carefully at this question over the next few months to determine if statutory minimums are desirable. I would not be averse to having hearings on the issue to hear from all of the interested parties, but I tend to agree that, at the present time, the discretion for setting the limits should be given to the agency best able to deal with them.

I do also agree with Senator HEFLIN and with the Senator from Nebraska (Mr. EXON) that the limits set should be applicable to both regulated and unregulated carriers. This amendment, as I read it, will not subject carriers not regulated by the Interstate Commerce Commission to that Commission's regulations. Since all interstate motor carriers are subject to the safety jurisdiction of the Department of Transportation, this will not change their responsibility to maintain safe operations. It will simply mean that the Department of Transportation will have one more mechanism, namely mandatory insurance requirements, to assure that all carriers maintain safe operating conditions.

Hence, I am prepared to accept this amendment on behalf of the committee, if Senator PACKWOOD will also agree.

Mr. PACKWOOD. I am prepared to accept the amendment.

Mr. EXON. I thank the manager and the ranking minority member of the committee and I thank the Chair.

Mr. MAGNUSON. May I ask a question of the manager of the bill?

As I understand the Exon amendment, it does not set any monetary levels legislatively on insurance?

Mr. CANNON. The Senator is correct. We do not set any.

Mr. MAGNUSON. Otherwise, we would have trouble accepting the amendment.

Mr. CANNON. That is correct and that is the reason, I think, that the Senator suggested this approach.

Mr. EXON. The Senator from Washington and the Senator from Nevada are correct.

The PRESIDING OFFICER. Is all time yielded back?

Mr. CANNON. I yield back all my time.

Mr. PACKWOOD. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 1039) was agreed to.

### UP AMENDMENT NO. 1040

(Purpose: To affirm the legal operation of trucking combinations on the interstates)

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Idaho (Mr. McCLURE) proposes an unprinted amendment numbered 1040.

Mr. McCLURE. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 68, line 1, after the word "combinations" insert the following: "or which prohibits the operation of combinations of more than two units in States where permitted on the date of enactment of this section", and;

On page 68, line 10, strike the words "from the back of the cab or cab/sleeper to the rearmost point on", and insert the word "of" in lieu thereof, and;

On page 68, line 12, insert the words "tractor-semitrailer" before the word "combination".

Mr. McCLURE. Mr. President, our Nation is facing a critical energy problem, a problem of such magnitude that I believe it is imperative that we make every effort to maximize our energy efficiency. One area in which a significant contribution can be made to this effort is transportation, and in particular, transportation provided by motor carriers. As many of my colleagues may remember, earlier this year the Senate considered and approved an amendment offered by Senator MELCHER to the Commercial Motor Vehicle Safety Act prohibiting States from enacting or enforcing any law which provides a gross overall length limit of less than 65 feet for commercial vehicles. I cosponsored that amendment because I believe it will improve significantly energy efficiency in the trucking industry by eliminating unreasonably restrictive vehicle weight and length standards imposed by certain States.

In addition, I point out to my colleagues that one of our most efficient forms of transportation is the use of trailer combinations, so-called doubles and triples. In my home State of Idaho, the use of triples has had a tremendous impact on energy utilization in the trucking industry and, I might add, has done so without sacrificing highway safety. While I realize there are situations in which the use of trailer combinations may not be economical, I believe we must not inadvertently take steps here in Washington which might impede the development of a more efficient transportation system in this country. It is for this reason that I have offered this amendment and that I would like to ask the distinguished chairman of the Senate Commerce Committee several questions regarding S. 2245, the Motor Carrier Reform Act of 1980.

I say to the distinguished Senator from Nevada (Mr. CANNON) as I stated earlier, the Senate in February considered and approved an amendment to the Commercial Motor Vehicle Safety Act prohibiting States from enacting or enforcing any law which provides a gross overall length limit of less than 65 feet for trucks. Under section 203 of the legislation before the Senate now, similar language is being proposed concerning vehicle lengths. It is his understanding that this new provision does not change the intent of Section 118 of S. 1390 to set a minimum 65-foot length standard for commercial motor vehicles?

Mr. CANNON. Yes, that is my understanding for tractors and semitrailers.

Mr. McCLURE. As the Senator knows, numerous studies have shown that trailer combinations in the trucking industry are one of our most energy efficient forms of transportation. I believe it is in the Nation's best interest to encourage, wherever practical, greater energy efficiency and one very fruitful area is the use of trailer combinations in trucking. Under section 203 of the legislation, the terms "tractor semitrailer," "semitrailer-tractor combination," and "tractor semi-trailer-trailer combination" are used to define the applicability of cab-length standards. Is it the Senator's understanding that none of these terms refers to the so-called triple configuration where three trailers are pulled by one power unit?

Mr. CANNON. That is correct.

Mr. McCLURE. Furthermore, is it the Senator's understanding that the provisions of this section are not intended in any way to apply to the use of triples?

Mr. CANNON. Yes, my distinguished colleague is correct.

Mr. McCLURE. Finally, am I correct in stating that this section of S. 2245 does not impair or prohibit the use of triples in those States where they are now permitted nor does it preclude in any way, the expanded use of triples in States which may choose to increase their length laws in the future?

Mr. CANNON. The Senator is absolutely correct. This section does not impair or prohibit the use of triples in those States where they are now permitted, nor does it preclude in any way the expanded use of triples in States which may choose to increase their length laws in the future.

Mr. McCLURE. I thank the Senator from Nevada for taking the time to explain the intent of this important bill. I have discussed the proposed amendment which would make this abundantly clear and also help to find a measurement in which there is a tractor-trailer combination. My understanding is that both the majority and minority are willing to accept this amendment to clarify the intent of this legislation.

Mr. CANNON. The Senator is correct.

Mr. McCLURE. I thank the Senator very much.

Mr. CANNON. I yield back the remainder of my time.

Mr. McCLURE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CANNON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

### UP AMENDMENT NO. 1041

(Purpose: To improve motor carrier service to small and rural communities located outside Standard Metropolitan Statistical Areas)

Mr. SCHMITT. Mr. President, I send to the desk an amendment on behalf of Senator HUMPHREY, Senator STEVENSON, and myself and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. SCHMITT), for himself, Mr. STEVENSON, and Mr. HUMPHREY, proposes an unprinted amendment numbered 1041.

On page 7, between lines 4 and 5, insert the following:

"(E) Transportation to and from communities not located within Standard Metropolitan Statistical Areas with a population of less than 5,000.

"(F) After July 1, 1983, to and from communities not located within Standard Metropolitan Statistical Areas as designated by the Interstate Commerce Commission."

On page 7, line 25, delete the following: "".". and insert in lieu thereof, the following:

"'(6) The Interstate Commerce Commission, in consultation with the Secretary of Transportation, and the Secretary of Agriculture, shall transmit a report to both houses of Congress, the Senate Committee on Commerce, Science, and Transportation, and the House Committee on Public Works and Transportation on the implementation of Subsection 3(E) of this section. Such report shall also include the impact, if any, on the quality and quantity of service provided in the population centers designated in Subsection 3(E) as well as the impact, if any, Subsection 3(E) may have on existing certificated carriers actually serving these communities on the date of enactment. Finally, the report shall estimate the impact Subsection 3(F) will have on the existing quantity and quality of service existing at the time of the submission of the report.'."

Mr. SCHMITT. Mr. President, this amendment would provide for the Interstate Commerce Commission to approve an operating certificate application when a motor carrier can demonstrate that he is "fit, willing and able" to serve a small community of less than 5,000 population. The ICC would be directed to study the impact of this amendment on small communities and to report to the Congress by July 31, 1982, a year before the date on which the Commission will have the discretion to increase the size of communities affected by the amendment to 50,000. This procedure will give the Commerce Committees of each House an opportunity to consider any changes in the law that may be necessary as a result of the experience of dealing with small communities, that is, communities less than 5,000, before final implementation of the change would go into effect.

It is important to note that the amendment would not alter current ICC restrictions on the termination of service to small communities, nor would it affect existing safety and insurance requirements. In short, the amendment would make it easier for new service to be initiated to small communities but would retain existing protections—I repeat, would retain existing protections—against its removal. The contention that this amendment could lead to a deterioration of service to small communities is therefore without any foundation, nor is it supported by any existing statistics.

ICC regulations currently make it difficult, time consuming and expensive for prospective truckers to obtain operating certificates—with the result that in many small communities services are less than adequate, or, in fact nonexistant.

A recent Department of Transportation study, "A Study of Trucking Service in Six Small Communities", conducted at the request of the Senate Commerce Committee, concluded that:

> The service provided by general freight ICC regulated carriers tends to be infrequent, slow and often at rates which are perceived as high.

In addition, several other studies have amply documented the need for restructuring motor carrier regulation.

A comprehensive study commissioned by the Senate Commerce Committee, "The Impact on Small Communities of Motor Carriage Regulatory Revision", states that "Predictions of wholesale elimination of service to small communities following deregulation are completely unsupported by the data . . . Rather, it appears that service to small communities would not deteriorate and might, in fact, improve under deregulation.

Mr. President, this certainly is the conclusion of most of the shippers and small communities with whom I have talked personally.

A study conducted in February 1980 by the Congressional Budget Office entitled, "The Impact of Trucking Deregulation on Small Communities: A Preview of Recent Studies," which reviewed over a dozen existing studies on trucking deregulation, concluded that "rural towns of up to 5,000 persons represent those that are the costliest and most difficult for regulated trucking to serve."

The amendment I am offering will encourage better service for farmers, small business people, service organizations, such as hospitals, and the like, in rural communities by removing some of the needless bureaucratic restrictions which have excluded small independent truckers from providing services in the past, not in small part due to the expense of defending an application for such service.

The amendment is supported by the Consumers Union, the Department of Transportation, the Farmers Bureau, the National Federation of Independent Businessmen, Congress Watch, the National Association of Counties, the National Association of Retail Grocers and a broad coalition of other groups favoring improved motor carrier service to rural areas, not the least of which is the White House.

Beyond its positive impact on trucking transportation, this amendment addresses an important philosophical question: In a free economy, why should the Federal Government exclude individuals who are "fit, willing, and able" from entering a profession so long as they do not abuse that privilege? In the trucking industry this practice has resulted in discrimination against those who, in the absence of regulation, would have been able to provide improved transportation services to the public. The near-monopolies enjoyed by some trucking firms are in part government-created and are fostered under the current anticompetitive environment. Outdated and cumbersome regulatory procedures created by the Congress and the Interstate Commerce Commission over the past 50 years are greatly in need of revision not only to improve transportation services, but to increase job opportunities and competition in the motor carrier industry. This amendment and S. 2245 do these things for the trucking and shipping industries.

Mr. President, the opponents of this amendment suggest that its approval will lead to deterioration of trucking service to small communities. This is hogwash. They say it is only because of ICC requirements that motor carriers continue to serve small towns. This, also, is hogwash. But, in fact, the ICC does not require this service. No certificate of operating authority has ever been lifted for failure to provide service to small communities. But numerous studies indicate that many regulated motor carriers provide only minimal service while actively seeking to keep out competitors for serving such markets. The success of United Parcel Service indicates that firms can make a profit serving small towns. In addition, more freedom of entry will encourage entreprenuers and minorities to develop new ventures to serve local communities and regions.

I should add, Mr. President, that the amendment also allows a regulated carrier to enter more, as I say, into shipping to and from small communities.

Mr. President, there is no evidence that demonstrates a need for continued ICC protection to maintain service to small communities. In fact, just the opposite is true. Under my amendment more service will be forthcoming to these communities, and shippers and receivers that exist within them.

Eighty percent of the motor carrier transportation to small towns is already entirely deregulated. My amendment would only partially deregulate the remaining 20 percent while maintaining needed safety requirements; while maintaining rate regulation; and while maintaining insurance requirements. This is a carefully drafted amendment that is phased-in—first, 5,000 population level, eventually to 50,000 population level—to allow the Congress to study its impact before its provisions become fully effective.

A vote for this amendment is a vote for competition and a free market solution to the transportation problems of America's small towns and rural communities, while at the same time maintaining the Government as a referee in that system, as it should be.

I hope my colleagues on both sides of the aisle will join me in supporting this small communities amendment, which is an important addition to a very important bill.

Mr. President, I reserve the remainder of my time.

Mr. CANNON. Mr. President, the Senator from South Carolina desires time in opposition. I am personally inclined to vote for the amendment. So I yield to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished Senator.

Mr. President, this goes directly to the fundamental of the public's convenience and necessity of basic misunderstanding, if you please, of the motor transportation industry and the servicing of small communities.

There is nothing in the law that would prevent anyone wanting to serve a small community from going, at the present time, to the ICC and petitioning and being granted that certification. In fact, the smaller communities of 5,000 and under that are being served at the present time are just in that particular situation.

For instance, one of the large carriers we used in the committee, for example, to understand this matter more completely was Roadway Express, one of the largest if not the largest, carrier. It serves Walterboro, S.C. I request a letter illustrating the effect of truckload traffic diversion on small towns be inserted here.

The letter follows:

ROADWAY EXPRESS, INC.,
*Akron, Ohio, March 5, 1980.*

Re: Effect of Truckload Traffic Diversion on Small Towns.

Senator ERNEST F. HOLLINGS,
*U.S. Senate, Russell Senate Office Building, Washington, D.C.*

DEAR SENATOR HOLLINGS: We have maintained that certain provisions of S. 2245 as drafted, (and which can be improved by the amendments we propose) will result in substantial diversion of large shipments from common carriers of general freight, who must serve the public, to exempt, private, and contract carriers, who do not. This diversion will make it economically impossible for the common carriers to continue to provide service on the many smaller shipments they handle, especially to and from less populated areas.

To illustrate this important point, here are the actual traffic statistics for our Walterboro, S.C.

| Shipment weight | Shipments | Tonnage (pounds) |
|---|---|---|
| Outbound traffic: January 1980: | | |
| Under 300 lb | 254 | 37,000 |
| 300 to 5,000 lb | 297 | 362,000 |
| Over 5,000 lb | 39 | 468,000 |
| Inbound traffic: January 1980: | | |
| Under 300 lb | 227 | 31,000 |
| 300 to 5,000 lb | 179 | 183,000 |
| Over 5,000 lb | 16 | 159,000 |

Please observe that 16 inbound shipments over 5,000 pounds represented only 4 percent of the total shipments but 43 percent of the total tonnage. For outbound, 7 percent of the shipments account for 54 percent of the tonnage.

These larger and truckload shipments are easily diverted. Without them, our Walterboro terminal, which also serves the towns of Hampton, Ridgeland, Allendale, Estill, Williams, Ehrhardt, Beaufort, and Parris Island (about a 50-mile radius), would have only 10,700 pounds per day inbound and 19,950 pounds per day outbound, (or about ¼ of a trailer per day inbound and ½ of a trailer per day outbound) to be delivered over a 50-mile radius.

Simply stated, we cannot make a living on ¼ of a trailer in and ½ of a trailer out. We would have to close the terminal, leaving behind 7,163 annual outbound small shipments (93 percent of the total) and 5,278 inbound shipments (96 percent).

Sincerely,

JOSEPH M. CLAPP.

It can be seen that the 16 inbound shipments over 5,000 pounds represented only 4 percent of the total shipments but 43 percent of the total tonnage. For outbound, 7 percent of the shipments account for 54 percent of the tonnage.

The larger truckload shipments are easily diverted. This terminal serves Hampton and Ridgeland, towns of less than 5,000, which is very pertinent to the amendment of the Senator from New Mexico, as well as Allendale, Estill, Williams, Ehrhardt, Beaufort, and Parris Island. They are all in a 50-mile radius. They have only 10,000 pounds per day inbound and 19,950 pounds per day outbound. In other words, they have about a quarter of a trailer per day inbound and a half trailer per day outbound to be delivered in the 50-mile radius.

However, that is their obligation for the public, not the trucker. They have to prove that and answer the obligations of the common carrier. This is what many Senators voting on this bill have yet to comprehend and understand and cope with.

Everyone is trying to balance the budget and take care of the automobile dealers. The savings and loan associations are being drained and the housing industry is being ground to a halt, and they have not listened to the stampede and the cry to deregulate.

They involve a truckload or a half truckload to some nine communities in a 50-mile radius; and in order to maintain the terminal, they have to have the larger truckload shipments.

What, in essence, does the Senator from New Mexico say about studying it? Commonsense, I hope, is somewhere in this Chamber.

With respect to the so-called competition, everybody knows that the fellow without the insurance and without the obligation and without the safety and without the terminal and without the investment—all under the auspices of Common Cause and Congress Watch—comes in and takes off the cream. He takes off the truckload lots, saying he is going to give service. The service is there now. If they want to give additional service, they just have to prove it. But they have to prove further things. They have to prove financial responsibility, equipment responsibility, insurance responsibility, and all these other things. But they want an unfair, noncompetitive advantage; namely, to come in and skim off from those small communities, all in the name of Common Cause and deregulation.

After they take those, what does Mr. Roadway do? Mr. Roadway closed down the terminal. They proved, in their handling, that it takes 14 persons to handle from the major terminals, bring it down to the smaller truck drivers, and carry it down to delivery. They can take care of the small communities because the big take care of the small.

It is the economics of the situation which Senators who are not in the Chamber do not want to listen to and do not want to bother with. Everybody is running, and they want to see the political pull: How are you for deregulation and big government? Bam. "I voted for it." They do not think about what they are talking about.

They will carry what they want to carry and not carry what they do not want to carry. The major shippers will try to compute it.

It is almost a taking without due process, since the rest are deregulated; then the regulated part of that is almost null and void, of no effect. They still have that obligation. They can pay the legal fees. We have enough lawyers, in general, to get them out from under it. The terminals will close, and there will be no regulated, reliable, dependable, insured, safety-type service to those small communities. I know that. Anybody who has tried to develop small communities knows that.

But anybody who wants a gold star from Common Cause and Congress Watch comes out and says, "What are we doing? What are we voting for?" All in the name of small communities, they are going to destroy the service to the small communities, and they will come back 3 years later, after we are elected, with our gold stars for standing for deregulation.

We had that with the oil industry. They had regulation. They came to President Eisenhower in the 1950's and said they could not make a profit, that what they needed was import quotas and controls, because we were awash in $2 foreign oil. So we gave them the controls and the import quotas and got them $1.75, and they made $3.75 a barrel more. But when the OPEC monopolistic pricing came along, they started with Common Cause, Congress Watch, and that other crowd—consumers and what have you—and they started to cry, "Deregulate and decontrol." Now they have it, and the price of a gallon of gas, under President Carter, who opposed my last amendment, so I will have to remind him of his record, has gone from 62 cents to $1.27 a gallon—double. He deregulated airline fuel, and that has gone up 80 percent. He deregulated heating oil, and that has gone up 100 percent. He deregulated natural gas, and that is double.

They have the deregulation and the inflation. Now they are running around and beating each other on the head about social programs and balancing budgets. Who caused it? They did. They got what they asked for; that is exactly what they got. Now they are going to get again what they asked for—in the name of helping out small communities, with everybody just back in town and nobody reading it.

That was done in the Commerce Committee. We had 50,000, and now the Senator from New Mexico would reduce it to 5,000; and by 1983, you can come in and report above 5,000.

That is the wrong way to get the service to the committees. If they want to serve those small communities, all they have to do is petition, and then they can make the investment, buy the expensive equipment and get adequate insurance, and give service. But they do not want any law, any obligation, any responsibility. They just want a chance to grab it, and they will grab it and deteriorate it all around. There will not be any common carrier service in the small communities, and we will come back in 3 years with this political fix by those who have not made a living in their lives.

Mr. PACKWOOD. Mr. President, will the Senator yield me 5 minutes?

Mr. SCHMITT. I yield.

The PRESIDING OFFICER (Mr. EXON). The Senator from Oregon.

Mr. PACKWOOD. Mr. President, the Senator from South Carolina says, "Who supports this? Whose statistics do you have? What studies do you have?" We have four of some repute; there may be more.

"The Impact on Small Communities of Motor Carrier Regulatory Revision," a study done for the Senate Committee on Commerce, Science, and Transportation, in June of 1978. "Examination of the Unregulated Trucking Experience in New Jersey," U.S. Department of Transportation, July of 1979, which includes a substantial section on small communities.

"Common Carrier Obligations in the Provision of Motor Carrier Service in Small Rural Communities," U.S. Department of Transportation, July 1979.

"A Study of Trucking Service in Six Small Communities," U.S. Department of Transportation, November 1979.

Each of them concluded that small communities will be helped by deregulation. I am talking about deregulation generally.

I grant the Senator that that is the overall on deregulation, and Senator SCHMITT's amendment unfortunately—I wish we could go further with it, and I support it as it is—relates only to communities of 5,000 or less.

Any carrier serving them today can leave. All they have to do is file a certificate of exit and they are out, any regulated carrier. And they say there is no profit in serving these towns and they are getting out.

I say again: Why is it that the people who live in these small towns and the businesses that are in these small towns and the National Association of Counties which basically represents the rural counties—not all but most counties in this country are rural—think they are better off without the regulated service?

The reason they think they are better off is that they have terrible service under the present law, and they are willing to take a chance on competitive enterprise. We have studies that will justify taking that chance. Will it work out? I think so. No one can guarantee so. Most people in small towns know they will not be any worse off than they are now.

I compliment the Senator from New Mexico. I think it is an excellent amendment. I am willing to wager that after we have experience with this amendment the Interstate Commerce Commission will look at it and I hope, based upon the experience here, increase these towns to 50,000 henceforth. But that is not the argument here. He has backed away from that amendment.

I support him as far as he has gone. I wish him success.

Mr. SCHMITT. Mr. President, the distinguished Senator from South Carolina was concerned earlier about the uninhibited intrusion of carriers into the small community market, that the public convenience and necessity was somehow very important. I think that it is important for the RECORD to contain a letter dated April 14, 1980, from the chairman of the Interstate Commerce Commission, Mr. Gaskins, in which it pretty well documents that the only thing that the public convenience and necessity provides is an increased cost to all carriers regulated or otherwise and that with the criteria of fitness, of fit, willing and able, any carrier still must do the following:

(1) demonstrate knowledge of all DOT safety regulations, and environmental regulations, and agree to abide by them;

(2) pass a DOT of safety inspection;

(3) prove adequate liability insurance coverage;

(4) provide evidence of a safety program appropriate to the firm's size; and

(5) in the case of a new carrier, demonstrate a record of safe operations in any previous business, if relevant.

As Mr. Gaskins says in conclusion:

> These tests are intended to provide, prospectively, protection to the public. The Commission also retains the ultimate fitness sanction, however; the right to revoke any trucker's certificate if it, or DOT, finds that carrier "unfit."

This is not a deregulation amendment. It is a cost savings amendment. It is an amendment which will provide a great increase in service, as the distinguished Senator from Oregon has said.

The Senator from South Carolina also said that small communities are being served today. As has been said before, the small communities do not think they are being served, and they are probably the best judge.

A 1975 DOT study of which I have been made aware indicates that in that study of truck service to 127 towns under 2,500 population in the Northwestern United States, 90 of these towns were not being served at all by ICC licensed carriers.

In another report by R. L. Banks & Associates, Incorporated, for the Department of Transportation, in a June 24, 1976 report entitled "Economic Analysis and Regulatory Implications of Motor Carrier Service to Predominantly Small Communities," we have a long list of what constitutes the incentives for specialized carriers to develop to serve small communities.

Many of these carriers already exist in the form of small regulated carriers in my State, in the Senator's State, and in all of our States.

This amendment is going to make it easier for those smaller regulated carriers to operate to and from these small communities.

Mr. President, I ask unanimous consent to print in the RECORD at this point in my remarks this list of incentives that presently exist for carriers of this kind to develop and prosper in the small community market.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

INCENTIVES

(1) These carriers have become specialists in handling traffic in small cities, where LTL traffic amounts to approximately 50 percent of their total tonnage, of which a high percentage is interlined with other carriers. As specialists, they are "set up" to handle small shipments with respect to scheduling, handling at the terminal, and customer relations.

(2) Over the past few years, large carriers have increasingly neglected the short-haul, small market, particularly on LTL traffic, and they have concentrated more on the long-haul market. However, this trend has reversed recently because large carriers are trying to attract additional volume to offset losses in volume incurred in the long-haul market during the economic recession.

(3) More new industry has been locating in rural areas (including small cities) in recent years.

(4) The small carriers maintain a closer relationship with shippers, in rural areas than the large carriers. This allows them to be more aware of and more responsive to shippers' needs.

(5) Pay scales for motor carrier labor are generally higher than for other industries in small cities, and job opportunities are more restrictive. This allows motor carriers serving such areas to maintain a stable and experienced labor force.

(6) Small carriers have greater operating flexibility, allowing them to be more responsive to special service requirements of shippers.

(7) Costs for union drivers are generally lower for short-haul carriers, and one of the nine selected carriers (Merchant's Truck Line, New Albany, Mississippi) has no union labor.

(8) Pooling arrangements made with large carriers to perform their pickup and delivery and transfer to their terminals reduces competition. This additional traffic handled by small carriers is of the same nature as their other traffic, and it requires no costly special services to handle.

(9) On the basis of relative ton-miles, rates (and thus revenue) are higher for LTL traffic than for TL shipments. Furthermore, as consolidators and distributors of freight, the small carriers have operating revenue of $2.13 per vehicle-mile compared with $1.47 for the average carrier.

Mr. SCHMITT. Mr. President, finally, it is important, I think, at this point to recognize that the amendment has no effect on exit. They still have to exit as they would in having currently demonstrated public convenience and necessity. They just cannot go in and out. That is something that many opponents of the amendment have said. It just is not true. They just cannot go in and out. They have to follow the same set of procedures that have to be followed today under this amendment.

They merely save the cost and the very great cost of acting under the public convenience and necessity provision of current regulations.

I quote one more paragraph from the Commissioner's letter:

> It is our best estimate that the Commission spends approximately 25 percent of its budget, or approximately $20 million per year, processing motor carrier applications involving service at small communities. We estimate that the private sector spends between $30 million and $100 million prosecuting and protesting applications for permanent operating authority involving such service. These estimates are probably understated for the private sector.

Mr. President, I ask unanimous consent that the Commissioner's letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INTERSTATE COMMERCE COMMISSION,
*Washington, D.C., April 14, 1980.*
Senator HARRISON H. SCHMITT,
*248 Russell Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR SCHMITT: This will respond to your letter of March 18, 1980 in which you requested information on applications for ICC operating authority to serve small communities that were denied. Specifically, you asked for an estimate of the staff hours and administrative cost of our processing procedures for small community applications as well as an estimate of legal fees those applying for operating certificates are likely to incur.

It is our best estimate that the Commission spends approximately 25% of its budget, or approximately $20 million per year, processing motor carrier applications involving service at small communities. We estimate that the private sector spends between $30 million and $100 million prosecuting and protesting applications for permanent operating authority involving such service. These estimates are probably understated for the private sector.

During fiscal year 1979, the Commission denied 156 applications for operating authority. Seventy-three of these applications, or 46%, involved requests to provide service, either at origin or destination to one or more identified communities of less than 50,000 population, or at a plant site located in such a community or a rural area. Such applications would be affected directly by your amendment. Where a plant site was located in close proximity to a community of more than 50,000 persons, it was not included in this count. Sixty-six denials, or 43%, were applications which would permit service between large communities. For example, applicants requested authority to haul freight between two larger cities over a regular route authorizing service at all points along the way, which include small communities and rural areas. These applications would not be directly affected by your proposed amendment. The remaining 17 applications, or 11% involved service only to communities with populations greater than 50,000 persons.

The Commission spends approximately 25 percent of its total operating budget (20 million dollars in fiscal year 1980) processing applications involving service at small communities. This figure includes the expense for all bureaus and offices at the Commission which are involved in the process as well as individual Commissioner's offices and their staffs. The total time involved in this processing procedure is approximately 880,000 staff hours per year, or 500 employee-years. These figures were calculated using the ICC's 1980 budget and allocating staff time normally expended in such processing according to the type distribution of 758 applications found in the March 20, 1980 Federal Register. The Commission requires that all applicants publish their requests for authority in the Register.

Of the 758 applications published in that edition of the Register, 705, or 93 percent, involved a request to haul freight to or from a single location to points in one or a group of states, or to add a small community to an existing regular route authority. While one cannot be entirely sure that the applications published March 20 are typical, there is no indication that the distribution of those applications by type is aberrant. Nevertheless, in prudence, we have utilized a range of figures—80 to 93 percent—to estimate the Commission's cost. Using the lower figure we have calculated the minimum administrative cost to the ICC at $20.4 million per year. Indeed, it is fair to say that applicants actively seek to confine their requests to specific small communities and plant-sites so as to minimize the number of protests filed by incumbent trucking firms, thus reducing the expense of protest and the risk of denial.

You also asked for an estimate of legal costs associated with applications to small communities that have been denied. Because the Commission does not require detailed disclosure of such information, it was necessary to survey by telephone applicants whose requests were denied in order to calculate a reasonable average of the costs typically incurred.

We contacted 52 of the 156 applicants denied during fiscal year 1979. The majority disclosed legal costs ranging between $3,000 and $10,000; 11 reported costs of $15,000 or more, 7 reported costs of $1,000 or less.

I have included four examples of these denials below:

Roadway Express, Inc., of Akron, Ohio, sought to extend its present operating authority to include service to Newport, Tennessee (pop. 7,534). Roadway's application was supported by five shippers. Six regulated common carriers protested the application. Roadway estimates its cost in the proceeding at $100,000.

Brooks Transportation, Inc., of Cleveland, Ohio, applied for authority to haul water heaters, boilers, water storage tanks, and disposals to and from Kankakee, Illinois (pop. 30,300) to points in Georgia, North Carolina, and South Carolina. Brooks estimates its cost at $28,000.

Big-Mac Trucking, Co., of Houston, Texas, was denied authority to haul trusses and joists from Oak Haven, Arkansas (pop. 83) to points in Colorado, Louisiana, New Mexico, Oklahoma, and Texas. This proceeding lasted approximately 18 months. Bic-Mac estimates its cost at $2500.

Overnite Transportation Co., of Richmond, Virginia, sought to extend its operating authority to service Decatur and Huntsville, Alabama (pop. 39,000 and 138,000 respectively). Overnite calculate its cost at $97,000.23.

Several firms declined to divulge information regarding their costs.

These figures represent the costs incurred by the applicants for legal fees, travel expenses, shipper affidavits and other necessary services. Carriers who have on their payrolls in-house counsel are likely to have lower legal costs. These figures do not include the cost incurred by any protestant(s), whose expenses may be as high or higher than those of the applicant. Approximately one-fourth of all applications are opposed. Moreover, estimates of the "opportunity cost" which applicants ascribed to procedural delays are not included.

In most cases, applications which are approved are likely to cost applicants less than those which are denied. We think it is reasonable to estimate that the majority of applications filed with the Commission cost applicants between $1,500 and $5,000. Approximately 20,000 applications for permanent authority were filed last year, with attendant direct costs to applicants of between $30 and $100 million. In addition, motor carriers filed 60,000 applications for "emergency temporary authority" and "temporary operating authority." These applications are also subject to protests by incumbent trucking companies. Again, this range of figures does not include whatever cost was incurred by protestants. Of course at the time an applicant files application, it does not know whether or not it will be protested. Therefore, applicants typically will interview shippers and obtain from them sworn statements or affidavits should such information become necessary in the case of a protest. It is unlikely, for example, that Roadway Express which expended $100,000 in its own funds in an unsuccessful attempt to service the town of Newport, Tennessee, predicted that application would require such a substantial expenditure on its part.

In closing, I would point out that applicants filing for operating authority within the scope of your amendment would be required to demonstrate affirmatively that they are "fit, willing, and able" to provide the service for which they have applied. Consistent with the pro-competitive theme of S. 2245, the Commission's determination of an applicant's "fitness" will emphasize a carrier's ability to operate safely and meet relevant insurance requirements. At a minimum, an applicant would be required to meet the following criteria before it received an affirmative "fitness" rating from the Commission:

(1) demonstrate knowledge of all DOT safety regulations, and environmental regulations, and agree to abide by them;

(2) pass a DOT of safety inspection;

(3) prove adequate liability insurance coverage;

(4) provide evidence of a safety program appropriate to the firm's size; and,

(5) in the case of a new carrier, demonstrate a record of safe operations in any previous business, if relevant.

These tests are intended to provide, prospectively, protection to the public. The Commission also retains the ultimate fitness sanction, however; the right to revoke any trucker's certificate if it, or DOT, finds that carrier unfit."

Sincerely,

Darius W. Gaskins, Jr.,
*Chairman.*

Mr. SCHMITT. Mr. President, I reserve the remainder of my time.

Mr. HOLLINGS. Mr. President, on my time, the distinguished Senator from New Mexico, as I understand, said that they would be saved a tremendous cost of being certificated for public convenience and necessity. What cost would they be saving? Would they have insurance coverage?

Mr. SCHMITT. The estimates of the costs are those involved in prosecuting and protesting the applications involving public convenience and necessity, and the chairman's letter will indicate four cases, one of which, by the way, involves Roadway where the costs are really remarkable. In this case, Roadway Express, Inc., of Akron, Ohio, sought to extend its present operating authority to include service to Newport, Tenn., a population of little over 7,500. Roadway's application was supported by five shippers. Six regulated common carriers protested the application. Roadway estimates its costs in the proceedings at $100,000. Again, the record will indicate three other cases as cases in point of where this is true.

If we can jut get rid of the cost of protesting these applications then all carriers are going to have a better opportunity to serve small communities.

Mr. HOLLINGS. Is it the six objected or opposed the application because they were serving that community?

Mr. SCHMITT. Excuse me. I am sorry.

Mr. HOLLINGS. The Senator from New Mexico said that Roadway had to pay enormous expenses because six other carriers opposed the application trying to get into Newport, Tenn., a little town there.

Mr. SCHMITT. That is right.

Mr. HOLLINGS. I take it those six carriers were serving that community?

Mr. SCHMITT. That information is not available to me, but I presume that would be the reason they would protest it, yes.

Mr. HOLLINGS. How big is that community?

Mr. SCHMITT. 7,500.

If it is any case like the others I am familiar with, these carriers probably had the authority to serve but we would find that they were not serving, at least not serving that community adequately.

Mr. HOLLINGS. Adequate and not serving—the Senator knows good and well that if they were certificated they were serving; otherwise, the ICC would be ruling against it. We cleaned all those out. We sent Daniel Neal over there from the Commerce Committee to take care of those. He said he had a pretty good record by the time he left.

Mr. SCHMITT. Why would these companies protest another carrier coming in that market?

Mr. HOLLINGS. Just about why they protest the uncertificated. There is only so much business in there to sustain investment in the equipment, the terminal, and paying the driver.

And what about insurance? I ask the Senator from New Mexico. Does he put in any insurance? This bill calls for $2 million worth of insurance. What insurance does he require to be carried?

Mr. SCHMITT. The insurance requirements would not change under this amendment.

Mr. HOLLINGS. They would be required the same.

Mr. SCHMITT. The only thing that changes is the demonstration of public convenience and necessity and the costs that go with demonstrating that and protecting it and protesting it. That is what this amendment does. That is a fundamental thing this amendment does and in this process opens up, through both regulated and unregulated carriers, the small community market which is now underserved by every study that we have had.

Mr HOLLINGS. The only example the Senator showed was one where they got six carriers in it. A 7,500 community with six carriers I think is pretty good service.

Mr. SCHMITT. It is easy enough to read some more examples. I would be willing, though, to bet the Senator that this community, like most others, has many carriers who are certificated to serve but who do not serve. That is what these studies tell us. It is that in spite of the certification, in spite of the public convenience and necessity, in spite of the ICC supposedly requiring that service they are not doing it. They are not being served.

Mr. HOLLINGS. The Senator thinks they are just lazy, they have a wonderful opportunity and they just do not want to fool with it.

Mr. SCHMITT. I think that they have a higher profit margin in serving the larger communities. They are larger carriers where the profit margins are better in serving the larger communities.

But we have found in our research on this that it is a specialized small community market that is not being served by these larger carriers, but will be served by smaller carriers once they get established and once they remove this onerous farce of being able to get established in these markets.

Mr. HOLLINGS. That is a political assumption, Senator, we are making up here in Washington, because I am asking, Where are those communities where they do not have certificated carriers? You are asking only for those areas that already have coverage and are covered by a certificate of public convenience and necessity; is that right?

Mr. SCHMITT. No. There is no restriction in the amendment. All the amendment does is allow any carrier, regulated or otherwise, provided they can demonstrate the other requirements of law and regulation, such as insurance, safety, and the like, that they can move in if they are fit, willing, and able. They do not have to demonstrate the public convenience and necessity.

Mr. HOLLINGS. Since you are offering an amendment on communities, and you drew it down to 5,000, do you know how many communities this will apply to that are already covered by a certified carrier, and how many communities or what percentage, whether half of them, are already covered by a carrier or not covered by a carrier? Can the Senator tell us that?

Mr. SCHMITT. I do not have that information, and it is not clear that that information would be of any value whatsoever because even in those communities where a regulated certificated carrier has operating authority they are not serving and they are not operating.

I-25 in my area, north and south, is not being served by regulated carriers, even though there are carriers with certificates to serve that community.

Mr. HOLLINGS. So this will apply to all those areas that are already covered generally by a certificate of convenience and necessity?

Mr. SCHMITT. It would not surprise me a bit that most small communities in the country have some kind of certificated carrier with authority to operate therein. But that is not the issue. The issue is they are not operating, they are not serving those communities.

Senator, I would just add to that, that I am informed, in checking with the ICC, they really do not know, which is unfortunate, but they just do not know, the statistics.

The critical evidence is not how many communities are being served by how many certificated carriers; the critical question is are they being served? The answer from study after study is no, they are not being served.

This amendment is aimed at beginning the process of providing service to communities of less than 5,000, and using that beginning as a way to move upward into larger and larger communities, but still basically those in rural areas.

I reserve the remainder of my time.

Mr. HOLLINGS. Mr. President, the effect of the amendment of the Senator from New Mexico is, in essence, placing the trucking industry, the regulated trucking industry, in a double jeopardy position. There is only so much freight, and if we open up this business for anyone who can show simple fitness, the freight is going to actually be diluted by the influx of a new group of carriers and, as a result, of course, the routes will become less profitable for the existing carriers. But the carriers will still have an obligation to serve all the points listed.

I rather demur to the conclusion that they all have the authority but are not serving them, because economically if the business is out there I found them very competitive, very assiduous, very much interested in adding new business, trying everything from leaseholds, to the owner-operator, and so on.

But it is not fair to, on the one hand, to take away a carrier's ability to make a profit and, on the other hand, still require the service. That is the fundamental issue involved here. You say to him "You have a requirement for service," but if there is any profit there, without any obligation someone can come in there and skim off the cream, as I pointed out in a real life case.

The carriers serving these areas have all gone, whether it is the six carriers in Tennessee—and I do not blame the six for opposing the bringing in of the seventh in a small area of 7,500. We are not here trying to save lawyers' fees. If that is what we are going to start with, with common cause and Congress watch, to save lawyers' fees, then we have a whole new twist. This crowd has been generating lawyers' fees. Let us not worry about the lawyers' fees, but the shipper public, the consumer public, and the general public out there that you and I represent.

The carriers now serving proved their need for service, and the new carriers would not have that burden. It is not fair to take two sets of carriers hauling the same freight to and from the same towns, the same routes, and tell one set it is still regulated but the other is virtually deregulated. It is not fair to the trucking companies, it is not fair to the public, and the public is bound to suffer from it. The public has a right to a stable and dependable trucking transportation system, and that is an impossibility when the system is half-regulated and half-free.

If we are going to persist with this amendment, I think we should add a provision which would say that it is perfectly all right for a certified carrier to stop serving any point on its certificate that falls within the area of this amendment. The corollary, of course, of this particular freedom of entry would be freedom of exit. You cannot subject part of the industry to the free-market economics and keep the other part regulated, because the public will be the sufferer in the last instance.

I yield back my time.

The PRESIDING OFFICER. Who yields time?

SEVERAL SENATORS. Vote! Vote!

● Mr. McGOVERN. Mr. President, I share Senator SCHMITT's concern about small community transportation services. I support his desire to improve truck service to smaller cities.

I must, however, rise in opposition to his amendment, for it will not accomplish these objectives.

More trucks does not necessarily lead to better service. There are numerous trucking companies in my State of South Dakota and throughout rural America that are already competing for freight. Many of these firms service rural States, are smaller companies, who compete with other small companies for the limited amount of freight available.

The basic laws of supply and demand as they apply to trucking have not changed since regulation was first imposed in 1935. We will not create more freight by allowing more carriers to enter the business. This amendment, could, however, create chaos and result in the loss of existing service.

Mr. President, my overriding concern about the impact of this amendment is that the existing smaller companies providing this service could be forced out of business through potential predatory pricing practices of entering carriers.

Under this amendment, larger trucking companies could enter rural markets, and through the rate flexibility provisions of the bill undercut existing truck rates over a significant period of time. The existing smaller companies do not have the financial stability to withstand such predatory pricing practices over any great length of time.

Once these companies are forced out of business, the larger carrier would hold a virtual monopoly over the region served. Under a monopoly situation, truck rates could then rise far beyond the original rates provided by the smaller carriers.

Mr. President, there is no doubt in my mind that the Senator from New Mexico's amendment would initially result in lower transportation prices.

I contend, however, that these low rates would be shortlived and would have the devastating side effect of forcing hundreds of smaller trucking firms out of business and result in the loss of hundreds of jobs in many rural States.

Mr. President, the existing provisions of the bill as reported by the Senate Commerce Committee, provides significant changes in trucking regulation. It is difficult to say how all of these changes will affect rural transportation services. In light of the tremendous rail transportation crisis that has already jeopardized scores of local economies throughout the Midwest and Northern Tier States, I do not believe that we can afford further experimentation.

Mr. President, I urge my colleagues to oppose this amendment.●

Mr. SCHMITT. Mr. President, I think it would be appropriate to go to a vote on this amendment, and I would be prepared to yield back the remainder of my time if the opponents would do likewise.

I ask unanimous consent to include in the RECORD though, at this time, a list of the difficulties that are presently associated with obtaining new or extended operating authorities to small communities. This is compiled in part from the letter of information received from the ICC.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

THE DIFFICULTIES ASSOCIATED WITH OBTAINING NEW OR EXTENDING OPERATING AUTHORITIES TO SMALL COMMUNITIES

1. The Interstate Commerce Commission (ICC) advises that an excess of 95 percent of all authority applications applied for in calendar year 1979 were approved. However, they advise that only 7 percent of those applications represented new entrants into the marketplace. Virtually all applications are from existing carriers merely extending their territorial boundaries.

2. The ICC advises, ". . . that applicants actively seek to confine their requests to specific small communities and plant sites so as to minimize the number of protests filed by incumbent trucking firms, thus reducing the expense of protests and the risk of denial."

3. The ICC estimates that motor carriers spent between $30 million and $100 million applying, prosecuting, and protesting applications for permanent authority involving small community service.

4. During fiscal year 1979, 89 percent of all applications denied contained service to small communities. 46 percent were limited to service to and from small communities. 43 percent were applications which would permit service to small communities but would also permit service between some large communities.

5. The ICC estimates that of all the applications that were denied in fiscal year 1979, the average denied applications cost the proponent carrier between $3 and $10,000 per application.

6. Many argue that it is easy for anyone to obtain service to a small community if he has shipper support. The following horror stories are examples of applications that were denied to three powerful, well-run, and healthy motor carriers seeking to serve a limited number of small communities. Incidentally, Senator, Roadway Express, Inc. is the largest motor carrier in the country serving small communities with general freight authority.

A. Roadway Express, Inc. of Akron, Ohio sought to extend its present operating authority to include service to Newport, Tennessee (population: 7,534). Roadway's application was supported by five shippers. Six regulated common carriers protested the application. Roadway estimates its cost in the proceeding at $100,000.

B. Brooks Transportation, Inc. of Cleveland, Ohio applied for authority to haul water heaters, boilers, water storage tanks, and disposals to and from Kankakee, Illinois (population: 30,300) to points in Georgia, North Carolina, and South Carolina. Brooks estimates its cost at $28,000.

C. Overnight Transportation Co., Richmond, Virginia sought to extend its operating authority to Decatur and Huntsville, Alabama (population: 39,000 and 138,000 respectively). Overnight calculates its cost at $97,000.

7. It is important to note that all expenses incurred by carriers in applying for applications (whether granted or denied) are considered by the ICC to be acceptable "costs" to be factored into each carrier's rate basis. Ultimately, the rate-paying consumer suffers the consequences. Further note that the figures quoted above do not include cost incurred by all protestants in these applications. They, in turn, can factor in their protestant costs into their own rate basis.

8. The ICC estimated that the protestants' expenses incurred in the above mentioned applications were "probably higher" than the applicants.

Mr. SCHMITT. One of the great difficulties is costs. There is a market there. I think that has been demonstrated both by the willingness of the shipper and by the studies that have been done. That market is just not being served by certificated carriers or by noncertificated carriers.

I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Has all time been yielded back?

Mr. HOLLINGS. I yield back our time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from New Mexico. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. McCLURE (after having voted in the affirmative). Mr. President, on this vote, I voted "aye." The Senator from Minnesota (Mr. DURENBERGER) is necessarily absent and unable to be here. If he were present, he would vote "no." I have a live pair with the Senator from Minnesota. Therefore, I withdraw my vote.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Arizona (Mr. DECONCINI), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from New York (Mr. MOYNIHAN), the Senator from Michigan (Mr. RIEGLE), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that the Senator from New Jersey (Mr. BRADLEY) is absent on official business.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Illinois (Mr. PERCY), and the Senator from South Dakota (Mr. PRESSLER) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. PERCY) would vote "nay."

The PRESIDING OFFICER. Are there other Senators in the Chamber wishing to vote?

The result was announced—yeas 36, nays 51, as follows:

[Rollcall Vote No. 76 Leg.]

YEAS—36

Armstrong
Bentsen
Biden
Cannon
Chafee
Chiles
Cochran
Cranston
Dole
Domenici
Goldwater
Hart
Hatfield
Hayakawa
Helms
Humphrey
Laxalt
Lugar
Melcher
Metzenbaum
Nunn
Packwood
Proxmire
Ribicoff
Roth
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevenson
Stone
Tsongas
Wallop
Weicker
Williams

NAYS—51

Baucus
Bayh
Bellmon
Boren
Boschwitz
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Church
Cohen
Culver
Danforth
Durkin
Eagleton
Exon
Ford
Garn
Glenn
Hatch
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Jepsen
Johnston
Kassebaum
Leahy
Levin
Long
Magnuson
Mathias
Matsunaga
McGovern
Morgan
Muskie
Nelson
Pell
Pryor
Randolph
Sarbanes
Sasser
Stevens
Stewart
Thurmond
Tower
Warner
Young
Zorinsky

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

McClure, for.

NOT VOTING—12

Baker
Bradley
Bumpers
DeConcini
Durenberger
Gravel
Kennedy
Moynihan
Percy
Pressler
Riegle
Talmadge

So Mr. SCHMITT's amendment (UP No. 1041) was rejected.

The PRESIDING OFFICER. Are there further amendments?

Mr. MAGNUSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. CANNON. Mr. President, will the Senator yield to me for 1 minute?

Mr. MAGNUSON. I yield.

Mr. CANNON. Mr. President, for the benefit of my colleagues, it is my understanding there will be 30 minutes on the next amendment and there will be approximately 30 minutes on the amendment to follow. It is my understanding that the time will be used up on both amendments and then the votes will occur back to back. So it will be 1 hour before the next vote occurs.

UNANIMOUS-CONSENT AGREEMENTS

Mr. MAGNUSON. What is the other amendment?

Mr. ROBERT C. BYRD. Mr. President

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I wonder if the chairman would suggest that we lock that in by unanimous consent? Otherwise, it will not hold.

Mr. President, I ask unanimous consent, if it is agreeable with the author of the amendment (Mr. MAGNUSON), that when the time expires on his amendment, the Senate then proceed, without voting on the amendment at that point, to an amendment by Mr. CANNON; and that, when the time is used on the amendment by Mr. CANNON or has been yielded back, the vote then occur on the amendment by Mr. MAGNUSON, to be followed immediately, back-to-back, by a vote on the amendment by Mr. CANNON.

The PRESIDING OFFICER. Is there objection?

Mr. GLENN. Reserving the right to object, and I do not plan to object, since that is the procedure, could we make that 10-minute votes?

Mr. ROBERT C. BYRD. I might make the second one a 10-minute vote.

I ask unanimous consent that the second vote of the back-to-back votes be a 10-minute vote.

Mr. GLENN. And the vote on passage—could that be a 10-minute vote also?

Mr. ROBERT C. BYRD. It would not necessarily matter on passage, because I shall be around to protect it.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

### UP AMENDMENT NO. 1042

(Purpose: To amend Sec. 5 of S. 2245)

Mr. MAGNUSON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Washington (Mr. MAGNUSON) proposes an unprinted amendment numbered 1042.

Mr. MAGNUSON. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike paragraph (B) of section 5, page 5, lines 7–22 of the bill as reported, and insert in lieu thereof the following:

"(B) Whenever the Commission finds, on the basis of a preponderance of evidence in the record, that the transportation to be provided would be consistent with the present or future public convenience and necessity. In making a determination pursuant to this subparagraph, the Commission shall consider—

"(i) the transportation policy set forth in section 10101(a) of this title;

"(ii) public support for an application or other demonstration of public need, the utilization by applicant of equipment and energy resources, the service applicant will provide to small communities, and the variety of quality and price options which applicant will provide; and

"(iii) the effect on existing carriers, but the Commission shall not find that diversion of revenue or traffic from an existing carrier is in and of itself controlling.

"(C) The burden of proof for the safety aspect of the applicant's proposed operations and other findings required by subparagraphs (A) and (B) (ii) shall be on the applicant. Opponents shall have the burden of producing evidence with respect to all other factors in the transportation policy set forth in section 10101(a) of this title and the effect on existing carriers of authorizing the transportation sought by applicant."

Mr. MAGNUSON. Mr. President, I have sent to the desk an amendment which I feel very keenly about. It dates back a long time.

I was the chairman of the Committee on Commerce for over a quarter of a century and we spent a great deal of our time in the transportation field trying to eliminate what we then called gypsies. They were people who met no responsibility. They take the cream of the shipments from one place and then go to another. They haul shoes from Philadelphia to St. Louis, then haul some chemicals from St. Louis to Texas, then go across the country and pick up oranges in Florida and end up in New York. They had no reliability at all, no responsibility.

They would come to a farmer in my State and say, "Look, we will haul your grain down to the terminal at a cheaper rate," and they would. But come next year, when the crop was in, the grain crop and other commodities, they were not around. So it was all based on reliability of transportation.

Now, you have to pay a little extra to get reliable transportation. We in this country, I think, are blessed with the finest transportation—trucking and air—in the world. But it has to be regulated. In the name of deregulation, which is a broad term, this committee now—since I was chairman—have decided to deregulate everything. They are allowing, in the reentry provision, anybody to come in who wants to. They are making it so someone can pick up two old trucks and say, "I am going to haul something from West Virginia to Pittsburgh," and put out a sign or something and go around—no regulation at all.

Safety factors are involved. So I have been opposed to the so-called entry provisions of this bill. I know we can have some deregulation procedures and the ICC is subject to review every once in a while. And there is probably some monopoly in some of the certificates of convenience and necessity.

Then there is the argument of the backhaul. But the way the committee would have this read now, the way the bill is, there is no consideration of backhaul, reliability, or anything—anything—and anyone can come in and start a truck line.

We went through the air deregulation. That is a little different story. No one can start an airline unless they have some airplanes and some financing.

Then they went through railroad deregulation. No one can start a railroad in a competitive field. I do not think anyone wants to start a railroad now.

So now they are on trucking. I do not know what is going to come next, but there is a deregulation fever going on—an epidemic, I guess. Maybe that is good. I voted for deregulation of the airlines and the railroads. And this bill is good in some respects. But it opens up, in the name of deregulation, entry to anyone who wants to pick up a couple of old trucks and start to run a trucking line.

The burden of proof is on someone to come in and say that they should not do it.

I think the burden of proof ought to be on the person who is going to start a new trucking line. The backhaul has nothing to do with it, or anything else.

It does not say anything about the terminal facilities which they must have, it must be an established, reliable line.

I think it will lead to a lot of chaos in the trucking business and not good service for the people.

It may be cheaper for one haul. But we have to pay a little in any enterprise or endeavor for reliability. We want to make this new trucker reliable.

So I offer an amendment to section 5, the entry provision.

In analyzing the new national motor carrier transportation policy contained in the present bill and the other factors it directs the Commission to consider in passing upon an application. I find there are some areas which are uniquely within the knowledge of the applicant; for instance, evidence of public support for his application, how he will make efficient use of his equipment and of energy resources, and how he proposes to improve service to small shippers and small communities. The applicant alone knows the answers to these questions, which the bill says the Commission must consider.

They do not call on the applicant to give them any information—just get a permit, I guess.

Certainly the opponent, who will have the burden of proof with respect to the other factors in the national transportation policy cannot be expected to provide information that only the applicant can supply.

He ought to be required to supply that. I do not know what the committee was thinking about when they relieved him of that responsibility.

The report to accompany S. 2245 says that the new entry provision is designed to create a presumption that the proposed transportation is in the public interest.

Well, how do we know it is in the public interest? My amendment does not alter the presumption. Section 5(b)(1) of the bill remains unchanged. It reads: "The Commission shall issue a certificate" under specified conditions. The word "shall" creates the presumption. It requires a grant under specified conditions. Had we not wanted such a presumption, the committee would have used the words: "The Commission may issue a certificate."

Therefore, my amendment does not change the basic presumption in favor of an applicant.

I guess the presumption is there the day he files. It does not detract from the importance of competition in the Commission's decision.

I changed it. I was against it. I modified it. I was against all this reentry, and put the total burden of proof on the applicant. It merely says that the applicant is to produce that evidence, those facts, which he alone knows. The burden of proof with respect to all other issues will be on the opponents of the application under my amendment. That is fair, is it not?

Logic and commonsense require that we redraft section 5 so as to clarify our intent that the applicant for a certificate be required to produce the evidence that only he can be expected to develop.

He would have to go out and show public acceptance, and things of that kind, not just will-nilly come in and file and have the presumption in his favor just because he picked up two or three trucks and will start a trucking line, in the name of deregulation and competition.

Competition is a broad word, is it not?

Mr. HOLLINGS. Yes.

Mr. MAGNUSON. We may have chaos instead of competition. All other evidence which section 5 requires the Commission to consider would have to be produced by the opponents of the application.

As my amendment shows, this is to be accomplished by changing "unless" in line 7, page 5, to "whenever" by changing the word "inconsistent" to "consistent" in line 10, and by adding (on page 5) subsection (C) reading as follows:

> "(C) The burden of proof for the safety aspect of the applicant's proposed operations and other findings required by subparagraphs (A) and (B), (II) shall be on the applicant. Opponents shall have the burden of producing evidence with respect to all other factors in the transportation policy set forth in section 10101(a) of this title and the effect on existing carriers of authorizing the transportation sought by applicant."

I think that is a fair amendment. It puts some burden on the applicant, just not willy-nilly come in and get a certificate when it may not be desirable at all, just in the name of competition.

I do not know that that is going to be very competitive. It may be for one trip, or one haul.

I do not know where the terminals will be for these people that come in. Under my amendment, they would have to show they have a terminal to go to, or they are renting one, something like that.

But that would only be information that the applicant himself would know. He should be required to produce it.

I think it is a fair amendment and I think it is pretty much the same approach that the House took on this.

I think we could agree it is pretty much the same approach on the question of reentry.

Mr. President, I reserve the remainder of my time.

(During the preceding remarks, Senator NUNN assumed the Chair.)

Mr. CANNON. Mr. President, I yield 10 minutes to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, it is with some reservation that I rise to oppose this amendment of my good friend from Washington. I have worked with Senator MAGNUSON on so many things for the Northwest for so long, he and I have been in concert and in league on many matters, and I think we will continue to do so in the future.

But on this particular amendment, I find myself on the opposite side. I find myself on the opposite side only after a fair degree of evidence and persuasion presented during the hearings.

First, let us look at the philosophy of what we are trying to do. We are trying to open up the market, to make it easier for people to get in. We are trying to encourage smaller companies to compete. We are trying to make more commodities exempt that are not covered by the ICC, and trying to take the hand of government off of trucking, to some extent.

I have said several times earlier that this does not go as far as I would like, but I think it goes as far as we can.

One of the problems that any small concern has is the cost of getting a license from the ICC, a certificate. The opponents of the committee bill will argue there is no problem. They will say that over 95 percent of all of the authority for application for entry into new markets in 1979 were approved. That is true.

What they do not tell us that only 7 percent of those applications were from new companies. Ninety-three percent is an extension of authority of a company that already exists, that understands the system, that is serving surrounding cities and areas and now wants to serve a city such as Smithville or Greenville.

They do not tell us that applicants under the present system will deliberately attempt to narrow their application to the fewest possible plants and cities in order to avoid objection from existing companies.

The ICC indicates—and bear in mind that this is just for small communities—the Interstate Commerce Commission estimates that motor carriers spent between $30 and $100 million in 1979 applying, prosecuting, and protesting applications for permanent authority involving just small communities, 50,000 or less. I hesitate to think what it would be if you include all applications to cities of any size.

Interestingly, any application you file, any cost you pay, whether you win or lose it—whatever happens to your certificate—goes into that cost, and it goes on to the consumer. The average cost for applications that were denied last year ran between $3.000 and $10.000.

I want Senators to think to themselves: You are a pretty good mechanic and a pretty good driver, and you think you would like to serve between the towns of Redmond and Bend, Oreg., or Sisters and Bend, Oreg. You and your spouse are prepared to buy a truck, buy insurance, work hard at it, and you are faced with the monumental financial burden of applying to the Interstate Commerce Commission to get permission.

It is a burden. It is an arcane subject. I am a lawyer; the Senator from Washington is a lawyer; the chairman of the committee is a lawyer. What we in the law call the burden of proof is a tough burden. It means that the person who sues, if it is a lawsuit, or the person who applies, if it happens to be the Interstate Commerce Commission, has to bring the evidence in, against the objections of those who already are in the business, has to prove that they should be allowed to serve.

The Commission has to find, first, that the person is fit, willing, and able. Roughly, that means they must have a truck, they must have insurance, and they have to prove that they are able to provide the service. They also have to prove that the transportation to be provided under this certificate is or will be required by the present or future public convenience or necessity.

So, not only do you have to be fit, willing and able, but also, you have to prove that it fits the concept the Commission now has in the law, that it will be required by the present or future public convenience or necessity. That is a difficult burden.

What we did in the bill was simply to change that burden. We said that if the Commission finds that the person is fit, willing, and able to provide the transportation to be authorized by the certificate and to comply with this subtitle and the regulations of the Commission; and unless the Commission finds, on the basis of a preponderance of evidence in the record, that the transportation to be provided would be inconsistent with the present or future public convenience and necessity, they shall issue the certificate.

There is a world of difference whether you have to come in and prove and carry the burden of proof or whether it is on those who object.

What the Senator from Washington does, in essence, is to go back very close to the present law. He says that the applicants must prove that the transportation to be provided would be consistent with the present or future public convenience and necessity. That is the crux of this issue.

The Senator from Washington was one of the leaders of this movement, supporting the Federal Trade Commission in its effort to publicly fund public interest groups to appeal and appear before the Federal Trade Commission; because we said that the burden of bringing a case, the burden of just being an intervenor, was so great that the average person or average group could not do it. So we have gotten into the area of publicly funding intervenors before the Federal Trade Commission.

Yet, in many cases, the cost of doing that is not nearly the cost to an applicant before the ICC of applying to deliver goods back and forth.

What is the normal standard of business in this country? That is what we are trying to move toward. The normal standard of business in this country is that you can go into business unless you are unfit. That is the competitive, free enterprise system that we are trying to move the trucking industry toward. You can go into it unless you are unfit, unless some public body can find that you are a public nuisance or that you cannot get insurance or there is something inimical to the public interest. The present law says that you cannot do it unless you can overcome these burdens.

Which do you think better serves

small companies, small businesses, small partnerships getting into the transportation industry? Is it having to prove that they are only fit, willing, and able? I have a truck, I have insurance, I have a driver, and I am ready to go. Or is it better to have the Commission let that person in unless they find, for whatever reason within the statute, that it will not serve the public? Is that an easier burden than having to prove the public convenience and necessity, against the overwhelming objection of those trucking interests already established in the area? You bet it is. It is expensive and for most people impossible.

The issue of entry, in my opinion, is probably the single most important part of this bill.

So those who want to open it up, who want to let others in, who want to lower the burden of proof so that the average person can get over the hurdle, should oppose the amendment of the Senator from Washington.

Mr. CANNON. Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator from Nevada has 8 minutes and 52 seconds. The Senator from Washington has 2 minutes and 18 seconds.

Mr. CANNON. I yield myself 3 minutes.

Mr. President, with all due respect to the Senator from Washington, I must vigorously oppose the amendment that he is proposing with respect to entry. In some ways I welcome this amendment as an opportunity for the Senate to affirm what the committee already has voted upon with respect to the entry policy in this bill. There is clearly no more important provision in the legislation than the reform of entry into the motor carrier industry. If there is one single provision that must remain intact in this legislation, in my view, it is the entry section. It is on this section that all of the other provisions of the bill rest.

The entry provisions of this bill say quite simply that there should be a presumption in favor of those who want to get into the trucking business and that the burden should be upon those who wish to keep other people out to show that it is in the public interest to do so. I cannot think of a more basic fundamental to the economic system in this country than to allow business people who wish to do business to offer their services to the public if there is demand for such services. This is absolutely fundamental.

Anyone who has looked in any detail at the existing patchwork-quilt system of motor carrier certificate authority in this country would be appalled. There are so many narrowly written operating authorities in this country due to excessive protective pressure from competitors. This simply does not make sense.

There is clearly no industry in this economy that is better suited for competition than the trucking industry. It is the type of industry in which it is very important to respond to the changing demands of the marketplace. After all, trucks have wheels and it is easier for truckers to get to their customers than virtually any other type of business in the country. It is not the type of business that traditionally has been regulated by the Federal Government to protect the public at large.

We are not talking about utility companies here that have excessive market power and the ability to gouge the public in the absence of regulation. What we have is an industry that is potentially highly competitive and one in which the market forces can work beautifully. I want to make it very clear that the entry provisions in this bill are tied directly to the ease of ratemaking in other portions of the bill. In particular, I am referring to the zone of pricing freedom in the legislation.

If the entry sections of this bill are amended as suggested, it is absolutely incumbent upon the members of the Senate to reduce or eliminate altogether the freedom of motor carriers to price their services without control by the Interstate Commerce Commission. If we return to the regime of restrictive entry, such as is being proposed by this amendment, we must not allow the high degree of pricing freedom provided in this bill for the motor carrier industry. So the stakes here are quite large. With all respect, this amendment would gut the bill. I must vigorously oppose the amendment.

With respect to the specific details of the amendment, while I have not had much time to look at it, I am absolutely certain of one thing—this is not only a step backwards from the bill, but it is a step backwards from current entry policy at the commission. In other words, it would create a more protective entry regime.

I say this because it incorporates a standard of proof for the applicant that is in excess of current policy. In fact, it seems to me that the language proposed creates a clear presumption against granting any application. This is, of course, totally contrary to the purpose of the bill.

As I said earlier, if this amendment, is approved, it will be necessary for the Senate to reduce or eliminate altogether the ratemaking freedom in the bill. If these events occur, the bill will be a mere shell of what was reported from the Committee, and may not be worth the Senate's effort to pass.

### FREEDOM OF ENTRY

Substantial reform of entry regulation, along with removing antitrust immunity, is essential to meaningful truck regulatory reform. Meaningful liberalization of entry policy is needed for two reasons. First and most importantly, the retention of regulatory barriers to entry into the trucking business shelters existing motor common carriers from new actual or potential competitors. Absent these artifical barriers, existing motor carriers, would be forced by the marketplace to behave more competitively, knowing that any attempt to raise rates above a competitive level would draw an influx of additional service from new and existing firms. The net result of freer entry would be to force prices and profits back down to normal competitive levels whenever any attempt might be made to elevate them.

An extremely important reform contained in S. 2245 is the placing of the burden of proof on opponents of entry applications. This will increase competition in the industry and will lead to better service for shippers.

It has been claimed by many in the trucking industry that entry is already "free" and there is no reason to make it even more free through legislation such as S. 2245. These industry spokesman cite statistics that the ICC is already granting over 90 percent of all the applications it receives.

It should be pointed out that, while a very high percentage of all applications for new operating authority are currently being approved by the ICC, these figures are highly misleading. The entry granted has had little or no competitive impact. In fact, there are about 40 percent fewer regulated trucking firms now than there were in 1940.

The following facts are important in evaluating ICC entry policy. First, in order to minimize protests from other truckers, and hence reduce the length and costliness of the application procedure, applicants for new operating authority are encouaged by the ICC itself to apply for very narrow authority that will not divert traffic from other carriers. Consequently, grants of such authority can have little or no competitive impact.

Second, these figures record as granted applications granted in any part, even those which are largely—but not wholly—denied. And many applications have been considerably pared down because of protests from other truckers. In fact, if there are protests, the ICC orders the applicant to meet with protestants in order to negotiate away the areas of protest.

As a result, most grants of new authority offer the right to provide only very limited trucking services. A recent study undertaken for DOT showed that only 4 out of 420 recent grants to new applicants, and 3 out of 187 grants to existing firms, provided a broad type of general commodity, regular route common carrier authority. Much more typical were grants to transport one or a few commodities over very limited routes. The operating restrictions that result from this "free" entry process are even today so pervasive that 321 out of the 359 common carrier applications granted in the DOT study had commodity restrictions, almost two-thirds conferred one-way authority only, and over one-third restricted one terminus of the route to a single plant site.

The "free" entry process has resulted in the following typical examples of common carrier authority; the right to transport: oyster shells and calcium carbonate from Baltimore, Md., and Mobile, Ala., to points in Michigan; pulverized agricultural limestone from the facilities of Martin Limestone, Inc., located in Lancaster County, Pa., to points in Delaware, Maryland, New Jersey, and Virginia; pizza, pizza crusts, and pizza products from the facilities of Virga's Pizza Crust of (Portsmouth) Virginia, Inc., to points in Michigan south of Michigan Highway 21, and Chicago, Ill., and points within 35 miles of Chicago; sugar beet products involved in foreign commerce, involving a subsequent movement by water.

In summary, the high rate of approval of applications for operating authority shows that trucking firms are getting only what they apply for and only what is not protested by existing carriers. What they have learned to apply for is operating authority that will not divert traffic from existing carriers; that is, will not increase competition by increasing the number of carriers offering similar service on particular routes.

Mr. President, I reserve the remainder of my time.

Mr. MAGNUSON. Mr. President, I have 2 minutes remaining.

The PRESIDING OFFICER. The Senator from Washington has 2 minutes and 8 seconds remaining.

Mr. MAGNUSON. Mr. President, I say to my friend from Nevada that if this amendment makes the bill an empty shell then the House bill is an empty shell because they have a similar provision.

The Senator is going to have an awful time in conference dealing with an empty shell, is he not?

Mr. CANNON. If the Senator is directing that to me as a question, the purpose of a conference is to try to resolve the differences, and I am sure that we will have some very interesting meetings on this particular bill.

Mr. MAGNUSON. Mr. President, I yield back the remainder of my time.

Mr. CANNON. Mr. President, I yield back the remainder of my time and I understand now that pursuant to the agreement we will proceed to the Cannon amendment. Is that correct?

The PRESIDING OFFICER. The Senator is correct, if all time is yielded back on this amendment.

Mr. CANNON. All time is yielded back.

Mr. MAGNUSON. It is my understanding we will vote on my amendment when they get back.

The PRESIDING OFFICER. Does the Senator from Washington yield back his time?

Mr. CANNON. He already did.

### UP AMENDMENT NO. 1043

(Purpose: To strike the provision relating to transportation by motor vehicle incidental to transportation by rail)

The PRESIDING OFFICER. The Senator from Nevada is recognized on the Cannon amendment.

Mr. CANNON. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) proposed an unprinted amendment No. 1043.

Mr. CANNON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 12, strike lines 1 through 15 and substitute the following:

(c) Section 10526(a) of title 49, United States Code, is further amended by (1) striking the period at the end thereof and substituting ", or" and (2) adding at the end thereof the following new paragraph:

"(10) transportation of used pallets and other shipping devices and used empty containers, including intermodal cargo containers.".

Mr. CANNON. Mr. President, I am submitting to the Chair an amendment to strike from the bill a provision that was incorporated during the committee markup dealing with transportation by motor vehicle incidental to movements by rail. When this amendment was accepted by the committee, I offered my own personal reservations as to whether it was desirable in the context of this legislation, and reserved my right to object to the amendment on the floor.

After careful consideration, I am suggesting to the Senate that this amendment be eliminated from the bill for two basic reasons. First, and probably most importantly, I feel that the record on the issue is not sufficient for the Senate to make a final judgment. During our extensive hearings on the trucking bill, I am not aware of any party during any of the 17 days of hearings that suggested in any detail that this amendment be made to the legislation. I am not certain what the impact of the legislation would be, and we have not even heard from the railroads as to the desirability of such a proposal. I suspect that when the committee has a chance to look at this proposal that it may find it to be highly meritorious. But I do think that we simply need more time and more testimony before we drive into this matter.

Second, I oppose the legislation because it is philosophically contrary to what we are attempting to do in this bill with respect to air cargo movements. The existing situation in the air cargo field is that air freight movements are half-regulated, half-unregulated. The bill attempts to eliminate that dichotomy by making the entire air cargo movement unregulated, including the motor carrier transportation portion. The incidental to rail portion of the bill, however, does just the opposite. That is, it creates a situation of half-regulated, half-unregulated transportation where that situation did not exist before.

I do want to say that I offer this amendment with some considerable reluctance because the concept of promoting intermodal transportation is a very sound one and because I greatly respect the views of Senator STEVENSON who proposed this amendment in committee on this particular issue. Senator STEVENSON has always been a leader on the committee in promoting intermodal transportation goals. I simply think it is too early to deal with it in this bill.

Therefore, I have offered the amendment to strike.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time to the Senator from Illinois? Who controls the time?

The Senator from Virginia (Mr. WARNER) would have the time in opposition.

Mr. WARNER. Mr. President, we will yield time equally to both sides.

The PRESIDING OFFICER. Without objection, the Senator from Illinois is recognized.

Mr. STEVENSON. I thank the Senator.

Mr. President, if the amendment offered by the Senator from Nevada is accepted, the ICC will have less authority to deregulate intermodal transportation, that is to say piggyback services, than it has now.

The effect of that amendment is to take a step backward. The provision in the bill to which his amendment is addressed deregulates transportation by motor vehicle which is incidental to movement by rail. The purpose of this provision is to encourage piggyback.

The Senator is right when he says that there is not much of a record before the committee on this subject, but there is a record. It consists of studies by the Department of Transportation, by GAO, Booz-Allen, the Council of Economic Advisors, and the National Transportation Policy Study Commission. All underscore the efficiencies that can be achieved by piggyback and which would be achieved if this provision stayed in the law and permitted wider utilization of intermodal or piggyback transportation services.

At present, piggyback services suffer from an empty backhaul ratio of about 40 percent as compared to 5 percent for general commodity regulated carriers, and about 18 percent for all regulated truckers.

This provision in the bill, which the Senator from Nevada seeks to strike, eliminates the regulatory restrictions which now impede piggyback and cause such a great inefficiency.

The studies I have alluded to, including one by the Department of Transportation, indicate that this intermodal truck-rail service can operate as much as 25 to 30 percent more cheaply than all-truck service. It is between two and four times as fuel-efficient as all-truck service. It, therefore, reduces transportation costs for shippers. It saves energy and it combats inflation.

These benefits are not theoretical. According to a recent article in a journal of the trucking industry, piggyback transportation of perishables improved substantially when it was deregulated. Piggyback rates declined and, as a result, piggyback's share of the perishable market has been increasing.

This article states, and I quote:

> It costs $1,650 on the average to haul a 40,000 pound trailer load of perishables one way from the West Coast to Chicago by truck. Based on these figures alone, West Coast shippers report savings up to $500 per trailer by sending their produce to Chicago by piggy-back and then hiring carriers to off-load their equipment for local delivery.

In other words, Mr. President, deregulated piggyback between the west coast and Chicago markets achieves for shippers a saving of almost 30 percent. The purpose of this provision is to make such efficient service available for all shippers, and for all commodities.

Increasing the freight moving by piggyback would also reduce highway maintenance costs. In spite of Federal highway expenditures of almost $8 billion annually, the highway system is wearing out twice as fast as it can be repaired. A heavy truck causes as much highway wear as 9,600 automobiles. Putting highway trailers on railroad flatcars for part of their journey reduces wear on Federal-aid highways. It also makes the highways safer by reducing the potentials for auto-truck collisions.

In addition, this provision in the bill would help railroads improve their financial condition. Excessive regulation is a major cause of their poor condition. The industry earned less than 2 percent on investment in 1977.

If regulation of railroads is not loosened by methods such as this section of the bill proposes, Congress will have to provide additional Federal funds to that industry.

The Federal investment in ConRail alone now exceeds $3.3 billion, and much more may be necessary. The railroad industry, excluding ConRail, is projecting a capital shortfall of about $15 billion between now and 1985, and Congress is considering a number of proposals that will hurt railroads. Proposals to set a uniform 80,000-pound truck weight limit and give coal slurry pipelines eminent domain authority are moving forward. Exemption of truck service incidental to transportation by piggyback rail service will help the railroads simply by providing competitive opportunities for both railroads and trucking firms.

In short, this provision in the bill will help integrate the transportation system, increase transportation system efficiency, allowing truckers to concentrate on the pickup and delivery service they perform best and allowing railroads to take over the line haul where they have significant advantages.

It will increase competition for traffic which is now moved by truck, and reduce transportation costs.

It will allow railroads to compete more effectively for commodities not located along their tracks.

It will increase fuel efficiency by allowing easy substitution of rail service for truck service where the economics dictate; and it will reduce the wear on highways and highway accidents.

The provision in the bill is supported by the Department of Transportation, it is supported by the Interstate Commerce Commission, it is supported by major farm organizations and by a large segment of the rail industry.

So, for all these reasons, I hope the Senate will retain this provision in the bill and will not, by accepting this amendment, which the Senator is certainly within his rights to offer, take a step back from the benefits that less regulation can offer.

The PRESIDING OFFICER. Who yields time?

Mr. WARNER. Mr. President, I yield time to the distinguished Senator from South Carolina.

Mr. HOLLINGS. I thank the Senator. I want to speak on the amendment, if we still have time. Exempting motor carrier movements that have prior or subsequent movements by rail really contradicts the joint rate and through route provisions of this particular bill which was adopted by the committee.

The ICC for years has sought authority to require joint rates and through rates based on the feeling that such power would aid in establishing a dependable joint line service responsive to the needs of the shipping public. But this exemption, of course, cancels that out. It negates the joint rate and through route provisions because the ICC, of course, cannot require motor carriers to enter into such agreements with railroads when the motor carrier portion of the movement is deregulated. The two provisions are internally inconsistent and, in fact, mutually exclusive, and it just points out the willy-nilly way in which we went about deregulation.

If they could take away the proposed food, maybe that will get them a little bit—we will just say that anything connected with rail or air service or anything else, let us just deregulate that on the assumption if they deregulate it—the fact is the railroads are not deregulated.

In 1978 the trailer-on-flatcar traffic accounted for approximately 7.9 percent of the total rail carloadings, and that has remained constant, this percentage, over the years. But the lack of any substantial growth in piggyback services has never been attributed to the fact that it was regulated by the ICC. Rather it was because of delays in rail transit, expensive piggyback yards, high loss and damages due to rail jostling, and a lot of other things that are some of the cited problems. The lack of ICC authority to require joint rates and through routes for intermodal shipments may well be a factor in the trailer-on-flatcar sluggish growth. Thus, if the purpose of the provision is to enhance piggyback operations, it may well have the opposite effect.

More importantly, the current provision, however, goes further than the deregulation of the TOFC traffic. It extends to all intermodal rail-motor traffic. Thus, the operations of many tank truck carriers and automobile haulers will be deregulated. Many of the bulk commodities transported in tank cars and transferred to tank vehicles for highway use are hazardous materials.

One of the primary goals of motorcar regulatory reform is increased competition. But, Mr. President, really as you study this provision, it may well work against that goal. Rail-affiliated motor carriers and their rail parent could utilize their joint services to eliminate competition and increase their percentage of the market. The affiliated motor carrier could offer rates below those of the nonaffiliated ones. The nonaffiliated motor carrier cannot rely upon rail operations or lucrative nontransportation investments in real estate, energy or other fields for financial backing during any rate war, and could well be forced out of the market. This is a consuming public, Mr. President, Consumer Federation of America, and Common Cause, and Congress Watch. You will boost them out of the market, and all in the name of getting better service for the consumer which you have eliminated further.

So, Mr. President, I join Senator CANNON in his motion to delete the section deregulating motor carrier service with prior/subsequent rail movement.

The PRESIDING OFFICER. Who yields time?

Mr. CANNON. Mr. President, I suggest the absence of a quorum and ask that the time be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CANNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. TSONGAS). Without objection, it is so ordered.

Mr. CANNON. I am willing to yield back the remainder of my time on the Cannon motion to strike if the minority is ready to yield back.

Mr. WARNER. Mr. President, we support Senator CANNON'S proposition.

Mr. CANNON. Mr. President, all of the time having been yielded back on the Cannon amendment, pursuant to the unanimous-consent agreement, the vote would now occur on the Magnuson amendment. I ask for the yeas and nays on the Magnuson amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

### UP AMENDMENT NO. 1042

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Arizona (Mr. DECONCINI), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Michigan (Mr. RIEGLE), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that the Senator from New Jersey (Mr. BRADLEY) is absent on official business.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Minnesota (Mr. DURENBERGER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The PRESIDING OFFICER. Is there any other Senator wishing to vote?

The result was announced—yeas 34, nays 56, as follows:

[Rollcall Vote No. 77 Leg.]

YEAS—34

Bayh
Boren
Burdick
Byrd, Robert C.
Church
Cohen
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Heflin
Hollings
Huddleston
Inouye
Jackson
Javits
Jepsen
Johnston
Levin
Long
Magnuson
Mathias
Matsunaga
Melcher
Morgan
Muskie
Pressler
Randolph
Sarbanes
Sasser
Stevens
Stewart

NAYS—56

Armstrong
Baucus
Bellmon
Bentsen
Biden
Boschwitz
Byrd,
  Harry F., Jr.
Cannon
Chafee
Chiles
Cochran
Danforth
Dole
Domenici
Exon
Garn
Goldwater
Hart
Hatch
Hatfield
Hayakawa
Heinz
Helms
Humphrey
Kassebaum
Laxalt
Leahy
Lugar
McClure
McGovern
Metzenbaum
Moynihan
Nelson
Nunn
Packwood
Pell
Percy
Proxmire
Pryor
Ribicoff
Roth
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevenson
Stone
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Zorinsky

NOT VOTING—10

Baker
Bradley
Bumpers
DeConcini
Durenberger
Gravel
Kennedy
Riegle
Talmadge
Young

So Mr. Magnuson's amendment (UP No. 1042) was rejected.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will be in order, so that we may proceed.

Mr. CANNON. Mr. President, all time has been yielded back on the Cannon amendment. I am ready for a vote.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment by the Senator from Nevada (Mr. Cannon).

The amendment was agreed to.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Are there further amendments?

### UP AMENDMENT NO. 1044

(Purpose: To add the promotion of intermodal transportation to the national transportation policy)

Mr. STEVENSON. Mr. President, I send two amendments to the desk. I have discussed them with the distinguished managers of the bill, and I ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments will be stated.

The legislative clerk read as follows:

The Senator from Illinois (Mr. Stevenson) proposes unprinted amendments en bloc numbered 1044.

Mr. STEVENSON. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

On page 4, line 11 strike "and".

On page 4, line 12 strike "system" and substitute "system and (H) promote intermodal transportation".

On page 49, line 20 strike "(b)" and substitute "(b)(1)".

On page 50, between lines 10 and 11, insert the following new paragraph:

"(2) Notwithstanding the provisions of paragraph (1) of this subsection, in cases involving applications for authority to provide motor carrier transportation incidental to trailer-on-flatcar or container-on-flatcar service by rail, final commission action on such application shall be completed no later than 180 days from the date such application is filed with the Commission. The Commission shall have the authority to establish appropriate interim deadlines within such 180 day period.

Mr. STEVENSON. Mr. President, I understand that the Senator from Nevada and the Senator from Oregon are willing to hold hearings and in committee to consider methods to expedite and promote the use of piggyback transportation services and, in the meantime, to expedite applications for piggyback route authority and include a statement in the policy part of the bill that supporting intermodal transportation—that is to say, piggyback transportation service.

The first amendment would expedite applications for piggyback route authority by reducing the time needed for processing these applications from 270 to 180 days. The second amendment would add promotion of intermodal transportation service to the policy section of the Interstate Commerce Act.

I hope the distinguished managers of the bill will accept the amendments.

Mr. CANNON. Mr. President, the Senator is correct. We have not had hearings on this issue; we expect to have hearings on them.

It is acceptable to add the intermodal provision in the statement of policy and to shorten the time on the decision to grant an application for piggyback.

I want to make it clear to my colleagues that this does not authorize master certificates with respect to piggyback. We will consider holding a hearing on the ex-rail proposal in the near future.

I appreciate the understanding of the Senator from Illinois in this matter and his concern about it.

I acknowledge the importance to the committee of the role the Senator has played in the development of this bill, as well as his efforts on the Senate floor today.

So far as I am concerned, the amendments are acceptable.

Mr. WARNER. Mr. President, we concur in the statement made by Senator Cannon.

The PRESIDING OFFICER. Is there further discussion?

Mr. CANNON. I yield 2 minutes to the Senator from Maryland.

Mr. MATHIAS. Mr. President, I have been concerned with the regulation of motor carrier traffic in the port areas of many of our cities, in particular Baltimore. Last spring, I introduced S. 939, which would exempt from ICC regulation all motor vehicle transportation in the commercial zones and terminal areas of all port cities in the United States. In addition to removing unnecessary regulation from a sector of the trucking industry that has requirements completely distinct from open road traffic, this bill would effectively remove a substantial disincentive to a coherent export program. This bill is very narrow in its focus, and it has the support of both the Interstate Commerce Commission and the Federal Maritime Commission, and I think it would be appropriate to add it as an amendment to the pending bill.

But I understand that such an amendment would raise the same problems that the Stevenson amendment raises and so I do not intend to offer it at this time.

But as an alternative, I ask the distinguished chairman if the Commerce Committee would be able to schedule hearings on this bill at a very early day.

Mr. CANNON. May I say to my colleague, I would expect that we could schedule hearings later in the spring upon both the ex-water and ex-rail issues as incidental to rail transportation and to water transportation. I can assure him that we will get to a hearing just as early as we can on that issue.

Mr. MATHIAS. I would be very grateful to the chairman if he would schedule those hearings, and I am encouraged by his words today.

The PRESIDING OFFICER. Is there further discussion?

Do Senators yield back their time?

Mr. CANNON. Mr. President, I yield back all my time.

Mr. STEVENSON. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Illinois.

(Putting the question.)

The amendment was agreed to.

Mr. MORGAN. Mr. President, will the Senator yield?

Mr. CANNON. I yield to the Senator from North Carolina.

Mr. MORGAN. Mr. President, those on each side of the argument over trucking deregulation firmly believe in the free enterprise system. Or so one would think. And yet some Senators have said in this debate that unless you are an enthusiastic supporter of deregulation in this instance you do not really believe in free competition and free enterprise.

Nothing could be further from the truth.

The suggestion has been made by some Senators in this debate that if you are skeptical about deregulation in this instance you are only thinking of the trucking industry and not of the public interest, that you are not asking what is good for America.

Nothing could be further from the truth.

No one considers himself more of a foe to unreasonable and burdensome Federal regulation of business than does the Senator from North Carolina. And no one resents the suggestion that he is putting a special interest over the public interest than does the Senator from North Carolina.

As I have said before, and it is a point that must be driven home until everyone understands it, the question of deregulation has been misunderstood, because there are basically two kinds of regulation. One kind of regulation handed down from any number of Federal agencies seeks to overly protect us from ourselves. The saccharine warnings, many OSHA rules, quite a few environmental restrictions, and many others proliferate paperwork and put a strain on free enterprise.

A second kind of regulation brings order out of chaos in an industry and allows it to properly operate and to serve the public well. This has been the case with the regulation of the trucking industry. It never ceases to amaze me that some of the very people who cry the loudest about the benefits of trucking deregulation are the same ones so anxious to saddle us with the petty regulations we can do without.

Now no one would say that the regulation of the trucking industry ought to go simply unchanged. A statute of the 1930's cannot be expected to cover the transportation needs of the 1980's.

But there are almost 17,000 regulated common carriers in this country, who between them operate over 800,000 pieces of equipment that serve over 60,000 cities and towns. This is a vast transportation network that delivers goods to every corner and every crossroad of the Nation. When you think of the high quality of the services we enjoy, and the tremendous efforts that have gone into building what we have, it gives you pause when thinking of radical surgery.

When I reflect on my own State of North Carolina, the first fact that comes to mind is that of our 1,600 communities, 1,100 of them are served only by trucks. I do not want to endanger those small rural communities with a cutback of services. And yet I know that judged by a strict profitability test, some common carriers in my State would have to eliminate service to some of their rural customers. Certainly many rates would go up. I do not want to be a party to that happening.

I am worried by the comparison of trucking deregulation to deregulation of the airlines, and I remember the majority leader saying how difficult it was for him to get a flight to Charleston. "If this is deregulation," he complained, "then I don't want any part of it" I do not want to end up saying the same thing several years down the road about service in our small towns.

The trucking industry is the largest employer in North Carolina, with over 316,000 people on the payroll. There are 500 carriers, so no one company has a corner on the market for our goods.

In fact, when you contrast, for example, the auto industry, with its four large manufacturers, to the thousands of trucking companies in the Nation, you might suppose that we have done something right with our regulatory scheme. I do not want to be a party to the kind of deregulation that eventually allows the large trucking companies to swallow up the small companies.

But Mr. President, after all I have said, after all the reservations I have about this particular deregulation effort, I am going to vote for this bill. I am going to vote for this bill because I know that if the Congress cannot agree on an initial deregulation effort, the Interstate Commerce Commission will move ahead with the kind of sweeping reform that I, for one, do not want to see.

I look forward to the action of the House of Representatives and to the work of the conference committee on this legislation. I hope we will finally arrive at a bill that is a bit better than the one that we will now vote through the Senate. We owe our free enterprise system, and the American people it serves so well, the kind of reform that will only improve the superb transporation system we now enjoy.

Mr. BAYH. Mr. President, I ask the Senator from Louisiana if he will look at the committee report.

In the committee report, it is stated with respect to section 8 of the bill that it is the committee's intention "that the Robinson-Patman Act protections offered to small sellers or manufacturers and to small customers will not be deleted by this amendment" and that "the FTC will be expected to vigorously enforce the Robinson-Patman Act protections against discriminatory practices." In view of that declared intention, and of the concern voiced by some that the amendment could, contrary to the intent of the committee, serve as a vehicle for discriminatory pricing practices that could harm competition, I ask the Senator from Louisiana the following questions:

Since the new proposed section 8 provides that the compensation described "may not exceed the actual cost to the seller of delivery to such customer," is it the understanding of the Senator from Louisiana that it would be unlawful for a customer, through duress or otherwise, to obtain compensation that did in fact exceed the seller's actual cost of shipping his goods to the customer?

Mr. LONG. That is correct.

Mr. BAYH. And is it the understanding of the Senator from Louisiana that the phrase "actual cost to the seller of delivery to such customer" refers to the actual point of arrival at the buyer's dock of the goods for which the compensation is sought—so that it would not be lawful for a customer to obtain compensation based upon shipment to one destination when the goods never actually reached that destination but were delivered to other points?

Mr. LONG. That is correct.

Mr. BAYH. I thank the distinguished Senator from Louisiana and the distinguished chairman, the Senator from Nevada.

Mr. DURKIN. Mr. President, the trucking deregulation legislation now before the Senate could have a devastating impact on consumers, small business and industry in New Hampshire and northern New England. In addition, the presently proposed deregulation of the trucking industry is bad for the small independent trucking and freight companies, for shippers, and for our overall freight transportation network.

Today there are 28 million trucks in this country. There are 16,000 trucking companies employing over 9 million individuals presently regulated by the Interstate Commerce Commission (ICC). All told, the revenues in the trucking industry last year approached $35 billion. To summarily and uncritically deregulate this industry would spell disaster.

It would be especially disastrous to our small communities and rural regions where trucks are often the only form of freight service. Today in this country there are over 60,000 communities served by trucks. Trucks are the economic lifeline for many small communities.

The proponents of trucking deregulation must answer some tough questions: What are the real costs and benefits of deregulation? Who will be hurt by deregulation?

Simply stated, trucking deregulation will be painfully expensive. Necessities such as food and clothing are trucked in daily while products manufactured in the community are shipped out. In the wake of deregulation, signs strongly point to less populated areas such as New Hampshire's north country receiving poorer service at a higher cost. Busy truck routes might benefit from some form of deregulation, but it would be at the expense of the small business, the small shippers and consumers in New Hampshire and across the country.

I am also deeply concerned that rather than increasing competition within the industry deregulation could instead result in the demise of smaller trucking firms and the resultant concentration of trucking conglomerates, which could actually reduce competition. We have already seen the problems that conglomerates have brought to the oil industry—high prices, long gas lines, and short supplies. All of which burden the already beleaguered consumer.

It is also essential that we scrutinize closely the impact deregulation will have on our overall transportation network, especially in light of the prohibitively high prices and precariously unreliable supplies of energy. Today transportation accounts for over 50 percent of our petroleum consumption. If, as its advocates claim, trucking deregulation will lower the price of truck service, will our roads and highways then become crowded with trucks increasing further our energy consumption? I think the answer to this question will be a telling yes, and I think that any proposal which increases energy consumption while impeding the development of an energy efficient balanced transportation system built around our trucking industry and a revitalized rail network requires serious reconsideration.

Simply stated, the deregulation of the trucking industry will not contribute to our overall goal of a coordinated transportation network.

As a member of the Transportation Appropriations Subcommittee I have opposed all attempts to promote unchecked trucking deregulation. I strongly opposed the ICC proposal to allow trucking deregulation on a piecemeal basis while the Commission studies the effects of deregulation. This ill-advised proposal seems to me to be a classic case of putting the body before the cab. Trucking deregulation will cost the consumers of New Hampshire, New England, and the Nation billions of dollars. In these inflationary times we cannot afford such an additional burden.

Today the United States has the best trucking system in the world. It is essential that we keep it that way. I urge my Senate colleagues to join me in blocking any attempt to introduce across-the-board deregulation of the trucking industry.

Mr. LONG. Mr. President, today we consider S. 2245, the Motor Carrier Regulatory Reform Act of 1980. One section is eliminating energy waste and empty backhauls in the grocery distribution industry and that is section 8, the efficient food transportation provision. The need for this section has been addressed in detail in various hearings and I will not repeat that record here.

Existing law does not make unlawful the type of compensation specified in this section, whether the goods picked up by the customer are food or grocery products or some other materials, nor does existing law establish this type of compensation or allowance as the only permitted form of pickup compensation or allowance. Thus, even though this section is expressly limited to food and grocery products, its enactment should not be construed to mean that the payment of similar compensation—or the granting of a comparable allowance—to customers picking up other materials is unlawful. In addition, the enactment of this section should not be construed as meaning that other types of pickup compensation or allowance formulas are unlawful either as to food or grocery products or any other material. In other words, the purpose of this section is to reaffirm what is now the law as to food and grocery products but not to express or infer anything else with respect to any form of pickuo compensation or allowance applied either to food and grocery products or any other product line.

### TRUCK DEREGULATION—TRUCK LENGTH PROVISION

Mr. STAFFORD. Mr. President, the Senator from Vermont is very supportive of the concept of truck deregulation. However, S. 2245 contains a provision which this Senator opposes.

Section 203 of this bill says that States must permit trucks with an overall length of 65 feet to use the Interstate Highway System. In addition, it would require States to allow an extra 10 feet, or an overall length of 75 feet. for tractor semitrailer-trailer combinations—often referred to as twin trailers or doubles—using the Interstate Highway System.

Only a few months ago a similar provision offered by Senator MELCHER was included in the Commercial Motor Vehicle Safety Act of 1979. At that time this Senator argued vigorously against any increase in truck weight, width, or length. My position remains unchanged. In my opinion approving the amendment offered by Senator MELCHER to S. 1390 was a mistake and allowing even longer lengths as S. 2245 does, would be a grave mistake.

At the same time the Senate is considering such an increase in truck lengths, both the administration and the Congress are recommending substantial reductions in the highway program. This will undoubtedly mean no Federal assistance to the States in enforcing the 55-mile-per-hour speed limit and reduced Federal assistance in Federal-aid system construction and maintenance.

It is clear, in my opinion, that truck lengths of 65 feet—75 feet for twins—will have an impact on our Federal-aid highway system, particularly on access and exit ramps. The Senator is concerned about the impact. 75-foot twin trailers will have in the crowded, urban areas of the East where the wide open spaces of the Western States do not exist. Safety is also an issue as trucks become larger and cars are getting smaller.

Currently there is no Federal standard for truck lengths. States are permitted to set their own length limits according to their own situation. Because such things as population density, traffic patterns, and terrain are so diverse across the United States, the individual States should have this kind of flexibility.

Finally, one portion of the truck length provision of S. 2245 has considerable merit. The provision provides that at least 15 feet of the overall length of the vehicle must be allowed for the cab. During hearings held last October by the Senate Environment and Public Works Committee, on which I serve as the ranking member, testimony was received in support of the 15-foot cab reservation because of added safety benefits. This Senator would urge my distinguished colleagues to retain the 15-foot cab requirement and to oppose any Federal mandatory requirements for increasing the length of trucks.

Mr. THURMOND. Mr. President, the Senate is now considering S. 2245, the Motor Carrier Reform Act of 1980. The authors of this bill state the purpose of the proposed act is part of the continuing effort by Congress to reduce unnecessary regulation by the Federal Government.

Reducing unnecessary regulation by the Federal Government is a very noble objective. This would be particularly true if the reduced regulations were used wisely and appropriately among the many departments, agencies, commissions, and boards that have emerged since the New Deal days of President Franklin Delano Roosevelt. Mr. President, I encourage my colleagues to give S. 2245 their undivided and careful attention while the bill is debated and the amendments offered so that the best interests will be served for all American people, and particularly for the workers in the industry and for the many companies—large and small—in the industry.

Mr. President, I have certain reservations regarding some of the provisions of S. 2245 and for some of the amendments that have surfaced since the bill was reported to the Senate. I have received letters, telephone calls and personal visits from South Carolina constituents who have various views on S. 2245. Some pertained to different aspects of this bill and some were concerned with the amendments that may be offered. I shall follow very carefully and with great interest the action of the Senate as we direct our attention to this proposed legislation.

Mr. President, as the ranking minority member of the Senate Judiciary Committee and its Antitrust Subcommittee, I have attended a number of public hearings conducted on the problems of the trucking industry and the many faceted issues. We were especially interested in matters that related to antitrust issues and those type issues were developed and carefully considered during the hearings.

Mr. President, during my tenure as Governor of the State of South Carolina, I was privileged to serve as Chairman of the Southeastern States Governors' Conference which gave in-depth consideration to transportation issues and problems. My participation in the activities of that conference gave me broad and valuable experience in the problems facing transportation of all kinds, including the trucking industry. As a followup to that experience, I am particularly concerned that we deal wisely with these issues that affect so many facets of our economy and our overall society. I shall have more to say on this subject as our deliberations continue on this bill in the Senate.

Mr. CANNON. Mr. President, it is my understanding that there are no other amendments. If that is the case we are ready to proceed to third reading.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. CANNON. Mr. President, I am prepared to yield back the remainder of my time if no one desires time.

Mr. PACKWOOD. I yield back time here.

Mr. CANNON. Mr. President, before doing that, I commend the distinguished ranking minority member and all of the staff who have worked so hard on developing this legislation for a tremendous job.

Mr. PACKWOOD. I thank the chairman.

The PRESIDING OFFICER. The Chair will state that there is time remaining delegated to the Senator from South Carolina.

Mr. CANNON. The Senator from South Carolina still has some time. Does he yield back his time?

Mr. HOLLINGS. I yield back my time.

Mr. CANNON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill, having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

Mr. ROBERT C. BYRD. Mr. President, for the information of Senators this will be the last rollcall vote today.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Michigan (Mr. RIEGLE), the Senator from Georgia (Mr. TALMADGE), and the Senator from Arkansas (Mr. BUMPERS) are necessarily absent.

I further announce that the Senator from New Jersey (Mr. BRADLEY) is absent on official business.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Minnesota (Mr. DURENBERGER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. DURENBERGER) would vote "yea."

The PRESIDING OFFICER. Are there other Senators wishing to vote?

The result was announced—yeas 70, nays 20, as follows:

[Roll Vote No. 78 Leg.]

YEAS—70

Armstrong
Baucus
Bayh
Bellmon
Bentsen
Biden
Boschwitz
Byrd,
  Harry F., Jr.
Cannon
Chafee
Chiles
Church
Cochran
Cranston
Culver
Danforth
Dole
Domenici
Exon
Ford
Garn
Glenn
Goldwater
Hart
Hatch
Hatfield
Hayakawa
Heinz
Helms
Huddleston
Humphrey
Javits
Jepsen
Johnston
Kassebaum
Laxalt
Leahy
Levin
Long
Lugar
Mathias
McClure
Metzenbaum
Morgan
Moynihan
Nunn
Packwood
Pell
Percy
Proxmire
Pryor
Ribicoff
Roth
Sarbanes
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevens
Stevenson
Stone
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Zorinsky

NAYS—20

Boren
Burdick
Byrd, Robert C.
Cohen
Durkin
Eagleton
Heflin
Hollings
Inouye
Jackson
Magnuson
Matsunaga
McGovern
Melcher
Muskie
Nelson
Pressler
Randolph
Sasser
Stewart

NOT VOTING—10

Baker
Bradley
Bumpers
DeConcini
Durenberger
Gravel
Kennedy
Riegle
Talmadge
Young

So the bill (S. 2245), as amended, was passed as follows:

S. 2245

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Motor Carrier Reform Act of 1980".

### TITLE I

### PURPOSE OF THE ACT

SEC. 2. This Act is part of the continuing effort by Congress to reduce unnecessary regulation by the Federal Government.

### CONGRESSIONAL FINDINGS

SEC. 3. The Congress hereby finds that a safe, sound, competitive, and fuel efficient motor carrier system is vital to the maintenance of a strong national economy and a strong national defense; that the statutes governing Federal regulation of the motor carrier industry are outdated and must be revised to reflect the transportation needs and realities of the 1980's; that historically the existing regulatory structure has tended to inhibit market entry, carrier growth, maximum utilization of equipment and energy resources, and opportunities for minorities and others to enter the trucking industry; that protective regulation has resulted in operating inefficiencies and anticompetitive pricing; that in order to reduce the uncertainty felt by the Nation's transportation industry, the Interstate Commerce Commission should be given explicit direction for regulation of the motor carrier industry and well-defined parameters within which it may act pursuant to congressional policy; that the Interstate Commerce Commission should not attempt to go beyond the powers vested in it by the Interstate Commerce Act and other legislation enacted by Congress; and that legislative and resulting changes should be implemented with the least amount of disruption to the transportation system consistent with the scope of the reforms enacted.

The appropriate authorization committees of Congress shall conduct periodic oversight hearings on the effects of this legislation, no less than annually for the first 5 years following enactment of this Act to insure that the Act is being implemented according to congressional intent and purpose.

### NATIONAL TRANSPORTATION POLICY

SEC. 4. Section 1011(a) of ttile 49, United States Code, is amended—

(1) in paragraph (5) by striking "; and" and substituting ";";

(2) in paragraph (6) by striking "industry." and substituting "industry; and"; and

(3) adding at the end thereof the following new paragraph:

"(7) With respect to transportation of property by motor carrier, to promote competitive and efficient transportation services in order to (A) meet the needs of shippers and receivers; (B) allow a variety of quality and price options to meet changing market demands and the diverse requirements of the shipping public; (C) allow the most productive use of equipment and energy resources; (D) enable efficient and well-managed carriers to earn adequate profits, attract capital, and maintain fair wages and working conditions; (E) provide and maintain service to small communities and small shippers; (F) improve and maintain a sound, safe and competitive privately owned motor carrier system; (G) promote greater participation by minorities in the motor carrier system; and (H) promote intermodal transportation.".

### MOTOR CARRIER ENTRY POLICY

SEC. 5. Section 10922 of title 49, United States Code, is amended—

(1) in subsection (a) by inserting "of passengers" after "motor common carrier";

(2) by redesignating subsections (b), (c), (d), (e), and (f), and all cross references thereto, as subsections (c), (d), (e), (f), and (g), respectively; and

(3) by inserting after subsection (a) the following new subsection:

"(b)(1) The Commission shall issue a certificate to a person authorizing that person to provide transportation subject to the jurisdiction of the Commission under this subchapter as a motor common carrier of property—

"(A) if the Commission finds that the person is fit, willing, and able to provide the transportation to be authorized by the certificate and to comply with this subtitle and the regulations of the Commission; and

"(B) unless the Commission finds, on the basis of a preponderance of evidence in the record, that the transportation to be provided would be inconsistent with the present or future public convenience and necessity. In making a determination pursuant to this subparagraph, the Commission shall consider—

"(i) the transportation policy set forth in section 10101(a) of this title;

"(ii) evidence of public support for an application or other demonstration of public need; and

"(iii) the effect on existing carriers, but shall not find that diversion of revenue or traffic from an existing carrier is in and of itself inconsistent with the public convenience and necessity.

"(2) In no event may the Commission issue any certificate based upon general findings regarding public convenience and necessity developed in rulemaking proceedings.

"(3) The provisions of subparagraph (1)(B) of this subsection shall not apply for applications for authority to provide—

"(A) transportation to any community not regularly served by a motor carrier of property certificated under this section;

"(B) transportation services as a direct substitute for complete abandonment of rail service in a community if such application is filed no later than 120 days after such abandonment has been approved by the Commission;

"(C) transportation for the United States Government of commodities other than used household goods, hazardous or secret materials, and sensitive weapons and munitions; or

"(D) transportation of shipments weighing 100 pounds or less if transported in a motor vehicle in which no one package exceeds 100 pounds: *Provided,* That notwithstanding any other provision of this title, any carrier holding authority under this subparagraph operating one or more commercial motor vehicles with a gross vehicle weight rating of 10,000 pounds or greater shall be subject to commercial motor vehicle safety regulations promulgated by the Secretary pursuant to this title with respect to its entire operations, including the operations of commercial motor vehicles with gross vehicle weight ratings less than 10,000 pounds.

"(4) No motor carrier of property may protest an application to provide transportation as a motor common carrier of property filed under this section unless—

"(A) it possesses authority to handle, in whole or in part, the traffic for which authority is applied, is willing and able to provide service that meets the reasonable needs of the shippers involved, and has performed service within the scope of the application during the previous 12-month period;

"(B) it has pending before the Commission an application filed prior in time to the application being considered for substantially the same traffic; or

"(C) the Commission grants leave to intervene upon a showing of other legitimate interests that are not contrary to the transportation policy set forth in section 10101(a) of this title.

"(5) Notwithstanding the provisions of paragraph (4) of this subsection, no contract motor carrier of property may protest an application to provide transportation as a motor common carrier of property filed under this section.".

### REMOVAL OF CERTAIN RESTRICTIONS ON MOTOR CARRIER OPERATION

SEC. 6. Section 10922 of title 49, United States Code, is further amended by adding at the end thereof the following new subsection:

"(h)(1) No later than 180 days after the date of enactment of this subsection, the Commission shall—

"(A) eliminate gateway restrictions and circuitous route limitations imposed upon motor common carriers of property; and

"(B) implement, by regulation, expedited procedures to process applications of individual motor carriers of property seeking removal of operating restrictions in order to—

"(i) reasonably broaden the categories of commodities authorized by the carrier's certificate or permit;

"(ii) authorize transportation or service to intermediate points on the carrier's routes;

"(iii) provide round-trip authority where only one-way authority exists;

"(iv) eliminate unreasonable or excessively narrow territorial limitations; or

"(v) eliminate any other unreasonable restriction that the Commission deems to be wasteful of fuel, inefficient, or contrary to the public interest.

"(2) The regulations promulgated by the Commission pursuant to subparagraph (1)(B) of this subsection shall provide for final Commission action upon such applications by no later than 120 days after the date the application is filed with the Commission, except that in extraordinary circumstances the Commission may extend such deadline for a period of not to exceed 90 additional days. Such regulations shall also provide for notice and the opportunity for interested parties to comment, but need not provide for oral evidentiary hearings. In granting or denying applications under subparagraph (1)(B) of this subsection, the Commission shall consider, among other things, the impact of the proposed restriction removal upon the consumption of energy resources, potential cost savings and improved efficiency, and the transportation policy set forth in section 10101(a) of this title. The Commission shall give special consideration to providing and maintaining service to small or rural communities and small shippers.".

EXEMPTIONS

SEC. 7. (a) Section 10526(a)(6) of title 49, United States Code, is amended to read as follows:

"(6) transportation by motor vehicle of property consisting of—

"(A) livestock;

"(B) agricultural, or horticultural or aquacultural commodities (other than manufactured products thereof except if otherwise exempt under this section);

"(C) food and edible products, whether processed or not, intended for human consumption, or byproducts thereof; or

"(D) animal feed, agricultural seeds and plants, agricultural limestone and other soil conditioners, or nonhazardous agricultural chemicals and fertilizers.".

(b) Section 10526(a)(8) of title 49, United States Code, is amended to read as follows:

"(8) transportation by motor vehicle incidental to transportation by aircraft, and transportation of property (including baggage) by motor vehicle as part of a continuous movement which, prior or subsequent thereto, has been or will be transported by an air carrier or, to the extent so agreed by the United States and approved by the Civil Aeronautics Board or its successor agency, by a foreign air carrier, or occasional transportation of property by motor vehicle in lieu of transportation by aircraft because of adverse weather conditions or mechanical failure of the aircraft or other causes due to circumstances beyond the control of the carrier or shipper;".

(c) Section 10526(a) of title 49, United States Code, is further amended by (1) striking the period at the end thereof and substituting "; or" and (2) adding at the end thereof the following new paragraph:

"(10) transportation of used pallets and other shipping devices and used empty containers, including intermodal cargo containers.".

EFFICIENT FOOD TRANSPORTATION

SEC. 8. (a) Subchapter II of chapter 107 of title 49, United States Code, is amended by adding at the end thereof the following new section:

"§ 10732. Food and grocery transportation

"Notwithstanding any other provision of law, it shall not be unlawful for a seller of food and grocery products using a uniform zone delivered pricing system to compensate a customer who picks up purchased food and grocery products at the shipping point of the seller. Such compensation shall be available to all customers of the seller on a nondiscriminatory basis and may not exceed the actual cost to the seller of delivery to such customer.".

(b) The index for subchapter II of chapter 107 of title 49, United States Code, is amended by adding at the end thereof the following:

"10732. Food and grocery transportation.".

PRIVATE CARRIAGE

SEC. 9. (a) Section 10524 of title 49, United States Code, is amended by designating the existing language as subsection (a) and by adding at the end of the section the following new subsections:

"(b) In addition to the transportation described in subsection (a), the Commission does not have jurisdiction over transportation for compensation provided by a person who is a member of corporate family for other members of the same corporate family if—

"(1) the parent notifies the Commission of its intent or one of its subsidiaries' intent to provide the transportation;

"(2) the notice contains a list of participating subsidiaries and an affidavit that the parent owns directly or indirectly a 100 percent interest in each of the subsidiaries;

"(3) the Commission publishes the notice in the Federal Register within 30 days of receipt; and

"(4) a copy is carried in the cab of all vehicles conducting the transportation.

"(c) For the purposes of this section, a 'corporate family' means a corporation or group of corporations consisting of a parent and all subsidiaries in which the parent owns directly or indirectly a 100 percent interest in each of the subsidiaries.".

(b) Section 10102(13) of title 49, United States Code, is amended by striking ", other than a motor common carrier," and substituting ", or a member of a corporate family as defined in section 10524(c) of this title."

SEC. 10. (a)(1) Section 10102(12) of title 49, United States Code, is amended to read as follows:

"(12) 'motor contract carrier' means—

"(A) a person, other than a motor common carrier, providing motor vehicle transportation of passengers for compensation under continuing agreements with a person or a limited number of persons—

"(i) by assigning motor vehicles for a continuing period of time for the exclusive use of each such person; or

"(ii) designed to meet the distinct needs of each such person; and

"(B) a person providing motor vehicle transportation of property for compensation under continuing agreements with one or more persons—

"(i) by assigning motor vehicles for a continuing period of time for the exclusive use of each such person; or

"(ii) designed to meet the distinct needs of each such person."

(2) Section 10923(b) of title 49, United States Code, is amended by—

(A) inserting in paragraph (2) "of passengers" after "motor contract carrier";

(B) redesignating paragraph (3) as paragraph (5) and inserting the following new paragraphs:

"(3) In deciding whether to approve the application of a person for a permit as a motor contract carrier of property, the Commission shall consider—

"(A) the nature of the transportation proposed to be provided;

"(B) the effect that granting the permit would have on the protesting carriers if such grant would endanger or impair their operations to an extent contrary to the public interest;

"(C) the effect that denying the permit would have on the person applying for the permit, its shippers, or both; and

"(D) the changing character of the requirements of those shippers.

"(4) No motor carrier of property may protest an application to provide transportation as a motor contract carrier of property filed under this section unless—

"(A) it possesses authority to handle, in whole or in part, the traffic for which authority is applied, is willing and able to provide service that meets the reasonable needs of the shippers involved, and has performed service within the scope of the application during the previous 12-month period;

"(B) it has pending before the Commission an application filed prior in time to the application being considered for substantially the same traffic; or

"(C) the Commission grants leave to intervene upon a showing of other legitimate interests that are not contrary to the transportation policy set forth in section 10101(a) of this title.".

(3) Section 10923(d) of title 49, United States Code, is amended—

(A) in the first sentence of paragraph (1) by inserting the following immediately before the period at the end thereof: ", except that in the case of a contract carrier of property, the Commission may not require a contract carrier to limit its operations to carriage for a particular industry or within a particular geographic area"; and

(B) in paragraph (2) by striking "including each person or number or class of persons" and substituting "including each person or class of persons or in the case of a motor contract carrier of passengers the number of persons".

(b) Section 10930(a) of title 49, United States Code, is amended—

(1) in paragraph (1) by striking "both a certificate of a motor common carrier and a permit of a motor contract carrier issued under this subchapter, or", and

(2) by amending paragraph (2) to read as follows:

"(2) if a person controls, is controlled by, or is under common control with, another person, one of them may not hold a certificate of a water common carrier, while the other holds a permit of a water contract carrier, to transport property over the same route or in the same area.".

(c) Section 10749 of title 49, United States Code, is amended—

(1) in subsection (a) by inserting "or motor contract carrier of property" after "carrier"; and

(2) in paragraph (b)(1) by striking "or water common carrier" and substituting "water common carrier or motor contract carrier of property".

(d) Section 10766(b) of title 49, United States Code, is amended by—

(1) inserting "or a motor contract carrier of property" after "carrriers" in the first sentence and after "carrier" in the third sentence; and

(2) striking the fifth sentence thereof.

(e) Section 10925 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) On application of the holder of a motor contract carrier of property permit, or on complaint of a competing motor common carrier property, or on its own initiative, and after notice and an opportunity for a proceeding, the Commission may amend or revoke any part of the permit and issue in its place a certificate of public convenience and necessity, if the Commission determines that the operations of the holder of the permit—

"(1) do not conform with the operations of a motor contract carrier of property; and

"(2) are those of a motor common carrier of property.

Any certificate issued under this subsection shall specify that its holder is authorized to provide transportation as a motor common carrier of property, of the same commodities between the same points or within the same territory as authorized in the permit.".

ZONE OF RATE FREEDOM FOR MOTOR CARRIERS OF PROPERTY AND FREIGHT FORWARDERS

SEC. 11. Section 10708 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(d)(1) Notwithstanding any other provision of this title, the Commission may not investigate, suspend, revise, or revoke any rate proposed by a motor carrier of property or freight forwarder on the grounds that such rate is unreasonable on the basis that it is too high or too low if—

(A) the carrier notifies the Commission that it wishes to have the rate considered pursuant to this subsection; and

"(B) the aggregate of increases or decreases in any such rate is not more than 10 percent above the rate in effect 1 year prior to the effective date of the proposed rate, nor more than 10 percent below the lesser of the rate in effect on July 1, 1980, or the rate in effect 1 year prior to the effective date of the proposed rate.

"(2) The Commission, by rule, may increase the percentage specified in subparagraph (1)(B) of this subsection for any group of motor common carriers of property or freight forwarders, if it finds that—

"(A) there is sufficient actual and potential competition to regulate rates; and

"(B) there are benefits to carriers or freight forwarders, shippers, and the public from increased price flexibility.

The Commission may not increase the percentage specified in subparagraph (1)(B) of this subsection by more than 5 percentage points in any one year.

"(3) In determining, pursuant to paragraph (1)(B) of this subsection, whether a proposed rate is more than 10 percent (or such other percentage as the Commission may establish) above the rate in effect 1 year prior to the effective date of the proposed rate, the following adjustments shall be made—

"(A) in the case of a proposed rate that is to take effect prior to the elimination of antitrust immunity for the discussion of or voting on single-line rates pursuant to section 10706(b)(3)(D) of this title, general rate increases obtained in the 1-year period prior to the effective date of the proposed rate shall not be included except to the extent that such general rate increases exceed 5 percent of the rate in effect 1 year prior to the effective date of the proposed rate; and

"(B) in the case of a proposed rate that is to take effect after the elimination of antitrust immunity for the discussion of or voting on single-line rates pursuant to section 10706(b)(3)(D) of this title, the rate in effect 1 year prior to the effective date of the proposed rate shall be adjusted to reflect changes in the Producers Price Index, as published by the Department of Labor, that have occurred during the 1-year period prior to the effective date of the proposed rate.

"(4) Any rate implemented by a carrier pursuant to this subsection shall be subject to the antitrust laws, as defined in section 12 of title 15. In addition, nothing in this subsection shall limit the Commission's authority to suspend and investigate proposed rates on the basis that such rates may violate the provisions of section 10741 of this title or constitute predatory practices in contravention of the transportation policy set forth in section 10101(a) of this title.".

RULE OF RATEMAKING

SEC. 12. (a) Section 10701 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) In proceedings to determine the reasonableness of rate levels for a motor carrier of property or group of motor carriers of property, or in proceedings to determine the reasonableness of a territorial rate structure where rates are proposed through agreements authorized by section 10706 of this title, the Commission shall authorize revenue levels that are adequate under honest, economical, and efficient management to cover total operating expenses, including the operation of leased equipment, and depreciation, plus a reasonable profit. The standards and procedures adopted by the Commission under this subsection shall allow the carriers to achieve revenue levels that will provide a flow of net income, plus depreciation, adequate to support prudent capital outlays, assure the repayment of a reasonable level of debt, permit the raising of needed equity capital, attract and retain capital in amounts adequate to provide a sound motor carrier transportation system in the United States, and take into account reasonable estimated or foreseeable future costs.".

(b) Section 10704(b)(2) of title 49, United States Code, is amended to read as follows:

"(2)(A) When prescribing a rate, classification, rule, or practice for transportation or service by common carriers, other than by rail carrier, the Commission shall consider, among other factors, the effect of the prescribed rate, classification, rule, or practice on the movement of traffic by that carrier.

"(B) When prescribing a rate, classification, rule, or practice for transportation or service by common carriers other than by rail carrier or motor carrier of property the Commission shall consider, among other factors, the need for revenues that are sufficient, under honest, economical, and efficient management, to let the carrier provide transportation or service.".

RATE BUREAUS

SEC. 13. (a) Section 10706 of title 49, United States Code, is amended by redesignating subsection (b), (c), (d), (e), (f), (g), and (h), as subsections (c), (d), (e), (f), (g), (h), and (i), respectively, and by adding the following new subsection after subsection (a):

"(b)(1) For the purpose of this subsection, 'single-line rate' refers to a rate, charge, or allowance by a single motor carrier of property that is applicable only over its line and for which the transportation can be provided by that carrier.

"(2) As provided by this subsection, motor common carriers of property may enter into agreements between two or more such carriers concerning rates (including charges between carriers and compensation paid or received for the use of facilities and equipment), allowances, classifications, divisions, or rules related to them, or procedures for joint consideration, initiation, or establishment of them. Such agreements may be submitted to the Commission for approval by any carrier or carriers party thereto and shall be approved by the Commission upon a finding that the agreement fulfills each requirement of this subsection, unless the Commission finds that such agreement is inconsistent with the transportation policy set forth in section 10101(a) of this title. The Commission may require compliance with reasonable conditions consistent with this subtitle to assure that the agreement furthers that transportation policy. If the Commission approves the agreement, it may be made and carried out under its terms and under the conditions required by the Commission, and the antitrust laws, as defined in section 12 of title 15, do not apply to parties and other persons with respect to making or carrying out the agreement.

"(3) Agreements submitted to the Commission under this subsection may be approved by the Commission only if each of the following conditions are met:

"(A) Each carrier party to an agreement must file with the Commission a verified statement that specifies its name, mailing address, and telephone number of its main office; the names of each of its affiliates; the names, addresses, and affiliates of each of its officers and directors; the names, addresses, and affiliates of each person, together with an affiliate, owning or controlling any debt, equity, or security interest in it having a value of at least $1,000,000. For the purposes of this subparagraph, the term 'affiliate' means a person controlling, controlled by, or under common control or ownership with another person and 'ownership' means equity holdings in a business entity of at least 5 percent.

"(B) Any organization established or continued under an agreement approved under this subsection must comply with the following requirements:

"(i) the organization may allow any member carrier to discuss any rate proposal docketed except as provided in subparagraph (3)(C) of this paragraph but after January 1, 1981, only those carriers with authority to participate in the transportation to which the rate proposal applies may vote upon such rate proposal;

"(ii) the organization may not interfere with each carrier's right of independent action and may not change or cancel any rate established by independent action after the date of enactment of this subsection, other than a general increase or broad rate restructuring, except that changes in such rates may be effected, with the consent of the carrier or carriers that initiated the independent action, for the purpose of tariff simplification, removal of discrimination, or elimination of obsolete items;

"(iii) the organization may not file a protest or complaint with the Commission against any tariff item published by or for the account of any motor carrier of property;

"(iv) the organization may not permit one of its employees or any employee committee to docket or act upon any proposal effecting a change in any tariff item published by or for the account of any of its member carriers;

"(v) upon request, the organization must divulge to any person the name of the proponent of a rule or rate docketed with it, must admit any person to any meeting at which rates or rules will be discussed or voted upon, and must divulge to any person the vote cast by any member carrier on any proposal before the organization;

"(vi) the organization may not allow a carrier to vote for one or more other carriers without specific written authority from the carrier being represented; and

"(vii) the organization shall make a final disposition of a rule or rate docketed with it by the 120th day after the proposal is docketed unless unusual circumstances require a greater period of time. Any such extension of time beyond the 120th day after the proposal is docketed shall be subject to review by the Commission.

"(C) No agreement approved under this subsection may provide for discussion of or voting on rates proposed pursuant to section 10708(d) of this title.

"(D) Effective July 1, 1983, no agreement approved under this subsection may provide for discussion of or voting upon single-line rates.

"(E) In any proceeding in which a party to such proceeding alleges that a carrier voted, discussed or agreed on a rate or allowance in violation of this subsection, that party has the burden of showing that the vote, discussion or agreement occurred. A showing of parallel behavior does not satisfy that burden by itself.

"(F) The Commission shall, by regulation, determine reasonable quorum standards to be applied for meetings of organizations established or continued under an agreement approved under this subsection.".

(b)(1) There is hereby established a Study Commission to be known as the Motor Carrier Ratemaking Study Commission, herein after referred to as the "Study Commission".

(2) The Study Commission shall make a full and complete investigation and study of the collective ratemaking process of motor common carriers and upon the need or lack of need for continued antitrust immunity therefor. Such study shall estimate the impact of the elimination of such immunity upon rate levels and rate structures, and describe the impact of the elimination of such immunity upon the Interstate Commerce Commission and its staff. The study shall give special consideration to the effect of the elimination of such immunity upon rural areas and small communities.

(3) Such Study Commission shall be comprised of nine members as follows:

(A) three members appointed by the President of the Senate, two from the membership of the Committee on Commerce, Science, and Transportation and one from the membership of the Committee on the Judiciary;

(B) three members appointed by the Speaker of the House of Representatives, two from the membership of the Committee on Public Works and Transportation and one from the membership of the Committee on the Judiciary; and

(C) three members of the public appointed by the President, two from the membership of national trade associations of shippers, one from the membership of the national trade association of motor carriers.

(4) The Study Commission shall not later than July 1, 1982, submit to the President and the Congress its final report including its findings and recommendations. The Study Commission shall cease to exist 6 months after submission of such report. All records and papers of the Study Commission shall thereupon be delivered to the Administrator of General Services for deposit in the Archives of the United States.

(5) The Chairman of the Study Commission, who shall be elected by the Commission from among its members, shall request the head of each Federal department or agency which has an interest in or a responsibility with respect to motor carrier collective ratemaking to appoint, and the head of such department or agency shall appoint, a liaison officer who shall work closely with the Study Commission and its staff in matters pertaining to this subsection. Such departments and agencies shall include, but not be limited to, the Department of Transportation, the Interstate Commerce Commission, the Federal Trade Commission, and the Department of Justice.

(6) In carrying out its duties the Study Commission shall seek the advice of various groups interested in motor carrier collective ratemaking including, but not limited to, State and local governments and public and private organizations working in the fields of transportation.

(7)(A) The Study Commission or, on authorization of the Study Commission, any Committee of two or more members may, for the purpose of carrying out the provisions of this subsection, hold such hearings and sit and act at such times and places as the Study Commission or such authorized committee may deem advisable.

(B) The Study Commission is authorized to secure from any department, agency, or individual instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this subsection and each department, agency, and instrumentality is authorized and directed to furnish such information to the Study Commission upon request made by the Chairman.

(8)(A) Members of Congress who are members of the Study Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, per diem in accordance with the Rules of the House of Representatives or subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Study Commission.

(B) Members of the Study Commission, except Members of Congress shall each receive compensation at a rate not in excess of the maximum rate of pay for GS-18, as provided in the General Schedule under section 5332 of title 5, United States Code, and shall be entitled to reimbursement for travel expenses, per diem in accordance with the Rules of the House of Representatives or subsistence and other necessary expenses incurred by them in performance of duties while serving as a Study Commission member.

(9)(A) The Study Commission is authorized to appoint and fix the compensation of a staff director, and such additional personnel as may be necessary to enable it to carry out its functions. The Director and personnel may be appointed without regard to the provisions of title 5, United States Code, covering appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates. Any Federal employees subject to the civil service laws and regulations who may be employed by the Study Commission shall retain civil service status without interruption or loss of status or privilege. In no event shall an employee other than the staff director receive as compensation an amount in excess of the maximum rate for GS-18 of the General Schedule under section 5332 of title 5 United States Code. In addition, the Commission is authorized to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates not to exceed the maximum rate of pay for grade GS-18, as provided in the General Schedule under section 5332 of title 5, United States Code.

(B) The staff director shall be compensated at a Level 2 of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

(10) The Study Commission is authorized to enter into contracts or agreements for studies and surveys with public and private organizations and, if necessary, to transfer funds to Federal agencies from sums appropriated pursuant to this subsection to carry out such of its duties as the Study Commission determines can best be carried out in that manner.

(11) Any vacancy which may occur on the Study Commission shall not effect its powers or functions but shall be filled in the same manner in which the original appointment was made.

(12) There are hereby authorized to be appropriated for fiscal years commencing on or after October 1, 1980, an aggregate amount not to exceed $3,000,000 to carry out this subsection. Funds appropriated under this subsection shall be available to the Study Commission until expended except that any such funds which remain unobligated on the date that the Study Commission ceases to exist shall be forwarded to the Treasurer of the United States for deposit in the general fund of the United States Treasury.

(c) Section 10706(c) of title 49, United States Code, as redesignated by this Act, is amended by striking "(except a rail carrier)" and substituting "(except a rail carrier or a motor carrier of property)".

(d) Section 10706 of title 49, United States Code, is further amended—

(1) in subsections (d), (f), and (g), as so redesignated by this Act, by striking "subsection (a) or (b)" and substituting "subsection (a), (b) or (c)"; and

(2) in subsection (f), as so redesignated by this Act, by inserting "or (c)" immediately before the period at the end of the first sentence.

### LUMPING

SEC. 14. (a)(1) Subchapter I of chapter 111 of subtitle IV of title 49, United States Code, is amended by inserting the following new section immediately after section 11108:

"§ 11109. Loading and unloading motor vehicles

"(a) Notwithstanding any exemption provided in this subtitle, whenever a consignor or consignee requires that persons who own or operate motor vehicles transporting products moving in interstate commerce be assisted in loading or unloading of such vehicles, the consignor or consignee shall be responsible for providing that assistance or must compensate the persons who own or operate such vehicles for all costs associated with securing and compensating the person providing the assistance.

"(b) It shall be unlawful to coerce or attempt to coerce a person who owns or operates motor vehicles transporting products moving in interstate commerce to employ loading or unloading assistance which consignors or consignees do not require or which the owner or operator of the motor vehicle would not otherwise employ.".

(2) The index to chapter 111 of subtitle IV of title 49, United States Code, is amended by inserting the following after item 11108:

"11109. Loading and unloading motor vehicles.".

(b)(1) Chapter 119 of title 49, United States Code, is amended by inserting the following new section immediately after section 11902:

"§ 11902a. Penalties for violations of rules relating to loading and unloading motor vehicles

"(a) Any person knowingly authorizing, consenting to, or permitting a violation of section 11109(a) of this title is liable to the United States Government for a civil penalty of not more than $10,000 for each violation.

"(b) Any person that violates section 11109(b) of this title shall be fined not more than $10,000, imprisoned for not more than 2 years, or both.".

(2) The index for chapter 119 of title 49, United States Code, is amended by inserting the following immediately after item 11902:

"11902a. Penalties for violations of rules relating to loading and unloading motor vehicles.".

### MOTOR CARRIER BROKERS OF PROPERTY

SEC. 15. (a) Section 10924 of title 49, United States Code, is amended—

(1) in subsection (a) by inserting "of persons" after "transportation" in the first place it appears;

(2) by redesignating subsections (b), (c), and (d) (and any references thereto) as subsections (c), (d), and (e), respectively, and by inserting after subsection (a) the following new subsection:

"(b) The Interstate Commerce Commission shall issue, subject to section 10927(b), a license to a person authorizing the person to be a broker for transportation of property subject to the jurisdiction of the Commission under subchapter II of chapter 105, if the Commission finds that the person is fit, willing, and able—

"(1) to be a broker for transportation to be authorized by the license; and

"(2) to comply with this subtitle and regulations of the Commission.".

(b)(1) Subchapter I of chapter 111 of title 49, United States Code is amended by adding the following new section immediately after section 1109 (as added by section 14(a)(1) of this Act):

"§ 11110. Contracts for exempt agricultural transportation

"The Secretary of Agriculture, in consultation with the Secretary of Commerce, shall require, by regulation, the use of written contracts governing the interstate movement by motor vehicle of property described in section 10526(a)(6) of this subtitle. In promulgating such regulation, the Secretary of Agriculture shall prescribe the minimum requirements and conditions of such written contracts.".

(2) The index for subchapter I of chapter 111 of title 49, United States Code, is amended by adding the following item immediately after the item relating to section 11109 (as added by section 14(a)(2) of this Act):

"11110. Contracts for exempt agricultural transportation.".

### FINANCE EXEMPTIONS

SEC. 16. (a) Section 11302(b) of title 49, United States Code, is amended by—

(1) striking "more than $1,000,000" and substituting "more than $5,000,000"; and

(2) striking "more than $200,000" and substituting "more than $1,000,000".

(b) Section 11343(d)(1) of title 49, United States Code, is amended by striking "more than $300,000" and substituting "more than $2,000,000".

### UNIFORM STATE REGULATION

SEC. 17. Congress hereby declares and finds that the individual State regulations and requirements imposed upon interstate motor carriers regarding licensing, registration, and filings are in many instances confusing, lacking in uniformity, unnecessarily duplicative, and burdensome and that it is in the national interest to minimize the burdens of such regulations while at the same time preserving the legitimate interests of the State in such regulation. Therefore, the Congress directs the Secretary of Transportation and the Interstate Commerce Commission, in consultation with the States and the various State agencies which administer such requirements and regulations and with the motor carrier industry, including both the regulated and unregulated segments, to develop legislative or other recommendations to provide a more efficient and equitable system of State regulations for interstate motor carriers. Such recommendations shall be made to the Congress no later than 18 months after the enactment of this section.

### POOLING ARRANGEMENTS

SEC. 18. Section 11342 of title 49, United States Code, is amended by—

(1) striking the language in subsection (a) following the first sentence;

(2) redesignating subsections (b), (c), and (d), and all cross references thereto, as subsections (c), (d), and (e), respectively; and

(3) by inserting the following new subsection immediately after subsection (a):

"(b) Any motor common carrier of property that is a party to such an agreement or combination may apply for Commission approval of such agreement or combination by filing said agreement or combination with the Commission not less than 50 days before its effective date. Prior to the effective date of the agreement or combination, the Commission shall determine whether the agreement or combination is of major transportation importance and whether there is substantial likelihood that the agreement or combination will unduly restrain competition. If the Commission determines that neither of these two factors exists, it shall, prior to the effective date contained in the agreement or combination and without hearing, approve the agreement or combination. If the Commission determines either that the agreement or combination is of major transportation importance or that there is a substantial likelihood that the agreement or combination will unduly restrain competition, the Commission shall enter upon a hearing concerning whether the agreement or combination will be in the interest of better service to the public or of economy in operation and whether it will unduly restrain competition; and shall suspend operation of such agreement or combination pending such hearing and final decision thereon. After full hearing, the Commission shall (1) indicate to what extent it finds that the agreement or combination will be in the interest of better service to the public or of economy in operation, and will not unduly restrain competition, and (2) to that extent, approve and authorize the agreement or combination, if assented to by all the carriers party to the agreement or combination, under such rules and regulations, and for such consideration between such carriers and upon such terms and conditions, as shall be found by the Commission to be just and reasonable.".

### JOINT RATES AND THROUGH ROUTES

SEC. 19. (a) Section 10703(b) of title 49, United States Code, is amended by inserting ", II (insofar as motor carriers of property are concerned)" immediately after "subchapter I".

(b) Section 10705(a) of title 49, United States Code, is amended—

(1) in the first sentence of paragraph (1) by striking "(except a motor common carrier of property)";

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting the following new paragraph immediately after paragraph (2):

"(3) The Commission may not require a motor common carrier of property, without its consent, to include in such through route substantially less than the entire length of its route and the route of any intermediate carrier operated in conjunction and under a common management or control with such motor common carrier of property which lies between the termini of such proposed through routes (A) unless such inclusion of lines would make the through route unreasonably circuitous as compared with another practicable through route which could otherwise be established or (B) unless the Commission finds that the through route proposed to be established is needed in order to provide adequate, more efficient or more economic transportation, except that, in prescribing through routes the Commission shall, so far as is consistent with the public interest, and subject to the foregoing limitations in clauses (A) and (B), give reasonable preference to the carrier which originates the traffic.".

(c) The second sentence of section 10705(b) of title 49, United States Code, is amended by striking "rail or water carrier" and substituting "rail carrier, motor carrier of property, or water carrier".

(d) Section 10705 of title 49, United States Code, is further amended by redesignating subsections (d), (e), and (f), and all cross references thereto, as subsections (e), (f), and (g), respectively, and by adding the following new subsection immediately after subsection (c):

"(d) All rail carriers, motor carriers of property, or water carriers party to a through route and joint rate whether established by such carriers under section 10703 of this title or prescribed by the Commission under this section shall promptly pay divisions or make interline settlements, as the case may be, with other carriers party to such through route and joint rate. In the event of undue delinquency in the settlement of such divisions or interline settlements, such through routes and joint rates may be suspended or canceled under rules prescribed by the Commission.".

(e) The first sentence of section 10705(e) of title 49, United States Code, as so redesignated by this Act, is amended by striking "a rail or water common carrier tariff" and substituting "a tariff of a rail carrier, motor carrier of property, or water carrier".

### TEMPORARY AUTHORITIES AND EMERGENCY TEMPORARY AUTHORITIES

SEC. 20. Section 10928 of title 49, United States Code, is amended by—

(1) designating the existing section as subsection "(a)";

(2) inserting in subsection (a) (as redesignated by this Act) "of passengers" after "motor carrier" each time that term appears; and

(3) adding at the end thereof the following new subsections:

"(b)(1) Without regard to subchapter II of chapter 103 of this title and subchapter II of chapter 5 of title 5, the Commission, pursuant to regulations of the Commission, may grant a motor carrier of property temporary authority to provide transportation to a place or in an area having no motor carrier of property capable of meeting the immediate needs of the place or area. Unless suspended or revoked, the Commission may grant the temporary authority for not more than 270 days. A grant of temporary authority does not establish a presumption that permanent authority to provide transportation will be granted under this subchapter.

"(2) The Commission shall take final action upon an application filed under this subsection no later than 90 days after the date the application is filed with the Commission.

"(c)(1) Without regard to subchapter II of chapter 103 of this title and subchapter II of chapter 5 of title 5, the Commission, pursuant to regulations of the Commission, may grant a motor carrier of property emergency temporary authority to provide transportation to a place or in an area having no motor carrier of property capable of meeting the immediate needs of the place or area, if the Commission determines that due to emergency conditions, there is not sufficient time to process an application for temporary authority under subsection (b) of this section. Unless suspended or revoked, the Commission may grant the emergency temporary authority for not more than 30 days unless extended by the Commission for a period of not more than 90 days. A grant of emergency temporary authority does not establish a presumption that permanent authority to provide transportation will be granted under this subchapter.

"(2) The Commission shall take final action upon an application filed under this subsection no later than 15 days after the application is filed with the Commission.".

### PROCEDURAL REFORM

SEC. 21. (a) Section 10322 of title 49, United States Code, is amended to read as follows:

"§ 10322. Commission action and appellate procedures in non-rail proceedings

"(a) This section applies to a matter before the Interstate Commerce Commission over which the Commission has jurisdiction under chapter 105 of this title, except a matter involving a rail carrier providing transportation subject to the Commission's jurisdiction under subchapter I of that chapter. Other sections of this subtitle supersede this section to the extent that they are inconsistent with its provisions related to deadlines.

"(b)(1) Subject to other provisions of this subtitle related to jurisdiction, responsibility for making an initial decision may be assigned to a division, a Commissioner, an employee board, a joint board, or an employee appointed under section 3105 of title 5. If evidence is taken at a public hearing, or if the Commission has found that an issue of general transportation importance is involved, all evidentiary proceedings shall be completed by the 180th day following institution of the proceeding, and the initial decision shall be completed by the 270th day following institution of the proceeding. In all other proceedings subject to this section, the initial decision shall be completed by the 180th day following institution of the proceeding. When testimony is taken at a public hearing, the initial decision shall include specific findings of fact; conclusions of law; an order; and justification for the findings of fact, conclusions of law, and order.

"(2) Notwithstanding the provisions of paragraph (1) of this subsection, in cases involving applications for authority to provide motor carriers transportation incidental to trailer-on-flatcar or container-on-flatcar service by rail, final Commission action on such application shall be completed no later than 180 days from the date such application is filed with the Commission. The Commission shall have the authority to establish appropriate interim deadlines within such 180-day period.

"(c) The Commission or a division may void the requirement for an initial decision and make an administratively final decision in the first instance upon finding that the matter involves a question of Commission policy, a new or novel issue of law, or an issue of general transportation importance, or that waiver of the initial decision is required for the timely execution of the Commission's functions. If the requirement for an initial decision is waived, an administratively final decision shall be made within the time limits established for the making of initial decisions by subsection (b) of this section.

"(d) In a proceeding under this section, after the parties have had at least an opportunity to submit evidence in written form, they shall have an opportunity to present arguments to the initial decisionmaker. The decisionmaker may determine whether arguments should be presented orally or in writing and may require that written argument be submitted simultaneously with written submissions of evidence, and that oral argument be presented immediately upon the close of an oral hearing. Copies of an initial decision shall be served on the parties.

"(e) Appeals to an initial decision must be filed no later than the 20th day after it is served on the parties, unless the Commission extends the appeal period. The time for appeal may be extended for an additional period of not more than 20 days. The Commission, a division, or an employee board may stay the effectiveness of an initial decision if it acts within the initial 20-day appeal period.

"(f) The timely filing of an appeal or stay by the Commission has the effect of automatically postponing the effective date of an initial decision. In the absence of a timely appeal or stay, the initial decision becomes the administratively final decision of the Commission on the 21st day after it is served on the parties.

"(g) (1) Responsibility for reviewing an initial decision may be assigned to the Commission, a division, or an employee board. A decision on appeal from an initial decision shall be made by the 50th day following the date the appeal was filed or the 50th day following the date upon which the initial decision was stayed. Review may be on the record as made or the proceeding may be reopened for the receipt of further evidence. A decision on appeal which does not provide for further proceedings shall be administratively final on the day it is served on the parties.

"(2) If a proceeding is reopened, a decision shall be completed within 120 days of the date of reopening. If an initial decision is issued after reopening, subsequent actions shall be governed by subsections (e) and (f) and paragraph (g) (1) of this section.

"(h) (1) The Commission may, at any time, on its own initiative, because of material error, new evidence, or substantially changed circumstances—

"(A) reopen a proceeding;

"(B) grant rehearing, reargument, or reconsideration; or

"(C) change an action.

An interested party may request reopening, rehearing, reargument, or reconsideration under this paragraph under regulations of the Commission.

"(2) The Commission may, by rule, provide for appeals from an administratively final decision, and it may limit the issues to be considered on appeal to those of general transportation importance.

"(3) When a proceeding is reopened by the Commission under this subsection, an administratively final disposition of the matter shall be made within 120 days after the decision to reopen was made.

"(4) The Commission may stay the effectiveness of an action pending final determination of the matter under this subsection.

"(i) An action of the Commission designated under this section as administratively final shall be effective on the date it is served on the parties, and a civil action to enforce, enjoin, suspend, or set aside the action may be filed after that date.

"(j) In extraordinary circumstances, the Commission may extend a time period established by this section, provided that the total of all such extensions shall not exceed in the aggregate more than 90 days.".

(b) Section 10323 of title 49, United States Code, is repealed.

(c) (1) Section 10324(a) of title 49, United States Code, is amended by striking the last sentence.

(2) Section 10324(c) is amended to read as follows:

"(c) An action of the Commission is enforceable unless the Commission stays or postpones an action.".

(d) Section 10325 of title 49, United States Code, is repealed.

(e) The index for subchapter I of chapter 103 of title 49, United States Code is amended by striking the items that relate to sections 10323, 10324, and 10325 and substituting the following:

"10323. Repealed.
"10324. Commission action.
"10325. Repealed.".

### ENFORCEMENT

SEC. 22. (a) Section 11701(c) of title 49, United States Code, is amended by striking "related to a rail carrier".

(b) Section 11707(e) of title 49, United States Code, is amended by adding the following at the end thereof: "For the purposes of this subsection—

"(1) an offer of compromise shall not constitute a disallowance of a claim unless the carrier specifically informs the claimant in writing that its claim is disallowed as filed;

"(2) communications received from a carrier's insurer shall not be deemed to comply with this subsection unless ratified by the carrier in writing; and

"(3) a disallowance shall not begin the time limit for bringing a civil action if (A) the carrier has mislead the claimant; (B) the carrier has not complied with the Commission's claim regulations; or (C) the disallowance is not final, clear and unequivocal.".

(c) Section 1114 of title 18, United States Code, is amended by striking "Consumer Product Safety Commission." and substituting "Consumer Product Safety Commission and the Interstate Commerce Commission.".

### COOPERATIVE ASSOCIATIONS

SEC. 23. (a) Section 10526 of title 49, United States Code, is amended—

(1) in subsection (a) (5) by striking the words "association, except" and all that follows and substituting "association, except as provided in subsection (c) of this section;"; and

(2) by adding a new subsection (c) to read as follows:

"(c) (1) Except as provided in paragraph (2) of this subsection and chapters 111, 117, and 119 of this subtitle, the Commission does not have jurisdiction under this subchapter over a motor vehicle controlled and operated by a cooperative association (as defined by section 1141j(a) of title 12) or by a federation of cooperative associations if the federation has no greater power or purposes than a cooperative association, which provides transportation for compensation between a place in a State and a place in another State, or between a place in a State and another place in the same State through another State, for a nonmember.

"(2) The transportation provided by a cooperative association or federation under paragraph (1) of this subsection (except for transportation otherwise exempt under this subchapter) —

"(A) for a nonmember that is not a farmer, cooperative association, federation, or the United States Government—

"(i) shall be limited to transportation incidental to the primary transportation operation of the cooperative association or federation and necessary for its effective performance;

"(ii) may not exceed in each fiscal year 35 percent of the total transporation of the cooperative association or federation between those places, measured by tonnage; and

"(iii) shall be provided only after the cooperative association or federation notifies the Commission of its intent to provide the transportation; and

"(B) for all nonmembers may not exceed in each fiscal year, measured by tonnage, the total transportation between those places for the cooperative association or federation and its members during that fiscal year.".

(b) Section 11144(c) of title 49, United States Code, is amended to read as follows:

"(c) (1) The Commission may prescribe the form of records to be maintained by a cooperative association or federation of cooperative associations providing transportation subject to the jurisdiction of the Commission under section 10526(c) of this title to the extent such records are related to that transportation.

"(2) The Commission or an employee designated by the Commission, may on demand and display of proper credentials—

"(A) inspect and examine the lands, buildings, and equipment of such cooperative association or federation or cooperative associations; and

"(B) inspect and copy any record related to that transportation of such cooperative association or federation of cooperative associations.".

(c) Section 11145(a) of title 49, United States Code, is amended—

(1) in paragraph (1) by striking "; and" and substituting ";";

(2) in paragraph (2) by striking "services." and substituting "services; and"; and

(3) by adding at the end thereof a new paragraph to read as follows:

"(3) a cooperative association or federation of cooperative associations, providing transportation subject to the jurisdiction of the Commission under section 10526(c) of this title, to file reports with the Commission containing answers to questions about that transportation."

(d) Section 11901 of title 49, United States Code, is amended—

(1) by redesignating subsection (h) as subsection (i);

(2) by inserting after subsection (g) the following new subsection:

"(h) A person required to make a report

to the Commission, answer a question, or maintain a record under this subtitle concerning transportation subject to the jurisdiction of the Commission under section 10526(c) of this title, or an officer, agent, or employee of that person that (1) does not make the report, (2) does not specifically, completely, and truthfully answer the question, (3) does not maintain the record in the form and manner prescribed by the Commission, or (4) does not comply with section 10526(c) of this title, is liable to the United States Government for a civil penalty of not more than $500 for each violation and for not more than $250 for each additional day the violation continue."; and

(3) in subsection (1)(2), as so redesignated by this section, by inserting "or (h)" after "subsection (g)" and by striking "(A) the motor carrier or broker" and substituting "(A) the motor carrier, broker, cooperative association or federation of cooperative associations".

(e) Section 11906 of title 49, United States Code, is amended by striking the words "motor carriers or brokers" and substituting "a motor carrier, broker, cooperative association or federation of cooperative associations providing transportation subject to the Commission's jurisdiction under section 10526(c) of this title".

(f) Section 11909 of title 49, United States Code, is amended by adding at the end thereof a subsection to read as follows:

"(e) A person required to make a report to the Commission, answer a question, or maintain a record under this subtitle about transportation subject to the jurisdiction of the Commission under section 10526(c) of this title, or an officer, agent, or employee of that person, that (1) willfully does make that report, (2) willfully does not specifically, completely, and truthfully answer that question in 30 days from the date the Commission requires the question to be answered, (3) willfully does not maintain that record in the form and manner prescribed by the Commission, (4) knowingly and willfully falsifies, destroys, multilates, or changes that report or record, (5) knowingly and willfully files a false report or record with the Commission, (6) knowingly and willfully makes a false or incomplete entry in that record about a business related fact or transaction, or (7) knowingly and willfully maintains a record in violation of a regulation or order of the Commission, shall be fined not more than $5,000.".

(g) Section 11914 of title 49, United States Code, is amended by adding at the end thereof a new subsection to read as follows:

"(e) When another criminal penalty is not provided under this chapter, a person that knowingly and willfully violates a provision of this subtitle, or a regulation or order prescribed under this subtitle, related to transportation subject to the jurisdiction of the Commission under section 10526(c) of this title, shall be fined at least $100 but not more than $500 for the first violation and at least $200 but not more than $500 for a subsequent violation. A separate violation occurs each day the violation continues.".

### CONSOLIDATION, MERGER, AND ACQUISITION OF CONTROL OF A FREIGHT FORWARDER

SEC. 24 (a) Section 10741(c) of title 49, United States Code, is amended to read as follows:

"(c) A freight forwarder providing service subject to the jurisdiction of the Commission under subchapter IV of chapter 105 of this title may not discriminate against a carrier providing transportation subject to the jurisdiction of the Commission under subchapter I, II, or III of that chapter in favor of a carrier controlled by, or under common control with, such freight forwarder.".

(b) Section 10923(b)(4) of title 49, United States Code, as so redesignated by section 10(a)(3) of this Act, is amended to read as follows:

"(4) The Commission may not deny any part of an application for freight forwarder permit filed by a corporation controlled by, or under common control with a common carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title only because the service to be provided by the corporation will compete with service provided by another freight forwarder subject to subchapter IV of that chapter.".

(c)(1) Section 11323 of title 49, United States Code, is repealed.

(2) Item 11323 of the index to chapter 113 of subtitle IV of title 49, United States Code, is amended to read as follows:

"11323. Repealed.".

(d) Section 11343 of title 49, United States Code, is amended—

(1) in subsection (a) by striking the words "or III" and substituting "III or IV"; and

(2) in subsection (d) by adding at the end thereof the following new paragraph:

"(3) A transaction referred to in subsection (a) or (b) of this section which involves a freight forwarder providing transportation subject to the jurisdiction of the Commission under subchapter IV of chapter 105 of this title and which is lawfully accomplished or effectuated prior to July 1, 1980, shall be deemed to be approved and authorized by the Commission.".

(e) Section 11702(a)(2) of title 49, United States Code is amended by striking "or 11323".

### SMALL COMMUNITY SERVICE STUDY

SEC. 25. (a) The Interstate Commerce Commission shall make a full investigation and study of motor carrier service to small communities (population 5,000 and under), and shall submit a report, including legislative or other recommendations, to the President and the Congress not later than September 1, 1981.

(b) The report shall include an analysis of the common carrier obligation to provide service to small community shippers, and an assessment of whether the Commission is enforcing such obligation. If the Commission determines that it is not fully enforcing such obligation, then it shall explain why not, and detail what steps it would need to take and what resources it would have to have in order to enforce such obligation. The report shall also describe the extent to which motor carriers were providing service to small communities prior to the enactment of this Act, and evaluate the effect of this Act on such service. The report shall include specific recommendations regarding ways to ensure the provision and maintenance of service to small communities.

(c)(1) To develop data for its report, the Commission shall monitor—

(A) shipper complaints to determine the number and kinds of complaints by small community shippers; and

(B) applications for new and expanded service to determine whether motor carriers are seeking to serve small community shippers.

(2) The Commission may develop additional data by any other means, including surveys of small community shippers and motor carriers providing service to such communities to determine the reliability of such service and the availability of quality and price options. The Commission is authorized to enter into contracts or agreements with public and private organizations to carry out such surveys of shippers and motor carriers.

(d) There is hereby authorized to be appropriated for fiscal year 1981 such sums as are necessary to carry out the provisions of this section.

## TITLE II

### INSURANCE

SEC. 201. Section 10927(a)(1) of title 49, United States Code, is amended by striking "approved by the Commission." and substituting "approved by the Commission, in an amount not less than that prescribed by the Secretary of Transportation pursuant to the provisions of the Commercial Motor Vehicle Safety Act of 1980.".

### MINIMUM FINANCIAL RESPONSIBILITY FOR MOTOR CARRIERS

SEC. 202. (a) Upon the date of enactment of the Commercial Motor Vehicle Safety Act of 1980, title I of such Act is amended by adding at the end thereof the following new sections:

"SEC. 119. The Secretary shall establish regulations to require minimal levels of financial responsibility sufficient to satisfy liability amounts to be determined by the Secretary, covering public liability, property damage, and environmental restoration for the transportation of property for hire by commercial motor vehicle.

"SEC. 120. Each person transporting or offering to transport (1) hazardous materials, as defined by the Secretary, (2) oil or hazardous substances, as designed by the Administrator of the Environmental Protection Agency, or (3) hazardous wastes as defined by the Administrator of the Environmental Protection Agency, in cargo tanks, portable tanks, or hopper-type vehicles, with capacities in excess of 3,500 water gallons, drawn or driven by a commercial motor vehicle, in interstate or intrastate commerce, shall maintain levels of financial responsibility sufficient to satisfy liability amounts to be determined by the Secretary. Financial responsibility may be established by any one, or any combination of the following methods acceptable to the Secretary: evidence of insurance, guarantee, surety bond, or qualification as a self-insurer. Any bond filed shall be issued by a bonding company authorized to do business in the United States. The Secretary shall establish, by regulation, methods and procedures to assure compliance with this section.".

(b) No later than one year after the date of enactment of this section, the Secretary of Transportation shall report to Congress upon the regulations promulgated under this section. The Secretary shall describe the various levels of financial responsibility mandated and the rationale for selecting the final limits. The Secretary shall also include an estimate of the impact of the regulations upon the safety of motor vehicle transportation, the economic condition of the motor carrier industry, and the ability of the insurance industry to provide the designated coverage. The Secretary shall make recommendations with respect to the need for further legislation related to levels of financial responsibility, including to what extent, if any, minimum statutory levels should be required.

### TRUCK LENGTHS

SEC. 203. No State may enact or enforce any law denying reasonable access to and from the Interstate Highway System on roads providing access between the Interstate System and terminals and facilites for food, fuel, repairs and rest. Notwithstanding any provision of section 127 of title 23, United States Code, no State may enact or enforce any law regarding the interstate and defense highways which provides a gross overall length limit of less that 65 feet for tractor semintrailer and other motor vehicle combinations, or which prohibits the operation of combinations of more than 2 units in States where permitted on the date of enactment of this section and receive its apportionment of funds authorized to be appropriated for any fiscal year under section 108(b) of the Federal Aid Highway Act of 1956 nor shall the Secretary of Transportation approve any project under section 106 of such Act in any State which enacts or enforces any law which is not in accordance with such length limit. Notwithstanding any other provision of law, for a tractor semitrailer or a semitrailer-trailer combination, the maximum allowable dimension of the trailer shall be 15 feet less than the maximum overall allowable length for the tractor-semitrailer combination, and the overall allowable length for a tractor semitrailer-trailer combination shall be at least 10 feet longer than that for a tractor-semitrailer combination. Notwithstanding the provisions of this section, a State may permit the continued use of semitrailers, trailers, or combinations thereof which were actually in use and which were within lawful length prior to the date of enactment of this section.".

Mr. CANNON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CANNON. Mr. President, before we close the day, I want to take the opportunity to make a special statement concerning this bill. I am exceptionally proud of the Senate Commerce Committee for reporting out a bill that will implement substantial regulatory reform in the motor carrier industry. This was clearly a difficult piece of legislation for each and every member of the committee, and in many individual cases it took great courage to vote the way that the committee ultimately did.

While many members of the committee were absolutely crucial in the development of the bill, none deserves more praise or attention than the ranking minority member, the distinguished Senator from Oregon. Throughout the debate, BOB PACKWOOD kept us honest and focused upon the merits of the legislation. He has been as forceful and courageous as any member on the committee with respect to this extremely difficult bill. This can truly be said to be one of the most sparkling examples of a bipartisan effort in producing detailed and meaningful legislation. It has been a complete pleasure to work with the Senator from Oregon on this legislation, and I think that he should be heartily commended for his leadership, as well as Senator SCHMITT.

I think I would be remiss to ignore the extraordinary work done by one Member of the Senate over the past few years on this issue and, in particular, the laying of the groundwork for ultimate congressional approval of strong reform legislation. I am, of course, referring to the senior Senator from Massachusetts who, for obvious reasons, is not in the Senate Chamber today. While I am sure that this bill does not go nearly as far as he would like the legislation to go he is clearly to be credited for raising the consciousness of the Senate with respect to the issue.

Finally, I wish to commend the Department of Transportation and the White House for their constant willingness to be of assistance on this legislation and for providing documentation whenever requested on very short notice. The commitment of the administration to the legislation is quite obvious, and I am most grateful for it.

● Mr. KENNEDY. Mr. President, I am pleased that the Senate has today passed legislation that will substantially reduce Federal regulation of the trucking industry. I want to commend Senators CANNON and PACKWOOD, and their staffs, for the work they have done in seeing this effort through to a successful conclusion. I am especially pleased that the bill embraces nearly all the central provisions of S. 1400, the comprehensive trucking reform legislation which I introduced—with the support of the administration—last summer.

Passage of this bill marks the culmination of nearly 3 years of extensive investigation, analysis, and debate by the Committee on the Judiciary and the Committee on Commerce, Science and Transportation. It is also the product of intensive, sustained efforts on the part of a broad coalition of business, consumer, and farm groups who have long sought a more equitable and more rational system for pricing truck transportation in this Nation. These organizations include the National Federation of Independent Business, Common Cause, the National Association of Manufacturers, the American Farm Bureau, Congress Watch, the Consumer Federation of America, the Grocery Manufacturers Association, Consumers Union, the Food Marketing Institute, the American Retail Federation, the Association of General Merchandise Chains, the Minority Trucking and Transportation Development Corporation, the National Association of Furniture Manufacturers, and many, many others.

In particular, the leadership of Frank Swain, legislative counsel for the National Federation of Independent Business and chairman of the task force which coordinated the efforts of many of these organizations, should be recognized. I also want to acknowledge the contribution of Stan Sender, transportation counsel for Sears, Roebuck & Co., who has long provided invaluable advice and assistance—both to members of the task force and to Members of Congress—in resolving the many technical complexities of this issue.

The legislation we have passed represents, necessarily, a compromise between two widely divergent attitudes toward the appropriate role the Federal Government should play in insuring a reliable national motor freight transportation system. Though it does not resolve all of the major points of controversy, and though it will not be entirely satisfactory to either side of this debate, the bill is, I believe, a very substantial improvement over the present situation. If nothing else, the Motor Carrier Reform Act represents the first serious effort by Congress to evaluate and to improve the system of Federal trucking regulation it first established in 1935.

When I introduced the Trucking Competition and Safety Act—S. 1400—last June, I stressed that there are five major elements to trucking regulatory reform and that any serious attempt to remedy the problems created by excessive ICC regulation would have to embrace them. These are:

First. Shifting the burden of proof in ICC entry proceedings, to encourage new firms to enter the regulated segment of the trucking industry and to enable existing firms to expand their operations.

Second. Eliminating restrictions on carrier operations (including one-way operating authorities, "gateway" requirements, and prohibitions on picking up or delivering freight along a carrier's route) and expanding the number of commodities exempt from ICC regulation—especially food items.

Third. Providing a zone of pricing flexibility to encourage carriers to establish independent rates without fear of investigation or suspension by the ICC.

Fourth. Curtailing the current broad exemption from the antitrust laws which enables regulated motor carriers to fix prices collectively; and

Fifth. Strengthening enforcement of safety regulations.

Aside from the provisions to improve safety regulation (which are embodied in Senator PERCY's Truck Safety Act, S. 1390, recently passed by the Senate), the legislation we have passed today contains virtually all of these elements.

While it is my personal belief that Congress should cut back more sharply on the antitrust immunity currently enjoyed by regulated truckers, the prohibition of discussion and voting on single-line rates which it does contain will do much to promote competitive pricing in this industry. More than 70 percent of regulated freight shipments move on a single-line basis. Moreover, the legislation contemplates that antitrust immunity for many joint-line rates may also be eliminated by the time the single-line rate provision becomes effective in 1983. I intend to support such proposals, and to work hard to see that they are enacted into law.

For several years, Mr. President, it has been evident that excessive ICC regulation of the trucking industry imposes substantial and unjustified costs on consumers, that it contributes to the current rate of inflation, and that it results in considerable fuel waste. I believe that this legislation, if enacted in its present form, will do much to improve the situation in all of these areas. The Congressional Budget Office recently estimated that S. 2245 could save consumers between $5.3 and $8.0 billion annually by 1985, and that it could shave from 0.3 to 0.45 percentage points off the Consumer Price Index. Thus, reduced regulation can be expected to result in reduced rates for trucking services and—more importantly—a reduction in the rate of increase in truck rates in the future.

We can also expect that the legislation will reduce fuel waste by eliminating many needless operating restrictions which can result in empty or underutilized trucks. We should recognize that, in the future, the real "regulator" of the trucking industry will likely be the price of diesel fuel itself. Inefficient trucking operations will be even more costly to the economy and to the carriers involved. It is therefore vitally important that motor carriers be afforded maximum opportunity to conduct their operations in a fuel-efficient manner.

In the course of this extended debate over motor carrier regulation, there has been a lot of talk about the "chaos" that will allegedly follow any reduction in ICC regulation of this industry. In the face of all evidence to the contrary, we have been asked to believe that the trucking industry is unique in that it cannot operate without the guiding hand of the Federal Government in virtually all phases of its activities. We were told essentially the same thing in the course of the debate over airline deregulation 2 years ago. The predictions proved to be false then, and I believe they will be proved false again.

The trucking industry has long urged that Congress act to clarify the present uncertainty over the future direction and extent of trucking regulation. With the passage of this bill today, Mr. President, we have begun to respond to that need. But merely reducing regulation cannot, by itself, insure a productive and efficient truck transportation system. That can only be achieved through the efforts of people within the trucking industry itself.

It is true that the passage of this legislation signals an end to some of the protections which many trucking firms have enjoyed for many years. But it also represents an unparalleled opportunity, for truckers and shippers alike. I am confident that enactment of this legislation will enable men and women who work for the trucking industry to channel their considerable energies and talents into making trucking work for our economy. No longer will they be compelled to devote those talents to making regulation itself work.

The ultimate success of this legislation will depend almost entirely on the response of the trucking industry itself. I firmly believe that it will meet the challenges and opportunities afforded by this bill, and that the new regulatory system for the trucking industry which it mandates will greatly benefit the economy of this Nation.●

## ROUTINE MORNING BUSINESS

**Mr. ROBERT C. BYRD.** Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 30 minutes and that Senators may speak therein up to 5 minutes each.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

## REPEALING THE OIL IMPORT FEE

**Mr. DOLE.** Mr. President, earlier today, I was pleased to join a group of Congressmen and Senators to discuss a united bipartisan effort to repeal the $12.6 billion tax burden that President Carter has imposed through his oil import fee proclamation. Today, Representative Emery is joining with nearly 100 cosponsors to reintroduce a nonbinding resolution to oppose the import fee. The Senator from Kansas and the distinguished Senator from Delaware, (Mr. Roth), on April 2, introduced Senate Journal Resolution 159, a binding joint resolution to disapprove the imposition of this new fee.

Today I am adding new cosponsors to Senate Joint Regulation 159: Senators McGovern, Wallop, Lugar, Cohen, Humphrey, Laxalt, Garn, Heinz, Schmitt, Danforth, Hatch, Tower, and Exon.

We need to cut through the double talk and twisted logic that the White House and the Department of Energy have put out on this issue. For example, the President announced these new taxes as part of his anti-inflation program. In fact, even the administration admits this action will add three-quarters of a percent to the current crushing rate of inflation suffered by the American people. If OPEC gets the idea that this fee shows that consumers will tolerate higher prices, we, of course, could see still greater inflationary effects.

Just as ironic is the President's title for these new taxes: "The Gasoline Conservation Fee." That may sound great as a title, but what it comes down to is a $12.6 billion tax increase on the American people. Every American, rich or poor, whether living in cities or rural areas, will pay an extra 10 cents a gallon of gasoline into the U.S. Treasury.

What is the conservation part of this tax? The President says we may reduce oil consumption by 100,000 barrels a day this year. My arithmetic says the taxpayer will pay about $345 in new taxes for every barrel saved.

If the President had asked us in Congress, we might have told him that did not seem like a very cost-effective way to save energy. But, of course, he did not ask—the President thinks he has found a way to increase our taxes without all the bother of going through proper constitutional procedures. The American people are sending a clear message that they want a balanced budget, but I do not think they have in mind balancing the budget on the backs of the taxpayers with new Presidentially imposed taxes.

Another example of the twisted logic in the President's action is the operation of the oil import fee. This fee is supposed to reduce our dependence on foreign oil. But if you look closely at the fine print, what the President has proclaimed requires the fee to go up if we import less oil, while the fee will go down if we import more.

I suspect the courts would finally say no to this abuse of Presidential authority. Legal proceedings would be lengthy, however, and I hope we will put a quicker end to this matter in Congress. I recognize that the President can veto our resolution but I am optimistic that the American people are going to make their opposition to these new taxes so clear that we will be able to override any veto.

## MESSAGES FROM THE PRESIDENT RECEIVED DURING THE RECESS

Under authority of the order of the Senate of April 3, 1980, the Secretary of the Senate, on April 3, April 8, April 9, April 10, and April 14, 1980, received messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received on April 3, April 8, April 9, April 10, and April 14, 1980, are printed at the end of the Senate proceedings.)

## PROHIBITION OF CERTAIN TRANSACTIONS WITH IRAN—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE RECESS—PM 192

Under authority of the order of the Senate of April 3, 1980, the Secretary of the Senate, on April 7, 1980, received the following message from the President of the United States, together with accompanying papers, which was referred to the Committee on Banking, Housing, and Urban Affairs:

*To the Congress of the United States:*

Pursuant to Section 204(b) of the International Emergency Economic Powers Act, 50 U.S.C. 1703, I hereby report to the Congress that I have today exercised the authority granted by this Act to take certain trade, financial and other measures against Iran and its nationals.

1. On November 14, 1979, I took the step of blocking certain property or interests in property of the Government of Iran, its instrumentalities and controlled entities and the Central Bank of Iran. At that time the United States Embassy in Tehran was occupied and American personnel were being held hostage there in flagrant violation of international law. In addition, Iran had threatened suddenly to withdraw its assets from United States banks, to refuse to accept payment in dollars for oil, and to repudiate obligations owed to the United States and to United States nationals. Iran's actions attacked the foundations of the international legal order as well as the stability of the world economy and the international monetary system.

2. The extraordinary threat to the national security, foreign policy, and economy of the United States, which I determined existed on November 14, continues today. The United States has used every diplomatic and legal means available to it to end this extraordinary threat, but without avail. Iran has ignored or rebuffed a decision by the International Court of Justice, resolutions by the Security Council of the United Nations and efforts by the Secretary General of the United Nations and others to resolve the underlying problems.

3. In light of the above, it is necessary for me to order the following to be prohibited:

(a) The sale, supply or other transfer, by any person subject to the jurisdiction of the United States, of any items, commodities or products, except food, medicine and supplies intended strictly for medical purposes, and donations of clothing intended to be used to relieve human suffering, from the United States or from any foreign country, whether or not originating in the United States, either to or destined for Iran, an Iranian governmental entity in Iran, any other person or body in Iran, or any other person or body for the purposes of any enterprise carried on in Iran.

(b) The shipment by vessel, aircraft, railway or other land transport of United States registration or owned by or under charter to any person subject to the jurisdiction of the United States or the carriage (whether or not in bond) by land transport facilities across the United States of any of the items, commodities and products covered by subparagraph (a) of this paragraph which are consigned to or destined for Iran, an Iranian governmental entity or any person or body in Iran, or to any enterprise carried on in Iran.

(c) The shipment from the United States of any of the items, products and commodities covered by subparagraph (a) of this paragraph on vessels or aircraft registered in Iran.

(d) The following acts, when committed by any person subject to the jurisdiction of the United States in connection with any transaction involving Iran, an Iranian governmental entity, an enterprise controlled by Iran or an Iranian governmental entity, or any person in Iran;

(i) Making available any new credits or loans;

(ii) Making available any new deposit facilities or allowing substantial increases in nondollar deposits which exist as of the date of the Order;

(iii) Allowing more favorable terms of payment than are customarily used in international commercial transactions; or

(iv) Failing to act in a businesslike manner in exercising any rights when payments due on existing credits or loans are not made in a timely manner.

(e) The engaging by any person subject to the jurisdiction of the United States in any service contract in support of an industrial project in Iran, except any such contract entered into prior to the date of the Order or concerned with medical care.

(f) The engaging by any person subject to the jurisdiction of the United States in any transaction which evades or avoids, or has the purpose or effect of evading or avoiding, any of the prohibitions set forth above.

Attached is a copy of this Executive Order which I am transmitting pursuant to 50 U.S.C. 1641(b).

4. The prohibitions in paragraph 3 above shall not apply to transactions by any person subject to the jurisdiction of the United States which is a non-banking association, corporation, or other organization organized and doing business under the laws of any foreign country.

5. The above measures are being taken in furtherance of the objectives of Resolution 461 adopted by the Security Council of the United Nations on December 31, 1979, and would have been specifically mandated by the Security Council on January 13, 1980, but for a veto by the Soviet Union.

6. This action is taken with respect to Iran and its nationals for the reasons described in this report.

JIMMY CARTER.

THE WHITE HOUSE, *April 7, 1980.*

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## REPORT ON OPERATION OF THE AUTOMOTIVE PRODUCTS TRADE ACT—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE RECESS—PM 193

Under authority of the order of the Senate of April 3, 1980, the Secretary of the Senate, on April 8, 1980, received the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Finance:

*To the Congress of the United States:*

In accordance with the Automotive Products Trade Act of 1965 (Public Law 89-283), I transmit herewith the thirteenth annual report relating to developments during 1978.

JIMMY CARTER.

THE WHITE HOUSE, *April 8, 1980.*

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## REPORT OF THE COUNCIL ON WAGE AND PRICE STABILITY—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE RECESS—PM 194

Under authority of the order of the Senate of April 3, 1980, the Secretary of the Senate, on April 11, 1980, received the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Banking, Housing, and Urban Affairs:

*To the Congress of the United States:*

In accordance with Section 5 of the Council on Wage and Price Stability Act, as amended, I hereby transmit to the Congress the twentieth quarterly report of the Council on Wage and Price Stability. The report contains a description of the Council's activities during the third quarter of 1979 in monitoring both prices and wages in the private sector and various Federal Government activities that may lead to higher costs and prices without creating commensurate benefits. It discusses Council reports, analyses, and filings before Federal regulatory agencies. It also describes the Council's activities of monitoring wages and prices as part of the anti-inflation program.

The Council on Wage and Price Stability will continue to play an important role in supplementing fiscal and monetary policies by calling public attention to wage and price developments or actions by the Government that could be of concern to American consumers.

JIMMY CARTER.

THE WHITE HOUSE, *April 11, 1980.*

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## MESSAGES FROM THE HOUSE RECEIVED DURING THE RECESS

### ENROLLED BILLS SIGNED

Under authority of the order of the Senate of April 3, 1980, the Secretary of the Senate, on April 3, 1980, during the recess, received a message from the House of Representatives reporting that the Speaker has signed the following enrolled bill:

H.R. 6585. An act to extend the reorganization authority of the President under chapter 9 of title 5.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. ROBERT C. BYRD).

Under authority of the order of the Senate of April 3, 1980, the Secretary of the Senate, on April 9, 1980, during the recess, received a message from the House of Representatives reporting that the Speaker has signed the following enrolled bill:

H.R. 6029. An act providing for the implementation of the International Sugar Agreement, 1977, and for other purposes.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. ROBERT C. BYRD).

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## EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3462. A communication from the Assistant Secretary for International Affairs and Commodity Programs, Department of Agriculture, transmitting, pursuant to law, the third quarterly report on the status of planned programing of food assistance under title I, Public Law 480, as of March 31, 1980; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3463. A communication from the Chairman, National Credit Union Administration, transmitting, pursuant to law, the first annual report of the Board of the National Credit Union Administration; to the Committee on Banking, Housing, and Urban Affairs.

EC-3464. A communication from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation to amend title V of the Housing Act of 1949; to the Committee on Banking, Housing, and Urban Affairs.

EC-3465. A communication from the Chairman, Federal Financial Institutions Examination Council, transmitting, pursuant to law, the council's annual report for 1979; to the Committee on Banking, Housing, and Urban Affairs.

EC-3466. A communication from the Secretary of the Interior, transmitting, pursuant to law, the Federal Coal Management Report, Fiscal Year 1979; to the Committee on Energy and Natural Resources.

EC-3467. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, the semiannual report on the Energy Conservation Standards for New Buildings; to the Committee on Energy and Natural Resources.

EC-3468. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, a prospectus, which proposes continued occupancy under a succeeding lease for space located in the Todd Building, 550 11th Street NW., Washington, D.C.; to the Committee on Environment and Public Works.

EC-3469. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, a prospectus which proposes construction of an extension to the existing Federal Building, Vancouver, Wash., on the Government-owned site; to the Committee on Environment and Public Works.

EC-3470. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, a prospectus which proposes continued occupancy under a succeeding lease of space located at 1717 H Street, Washington, D.C.; to the Committee on Environment and Public Works.

EC–3471. A communication from the Deputy Secretary of Energy, transmitting, pursuant to law, a report on the use of alcohol in motor fuels; to the Committee on Finance.

EC–3472. A communication from the Fiscal Assistant Secretary of the Treasury, transmitting, pursuant to law, the second annual report on the financial condition and results of the operations of the black lung disability trust fund; to the Committee on Finance.

EC–3473. A communication from the Chairman, U.S. International Trade Commission, transmitting, pursuant to law, the 21st quarterly report on trade between the United States and the nonmarket economy countries; to the Committee on Finance.

EC–3474. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Purchase Price of Strategic Petroleum Reserve Oil Fair But Payment Timing Is Costly," April 3, 1980; to the Committee on Governmental Affairs.

EC–3475. A communication from the President, U.S. Railway Association, transmitting, pursuant to law, a report relating to the administration of the Government in the Sunshine Act; to the Committee on Governmental Affairs.

EC–3476. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, a report of the GSA for 1979; to the Committee on Governmental Affairs.

EC–3477. A communication from the Chairman, Board of Trustees, Harry S. Truman Scholarship Foundation, transmitting, pursuant to law, a report on compliance with the Government in the Sunshine Act; to the Committee on Governmental Affairs.

EC–3478. A communication from the Comptroller General of the United States, recommending legislation to permit Federal agencies to reimburse their employees for residence sale and purchase expenses upon transfer from an overseas post to a new duty station in the United States; to the Committee on Governmental Affairs.

## REPORTS OF COMMITTEES SUBMITTED DURING THE RECESS

Under authority of the order of the Senate of April 3, 1980, the following reports of committees were submitted on April 9, 1980:

By Mr. MUSKIE, from the Committee on the Budget, without amendment:

S. Con. Res. 86. An original concurrent resolution setting forth the recommended congressional budget for the United States Government for the fiscal years 1981, 1982, and 1983 and revising the Second Concurrent Resolution on the Budget for the fiscal year 1980 (together with additional, supplemental, and minority views) (Rept. No. 96–654).

## EXECUTIVE REPORTS OF COMMITTEES SUBMITTED DURING THE RECESS

Under authority of the order of the Senate of April 3, 1980, the following executive reports of committees were submitted on April 9, 1980:

By Mr. STENNIS, from the Committee on Armed Services, which were ordered to lie on the Secretary's desk:

In the Regular Army, there are 1,763 promotions to the grade of colonel and below (list beginning with Donald D. Clark); in the Navy, there are 1,833 temporary promotions to the grade of lieutenant (junior grade) (list beginning with Ronald L. Aasland); in the Navy and Naval Reserve, there are 402 temporary and permanent promotions/appointments to the grade of commander and below (list beginning with Thomas K. Aanstoos); in the Navy and Reserve of the Navy, there are 134 permanent and temporary appointments to the grade of commander and below (list beginning with Germaine M. Barker); in the Regular Air Force, there are 1,046 promotions to the grade of first lietuenant (list beginning with Randy D. Abele); in the Reserve of the Air Force, there are 77 appointments to the grade of colonel and below, and there are two reappointments to the Active List of the Regular Air Force to the grades of lieutenant colonel and major (list beginning with Joe W. Crow); and, in the Reserve of the Air Force, there are 44 Air National Guard officers for promotion to the grade of lieutenant colonel (list beginning with Raymond M. Beckage).

(The nominations reported on April 9, 1980, appeared in the RECORD on March 24, 1980, at the end of the Senate proceedings.)

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BENTSEN:

S. 2552. A bill to provide for the establishment and operation of a Southwest Collegiate Institute for the Deaf; to the Committee on Labor and Human Resources.

By Mr. TSONGAS:

S. 2553. A bill to designate certain national wildlife refuge lands; to the Committee on Energy and Natural Resources.

By Mr. HATFIELD:

S. 2554. A bill authorizing legislation for the Secretary of the Interior to provide financial assistance to the Accokeek Foundation in the operation of the National Colonial Farm; to the Committee on Energy and Natural Resources.

By Mr. BAYH (for himself and Mr. DECONCINI):

S. 2555. A bill to authorize the President to impose higher or additional rates of duty on the products of any foreign country that does not cooperate with the United States in its diplomatic or economic initiatives to terminate actions by Iran with respect to United States diplomatic personnel and to prohibit the procurement of goods from any such country for use by the government of the United States; to the Committee on Finance.

By Mr. HATCH:

S. 2556. A bill for the relief of Seela Jeremiah Piula; to the Committee on the Judiciary.

By Mr. INOUYE:

S. 2557. A bill for the relief of Mr. Penisimani Mau; to the Committee on the Judiciary.

By Mr. GLENN:

S. 2558. A bill to amend title 39 of the United States Code to maintain adequate authorization for public service appropriations to the Postal Service, to protect the health and safety of postal workers, to protect the public against mail fraud, and for other purposes; to the Committee on Governmental Affairs.

By Mr. RANDOLPH (by request):

S. 2559. A bill to amend the Water Resources Planning Act; to the Committee on Environment and Public Works.

By Mr. NELSON (for himself and Mr. DURKIN):

S. 2560. A bill to amend the Internal Revenue Code of 1954 to provide for the exclusion from taxation of interest earned on deposits which are used for residential mortgage lending purposes; to the Committee on Finance.

By Mr. LEVIN:

S. 2561. A bill to amend the "Child Abuse Prevention and Treatment and Adoption Reform Act of 1978" to provide for a national computerized adoption identification center, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. CHAFEE:

S.J. Res. 160. A joint resolution disapproving the action taken by the President under the Trade Expansion Act of 1962 in imposing a fee on imports on petroleum or petroleum products; to the Committee on Finance.

By Mr. BENTSEN:

S.J. Res. 161. A joint resolution proposing an International Code of Business Conduct; to the Committee on Foreign Relations.

By Mr. HARRY F. BYRD, JR.:

S.J. Res. 162. A joint resolution to reduce funds for the expenses of Senators and Senate committees by 15 per centum; to the Committee on Rules and Administration.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BENTSEN:

S. 2552. A bill to provide for the establishment and operation of a Southwest Collegiate Institute for the Deaf; to the Committee on Labor and Human Resources.

### SOUTHWEST COLLEGIATE INSTITUTE FOR THE DEAF ACT

Mr. BENTSEN. Mr. President, today I am introducing a bill which would authorize the establishment of a Southwest Collegiate Institute for the Deaf in Big Spring, Tex. This school will open this fall to begin serving the need for postsecondary education for deaf students in this country. Currently, only two schools offer a self-contained course of higher education for deaf students, and both of them are in the East. Although geographic considerations are important, the main problem is that these two fine schools cannot meet the demand.

Gallaudet College operates in Washington, D.C., and serves a student population of about 1,200. The National Technical Institute for the Deaf (NTID) is in Rochester, N.Y., and serves about 900 students. I applaud the work of these institutions, and I regret that the need exceeds their capacities. However, only the very highest ranked deaf high school graduates win spots in these two schools. We already have a need for another post-secondary school for the deaf.

Unfortunately, this need is growing. Many of you will recall the Rubella epidemic of the midsixties. Mothers who contracted Rubella during their pregnancies often gave birth to deaf infants. These children are growing up and are about to reach college age—and we need to be ready to meet their special needs.

Some deaf students are able to succeed in an "integrated" school setting; that is, where deaf students attend regular classes and are assisted by interpreters and tutors. This mainstreaming works very well for some students, but it does not work for them all. Less than 5 percent of the deaf students who enroll at a regular junior college complete their program, while Gallaudet has a 60-percent success rate and NTID enjoys an 80- to 85-percent completion rate.

We must be willing to accommodate deaf students who need and prefer an academic setting more suited to their special needs than a regular college campus.

The Southwest Collegiate Institute for the Deaf will be operated in close coordination with Howard College in Big Spring, Tex. Facilities for the institute have been made available by the Government from the former Webb Air Force Base. The State of Texas and the community will provide support to the school.

Mr. President, I have been persuaded that there is a serious need for this institute so that we can educate current and future generations of deaf students. Gallaudet and NTID can serve only perhaps the top 10 percent of deaf high school graduates. Only a small proportion of deaf students are able to successfully complete college in a "mainstream" environment. I believe we should offer some hope to the great number of deaf students who need a self-contained program in order to do their best in education—and enhance their opportunities for success in the marketplace and in society.

My colleague, Mr. STENHOLM, has introduced an identical bill in the House of Representatives. I look forward to having the Congress consider this measure promptly so that we can meet a great need for our citizens.

I ask unanimous consent that the text of my bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

### S. 2552

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Southwest Collegiate Institute for the Deaf Act".

### AUTHORIZATION OF APPROPRIATIONS

SEC. 2. For the purpose of providing a residential facility for postsecondary technical training and education for persons who are deaf in order to prepare them for successful employment, there are authorized to be appropriated for each fiscal year such sums as may be necessary for the establishment and operation, including construction and equipment, of Southwest Collegiate Institute for the Deaf, including sums necessary for the establishment and operation, including construction and equipment, of Southwest Collegiate Institute for the Deaf, including sums necessary for the acquisition of property, both real and personal, and for the construction of buildings and other facilities for such Institute.

### DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "Secretary" means the Secretary of Education.

(2) The term "Southwest Collegiate Institute for the Deaf" means an educational institution which will be a part of the Howard County Junior College District of Big Spring, Texas, which—

(A) admits regular students only persons having certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;

(B) is legally authorized within such State to provide a program of education beyond secondary education;

(C) provides an educational program for which it awards an associate's degree;

(D) is a public nonprofit institution; and

(E) is accredited by a nationally recognized accrediting agency or association.

For purposes of this subsection, the Commissioner of Education shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.

(3) The term "construction" includes construction and initial equipment of new buildings, expansion, remodeling, and alteration of existing buildings, and equipment thereof, including architect's services, but excluding off-site improvements.

### AGREEMENTS TO ESTABLISH INSTITUTE

SEC. 4. (a) The Secretary is authorized to enter into an agreement with the Howard County Junior College District of Big Spring, Texas, for the establishment and operation, including construction and equipment, of the Southwest Collegiate Institute for the Deaf.

(b) The agreement shall—

(1) provide that Federal funds appropriated for the benefit of the Institute will be used only for the purposes for which paid and in accordance with the applicable provisions of this Act and the agreement made pursuant thereto;

(2) provide that the Board of Trustees or other governing body of the institution, subject to the approval of the Secretary, will appoint an advisory group to advise the Director of the Institute in formulating and carrying out the basic policies governing its establishment and operation, which group shall include persons who are professionally concerned with education and technical training at the post-secondary school level, persons who are professionally concerned with activities relating to education and training of the deaf, and members of the public familiar with the need for services provided by the Institute; and

(3) provide that the Board of Trustees or other governing body of the institution will make an annual report to the Secretary and the Secretary shall transmit the report of the institution to the Congress with such comments and recommendations as he may deem appropriate. (c) If within twenty years after the completion of any construction (except minor remodeling or alteration) for which such funds have been paid under this Act—

(A) the facility ceases to be used for the purposes for which it was constructed or the agreement is terminated, unless the Secretary determines that there is good cause for releasing the institution from its obligation, or

(B) the institution ceases to be the owner of the facility,

the United States be entitled to recover from the applicant or other owner of the facility an amount which bears to the then value of the facility the same ratio as the amount of such Federal funds bore to the cost of the facility financed with the aid of such funds. Such value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which the facility is situated.

(d) No facility constructed with funds provided under this Act shall be used for religious worship or a sectarian activity or for a school or department of divinity.

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By Mr. TSONGAS:

S. 2553. A bill to designate certain national wildlife refuge lands; to the Committee on Energy and Natural Resources.

● Mr. TSONGAS. Mr. President, I am today introducing legislation to facilitate the exchange of land between the Department of Interior and the Charles River Breeding Laboratories of Wilmington, Mass.

The primary purpose of the exchange is to make the whole of Raccoon Key available to Charles River for the purpose of breeding rhesus monkeys for medical and scientific research.

In 1971, Charles initiated a breeding project of Key Lois (formerly Hoggerhead Key) in Monroe County, Fla. The time needed to establish the initial breeding stock and the demand in the research field combined by 1976 to demonstrate that the space available on Key Lois would be insufficient. Charles River purchased a privately owned island of sufficient size and proximity to Key Lois to allow for the economical development of a second monkey colony in the Keys. Since the purchase of Raccoon Key, the island has been under contract to the FDA's Bureau of Biologics which is utilizing the animals bred on Racoon Key in its national polio vaccine testing program.

Unfortunately, Charles River was not aware of the fact that some 24.6 acres of Raccoon Key belonged to the Federal Government as part of the Great White Heron National Wildlife Refuge and the Florida Keys Wilderness Area established by Congress. The confusion apparently was caused by the fact that the 24.6 acres had never been in private lands since the time Florida became a State. The only time "title" had changed hands was in 1938 when the acreage on Raccoon Key became part of the Great White Heron National Wildlife Refuge, as did much of the property previously in the public domain and under the general auspices of the State of Florida.

In early 1977, Charles River was apprised by the Federal refuge manager in Monroe County that the company was making illegal use of Federal property. After reviewing various parcels suggested by Charles River, the Fish and Wildlife Service responded that a privately-owned 73-acre piece of land known as North Cudjoe Key would be suitable for an exchange on an equal-value basis in order to allow Charles River to obtain use of the whole of Raccoon Key if the details of an agreement could be worked out that would result in long-term benefits to the wilderness area. Charles River purchased North Cudjoe Key in March of 1979.

The agreement reached between the parties is: First, the Fish and Wildlife Service will transfer title to 24.6 acres of Raccoon Key under its jurisdiction to Charles River Laboratories; second, Charles River will transfer title to 24.6 acres of North Cudjoe Key to the Fish and Wildlife Service for inclusion in the Florida Keys Wilderness Area; third, the Fish and Wildlife Service will purchase the balance of 48.4 acres of North Cudjoe Key from Charles River and include it also in the Florida Keys Wilderness Area; and fourth, Charles River will convey title to the whole of Raccoon Key (approximately 203 acres) to the Fish and Wildlife Service for inclusion in the Florida Keys Wilderness Area at some point in the future when the corporation determines that the key is no longer suited for simian breeding. Thus FWS will immediately realize the benefits of the inclusion of 73 acres of North Cudjoe Key in the wilderness area and will eventually realize the donation of 200-plus acres of Raccoon Key for inclusion in the same system.●

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By Mr. HATFIELD:

S. 2554. A bill authorizing legislation for the Secretary of the Interior to provide financial assistance to the Accokeek Foundation in the operation of the National Colonial Farm; to the Committee on Energy and Natural Resources.

● Mr. HATFIELD. Mr. President, when the Accokeek Foundation was chartered, it became the first foundation to take as its purpose the preservation of open space near urban centers. This Foundation set the pattern for Congress, States, and executive branches to follow in projects that preserve open space near urban areas.

The pressure to develop the shoreline opposite Mt. Vernon was acute in 1957. The Accokeek Foundation by extensive donation of time, effort, money and property was able to fashion a plan of preservation for this important area.

The Accokeek Foundation was organized in 1957 by Henry G. Ferguson, Robert Ware Strauss, and Charles F. Wagner, under the leadership of the Honorable Frances P. Bolton, who served as president. The charter states:

> It shall be the purpose to preserve, protect, and foster, for scientific, educational or charitable use and study for the benefit of the people of the Nation, the historic sites and relics, trees, plants and wildlife rapidly disappearing from an area of great natural beauty along the Maryland shore of the historic Potomac River.
>
> In furtherance of the above purpose, the Foundation shall acquire, whether by gift or purchase or otherwise, and shall maintain so much of the real property in Prince George's County and Charles County, Maryland, as may be available and appropriate to preserve the present wooded and open character of the approaches to the city of Washington along the Potomac River and Piscataway Creek.
>
> To the extent appropriate to and compatible with the above purpose, the Foundation shall, in consultation and cooperation with such public and private bodies as the Smithsonian Institution, the National Zoological Park, The Audubon Society, the National Park Service, the National Trust for Historic Preservation, the Alice Ferguson Foundation, and other similar public and private bodies, establish for scientific and educational purposes in the above areas such facilities as will not interfere with the preservation of the wooded and open character of the region.

Mr. President, this bill would clarify the intent of Congress. The Secretary of Interior would be authorized to provide Federal financial assistance from appropriated funds to the Accokeek Foundation. The purpose of the legislation would be to support and stimulate the programs and activities of the National Colonial Farm, Piscataway Park, Md., so that it may continue to be a viable demonstration farm portraying mid-18th century agriculture as well as a scholarly and professional resource involved in consultation with other such facilities in developing similar programs and activities in the Washington metropolitan area and the Nation.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was order to be printed in the RECORD, as follows:

S. 2554

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SEC. —. Section 2 of the Joint Resolution entitled, "To provide for the preservation and protection of certain lands in Prince Georges and Charles Counties, Maryland and for other purposes," approved October 4, 1961 (75 Stat. 780, 781), as amended, is further amended by adding the following after the final period in subsection (c):

'The Secretary is authorized to cooperate with the Accokeek Foundation in the operation and maintenance of the National Colonial Farm, and funds appropriated to the Secretary for operation and maintenance of the farm may be made available to the Foundation for such purposes, subject to such terms and conditions as the Secretary may prescribe in furtherance of the purpose of this Act." ●

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By Mr. BAYH (for himself and Mr. DECONCINI):

S. 2555. A bill to authorize the President to impose higher or additional rates of duty on the products of any foreign country that does not cooperate with the United States in its diplomatic or economic initiatives to terminate actions by Iran with respect to United States diplomatic personnel and to prohibit the procurement of goods from any such country for use by the Government of the United States; to the Committee on Finance.

● Mr. BAYH. Mr. President, over the past week, with the collapse of progress in freeing American hostages in Iran, President Carter has announced new steps in the form of diplomatic and economic sanctions against Iran, to send a message to Tehran that our patience is running out. The success of these measures will depend upon the cooperation and support of American allies, and other nations, who have gone on record deploring the seizure of the U.S. Embassy and American hostages in Tehran. A united allied front is necessary to make the Iranian Government feel the bite of international economic pressure. It is also important for avoiding future analogous tragedies. What has occurred with the taking of U.S. hostages, with complicity of the Government of Iran, is a fundamental assault upon the rule of law. The kidnaping of 50 innocent American citizens and the stupifying spectacle of the Government of Iran attempting to justify this action has angered and outraged the American people. It should anger and outrage the people of other nations as well, who could just as easily fall victim to such attempted blackmail if this behavior becomes a tacitly accepted precedent for other governments.

While some countries have decided to recall their Ambassadors from the Iranian capital, it is far from clear whether they will join in supporting the President's call for economic sanctions. There are strong economic pressures which militate against other nations joining U.S. attempts to demonstrate to Iran that it cannot persist in its present course without damaging, and perhaps irreversible, consequences to its own long-term economic and security interests. Financial and banking circles, for example, in West Germany, France, Norway, Sweden, and the United Kingdom have reportedly objected to the U.S. freeze on Iranian financial assets. The Iranian Government is actively seeking to undercut the U.S. call for economic sanctions by our European allies by setting up a special bureau in the Iranian Embassy in Vienna to deal with the purchase of foodstuffs and spare parts from Western Europe. There are also explicit threats of cutting off their oil supplies.

The next few weeks could be decisive. What should our course of action be if timidity, reluctance or indifference lead other nations to decide to withhold active support for U.S. efforts, or to actually undermine our renewed actions? The Senate has an opportunity at this time to make it quite clear what our Government's response should be: We will not tolerate actions which effectively check the slow turning of the screws on Iran and such actions will not be without cost.

To this end, I am introducing today the Iranian Sanctions Compliance Act which would empower the President to exact such costs by imposing competitive disadvantages on those countries who insist on noncooperation with U.S. efforts to secure release of the hostages. This bill would permit the President to raise tariffs on goods coming to the United States from such countries and stop procurement of goods and products from them with Federal funds.

### HANG TOGETHER OR HANG SEPARATELY

Mr. President, I recognize the fundamental and serious trade policy questions raised by this legislation. But the Iranian crisis which we face today raises an even more fundamental question: Can the world tolerate kidnaping of diplomatic personnel as an accepted instrument of a government's policy? I think not. And I believe that when it is made clear to our allies and others that they must choose between maintaining their productive relations with the United States or severing ties with a regime which pursues such a national policy, they should do what is in their economic, political, and moral interest to do—support the United States. If not, we have an obligation to the hostages, and to the American people who have valiantly rallied behind them during these trying times, not to let those nations who would undermine our efforts enjoy both the benefits of trade with our country and Iran. In short, they cannot have it both ways.

Mr. President, I recognize that some may view this legislation as a "blunt instrument" untailored to the niceties of diplomacy. I would suggest, however, that it might be more akin to the two by four and the proverbial mule. Once we get his attention he is a lot easier to lead.

The situation we face in Iran is a very dangerous one. The stability of the present government is by no means assured. The possibility that through a combination of internal and external pressures Iran's basic territorial integrity may not be maintained. Such a development could result in a permanent cut off of Iranian oil to the West. Therefore, in the longer term, our allies ought to see that this crisis must be settled quickly so we can prepare promptly for whatever new pattern of economic and political relationships may emerge in the Persian Gulf region. My legislation should encourage them to see more clearly this basic interest given the reality of the present situation. Perhaps this realization is beginning to sink into some minds in some European capitals. Last Thursday, the West German publication Frankfurter Allgemeine noted that while having to choose between Tehran and Washington is a very difficult proposition,

> The Americans are right when they remind the European allies that a refusal of solidarity with the United States in the Iranian crisis will jeopardize the future oil supply of Western Europe. Europe can do without the Iranian oil, but not without . . . the United States.

I hope that one outcome of the bill I am proposing today will be to see a quick and positive affirmation by Europe and Japan of the President's call for diplomatic and economic initiatives against Iran. It should indicate to our allies and others the critical importance we attach to a united front. I plan to pursue this legislation and support additional measures to force the issue and make it irresistably clear to others around the world that the time for sitting on the sidelines is over. If the lives of our fellow countrymen, dignity of our Nation and long-term national interests mean anything, we simply must press this issue until the 50 Americans held hostage in Iran are safely home again. If these most recent steps are unsuccessful, we turn the screws on Iran further.

Mr. President, at this point, I ask unanimous consent that a number of news articles be printed in the RECORD, a copy of the bill as well as a section-by-section analysis and a congressional research study of "Statistics on Iran's major trading partners" completed on April 10, 1980.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

[From the New York Times, Apr. 9, 1980]

### AYATOLLAH BIDS IRANIANS CELEBRATE END OF U.S. TIE

(By John Kifner)

TEHERAN, IRAN, April 8.—Ayatollah Ruhollah Khomeini said today that President Carter's breaking of diplomatic relations was "a good omen" and called on the Iranian nation to "celebrate."

"If Carter, in his lifetime, has done one thing which can be said to be to the benefit of the oppressed, it is this very severing of relations between a nation that has risen up to free itself and a world-gobbling plunderer's claws," the Ayatollah remarked.

Ayatollah Khomeini's message set the tone for official reaction here. Throughout the day various officials and groups issued statements saying that the severing of diplomatic relations by the United States yesterday after Ayatollah Khomeini had ordered that the American Embassy hostages not be turned over to the Government was a great triumph. Privately, some were less certain.

The evening news program on the state television was notable for its studio setting. Just behind the commentator's right shoulder was a huge vase of flowers of the sort suitable for house-warmings or other celebrations. Attached to the flowers was a large card reading:

"Congratulations on cutting relations with the Great Satan."

#### COUNCIL MEETS THROUGHOUT DAY

The Revolutionary Council, which usually meets for only a few hours at night, held several sessions throughout most of the day. At one point, the ruling body broke off to issue a lengthly statement declaring that a "completely exceptional and extraordinary condition" existed.

Shortly after 5 P.M. President Abolhassan Bani-Sadr and other key members of the Revolutionary Council arrived at Ayatollah Khomeini's convalescent home in a well-to-do north Teheran district in their Mercedeses and four-wheel-drive Cherokees and Blazers with blacked-out windows.

There were announcements throughout the day that, following his meeting with the Ayatollah, who is generally known here as the Imam, Mr. Bani-Sadr would make a major television and radio address.

But Mr. Bani-Sadr's 40-minute speech tonight turned out to be his characteristic, somewhat disjointed, plea for national unity. The President, who has lived abroad for many years, has a limited command of the Persian language, and this frequently makes his public utterances difficult to follow.

Mr. Bani-Sadr struck a note echoed by several other important leaders—that Iran could easily move to the Eastern-bloc countries for aid, supplies and business.

#### UNITY OF LEADERSHIP URGED

"It is naive to think that all the world is just sitting and watching Carter," he said. "This is not the only state from whom we can get things; there are many other countries."

Mr. Bani-Sadr said that the threat by the United States had come coincidentally with a set of discussions in the Revolutionary Council of the need for unity among the leadership. This appeared to be a rather euphemistic reference to his inability to carry out his plan for transferring the American hostages from the control of the militants holding the embassy, in the face of opposition from the powerful Islamic clerical group.

The President also said that large-scale demonstrations would be held on Friday to show national unity and that he would participate in the march.

More explicitly, Reza Salami, the Minister for Economic Affairs and Finance, said today that "the only way of reaching the outside world is not the sea way.

"We can get in touch with the outside world by using our northeast and northwest borders," Mr. Salami declared. Those borders flank on the Soviet Union, and Mr. Salami went on to say that he had met today with a delegation from East Germany to discuss future economic and agricultural cooperation.

#### LACK OF TECHNICIANS NOTED

Conceding that there was "a little lack of technicians in the country," Mr. Salami declared: "We hope to meet these requirements by getting help from the countries who are not under America's domination."

A number of eastern-bloc countries, notably Rumania, have sent trade delegations here in recent weeks, according to Government officials, in some cases descending on ministeries uninvited and knocking on doors at random in hope of establishing contacts.

Hojatolislam Hashemi Rafsanjani, anticipating the threat of an economic boycott after last night's Revolutionary Council meeting, spoke along similar lines.

"Nothing will happen," the Hojatolislam, an important member of the clerical oriented Islamic Republican Party, said. "There is so much competition in the world that it will diffuse the economic sanctions of the United States. Anyway, it is good for us to achieve our independence."

There was no clear statement during the day of how the Iranian Government would respond to the economic sanctions, the cutting of diplomatic relations and other measures announced by the United States. Indeed, it was not celar that the Government officials, let alone ordinary Iranians, understood precisely what steps had been taken.

#### GREAT VICTORY PROCLAIMED

Nonetheless, clerical groups, and political organizations ranging from the Islamic mujahedeen to the Moscow-oriented Tudeh party issued announcements proclaiming the cutting of relations a great victory and, by logic somewhat difficult to follow, seeming to imply that it had been an Iranian act.

Their statements appeared to follow the line set by Ayatollah Khomeini, who said:

"We consider this severing of ties, as a good omen, because this cutting of relations is reason for the cutting of U.S. Government hopes in Iran.

"If the militant Iranian nation celebrates this victory—the cutting of ties or the ending of plunder—it will have good reason to do so.

"We hope lackeys like Sadat and Hussein will be destroyed soon," the Ayatollah said, referring to the Presidents of Egypt and Iraq, "and the honorable Islamic nation will do to these criminals what our nation did to Mohammed Riza, the criminal, and that finally, in order to achieve independence, we will cut relations with the superpowers, particularly the United States.

"I have repeatedly said that our relations with the likes of America is a relation of the oppressed with the world-gobblers."

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### S. 2555

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That (a) notwithstanding any other provision of law (including any treaty or other international agreement to which the United States is a party), if the President determines, at any time that begins on the date of the enactment of this Act, that the government of any foreign country or any instrumentality thereof is not cooperating with the United States in its diplomatic, economic or other initiatives to terminate the unlawful actions of the government of Iran (including, but not limited to, the unlawful actions of citizens of Iran undertaken with the consent of its government) that violate recognized international law and practice with respect to United States citizens who are assigned within Iran as personnel of a United States diplomatic mission, the President may by proclamation—

(1) if that foreign country is not a Communist country within the meaning of general headnote 3(a) of the Tariff Schedules of the United States, impose the rates of duty in column numbered 2 of such Schedules on the products of that country, and, in the case of products of that country that are duty free under column numbered 2, impose a rate of duty of 50 per centum and valorem (or its equivalent); and

(2) if that foreign country is a Communist country within the meaning of such general headnote 3(a), impose an additional duty of 50 per centum ad valorem (or its equivalent) on the products of that country that were dutiable on December 1, 1979, and in the case of products of that country that were duty free as of such date, impose a rate of duty of 50 per centum ad valorem (or its equivalent).

(b) Any imposition by the President under subsection (a) of a higher or additional rate of duty on the products of any foreign country shall apply with respect to such products that are entered, or withdrawn from warehouse, for consumption within the customs territory of the United States on or after the date of the enactment of this Act and before the day on which the President terminates such imposition.

SEC. 2. If the President proclaims a higher or additional rate of duty on the products of any country under the first section of this Act, then, for the period during which such additional or higher duty is in effect, the President—

(1) may not grant a waiver under section 301(a) of the Trade Agreements Act of 1979 (19 U.S.C. 2511(a)) with respect to any product of that country, and shall withdraw any such waiver granted before the beginning of such period with respect to any product of that country.

(2) may not grant a delay or any authority under section 302(b) of such Act (19 U.S.C. 2512(b)) with respect to any product of that country and shall terminate any such delay or authority granted before the beginning of such period to the extent that it relates to products of that country, and

(3) may not grant a waiver under section 303 of such Act (19 U.S.C. 2513) with respect to any product of that country, and shall withdraw any such waiver granted before the beginning of such period with respect to any product of that country.

### SECTIONAL SUMMARY OF IRAN SANCTIONS COMPLIANCE LEGISLATION

Section 1(a) of the draft would authorize the President at any time after its enactment into law to impose higher and additional rates of duty on the products of any foreign country the government of which is not cooperating with the United States in its diplomatic, economic or other efforts to secure the release of the diplomatic personnel held hostage in Iran.

Clause (1) of section 1(a) would provide that the products of a non-Communist country which presently enjoy the lower column 1 rate of duty would be subject to the higher column 2 rate of duty when the President makes the proclamation authorized by this section. In the event the products of that country are duty free (i.e., there is no duty indicated in column 2), then, the proclamation authorized by section 1 would impose a rate of duty of 50 percent ad valorem.

Clause (2) of section 1(b) would provide that the products of a Communist country which are presently subject to rates of duty under column 2 would be subject to an additional duty (i.e., in addition to column 2 rates on December 1, 1979) of 50 percent ad valorem. In the event that the products of that country were eligible for duty free treatment on December 1, 1979, then the proclamation authorized by this section would impose a rate of duty of 50 percent ad valorem (or its equivalent).

The proclamation authorized to be issued by section 1 would effectively supersede any inconsistent or contrary law, including any treaty or other international agreement to which the United States is a party.

Section 1(b) would provide that any higher or additional rate of duty proclaimed by the President pursuant to section 1(a) shall apply to products from affected foreign countries that entered, or were withdrawn from warehouse, for consumption within the customs territory of the United States on or after the date of the proposal's enactment into law. Thereafter such higher or additional duties shall continue in effect until terminated by the President.

Section 2 would effectively prohibit the Federal Government from procuring goods for its own use from foreign countries covered by a presidential proclamation authorized by section 1. The bar against federal procurement from such sources is accomplished by making select waiver provisions authorized by the Trade Agreements Act of 1979, Public Law 96–39, inapplicable to the circumstances encompassed by the draft. Thus, section 2 (1), (2) and (3) would nullify the waiver or deferral authority contained in sections 301(a), 302(b) and 303 of the 1979 Act (19 U.S.C. §§ 2511(a), 2512(a) and 2513) and any waivers or deferrals previously granted to foreign countries covered by a presidential proclamation.

The Buy American Act of 1933, 41 U.S.C. § 10a–10d, as implemented by Executive Orders 10582 and 11051, requires the purchase of domestic product unless the cost is unreasonable or the domestic purchase is not otherwise in the public interest. Buy American operates to give a price preference to firms using materials of domestic origin. The preference is 6 or 12 percent for civilian agency purchases, and 50 percent for Defense Department procurements.

Under section 301(a) of the Trade Agreements Act of 1979, 19 U.S.C. § 2511(a), which would not apply by virtue of section 2(1) of the draft, the President is granted authority effective January 1, 1981, to waive the application of discriminatory government procurement law, such as the Buy American Act and those labor surplus area set-asides that are not for a small business. The waiver is authorized in four circumstances contained in section 301(b). The first three require the foreign country to provide appropriate reciprocal competitive government brocurement opportunities to U.S. products. The fourth applies to "least" developed countries and does not require reciprocity in return for application of the waiver.

Section 302(a) of the Trade Agreements Act of 1979, 19 U.S.C. § 2512(b), requires the President, once he grants any waiver under section 301(b), to prohibit the procurement of goods from countries which do not have such a waiver. Under section 302(b), the President has authority to delay its application to all countries, but only for a period not to exceed 2 years. It authorizes agency heads to waive the prohibition on a case by case basis when waiver is in the national interest. It also permits the Secretary of Defense to waive the prohibition for products of countries which enter into a reciprocal procurement agreement with the Department of Defense. The various forms of waiver authorized by section 302(b) could not be used to waiver or delay the procurement ban that would be imposed by the draft by virtue of section 2(2).

Section 303 of the Trade Agreements Act of 1979, 19 U.S.C. § 2513, which would not apply by virtue of section 2(3), of the draft, authorizes the President to waive, effective January 1, 1980, the application of the Buy American Act for government purchases of civil aircraft and related articles of countries party to the Civil Aircraft Agreement.

As indicated, the proposal under consideration, is premised on Congress' powers to lay and collect taxes, duties, imposts and excises, and to regulate commerce with foreign nations. It is clear that in levying import duties Congress is not confined to raising revenue, but can levy such duties in order to promote desired economic and other objectives. "So long as the motive of Congress and the effect of its legislative action are to secure revenue for the benefit of the general government, the existence of other motives in the selection of taxes cannot invalidate Congressional action." *J. W. Hampton & Co.* v. *United States*, 276 U.S. 394, 412 (1928). The power to regulate commerce is the power to prescribe conditions and rules for the carrying-on of commercial transactions. *Gibbons* v. *Ogden*, 9 Wheat. (22 U.S.) 1.196 (1824). Briefly, your proposal is well within Congress' Article I, section 8 powers.

Although the adoption of this legislation may raise international political consequences of not insignificant moment, it is clear that Congress may by statute override the domestic consequences of treaties and agreements to which the United States is a party. *Pigeon River Co.* v. *Cox Co.*, 291 U.S. 138, 1609 (1934). Since the international obligation remains unaffected, however, adoption of the legislation would effectively impose an obligation on the President to advise the other signatories of treaties and agreements to which we are parties, such as the General Agreement on Tariffs and Trade, most-favored-nation agreements and the like, of the changed U.S. position regarding duty treatment of their products in the event they fail to support U.S. policy as required by the legislation.

Additionally, the President presently does not possess the power to increase tariffs along the lines proposed by the legislation. The Trade Act of 1974, P.L. 93–618; 88 Stat., 1978, in section 101 gave the President authority to increase (or impose) rates of duties not to exceed 50 percent above the column 2 rate existing on January 1, 1975, or 2 percent ad valorem above the rate existing on January 1, 1975, whichever is higher. This authority was authorized as part of negotiated trade agreements authorized in section 101. The authority to negotiate trade agreements for these and other purposes was only for five years and lapsed January 3, 1980. For these reasons, it would appear that the Presidents' authority to increase rates of duty as proposed by the draft is unavailable in the circumstances covered by the draft.

### EUROPE GIVES SOFT ANSWER TO CARTER TRUMPET ON IRAN

(By Edward Girardet, Elizabeth Pond, and Rushworth M. Kidder)

President Carter's clear call for a trade embargo of Iran has brought an uncertain and muted response from the countries the United States is counting on: its Western European allies and Japan.

Two key countries, France and Japan, appear distinctly unhappy, if not opposed, to the idea of going along with a boycott.

French President Valery Giscard d'Estaing shows every indication of backing off from any kind of cooperative action that would help make the boycott stick. Right now he has presidential elections on his mind and for domestic political considerations is reluctant to take a stand that would be interpreted as cozying up to Washington.

Japan the largest importer of Iranian oil among the Western allies—it imports about 10 percent of its oil from Iran—is veering away from taking economic sanctions. Tokyo feels it is far too dependent on Iranian oil to support the U.S.-inspired boycott.

Europe has long since felt that it, too, had far more to lose from a boycott than the United States.

Canada, Britain, and West Germany are expected to react more favorably to President Carter's decision. Britain's pronounced pro-U.S. stand has been obvious for some time, but the United States is looking to West Germany—which has much more economic and political clout in the European Community than Britain—to promote the U.S. position.

Canadian Prime Minister Pierre Trudeau has responded sympathetically to the plight of the United States, but is still consulting with his allies on the boycott.

As the following reports indicate the response, generally, from major European capitals suggests U.S. allies are not yet jumping into the act of implementing a full trade embargo.

### EDWARD GIRARDET REPORTS FROM PARIS

It seems doubtful that France will make any rapid, constructive moves in support of the American blockade against Iran. Although some French officials have privately welcomed President Carter's initiative and firmness, which they consider long overdue, the government is expected to tread cautiously before committing itself, if at all.

Analysts feel that if French President Giscard d'Estaing makes any forthright decision, it will bound to be influenced by electoral strategy. Compared to West Germany and Britain, France imports relatively little oil from Iran, but Mr. Giscard d'Estaing cannot appear to be too pro-American in his policies in view of the upcoming 1981 presidential elections.

"Right now Giscard is trying to be more Gaullist than the Gaullists." noted one Western diplomat, "so he can't appear to be at the orders of the American government."

For the past several months, the President has been trying to neutralize his Gaullist critics in a bid for a wider spectrum of support from the right.

Although the French are perfectly aware that American sanctions will prove less effective without European support, government sources say they consider it unlikely the French President will do anything so drastic as to adopt cooperative measures.

France is known to maintain close contacts with the Iranian government and tends to regard itself as the most obvious mediator to help resolve the crisis.

But Washington's message to the Europeans that they have nothing to gain by hoping to keep open oil supplies with Iran rather than demonstrate Western solidarity, has been interpreted by some French as yet another example of American pressure.

Some French analysts feel that by imposing sanctions the United States has entered on a dangerous path. "Twenty years ago," wrote the highly respected Le Monde, "President Eisenhower contributed toward throwing Cuba into the arms of the Soviet Union by imposing rigorous economic sanctions." The appearance of an Iranian form of Castroism would have such consequences for the United States and the West, said the newspaper, that the present reserve among the allies must also be regarded as a form of wariness.

### ELIZABETH POND REPORTS FROM BONN

The West German government has implied its willingness to take actions in support of the American economic sanctions against Iran. The indications are that it would be very cautious about any American blockade of Iran, however.

At this writing, no specific actions in support of the American embargo had been decided on by the nine foreign ministers of the European Community (EC) meeting in Lisbon. Diplomats here expect that the West German role in these talks will be to toughen the joint EC response.

The West German government has not gone as far as the British government in declaring its solidarity with the U.S. actions. But to Americans, Bonn's behind-the-scenes role in the EC is more important than West German public rhetoric would be. As one diplomat put it, "The Germans are in and the British are out" of the real EC decision-making.

And private contacts and the Aesopian public language used by West Germany so far indicate to American diplomats that West Germany will support concrete action by the EC in the Iranian crisis.

All that has been said publicly so far, in the April 9 West German Cabinet statement, is that "the [West German] Government at no time left any doubt that it would act as a friend and partner of the United States." Government spokesman Armin Gruenewald stressed the word "act" in his press conference after the Cabinet meeting and repeated a pledge from Chancellor Helmut Schmidt's government statement of Jan. 17.

In that statement Mr. Schmidt said that if the U.S. decided to act in consonance with the UN Security Council resolution condemning the Iranian hostage taking, that West Germany would stand by the U.S. even if it meant sacrifices for West Germany.

At this point such sacrifices could reduce West Germany's oil imports by a sizable 10 percent. This is the amount—11.5 million tons last year—that West Germany is importing from Iran. Following announcement of the American sanctions Iran threatened to cut off exports to any country that joined in them.

West German exports to Iran are less important, since they dropped to 2.3 billion deutsche marks ($1.2 billion) last year, down two-thirds from the previous year. From the Iranian viewpoint, the greatest impact of any German embargo on exports would probably fall on the projects—primarily in electricity and other industry—that German firms are constructing in Iran.

The German sympathy for the embargo now contrasts with Bonn's resistance to an embargo when President Carter first proposed it several months ago. The difference lies partly in better preparation and consultation this time. But it results primarily from the feeling that Mr. Carter was moving too hastily to confrontation before, without having exhausted the possibilities of diplomacy—and that this time he has exhausted diplomacy beyond any doubt.

The April 9 government statement expressly recognized that "from the first day of the hostage-taking the American government tried through its responsible conduct to avoid the present situation."

West German backing for any U.S. decision to blockade Iran is questionable, however. When asked about this at his press conference Dr. Gruenewald replied only that the government would decide this issue if it arose. In private conversations American diplomats have so far encountered a feeling that such a move would be very risky.

### RUSHWORTH M. KIDDER REPORTS FROM LONDON

As yet, there has been no official government response, but one British government spokesman close to Prime Minister Margaret Thatcher's thinking said, "I think her gut reaction will be, "one has to do the best one can to get the hostages out."

Lest that sound unsupportive, he hastened to recollect her Dec. 17 statement at the White House. "At times like these," she told President Carter, referring to the crisis over the hostages, "you're entitled to look to your friends for support."

That was before the Afghanistan invasion and the ensuing move toward an Olympic boycott. Mrs. Thatcher's quick and favorable response to that boycott demonstrated the sincerity of her "support." It outdistanced her less decisive European allies—and caused some friction among them.

The question now: Is the American call for a boycott of Iran analogous to the American call for a boycott of the Olympics, and will Britain once again take a lead among European nations in responding?

So far, the British are treading carefully. The lengthy document delivered April 8 by U.S. Ambassador Kingman Brewster is being studied "sympathetically and urgently," says a Foreign Office spokesman.

That unpublished document, similar if not identical to the ones circulated in other European capitals, was described privately by a British diplomat who had seen it as a "substantial" statement of the American position. It details the recent American actions, thanks Britain for her previous support, and sets forth a number of options for future action.

Before responding, Britain has several considerations:

Oil. Unlike its European allies and Japan, Britain, with its North Sea oil, would not be deeply touched by a shut-off of Iranian crude. In March, it imported only 275,000 tons from Iran—roughly 3 percent of its needs.

Trade. Imports from Iran in 1979 totaled £244 million ($525 million), exports to Iran £232 million ($499 million)—considerably below a 1976 peak of £1.56 billion ($3.35 billion) of import and export trade.

European relations. Britain may want to move more in concert with its European allies on this issue than it did on the Olympic boycott—especially with a ticklish EC summit coming up. But unlike the Olympic boycott proposal, this issue was not a great surprise; one government official confirmed that there had been "very, very close contact" between Downing Street and the White House prior to the sanctions announcement.

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[From the Washington Star, Apr. 12, 1980]

### WHAT ARE ALLIES FOR?

The Carter administration has incurred a risk in openly urging two dozen friendly and/or allied nations to take stronger measures against Iran in the hostage crisis. The allied response, according to initial indications, may be disappointing.

America's Western partners have a variety of rationalizations for not emulating the newly hardened U.S. policy toward Iran, which includes economic sanctions and the suspension of diplomatic relations. Some allies are still dependent on Iranian oil, although production has suffered drastically since the anti-shah revolution.

Some, while vowing to maintain a "supportive" role in the American demand for the hostages' release, argue the merits of a softer line in their own dealings with Tehran. Diplomatic contact, they say, should be preserved to keep Iran from turning completely away from the West and embracing the Soviet Union.

The Carter bid for heartier allied backing might also run up against our friends' wariness about past fluctuations in U.S. policy, which until a few days ago stressed patience, cajolery and a hope that moderate Iranians would make progress toward ending the dispute. An old all-purpose allied complaint, about Washington's inadequate stress on prior consultation, can be put to use to explain delay and lack of enthusiasm in dealing with the new U.S. call for support.

But the rallying of America's friends for a firmer stand against the embassy outrage is necessary to give Mr. Carter's new policies an effectiveness they otherwise would lack. U.S. economic sanctions by themselves are almost meaningless—little trade remained to be cut, and other countries can supply Iran's needs. The diplomatic break by Washington also may contribute little to Iran's isolation—the link in Tehran already was shattered by the embassy seizure. If Mr. Carter's actions are to have any bite, something more is needed.

The allies should detect some self-interest in offering support going well beyond a restatement of the pieties about Iran's violation of international law. The United States is the leader and the strongest component of the Western alliance. All its members suffer when the U.S. role is undercut, and when policy divisions are allowed to widen. A split between America and Western Europe, for instance, has always been a Kremlin dream. It would be unthinkable to let Iran succeed even minimally where the Soviets have been repeatedly rebuffed.

Traditional users of Iranian oil, like West Germany and Japan, should keep this consideration in perspective. With Iran's exports a fraction of what they were, the proportionate importance of its supplies to these allies is accordingly reduced. Iranian oil can be replaced in the present world market. It is doubtful, anyway, that Iran with its limping economy would cut off shipments to punish countries for supporting the United States.

The greater danger of an interruption of the oil flow to Europe and Japan lies in the possibility of a U.S. blockade of Iranian ports should the present measures prove futile.

So America's hesitant allies might well take this opportunity to reflect on what the alliance is worth to them, and how they might best nurture it at a time when Iranian psychosis is only one of the dangers. (A simultaneous test involves the joint response to the Soviet invasion of Afghanistan, including the U.S.-led campaign to boycott the Moscow Olympics.) The results are being watched by both enemies and friends.

And among the most interested observers are the American people who might well ask, if told in effect to go it alone: What are such allies, and such alliances, worth?

## STATISTICS ON IRAN'S MAJOR TRADING PARTNERS

(By Carolyn Kay Brancato, Congressional Research Service, specialist in energy and utility economics, Economic Division, April 10, 1980)

### U.S. EXPORTS TO IRAN

Exports to Iran have fallen off considerably. Table I indicates that total 1978 exports were $3.678 billion, whereas for 1979, they were $1.330 billion. During the first two months of 1980, the Department of Commerce reports that total U.S. exports to Iran were $3.4 million, which if continued on an annual basis would total approximately $20 million for 1980. The largest category of exports to Iran continues to be machinery and transport equipment, which was $2.176 million during the month of January 1980. No food was reported exported to Iran by the U.S. during January. February data by commodity is as yet unavailable.

TABLE 1.—*U.S. exports to Iran*

[In millions of U.S. dollars]

| | 1978 | 1979 |
|---|---|---|
| Food and live animals | $354.7 | $311.2 |
| Animal and vegetable oils | 120.2 | 99.5 |
| Machinery and transport equipment | 1,446.3 | 360.9 |
| Chemical and chemical products | 124.3 | 61.7 |
| Manufactured goods | 184.4 | 60.7 |
| Other | 254.2 | 371.0 |
| Total nonmiltary | 2,484.1 | 1,265.0 |
| Special category [1] | 1,193.9 | 65.1 |
| Total | 3,678.0 | 1,330.1 |

[1] Special category composed of military equipment. From January-September 1979, exports were $63.3 million and from October-December 1979, they were $1.8 million.

Source: U.S. Department of Commerce.

### U.S. IMPORTS FROM IRAN

Imports from Iran were $2.876 billion in 1978. During the first quarter of 1979, they dropped off to a monthly average of $75.4 million, then picked up to $315.1 million during the third quarter. For the year 1979 as a whole, imports were $2.783 billion, 93 percent of which were petroleum products (see Table 2). By early 1980, however, the U.S. had significantly cut Iranian imports from $266.5 million in January to $36.2 million in February. Of the January total, the Department of Commerce reports that $256.7 was petroleum products, $4.8 million was carpets, and $2.8 million was for sheepskins and lambskins. A February breakdown of U.S. imports from Iran is not currently available.

TABLE 2.—*U.S. imports from Iran in 1979*

[In millions of U.S. dollars]

| | |
|---|---|
| Food and live animals | $62.5 |
| Petroleum and petroleum products | 2,583.8 |
| Chemical and related products | 0.2 |
| Manufactured goods | 57.4 |
| Machinery and transport equipment | 0.1 |
| Other | 79.7 |
| Total | 2,783.7 |

Source: U.S. Department of Commerce.

### IRAN'S MAJOR TRADING PARTNERS

Most recent data from the Economist Intelligence Unit, Inc., indicate Iran's major trading partners (see Table 3). These data do not include trade with the Soviet Union; most recent published figures indicate that the Soviet Union accounted for 1 percent of Iranian imports and 12 percent of Iranian exports in 1976–77. During 1978, Japan was the largest importer from Iran, with petroleum products the largest category of imports. The largest exporter to Iran in 1978 was the United States, which accounted for 20 percent of exports to Iran. West Germany was the next largest exporter, with 18 percent of exports to Iran; Japan was third largest, accounting for 16 percent of 1978 exports to Iran (see Table 3 on following page).

### IRANIAN OIL TRADE

Table 4 details the most recent available data on crude oil trade between Iran and the major industrialized countries. In all cases, there has been a drastic falling off of oil imports from Iran as a percent of the total crude oil imports. In the United States, for example, for January through August 1979, Iranian crude oil imports were running at 3.5 precent of total U.S. imports compared to 8.7 percent for the full year 1978. In 1979, Denmark was importing the largest percent of its crude oil from Iran (11.1 percent), and West Germany had the next largest import share from Iran (10.6 percent). (See Table 4 on page 5.)

TABLE 3.—TRADE OF IRAN WITH MAJOR TRADING PARTNERS [1] MONTHLY AVERAGES

[In thousands of dollars]

| | Japan [2] | | West Germany | | Italy | | United States [3] | | Netherlands | |
|---|---|---|---|---|---|---|---|---|---|---|
| | January to December 1977 | 1978 | January to September 1977 | 1978 | January to December 1977 | 1978 | Year 1978 | January to May 1979 | January to March 1978 | 1979 |
| Imports from Iran, c.i.b.: | | | | | | | | | | |
| Fruit, vegetable and products | 350 | 335 | 1,312 | 1,221 | 21 | 21 | 2,430 | 4,834 | 162 | 80 |
| Hides and skins, undressed | 4 | 29 | 378 | 303 | 1,503 | 2,667 | 2,189 | 3,769 | | |
| Wool and other animal hair, raw | 6 | 1 | | 14 | | 43 | 243 | 100 | | 296 |
| Cotton, raw | 3 | 2 | 929 | 1,212 | 564 | 476 | | | | |
| Metalliferous ores and scrap | 1,473 | 1,061 | 23 | 338 | | 105 | | | | |
| Textile yarn, cloth and manufacturers | 279 | 740 | 15,551 | 22,072 | 626 | 813 | 2,707 | 2,785 | 3,262 | 1,330 |
| Total, excluding petroleum and products, including other items | 2,958 | 3,614 | 22,205 | 29,163 | 3,518 | 5,312 | 14,885 | 13,558 | 4,050 | 1,779 |
| Petroleum and products | 353,826 | 354,172 | 131,445 | 141,750 | 120,797 | 124,683 | 224,893 | 62,042 | 115,629 | 41,008 |
| Percent share in Iran's exports 1975 and 1976 [4] | 29 | 22 | 8 | 10 | 5 | 6 | 9 | 8 | 9 | 8 |

| | West Germany | | Japan [2] | | United States | | Italy | | United Kingdom | |
|---|---|---|---|---|---|---|---|---|---|---|
| | January to September 1977 | 1978 | January to December 1977 | 1978 | January to May 1978 | 1979 | January to December 1977 | 1978 | January to March 1978 | 1979 |
| Exports to Iran, f.o.b.: | | | | | | | | | | |
| Cereals and products | 270 | 141 | 10 | 8 | 23,968 | 31,764 | | 105 | 140 | 41 |
| Animal and vegetable oils and fats | 257 | 285 | 8 | 11 | 7,174 | 3,926 | 2 | 57 | 8 | 1 |
| Chemicals | 18,327 | 22,770 | 5,490 | 6,973 | 11,670 | 2,527 | 4,346 | 5,585 | 10,946 | 2,680 |
| Rubber manufacturers | 668 | 811 | [5] 2 200 | [5] 4,399 | 341 | 34 | 375 | 593 | 415 | 79 |
| Textile yarn, cloth and manufacturers | 5,161 | 4,363 | [5] 4,939 | [5] 17,633 | 544 | 111 | 2,242 | 2,906 | 3,144 | 451 |
| Iron and steel | 10,151 | 22,547 | [6] 50,056 | [6] 66,429 | 2,967 | 2,022 | 5,001 | 6,885 | 2,723 | 844 |

See footnotes on following page.

TABLE 3.—TRADE OF IRAN WITH MAJOR TRADING PARTNERS [1] MONTHLY AVERAGES—Continued

[In thousands of dollars]

| | West Germany | | Japan [2] | | United States | | Italy | | United Kingdom | |
|---|---|---|---|---|---|---|---|---|---|---|
| | January to September 1977 | 1978 | January to December 1977 | 1978 | January to May 1978 | 1979 | January to December 1977 | 1978 | January to March 1978 | 1979 |
| Nonferrous metals | 3,446 | 3,565 | [6] 5,640 | [6] 7,002 | 879 | 52 | 743 | 1,736 | 840 | 386 |
| Metal manufactures | 9,376 | 12,521 | 2,454 | 3,151 | 5,650 | 2,851 | 11,450 | 13,271 | 5,845 | 1,363 |
| Machinery, nonelectric | 92,066 | 152,905 | 19,378 | 42,864 | 67,762 | 20,331 | 20,041 | 23,522 | 40,435 | 13,425 |
| Electric machinery and appliances | 32,602 | | 14,909 | 32,096 | | | 9,732 | 10,763 | | |
| Road vehicles | 27,318 | 22,611 | 25,549 | 27,026 | 10,207 | 1,264 | 2,992 | 2,421 | 22,004 | 3,184 |
| Aircraft | 21 | 888 | | | 34,815 | 7,502 | 5,381 | 7,804 | 630 | 79 |
| Ships | 973 | 105 | 5,080 | 2,876 | 133 | 1 | 3,010 | 21 | 565 | 69 |
| Scientific instruments, etc | 3,456 | 5,293 | 4,643 | 7,200 | 5,001 | 574 | 867 | 859 | 2,461 | 992 |
| Total, including other items | 228,314 | 275,211 | 159,803 | 227,356 | 316,690 | 90,124 | 75,397 | 88,899 | 113,472 | 27,299 |
| Percent share in Iran's imports 1975 and 1976 [4] | 18 | 18 | 16 | 16 | 20 | 17 | 3 | 5 | 8 | 8 |

[1] Figures from partners' trade accounts.

[2] Japan's imports from Iran, January to March 1978 and 1979 averaged $366,700,000 and $68,400,000; Japan's exports to Iran, January to March 1978 and 1979 averaged $239,300,000 and $17,800,000.

[3] Imports, fas.

[4] Calculated from Iran's trade statistics.

[5] Including raw materials.

[6] Including manufactures.

Note: Commodity totals are the sum of items shown in the above trade accounts and may be incomplete.

Source: Quarterly Economic Review of Iran, 3d quarter 1979, The Economist Intelligence Unit, Ltd.

TABLE 4.—GROSS IMPORTS OF CRUDE OIL FROM IRAN AS PERCENT OF TOTAL IMPORTS

| | 1978 percent | 1979 cumulative through | 1979 percent |
|---|---|---|---|
| Australia | 9.9 | June | 1.2 |
| Austria | 19.5 | December | 2.6 |
| Belgium | 22.9 | September | 7.1 |
| Canada | 17.8 | July | 4.1 |
| Denmark | 21.4 | October | 11.1 |
| France | 9.5 | December | 4.9 |
| Germany | 18.1 | October | 10.6 |
| Italy | 13.7 | September | 2.0 |
| Japan | 17.9 | October | 8.6 |
| Netherlands | 24.6 | November | 9.4 |
| Portugal | 22.6 | May | 6.6 |
| Spain [1] | 19.0 | June | 4.5 |
| Sweden | 17.5 | September | 7.5 |
| Switzerland | 12.5 | October | 1.8 |
| United Kingdom | 14.0 | November | 5.1 |
| United States | 8.7 | August | 3.5 |

[1] Excludes Canary Islands.

Source: Oil and Energy Trends, Energy Economic Research Limited, February 1980, vol. 5, No. 2.●

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By Mr. GLENN:

S. 2558. A bill to amend title 38 of the United States Code to maintain adequate authorization for public service appropriations to the Postal Service, to protect the health and safety of postal workers, to protect the public against mail fraud, and for other purposes; to the Committee on Governmental Affairs.

### POSTAL SERVICE ACT OF 1980

● **Mr. GLENN.** Mr. President, I am today introducing the Postal Service Act of 1980, on which hearings have already begun before the Subcommittee on Energy, Nuclear Proliferation, and Federal Services. This bill is designed to deal with a number of problems that have developed with respect to the Postal Service since the enactment of the Postal Reorganization Act of 1970.

One of the things which has become apparent in the past few years is the need to provide an adequate level of protection for postal workers who in many cases must work in a hazardous environment. Section 2 of the Postal Service Act of 1980 would subject the Postal Service to OSHA inspections, investigations, recordkeeping requirements, and sanctions. It is my expectation that the provisions of this section, including the reporting requirement, will provide an incentive for the Postal Service to insure that the working conditions for postal workers will be as safe and as healthful as possible.

The bill also provides protection for consumers who shop by mail. Under section 3 of the bill, the Postal Service will be better able to investigate and determine whether misrepresentations have been committed by mail. In addition, the Postal Service will be able to impose civil penalties for violations of mail stop orders.

It is necessary to recognize, Mr. President, that the charter given the Postal Service by the Reorganization Act has proven unrealistic in expecting this fundamental service to be rendered on a self-sufficient basis. Postal Service management has not been given a totally free hand in terms of determining what services should be rendered to the American public, in what quantity, and what services can be either cut back or eliminated entirely. We recognize that there are values beyond mail service to be obtained from keeping open small, rural post offices that may not be self-sufficient. We also recognize that the concept of universal service at a uniform price involves a public service aspect that goes beyond the question of hard economic analysis.

Accordingly, Mr. President, there is a logical argument to be made for maintaining the public service subsidy to the Postal Service at some reasonable level. It is difficult, at this time, to determine just what that level should be; that is, precisely what one ought to include under the rubric of public service and what price tag to attach to it. In this bill I have taken as my guide the figure that was provided as the public service subsidy in the Postal Reorganization Act of 1970 and which remained in effect until fiscal year 1980. Certainly the demand for public services from the Postal Service has not declined within the past 10 years.

It, therefore, seems prudent to me that we retain $920 million public service subsidy for the Postal Service, a subsidy which has no inflationary impact since the elimination of the subsidy would simply result in an increase in postal rates. That is not to say that the Postal Service ought to be given a check for this amount with no accounting as was the case in the past. The bill provides for the Postal Service to give the Congress a functional breakdown on its expenditure of public service funds, what services for how much subsidy. It is my intention to ask the General Accounting Office to keep close tabs on expenditures of public funds by the Postal Service to insure that the taxpayers receive their money's worth for every penny that is expended.

Another important aspect of the bill has to do with alleviating the regulatory morass that surrounds proposals by the Postal Service for changes in the mail classification schedule, whether on an experimental or permanent basis. The bill provides for expedited procedures to be used by the Postal Rate Commission in dealing with such proposals by the Postal Service to insure that the Postal Service can fairly compete in a changing market by allowing it to alter services provided to users in conformance with demand.

As we begin to move closer toward the 21st century, it will be necessary for the Postal Service to adjust more quickly to changing conditions with respect to the communications market. That suggests that the Commissioners of the Postal Rate Commission and the members of the Board of Governors will have to have the knowledge, the vision, and the ability to help guide the Postal Service through what may turn out to be a difficult transition. Without in any way casting aspersions on the abilities of past members or present members of the Board of Governors and of the Postal Rate Commission, I believe it is important to set out in legislation specific qualifications for individuals who will serve in those capacities in the future. Accordingly, the bill provides such qualifications in section 10.

Finally, the bill provides for some

minor outlays—for funding the Postal Rate Commission out of the Treasury and for some slight rate relief for institutions eligible for the library rate.

Mr. President, I do not claim that this bill deals with every problem associated with the Postal Service over the setting of postal rates. It is my belief, based upon the climate in which we are presently operating in the Congress today, that any proposals dealing with the management structure of the Postal Service or with any substantial change in the manner in which the Postal Service goes about setting rates, is more properly left for the next Congress. I believe the bill I am introducing today deals realistically with problems which can be resolved by this Congress and this administration. Accordingly, I ask the support of all my colleagues for this piece of legislation.

I ask unanimous consent that a section-by-section analysis of the bill as introduced be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

### POSTAL SERVICE ACT OF 1980, SECTION-BY-SECTION ANALYSIS

#### SEC. 1. SHORT TITLE

#### SEC. 2. OCCUPATIONAL SAFETY AND HEALTH

Section 2 (a) and (b) would amend 39 U.S.C. 410 by removing the Postal Service from the Federal agency safety and health program and placing it under the provisions of the Occupational Safety and Health Act of 1970. The Postal Service would thus be subject to OSHA inspections, investigations, record-keeping requirements and sanctions (including criminal and civil penalties in the same manner as private employers.

Section 2(c) would amend 39 U.S.C. 409 by removing the existing requirement that the Postal Service have the consent of the Attorney General in order to employ attorneys, by contract or otherwise, to conduct litigation brought by or against it or its officers or employees under OSHA.

Section 2(d) would require the Postal Service to submit to Congress an annual report on the number of personal injuries and illnesses arising out of work situations, the establishment and retention of safe and healthful working situations, the elimination of health hazards and retention of training programs to encourage safe and healthful working environments.

#### SEC. 3. FALSE REPRESENTATIONS: INVESTIGATION AND CIVIL PENALTIES

Section 3 would amend 39 U.S.C. 3005 by adding new subsections (e), (f), and (g).

39 U.S.C. 3005(e) would authorize an Administrative Law Judge of the Postal Service to impose a civil penalty of not more than $10,000 for each violation of a mail stop order. In determining the amount of the penalty, the Postal Service must consider the nature, circumstances, extent and gravity of the violation, the degree of culpability, history of prior offenses, ability to pay, and any good faith efforts to avoid violations. Such subsection also provides for a written notice of charges, opportunity for a hearing, and judicial review of Postal Service decisions to impose penalties.

39 U.S.C. 3005(f) would authorize the Postal Service to demand, in connection with any matter investigated under this section access to certain records, and purchase of articles for sale by mail. In addition, if a person refuses such demand, such refusal shall be treated as probable cause of a violation of the provisions of this section.

39 U.S.C. 3005(g) would allow the Postal Service to request a court order in any case where a person fails to comply with a demand issued pursuant to this section or fails to pay a civil penalty assessed pursuant to this section.

#### SEC. 4. CIVIL PENALTIES FOR FAILURE TO PAY LAWFUL POSTAGE

Section 4 amends subchapter 11 of chapter 36 of title 39 by adding a new subsection 3629 to provide authority to the Postal Service to assess civil penalties of up to 100 percent of the unpaid postage on mail users who fail to affix lawful postage. In addition, it would permit the Postal Service to suspend permits for mailing without postage stamps in the event of nonpayment of penalties assessed against permit holders.

Subsection (c) of the new section 3629 provides for written notice of charges, opportunity for a hearing, and judicial review of Postal Service decision to impose penalties.

Subsection 4(b) amends the table of sections for subchapter II of chapter 36 of title 39, U.S.C.

#### SEC. 5. PUBLIC SERVICE AUTHORIZATION AND ANNUAL REPORT

Subsection 5(a) amends 39 U.S.C. 2401 in its entirety. The new subsection 2401(a) retains the present direct appropriation to the Postal Service of the revenues it receives. The new subsection 2401(b) retains the present authority for appropriations to compensate the Postal Service for revenue foregone for free and reduced rate mail pursuant to law.

The new subsection 2401(c)(1) amends the current authorization provisions for a "public service" authorization to the Postal Service. In lieu of the present authorization, it provides for an authorization of $920,000,000 annually. The authorization is amended to change the present provision for reimbursement "for public services incurred by it (the Postal Service) in providing a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be self-sustaining, as elsewhere," to reimbursement for costs incurred "in the establishment and maintenance as a public service of a comprehensive nationwide system for the regular and effective delivery of mail matter, and in recognition of the value of such a system to the nation and to recipients of mail."

The new paragraph (2) of subsection 2401 (c) provides that, of the sums authorized by 2401(c)(1), an amount determined by the Postal Service in each fiscal year shall be expended to carry out a comprehensive program of research and development in connection with improved methods of postal services, including methods of electronically sending and delivering letters and other mail matter.

The new subsection 2401(d) requires that the Postal Service, in submitting its budget and request for appropriations under section 2401, shall report annually on the expenditure of its funds appropriated pursuant to this subsection, in the preceding fiscal year and the proposed expenditure of the sums requested in the fiscal year for which appropriations pursuant to this subsection are requested. The report shall show the expenditures by function.

The new subsection 2401(e)(1) retains the present requirement for annual submission of the Postal Service budget and a comprehensive statement relating to postal operation, to the relevant legislative committees and the appropriations committees.

The primary change in this subsection would require certain postal planning information to be projected over a 3-year period.

More precise information would be required on such items as contemplated service cutbacks, future rate requirements, major capital improvement projects, borrowing plans, post offices to be established or closed, personnel levels, and the specific duties of the Board pertaining to financial and service audits, accounts and accounting procedures, long-range planning, and consumer advocacy.

The new subsection 2401(e)(2) requires the Board to submit to the relevant committees, by January 15, 1981, a plan for research and development activities, and thereafter, the Board must submit an annual report on research and development programs so long as the expenditures authorized for them are made under subsection (c)(1) of this section.

The new subsection 2401(f) retains the present provisions of law stipulating that the failure of the President to request appropriations authorized by this section shall not constitute a failure of appropriations.

The new subsection 2401(g) continues the present provisions of law limiting the degree to which parcel post rates may be reduced by the application of "public service" appropriations. Under this provision, such appropriations could not be applied in a manner that would reduce zone-rated parcel rates by more than 10 percent from what they would be if the appropriations were not made.

Subsection (b) of section 5 strikes from the law the current subsection (f) of section 2003 and is a technical amendment repealing language applicable to appropriations made for fiscal years 1976 and 1977.

Subsection (c) of section 5 provides that the amendment made by subsection (a) of this section shall become effective fiscal year 1982 or after.

#### SEC. 6. MAIL CLASSIFICATION

Sec. 6(a) would amend 39 U.S.C. 3623 in its entirety. The new subsection 3623(a) would provide that the mail classification schedule describe the categories of mail service sufficiently to delineate the classes and subclasses to which rates and fees apply. The schedule should not include instructions or procedures concerning postal operations or administration.

The new subsection 3623(c)(1) provides that within 60 days after enactment of the Act, the Commission shall establish expedited procedures for review of Postal Service proposals for changes in the text of a mail classification schedule.

The new subsection 3623(c)(2) provides that in reviewing such proposals for mail classification changes the Commission determine, in not more than 90 days, whether a change is likely to result in a substantial and immediate adverse impact upon competition in providing postal services.

Under the new subsection 3623(c)(3), if the Commission determines that such change would not result in a substantial and immediate adverse impact, it must notify the Governors and the Governors may instruct the Postal Service to adopt a final rule in accordance with section 553 of title 5. If the Commission determines it would result in a substantial and adverse impact, it must review the proposed change in accordance with subsection (d) of section 3623 and section 3624 of this title.

Subsection 3623(e) provides that the Postal Service may propose experimental mail classifications, for services not otherwise available under the dmcs (domestic mail classification schedule) accompanied by experimental rates or fees necessary to test operational feasibility and collect cost and market information.

#### SEC 7. COMMISSION DECISIONS

Subsection 7(b) would amend 39 U.S.C. 3624 by redesignating subsection (d) as (e) and inserting the new subsection (d). This new subsection would provide that within 60 days after the Postal Service submits a request for an experimental change in the classification schedule, the Commission must determine whether such request was properly submitted as an experimental change, using specified criteria. The criteria include (1) the novelty, change in service, new term or condition, or change in term or condition; (2) availability or unavailability of data such as costs, volumes, and revenues bearing upon the proposed change; and (3) the scope and magnitude of the new change.

The Commission may require the Postal Service to file such criteria along with an experimental request.

If the Commission finds that the proposed change is not properly designated as an experiment, it shall issue an order outlining its findings with respect to the criteria. If it finds the proposed change to be properly designated as an experiment, the Postal Service may implement the change, after at least 10 days notice in the Federal Register, for a period of no more than two years.

Subsection 7(c) would amend 39 U.S.C. 3624 (c)(2). Presently the Commission is allowed to extend the 10 month limitation on consideration of a Postal Service request for a change in rates or fees if it determines the Postal Service has unreasonably delayed consideration of a request by failing to respond to Commission requests for information in a reasonable time. Subsection 7(c) would require the Commission to identify the orders to which the Postal Service failed to respond; the reasonable time in which it failed to respond; and the number of days of unreasonable delay caused by the Postal Service.

Presently the Commission is allowed to extend its consideration of a Postal Service request by one day for each of a law. Subsection 7(c) would allow the Commission to extend consideration by the lesser of one day for each day of unreasonable delay or one day for each day the Postal Service failed to respond beyond a reasonable time.

### SEC. 8. REDUCED POSTAGE RATES

Sec. 8(a) would amend 39 U.S.C. 3626 by adding at the end the new subsection (e).

Sec. 3626 (e) would provide that catalogs of books, teaching guides, maps or other interpretative matter for use in conjunction with books and other mail matter carried at the "library" rate, as well as the books and other matter presently eligible for that rate can be mailed at the library rate from schools, colleges, universities, or public or non-profit libraries to publishers and distributors, as well as from publishers and distributors to such institutions.

### SEC. 9. POSTAL RATE COMMISSION BUDGET

Subsection 9(a) would amend 39 U.S.C. 3604(d) by revising the method of paying the expenses of the Commission. Under existing law the Commission submits its budget to the Board of Governors of the Postal Service for payment from the Postal Service Fund. Under subsection 9(a) the Commission would submit its budget to the President for payment out of the general Treasury. The President would be required to include the Commission's budget, with recommendations but without revision, in the budget he submits to Congress as required by section 201 of the Budgeting and Accounting Act, 1921.

Subsection 9(b) would amend 39 U.S.C. by adding a new section 3605 to Chapter 36, Subchapter I that grants the Comptroller General explicit authority to audit the Postal Rate Commission.

Subsection 9(c) amends the table of sections of Chapter 36 of 39 U.S.C. to add the new section 3605 pursuant to subsection 9(b).

### SEC. 10. QUALIFICATIONS OF GOVERNORS AND COMMISSIONERS

Sec. 10(a)(2) amends 39 U.S.C. 202(a) to require that the Governors as a result of training, experience and attainments collectively provide an aggregate of broad knowledge and diverse skills in such areas as management of large public service organizations, conducting labor relations policies and programs, providing financial guidance to major enterprises, supervising or designing complex systems of transportation, communications, or energy transmission, and directing substantial programs for technological innovation. Existing language is retained which requires Governors to be chosen to represent the public interest generally, forbidding the appointment of representatives of specific interests using the Postal Service and providing for a Governor's removal for cause.

Sec. 10(a)(3) adds new subsection 202(a)(3) prohibiting former employees of USPS and PRC from appointment to Board for at least five years.

The new subsection 10(a)(4) retains existing language in 39 U.S.C. 202(a) concerning the Governors salary and travel allowance.

Sec. 10(b) amends 39 U.S.C. 3601(a) to require Commissioners of the PRC to possess professional qualifications or demonstrated knowledge in specific fields, in lieu of the present requirement of unspecified professional qualifications." The fields included are postal affairs, communications, law, economics, engineering, accounting, finance, or regulatory affairs, including ratesetting. In addition it prohibits former employees of USPS and PRC from appointment to Commission for at least five years.

### SEC. 11. SERVICE OF GOVERNOR UNTIL SUCCESSOR QUALIFIES

Sec. 11 amends 39 U.S.C. 202(b) by authorizing a Governor to serve up to one year after expiration of his term if a successor has not qualified.

### SEC. 12. PROTECTION OF POSTAL PROPERTY

Sec. 12(a) would amend Chapter 4 of 39 U.S.C. by adding the new section 413. Subsection 413(a) would authorize Postal Service security guards, officers and employees performing duties related to inspection of postal matters, while on property owned or occupied by the Postal Service (except for GSA buildings) powers to enforce Federal laws and Postal Service regulations enacted for protection of persons and property. They would also be empowered to serve warrants and make arrests.

Subsection 413(b) would authorize the Postal Service to grant to law enforcement officers of Federal, State or local law enforcement agencies being utilized to protect postal property the same rights as in subsection 413(a).

Subsection 413(c) would set the penalties for violations of any law or any rule or regulation promulgated by the Postal Service for the government of property owned or occupied by the Postal Service as fines of not more than $500 or imprisonment for not more than 6 months, or both.

### SEC. 13. SIZE AND WEIGHT LIMITATIONS

Sec. 13(a) would amend 39 U.S.C. to make all changes in the size and weight limits on mail matter subject to change in the same manner as classification actions under subchapter II of chapter 39, title 39, U.S.C.

Sec. 13(b) provides that the present size and weight limitations for other than letter mail shall remain in effect until changed under the provisions of subsection 13(a).

### SEC. 14. EFFECTIVE DATES

Sec. 14(a) stipulates that except as otherwise provided, the amendments made by this Act shall be effective on the day of enactment.

Sec. 14(b) provides that Sec. 5 takes effect Oct. 1, 1980.

Sec. 14(c) provides that Sections 6 and 7 will be in effect for three years beginning Oct. 1, 1980.

Sec. 14(d) provides that Sec. 8 will be in effect for three years beginning Oct. 1, 1980.

Sec. 14(e) provides that Sec. 9(a) take effect on Oct. 1, 1981.●

By Mr. NELSON (for himself and Mr. DURKIN):

S. 2560. A bill to amend the Internal Revenue Code of 1954 to provide for the exclusion from taxation of interest earned on deposits which are used for residential mortgage lending purposes; to the Committee on Finance.

### HOME MORTGAGE ASSISTANCE ACT OF 1980

● Mr. NELSON. Mr. President, today I am introducing the Home Mortgage Assistance Act of 1980.

This measure would amend the Internal Revenue Code to provide an exclusion from gross income for interest and dividends earned on savings deposits which are used by the deposit institution for residential mortgage lending purposes.

Inflation is dealing a crippling blow to our Nation's economy. Nowhere is this clearer than in the housing industry which is dominated by small businesses. It is a victim of a vicious inflationary spiral and extraordinary and oppressive interest rates.

Builders cannot build and consumers cannot buy with mortgage interest rates approaching 17 percent. The housing industry is suffering a disproportionate burden of the anti-inflation fight.

By increasing the amount and rate of savings in our Nation, this measure will help reduce inflation.

American families' savings are being eaten up by inflation and Government taxes. Given today's double-digit inflation, Americans are penalized for saving and encouraged to spend.

America is the only major industrialized nation which fails to encourage savings, consequently Americans currently save only 5.3 percent of disposable income. According to the National Savings and Loan Foundation, the British save 13 percent of their disposable income, the West Germans save 15 percent. Each of these countries encourages savings through national tax laws.

Inflation is sapping the American family's ability to save for the future.

Moreover, inadequate savings is bankrupting our economic system by starving it of the dollars needed for necessary investment. Without savings, there can be no money loaned for new home construction or for capital investment. Without investment, productivity declines, inflation increases, and no new jobs are created.

Even Federal Reserve Board Chairman Volcker believes that for those industries like housing at "the end of the whip" of the Fed's policies, "some action to moderate the sharpest edges can in some circumstances be justified and not inconsistent with the whole." If housing starts fall sharply, Volcker observed in response to a question on the Brooke-Cranston program at a Senate Banking Committee hearing on February 25—

> maintaining a certain level of activity in that industry is not at all inconsistent with an attack on inflation over time. You don't want to close down the whole industry and then have to build it up again as soon as money becomes more fully available.

Housing starts, having declined from mid-1979's 1.8 million unit annual rate to February's 1.3 million unit level, still have not reached the bottom. The figures for March may be well below the 1 million unit level. Housing starts have now declined six months in a row.

Builders and subcontractors are on the verge of bankruptcy. In Wisconsin housing starts are down 90 to 95 percent across the State.

In Madison in January and February last year, 36 permits were issued. This year there were 14 issued, 13 of those were in January.

In Milwaukee, in January and February 1977, there were 508 single-family housing permits issued. In 1978 there were 533, but last year they fell to 141. And this year, there were only 92, less than 20 percent of normal products.

The National Association of Home Builders estimates that if high interest rates remain in effect through 1980, Wisconsin will have lost nearly 42,000 construction jobs. Widespread unemployment will kill our chances to balance the budget. A 1-percentage point increase in the unemployment rate increases the Federal deficit by some $20 billion as tax revenue decline and welfare payments increase.

Millions of young American families have been priced out of the housing market, many of them permanently.

At 16 percent interest—today's prevailing rate—the payment on a 30-year $60,000 mortgage loan is $807 a month for principal and interest.

At 12 percent interest—the going rate 6 months ago—the payment was $617 a month.

At 10 percent interest—the going mortgage rate a year and a half ago—the payment on a $60,000 loan was $527.

With today's soaring mortgage rates, fewer than 5 percent of all U.S. households can qualify for today's averaged price new home of $64,000.

If we destroy the housing industry, housing prices will go skyrocketing when the industry, decimated by high interest rates, is called upon to meet the pent-up demand which is created by consumers being forced out of the market by 17 percent conventional mortgage interest rates.

This proposal will:

Reduce interest rates on residential mortgages by up to 40 percent from the current market level;

Provide an adequate supply of money for new housing at reasonable rates;

Eliminate disintermediation from savings deposits used for housing;

Eliminate the need for variable rate mortgages;

Stabilize the housing industry by insulating it from the fluctuations of money supply and interest rates resulting from Federal Reserve Board attempts to manage inflation by demand side economics;

Reduce inflation by lowering the cost of housing and increasing its supply;

Provide a private sector substitute for most of the HUD subsidy programs; and

Eliminate the need for a regulation Q differential for housing.

Today's real estate markets, which should be running at peak capacity to supply an ever-growing need, are instead being crushed under the weight of inflation. Both construction dips and increases in mortgage interest rates set new records at least every other week; real consumer incomes continue to falter; housing sales volumes decline; and for sale inventories expand.

Seasonally adjusted new house sales have already dropped over 30 percent from their October 1978, 900,000-unit cyclical peak, to a 594,000-unit annual rate as of January 1980. Over the same period, the adjusted annual rate of inventories of houses for sale declined less than 2 percent, to a 400,000-unit level. This coupled with the low-sales volume has pushed the supply of houses to an adjusted 7.9 months, the highest backlog of unsold houses since the crash in the real estate market following the Arab oil embargo of 1973.

Sales of existing housing, an important ingredient for a strong new house market, have also declined. In fact, existing home sales, at a seasonally adjusted annual rate, have fallen over 17 percent since October 1979, to a 3.2 million unit rate in January—the lowest level in almost 2 years.

With mortgage rates escalating beyond the 17-percent figure, it can only be expected that sales of both new and existing housing will continue to falter. Only 20 percent of the potential home buyers can qualify today for mortgage loans. It is imperative that we double that number.

The basic problem is how to provide an adequate supply of money sufficient to meet the needs for investment in housing at a price which will enable the customers to purchase the housing they need.

This measure, by giving a total tax free treatment to interest earned by depositors on deposits used for residential mortgage purposes—the same tax free treatment given municipal bond interest—solves the problem.

This proposal would eliminate disintermediation of funds which would otherwise be used for housing. Disintermediation occurs when the supply of money is not adequate to meet the demand for money in all sectors of the economy. Disintermediation occurs relative to deposits in S. & L.'s and banking institutions, which would otherwise be used for housing, when the interest limits which the institutions are permitted to pay are exceeded by rates offered by the Federal Government and the commercial market. When this occurs, the money supply for housing diminishes and the cost—mortgage interest rate—increases.

This measure by giving an aftertax advantage to the depositor, where the deposits are used for residential mortgage purposes, establishes a constant spread or differential in favor of such deposits so that disintermediation cannot occur. It will allow savings institutions to pay a reasonable interest rate on their deposits which would be equivalent to a much higher taxable interest rate. This, in turn, will allow the institutions to originate mortgage loans in the 7- to 8-percent range.

My staff has prepared a table which compares the tax-free interest rates possible under my proposal with the equivalent taxable interest rates, depending on the taxpayer's marginal tax bracket.

At this point, I ask unanimous consent that the table be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[In percent]

| Potential tax-free interest rate on special residential deposits | Taxpayer's marginal tax rate | Taxable interest rate necessary to equal tax free rate |
|---|---|---|
| 6 | 50 | 12 |
| 6 | 40 | 10 |
| 6 | 30 | 8.57 |
| 6 | 25 | 7.1 |
| 7 | 50 | 14 |
| 7 | 40 | 11.6 |
| 7 | 30 | 10 |
| 7 | 25 | 9.3 |
| 8 | 50 | 16 |
| 8 | 40 | 13.3 |
| 8 | 30 | 11.4 |
| 8 | 25 | 10.6 |

Mr. NELSON. Under this proposal, Mr. President, a tax exemption would apply to all deposits used for residential mortgage purposes. A residential mortgage deposit account would be established in any savings institution and funds would be segregated internally for residential mortgage purposes. The same treatment could be accorded to certificates of deposit or passbook savings. The only requirement is recordkeeping and identification for tax purposes.

Under this measure, the small saver would benefit from the existence of two types of accounts for savings, one tax free for housing and one taxable for other commercial purposes. The saver thus would have a choice, which could be exercised based upon the individual's tax bracket. The taxpayer with a lower marginal rate by investing in the taxable account paying the higher interest rate would gain a better after-tax return. The taxpayer with the higher marginal rate would invest in savings deposits with the tax-free benefit, supporting the housing industry, and would then obtain a higher after-tax rate of return.

Housing represents about 15 percent of the gross national product. This represents approximately the percentage of savings that would receive tax-free treatment under this proposal, thus limiting the revenue impact on the Treasury while stabilizing the housing sector of the economy.

A strong inflow of savings would bring our economy back to the 2 million housing start level which has often been defined as a minimum need for this country. A substantial increase in housing activity will put more construction trades people to work, produce more appliances, carpeting, furniture, and so forth. The average home buyer believes that a mortgage-free home fulfills most of his aspirations for building an estate. Capital formation of that kind is an answer to inflation.

I am introducing this measure in order

to place the concept before the Senate. It is identical to H.R. 6907, introduced in the House by Congressman ARCHER.

Future hearings will provide us with the opportunity to examine the opinions of experts in the housing and savings fields.

The Joint Tax Committee has been requested to provide revenue estimates for the proposal. It may be necessary to modify the proposal should the revenue loss estimates run too high. A limitation on the amount of interest that may be excluded from gross income may be necessary. But the important point at this time is to start the dialog.●

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By Mr. LEVIN:

S. 2561. A bill to amend the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 to provide for a national computerized adoption identification center, and for other purposes; to the Committee on Labor and Human Resources.

### ADOPTION IDENTIFICATION ACT OF 1980

● Mr. LEVIN. Mr. President, according to the American Law Division of the Library of Congress, there are over 2 million adoptees actively involved in a search for the identity of their natural parents, and a significant number of natural parents are attempting to locate the children they have given up for adoption. There are numerous other individuals who want to begin the search for their offspring or biological parent(s) but feel that present laws are such that any effort would be rendered useless.

The total number of adoptees in the United States is estimated to be around 5 million and experts say that this figure is low. The shortage of infants offered for adoption in recent years has led to the widespread practice of "baby-selling," for which there is no official count.

Mr. President, I am today introducing legislation which would allow adoptees and birth parent(s) to communicate if there exists mutual interest in communicating. The legislation is designed to avoid "intrusion" into the life of either party or violation of constitutional privacy rights since participation is strictly voluntary. Additionally, there would be no infringement of State's rights—State participation would not be necessary, as due to the voluntary nature of the program, no access to State information would be required, and the computer searches could be coordinated from a central Washington, D.C., office and/or through Federal offices located in the different States. The anticipated cost of this proposal is minimal.

Under my proposal, no action could be taken by the center unless and until both the adoptee and his or her natural parent(s), siblings or other natural relatives have independently made contact with the center. Necessary steps would be taken to insure that the reunited parties were in fact related. The Secretary of Health, Education, and Welfare would enter into voluntary arrangements with the various State agencies in order to facilitate the operation of the program. The arrangements shall include but not be limited to: First, provisions for coordination with a national center which will function as a clearinghouse; and second, standards and procedures for the operation of the center.

During the last 9 months members of my staff have conducted extensive research, surveying search groups, interviewing individuals of the medical and legal profession, reviewing case studies, and personally screening dozens of individuals who are searching for, or have located relatives. There has been virtually unanimous support for this proposal.

The various studies reviewed during this research revealed some startling and significant facts. A preliminary Los Angeles study determined that 82 percent of the natural parents they surveyed wanted reunion with their adopted children, when grown, if the child so desired. Fifty percent of the natural parents continued to experience feelings of "loss, pain, and mourning" over the child they relinquished. A Queens College study revealed that adult adoptees searching for their real parents are not motivated by "dissatisfaction and disaffection with his or her adoptive family relationships"—the reasons they gave for seeking their parents ranged from the need for more medical information to a desire to establish one's identity.

Mr. President, I will conclude with the remarks of a young woman whom my staff interviewed during their studies relative to this legislation. The woman is 32 years of age and she has been searching for her natural mother for 7 years:

> I worked for two years with a young man searching for his biological parents and when he finally found them, learned that his birth mother and he had both gone to the same adoption agency for information within months of each other and were denied help. Each was assured that the other would not want to know and would suffer from knowledge or contact! We cannot but question why this myth is being perpetuated in the face of direct refutation, personally in this case or more broadly in the face of sociological studies of hundreds of involved parties.

If either the natural parent or adoptee does not seek to know the identity of the other—so be it. But if both want reunion, why not facilitate it. In an age of rootlessness, the search for knowledge of one's own identity, if it harms nobody, certainly should not be squelched now by the simple absence of a clearinghouse.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

### S. 2561

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Adoption Identification Act of 1980".

Sec. 2. The Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 is amended by adding at the end thereof the following:

### "TITLE III—ADOPTION IDENTIFICATION

#### "PURPOSE

"Sec. 301. It is the purpose of this title to provide a system whereby the natural parents, siblings or other natural relative of an adoptee and the adoptee can locate each other through a centralized computer system.

#### "DUTIES OF THE SECRETARY

"Sec. 302. The Secretary of Health, Education, and Welfare shall establish a computerized adoption identification center within the Department of Health, Education, and Welfare under the direction of a designee of the Secretary, who shall report to the Secretary and who shall—

"(a) coordinate minimum staffing and organizational requirements to operate the center;

"(b) establish a budget for the center based upon the total fees collected; and

"(c) submit to Congress a full and complete annual report of all activities of the center. The report shall include but not be limited to the following:

"(1) total costs including staffing costs of the program;

"(2) total fees collected;

"(3) the number of applications submitted by natural parents, offspring, siblings or other natural relatives; and

"(4) the number of searches ending in a successful match.

#### "VOLUNTARY PARTICIPATION

"Sec. 303. (a) Participation in the computerized system established by the Secretary shall be voluntary by all parties involved.

"(b) The natural parent, sibling, other natural relative or offspring may initiate the locating process by submitting an application to a computerized adoption identification center.

"(c)(1) The Application will be programed into the computer in an attempt to match the parent offspring, sibling or other relative. A list of all subjects fitting the data submitted, will be printed out for the agency handling follow-up procedures.

"(2) If one subject, or more than one subject is located through the computer, the center personnel will do additional research and interviewing in order to attempt to conclusively determine whether the subjects match. Specific follow-up procedures will be determined by regulations promulgated by the Secretary of Health, Education, and Welfare.

"(e) The information in the computers will be stored for 10 years. If a match is not made within that time, the applicant may apply for a renewal of the application for an additional 10 years.

#### "STATE PARTICIPATION

"Sec. 304. The Secretary may enter into arrangements with State agencies in order to facilitate the operation of a computer center in States which choose to participate in the program. The arrangements shall include but not be limited to the following:

"(a) provisions for coordination with a national center which will function as a clearinghouse;

"(b) provisions for financial participation by the State; and,

"(c) standards and procedures for the operation of the center.".●

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By Mr. CHAFEE:

S.J. Res. 160. A joint resolution disapproving the action taken by the President under the Trade Expansion Act of 1962 in imposing a fee on imports of petroleum or petroleum products; to the Committee on Finance.

Mr. CHAFEE. Mr. President, today I am introducing Senate Joint Resolution 160 which expresses the Congress opposition to the oil import fee recently imposed by the President.

Beginning March 15 of this year, there has been a $4.62 per barrel oil import fee. Through regulations the price increase, expected to be 10 cents per gallon, will be passed through the cost of gasoline at the pump and will be paid by the public starting about May 15. According to the President, approximately $10.3 billion will be raised in fiscal year 1981. The gasoline price increase will result in reduced consumption of 100,000 barrels per day and will add nearly 1 percent to the inflation rate.

I oppose the oil import fee for several reasons.

First, I am against any new tax increases on the American people. The tax burden shouldered by the American public is greater than ever before in the history of our Nation; 22.5 percent of our gross national product is consumed by Federal taxes. This is 1.4 percentage points higher than the Federal tax burden was in 1944—at the height of World War II. Over the last 25 years, the tax level averaged 19 percent of the gross national product. Clearly, we are moving toward greater taxes and Government spending—a trend that is stifling our economy and economic productivity.

In the 1981 budget, submitted by the President in March of this year, new taxes will increase Government revenues by $93.5 billion. "Bracket creep," attributable to a 11–12 percent inflation rate, will produce $38 billion. The scheduled increase in social security taxes will raise $25 billion. The new windfall profit tax will produce $18 billion. The President assumed that the Congress will agree to withhold taxes from interest and dividends, thereby raising $3.5 billion, in addition to $10.3 billion from the oil import tax.

We are talking about an additional $93.5 billion in tax revenue in 1 year. This is simply too much revenue to drain from private sector job-producing investments to pay for Government programs. We are defrauding the American people if we vote to balance the budget by raising taxes rather than cutting Government spending.

Second, the single most serious problem facing our Nation is inflation—and this fee adds to that inflation. President Carter says the fee will only increase inflation by 0.5 percent. Other estimates are considerably higher. All agree the fee is inflationary.

Third, the oil import fee will reduce oil consumption by only a marginal amount. According to the President's estimate, 100,000 barrels per day will be saved by the end of this year. This is about 1 percent of our daily consumption. Price increases are already substantial and will continue without benefit of an additional tax. The price per gallon has more than doubled in the past 12 months. Now we need to address the other stumbling blocks to reduced gasoline use, such as the lack of adequate mass transportation and more fuel efficient automobiles.

It is easy to see that the oil import fee is a revenue raising measure being promoted in the name of energy conservation.

Fourth, the procedure used to pass the price increase through the gasoline costs may result in higher prices for all petroleum products, including home heating oil. In Rhode Island, 70 percent of the homes are heated by fuel oil and we have seen that price jump from 48 cents per gallon to $1 per gallon in the past 3 years. A substantial bonding fee will be required of refiners to insure that the Government receives its money. The bonding fee will raise business costs and be reflected in higher costs for all refined products. The administrative cost of securing the bond has been estimated to contribute a penny to a nickel per gallon to the cost of refined oil. In my view, the higher heating oil prices caused indirectly by the oil import fee is unjust to heating oil users. The President said it was not his intent to raise heating oil prices—but that is just what will happen if the oil import fee is not disapproved by Congress.

Mr. President, the resolution I introduce today complies with the procedures included in the windfall profit tax bill for congressional disapproval of any oil import fee. I hope my colleagues will join in support of this effort.

By Mr. BENTSEN:

S.J. Res. 161. A joint resolution proposing an International Code of Business Conduct; to the Committee on Foreign Relations.

Mr. BENTSEN. Mr. President, I am introducing a joint resolution today calling on President Carter to urge the development and adoption of an International Code of Business Conduct when he attends the June 22 Economic Summit in Venice.

The United States, Mr. President, is gradually becoming accustomed to waging lonely battles. Whether the issue is economic sanctions against Iran, the Soviet invasion of Afghanistan, the common defense, or the ethics of international trade, the United States frequently seems more willing to sacrifice than most of our friends, allies, and trading partners.

For the past 2 years, American exporters and businessmen overseas have been living with the well-intentioned, obviously moral, and generally laudatory provisions of the Foreign Corrupt Practices Act. Largely as a result of this legislation, the United States has established the standard for honest and open dealing in international trade.

The problem, Mr. President, is that the rest of the world has demonstrated little interest in adapting business practices to the standards of morality so evident in the FCPA. In fact, there is every reason to believe that our competitors for vital international markets derive great satisfaction, some amusement, and considerable profit from legislation that attempts to project our standards of conduct throughout the world. With the notable exception of the United States most major trading nations are quite willing to look the other way when a bribe, payoff, or generous "commission" results in a substantial export opportunity.

With enactment of the Foreign Corrupt Practices Act a dual standard of morality has emerged in international trade. American business must abide by an especially rigorous code of conduct or face prosecution, while the rest of the world continues to trade under the traditional business-as-usual, pay-as-you-go basis.

The price of this unique American morality in trade is lost markets at a time we can least afford them. The FCPA impacts adversely on American exports in two ways; it precludes American firms from competing effectively for contracts where questionable payments are called for or expected. And the act itself is so complicated, enforcement is so uncertain, that American firms will sometimes fail to pursue a foreign trade opportunity because there is some question of potential violation of the FCPA.

There is much to be said, Mr. President, for holding the moral high ground, even if it does not contribute to our export performance. I do not believe the United States should become an advocate of the lowest common denominator in acceptable trade practice to compete effectively for world markets.

I think we can, however, make a more active effort to convince our trading partners to join us in a concerted, multilateral drive to combat corruption in international trade by establishing an International Code of Business Conduct.

Such a code is clearly in the interest of the United States, which currently stands alone as the bastion of morality and open dealing. While some of our trading "partners" may be reluctant to foresake the windfall advantages they currently enjoy from the FCPA, that position could prove difficult to sustain if challenged directly by this country. I think the time has come to press the major industrialized nations to join in the effort to eliminate shady dealing in international trade.

Accordingly, the resolution I am introducing today calls on the President to press for development and adoption of an International Code of Business Conduct at the upcoming Venice Economic Summit.

The resolution further urges the President to pursue bilateral and multilateral negotiations on standards of business behavior and report to Congress by January 1981, on the results of such discussions. Upon receipt of this report, Congress, through the Joint Economic Committee, would have 60 days in which to review it and propose additional actions or initiatives to help realize the objective of an International Code of Business Conduct.

Mr. President, it has been said with great frequency that in order for free trade to be fair trade, all parties must play and abide by the same rules.

The United States is currently the primary victim of the dual standard of morality—ours and the rest of the world's—concerning business ethics and international trade. We cannot force our trading partners to abide by the code of conduct we have established for ourselves. We have every right, however, to ask them to join us in the effort to eliminate corruption by defining an International Code of Business Conduct.

That, Mr. President, is the purpose of this resolution, and I hope the Senate will move promptly to adopt it.

By Mr. HARRY F. BYRD, JR.:

S.J. Res. 162. A joint resolution to reduce funds for the expenses of Senators and Senate committees by 15 per centum; to the Committee on Rules and Administration.

### CONGRESS MUST CUT, TOO

Mr. HARRY F. BYRD, JR. Mr. President, I am today introducing legislation calling for a reduction of 15 percent in the costs of the Senate and its committees.

Shortly the Senate will begin debate on the first concurrent budget resolution for fiscal year 1981, calling for outlays of $613 billion.

It is essential that there be a cutback in the huge growth in Federal spending. This must include the legislative branch of Government.

The joint resolution which I am presenting to the Senate today would require that the total funds made available for 1981 to any Senator for the operation of his office, including employment of personnel and travel, or to any committee, be held to 85 percent of the level authorized for the current year.

I understand that outlays for the Senate and its committees amount to approximately $210 million, so that reduction could reach $31 million. The exact figure cannot be calculated, because some Senators—myself included—and some committees do not use their full entitlement for expenses.

The amount involved, in terms of a total Federal budget of $613 billion, is not particularly significant. But the step being urged here is significant, because it is a matter of the Senate setting an example for the rest of the Government and the Nation.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the Record.

There being no objection, the joint resolution was ordered to be printed in the Record, as follows:

### S.J. Res. 162

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That in the fiscal year beginning October 1, 1980, the aggregate amount of funds made available to any United States Senator for the operation of his office, including employment of personnel and travel, shall not exceed 85 per centum of the amount of funds available to such Senator for such purposes for the fiscal year commencing on October 1, 1979; and, in the fiscal year beginning October 1, 1980, the aggregate amount of funds made available to any standing, special, select, or joint committee of the Senate, including funds for the employment of personnel and travel, shall not exceed 85 per centum of the aggregate amount of the funds made available to such standing, special, select, or joint committee for such purposes for the fiscal year beginning on October 1, 1979.

## ADDITIONAL COSPONSORS

### S. 100

At the request of Mr. Packwood, the Senator from Nevada (Mr. Cannon), the Senator from Mississippi (Mr. Cochran), the Senator from South Carolina (Mr. Hollings), the Senator from Texas (Mr. Tower), and the Senator from Oklahoma (Mr. Boren) were added as cosponsors of S. 100, a bill to amend the Internal Revenue Code of 1954 to provide for a deduction for expenses incurred for reforestation, and for other purposes.

### S. 446

At the request of Mr. Williams, the Senator from Nevada (Mr. Cannon) was added as a cosponsor of S. 446, a bill to amend title VII of the Civil Rights Act of 1964 to prohibit discrimination against individuals because they are handicapped, and for other purposes.

### S. 1543

At the request of Mr. Nelson, the Senator from North Carolina (Mr. Helms) was added as a cosponsor of S. 1543, a bill relating to tax treatment of qualified dividend reinvestment plans.

### S. 1647

At the request of Mr. Inouye, the Senator from Indiana (Mr. Bayh) was added as a cosponsor of S. 1647, a bill to establish a commission to gather facts to determine whether any wrong was committed against those American citizens and permanent resident aliens affected by Executive Order 9066, and for other purposes.

### S. 1858

At the request of Mr. Bayh, the Senator from Delaware (Mr. Biden), the Senator from Montana (Mr. Baucus), the Senator from Iowa (Mr. Culver), and the Senator from Hawaii (Mr. Matsunaga) were added as cosponsors of S. 1858, a bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes.

### S. 1979

At the request of Mr. Dole, the Senator from Arizona (Mr. DeConcini) was added as a cosponsor of S. 1979, a bill to extend section 530 of the Revenue Act of 1978 involving the tax treatment of employees and independent contractors.

### S. 2064

At the request of Mr. Williams, the Senator from South Carolina (Mr. Thurmond) was added as a cosponsor of S. 2064, a bill to amend section 103 of the Internal Revenue Code of 1954 to provide that the interest on certain mortgage revenue bonds will not be exempt from Federal income tax.

### S. 2071

At the request of Mr. Cohen, the Senator from Hawaii (Mr. Matsunaga) was added as a cosponsor of S. 2071, a bill to provide cancellation of student loans made or guaranteed under the Higher Education Act of 1965 for military service, and for other purposes.

### S. 2176

At the request of Mr. Inouye, the Senator from Alaska (Mr. Gravel) was added as a cosponsor of S. 2176, a bill to amend titles XVIII and XIX of the Social Security Act to provide for the coverage of clinical social work services under the supplementary medical insurance benefits program and the medicaid program.

### S. 2177

At the request of Mr. Williams, the Senator from Alabama (Mr. Heflin), the Senator from South Carolina (Mr. Hollings), the Senator from Maryland (Mr. Mathias), the Senator from Indiana (Mr. Bayh), and the Senator from Connecticut (Mr. Weicker) were added as cosponsors of S. 2177, a bill to amend the mortgage amount, sales price, and interest rate limitations under the Government National Mortgage Association emergency home purchase assistance authority, and for other purposes.

### S. 2226

At the request of Mr. Packwood the Senator from California (Mr. Hayakawa), and the Senator from Mississippi (Mr. Cochran) were added as cosponsors of S. 2226, a bill to amend the Internal Revenue Code of 1954 to increase the zero bracket amount for heads of households the same level as that for married individuals filing a joint return.

### S. 2239

At the request of Mr. Nelson, the Senator from Massachusetts (Mr. (Tsongas), and the Senator from Texas (Mr. Bentsen) were added as cosponsors of S. 2239, a bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of incentive stock options.

### S. 2301

At the request of Mr. Inouye, his name was added as a cosponsor of S. 2301, a bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to assist law enforcement agencies in achieving a binding law enforcement officers' bill of rights.

### S. 2335

At the request of Mr. Boren, the Senator from Texas (Mr. Tower), and the Senator from Texas (Mr. Bentsen) were added as cosponsors of S. 2335, a bill to amend the Powerplant and Industrial Fuel Use Act to alter certain provisions relating to natural gas.

### S. 2336

At the request of Mr. Boren, the Senator from Texas (Mr. Tower), and the Senator from Texas (Mr. Bentsen) were added as cosponsors of S. 2336, a bill to amend title V of the Powerplant and Industrial Fuel Use Act relating to electric utility compliance options.

### S. 2439

At the request of Mr. Domenici, the Senator from Oklahoma (Mr. Bellmon) was added as a cosponsor of S. 2439, a bill to place pharmacy robberies under Federal jurisdiction.

### S. 2448

At the request of Mr. Jepsen, the Senator from Arizona (Mr. Goldwater), the Senator from South Carolina (Mr. Thurmond), the Senator from Arizona (Mr. DeConcini), the Senator from New Hampshire (Mr. Durkin), and the Senator from New Hampshire (Mr. Humphrey) were added as cosponsors of S. 2448, a bill to amend the Internal Revenue Code of 1954 to provide explicitly for the exclusion of social security benefits from taxable income.

### S. 2487

At the request of Mr. Bellmon, the Senator from Arkansas (Mr. Bumpers) was added as a cosponsor of S. 2487, a bill to amend the Internal Revenue Code of 1954 to provide more equitable treatment of independent oil producers, including royalty owners, under the crude oil windfall profit tax.

### S. 2521

At the request of Mr. Dole, the Senator from North Dakota (Mr. Young), the Senator from Arkansas (Mr. Pryor), the Senator from Wyoming (Mr. Simpson), and the Senator from Illinois (Mr. Percy) were added as cosponsors of S. 2521, a bill to amend the Internal Revenue Code of 1954 to provide more equitable treatment of royalty owners under the crude oil windfall profit tax.

### SENATE JOINT RESOLUTION 159

At the request of Mr. Dole, the Senator from Wyoming (Mr. Wallop), the Senator from Indiana (Mr. Lugar), the Senator from Maine (Mr. Cohen), the Senator from New Hampshire (Mr. Humphrey), the Senator from Nevada (Mr. Laxalt), the Senator from Utah (Mr. Garn), the Senator from Pennsylvania (Mr. Heinz), the Senator from New Mexico (Mr. Schmitt), the Senator from Missouri (Mr. Danforth), the Senator from Utah (Mr. Hatch), the Senator from Texas (Mr. Tower), the Senator from Nebraska (Mr. Exon), and the Senator from South Dakota (Mr. McGovern) were added as cosponsors of Senate Joint Resolution 159, a joint resolution disapproving the action taken by the President under the Trade Expansion Act of 1962 in imposing a fee on imports of petroleum or petroleum products.

### SENATE CONCURRENT RESOLUTION 81

At the request of Mr. Dole, the Senator from North Carolina (Mr. Helms) was added as a cosponsor of Senate Concurrent Resolution 81, to express the sense of Congress against wage and price controls.

### SENATE RESOLUTION 382

At the request of Mr. Dole, the Senator from North Carolina (Mr. Helms) was added as a cosponsor of Senate Resolution 382, a resolution relating to wage and price controls.

## AMENDMENTS SUBMITTED FOR PRINTING

## MICHIGAN ARMY MISSILE PLANT—S. 2235 AND H.R. 6464

### AMENDMENTS NOS. 1693 AND 1694

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted two amendments intended to be proposed by him to S. 2235, a bill to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Mich.

### AMENDMENTS NOS. 1695 AND 1696

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted two amendments intended to be proposed by him to H.R. 6464, an act to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Mich., in return for two new office buildings at the Detroit Arsenal, Warren, Mich.

## EAST COAST FISHERY RESOURCES AGREEMENT—EX. V, 96–1

### AMENDMENT NO. 1697

(Ordered to be printed and to lie on the table.)

Mr. TSONGAS (for Mr. Kennedy (for himself, Mr. Tsongas, Mr. Chafee, Mr. Durkin, Mr. Humphrey, Mr. Pell, Mr. Ribicoff, and Mr. Weicker)) submitted an amendment intended to be proposed by them to the resolution of ratification of the Agreement Between the Government of the United States of America and the Government of Canada on East Coast Fishery Resources, signed at Washington, District of Columbia, on March 29, 1979 (Ex. V, 96–1).

Mr. TSONGAS. Mr. President, as in executive session, I am submitting a statement by Senator Kennedy in regard to his amendment to the East Coast Fishery Resources agreement. The amendment is cosponsored by me, and by Senators Chafee, Humphrey, Durkin, Pell, Ribicoff, and Weicker. I ask unanimous consent that Senator Kennedy's statement and the amendment be printed in the Record.

There being no objection, the statement and amendment were ordered to be printed in the Record, as follows:

### Statement by Senator Kennedy

I am pleased to submit today, along with Senators Tsongas, Chafee, Durkin, Humphrey, Pell, Ribicoff and Weicker, an amendment to the East Coast Fishery Resources agreement now pending before the Senate.

In March 1979, the United States and Canada concluded 18 months of negotiations over a disputed area in the Gulf of Maine and on Georges Bank caused by the implementation of each country's 200-mile fishery management zones.

It became evident during those negotiations that a serious split was developing in the New England fishery industry between proponents of the proposed treaties and those that believed that the agreements were not in the best interest of the United States fishing industry. During the past year, this division has widened to a point where it now threatens ratification of any agreements.

After several meetings with industry representatives throughout New England it became clear that certain modifications of the proposed agreements would be required to protect the vital future interests of our expanding fishery industry. This amendment represents what I believe to be a responsible compromise among the divergent groups that will allow for broad support for the agreements and at the same time enable us to move forward with the necessary determination of the maritime boundary.

### Amendment No. 1697

Before the period at the end of the resolution of ratification, insert a comma and the following: "subject to the amendments and reservations that this Agreement shall:

(a) terminate three years from the date of its entry into force;

(b) not grant vessels of Canada the right to harvest sea scallops in Subdivision 5Ze west of a line derived by drawing straight lines connecting the following points:

42°30′N–68°00W; 41°30′N–68°00W; 41°30′N–67°00W; and 40°30′N–67°00W; and

(c) grant the United States the exclusive right to determine management measures, including those respecting size limits, for that portion of the stock of sea scallops in Subdivision 5Ze which is located west of the line established under Subparagraph (b) above.

All terms used herein shall have the meaning ascribed to them in the Agreement."

## NOTICES OF HEARINGS

### SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, the Select Committee on Small Business will continue its hearing on S. 1860, the Small Business Innovation Act of 1979, on April 16, 1980.

The hearing will begin at 9:30 a.m., in room 424, of the Russell Senate Office Building.●

### COMMITTEE ON ENERGY AND NATURAL RESOURCES

● Mr. JACKSON. Mr. President, on Thursday, April 17, 1980, the Committee on Energy and Natural Resources will hold a briefing on the current eruptive activity at Washington's Mount St. Helens volcano, including background information on volcanism in the United States in general.

To inform Members of the Washington and Oregon delegations about specific aspects of the possible eruption of Mount St. Helens, the Committee on Energy and Natural Resources has invited scientists from the Geological Survey to brief the delegations at 3 p.m. in room 3110, Dirksen Senate Office Building. Members of other State delegations are invited to attend. Inquiries regarding the briefing should be directed to D. Michael Harvey, Chief Counsel of the Committee (224–0611).●

### SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, the Select Committee on Small Business will hold a full committee hearing on the Impact of Foreign Auto Imports on Small Business Dealers.

The hearing will begin at 10 a.m. on April 21, 1980, in room 424 of the Russell Senate Office Building.●

### SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, the Select Committee on Small Business will conduct a hearing on Crime and Its Impact on Business, April 22, 1980.

The hearing will begin at 9:30 a.m., in room 424, Russell Senate Office Building.●

### SUBCOMMITTEE ON PARKS, RECREATION AND RENEWABLE RESOURCES

● Mr. JACKSON. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Subcommittee on Parks, Recreation and Renewable Resources.

The hearing is scheduled for Thursday, April 24, 1980 beginning at 2 p.m., in room 3110 of the Dirksen Senate Office Building. Testimony is invited regarding S. 2551, a bill to establish the Big Sur Coast National Scenic Area.

For further information regarding the

hearing, you may wish to contact Deborah Merrick at 224-7150.

Those wishing to submit a written statement for the record should write to the Subcommittee on Parks, Recreation and Renewable Resources, room 3106, Dirksen Senate Office Building, Washington, D.C. 20510.●

### SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, the Select Committee on Small Business will hold a full committee hearing on the Department of Energy Small Business Set-Asides.

The hearing will begin at 9:30 a.m. in room 424 of the Russell Senate Office Building on April 30, 1980.●

### SUBCOMMITTEE ON ENERGY REGULATIONS

● Mr. JOHNSTON. Mr. President, on Monday, May 5, 1980, the Subcommittee on Energy Regulation of the Committee on Energy and Natural Resources will hold a hearing on the Federal gasoline allocation process. This hearing will begin at 10 a.m. in room 3110 of the Dirksen Senate Office Building. Questions about this hearing should be directed to Benjamin S. Cooper or James T. Bruce of the subcommittee staff at 224-9894.●

## AUTHORITY FOR COMMITTEES TO MEET

### COMMITTEE ON FOREIGN RELATIONS

Mr. BENTSEN. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate today to hear congressional, administration and industry witnesses on the fishery treaties with Canada.

The PRESIDING OFFICER. Without objection, it is so ordered.

### SUBCOMMITTEE ON NUTRITION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Nutrition of the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Thursday, April 17, to review the child nutrition program.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ADDITIONAL STATEMENTS

## SPECIALTY STEEL AND TECHNOLOGY INNOVATION: A SUCCESS STORY

● Mr. BAYH. Mr. President, the specialty steel industry in the United States is now struggling to cope with a situation which finds virtually no guarantee of protection against unfairly priced imports in view of the termination of a quota relief program earlier this year. While many of us here on the Senate Steel Caucus have requested that trigger prices be placed on selected specialty steel products, I just wanted to take this opportunity to acquaint my colleagues with one success story in the area of American specialty steelmaking involving a small firm located in Fort Wayne, Ind.

Joslyn Stainless Steels is not a large company. Yet, it stands as a giant not only as a progressive firm committed to increasing productivity in the United States, but the world as well. The reason for this is the role which Joslyn played in the first commercial adaption of a steelmaking process for specialty steel which is now used the world over. The "argonoxygen" process for achieving higher levels of chromium in stainless steel and correspondingly lower levels of carbon was pioneered by Dr. W. A. Krivsky of the Linde Division of the Union Carbide Corp. The commercial potential of this process was recognized by Joslyn and by December 1968, Joslyn's perseverance and foresight was rewarded with the initiation of full scale operations utilizing this process.

Mr. President, the Joslyn experience which led to a productivity breakthrough convinces me that the Federal Government should take every appropriate step to maintain the viability of the specialty steel industry in this country. Indeed, smaller firms such as Joslyn who take a chance in the area of technological innovation should know that the Federal Government is on their side and behind them when confronted with irrefutable evidence of predatory trade practices by foreign competitors. If we fail to recognize this basic prerequisite for our own economic well-being and national security which the specialty steel industry represents for this country, we are going to lose more than one small firm in Fort Wayne, Ind.

Mr. President, at this point, I ask that a paper which I received from Joslyn Stainless Steels, from Mr. Ed Hodges, the company's president be inserted into the RECORD at this point as well as a copy of a letter which I authored signed by 23 of my colleagues to the President asking that trigger prices be placed on specialty steel products.

The material follows:

### TECHNOLOGY AND A SMALL STEELMAKER

In Fort Wayne, Indiana, there is a small steel mill known as Joslyn Stainless Steels.

Since its start around the turn of the century the mill has grown somewhat, but in the tonnage ranks of American steelmakers Joslyn's position today is virtually invisible. The mill can turn out only 1 percent of America's stainless steel, which itself constitutes only 1½ percent of all steel production.

Competitors make the same steels in furnaces 3 and 4 times as large as those in Fort Wayne.

Of the dozen or so standard types of mill products, Joslyn makes only two, bars and billets.

Joslyn is one of two domestic firms that offers only one kind of steel in its line.

Only about 500 people work at Joslyn. Their jobs fall into the usual kinds of activity in a manufacturing business—Production, Sales, Purchasing, Accounting, Data Processing and the like. With one exception: there is no formal Research and Development department.

On this subject, E. E. Hodgess, Jr., Joslyn's President, says, "If the sense of an R & D activity means continually looking at everything we're doing, how well or poorly we're doing it, and how and if we should be doing it, most of our managers are sometime R & D people, but we just don't call it that."

Such a concerned and sharing attitude may have guided Joslyn in the sixties when the people of this small company saw a technical principle as a sure route around the high costs of a production process. They determinedly brought the principle to commercial realization and in so doing changed the way the whole world makes stainless steel.

The plot of this success story centers around a shiny, hard metal called chromium. This is the material which as a coating on hardware and auto bumpers gives these articles their bright appearance and resistance to rusting.

The sheen and the protection, however, are skin-deep; scratch the bumper and the effects are gone.

To get more than a superficial benefit, the entire base metal must be infused with chromium. That is the job of the producer of stainless steel, which for practical purposes is merely a blend of chromium with steel.

The two ingredients are combined when liquefied in a furnace under the intense heat of an electric arc. Then, on cooling, the steel mass is uniformly permeated with chromium.

In practice, however, it is not quite that simple.

The melter has a second task he must perform and while he is going about it, getting enough chromium into the steel becomes harder and harder—even when the arc has melted everything into a white hot pool at 3100 deg. F.

The other task deals with another ingredient, carbon, but the job is the opposite of the chromium case: Carbon must be expelled not absorbed.

Carbon is the bane of stainless steel because it severely blunts the power of chromium to suppress corrosion. Metallurgists will specify 18 percent chromium as adequate for stainlessness, provided carbon is no higher than .08 percent.

Unfortunately, the chromium and other materials that the melter puts into the arc furnace are invariably loaded with carbon, far too much for an acceptable stainless steel. What's more, the graphite electrodes that carry the arc energy are continually fluffing off carbon into the pool. So while the stainless steel melter must get chromium into his pool, he also must take carbon out of it. It is his misfortune that as related later, Mother Nature has set these two accomplishments in opposition.

Just expelling carbon from molten iron is by itself rather easy and has always been a steelmaking chore. For example, pig iron with a very high carbon level from blast furnace coke routinely becomes raw steel when a BOF or open hearth burns off enough carbon (and some other "impurities"). In fact over the years the steelmaker has learned indelibly that treating any high-carbon pool with some source of oxygen is the easiest and cheapest way to decarburize it.

Past practices derived the needed oxygen from the atmosphere, present naturally or blown into the furnace, from iron ore or mill oxides, or from calcined limestone. Nothing short of a direct injection of the gas itself, however, can efficiently drive carbon to the innocuous level required in a stainless steel.

In the 1940's this empirical practice of blowing oxygen into high-carbon, high-chromium melts of stainless was so common that it came under scientific scrutiny. The experimenters sought to identify and then to quantify the factors affecting a carbon-chromium coexistence in molten steel.

They proved what the oxygen-blower had sadly observed all along: Although oxygen is indeed a rapid purger of carbon, the action will go only so far. The gas then will shift its attack to chromium. In other words, "full-blown" pursuit of lower and lower carbon levels inevitably costs some chromium.[1]

Although the subsequent laboratory data did jibe exactly, it became plain that the various carbon-chromium-oxygen-temperature relationships were governed by natural physic-chemical balances. In the cause of low carbon, some chromium would be lost. The chromium deficiency would then have to be made up with the costly variety containing so little carbon it is a safe additive.

The studies continued.

One investigator,[2] seeking a cooling mechanism by which he could maintain a constant temperature, used argon, an inert gas, for that purpose, bubbling it through his laboratory melts along with the oxygen.

The results were confounding, for the data conflicted with all previous observations, beyond experimental error or chance. Every melt treated with oxygen plus argon ended up with lower carbon and higher chromium than it should have.

Corroborative experiments, and patents defining the argon effect, were quick to come. Beyond doubt it had been shown that argon does exert beneficially a catalytic effect on the decarburizing process, resulting in lower carbon levels without coincident loss of chromium or impossible temperatures. (A brief description of the kinetics of this phenomenon appears as an Addendum on Page 7.)

The next twelve years or so oddly saw no efforts at a commercial adaptation, and the argon-oxygen discovery remained a prodigy in search of a patron.

Finally, through a chance series of personnel and communicative exchanges which the discoverer, the Linde Division, had with Joslyn, the latter perceived the process' huge industrial potential and offered its mill for commercial try-outs.

Linde accepted the gesture, and built a crude portable vessel which would contain Joslyn's molten steel and the nozzles, or tuyeres, through which the two gases could be blown in.

Between 1960–63 a few batches were made with this small unwieldy apparatus, sufficient to point up the forbidding obstacles in the way of putting the promising chemical process into full-scale practice.

Joslyn kept tinkering with the prototype vessel, and at last in October 1967 cast the first "commercial" heat of argon-oxygen treated stainless steel. The carbon content was .008 percent.

That same evening an encouraged Joslyn management drew a sketch for a full-scale production vessel and vowed to make it work. Indeed six months later, April 8, 1968, the world's first heat from a production-size vessel came out of Joslyn's shop.

But a vexing mechanical snag threatened the process' commercial success.

The tuyeres, which must pipe the gases into the molten metal, were the heart of the Joslyn commercial system. In the hostile environment of heat and erosion tuyere life was intolerably short, sometimes a matter of minutes. Experiments with copper, stainless steel and even high temperature alloys were all failures. Every tuyere mounting system also failed—cast blocks, rammed blocks, bricks, graphite blocks.

The give-up point was near, but a saving breakthrough came in December 1968 when a double-walled tuyere, with a cooling gas flowing in the outer shell, proved durable. The Joslyn perseverance and original foresight had been rewarded.

What ensued was an incredibly rapid, worldwide acceptance of the argon-oxygen process as a basic steelmaking technique, employing the Joslyn vessel and tuyere designs. Endorsement by the stainless industry is now nearly unanimous, as reported in The World Steel Industry Data Handbook, 1978,

"Every lifetime or two, a truly revolutionary steelmaking technology surfaces and takes off, its trajectory the awe and envy of "one-step-at-a-time" advocates who measure innovation in decades rather than years. AOD is one of these rare and special phenomena.

"In the time it has taken many modern steelmaking processes to merely incubate, the Union Carbide-developed technology has staked out and sunk roots deep into the country's stainless steel sector. By the end of this year, AOD vessels will refine approximately 75 percent of the world's stainless . . .

"At last count, the number of AOD vessels in operation or under construction in the U.S. totaled 38 (1568t) and ranged in nominal capacity from less than 10t up to 175t. Europe and Japan count 30 (1421t) and 13 (511t) respectively. In the past three years alone, no less than ten domestic steelmakers have signed contracts to install or add another of the versatile, duplex refining units with capacity ratings in the group stretching from the 15t unit blown-in earlier this year at Ingersoll Steel's New Castle, Ind., plant to the 175t vessel—the world's largest—which began operation June '77 at Armco Inc.'s Butler Works."

In recent times some critics have charged that the steel industry—especially the American—is slow to take up technological improvements.

The accusation finds no support in the example of the argon-oxygen process. On the contrary, that case suggests immediate reception, provided the technique is proved and the benefit clear. Industry's knowledge that one of its smallest numbers evolved the technology, it seems, was no deterrent to acceptance.

### ADDENDUM

The product of the oxidation of carbon in molten stainless steel is a gas—at first undoubtedly carbon monoxide, itself later oxidized to carbon dioxide by the temperatures encountered in the furnace stack.

As the carbon-oxygen reaction continues, the evolving CO builds up on ever-higher partial pressure contribution to the total atmospheric pressure. The mounting pressure reaches a point where it effectively stifles the formation of any more CO, the carbon oxidation rate slows down, and the system tends toward an equilibrate static state. The incoming oxygen then seeks out chromium for preferential oxidation.

To keep the reaction proceeding in the direction of decarburization, not chromium oxidation, the partial pressure contribution of the carbon monoxide to the total pressure of the system must be lowered.

One way is to keep pumping out the evolved gas in a sealed melting system, and there are present-day installations that operate in this fashion.

Another way is to inject another gas into the system that, by its mere presence, dilutes the partial pressure contribution of the CO. The system then will "have room" for and will "accept" more CO. Decarburizing continues.

This is a precept that was later recognized as consistent with the gas laws of physical chemistry. It is the principle on which the argon-oxygen process was formulated by Krivsky.

U.S. SENATE,
*Washington, D.C., March 5, 1980.*

The PRESIDENT,
*The White House,*
*Washington, D.C.*

DEAR MR. PRESIDENT: As members of the Senate Steel Caucus, we are writing to express again our strong and continuing concern about the situation confronting the specialty steel industry in the United States. With the termination of the quota relief program on February 14, and the necessity of maintaining an industrial base for our nation's defense without relying on foreign sources of supply, it appears to us that the following steps should be taken to assure the continued viability of this important sector of our economy:

(1) We believe the Department of Commerce should begin at once to devise a program of trigger prices on specialty steel products most vulnerable to predatory pricing by foreign suppliers.

(2) The implementation of this monitoring system cannot replace timely and effective enforcement of our fair trade laws. It can facilitate through monitoring of imports the decisions which must be made by the Administration on what imports are unfairly priced permitting prompt initiation of such cases where sales at less than fair market value are threatening to injure the domestic injury.

(3) In the two instances already before the Department of the Treasury involving antidumping rulings against France and Sweden on wire rod and stainless plate respectively, the several more months of analysis which are indicated in order to determine whether these findings on cases over seven years old should be sustained and duties collected are greatly disturbing. Such a delay seems to us one of the best ways to undermine to the point of totally destroying the deterrent value of the Antidumping Act. It is an invitation to foreign producers to sell products at predatory prices in this country and it is an invitation which must be withdrawn.

(4) We understand and support efforts through vehicles such as the Multilateral Trade Agreements to promote the free flow of fair trade. To this end we were particularly heartened by the conclusion of an agreement to establish within the Organization of Economic Cooperation and Development an International Steel Committee. It seems to us that discussions should now begin immediately within the ISC to encourage our trading partners with excess specialty steel capacity not to undertake departures from normal trade patterns in view of the end of the quota restraint program on specialty steel coming to the U.S.

As several of us commented in a letter to you last May 18, the industry has acted responsibly in the past four years and used the time well to improve its position. Despite this success story and with your determination that import restraints are no longer warranted, we believe that the program we have outlined above is essential if the industry is to sustain its recovery. New specialty steel capacity developed in the past two years or currently coming on stream totals more than 500,000 tons, representing roughly 40 percent of current U.S. capacity. It is therefore necessary that the responsible agencies of the government marshal whatever effort is required to head-off a wave of specialty steel imports which could wipe out the progress which the industry has made in the past four years and with it thousands of American jobs.

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[1] Some rough figures: To retain at least the specified 18 percent chromium, the carbon must not be taken below about .11 percent, which is above specification. Higher furnace temperatures do permit reaching somewhat lower carbon levels before the chromium starts to go, but then the trade-off is with refractory life. For instance, starting with 18 percent chromium and blowing to an .03 maximum carbon, a melter willing to let temperature take its course would see all of his chromium gone—and probably his furnace, too, as the temperature soared above 4000 deg. F.

[2] Dr. W. A. Krivsky, Linde Division, Union Carbide Corporation.

We look forward to hearing from you on this important issue of your earliest convenience.

Sincerely,

Jennings Randolph, Birch Bayh, John Heinz, John Glenn, Jesse Helms, Ernest F. Hollings, Charles McC. Mathias, Jr., Richard S. Schweiker, Paul S. Sarbanes, Thomas F. Eagleton, Dennis DeConcini, Richard G. Lugar, Daniel Patrick Moynihan, Lloyd Bentsen, Wendell H. Ford, Robert C. Byrd, Rudy Boschwitz, Barry M. Goldwater, Howard M. Metzenbaum, Walter D. Huddleston, Orrin G. Hatch, John C. Danforth, Donald W. Stewart, and Jake Garn.●

## MAKE THIS TAXPAYING DAY A TURNING POINT IN TAX POLICY

● **Mr. DOLE.** Mr. President, this April 15 is not just another deadline for paying taxes. This year taxpayers feel as never before the impact of Congress' neglect of tax policy. Unless we act to change the system, the tax burden for 1979 will, in retrospect, seem restrained and reasonable. This is because our failure to cope with inflation has a dramatic effect on the tax liabilities of our citizens. With no prospect of a sharp downturn in the inflation rate, we face the prospect of annual compounding of inflation-induced tax increases. Unless this trend is stopped, we will guarantee our perpetual economic stagnation through confiscatory tax policy.

### INFLATION TAX PENALTY AND THE ILLUSORY TAX CUT

The figures are simply stated. Because inflation pushed them into higher tax brackets—distorting their real earning power—taxpayers are paying about $11.5 billion in additional taxes for 1979. This is an average increase of roughly $115 per taxpayer. Not much, you may say: But it is a real problem for many of our citizens who are trying to make ends meet as their dollars are steadily devalued. It is also a deceptive increase. If you examine your tax-filing instructions from the Internal Revenue Service, you will believe that your taxes have been cut—after all, there was a rate reduction, increase of the zero bracket amount and personal exemption, and a widening of brackets passed late in 1978. That tax bill was designed to cut about $12.4 billion in personal income taxes. If you can compare that figure with the tax increase of $11.5 billion, you see that the "tax cut" remaining is about $9 per taxpayer—not nearly enough to fill up your gas tank.

### A SIMPLE SOLUTION TO A TAXING PROBLEM

Mr. President, the automatic tax increases from inflation will drag our economy down if they are allowed to continue. Taxes this year will absorb 20.8 percent of our gross national product. The administration expects the percentage to be 22.4 percent in fiscal 1981; the highest level in history. Each percentage point of inflation adds about $1.5 billion to the total income tax burden, because our progressive tax rates measure nominal, inflated income, not real income as measured by purchasing power. This means the 13.3 percent inflation in 1979 will cost taxpayers nearly $20 billion, compounded on top of this year's $11.5 billion. And the same thing will occur every year unless inflation is eradicated, or unless the tax code is changed.

The tax code can be changed fairly easily, and I would remind my colleagues that the Tax Equalization Act, S. 12, awaits the action of the Congress. I introduced this bill last year to eliminate automatic tax increases—the inflation tax penalty, really—by indexing the rate bracket, zero bracket amount, and personal exemption according to the rise in the Consumer Price Index. Then tax rates would correspond to real income, and we could claim to have an equitable tax code, in line with modern economic reality. On this taxpaying day the need for this legislation has never been more compellingly clear.

### POLITICAL IMBALANCE ENCOURAGES TAX INCREASES

Mr. President, this year the administration is being explicit about inflation tax increases. It is counting on this increased revenue to help balance the budget, to avoid having to endorse politically painful spending cuts. This fact illustrates the way in which our system is skewed in favor of tax increases. Votes to cut pending and votes to increase taxes are both politically costly—the difference is that with inflation, Congress need not vote for taxes to be increased. They will increase anyway, with no Member of either House accountable for the result. That is what must be changed if we are to halt the trend of Government growth at the expense of the private sector. That change is also needed in order to preserve the principle that Congress must be responsible to the public for its decisions on national policy.

### ADMINISTRATION ON THE SPOT

Tax reduction has received short shrift from this administration. Even the periodic tax cuts that normally ameliorate the effects of inflation have been avoided, in order that spending may be maintained at a high level. But that is not enough for the President's economic policymakers. Now they propose additional tax increases, including withholding on interest and dividend income and an oil import fee that is really a 10-cent gasoline tax. These proposals have one outstanding virtue—Congress will have an opportunity to vote on them. We shall see how tax increases fare when they are put to a vote. We may all learn something in the process. As taxpayers must know, the administration has a lot to learn about taxes.

### WINDFALL TAX MEANS SHORTFALL FOR CONSUMERS

They do know, however, how to get a tax approved by distorting its real impact and portraying it as a levy on an unpopular industry. I am referring of course to the windfall profit tax legislation, the largest single tax increase in history, which was signed by President Carter on April 2. The administration did not publicize the fact that this tax also falls on royalty owners. Farmers and other small investors who purchased royalties over the years are extremely unhappy to be paving the same rate of tax as the major oil companies.

Many royalty owners in the State of Kansas—farmers and others—tell me they were extremely surprised that they are being asked to pay this tax. They did not understand that this tax would apply to them because they had been told, time after time, by commentators and by the President of the United States, that we are going after the big oil companies and that big oil was to pay the tax. This was not an accurate representation of what the windfall profit tax proposal contained. For this reason I have introduced legislation, S. 2521, that would exempt small royalty owners from the tax. That is the least we can do to mitigate the effects of this gargantuan tax.

This Senator believes that the windfall profit tax will retard this Nation's effort to achieve energy independence. It is bad energy policy because it reduces incentives to discover new oil in this country when they need to be increased. The tax is bad economic policy because it will hit American consumers at a time when serious efforts to reduce taxes are needed. Let us not deceive ourselves into believing that the impact of this tax will be confined to the oil industry. It is an excise tax—it is part of the cost of doing business. One way or another, American consumers will pay for the imposition of the windfall tax. A tax increase of $227 billion over 10 years, is not a minor matter.

### TAXPAYERS WILL DEMAND A FAIR HEARING

Mr. President, the windfall profit tax, the oil import fee, and the withholding on interest income are completely characteristic of the Carter administration's economic policy. Tax whatever you can, as much as you can, without causing people to scream too loudly. The American people ought to be protesting these taxes—we are hearing from them already, and I expect we will be hearing from them much more after everyone has paid their taxes. That is why today has been designated to take account of the tremendous tax increases imposed by the Carter administration, a day to recognize the need to reverse the direction tax policy has taken in recent years.

I hope that this day will prove to be a watershed, a day when we acknowledge the urgent need to rein in taxes, to free more of the resources of the private sector from taxation, and to stop the growth of Government at the expense of the free-market economy and the taxpaying citizens who make it a success.

I ask that a breakdown of the $100 billion tax increase for 1981 be printed in the RECORD.

The table follows:

BREAKDOWN—1981 TAX INCREASES

Total—about $100 billion in tax increases for FY 1981.

*Breakdown*

| | *Billion* |
|---|---|
| Personal income taxes | $49.64 |
| Includes: $18 billion (taxflation), $3 billion (withholding proposal), $1.8 billion (cash management initiative), $0.2 billion (without tax-exempt housing housing bonds), $0.6 billion (independent contractors), $26.24 billion (other, includes normal growth). | |
| Social insurance taxes and contributions | 25.216 |
| Includes: $16.1 billion attributable to increase over prior law from legislation passed under Carter administration. | |
| Windfall profits tax (net) 1981 | 14.4 |
| Estate and gift taxes | .16 |
| Miscellaneous receipts | 2.0 |
| Oil import fee | 12.6● |

## ARE WE READY FOR THE PAIN?

● Mr. **HARRY F. BYRD, JR.** Mr. President, the Senate shortly will begin consideration of the first concurrent budget resolution for fiscal year 1981, along with revisions to the budget for the current year, fiscal year 1980.

During the course of that debate, a number of hard choices will have to be made.

As I see it, this debate and the subsequent debates on the budget during the rest of 1980 will represent a crucial point of decision, a watershed, in determining the future of our Government's finances and of the economy of the United States.

Reduction in the galloping growth rate of Federal spending is an urgent national necessity, but all Senators must be aware that the needed reductions will cause discomfort. We have run out of painless solutions for the rampant inflation plaguing our country. There is no easy way.

These truths were forcefully underscored in a recent column by Marvin Stone, editor of U.S. News & World Report.

Under the title, "Are We Ready for the Pain?" Mr. Stone in the March 17 edition of his magazine wrote that the American people are ready for sacrifice in order to cut inflation and Government spending.

He continued:

> It remains to be seen whether Congress has overcome its timidity about what it believes to be the weakness and greed of Americans and can shake congressional fear of the swarming pressure groups; whether the members can merge and submerge their individual aims in any overall, unified battle plan.

That is, indeed, an unanswered question, and a hard one. The answer will begin to make itself evident as the Senate debates the budget.

I ask that the text of Mr. Stone's column be printed in the RECORD.

The column follows:

### ARE WE READY FOR THE PAIN?

(By Marvin Stone)

Month after month, year after year, the necessary tough moves against inflation have been withheld, and the time grows desperately late. Americans have come to know the feelings of a bird hypnotized by a snake.

Now it seems as if the spell is broken. Economists and politicians shout out the urgency of the day. Alan Greenspan, a principal adviser to Presidents Nixon and Ford, warns that we have a window of but six months to bring inflation to heel. Henry Kaufman of Salomon Brothers, a man held in awe by the financial community, calls for the declaration of a national emergency.

In Washington, the President holds meetings with his top aides, orders the cabinet departments to submit their ideas for major economies and puts the Office of Management and Budget to work slashing expenditures for 1980 and 1981. Senators band together to revise and balance the budget. Presidential candidates rush forward with their own proposals.

So . . . effective action is on the way?

Don't count on it.

The psychology is complicated, but it can be sketched. As a New Hampshire voter told Bruce Johnson of WDVM-TV, Washington: No President can control inflation "until Congress . . . recognizes that the people of America will bite the bullet. . . . We are willing."

It remains to be seen whether Congress has overcome its timidity about what it believes to be the weakness and greed of Americans and can shake congressional fear of the swarming pressure groups; whether the members can merge and submerge their individual aims in any overall, unified battle plan. Russell Long, chairman of the Senate Finance Committee, refers elsewhere in this magazine to the "rather extreme economies" that would be required in order to balance the budget. But he suggests that this could be accomplished without doing "violence to the country."

The fact that this is an election year does not, however, help either Congress or the President to take actions that will pain people, and anything they do about inflation is going to pain somebody. The only hope of an acceptable program is one in which everyone shares the sacrifice and hurt.

With wage and price controls apparently dead for the moment, the most-urged remedy is heroic surgery on federal spending. And every sum in the budget's mass of details sits close to someone's heart—or stomach.

To mention just a few sticky points: An end to the states' share of revenue sharing would be expected to stir a bitter fight, though some states are better off than the federal government. Taxing Social Security payments is a bummer, and even lowering the basis for SS cost-of-living adjustments may not be easy. A cut in funds for job stimulation promises true grief, with painful echoes, some of them racial. Such blows could never be defended unless it is clear that sacrifice runs across the board.

Outside the budget, the spectrum runs from continued restrictions on the money supply to revival of productivity. Senator Long discusses the use of selective tax cuts to encourage investment in badly needed new plants and equipment, an anti-inflationary measure.

A fresh cry is rising for a cut in consumption of imported oil—one of the major causes of runaway prices. That is ironical, for Congress has had six years to do something about it. Walter Levy, international consultant on petroleum, well stated the obvious:

"We wouldn't be where we [are] if we had had more action at an earlier time." That would just as well fit the whole inflation mess, with the obvious question today: Where will we be in another six years if we don't act now?

The first move is the President's, and the next belongs to Congress, but the people have a crucial role to play. They can honor the President's fortitude if and as it emerges, and they can stiffen the backbone of the nation's lawmakers by making clear that they are indeed ready to share a necessary burden.●

## IN DEFENSE OF THE CORPORATION

● Mr. **HELMS.** Mr. President, a coalition of misinformed consumer activists, union members, and other groups have set April 17 as "Big Business Day" for the purpose of generating support for legislation called the Corporate Democracy Act. As might be expected, the architect and chief proponent of the legislation is Ralph Nader.

One of the most articulate challengers to Mr. Nader's proposal is Dr. Robert Hessen, author of "In Defense of the Corporation." In an essay excerpted from his book, Dr. Hessen makes an uncompromising defense of the right of corporations to exist and to function freely.

Mr. President, I ask that Dr. Hessen's essay, "Are Shareholders Being Victimized." which appeared in the April 1980 issue of Nation's Business be printed in the RECORD.

The essay follows:

### ARE SHAREHOLDERS BEING VICTIMIZED?

(By Robert Hessen)

Nader maintains that shareholders are inactive because they have been denied access to information about corporate activities. But there is another explanation for their inactivity; it is a deliberate decision for most shareholders. They are attracted to corporate shares precisely because they will not be required to participate in managerial decision making. What they seek is a sideline investment, an opportunity to entrust some of their savings to managerial specialists in return for a share of the resulting profits.

Critics frequently denounce the separation of ownership and control in giant corporations; yet it merely represents a widening specialization of function or division of labor. There is no reason why a shareholder must personally manage his own money. If he wants to supply both capital and managerial services, he can become a sole proprietor or a general partner. But why should anyone else protest if he decides to rely on the managerial expertise of others? This is precisely what a person does when he deposits money in a bank, becomes a limited partner, buys shares in a mutal fund, or purchases corporate bonds.

Just as most investors do not seek to exercise managerial authority, so too, when a business goes public, the founding officers and their successors do not intend to relinquish their decision-making powers. For example, when Walt Disney, Edwin Land, and Thomas J. Watson sold stock in their companies to outsiders, they were seeking capital, not advice on how to produce cartoons, cameras, and computers. New investors were never led to believe that they were acquiring managerial powers equivalent to those of general partners. If the relationship between shareholders and corporate officers is mutually acceptable, if millions of people willingly invest in corporations which they will not personally manage, then critics have no right to interfere.

To denounce the largest corporations because shareholders do not directly control their policies or select the officers—to say that they should, that they must because they are the owners—ignores the fact that owners do not exercise any control in some other leading forms of business organization. Limited partners, for example, are owners; yet they have no voice or vote in setting business policy. Similarly, those who purchase certificates in business trusts exercise no control. Like shareholders, trust beneficiaries obtain freely transferable shares with limited liability, but unlike shareholders, they acquire no voting rights. Investment without control is not an evil if the investors freely consent to that arrangement.

In fact, officers and investors are allies, not adversaries. Those who possess savings are able to supply capital to a business enterprise without having to acquire the specialized knowledge needed for managing a business. And the officers, in turn, obtain an opportunity to run businesses whose capital requirements exceed their personal assets. Their contributions to the enterprise are knowledge and ability—knowledge in the specialized fields of production, marketing and finance, and ability in building and sustaining a business, in directing its growth, and in leading its response to unforeseen problems and challenges. Because of their expertise, the officers properly are left free to act without obtaining authorization from the investors. If this inactive role is unacceptable to any investor—whether limited partner or corporate shareholder—he is free to withhold or withdraw his funds.

Nader, however, assumes that shareholders are eager and qualified to participate in policymaking. He does not consider the likelihood that many shareholders are deliberately inactive and uninvolved because it takes too much time to study the information already available to them. A small-scale investor may have more personal and urgent interests to pursue other than studying the financial and statistical data sent by each of the five or fifteen corporations whose shares he happens to own. Time and energy are scarce resources for each individual, and quite rationally, a person concentrates his prime attention on those areas of life where the effects of a poor decision are most intensely experienced. Thus, the more widely diversified a person's investment portfolio, the less incentive he has to closely monitor each situation.

Nonetheless, in the name of shareholder protection, Nader calls for a system of plebiscites by mail on all fundamental transactions. He proposes this expensive and potentially paralyzing new procedure without acknowledging that a less complicated and less costly system already exists. The stock market functions as a daily plebiscite, enabling investors to register their individual reactions without needing to be members of a majority voting coalition.

The primary safeguard for shareholders of giant corporations is their ability to sell their shares instantly. Professor Henry G. Manne has shown that if corporate officers pursue policies which offend or disappoint a substantial number of shareholders, they undermine their own position. A massive exodus or sell-off by disgruntled shareholders depresses the price of the stock and thus makes it attractive for corporate raiders to attempt a takeover. And Professor Burton G. Malkiel has concurred: "A company that has been run by a management group whose major objective is not the well-being of the shareholders will become a prime target for a takeover bid. The ever present threat of such a bid is likely to provide a powerful incentive for management to make the maximization of the shareholder's wealth a primary goal of the firm."

But isn't it true, as Nader claims, that giant corporations deliberately withhold dividends from their shareholders? Nader's explanation is that the officers prefer retained earnings: "Corporate executives are frequently owners of substantial blocks of stock and would, for personal reasons, prefer maximum increases in share price, subject to capital gains taxes, to [i.e., instead of] the ordinary tax treatment of dividend income. The interest of many stockholders is exactly the opposite. They average more modest income and would prefer cash in hand now to the possibility of a price increase later." This comparison tries to create the impression that the typical shareholder is relatively poor, perhaps the proverbial widow or orphan from whose mouth the greedy officers and subservient directors seize the dividend crumbs.

Once he has invoked the plight of the shareholders as a means of condemning the officers, Nader has no further sympathy for them. He accuses shareholders of being profiteers, growing ever richer at the expense of consumers. He claims that the largest corporations possess monopolistic or oligopolistic power which they use to overcharge consumers—and the shareholders are the primary beneficiaries: "Oligopoly overcharges shift income from the average consumer to the wealthy shareholder, contributing to [greater] income inequality." The shareholders undergo an instantaneous transformation; when Nader wants to damn corporate officers for withholding dividends, the shareholders are relatively poor and needy, but when he wants to damn shareholders, they are portrayed as wealthy parasites.

Similarly, Nader switches back and forth on the question whether ownership of corporate shares is becoming increasingly concentrated or increasingly dispersed. Nader's answer is both. First, he notes with alarm the increasing dispersion: "In the largest corporations, thousands, sometimes hundreds of thousands, of individuals owned shares with the result that in most of these firms no single individual held an important proportion of the total ownership." Later he reports increasing concentration; as of 1963, "1.6 percent of the adult population of the United States owned 82.4 percent of all publicly held stock."

But Nader's statistics are invalid. If 1.6 percent owned 82.4 percent of the shares, then how can he also claim that "approximately 50 percent of the stock in the 1,800 companies traded on the New York Stock Exchange is held by mutual funds, life insurance or property and casualty insurance companies, private pension funds (usually administered through commercial bank trust departments), state and local pension funds, foundations, university endowment funds or other institutional investors"? The total exceeds 100 percent. The problem arises because he classifies institutional investors as individual adults in order to be able to condemn the allegedly increasing concentration of share ownership. Because of double-counting, his statements about individual and institutional holdings are meaningless.

Yet it still might be true that the shareholders, whether wealthy or poor, are being denied dividends. If that were true, one might expect to see a steady decline in dividends paid out. What actually does happen? In a study of corporate dividend policy, professor Keith V. Smith writes: "The board of directors . . . attempts to construct over time an increasing, or at least a non-decreasing, record of cash dividend payments . . . [and] when it is no longer possible to avoid a dividend cut, directors will make a single cut large enough so that subsequent cuts are avoided."

When Nader implies that shareholders are helpless, that they must be grateful for whatever meager dividends the directors may declare, he overlooks a crucial fact—investors can study the dividend record of different corporations before they decide to buy shares. Among the 1,800 corporations whose shares are traded on the New York Stock Exchange or the 1,100 on the American Stock Exchange, investors can easily discover which companies stress high dividends. This information is readily available in libraries and stock brokerage offices.

Moreover, the alternative to high dividends—retained earnings—is hardly a calamity. Retained earnings increase the value of the stock, and shareholders thereby benefit. Either a company invests its earnings at a profit, which raises the net asset value of each share and thus drives up the stock price, or it keeps the earnings in an idle cash hoard, thus attracting corporate raiders who bid up the price of the stock in their efforts to gain control of the company. Either way, shareholders stand to gain.

Millions of people have a financial stake in the prosperity of America's largest corporations, either directly through purchase of shares or indirectly through pension funds, insurance companies, and other financial intermediaries. Nader claims to be speaking in the name of these millions, but he offers no evidence that they want or need the plebiscites or other reforms which he is demanding on their behalf.

A proper defense of corporations must stress that they are created and sustained by freedom of association and contract, that the source of freedom is not governmental permission but individual rights, and that these rights are not suddenly forfeited when a business grows beyond some arbitrarily defined size, either in terms of assets, sales, and profits or the number of investors, employees, and customers.

The owners and officers of corporations constitute a minority of citizens in America today, but no other minority (economic, racial, religious, or intellectual) is continually forced to justify its right to exist in terms of service to society or the state. Any encroachment upon the rights of these individuals establishes a precedent for inroads upon the rights of other individuals, other minority, and other voluntary associations.

That is why everyone—not merely business executives and investors—has a crucial stake in defending the corporation.●

## ALLIED SUPPORT IN OBTAINING THE RELEASE OF THE AMERICAN HOSTAGES

● Mr. CRANSTON. Mr. President, I strongly support the initiative of the Carter administration to elicit greater cooperation from our allies to gain the swift release of the American diplomats held hostage in Iran. I believe that it was quite appropriate for the President to request that our allies in Europe and Japan take concrete steps to impress upon the Iranian authorities the fact that Iran will be forced to pay increasingly high costs for the outlaw action taken against our people in Tehran.

I am deeply concerned that the initial response from our allies indicates that there is considerable doubt as to whether any meaningful action—beyond the temporary recall of ambassadors—can be expected from them at this time.

I do not expect the allies to take actions identical to those adopted by the President. But I fear that if our allies in Europe and Japan do not soon take meaningful steps to support the United States in our confrontation with the forces of lawlessness and anarchy in Iran, it may raise questions in many minds about the solidarity of the free world alliance. Any such questions could bear consequences far more grave than the costs to the allies of a breach in their relations with Iran. Such questions could possibly encourage further Soviet adventurism in world trouble spots. And they could suggest to OPEC oil powers that their oil weapon is omnipotent and can be used effectively as blackmail to compromise Western interests in the security of Israel, in the reduction of Middle East tensions, and in a stable world economy.

If the nations of the free world fail to act with unity and resolve when their fundamental interests in the international rule of law and the conduct of diplomacy are threatened, it might appear that other moves against vital Western interests by the Soviets—or any other nation—could be taken with impunity.

I believe that President Carter has been prudent in his response to the seizure of American hostages. Since reasoning alone has failed to gain the hostages' release, I believe the additional moves taken by the President to impose an economic and diplomatic quarantine on relations with Iran are warranted and appropriate.

Now is the time for our allies to respond by taking parallel economic and diplomatic measures. The United States will remain prepared to work together with our allies to alleviate any potential effects of such joint action—such as a curb on Iranian oil sales. But the crucial need is for the allies to act together in this time of crisis. We must demonstrate unequivocally to Iran, to the Soviets, and to all other nations that the allies in the free world will act with unity when our fundamental interests are challenged.●

## PAUL CRAIG ROBERTS ON FOREIGN POLICY—III

● Mr. HATCH. Mr. President, today I should like to offer to my colleagues the last of three articles on our geopolitical decline, all of which were written by Dr. Paul Craig Roberts, associate editor of the Wall Street Journal.

In his essay "Alienation and U.S. Foreign Policy," Dr. Roberts discusses the frame of mind of the American foreign policy elite and sundry political side-kicks. Dr. Roberts points out that the continuous questioning of our own motives and unhesitating trust of the Soviets' intentions is deeply rooted in our intellectual tradition, whereby the combination of the Christian moral impulse and the scientific tradition of skepticism has resulted in an ethic which can only be expressed in denunciatory form. This conflict, he suggests, may well only resolve itself in the destruction of our civilization.

I ask that this article be printed in the RECORD in the form in which it was published in pamphlet by the Ethics and Public Policy Center of Georgetown University.

The article follows:

### ALIENATION AND U.S. FOREIGN POLICY

(By Paul Craig Roberts)

I

The complaints we hear today about the absence of morality in American foreign policy may be deceptive. A case can be made that there is already more morality in American foreign policy than we can survive. This case has never been presented, and I want to present it for consideration. There is an inconsistency in the modern frame of mind that almost precludes positive interpretations of Western experience. A result is that the considerable demands for progress are expressed in terms of accusations against ourselves. In short, our morality is inverted into a form of self-condemnation. Michael Polanyi has written about how the modern frame of mind has been shaped by an inconsistency in the intellectual foundations of Western civilization, an inconsistency that may work itself out in the destruction of our civilization.[1] The inconsistency stems from the secularization of Christian moral fervor, which produced demands for the moral perfection of society, and from the impact of modern science on our concept of knowledge, which produced a critical philosophical positivism that is sceptical of the reality of moral motives.

The result of the former is a social and political dynamism that is committed to the moral perfection of human society. But the result of the latter is a sceptical sophistication that tends to see morality in terms of high sounding rationales for lowly but truer motives. We are all used to moral motives being unmasked as rationalizations for class and individual interests or explained as expressions of social, economic, psychological or political needs.

The unmasking does not prevent moral expression or demands for progress, but does make it easier for moral expression to take a denunciatory rather than an affirmatory form. A morally affirmatory statement, especially if it is in defense of existing society or its achievements, arouses the suspicion of dishonesty and is subject to being unmasked. It encounters objections both from the advocates of social change, who see it as a defense of the status quo, and from sceptics who look for the real motive that is operating behind the moral guise.

On the other hand, a morally denunciatory statement, especially if it is an accusation against existing society, is seen as an expression of the indignation of the morally honest reformer. In this way moral motives can be asserted backhandedly in praise of social dissenters easier than they can be asserted straightforwardly in praise of society's achievements. Scepticism and moral indignation are complementary in the critique of society. Together they support the social and political dynamism that is committed to achieving progress by remaking society.

The combination of scepticism with moral denunciation has led to many reforms that have humanized Western society and also to outbreaks of revolutionary violence, because the way they combine against existing society preempts its moral defense while at the same time focusing moral indignation against it. In the intellectual world this has made it difficult for affirmative accounts of Western experience, whether in the interpretation of Western history, or in the explanation of social and political reform, or in the defense of an anti-communist foreign policy. Any scholar, intellectual, or student who attempts to establish that good will has been an effective force in Western civilization runs a risk of being dismissed as naive and unscientific or even as intellectually dishonest, because any reform attributed to the efficacy of good will can also be explained in terms, for example, of the triumph of class interests. As would be expected, affirmative interpretations of Western achievements drop out of contention, leaving the field to cynical accounts that further undermine the moral confidence of the West in its past experience and future direction.

The untenability of affirmation has rendered ineffective, and even impossible, any moral defense of the West. Affirmations of Western achievements or institutions are likely to provoke stiff and strident protests against jingoistic justifications of imperialism and neo-colonialism and, at best, to be chided for complacency. This poses a serious problem for the continued existence of Western civilization, but it is not the most serious. The inconsistency in the modern frame of mind presents an even more serious problem. The restraint scepticism places on moral expression means that moral feelings, which have been secularized and given social purpose, have no legitimate positive form of expression. Since moral affirmations receive a sceptical response, moral expression has a safe outlet only in accusations of immorality against existing society.

This means, unfortunately, that a society in which this frame of mind is prevalent will express its desire for progress mainly in an attack on itself, and it will rely on self-criticism as its means for achieving progress. At the same time, however, attacks on alternative institutions will tend to be dismissed as defenses of the status quo, and scepticism about the policies and motives of an opposing society will be given short shrift as an expression of jingoism. An attack on an opposing society's practices and motives implies a defense of one's own—and that is taken as indifference to existing evils. Among many intellectuals such an attack will be more effective in eliciting resentment rather than support, because it focuses attention away from the domestic imperfections which are seen as the real barrier to progress.

The further a society is outside the Western framework, the less it will provoke the West's moral indignation. The "double-standard," to which (primarily) conservatives have objected, is merely a reflection of the modern frame of mind. It is only to be expected that within this frame of mind denunciatory rhetoric will rise to new heights over the execution of 5 terrorists in Spain but not over the execution of tens or hundreds of thousands of ordinary people by communists in Cambodia.

We are all by now familiar with the modern alienated intellectual whose alienation amounts to a moral hatred of existing society. He has a passion for moral improvement of his society, but he has worked out the doctrine of doubt to its logical conclusion. Since he cannot find moral motives safe from the

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Footnotes at end of article.

suspicion of mere conformity, self-interest, or hyprocrisy, he can find no safe grounds for moral affirmation. His moral passions, being thus denied legitimate expression, are satisfied by turning his scepticism against his own society. He denounces its institutions and policies as masks for the material profit of vested interests. Michael Polanyi has shown that this inconsistent combination of moral scepticism with moral indignation is held together by their joint attack on society.[2]

Of course, everyone is not equally affected by this frame of mind to the extent that an alienated intellectual is, and all critics of society are not alienated intellectuals. Nevertheless, its impact is pervasive. Today we grow up in this frame of mind in the way we grow up in our language. But whereas the structure of our language has been extensively studied, the structure of our frame of mind has not. That something is amiss has not escaped notice,[3] but the usual appellations of "double-standards," "death-wish," "guilt," etc., are too feeble to give us a handle on our dilemma.

Take a typical American liberal intellectual. His commitment to his society is usually conditional upon institutional and policy changes. Therefore, his allegiance at any point in time is weak, because to satisfy his desire for moral honesty he must forever remain an opponent of existing society. His program will not emphasize building on the past achievements and successes of the society, but correcting past failures and righting past wrongs. He will not see his country's gifts of foreign aid as attesting to its moral sense, but the insufficient amount will be evidence of an immoral foreign policy. He will justify foreign nationalization of his fellow citizens' property as a necessary remedy for neo-colonial exploitation. He will not see lack of progress in arms limitations as a reflection on the opponent's intentions but, instead, on his own country's lack of good faith.

He will not see a strong defense posture as a justifiable response to an external threat, but as "provocative" and the cause of an arms race. On the domestic scene he will champion the failures as victims of society, and he will explain the successful in terms of ill-gotten gains. He will not even be a Marxist, but just an ordinary member of a verbalist institution.

The fusion of moral scepticism with the demand for moral perfection means that the West's morality becomes immanent in attacks on itself. Readers of the Washington Post and New York Times, and university students, are all accustomed to the use of moral scepticism to unmask the alleged immorality of existing society. To note this is not to attack the press and the universities, but to observe that this frame of mind is so endemic that the challenge it presents to foreign and defense policies necessary to the survival of the West and to protect its interests must be realized.

The West has relied for so long on a self-critical posture as its means of achieving improvements that it naturally and unthinkingly adopts this stance in its relations with external enemies. I want now to examine recent articles by three distinguished and respected men—George Kennan, George Ball, and Congressman Les Aspin—in order to show the problem posed by the modern frame of mind to the maintenance of a vigilant foreign policy and defense posture.[4] That these responsible men are far from the purest examples of this frame of mind merely establishes its pervasiveness. At the outset I want to turn aside comments that their articles were written for purposes of self-justification, acquiring visibility in quest of high government office, etc., by observing that to be effective in these ways, the articles must relate to widespread views and be acceptable as intelligent foreign policy and defense comment.

## II

In an article about US/USSR foreign relations, George F. Kennan attributes the post-World War II bad relations between the two powers to American mis-perceptions and over-reactions.[5] The mis-perceptions and over-reactions had their origin in President Franklin D. Roosevelt and his associates misleading and manipulating American public opinion about the USSR. As Kennan puts it, "The unreal dream of an intimate and happy postwar collaboration with Russia" which was peddled during the war to large portions of the American public, who "were encouraged to believe that without its successful realization there could be no peaceful and happy future at all,"[6] led to disillusionment and anxiety. The result was an over-reaction that was further intensified by the tendency of military planners to create an adversary:

"In the case at hand, the Russians, being the strongest and the most rhetorically hostile, were the obvious candidates. The adversary must then be credited with the evilest of intentions. . . . In this way not only is there created, for planning purposes, the image of the totally inhuman and totally malevolent adversary, but this image is reconjured daily, week after week, month after month, year after year, until it takes on every feature of flesh and blood and becomes the daily companion of those who cultivate it, so that any attempt on anyone's part to deny its reality appears as an act of treason or frivolity. Thus the planner's dummy of the Soviet political personality took the place of the real thing as the image on which a great deal of American policy, and of American military effort, came to be based." (p. 682)

The postwar disillusionment, then, fell in "most fatefully, with the emergence of a new pattern of fears and misunderstandings—this time of a military nature." Kennan says we should not have been alarmed by the absence of Soviet demobilization after World War II. It was just a continuation of traditional Russian custom "to maintain in being, even in time of peace, ground forces larger than anyone else could see the necessity for." (p. 680) But since Western military planners are "trained to give greater weight to capabilities than to intentions" and Western strategists are inclined "to a chronic overrating of the adversary's capabilities," the "result, of course, was increased anxiety," which led to more American mis-perception and overreaction. (p. 681)

The development by the Russians of a nuclear weapon capability, which further militarized "American thinking about the problem of relations with Russia," was also our fault. Stalin sanctioned the development of a nuclear weapon capability because "others were doing so,"[7] but "he probably would have been quite happy to see it removed entirely from national arsenals, including his own, if this could be done without the acceptance of awkward forms of international inspection." (p. 681) Stalin, who "was entirely rational in his external policies," never allocated to nuclear weapons "anything resembling a primary role in political-strategic concepts." (p. 681) The reason Soviet doctrine today emphasizes the primacy of surprise nuclear attack is because Stalin's "successors were eventually forced into a somewhat different view of the weapon" by "Western powers, committed from the start to the first use of the weapon in any major encounter, whether or not it was used against them." (p. 681) The West couldn't see that it was the cause of all the problem, because "once again, the interest in capabilities triumphed over any evidence concerning intentions." (p. 681)

"Nor does this exhaust the list of those forces which, in the aftermath of World War II, impelled large portions of influential American opinion about Russia into a new, highly militaristic, and only partly realistic mold." (p. 682) I will not go through the rest of Kennan's list, which consists of various misreadings of events "by the official Washington establishment" as a result of their "exaggerated image of the menacing Kremlin, thirsting and plotting for world domination" and the tendency of American politicians to show "bristling vigilance in the face of a supposed external danger." (p. 683) The message of it all is that the U.S. is responsible for the cold war for taking seriously declared Soviet intentions: "It was out of such ingredients that there emerged, in the late 1940's and early 1950's, those attitudes in American opinion that came to be associated with the term 'cold war.'" (p. 682)

Having mistaken hostile rhetoric and military capability for hostile intentions, and having allowed Soviet behavior "to feed and sustain" our "distorted image of Soviet Russia," Kennan believes we proceeded to provoke the Soviet blockade of Berlin by undertaking the Marshall Plan, preparations for a West German government and making the first moves toward establishing NATO. According to Kennan, we then provoked the Soviets into starting the Korean War by establishing a permanent military presence in Japan. We then misread the significance of Stalin's death and proceeded to bring down Khrushchev, who "was intensely human" in spite of "his occassional brutalities," by trying to achieve superiority in preparation for an inevitable future military encounter "for which there was no logical reason at all," and by letting "the interests of the gathering of military intelligence . . . be given precedence over the possibilities for diplomatic communication." (p. 685) The result was the U–2 plane incident, which shattered Khrushchev's "ascendancy over the Soviet military establishment" and may have forced him into putting missiles in Cuba "as a last desperate gamble on his part with a view to restoring his waning authority." (p. 685)

Kennan believes we are also guilty of letting the Soviet response to the 1956 Hungarian and 1968 Czechoslovakian revolutions get in the way of better US/USSR relations. Once again we failed to understand. This time a great many Americans displayed an apparent inability "to understand that the Soviet hegemony over Eastern Europe, established by force of arms in the final phases of the war and tacitly accepted by this country, was a seriously intended arrangement that the Soviet leadership proposed to maintain, if necessary, by the same means with which they had acquired it." (p. 685)

In Kennan's view we are likewise responsible for the demise of détente. Soviet culpability for the 1973 Arab-Israeli war and for Angola played no part, but it allowed "some people on the American side" to use the impression that the Soviets had violated at least the spirit of earlier understandings "to justify the very clear changes that did occur in American policy." (p. 687) Kennan places the question of any Soviet responsibility for the demise of détente as outside "the limits of this examination," and, indeed, the question is irrelevant to Kennan's frame of mind, because détente was doomed by the Americans regardless of any Soviet responsibility: "The pressures against détente had never been absent in Washington." (p. 687)

Once again an American President overdramatized US/USSR relations and bred false hopes, which led to disillusionment. This played into the hands of the Pentagon, which refused both any further SALT concessions and the unilateral suspension of weapons program development. We failed to understand that the Russians' "rhetorical

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and political stance of principled revolutionary Marxism" was "designed to protect them from charges by the Chinese Communists that they were betraying the cause of Leninism-Marxism." (p. 687). "The Jackson-Vanik Amendment, and the subsequent demise of the trade pact, dealt a bitter blow to any hopes" for better Soviet-American relations. (p. 688)

If things are to improve, "American statesmanship will have to overcome some of the traits that have handicapped it in the past." (p. 689) We must overcome our subjectivity. We must control "the compulsion of the military-industrial complex." We must exercise unilateral restraint in the weapons race. We must see Soviet power as a natural accouterment of a great power and not as a military capability consciously acquired at great cost for the purpose of aggression. We must understand that the Soviet arms build-up reflects the Russian character and not Communist intentions. And "American politicians will have to learn to resist the urge to exploit, as a target for rhetorical demonstrations of belligerent vigilance, the image of a formidable external rival in world affairs." (p. 698) Time is running out, Kennan concludes, and that is our fault too.

All of this is sufficiently familiar that the reader knows I have not overdrawn the picture. I have not summarized Kennan's article in order to rebut it. My concern is not with Kennan, but with the structure of a frame of mind and the challenge it presents to American foreign policy. Kennan's article does not convey the strident tone of moral denunciation of American foreign policy that similar accounts do. Nevertheless, his scepticism is turned only against his own society. He expresses his desire for a better situation solely through his catalogue of American shortcomings, and he relies solely on criticisms of America to produce a better trend in US/USSR relations.

Simultaneously, he dismisses declared Soviet intentions with a claim that the obvious ideological hostility asserts "itself more as a rhetorical exercise than as a guide to policy." (p. 673) If Kennan believes this, one might imagine that he would criticize the Soviets for doing so much damage with meaningless rhetoric and ask them to drop it. Instead, threatening "Soviet rhetoric and Soviet behavior" are made into an American failure for allowing them "to feed and sustain the distorted image of Soviet Russia." (p. 683) The exaggerated reaction of the U.S. to intentions declared by the Soviet Union constituted "at all times a complication of the Soviet-American relationship." (p. 673) It is we who are responsible for the negative effect on international affairs of hostile Soviet statements and behavior. Kennan's account explains away any Soviet responsibility, right down to their rhetoric which is attributed to the necessity of fending off Chinese ideological attacks, Kennan's indignation is reserved for only his own country. His catalogue of alleged American failures even makes us responsible for the Cuban missile crisis.

The fact that Kennan suspends his scepticism in regard to the motives of the Soviets reflects the limitation of the critical attitude in the West to condemnation of one's own society. I am not suggesting that criticism of one's own society is unpatriotic or that mistakes (when they actually occur) should not be acknowledged as a way of doing better. That is not, however, Kennan's message. The thrust of his article is that America is at fault for acknowledging the existence of an enemy and preparing to resist him. The challenge this frame of mind presents to our foreign policy is formidable.

George W. Ball, in a stinging criticism of American diplomacy in the Middle East, also suspends his scepticism in regard to the motives of the Soviets and subjects only our own foreign policy to condemnation.[8] In his criticism he assumes that the Soviets desire peace and stability in the Middle East, and he does not even criticize the Soviets for complicity in the 1973 Arab-Israeli war. Instead, he gives them credit for the cease-fire, which was "negotiated under pressure from the Soviet Union." (p. 42) He blames the terrible situation that he sees in the Middle East today on the U.S. for turning its "back on a serious effort to solve the problem." (p. 44) The U.S. exploited "Sadat's strong desire for peace merely in order to separate sire for peace merely in order to separate Egypt from the rest of the Arab world." (p. 44) The U.S. forced Assad of Syria, who "would have preferred an overall settlement that would enable him to concentrate on the peaceful development of his country," instead to "accept increasing Soviet domination as the price of keeping pace with Israeli armaments." (p. 43)

The United States also "exhausted the Israeli tolerance for further compromise." (p. 46) Even Kissinger's success in separating the hostile forces is turned into an American failure because "by rigorously excluding the Soviet Union from any part in the negotiations, we reduced Moscow to a humiliating position." (pp. 42–43)

Mr. Ball expresses confidence in the Soviet Union, while he impugns the motives of Kissinger's diplomacy. Instead of working for a final settlement, Kissinger used diplomacy to fulfill "his elemental need for power and glory." (p. 41) Mr. Ball does not find the Soviet role in the 1973 Arab-Israeli war hurtful to détente. The damage to détente was done by Kissinger who, even though he "was publicly committed to détente, saw advantages in excluding the Soviet Union from participating in the negotiations, thus preventing Moscow from gaining a more solid foothold in the area." (p. 44) In other words, the American Secretary of State is not attacked for allowing Soviet successes, but for preventing them.

My purpose is not to defend Kissinger's diplomacy or to attack Mr. Ball, but to call attention to how our frame of mind undermines our own confidence while protecting our opponents from our criticism. Since we are always the focus of our criticism, the very concept of an external enemy is receding. This poses a difficulty to the maintenance of a strong defense posture.

The same self-criticism that diminishes the Soviet threat finds the real threat in our own defense budget. Congressman Les Aspin, a member of the House Armed Services Committee, warns us that "we must learn to see the dangers where they are, not where they are not."[9] Aspin thinks that the main threat to peace is the Pentagon's "we want more" doctrine, which produces an arms race.[10] In other words, the threat is in the Pentagon, not in the Kremlin.

Aspin uses the press to continually challenge the Pentagon's effort to disclose the Soviet military buildup.[11] In place of a Soviet threat, Aspin sees the Pentagon's "stripped down version of reality."[12] His use of information to down play the Soviet threat has caused General Daniel Graham, former head of the Defense Intelligence Agency, to call him a prestidigitator. Since I believe the problem is a frame of mind and not personalities, it is not for the purpose of taking sides that I give one more example of that point of view which is adept at turning facts inside out in order to apply a critical scepticism only to the United States.

In June 1976 Aspin released a report that in the past ten years the United States has built 48 nuclear-powered attack submarines and the Soviets have built only 42. Aspin said these figures "are further evidence that the 'Russians are coming' claims have been grossly exaggerated." This is the way Aspin chose to describe the fact that the Soviets have switched their submarine production capability from attack submarines where their advantage over us is 3 to 1 to nuclear missile submarines where their advantage over us is less.

The structure of this frame of mind causes cynicism to be suspended in regard to the motives of foreign opponents. By focusing scepticism only inward, it undermines the self-belief and will of Western civilization and disarms it morally.

## III

The Communists do not share our dilemma. In their doctrine the morality of Marxism is imminent in its historical inevitability. Marxism does not rely on self-scepticism as a means of achieving progress. The destruction of the West by Soviet communism poses no moral dilemma to them, because they see it as the inevitable consequence of historical progression. However, our own defense poses a considerable moral dilemma to us because of the frame of mind I have analyzed. In any realistic assessment of the strategic balance, this disadvantage must be included.

### FOOTNOTES

[1] Michael Polanyi, *Personal Knowledge* (Chicago: University of Chicago Press, 1958); "On the Modern Mind," *Encounter*, Vol. XVII (May 1965), pp. 1-9; and "Beyond Nihilism," in *Knowing and Being*, edited by Marjorie Grene, University of Chicago Press, 1969.

[2] *Ibid.*

[3] ". . . we tend to blame ourselves for everything that goes wrong in the world, and to assume that other nations share our good intentions, and will follow our good example. We take pride in self-flagellation, and seize every opportunity for excusing or ignoring the faults and shortcomings of others." (Eugene V. Rostow, "The Safety of the Republic," *Strategic Review*, Spring 1976, p. 14).

[4] I am not suggesting that Kennan, Ball, and Aspin are alienated intellectuals. All idealists are not alienated intellectuals, although the frustrations they encounter tend to move them in that direction. But the frame of mind that Polanyi analyzes is independent of the dispositions of individuals. It is a paradigm that, to a greater or lesser extent, we all live in mentally, and some live in it emotionally as well.

[5] George F. Keenan, "The United States and the Soviet Union, 1917–1976," *Foreign Affairs*, July, 1976.

[6] Curiously, Kennan's article perpetuates the same unreal dream and the same encouragement that he criticizes.

[7] In his review in the 8 August 1976 *Washington Post* of *Energy and Conflict: The Life and Times of Edward Teller* by Stanley Blumberg and Gwinn Owens, Celin Norman states that the authors have "convincing evidence that the Soviet Union actually led the race to develop the hydrogen bomb," testing both the first thermonuclear device and the first deliverable hydrogen bomb ahead of the U.S. "Astonishingly, the Department of Defense seems to have kept knowledge of the Soviet tests from the Atomic Energy Commission, and even Teller and his team were not informed."

[8] George W. Ball, "Kissinger's Paper Peace," *Atlantic*, February, 1976.

[9] Les Aspin, "How Much is Enough?," *The Center Magazine*, March-April, 1976.

[10] "It seems that whichever strategic doctrine happens to be enunciated by the existing Secretary of Defense, the Armed Services have always recognized only one doctrine, the same one that Samuel Gompers had for labor unions, 'We want more.'" *Ibid.*

[11] Aspin's efforts have earned him *Pravda's* appreciative recognition: "L. Aspin, a member of the House of Representatives, came out in the U.S. Congress with a detailed critical analysis of the methods being used by the Pentagon and the CIA in their desire to prove what cannot be proved—that the military spending of the USSR is greater than the U.S.

military expenditure. He then published a special article on this topic in the weekly *Foreign Policy*. A number of other members of both houses of the U.S. Congress also criticized the CIA and the Pentagon in this connection." *Pravda* contrasts Aspin with "the so-called big press of the United States," which gives "over the front pages to the slanderous fabrications of the Pentagon and the CIA." (K. Georgiyev, "Who is Whipping up the Arms Race?," *Pravda*, August 4, 1976).

[12] Les Aspin, "Comparing Soviet and American Defense Efforts: A Fact Sheet From the Office of Rep. Les Aspin," April 1976.●

## COLOR TELEVISION IMPORTS

● Mr. BAYH. Mr. President, we are all increasingly aware of the effect of unrestrained and unfairly priced imports upon our national economy, upon a growing number of industries, and upon the jobs of our citizens. Just last week, it was indicated that the Department of Labor would be required to seek over an extra $1 billion in order to keep current the payments under the trade readjustment allowance program established to aid workers who are laid off because imports was an important factor in their unemployment. In this regard, the automobile industry has been especially hard hit.

Now, however, we have a chance to maintain the last really viable segment of the consumer electronics industry left in America—color television manufacturing. The import limitations achieved through orderly marketing agreements with Japan, Taiwan, and South Korea are due to expire this June 30 unless the U.S. International Trade Commission recommends and the President agrees to an extension of import relief. For my part, I will be urging both the Commission and the President to act in a manner which will preserve this important industry and the jobs of workers not only directly engaged in the manufacture of color televisions but also in supplier industries.

The U.S. International Trade Commission is scheduled to make its recommendation within a matter of weeks. President Carter will then decide whether to grant relief, on which the jobs of 65,000 workers directly depend, or let it expire. I know my colleagues will be watching this case very carefully.

In the meantime, I want to commend to my colleagues a helpful summary of the case as reported by Richard Wightman of the Fairchild News Service in a recent issue of Home Furnishing Daily, a trade newspaper. I ask that this article be inserted into the Record.

The article follows:

### Color TV Quotas Debated at ITC

(By Richard Wightman)

Washington. — The management-labor coalition that successfully prodded for quota curbs on color TV set imports last week demanded a three-year extension of the protection. Without that safeguard, the nation would be swamped by a fresh inundation of disrupting imports, President Carter was warned.

Resumption of the long-lasting squabble between Far East TV set suppliers and U.S. companies occurred at International Trade Commission hearings. The agency is examining the economic impact of ending the quota controls, which are due to expire automatically June 30, and heard an impassioned plea for their extension by COMPACT, as the management-labor coalition calls itself.

The ITC has set a mid-May deadline to report its findings to the White House which, in turn, hopes to rule on COMPACT's petition by early June.

Labor's key witness, Charles Pillard, president, International Brotherhood of Electrical Workers, made much of the fact that U.S. jobs in TV production have continued to decline despite OMA protection. Pillard estimated about 3,700 jobs have been forfeited since the first OMA with Japan went into effect, representing a 20 per cent decline in 2½ years.

It was left to Stanley Nehmer, Compact's economic consultant, to pinpoint the overall rationale for OMA extension. Nehmer stressed that:

Effective protection from the three OMAs has lasted barely a year, an insufficient time for U.S. firms to renew their lost market position.

While imports of complete sets are down, this masks the true import penetration brought about by "rapidly" increasing imports of incomplete models.

Far East suppliers are poised for a fresh assault on the U.S. market with added capacity adding up to a "world glut" of TV set production. According to Nehmer, Korea immediately could export an extra 900,000 sets and 1.2 million color tubes; Taiwan is ready for a 1.2 million set annual production; Singapore is about to take off with Hitachi and Asahi plants; and even Japan—now a dwindling supplier to the U.S. market—would target most of its production at the U.S., in the absence of import restraints.

Together with Mexico and other exporters. "The potential would easily bring import penetration to levels well above the great import surge of 1976. The consequences for U.S. firms and workers would be devastating," Nehmer warned.

Thomas Hafner, senior legal counsel of Magnavox, warned of an alleged loophole that now plagues the current OMA's—many electronic components may be imported for assembly here into TV sets that cannot be classed as "incomplete television receivers" and so escape quota control. "A quota should be imposed on chassis alone," he contended.

The core of the case against continuation of the OMA's came from William Tanaka, counsel to the Electronics Industries Assn. of Japan.

He insisted U.S. firms have been enjoying booming sales and sharply higher profits and that any weakness in U.S. prices is due entirely to market conditions in this country. "The strongest competition in today's market is of domestic origin. It can be traced directly to the continuing struggle for leadership between the two dominant producers—Zenith and RCA—Tanaka explained.

Tanaka emphasized any recent cut in industry work force has been caused largely by technological improvements.

As for Far East exports and their feared growth, Tanaka stressed instead the continued movement onshore in the U.S. "If the Japanese companies carry out their stated plans, their U.S. output will jump at least 20 per cent this year to 3.4 million sets. This does not count an additional 400,000 to 60,000 sets scheduled to be assembled in the U.S. this year by or for Taiwan and Korea companies," he declared.

The domestic coalition, seeking the maximum quota extension allowed by the nation's trade laws, is mostly made up of labor unions and TV glass "bulb"-making companies that supply parts to American TV manufacturers. Only one of the latter, Wells-Gardner Electronics Corp. is a compact member, and that firm did not testify at the hearing.

However, Compact managed to recruit two other U.S. manufacturers, GTE Consumer Electronics and Magnavox, to testify last week in support of a three-year prolongation to the OMAs with Taiwan, Korea and Japan.

Despite this, neither GTE nor Magnavox actually joined Compact in the written extension petition. Asked why, George Konkol, president, GTE Consumer Electronics, declined to comment. "Ask my lawyer," he told HFD.

The lawyer, Ed Goldstein, in turn, said the omission was purely "technical. We prefer to go it alone. The proof that we care is that we are here now we're in there slugging."

The Magnavox witness, Thomas Hafner, although he is senior counsel to the firm, said he did not know why his company failed to join in the petition.

Conspiciously absent at the hearings was Zenith which, under its former chairman John Nevin, was a strong supporter of TV set import restraints. Another major U.S. manufacturer, RCA, never has backed a protective import stance.

Konkol's testimony concentrated on the efforts GTE has made to modernize and streamline its operations under the protective quota cloak, but he warned the short period of restraint has not been sufficient to assure GTE's "healthy position" in the industry.●

## TAXING SOCIAL SECURITY

● Mr. JEPSEN. Mr. President, last year the Advisory Council on social security recommended that half of social security benefits be made taxable. Since, in the past, so many of the Advisory Council's proposals have ultimately been implemented, I felt that this represented a clear and present danger to the tax-exempt status of social security benefits—a status established by an IRS revenue ruling in 1941, not by law. To permanently forestall any efforts to tax social security benefits I introduced S. 2448 on March 19, 1980, to amend the Internal Revenue Code to provide explicitly in law for the exclusion of social security benefits from gross income.

Recently, the New York Times strongly endorsed the taxation of social security benefits, on the grounds that most social security recipients would be unaffected because their income is so low, and it would only hit those with additional retirement income. The Wall Street Journal has responded to the Times argument by pointing out that the logic of taxing social security benefits implies that it is a welfare system designed to redistribute income from the "wealthy" to the "poor" rather than a pension system to which one has a right on the basis of paying taxes into the system. I am totally opposed to turning the social security system into any more of a welfare program than it already is. I hope that all my colleagues will read the Wall Street Journal's editorial on this matter.

The editorial follows:

### Taxing Social Security

One of the proposals of last year's Social Security Advisory Council called for making half of Social Security benefits subject to the federal income tax. The Congressional Budget Office also has offered support for this idea, as have various other influential voices, such as The New York Times.

The response to the Times March 7 endorsement is of some interest. The Times got a batch of angry letters from readers contending such a tax would be "unfair." It attempted to field these complaints with a second editorial on April 1 explaining, in essence, that such a tax would not affect the poor and hence is not "unfair."

There is very little argument on the first point. Because of the double income tax exemption for the elderly, retirees with little or no income other than Social Security would pay nothing. The new tax, which it is estimated could raise $36 billion to supplement the Social Security funds between now and the end of 1985, would fall entirely on retirees whose total retirement income exceeded some $10,000 a year. The entire bill would be paid by the upper-income one-third of the retired population.

This reply no doubt satisfied many of the Times's worried readers. But whether or not it represents "fairness" depends on how you define fairness. Some people define it as taking from the well-off and giving to the poor; others view it as treating everyone alike and still others, most of us probably, put it somewhere in between. One thing is certain however. A tax on benefits would take Social Security still further along the road to becoming a welfare system.

Social Security has been tilting towards high income to low income transfers for some time, even though it was promoted originally in the 1930s as a retirement insurance plan. Many people still think of it as insurance and for good reason, since it is officially titled Old Age and Survivors Insurance (OASI).

Many people can't see why anyone should worry about the tilt towards welfare since everyone still gets more than he and his employer put into the system. That, however, is only true of present beneficiaries. According to an American Enterprise Institute study young men and women entering the system today are facing the prospect of getting less than the combined employe-employer contribution if they remain single and if their earnings are above the median level. Low earners will continue to get more. Young single males in the maximum earnings bracket won't even get back the tax extracted from their own wages.

As a class, young wage earners of all income levels face a heavier burden than their elders faced, simply because they will be fewer in numbers relative to the number of retirees if present demographic projections hold true. And the high earners who have the least to look forward to in benefits would face further inroads from a benefit tax.

Supporters of benefit taxation think it is only fair for the Social Security system to be rigged in a way that will tax the strong earners to support the weak ones. Of perhaps more relevance to the future of the system, however, is whether the strong earners feel that way as well.

There already are signs of disaffection among high producers with many of the artifacts of the welfare state, its ever increasing taxes and its generation of dependency among healthy people. Given this mood of the times, a change that tilts Social Security towards welfare cannot be expected to win universal favor in this large and vital segment of our society.

There are some conservatives who would argue along a different tack, that Social Security should be taxed to put it on a par with private pension income. They fear that given the rising costs of Social Security, it will eventually put private pensions out of business with a further impact on the nation's already feeble rate of capital formation.

This is not an insubstantial fear. Yet the answer to this and so many others of our economic problems does not seem to us to be additional taxation. Rather, it lies in genuine government cost reductions and elimination of economic inefficiencies.

If the burdens of stunted economic growth are steadily shifted to our society's strong producers, they will at some point cease to be strong producers. The rundown of economic growth that has been occurring this last decade will accelerate. The biggest victims of this will be the poor. And that won't be fair either.●

## WILL WE HAVE TO "SUMMER FALLOW" THE COUNTRY?

● **Mr. McGOVERN.** Mr. President, like many of my colleagues I spent the Easter congressional recess in my home State. It is too bad that many of our Government officials did not have the same opportunity.

I constantly read of economists, and others, who predict that a recession is just around the corner. I would recommend that they leave their charts and graphs for a few days and get out into the real world. The recession is already here.

The principal revenue source in my State is agriculture. The traditional financial arrangement is for the farmer to go to his local bank to secure a loan for an amount sufficient to permit him to prepare his ground, put in his crop, cultivate it as required and then harvest it. From the sale of his produce, he is able to pay off his loan and, hopefully, have a sufficient amount in addition to meet his operational expenses and carry him over the winter.

The "tight money—high interest rate" policy of the administration and the Federal Reserve System has ruptured this cycle. Few farmers can afford 20 percent interest for their spring planting loans, or for livestock purchases.

Even if a farmer or rancher can obtain the loan funds, he finds himself in the 1980 version of the classic cost-price squeeze. For years, farm prices have been too low. But now, in this inflated economy, the difference between what the farmer receives for his produce and what he must pay to produce it has worsened to the point where he has a negative balance. In some instances, it actually costs him money for every bushel of wheat, corn, and soybeans he plants and harvests.

Chase Econometrics estimates that it will cost a midwestern farmer $2.34 to produce a bushel of corn in the 1980 crop year, while the price he would receive for it hovers around $2.10 a bushel and may go lower. Soybeans will cost $5.75 a bushel to grow, but will sell in the fall at below the production cost.

You cannot operate a farm, or any other business enterprise, if your cost of production exceeds the price you receive for the end product of your labor and capital investment.

That is exactly the kind of situation we face in South Dakota today—and that is one of the chief problems with agriculture in the country—especially in the upper Great Plains States.

The farmer has been able to eke by in years past, because the value of his land has increased with inflation. This has given him additional collateral on which to base his loan requests at his local bank. But now that is no longer enough. With rising fuel costs—with increased prices for his seed, fertilizer, and every other element of a farming operation—the farmer cannot make it, regardless of the value of his land. He cannot afford to pay a 20-percent interest rate.

As one farmer, whom I have known for years, told me in South Dakota last week, "Sure, we want to end inflation, but you shouldn't have to Summer fallow the whole country to do it."

While agriculture in my State is hit hard by these tight-money high-interest-rate policies, other businesses have not been immune from their effect. Small businessmen tell me that they cannot get loans for spring and summer inventories, real estate firms are bankrupt or nearly so, the home construction industry has come to a halt, the tourist industry, South Dakota's second largest revenue producer, is rightfully concerned that with the economic downturn and higher motor fuel prices, tourists simply cannot afford to take a summer vacation. South Dakota's tourist visitations were down over 14 percent in 1979. Many businesses had to take loans then in the hopes that 1980 would be better, but that prospect seems dim given the present and projected economic environment.

Writing to me under date of March 27, 1980, Chairman Paul Volcker of the Board of Governors of the Federal Reserve System noted:

> While I think it is by no means certain that there will be a serious national recession, we run that risk . . . I am familiar with the problems you noted in your letter; they clearly extend well beyond the borders of your home state. It is impossible to shelter completely housing, small businesses or agriculture from the impacts of monetary restraint.

Chairman Volcker and his fellow Federal Reserve System Governors clearly intend to tighten the screws on money supply and increase interest rates until they "wring inflation" out of the economy. But at what cost? We are not dealing here in the abstract of computer printouts and statistical data—we are dealing with human beings—with farms, ranches, small businesses—with old folks, with young families, with youngsters who want a job or an education.

There are those who say that a 7.5-percent unemployment rate must be "acceptable" if we are to stop inflation. But it will be a hollow victory if we end the inflation cycle only to find that we have ripped the economic fabric of the country to shreds.

The Senate budget resolution, which we will soon be considering, calls for a balanced budget for the 1981 fiscal year. I support that goal. But why is it that every time we move to cut Federal spending that those cuts seem to fall most heavily on those who can afford it least? Why do we have to even consider a ceiling on a cost-of-living adjustment for social security recipients? Why do we have to end Saturday mail delivery service that is so important to rural residents and those for whom the coming of the mail each day is a major event?

Why do we have to try to end the general revenue sharing program which is the most cost effective and efficient way to provide some financial assistance to States and their political subdivisions? The administrative cost is low and the benefits great. As an example, in South Dakota, the State's share of general revenue sharing is given over entirely to elementary and secondary schools. That is certainly a better purpose than many that are dreamed up by those in positions of responsibility in the Federal Government.

In short, why do we have to cut "people oriented" goods, services, and entitlements? Would it not be better to make those budget reductions in areas of government capital investments and unnecessary hardware and systems purchases? I believe it would.

While I support a balanced Federal budget, let us not delude ourselves with the impact it will have on inflation. Assuming the 1980 inflation rate is 18.2 percent—a balanced budget will only reduce that rate by two-tenths of 1 percent. But I agree that to the extent inflation is based on attitudes and perceptions—the psychological effect of a balanced Federal budget will be important and necessary.

But the root causes of inflation cannot be addressed by pep talks, voluntary action, and a balanced budget. We cannot continue to use symbolism to deal with a substantive problem.

The administration's apparent commitment to a policy of induced recession to meet the problem of inflation represents a narrowness of response that, by timing and substance, is a serious and fundamental error for our national financial and economic policy.

One recalls Andrew Mellon's advice to the last engineer to occupy the White House, Herbert Hoover—"Liquidate labor, liquidate stocks, liquidate the farmer," let the economy hit rock bottom and then the natural forces of recovery will take over. President Hoover apparently acted on that advice and the result was the worst depression in the Nation's history.

It is true, of course, that over the long run recession will slow the rate of inflation. President Ford brought a 12 percent inflation rate down in 1975–76 at the cost of one of the worst recessions in nearly 40 years and considerable human anguish and economic privation. But how deep would a recession have to be—how long would it have to last—to bring this 18 percent plus inflation rate down? What would be the social and human cost of that experiment?

I am one of those who believe that we must increase our basic national productivity, but that will stagnate in a recession. There is no more certain way to accelerate the decline of productivity than to use recession as the remedy for inflation.

The present tight money-high interest rate policy is one of enormously high risk to the stability of our economic and political system.

A rise in interest rates increases costs and at least some of these higher costs are passed along in the form of higher prices. This, of course, is just the opposite of what we need. If this inflationary period has taught us anything—it should be that no sound economic policy can provide a quick fix for inflation. We can correct it only gradually—through the implementation of steady policies and through an ever so gradual reduction in the growth of the money supply from the high rates registered in years past. Monetary policy, in general, should be neither too expansionary nor contractionary. Caution should be our watchword.

In the past, we have pursued policies that were at first too expansionary, when inflation accelerated we slammed on the brakes. Inflation didn't decline much, but output and employment did—so we pumped up the economy again for yet another repeat performance.

This roller coaster approach left us at the end of each recovery and downturn with a higher inflation rate than the one earlier. What we begin with anew each time is a higher core rate of inflation.

In the past decade or so, there has been a shift in our monetary-fiscal policy mix; one that has contributed to our sluggish productivity growth and higher inflation rate. We seem to favor tighter money whenever the inflation rate increases followed by budgetary policies designed to offset the negative employment effects of tighter money. As a result we appear to have moved away from capital investment toward higher levels of consumption. A case can be made that monetary policy needs to be made easier and fiscal policy needs to be brought more to the forefront in the fight against inflation. Unfortunately, given the Federal Reserve action on higher interest rates and the growing sentiment in Congress to cut taxes, we seem to, once again, be moving on the old roller coaster which started our present economic problems.

High interest rates and tight money have an appropriate place in our arsenal of economic and monetary strategies, but not to the exclusion of other policies that could spread the risk and cushion the blow as we try to "correct" our course to reduce inflation.

The Federal Reserve Board has staked out the "high interest ground" as it response to inflationary pressures. The success of that effort will, to a substantial degree, be determined by whether the administration and the Congress can crank into the financial equation sufficient complementary fiscal policy to compensate for the higher interest rates.

I have introduced legislation, the Economic Stabilization Act of 1979, to restore the President's standby authority to utilize mandatory wage and price controls if he feels the economic situation warrants.

Whether the President elects to use them or not—I feel it is important that he has available in his economic arsenal the authority to use mandatory wage and price controls.

I will certainly agree that mandatory wage and price controls—regardless of how selective they may be or how they are implemented and administered—create problems and distortions.

In a sense, the Nation has a choice. We can either proceed on the present course of 20-percent interest and a building recession to control inflation—or we can turn to some form of wage and price controls.

There are many people who are, however reluctantly, reaching the conclusion that the administratively irritating consequences of controls will be a good deal easier to manage than the politically explosive consequences of rising inflation or 15 million people out of work.

We must recognize, that controls should be the beginning of policy—not the end. Controls could provide a fiscal "breathing space," so we can deal rationally with the roots of inflation and break up the institutionalization of inflation which causes high prices to feed on themselves.

Controls, properly handled, will buy us time to deal with the structural problems in our economy that are the sources of inflation. To improve productivity, to lessen our dependence on imported oil by developing meaningful alternative energy sources here at home, to cut back on wasteful public spending, and to undertake a basic reexamination of the foundational policy of our floundering economy.

The farmers of South Dakota—the citizens of our country—are waiting to see if this Congress and this administration has the intestinal fortitude to deal effectively with the problem.●

## MR. GEORGE STONE ELECTED PRESIDENT OF THE NATIONAL FARMERS UNION

● Mr. **BOREN**. Mr. President, over the years the State of Oklahoma has been fortunate to have several persons serve in national leadership roles. Recently, another outstanding Oklahoman has risen to the top of a national organization to carry on this Oklahoma tradition.

Mr. George Stone of Choctaw, Okla., has been elected president of the National Farmers Union. He is well-equipped to lead this large farm organization, and I join other Oklahomans in congratulating Mr. Stone on both his achievement of this high honor and on his numerous contributions to agriculture throughout the years.

Certainly, Mr. Stone is no stranger to American agriculture. For 25 years he served as president of the Oklahoma Farmers Union. In that post he served with distinction and was a significant force in representing the interests of the Oklahoma farmer and rancher both in his home State, and on the national scene. We can expect the same kind of effective performance from him in his new position.

The Tulsa Daily World, in its March 10, 1980, edition noted the significance of Mr. Stone's achievements with an editorial entitled "Stone's New Job." Following is the text of the editorial:

### STONE'S NEW JOB

Oklahomans can be proud of the election of George Stone as President of the powerful National Farmers Union.

Stone, who has headed the Oklahoma Farmers Union for 25 years, is a native of Choctaw. A conservative, he is respected by all farmers and ranchers.

While State president, he built the membership to more than 91,000 farm families and has consistently fought to preserve the family farm.

As president of the second largest general farm organization, Stone will have much to say about farm policy and his influence will be felt in behalf of farmers and consumers alike. He's not timid, and as one observer said, "you may not always agree with him, but there's never a doubt about where he stands on an issue."

His tenacity on public matters recently has caused the State Regents for Higher Education to spend more than ever for agricultural research and education. It's good to have a man of his caliber in such an important past.●

## FIFTIETH ANNIVERSARY OF THE INAUGURATION OF HERBERT HOOVER TO BE 31ST PRESIDENT OF THE UNITED STATES

● Mr. HATFIELD. Mr. President, one of the incidents which most tarnished the Presidency of Herbert Hoover was the rout of the Bonus Expeditionary Force (BEF) from its temporary Washington encampment in July 1932. Coming during the Presidential campaign in which Hoover was already on the defensive because of the depression, the incident was a blow to the President's political fortunes, at a time when a rousing success was needed to give Hoover any chance for reelection.

Prof. Donald J. Lisio, chairman of Department of History at Coe College, Cedar Rapids, Iowa, has submitted an essay on Hoover's handling of the BEF incident, for inclusion in the series of essays commemorating the 50th anniversary of the inauguration of Hoover as our 31st President. While the essay catalogs Hoover's mistakes in handling the BEF and its aftermath, it places original blame for the rough handling of the veterans with Army Chief of Staff Douglas MacArthur, who disregarded Hoover's direct orders, and Secretary of War Patrick Hurley. The essay, based on research at the Hoover Presidential Library at West Branch, Iowa, was first printed in the autumn 1967 issue of the Wisconsin Magazine of History. I am grateful to the State Historical Society of Wisconsin, publishers of the magazine, for permission to reprint the article.

The Bonus Expeditionary Force was a group of World War I veterans and their families, numbering 15,000 to 20,000. The force had come to Washington in June 1932 to petition the Government for immediate payment of a World War I bonus, which had been scheduled for payment in 1945. The force lobbied peacefully for almost 2 months, but rioted on July 28 after the administration forced them to leave some vacant Government buildings scheduled for demolition. Repeated peaceful efforts had failed.

Hoover's order to Hurley was that the BEF was to be moved by force out of the Washington business area to their camps, and placed there under Army guard until an investigation could isolate the instigators who had planned the riot. Various reports had alleged that Communists had infiltrated the force. Hurley's order to MacArthur differed from Hoover's order in one respect. He ordered all marchers to be moved across the Anacostia Bridge to Camp Marks, the largest camp in the area.

MacArthur assumed personal command of the troops, against the advice of his aide, Maj. Dwight Eisenhower. According to MacArthur's later report to Hurley on the incident:

> Dispersion and expulsion from the district . . . became . . . the only logical answer the Government could make to the mob's actions.

MacArthur was convinced that the rioters were Communist insurrectionists plotting a coup d'etat. As Hoover became aware that MacArthur was disregarding his order, and driving the veterans toward Camp Marks, he told Hurley to forbid the Army from crossing the Anacostia. Hurley dispatched senior aides to convey his order. Eisenhower later revealed MacArthur's reaction: He was "too busy" to see Hurley's representatives, and did "not want himself or his staff bothered by people coming down and pretending to bring orders." The action continued against the veterans until all had been driven from the city, and their encampments burned to the ground.

Although initially demanding that Hurley and MacArthur publicly acknowledge their responsibility, Hoover later accepted full responsibility, after the two men refused. Convinced by Hurley that there had been a plot to bring down the Government, Hoover then was in the position of proving the charges to justify the harsh action, which had been against his orders. As the proof failed to materialize, the administration switched from claiming a Communist conspiracy to a criminal conspiracy, as approximately 20 percent of the veterans had criminal records, many of them for minor offenses. This clumsy switch exacerbated criticism, and further alienated veterans' organizations such as the Veterans of Foreign Wars and the American Legion.

Mr. President, Professor Lisio's essay, "A Blunder Becomes Catastrophe: Hoover, the Legion, and the Bonus Army" is a fascinating account of how a strong-willed general defied orders of the Commander in Chief, and how a weakened President facing a reelection battle responded. I request that Professor Lisio's essay be printed in the RECORD, along with a brief biographic sketch of the author.

The material follows:

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### A BLUNDER BECOMES CATASTROPHE: HOOVER, THE LEGION, AND THE BONUS ARMY

(By Donald J. Lisio)

When a President runs for re-election in the middle of a depression, his campaign is apt to be more than a little defensive. When he has used troops to break up a demonstration of unemployed veterans in the national capital, he may expect the people to call for some sort of explanation. In the summer of 1932 Herbert Hoover found himself compelled to justify his actions before he could raise the campaign to the level of principles and programs. In June and July the Bonus Expeditionary Force (B.E.F.) had encamped on the outskirts of Washington and had petitioned Congress to approve immediate distribution of the World War I bonus, originally scheduled for payment in 1945. On July 28 the peaceful occupation had ended in a riot; the encampment had been burned; and soldiers had dispersed the B.E.F.

During the following month questions and criticism mounted, and the national convention of the Veterans of Foreign Wars castigated the administration for its "unnecessary, criminally brutal, [and] morally undefensible" use of troops.[1] A determined minority in the American Legion proposed to censure the President and demand immediate payment of the bonus. The Legion's annual convention was to meet in Portland, Oregon, on September 13. It would be an important test of the President's reputation, for if the minority forced through a resolution of censure in the last weeks of the campaign, Hoover might lose his already slim chances of re-election. On the eve of the convention Hoover released a Justice Department report on the B.E.F. incident, hoping thereby to vindicate himself and rally his supporters. Instead the report, which was confusing, vaguely documented, and tactlessly presented, confirmed the suspicions of his enemies and silenced many of his friends.

While the legionnaires posed a threat and a challenge, Hoover did not lack ardent defenders. On July 29, 1932, the day following the riot, most newspaper editors accepted without question the explanation that the rioters had been "animated by the essence of revolution," as charged by Army Chief of Staff General Douglas MacArthur. According to MacArthur, who had commanded the eviction, the rioters were "insurrectionists," plotting to overthrow the government by force and to institute a "reign of terror." Secretary of War Patrick J. Hurley enthusiastically supported his explanation.[2] Since rumors of such communist plots were plentiful in late July, the frightened editors lavished praise upon the President for his decisiveness in the face of radicalism and anarchy. Hoover himself assured them that "subversive influences" had gained control of the Bonus Army, and had "inaugurated and organized" the riot. To the editors, therefore, Hoover was the President who placed national welfare above partisan politics or temporary political advantage. He emerged from the wreckage of the bonus riot as the hero of the day, and to some the savior of the Republic.[3]

In the wake of such widespread newspaper acclaim Hoover at first more than held his own. Most editors seemed satisfied by assurances from high administration officials that proof of a communist plot would soon be forthcoming. But a small group of critics was not so easily swayed. The members of the B.E.F. were not communists or radicals, they argued, but loyal, patriotic Americans who had served their country well. Beaten down by a long and cruel depression, these poverty-stricken men had sustained a consistently peaceful lobby during two sultry months in the nation's capital. Nor was this an easy task for a group whose numbers varied from time to time between fifteen and twenty thousand marchers. They had worked hard to maintain order and had succeeded admirably. Their repeated demonstrations beseeching Congress to authorize the World War I bonus quickly were exceptionally respectful. When the Senate rejected their appeals, the petitioners who had gathered at the steps of Congress had not rioted, but had responded by singing "America." Defenders of the B.E.F. interpreted the veterans' continued discipline after repeated defeats as proof of patriotism, not communism.

The riot had occurred on July 28 only after the administration had tried to force the veterans out of several vacant government buildings scheduled for demolition. No one could reasonably deny that the march-

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Footnotes at end of article.

ers' resistance to repeated attempts to remove them peacefully from the building was unjustified. It was also generally acknowledged that the angry veterans had stoned and mauled the police who had attempted to evict them, and that a brief riot had caused momentary panic. But what angered Hoover's critics most was that the Army had employed troops, tanks, and tear gas not merely to stop the riot, but to drive the unarmed marchers and their families out of the capital. Many had not taken part in the riot, and had not even found time to gather their few personal belongings or to eat what little food they had. The Army's action, the critics argued, was not only unnecessary but inhumane.[4]

Some of the President's detractors were even harsher in their condemnation; they contended that beneath the facade of respectability Hoover was a brutal man, one who might well have deliberately provoked the riot and planned the sudden rout of the helpless veterans in order to create a sensational beginning for his re-election campaign.[5] William R. Rice, commander of a local American Legion post, congratulated the President for finally revealing to the nation his "sadistic principles of government."[6] One angry citizen noted that Hoover had helped the starving people of the world, but, he accused, "as soon as your own get near enough to ask for food you order them shot down."[7] Floyd Gibbons, the noted radio broadcaster and war correspondent, compared the bedraggled band of fleeing veterans to World War I refugees. The only difference was that the members of the B.E.F. were "American refugees fleeing from the fire and sword of the Great Humanitarian."[8]

Even under such savage attack Hoover did not at that time publicly reveal that anyone other than himself was responsible for the tragic rout of the veterans. Many years later, however, he emphatically denied that he had commanded the rout of the Bonus Army. He argued that he had complied with the District of Columbia Commissioners' urgent request for troops to clear the riot area, but that he had not directed the troops to drive the veterans out of the capital. Rather, they were to move the rioting veterans out of the business district and return them to their camps where they would be placed under army guard until a systematic investigation could identify the communists, criminals, and non-veterans which he and others in his administration assumed had plotted and directed the riot.[9]

Unfortunately, Hoover did not offer any proof to substantiate his new explanation. Further, his public statements at the time of the riot had given no hint that his orders had been disobeyed. More important, if Hoover's explanation was accurate, one could in fact question why those who had disobeyed his orders were not immediately disciplined.[10] Rather than a statement of fact, Hoover's latter-day assertion that he was not responsible for ordering the rout appeared instead to be a feeble attempt to find some justification for a tragic mistake.

Despite the seeming weakness of Hoover's assertion, it is now evident that his explanation was correct. On the afternoon of the riot Hoover responded to the Commissioners' request for help and directed his Secretary of War, Patrick J. Hurley, to assemble the troops. Hurley immediately relayed the message to the Army Chief of Staff, General Douglas MacArthur, with the result that the President quickly lost control over the swiftly moving events. Once in command MacArthur quickly showed his contempt for civilian interference in what he considered to be military affairs. The young Chief of Staff, basing his judgment partially upon a secret Army intelligence report and partially upon his own equally jaundiced disdain for all "radicals," concluded that the rioters were actually communist insurrectionists bent upon executing a well-planned, bloody coup d'etat.[11]

Upon assembling his troops near the White House MacArthur decided that "the dispersion and expulsion from the District . . . became thus the only logical answer the Government could make to the mob's action."[12] In arriving at this decision he discarded previously arranged Army plans which, in the event of a riot, called for an orderly transportation of the veterans to their home states upon the authorization of a presidential proclamation.[13] He also rejected the advice of his Adjutant General on the legality of Army initiative and action and proceeded on his own to evict the veterans. Dwight D. Eisenhower, MacArthur's aide, advised him that he felt it "highly inappropriate for the Chief of Staff" to assume personal supervision of the troops, but nothing could dissuade the General from his self-appointed mission to save the Republic.[14]

Secretary of War Hurley had earlier attempted to convince the President to sign a proclamation establishing martial law and thus clearing the way for the Army's dispersal of the marchers.[15] Hoover had refused. He had given Hurley clear instructions for handling the riot. This is evident from an order which Hurley had drafted to MacArthur, but which for some inexplicable reason he did not issue. The importance of Hurley's drafted order lies not so much in the interesting question of why he failed to send it as in the fact that its wording closely follows that of Hoover's explanation years later. Hurley obviously understood the President clearly as he directed MacArthur to "Surround all the veteran camps in Anacostia and hold all campers, rioters and marchers until the names of all of them can be tabulated and their fingerprints taken." Thereupon, the Secretary concluded, those "who had incited riot and death will be arrested and delivered over to the civil authorities for prosecution." Hurley's order did vary from Hoover's stated plan in one respect. Contrary to Hoover's instructions to return the men to their own camps, Hurley instructed MacArthur to force the rioters across the Anacostia Bridge into Camp Marks, the largest camp on the Anacostia Flats, and hold them there. Except for this divergence, Hurley's draft followed the President's instructions completely.[16]

Don Lohbeck, Hurley's authorized biographer further supports Hoover's explanation. Lohbeck admits that the President had stated "certain methods for suppressing the riot," with which Hurley did not agree, and that Hoover's order limited Hurley to moving the rioters out of the business district, which would not allow for either Hurley's plan to force them into the Anacostia camp or MacArthur's decision to drive them out of the capital. He further admits that "Hurley did not comply" with Hoover's methods for suppressing the riot. Nonetheless, Lohback's authorized version seeks rather feebly to defend Hurley by arguing that Hoover's instructions were not in writing and "not in the form of a directive or order."[17] Yet the evidence is quite clear that Hurley fully understood Hoover's directions but chose not to insist upon their strict implementation.

No only did Hurley understand the President's intentions, but certainly by the time the troops arrived at the Anacostia bridge MacArthur was also informed of them. While the troops herded the panic-stricken veterans toward Camp Marks, Hoover realized that MacArthur had disregarded his orders, and the President acted to stop the rout. He told Hurley to forbid the troops to cross the Anacostia bridge, and Hurley relayed the order. Instead of sending the written directive, Hurley dispatched a high-ranking personal courier, General George Van Horn Moseley, to inform MacArthur of the President's instructions. General Moseley was Hurley's personal assistant as well as Army Deputy Chief of Staff. Still another envoy, Colonel Clement B. Wright also delivered the same order. However, according to Eisenhower, MacArthur was "too busy" and, in an incredible response, snapped that he did "not want either himself or his staff bothered by people coming down and pretending to bring orders."[18] The rout proceeded under MacArthur's direction until all the veterans had been forced out of the capital and their encampments burned to the ground.

Hoover was angry and dismayed when he heard that MacArthur had disobeyed his orders, and shortly after the rout he requested that both Hurley and MacArthur either publicly acknowledge their responsibility for the rout, or at least inform a member of Congress who could then defend the President against the critics. Both refused.[19] After the riot they had weighed the idea carefully, discussing it with friends and advisers. Their refusal to comply with Hoover's request, on the grounds that their action was necessary and correct, and therefore needed no public justification, further supports Hoover's version of the rout. According to Hurley, MacArthur felt that such a public admission "would be bragging," that it would cast them "in the role[s] of hero[es]." They both agreed that they should not "hit the foot lights." The idea of using a Congressman to defend the President was equally unacceptable to them. Hurley contended that since the support for the President was already "99 percent," it was not necessary to "defend a just action." "That," he argued, "would be trying ourselves, and you know how fickle the public is." Rather than defend himself, the Chief ought to enjoy the glory, "standing at the head where he should be," with "nobody against him except Scripps Howard and a bag of scatterbrains."[20]

The exchange between Hoover and Hurley not only pointed up Hoover's dismay with the rout, it also reflected his fear of campaign repercussions and his concern for developing an adequate public defense. A more seasoned politician might have insisted upon protecting himself, but Hoover decided to accept full responsibility for the actions of his administration. He withdrew his request that MacArthur or Hurley make a statement and even discarded the idea of using a Congressman to defend him. That was a crucial blunder, an error that shaped the entire, unfortunate nature of his public defense. By accepting Hurley's argument, Hoover displayed his surprise and confusion over the rout. Instead of demanding either MacArthur's or Hurley's resignation, or at the very least a public explanation, Hoover vacillated. Whether he trusted Hurley's predictions of glory, he probably was encouraged by the already strong newspaper support. It was obvious, however, that the critics would launch a scathing attack upon him in the belief that he had ordered the rout, and that he would need a sound defense. Yet since Hoover believed in the strong possibility that radicals had precipitated the riot, Hurley was able to convince him that it had actually been a scheme to topple the government, and Hoover therefore could not bring himself to repudiate publicly either Hurley or MacArthur. Worried about the forthcoming election, he reluctantly decided that the only course was to silence his critics with the charge of insurrection, and to that end he waged an all-out effort first to incriminate the leaders of the riot and finally the entire Bonus Expeditionary Force. The imputation of a radical plot thereby became the cornerstone of Hoover's political strategy, a fateful and unfortunate decision which placed the burden of proof squarely upon the President.

On the morning following the riot government forces arrested forty-two alleged radicals, but this action failed to result in either the conviction of the supposed conspirators

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or proof of insurrection.[21] By early August, shortly after the eviction of the B.E.F., reports from Republican leaders indicated that the critics were successfully casting doubt on the administration's allegations against the Bonus Army.[22] In response to the growing criticism, Hurley quietly modified his public support of the insurrection thesis. By August 3 he contented himself with emphasizing the radical nature of the riot and its leaders and implying that the government had no choice but to drive them out of Washington.[23]

Hurley's new position did not stop other Republican leaders, however, from repeating and even embellishing upon the charge of a communist plot to overthrow the government. Royal C. Johnson, former chairman of the House Veterans Committee, informed the press and local American Legion posts that he had proof that communist leaders in the B.E.F. had collected dynamite, guns, and ammunition for their nefarious plot. The troops had prevented the use of these weapons, but the intent was clear. Communists, Johnson stated, "don't bring in dynamite to start a Y.M.C.A. or Sunday school meeting, and they don't bring in pistols to start a pink tea." [24] Significantly, no one in the administration informed the press that no arms had been found. Several Republican leaders suggested that the public reaction against the administration was the result of a carefully concealed conspiracy by bonus agitators and unprincipled Democrates to make the rout of the B.E.F. into a campaign issue by systematically spreading false information.[25] This would explain why many Americans, despite clear evidence to the contrary, had come to believe the widespread rumor that the troops had brutally shot and killed the defenseless petitioners.[26]

Especially alarming for Hoover were rumblings of discontent in the American Legion state conventions. The legionnaires were angry over the use of troops against fellow veterans, and in retaliation most state conventions by mid-August reversed their earlier support of the President and instructed their delegates to the national convention to demand the immediate payment of the bonus.[27] National Legion officers had, however, made determined efforts to prevent bonus resolutions in the state conventions, and in some cases they succeeded, with strong backing from both Frank T. Hines, chief of the Veterans Administration, and local Republican leaders.[28]

Nonetheless, the tide seemed to be running against the President. On August 27, Assistant Secretary of War F. Trubee Davison, a candidate for the Republican gubernatorial nomination in New York, told his state Legion convention that a bunch of communist-led tramps and hoodlums had caused the riot. The convention responded with waves of hissing, booing, and catcalls. The New York legionnaires simply refused to believe either the original charge of insurrection or the lesser charge of a communist dominated riot.[29] To demonstrate their disbelief, eight state conventions not only demanded the bonus, but also passed resolutions censuring Hoover for using troops. It seemed certain that Hoover's enemies would try to force censure at the forthcoming national convention.[30]

With the legionnaires' noisy demonstrations still ringing in their ears, panicky Republican leaders became convinced that Hoover had no choice but to fight it out at the Portland convention.[31] Royal Johnson implored the President to marshal the evidence against the rioters into a hard-hitting, comprehensive indictment. It must be ready certainly no later than the eve of the American Legion national convention. Should the President fail to use the report at the proper time, Johnson predicted that "its force and effect will be lost." [32] Meantime, however, *Time* reported that the President had "no relish for a fight in which he was doomed to defeat." Instead, he was "lying low, having abandoned all efforts to try to stop the Legion's stampede for the Bonus." [33] *Time* could not have been farther from the truth. Even before Johnson's letter arrived at the White House, Hoover had decided to confront the legionnaires.

While the threat of Legion censure was a real one, Hoover and his advisers were overly apprehensive. The vast majority of state conventions, under pressure from Hines and other officials of the Veterans Administration, had refused, despite their bonus resolutions, to condemn the use of troops. National Legion officers feared that a convention fight would split the Legion. They implied that any criticism of the administration might seriously damage its standing with the Republican party and reduce congressional support for future Legion demands.[34] Nonetheless, there was still a chance that the national convention might censure the President, and Portland therefore seemed the best place for the administration to launch a counterattack against the critics and stifle any adverse resolutions. Should the strategy prove successful, it might at least refurbish Hoover's reputation and enhance his slim chances for re-election.

Accordingly, during the week or two before the Portland conclave, the Justice Department hurriedly gathered its forces, well aware that newspaper editorials and personal assurances were no longer sufficient. On September 1, Nugent Dodds, Assistant Attorney General, told J. Edgar Hoover that Hurley had "asked me personally to compile at once a summary of all information . . . now in the hands of the Department of Justice," and ordered the F.B.I. chief to submit an immediate report. Nor would Dodds listen to any plea for more time to complete the investigation. No matter what shape the information might be in, he added, "I must have access to it as it is now." [35]

The decision to confront his critics and overwhelm them presupposed that the President had evidence to support the charges of a radical plot bent upon overthrowing the government, or at least of a riot organized and led by communist agitators. In fact, he had no such evidence. Ever since July 28, the day of the riot, the administration had involved several government agencies in a careful and painstaking search for proof of its thesis, yet even the increased activity uncovered little that was not already known. Government attorneys continued taking depositions from principal witnesses while the F.B.I. diligently investigated rumors of communist plots.[36] Much of the inquiry was disheartening. Royal Johnson's favorite charge of communist guns and ammunition could not be verified. Neither could his suspicion that a deserter from the British army was the brains behind the conspiracy.[37]

The investigation did prove that the troops had not initiated the burning of the B.E.F. camps but merely completed the process after some veterans had first set fire to the huts.[38] Photographs of the riot were also utilized. On September 6, Walter H. Newton, one of the President's principal secretaries, supplied Republican National Committeeman Henry J. Allen with shots of veterans hurling stones at policemen. He instructed Allen to use this evidence to convince doubters "that this was a real onslaught on the forces of law and order," and that "no one could fortell what possible consequences might follow." [39] But since no one denied that a riot had occurred, the photographs were not likely to alter opinion significantly. The chief criticism centered not on the necessity of stopping the riot, but on the use of tanks, troops, and tear gas to drive the veterans out of the capital.

More important, despite their vigilant efforts, none of the investigating agencies—neither the F.B.I., the Secret Service, the Metropolitan Police, the Veterans Administration, the Immigration Bureau, the Military Intelligence Division of the War Department, nor the Attorney General's office—could uncover any evidence to support the charge of either communist insurrection or communist leadership in the riot.[40] An earlier grand jury investigation, conducted in secrecy, had also failed to produce the evidence which Hoover sought. During the investigation the administration's hopes were dashed by the respected chief witness, Major Pelham D. Glassford, superintendent of Washington, D.C. Metropolitan Police. Glassford had won the respect of the veterans and the citizens of Washington for his consistently efficient and impartial handling of the Bonus Army since its arrival in June. He was personally well acquainted with the few radicals who had attached themselves to the B.E.F., and when questioned about the riot, he categorically stated that he had not only personally supervised police action against the rioters and had restored order long before the troops arrived, but that he was "convinced that the rioting was not of communistic origin, but was entirely due to an aggravated frame of mind on the part of the veterans." [41]

Glassford's statement was totally unacceptable to the administration, but, as the grand jury did not make his testimony public, his views did nothing to alter the official explanation. His account did demonstrate clearly, however, the weakness of Hoover's justification for the Army's rout of the veterans. Indeed, since the riot Hoover's chief spokesmen had argued the existence of a red plot, mainly on the assumption that as some communists had been observed prior to the riot, they must have organized and led it. Despite the release of the forty-two alleged radicals, and the failure of repeated investigations to produce evidence in support of their view, the President and his advisers remained stubbornly convinced of communist responsibility.[42] But they decided to play down that charge for the moment.

Instead they decided to try another tack. Attorney General William Mitchell for some time had been investigating the personal character of the men who comprised the B.E.F. With the help of the Veterans Administration and the F.B.I. he had checked the military and civilian records of the more than 5,000 veterans who had taken advantage of government transportation loans to return home before the riot occurred. He discovered that 1,069 of these men had police records, mostly for minor offenses.[43] Assistant Attorney General Dodds at first discounted this information as irrelevant. "It has nothing to do . . . with any persons who were here during the riot," he argued. Dodds was correct, and he might have added that it also did not have any relationship to communism or radicalism.[44] Still, it was the most damaging evidence that the investigation had been able to uncover, and in desperation Hoover and Mitchell decided that it must constitute the burden of the administration's defense before the Legion.

On September 12, 1932, the night before the national Legion convention, Hoover released the Attorney General's findings. The shift in strategy immediately became obvious. The administration no longer emphasized the charge that the B.E.F. leaders were communist insurrectionists. Instead the Mitchell report sought to demonstrate that an impressive percentage of the veterans were criminals. It was impossible, the report stated, to understand the conditions that caused the riot unless one knew "something of the character of the Bonus Army." The government had proof that 22.6 per cent of those veterans who had returned home on government loans before the riot took place were men with criminal records. Since these men were "the most sensible and least disorderly," he argued, it followed that "a con-

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siderable portion" of those who remained and therefore participated in the riot were communists, radicals, or disorderly elements. The evidence clearly established that "the Bonus Army brought to the City of Washington the largest aggregation of criminals that had ever been assembled in the city at any one time."[45] B.E.F. criminals had cooperated with the communists who had precipitated the riot, and thus endangered the government. The circuitous logic which led to this conclusion mired the President deeper and deeper in a position that offered little hope for retreat.

Mitchell did include some words of praise for the honorable veterans in the Bonus Army, and in a statement accompanying the report, Hoover sought to soften the indictment by adding that "the extraordinary proportion of criminal, communist, and nonveteran elements should not be taken to reflect upon the many thousands of, law abiding men" who had petitioned the government.[46] But Hoover's attempt to mollify the veterans was lost in the outrage which greeted the new charges. The clumsy attempt to discredit the entire B.E.F. by associating it with criminals and communists added insult to injury and fooled no one. The Attorney General's report immediately boomeranged, turning the newly opened convention into a long and angry demonstration against the President. The minority that had traveled to Portland hoping to secure a resolution criticizing the use of troops quickly became an overwhelming majority which favored both the bonus resolution and the public censure of Hoover.[47] Floyd Gibbons summed up the bitter reaction when he remarked that there was a lower percentage of criminals in the Bonus Army than there had been in "at least one of the presidential cabinets in which Herbert Hoover has served."[48]

The fury aroused against the administration was further intensified by Hurley's remarks over a national radio broadcast. He had been warned that the veterans harbored intense feelings against him and that his presence at the Legion convention might well cause an embarrassing incident, yet nothing could dissuade him from "going into that battle."[49] At his first opportunity to address the legionnaires, he carefully avoided any mention of the Bonus Army rout. But during the dinner for past national commanders, one of the invited speakers, Floyd Gibbons, took advantage of the broadcast to compliment the B.E.F. on its orderly retreat from Washington.[50] Hurley interpreted Gibbons' remarks as a personal affront and immediately rose to defend himself. Calling for "patriotism above politics," he struck at what he knew to be a widely held belief, that the troops had been ordered to burn the veterans' camps to the ground without giving any warning to the inhabitants. "Upon my honor," Hurley swore, "those billets were set on fire first by the people who occupied them."

Many Americans, however, did not correctly hear the Secretary's hurried comment. They mistakenly thought that he had attributed the sole responsibility to the veterans and denied that the troops had set fire to any of the billets. Hurley's statement, though misunderstood, was accurate.[51] Some of the retreating veterans had first set fire to several huts before the Army advanced into the camp. Unfortunately, Hurley made only fleeting reference to the firing of the buildings and passed on quickly to castigate all those who hid behind "the splendid spirit of Americanism." Neither did he explain that because of high winds the troops did indeed carry out orders to burn the remaining buildings. Newsmen, photographers, and newsreel cameramen fully recorded that process.[52] Many listeners therefore concluded that Hurley was simply lying to save face. The editors of *The New Republic* had earlier observed that any child who saw the newsreels of troops burning the billets would conclude, "Mamma, the man isn't telling the truth." What was more significant, they noted, was that "Secretary Hurley has changed nothing, retracted nothing, and the whole administration seems to be supporting him."[53]

At the height of the controversy Major Pelham D. Glassford, the capital police chief, exposed further the administration's blunders by taking issue with each of the charges raised in the Attorney General's report. The report accounted for the administration's inability to determine the exact cause of the riot and to bring the conspirators to justice by explaining that on the day of the riot Glassford had suddenly withdrawn the detectives assigned to watch the bonus leaders.[54] This public attack on Glassford's handling of the riot was one more mistake, for it forced him to defend himself by making public his earlier testimony during the secret grand jury investigation. In his reply to the Legion Glassford stripped the last shreds of credibility from the Attorney General's report. Police detectives had indeed circulated among the marchers, but they had not been able to identify any conspirators because, as he had testified earlier, the riot was unexpected and unorganized.[55]

More important, Glassford accused the administration of misleading the American public on the character of the bonus marchers. The veterans were by no means criminals who had co-operated with the communists. Police records and statistics would prove that "there was less crime in the District of Columbia during either June or July than during the month of August after the veterans had been evicted." The implication that communists were responsible for the riot, Glassford stated, was equally unfounded. The communists had never been able to muster more than 210 men in the capital, and their attempts to "incite disorder in the loyal camps were completely frustrated by the veterans' [own] military police," a special B.E.F. force sponsored by the police department.[56]

Glassford's sensational rebuttal captured national headlines and whipped the already indignant legionnaires into an even angrier denunciation of the President. Attempts by the Justice Department to undermine his testimony were ignored.[57] *The New Republic*, which defended Hoover against the charge that he had deliberately provoked the riot in order to gain a winning campaign issue, nonetheless condemned the Attorney General's report as "a campaign document pure and simple." The legionnaires agreed.[58] They were convinced that the B.E.F. was no pack of criminals. From the evidence at hand it was far easier to regard Hoover and his spokesmen as a pack of liars.[59]

Administration supporters had not exhausted their resources, however. Even though censure appeared certain, Legion officers rallied their forces in a last desperate effort to stymie the critics. Their strongest argument was that a censure motion would split the Legion, antagonize Republican leaders, and thus endanger their future legislative proposals. In the end Hoover supporters on the resolutions committee forestalled the censure. Some observers suspected that they were able to do so only in a twenty-four-hour session during which they agreed to trade their votes for the bonus resolution in exchange for dropping the censure motion.[60]

Many delegates were keenly disappointed with the recommendation of the resolutions committee, but as the convention rules stipulated that a majority committee report prohibited any contrary motion from the floor, the chair consistently suppressed the critics. Repeated attempts to put forth a censure motion from the floor failed, and the overwhelming majority of the legionnaires had to content themselves with merely passing the bonus resolution.[61] Secretary of War Hurley was not so lucky. Assuming that he had used franked envelopes to distribute to legionnaires thousands of copies of his reply to Floyd Gibbons, the delegates repaid his efforts with a resounding vote of censure. Hurley had not authorized the use of franked envelopes, but despite his denials and proof of his innocence, it was too late to rescind the Legion's action. Like Hoover, Hurley soon came to believe that the Democrats were "engaged in a cabal to destroy my reputation."[62]

Republicans who had placed high hopes in the Attorney General's report were stunned and dismayed at Hoover's political ineptness. Mark Sullivan, a well-known correspondent for a number of Republican newspapers, expressed the fear that the controversy might well become the determining factor in the November election.[63] Hoover's hope to run as a man who had defeated a radical coup d'etat had collapsed, and his credibility was open to serious question. His enemies now attacked him unmercifully, persuading many people to accept every distorted and unfounded charge connected with the routing of the B.E.F. Mayor James Curley of Boston wrongfully accused the President of ordering the troops to shoot down the defenseless veterans "like dogs," an accusation which was widely believed and repeated.[64] Suspicions that Hoover had deliberately provoked the riot in order to gain a winning campaign issue matched the equally ridiculous Republican belief that the Democrats had formed an alliance with the radicals in order to smear Hoover and undermine the Republic.[65] Charges and counter charges, virtually all without foundation, stirred the controversy into an emotional frenzy which continued for many years after the Legion convention was forgotten.

Neither the bonus nor the Legion controversy became, as Mark Sullivan had feared, decisive election issues. The overwhelming issue in 1932 was the depression. Most nonveterans, even if sympathetic to the B.E.F., did not favor the immediate payment of the bonus. The $2,300,000,000 required led them to conclude that the original idea of compounding interest between 1925 and 1945 would be far more sensible.[66] What mattered most was not the bonus but the manner in which Hoover and his advisers lost the confidence of the people and turned criticism into fury and repudiation. By listening to Hurley and MacArthur instead of asking for their resignations, by accepting the red plot thesis, and finally by shifting the burden of the attack to the B.E.F. itself, Hoover revealed a distressing lack of political sensitivity. Not only did he destroy his only remaining chances of re-election, he also seriously clouded his personal reputation and reduced his later effectiveness as a party leader. The slander and bitterness which Herbert Hoover was to endure throughout most of his remaining years are part of a personal tragedy. But he and his advisers must share in the responsibility for that tragedy.

FOOTNOTES

[1] "Heroes," *Time Magazine*, XX:9–10 (September 12, 1932). *Time* editors reported that the threat of Legion censure "sent cold chills up and down the spines of the Republican high command." Much of the evidence cited in this paper is based on previously restricted manuscripts at the recently opened Herbert Hoover Presidential Library in West Branch, Iowa. The Pelham D. Glassford Papers at U.C.L.A., the Patrick J. Hurley Papers at the University of Oklahoma, and others cited herein are important sources, but the Hoover Papers are the only source that fully reveals the administration's reactions to the riot and the rout of the Bonus Army, as well as its plans for a defense before the American Legion national convention.

[2] Transcript, Press Interview, July 28, 1932, Bonus Files, 1–E/298, in the Hoover Papers.

MacArthur never abandoned his argument that the riot was an insurrection plotted by the communists. In March, 1964, he stated: "The movement was actually far deeper and more dangerous than an effort to secure funds from a nearly depleted federal treasury. The American Communist Party planned a riot of such proportions that it was hoped the United States Army, in its efforts to maintain peace, would have to fire on the marchers. In this way, the Communists hoped to incite revolutionary action. Red organizers infiltrated the veteran groups and presently took command from their unwitting leaders." *Reminiscences* (New York, 1964), 93.

[3] William Starr Myers, ed., *The State Papers and Other Public Writings of Herbert Hoover* (2 vols., New York, 1934), II:244–245; New York *Times*, July 30, 31, 1932; New York *Herald Tribune*, July 29, 30, 31, 1932. Both the *Times* and the *Herald Tribune* published editorial comments from a variety of newspapers supporting the President. Secretary of War Patrick J. Hurley established a highly detailed newspaper survey which tabulated the reactions of 102 newspapers during the period July 30 to August 5, 1932. Riot Folder, in the Patrick J. Hurley Papers, Division of Manuscripts, University of Oklahoma, (Hereafter cited as Hurley Papers.) For additional newspaper comment see Bonus Files, 1-E/298, in the Hoover Papers. Also see E. Francis Brown, "The Bonus Army Marches to Defeat," in *Current History*, XXXVI:688 (August, 1932); "The Progress of the World," in *Review of Reviews*, LXXVI:18 (September, 1932).

[4] Adolph J. Sabath to Herbert Hoover, July 30, 1932, Bonus Files, 1-E/299 and 1-E/300, in the Hoover Papers; "Heroes," 11; "Bullets for the B.E.F.: Hoover, New Style," in *The New Republic*, LXXI:328–329 (August 10, 1932).

[5] Paul Y. Anderson, "Tear Gas, Bayonets, and Votes: The President Opens His Reelection Campaign," in *The Nation*, CXXV:138 (August 17, 1932); "Political Gesture," in *The New Republic*, LXXII:139 (September 21, 1932).

[6] William R. Rice to Hoover, July 29, 1932, Bonus Files, 1-E/299, in the Hoover Papers. Fiorello LaGuardia warned Hoover that "Soup is cheaper than tear bombs, and bread better than bullets in maintaining law and order in these times of depression, unemployment and hunger." LaGuardia to Hoover, July 30, 1932, Bonus Files, 1-E/298, *ibid.*

[7] R. V. Kohl to Hoover, August 1, 1932, Bonus Files, 1-E/298, *ibid.*

[8] New York *Evening Journal*, August 1, 1932, The *Evening Journal* also carried a full-page editorial denouncing Hoover. Also see "Foreign Sympathy for the B.E.F.," in *The Literary Digest*, CXIV:11 (August 13, 1932).

[9] Herbert Hoover, *The Memoirs of Herbert Hoover: The Great Depression*, 1929–1941 (3 vols., New York, 1952), III:226–227; Theodore G. Joslin, *Hoover Off the Record* (New York, 1934), 268.

[10] Pelham D. Glassford, D.C. Metropolitan Police Chief, raised this question in a letter which he apparently never sent to Hoover. Glassford stated: "It would seem that if General MacArthur exceeded his authority disciplinary action would have been in order." Glassford to Hoover, no date, in the Pelham D. Glassford Papers, Powell Library, Department of Special Collections, University of California at Los Angeles. Most of the Glassford Papers relating to the bonus riot are housed in the Institute of Industrial Relations located in the Social Science Materials Center, Research Library, University of California at Los Angeles.

[11] The report stated that Walter W. Waters, Commander-in-Chief of the B.E.F., was collecting machine guns and "gun-men from New York and Washington." It claimed that B.E.F. was plotting to establish a permanent occupation so that the government would be compelled to force the veterans out of the capital. "Word has been passed around in Syracuse," the report continued, "that the first blood shed by the Bonus Army at Washington, is to be the signal for a communist uprising in all large cities, thus initiating a revolution. The entire movement is stated to be under communist control with branches being rapidly developed in commercial centers." See Conrad H. Lanza, Assistant Chief of Staff, G–2, to Assistant Chief of Staff, G–2, 2nd Corps Area, July 5, 1932, in War Department Records Division, Record Group 94, Box 1181, The National Archives, Washington, D.C.

[12] MacArthur to Hurley, August 15, 1932. "Report From the Chief of Staff, United States Army, to the Secretary of War on the Employment of Federal Troops in Civil Disturbance in the District of Columbia July 28–30, 1932," in the Hurley Papers.

[13] Major General Blanton Winship to Chief of Staff, July 28, 1932, *ibid.* The Judge Advocate General sent MacArthur two long memos on July 28, 1932, the day of the riot, in which he outlined Army plans for dispersing the veterans in the event of a riot. He stated that the veterans must be transported to their home states in Army trucks under armed guard as it was "obvious that a mere scattering of the members of this force at the place of their present encampments, or driving them beyond the borders of the District of Columbia, would not effect a permanent dispersion of the force, so as to bring the insurrection or threat of insurrection . . . to an end." At any rate, Winship's memo to MacArthur had clearly stressed an orderly eviction in the event of riot. And since Hoover insisted when the riot actually occurred that all participants be returned to their own camps to be turned over to civil authorities, even the proposals Winship cited were not authorized.

[14] Dwight D. Eisenhower, *At Ease: Stories I Tell to Friends* (New York, 1967), 216. Eisenhower recalls that MacArthur was convinced that there was " 'incipient revolution in the air.' " He also makes the following assessment of MacArthur: "Most of the senior officers I had known always drew a cleancut line between the military and the political. Off duty, among themselves and close civilian friends, they might explosively denounce everything they thought was wrong in Washington and the world, and propose their own cure for its evils. On duty, nothing could induce them to cross the line they, and old Army tradition, had established. But if General MacArthur ever recognized the existence of that line, he usually chose to ignore it."

[15] Hurley to Hoover, July 28, 1932, in the Hurley Papers.

[16] Hurley to MacArthur, no date, *ibid.* This order was filed in a separate folder dated July 28, 1932.

[17] Don Lohbeck, *Patrick J. Hurley* (Chicago, 1956), 487.

[18] Eisenhower, *At Ease*, 217–218. Evidence gathered from the Hoover, Hurley, Lohbeck, and Eisenhower sources conclusively establishes that the President's orders were not carried out.

[19] Lawrence Richey memorandum, July 30, 1932, Bonus Files, 1–E/300, in the Hoover Papers. Richey, one of Hoover's secretaries, recorded Hurley's telephone message to Hoover. In 1934 Hoover became angry over reports that MacArthur might be presenting a different version of the rout and informed Richey that "If McArthur [sic] is putting out this kind of stuff, I shall tell what really did happen, and it will do McArthur [sic] no good." Hoover to Richey, October 23, 1934, Temporary Bonus File, *ibid.*

[20] Richey memorandum, July 30, 1932, *ibid.* On August 12, 1932, MacArthur answered a request from Richey for his opinion regarding a letter of protest from the American Civil Liberties Union. MacArthur advised him to ignore it, and added, "The Civil Liberties union have [sic] made frequent attacks upon the Army in every possible way. Their basic purpose, of course, is the destruction of all constituted authority." MacArthur to Richey, August 12, 1932, in the War Department Records Division, Record Group 94, Box 1181, The National Archives.

[21] New York *Times*, July 31, 1932.

[22] Don Boone to Richey, August 2, 1932; Louis McGrew to Richey, August 5, 1932; Bonus Files, 1–E/298, in the Hoover Papers.

[23] Transcript of Press Statement, August 3, 1932, *ibid.*

[24] New York *Herald Tribune*, August 16, 1932.

[25] Royal Johnson to Richey, September 8, 1932, Bonus Files, 1–E/300, in the Hoover Papers.

[26] McGrew to Richey, August 5, 1932, Bonus Files, 1–E/298, *ibid.*

[27] New York *Evening Post*, August 16, 1932.

[28] Frank T. Hines to Walter H. Newton, August 15, 1932, Bonus Files, 1–E/300, in the Hoover Papers. Also see Newton to Hines, August 19, 1932, 1–E/299, *ibid.*

[29] James N. MacLean to Richey, August 22, 1932, Hines to M. E. Head, August 24, 1932, Bonus Files, 1–E/300, in the Hoover Papers; New York *Times*, August 28, 1932.

[30] "Heroes," 10.

[31] Mark Requa to Richey, August 12, 1932, Bonus Files, 1–E/297, Richey to Requa, August 13, 1932, Bonus Files, 1–E/300, in the Hoover Papers.

[32] Johnson to Hoover, September 3, 1932, Bonus Files, 1–E/297, *ibid.*

[33] "Heroes," 10.

[34] New York *Times*, September 14, 1932.

[35] Nugent Dodds to J. Edgar Hoover, memorandum, September 1, 1932, Bonus Files, 1-E/300, in the Hoover Papers.

[36] Dodds to Herbert B. Crosby, September 8, 1932, J. Edgar Hoover to Richey, September 9, 1932, *ibid.*

[37] *Ibid.*

[38] Transcript of Testimony, Glassford to Grand Jury, August 1, 1932, *ibid.*

[39] Newton to Henry J. Allen, September 6, 1932, Bonus Files, 1-E/297, *ibid.*

[40] "Bonus March Conditions" Report, Bonus Files, 1-E/300, *ibid.* In his report to the President, Attorney General Mitchell did not claim that communists had actually directed the riot. See William D. Mitchell to Herbert Hoover, September 9, 1932, *ibid.*

[41] Transcript of Testimony, Glassford to Grand Jury, August 1, 1932, *ibid.*; for a contemporary analysis of Glassford's leadership see Fleta Campbell Springer, "Glassford and the Siege of Washington," in *Harper's Magazine*, CLXV:641–655 (November, 1932). See also Washington (D.C.) *Herald*, November 2, 1932. Months after his testimony, on November 2, 1932, just two days before the election, Glassford suddenly modified his position somewhat. He assumed that some communists, taking advantage of "Hoover's disastrous blunder" of forcing the veterans out of the unused buildings, "probably" had precipitated the riot. However, he consistently denied that the riot was organized or a communist-led plot or a threat to the government. He steadfastly maintained that the cause of the riot was the decision to force the veterans out of the buildings without waiting for him to effect a peaceful transition. For testimony of witnesses supporting the administration, see *Memorandum of the Testimony Presented to the Grand Jury District of Columbia* (2 vols., August, 1932), 1–198, in the Department of Justice Records Division, Record Group 60, The National Archives.

[42] Harry K. Daugherty to Richey, August 18, 1932, Bonus Files, 1-E/300, Richey to Requa, August 13, 1932, in the Hoover Papers.

[43] J. Edgar Hoover to Richey, September 1, 1932, *ibid.*

[44] Dodds to Hurley, September 2, 1932, in the Hurley Papers.

[45] William D. Mitchell to Herbert Hoover,

September 9, 1932, Bonus Files 1–E/300, in the Hoover Papers. Unfortunately Mitchell did not include any material dealing with his report or the bonus riot in his personal papers. See William D. Mitchell Papers, Manuscripts Division, Minnesota Historical Society, St. Paul, Minnesota.

[46] New York *Times*, September 12, 1932.

[47] "The Bonus Bomb Bursts Into the Campaign," in *The Literary Digest*, CXIV:12 (September 24, 1932); "Not One Bit Impressed," in *The Nation*, CXXXV:241 (September 21, 1932); Washington (D.C.) *Sun*, September 13, 1932; New York *Times*, September 13, 1932.

[48] See Gibbons' article in Bonus Files, 1–E/298, in the Hoover Papers. Also see Paul Y. Anderson, "Mourning Becomes Herbert," in *The Nation*, CXXXV:280–281 (September 28, 1932).

[49] Florence P. Kahn to Richey, August 29, 1932, Richey to Kahn, August 30, 1932, Presidential Files, 1–E/60, in the Hoover Papers. Also see Lohbeck, *Hurley*, 116.

[50] New York *Times*, September 13, 1932. Also see Frederick Steiwer to Newton, September 16, 1932, Presidential Files, 1–E/370, in the Hoover Papers. Although Steiwer believed that Gibbons "was planted at this Convention by the Hearst interests," he informed Newton that Gibbons' reference to the eviction was presented "in a perfectly decent way but he left a clear impression that they had been abused."

[51] H. H. Aylesworth, president of the National Broadcasting Company sent Hurley a transcription of his address which Hurley assured him "saved the day for me." While Hurley believed the transcript was a "lifesaver," the damage had already been done. See Hurley to Aylesworth, November 15, 1932, in the Hurley Papers. Also see New York *Times*, September 13, 1932.

[52] Transcript of Testimony, Pelham D. Glassford to Grand Jury, August 1, 1932, Bonus Files, 1–E/300, in the Hoover Papers. Many witnesses testified that the troops did not begin burning the huts. See, for example, Eisenhower, *At Ease*, 217.

[53] "This Week," in *The New Republic*, LXXII:29 (August 24, 1932).

[54] Mitchell to Herbert Hoover, September 9, 1932, Bonus Files, 1–E/300, in the Hoover Papers. Also see New York *Times*, September 12, 1932.

[55] Glassford to Crosby, September 8, 1932, in the District of Columbia Commissioners Papers, Bonus Army File, District of Columbia Building, Washington, D.C. Glassford's earlier statement to Crosby, one of the Commissioners, explained that the detectives had circulated among the marchers, but they were under orders to seek cover in the event of a riot as only uniformed police were used for that purpose.

[56] "Press Statement," September 12, 1932, Box 1, in the Glassford Papers, Institute of Industrial Relations, U.C.L.A. Glassford also maintained that he had never requested that the Commissioners call on Hoover for federal troops. See Glassford to D. C. Commissioners, July 29, 1932, *ibid*. Glassford did not send this letter to the Commissioners, but his dissent was well known to them. Also see New York *Times*, September 13, 1932.

[57] New York *Times*, September 13, 1932.

[58] "Political Gesture," 139; "The Bonus Bomb," 12; Washington (D.C.) *Sun*, September 13, 1932; New York *Times*, September 13, 1932; Washington (D.C.) *Herald*, September 12, 1932.

[59] New York *Times*, September 13, 1932.

[60] *Ibid.*, September 15, 1932. The *Times* reported that an address by Floyd Gibbons in which he attacked the Mitchell report and defended Glassford, brought the legionnaires to their feet in prolonged "whistling and stamping and cheering."

[61] Portland (Oregon) *Journal*, September 12, 1932; New York *Times*, September 14, 15, 1932.

[62] New York *Times*, September 16, 1932. J. P. O'Neil, a retired Brigadier General and close friend of Hurley was responsible for using the War Department envelopes. O'Neil to Hurley, September 15, 1932, Hurley to United Press, September 15, 1932, Joseph H. Edgar to Hurley, October 25, 1933, Hurley to Evan L. Davis, September 20, 1932, in the Hurley Papers.

[63] "Bonus Bomb," 12; Washington (D.C.) *Sun*, September 13, 1932; Washington (D.C.) *Herald*, September 12, 1932; New York *Times*, September 13, 1932; "Storm-Signals in the New Bonus Drive," in *Literary Digest*, CXIV:6 (September 10, 1932).

[64] New York *Times*. September 13, 1932.

[65] Anderson, "Tear Gas, Bayonets, and Votes," 138; New York *American*, October 30, 1932. Glassford charged that Hoover deliberately provoked the riot for his own political gain.

[66] "Behind the Bonus Battlefront," in *The Literary Digest*, CXIV:11 (October 1, 1932); New York *Times*, September 16, 1932; "This Week," in *The New Republic*, CXXII:162–163 (September 28, 1932).

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### BIOGRAPHIC SKETCH—DONALD J. LISIO

Born: May 27, 1934.

Education: B.A., Knox College, 1956, M.A., Ohio University, 1958, Ph.D. (history), University of Wisconsin, 1965.

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Memberships: Organization of American Historians; American Historical Association.

Publications: Author: A Blunder Becomes Catastrophe: Hoover, the Legion, and the Bonus Army, Wisconsin Magazine of History, 1967; The President and Protest: Herbert Hoover Conspiracy and the Bonus Riot, University of Missouri, 1974. Contributor: The War Generation, Kennikat, 1975.●

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## AFFIRMATIVE ACTION VERSUS EQUAL PROTECTION—X

• Mr. HATCH. Mr. President, of all the comments made at the time of the Supreme Court's upholding of racial discrimination in the Weber case, those of William F. Buckley, Jr. were perhaps the most original and penetrating.

Most critics of Weber focused their attention on the Court's perversion of the 1964 Civil Rights Act's ban on racial discrimination and Buckley endorses their objections fully. But he goes on to suggest that this development can be traced back to a flaw at the heart of the Civil Rights Act itself.

At the time of the Civil Rights Act's passage, Buckley points out, the argument was made that it represented an intrusion upon the constitutional rights of employers, educators, and so on. Freedom, it was said, means freedom. The freedom to discriminate, for good or ill, was just as much a part of freedom as the freedom of unpopular minorities to express their views.

This argument was sincerely made by honorable men, who were brutally villified for their courage. Most prominent among them, of course, was my distinguished colleague from Arizona (Mr. GOLDWATER). But it was ultimately rejected by Congress, which decided that here was a case where rights had to be sacrificed to the general communal good, albeit in as limited a manner as possible.

A parallel might be antitrust legislation, which definitely trammels the rights of corporations to collude and to fix prices. Here again, Congress decided that unless it forbade such practices, the general good would be impaired. However, despite periodic efforts, Government lawyers have not been able to convert this into a general mandate to intervene in and to control American life.

In the Weber decision, the affirmative action establishment has shown that not even the most explicit reservations and restrictions can contain their imperial ambition. Once the principle of freedom had been conceded, Government authority has simply spread until it has become conceivable that ultimately there will be no freedom left at all. Naturally, this is justified by its proponents and beneficiaries in the most noble terms. But no previous generation of Americans would have doubted that it is still a lethal threat to their political tradition.

I am not prepared to agree with Buckley that the Civil Rights Act was "misbegotten." I think this may be a case where freedoms can bend without breaking in the name of the general good. The 1964 Civil Rights Act's prohibition of all discrimination is surely defensible.

But not on the reading of it given by the Supreme Court in the Weber case. What it is in effect trying to legislate is unjust and unworkable, and will inevitably undermine whatever degree of national consensus we now possess.

I ask that William F. Buckley's column be printed in the RECORD.

The article follows:

[From the Washington Star, July 6, 1979]

### THE LANGUAGE OF TITLE VII

(By William F. Buckley, Jr.)

The Weber decision of the Supreme Court is classic in its confrontation between sociological engineering and law. The majority of the court, looking at the text of a law written only 15 years ago, rewrote the law to say that which it would like it to mean.

The dissenters (Burger and Rehnquist) reminded their brethren in tones of desperation of something called the separation of powers. Let us go back to 1964.

In 1964, the Great Civil Rights Act was passed, Title VII of which forbade any private employer from racial discrimination in handing out jobs.

Now that act was opposed by a minority, most prominently by Sen. Goldwater. His opposition was strictly constitutional. Just as the American Civil Liberties Union cannot be accused of endorsing Nazism when it defends the rights of the lunatic fringe in Skokie, Ill., Goldwater could not conscionably be criticized as a racist for maintaining the Constitution does not vest in Congress the right to tell employers they may not discriminate—on any grounds—though in fact Goldwater was thus criticized by the polemical opportunists.

Now the court has held that in saying employers cannot discriminate on account of race. what Congress really meant to say was that employers cannot discriminate on account of blackness. But if that is what they meant to say, the dissenters asked, why didn't they say it?

Rehnquist appealed to the meaning of language, to the structure of thought.

"Were Congress to act today specifically to prohibit the type of racial discrimination suffered by Weber, it would be hardpressed to draft language better tailored to the task than that found in Section 703 (d) of Title VII." Rehnquist proceeded to quote the language of the statute, which is about as ambiguous as "John hit the baseball."

Ah, said the majority, to be sure. But don't you see, the whole purpose of the Civil Rights Act was to help the Negro population. And you can't do this without affirmative action, even though that means discriminating against people on account of—race.

Not all the civil rights folks were overjoyed by the decision. The black lobbies, of course, were; as also the AFL–CIO, which was the defendant in the case, Weber having sued alleging his seniority under the union rules entitled him to preference in hiring.

But Leonard Walentynowicz, an attorney for the Polish-American Congress was quoted, "Our position has always been that we believe in affirmative action, but we believe it should be available to all minorities, not certain select groups."

An interesting point. Did your father flee Poland where he was persecuted? Did you grow up in a Polish ghetto, struggling to learn the English language? Come to the front of the line.

The Anti-Defamation League's Justin Finger expressed concern, as well he might, that the court may have given (in the New York Times' paraphrase) "a sweeping endorsement of racial quotas." If we get a sweeping endorsement of representative racial quotas, we will have nothing less than active anti-Semitism, since the manifest intellectual qualifications of the Jewish minority result in such anomalies as registration in the better colleges at eight or 10 times the Jewish representation in the population, the triumph of meritocracy.

The strain arises at two levels. The first is this last decision, wherein the court picks up a law designed to forbid racial discrimination and turns it around so as to permit racial discrimination. The second strain arises from the dilemma posed by the original act.

There are those (I am one) who in fact believe in discreet affirmative action, as noblesse oblige rather than as constitutional duty. But in order to practice affirmative action, it is necessary to discriminate racially. And that—until the Weber case—was supposed to be unlawful.

Chief Justice Burger began his dissent by saying, "The Court reaches a result I would be inclined to vote for were I a member of Congress considering a proposed amendment of Title VII. I cannot join the court's judgment, however, because it is contrary to the explicit language of the statute and arrived at by means wholly incompatible with long-established principles of separation of powers."

What the chief justice didn't say, but which our creeping immersion in the quagmire of racial quotas is teaching us, is that the original act was misbegotten. Goldwater was right.●

## FEDERAL LANDS SETTLEMENT POLICY

● Mr. GOLDWATER. Mr. President, we in Arizona understand what it is to live under the complete domination of the Federal Government with respect to public lands. Accordingly, the Senate of the State of Arizona recently adopted a concurrent memorial urging the U.S. Congress to reach an agreeable Federal lands settlement policy in Alaska, and to adopt other policies involving Federal lands which would respect the States' interests.

The Arizona resolution pointed out that the Federal Government controlled approximately 73 percent of the area within the boundaries of that State of which approximately 30 percent is on Indian reservations and approximately 43 percent is being administered by the military and Federal agencies. It further suggested that action now being considered in Congress with respect to Alaska would have a potential adverse affect on all of the United States since the Federal Land Policy and Management Act of 1976 has been sighted as one of the authorizations for the withdrawal of the lands in Alaska. This could be a precedence setting move that might be repeated elsewhere. In light of this I urge my fellow colleagues to consider with all diligence a fair approach to the problem of the lands of Alaska.

Mr. President, I ask that the Arizona Senate concurrent memorial I have referred to be printed at this point in the RECORD.

The memorial follows:

### SENATE CONCURRENT MEMORIAL 1002

Whereas, the federal government controls approximately seventy-three per cent of the area within the boundaries of this state, of which approximately thirty per cent is on Indian reservations and approximately forty-three percent is being administered by the military and other federal agencies, especially the Bureau of Land Management and the Forest Service; and

Whereas, similar conditions prevail in all of the states west of the one hundredth meridian, ranging from the State of Hawaii, with twelve percent of its area under federal control, to the State of Nevada, with eighty-seven percent of its area under federal control, altogether totaling some seven hundred million acres of land; and

Whereas, the State of Alaska has more acres of federal land than any other state, a condition which may be aggrevated by efforts to withdraw an additional one hundred ten million acres of land which is known to contain large amounts of mineral and fossil energy resources; and

Whereas, the contemplated action, now before the Congress, has a potential adverse impact for all of the United States, inasmuch as the Federal Land Policy and Management Act of 1976 has been cited as one authorization for the withdrawal of lands in Alaska, and may be used as precedent for the same action elsewhere; and

Whereas, state sovereignty is being repeatedly eroded, as evidenced by the announced intention to hold federal lands in the Western states "in perpetuity", which limits the ability of a state to set its own course and to control events and development within its own borders; and

Whereas, this nation needs the oil and mineral resources found in the one hundred ten million acres proposed for withdrawal in Alaska to supply this nation's energy needs and to supplement our current supplies, especially those imported from the Middle East; and

Whereas, the announced policy will interfere with the development of resources in other Western states and assumes the inability of the states to responsibly develop such resources while protecting the general health, welfare and safety of their citizens. a clearly fallacious view. Wherefore, your memorialist, the Senate of the State of Arizona, the House of Representatives concurring, prays:

1. That the Congress of the United States be advised of the Arizona Legislature's support for the efforts of the State of Alaska to achieve a settlement to questions regarding federal lands that is agreeable to that State.

2. That Congress enact legislation to amend the existing federal land policies to provide that, in the absence of a clear and overriding need to do otherwise:

(a) Mineral and fuel resources would not be included in federal reesrves if such inclusion would prevent the development of such resources.

(b) Traditional uses of lands under federal administration could continue.

(c) Access to state and private lands across federal holdings would not be restricted.

3. That Congress enact legislation to restrict the ability of the President of the United States or the Secretary of the Interior to establish or add to any conservation system unit by means of any executive or administrative authority.

4. That Congress defeat any legislation relating to land withdrawals that are unacceptable to the government of the State of Alaska, or any other state, if such legislation is proposed, and oppose legislation that may further diminish the ability of a state to control lands within its boundaries.

5. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the United States House of Representatives, to each Member of the Arizona Congressional Delegation and to the President of the Senate and Speaker of the House of Representatives in the states of Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.●

## ENDING THE NEW SLAVERY: REVITALIZING PRODUCTIVITY

● Mr. HATCH. Mr. President, I would like to call to the attention of the Senate an important study, "Capital Formation in the Decades Ahead," by Dr. Robert Krieble, chairman of the board of Loctite Corp., and Mr. Craig Yesse, director of Government affairs for the firm. The study, published by the U.S. Industrial Council Educational Foundation, points out that our problems of inadequate capital formation are much more serious than we realize.

To go straight to the point, our new investment each year, relative to the size of our capital stock, is not sufficient to modernize our industrial plant. As a consequence our capital is too old to be efficient. Its average age is 17 years. In contrast, the Japanese capital stock is turned over in about 10 years.

Dr. Krieble and Mr. Yesse address the question of how much investment it would take to modernize our productive capacity. They conclude that "we would have to double our rate of investment. That is, we would have to save and invest an extra $200 billion a year."

To achieve this much additional investment requires a far greater change in attitudes and tax policies than the Congress has so far been willing to entertain. Although the sagging productivity of our economy has brought itself to our notice, we have not yet faced up to the magnitude of the effort it will take to rebuild or the urgency of the problem.

Men like Dr. Krieble are providing leadership for the thrust for a revitalization of our economy that is coming from ordinary working men and women who have the most to gain from growth and productivity. As the Senate struggles with the budget resolution this spring, we will achieve more if we remember that "our social purposes are far better served by putting people to work in a productive and expanding economy than by trapping them on welfare programs so designed that it does not pay to take a job and start up the rungs of the economic ladder toward self-sufficiency."

Eliminating the welfare trap—what I have called the new slavery—would alone release $50 billion per year for investment in economic growth. This would be a tremendous achievement, but even an achievement of this magnitude would still leave us far short of the investment necessary to revitalize the American dream. That is a sobering thought we should all keep in mind.●

## HUALAPAI DAM IN ARIZONA

● Mr. GOLDWATER. Mr. President, I believe there is no longer any question that there is a great need in this country to increase our energy supplies as rapidly as we possible can. In this connection, I would like to point out that the Hualapai Hydroelectric Project in my State is a potential energy source which could supply much-needed power for the southwest region. Inasmuch as no Federal funds would be required for the construction of this dam, I see no reason why it should not go forward without delay.

In this connection, I should like to have printed in the RECORD a memorial adopted by the house of the 34th Legislature of Arizona urging the President and the Congress to authorize the licensing of the Arizona Power Authority to construct the Hualapai Dam.

The memorial follows:

HOUSE MEMORIAL 2003

Whereas, this country is faced with an energy supply inadequate to meet its rapidly increasing needs; and

Whereas, preservation of our natural environment must be balanced with the development of energy needed to maintain a sound economy; and

Whereas, electric energy produced in hydroelectric projects is highly desirable from the standpoint of reliability, cleanliness, efficiency and safety; and

Whereas, the Hualapai Hydroelectric Project (Bridge Canyon) is potentially a major clean energy source for supplying a significant amount of energy for the Southwest Region; and

Whereas, it would take approximately nine million one hundred thousand barrels of oil per year to generate the electricity which can be developed from this project; and

Whereas, the water which would be the power to run the hydroelectric generators is a vast renewable resource now being wasted down the river; and

Whereas, the Hualapai Indians support construction of the dam on their reservation recognizing it as their only opportunity for economic development and full tribal employment; and

Whereas, this project would not interfere with the free-flowing Colorado River through the Grand Canyon; and

Whereas, construction of the dam will create a ribbon of blue in the narrow inner gorge, making the Hualapai section of the Colorado available to all for recreational uses; and

Whereas, no federal funds will be required or used in the construction of this dam; and

Whereas, Harza Engineering Company, in a recently completed feasibility study on the Hualapai Hydroelectric Project dated August 21, 1979, estimates that this dam would result in a net savings in the first year of operation of one hundred seventeen thousand four hundred dollars at the 1979 price levels for energy.

Wherefore your memorialist, the House of Representatives of the State of Arizona, prays:

1. That the President and Congress review promptly the many benefits of hydroelectric development along the Colorado River, particularly the proposed Hualapai Project, and take action to approve its construction at a time when the country could greatly use the electrical energy derived from it, and support the efforts of the Arizona Power Authority and the Hualapai Indian Tribe to preserve the viability of the Hualapai Dam site.

2. That the President and Congress authorize the licensing of the Arizona Power Authority to construct the Hualapai Dam.

3. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation.●

## INCREMENTAL PRICING

● Mr. LUGAR. Mr. President, for the past several weeks, a bipartisan group of 13 Senators has been challenging that part of the Natural Gas Policy Act which requires so-called "incremental pricing" of gas sold at deregulated prices. Our challenge has taken the form of S. 2392, a bill to repeal title II of the NGPA, that section dealing with incremental pricing.

Earlier this month, Chairman HENRY JACKSON of the Energy Committee responded to our challenge in a statement recalling the agreement which gave birth to incremental pricing, a tradeoff, in which Senators otherwise opposed to any deregulation of gas prices dropped their obstruction to the bill, exacting title II as part of their price for peace. Senator JACKSON suggests that any tampering with title II or any other part of the NGPA would run counter to the deal he feels he made at the time of its passage, and he has brandished a threat to attempt repeal or at least postponement of the act's central feature, the phasing out of price controls.

This statement was unfortunate. In the first place, Senator JACKSON may feel bound by a previous bargain on this subject, but those of use who were never parties to an agreement, and who never saw any sense in title II, do not. We want to examine the incremental pricing concept on its merit, or lack of same.

Second, the tremendous success of deregulation, even in the gradual and half-hearted form provided by the NGPA, renders nonsensical the thought that we should even consider retrogressing to the days of artificial prices and short supplies.

Despite the intimidating complexity and redtape with which the NGPA encumbered gas producers, drilling is up and supplies are headed up dramatically. Consider the best test case, that of deep gas—below 15,000 feet—for which the price is truly deregulated and the would-be producer is not stymied by the need to determine such vital statistics as the number of feet between his well and the closest existing well.

Since the passage of the NGPA, investment in deep-gas drilling has doubled, from $1 billion to $2 billion. The number of new drillings is up 48 percent in just 2 years. The outlook for new supplies is so promising that an observer like Barry Commoner, whose credentials as a critic of conventional energy sources are in perfect order, has recently stated that deep gas will be a major new energy source "for the next 50 years."

Major areas in the upper Northwest and gulf States are now being explored for the first time. A 19.6-percent increase in gas well completions for Devonian shale and stripper well gas has occurred in the Appalachian Basin, and the Rocky Mountain overthrust belt reported an increase in gas well completions of 33.9 percent.

Overall, the count of active drilling rigs in March 1980 reached 2,669, the highest level recorded in the United States since December 1956.

Gas well completions are up 12.6 percent over 1978. In fact, 1979 marked the highest level of gas well completions in the Nation's history.

Offshore gas well completions increased by more than 10 percent from 266 in 1978 to 293 in 1979.

The message is clear. Deregulation is working. The days of sharp curtailments and severe gas shortages, only 2 years behind us, now seem remote indeed. The predictions of advocates of continued regulation are completely discredited, as suppliers increase sharply and residential gas users continue to pay less than their neighbors who heat their homes with oil or electricity.

Why then should the Rube Goldberg arrangement of incremental pricing, the invention of this discredited viewpoint, be immune from inspection? I submit that it should be fair game for debate on its merits, and that such a debate will reveal that incremental pricing is even more fallacious and misguided than the proregulation assumptions which gave it birth.

Incremental pricing will cost large numbers of jobs outright, as some businesses close under the burden of artificially high gas prices, some scheduled to rise an estimated 200 percent overnight.

Incremental pricing will cost thousands of additional jobs in the industrial Midwest and Northeast, as major industries choose to relocate or to site their expansions in the intrastate markets of the Sun Belt.

Incremental pricing will double the price disadvantage of American steel companies in competition with Japanese manufacturers not subject to incremental pricing, and this same phenomenon will occur in dozens of other industries faced with stiff foreign competition, jeopardizing still more jobs. American steel, which was $13 more costly per ton to produce in 1979 than Japanese steel, will immediately go up another $12 per ton as a result of incremental pricing.

Incremental pricing will operate directly counter to national energy policy by driving industrial users out of natural gas and back to oil. This dangerous and unhappy trend has already commenced even under the partial incremental system of the NGPA's phase I and the threat of phase II. One Midwest utility reports that, of its 19 customers which have the potential to switch to oil, 12 have already done so or are in the process of so doing.

It should be added that the importance of gas energy has recently been stressed in a Carnegie-Mellon Energy Productivity Center study. That study, which was aimed at achieving both energy conservation and a reduction of inflation, called for an increase in the use of only one fuel: natural gas. The study recommended a 68-percent increase in the industrial use of natural gas. The Carnegie-Mellon study therefore tied industrial gas use to an overall national strategy for more efficient use of energy in all of its forms.

Incremental pricing will discourage the use of natural gas, the cleanest fuel, in favor of environmentally damaging oil.

But we are told that all this economic and environmental hovac is necessary in order to protect residential gas consumers from unacceptably higher prices. Neither the facts nor our commonsense support this premise.

According to the Federal Energy Regulatory Commission, the average household will save, according to the most generous estimate to date, a maximum of only $2 per month from full implementation of incremental pricing.

Early evidence suggests even smaller savings. A recent Washington Post survey of energy experts reported predicted savings of only $1.25 per household per month.

Under phase I incremental pricing, consumers in Indiana are being treated to the royal protection of a full $1.50 for the entire 10-month period commencing January 1 of this year. FERC Chairman Charles Curtis, after months of struggling to devise a workable phase II, was quoted recently as saying that incremental pricing will not bring very much to any of its intended beneficiaries. "It is my personal view that this is a very crude instrument," Curtis said. Clearly we are gaining next to nothing in return for the chaos we are preparing to cause.

Moreover, we should be asking why we are obliged to take extraordinary steps on behalf of gas consumers in the firstplace. At present, gas consumers are the most fortunate of American households, paying $3.50/MCF. while their neighbors who heat with oil pay an equivalent of $6-$8/MCF, and their all-electric neighbors pay $8-$10/MCF. Incremental pricing, therefore, is a system for charging oil and electric furnace owners, higher consumer prices in order to subsidize luckier gas-consuming citizens, and discouraging residential conservation of gas as a bonus of poor sense.

Lastly, and most ironically, incremental pricing will eventually cast a substantial burden on the very people it was intended to help, as industrial load loss shifts a heavier and heavier share of fixed costs—80 percent of some consumers' fuel bills—onto residential and small commercial customers.

In short, Mr. President, there is not one scintilla of rationale left to defend the incremental pricing requirements of title II. It will fail in its intended purpose of protecting suffering gas users, while visiting on our economy a new burden of unemployment and inflation, and visiting on our environment further needless pollution.

I am not insensitive to the feelings of Senators who battled long and hard to shape a compromise on the NGPA. But we must not let weariness with the issue or fidelity to a supposed compact of the past tie our hands from the task of creating a sensible, workable energy policy for the future. Those of us who have raised the alarm about the negative impact of title II will not be deterred by the evocation of past bargains, nor by the threat of a return to past, discredited policies. We ask a fair hearing of our ideas at the time that the Energy Committee considers, as it must, FERC's proposed phase II, due on or before May 9. We are confident that the distinguished Chairman will grant us such a hearing.●

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## NATIONAL WHEELCHAIR BASKETBALL TOURNAMENT AWARDS BANQUET

● Mr. DOLE. Mr. President, this time of year represents a personal anniversary for me. On April 14 many years ago, I received a war injury that has had a major impact on my approach to life, and this year I happened to have a unique opportunity to witness some remarkable progress that has been made among a specific group of handicapped individuals.

Recently, I had the pleasure of being the guest speaker at an event that symbolizes the great motivation and potential of the human spirit—that of overcoming tremendous obstacles in order to be able to participate in activities that most people take for granted. This event to which I am referring is the National Wheelchair Basketball Tournament Awards Banquet held in Charlotte, N.C. on April 5.

### ABILITIES OF DISABLED INDIVIDUALS

It is always a major victory to see individuals able to contribute and participate in an active, social environment—people able to turn their disabilities into abilities. Unfortunately, there has been all too little focus on what handicapped people have to offer their world. Until the last decade, institutions seemed to be society's answer as to how to deal with people who were "different." Now, there is a strong movement toward mainstreaming disabled people and accenting their potentialities, instead of their limitations.

Above all, attempts to overcome physical disability reveal a strength of spirit that few people are ever able to attain unless they have been forced to cope beyond the usual boundaries of effort just to attain various levels of "normal" activity—and, all along the way, psychological battles have to be surmounted as well. However, with achievement, comes self-discovery of potential and a great feeling of accomplishment and self-respect.

### THE ROAD TO PERSONAL INDEPENDENCE

It may be customary to treat handicapped individuals with compassion, but this will never be an adequate substitute for employment opportunity and personal independence. With a growth in awareness, previously inaccessible architectural barriers as well as psychological and economic barriers will be dispelled in time.

However, we must all work together toward constructing a fair society in which all Americans can participate and find the path that leads to the pursuit of happiness. When the doors of minds are opened, opportunities will follow as a natural course.

### INSPIRATION THROUGH HUMAN PERSEVERANCE

In the players who participated in this wheelchair basketball tournament, I had the chance to witness overwhelming perseverence and talent at work. The individuals who took part in this athletic activity provide an inspiration to the rest of us for whom life perhaps comes too easily at times. These basketball players sought a goal, achieved it, and overcame countless barriers through this sport.

Athletic competition demonstrates many things, but so does competition in the realm of employment. There is still a long way to go before all Americans have the opportunity to contribute their talents equally.

### WORKING TOGETHER TO ACHIEVE GOALS

While progress is being made on an individual level, arms thrust up to aim that ball at the basket and score points, we must complement the efforts of disabled people who strive to help themselves and their society.

There is room in the economy for the aspirations of all Americans. It is time that public and private sectors work together to achieve goals of equal opportunity for participation. The system can be made to work for the benefit of those who live within it.

### MEETING GOALS THROUGH PERSISTENCE

The challenge of meeting goals requires persistence, patience, ability and the will to endure in the exercise of ability against environmental obstacles. Although much is being done to expedite the removal of achitectural and transportation barriers, even more progress is required. And one of the major obstacles remains: That of attitudinal barriers that stem from people's misconceptions of what capabilities may be demonstrated by handicapped individuals.

The drive and skill displayed on the basketball court are a significant indication of the untapped resources that 35 million handicapped people in this country might display, if given the chance. At a time when the President is claiming that Americans are manifesting a malaise and lack of spirit in combating our Nation's problems, I would like to point out that there are about 35 million people out there who, having made a lot of sacrifices along the way, are striving to achieve and make this world a better place in which to live by contributing their special talents.

They are not asking to be given anything, except the opportunity to share their abilities. The energy shortage may be with us, but it is time that we tapped other resources. There is one shortage that should never be allowed to occur: With such an abundance of brains, talent and ambition at our fingertips, we should allow all Americans to give what they can to help us remain the world's greatest Nation.

I intend to maintain my commitment to these goals on the Senate floor. There is always room for progress when great resources have not been fully utilized. Sympathy does not go far in achieving progress, but hope and dedication will cross many barriers on the way to opportunity.

### RECOGNITION OF POTENTIAL

For much of my life, I have known first-hand the problems that go with being a handicapped American. My associations with disabled people of all ages have portrayed more than a picture of strength against overwhelming odds—theirs is a portrait of the potential that has made this the greatest country in the world. Our commitment to achieving these goals of equal opportunity in developing our resources should be, in the words of Tennyson's poem "Ulysses," "to strive, to seek, to find, and not to yield."

As we look forward to a new era of equal opportunity for all Americans in education and employment, we should concentrate our efforts on legislative steps that can still be taken in preparation for the international year of disabled persons in 1981.●

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## TRIBUTE TO ROBERT LUMSDEN

● Mr. SARBANES. Mr. President, I wish to call to the Senate's attention the fact that the city of Baltimore, and more generally the State of Maryland, is about to witness the retirement of one of its most widely admired and respected sports figures. Robert Lumsden, who for nearly 40 years has been teacher, coach and athletic director at Baltimore Polytechnic Institute, one of our Nation's leading high schools, is retiring this June.

Poly, as it is known to most Marylanders, is a school which specializes in science and engineering. It is renowned both for the high caliber of its academic standards, and for the distinguished records of its faculty and alumni. Marylanders are well versed, too, in what is called the "Poly spirit," that intangible essence of competitiveness, achievement and pride which permeates all those who are closely associated with this outstanding institution of learning.

Mr. President, Robert Lumsden in many respects is the personification of that "Poly spirit"; to many of his associates, students and graduates he is known as "Mr. Poly." He began his career there in 1943 as a teacher, and at various times has taught physical education, engineering drawing, chemistry and health. But it is as a coach that he has left his enduring mark, compiling a brilliant record which elevates him to the superstar category of high school coaches. During his tenure as baseball coach, from 1944 to 1967, Poly won 15 Maryland Scholastic Association championships and finished second in six other years. Under Bob's supervision, Poly's baseball team compiled a record of nearly .850, winning more than 400 games. Bob coached football, also from 1949 to 1966, and brought forth a 123–33–2 record, producing five undefeated teams and two MSA championships. His service included terms as basketball and golf coach, as well as the school's athletic directorship and head of its physical education and health department.

Bob has been extremely active, too, away from the classrooms and playing fields of Poly. He has served as president of the Baltimore Coaches Association; president of the Mt. Washington Lacrosse Club; founder and charter member of the Baltimore chapter of the Fellowship of Christian Athletes; vice president of the Maryland State Athletic Association for Health, Physical Education, and Recreation; and he is currently vice president of the Maryland Scholastic Association.

But Mr. President, the recitation of games won and sometimes lost, of titles and positions, does not illustrate the full measure of Bob Lumsden's influence. What is most compelling is the inspiration which he has provided for thousands of young men. He is a person of high standards; he has transmitted these standards to his players and students; and they have responded positively. The hallmark of Bob Lumsden's accomplishment is the sense of dignity and fair play, of the importance of teamwork and dedication, with which he has infused more than a generation of Poly students, among them are many leaders of present and future American society.

Mr. President, I am proud to pay tribute to Bob Lumsden, and I want to convey to him and his wife, Helen, my warmest regards and best wishes. I ask to include in the Record an article published recently in the Baltimore Sun which outlines the respect felt throughout our State for this dedicated man.

The article follows:

### A Little Bit of Poly's Heart Will Go When Bob Lumsden Retires in June

(By Albert R. Fischer)

Goodby, Mr. Poly.

After 40 years as a student, teacher, coach and athletic director, Bob Lumsden is calling it quits and Poly is losing its greatest cheerleader.

No more will the freshman class be serenaded by his rendition of the Poly fight song at the opening of the school year. No more will the Maryland Scholastic Association hear his voice raised at meetings to either agree with or dispute issues.

There have been others who have had their impact on the Maryland high school scene—Howard (Dutch) Eyth at McDonogh; William (Sugar) Cain at Dunbar, and Mervo's Nate Kantor, who joins Lumsden in the retirement ranks this year. But none has had it to the degree that Lumsden has, especially where Poly is concerned.

Respect, integrity and honor—those are the impressions that Lumsden leaves with all who knew him.

Augie Waibel, who took over from Lumsden as Poly football coach in 1967, remembers: "They were a tough pair of shoes to fill. I played against him, coached against him and I had a tremendous amount of respect for him. He influenced me, but he never told me how to coach. I almost had to drag any advice out of him.

"He has a great football mind and was always willing to help. Tradition was a big part of his makeup. Poly was one of the few schools that always held pep rallies, even when pep rallies were considered corny. And it was Bob Lumsden who our greatest cheerleader."

Charlie Sullivan, who succeeded Lumsden as Poly baseball coach, remembers: "I think that if I had to use one word to describe Bob Lumsden, that word would be 'fair.' He was extremely fair with me when I took over as baseball coach. He was patient and took painstaking care with me. He was always available, yet he never pushed himself on anyone. And as far as Poly is concerned, if he bled, it would probably be orange and blue [Poly colors]."

"He typified the Poly spirit, 55 commented ex-Poly and Northern coach Lon Russ, who worked with Lumsden for nine years. "He was a disciplined man, and taught his players that discipline. You either obeyed or you didn't play."

Lumsden has said that his toughest assignment will be to walk out the door at Poly when the school year ends in June. Bill Hastings, soccer, tennis and wrestling coach, refuses to believe it. "They'll have to carry him out and lock the door," he said. "Bob is from the old school. He instilled the Poly spirit. He's the last flame of a great era. He was a trend of the times. He was always a winner, and he believed that winning was important, but not winning at any cost."

Poly basketball coach Bucky Kimmett remarked, "He was a fair person, but he would never bend the rules. He told it like it was, and treated everyone the same."

Mount St. Joseph athletic director John Plevyak has had many head-to-head coaching duels with Lumsden on the diamond. "Some we won and some we lost," said Plevyak. "But the thing that impressed me the most about Lummy's teams was that they never beat themselves. It was the kids that Lummy was most interested in. Everything he did was in the interests of the kids or the Maryland Scholastic Association, whether it be Catholic, public or private school."

Dick Working, Boys' Latin baseball coach, was one of Lumsden's gridiron opponents when the two were students, playing as a City standout in the backfield, while Lumsden was his Poly counterpart. "We beat him when he was a player," said Working. "He was a good runner. We knew each other, but weren't close friends. He was from Hamilton and I was from Waverly.

"Coaching against his Poly teams was always a pleasure. The Poly players were always well coached, well disciplined, well behaved, and that's the way Lumsden thought a Poly athlete should be."

Loyola's Jerry Savage lost more than he won against Lumsden, especially on the diamond. "He was very professional," Savage noted. "He used his material well, and it was a pleasure to deal with him."

Dutch Eyth remembers Lumsden from the many City-Poly football games the ex-Mc-

Donogh athletic director refereed. "Lumsden's teams were always well coached, especially in fundamentals," he said. "He typified the Poly spirit of men like Wilmer De Huff and Claude Burkhart, who preceded him. Knowing him has been a great experience."

Ed Novak, who replaced Eyth at McDonogh, viewed Lumsden from a position of having played against his teams while a student at City, and later as a coach and athletic director. "Although we (City) played each game at a time, we prepared for the Poly game the whole season," Novak said. "His record speaks for itself. He had the courage of his convictions, and he defended his own turf. He was a square dealer and always fought for what was good for the MSA, the total strength of the association."

Two of Lumsden's former players, pitcher Tom Collini and linebacker Jim DeWald, recalled their experiences with Mr. Poly.

"He was a heady, moxie individual," said DeWald. "He reminded me of a good chess player, always two or three steps ahead of the game. He knew how to project, motivate. I think if he told me I could run through a brick wall, I would believe I could."

"He was my first teacher when I got to Poly," Collini recalled. "I guess I was a show-off, but he cut me down to size so quick, and it wasn't even humiliating. I played for some pretty good coaches like Walter Youse and Sherrif Fowble, but Mr. Lumsden was the classiest. He commanded such respect that I was in awe of him."

A tribute came from Poly's chief rival, City College athletic director Harry Dubick. "I did my practice teaching under Bob," Dubick recalled. "He was always organized, covered every detail. As a coach and athletic director, he could be tough to deal with. But he supported to the nth degree what he believed in. You didn't intimidate him.

"Poly athletics has been his life, what it was all about. He did what he thought was best for Poly. He kept the good old traditions. I know that every time we played at Poly, the Star Spangled Banner was played before the game, even those years when the National Anthem was not too popular. I feel that Bob Lumsden was the reason behind it, in fact insisted upon it."

A local columnist once wrote, "What Bob Lumsden has meant to Polytechnic, to the athletes he has been associated with, and to Baltimore at large cannot be adequately described in words nor rewarded in compensation. But he has the inner satisfaction of knowing he has made the kind of humane contribution that counts."

Stan Fieldman, Southern athletic director, summed it all up. "The tremendous success of Polytechnic is due to a non-definable spirit that finds grown men having a greater feeling for this high school than they have for their own college," he said. "This is evidenced by the fact that 700–800 men come back to this institution every year for an annual alumni banquet. Robert Lumsden is one of the main reasons for that spirit."

That spirit and the man who exemplifies it will be honored at a Bob Lumsden testimonial April 17 at Martin's Northpoint.

Lumsden leaves a brilliant legacy as a coach and athletic director. As baseball coach from 1944 to 1967, Poly won 15 MSA championships and finished second on the other six occasions. His teams won more than 400 games for a winning percentage of nearly .850. His football reign, 1949 to 1966, produced a 123–33–2 record, five undefeated teams and two MSA champions.

Lumsden even did a four-year stint as basketball coach, and has served as golf coach the past four years, his links team winning the 1975 title. That same year, he was chosen Maryland athletic director of the year by the National Council of Secondary School Athletic Directors.

Under his leadership as athletic director, Poly has won the MSA and the Baltimore City Public Schools Sportsmanship Award eight of the last 12 years.

A family man, Lumsden is married to the former Helen Dittmar. They are the parents of a daughter and two sons and the grandparents of two.

Born in Yonkers, N.Y., in 1921, Lumsden came to Baltimore in 1928. According to a biographical sketch, "he intends to stay"—and stay he did.

His will be a tough act to follow.

Goodby, Mr. Poly.●

## S. 1771 INDEFINITELY POSTPONED

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Calendar Order No. 549, S. 1771, a bill for the relief of Dr. George Chrousos and his wife, Dr. Georgia Chrousos, be indefinitely postponed.

The PRESIDING OFFICER. Is there objection? If not, it is so ordered.

## THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Orders numbered 694, 695, 696, and 697.

Mr. SIMPSON. Mr. President, those measures have been cleared for passage on our side of the aisle.

The PRESIDING OFFICER. Without objection, it is so ordered.

## INDIAN CLAIMS COMMISSION REPORT

The concurrent resolution (H. Con. Res. 162) providing for the printing of the final report of the Indian Claims Commission as a House Document, was considered and agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. SIMPSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## PRINTING OF ANTHOLOGY OF CAPTIVE NATIONS WEEK MATERIAL

The concurrent resolution (H. Con. Res. 233) to authorize the printing as a House document an anthology of Captive Nations Week proclamations, addresses, and for other relevant material, was considered, and agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. SIMPSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## PRINTING OF FEDERAL ELECTION CAMPAIGN MATERIALS

The concurrent resolution (H. Con. Res. 283) authorizing the printing of "Federal Election Campaign Laws Relating to the United States House of Representatives", was considered, and agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. SIMPSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## LILLIE M. HINES

The resolution (S. Res. 400) to pay a gratuity to Lillie M. Hines, was considered, and agreed to as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Lillie M. Hines, widow of James E. Hines, an employee of the Architect of the Capitol assigned to duty in the Senate wing of the Capitol at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. SIMPSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER FOR RECOGNITION OF SENATOR PROXMIRE TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, after the two leaders or their designees have been recognized on tomorrow under the standing order, Mr. PROXMIRE be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

## RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 10 o'clock tomorrow morning.

The motion was agreed to; and at 7:05 p.m., the Senate recessed until Wednesday, April 16, 1980, at 10 a.m.

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## NOMINATIONS

Executive nominations received by the Secretary of the Senate, April 3, 1980, after the recess of the Senate, pursuant to the order of the Senate of April 3, 1980:

### THE JUDICIARY

Robert P. Aguilar, of California, to be U.S. district judge for the northern district of California, vice a new position created by Public Law 95-486, approved October 20, 1978.

### DEPARTMENT OF EDUCATION

Thomas Kendall Minter, of Pennsylvania, to be Assistant Secretary for Elementary and Secondary Education, Department of Education (new position).

F. James Rutherford, of the District of Columbia, to be Assistant Secretary for Educational Research and Improvement, Department of Education (new position).

### COMMISSION ON CIVIL RIGHTS

Mary Frances Berry, of Colorado, to be a Member of the Commission on Civil Rights, vice Mrs. Frankie Muse Freeman, resigned.

Jill S. Ruckelshaus, of Washington, to be a Member of the Commission on Civil Rights, vice Manuel Ruiz, Jr., resigned.

### NATIONAL CONSUMERS COOPERATIVE BANK

Frank B. Sollars, of Ohio, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for a term of 3 years (new position).

### OVERSEAS PRIVATE INVESTMENT CORPORATION

Dean R. Axtell, of Illinois, to be Executive Vice President of the Overseas Private Investment Corporation, vice David Gregg III, resigned.

### U.S. ARMY

The following-named cadets, graduating class of 1980, U.S. Military Academy, for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 3284 and 4353:

Adams, Brian J., [redacted].
Adams, Charles L., [redacted].
Adams, Douglass S., [redacted].
Agee, Collin A., [redacted].
Agoglia, John F., [redacted].
Albrecht, R. A., [redacted].
Albright, John H., [redacted].
Alesch, Donna S., [redacted].
Alexander, James M., [redacted].
Algermissen, R. M., [redacted].
Allen, Christopher, [redacted].
Allen, Thomas W., [redacted].
Almeter, Randall A., [redacted].
Altizer, Russell E., [redacted].
Ames, Daniel T., [redacted].
Amstein, Patrick W., [redacted].
Andersen, Eric C., [redacted].
Anderson, C. A., [redacted].
Anderson, K. A., [redacted].
Arielly, Thomas M., [redacted].
Arnzen, Roger A., [redacted].
Arricla, James T., [redacted].
Arsenault, James E., [redacted].
Ash, Peter J., [redacted].
Ashworth, Ann S., [redacted].
Austin, Thomas R., [redacted].
Autrey, David M., [redacted].
Babb, John R., [redacted].
Bachinski, S. W., [redacted].
Baehre, Mark D., [redacted].
Baehre, Michael D., [redacted].
Baker, John P., [redacted].
Baker, Joseph T., [redacted].
Balcer, Curtis J., [redacted].
Balderas, Elias V., [redacted].
Barfield, Walter R., [redacted].
Barkalow, Carol A., [redacted].
Barowski, Mark A., [redacted].
Barrett, Gerald G., [redacted].
Barry, Ronald F., [redacted].
Bauman, Scott T., [redacted].
Beach, David D., [redacted].
Beals, David W., [redacted].
Beans, Michael K., [redacted].
Beaudry, John L., [redacted].
Beck, Gregory T., [redacted].
Becker, James L., [redacted].
Becker, Mark A., [redacted].
Beebe, Ronald J., [redacted].
Bender, David J., [redacted].
Benecke, Glenn, J., [redacted].
Benson, Elliot M., [redacted].
Bentrott, Martin A., [redacted].
Benya, Brigid, [redacted].
Berlin, Jon K., [redacted].
Blanco, Evan E., [redacted].
Bland, Andrew R., [redacted].
Blyth, Rebecca A., [redacted].
Bock, Daniel N., [redacted].
Bock, Steven J., [redacted].
Bokmeyer, Seth P., [redacted].
Bolan C. J., [redacted].
Boltz, Cliff F., [redacted].
Bosco, Thomas L., [redacted].
Boucher, Charles W., [redacted].
Bowling, C. R., [redacted].
Boyle, David M., [redacted].
Boyle, Mark A., [redacted].
Bracey, Diane, [redacted].
Bradley, William C., [redacted].
Bradshaw, W. C., [redacted].
Brady, Casey L., [redacted].
Brady, Kevin M., [redacted].
Bragdon, Stephen L., [redacted].
Bray, Jonathan D., [redacted].
Brewster, Robert E., [redacted].
Bricker, David J., [redacted].
Bridge, Donald W., [redacted].
Brockway, James T., [redacted].
Brooks, Robert, [redacted].
Brooks, Vincent K., [redacted].
Brown, Bradley D., [redacted].
Brown, David W., [redacted].
Brunett, Michael T., [redacted].
Buckman, Robert L., [redacted].
Bull, Charles A., [redacted].
Burke, Richard A., [redacted].
Burney, Michael R., [redacted].
Button, Stephen H., [redacted].
Cafaro, Peter J., [redacted].
Cahill, Timothy J., [redacted].
Caldwell, C. M., [redacted].
Caldwell, James A., [redacted].
Calhoon, Janis M., [redacted].
Calve, James P., [redacted].
Camargo, William E., [redacted].
Campbell, James D., [redacted].
Canby, John P., [redacted].
Cantor, Michael E., [redacted].
Cantu, Joe M., [redacted].
Capelli, John A., [redacted].
Capstick, Paul R., [redacted].
Cardarelli, M., [redacted].
Cardinal, Peter A., [redacted].
Carpenter, D. C., [redacted].
Carpenter, Larry A., [redacted].
Carrington, R. S., [redacted].
Carroll, Glen A., [redacted].
Casciato, Chris, [redacted].
Castellano, John M., [redacted].
Caudle, James T., [redacted].
Cecchini, Gary M., [redacted].
Cdebaca, M. W. D., [redacted].
Chancellor, W. M., [redacted].
Charest, David C., [redacted].
Charsagua, Joe F., [redacted].
Cheatham, John M., [redacted].
Cheek, Gary H., [redacted].
Cheeseman, C. P., [redacted].
Cheney, Owen W., [redacted].
Chester, Ralph K., [redacted].
Chipman, Dana K., [redacted].
Chory, John H., [redacted].
Chubon, Gregory M., [redacted].
Chura, Michael F., [redacted].
Cicchini, Karen A., [redacted].
Ciceri, David P., [redacted].
Clark, C. G. Jr., [redacted].
Clark, Daniel J., [redacted].
Clawson, Perry R., [redacted].
Clifford, James P., [redacted].
Clune, Robert, [redacted].
Coalwell, Rick L., [redacted].
Coe, James A., [redacted].
Cohen, Stevena, [redacted].
Cole, Stephen A., [redacted].
Colister, Ruth A., [redacted].
Collins, Daniel P., [redacted].
Collins, Peter, [redacted].
Collins, Ronald S., [redacted].
Combs, Stephen D., [redacted].
Comley, William A., [redacted].
Compton, Ricky D., [redacted].
Condron, William F., [redacted].
Conetsco, David M., [redacted].
Connell, Michael K., [redacted].
Conner, Raymond M., [redacted].
Conrad, George R., [redacted].
Conrad, Michael G., [redacted].
Conrad, William B., [redacted].
Conz, Charles J., [redacted].
Cook, David A., [redacted].
Cook, David C., [redacted].
Cooke, James P., [redacted].
Cormack, Joseph W., [redacted].
Cornett, Don S., [redacted].
Costa, Andrew P., [redacted].
Cox, Albert M., [redacted].
Crawford, Wid S., [redacted].
Crawford, W. T., [redacted].
Crofoot, Howard B., [redacted].
Cross, Chet H., [redacted].
Crossley, Kent M., [redacted].
Cummings, James P., [redacted].
Curl, James R., [redacted].
Cusimano, Scott A., [redacted].
Dallas, Joy S., [redacted].
Dalton, Bret G., [redacted].
Davis, Darrell R., [redacted].
Davis, Gregory C., [redacted].
Davis, John A., [redacted].
Davis, Mark J., [redacted].
Davis, Paul F., [redacted].
Davis, Robert J., [redacted].
Dawson, Denise I., [redacted].
Deeter, Daniel M., [redacted].
Defferding, M. S., [redacted].
Dehaan, David D., [redacted].
Dehorse, David S., [redacted].
Dennis, Daryl C., [redacted].
Depaul, Ronald J., [redacted].
Devries, David L., [redacted].
Dials, Steven L., [redacted].
Didonato, David M., [redacted].
Digennaro, M. A., [redacted].
Digesu, Gary F., [redacted].
Digiulio, Steven R., [redacted].
Dillinger, John R., [redacted].
Dinon, Douglas J., [redacted].
Disimoni, James L., [redacted].
Doering, Robert L., [redacted].
Doherty, William R., [redacted].
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Reeves, Donald K., [redacted].
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Van Grouw, John A., [redacted].
Vanlingen, Rene F., [redacted].
Vasse, Robert H., [redacted].
Vaughn, Robert H., [redacted].
Vernon, Russell O., [redacted].
Villahermosa, G., [redacted].
Vonrosenberg, R. A., [redacted].
Viohl, Robert W., [redacted].
Visk, Anthony M., [redacted].
Vore, Keith R., [redacted].
Votel, Joseph L., [redacted].
Wagner, C. G., [redacted].
Wagner, Kenneth S., [redacted].
Wakim, Christopher, [redacted].
Waldier, Michael J., [redacted].
Waldron, Joseph A., [redacted].
Walker, Harlan M., [redacted].
Walker, P. M., [redacted].
Walsh, Timothy J., [redacted].
Walters, Wally Z., [redacted].
Walton, William R., [redacted].
Wange, Russell H., [redacted].
Ward, John R., [redacted].
Ward, Steven R., [redacted].
Ward, William F., [redacted].
Wardlaw, Mark G., [redacted].
Wardynski, E. Casey, [redacted].
Warnke, John C., [redacted].
Warrick, Vincent E., [redacted].
Weart, Jeffrey M., [redacted].
Webber, Don L., [redacted].
Weeks, James M., [redacted].
Weeks, William R., [redacted].
Wegel, Edward J., [redacted].
Weinberg, Edward L., [redacted].
Welks, Steven N., [redacted].
Wentz, Paul L., [redacted].
Werner, Thomas J., [redacted].
Westerman, Kurt O., [redacted].
Wheless, K. A., [redacted].
White, James B., [redacted].
Whitehead, S. A., [redacted].
Whitfield, S. A., [redacted].
Wieland, Roger F., [redacted].
Wildey, Kathryna, [redacted].
Wilhelm, Edmund A., [redacted].
Wilhelm, Thomas P., [redacted].
Wilkens, Fred C., [redacted].
Williams, C. W., [redacted].
Williams, James B., [redacted].
Williams, J. N., [redacted].
Willingham, F. P., [redacted].
Wills, Robert S., [redacted].
Wilson, James S., [redacted].
Wilson, Mark E., [redacted].
Withers, William G., [redacted].
Wokowsky, Keith R., [redacted].
Wolf, Guy A., [redacted].
Wolf, John L., [redacted].
Wolfley, Paul A., [redacted].
Wong, Leonard, [redacted].
Woods, George J., [redacted].
Woods, Willis A., [redacted].
Work, Mark L., [redacted].
Wray, William K., [redacted].
Wright, Charles D., [redacted].
Wright, Donna M., [redacted].
Wright, Paul E., [redacted].
Yeshnik, Mark A., [redacted].
Young, Carol A., [redacted].
Zachgo, Kelly L., [redacted].
Zanetti, Gregory J., [redacted].
Zayas, Jerry D., [redacted].
Zech, Joan M., [redacted].
Zizzi, John C., [redacted].
Zoccola, John T., [redacted].

Executive nominations received by the Secretary of the Senate April 8, 1980, and inadvertently omitted from the listing in the April 15 Record of nominations received during the recess of the Senate:

### In the Air Force

Lt. Gen. Howard M. Lane, U.S. Air Force, (age 56), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

### In the Army

The following-named Army Medical Department officers for temporary appointment in the Army of the United States, to the grade indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

### Medical Corps

*To be major general*

Brig. Gen. Floyd Wilmer Baker, [redacted] Medical Corps, Army of the United States (colonel, U.S. Army).

Brig. Gen. Bernhard Theodore Mittemeyer, [redacted] Medical Corps, Army of the United States (colonel, U.S. Army).

Brig. Gen. Quinn Henderson Becker, [redacted] Medical Corps, Army of the United States (colonel, U.S. Army).

### Medical Corps

*To be brigadier general*

Col. Robert Thomas Cutting, [redacted], Medical Corps, U.S. Army.

Col. Guthrie Lewis Turner, Jr., [redacted] Medical Corps, U.S. Army.

Col. Chester Lawrence Ward, [redacted], Medical Corps, U.S. Army.

The following-named Army Medical Department officer for appointment in the Regular Army to the grade indicated, under the provisions of title 10, United States Code, sections 3284 and 3306:

### Medical Corps

*To be brigadier general*

Brig. Gen. Floyd Wilmer Baker, [redacted] Medical Corps, Army of the United States (colonel, U.S. Army).

### In the Navy

Admiral Harold E. Shear, U.S. Navy, (age 61) for appointment to the grade of admiral on the retired list pursuant to the provisions of title 10, United States Code, section 5233.

The following-named officer having been designated for command and other duties of great importance and responsibility in the grade of vice admiral within the contemplation of title 10, United States Code, section 5231, for appointment while so serving as follows:

*To be vice admiral*

Rear Adm. James R. Sanderson, U.S. Navy.

### U.S. Air Force

The following-named officers for promotion as a Reserve of the Air Force, under the appropriate provisions of chapters 35 and 837, title 10, United States Code.

*Lieutenant colonel to colonel*

#### LINE OF THE AIR FORCE

Bradford, Ralph E., Jr., [redacted].
Brickson, Philip E., [redacted].
Burkes, Wayne O., [redacted].
Cebulski, Edward J., [redacted].
Degan, Roy E., Jr., [redacted].
Florio, Joseph N., [redacted].
Hall, Ted C., [redacted].
Hanley, Emmett M., [redacted].
Harris, Robert E., [redacted].
Hazard, Francis E., [redacted].
Holland, Claude A., [redacted].
Ingler, William J., Jr., [redacted].
Johnson, Orville W., [redacted].
Killgore, William L., Jr., [redacted].
Lilljedahl, Robert C., [redacted].
Noall, David W., [redacted].
Ouellette, William R., [redacted].
Poirier, Milton C., [redacted].
Rockwell, Hiel M., Jr., [redacted].
Rulis, Thomas J., [redacted].
Sheahan, David R., [redacted].

Slauson, Lonnie J., Jr., [redacted].
Snyder, Donald V., [redacted].
Snyder, George R., [redacted].
Szarowicz, Eugene S., [redacted].
Williams, Charles E., [redacted].
Williams, Philip A., [redacted].

MEDICAL CORPS

Bargmeyer, Ernest M., [redacted].
Kennedy, Charles D., [redacted].
Lindstrom, Eric E., [redacted].
Mitchell, Don Q., [redacted].
Riecken, William E., Jr., [redacted].

U.S. MARINE CORPS

The following-named male officers of the Marine Corps for permanent appointment to the grade of colonel under the provisions of title 10, United States Code, sections 5769 and 5780:

John B. Airola
Robert B. Alexander
Rodney H. Alley, Jr.
Myrl W. Allinder, Jr.
Thomas C. Andrew, Jr.
Ralph J. Appezzato
Randall W. Austin
Horace W. Baker
William D. Bauer
Raymond A. Becker
Ronald L. Beckwith
Robert D. Blanton
Gordon O. Booth
Ray W. Bowles
Edward H. Boyd
Glenn D. Bratcher
Richard L. Brinegar
Oscar W. Britton
Randolph M. Browne III
John P. Burke
Arthur E. Burkhart
Frank H. Butler, Jr.
John J. Carty
Christopher Catoe
Matthew P. Caulfield
Harold H. Clark
Patrick G. Collins
Matthew T. Cooper
Donald H. Cormack
James H. Curder
Ronald K. Davia
Jay M. Davis, Jr.
William G. Davis
Laurence Delmore III
John H. Ditto
Dale D. Dorman
Marcel J. Dube
John M. Dye
Philip J. Fehlen
Joseph G. Foti
James R. Gentry
Hal J. Gibson
Joe L. Goodwin
Robert J. Graham
John S. Grinalds
Donald D. Hall
William L. Hammack
John E. Harms
Gene B. Harrison
Donald A. Hodgen
John J. Houtchens
William H. Huffcut II
William R. Irwin
Jerry H. Jenkins
Ward B. Johnson, Jr.
Ronald J. Kaye
Noel J. Keller
Leo J. Kelly
Gerald G. Kemp
Roger E. Knapper
Carroll M. Lacroix
Robert F. Lang
Willis D. Ledeboer
Pierre L. Lefevre
Floyd C. Lewis
William B. Ludwick
Richard W. Marsden
Warren L. Martin
James D. Mattingly
David L. McEvoy
Donald E. Miller
Edward M. Mockler
Joseph F. Molineaux, Jr.
Royal N. Moore, Jr.
Fred H. Mount
Jesse G. Mulkey
John R. Muprhy
George D. Navadel
James M. Nolan
Joseph J. O'Brien
Robert M. Ondrick
Eugene L. Osmondson
William M. Pettigrew III
Ross S. Plasterer
Richard T. Poore
Ferrell F. Powell, Jr.
John B. Pozza
George C. Psaros
Richard C. Raines
Werner F. Rebstock
Gerald F. Reczek
William A. Renner
Herbert A. Saeger
William J. Scheuren
Phillip E. Shaw
James F. Sherry, Jr.
Robert D. Shoptaw
David K. Shroyer, Jr.
Karl S. Smith
James E. Sniffen
Henry C. Stackpole III
Billy M. Summerlin
Robert E. Swartwood, Jr.
James E. Toth
Robert J. Ulses
Richard L. Upchurch
John H. Vanniman
Warren S. Walters
Kenneth D. Waters
Herman B. West, Jr.
Marvin A. Westphal
Oliver M. Whipple, Jr.
Leonard A. Wunderlich
Alvin M. Younger

The following-named male officer of the Marine Corps Reserve for permanent appointment to the grade of colonel under the provisions of title 10, United States Code, sections 5769 and 5780:

John L. MacFarlane

The following-named woman officer of the Marine Corps for permanent appointment to the grade of colonel under the provisions of title 10, United States Code, section 5771:

Gail M. Reals

## Executive nominations received by the Secretary of the Senate April 9, 1980, pursuant to the order of the Senate of April 3, 1980:

THE JUDICIARY

James Harry Michael, Jr., of Virginia, to be U.S. district judge for the western district of Virginia, vice a new position created by Public Law 95-486, approved October 20, 1978.

James Edward Sheffield, of Virginia, to be U.S. district judge for the eastern district of Virginia, vice a new position created by Public Law 95-486, approved October 20, 1978.

## Executive nomination received by the Secretary of the Senate April 10, 1980, pursuant to the order of the Senate of April 3, 1980:

DEPARTMENT OF COMMERCE

Robert E. Herzstein, of the District of Columbia, to be Under Secretary of Commerce for International Trade (new position).

## Executive nominations received by the Secretary of the Senate April 14, 1980, pursuant to the order of the Senate of April 3, 1980:

DEPARTMENT OF STATE

Gordon Robert Beyer, of Florida a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Uganda.

THE JUDICIARY

Ruth Bader Ginsburg, of New York, to be U.S. circuit judge for the District of Columbia Circuit, vice Harold Leventhal, deceased.

Jerre S. Williams, of Texas, to be U.S. circuit judge for the fifth circuit, vice Irving L. Goldberg, retired.

Patrick F. Kelly, of Kansas, to be U.S. district judge for the district of Kansas, vice Wesley E. Brown, retired.

W. Earl Britt, of North Carolina, to be U.S. district judge for the eastern district of North Carolina, vice John D. Larkins, Jr., retired.

Walter Herbert Rice, of Ohio, to be U.S. district judge for the southern district of Ohio, vice Timothy S. Hogan, retired.

S. Arthur Spiegel, of Ohio, to be U.S. district judge for the southern district of Ohio, vice David S. Porter, retired.

U.S. TAX COURT

The following-named persons to be Judges of the U.S. Tax Court for terms expiring 15 years after they take office:

C. Moxley Featherston, of Virignia (reappointment).

William M. Fay, of Pennsylvania (reappointment).

Charles R. Simpson, of Illinois (reappointment).

IN THE AIR FORCE

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

*To be first lieutenant*

Aaron, Robert F., Jr., [redacted].
Abernathy, Robert W., [redacted].
Acres, Jody D., [redacted].
Adams, Mark, [redacted].
Adams, Michael R., [redacted].
Adams, Ronald C., [redacted].
Adams, Steven G., [redacted].
Addison, Timothy W., [redacted].
Alexander, Kenneth K., [redacted].
Alkove, David H., [redacted].
Alleca, Joseph P., [redacted].
Allen, Brian C., [redacted].
Allen, Julian D., [redacted].
Allen, Mary K., [redacted].
Allen, William H., Jr., [redacted].
Allgaier, Darrell E., [redacted].
Allshouse, James D., [redacted].
Alston, Clifton J., [redacted].
Altieri, Joseph A., [redacted].
Amox, Walter E., [redacted].
Andriola, Peter D., [redacted].
Angleton, Mark R., [redacted].
Antaya, Richard E. E., [redacted].
Antonson, Jon J. [redacted].
Aquino, Armando R., [redacted].
Aragon, Henry L., [redacted].
Arant, Gail M., [redacted].
Arbetter, Robert L., [redacted].
Ard, William P., [redacted].
Armour, Gilbert D., [redacted].
Armour, Richard M., [redacted].
Armstrong, Michael L., [redacted].
Arnold, Mark A., [redacted].
Arvai, Joseph Walter, [redacted].
Arvin, August V., Jr., [redacted].
Ashley, Stephen A., [redacted].
Asscherick, Richard L., [redacted].
Augsburg, Frederick W., [redacted].
Auth, William G., [redacted].
Aydoner, Aksel, [redacted].
Aytes, Steven C., [redacted].
Baca, Toni D., [redacted].
Bagwell, Jesse G., III, [redacted].
Bailey, Gary S., [redacted].
Bailey, Robert M., [redacted].
Baker, Claude A., [redacted].
Baker, Deborah A., [redacted].
Baker, Joe G., [redacted].
Baker, Monte C., [redacted].
Baker, William G., [redacted].
Balco, William M., [redacted].
Baldwin, Michael J., [redacted].
Banks, William M., [redacted].
Banning, Charles K., [redacted].
Barbachano, Ruben, [redacted].
Bard, Monteen C., [redacted].
Barham, Robert W., [redacted].
Barkley, Osepia M., [redacted].
Barnard, John Q., III, [redacted].
Barnett, Paul J., [redacted].
Bauer, Kenneth W., Jr., [redacted].
Baughman, Wayne E., [redacted].
Bauland, Charles I., [redacted].
Bauman, Kenneth S., [redacted].
Beach, Richard G., [redacted].
Beardsley, Diana L., [redacted].
Beeler, Greg K., [redacted].
Belew, Stephen J., [redacted].
Bell, Douglas V., [redacted].
Bell, Suzanna L., [redacted].
Bellacicco, Bradley A., [redacted].
Beller, Denis E., [redacted].
Benham, Vincent N., [redacted].
Bennett, Robert H., [redacted].
Bennie, Stewart D., [redacted].
Berg, Paul H., [redacted].
Berte, Mark W., [redacted].
Best, Kevin E., [redacted].
Betz, Richard B., [redacted].
Biasi, Glenn P., [redacted].
Bible, Ronald L., [redacted].
Biener, Donald M., [redacted].
Bigler, Larry L., [redacted].
Black, Donald G., [redacted].
Black, Sidney T., [redacted].
Blackwell, John L., [redacted].
Blake, Larry J., [redacted].
Blevins, Clay A., [redacted].
Blouin, Robert A., [redacted].
Bolden, Truman H., [redacted].
Bombardi, Harry G., [redacted].
Bond, David M., [redacted].
Bonitz, Michael C., [redacted].
Boone, Dennis H., [redacted].
Booth, Gordon R., [redacted].
Borowsky, George J., [redacted].
Bosier, Nyle E., [redacted].
Bost, Francis W., [redacted].

Bowermeister, Thomas A., [redacted].
Bowers, Kerry D., [redacted].
Boyd, Jon R., [redacted].
Boylan, Patricia M., [redacted].
Bozenhard, George C., III, [redacted].
Branch, Sharon A., [redacted].
Brandt, Jimmie L., [redacted].
Bransfield, Maurice, [redacted].
Brastauskas, Paul M., [redacted].
Braudis, Russell P., [redacted].
Breitinger, Frederick L., Jr., [redacted].
Brennan, John T., [redacted].
Brenneman, Richard E., Jr., [redacted].
Breunig, Jeffrey L., [redacted].
Brinker, Rex E., [redacted].
Brinson, Mark D., [redacted].
Broadnax, Earnest G., [redacted].
Broderick, Vincent R., [redacted].
Bronk, John W., [redacted].
Brookhart, Warren J., [redacted].
Brookshire, William A., [redacted].
Brotherton, Terrence W., [redacted].
Brown, John S., [redacted].
Brown, Lori J., [redacted].
Brown, Richard H., [redacted].
Brown, Robert W., [redacted].
Brown, Theron J., [redacted].
Brownfield, Janet G., [redacted].
Buchanan, Thomas H., [redacted].
Bunch, Thomas W., II, [redacted].
Bunn, Brian G., [redacted].
Buntsma, Charlie K., [redacted].
Burch, Robert A., [redacted].
Burgess, Thomas J., [redacted].
Burkart, Edward D., Jr., [redacted].
Burke, John F., [redacted].
Burke, Lawrence D., [redacted].
Burnett, Dessie L., [redacted].
Burris, Michael L., [redacted].
Burritt, Roger B., [redacted].
Burzynski, John A., [redacted].
Bush, Sharon A., [redacted].
Butler, Cheryl A., [redacted].
Byars, Napoleon B., [redacted].
Byers, Cecilia A., [redacted].
Byford, John F., Jr., [redacted].
Byrd, Barry L., [redacted].
Cain, Joel D., [redacted].
Cakerice, Irvin L., [redacted].
Calhoun, Vera J., [redacted].
Callaway, Martha D., [redacted].
Calvano, Anthony J., [redacted].
Campbell, Adrienne R., [redacted].
Campbell, Alvin R., [redacted].
Campbell, Jeffrey R., [redacted].
Capps, Donald W., [redacted].
Carlin, Tama D., [redacted].
Carlson, Barbara L., [redacted].
Carmody, Cornelius J., [redacted].
Carney, Robert D., [redacted].
Carpenter, David H., [redacted].
Carrel, Jeffery S., [redacted].
Carter, Howard L., [redacted].
Case, John P., [redacted].
Cashman, Richard P., [redacted].
Cassiliano, Michael, [redacted].
Caswell, Timothy H., [redacted].
Chapman, Albert V., III, [redacted].
Chapman, Donald P., [redacted].
Chavez, Mark W., [redacted].
Cheatham, Carole W., [redacted].
Chilstrom, John S., [redacted].
Chow, Marvin, [redacted].
Christ, Matt A., [redacted].
Christensen, Michael A., [redacted].
Christensen, Aris M., [redacted].
Christian, Mark C., [redacted].
Christman, Craig D., [redacted].
Ciranna, Gary P., [redacted].
Ciranna, Mary L., [redacted].
Ciscel, David R., [redacted].
Clark, George D., III, [redacted].
Claudio, Christopher J., [redacted].
Clayton, Charles P., [redacted].
Clotfelter, John R., [redacted].
Coakley, Linda D., [redacted].
Coffer, Jimmy R., [redacted].
Coffer, William E., [redacted].
Coffin, Charles M., Jr., [redacted].
Cohen, Donald V., [redacted].
Cohen, Howard G., [redacted].
Cohoon, Charles R., [redacted].
Coke, Ronnie L., [redacted].
Cole, David G., [redacted].
Cole, Michael W., [redacted].
Coleman, Sherman R., [redacted].
Collins, John W., IV, [redacted].
Collins, Mona L, [redacted].
Collins, Robert M., [redacted].
Collins, Wallace A., III, [redacted].
Compton, Norton L., [redacted].
Conant, Peter R., [redacted].
Conkel, John, [redacted].
Conley, John R., [redacted].
Conley, Michael G., [redacted].
Connolly, Donna M., [redacted].
Connor, Daniel E., [redacted].
Conway, Kevin D., [redacted].
Cook, Dale G., [redacted].
Cook, Douglas P., [redacted].
Cook, Layton C., III, [redacted].
Cook, Monica, [redacted].
Cook, Thomas T., [redacted].
Coon, Thomas R., [redacted].
Cooper, Arthur F., [redacted].
Cornwell, Mark W., [redacted].
Cornwell, Mark W., [redacted].
Correia, Paul S., [redacted].
Corrigan, William R., [redacted].
Cottman, George H., [redacted].
Cottongim, Ann H., [redacted].
Coulter, Jack D., Jr., [redacted].
Cox, Carl L., [redacted].
Cox, David W., [redacted].
Cox, Raymond S., [redacted].
Cox, Stewart G., [redacted].
Cranmer, Carr S., [redacted].
Creamer, William M., [redacted].
Creech, Paul M., [redacted].
Creighton, Lawrence P., Jr., [redacted].
Crews, Gary W., [redacted].
Crisio, Raymond A., [redacted].
Crookshanks, William, [redacted].
Cummings, Britt A., [redacted].
Cunningham, Christopher B., [redacted].
Curran, Thomas A., [redacted].
Curtis, David E., [redacted].
Curtis, William K., [redacted].
Curton, Scott A., [redacted].
Cushing, Vincent E., [redacted].
Cutshall, Richard L., [redacted].
Cvitanovich, Patrick, [redacted].
Daday, James J., [redacted].
Daily, Nina L., [redacted].
Dalton, Steven A., [redacted].
Daniels, James M., [redacted].
Danko, Kenneth J., [redacted].
Darr, Steven W., [redacted].
Davidson, Kirk S., [redacted].
Davis, John P., [redacted].
Davis, Ralph F., Jr., [redacted].
Davis, Silas E., III, [redacted].
Davis, William S., [redacted].
Day, Dan A., [redacted].
Daywalt, John B., [redacted].
Dean, Harold M., [redacted].
Dean, William N., Jr., [redacted].
Dearing, Auther M., [redacted].
Dearmond, Virgil L., [redacted].
Deebel, Robert B., [redacted].
Deems, Carl W., [redacted].
Delaney, Nancy J., [redacted].
Delgaudio, Joseph F., [redacted].
Delk, James W., III, [redacted].
Deweese, Rodney A., [redacted].
Diaz, Pedro L., [redacted].
Dibattiste, Carol, [redacted].
Diehl, James F., [redacted].
Dietvorst, Michael M. J., [redacted].
Diller, David P., [redacted].
Dillon, Mark J., [redacted].
Dixon, Edward T., [redacted].
Doan, Johnie M., [redacted].
Doerr, Stephen H., [redacted].
Dominguez, Luis A., [redacted].
Donceel, Randal C., [redacted].
Dougherty, Thomas, [redacted].
Dowd, Robert J., [redacted].
Drago, Joseph A., [redacted].
Dressing, Kay F., [redacted].
Dropco, Kenneth M., [redacted].
Duchein, Bradley J., [redacted].
Duke, John P., [redacted].
Dumpe, David A., [redacted].
Dun, Georgette K., [redacted].
Duncan, William M., [redacted].
Dunham, Christopher G., [redacted].
Dunphey, Kenneth S., [redacted].
Dyer, Sandra, [redacted].
Dziubinski, Michael G., [redacted].
Eaton, Charlotte L., [redacted].
Edwards, Bernard R., Jr., [redacted].
Edward, David E., [redacted].
Edwards, Lennie O., Jr., [redacted].
Egge, William L., [redacted].
Eichelkraut, Joseph A., [redacted].
Eidson, James P., [redacted].
Eldridge, Jack H., [redacted].
Elliott, Johnnie B., Jr., [redacted].
Enke, Stephen E., [redacted].
Erbschloe, Donald R., [redacted].
Erickson, Todd L., [redacted].
Estis, Frank L., [redacted].
Evans, John R., II, [redacted].
Evans, John T., III, [redacted].
Evans, Timothy E., [redacted].
Facey, Stanley J., [redacted].
Fairley, Gilbert, [redacted].
Falk, Dale E., [redacted].
Farrar, Perry N., [redacted].
Farris, Garland O., Jr., [redacted].
Faulkner, Johnny R., [redacted].
Faykes, Frank R., [redacted].
Feemster, Randal D., [redacted].
Feldman, Robert J., [redacted].
Felton, Richard E., [redacted].
Fergusobrien, Adele L., [redacted].
Ferguson, Earl R., [redacted].
Ferguson, Gregg A., [redacted].
Ferguson, Ricky J., [redacted].
Ferries, Bruce R., [redacted].
Ferry, Geraldine H., [redacted].
Fesko, Michael P., [redacted].
Fetzer, Richard D., Jr., [redacted].
Fielder, Leslie D., [redacted].
Fieldstad, Kimble N., [redacted].
Figueroa, Louis E., [redacted].
Filburn, Patrick F., [redacted].
Finan, Michael J., [redacted].
Findley, Vern M., II, [redacted].
Fingerhut, Michael, [redacted].
Finneran, Donald L., Jr., [redacted].
Fiorini, John D., [redacted].
Fisher, George F., [redacted].
Fitzgerald, Michael W., [redacted].
Fletcher, Charles D., [redacted].
Flint, Robert B., [redacted].
Flood, James F., [redacted].
Flores, Cesar, [redacted].
Floyd, Richard M., [redacted].
Foltz, Lawrence E., [redacted].
Fonke, Jerome E., [redacted].
Ford, Suzanne K., [redacted].
Formwalt, William A., [redacted].
Frahm, James V., [redacted].
Francis, Alvin S., [redacted].
Francis, Stephen P., [redacted].
Franklin, William W., [redacted].
Frazier, John C., [redacted].
Frazier, Steven R., [redacted].
Fredal, Danny, [redacted].
French, Eugene M., [redacted].
French, Richard B., [redacted].
Fue, Ross W., [redacted].
Furr, John L., [redacted].
Gaebel, Roger, [redacted].
Gallagher, Edward I., [redacted].
Gallo, Robert L., [redacted].
Galyon, James M., [redacted].
Gannon. Philip D., [redacted].
Gantt, William J., Jr., [redacted].
Garcia, Antonio, [redacted].
Garcia, Ruben, [redacted].
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Lacy, Ogden W., Jr., [redacted].
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Leonard, Diana W., [redacted].
Leone, Michael R., [redacted].
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Linaberry, Michael E., [redacted].
Linder, Alfred H., III, [redacted].
Lindow, Kathy J., [redacted].
Lindsey, Denise K., [redacted].
Linteau, Robert E., [redacted].
Livermont, Kirk K., [redacted].
Livingston, Roger D., [redacted].
Lofberg, Christine N., [redacted].
Loffland, John E., [redacted].
Long, Kevin L., [redacted].
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Lowery, Jerry G., [redacted].
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Mauer, Henry W., [redacted].
May, Thomas A., [redacted].
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McMullen, Scott J., [redacted].
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Miller Lisa R,. [redacted].
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Moon, Ivry. Jr.. [redacted].
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Price, Judith A., [redacted].
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Proft, Donovan M., [redacted].
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Staples, Randall J., [redacted].
Starkey, Larry J., [redacted].
Stauffer, Lyndsay A., [redacted].
Steed, Robert F., Jr., [redacted].
Steele, David J., [redacted].
Steele, George W., Jr., [redacted].
Stefiniw, Michael, [redacted].
Steinke, John E., [redacted].
Stephens, David E., [redacted].
Stepp, Terry D., [redacted].
Stewart, Janet M., [redacted].
Stewart, Ronald C., [redacted].
Stickford, Thomas E., [redacted].
St. John, Mary E., [redacted].
Stokes, Donald H., Jr., [redacted].
Stone, Jerry L., [redacted].
Stone, Lynn J., [redacted].
Stoneharris, Regina L., [redacted].
Storey, Cheryl L., [redacted].
Story, Douglas A., [redacted].
Strang, Richard A., [redacted].
Streck, Steven M., [redacted].
Stroup, Bruce W., [redacted].
Street, Charles G., IV, [redacted].
Stubbs, Kevin D., [redacted].
Stumpf, Thomas S., [redacted].
Stutte, Richard J., [redacted].
Sullivan, Harlan N., [redacted].
Sullivan, William H., III, [redacted].
Sweat, David A., [redacted].
Sweeney, Willie L., [redacted].
Swehosky, Frank J., [redacted].
Swigart, James E., [redacted].
Swygert, Roy B., Jr., [redacted].
Sykes, Ruth A., [redacted].
Taft, Charles K., Jr., [redacted].
Taliaferro, John F., [redacted].
Talty, Aida M., [redacted].
Tarbell, Philip B., III, [redacted].
Tarter, Robert O., [redacted].
Taylor, Bruce W., [redacted].
Taylor, John W., [redacted].
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Teeple, James R., [redacted].
Telfare, Louette L., [redacted].
Terry, Cynthia L., [redacted].
Teston, Michael L., [redacted].
Thebo, Ernest J., [redacted].
Therrien, Michael G., [redacted].
Thieman, Bruce A., [redacted].
Thomas, Charles W., [redacted].
Thomas, Richard E., [redacted].
Thompson, Alan E., [redacted].
Thompson, Brett L., [redacted].
Thompson, Don G., [redacted].
Thompson, Joanna R., [redacted].
Thompson, John H., Jr., [redacted].
Thomsen, Eric R., [redacted].
Thueson, Con M., [redacted].
Tileston, H. W., III, [redacted].
Tolbert, Barry E., [redacted].
Toles, James E., Jr., [redacted].
Tolman, Mary J., [redacted].
Tomich, Milo J., [redacted].
Tompkins, Charles L., [redacted].
Toohey, Richard J., [redacted].
Tovado, Robert R., [redacted].
Travis, Ronald E., [redacted].
Trivette, Johnnie L., [redacted].
Troche, Jose A., [redacted].
Trott, John M., [redacted].
Tucker, James N., [redacted].
Tuckerman, Theodore L., Jr., [redacted].
Tuday, Clifford E., [redacted].
Turecky, Louis F., Jr., [redacted].
Turk, Joel B., [redacted].
Turner, Peter A., [redacted].
Turner, William M., [redacted].
Tuttle, Donna M., [redacted].
Twine, Johnnie M., [redacted].
Tyner, Roy, [redacted].
Ufferheide, Craig W., [redacted].
Utecht, Richard J., [redacted].
Valentine, Michael E., Jr., [redacted].
Valliere, John E., [redacted].
Vancil, Stephen P., [redacted].
Vandalinda, Robert P., [redacted].
Vanderberg, Charles M., [redacted].
Vandyke, Michael C., [redacted].
Vaness, Philip J., [redacted].
Vanwinkle, Wallace T., [redacted].
Varney, Garry C., [redacted].
Varnum, Bruce R., [redacted].
Veillon, Linda S., [redacted].
Verhage, Margaret M., [redacted].
Verlinde, Jon D., [redacted].
Vest, Charles L., Jr., [redacted].
Vest, Stephen L., [redacted].
Viale, Robert G., [redacted].
Vigil, Nicanor E., III, [redacted].
Villani, Carmen D., Jr., [redacted].
Villareal, Ramon E., [redacted].
Viscanti, Mark V., [redacted].
Voigt, Richard H., [redacted].
Vrba, John C., [redacted].
Vroom, Susan, [redacted].
Wagner, Barbara J., [redacted].
Wagner, John F., III, [redacted].
Wagner, Lesa M., [redacted].
Waisanen, Anthony, [redacted].
Wakeland, Penny S., [redacted].
Walden, Wade H., [redacted].
Walker, Joyce L., [redacted].
Walker, Larry R., [redacted].
Walker, Sylvia D., [redacted].
Wallace, Freddie M., [redacted].
Walter, Martin J., [redacted].
Walters, Danny D., [redacted].
Warmann, Mark A., [redacted].
Warnke, Richard F., [redacted].
Warren, Keith R., [redacted].
Watkins, Donald T., [redacted].
Watkins, Edwin R., [redacted].
Watson, Edward A., [redacted].
Wawrynovic, Thomas A., [redacted].
Weaver, Scott E., [redacted].
Webb, Henry J., [redacted].
Webber, Stephen R., [redacted].
Weidner, James H., [redacted].
Wenzel, Randy S., [redacted].
West, William L., [redacted].
Westlake, James Jay, [redacted].
Wharton, John F., Jr., [redacted].
Wheat, Stephen L., [redacted].
Wheeler, Fredric R., [redacted].
Wheeler, Suzanne R., [redacted].
Whitaker, Glenn T., [redacted].
White, Thomas P., [redacted].
White, Valus E., [redacted].
Whitmore, James A., [redacted].
Whitmore, Thomas M., [redacted].
Whittington, Earlel, III, [redacted].
Whitton, Wayland D., [redacted].
Wiederrecht, Thomas P., [redacted].
Wijbrandus, Nyckle, [redacted].
Wilk, Thomas S., [redacted].
Wilken, Ruth M., [redacted].
Williams, Charley L., [redacted].
Williams, Christopher O., [redacted].
Williams, Clarence F., [redacted].
Williams, Dale R., [redacted].
Williams, Douglas, [redacted].
Williams, Fredrick V., [redacted].
Williams, Kent Dew, [redacted].
Williams, L. C., [redacted].
Williams, Margaret L., [redacted].
Williams, Michael A., [redacted].
Williams, Michael A., [redacted].
Williams, Zeneo B., [redacted].
Williamsonbloom, India, [redacted].
Williford, Clifford F., [redacted].
Wilson, Joe A., [redacted].
Wilson, Nathaniel E., [redacted].
Wimp, Dean A., [redacted].
Winegarden, Steven R., [redacted].
Winn, Gregory C., [redacted].
Witt, Donald J., [redacted].
Witters, Gerald B., [redacted].
Wojciechowski, Donald, [redacted].
Wolber, Denise A., [redacted].
Wolters, Terrance E., [redacted].
Wong, Timothy I. Q., [redacted].

Wood, John R., [redacted].
Woods, Paul D., [redacted].
Woodson, Harry S., III, [redacted].
Worley, Francis F., Jr., [redacted].
Worley, Robert L., Jr., [redacted].
Worthington, Annette T., [redacted].
Wray, Robert F., [redacted].
Wright, James W., [redacted].
Wright, Jesse L., Jr., [redacted].
Wright, Garry L., [redacted].
Wright, John M., [redacted].
Wright, Richard M., [redacted].
Wright, Robert L., [redacted].
Wright, Ronnie D., [redacted].
Wrinkle, Larry D., [redacted].
Wyatt, Herbert M., [redacted].
Yagi, Lester S., [redacted].
Zamparelli Steven J., [redacted].
Zawistoski, Ronald W., [redacted].
Zelms, Ronald L., [redacted].
Zider, Vance P., [redacted].
Zwicker, Theodore A., [redacted].

*To be second lieutenant*

Amick, Ronald E., [redacted].
Aufderheide, Christine H., [redacted].
Baeslack, William A., III, [redacted].
Baier, Donald R., [redacted].
Baker, Gregory M., [redacted].
Baldwin, Rosser J., Jr., [redacted].
Balthazar, Arnold W., [redacted].
Barrier, Robert W., [redacted].
Batdorff, Steven L., [redacted].
Bayer, William A., Jr., [redacted].
Beecroft, Timothy J., [redacted].
Blakney, James E., [redacted].
Borton, Alden D., [redacted].
Boyd, Nancy L., [redacted].
Bozard, James R., [redacted].
Braddy, Larry S., [redacted].
Branch, Danny M., [redacted].
Breit, Gregory R., [redacted].
Brest, Gordon A., [redacted].
Brooks, Michael N., [redacted].
Brown, James E., III, [redacted].
Bryan, Barry C., [redacted].
Budgeon, Mark D., [redacted].
Bullock, Ronnie J., [redacted].
Burrows, Danny J., [redacted].
Butler, John A., [redacted].
Chatraw, Van F., [redacted].
Christmas, William C., [redacted].
Cipperly, George E., [redacted].
Clark, Willis W., III, [redacted].
Clatanoff, John T., [redacted].
Cleveland, Michael B., [redacted].
Cochran, Thomas W., [redacted].
Collins, Neil M., [redacted].
Congelli, Robert J., [redacted].
Conrad, William C., [redacted].
Cooper, Thomas H., [redacted].
Cortese, John J., [redacted].
Cosand, Robert C., [redacted].
Cramer, Daniel L., [redacted].
Crolla, Gary J., [redacted].
Custer, Scott S., [redacted].
Davis, Bobby J., [redacted].
Davis, James W., [redacted].
Deangeli, Theodore D., [redacted].
Dinino, Thomas J., [redacted].
Dorey, Robert C., III, [redacted].
Doty, William K., Jr., [redacted].
Dritenbas, John R., [redacted].
Droz, Miguel A., [redacted].
Eichhorn, David J., [redacted].
Engelhard, Harold G., [redacted].
Esaw, Ronald E., [redacted].
Escobedo, Brian D., [redacted].
Everett, James D., II, [redacted].
Felts, Ernest E., [redacted].
Ferguson, George S. A., [redacted].
Ferrell, Ryan F., Jr., [redacted].
Folsom, Michael T., [redacted].
Francis, James H., Jr., [redacted].
Frey, Jeffrey E., [redacted].
Fullenkamp, Bernard H., [redacted].
Gable, Matthew C., [redacted].
Gann, Timothy D., [redacted].
Garner Deberah J., [redacted].
Gauvreau, James M., [redacted].
Gay, Harvey E., III, [redacted].
Gearing, Gregory M., [redacted].
Gibson, Elward L., [redacted].
Gilton, Dennis R., [redacted].
Goddard, James D., III, [redacted].
Goodman, Archie A., III, [redacted].
Goodrich, Susan A., [redacted].
Gray, David C., [redacted].
Greensfelder, Kirk B., [redacted].
Griese, Frederick R., [redacted].
Gwin, Hardin E., [redacted].
Hairell, Oscar C., Jr., [redacted].
Hale, James E., [redacted].
Hall, Douglas K., [redacted].
Hall, James O., [redacted].
Hamann, Marc G., [redacted].
Hamel, Raymond F., Jr., [redacted].
Harmon, Glenn L., [redacted].
Harris, Curtis L., [redacted].
Hefren, Scott D., [redacted].
Hennager, Guy C., [redacted].
Hennigar, Bruce E., [redacted].
Hildebrand, John C., Jr., [redacted].
Hill, Lawrence, [redacted].
Holley, Richard E., Jr., [redacted].
Holloman, Richard C., [redacted].
Hooks, Robert I., [redacted].
Hottle, Rodney A., [redacted].
Howard, Terrence J., [redacted].
Howell, James D., [redacted].
Jackson, Nelson E., Jr., [redacted].
Jewett, Kenneth W., [redacted].
Johnson, Wayne M., [redacted].
Jones, Terry W., [redacted].
Jones, William E., Jr., [redacted].
Jordan, Stephen L., [redacted].
Judkins, Thomas G., [redacted].
Kahn, Gary V., [redacted].
Kahn, Neil D., [redacted].
Kalata, Jack F., [redacted].
Kelly, Kevin J., [redacted].
Kelly, Thomas C., [redacted].
Kemp, Thomas K., [redacted].
Kerl, John F., [redacted].
Keyes, James A., [redacted].
Kirby, James E., Jr., [redacted].
Kirlin, James W., [redacted].
Kline, Larry R., [redacted].
Kolkebeck, Harry J., [redacted].
Krause, Timothy A., [redacted].
Lamb, Duane A., [redacted].
Lamond, Robert G., Jr., [redacted].
Lampe, Timothy J., [redacted].
Liles, Shaune L., [redacted].
Love, Donnie L., [redacted].
Lucke, Edward W., Jr., [redacted].
Lund, James M., [redacted].
Lutz, Patrick B., [redacted].
Maring, Keith T., Jr., [redacted].
Marks, Peter L., [redacted].
McCann, Kevin P., [redacted].
McGee, James M., [redacted].
McGillen, Donald J., [redacted].
McHale, Robert S., [redacted].
Metzger, Lee J., [redacted].
Meyer, James I., [redacted].
Michalke, Walter H., [redacted].
Miller, Bernard K., [redacted].
Miller, Dennis V., [redacted].
Miller, Edwin R., [redacted].
Miller, Ricky L., [redacted].
Miller, Thomas L., [redacted].
Millspaugh, David R., [redacted].
Mitchell, James R., [redacted].
Moe, Gary P., [redacted].
Moore, David L., [redacted].
Morgan, Raymond B., [redacted].
Moss, Douglas M., [redacted].
Moynihan, Thomas J., Jr., [redacted].
Mueller, James H., [redacted].
Muir, Steven R., [redacted].
Murphy, Lawrence J., III, [redacted].
Murrell, William, [redacted].
Myers, Lee E., [redacted].
Napoletano, Paul J., [redacted].
Nelson, Douglas A., [redacted].
O'Neal, Dock C., [redacted].
Ornellas, Stephen C., [redacted].
Ovans, Ronald J., [redacted].
Palella, Michael A., [redacted].
Park, William R., [redacted].
Parker, Robert E., [redacted].
Pawlikowski, Paul A., [redacted].
Pendergrass, Patricia M., [redacted].
Pennington, Kenneth N., [redacted].
Pereira, Joseph, [redacted].
Perry, Robert D., [redacted].
Peterson, Kim J., [redacted].
Porter, Jeffrey A., [redacted].
Powell, Robert R., [redacted].
Priest, Ricki A., [redacted].
Prunty, John G., [redacted].
Pryor, Alan J., [redacted].
Queen, James V., [redacted].
Renneisen, Paul F., [redacted].
Ritchie, Robert C., [redacted].
Roberts, James W., Jr., [redacted].
Robertson, Frederick L., [redacted].
Rogers, Robert A., [redacted].
Rossi, John F., [redacted].
Rumohr, Mark M., [redacted].
Russell, Edgar F., III, [redacted].
Schleif, Stephen J., [redacted].
Scroggins, Gerald R., [redacted].
Shannon, Donald J., II, [redacted].
Shepardson, Daniel J., [redacted].
Shields, David L., [redacted].
Siegler, Mark A., [redacted].
Simelton, Benard H., [redacted].
Simmons, P. K., [redacted].
Sizemore, Frank R., [redacted].
Skinner, Gerry D., [redacted].
Slusser, Robert J., [redacted].
Smith, Gregory L., [redacted].
Smith, Sandra L., [redacted].
Souriac, Nesly, [redacted].
Squires, William R., [redacted].
Starkel, Gregory D., [redacted].
Stevens, David V., [redacted].
Stohry, Kimble D., [redacted].
Stoll, Hans G., [redacted].
Storbeck, Chris B., [redacted].
Strain, Efren C., [redacted].
Strait, Alvin B., [redacted].
Sullivan, Raymond D., Jr., [redacted].
Swain, Larry J., [redacted].
Swift, Daniel P., [redacted].
Swift, Ulysses C., [redacted].
Tatko, Paul M., [redacted].
Tatum, Thomas H., Jr., [redacted].
Taylor, Charles E., [redacted].
Tayon, Lawrence S., [redacted].
Timpani, Mark S., [redacted].
Tinsley, Gregory S., [redacted].
Travis, Thomas W., [redacted].
Tynes, Lonzer K., [redacted].
Ullestad, Gary S., [redacted].
Vanslembrouck, Jerry D., [redacted].
Verhage, Thomas E., [redacted].
Vincent, Susan B., [redacted].
Vining, Stephen D., [redacted].
Wacker, William B., [redacted].
Wallace, Joseph H., [redacted].
Ward, Dennis C., [redacted].
Weiler, Mark C., [redacted].
Westbrook, Benjamin E., [redacted].
Weyek, Richard R., [redacted].
Whitacre, Thomas J., [redacted].
White, John M., [redacted].
Whitford, Gregory P., [redacted].
Wight, David R., [redacted].
Windmuller, Erich A. E., II, [redacted].
Winters, James W., [redacted].
Wise, Dennis E., [redacted].
Wood, Charles W., [redacted].
Wood, Robert J., [redacted].
Worle, Mark J., [redacted].
Yarborough, Fred A., Jr., [redacted].
Young, Ben F., Jr., [redacted].
Youngers, Virgil W., [redacted].
Zettel, Robert J., [redacted].

### IN THE NAVY

The following-named lieutenant commander of the U.S. Navy for temporary promotions to the grade of commander in the Chaplain Corps, pursuant to title 10, United

States Code, sections 5773 and 5791, subject to qualification therefor as provided by law:

Broughton, William

The following-named lieutenants of the U.S. Navy for temporary promotions to the grade of lieutenant commander in the line and staff corps, as indicated, pursuant to title 10, United States Code, sections 5769 (line), 5773 and 5793 (Medical Corps), and 5791, subject to qualification therefor as provided by law:

LINE

Wagner, William J.
Wylie, George J.

MEDICAL CORPS

Hall, Richard B., II
Jacobson, Paul K.
Miller, George G. R.
Montgomery, Thomas
North, Robert B., Jr.
Reid, Mikell R.
Walsh, Michael F.
Yowell, Steven K.

The following-named lieutenants (junior grade) of the U.S. Navy for temporary promotion to the grade of lieutenant in the line and staff corps, as indicated, pursuant to title 10, United States Code, sections 5769 (line), 5773 (staff corps), and 5791, subject to qualification therefor as provided by law:

LINE

Bradbury, William R.
Carlock, Neal F.
Cavanaugh, John L.
Durkin, Thomas J., Jr.
Frazier, Joe L.
Freeman, Kent D.
Fritz, Edward
Kauphusman, Jerome L.
McCray, Andre T.
Nottingham, George M., III
Paterson, David E.
Tellefson, James C.
Towne, Raymond P.

SUPPLY CORPS

Feierabend, Richard H.
Tjepkema, Nancy E.
Chesley, Wayne G.

NURSE CORPS

McDonald, Linda A.
Mushenheim, Charles D.
Swilley, Bennie F., Jr.
Winchester, Marcia K.

The following-named woman lieutenant (junior grade) of the U.S. Navy for permanent promotion to the grade of lieutenant in the line, pursuant to title 10, United States Code, section 5771 and 5791, subject to qualification therefor as provided by law:

Wargo, Linda E.

# EXTENSIONS OF REMARKS

## FOREIGN POLICY

### HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. EDGAR. Mr. Speaker, by nearly all accounts America is at a turning point in foreign policy. Although the national frustration that we are currently experiencing makes many clamor for action to preserve America's position in the world, there is confusion and ambivalence over what action we can or should take. In light of the foreign crises which now dominate the headlines, we must look at America's longer range destiny. We must retain the lessons of past experience, but we cannot rely solely on these lessons in facing entirely new situations. Old measures of strength and endurance serve less well in the age of nuclear proliferation. The world itself is really smaller—more economically interdependent yet fast becoming competitive over our shrinking global resources.

The political landscape of the world has greatly changed over the past year or more. The religious-political radicalism of the Islamic world, the apparent breakdown of United States-Soviet relations, the emergence of the People's Republic of China from its former isolation—all these new developments and many more indicate a need for study and understanding as well as vigilance and preparedness. Both restraint and resolve are essential to the preservation of peace.

There is no easy solution to the problems that we face. In many ways our foreign troubles are closely related to domestic entanglements in energy and economic policy. Maintaining America's role in the world must be an ongoing process in which informed, adaptive thinking should count more than criticism or inflammatory rhetoric. I submit for the RECORD three well-written articles representing the different kinds of thoughtful response evoked by recent events:

#### WORLD WAR II STILL CLOUDS OUR VISION

(By William Greider)

The most powerful political idea of our time, surely, is the idea of World War II. For here we are, nearly 40 years later, and the World War II experience is still controlling American policy, still defining "national security" in a false and dangerous manner, raising brave banners and launching the wrong ships.

The junior officers from World War II, it has been said, run American politics and policy. They do still, inspired by their complicated memory of that great struggle.

The memory is moralistic: America restores right in the world, at great sacrifice. It is also cynical: The might of arms, of industrial mass, conquers all before it. And vigilant: America will not be tricked again; next time we will outtrick the enemy. And glorious: The finest hours of American memory are connected to wars and this was the finest war of all.

For a few brief years, after the disgrace in Indochina, when revisionist inquiries were exposing the crimes of the CIA and other action arms of the national-security state, it seemed that, perhaps, the World War II mindset was finally in eclipse. New premises for American world policy would surely emerge, now that the old premises were so tarnished with misspent blood and treasure.

Not to be. Probably not in our lifetime. As old warriors pass from the political scene, they are replaced by new ones, young warrior clones who embrace the same reassuring premises which made Americans feel so good about themselves when they were fighting the Axis.

Unleash the CIA to do its magic on the nations who misbehave. What magic? Don't ask. It's a secret.

Pump up the defense budget by a fixed annual percentage to show the world we mean business. This is a spiritual gesture, like a great national tithe to the Church of Deterrence.

Send out more flags, deploy more troops, get ready before the shooting starts. When the shooting does start, Americans will be there. Count on it.

If these Cold War policies seem comfortably familiar to American citizens, it is because they are the same policies which have reigned for 30 years—first enunciated in 1947–48 by Harry Truman when Clark Clifford was a young man on his staff. The other day, Clark Clifford the elder was on Capitol Hill before a Senate committee, sounding the tocsin again, recalling the advance of Hilter in the 1930s and urging the nation to new vigilance against the Soviets in the Persian Gulf.

The coincidence reminded me of an old commencement speech somewhere in my files an address delivered by Clark Clifford in 1978 at Loyola College. The senior wise man of Washington was explaining to the young audience how powerful is the memory of World War II and how it can blind national leaders.

"The war in Vietnam was a disaster.

"It is clear to me now, in retrospect, that we made a fundamental error in becoming involved. The tragedy is that the hard-won lessons we had learned in Europe, involving the Germans and then the Soviets, were misapplied in Southeast Asia.

"What we thought was a monopolistic conspiracy to spread communism and crush freedom in Southeast Asia turned out not to be so. As the picture clarified over time, we could recognize that the war in Vietnam was fundamentally a civil war and not naked aggression. The Soviet Union and Red China, instead of being allies, turned out to be adversaries.

"Our country's leaders, in their anxiety not to repeat the mistakes of the past, interpreted the struggle as requiring the intervention of the United States to prevent a much larger and more costly conflict."

I do not want to be unfair to Clifford. The Persian Gulf is not another Indochina; it is a quite different situation, many times more complicated and threatening to America. Still, I have to say it scares me when the Clark Cliffords of Washington reach for their Hitler memories and ask the rest of us to trust the clarity of their vision. Frankly, I think this generation of men still sees the world in terms of their own brave youth. But, alas, the world has changed.

The Persian Gulf of 1980 is not Vietnam of 1964 but it is not Western Europe of 1938 either. Clifford is smart enough to know that invoking Hitler summons forth in American policy makers—not to mention the public—a befogging collection of reflexes, the idealistic and the cynical impulses of World War II. If these reflexes are applied with America's usual gusto to the oil states of the Middle East, I predict pure disaster for us.

Perhaps it is not too soon to revive the tradition of "teach-ins"—those rump seminars of the Sixties when, as Clifford acknowledges, young people on college campuses saw the realities of Vietnam years before the "picture clarified" for Washington policy makers like Clifford. What would they teach? I don't presume to know the answers, but I can think of some questions.

If the United States, as our leaders suggest, is rushing to the aid of small and helpless nations who are threatened by the Soviets, why do these small and helpless nations shrink from our embrace? Is it perhaps because these emerging nations fear American dominion nearly as much as the Soviet version?

What is the true nature of Islam emerging at this hour of history? We are all ignorant. Yet the simultaneous expression of reform and reaction in these Islamic rebellions seems at least as relevant to our future as the study of Soviet intentions.

Whose side are we on? The revival of "containment" as the regional strategy for the Middle East may comfort the old warriors but it tends to obliterate the real complexities. We are both friend and adversary on different levels to many of these nations, both protector and customer, potential enemy if they should attack Israel, potential ally if the Russians attack them. This is not a situation which can be explained by drawing red lines on maps.

How, indeed, do we support our friends? The Cold War approach, with few exceptions, has been to indulge them. We consistently support "free world" leaders in their excesses, blink at their crimes, ignore their political rivals. One can see the end result of that approach in Vietnam, Iran, Nicaragua. Are we now entering a phase where the same indulgent approach leads to a bad ending in Saudi Arabia or, for that matter, in Israel?

Hard questions, without simple answers. Our complicated struggle in the Persian Gulf is not nearly as satisfying as the great war to defeat fascism. That is what seems so scandalous about the revivalist atmosphere of Washington these days—the easy way in which old men who should know better are opting for the absolutism of their youth.

I found another graduation speech in my files, alongside Clifford's, this one delivered last spring at Harvard by the author Theodore H. White. Before his fame as the premier storyteller of American politics, White wrote stirring history-as-it-happened from China and Europe, during those years of war and peacemaking. Like Clifford, he now sees that his generation was, in part, misled by its own great triumphs.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Last spring, he gave the Harvard seniors this warning:

"We came out of that war in 1945 with a sense of mastery, of control over events, and with what one of my classmates, Arthur Schlesinger, licensed historian, called 'The Politics of Hope.' There was an entire country ready to be remade, reshaped, reformed. If I sound my true note here for the first time, a note of melancholy, it is because I hope that you in your time do not suffer the same fate that befell us.

"That fate was to have everything we hoped for, struggled for, yearned for—come about, and come true. And then to see those visions warped, distorted, and made grotesque in their execution."

The Greeks would understand the outlines of tragedy in this. Does a great nation, like a tragic hero, fall victim to its own triumphant nature, an overweening pride that blinds it to realities? Could that happen to us?

There is another good question for the "teach-ins."

[The New York Times, Feb. 1, 1980]

### GEORGE F. KENNAN, ON WASHINGTON'S REACTION TO THE AFGHAN CRISIS: "WAS THIS REALLY MATURE STATESMANSHIP?"

PRINCETON, N.J.—On Christmas Day 1979, after more than a century of periodic involvement with the internal affairs of its turbulent neighbor, and after many months of futile effort to find a pro-Soviet Afghan figure capable of running the country, the Soviet Government suddenly expanded what was already a sizeable military involvement in Afghanistan into a full-fledged occupation, promising that the troops would leave when their limited mission had been accomplished.

This move was not only abrupt—no effort had been made to prepare world opinion for it—but it was executed with incredible political clumsiness. The pretext offered was an insult to the intelligence of even the most credulous of Moscow's followers. The world community was left with no alternative but to condemn the operation in the strongest terms, and it has done so.

So bizarre was the Soviet action that one is moved to wonder whence exactly in the closely shielded recesses of Soviet policy making, came the inspiration for it and the political influence to achieve its approval. It was a move decidedly not in character for either Aleksei N. Kosygin or Leonid I. Brezhnev. (The one was, of course, ill and removed from active work. The limitations on the other's health and powers of attention are well-known.) Andrei A. Gromyko, too, is unlikely to have approved it. These reflections suggest the recent breakthrough, to positions of dominant influence, of hard-line elements much less concerned for world opinion, but also much less experienced, than these older figures.

Such a change was not unexpected by the more attentive Kremlinologists, particularly in the light of the recent deterioration of Soviet-American relations, but it was assumed that it would take place only in connection with, and coincidental with, the retirement of Mr. Brezhnev and other older Politburo members. That it could occur with the preservation of Mr. Brezhnev as a figurehead was not foreseen.

Be that as it may, this ill-considered move was bound to be unacceptable to the world community, and the United States had no alternative but to join in the condemnation of it in the United Nations. But beyond that point, the American official reaction has revealed a disquieting lack of balance, both in the analysis of the problem and then, not surprisingly, in the response to it.

In the official American interpretation of what occurred in Afghanistan, no serious account appears to have been taken of such specific factors as geographic proximity, ethnic affinity of peoples on both sides of the border, and political instability in what is, after all, a border country of the Soviet Union. Now, specific factors of this nature, all suggesting defensive rather than offensive impulses, may not have been all there was to Soviet motivation, nor would they have sufficed to justify the action; but they were relevant to it and should have been given their due in any realistic appraisal of it.

Instead of this, the American view of the Soviet action appears to have run overwhelmingly to the assumption that it was a prelude to aggressive military moves against various countries and regions farther afield. No one can guarantee, of course, that one or another such move will not take place. A war atmosphere has been created. Discussion in Washington has been dominated by talk of American military responses—of the acquisition of bases and facilities, of the creation of a rapid-deployment force, of the cultivation of military ties with other countries all along Russia's sensitive southern border. In these circumstances, anything can happen. But the fact is, this extravagant view of Soviet motivation rests, to date, exclusively on our own assumptions. I am not aware of any substantiation of it in anything the Soviet leaders themselves have said or done. On the contrary, Mr. Brezhnev has specifically, publicly and vigorously denied any such intentions.

In the light of these assumptions we have been prodigal with strident public warnings to the Russians, some of them issued even prior to the occupation of Afghanistan, not to attack this place or that, assuring them that if they did so, we would respond by military means. Can this really be sound procedure? Warnings of this nature are implicit accusations as well as commitments. We are speaking here of a neighboring area of the Soviet Union, not of the United States. Aside from the question of whether we could really back up these pronouncements if our hand were to be called, is it really wise—is it not in fact a practice pregnant with possibilities for resentment and for misreading of signals—to go warning people publicly not to do things they have never evinced any intention of doing?

This distortion in our assessment of the Soviet motivation has affected, not unnaturally, our view of other factors in the Middle Eastern situation. What else but a serious lack of balance could explain our readiness to forget, in the case of Pakistan, the insecurity of the present Government, its recent callous jeopardizing of the lives of our embassy personnel, its lack of candor about its nuclear programs—and then to invite humiliation by pressing upon it offers of military aid that elicited only insult and contempt? What else could explain, in the case of Iran, our sudden readiness—if only the hostages were released—to forget not only their sufferings but all the flagburnings, the threatening fists, the hate-ridden faces and the cries of "death to Carter," and to offer to take these very people to our bosoms in a common resistance to Soviet aggressiveness? What else could explain our naive hope that the Arab states could be induced, just by the shock of Afghanistan, to forget their differences with Israel and to join us in an effort to contain the supposedly power-mad Russians?

This last merits a special wording have already referred to the war atmosphere in Washington. Never since World War II has there been so far-reaching a militarization of thought and discourse in the capital. An unsuspecting stranger, plunged into its midst, could only conclude that the last hope of peaceful, nonmilitary solutions had been exhausted—that from now on only weapons, however used, could count.

These words are not meant to express opposition to a prompt and effective strengthening of our military capabilities relevant to the Middle East. If what was involved here was the carrying of a big stick while speaking softly rather than the carrying of a relatively small stick while thundering all over the place, who could object? But do we not, by this preoccupation with a Soviet military threat the reality of which remains to be proved run the risk of forgetting that the greatest real threats to our security in that region remain what they have been all along: our self-created dependence on Arab oil and our involvement in a wholly unstable Israeli-Arab relationship, neither of which is susceptible of correction by purely military means, and in neither of which is the Soviet Union the major factor?

If the Persian Gulf is really vital to our security, it is surely we, who, by our unrestrained greed for oil, have made it so. Would it not be better to set about to eliminate, by a really serious and determined effort, a dependence that ought never have been allowed to arise, than to try to shore up by military means, in a highly unfavorable region, the unsound position into which the dependence has led us? Military force might conceivably become necessary as a supplement to such an effort; it could never be an adequate substitute for it.

The oddest expression of this lack of balance is perhaps in the bilateral measures with which we conceive ourselves to have punished the Russian action. Aside from the fact that it is an open question whom we punished most by these measures—Russia or ourselves—we have portrayed them as illustrations of what could happen to Moscow if it proceeded to one or another of the further aggressive acts we credit it with plotting. But that is precisely what these measures are not; for they represent cards that have already been played and cannot be played twice. There was never any reason to suppose that the Soviet Government, its prestige once engaged, could be brought by open pressure of this nature to withdraw its troops from Afghanistan. But this means, then, that we have expended—for what was really a hopeless purpose—all the important nonmilitary cards we conceived ourselves as holding in our hand. Barring a resort to war, the Soviet Government has already absorbed the worst of what we have to offer, and has nothing further to fear from us. Was this really mature statesmanship on our part?

We are now in the danger zone. I can think of no instance in modern history where such a breakdown of political communication and such a triumph of unrestrained military suspicions as now marks Soviet-American relations has not led, in the end, to armed conflict. The danger is heightened by the fact that we do not know, at this time, with whom we really have to deal at the Soviet end. If there was ever a time for realism, prudence and restraint in American statesmanship, it is this one. Nothing in the passions of electoral politics could serve as the slightest excuse for ignoring this necessity.

[From the Washington Post, Jan. 4, 1980]

### FOR PAKISTAN, EFFECTIVE AID * * *

(By Selig S. Harrison)

The massive Soviet military occupation of Afghanistan has provoked an unambiguous American pledge of support for Pakistan in the event of Soviet aggression, accompanied by an urgent reconsideration of U.S military aid. This was a necessary response to the arrogant display of Soviet power symbolized by the direct intervention of Soviet forces in the Kabul coup last week. Before rushing into specific military aid commitments to Islamabad, however, the United States should identify accurately both the nature of the challenge posed by Soviet control of Afghanistan and the conditions under which aid to Pakistan would be effective.

American military aid should not, in my view, be primarily addressed to the hypothetical scenario of a Soviet frontal assault on Pakistan comparable to the present invasion of Afghanistan. Rather, the United States should focus on the more credible possibility that Kabul will seek to encourage the festering separatist movements in the adjacent Baluch and Pushtun border regions of Pakistan and Iran.

Selective military assistance designed specifically for counterinsurgency purposes and for a limited border "tripwire" role would be helpful to Pakistan in dealing with this type of Soviet challenge—but only if Islamabad is willing to take the accompanying political and economic measures required to defuse separatist appeals.

Pakistan has been dominated since its inception by its majority linguistic group, the Punjabis, who constitute 58 percent of the population. This Punjabi predominance is bitterly resented by the other three groups that make up the country, the Baluch, the Pushtuns and the Sindhis, whose ancestral homelands cover 72 percent of Pakistani territory.

All three of these groups contend with varying degrees of justice that they are excluded from their fair share of political and economic power by a punjabi-controlled military and bureaucratic autocracy. Increasingly, influential leaders among all three groups have been thinking in terms of secession from Pakistan and have been exploring the possibilities for winning their independence with foreign help, whether from the Soviet Union, the Arab world, India or the West.

Separatist sentiment is strongest in the strategically located Baluch area, which has a 750-mile coastline stretching along the Arabian Sea across western Pakistan and eastern Iran directly to the south of Afghanistan. Baluch nationalist factions have long dreamed of a "Greater Baluchistan" that would unite the five million Baluch in Pakistan and Iran. Should the independent Baluchistan come into existence under Soviet auspices, Moscow would have ready naval access to the Persian Gulf and would gain a new position of leverage along Iran's eastern flank.

In the case of the Pushtuns, separatist feeling is rooted in the fact that the Pushtun population of 14 million is presently divided almost equally between Pakistan and contiguous areas of Afghanistan. Pushtun dynasties in Kabul ruled a united Pushtun kingdom, encompassing most of what is now northern Pakistan, until the British Raj pushed back the Afghan boundary to the Khyber Pass little more than a century ago. More recently, Kabul, encouraged by Moscow, has periodically promoted a movement for an Afghan-controlled "Pushtunistan" to be carved out of Pakistani Pushtun areas. This movement has been eclipsed by the Afghan civil war, but it could well be revived if the Soviet-backed Babrak Karmal regime stabilizes its military and political position.

Confronted by the specter of a possible Soviet push southward toward the Arabian Sea, the United States clearly has an interest in promoting a more stable Pakistan capable of resisting separatist pressures. But the U.S. dilemma is that the Punjabi-dominated Zia Ul-Haq regime has so far failed to take even a modicum of the political and economic steps needed to neutralize separatist sentiment in the Baluch and Pushtun areas and thus to facilitate their effective military defense if this should become necessary. Many of the established political leaders in these areas are still prepared for an accommodation with Islamabad and could do much to counter the separatist offensive if they could show progress in winning greater justice for their people. The essential precondition for significant inputs of American military aid to Pakistan should, therefore, be an interim political settlement between the central government and Baluch and Pushtun moderates providing for a wide degree of regional autonomy, a major increase in locally controlled development expenditures and representation in military decision-making affecting their areas.

Given a meaningful devolution of power and resources, Islamabad would have powerful local allies in the Baluch and Pushtun regions, whose cooperation would be essential in mobilizing any effective tribal cooperation with the Pakistani military in anticipation of Soviet-supported separatist adventures. In the absence of a political settlement, there is a great danger that U.S. weaponry would be used not against Soviet-supported subversion but against Baluch and Pushtun dissident groups fighting for their legitimate rights as Pakistanis.

This is precisely what happened when tensions between Islamabad and a non-communist Baluch provincial regime exploded in a savage and inconclusive guerrilla war from 1973 to 1977. The Pakistani Air Force used U.S.-supplied Iranian helicopters to raze Baluch villages indiscriminately, leaving a legacy of hatred that has merely intensified separatist feeling.

It should be emphasized that a limited U.S. aid program addressed to Soviet-supported separatist moves would not be intended to give Pakistan the capability for defense against direct Soviet intervention, which could be effectively stopped only if the United States and other powers were to intervene with their own forces. A misconceived, oversized military aid package would not only fly in the face of congressional restrictions, but would also have self-defeating consequences.

Domestically, it would strengthen the already disproportionate power enjoyed by the military in Pakistan. Internationally, it would needlessly arouse Indian fears that Islamabad is seeking to use the Afghan crisis to bolster its power position vis-á-vis New Delhi. In seeking to shore up Islamabad, the United States should consult closely with Indian leaders, recognizing that India is the preeminent power in South Asia and that a breach between New Delhi and Washington over the issue of U.S. aid to Pakistan would only play into the hands of Moscow.●

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## WORKING IN THE 21ST CENTURY

### HON. CHARLES ROSE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. ROSE. Mr. Speaker, I bring to the attention of my colleagues the good work that has been done in the production of the volume, "Working in the Twenty-First Century." This book, based on a symposium cosponsored by the Colgate Darden Graduate School of Business Administration—University of Virginia—and the Wharton School—University of Pennsylvania—and funded by Philip Morris, Inc., takes a hard look at some of the most important questions facing the world of work.

A distinguished group of individuals including Walter Rostow, Isaac Asimov, William Winpisinger, Louis Harris, Stewart Brand, Theodore Gordon, and others that we look to for leadership on so many issues, have come together in this volume to discuss a whole range of questions that will have implications for work in America. The Clearinghouse on the Future has been pleased to circulate this volume and my hope, Mr. Speaker, is that our colleagues will read it and digest the ideas in it so that our legislation will be in line with some of the expectations about the future.●

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## THOUGHTS OF WILLIAM D. HOWARD

### HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. JACOBS. Mr. Speaker, I insert the thoughts of William D. Howard, formerly an accountant in the IRS Intelligence Division of the Treasury Department. Mr. Howard retired in 1975.

An article by Mr. Howard follows:

[From Business Week, Mar. 24, 1980]

#### THE INDEX THAT FEEDS INFLATION

(By William D. Howard)

DEAR MRS. NORWOOD: According to the Jan. 2, 1980, issue of *The Wall Street Journal*, you spoke to the National Association of Government Labor Officials and defended the BLS consumer price index against claims that it exaggerates the inflation rate. . . . I submit to you that an honest analysis of my own personal financial status reveals more about the impact of the BLS's actions than can be derived from opinions of economists.

Let's start with my 43rd birthday, July 1, 1968, when as a middle-management federal accountant, Grade 15, Step 8, I was earning $22,000. Federal workers then became subject to the "Comparability Pay" law. My salary would have changed little had the "average" pay of the private sector surveyed been used, but it wasn't. The BLS used special weighing curves and other refinements they felt necessary to achieve "comparability," and instead of my pay increasing 22% in the next 4½ years, it spurted 54% to $34,971 by January, 1973, without any promotions. It would be $50,112 a year today if I had not retired on my 50th birthday, July 1, 1975.

During the 4½ years since my retirement from federal employment, my Civil Service annuity (#1 810 115), which started at $1,922 a month, will reach $3,075 based on the CPI-W [The index that applies to wage earners and clerical workers] of 230.0 at December, 1979. Thus, I now receive 63% more retired than I did working in mid-1968 primarily due to the impact of the BLS's determination of "comparability pay" and calculation of CPI-based cost-of-living allowances.

In your speech, which I referred to at the outset, you stated:

"We have one official consumer price index, and we will continue to have one official consumer price index."

"The CPI is the best measure of purchasing power we have."

"The purpose of CPI cost-of-living adjustment has been to permit people to purchase in today's prices the bundle of goods and services they purchased in the base period, thereby leaving them at least as well off as they were then."

This means that I do not have to switch to pork, chicken, or even pasta, as others do, because the cost of beef and veal has gone up more in the last eight years than meat substitutes. I am entitled, according to you, to eat the same quantity and quality of beef and veal as I did in 1972-73, when it was cheap.

I still get to drive gas-guzzling big cars at 6 to 8 mi. a gal., just like people did when the CPI was "based" and gasoline cost 41¢ instead of the $1.20 now. When the government urges conservation, it is at variance with your contention that we (CPI-based COLA recipients) should be left at least as well off as before. Heating oil was 19¢ a gal. at the CPI base, plentiful too. I can ignore the government's urging that I insulate my home, roll back the thermostat, etc., and heat with the same amount of oil as before at today's prices.

As to my home, I live in a new house acquired just before I retired in 1975, and although the value has doubled and I can take $100,000 taxfree profit, and the monthly payments are not a bit more, the housing components of my CPI increases of more than 50% have handsomely increased my income. Is it true that the CPI assumes that I can only sell my house for the equity I have paid into it and assumes that I repurchase and refinance a portion of my house every year?

My radial tires for my cars get 40,000 mi. these days, but my cost-of-living allowances based on the CPI assume that I still get only 15,000 because quality improvements (except for new automobiles) are ignored.

Medical care costs have risen dramatically in the last eight years, and my CPI-based income has been raised accordingly, yet my former employer continues to pay a large portion of my health insurance, and my costs are about the same.

I know that I am very fortunate to have your CPI income protection, as are 50 million other people who are similar beneficiaries. But don't you think, honestly, that it is unjust enrichment? Frankly, it scares me to contemplate what this transfer of payments from one group of citizens to another means. For myself, I am busily engaged in a second career in the private sector, but not everyone is—due to the influence on incentives.

For example: A local fellow who used to work for the same government bureau I did retired 1½ years ago. I called him last week about a job opening similar to the one I got after retirement. He is a CPA and figured that from the $24,000 salary to start, on top of his CPI-based federal annuity, federal, state, city, and FICA taxes, and commuting expenses would leave him only $9,000 for working, and he therefore was not interested. Why should he support the system?

I understand that BLS's Monthly Labor Review welcomes communications that are factual and analytical, not polemical in tone. Although this one is a bit embarrassing to me personally, it is a story that needs to be told, even if it ultimately results in less unjust enrichment to CPI cost-of-living benefit recipients. Sincerely,

WILLIAM D. HOWARD.●

## DULANEY SENIOR HIGH VISITORS

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## HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. LONG of Maryland. Mr. Speaker, I want to welcome 200 students and their teachers who are visiting the Capitol from the Dulaney Senior High School in Timonium, Md.

My constituents are taking a course entitled, "Citizenship, the Constitution, and Public Issues." They are here to see firsthand how Congress works and to gain understanding of the legislative process. Each student will observe floor action in the House and Senate and attend committee meetings. I appreciate this opportunity to meet with these seniors from Dulaney High and am certain that their day here will be interesting and informative.●

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## HUALAPAI DAM

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## HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. STUMP. Mr. Speaker, As this country continues to face energy problems, it is essential that we decrease our dependence on foreign oil by increasing the production of our many domestic energy sources.

One such source is hydroelectric energy, which is clean and inexpensive. I have introduced legislation in this Congress to authorize the constuction and operation of a hydroelectric powerplant on the Colorado River known as the Hualapai Dam.

The hydroelectric power produced by the project would save 9.1 million barrels of oil a year, which equals about 30 percent of the gasoline used by the State of Arizona last year. In addition to saving oil, the project could save all Arizonans $120 to $170 million per year in utility costs.

The Hualapai Dam project is supported by many people including the Hualapai Indian Tribe and the Arizona State Legislature. The Arizona House of Representatives has again stated its support of the project by the passage of Arizona House Memorial 2003. The text of the memorial follows:

### HOUSE MEMORIAL 2003

A memorial urging the President and the Congress to authorize the licensing of the Arizona Power Authority to construct Hualapai Dam.

To the President and the Congress of the United States of America:

Your memorialist respectfully represents:

Whereas this country is faced with an energy supply inadequate to meet its rapidly increasing needs; and

Whereas preservation of our natural environment must be balanced with the development of energy needed to maintain a sound economy; and

Whereas electric energy produced in hydroelectric projects is highly desirable from the standpoint of reliability, cleanliness, efficiency and safety; and

Whereas the Hualapai Hydroelectric Project (Bridge Canyon) is potentially a major clean energy source for supplying a significant amount of energy for the Southwest Region; and

Whereas it would take approximately nine million one hundred thousand barrels of oil per year to generate the electricity which can be developed from this project; and

Whereas the water which would be the power to run the hydroelectric generators is a vast renewable resource now being wasted down the river; and

Whereas the Hualapai Indians support construction of the dam on their reservation recognizing it as their only opportunity for economic development and full tribal employment; and

Whereas this project would not interfere with the free-flowing Colorado River through the Grand Canyon; and

Whereas construction of the dam will create a ribbon of blue in the narrow inner gorge, making the Hualapai section of the Colorado available to all for recreational uses; and

Whereas no federal funds will be required or used in the construction of this dam; and

Whereas Harza Engineering Company, in a recently completed feasibility study on the Hualapai Hydroelectric Project dated August 21, 1979, estimates that this dam would result in a net savings in the first year of operation of one hundred seventeen thousand four hundred dollars at the 1979 price levels for energy.

Wherefore your memorialist, the House of Representatives of the State of Arizona, prays:

1. That the President and Congress review promptly the many benefits of hydroelectric development along the Colorado River, particularly the proposed Hualapai Project, and take action to approve its construction at a time when the country could greatly use the electrical energy derived from it, and support the efforts of the Arizona Power Authority and the Hualapai Indian Tribe to preserve the viability of the Hualapai Dam site.
2. That the President and Congress authorize the licensing of the Arizona Power Authority to construct the Hualapai Dam.
3. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation.●

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## BEVERLY REVIEW MARKS ITS 75TH ANNIVERSARY

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## HON. MORGAN F. MURPHY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. MURPHY of Illinois. Mr. Speaker, April 30 marks the 75th anniversary of the creation of the Beverly Review, an outstanding community newspaper in Illinois' Second Congressional District. The paper has long been recognized as a promoter of civic leadership and a preserver of high cultural and educational standards.

Mr. Speaker, my district is fortunate to be served by a newspaper of such fine journalistic quality as the Beverly

Review. I congratulate the paper's publisher, William Saunders, and its editor, Harry Urban, as well as the entire staff on the occasion of the Beverly Review's diamond jubilee.●

## TENTH DISTRICT LEGISLATURE QUESTIONNAIRE

### HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. PICKLE. Mr. Speaker, I am pleased to share with my colleagues the results of a legislative questionnaire that my office recently conducted. We sent this survey to almost 30,000 people in the 10th Congressional District of central Texas and received just under 6,000 responses, which is quite a good rate of participation! The results are shown by percentage.

Here are the results of our questionnaire:

1. The United States should increase defense spending in Fiscal Year 1981—

A. By the 5 percent recommended by the President—36 percent.

B. By more than 5 percent—48 percent.

C. Current spending levels are sufficient—16 percent.

2. Would you support reactivation of Selective Service registration?

A. Yes—86 percent.

B. No—10 percent.

C. No Opinion—4 percent.

. . . of the draft?

A. Yes—62 percent.

B. No—33 percent.

C. No Opinion—5 percent.

3. Should women be included. . . .

In registration?

A. Yes—69 percent.

B. No—29 percent.

C. No Opinion—2 percent.

In the draft?

A. Yes—46 percent.

B. No—48 percent.

C. No Opinion—6 percent.

4. Because of Soviet action in Afghanistan, should the United States boycott the Moscow summer Olympics?

A. Yes—77 percent.

B. No—17 percent.

C. No Opinion—6 percent.

5. How have United States responses to events in Iran and Afghanistan affected our image throughout the world?

A. Helped our image—21 percent.

B. Hurt our image—61 percent.

C. Have not affected our image—18 percent.

6. Should the U.S. provide military aid to countries in Southwest Asia, such as India and Pakistan?

A. Yes—55 percent.

B. No—34 percent.

C. No opinion—11 percent.

7. Would you use U.S. military force to defend Middle East oilfields from a Soviet attack?

A. Yes—65 percent.

B. No—25 percent.

C. No opinion—10 percent.

8. Should Congress approve a tax cut this year even acknowledging the risk of increasing the budget deficit?

A. Yes—18 percent.

B. Only if there is a serious recession—19 percent.

C. A tax break for businesses only, including accelerated depreciation—9 percent.

D. A tax break for individuals only—15 percent.

E. No tax cut because of the increased budget deficit—39 percent.

9. The best way for the federal government to fight inflation is to—

A. Impose mandatory wage and price controls—22 percent.

B. Balance the federal budget, despite increased military expenditures and a possible recession—78 percent.

10. Which of the following federal programs would you cut in order to save money? List your priorities in descending order:

A. Federal revenue sharing—11 percent.

B. Research and development of new energy sources—7 percent.

C. Shipments of food and medicine to friendly nations to avert famine—8 percent.

D. Medicare benefits—7 percent.

E. Veterans' benefits—8 percent.

F. Sewer grants for local communities—11 percent.

G. Job training programs—10 percent.

H. Postal delivery one day a week—9 percent.

I. Agricultural extension and development programs—9 percent.

J. Public housing programs—12 percent.

K. Highway or mass transportation programs—8 percent.

11. If the U.S. experiences a severe gasoline shortage requiring a mandatory cutback, the federal government should:

A. Institute gasoline rationing—42 percent.

B. Impose a 50 cents a gallon tax or some other tax to discourage consumption—11 percent.

C. Decontrol gasoline prices so the price will reflect true market demand—35 percent.

D. Take no action, since increasing OPEC prices will cause gasoline prices to rise enough to discourage consumption and avert a shortage—12 percent.

12. Which action should the government take in relation to oil companies?

A. Decontrol the price of oil—45 percent.

B. Regulate oil prices more—10 percent.

C. Limit oil company profits (i.e., the windfall profits, tax, etc.)—32 percent.

D. Nationalize the oil industry—7 percent.

E. Continue the present level of regulation—6 percent.

13. What should be the future of nuclear power?

A. Keep existing plants open and expand the use of nuclear power—58 percent.

B. Keep existing plants open but without approving new plants—26 percent.

C. Shut down all nuclear plants—16 percent.

14. Which branch of government do you feel is most responsible for busing to achieve school integration?

A. Judicial branch—57 percent.

B. Legislative branch—38 percent.

C. Executive branch—5 percent.

15. In general, how do you feel about the busing plan for Austin being implemented next fall?

A. Strongly opposed—62 percent.

B. Opposed—16 percent.

C. Favor—4 percent.

D. Strongly favor—4 percent.

E. Neutral—14 percent.

16. Since the federal district court in Austin, in accordance with Supreme Court decisions, has mandated a busing plan, Austin should—

A. Oppose the plan—42 percent.

B. Make it work as smoothly as possible—41 percent.

C. Seek alternatives to public education—17 percent.

17. Which of the following methods can most likely stop busing in Austin this year?

A. Statutory legislation in Congress—25 percent.

B. Supreme Court reversal of past busing decisions—23 percent.

C. A Constitutional Amendment to ban busing, requiring a two-thirds majority vote in Congress and a ratification by four-fifths of the states—22 percent.

D. Local school board action—5 percent.

E. Nothing can effectively stop busing this year—25 percent.

18. Because of the Russian grain embargo, the United States should—

A. Institute a set-aside program to pay farmers for not growing crops, in order to avoid a glut—9 percent.

B. Raise loan guarantees on crops that Russia was contracted to buy—16 percent.

C. Raise parity on the affected crops—13 percent.

D. Allow the free market to run its course—62 percent.

19. In investigating business practices or answering consumer complaints, the Federal Trade Commission has been—

A. Too vigorous—23 percent.

B. Not vigorous enough—47 percent.

C. Adequate—30 percent.

20. Should regulations of federal agencies be subject to Congressional vetoes?

A. Yes—64 percent.

B. No—20 percent.

C. No Opinion—16 percent.

21. If the Social Security program were to be narrowed, in order to reduce taxes, which areas would you want reduced? (you may choose more than one).

A. Eliminate student benefits—35 percent.

B. Eliminate death benefits—15 percent.

C. Increase retirement age—15 percent.

D. Remove Medicare from Social Security—15 percent.

E. Stop annual cost of living increases—7 percent.

F. No reduction in any benefits—13 percent.●

## JESSE OWENS

### HON. CHARLES C. DIGGS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 31, 1980*

● Mr. DIGGS. Mr. Speaker, it is with sadness and a great historical sense of loss that I rise today to join my colleagues in commemorating Jesse Owens, a true sports superstar and black hero, who died this past weekend.

Electrifying the world from Berlin in 1936 just as he electrified everyone who knew him, Jesse Owens brought his courage, grace, and stamina to the hard challenges on and off the field. He never let the world forget that, when he came home a winner from Berlin, having shown the world his superiority and prowess in sports, he was not allowed to ride in the front of public buses in his own country. He was discriminated against and harassed because he was black, even though he was the world's greatest athlete of his time.

Yet, even though we never forgot the pain and suffering Jesse Owens endured, the enduring memory of him is not of an angry or resentful man, but one filled with compassion, forgiveness, and determination to overcome any obstacle.

Mr. Speaker, I offer my sincere condolences to Jesse Owens' widow and daughters and join my colleagues in paying tribute to a great American.●

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## MARY JEAN LORD STOPS SMOKING

## HON. MIKE McCORMACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. McCORMACK. Mr. Speaker, it is my understanding that most people who are addicted to smoking cigarettes would like to quit and relieve themselves and their families, friends, and associates of the health hazards associated with smoking. Breaking the grip of an addiction is never easy, but one person who has done it recently and who writes eloquently about it is Mary Jean Lord, columnist for the Washington State Teamster newspaper.

I am inserting in the RECORD herewith a copy of Mary Jean Lord's article, which is not only delightfully entertaining, but which may provide inspiration to others who need only a little additional encouragement to take that final step toward making a significant improvement in the quality of the environment in which they live. I encourage all my colleagues to read this column and to share its sparkling quality with their friends.

Her comments follow:

### ONE WOMAN'S VIEW

(By Mary Jean Lord)

If I can just figure out how I did it, I'm going to write the ultimate how to book. I have quit smoking so many times, literally thousands of times, that I can be considered an expert on the subject. I have quit for several years at a stretch, for a few months or days at a time, and, innumerable times, for two or three hours in the morning. This time is different because this is the last time.

It has been almost one month, and I am cautiously telling people (I make a special effort to wait until they notice) that I am quitting. In my heart, I know that this time I have quit. There are ex-smokers who boast that they quit cold one day and have never wanted another cigarette. I have always wanted a cigarette, no matter how long I have gone without, and I always will want a cigarette. It's going to be one day at a time for the rest of my life.

What really frightened me, I think, is that I found out I couldn't quit. Quitting was never easy, but I always could if I really wanted to, until this time. For the past six years I have been trying to quit every day. I mean really trying to quit. I tried the four-step filters, which never fazed me since I didn't have to quit. I changed from menthols and tried brands I didn't like. I finally went to Carltons and smoked twice as much. Carltons taste terrible, but I haven't been able to taste cigarettes very well for years anyway, and at least, when I did stop, I wasn't hooked very bad on nicotine.

I know all the reasons for not smoking, including some nobody talks about and some the doctors don't know about. I know all the ways to stop smoking. None of them works, if a smoker isn't ready to quit. When you're ready, though, it doesn't matter what system you use.

What I want to discover is whatever it is that makes the difference. That morning last month was just like every other morning I've tried to stop smoking, but somehow, I made it past the first cigarette time. I've never been any good at cold turkey, so when I got desperate late in the day and smoked a couple of cigarettes, it didn't bother me. I knew I was going to quit this time, but I didn't know why anymore than I know why I started.

I was 19 and in college when I started smoking. Cigarettes were unfiltered then. It was easy to get hooked on free cigarettes the salesmen passed out on the campuses.

We thought that women looked terribly sophisticated taking a long draw on a cigarette. Bette Davis looked smart puffing on a cigarette in a long holder and we thought we did, too. The business of lighting up a cigarette was supposed to be a smooth way of cooling off an over-amorous date. If he didn't take the hint, you could always use the lighted end as a weapon.

It is not true that we didn't realize cigarettes were bad for us. That's a lie parents who smoke tell themselves when they are explaining to their children why they shouldn't smoke. Tobacco has been known to be bad for people since it was first introduced in Europe. We had never heard of emphysema, but we knew cigarettes were bad for the lungs and heart and that they cut years off your life. My father's generation called them "coffin nails," and each cigarette was a nail in the smoker's coffin.

When you're young and someone warns you to quit smoking or you will lose 10 or 20 years of your life, you don't pay much attention. That's 10 years off the other end, and how can people stand to grow old, anyway. Besides, some people smoke cigarettes all their lives and live to 100. You can quit later.

It isn't until years later that you begin to realize that the 10 or 20 years isn't always lopped off cleanly—the last 10 may not be pleasant. Damage done at 25 or 30 can come back to haunt you, long after you quit smoking. When you're young and healthy, nobody can tell you what it's like to be old, sick and in pain, without prospect of getting better, or that it makes a difference and there can still be life worth living at 70, 80 or 95. This kind of knowledge, which comes late in life, doesn't stop smokers in their declining years, so why should it stop teenagers?

I started smoking because I had heard it was a good way to lose weight. It worked too, the first time. I lost the 10 pounds I wanted to lose, and then gradually gained it back and found myself a 10 pound overweight smoker. Over the years I have discovered the hard way why smoking is not a recommended reducing method. Stopping smoking virtually guarantees weight gain, but starting again does not insure weight loss. Each time I quit and then started again, I realized a net gain in weight. The last time I quit smoking for a considerable length of time I gained 30 pounds. When I started up again after a couple of years, I was a fat smoker.

I am convinced that I was never intended to be fat and I blame smoking for all but the first 10 pounds extra. The only time I am ever a compulsive overeater is when I am trying to quit the weed. Food doesn't satisfy the peculiar hunger quitters feel, and so most of us eat until we are sick.

People who have never tried it, and some who have, have no comprehension of the agony smokers go through trying to quit. Non-smokers are becoming obnoxiously aggressive in their demands and they are downright rude to smokers. If a smoker dares complain, they say, "Well, why don't you quit," as if the smoker were only smoking to annoy them and could quit any time he felt like it.

The fact is, smokers want to quit. They would give anything to quit. They can't. They have to wait until whatever it was that happened to me last month happens. Nothing makes them quit, not pain, not a cigarette burn in a brand new wool suit, not a persistent hack and sore throat, not an accident due to smoking or a bad fire or pneumonia. Not even promises of cash for quitting. I knew a man with Burgher's Disease who lost both legs but couldn't stop smoking, and another man who begged cigarettes from friends after he lost a lung to cancer, and smoked until he died. They both wanted to quit.

I'm not sure, but I think I quit smoking because of a guilty conscience. One by one, my smoking friends have become ex-smokers. I don't know how the tobacco companies stay in business with everyone quitting. If two or three people in a group are turning the air blue, you can smoke with a relatively clear conscience. When you find yourself all alone, you go looking for some other vice.●

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## PRESIDENT CARTER'S SCATTERGUN ECONOMICS

## HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. BAUMAN. Mr. Speaker, the President's recent $4.62 per barrel tax on imported oil is yet another example of what the Harford County, Md., Aegis calls scattergun economic policies which bear little relation to reality.

In a move to ostensibly balance the Federal budget by raising still more Federal revenues, the President offered his gas tax of 10 cents per gallon under the guise of conservation. Contrary to his belief, though, this tax won't appreciably cut consumption—it will only serve to boost the already staggering inflation rate still higher.

The move was, as the Daily Times of Salisbury, Md., points out, carefully calculated to shore up the President's flagging political fortunes. The fact that the President waited until after the New York primary to announce sensitive budget cuts is eloquent testimony to this fact.

The levy on imported oil is not just another tax. In an atmosphere which is hyperinflationary, the President has taken a move to worsen that inflation—and one which will reduce gasoline consumption by a negligible 1 percent. Americans want leadership that is demonstrably in their best interests. They do not, as the Daily Times accurately notes, want "to pay more in taxes to pay for a lack of leadership in the White House."

As the author of legislation to repeal onerous tax, I include for the RECORD two cogent editorials on this subject: the first, "Not Another Tax," appeared in the Daily Times of Salisbury, Md., and the second, entitled

"Inflationary," appeared in the Aegis of Bel Air, Md.

[The Daily Times, Salisbury, Md., Mar. 19, 1980]

### Not Another Tax

President Carter calls his anti-inflation measures a bitter medicine for Americans but that it is necessary if the economy is to turn itself around.

Many of the critics to his proposals are calling the anti-inflation dose of medicine a bit too little and perhaps to late.

Carter has announced that his administration intends to present a balanced budget to Congress which will wipe away the $13 billion deficit he allowed in the budget he came up with just two months ago.

At that time, the President told us the $13 billion deficit was necessary. Since that time a few things have happened to make Carter change his mind, apparently.

First off, the government released its report on the inflation rate and while most bureaucrats had been telling us the inflation rate would be around 13 percent, it jumped to a whopping 18 percent. And then it's election year and a couple of the candidates have been pushing for a balanced budget saying simply that government can't operate when it spends more money than it is taking in. Most Americans would agree.

The President, through the advice of his economic advisers, says he'll present a balanced budget but to make it work, Americans will have to tighten their belts.

If there's one thing that Carter needs to be told, it is that Americans have been tightening their belts during the course of his administration.

Americans have been hard-pressed trying to make ends meet in Carter's inflationary economy.

Now to make Carter's plan work, he announced a tax on imported oil and that will increase our cost of gasoline at least 10-cents a gallon at the pump. At a time when gasoline already costs us $1.20 a gallon with no sight of leveling off, a 10-cent hike in the form of a tax will do nothing but add fuel to the fires of inflation.

And then Mr. Carter says he will announce spending cuts in all areas of his budget. But he won't say just where he wants to cut the budget . . . not until the New York Primary at the end of the month.

Mr. Carter isn't fooling anyone. We know that politically it could be suicide to announced what cuts he has in mind.

Mr. Carter should announce immediately what cuts he has in mind. Cuts in government spending are necessary if the American government is to become solvent again.

But we question whether or not Americans should have to pay more in taxes to pay for a lack of leadership in the White House.

Mr. Carter's bitter medicine may very well prove to be the wrong prescription.

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[The Aegis, Bel Air, Md., Thursday, Mar. 27, 1980]

### Inflationary

President Carter's proposal to place a new tax of $4.62 on each barrel of imported oil as a means of discouraging consumption of one of the biggest causes of domestic inflation is another one of those scattergun economic policies which bears little relation to reality.

If Congress lets him have his way with the tax, it could mean a one percent reduction in oil consumption. It would also mean a 10 to 14 cent per gallon increase at the pumps, which is about as inflationary as you can get. The average U.S. family would pay about $150 more per year.

The only difference is that big government gets the money which it will in turn use to help the President toward his goal of a balanced Federal budget in fiscal year 1981.

The consumer price index, an accepted measure of inflation, can be expected to jump 0.5 percent immediately and another 0.2 percent as the increased gasoline price works its way through the economy, Delivery of goods and services will become more expensive and the consumer, as always, will foot the bill.

There's nothing wrong with a balanced Federal budget, but it should be done honestly, even with an out-in-the-open increase on the Federal gasoline tax, not through deceit.●

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## GUNS ALONE WILL NOT BUY SECURITY—II

## HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. STARK. Mr. Speaker, March 26, the gentleman from Iowa (Mr. Harkin) brought to our attention an article published in the March 24 Christian Science Monitor written by the gentleman from Washington (Mr. Bonker). I feel that the message of Mr. Bonker's essay, "Guns Alone Will Not Buy Security," is of such great importance as to warrant a second comment.

It is necessary to refocus our goals for the upcoming decade and, as our colleague writes, these goals must emphasize civil, legal, and political rights. We must also support and encourage democratic change and justice for all.

I join with Don Bonker in proclaiming the eighties the decade of human rights. We must support human rights both at home and abroad if we hope to strengthen ourselves domestically and in the international arena. In advocating and working for human rights, we can strengthen ourselves without always resorting to guns. National security depends upon the strength of our society and our economy as much as it depends upon military might. On the international scene, to quote Congressman Bonker, "U.S. strength is measured by our self-confidence, our maturity as a people, and the insights and actions of our leaders."

Today is not the time to deemphasize our concern over human rights. Had human rights always been a top U.S. priority, the situation in Iran might have been avoided. This is only one example of how respect for human rights can be more powerful than arms.

The article follows:

### Guns Alone Will Not Buy Security

Several weeks ago we watched from the floor of the House as a determined Jimmy Carter stood before the Congress of the United States to deliver his State of the Union message. His stinging criticism of Russia's invasion of Afghanistan touched a latent jingoistic chord from coast to coast. The demand for American action could be heard throughout the halls of Congress.

We also witnessed a President who seemed to abandon the principles he earlier sought to include in his administration's foreign policy: promotion of human rights, restraint on arms sales, nonproliferation of nuclear materials, checks on CIA covert activity, an all-volunteer military service, and reduction of defense spending.

In the aftermath of Vietnam and Watergate, these were the very objectives that Jimmy Carter promised as a candidate; and, as a President, he and the Congress have worked hard to implement these goals during the first four years. Now the President, with the apparent blessing of the Congress, was promoting something different and disquieting.

What does all this mean? Are we abandoning our humanitarian goals? Is this the death knell of "détente?" Are we possibly reverting back to the "defensive pactomania" of the 1950s—the Dulles-Nixon-Kissinger policies of embracing unsavory dictators only because they spout anticommunist slogans to win our affections?

Few doubt the need to strengthen existing US resolve and commitments in a volatile world, but this requires more than sheer military force or strategic preparedness. US strength is measured by our self-confidence, our maturity as a people, and the insights and actions of our leaders. Carter himself has nurtured this theme in US policy formulation.

European parliamentarians with whom I recently had discussions about human rights expressed the view that American restraint in the Iranian crisis is a much admired sign of our strength as a people. They pointed out that for too long we have been wedded to policies that committed us to adopting the odious tactics, principles, and policies of our adversaries. Too often we abandoned our own values by pursuing expedient and symbolic actions.

Even though the national dialogue today is dominated by military approaches—establishing military facilities in the Persian Gulf, enlarging our rapid deployment force, establishing a naval presence in the Indian Ocean, the sale of previously banned military equipment to China, and cultivation of security ties with other countries all along Russia's southern border—all of this has its price. It comes at the expense of other values that are equally important in our relations with the world community.

It would be tragic if we have now reached a point where firm promotion of human rights and restraints on nuclear and conventional arms sales are politically anathema. But clearly events in Iran, Ethiopia, Philippines, Zaire, Pakistan, Nicaragua, Cambodia, Chile, Argentina, and Guatemala have shown that human rights concerns are directly related to our genuine, long-term security interest—something that cannot be purchased with guns, airplanes, and the training of torturers. It has never been the lack of weapons but internal discord and insensitivity to human needs that threaten such repressive governments and often our own security interests.

People tend to forget that the United States' uncritical support of regimes like the ex-Shah's, whose main accomplishment is the exploitation of their subjects, has irreparably tarnished our image abroad. As inheritors of a tradition that fosters liberalism, human dignity, and individual rights, we must not blindly return to the bankrupt policies that identify us with such regimes.

The House Subcommittee on International Organizations, which oversees human rights policies, recently held several hearings on human rights conditions in Asia. All the private witnesses testified that wherever and whenever the U.S. supported improvement in human rights activities the situation changed for the better as local governments eased up on harsh policies to accommodate our concerns.

In the final analysis, we promote our long-term interests—including security and strategic interests—when we remain true to ourselves and our vision of humanity by encouraging democratic change and social and economic justice. The recognition of this reality, I believe, will make the eighties the decade of human rights. And, in the long run, it will advance our own best interests.

As President Carter reminded us in his State of the Union address: "In repressive regimes, popular frustrations have no outlet except violence. But when people and their governments can approach their problems together—through open democratic methods—the basis for stability and peace is far more solid and enduring. That is why our support for human rights in other countries is in our national interest as well as part of our national character."

Now more than ever, we must continue our vigorous promotion of human rights, for it would be sad and counterproductive if we emulated Soviet policies and methods in dealing with third-world countries.●

## REVISION OF H.R. 4973

## HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. MILLER of California. Mr. Speaker, last year I introduced H.R. 4973, a bill which would establish severe criminal penalties for persons who conceal known hazards from their employees or from the general public. This legislation has been cosponsored by 55 Members of the House, and has been the subject of 6 days of highly supportive testimony from witnesses who included representatives of religious and consumer organizations, scientists, workers, labor leaders, and legal experts.

As the result of these hearings, a number of changes have been made in the legislation. In order to have a clean bill for markup by the Judiciary Committee, this revised bill will be introduced today.

I want to enumerate very briefly some of the changes which have been made in H.R. 4973:

(1) Adds a provision to protect whistleblowers who notify employees or Federal agencies of known hazards;

(2) Reduction in time in which a report must be made, from 30 to 15 days;

(3) Penalties have been revised in order to parallel other antitrust and white-collar crime statutes. I have included, as a result, maximum penalties (fines and/or jail terms) rather than minimums;

(4) Revisions in damages language to include miscarriages and hazards to a fetus;

(5) Several definitional changes to reduce vagueness.

These are the major alterations which have been made. The text of the revised bill will be printed as a part of these remarks.

Mr. Speaker, the testimony which we have heard on H.R. 4973 has been thoroughly supportive. Witness after witness has described cases in which decisions were consciously made to withhold information about known safety and health hazards which affect the lives of millions.

This legislation establishes no bureaucracy.

It creates no burdensome regulatory requirements.

It mandates no testing or research.

All it does is this: if a responsible person finds that a practice or product presents an unforeseeable danger to workers or consumers, that hazard must be made known to the potentially affected parties.

The philosophy behind this legislation, as one witness said, is the Golden Rule itself.

The very best testimony for this legislative came from the men and women whose health, or that of their families, has been ruined by needless exposures to hazards which were known to high-ranking company officials but which were concealed from the workers and the public.

This is a bill which should be enacted quickly. I look forward to the early completion of hearings, and markup by the Subcommittee on Crime, which is chaired by my cosponsor, JOHN CONYERS, JR. I also urge swift consideration by the Senate Judiciary Committee. I welcome the cosponsorship of those who have already supported H.R. 4973, as well as any other Members who endorse this legislation.

The text of the bill follows:

H.R. —

A bill to amend title 18 of the United States Code to impose penalties with respect to certain nondisclosure by business entities as to serious concealed dangers in products and business practices, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That chapter 89 of title 18 of the United States Code is amended by adding at the end the following new section:

"§ 1822. Nondisclosure of serious concealed dangers by certain business entities and personnel

"(a) Whoever—

"(1) is a manager with respect to a product or business practice;

"(2) discovers a serious concealed danger that is subject to the regulatory authority of an appropriate Federal agency and is associated with such product (or a component of that product) or business practice; and

"(3) knowingly fails during the period ending 15 days after such discovery is made (or if there is imminent risk of serious bodily injury or death, immediately)—

"(A) to inform an appropriate Federal agency in writing, unless such manager has actual knowledge that such an agency has been so informed; or

"(B) to warn affected employees in writing, unless such manager has actual knowledge that such employees have been so warned;

shall be fined not more than $250,000 or imprisoned not more than 5 years, or both, but if the convicted defendant is a corporation, such fine shall be not more than $1,000,000.

"(b) Whoever knowingly discriminates against any person in the terms or conditions of employment or in retention in employment or in hiring because of such person's having informed a Federal agency or warned employees of a serious concealed danger associated with a product or business practice shall be fined not more than $10,000, or imprisoned not more than one year, or both.

"(c) If a fine is imposed on an individual under this section, such fine shall not be paid, directly or indirectly, out of the assets of any business entity on behalf of that individual.

"(d) As used in this section—

"(1) the term 'manager' means a person having—

"(A) management authority in or as a business entity; and

"(B) significant responsibility for the safety of a product or business practice or for the conduct of research or testing in connection with a product or business practice;

"(2) the term 'product' includes services;

"(3) the term 'discovers', used with respect to a serious concealed danger, means obtains information that would convince a reasonable person in the circumstances in which the discoverer is situated that the serious concealed danger exists;

"(4) the term 'serious concealed danger', used with respect to a product or business practice, means that the normal or reasonably forseeable use of, or the exposure of a human being to, such product or business practice is likely to cause death or serious bodily injury to a human being (including a human fetus) and the danger is not readily apparent to the average person;

"(5) the term 'serious bodily injury' means an impairment of physical condition, including physical pain, that—

"(A) creates a substantial risk of death; or

"(B) causes—

"(i) serious permanent disfigurement;

"(ii) unconsciousness;

"(iii) extreme pain; or

"(iv) permanent or protracted loss or impairment of the function of any bodily member, organ, or mental faculty;

"(6) the term 'warn affected employees' means give sufficient description of the serious concealed danger to all individuals working for or in the business entity who are likely to be subject to the serious concealed danger in the course of that work to make those individuals aware of that danger; and

"(7) the term 'appropriate Federal agency' means the Federal agency on the following list which has regulatory authority with respect to the product or business practice and serious concealed dangers of the sort discovered:

"(A) The Food and Drug Administration.

"(B) The Environmental Protection Agency.

"(C) The National Highway Traffic Safety Administration.

"(D) The Occupational Safety and Health Administration.

"(E) The Nuclear Regulatory Commission.

"(F) The Consumer Product Safety Commission.

"(G) The Federal Aviation Administration.

"(H) The Federal Mine Safety and Health Review Commission.".

SEC. 2. The table of sections for chapter 89 of title 18 of the United States Code is amended by adding at the end the following new item:

"1822. Nondisclosure of serious concealed dangers by certain business entities and personnel."●

## PERSONAL STATEMENT

### HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mrs. SCHROEDER. Mr. Speaker, on Tuesday morning, April 1, 1980, I was absent for rollcall votes Nos. 172 and 173.

Had I been present, I would have voted yea on roll No. 172, H.R. 5410, "Notification of or Reduction in Civil Service Survivor Benefits for Spouses," and yea on roll No. 173, the rule on House Resolution 625, "Language Option for U.S. District Court in Puerto Rico."●

## GEORGE MEANY

### HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. WEISS. Mr. Speaker, in February of this year, when George Meany died, we lost one of the most respected labor leaders this Nation will ever know.

I recently received a piece of literature, dedicated to Mr. Meany, written by Mr. Gus Tyler, assistant president of the International Ladies' Garment Workers' Union, ILGWU, entitled "George Meany, the Making of a Freedom Fighter." This eloquent and thoughtful tribute which details the life and accomplishments of George Meany was written just prior to his retirement. I would like to share with my colleagues that portion of the tribute which discusses Mr. Meany's involvement in two of his most noble causes, the march on Washington for jobs and freedom, and his fight for fair employment.

The article follows:

THE FIGHT FOR FAIR EMPLOYMENT

In the opening days of Congress, President Kennedy introduced a civil rights bill that concentrated on voting rights. What was missing was a fair employment practices clause. It was the Administration's fear that such a clause on employment might endanger passage of any legislation.

Meany dug in for a battle. In the House, a bloc was organized for inclusion of a fair employment clause—Title VII—in the proposed legislation. Leadership in support of the proposal was provided by Representatives Richard Bolling of Missouri, Frank Thompson of New Jersey, and James Roosevelt of California.

The Administration resisted the move. Deputy Attorney General Nicholas Katzenbach was assigned to dissuade the AFL-CIO from pushing for the measure. Labor didn't budge. Together with the civil rights leadership, the AFL-CIO moved to widen support for their "rider." Andrew J. Biemiller, legislative representative of the AFL-CIO, and Clarence Mitchell, legislative representative of the National Association for the Advancement of Colored People and of the Leadership Conference on Civil Rights, prepared a memo on the importance of a fair employment clause. Copies were furnished to Senator Hubert H. Humphrey, who wanted to know exactly where labor and the civil rights people stood and why, and to Ken O'Donnell, who was Appointments Secretary for President Kennedy.

"The reaction from the White House was speedy," notes Biemiller. "I got a phone call from Meany who was then in Italy. 'What kind of note did you leave with the White House?' asked Meany. 'A memo to back up your stand of January,' answered Biemiller. 'That's fine,' chuckled Meany, 'keep it up'."

While avoiding open and public confrontation, Kennedy and Meany continued this friendly tug of war. Biemiller was summoned to the White House, together with Meany's right-hand man, Lane Kirkland. "We went in the back door to avoid public curiosity," notes Biemiller. Kennedy was enraged at what the AFL-CIO was doing. "Your rider will endanger my bill," he said. "We just can't pass it with the FEPC in it." Biemiller and Kirkland listened but continued to press for the "rider."

President Kennedy called together leaders in the various segments of the American community to explain the Administration bill. When the meeting with the labor leadership took place, Meany made his presence known although absent in person. From Italy, he sent a cable to the gathering calling for the enactment of Title VII. (JFK read the telegram to the group.)

While all these pressures and counterpressures were being applied in and around the White House and the Capitol, Randolph decided to take to the streets.

JOBS AND FREEDOM

In support of the proposal, he called for a March on Washington for Jobs and Freedom. The title was no random slogan. "Freedom" was fine. But "freedom" without "jobs" was an empty promise. To make this march more than just a black labor thing, Randolph pressed for a coalition of all black organizations and of labor unions to sponsor and support the demonstration.

Among the speakers at the Washington rally, held in the shadow of the Lincoln Monument, were Martin Luther King, Jr., Southern Christian Leadership Conference; Roy Wilkins, National Association for the Advancement of Colored People; Whitney Young, National Urban League; Walter Reuther, President of the Auto Workers. The difficult logistics—to register mass protest without igniting mass violence—were overseen by Randolph's right-hand, Bayard Rustin.

At the AFL-CIO convention, held in New York that same fall, a resolution on Civil rights was introduced by Reuther. When the resolve was read, Meany announced: "The Chair recognizes Vice President Philip Randolph to open the discussion on this subject."

In a stirring address, Randolph concluded that the resolution was "the strongest statement of labor's position on civil rights to come before a convention of the AFL-CIO: It firmly commits labor to a front-line role in the civil rights revolution."

"It has got to be the trade unions," added Meany, "and there is no reason why it shouldn't be trade union action, because the fundamentals of this trade union movement, the fundamental principles upon which we are founded, indicate that this activity is a normal activity of the trade union movement."

Meany recognized the urgency of legislation. "I know the Negro is impatient," he told the convention. "I know he has a right to be impatient. He has a right to say he wants these things and wants them now. He has waited a long time."●

## U.S. COLOR TELEVISION INDUSTRY

### HON. PHILIP R. SHARP

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. SHARP. Mr. Speaker, I would like to express my support for an extension of the current import relief program for the U.S. color television industry.

In 1976 the industry petitioned the International Trade Commission for relief from foreign imports. At that time, the Commission agreed that foreign-made color TV's were seriously injuring the American industry and recommended to the President that existing duties be raised for a 5-year period. The President agreed to a 3-year-relief program. However, events have not allowed the industry to realize the chance to become more competitive. Although an orderly marketing agreement was negotiated with Japan in 1977, similar agreements with Taiwan and Korea were not finished until the early part of 1979. The industry, promised a 3-year-relief program, actually gained only 10 months of import relief. Employment in this industry, which includes the Corning Glass Works which operates in my district in Indiana, has dropped by 3,000. Imports have remained at the 1977 levels.

Last December, the industry petitioned for an extension of the relief period. By law, only one extension—not longer than 3 years—may be granted. I have urged the ITC to grant a maximum extension, and I would urge the President to approve such an extension. The color TV industry employs 65,000 people. It has held to price guidelines in the fight against inflation. We cannot afford to lose more jobs during a time of high inflation, especially in an industry which is trying to do its part to ease the effects of that inflation on consumers. A 3-year extension could allow this industry to strengthen its competitive position and to provide needed jobs for the American people.●

## WASHINGTON HISTORY EXHIBIT, A CITY MUSEUM PROJECT, IS IN RAYBURN BUILDING HALL OF LAW AND JUSTICE

### HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. FAUNTROY. Mr. Speaker, the House of Representatives by virtue of your generous offices and the esthetic judgment of the Architect of the Capitol, Mr. George M. White, has had the high privilege and distinct pleasure for the past month to enjoy seeing on Capitol Hill a unique exhibit on the history of downtown Washington.

The exhibition, entitled "Two Centuries of Change: The Idea of Downtown Washington" will remain through April 16, 1980, in the Hall of Law and Justice at the Independence Avenue entrance of the Rayburn House Office Building. After that date, the exhibit will be on view nearby, through May 30, 1980, in the ground floor exhibition hall of the Hubert H. Humphrey Building of the U.S. Department of Health, Education, and Welfare. The Humphrey Building is located at 200 Independence Avenue, Southwest Washington, at the foot of Capitol Hill.

From June through September 30, 1980, the exhibit will be open to the public daily at the George Washington Bicentennial Center and Museum, 201 South Washington Street, Alexandria, Va.

The city museum project, a nonprofit group, organized this traveling exhibit with a grant from the National Endowment for the Humanities and the special assistance of the National Geographic Society.

Almost 200 photographs, related graphics, and extensively researched text are used in the exhibit to portray a Washington, that since its beginnings in 1800, has been more than the seat of the National Government. Illustrating many aspects of urban life, the exhibit reveals a Washington that always has been and remains, a community whose residents fully accept the responsibilities of citizenship, even though deprived of many important political rights—a message that residents of the Nation's Capital currently are carrying across the United States in an effort to achieve full representation in the Congress.

Mr. Speaker, this exhibition offers the special opportunity to enrich the District of Columbia and the Nation through the dedicated work of a diverse group of Washingtonians who have been volunteering their time since 1975 to establish a city museum emphasizing the distinctive history, origins, accomplishments of Washington's residents, the city's enduring neighborhoods, commercial enterprises, and local institutions. The exhibit is worthy of consideration by the Smithsonian Institution as a traveling national exhibition, perhaps with the cosponsorship of local organizations.

Mr. David Root and Ms. Patricia Chester of the District of Columbia designed the exhibit. The designers, also members of the city museum project, succeeded in devising the means to accomplish superbly the combined ends of mobility, accessibility, and adaptability to varying exhibition spaces. Those ends were necessary to enable this traveling exhibit to be available for maximum public exposition at 12 sites or more in the metropolitan area over 2 years. It is anticipated that public schools and universities in the District of Columbia and the National Capital region can host the exhibit beginning next year for instructional applications. The District of Columbia public schools shortly will begin the systemwide teaching of a new local history curriculum and the exhibit offers opportunities for use in that important program.

The research, writing, and organization of the theme and text of the exhibit was a labor of many months of committed effort on the part of cocurators Marcia McAdoo Greenlee and Keith E. Melder of the District of Columbia. The cocurators are also members of the city museum project and volunteered generous amounts of consulting time to these efforts to establish a city museum in the Nation's Capital. The cocurators bring high credentials to their work.

Historian Marcia McAdoo Greenlee has taught in the U.S. Peace Corps in Addis Ababa, Ethiopia, in the District of Columbia public schools, and at the George Washington University. She has worked at the Smithsonian Insitution's National Portrait Gallery in the development of audiovisual and educational programs on District of Columbia history for metropolitan area schools and directed a study funded by the U.S. Department of Housing and Urban Development in 1972 and 1973 to identify historic sites in the District of Columbia important to Afro-American history. She directed a similar study on a national level funded by the U.S. Department of the Interior from 1973 to 1975. Ms. Greenlee received a B.A. degree from Willamette University, Salem, Oreg., in 1965, an M.A. degree from the Howard University, Washington, D.C., in 1972, and is writing her Ph. D. dissertation at the George Washington University, Washington, D.C. She is a member of several historical organizations and is on the boards of the city museum project and Radcliffe College's black women oral history project and is vice president of the Afro-American Historical and Genealogical Society.

After earning a doctorate in American studies at Yale University in 1958, historian Keith M. Melder was associated for several years with the Smithsonian Institution's traveling exhibition service as a curator and consultant. Since leaving the Smithsonian in 1971, he has been a freelance curator specializing in topics relating, as he says, "to the lives of ordinary people, their accomplishments, needs and concerns, and how they contributed to the development of their communities and the country." Dr. Melder has published over 15 articles, written numerous booklets on historic subjects, and is a contributor to the Encyclopedia Americana and World Book Encyclopedia. His talents as a curator and lecturer are sought widely.

This exhibition of the city museum project has been evolving since 1975. The exhibit project has been supervised by a board of directors chaired by Mr. Earl James of the National Trust for Historic Preservation. In fact, during this period, Mr. James has also been the chief executive officer and grant administrator of the project, endeavors in which he was greatly assisted by an exhibition committee headed by Mr. Frank Taylor, a native Washingtonian and the distinguished, retired director general of museums of the Smithsonian Institution. Serving with Mr. Taylor on that committee were Marcia Greenlee, Keith Melder, Harris Shettel, Tom Lodge, James Flack, Cece Byers, Robert Mawson, Barbara Coffee, Elizabeth Miller, David Root, and Patricia Chester. Throughout this process the committee and other members have been kept informed through the efforts of Judy Robinson and Emily Eig, newsletter editors.

At this point, I want to extend to the newly elected president of the city museum project, Ms. Jane North of the American Association of Museums, my best wishes for continued success in the months ahead. President North will be assisted by a membership and activities development committee composed of Leslie Buhler, Charlotte Chapman, James Walker, Barbara Coffee, Betty Monkman, Charles Johnson, and Nelson Rimensnyder, members of the board of directors.

The dedicated efforts of these Washingtonians and the success of this exhibit are a significant advancement of the idea of a Washington City Museum. Our Nation's Capital is becoming unique in the international community because it does not have a city museum devoted to the history of the District of Columbia apart from the Capital's role as the seat of National Government.

In conclusion, Mr. Speaker, I would like to thank the following Members of the U.S. House of Representatives and Senate for joining me in sponsoring this worthy exhibition on Capitol Hill: Congressman HENRY S. REUSS, chairman, Committee on Banking, Finance and Urban Affairs; Congressman RONALD V. DELLUMS, chairman, Committee on the District of Columbia; Congressman STEWART B. MCKINNEY, ranking minority member, Committee on the District of Columbia; Congressman JULIAN C. DIXON, chairman, Subcommittee on Appropriations for the District of Columbia; Congressman CHARLES WILSON of Texas; Congressman PETE STARK, chairman, Subcommittee on Metropolitan Affairs of the District of Columbia Committee; in addition to Senator ABRAHAM RIBICOFF, chairman, Committee on Governmental Affairs; Senator THOMAS F. EAGLETON, chairman, Subcommittee on Governmental Efficiency and the District of Columbia; Senator PATRICK J. LEAHY, chairman, Subcommittee on Appropriations for the District of Columbia; and Senator CHARLES MCC. MATHIAS, JR.●

## OVERTURN IMPORT FEES ON CRUDE OIL

### HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. SHANNON. Mr. Speaker, on April 2, 1980, President Carter issued a proclamation imposing a fee of $4.62 per barrel on imports of crude oil. Today I join with my colleagues Mr. Moore, Mr. Moffett, Mr. Stockman, Mr. Cotter, Mr. Brown of Ohio, Mr. Eckhardt, and Mr. Emery in introducing a resolution of disapproval designed to overturn this proposal.

The White House contends that the oil import fee will save energy and thus reduce our dependence on foreign oil. The administration estimates, however, that we will save only 100,000 barrels of gasoline per day as a result of this program. This figure represents a scant one-half of 1 percent of our total daily consumption, an import reduction unlikely to significantly enhance our national security.

We do know, however, that the import fee, if we fail to overturn it, will seriously impede us in our battle against inflation. By imposing a fee on gasoline of 10 cents per gallon, we will increase the Consumer Price Index by three-quarters of 1 percentage point. Based on estimates prepared by the Bureau of Labor Statistics, this increase will also cause the upward recalculation of a wide variety of cost-of-living escalators to the tune of $750 million. So in return for only marginal reductions in the use of energy, the President's fee proposal will cause another inflationary upsurge. It will place another economic burden on the shoulders of American consumers who have already been forced to endure massive increases in energy prices. Surely under current conditions any action artificially increasing the price of fuel by $10 billion cannot be considered either good economic policy or good energy policy.

Fortunately, there is a vehicle that gives the Congress the opportunity to spare consumers a needless increase in the price of fuel. Section 402 of the recently adopted crude oil windfall profit tax provides a mechanism for the disapproval of Presidential actions adjusting oil imports. With the passage of a resolution by both Houses of Congress, the President's fee will cease to have effect. We hope our colleagues will join us in this effort.

We particularly hope that the members of the Ways and Means Committee, even those who may eventually support the fee, will vote to send this measure to the floor for consideration by every Member of Congress. Certainly, a proposal of this magnitude should not be adopted without the consent of the House and Senate.

Moreover, this fee, for all intents and purposes, imposes a $10 billion tax on the consuming public. In 1977, the House of Representatives forcefully and overwhelmingly rejected efforts to increase the Federal gasoline tax by first 5 cents and then by 4 cents per gallon. These proposals were important enough to justify consideration by the full House when the rate of inflation was 7 percent. With inflation now running at an annual rate of almost 17 percent, we certainly should vote on a measure that would add 10 cents to the price of every gallon of gasoline.●

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## USDA PAPERWORK BURDEN ESTIMATES MEANINGLESS

### HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. FORD of Michigan. Mr. Speaker, I would like to call my colleagues' attention to a recent GAO study—GGD-80-14, March 10, 1980—which concluded that the Department of Agriculture's paperwork burden estimates "usually represent unsupported staff judgment." The report noted that USDA officials claimed that staff judgment was used for estimating the burden imposed:

> * * * We believe unsupported staff judgment cannot be relied upon to produce reasonable estimates. As our assessment of USDA estimates disclosed, staff judgment can result in overstated estimates.

This critical assessment of USDA estimates should help place in perspective the Department's assessment that the commodity letter of credit proposal would create an additional paperwork burden for State and local school personnel. My proposal, H.R. 6841, would replace the present inefficient and centralized USDA school lunch commodity distribution system with a commodity letter of credit mechanism. It would allow the local schools to make local purchases of 20 percent of the commodities—as determined by USDA—which are now shipped by USDA throughout the Nation.

I would like to share with my colleagues an assessment of the accounting and paperwork associated with the commodity letter of credit proposal provided by a professional banking and accounting firm, the Bradford Trust Co. of Boston. In contrast to the questionable USDA assertion that the proposal would create a paperwork burden, the Bradford Trust Co. noted in a report filed in the hearing record before the Subcommittee on Elementary, Secondary, and Vocational Education on March 27, 1980, that:

> The proposed Commodity Letter of Credit operation as it is now conceived would utilize modern data processing techniques to efficiently control a large national program. It is this reliance upon a centralized data processing system which will permit the institution of sophisticated budget and fraud prevention controls without the establishment of a burdensome system of paperwork.

I have included the entire statement of Bradford Trust Co. on this issue for the benefit of my colleagues:

Bradford Trust Co. of Boston
*March 25, 1980.*

Congressman William D. Ford,
*Rayburn House Office Building,*
*Washington, D.C.*

Dear Congressman Ford: I am writing this letter in order to comment upon the Commodity Letter of Credit mechanism provided for in H.R. 6841 and now under your consideration.

During the past three years, the Bradford Trust Company of Boston has acted as data processing agent and/or financial manager for the WIC programs of five states; Massachusetts, Georgia, Indiana, Wisconsin and Minnesota. A corporate affiliate, Bradford National Corporation, has performed a similar service for Maryland and Delaware. This service has been provided utilizing a data processing system designed and operated by Bradford for these state programs.

As you know, the WIC program (Special Supplemental Food Program for Women, Infants and Children) has as one of its purposes the distribution of certain supplemental foods to eligible persons. A number of methods may be employed to effect this distribution, by far the most common being the issuance to WIC participants of WIC vouchers or coupons which are redeemed at retail outlets. The computer system operated by Bradford retains a file of all WIC participants in a given state, periodically issues vouchers to these participants according to a specified individual food prescription, and provides a management control of the food purchases so authorized.

These vouchers are redeemed by the WIC participants in retail outlets at which time they are converted to negotiable instruments (checks) and are deposited by the grocer in his local bank. These checks then clear through the banking system to Bradford or another State bank for payment. Upon receipt of the checks, Bradford uses its data processing system to reconcile the cash expenditures of the state program, record individual participation in the program, compare redemption dollar values to detect fraud or abuse of the program, and prepare a series of state and federal management reports.

This method of delivering WIC services has proven very successful and cost effective. During the past 3 years, a number of similar data processing systems have been developed by private companies or by state agencies themselves to service WIC programs. Today, the WIC programs of over 40 states utilize a similar operation.

The similarity between this proven WIC operation and the proposed Commodity Letter of Credit mechanism provided for in H.R. 6841 is not coincidental. The proponents of H.R. 6841 have been aware of the success of the WIC program's food distribution system and have drawn heavily upon this success in their proposed legislation.

The advantages of the proposed system to the Department of Agriculture are many:

The proposed system removes from USDA the responsibilities it presently carries to ship, warehouse and distribute large quantities of perishable items. Instead, these functions will be carried out through the existing privately operated food distribution network.

The data processing system which would be developed to support this operation would provide USDA with daily records of the food distribution process. At any point in time, the Department would have accurate information readily available concerning the status of letters of credit issued to states, authorizations to purchase issued to school districts, funds encumbered, contracts awarded, partial deliveries made, and dollars paid to vendors.

Conversely, of course, these fiscal records all can be used to determine the net funds available or outstanding in each of the process categories.

All reporting would be broken down by State, commodity type and time period. By reflecting the aging of each financial transaction, budget performance can be measured on an interim basis and projected against total annual appropriation levels.

Most significantly, the proposed Commodity Letter of Credit system provides secure accounting controls over potential fraud or abuse.

Each level of accounting provides expenditure control totals proofing to the next level of accounting. For example, a series of individual food deliveries in dollars will total the dollar value of the purchase contract under which they are made. Deliveries in excess of the contracted amount will not generate a payment by the financial manager and will be reflected on an exception report to proper authorities.

A series of purchase contracts in turn will in total equal the value of the Commodity Letter of Credit issued to the school district. A purchase contract in excess of the value of the Letter of Credit Issued will also generate a system warning.

Control of contract purchase prices is very closely monitored by the proposed Letter of Credit operation. The central data processing system would retain a record of the values of all contracts awarded. On a regular basis, probably monthly, the system would examine the unit price of all commodity types purchased and produce a report of those contracts whose price differs from the typical prices being paid by a meaningful figure.

This comparison would probably be performed on a regional basis, to allow for regional differences in food prices. For example, in the New York City metropolitan area, during the month of March, a total of 100 contracts to purchase beef patties may have been awarded. If 95 of these contracts fell between $1.50/lb. and $1.55/lb., the system would produce a report of all contracts whose price per pound exceeded $1.56. This comparison can be done on a percent of cost measurement or on a fixed amount measurement criteria.

The WIC systems in use nationally provide similar controls by comparing the dollar values of individual WIC participant food vouchers. In our experience, such a control technique has proven very effective in controlling price gouging or similar fraud.

The proposed Commodity Letter of Credit operation as it is now conceived would utilize modern data processing techniques to efficiently control a large national program. It is this reliance upon a centralized data processing system which will permit the institution of sophisticated budget and fraud prevention controls without the establishment of a burdensome system of paperwork.

System control is based upon identifying every financial transaction with a control number assigned by USDA to each Letter of Credit at the time of its issuance. By identifying all later transactions with this control number, it becomes unnecessary to repeat constant information such as State, Commodity authorized, program source, date, or quality level.

At the local level, this means that simple, padded forms can be used to record and transfer data to the USDA financial manager on a fill-in-the-blanks basis. For example, in addition to the original letter of credit number, a purchase confirmation form (contract) would require the following information; quantity purchased, price, date, vendor and signatures.

Forms which must be completed at the school district level can be functionally combined with documents which must be completed regardless of the food distribution system employed. The confirmation of purchase form is a multi-purpose instrument. This form is used to report the contract terms to the financial management system, is retained by the school district for reference, and in and of itself can be used as the physical contract between the school district and the food vendor.

Our experience with WIC and other systems indicates that the flexibility afforded by data processing techniques is of additional advantage in a program such as the Commodities program. The proposed central data processing system would over a period of time become the repository for the historic records of Commodities purchase patterns nationwide. More directly, this data base would be available in a form and medium readily adaptable for review and analysis in support of congressional requests for information, budget preparation, and other requests for timely, accurate data from any source. USDA would be able to generate program related information on very short notice, both current and historic in scope.

A final advantage which I would like to bring to your attention is the desirability of centralizing the vendor payment function. Previously, I have described two advantages which this provides; the ability to compare prices being charged by vendors as a means of identifying possible overcharges and the accounting proofs which are possible in such a system.

In addition, the proposed Commodity Letter of Credit system will greatly enhance USDA's cash management.

Funds will not actually be paid to vendors for commodities until those commodities are actually delivered directly to the site where consumption will occur, the local school districts.

A single, comprehensive series of cash management reports will be produced.

Payment will be effected by the source of control. This ensures that payment cannot be made in excess of contracted, encumbered, and authorized amounts.

Vendors who have been found involved in fraud, price gouging, or similar activities can effectively be excluded from receiving future contracts or payments by the provision of such a function in the planned data processing system.

In closing, I would like to state that a program such as is proposed by H.R. 6841 will certainly be developed in an atmosphere of professionalism and competence. The size of the scope of work involved and the nature of the work certainly will provide an attractive opportunity for financial institutions to offer their services to USDA.

The scope of work proposed for the financial manager will require expertise in three disciplines, banking, accounting, and also data processing. Private companies who would be interested in performing such services include large banking institutions, public accounting firms, and data processing and systems development companies. The proposed program would be instituted in a project drawing expertise from all of these areas.

Thank you very much for this opportunity to express my thoughts. I hope that the preceding will prove useful to you.

Very truly yours,

RICHARD J. POZNYSZ,
*Assistant Vice President.*●

## DENNIS AMNOTT

## HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. MAVROULES. Mr. Speaker, the occasions are all too few and far between when ordinary citizens rise above the anonymity of everyday life and take matters into their own hands. Today, I would like to relate to you the incident of Dennis Amnott, of Beverly, Mass.

Mr. Amnott was at work one October evening when a spectacular two-car accident caused him to instinctively sacrifice his own personal safety for the lives of three occupants trapped in a flaming automobile. Without giving a second thought to the consequences, this courageous person ran over to the flaming auto and dragged the dazed and bloody victims from the car only moments before the vehicle burst into a glorious fireball.

For his courageous, selfless accomplishment, my distinguished constituent received something that cannot be described in terms of awards or commendations—for what greater reward is there than the satisfaction of saving a human life. I am extremely proud and honored to represent Dennis Amnott and would like to praise the Red Cross and other emergency training organizations that have trained our now unveiled hero.●

## EARTH DAY 1980: 1 WEEK TO GO

## HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. BROWN of California. Mr. Speaker, as you know, before the recent break in the legislative schedule, the House passed legislation proclaiming April 22 as Earth Day 1980. This day is, of course, the 10-year anniversary of a major cultural event in the United States, the first Earth Day, which marked the environmental decade we have just completed.

There have been a number of commentaries written about Earth Day 1980 which add insight to where the effort to clean up the environment has been, and is going. One of these commentaries was written by Denis Hayes, the coordinator of Earth Day 1970. As you know, Mr. Hayes is now the Director of the U.S. Department of Energy's Solar Energy Research Institute in Golden, Colo. As one who has emphasized, by word and deed, the positive aspects of the environmental movement, Mr. Hayes' comments are worth noting.

The commentary follows:

[E.P.A. Journal, April 1980]

### THE ENVIRONMENTAL DECADE

(By Denis Hayes)

We are all ten years older now than we were on April 22, 1970—the first Earth Day.

We have more facts at our disposal than we had a decade ago, more data. The important question is whether we have more wisdom.

Many of our fears of ten years ago have been borne out. America's declining oil production has had an even more dire impact than we had predicted. The carbon dioxide produced by fossil fuel combustion is producing a planetary greenhouse effect. Nuclear power is now conceded to be more inextricably linked to weapons proliferation than was admitted in 1970.

Some of our fears were overstated. The impact of high-flying supersonic aircraft on the ozone layer is now believed to be much less harmful than early experiments had led us to predict. On the other hand, we were then unaware of the extensive damage to the ozone layer that could be caused by freon and other chlorofluorocarbons.

Some important changes have occurred since 1970. We have made more progress than I expected, but much less than I had hoped for.

For example, belching smokestacks are harder to find now than they were a decade ago, but the industrial pollution problem did not end when smoke disappeared from sight. The principal pollution-control efforts have gone into solving those problems that appeared most solvable, and large, visible particles in industrial smoke are now routinely removed. But small, submicron-sized particulates—often heavy metals and carcinogenic hydrocarbons—are still emitted in large quantities. The "tonnage" of pollution has thus decreased dramatically, but much of the danger remains.

On the other hand, urban smog remains a serious problem and in many cities continues to worsen. The advent of pollution controls on new vehicles has had, to date, no obvious effect on urban smog. And now we must examine the tradeoff between the benefits of direct combustion of wood as an energy alternative and the impact of wood-burning on atmospheric pollution.

Huge investments have been made in attempts to control water pollution, but this money has mostly flowed in the wrong direction—toward large, energy-intensive systems that mix industrial waste with human sewage. The resulting mixtures are not amenable to anaerobic digestion to produce methane, and the residual sludge often contains toxic materials that can pose problems if recycled on farmland. In a cruel irony, large pollution-control expenditures were made before polychlorinated biphenyls (PCB's) and other chlorinated organic compounds including kepone and mirex were known to be hazardous. When commercial fishing was banned in the Hudson River in late 1975 because of PCB fears, more than $3 billion had already been spent on sewage treatment plants that were not designed to remove these materials.

The tragedy at Love Canal, N.Y., produced widespread visibility for the problem of toxic waste. Yet little has been accomplished thus far toward the elimination of the hazard. The U.S. still has 32,000 potentially dangerous chemical dumps, of which more than 600 may pose imminent hazards to human health. Fifty years ago, arsenic was the only metal known to be a carcinogen. Today it has been established that cancer can be caused also by beryllium, cadmium, chromium, cobalt, iron, lead, nickel, selenium, titanium, and zinc. The most attractive control strategy, of course, would be to keep such metals in circulations as useful products, rather than discharging them into the environment. The current effort to substitute ethanol for lead in gasoline as an octane booster is an encouraging and important step toward eliminating the widespread atmospheric dispersion of a highly toxic material.

One of the major disappointments of the last ten years has been the lack of official support for recycling. The central theme of the first Earth Day was replacing the planned obsolescence of our throwaway culture with products that could be repaired, re-used, and recycled. This year, the average American still uses more than 15 tons of minerals, virtually all of which make a one way trip from the mine to the dump. More than two-thirds of these materials could be kept in useful circulation without changes in American lifestyles. Yet we have found it nearly impossible even to pass legislation requiring that beverage containers be returnable. After ten years of effort, meaningful laws have been passed in only a few States.

Today, energy conservation is a much more popular theme than when we began promoting it in 1970. Nonetheless, meaningful progress—except in the industrial sector—remains a goal rather than an accomplishment. Americans will waste more fossil fuel this year than two-thirds of the world's people will use. Most of our cars remain oversized and our homes under-insulated. But at least this wastefulness has now been officially recognized and remedying it has become a centerpiece of national energy policy.

It is for all these reasons that Earth Day '80 is being organized. We don't need an event to inform people that some important indices show that the quality of life is deteriorating. Indeed, poll after poll shows that the American people are far ahead of their elected leaders in their awareness of this decline. My major concern about the American mood today is its pervasive feeling of helplessness. Earth Day '80 must convince people that things can be better, and that we have viable, attractive alternatives to our current unsustainable course, both as a society and as individuals. Earth Day '80 must remind people of what we can do as a society, and of what we must do as individuals.

Much of the environmental progress of the last ten years is now under attack by misguided advocates of frontier economics. Earth Day '80 is a counter-attack. It is being organized by people who recognize that the frontier is gone, and that we must learn to live—and share—within boundaries. Earth Day '80 is based on the assumption that most Americans think we have done too little—not too much—to protect the ecological integrity of the biosphere. I believe that most Americans place a very high value on health, on environmental resilience, on freedom, on full employment, and on an approach to our natural environment that stresses harmony, balance, and sustainability.

Earth Day '80 will not be a doomsday event. It will candidly acknowledge our problems, but it will focus on their solutions. Earth Day '80 will educate people about the prospects for solar energy and energy conservation. It will tell them about a sustainable materials policy, about the easy elimination of water wastage, and about ecologically sound agriculture. Earth Day '80 will show people how to improve their own neighborhoods by avoiding many of the environmental maladies and societal pitfalls of modern urban life.

Ten years have passed since the first Earth Day. Many of the original Earth Day activists have children now. That means we care even more about sustainability, which will be a central theme of the event this year. If, as a species, we begin to behave more sensibly with respect to the biosphere, human civilization has the means to enter one of its periods of greatest achievement. Earth Day '80 is being organized to help point the way.●

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## HON. MARVIN GEORGE FLORMAN

### HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. WOLFF. Mr. Speaker, it is my pleasure to call to the attention of this Congress and our Nation the accomplishments and achievements of Hon. Marvin George Florman, the mayor of the village of Kensington for over a decade. Mayor Florman's record of public service has touched virtually every aspect of community and village life in Kensington. His service as president of the Kensington Civic Association for 5 years, as a trustee of the village and as the mayor clearly reflects upon his commitment to the citizens of his village and his dedication to community involvement.

Mr. Speaker, in these times when our Nation seeks direction and leadership, the contribution of Marvin Florman stands for more than just his service to the village of Kensington. Rather, Marvin Florman's lasting service will be the inspirational dedication he demonstrates in his work. The example he sets for his fellow citizens can be followed in every course of action.

I have spoken on the floor of the House of Representatives on many occasions on behalf of the interests and concerns of the village of Kensington and the other communities of my congressional district. It is indeed a particular pleasure for me to speak of the great contributions of one of our leading citizens in calling the attention of the Congress to the work of Marvin George Florman.●

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## VETERAN BASEBALL STAR BELONGS IN HALL OF FAME: WILLIE WELLS

### HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. PICKLE. Mr. Speaker, one of the alltime greats of baseball lives in Austin, Tex, in the heart of the 10th Congressional District. However, many people may not have heard of this unique athlete. Willie "Devil" Wells was one of the standouts in the Negro leagues from the 1920's to the 1940's. He is enjoying a rather quiet retirement in Austin, perhaps the best known recipient of the Austin Meals on Wheels program.

Many folks think Willie Wells deserves a place in the Baseball Hall of Fame. I do, too. But the selection committee has not seen fit to reopen its selection process to include members of the Negro leagues.

I have written the commissioner of baseball, Mr. Bowie Kuhn, urging him and the selection committee to look once more at the records of Willie

Wells and other fine athletes. I am attaching a copy of my letter to Mr. Kuhn, plus an article from the Austin Citizen describing Willie and the Meals on Wheels program.

All over the country, baseball fans are also asking why Mr. Wells and his contemporaries have never been officially patted on their backs for their long, hard efforts.

I hope we can right this wrong, and I look forward to hearing from Mr. Kuhn.

The article follows:

APRIL 4, 1980.

Hon. BOWIE KUHN,
*Commissioner of Baseball,*
*New York City, N.Y.*

DEAR COMMISSIONER: I would like to call your attention to an article from the March 9 issue of the New York Times about one of the greatest baseball players in the Negro leagues.

Willie Wells played baseball from 1926 to 1946, running up a distinguished record which earned him a fitting nickname of "The Devil". He was a "jack-of-all-trades" in baseball, hitting balls in every direction and outfoxing just about everyone from shortstop.

For ten years, Mr. Wells has hoped for the recognition he so fully deserves, a place in the Baseball Hall of Fame. I urge you and the selection committee to re-open members of the Negro Leagues for consideration into the Hall of Fame.

The Times article fully documents the stunning performance and sterling career of Mr. Wells. Perhaps some white players have forgotten him, but Willie Wells triumphs are known by millions of fans, young and old, black and white.

If baseball teams can be integrated, I ask why the Hall of Fame veterans' committee cannot also come full circle and consider baseball heroes like Willie Wells? Mr. Wells played during a segregated era we might prefer to forget, but his record stands clear and solid even today.

Mr. Wells is living the quiet, retired life due any 74-year-old gentleman in Austin, Texas. There is great local interest in Austin and by other baseball enthusiasts that Willie Wells enjoy the recognition he deserves.

I hope you will consider this request and refresh the memories of the selection committee. A humble man who was a superior athlete deserves credit, regardless of his skin color or when he played.

Sincerely,

J. J. PICKLE.

### WILLIE SHARES HIS MEMORIES WITH HIS MEAL

(By Donalevan Maines)

Willie Wells was sitting in front of his television set watching his soap operas Wednesday when some honest-to-goodness TV stars came knocking at his door.

They were Cactus Pryor and Barbara Miller and in their hands was Wells' Wednesday lunch, compliments of the local Meals on Wheels program.

"I enjoyed meeting them. Why, I'd have to enjoy meeting them. I watch them on TV all the time," Wells said.

But as Wells sat down to his chicken, mashed potatoes and salad and started talking with the local TV personalities, the real star in the room emerged.

It was Wells. Turns out that the 74-year-old Austin resident is being considered for the baseball Hall of Fame after a long, prosperous career in the old Negro leagues.

Wells, who lives at 1705 Newton, is one of 305 elderly Austin citizens who are treated to several meals each week through the Meals on Wheels program.

Cactus and Barbara stopped by Wednesday to promote the organization's Wingding on April 13. Local notables will be there to auction off such prizes as a video copy of the uncensored "King Kong" film, condos at Lakeway, Rockport and Port Aransas, paintings, a party with University of Texas mascot Bevo, use of a Porsche for a week and prime tickets to sports events and concerts.

All proceeds will benefit the United Action for the Elderly Inc. in its Meals on Wheels program.

Wells has been a recipient of the program for about one year and says, "It's been real nice. I do the best I can around here. I have my cereal, but each Monday, Wednesday and Friday, they bring me meals for those days and the next day after."

He says he enjoys the meals and looks forward each time to visiting with whoever brings him his lunch. "I learn more by being with people than from books and going to school," he smiles.

His affection for making friends was a big factor in his success as a baseball player and manager in the old Negro league. "I met so many beautiful people and it was so educational."

As a shortstop for, among others, the St. Louis Stars and the Newark Eagles, Wells maintained a batting average and fielding achievements that rivaled the best of white major league baseball players.

"Guys would tell me that if they could do what I was doing, they'd be in the major leagues," he says.

Wells traveled by buses through the Southern states and remembers "hooking up to Pullman cars" when his team would dock at Birmingham, Ala. or Memphis, Tenn. or Chicago to play other black teams there. "They called them 'colored clubs' back then," he recalls.

It was quite an experience for a young athlete whose previous experience had been limited to the baseball squad at the old Anderson High School in Austin and a team called the Sand Crabs in Galveston. "You take a 19-year-old kid who's never been no place but Austin and this boy wants to travel," he says.

Wells retired in 1956 after about 30 years as one of America's best black players.

"I loved it. I loved it very much," he says. "It was very, very good to me."●

## TRIBUTE TO JACK KIOK

## HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. WAXMAN. Mr. Speaker, on Saturday, April 26, 1980, Mr. Jack Kiok will be honored by Sephardic Temple Tifereth Israel in Los Angeles for 50 years of dedicated community service.

Jack Kiok was born in Warsaw, Poland, where he lived until the age of 14. After settling briefly in France and Spain, he arrived in New York City in 1920. In 1925 he moved to Los Angeles with his young Sephardic wife, Fortuno. Together they devoted themselves to full participation in community life. Jack was appointed honorary deputy sheriff by the late Los Angeles County Sheriff Eugene Biscailuz and was an honorary lieutenant detective of the Los Angeles Police Department under Chief Ed Davis.

The most important focus of the Kiok family was and is their participation in the life of the Sephardic community. Jack Kiok served as president of Temple Tifereth Israel for three terms in 1938, 1939, and 1944. As president he enlisted support for the temple's activities from numerous world reknowned people and his efforts resulted in the enlargement of the temple's facilities. He was intrumental in obtaining the furnishings needed for the temple's Hebrew school and it was in his administration that the organization of Juniors of Temple Tifereth Israel was established. This group has recently celebrated the 40th reunion of its members and Jack Kiok was justifiably proud of his "family."

Among his other numerous activities are his service as president of the Sephardic Masonic Club in 1954 and president of the Council of Sephardic Organizations—a post he held for 7 years. He served as chairman of the temple house committee for 6 years as well as president of the Sephardic Chapter of the City of Hope and president of the Amalgamated Weiss-Brown Cancer Chapter of the City of Hope.

I extend my best wishes to his wife, Fortuno Kiok and to their daughters, Elaine and Louise, and to all their grandchildren.

I ask the Members to join with me in honoring Jack Kiok for his many years of community service and accomplishment.●

## PURPA, A SOUND ENVIRONMENTAL AND CONSERVATION POLICY

## HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. MAGUIRE. Mr. Speaker, during the 95th Congress, we enacted one of the most significant bills of the 1970's involving energy policy: The Public Utilities Regulatory Policies Act of 1978.

This legislation, a component of the National Energy Act, was designed to encourage increased conservation of electric energy, increased efficiency in the use of facilities and resources for electric utilities, and equitable rates for consumers.

One of the most progressive features of this legislation required the Federal Energy Regulatory Commission to encourage cogeneration and small power production. FERC has responded to this mandate by issuing new rules which will result in fuel savings of about 1.75 million barrels of oil per day by 1995.

What is cogeneration? The conventional method of generating electricity releases about two-thirds of the heat produced by fossil fuels through chimney stacks or into surrounding bodies of water. Sixty years ago, industries produced 30 percent of their electricity by putting this waste heat to use. Today, this figure has dropped to about 4 percent. Some firms near my district—Procter & Gamble, Ronzoni—cogenerate their own heat and electricity. PURPA tried to build on this success by requiring the Department of Energy to implement rules which fostered cogeneration. This mandate included the requirements that utilities interconnect with plants producing excess power and that a fair rate for interconnection be charged by utilities to promote the sale and transmission of cogenerated electricity.

Cogeneration has the potential of both conserving energy and contributing to a clean environment by making the energy we use more productive.

Recently, the Federal Energy Regulatory Commission began implementing the cogeneration provisions of PURPA, section 210, through a farsighted rulemaking procedure. The details of this rulemaking were reported in the Washington Star by Sheila Kast. Her article follows:

FERC DECISIONS BOOST UTILITIES' PLANS TO USE OTHER ENERGY SOURCES

An increasing amount of electricity in the United States is likely to come not from large central generating plants operated by utilities but from industries that make electricity with heat that would otherwise be wasted or from homeowners who set up a windmill or solar cells on their roof.

The two movements are getting a boost from rulings issued this month by the Federal Energy Regulatory Commission, which was given the job of encouraging such alternate sources of production under the National Energy Act passed by Congress in 1978.

FERC Chairman Charles B. Curtis said the two movements could save about 1.75 million barrels of oil a day by 1995, about one-fourth of our present imports.

He cites the Harvard Business School study "Energy Future," which says the trend could provide as much energy as the oil and gas on Alaska's North Slope.

"Cogeneration" is the term for electricity produced as part of an industrial process. For example, a Dow Chemical Co., factory that burns coal to make steam for making chemicals can first heat the steam a little hotter, run it through a turbine generator to make electricity, and then use the "leftover" steam the way it always did.

Combining the two steps saves 40 or 50 percent of the energy they would require if done separately. Dow makes more than half the electricity it uses this way.

The same law that encourages cogeneration also encourages making electricity from renewable resources such as solar, wind, biomass, waste, and small hydroelectric plants.

Sixty years ago industries produced about 30 percent of the nation's electricity through congeneration, according to the FERC. Today that has dropped to 4 percent, although the Edison Electric Institute (EEI)—the trade group of investor-owned utilities—says cogeneration is pickup again. again.

During the middle of this century, as utilities reaped economies of scale from huge central generating stations, many industries lost the economic incentive to produce their own power, FERC lawyer Adam Wenner said.

Utilities further undercut the incentive with "declining block rates" which rewarded large users of electricity with lower prices for each kilowatt-hour.

In addition, some utilities refused to buy power the industry did not need for itself or charged prohibitively high rates when the industry needed to buy extra power.

If they did succeed in selling their surplus power, industries risked being declared public utilities and therefore subject to government regulation of their securities, ownership and other aspects of operation.

The new rules issued by FERC:

Require utilities to buy power from industries that cogenerate and from those who produce electricity through renewable resources.

Require utilities not to charge discriminatory rates in supplying power to those industries and to small power producers.

Exempt industries and small power producers from state and federal utility regulation.

Almost as important, the FERC went a long way toward assuring that cogenerators and small power producers will get top dollar for their power. FERC told the state commissions to base the price of cogenerated power on the costs the utility avoids by not having to build and fuel new plants.

For example, the California utility commission has already told Pacific Gas & Electric Co. In San Francisco to sign contracts with cogenerators and small producers for 600 megawatts of generating capacity. That is enough to allow PG&E to skip building an oil-fired plant, and PG&E will pay roughly as much for that power as it would have paid to build a new plant and buy fuel for it.

As for utility customers, their electric bills will not change much. The money they now pay the utility will simply be transferred to the cogenerator or to those who set up windmills or solar cells to generate electricity.

While FERC was developing its rules the Edison Electric Institute argued that rather than transferring all the economic benefits to the cogenerators and small producers, the utilities should get a share to pass on to their customers.

Curtis insists that the more incentives offered to the cogenerators and small power producers, the more plants they will get on line and the more oil and natural gas will be freed for other uses, benefiting the whole economy.

Another indirect benefit of cogeneration for customers, Curtis argued, is that having many small sources of electricity minimizes the risk that a breakdown of one of a utility's huge central plants might force purchase of expensive backup power.

Utilities have mixed reactions to the push for cogeneration, which may make serious inroads into their monopoly status as producers of electricity.

Utilities with lots of excess capacity, such as Consolidated Edison in New York, are arguing against cogeneration, particularly if the industries are going to use oil or natural gas to make the electricity.

Other utilities are encouraging it. An EEI survey found that 72 utilities already are getting power from 340 cogenerators and 262 small power producers.

Altogether the cogeneration and small-power capacity equals about 2 percent of the nation's generating capacity.

"With the current financial market, most of our members are not interested at all in going into that capital market," said EEI vice president Terry Ferrar. "If someone else can build the plants and sell the power, that's fine with them."●

## LONG MAY IT WAVE

## HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. ROUSSELOT. Mr. Speaker, as I love my country, I am zealously proud of the American flag. I am grateful to know that this love and pride is shared by the people of our Nation. In the face of all the unnecessary pressures that the Federal Government places on the individual citizens in our land, there are still a vast number of devoted people who show their patriotic spirit by placing the flag of the United States on display. I appreciate the opportunity made available to me through the U.S. House of Representatives to purchase a U.S. flag at a reasonable price on behalf of my constituents, upon their request, and have it flown over our Nation's Capitol.

It has come to my attention that a newspaper in Wilmington, Del., the Morning News, printed a sour, cynical editorial in today's edition which upbraided and distorted both the meaning and practice of this congressional courtesy which is extended primarily to encourage the use of the U.S. flag as a symbol of our Nation's history and to serve as a reminder of our allegiance to the Republic for which it stands. The editorial is so worthless and obnoxious as to rouse moral indignation.

In recent days, the number of flag requests has increased owing to the aroused anger of the patriotic people over the tragic plight of the American hostages in Iran. All over the country, people are frustrated by the fact that the elected leaders in the U.S. Government have found no way to rescue our citizens or provide relief for the captives and their families from this shameful and grievous situation. To show concern, they are raising the Stars and Stripes as a visible sign of their hope and prayers for the safety and well-being of our fellow countrymen who are held as political pawns under severely trying conditions within a nation that is overtly antagonistic to the United States and is emotionally and governmentally out of control.

Mr. Speaker, I use this public medium, the CONGRESSIONAL RECORD, to express intense displeasure at what is an unfair, uncalled for, and unconscionable distortion of the intent of the U.S. House of Representatives in making the flags which have flown over the Capitol of the United States available upon request through the Members of Congress. Thankfully, the majority of the people in the United States do not have the grossness of mind as so obviously possesses the reporter and the editor(s) of the Morning News in Wilmington, Del., whose article precludes the expressiveness of the congressional courtesy and the underlying purpose of the gesture to provide a significant symbol of our Republic and of every individual's inalienable rights under the full protection of the U.S. Constitution—one of which is, I woefully admit, freedom of the press.●

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## THE OCCUPATIONAL SAFETY AND HEALTH IMPROVEMENT ACT OF 1980

### HON. SHIRLEY CHISHOLM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Ms. CHISHOLM. Mr. Speaker, the Occupational Safety and Health Improvement Act of 1980, H.R. 2153, was recently introduced in the House of Representatives. This bill, if passed, would serve to weaken most of the provisions of the 1970 act which was intended to prevent job-related deaths and disabilities caused by workplace accidents or hazards.

In considering H.R. 2153, it is important for us to keep in mind how far worker safety and health have advanced since the 1970 act was implemented. Additionally, we also have to consider what these new regulations would accomplish and the results of retargeting the inspection and enforcement capabilities of OSHA.

I believe that there is still enough evidence to convince us that the proposed recommendations would serve to weaken OSHA's capabilities and undo much of the progress made by this office over the last 10 years.

The following essay submitted to my office by the A. Philip Randolph Institute typifies the kind of danger formerly faced by large numbers of American workers. Unfortunately, some still face similar dangers today.

### SAFETY ON THE JOB: A CIVIL RIGHT

(By Norman Hill, president, A. Philip Randolph Institute)

Young people today might not realize that black workers, even after the elimination of slavery, were frequently treated as expendable pieces of machinery. If a particularly hazardous job needed to be done, employers would seek out black men for the work, even when the survival of the black workers was highly problematical. Morris Davis, the associate director of the labor health program at the University of California, provided a striking example of this disregard for black lives when in a recent article he recalled the "Gauley Bridge Disaster" of 1930.

According to Davis, a contractor hired more than 5,000 workers, the vast majority of them black, to work on a tunnel in West Virginia. The contractor knew in advance that the mountain rock had a very high silica content. He also knew that regular exposure to silica can cause a serious and eventually fatal lung disease known as silicosis. But in the interest of completing the tunnel and amassing a nice profit, the contractor went ahead with the project, giving no thought to the lives of his workers. In the end, 500 black workers went to their graves, including 169 men who dropped dead on the job site and were hastily buried in a nearby field.

This tragic story, even though it happened 50 years ago, lays bare the common thinking which links yesterday's tunnel contractor with many of today's corporate leaders. The shared idea is clear: protecting the lives of workers costs money, money which supposedly cuts into profits. Thus, whenever an employer confronts the stark tradeoff of higher profits versus worker safety, the choice is simple—profits take precedence.

But with the passage of the Occupational Safety and Health Act (commonly known as OSHA) in 1970, the United States Congress soundly rejected the corporate argument on worker safety. In short, Congress declared that a worker's right to a safe and healthy work environment is more sacred than the employer's alleged right to operate plants and job sites in a hazardous—but profitable—manner. Now, however, Congress seems to be changing its mind largely because of an intense and well-financed corporate campaign against OSHA.

So far, the corporate attack on worker safety has been ingenious. Rather than calling for the outright repeal of OSHA, business groups and their conservative allies have introduced legislation to "reform" OSHA. But the so-called OSHA Improvements Act of 1980 does no such thing; instead it scuttles existing regulations and exempts 90 percent of employers from OSHA coverage. In effect, it strips workers of their right to a safe job.

All this, of course, is done in the name of countering inflation, increasing productivity, and liberating business from "excessive" regulation. But these motives, which sound sensible to many people, are merely decorative; the underlying cause of the anti-OSHA drive is the corporate belief—shared by the tunnel builder in Gauley, West Virginia—that worker health and safety should be subordinated to the pursuit of profit.

Black workers, more than anyone else, have an especially large stake in saving OSHA. According to several reliable studies, black workers, when compared with whites, have a 27 percent greater chance of dying from job-related injuries and diseases, and a 37 percent greater chance of contracting occupational illnesses and suffering from serious industrial accidents. Also, while cancer mortality among whites rose by 5 percent over the last 25 years, the increase among blacks was an astonishing 26 percent, much of it job-related. Moreover, blacks are disproportionately concentrated in dangerous jobs and industries. For instance, 22 percent of the labor force in the steel industry is black, but 91 percent of those blacks work in coke ovens which spew out benzoapyrene, a known cause of cancer. And in the rubber industry, 60 percent of the workers in the mixing and compounding areas, are black. These workers, much more than others, in rubber manufacturing, are regularly exposed to cancer-causing substances like benzene, asbestos, beta-naphtylamine and nitrosamines.

Unless OSHA survives the business/conservative attack, black workers, especially those in non-union plants, will have little or no protection from life-threatening chemicals and other workplace hazards. To save OSHA, black people and their organizations must tell Congress and political leaders that the right to a safe job is a civil right—a right worth fighting for.●

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## ILLUSORY TACTICS IN AFGHANISTAN

### HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. BAUMAN. Mr. Speaker, in the wake of the U.S. Olympic Committee's coerced choice to not allow U.S. athletes to participate in the Moscow summer Olympics, some serious questions are in order. With this move, Mr. Carter seems to have played the last card in his hand. Is it worth it?

The hard-line rhetoric with which Mr. Carter met the Soviet invasion of Afghanistan has long since been nullified. The much ballyhooed grain embargo has not resulted in the original estimate of a 16 percent shortfall for the Soviets; thanks to Argentina, that figure is closer to a mere 3 percent overall loss. While troublesome to the Soviets, its effects certainly will not be as overwhelming as originally represented by the President.

Now, with the boycott of the Olympics by the United States, the question must be whether this is simply "one more empty gesture," as the Daily Banner of Cambridge, Md., called the move. The President's propensity for hollow moves is truly remarkable, and as disheartening as our entire foreign policy at this moment.

As one who supports the Olympic boycott, I include for the RECORD an editorial from the March 31 Daily Banner of Cambridge, Md., that is worth considering. It accurately assesses this administration's bankruptcy of ideas in dealing with foreign policy and suggests we need more than gestures; we need a fundamental change in policy.

The editorial follows:

### BANKRUPT OF IDEAS

What ever happened to Afghanistan? That land of savage climate, rugged terrain and tough men dropped from Page 1 when the Washington press corps joined the presidential candidates on the campaign trail. Despite President Carter's embargoes on grain shipments and U.S. participation in the Moscow summer Olympics, Soviet troops continue to occupy their neighbor to the south.

Recent Ted Kennedy primary victories may indicate that more and more Americans are concluding the Carter Administration is bankrupt of ideas to cope with the U.S. economy, Iran and the Russians. American farmers are the only victims of the Carter embargo on grain shipments to the Soviet Union. U.S. athletes, after covering themselves with glory at Lake Placid, are under a Carter edict not to go to Moscow this summer. Should they join U.S. farmers as pawns for the administration's inept foreign policy?

Soviet grain shortages are being made up by shipments from other nations, recent reports say. With many of our allies ignoring the Carter call to humiliate the Soviets by boycotting the summer games, even the U.S. Olympic Committee appears to be on the verge of revolt.

At the time Soviet troops crossed into Afghanistan, an Olympic boycott sounded like a good idea but now it looks like one more empty gesture. While Jimmy idles the summer away in his rose garden, shouldn't our track and field stars and swimmers have the chance to score points of their own on Soviet turf? In a matter of days the U.S. Olympic team did more to restore national pride than months of Carter shilly-shallying have been able to.●

## COMBINED FEDERAL CAMPAIGN FINAL REGULATIONS

### HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mrs. SCHROEDER. Mr. Speaker, my Subcommittee on Civil Service has, over the last 6 months, worked on reforming the Combined Federal Campaign, the annual fundraising drive among Federal employees. Our efforts were directed at opening up the campaign to more charities, redistributing the proceeds in a more equitable way, and ridding the campaign of all its coercive aspects.

Last Friday, the Office of Personnel Management, which administers the Combined Federal Campaign, issued final regulations making sweeping changes in the campaign—Federal Register, April 11, 1980, page 24952. Although these regulations did not go as far as I would have liked, they do represent a major step forward. The new Combined Federal Campaign should meet most of the principles outlined in the subcommittee letter of December 20, 1979.

For the information of my colleagues, I ask that a copy of the letter I sent last Friday to Director Campbell of the Office of Personnel Management be printed in the RECORD at this point:

APRIL 11, 1980.

Hon. ALAN K. CAMPBELL,
*Director, Office of Personnel Management,*
*Washington, D.C.*

DEAR MR. DIRECTOR: Thank you for your considerable effort in developing and publishing new regulations to govern the Combined Federal Campaign (Federal Register April 11, 1980). On the whole, these regulations represent a balanced, good faith first step towards eliminating the problems found in the Combined Federal Campaign (CFC) by the Subcommittee on Civil Service during our hearings of October, 1979. I congratulate you for your good work on this important issue.

I view these regulations as an indication that the Office of Personnel Management (OPM) intends to break from the past. No more will CFC be run as a closed, coercive, and condescending campaign. Rather, openness, voluntariness, and equity have been posted as the lights to guide the Federal employee fund-raising drive. While these regulations do not create the CFC that I would like to see, they manifest movement in the right direction. I was particularly pleased to note six major improvements to come as part of these regulations:

First, all civil servants are now put on notice of what high-pressure fund-raising tactics will no longer be tolerated in the Federal government. I trust that any keyworker or campaign official who continues to use coercion to raise charitable dollars will be subject to appropriate disciplinary action. An absolute six-week limit is placed on the duration of CFC, so that the exceptionally coercive practice of running supplementary campaigns will be ended.

Second, the regulations guarantee rank and file Federal employees the right to be represented on local coordinating committees. Clearly, Federal employee union representation on the national eligibility committee will continue. Add this right to representation to the strengthened and clarified authority of these committees and you come up with a meaningful assurance that the wishes of Federal workers will determine how the Combined Federal Campaign is run.

Third, the old bar to eligibility for organizations with fund-raising and administrative costs above 25 percent has been ended. Instead, national and local committees will look at the reasonableness of the overhead costs in light of the mission, age, and operation of the organization. By eliminating the 25 percent limit, you have removed an arbitrary, unreasonable, and probably unconstitutional entry restriction.

Fourth, eligibility on the national level has been loosened by eliminating the requirement for chapters throughout the country and by allowing national welfare and service agencies to participate. Your assurances that national minority organizations will be permitted to solicit funds through CFC addresses one of the most egregious problems raised before the Subcommittee. Further, the possibility of entry on the local level has been created for the first time. I will be watching this admission process closely to make sure that the national and local eligibility committees interpret these rules in the flexible and permissive way in which I know they were intended. I expect that you will assure that, if local coordinating committees rely on local screening agencies for advice, no conflict of interest will be permitted to arise. These new rules should open the doors of CFC to all legitimate charitable organizations that are interested in entering.

Fifth, the obsolete and obtuse dollar base formula, which offset designated gifts against undesignated contributions, is now dead. Rather, undesignated funds will now be allocated to the participating agencies without regard to how the designated dollars are earmarked. More information is provided to contributors about the allocation of undesignated contributions, so that Federal giver can make a reasonable decision about whether to designate his or her gift.

Sixth, two types of experiments for distribution of receipts have been established. One would test a campaign in which only designated contributions would be accepted and another would test procedures allowing the local coordinating committee of Federal employees to split up the money. I am pleased by your assurance that these experiments will take place in a dozen or more cities, including some of the largest CFC locations.

As encouraging as these developments are, I must point out that these regulations leave a large unfinished agenda. Among deficiencies which must be corrected in the next few years are:

1. Meaningful safeguards must be placed on the money raised in each local Combined Federal Campaign. As you know, the General Accounting Office is now studying the question of fiscal controls and will report in mid-summer. If any problems are identified, I trust you will move quickly to impose better controls which will apply to the Fall, 1980 CFC campaign.

2. All agencies and groups must be treated equally. There are numerous ways in which these regulations discriminate against some participants to the benefit of others. Specifically, newly admitted local agencies can never be entitled to a share of undesignated contributions. There is no justification for this second-class citizenship of local non-United Way groups. National health, international service, national service, and local non-United Way groups must all file voluminous reports on an annual basis to stay in CFC. Local United Ways and the American Red Cross are under no similar reporting requirement. In local campaigns, too much decisional power remains with the local United Way, often to the detriment of the other participating groups. In fact, local non-United Way groups are given no role in running local campaigns. Even in the formulation of these regulations, it appeared to me that United Way of America had far greater access and received far more day-to-day information than the other groups had. This sort of discrimination must be eliminated.

3. Means must be found to admit voluntary agencies which are not of the traditional, direct service in health and welfare, variety. Increasingly, those working with deprived segments of society are recognizing that empowerment, community control, and citizen action are excellent long-run solutions to social problems. CFC must be responsive to this change in the voluntry sector and OPM must find ways to allow for the participation of these type of groups.

4. The amount of information provided to contributors is still inadequate. I do not understand why individual agencies should not be allowed to distribute their own brochures to employees during the campaign. I am disturbed that the 25-word limit on description of agencies in the brochure was not modified to allow for more information to contributors.

5. Better means to assure that local CFC's follow the national rules must be found. One step to help compliance is to use standardized pledge cards, so that local variations do not serve to frustrate the will of the donors.

Great progress has been made over the last seven months in the Combined Federal Campaign. I will do what I can to help make these new regulations work. I am hopeful that progress will continue to be made over the next few years.

With kind regards,
Sincerely,

PATRICIA SCHROEDER,
*Chairwoman.*●

## HEBREW IMMIGRANT AID SOCIETY

### HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. SCHEUER. Mr. Speaker, I rise to praise and commend the Hebrew Immigrant Aid Society (HIAS) on the occasion of its centennial celebration.

HIAS has consistently been praised by almost every segment of the American Jewish and secular community. From the time when sympathetic HIAS representatives assisted Jewish immigrants being mistreated by boards of special inquiry and indiscriminately insensitive immigration officers on Ellis Island in the late 1800's, to the present resettlement of tens of thousands of Indochinese and Soviet Jews annually, HIAS has worked diligently to achieve such recognition and acclaim. HIAS has proved invaluable to whole generations of American Jews and non-Jews in beginning fruitful lives in America by assisting them with job training, housing, job placement, family reunification, language instruction, and sound financial advice.

By World War I HIAS had expanded its efforts and became the leading voice for liberal immigration policy. The society's efforts in courts of law, State legislatures, the Halls of Congress, and the White House did much for new Americans of all races, religions, and creeds.

My own efforts on behalf of Soviet Jews have given me an opportunity to observe the highly professional and extraordinary accomplishments of this organization. Barely a Jewish household in my congressional district has not had at least one member of its family benefit from HIAS aid.

Events have shown, unfortunately, that the free world still urgently needs HIAS. Jews and other minorities are presently suffering under repressive regimes in Europe, the Middle East, North Africa, South America, and Southeast Asia. Thankfully HIAS is here to help.

I offer my sincere and heartfelt congratulations and best wishes to HIAS, its officers, staff, and friends on the occasion of this centennial celebration. One hundred years of effort and accomplishment is a milestone meriting our admiration and appreciation. I join the millions of recipients of HIAS benevolence in thanking, praising, and wishing HIAS continued success.●

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## SENATOR BENTSEN ON THE ECONOMY

## HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. HAMILTON. Mr. Speaker, my good friend from Texas, Senator LLOYD BENTSEN, the chairman of the Joint Economic Committee, recently invited several of his colleagues to participate in a wide-ranging colloquy on the economy. Mr. BENTSEN's own lucid remarks on today's economic problems, and potential solutions to them, deserve special consideration. His ideas derive in large measure from the annual report of the Joint Economic Committee, a panel so much of whose seminal work he has made possible. With the request that they give it their closest attention, I commend Mr. BENTSEN's statement to my colleagues:

### STATEMENT OF SENATOR BENTSEN

Mr. President, month after month evidence of the scope and complexity of our economic problems becomes more compelling. Our economy appears to be out of control; our problems seem to thrive on the remedies designed to combat them. As a result of our inability to develop a comprehensive, coherent strategy to overcome our difficulties and restore real growth and stability to the economy, we sense an uneasy feeling that America is no longer master of its economic destiny.

Throughout most of our history, this nation has been able to sustain the vision of a better tomorrow. We have been able to offer our people the freedom of opportunity—the chance to build a brighter future for themselves and their children. For the blue-collar worker in an urban area who saw the real purchasing power of his wages decreased by 7 percent last year—and sees no relief in sight this year—it is becoming increasingly difficult to believe in the American dream.

We have the lowest rate of savings of any industrialized democracy. After years of priming the pump, we have been forced to pump the prime to 19½ percent. Tight money policies have turned the dream of home ownership into a nightmare for millions of our people. Massive and frequently inefficient government regulation fouls the gears of our free enterprise system and diverts scarce resources from more productive use. Productivity in this country is declining. Our tools of production are increasingly outdated and we are in danger of becoming uncompetitive in major world markets. We have rung up a $60 billion trade deficit over the past two years, with little relief in sight.

We used to laugh about 18 percent inflation when it occurred in other nations and despair about the ability of those countries to manage their economic affairs. Today, 18 percent inflation has become a brutal, compelling fact of life in this country; it raises serious and legitimate doubts about our economic future.

The anti-inflation policies put forth to date by the Administration are a commendable effort to restore some sense of order to our financial markets and will eventually bring current, sky-high rates of inflation down to more manageable levels. These policies will not, however, lower the hard-core, underlying rate of inflation that is the bedrock of our current economic difficulties. They will prove ineffective against the hard-core rate of inflation because they treat the symptoms and not the root causes of the disease.

With the exception of the drive toward a balanced budget, our anti-inflation policies fail to address the basic question: Why do we have inflation in America?

A balanced budget, Mr. President, is clearly an idea whose time has come. It has come rather late in the game, but at least it has arrived. The Administration has proposed it, the Congress strongly supports it, and the American people demand no less.

It is not going to be a simple or painless process, but I believe this country will have a balanced budget in 1981. After running up a $240 billion deficit over the past five years, balancing the budget will have an enormous and favorable psychological impact on our economy. It will provide a welcome signal that we are serious about our economic problems.

Balancing the budget, however, is no magical potion to cure the plague of inflation. The real question, Mr. President, is what we do after we balance the budget. How do we use the springboard of fiscal responsibility to restore growth and stability to our economy?

The first point I would make in this regard is that one year of discipline is hardly enough to overcome a decade of living beyond our means.

One little-noted benefit of a balanced budget is that it gradually relieves government borrowing pressure on the credit market. This year alone, Mr. President, the government must refinance over $200 billion in debt from accumulated past deficits. By any standard of measurement, that is a lot of debt to refinance. It cannot help but force up interest rates. By balancing the budget year after year, we will slow to zero the rate of growth of Federal Government demand for credit and interest rates will eventually come down.

While I welcome and support initiatives to limit credit in our economy, it has become apparent that the effectiveness of credit control and tight money policies has been diminished by the existence of external sources of finance—Eurodollars in foreign markets—that are largely beyond our country's control.

Although multinational corporations are now being asked by the Fed to report their Eurodollar borrowings, large multinational corporations, with direct access to the Eurodollar market, enjoy a measure of immunity from policies of credit control. With this leakage in the system when the Fed moves to tighten the screws on credit, it is forced to clamp down even harder on sectors—like small business and housing—it can control.

For over a year, we have asked the Fed to shoulder almost the entire burden of our anti-inflation strategy, and the process has not worked well. The adverse impact of Eurodollars on the potential effectiveness of credit controls highlights the danger of over-reliance on monetary policy as the primary weapon in the war on inflation. This narrow approach to our problems is decreasingly effective, encourages a boom and bust cycle in the economy, and has minimal impact on the underlying causes of inflation.

I would also suggest that we cannot and need not accept a major recession as the price for curing inflation, the costs, in human and economic terms, are both unacceptable and unnecessary. A major recession is totally inconsistent with balanced budget policies. During the 1974-1975 recession, we had the largest budget deficit in our history. We have seen that in times of recession there are inevitably moves in Congress—generally successful—to spend our way out of economic hard times. These programs lead to increased government spending, increased demand in the system, and eventually—as we have seen—to increased inflation. They encourage the very problem we set out to combat.

During the decade of the eighties, America need not fight inflation by pulling up the drawbridge with recessions that doom millions of our people to unemployment. We must, instead, embark on a new era of economic thinking. We must develop a balanced program that lowers inflation without creating higher levels of unemployment. And the key to that process is steady economic growth, fostered by gains in productivity and a stable fiscal policy, and accompanied by a gradual reduction in the growth of the money supply over a period of years.

As we balance the budget and realize substantial reductions in government spending, we will also be able to cut taxes. For many years, the conventional economic wisdom—the balanced budget multiplier—held that if you cut taxes by $10 billion and reduced spending by $10 billion, GNP would be decreased by $10 billion.

We now have a new economic model that clearly demonstrates the absurdity of that thesis.

This model, prepared by Otto Eckstein and featured prominently in this year's JEC report, demonstrates that lower spending and lower rates of taxation create incentives for investment and savings in our economy. More savings and investment, in turn, lead directly to higher rates of productivity, increasing employment, and a higher GNP.

With this breakthrough in econometric modeling, we can now demonstrate what some of us have long suspected: that tax cuts do not necessarily equate with government deficits. In the process, we have opened up a whole new approach to the root causes of our economic problems. A tax cut oriented toward the supply side of our economy will encourage business to invest more capital in more modern means of production. That investment produces a more efficient American economy with higher levels of productivity and lower rates of inflation. And we do not have to contemplate a budget deficit as the price of progress.

It should also be apparent, Mr. President, that these are precisely the policies—increased investment and higher rates of productivity achieved in the absence of inflation—that will enable America to compete more effectively in the vital and highly competitive world of trade. I would further suggest that any rational, comprehensive strategy to combat inflation must focus on removing obstacles to American exports, such as Sections 911 and 913 of the Tax Code, while encouraging the formation of effective U.S. trading companies and consortia able to bid on major contracts. We must also ensure that American business enjoys equal access to foreign markets and remain alert to unfair trade practices that can quickly rout and destroy important domestic industries.

The area of trade policy and export competitiveness is one in which I plan to remain active because I am convinced that our policies of the past have contributed to the hemorrhage of dollars abroad that debases the value of our currency and inhibits our ability to deal with inflation.

We can also combat inflation and increase productivity by achieving a better match between our job training programs and future employment opportunities. We should be training people for jobs that will exist—for jobs in dynamic, expanding areas of the private sector.

All too often in the past we have set out to create jobs—to crack hard-core unemployment—by stimulating the entire economy. That strategy proved to be highly expensive, highly inflationary, and generally ineffective. We have seen that it is much more cost-effective and far more rewarding to train people for private sector jobs.

As we move to adopt tax policies to encourage investment in more modern and efficient facilities, we must also assure that we have the trained manpower to operate the new machines. We should be looking now to identify areas of our economy, in the private sector, that will be most responsive to tax incentives and will emerge as our vital high technology industries of the future. To the extent that we can have people trained to step into these new opportunities created by tax policy incentives, we can avoid labor bottlenecks, and provide steady, meaningful employment opportunities.

Regulatory reform can also play an important role in our effort to combat inflation. We can decrease the $100 billion cost of complying with government forms and regulations by making our regulatory process more cost-effective. In the process, we free up scarce resources for use in more productive economic activity.

I am not suggesting that we reduce the benefits, the health and safety advantages, of regulation. I would, however, submit that we can decrease the economic drag of regulation by billions of dollars a year—without sacrificing benefits, without increasing unemployment—by emphasizing the requirement for cost effectiveness and accountability. All of us are committed to reducing waste in government spending; I think we should develop a parallel and equally profound commitment to eliminating waste and overlap in the amount of money the government forces its citizens to spend in complying with its dictates.

Finally, we can all agree that energy plays a key role in our current economic difficulties. If we could return to the days when oil was available in abundance at $3 per barrel, this country would still have economic problems. But I think we can agree that they would pale in comparison with our difficulty today.

So the problem of increasing energy costs is vital, and there is no sound reason to expect that it will become less onerous. Even with a maximum effort at conservation, even with increased incentives for domestic production and an all-out effort to develop alternative energy sources for the future, there is every reason to assume that the cost of energy will continue to rise at least throughout this decade.

There is only one way, Mr. President, to absorb higher energy costs without higher inflation. And that is to increase productivity in our economy. Increased rates of productivity are the only known antidote to higher costs induced by higher energy prices. In recent years, we have seen our trading partners, like West Germany and Japan, prosper in the era of the OPEC cartel, and these nations are far more dependent than we on expensive imported energy. The secret of their success is not hard to determine: it is rapidly increasing rates of worker productivity, fueled by incentives for investment in modern plant and equipment. By making their economies more efficient, nations like Germany and Japan have been able to cope with rising energy costs. Our economy, with productivity on the decline, has actually magnified the impact of the energy problem.

By constantly searching for easy answers to difficult problems, through our long-term fascination with the economics of demand stimulation, and by refusing to face up to the root causes of our problems, America has staggered into an economic crisis of alarming dimensions.

It will take time, discipline, and sacrifice to recover. We have the resources to do the job. The ingredients for our future success are in place, and we are finally moving to put them together.

If we can balance the budget and keep it balanced, get the government out of the credit markets, enact supply-side tax cuts that will provide incentives for investment and savings . . . if we can increase productivity, resist the impulse to stimulate demand, make regulation more cost-effective, match job training with job opportunity, and hold down government expenditures, we can lower inflation without creating higher levels of unemployment. We can beat inflation without recession.

As we succeed, we will see a new confidence and vitality return to the American economy. We will see the return of stability and real growth. We will regain control of our ecomomic destiny and build the sort of America that can look with confidence to the challenges of the eighties.●

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## WASTEFUL YEAREND SPENDING SPREES

## HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. HARRIS. Mr. Speaker, as chairman of the House Civil Service Subcommittee on Human Resources, I have been conducting a major investigation into wasteful Federal contracting and yearend spending abuses. The subcommittee's probe has revealed that millions, perhaps billions, of taxpayers' dollars are wasted on unnecessary projects and purchases during the last 2 months of the fiscal year. In fiscal year 1979, seven major Federal agencies spent more than 20 percent of their single year appropriations in the last 2 months of the fiscal year—HUD spent 47.2 percent, EPA spent 41.7 percent, Commerce spent 30.3 percent, HEW spent 22.9 percent, Interior spent 23.1 percent, Postal Service spent 22.1 percent, DOT spent 22.8 percent.

I feel strongly that direct congressional action must be taken to stop the yearend spending sprees. I have introduced legislation (H.R. 4717) to limit yearend spending to 20 percent of an agency's annual appropriation and it was approved by the House Post Office and Civil Service Committee last December. The bill is now pending before the House Government Operations Committee and I am hopeful it will be considered by the full House in late spring or early summer. I also plan to offer a yearend spending amendment to the fiscal year 1981 budget resolution when it is considered by the full House later this month. Congress must plug this loophole which allows uncontrolled Federal spending to continue.

I would like to share with my colleagues an editorial that ran in the Richmond News Leader on April 9, 1980, in support of my efforts to stop wasteful yearend spending by Federal agencies:

### Stop the Orgies

Congressman Herbert Harris of Virginia's Eighth District thinks he knows one way to bring unreasonable federal spending to a screeching halt, and he has a point. He has introduced a bill that would prohibit any federal agency from spending more than 20 percent of its budget in the final two months of a fiscal year.

That directive may seem like a statement of the obvious to any organized, methodical operation, but the federal government does not fit into that category. In the last two months of fiscal 1979, for instance, the Department of Housing and Urban Development spent more than 47 percent of its entire annual budget for that year. During the same period, the Environmental Protection Agency spent almost 42 percent, and the Department of Commerce more than 30 percent, of their 1979 allocations.

Had his bill been law at the time, Harris estimates that more than $13 billion would have been saved. Year-end spending orgies in Washington are notorious. Former Treasury Secretary Michael Blumenthal has described the practice as "literally pushing money out the door with a wheelbarrow." A federal employee said the year-end spending at his agency resembled "a car flying through an intersection seconds before the light turns red." Agencies know that if they don't spend the money, they will lose it, and they would rather throw it away than return it to the treasury.

So as each new fiscal year approaches, a frenzy of money-dumping begins. Offices are remodeled and outfitted with new furniture, whether needed or not. Lights burn in bureaucratic offices late into the night as ways are sought to get rid of the money as fast as possible. Contractors line up for lucrative jobs, and no one bothers to read the fine print. After all, if an agency fails to spend all of its allocation, Congress might suspect that its budget could be cut—and that its requests for additional funds could be denied—without courting disaster.

The year-end spending spree is so well established that some agencies regard it as ritual. The Carter administration repeatedly has instructed agencies to stop the practice, to no avail. But the Office of Management and Budget—whose role presumably is to manage as well as to budget—regards Harris' bill as an insult. Members of the House Government Operations Committee, which is considering the bill, doubt the OMB will move on its own to curb the spending sprees. One member asked an OMB official, "What kind of hard sanctions are you using to enforce [your directive against year-end spending]? Kind words are just going to get you a fat lip."

And, it might be added, kind words also get you wild spending surges that defy all rules of orderly management. It is likely that some compromise version of the Harris bill will survive long enough to reach the floor, in which case the house might rectify the OMB's reluctance to clamp down on errant agencies. Meanwhile, the agencies have been put on notice that their profligate spending and flagrant disregard of formal orders may get them the very fat lip they so richly deserve. And the taxpayer will want to cheer Harris & Company for a commendable effort to bring an arrogant bureaucracy to heel.●

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## MARRIAGE TAX

### HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. PICKLE. Mr. Speaker, it is appropriate today when everyone is filing his income tax to call attention to the so-called marriage tax that in some cases results in a married couple paying higher taxes than they would if they were filing as two single individuals. The Ways and Means Committee held hearings on this issue and we found out that there is no easy solution. While law professors testifying at the hearing were in almost unanimous agreement that we should impose the tax on the person who earns it with single tax rate schedule, that brings us back to the problem of community property States that by law divide income made during the marriage equally. This is the case in Texas and I am sure Texas and other States would not willingly change this rule for income tax purposes.

The attached article from the April 14, 1980, issue of "Tax Notes" is an excellent summary of the Ways and Means Committee hearings and points out the problems:

MARRIAGE PENALTY TAX—NO EASY SOLUTION

The House Ways and Means Committee held its much-heralded marriage penalty tax hearings on Wednesday and Thursday, April 2 and 3. Sen. Mathias offered poetic insights, the Boyters—whose tax-motivated divorces have been labeled an illegal "sham" by the IRS—testified that their sin may save them $130,000, and the Treasury Department said that yes, the marriage penalty tax is a problem, but declined to endorse any of the currently pending legislative solutions.

The marriage penalty is a popular issue in Congress where there are presently eight House bills and two Senate bills proposing various forms of relief for individuals who face higher tax burdens as a result of their married status. Generally the marriage penalty arises when both spouses work and the spouse with the lower income makes at least 20 percent of the combined income. As the differential between incomes decreases—an occurrence that is more frequent with the increase in professional and working couples—the marriage penalty becomes more pronounced. To remedy this problem, legislative proposals have called for mandatory separate filing, optional separate filing, and ad hoc relief designed to reduce the marginal tax rates on second earners.

BASIC QUESTIONS, BASIC CONFLICTS

Deputy Assistant Secretary of the Treasury Emil M. Sunley initiated his testimony by noting that the marriage penalty tax "raises some of the most important issues in income tax policy and some of the most difficult to resolve." According to Treasury's estimates for the tax year 1979, approximately 16 million taxpayers will be hit by the marriage penalty, increasing revenues by $8.3 billion, while approximately 24 million individuals will receive a marriage bonus of $19 billion.

Although current tax policy is based on the premise that the income tax should be progressive, that married couples with equal combined incomes should pay equal tax, and that there shouldn't be a tax penalty on marriage or staying single, Sunley stressed that there is no way to solve the marriage penalty problem without violating "one or more of these goals." Specifically, he stated that adherence to the goals of progressivity and taxation of combined income would make it impossible to reduce the marriage penalty tax "without making the situation for single taxpayers even worse." For further information on the difficulty of eliminating the marriage penalty, see Walter Stromquist, "Federal Income Tax Treatment of Married and Single Taxpayers," *Tax Notes*, June 11, 1979, p. 731.

PROPOSALS HAVE FLAWS

Sunley acknowledged that the only feasible method for alleviating both the marriage and the single penalty must involve some distinction between one-earner and two-earner couples. However, Treasury refused to endorse any of the current legislative proposals. Analyzing the various plans, Sunley pointed out that the mandatory separate filing approach, which would cost approximately $29.5 billion, would create a "substantial technical problem of the assignment of income and deductions among spouses."

The optional separate filing proposal, although less expensive at an estimated $8.3 billion, would also result in problems with the assignment of income and deductions, Sunley said. In addition, one version of the optional separate filing proposal, H.R. 3609, sponsored by Rep. Millicent Fenwick, R-N.J., would allocate property income on the basis of ownership, a provision that Sunley claimed would "provide a tax minimization incentive for the high earning spouse to transfer property to the low earning spouse." The Fenwick bill also includes a provision allocating itemized deductions to the spouse who actually makes the payment. Sunley stated that this would result in ongoing decisions throughout the tax year—an outcome that would "carry tax planning too far."

The third legislative option, a special deduction or exclusion for joint returns based on the income of the second earner, would give relief to two-earner couples, Sunley stated, but some of the tax benefits would be greater than the actual marriage penalty. In the case of a 10 percent deduction of the first $20,000 of the lower earner's income, Sunley noted that almost 80 percent of the revenue loss would go to reducing the marriage penalty and about 20 percent would go to an increase in the marriage bonus. A more targeted version of this option, which would be available to two-earner couples only if the lower earning spouse makes at least 20 percent of the couple's total earnings, would cost approximately $3.1 billion, with about 87 percent of the cost going to alleviation of the marriage penalty.

ADMINISTRATION WILL WAIT AND SEE

Although the Administration refused to endorse any of the bills under consideration, Sunley stressed that the marriage penalty tax should be given a "high priority." He added that the Administration would prefer to move after congressional consensus has developed as to which proposal has the most acceptable policy implications. Regardless of which proposal ultimately gets the nod, Sunley stated that Treasury could probably resolve the various technical problems.

TAX DIVORCE COULD BE BIG BUSINESS

Testifying on what would have been their fourteenth wedding anniversary, Angela M. and H. David Boyter stated that they have saved "almost $15,000 in taxes" as a result of their tax divorces. "We can't stress too much," the Boyters stated, "that we know that many couples are living together because of the marriage penalty, and we believe that if you allow this economic disincentive to marriage to continue, the trend may be irreversible." The Boyters endorsed the optional separate filing proposal sponsored by Rep. Fenwick and Sen. Charles McC. Mathias, Jr., R-Md., in the Senate. Acknowledging that this proposal would favor two-earner families over one earner families, they stated that a tax preference for two-earner families is "more reasonable" because "two-income families must make sacrifices and compromises that have both economic and non-economic consequences."

The Action Group on the Marriage Penalty Tax of the Interdepartmental Task Force on Women, represented by Dr. Sydney J. Key, also endorsed the optional separate filing proposal. In addition, they recommended that adoption of the Fenwick-Mathias approach should be followed by a "complete transition to individual taxation" involving the development of one rate schedule that would be applicable to all taxpayers. Gail and Robert Jamin of Tax Divorce Consultants, Inc. also endorsed the Task Force's position, despite the fact that a solution to the marriage penalty tax would eliminate the demand for their consulting services.

ONE RATE SCHEDULE DRAWS SUPPORT

Academics testifying at the hearing voiced almost unanimous support for a return to a pre-1948 single tax rate schedule. Although there was some difference of opinion as to how community property, exemptions, deductions, and credits should be allocated between spouses, there was general agreement that equitable and administrable methods could be developed. As explained by Professor Mary Moers Wenig of the University of Bridgeport School of Law, "The doctrine of *Lucas* v. *Earl* (281 U.S. 111), that earned income is taxed to the person who earns it, should be reaffirmed for all purposes of the income tax law and for all taxpayers whether domiciled in common law or in community property states."●

## THANKS FOR THE MEMORIES

### HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. DORNAN. Mr. Speaker, from the "Road to Rio" to the road to Vietnam, Bob Hope has traveled over 1 million miles to raise the spirit of America and her loyal servicemen and women. His films, television shows, and charity benefit appearances have made him a beloved entertainer around the world. It is impossible to think of Bob without smiling. Yet, for countless Americans who served in the Armed Forces overseas, he is much more than an entertainer, he is the man who made them forget the horrors of war for a few hours.

For four decades no military outpost was too remote, no foxhole too small for Bob Hope to visit. That anyone would give of himself by repeatedly risking life and limb halfway around the world simply to bring cheer to a total stranger is truly remarkable. That anyone could walk away from a Bob Hope performance remaining a stranger is impossible. With self-mocking humor and razor-sharp wit he is the serviceman's buddy, America's voice.

The National Broadcasting Co. recently aired a retrospective of Bob's "military career." What came across on the show was love—love for his fellow man and love for country. TV Guide published an editorial on this broadcast that ever so briefly summarizes the enormous gift Bob Hope has contributed to our Nation. What a great guy. I strongly recommend this article to my colleagues:

> AS WE SEE IT
>
> "Thanks for the Memory"—the best-known performer's trademark in all of American entertainment—was heard once again when, on two recent evenings, NBC presented what it called a star-spangled, six-hour salute to Bob Hope's 31 incredible years of entertaining American troops.
>
> The film-and-tape retrospective of Hope's tours opened back in radio days on May 6, 1941 at March Field, Riverside, Cal., where he went to entertain the airmen. And thus began his long series of cheer-spreading expeditions that stretched on through this Nation's military operations in World War II, the Berlin Airlift, Korea and Southeast Asia.
>
> To millions of us it was pure, heart-warming nostalgia, redolent with smiles and tragedy. To the younger millions of our population it revealed an eye-opening saga of a prodigious effort. Making his overseas trips, Hope traveled more than a million miles to entertain more than 10 million servicemen and women at almost every American military base in the world. He took with him a large and glamorous array of America's best-known performers, and his audiences varied in size from a mere 15 to as many as 28,000.
>
> Hope was already a successful, well-established entertainer when he began his annual tradition of going out to the troops wherever they were—from Iceland to Morocco, from Italy to Thailand. He didn't *have* to. Sometimes it was dangerous. Almost always it was rigorous or, at best, uncomfortable. But the contribution he made to the morale of our defenders was incalculable. "That I can tell you firsthand," said one veteran. "He made us laugh and he made us forget for a few hours that there was a war on."
>
> Someone has said that Bob Hope is a little piece of history. He is certainly an American institution. He has performed an enormous service for his country and he richly deserves the affection of his fellow citizens.●

## THOMAS BRACKETT REED

### HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. EMERY. Mr. Speaker, at this time I would like to bring to my colleagues' attention a man to whom we owe a geat debt, Thomas Brackett Reed, who served as a Maine Representative in the U.S. House from 1876 to 1900 including several terms as Speaker of the House. Thomas Reed has been described as a "remarkable personality, of whom many good stories were told, and opinions varied as to his conduct in the chair; but he was essentially a man of rugged honesty and power, whose death was a loss to American public life."

One of Thomas Reed's greatest contributions to this country and to this Congress was a set of procedural rules referred to as Reed's rules. When Mr. Reed was elected to Congress he soon realized that the slaveholders and their sympathizers who dominated the National Government prior to the Civil War had crippled the operating structure of the House in order to obstruct criticism of slavery. Reed recognized this problem and helped design a set of procedures to restore the machinery of government to working order so that the passage of meaningful legislation was again possible.

Theodore Roosevelt said that the Reed's rules reform was of "far greater permanent importance than any other legislation of the time." Mr. Reed who might have been elected President of the United States in 1896 if it had not been for his own integrity and refusal to play the political game said of Reed's rules, "I am not concerned with immediate applause or hatred, but with the verdict of history."

I commend to my colleagues the contributions of this great man whose stand on civil rights and women's suffrage, as well as good government, were very much ahead of the times and often against a strong wave of dissent. The Honorable Thomas Brackett Reed deserves a great deal more than this small amount of recognition. I would like to leave you with a quote about Mr. Reed that best describes this former statesman from Maine: "If people want a measure of political integrity, they can do no better than compare candidates with Thomas Brackett Reed."●

## THE NEED FOR GASOHOL

### HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. CORCORAN. Mr. Speaker, there is no question about it. We need to be pursuing a wide range of energy options, particularly those which can reduce petroleum consumption in the transportation sector. As the only Illinois member of the House Energy and Power Subcommittee, I have long been an advocate of alcohol fuels as one means of supplementing or replacing petroleum as a vehicular fuel. Steps must be taken by the Congress to promote the use of alternative energy sources, particularly gasohol.

The term gasohol was first popularized by the State of Nebraska in its alcohol research and was used to denote a blend of 10 percent ethanol and 90 percent gasoline. The term today is used as a generic term for alcohol fuels.

#### HISTORY

Alcohol has been a very important fuel to the United States. In the mid-1800's alcohol was used as a substitute for whale oil in lamps. Less than 50 years later, Henry Ford designed his Model T to run on either gasoline or alcohol. Alcohol fuels were used to power many American cars during the 1920's and 1930's. The stock market crash of 1929, which significantly reduced prices for farm products, kept interest in alcohol fuels alive, since alcohol production provided an alternative industrial market for farm crops.

The onset of Word War II prompted a more extensive use of alcohol fuels. Adolf Hitler converted Germany's aircraft, tanks, and other war machinery to alcohol fuels after his Eastern European refineries were destroyed. The U.S. demand for alcohol fuels increased when it was discovered that synthetic rubber, needed for the war effort, could be made from alcohol. By 1944, the United States was producing almost 600 million gallons of alcohol—half of it for the synthetic rubber industry—100 million gallons more than Energy Secretary Duncan's target for December 31, 1980. Just a few years after the war, alcohol use dropped dramatically. The reason was economic—neither alcohol nor any of the other alternative fuels could compete with the flood of cheap, plentiful crude oil that entered the world market at this time. Interest in alcohol fuels was reborn with the occurrence of the oil embargo of 1973.

#### ETHANOL AND METHANOL

The two types of alcohol that are available for automotive use are ethanol and methanol.

Ethanol is often referred to as grain alcohol. All gasohol sold today at the thousands of stations across the

Nation is 10 percent ethanol and 90 percent gasoline. The largest producer of grain alcohol for fuel use is the Archer Daniels Midland Co., located in Decatur, Ill. This plant produces 70,000 gallons of alcohol for fuel use each day. Roughly 60 million gallons are produced nationwide each year. Opponents of ethanol for fuel use claim that two insurmountable problems exist. The first is the high cost of the fuel produced in this way, and the second is the immense quantities of grain that must be consumed to supplant even a small portion of the petroleum that we consume. The current cost ratio at the retail level between grain alcohol and gasoline is $1 to roughly 60 cents per gallon. However, price increases of petroleum products would close this gap; grain prices have been relatively stable over the past decade. With respect to the second problem, a variety of useful byproducts such as corn oil and mash for livestock feed—either in a solid or liquid form—is produced when a bushel of grain is used to make alcohol. It is not as if one is producing a fuel at the expense of food; rather, the only element that is lost in the process is starch. All proteins of the original grain are retained. In fact, because of the action of the yeast used to make alcohol, the amount of protein in the byproducts is actually increased. In order to replace 10 percent of the petroleum we consume, 40 percent of the grain that we produce would be required. Livestock, which consume half of the grain that we produce, can consume the byproducts that are produced when a bushel of grain is converted to alcohol. Clearly, we could use the half of the grain that we produce each year and convert it to alcohol without serious side effects. Studies are being undertaken to see if the byproducts are fit for human consumption.

A second source of alcohol for fuel use is methanol. Coal is the resource closest to practical development of all the potential nonpetroleum supplies of methanol. Coal is in plentiful supply, and could easily support the methanol industry. DOE has estimated that 38 million tons of coal would be required to supplant 10 percent of our current petroleum needs. This amount of coal would represent only 6 percent of our present coal output. It is widely accepted that we have the necessary coal reserves for the increase in coal production that would be required. Coal has the advantage that it is not only plentiful, but also that it can be converted to methanol at a cost of between 30 cents to 60 cents per gallon. As I have mentioned earlier, gasoline at the retail level costs about 60 cents per gallon. Another source on methanol is municipal solid wastes (MSW). DOE estimates that a plant processing 600 tons of MSW per day would produce 3,342 gallons of methanol. In other words, 55.7 gallons of methanol are produced for every ton of MSW consumed. In order to obtain 11 billion gallons—or what would be required to replace 10 percent of the petroleum we consume—180 million tons of MSW would be required. DOE projects that our Nation will be producing on the order of 200 million tons of MSW per year by 1985.

NET ENERGY BALANCE

A topic of current debate is the question of net energy balance. Opponents to the use of alcohol for fuel use claim that more energy is needed to produce a given amount of alcohol than the energy contained in the amount of alcohol produced. If such an argument were used in regard to all types of energy, we would not have electricity, since 3 Btu's of coal or oil are required to produce 1 Btu of electricity. Plentiful, renewable resources must be converted to much-needed liquid fuel. Present methods of grain to alcohol conversion, such as the dehydration process, have been certified by DOE to produce a positive net energy balance; current processes have proven to be five times more energy-efficient than older beverage distillery technologies.

FUNDING SOURCES

There are a variety of funding sources for alcohol fuels. The Department of Energy's Office of Small Scale Technology makes grants to individuals or community groups to demonstrate small scale technology. Loan guarantees are being administered by the Economic Development Administration and the Small Business Administration. Assistance in financing commercial and onfarm fuel alcohol plants can be obtained under existing loan authorities of USDA's Farmers Home Administration. Information regarding these programs can be obtained by contacting Mr. James E. Thorton, room 5014, Farmers Home Administration, Department of Agriculture, Washington, D.C. 20250, telephone (202) 447-5614. Single copies of "Fuel from Farms," which discusses the technologies involved in an on-the-farm plant, can be obtained at no charge by writing the National Center for Appropriate Technology, Post Office Box 3838, Butte, Mont. 59701. The DOE has established two toll-free hotlines (800/533-5333 and 800/535-2840) for those who wish to have specific answers to their alcohol fuels questions.

BENEFITS

There are several obvious benefits to the increased use of alcohol fuels in the United States. It has been estimated that the use of such fuels would result in a decreasing of pollutants in the atmosphere; the level of hydrocarbons would be down 65 percent, carbon monoxide 79 percent, and nitrous oxides 30 percent. Increases in mileage and engine performance have been linked to the use of alcohol fuels as well. It is hardly a secret that if we were to reduce our foreign oil imports by 10 percent or more, the result would be beneficial to our balance of trade deficit; inflation would be reduced. I believe that the gasohol exemption provisions in the windfall profits tax, which was recently passed by the Congress and signed into law, are a step in the right direction. Mr. Speaker, gasohol can play an important role in our total energy mix, and I urge my colleagues to continue to support the use of gasohol.●

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## VALLEY OF THE SUN SCHOOL

## HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. RUDD. Mr. Speaker, last week I had the privilege of attending a benefit program for the Valley of the Sun School, which featured singer-actor Jimmy Dean and baseball star-TV celebrity Joe Garagiola.

The benefit was arranged and hosted by Arizona businessmen and women, chiefly spearheaded by Clyde Smith, owner of Smitty's department stores, who has been an enthusiastic supporter of the school for many years.

Valley of the Sun School, located in Phoenix, is one of the Nation's truly outstanding private schools for the handicapped. It serves people of all ages, ranging from the totally disabled to those who with proper care and training can overcome their handicaps.

The school serves 175 students, including 140 permanent resident students. It has a staff of 225 professionals—doctors, nurses, therapists, and teachers. Most of the teachers have master's degrees and all are certified in special education. Many of the school's teachers have dual certification, in special education and other fields such as psychology, vocational education, and home economics.

Valley of the Sun School is inspired by a humanitarian bent and is a great example of what can be done in the private sector. In fact, the school is a United Way agency and is continuously under contract to the Bureau of Indian Affairs and the Arizona Department of Economic Security for care and training of publicly assisted students.

Mr. Speaker, one of the real tributes to Valley of the Sun School's success in treating and training all levels of handicapped people is its track record in establishing students as productive, contributing members of society. With the cooperation and support of private industry, training and jobs are provided to many handicapped people who would otherwise not have this opportunity.

Again, this is a truly great example of the humanitarian spirit at work in the private sector in Arizona.

Those responsible for the operation of the school since the late 1940's, and successful fundraising which makes possible its continued existence, have

**the heartfelt gratitude and admiration of the entire community.●**

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## CONSTANTINO BRUMIDI

### HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● **Mr. ANNUNZIO. Mr. Speaker, on February 19, 1980, a ceremony was held in the Capitol, which I attended, commemorating the 100th anniversary of the death of Constantino Brumidi, the Michelangelo of the U.S. Capitol.**

**On the occasion of this anniversary, John Perrotta, who is associated with the Information Office of the Italian Embassy here in Washington, wrote a brief history about Brumidi and his quarter-century of dedicated labor beautifying our Capitol Building.**

**The article follows:**

CONSTANTINO BRUMIDI, ARTIST, CITIZEN OF THE UNITED STATES

On October 1, 1879 at ten-thirty in the morning two congressmen and other interested Washingtonians huddled under the dome of the Capitol Rotunda. They watched an artist swing up almost sixty feet in a wooden cage attached to the side of a spiderlike scaffolding that he himself had designed and rigged. It would be the last working day of the seventy-five year old Painter in General of the United States Capitol.

In the early afternoon, while reaching out with his paint brush the chair twisted from under the fresco artist and flung him over. With a desperate grip he dangled from the rung of a ladder and cried for help. A guard at the eye of the dome spotted him and rushed to his aid. In the meantime other guards in the Rotunda shouted words of encouragement to the arthritic artist. A full fifteen minutes later, as his strength was draining from him, a brawny arm snatched the painter and pulled him to safety. His life was saved but the shock to his nerves triggered a severe case of asthma which almost killed him that night and which prevented him from ever returning to the scaffold. Instead, he worked in his home studio preparing designs, or "cartoons," on brown paper for the eleven remaining episodes of the historical frieze of the Rotunda. He died five months later and was eclipsed from America's conscience so that more than half a century elapsed before his unmarked grave, twenty blocks from the Capitol, was discovered.

Today well over five million persons annually view the murals of Constantino Brumidi, of which the "Rotunda frieze," the great chronological ribbon of American history, and the "Apotheosis of Washington," the 4,664 square foot fresco in the eye of the dome are the most magnificant. Their appreciation is only enhanced when the Capitol tour guide recounts how Brumidi, then almost sixty years old, labored on wooden planks one hundred and eighty feet above the Rotunda floor until the canopy was complete. But beyond these few artistic believe-it-or-nots Constantino Brumidi is as foreign to most of us as Columbus was to the Indians.

Born in Rome in 1805 to Anna née Bianchini and Stauro Brumidis, a Greek who most likely fled his Turk-dominated homeland, Brumidi's genius surfaced at an early age. He attended the Academy of Fine Arts, and at thirteen entered Rome's Accademia di San Luca. There he studied painting with Camuccini and sculpture with Canova and Thorwaldsen. His most remarkable accomplishments in Italy were his collaboration with Coghetti and others in restoring the frescoes of one of Raphael's students in the Vatican Loggia, and the decoration of the Villa and Palazzo Torlonia in Piazza Venezia (demolished in 1892 to build the monument to Vittorio Emmanuele II). Checchetelli wrote that from observing these frescoes one understood how much the artist was "innanzi nell'arte della pittura." Brumidi continued painting until he was thirty, and the churches and palaces of Rome served as a training ground for his later masterpieces in the U.S. Capitol.

When the Republican forces marched on Rome in 1849, Brumidi, a sympathizer with the *Risorgimento*, the movement to unify Italy, held the rank of captain in the civic guard. A popular account tells how he was responsible for removing art treasures and other valuables from state-owned churches and convents to protect them from enemy fire. Once, Brumidi and the guards in his squadron carted furniture and pottery from the Santa Maria Nova Monastery to his home. At midnight the artist-captain's house was surrounded, he was dragged from bed, arrested, jailed, and subsequently charged with grand larceny, kidnapping, and other offenses. When the French quashed the rebellion and restored Pope Pius IX to the Vatican, Brumidi sought a pardon from his Holiness, but the pontiff could secure his release from prison only on the condition that he leave Italy. And so, the tools of his *mestiere* abandoned, Brumidi swore not to lift another paint brush until he found liberty. He arrived in New York on September 18, 1852, and never returned to his fatherland.

Brumidi painted religious pictures in St. Stephen's Church in New York, Philadelphia's Sts. Peter and Paul Cathedral, and purportedly in the Cathedral of Mexico City before settling in Washington.

The enthusiast for liberty was enamored with America. He was known to have cried during parades when the flag bearer marched by pomping the Stars and Stripes. America was a land which granted him the freedom that was so wanting in his native Italy. But simple appreciation was not enough, it seems his fulfillment could only be realized if he applied his talents to the beautification of the United States. So, in 1855, still two years shy of citizenship, Brumidi was appointed Painter in General by Captain Montgomery C. Meigs, the Engineer for the Extension of the Capitol. He would spend the rest of his life, the next twenty-six years, in service to his adopted country.

Brumidi's initial labor of love was the decoration of the Agricultural Committee Room, which he dubbed "the first specimen of real fresco introduced in America."

"Fresco" is a term consistently misused in referring to any type of paint applied to a dry wall. However, in true or buon fresco the pigment must consist of mineral colors (earths) ground in water and applied to the surface of plaster while sufficiently wet to asborb it. Since the plaster sets in about six hours the artist must slap on only as much as he can paint in that time. He knows that the colors appear lighter when dry, and retouching should be avoided. In addition, little more than a dozen colors may be used—all others are eaten up by the lime in the plaster.

Despite its painstaking execution true fresco painting possesses many desirable qualities. Chemical changes in the plaster give the mural a transparency and richness that is difficult to achieve with other mediums. And time, which normally wreaks a slow death on other artwork only enhances the color of fresco. Hence the fresco is comparatively indestructible and will last centuries, in fact as long as the wall or ceiling remains intact.

Brumidi's method of fresco painting was almost identical with that of Michelangelo and Raphael, and somewhat like the techniques employed by the Romans. He wrote in a statement filed with the Architect of the Capitol that "the solid construction of this national building required a superior style of decoration in real fresco, like the palaces of Augustus and Nero, the Baths of Titus and Livia at Rome, and the admired relics of the paintings at Herculanum and Pompeii."

Brumidi embellished the rooms and halls of the Capitol through six presidents: Franklin Pierce, James Buchanan, Abraham Lincoln, Andrew Johnson, Ulysses S. Grant, and Rutherford B. Hayes. It is said that Lincoln insisted the artist continue painting during the Civil War, for then Americans would realize that the Federal Government was determined to preserve the Union.

After having demonstrated his unique talents in other corners of the Capitol including the President's Room, "the most exquisitely decorated room in America," the new patriot began the herculean task of coloring over four and one half thousand square feet of the Rotunda dome canopy in true fresco. Upon its completion eleven months later the "Apotheosis of Washington," as Brumidi styled it, was unveiled in a blaze of gaslamps. It was perhaps the high point of his life, as he observed the spectators stupefied by the vastness of the concave mural with George Washington "apotheosized" or glorified and flanked by the goddesses of Liberty and Victory. Thirteen female figures representing each of the original states swept around the inner circle, and six allegorical clusters personifying Agriculture, Mechanics, Commerce, Marine, Arts and Sciences, and Freedom lined the outer edge of the huge overturned saucer. S. D. Wyeth wrote that the dome fresco "arrests the gaze as though the sky had opened and it were permitted to look into the beyond." It remains one of the largest buon fresco paintings in the world.

Brumidi was strong and robust, and his sweeping cape gave him a military appearance. In later years his hair and beard turned milk-white. He shunned the general public but was most cordial to friends who came to see him paint. Money never dominated his thoughts. He was industrious and conscientious, and devoted to his profession. On his death the Philadelphia Times reported that no one could remember when the artist was not painting in the Capitol. Brumidi could discuss at great length historical art and the Italian poets. He was trilingual in Italian, Latin, and English, and knew a smattering of Greek gleaned from his father. In preparation he would pore over books on American history. It is also known that he read Dante, Gibbon, and Bancroft. He was not always a practicing Catholic, but drew closer to the church the last year of his life through his friend and fellow Italian Father Benedict Sestini.

Very little is known about Brumidi's family in Italy except that he had a daughter Maria Elena and a son Giuseppe, and that his wife probably died before he went into exile in America.

One evening in 1858 Brumidi was invited to dinner at the home of a Washington art patron. Clad in black suit and tie and sporting a straggly beard, the unmarried master was greeted at the door by the lovely, svelte, and intelligent Lola Germon. He soon proposed to her, and a short time later they were married. He was fifty-five, and she eighteen. A son Laurence Stauro was born in 1861. Brumidi adored his wife, and immortalized her in his paintings. Her likeness appears in several Capitol frescoes, including two of the Madonnas and as Freedom in the "Apotheosis of Washington."

Lola posed long hours for her husband, often becoming uneasy and restless. Then, perhaps realizing her incompatibility with a painter very much her senior, she divorced him and returned to her parents. Brumidi was heartbroken, but never gave up hope that she would return to him.

The artist painted frescoes in Holy Trinity and St. Aloysius Roman Catholic Churches in Washington. The likeness of Mrs. Stephen A. Douglas, wife of the Illinois senator, Fr. Sestini, and Brumidi himself can be identified in the St. Aloysius mural.

In 1878 Brumidi began to paint the historical frieze around the Rotunda in imitation of sculpture called alto-relievo. He considered this commission the capstone of his achievements. The Architect of the Capitol approved the working sketches in 1859, but due to congressional dilly-dally and to post-Civil War economic malaise, funds were not appropriated until eighteen years later, when the Italian was seventy-two years old. The design called for fifteen episodes to be painted on a band nine feet in height and three hundred feet around. Brumidi finished six of the frescoes: Landing of Columbus, 1492; Entry of Cortez into Mexico, 1521; Pizarro's Conquest of Peru, 1533; Midnight Burial of DeSoto, 1541; Pocahontas Saving John Smith, 1606; Landing of the Pilgrims, 1620. His accident while painting Penn's Treaty with the Indians, 1682, prevented him from returning to the Capitol. Still, hoping to one day consummate this scroll of American history, the artist laureate translated the cartoons to their full size in his studio. On his death Filippo Costaggini, another Italian used these designs to paint the remaining episodes of the fresco time-line.

During the last half of the nineteenth century fresco painting in the United States was still in its infancy—yet the critics were very severe, often beyond reason. Almost from the onset of his American career they labeled the murals "scandalous and abominable," "gaudy, inharmonious colors," "taudry and exuberant," "excrable," and "gaudy colored plaster." One critic went as far as to suggest "a plain coat or two of whitewash" to be superior to the neo-classical frescoes. And a newspaper account purported that a protest leap from the Rotunda balcony would be "justifiable suicide."

A congressional committee reported that "far greater sobriety should be given to these Halls . . . so as to render them less distracting to the eyes . . . (Their thought-distracting) quality renders such a combination of colors unsuited to halls of deliberation where calm thought and unimpassioned reason are supposed to reside."

Many others believed neo-classicism to be outmoded and uncontemporary, yet it was precisely the style Meigs desired in the Capitol corridors—and for a good reason. The architecture of the very building that would be adorned with the frescoes was in the classical tradition. Indeed, in 1803 Thomas Jefferson, a brilliant amateur architect, said he wished the Capitol to be "embellished with Athenian taste."

There were those who felt that the selection of a refugee-immigrant to beautify the United States Capitol was at best insensitive to the national sentiment. But at the time Brumidi was considered the sole person in America who knew how to execute buon frescoes.

The Art Commission, a committee of five congressmen appointed on the suggestion of a knot of artists and near-artists, produced some rather mordant criticism. Their attempt to evaluate Brumidi's "confusion of scroll work and mythological figures" climaxed in a subtle but effective ethnic slur: "Should he (the American) seek an explanation from those who are manufacturing the cumbrous levities which everywhere appear through the building, he will be eminently fortunate should he find among them one who speaks the English language . . . The Committee has been made painfully conscious that the work has been prosecuted by foreign workmen under the immediate supervision of a foreigner."

If his critics were most unkind his admirers were equally as complimentary. The Architect of the Capitol called the frescoed canopy "probably the grandest and most imposing design that has ever been executed in the world." Guglielmo Gajani defended his friend in a superb letter to the editor of the New York Times of May 31, 1958. He wrote "Fresco painting * * * does not require a greater capacity than the ordinary painting * * * but the artist must have a peculiar disposition, and this the Italian possesses to a greater degree than others * * *. Signor Brumidi has left several specimens of his skill in Rome (which) are admired by visitors. Should an American admire the works of Signor Brumidi at home and despise them when he finds them at Washington?"

Representative Curtis from Pennsylvania asked "what is more splendid than the fresco in some of the halls and passages around the Senate Chamber and especially the emblem of Religion in the President's Room?"

Senator Voorhees of Indiana defended the embellishment of the West Corridor: "The poetry of the artist, if I may so express it, had also its field of display * * *. The birds and the specimens of American animals with which (Brumidi) has adorned a portion of the Capitol must be a source of uneasing enjoyment."

During Brumidi's twenty-six years in service to the United States Capitol he earned over $80,000, or about $3,000 a year—a fair sum for the times. Yet little was left after paying both his assistants and the bills for paints and scaffolding. It is also believed that he gave a considerable part of his salary to his newly arrived Italian friends. Even before his near-fatal slip the thought of not being able to work tormented the poor and ailing Brumidi. In a letter to the Architect he wrote: "* * * My sickness proceeds more by the mental than physical weakness, because my mind is much worried by the terrible future prospect of starvation as soon as my bad health prevents me to do the daily work * * *. Now, sickly and old, with twenty-six years service as an artist in the Capitol, I ask the comfort to be replaced in the roll as a reward for my work * * *." In the end Congress appropriated $200 to defray his funeral expenses.

Five days after Brumidi died eulogies filled the hallowed halls of the Capitol. Senator Morrill spoke in this manner: "So long has he devoted his heart and strength to this Capitol that his love and reverence for it was not surpassed by even that of Michael Angelo for St. Peter's." Senator Voorhees added "At no distant day some memorial will be erected in some appropriate place in the Capitol to his memory * * *. He will be crowned by the gratitude of his own and of succeeding generations. In the older countries of Europe * * * Brumidi would have had a public funeral * * *. In England he would have had a place and a tablet in Westminster Abbey."

But a busy Congress soon lost memory of the one who had unfolded so much beauty before them. It was not until the late 1930's that the wife of an Arizona congressman, inspired by the artist's handiwork and surprised that the Capitol archives contained virtually nothing about him, embarked on a campaign to bring long-overdue recognition to Brumidi. After years of unearthing facts and seeking descendants, Myrtle Cheney Murdock in 1950 published the first biography on the fresco artist, entitled "Constantino Brumidi, Michelangelo of the United States Capitol." The Department of the Interior places a marker on his grave, funds were appropriated for its perpetual upkeep, and artist Allyn Cox finished the historical frieze around the Rotunda. In 1968 the noted sculptress Jimilu Mason, herself of Italian descent, carved a bust of Brumidi in Carrara marble. It now presides in quiet dignity in the corridor of the U.S. Capitol named after him. For the thousands who stroll through the rooms and halls graced with his artistic legacy, their tour is not complete until they have lifted their eyes to the sculptured stone representing a humble immigrant who once said: "I am no longer interested in fame and fortune. My one ambition and my daily prayer is that I may live long enough to beautify the Capitol of the one country in the world in which there is liberty."●

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## THE HOLOCAUST

## HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. GILMAN. Mr. Speaker, this year we are commemorating the 37th anniversary of the Warsaw ghetto uprising, the 35th anniversary of the end of the Second World War and the sacrifices of more than 6 million individuals consumed in the holocaust whose memories and pain are with us today.

Indeed, every year it is important and necessary for us to call upon the memories which, for millions of Jews in this world are a nightmare; indeed, every year it is necessary for us to relive the horrors which are Dachau, Treblinka, Warsaw, Auschwitz, Bergen-Belsen—so that it will not happen again.

The bravery and courage which the residents of the Warsaw ghetto exhibited despite the overwhelming odds against them is inspiring. It would be tragic to minimize the sacrifice and victimization which millions endured at the hands of the Nazis. Some critics contend that yearly remembrances of the holocaust are morbid, and self-serving, perpetuating the pain and sadness which are associated with the holocaust.

And yet, the holocaust must be remembered, if only to prevent its happening again and again. We are witnessing the devastation of nations involved in the holocaust of a different kind: Cambodia, Afghanistan, the Vietnamese boat people, the "disappeared" in Argentina. The lessons of the holocaust have been lost to those nations.

The President's Commission on the Holocaust, which was established to study the holocaust and to make recommendations for a course of action which would hopefully prevent a holocaust from reoccurring has recommended that a living memorial be established to perpetuate the memories of the dead. This living memorial of which Elie Weisel spoke so eloquently in the final report of the Holocaust Commission is dedicated to the living—to those who survived the holocaust, and those who are charged with the responsibility for its prevention.

We will take the concept of the living memorial and weave it into the fabric of our lives, continuing to bring the messages of love and compassion to others who have not been touched by the holocaust. We must teach our children that man's inhumanity to man has caused one of the saddest chapters in our own history and that man is capable of the love and compassion that can raise the human spirit to levels heretofore unexplored.

The inspiration that the survivors of the Warsaw ghetto have passed on to us can and will serve as a reminder of the limits of the human soul—how man can survive the torture and degredation of an experience such as this, how man can continue to live and flourish despite the hatred and fear which surrounds him. Some have said that those who perished in the holocaust were the fortunate ones, and those who were fated to go on after 1945 are now living a hell which will not go away. And yet, if it were not for these survivors, the horror of these camps and prisons would not have been told.

Let us join together and pray for our fellow man, leading the way and shattering the darkness which has led man into the holocaust. Together it is possible.●

## ALLARD LOWENSTEIN

### HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 20, 1980*

● Mr. UDALL. Mr. Speaker, not many citizens have left as deep an impression on our country as Al Lowenstein. One salute Al would have especially liked was by Charles Kuralt on the CBS television show "Sunday Morning" last March 23.

Charles Kuralt has developed a reputation for understanding America through his "On the Road" series. Kuralt also understood the importance of Allard Lowenstein to America.

The salute follows:

KURALT. What follows is partly fact and partly opinion. I won't bother to tell you which is which—you can judge that for yourself. I was thinking about that demonstration in Washington yesterday against the idea of draft registration. I come from a generation that never would have demonstrated. Never did. We were called the "silent generation." One who wasn't silent, even in those days, was a rumpled, bespectacled law student named Al Lowenstein.

Al Lowenstein, when I first knew him, was gadfly to the campus of the University of North Carolina. I don't know where he got his sense of justice, but he had a bad case of it. He just couldn't leave things alone. He never stopped being a gadfly to students on campuses across the country—until he was shot and killed a few days ago in his law office. He was—to use an old-fashioned expression—a patriot; that is, he cared for his country above everything else. I wish you could have known him.

Al believed what Jefferson, the agriculturist, would have believed if he had lived to see this complex, technological society of ours. He believed that even in a complex, technological society one man or one woman can make all the difference. Al Lowenstein never settled into the comfortable life of a New York lawyer. He was always too busy organizing for civil rights in Mississippi, discovering decent political candidates and putting together campaigns for them. And talking—talking on the campuses, persuading the silent generation and the student generations that followed to jump right into the midst of the raucous give-and-take of the democratic process. Al Lowenstein had no use for silence. He knew that is how societies decay—silently.

If you seek his epitaph, as they say, look around. A number of political campaigns this year—the Reagan and Kennedy campaigns especially—have relied heavily on students. The Anderson campaign really could not have existed without the involvement of students. The committed young are the main force behind the conservation impulse in America right now—trying to save wild rivers, prevent the killing of whales, prevent nuclear disaster. You don't have to agree with any of this to find it hopeful. Students aren't silent any more. They're talking all the time, marching even. Al Lowenstein would have loved that march yesterday against the draft. He would have disagreed with it, by the way. My memory is that he happened not to believe in draft evasion or avoidance. The Constitution says citizens have the right to petition the government. It doesn't say they have to be right.

Anyway, in a week so full of discouraging news, I thought you might find it encouraging to consider that apparently this generation isn't going to be a silent generation. More young men and women than before seem to care about their country, seem to have the idea that it can become more just and humane, and seem willing to work at it.

Al Lowenstein did more than anybody else to start this, but it doesn't matter so much who started it. What matters is that democracy cannot work in silence. So, when you hear a clamor among the young, it means that from somewhere they have caught the oldest, best idea of America. Gives you hope the thing might last.●

## NATIONAL SECURITY AND THE CENTRAL IDAHO WILDERNESS BILL

### HON. DAN MARRIOTT

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. MARRIOTT. Mr. Speaker, I wish to submit to the CONGRESSIONAL RECORD an article by John Chamberlain which appeared in the Westbury Republican on March 18, 1980, discussing the need for establishing a coherent critical minerals policy. Chamberlain points out the precariousness of some of our supply sources for such critical metals as cobalt, a metal absolutely essential to our Defense Establishment. We import nearly 100 percent of this metal, with 73 percent coming from Zaire and Zambia. Supply disruptions from these two countries are not at all unlikely over the next several years due to the vulnerability of the mines in Zaire and a recent Soviet arms agreement with Zambia where the Soviets gained access to central African mineral resources in return for Zambia's purchase of $85 million in Soviet arms.

There is no reason for this dependency to continue when we have a source of supply of cobalt in this country in the State of Idaho. Unfortunately, this cobalt reserve was included in a proposed wilderness area in the central Idaho wilderness bill, S. 2009, introduced by Senator FRANK CHURCH. But due to the diligent efforts of Congressman STEVE SYMMS with the aid of Congressman JIM SANTINI, this area was released from inclusion within the wilderness boundaries, and the West Panther Creek area will be able to be mined for cobalt under the House bill.

I want to commend Congressman SYMMS for all of his work in this area, for he is one of the few Members who truly understands the relationship between our reliance on foreign sources for critical minerals and our domestic environmental policies, such as the creation of wilderness, which have increased our reliance on these foreign minerals.

It is imperative that the House stand firm on the language which was adopted by the House Interior Committee with regard to the West Panther Creek cobalt region. If we do not begin to mine cobalt in this country, we could experience a supply disruption which would bring our military forces to a standstill within a very short period of time, to say nothing of the devastating effects such a supply cutoff would have on our total economy.

Mr. Chamberlain's article reads as follows:

#### RARE METALS POLICY URGENT

While we are worried about Middle Eastern oil, we may be losing out in the equally important struggle to maintain our access to the rare metals that keep modern industry going.

There is cobalt, for a first instance. Without cobalt, we would be unable to build effective jet aircraft engines, gas turbines and high-speed cutting tools. Practically 100 percent of our cobalt is imported, with 76 percent coming from Zaire, Zambia and South Africa. From Zaire alone we get 55 percent—and it comes from a mine that is menaced from the Cuban-dominated area of Angola.

A few grenades lobbed into the mine would put a real crimp in our advanced alloying technology. The nine percent of cobalt that we get from Canada would hardly be enough to keep the industry going.

It so happens that there is enough cobalt in Idaho to take care of our needs. At current prices the Noranda mining company could make cobalt extraction profitable in a wilderness-designated area of Idaho, but, to date, it has not been able to build the roads necessary to open a mine.

Idaho congressman, Steve Symms, with help from his Nevada colleague Jim Santini, has been on the ball with a bill to delete the so-called West Panther Creek cobalt-bearing acreage from the Central Idaho Wilderness Bill. If Symms is successful in his fight, we can have enough domestic cobalt to last for 50 years.

Beyond cobalt, there are chrome, manganese, platinum and titanium, all of which are "musts" if we are to keep our defense industries going. Chrome comes from South Africa and Rhodesia-Zimbabwe. We have some chrome in Montana, but it is already locked up in a wilderness area. If the new Mugabe majority in Zimbabwe is really neutral (keep your fingers crossed), chrome will keep moving in normal-commercial channels.

But if the Soviets manage to dominate Rhodesia-Zimbabwe, and if our own idiotic policy toward South Africa should succeed in disrupting the country, chrome would be a Russian monopoly. We could also be cut off to a lesser but still significant degree from manganese, vanadium, platinum, gold and uranium.

Then there is titanium, which comes from titanium sponge. It is light, heat resistant, incredibly strong, and it cannot easily be picked up by sensors. Though some titanium comes from Australia, I was told that the Soviets practically control the titanium sponge market. On a recent tour of the Lockheed aircraft plants in Southern California, I noticed the titanium strips that were being used to hold aluminum panels together in the new fuselage of the new Lockheed L-1011 plane. The conversation about titanium took an ominous turn.

The Soviets aren't letting us have titanium, even for $90 a pound. They are keeping it for their new titanium submarines, which can lurk off the North Atlantic American coast without fear of detection. We could develop titanium sands in Florida, Arkansas and Oklahoma, but dredging laws interfere. Meanwhile, the United States must continue to build submarines of steel, which can be detected magnetically.

Back in 1940, pursuing Bernard Baruch's "preclusive buying" policy, Will Clayton, the eminent Houston cotton broker who became the real formulator of the Marshall Plan, was put in charge of critical stockpiling.

He set about to bring graphite from Madagascar that was needed for radios on planes and ships. This involved running the blockade of German submarines. It was a foretaste of what will happen if and when the Soviets try to interrupt our oil and rare metals routes to and around Cape Town at the tip of South Africa.

Clayton, an apt pupil of Baruch, paid up to $15,000 a ton for Portuguese tungsten just to keep it from falling into the hands of the Nazis. At the time tungsten from Bolivia was selling at $1,500 a ton.

There is no possibility today of bidding chrome, cobalt and titanium away from the Soviets. The Russians have their own minerals. But we do need some cranny stockpiling. Congressman Symms says that we should have some 85 million pounds of strategic minerals in our stockpile reserve. Currently we have only 40.0 million pounds.

Where, in Jimmy Carter's emasculated Democratic Party, are our latter-day Claytons and Baruchs? Have they all been purged in the McGovernite years?●

## THE KERALA MASSACRE

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## HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. DORNAN. Mr. Speaker, I would like to call every Member's attention to a gross violation of human rights in northeastern Afghanistan. It concerns a Soviet slaughter of over 1,100 Afghan men and boys in the village of Kerala last April. This latest, heinous crime is especially notable, in light of revelations concerning the Soviet use of poison gas in Afghanistan. Ritualistically, Moscow has explained this incident away as nothing more than journalistic libel.

This horror cannot help but remind us of the intentional Nazi massacre of the Czech village of Lidice in 1942 or the Katyn Forest massacre in 1940. Incidents such as these cannot go unnoticed. I urge my colleagues to read the following article from the San Diego Union concerning this recent Soviet atrocity:

### REMEMBER THE KERALA MASSACRE

Despite the worldwide furor over the Soviet invasion of Afghanistan, the superior military strength of the Russians seems to assure that they'll get away with it. What they should not get away with, however, is the Kerala massacre.

One April 10, 1979, Afghan troops commanded by Soviet military advisers machine-gunned an estimated 1,170 men and boys in the village of Kerala in northeastern Afghanistan. In sheer numbers this rivals the deliberate slaughter of civilians when the Nazis wiped out the Czech village of Lidice in 1942.

Moscow should not be allowed to slough off accounts of the Kerala massacre as an American-inspired libel. Although the story was first reported in a dispatch by Edward Girardet to the Christian Science Monitor, correspondents from other countries have filed similar accounts. They have talked to eyewitnesses now scattered several hundred miles apart who agree on details but could not have coordinated their stories.

The crime of Kerala's townspeople was to be sympathetic to rebels fighting the pro-Soviet Afghan government from refuges in the nearby mountains. After women and children were herded into a mosque, all males ranging in age down to boys in their early teens were gathered together and told to shout pro-Communist slogans. Instead, they shouted a praise to Allah. On the orders of a Russian officer, say the survivors, the troops opened fire. The bodies were plowed into a nearby field.

The Lidice massacre inspired outrage against the Nazis 38 years ago. The Kerala massacre so far has inspired only a pro forma denial from Tass. Where is the International Red Cross? Where is the United Nations Commission on Human Rights?

There are survivors of Kerala now in Pakistan refugee camps who can testify to this atrocity. Are the Russians going to get away with it?●

## FEDERAL LAND: CURE FOR THE OPEC DISEASE

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## HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. HYDE. Mr. Speaker, one of the most thoughtful and dynamic advocates of the free enterprise system in our Nation is Mr. Dennis Bass of Chicago, Ill. His views on land use and energy are worth the careful study of my colleagues, and I share them herewith:

### FEDERAL LAND: THE CURE FOR THE OPEC DISEASE

The free enterprise system and the principles on which this country was created have been steadily eroded by the imposition of an artificial economics which has resulted in a restraint of trade in opposition to the economic productivity that made the United States economy the envy of the world.

The efficient use of our country's natural resources can and must be used to relieve the tax burden of our people. The recent and dramatic imbalance in our economy has demonstrated the futility of our dependence upon monetary printing presses.

It is my goal to suggest a viable alternative to our country's declining productivity.

In the past few months this Administration has attempted to cure our seemingly endless inflationary/recessionary cycle—our economic disease—by instituting an unprecedented number of artificial credit curbs upon the private sector through the use of the powers of the Federal Reserve Board. As a result, the availability of "hard dollars"—funds formerly used for the purchase of homes and business equipment and investments in job-producing industries—has been dramatically reduced so that the government can continue its deficit spending of the "soft dollars" of increased national debt created by our printing press economy.

A simple demonstration of the futility of this approach lies in an examination of the dollar relative to the franc, mark or pound. In the past year, the exchange rates have not changed significantly, but the unprecedented increase in our interest rates has nearly doubled the yield available to foreign investors which, in effect, cuts the value of our productive assets in half relative to foreign currencies.

The net result of this policy has been to make our country's assets vulnerable to an excessive influx of foreign capital through the restraint of trade and restraint of lending by our own Federal Reserve Board using the banks as their unwilling instruments. In so doing, we have opened up Pandora's box by encouraging foreign investors to purchase our productive assets. In this way, we are asking our people to subserve themselves to foreign economic intervention by selling much of our future productivity to pay for yesterday's and today's fiscal mismanagement. These policies certainly do little to dispell America's image as a listless paper tiger.

The American people, in my opinion, will not sit back and allow another 1929 to occur when their children and families were hard-pressed for the life items of food and clothing while others capitalized on their misfortunes. It is obvious that the danger signals are evident and we must look to our past to determine how we might re-institute the pioneer spirit which led this great land of ours to prominence.

In Oklahoma in the 1890's the Federal Government opened the land to the people who converted once-barren assets into thriving farms, businesses and cities producing valuable goods and services for themselves and their nation.

The government created the opportunity. It was the people, however, who seized the opportunity and made the land productive. It was the pioneers' spirit that made it happen.

I will try to keep my proposal as simple as possible. The Federal government owns in excess of 700 million acres which represents over 34 percent of the entire land area of the U.S. Let us create a program similar to the Oklahoma land rush that would allow 15 percent of this land approximately 100 million acres, to become available to the people for agriculture, mineral and energy purposes.

A public-benefit corporate authority should be set up to administer a program of land leases for our citizens.

This corporate authority should have a seven member board, appointed for overlapping terms by the President with the consent of the Senate, with two members from government, two from labor, two from the private sector and a chairman elected by the majority vote of the other six.

The land could be divided, depending upon its type of use, into 160 acre to 1,000 acre increments and by lease be made available to those individuals requesting to be part of the pioneer program. The government, through the corporation whose taxable profits would go directly to the U.S. Treasury, could set up a $10 per acre, per month lease—with a participation in a percentage of the profits, similar to what is done in the shopping center industry.

At some point the lessees should have an option to convert their leases into outright purchases of the land, thereby taking away the "indenture" concept and creating additional land ownership for the American people.

What will become of the $10 per acre per month rent? The answer is to apply economic principles used in every city government in America. In this case, a $120 per year, per acre lease times 100 million acres would result in an annual income of $12 billion against which a tax free bond could generate $120 billion in capital using the hypothecation of the potential income in the same manner as real estate tax revenues are often hypothecated to create re-development agencies and allow them to fund.

The $120 billion could be utilized to produce roads, water, irrigation and capital for loans to the lessees, similar to the small Business Administration concept, for the purchase of equipment to turn the land into a productive asset. Among the industries which will be stimulated through this program are:

1. Manufacturers of farming equipment, construction equipment, etc.;
2. Fertilizer companies;
3. Heavy road construction;
4. The trucking industry;
5. The building construction industry; and
6. Railroads.

This 120 billion dollars could be considered "hard dollars" utilized to create production instead of a redistribution of "soft dollars" that produces nothing except additional overhead at the taxpayer's expense and, perhaps, at the expense of our society's freedom.

What other uses are available for the land? Energy can be available from land which is considered too difficult for agricultural purposes through solar energy collection or dams, or those uses affiliated with energy that are non-dependent upon oil.

We have the technology to determine today which areas have a high likelihood of mineral deposits—be it coal, oil, copper, or others. Let us make opportunities available to people, where engineering reports determine the feasibility of minerals recovery—not to the existing corporations that dominate the field, but to new, independent producers. This would give them opportunities to have a life that is dependent upon their own initiative, resourcefulness and willingness to work.

We are under-utilizing one of our greatest national assets—the millions of acres of non-productive land now in Federal ownership. We simply can no longer afford the blind luxury of allowing these treasures to lie fallow while we wring our hands, listen to the voices of doom and allow ourselves to be convinced by those of faint heart that we have no choice but to do with less.

Well, less is not better. If we are to provide job opportunities for the young, especially the minority young, we must have an expanding economy, not a contracting one. We must have expanding production of energy, not less. And we must increasingly be able to produce all the energy we need from the assets—the treasures—that lie within our own borders. Let us stop listening to the naysayers and start saying to ourselves again—we can do it.

We already produce all the food crops that we can use, and more. Our farm productivity helps to feed much of the world, and what is left over is purchased by the people through taxes and stored away for another day. Our ability to maximize the crop potential of our land is the envy of the world.

Everything that grows can be made to provide our liquid energy feed-stock on an inexhaustible basis. That liquid energy feedstock, purely and simply, is alcohol. It is a simple hydrocarbon from which we can make gasoline, fuel oil, diesel fuel and jet fuel.

And the advantage of alcohol derived from crops is that it depletes no resources. It is a revolving, repetitive never-ending resource. It never gives out.

Consider for a moment the vast, unproductive land mass in Federal ownership. A large percentage of that wasted asset could be producing wealth for us if it were to be planted in crops and trees of high alcohol potential under a careful, intelligent, managed system of production affording never-ending harvest to be transformed into alcohol and then into other liquid fuels.

One hundred years ago, oil was called "liquid gold." As it stands today, the liquid gold of the OPEC cartel is draining away our national wealth, and what remains of our solid gold is falling into the hands of others, which they then use to purchase our land, our buildings, and our companies at a discount.

We must begin to think of alcohol as our new "liquid gold." Conversion of idle federal lands to productive, high alcohol potential crops and trees can, over time, reduce significantly our dependence upon, and addiction to, OPEC oil. This enormous untapped source of energy, in combination with conservation and the intelligent, rational, consistent development of other energy resources within our borders, can give us back the economic freedom that we have lost.

There are additional benefits to be derived from increasing reliance upon current crops for our energy needs. The first requires us to consider that the energy locked into oil and coal represents energy captured from the heat of the sun millions of years ago. The carbon in oil and coal was extracted from carbon dioxide in the air during the years when the deposits were being formed. Now, in the modern day, when we burn those fuels we release back into the atmosphere enormous amount of carbon dioxide—more than is being taken out of the atmosphere by growing plants. The inevitable result is that the concentration of carbon dioxide in the air is constantly increasing, causing a "greenhouse effect" that gradually elevates the average air temperature. This, in turn, threatens accelerated melting of polar ice, consequent elevated levels of the oceans, and inundation of our low-lying coastal areas.

If, however, much of our energy were to be derived from alcohol derived from crops, the net increase in atmospheric carbon dioxide would decelerate. The time span between lockup of atmospheric carbon dioxide into growing plants, and its release back into the atmosphere through combustion of liquid fuels, would be reduced to a year or two for farm-type crops and to 40 or 50 years for trees. The lockup and subsequent release of carbon dioxide would tend to balance. The cycle would be immensely shortened.

A second benefit from extensive planting of idle land would be reduced erosion of top soils. This is the essence of conservation.

What I am suggesting is a return to the pioneers' spirit of self-reliance. We have been brought up short by the massive price increases administered to our country by the OPEC cartel. We have no rational choice but to revive the pioneers' spirit of self-reliance, recognize the untold value of the untapped energy potential that lies right here in our own country, and begin to take action now.

It won't be easy, fast, or cheap. No worthwhile program is. We need to regain control over our own energy destiny. We can do anything if we set our collective national mind to it, find again the spirit that we had forgotten, and firmly determine to make it happen.

Let us find within us the faith, the courage, the hope, the grit, and the determination of our early settlers. Let us be the New Americans, and let us start right now.●

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## JAMES CENNAMI

## HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. MAVROULES. Mr. Speaker, the occasions are all too few and far between when ordinary citizens rise above the anonymity of everyday life and take matters into their own hands. Mr. James Cennami, a resident of Lynn, Mass., is one of those people.

On April 23, 1979, Mr. Cennami was in his home when he and a friend were informed by a small boy who knocked on his door that his sister had stopped breathing. Immediately, Mr. Cennami rushed to the scene and called an ambulance. During the interim, my distinguished constituent applied the aid necessary in sustaining the life of the 4-year-olds' life.

For his courageous, selfless accomplishment, Mr. Cennami received something that cannot be described in terms of awards or commendations—for what greater reward is there than the satisfaction of saving a human life. I am extremely proud and honored to represent James Cennami and would like to take this opportunity to praise the Red Cross and other emergency training organizations that have trained our now unveiled hero.●

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## DON'T BET ON IT

### HON. JOHN N. ERLENBORN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. ERLENBORN. Mr. Speaker, the dominant market position once held by the U.S. automobile manufacturers, both at home and abroad, is rapidly slipping from their grasp. The most recent statistics indicate that one out of every four cars currently sold in America is a foreign model.

Predictably, this decline has prompted protectionistic cries from our auto industry and key labor officials.

Legislation imposing new surcharges, higher tariffs, or import quotas is not the answer. The Federal Government cannot make the American automobile industry strong again by shutting out foreign competition.

U.S. automakers are fully capable of reviving themselves so long as free market forces are allowed to function without further Federal interference.

The proper role for the Federal Government to assume in this instance is pointedly described in the following editorial which appeared in the Naperville Sun, a local paper in my district:

DON'T BET ON IT

A story in Monday's New York Times perfectly illustrates what is wrong with the federal government's way of thinking.

The article relates that the government is sufficiently alarmed over financial problems being undergone by the U.S. automobile industry that it is starting to ease up on federal restrictions on the industry and is looking for ways to extend government help to the auto makers.

The United States government has spent a great many years, and many millions of taxpayers' dollars, regulating the automobile industry by mandating the way automobiles have to be built for safety reasons and for reasons of increased fuel economy.

Now, the pendulum has swung the other way, and when the auto industry is in trouble—indeed, the Chrysler Corporation is on the verge of going under—Uncle Sam is suddenly concerned about the impact of its regulations and wants to spend more tens of millions of dollars, in an attempt to help the auto companies.

The Carter administration is now looking at ways to use tax dollars to help the auto industry finance engineering research, as well as modifying its fuel-efficiency and emission standards requirements to help the industry stay afloat. Additionally, the House Ways and Means Committee has held a series of hearings to determine if higher trade barriers are necessary to protect the U.S. automobile industry from competition from its Japanese counterpart.

All of this brings us to one central point—the best thing for the federal government to do in regard to regulating and/or "helping" the auto industry, or any other industry for that matter, is exactly nothing.

The government's role vis-a-vis the Detroit auto makers has been to first push them to the brink, and then to attempt to pull them back from it.

It is if one were to hold a man's head under water for several minutes, and then give him artificial respiration to save him from drowning.

If nothing else, this episode may help the U.S. Congress and administration to finally realize that the free enterprise system operates best when it is left alone. The U.S. should be neither regulating nor subsidizing businesses.

One would hope that the federal government might get the message.

But don't bet on it!●

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## SUPPORT FOR HOUSE JOINT RESOLUTION 470

### HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. HARRIS. Mr. Speaker, I would like to voice my earnest support for House Joint Resolution 470, to authorize and request the President to issue a proclamation designating June 27, 1980, as "Helen Keller Day."

This resolution is most appropriate and timely, inasmuch as 1981 has been designated as the "International Year of Disabled Persons." For over half a century, Helen Keller's achievements have been a worldwide inspiration to all handicapped persons. She approached the Lions Clubs of America, a service organization established in 1917, and asked them to help enhance the awareness of the problems faced by the handicapped. The Lions Club, which is now a worldwide organization, has been instrumental in pursuing economic, as well as cultural and societal opportunities, for all deaf and blind persons.

The Lions Club, whose creed is "helping those less fortunate," has initiated programs for the education and rehabilitation of blind and deaf persons by providing eyeglasses, eye tests, hearing aids, and scholarships. The spirit of Helen Keller will endure as long as service organizations, such as the Lions Club, continue to advance and improve the conditions of blind and deaf persons throughout the world. I urge my colleagues to support this notable resolution.●

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## MYTHS ABOUT SOVIET DEFENSE SPENDING

### HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. STARK. Mr. Speaker, another knowledgeable voice has spoken out concerning the widely used CIA estimates of Soviet military spending. In the April-May 1980 issue of Just for the Press, a publication edited by Carl Marcy for the American Committee on East-West Accord, Arthur Macy Cox points out the weaknesses of the methodology used in establishing the CIA Russian spending figures and how the results are misused.

I have expressed my concerns about these "guesstimates" previously—see the February 6, 1980, CONGRESSIONAL RECORD at page 2227. There, James J. Treires of the Center for Defense Information persuasively argues that the CIA figures are misleading.

Mr. Cox effectively makes similar points, and they continue to persuade me. In my continuing effort to bring to the debate over U.S. military spending some of the voices counseling moderation and cost consciousness, I introduce into the RECORD at this point Mr. Cox's article:

MYTHS ABOUT SOVIET DEFENSE SPENDING

(By Arthur Macy Cox)

The five percent increase in the United States defense budget was adopted by the Carter Administration long before the Soviet invasion of Afghanistan. A majority of Congress has been clamoring for such an increase since last summer. One of the most compelling arguments used for the increase has been C.I.A. estimates which say that the Soviets are outspending the U.S. for defense by a huge and ever growing margin. The methodology used by the C.I.A., and the presentation of the results of that methodology, have resulted in a grossly distorted and inaccurate perception of Soviet defense spending. At a time when inflation has become one of the greatest perils of U.S. national security, the Administration's handling of these C.I.A. studies has not been helpful.

The C.I.A. estimate comparing the dollar cost of Soviet and U.S. defense activities published in January 1980 says that "in 1979 the Soviet total was about $165 billion, nearly 50 percent higher than the U.S. outlay of $108 billion." The C.I.A. also says that "if uniformed personnel costs are excluded from both sides, the estimated dollar costs of Soviet defense activities exceed U.S. outlays in 1979 by about 40 percent." Those are stark and dramatic figures. Most members of the Congress who have read them are persuaded that the Soviets already have achieved, or soon will achieve, military superiority over the United States. It has not been difficult for advocates of large increases in U.S. defense spending to make a persuasive case with the evidence provided by the C.I.A.

There are two fundamental reasons for challenging the C.I.A. estimates as a basis for defense planning: the first is the very dubious methodology used by the C.I.A.; and the second is the number of inadequately explained adjustments and inconsistencies which have appeared in the estimates during the last several years. In fairness, it should be stated that several C.I.A. Directors have cautioned against too much reliance on the accuracy of the comparative defense figures. Despite this, the estimates have been given progressively more attention by Congress, especially when the defense budget is under consideration. The Executive Branch has done very little to correct the false view held by most of the members of Congress. This may not be dishonest, but it is certainly irresponsible.

The C.I.A. does not have precise information about the Soviet military budget because the data are secret, and many components are hidden in other parts of the overall published budget. The C.I.A., therefore, makes what it hopes is a well-informed guess. The technique used for estimating Soviet defense costs in dollars is to multiply the components of the Soviet military and their support by estimates of what they would cost in the United States at U.S. dollar prices. The C.I.A. also makes an admittedly much rougher estimate of Soviet defense spending in rubles, which is always 10 to 20 percent less than the dollar figure.

The U.S. government publication entitled, "World Military Expenditures and Arms Transfers", published in 1979, had this to say about the methodology: ". . . estimates of actual Soviet military outlays make these estimates the largest potential source of error in any analysis of world military expenditures. Estimates of Soviet military spending . . . particularly in dollar terms, present extraordinary difficulties. There are, moreover, wide differences among Western estimates of Soviet military spending stemming from variations in the methodologies and assumptions to construct the estimates." It concludes that estimates in dollars "probably overstate the relative size of Soviet military expenditures compared to the military spending of the United States . . . These estimates may not be the best answer to the question: What single evaluation of Soviet military spending yields an evenhanded comparison of U.S. spending?" That is a rather timid way of saying that the method provides distorted and unreliable results.

The C.I.A. says that "we place our highest confidence in the estimate of personnel costs, which comprises about 35 percent of the total estimated dollar cost of Soviet defense activities for the 1968-1978 period. These manpower costs are obtained by applying U.S. factors for pay and allowances to estimates of Soviet military manpower." It is ironic that the personnel costs should be called the most reliable part of the C.I.A. estimate since these costs inevitably provide the most distorted basis for comparison of the U.S. and Soviet defense budgets. The reason that this is so is that the U.S. has an all-volunteer force with high rates of pay, allowances and rations. The Soviet forces are drafted and receive pay and allowances about 20 percent of the U.S. rate. The U.S. has about 2.1 million military personnel, while the Soviets have about 4.3 million. Obviously, if the Soviet totals are multiplied by U.S. pay rates the result is a gross exaggeration of actual Soviet costs.

In fact, it is surprising that the C.I.A., using this costing method, arrives at a manpower figure of only 35 percent of total defense expenditures in dollars. The U.S. manpower figure is about 55 percent of the total, which includes over 9 percent for military retired pay. Thus, manpower accounts for, at least, 45 percent of the U.S. defense budget. Since the Soviet manpower is more than twice that of the U.S., it could be expected that the Soviet figure would be more than 35 percent of the total since U.S. rates of pay and allowances are being used to cost Soviet manpower.

The C.I.A. methodology inevitably makes Soviet defense spending appear larger than it actually is. Furthermore, there are unexplained discrepancies in the actual estimates that have been made, even while using this same formula. In 1974 and 1975, the C.I.A. told the Congress that the Soviet military expenditures were about 20 percent higher than the U.S. in terms of dollars and about 10 percent higher in terms of rubles. The C.I.A. said that the Soviets were spending between 6 and 8 percent of the GNP for defense during those years.

But then, suddenly, in 1976 the C.I.A. discovered that Soviet defense spending was 40 percent higher than the U.S. and that the Soviets were spending between 11 and 13 percent of their GNP for defenses. It is probably coincidental that those revisions appeared during the period when the so-called "Team B" was challenging the C.I.A. Soviet estimates, and during an election campaign. However, the substantial increase discovered in 1976 has never been adequately explained.

Here is what the C.I.A. had to say in 1976: "The new estimate of the share of defense in the Soviet GNP is almost twice as high as the 6-8 percent previously estimated. This does not mean that the impact of defense programs on the Soviet economy has increased—only that our appreciation of this impact has changed. It also implies that Soviet defense industries are far less efficient than formerly believed." (Emphasis added.) But the press and the Congress did not read this. They read the headlines which said: "CIA Doubles Estimate of Soviet Defense Expending." How ironic that a C.I.A. discovery that Soviet defense industries "are far less efficient than formerly believed," should become the basis for justifying increased U.S. defense spending.

The C.I.A. may have found it desirable to make adjustments in its interpretations of data or its methodology, but there was certainly no basis for allowing Congress to believe that the Soviets had made a vast increase in their defense spending. Here is what was said in the C.I.A. estimates of the Soviet economy for 1976-1977, published in August 1978: "During 1976 (the year of the Team B report) estimated Soviet defense spending in constant rubles grew at an average annual rate of 3 to 4 percent. Although this pace is slightly below the average growth of 4 to 5 percent of the past decade, it does not signal a major policy shift, nor is it related to economic difficulties. Rather, it reflects the fact that several major weapons procurement programs, such as the II-class SLBM program and tactical fighter aircraft programs, are winding down." In other words, Soviet defense spending, instead of surging ahead, was slowing down.

The 1979 C.I.A. estimate says: "Estimated in constant dollars, Soviet defense activities increased at an average of 3 percent . . . for the 1968-1978 period." Soviet defense spending has increased a small amount each year but there have been no periods of dramatic expansion as claimed by the advocates of major U.S. defense increases. It is impossible to state how much more or less than the U.S. the U.S.S.R. is spending for defense, but if a more realistic basis for costing Soviet defense personnel were used, Soviet expenditures would probably be close to those of the United States.

In view of these facts the difference between the C.I.A. estimate published in 1979 and the new 1980 version is extraordinary. In 1979 C.I.A. said that in 1978 the Soviet total was about $146 billion, and that if uniformed personnel were excluded for both sides, the estimated dollar costs of "Soviet defense activities exceed U.S. outlays in 1978 by about 25 percent." But in January 1980 C.I.A. said the Soviet defense budget had grown from $146 billion to $165 billion, or a whopping 13 percent increase in one year. Furthermore, C.I.A. said that if uniformed personnel were excluded "the Soviet defense activities exceed U.S. outlays by 40 percent", or an even more whopping 15 percent increase over the previous year's figure.

At the end of the C.I.A. study there is the following statement: "This year's estimate of the dollar cost of Soviet defense activities for 1978 is about 9 percent higher than the estimate for that year in last year's publication. Almost all of the 9 percent difference is the result of changing from a 1978 to a 1979 price base. The refinements made since our last report in our assessments of Soviet defense activities and their costs for the year 1978 have resulted in no appreciable change in our estimate." In other words, since U.S. inflation rates are applied to former and present estimates. Soviet defense spending appears to be increasing at gargantuan rates. None of the press stories reported this. But they all had headlines like that in the New York Times: "C.I.A. Finds Soviet's Arms Outlays Lead U.S. by 50 percent".

From the standpoint of weighing the essential defense burden of the U.S. and the U.S.S.R. there are several factors that should be given much greater emphasis when the Executive Branch is presenting the facts to Congress. The first is the great difference between the defense contribution made by the European allies of the U.S. and the Warsaw Pact allies of the Soviet Union. In 1978 the European NATO members expended $75 billion for defense and France, a non-NATO ally, spent $16 billion—a total of $91 billion. The Warsaw Pact members, other than the U.S.S.R., expended $23 billion, or one-fourth of the defense spending of our European allies.

Perhaps even more important in weighing the relative defense burdens is the cost shouldered by the U.S.S.R. in defending against China. The U.S. Defense Department says: "at least 22 percent of the increase in the Soviet defense budget during these 13 years (1964-1977) has been attributed to the build-up in the Far East. . . . The high construction costs in Siberia suggest that the intelligence estimates may understate the cost of the Soviet build-up in the Far East substantially." In addition, according to the Defense Department, the Soviets, "station as much as 25 percent of their ground forces and tactical air power on their border with China.

The Soviet burden of defense against China comes more sharply into focus when note is made of the fact that the Soviets have 44 divisions facing China and 31 divisions facing NATO. Of the 31 divisions in Central Europe, 4 are standing guard in Hungary and 5 have remained in Czechoslovakia since the invasion of that country in 1968. In other words, there are about twice as many more divisions committed to the China front as to the West German front. Furthermore, the U.S. does not have to match the Soviet forces facing China. Those forces are at the end of a long and tenuous line of communication that can be severed, in time of war, by missile strikes. These are not forces that can be readily transferred to combat in a European war.

Thus, if the NATO and China factors are included in the equation of relative defense burdens, even using the inflated C.I.A. figure, the Soviet total committed against the U.S. and its allies would be only 75 percent of the U.S. figure. In real terms, the Soviet outlays confronting the U.S. and its allies is probably considerably less than that.

The greatest misperception about Soviet defense spending is in the strategic sector. This has occurred because the Committee on the Present Danger and like-minded organizations have asserted that the Soviets have been conducting a massive strategic build-up, especially since 1975. Here is what the C.I.A. says: "The Strategic Rocket Forces received the smallest share of investment and operating spending among the five (military) services. Spending for the SRF was primarily determined by deployment cycles for ICBM's and fluctuated more than for any other service. By the end of the ten-year period (1967-1977) spending for the service was only slightly higher than in 1967. Spending for intercontinental attack forces subject to SALT II limitation constituted a little over 10 percent of total defense spending and grew at a slower pace than total."

According to the 1979 C.I.A. report, "the estimated dollar cost of Soviet (military) investment programs was fairly constant during the early 1970's, rose in the mid-1970's, and declined slightly in 1978."

Thus, the ICBM force received the smallest share of the Soviet defense budget.

Spending for strategic weapons was only slightly higher than in 1967, and overall investment in military hardware declined slightly. These are the facts, but Congress has a very different impression, because the facts have not been interpreted and placed in context. Unless the facts are carefully laid out, Congress—like the public—receives false impressions from the shortcuts of the headlines and the distortions of the advocates.

Here then are the facts about Soviet defense spending:

(1) C.I.A. costing of Soviet defense in U.S. dollars is a poor methodology for weighing comparative U.S.-Soviet defense burdens and strengths. If Soviet defense against China is included in the assessment, the Soviet-Warsaw Pact defense budget is less than 75 percent of the U.S.-NATO budget.

(2) The Soviet Union has not had any sudden or large scale build-up in defense programs during the past ten years. Soviet spending in constant dollars has been steadily increasing at about 3 percent a year.

(3) Soviet spending for strategic weapons has grown at a slower pace than the other components of the defense budget.

(4) In 1976 the C.I.A. changed its estimate of the proportion of the Soviet GNP expended for defense from 6-8 percent to 11-13 percent. This upward adjustment was made, not because of proportionate increases in Soviet defense spending, but rather, because the C.I.A. concluded that Soviet productivity in the defense sector was *less* efficient than previously believed.●

## UKRAINIAN SPIRIT LIVES ON

### HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. FORSYTHE. Mr. Speaker, while Ukrainian Independence Day is celebrated on January 24, it is important that we recognize the dauntless Ukrainian spirit throughout the year. Despite more than 60 years of Moscow's unyielding efforts to quell the opposition movements, the spirit of the Ukrainians to gain genuine independence from Moscow remains fervid today.

This decade, thousands of Ukrainian nationalists make up the dissident roll and are now incarcerated in Russian labor camps and psychiatric hospitals.

The history of the Ukrainian independence movement and, more recently, the invasion by the Soviet Union into Afghanistan underscores the need for a reaffirmation, internationally, of a primary principle of international law: each nation-state is a sovereign entity. One nation's forceful control over another is one of the most debilitating acts possible against the peace and stability of the existing international order. Such acts are as intolerable today as they have always been in the free world. The spirit of the Ukrainians serves as an example to all of us that we have a responsibility to protect our own freedom, as well as the freedom of other peoples.●

## HELPING SMALL BUSINESS

### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. HAMILTON. Mr. Speaker, I insert my Washington Report for Wednesday, April 2, 1980, into the CONGRESSIONAL RECORD:

A swing through any community in Southern Indiana will impress upon the visitor the importance of small businesses: They are, in a word, essential to the well-being and vitality of the community. Their role in Indiana is only a small part of their role in the nation. Ten million small businesses in the United States today constitute 97 percent of all non-farm businesses in existence. Small firms generate 43 percent of the gross national product, employ 58 percent of the business workforce, and serve as the main creators of new jobs and innovation in the economy. Because of the importance of small businesses, I am supporting several measures to assist them.

PAPERWORK REDUCTION

The nation's small businesses take more than 775 million man-hours to fill out about 850 million pages of government forms every year. It costs them $13 billion annually to comply with federal paperwork requirements, an average of $1,270 per business. A bill recently approved by the House would establish a special office to reduce paperwork by giving overall direction to the government's information policies. Any proposal by an agency to collect information from the public would have to be sanctioned by the office and would not be renewed after three years unless still shown to be necessary. The office would not sanction proposals if the information to be collected was already in the possession of the government.

REGULATORY REFORM

The regulatory costs faced by all businesses have been estimated to be more than $100 billion in 1979. Small firms pay a disproportionate share of the costs because they are labor-intensive. Several bills address the problem of overregulation. One bill, a "sunset" measure, would require that all federal programs be reviewed at least once every ten years. A program would be terminated automatically unless reauthorized by Congress. Another bill, the "congressional veto," would allow Congress to examine proposed regulations and then reject them if they appeared to be excessive. Yet another bill would demand that agencies analyze the economic impact of a proposed regulation to see whether its benefits outweighed its costs. Further legislation pending in Congress would have agencies notify small businesses six months in advance of new regulations that might affect them. It would also request that the agencies consider various ways to diminish any adverse impact the regulations might have on small businesses. Finally, there is a bill to let small firms recover court costs if they are successful in contesting unfair regulations or citations.

INNOVATION

Small firms receive only 3 percent of the $30-billion federal research and development budget. Moreover, small businesses making discoveries as a result of federally supported research must now surrender commercial rights to the government, a requirement that has contributed to a steady decline in patents granted to American inventors. Pending legislation aimed at this problem would require the award of more research and development contracts to small businesses, allow small businesses to retain (in certain circumstances) commercial rights on inventions made under federally supported research, and provide small businesses with tax incentives to invest in research and development.

PRODUCT LIABILITY

The rising cost of product liability insurance has placed a heavy burden on many small firms. The anticipated downswing in insurance underwriting profits in 1980 could exacerbate the problem. A bill recently passed by the House would allow manufacturers and sellers either to purchase product liability insurance in groups or to insure themselves by pooling all or part of their product liability risk. Another bill would permit companies to establish tax-free reserves against future product liability losses.

TAX INCENTIVES

Finding adequate capital is a persistent problem for small businesses because many of the sources of capital used during the 1970s have dried up. One solution is for small firms to retain more earnings, and several measures would provide the appropriate tax incentives. A bill gaining support in the House would permit businesses to accelerate depreciation on plant and equipment, thus increasing their deductions. Provisions of another bill would provide for the tax-free "roll-over" of a small business if all the profits from its sale were reinvested in another small business within 18 months. Last session Congress passed a $3.8-billion tax cut with graduated rates for small firms, and this session bills for an even more graduated rate scale have been introduced.

SUBMINIMUM WAGE

Increases in the minimum wage have priced many low-skilled workers out of the labor market. Youth unemployment is a special problem today, and studies have shown that youth unemployment rises as the minimum wage rises. A pending bill would create a subminimum wage (85 percent of the minimum) for young people aged 19 years or less during the first year of their employment. It would enable small firms to hire more of these younger workers. Also, it would help younger workers obtain valuable experience on the job.

FEDERAL PROCUREMENT

Each year the federal government, the world's largest customer, spends nearly $100 billion in more than 15 million contract actions to procure goods and services. Unfortunately, small businesses receive less than one-fourth of this total. At least two bills being considered in Congress would eliminate many of the unfair procedural advantages enjoyed by large businesses in bidding for federal contracts.●

## TRIBUTE TO M. MURRAY FIBUS

### HON. LYLE WILLIAMS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. WILLIAMS of Ohio. Mr. Speaker, it is a pleasure to pay tribute to my friend, M. Murray Fibus, of Youngstown, who will be honored on Thursday, April 17, at a testimonial dinner on the occasion of his being selected as the recipient of the City of Hope's "Spirit of Life Award" for his many years of outstanding contributions to society.

Murray is being recognized for his more than 40 years of distinguished service and humanitarian efforts in behalf of his community and the State of Ohio.

He is active in numerous community clubs and organizations and has voluntarily given his time to further the many charitable causes which he supports. Murray's realization of the importance of public service and his many contributions to his community and the entire 19th Congressional District of Ohio has long been a great asset to all of us.

Murray Fibus is known to many of my colleagues as the president of the Steel City Corp., which he first founded as the Steel City Manufacturing Co. many years ago. He also has a nationwide reputation for his dedication and hard work as a trustee of the National Small Business Association.

Mr. Speaker, I ask you and my colleagues in the U.S. House of Representatives to join me in congratulating Murray for all he has done and to say that the human qualities he possesses are an inspiration to all of us.●

## ARMY PROFICIENCY LOW

### HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. BEARD of Tennessee. Mr. Speaker, 3 years ago, I commissioned a study of the All-Volunteer Force to evaluate the state of our military preparedness. The findings revealed the quantity and quality of soldiers in the AVF was not as high as we had been led to believe.

The Department of Defense has recently admitted that the quality of today's recruits is not as high as claimed last year; and, the results of the skills qualification test for the past 3 years indicate that, in some cases, our troops do not know, or cannot remember, how to operate and repair the sophisticated weaponry with which they have been entrusted.

These are very critical problems, and they cannot be ignored any longer. In an attempt to create a proper forum for congressional action on this important issue, I have introduced House Concurrent Resolution 57, which would establish a joint select committee to study the problems of the All-Volunteer Force and to make legislative changes to correct the shortcomings of the present system.

I am submitting a copy of an article which recently appeared in the Washington Star, entitled "GI's Proficiency at Low Level, New Study Says," which I feel should be given careful consideration by the Members of this House:

[From the Washington Star, Feb. 3, 1980]

### GIs' Proficiency At Low Level, New Study Says

(By John J. Fialka)

An unreleased Army study, probably the most comprehensive survey ever taken of the fighting quality of the all-volunteer Army, concludes that "the overall level of much Army training and proficiency may be low."

The study shows that, while Congress and the Pentagon are in the process of buying and fielding some $61 billion of supersophisticated new equipment, Army units in the field are having severe difficulty learning to maintain and accurately fire the tanks and air defense systems they have.

A major part of the problem, according to the 12-volume study—which cost $300,000 and took two years to complete—is that the intelligence level of many of the crew members manning tanks and air defense systems may be too low to operate them at the Army's standards for combat-ready performance.

The study, called the "Army Training Study," concludes that the crews are unable to remember or retain knowledge learned in basic training once they reach the field. "The only demographic variable significantly related to retention," the study adds, "was mental category."

The survey directly contradicts many of the basic assumptions of the supposedly "professional" all-volunteer Army. The problem in the field, it states, is compounded by corporals and sergeants who know little more than the new privates they are supposed to train and by a high level of "turbulence," constant reassignments and other extraneous activities which cut sharply into available training time for combat units.

The study was completed a year ago. It involved 35 tests involving thousands of soldiers in all 16 divisions of the active Army. After being reviewed by then-Army chief of staff Gen. Bernard Rogers, it was stamped "for official use only," a classification below secrecy levels that, nevertheless, prevents its public disclosure.

A copy of the complete study, obtained by The Washington Star, states: "Analysis across all respondents indicates one overriding conclusion—there has been little perceived change in the training environment since 1971. The environment is still seen as hostile to the conduct of 'good' training."

#### MANY FLUNKED TESTS

Some example of the problems described in the survey:

Among a sample of 1,288 M60 tank crewmen studied, 28 percent of the tank gunners tested in the United States and 21 percent of the gunners tested on NATO duty in Germany "did not know where to aim when using battlesights." The M60 is the Army's main battle tank.

From their performance on the target range, the tank crews were found to average 40 to 50 percent below the level of skill required by Army standards for combat readiness. In one sample group of 52 tanks tested, all of them flunked the gunnery test.

Performance levels of tank crews sent from training schools into the field was "essentially flat." They did not improve their skills, partly because many sergeants "do not demonstrate the technical knowledge to accomplish their jobs and train their subordinates to a high standard of performance."

Test results of 666 tank repairmen showed that the chances that they would correctly diagnose a repair problem were somewhere between 15 and 33 percent. The chances that they would correctly repair the tank, once they found the problem, were between 33 and 58 percent.

Among the tank repair crews, many of the corporals and sergeants "do not appear to be any more proficient than lesser experienced individuals."

Because of lack of repair capability and without rapid replacement of disabled tanks, the number of tanks in a given unit could quickly descend to an "abysmally low level" in a combat situation.

A worldwide check of Army units using Redeye, a bazooka-like, shoulder-fired rocket which is one of the infantry's main air defense weapons, found "numerous problems" in all units, some of them so severe that the Redeye units were judged "not combat effective."

One of the major demographic changes between the all-volunteer Army, started in 1972, and its draftee predecessors is that the intelligence levels in the all-volunteer Army no longer reflect the spectrum of society as a whole.

#### LOWER ABILITY DEMONSTRATED

According to Army statistics, in 1972, 26 percent of the Army fell in mental category 3B, which includes people falling in the 30th to the 50th percentile on national intelligence tests. In 1977, when the Army Training Study began, 49 percent of the Army fell in that category. Although there are no statistics yet available for 1979, it is probable that the category has grown larger because the percentage of high school graduates among recruits has dropped sharply.

The change is of major importance, according to the study, because researchers found a direct relationship between the intelligence level of the soldier firing the Redeye or the M60 gun and the possibility that he might hit an enemy target.

Recruits in category 3B showed a markedly lower ability to read maps, remember complex firing sequences and recognize enemy targets, all of which are key to the performance of the Redeye and the M60. In one group of Redeye gunners tested for example, soldiers in higher mental categories were deemed twice as likely to properly identify and hit an enemy aircraft as those in category 3B.

Army researchers watching the Redeye gunners found "a high percentage" were from mental category 3B. Their study concludes that, for purposes of "combat effectiveness," the Army should eliminate 3B personnel from the Redeye program. A similar correlation between intelligence and performance was found in tank crews, which were also found to be largely drawn from the 3B category.

An Army spokesman, asked by a reporter to comment on the study, said it was never released because Gen. Rogers never gave it the necessary approval to become "an official Army document." Nevertheless, the Army admits it is the chief source of material behind an Army-wide revolution in training and how training is measured.

Lt. Col. Russell Simonetta, who is heading the reform effort for the Army's deputy chief of staff for operations, said the Army does not agree or necessarily disagree with the study's findings. A world-wide training verification system being set up for the Army, a sort of giant, computerized report card for how Army units perform, will be able to verify unit performance and readiness levels, but that won't be ready until 1983, he said.

There are a few indicators outside of the study, however, that show that its findings may not be wide of the mark. In NATO contests between Army Redeye and tank units and units of other countries, the gunners of the all-volunteer Army have been somewhat less than impressive.

#### TRAINING BUDGET CUT

In a 1977 competition in Germany sponsored by the Canadian Army, for example, U.S. Army tankers came in dead last competing with Canadian, German, Belgian, British and Dutch units. Asked about the problem later in a Senate hearing, Secretary of Defense Harold Brown said: "I think it probably says less about readiness than it does about the ability of some individually picked crews."

Simonetta said the Army Training Study was undertaken after Congress cut the Army's training budget. Originally it was intended to measure training "across the board," he explained, but because that proved to be too large a task, in February 1978 researchers decided to focus on "a few weapons systems of immediate concern."

One of the ideas, he said, was to develop a computer model of an average battalion that would show the most efficient ways to spend training money.

Another goal of the study was to develop a way to keep track of on-the-job training in the field. To that end, each Army brigade will soon have a new, $15,000 computer to keep track of unit efficiency.

"We're trying to get the whole Army training in exactly the same way," said Simonetta. Until recently, he said, training and training styles have been left up to the individual commander.

Another major approach being taken by the Army to the training problem is to design around it. The classic example is the new $1.4 million XM1 battle tank, the successor to the M60 and one of the most costly, complex and powerful pieces of war machinery ever fielded.

Col. Frank Day, who is developing a massive Army training program for the new tank, said the mechanics who work on it will be given special new test equipment, hand-held microprocessors which plug into the disabled tank and give an automatic, electronic diagnosis of its problems.

As for firing the main gun, the aiming mechanism has been totally computerized. "Within five minutes," says Col. Day, "I could teach my mother to hit a target at 2,000 meters with the first trigger pull."●

## SHARON ANTHOS

### HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. MAVROULES. Mr. Speaker, the occasions are all too few and far between when ordinary citizens rise above the anonymity of everyday life and take matters into their own hands. Ms. Sharon Anthos of Lynn, Mass., is one of those people.

On April 23, 1979, Ms. Anthos was in her home when she and a friend were informed by a small boy who knocked on her door that his sister had stopped breathing. Immediately, Ms. Anthos rushed to the scene to aid in the recovery of the child. Without doubt, Ms. Anthos' knowledge of cardiopulmonary resuscitation was instrumental in sustaining the life of the small 4-year-old's life until the proper rescue personnel could arrive.

For her courageous, selfless accomplishment, my distinguished constituent received something that cannot be described in terms of awards or commendations—for what greater reward is there than the saving of a human life. I am extremely proud and honored to represent Sharon Anthos and would like to take this opportunity to praise the Red Cross and other emergency training organizations that have properly equipped our now unveiled heroine.●

## IN MEMORY OF THE DESTROYED JEWISH COMMUNITIES IN POLAND

### HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. DERWINSKI. Mr. Speaker, this Saturday, April 19, marks the 37th anniversary of one of the most heroic and desperate events of the Polish holocaust—the start of the Warsaw ghetto uprising in 1943. Between September 1, 1939, when the Germans started World War II by invading Poland, and May 1, 1945, when Stalin's Red army once again took dominion over Poland, that country lost at the hands of the Germans 6 million out of 35 million of its people—half of them Jewish, half of them Christian—all of them Polish.

Few of us remember well the tragedy of the city of Warsaw, a city destined for extermination by its Nazi conquerors to clear Lebensraum for the Thousand Year Reich. Fewer still recall the brave boys and girls, the children of war, who dropped Molotov cocktails on Nazi tanks and gladly gave up their lives in the fight being waged "for your freedom and ours, for your and our honor and dignity."

One such young freedom fighter, son of the mayor of occupied Warsaw, now a distinguished architect and fellow of the American Institute of Architects and a Knight of Malta, does remember the horrors which he began to witness at the age of 10, and describes his people's woes in a book "Dying, We Live: The Personal Chronicle of a Young Freedom Fighter in Warsaw, 1939-1945," published recently by Holt, Rinehart, and Winston, a subsidiary of CBS.

The author, who now resides in Virginia, witnessed the Warsaw ghetto uprising and served as a messenger between the Polish Christian resistance and the Polish Jewish freedom fighters. The New Outlook, a Middle East monthly published in Israel, cites the book as a milestone in "commemorating the 1943 Warsaw ghetto revolt, pointing out the solidarity of all anti-Nazi fighters in Warsaw." The Detroit Jewish News rates it "deeply moving" and the Polish Daily News states that the author "most certainly has one of the most amazing biographies among Poles living in America."

To commemorate the Warsaw holocaust, I quote a few entries from Kulski's book "Dying, We Live":

*Tuesday, September 1, 1942*

* * * The sights in the Ghetto were unbelievable. People moved like skeletons—scarecrows with sunken, glassy eyes. The dying lay on the ground or leaned against the buildings. The stench of the decomposing corpses, and of the living, was appalling. That walk was a living nightmare. There did not seem to be any old people, yet everyone was old. The sight of the children, silently begging and dying before our eyes—their bones sticking out of their rags—was so pathetic as to be unreal. No prior description of conditions inside the Ghetto had prepared us for this reality.

* * * * *

*Wednesday, September 2, 1942*

"* * * The Germans have unified us by their uncontrolled aggression: we are determined to fight, and we need every bit of help we can get. We intend to defend every last brick in this part of Warsaw.

"We know we cannot win, but we want to die as fighting men rather than slaughtered animals. We are the conscience of the Jews of the world, and if we die, we will die fighting for the future of the Jews."

On the way back to the Aryan side, we saw posters warning people that if they boarded the trains it would mean their going to the extermination camps.

The posters pleaded:

"Hide Your Children, Hide Yourselves!
"Resist Deportation!
"Join the Resistance!
"Don't Die with a Torah in Your Hand—
"Die with Weapons in Your Hand!"

* * * * *

*Monday, April 19, 1943*

Warsaw has been stirred by a monumental event! At dawn today the Jewish underground army started the uprising of the Warsaw ghetto by attacking a more than 800-strong group of Waffen SS which penetrated the silent fortress under the cover of a tank, two armored cars, and a group of Jewish policemen. The tank was set aflame, several SS men died in the battle, and the Germans withdrew defeated.

At 8 a.m., SS Brigadefuhrer Jurgen Stroop, newly named by Kruger as head of the SS and police for the Warsaw district, took command of the battle of the ghetto. While the German artillery started its murderous fire, the Jewish underground army raised Polish and Jewish flags above the rooftop of an apartment house on Muranow street.

In the evening the sappers of the Warsaw commandos, under Captain "Chwacki," were given an order to blow an opening in the wall of Bonifraterska Street opposite Sapiezynska Street in order to provide direct access to the besieged fighters.

Approaching Bonifraterska Street, the group started firing at the German troops guarding the wall. Immediately, German reinforcements came running from the direction of Krasinski Park. A pitched battle ensued, and it soon became clear that it would be impossible to reach the wall against such overwhelming odds. Two members of the group were killed in the battle, "Orlik" and "Mlodek." Three others were seriously wounded.

"Chwacki" ordered a retreat and the unit withdrew in the direction of the Vistula. As they withdrew, they saw the Germans tending to their casualties. We hear that the first day of the battle cost the Germans more than one hundred lives.

* * *

*Tuesday, April 20, 1943*

* * * Since I was assigned as a messenger on Bonifraterska Street, I could see for myself the battle being fought on both sides of the Wall.

I found myself in the midst of the crowds on the sidewalk. Amazingly, every time a streetcar passed alongside the Ghetto, both sides—Germans and Freedom Fighters alike—held their fire. I simply could not believe my eyes. It was certainly the most unreal battle I could imagine.

About 3:30 p.m., when the streetcar to Bielany was waved through the fighting, I saw a burst from a machine gun topple three Germans, the crew of a field gun positioned to the right of the crowd. As if with one voice, the crowd cheered the freedom fighters' success, the women crying with joy, and the men shouting words of encouragement.

The Germans, furious, turned their guns on the crowd, and people scattered.

The whole city has been revitalized by the action of the freedom fighters, and some of the churches have arranged special services to offer prayers for them.

I wish we could get the order for a full-scale uprising.

* * *

*Thursday, April 22, 1943*

The *Luftwaffe* today joined in the uneven fight, sending *Stuka* divebombers from Bielany airfield and systematically dropping incendiary bombs upon the insurgents. The flaming inferno increases in intensity with each day. The Germans seem clearly determined to burn all the inhabitants alive and to reduce the Ghetto to ashes. In the meantime, the head of the Jewish Fighting Organization, Mordechaj Anielewicz, has written in a letter mailed outside the Wall to his second-in-command, who is with us.

"* * * only a few individuals will survive, and the rest will be killed sooner or later. The future has been set; in all bunkers occupied by our soldiers it is now impossible even to burn a candle because of the lack of air."

At noon commandos attacked the Germans outside the wall. Led by 'Stadnicki,' the unit attacked and killed SS police units guarding the Leszno Street gate. Simultaneously, a group of commando officers attacked Germans on Okopowa Street. Captain 'Szyna' killed a number of German officers entering through the Gesia Street gate in a police car.

* * *

*Monday, April 26, 1943*

General Stroop has reported that more than one thousand Jews have been flushed out of the bunkers and that they were immediately liquidated. In addition, several hundred were killed in battle, and the Germans also captured many Jews who maintained liaison and worked with the Polish "terrorist" groups. At the same time the General Staff of ZOB has sent out its last communique.

"The number of men, women and children lost in the fires and by execution squads is enormous. Our final days are approaching. But, as long as we have weapons in our hands we will continue to fight * * *"

Cinders and burned papers cover the streets of Zoliborz. Ludwik and I talked today about the situation. From the apartment, we could see only the dark southern sky, and to get a better idea of what was happening, we took a walk. After crossing Inwalidow Square we climbed up the Warsaw-Gdansk viaduct.

Below us lay thick clouds of smoke. Explosions reverberated behind the wall. As we stood there, the wind changed and the sweet, putrid smell of burning human flesh was in our faces. The flames, spurred by the breeze, shot higher, and the bottom layers of the cumulus clouds boiling over the Ghetto turned from amber to red.

The whistling sound of jets of air created by the diving *Stuka* bombers was the only other noise. Artillery barrages in these last days of the Ghetto had almost stopped, but squadrons of *Luftwaffe* planes continued to drop incendiary bombs upon the already airless, flame- and smoke-choked inner city.

It seemed so pointless with the destruction already so complete. Yet the incendiary bombs kept falling, each one giving birth to a new tongue of flame which shot through the gray and black smoke clouds. The Germans were carrying out with cold precision the Fuhrer's order to complete "the Devil's work" in Poland.

* * *

*Monday, May 10, 1943*

At 10 a.m. today, the cast-iron sewer cover at the corner of Prosta and Twarda Streets was pulled off, and a group of Freedom Fighters came out—incredibly, some still carried weapons—in front of astonished passersby. They were loaded into two waiting trucks of the underground army and taken to the woods outside the city.

The author's father, wartime mayor of Warsaw, also was a freedom fighter. He, Senator Adam Czerniakow and Senator Samuel Zygielbojm were among the hostages—all leading citizens of Warsaw—of the Nazis when the latter entered the city of Warsaw. In the Journal of the Jewish Historical Institute in Poland (January-March 1972), Kulski wrote about these two prominent Polish statesmen, both victims of the holocaust, that "their deaths are for history one more evidence of the most heinous crime perpetrated on humanity by the Nazi mass-murderers."

"Both—Zygielbojm and Czerniakow—deserve our commemoration in perpetuity."

As we enter the eighties and face the challenges of world hunger, energy crises, and the raging battles of freedom fighters throughout the world, it is particularly fitting for us as representatives of the American people to bow our heads today in homage to the lives of the young Polish-Jewish freedom fighters who gave their lives "For Your Freedom and Ours."●

## BEST WISHES TO ED PATTEN

### HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. FORSYTHE. Mr. Speaker, it was with regret that I learned of Ed Patten's decision to retire from the House after this session of Congress. While Ed and I have been on different sides of the aisle, I have long admired and respected the joy and enthusiasm he has shown for his profession.

Ed has always been one of the most colorful and identifiable Members of Congress. Rarely a day goes by when Ed does not have an enthusiastic "How are yuh" or a humorous Irish yarn to spin. His quick wit and unique personality have added much to this great body.

While Ed's enthusiasm is well known, few know of the outstanding service he has performed for the people of New Jersey. As the only member of the New Jersey delegation on the House Committee on Appropriations, Ed was the guiding force in procuring the necessary outlays to save Fort Dix in 1975. He has been instrumental in bringing needed revenue to Rutgers University, his alma mater, and has always supported legislation aiding veterans, small businessmen and the working force in the State.

It is difficult to envision the House of Representatives without Ed Patten. No one will replace his presence here. His outstanding work and unmatched enthusiasm will be sorely missed. I know members of the New Jersey delegation join me in wishing both Ed and his wife Ann the best of everything.●

## DAVID CHANEY, A CHAMPION OF WORKING PEOPLE

### HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. CONYERS. Mr. Speaker, it was with great sadness that I learned of the passing of David Chaney on February 18, 1980.

As a Detroiter and an outstanding labor leader, I had the privilege of working with him through the years on major issues of concern to labor, the unemployed, the cities, and to disadvantaged citizens. He was always available to persons in need, and fought throughout his lifetime for the interests of working men and women and the American labor movement. He was a leader in the struggle for civil rights and equal employment opportunity. On numerous occasions when labor and civil rights groups met in Washington to deal with the issues, David Chaney was an active participant, sharing the insights, experience, and sober judgment that he developed in his 40 years in the labor movement.

A past vice president of the Michigan Federation of Labor, treasurer of the Histadrut Labor Israel, vice president of the Amalgamated Clothing & Textile Workers Union, and comanager of its Central States joint board, David Chaney helped build the labor movement and influenced a great many social and economic reforms. The officers of ACTWU cited his many accomplishments in the following eulogy:

> A labor leader who was a natural organizer, he gave unstintingly of his time to others, and was a familiar figure on picket lines in the Middle West, wherever people were engaged in the struggle for social and economic justice.

I extend my deepest sympathies to his wife Josephine and his family, and bring to the attention of my colleagues a biographical narrative on David Chaney's life.

> Detroit.—David Chaney, an international vice president of the 500,000-member AFL-CIO Amalgamated Clothing and Textile Workers Union and co-manager of its Chicago and Central States Joint Board, died Monday (Feb. 18) at Henry Ford Hospital here. He was 68 and had undergone open heart surgery in December.

A native of Poland, Chaney was a leading figure in the Michigan labor movement for over 40 years, having begun his union career as a member of the United Auto Workers in 1934. Fired by the Ford Motor Company for union activities, he found a job with the Works Progress Administration (WPA) and soon organized the West Side WPA Workers who elected him president of their new union.

In 1940, Chaney went to work as a stock boy for Sam's Stores—a former Detroit retail chain—and within a few years had been instrumental in organizing 800 employees into a union which merged with the Amalgamated Clothing Workers of America, a forerunner of ACTWU, in 1949.

Chaney was elected a vice president of the ACWA in 1962 and served continuously until the 1976 merger with the Textile Workers Union of America, at which time he was elected as a vice president of the newly formed ACTWU.

In addition to his posts with ACTWU, Chaney was also treasurer of Histadrut Labor Israel at the time of his death and was a past vice president of the Michigan Federation of Labor.

Survivors, in addition to his wife, Josephine, include two daughters, three grandchildren and two great-grandchildren.●

## SHELBYVILLE PETITION FOR MORATORIUM ON EPA COAL RULES

### HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. DANIEL B. CRANE. Mr. Speaker, while many people talk about the tremendous power of the fourth branch of Government, the unelected bureaucrats, and while many of us are working to restore the power of Congress over these rulemakers, there are some people who have had enough and are doing something about it.

Concerned citizens of Shelbyville, Ill., including the mayor, have signed the following declaration, stating their support of U.S. energy independence via the cheapest, most abundant energy source available: coal.

Like most of eastern Illinois, Shelbyville is blessed with vast deposits of high sulfur, bituminous coal. Unfortunately, the Environmental Protection Agency, aided and abetted by the outdated provisions in the Clean Air Act, has placed such stringent regulations on the burning of Illinois coal that producers have lost virtually all incentives to develop this remarkable energy source.

In the past, Shelbyville's coal producers have complied with EPA regulations, even though sufficient evidence exists to refute, or at the very least call into serious question, practically all of the EPA's rationalizations for their regulations. At this time, with an annual inflation rate of over 18 percent, dramatic rises in the price of petroleum energy sources, and serious energy shortages a part of our history as well as our future, the people of Shelbyville fail to see why our most abundant natural resource, coal, is being held hostage to Arab oil producers.

The people of Shelbyville have therefore petitioned this Congress to impose a 5-year moratorium on Federal rules and regulations preventing the traditional burning of high-sulfur coal by electric utilities and industry. In addition, they pledge to work on the installation of clean-burning technology during the moratorium.

Few people would dispute the need to achieve an equilibrium between our economy and our environment, for our very existence is dependent upon the maintenance of this balance. The people of Shelbyville realize that current economic conditions, brought about by the Federal Government's policy of inflationary deficit spending and Rube Goldberg's oil allocation schemes, dictate increased production of our coal reserves and relaxed environmental regulations.

It is my privilege to aid the people of Shelbyville, whom I know speak for many millions, in bringing this message to the President, Congress, and the American people. The declaration follows:

IN ILLINOIS, 1980

THE UNANIMOUS DECLARATION OF THE UNDERSIGNED CITIZENS OF ILLINOIS COMMUNITIES

When, in consideration of our nation's security and the survival of our local communities it becomes necessary for the citizens to dissolve normal traditions and procedures and to speak out against unusual and destructive government restrictions, rules and regulations and government agency actions which, if continued unchecked and unaltered would, in effect, so adversely reduce our communities' standard of living, wreak economic havoc on localized areas through forced unemployment, so combined as to restrict our nation's use of its own natural fuel energy source, and most abundant fuel energy source, coal, as to eventually endanger this nation's position internationally, as to be dangerous to the very survival of the United States of America, we the undersigned, therefore, speak out in this declaration.

And Witness, too, that the citizens whose signatures so affixed to this document declared for the unrestricted burning of our communities' rich coal reserves for the purposes of generating electricity for our homes, farms, schools, industries, government centers and other institutions, and for direct industrial uses.

Further, that we declare without the use of high sulfur coal for said purposes the aforementioned economic ruin and reduction of our international posture is hereby unacceptable.

Further, it is the direct position and purpose of this declaration to direct State and Federal representatives and Senators to personally call upon the President of the United States with this document and make our demands known.

Herewith, and affixed by our signatures avowed for the survival of our communities and the safety of our nation, we, as one, propose a declaration for a full five year moratorium on the federal rules and regulations preventing the traditional burning of high sulfur coal by our electric utilities and industry. Said moratorium would temporarily cancel these rules and regulations which would prevent burning of said coal.

Further, we declare that the clean burning technology, which we declare support of, be in effect and installed at the end of the above mentioned five year moratorium.

If, in the course of human events, economic setbacks, causes of war, national catastrophe or natural disasters said technology is not in place at the end of the first five year moratorium we further declare for an extension of said moratorium for an additional five years.

We, set forth herewith the benefits to the nation. We mutually pledge to each other and so direct our State and Federal Representatives and Senators to personally carry this original declaration to the President of the United States so procuring a direct and positive answer from this country's Chief Executive Officer and Commander In Chief of our Armed Forces.

We, therefore, as citizens at the community level, herewith affix our signatures to declaring for high sulfur coal now, community jobs now, community survival now.

HUGH H. HOLLAND.
JAMES O. FINKS.
JAY E. ALLRED.
FORREST PRICE.
DAVID C. KESSELER.
FRANKLIN DOVE.
MARJORIE SYLVESTER.●

## THE BIGGEST TAX HIKE IN HISTORY

### HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. KEMP. Mr. Speaker, the administration and the majority party want to balance the Federal budget by enacting the biggest tax hike in history. That is why we have declared April 15 "Democrat Tax Increase Observance Day"—to warn the American people that, while taxes were unbearable in 1979, they will only get worse if the Democrats have their way.

If the Democrat budget passes this Congress, taxes will rise from 20.5 percent of GNP in calendar year 1980 to 22 percent in calendar year 1981—the biggest peacetime tax boost in history.

These incredible Democratic tax increases are nothing new. In the past 3½ years, taxes have more than doubled. And during the past 25 years of a Democrat-controlled Congress, tax revenues have increased by more than 800 percent.

What does the majority party have in store for the taxpayers in 1981 but more of the same? According to the CBO, taxes will go up $38 billion next year because of bracket creep, $25 billion because of already legislated social security tax increases, $10 to $12 billion from the new oil import fee/gas tax, $3.4 billion from a new tax on savings, and $13 billion from the administration's new excise tax on American oil production.

Mr. Speaker, the majority party is trying to balance the budget on the backs of the people, on the backs of the taxpayers, and I for one refuse to stand by and let it happen. The Republican Party is getting the word out on these incredible tax increases, and we are offering our own budget alternative—the Republican budget of hope—which would rescue the American people from ever-increasing tax rates and get Federal spending under control once and for all.

The April 14 issue of Forbes magazine contains a fine analysis of the huge tax increases planned for 1981. I would like to insert this important article into the RECORD at this time, and I commend it to the attention of all my colleagues:

### THE BIGGEST TAX HIKE IN HISTORY

(By Jerry Flint)

The largest one-year tax increase in the nation's history is coming: about $100 billion. If the federal government's fiscal 1981 budget turns out to be in balance, it is that extra money, not budget cuts, that will do the trick. That is not the type of admission that is going to be made by President Carter, Treasury Secretary G. William Miller, James T. McIntyre (who heads the Office of Management & Budget), Charles L. Schultze (who heads the President's Council of Economic Advisers) or any of their aides. They will look you straight in the eye, as Senate Majority Leader Robert Byrd does, and say: "This budget will not be balanced with increases in taxes." But judge for yourself:

Spending will increase between 1980 and 1981 by $45 billion, to $613 billion. By President Carter's own figures, which probably are on the low side, tax collections will jump $93 billion, to $625 billion, over the same period. The Congressional Budget Office figures the tax take will be a little more, $627 billion, and all those estimates are based on 11 percent-to-12 percent inflation. If it runs higher, the collections could easily jump $100 million or more in the single year. More than one-third of the added take—some $38 billion, according to the Congressional Budget Office—will come from higher individual income tax revenues. These extra billions will roll into the Treasury coffers because of inflation and the phenomenon known as "bracket creep." Folks will earn more because of inflation, then move into higher tax brackets and part with a larger percentage of their income for taxes, ending up with less for themselves. It's estimated that each 1% of inflation adds 1.6 percent to the total take from individual income taxes.

Then there are tax increases legislated years ago. Social Security, which went up this year, goes up again next year—good for another $25 billion in 1981.

Then there are new taxes, on the books and coming. Under existing executive authority, President Carter has mandated a new oil import duty, working out to a tax of 10 cents a gallon on gasoline. The idea, the President insists, is not to raise money but to reduce fuel use. Nevertheless, it will add $10 billion to general revenues in fiscal 1981.

The new windfall oil profits tax will bring in another $13 billion in 1981. Some $3.4 billion more will come in if the Administration and congressional leaders can push through a withholding tax on bank interest. Most of this won't come by catching folks who don't pay the tax; it will come by taking their money early—before they can collect extra interest on their interest. (Thus, even as the President and congressional leaders insist that something must be done to increase savings, they maneuver to make it less lucrative to do so.)

If those tax increases aren't enough, some congressional leaders have a few more money-raising ideas in mind. "I recommend that the Ways & Means Committee report measures to raise an additional $3.5 billion, primarily from the affluent and users of government facilities whose use is now subsidized," says Representative Robert Giaimo (D-Conn.), chairman of the House Budget Committee. He's thinking about such measures as a 5 percent income tax surcharge, probably on the $50,000-a-year crowd, more taxes on liquor and cigarettes, cutting tax deductions, higher charges to private-plane owners for airport use and fees from boat owners for Coast Guard services.

Antibusiness groups are beginning to use the budget-balancing drive to push for new levies, too. For example, the Public Citizens Tax Reform Research Group, a Ralph Nader-supported lobby, thinks billions of dollars can be raised by boosting the taxes of oil companies, eliminating export tax credits, halving the business lunch deduction and ending the income tax deduction on credit card interest. Just ending the credit card interest deduction, says Robert McIntyre, director of the group, would bring in $2 billion. He aims to come up with enough additional tax collections to keep budgetcutters away from his favored programs such as food stamps and solar energy. Other tax increase ideas in the air include taxing half of tax-free Social Security payments and cutting deductions for home mortgages and medical care.

None of these latter tax increase proposals may pass. The point is the effort to balance the budget has thus far been seen—and reported—as an effort to cut spending. In fact, it has opened the door to tax increases as well. In business, when spending is cut, profits may rise, and those responsible are personally rewarded. In government it is the opposite. No bureaucrat gets a bonus or bigger office for ending programs. No lobby praises a congressman for trimming its program. Rewards come with spending money.

Even as the President and congressional leaders were talking about trimming the budget, the President was promising New York that the Administration would work to replace funds the big, troubled cities lose under spending cuts, and the Congress was preparing to up its spending for 1980 by billions of dollars.

The Administration and the Congress probably are serious when they talk of holding down spending to balance the budget in 1981. But for all their good intentions, it's the $100 billion in added tax take—not any spending cuts—that will end the deficit.●

## IMPORT FEE ON CRUDE OIL

## HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. EMERY. Mr. Speaker, today I am reintroducing House Resolution 618, to express opposition to the President's $4.62 per barrel import fee on crude oil. When I originally introduced this resolution, it was as an alternative to more binding legislation already introduced by several of my colleagues. I introduced House Resolution 618 as a vehicle to gain support and to pave the way for similar legislation that will come before Congress.

To date the support for this sense of the House resolution has been strong, with over 102 current cosponsors. I would hope that Members of the House who have not supported this action, will take notice and reevaluate their position.

We must all do our part to curb inflation, and opposing the import fee will be an important step in that direction. This import fee is an inflationary, revenue raising measure. It will cost the American consumer $10.5 billion annually, while conserving less than 1 percent of our average usage or approximately 100,000 barrels of oil per day. Why should Americans pay $29 million per day for a minimal conservation effort? The increased financial burden on consumers will be significant; even the President's own guidelines anticipate a 0.75 percent increase in the consumer price index. The President in his haste to attempt to balance the Federal budget finds that he cannot do so without raising revenues, which this import fee will clearly do. Rather than curb inflation, this proposal will only fuel the inflationary spiral, while doing little to promote conservation beyond the levels dictated by already prohibitive energy costs.

The President is looking for ways to reassure an increasingly skeptical and frustrated public. Many of the administration's programs have been essentially symbolic in nature. This decree, however, will be far more than symbolic—it will be devastating, not only for the economy, but for individual consumers as well.

Conservation is necessary, but I question, as should you, the President's action on such an ill advised plan. Instead of imposing negative measures on the American people, the President and Congress should provide positive incentives that will encourage greater energy efficiency in our capital stock and promote increased production of our domestic energy resources.

I hope for support from my colleagues in the House on this and other pieces of legislation addressing the same subject. I feel it is important to remind the President of the views of Congress on this matter. I urge each of you to be responsible to your constituents and yourself by supporting legislation opposing the President's $4.62 per barrel import fee on crude oil.●

## JOHNSTOWN SPRING PREMIERE AWARDS DINNER, APRIL 20, 1980

## HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. MURTHA. Mr. Speaker, I would like to extend my congratulations to several honorees being cited by the Black United Service Clubs of Johnstown for their community spirit, fellowship, and efforts to strengthen the bonds between the black and white communities.

These individuals will be honored on Sunday, April 20, at the First Annual Spring Premiere Awards Dinner. As we start the new decade of the eighties, I am very pleased to see the Black United Service Clubs taking time to honor some of those individuals who have made Johnstown a better place to live, and who have contributed to community understanding and the spirit of the Johnstown area.

Our area has been hard hit by a flood in 1977 and by economic buffeting from many sides. While the Nation has double-digit inflation, our area has double-digit inflation, plus double-digit unemployment.

But it is through individuals like these that we will be able to overcome those problems. As a student of history, I am reminded of a quote by President Theodore Roosevelt:

> Far better it is to dare mighty things to win glorious triumphs, even though checkered by failure, than to take rank with those poor spirits who neither enjoy much nor suffer much, because they live in the gray twilight that knows not victory or defeat.

That quote illustrates the spirit of these individuals being honored, and it is my pleasure to list them in the CONGRESSIONAL RECORD.

Mrs. Alma M. Cramer—Mrs. Cramer has spent her life in civic affairs in Johnstown, worked in community radio and communications projects, and has devoted much of her time to the development of senior citizens organizations.

Mr. Joseph Davis—A very active citizen in the community, Mr. Davis remembers back to the days when blacks were segregated from most eating establishments in Johnstown, and he provided restaurant facilities for the black community.

Mrs. Lorene Jacobs—One of the hearts of our community revolves around church work, and Mrs. Jacobs has given years of valuable service to the black community and worked wholeheartedly in the activities of the Shiloh Baptist Church.

Mr. Charles Kunkle—One of the leaders of the Johnstown community, Mr. Kunkle has been invaluable in obtaining job opportunities for the Johnstown area and making sure there is a strong future for the community's children.

Mr. Frank Pasquerilla—Mr. Pasquerilla has given tirelessly in his efforts to promote harmony and understanding among all racial, ethnic, and religious groups in Johnstown and throughout Pennsylvania.

Rev. C. L. Pollard—Through various crises in the community, Reverend Pollard has been a constant source of strength through 55 years of service as a minister and spiritual leader for thousands of Johnstown area citizens.

Mr. Richard Mayer—As the present publisher of the Johnstown Tribune Democrat, Mr. Mayer heads the paper being honored for its work in bringing the community closer together and increasing communication between all areas of Johnstown.●

## DOE REVISES RECREATIONAL WATERCRAFT RESTRICTION

### HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. BIAGGI. Mr. Speaker, I recently submitted written comments to the Honorable Charles W. Duncan, Jr., Secretary of Energy, concerning the Department's proposed recreational watercraft restriction, published in the standby Federal emergency conservation plan under authority of title II of the Energy Conservation Act of 1979—Public Law 96-102. The proposal, if implemented by the President in the event of a national fuel emergency, would prohibit the operation of private recreational motorboats within a State on Sundays or during an entire weekend, if so mandated. In those comments, I roundly criticized this ill-advised proposal on legal, equitable, and policy grounds. In my judgment:

First, the proposal contains inadequate data to support its assumptions regarding recreational boating fuel consumption nationwide and projected fuel conservation savings from curtailment of recreational boating.

Second, the underlying policy analysis does not support the need for an independent recreational watercraft restriction in the form of a selective ban upon recreational boating activity.

On the contrary, motorboats could be included in the proposed vehicle use sticker measure, applicable to private automobiles. In the alternative, if a determination is made that it is necessary to restrict motor vehicle usage in the event of a serious supply disruption, then, based upon an objective evaluation, a restriction of recreational boating activity should be included within the context of a comprehensive restriction on recreational and discretionary vehicle usage.

Third, the rulemaking is of questionable legality and specifically contravenes the underlying policy and express prohibitions contained in the basic act. In this regard, it contains an inaccurate economic analysis of the relative impacts upon the recreational boating industry from the imposition of such a measure. In addition, it imposes an unreasonably disproportionate share of the burden of restrictions upon energy usage on the recreational boating industry and community.

As an alternative, I recommended that the Department reconsider this measure and either delete it from the list of measures considered for inclusion in the standby Federal plan, merge it into the vehicle use sticker measure, or broaden its scope of application to include all recreational and discretionary fuel consumption.

It now appears that the Department is responding to my concerns and those of the many thousands of boaters nationwide who either called, submitted written comments, or personally appeared at public hearings to voice their collective opposition to this measure. I commend DOE for its decision to reconsider this measure and look forward anxiously to the publication of a modified proposal in the near future.

From my experience, in expressing their opposition to this measure, the recreational boating community and industry have sought neither preferential treatment nor special recognition of their interests—only fundamental fairness and an equitable distribution of mandatory fuel conservation should the imposition of such measures become necessary. I am gratified that the Department of Energy has acted responsibly in recognizing these concerns. I hope that in the future the Department will emphasize the need for substance more than symbolism in its formulation and implementation of national energy policy.●

## RABBI LEWIS A. WEINTRAUB

### HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mrs. SPELLMAN. Mr. Speaker, a wise man once wrote, "you give but little when you give of your possessions. It is when you give of yourself that you truly give." I rise today, Mr. Speaker, to draw my colleagues' attention to an individual who has been "giving of himself" to the Jewish and non-Jewish communities of Metropolitan Washington for many, many years.

His name is Rabbi Lewis A. Weintraub and, for the past quarter century, he has been rabbi of Temple Israel on East University Boulevard in Silver Spring, Md.

Born in Poland, Rabbi Weintraub came to this country in 1938 to pursue his theological studies. He was ordained at the Jewish Theological Seminary of America 6 years later and served as a Canadian Army chaplain in the waning years of World War II.

He arrived in Silver Spring in 1955, after serving as a rabbi and assistant rabbi in Denver and Charleston, S.C. As rabbi for Temple Israel, he has conducted 10 pilgrimage tours to Israel in 15 years and also served on the reception committees for the United States visits of Prime Ministers Begin, Rabin, and Golda Meir.

At the same time that he is a devoted family man and father of three, Rabbi Weintraub has participated in a multitude of community activites that have made him known throughout the Washington region.

He has served, for example, as president of the Washington Board of Rabbis, president of the Washington Region of the Rabbinical Assembly and as the first cochairman of the Interreligious Committee on Race Relations of Greater Washington. In the latter post, he participated in a number of civil rights conferences with Presidents John F. Kennedy and Lyndon B. Johnson. After the tragic assassination of President Kennedy, he took part in both the late President's funeral procession and the national memorial service held at the Lincoln Memorial 30 days after the President's death.

Rabbi Weintraub has served on the Montgomery County Human Relations Committee, the Governor's Committee for the Employment of the Physically Handicapped and the President's Committee for the Employment of the Physically Handicapped. He has been a member of the executive council of the Greater Washington Jewish Community Council, a member of the Community Relations Committee of the Jewish Community Council and active in fraternal organizations including B'nai B'rith, the Masonic Lodge, and the Association of Jewish Chaplains.

Mr. Speaker, it is crystal clear to me that his energy and willingness to serve not just his congregation but the community as a whole are Rabbi Weintraub's most important gifts to those around him. And it is these gifts, I know, that so many of his friends and acquaintances will be thinking of when they gather in a few days for a testimonial dinner marking Rabbi Weintraub's 25 years as spiritual leader of Temple Israel. Recognition of his achievements is long overdue and I truly regret congressional duties will keep me from being present for this very special occasion.

But I do want to take this opportunity to publicly commend Rabbi Weintraub for his many years of dedicated service to both Temple Israel and the Washington region. I know my colleagues here today will want to join me in acknowledging his many fine deeds and in wishing Rabbi Weintraub, his wife Fannie, and their three children happiness and good health in all their future years. And most of all, Mr. Speaker, I know my colleagues will want to join me in offering heartfelt thanks and sincere appreciation to Rabbi Weintraub for having given so much to so many for the past quarter century. He truly has "given of himself" in some very special ways and there are many, many residents of this area whose lives have been immeasurably enriched by having known him.

May we enjoy many, many more years of Rabbi Lewis Weintraub's dedicated service.●

## ORT CENTENNIAL DAY

### HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. GILMAN. Mr. Speaker, April 10, 1980, which fell during the district work period just concluded, was "ORT Centennial Day," commemorating the 100th anniversary of the founding of the Organization for Rehabilitation Through Training.

As a member of the ORT Centennial National Counsel of Sponsors, I want to take this opportunity to offer my congratulations to the ORT family—those involved in the work of rehabilitation and training, and the thousands of individuals here in the United States and elsewhere overseas who contribute to its work.

I very much regret that House Joint Resolution 372, to officially designate "ORT Centennial Day," fell short of gaining the required majority of House Members as cosponsors before the recess. Nevertheless, there was a large measure of support for this resolution, which shows that the work of ORT has not gone unnoticed.

Mr. Speaker, Jewish tradition has it that the highest level of charity is to establish someone in a business or trade so that he will be able to fend for himself in the world. That is the essence of the work of ORT, and why it is so important that we recognize its myriad accomplishments over the past 100 years.●

## SOUTH DAKOTA WATER PROJECT FUNDING

### HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. ABDNOR. Mr. Speaker, on April 2, just prior to the start of the Easter congressional district work period, I appeared before the Subcommittee on Energy and Water Development in support of fiscal year 1981 appropriations for water projects and studies in South Dakota.

As my colleagues will note, we are not seeking a great deal of funding in the coming fiscal year. It is vital, however, that momentum be maintained in terms of studies and project plans, so that these important developments can proceed without delay when the national economic and budgetary situation improves.

The text of the statement follows:

#### STATEMENT OF HON. JAMES ABDNOR

Mr. Chairman and members of the Subcommittee, it is a pleasure for me once again to appear before you to present my views on water project and study funding. Today I am accompanied by Congressman Daschle and Mr. Morris Kurle of Bowdle, South Dakota, who is Chairman of the WEB Water Development Association.

We are at a bit of a disadvantage coming before you today, due to the unprecedented action the President has taken in submitting a revised budget. There has been insufficient time to assess his revised recommendations, which only yesterday became available.

When something less than one percent of the federal budget is spent on water development in any given year anyway, it is questionable whether an inordinate reduction in this area of funding is wise in a year in which we must, admittedly, curtail expenditures and balance the budget. Even a total suspension of water project funding would make a negligible dent in the budget, but it would deal a critical blow to projects which are vital to an improved future for many Americans with important water development needs.

I do not envy you for the difficult decisions you will be called upon to make in your recommendations to the House with respect to Fiscal Year 1981 funding, but I would urge you to draw a distinction between expenditures which are purely consumptive and those which are investments. Many water projects are in the latter category and will actually fight inflation by helping to increase productivity, and any economist will tell you that the only real way to deal with inflation is to increase productivity. We must not lose sight of that fact in attempting to address our rather desperate, but we hope short-term, problem of inflation. If we do, we may regret it for a much longer time.

Be that as it may, neither the budget the President submitted in January nor our requests today involve a great deal of funding for construction in Fiscal Year 1981. Although South Dakota has critical water development needs and magnificent potential, we are not in a position to try to realize more than a tiny fraction of the potential through actual construction in the coming fiscal year. We do have high hopes for the future, though, and we would like to see reasonable policies and procedures implemented and maintained through the years of lean water project funding so that we can begin to realize our water development potential when national economic conditions are more favorable.

An example of a specific project which falls into the category of an investment and is indicative of some of the great potential in South Dakota is the Gregory County pumped-storage hydroelectric power project. While it is costly—nearly $300 million—it will more than pay its way. It will increase the capacity of the entire Missouri River Basin hydropower system by 58 percent and will save up to 2.4 million barrels of imported oil each year.

That's the kind of water project we can't afford not to build; and, while we're not in a position to request construction funding, the only responsible policy is to provide the necessary authorization and proceed with funding as soon as practical. The House agreed by including the authorization in passage of the Water Resources Development Act, which is now before the Senate. The President has expressed an intent to veto the bill, but I sincerely hope the Gregory project authorization can be enacted this year so that construction can proceed on the most optimal schedule. You'll be hearing more about this excellent project, one way or another.

In a more general sense, with respect to responsible federal water development policy to lead to fulfillment of the commitment which was made to my state in the Flood Control Act of 1944, attached is a copy of Senate Concurrent Resolution No. 8 which passed this year's session of the South Dakota Legislature with broad support.

The resolution sets forth the circumstances quite well, and the circumstances speak for themselves—South Dakota has made a great sacrifice for the benefit of the region and the nation. The irrigation development assistance we were to receive in return has not been provided; and, thus, the debt to my state remains outstanding.

Due to economics, increased environmental concerns, and other factors, it is questionable whether any substantial amount of federal assistance for large-scale irrigation projects will ever be provided to my state.

Some would argue that the commitment contained in the '44 Act is a dead issue; and, if experience is any indication, that may be true. Indeed, that may be the expedient position for the federal government to take in a time of extremely tight water project funding. It is not the responsible position, though nor can I believe that federal policymakers have become so amoral as to ignore the sacrifices made by my state and the promises made in return.

Accordingly, I am drafting legislation which will acknowledge that the Oahe Unit has lost viability and will provide for deauthorization, while at the same time establishing a responsible procedure for South Dakota to develop and implement other "economic mitigation" plans of equally beneficial magnitude. Enactment of this legislation may be difficult, but I sincerely believe that it is the right thing to do.

In October of last year Chairman Kazen of the Subcommittee on Water and Power tentatively agreed to my request for a hearing on this issue. Since that time, Congressman Daschle and our Senators have reiterated my request; and the Chairman has agreed to try to schedule the hearing in May. Whether definitive legislative action can be expected in this regard remains unclear at this point, but I am hopeful progress can be made to alleviate the present stalemate from which no one is benefiting. In any event, the continued sensitivity of this Subcommittee to this issue will be deeply appreciated. You've not heard the last from us, and we hope you won't forget us.

Before leaving this issue, I would call to your attention the March 14, 1980, letter of Clarence Skye, Executive Director of the United Sioux Tribes of South Dakota. A copy of his letter is attached to my statement. Native Americans know all too well the proclivity of the U.S. Government to try to forget its commitments, but the United Sioux Tribes share my hope this will not be yet another example of such sorry action.

The members of the Subcommittee will note that among the Indian irrigation projects listed by Mr. Skye is the Grass Rope unit. This project, like the others, was authorized in the 1944 Flood Control Act. That authorization was repealed by P.L. 88-442, but we have been trying other avenues toward development of this project. One possible avenue is the general authorities of the Bureau of Indian Affairs under the Snyder Act. I attempted unsuccessfully last year to persuade your colleagues on the Interior Appropriations Subcommittee to write in construction funding under this authority. Subsequently, I authored a letter to Secretary Andrus, which Congressman Daschle and our Senators co-signed, urging that funds be included in the President's budget for Fiscal Year 1981.

The good news is that the President honored our request and included $5.2 million in his budget for Grass Rope. The House Appropriations Committee has approved reprogramming of $500,000 in Fiscal Year 1980 funds to prepare the advanced engineering plans and design required to initiate construction next year. The bad news, if we are informed correctly, is that the Fiscal Year 1981 construction funding is a casualty of the President's revised budget. You can appreciate our frustration, particularly that of Chairman Jandreau of the Lower Brule Sioux Tribe, which is the local sponsor.

We have resigned ourselves to the fact there will not be too much good news as far as water project development funding goes in the coming fiscal year, and the bulk of my current efforts are to try to regroup and set in motion processes which will be fruitful in the years to come. We continue to hope, however. that there will be at least some good news with respect to a couple of specific projects of importance to South Dakotans. They are the Missouri National Recreation River and streambank stabilization program and the WEB Pipeline Project.

First, as our colleague, a member of the Subcommittee, Mrs. Smith, is aware, the Department of the Interior has just completed the draft Missouri National Recreation River Management Plan and Cooperative Agreement. The plan was authorized by Public Law 95-625 and is a joint undertaking of Interior and the Corps of Engineers. The plan is subject to a 90-day review and comment period. It will provide for maintenance and enhancement of the recreational values of the 59 miles of the Missouri River between Gavins Point Dam and Ponco, Nebraska, as well as for stabilization of severe streambank erosion problems in this stretch of the river. These problems are aggravated by operation of the federal dams on the river.

Since corrective measures have already been initiated under the Section 32 Streambank Erosion Control and Demonstration Program, funding for this purpose cannot be considered a "new start." We are cognizant that the President opposes construction funding for new starts. Since this is not a new start, however, and in view of the critical and urgent erosion problems, I join my Congressional colleagues from South Dakota and Nebraska—particularly Mrs. Smith and Mr. Bereuter—in seeking a $2.2 million Fiscal Year 1981 appropriation to the Corps of Engineers for construction work required to implement the plan and $160,000 for operations and maintenance.

Second, the project for which Congressman Daschle, Chairman Kurle, and I appear jointly and specifically before you today is the WEB Pipeline Project. I will leave it to Morris to address the details of the project itself, but I do want to make a few pertinent points which bear directly on your consideration of our funding request:

Most importantly, WEB will address very real problems associated with water quality and quantity in the project service area. Accordingly, as you can understand, it has broad and extremely active local support. In addition, WEB has the unanimous support of the Governor and the South Dakota Congressional delegation. There is scarcely any project on which we've worked more closely and actively. That is evidenced by the joint appearance of Congressman Daschle and myself before you this morning and the joint appearance of Senators McGovern and Pressler before the Senate subcommittee this afternoon. Finally, and this will be of particular interest to you, WEB has the active support of the Department of the Interior, especially Assistant Secretary Martin and Deputy Assistant Secretary Dan Beard. Furthermore, in our discussions with the Office of Management and Budget, it appears that they, too, will shortly endorse enactment of the necessary legislative authority.

It is with these points in mind that we ask you to give serious consideration to a Fiscal Year 1981 appropriation of $1.9 million for WEB. With the support of the Administration and particularly OMB, we are very hopeful the authorization will be enacted this year; and our request is based upon that assumption. We are aware of the May 15th deadline for reporting from committee bills which require new spending in the coming fiscal year. While it is unlikely my bill (H.R. 6320, which has been cosponsored by Congressman Daschle and a member of the Appropriations Committee, Congressman Mark Andrews) can be reported from the Agriculture Committee by that time, we are hopeful it can be attached as an amendment to H.R. 3580, the Rural Development Policy Act, which is pending floor action. Perhaps Tom or Morris will have more to say about prospects for the success of our legislative strategy.

In closing, Mr. Chairman, I would like to thank you for your sincere and always fair consideration. We do not look forward to having to deal with the President's revised budget, but I basically concur in the figures he suggested in January for Fiscal Year 1981 appropriations for water project construction and studies in South Dakota. There was precious little for construction anyway; and, if we are faced with the loss of $5.2 million for the Grass Rope Unit, it would seem that we would not be expected to sacrifice further. My priorities as far as the President's original budget request are concerned, though, are the $250,000 he requested for the Oahe Riverside Irrigation Study and the $250,000 he requested for the on-going feasibility investigation of the Lower James-Ft. Randall Water Diversion Proposal. Both are under the auspices of the Water and Power Resources Service, and both are important to maintaining some momentum in our state toward development of our abundant water resource potentials when economic conditions are more favorable to do so.

Thank you very much.

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## SENATE CONCURRENT RESOLUTION No. 8

A concurrent resolution, urging the reaffirmation of the commitment to the state of South Dakota under the Pick-Sloan Missouri River Basin Program:

Whereas the Pick-Sloan Missouri River Basin Program was authorized by the Flood Control Act of 1944; and

Whereas four massive dams have been constructed on the Missouri River in South Dakota under the Pick-Sloan Missouri River Basin Program; and

Whereas these dams, the reservoirs they have created, and associated hydroelectric facilities have required the acquisition of five hundred thirty-six thousand, eight hundred seventy-five acres, as of December, 1976, in South Dakota; and

Whereas these acres have been inundated and otherwise removed from productive contribution to the economy of South Dakota; and

Whereas the storage of water behind these dams in South Dakota has contributed to the realization of an estimated one billion five hundred million dollars in flood control benefits to downstream states; and

Whereas the storage of water behind these dams in South Dakota has permitted the realization of nine hundred sixty-five million dollars in benefits from the generation of hydroelectric power; and

Whereas as much as two-thirds of this hydropower has gone to the states of Minnesota, Iowa and Nebraska; and

Whereas the storage of water behind these dams in South Dakota has contributed to the realization of eighty million four hundred thousand dollars in navigation benefits to downstream states; and

Whereas the Flood Control Act of 1944 authorized the development of five hundred seventy-five thousand acres of full water service irrigation in South Dakota and sixty-six thousand acres of supplemental irrigation water service; and

Whereas the development of this irrigation was authorized to offset the losses imposed upon the economy of South Dakota by the Pick-Sloan Missouri River Basin Program; and

Whereas Public Law 88-442 requires reauthorization of any irrigation project under the Pick-Sloan Missouri River Basin Program, despite the provisions of the Flood Control Act of 1944; and

Whereas the one hundred ninety thousand acre Initial Stage Oahe Unit was reauthorized in 1968; and

Whereas several local elections in the Oahe Conservancy Subdistrict and the Spink and West Brown Irrigation Districts involved has shown local farmers who were supposed to benefit from the project no longer favor its development or construction; and

Whereas the Oahe Conservancy Subdistrict Board which holds the Master Contract for Oahe, the Spink County Irrigation District Board which represents two-thirds of the one hundred ninety thousand acres of land to be irrigated by the project, and the County Commissions of Sully, Potter, Faulk, Walworth, Edmunds, Campbell, Brown, Spink, Hand, Day and Clark Counties have all called for deauthorization and deauthorization hearings; and

Whereas forty-six million dollars has been spent on partially completed facilities for the project, including the pump house and Pierre Canal; and

Whereas the United States Department of Interior is conducting a "termination study" of the project which contemplates no further construction or productive use of the federal investment; and

Whereas the federal commitment to South Dakota contained in the 1944 Act remains unfilled; and

Whereas the Initial Stage Oahe Unit authorization is the only substantial remaining statutory representation of the commitment contained in the 1944 Act; and

Whereas deauthorization of the Initial Stage Oahe Unit could lessen the likelihood that any substantial amount of federal assistance ever will be provided to South Dakota, pursuant to the commitment contained in the Flood Control Act of 1944; and

Whereas the Flood Control Act of 1944 committed to South Dakota for federally assisted irrigation development the provision of one million ninety thousand acre-feet of water and one hundred seventy thousand two hundred kilowatts of hydropower at a rate of two and one-half mills; and

Whereas the water committed to South Dakota for irrigation has been allowed to flow out of the state, to float barges through downstream states, to generate hydropower for consumption in other states, and to flow into the Gulf of Mexico; and

Whereas the hydropower committed to irrigation service in South Dakota has been marketed by the Western Area Power Administration (formerly a branch of the Bureau of Reclamation) for consumption in other states; and

Whereas the favorable financing for irrigation development promised to South Dakota has not been provided and may amount to as much as one billion two hundred million dollars or more, in 1980 dollars, to construct projects authorized in the 1944 Act: Now, therefore, be it

*Resolved, by the Senate of the Fifty-fifth Legislature of the State of South Dakota, the House of Representatives concurring therein*, That the President, the United States Department of the Interior, and the Congress be urged to reaffirm the commitment to the State of South Dakota under the Pick-Sloan Missouri River Basin Program; and be it further

*Resolved*, That the State of South Dakota recognizes that fiscal realities preclude the provision of one billion two hundred million dollars in federally appropriated funds for water and economic development assistance to South Dakota at this time; and be it further

*Resolved*, That it is the policy of the state of South Dakota that the federal government should to the maximum practical degree be expected to live up to its commitment to South Dakota under the Pick-Sloan Missouri River Basin Program, and that a reasonable and responsible means toward that end would be enactment of legislation to reauthorize to South Dakota the benefits contained in the Flood Control Act of 1944 according to the following principles:

A. That all Missouri River water shall remain available for use pursuant to the water right granting authorities of the state as guaranteed in the 1944 Flood Control Act;

B. That one hundred seventy thousand two hundred kilowatts of Missouri River Basin hydropower shall be made available for sale and delivery at the direction of the state at a rate of two and one-half mills;

C. That the federal government appropriate annually, for twenty years, twenty-five million dollars for water development or other economic purposes within the state of South Dakota and the state shall develop a plan for the use of such funds which shall be submitted to the appropriate federal agency or agencies and assistance by those agencies must be approved by the state and any grant funds thus provided shall be written off against the Pick-Sloan Missouri River Basin Program and any repayment surplus shall accrue to a revolving fund established by the state; and be it further

*Resolved*, That if these conditions are met the state of South Dakota will support deauthorization of the Initial Stage Oahe Unit; and be it further

*Resolved*, That the Secretary of State be directed to furnish copies of this Resolution to the President, to the Secretary of the United States Department of the Interior, to the United States Senate, to the United States House of Representatives, and to the South Dakota congressional delegation.

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United Sioux Tribes
of South Dakota
Development Corp.,
*Pierre, S. Dak., March 14, 1980.*

Representative Jim Abdnor,
*Longworth House Office Building,*
*Washington, D.C.*

Dear Representative Abdnor: The Sioux Tribes of South Dakota as members of United Sioux Tribes Development Corporation would like for you to go on record before the House Appropriations sub-committee on Energy and Water Development and express their disappointment in another commitment that was made to them and then denied. The Pick-Sloan Plan for the Missouri River Basin in the Flood Control Act of 1944 and subsequent actions called for the development of irrigation projects on Indian Reservations as partial compensation for the vast acreages of Trust lands lost by the impounding of water along the main stream. These commitments were ignored after the land was taken and the dams built and then with one sentence, in Public Law 88-442 all of the projects previously authorized by Congress were wiped off the record.

We would like to strongly indicate to the committee that we see this as a double-cross and would like the projects reinstated so that development may proceed. The justification for these projects have increased, not diminished, and the commitment by Congress should be honored. In South Dakota these projects are:

Fort Thompson—5,900 Acres.
Grass Rope—4,100 Acres.
Green Wood—3,500 Acres.
Iron Nation—1,900 Acres.
La Roche—1,800 Acres.
Wagner—19,500 Acres.
Pine Ridge—6,900 Acres.

Sincerely,

Clarence W. Skye,
*Executive Director.*●

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## ROBERT DOYLE

### HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. MAVROULES. Mr. Speaker, the occasions are all too few and far between when ordinary citizens rise above the anonymity of everyday life and take matters into their own hands. Today, I would like to share with you the case of one such individual in my constituency

Robert Doyle, a resident of Marblehead, Mass., was a crewmember on a sailboat race from St. Petersburg to Fort Lauderdale, Fla. During the race, Mr. Doyle's boat was hit by a maverick wave, striking a crewmember in the head and causing profuse bleeding and a cessation in his pulse and respiration. Immediately, Mr. Doyle, trained in cardiopulmonary resuscitation, enlisted the aid of other crewmembers in applying the appropriate aid necessary in sustaining the victim's life until the Navy helicopter and rescue personnel arrived some 2 hours later. Without doubt, Mr. Doyle's use of CPR saved the life of his fellow crewmember until proper medical help could be obtained.

For his courageous, selfless accomplishment, my distinguished constituent received something that cannot be described in terms of awards or commendations—for what greater reward is there than the satisfaction of saving a human life. I am extremely proud and honored to represent Robert Doyle and would like to praise the Red Cross and other emergency training organizations that have trained our now unveiled hero.●

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## CHILDREN'S HOSPITAL: TAKING THE INITIATIVE IN ENERGY CONSERVATION

### HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. GRADISON. Mr. Speaker, during a period in our Nation's history when inflation and energy costs threaten to tear apart the very fabric of our economy, it is encouraging to find voluntary, innovative programs to conserve energy and hold costs down. In Cincinnati, the Children's Hospital Medical Center—CHMC—was recently awarded $430,000 in matching grant funds as part of a $900 million Department of Energy program to encourage energy conservation measures in hospitals.

The grant follows several other awards to CHMC for achievements in costs savings and energy conservation. Children's Hospital was one of the first hospitals in the country to be recognized by the American Hospital Association for energy conservation activities, receiving two awards in January and March of 1979 for reducing energy consumption by 10 to 20 percent. In addition, in April 1978, CHMC was the first Ohio hospital officially designated as a voluntary cost-containment facility by the Ohio Hospital Association.

Since 1974, the hospital has saved an estimated $1,242,479 through voluntary programs designed simply to restrict the use of energy in general. Conservation measures include disconnecting approximately one-half of electrical lighting, raising summer temperatures, lowering winter temperatures, and lowering hot water levels. The hospital even reduced the use of elevators by encouraging the able bodied to use stairways whenever possible. The current rate of savings attributable to these conservation activities is one-third of $1 million annually.

The recent $430,000 DOE grant was based on the hospital's proposal program of an automated energy management system costing $357,000. The system features a monitor, control and printout computer in a central station that will fine tune and coordinate the hospital's heating, ventilating, and air-conditioning equipment. The estimated annual additional savings at the hospital arising from the system is $57,500, roughly 7 percent of total fuel and electricity costs at CHMC.

Mr. Speaker, I applaud these exemplary conservation efforts of the Children's Hospital as an innovative and positive approach to keep energy costs and inflation at bay. While strong Federal programs may continue to dominate the national energy strategy, the experience of Children's Hospital demonstrates how leadership in the private sector could ultimately provide the convincing models we need to solve our energy problems.●

## THE MOOD OF THE VOTERS

### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. HAMILTON. Mr. Speaker, I insert my Washington report for Wednesday, April 9, 1980, into the CONGRESSIONAL RECORD:

Most political commentators have been writing about the great volatility of voter opinion this year. The candidates and the issues in 1980 seem to be making it difficult for the pollsters to interpret the views of the voters. My impression is that this volatility may be a result of voter mood. As I have met with hundreds of Hoosiers in recent weeks, I find them uncertain, confused, even anxious. I sense that people do not have high expectations for the country. They see more, not less, trouble in international affairs during the coming year. They also anticipate a year of deep economic turmoil. The prospects for improvement in either area seem dim to them.

Not surprising is the fact that inflation is the most frequently mentioned source of distress. Most people expect it to get worse, or at least not any better, and not many think that the recent moves in Washington will help very much. Beyond inflation, though, it is clear that other economic problems are bothering voters. People express a deep concern about their own long-run financial futures. For example, many have spoken to me of their concern about the adequacy of their pensions. Others are becoming increasingly worried about their jobs. Indiana has an unemployment rate of 9.3 percent, one of the highest in the nation, and the loss of jobs, or the threat of such a loss, has now become a major cause of unease. Families are surely feeling the economic crunch, but with more members of the family working they are also experiencing greater pressure on their time for household and community responsibilities. "I just don't have time for such activities," one working housewife commented to me.

Among voters there is a strong concern about the role of government, too. This concern is often made known to me through remarks like "Congressman, all I ask is that you get the government off my back." Ninth District residents speak to me more and more of the "government problem," a problem that has several aspects. The overregulation of business is part of it, and so is the waste, inefficiency, and lack of effective management in government programs. The clearest signal from the people is the demand to control government spending by balancing the budget. At the same time, I am not aware that the people have lowered the expectations they have for government services. They simply believe that better services can be provided at lower cost.

The voters' views on energy continue to evolve. Many people see the energy problem as one arising largely from price hikes made by the oil-exporting nations or the oil companies. A growing number of people regard the energy problem as a matter of limited supply caused in part by the oil-exporting nations but more fundamentally by a whole set of factors. Although most voters do not want energy prices to rise any higher, they tend to support the operation of the "free market" as a key element of energy policy. There are other noteworthy facets of the people's thinking on energy: they recognize the importance of conservation; they hope that technology will provide the means to "save" their lifestyles; they believe that solar power is the most promising alternative being proposed; they see the necessity of a "mix" of energy sources, including coal, natural gas, synthetic fuel, nuclear fission, sunlight, and geothermal steam. After Three Mile Island, however, they are quite skeptical of nuclear power.

In the wake of events in Iran and Afghanistan, the voters are in a much more assertive, even militaristic, mood in the field of international affairs. They want the United States to play a more visible role as a world leader, to increase its military spending, and to get much "tougher" with the Soviet Union. They believe that the United States is not as respected in the world as it once was, and that it is falling behind the Soviet Union in power and influence. I remember an older gentleman who received loud and prolonged applause in a recent public meeting when he asked, "When is the United States going to stop being pushed around?" The personal economic worries of voters intrude into discussions of foreign affairs, too. Many people are now talking to me about protecting American jobs from foreign competition. "Let's spend our tax dollars on our own people, and create jobs here, not abroad," said one workingman to me a few days ago. In matters of foreign policy, the most difficult thing is to gauge the extent to which people are prepared to use force to settle international disputes. My impression is that they strongly support economic and diplomatic measures to achieve our international objectives, but that they usually want to "hold off for now" on the use of force. Although I have been struck by the upsurge of interest in foreign affairs, I also have the sense that the preoccupation with foreign affairs is abating. Inflation and other economic issues are reasserting themselves.

My view is that the voters are keenly interested in the candidates and the issues of the 1980 campaign. They are eager for candidates to discuss issues, preferably in an informal atmosphere of questions and answers, not in the context of elaborate, prepared speeches. They see how serious and complex the issues are, and only rarely are they dogmatic about their own positions. The voters do not expect precise, "once and for all" solutions to the problems. I am encouraged both by their curiosity about the issues and by their maturity in recognizing that the solutions to problems are neither obvious nor simple. Their attitudes may help to explain the heavy voter turnout in most primaries this year. It may be that the people will weigh the candidates and the issues very carefully in 1980, more carefully perhaps than in any other recent election.●

## TRIBUTE TO DAVID E. FLEMING

### HON. LYLE WILLIAMS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. WILLIAMS of Ohio. Mr. Speaker, it is my unfortunate duty to inform the House of Representatives that a great man, Mr. David E. Fleming, recently passed away.

David was an active community and church leader in Youngstown whose contribution to the city and its people will be sorely missed.

For 57 years David was a member of the Third Baptist Church where he had served for 26 years as the chairman of the trustee board as well as Sunday school superintendent and director of personnel. David was a member of the executive committee and past vice president of the Youngstown Council of Churches and a trustee of the Trumbull Baptist Association.

David was also an active civil leader. He served on the board of trustees of the Child and Adult Mental Health Center, the executive board of the Community Action Council, the Community Development Agency board and the board of the Mahoning County Council on Aging.

David also was actively involved with the YMCA and helped many people with free memberships when the people could not afford the cost. He was also the treasurer of the Youngstown Leadership Conference and a life member, as well as serving on the executive board of the NAACP.

In 1970 David was named the OPM "Man of the Year". And in 1977 he received the Community Service Award for the Association of Negro Business and Professional Women.

In 1978 he received the Volunteer Service Award of the Mahoning County nutrition program for the elderly and he is the cohonoree of the Walker-Fleming scholarship which was established by the Roberts Deliberating Club in 1979.

As you can see, Mr. Speaker, David Fleming was a fine man, an outstanding citizen, and an active leader who cared for his community and did everything he could to help improve it.

I would like to take this opportunity to ask that the House join with me in honoring David's memory for he will be missed by all of us who knew and respected this truly great man.●

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## WORDS OF WISDOM

## HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. DERWINSKI. Mr. Speaker, in considering the complete disarray of our U.S. foreign policy, especially in situations involving the Soviet Union's machinations, I commend that the administration ponder the words of wisdom of our former Secretary of State, Henry Kissinger. As I do not need to elaborate further, the following is excerpted from a speech Secretary Kissinger gave to the American Society of Newspaper Editors, which appeared in the Sunday, April 13, Washington Star:

[The Sunday Washington Star, Apr. 13, 1980]

### Closing the Road to Soviet Adventurism

(By Henry Kissinger)

We are at the beginning of another of our quadrennial debates over foreign policy. Its forms have become as stylized as a Japanese kabuki play. The party in office claims that it inherited a debacle and by a near-miraculous effort has raised our prestige to new heights. The party out of office assails the current debacle and promises a radically new start.

This process courts two dangers. For our own public, it creates the impression that the foreign policy of the United States reflects only the idiosyncrasies of whoever is the incumbent.

And for the other nations of the world, the controversy is profoundly unsettling, whether they are foes watching in bewilderment or friends observing in dismay. America is the linchpin of the free world's security, the repository of the world's hope for progress. If every four years the basic premises of our foreign policy are up for grabs, America itself becomes an element of instability in the world. We give our friends an incentive to free themselves of the vagaries of our political process; we sow the psychological seeds of neutralism.

Whoever is victorious in November will find that he needs a unified people behind him because he will face a monumental challenge in foreign affairs. I happen to agree with President Carter that the danger to our country is the gravest in the modern period. We are sliding towards a world out of control, with our relative military power declining, with our economic lifeline increasingly vulnerable to blackmail, with hostile radical forces growing in every continent and with the number of countries willing to stake their future on our friendship dwindling.

We did not arrive at this point all at once or during one administration—though I believe that this administration has accelerated the most dangerous trends. Our peril is structural and conceptual. It requires a sustained national effort over an extended period of time, whoever shall be the next president—or the next and the next as well.

There are, I believe, four interrelated issues that must be addressed: First, the military balance; second, the geopolitical equation; third, the attitude towards the process of change in the world; and fourth, U.S.-Soviet relations.

### INCREDIBLE STRATEGY

It can no longer be seriously denied that the overall military balance is shifting sharply against us. Every objective observer has reached this grim conclusion. In this decade we confront, for the first time, a potentially unfavorable strategic balance, a shifting balance against us in theater nuclear forces in Europe, and continuation of the long-standing Western inferiority in forces for regional defense.

For 30 years the defense of the free world relied on our strategic superiority to compensate for our inferiority in conventional forces. That period has now ended—perhaps inevitably. Once we lost the ability to destroy the Soviet retaliatory forces at acceptable cost to ourselves, a general nuclear war spelled mutual suicide. Last year in Brussels I pointed out that a strategy relying on such a threat is incredible, irresponsible and escapist—even for NATO. I was severely criticized—today's equivalent of shooting the messenger to avoid the message. But a danger ignored is a debacle invited. A country that can defend its interests only by threatening the mutual mass extermination of civilians dooms itself to strategic, and therefore eventually geopolitical paralysis.

Rarely in history has a nation so passively accepted such a radical change in the military balance. The danger is less an imminent nuclear attack on us, than an increased Soviet willingness to run risks in local conflicts.

And that seems to me the minimum consequence to what is ahead. We live in a world in turmoil, the safest prediction is continuing instability, some of it promoted by the Soviet Union, some of it only exploited by it. If this process continues and leads to direct U.S.-Soviet confrontations, like that in Cuba in 1962 or the Mideast alert in 1973, it will be the Soviet Union which will possess the quantitative superiority in strategic weapons that we enjoyed when those and comparable crises were successfully resolved in our favor.

And the Soviet local advantage has grown exponentially. Thus regional conflicts, whether deliberately promoted or not, threaten increasingly to exceed our ability to respond unless we drastically reverse the growing imbalance in all categories of military power. We will pay a heavy penalty if we continue to take comfort in soporific assurances that our military establishment is still second to none."

Fairness requires the recognition that President Carter inherited a difficult situation. But it must also be noted that the present administration has compounded the problem by systematically deprecating the role of power by cancelling or stretching out every strategic program it inherited, by treating the whole defense budget more as a bargaining chip to win approval for SALT than as a serious instrument of national policy.

For a few weeks after the Soviet invasion of Afghanistan, it seemed that we had learned some lessons. And I therefore made several speeches in Europe urging hesitant allies to support the administration. Since then we are sliding back to our posture of ambivalence. Despite the invasion of Afghanistan, the president submitted precisely the defense budget that had been prepared before Afghanistan and on the expectation that SALT would be ratified. How can that possibly be adequate when in the meantime we have undertaken a major new defense commitment embracing the Persian Gulf?

How do we propose to cope in the first half of the decade before new capabilities come into being? How does the administration propose to relate our capabilities to our new commitments? Within two weeks of announcing the Carter Doctrine, the president acknowledged that we alone could not defend the vital Persian Gulf. Who then will join us? What is our strategy? What forces will be available near the area for its defense? How can our current military establishment defend NATO, much less save distant allies? Why should we be surprised if threatened countries shy away from our protection?

These shortcomings, in my view, reflect the administration's profound ambivalence about the role of power in the world. Too many of its officials seem to operate on the premise that there is a guilt we must expiate rather than values we should defend.

Abdication will not purify us; it only creates a vacuum that will send to their destruction those who rely on us. At some point prudence turns into weakness which tempts danger; the ostentatious renunciation of force has the paradoxical consequence of magnifying risks.

This brings me to my second concern: the geopolitical balance. By this I mean the alignments and assessments that determine whether moderates friendly to us, or radicals hostile to us, dominate key regions, whether our alliances are vital or sliding towards lassitude. It determines whether peaceful solutions of problems like the Arab-Israeli dispute or Southern Africa are possible, or whether the radical tide or communist proxy intervention dooms all prospects of moderation and progress.

This geopolitical balance is measured partly by intangibles—by whether friends of the United States believe they have a secure future; by whether they have confidence in our ability to aid them against challenges and deter outside threats to regional security; by whether, indeed, they will even risk engaging in self-defense—as illustrated by Pakistan's refusal of our offer of military aid.

And it depends as well on our ability to perceive trends and dangers before they become overwhelming. A statesman must act on judgments about the future that cannot be proved true when they are made. When the scope for action is greatest, the knowledge on which to base such action is often least; when certain knowledge is at hand, the scope for creative action has often disappeared.

We face a challenge from the Soviet Union not because they are necessarily implementing a timetable for world conquest, but in the sense that incremental challenges not resisted will lead inexorably to greater challenges, even if the Soviets are only exploiting opportunities that come in their way.

Precariously situated countries in the Middle East see the Soviet-supported Cuban advance coming through Africa to Ethiopia right across the Red Sea. To them the Soviet invasion of Afghanistan now overshadows the Persian Gulf like the northern arm of a great pincer. They observe Vietnam swallowing Cambodia and seeking hegemony over Southeast Asia under the protection of a Soviet friendship treaty. They notice that India and Pakistan are both vying for Soviet favor. Even in the Western Hemisphere they see radical upheavals rending Central America and the Caribbean, buttressed by a small Soviet combat force in Cuba. And they see no effective resistance.

This has its inevitable effect, which is to accelerate the demoralization of all moderate allies, driving friends toward neutralism and neutrals toward radicalism. The administration has explained certain of its actions as an effort to win the approbation and allegiance of the Third World countries. But the radicalism of many Third World countries cannot be moderated by a more "understanding" American posture; they object to our existence or social structure, not to our policies.

Even with the less radical Third World countries—and they are still the majority—the issue is misconceived if put in terms of approbation and allegiance. For hardly any of the countries immediately threatened prefers the Soviet system. Their problem is the pressure they face from outside military force or internal subversion, the menace of radical groups flaunting their implacable ideological hatred of America, undermining the balance of power even when they are not financed, armed and trained by the Soviet bloc—as they often are.

Somewhere, somehow, the United States must show that it is capable of rewarding a friend or penalizing an opponent. It must be made clear, after too long an interval, that our allies benefit from association with us and our enemies suffer. It is a simpleminded proposition perhaps, but for a great power it is the prerequisite, indeed the definition of an effective foreign policy.

### IDEALS AND REALITIES

Thirdly, what should be our attitude to the process of domestic change in the world? The administration contends that by demonstrating our moral values and concern for human rights—if necessary by condemning our own previous actions—we will gain the approbation of mankind and thus outflank the Soviets.

Reality is more complex. It is true that American foreign policy must be grounded in the humane values of our people and of our democratic tradition. We would be neither effective nor faithful to ourselves if we sought to defend every status quo in an age of upheavals.

The problem, however, is to relate this truism to the national interest of the United States in concrete situations. It is a hard fact, but true, that some societies whose security is vital to us—particularly in the Persian Gulf—are governed by authoritarian conservative regimes. In the West constitutional democracy resulted from an evolution extending over centuries. Force-feeding the process in developing societies is not impossible, but it has the paradoxical result of involving us in permanent global intervention at the precise moment when we have supposedly learned our limits in the aftermath of the Vietnam experience.

Iran should teach us that humane values are not necessarily served by the overthrow of conservative regimes. If we encourage upheavals without putting in their place a moderate democratic alternative, a foreign policy conducted in the name of justice and human rights will wind up by making the world safe for anti-American radicalism. We will see new governments not only hostile to us but even more brutal toward human rights. All this tends to compound geopolitical disintegration.

Moreover, each new upheaval tends to start a rockslide. In the wake of Nicaragua, radical Marxist anti-American forces are gaining in El Salvador; Castroite elements are already implanted in Jamaica and Grenada and beginning the assault in Guatemala. With such currents sweeping Central America and the Caribbean, are we identifying with the wave of the future, or are we abetting our own progressive isolation and irrelevance? Will Mexico in self-defense not be driven towards radicalism and anti-Americanism by forces we encouraged but did not know how to channel?

Similar trends exist, of course, in the Persian Gulf and the Middle East. Unless we get our priorities straight, external pressures will accelerate internal upheavals and produce a growing sense of insecurity and a growing trend of dissociation from the United States. Where would we be in the Middle East but for the miracle of Sadat's greatness?

Previous administrations perhaps showed too little sensitivity to the problem of domestic change. We do need a concept of change to which moderate democratic humane forces can rally. But currently there is entirely too much insouciance about a process that could easily engulf us. We live in a more hostile world today, in a weakened position, and the beginning of wisdom is to stop pretending that we are better off now because we have made obvious our desire to be universally loved.

### CONTAINMENT AND DETENTE

Finally let me address myself to the current crisis in U.S.-Soviet relations.

Our relationship with Moscow is inherently ambiguous. Ideology implies an ineradicable conflict; nuclear weaponry compels coexistence. Geopolitical rivalry produces inevitable tension; military technology necessitates the peaceful solution of outstanding issues.

Coexistence with the Soviet Union has always raised moral dilemmas for Americans. This explains why we have lacerated ourselves for decades over whether "containment" or "detente" or something else should be the goal of our policy toward the Soviet Union. Those two concepts have indeed become epithets. In reality a sensible long-term policy needs elements of both. We get into difficulty precisely when we misstate our alternatives.

It is no accident that an administration that three years ago proclaimed its emancipation from "the inordinate fear of communism" has brought us to an historic low point in our relationship with the Soviet Union. No doubt the principal fault is the Kremlin's insatiable tendency to exploit every strategic opportunity.

But it seems to me also true that we have confused the Soviet leaders by inconsistent pronouncements and unpredictable reactions. This administration has in the space of a few years repudiated the SALT position of the previous administration and then returned to its basic framework two months later; we cancelled the neutron bomb and a year later pushed theater nuclear weapons; we proclaimed that the Persian Gulf needed no policemen and then announced a doctrine for its defense. We repeatedly rejected "linkage," which would have made progress in areas in which the Soviets had a stake—such as trade or SALT—dependent on Soviet restraint in exploiting tensions. This produced the spectacle that arms control proceeded while Soviet proxy forces moved into Ethiopia, while Soviet bases were established in South Yemen, while a first Communist coup took place in Afghanistan in 1978, and while a Soviet brigade was discovered in Cuba. And when Soviet troops moved to the Khyber Pass, we suddenly rediscovered linkage with a vengeance. Paradoxically, by our acquiescence in the initial stages, the Soviets may even have felt misled when we later suddenly reacted—as we finally did after Afghanistan.

This American hesitation is not just the product of liberal inhibitions about intervention inherited from the Vietnam experience. Some American conservatives, too, at times seem more interested in building Fortress America and in patriotic rhetoric than in efforts to resist Soviet adventures overseas. This last was painfully evident in the Angola debate in 1975.

Every American should support the retaliatory steps announced by the president since January toward the Soviet Union—the deferral of SALT, the grain embargo, restriction on access to high technology, the Olympic boycott. These were the minimal response to Soviet aggression, but they are only reflex reactions; they do not constitute a strategy.

The administration has been rightly disappointed in the conduct of many of our allies; in particular the Europeans. The Western Alliance will surely be jeopardized by the new theory of "division of labor" by which the Europeans seek to retain the benefits of a relaxation of tensions while we assume all the burdens and risk of resisting Soviet expansionism.

Nevertheless, our allies also have grounds for concern. Their hesitation and reluctance are not an accident. They rightly complain of a failure of consultation. They have been exposed to the same vacillations and cacophony of voices I have described with respect to East-West relations. They therefore wonder how long we will stick to our latest proclaimed course. Are we acting now in order to punish the Soviet Union for an individual act, after which we will resume the previous rhetoric and style? Or have we truly undertaken a new policy? Can our allies make sense of a new doctrine that generates additional commitments but no new forces? Are we commiting ourselves to a long-term strategy that our allies can understand, that our Congress and public will sustain? And what is that strategy?

These questions must be answered, lest our alliance wind up with empty posturing everywhere: on our side defiance unrelated to concept, in Europe accommodation drifting toward Finlandization.

At the same time, while I favor greater firmness and augmented defense, I view them not as ends in themselves but as the foundation of a new strategy of East-West diplomacy. We must never forget the lesson of World War II, when the democracies failed to maintain the balance of power and thereby invited aggression. But neither can we risk ignoring the lesson of World War I, when a war broke out despite the existence of a military balance, when statesmen lost control over their military planning and short-sighted posturing allowed an apparently minor crisis to escalate into a cataclysm that no leader intended or knew how to stop.

An attitude of rhetorical recalcitrance guarantees that we will be driven to negotiations in the worst circumstances, with our country torn apart by a debate over our "intransigence" and our allies buffeted by domestic assaults portraying America as the cause of world tensions.

So let us not debate whether we should negotiate, but on what terms. Let us define an agenda that is neither sentimental nor bellicose but is geared to the necessities of peace in our age.

In the thermonuclear age it is simply too dangerous for the two superpowers not to be in contact. After our elections, whoever is in office should be prepared to open a dialogue with the U.S.S.R. But we must learn the lessons of the past. The greatest threat to peace is the Soviet tendency to exploit every tension. This must be stopped—even in the Soviet interest; the American people will not be defeated without noticing it, and when we react we shall resist—increasing the danger of war. Our goal in East-West diplomacy must be to determine what Soviet intentions are and spell out the limits of acceptable conduct. The era of proxy forces, military pressures and encouragement of terrorists must be ended; it is incompatible with relaxation of tensions with the United States and must be shown to be so.

It is surely within America's capacity to establish the penalties and incentives to affect Soviet decisions and bring some measure of stability to the East-West relationship.

If progress is possible towards a code of restraint, we should be prepared to resume the SALT process. In my view we would be well advised, if and when we return to the negotiating table, to aim at a new SALT agreement to run for an extended period, say 10-15 years, that would limit the next cycle of weapons developments.

But I cannot stress sufficiently that all of this presupposes reliable assurances of an end to the current Soviet geopolitical offensive. If these are unobtainable we will have no choice except confrontation—and we only weaken our position by implying, as is so often done, that an arms race might work against our interests or that a confrontation would present us with greater problems than our adversary.

It is within our power to close off the avenue of adventurism, but the time is growing short. As is often the case, the seemingly boldest course is really the safest; procrastination will only prolong and thereby magnify our danger.●

## THE LAWMAKERS

## HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. ROSENTHAL. Mr. Speaker, on Thursday evening, April 10, 1980, I was delighted to see a television program on the local public station which was both meaningful and truly enlightening. I refer to Paul Duke's show, "The Lawmakers."

This particular program in the series focused on Speaker THOMAS P. "TIP" O'NEILL. The historical background and candid interview with the Speaker created a real and balanced view of the modern day powers and procedures of his office. Paul Duke, a veteran Washington political correspondent, conducted the interview with intelligence and taste.

"The Lawmakers" is an important contribution of public television to a clearer understanding of Congress and the legislative process.●

## THE SMOKING MEMORANDUM?

## HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mrs. SCHROEDER. Mr. Speaker, in my efforts to uncover the smoking memorandum that compelled President Carter to recommend peacetime—premobilization—draft registration, I came across an article by Elizabeth Drew in the April 14, 1980, New Yorker.

I have taken the liberty of excerpting her discussion of the registration issue and providing it here for my colleagues to examine.

If Ms. Drew's analysis is correct, what we have is draft registration being orchestrated as a campaign ploy.

The article follows:

### DRAFT REGISTRATION

There were major disputes within the White House over the political implications of some of the most fateful decisions that the President has made this year, and there were also a number of politically alarming moments, even before New York. One of those moments was caused by the tone and the nature of the President's State of the Union speech. There was serious disagreement over whether the President should call for draft registration: the major proponent was the President; the opponents were a number of the people—including Mondale, Eizenstat, and Caddell—who advise the President on domestic and political matters. Jordan and Powell are said to have favored it. Vance and Brown are characterized as not having been much involved in the dispute, and Zbigniew Brzezinski, the President's national-security adviser, as favoring registration but not arguing very strenuously for it. Brzezinski was more concerned with other aspects of the speech.

The idea was suggested at a meeting with the President, but a number of people at the White House apparently did not think that anything would come of it. Then the proposal turned up in a draft of the speech that the President himself had worked on at Camp David. The opponents argued that registration was not necessary—the Selective Service had just completed a report saying as much. They also argued that it was a poor idea politically: Caddell, who is described by others as having been nearly beside himself about the matter, argued that it would alienate the very groups that provide volunteers for campaigns. Eizenstat wrote a memorandum saying that registration was neither necessary nor advisable. Mondale argued against the idea. A number of junior staff members opposed it. Initially, the President wanted to call for immediate registration, but eventually he was persuaded to start with a proposal for simply revitalizing the Selective Service system.

The opponents of the whole idea argued against it up until shortly before the President gave his speech, and at one point they thought they had the President convinced—but it turned out that they had simply misread one version of the toned-down proposal. The President, says one of those who were in on the argument, felt very strongly about it.

The public explanation was that this was one way to show the Soviet Union that the United States intended to be firm in its response to the invasion of Afghanistan. But there is also reason to believe that the President, and perhaps some of his advisers, saw a political attraction in the idea: that Kennedy would be sure to oppose it (as he did), and that this would be another way of identifying him with the left fringe of the Democratic Party, and also as "soft" on the Soviet Union. Shortly after the State of the Union speech, one White House aide said to me, with some excitement, that now they would have Kennedy three for three: that he had opposed the embargo on the sale of grain to the Soviet Union, that he had opposed the boycott of the Olympics, and that now he would oppose registration. Kennedy had taken the first two positions during the campaign in Iowa, where the President defeated him by a two-to-one margin—a greater margin than the White House had expected. The campaign statement issued after Kennedy's Georgetown speech said, "First he opposed the grain embargo. Next, [he] opposed an Olympic boycott. Now he opposes draft registration. . . . If Senator Kennedy is not willing to support actions which show the Soviets we mean business, what would he do?" A White House aide talked to reporters in the same vein, and this made its way onto the television news. CBS reported that "officials" said, "What is he prepared to do to stand up to the Russians?"●

## MRS. EVELYN NOEL KILBOURNE

## HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. LAGOMARSINO. Mr. Speaker, I wish to bring to the attention of my colleagues the record of community service performed by my constituent, Mrs. Evelyn Noel Kilbourne of Carpinteria, Calif. Mrs. Kilbourne, president of the Tierra Adorada District, California Federation of the Women's Clubs, will be honored by that organization in their annual convention April 22, 23, and 24, 1980.

Mrs. Kilbourne has been an active member of the California Federation of Women's Clubs since 1972; is past president of the Carpinteria Women's Club; past board member of the Carpinteria Girl's Club; a member of the League of Women Voters; a Docent of the Carpinteria Valley Historical Society; a member of the Past Presidents Honorary Society; a graduate of the University of California; and a veteran of World War II, having served in the U.S. Navy (WR). She has continuously served on the Emergency Disaster Preparedness Committee, city of Carpinteria since 1976.

Mrs. Kilbourne has, for the past 8 years, sponsored student art shows to exhibit the talents of children kindergarten through 12th grade in school districts in the counties of Santa Barbara, Ventura, and San Luis Obispo.

Acting on behalf of the California Federation of Women's Clubs and the Town and Country Women's Club of Santa Barbara she worked on behalf of the nature conservancy project to purchase a portion of Santa Cruz Island. She has worked to beautify Carpinteria State Beach by donating trees suitable to the environment of the area.

Her interest in mentally retarded children on the Navaho Reservation of the Southwestern United States developed into a district and California Federation of Women's Club project.

Mrs. Kilbourne has worked tirelessly on behalf of such community concerns as problems of juvenile delinquency and violence in the family.

I wish to join with the membership of the California Federation of Women's Clubs, Tierra Adorada District 14, in commending Evelyn N. Kilbourne for dedicated service to her community and her tireless efforts on behalf of these projects and concerns.●

## COMMUNITY SERVICE OF DICK MARS

### HON. DAN LUNGREN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. LUNGREN. Mr. Speaker, I would like to call to your attention the remarkable career and distinguished community service of Dick Mars, director of public relations, Pepsi-Cola Bottling Group, Los Angeles.

In a career of 30 years, this man has contributed to the vigor of our economy through his leadership in the Los Angeles-Long Beach metropolitan community. He has also helped to prepare our youth for productive careers through his voluntary community services to youth.

He has given of his time and talent to both the Boy Scouts of America and the Girl Scouts. He is vice president of the executive board of the Greater Long Beach Girl Scout Council. He is also on the executive board of the Los Angeles Area Council of Boy Scouts, receiving the coveted Silver Beaver Award for his exceptional service to scouting. This award is the highest recognition that a council can give a Scout. His dedication to youth sports is exemplified by his work in the Los Angeles County Pepsi-Cola Youth Tournament of Champions. Tournament participants will celebrate 26 years of continued success with this basketball season.

His leadership qualities have been further demonstrated in his service with Kiwanis International, United Crusade, Freedom Train, Anti-Litter League, and the Los Angeles County Parks and Recreation Council for Community Concern.

Dick has served as president of the Los Angeles County Industry-Education Council. He continues to serve as an officer of the Long Beach Industry-Education Council and on the State board of directors of the council. His continuing service is just one indication of his interest in youngsters and helping in their career development.

He has contributed to the cultural enrichment of our communities through his active participation in the Free Shakespeare Festival, Cinco de Mayo, the Domingos Alegres entertainment in the park series, and the arts for communities program, among others.

On April 24, 1980, Dick Mars will receive the widespread recognition he so justly deserves for all his accomplishments. There will be a special luncheon in his honor that day.

It is with great pleasure and a deep sense of pride that I wish Dick Mars, my fellow Long Beach resident, and his family many happy returns.●

## TRIBUTE TO DARIO BELLA

### HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. SHUMWAY. Mr. Speaker, at this time I share the selfless and dedicated accomplishments of my constituent, Mr. Dario Bella, with my colleagues in the House. Throughout his working career, Mr. Bella has devoted his efforts to protecting others through firefighting, and more importantly through teaching the need for fire prevention. His achievements have been thoroughly captured in an article which originally appeared in my hometown newspaper, the Stockton Record, and which was then reprinted in the California Fire Fighter. Because the article is such a fitting tribute to an outstanding individual, I reprint it once again in the RECORD, so that all might have the opportunity to admire Mr. Bella's remarkable work.

The article follows:

#### HE WORKS TO KEEP THE FIRE OUT OF OTHER PEOPLE'S LIVES

(By Ben Remington)

It may show on the calendar as Fire Prevention Week. But if you've ever heard of Dario Bella, you know it's his week.

Dario Carl Bella fights fires with words, and he believes in every fire prevention message he preaches.

And preach he does.

He estimates he has given more than 1,700 fire safety talks to more than 150,000 students. And he's given hundreds of speeches to service clubs and countless talks to children at the requests of parents who have experienced a "playing with matches" problem.

He also backs up his words with actions.

Ask the manager of the old Fox California theater, who once had his theater full and the exits padlocked. Bella took bolt cutters to every lock and then handed the cut locks to the manager..

Or ask the two elderly sisters who owned a downtown hotel but couldn't arrange to have debris moved from the building basement. Bella rented a truck with his own money on his day off and corrected the situation with a few trips to the city dump.

Or ask the mother of five whose children were responsible for a bedroom fire. She told Bella there wasn't enough money for food and rent, much less the smoke detector he recommended.

The smoke detector arrived a few days later, and Bella had a few less dollars in his pocket.

Or ask his wife, Rosemarie, or their children, Daria and David.

"We went through the whole routine of getting away from a house on fire, except for breaking the windows, on a regular basis," Bella said. "We conducted those drills both in the daytime and at night about once a month."

Fire prevention has been the Stockton Fire Department veteran's life since before World War II, when he burned grass at $5 a day, 10 hours a day, for the City of Stockton as a means of controlling the summertime hazard.

The 56-year-old Bella has been a Stockton man-about-town for the last 24 years, or ever since he asked to be assigned to the department's Fire Prevention Bureau.

But he is probably best known for his role as master of "Sparky," the mechanical dog that has helped him spread the fire prevention word, to two generations of school children. He now finds that "Sparky's" message is being listened to by the children of children who heard him over 20 years ago.

Bella says his greatest rewards are the thousands of letters he receives from the "kids and adults." They come in the form of hand-drawn pictures from kindergarten pupils and letters of praise from college students and officials.

He is the only city employee ever to receive a commendation from the Board of Supervisors for fire prevention work in the unincorporated area. There were the "Mr. Safety" honor from San Joaquin County Safety Council in 1975, and the Community Service award from the same group later. And there also was the John R. Williams Award for meritorious service to education from the Stockton Unified School District.

But what he appreciates most are the letters that say, "I remembered what you told us to do, and I did it when our house caught on fire. Thank you. You saved my life."

Adults know him as a civic booster. He had a hand in promoting bond issues that brought about the new county courthouse, the Stockton Public Library's present building, the Center and El Dorado street overpass, and miles of sanitary sewer and storm lines.

There were more than 20 years as a member of the United Way speakers bureau. There were unofficial assignments from city managers to let the business community know that passage of a sewer bond was a must, that the city needed a new Central Fire Station.

Bella took "one shot" at politics when he ran for county recorder and lost in a runoff.

"It was an interesting experience. Maybe I'll try again. I have a lot of respect for the people who have the guts to run for public office," he says.

Bella, who is the Fire Prevention Bureau's coordinator for the downtown area, finds most problems are easily corrected by cooperative building owners and renters.

"I have never had to shut down a building. There have been times when I threatened a lot, and there were times when violators had to be hauled into the city attorney's office. But we always managed to get the corrections made without having to close."

Bella moved from Mokelumne Hill to Stockton as a youngster after his father opened the Grower's Bakery at Market Street and Wilson Way.

That meant attending Jefferson School and later St. Mary's High School, where he played basketball and football for two coaches who later became sheriffs—Carlos Sousa and Michael N. Canlis.

Fire-fighting started with the grass burning job and continued with a job with the World War II Stockton Field fire department. He later served as a fire fighter in the Navy.

He took the civil service examination for the Stockton Fire Department before being discharged from the Navy and went to work here in Dec., 1945, "when there were 38 vacancies in the department."●

## MOSCOW'S LINK TO THE IRANIAN TERRORISTS

### HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. DERWINSKI. Mr. Speaker, much has been written about the "war of the radios"—much of it in support of our Voice of America (VOA) and Radio Free Europe/Radio Liberty (RFE/RL) in disseminating the truth throughout the world, as in the case of VOA, and specifically to the subject peoples of the Soviet bloc countries, as in the case of RFE/RL.

The following newspaper column presents a view of the other side of the picture—Soviet clandestine radio broadcasting. According to Rowland Evans and Robert Novak, the Soviets have, among other things, been using the so-called National Voice of Iran (NVOI), a clandestine radio inside the U.S.S.R., to exploit the revolutionary situation in Iran to the detriment of the United States.

This is what the Evans and Novak column appearing in the Washington Post on April 9, 1980, said:

### MOSCOW'S LINK TO THE IRANIAN MILITANTS

(By Rowland Evans and Robert Novak)

Disturbing new evidence now under Carter administration study directly links the Soviet Union to radicals holding American hostages in Tehran, pointing to a strong Soviet hand in continuing the impasse.

These conclusions are contained in a confidential report on the National Voice of Iran, the clandestine Soviet radio. From transmitters located in Baku near the Soviet-Iranian border, NVOI puts out the real Soviet line—exploitation by Moscow of the Iranian revolution to maximum U.S. disadvantage.

This new evidence shows a consistent Soviet campaign to undercut every settlement effort by President Abol Hassan Bani-Sadr and other Iranian leaders deemed slightly less hostile to Washington. Thus, this conclusion by U.S. experts: The Kremlin has its own agents inside the American Embassy who are determined to keep the hostage pot boiling as part of overall Soviet policy to gain eventual control of the Persian Gulf and its oil.

That suggests the futility of President Carter's alternating tactics of turning the other cheek to Iran or, as he did Monday, imposing sanctions. If the terrorists holding the Americans captive are taking orders from Moscow, the United States is actually confronting not a chaotic revolutionary regime but its fellow superpower.

"On the hostage issue," states a confidential report to Carter administration policymakers, "NVOI supports the position of the terrorists occupying the embassy, rather than those Iranians seeking some way out of the situation."

The official Soviet position, enunciated not long after the seizure of the embassy last Nov. 4, put the Kremlin behind the rule of international law. But aside from that once-over-lightly support of the inviolability of foreign embassies, Moscow has done nothing to fortify the U.S. position. This silence has raised suspicions at high U.S. government levels that the Russians may have had an indirect hand in the embassy takeover. Now, they may be continuing to play that hand for the purpose of deepening Washington's humiliation.

Broadcasts in both the Farsi and Azerbaijani languages have been stridently opposed to Bani-Sadr and the so-called moderates in the revolutionary high command ever since they criticized the militants holding the hostages. They accused Bani-Sadr, as economics minister, of giving tax concessions to "capitalists" and taking money from "toiling peoples' pockets."

That is just icing on the cake. The cake itself is the constant demand for ever greater "vigilance" (a routine catchword wherever Soviet power runs) and for regular purging of the revolutionary government, civilian and military. Bani-Sadr and his allies on the ruling Revolutionary Council, in other words, should be kicked out.

NVOI goes beyond mere purgings. In its systematic undermining of the so-called moderates, NVOI demands that the victims of purges should first be sacked and then "physically annihilated." U.S. officials are convinced that the Soviet target transcends remnants of the shah's old regime to include new "revolutionaries" who depart from the leftist and communist line.

"NVOI's repeated calls for a purge suggests that, like the Tudeh (Communist) Party, it sees advantages for leftists and communists in additional turmoil in Iran," asserts the confidential report on NVOI's propaganda line.

Preaching the gospel according to the Kremlin, NVOI mutes differences between Soviet policy and Ayatollah Khomeini's line—such as Iran's attack on the Soviet invasion of Afghanistan. Appealing for Iranian support of the Afghan "nationalist" revolution, NVOI is lobbying hard for Iran to extend "the hand of friendship" to Kabul and stop support of Afghan "rebels" along the Afghan-Iranian border.

The world of Islam, says the Soviet propaganda, must follow the path laid down by Khomeini, not by Egyptian President Anwar Sadat. As for foreign friends, Iran's truest "natural ally" is the Soviet Union, followed by its Eastern European satellite states, Cuba, Syria and Soviet-dominated South Yemen.

The content of these broadcasts is not all that different from Soviet propaganda efforts through the years. What makes them notable is this ominous look into the future as planned by Moscow: turbulence from Pakistan to Turkey, while the Kremlin consolidates its hold on Afghanistan and works to raise to power the most radical political elements in Iran. They surely include Moscow's friends inside the American Embassy.●

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## ENCOURAGING BUSINESS GROWTH AND PRODUCTIVITY

### HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. MAGUIRE. Mr. Speaker, I am today introducing the Small Business Capital Formation, Capital Retention and Expansion Act of 1980, a bill to make it possible for businesses to retain up to $300,000 per year in pretax earnings to fund expansion and new investment. This bill is in response to the most serious problem threatening continued expansion of small business enterprises, the inability of many healthy, dynamic, well-managed small firms to raise expansion capital.

Current economic policy is starving out our business creativity through a 20-percent prime interest rate in hopes of slowing inflation and creating a recession. Yet, many economists agree that what we really need to do to break inflation is to increase productivity, and the small business sector has historically been one of the strongest sources of our Nation's productivity and innovation. Conversely then, we must create an environment in which these businesses can find the capital they need to fulfill their vital entrepreneurial role in the country's economy. We need to help them make the economic pie bigger if we want to solve our inflationary problems. A conscious policy of making the pie shrink does not make any sense.

There are over 10 million nonfarm small business enterprises in the United States today. They are being sorely affected by the current economic situation. These firms account for 97 percent of nonfarm enterprises, 43 percent of the gross national product, 48 percent of the Nation's output and 55 percent of all employment. These enterprises are essential to the vitality, growth, and technological creativity of our Nation.

Our current economic situation and the policies being used to combat that situation seriously threaten the small business sector. Small businesses that want to get started or expand are faced with the situation of having to pay crippling interest rates to generate the necessary capital. With a prime interest rate of 20 percent, many firms cannot obtain loans at less than 22 percent, if they can obtain them at all. In many instances these companies are unable to either borrow or produce enough capital for business expansion, which is the key to both increased productivity and innovation. In essence, small businesses are being placed in an extremely precarious position by inflation and the inability to obtain or pay for business capital. This in turn limits their willingness or ability to take the risks that might lead to new breakthroughs and developments in products and technologies.

An analysis carried out by the National Science Foundation found that 40 percent to 50 percent of the Nation's economic growth comes from innovative ideas, and that approximately one-half of the major innovations during 1953–73 were from businesses with less than 1,000 employees. They found that the ratio of innovations to research and development funds was 4 times as great in these businesses as in companies with 1,000 to 10,000 employees, and 24 times greater than in companies that had over 10,000 employees.

Another recent study by an economist at the Massachusetts Institute of Technology discovered that 66 percent of new jobs from 1969 to 1976 were in firms with 20 or less employees; 87 percent of new jobs were in firms with 500 employees or less. About 80 percent were from businesses that were less than 4 years old.

Small business concerns and individual inventors have consistently accounted for many processes, products, and materials that have led to increased productivity and economic development. Some examples include the airplane, helicopter, automobile, catalytic oil refining, oxygen steelmaking, photocopying, the automatic transmission, power-steering, air-conditioning, the instant camera, the zipper, dacron-polyester fiber, and many other commercial and household items.

Today's innovative developments are also in many diverse fields, but numerous businesses are looking to the area of intelligent electronics which involve the microprocessor, chip manufacturing, semiconductors, fiber optics, and bioelectronics. All of these businesses need capital to increase their growth and they all need highly skilled technical staffs for programing, design engineering, and software integration.

All of these findings clearly point out the importance of supporting small businesses so that they can play an increasingly larger role in stimulating our economy. This in turn would help us to break out of the inflationary rut, in which we are clearly stuck, through reviving our sagging productivity.

The bill that I am introducing today would enable small businesses to use internally produced capital rather than inflation-generating borrowed dollars for expansion. Any firm that is treated as a small business concern under section 3 of the Small Business Act would be entitled to set up a business expansion reserve. Money in this reserve could be retained for up to 5 years, and could be used for qualified business expansion expenses which would include:

First, the acquisition of capital equipment; second, construction or reconstruction costs; third, hiring of new employees; fourth, research; and fifth, replacement of vehicles over 5 years of age and the purchase of additional vehicles. Fifty percent of the amount contributed—during the taxable year—to the business expansion reserve would be allowed as a tax credit, up to a maximum of a $300,000 credit. These funds could be retained for future use for up to 5 years, making it possible to plan for extensive and coordinated expansion and/or research efforts. The Small Business Capital Formation, Capital Retention and Expansion Act of 1980 is needed to steer our economy, once again, in the direction of expanded productivity and increased economic output.

A copy of the bill follows:

H.R. —

A bill to amend the Internal Revenue Code of 1954 to provide small business concerns a credit against income tax for amounts contributed to a reserve the payments from which must be used for capital investment, research, and the employment of additional employees

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Capital Formation, Capital Retention, and Expansion Act of 1980".

SEC. 2. TAX INCENTIVES FOR SMALL BUSINESS EXPANSION.

(a) IN GENERAL.—Subpart A of Part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting after section 44E the following new section:

"SEC. 44F. CONTRIBUTIONS TO RESERVE FOR SMALL BUSINESS EXPANSION.

"(a) ALLOWANCE OF CREDIT.—In the case of a small business concern which elects to have this section apply, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the amount contributed in cash during the taxable year by the taxpayer to the business expansion reserve of the taxpayer.

"(b) MAXIMUM CREDIT.—The credit allowed by subsection (a) to the taxpayer for the taxable year shall not exceed $300,000.

"(c) SMALL BUSINESS CONCERN.—For purposes of this section, the term 'small business concern' means any person who for any purpose is treated as a small business concern under section 3 of the Small Business Act (15 U.S.C. 632).

"(d) BUSINESS EXPANSION RESERVE.—

"(1) IN GENERAL.—No amount may be paid from the business expansion reserve of the taxpayer other than for the qualified business expansion expenses of the taxpayer.

"(2) QUALIFIED BUSINESS EXPANSION EXPENSES.—

"(A) IN GENERAL.—For purposes of this section, the term 'qualified business expansion expenses' means any amount paid or incurred—

"(i) to acquire, construct, reconstruct, or erect property of a character subject to the allowance for depreciation under section 167,

"(ii) for research or experimentation (within the meaning of section 174), or

"(iii) for qualified increased wages for employees.

"(B) QUALIFIED INCREASED WAGES DEFINED.—

"(i) IN GENERAL.—The term 'qualified increased wages' means an amount equal to ⅓ of the excess of the aggregate wages paid during the calendar year ending in the taxable year over 110 percent of the aggregate wages paid during the preceding calendar year.

"(ii) SPECIAL RULES FOR DETERMINATION OF AGGREGATE WAGES.—For purposes of clause (i)—

"(I) WAGES OF EMPLOYEES EARNING MORE THAN $35,000 DISREGARD.—There shall not be taken into account wages of any employee whose aggregate wages for the calendar year or the preceding calendar year are in excess of $35,000.

"(II) MINIMUM PRECEDING YEAR WAGES.—For purposes of determining the amount of credit with respect to a calendar year, 110 percent of the amount of the aggregate wages paid during the preceding calendar year shall be deemed to be not less than 50 percent of the amount of wages paid during the calendar year.

"(iii) WAGES DEFINED.—The term 'wages' has the meaning given the term 'unemployment insurance wages' by section 51(f) as in effect for 1978 and determined without regard to any dollar limitation.

"(iv) CERTAIN OTHER RULES TO APPLY.—Under regulations prescribed by the Secretary, rules similar to the rules of section 51(g), and section 52, as in effect for 1978, shall apply.

"(C) SPECIAL RULE FOR PASSENGER VEHICLES.—

"(i) IN GENERAL.—In the case of a taxpayer not engaged in a trade or business of transporting persons or property for hire, a passenger vehicle may not be taken into account under subparagraph (A)(i) unless such vehicle does not serve as a replacement for any other vehicle.

"(ii) REPLACEMENT OF 5-YEAR-OLD VEHICLES PERMITTED.—Clause (i) shall not apply to the replacement of any passenger vehicle which has been owned by the taxpayer for 5 years or more.

"(e) SPECIAL RULES.—For purposes of this section—

"(1) Use of reserve amounts for other than payment of qualified business expansion expenses.—

"(A) IN GENERAL.—If any amount in a business expansion reserve is, during a taxable year, used for any purpose other than for the payment of qualified business expansion expenses—

"(i) an amount equal to the amount so used shall be included as taxable income (without regard to other income or deductions) to the taxpayer for the taxable year in which such use commences, and

"(ii) the tax imposed by this chapter with respect to the taxpayer for such taxable year shall be increased by an amount equal to 150 percent of the amount so used.

"(B) EXCEPTION.—Subparagraph (A) shall not apply to any payment from any business expansion reserve within 90 days after the last day prescribed by law (including extensions thereof) for filing the return of the tax imposed by this chapter for the taxable year if the amount of such payment is not more than the excess of—

"(i) the aggregate amount of contributions by the taxpayer to such reserve during the taxable year, over

"(ii) the maximum amount of contributions necessary to allow the taxpayer the maximum amount of credit allowable under this section.

"(2) CONTRIBUTIONS MUST BE SPENT WITHIN 5 YEARS.—

"(A) IN GENERAL.—If any amount remains in a business expansion reserve for more than 5 years after the close of the taxable year in which such amount was contributed to the reserve (or, in the case of income of the reserve, the date such income was received by the reserve)—

"(i) an amount equal to such amount shall be included as taxable income (without regard to other income or deductions) to the taxpayer for the taxable year in which the last day of the 5th year occurs, and

"(ii) the tax imposed by this chapter with respect to the taxpayer for the taxable year described in clause (i) shall be increased by an amount equal to 150 percent of the amount included in income under clause (i).

"(B) FIFO ACCOUNTING REQUIRED FOR CERTAIN PURPOSES.—For purposes of determining whether an account has been held in the business expansion reserve for more than 5 years, under regulations prescribed by the Secretary, the taxpayer shall allocate payments to contributions to and income of the reserve on a first-in first-out basis.

"(3) CONTROLLED GROUPS.—

"(A) CORPORATIONS.—For purposes of subsection (a), in the case of a controlled group of corporations—

"(i) all persons who are component members of such group at any time during the calendar year shall be treated as one taxpayer whose taxable year is such calendar year, and

"(ii) the applicable dollar amount contained in subsection (b) shall be apportioned, under regulations prescribed by the Secretary, among such members.

"(B) CONTROLLED GROUP OF CORPORATIONS DEFINED.—For purposes of subparagraph (A), the term 'controlled group of corporations' has the meaning given such term by section 1563(a).

"(C) CONTROLLED GROUPS CONTAINING OTHER THAN CORPORATIONS.—Under regulations prescribed by the Secretary, rules similar to the rules of subparagraphs (A) and (B) shall be applied to groups of persons under common control where 1 or more of such persons is not a corporation.

"(4) APPLICATION WITH OTHER CREDITS.—

"(A) IN GENERAL.—The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this subpart having a lower number or letter designation than this section, other than credits allowable by sections 31, 39, and 43.

"(B) TAX IMPOSED BY CHAPTER.—Any tax which is not treated under section 46(a)(4) as imposed by this chapter shall not be treated as imposed by this chapter for purposes of subparagraph (A).

"(5) DENIAL OF DOUBLE BENEFITS.—

"(A) IN GENERAL.—"Except as provided in subparagraph (B), no deduction or credit shall be allowed for any amount paid from the business expansion reserve of the taxpayer.

"(B) DEPRECIATION ALLOWED ONLY UNDER STRAIGHT LINE METHOD.—In the case of property subject to the allowance for depreciation under section 167, depreciation of the portion of the basis of such property which is attributable to amounts paid from the business expansion reserve of the taxpayer shall be allowable only under the straight line method.

"(f) BUSINESS EXPANSION RESERVE DEFINED.—For purposes of this section, the term 'business expansion reserve' means any trust—

"(1) which is created or organized under the laws of the United States or of any State (including the District of Columbia) for the taxpayer,

"(2) the exclusive purpose of which is the payment of qualified business expansion expenses of the taxpayer,

"(3) contributions to which may be made only in cash,

"(4) no amount may be contributed to the trust in excess of the amount necessary to allow the taxpayer the maximum amount of credit allowable to the taxpayer under this section,

"(5) the trustee of which is a bank (as defined in section 401(d)(1)), or any person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with such purpose, and

"(6) the assets of which will not be commingled with any other property other than in a common trust fund.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(b) TECHNICAL AMENDMENT.—Subsection (b) of section 6096 of such Code (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44E" and inserting in lieu thereof "44E, and 44F".

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 44E the following new item:

"Sec. 44F. Contributions to reserve for small business expansion."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after the date of the enactment of this Act in taxable years ending after such date.●

## WOODROW WILSON BRIDGE RENOVATION

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## HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 15, 1980*

● Mr. HARRIS. Mr. Speaker, today I am introducing legislation of major importance to the Washington metropolitan area. My bill would provide the funding necessary for a complete renovation of the Woodrow Wilson Bridge between Maryland and Virginia.

The situation is becoming critical—irreparable potholes and inadequate emergency stopping areas on the bridge have created serious safety hazards. Redecking the entire bridge and widening it to provide shoulder area is essential for public safety.

The Federal Government owns the bridge and under the provisions of Public Law 87-358 Virginia, Maryland, and the District of Columbia are charged with the routine maintenance and operation of the structure. However, it has been determined that deck rehabilitation of this magnitude is not routine maintenance and therefore not the responsibility of the local jurisdictions. The Federal Highway Administration is willing to participate in a 90 percent Federal-10 percent State funding arrangement. But even at this funding level Maryland, Virginia, and the District of Columbia, who coshare the State portion, would have to finance a portion totaling over $5 million—funds that these jurisdictions can ill afford to expend on property owned by the Federal Government, especially at a time when Federal assistance funds to States and localities are being dramatically slashed.

Given that the Federal Government owns the Woodrow Wilson Bridge, my bill would provide for 100 percent Federal funding for this major reconstruction project. States and localities should not have to use their limited funds to repair property owned by the Federal Government.●

# SENATE—*Wednesday, April 16, 1980*

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by Hon. DAVID L. BOREN, a Senator from the State of Oklahoma.

### PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

O God of creation and love, as the miracle of springtime covers the Earth with a tapestry of beauty, show us that history has its resurrections, that springtime follows winter, that day follows night and out of travail comes the birth of better days. In these dismal days when most news is bad news, save us from a cynical pessimism by the radiant belief that this time of disappointment is not the end of history but the time to assess enduring values. May no disappointment lead to despair, no failure extinguish the bright light of hope. Equip us for the role we must play in the making of a better world. Thus in this Chamber may the words of our mouths, the thoughts of our minds, the emotions of our hearts be acceptable in Thy sight, O Lord, our strength and our Redeemer. Amen.

### APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
*Washington, D.C., April 16, 1980.*

*To the Senate:*

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DAVID L. BOREN, a Senator from the State of Oklahoma, to perform the duties of the Chair.

WARREN G. MAGNUSON,
*President pro tempore.*

Mr. BOREN thereupon assumed the chair as Acting President pro tempore.

### RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader, the Senator from West Virginia, is recognized.

### THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

### PRIME MINISTER BEGIN'S VISIT

Mr. ROBERT C. BYRD. Mr. President, another round of Middle East peace consultations has begun with the arrival in Washington of Israel's Prime Minister, Menachem Begin.

Prime Minister Begin is a statesman of world stature. He is the Israeli leader most responsible for the remarkable progress toward peace achieved in the Middle East in the last few years. He had both the imagination to envision the promise of peace and the courage to take the first steps necessary to realize that promise.

The Prime Minister received President Sadat of Egypt in Jerusalem and made his own historic visit to Egypt in December 1977. He participated in the September 1978 Camp David talks called by President Carter. He negotiated the Egyptian-Israeli peace treaty in March 1979. The orderly implementation of the peace treaty in the year since it was signed is a further tribute to Prime Minister Begin and his government.

The Camp David accords call for the establishment of a self-governing authority for Palestinians living on the West Bank and in Gaza. In marked contrast to the progress made in implementing the terms of the peace treaty, progress toward an agreement on Palestinian autonomy has lagged.

There are several issues that must be addressed before autonomy can be achieved. Like others, I have criticized some aspects of Israeli policy as impediments to the achievement of autonomy and, therefore, as obstacles in the path of a comprehensive peace.

I have never doubted that Israel sincerely seeks peace within a framework of security. Nor do I question the American commitment to help Israel meet its security needs. But I must reiterate that I believe the Israeli policy of establishing settlements on the West Bank is an obstacle to peace and is contrary to Israel's long-term security interests. And I do not believe that the American people will support this policy.

Substantial progress toward autonomy must be realized by May 26 or the peace process will be jeopardized. Peace in the Middle East is too important to Israel and the other nations in the area to lose the momentum that has built up.

Progress toward peace is important to the United States as well as to the nations of the Middle East. It will be difficult for the United States to foster closer cooperation with Arab nations without progress on autonomy for Palestinians—and cooperation with Arab nations is more important than ever, given recent events in the Persian Gulf and Southwest Asia.

I join in welcoming Prime Minister Begin to Washington and wish him well in his talks with President Carter. Courage and a spirit of compromise will be required if progress is to be made. We will all lose if this opportunity to make progress toward a comprehensive peace in the Middle East is lost.

### TURKISH AID

Mr. ROBERT C. BYRD. Mr. President, at a time when there is a great deal of discussion about allied division on international issues, it is heartening to note the commitment of emergency aid to Turkey, announced yesterday. Nations of the Organization for Economic Development and Cooperation (OECD), which includes the major industrial nations in North America, Western Europe, and Japan, have decided to come to the assistance of the Turkish economy with $1 billion.

Turkey is a NATO ally. It is struggling to maintain a democratic political system in the face of severe domestic economic problems. It is also trying to improve its defense capabilities in light of the growing instability in the region. Turkey borders on both the Soviet Union and Iran.

Turkey's Government has undertaken a politically courageous economic austerity program to put the Turkish economy in order. The short-term economic disruptions that inevitably result from the imposition of this kind of program require the support pledged by the OECD nations. In the long-term, it is hoped that the program will restore stability to the Turkish economy.

The support that this aid demonstrates is very important, given the critical international situation. It means that the Western nations and Japan are able to identify common interests and act cooperatively to defend those interests. It is a welcome sign for Turkey and for relations among Western nations and Japan.

### ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, does the distinguished acting Republican leader need any of my time?

Mr. STEVENS. No, Mr. President. I thank the Senator. I have no request for time at this moment. I have a short statement.

Mr. ROBERT C. BYRD. I yield the remainder of my time to the acting Republican leader.

Mr. STEVENS. Mr. President, I thank the distinguished majority leader.

### THE INDIVIDUAL AND OUR ECONOMY

Mr. STEVENS. Mr. President, I want to make a few comments about the situation that exists today from the point of view of the individual in our economy. I asked my staff to do some research

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

about the impact of the current inflation and monetary crisis on individual families. For instance, I asked them to look at the cost of a medium-priced home. Today, that would be $63,000.

The requirement today for a down payment is 25 percent, the lowest down payment that is allowed now. That would mean that a mortgage for a medium-priced home would be $47,250. With interest on those homes conservatively set at 16.3 percent for 30 years, it would mean that the cost per month for that mortgaged home, for principal and interest alone, would be $654 per month.

In 1976, the last year that President Ford was in office, he was criticized because of the high cost of purchasing homes because of the interest rates and the effect of inflation during his term. That same home that I just talked about, the $63,000 home, with interest at 9 percent in 1976, would have had monthly payments of $385 instead of $654 per month.

That information came from the Federal Home Loan Board.

We have been informed that in the Washington area, 40 percent of the banks surveyed have stopped making mortgage loans altogether. Another 12 percent limit their loans to previous customers.

In the District of Columbia, the average mortgage is $80,000 and, at a 16.3-percent interest for 30 years, the monthly payment on that average home is $1,092 with principal and interest.

In June 1976, the same home would have cost $702 per month.

We have the difficult situation, I think, when we address the problem here in the Congress, of trying to determine what the impact is on the individual family. I shall point out a few examples.

Between 1976 and the present time, a family's new refrigerator has increased approximately 30 percent in cost. A Chevrolet Malibu, which in 1976 cost $4,600, today costs over $8,000.

I think as we look at the problems we are going to face in terms of this budget resolution, we ought to keep first and foremost in our minds that the real impact of our current inflation is on the individuals in this country who are trying to maintain our total economy, the individual home buyers, car buyers, refrigerator buyers.

They are the ones who are telling us the costs have gone too high. They are the ones who ultimately have made the decisions which have led to the closing of the Ford factories, and they will make other decisions not to buy new homes, not to buy new refrigerators.

I do think we are on the very precipice of a recession which could well turn into a depression if we do not listen to what the American people are telling us in their judgments, their decisions they are making not to buy new products, products made in this country, because of the effect of inflation and the monetary policy of the Federal Government.

Mr. President, I hope to make statements in the coming days concerning this problem as I try to urge other Members of the Senate to think of the individual American as we try to make decisions concerning the level of Federal spending and the impact of that Federal spending on the inflation that currently is ravaging our economy.

## RECOGNITION OF SENATOR PROXMIRE

Mr. STEVENS. Does the Senator from Wisconsin desire some time?

Mr. PROXMIRE. I have time. I thank the Senator.

Mr. STEVENS. I yield the remainder of my time, Mr. President, to the Senator.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Wisconsin (Mr. PROXMIRE) is recognized for not to exceed 15 minutes.

Mr. PROXMIRE. Mr. President, I appreciate very much the graciousness of the Senator from Alaska in yielding me time. I will not need more than the 15 minutes I have.

## PRIVILEGE OF THE FLOOR

Mr. PROXMIRE. Mr. President, I ask unanimous consent that Chuck Cecil of my staff and Ron Tammen of my staff be granted privilege of the floor during my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## SENATE RESOLUTION 405—SUBMISSION OF A RESOLUTION WITH RESPECT TO COMPLIANCE OF THE SOVIET UNION WITH THE CONVENTION ON PROHIBITION OF BIOLOGICAL WEAPONS

Mr. PROXMIRE. Mr. President, today I am submitting a sense of the Senate resolution dealing with the Soviet observance of the 1975 convention on the prohibition of development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction.

The purpose of this resolution is simple. It calls on the U.S.S.R. to provide the United States with scientific data sufficient in quantity, quality, and timeliness to answer the outstanding questions regarding an outbreak involving anthrax in the U.S.S.R. in April of 1979.

It further stipulates that should sufficient information not be forthcoming in a timely manner, the United States should lodge a formal complaint in some appropriate international forum as contemplated by article V of the convention, or if need be, with the Security Council of the United Nations as provided for under article VI of the convention.

This resolution is necessary for several important reasons. First, there is a need to emphasize the urgency in Soviet compliance with the provisions of the Biological Convention. In April 1979, some kind of accident occurred at Sverdlovsk, a city of 1.2 million people, 875 miles east of Moscow. This city is off-limits to U.S. personnel. Nonetheless, there is credible information that an accident occurred at a military facility which led to the deaths of "hundreds" of Soviet residents and military personnel in and around the immediate area. The deaths apparently were caused by pulmonary anthrax.

When the information about this accident became clear to the United States, on March 16, 1980—that was only about a month ago—we raised this issue with the Government of the U.S.S.R. The Soviet response on March 31, 1980, 2 weeks ago, contained an acknowledgment of the outbreak of anthrax, but blamed the cause on improper handling of contaminated meat.

This response is inadequate. Pulmonary anthrax is transmitted normally by airborne spores and does not show the same symptoms as gastric anthrax transmitted by eating infected meat or other skin anthrax infections which might logically come from handling such meat. Thus the Soviet account, given our knowledge of the symptoms of the infected population, simply is inadequate.

Second, a Soviet response to U.S. inquiries is necessary to observe the terms of the Convention. Article V states that all parties will cooperate and consult with regard to any problems arising under the terms of the convention. Further, it establishes procedures for cooperation and consultation through the United Nations. This is confirmed by the agreed upon statement of all parties to the convention concluded as a result of the review conference which met in Geneva from March 3 to 21, 1980. In the review conference document, the Soviet Union agreed that article V provides the right of any party to request a consultative meeting of experts. The Soviet Union should promptly agree to such a meeting of experts and the submission of any and all documentation necessary to answer outstanding questions by any party.

Third, it is in the interests of the Soviet Union to comply with the cooperative and consulting procedures of article V in order to avoid the lodging of a formal complaint under article VI. Should adequate justification and explanation not be forthcoming from the Soviet Union, then it may be necessary for the United States to make a complaint to the Security Council and back that complaint up with all possible evidence confirming the validity of the charge of violation of the convention.

Mr. President, this issue has received too little attention in the Congress. Soviet actions with regard to the convention should be examined fairly but determinedly. There are many factors to consider. The U.S.S.R. has a history of anthrax epidemics. Could this most recent incident therefore be unrelated to biological warfare activities? Could it be an accident involving small amounts of anthrax spores which are permitted for peaceful activities defined in article X? Could the U.S.S.R. have been the victim of deliberate sabotage by a disgruntled or emotionally ill worker involved in peaceful uses research? Or as is more likely the case given the present information, was there an accident involving prohibited anthrax biological agents?

If the final answer is the latter—that the U.S.S.R. has deliberately violated the Biological Convention, then this would pose the most ominous conclusions for U.S.-U.S.S.R. relations. Although our arms control treaties with the U.S.S.R are not based on trust, clear unambiguous evidence of cheating on any treaty would force a thorough reassessment of the dangers implicit in all U.S.-U.S.S.R. agreements.

The burden is on the U.S.S.R. to provide the facts in this case—facts which will stand the careful scrutiny of our best scientists and intelligence analysts. Until then, there can only be suspicion or worse as to Soviet motives.

I think it important that we show the Soviets that the Senate is interested in their response to the administration's request for further information. My resolution would do just that.

Mr. President, I send the resolution to the desk and ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas the United States and the Union of Soviet Socialist Republics are parties to the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, done at Washington, London, and Moscow on April 10, 1972;

Whereas Article I of the Convention prohibits each Party to the Convention from developing, producing, stockpiling, or otherwise acquiring or retaining certain microbial or other biological agents or toxins or certain weapons, equipment or means of delivery designed to use such agents or toxins; and

Whereas on March 17, 1980, the Government of the United States inquired of the Government of the Union of Soviet Socialist Republics as to the nature of an outbreak of pulmonary anthrax near the city of Sverdlovsk, Union of Soviet Socialist Republics, during April 1979 and has not received a satisfactory reply: Now, therefore, be it

*Resolved*, That it is the sense of the Senate that the President should—

(1) urge and request the Government of the Union of Soviet Socialist Republics promptly to exchange such scientific data as may be necessary to resolve any dispute regarding the nature of the outbreak of pulmonary anthrax near Sverdlovsk, Union of Soviet Socialist Republics, as provided for by Article V of the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction; and

(2) undertake consultative and cooperative measures through appropriate international procedures, as provided by Article V of the Convention, or, if necessary, lodge a complaint with the Security Council of the United Nations, as provided by Article VI of the Convention, if the Government of the Union of Soviet Socialist Republics fails to make available such data.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President with the request that such copy be further transmitted to the Government of the Union of Soviet Socialist Republics.

The ACTING PRESIDENT pro tempore. The resolution will be received and appropriately referred.

(The resolution was referred to the Committee on Foreign Relations.)

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## THE GENOCIDE CONVENTION: IN ACCORD WITH AMERICAN TRADITION

Mr. PROXMIRE. Mr. President, under the Genocide Convention, the contracting parties confirm that "genocide is a crime under international law which they undertake to prevent and punish."

This undertaking is an international commitment consistent with the principles and human feelings which lie very deep in our American tradition. Our own Bill of Rights is evidence of such a commitment. It does not, however, stand alone.

The Ten Commandments, the Magna Carta, the French Declaration of the Rights of Man and the Citizen; these and other great documents of human rights have taken various forms. But from the law of Moses to the pact between King and nobles at Runnymede, to the charters of the English, French, and American revolutions, the essential element has been a statement of the rights of free men, together with the punishment or threat of punishment for those who would dare to deny these rights. This pattern is followed in the Genocide Convention, which specifies the right of national, ethnic, racial, and religious groups to exist—to survive.

Until 1945, efforts to legislate internationally were quite limited. It was the holocaust of World War II which finally gave rise to the legal concept of genocide and to the movement to outlaw this most horrible of crimes under international law.

As we know, this country took the leadership in connection with the Genocide Convention in the United Nations. It was through the efforts of President Truman and the administration and the support of our Government and our people that the Genocide Convention had its beginning.

Now, virtually every developed country in the world has ratified the Genocide Convention, but not the United States, although every President since President Truman has pleaded with the Senate to ratify it.

The Genocide Convention seeks to protect the most basic right—the right to live—which was initially proclaimed by this country in its Declaration of Independence. This promise of the declaration is an example of our dedication to the safeguarding of human rights and basic freedoms. And it is why we must, as a nation, assist the world in protecting this right to live internationally.

Mr. President, I believe our support of this convention has special meaning to both our Nation and the world. It would be a clear restatement of faith in our own national principles and would establish before the world that the United States remains as strongly opposed to the shocking crime of genocide as ever.

Our country has become great largely because it has served as a haven and given hope to oppressed people everywhere. And yet we hang back from ratifying a treaty which seeks to put into practice one of the very principles that we, as a nation, have consistently favored. We must put an end to this inconsistency. We must reaffirm our commitment to the right of all religious, racial, ethnic, and national groups to live. We must ratify the Genocide Convention.

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## QUORUM CALL

Mr. PROXMIRE. Mr. President, I yield to the majority leader the remainder of my time, if he wishes it; otherwise, I yield it back.

Mr. ROBERT C. BYRD. I thank the distinguished Senator.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered

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## ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President I ask unanimous consent that there be a brief period for the transaction of routine morning business, not to extend beyond 15 minutes, and that Senators may speak therein for 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. Is there morning business?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

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## CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there morning business? If not, morning business is closed.

## NATIONAL LABOR RELATIONS BOARD—EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination of Mr. William A. Lubbers, of Maryland, to be General Counsel of the National Labor Relations Board for a term of 4 years.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. STEVENS. Mr. President, I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate go into executive session to consider the nomination of Mr. William A. Lubbers, of Maryland, to be General Counsel of the National Labor Relations Board for a term of 4 years.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion.

The motion was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the motion was agreed to, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The ACTING PRESIDENT pro tempore. The nomination will be stated.

The assistant legislative clerk read the nomination of William A. Lubbers, of Maryland, to be General Counsel of the National Labor Relations Board.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on Labor and Human Resources be granted the privilege of the floor during consideration of the nomination of William Lubbers to be General Counsel of the National Labor Relations Board, and during the vote on that nomination:

Steven Sacher, Darryl Anderson, Gerald Lindrew, Michael Goldberg, Harriet Bramble, Joan Wilson, Denny Medlin, John Rother, David Winston, and John Casciotti.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, I am pleased that at long last we are able to bring to the Senate the nomination of William Lubbers to be General Counsel of the National Labor Relations Board.

Mr. Lubbers had a long and distinguished career in labor law as a nonpartisan staff member of the staff of two different Board members, as the Solicitor for the Board; and, finally, as the Board's Executive Secretary. He is now, of course, serving as the Board's General Counsel under a recess appointment.

During his 27 years of service on the Board, he has worked during the incumbency of seven different Chairmen of the Board and 21 different Board members.

Mr. Lubbers has earned a reputation of unquestionable competence and integrity. This fact was borne out at the hearings on the nomination at which all witnesses, both those opposed to and those supporting the nomination, stated that they did not question Mr. Lubbers' competence as a labor lawyer or his integrity.

Because the President has nominated such a highly qualified person for the post, one whose competence and professional integrity are admitted even by opponents of the nomination, we might assume confirmation would be assured. Indeed, on the record, there is no valid basis for refusing to consent to the President's choice.

In this case, however, we are dealing with labor law, an area of law and public policy characterized by emotional rhetoric and highly partisan advocacy.

Therefore, despite Mr. Lubbers' obvious qualifications for this position, and his unquestioned integrity, it is not altogether surprising that there has been some opposition to this nomination.

Three basic arguments are made by those who oppose confirmation. First, it has been suggested that Mr. Lubbers' close association with the Board, and his long service on the staff of its present Chairman, Mr. Fanning, make it impossible for him as General Counsel to assume a position which is sufficiently independent.

Second, opponents of this nomination argue that even if Mr. Lubbers is able to act independently and impartially as General Counsel, he will not have the appearance of independence or impartiality due to his past association with Board Chairman Fanning.

Finally, it is argued that Mr. Lubbers lacks private-sector experience and, therefore, will not be a good General Counsel.

Mr. President, the testimony given during Mr. Lubbers' confirmation hearing conclusively rebuts these objections. The Committee on Labor and Human Resources heard testimony from three former Board members and two former General Counsels of the Board, as well as from practitioners and academicians. This testimony strongly supports confirmation.

With regard to the issue of Mr. Lubbers' close association with the Board and its present Chairman, I would suggest that we should not question his association. Indeed, we should applaud it. The central function of the Board is adjudicating cases on the basis of the Board members' best impartial judgment of the meaning of the law. Thus, Mr. Lubbers' background is one of careful fidelity to the law and of nonpartisanship. The fact that much of Mr. Lubbers' service has been on the staff of the incumbent Chairman John Fanning is also a strong indicator of dedication and fidelity to the law.

Chairman Fanning's service on the Board has received the approval of six different Presidents, three from each of our two major political parties.

Witnesses before the committee on this nomination likewise had only the highest praise for Mr. Fanning's ability and integrity. Further, witnesses stressed the independent character of both Chairman Fanning and Mr. Lubbers.

Let me quote from the statement of former Board Chairman McCulloch when he said this at our hearing:

> The independent characters of both men—and believe me I know them to be so—foreclose any possibility of improper intervention. Mr. Fanning never allowed his staff members to be mere "yes-men." Mr. Lubbers never showed any tendency in that direction. Both men are acutely aware of the statutory separation and of the obligation of the oaths they take on assuming office.

This is the statement of a person whom some of us here in this Chamber knew as a staff member within the Senate, Mr. Frank McCulloch. We know that whatever he says can be taken virtually as gospel. He was, of course, a very much respected, very much loved member of the staff of a former colleague of ours, Senator Paul Douglas of Illinois; and when McCulloch speaks I think this whole Chamber, particularly those of us who served here during his incumbency as a staffer, will know that it can be relied on.

He was there. He worked there with Bill Lubbers and with John Fanning. He knows them, and Members of this body can rely on the absolute truth and reliability of his statements on this nomination.

It is also instructive to see what former Board General Counsel Peter Nash said in the hearings on this nomination:

> I am confident in my own mind, knowing Bill Lubbers and John Fanning, that never would they breach either the letter or the spirit of section 3(d) of the act.

Mr. President, I ask unanimous consent to include in the RECORD the provisions of 3(d) of the National Labor Relations Act that insures the separation of the functions of the Board's and General Counsel's offices.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

> "NATIONAL LABOR RELATIONS BOARD
>
> "(d) There shall be a General Counsel of the Board who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of four years. The General Counsel of the Board shall exercise general supervision over all attorneys employed by the Board (other than trial examiners and legal assistants to Board members) and over the officers and employees in the regional offices. He shall have final authority, on behalf of the Board, in respect of the investigation of charges and issuance of complaints under section 10, and in respect of the prosecution of such complaints before the Board, and shall have such other duties as the Board may prescribe or as may be

> provided by law. In case of a vacancy in the office of the General Counsel the President is authorized to designate the officer or employee who shall act as General Counsel during such vacancy, but no person or persons so designated shall so act (1) for more than forty days when the Congress is in session unless a nomination to fill such vacancy shall have been submitted to the Senate, or (2) after the adjournment sine die of the session of the Senate in which such nomination was submitted."
>
> [ED. NOTE: Section 3(d) was amended by Sec. 703 of the Labor-Management Reporting and Disclosure Act of 1959 to add the last sentence, effective 60 days after enactment.]

Mr. WILLIAMS. It is significant, I think, that a former General Counsel, Peter Nash, appointed during a Republican administration, says—and I repeat it—"I am confident in my own mind, knowing Bill Lubbers"—and he, too, let me say parenthetically, knew him well—"and John Fanning, that never would they break either the letter or the spirit of section 3(d) of the act."

Thus, Mr. President, all of this, plus other material in the record, conclusively negates any contention that Mr. Lubbers may be too dependent upon, or too closely related to, the Board Chairman. Board regulations flatly prohibit the General Counsel and Board members from engaging in off-the-record communications about cases before the Board or General Counsel; and it is clear that neither man would breach this prohibition.

Opponents of this nomination argue that even if Mr. Lubbers has the inclination and capacity to be an independent General Counsel, due to his long association with Chairman Fanning he will not have the appearance of independence, and parties will therefore not have confidence in the impartiality of the Board.

The only danger that I see on this point is that antilabor opponents of this nomination will make it a self-fulfilling prophecy through their extensive publication of the argument.

The Committee on Labor and Human Resources has repeatedly considered, but rejected, similar arguments against confirmation of various nominees to positions at the Labor Board. As in this case, the committee has been convinced by the nominees' records for integrity and ability that they would honor their oaths of office and fulfill their public trust, if confirmed.

To take one recent example of this: When former Chairman Edward Miller was nominated to the Board by President Nixon, his confirmation was opposed by George Meany in the following terms:

> Our sole and simple reason for opposing this nomination is that Mr. Miller, throughout his professional career, has been an employer lawyer.

Those were the words of the then president of the AFL–CIO George Meany.

Mr. Meany also stated:

> It is, of course, possible that some union or employer lawyers might be able to put their past associations behind them and render fair and impartial justice. Yet a suspicion would always remain, and it is important that justice not only be done but that it appear to be done.

Those, again, were the words of President George Meany in connection with the nomination of Mr. Miller.

Now, I point out, Mr. President, that Mr. Miller was confirmed and served as Chairman of the Board. He was heard and the witnesses were heard. He was examined on his competence and integrity, notwithstanding those who felt there would be an appearance of conflict and carryover of past associations.

The committee reporting at that time—the Labor and Public Welfare Committee recommended in favor of confirmation—and the U.S. Senate confirmed Mr. Miller as Chairman of the Board.

The third argument of opponents of this nomination is that Mr. Lubbers is not qualified for the position of General Counsel because he lacks private sector experience. This argument, I suggest, is ridiculous, in light of Mr. Lubbers' record.

The central function of the General Counsel is to decide whether complaints should be issued. These decisions are best based upon a familiarity with the relevant labor law decisions of the Board and the courts.

During a 10-year period as a staff counsel at the Board, Mr. Lubbers would have been required to review approximately 1,500 to 2,000 labor law cases. During a like period in private practice, former Board Chairman Miller stated that prior to his own confirmation he had engaged in about 40 to 50 labor law cases.

Under the circumstances, as former General Counsel Arnold Ordman testified, any suggestion that Mr. Lubbers lacks requisite experience "can only be based on a gross misunderstanding of what a staff assistant or legal assistant to the Board really does." That quote is from former General Counsel Arnold Ordman.

With regard to the question of administrative experience, Mr. Lubbers, as Executive Secretary of the Board, has held the top administrative post on the Board staff. Now, of course, he has actually served as General Counsel for over 3 months.

Further, previous General Counsels have been appointed who have had little or no prior administrative experience. For example, Mr. Peter Nash was appointed General Counsel after less than 1 year as head of the Solicitor's Office at the Department of Labor. That office was less than one-fifth the size of the General Counsel's Office at that time. Yet those who question Mr. Lubbers' administrative experience do not criticize the administrative performance of Mr. Nash.

I sat as the chairman during the nomination proceedings on Mr. Peter Nash. I suppose we could have raised the same kind of question on Mr. Nash; and we could have had a preview of what is going to go on during the debate here on the Lubbers' nomination. That, of course, was an appointment from the Republican administration that came to a strong majority of Democrats.

I can recall vividly the nomination of Mr. Nash, how it came to us and the hearings we had. I think we had that heard, reported by the committee, and confirmed here in a matter of hours. Mr. Nash had less background, but we knew he had ability, we knew he had integrity and that is all we looked at. And we reported his nomination out of the committee and we brought his nomination over here and I do not think there was even a recorded vote on that. We will check on that.

I am just suggesting that if the eyes were on the essence now as it was on the essence then—character, integrity, knowledge, and ability—this one, too, as a nomination would have been confirmed last fall. We would have been here and we would have voice-voted William Lubbers then. We are not in that situation. We have been at other times. We are not now.

So we will further consider our record here in analyzing Mr. Lubbers for his very important position.

Let me come back again to former Board Chairman Frank McCulloch, who observed Mr. Lubber's work during 9½ years when they both served with the Board. He testified at the hearings on the nomination:

> The NLRB is the best place to acquire training and experience in the administration of the labor law. Lubbers has that training and experience to an exceptional degree. . . . Lubbers' grasp of the law is recognized as outstanding. The sharply contested nature of the issues decided by the agency subjects it to a heavy legal cross-fire, that requires balance, steadiness, insight and fairness in arriving at conclusions. Lubbers fully demonstrated that crucial balance and fairness in all his recommendations that I observed.

That is a quotation from former Board Chairman McCulloch, who was there 9½ years ago and observed Mr. Lubbers through all of that time. And that is the strongest statement that I have ever read here in support of the nominee before the Senate.

Mr. President, I believe that this record clearly demonstrates that William Lubbers is highly qualified to be General Counsel of the National Labor Relations Board. His long years of distinguished service on the Board staff, his extensive experience in labor law, and his record of competence and integrity have fully qualified him to carry out the duties of this office.

I hope that before the debate is over the junior Senator from Maryland who introduced Mr. Lubbers to the committee, Senator SARBANES, might add another dimension here. What he had to say about Bill Lubbers is in the record. He opened our hearings and it is there on page 1 of the hearing record. Senators can refer to it. He spoke about the extra dimension of Bill Lubbers that I have not addressed here. I have addressed myself to the qualities that are essential in a General Counsel of the National Labor Relations Board.

Senator SARBANES took us beyond that to Bill Lubbers as the man living in a community in Montgomery County and how, with the heavy responsibilities he has had over here at the National Labor Relations Board, he has been such a strong, constructive, contributing figure in the community in which he lives. I hope that extra dimension will be added before the debate is over, by someone who knows him, Senator SARBANES.

Mr. President, I hope that the Senator from Utah, my dear friend, Senator HATCH, will say some of the nice, refreshing things about Bill Lubbers that he said in the hearings. I look forward to his leading the opposition. Hopefully, we will not be in opposition too long.

The ACTING PRESIDENT pro tempore. The Senator from Utah.

Mr. HATCH. Mr. President, I wonder if I could just ask a couple of questions of the committee chairman. Our committee has in the past dealt with the types of impartiality issues underscoring the Lubbers nomination. The chairman referred specifically to the former Chairman, Mr. Miller. The situation is not comparable because of the longtime relationship of Mr. Lubbers with the Chairman of the Board then.

If I could ask the chairman a question, can the chairman think of any other situations that the committee has considered which are really comparable to the current nomination?

Mr. WILLIAMS. Comparable in character, ability, and competence?

Mr. HATCH. No, I am talking about the situation——

Mr. WILLIAMS. I went through the Peter Nash story. After hearings, I found he was competent, a man of integrity, a man of character. He did not have as much background in the labor law that is the subject matter of the National Labor Relations Board and its activities, but I see some comparability there.

Mr. HATCH. On that particular point, the chairman implied in his statement that the former General Counsel, Peter Nash, had little practical experience before coming to the Board after 1 year as the Solicitor of Labor. Let me ask this: Is the chairman aware of Peter Nash's prior experience as a lawyer in Rochester, N.Y., for a good number of years before coming to the Department of Labor, and his extensive experience in the field of labor law, and, I might add, practical experience at that?

Mr. WILLIAMS. I do not have the number of cases that he handled while he was practicing law.

Mr. HATCH. But the chairman is aware of it.

Mr. WILLIAMS. But if it was anything like one of the witnesses who practiced law, we found that this practice found him to be engaged in far fewer cases than someone whose professional practice, career, is totally devoted to labor law through an appointment as counsel of the National Labor Relations Board.

Mr. HATCH. How many prior cases has Mr. Lubbers had? I can answer that for the chairman.

Mr. WILLIAMS. Well, he has worked on thousands of cases.

Mr. HATCH. How many elections has he supervised?

Mr. WILLIAMS. I think here we have another comparability.

Mr. HATCH. I can answer for the chairman.

Mr. WILLIAMS. About the same number as Peter Nash did. I do not think he supervised any.

Mr. HATCH. But Peter Nash participated in them, understands the law on both sides, has worked with them, and he had extensive labor law experience on the private side before he became Solicitor. That is my understanding.

Mr. WILLIAMS. I would differ there. I would think as Solicitor of Labor he was not engaged in any of those election procedures and that Lubbers, on the other hand, because he was on the Board where the contested questions of elections appeared, one way or another was exposed to representation cases.

Mr. HATCH. That was not his testimony.

Mr. WILLIAMS. Well, it was not his testimony because it was not raised.

Mr. HATCH. I believe I asked him how many elections he had supervised and he admitted none.

Mr. WILLIAMS. He did not supervise because he was with the Board. Nash did not supervise because he was Solicitor of Labor. How many representation election cases have they been involved in? Lubbers, many, working as an employee of the National Labor Relations Board; Nash, as Solicitor of Labor, I would say none. I think that is not their job as Solicitor of Labor.

(Mr. LEVIN assumed the chair.)

Mr. HATCH. Let me say this, Mr. President: Peter Nash is one of the most eminent labor lawyers in the country. He had experience before coming in as Solicitor. I might add that Peter Nash had had all kinds of practical experience in this area and Mr. Lubbers has not had any, other than his work on the Board, which did not deal with that particular area. He admitted that. Peter Nash became Solicitor of Labor and was already recognized as one of the bright lights in the field.

Mr. President, it is my unfortunate duty to challenge the nomination of William A. Lubbers as General Counsel for the National Labor Relations Board. I do so with some reluctance because, frankly, Bill Lubbers is a nice person and a nice guy who has dedicated his life to the Board's work. But on balance his nomination has the potential, for many objective reasons I will talk about in the days to come, to seriously hurt the public confidence in the National Labor Relations Board. And I might add, in the National Labor Relations Act.

His nomination is filled with liabilities which will erode the credibility of the Natonal Labor Relations Board.

I contend it is not in the best interests of the public and the NLRB that he be confirmed. By way of background information to my colleagues, and of course, to the public:

The National Labor Relations Act guarantees the right of workers to organize and to bargain collectively with their employers, or to refrain from all such activity. To enable employees to exercise these rights and to prevent labor disputes which may impede interstate commerce, the act places certain limits on activities of employers and labor organizations.

The act generally applies to all employers engaged in interstate commerce. It does not apply to railroads and airlines which are covered by the Railway Labor Act.

The policy of the act is to prevent obstacles to the free flow of interstate commerce by encouraging collective bargaining and by protecting workers in their selection of a bargaining representative; and to protect the rights of the public in connection with labor disputes.

Administration of the law rests primarily with the National Labor Relations Board, which has two principal functions under the act: First, to prevent and remedy unfair labor practices whether by labor organizations or by employers, and second, to conduct secret ballot elections in which employees decide whether unions will represent them in collective bargaining.

Members of the Board are appointed by the President, with consent of the Senate, for terms of 5 years. The term of one Board member expires each year. The General Counsel is appointed by the President, with consent of the Senate, for a term of 4 years.

With this very general background of what the Taft-Hartley Act is all about, one might ask at this point why all the "fuss" about the Board's General Counsel. After all is he not just another Government lawyer—a cast of thousands here in Washington?

The answer is a "no" and a "yes." Yes in the sense that he is indeed one of a host of Government attorneys but a "no" in that he is one who is uniquely situated by the statute with enormous unreviewable legal powers to shape the development of the national labor relations policy for this country.

This is because the General Counsel has final—I would like that underlined—unreviewable authority over the investigation and prosecution of labor law violations.

Let me repeat that. This is because the General Counsel has final unreviewable authority over the investigation and prosecution of labor law violations.

The General Counsel's decision to bring, or not to bring a case before the NLRB may, as a practical matter, affect substantive rights because the General Counsel chooses the cases that the NLRB will ultimately decide. The Federal courts do not have the discretion to overturn his decisions on the complaints he issues or refuses to issue. Thus, it is imperative that the General Counsel be independent, impartial, and experienced in his processing of alleged labor law violations under the National Labor Relations Act. It is my opinion that Mr. Lubbers possesses none of the above qualifications for the position.

Recognizing the magnitude of the legal authority possessed by this so-called Government lawyer, the Congress deliberately structured the NLRA in 1947, by statutorily enacting section 3(d) to separate the two operating branches of the NLRB—the office of the General Counsel and the five-member National Labor Relations Board which is called upon to decide the cases brought by him.

Before 1947, the General Counsel of the NLRB was subject to the authority and direction of NLRB. This led to criticism of the NLRB serving as prosecutor, judge, and jury in what was supposed to be an impartial hearing. In 1947, Taft-Hartley Act amendments responded to this criticism by creating an independent General Counsel, thereby separating the prosecutorial from the decisionmaking function. It was clearly the intent of the law that the General Counsel was to be a "public" prosecutor of labor law violations and that the office of General Counsel must be entirely separate from and independent of the five NLRB members or their staffs.

At this point, I believe it would be helpful to the Senate to highlight certain relevant portions of the Taft-Hartley debates explaining section 3(d) lest there be any confusion regarding what the Congress had in mind by making the Board's General Counsel "holier than Caesar's wife"—in other words "beyond reproach." My review of this legislative history on this subject is confirmed by the analysis of Mr. Jack Noble, labor counsel for the American Retail Federation, who has provided me with a thorough and excellent analysis with the legislative concerns of that period, which, by the way, are as valid today as they were then and even perhaps more important in today's climate in light of the Board's consistently flawed decisionmaking, which I may discuss at length later in this debate.

Mr. Noble says:

> Congress, recognizing the ills of a system of enforcement in which the prosecutional and quasi-judicial functions of the National Labor Relations Board overlapped, suggested, in the words of Senator Taft:
>
> "The Board itself has been sensitive to the reproach that it acts as judge, jury and prosecutor. . . ."

And he goes on:

> In order to make an effective separation between the judicial and prosecuting functions of the Board . . . the conferees created the office of general counsel of the Board . . . 93 Cong. Rec. 7001 (daily ed. June 12, 1947).

In another statement, Senator Taft described the duties the sponsors envisioned would be performed by the General Counsel:

> The general counsel is to have general supervision and direction of all attorneys employed by the Board . . . and of all the officers and employees of the Board's regional office. He is also to have final authority to act in the name of, but independently of any direction, control, or review by, the Board in respect to the investigation of charges and the issuance of complaints . . . and in the prosecution of such complaints before the Board. 93 Cong. Rec. 6599 (daily ed. June 5, 1947).

The establishment of an independent General Counsel was severely criticized by the Democrat leadership in the Senate. Senator O'Mahoney of Wyoming prophetically announced, concerning the proposed section 3(d) of H.R. 3020:

> We are told that the general counsel of the Board will be appointed, not by the Board, but by the President of the United States, with the advice and consent of the Senate. He will be an independent officer. He will not be subject to direction by the National Labor Relations Board with respect to his principal functions. . . . 93 Cong. Rec. 7678 (daily ed. June 23, 1947).

Inaccurately, however, the Senator predicted:

> The bill, if it becomes law, will set up a labor czar, with power and authority over the economy of the whole United States, greater by far than the power that was ever vested in any Government official under President Roosevelt or the New Deal.

He went on to say:

> Its first result will be to bring about a struggle for power within the agency between the Board itself and the general counsel. 93 Cong. Rec. 7677 (daily ed. June 23, 1497)

In the House of Representatives, the bill's sponsor, Congressman Fred Hartley of New Jersey, stated:

> It [Section 3(d)] creates a general counsel who shall be independent of the Board and on all complaints by employees the counsel shall be the investigator and prosecutor, and the Board itself will be merely a quasi-judicial board passing on the case as presented by the counsel.

He went on:

> He acts on behalf of the Board but completely independent of the Board.

Congressman Hartley responded affirmatively to the "understanding" of Representative Owens. The "understanding" was that:

> . . . the general counsel . . . shall have the power to proceed with the investigation, with the complaint, and shall have complete power over the attorneys who are prosecuting; . . . the Board shall not control him or have the right of review in any way. Is that correct?

Hartley's answer was:

> The gentleman's opinion is absolutely correct. 93 Cong. Rec. 6540 (daily ed. June 4, 1947)

Mr. President, if there is any serious dispute about the statutory scheme here, I would be most willing to review the entire legislative debate surrounding the Taft-Hartley amendments as an instructional aid to the Senate.

With the legislative history of Section 3(d) at this point in a crystal clear light, one might ask, how does Mr. Lubbers fit into the statutory framework demanded by the Congress?

In my opinion, he does not, and his confirmation as General Counsel of the NLRB would be a serious mistake. Certainly his nomination brings into question the independent nature of the General Counsel position demanded by the law in section 3(d) and seriously affects the delicate balance between labor and management, a balance already being questioned as a result of recent appointments to the NLRB and resulting recent decisions.

Mr. Lubbers' independence from the Board is called into question by the fact that he served for 20 years on the staff of present NLRB Chairman John Fanning. It is fair to characterize the Fanning-Lubbers relationship as extremely close. In addition to the personal working association over an extremely long period of time, Mr. Fanning has secured promotions for his protege, Mr. Lubbers, throughout his career with the agency—namely to Solicitor for the Board and its Executive Secretary. Now it is on to bigger and better feats—Fanning's desire to "grab the brass ring" by making Mr. Lubbers the Board's "independent" General Counsel.

This relationship between the Chairman and Mr. Lubbers is highlighted by the Chairman's public statement that he would have to "reassess" his own position if Mr. Lubbers were not confirmed; in effect, threatening to resign if his own man is not appointed. Such a situation does not bode well for the independence of the office of General Counsel which Congress sought to achieve in 1947.

It is not exaggeration to say that Mr. Fanning has a markedly pro-union record, and it is clear that Mr. Lubbers helped write many of the decisions of Chairman Fanning. During his confirmation hearing, Lubbers acknowledged this but elected to hide behind the attorney-client privilege when pressed by me to answer at least the number of decisions he participated in as a legal adviser. This is of significance since, with the addition of Member John Truesdale, Chairman Fanning has been overruling NLRB precedents that went against unions, some of which had been "on the books" for only a year or so. With this background, the alliance of Lubbers as a permanent prosecutor, if confirmed, and the Fanning court has the potential to harm and disrupt labor relations in this society. It makes our debate on the so-called Labor Reform Act a moot academic exercise, because approving, in a formal sense, this relationship will immediately stack the deck in favor of the unions, which the Senate was deliberately unwilling to do by refusing to enact that outrageous bill.

There are other problems presented by the Lubbers nomination.

With respect to his ability to be impartial, one need only point to Mr. Lubbers' admission to me during his confirmation hearings that he gave "technical assistance" on the Labor Law Reform Act to union leaders during the Senate debate on the Labor Law Reform Act of 1977, which, as Senators know, was recommitted following a successful filibuster. Although he refuses to divulge what "technical assistance" encompassed, it is interesting to note that he was an NLRB employee at the time and, thus, supposedly neutral. Moreover, he undertook these meetings without clearing them with all Board members, as is the custom, but only with the knowledge and consent of Chairman Fanning who as I understand the situation also participated in these discussions. Many people I have talked with truly feel that Lubbers is now being rewarded at best partly for his "technical assistance" in support of big labor's attempt to secure its special interest legislation.

Now Senator WILLIAMS may parade out a civil service regulation which purports to legitimize that activity. But, I, for one, do not feel that ex parte discussions with vested special interests by supposedly impartial NLRB Government employees about pending legislation which those interests want and which those same Board employees might be called upon to administer at a later date is within the letter or spirit of those regulations. If that is the official interpretation by the Office of Personnel Management about this situation then those regulations need to be clarified by law or otherwise to prohibit this kind of activity in the future.

On this same note I might point out to my colleagues that during his confirmation hearing, former high-ranking officials of the agency denounced Lubbers' conduct as extremely poor judgment in contravention of known Board custom and policy.

Another example of Mr. Lubbers' questionable neutrality is recently seen in one of his first cases argued before the Board as acting General Counsel, following his recess appointment. In Dalmo Victor Mr. Lubbers "disowned"—Member Jenkins' word—the previous position argued by General Counsel Irving only a few months before and adopted the position urged by the union to the effect that a union's implied right to enforce solidarity during a strike takes precedence over an employee's express right to refrain from engaging in union activity. In fact, a review of the oral argument in that case, which we might get into depth later, reflects Lubbers taking the position that an employee can elect to leave the union before a strike begins but having failed to do so is forever estopped from resigning during the pendency of the collective bargaining dispute. Obviously this decision has awesome implications in altering the labor-management balance during an economic dispute—in favor of unions and to the detriment of what I would think are the fundamental rights of rank and file workers.

Since Dalmo Victor, I have received evidence from other labor attorneys confirming other such reversals of positions, thereby further undermining the confidence and stability necessary to effective labor relations.

Keep in mind, he has only been General Counsel by appointment for just a few months and, already, he has made some major reversals in longstanding labor law decisions.

I might mention that when he was first appointed at the end of last year, the administration recognized that we were going to fight that appointment. After the first of the year, they gave him a recess appointment so they could go around the confirmation process and appoint him for a year. So he will continue to act for a year, in spite of the fact that we are raising these issues and even if we do happen to win on this issue on the floor.

Finally, Mr. Lubbers' only experience has been as an "ivory tower" bureaucrat in Washington who has never been involved in real world, day-to-day labor-management relations. Moreover, even his experience with the agency has been limited. He has no experience administering a huge staff, with many regional offices around the country, whose efficient operation is important to all parties.

The foregoing reasons are the basis for my objection to this nomination. There are others. However, I will bring those out at a later date. I wish to emphasize, however, that they are not a personal attack on Mr. Lubbers but merely express my concern for upholding the integrity of what has been our workable collective bargaining system which I believe to be in grave jeopardy should this nomination be confirmed.

At least three other things ought to be mentioned during this opening volley on the nomination: First, the history leading up to the submission of the Lubbers nomination to the Senate; second, a similar situation presented to other Senators serving on the Agriculture Committee and the way that matter was properly disposed of; and, third, the unwarranted involvement of board member Betty Murphy in the drive to confirm Lubbers by holding her renomination captive to the success of his nomination.

On point No. 1, it is fair to say that for many of the same reasons I have briefly outlined here—Lubbers' lack of independence, his lack of impartiality, and his lack of experience—the business community, an indispensable part of the labor-management equation, opposes his nomination. Passions are running high, but with good cause. Substantial segments of management were consulted by the White House about a suitable candidate for the job prior to Lubbers' selection. Business lodged its vehement opposition. The way I get it the White House responded that opposition from business was expected for any candidate who could be nominated.

The business community responded that was not true and that there were qualified persons, even some formally allied with big labor, who they would not oppose. Leading them to believe that some accommodation for their concerns would be made under these circumstances, representatives of the White House requested that the business concessions be put in writing and given to them. This was accomplished by the Business Roundtable, the National Association of Manufacturers and a verbal commitment was made by the Chamber of Commerce of the United States.

Mr. President, I suspect it was extremely difficult for these organizations to signify that they in essence would be willing to accept a general counsel from the ranks of organized labor—namely Mr. Arthur Goldberg from the Textile Workers Union or Mr. Carl Frankel from the Steelworkers Union. Especially difficult to put that in writing for all the world to see. But in order to stop Lubbers, they are willing to undertake those conciliatory efforts to at least have someone, albeit labor affiliated, who as general counsel had the practical experience to assess how our "real world" labor-management works and who could make decisions in that context.

That is going a long way—and I am not sure the same requirements for written assurances would have been levied on big labor. Be that as it may, the White House responded after receiving these communications by business by nominating Lubbers without further consultation with business. In other words, the way the matter was handled further exacerbated this situation by rigidifying and polarizing the labor-management community needlessly when a qualified candidate could have been agreed to in advance thereby avoiding the problem that the Senate is called upon today to resolve.

On my second point, this same White House awhile back was considering the nomination of Mr. Hugh Cadden to be a commissioner on the Commodities Futures Trading Commission (CFTC).

Prior to its submission, 15 members of the Senate Agriculture Committee effectively blocked President Carter's nominee for the Commodities Futures Trading Commission before the name had been officially announced.

In a letter delivered to President Carter which I will read in full to the Senate, the committee members said they opposed the nomination of Hugh Cadden, presently the special assistant to CFTC Chairman James M. Stone.

The committee members said they wanted a nominee with a background in the workings of the futures trading industry who can "exercise independent judgment." They said that Cadden's independence was in doubt and that his appointment would tilt the Commission toward professional regulators.

I will read that letter into the RECORD. It is dated September 14, 1979. It is to the President, the White House, Washington, D.C., 20500:

> DEAR MR. PRESIDENT: As members of the Senate, we are interested that the Commodity Futures Trading Commission (CFTC) be both a balanced Commission, as the law required, and also a Commission that is composed of people with mature, experienced, and independent judgment.
>
> We believe that a pronounced balance in the background, professional and practical experience of clearly independent Commissioners can provide the CFTC with a degree of public respect and confidence that it needs to effectively do the job the Congress intended in the Commodity Futures Trading Commission Act of 1974.
>
> The Committee clearly expressed its intention on the composition of the CFTC in the Committee Report on the 1974 Act when it said, "The Committee does not want a commission that is dominated by any particular interest group. It wants a commission that has broad knowledge of all aspects of the industry to be regulated, as well as a commission that is responsive to the needs

of farmers and the needs of consumers. Therefore, the Committee adopted an amendment which requires the President, in making appointments, to seek to establish a balanced commission that would include, but not be limited to, persons of demonstrated knowledge in futures trading and its regulation and persons of demonstrated knowledge in the production, merchandising, processing or distribution of commodities or other goods and services. The Committee wishes to emphasize that the Commissioners are to have a broad range of knowledge."

Increasingly, transactions in agricultural commodities regulated by the CFTC have come to have an important impact upon the economic health of American agriculture. With this in mind, we feel that you should select a nominee for the vacancy created by the resignation of Dr. Gary Seevers from outside the ranks of the professional regulators; someone who is familiar with the actual use of futures markets and who is sufficiently removed from the confines of Washington, D.C. to appreciate the practical problems and effects of the futures trading system and its relationship to the productive sector of our agricultural economy. [Additionally, we believe that your nominee should be expected to exercise independent judgment, which precludes, in our view, any nominee who is closely associated with the Commission or any member of the Commission.]

We would expect you to go outside the Commission to find someone who would bring a new perspective and degree of independence to the agency. We think it unfortunate that the direction of experience on the Commission seems to be moving toward professional regulators rather than the more balanced Commission required by law.

It is our understanding that you have had the opportunity to consider a number of individuals with impressive credentials who possess the background, experience, independence, geographical diversity, and appreciation for the practical workings of the futures trading system. We would encourage you to chose your nominee from such persons, and offer to provide our separate recommendations and evaluations.

We can not support the nomination of Mr. Hugh Cadden inasmuch as his appointment is contrary to what we believe is in the best interests of the CFTC, the futures trading system, and agricultural sector, and the intent of the Act. Therefore, we respectfully request that you not forward the nomination of Mr. Cadden for this position.

This letter was signed by the following Senators: WALTER D. HUDDLESTON, JESSE HELMS, EDWARD ZORINSKY, DAVID PRYOR, JOHN MELCHER, ROGER JEPSEN, BOB DOLE, RUDY BOSCHWITZ, RICHARD G. LUGAR, DAVID L. BOREN, MILTON YOUNG, DONALD W. STEWART, RICHARD STONE, THAD COCHRAN, and PATRICK LEAHY.

Mr. President, I ask unanimous consent that this letter to the President, with the signatures thereon, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SEPTEMBER 14, 1979.

The PRESIDENT,
*The White House,*
*Washington, D.C.*

DEAR MR. PRESIDENT: As members of the Senate, we are interested that the Commodity Futures Trading Commission (CFTC) be both a balanced Commission, as the law required, and also a Commission that is composed of people with mature, experienced, and independent judgement.

We believe that a pronounced balance in the background, professional and practical experience of clearly independent Commissioners can provide the CFTC with a degree of public respect and confidence that it needs to effectively do the job the Congress intended in the Commodity Futures Trading Commission Act of 1974.

The Committee clearly expressed its intention on the composition of the CFTC in the Committee Report on the 1974 Act when it said, "The Committee does not want a commission that is dominated by any particular interest group. It wants a commission that has broad knowledge of all aspects of the industry to be regulated, as well as a commission that is responsive to the needs of farmers and the needs of consumers. Therefore, the Committee adopted an amendment which requires the President, in making appointments, to seek to establish a balanced commission that would include, but not be limited to, persons of demonstrated knowledge in futures trading and its regulation and persons of demonstrated knowledge in the production, merchandising, processing or distribution of commodities or other goods and services. The Committee wishes to emphasize that the Commissioners are to have a broad range of knowledge."

Increasingly, transactions in agricultural commodities regulated by the CFTC have to have an important impact upon the economic health of American agriculture. With this in mind, we feel that you should select a nominee for the vacancy created by the resignation of Dr. Gary Seevers from outside the ranks of the professional regulators; someone who is familiar with the actual use of futures markets and who is sufficiently removed from the confines of Washington, D.C. to appreciate the practical problems and effects of the futures trading system and its relationship to the productive sector of our agricultural economy. Additionally, we believe that your nominee should be expected to exercise independent judgment, which precludes, in our view, any nominee who is closely associated with the Commission or any member of the Commission.

We would expect you to go outside the Commission to find someone who would bring a new perspective and degree of independence to the agency. We think it unfortunate that the direction of experience on the Commission seems to be moving toward professional regulators rather than the more balanced Commission required by law.

It is our understanding that you have had the opportunity to consider a number of individuals with impressive credentials who possess the background, experience, independence, geographical diversity, and appreciation for the practical workings of the futures trading system. We would encourage you to chose your nominee from such persons, and offer to provide our separate recommendations and evaluations.

We can not support the nomination of Mr. Hugh Cadden inasmuch as his appointment is contrary to what we believe is in the best interests of the CFTC, the futures trading system, and agricultural sector, and the intent of the Act. Therefore, we respectfully request that you not forward the nomination of Mr. Cadden for this position.

Sincerely,

Walter D. Huddleston, Jesse Helms, Edward Zorinsky, David Pryor, John Melcher, Roger W. Jepsen, Bob Dole, Rudy Boschwitz, Richard G. Lugar, David L. Boren, Milton R. Young, Donald Stewart, Richard Stone, Thad Cochran, Patrick J. Leahy.

Mr. HATCH. Mr. President, I must stress the words of the vast majority of Agriculture Committee members because they are so appropriate and analogous to the Lubbers' nomination:

"We cannot support the nomination of Mr. Hugh Cadden inasmuch as his appointment is contrary to what we believe is in the best interests of the CFTC, the futures trading system and agricultural sector, and the intent of the Act (establishing the CFTC)," the 15 Senators said in their letter to the President.

"Therefore," the letter concluded, "we respectively request that you not forward the nomination of Mr. Cadden for this position."

The letter said the act establishing the CFTC requires that the Commission membership be balanced and that adding another person with just a regulatory background would not achieve this goal.

"We feel that you should select a nominee * * * who is familiar with the actual use of future markets * * *

"Additionally, we believe that your nominee should be expected to exercise independent judgment, which precluded in our view, any nominee who is closely associated with the Commission or any members of the Commission."

In summary, Mr. President, this entire situation could have, and should have been, avoided. I hope the Senate will agree that Mr. Lubbers is not qualified for the position of General Counsel because of the reasons I have urged. There may be other positions with the NLRB or other Government agencies for which he would be qualified. But not the general counsel's position.

Perhaps if the Senate sees fit to reject this nomination or to recommit it back to the Labor Committee, the White House could be encouraged to go back to the drawing board in good faith consultations with both labor and management to select a candidate without the liabilities possessed by Mr. Lubbers who could restore the integrity of the NLRB and its procedures. This is a "do-able" thing and one that I pledge myself to facilitate should the Senate decide to afford that opportunity.

Mr. President, to further enlighten my colleagues, I shall read into the RECORD an excellent op-ed article written by the distinguished columnist James J. Kilpatrick, entitled "An Unfortunate Appointment," which appeared in the February 12, 1980, edition of the Washington Star. This is what Mr. Kilpatrick goes on to say:

As a working proposition, every president ought to have wide latitude in his nominations to public bodies. A president's appointive power is part of the intricate assembly of springs, pendulums and counterweights that makes our system go, and Congress ought not to jam the works without compelling reason.

But there are times when the Senate's corollary power to advise and consent ought to be negatively invoked. Such an occasion is at hand in the president's nomination of William A. Lubbers for a full four-year term as general counsel of the National Labor Relations Board. If the president will not withdraw this regrettable appointment, the Senate should reject it decisively.

For three reasons. The first has to do with the urgent need to restore confidence in government; the second has to do with the nature of the general counsel's power; the third goes to the alternatives available to the White House.

There may have been a time—in Grant's administration, perhaps—when public confidence in government was lower than it is now. The polls do not go back that far. But not in my lifetime can I recall a period in which distrust of government, and especially of the federal government, was deeper or more pervasive. This alienation didn't begin with Watergate, but Watergate made it worse. And such recent depressing incidents as the purported bribery of half a dozen members of Congress add to the poisonous cloud.

Into this miasma comes the nomination of Mr. Lubbers to the most powerful position in the whole of the executive branch. Search the executive agencies as you will, you will not find any position to compare with general counsel of the NLRB. He alone commands unreviewable discretion for his acts. If the general counsel agrees to hear a complaint of unfair labor practices, the complaint will be heard. If he refuses, that's it. Goodbye. *Finis.* His refusal cannot be appealed to the NLRB. It cannot be appealed to the federal courts.

For these reasons, Congress went to great pains to make the general counsel absolutely independent of the board. The position demands a person who not only is independent, but also appears to be independent. Mr. Lubbers simply is not such a person. For 17 years, more or less, he has been the protege, confidant, top assistant and guiding hand to NLRB Chairman John Fanning. Within the community of business and labor, he is universally perceived as "Fanning's man." The two are as close as shirt and pocket or ring and finger, and that is where Mr. Lubbers commonly is thought to be—in the chairman's pocket, or tied to his finger.

Mr. Lubbers of course has asserted his independence of his mentor and longtime boss, but his first major decision since his temporary appointment in December has set off bells of alarm. As general counsel, he appears effectively to have reversed a longstanding rule protecting the right of an individual union member to resign from his union during a strike. The effect is to put union solidarity ahead of individual freedom. Such obeisance to the great unions accords perfectly with the Fanning view.

A president who has enjoyed the support of organized labor, and hungers for such support again this year, surely is entitled to appoint someone with a union background as general counsel. The business community, headed by the U.S. Chamber of Commerce, accepts this reality.

Before Mr. Carter nominated Mr. Lubbers, the White House had leaked the names of two others under consideration—Carl Frankel, associate general counsel for the Steelworkers Union, and Arthur Goldberg, general counsel of the Textile Workers Union. Either one of them would have the confidence of both labor and management. Curtis Mack, regional NLRB director in Atlanta, is another acceptable possibility.

Mr. President, I ask unanimous consent that the full article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### An Unfortunate Appointment

(By James J. Kilpatrick)

As a working proposition every president ought to have wide latitude in his nominations to public bodies. A president's appointive power is part of the intricate assembly of springs, pendulums and counterweights that makes our system go, and Congress ought not to jam the works without compelling reason.

But there are times when the Senate's corollary power to advise and consent ought to be negatively invoked. Such an occasion is at hand in the president's nomination of William A. Lubbers for a full four-year term as general counsel of the National Labor Relations Board. If the president will not withdraw this regrettable appointment, the Senate should reject it decisively.

For three reasons. The first has to do with the urgent need to restore confidence in government; the second has to do with the nature of the general counsel's power; the third goes to the alternatives available to the White House.

There may have been a time—in Grant's administration, perhaps—when public confidence in government was lower than it is now. The polls do not go back that far. But not in my lifetime can I recall a period in which distrust of government, and especially of the federal government, was deeper or more pervasive. This alienation didn't begin with Watergate, but Watergate made it worse. And such recent depressing incidents as the purported bribery of a half dozen members of Congress add to the poisonous cloud.

Into this miasma comes the nomination of Mr. Lubbers to the most powerful position in the whole of the executive branch. Search the executive agencies as you will, you will not find any position, to compare with general counsel of the NLRB. He alone commands unreviewable discretion for his acts. If the general counsel agrees to hear a complaint of unfair labor practices, the complaint will be heard. If he refuses, that's it. Goodbye. Finis. His refusal cannot be appealed to the NLRB. It cannot be appealed to the federal courts.

For these reasons, Congress went to great pains to make the general counsel absolutely independent of the board. The position demands a person who not only is independent, but also appears to be independent. Mr. Lubbers simply is not such a person. For 17 years, more or less, he has been the protege, confidant, top assistant and guiding hand to NLRB Chairman John Fanning. Within the community of business and labor, he is universally perceived as "Fanning's man." The two are as close as shirt and pocket or ring and finger, and that is where Mr. Lubbers commonly is thought to be—in the chairman's pocket, or tied to his finger.

Mr. Lubbers of course has asserted his independence of his mentor and longtime boss, but his first major decision since his temporary appointment in December has set off bells of alarm. As general counsel, he appears effectively to have reversed a longstanding rule protecting the right of an individual union member to resign from his union during a strike. The effect is to put union solidarity ahead of individual freedom. Such obeisance to the great unions accords perfectly with the Fanning view.

A president who has enjoyed the support of organized labor, and hungers for such support again this year, surely is entitled to appoint someone with a union background as general counsel. The business community, headed by the U.S. Chamber of Commerce, accepts this reality.

Before Mr. Carter nominated Mr. Lubbers, the White House had leaked the names of two others under consideration—Carl Frankel, associate general counsel for the Steelworkers Union, and Arthur Goldberg, general counsel of the Textile Workers Union. Either one of them would have the confidence of both labor and management. Curtis Mack, regional NLRB director in Atlanta, is another acceptable possibility.

Sen. Orrin Hatch, R-Utah, has begun marshaling forces against the Lubbers nomination. He has a sufficient number of concerned colleagues to mount a prolonged filibuster and to block cloture. He may have enough troops to win on an up-or-down vote. Under the circumstances, a discreet withdrawal would benefit the board, the Senate, the country and quite possibly Mr. Lubbers himself.

Mr. HATCH. Mr. President, this is not a partisan issue. Business has been willing to work with this President to accept an appointment which is totally satisfactory to the union movement in this country. I understand that, and I am willing to work toward that end.

There is no question that the two labor union general counsel mentioned, Mr. Frankel and Mr. Goldberg, are two of the best in the country. There is no question in my mind that they are partisan toward the union movement. There is no question in my mind that they may be able to do exactly the same things Mr. Lubbers has been doing; and there is no question in my mind that if they do, those matters will be overturned by the courts in the process.

On the other hand, it was not easy for business to come and say, "We are willing to accept general counsel to major unions because they have experience. They are on the outside. They can be independent. They can give the appearance of independence. They are not under the thumb of any member of the Board. They have not worked with any member of the Board for 20-plus years. And we understand the realities of political life."

I think that shows how far they were willing to go in that matter.

I might also add that Curtis Mack happens to be a black regional director of the NLRB. I do not know of anyone within the NLRB who could do a better job as General Counsel than Curtis Mack, and what an excellent opportunity for a President or a party or anyone else in charge to give an opportunity to one of the leading black spokesmen in America on labor law.

And they have just brushed it aside like it was not important.

Curtis Mack, to my knowledge, would be prolabor movement as well. But there is no question it would have a tremendous opportunity to have the best.

I have to believe, and I choose to believe, that the President, as busy as he is, does not know Mr. Lubbers, does not know of this situation, has too many other things that are more pressing to investigate the way he probably should have through his aides and his staff people and many of whom are being paid the top dollar in the Federal Government for giving him supposedly good advice.

If he knew what members of our committee know, what happens to be in the record, what is irrefutable on this matter, I really believe that this President who ran on the principle of why not the best would not have appointed Mr. Lubbers.

I have to believe that he has been misled by some of those who are working with him who may have ulterior motivation to the detriment of Mr. Frenkel, Mr. Goldberg, Mr. Curtis Mack and perhaps even hundreds of others who would be qualified, yet prounion, to hold this position.

I think that it is important for us in the Senate to stand up on some of these issues. It is not easy. No one likes to stand up against any nominee of the President.

I voted for a whole raft of nominees of the President that wished were not nominated at the time. But I voted for them because I believe the President should be given the benefit of the doubt on these issues. I do not have any question about that.

I voted time and time again for judicial appointments whom I knew were not the best, but I also presumed that the President could not have investigated all of those himself or there is no way he could have lived up to that maxim: Why not the best?

And I voted for people here in the Chamber that I had real questions about.

But there has not been anyone in the Chamber to my knowledge for whom I have voted who has the liabilities that Mr. Lubbers has.

Again, let me emphasize one point. I personally do not dislike Mr. Lubbers. I do not have anything against him personally. He is a good staff member to Chairman Fanning, and for all that I know, a good family man and a good person. Even though I have felt like saying things, and may have said things in the past, that have indicated that I am totally against him personally, nothing I intend to say here in the Chamber will intimate that, or say that, or even suggest that.

That is not my point. My point is that this is a powerful position, I think more powerful than the Chairman of the Board himself because this man has life or death on which cases are brought, which charges are brought, what is litigated, what goes before the Board itself. The Chairman has to make the final decision, except the General Counsel can in many ways make the final decision and he did in Dalmo Victor by issuing an opinion that changes labor law in a drastic fashion, and Dalmo Victor did do that.

I think it is time for us to stand up and admit that these other three men are at least equally qualified and I think more so. Curtis Mack has had all kinds of experience in the actual work of the Board. He understands how to run an election. He knows what an election is all about. I think that there is no question about Mr. Goldberg and the other potential nominee as well.

If they do not like those three, and I have to admit I do not know why they would not, then let them submit others to business and I think business would be very interested in chatting with the President or with any member of the administration about any potential appointees in this area even though they may be 100-percent biased to one side of the labor-management equation.

No one wants a 100-percent biased person in this position, but even that is overcome by the fact that this man has been basically under the thumb of the Chairman of the National Labor Relations Board for about 20 years and it is about time that we recognize that not only should the Agriculture Committee be commended for standing up and refusing to put a man under similar circumstances into the CFTC, but our committee should do the same.

I think we as Senators should do the same if our committee is unwilling to withdraw this nomination, or if the President is unwilling to withdraw this nomination.

Why not the best? Why cannot we get the best and, in this case, at least someone who at least has the appearance of independence into these positions, and especially this position, rather than someone who does have the appearance of lacking an independent nature, and of being under the thumb of anyone on the National Labor Relations Board?

Mr. HUMPHREY. Mr. President, let me begin by complimenting my friend, the distinguished Senator from Utah, for his very excellent opening statement.

I shall underline some of the points he has made about just what is the focus of our concerns and our objections to the confirmation of Mr. Lubbers in the position of the General Counsel to the NLRB.

We are not in any way questioning the man's integrity. It is beyond question.

Let me also say that this is not a partisan issue. The distinguished chairman of the Labor Committee made an assertion in his opening remarks that this is a partisan issue. It is not.

As is already apparent and will become increasingly evident, I think, as the debate proceeds, those who object to the nomination of Mr. Lubbers are members of both parties. This is not a partisan issue. The objections are put forth chiefly on the basis of whether or not Mr. Lubbers can bring impartiality and fairness to the office of General Counsel and whether he has experience outside of Washington which will allow him to effectively discharge his responsibilities.

I am not an attorney. I am not going to address myself to legal points in this matter. I will leave that to others.

But there is no doubt in my mind that a man who has served for some 20 years as an intimate adviser in an official capacity to a member of the National Labor Relations Board cannot now divorce himself from the views of his mentor, if you will, cannot walk out the door and leave his past behind him, and take his seat as General Counsel, and at the same time bring impartiality and a fresh point of view to that position.

Mr. President, it is hard to remember a time when the National Labor Relations Board (NLRB) was not embroiled in controversy.

Prior to 1947, the NLRB was accused of acting as judge, jury, and prosecutor, a situation analagous to the judge's son being appointed as district attorney. This situation was corrected by Congress with the passage of the 1947 Taft-Hartley amendments to the National Labor Relations Act (NLRA), creating the Office of General Counsel, a prosecutorial position independent of the Board, and appointed by the President with Senate confirmation. I believe all will agree that the amendments have that stated purpose.

The following years were relatively tranquil. Of course, there were decisions that managed to upset either labor or management, but the Board was generally perceived as interpreting and administering Federal labor law in an impartial manner.

John Fanning's ascension in 1977 to the chairmanship of the NLRB brought with it an alarming shift in NLRB philosophy. Fanning is presently the most prounion Board member and his opinions in several cases such as United Dairy Farmers, Gould Incorporated, and K & K Construction Co. This trend has received attention in the Federal courts, ordinarily not a repository of conservative viewpoints, which has been reversing Fanning's decisions with increasing frequency. Moreover, the reputation of the NLRB as a biased, pro-union Federal agency now threatens to be further tarnished by a recent development.

In the fact of unanimous business sector objections decrying his lack of impartiality, independence, and experience, William A. Lubbers has been nominated by President Carter to the position of General Counsel of the NLRB.

The NLRB was created in 1935, to serve two major functions: First, conduct and supervise representative elections, the statutory process by which individuals determine whether or not they desire to be represented by a union; and second, prevent and remedy unfair labor practices. The Office of General Counsel was created as a separate and independent entity in 1947.

The job of the General Counsel is to investigate claims (by employees, employers, or unions) of violations of the labor law. If the General Counsel has reasonable cause to believe that a violation has occurred, he issues an invitation (complaint) to the Board to consider the case. The Board cannot act unless it receives this invitation.

This responsibility invests enormous power over management and labor in the Office of General Counsel. The decision to issue, or not issue, a complaint is unreviewable. If a complaint is not issued, the injured party has no other means before the NLRB, or the courts, of seeking redress.

Of significance, for the first time in its 68-year history, the U.S. Chamber testified in opposition to a nominee at a Senate confirmation hearing. Given the power of the Office of General Counsel, and the total unsuitability of Mr. Lubbers, the National Chamber was compelled to break with tradition, and, along with other business groups and former officers of the NLRB, voice strong disapproval of the nomination at the December 14, 1979, hearings.

Witnesses testified that after serving for over 20 years on the staff of John Fanning, the most prolabor member of the Board, Lubbers lacks the required independence. At the very least, the appearances of a lack of independence should be decisive in rejecting this nomination.

Further, Lubbers lacks both administrative, and in-the-field labor relations experience, a requisite for one who must supervise 33 regional offices (where charges are initially brought) and over 2,500 employees.

Finally, Lubbers lacks the requisite impartiality. At the hearings, Lubbers acknowledged offering "technical assistance" to union leaders at private meetings during last year's labor law reform battle, even though as an NLRB employee he should have remained neutral.

Now, in one of his first official acts as interim General Counsel, Mr. Lubbers substantiates the charges of prounion bias.

In a dramatic reversal of position involving a key labor-law question—the right of union members to resign from their union during a strike—the newly appointed General Counsel announced that a union rule forbidding resignation should be upheld.

Lubbers departed from the legal position taken previously by his predecessors when, on January 16, two attorneys on this staff argued before the five-member NLRB, in the Dalmo Victor case, that union members may be fined by a union for mid-strike resignations. Previously, in the same case, the Office of General Counsel had taken the position that "a labor organization has no statutory right to solidarity" and that "national policy is to make individual rights paramount." However, Lubbers adopted the union's argument that their implied right supersedes a dictate of the NLRB that an individual may refrain from union activity.

The right of a union to fine ex-members has never been definitively settled (in fact, the NLRB has held that a union does not have this right). The novel position taken by Mr. Lubbers would, however, preclude this determination, because the General Counsel has the unreviewable power to prevent claims from being heard by the Board or the courts. Thus, under the Lubbers rationale, an individual employee would be unable to challenge the union fines (in Dalmo Victor case), even though there is legal precedent that the union violated the law.

It is my understanding that the AFL–CIO has come out in full support of Lubbers pending confirmation, to a full 4-year term.

Is it little wonder? Let us, under our advise and consent obligations, tell those who advocate for the Lubbers nomination that it is more important to preserve the statutory mandate under the NLRA and, in the process, promote the stability and public confidence for that act.

Mr. President, there is no shortage of qualified candidates for the office of General Counsel. There are, in fact, lots and lots of good men and women who could adequately and superbly fill that office. Indeed, there is no shortage of persons, qualified persons, superbly qualified persons, on whom both organized labor and the business community could agree with confidence.

There is no pressing urgency to have Mr. Lubbers, in particular, fill this post except, perhaps, in the minds of those who wish for a biased occupant of that office.

There is a critical need to preserve not only fairness and independence in the office of General Counsel, but also in the appearance as well. In this country we have a heritage of relatively stable and peaceful labor-management relations as compared with other countries. That is a tradition we should try to uphold. It is one which is very valuable to our country, to our economy, and to our prosperity.

We can find someone who can fill this role who can be impartial. As I have mentioned, the office of General Counsel was separated by statute from the NLRB in 1947 to insure independence and fairness. Yet now, after all of these years, after the separation by statute, after all of these years in which the General Counsel has striven to maintain the independence and fairness of the office, now, after all of these things, and this tradition, these fine years of tradition, we are being asked to approve a nominee for the office of General Counsel who has served for 20 years a member of the Board as an intimate official assistant.

It is simply ludicrous, in my view, for anyone to assert that Mr. Lubbers, after having served 20 years a member of the NLRB, a decided prounion member, can walk out the door of the Board, and into his office as General Counsel, and take a completely independent, nonpartial stance in fulfilling his role. It is ludicrous on its face.

There is an easy way out of this delemma, Mr. President, this dilemma of being asked to confirm a nominee to whom many Members on both sides of the aisle object on the basis of partiality, among other things.

There is an easy way out. We need not have a clash here. The President can withdraw the nomination, the chairman of the Labor Committee can withdraw the nomination, and those of us who oppose it will be pleased to assist him in any way we can, as I am sure the business community and the organized labor community will be eager to assist him in finding someone who can truly carry out the responsibilities of General Counsel in an impartial way and, at the same time, maintain the appearance of independence and fairness, which is just as essential as the fact itself.

Mr. President, I would like to dwell on Mr. Lubbers' decision in the Dalmo Victor case.

Mr. President, Mr. Lubbers' decision in the Dalmo Victor case stands for no other proposition than unions have a greater right to solidarity than does the average worker who, but for the compulsory unionism feature of this Lubbers position, could voluntarily withdraw from his union.

In a free society such as ours, working men and women have a right, the same right as every other member of society, to join together in the pursuit of common interests.

Mr. President, I would point out at this stage of the discussion that I myself have joined together with others in the pursuit of common labor interests as a member of organized labor unions on several occasions; that is, I have been a member of labor unions. I come from a working-class background. My family and my relatives, many of them, have spent their lifetimes working in factories. And I would uphold strongly the right of persons to organize for such a purpose or any other.

And so I do not wish to be regarded, in my opposition to Mr. Lubbers, as having any kind of antiunion bias.

I will admit to objecting to the enormous, unique, and exclusive political power that organized labor has in this country. But I certainly do not object to their other objectives.

Mr. President, a free society cannot survive if private associations take on compulsory characteristics. Unions misconceive their role if they assume either that they must, or that they may, use compulsion or coercion.

And if I may say parenthetically, Mr. President, if one strolls down Massachusetts Avenue and reads the inscription on the base of the statue of Samuel Gompers, the founder of the AFL–CIO, he will see that he himself denounced compusion in matters of labor activity, labor organizing activity.

Such endeavors achieve their own corruption if they coerce and compel; they tend to waste their energies in activities they do not perform very well, neglecting more appropriate activities as free associations, and they add substantially to the forces which are always at work in the continuous struggle against the free society.

Yet unions have no hope of survival in anything but a free society. The effect of compulsory unionism is predictable; "fair shares for all"—so-called—then decreased productivity and reduced shares for all; then more rigid controls, and still more poverty; and then still more controls, until we have the completely controlled society, in which there is no place for the voluntary, private association, labor union or otherwise. Labor union members do not really want "fair shares" or "equal shares"; they want all they can get, and hope for more, and this they can only get in a free society.

It is self-interest that makes the world go around; self-interest that makes men and women excel; self-interest that raises the standard of living for everyone. And there is nothing wrong with those who organize together in self-interest to promote better working conditions.

And so those who value their right to organize for purposes of improving working conditions, or otherwise, should value the merits of a free society and work to protect it.

We in this country are a more complex, integrated, and productive society than has ever been seen before. These very attributes make it more difficult to check or reverse destructive developments such as the trend toward compulsory unionism.

The theory of the free society only prohibits to labor unions the invasion of the rights of nonmembers. Beyond that, they are free to do for their members all the good or bad things their leaders can agree upon. If workers wish to form or join a union, they are and should be free to do so. If, having combined to promote their own economic and other interests, they decide to withhold their labor in concert, they are free to do that, too, as long as they do not invade the rights of others by their concerted action. In short, they are free to regulate their own conduct in any way they see fit as long as they do not regulate the conduct or impair the rights of others.

Ultimately, the well-being of every member of society depends upon its productivity. However, there has always been considerable disagreement over the relationship between labor union activity and social productivity. Some think labor unions necessarily reduce productivity; some that they necessarily increase it, and some that the "spiritual" goals of workers are more important than the material and that material goals must, if necessary, be sacrificed to achieve spiritual ones. In fact, however, whether or not labor unions contribute to material and nonmaterial well-being depends entirely upon whether or not they act, or are made to act, consistently with the rules and principles of a free society.

As a matter of fact, union protagonists are basically more concerned with the "nonmaterial" than the "material" goals, but unionists themselves put most emphasis on their material accomplishments. They say that if it were not for aggressive unions, the real wages of all workers in this country would be considerably less than they are. Of course, average wages are much higher than they were 50 years ago. Hours of work are shorter too. Most industrial tasks are less burdensome. All of these improvements, it is argued, are the products of unionism.

(Mr. PRYOR assumed the chair.)

Mr. HUMPHREY. But this view is simply not supported by the facts. At least until the advent of the "energy crises," real wages have climbed steadily, and at about the same rate, for as far back as statistics are available. In addition, the best estimates for periods when satisfactory statistics are not available suggest that the climb in real wages dates back to our earliest days as a Nation. Moreover, the share of national income going to wages and salaries has been constant at about 60 percent of total national income for virtually all of our history.

Yet, extensive unionism is a comparatively recent development. In 1930, there were no more than 4 million union members in our total working force. The spread of collective bargaining has not caused labor's share of the national income to increase. If the spread of unionism has not materially affected either the rate of increase in real wages or the share of national income going into wages, some other factor must have been at work in creating the steady improvement in living standards. This conclusion is supported by other evidence. Labor unions in this country are not the strongest in the world, and yet average real wages in this country have been the highest in the world. If unionism basically accounts for high wages, the wages of American workers should be lower, not higher, than the wages of workers in countries where a greater proportion of workers is organized. Again, there must be some factor other than unionism at work.

In the search for this other factor, certain things stand out. One of the most striking features of our economy, as compared with other economies, has traditionally been the high amount of capital invested per worker. This has been an important factor in the higher wage structure of American workers. Another factor is constitutional protection of the principles of free enterprise. Other nations are larger and more populous than the United States. Other nations and other areas are as richly endowed, and many more richly endowed with natural resources. But no other nation has enjoyed a free trade area the equal of our 50 States; and none has enjoyed without interruption the operation of the principles of free enterprise. Labor unions have had very little, if anything, to do with improving the American standard of living.

There can be little doubt that the express constitutional sanctioning of domestic free trade has had a great deal to do with creating the elaborate, complex division of labor which characterizes the United States. There can be even less doubt that the extraordinary capital formation and productivity of the economy of the United States owe much to the continental free trade we have enjoyed. If goods, capital, and labor could not travel freely to the areas where they were most in demand, we would all certainly be much worse off. Some States would have chronic surpluses, others would have chronic deficits, of capital, labor, and commodities. There would be no such thing as the nationwide markets we know in all the commodities, the production of which may be standardized. Without national markets the economics associated with large-scale production would never have been discovered. There would certainly be capital aggregates, but they would have been much smaller and much less efficient than they have been under the reign of continental free trade.

Our nationwide free market, based on free enterprise, is the institution which most clearly distinguishes the United States from other societies. Labor unions in this country are relatively newer and relatively smaller than in other nations. For a factual explanation of the steadily improving and relatively better economic position of the American worker, therefore, the evidence clearly tends to suggest that free trade, leading to extensive and efficient capital formation—not unionization—has been the critical causative factor.

The same conclusion is indicated by theoretical analysis. Some trade unionists advance the theory that "purchasing power" is the key to economic progress and improvement of the material position of workers. There is a realistic sense in which it is proper to speak of purchasing power as the key to economic progress. The trouble is, however, that unionists do not think of purchasing power in that sense.

By purchasing power they mean the money income or wages of workers; economic problems are solved simply by giving workers greater and greater money incomes. If the wages of workers are raised, the unionists say, they can buy more of the products of industry. Industry is then induced to produce more and more all the time. And in the end the society has more and more goods, and everyone is better off.

The labor union version of the purchasing power theory is unsound. In the first place, if the unionists are correct, we ought to raise by law the minimum wage standard to some substantially higher level, say $20 per hour at least. The fact is, of course, that unionists are too intelligent to take their own theory seriously. They know that such a rise in the minimum wage would immediately bankrupt a great many enterprises and create almost universal unemployment. Over the economy as a whole, the wages of workers make up about two-thirds of the costs of production. Raising wages by 2,000 percent would involve raising costs by something like 1,400 percent. The price rise necessary to reflect this increase in costs would be something like 1,000 percent. But the demand for any product whose price rises at such a rate must virtually disappear.

If the money income of every single person in the society could be increased by exactly 2,000 percent, the result might be different. To speak more accurately, as a theoretical matter there would be no result worth noting at all within the economy. However, the effect upon our international trade would, of course, be fatal; we would not be able to sell anything to foreign customers and that would indirectly affect all of the citizens of the United States to some degree. Why should we bother to raise all money incomes by 2,000 percent, or by any other amount? Goods and services are important, not mere money incomes.

The whole idea of money wage increases as the key to well-being is absurd. The way to improvement of living standards is through increasing productivity. And the way for any particular person to improve his personal living standards is to increase his own productivity. In a free society at a primitive stage, each person lives better the more competent he or she becomes and the harder he or she works. At a more advanced stage, such as the stage in which we find ourselves, material productivity is a function of the quantity, the quality, and the arrangement of the factors of production machines, land, and labor.

The purchasing power theory makes sense if it is anchored in the reality of production and productivity. Income is, properly speaking, production. The worker who produces more has more income; his production is his purchasing power in this realistic sense, he is in fact "better off," in that he can obtain more goods and service, either his own or those produced by others who wish to exchange their production for his. But merely giving workers more money is meaningless if there are no more goods or services to satisfy the desires of the members of society. In such circumstances the increase in money can only create price increases. It cannot create more goods. In all probability, it will result in the production of fewer goods and services, because it will bankrupt some enterprises and therefore create unemployment of some workers, capital, and natural resources.

The answer supplied by economic theory to the quest for the best method of improving living standards is more and more capital investment. Economists refer to this as the marginal productivity theory. It applies to both workers and machines. There is always a tendency prevailing in the free market for employers to pay workers every cent, or almost every cent, which workers add to the value of the product. Every businessman in his right mind will be anxious to hire every worker he can, as long as the labor of each additional worker costs him less than it brings in. There is the same tendency with regard to the nonhuman factors of production. New plants and new machines will be added, or old ones will be improved, until the point is reached at which the purchase or improvement costs more than it produces.

Based on both theoretical analysis and experience, then, free trade, leading to greater productivity and capital investment, appears to be the explanation of the economic process which creates the high standard of living prevailing in the United States.

I almost slipped, Mr. President. I almost said the highest. But we no longer enjoy the highest standard of living because of the very thing which I have been talking about; namely, capital investment and growth have been declining due to the voracious appetite of Congress in invoking new taxes and the cost of securing new revenues by borrowing.

Unions have nothing whatsoever to do with this process. When labor union leaders boast of how much they do to raise living standards for society as a whole, they are simply taking credit which does not belong to them.

This is not a harsh judgment of union leaders. It is, in fact, too charitable for many. A good many union leaders not only misleadingly take credit for improving general living standards; they are also responsible in many instances for substantial reductions in productivity. If unions in this country took a more genuine interest in promoting the well-being of their members, instead of concentrating their energy and resources into attempts such as this bill to stampede the unwilling into dues-paying membership, they could be a truly positive and creative influence in this country.

The employer, if he is sane—and most employers are sane, despite the fact that the Federal Government is making its best effort to drive them insane—desires few things more than a happy working force, with every worker convinced that he is being treated fairly. He is, if anything, much more interested in achieving these objectives than any single worker. He knows full well that his business may be destroyed if his workers get sufficiently bitter. Unions are in an excellent position to cooperate with employers in achieving working conditions which seem fair to workers, and then in enforcing fair working rules. Unionists are always talking about the dignity and the spiritual goals of workers, more performance and less talk would be welcomed.

There are any number of other ways in which unions can serve both their members and society as a whole. They could provide employees with a great many useful services. They could be of great help to their members in planning savings and investment programs. If they were run honestly and well, they could be trusted with pension and welfare plans. Their record so far on administering such plans is disgraceful.

Unions could do many things that they are not doing at all now, or doing only half-heartedly.

A clear indication of the failure of American unions is provided by the fact that they are free in this society to do a great many useful things for workers that they are not doing. Many of the things mentioned here are being done for workers, but they are not being done for them on any substantial scale by their unions. Too many union leaders in this country have been satisfied, instead, to take credit for services performed by governments or by employers—that is, by taxpayers and consumers. They have little to be proud of when they realize how often workers, asked to evaluate their union, respond that it is "just another racket."

The main reason for the poor performance of many American trade unions is that they, alone among the "voluntary" associations of this society, have tendencies to use violent and coercive methods at every stage of their operations. No other private association has so habitually terrorized and exploited members, or so institutionalized the practice of compelling persons to become members and this bill would only facilitate this process. The combination of poor performance and coercive practices is no coincidence. The poor performance of trade unions and their coercive practices are cause and effect. The creative, sincere, able union leader has a hard time of it.

The corrupt, demagogic, antisocial union leader is privileged, under the current system, to make things very difficult for the union leader who would prefer to work within the principles and the traditions of the free society. Coercive union tactics should be rejected in this country, beginning with this bill, so that competition among unions and union leaders may become a competition in performance and excellence, not a competition in coercion.

Coercive conduct has been characteristic of unions in this country throughout our history at all levels of union action. At the first level, the organizing level, unions have often depended more upon picketing, secondary boycotts, sitdown strikes, compulsory-unionism contracts, and other kinds of physical and economic coercion than they have upon peaceful persuasion and other civilized methods of inducing employees to join. This bill would accelerate the trend. Unlike most other private associations in this country, many trade unions have not really been voluntary associations at all.

When employees have been reluctant to join a union, it has usually not left them alone, has not resorted to peaceful sales talks, but has instead used one form or another of aggressive economic pressure. When this has not been sufficient, unions have commonly resorted to outright intimidation and violence.

That is no way for a private association to operate in a civilized society. The results are bad for everyone concerned, the unions themselves, as well as society as a whole. Many of our union leaders are exceptional men. They have, even in circumstances where the temptations to corruption are very great, been decent citizens, faithful to the trust implicit in their office. But, as is well known, other union officers have been guilty of the worst kinds of conduct, ranging from petty thievery to extortion and violence on a grand scale.

There has been a curious failure on the part of the students of labor relations in this country even to look for the causes of union mismanagement, let alone associate such conduct with its most obvious cause. Too few people have thought to correlate union organizational methods with the corruption so evident in some unions.

When unions are given the power to control the hiring process, a great deal of corruption must often be expected. A union, unlike an employer, does not have a functional check upon its hiring powers. The employer who knows his own interests and has the intelligence to follow them properly must be concerned at all times to get the best workers he can. The employer is responsible for the efficient, profitable operation of his business. Society's interest, too, lies in the efficient, profitable operation of businesses. The employer does not need to be bribed; all he wants is work in return for the wages he pays.

Mr. President, earlier, I mentioned the reversal of longstanding NLRB policy in the case of Dalmo Victor, a reversal by Mr. Lubbers, the nominee. Not only am I concerned about that case and other wholesale reversal of Board policy, I am also astonished at the tension which now exists between the Fanning Board and several of the appellate courts, which have shown disdain and frustration with the Board's decisionmaking. A recent article written by Mr. John S. Irving, Jr., the highly respected former General Counsel of the NLRB, and now a practicing lawyer in Washington, entitled "The Limits of Judicial Deference to NLRB Expertise," clearly demonstrates that degree of judicial exasperation which further undermines the public confidence in the Board processes.

Mr. President, I ask unanimous consent that the article to which I referred be printed in the RECORD at this point.

There being no objection the article was ordered to be printed in the RECORD, as follows:

### THE LIMITS OF JUDICIAL DEFERENCE TO NLRB EXPERTISE

(By John S. Irving, Jr., and Carl L. Taylor)

The statutory relationship between the Board and the appellate courts reviewing its decisions has always been subject to a certain amount of tension because of differences between the Board and the courts over the proper scope of judicial review in particular cases. Contributing to this tension is the fact that any single court of appeals can enforce its disagreement with the Board only within the geographical limits of its judicial circuit. The Board is free to try again in other circuits. The Board is also free to ask the Supreme Court to review the appellate courts, and the Board has had good success in persuading the Supreme Court to reverse appellate courts that have reversed the Board.

In recent months, the tension between the Board and several of the appellate courts has become pronounced, as reflected in the sharp statements of frustration that the courts have directed at the Board. Brief examples from three circuits will illustrate the range of this judicial exasperation.

*N.L.R.B.* v. *Eastern Smelting and Refining Corp.*,[1] was decided by the First Circuit on May 14, 1979. The court began its opinion by remarking on "the fact that four cases involving a single principle on which this Circuit and the National Labor Relations Board have been in disagreement for over a decade, were heard in a single week." [2] The court went on to note:

"The Board's persistent disregard of the principles governing mixed motive cases ultimately led to our announcing that we would no longer 'rescue [it] if it does not both articulate and apply our rule.' . . . Even this has not been fully effective. Instead, as the instant cases illustrate, the correctness of the approach seems to depend upon the choice of Administrative Law Judge." [3]

*Yellow Cab Co. v. N.L.R.B.*,[4] was decided by the District of Columbia Circuit on October 20, 1978, and published with a supplemental opinion after the Board's petition for rehearing was denied on June 20, 1979. The court chastised the Board for having "repeatedly reached diametrically opposite conclusions on the basis of virtually identical fact situations." [5] The court then told the Board:

"This process of ad hoc and inconsistent judgments—in which the only determinative elements seems [sic] to be the composition of the NLRB panel which happens to hear the case—has descended in the instant case almost to the point of absurdity." [6]

*Allegheny General Hospital v. N.L.R.B.*,[7] was decided by the Third Circuit on November 7, 1979. The court described the Board as "an agency that declines to follow our precedent while conceding the applicability of that precedent." [8] The court then accused the Board of acting unlawfully. The court said:

"Congress has not given to the NLRB the power or authority to disagree, respectfully or otherwise, with decisions of this court. . . . For the Board to predicate an order on its disagreement with this court's interpretation of a statute is for it to operate outside the law." [9]

These expressions of judicial frustration go beyond a disagreement with the Board on a question of law or policy. They reflect a feeling that the Board is not acting responsibly, that it is relying too much on the proposition that the courts should defer to the Board and too little on the principles of responsible decision-making that the courts view as the requisite for deference. If deference is a two-way street, and the courts are insisting that it is, then the sharpness of the recent tension calls for a closer look at whether the Board is doing its part.

This closer look will focus on court decisions reversing the Board since those decisions best show the limits of judicial deference. Such a focus is not meant to suggest that the courts have problems with most of the Board's decisions. Indeed, the Board continues to obtain full affirmance of most of its orders. However, the full affirmance rate has been declining recently, from 74 percent in 1976, to 68.1 percent in 1977, 64.8 percent in 1978, and 64.5 percent in 1979. In many of these reversals, the courts have criticized the Board for the inadequacy of its decisions, a criticism which has thus become a substantial factor in the decline of the Board's full affirmance rate.

The Board claims expertise in the construction of the law, in the determination of policy, in the application of law and policy to the complexities of industrial life, and in the reconciliation of the conflicting interests of labor and management. Our examination of the limits of judicial deference, and of the adequacy of the Board's decisions, will concentrate on these areas. The Board also claims expertise in questions of evidence and procedure, but these are not subjects exclusive to the Board, and we will comment on them only as they illustrate problems in other areas.

The standards developed by the Supreme Court to guide the Board and the appellate courts are not difficult to understand or apply. The Supreme Court has made it clear that "the responsibility to adapt the Act to changing patterns of industrial life is entrusted to the Board," and that the Board's "special competence . . . is the justification for the deference accorded its determination." [10] However, in order for a Board decision to be entitled to deference, the Board must demonstrate that it "has reached a fair and reasoned balance upon a question within its special competence," and it must have "adequately explicated the basis of its interpretation" of federal law or policy.[11] In other words, the Board cannot use its "expert" status as a substitute for analysis. It must explain its position, and it must show that the result achieves a reasonable balance of the "conflicting interests of labor and management" in accordance with the stated objectives of Congress.[12] Moreover, the Board itself must meet this burden, rather than leaving the responsibility to counsel. As the Supreme Court has pointed out, the rationalizations of counsel in a reviewing court are no substitute for the Board's own explanations.[13]

Perhaps the most basic flaw identified by the courts in recent Board decisions is the failure of the Board to develop consistent principles of decisionmaking so that the reviewing courts can be assured that the Board is treating like cases alike. This is hardly a new criticism, but the courts are becoming increasingly intolerant of the Board's insistence upon simply referring to "all of the circumstances" to justify its conclusions. For example, in a bargaining order case last year, *N.L.R.B.* v. *Jamaica Towing, Inc.*,[14] the Second Circuit "defer[red] to the Board's competence" on all of the violations the Board had found.[15] However, the court told the Board that the time had come for the Board to do more than recite the magic words from *Gissel* [16] to establish that the violations would preclude a fair election. The court stated that unless "the Board . . . explain[s] in each case just what it considers to have precluded a fair election and why, and in what respects the case differs from others where [the Board] has reached an opposite conclusion," the Second Circuit will not enforce the Board's bargaining orders.[17] The court then remanded the case to the Board to give it an opportunity to supply the required explanation.

Two years ago, the Third Circuit took an equally firm position—requiring a specific justification of the need for a bargaining order in each case [18]—but the Second Circuit's more recent decision in *Jamaica Towing* is evidence that the Board has not yet listened. These reviewing courts have not sought to impose upon the Board their own statement of principles to control the use of bargaining orders; rather, they have simply asked for a statement of the Board's principles. It is difficult to defend the Board's failure to honor such a request.

A closely related deficiency found by the courts in Board decisions is the Board's practice of changing its position without saying so, or worse, while denying the change. In such circumstances, the courts have understandably demanded an explanation. A good illustration is the D.C. Circuit's lecture to the Board on responsible decision-making in *Retail Clerks Local 455* v *N.L.R.B.*[19] several several years ago. The court said:

"[W]e decide to remand the cause to the Board. If it wishes to overtly advance the position we suggest above, it should overrule *White Front Stores* and *Smith's Management Corporation* and explicate why national labor policy requires that 'additional store clauses' be held illegal. But the Board may not attempt, as it has done here, to accomplish this result through a process of statutory construction which purports to uphold the legality of 'additional store clauses' while silently nullifying them." [20]

The D.C. Circuit delivered an even sterner lecture last year in *Yellow Cab Co. v. N.L.R.B.*[21] The court began by noting that "the Board's treatment throughout the years of the distinction between 'employees' and 'independent contractors' in the area of vehicular and, especially cab leasing, has been marked by an unusual degree of confusion and vacillation." [22] The court further observed that the Board's criteria for distinguishing between these two types of workers is based on an 'all of the circumstances' test." [23] The court then said:

"Given such a standard, one would expect a somewhat irregular, case-by-case approach to elaborating the controlling distinctions. The Board, however, has surpassed itself in clouding what need not have been an unusually confusing development of the law. Not only has the NLRB repeatedly reached diametrically opposite conclusions on the basis of virtually identical fact situations, . . . but, moreover, it has done so in a series of opinions which typically offer no explanation for their result other than a recitation of the pertinent facts. . . ." [24]

The court concluded by telling the Board that "administrative agencies cannot function in that vacillating manner." [25] It is difficult to disagree with the court.[26]

In addition to being explained, the Board's result in a given case must also meet the test of reason and practicality. In a case decided last year, *Service Employees Local 250* v. *N.L.R.B.*,[27] the D.C. Circuit rejected a Board decision because the result was inherently unreasonable. The Board had decided that an employer must allow all of its production employees to attend a Board pre-election hearing, even though their presence at the hearing was not required, unless the employer could show a substantial and legitimate business justification for ordering the employees to stay on the job beyond the obvious reason that the production line would have to shut down if all the employees attended the hearing. The court said, "we cannot sanction such a pronouncement even though we acknowledge the Board's expertise in the field." [28] Similarly unreasonable, and similarly unsuccessful, has been the Board's recent attempt to give an employee the right to have a union representative present when the employer simply tells the employee that he is discharged. The Ninth Circuit disagreed, in *N.L.R.B.* v. *Certified Grocers of California*,[29] because it saw no purpose to be served by the representation. The Board cited *Weingarten* [30] in support of its result, but the

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Footnotes at end of article.

Supreme Court there expressly limited representation rights to meetings in which misconduct was being investigated. Indeed, that limitation had been proposed to the Supreme Court by the Board.[31] Within the last few weeks, the Board has thought better of its position in *Certified Grocers*, and has agreed with the Ninth Circuit.[32]

Particularly irritating to a circuit court is a request to review or enforce a Board decision that has adamantly refused to comply with an earlier decision of the same court when the Board has not sought Supreme Court review of the earlier decision. The Board chooses its Supreme Court cases carefully, and it often looks for better facts or better reasons to support its position before presenting an issue to the Supreme Court. However, when the Board has lost three cases on the same issue in three circuits without petitioning for certiorari and then returns to one of them to demand that the court reverse itself to show proper deference to the Board's expertise, the court may be forgiven if it accuses the Board of operating "outside the law." Such is the recent history on the question of separate maintenance units in hospitals,[33] and such was the reaction of the Third Circuit in *Allegheny General Hospital*, referred to earlier in this discussion.[34]

The Board has continued to certify separate maintenance units in hospitals, rather than requiring combined service and maintenance units as requested by the hospitals, because that is the traditional Board position in other industries. The Board has adhered to its general rule despite the congressional admonition expressed during consideration of the health care amendments that the Board seek to minimize the number of bargaining units in hospitals in order to minimize the number of occasions for disruption of patient care through separate strikes.[35] The courts have invited the Board to explain why separate maintenance units are needed in hospitals despite the congressional concern, and the Board has refused, citing its "disagreement." [36] This rigidity is particularly unfortunate if the need for separate maintenance units can be explained. If it cannot, one must question whether the Board has wasted substantial administrative and judicial resources on the problem.[37]

Equally frustrating has been the First Circuit's recent inability to persuade the Board to respond to that court's interpretation of the proper standard to be applied in mixed motive discharge cases where the evidence suggests both legitimate and unlawful reasons for the firing of an employee. The First Circuit and the Board have disagreed for some years over whether the Board is empowered to find a violation of the labor law if the unlawful reason was not the dominant motive for the discharge. In 1976 the disagreement took on a new dimension when the Supreme Court decided in *Mt. Healthy City Board of Education v. Doyle* [38] that even where an employee's constitutional rights are involved, the exercise of those rights does not insulate an employee from termination for good cause.[39] In at least five opinions since 1976, the First Circuit has cited *Mt. Healthy* in support of its position.[40] The Ninth Circuit has also applied *Mt. Healthy* to a Board case.[41] However, the Board has yet to advise the appellate courts whether it considers itself bound by that Supreme Court decision. Meanwhile, the Board's disposition of mixed motive cases has become so erratic as to move the First Circuit to note, in the *Eastern Smelting* opinion quoted earlier,[41a] that the result seems to depend upon the views of the Administrative Law Judge who hears the case. Clearly, the Board's expertise does not entitle it to ignore a Supreme Court decision as compelling as *Mt. Healthy* appears to be.[42] If the Board considers *Mt. Healthy* to be inapplicable, it must say so, and say why, or it will lose the issue by default.

Just as the Board's expertise does not permit it to ignore federal law in other areas,[43] so the Board's expertise does not permit it to ignore the private law of the parties to collective bargaining agreements. That private law consists of the agreements themselves and arbitration decisions rendered pursuant to authority delegated by the parties. If the meaning of a collective bargaining agreement is relevant to an issue before the Board, as it often is, the Board should attempt to effectuate the intention of the parties unless it finds that intention to be in violation of a national labor policy. A principle so basic would hardly seem to need discussion, except that the courts have had to remind the Board with some regularity that, in the words of the D.C. Circuit, "the Board's interpretation process in this case shows insufficient regard for the integrity of collective bargaining agreements, a most basic policy of the national labor law." [44] Incidentally, the appellate courts have held that the Board exercises no special expertise when it interprets a contract, and that the Board's contract interpretations are entitled to no paricular deference on appellate review.[45]

If the Board has shown insufficient regard for the intention of the parties when it interprets collective bargaining agreements, it appears determined to disregard arbitration decisions almost entirely. In *Suburban Motor Freight, Inc.*,[46] decided on January 8, 1980, the Board announced that where an issue can be cast in both contractual and statutory terms, it will no longer honor an arbitration award unless the issue is presented to the arbitrator and tried by him as a statutory violation. The result, of course, is to allow the grievant to present the issue, first to the arbitrator as a contract violation and then, if the resolution is unsatisfactory, to present the same issue to the Board as a statutory violation.

The Board issued *Suburban Motor Freight* shortly after being told by the Ninth Circuit in *Servair, Inc.* v. *N.L.R.B.*,[47] that such a position would be, in the words of the court, "the sort of evasion of arbitration deprecated by the Supreme Court." [48] The Ninth Circuit chastised the Board for concentrating too much on institutional formalism and too little on substance. It said:

> "If an arbiter, with the agreement of the parties, resolves an issue completely, that decision should not be disregarded simply because the issue is capable of being perceived as a statutory question. Only when the arbiter has not resolved an ambiguous issue should that issue be capable of being raised anew before the Board as a statutory violation." [49] The Board must realize that it is not the only expert on the subject of employee rights, and it must show arbitrators and the arbitration process more of the same deference it expects for itself.

Unfortunately for the legal process, we have hardly exhausted the list of recent instances in which the Board has failed to engage in adequate decisionmaking. The courts are well aware of the importance of rational Board decisions to stable labor management relations, and for that reason, the courts will continue to insist, in each case, upon a demonstration that the Board has analyzed the problem and has applied its expertise in a sensible way. In such circumstances, honest differences will arise between the Board and the appellate courts, and those differences should be resolved by the Supreme Court. But inertia and reiterated claims for deference are not acceptable substitutes for Supreme Court review. The Board would do much to increase its effectiveness and would conserve precious administrative and judicial resources as well, if it would pay more attention to the well-considered views of appellate courts.

FOOTNOTES

[1] 598 F.2d 666.

[2] *Id.* at 669.

[3] *Id.* at 671–72.

[4] 603 F.2d 862, *opinion on rehearing*, 603 F.2d at 891.

[5] *Id.* at 869.

[6] *Id.* at 869.

[7] — F.2d —, 102 LRRM 2784.

[8] *Id.* at 2785.

[9] *Id.* at 2788–89.

[10] *N.L.R.B.* v. *Weingarten, Inc.*, 420 U.S. 251, 266(1975).

[11] *Id.* at 267.

[12] *Id.* at 267.

[13] *N.L.R.B. v. Metropolitan Life Insurance Co.*, 380 U.S. 438, 442–44 (1965).

[14] 602 F.2d 1100.

[15] *Id.* at 1103.

[16] *N.L.R.B. v. Gissel Packing Co.*, 395 U.S. 575 (1969).

[17] 602 F.2d at 1104, quoting from *N.L.R.B. v. General Stencils, Inc.*, 438 F.2d 894, 902(2d Cir. 1971).

[18] *Kenworth Trucks of Philadelphia, Inc. v. N.L.R.B.*, 580 F.2d 55, *opinion on rehearing*, 580 F.2d at 61 (1978). The Board established in *Kenworth* that the justification may be set forth either in the decision of the Administrative Law Judge, adopted by the Board, or in the decision of the Board itself.

[19] 510 F.2d 802(1975).

[20] *Id.* at 807.

[21] Note 4, *supra.*

[22] 603 F.2d at 869.

[23] *Id.* at 869.

[24] *Id.* at 869.

[25] *Id.* at 870, n. 20.

[26] *See also K&K Construction Co. v. N.L.R.B.*, 592 F.2d 1228 (3d Cir. 1979), in which the court reversed the Board for finding a picket line against a merged product to be a primary area standards line rather than a secondary consumer boycott line. The court found that the Board had called a consumer boycott by a different name in order to avoid Board and court precedent prohiting the picketing of the product of a primary employer at the point of retail sale by a secondary employer where the product had been merged into the entire business of the retail employer.

The Supreme Court will decide this term whether consumer picketing against a product is an unlawful secondary boycott, as the Board and most appellate courts have contended, when the business of the retailer is almost totally dependent on the product being picketed. In *Retail Clerks Local 1001 v. N.L.R.B.*, 600 F.2d 280, the D.C. Circuit, in a 5–4 *en banc* decision, reversed a 3–2 Board decision reaffirming that such economic dependence makes the consumer picketing unlawful. The Supreme Court granted the Board's petition for certiorari, 48 U.S.L.W. 3436 (January 7, 1980).

[27] 600 F. 2d 930.

[28] *Id.* at 938.

[29] 587 F.2d 449 (1978).

[30] Note 10, *supra.*

[31] 420 U.S. at 256–60.

[32] *Baton Rouge Water Works Co.*, 246 NLRB No. 161 (1979).

[33] See *St. Vincent's Hospital* v. *N.L.R.B.*, 567 F.2d 588 (3d Cir. 1977); *N.L.R.B.* v. *West Suburban Hospital*, 570 F.2d 213 (7th Cir. 1978); *N.L.R.B.* v. *Mervy Hospital Association*, — F.2d —, 102 LRRM 2259 (2d Cir. 1979).

[34] See the text at Note 9, *supra.*

[35] See the discussion of the congressional admonition in all of the cases cited in Note 33, *supra.*

[36] See the quotation from *Allegheny General Hospital* in the text at Note 9, *supra.*

[37] Such a dissipation of resources is not a recently-developed Board characteristic. In its rigid adherence to its so-called *Midwest Piping* doctrine, the Board has lost at least twelve cases in six circuits on the same point

dating back to 1961 without either requesting Supreme Court review or reconsidering its position. See the cases collected in *Suburban Transit Corp v. N.L.R.B.*, 499 F.2d 78 (3d Cir. 1974), and *Buck Knives, Inc. v. N.L.R.B.*, 549 F.2d 1319 (9th Cir 1977).

[38] 429 U.S. 274.

[39] *Id.* at 285–86.

[40] *Coletti's Furniture, Inc. v. N.L.R.B.*, 550 F.2d 1292(1977); *N.L.R.B. v. Rich's of Plymouth, Inc*, 578 F.2d 880(1978); *Hubbard Regional Hospital v. N.L.R.B.*, 579 F.2d 1251 (1978); *Liberty Mutual Insurance Co. v. N.L.R.B.*, 592 F.2d 595(1979); *N.L.R.B. v. Eastern Smelting and Refining Corp.*, 598 F.2d 666(1979).

[41] *Western Exterminator Co. v. N.L.R.B.*, 565 F.2d 1114(1978).

[41a] See the text at Note 3, *supra*.

[42] The Supreme Court has recently reaffirmed *Mt. Healthy*. See *Givhan v. Western Line Consolidated School District*, ——— U.S. ———, 99 S.Ct. 693, 697 (1979).

[43] See *Southern Steamship Co. v. N.L.R.B.*, 316 U.S. 31(1942). But see *Sure-Tan, Inc*, 246 NLRB No. 134 (1979), in which the Board held in a 3–2 split that it did not have an obligation to consider the effect upon federal immigration law and policy of its decision to order the reinstatement of illegal aliens. The Seventh Circuit may not agree with the Board. In *N.L.R.B. v. Sure-Tan, Inc.*, 583 F.2d 335, 360(1978), that court enforced the Board's bargaining order in the case because it was "not inconsistent with federal immigration laws."

[44] *Retail Clerks Local 455* v. *N.L.R.B.*, 510 F. 2d 802, 807 n. 20 (1975). See also *Retail Clerks Local 588* v. *N.L.R.B.*, 565 F. 2d 769 (D.C. Cir. 1977); *District 1199E, Retail, Wholesale and Department Store Union* v. *N.L.R.B.*, — F. 2d —, 103 LRRM 2001 (D.C. Cir. 1979).

[45] *Retail Clerks Local 455* v. *N.L.R.B.*, 510 F. 2d 802, 805 (D.C. Cir. 1975); *N.L.R.B.* v. *Universal Services, Inc.*, 467 F. 2d 579, 584 n. 5 (9th Cir. 1972).

[46] 247 NLRB No. 2.

[47] F. 2d —, 102 LRRM 2705 (1979).

[48] *Id.* at 2709.

[49] *Id.* at 2709.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, if there are no speakers who intend to discuss this nomination, I suggest that the Chair put the question on the nomination.

Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, there are quite a number of persons who wish to speak on this issue, this question, and one such has just arrived.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, at this point I have a couple of letters I wish to read into the record.

Mr. President, the first is from the Business Roundtable, written to Mr. Arnold J. Miller, as follows:

NOVEMBER 1, 1979.

Mr. ARNOLD J. MILLER,
*Director of the Presidential Personnel Office, The White House, Washington, D.C.*

DEAR MR. MILLER: This will confirm what I and the group of labor law practitioners told you a few weeks ago about the persons under consideration for the position of general counsel of the National Labor Relations Board.

This group represented a substantial cross section of the business community as well as many years of experience in practicing labor relations law, including service in positions at the highest level in the National Labor Relations Board.

We reviewed with you the requirements of the General Counsel's office and we stated our conclusion that:

Business would support Curtis Mack, Regional Director of the Atlanta Region;

Business, almost unanimously, would support Arthur Goldberg and Carl Frankel, even though they represent labor unions; obviously we cannot commit the entire business community.

Business would unanimously oppose William Lubbers.

If you need any further information as to our views, please do not hesitate to call me.

Sincerely,

JOHN POST.

Mr. President, the next letter is from R. Heath Larry, November 7, 1979, to the same person:

NATIONAL ASSOCIATION
OF MANUFACTURERS,
*November 7, 1979.*

Mr. ARNOLD J. MILLER,
*Director of the Presidential Personnel Office, The White House, Washington, D.C.*

DEAR MR. MILLER: Pursuant to our recent conversation, I would like to reiterate the interest of the NAM and the business community as a whole in the various candidates being considered for the position of general counsel of the National Labor Relations Board.

As I indicated, NAM would not oppose the appointment of Curtis Mack, Regional Director of the Atlanta Region. Our members, almost unanimously, would not actively oppose either Arthur Goldberg or Carl Frenkel, even though they were representatives of organized labor. It is my assessment, however, that the business community is virtually united in its opposition to the consideration of William Lubbers for this post.

The position of general counsel of the National Labor Relations Board is extremely important and requires an individual of experience and independence. The NAM believes that most of the candidates under consideration could meet the spirit and intent of this requirement.

Thank you for your consideration of our interest in this important appointment.

With kindest regards,

Sincerely,

R. HEATH LARRY,
*President.*

Mr. President, I do not know how it can be made any clearer that this is not a partisan thing; this is not a pro business-pro labor fight. This is not business fighting against labor appointments, because they clearly would support two general counsel of major labor unions in this country—Arthur Goldberg or Carl Frenkel.

I might add that they would support Curtis Mack, the Regional Director of the Atlanta office. Curtis Mack happens to be black. With all the lack of opportunities in our society for black people and with all the complaints from black leadership in this society that black people do not have the opportunities that white people and other groups have in our society, why is it that they overlooked Curtis Mack, who would be acceptable to both labor and business? Carl Frenkel has to be acceptable to both labor and business. Arthur Goldberg has to be acceptable to both labor and business.

I think if they came up with other independent general counsel of labor unions, they probably would be acceptable to most business people in this country—not because they want them there, but because they will be independent people or at least appear to be independent people as they come into this position.

That is not the way Mr. Lubbers appears. He is not independent. He either has worked for or under or with the Chairman of the Board, John Fanning, for 20-plus years. He has written a number of John Fanning's opinions. He has participated, by his own admission, in advice to unions on the labor law reform bill, although he calls that technical advice. He has indicated that such advice was not inappropriate advice, but we have reason to believe that, in any event, it could be criticized. We have reason to believe that it was inappropriate advice, and we have received that from impeccable sources whom I cannot divulge but who are within the Board itself.

All I am trying to say is that I do not think this is a fight in which business is trying to stop an independent appointment, albeit an appointment by this administration, in its right, which would be prolabor. I think business would prefer that the independent General Counsel of the National Labor Relations Board be truly independent, that he truly have no biases, that he truly be fair either way, that he let the chips fall where they may in labor law decisions, that he be fair and impartial, that he act in this position with dignity and with honor. I think anybody would want that type of person in this position.

In these two letters from these two top business leaders, they have indicated that they are willing even to accept people who are biased, or people who may be biased, toward the labor movement, rather than have somebody they know is biased toward the labor movement and who has not been in an independent position and who is not independent.

I refer again to the letter from the members of the Committee on Agriculture against the appointment to the CFTC. Fifteen of our colleagues recognized in that appointment that this man should not have had that position because of the question of fairness, the question of propriety, and the question of being under the thumb of somebody who already was on the Board.

I might add that I think they did what was right in that instance; and because of their leadership, we have been able to raise this issue as well. It is a legitimate issue that all our colleagues should consider and listen to; and if they do, I do not know how they can help vote against Mr. Lubbers for this position.

Again I say that Mr. Lubbers, for all I know, is a very good person, somebody who could be appointed to other positions within the Board, without objection, and who could be appointed to other positions in Government, without objection, but not this most important position on the National Labor Relations Board, as the General Counsel.

I think it is time for us to realize that if we are going to have appointments in Government, there is no reason why we should not have people who are unquestionably the best or unquestionably worthy of that position. Although Mr. Lubbers may be worthy of other positions, I question his worthiness for this position because of his close relationship with the Chairman.

During the hearings, Mr. Fanning became most agitated when he realized that perhaps the nomination of Mr. Lubbers would not be confirmed, and he as much as indicated that he would quit the Board unless the nomination of Mr. Lubbers was confirmed. He later changed that. But if you read the transcript, you will be shocked at the advocacy of Mr. Fanning for Mr. Lubbers.

I admit that we should advocate for our friends. On the other hand, to advocate for an employee who has worked with him and written his opinions, or at least participated in the writing of his opinion, through these many years, for this independent position, I think is improper and wrong, and I think the way he advocated it is improper and wrong. I believe it is time somebody speaks out about it.

Mr. President, I have stated that I believe a Lubber confirmation would seriously erode the credibility of the Board and undermine public confidences in the agency. I do not make that charge lightly. It is my feeling that based upon 20 plus years of association and legal strategizing with Chairman Fanning, the only result can be that more prounion decisions, which may be antiemployee in consequence as evidenced by Mr. Lubber's position in the Dalmo Victor case, will flow from the Office of the General Counsel.

It could not come at a worse time for the agency because of the wholesale reversal of Board law and Board precedent being provided "with vigor" by the so-called Fanning Board. I do not feel the agency will hold up well in the eyes of the public should a Lubbers-Fanning team become entrenched in the system—with one mind, and one purpose—to tip the neutrality of the agency in behalf of one segment on our society.

Let me discuss some of the recent case developments which have me alarmed about preserving stability under the NLRA after making some preliminary remarks on our national labor policy which the Lubbers nomination affects.

For just a few minutes, let us look at what we think our national labor policy is.

Mr. President, I ask unanimous consent that there be a short quorum call, without it being considered a second speech on my part.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, let me start over again now for just a few minutes. Let us take a look at what we think our national labor policy is.

One theory is that the Government should act as kind of referee while unions and management battle it out to see which can win in an election. Some will say the employee theory advanced by the unions is that Government really intends that all employees should belong to unions and any management that attempts to discourage employees from joining a union is violating our national labor policy.

I think our national labor policy today is really rather clear.

We cannot rely totally on the good will of all management in all industry to be fair to employees. There are some natural conflicts.

In those cases where employees feel they need to engage in concerted action in order to deal with management, the National Labor Relations Act establishes a framework for permitting employees to do so.

I support free and full collective bargaining with Government neutrality and with as little Government interference in the process as can be achieved.

However, the most important point of all is to recognize that the focal point of our national labor policy is and should be to permit the individual employee to express his free choice.

The focal point of our national labor policy is not the right of the union or the right of the management to do certain things.

It is true that the laws themselves define kinds of conduct that are permitted and prohibitive by management and by unions, but those provisions are basically aimed at allowing employees a free and uncovered choice to become unionized or remain nonunion.

We must recognize once and for all that the real focal point of our national labor policy is the freedom of employees to choose a union if they wish to take this course. But equally important is their right to decline unionization.

The difficulty with this concept of free choice from labor's point of view is that a majority of workers have for the past few years been deciding that they do not want union representation. The trends are disturbing to them.

Although the same rules apply now as they did 30 years ago, although NLRB elections are held now with the same speed that they were 10 years or 15 years ago and although labor was not heard to complain about free and fair elections when they were winning a majority of them, now the old rules have become unfair. The reason is simple. Unions cannot win free and fair elections. Accordingly, AFL-CIO decided that the right of an American worker to cast a free and secret ballot had to take a back seat to organized labor's need to swell its ranks of dues-paying members. Their remedy was labor reform legislation, a blatant piece of special interest legislation which many of us were proud to successfully contest in the Chamber of the Senate.

They find themselves thwarted by the Senate on the most important labor legislation in the history of the federation. By their own admission they turn to what I alluded to earlier, control of the bureaucracy.

I am particularly troubled by the recent decisions from the NLRB. The Board seems to be bent upon overturning long established labor law precedent creating instability and perhaps much ill will in labor-management relations and giving big labor the features of so-called labor reform acts through decisionmaking when it cannot get them through Congress.

It boils down to denying employees the fundamental right to choose what is in their best interest with respect to union activity.

Let me illustrate my point by commenting on some recent decisions. One might have an interest in them from a business standpoint and maybe from a few others.

Supervisors are specifically excluded from the coverage of the National Labor Relations Act in section 1523, historically, the Board has held. Yet Blecher Towing Co., 238 NLRB No. 63, a September 27, 1978 decision, a Board majority consisting of Chairman Fanning and members Jenkins and Truesdale, a coalition which seems to continually support the labor union positions, took jurisdiction over supervisors.

Here the company fired a supervisor, Capt. Frank Mosso, who disobeyed a company rule requiring all supervisors to report to management any union activities that came to their attention. The majority found the discharge of this supervisor violated the act.

The majority found the company fired the supervisor "for his failure to effectuate as ordered the company's antiunion policies."

But does not a supervisor owe his or her loyalty to the employer and not to the employees? What will this do to disrupt management's ability to manage or enhance the loyalty of supervisors to the employer instead of the employees?

In Puerto Rican Food Products Corp., TradeWinds Food, Inc., and Island Can Corp., 242 NLRB No. 126, June 8, 1979 decision, members Jenkins and Truesdale again extended the protection of the act to a supervisor although the act specifically excludes supervisors.

Here the supervisor was very friendly with the rank and file. The supervisor was fired for unsatisfactory performance. The employees in his department were upset by his having been fired and stopped working. They stated they wanted an immediate answer from the company as to why the supervisor had been fired. When they continued to refuse to work, the employer fired several of them.

The Board majority ordered the employees reinstated with backpay, even though they never renounced the strike, and also ordered the supervisor reinstated with backpay also.

Member Murphy dissented on grounds that supervisory selection has—until now—been a management prerogative. The Board has now established a new rule that employee protests over the discharge of any supervisor are per se protected. Supervisors will now owe their loyalty to employees instead of the employer.

I submit that there is nothing improper in an employer's requiring his supervisors to disclose internal information, even that pertaining to union activity, which they lawfully acquire in the normal course of their supervisory duties.

Here are situations demonstrating how far the Board is willing to go to support more effective unionizing ordered by impeding management's ability to know when they are occurring and perhaps timely countering situations which give rise to them, again improving the union's foothold in an employment setting and neutralizing the employer's opposition to the union which were the principal aims of the Labor Reform Act.

In J. P. Stevens Co., Inc., 240 NLRB No. 35, January 23, 1979 case—here let me state I do not defend the Stevens Co.—the same Board majority among other remedies ordered the company to give the union "equal access to company nonwork areas, speaking opportunities, and a list of the names and addresses of the employees at many of the Stevens plants," thus, giving unions equal access to employees on company property and on its time is now the Board's law.

Private company rights mean nothing when they impede the union's organization campaign, and there are a number of cases giving the same equal access remedy.

In the latest J. P. Stevens case, this same trio, Jenkins, Fanning, and Truesdale ordered the company to reimburse the union for its attorneys fees and organization expenses.

What a potentially disastrous remedy for any company, especially the small employees judged by the prolabor Board to be standing in the union's way.

Outlandish remedies in the Labor Reform Act like "may call," double backpay, Federal contract debarment were the hallmark of that disastrous bill and appeared to be the way the current Board is charted to silence employees who will not roll over and play dead in the face of union objection over unreasonable remedial changes.

In *Abilities and Goodwill, Inc.*, 241 NLRB, No. 5, a March 15, 1979 case, Chairman Fanning, and members Jenkins and Truesdale overruled a 34-year-old Board policy concerning discharged strikers.

For 34 years the rule had been that strikers who were improperly discharged while on strike had to indicate to the employer that they had abandoned the strike and were willing to return to work in order to get backpay started.

The new majority—you guessed it—Fanning, Jenkins, and Truesdale, established a new rule holding that "Discharged strikers were not required to request reinstatement in order to trigger respondents backpay obligation." That is an open-ended backpay strengthening legislation which will force most employers to think long and hard about the remedies available under the NLRB as an avowed purpose of firing strikers even when the circumstances warrant that action.

The Labor Reform Act, and one can see here that the Board once again jumps on that bandwagon, is unfair, unjustified, and totally intimidating of the employers.

If you are concerned with denying employees their statutory labor law rights, consider the case of *Frito-Lay, Inc.*, 243 NLRB No. 16, a June 28, 1979 case, where Chairman Fanning and member Jenkins disregard those rights.

Most often the onset of an employee's freedom of choice is discussed in the context of the union's original campaign. I have outlined some cases where the Board has eroded those freedoms. However, the balancing of the legitimate interests of the employer, the union, and the employee is equally as crucial and even more complex during labor disputes that create a hiatus between collective bargaining agreements.

During this period the union must maintain its support among the employees in order to maintain pressure upon the employer to agree to a favorable contract. The employer may be tempted to encourage its employees to withdraw support from the union in order to achieve a contract favorable to the employer or to rid itself of the union altogether.

The right of the individual employee to freely choose whether he or she will support the union is often ignored by both sides.

In Frito-Lay, the majority held it was OK for the employer to continue deducting dues at the union's request, after the contract expired, even though several employees asked the employer to cease making the deductions.

The majority held that checkoff authorizations can only be revoked during the 20-to-10-day period before the contract expired. Thus, neither the union nor the employer violated the act.

In dissent, member Murphy stated that as a matter of law, under the proviso in section 302(c)(4) of the act, a dues authorization is revocable when a collective-bargaining contract is no longer in effect. She found that by refusing to honor the revocations signed by employees, the company violated section 8(a)(3) and (1) and the union violated section 8(b)(1)(A) and (2) of the act.

I cannot understand how the Board, in good conscience, can disguise the fact that there is a per se violation of section 8 of the act when a private collective bargaining agreement for the dues authorization is in direct conflict with section 302(c)(4). The bottom line here is that the Board insisted on retaining a majority status even though it clearly suppressed individual employee rights in the process.

We could go on and on with many other cases, including the troublesome area of the Board moving into the EEO field, and I believe that you have my point.

The right to free employee choice, which the Board seems to have closed its eyes to, was critical to the defeat of labor reform, just as it is critical to the fulfillment of our basic labor policy. But that right creates a real challenge for American businessmen who sincerely believe that their employees and the public-at-large are better served by enlightened management than by big unionism.

Enlightened management requires fair play and benefits, a healthy working environment, fair treatment of employees, and basic communication of company needs and goals.

A proper employee commitment is essential. Not only is that commitment healthy, it is directly supportive of the goal of our national labor policy which seeks to serve the best interests of employees.

In the last analysis, however, fair treatment of employees not only serves their best interest, it serves the Nation generally. It not only deals with day-to-day matters of concern to American workers; it allows American management a greater degree of productivity in our land.

In sum, although American management is far from perfect, and although it is fashionable to blame the ills of our society on big business, I think it is occasionally worthwhile to reflect upon the positive role of business in our society and to at least suggest the possibility that American management as it exists today may better deal with the needs and the desires of the work force and the public generally than does organized labor.

Mr. President, I would like to put in the RECORD at this point, and ask unanimous consent to do so, two additional letters, one from the Chamber of Commerce of the United States, and the other from the Associated General Contractors of America.

The PRESIDING OFFICER (Mr. HEFLIN). Without objection, it is so ordered.

Mr. HATCH. Let me read both of them:

THE ASSOCIATED GENERAL
CONTRACTORS OF AMERICA,
*Washington, D.C., December 14, 1979.*

Hon. HARRISON A. WILLIAMS, Jr.,
*Chairman, Labor and Human Resources Committee, U.S. Senate, Washington, D.C.*

DEAR CHAIRMAN WILLIAMS: The Associated General Contractors of America opposes the President's nomination of William A. Lubbers as the General Counsel of the National Labor Relations Board.

Our opposition is based on the fact that Mr. Lubbers is so closely identified with the current Chairman of the NLRB, Mr. John Fanning. Their long standing close relationship is bound to blur the statutorily required separation between the two posts. Mr. Lubber's independence and impartiality under these circumstances can never be clear.

We urge the rejection of Mr. Lubbers on these grounds.

We request that this letter be made a part of the hearing record.

Sincerely,

JOHN C. ELLIS,
*Assistant Executive Director.*

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CHAMBER OF COMMERCE OF THE
UNITED STATES,
*Washington, D.C., November 30, 1979.*

TO MEMBERS OF THE SENATE.

On behalf of the Chamber's over 90,000 members, I respectfully urge you to oppose Senate confirmation of William A. Lubbers as the General Counsel of the National Labor Relations Board.

Because of the unique role of the General Counsel, carved out by the 1947 Taft-Hartley Act amendments to the National Labor Relations Act, the position is not simply that of another government lawyer. The General Counsel serves as the independent prosecutor of unfair labor practice charges brought by management or labor, with unreviewable discretion in the issuance or nonissuance of complaints stemming from those charges. Thus, for example, if either management or labor files charges of unfair labor practices, and the General Counsel refuses to issue a complaint, the aggrieved party has no recourse with the Board or with the federal courts.

In addition to that significant responsibility, the General Counsel supervises representation elections in which employees choose, or reject, collective bargaining representatives. The General Counsel also administers the Board's 33 regional offices.

Because of these public trusts, it is crucial that the General Counsel be perceived as totally independent and, as the National Labor Relations Act requires, separate from the five Board members and their staffs. Without the perception of such independence, public confidence in the agency itself will suffer and parties to labor-management disputes will be less inclined to seek redress through established procedures for review by the Board.

It is for these reasons that the U.S. Chamber opposes the appointment of William A. Lubbers to this sensitive post.

While we do not impugn Mr. Lubber's competence or integrity, we do believe that his 17 years on the staff of NLRB Chairman John Fanning and his role in writing many of Mr. Fanning's pro-union decisions will cause the public to question the independence and impartiality of the General Counsel. This close association is further underscored by Chairman Fanning's overt support for Mr. Lubbers' candidacy.

Moreover, since Mr. Lubbers' entire career with the agency has been on the judicial (or Board) side, we do not believe he has the administrative experience necessary to handle the Board's 33 regional offices.

At a time when many in the business community are concerned about the pro-union trend in Board decisions, it is important that public confidence in the agency not be further eroded by the selection of Mr. Lubbers as the General Counsel.

The White House has considered other candidates who would be acceptable to both business and labor. We cannot understand selection of a candidate—Mr. Lubbers—unanimously opposed by the business community.

Therefore, I urge you to vote Nay when the nomination comes before the Senate.

Cordially,

HILTON DAVIS,
*Vice President.*

Let me continue with a few more words of explanation concerning some of the decisions of the Board.

What does the term "the Fanning Board" mean to the labor relations practitioner? What will it mean to the historian who looks back on the development of labor relations in this country?

In one sense, of course, the Fanning Board began the day President Carter—in April 1977—named John Fanning to take over the Board's leadership.

But I remember the strong sense of irony we felt when we prepared the stories for our labor relations newsletter for the week of April 14, 1977.

One story in that issue was headlined, "Fanning Replaces Murphy as NLRB Chairman." But next to that was another headline that began, "Hollywood Ceramics Overruled."

Let it never be said, however, it was the Fanning Board that overruled Hollywood Ceramics.

And, of course, it was not the Fanning Board. Hollywood Ceramics was overruled and, 5 days later, Fanning was made chairman.

But the overruling of Hollywood Ceramics in the same week that Fanning was named chairman underlines the fact that, throughout the spring and summer of 1977, the NLRB—when it came time to count the votes—was still the Murphy Board. Even though Fanning was now its chairman.

The decisions that are giving the Fanning Board its own personality did not begin to come down until member Walther resigned at the end of the summer, and the Board's Executive Secretary, John Truesdale, was named to take his place.

It is this voting bloc—Fanning, Jenkins, and Truesdale—that has produced a majority of the rulings I think we would associate with the term, "the Fanning Board."

> Looked at this way, we might say that the Fanning Board really came into its own when member Truesdale took office October 10, 1977.

What happened to the Hollywood Ceramics doctrine next dramatically illustrates this, in December of 1978—14 months after Truesdale took office—the Board issued its decision in General Knit of California. The vote was 3 to 2, with Fanning, Jenkins, and Truesdale joining together to scrap Shopping Kart and bring back Hollywood Ceramics. Thus, there was a period of only a year and 8 months when Hollywood Ceramics was not the law at the National Labor Relations Board.

Let me turn, now, to the Fanning Board's rulings, those it has handed down both before and after Truesdale joined the Board. Just after Fanning took over the Board's leadership, he spoke to the ABA's Labor Relations Law Section in Chicago.

"I may be," Fanning said on that occasion, "a new Chairman, but I am a long time Board Member, going gack to 1957. So I should be a well-known quantity to you." Fanning graphically illustrated his tenure on the Board by noting that the opinions he had written as a Board member already spanned half the volumes of the NLRB's official published reports.

I think we can say that when Fanning assumed the chairmanship he had a pretty good idea of the issues facing the Board.

Actually, Fanning gave his Chicago talk on August 10, 1977, just 20 days before member Walther would leave the NLRB—and a mere 2 months before Truesdale would join the Board.

And in that talk, Fanning listed six NLRB decisions and three Supreme Court rulings that, he said, would need "further explication" by the Board. The decisions he listed were Collyer, Handy Andy, Bell & Howell, Shopping Kart, Cedars-Sinai, Dairylea—and the Supreme Court rulings in Gissel, Connell, and Weingarten.

Let us look at what has happened to those decisions under the Fanning Board—and to the doctrines they represent—keeping in mind that this was Fanning's own list of the "old business" he expected to take up as the Board's new chairman.

Then we will touch briefly on a few of the Fanning Board's other decisions, some of them rulings that have broken new ground—or have turned the spotlight on sections of the act that got less attention under the Miller and Murphy boards.

Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, the first case on Fanning's 1977 list to continue the thoughts of Senator HATCH was Collyer. Collyer, of course, was decided in 1971 by the Miller Board. At that time, it was already the Board's policy to let an arbitrator's award dispose of a case if the award had already been made—and if the arbitrator's procedures were fair and the award's terms were consistent with the goals the act itself seeks to accomplish.

This, of course, is the Spielberg doctrine—and a question I want to ask later is, will the Spielberg doctrine survive the Fanning Board?

In any event, the Collyer case posed this question for the Miller Board; should the Board defer to an arbitration award that has not yet been handed down? Should the Board defer if there is reason to believe that the award, when it is handed down, will be both fair and consistent with the NLRA?

The Miller Board, as you know, answered that question by ruling that the Board would defer to future awards that held the promise of being fair and consistent with the NLRA—but the vote was 3 to 2. Fanning dissented in Collyer; so did Jenkins.

Fanning, in his dissent, wrote:

> In a novel decision with far-reaching implications a majority of this Board . . . refuses even to consider the alleged unfair labor practices. . . .

How does the Collyer doctrine now stand, 2½ years into the Fanning Board?

It has been narrowed. The Board's present rule is this: If an arbitration award has not been issued, the Board will defer to a grievance-arbitration procedure only in refusal-to-bargain cases that involve a contract dispute.

That is, the Board will not defer in a case that involves an employee's personal complaint, but not a contract issue.

This policy is stated in the companion cases of General American Transportation and Roy Robinson.

What can we expect the Fanning Board to do to the Collyer doctrine in the coming months? Two of the Board's members—Fanning and Jenkins—have made it clear that they do not like deferring when an arbitration award is as yet unissued. Presumably they would, if they had a third vote, overrule Collyer entirely.

Member Murphy would keep Collyer, at least for use in cases involving contract disputes. It is, by the way, Murphy's view that is the Board's present policy as stated in General American Transportation and Roy Robinson.

Member Penello would continue the Collyer doctrine and extend it even beyond refusal-to-bargain cases. So that leaves the Board's newest member—Truesdale—the one to watch. Truesdale has not yet expressed an opinion on Collyer. But if he joins Fanning and Jenkins, Collyer will be dead.

We have already seen what happened to Shopping Kart, another of the cases Fanning said needed "further explication."

Shopping Kart is no more. Fanning, Jenkins, and Truesdale made up the majority vote that did away with Shopping Kart and brought back Hollywood Ceramics.

The Board's present policy with respect to campaign puffery and outright misrepresentations is now stated in the leading case, General Knit of California.

Mr. D'Amico from the regional office in Baltimore will be talking to us about what the sides can and cannot do during organizational campaigns, so let me just summarize the Board's policy on misrepresentations by reading to you the Board's own language in General Knit:

> An election should be set aside only where there has been a misrepresentation or other similar campaign trickery, which involves a substantial departure from the truth, at a time which prevents the other party from making an effective reply, so that the misrepresentation, whether deliberate or not, may reasonably be expected to have a significant impact on the election.

Cedars-Sinai has been an interesting decision because of the debate it has sparked between the NLRB and Congress over whether medical doctors who are in training at a hospital are "employees" under the act.

The Board's present rule is that they are not, and Cedars-Sinai—though it was handed down in 1976 by the Murphy Board and was on Fanning's Chicago list—is still the leading case stating that rule.

But, as you know, there have been attacks from outside the Board on the Cedars-Sinai ruling. The authors of the 1974 health care amendments to the NLRA do not like it. There is, in the House now, a bill—H.R. 2222—that would define a hospital's interns and residents as "employees."

The bill's supporters include the Physicians National Housestaff Association, which points out that residents work for a living like anyone else.

The Association of American Medical Colleges, on the other hand, opposes the bill. It points out that physicians—not the employing hospital—direct the intern programs, so resident physicians do not work in a traditional employee-employer setting.

Although the NLRB does not now consider housestaff physicians to be "employees" under the act, the Board has taken the position that its jurisdiction stops State labor agencies from ruling otherwise. The second circuit 2 years ago upheld the Board on this point.

And, of course, in addition to attacks on Cedars-Sinai from outside the Board, there is an attack from within. Chairman Fanning dissented when the decision was handed down in 1976.

There is no reason, he said in his dissent, to talk about whether resident physicians are students or employees. He noted that the Board has often ruled that students of one kind or another are also employees.

In any event, Cedars-Sinai is still the law at the NLRB, and because the vote was 4–1 with only Fanning dissenting, it appears that the NLRB, at least, will leave the ruling intact.

Fanning included in his Chicago list Handy Andy and Bell & Howell. Those rulings still state Board policy: The Board will not accept charges that a union discriminates on the basis of race, sex, or national origin before deciding whether to certify the union.

Charges of discrimination can be made to the Board only in an unfair practice proceeding that alleges failure to represent unit employees fairly.

And, when the shoe was on the other foot, the Board's response was consistent with Bell & Howell. In the Graphic Arts, Local 280 decision, handed down in April of 1978, the union refused to bargain with the companies in a multiemployer unit.

The union defended its refusal to talk by charging that the employers practiced racial discrimination. The Board, however, ruled that bargaining could and should continue, and it rejected the union defense. Among other things, the Board said, the parties could be expected to bargain on the elimination of discriminatory practices.

Dairylea—a 1975 ruling of the Murphy Board—limited the uses unions can make of superseniority clauses. Superseniority, the Board said in Dairylea, can be used to give a union steward preference in hiring and layoff.

That is, it can be used to keep him on the job while others are being laid off, or to bring him back on the job first after a layoff. He is, after all, the union's agent on the job.

But, the Board said in Dairylea, there is no justification for using the same superseniority clause to give the steward other benefits that come with seniority—such as overtime and vacations.

Fanning dissented in Dairylea. And, in A.P.A. Transport Corp., handed down in January of this year, Truesdale said he generally agreed with Fanning's view that a superseniority clause should not be considered "presumptively unlawful" for purposes other than keeping the steward on the job.

But Fanning and Truesdale are in the minority on this issue, and the rule remains essentially as stated in Dairylea: A superseniority clause is presumed lawful when used to keep the steward on the job; it is presumed unlawful for other purposes.

More recent Board decisions have taken this basic principle and applied it to union officers other than stewards. The most recent Dairylea ruling came down just 3 weeks ago—that was the American Can decision.

In that decision—in which the Board observed that its members have "widely divergent views" on Dairylea—the Board ruled that a union's "sergeant at arms"—whose duty was to see that no unauthorized person entered the door—was unlawfully given superseniority. The American Can decision, by the way, provides a good review of the Dairylea line and the position each member of the Board is taking on Dairylea clauses.

Of the three Supreme Court rulings Fanning mentioned in his Chicago talk, by far the most difficult to interpret is Connell. But it is not hard to summarize what the Supreme Court said in Connell—or what the Fanning Board said in November 1978 when it released four decisions interpreting Connell.

What did the Supreme Court hold in Connell? The NLRA, of course, outlaws hot-cargo agreements, or agreements between an employer and a union that the employer will avoid nonunion firms. The NLRA also, however, gives the construction industry an exemption from the hot-cargo ban.

But, the Supreme Court said in Connell, this exemption does not protect a union and a construction contractor from being sued under the antitrust laws if, first, they have a hot-cargo agreement, and second, they do not have a bargaining relationship.

Actually, the court noted five significant factors that, when present, suggest a hot-cargo agreement may be open to antitrust challenge. The NLRB, of course, is itself using the Supreme Court's test to determine when a construction-industry contract violates the act's hot-cargo ban. The five factors the Supreme Court singled out in Connell:

First. There was no bargaining relationship between the union and the contractor;

Second. The agreement was not limited to a particular jobsite;

Third. The union made no effort to represent the contractor's employees;

Fourth. The union did not maintain it was protecting union members from working alongside nonunion members who were paid lower wages; and

Fifth. An admitted aim of the agreement was to pressure subcontractors to recognize the union.

Given these factors, the Court said, it was clear that the challenged agreement furthered "top-down" organizing, an objective not permitted by the NLRA.

What has the Fanning Board done with Connell? It ruled, first, that when there is no genuine bargaining relationship, the construction industry exemption to the hot-cargo ban does not protect an agreement.

Second, the Board said that a contract can include subcontracting restrictions even though the parties did not already have a bargaining relationship. A prehire agreement with a minority union may be protected.

Third, the Board held that in some cases, even a bargaining relationship may not be needed for a subcontracting clause to be lawful. It might be lawful where its restrictions are limited to a specified jobsite; or are aimed at reducing friction between union and nonunion employees.

Finally, the Board said that even if a subcontracting restriction is lawful, it may be made unlawful if the contract includes self-help provisions. An example would be a grievance-arbitration procedure to enforce the clause—and union self-help to enforce the grievance provisions.

Mr. President, I note the presence of our distinguished colleague from South Carolina and I yield the floor at this point.

Mr. **THURMOND.** I thank the Senator.

Mr. President, I am opposed to Senate confirmation of the nomination of William A. Lubbers to be General Counsel of the National Labor Relations Board for the next 4 years.

At the outset, I wish to emphasize two points. First, I know of no information which causes me to question the personal integrity or character of this nominee; thus, my opposition certainly is not based on any personal dislike for Mr. Lubbers or any question about his moral fitness for the position.

Second, I have always felt that the President, regardless of his party or political philosophy, is deserving of a reasonable discretion in selecting the individuals he wishes to have serve in the executive branch and various independent regulatory agencies. That discretion, however, is not unlimited, and, where specified by statute or the Constitution, is subject to a check and balance in the fundamentally important role which the U.S. Senate plays when it votes to confirm or reject the President's nominees.

It is my view, after careful study of this matter, that this is a situation where the Senate should reject the President's choice, because the nominee lacks the independence, professional background, and necessary experience to serve in this highly sensitive position in the manner intended by Congress.

Mr. President, I believe that almost any objective citizen, upon being informed of the nature of the job of General Counsel to the NLRB and of the background of Mr. Lubbers, would feel that he is not the man best suited for the job.

After some years of experience with labor-management relations under the Wagner Act, Congress enacted the landmark Taft-Hartley Act of 1947, which, in section 3(d), explicitly provided that the Office of General Counsel to the NLRB shall be a separate and independent investigatory and prosecutorial position, with the Board sitting as a review body, which would pass judgment on cases brought before it by the independent office of the General Counsel. Prior to Taft-Hartley, the Board had served as investigator, prosecutor, and judge of all complaints—a mixed role that experience has shown to be unwise in any sphere of regulatory activity.

Section 3(d) also gave the General Counsel broad supervisory powers over all attorneys and complaint investigators in the Washington, D.C. office and in the 33 regional Board offices around the country. As a result, today, the General Counsel is the supervisor and administrator of a staff of over 700 attorneys and some 680 complaint investigators. The General Counsel also has the important function of overseeing representative elections in which employees approve or reject union representation. Finally, the Taft-Hartley Act vested in the General Counsel complete and unreviewable discretion over the issuance and prosecution of all complaints alleging labor law violations.

Thus, Congress deliberately made the General Counsel of the NLRB one of the most powerful—some say, the most powerful—legal counsels in all of the agencies of the National Government. Furthermore, it clearly intended to separate the judicial function given to the Board from the independent, investigator and prosecutor functions of the General Counsel's office.

Against this background of the nature of the General Counsel's position, Mr. President, the Senate has the responsibility to judge Mr. Lubbers' qualifications and experience. The salient point here is that Mr. Lubbers has not, by previous job experience, shown himself to be either independent of the Board itself or objective in his approach to labor law disputes.

For 20 years, he has been the chief legal assistant to the present Chairman of the Board, Mr. John Fanning. He has been an integral part of the Board itself, never having served in the independent office of the General Counsel, even as a staff attorney at the regional level. There is little debate over the fact that the present Chairman of the Board, Mr. Fanning, is decidedly prolabor, and Mr. Lubbers has been intimately involved in writing many of these prolabor opinions. It appears that there has not only been a long, close, professional relationship between Chairman Fanning and Mr. Lubbers, but also an intimate personal friendship as well.

Mr. President, deep, longstanding, personal, and professional friendship is one of the noblest of all human attributes, but there can come a time when it may conflict with the unbiased, diligent, and objective performance of important public responsibilities. This instance would at least appear—and appearance is extremely important to the business and labor community who deal with the General Counsel's office on a day-to-day basis—to be a case where conflicts of interest and loyalty may occur.

Can fairness, objectivity, and strong independence really come from a man who has been the student, employee, and close personal friend of an individual who chairs the Board, sitting in review of cases the General Counsel brings before it? Mr. President, the business community unanimously feels the answer to this question will be "No." While business may have their own point of view, I feel that the Senate, acting without any bias toward business or labor, should reject this nominee because of the strong possibility of such conflicts.

Mr. President, in addition to his lack of independence from the Board and its Chairman, Mr. Lubbers also has exhibited a decided pro-union bias, both in his past associations with Mr. Fanning, and since he has assumed the General Counsel's position on a temporary basis last December. In one of his early decisions of major significance, Mr. Lubbers reversed a sound, longstanding position protecting the right of an individual union member to resign from his union during the course of a strike.

Mr. Lubbers apparently feels that the principle of forced union membership is more important than the principle of individual freedom. Mr. President, I feel writing such a philosophy into law is abhorrent in a free society, further indicates the bias of Mr. Lubbers, and strongly argues for Senate rejection of this nominee.

Mr. President, my own philosophy has always been that Government should remain neutral between business and labor, promoting the side of neither when disputes arise between them. Our laws and the government officials who enforce them should reflect the same philosophy of objectivity and neutrality. It is apparent that Mr. Lubbers' personal views are decidedly on the side of organized labor and that he intends to use his position as General Counsel to enforce a biased philosophy.

Mr. President, in addition to lacking the independence and philosophical objectivity to perform as General Counsel in a responsible manner, Mr. Lubbers lacks the administrative and supervisory experience necessary to qualify him to head such a large, nationwide staff of attorneys and complaint investigators.

Also, having never served in any regional NLRB office, it is doubtful that he has a sufficient understanding of the inner workings and duties of these offices to adequately oversee them. He has no experience as a practicing labor law attorney, either representing business or labor. In fact, all his labor law experience has been in Washington, and the vast majority of it as a law clerk and executive assistant to Chairman Fanning.

Mr. President, it has become apparent that this particular nominee comes before the Senate as a selection which President Carter made primarily out of political considerations. The President obviously desires the support of organized labor in his re-election bid, and the Big Labor bosses have told him Mr. Lubbers is the man they want in this key slot. The business community, upon informing the President of their unanimous, strong objections to Mr. Lubbers, also informed him if other possible nominees whom they could support, several of whom are presently associated with trade unions. The President apparently ignored both the objections to Mr. Lubbers and the alternative recommendations.

It is my understanding that, in further disregard of those who strongly objected to the Lubbers nomination, the President held "hostage" the reappointment of Board member Betty Murphy in order to secure Senate confirmation of Mr. Lubbers. Mrs. Murphy has since resigned in protest over this blatantly political and unreasonable ploy. Then, knowing of growing opposition in the Senate to Mr. Lubbers, the President temporarily usurped the Senate's review role and appointed Mr. Lubbers to the position of General Counsel during the Christmas recess of the Senate.

Mr. President, the Senate is now faced with the important question of whether or not to confirm this nominee for a full, 4-year term. Based on the fact that Mr. Lubbers lacks the necessary independence, impartiality and job experience for this highly sensitive and uniquely powerful Government position. I urge the Senate to vote against confirmation.

Mr. President, several months ago, the distinguished and highly respected columnist, James J. Kilpatrick, wrote an excellent article outlining the reasons why this nominee should be rejected. I ask unanimous consent that his persuasive essay be printed in the RECORD at the conclusion of these remarks, and I hope the Senate will adopt the wisdom of Mr. Kilpatrick's recommendations.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### AN UNFORTUNATE APPOINTMENT

(By James J. Kilpatrick)

As a working proposition, every president ought to have wide latitude in his nominations to public bodies. A president's appointive power is part of the intricate assembly of springs, pendulums and counterweights that makes our system go, and Congress ought not to jam the works without compelling reason.

But there are times when the Senate's corollary power to advise and consent ought to be negatively invoked. Such an occasion is at hand in the president's nomination of William A. Lubbers for a full four-year term as general counsel of the National Labor Relations Board. If the president will not withdraw this regrettable appointment, the Senate should reject it decisively.

For three reasons. The first has to do with the urgent need to restore confidence in government; the second has to do with the nature of the general counsel's power; the third goes to the alternatives available to the White House.

There may have been a time—in Grant's administration, perhaps—when public confidence in government was lower than it is now. The polls do not go back that far. But not in my lifetime can I recall a period in which distrust of government, and especially of the federal government, was deeper or more pervasive. This alienation didn't begin with Watergate, but Watergate made it worse. And such recent depressing incidents as the purported bribery of half a dozen members of Congress add to the poisonous cloud.

Into this miasma comes the nomination of Mr. Lubbers to the most powerful position in the whole of the executive branch. Search the executive agencies as you will, you will not find any position to compare with general counsel of the NLRB. He alone commands unreviewable discretion for his acts. If the general counsel agrees to hear a complaint of unfair labor practices, the complaint will be heard: if he refuses, that's it. Goodbye. *Finis*. His refusal cannot be appealed to the NLRB. It cannot be appealed to the federal courts.

For these reasons, Congress went to great pains to make the general counsel absolutely independent of the board. The position demands a person who not only is independent, but also appears to be independent. Mr. Lubbers simply is not such a person. For 17 years, more or less, he has been the protege, confidant, top assistant and guiding hand to NLRB Chairman John Fanning. Within the community of business and labor, he is universally perceived as "Fanning's man." The two are as close as shirt and pocket or ring and finger, and that is where Mr. Lubbers commonly is thought to be—in the chairman's pocket, or tied to his finger.

Mr. Lubbers of course has asserted his independence of his mentor and longtime boss, but his first major decision since his temporary appointment in December has set off bells of alarm. As general counsel, he appears effectively to have reversed a long-standing rule protecting the right of an individual union member to resign from his union during a strike. The effect is to put union solidarity ahead of individual freedom. Such obeisance to the great unions accords perfectly with the Fanning view.

A president who has enjoyed the support of organized labor, and hungers for such support again this year, surely is entitled to appoint someone with a union background as general counsel. The business community, headed by the U.S. Chamber of Commerce, accepts this reality.

Before Mr. Carter nominated Mr. Lubbers, the White House had leaked the names of two others under consideration—Carl Frenkel, association general counsel for the Steelworkers Union, and Arthur Goldberg, general counsel of the Textile Workers Union. Either one of them would have the confidence of both labor and management. Curtis Mack, regional NLRB director in Atlanta, is another acceptable possibility.

Sen. Orrin Hatch, R-Utah, has begun marshaling forces against the Lubbers nomination. He has a sufficient number of concerned colleagues to mount a prolonged filibuster and to block cloture. He may have enough troops to win on an up-or-down vote. Under the circumstances, a discreet withdrawal would benefit the board, the Senate, the country and quite possibly Mr. Lubbers himself.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I just want to inform Senator WILLIAMS that we are expecting Senator HAYAKAWA at 2 o'clock, to speak at some length. He has asked me to protect his time slot. I simply wanted to inform the Senator from New Jersey what is transpiring.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, earlier speakers have suggested that Mr. Lubbers, in his brief period as acting General Counsel of the Board, has somehow advanced new law in connection with union disciplinary action against members who attempt to return to work during a strike. I think that is not the case, and I should like to have the RECORD at this point clarify Mr. Lubbers' position in connection with those cases. I should like to describe what the Board has done and describe the members who dissented from the Board's action in those cases.

As chairman of the Committee on Labor and Human Resources and one who has chaired the hearings on the nomination of Mr. Lubbers to be General Counsel of the NLRB, as I stated previously, I believe the arguments against the confirmation of his nomination are without foundation.

I know that opponents of this nomination are now attempting to find some argument to use against Mr. Lubbers based upon his performance as an incumbent General Counsel. One of these arguments that has come to my attention concerns his position in two companion cases involving union discipilinary action against members who attempt to return to work during a strike.

In my opinion, Mr. Lubbers' performance as General Counsel in these cases was exemplary, and I should like to briefly recite the issues to set the record straight with regard to this matter. In both of these cases, the union involved had levied fines against members of the unions who had attempted to resign and return to work during a labor dispute. In one case, the union constitution and bylaws prohibited members from resigning for a period beginning 2 weeks prior to a strike and continuing for the duration of the strike. In the second case, the union constitution and bylaws prohibited resignation only during the strike and when a strike was imminent, but the question remained whether employees had been given sufficient opportunity to resign before the strike began.

In both these cases, Mr. Lubbers' position is that, as General Counsel, he would issue complaints alleging violations of section 8(b)(1)(A) of the National Labor Relations Act. It is his position that prohibition against resigning for a 2-week period prior to a strike is an unreasonable restriction on the exercise of an employee's right to belong or refrain from belonging to a labor organization. In the second case, in which the union constitution prohibited resignation when a strike was imminent, the General Counsel also concluded that an unreasonable restriction was placed on members' right to resign. Thus, the General Counsel would have issued complaints in both these cases.

This demonstrates that General Counsel Lubbers has not moved this law or tried to move this law toward a pro-union posture.

In fact, my opinion, the General Counsel's position in these cases reflects a cogent and insightful analysis of the necessary balance to be struck between an employee's right to resign from a union and the union's important and legitimate interest in preserving solidarity during their agreed-upon strike.

With regard to criticism directed toward Mr. Lubbers concerning this case, I believe that it is sufficient to point out that his decision demonstrates that he is an exceptionally thoughtful and able General Counsel. In addition, however, I would like to point out that the two Republican members of the NLRB issued opinions in the first of these two cases which would have given the unions in question broader authority to fine their members for attempting to resign than the General Counsel's position would permit. Board Member Betty Southard Murphy stated, for example:

> I believe a union member has a right under section 7 of the Act to resign membership from his or her union at any time, subject to such reasonable restrictions as the union through its constitution and bylaws may have duly placed on resignations and timely brought to the member's attention. . . . I believe that such a restriction on the right to resign under the facts here is directed toward protecting a legitimate union interest and is, thus, reasonable and lawful. . . . I would, therefore, dismiss the complaint.

Mr. President, for the information of my colleagues, I ask unanimous consent that the entire text of the opinion filed by Member Murphy in the referenced case be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. Baucus). Without objection, it is so ordered.

(See exhibit 1.)

Mr. WILLIAMS. Finally, Mr. President, I ask unanimous consent that a memorandum from General Counsel Lubbers to all regional directors dated February 19, 1980, be included in the Record at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. WILLIAMS. This memorandum further demonstrates Mr. Lubbers' professionalism, integrity, and good judgment. In this instruction to his regional directors, he informs them fully and concisely about the proceedings in the two cases I have been discussing, and he instructs them to continue to apply existing Board law in this area, until the Board issues its decision in these cases. In other words, his direction to them is to continue to apply and respect previous Board law, unless the Board issues a decision adopting the position suggested by the General Counsel.

This action by the General Counsel again says to me, and I hope it will say to the Members of the Senate, that he has demonstrated good judgment and effectiveness as General Counsel.

In sum, Mr. President, the fact that opponents of this nomination would attempt to challenge Mr. Lubbers' nomination on the basis of his actions in these cases is further evidence that opposition to his confirmation is devoid of logic or merit, as well.

The materials to be printed in the Record will abundantly demonstrate a restrained, judicious, wise, intelligent, and I suggest effective General Counsel of the National Labor Relations Board.

As I have said earlier and say again, this law that guides labor-management relations is part of the grain of the man. He lives by and with that law. As on the prosecutorial side, on the General Counsel side, he will apply the law as it is and as he demonstrates in the way he handled his part in these two union resignation cases during or in connection with a strike.

I hope this will not only clarify the record in this respect, but it will in a sense correct the record of interpretation of Mr. Lubbers in these two cases and will be helpful to Members in judging Mr. Lubbers' ability to conduct himself as General Counsel.

### Exhibit 1

Member Murphy, dissenting:

I cannot agree with the conclusion that the Respondent acted unlawfully in imposing fines under the facts of this case. I believe a union member has a right under Section 7 of the Act to resign membership from his or her union at any time, subject to such reasonable restrictions as the union through its constitution and bylaws may have duly placed on resignations and timely brought to the member's attention. The relevant Supreme Court decisions certainly do not preclude this conclusion, even if they do not expressly endorse it. See, e.g., *Scofield* v. *N.L.R.B.*, 394 U.S. 423 (1969); *N.L.R.B.* v. *Granite State Joint Board etc.*, 409 U.S. 213 (1972).

Here I find that a realistic construction of the interrelated provisions of Respondent's constitution clearly show that it contained such a reasonable and valid restriction on resignation. Thus, the restrictions on working behind a picket line during a strike are in any practical sense an obvious restriction on the right of members to resign from the Union just before or during a strike for the purpose of working at their employer's struck plant. Furthermore, I believe that such a restriction on the right to resign under the facts here is directed toward protecting a legitimate union interest and is, thus, reasonable and lawful. Consequently, in the circumstances before us, where the employees were given full and timely notice of the prior existence of a reasonable restriction on their right to resign, I would find, contrary to the majority, that Respondent in finding the Charging Parties for working behind the picket line did not, as alleged, violate the Act. I would, therefore, dismiss the complaint.

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### Exhibit 2

### Concurrent Developments

Memorandum 80–9.

To All Regional Directors, Officers-in-Charge, and Resident Officers.

From William A. Lubbers, General Counsel.

Subject. Alleged 8(b)(1)(A) Violations Involving Restrictions on Resignations From Union Membership.

The Board recently heard oral arguments in two cases, Machinists Local 1327, International Association of Machinists and Aerospace Workers, AFL-CIO, District 115 (Dalmo Victor), Cases 20–CB–3488, 20CB–3491, and 20–CB–3669; and Pattern Makers' League of North America, AFL-CIO, and its Rockford and Beloit Associations (Rockford-Beloit Pattern Jobbers Association), Case 33–CB–1132, which raised questions as to the validity, under Section 8(b)(A) of the Act, of restrictions placed on resignations from union membership during a strike. The Board's consideration of this issue was prompted in part by the decision of the Ninth Circuit in Dalmo Victor which held that the Union's constitutional provision in issue in that case amounted to a restriction on resignation. The Court remanded the matter to the Board for consideration of whether the restriction was a reasonable one.

In view of this remand and the Board's request for oral argument in the two above-named cases, we reviewed the entire matter and took the position at oral argument that, where an employee has assumed full union membership both voluntarily and with clear notice of the internal rules sought to be enforced, and where the employee also has been afforded a reasonable opportunity to resign during a period before the strike, the union thereafter may restrict the employee's right to resign during the active strike period.

Until the Board has decided the issues presented by these cases, the Region should continue to apply extent Board law in cases involving fines after resignation. This would be so even in cases which clearly present issues affected by the position we have taken before the Board in oral argument. Where there are doubtful or novel issues presented, the case, as always, should be submitted for advice. In cases where a complaint is issued but where a different result would be warranted if the Board were to adopt the General Counsel's position, your Assistant General Counsel should be advised of the case after issuance of complaint. In this way, we will be in a position to take appropriate action when the Board decides the issues.

Mr. WILLIAMS. Mr. President, I see that the Senator from California awaits recognition.

So, Mr. President, I yield the floor and I ask unanimous consent that this not be a second speech that I just gave.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HAYAKAWA. Mr. President, I thank the distinguished Senator from New Jersey.

I also express my grief to have to disagree with him on this occasion.

Mr. President, I join with my colleague, Senator Orrin Hatch of Utah, in opposing the nomination of William Lubbers to be General Counsel of the National Labor Relations Board. I also stress that I am acting on behalf of many, many Californians who have written me concerned about this nomination. Not very often do I hear from so great a number of people concerned about a congressional nomination, but obviously this particular nomination has many of them worried.

Mr. President, I shall first read a couple of letters that I think are representative of the many I have received.

The first letter says:

> I am writing to express concerns about the nomination of William Lubbers as General Counsel of the National Labor Relations Board. It is crucial that members and counsel to the Board be impartial labor experts, who are able to investigate and prosecute labor law violations with an unbiased view towards reaching an equitable decision. Mr. Lubbers' background and previous decisions in the labor relations area indicate that he

> is unlikely to be able to investigate and prosecute in an unbiased manner. Consequently, I am requesting that you oppose his confirmation.

A second example of my constituents' concerns, if I may quote from another letter, goes as follows:

> I am opposed to the confirmation of William Lubbers as General Counsel for the National Labor Relations Board. The individual selected should the "fair and objective," but Mr. Lubbers' actions indicate that he feels the union itself has rights above and beyond the people it is supposed to represent. In recent years, union demands based on politics, not productivity, have been a major factor in the inflationary spiral. I urge your opposition to William Lubbers as General Counsel for the National Labor Relations Board.

That is what the second letter says. That is only the second of hundreds of letters opposing the nomination which have been received in my offices.

These letters are not formal letters, they are not preprinted post cards that we so often get during the course of a campaign. They are individual expressions of concern about the possibility of having Mr. Lubbers as General Counsel of the National Labor Relations Board.

Such individual handwritten letters impress me much more than do form letters or form post cards for obviously organized letterwriting campaigns.

These individual letters indicate to me that people who take the time to write their thoughts in their own words are obviously and genuinely worried about Congress' actions so that they feel it necessary to let me know of their opposition and their reasons why. I listen to these people. I read these letters again and again.

To give credence to these letters and to my expressions of concern about this nomination, I would like to mention a few important points about Mr. Lubbers to my colleagues.

The Office of General Counsel of the National Labor Relations Board is intended to be totally independent of the Board itself. The General Counsel is to be an independent prosecutor of unfair labor practice charges brought by management or by labor, with unreviewable discretion in the issuance or nonissuance of complaints stemming from such charges.

Thus, if either management or labor files charges of unfair labor practices, and the General Counsel refuses to issue a complaint, the aggrieved party, Mr. President, has no recourse to the Board or to the Federal courts.

The General Counsel's job is an important one. The General Counsel also supervises the representation elections in which employees choose or reject collective bargaining representatives.

The General Counsel also administers the Board's 33 regional offices.

Mr. President, Mr. Lubbers has served as a senior legal and policy adviser to Chairman Fanning of the National Labor Relations Board for 20 years. In other words, he has had 20 years of complete involvement in this work.

It is difficult to believe that the appointment of a person as General Counsel who has served as senior policy adviser to any Board member could be viewed as impartial or unbiased.

It would be hard, I would think, for Mr. Lubbers to distance himself from Mr. Fanning so abruptly in order to provide that independence and that impartiality so necessary to be an effective General Counsel. Indeed, Mr. President, I could not in good conscience ask someone who had been an associate of mine for 20 years to suddenly disassociate himself from me and pretend to be impartial about my views and former decisions. It simply would not work, and it would not be fair to those business people, whose very economic lives depend on the judgment of the NLRB Counsel, to ask them to believe that Mr. Lubbers could be completely fair and objective.

Too much is at stake, Mr. President, for those businesses to have to rely upon the questionable judgment and policy decisions of one who has been so long involved in such questions and such policy decisions under Mr. Fanning.

During the Senate Labor and Human Resources Committee's consideration of Mr. Lubbers' nomination, the Chamber of Commerce gave compelling testimony as to why this nomination should be defeated. I would like to mention a few of the points contained in their testimony. Here I quote:

> The independent status of the General Counsel was established in direct response to criticism levelled at the NLRB that the Board was "prosecutor, judge and jury." However, in making this fundamental change in the statutory scheme, Congress was merely following and reaffirming an historic legal principle that lies at the foundation of our society—that the prosecutor and the judge shall be separate and independent.
>
> The independent Office of General Counsel is one of the most significant and powerful positions in government . . . The General Counsel has final authority, subject neither to appeal to the NLRB nor to the Federal courts, regarding the investigation and prosecution of unfair labor practice charges by management, labor and the public at large. The investigation of all unfair labor practice charges is totally and exclusively within his control. Because his decision is unreviewable, the failure to issue a complaint in an unfair labor practice case leaves the aggrieved party with no legal recourse . . . It is critical, therefore, that the General Counsel impartially investigate and prosecute unfair labor practice charges, and do so in a timely fashion; that non-meritorious charges be dismissed and not used as a ploy by either labor or management for strategic objectives.

It is for these and other reasons, Mr. President, that it is imperative that the General Counsel have the trust of the public and the business community. I do not see how this trust can be assured, given Mr. Lubbers' previous record. I do not impugn his honesty or his integrity. What I am questioning is the appropriateness of the appointment of a man who has been involved in this very question as counsel to Mr. Fanning for 20 years.

The trust of the public and business community will result from the General Counsel's objectivity and independence and, as I think I have demonstrated sufficiently, there will be no such objectivity, there will be no such independence, given that record.

As I have said before, if someone had been working for me for 20 years interpreting my thoughts, helping me arrive at my conclusions for those 20 years, then he is not going to be independent of my thoughts and my ideas. He is not going to be his own man. He is not going to judge things impartially and entirely on his own. He is going to be to some degree a reflection of me, and this is the relationship Mr. Lubbers has to an important member of the National Labor Relations Board.

Another disturbing aspect of this nomination has been pointed out to me by some of my distinguished colleagues. It seems that Mr. Lubbers admitted during his confirmation hearings that he gave "technical assistance" on the labor law reform bill to union leaders during the Senate debate on the Labor Law Reform Act of 1977.

This bill, you will recall, Mr. President, was recommitted following a successful filibuster in which I participated. But whatever the outcome of that filibuster and that debate, that law was extraordinarily divisive and it was extraordinarily controversial. And in that very, very controversial situation, Mr. Lubbers took a side. He gave "technical assistance" to one side rather than the other in the final formulation of that labor law reform bill. As I said, the bill was recommitted. And though it is not clear exactly what "technical assistance" includes, I must point out that Mr. Lubbers was an NLRB employee at the time, and thus, was supposedly neutral on this issue.

And if he was neutral on this issue, he had no business being in there giving technical advice.

I am also told that he acted in this regard with the consent of Chairman Fanning, who has stated that some of the Labor Law Reform Act could be implemented by the NLRB through its decisionmaking authority. One can only presume that he means this could be done if the right General Counsel were in office.

There are very revealing historical facts about that 1977 debate, Mr. President.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial that appeared in the February 12 Washington Star newspaper. This editorial, written by James J. Kilpatrick, makes some excellent points about Mr. Lubbers' nomination. My distinguished colleague from Utah, Senator HATCH, has already mentioned some of this article, so I will not repeat it all at this time. However, I do want to make sure that it becomes part of the official record.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### AN UNFORTUNATE APPOINTMENT

(By James J. Kilpatrick)

> As a working proposition, every president ought to have wide latitude in his nominations to public bodies. A president's appointive power is part of the intricate assembly of springs, pendulums and counterweights that makes our system go, and Congress ought not to jam the works without compelling reason.
>
> But there are times when the Senate's

corollary power to advise and consent ought to be negatively invoked. Such an occasion is at hand in the president's nomination of William A. Lubbers for a full four-year term as general counsel of the National Labor Relations Board. If the president will not withdraw this regrettable appointment, the Senate should reject it decisively.

For three reasons. The first has to do with the urgent need to restore confidence in government; the second has to do with the nature of the general counsel's power; the third goes to the alternatives available to the White House.

There may have been a time—in Grant's administration, perhaps—when public confidence in government was lower than it is now. The polls do not go back that far. But not in my lifetime can I recall a period in which distrust of government, and especially of the federal government, was deeper or more pervasive. This alienation didn't begin with Watergate, but Watergate made it worse. And such recent depressing incidents as the purported bribery of half a dozen members of Congress add to the poisonous cloud.

Into this miasma comes the nomination of Mr. Lubbers to the most powerful position in the whole of the executive branch. Search the executive agencies as you will, you will not find any position to compare with general counsel of the NLRB. He alone commands unreviewable discretion for his acts. If the general counsel agrees to hear a complaint of unfair labor practices, the complaint will be heard. If he refuses, that's it. Goodbye. Finis. His refusal cannot be appealed to the NLRB. It cannot be appealed to the federal courts.

For these reasons, Congress went to great pains to make the general counsel absolutely independent of the board. The position demands a person who not only is independent, but also appears to be independent. Mr. Lubbers simply is not such a person. For 17 years, more or less, he has been the protege, confidant, top assistant and guiding hand to NLRB Chairman John Fanning. Within the community of business and labor, he is universally perceived as "Fanning's man." The two are as close as shirt and pocket or ring and finger, and that is where Mr. Lubbers commonly is thought to be—in the chairman's pocket, or tied to his finger.

Mr. Lubbers of course has asserted his independence of his mentor and longtime boss, but his first major decision since his temporary appointment in December has set off bells of alarm. As general counsel, he appears effectively to have reversed a longstanding rule protecting the right of an individual union member to resign from his union during a strike. The effect is to put union solidarity ahead of individual freedom. Such obeisance to the great unions accords perfectly with the Fanning view.

A president who has enjoyed the support of organized labor, and hungers for such support again this year, surely is entitled to appoint someone with a union background as general counsel. The business community, headed by the U.S. Chamber of Commerce, accepts this reality.

Before Mr. Carter nominated Mr. Lubbers, the White House had leaked the names of two others under consideration—Carl Frenkel, associate general counsel for the Steelworks Union, and Arthur Goldberg, general counsel of the Textile Workers Union. Either one of them would have the confidence of both labor and management. Curtis Mack, regional NLRB director in Atlanta, is another acceptable possibility.

Sen. Orrin Hatch, R-Utah, has begun marshaling forces against the Lubbers nomination. He has a sufficient number of concerned colleagues to mount a prolonged filibuster and to block cloture. He may have enough troops to win on an up-or-down vote. Under the circumstances, a discreet withdrawal would benefit the board, the Senate, the country and quite possibly Mr. Lubbers himself.

Mr. HAYAKAWA. Let me quote, however, some crucial points from this article:

> There may have been a time—in Grant's administration, perhaps—when public confidence in government was lower than it is now. The polls do not go back that far. But not in my lifetime can I recall a period in which distrust of government, and especially of the federal government, was deeper or more pervasive. This alienation didn't begin with Watergate, but Watergate made it worse. And such recent depressing incidents as the purported bribery of half a dozen members of Congress add to the poisonous cloud.
>
> Into this miasma comes the nomination of Mr. Lubbers to the most powerful position in the whole of the executive branch. Search the executive agencies as you will, you will not find any position to compare with general counsel of the NLRB. He alone commands unreviewable discretion for his acts. If the general counsel agrees to hear a complaint of unfair labor practices, the complaint will be heard. If he refuses, that's it. Goodbye. Finis. His refusal cannot be appealed to the NLRB. It cannot be appealed to the federal courts.
>
> For these reasons, Congress went to great pains to make the general counsel absolutely independent of the board. The position demands a person who not only is independent, but also appears to be independent. Mr. Lubbers simply is not such a person. For 17 years, more or less, he has been the protege, confidant, top assistant and guiding hand to NLRB Chairman John Fanning. Within the community of business and labor, he is universally perceived as "Fanning's man." The two are as close as shirt and pocket or ring and finger, and that is where Mr. Lubbers commonly is thought to be—in the chairman's pocket, or tied to his finger.

And that is where Mr. Lubbers commonly is thought to be, in the Chairman's pocket or tied to his finger:

> Mr. Lubbers of course has asserted his independence of his mentor and longtime boss, but his first major decision since his temporary appointment in December has set off bells of alarm. As general counsel, he appears effectively to have reversed a longstanding rule protecting the right of an individual union member to resign from his union during a strike. The effect is to put union solidarity ahead of individual freedom. Such obeisance to the great unions accords perfectly with the Fanning view.

So we are concerned here not simply with the confirmation of an individual to a highly important post, we are also concerned with a question: Whose freedom, whose liberty is more important, that of the union or that of the individual? And if we read the history of the United States, if we read the Constitution, if we read the Declaration of Independence, the basis of our society is individual freedom, not the freedom of organizations to order their members around, to take them in against their will or throw them out against their will.

> A president who has enjoyed the support of organized labor, and hungers for such support again this year, surely is entitled to appoint someone with a union background as general counsel. The business community, headed by the U.S. Chamber of Commerce, accepts this reality.
>
> Before Mr. Carter nominated Mr. Lubbers, the White House had leaked the names of two others under consideration.

Never mind the other two.

But the important point that has already been made is that Mr. Lubbers has quite clearly shown his bias on his very first decision after his nomination.

Mr. President, I do not pretend to be expert in labor policy. However, as a U.S. Senator and therefore spokesman for many millions of Californians, I did want to speak out on behalf of those people who cared enough about this nomination to write me. I would be pleased to share with my colleagues more examples of the letters I have received in opposition to this nomination so that they may better understand the reasons for my opposition to this nomination.

Mr. President, I respectfully urge my colleagues' opposition to Mr. Lubbers' nomination to be General Counsel of the National Labor Relations Board.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HAYAKAWA. Mr. President, I would like to add to the RECORD today in our deliberations on the subject of the nomination of Mr. Lubbers, a letter from the Chamber of Commerce of the United States, which I should like to read. It is addressed to all Members of the Senate:

> On behalf of the Chamber's over 90,000 members, I respectfully urge you to oppose Senate confirmation of William A. Lubbers as the General Counsel of the National Labor Relations Board.
>
> Because of the unique role of the General Counsel, carved out by the 1947 Taft-Hartley Act amendments to the National Labor Relations Act, the position is not simply that of another Government lawyer.

I should read this again, Mr. President, because there is something unique about this particular position that is different from that of, say, the importance of a man who is a Federal judge, or a man who is even a Supreme Court Justice. It is a very different kind of job:

> The General Counsel serves as the independent prosecutor of unfair labor practice charges brought by management or labor, with unreviewable discretion in the issuance or non-issuance of complaints stemming from those charges.

There are very few of us who can make decisions which are nonreviewable:

> Thus, for example, if either management or labor files charges of unfair labor practices, and the General Counsel refuses to issue a complaint, the aggrieved party has no recourse with the Board or with the Federal courts.

In other words, you cannot even go to the Supreme Court to ask for a review.

> In addition to that significant responsibility, the General Counsel supervises representation elections in which employees choose, or reject, collective bargaining representatives. The General Counsel also administers the Board's 33 regional offices.
>
> Because of these public trusts,

And these are huge public trusts, Mr. President:

> It is crucial that the General Counsel be perceived as totally independent and, as the National Labor Relations Act requires, separate from the five Board members and their staffs. Without the perception of such independence, public confidence in the agency itself will suffer and parties to labor-management disputes will be less inclined to seek redress through established procedures for review by the Board.
>
> It is for these reasons that the U.S. Chamber opposes the appointment of William A. Lubbers to this sensitive post.
>
> While we do not impugn Mr. Lubber's competence or integrity, we do believe that his 17 years on the staff of NLRB Chairman John Fanning and his role in writing many of Mr. Fanning's pro-union decisions will cause the public to question the independence and impartiality of the General Counsel. This close association is further underscored by Chairman Fanning's overt support for Mr. Lubbers' candidacy.
>
> Moreover, since Mr. Lubbers' entire career with the agency has been on the judicial (or Board) side, we do not believe he has the administrative experience necessary to handle the Board's 33 regional offices.
>
> At a time when many in the business community are concerned about the pro-union trend in Board decisions, it is important that public confidence in the agency not be further eroded by the selection of Mr. Lubbers as the General Counsel.
>
> The White House has considered other candidates who would be acceptable to both business and labor. We cannot understand selection of a candidate—Mr. Lubbers—unanimously opposed by the business community.
>
> Therefore, I urge you to vote Nay when the nomination comes before the Senate.
>
> Cordially,
>
> HILTON DAVIS,
> *Vice President,*
> *Legislative and Political Affairs.*

Let me continue with a few other remarks made on this nomination, especially by the U.S. Chamber:

> In part our opposition is based on the fact that other more acceptable candidates to both labor and management have been considered but rejected for this sensitive post. More importantly, however, our opposition is based on the firm conviction that this appointment would not be in the best interests of the Board or the parties which must rely on the Board and the General Counsel for the resolution of labor-management disputes. Finally, we firmly believe that this appointment contravenes the congressional policy of an independent and neutral public prosecutor of unfair labor practices and consequently would seriously erode public confidence in the Office of the General Counsel.

It is almost impossible, Mr. President, to overemphasize the necessity of public confidence in the impartiality of the occupant of that Office of General Counsel. If he is trusted by one side and not by the other, whichever side that distrust may arise from, the effectiveness of that entire National Labor Relations Act and Board will be very, very deeply injured.

To continue with the Chamber's remarks:

> Our opposition and remarks should not be viewed as a personal attack on Mr. Lubbers. We do not seek to impugn his integrity in any way. Rather, as set forth more fully below, the Chamber believes that the appointment of an individual as General Counsel who has served as a senior policy advisor to any Board member is contrary to the Congressional mandate embodied in section 3(d) of the Labor-Management Relations Act because it is totally at odds with the congressional objective of assuring that the Office of the General Counsel be totally independent of the Board itself.
>
> Further, as a matter of public policy, it is our belief that this appointment will give rise to a perception of impropriety which will undermine public confidence in the integrity of the agency. The perception of impropriety has been underscored, we believe, by the overt support for Mr. Lubber's appointment as General Counsel by current NLRB Chairman John Fanning. As this Committee is aware, Mr. Lubbers has served as a senior legal and policy advisor to Chairman Fanning for twenty years. Due to the nature of that position, and the longevity of the relationship, it is difficult for the business community to perceive Mr. Lubbers as satisfying the statutory mandate of independence.
>
> The importance of public confidence in the agency should not be underestimated. When the original Wagner Act was signed into law in 1935, President Roosevelt stated that its acceptance by management, labor and the public with a sense of sober responsibility and of willing cooperation would serve as an important step towards achievement of justice and peaceful labor relations in industry.

What Franklin Roosevelt wanted at that time, we still want and we must not sabotage. Continuing:

> Contributing in large measure to that acceptance over the years has been the confidence of management, labor and the public in the guarantee of the independent and neutral prosecution of unfair labor practices by the General Counsel. This confidence in the agency and the Office of General Counsel has been vividly demonstrated by the high percentage of settlements and voluntary compliance after unfair labor practice charges have been filed. NLRB statistics indicate that over 90 percent of all unfair labor practice cases are either settled, adjusted by agreement of the parties before issuance of administrative law judges' decisions, withdrawn prior to the issuance of a complaint, or are dismissed administratively. These statistics are proof of the widespread acceptance by both labor and management of the independent prosecutorial function of the General Counsel. As this Committee is aware, this public acceptance did not always exist, primarily due to the pre-1947 structure of the agency.

This is the very kind of impartiality and trustworthiness in the Office of General Counsel which is now in jeopardy as the result of the present nomination of Mr. William Lubbers. So, if I may repeat myself in this respect, we are not attacking Mr. Lubbers' integrity or his honesty or his sincerity. We are uncomfortable about the fact that he cannot come to this office as impartial judge with the record he has had of 20 years of service with his predecessor, Mr. Fanning.

I thank the Chair.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. Mr. President, I congratulate the distinguished Senator from California for the substance and style of his remarks, which have enlivened an otherwise dreary afternoon. I appreciate his contribution to this debate.

I wonder if the Senator from California or the Chair, or others who are present recall the Lewis Carroll tale of the Walrus and the Carpenter. Does that touch a responsive chord in anyone's memory? Lewis Carroll wrote:

> "I weep for you," the Walrus said;
> "I deeply sympathize."
> With sobs and tears he sorted out
> Those of the largest size,
> Holding his pocket handkerchief
> Before his streaming eyes.
>
> "O Oysters," said the Carpenter
> "You've had a pleasant run!
> Shall we be trotting home again?"
> But answer came there none—
> And this was scarcely odd, because
> They'd eaten every one.

Senators may wonder what this has to do with the work of the Senate. But then, upon reflection, I am sure they will agree it is closely relevant to the business which many of us expected to be pending today, which is the first concurrent resolution on the budget for fiscal year 1981.

I am reminded of Lewis Carroll's tale of the walrus and the carpenter because I have been hearing so often about the budget from Senators and others who have never supported either increased defense spending or tax cuts or balanced budgets, but who now say the need to rebuild our national defense will preclude the balancing of the budget and rule out a tax cut.

On the surface, it might seem implausible to say that and still balance the budget, until we take into account the fact that there is a built-in natural increase in Federal revenues of very great proportion, and an even more massive increase in revenues projected for the years immediately ahead.

Indeed, Mr. President, unless we cut taxes, Federal revenues are expected to increase by $414 billion in the next 4 years alone.

This increase is more than the total taxes collected during World Wars I and II, the Korean War, the Civil War, and the Spanish-American War combined.

This increase, moreover, comes on top of tax revenues expected to exceed $523 billion in the current fiscal year. That is twice as much as Federal tax revenues only 7 years ago, and five times as much as they were only 18 years ago.

Unless we cut taxes, and cut them a lot, 5 years from now Americans will be paying $1 trillion in taxes, double what we are paying now, and more than the total taxes Americans have paid from the birth of our country until the inauguration of President Kennedy.

Even with the projected 5-percent real growth in defense spending for each of the next 3 years, which I favor and, indeed, believe is minimal, spending for defense will fall as a proportion of total tax revenues, from the present 24 percent to an average of 22 percent. During the Kennedy and Johnson administrations, more than 40 percent of the Federal budget was devoted to defense. Defense spending never fell below 50 percent of the Federal budget during the Eisenhower administration.

Indeed, the projected increase in Federal revenues is so great that we could wipe out the Federal deficit, implement the Kemp-Roth 33-percent income tax reduction and rebuild our defenses by slowing the growth of spending for domestic social programs to the rate of growth of the economy as a whole.

We have heard a lot of crying and moaning and a lot of walrus tears have been shed in Washington about the consequences for the poor and disadvantaged if the growth rate of Federal-spending programs were slowed. But the genuinely needy, as well as the taxpayer, would benefit from a reform of the present crazy-quilt maze of overlapping programs.

Vast bureaucracies have grown up around each of these, so vast and complex it is difficult, if not impossible, for recipients, let alone Senators and the general public, to find the true needs or the extent of the programs which serve them.

Federal spending programs need to be overhauled, not because reform is necessary to finance the tax cuts or balance the budget or provide for a stronger defense, all of which I favor, but because such reform is sound public policy.

For far too long, the big spenders in Washington have behaved as if all earnings of America's taxpayers were their oyster. It seems to me that it is time for us to set that idea to rest.

Mr. President, I am just at ease for a moment to see if there are others who wish to comment on this matter before I move on to other subjects.

Mr. President, may I inquire of the Chair if the majority leader has divulged his plans for adjournment tonight? What time we are going home? has that been a subject of discussion during the floor debate today?

The PRESIDING OFFICER. At present, there are no orders.

Mr. ARMSTRONG. I beg the Chair's pardon, I did not hear.

The PRESIDING OFFICER. The Chair responds to the Senator, informing the Senator that, at present, there are no orders.

Mr. ARMSTRONG. Mr. President, another thought occurred to me coming over here today.

I have a dim recollection that there is a statute which requires the Congress of the United States to adjourn on July 31 unless it adopts a resolution to the contrary. Can the Chair enlighten me as to whether or not, in fact, such a statute exists, and, if no such statute exists, should there not be one?

The PRESIDING OFFICER. The Chair responds by quoting title 2, United States Code, 198, section 132(a):

§ 198. Adjournment

(a) Unless otherwise provided by the Congress, the two Houses shall—

(1) adjourn sine die not later than July 31 of each year; or

(2) in the case of an odd-numbered year, provide, not later than July 31 of such year, by concurrent resolution adopted in each House by roll-call vote, for the adjournment of the two House from that Friday in August which occurs at least thirty days before the first Monday in September (Labor Day) of such year to the second day after Labor Day.

(b) This section shall not be applicable in any year if on July 31 of such year a state of war exists pursuant to a declaration of war by the Congress.

Mr. ARMSTRONG. Mr. President, I appreciate the explanation of the Chair. I compliment the Chair on its rendition of the rules.

Mr. President, I have been thinking for some time that, when the motion is made to take up a resolution to suspend the operation of the statute, it would be a fine occasion for an extended debate over whether or not it would not really be a good idea if the Congress went home July 31.

I do not know whether or not I will undertake such a debate at that time, but it would certainly put into perspective the issue of whether or not Congress spends too much time in session each year.

I am sure that those who read the record of this proceeding, and, indeed, those who are even now being entertained by it, at least, those who are watching and listening to what is being said and done here today in the galleries, would be enlightened if I were to explain what has transpired.

I would be glad to do that if I were sure exactly what is transpiring.

But it is my understanding that the pending business of the Senate is the nomination of Mr. Lubbers to be the General Counsel of the NLRB.

My understanding, which is on very short notice, but it is my understanding, is that this nomination was called up unexpectedly last night by the majority leader. So some of us on our side are entering into a period of extended discussion on the Lubbers nomination and related matters, while those who are responsible for the scheduling of the Senate have time to reflect on whether it is really wise to go forward with this proceeding, all of which I say to my friends reading this proceeding, and those in the gallery, is a long way of saying that this is a low key filibuster.

Mr. MELCHER. Will the Senator yield?

Mr. ARMSTRONG. With the utmost pleasure.

Mr. MELCHER. Do I interpret the Senator's remarks that he is ready for a vote on the nomination?

Mr. ARMSTRONG. I say to the Senator that there are many motions which could be made which would be good to vote on at this time.

I think I would be constrained to continue to discuss the nomination and related issues if he would ask for a vote on the nomination at this time.

I would have no objection, offhand, to a vote, say, on a motion to re-refer the nomination to committee, or to postpone further consideration of the nomination until July 4, or, indeed, to recess the Senate until next Tuesday, or any number of motions which would afford us an opportunity to vote.

But the Senator from Colorado is really not prepared at this time to vote on this nomination.

But I thought it would be helpful to the spectators to give them some idea of what is going on in the Chamber today.

I am pleased to yield further to the distinguished Senator.

Mr. MELCHER. I thank my friend for yielding.

I want to make it clear that we are ready on this side to vote. We are, of course, deferring to the judgment of our colleagues on the Senator's side of the aisle. If they care to discuss the nomination more, we will allow that to go on. We would just as soon get on with the vote, up or down, on the nomination and then get on to other business of the Senate.

Mr. ARMSTRONG. I think one of the reasons why Senators on the Republican side of the aisle are reluctant to bring this matter to a vote at this point is that it has been the focus of our preparation for today's floor work to be prepared on the budget resolution. Indeed, my staff and I—and I think most of the Republican Members—have been laboring under the impression that this week's business in the Senate would be the consideration of the first concurrent resolution on the budget. So I think many of us have been taken completely off guard by the decision to bring up this nomination at this time.

It is my impression that behind the scenes—while I stand here with my finger in the dike, so to speak—extensive preparations are being made to discuss fully and air the nomination of Mr. Lubbers.

In the meantime, I point out to Senators that one of the ironies of our times is that even as the Government throws roadblocks in the path of consenting adults who wish to use tobacco, apricot pits or artifical sweetners, it is inching its way toward legalization of marihuana.

Two bills are pending in the Senate which would "decriminalize" pot. They follow recent State legislative actions which have reduced penalties for possession of small amounts of marihuana to a misdemeanor or a civil fine. The growth or sale of marihuana would remain a crime under Federal and most State statutes.

Decriminalization reducing penalties for possession of small amounts of marihuana to a misdemeanor is not the same as legalization, but it is step in that direction. After a while, it will appear difficult to justify laws against the production and sale of a product that is permissible to possess and use. At least, that is what supporters of legalization hope.

Supporters of decriminalization argue that it is merely a legal recognition of an accomplished fact. Once merely the temporary solace of a handful of down-and-outers, marihuana in the sixties and seventies acquired a certain social acceptability. More than 30 million Americans smoke pot each year, most of them young people. Sixty percent of youths aged 18–25 report having tried it, as well as 28 percent of those aged 12 to 17.

The production, distribution and sale of marihuana is America's fastest growing commercial enterprise. Marihuana smuggling is the No. 1 money producer in Florida, outranking even tourism. Nationally, marihuana ranks third among all U.S. industries in dollar volume of sales, just behind General Motors.

From posh discos in Manhattan and Beverly Hills to junior high schools throughout the land, the pot party is today what the speakeasy was in the Roaring Twenties. A large and growing number of Americans regard present restrictions on marihuana to be as antiquated and ineffective as the prohibition of alcohol was then.

But there are two sets of fuddy-duddies who have not been swept along by the tide of public opinion favoring decriminalization, and perhaps eventual legalization, of marihuana; the doctors who know how much harm the substance can do; and the law enforcement officials who know how rapidly decriminalization will spread its use among young people.

Marihuana use is often compared with drinking alcohol. The comparison is useful, but more because of the differences between the drugs than because of the similarities.

The psychoactive agents in alcohol are water soluble: they wash out of your system within 24 hours.

I do not say that by way of interest in any alcoholic beverages, I say to my colleagues, but to point out that the psychoactive agents in marihuana are not water soluble but fat soluble. This means they do not wash out of the body. They become embedded in the nervous system, and they stay there virtually as long as the marihuana smoker lives. Each additional "reefer" adds to the level of poison in the smoker's body.

The principal psychoactive agent in marihuana—Delta 9 THC—is very dangerous. Neurophysiologists at Tulane University have demonstrated conclusively that smoking pot several times a week causes significant brain damage, reflected in poor time and space sense, muddled thinking and sequencing, and general disorientation.

The physical harm done to marihuana smokers is as great as or greater than the psychological damage. Researchers at the UCLA medical school have discovered it takes a pack of cigarettes to equal the effect on the lungs of a single joint. Researchers at Columbia University have found marihuana smoking sharply reduces the body's production of lymphocytes. Lymphocytes are vital to helping the body resist cancer.

A nation has no more precious resource than its young people. They are its future. Our young people, to a significant degree, are having their minds stunted and their health endangered by marihuana smoking.

Robbing a person—or a nation—of its future is a crime. It should remain one.

It will be my purpose, if and when the bill to which I have referred comes to the floor, to resist efforts to decriminalize marihuana.

Mr. President, I was speaking of law enforcement; and, while I am on that subject, I should like to make an observation about a related law enforcement issue.

Before I do so, I inquire whether there are other Senators who are seeking recognition. I will be pleased to yield if they wish to address the Senate at this time.

Since that does not appear to be the case, Mr. President, I point out that, not so long ago, Members of Congress were calling on law enforcement agencies to stop picking on small-time street criminals and to go after the big fish, the white collar criminals. The FBI appears to have taken them literally, with agents disguised as wealthy Arabs seeking to buy favors, in an elaborate scam, and caught some Members of Congress.

It is not my purpose to discuss that in its specifics, but to relate it to a broad historical trend which, over the years, involved people in public and private life—Presidents, Supreme Court Justices, and many others.

The point I wish to make is that the real lesson is what James Madison, one of the founders of our country, pointed out, that government control of our lives must be very limited. He said that, if men were angels, there would be no need of government; and, if angels governed you, there would be no need of anybody else, either internal or external. It is time we pay him heed.

Mr. President, I note the arrival in the Chamber of the Senator from Florida, and I yield to him at this time.

Mr. STONE. I thank the distinguished Senator.

Mr. President, I want to make it clear that there is bipartisan concern about the wisdom of the Lubbers nomination for General Counsel of the National Labor Relations Board (NLRB). Earlier in the year I wrote to the majority leader, Senator BYRD, expressing my concerns about the serious negative impact of this nomination.

The General Counsel of the National Labor Relations Board is at the decisive center of our process for the mediation of legal disputes between two very powerful protagonists, organized employees and their employers. The General Counsel has final authority in deciding what unfair labor practice charges to investigate and to prosecute. He controls the "bite" of our labor laws with his power to select the unfair labor practice issues that the National Labor Relations Board will resolve. Moreover, when the General Counsel undertakes to prosecute a charge, he acts as an adversary. He unleashes a vigorous effort to persuade the Board that on the selected issue the Board must decide in favor of the position he advocates.

This power to select and to persuade puts the NLRB General Counsel in an awesome position with respect to the shaping of labor law and policy that will direct labor-management relationships—play a crucial role in the shaping of our whole economy—for years to come.

I submit, Mr. President, that respect and trust in Labor Board decisions are vital to the stability of the Board as a decisionmaking institution. The institution that decides labor law issues must not, therefore, be perceived as part of the problem for either management or labor.

The NLRB cannot operate effectively without the respect and trust of both the business community and labor. Disrespect for Board decisions led to the failure of the first National Labor Board, created by President Franklin D. Roosevelt in 1933 to administer the National Industrial Recovery Act. The beginning of the end for the 1933 Board began when the Weirton Steel Co. and the Budd Manufacturing Co. refused to respect the Board's formula for settling a strike. The Board issued orders that were disregarded. Simultaneously, high-ranking members of the National Recovery Administration were taking sides with labor or management, and the judiciary was overturning Board decisions with unfailing frequency. The Board collapsed when it could not assure parties to a labor dispute that its views were supported.

Because Mr. Lubbers is perceived as lacking independence and impartiality, employers will again be encouraged to challenge Board decisions that are advocated by him. Management will again seek redress through more and more appeals to the Judiciary.

Mr. President, I think we have a responsibility to protect the perceived integrity of the National Labor Relations Board. The smooth operation in that body is likely to be even more critical as we proceed further into periods of economic uncertainty. We will need a trusted mechanism for settling labor disputes. I, therefore, urge the administration to withdraw this controversial nominee and present a candidate that is acceptable to both management and labor, such as Curtis L. Mack, Director of the NLRB's Atlanta region or labor union attorneys Carl Frankel or Arthur Goldberg.

That is the type of nomination that would find bipartisan support because it would not be perceived as one sided.

I thank the distinguished Senator for yielding.

Mr. ARMSTRONG. Mr. President, I congratulate the Senator from Florida for his perceptive observations and I share the general tone and thrust of his remarks and I appreciate his observations.

I am confident after what he has said that most of my colleagues will feel as he and I both do that it will be best if this nomination were not brought to a vote at this time.

Mr. President, most of the Nation's well-known economists are now calling for a Federal tax cut. As Senators know, the Joint Economic Committee has called for a tax cut. Dozens of Senators and scores of Representatives have introduced bills to cut personal and business taxes.

Unfortunately, the Senate Budget Committee, of which I am privileged to be a member, disagrees.

The committee not only plans to spend the huge increase in tax revenues which has already been legislated; the committee is actually recommending to the Senate new tax measures which would bring the year-to-year increase in taxes, from fiscal year 1980 to fiscal year 1981, to a staggering $94 billion.

The official excuse is that this colossal tax rise is needed to balance the budget while increasing defense spending and, in the process, avoiding drastic cuts in social programs. The facts do not support this contention.

In any event, the whole argument about the level of social welfare spending tends to overlook the fact that welfare recipients are precisely the families who suffer the most from the inflation which is caused by excessive Federal spending and they, in turn, also suffer disproportionately from the economic downturn which will be caused, in my opinion, by the tax increases which have been recommended by the Budget Committee.

Of course, no one knows for sure exactly how our shaky economy will react to the jolt of a $94 billion tax increase.

But for Congress to permit such an increase, under present economic circumstances, entails an enormous and, in my opinion, unnecessary risk. We should opt instead for greater restraint in spending, a well balanced budget, and lower taxes.

Exaggerated rhetoric is so much the stock-in-trade of politicians that all the words which aptly describe the present economic situation in the country—I refer to words like "crisis," "emergency," and "catastrophe," all such words have previously been used to describe lesser problems. So, rather than adding to the rhetorical inflation, may I just cite a few basic economic facts.

Inflation is eroding our purchasing power at by far the fastest rate in modern U.S. economic history. The consumer price index rose 13.3 percent in 1979; in the first 2 months of 1980, the CPI went up at the annualized rate of 17.9 percent.

The producer price index, a reliable indicator of future consumer prices, is going up even more rapidly. The overall increase amounts to an annualized rate of 19.6 percent for the first 3 months of 1980.

At this rate the dollar loses half its value every 30 months, assuming, of course, that inflationary psychology does not get out of hand altogether, leading to the kind of superheated inflationary blowout that other nations have experienced.

In the meantime, productivity is skidding. Unemployment is rising again, up to 6.2 percent in March, according to the Bureau of Labor Statistics.

Mortgage rates, in those fortunate places where mortgages are available, have moved past 17 percent. This effectively eliminates from home buying all but a handful of the wealth and high-income families. The prime bank lending rate went up three times during the 3 days that the Senate Committee on the Budget considered its first resolution which will be brought to the floor, I am told, next week. By the time we completed our deliberations on the budget the prime rate had reached 20 percent.

New housing starts have plummeted; every day we hear new reports of business failures; the stock market, which was rocked recently by a silver scarce, is stagnant. Indeed, I point out that price levels are now at the level of half what they were 10 years ago adjusted for inflation. A sizable percentage of the Nation's financial institutions are losing money. Almost everyone has the jitters.

But worst of all, in my opinion, is the change in public attitudes toward inflation. One perceptive observer summed it up so well. He said:

> A change in expectation is the big new element. The prevailing feeling through most of the last year was that inflation would tail off—if only through a recession. But that viewpoint has been transformed . . . The prevailing expectation now is that inflation will keep going up and up and up . . .

In other words, the public has lost almost all confidence in the ability and/or willingness of Congress to get the situation under control.

I say to my colleagues in the Senate that if Congress adopts the recommendations submitted by the Senate Budget Committee it will tend to confirm the worst fears which the public has expressed. Therefore, when the Senate takes up consideration of the budget resolution I will propose an alternative budget which will provide the following:

First, a balanced budget in which expenditures are tailored to match revenues;

Second, a substantial increase in defense spending;

Third, modest increases in most domestic programs by achieving some well-identified and carefully documented savings in other budgetary functions;

Fourth, a reduction in Federal spending as a percentage of gross national product to a level which closely approximates 21 percent of GNP;

And finally and of crucial importance, permanent tax cuts in 1981, including indexing personal tax rates, the 10–5–3 depreciation schedule, and separate income stream tax treatment of income from savings.

It is my intention to discuss the economic situation in greater detail, but I note the Senator from Louisiana has arrived in the Chamber and I wonder if he wanted to comment on this or another matter.

Mr. JOHNSTON. I did want to comment on another matter. If the Senator has a little window of time, I mean, in the meantime.

Mr. ARMSTRONG. Mr. President, it gives me the utmost pleasure to yield to the Senator from Louisiana.

Mr. JOHNSTON. I thank the distinguished Senator from Colorado.

(The remarks of Mr. JOHNSTON at this point in connection with the introduction of legislation are printed under Routine Morning Business in today's RECORD.)

Mr. ARMSTRONG. Mr. President. I am prepared to continue my discussion on the long-range economic trend in the country. But before I do so, I would like to note that those who are spectators to this proceeding seem curiously apathetic to the—I seem to be gaining general agreement from the galleries. I inquire of the Chair if I in any way violate the rules of the Senate or the traditions of the body by referring to those who are present in the galleries. Does the Senator violate the customs of the body if I were to characterize the attitudes of the galleries?

The PRESIDING OFFICER. The Chair would advise that, under the rules of the Senate, the Senator is really not permitted to make characterizations with respect to the galleries.

Mr. ARMSTRONG. Mr. President, I appreciate the explanation of the Chair. I shall, therefore, strictly adhere to the advice which the Chair has courteously provided.

Last October, before final passage of the second concurrent resolution on the budget, the Federal Reserve Board made a major change in monetary policy by shifting its focus from control of interest rates to control of the rate of growth in the monetary aggregates. This policy, a correct one in my opinion, was directed at bringing under control the rapid growth in the money supply which then was occurring.

The economic crisis which has followed this change in monetary policy has been incorrectly blamed on the Federal Reserve by conveniently forgetting that high interest rates are the result not of restrictive monetary policy but of the interaction of the supply of and demand for money. The responsibility for the current crisis rests squarely with the Congress and the administration for refusing to adopt fiscal policies complementary to the actions of the Federal Reserve.

During fiscal year 1980, the Federal Government, it is estimated, will borrow $56.6 billion from the public to support both on- and off-budget spending. This is an increase of over $16 billion from fiscal year 1979. All this borrowing occurred as the Federal Reserve was tightening the rate of monetary expansion. Due to the timing of Federal tax payments, net on-budget borrowing peaks in March and a surplus is recorded for several months thereafter. This means that Government borrowing was accelerating rapidly at exactly the worst possible time in terms of Federal Reserve policy.

The Federal personal income tax has also had a strong impact on the demand for credit. As inflation has accelerated, individuals have been pushed into ever higher marginal tax brackets. A worker fortunate enough to receive wage increases equal to last year's 13.3 percent inflation will find that his taxes increase by 26 percent, twice the inflation rate. This means that the real disposable income of the most fortunate American families is declining at an alarming rate. This is largely responsible for the great surge in credit demand by households and the precipitous decline in the rate of individual saving.

The third major way in which Federal fiscal policy has added to demands for money and credit is through the corporate income tax. The Internal Revenue Code continues to force calculation of depreciation using the outmoded useful physical life concept rather than a more realistic measure of the economic life of capital equipment. Prof. Martin Feldstein has estimated that the underestimation of depreciation has resulted in a marginal tax rate of over 65 percent on corporate incomes. The result is to lower the real rate of return on equity, forcing corporations into the credit market to finance expansion, rather than financing from retained earnings.

The exception to the high corporate tax rate is for those firms which have a higher level of debt at high interest rates. The deduction of this interest from gross earnings reduces their marginal tax liability. Little solace is to be found here, however, for these firms face an incentive structure which leads them to choose relatively labor-intensive technologies for new investment. This results in a decline of the capital-labor ratio and lower productivity and real wages than otherwise would prevail. Thus, regardless of the debt structure of a particular firm, the treatment of depreciation by the Federal Government has had a disastrous effect on the economy at large.

The refusal of the Senate Budget Committee to accept such economic realities has been a key factor leading to the current crisis. Removal of pressures on the credit markets would enable the Federal Reserve to reduce the rate of monetary expansion without leading to increased unemployment and economic dislocation. The policies which are required are straightforward and appear to be supported by the majority of economic analysts today: we should have greater restraint in Federal spending, reduction and indexation of the personal income tax, and introduction of the economic life concept for depreciation.

This brings me to the issue of a tax cut.

Eight months ago, during the consideration of the Second Concurrent resolution for fiscal year 1980, an impressive list of economists, scholars, and business leaders publicly advocated major tax reduction. This list included such experts as Prof. Walter Heller, former chairman of the Council of Economic Advisers; Alan H. Meltzer, Maurice Falk professor of economics and social science at Carnegie-Mellon: and Dr. Irving Kristol, Henry Luce professor of urban values at New York University. Since that time, the list of authorities calling for tax reduction has expanded to include virtually every well-known economist in the United States.

This movement has been fostered by the realization that the marginal tax rates which are in effect are providing strong disincentives to productive activity. The Senate Budget Committee continues to ignore this growing chorus, even when it is joined by congressional voices. The Joint Economic Committee, in its annual report for 1980, called for a $25 billion tax cut aimed at restoring economic incentives. In his introductory remarks, our colleague, Senator Lloyd Bentsen, chairman of the Joint Economic Committee, commented:

> The Joint Economic Committee is now on record in support of the view that tax policy can and should be directed toward improving the productivity performance of the economy over the long term and need not be enacted only to counter a recession.

The JEC has contributed greatly to the tax debate by commissioning a supply-side model of the economy. The results of this econometric model indicate that "tax policies, such as depreciation schedule adjustment, can lower the inflation rate substantially over the decade."

The JEC work is also supported by Dr. Michael Evans, whose efforts at building a supply-side model for the Senate Finance Committee have yielded results opposite those produced by the Congressional Budget Office. In an interview with Evans, he outlined the components of a recommended tax cut package:

First, a $20 billion, across-the-board cut in personal income taxes; and

Second, savings and investment incentives of $20 billion, including a reduction in depreciable lives of capital goods.

These views echo those of Prof. Arthur B. Laffer of the University of Southern California and former chief economist for the Office of Management and Budget. Laffer, long an advocate of supply-side economics and of the powerful influence of economic incentives on individual behavior, described the tax cut in these terms:

> The recession that we're headed into could be much less serious if Congress enacted a tax cut of the type proposed by President Kennedy and enacted in 1964. To argue that a tax cut is inflationary because it would create a deeper budget deficit by curtailing revenues "is" inappropriate. If you encourage more production, you will lose much less in tax revenues and may even increase them.

The litany also has been joined by Prof. Martin Feldstein of Harvard University and president of the National Bureau of Economic Research. The Wall Street Journal characterized his position in the following fashion:

> [He advocates] a policy of "tight money and positive fiscal incentives" by which he means principally tax cuts for business. With tight money, tax cuts will not be inflationary, he argues, and our forecasting techniques are too inaccurate to justify rejecting a temporary increase in the budget deficit that achieves desirable structural effect.

Gardner Ackley, Chairman of the Council of Economic Advisers under President Johnson, has called for tax cuts that would increase the real disposable income of workers and thus dampen demand for wage increases above the Carter guidelines. Testifying before the Senate Banking Committee, he called for "tax cuts that would encourage workers to adhere to wage guidelines." At the same hearing, the late Arthur Okun, another Chairman of the CEA and senior fellow of the Brookings Institution, called for reductions in Federal spending which could be channeled back to workers in the form of lower taxes, including a reduction in the social security tax.

Dr. Arthur Burns, former Chairman of the Federal Reserve Board and of the CEA, testifying recently before the Joint Economic Committee, characterized the budget policies now being followed as "contributing nothing to the structural policies that are needed for curbing inflation." Burns argued forcefully for tax legislation which would stimulate an improvement in productivity, stating:

> The President . . . failed to present a plan for stimulating improvement of productivity. The President failed to present a plan for dismantling regulations that have been impeding the competitive process. . . . There is nothing new in the new budgetary policy announced by the President to give people confidence that the era of persistent budget deficits is coming to an end. There is, therefore, nothing in the new budgetary policy to turn our inflationary psychology around, to make people feel that inflation will no longer be nourished in the future by excessive Government spending.

A somber warning from one of the Nation's most distinguished economists.

Burns reportedly called for reductions in business taxes in each of the next 5 to 7 years, small in the first 2 years and larger in the later years.

> This sort of tax legislation . . . would not run up the budget deficit in this critical year or next. . . . Its passage would, however, release powerful forces to expand capital investment, thereby improving the Nation's productivity and exerting downward pressure of [sic] prices later on.

Mr. President, I have submitted in my report which accompanies the committee report on the first concurrent budget resolution, a detailed analysis and tables tracing the development and growth of the Nation's economy and of the spending and taxing policy of the Congress over a number of years. I particularly would draw the attention of my colleagues to this report which appears along with the committee report beginning on page 352. It would be my hope that many of my colleagues, after they have had a chance to evaluate the committee's recommendations and my own recommendations, and the alternative budget which I intend to submit, will be disposed to join me in submitting an alternative budget as a substitute to that which was proposed by the Senate Budget Committee.

Mr. President, before turning to a more detailed discussion of budgetary matters, I might inquire if other Senators have a desire to speak.

It does not appear to me at this time that there are a large number of Members who are eager to address this subject or any other subject.

Mr. WILLIAMS. Will the Senator yield?

Mr. ARMSTRONG. I am very pleased to yield to the distinguished chairman.

Mr. WILLIAMS. Perhaps they are just waiting to be called to come over and vote.

Mr. ARMSTRONG. That could be.

Mr. WILLIAMS. Should we ask the Chair to put the question? The Senator has been speaking a long time, but he probably still recalls what the issue before the Senate is.

Mr. ARMSTRONG. Mr. President, I was reflecting on the desirability of a rollcall vote or two this afternoon but——

Mr. WILLIAMS. The Senator and I could combine to get a rollcall vote very quickly. All we would have to do is, I would say to the Chair if there are no other speakers on the issue before the Senate—I will put a parliamentary inquiry. What is the issue before the Senate?

The PRESIDING OFFICER. The Chair will advise that the topic before the Senate is the confirmation of the nomination of William A. Lubbers.

Mr. WILLIAMS. And if there were no speakers, would it be appropriate for this Senator to ask for the question to be put to the Senate?

The PRESIDING OFFICER. Yes, indeed.

Mr. ARMSTRONG. Mr. President, may I ask the Chair, would it also be in order to move that the nomination be rereferred to the Committee on Labor and Human Resources?

The PRESIDING OFFICER. The Chair will advise that the motion would be in order.

Mr. ARMSTRONG. Would it also be in order to move to refer the nomination to the Committee on the Judiciary?

The PRESIDING OFFICER. The Chair will advise that such motion would be proper.

Mr. ARMSTRONG. Or to any other standing committee of the Senate?

The PRESIDING OFFICER. The Senator is correct.

Mr. ARMSTRONG. And each of these would be the proper subject of a vote either by a voice vote, a division vote, or a rollcall vote?

The PRESIDING OFFICER. The Chair advises that they could all be subject to a vote.

Mr. WILLIAMS. My suggestion came first so, in the pecking order, the first question would be an up-or-down vote on the nomination. Does the Senator think our colleagues are ready for the question? I ask the Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I will say to the distinguished chairman that he will have to consult with those who are older and wiser than I to know whether our colleagues are ready. I believe it would be my duty at this time to continue the discussion. If I run out of things to say, which I must say would be a very, very unlikely development——

Mr. WILLIAMS. Is that a report from the Joint Economic Committee before the Senator?

Mr. ARMSTRONG. No. As a matter of fact, I have before me a number of documents. I was referring just now to a report from the Budget Committee, which happened to be before me because I thought today was the day we were going to debate the budget resolution. Therefore, I am filled with thoughts on budgetary matters. Particularly, it struck me as somewhat strange that the Senate would be taking up the Lubbers nomination, whatever its merits in importance scarcely being a crisis or emergency, at a very time when inflation and the need for substantial strengthening of our Nation's economy would seem to be of far greater immediate interest to most Senators and perhaps to the Nation. I was surprised, therefore, that we would lay aside the economic issues of our time and turn instead to this nomination.

While I am on the subject of the budget and the economy, before I begin a detailed discussion of the various budgetary functions, I would just like to make an observation about inflation.

I am convinced that we can win the war on inflation if Congress and the President will stop shelling their own troops.

President Carter's most recent battle plan in the war against inflation offers little that is new and I must say, in all candor, what is new seems to me more likely to do harm than good. But a balanced budget is long overdue. Unfortunately, however, it is the President's proposal to do the right thing in exactly the wrong way. He has, incredibly, proposed to balance the budget, not by restraining spending to a sufficient degree to bring spending into line with revenues, but by raising taxes. In other words, if the President and the Senate Budget Committee get their way, Americans will pay $94 billion more in taxes next year. I regret to say that a majority, a very thin majority, may I say, of the Senate Budget Committee appears to be marching in lockstep over the edge of an economic precipice with the President.

The House and Senate Budget Committees, although varying somewhat in their recommendations, both propose balancing the fiscal 1981 budget by raising taxes rather than by cutting spending. The difference between balancing the budget by cutting spending and balancing the budget by raising taxes is literally the difference between firing at the enemy and firing at your own troops. President Carter's battle plan is not likely to do much about inflation but it is, in my opinion, likely to send unemployment sky high.

The Carter inflation already is becoming the Carter recession, and the Carter recession could easily become the Carter depression if a degree of fiscal sanity does not soon prevail.

Inflation, it is important to remember, is the product of the relationship between two variables: it is too much money chasing not enough goods and services.

In theory, we can reduce inflation either by decreasing the supply of money, or by increasing the production of goods and services, to soak up the excess dollars. But money is the grease that makes our economy go, and if we cut back on the supply of money in the wrong way, we shall depress the production of goods and services by an even greater amount than we reduce the supply of money. The result will be more inflation, not less, and in consequence, fewer jobs.

The principal cause of this inflation has been the printing press money created to fund the huge Federal deficits we have had every year since anyone can remember to the contrary. But nearly as important a contributor has been the precipitate decline in the productivity of U.S. industry. Productivity growth has been essentially zero since 1973.

A lot of factors have contributed to this decline, but by far the most important has been the transfer of wealth from the productive private sector to unproductive Government through ever-increasing taxes, burdensome regulations, and other similar considerations. The tax increases now proposed by the President and the Senate Budget Committee will accelerate this trend, and could offset whatever good would be done by a balanced budget.

Yes, we need to balance the budget; it is urgently necessary to slow the growth of the money supply. But we need just as badly to cut taxes in order to spur the production of goods and services. The only way to do both is to restrain spending, and to do it promptly.

When the Senate considers the budget resolution for 1981, and I am told that that will be next week, I will, therefore, propose a substitute which would cut spending from the mark recommended by the Budget Committee by approximately $15.3 billion. The result will be a balanced budget and also the opportunity to cut taxes by $19 billion during the fiscal year and $30 billion during calendar year 1981. My alternative budget would also index income tax rates and reform depreciation schedules so that inflation would not gobble up capital which is so badly needed for economic growth.

Clearly, balancing the budget by cutting spending is the right approach. Most of the Nation's major economists are calling for a tax cut, as I pointed out a few minutes ago. The Joint Economic Committee enthusiastically supports a supply-side tax cut. Eventually, in my opinion, Congress will see the light. I hope that eventually will come next week.

Mr. President, many people, when I have talked about the need to balance the budget and to restrain spending in various functions, raise the question, what about national defense? Since I have long advocated restraint and, in some cases, actual reductions in spending for some budget functions, it is only logical to raise the question, should we cut national defense spending as well? My answer to that is emphatically no.

I am pleased with one aspect of the recommendation which has come to the floor from the Senate Budget Committee. That is the committee's recommendation for defense which represents a heartening, though still somewhat inadequate, increase in defense spending, an increase which is entirely necessary to meet the threat to America's security.

The proposed ceilings for fiscal 1981 of $174 billion in budget authority and $156.3 billion in outlays are $9.5 billion and $5.8 billion, respectively, higher than recommended by President Carter in his most recent revised budget. These figures are $12.2 billion and $10.1 billion, respectively, higher than the President's original budget submission; that is, $12.2 billion in budget authority and $10.1 billion in outlays above Mr. Carter's earlier recommendation.

The recommendation of the Budget Committee represents a growth in funding of $30.3 billion in budget authority and $22.3 billion in outlays from the mark proposed by the Committee in the third concurrent budget resolution recommended for 1980.

This is a welcome reversal of the trend of the last 10 years in which defense spending has declined steadily, in real terms, as a percent of the Federal budget and as a percent of the gross national product.

I have submitted, along with my views on the budget, a table which illustrates the extent to which defense spending has been dropping as compared to other nondefense components in the budget and as compared with inflation. I think many Senators will be surprised to realize that, at the present time, our Nation is spending less for defense as measured in constant dollars than we have in many years in the past. For example, while the total dollar amount of our spending for defense continues to rise, measured in current dollars, we are actually showing substantial declines in inflation adjusted dollars devoted to national defense. In 1979, it is estimated that we spent $69.3 billion for national defense purposes, measured in fiscal year 1972 constant dollars. By comparison, in fiscal year 1972, we spent $76.6 billion, again measured in 1972 dollars.

In other words, in a relatively brief span, real defense spending—that is, adjusted for inflation—declined by some $7.5 billion. At a time when the Soviet Union continues to increase its spending for national defense, at a time when they have a growing air capability, a growing and increasingly dangerous naval presence around the world, when they have a vastly larger land force and are spending 2.5 times as much for military research and development as this country, that is an ominous trend, indeed.

The Chairman of the Joint Chiefs of Staff reported to Congress this year that the Soviet Union now possesses an accumulated military capital stock from 25 to 50 percent larger than that of the United States. That differential, General Jones said, is expected to increase to 40 to 60 percent by the mid-1980's, if present trends continue.

The Central Intelligence Agency estimates the Soviets are spending 50 percent more on defense than the United States; 80 percent more on military procurement; 250 percent more on ground forces; and 260 percent more on strategic forces.

The United States maintains 16 active Army and 3 Marine divisions. The Soviet Union has 170 divisions in active service, and the "tooth to tail" ratios of the Soviet divisions are greater than ours.

The United States has 10,000 tanks. The Soviet Union has 45,000 tanks, and theirs are more capable, in the opinion of military authorities.

The Soviets have a 4-to-1 advantage in artillery pieces, a 2-to-1 advantage in armored personnel carriers, and a slight, but ominously growing, lead in tactical aircraft.

On the seas, the Red Navy has a 4-to-1 advantage in ships of all kinds, a 5-to-2 advantage in attack submarines, and a 3-to-2 advantage in surface combatants and amphibious ships.

This comparison does not even take into account the substantial, and rapidly growing, military power of Soviet surrogates like Cuba, and potential Soviet surrogates such as Libya and Iraq. Cuba has the potential to prevent reinforcement and resupply of our NATO forces from the gulf ports. There are more tanks in the Iraqi Army than in the U.S. Army, believe it or not.

Even with the increase proposed by the Budget Committee, spending for defense will hold steady as a proportion of total Federal spending and will continue to decline as a proportion of GNP, to about half the level of the 1950's and early 1960's, when the threat to U.S. security was much less severe than it is today.

Clearly, more needs to be done, and it needs to be done quickly in my opinion.

Mr. President, at the proper time, I intend to continue to discuss the Nation's defense preparedness in the context of budgetary proposals that are presented.

The PRESIDING OFFICER (Mr. MATSUNAGA). The Senator from Iowa.

Mr. JEPSEN. Mr. President, I feel it is my duty to oppose the nomination of William Lubbers to the National Labor Relations Board. I am disappointed with the President's choice but am encouraged by what I feel will be the vindication of my position by the Members of this body. As a preface to my remarks this afternoon, I would like to cite an article by James J. Kilpatrick which appeared in the February 12, 1980, Washington Star.

Mr. Kilpatrick wrote:

> AN UNFORTUNATE APPOINTMENT
>
> As a working proposition, every president ought to have wide latitude in his nominations to public bodies. A president's appointive power is part of the intricate assembly of springs, pendulums and counterweights that makes our system go, and Congress ought not to jam the works without compelling reason.
>
> But there are times when the Senate's corollary power to advise and consent ought to be negatively invoked. Such an occasion is at hand in the president's nomination of William A. Lubbers for a full four-year term as general counsel of the National Labor Relations Board. If the president will not with draw this regrettable appointment, the Senate should reject it decisively.
>
> For three reasons. The first has to do with the urgent need to restore confidence in government; the second has to do with the nature of the general counsel's power; the third goes to the alternatives available to the White House.
>
> There may have been a time—in Grant's administration, perhaps—when public confidence in government was lower than it is now. The polls do not go back that far. But not in my lifetime can I recall a period in which distrust of government, and especially of the federal government, was deeper or more pervasive. This alienation didn't begin with Watergate, but Watergate made it worse. And such recent depressing incidents as the purported bribery of half a dozen members of Congress add to the poisonous cloud.
>
> Into this miasma comes the nomination of Mr. Lubbers to the most powerful position in the whole of the executive branch. Search the executive agencies as you will, you will not find any position to compare with general counsel of the NLRB. He alone commands unreviewable discretion for his acts. If the general counsel agrees to hear a complaint of unfair labor practices, the complaint will be heard. If he refuses, that's it. Goodbye. *Finis*. His refusal cannot be appealed to the NLRB. It cannot be appealed to the federal courts.
>
> For these reasons, Congress went to great pains to make to make the general counsel absolutely independent of the board. The position demands a person who not only is independent, but also appears to be independent. Mr. Lubbers simply is not such a person. For 17 years, more or less, he has been the protege, confidant, top assistant and guiding hand to NLRB Chairman John Fanning. Within the community of business and labor, he is universally perceived as "Fanning's man." The two are as close as shirt and pocket or ring and finger, and that is where Mr. Lubbers commonly is thought to be—in the chairman's pocket, or tied to his finger.
>
> Mr. Lubbers of course has asserted his independence of his mentor and longtime boss, but his first major decision since his temporary appointment in December has set off bells of alarm. As general counsel, he appears effectively to have reversed a longstanding rule protecting the right of an individual union member to resign from his union during a strike. The effect is to put union solidarity ahead of individual freedom. Such obeisance to the great unions accords perfectly with the Fanning view.
>
> A president who has enjoyed the support of organized labor, and hungers for such support again this year, surely is entitled to appoint someone with a union background as general counsel. The business community, headed by the U.S. Chamber of Commerce, accepts this reality.
>
> Before Mr. Carter nominated Mr. Lubbers, the White House had leaked the names of two others under consideration—Carl Frenkel, associate general counsel for the Steelworkers Union, and Arthur Goldberg, general counsel of the Textile Workers Union. Either one of them would have the confidence of both labor and management. Curtis Mack, regional NLRB director in Atlanta, is another acceptable possibility.

Mr. President, I am in complete sympathy with the thoughts expressed in the Kilpatrick article. While every President should have the right to staff his administration, a position requiring the exercise of independent, unbiased judgment ought not to be filled by a partisan—I emphasize, by a partisan.

As a result, I have opposed a nomination by this administration for the D.C. Circuit Court of Appeals because I felt that the candidate in question did not have the unbiased objectivity and the judicial temperament to administer justice impartially.

I opposed the President's nominee to a Republican seat on the Federal Election Commission. In that case, I felt that the President, by appointing a highly partisan and liberal nominee to a Republican seat, would upset the delicate balance of competing interests which the Federal Election Commission was intended to reflect. In that case, the continuing viability of the Federal election process, together with its impartial administration, was at stake. And I believe that votes in the Commission subsequent to the confirmation of that nomination have reflected a partisan and political nature which has confirmed my worst suspicions.

I opposed the President's nominee to the Consumer Cooperative Bank Board. In that case, Congress had created a special lending institution, ostensibly to provide the same sorts of financial services for consumer cooperatives as the Federal Reserve Board and the Federal Home Loan Bank Board provide in the case of banks and savings and loan institutions. When the nominees for that

Board were made known, it was apparent that the Carter administration had chose instead to pack the Consumer Cooperative Bank Board with a radical priest, an antiwar activist, a liberal Social Services Administrator, and others with something less than an abundance of financial expertise. As a result, I voted not to confirm radical activist Sam Brown to the Board. Brown had lacked sufficient management skill to avert a scandal in his own agency. He had used the ACTION program to channel funds to unlawful, radically oriented causes. He had failed to keep adequate accounts of ACTION's financial transactions. And he had just been punished by the Congress for his poor stewardship by placing the Peace Corps beyond his day-to-day administrative purview. Yet, the administration felt that Brown was fully qualified for the administration of additional hundreds of millions of dollars. And I voted against that nomination.

So, Mr. President, the Lubbers nomination is just another in a series of attempts to place biased partisans in pivotal positions supposedly involving the exercise of independent judgment. This, too, I will oppose.

I am sure I share the concern and frustration everyone feels with the way things are going in this country. Just look around. Inflation is eating our paychecks alive. It has gotten to the point that people do not dream of getting ahead anymore; they worry about falling behind. Energy has become a great, big, maddening headache.

Inflation and energy have us so disgusted that we have almost forgotten our high taxes. Taxes remain the single largest expense for a typical family, and it keeps getting worse. When we get a pay increase, the Internal Revenue Service makes you pay in a higher tax bracket. In most cases, your real aftertax income actually goes down. Meanwhile, the Government gets a windfall profit of extra taxes from your pay increase. The present tax system actually amounts to a penalty for getting a cost-of-living raise.

Energy, inflation, and taxes: This triple threat to our way of life has us worried, angry, confused. We want somebody to do something about it, but who is it going to be? It is hard to have faith in the Government to solve these problems, because the Government had a lot to do with causing them. At the same time, it is hard for people to see how they can do much by themselves, either.

It is easy to feel and talk that way; but, then, any critic can kill a play, but very few critics ever wrote one.

In my State of Iowa, we say, "Any old horse can kick a house down, but it takes a carpenter to build one."

It seems to me that we already have had too much blaming and too much finger pointing. That is not the spirit we need. That is not the America I knew and dreamed about as a boy.

I start asking myself, "Where is the American dream? Does anybody still believe, and hope, and pray, and try to make America work?"

The answer is obvious. I believe they do. Of course, they do. The American people still believe in the American dream, just as they always did.

It would be completely wrong and out of place for me to stand here and waste time complaining.

Deep within the recesses of the American heart there is a longing and desire for commitment to make America work. We need leadership that will inspire our people to commit themselves to excellence and character and to accept the responsibilities that are necessary for a free people.

This is not a time for rancor; it is a time for resolution. This is not a time for pushing and shoving to get our own way. It is a time for pulling together and sharing the load. In fact, if we do not pull together soon in this country, we may soon pull this country apart. It is time to stop arguing about how we got into this mess and to start working our way out. It is time to stop fixing blame and to start fixing the country.

We cannot sit around and wait for Washington to do it, either. Government never has, never could, never was meant to, and never will create anything. Before Government can provide, it must first take away. If anything is going to get done in this country, it is the people who will do it. Our national strength and our national genius comes from our people. The more we do for ourselves, and the sooner we get to doing it, the better off we will be.

Now that we understand this, let me tell you about some things we do not have to worry about. Please join me in listening to some good things about America.

Dwight Eisenhower recognized the importance of what we are about to do. Just before sending hundreds of thousands of men into deadly combat on the beaches of France, he went among the troops to let them know his respect for them. He was widely quoted as saying, "The great thing about my job is getting to shake the hands of a lot of brave men." He did not need to dwell on the dangers that lay ahead. Both he and his troops knew those well enough. But they took some time to recognize good things about themselves and to share some mutual respect. Then the battle went forward to a successful conclusion.

We need to do this today, too. We need to reflect on and recognize the good things we share—not to ignore the challenges and struggles we face but rather to keep our perspective on who we really are and sharpen our will to win.

We are a nation of strong-willed individuals. Our ancestors all dared personal disaster to build a new life here. Our tendency to look out for ourselves was bred into us generations ago.

We are a rich nation, richly endowed with opportunity and blessed with people willing to work hard to make their dreams come true. We are a compassionate nation. We take care of the sick and unfortunate ones among us. We are free and independent, thriving under the oldest written constitution in the world still in force. Our people have more freedom than any other place on Earth, and everybody else knows it. Read the papers. Right at this moment, thousands of people are literally risking their lives to get here. America is still the favorite destination of the world's refugees.

We educate children for free. You can go to church freely without having to look over your shoulder. You are free to make the best use of your life as you see fit. There is not another place in the world where people can work to become what they want to become with any more success than this country.

And I am here to tell you it is about time for people in government, whether elected or appointed, to wake up and smell the coffee. Because the fact is that, in this country, we derive our power from the bottom up, not the top down. The people are what made this country great. You can trust Americans. Tell them the truth, give them the facts, then listen to them. The American people will make the right decision—right for themselves, and right for the country. Americans know, deep down inside, that they can make this country into whatever they want, if they want it badly enough.

Contrary to what the President said recently, Americans do not lack confidence. Well, a crisis of confidence in Washington, D.C., maybe. But a crisis in confidence in themselves and the greatness of this country? No. No way.

Look what happened in California in 1978. One man, with an idea, went to work. And he talked to his friends and neighbors, and got them working, too. And pretty soon, they were circulating a petition, and all the experts said "Well look at that. It will never happen." But those hard-working people believed in what they were doing, and they got their petition and they got millions of signatures on it and they got the petition on a ballot. And it was called proposition 13. Then they went to work even harder, and again all the experts and some of the social mechanics like Fonda, Hayden, and Brown, were all saying they are demagogs, it cannot be done, garbage is going to pile up in the yard, schools are going to close, fire stations and police departments will close down—catastrophe. It cannot be done.

But then you remember what happened when election day came along. Seventy percent of the people voted to cut their taxes. And it started with one man. In fact, the Governor of California, who was calling them demagogs right up until the point of about 10:30 in the evening on the night of the election, until he looked up at the board and saw that proposition 13 was passing by about 72 percent, to be exact, immediately called a press conference and to listen to him for the next 10 minutes or so you thought he invented it.

When he was asked a question, "How can you reverse your position, Governor? You were calling people who were supporting this demagog as late as an hour ago."

And the Governor very truthfully said: "When you are a general and you are leading your troops and you turn around and you see your troops going the other way you must run around and get ahead of them."

Yet no matter whether you agree with proposition 13 or not, it is still an example of what can happen in this country.

It kind of reminds me of the poem, "One Man Awake." It goes like this:

One man awake can waken another.
The second can waken his next-door brother.
The three awake can arouse the town
By turning the whole place upsidedown.
And the many awake finally make such a fuss
They waken the rest of us.
One man up with dawn in his eyes multiplies.

The dawn is coming. But while it is yet dark we have to start moving. We are energy weak, but we have the resources and the know-how, and the wherewithal to become energy-strong, if we will only turn our great national potential loose. We are oppressed by inflation, but we know the answer to that, too. We must produce, and produce, and then produce some more. America's great, productive engine can pull us out of inflation, if we will help it.

Our taxes remain high, but we are hearing new voices in Congress and seeing new faces. You will see a lot more new faces next year. We will stop the excessive government spending that feeds inflation. We will reduce taxes, and gradually get the Government out of our private lives, off our backs and out of our pocketbooks. We have to wake up and realize that we are all in this country together. We have to meet our challenges like we welcome the bright morning of a great, new day. We are not quitters in this country. We never give up. In times of adversity we reach down deep inside ourselves and find strength. We do our bit, then help the person next to us do his.

And if we can get that kind of spirit, that gristle and that grit going in America again there is no stopping us.

We have done it before. Let us do it again. Let us talk about energy. The energy crisis is real. But we can all do something about it. We can use less. The speed limit, carpooling the thermostat settings—it will all help. You do your bit, I will do mine, and let us make sure our neighbors do theirs, too. But do it in a spirit of sharing, not shoving.

It will be a lot more fun that way and besides it will be more effective.

We can do whatever we set our national mind to do. Let us develop every one of our rich energy resources on this North American continent. Let us do what we have to do to make nuclear energy safe, so we can continue using it. Let us get going on gasohol, coal conversion, solar power, wind power, and synthetic fuel.

In the 5 to 10 years it will take to get those energy sources to meaningful size, let us use our abundant oil and gas supplies here at home. Let us give the energy experts the green light to go out there and bring in more petroleum. Let us untangle the web of governmental price-fixing and artificial allocations that create shortages. Let's get off the pointless kick of kicking the oil companies. We should be glad we have them. The oil companies are the only organizations which can move fast enough to get this country over the energy hump. I say let us get them moving before it is too late.

And let us forge new relationships with Canada and Mexico, so North America as a continent can enjoy full energy independence.

Inflation and high taxes are twin symptoms of the same problem: too much Government spending. The Federal deficit is not the only cause of inflation, but it is the most significant one. It will take hard work and common sense to balance the budget, but that is what we have to do, especially those of us in Congress who recognize the importance of a sound economy.

We do not need to wait 10 years for some type of sunset legislation to finally take place. We do not need to start pointing the finger and saying that all of these expenses that we have are built in and we just cannot do anything about it.

Article I, section VIII of the Constitution empowers, among other things, the Congress to levy taxes and appropriate funds.

And that is all the sunset legislation we need to get things under control. The sun sets once each and every year on the budget of the United States of America.

We have to put the brakes on the runaway regulators in the Federal bureaucracy. Excess regulations take money from our pockets in two ways: higher taxes, and higher prices.

I share the concern for clean air, clean water, healthy and safe working conditions with every one of my colleagues in the Senate and every American that I know. But there is a difference, for example, in EPA meaning Environmental Production Agency and EPA meaning end productivity altogether.

And that is what it has been grown to be recognized as in the real world and in the American private sector and the economy that pays the taxes that keeps this Government engine back here in Washington pumping.

Surely, we can live with less regulations. You can do something about this, too, and be amazed how effective it would be if people started seriously talking about this subject.

I wish to close with these thoughts, Mr. President.

First, as a Nation and as individuals we have some real problems. There is no denying that. But we have the know-how to solve these problems and we will solve them because they give us good reason to revive the fighting spirit that makes our Nation so great.

As William James said, "the world is all the better for having the devil in it so long as we keep our foot upon his neck."

Second, we have to stop pointing our fingers and fixing blame and start working together. We have to give of ourselves if we are to receive from our neighbors. As John Gardner said, "When people are serving life is no longer meaningless."

And third and last, we need each other. America needs all of us. She needs our productivity. She needs our commitment to create the future. She needs our faith.

As Paul wrote to the Corinthians 19 centuries ago, "Arise, therefore, and be doing, and the Lord be with you."

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair will remind the Senator that the Senate is in executive session.

Mr. THURMOND. Mr. President, I ask unanimous consent that the Senate return to legislative session so I may introduce a bill.

Mr. ROBERT C. BYRD. I will object, but I will not object if the Senator asks unanimous consent that he may introduce a bill as if in legislative session.

Mr. THURMOND. Mr. President, I so request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

(The remarks of Mr. THURMOND at this point in connection with the introduction of legislation are printed under routine morning business in today's RECORD.)

(Mr. TSONGAS assumed the chair.)

Mr. THURMOND. Mr. President, when I spoke this morning on the pending nomination, I discussed the Taft-Hartley Act and the provisions of that act providing for the appointment of a General Counsel to the NLRB. I should like now to take up the Taft-Hartley Act in more detail and analyze some provisions in this piece of legislation.

### II. TAFT-HARTLEY ACT

It was not until 1947 that Congress passed the Taft-Hartley Act, 29 U.S.C. section 153(d). Section 3(d) of that act created the General Counsel's office and thereby established a formal separation of functions for unfair labor practice cases. During congressional debates both proponents and opponents of the idea of a separate official to bring complaints concentrated their attention on whether the existing internal separation of functions adequately protected the due process rights of parties before the Board.

In creating the office of general counsel of the Board, Congress was attempting both to remedy the often-repeated complaint that the Board acted as grand jury, prosecutor, judge, and jury, and to free the Board of its administrative duties in order that it might have more time to give to its function of deciding cases (Conference Report, pp. 37, 38). Before providing for such separation, committees in both Houses of Congress gave consideration to a more complete separation. Bills which would have vested the prosecuting function of the agency in the Department of Justice or

Labor, or in a newly created separate agency, were considered.

An examination of the hearings and reports by both Houses serves to show that a separation of functions within the NLRB was a tantamount consideration. Bills emerging from the House and Senate committee differed with respect to what form separation of the General Counsel from the Board should take. A conference committee of both Houses eventually produced the Hartley bill. This final bill was substantially the same bill as presented to the House.

### A. LEGISLATIVE ACTION IN THE SENATE

Testimony given before the Senate Committee on Labor and Public Welfare in February and March of 1947 made it abundantly clear that the committee would have to consider the separation of judicial and prosecutorial functions in the NLRB.

The manner in which this separation was to be accomplished included the suggestion that the U.S. Attorney General be responsible for bringing cases before the Board or directly before the district court or court of appeals or even before a separate labor tribunal.

The following statements by Senator Morse, by Mr. Raymond Smethurst, and by Hon. Francis Case are examples of such considerations:

(Mr. G. L. Patterson, General Counsel, United Rubber, Cork, Linoleum and Plastic Workers of America, CIO, Senator Robert A. Taft, presiding, "Hearings Before the Committee on Labor and Public Welfare," Thursday, February 27, 1947.)

Senator MORSE. I imagine this is one of the types of things that Senator Taft had in mind, where you have a trial examiner and he takes the evidence and then makes, perhaps, his decision on that evidence. Now, that is a judicial function, and that ought to be his decision, the decision of the trial examiner.

But, I think the record will show what happens to that decision. Before he releases it, that decision is sent back to Washington, and the officials of the Board or one of the officials goes over it. He goes over that decision with the view in mind of seeing how it may need to be modified in order to protect the Board, possibly, in a subsequent appeal to the courts, and suggestions are made here and there for the rewriting of that decision.

Now, that does challenge my conception of sound judicial process. I think that is unfortunate, because I believe that the fellow in the field is the man who knows what cards are in the deck, and that ought to be his decision and the Board should stand or fall on the decision made in the field, and I believe it should not be doctored up in Washington and perhaps even reversed all with an eve to how it might test up in court.

I do not like that; never have. I have been critical of that, and I have so said to the members of the Board in years past, and I think we should remove the Board from that type of an attack, we should try to see if we cannot so arrange it that the judicial functions of the Board are not in any way encroached upon by the administrative or prosecuting functions of the Board.

I think that can be done without having to transfer the quasi-judicial functions of the Board into the Department of Justice or into the court system.

Mr. PATTERSON. I think, Senator, that following the break-down of functions such as S. 360 contemplates would destroy the Board, make it an ineffective administrative agency.

Senator MORSE. I am trying to separate those functions and still keep from doing it by transferring the judicial functions to the Department of Justice.

Of course, this idea of having administrative directors, there is nothing new about that, it was quite common.

Mr. PATTERSON. I was going to inquire whether a similar idea prevails in the Federal Trade Commission or in the Interstate Commerce Commission, or some other comparable administrative agency. I don't know.

Senator MORSE. Not in that exact form, but you will find it in both of those agencies. However, the administrative functions are kept much more separate and distinct from the work of the Commissions themselves than is the case in the NLRB.

(Raymond S. Smethurst, Counsel, National Association of Manufacturers, Senator Robert A. Taft, Presiding, "Hearings Before the Committee on Labor and Public Welfare," Part 4, Wednesday, March 5, 1947.)

Mr. SMETHURST. There is one final point with respect to the legislation that I would like to comment on briefly and that is on the amendments to the Wagner Act, and particularly the matter of administration.

S. 360 proposes the creation of a new labor division in the Department of Justice to take over the prosecuting functions of the National Labor Relations Board. There have been other proposals that the prosecuting or investigating function be transferred to the Department of Labor. It seems to me that the conditions we face today with reference to the National Labor Relations Act would suggest an even more thorough separation of the prosecuting from the judicial functions, and I would like to suggest that we follow the pattern of the Minnesota law and require all these unfair labor practice cases to be tried directly in the District Courts without the intervention of a National Labor Relations Board.

When the law was passed, there were reasons for setting up a public agency to enforce unfair labor practices. We will say the unions were not strong. They were not financially able to carry the cost of their own litigation.

Today, those arguments do not seem pertinent. So that, if the Wagner Act is balanced to provide for unfair labor practices by labor organizations, and giving the employer a remedy, giving the employees of the union a remedy against unfair labor practices by the employer, we believe both sides should be required to bear the expense of their own litigation, but trying these unfair labor practices not through the National Labor Relations Board but directly in the district courts.

That is roughly the pattern followed under the Minnesota law. And that the courts would be permitted to weigh the equities in these cases, and the decision based on the result of that weighing process.

That is all I have.

(Honorable Francis Case, Representative, South Dakota, Senator H. Alexander Smith, Presiding, "Hearings Before Committee on Labor Public Welfare," United States Senate, Part 2, Wednesday, February 12, 1947.)

Mr. CASE. Section 107 introduces a relatively new feature, and that is to give the Attorney General, along with the NLRB, the right, which the Board now has, to file complaints on unfair labor practices. We hear a good deal of discussion and we read a good deal about the undesirability of having the functions of investigator, prosecutor, and judge wrapped up in one organization, the National Labor Relations Board. To minimize that, or to reduce the objections to it, I have made two or three suggestions, and the first one is that the Attorney General should have, in the name of the Government, the right to file complaints of unfair labor practices. That would be designed to destroy the argument that sometimes the Board has a bias which inclines them to favor one side or the other.

Senator ELLENDER. Who would try that case?

Mr. CASE. In the first place, if it were a complaint, of course it would be before the National Labor Relations Board, but if it came to seeking an order to require restraint or something of that sort, the Attorney General could have the same right to go before a court as the National Labor Relations Board has.

Senator ELLENDER. There would be no change except to permit the Attorney General to prosecute, and it would have to be before the NLRB?

Mr. CASE. It would give the Attorney General the same right that the Board now has.

Senator ELLENDER. And it would have to go before the Board?

Mr. CASE. Not in the case of review. You can take decisions of the National Labor Relations Board before the court, or the National Labor Relations Board may apply for an order to require restraint. The Attorney General would have the same right.

Senator ELLENDER. But instead of the Board doing it, you confer that right on the Attorney General?

Mr. CASE. I would also leave it to the Board. The value of the suggestion it seems to me, is that it would provide for any situation where you felt the Board was recalcitrant or was inclined to favor one side or the other, that the Attorney General might have that right. I don't open that right up to the private employer there, but I do say that in the name of the Government if something reaches the high level of attention of the Attorney General of the United States, he should have that right. I am inclined to think, by such canvassing as I have made informally, that there would not be too much objection to that.

Senator SMITH. What you are really driving at is to separate the functions of prosecutor and judge. I am very much interested in that. I would like to ask you a question at this point.

I have been exploring, with Senator Ferguson, the possibility of labor courts paralleling our Federal court set-up. They would have jurisdiction over just two limited areas:

1. Interpretation of contracts already entered into, those contracts made in conformity with the labor laws.

2. Interpretation of labor laws.

It seems to me that sort of a set-up in our Federal structure would help to expedite labor cases and would be very desirable. Of course, they would have nothing to do with the writing of the contract itself or the matter of bargaining, but once the contract is made, the court would have jurisdiction in those two areas, interpretation of the contract and interpretation of what the language of the labor statutes means.

I am just raising that point now to see whether that would be in line with your thinking in separating the functions of prosecutor and judge, or whether we would be making progress if we set up such a court.

Mr. CASE. While I gave some consideration to that, Senator, I finally rejected it in my own mind, fearing that there again we were making our labor legislative picture too complex; that by creating a special system of courts we would have another agency and might have questions of conflicting jurisdiction. However, the point that you have a court for interpreting contracts, I think is very interesting, in view of the provision I have later in the bill, providing that in the case of jurisdictional disputes the District Court might be used to render declaratory judgment in accordance with the provisions in the Judicial Code at this time.

The inequity of having the Board act as prosecutor, judge, and jury was eloquently stated by Mr. Stephen Dunn during the same hearings in March of 1947.

(From Prepared Statement of Stephen F. Dunn, Partner in Firm of McCobb, Heaney & Dunn, Grand Rapids, Michigan, Senator Robert A. Taft, Presiding, "Hearings Before the Committee on Labor and Public Welfare," Part 3, Tuesday, March 4, 1947.)

### SEPARATING FUNCTIONS

The NLRB, has since its inception performed the duties of prosecutor, judge, and jury. The same body investigated, made a complaint, prepared the case, prosecuted it, and finally, after drawing inferences from the facts which it discovered and presented to itself, decided whether the employer was guilty or not. It is not surprising that charges of bias have been leveled so frequently against the Board and its agents.

It is contrary to our whole concept of judicial integrity to permit the prosecutor to sit in judgment upon the person whom he prosecutes. Certainly if in the first instance the prosecutor feels there is enough evidence to start prosecution, the victim's evidence is going to receive short shrift when the same prosecutor is to make a final decision on whether his judgment in the first instance was proper. The proposal made to set up a Labor Division in the Department of Justice provides an effective solution to the division-of-powers problem. The NLRB can then function as an administrative tribunal for the purpose of hearing and adjudicating disputed questions presented to it by disconnected agencies. The charges of unfairness and impropriety which now exist will be eliminated. In this way individual employers will regain equality under the law.

Mr. William McGrath's testimony included an appeal for a single administrator to act as prosecutor and a separate judicial agency for the hearing of unfair labor practice cases.

(William L. McGrath, President, Williamson Heater Co., Cincinnati, Ohio, Senator Robert A. Taft, Presiding, "Hearings Before the Committee on Labor and Public Welfare," Part 4, Friday, March 7, 1947.)

Mr. McGrath. One point remains which I think is worthy of special attention. I refer to the biased functioning of the NLRB. A field examiner employed by the Board investigates a charge against an employer, and upon his recommendation a regional director employed by the Board issues a complaint. Then a regional attorney employed by the Board presents the Board's case to a trial examiner employed by the Board, who finds for the Board in 90 percent of the cases. Gentlemen, this is not justice. I do not believe that you are going to get a fair and just administration of the Wagner Act out of that kind of a set-up. The time has surely come to separate the prosecuting from the judicial function of the Board. Therefore, I favor reducing the Board to a single member who will function as an administrator, and the establishment of a separate judicial agency for the hearing of these cases. You will find precedent for this in the Board of Tax Appeals, now The Tax Court, which functions independently of the Treasury Department.

A question which was raised several times during the hearings concerned the Administrative Procedure Act and why it appeared ineffective in dealing with the problem of separating functions of the NLRB. The following addresses this issue.

(Mr. Gerald D. Reilly, Attorney at Law, Washington, D.C., Senator Robert A. Taft, Presiding, "Hearings Before the Committee on Labor and Public Welfare" Part 4, Saturday, March 8, 1947.

Senator Morse. You are dealing with a point that bothers me. I have long thought that we ought to do something about separating functions in administrative tribunals. You propose to put the prosecuting functions and investigative functions of the National Labor Relations Board in the Department of Justice. The thing that disturbs me is that the administrative procedure we adopted last year in the Seventy-ninth Congress, after years of study, has been generally accepted by the legal profession of the country as a very good one. If we make an exception in the case of the National Labor Relations Board, then, we would be putting ourselves in the position of trying to avoid doing that in all other administrative functions. Would you do it with the Interstate Commerce Commission?

Mr. Reilly. The Administrative Procedure Act had little or no effect upon the procedure of the National Labor Relations Board.

There is a very interesting article by a member of the legal staff of the Board on the revised regulations under the Administrative Procedure Act in the American Bar Journal.

The chief impact of the Administrative Procedure Act was on agencies which have what is called rule-making power as distinguished from fact-finding power. The agencies which had power to hold hearing and make findings subject to judicial review were not very much affected. The Federal Trade Commission is kind of between the two. That agency does not have what is ordinarily called legislative power, but it has broad power to define an unfair trade practice in its complaints.

The National Labor Relations Board has a volume of cases running in the neighborhood of 10,000 a year. The Board members almost never pass upon a complaint before it is issued. That power is almost completely delegated to the staff. So, the Board, for practical purposes, does not perform any function itself except the judicial one. Nevertheless, it has the responsibility of the field staff, since it has the power of appointment over them. Congress holds the Board responsible for anything that happens in the field. A large part of the time of the members is spent in investigating charges about the field staff which have been brought to the Board's attention. But the more important kind of field supervision, which is the passing upon the complaints, is almost never done. There is not time for it.

Senator Morse. I was working on a proposal—I have not given it up yet—for setting up an administrative director within the Board's organization to handle so-called administrative and prosecution problems. Apparently, under the Administrative Procedures Act, the National Labor Relations Board was in about the best position of all the administrative tribunals as far as compliance is concerned. Few changes in the rules were really necessary to comply with the very type of procedure that the Seventy-ninth Congress thought we ought to adopt in these tribunals which, as I say, various bar committees worked on for years, and laid down as a model act. That has kind of shaken me a bit in my previously held view as to the desirability of setting up an administrative director.

I think in a speech you commented to the effect that after all, the procedure of the National Labor Relations Board was almost a model of virtue in this respect of separating these functions in its own organization.

Mr. Reilly. You are probably referring to a paper I read about 2 weeks ago at the Administrative Procedure Institute at New York University. In that paper I also pointed out, because of the explosive character of labor relations and the suspicion on the part of most litigants that there is collaboration between the prosecuting staff and the Board, that it would be much more desirable in the case of the Board if the functions were separated.

Mr. President, I understand we will probably adjourn in a few moments. I ask unanimous consent that I might be allowed to continue with this speech on another day without it counting as a second speech.

The PRESIDING OFFICER. Is there objection? If not, it is so ordered.

Mr. WILLIAMS. Mr. President, I would like to return to the nomination and address some points to the nomination and ask unanimous consent that this not be considered an extra or a second speech.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, it has always been my view that the opposition to this nomination was based upon very insubstantial grounds. Some observers have expressed the view that there must be some reason other than the merits of this nomination itself to explain the vehemance of this opposition.

One suggestion I have heard is that the opposition is based in part upon the desire of employer groups to obtain the appointment of one of several alternatives to Mr. Lubbers.

This might be true, but it certainly strikes me as inplausible in light of the names I have heard suggested. Two of the names I have heard are lawyers who actively represent labor unions in organizing drives. The fact that business interests would offer to support labor union lawyers for the position of General Counsel seems to me to destroy two of the arguments that are being used to oppose this nomination.

In the first place, it is totally incredible to suggest that appointment of a career civil servant would give the impression of partiality or lack of independence, while at the same time maintaining that appointment of a dedicated labor union lawyer would not create any such impression.

I fail to see how any reasonable management representative could have more skepticism about the impartiality of a career civil servant than about the impartiality of a labor union lawyer.

It may well be true that the labor lawyers whose names have been mentioned, as well as Mr. Lubbers, would honor their oaths of office and serve with impartiality and with proper regard for public policy, but management representatives can hardly maintain on the one hand that they are deeply concerned about the "appearance" that might be causd by the appointment of a career civil servant, while maintaining, on the other hand, that they would not have a similar concern about the "appearance" that would be caused by the appointment of a career labor union lawyer.

Employer support for these labor union lawyers also rebuts the position that this nomination is being opposed in part on the grounds of lack of administrative experience.

Mr. Lubber's career has given him a thorough familiarity with the functioning of the Labor Board.

This has included service for a year as the Board's Solicitor and for a year and one-half as the Board's executive secretary, both of which positions required that he oversee and coordinate the Board's activities, both internally, and as related to the General Counsel's Office. These activities make Mr. Lubbers extremely well qualified in terms of administrative experience for the position of General Counsel.

On the other hand, service as a labor union general counsel or associate general counsel is in no way comparable to service as General Counsel of the Labor Board. If there is any way to oppose Mr. Lubbers on the ground that his administrative experience, or lack thereof, and at the same time support a labor union general counsel using that criterion, it escapes me.

I conclude from all this that the suggestion that management representatives would support a labor union lawyer as an alternative to Lubbers is mere rhetoric. In fact, we are faced here with an attempt to veto the President's choice of Mr. Lubbers to be General Counsel of the NLRB.

Mr. President, earlier today I read from the RECORD the observations of the late George Meany, president of the AFL–CIO, when he opposed a man to be Chairman of the National Labor Relations Board.

He was very, very, very forthright with his opinion why this man should not be confirmed—his name was Edward Miller—as a member of the Board, when he said that he is an employer's lawyer, and that for that reason he would recommend that we not confirm Mr. Miller for that position.

I mentioned that in our processes in the committee and on the floor, Mr. Miller was examined for his competence and ability, his character and integrity, and even though he came from that background the committee and the Senate confirmed Mr. Miller.

It is very interesting to observe that there is a consistency in the positions taken by the AFL–CIO. They have never advanced anyone from their organization for any of these posts. Mr. Meany did not want someone with a background as an employer's lawyer to be on the Board, and Mr. Meany's organization has never advanced anybody who was a union lawyer for these positions. It is passing strange to me that the business people have chosen to support, in letters, two union lawyers who have been very, very active in organizational drives.

I ended up by saying it seemed to me it was rhetoric. The fact of the matter is it does not in any way bear upon the business before us—an analysis of Mr. William Lubbers and his ability to perform the duties of General Counsel. His record of 27 years over there is all we need, in my judgment, to be confident that that very, very important post will be expertly filled by Mr. Lubbers as General Counsel.

I would like to close this part of my discussion by reading from our hearing record on this nomination and referring back again to Frank McCulloch, who is a former Chairman of the National Labor Relations Board, when he said, on page 121 of our hearings:

> I am aware of the opposition to Mr. Lubbers' nomination. I am aware also of the allegations advanced to support that opposition. I think I can be most helpful to the committee if I direct myself specifically to those allegations. Essentially, they fall into two general categories:
>
> The first category is because Mr. Lubbers worked basically on the Board, on the judicial side, he lacks the exposure and the experience necessary to fulfill the prosecutorial functions of a General Counsel. I believe such an allegation can be based only on a gross misunderstanding of what a legal assistant or staff assistant to the Board really does in the area of unfair labor practices.
>
> The bulk of that work consists of reading and reviewing transcripts of hotly litigated, unfair labor practice cases and the resolutions of challenges raised by the respective parties not only to the merits of positions taken but to the procedure, the trial strategy and the trial tactics. Now, that is a front-row seat to watch legal experts at work and sometimes lawyers who are not quite so expert.
>
> I know of no better way to learn the procedures or the techniques as well as the pitfalls of litigational strategy than the kind of work that Mr. Lubbers has done for years. Only the very oldest and most active practitioners in the labor field could have as much experience.

That is another point that should be clear and clarified again, the background Mr. Lubbers would bring to this position.

I would also like to include some material from the biography of Peter Nash who went into this position. He was Solicitor in the Department of Labor. His background was varied and not as specialized as Mr. Lubbers' background. Yet he made it through this nomination procedure we are now in with Lubbers. He went to this position and did it as the appointment of a Republican President confirmed by a Senate which was Democratic in its majority. I point this out and will include it in the RECORD to show that this was no drawback even though the background of experience was not nearly as reliable as a means of making an early judgment about his knowledge, background, and ability for this job.

Mr. President, I ask unanimous consent that this excerpt from Mr. Nash's biography be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

### BIOGRAPHY OF PETER G. NASH, SOLICITOR DESIGNATE, DEPARTMENT OF LABOR

Peter G. Nash was nominated as Solicitor of Labor by President Nixon on June 24, 1970.

At the time of his nomination, he had served as Associate Solicitor for Labor Relations and Civil Rights, U.S. Department of Labor, since September 1969.

Mr. Nash served as confidential assistant to the Appellate Division of the New York State Supreme Court in 1962 and 1963. He was admitted to practice before the Supreme Court of the United States in 1968.

Mr. Nash for a time was an instructor in labor law at the Rochester (N.Y.) Institute of Technology. In 1963, he became associated with the Rochester firm of Wiser, Shaw, et al., as a labor-management relations attorney and in 1967 became the firm's youngest partner.

His labor law experience has included activity in the following areas: Collective bargaining, arbitration, Fair Labor Standards Act, equal employment opportunity (union organizing and recognition, National and New York State Labor Relations Boards (representation and unfair labor practice cases), injunction proceedings, public employment relations and representation matters involving universities, colleges, hospitals and nursing homes.

Born on January 4, 1937, in Newark, New York, Mr. Nash is a 1959 Phi Beta Kappa graduate of Colgate University and a Root-Tilden Scholar and Order of the Coif graduate of New York University Law School, Class of 1962. He was fifth in his class at Colgate and sixth at NYU. He is a member of the New York Bar Association, the American Bar Association and the Federal Bar Association.

Mr. Nash is a former president of the Rochester Junior Chamber of Commerce, which is the second largest Jaycee local in the world. He also served as its legal counsel and executive vice president and on its board of directors.

He has served in numerous public and professional capacities since completing school, including membership on the Labor Law Committee of the New York State Bar Association, the Labor Law Section of the American Bar Association, the Colgate Alumni Club of Rochester (Chairman, Student Selection Committee; and Chairman, Alumni Fund Drive), National Colgate Alumni Council, National Colgate Alumni Corp. (Director); and National Panel of Arbitrators of the American Arbitration Association.

He and his wife, the former Diane Engleson of Williamson, N.Y., were married in 1961. They have two daughters, Kimberly, 5, and Tamara, 1, and live in Potomac, Maryland.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. STEWART). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## HAPPY CENTENNIAL TO BENSON, ARIZ.

Mr. DECONCINI. Mr. President, on Saturday, March 22, I had the privilege and pleasure of participating in the centennial celebration of the community of Benson, Ariz. Benson is nestled in the fertile valley of the San Pedro River in southeastern Arizona, and all my experiences with this community of about 4,200 people have been distinctly enjoyable.

Benson was settled and incorporated in 1880 at the rail junction on the Southern Pacific line to Tombstone, which was experiencing its famous silver boom. While the Clanton Gang, the Earp brothers, and Doc Holliday were filling the pages of history, Benson was becoming a rail hub rivaling its much older neighbor, Tucson. The Sonoran Railroad, a major United States-Mexico route for years, ran from Guaymas, Sonora, and terminated in Benson. The old El Paso and Southwest Railroad's main line ran from Benson to Phoenix. Because of the steep grades on either side of Benson, extra locomotives were stored in a roundhouse and used to help power exceptionally long trains up the valley's steep hills.

By the early 1900's, much of the rail traffic had dwindled and Benson was finding a new identity as a farming and ranching community. Cattle ranches flourished, and easterners who settled in Cochise County soon recognized how productive the farmland in the San Pedro Valley could be. To this day, newcomers to the area are amazed to see a functioning artesian well: driving a 4-inch pipe into the ground, in what seems to be arid desert, produces a gushing flow of clear, delicious water.

Benson's primary industry again became mining-related in 1920 when Apache Co. was established. The Apache plant, located 8 miles south of town, is the Nation's largest single explosives manufacturing facility. It produces the vast majority of the explosives needed to mine Arizona's copper, a commodity in which our State leads the Nation in production.

Benson's proximity to the Army base of Fort Huachuca provides an economic boost, and the town today is anticipating rapid growth because it is a mere 35 miles from the new industrial development taking place in southeast Tucson. The San Pedro Valley remains one of Arizona's most productive agricultural areas.

Mr. President, Benson's centennial celebration last weekend was a particularly fulfilling experience for me. The townspeople of Benson were exuberant with a solidarity and pride that I believe exemplify the important contributions that small towns have made to American culture. I hope my colleagues will join me in wishing Benson a next 100 years as rich and profitable as its first.

## JACK J. SARVER

Mr. DECONCINI. Mr. President, I take this opportunity to extend my condolences to Irene Sarver and her family on the death of her husband, Jack J. Sarver. Jack Sarver had many friends in the U.S. Senate and was an extraordinary man, with an unbounded energy that he would use for people and causes in which he believed.

Jack was very active in the areas of business, religion, and government. His involvement in these fields spanned both the local and national scene.

He was a self-made man of humble origins. In Michigan, he turned his family business around and into a successful automotive supply and appliance business. He used this experience as a springboard into the hotel business that brought him to Tucson, Ariz.

Jack was a very successful businessman and he helped improve Tucson. He built one of the city's first large motels on the interstate highway—the Howard Johnson Lodge and the Plaza International Hotel were owned by him. He also co-owned the Redondo Towers Apartment Complex in downtown Tucson. The successful business ventures extended to the American Savings and Loan Association, of which he was president and chairman of the board.

Where a normal man's activities would stop, Jack J. Sarver's began. He contributed his enormous talents to his Jewish faith. Jack headed drives for the Combined Jewish Appeal and was named Jewish Man of the Year in 1966. Jack, along with his beloved wife, Irene, founded the Gary J. Sarver Counseling Center, which is named after their late son, and was recently dedicated this February.

Jack's ability extended still further into the area of government. His profession led him to the position of heading the Development Authority of Tucson's Economy. Jack was involved in government politics for many years. This included fundraising, campaign management, and adviser to candidates for mayor and city council of Tucson, who, he felt, would help make Tucson a better place to live, as well as candidates for the Arizona legislature. His political work included his tireless efforts in my own campaign for the U.S. Senate, an effort for which I will always be indebted.

Jack was also active on a national scene in Washington as part of Senator Henry Jackson's 1976 Presidential campaign and he was recently named national finance cochairman of Senator Ted Kennedy's Presidential campaign.

Arizona, Tucson and I will sorely miss this gentleman who worked so hard and so relentlessly to make our community such a fine place to live and work.

It may be a long time before a man like Jack comes by our way again.

## THE PAGE SCHOOL BASKETBALL CHAMPIONS

Mr. DECONCINI. Mr. President, there are champions in our midst. Let us recognize the exploits of the U.S. Capitol Page School basketball team.

The pages recently ended their 19 to 2 season with a victory in the Jewish Day School invitational tournament. Their record is the best among Washington area independent schools.

Kent Meeks Caldwell, whom I had the privilege of appointing this session, was named most valuable player in the tournament. Palmer McLean and John Piland were also named to the all-tournament first team.

Considering the schedule the pages operate under and the fact that funds for practice facilities ran out in midseason, the success of this team is especially noteworthy. But when he was interviewed by the Washington Star for a recent article on the team, Kent, who averaged 23 points a game this season, explained that the pages "just try to fit basketball around our schedule."

Surely the success of this team, only the second championship team the Page School has ever had, is actually explained by simple outstanding effort by all members of the team, which also included Ruben Thomas, Dave Butch[illegible]e, John Harris, and Donna McNeilly, the only female player on a boys' varsity team in the Washington area.

Mr. President, I congratulate the Page School team and their coach, Joe McGrath, on their extraordinary season.

## THE RESEARCH REVITALIZATION ACT OF 1980

Mr. TSONGAS. Mr. President, on February 27 I introduced the Research Revitalization Act of 1980 (S. 2355), which would create a cost-effective mechanism to encourage research with practical applications in business and industry. It provides a nonrefundable credit for 25 percent of the amount contributed in cash to a tax-exempt research reserve, which finances research and development on university campuses.

Mr. President, I would like to make the terms of this proposed legislation available to my colleagues. I ask unanimous consent that the text of the Research Revitalization Act of 1980 be printed in the Record.

There being no objection, the text was ordered to be printed in the Record, as follows:

S. 2355

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act my be cited as the "Research Revitalization Act of 1980".

SEC. 2. TAX INCENTIVES FOR RESEARCH.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting after section 44C the following new section:

SEC. 44D. CONTRIBUTIONS TO RESERVE FOR RESEARCH BY INSTITUTIONS OF HIGHER EDUCATION.

"(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer engaged in a trade or business, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 25 percent of the amount contributed in cash during the taxable year by the taxpayer to the research reserve of the taxpayer.

"(b) MAXIMUM CREDIT.—The credit allowed by subsection (a) to the taxpayer for the taxable year shall not exceed an amount equal to 5 percent of the taxable income of the taxpayer for such year which is properly allocable to the taxpayer's trade or business. For purposes of the preceding sentence, taxable income shall be computed without regard to the deduction under subsection (c)(2).

"(C) RESEARCH RESERVE.—

"(1) EXEMPTION FROM TAX.—Any research reserve shall be exempt from taxation under this title except that such reserve shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organization).

"(2) DEDUCTION FOR PAYMENTS FROM RESERVE.—There shall be allowed as a deduction from the taxable year an amount equal to the aggregate qualified research expenses paid out of the research reserve of the taxpayer during the taxable year.

"(3) QUALIFIED RESEARCH EXPENSES.—For purposes of this section, the term 'qualified research expenses' means expenses for or experimentation within the meaning of section 174 to be performed by any institution of higher education.

"(4) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution described in section 1201(a) or 491(b) of the Higher Education Act of 1965 (as in effect on January 1, 1978).

"(5) DENIAL OF DOUBLE BENEFIT.—Any amount allowable as a deduction under this subsection shall not be allowed as a deduction under any other provision of this chapter.

"(d) SPECIAL RULES.—For purposes of this section.—

"(1) USE OF RESERVE AMOUNTS FOR OTHER THAN PAYMENT OF QUALIFIED RESEARCH EXPENSES.—

"(A) IN GENERAL.—If any amount in a research reserve is, during a taxable year, used for any purpose other than the payment of qualified research expenses—

"(i) an amount equal to the amount so used shall be included as taxable income (without regard to other income or deductions) to the taxpayer for the taxable year in which such use commences, and

"(ii) the liability of the taxpayer for the tax imposed by this chapter for such taxable year shall be increased by an amount equal to 300 percent of the amount so used.

"(B) Exception.—Subparagraph (A) shall not apply to any payment from any research reserve within 90 days after the last day prescribed by law (including extensions thereof) for filing the return of the tax imposed by this chapter for the taxable year if the amount of such payment is not more than the excess of—

"(i) the aggregate amount of contributions by the taxpayer to such reserve during the taxable year, over

"(ii) the maximum amount of contributions necessary to allow the taxpayer the maximum amount of credit allowable under subsection (a).

"(C) Excess contributions due to recomputations.—If, after the close of the 90th day under subparagraph (B), there is a recomputation of the maximum credit allowable to the taxpayer under subsection (b)(1) for a taxable year, subparagraph (A) shall not apply to any payment from any research reserve of the taxpayer if—

"(i) the amount of such payment does not exceed the sum of the excess described in subparagraph (B) with respect to such taxable year, plus the income on such excess,

"(ii) such recomputation was due to reasonable cause and not to willful neglect on the part of the taxpayer, and

"(iii) such payment is made at the time prescribed by regulations by the Secretary.

"(2) Contributions must be spent within 4 years.—

"(A) In general.—If any amount remains in a research reserve for more than 4 years after the date such amount was contributed to the reserve (or, in the case of income of the reserve, the date such income was received by the reserve)—

"(i) an amount equal to such amount shall be included as taxable income (without regard to other income or deductions) to the taxpayer for the taxable year in which the last day of the 4th year occurs, and

"(ii) the liability of the taxpayer for the tax imposed by this chapter shall be increased by an amount equal to 300 percent of the amount included in income under clause (i).

"(B) Certain amounts treated as paid.—For purposes of subparagraph (A), an amount shall not be treated as remaining in a research reserve on any day if there is a binding commitment on such day to pay such amount from such reserve not later than 1 year after such day. The preceding sentence shall not apply to any amount which is not paid from such reserve during such 1 year.

"(C) FIFO accounting required for certain purposes.—For purposes of determining whether an account has been held in the research reserve for more than 4 years, under regulations prescribed by the Secretary, the taxpayer shall allocate payments to contributions on a first-in first-out basis.

"(3) Unused research funds may be redeposited in reserve.—

"(A) In general.—Nothing in this section shall be construed to prevent amounts which have been paid from a research reserve and which have not been spent by the recipient from being returned to such reserve.

"(B) Returned amounts included in income.—Any such amount returned to the research reserve of the taxpayer during the taxable year shall be included in the income of the taxpayer for such year.

"(4) Application with other credits.—

"(A) In general.—The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this subpart having a lower number or letter designation than this section, other than credits allowable by sections 31, 39, and 43.

"(B) Tax imposed by chapter.—Any tax which is not treated under section 46(a)(4) as imposed by this chapter shall not be treated as imposed by this chapter for purposes of subparagraph (A).

"(e) Research Reserve Defined.—For purposes of this section, the term 'research reserve' means any trust—

"(1) which is created or organized under the laws of the United States or of any State (including the District of Columbia) for the taxpayer,

"(2) the exclusive purpose of which is the payment of qualified research expenses of the taxpayer,

"(3) contributions to which may be made only in cash,

"(4) no amount may be contributed to the trust in excess of the amount necessary to allow the taxpayer the maximum amount of credit allowable to the taxpayer under subsection (a),

"(5) the trustee of which is a bank (as defined in section 401(d)(1)), or any person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with such purpose, and

"(6) the assets of which will not be commingled with any other property other than in a common trust fund.

"(f) Regulations.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.".

(b) Technical Amendment.—Subsection (b) of section 6096 of such Code (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44C" and inserting in lieu thereof "44C, and 44D".

(c) Clerical Amendment.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 44C the following new item:

"Sec. 44D. Contributions to reserve for research by institutions of higher education.".

(d) Effective Date.—The amendments made by this section shall apply to contributions made after December 31, 1980.

## SENATOR KENNEDY ON MOFFITT-LETELIER

Mr. TSONGAS. Mr. President, Senator Kennedy asked me to submit for the Record his statement on the assassination of Orlando Letelier and Ronni Moffitt. I ask unanimous consent that the statement entitled, "Justice Foiled in Chile," be printed in the Record.

### Statement of Senator Kennedy

### JUSTICE FOILED IN CHILE

In September 1976 Orlando Letelier and Ronni Moffitt were assassinated in the heart of the nation's capital by agents of the Chilean police. This was no less than an act of political murder and international terrorism.

Since that tragic day, I pressed the Administration to ensure that all those responsible for this terrible assassination were brought to justice. Michael Moffitt, the widower of Ronni Moffitt, has written a moving and disturbing account of the events that followed. Mr. Moffitt's article, published in the February 3 St. Louis Post-Dispatch, details the repeated failures of the Carter Administration to obtain the cooperation of the Chilean government in punishing its secret police.

In May and October of last year I called on the Administration to take firm and vigorous action so that all would know this country would not condone international terrorism anywhere in the world—least of all on American soil.

The Administration failed to take such action. It undermined this nation's commitment to justice and against terrorism by invoking mild and ineffectual versions of some of the measures I called for. As Mr. Moffitt writes:

"Even as the case was pending before the Chilean supreme court, [U.S.] Ambassador Landau was giving public speeches discounting the possibility of a new deterioration in U.S.-Chile relations.

"The signal this sent to the Chileans was obvious: The Administration would continue to talk tough about the Letelier-Moffitt case, but any drastic sanctions had already been ruled out."

Mr. Moffitt continues:

"Carter's decision on sanctions against Chile, which the State Department called 'a strong reaffirmation of our determination to resist international terrorism,' consisted of removing eight persons out of 80 from the U.S. mission in Chile, a token aid cut in $6 million, a review of the status of the U.S. military advisory group in Chile and prohibiting new aid to Chile through two programs—neither of which have operated in Chile for years. . . .

"By any measure, the Carter Administration's response to this terrorist act—which was not committed in a distant capital but in Washington—was open to challenge as being weak. The actions let the Pinochet government off the hook and ensured that Contreras and the others would never stand trial either in the United States or in Chile.

"As one U.S. embassy official in Chile later admitted to the Washington Post: 'All right, we bluffed. They called our bluff and we lost.' "

This cavalier attitude toward international terrorism is another sorry example of the steady erosion of our foreign policy and our national credibility. We cannot continue to base our relations with other countries on admitted "bluffs" and empty threats. We must regain the confidence of our allies and the respect of our adversaries. We sacrifice both at our own risk.

I ask that Michael Moffitt's article, "Washington Bomb Plot: Justice Foiled," be printed in the Record.

The article follows:

[From the St. Louis Post-Dispatch, Feb. 3, 1980]

### Washington Bomb Plot: Justice Foiled

(By Michael Moffitt)

In the dingy basement beneath the U.S. District Courthouse in Washington, I followed Assistant U.S. Attorney E. Lawrence Barcella through several bolted doors. A uniformed bodyguard watched closely as Barcella flipped the combination lock on the last door.

Reaching inside an evidence drawer, he retrieved a ragged piece of metal smaller than a dime sealed in a plastic envelope. He said, looking almost embarrassed, "This is what killed your wife. I'll show you the pictures if you insist, but I have to warn you. They are absolutely ghastly."

I looked at them anyway. They were as devastating as the scene on Sept. 21, 1976 in the heart of Washington's Embassy Row when a bomb attached to Orlando Letelier's

Chevelle erupted through the floorboards killing him and my wife, Ronni. Orlando Letelier, 45, a former ambassador of the Allende government of Chile to the United States, died instantly, cut in half by the force of the bomb.

Seated in the back seat, I escaped the full impact of the explosion, but Ronni did not. The last time I saw her alive, she was lying on her back, her face blackened by the explosion. The carotid artery in her neck had been pierced by a small piece of metal from the body of the car. She choked from bleeding. She was 25.

Two years later, a Washington grand jury indicted the head of DINA, the secret police of the military dictatorship of Chile and seven other men for murdering Orlando Letelier and Ronni Moffitt. In February 1979, two Cuban exiles working for DINA received light sentences for their role in the murders, a third was convicted of perjury and two others are still fugitives from the FBI.

For describing the anatomy of the crime, an American bomb specialist working for DINA plea bargained for a sentence of less than 10 years. Despite this, the case of the Letelier-Moffitt murders has not been resolved to the satisfaction of federal investigators, leading members of Congress, or the families of the victims.

The men who instigated the plot to murder Orlando Letelier and Ronni Moffitt, including a former close confidant of Chilean dictator Augusto Pinochet, are free in Chile.

Orlando Letelier had been in the news a lot in 1976. As one of the leading exiled Chilean politicians, he was fighting to restore democracy to his country. Letelier had served as ambassador to the United States, foreign minister and defense minister in the elected left-wing government of President Salvador Allende.

On Sept. 11, 1973, the Allende government was overthrown in a military coup in which 30,000 were killed and thousands more imprisoned, tortured and exiled. The coup was the culmination of a three-year campaign, financed in part by the Central Intelligence Agency, to get rid of Allende's government.

Allende was murdered in the presidential palace on the morning of the coup. The man who seized power that day, Army Gen. Augusto Pinochet, had served under Letelier in the Defense Ministry. Letelier was imprisoned for a year until he was released at the behest of the government of Venezuela. A senior officer at the military detention center told Letelier: "We are setting you free, but let me remind you that General Pinochet will not tolerate actions against his government."

Letelier's stubborn unwillingness to be intimidated eventually cost him his life. After his release from prison, Letelier became director of international studies at the Institute for Policy Studies, where my wife and I were employed. Letelier, the acknowledged leader of Chilean exiles in North America, was working to cut off the support that President Gerald R. Ford and Secretary of State Henry Kissinger were giving the Chilean dictatorship.

In February 1976, Letelier had lobbied successfully against a $60 billion Dutch investment in Chile and persuaded Dutch trade unions to boycott Chilean products. In March he encouraged three U.S. representatives, Tom Harkin (D-Iowa), Toby Moffett (D-Conn.) and Rep. George Miller (D-Calif.), to visit Chile.

All were deeply impressed by the trip and in June, Rep. Harkin and Sen. Edward Kennedy (D-Mass.) led the fight in Congress to eliminate most economic and military assistance to Chile. His credibility enhanced, Letelier began discussions with the Chilean Christian Democratic Party about realistic alternatives for post-Pinochet Chile.

Pinochet, his intelligence operatives scattered over at least three continents, saw Letelier's name crop up with increasing frequency. Letelier's role in blocking the Dutch investment, his contacts with leading liberal members of the U.S. Congress and reports that he was confiding with the Christian Democrats—Chile's leading moderate party—apparently confirmed Pinochet's fears that Letelier was the focal point of an international movement to destroy his regime.

Immediately after the coup, Pinochet organized DINA to crush dissent at home and abroad. So in late June 1976, Michael Vernon Townley, an American expatriate working for DINA, was ordered to meet Col. Pedro Espinoza, DINA's director of operations, regarding a mission outside Chile.

Espinoza told Townley to travel to Washington to murder Orlando Letelier. If he accepted the mission, Townley was told, he would work with Capt. Armando Fernandez, a young army officer working for DINA. Espinoza said he preferred that the operation look like an accident and that Townley be back in Chile when Leteliar died. But the "bottom line was eliminate Letelier."

In July, Juan Manuel Contreras, Pinochet's hand-picked head of DINA, told Fernandez and Townley to travel to Paraguay to obtain false Paraguayan passports and U.S. visas. The chief Paraguayan intelligence officer, Benito Guanes, had agreed to provide the passports and visas as part of operation CONDOR.

CONDOR was a formal working arrangement among several Latin American dictatorships—including Chile, Argentina and Paraguay—to identify, spy on and eliminate opponents of the continent's military regimes. Contreras instigated the formation of CONDOR, and the government of Paraguay participated in its early stages.

Townley and Fernandez, using the names Juan Williams Rose and Alejandro Romeral Jara, obtained the passports and visas and returned to Chile. But when the U.S. ambassador to Paraguay, George Landau, became suspicious about the request, he demanded that Guanes return the visas. Contreras returned the passports to Guanes with the pictures missing. But Landau had already duplicated the originals and sent copies to Washington.

The Paraguayan maneuver was a major blunder, but Contreras told Townley and Fernandez to go ahead anyway with the assassination plot. For cover, he sent two DINA agents to Washington simultaneously using the names Juan Williams Rose and Alejandro Romeral Jara.

On Sept. 9, 1976, Michael Townley, now alias Andres Wilson, landed at Kennedy International Airport in New York. Waiting for him was his usual contact, Fernando Cruchaga, an employee at Lan-Chile, the Chilean government airline.

"Andres Wilson" was a well-known figure at Lan-Chile. According to Cruchaga, Townley knew many Lan-Chile pilots and regularly sent "electronic equipment" and other paraphernalia between Santiago and Cuban exile groups in Miami and New Jersey via Lan-Chile pilots.

A couple also awaited Townley's arrival in the Lan-Chile terminal. Fernandez and a female DINA agent named Liliana Walker Martinez, who had been in the U.S. since Aug. 26, came to the airport to brief Townley on their surveillance of Orlando Leteliar.

Townley rented a car at the airport and drove to northern New Jersey, where he visited leading members of the Cuban Nationalist Movement (CNM), a cell of Cuban exiles who had served as hired killers for DINA in exchange for Pinochet's support of their opposition to Fidel Castro.

(In 1975, CNM member Virgilio Paz went to Mexico with Townley in an aborted assassination attempt against two Chileans, and Paz lived in Townley's home in 1976 while receiving formal DINA training.)

When Townley sought the CNM's assistance in murdering Letelier, CNM leader Guillermo Noco complained about DINA's fading support of CNM activities. However, the Cubans were desperate for DINA support and Novo agreed to let Paz and a reputed experienced killer named Jose Dionisio Suarez assist Townley. Little did Novo suspect at the time that Townley's testimony about that meeting would eventually put him in jail for life.

On Sept. 10, Letelier received news that Pinochet had signed a decree taking away his Chilean citizenship. He was incensed at Pinochet's actions, but he also derived some satisfaction from the fact that he was getting under Pinochet's skin.

In another sense, he was also relieved. Letelier was told by an informant in Chile that a debate had gone on within the inner circles of the Pinochet regime. There were two distinct views on what to do about the "problem of Letelier." The "softliners," according to this source said Letelier was a nuisance and that the government should take away his citizenship and spread lies and rumors to discredit him. The "hardliners" wanted tougher action. Letelier interpreted the decree to mean that the moderates had prevailed.

What the softliners didn't know was that the hardliners already had approval for an assassination plan. In fact, when the decree was issued, Michael Townley was already in the United States preparing to assassinate Letelier.

Around midnight Saturday, Sept. 18, Townley, Pat and Suarez pulled into the quiet cul-de-sac in suburban Bethesda where the Letelier family lived, and Townley put the explosive in place. Townley left Washington early the next morning, leaving Paz and Suarez to detonate the remote control explosive at the earliest opportunity.

On Tuesday, Sept. 21, as Letelier, Ronni and I drove to work at the Institute for Policy Studies, Suarez followed closely in an automobile. As we passed the official residence of the Chilean ambassador, where the Letelier family had once lived, Letelier's car erupted in a deafening explosion.

I climbed out the smoking wreckage and tried unsuccessfully to free Letelier while a young female intern worked frantically to save Ronnie's life. Shortly after both of them died, Michael Townley telephoned his Chilean wife from Miami and told her to notify his DINA superiors that the mission to murder Orlando Letelier had been successfully completed.

As Eugene Propper, the 31-year-old assistant U.S. attorney assigned to the case began his investigation, he entered a world he knew little about.

The FBI quickly discovered the Cuban participation. Throughout the spring of 1977, known Cuban terrorists were brought before the grand jury in connection with the murders. Suarez sat in jail for 11 months for refusing to testify.

When the Cuban suspects refused to talk, investigators hit a roadblock. The Chilean government refused to cooperate at all. The Carter administration, government officials concede, was aware of operation CONDOR and yet seemed to be going out of its way to avoid blaming DINA.

The reason is that the State Department's Bureau of Inter-American Affairs was working overtime to separate the Letelier-Moffitt case from overall U.S. relations with Chile. Executions and torture were declining, the bureau argued, and because U.S. banks and corporations were investing heavily in Chile, the U.S. Government should patch up relations with Pinochet. In September 1977, President Jimmy Carter welcomed Pinochet to Washington to witness the signing of the Panama Canal Treaty.

Despite what seemed to be official indifference toward the case, Propper, Barcella and FBI agents Carter Cornick and Robert Scherrer did not become discouraged.

Rolando Otero, a Cuban exile who was expelled from Chile after turning down a DINA contract to kill Salvador Allende's nephew, Andres, gave the FBI information about a blond DINA agent with whom he had dealt. The description matched the picture that Townley had used in Paraguay. But neither the State Department nor the CIA helped Propper or the FBI identify either of the two men. The official reason was that the CIA had no informants in DINA who might help identify them.

Had it not been for Propper's and Cornick's persistence, plus a good deal of badgering by Rep. Harkin and Sen. Kennedy, the case might have been shelved. In February 1978, however, Deputy Secretary of State Warren Christopher, himself a lawyer, granted Propper's request to file a formal legal petition with the Chilean government to produce the two men in the passport photos for questioning.

First, the Chilean government denied that the two men existed, then produced two impostors. Propper, who had gone to Chile specifically to question the two men, was outraged at the Chileans' lack of cooperation.

George Landau, now ambassador to Chile, knew the Chileans were stonewalling. But Landau could only carry out policy, and the State Department did nothing to make the Chileans cooperate. Because Propper had no evidence to hold him, Suarez went free. The case was at an impasse.

Then in March, frustrated government officials leaked the photos to the Washington Star. Immediately, publication of the photos led to the positive identification of Townley and Fernandez.

Townley, an anti-Allende activist who frequented U.S. embassy parties and had sought recruitment by the CIA, was expelled because he was an American and the Chileans could find no legal pretext to hold him. Townley immediately struck a deal with the Justice Department and, as his part of a generous plea-bargain, described DINA's role in the plot to murder Letelier. His testimony led to an indictment of Contreras, Fernandez, Espinoza and five Cubans.

Propper needed Townley's testimony to obtain the indictment. But instead of demanding Townley's unconditional release under the threat of diplomatic sanctions, the State Department initiated a legalistic "bargaining" process with the Pinochet government.

The president ignored pleas from leading Democrats in Congress to get tough with Pinochet. Most foreign aid to Chile had stopped before Carter took office, and by 1978 private U.S. banks were providing most of Pinochet's support.

Kennedy, Harkin and Henry Reuss, chairman of the House Banking Committee, argued that if the administration pressured American business not to invest in Chile, Pinochet might be forced to turn over the three Chilean officers for trial.

The Administration rejected this course, and the Chileans responded by immersing the case in a maze of legal technicalities.

The day after the indictments, Reps. Harkin, Moffett and Miller attached a rider to a House foreign assistance bill demanding that the three Chileans be extradited for trial in the United States. The bill passed in the morning on a voice vote, but the administration pressed the House leadership to reconsider it. Harkin's rider was defeated that afternoon; he learned of the second vote after it was over.

The administration's kid-glove treatment of the Chilean government became even more apparent as Propper sought the extradition of Contreras and the others. The Chilean government received the U.S. extradition request in September 1978 and, after a considerable delay, the chief justice of the Chilean Supereme Court began to consider the evidence.

In February 1979, a Washington jury convicted two of the Cubans for their role in the murders, and in effect, accepted the U.S. government's version of the murders. The case against Contreras and the DINA was stronger than ever.

Pinochet had already fired Contreras, but the case nonetheless exploded into a major political crisis that shook the Chilean dictatorship. Pinochet knew Propper wanted Contreras, so he decided to send Frederic Willoughby, the junta's former press secretary, to Washington to offer Propper a deal.

In a series of top secret meetings with U.S. officials, Willoughby said he could affect the outcome of the extradition proceedings, and offered to hand over Contreras and Espinoza, if the U.S. would forget about Fernandez. Pinochet apparently felt no need to protect Contreras any longer, but he was under pressure from senior military people not to betray Fernandez, a junior officer, for doing what Espinoza and Contreras ordered him to do.

The U.S. rejected the offer, but clearly interpreted the overture as a sign of weakness and confusion on Pinochet's part. American officials felt if the U.S. maintained pressure on Pinochet, Willoughby would come back with another offer.

The State Department laid out its policy options in the event that the Chilean court refused the extraditions, the Human Rights Bureau called for a tough approach. But Viron Vaky, assistant secretary for inter-American relations, and his deputy, John Bushnell, prevailed on Secretary of State Cyrus Vance to drop the toughest options—a breach in diplomatic relations or pressure on U.S. firms to suspend new investments in Chile.

Even as the case was pending before the Chilean supreme court, Ambassador Landau was giving public speeches discounting the possibility of a new deterioration in U.S.-Chile relations.

The signal this sent to the Chileans was obvious: The administration would continue to talk tough about the Letelier-Moffitt case, but any drastic sanctions had already been ruled out. Thus, on May 14, Israel Borquez, the chief justice appointed by Pinochet, ruled to reject the U.S. evidence and refused to order either extradition or a trial of Contreras and the others in Chile.

The Chilean government, applauding the decision, defiantly rejected U.S. "interference" in Chile's internal affairs. Pinochet was off the hook.

The State Department expressed disappointment at the decision but took no action. Ambassador Landau, who was recalled for consultation, appealed to Congress not to consider any sanctions against Chile until legal channels were exhausted. Landau assured Harkin and Kennedy that the appeal of the Borquez ruling would be heard in June before a favorable panel of judges and that the decision would come no later than July. If Chile rejected the appeal. Landau said, the State Department would begin reprisals against Chile.

Once again, the Chileans stalled. The appeal was not heard until July and the ruling came three months later. By then, the U.S. had all but dropped the demand for extradition and was pressuring Pinochet to order a military trial. Pinochet rejected this out of hand.

Anti-Pinochet officials at the State and Justice Departments fought for another hearing. Congressional calls flooded the State Department and the White House in an attempt to turn the decision around.

When the matter finally went to the White House for clearance, the decision was taken to talk tough but avoid doing anything drastic. In the last week of November, the White House learned that the New York Times had the story, so the administration released the decision the next day.

Fortunately for Jimmy Carter, Washington was preoccupied with the Iranian crisis and most people had forgotten that two full months had gone by since the Pinochet government had blocked full justice in the Letelier-Moffitt case.

Carter's decision on sanctions against Chile, which the State Department called "a strong reaffirmation of our determination to resist international terrorism," consisted of removing eight persons out of 80 from the U.S. mission in Chile, a token aid cut of $6 million, a review of the status of the U.S. military advisory group in Chile and prohibiting new aid to Chile through two programs—neither of which have operated in Chile for years.

The State Department called the Letelier-Moffitt murders, like the seizure of the American Embassy in Tehran, an "egregious act of international terrorism." However, in his response to Chilean terrorism in the United States, Carter did not take advantage of the 1977 statute known as the International Economic Emergency Powers Act, which he had invoked in freezing Iranian deposits in American banks.

By any measure, the Carter administration's response to this terrorist act—which was not committed in a distant capital but in Washington—was open to challenge as being weak. The actions let the Pinochet government off the hook and ensured that Contreras and the others would never stand trial either in the United States or in Chile.

As one U.S. embassy official in Chile later admitted to the Washington Post: "All right, we bluffed. They called our bluff and we lost."

## REACTIVATION OF THE BATTLESHIP "NEW JERSEY"

Mr. THURMOND. Mr. President, recently, I introduced an amendment to the Defense authorization bill (S. 2294) to reactivate the battleship *New Jersey*. Since then I have been made aware of an article in the April issue of the Armed Forces Journal International. This article points out that a 58,000-ton, 1,500-man battleship can place 1 ton of ordnance on a target at a cost of $1,511 compared to $12,156 for a 91,000-ton, 6,600-man aircraft carrier. A battleship can also deliver 17,496 tons a day compared to 210 tons a day for an aircraft carrier's strike aircraft.

Mr. President, I ask unanimous consent that this complete article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### NAVY ASKS OSD SUPPORT TO REACTIVATE FOUR "IOWA"-CLASS BATTLESHIPS

The battleship may come back if Navy Secretary Edward Hidalgo prevails in a suggestion he sent to the Secretary of Defense on February 22, *AFJ* has learned, to reactivate four 58,000-ton *Iowa*-class battleships now in mothballs at Bremerton Naval Yard, WA.

The biggest problem is apparently not money, combat effectiveness, or dreadnaught survivability—it's where to get the people to *man* the ships. Based on Vietnam experience, when the battleship *New Jersey* was reactivated, roughly 1,500 persons would be needed for each crew.

The *New Jersey* could be reactivated again for about $250-million, rough estimates suggest, and the other three ships for perhaps

$500-million each—a fraction of the cost of building new such vessels; and all four of the sea-interdiction/assault ships would become available years before new ships could be.

The four battleships were built to last 30 years but were used only seven years before being decommissioned after World War II, Representative Paul S. Trible (R-VA) told his Congressional colleagues on February 12th in a floor speech advocating the ships' return to active service. Trible said their reactivation "would immediately signal to the world our intention to meet the increased Soviet threat. . . . Even to the most untrained eye, battleships look like they mean business. Their 16-inch guns can propel 2,500-lb. projectiles about 25 miles." Trible later told the *Virginian-Pilot* that the ships "are in reasonably good shape and could have a service life of at least 15 years."

Navy Chief of Naval Operations Admiral Thomas B. Hayward told the Senate Armed Services Committee on February 27th, when asked about the ships by Sen. Roger W. Jepsen (D-IA), that the subject was "still under review." But Hayward corrected a characterization that they would be useful in "low threat areas." Hayward said, "They are now a low-threat force: we could take them into a high threat area [if they were accompanied] by other ships." But Hayward also stressed that manning the ships would pose a problem. (The Navy is now short almost 20,000 mid-grade, skilled enlisted personnel and 2,600 mid-grade officers. Last year, more than half of the Service's mid-grade petty officers who had reenlisted earlier for a second tour changed their minds and left the service after eight years in the Navy.)

Then Navy Secretary (and now Deputy Defense Secretary) W. Graham Claytor, Jr. and Assistant Secretary of Defense (Program Analysis & Evaluation) Russell Murray have both reviewed the project and are said to endorsed reactivation of the vessels. Hidalgo's 22 February memo reportedly supported the proposal as part of a supplemental budget package to beef up US Indian Ocean and Persian Gulf forces as quickly as possible. Murray was a strong proponent of reactivating the *New Jersey* for use in the Vietnam war.

Most vocal proponent for reactivating the four Iowa-class battleships is a former Navy pilot and defense R&D official, Charles E. Myers, Jr. Myers wrote in the November issue of *Naval Institute Proceedings* that the third battery of each battleship could be replaced with Phalanx air defense point defense guns and "vertical launch systems" for surface-to-surface missiles with non-nuclear payloads ("A derivative of Pershing II would be a candidate," he said) to take out bridges, powerplants, airfields, and similar targets. Myers said "the cruise missile is an alternative, although it may be less attractive from the standpoint of time of flight, survivability, earth penetration, and mission-planning requirments." (A conventionally-armed land-attack version of the Navy's 300 nm-range Tomahawk cruise missile was accelerated by Congress last year, and the first four production missiles are funded in the new FY81 budget.)

Myers noted that it cost the U.S. about 50 downed aircraft and many lost pilots to finally destroy the Thanh Hoa bridge in North Vietnam; yet it and about 80% of the "targets of interest" were "within range of the *New Jersey's* gun which doubtless could have destroyed the bridge in less than an hour," he said

The *Iowa*-class ship, he says, "is, by a wide margin, the most survivable ship ever developed . . . if one is concerned about the survival of an *Iowa*-class ship. then the Navy's other ships must be in serious jeopardy." (A 1976 *Marine Corps Gazette* article by retired Marine Corps Col. James B. Soper pointed out that "No United States battleship was ever lost at sea in action with the enemy." Four of the U.S. eight active battleships were sunk at Pearl Harbor, Soper acknowledged, but he said that they were all older ones which were moored and essentially unmanned at the time of the attack and that two of those "sunk" subsequently participated in the war.)

Myers says that a 58,000-ton, 1,500-to-2,978 man battleship costs $1,511 to put one ton of ordnance on a target, compared with $12,156 for a 91,000-ton, 6,600 man aircraft carrier, and that a battleship can deliver 17,496 tons a day, compared with 210 for the carrier's strike aircraft.

## MARXIST EXPANSION IN CENTRAL AMERICA

Mr. THURMOND. Mr. President, I recently brought to the attention of the Senate several disturbing facts about activities in Cuba which are occurring while world attention is focused on Afghanistan and Iran. Nicaragua now has a leftist government; El Salvador sees more violence every day with a major confrontation soon to come; Guatemala may be next in line according to the Soviet strategic plan.

Mr. President, I ask unanimous consent that an article "More Cubas in the Making," which appeared in the March 31, 1980, issue of Forbes magazine, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### MORE CUBAS IN THE MAKING

(By Jerry Flint)

(NOTE.—We fiddle with Afghanistan while Central America burns. Marxists are building their state in Nicaragua, fighting in El Salvador and making plans for Guatemala. Our policy? Keep hoping for the best.)

Now that the shooting has stopped the reporters and cameramen have swarmed off to the newest fire. Quietly now, the real work of the Nicaraguan revolution goes on. The direction it takes is not reassuring. Independent unions are being squeezed into a single labor confederation. Businessmen are called exploiters of the people. Cubans are training the teachers, police and army. The People's Literacy Brigade, 140,000 strong, is about to march into the countryside. Those East Germans, so noticeable in Managua, aren't tourists.

"Our goals are to bring peace, tranquility, order and stability, not only for Nicaragua but all of Central America," orates Jaime Wheelock, one of the victorious Sandinista commanders and a member of the party's ruling directorate. Who could quarrel with that? And for all of Central America as well! But would it be the peace and stability of a Marxist-Leninist state?

In neighboring El Salvador just that kind of peace and stability may be in the making. There Marxist crowds parade the streets of the capital waving red flags—hammer and machete instead of hammer and sickle—chanting, "Forward, forward, the government is finished." Guerrillas begin to launch attacks in the cities. Next door in Guatemala, well-armed insurgents move among the Indian population, assassinate army officers and kidnap in an effort to win converts, money and publicity.

In Washington, at the Organization of American States, a glum official says: "El Salvador is where Nicaragua was 12 months ago, and Guatemala is where El Salvador was 12 months ago." He might have added that all three may be where Cuba was two decades ago—on the way toward slipping into the Soviet orbit.

Does it matter? Did it matter that *Cuba* went Marxist? Cuba's army has helped put more countries under Marxist domination than Russia's in the last decade; the three troubled mid-American states—Nicaragua, El Salvador and Guatemala—have half again the population of Cuba. A Red Central America would put enemies next to Mexico's southern oil fields (oil has been discovered in Guatemala, too) and close to Venezuela's oil and the Panama Canal. Large American military forces would probably have to be diverted toward the area, just as a precaution. We might, one day, be surprised to find Soviet combat troops garrisoned in Central America, just as we found them in Cuba.

Farfetched? When Castro's tiny band descended from the Sierra Maestre mountains did anyone expect to see their successors one day marching through Angola, Yemen and Eritrea? "This is our own backyard," says a ranking State department official, "and if these countries move over to the other side, how will this be looked upon? Weakness."

Communist guerrillas, to be sure, are not the only problem in Central America. There is poverty and illiteracy. Guatemala City, with streets full of Toyotas and Datsuns, handsome apartments, shops and hotels and a growing middle class, stands in sharp contrast to the countryside where poor farmers may live in dirt-floor shacks and work on a plantation for $1.04 a day. Right-wing terror is every bit as bad as the Marxist terror, maybe worse.

In Guatemala 20 union leaders have been murdered in two years and two well-known left-wing political leaders were assassinated last year. In El Salvador, the Catholic Church charges that 600 were murdered by right-wing forces in just two months this year. In this war, nobody wears a halo. There are no clear-cut heroes and villains. There are only interests—hungry poor, desperate for food and opportunity; young, educated Marxists greedy for power; a rising middle class eager to hang on to what they have and to get on with the job of modernizing countries that, politically and economically, are more 19th century than 20th.

Worse, a demographic time bomb, the population explosion, could crimp efforts by the right or the left to improve living standards. The average age in these states today is about 15 and unemployment is high. Nicaragua, about the size of Illinois, had 1.8 million citizens in 1970 and will have 3.5 million in 1990. El Salvador's 3.4 million were crowded in the nation's 8,300 square miles—the size of Massachusetts—ten years ago; in another ten years the population will be 5.9 million. Guatemala's 5.3 million of 1970 will be 9.1 million in a mountainous nation the size of Tennessee. Teenagers and youths in their 20s in these lands itch to overturn the established order, as youth traditionally does. The educated among them become guerrilla leaders, the rest make fertile recruiting ground for followers. Easily accessible to such forces today are automatic weapons, from Cuba or bought with the proceeds of kidnappings. They make the guerrilla a match for police and soldiers. Gone, probably forever, are the days when a battalion of disciplined, well-armed soldiers could dominate a whole country. That is the military lesson at Nicaragua: The disciplined, well-armed National Guard met its match in well-armed, disciplined guerrillas.

Are we doomed, then, to have Marxist states and potential Soviet bases creeping up the spine of our own continent? We are heading that way but not yet doomed. In three of the key mini-nations the prospects are gloomy but not yet hopeless.

In Nicaragua, power resides in the nine-member Sandinista directorate. There is no single charismatic personality, such as Fidel Castro, and among the leaders there are what Nicaraguans call "hawks and doves" on the issue of moving left and against the U.S. Some directorate members try to avoid antagonizing the U.S. "Our intention is to act without prejudice [to the U.S.]," says Wheelock, who also is minister of agriculture. Analogies with Cuba irk Sandinistas, who dislike being called Castro copycats. Wheelock: "The first step to avoid this is to remember that our country is called Nicaragua. Our revolution came about in 1979 under conditions that are completely different from Cuba's." But he warns: "Respect our right within our country to exercise our sovereign rights and self-determination."

What does that mean, "Respect our right"? Chiefly that the U.S. shouldn't try to block experiments in socialism and close relations with Cuba, or any other part of the world, including the Soviet bloc. In the long run it almost probably means a Cubanization of the country, but in the short run it implies a policy of avoiding confrontation with Uncle Sam. Nicaragua needs American help and knowhow to rebuild its war- and earthquake-devastated economy. This devastation is real. Unemployment may be running at 30% to 40%; productivity on farms and in the factories has collapsed while per-capita income, less than $600, is half the prerevolution figure. The foreign debt was run up to $1.6 billion by the old Somoza regime, and the amount due in 1980 alone is equal to one year's gross national product.

"Being American doesn't hurt when you're doing business," says Jack Covington, an American, president of E. J. Construction S. A., based in Costa Rica and Dallas. He says he has just sold 2,000 quick-erection (steel supports and polystyrene sheeting) houses to the Nicaraguans. "Even if Nicaragua goes Marxist they'll want private business. They need it," he says. Americans talked this way about Cuba, too, in the early 1960s. Adds Covington: "There is money to be made here and in Central America, but plan for the short-term profit—two or three years—not the long term. There are dangers, too. Tomorrow they can ask you to leave the country. In fact, they may not even ask you; you might want to get out as fast as you can."

A businessman in Guatemala with a subsidiary in Nicaragua tells this story—and it casts doubt on the chances of Marxist rulers and private businessmen to co-exist over the longer term. "Our company there can't pay off its loan. Okay, we want to reschedule it to keep the books clean. Their government says they are all for it. But the subsidiary in Nacaragua has been under four agencies in eight months and we can't find anyone who even knows enough to approve it, which probably doesn't make any difference because it will be under a fifth agency soon. I think they are holding meetings until 2 a.m. every morning reorganizing the government, which is easier than figuring out how to grow cotton."

Like all revolutions, the Nicaraguan revolution has created expectations that cannot be quickly satisfied. Even if the cotton farmers can get some fertilizer, they can't get people to work despite the unemployment, says this businessman. The problem is that extremists—whom the Sandinistas publicly disavow—tell workers the land will soon be theirs. So why work for the bosses?

"There is a lack of authority, particularly outside Managua [the capital]," says Xavier Chamorro, editor of *La Presna*, the nation's best-known newspaper. "Orders are sent and not much happens, but we're getting improvement." Rumor has it that Russia and the Eastern Bloc turned down requests for money, making the revolutionaries more likely to accept private enterprise and American aid. The word commonly used by optimists is "pluralistic," meaning a socialist state but with private enterprise accepted, too. The private businessmen would work to keep the new Nicaragua from swinging against the U.S. Or so the theme goes.

One optimist is Arturo Cruz, president of Nicaragua's Central Bank. He is no Marxist but was one of 12 leading citizens who broke from the Somoza regime and backed the rebels. "These kids are wonderful," he says. "Sure, they are not gods, they make some mistakes. Yes, we send young people to Cuba [hundreds of Nicaraguan children have been sent to Castro's revolutionary training school], but we are also setting aside foreign exchange to pay for students in the U.S." Keep sending help, Cruz urges. "It gives you a participation here."

"We find our Marxists are patriots," he says softly. "You see, they are *our* Marxists." Cruz' hopes are honest hopes, but at best they are hopes. It would certainly be in the Soviet interest to have the U.S. tolerate, subsidize even, the early stages of the Sovietization of Central America. Meanwhile, slowly, patiently, the Marxists indoctrinate the youth and prepare perhaps for the day when pluralism gives way to a purer Marxist state.

There are disturbing signs. A labor union man in Nicaragua tells this story: "Once the directorate had a reasonable expectation of receiving that $75 million in American aid [a special Nicaragua package moving through Congress], they started tightening the screws." A note of sarcasm comes into his voice. "Now we have a campaign to unite the labor movement. Now everybody can work toward one common purpose. No way is there going to be a trade union movement that will be free. This is the Cuban deal all over again." He tells how the dock workers were taken over. "They [the Sandinistas] arrested the union secretary general. The port went up in arms and demanded his release. Okay, they let him go but they had to break that union. They put guards on the dock. If you didn't have a card from the Central Sandinista [the party's labor confederation] you didn't get in."

The same union leader tells how even a construction union, run by old-line communists—old-line communists and victorious Marxist guerrillas are often at odds—was brought to heel. "The Sandinistas held a union meeting in the park. Borge [Tomas Borge, best known of the Sandinista leaders and minister of interior] gets on the platform. 'Aren't we all good union men?' Cheers. 'Aren't these people on the platform good union men?' Cheers. 'Isn't everyone for the revolution?' More cheers. They had elected a new executive board. Those old commies had been to Russia and Cuba and got the point," the union leader says "No more strikes."

Thousands of middle-class Nicaraguans, not just Somoza followers but technicians, engineers, doctors, businessmen, have fled and continue to flee the country. Some say 50,000, some say more. Talk of pluralism notwithsanding, they think they know which way the wind is blowing. "Want to buy a Mercedes 300D, 1979, for $4,000 in an American bank? It's easy," says one man in Nicaragua. Expensive homes are up for grabs. Says one Managua resident, "The Sandinistas go to a farmer. He says he paid for his land. They say, 'But you bought it from Somoza people who are dishonest so it must be exproppriated.' You have a home as an investment. They say, 'But you bought it in the Somoza era so it must be dishonest.' This is happening daily, daily, daily."

"We are sure some of the Sandinistas want to eliminate us, but we don't know how many," says Enrique Dreyfus, a coffee grower, tile manufacturer and leader of the businessmen's association. "Right now the private sector is very nervous. We fought against Somoza, too. We have our own credentials. It's not only the big businessman who is worried, it's not only the Coca-Cola bottler. It's the guy with three *manzanas* [about 5 acres] or a taxi."

U.S. officials in Nicaragua are nervous. "There are Cuban symptoms, but not a Cuban realization," says one. American policy? It is to feed in money and gamble that the need for help will outweigh the demands of Marxist ideology. Interestingly, there is no evidence that the Sandinistas are throwing any massive support to the Marxist fighters in El Salvador. One Nicaraguan says there is even some fear of Marxist victory there because it could provoke the U.S.: "You are very patient, but when you lose your patience you are very dangerous."

Conditions are quite different in the two countries. Nicaragua is wrecked but trying to recover. In El Salvador chaos reigns. The government, an uneasy coalition of the army and left-wing civilians, is rejected by both Marxists and private enterprisers. It lacks the power to either stop the rebellion or to institute "reforms" that, presumably, would lessen the pressures for revolution. The Roman Catholic archbishop of San Salvador (the capital), Oscar Romero, opposes the government and says the church can endorse "the legitimate right to revolutionary violence." In turn, a right-wing leader goes on local TV and says, "Jesuit blood will flow."

The right wing has blown up the church's radio station in the capital and murdered left-wing figures. Leftist terrorists and gangs have virtually driven the police from the streets and finance themselves with the $72 million they have raised from blackmail and kidnapping. The government, trying to placate the left, is trying to seize large private farms, without actual cash compensation, which will encourage peasants to seize more land, emboldening the Marxists and enraging the right. It is a civil war in everything except major pitched battles between the opposing armies. This kind of civil war smolders rather than flames, but it is the more bitter for not being in the open.

Indeed, if El Salvador avoids outright civil war and communist takeover it may be because the Marxist factions are so divided that they may never get together on a plan. What is certain is that their attacks on factories and farms are bringing the economy to a standstill.

"We're running to an economic disaster," says one business expert, afraid to allow his name to be mentioned. He figures 20 factories have closed or moved out in the past year and that hundreds of millions of dollars in capital have been sent out. "Last year we harvested 6 million tons of sugar, 3 million consumption, 3 million export. This year it will be 3 to 4 million production. The rest was burned by terrorists," says J. Eduardo Palomo, who has a 50-acre coffee plantation, manages a factory and heads the private-enterprise association in the embattled nation. "The burned cane couldn't be cut, and because it wasn't cut, it won't grow next year, so that crop will be considerably less." Cotton suffered, too, but it's coffee that really upsets him. "Your government offers us $50 million in aid. Our government nationalized coffee exports. They balled it all up, didn't sell the coffee. Prices went down. We've lost $50 million just in coffee alone."

El Salvador is a land of coffee, cotton, sugar, corn and beans, but industry had been growing fast, creating a hard-working middle and upper class of entrepreneurs and managers. What angers them is the myth that a tiny oligarchy—14 families—runs the country and there is no interest in helping the impoverished. "The problem in El Salvador is not that the few have too much—but that too many people have nothing" says business leader Palomo.

Says another businessman in the capital, fingering a bullet as he talks, a loaded automatic in his top desk drawer: "You call us the extreme right. *Those* people are gone. *We* have a social conscience. We know we have to provide for the poor for the benefit of society. Those other people are in Miami. We'll not allow them to come back, but the U.S. just doesn't see it." Businessmen like this planned to join the army and expel the leftist government, but the U.S. killed the plan by warning that no $50 million, and especially no weapons or instructors, would come if the coup came off.

"If we cannot win, then there will be so much hunger here that people will have to bite themselves to survive," says Palomo. He may not be exaggerating. In Washington and even in revolutionary Nicaragua they use the word "Cambodia" to describe what could happen in El Salvador.

"If the States write us off, we might as well get on the plane, but when we do, the communists take over," says another business leader. The Marxists make no secret of their plans. They say only that they need a bit more time and some better weaponry before launching their final assault. The middle class says it will fight. "We are at war now with the communists," says Carlos Casteñeda, who owns a small hotel in San Salvador. He is no oligarch; his wife and daughter work there, too. "Their aim is to take over the government. There is no compromise. In a war a lot of people have to die."

If there exists a sharp difference with Cuba it is this: Forewarned by what happened on the Caribbean island, and unwilling to become refugees in the U.S., many of the middle, the technical, class are prepared to fight—to meet terrorism with counterterrorism. They get little support from the U.S. Americans do not discriminate between the utterly corrupt Somoza dictatorship, and the more traditional oligarchies that prevail in El Salvador and Guatemala.

What makes the situation doubly dangerous, however, is that Marxist takeover may not come in one sudden burst that will dominate the headlines and put the American people on the alert. More probable is that the map of Central America will tint slowly from pale pink to crimson over time.

Says Chamarro of *La Prensa* in Nicaragua: "If it is too late in El Salvador, then Guatemala is like a domino. If El Salvador falls, Guatemala goes." But Guatemala will be a tough nut to crack. The feeling among American officials is that without social changes, Guatemala could be in trouble, but not for years. There may be no more than 1,000 armed guerrillas in the country. They have attacked army patrols and even assassinated the army chief of staff, but aren't considered capable of threatening the state yet.

"El Salvador will send shock waves. We are not immune," says Julio Asensio, director of a Guatemalan business group called "Friends of the Nation," which aims at having some influence with the government. "But we feel quite confident. We managed before." With American aid a communist-leaning regime was overthrown in 1954, and in the late 1960s the guerrilla movement was bloodily suppressed.

What keeps the U.S. from supporting the Guatemalans in their fight against insurgents is the violent repression and what the U.S. considers a lack of social progress. Amnesty International, for example, complained that 2,000 people, mainly leftists, were murdered in the past 18 months. Many insist this is an exaggeration. The U.S. government says that political murders are running at 20 a month, but are on the decline. "It's bad, but not as bad as pictured, and it's not always the government's fault," says a Guatemalan labor expert. "You have institutionalized violence here for 40 to 50 years, established gangs of killers. The judges are afraid to convict them."

Guatemalans point out that New York City's subways are dangerous, too. But there is a strain of violence in this Latin society. One recent day a striker was killed, but four also died in a fight after a soccer match. Farmers carry machetes as Americans carry pocketknives. An American agricultural expert tells the story: "When I drove into the country right after I arrived I saw a mob in one town. They had hung some people up and were torturing them. It wasn't the police; it was the *people* torturing them." The townsfolk said their victims were a gang of robbers and rapists. The peasants figured the judge would be too frightened to punish them—that happens in Guatemala—so they were making sure the criminals got their punishment. "In this country if anyone rapes your daughter you put out the word that you'll pay $2,000 to get rid of the rapist," says another American official.

To blame all the violence on a repressive government oppressing hungry, idealistic peasants is to impose storybook standards on a complex, real-world situation. Guatemala is not New England. Yet many Americans and Europeans tend to judge the country by their own standards. When 39 died as police tried to free hostages held in the Spanish embassy, the government was bitterly attacked around the world, but there was no criticism for the armed thugs who seized the embassy. They actualy fired first on the police—and possibly on the hostages, too—and set the fire that killed the 39. Of course, the right-wing terror is real, too. One respected Guatemalan admits that if he said that Cuban methods of attacking illiteracy seemed to work, "I would be labeled a communist." Being labeled a communist in that setting may mean being marked for assassination.

Still, right-wing Guatemalans complain they are singled out for human rights violations because they are unimportant, and if oil comes in much will be forgiven. Indeed, oil has been discovered. Today 5,500 barrels a day are being pumped by Basic Resources International, but the company, in which English businessman Sir James Goldsmith is a major shareholder, has built a 60,000-barrel-a-day pipeline to the coast, giving an idea of minimum expectations. Texaco, Amoco, Ashland, Getty and Hispanoil are also hunting for Guatemalan fields, which possibly are an extension of Mexican oil discoveries.

The failure in social progress is, to some extent, the result of Guatemala's unusual heritage. Some 40 percent of the population is Indian, and many do not even speak Spanish but use one of the 17 Indian dialects. They grow corn and beans, and, other Guatemalans insist, want to be left alone.

While per-capita income in the country is about $1,000, there is an enormous split: It is much higher in the modern capital and no more than a few hundred dollars a year in the country. This deprived segment of the nation is not simply culturally isolated; the rough, mountainous country in the midlands and the jungles of the lowlands make them hard to reach. There is no magic wand that anyone can wave to turn these poor, backward Indians overnight into modern city-dwellers. But while Marxists are masters at talking quick and easy solutions, the real need is for economic progress, and radical social change is usually inimical to economic progress rather than helpful toward it.

"We have to create 60,000 jobs a year just to keep up," says Juan Maegli, a proud, powerful Guatemalan businessman. "We have done extraordinarily well economically despite the insurgency. Guatemala will solve its problems, but in its own way and in its own time. If you don't know enough about us, it is very difficult for your well-meaning citizens to guide us, and sometimes they push in the wrong direction."

"Guatemala tries to do things right, but things don't seem to come together," says an American official. "They have the highest illiteracy rate around, so they send out teachers. But the teachers are enormously underpaid, don't like being stuck in the sticks and bug out early. So the kids get three days' teaching a week—in Spanish, when 60% speak the dialects, and their parents want them home anyway."

A teacher in a small-town school says, "We have 50 to 60 in a class and many of them don't understand Spanish."

To date, Guatemala isn't acting like a domino ready to follow Nicaragua into incipient Marxism. There has been some capital flight, but businessmen put that mostly to higher interest rates available in the U.S. Some expansion has slowed: Goodyear cancelled a plant because of the troubles. However, the apprehension is almost tangible. An accountant, a woman working for an oil company, making $700 a month, says: "If it gets worse, I go. I can't live like this." An American says that everyone in his church group is buying some property in Florida—just in case. These are incidents, not a trend. The economy is still strong and growing, and the business community is seeking an active role in politics.

In the midst of all this turmoil, the U.S. is playing an ambiguous role, one that confuses our potential friends and encourages our enemies.

The left regards the U.S. as its sworn enemy, the center hardly exists, the right no longer trusts us. Businessman Maegli says bitterly: "My wife was one of the first kidnap victims—they fired 11 shots and a hand grenade at her. My wife and four kids escaped. But we never left our country, not for a single day. We have a good conscience and are willing to fight. But don't you do to us what you did to Nicaragua. You know what you can do for us? Leave us alone."

What influence the U.S. still has seems vestigial. A right-winger on TV in San Salvador says, "When the time is right the U.S. will come and take us out of the great communist misery." In Nicaragua, another says, "Each day they [the Sandinistas] wake up surprised they aren't being destabilized by the United States." But talk to policymakers in Washington and you get no sense that this kind of hope and trust is anything but misplaced.

Says Roger W. Fontaine, director of Latin American Studies at the Center for Strategic Studies at Georgetown University: "Central America is the last place in the world that still believes in the Marines. Until the day the Reds march in, people will think that the U.S. has a plan. For gosh sakes, don't tell them there are no more Marines coming." Fontaine is convinced that a political disaster for the U.S. is building in Central America.

Yet an effective lobby is working hard in Washington to undermine U.S. support for such anti-Marxists on the ground that they are too repressive. "It is in the U.S. interest to learn how to deal with revolutionary regimes," insists the Washington Office of Latin America [WOLA], backed by 26 religious organizations, and the best known of such lobbying groups. The Institute for Policy Studies, a leftist think tank working with WOLA and Amnesty International, says, "We are opposed to U.S. military involvement with countries who use U.S.-supplied weapons against their own people." Unfortunately, these groups haven't been able to get that message across to Cuba—which has supplied arms and training to the revolutionaries—or been able to convince the rebels to give up kidnappings and embassy seizures.

Newest of the U.S. pro-left pressure groups is the Nicaraguan Network—more formally, the National Network in Solidarity with the Nicaraguan People—set up by an Episcopalian priest, with 50 chapters around the country, raising money for things like education and health in the Sandinista state, and working to keep the information flow favorable. A handful of politicians are important, too, in keeping up U.S. pressure against military or "repressive" regimes. These include Representative Father Robert Drinan (D-Mass.), Representative Tom Harkin (D-Iowa), Representative Toby Moffett (D-Conn.), and Senator Edward Zorinsky (D-Nebr.). The right wing, too, has its friends, but the left probably has been more effective in influencing U.S. policy. One American ambassador in Central America: "In some ways they [the pro-left pressure groups] are right in criticizing these governments, but I can't help thinking that if there was a leftist government here there would be a lot less criticism." An AFL–CIO man working in the area says in disgusts, "They don't know what they're doing. They think they are supporting democratic groups. They aren't."

In El Salvador the man playing with the bullet as he talked said: "In the States you learn you are innocent until proven guilty. You watch Perry Mason on TV, there are trials where the guy is guilty as hell, but he's innocent until proven guilty. You give the benefit of doubt to everyone. You think the Russians are innocent until proven guilty—and then it's too late."

He goes on, almost angrily: "There are people here, willing to fight. We have a chance of winning this thing. But the U.S. is the leader. Either you are the leader—or you are nothing."

When a visitor hears this, two things echo in his mind: Washington policymakers making it clear that, in effect, we have no policy for Central America, except to hope that everything will work out fairly well; and a Guatemalan general's advice to an American about the bloodshed that lies ahead for his country: "Look the other way, or get out!"

### THE STORY OF THREE REVOLUTIONS

#### GUATEMALA—AN EARLY DEFEAT

In May 1954 the Alfhem, out of Poland, crept into Puerto Barrios on Guatemala's Caribbean Coast to unload. Its cargo, the CIA learned: 4 million pounds of communist weaponry for a people's militia.

Those were the days of Cold War, Better Dead than Red and a U.S. whose bite was worse than its bark. Within a month a few hundred right-wing rebels backed by three old P–51s and the CIA marched on Guatemala. The regular army stood idle. President Jacobo Arbenz and his comrades, including young Ché Guevara, vamocsed, scotching Central America's first communist-leaning state. "The intrusion of Soviet despotism was, of course, a direct challenge to the Monroe Doctrine," John Foster Dulles said later.

The Arbenz regime grew from a 1944 coup by young army officers—including Arbenz—and students, overthrowing Jorge Ubico, an old-style *caudillo* who had iron-fisted Guatemala since 1931. Honest reform, free speech, labor unions and social security followed. But in an illiterate nation with next to no middle class, communists infiltrated into positions of power. To make sure, the popular anti-communist candidate for president in 1950 was assassinated, leaving fellow-traveler Arbenz a shoo-in. Communists dominated the press and unions, the lands of United Fruit Co. and other estates were expropriated, and Arbenz cheered North Korea in the Korean War. But when that weapons ship docked, he had gone too far. He died in exile in Mexico in 1971.

For Ché and others who lost, it was a lesson learned. To keep power the regular army must be destroyed and replaced with a loyal fighting force, a lesson taken to heart in Cuba 20 years ago and by the new left-wing rulers in Nicaragua today. The right wing understands this, too, but this time, unlike long-ago Guatemala, it may have, not the support of the U.S., but its actual opposition.—*Beth Brophy*

#### CUBA—THE PROTOTYPE

"Sentence me," the 27-year-old rebel told his judges. "I don't mind. History will absolve me." The rich man's son had led a 1953 attack on an army post. It failed utterly. He was sentenced to 15 years, released in 2.

Then the legend: landing from Mexico on the yacht Granma. The terrible struggle up the Sierra Maestra. Defeats. Winning the hearts and minds of the peasants. The growing brutality of dictator Batista. Then victory and Fidel Castro, bearded and in fatigues, symbols he never abandoned, riding into Havana in January 1959. *Cuba libre.*

Fidel was welcomed in the U.S. that spring, but his "reformer" image didn't survive the trials, expropriations and the drift—then march—to communism that followed.

Today Castro is one of America's most dangerous enemies. His mercenaries helped establish or support anti-U.S. regimes in Angola, Ethiopia and Yemen. He trained and armed guerrillas that won in Nicaragua—though they received help elsewhere, too—and are fighting in El Salvador and Guatemala. Thousands of children from Africa, Latin America and Asia—tomorrow's cadres—are being trained in his revolutionary schools.

In Cuba itself, Castro-style communism has failed economically, but Castro squeezes about $3 billion a year in subsidies from the Russians. For that he jumps through Moscow's hoop, though he calls himself "nonaligned." Compared with Cuba's past, the schools are good, the poor better off, the bureaucrats fatter and the stores empty.

Castro won by building a coalition, including the middle class, to fight Batista. Then he turned on the middle class. Today he tells his fellow Marxists in Nicaragua to avoid his errors: Mainly, don't irk the Yankees and don't be so eager to chase out the hardworking bourgeoisie. His change of heart, however, is tactical, not ideological.—*B.B.*

#### NICARAGUA—TALKING WITH TWO VOICES

They had no Fidel, but they had a hero—a photo, a sketch of a man in a cowboy hat who looked a bit like Gary Cooper. He was Augusto Sandino, who fought against U.S. Marines occupying Nicaragua 50 years ago and was murdered in 1934 by the first General Somoza. These Sandinista guerrillas also had a figure to attack—the rapacious Anastasio Somoza, heir of the dynasty that had ruled the nation since the 1930s. They did what Marxists in El Salvador and Guatemala haven't—pulled the various factions together into a unified command—and what Castro did—welded the intellectuals and middle class together with the radicals.

As Latin dictators go, the Somozas were fairly benevolent despots until about 1972, but then began to loot the country. Repression followed protest. The Sandinistas won a massive propaganda victory when they seized the National Palace in 1978, taking the Congress hostage, and Somoza suffered a massive propaganda defeat with the murder of Pedro Chamorro, respected editor of *La Prensa*. Then came "Los Doce," the 12 business leaders who threw their support to the rebels. The fighting was bitter—35,000 killed and 100,000 wounded. The U.S. not only cut off its military aid to Somoza, but blocked others from sending help. On July 19, 1979, the Sandinistas raised their black-and-red banner in Managua and threw the old army into jail, but avoided the mass trials and executions whereby Castro revealed, perhaps too soon, his mailed fist.

Where the Nicaraguan revolution goes is still under debate even within the nine-member Sandinista directorate. Some attack imperialism, colonialism and Zionism, while others swear friendship for the U.S. Attacks on the middle class contrast with calls for "pluralism." Despite its publicly "nonaligned" status, Nicaragua abstained from voting against the U.S.S.R.'s invasion of Afghanistan.

"Our revolution is unique," Nicaraguans say, meaning that they can go left but stay free, nobody's client, not Washington's, not Havana's. It would be unusual.—*B.B.*

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## REMEMBRANCE OF THE HOLOCAUST

Mr. BOSCHWITZ. Mr. President, this week, as we observe the Days of Remembrance of the Holocaust, it is important that we not only remember the past but that we use the past to illuminate the present and the future.

Our colleague, Senator MATHIAS, in a talk at the Beth Sholom Synagogue's observance in Remembrance of the Holocaust, examined the meaning of the Holocaust with such extraordinary sensitivity that his words should be required reading for all of those who care about human rights. His reflections are based on personal experiences which add an important element to their meaning.

I ask unanimous consent that Senator MATHIAS' beautiful and very significant remarks, entitled "And If I Forget, the Grass Will Forget," be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

### REMARKS BY SENATOR CHARLES McC. MATHIAS, JR.

#### AND IF I FORGET, THE GRASS WILL FORGET

I was deeply honored to be asked to take part in this ecumenical observance "In Remembrance of the Holocaust".

Last year at this time, I participated in the National Civic Holocaust Ceremony led by President Carter and Vice President Mondale. It was held in the Rotunda of the United States Capitol—thick with memories of our own great martyrs—and it was a very moving occasion.

But this observance today—among friends and neighbors, in the town where I was born and where I lived for so many years, means more to me than that or any other observance ever could.

The peaceful hills of Western Maryland are far removed in spirit and in space from the towns and cities of Europe that gave up their victims to the Holocaust. Here in this comfortable, sheltered place, the unspeakable horror of the Holocaust is remote almost to the point of abstraction. How can we conceive the inconceivable?

But that is precisely why this observance is so important for us. It summons us to face the harshest reality of our time—to acknowledge our common humanity with the victims of the Holocaust and with the poor, the oppressed, the persecuted, the martyred of the world. It reminds each of us that we are and we must be "involved in mankind". It illustrates the powerful message of John Donne:

"No man is an island, entire of itself; every man is a piece of the continent, a part of the main; if a clod be washed away by the sea, Europe is the less. . . .

"Any man's death diminishes me, because I am involved in mankind; and therefore never send to know for whom the bell tolls; it tolls for thee."

The six million Jews and five million non-Jews whom we remember here today—the victims of the Nazi Holocaust—must never be forgotten. The men, women and children killed at Dachau, at Auschwitz, at Buchenwald, at Treblinka, at Babi Yar, and in the ghettos that disfigured Europe's face, must live in the ancestral memory of mankind.

In remembering them, we remind ourselves of the terrible cost to humanity when any of us—from fear or viciousness or simple lack of caring—forgets that any man's fate is every man's fate.

The purpose of the Joint Resolution of the Congress, designating April 13 through 19 as "Days of Remembrance for Victims of the Holocaust," was to make this lesson clear. It calls upon the American people to "always remember the terrible atrocities of the Nazis so that they will never be repeated."

But a memory is a fragile thing. Memories do fade; lessons once learned can be forgotten. Memories can also be encouraged to be selective, or they can be erased entirely.

On this aspect of the Holocaust, I can speak from personal experience.

Two years ago—in December 1978—I traveled to the Soviet Union to open America's "Agriculture-USA" exhibit in the city of Kishinev in Moldavia. That city was the scene of bitter pogroms in the days of the Czars, but my story doesn't deal with ancient atrocities. It concerns our own troubled times.

On my way back to Moscow from Moldavia, I stopped briefly in Kiev to lay a wreath at Babi Yar, in memory of the hundreds of thousands of Jews who were massacred there by the Nazis when they occupied the Ukraine.

It was a humbling and moving experience to stand at the edge of that fatal ravine, under a bleak winter sky, and pay my respects to the Jewish dead.

The ravine's harsh, tragic outlines are softened now by landscaping and the scene, after years of official neglect, is dominated by a powerful monument. But not a single word in the inscription on that monument tells you that it was Jews who were massacred there—that it is Jews who lie in the mass grave at Babi Yar.

The omission is significant. It is not accidental. Its implications are sinister.

Elsewhere in the world the memory of the Holocaust is kept alive so that successive generations may learn its lesson: That man's fate is in his own hands—that by remembering the past, we may shape a better future.

In Warsaw that lesson is illuminated by the memorial to the heroes of the Ghetto uprising, which I have visited. But nowhere is it clearer than at the Shrine of the Martyrs and Heroes in Jerusalem—at Yad Vashem.

My visit to the Shrine of the Martyrs, on the Mount of Remembrance on the outskirts of Jerusalem, was one of the most affecting experiences of my life. I went to the shrine in the company of Gideon Hauser, the Israeli Minister of Justice who prosecuted Adolf Eichmann for his crimes against humanity. That added a very special dimension to the experience. Together we explored those dark passages with their terrible graphic documentation of the Holocaust. And, finally, we came into the light, into that great open space where the eternal flame burns and where I placed a wreath.

At Yad Vashem, man's past and man's future meet. It is not only a monument to those killed in the Holocaust and to those who risked their lives to save Jews from the Holocaust, it is also a symbol of the State of Israel, which traces its roots to a people's striving for a better, more secure future.

Whether that future will be better, not only for Israel but for all mankind, depends on us. It depends on our keeping the memory of the past alive. But it depends on far more than that. It depends on the individual determination of each of us that man's inhumanity to man will not be tolerated.

This means that we cannot remain silent about the torture chambers of an Idi Amin or the mounds of bleached bones in Cambodia or about the hundreds of thousands of people on this earth who die of starvation every single year, far from the rich fields of Frederick, or about crosses burned on suburban Maryland lawns.

It means we cannot be indifferent to any man's fate.

And, most especially, it means we cannot ignore the fate of those who risk their lives to speak out against tyranny.

We cannot ignore the fate of Andrei Sakharov, Elena Bonner, Anatoly Shcharansky, Vladimir Slepak, Igor Guberman, Dimitri Dudko, and the hundreds of others who defend human rights in the Soviet Union.

Today, as we remember the victims of the Holocaust, let us also remember the millions of victims claimed by the Gulag Archipelago, to whom no monuments are raised.

Varlam Shalamov, who spent 17 years in a Soviet forced labor camp at Kolyma in the Arctic, writes about suddenly coming upon a mass grave. "With my exhausted tormented mind" he says:

"I tried to understand: how did there come to be such an enormous grave in this area? . . .

And then I remembered the greedy blaze of the fireweed, the furious blossoming of the taiga in the late summer when it tried to conceal in the grass and foliage any deed of man—good or bad."

Shalamov, confronted by this mass grave half hidden in foliage, understands instinctively the great truth that brings us together here today.

I would like to conclude my remarks with his words—words which to this day cannot be published in the Soviet Union:

And if I forget, the grass will forget . . .

## OPPOSITION TO THE NOMINATION OF LYLE GRAMLEY TO THE FEDERAL RESERVE BOARD

Mr. DURKIN. Mr. President, the tight money, high interest rate policies of the Carter administration are stifling the small business community not just in New Hampshire, not just in New England, but all across the Nation.

Today, the economic policy of this administration, is a 20 to 20 policy—20 percent inflation and at least 20 percent interest rates. I, for one, see no way to get the attention of the administration other than to vigorously oppose the nomination of Mr. Gramley to the Federal Reserve Board.

I urge all of my colleagues on both sides of the aisle to join me in sending a message to the White House. If we cannot get the President out of the Rose Garden, if he is not going to get out into the real world and talk to people who are unemployed, talk to people who have lost all hope, talk to people who are despairing, if he is not going to listen to young people who cannot buy a house, or to workers who have witnessed for months payday becoming exchange day then we in the Senate have to make him understand that his policy of fear and loathing brought about by high interest rates is hurting people, and because of that we are going to turn down Mr. Gramley's nomination to the Federal Reserve Board.

Mr. Gramley has stated in hearings and stated in the press that he supports the high interest rates. I have nothing against Mr. Gramley. He may be a fine gentleman. But I think it is time we had someone on the Federal Reserve Board that is committed to immediately lowering the interest rates before it is too late. And I think it is time we had someone on the Federal Reserve Board who is not a Washington bureaucrat and who has lived and operated in the real economic world.

It is nice to have a beautiful economic resume. It is nice to have statistics and charts. But today's high interest rate policy is a disaster not only on paper but in real life and it threatens to get worse.

At a recent town meeting in Berlin, N.H., one unemployed resident said to me:

> Mr. Senator, I am impressed with your command of the figures and your command of the statistics. But let me tell you one thing. Regardless of the unemployment figures in the State, the region, the Nation, as far as I am concerned when I am out of work the unemployment rate is 100 percent.

And that is going to continue. There are going to be more and more families where the unemployment rate is 100 percent if we do not break the tight money, unconscionably high interest rate cycle.

Today in New Hampshire, realtors, the housing industry, and related small businesses already are being especially hard hit. To respond to this crisis in our housing and small business sectors it is essential that the present vacancy on the Federal Reserve Board be filled with an individual who is acutely attuned to the devastating impact high interest rates are having on small business. For this reason too I oppose the nomination of Lyle Gramley to the Federal Reserve Board.

If our economy was thriving I am sure Mr. Gramley would satisfactorily fill this vacant seat. But our economy is staggering and times are tough for small business. We need fresh new perspectives on the Board. We need a Board member with an orientation to the impact particular economic policies will have on small business and the courage to oppose those policies which unfairly discriminate against the housing industry, the farm community, and the small business community.

Mr. Gramley simply does not bring that much-needed perspective to the Board. According to today's Wall Street Journal, Mr. Gramley favors the Board's present policies to slow the growth of money and credit. As one of President Carter's top economic aides his outlook is not surprising. But to me it simply does not make sense to expect someone who has been instrumental in developing the economic policy that is now wreaking havoc on small businesses to be able to direct us out of our current economic quagmire.

Monetary policy is a highly complex

aspect of economics. Since it carries far-reaching impact both home and abroad, I am not advocating that the vacancy on the Federal Reserve Board be filled by a candidate who favors any one special interest group.

I am simply urging my colleagues in the Senate to recognize the need to diversify the background of the Federal Reserve Board so that policies which cripple large segments of our society will be halted. An important step in this direction is to select an individual with vision and sensitivity to the small business, housing, and farm communities which account for 50 percent of our gross national product.

The backbone of our economy, both nationally, and especially in New Hampshire, is small business. The contributions of small business to our economic growth cannot be emphasized enough. Small business creates almost 70 percent of the new jobs in the United States and employs over half of the private sector work force. Well over half of our new inventions and technologies emerge from the small business community.

Despite these considerable contributions our national policy has frequently relegated small business to the low rung on the legislative ladder. As a result our country is suffering from a severe case of economic atrophy. And the small business entrepreneur is becoming an endangered species. I have long recognized that to insure the well-being of our free enterprise system, we must diligently work, not only to protect small business, but we must take immediate legislative action to revitalize small business. Simply stated, there is no single concern as significant to the resurgence of our national economy as the revitalization of the small business community.

For too long the Federal Reserve Board, and Federal economic policy in general, have catered to the Fortune 500 firms. Today a quick reading of the headlines, the unemployment lines, and the worried lines on the faces of millions of hard-working hard-pressed Americans spell out how disastrous that one-sided economic policy has been.

The Federal Reserve Board must realize that small business is not big business and is not governed by the same economic laws. Small business depends much more heavily on commercial bank financing, and that dependence is growing. So when interest rates go up and credit becomes tight, small business is the first and hardest hit. Also small businesses are much more "price takers" than "price makers," as a result they are unable to absorb the higher costs caused by higher interest rates.

The obvious way to change the Federal Reserve Board's perspective is to fill the present vacancy with a candidate who, along with an extensive knowledge and experience in general economic and monetary policy, also possesses a keen awareness of the impact those policies will have on the small business community in New Hampshire and the Nation.

I urge my Senate colleagues to consider this vital criteria when considering Mr. Gramley's nomination and I urge other Senators to join me in standing up for small business and a fair economic policy and oppose Mr. Gramley's nomination to the Board of Governors of the Federal Reserve System.

## MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

## CONTINUATION OF EMERGENCY BUILDING TEMPERATURE RESTRICTIONS—MESSAGE FROM THE PRESIDENT—PM 195

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers, which was referred to the Committee on Energy and Natural Resources:

*To the Congress of the United States:*

On July 10, 1979, I issued a Proclamation pursuant to the Energy Policy and Conservation Act of 1975 by which I implemented Standby Energy Conservation Contingency Plan No. 2 and imposed emergency building temperature restricstrictions, effective July 16, 1979.

I have now issued the attached Proclamation renewing the required statutory findings and continuing the Plan in effect until January 16, 1981, unless earlier rescinded.

JIMMY CARTER.

THE WHITE HOUSE, *April 16, 1980.*

## PROPOSED LOCAL GOVERNMENT FISCAL ASSISTANCE AMENDMENTS OF 1980—MESSAGE FROM THE PRESIDENT—PM 196

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers, which was referred to the Committee on Finance:

*To the Congress of the United States:*

I am transmitting to Congress today legislation titled the "Local Government Fiscal Assistance Amendments of 1980." This legislation authorizes a five-year extension of the general revenue sharing program for local governments. It amends and extends the current authorization for the general revenue sharing program, which expires on September 30, 1980.

In my January budget, I indicated that I would support a $6.9 billion extension of the General Revenue Sharing program, with full participation by the States. Since that time, inflation has accelerated considerably and it has become imperative that we restrain Federal spending and balance the Federal budget. I therefore am proposing today that the revenue sharing program be extended only for local governments. I also am recommending that funding for the program be reduced to the transitional level of $5.1 billion in the next two fiscal years and $4.6 billion in fiscal years 1983 through 1985.

When the general revenue sharing program was first enacted in 1972, State and local governments confronted significant fiscal needs. Many States and localities faced growing demands for services, which they were unable to finance with their own tax resources. At the same time, Federal revenues were expected to grow rapidly, providing the resources for additional aid to States, counties and cities.

Today the economic situation is quite different. Most State governments are stronger fiscally than they were just a decade ago. They have broader and more responsive tax systems, which have produced rapid growth in revenues. In the last decade alone, State government revenues have grown sixty percent faster than the Gross National Product. Some States, as a result, have accumulated substantial budget surpluses.

While the fiscal condition of the States has improved substantially, many local governments continue to have difficulty financing essential services with their own tax resources. These cities, counties and towns are squeezed between growing demands for services and shrinking tax bases. This fiscal squeeze is particularly severe for the cities and counties with large numbers of poor or disadvantaged citizens.

Finally, the high rate of inflation has made it necessary to restrain Federal spending and balance the Federal budget. As a result, the Federal government does not have sufficient resources to meet all of the demands on its budget.

These changes in the economy make it essential that Federal policies and programs be adapted to current requirements. We need to achieve a balanced budget and disciplined restraint in Federal spending. We need to recognize the fiscal resurgence of the States and ask them to join us as full partners in solving our domestic problems, including the fight against inflation. And we must face the fact that many local governments confront responsibilities beyond their capacities, and that Federal assistance must go to those with the greatest needs.

This legislation embodies my commitment to a strong and vital Federal system and responds to the need for greater fiscal responsibility at all levels of government. The legislation retains the most important features of the current revenue sharing program.

—I am proposing that the program be funded for a full five years and that entitlements to local governments are continued on the same basis as the current law. This long-term extension will allow cities, counties, and towns to plan their budgets for several years and to use Federal funds efficiently.

—I am proposing that the flexibility provided to local governments in the current revenue sharing program be retained. This will ensure that revenue sharing funds are distributed with minimal administrative cost and little red tape. It will also allow local governments to be responsive to local needs, rather than to priorities set in Washington.

—Finally, I am proposing that the citizen participation and anti-discrimination provisions of the current program be reauthorized in their entirety. This will ensure continued progress in making local government more accessible and responsive to all citizens.

The legislation I am transmitting also includes important changes in the current program. These changes will make the revenue sharing program more responsive to the needs of local government and more consistent with the current economic situation.

First, I am proposing that the States no longer receive general revenue sharing assistance. While I recognize that this recommendation will cause difficult adjustments in a few States, it reflects the improved fiscal health of the States and the need for greater fiscal responsibility and a balanced Federal budget.

Second, I am proposing that $500 million be added to the local share of general revenue sharing in each of the next two years. This $500 million of transitional assistance is intended to help local governments adjust to reductions in State aid resulting from the discontinuation of revenue sharing for the States. The $500 million will be concentrated in the States that provide the greatest amount of aid to their local governments. Without these funds, many cities and counties will be forced to lay off essential workers or to raise already high property tax rates.

Third, I am proposing modest changes in the intrastate formula for allocating general revenue sharing funds. These changes will provide increases in aid to local governments with large numbers of poor and disadvantaged citizens and with very high tax burdens. They will help reduce the large disparities that exist between wealthy and poor communities in many States.

Finally, I am proposing that local governments that receive revenue sharing aid be audited every two years. This provision will facilitate continued improvement in local government financial management practices.

During my Administration, we have built a new partnership between the Federal government and State and local governments. This partnership has brought new vitality to our Nation's States, counties and cities. It has provided consistent and stable funding for critical State and local needs. And it has given State and local officials an opportunity to help shape the legislation that affects them.

My proposals for renewing general revenue sharing strengthen the partnership that we have forged in the last three years. I hope Congress will join me in this effort.

JIMMY CARTER.

THE WHITE HOUSE, *April 16, 1980.*

## REPORT OF THE UNITED STATES SINAI SUPPORT MISSION—MESSAGE FROM THE PRESIDENT—PM 197

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Foreign Relations:

*To the Congress of the United States:*

I am pleased to transmit herewith the Ninth Report of the United States Sinai Support Mission. It covers the Mission's activities during the six-month period ending April 1, 1980. This Report is provided to the Congress in conformity with Section 4 of Public Law 94-110 of October 13, 1975.

The Peace Treaty that Egypt and Israel signed in Washington on March 26, 1979, called for the United States to continue its monitoring responsibilities in the Sinai until January 25, 1980, when Israeli armed forces withdrew from areas east of the Giddi and Mitla Passes. This mission was completed on schedule and to the satisfaction of all parties.

Trilateral talks in Washington in the fall of 1979 resulted in an ad referendum agreement that the United States, using the Sinai Field Mission, would verify certain military constraints—specified in Annex I of the Treaty—in the area of the Sinai west of the interim Buffer Zone. Subsequent negotiations among the three parties will, when completed, specify the details of this agreement. Administration officials have been in touch with appropriate Congressional committees on various aspects of this United States undertaking and will provide Congress with all agreements and understandings to which the United States is a party, as soon as they become available.

This year's funding of the Sinai Support Mission is authorized under Chapter 6, Part II of the Foreign Assistance Act, "Peacekeeping Operations." At any request, the Congress restored $6 million of the Sinai Support Mission funds for fiscal year 1980, to cover anticipated outlays associated with the new United States task in the Sinai. In addition, I approved a request for an additional $3.9 million to provide the Sinai Field Mission with the use of aircraft to carry out its verification assignment. Appropriate notices have been submitted to Congress regarding the proposed transfer of funds.

The American peacekeeping initiative in the Sinai has been a highly successful one to date. I urge the Congress to continue its support for this Mission as part of the larger United States effort to promote a permanent peace in the Middle East.

JIMMY CARTER.

THE WHITE HOUSE, *April 16, 1980.*

## PROPOSED RESCISSIONS AND DEFERRALS OF BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT—PM 198

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on the Budget, the Committee on Appropriations, the Committee on Agriculture, Nutrition, and Forestry, the Committee on Commerce, Science, and Transportation, the Committee on Energy and Natural Resources, the Committee on Environment and Public Works, the Committee on Governmental Affairs, the Committee on Armed Services, the Committee on Finance, the Committee on Labor and Human Resources, the Committee on Banking, Housing, and Urban Affairs, the Committee on Foreign Relations, the Select Committee on Small Business, and the Committee on Rules and Administration, jointly, pursuant to order of January 30, 1975:

*To the Congress of the United States:*

In accordance with the Impoundment Control Act of 1974, I herewith report 53 proposals to rescind a total of $1,472.7 million in budget authority previously provided by the Congress. In addition, I am reporting 21 new deferrals totalling $6,916.4 million.

These rescission proposals and deferrals are an integral part of my recently announced anti-inflation program, and will help achieve a balanced Federal budget in 1981.

The details of each rescission proposal and deferral are contained in the attached reports.

JIMMY CARTER.

THE WHITE HOUSE, *April 16, 1980.*

## PRESIDENTIAL APPROVALS

A message from the President of the United States reported that he had approved and signed the following acts and joint resolutions:

On April 3, 1980:

S. 1515. An act to authorize the striking of Bicentennial medals.

On April 8, 1980:

S.J. Res. 131. Joint resolution designating April 10, 1980, as "ORT Centennial Day."

On April 10, 1980:

S.J. Res. 97. Joint resolution designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust."

On April 11, 1980:

S. 2427. An act to encourage greater participation in the farmer-held reserve program for corn and wheat, and for other purposes.

## MESSAGE FROM THE HOUSE

At 11:31 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 6554. An act to authorize appropriations for the fiscal year 1981 for certain maritime programs of the Department of Commerce, and for other purposes; and

H.R. 6613. An act to amend the Shipping Act, 1916, in order to prohibit regulation of collective bargaining agreements by the Federal Maritime Commission.

## HOUSE BILLS REFERRED

The following bills were read twice by their titles and referred as indicated:

H.R. 6554. An act to authorize appropriations for the fiscal year 1981 for certain maritime programs of the Department of Commerce, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 6613. An act to amend the Shipping Act, 1916, in order to prohibit regulation of collective bargaining agreements by the Federal Martime Commission; to the Committee on Commerce, Science, and Transportation.

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. CANNON (for himself and Mr. LAXALT):

S. 2562. A bill to provide hospital care facilities operated by the Veterans' Administration within a reasonable distance of veterans with service-connected disabilities who live in the area of Las Vegas, Nev.; to the Committee on Veterans' Affairs.

By Mr. RIBICOFF (by request):

S. 2563. A bill to amend title 5, United States Code, to provide that certain benefits to which employees of the United States stationed in Alaska, Hawaii, Puerto Rico, or a territory or possession of the United States are entitled may be terminated under certain conditions; to the Committee on Governmental Affairs.

S. 2564. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, relating to the disposal of foreign excess property, and for other purposes; to the Committee on Governmental Affairs.

S. 2565. A bill to establish a Minority Business Development Agency in the Department of Commerce, and for other purposes; to the Committee on Governmental Affairs.

S. 2566. A bill to authorize the Administrator of General Services to donate to State and local governments certain Federal personal property loaned to them for civil defense use, and for other purposes; to the Committee on Governmental Affairs.

By Mr. METZENBAUM:

S. 2567. A bill to establish Federal minimum standards relating to composition of corporate boards, duties of corporate directors, audit and nominating committees, shareholders' rights, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HELMS:

S. 2568. A bill to provide for multiple-use management under the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended, of national forest lands not included in the National Wilderness Preservation System; to the Committee on Agriculture, Nutrition, and Forestry.

S. 2569. A bill to amend the United States Grain Standards Act to permit the Administrator of the Federal Grain Inspection Service to delegate authority, under certain circumstances, to a State agency to perform official inspection at export port locations within the State if such State agency performed official inspections under such Act at an export port location at any time before July 1, 1976, and such State agency is presently designated to perform official inspections at locations other than export port locations; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. JOHNSTON:

S. 2570. A bill to authorize the President to establish a program to reduce and order the demand for motor fuel during a severe energy supply interruption; to the Committee on Finance.

By Mr. THURMOND (for himself, Mr. DECONCINI, Mr. DOMENICI, and Mr. JEPSEN):

S. 2571. A bill to amend the Occupational Safety and Health Act of 1970 to assure equal protection for small businesses and to provide that certain employers who successfully contest citations or penalties under that Act will be awarded reasonable attorney's fees and other reasonable costs; to the Committee on Labor and Human Resources.

By Mr. MOYNIHAN:

S. 2572. A bill to establish a national memorial to Franklin Delano Roosevelt, and for other purposes; to the Committee on Rules and Administration.

By Mr. THURMOND:

S. 2573. A bill to designate Clark Hill Dam and Lake on the Savannah River, Georgia and South Carolina, as Clarks Hill Dam and Lake; to the Committee on Environment and Public Works.

By Mr. LONG (for himself and Mr. MOYNIHAN) (by request):

S. 2574. A bill to authorize an extension and amendment of the revenue sharing program to provide general purpose fiscal assistance to local governments, and for other purposes; to the Committee on Finance.

By Mr. DURKIN:

S.J. Res. 163. A joint resolution to disapprove the action taken by the President under the Trade Expansion Act of 1962 in imposing a fee on imports of petroleum or petroleum products; to the Committee on Finance.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CANNON (for himself and Mr. LAXALT):

S. 2562. A bill to provide hospital care facilities operated by the Veterans' Administration within a reasonable distance of veterans with service-connected disabilities who live in the area of Las Vegas, Nev.; to the Committee on Veterans' Affairs.

● Mr. CANNON. Mr. President, I wish to introduce a bill for myself and Senator LAXALT pertaining to civilian hospital care for veterans in southern Nevada.

The Veterans' Administration has just opened a new veterans' outpatient clinic in Las Vegas to replace the former facility in Henderson, Nev. The old clinic provided 9,600 square feet and the new facility has 38,500 square feet in a new two-story building. This is something the Nevada delegation has been working on for several years. It will meet the outpatient needs of our veteran community very nicely but still leaves a void insofar as hospital care is concerned. The Nevada delegation finds that veterans with service-connected disabilities who live in, or in the areas surrounding, Las Vegas must travel unreasonable distances to obtain hospital care in a Veterans' Administration facility. The delegation further finds that physical facilities suitable for use by the Veterans' Administration to provide such care are available in the city of Las Vegas and that such facilities can be leased and staffed without excessive cost to the United States.

Specifically, located across the street from the new outpatient clinic is the Southern Nevada Memorial Hospital. Its facilities are presently being utilized for emergency care on a fee basis for veterans with service-connected disabilities. They have 2 empty wings comprised of 58 beds which could be used for the establishment of a veteran hospital facility.

The Las Vegas area is believed to be the largest isolated metropolitan population of veterans in the United States being 300 miles distant from the nearest veteran hospital. There are over 60,000 veterans in southern Nevada, including what has been considered the highest percentage of Vietnam-related service veterans in the country. Here is a remarkable opportunity to provide hospital care at a nonprofit county-operated hospital directly across the street from our new veterans outpatient clinic.

The Southern Nevada Memorial Hospital is a comprehensive service general hospital. It has been used extensively for the emergency treatment of veterans, and under this legislation it would be available for general care as well. I hope my colleagues will agree that this is an expeditious way to greatly increase medical opportunities for Nevada veterans and will join me in support of this measure.●

● Mr. LAXALT. Mr. President, I am pleased to join my distinguished colleague, the senior Senator from Nevada, Senator CANNON, in introducing legislation to provide hospital care facilities for veterans who live in the southern Nevada area.

I recognize that the Veterans' Administration has provided health care to increasing numbers of veterans each year residing in southern Nevada through an expanded ambulatory care program. The outpatient clinic at Las Vegas was opened as part of this expansion program. However, Mr. President, we need to go further. In my view providing local inpatient care is a logical extension of the present program.

Under existing law the Veterans' Administration is limited in the use of private hospital facilities for the care and treatment of veterans. Generally, the care is limited to emergency hospitalization. The authorization in such cases is for the emergency care until the veteran can be safely moved to a VA medical center.

Moreover, inpatient hospital care for veterans residing in southern Nevada can only be provided at the VA medical centers in southern California and Reno, Nev. Because of the travel distances involved, one may conclude that accessibility to a VA medical facility by southern Nevada veterans is marginal at best.

The legislation proposed by Senator CANNON and myself would authorize the the Veterans' Administration to establish limited medical facilities in a local southern Nevada hospital or to use private-public facilities in the area for inpatient care for veterans. This would mean that southern Nevada veterans with service-connected disabilities would not be compelled to travel unreasonable distances to receive hospital care.

Mr. President, I urge that this legislation be acted upon favorably by the Congress in an expeditious manner.●

By Mr. RIBICOFF (by request):

S. 2563. A bill to amend title 5, United States Code, to provide that certain benefits to which employees of the

United States stationed in Alaska, Hawaii, Puerto Rico, or a territory or possession of the United States are entitled may be terminated under certain conditions; to the Committee on Governmental Affairs.

● Mr. RIBICOFF. Mr. President, at the request of the Department of Defense, I am introducing legislation to amend title 5, United States Code, to provide that certain benefits to which employees of the United States stationed in Alaska, Hawaii, Puerto Rico, or a territory or possession of the United States are entitled may be terminated under certain conditions.

The Department of Defense advises that the purpose of this legislation is to require that certain costly, special benefits provided to employees of the United States who are stationed in such places be terminated when the circumstances which justified the original grant of these benefits and allowances no longer exist.

I ask unanimous consent that the text of the bill and the accompanying letter from the Department of Defense explaining the purpose of, and need for, the legislation be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2563

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 5726(b) of title 5, United States Code, is amended by inserting immediately after the first sentence the following sentence: "However, an employee whose entitlement to travel and transportation expenses under section 5728(a) of this title is terminated may not be allowed expenses under this subsection for the remainder of the employee's employment in the same area."

SEC. 2. Section 5727(b) of title 5, United States Code, is amended by inserting at the end the following sentence: "However, no motor vehicle may be transported at Government expense for an employee following the termination of the employee's entitlement to travel and transportation expenses under section 5728(a) of this title for the remainder of the employee's employment in the same area."

SEC. 3. Section 5728(a) of title 5, United States Code, is amended by inserting the following sentence at the end: "However, the entitlement of an employee stationed in Alaska, Hawaii, Puerto Rico, or a territory or possession of the United States to travel and transportation expenses under this subsection will be terminated for the remainder of the employee's employment in the same area when the employee has been in continuous civilian service of the United States in one of these areas for five years, unless—

(1) the head of the agency determines that a period of six years would be more appropriate in order to conform with the tour of duty configurations;

(2) the head of the agency under regulations prescribed by the President determines that continuation of benefits is warranted and in the interest of the United States for an individual or a group of employees; or

(3) the post of duty is determined, under regulations prescribed by the President, to be a hardship station."

SEC. 4. Section 5941(a) of title 5, United States Code, is amended by inserting the following sentence at the end: "However, an employee whose entitlement to travel and transportation expenses under section 5728 (a) of this title is terminated by the agency is not thereafter entitled to any allowance based on conditions of environment described in paragraph (2) of this subsection for the remainder of the employee's employment in the same area."

SEC. 5. Section 6302 of title 5, United States Code, is amended by inserting the following subsection at the end:

"(g) An employee whose entitlement to travel and transportation expenses under section 5728(a) is terminated by the agency is not thereafter entitled to benefits provided by sections 6303(d), 6304(b), and 6305(a) of this title for the remainder of the employee's employment in the same area."

SEC. 6. Notwithstanding the amendments made by this Act, an employee who, on the effective date of this Act, is serving in Alaska, Hawaii, Puerto Rico, or a territory or possession of the United States, retains his entitlement to the benefits under section 5728(a) of title 5, United States Code, until the expiration of five years of continuous service in the area, (six years if head of the agency determines that it would be more appropriate under section 5728(a) of this title) or 180 days from the date of enactment of this Act, whichever is later.

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GENERAL COUNSEL OF THE
DEPARTMENT OF DEFENSE,
*Washington, D.C., March 7, 1980.*

Hon. WALTER F. MONDALE,
*President of the Senate,*
*Washington, D.C.*

DEAR MR. PRESIDENT: Enclosed herewith is a draft of proposed legislation, "To amend title 5, United States Code, to provide that certain benefits to which employees of the United States stationed in Alaska, Hawaii, Puerto Rico, or a territory or possession of the United States are entitled may be terminated under certain conditions".

This proposal is a part of the Department of Defense Legislative Program for the 96th Congress. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the submission of this proposal for the consideration of the Congress. It is urged that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of this legislation is to require that certain costly, special benefits provided to employees of the United States who are stationed in Alaska, Hawaii, Puerto Rico, or the territories or possessions of the United States be terminated when the circumstances which justified the original grant of these benefits and allowances no longer exist. Manpower needs in these offshore areas are normally met, insofar as practicable, by employment of local residents. Under current law, persons recruited from outside one of the designated areas, or persons recruited locally who have actual places of residence outside the area, are entitled to certain special benefits, such as:

Travel for themselves and their families between their place of residence and their duty posts, and transportation and storage of household goods, personal effects, and privately-owned vehicles, under sections 5722 and 5724–5731 of title 5, United States Code.

Additional compensation provided as a recruitment incentive, under section 5941 of title 5, United States Code.

Special leave benefits; i.e., periodic home leave and authorization to accumulate annual leave beyond usual limits, under sections 6303 and 6304 of title 5, United States Code.

Periodic transportation at Government expense to and from home of record, under section 5728 of title 5, United States Code.

In the years during and following World War II, the military departments engaged in extensive recruitment from the United States mainland to overcome local labor market shortages in United States offshore areas. Many persons thus recruited have remained in the offshore areas for long periods and are still employed there. A number of these persons have acquired common attributes of local residents, and their connections with their former places of residence have eroded. Yet, they still have the status of "mainland recruits", and retain the special benefits referred to above to which they continue to be entitled solely because they still claim, or merely because they previously claimed, places of residence outside the areas in which they are stationed. Under present law and regulations, a mainland recruit continues to be entitled to the benefits described above as long as he is permitted to remain at his overseas post.

For several years, the Department of Defense has been concerned that these special benefits can no longer be justified for these employees. The Comptroller General has also been concerned and in three reports, the latest in 1976, recommended the elimination of these unjustified expenditures.

In October 1971, the Department of Defense sought to discontinue these unjustified costs by directing affected employees to accept reassignment to positions on the United States mainland or in other areas from which they were recruited and then to separate them if they refused to accept such reassignments. A number of problems were encountered by the Department of Defense with the administrative procedures. As a result, it was decided that the objective of terminating these special benefits could best be accomplished through legislation.

After considerable study, it has been concluded that the fairest and most equitable method would be simply to terminate entitlement to special offshore benefits on the basis of one criterion—length of service in the same area. A reasonable period would be after five or six consecutive years in the same area depending upon the tour of duty configuration used by a particular agency. Once an employee has served in one area that long, he or she should have the special benefits terminated and be considered as a local resident for these purposes.

Under this approach, the Department of Defense would propose that efforts be made to transfer those employees who elect not to remain in the area and wish to return to employment in the Continental United States or in the area from which recruited. Employees currently serving in these areas on a second or subsequent tour would be required, upon completion of their current tour, to make a decision to remain or return. The benefits described above will be terminated for those who elect to remain in the area.

It is our intent that the benefits provided by 5 U.S.C. § 5728(a), 5 U.S.C. § 5941(a), and 5 U.S.C. § 6302 would be terminated for the remainder of employment in the same area. If the employee was subsequently relocated to another area or returned to the same area after a period of employment outside that area, the employee would again be eligible for the benefits provided by these sections.

Employees serving in designated hardship stations would retain their eligibility for these benefits. Termination of benefits is further limited to those instances where the employee has completed in the same area 5 or 6 years of continuous civilian, as distinguished from military, service.

In order to preclude the loss of earned entitlements, employees whose special benefits are terminated and who, at the time of termination, have earned an entitlement to return transportation, to the home of record, would retain entitlement to such return transportation and shipment of household effects while still employed or within one year from the date of separation from the Federal service.

We have not defined "area" in the proposed legislation since we believe it would be more appropriately defined in the implementing regulations. However, it is our intent that all of Alaska would be an area, all of Hawaii would be an area, and so forth.

It is believed that the establishment of a time limit to an entitlement to offshore benefits, combined with existing rotation programs for offshore areas, will be the most effective and fairest solution to the problem. It will be the easiest to administer, will be automatic in terms of its effect upon employees, and will be understandable and not subject to claims of discrimination.

### COST AND BUDGET DATA

Enactment of this proposed legislation will not result in any added cost to the Department of Defense; to the contrary, applied Government-wide, it will result in considerable savings, estimated to be 2–3 million dollars annually.

Sincerely,

TOGO D. WEST, Jr.●

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By Mr. RIBICOFF (by request):

S. 2564. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, relating to the disposal of foreign excess property, and for other purposes; to the Committee on Governmental Affairs.

● Mr. RIBICOFF. Mr. President, at the request of the Secretary of Commerce, I am introducing legislation to amend the Federal Property and Administrative Services Act of 1949, as amended, relating to the disposal of foreign excess property.

The Secretary of Commerce advises that this proposed legislation would authorize the importation of foreign excess property, subject to stated conditions and safeguards, and would clarify and simplify existing procedures.

I ask unanimous consent that the text of the bill, and a statement of the purpose of and the need for the legislation, submitted by the Secretary of Commerce, be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

### S. 2564

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 1(a) subsection (a) of section 402 the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 512(a)) is hereby further amended to read as follows:

"(a) AUTHORITY OF EXECUTIVE AGENCY.—Foreign excess property not disposed of under subsections (b) and (c) of this section may be disposed of (1) by sale, exchange, lease, or transfer, for cash, credit or other property, with or without warranty and upon such other terms and conditions as the head of the executive agency concerned deems proper; or (2) for foreign currencies or credits, or substantial benefits or the discharge of claims resulting from the compromise or settlement of such claims by any executive agency in accordance with the law, whenever the head of the executive agency concerned determines that it is in the interest of the United States to do so; but in no event shall any property be disposed of without notice having been given that its importation into the United States is prohibited unless the Secretary of Commerce makes the determination required by subsection (d) of this section. Such property may be disposed of without advertising when the head of the executive agency concerned finds so doing to be most practicable and to be advantageous to the Government. The head of each executive agency responsible for the disposal of foreign excess property may execute such documents for the transfer of title or other interest in property and take such other action as he deems necessary or proper to dispose of such property; and may authorize the abandonment, destruction, or donation of foreign excess property under his control which has no commercial value or the estimated cost of care and handling of which would exceed the estimated proceeds from its sale."

(b) Section 402 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 512) is further amended by adding a new subsection (d) as follows:

"(d) RESTRICTION ON IMPORT INTO THE CUSTOMS TERRITORY OF THE UNITED STATES.—No foreign excess property disposed of pursuant to subsection (a) of this section nor property originally exported by grant under chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, by sale under chapter 2 of the Arms Export Control Act, or by commercial export licensed under chapter 3 of that Act, if such property is of United States manufacture, shall be imported into the customs territory of the United States unless the Secretary of Commerce has determined that the importation of such property would not have an adverse impact upon markets in the United States. No determination shall be required, however, for any such property imported by any agency of the United States Government or upon certification by a cognizant Federal agency that the property will be reexported. Any military surplus property of U.S. manufacture which cannot be demonstrated to lie outside the scope of this prohibition shall also be subject to this prohibition."

SEC. 2. (a) Subsection (b) of Section 404 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 514(b)) is further amended by adding the following sentences at the end thereof:

"The head of any agency performing functions authorized by this title may prescribe such rules and regulations as may be necessary to perform such functions. Such rules and regulations may include a requirement to maintain records relating to the sale, transfer and importation of property disposed of under this title for a period not to exceed three years following the date of importation into the customs territory of the United States."

(b) Section 404 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 514) is further amended by adding a new subsection (f) as follows:

"(f) Violation of any provision of this title or any regulation or order issued thereunder may result in the suspension or revocation of authority to import property subject to the provisions of this title for a period of not more than three years, in addition to other penalties provided by law."

SEC. 3. This Act shall become effective on the 90th day following the date of its enactment.

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### STATEMENT OF PURPOSE AND NEED

The proposed legislation would authorize the importation of foreign excess property, if the Secretary of Commerce found that the importation of such property would not have an adverse impact upon markets in the United States, would include certain categories of foreign surplus property heretofore not subject to review procedures, would make the proposed review procedures applicable only to foreign excess or similar surplus property which is of United States manufacture, and would eliminate the requirement that the Secretary of Agriculture review the return of foreign surpluses of agricultural commodities, food, or cotton or woolen goods.

In the years since the enactment of the Federal Property and Administrative Services Act of 1949, as amended, the volume of requests for the importation of foreign excess property (FEP) has decreased significantly from post-World War II levels, with a consequent decrease in their potential for adverse impact upon the Nation's economy. Moreover, a more exacting economic criterion has been applied to the importation of FEP than has been applied to the disposal of domestic surplus property, which latter category has comprised more than 80 percent of all Federal surplus disposals since 1964.

This proposal would change the more stringent economic criterion applicable to the importation of foreign excess property, currently requiring the Secretary of Commerce to make an affirmative finding that the importation of such property, regardless of the value and/or volume of the property, would relieve domestic shortage or otherwise benefit the economy, to a test of whether such imports would or would not have an adverse impact on the economy. The no-adverse-impact economic criterion proposed herein would substantially reduce the burdens on both the Government and importers of FEP by (1) allowing greater reliance on import authorization by published general determinations for certain property categories, (2) eliminating in most cases individual application and pre-import review, and (3) substituting a declaration-type entry procedure in lieu of the case-by-case review and determination. Case-by-case review procedures would thereafter be required only for import-sensitive kinds of property or importations of a quantity of property beyond that authorized in a published general determination.

Current law, in addition, has yielded inconsistent results in that it does not subject to the import review procedures certain property excessed overseas by foreign government agencies, originally shipped abroad pursuant to U.S. military assistance (MAP) or foreign military sales (FMS) programs, and physically and commercially indistinguishable from foreign excess property subject to the Act. Because the law currently does not apply to such categories of property it is necessary to document the source of surplus property proposed for import and determine whether each specific shipment is or is not FEP as defined by the Act. When the source of the property cannot be documented, as frequently happens, the practical effect is the exclusion of the property from importation, regardless of (1) whether the property is in fact FEP and (2) whether its entry would be found to satisfy the economic criterion set by law. This situation has been a substantial burden on importers and has resulted in additional administrative costs to the Government. The proposed legislation would adjust this policy anomaly by subjecting MAP and FMS property to the proposed amended procedures. Imports of such property by a U.S. Government agency, or its contractor, as well as temporary imports for repair and rehabilitation, either by the U.S. Government or by a foreign government in cooperation with a U.S. agency, would, of course, not be subject to the import restriction.

The proposed amendment would make the proposed review procedures applicable only to foreign excess or similar surplus property which is of United States manufacture. Presently, FEP manufactured overseas is subject to the review procedures, and because the importation of such materiel is already subject to applicable tariff laws, the additional review procedures are unnecessary.

Imports of foreign excess food and other agricultural products, currently subject to control by the Department of Agriculture, have been rare. Formal application and review mechanisms have never been established and the enactment of the proposed no-adverse-impact criterion would effectively eliminate the need for any control. Historically, in consultation with the Department of Agriculture, the Department of Commerce has exercised jurisdiction over finished products with agricultural content, such as C-rations, wool blankets and cotton shirts. It is expected that Department of Commerce jurisdiction over such processed food and products would be maintained under the present proposal.

In addition to the principal changes discussed above, the proposed amendment of Subsection (b) of Section 404 will provide the Secretary of Commerce specific authority to issue rules and regulations necessary to administer the provisions of the Act. The statute currently does not expressly provide for rule-making authority, although regulations have been issued on the basis of implied authority.

Administrative sanctions, including suspension or revocation of the authority to import property in the covered categories, for violations of the statute or implementing regulations are also specifically provided. Criminal penalties already exist for fraudulent misrepresentations (18 U.S.C. 1001) and willful violations of laws administered by the U.S. Department of the Treasury. A record-keeping requirement is also proposed in order to facilitate the enforcement of administrative sanctions. Because such record-keeping requirement is consistent with normal business practices, it is not expected to increase burdens on most importers.

A 90-day delay in the effect of the amendments is proposed in order to provide both sufficient prior notice to all parties intending to import property and opportunity for the development of new regulations and procedures appropriate to the amended Act.●

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By Mr. RIBICOFF (by request):

S. 2565. A bill to establish a Minority Business Development Agency in the Department of Commerce, and for other purposes; to the Committee on Governmental Affairs.

● Mr. RIBICOFF. Mr. President, at the request of the Secretary of Commerce, I am introducing legislation to establish a Minority Business Development Agency in the Department of Commerce, and for other purposes.

I ask unanimous consent that the text of the bill and the accompanying letter of transmission, section-by-section analysis, and statement of purpose and need be printed in the Record.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

### S. 2565

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Minority Business Development Agency Act of 1980."

### FINDINGS AND PURPOSES

Sec. 2. (a) The Congress find and declares that although existing programs of the Federal, state and local governments and of the private sector of the United States economy have contributed toward a lessening of an historic and persistent pattern of discrimination against minority groups, minority business enterprises have as yet been unable to participate fully in the nation's commerce.

(b) It is the purpose of this Act to establish a Minority Business Development Agency in the Department of Commerce to help assure that members of the minority groups have an equal opportunity to participate in the nation's commerce.

Sec. 3. As used in this Act, the term—

(1) "Secretary" means the Secretary of Commerce.

(2) "Minority business enterprise" means a business or commercial enterprise which is at least 51 per centum owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and whose management and daily business operations are controlled by one or more of such individuals.

(3) "Socially disadvantaged individuals" are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to other individual qualities.

(4) "Economically disadvantaged individuals" are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged. In determining the degree of diminished credit and capital opportunities the Agency shall consider, but not be limited to, the assets and net worth of such socially disadvantaged individual.

(5) "Members of minority groups" include Black Americans, Hispanic Americans, Native Americans, and other minorities, or any other individual found to be disadvantaged by the Secretary of Commerce.

(6) The terms "state", "states", and "United States" include the several states, the District of Columbia, the Commonwealth of Puerto Rico, the territories of the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Marianas.

### FUNCTIONS AND RESPONSIBILITIES OF THE SECRETARY AND ESTABLISHMENT OF THE MINORITY BUSINESS DEVELOPMENT AGENCY

Sec. 4. (a) The Secretary of Commerce shall be responsible for administering this Act.

(b) There is established in the Department of Commerce an agency to be known as the Minority Business Development Agency.

(c) The Secretary shall coordinate as consistent with law the plans, programs, and operations of the Federal Government which affects or may contribute to the establishment, preservation, and strengthening of minority business enterprise.

(d) The head of each Federal department and agency when so requested by the Secretary, shall, to the extent permitted by law and the availability of funds, furnish information, assistance, and reports to, and shall cooperate with the Secretary in the performance of functions under this Act.

(e) The head of each Federal department or agency shall, when so requested by the Secretary, designate a Deputy Secretary or official of comparable rank to have primary and continuing responsibility for the participation and cooperation of that department or agency in furtherance of the purposes of this Act.

(f) The officials designated under the preceding paragraph, when so requested, shall review and report to the Secretary with regard to, and shall keep the Secretary informed of, all existing and proposed budgets, policies, plans, programs and activities of their department or agency affecting minority business enterprises.

(g) The Secretary is authorized to cooperate with state and local governments to promote the mobilization of activities and resources toward the growth of minority enterprises, and encourage administrative and legislative changes favorable to the establishment and development of minority business enterprises.

(h) The Secretary is authorized to develop and implement activities in the private sector in concert with public and private firms, organizations, associations, educational institutions, and persons to ensure their support for the development of minority business enterprises in areas including, but not limited to, purchasing and procurement, financial and managerial assistance, and the penetration and expansion of markets, both domestic and foreign.

(i) The Secretary is authorized to provide for the development, collection, summarization, and dissemination of information that will be helpful to persons and organizations throughout the Nation in undertaking or promoting the establishment and successful operation of minority business enterprise.

(j) The Secretary is authorized to provide financial assistance in the form of contracts, cooperative agreements, and grants with and to public or private entities to defray all or part of the costs of providing management and technical development services to minority business enterprises or otherwise to further the purposes of this Act.

(k) The Secretary, in fulfillment of the responsibilities vested by subsection (c), may—(1) with the participation of other Federal departments and agencies as appropriate, develop comprehensive plans and specific program goals for the minority enterprise program; establish regular performance monitoring and reporting systems to assure that goals are being achieved; and evaluate the impact of Federal support in achieving the objectives established by this Act; (2) convene, for purposes of coordination, meetings of the heads of such departments and agencies, or their designees, whose programs and activities may affect or contribute to the purposes of this Act; (3) provide the managerial and organizational framework through which joint or collaborative undertakings with Federal departments or agencies or private organizations can be planned and implemented; and (4) require a coordinated review of all proposed Federal training and technical assistance activities in direct support of the minority enterprise program to assure consistency with program goals and to avoid duplication.

### ADMINISTRATION AND MISCELLANEOUS POWERS OF THE SECRETARY

Sec. 5. In performing the duties under this Act, the Secretary is authorized (a) to make advance payments under grants, contracts, and cooperative agreements, (b) to employ experts and consultants or organizations thereof as authorized by section 3109 of title 5, United States Code, to compensate individuals so employed at rates not in excess of the per diem rate authorized for GS–18 of the General Schedule, including travel time, and allow them travel expenses (including per diem in lieu of subsistence) while away from their homes or regular places of business, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently, while so employed, and (c) to prescribe such rules, regulations and procedures as the Secretary may deem appropriate to carry out the provisions of this Act.

### ANNUAL REPORT

Sec. 6. The Secretary shall, not later than March 1 of each year, submit to the President a full report of the Secretary's activities hereunder during the previous fiscal year, including such recommendations as the Secretary deems desirable to promote the purposes of this Act. Each Federal department or agency shall report to the Secretary as hereinabove provided on a timely basis so that the Secretary may consider them for the Secretary's report and recommendations to the President. Each Federal department or agency shall provide to the Secretary current data helpful in evaluating and promoting the efforts herein described.

### SEPARABILITY

Sec. 7. If any provision of this Act or the application thereof to any persons or circumstances shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances, but shall be confined in its operation to the provision of this Act or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

SEC. 8. Nothing in this Act shall be construed as subjecting any function vested in, or assigned pursuant to law to, any Federal department or agency or official thereof to the authority of any other agency or office exclusively, or as abrogating or restricting any such function in any manner.

SEC. 9. There is authorized to be appropriated to the Secretary such sums as may be necessary for the purpose of carrying out this Act.

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THE SECRETARY OF COMMERCE,
*Washington, D.C., March 25, 1980.*
Hon. WALTER F. MONDALE,
*President of the Senate,*
*Washington, D.C.*

DEAR MR. PRESIDENT: Enclosed are six copies of a draft bill "To establish a Minority Business Development Agency in the Department of Commerce, and for other purposes.", together with a statement of purpose and need in support thereof.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of this legislation to the Congress and further that its enactment would be in accord with the program of the President.

Sincerely,
PHILIP M. KLUTZNICK,
*Secretary of Commerce.*

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[Section-by-Section Analysis]

MINORITY BUSINESS DEVELOPMENT ACT OF 1980

Section 1.—Short Title.

Section 2.—Findings and Purposes.

(a) The Congress finds and declares that existing Federal, State and local programs have not effectively promoted the participation of minority business enterprises in the nation's commerce.

(b) The purpose of the Act is to establish the Minority Business Development Agency in the Department of Commerce to help assure that members of minority groups have an equal opportunity to participate in the nation's commerce.

Section 3.—Definitions.

Defines several operative terms used in the Act including Secretary, minority business enterprise, socially disadvantaged individuals, economically disadvantaged individuals, members of minority groups, and state, states and United States.

Section 4.—Functions and Responsibilities of the Secretary; Establishment of the Minority Business Development Agency.

Provides that (a) the Secretary of Commerce shall be responsible for administering the Act; (b) the Minority Business Development Agency is established in the Department of Commerce; (c) the Secretary shall coordinate those efforts within the Federal Government which affect or contribute to the interests of minority business enterprises; (d) at the Secretary's request, the head of each Federal department and agency shall cooperate with the Secretary; (e) at the Secretary's request, the head of each Federal department and agency shall designate a Deputy Secretary or official of comparable rank who will have responsibility for the participation and cooperation of that department or agency in furtherance of the purposes of this Act; (f) upon request, the officials designated in the preceding paragraph shall inform the Secretary of all activities within their department or agency that affect minority business enterprises; (g) the Secretary is authorized to cooperate with state and local governments to promote the interests of minority business enterprises; (h) the Secretary is authorized to develop and implement private sector activities in concert with public and private groups and persons to ensure private sector support for the development of minority business enterprises; (i) the Secretary is authorized to provide information that will benefit the establishment and operation of minority business enterprises; (j) the Secretary is authorized to provide financial assistance in the form of contracts and cooperative agreements with and grants to public or private entities; (k) in fulfillment of the Secretary's responsibilities to coordinate efforts within the Federal Government, the Secretary may (1) develop plans and goals, establish monitoring and reporting systems and evaluate the impact of Federal support; (2) convene meetings of agency and departmental heads or their designees; (3) provide the framework within which undertakings with other Federal departments and agencies can be planned and implemented; (4) require a review of all proposed Federal activities that directly support the minority business enterprises program.

Section 5.—Administration and Miscellaneous Powers of the Secretary.

Authorizes the Secretary to (a) make advance payments under grants, contracts and cooperative agreements; (b) employ experts, consultants and organizations and to compensate individuals so employed; and (c) prescribe rules, regulations and procedures.

Section 6.—Annual Report.

Requires the Secretary to make an annual report to the President for each fiscal year. The Secretary may include recommendations in this report. Each Federal department or agency shall report to the Secretary, and shall provide the Secretary with data in conjunction with these reporting efforts.

Section 7.—Separability.

Provides that the invalidation of one part of the Act by a court of competent jurisdiction shall not affect, impair or invalidate any other part.

Section 8.—Construction.

Provides that nothing in this Act shall be construed as subjecting any function of any Federal department or agency or official thereof to the authority of any other agency or office, or as abrogating or restricting any such function.

Section 9.—Authorization.

Authorizes appropriations to carry out the purposes of this Act.

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STATEMENT OF PURPOSE AND NEED

The purpose of this legislation is to establish a Minority Business Development Agency (MBDA) in the Department of Commerce. The MBDA will continue the programs and activities that have been previously carried out pursuant to E.O. 11625. These include coordination, consistent with law, of Federal activities relating to minority small business enterprises; collection and dissemination of data that will be helpful in promoting and operating minority business enterprises; providing financial assistance to public or private entities to defray all or part of the cost of providing management and technical development services to minority business enterprises; and working with the private sector to assist in the development of minority business enterprise in areas such as purchasing, procurement, and financial and managerial assistance.

The promulgation of Executive Orders 11458 and 11625, in 1969 and 1971, indicated the Federal Government's commitment to encourage and assist the development of minority business enterprises. Today the Nation is confronted with critical economic issues. It is in the national interest to promote the development of minority business enterprises and to foster their inclusion and participation in the competitive business marketplace.

It is essential that coordinated and comprehensive measures be undertaken to alleviate the unique difficulties confronting minority business enterprises in obtaining access to capital, markets, and management resources and skills.

The scarcity of long-term capital has prevented minority management teams from owning, operating and managing viable business enterprises. The primary reason for this scarcity of capital is the continued perception by the financial industry that minority managers do not possess the requisite expertise necessary for business success. Federal programs of financial assistance to minority business enterprises have yet to effectively address this misconception. It is critical that minorities obtain greater access to capital before the cost of entering these new fields becomes prohibitive.

Statistical studies have shown that there is a disproportionate concentration of minority businesses engaged in the service and small retail sectors. If minority business participation in the American economy is to be increased, there must be a movement into new and more promising domestic and foreign markets.

Management capacity is the single most important variable in business success. It is of critical importance to minority business enterprises because of their historical exclusion from America's business community. Current Federal programs have provided management and technical assistance to small minority firms. However, in providing assistance, the Federal Government has failed to distinguish between minority business enterprises with respect to size, type of industry, track record, nature of operations, and growth potential.

Developmental assistance tailored to the individual needs of minority businesses is necessary if these businesses are to grow, diversify and develop.

Current, accurate and complete information is essential if minority business enterprises are to penetrate new domestic and foreign markets. This information is also necessary to the private sector in its efforts to identify and do business with minority-owned firms.

Basic information on minority business enterprises must be compiled, analyzed and disseminated if an effective Federal program of assistance to minority businesspersons is to be designed and implemented.

No one sector is capable of meeting all of the needs of this Nation's minority business enterprises. The private, state and local government, and Federal sectors each possess certain perspectives and resources which should be utilized in developing effective and practical remedies for the chronic problems which confront minority businesses.

The bulk of American commercial activity is in the private sector. It is a storehouse of immense management, technical, and capital resources which can be harnessed to support minority business development.

This Act provides the legislative foundation for the MBDA to continue to stimulate and coordinate private and governmental activity in support of minority business enterprise development. The establishment of this agency on a statutory basis within the Department of Commerce will enhance the status of the minority business program.●

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By Mr. RIBICOFF (by request):

**S. 2566. A bill to authorize the Administrator of General Services to donate to State and local governments certain Federal personal property loaned to them for civil defense use, and for other purposes;**

to the Committee on Governmental Affairs.

● Mr. RIBICOFF. Mr. President, at the request of the Director of the Federal Emergency Management Agency, I am introducing legislation to authorize the Administrator of General Services to donate to State and local governments certain Federal personal property loaned to them for civil defense use.

The Director advises that enactment of this proposed legislation would be cost efficient and beneficial to the Federal Government as well as to prospective donees.

I ask unanimous consent that the text of the bill and the accompanying letter from the Director of the Federal Emergency Management Agency explaining the purpose of, and need for, the legislation be printed in the Record.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 2566

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

Section 1. Federal personal property transferred by a component of the Department of Defense to the Defense Civil Preparedness Agency (DCPA) by July 15, 1979, and which is, on the date of enactment of this law, on loan to a State or a State and local government jointly, under a written loan agreement executed by the DCPA (Department of Defense), and which property was transferred with the functions and property of the Defense Civil Preparedness Agency to the Federal Emergency Management Agency, shall be regarded as surplus property. The Administrator of General Services shall transfer title to the property to the State or local governments holding the property on the date of enactment upon receipt of a certification by the Director, Federal Emergency Management Agency that the property is being used by the State or local government concerned for a purpose consistent with that for which it was furnished.

In order to accomplish the above, the Director, Federal Emergency Management Agency shall survey such property on loan and shall, within 180 days after enactment of this Act, notify the Administrator of General Services of those items of property which are being used by the State or local government for the purpose for which the property was furnished. If property on loan is not being used in a manner consistent with the purpose for which furnished, the Director shall so notify the Administrator who may transfer the property to a Federal agency or to the appropriate State agency, upon its request, for distribution in accordance with subsections 202(a) and 203(j) of the Federal Property and Administrative Services Act of 1979 (40 USC 485(a) and 484(j)). Property not transferred as above shall be otherwise disposed of pursuant to the provisions of that Act.

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Federal Emergency
Management Agency,
*Washington, D.C., March 25, 1980.*

Hon. Walter F. Mondale,
*President of the Senate,*
*Washington, D.C.*

Dear Mr. President: Enclosed is proposed legislation "To authorize the Administrator of General Services to donate to State and local governments certain Federal personal property loaned to them for civil defense use."

The donation to be authorized by this legislation is of Federal personal property now on loan to State and local governments for their use as civil defense equipment under the Federal Civil Defense Act of 1950, as amended. The property was originally acquired for military operations and support programs by components of the Department of Defense and, when their utilization ended, became available to the Defense Civil Preparedness Agency under the DOD property reutilization program for loan to State and local civil defense organizations.

DCPA loaned the property in lieu of making financial contributions under section 201 of the Federal Civil Defense Act, retaining title to the property as within Defense Department reutilization and not as property excess to DOD needs. As such, property placed on loan by DCPA was not covered by section 5 of Public Law 94–519 (40 U.S.C. 483c) which provided for a "one-time" donation of excess personal property on loan to Federal grant program participants.

The Defense Civil Preparedness Agency participated in the DOD property reutilization programs as an organizational unit of the Defense Department charged with carrying out civil defense programs authorized by the Federal Civil Defense Act. On July 15, 1979, all functions, authorities and resources of DCPA were transferred by Executive Order 12148 from DOD to this Agency. Accordingly, because civil defense functions are no longer assigned to a unit of the Department of Defense, property of DOD heretofore utilized for loan to State and local civil defense units will no longer be available. Under section 202(d) of the Federal Property and Administrative Services Act, as amended by Public Law 94–519, personal property could be declared excess to Defense needs and made available to these civil defense units as public services organizations; however, no decision has been made to continue the program under these authorities and no appropriation requests mandated by the statute have been made.

The purpose of this legislation is to close out the prior property loan program conducted by DCPA in a manner consistent with section 5 of Public Law 94–519 and with the overall best interests of the Federal Government and State and local governments. Much of the property on loan had already been subjected to long Federal use, and in many cases repair parts are no longer available. In these instances repossession of the property would be burdensome and the estimated costs of reclaiming the property and ultimate disposal far outweigh any anticipated revenues. Additionally, State and local governments have, in many cases, made substantial expenditures to repair or rebuild the loaned equipment to make it usable. Requiring the equipment to be returned would deprive these jurisdictions of the investments in this property. Accordingly, passage of the enclosed proposal will be cost efficient and beneficial to the Federal Government as well as to the prospective donees.

Enactment of this legislation would not result in additional cost to the Federal Emergency Management Agency or to the Executive Branch, as all that is involved is transfer of title to property already in the possession of the States or local governments to those governments. The legislation provides for a survey by this Agency prior to the final transfer of title to assure that the property is being utilized for the purposes authorized in the loan agreements. However, as there is no transfer of possession, the donation program is not a major Federal action which significantly affects the quality of the human environment.

The proposed legislation has been reviewed and concurred in by the Department of Defense and the General Services Administration. The Office of Management and Budget advises that there is no objection from the standpoint of the Administration's program to the submission of this legislation to the Congress.

Sincerely yours,
John W. Macy, Jr.,
*Director.*●

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By Mr. METZENBAUM:

S. 2567. A bill to establish Federal minimum standards relating to composition of corporate boards, duties of corporate directors, audit and nomination committees, shareholders' rights, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

### PROTECTION OF SHAREHOLDERS' RIGHTS ACT OF 1980

● Mr. METZENBAUM. Mr. President, I am introducing today the "Protection of Shareholders' Rights Act of 1980," a bill that establishes federally prescribed minimum standards designed to make corporations more accountable to their shareholders and to the public.

There is widespread agreement in the business community that reforms are necessary in the governance of the Nation's major corporations. There is not agreement, however, on the need for Federal legislation to bring about those essential reforms.

In considering this question, we must answer two basic questions.

First, do major and pressing problems exist?

Second, is action in the form of legislation necessary to solve those problems in a timely manner?

The answer to both those questions is yes.

There is on doubt that we face major problems in the governance of our major corporations.

In recent years, a corporate management style has appeared that is unresponsive to both shareholders and to the public interest. In a recent issue of Chief Executive, a magazine written by and for top corporate executives, Arnold Bernhard, research chairman of the Value Line Investment Survey, had this to say about today's corporations:

> Management's self-interest now propels them to give first consideration to independent survival of the corporation itself, to their own salaries and bonuses, and to their standing in the communities where they live. The individual investor who put up the capital and took the risk to start the business is now being relegated to second class.

Mr. Bernhard's observation is borne out by the undisputed fact that for years, leading companies have engaged routinely in questionable and even illegal activities.

Important corporations have made illegal political contributions here at home.

Important corporations have made a practice of paying bribes to officials of foreign governments.

And with the full knowledge and consent of management, important companies have falsified their books to cover up such payments.

In a major 1976 report, the Securities and Exchange Commission declared that it was "unable to conclude that instances of illegal payments are either isolated or aberrations limited to a few unscrupulous individuals—the problem is serious and widespread."

Between 1960 and 1972, the Gulf Oil Corp., to take just one example, contributed $6.8 million to domestic political campaigns, $5.4 million of which was returned to the United States from foreign countries in off-book transactions. In addition, Gulf's political contributions in seven foreign countries in that period came to approximately $6.9 million. Gulf used false accounting procedures and a subsidiary in the Bahamas to launder approximately $10 million for both foreign and domestic use.

From 1967 to 1972, Ashland Oil made domestic political contributions totaling $850,000, of which only $25,700 were legal. Those funds were improperly recorded in Ashland's books.

Minnesota Mining & Manufacturing misappropriated and placed in a secret fund the sum of $633,997 to be used for domestic political contributions. The assets of that secret fund were falsely recorded on the books as foreign insurance premium expenses and as foreign legal expenses.

But, Mr. President, the problems that exist in today's corporate world go far beyond the issue of illegal payments.

In recent testimony, Prof. Marshall Clinard of the University of Wisconsin, who studied the number of enforcement actions brought by 25 Federal agencies against the 582 largest publicly owned companies, stated that fully 60 percent of these major firms had a total of 1,553 cases pending against them. A survey conducted by Public Citizen of the companies comprising the business roundtable found that 58 percent of those large firms had in the previous 5 years either admitted to an illegal or "questionable" payment abroad or been named by the Justice Department or the Federal Trade Commission in an antitrust or consumer action. And when a Ralph Nader group asked Fortune's top 1,000 presidents if they agreed with the observation that "many companies price fix," 60 percent of the 110 respondents said "yes."

In addition to these flagrant illegalities, top corporate executives have all too often enriched themselves at the expense of the shareholders. For example, just 2 months ago, the Wall Street Journal reported that the Playboy Enterprises, Inc., Audit Committee has asked Hugh Hefner and other top executives to repay $918,413 to the company for "certain benefits" that were not "properly documented or approved." The SEC has documented scores of similar cases in which corporate executives have abused their corporate positions for personal gain—racing yachts, cars, home improvements, et cetera, and the Washington Post recently reported, with extensive documentation, how Mobil Corp. President William Tavoulares put his son in a shipping venture that benefited handsomely from its relationship with Mobil. That arrangement catapulted the 24-year-old son from a $14,000 shipping clerk to a major owner of the Atlas Maritime Co., complete with a Rolls-Royce and luxurious homes in London and Long Island.

In theory, a major responsibility of a corporation's board of directors is to carefully monitor corporate policy in order to prevent abuses of this kind. But in fact, a very large number of corporate boards do not exercise meaningful oversight and control over management. "Directors," complained William O. Douglas as early as 1933, "do not direct."

In a 1975 survey of 394 of the country's largest corporations, Korn/Ferry International—a New York executive recruiting firm—found that boards averaged only seven meetings per year. "In most large corporations," Korn/Ferry reported, "the board meetings have withered, through neglect, into a ritualized 1- to 3-hour ceremony with much of the time being consumed by a pro forma review of operations by the president or vice presidents and equally routine approvals of the capital appropriations that management wants."

Perhaps the best illustration of the failure of many corporate boards to exercise meaningful oversight and control over management is the Penn Central failure. At the time of the collapse in June 1970, Penn Central was the largest railroad in the country and the sixth largest industrial corporation overall. Within a 2-year period, shareholders watched their shares plummet from 86½ to 2¾. A director who joined Penn Central in December 1969 gave the following, devastating description of board attitudes:

> They sat up there on the eighteenth floor in those big chairs with the (brass name) plates on them and they were a bunch of, well, I'd better not say it. The board was definitely responsible for the trouble. They took their fees and they didn't do anything. They didn't know the factual picture and they didn't try to find out.

In testimony before the Senate Commerce Committee a few years ago, former SEC Chairman Roderick Hills summed up the situation as follows:

> Too many boards are dominated by inside directors. Even where there are significant numbers of outsiders on a board, they are all too often old friends of the chief executive office who would rather resign from the board than severely criticize or vote to oust their old friend.

And former A.T. & T. Chairman John D. DeButts wrote recently in the Corporate Director:

> To strengthen the board of directors we must, first of all, get rid of the motion that the principal criterion for membership is compatibility.

Obviously, Mr. DeButts was responding to a very real problem. These examples raise the most basic questions related to the governance of the American corporation.

In June 1977, the Senate Subcommittee on Citizens and Shareholders Rights and Remedies, which I then chaired, held hearings on "The Role of the Shareholder in the Corporate World." Witness after witness spoke of the need to stop the erosion of standards of conduct for corporate management and to expand the role of the shareholder in the corporate world. Testimony before other congressional committees and before the Securities and Exchange Commission carried the same message.

In February of 1978, I appointed an advisory committee on corporate governance. Its 12 members represented many of the most prestigious and active names in American business, labor, and consumer activities—John D. DeButts, then chairman of the board of A.T. & T.; Irving S. Shapiro, chairman of the board of DuPont; Douglas Fraser, president of the UAW; Mark Green, director of Congress Watch; A. A. Sommer, Jr., former member of the Securities and Exchange Commission; William Winpisinger, president of the International Association of Machinists and Aerospace Workers; William M. Batten, chairman of the New York Stock Exchange and former president of the J. C. Penny Co.; Prof. William L. Cary, chairman of the SEC from 1961 to 1964; Lewis D. Gilbert, a major spokesman for shareholders interests; John Bustamente, chairman of the First National Bank Association of Cleveland; Alice Tepper Marlin, founder and executive director of the Council of Economic Priorities; and George Aronoff, distinguished Cleveland attorney.

While divergent views were expressed by members of the committee regarding Federal legislation as a mechanism for effectuating change, the advisory committee agreed that improvements in corporate governance and corporate accountability are of great importance to the future of our economic system. The committee endorsed a number of specific reforms such as: At least a majority of the members of boards of directors of publicly-owned corporations should be "outside" directors or "independent" of management, publicly-owned corporations should have an audit committee composed solely of independent directors and publicly-owned corporations should have a nominating committee composed of a majority of independent directors.

In addition, the American Law Institute, the American Bar Association, the Securities and Exchange Commission, the Business Roundtable, Congress Watch, and the Federal Trade Commission have examined this subject intensively. All agree that some improvement in the mechanisms of corporate governance is necessary. The major differences are over how these improvements should be achieved.

Most corporations resist any Federal legislation and prefer to wait for the voluntary actions of the corporate community to make adjustments. Or, at a maximum, they prefer to leave all legislative decisions to the States.

With all due respect to the advocates of laissez-faire and corporate voluntarism, I must confess that some of us have a more skeptical view of human nature. As Prof. Abram Chayes has said:

> Like societies before us, we will be ill-advised to rely exclusively on the conscience or benevolence of the wielders of power to secure that it be exercised for ends we value.

Nor can the problems be left solely to the States. State corporation laws are designed primarily to enable management to operate with minimum interference. States have competed with each other in what has been called a race to the bottom, to develop a permissive, management-oriented body of law in order to attract corporations to domicile within their respective jurisdictions and provide corporate business.

And the States know it. A 1968 report of New Jersey's corporation law revision committees states:

> It is clear that the major protections to investors, creditors, employees, customers and the general public have come, and must continue to come, from Federal legislation and not from State corporation acts . . . (a)ny attempt to provide such regulations in the public interest through State incorporation acts and similar legislation would only drive corporations out of the State to more hospitable jurisdictions.

If voluntarism is uncertain and State reform is either unlikely or too time-consuming, why not rely upon the SEC instead of legislation? The simple answer is that the SEC does not now have the legislative authority to institute needed reform.

SEC jurisdiction—the 1933 and 1934 Securities Acts—relates primarily to the corporate securities distribution and trading process rather than to corporate governance. The principal purpose of these statutes is disclosure to permit investors to make informed investment decisions, and to permit shareholders to exercise their rights effectively and intelligently. That is simply not sufficient to achieve a more effective and responsive corporate governing structure.

The corporate shareholder thus finds that State laws often will not protect him, that the Federal securities laws apparently are not strong enough to do so, and that other laws are not broad enough. I am therefore introducing legislation today that prescribes minimum Federal standards to protect shareholders and to restore the sense of accountability that has been absent from too many of our major corporations, without reducing managerial efficiency.

I believe that the best way to do that is to strengthen the role of the board of directors. Others would go much further. Last week, for example, H.R. 7010, the Corporate Democracy Act, was introduced in the House. It deals with such matters as the public disclosure of corporate operations and activities, the rights of employees, the impact of plant closings on affected communities, interlocking directorates, and the accountability of corporate officers for violations of Federal laws. With all due respect to a very honorable effort, I prefer instead to rely more on building a limited set of mechanisms to enable the good sense and honesty of American businessmen to operate in a manner that is creative, effective, and meaningful.

The only real way to accomplish this is to require that a majority of the board of major corporations be directors who do not have certain significant economic or personal relationships with the corporations they serve. As SEC Chairman Harold Williams put it:

> Independent directors perform a vital function for management. They provide a source of accountability and self-correction. They can serve management constructively by calling for management to examine decisions and actions in the light of new and different perspectives and asking hard questions. . . .

Hard questions might have prevented the Penn Central disaster, the slush funds, the illegal contributions, the foreign bribes, and the excessive corporate perks and compensation for insiders.

The provision in the bill I am introducing today for an independent director majority does not go as far as Chairman Williams and others would go—they would require almost all board members to be outsiders. The bill reflects instead a wide-spread consensus. For example, both the Business Roundtable and the American Bar Association's section on corporation, banking and business law support such a board composition.

Admittedly, the word "independent" is not easily defined. However, the categories set forth in the bill focus on those persons whose board service raises legitimate questions of independence. As SEC Chairman Williams put it:

> The board service of members of management, major customers and suppliers of goods and services—including commercial bankers, outside counsel, and investment bankers—and any other individual who has a stake in the corporation which has the potential to divide his/her judgment—or the perception of his/her judgment—raises legitimate questions of independence . . . it is hard to question seriously that those who have an economic stake in the corporation may find it difficult to ignore that stake. . . .

In line with that, investment bankers, commercial bankers, major suppliers and lawyers who do a certain amount of business with the corporation, among others, are not classified as independent directors in the bill. Nothing in this bill, of course, precludes them from serving on a corporate board—it is just that such persons cannot be in the majority.

The bill also requires all subject corporations to establish audit committees composed solely of independent directors. The audit committee would—in addition to other duties—have the sole authority to hire and dismiss the independent auditor, and to determine his compensation, subject to the approval of a majority of the outstanding shares of the corporation.

The value of independent audit committees is undisputed, the SEC first recommended audit committees as a means for improving financial disclosure in 1940. In 1939, the New York Stock Exchange endorsed the concept, today, the Business Roundtable supports it. The New York Stock Exchange requires all listed companies to establish audit committees composed solely of independent directors, and the American Stock Exchange recommends the same thing for its listed companies.

But simply having an audit committee is not enough. Such a committee must responsibly perform some real, hard functions, and some do not. The bill therefore sets out some of the responsibilities of audit committees.

Nominating committees should also be independent. Corporate elections are usually won by the persons nominated by management. Also, the chief executive officer, who traditionally selects the candidates for board membership, can intimidate would-be dissenters who wish to remain on the board and who know he or she can deny them reappointment. The bill, therefore, requires that all subject corporations have a nominating committee composed solely of independent directors, with the responsibility for recommending nominees to fill board vacancies. Shareholders should be advised of the nominating committee's role and encouraged to submit recommendations to the committee. Properly implemented, this concept constitutes a significant step toward increasing shareholder participation in the corporate electoral process.

The bill also grants shareholders the right to nominate candidates for the board of directors, provided such candidates are supported by a specified number of shares outstanding at the time the candidate's name is sought to be placed in nomination. This provision will make proxy solicitations more open, and help put outside groups on a more equal footing with the inside management.

But simply giving shareholders the right to nominate directors is not enough. Shareholders must also have some electoral power. Cumulative voting is a mechanism that assures some stockholders, if they are sufficiently purposeful and cohesive, representation on the board of directors to an extent roughly proportionate to the size of their holdings. This is achieved.

By permitting each shareholder, acting alone or in concert with others, to cast the total number of his or her votes for a single candidate for election to the board, or to distribute such total among any number of such candidates.

Like all other provisions of this bill, the provision for cumulative voting does not create something new and unprecedented, but merely adopts the best of current practice. In 10 States, cumulative voting is guaranteed in the State constitution, and in 11 States, cumulative voting is an absolute shareholder right by statute. A previous congressional requirement for "fair, just and equitable suffrage" in the administration of the Public Utility Holding Company Act, has been interpreted to support the right of cumulative voting. Congress also insisted on cumulative voting when COMSAT was created.

These structural provisions are very minimal, yet are very meaningful. They reflect the best of common practice, but, unhappily, are far from universal, for too few States currently require them.

There is no magic to Federal legislation, however, as we have all unhappily learned. The bill therefore provides—right at the very beginning in section 2—that if a subject corporation is governed by a State law that contains structural requirements equal or greater in strength than those in the bill, the Federal provisions will be inapplicable to that extent. In this way, the States will be encouraged to improve their own laws, and the Federal role will be reduced.

Apart from these structural features, the bill also seeks to develop a nationally uniform and significant standard of care and loyalty for directors of subject corporations.

The standard of care is taken from the Model Business Corporation Act which was written and approved by the American Bar Association's section on corporation, banking, and business law. It has been adopted in substance in more than 25 States and major portions have been followed in many others. Its enactment and uniform interpretation on a Federal level would be an important step toward protecting the basic rights of public investors, and adding a necessary uniformity to the way directors of national companies are supposed to act.

The duty of loyalty provision was taken from the Corporate Director's Guidebook. It is based on the single basic principle that a director should not use his corporate position to make a personal profit or gain other personal advantage.

Finally, the bill allows any shareholder of a subject corporation to enforce those provisions of the act not preempted by State law in Federal district court. The court would have original but not exclusive jurisdiction of such actions, and the prevailing party would be allowed to recover reasonable litigation costs, including attorney's fees.

In closing, Mr. President, let me point out that the proposed legislation reflects two important concerns: Inflexible Federal regulation should not stifle the need for innovative, creative, and experimental reforms that often come only from the private sector itself or from the States. I believe that the standards in this bill are sufficiently modest so that efforts at such reform are not stifled, but encouraged. They are encouraged because States and companies are urged to go beyond these minimum standards on a voluntary basis.

The second concern is that small businesses not be unnecessarily burdened by this or any other legislation. In crafting the scope of this bill, we have therefore been quantitative as well as qualitative, sharply limiting the number of covered public corporations to about the 1,000 largest corporations, and not including any mutual insurance companies.

Mr. President, these minimum standards reflect the commitment of the President to protect the rights of the shareholders of public corporations. In August 1976, President Carter said "my own philosophical commitment would be to—set minimum standards for chartering and then commit the States to comply, mandatorily, unless they want Federal chartering requirements—access of the stockholders to greater control of the company is something that I would favor very strongly."

Michael Pertschuk, the Chairman of the Federal Trade Commission and Prof. William Cary, a former chairman of the Securities and Exchange Commission, have also expressed their support for a minimum Federal standards bill.

With the enactment of this bill, a significant step will have been taken toward restoring a legitimate chain of accountability in the corporate world. I urge its speedy passage.

Mr. President, I ask unanimous consent that the text of the Protection of Shareholders' Rights Act of 1980, together with the section-by-section analysis of the bill, be printed in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

### S. 2567

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Protection of Shareholders' Rights Act of 1980".

### FINDINGS AND PURPOSES

SEC. 2. The Congress finds and declares that—

(1) the health and proper functioning of our corporate system is vital to our national life;

(2) corporate misconduct and a weakening of the shareholder's voice have become sufficiently widespread to present a serious problem for our Nation;

(3) the failure of boards of directors to exercise adequate supervision and independent judgment has contributed to this problem; and

(4) the establishment of minimum standards for internal structural controls to enhance the independence of directors, for the duties of care and loyalty for corporate directors, and for the enhancement of shareholders' influence, can significantly improve corporate behavior and performance without impairing efficiency and imposing excessive governmental regulation.

### APPLICATION AND RELATION TO STATE LAW

SEC. 3. (a) Except as otherwise provided, the term "affected corporation", as used in this Act, means any business corporation which—

(1) is engaged in interstate commerce, or in a business affecting interstate commerce, or whose securities are traded by use of the mails or any other means or instrumentality of interstate commerce;

(2) is incorporated under the laws of the United States, any State, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, or any territory or possession of the United States; and

(3) as of December 31 of the fiscal year preceding the year in which this Act becomes effective, had 500 or more shareholders, and (A) had inventories, gross property, plant, and equipment which aggregated more than $100,000,000 and which comprised more than 10 percent of the total assets of the affected corporation, or (B) had $100,000,000 in total sales or revenues, or (C) had $1,000,000,000 in total assets.

(b) (1) For purposes of this subsection, the term "State" means a State, the District of Columbia, the Commonwealth of Puerto Rico, or any other territory or possession of the United States.

(2) Except as provided in paragraph (3), an affected corporation shall be exempt from the requirements of this Act if such affected corporation is governed by a State law that contains requirements substantially similar to those imposed under this Act or such law gives greater protection and benefit to the shareholder, and there is adequate provision for enforcement.

(3) An affected corporation shall not be exempt from the requirements of section 4 of this Act, relating to duties of corporate directors.

(c) This Act does not apply to mutual life insurance companies.

### DUTIES OF CORPORATE DIRECTORS

SEC. 4. (a) Each director of an affected corporation shall owe the affected corporation and its shareholders a duty of loyalty. With respect to his duty of loyalty, a director shall perform his duties as a director, including his duties as a member of any committee of the board of directors upon which he may serve, in a manner such that the director does not use his corporate position to make a personal profit or gain other personal advantage. In carrying out his duty of loyalty, the director shall be required to do the following:

(1) When the corporate director has a material personal interest in a contract or transaction to which the affected corporation is to be a party, either directly or indirectly because of an employment or investment relationship with an entity with which the affected corporation is dealing or otherwise, the director shall disclose the existence and nature of such interest to the other directors prior to the time action is taken by the board with respect to the matter. The interested director may be counted in determining the presence of a quorum but his vote or consent may not be counted for purposes of the requisite action.

(2) When conflicting interests are present, the corporate director shall ascertain that the proposed transaction is on at least as favorable terms to the affected corporation as might be available from any other person or entity and, if minority shareholders may be adversely affected, each director shall consider the fairness of their treatment.

(3) When an opportunity to acquire another business enterprise, to acquire real property, to license patents or inventions, to market new products, or to seize any other business advantage, comes to the attention of the corporate director as a result of his relation to the affected corporation in a way that would permit personal realization of the same opportunity, and such opportunity is relevant to the enterprise's present or prospective business activities, the director shall first present it to his affected corporation and only after a determination has been made by the board that the affected corporation will not pursue such corporate activity, may the corporate director pursue the matter for his own account or for the benefit of others.

(4) The director shall deal in confidence with all matters involving the corporation on whose board he serves until such time as there has been general public disclosure of any matter or unless he knows that the particular information is a matter of public record or is a matter of common knowledge.

(b) Each director of an affected corporation shall owe the affected corporation and its shareholders a duty of care. With respect to his duty of care, a director shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the affected corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

(c) (1) In performing his duties, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by—

(A) one or more officers or employees of the affected corporation whom the director reasonably believes to be reliable and competent in the matters presented,

(B) counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such persons' professional or expert competence, or

(C) a committee of the board upon which he does not serve, duly designated in accordance with a provision of the articles of incorporation or the by-laws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

(2) A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted.

(d) A director who performs his duties of loyalty and care in accordance with this section shall not be liable by reason of being or having been a director of the affected corporation.

(e) (1) In order to ensure that the director is afforded the opportunity to perform his duties in the manner prescribed under this section, any present director, officer, employee, or agent of such affected corporation or any of its parents, subsidiaries, or affiliates, shall furnish such information and explanation, and provide access to records, documents, books, accounts, and vouchers as any director of an affected corporation may reasonably request and the director of the affected corporation may communicate with key executives of the affected corporation, subject to reasonable time constraints.

(2) Any person required to furnish access to records, documents, books, accounts and vouchers pursuant to this subsection shall only be required to furnish access to or give information and explanation about those records, documents, books, accounts and vouchers which such person is required to maintain pursuant to the performance of his duties on behalf of the affected corporation.

### INDEPENDENT BOARD OF DIRECTORS

SEC. 5. (a) In order to ensure that the board of directors of an affected corporation represents all of the shareholders, to improve the effectiveness of the board, and to ensure the credibility of the affected corporation's accountability process, a majority of the members of a board of directors of an affected corporation shall not be persons described in subsection (b) of this section.

(b) The persons referred to in subsection (a) of this section are as follows:

(1) Any person who, within five years preceding his proposed appointment to the board of directors, has been an officer or employee of the affected corporation, any of its parents, subsidiaries, or other affiliates.

(2) Any person who is related to an executive officer of the affected corporation, any of its parents, subsidiaries, or other affiliates, by blood, marriage, or adoption (except relationships more remote than first cousin).

(3) Any lawyer who was paid, or whose firm was paid, a fee by the affected corporation, for the performance of legal services, the amount of which exceeds $10,000, during any of the affected corporation's last three full fiscal years or to whom it is proposed to pay such a fee in the affected corporation's current or next full fiscal year.

(4) Any person who is a director, partner, officer, or employee of an investment or commercial banking firm which has performed services and received a fee for such services which exceeds $10,000, during any of the affected corporation's last three full fiscal years, or which the affected corporation proposes to have perform services in the current or next full fiscal year.

(5) Any person associated with a supplier to the affected corporation to which the affected corporation made payments during such supplier's last fiscal year or proposed to make payments during such supplier's next fiscal year, in an amount in excess of 1 percent of such supplier's consolidated gross revenues for its last fiscal year or $5,000,000, whichever is less. A person is deemed to be "associated with a supplier" if such person is, or has within the last two full fiscal years of the affected corporation been, an officer, director, or employee of, or owns, or has within the last two full fiscal years of the affected corporation owned, directly or indirectly, in excess of 1 percent equity interest in such supplier.

(c) For purposes of subsection (b), fees which are proposed to be paid include fees which are the subject of a formal agreement or are reasonably expected to be made pursuant to any understanding or course of conduct.

### AUDIT COMMITTEES

SEC. 6. (a) The board of directors of an affected corporation shall establish and maintain an audit committee composed solely of persons who are not described in subsection (b) of section 5 of this Act.

(b) It shall be the function of the audit committee, in addition to any other functions agreed to by the board of directors, to—

(1) review the arrangements and scope of the independent audit examination;

(2) review, upon completion of the audit, the following items with the principal firm of independent auditors engaged by the affected corporation:

(A) any report or opinion proposed to be rendered in connection with the audit;

(B) the extent to which the resources of the affected corporation were and should be utilized to minimize the time spent by the independent auditors;

(C) any significant transactions detected during the audit which were unrecorded, unauthorized, or not adequately supported;

(D) any material change in the affected corporation's accounting principles;

(E) all significant adjustments proposed by the auditor;

(F) the scope of the auditor's examination; and

(G) any recommendations which the independent auditors may have with respect to improving internal accounting controls and choice of accounting principles;

(3) investigate and make recommendations concerning the cooperation which the independent auditors received from officers and employees of the affected corporation during the conduct of the audit;

(4) subject to the approval of a majority of the outstanding shares of the affected corporation, hire and dismiss the independent auditors and determine the compensation which they shall be paid;

(5) inquire of appropriate company personnel and the independent auditors as to any instances of deviations from the affected corporation's established codes of conduct and periodically review such policies;

(6) meet with the affected corporation's chief financial officer and other appropriate personnel at least twice a year to review and discuss with them the general policies and procedures utilized or proposed to be utilized by the affected corporation with respect to internal accounting controls, including the internal audit function;

(7) direct and supervise an investigation into any matter brought to its attention within the scope of its duties;

(8) review executive prerequisites;

(9) report on the committee's activities in the annual report to shareholders; and

(10) review, either as a committee of the whole or by a designated member, all releases and other information to be disseminated by the affected corporation to the press media, the public, or its shareholders which concern disclosures of financial condition and results of operation, or forecasts of such information, of the affected corporation and its subsidiaries.

(c) Pursuant to performing the function specified in paragraph (6), the audit committee shall have the power to retain outside counsel in connection with any investigation.

### NOMINATING COMMITTEES

SEC. 7. (a) The board of directors of an affected corporation shall have a nominating committee composed solely of persons who are not described in subsection (b) of section 5 of this Act.

(b)(1) Except as provided in paragraph (2) of this subsection and subject to the right of shareholders to nominate candidates for directorships as provided for in section 8 of this Act, the power to nominate candidates for the board of an affected corporation shall be vested solely in the nominating committee.

(2) This subsection is not intended to preclude any right shareholders may have to nominate candidates for directorships by virtue of the charter or bylaws of the affected corporation or by virtue of governmental regulation, or otherwise.

### SHAREHOLDER NOMINATIONS

SEC. 8. (a) Shareholders of an affected corporation, in advance of the meeting at which directors are to be elected, shall have the right to nominate candidates for the board of directors of such affected corporation if each such candidate nominated for a directorship by a shareholder is supported by the holder or holders of one-half of 1 percent of shares outstanding at the time the name of such candidate is sought to be placed in nomination.

(b) In the event shareholders nominate candidates for directorships, the names of such nominees shall be included in any proxy information together with the same type and amount of background information that is provided for any other nominees if—

(1) the proponents of the shareholder nominees furnish such information; and

(2) the affected corporation has a reasonable opportunity to include such information in the proxy materials.

### CUMULATIVE VOTING FOR DIRECTORS

SEC. 9. (a) Every shareholder complying with subsection (b) of this section who is entitled to vote at any election of directors may—

(1) cumulate his votes by giving one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares the shareholder is voting; or

(2) distribute his votes on the principle stated in paragraph (1) among as many candidates as the shareholder desires.

(b) No shareholder shall be entitled to cumulative votes for any candidate unless the name of such candidate has been placed in nomination prior to the voting and the shareholder has given notice, by registered or certified mail at least 60 days prior to the meeting at which the cumulative votes are to be cast, of his intention to cumulate his voters. If any one shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination.

### SHAREHOLDER'S ACTION

SEC. 10. (a) Chapter 85 of title 28, United States Code, is amended by adding at the end thereof the following:

"§ 1364. Shareholder's action

"(a) Any shareholder of an affected corporation, as such term is defined in the Protection of Shareholders' Rights Act of 1980, may enforce any provision of that Act not rendered inapplicable pursuant to section 3(b)(2) of that Act, by maintaining a civil action in any district court of the United States as provided in subsection (b) of this section which shall have original but not exclusive jurisdiction of such action. The court may allow the prevailing party to recover litigation costs reasonably incurred in any such action, including reasonable attorneys fees.

"(b) Any action instituted pursuant to

subsection (a) of this section may be brought in the district in which the act or transaction resulting in such action occurred, or in the district wherein the defendant is an inhabitant or transacts business, and process in any such case may be served in the district in which the defendant is an inhabitant or transacts business.".

(b) The table of sections for chapter 85 of such title is amended by adding at the end thereof the following new item:

"1364. Shareholder's action.".

### EFFECTIVE DATE

SEC. 11. The provisions of this Act are effective three years from the date of enactment of this Act.

[Section-by-Section Analysis of the Legislation]

### PROTECTION OF SHAREHOLDERS' RIGHTS ACT OF 1980

The bill provides that the title of the legislation is the "Protection of Shareholders' Rights Act of 1980."

### FINDINGS AND PURPOSES

Section 2 sets forth the primary purpose of the act which is to significantly improve corporate behavior and performance without impairing efficiency and imposing additional governmental regulation.

### APPLICATION AND RELATION TO STATE LAW

Section 3 of the bill sets forth the scope of the act and its relation to State law.

"Affected corporation" is defined to mean any business corporation which is engaged in or affects interstate commerce, or whose securities are traded by any instrumentality thereof, and which is incorporated under the laws of the United States, any State, territory or possession of the United States: and as of December 31 of the fiscal year preceding the year in which the legislation becomes effective, had 500 or more shareholders, and (a) had inventories and gross property, plant and equipment which aggregated more than $100,000,000 or (b) had $100,000,000 in total sales or revenues, or (c) had $1,000,000,000 in total assets.

Recognizing the difficulties faced by smaller companies in entering the capital markets, that Federal minimum standards applicable to the Securities and Exchange Commission registrants may be too broad of a proposal, and that imposing Federal minimum standards on small and medium-sized companies may not yield benefits at least equal to the costs of compliance, the definition contained in the bill focuses on the largest enterprises, although mutual life insurers are exempted from coverage.

Section 3 of the bill also gives deference to State law in the area of corporate regulation and allows the State experimentation in drafting legislation in this area. This section provides that, with the exception of those provisions which relate to a director's duty of loyalty and duty of care, affected corporations shall be exempt from the requirements of the act if they are governed by State law which contains requirements substantially similar to, or more stringent than, the standards contained in the act, and there is adequate provision for enforcement. This section establishes a statutory frame of reference from which State initiative and experimentation can be launched while at the same time counteracting any erosion of the corporate director's allegiance which may result from States lowering their standards for competitive reasons or for the purpose of generating revenue, recognizing also, that the growth of corporate governance principles, like the law, is an evolutionary process, this section does not preclude more stringent or specific standards from being instituted in order to comport to the changing concepts affecting corporate boards and shareholders' rights.

### DUTIES OF CORPORATE DIRECTORS

Section 4 sets forth standards of conduct applicable to the individual corporate director and expressly states that directors of an affected corporation shall owe the corporation and its shareholders a duty of loyalty and duty of care. The duty of loyalty provision was derived from the corporate director's guidebook which was prepared by the subcommittee on functions and responsibilities of directors, committee or corporate laws, section of corporation, banking and business law of the American Bar Association and the duty of care provision was derived from the model business corporation act which was written and approved by the American Bar Association's section on corporation, banking and business law and which is monitored on an on-going basis by that section's committee on corporate laws.

While these guidelines have received a great deal of attention from large companies and are generally accepted in theory, board practice still varies widely. Further, while the courts have given some weight to legal prohibitions against self-dealing by directors, the state of the law in this regard is far from satisfactory, rather than ensuring that a director's single, or even principal, objective will be to advance the interests of shareholders, the law allows directors considerable discretion in deciding how to divide up the surplus generated by a corporation's activities. Often they allocate a very generous portion of that surplus to top management, thereby reducing the funds available to advance the shareholders' interests.

The duty of loyalty contained in the bill sets forth certain particularized legal concepts which make clear what the director is required to do in order to avoid a conflict of interest situation. This minimum standard represents the codification of the undisputed concept that the best interests of the corporation and its shareholders must prevail over any individual interest of the corporate director. The duty of care provisions sets forth a legal standard which directs that the director act carefully in fulfilling the important tasks of monitoring and directing the activities of corporate management. The director's duty of due care has been interpreted almost out of existence.

While State statutes provide that directors' decisions be judged in terms of what reasonably prudent men would have done under similar circumstances, courts have interpreted this standard as requiring directors to devote only very modest amounts of time and effort to managing or overseeing a corporation's business. The imposition of a uniform national duty of care standard also goes a long way towards reducing repeated ethical and legal violations and abuses for which there has been ample warning.

Section 4 also makes clear that a director is entitled to rely on certain information prepared by certain classes of persons, unless such reliance would be unwarranted, and is entitled to receive information that is reasonably necessary for that director to perform his or her duties in the manner specified in the bill.

Section 4(a) states that each director of an affected corporation owes the corporation and its shareholders a duty of loyalty so that the director does not use his or her corporate position to make a personal profit or gain other personal advantage. In carrying out this duty of loyalty, the director is required to disclose the existence and nature of any material personal interest in a transaction to which the corporation is a party prior to the time action is taken by the board with respect to such matter; the interested director may be counted for purposes of obtaining a quorum, but not for purposes of voting on the action under consideration.

The director must also ensure that any proposed transaction is on at least as favorable terms to the corporation as might be available from any other person or entity when conflicting interests are present, and, if minority interests may be adversely affected, the director is required to consider the fairness of their treatment. Any business opportunity which comes to the attention of the director as a result of his or her relation to the corporation must first be presented by the director to the corporation and only after a determination has been made by the board that the corporation will not pursue such activity, may the corporate director pursue the matter for his or her own account or for the benefit of others. The director must also deal in confidence with any matter involving the corporation until such time as the matter has been generally disclosed to the public, or has become a matter of public record or public knowledge.

Section 4(b) states that a director owes the corporation a duty of care which requires that such director perform his or her duties as a director, including his or her duties as a member of any committee on which the director sits, in a manner "he or she reasonably believes to be in the best interests of the corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances." The Corporate director's Guidebook indicates that: The phrase "in good faith means honestly or in an honest manner"; the phrase "'he or she believes' . . . establishes the objectivity of the standard governing director conduct . . ., recognizes the subjectivity of that conduct . . . and reinforces the good faith frame of reference"; the phrase "'best interests of the corporation' . . . is an expression of that component of the duty of loyalty involving the corporate director's primary allegiance; the term " 'care' . . . is the statutory expression of a duty of attention"; the phrase "'ordinarily prudent person' . . . focuses upon the basic director attributes of common sense, practical wisdom and informed judgment"; and the phrase "'in a like position' . . . (i) recognizes that the nature and extent of the corporate director's role will vary, depending upon such factors as the size, complexity and location of the enterprise's activities; (ii) limits the critical assessment of the individual's performance to the time of action or nonaction; and (iii) recognizes that the special background and qualifications a particular director may possess, . . . may place greater responsibility on a corporate director—either generally or with respect to the particular matter under consideration."

Section 4(c) states that in the performance of the director's duties, the director is entitled to rely on data prepared or presented by corporate officers or employees whom the director reasonably believes to be reliable and competent, counsel, public accountants, and any duly designated committee of the board upon which the director does not serve, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

For purposes of section 4(c)(1), a director shall not, however, be considered to have acted in good faith if such director has knowledge which would cause reliance on data prepared or presented by those persons or entities mentioned in such section to be unwarranted. Both the Securities and Exchange Commission and the corporate director's guidebook have endorsed this concept.

Section 4(d) of the bill states that a director who performs his or her duties in accordance with sections 4(a) and 4(b) shall have no liability by reason of being or having been a director of the corporation. Thus, a director who acts in good faith and in a manner he/she reasonably believes to be in the best interests of the corporation, who properly relies on information, opinions, reports and statements of others, and who exercises free and independent judgment, should have no liability for being or having been a director.

Section 4(e)(1) makes clear that any present director, officer, employee, or agent of an affected corporation or any of its parents, subsidiaries, or affiliates, has the legal obligation to furnish to a director of an affected corporation "such information and explanation, and access to records, documents, books, accounts, and vouchers" as such directors may reasonably request. The provision insures that the director has adequate information for making an informed judgment. In recognition of the fact that management access is also a prerequisite to being adequately informed, the section also provides that a director may communicate with key executives, subject to reasonable time constraints.

Section 4(e)(2) insures that any person required to furnish access to records, documents, books, accounts and vouchers pursuant to section 4(e)(1) is not unfairly burdened, by providing that such person is "to furnish access to or give information and explanation about those records, documents, books, accounts and vouchers which such person is required to maintain pursuant to the performance of his or her duties."

### INDEPENDENT BOARD OF DIRECTORS

Section 5 provides that persons who have certain relationships with the corporation on whose board they serve may not constitute a majority of the members on the board of directors of such corporation, though they may serve on it. This provision constitutes a reasoned, balanced approach to the problem of strengthening the role of the board of directors while at the same time not excluding persons from board service who might make valuable contributions to the corporation. Section 5 sets out these categories of persons who will not be considered eligible for membership in the independent majority, as set out by the Securities and Exchange Commission. These categories consist of:

(1) Any person who, within the last five years preceding appointment to the board, has been an officer or employee of the corporation, any of its parents, subsidiaries, or affiliates;

(2) Any person who is related to an executive officer of the affected corporation, any of its parents, subsidiaries, or affiliates, by blood, marriage, or adoption (except relationships more remote than first cousin);

(3) Any lawyer who was paid, or whose firm was paid, a fee for the performance of legal services, the amount of which exceeds $10,000, during any of the affected corporation's last three full fiscal years or to whom it is proposed to pay such a fee in the affected corporation's current or next full fiscal year;

(4) Any person who is a director, partner, officer or employee of an investment of commercial banking firm which has performed services and received a fee for such services which exceeds $10,000, during any of the affected corporation's last three full fiscal years or which the affected corporation proposes to have perform services in the current or next full year; and

(5) Any person associated with a supplier to the affected corporation that received during such supplier's last fiscal year $5,000,000 or in excess of one percent of such supplier's consolidated gross revenues for its last full fiscal year, whichever is less. A person is deemed to be "associated with a supplier" if such person is, or has within the last two full fiscal years of the affected corporation been an officer, director, or employee of, or owns, or has within the last two full fiscal years of the affected corporation owned, directly or indirectly, in excess of one percent equity interest in, such supplier.

Section 5(c) also clarifies the phrase "fees which are proposed to be paid".

### AUDIT COMMITTEES

An effective audit committee greatly enhances the credibility and integrity of any company's financial reporting and control systems. The Securities and Exchange Commission found that, with a single exception, questionable and illegal corporate payments and practices occurred when the corporation had no audit committee, when it had one that operated only part of the time, or when its audit committee was not wholly independent of management. As the role and function of the audit committee has become more clearly defined over time, a widely held consensus emerged that committee membership consist of outside directors to facilitate the independent viewpoint required for the effective functioning of the committee. Peat, Marwick, Mitchell & Company, found that 95 percent of the companies it surveyed with audit committees had outside directors comprising at least a majority of the membership.

Ninety-six percent of the chairmen of audit committees were outside directors, and in only 6 percent of the companies were chief financial officers members of the audit committee. Section 6 thus requires that an affected corporation establish and maintain an audit committee composed solely of independent directors and sets forth the functions of such committees, without precluding the board from requiring that additional functions be performed; the functions are derived from an order entered by Judge Stafford in the *SEC. v. Killearn Properties, Inc.*, (No. TCA 75-67) (N.D. Fla. 5/2/77).

### NOMINATING COMMITTEES

Section 7 of the bill provides that the board of an affected corporation must have a nominating committee composed solely of the directors who are independent, i.e., not in any of the categories described in section 5(b). Section 7 further provides that, subject to other shareholder rights to nominate candidates for directorships, the power to nominate candidates for the board of an affected corporation is vested solely in the nominating committee. This nominating committee is potentially the most significant channel for improved corporate governance, since over a period of time it can have a marked impact on the composition of the board of directors and management succession.

### SHAREHOLDERS NOMINATIONS

Section 8 of the bill grants shareholders the right to nominate candidates for the board of directors of an affected corporation, provided such candidates are supported by the holder or holders of one-half of 1 percent of the outstanding shares. Securities and Exchange Commission Rule 14A-8, which mandates shareholder access to proxy machinery for certain proposals, explicitly excepts elections to office. Legislation giving shareholders the right to nominate candidates for office, as provided for in section 8, remedies this omission, and places outside groups on a more nearly equal footing with inside management. To further such equality, section 8 also provides that management is required to include "shareholder nominees" in its proxy material if it is afforded reasonable opportunity to do so, and the proponents of the shareholder nominees furnish the information as required by the applicable SEC forms.

### CUMULATIVE VOTING

Section 9 provides that every shareholder who complies with the other requirements of the section and who is entitled to vote at any election of directors may cumulate his or her votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares the shareholder is voting, or distribute such vote among as many candidates as the shareholder desires. A shareholder cannot, however, cumulate votes for any candidate unless such candidate's name has been placed in nomination prior to the voting and the shareholder has given 60 days prior notice of his intention to cumulate his votes.

In most publicly-held corporations, the election of directors constitutes an almost meaningless ritual. The chief executive officer usually dominates the process, selecting candidates who are recommended by management and are virtually assured of election. A Heidrick & Struggles survey found that the corporate CEO was the "initial decisionmaker in approving board prospects" in 46.5 percent of responding corporations.

Cumulative voting makes the election more meaningful and protects minority shareholders by providing a purposeful and cohesive minority some representation on the board of directors to an extent roughly proportionate to the minority's size.

### SHAREHOLDERS ACTION

Section 10(a) of the bill amends chapter 85 of title 28 of the United States Code by adding a new section at the end which permits any shareholder of an affected corporation to enforce those provisions of the bill not preempted by state law by maintaining a civil action in the appropriate district court of the United States. The court would have original but not exclusive jurisdiction of such action. This section also authorizes the court to permit the prevailing party to recover reasonable litigation costs, including reasonable attorneys' fees, and permits a shareholder to bring an action pursuant to this section in any district court in which an act or transaction resulting in such action occurred, or in any district in which the defendant is found an inhabitant, or transacts business. Process may be served in the district in which the defendant is an inhabitant or transacts business.

### EFFECTIVE DATE

Section 11 of the bill provides that the provisions thereof shall not be effective until three years from the date of the bill's enactment. This effective date gives affected corporations reasonable opportunity to comply, and gives states the opportunity to draft similar or more stringent legislation in those areas subject to state redemption.●

By Mr. HELMS:

S. 2568. A bill to provide for multiple-use management under the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended, of national forest lands not included in the National Wilderness Preservation System; to the Committee on Agriculture, Nutrition, and Forestry.

### LET'S PUT THE RARE II PROCESS BACK ON TRACK

Mr. HELMS. Mr. President, today I introduce legislation to affirm the roadless area review and evaluation (RARE) process and bring it to a timely conclusion.

The purpose of this bill is to insure that national forest lands not specifically designated as wilderness or for other special management purposes by Congress are released for balanced multiple-use management.

All of our forests are valuable treasures, and each needs to be managed in the way that makes maximum utilization of its most outstanding characteristics. For some national forest areas single-purpose wilderness designation is most desirable. For other areas, multiple-purpose management such as campground and other recreation, wildlife habitat management, timber harvesting, nonrenewable resource extraction, and watershed management, among others, may prove most desirable.

### WHAT IS RARE II?

The RARE process was designed by the administration as a means to make decisions about how our forests are to be managed. From 1977 to 1979, the Forest Service mounted a massive study of all national forest roadless and undeveloped areas to determine which should be recommended for wilderness and which should be managed for uses other than wilderness. This study was called RARE II—the second such roadless area review and evaluation.

This Department of Agriculture sponsored study generated the greatest public response ever for a project of its kind. More than 350,000 citizens provided formal comments and expressed their thinking.

The RARE II study led to a decision by President Carter to recommend that 15.4 million acres should be devoted exclusively to wilderness—doubling the present area dedicated to wilderness in the national forests; 36 million acres should be made available for all the other users permitted in the national forests by appropriate laws and statutes; and 10.6 million acres should be studied further before a final decision is made.

It was exactly 1 year ago today that President Carter made these recommendations to Congress. For 1 year the Congress had chosen to allow these questions to go unresolved. Certainly it is fitting that we get the process moving again on this anniversary. Congress is the only place where these decisions can be made. Congress is the proper body to make them, and it is past time that we got on with the job.

For the past decade, one-third of the National Forest System lands—some 62 million acres—have been in limbo. They are not wilderness because Congress has not statutorily declared them to be. But neither are they used or developed for their resource or recreational values.

These lands have been embroiled in a continuing round of studies, litigation, restudies, and new court challenges. The lands are in dispute because they have been classified as roadless and are thus eligible to be considered for wilderness.

### A NATIONAL CRISIS IN RESOURCE MANAGEMENT

Because the RARE II process has not kept to schedule, the wise and balanced management of our national forests is in disarray. The situation is fast developing into a national crisis that threatens our vitally important forest and rangeland resources with improper and unsuitable management. Essential renewable resources are going to waste, and valuable nonrenewable resources are going undeveloped. The Nation is wracked by spiraling inflation, a marked decline in productivity, and shortfalls in energy and rare mineral resources. We simply cannot allow the RARE II process to unravel and continue unresolved indefinitely.

If this issue is not resolved the uncertainty imposed upon the management of our National Forest System lands will cause incalculable harm to America. The timber supply from national forests will decrease in the face of dramatic increases in the public's need for wood for housing and other uses. Vital energy resources and mineral reserves which may lie beneath the roadless areas will go undiscovered. Ranch and range uses will be severely curtailed. Increasing demand for motorized and developed recreation sites will go unmet, while the much smaller demand for wilderness experiences will be more than satisfied. Jobs dependent upon timber, grazing, farming, mining, energy production, and recreation will be adversely affected. All Americans will bear the burden of higher prices for and shortages of many things they need for an adequate standard of living. Further delay is simply a luxury we cannot afford.

The crisis is heightened by a recent Federal court decision in the case of California against Bergland. The court has issued a permanent injunction prohibiting the administration from proceeding with developmental activities in 47 areas within the State of California without a new environmental impact statement. These areas were all allocated to nonwildnerness multiple-use status as a result of the RARE II environmental impact statement.

If that decision stands, and similar suits are brought in other States, the entire RARE II process will be in jeopardy. The Department of Agriculture's long-range national forest planning process will be invalidated and the President's budget request for Forest Service programs for fiscal year 1981 will be rendered invalid. Both the long-range planning process and the budget requests assume the availability of the more than 36 million acres released by the administration on April 16, 1979 to management for nonwilderness use.

### WE CAN RESOLVE THE ISSUE WITH A BIPARTISAN EFFORT

The bill I introduced today would put the RARE II process back on track, and bring it to a timely conclusion. The legislation sets certain deadlines for Congress and the administration to decide when these lands would be designated for wilderness use or set aside by Congress for special management purposes. After the dates established by this bill, lands not acted upon by Congress may be considered for wilderness during the planning process, but until and unless Congress acts to the contrary, they shall be managed for multiple-use purposes other than wilderness.

A deadline of January 1, 1983 would be set for congressional action on lands already recommended by the administration for wilderness. In addition, the administration would have until January 1, 1983 to make a decision on lands set aside for further planning in the RARE II process. Congress would have until January 1, 1985 to act on those lands designated for further planning which are recommended for wilderness between now and January 1, 1983.

This bill seeks to affirm existing statutes that require congressional action to place lands within the National Wilderness Preservation System and stipulate that until and unless Congress acts to designate specific National Forest System lands as wilderness, they shall be managed for uses other than wilderness. Such congressional action is best determined on a State-by-State basis, utilizing the release guidelines established by this bill.

I should point out, Mr. President, this legislation follows very closely that introduced on December 10, 1979 by our colleague in the House of Representatives, Congressman TOM FOLEY of Washington State. Mr. FOLEY is chairman of the House Committee on Agriculture, and is highly regarded for his leadership in environmental and natural resource matters. His bill has been designated H.R. 6070. It has drawn the support of some of the most respected Members of the House, with its 70 cosponsors being evenly divided among both political parties. Truly, this effort to provide for wise and balanced management of our forestry resources is a bipartisan effort, and one in which every Senator can be proud to be a part. Indeed, the Senate indicated its general agreement with the concepts provided for in this bill when it passed S. 2031, the Oregon Wilderness Act, last year. I might add, Mr. President, that President Carter has affirmed that the timely conclusion of the RARE II process is the intended policy of his administration.

I believe the legislation I introduce here today accomplishes that, and commend it to the Senate and to the people. The essential question presented by this bill is: Are we going to provide the means whereby suitable National Forest resources are to be released from wilderness for their optimal use; or, are we going to burden the productive capacity of the country with the continued lockup of vital resources through inaction and indecision?

It is time for Congress to make the hard decisions that are so necessary to sound resource management. The public wants to know what the decision of this Congress will be.

Mr. President, I ask unanimous consent that the text of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

### S. 2568

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the "National Forest Multiple-Use Management Act of 1980".

SECTION 1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act be cited as the "National Forest Multiple-Use Management Act of 1980".

SEC. 2. (a) Lands within the National Forest System considered for wilderness designation under the Roadless Area Review and Evaluation conducted by the Department of Agriculture, but not recommended for designation as wilderness or identified for further planning in Executive Communication 1504, 96th Congress (House Document No. 96-119), shall, notwithstanding any other provision of law, continue to be managed for uses other than wilderness in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended.

(b) Lands within the National Forest System which have been recommended in Executive Communication 1504, 96th Congress, for designation as wilderness, but have not been included in the National Wilderness Preservation System prior to January 1, 1983, shall, notwithstanding any other provision of law, be managed beginning on such date for uses other than wilderness in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended.

(c) Lands within the National Forest System which have been identified in Executive Communication 1504, 96th Congress, for further planning, but which have not been included in the National Wilderness Preservation System prior to January 1, 1983, shall, notwithstanding any other provision of law, be managed beginning on such date for uses other than wilderness in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended: *Provided*, That if (1) an Executive Communication has been received by Congress recommending the designation of any such lands as wilderness prior to January 1, 1983, and such lands have not been included in the National Wilderness Preservation System prior to January 1, 1985, they shall, notwithstanding any other provision of law, be managed beginning January 1, 1985, for uses other than wilderness in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended; and (2) at any time a determination is made by the Secretary under the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended, that any such lands shall not be recommended for designation as wilderness, they shall, notwithstanding any other provision of law, be managed beginning on the date of such determination for uses other than wilderness in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended.

SEC. 3. (a) Lands within the National Forest System whose designation as primitive area is recommended in Executive Communication 1504, 96th Congress, for termination and management for uses other than wilderness shall, notwithstanding any other provision of law, be managed after the date of enactment of this Act for uses other than wilderness in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended.

(b) Lands within the National Forest System whose designation as primitive area have been recommended in Executive Communication 1504, 96th Congress, for termination and designation as wilderness, but which have not been included in the National Wilderness Preservation System prior to January 1, 1984, shall, notwithstanding any other provision of law, be managed beginning on such date for uses other than wilderness in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended.

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By Mr. HELMS:

S. 2569. A bill to amend the U.S. Grain Standards Act to permit the Administrator of the Federal Grain Inspection Service to delegate authority, under certain circumstances, to a State agency to perform official inspection at export port locations within the State if such State agency performed official inspections under such act at an export port location at any time before July 1, 1976, and such State agency is presently designated to perform official inspections at locations other than export locations; to the Committee on Agriculture, Nutrition, and Forestry.

### NORTH CAROLINA NEEDS STATE GRAIN INSPECTION FOR EXPORTS

Mr. HELMS. Mr. President, American farmers export roughly one-third of everything they grow. Last year such exports amounted to some $35 billion, and they expected to grow to $40 billion next year. The net balance of payments in agricultural trade is $18 billion in our favor. Truly, this trade represents one of the bright spots in our economic picture, and I am proud that our farmers are making such a tremendous productive contribution to the entire country—and, indeed to the entire world.

I am particularly proud that North Carolina is playing a role in the increased exports of agricultural products. A new grain bagging operation is in the works at Morehead City, N.C., and it is expected to open up a whole new outlet for grain exports from our State. North Carolina Commissioner of Agriculture James A. Graham recently noted that the new export facility will "strengthen the State's grain sales and will likely boost North Carolina grain production to record levels again next year."

The bagging operation will ship bagged grain to a number of developing countries throughout the world which do not have the facilities or equipment at their ports to unload loose grain in bulk.

However, this bright picture of aggressive business practice is clouded, as are so many things, by intervention of the Federal Government. Specifically, in this instance, it is the Federal Grain Inspection Service (FGIS) that stands in the way of progress.

FGIS was created to resolve problems which arose out of disclosures of widespread misgrading and short-weighing of grain during the early 1970's. As a result of such "scandals," Congress enacted the U.S. Grain Standards Act of 1976 to reform the grain inspection system.

The act established FGIS in the Department of Agriculture and made the FGIS Administrator responsible for the national grain inspection and weighing system. The act was an important step in establishing uniform and fair grading and weighing practices so essential for the industry. There is just one provision of the act which I wish to address.

The provision which troubles me concerns Federal export grain inspection and weighing systems authorization. The FGIS Administrator is authorized to delegate inspection and weighing authority to States, provided the States meet certain criteria and conflict of interest standards. However, to be considered, a State must have been inspecting grain for export on July 1, 1976.

The North Carolina Department of Agriculture has performed official grain inspections in the State since the early 1940's. Over time, a shift in export patterns and lack of export port facilities in North Carolina resulted in the State ceasing to inspect export grain. With the passage of the 1976 act, the State of North Carolina is unable to regain its export grain inspection authority because it was not inspecting export grain on July 1, 1976.

Presently, with the establishment of a facility for handling export shipments of grain at Morehead City, the North Carolina Department of Agriculture wishes to once again be authorized to inspect grain for export. The North Carolina Department of Agriculture has enjoyed an excellent reputation during the approximately four decades it provided inspection services on inland or export grain. North Carolina now finds it may no longer inspect grain for export—not because it is unqualified but because it was not inspecting grain for export on a certain date.

The most important justification for North Carolina to be allowed to again inspect export grain is that USDA-FGIS fees for inspection are substantially higher than those currently being charged by the North Carolina Department of Agriculture.

See below:

| | NCDA | USDA |
|---|---|---|
| Hopper cars | $9.00 | $13.00 |
| Trucks | 4.50 | 6.50 |
| Vessels (per 1,000 bushels) | 2.00 | 2.50 |
| Hourly charges (per man-hour) | 7.00 | 11.20 |
| Overtime charges (per man-hour) | 10.50 | 14.40 |
| Factor determination (per factor) | 3.00 | 4.20 |

Both the Charleston, S.C., and Norfolk Va., port facilities are under State inspection programs, in cooperation with USDA-FGIS, charging fees similar to those in existence in North Carolina. If the service at Morehead City is performed by FGIS at standard Federal fees, this would put Morehead City at a marked disadvantage to the Charleston and Norfolk ports.

The role of FGIS in our grain marketing and export inspection program is important. Impartial and accurate weighing and grading of grains is essential. Under the legislation I am offering, the role of FGIS would continue. The administrator of FGIS would still make the final determination as to whether or not a State agency is qualified to perform official inspections and be delegated inspection authority. The criteria are strict. Among other steps taken by FGIS prior to granting of delegated authority, the Department of Justice, the General Accounting Office, and the Office of the Inspector General for USDA are consulted.

In addition to the above, if a State fails to meet the high FGIS standards at any time, the act says:

> Any such (inspection) delegation may be revoked by the Administrator, at his discretion, at any time upon notice to the State agency without opportunity for a hearing.

My bill allows for growth in the delegated authority area for qualified States. It does not negate or circumvent the intent or mission of FGIS. My legislation would simply allow qualified states, like North Carolina, to be considered for delegated authority, and I urge its prompt enactment.

I ask unanimous consent that the text of this bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

### S. 2569

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the first sentence of section 7(e) of the United States Grain Standards Act (7 U.S.C. 79 (e)) is amended by inserting "(A)" before "which was performing", and by inserting after "1976," the following: "or (B) performed official inspection at an export port location at any time prior to such date and was designated under subsection (f) of this section on the date of the enactment of this clause to perform official inspections at locations other than export port locations,".

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### By Mr. JOHNSTON:

S. 2570. A bill to authorize the President to establish a program to reduce and order the demand for motor fuel during a severe energy supply interruption; to the Committee on Finance.

### EMERGENCY MOTOR FUEL DEMAND RATIONING ACT OF 1980

Mr. JOHNSTON. Mr. President, in the decade ahead the United States will face unprecedented threats to its petroleum supply. In my opinion, the probability is frighteningly high that political unrest in the Mideast will, at some time in the near future, result in the interruption of a significant portion of our oil supplies. If that happens, our political and economic system will face a test wholly unlike any it has ever been called on to address. Perhaps the most urgent item on our energy policy agenda is the preparation of emergency response mechanisms to cope with this eventuality.

Today, I am introducing legislation which I believe can make an essential contribution to the emergency preparedness of the United States. The Emergency Motor Fuel Demand Rationing Act of 1980 would provide the President with the authority, subject to specific statutory conditions and appropriate congressional review, to act on an expedited basis to impose a fee on each gallon of motor fuel sold to reduce domestic motor fuel demand during a severe energy supply emergency. This authority provides an alternative to a system of coupon rationing for motor fuel. Most importantly, it is an alternative that is workable, whereas I fear that coupon rationing is not.

Mr. President, there can be no doubt that the times make a standby emergency program to sharply restrain motor fuel demand an absolutely essential feature of U.S. energy policy. For this reason the Congress has repeatedly urged the administration to submit a standby coupon rationing plan to Congress for approval. I expect such a plan to be submitted within the next few weeks, and I expect it to be approved.

Most of our attention has been focused on coupon rationing as the only mechanism capable of equitably responding to a severe fuel shortage occasioned by a sudden and substantial loss in petroleum imports. The legislation I am proposing today offers a genuine alternative to this approach which will be fully as effective as coupon rationing; will be fully as equitable as coupon rationing; but will be far more flexible, efficient, and workable than coupon rationing.

Briefly, the Emergency Motor Fuel Demand Rationing Act of 1980 would authorize the President to establish, as a method of restraining gasoline demand during a severe supply emergency, a motor fuel rationing fee.

The conditions on imposition of the fee would be the same conditions the President would have to meet in order to impose coupon rationing of motor fuel under existing law.

The level of the fee would be set by the President to restrain motor fuel demand to the extent required by the domestic shortage of motor fuel resulting from the supply interruption; capture windfall gains resulting from motor fuel price increases caused by the supply emergency; maintain orderly commerce in motor fuel; and moderate the effect of U.S. consumption of motor fuel on world market prices for petroleum.

The President could adjust the fee level from time to time to achieve these goals and would be required to make specific findings quarterly after the fee is first imposed in order to continue the fee in effect.

The proceeds of the fee would be fully rebated to each motor fuel user in direct proportion to the number of coupons that user would receive under the motor fuel coupon rationing plan required by existing law. The rebate could be made through the mail (in the same way ration checks redeemable for ration coupons will be distributed under the coupon rationing plan). However, to the maximum extent practicable, the rebate would be distributed through reduced income tax withholding, increased supplemental security income payments, increased veterans benefits or other more convenient methods than direct mail.

Petroleum price and allocation controls would be removed during the period of effectiveness of the fee.

I propose this fee and rebate system as an alternative to the rationing scheme with transferable coupons which the administration has developed. In important ways the fee and rebate system under the Emergency Motor Fuel Demand Rationing Act of 1980 is equivalent in its impact on users of motor fuel to this kind of a coupon rationing system. On the other hand, in at least one way the fee and rebate system is far superior to any form of coupon rationing. Fees and rebates involve ordinary money. A coupon rationing system creates an entirely new currency, composed of coupons, which operates completely outside the normal tax, monetary and fiscal systems through which the Government interacts with the domestic economy. The cost, complexity and opportunity for fraud implicit in the creation of a second coupon currency are all very large. Compared to the flexibility with which we can handle money, the rigidities of a coupon system are enormous.

One simple calculation illustrates the magnitude of the burden the Government would be assuming under a coupon rationing system. The U.S. economy consumes between 20 and 25 billion gallons of gasoline each 90 days. If coupons are issued in 5-gallon denominations—as the administration plans to do—between 4 and 5 billion coupons must be issued and collected each quarter. This is equivalent to calling in, accounting for the redistributing half the supply of paper money in the United States every 90 days.

By establishing an emergency motor fuel demand rationing system which involves the exchange of only one kind of currency—ordinary money—we will avoid a crushing administrative burden on the operation of the system in an emergency. In my opinion, unless we eliminate the burden of managing a coupon currency and use the systems we already have—those involving money—to control motor fuel demand during an emergency, our most important energy emergency response system—the one which deals with the petroleum dependence of personal transportation—may not work at all.

Will a system of emergency motor fuel demand rationing based on a fee operate effectively to limit the consumption of motor fuel to the extent required in any emergency? The answer has to be: "Yes." A fee system will be just as effective as the coupon rationing system which the administration has developed, because both systems rely on high prices to deter consumption. Under the fee system I am proposing, the level of the fee would be set to bring the price of motor fuel to a level which clears the market during the shortage. Because in general it will not be possible to exactly predict the price at which the market will clear, the President would have authority to adjust the fee from time to time, and price controls would be removed to allow prices to move freely and permit market forces to determine the equilibrium price.

It is not widely recognized—but it is nevertheless true—that the administration's coupon rationing scheme restrains motor fuel demand in exactly the same way. The only difference is that, under the administration's system, the market in transferable coupons is the mechanism through which the price of motor fuel is increased to the level which limits consumption to the available supply in an orderly fashion. The administration's estimates of the price at which ration coupons would be sold under its system are derived assuming that this is precisely what happens. Thus, in the case of coupon rationing, if the controlled price of motor fuel is maintained at $1.50 per gallon during a shortage, but, because of the shortage, the market clearing price for the fuel is $2.50 per gallon, a transferable coupon will sell for $1 per gallon. If the shortage becomes more acute and motor fuel becomes more scarce, this market clearing price will increase as well. If the market clearing price increases to $3.50 per gallon (and the controlled price does not change) the value of the ration coupon will rise to $2 per gallon.

It should be clear what is happening here. The market in transferable coupons is establishing a "fee" for the use of motor fuel, and that "fee" is just the difference between what motor fuel users are willing to pay for an extra gallon of scarce fuel and what the Government will permit producers or importers of the fuel to charge for it.

So the mechanism of demand restraint is the same in each case, whether we first, impose a fee on motor fuel use which captures the difference between what motor fuel users will pay during a shortage and a base price the Government sets, or second, let the exchange of money for ration coupons establish this difference.

The administration's motor fuel coupon rationing plan and the fee and rebate system authorized under the Motor Fuel Demand Rationing Act of 1980 will have the same restraining effect on motor fuel consumption during an emergency.

If these two systems look the same to motor fuel users when they go out to buy an extra gallon of fuel, how do they differ as to questions of equity and the basic needs all users have for some fuel? The answer again is that the impact on motor fuel users is the same in each case.

These plans are equivalent, because under the Emergency Motor Fuel Demand Rationing Act of 1980, the full proceeds of the fee on motor fuel the President would impose would be rebated to each user of motor fuel in proportion to the number of ration coupons such user would have received under the administration's coupon rationing plan. That is, under my proposal, each end user of motor fuel would have a right to a payment equal to the amount obtained by multiplying the number of gallons represented by that end user's coupon ration right by the value of the fee imposed on each gallon of fuel. Under the administration's coupon rationing system, each end user would receive, for example, ration coupons for the purchase of 40 gallons a month, and any of these coupons could be sold for—say—$1 per gallon. Under my proposal, in these same circumstances, this same end user would receive a payment of $40 per month. From the point of view of the end user the two systems are equivalent, except that under coupon rationing the user must first sell his coupons if he prefers money—and the things money can buy—to motor fuel. Under my proposal the user gets the money directly. There are no coupons to sell.

We have often argued the equity of coupon rationing versus the equity of using price to restrain motor fuel demand. In the case of my proposal, the need to argue relative equities does not arise. From the standpoint of equity, the systems are identical in principle.

The elimination of a separate coupon currency opens up tremendous opportunities to streamline the system and, therefore, to permit it to work effectively. For this reason, I believe that in practice my proposal will deliver what equity there is in either system. Coupon rationing, however, because it may break down and not work, could fail to deliver any equity at all.

The Motor Fuel Demand Rationing Act of 1980 provides that, to the maximum extent practicable, the rebate payments to which end users of motor fuel are entitled are to be delivered through existing systems. These include short-term reduced income tax withholding by employers, reduced estimated tax payments by self-employed persons, increased benefits under social security and veterans programs, perhaps increases in aid for dependent children and food stamp allowances. I do not minimize the very considerable task of superimposing the rights and priorities incorporated in the coupon rationing system on these existing mechanisms for reaching end users of motor fuel. It will be very difficult. But at least it is possible. If we are forced to use coupons, there is no way at all these existing mechanisms can help us. The only available mechanism for distributing coupons is by direct mail to over 150 million individuals and businesses. The mailing lists for these shipments, even if they are 90 percent accurate—and almost surely they will be of far poorer quality than that—will result in the misdirection of literally billions of dollars worth of coupons. Moreover, unlike money, which can be left to circulate in the economy, all ration coupons must return, back up through the motor fuel distribution system, to the Government. The opportunities for error and fraud in this process are monumental.

In contrast, a money-based system for guaranteeing end users of motor fuel the ability to obtain a limited amount of fuel at lower than market clearing prices can be far more flexibly and responsibly administered.

Mr. President, I believe that the Motor Fuel Demand Rationing Act of 1980 represents a significant improvement in our thinking on the role of rationing and its alternatives in dealing with the episodic sudden curtailments in petroleum supplies. I hope the legislation will stimulate further discussion and further improvement in our understanding of this matter. It is the most important short-term energy problem we now face.

Mr. President, I ask unanimous consent that the text of the bill and the following material be inserted in the RECORD at this point:

My letter of March 18, 1980, to Secretary of Energy Charles Duncan concerning this matter.

"Alternatives for Gasoline" by Thomas C. Schelling, a paper prepared for the Dependence Dilemma: U.S. Gasoline Consumption and America's Security, Harvard University, March 22, 1980.

"To Combat Oil Crisis" by Alvin L. Alm and William W. Hogan, New York Times, March 26, 1980.

"Money in the Tank" by Jessica Tuchman Mathews, Washington Post, March 26, 1980.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2570

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the Emergency Motor Fuel Demand Rationing Act of 1980.

FINDINGS AND PURPOSE

SEC. 101. (a) The Congress finds that—

(1) it is very likely that a severe energy supply interruption occasioned by a sudden reduction in the availability of imported crude oil and refined petroleum products will occur sometime during the 1980's;

(2) such an interruption could have widespread disruptive effects on commerce among the several States and on the relations between the United States and foreign nations;

(3) in the event of such an interruption the President should have authority to establish an effective program to restrain energy demand and maintain orderly commerce in fuels and energy, in particular commerce in motor fuels;

(4) a standby gasoline and diesel fuel rationing plan, authorized under title II of the Energy Policy and Conservation Act, would provide the President with one method of allocating the supply of motor fuels among end users in the event of such an interruption, but such a plan will involve inevitable and considerable administrative cost and complexity; and

(5) a program delegating specific authority to the President to restrain motor fuel demand during a severe energy supply interruption through use of a motor fuel rationing fee, the proceeds of which are fully returned to end users of motor fuel, can provide an effective, workable and equitable response to such an interruption while minimizing such administrative cost and complexity.

(b) It is, therefore, the purpose of this Act to—

(1) grant the President the authority during a severe energy supply interruption to establish, subject to appropriate congressional review, an emergency motor fuel rationing fee designed to restrain motor fuel demand to the extent of any shortage resulting from such interruption;

(2) to provide for the return of the proceeds of such a fee to each end user of motor fuel in proportion to the number of end user rights which would be assigned such user under the standby motor fuel rationing contingency plan approved under applicable provisions of the Energy Policy and Conservation Act, as amended (Public Law 94–163).

AMENDMENT TO THE EMERGENCY ENERGY CONSERVATION ACT OF 1979

SEC. 102. (a) The Emergency Energy Conservation Act of 1979 (Public Law 96–102) is amended by adding at the end thereof a new title as follows:

"TITLE IV—STANDBY MOTOR FUEL RATIONING FEE

"SEC. 401. FINDINGS AND PURPOSES.

"(a) FINDINGS.—The Congress finds that—the President should have available the option during a severe energy supply interruption to establish, subject to congressional review, a program to restrain domestic demand for motor fuel through the use of a motor fuel rationing fee; the proceeds of which are fully returned to end users of such fuel.

"(b) PURPOSES.—It is the purpose of this title—

"(1) to grant the President standby authority, which may be made effective subject to congressional review, to establish during a severe energy supply interruption, a motor fuel rationing fee at a level which will insure an orderly market in motor fuel and will restrain demand to the extent required by the shortage of such fuel resulting from such interruption; and

"(2) to require that the proceeds of such a fee be returned to end users of motor fuel in proportion to the number of end user rights which would be assigned such user under the standby motor fuel rationing contingency plan approved by Congress under applicable provisions of the Energy Policy and Conservation Act (Public Law 94-163), as amended.

"SEC. 402. DEFINITIONS.

For purposes of this title—

"(1) the term 'international energy program', 'motor fuel', 'person', and 'State' have the meaning assigned such terms in title II of this Act.

"(2) the term 'United States' means all of the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

"(3) 'Secretary' means the Secretary of the Treasury.

"SEC. 403. EMERGENCY MOTOR FUEL RATIONING FEE.

"(a) The President may, in accordance with the provisions of this section, require the payment to the Secretary by each person engaged in the production or importation of motor fuel of an emergency motor fuel rationing fee which shall be levied on each gallon of such fuel produced in the United States or imported into the United States.

"(b)(1)(A) Except to the extent provided under subparagraph (B), the President may put the fee under subsection (a) into effect only if—

"(i) the President has found, in his discretion, that putting such fee into effect is required by a severe energy supply interruption or is necessary to comply with the obligations of the United States under the international energy program;

"(ii) the President has transmitted such finding to the Congress in accordance with section 551 of the Energy Policy and Conservation Act, together with a request to make such fee effective; and

"(iii) neither House of Congress has disapproved (or both Houses have approved) such request in accordance with the procedures specified in such section of such Act.

"(B)(i) The President may make such fee effective without regard to the finding required under subparagraph (A)(i) (and without regard to the requirements of subparagraph (A)(ii) and (iii)) if—

"(I) the President has transmitted to Congress in accordance with section 552 of the Energy Policy and Conservation Act a request to waive such requirements; and

"(II) such request has been approved by a resolution by each House of Congress within 30 days of continuous session of Congress after the date of its transmittal, in accordance with the provisions of such section 552 applicable thereunder to energy conservation contingency plans.

"(ii) Any authority to make such fee effective under clause (i) pursuant to a request under such clause shall terminate on the 60th calendar day after the date on which a resolution approving that request is adopted by the second House to have so approved that request.

"(iii) In applying the provisions of section 552 of the Energy Policy and Conservation Act for purposes of this subparagraph—

"(I) subsections (b), (d)(2)(B) and (d)(7) shall not apply;

"(II) the references to 60 calendar days and 20 calendar days shall be considered to refer to 30 calendar days and 10 calendar days, respectively; and

"(III) the references to any contingency plan shall be considered to refer to a request under this subparagraph.

"(c)(1) The President may, from time to time as he deems necessary, after stating in writing his reasons, adjust the fee under subsection (a) so as to insure that the level of the fee meets the requirements of subsection (d), and may remove the fee under subsection (a) at any time he finds, and states in writing the basis of his finding, that circumstances no longer justify its continuation.

"(2)(A) Unless the President finds, and states in writing the basis for his finding, in the case of a fee in effect under subparagraph (b)(1)(A), that continuing the fee in effect during any calendar quarter which begins more than 45 days after the transmittal to Congress of the finding under such subparagraph is required by a severe energy supply interruption or is necessary to comply with the obligations of the United States under the international energy program, the fee shall cease to be effective beginning the first day of that quarter.

"(B) Unless the President finds, and states in writing the basis for his finding, in the case of a fee in effect under subparagraph (b)(1)(B), that circumstances justify the continuation in effect of the fee during any calendar quarter which begins more than 45 days after first day the fee is effective under such subparagraph, the fee shall cease to be effective beginning the first day of that quarter.

"(3) If the fee under subsection (a) is reduced to zero, is removed or otherwise ceases to be effective under this subsection, the President may not thereafter require payment of such a fee except as provided in subsection (b).

"(d) Any emergency motor fuel rationing fee under subsection (a) shall be set by the President at the level which he determines appropriate based on a weighing of—

"(1) the need to restrain the consumption of motor fuel within the United States

(A) to the extent required by the shortage of such fuel reasonably expected to result from a severe energy interruption; or

(B) to the extent necessary to comply with the obligations of the United States under the international energy program;

"(2) the need to capture and return to end users of motor fuel the portion of the price of such fuel which, in the absence of such fee, would result in revenue in excess of the unavoidable costs of producing or importing such fuel;

"(3) the need to maintain orderly commerce in refined petroleum products in the United States, to minimize economic disruption and to provide, to the extent practicable, for an equitable distribution of such products among regions of the United States at equitable prices;

"(4) the need to moderate the effect of the consumption of motor fuel in the United States on world petroleum markets and on the price of crude oil and refined petroleum products in such markets; and

"(5) such other factors as the President deems important.

"(e) For purposes of this section.

"(1) The term 'severe energy supply interruption' means a national energy supply shortage which the President determines—

"(A) has resulted or is likely to result in a daily shortfall in the United States of gasoline, diesel fuel, and No. 2 heating oil supplies for a period in excess of 30 days (including reductions as a result of an allocation away from the United States under the international energy program) of an amount equal to 20 percent or more of projected daily demand for such supplies;

"(B) is not manageable under other energy emergency authorities, including any energy conservation contingency plans approved under section 201(b) of the Energy Policy and Conservation Act (42 USC 6261 (b)) and any emergency conservation authority available under title II of this Act;

"(C) is expected to persist for a period of time sufficient to seriously threaten the adequacy of domestic stocks of gasoline, diesel fuel, and No. 2 heating oil; and

"(D) is having or can reasonably be expected to have a major adverse impact on national health or safety or the national economy.

"(2) For purposes of determining the shortfall of supplies under subparagraph (1)(A), the projected daily demand for gasoline, diesel fuel, and No. 2 heating oil supplies shall be the amount of such supplies that were available during any consecutive period of 12 calendar months which the President considers appropriate and which occurred during the 36 calendar month period which immediately precedes the month in which such finding is made, such amount to be adjusted—

"(A) to take into account, for the period between the base period and the month in which the determination is made, the normal growth in demand for gasoline, diesel fuel, and No. 2 heating oil, as determined by the President on the basis of growth experienced during the 36-month period from which the base period was selected; and

"(B) to take into account seasonal variations in demand for such fuel, as determined by the President.

"(3) The term 'necessary to comply with obligations of the United States under the international energy program' refers to a necessity which the President determines to have impacts comparable to those provided for in paragraph (1) of this subsection.

"SEC. 404. PAYMENT OF FEE.

"(a) Any fee imposed under section 403, with respect to any amount of motor fuel subject to such fee, shall be paid by a producer (or, as the case may be, an importer) of such fuel at such time as the Secretary may prescribe, but not later than 90 days after the date of first sale of such fuel in commerce or the date of its importation, whichever is earlier.

"(b)(1) Any motor fuel held for sale on the effective date of a fee under section 403 shall be subject to the same fee as would apply to such fuel had it been produced or imported on such date.

"(2) Whenever motor fuel subject to a fee under section 403 has been sold by a producer or importer of such fuel before the date on which such fee has been removed (or has ceased to be effective) under section 403(c) and is held for sale, there shall be credited or refunded (without interest) to the producer or importer the amount of the fee, if

"(A) a claim for such credit or refund is filed with the Secretary on or before the end of the 10-month period beginning with the month following the date on which such fee was removed (or ceased to be effective), based on a request submitted to such producer or importer before the end of the 7-month period beginning on such date by the person who held the fuel with respect to which the credit or refund is claimed, and

"(B) on or before the end of the 10-month period referred to in subparagraph (A), reimbursement has been made to such person by the producer or importer for the reduction in applicable fee on such fuel or written consent has been obtained from such person to allowance of such credit or refund.

No credit or refund under this paragraph shall be allowable with respect to motor fuel held for sale by a producer or importer of motor fuel.

"SEC. 405. EMERGENCY MOTOR FUEL RATIONING FUND.

"(a) There is established in the Treasury of the United States a trust fund to be known as the Emergency Motor Fuel Rationing Trust Fund (hereinafter referred to as the Trust Fund) consisting of such amounts as are appropriated to the Trust Fund under this section.

"(b) There shall be appropriated to the Trust Fund an amount equal to the sum of the amounts received in the Treasury as a result of the fee imposed under section 403 of this title less those amounts disbursed directly to persons under subsection 406(b).

"(c) The Secretary shall transfer to the Trust Fund any amount appropriated under this subsection.

"(d) The amounts required to be transferred to the Trust Fund under subsection (c) shall be transferred at least quarterly from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary in consultation with the Secretary of Agriculture and the Secretary of Health and Human Services to cover disbursements under section 406 (excluding disbursements under subsection 406(b)). Proper adjustment shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"(e) Amounts in the Trust Fund shall be available only to make the payments provided under section 406 of this title.

"Sec. 406. Rebate of Proceeds of Fee.

"(a) Each person entitled to assignment of rights, and evidence of such rights, entitling such person to obtain motor fuel in precedence to other persons not similarly entitled under the rationing contingency plan described in section 203 of the Energy Policy and Conservation Act (42 U.S.C. 6263) and approved by Congress under subsection (e) of such section, as amended, shall be entitled to a payment in an amount equal to the product of

"(1) the number of such rights to which such person should have been entitled had such rationing contingency plan been in effect during the period of effectiveness of the fee under section 403 and

"(2) the value of such fee.

"(b). The Secretary, in consultation with the Secretary of Energy, shall by rule establish procedures whereby, to the maximum extent practicable, classes of persons entitled to payments under subsection (a) may receive the payments to which such persons are entitled in the form of a reduction in Federal income tax collected at the source (under section 3402 of the Internal Revenue Code of 1954), reduced declarations (under section 6153 of such code), increased supplemental security income payments under title XIV of the Social Security Act, increased payments under section 415, 521, 541 or 542 of title 38, United States Code (relating to certain veterans benefits), increased benefits under title III of the Crude Oil Windfall Profits Tax Act of 1980, or other method which the Secretary, with the concurrence of the Secretaries of Energy, Agriculture and Health and Human Services, shall prescribe.

"(c)(1). There shall be allocated from the Trust Fund to each State monthly from the fee imposed under section 403 an amount that will satisfy the amount required under subsection (a) for persons residing in such State and determined to be necessary to disburse directly to persons residing in such State not compensated under procedures required by subsection (b).

"(2) The Secretary shall adjust the payment to each State to reflect any modifications necessary as a result of any difference between the projected and actual allocation.

"(3) The payment described in subsection (a) shall be made from funds received by each State under subsection (c), under regulations prescribed by the Secretary of the Treasury within 120 days after the date of enactment of this title, to each person residing in such State eligible to receive such a payment to the extent such person is not covered by subsection (b).

"(4) In order to qualify for any payment under section 406 of this title, the State shall establish to the satisfaction of the Secretary that it has a plan to disburse such funds which meets the requirements of this section.

"Sec. 407. Price and Allocation Controls.

"(a) Notwithstanding any other provision of law the President may not make effective any rule, regulation or order governing the price or allocation of motor fuel for any period during which a fee under section 403 is in effect.

"(b) The prohibition in subsection (a) may be waived by the President in his discretion for a period not to exceed 30 days beginning with the first day on which a fee under section 403 is in effect."

(b)(1) Title III of the Emergency Energy Conservation Act of 1979 is amended by replacing the word "Act" wherever it appears with the phrase "title I and title II of this Act".

(2) The table of contents of the Emergency Energy Conservation Act of 1979 is amended by adding at the end thereof the following:

"Title IV—Standby Motor Fuel Rationing Fee

"Sec. 401. Findings and Purposes
Sec. 402. Definitions
Sec. 403. Emergency Motor Fuel Rationing Fee
Sec. 404. Payment of Fee
Sec. 405. Emergency Motor Fuel Rationing Fund
Sec. 406. Rebate of Proceeds of Fee
Sec. 407. Price of Allocation Controls"

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[From the New York Times, Mar. 26, 1980]

## To Combat Oil Crisis

(By Alvin L. Alm and William W. Hogan)

Cambridge, Mass.—The United States is not prepared to deal with a major interruption in the petroleum supply. Our preoccupation with reducing imports has diverted us from meeting the real energy crisis. The strategic petroleum reserve, the mainline defense against supply curtailment, contains only five days' supply. A gasoline-rationing program is more than a year away from being ready. The economy would be vulnerable to a loss of hundreds of billions of dollars if an oil crisis occurred now.

The strategic petroleum reserve should be filled as quickly as possible. But even under the best circumstances, it would be a number of years before it would be big enough to provide much help. Emergency conservation plans could help during a small interruption but would be overwhelmed by a large supply cutback. Moreover, some conservation plans, such as limiting driving on certain days or closing gas stations on weekends, might be a cure worse than the disease.

If a large interruption occurred in the next few years, gasoline lines would form and tempers flare. There would be a public outcry for the Government to do something; that something would either be gasoline rationing or lifting of gasoline price controls to let the market allocate supplies. Since lifting price controls would result in sudden windfall profits to the oil companies, gasoline rationing would likely be the only politically acceptable solution.

Gasoline rationing has the attraction of providing a sure way to allocate supply shortages. Rationers, in distributing coupons according to automobile registration, would be fair to each car in a valiant effort to be fair to each consumer. But rationing would be too complex to work, at least during the early stage of an emergency. It would require creation of an entire new currency within months, without any of the safeguards of the banking system. Twenty billion coupons would be used each year, 2.5 times the level of paper money in circulation. The Government would mail out rationing check books to owners of about 150 million vehicles, reaching at best only 90 percent of the people entitled to them. Motorists would chase missing rationing books. Lines would form at redemption centers and at gas stations as coupons and gasoline failed to come together. Rationing would require an army of new bureaucrats to distribute the coupons, battle counterfeiters and respond to appeals for exceptions. Those problems are only the obvious ones.

There is a better approach to meeting an oil emergency. It would be a standby plan imposed only during the period of a sudden interruption in supply. It would use market, not bureaucratic, mechanisms to ration the limited supplies and provide incentives for efficient distribution. It would respond quickly to preserve flexibility during the early stage of an emergency. It would be fair to consumers.

Gasoline lines would be avoided by decontrolling prices, allowing them to reach levels that bring supply and demand into balance during and after a supply interruption. Since the country would not be likely to accept this market solution without a redistribution of the large increase in profits, an emergency windfall-profits tax would be authorized to supplement the windfall-profits tax on crude-oil producers that Congress is now about to levy. For the period of the emergency declared by the President, the tax would collect up to 90 percent of any price increase not associated with average crude-oil cost. The tax would be levied on increases over the base markups for refiners, wholesalers and retailers of gasoline. The size of the tax therefore would fluctuate according to the emergency market conditions, automatically disappearing if the price dropped to the base price or if the President lifted the state of emergency. By the Government's recouping only 90 percent of the increase in markups, the oil companies would be left with an incentive to move gasoline supplies to areas where demand was the greatest.

The tax revenues would be rebated to consumers. At the worst, we could rebate the proceeds to the registered owners of automobiles, or we could give rebates to all consumers through tax credits or income-transfer programs, a considerably more progressive system than the rationing proposal.

This alternative is more politically feasible than it appears at first blush. We are already planning gradual price controls, and we have a windfall-profits tax for producers. But we must prepare now for an efficient emergency system. If we waited until a crisis occurred, Government intervention would add to the chaos.

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[From the Washington Post, Mar. 26, 1980]

## Money in the Tank

(By Jessica Tuchman Mathews)

The country's weekly gas bill for imported oil is now just under $1.5 billion. Nearly 90 percent of that—7 million barrels a day—is burned as gasoline. In 1977 it sold for about 60 cents a gallon. All signs point to a cost of $1.50 by the end of this year, and $2 per gallon by the end of next year is widely predicted. The difference—you might call it a tax—has gone to the OPEC nations and to the oil companies.

The effect on the country's standing abroad is no less damaging. It is hard to square the notion of a great power with the spectacle of U.S. emissaries asking permission of the Saudi Arabian government to fill the Strategic Petroleum Reserve and returning home without protest or recourse when the answer is "No." That is a weakness no amount of military spending can cure.

So far, all that has been done to brighten the prospect for the coming decade is a few tentative steps to ready an emergency rationing system. Even the process of defining its general outlines cast Congress into an ugly dispute, pitting big states against little, urban areas against rural. Department of Energy employees whose job is to create this standby system say openly that it will never work. The real question, though, is whether the country should continue to wait, donkey-like, for the ax to fall; or whether a way can be found to deal with the chronic emergency that is already here.

Gasoline use offers the largest, most quickly available and least painful opportunity to cut imports. If, say 2 million barrels per day can be saved, oil markets will loosen, international tensions will ease and relations with U.S. allies—who resent our oil gluttony—will improve. But can it be done without unacceptable economic hardship and intolerable governmental interference in the minutiae of daily life? I believe the answer is yes.

The standby rationing plan that DOE is working on is fundamentally different from the World War II system in one respect. Instead of a do-or-die allotment of non-transferable coupons, the new coupons will be freely bought and sold, with prices quoted in the morning paper and on the evening news. While this change is a big improvement, rationing still has terrible problems. Coupons will be distributed either on the basis of automobile ownership or according to driver's license. Both arrangements are vulnerable to fraud. Under the first, the more wealthy will buy "junkers" to increase their ration and, under the second, people will get driver's licenses in several states.

Other management problems are staggering. Depending on the degree of the shortage and the resulting value of the salable coupons, the coupons put into circulation each year will be worth more than $100 billion—as much as all the real money now in circulation. Since the coupons cannot safely be mailed, they will have to be cashed in at banks, creating bank lines instead of gas lines. The cost of administering this behemoth will be several billion dollars a year. Worst of all, the system will continue to send consumers the wrong signal—that gasoline costs much less than it really does—and block, instead of encourage the changes that are needed.

The better answer—one that has so far been dismissed as politically impossible—is a stiff gas tax with a rebate. I think a tax is feasible because—though almost no one is yet aware of this—*a rationing system with a free market in coupons and a gas tax with a rebate are functionally the same*. Think of it this way. Suppose gas is selling for $1.50 a gallon, and rationing coupons are selling for $1. The point is that the real cost of the gasoline you buy is not $1.50, but $2.50, because if you hadn't used the coupon for gas you could have sold it for $1. Why, then, couldn't the government sidestep all the problems of printing billions of coupons and simply send you green coupons—money—instead? The reality is no different from a $1 a gallon gas tax with a similar rebate from the government.

Robert Williams of Princeton University has proposed a simpler system. He suggests a gas tax that would bring the price of a gallon of gas to $3. The entire proceeds—estimated at $150 billion in the first year—would be returned to individuals and corporations through the existing income tax and Social Security systems. Each adult American would receive a $730 rebate from the government, and therefore the real cost of gasoline to the consumer would depend on how much he uses.

Because the poor drive far less than other income groups, they would receive a net gain; the carless, two-adult family would be $1,500 richer. Today's average family could beat the tax either by driving 25 percent less in a 14 mpg car or by driving the same 14,000 miles in a 19 mpg car. The wealthy two- or three-car family would pay closer to the full price at the pump. For everyone, however, the price at the pump would *look like* $3, and consumption would drop accordingly.

Nobody wants to pay $3 for a gallon of gasoline, but the truth is that Europeans are already doing so and we will soon be too. The choice is not whether, but to whom—OPEC or ourselves. A tax with a full rebate would not increase inflation (the CPI would rise, but that could be adjusted for). It would buy us back a measure of independence and the respect we have forfeited by being unable to take our fate back into our own hands.

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## ALTERNATIVES FOR GASOLINE

(By T. C. Schelling)

There are three generic alternatives to a free market in gasoline that are receiving attention. One is called "allocation," and directs supplies up to some point short of the consumer. A second is called "rationing," and sets quantities that the consumer may purchase. The third is taxation.

Federal allocations by state we have had, using the regular distribution system up to the retailer, with some allowances for preferred uses like emergency vehicles. In the absence of price controls an allocation system redistributes consumers among retailers, can lead to price differences between states, might somewhat redistribute the proceeds within the network of distribution. Coupled with effective price controls an allocation system will lead to visible "shortages," i.e., excess demand at the controlled price, unless enough specific restrictions on driving are simultaneously imposed to reduce demand, state by state if necessary, to the available supply. Without such restrictions there is bound to occur some kind of "informal rationing," through gas lines, favoritism, illicit bartering and illicit pricing, and changed driving habits due to the uncertainties and the vagaries of supply as well as the quantities. Hoarding is then attractive to people who have any place—including fuller gas tanks—to keep gasoline without too great a fire hazard.

"Rationing" was universal in World War II. Gasoline shortages, it should be remembered, were then associated with shortages of tires, spare parts, and new vehicles. At that time foods, leather goods and other commodities were rationed; rents and housing were controlled and labor was allocated. I believe the gas rations attached to registered vehicles; but vehicle use, including daily distance to work, determined the ration category of the vehicle. For gasoline as for shoes and milk there were local ration boards to which one could appeal one's ration assignment.

A crucial feature of wartime rationing was that any transfer of gasoline or coupons was a federal offense. There was no legal market in coupons. Mere possession of coupons not registered in one's name was an offense, and counterfeit coupons could not be explained away. Enforcement was not bad; "excess" driving was conspicuous, penalties were severe, and of course there was a war on.

Taxes, the third "system", can be of several kinds that work differently (aside from what may be done with the proceeds). The familiar gasoline tax is a "specific duty," a tax on gallons, not on money value. A tax can be on the value of the sale ("ad valorem"), varying with the price; ad valorem duties are common but not on gasoline. Finally, a relevant tax when the purpose is to moderate demand or to capture a "windfall," is an "incremental ad valorem tax." That would be a tax proportionate to the excess of the price per gallon above some base price. (With a base price set at $1.25 and a 75 percent incremental tax rate, a gallon sold for $1.65 would be taxed at 30 cents.)

Because stations sell two or three grades of gasoline and some are self-service, and because prices differ by transport from region to region or from locality to locality, a tax on the price increment may entail base-price differentials.

Because gasoline is distributed through regulated pumps that display the transactions visibly, and are already subject to both federal and state taxation and EPA regulation, none of these taxes pose any problem of collection. Economic reasoning leads to the conclusion that it makes no difference whether the tax is nominally levied against ("paid by") the consumer or the retailer. There might be some difference in the consumer's perception of the relation between tax and price under the different tax schemes; if a 30-cent tax appears to be "added on" as part of a $1.65 price consumers might suppose that without the tax the price could have been $1.35, while a tax that appears to take 30 cents of the retailer's 40-cent excess over the base price might be seen as "capturing a windfall." The question whether consumers would see it that way is different from the question whether that's the "right way" to look at it.

Having identified allocations, rations, and taxes as the relevant alternative "systems," it remains to analyze rationing and taxation as alternatives to the allocation system that nominally still obtains. The analysis to follow will first examine the main alternative forms of rationing and then compare them with taxation to see how they work on gasoline demand and how they compare in the distribution of benefits and hardships, in equity and the appearance of equity.

First one more point about a "non-system." There are many regulations that attempt to reduce the demand for gasoline by means other than operating on gasoline sales. These include fleet-mileage standards for auto producers, speed limits, fast lanes or reduced bridge tolls for cars with several occupants, subsidies to public transportation, and restrictions on the days that people can drive or the days they can buy gasoline, the locations in which people may drive, even the vehicles that may be driven at cetrain times and places. Unlike rationing these restrictions typically do not add up to a "system"; they collectively contain no mechanism that assures a quantitative outcome. Rationing necessarily imposes some collective ceiling on the purchase of gasoline. Special demand-reducing taxation would be oriented toward some estimated point on a demand curve. A ban on Sunday driving is more opportunistic. This does not mean that in the aggregate a collection of specific restrictions couldn't be of sufficient severity to reduce gasoline use substantially even to the quantity that a rationing scheme would impose. But it is unlikely that a major programmed reduction in gasoline use would be implemented by specific restrictions that were not coupled to a rationing or a taxing system.

### RATIONING: THE MAIN ALTERNATIVES

Although one might prefer to ration miles driven, or passenger miles, or some weighted average of different kinds of miles, what is going to be rationed if we have rationing is gasoline. More accurately, motor-vehicle fuel, including diesel, probably with no quantitative distinction between leadeded and unleaded. There will probably be no rationing of tires or anything else related to driving. There may be separate rationing systems or unlimited fuel for certain vehicles or certain purposes or certain vehicle owners, for a significant fraction of the motor fuel: farm vehicles, taxis, buses, trucks, fire and police and telephone company and military vehicles, fishing boats, construction vehicles, industrial fork-lift and other trucks, delivery vehicles, or still others. There may be special arrangements for private companies that institute passenger service to and from work, possibly through the pooling or partial pooling of rations by employees. The fraction of the motor fuel covered by a rationing system might be somewhere between two-thirds and nine-tenths.

Many issues will be wrapped up in the handling of all of those "special" vehicles and uses just mentioned. Ideal inclusions and exclusions will be administratively infeasible, either to determine in principle or in enforcement—seeing that the farmer doesn't use part of his truck or tractor ration in driving the family car to town. An important point to keep in mind is that the decisions whether or not to tax the fuels used by farmers, cab drivers, and delivery services may be less consequential, i.e., easier to decide or to compromise, than inclusions and exclusions in a rationing scheme.

A key characteristic of any rationing scheme is its basis, i.e., who or what qualifies for a ration. Among the bases usually considered, somewhat in order of likely adoption, are: registered vehicles (perhaps requiring a registration date prior to some cutoff), licensed drivers, families with a registered vehicle and at least one licensed driver, and some more inclusive population set, such as adults. The basis will depend somewhat on other features of the system, marketable coupons, for example, being disposable for cash could be distributed more widely without the anomaly of coupons being unuseable by people who momentarily had neither car nor driver's license. "Family" of course is hard to define, and like the "man in the house" criterion for welfare a definition of family could affect living arrangements—e.g., teenagers living at home or not—if the gas or the coupons were worth it. Probably new driver's licenses would qualify but not newly registered antique vehicles. There would have to be some kind of national registration, and all residents who preferred to go "undocumented" would not qualify. (For many reasons, including counterfeit problems, any rationing system will be centralized in the federal government.)

Just to have rough orders of magnitude: the average passenger car burns 750 gallons a year, or 15 per week. Because a significant fraction will be in categories that are unrationed or get extra rations, the round number of ten gallons per week that shows up in discussion of rationing is not a bad round number to have in mind. Keep in mind that "rural" driving entails many more miles per vehicle than urban, the difference being twofold. Miles per car vary between areas like Los Angeles, in which the population is thinly spread over a large area and has little integrated public transport, and denser urban-suburban areas in the east where driving distances are shorter and alternative transport is sometimes available. Although driving to work is popularly spoken of as the "essential driving" in contrast with other "discretionary" driving, a number of studies suggest that that idea is wrong.

The point to keep in mind is that people's gasoline "needs" and "habits" or the strengths of their "demands," the cost and pain of getting along with a uniformly modest amount or of doing so suddenly before there can be a change in vehicles, transport habits and living arrangements, will be great. Gasoline mileage alone differs by a factor of four from the "gas guzzlers" (often older, second-hand cars owned by people who cannot afford new cars) to the modern imports. There is therefore a strong tension between the principles of simplicity and equal treatment on the one hand, and discriminating or discriminatory rations based on customary consumption, commuting distance, or health and family status. It is not easy to visualize just what socioeconomic classes or regions, localities and occupations, would be the conspicuous beneficiaries of a multicategory rationing formula.

Any rationing scheme, simple or complex, will have arbitrary features. A scheme that makes no allowance for mileage is arbitrary; a scheme that makes a mileage allowance on the basis of make, year, and body style, will look arbitrary.

Any but the most short-lived scheme is likely to cultivate a widespread system of local appeal boards. Like draft boards these may be volunteer activities. Also like draft boards they may work with a "quota" that allows redistributing gasoline rations within an area but not to enlarge the local claim on the national supply. How such ration boards would work can only be imagined, especially since wartime ration boards worked within the context of multifarious rations and, as mentioned, there was a war on. An important consideration will be whether rationing is thought of as nearly permament, warranting a network of appeal boards and adjudicatory procedures, or instead is conceived as short-lived and suitably left arbitrary.

### MARKETABLE AND NON-TRANSFERABLE RATIONS

We come now to the single most important philosophical issue in rationing. Should rations be marketable? Should the buying and selling of rations be not only legal but encouraged and facilitated to minimize uncertainty in the ration market, to hold down the cost and nuisance of trading in coupons, to facilitate intertemporal and interregional sales and purchases—with the daily quotations presumably shown along with the state lottery numbers on the front pages of newspapers, quoted on the 11:00 news, and posted at the service stations?

Before going into the pros and cons of marketable coupons it is worthwhile noticing how such a system works in its economic effects. Assuming that the ration is effective, i.e., that the coupons distributed are within the amounts of gasoline available to the market, and that with non-transferable coupons there would be unsatisfied demand at the current price, coupons will have a positive price. People who want gas in excess of their rations will obtain coupons by paying for them. People who would rather have cash for some of their coupons than purchase gas with them will sell them. If the market is allowed and encouraged to work well, there should be only a minute margin between the price I pay for extra coupons and the price I get from selling some.

The "cost" of burning gasoline, both for the person who burns more than his normal ration and for the person who burns less, selling some of his tickets, will be the pump price plus the value of the coupon. That is plain for the person who buys a coupon for, say, 50¢, and turns it in to buy a gallon of gasoline for $1.50. Evidently the gallon costs him $2. The person who burns six gallons out of his ration of ten, selling four tickets at 50¢ apiece for $2, also "spends" $2 for each of the six gallons he burns. He pays $1.50 per gallon cash at the pump and delivers a coupon worth 50¢ cash. His net worth is down $2 as a result of the purchase, $1.50 at the pump and 50¢ foregone by surrendering the coupon. Indeed if a person immediately sold his coupons upon receiving his weekly ration and then bought coupons whenever he needed gas, he could think of his ration as just $5 a week in cash, converting the ten coupons at 50¢ apiece into a $5 bill every week. He then spends $2 a gallon for whatever gas he burns whether within or above his ration.

If the market works well and the coupons are literally pieces of paper that people carry in their wallets and deliver at the gas station, they may even come to be passed around as money, making more vivid that the "cost" of gasoline is the pump price plus the coupon value.

Notice that marketable coupons not only redistribute gasoline among drivers but redistribute it by locale and across time. There can be a net sale of coupons in Massachusetts and a net purchase in California. There can be a net sale in summer and a net purchase in winter for a family or for a locality. (The gasoline has to be free to follow the coupons; an allocation system geared to the initial distribution of coupons would ruin the coupon market, but of course an allocation system isn't needed.)

The gas price could be, but needn't be, controlled in a rationing scheme. That is, rationing can be coupled with price control to eliminate the ensuing problem of excess demand; it can also be used in the absence of price control to restrain demand and to keep prices from rising. Rationing can be quantitatively flexible; if the allowed demand needs to be adjusted this is easily done with variable-quantity coupons or supplementary coupons that are validated by announcement.

There are two main arguments in favor of the full marketability of rations. One is the obvious point that if some people would rather have the money than the gasoline while others would rather pay the price and have the gasoline, just about everybody is better off being allowed to buy and sell coupons.

It is sometimes countered that the well-to-do can have all the gas they want if coupons are marketable, and it is the poor who will be forced by rationing scheme to save gas, the poor being unable to resist the temptation to convert their coupons into cash. But it is no help to the poor that, to induce them to burn their share of the gasoline when they might rather have cash, they are denied the opportunity to trade the coupons. It is precisely those who would rather have money than gasoline, because they are poor or because they have comparatively less use for gasoline than for the other things that money will buy, who are induced by the higher price to conserve gas. With non-transferable coupons a coupon that might have been worth 50c, together with $1.50, will buy you a gallon of gas at the pump; with marketable coupons worth 50c a gallon, a coupon and $1.50 will also buy a $2 gallon of milk. With marketable coupons the poor, or anybody else, can choose to have the gasoline they would have had in a non-transferable system, or to treat the coupons as financial claims that can be converted into cash.

The other argument is that marketable coupons are far more resilient to the inevitable errors and arbitrariness in the system. With non-transferable coupons a ration that proves wholly inadequate to the special needs of an individual might be almost disastrous, unless the person could find his way around the law; with marketable coupons the damage is limited to some percentage of the value of the extra gasoline he needs. Similarly any beneficiary of a ration in excess of needs doesn't necessarily subtract from the aggregate supply; he has an incentive to feed it back into the market legally and to his advantage.

Once people get used to the idea that their weekly ration is a kind of "entitlement" that has a cash value, and that the "cost" of every gallon consumed is the pump price plus the coupon price, people may come to recognize that the system is not much different from a weekly cash benefit coupled with a gasoline tax. Specifically, a ten-gallon weekly ration with coupons selling at 50¢ and gas at the pump selling for $1.50, the weekly coupons are not essentially different from $5 in cash. And gasoline costs $2 whether one buys it with his own coupons or with somebody else's that he has purchased. The coupon price is not essentially different from a 50-cent tax on gasoline, everybody getting a fully refundable tax credit on ten gallons per week. Since every coupon sold is a coupon bought and vice versa, the total proceeds from selling coupons must equal the total expenditure on coupons. And the market value of all the coupons issued any week is equivalent to the cash value of each week's "entitlement."

Thus the system is, except for appearance, exactly equivalent to a 50-cent gasoline tax on every gallon sold coupled with a rebate system in which all tax proceeds are distributed precisely in accordance with what would have been a rationing scheme, i.e., to every individual who would have had ration coupons, in proportion to the coupons his ration would have allowed. While everybody may know that his $5 weekly cash benefit comes from a gasoline tax, nobody would need to pay any attention to the origin of the funds; thus whether one receives $5 cash or $5 worth of coupons weekly might eventually make no difference.

### A TAX ON GASOLINE

What we have, then, with fully marketable ration coupons is a system that in its actual working is really no different from a combination of gasoline tax and rebate system. The rebate being independent of the gasoline that any individual actually purchases, the full incentive effect of the gasoline tax on the cost of consuming a gallon is unaffected by the rebate, the rebate exactly uses up the tax proceeds, and the rebate is exactly equivalent to the market price that the coupons would have yielded under a rationing scheme.

This equivalence between marketable rations and a gasoline tax coupled with a rebate system seems to be not generally recognized. But it seems likely that if the marketable system were in effect very long people would quickly perceive that that "cost" of gasoline was the sum of the pump price and the coupon value, and that everybody receives a cash allowance that exactly compensated for the "tax" on the amount that the ration would allow. People might be just as happy to receive cash in the mail every week rather than coupons, and to pay their 50¢ for a "coupon."

That being so we could probably save all the problems of printing coupons, policing the market for counterfeit coupons, and the channeling of the coupons through the distribution system to the point where the government monitored the outflow of distilled products against the reverse flow of coupons. Simplicity, if not public relations, would suggest doing it all with money. But maybe not until people had learned by experience that it works out just the same as money.

There is of course a difference between coupons whose market price can fluctuate and the gas tax that is specific in cents per gallon. In the event of an unexpected surge in demand or shortfall in supply, the gas price could rise and generate substantial windfall profits somewhere in the system. Taxes on corporate profits, or an excess profits tax, could be levied on oil companies and gasoline distributors. Alternatively, the gasoline tax at the pump could be allowed to vary with the price of gasoline. To provide retailers and wholesalers and others with an incentive to respond to the market, a small fraction of the price increase might be left untaxed, and a larger part captured by the tax. A tax that took four cents out of five on the price above some base price would leave the price free to fluctuate, provide an incentive for price adjustments at the pump, and capture the larger part of any price increase to feed back into the rebate system.

In any event "genuine" cost increases would have to be allowed, i.e., tax-excused; but the same would be true under a rationing system with controlled prices, which would have to be adjusted for such things as changes in the price of imported crude oil.

### A SUMMING UP

I find the case in favor of marketable coupons, if there is to be a rationing system, altogether conclusive. It permits the poor to have money if they need it more than a gasoline ration; it permits anyone, rich or poor, who badly needs additional gasoline, to get it for a price; it limits the harm inherent in rations that cannot be finally attuned, or even coarsely attuned, to the individual needs of different people. The argument that it is unfair to the poor is wholly misconceived; it is poverty that is unfair to the poor, not letting the poor convert an entitlement to gasoline into the cash with which they can buy gasoline or whatever else they need more than gas. The flexibility of marketable rations lets people "save" their rations for good weather or bad, for periodic or episodic needs, without having to store flammable fluids somewhere. It makes people who insist on more gasoline than the average to pay for it at a price that compensates those who are induced to give it up.

The effects on law enforcement are twofold, and I'm not sure which way the balance goes. Counterfeit coupons are a much greater hazard when coupons are transferable, because possession of counterfeit coupons cannot be prima facie evidence that the person who attempts to pass counterfeit coupons acquired them knowingly. At the same time, the more awkward and dangerous black market in gasoline itself, and the inducement to gasoline theft, would undoubtedly be less severe with an open market rather than a black market system.

So the first step in an argument that taxing is better than rationing is that marketable rations are vastly superior to a nontransferable coupon system. The second step then is merely the recognition that marketable rations are not much different from cash, that anyone who might have received ration coupons could receive cash instead, that the "cost" per gallon of gasoline is the same with marketable rations as with a tax-rebate system, as long as the rebate like the rations are received independent of the use of gasoline.

There is of course a political difference. The ration system inherently and automatically provides that "entitlement" with a money value to the people who are awarded a claim for gasoline, people with cars and driver's licenses, people who commute to work or use their cars in business, people who have large families or small or more or less need to drive, under either a system of uniform rations or variable rations. But the coupons in principle go to people who would drive, and the money value of the coupons therefore accrues to those who would drive. With a tax-rebate system the equivalent of the ration system can be exactly duplicated. But it need not be. There is a wider choice of who should get the rebate than there is of who should get gasoline coupons. Larger rebates for the poor would be an easy way to augument a poverty program; abolishing rebates for the wealthy would be like a "progressive" change in the income tax. Just as farmers may prefer price supports to income subsidies because they are linked to what farmers do, some people may prefer rations for fear that, having traded them in for a cash rebate under an alternative system, a ways and means committee may take away the rebate.

Whether that is a virtue or a defect of the tax system depends on whose side you're on.

Mr. JOHNSTON. Mr. President, the President's standby gasoline rationing program will not work. I make that as a flat statement without any ifs, ands, and buts. It will not work.

The reason I say that is, Mr. President, because of the testimony of Hazel Rollins, the Assistant Secretary under whose aegis the program resides, who has stated that it would take 14 to 17 months to implement the program.

If we need emergency gasoline rationing we will need it in a matter of weeks, Mr. President. If we have an eruption of war in the Middle East, a revolution in Saudi Arabia, the closing of the Straits of Hormuz, any number of factors, it could cause a cutoff of supplies sufficiently large to this country that we would need gasoline rationing almost overnight.

The Assistant Secretary says it will take 14 to 17 months to put the program in place. Why is this? Why so long to put a program in place? Well, first of all, we have got something like 140 million vehicles in this country. Each one of those vehicles would have to be ascertained as to ownership because under this program it is the owner of the vehicle who is entitled to the rationing rights under the program.

So, first, you would have to ascertain the ownership, the address, the present address, of each one of these 140 million-odd owners, which would take a tremendous amount of time in order to get that done, keeping in mind that you have a turnover of almost a third of vehicles each year and, by the way, it is clear that about 10 percent of those ownership files would be in error at any particular time, even once you had got it done.

You have to ascertain the names of the owners, you have got to put that on the computer. Then you have got to print 4 billion to 5 billion coupons, assuming that you are going to have them in 5-gallon increments.

This would mean that the number of coupons printed would exceed the supply of currency each year in this country; those handled, sent out and reclaimed would exceed the supply of currency in this country by double each year if this program were implemented.

Then you would have to designate exchange centers, banks or, perhaps, hardware stores, perhaps fast food chains—who knows what the designated outlets would be, but they would have to be designated as the outlets, and they would have to be there to exchange, as in a white market, the coupons.

Those who had more coupons than they needed would exchange them for cash on a so-called free market or white market. Those who needed more gasoline would have to go and wait in line until their time came up before they could get the gasoline and their exchange, a tremendous administrative program, Mr. President, and it is no wonder that she testified it will take from 14 months to 17 months.

She also testified it would take a minimum of $2 billion to $3 billion a year to implement this program.

Mr. President, if we waited for 14 to 17 months or even assuming that the bureaucracy can move with utmost speed, and even assuming you could do it within 2 to 3 or 4 months, which I think is too fast to get in place a program of this size, by that time the Nation would be in total chaos; the wheels of industry would have ground to a halt; automobile traffic would be in total confusion; and, in effect, Mr. President, it just simply does not work.

So what we have done in this bill, what I have done in this bill, Mr. President, is to take the essential notion of the present gasoline rationing bill—we have taken the trigger, that is, the President cannot invoke rationing except in the event of a cutoff of oil supplies exceeding 20 percent, unless he gets specific permission of Congress, using precisely the same test as has been approved by Congress in present law, so it cannot be implemented until that trigger is pulled; and, secondly, the entitlements to the amount of gasoline under this bill would be precisely the same as under the present law, that is, using historic averages. But the real change, Mr. President, would be instead of using gasoline coupons as, in effect, a second form of currency, we are just going to do it directly and use currency.

How do we do it? By giving to the President the authority and the mandate to put on a variable tax. The amount of that tax would be calculated to depress demand to whatever the appropriate level is. If 20 percent is the cutoff it would take a certain amount of tax to depress demand by that much. Then, instead of sending to all the owners of automobiles coupons with which to buy the gasoline, we simply create an entitlement in the owner of each automobile entitling him to precisely the same amount of gasoline as he would have gotten under the coupon bill, only he applies for that money under the tax system, under the withholding plan.

So that, in effect, if you are entitled in a given period of time to 20 gallons of gasoline, then rather than having to go to the hardware store—first of all rather than having to receive the coupons in the mail and exchanging the coupons at the gasoline pump or if you need more gasoline, waiting at the bank line to buy more gasoline coupons on a free market, your gasoline, the price of which would simply go to the pump directly, purchase your gasoline, the price of which would be higher due to the variable tax, and then you would make application under the tax system, under the withholding plan, for that same amount of money which the coupons would represent.

Mr. President, this plan is quite simple. It has a number of advantages. The first and most obvious advantage is that you could implement it virtually overnight. The Department of Energy would not have to ascertain the registered owners of all automobiles. You would leave that to the individual on his tax return, on his withholding, to make that application directly through the tax system.

You would not have to have additional bureaucrats to run the program because you have the IRS which already administers the program.

In terms of its economic impact it is virtually identical to the present plan because under the present plan you get coupons which are worth so much money. You get an entitlement of so much gasoline, and anything above your entitlement of coupons you have to buy the tickets on the white market, which tickets would cost more, the cost of those tickets being determined by market forces.

Under our plan the amount of gasoline you would purchase would be indentical in price to the operation of the present plan because even though you would pay more at the pump for each and every gallon of gasoline you would receive, you would get a rebate through the tax system for your basic entitlement.

If you purchased less than your basic entitlement you would end up ahead of the game by being able to make your claim under the tax system for the full ration of coupons.

If you purchase more than your basic entitlement, you would, in effect, have to pay the same amount of incremental excess dollars which you would under the present plan.

So, Mr. President, this is a program that will work. I hope and pray, Mr. President, that we never have to go to the situation of having to invoke standby gasoline rationing. But with each passing month, that seems to be a more and more thinkable hypothesis. That seems to be a more and more thinkable reality which we have to face.

And if we do face it, we would probably have to face it rather suddenly. We need in place a program for rationing gasoline to avoid absolute chaos in this country.

This program will provide that kind of standby program that will be workable for the American public at a savings of several billion dollars, at a savings of several months, and at a tremendous savings in terms of exasperation of the American public who can avoid waiting in the lines at the banks in order to purchase or exchange their tickets on the white market. In other words, to save those extra steps would actually save gasoline under this plan, because instead of going to the bank and buying your tickets and then to the service station to buy your gasoline, you could go directly to the service station.

It will work, Mr. President. I hope Congress will deal with it and pass it promptly.

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By Mr. THURMOND (for himself, Mr. DECONCINI, Mr. DOMENICI, and Mr. JEPSEN):

S. 2571. A bill to amend the Occupational Safety and Health Act of 1970 to assure equal protection for small businesses and to provide that certain employers who successfully contest citations or penalties under that Act will be awarded a reasonable attorney's fee and other reasonable costs; to the Committee on Labor and Human Resources.

Mr. THURMOND. Mr. President, I am today introducing a new draft of a bill which I introduced at the beginning of the 95th Congress and again at the start of the 96th Congress. That bill, S. 251, is currently pending in the Committee on Labor and Human Resources. In reintroducing this legislation, I am pleased to have as original cosponsors three distinguished colleagues, Senators DECONCINI, DOMENICI, and JEPSEN, who have been key supporters of this type of legislation.

The leadership efforts of Senators DECONCINI and DOMENICI contributed significantly to the passage of a related bill, S. 265, the Equal Access to Justice Act, in the 96th Congress. Senator JEPSEN has also had a longstanding interest in attorney fees legislation, having introduced his own bill in this regard and having been instrumental in securing the inclusion of an attorney fees provision in the Federal Trade Commission authorization bill, which is currently in conference with the House.

The bill which I am now submitting amends the Occupational Safety and Health Act by adding a new subsection to both section 10 and section 11 of that act to provide that certain employers who successfully contest citations or penalties under OSHA will be awarded a reasonable attorney's fee and other reasonable litigation costs. This concept is embodied in a very similar bill, the Equal Access to Justice Act, which passed the Senate on July 31, 1979, by the very wide margin of 94 to 3.

However, unlike this bill, which covers only the Occupational Safety and Health Administration, the terms of the Equal Access to Justice Act are applicable to adjudications and civil actions concerning any agency. Unfortunately, the House Judiciary Committee has shown little interest in taking action on S. 265 or similar legislation. Several such bills are currently pending in the House Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice—one bill having been referred to the subcommittee approximately a year ago. Since the House has been very slow to act on S. 265, I feel it is important to push ahead with legislation such as mine, which focuses on a particular agency.

As I indicated earlier, there is precedent for handling the issue of attorney fees on an agency by agency basis. A provision concerning the award of attorney fees and other litigation expenses patterned after S. 265 is contained within the Senate passed version of the FTC authorization bill. Senator DECONCINI, who helped guide S. 265 through the Judiciary Committee and managed the bill on the Senate floor, made a strong statement in favor of including an attorney fees provision in the FTC bill.

In light of the overwhelming approval which my colleagues in the Senate indicated for the provision of S. 265 and my own support for that legislation, of which I was a cosponsor, I concluded that it would be appropriate to redraft my original OSHA attorney fees bill to bring it in line with the provisions of S. 265. There are certain limitations, which I will explain in greater detail, contained in S. 265 concerning the standard for awarding attorney fees and other costs of litigation, parties eligible for such an award, and other pertinent matters, which are not contained in the present version of my bill. Making these changes, which generally limit the scope of my original bill, will, I believe, significantly broaden the appeal of this legislation to my colleagues in the Senate.

My bill is intended, as was S. 265, to serve two basic purposes. The first and foremost reason for such legislation is to lessen the economic deterrent confronting small businesses and organizations who wish to challenge OSHA citations and penalties which they believe to be unreasonable or irresponsible. It has become increasingly clear in recent years that the cost of challenging Government actions often exceeds the penalty or fine being contested. This imbalance often results in a situation in which the only feasible alternative from an economic standpoint is to acquiesce in the regulatory agency's decision, paying the fine and taking any other required remedial action.

It is easy to understand the frustration of employers, particularly those who own small businesses, when they are faced with a penalty which they truly believe is unjust, yet they do not have a viable remedy because of financial considerations. While obviously unfair to individual employers, this type of coerced compliance can have an adverse impact on the entire decisionmaking process of the Occupational Safety and Health Administration, or any other agency for that matter. Where employers are forced to pay penalties simply because it is economically impractical to challenge them, precedent is established on the basis of uncontested agency actions—a precedent which can then be applied to other employers subject to OSHA's jurisdiction.

The second major purpose of my legislation is to make OSHA more accountable in exercising its regulatory powers and more aware of the practical impact of its actions on small businesses and organizations. This legislation should help to assure that an employer's decision on whether to challenge a citation or penalty is based on his belief in the merits of his case, rather than on the cost of litigation. Successful challenges to unreasonable or irresponsible OSHA actions could only prove beneficial to that agency, both in carrying out its mission in keeping with the intent of Congress and in improving its image in the business community as a responsible, legally accountable regulatory agency.

As did S. 251, this legislation takes a very direct approach toward encouraging OSHA to assume a responsible position in enforcing its standards and the general duty clause. Any fees or other expenses awarded to an employer are to be paid out of funds appropriated to the Occupational Safety and Health Administration.

The bill further directs that no money shall be appropriated to OSHA for the purpose of paying such fees and expenses. Should OSHA have to pay many awards under this legislation, it will have tremendous incentive to evaluate its rules, its procedures, and its personnel. A related provision of this legislation requires the Secretary of Labor to report annually to Congress on the amount of fees and other expenses awarded during the preceding fiscal year. This report should help to provide Congress with some objective measure of whether OSHA is being unreasonable or irresponsible in citing or penalizing small employers.

A summary of some of the major changes made by this new draft of my OSHA attorney fees legislation would, I believe, be helpful to my colleagues. Perhaps the most significant difference between S. 251 and the bill which I am introducing today is the fact that the latter, in line with the provisions in the Equal Access to Justice Act, limits coverage to small businesses and organizations whose net worth is less than $5 million. Although I indicated at the time I introduced S. 251 that my primary concern was the economic impact on small companies and businesses of challenging OSHA citations or penalties, awarding of attorney fees in S. 251 was not limited to small businesses.

In retrospect, however, such broad coverage may not be necessary to insure that OSHA actions can be challenged by employers who feel that such decisions are unreasonable. Unlike large companies or businesses who are able to afford their own in-house or regularly retained counsel, small businesses usually do not have the luxury of permanent counsel. A small businessman must, if he wishes to contest a citation or any assessment of penalty with any prospects of success, retain counsel and expend a considerable amount of money to fight these regulatory actions.

One example of the adverse economic impact on small businesses of challenging an OSHA citation discussed in hearings on S. 2354, the predecessor to S. 265, was that of a small businessman in New Hampshire who spent $3,000 successfully challenging a $25 OSHA fine. My bill would respond to such situations by reducing this economic deterrent to challenging unreasonable actions by the Occupational Safety and Health Administration—a relatively small change in current law, but one that could help thousands of small employers.

A second major change, again bringing my OSHA legislation in line with S. 265, concerns the standard governing the award of attorney fees and other litigation costs to a prevailing party. Under the provisions of my original bill, an employer would have been awarded fees and costs if the Occupational Safety and Health Review Commission vacated a citation or proposed penalty issued by the Secretary of Labor, or if a court of Appeals set aside an OSHRC order affirming or modifying a citation or proposed penalty.

The legislation which I am now introducing provides that such an award of fees and costs would not be made at the commission or court level if OSHA's position were "substantially justified" or if "special circumstances made such an award unjust." The burden of demonstrating the substantial justification of its position or special circumstances sufficient to deny an award, however, would be on the Government.

In light of the fact that the "substantial justification" language lessens the certainty of an employer receiving an award of fees and costs, it is only fair that the burden of proof be on the Secretary, who has greater access to and knowledge of relevant facts. The language regarding the standard for awarding fees and expenses which are found in this bill and in the Equal Access to Justice Act was arrived at after lengthy discussion and debate in the Judiciary Committee.

This standard represents, in my opinion, a reasonable, sensible compromise, which encourages employers to vindicate their rights, yet should avoid having a chilling effect on OSHA's efforts to see that the law is faithfully executed. This bill also provides, as did S. 265, that OSHRC or the court may reduce an amount to be awarded, or completely deny an award if the prevailing party has, during the course of the proceedings, engaged in conduct which unduly and unreasonably protracted the resolution of the matter in controversy.

One final change which should be noted is the limitation on the amount of fees and expenses which can be awarded under this legislation. The bill provides that no expert hired by an employee shall be compensated at a rate in excess of the highest rate of compensation for experts paid by the United States. It further states that attorney fees shall not be awarded in excess of $75 per hour unless an increase in the cost-of-living or some special factor justifies a higher fee.

In closing, Mr. President, I would like to point out that this legislation makes a relatively small, but important beginning toward correcting what I believe to be one of the most serious problems of our governmental system today—that of excessive regulation of both individual citizens and businesses. For years, the Federal Government has been steadily increasing its control in almost every facet of American life. Federal laws—and many OSHA standards are good examples of this—have become increasingly complex and confusing, particularly to private citizens and small businesses who may not have the funds to hire an attorney to interpret their meaning.

As I pointed out earlier, the excessive costs involved often cause individuals and businesses to capitulate to unreasonable Government regulation, rather than litigate against an entity of greater financial resources and legal expertise in the area. Through the equitable device of fee-shifting, this legislation would help to reduce the economic deterrent facing citizens who wish to challenge or contest unreasonable governmental action. By so doing, it should help to curb excessive regulation and should encourage the Occupational Safety and Health Administration to take responsible positions in carrying out its statutory mandate. I urge my distinguished colleagues to give this legislation full and serious consideration.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2571

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 10 of the Occupational Safety and Health Act of 1970 is amended by adding at the end thereof the following new subsection:

"(d)(1) Whenever the Commission conducts a hearing under subsection (c) and the citation or proposed assessment of penalty of the Secretary is vacated or modified in favor of an employer contesting the citation or proposed assessment of penalty, fees and other expenses incurred by the prevailing party in connection with the proceeding shall be awarded to such party, unless the Commission finds that the position of the Secretary as a party to the proceeding was substantially justified or that special circumstances would make an award unjust. The Commission may reduce the amount to be awarded, or deny an award, to the extent that the prevailing party during the course of the proceedings engaged in conduct which unduly and unreasonably protracted the final resolution of the matter in controversy. A decision of the Commission under this section shall be made a part of the record and shall include written findings and conclusions and the reasons or basis therefor.

"(2) For the purposes of this subsection and section 11(d)—

"(A) 'fees and other expenses' includes the reasonable expenses of expert witnesses, the reasonable cost of any study, analysis, engineering report, test, or project which is found by the court to be necessary for the preparation of the party's case, and reasonable attorney fees. The amount of fees awarded under this subsection shall be based upon prevailing market rates for the kind and quality of the services furnished, except that (i) no expert shall be compensated at a rate in excess of the highest rate of compensation for experts paid by the United States, and (ii) attorney fees shall not be awarded in excess of $75 per hour unless the court or Commission determines that an increase in the cost of living or a special factor, such as the limited availability of qualified attorneys for the proceedings involved, justifies a higher fee; and

"(B) 'party' means any sole owner of an unincorporated business, or any partnership, corporation, association, or organization whose net worth was less than $5,000,000 at the time the adjudication was initiated or at the time that the civil action was filed.

"(3)(A) The Commission shall establish procedural rules for submission and consideration of applications for an award of fees and other expenses. If a court reviews the underlying decision of the Commission, an award of fees and other expenses may only be made pursuant to section 11(d) of this Act.

"(B) A party dissatisfied with a determination by the Commission with respect to the award of fees and other expenses may petition for leave to appeal to the court of the United States having jurisdiction to review the merits of the underlying decision of the Commission. If the court denies the petition for leave to appeal, no appeal may be taken from the denial. If the court grants a petition, it may modify the determination of the Commission only if it finds that the failure to make an award, or a calculation of the award, was an abuse of discretion.

"(4) Fees and other expenses awarded under this subsection and subsection 11(d) shall be paid by the Secretary from any sums appropriated to the Occupational Safety and Health Administration, except that no sums shall be appropriated to the Occupational Safety and Health Administration specifically for the purpose of paying fees or expenses awarded under this section.

"(5) The Secretary shall report annually to the Congress on the amount of fees and other expenses awarded during the preceding fiscal year pursuant to this subsection and subsection 11(d). The report shall describe the number, nature, and amount of the awards, and any other relevant information which may aid the Congress in evaluating the scope and impact of such awards.".

Sec. 2. Section 11 of the Occupational Safety and Health Act of 1970 is amended by adding at the end thereof the following new subsection:

"(d)(1) In any civil action in which an order affirming or modifying a citation or proposed assessment of penalty under this Act is set aside or modified in favor of an employer contesting such order, the court shall award fees and other expenses incurred by the prevailing party in connection with the review to such party, unless the court finds that the position of the United States or the Secretary, was substantially justified or that special circumstances may make an award unjust. The court, in its discretion, may reduce an amount to be awarded pursuant to this subsection, or deny an award, to the extent that the prevailing party during the course of the proceeding engaged in conduct which unduly and unreasonably protracted the final resolution of the matter in controversy. A party seeking an award of fees and other expenses shall, within 30 days of final judgment in the action, submit to the court an application which provides evidence of such party's eligibility for the award and the amount sought, including an itemized statement from attorneys and experts stating the actual time expended in representing such party and the rate at which fees were computed.

"(2) In awarding fees and other expenses under this subsection to a prevailing party who is an employer contesting the citation or proposed assessment of penalty in any action for judicial review of an order of the Commission, the court shall include in such award the fees and other expenses for services performed during the administrative proceedings unless the court finds that during such proceedings the position of the Secretary was substantially justified, or that special circumstances make an award unjust.

"(3) For purposes of this subsection, fees and other expenses may be awarded against the Secretary, as the case may be, without regard to section 2412 of title 28, United States Code, or any other provision of law.

"(4) Nothing in this subsection modifies, repeals, invalidates, or supersedes any other provision of State or Federal law which authorizes an award of such fees and other expenses to any party, other than the Secretary, who prevails in any civil action brought by or against the United States or the Secretary.".

Sec. 3. The amendments made by this Act shall apply to any adjudication or civil action which is pending on the date of enactment of this Act, or which is commenced on or after the date of enactment of this Act.

● Mr. DOMENICI. Mr. President, as sponsor of the Equal Access to Justice Act, I am pleased to join Senator Thurmond as a cosponsor of this legislation which would apply the underlying principles of S. 265 to OSHA.

OSHA has unquestionably been the favorite example of an agency which has overregulated, been capricious and arbitrary and often forced small businessmen to buckle under because it was cheaper to give in than fight.

The agency itself has recognized some of its deficiencies and attempted to eliminate many of its regulations. But this is not enough. In order to restore the proper balance between the agency and those it regulates, those cited must be able to fight when right. Under this bill if they prevail, and the agency cannot substantially justify its position then they will be entitled to attorney's fees and costs. And the costs will come from the agencies budget and the cumulative agency costs will be reported to the Congress annually. Not only will this force the agency to be more judicious in its approach but it will also be an inducement for the agency to work for a quick, reasonable settlement.

The philosophy of this approach is that there is no one more qualified to protect the rights of an individual from arbitrary and capricious government action than the individual himself if we remove the economic disadvantage from doing so.

Given the incentive to fight, Americans will individually seek to redress government encroachment of individual rights. The proper balance between the regulators and the citizenry can be restored.

Mr. President, I believe this is a reasonable and practical solution to government overregulation. The Senate has spoken on this approach consistently. S. 265 passed this body 94 to 3, and was also included in S. 1991, the recently passed FTC legislation. Enactment of this legislation will be entirely consistent with the Senate's approach to regulating the regulators.●

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By Mr. MOYNIHAN:

S. 2572. A bill to establish a national memorial to Franklin Delano Roosevelt, and for other purposes; to the Committee on Rules and Administration.

Mr. MOYNIHAN. Mr. President, I am introducing today a bill to establish a national memorial to Franklin D. Roosevelt, a memorial that can and should be completed by January 30, 1982, the 100th anniversary of Franklin Roosevelt's birth. The memorial would be built on Roosevelt Island in the city of New York and would conform to a Roosevelt Memorial design for that site by the late, preeminent American architect, Louis I. Kahn.

Since 1955, when Congress first passed legislation authorizing study of a memorial to F.D.R., plans have been laid, criticized, and discarded for a memorial to one of our most beloved Presidents. With the centennary of his birth fast approaching, none of these plans in near fruition. In its latest incarnation, the memorial to F.D.R. in Washington, D.C. would cost about $23 million and would consume parkland between the Jefferson and Lincoln Memorials.

This delay is a disservice to the memory of a man who led this Nation decisively and steadfastly in his campaigns against depression at home and tyranny aboard. In a hundred days he reinvigorated American society and rescued it from despair; in 25 years we have been unable to agree on a simple memorial to his achievements.

Franklin D. Roosevelt was a great New Yorker before he lent his greatness to the Nation. He served his State as State senator and Governor. Under his administration, New York established its first system for relief of the unemployed and pensions for the elderly.

The memorial by Louis Kahn, the great architect's last design, is focused on the realization of one of Franklin D. Roosevelt's greatest dreams—the dream of peaceful world order, embodied in the United Nations headquarters building in Manhattan. The memorial design incorporates a formal garden, tree-shaded lanes, sculpture, and a columned court at the southern tip of Roosevelt Island, an island being redeveloped as a planned housing community. From the court, enclosed on three sides by granite columns which carry statements by or about F.D.R. visitors view the nearby U.N. buildings or look beyond them to the open sea.

Franklin D. Roosevelt would have approved of the location and design of this plan. It reflects his concern for good housing, his love of the sea, and his penchant for great architecture. The legislation I am introducing would require that the memorial be made accessible to handicapped persons, for whom Franklin Roosevelt was, and is, an inspiration.

This bill would authorize the Secretary of the Interior to execute the design for this memorial and would authorize the Secretary to accept private and public contributions. The Four Freedoms Foundation in New York City, a private foundation established in the memory of F.D.R., is prepared to assist in soliciting contributions so that the memorial may truly reflect the continuing devotion of Americans and others to the memory of Franklin D. Roosevelt.

I urge my colleagues to pass this legislation expeditiously and decisively, in the spirit of the man whose birth centenary would go unmarked to our shame.

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By Mr. THURMOND:

S. 2573. A bill to designate Clark Hill Dam and Lake on the Savannah River, Ga., and S.C., as Clarks Hill Dam and Lake; to the Committee on Environment and Public Works.

Mr. THURMOND. Mr. President, today I am introducing a bill that would change the name designation of Clark Hill Dam and Lake, a Corps of Engineers' hydroelectric impoundment on the Savannah River between South Carolina and Georgia. to Clarke Hill Dam and Lake, with the letter "s" added to the name "Clark."

Admittedly, Mr. President, the subject matter of this legislation hardly ranks at the top of anyone's list of Federal legislative priorities. However, for those persons, such as myself, who have a keen interest in historical accuracy, this is something that ought to be done, for, as it turns out, the "s" was inadvertently omitted from the name "Clark" when Congress authorized this first of several corps' projects on the Savannah River some 36 years ago. Also, the Corps of Engineers has taken the position—quite properly, I think—that only Congress can alter the name of a hydroelectric project established pursuant to prior legislation.

Frankly, Mr. President, since I was raised in Edgefield County only a few miles from the small community of Clarks Hill, I have wondered why the nearby hydroelectric project did not have a name identical to that of the community. An answer to this question has been provided and brought to my attention by Mrs. George Cofield, who presently resides in Tallahassee, Fla.

Mrs. Cofield, whose deceased husband was a descendant of some of the former residents of the Clarks Hill community, has done extensive research on the history of this area in South Carolina. Her research has indicated that an error was made in the spelling of the name in the original legislation: Public Law 534, enacted by the 78th Congress in 1944. Somehow, the legislation which authorized the Corps of Engineers to construct this hydroelectric project omitted the "s" from the name of the facility by mistake. As a result, a larger hydroelectric generating project and a 70 000-acre lake, one of the largest manmade bodies of water in the South, exist today under an incorrect name designation.

Mr. Donald Orth, Executive Secretary of the U.S. Board on Geographic Names, has confirmed Mrs. Cofield's research findings in a letter to Senator Lawton Chiles, with whom Mrs. Cofield has also corresponded. In his letter, Mr. Orth states that:

> We have looked into this matter and find that Mrs. Cofield is correct about the name of the community. The place has been known as Clarks Hill for over 100 years. It appears that the name was wrongly used in the language of the legislation which led to the construction of the dam by the Corps of Engineers.

Mr. President, to many this mav seem to be a trivial matter; however, like most of mv colleagues in the Senate, I have a deep interest in the developing history of these United States and a devotion to accuracy in the documentation of our history. Because of the importance of accuracy in the designation of persons, places, things, and events, and out of respect for the past and present residents of Clarks Hill, S.C., I am introducing this legislation. When the next water projects bill is considered, I hope that Congress will include in it a provision which corrects the name designation of this particular hydroelectric project.

Mr. President, I ask unanimous consent that the bill I am introducing and the aforementioned letter to Senator Chiles from the Executive Secretary of the U.S. Board on Geographic Names be printed in the Record.

There being no objection, the bill and letter were ordered to be printed in the Record, as follows:

S. 2573

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Clark Hill Dam and Lake, Georgia and South Carolina, project, authorized by Public Law 534, 79th Congress, approved December 22, 1944, shall hereafter be known and designated as Clarks Hill Dam and Lake, and any law, regulation, map, document or record of the United States in which such project is designated or referred to as Clark Hill Dam and Lake or by any other name, shall be held and considered to refer to such project under and by the name of Clarks Hill Dam and Lake.

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U.S. Board on Geographic Names,
*Reston, Va., December 10, 1979.*

Hon. Lawton Chiles,
*U.S. Senate,*
*Washington, D.C.*

Dear Senator Chiles: This will acknowledge your November 2 letter to Dr. Elvyn A. Stoneman enclosing a letter from Mrs. Leila K. Cofield of Tallahassee who is concerned about the names of Clark Hill Lake and Dam.

We have looked into this matter and find that Mrs. Cofield is correct about the name of the community. The place has been known as Clarks Hill for over one hundred years. It appears that the name was wrongly used in the language of the legislation which led to the construction of the dam by the Corps of Engineers.

Although the Board on Geographic Names has authority to establish uniform geographic-name usage throughout the Federal Government, the Corps of Engineers takes the position that names established in the language of enabling legislation for civil works are official by law. Only Congress can change the names.

Please let me know if we can help you further with this matter. Mrs. Cofield's letter is being returned.

Sincerely yours,

Donald J. Orth,
*Executive Secretary,*
*Domestic Geographic Names.*

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By Mr. LONG (for himself and Mr. Moynihan) (by request):

S. 2574. A bill to authorize an extension and amendment of the revenue-sharing program to provide general-purpose fiscal assistance to local governments, and for other purposes; to the Committee on Finance.

### LOCAL GOVERNMENT FISCAL ASSISTANCE AMENDMENTS OF 1980

Mr. LONG. Mr. President, on behalf of Senator Moynihan and myself, at the request of the administration, I am today introducing a bill entitled, "Local Government Fiscal Assistance Amendments of 1980." I am pleased to introduce this bill to extend the general revenue-sharing program through fiscal year 1985. I want to note that I am doing so in my capacity as chairman of the Committee on Finance, and I am not endorsing any particular revisions contained in the administration's proposed extension.

Our Subcommittee on Revenue Sharing, Intergovernmental Revenue Impact, and Economic Problems, chaired by Senator Bradley, will hold hearings on this measure. His subcommittee will attempt to elicit a broad range of views on the merits of the various changes proposed in this bill.

As proposed, this measure would eliminate general revenue sharing for State governments. It also would include an additional $500 million in transitional assistance which would be distributed to States based on their prior distributions of State aid to general-purpose local governments. These are proposals which the Committee on Finance and the full Senate will have to review thoroughly before taking final action.

Mr. President, I ask unanimous consent that the text of the bill, a section-by-section analysis of the bill, and the statement of the President transmitting this legislation to the Congress be printed in the Record.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 2574

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Local Government Fiscal Assistance Amendments of 1980".

Sec. 2. The Congress finds that—

(1) the vitality of State and local governments is essential to this nation's unique system of government and to the welfare of the American people;

(2) continuation of general purpose fiscal assistance to local governments is fundamental to their capacity to provide basic public services;

(3) provision of general-purpose fiscal assistance on a basis that offers reasonable assurance of predictable funding is essential to provide localities with the critically important capability of planning ahead in order that the funds can be used to support those services and facilities most important to their citizens;

(4) localities exercise the same care and prudence in their use of general-purpose fiscal assistance as they do in the use of funds drawn from their own revenue sources;

(5) the formula for allocating general-purpose fiscal assistance should be revised so that the distribution of funds makes greater and more consistent contributions to reducing intrastate fiscal inequities;

(6) the civil rights and public participation requirements help ensure that decisions about the use of local funds are made democratically and do not involve discriminatory practices;

(7) the audit requirements ensure that funds are spent in accordance with relevant Federal, State, and local laws and contribute to a general upgrading of financial management practices employed by local governments throughout the nation;

(8) reduced funding for general fiscal assistance is necessitated by the need to slow the rate of growth of Federal expenditures, and it is appropriate that these reductions be in payments to State governments because their capacity to adjust to the loss of the revenue are superior to those of local governments; and

(9) the termination of revenue sharing payments to the State governments will result in significant reductions in State aid to many local governments, and temporary, additional Federal assistance to localities most likely to experience these losses is necessary to assist them in adjusting to the lower levels of State aid.

Sec. 3. Section 101 of the State and Local Fiscal Assistance Act (31 U.S.C. 1222 *et seq.*) is amended as follows:

"Sec. 101. Short title—

This title may be cited as the Local Government Fiscal Assistance Act of 1980".

Sec. 4. Section 102 of the State and Local Fiscal Assistance Act (31 U.S.C. 1222) is amended:

(a) by striking "STATE AND" from the title;

(b) by amending subsection (a) to read as follows—

"(a) In General.—Except as otherwise provided in this title, the Secretary shall, for each entitlement period, pay out of the Trust Fund to each unit of local government a total amount equal to the entitlement of such unit determined under section 108 for such period. Such payments shall be made in installments, but not less often than once for each quarter, and shall be paid not later than 5 days after the close of each quarter. Such payments for any entitlement period may be initially made on the basis of estimates. Proper adjustment shall be made in the amount of any payment to a unit of local government to the extent that the payments previously made to such government under this subtitle were in excess of or less than the amounts required to be paid.";

(c) by amending subsection (b) by striking "a State government or"; and

(d) by amending subsection (c) as follows—

(1) by striking "State government and all" and by striking "such" and inserting "a" in lieu thereof;

(2) by designating the paragraph entitled "Recovery of Certain Overpayments" as subsection (d) and by inserting at the end thereof the following new sentence—

"No adjustment shall be made to increase or decrease a payment made for any entitlement period beginning prior to October 1, 1980, on the basis of revisions to the 1970 census-based population and income estimates for years prior to 1980 as a result of the data from the 1980 Census.".

Sec. 5. Section 105 of the State and Local Fiscal Assistance Act (31 U.S.C. 1224) is amended as follows:

(a) by striking "APPROPRIATIONS; AUTHORIZATION OF ENTITLEMENTS" and inserting "AUTHORIZATION OF APPROPRIATIONS OF ENTITLEMENTS." in lieu thereof;

(b) by amending subsection (a) by striking "State and" from paragraph (1);

(c) by striking the provisions of subsection (b), by redesignating subsection (c) as (b) and by amending redesignated subsection (b) to read as follows—

"(1) In general.—For each of the entitlement periods described in paragraph (3), there are authorized to be appropriated to the Trust Fund $4,566,666,667 for the purpose of making the entitlement payments hereinafter provided in section 106(a)(1) for such periods.

"(2) Noncontiguous states adjustment amounts.—For each of the entitlement periods described in paragraph (3), there is authorized to be appropriated to the Trust Fund, $3,282,506 for the purpose of making the entitlement payments hereinafter provided in section 106(c)(1) for such periods.

"(3) Entitlement periods.—The following entitlement periods are described in this paragraph—

"(A) The entitlement period beginning October 1, 1980, and ending September 30, 1981;

"(B) The entitlement period beginning October 1, 1981, and ending September 30, 1982;

"(C) The entitlement period beginning October 1, 1982, and ending September 30, 1983;

"(D) The entitlement period beginning October 1, 1983, and ending September 30, 1984; and

"(E) The entitlement period beginning October 1, 1984, and ending September 30, 1985.

"(4) Authorization of transitional amount.—In addition to the amounts authorized in paragraphs (1) and (2), there is authorized to be appropriated to the Trust Fund $500,000,000 for each of the entitlement periods beginning October 1, 1980, and October 1, 1981, for the purpose of making entitlement payments as provided in section 106(d) for such periods."; and

(d) by redesignating subsection (d) as (c), and striking "State governments and" from redesignated subsection (c).

Sec. 6. Section 106 of the State and Local Fiscal Assistance Act (31 U.S.C. 1225) is amended as follows:

(a) by amending subsection (a) to read as follows—

"(a) In general.—There shall be allocated an entitlement to each State for allocation to units of local government as provided in Section 108—

"(1) for each entitlement period beginning on or after October 1, 1980, out of amounts authorized under section 105(b)(1), for that entitlement period, an amount that bears the same ratio to the amount authorized under that section for that period as the amount allocable to that State under subsection (b) bears to the sum of the amounts allocable to all States under subsection (b); and

"(2) for each entitlement period beginning October 1, 1980, and October 1, 1981, out of amounts authorized under section 105(b)(4) for such periods, an amount as determined under subsection (d).";

(b) by amending paragraph (b)(1) to read as follows—

"(1) In general.—For purposes of subsection (a)(1), the amount allocable to a State under this subsection for any entitlement period shall be determined under paragraph (2), except that such amount shall be determined under paragraph (3) if, in the case of an entitlement period beginning on or after October 1, 1980, the amount allocable to such State under paragraph (3) is larger than the amount allocable to such State under paragraph (2).";

(c) by amending paragraph (c)(1) to read as follows—

"(1) In general.—In addition to the amounts allocated to the States under subsection (a), there shall be allocated out of amounts authorized under section 105(b)(2) for each entitlement period beginning on or after October 1, 1980, an additional amount to any State in which civilian employees of the United States Government receive an allowance under section 5941 of title 5, United States Code.";

(d) by amending the second sentence of paragraph (c)(2) to read as follows—

"If the total amount authorized under section 105(b)(2) for any entitlement period beginning on or after October 1, 1980 is not sufficient to pay in full the additional amounts allocable under this subsection for that period, the Secretary shall reduce proportionately the amounts so allocable."; and

(e) by inserting after subsection (c) the following new subsection—

"(d) Determination of Transitional Amount.—

"(1) In general.—In addition to the amounts otherwise allocable under this section, there shall be allocated to each State and the District of Columbia for allocation to units of local government, as provided in Section 108, an additional entitlement out of the $500,000,000 authorized under section 105(b)(4) for each entitlement period beginning on or after October 1, 1980 and October 1, 1981.

"(2) Transitional allocation.—For purposes of paragraph (1), the amount allocable to a State under this paragraph is the amount which bears the same ratio to $492,600,000 as—

"(A) the aggregate amount (excluding State government aid for education) transferred by a State government to units of local government in such State, bears to—

"(B) the sum of the amounts (excluding State government aid for education) transferred by all State governments to units of local government.

"(C) for purposes of this paragraph, the amount allocable to the District of Columbia for the applicable entitlement periods shall be $7,400,000.

"(3) Definitions.—For purposes of this paragraph, the—

"(A) aggregate amount transferred by a State govenment to units of local government in such State shall be the State government intergovernmental expenditures to units of local government in the State, as determined by the Bureau of the Census for general statistical purposes; and

"(B) State aid for education shall be the State government intergovernmental expenditures for education to units of local government in the State, as determined by the Bureau of the Census for general statistical purposes.".

SEC. 7. Section 107 of the State and Local Fiscal Assistance Act (31 U.S.C. 1226) entitled "ENTITLEMENTS OF STATE GOVERNMENTS" is repealed.

SEC. 8. Section 108 of the State and Local Fiscal Assistance Act (31 U.S.C. 1227) is amended as follows:

(a) by amending subsections (a), (b), and (c) to read as follows—

"(a) IN GENERAL.—The amount allocated for any entitlement period to a State under section 106 shall be allocated among the units of local government within such State in accordance with this section.

"(1) ALLOCATION TO UNITS OF LOCAL GOVERNMENT.—Except as otherwise provided in this section, the amount allocated to a State under section 106 shall be allocated among the units of local government (other than Indian tribes and Alaskan native villages) located in that State so that each unit of local government will receive an amount which bears the same ratio to the total amount to be allocated to all such units as—

"(A) the population of that unit of local government, multiplied by the general tax effort factor of that unit of local government, multiplied by the relative income factor of that unit of local government, bears to

"(B) the sum of the products determined under paragraph (A) for all such units.

"(2) INDIAN TRIBES AND ALASKAN NATIVE VILLAGES.—If within a State there is an Indian tribe or Alaskan native village which has a recognized governing body which performs substantial governmental functions, then before applying paragraph (1) there shall be allocated to such tribe or village a portion of the amount allocated to the State for the entitlement period which equals the product resulting from multiplying—

"(A) the population of that tribe or village within the State, by

"(B) an amount equal to 110 percent of the amount allocated to such States as determined under section 106, divided by the population of that State.

"(b) ENTITLEMENT.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the entitlement of any unit of local government for any entitlement period shall be the amount allocated to such unit under this section.

"(2) MAXIMUM AND MINIMUM PER CAPITA ENTITLEMENT.—Subject to the provisions of paragraphs (3) and (4), the per capita amount allocated to any unit of local government within a State under this section for any entitlement period shall not be less than 10 percent nor more than 175 percent of the amount allocated to the State under section 106, divided by the population of that State.

"(3) LIMITATION.—The amount allocated to any unit of local government under this section for any entitlement period shall not exceed 25 percent of the sum of—

"(A) such government's adjusted taxes (as determined without regard to subsection 109(d)(3)); and

"(B) the intergovernmental transfers of revenue to such government (other than transfers to such government under this subtitle).

"(4) ENTITLEMENT LESS THAN $200, OR GOVERNING BODY WAIVES ENTITLEMENT.—If (but for this paragraph) the entitlement of any unit of local government—

"(A) would be less than $200 for any entitlement period, or

"(B) is waived for any entitlement period by the governing body of such unit—

then the amount of such entitlement for such period shall (in lieu of being paid to such unit) be distributed to other units of local government in the State in accordance with regulations prescribed by the Secretary.

"(c) ADJUSTMENT OF ENTITLEMENT.—

"(1) IN GENERAL.—In adjusting the allocation of any unit of local government, the Secretary shall make any adjustment required under paragraph (b)(2) first, any adjustment required under paragraph (b)(3) next, any adjustment required under paragraph (b)(4) next, any adjustment required under subsection (e) next, and any adjustment required under paragraph (3) last.

"(2) ADJUSTMENT FOR APPLICATION OF MAXIMUM OR MINIMUM PER CAPITA ENTITLEMENT AND LIMITATION.—Except as otherwise provided in paragraph (3), the Secretary shall adjust the allocations made under this section to units of local government in any State in order to bring those allocations into compliance with the provisions of paragraphs (b)(2) and (b)(3).

"(3) EXCEPTION TO ADJUSTMENT APPLICATION.—In any case in which (A) the amount allocated to a unit of local government is reduced under subsection (b) by the Secretary, and (B) no other unit in the State in which it is located may receive the amount on account of the application of subsection (b), the amount of that reduction shall be added to and increase the entitlement of all units of local government within the State in proportion to their allocations, without regard to the limitations in (b)(2) and (b)(3).";

"(b) by striking (1), (2), (3), (5), (6)(C) and (6)(D) of subsection (b), and except for purposes of subsection (c)," from paragraph (d)(1) and by inserting "(a)(1), (b)(2), (b)(3), (b)(4)(A), and section 109(d)(1)(C)" in lieu thereof;

(c) by striking the provisions of paragraphs (4) and (5) and redesignating paragraph (6) as (4); and

(d) by amending subsection (e) as follows—

(1) by inserting "and the parish of Orleans" after the first reference to "East Baton Rouge" in paragraph (1);

(2) by striking "January 1, 1977" and inserting "October 1, 1980" in lieu thereof;

(3) by amending paragraph (2) to read as follows—

"(2) REDUCTION OF ENTITLEMENT OF LOCAL GOVERNMENTS.—The entitlements of the units of local government of a county (parish) area for an entitlement period shall be reduced proportionately by an amount equal to the entitlement for the separate law enforcement officer for such county (parish) area for such entitlement period."; and

(4) by striking paragraphs (3) and (4).

SEC. 9. Section 109 of the State and Local Fiscal Assistance Act (31 U.S.C. 1228) is amended as follows:

(a) by inserting after paragraph (a)(7) the following new paragraph—

"(8) INDIAN TRIBE AND ALASKAN NATIVE VILLAGE POPULATION.—For entitlement periods beginning on or after October 1, 1980, the Bureau of the Census shall develop population estimates for Indian tribes and Alaskan native villages, in accordance with regulations prescribed by the Secretary for purposes of this title, whenever such estimates are provided for other classifications of units of local government. Such estimates shall be used by the Secretary to determine allocations in accordance with section 108(a)(2).";

(b) by striking the provisions of subsection (d);

(c) by inserting after paragraph (e)(1)(B) the following new paragraph—

"(C) For a unit of local government with a per capita income in excess of 115 percent of the State per capita income, the general tax effort shall be reduced by a percentage equal to the percentage point difference between its per capita income and 115 percent of the State's per capita income. The per capita income of a State or unit of local government shall be as determined by the Bureau of the Census for general statistical purposes.";

(d) by redesignating paragraph (e)(2)(B) as (e)(2)(D) and by inserting after paragraph (e)(2)(A) the following new paragraphs—

"(B) PROCEDURE FOR DETERMINING EDUCATION TAXES.—To determine the amount of compulsory contributions allocable to expenses for education in cases where—

"(i) the tax revenues from a general levy are deposited in a fund containing non-tax amounts; and

"(ii) appropriations or expenditures are made from such fund for education and at least one other purpose—

"The Bureau of the Census shall multiply the ratio of available taxes to total available amounts by education expenditures (excluding dedicated amounts) for such fund.

"(C) DEFINITIONS.—For purposes of paragraph (B) the term—

"(i) available taxes means local tax revenues not restricted to any particular expenditure category as determined by the Bureau of the Census;

"(ii) total available amounts means the sum of unrestricted revenues, cash and investment asset expended during the year as determined by the Bureau of the Census; and

"(iii) dedicated amounts (as defined by the Secretary and determined for each unit by the Bureau of the Census) means monies that must be spent on one or more specified expenditure categories.";

(e) by inserting after redesignated paragraph (e)(2) the following new paragraphs—

"(3) ADJUSTED TAXES REDUCED.—Except as otherwise provided, the adjusted taxes (as determined in accordance with paragraph (2)) of a unit of local government with per capita adjusted taxes (as determined in accordance with paragraph (2)) in excess of $250, and in excess of 250 percent of the average per capita adjusted taxes of similarly classified units within the State in which it is located (as determined by the Bureau of the Census for general statistical purposes) shall be reduced by the product resulting from: multiplying the population of such unit by the amount its per capita adjusted taxes exceed an amount equal to 250 percent of the average per capita adjusted taxes for similarly classified units: *Provided, however,* That the per capita adjusted taxes of a unit shall not be reduced to an amount less than $250 or the State average per capita adjusted taxes for similarly classified units (whichever is higher).

"(4) EXCEPTION.—The provisions of paragraph (3) shall not apply to a unit of local government that is the only unit (other than an Indian tribe or Alaskan native village) within the county area in which it is located. A unit shall be treated as located in a country area if all or part of its geographic area is located in such area.

"(5) DEFINITIONS.—For purposes of paragraphs (3) and (4) the term—

"(A) average per capita adjusted taxes means the sum of the adjusted taxes (as determined in accordance with paragraph (2)) for similarly classified units of local government (as determined by the Bureau of the Census for general statistical purposes), divided by the sum of the population of such similarly classified units; and

"(B) per capita income shall be determined on the basis of income as defined in paragraph (a) (3).";

(f) by amending subsection (f) as follows—

(1) by redesignating paragraph (3) as (2); and

(2) by striking "county area" from redesignated paragraph (2) and inserting "State" in lieu thereof; and

(g) by redesignating subsections (e), (f) and (g) as (d), (e) and (f), respectively.

SEC. 10. Section 121 of the State and Local Fiscal Assistance Act (31 U.S.C. 1241) is amended:

(a) by striking "REPORT ON USE OF FUNDS:" from the title; and,

(b) by striking the provisions of subsection (a) and (d); and

(c) by redesignating subsections (b), (c), (e), (f), and (g), as (a), (b), (c), (d), and (e), respectively.

SEC. 11. Section 123 of the State and Local Fiscal Assistance Act (31 U.S.C. 1243) is amended:

(a) by amending subsection (a) as follows—

(1) by striking "State government or" and "and with respect to a unit of local government";

(2) by striking "and" from the end of paragraph (7);

(3) by amending paragraph (3) to read as follows—

"(8) it will comply with the provisions of section 121; and" ; and

(4) by inserting after paragraph (8) the following new paragraph—

"(9) it will comply with the provisions of subsection (c).";

(b) by amending subsection (c) as follows—

(1) by inserting at the end of paragraph (1) the following new sentence—

"For any entitlement period beginning on or after October 1, 1980, such audit shall be conducted not less often that once every two years, and shall include the financial statements for each such fiscal year. Such audits shall be submitted to the Secretary for approval at such time as required by regulations prescribed by the Secretary.";

(2) by striking the first reference to "State or" from paragraph (2);

(3) by striking "every 3 years" from paragraph (2) and inserting "every 2 fiscal years (provided the financial statements for each fiscal year are included in the audit)" in lieu thereof;

(4) by striking "3" from paragraph (3) and inserting "2" in lieu thereof and inserting in that paragraph "for each fiscal year" after "government"; and

(5) by amending paragraph (5) to read as follows—

"(5) WAIVER.—The Secretary may waive the requirements of paragraph (1) or paragraph (2), in whole or in part, with respect to any State government or unit of local government for any fiscal year as to which (in accordance with the regulations prescribed by the Secretary) there is a finding that—

(A) the financial accounts of such government for such period are not auditable, and that such government demonstrates substantial progress toward making such financial accounts auditable, or

(B) such government is audited by a State audit agency which does not follow generally accepted auditing standards or which is not independent (in accordance with regulations prescribed by the Secretary); provided, however, that such State audit agency demonstrating progress toward meeting generally accepted auditing standards or becoming independent.".

SEC. 12. Section 141 of the State and Local Fiscal Assistance Act (31 U.S.C. 1261) shall be amended as follows:

(a) by inserting at the end of subsection (b) the following new paragraph—

"(8) The one-year periods beginning October 1 of 1980, 1981, 1982, 1983, and 1984."; and

(b) by amending paragraph (c)(1)(B) to read as follows—

"(B) as a county area and as the sole unit of local government in such area.".

SEC. 13. Section 143(a) of the State and Local Fiscal Assistance Act (31 U.S.C. 1263 (a)) is amended by striking "State which receives a notice of reduction in entitlement under section 107(b), and any".

SEC. 14. The State and Local Fiscal Assistance Act (31 U.S.C. 1221 *et seq.*) is amended by repealing section 145, entitled "Study of Revenue Sharing and Federalism".

SEC. 15. The State and Local Fiscal Assistance Act (31 U.S.C. 1221 *et seq.*) is amended by inserting after section 145 the following new section:

"SEC. 146. FISCAL IMPACT REPORT.—The reports required under Section 105(a)(2) to be submitted to the Congress for March 1, 1982, and for March 1, 1984, shall include an assessment of the fiscal impact on State and local governments of the entitlement payments made under this title. The assessments shall include estimates of the extent to which the payments have: (1) resulted in lower State and local taxes than would otherwise have prevailed; (2) increased State and local expenditures, and the functional allocation of those increases; (3) caused higher State and local fund balances. The assessment shall also estimate how these fiscal impacts vary by region of the country, by the underlying condition of State and local economies, by the size and type of jurisdiction, and by the general nature of State-local fiscal relationships including, but not limited to, the nature and magnitude of State aid provided to local governments; and in general, how the fiscal impacts differ from the impacts of the resources available to local governments from their own sources.

SEC. 16. The State and Local Fiscal Assistance Act (31 U.S.C. 1221 *et seq.*) is amended by inserting after new section 146 the following new subsection:

"SEC. 147. EFFECTIVE DATE.—Except as otherwise provided, the "Local Government Fiscal Assistance Amendments of 1980" shall apply to the administration of the provisions of this title on or after October 1, 1980.".

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SECTION-BY-SECTION ANALYSIS OF THE BILL

"To authorize an extension of the revenue sharing programs of general purpose payments to local governments and for other purposes."

Section 1 of the bill provides that the Act may be cited as the "Local Government Fiscal Assistance Amendments of 1980".

Section 2 of the bill adds findings describing the principles on which the continuation of the Revenue Sharing program is based. The findings recognize the importance of the financial health of local governments to the welfare of their citizens and the continued prosperity of the national economy. The intrastate allocation of funds should be somewhat modified so that the allocation of funds makes greater and a more consistent contribution to reducing intrastate fiscal inequities. The findings recognize that the civil rights and public participation provisions help to ensure the democratic and nondiscriminatory use of revenue sharing funds. The findings recognize that the audit requirement of the Revenue Sharing Program has contributed to improved financial management practices at State and local government levels. The findings recognize that the reduction in Revenue Sharing assistance to States will cause hardships, but that it is necessary in order to reduce overall levels of Federal expenditures. Additional payments to local governments in fiscal years 1981 and 1982 are provided in order to alleviate the impact of the elimination of funding to the States.

Section 3 of the bill amends Section 101 of the title to add a new Section 101, "Short Title." Section 101, "Short Title," provides that the title may be cited as the "Local Government Fiscal Assistance Act of 1980".

Section 4 of the bill amends Section 102 of the title, "Payments to State and Local Governments." The bill deletes the reference to payments to State governments from the title. Since the bill provides funding for local governments only, througnout the bill, changes are made to delete State governments from the provisions of the title. In addition, obsolete references to entitlement periods covered under the 1972 Act are deleted by the bill. The last paragraph under subsection 102(c) is designated as new subsection (d), and a new sentence is added providing that population and income data developed from the 1980 census will not be used to revise population and income estimates used to compute allocations to State and local governments for periods beginning prior to October 1, 1980.

Revenue Sharing funds are allocated using the best and most current Census Bureau data available at the time the allocations are made. The Act provides that, for one year after the close of an entitlement period, a recipient government may petition the Secretary of the Treasury for adjustment in its allocation due to an error in the data. After the 1980 census, Census Bureau estimates of data for fiscal years 1978, 1977, and earlier years may differ from the 1970-census-based estimates used by ORS to compute Revenue Sharing allocations for those years. It would be inappropriate now to introduce data, derived from different census methods, as the basis for adjustments after the final allocations have been made. This amendment would preclude any adjustments to payments for entitlement periods beginning before October 1, 1980 based on data revisions resulting from the 1980 census.

Section 5 of the bill amends Section 105 of the title, "Creation of Trust Fund; Appropriation; Authorizations for Entitlements." The title is amended to delete the language that appropriated funds under the 1972 Act. Section 105(b) is amended to delete the provisions for appropriations for pre-1976 entitlement periods. Section 105(c) is redesignated as section 105(b). Redesignated Section 105(b)(1) extends for five years the authorization to appropriate funds to make Revenue Sharing payments. The bill authorizes $4,566,666,667 for each of the five additional years of the Revenue Sharing Program. The amounts authorized under the current program for payments to State government are deleted.

Redesignated section 105(b)(2) provides for the authorization of $3,282,506 for purposes of making adjustments to the payments to the non-contiguous States of Alaska and Hawaii. This amount represents a reduction from current levels in proportion to the elimination of State government funding.

Redesignated Section 105(b)(3) describes the five (5) entitlement periods covered by the bill from October 1, 1980 through September 30, 1985. The entitlement periods correspond to Federal fiscal years 1981–1985.

The bill adds a new supplemental authorization for fiscal years 1981, and 1982, in the amount of $500,000,000 per year. This limited amount would be authorized to assist local governments in adjusting to reductions in State aid, resulting from the termination of Revenue Sharing payments to State governments. It is estimated that these losses in State payments to local governments will be substantial. Subsection 105(d) of the title is redesignated subsection 105(c) and strikes a reference to State governments.

Section 6 of the bill amends Section 106 of the title, "Allocation Among States," to eliminate unnecessary references to entitlement periods beginning prior to October 1, 1980, and to make appropriate changes to correct internal references to other sections of the Act that have been redesignated. Section 106 is also amended to provide the basis for allocating the supplemental authorization of $500,000,000 for fiscal years 1981 and 1982. This amount will be allocated to each State for distribution among the local governments in the State, and also to the District of Columbia. The amount will be allocated among the States on the basis of the total amount of State payments to general-purpose local governments (excluding aid for education). The figures for making the calculation will be as determined by the Bureau of the Census for general statistical purposes. Because the District of Columbia has no such transfers, its allocations cannot be computed on the basis of the amounts of transfers to local governments. Therefore, its allocation for each of the two entitlement periods is established at a $7.4 million level. Analysis of the current formula indicates that the dollar amounts set forth in the three factor and the five factor formulas (Sections 106(b) (2) and (3)) do not require amendment to reflect the reduction in funding for the program. These amounts are used to establish a mathematical ratio and have been used for allocating funds during six-month entitlement periods in which only one-half of the annual amount of funding was distributed.

Section 7 of the bill repeals Section 107 of the title, "Entitlements of State Governments," in order to eliminate the reservation of one-third of a State's allocation to the State government, and also to eliminate the requirement that State governments maintain a certain level of transfers to local governments.

Section 8 of the bill amends Section 108 of the title, "Entitlement of Local Governments." Section 108 is amended to substantially revise the allocation formula among units of local government in a State area in order to assure a more equitabe distribution of funding within a State. These revisions provide that local governments compete State-wide, on the basis of their data factors, for their share of their State area's allocation as determined under Section 106, "Allocations Among States". The current program provides that, initially, the amount allocated to a State is divided among the county areas in the State, and the local governments are limited to sharing their county area's allocation. Since a local government's allocation would no longer depend on factors pertaining to the county area in which they are located; jurisdictions within a State with the same formula factors will receive the same level of funding.

Section 8(a) of the bill amends Section 108 (a) and (b) of the bill to eliminate the references applicable only to county area allocation feature of the revenue sharing formula.

Section 8(a) amends Section 108(b)(4) of the title to provide the allocations for Indian tribes and Alaskan native villages should be determined by multiplying the population of the tribe or village by an amount equal to 110 percent of the per capita allocation of revenue sharing funds in the State so that they will not experience a substantial reduction in funding. The current program allocates funds to Indian tribes and Alaskan native villages based on the per capita payments to the county areas in which they are located. This method of allocation is no longer appropriate because the county area concept is not used to allocate funding under the bill.

Section 8(a) of the bill redesignates and amends Section 108(b)(6) (A)–(D) of the title as Sections 108(b)(1)–(4), respectively. Redesignated Section 108(b)(1) is amended to delete the reference to current Section 108(c) which is delated by the bill.

Section 8(a) of the bill amends redesignated Section 108(b)(2), which currently provides that local governments may not receive a per capita Revenue Sharing amount of less than 20 percent, nor more than 145 percent, of the per capital Revenue Sharing amount allocated to local governments in the State. The bill would change these minimum and maximum allocation requirements to a minimum of 10 percent and a maximum of 175 percent.

Section 8(a) of the bill amends redesignated Section 108(b)(3) of the title to reduce the current statutory limitation on the amount of funds any recipient may receive from 50 percent of the sum of the adjusted taxes and intergovernmental transfers received by that government, to 25 percent.

Section 8(a) of the bill amends redesignated Section 108(b)(4) of the title to delete the references to entitlement periods that are less than one year in duration. In addition, the Secretary is authorized to promulgate regulations that determine the disposition of entitlements that are waived by units of local government including Indian tribes or Alaskan native villages. Under the current program, these funds are automatically transferred to the county government. However, this approach is no longer appropriate in view of the amendments discussed above that change the basis upon which the allocations for those groups are determined.

Section 8(a) of the bill redesignates and amends Section 108(b)(7)(A)–(C) of the title as Section 108(c)(1)–(3), respectively. Redesignated Section 108(c)(1) is amended to provide for the exception to application to entitlement adjustments set forth in redesignated Section 108(c)(3).

Redesignated Section 108(c)(2) of the title is amended to delete a reference to county areas, and to specifically provide for the application of the 25 percent limitation discussed above.

Redesignated Section 108(c)(3) is amended to provide that where a Revenue Sharing payment to a local government is reduced due to the adjustments on payments required in redesignated Sections 108(b)(2) or (3) (the minimum and maximum entitlement and the 25 percent limitation), and no other local government may receive the amount because of those limitations, that amount shall be used to proportionally increase allocations to other local governments within the State, notwithstanding the limitations in Sections 108(b)(2) or (3). The current law provides for the State government to receive the extra amount of funding that is available for distribution after the application of these two allocation constraints.

Section 8(a) also deletes the provision in Section 108(c) that authorizes the Governors to provide an optional allocation among local governments. That authority has never been exercised by a State government, and should no longer be available due to the equivalent treatment of local governments under the revised State-wide competition for funding.

Section 8(b) of the bill amends Section 108(d)(1) of the title to exclude the requirement for reduction of the general tax effort data factor from the unit of local government definition, and to conform the definition, which excludes Indian tribes and Alaskan native villages from treatment as a unit of local government for certain limited purposes, to the amendments made by the bill.

Section 8(c) of the bill amends Section 108(d) by striking paragraphs (4) and (5). Paragraph (4), which provides that a local government that is located in whole or in part in a larger entity, shall be treated as if it is located in that entity is inserted in amended Section 109(e)(4) of the title. Paragraph (5) is deleted due to the elimination of the county area element of the formula.

Section 8(d) of the bill is amended to provide for revenue sharing allocations for separate law enforcement officers at the current levels. The current program provides funding for these officers to be derived from the State government and the Parish government. Thus, Section 8(e) amends Section 108(e) of the title to provide that the funding for the officers in a Parish will be derived proportionately from the other recipient governments in the Parish in which the officer is located. Only governments in Parishes served by separate law enforcement officers will contribute to its funding. This provision does not apply to Orleans Parish, because it has no separate law enforcement officer. A unit of local government with a geographic area that is in more than one Parish will be considered to be located within the Parish in which the majority of its population resides.

Section 9 of the bill amends Section 109 of the title, "Definitions and Special Rules for Application of Allocation Formulas." Section 9(a) of the bill adds a new paragraph (a)(8), "Indian Tribes and Alaskan Native Village Population," which requires the Bureau of the Census to develop population estimates for Indian tribes and Alaskan native villages in accordance with criteria established by the Secretary of the Treasury whenever the Bureau provides population estimates to the Secretary for the other types of recipient governments. Until recently, the Bureau of Indian Affairs provided these data, but it is appropriate for the agency providing population estimates for State and local governments to develop similar estimates for Indian tribes and Alaskan native villages performing general governmental functions.

Section 9(b) of the bill deletes the provisions of Section 109(d) of the title. That section of the title sets forth the basis for calculating the general tax effort factor for county areas.

Section 9(c) of the bill adds a new paragraph, 109(e)(1)(C), which provides for a limitation on the general tax effort factor of a unit of local government whose per capita income exceeds 115 percent of the per capita income of the State in which it is located. The present formula allocates smaller amounts to local governments as per capita income rises. This provision is designed to increase moderately the rate at which payments decline for very high-income government. This provision reduces the general tax effort factor of a local government by the percentage that its per capita income exceeds 115 percent of its State's average. For example, the general tax effort factor of a local government with a per capita income of 125 percent of the State per capita income would be reduced by 10 percent. This provision affects less than 10 percent of the local governments in the county and frees funds for distribution to low and moderate income communities.

Section 9(d) of the bill redesignates current paragraph 109(e)(2)(B) as (e)(2)(D), and adds new paragraphs 109(e)(2)(B), "Procedure for Determining Education Taxes" and 109(e)(2)(C), "Definitions." These new sections codify the current procedures established by the Secretary in cooperation with the Bureau of the Census used to determine the amount of adjusted taxes for a local government. The amendment specifies the method of calculating adjusted taxes only in a case where a fund is established that commingles revenues from tax and non-tax sources and is used by the local government to pay educational and at least one other type of expense.

Section 9(e) amends Section 109(e) to add new paragraphs 109(e)(3), "Adjusted Taxes Reduced.", 109(e)(4), "Exception." and 109(e)(5), "Definitions." The purpose of these sections is to target Revenue Sharing funds to local governments with lower incomes and away from those jurisdictions that clearly export a substantial portion of their local taxes, that is, non-resident citizens and businesses actually pay a very high percentage of a jurisdiction's taxes. Such jurisdictions are able to generate levels of taxation far in excess of the level of tax effort made by their residents.

New paragraph 109(e)(3) provides for a limitation on per capita adjusted taxes for units of local government with per capita adjusted taxes in excess of $250 and in excess of 250 percent of the average per capita adjusted taxes of similarily classified governments in the State. For such governments, this amendment would reduce the adjusted taxes data factor as follows: The amount that a local government's per capita adjusted taxes exceeds 250 percent of the State average per capita adjusted taxes for similarly classified units, multiplied by the population of the local government. The limitation will not, however, be allowed to cause the per capita adjusted taxes of a unit of local government to be reduced below $250 or the State average per capita taxes for similarly classified units, whichever is greater. An example of the adjusted tax reduction formula is as follows: If $10 is the amount of per capita adjusted taxes of a local government in excess of 250 percent in excess of the State average for similar governments, and the population of the jurisdiction is 10,000, then the adjusted taxes of the local government are reduced by $100,000 ($10 x $10,000).

An exception is made under new paragraph 109(e)(4) for governments that are the only local governments (other than an Indian tribe or Alaskan native village) in the counties in which they are located. The provision in current Section 108(d)(4), that a unit shall be treated as located in a county area whenever all or part of its geographic area is located in the area, is incorporated for purposes of new paragraph 109(e)(4).

The definitions used for purposes of new paragraphs 109(e)(3) and (4) are provided under new paragraph 109(e)(5).

Section 9(f) of the bill amends Section 109(f) to delete the provisions relevant only to county areas.

Section 9(g) of the bill redesignates subsections to account for the deletion of subsection (d) from Section 109 of the title.

Section 10 of the bill amends Section 121 of the title, "Report on Use of Funds: Publications and Public Hearings," by striking reference to the use report from the title. The bill also repeals the requirement in Section 121(a) that recipient governments file an actual use report showing the amounts and purposes for which the funds were appropriated, spent, or obligated, the relationship of those funds to the relevant functional items in the government's budget, and any differences between the actual and proposed use of the funds. The actual use report is eliminated because the information required in it does not necessarily represent the actual fiscal impacts of the funds on the budgets of recipient governments. To replace the actual use report, Section 17 of the bill adds a new Section 146 to the title which requires that the Secretary report to Congress in 1982 and 1984 on the operation and status of the Trust Fund and include an assessment of the fiscal impact of Revenue Sharing funds on State and local governments. The requirement in Section 121(d) that the Secretary provide the State Governor with the use reports is deleted. Section 121 is also amended to delete unnecessary references to State governments.

Section 11 of the bill amends Section 123 of the title, "Miscellaneous Provisions." Section 11(a) amends Section 123(a) to delete unnecessary references to State governments. Section 11(a) also deletes the current requirement in Section 123(a)(8) that Indian tribes and Alaskan Native villages spend the revenue sharing funds they receive to benefit members of the tribe in the county area in which the allocation was made. The requirement is inappropriate due to the revisions in the allocation formula for Indian tribes and Alaskan native villages. Section 11(a) adds new assurances of compliance with the title to Section 123(a). Recipient governments will be required to assure the Secretary that they will comply with the public participation provisions contained in Section 121 and the audit provisions contained in Section 123(c) prior to receipt of payments under the Act. Currently such assurances are required by regulation.

Section 11(c) of the bill amends Section 123(c) to require after October 1, 1980, local governments, which receive $25,000 or more in Revenue Sharing funds per entitlement period, to have independent audits of their financial statements not less often than every 2 of its fiscal years. The current program requires such audits at least once every 3 years. The audit is to include all of the financial statements for each of the 2 years covered by the audit. This requirement is in accordance with the audit practices generally required under Federal assistance programs by the Office of Management and Budget, and is in accordance with recommendations of the General Accounting Office. In addition, Section 123(c)(5) is amended to permit the Secretary to waive the audit required under subsection (c) for fiscal years 1977, 1978, and 1979. The waiver would apply to governments that are audited by a State agencies pursuant to State law, whenever the State agency does not follow generally accepted audit practices or is not independent, provided that the State agency demonstrates progress toward achieving acceptability or independence. This amendment also is in accordance with recommendations by the General Accounting Office.

Section 12 of the bill amends Section 141 of the title, "Definitions and Special Rules," to add the additional entitlement periods authorized by the bill to the definition of entitlement period.

Section 14 of the bill repeals Section 145 of the title, "Judicial Review," to delete the unnecessary reference to Section 107 to reflect the repeal of the State government maintenance-of-transfers requirement.

Section 14 of the bill repeals Section 145 of the title, "Study of Revenue Sharing and Federalism," because the study required has been completed.

Section 15 of the bill adds a new Section 146 to the title, "Fiscal Impact Reports," to require the Secretary to report to the Congress by March 1, 1982, and March 1, 1984 on the fiscal impact of Revenue Sharing funds on State and local governments.

Section 16 of the bill adds a new Section 146, "Effective Date," which states that the requirements under amendments made by the bill will be effective beginning on October 1, 1980.

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## MESSAGE FROM THE PRESIDENT

*To the Congress of the United States:*

I am transmitting to Congress today legislation titled the "Local Government Fiscal Assistance Amendments of 1980." This legislation authorizes a five-year extension of the general revenue sharing program for local governments. It amends and extends the current authorization for the general revenue sharing program, which expires on September 30, 1980.

In my January budget, I indicated that I would support a $6.9 billion extension of the General Revenue Sharing program, with full participation by the States. Since that time, inflation has accelerated considerably and it has become imperative that we restrain Federal spending and balance the Federal budget. I therefore am proposing today that the revenue sharing program be extended only for local governments. I also am recommending that funding for the program be reduced to the transitional level of $5.1 billion in the next two fiscal years and $4.6 billion in fiscal years 1983 through 1985.

When the general revenue sharing program was first enacted in 1972, State and local governments confronted significant fiscal needs. Many States and localities faced growing demands for services, which they were unable to finance with their own tax resources. At the same time, Federal revenues were expected to grow rapidly, providing the resources for additional aid to States, counties and cities.

Today the economic situation is quite different. Most State governments are stronger fiscally than they were just a decade ago. They have broader and more responsive tax systems, which have produced rapid growth in revenues. In the last decade alone, State government revenues have grown sixty percent faster than the Gross National Product. Some States, as a result, have accumulated substantial budget surpluses.

While the fiscal condition of the States has improved substantially, many local governments continue to have difficulty financing essential services with their own tax resources. These cities, counties and towns are squeezed between growing demands for services and shrinking tax bases. This fiscal squeeze is particularly severe for the cities and counties with large numbers of poor or disadvantaged citizens.

Finally, the high rate of inflation has made it necessary to restrain Federal spending and balance the Federal budget. As a result, the Federal government does not have sufficient resources to meet all of the demands on its budget.

These changes in the economy make it essential that Federal policies and programs be adapted to current requirements. We need to achieve a balanced budget and disciplined restraint in Federal spending. We need to recognize the fiscal resurgence of the States and ask them to join us as full partners in solving our domestic problems, including the fight against inflation. And we must face the fact that many local governments confront responsibilities beyond their capacities, and that Federal assistance must go to those with the greatest needs.

This legislation embodies my commitment to a strong and vital Federal system and responds to the need for greater fiscal responsibility at all levels of government. The legislation retains the most important features of the current revenue sharing program.

—I am proposing that the program be funded for a full five years and that entitlements to local governments are continued on the same basis as the current law. This long-term extension will allow cities, counties, and towns to plan their budgets for several years and to use Federal funds efficiently.

—I am proposing that the flexibility provided to local governments in the current revenue sharing program be retained. This will ensure that revenue sharing funds are distributed with minimal administrative cost and little red tape. It will also allow local governments to be responsive to local needs, rather than to priorities set in Washington.

—Finally, I am proposing that the citizen participation and anti-discrimination provisions of the current program be reauthorized in their entirety. This will ensure continued progress in making local government more accessible and responsive to all citizens.

The legislation I am transmitting also includes important changes in the current program. These changes will make the revenue sharing program more responsive to the needs of local government and more consistent with the current economic situation.

First, I am proposing that the States no longer receive general revenue sharing assistance. While I recognize that this recommendation will cause difficult adjustments in a few States, it reflects the improved fiscal health of the States and the need for greater fiscal responsibility and a balanced Federal budget.

Second, I am proposing that $500 million be added to the local share of general revenue sharing in each of the next two years This $500 million of transitional assistance is intended to help local governments adjust to reductions in State aid resulting from the discontinuation of revenue sharing for the States. The $500 million will be concentrated in the States that provide the greatest amount of aid to their local governments. Without these funds, many cities and counties will be forced to lay off essential workers or to raise already high property tax rates.

Third, I am proposing modest changes in the intrastate formula for allocating general revenue sharing funds. These changes will provide increases in aid to local governments with large numbers of poor and disadvantaged citizens and with very high tax burdens. They will help reduce the large disparities that exist between wealthy and poor communities in many States.

Finally, I am proposing that local governments that receive revenue sharing aid be audited every two years. This provision will facilitate continued improvement in local government financial management practices.

During my Administration, we have built a new partnership between the Federal government and State and local governments. This partnership has brought new vitality to our Nation's States, counties and cities. It has provided consistent and stable funding for critical State and local needs. And it has given State and local officials an opportunity to help shape the legislation that affects them.

My proposals for renewing general revenue sharing strengthen the partnership that we have forged in the last three years. I hope Congress will join me in this effort.

Jimmy Carter.

The White House, *April 16, 1980.*

By Mr. DURKIN:

S.J. Res. 163. A joint resolution to disapprove the action taken by the President under the Trade Expansion Act of 1962 in imposing a fee on imports of petroleum or petroleum products; to the Committee on Finance.

● Mr. DURKIN. Mr. President, today I am introducing a joint resolution to block President Carter's oil import fee.

Under President Carter's plan, the price of gasoline is destined to increase 10 cents per gallon, and even the White House acknowledges that the inflation rate will ultimately rise by at least three-quarters of a percent as a result of the oil import fee.

Mr. President, New Hampshire's hard pressed, hardworking families need a tax cut, not a tax increase. Imposing a price increase on gasoline is really rationing by price. As a result New Hampshire's low-and moderate-income families as well as our tourist industry and small businesses are unfairly discriminated against. A gasoline price increase such as this will have a devastating impact on all New Englanders.

Many residents of New Hampshire must travel long distances to work or school each day. In the absence of adequate, public transportation, we have no choice but to depend on our cars for commuting.

New Hampshire's tourist industry, which is still trying to recover from the disastrous effects of last summer's long gas lines and this winter's short snowfall will be crippled by the oil import fee. Tourism is the second largest industry in the State of New Hampshire. A reduction of tourists, which will surely follow an increase in gas prices, will have serious reverberations throughout our economy.

Since coming to the Senate, I have worked hard to provide relief from high energy costs, because in New Hampshire and New England we are never going to get inflation under control until we get our energy costs under control. The cost of the food on our table, the gas in our tank, and the oil in our furnace, are all the result of exorbitant energy costs, the major cause of inflation in the Northeast. For too long Federal energy policy has unfairly discriminated against the people of the Northeast. As chairman of the Senate Energy Conservation and Supplv Subcommittee, I will continue my efforts to change Federal energy policy and reduce our energy-fueled inflation.

In this spirit I introduce my resolution todav to block this inflationary oil import fee. I urge my Senate colleagues to join me and promptly pass this resolution before the devastating impact of an oil import fee crashes down on consumers and businesses alike.●

## ADDITIONAL COSPONSORS

### S. 1287

At the request of Mr. Goldwater, the Senator from California (Mr. Hayakawa) was added as a cosponsor of S. 1287, a bill to repeal the earnings ceilings of the Social Security Act for all beneficiaries age 65 or older.

### S. 1754

At the request of Mr. Moynihan, the Senator from Oregon (Mr. Hatfield) was added as a cosponsor of S. 1754, a bill to determine the causes and effects of acid precipitation throughout the United States and to develop and implement solutions to this problem.

### S. 2216

At the request of Mr. Moynihan, the Senator from South Carolina (Mr. Hollings), the Senator from New Mexico (Mr. Schmitt), the Senator from Wyoming (Mr. Simpson), and the Senator from Colorado (Mr. Armstrong) were added as cosponsors of S. 2216, a bill to improve the intelligence system of the United States, and for other purposes.

### S. 2463

At the request of Mr. Humphrey, the Senator from Washington (Mr. Jackson), and the Senator from Ohio (Mr. Glenn) were added as cosponsors of S. 2463, a bill to amend the survivor benefit plan provided for in chapter 73 of title 10, United States Code, to permit a person who has elected to participate in such plan to suspend that election when such person has been rated as totally disabled for a specified period of time, and for other purposes.

### S. 2502

At the request of Mr. Humphrey, the Senator from North Carolina (Mr. Helms) was added as a cosponsor of S. 2502, a bill to limit the applicability of certain penalty provisions of title 13, United States Code, relating to failure to answer questions presented in the decennial and mid-decade census.

### SENATE RESOLUTION 392

At the request of Mr. Magnuson, the Senator from Hawaii (Mr. Matsunaga) was added as a cosponsor of Senate Resolution 392, a resolution expressing the sense of the Senate that the Board of Governors of the Federal Reserve System should immediately take steps to reduce interest rates.

### SENATE RESOLUTION 403

At the request of Mr. Baucus, the Senator from West Virginia (Mr. Randolph) was added as a cosponsor of Senate Resolution 403, a resolution expressing the sense of the Senate with respect to Senatorial pay raises.

## AMENDMENTS SUBMITTED FOR PRINTING

## FIRST CONGRESSIONAL BUDGET RESOLUTION, 1981—SENATE CONCURRENT RESOLUTION 86

### AMENDMENT NO. 1698

(Ordered to be printed and to lie on the table.)

Mr. WEICKER (for himself and Mr. Hatfield) submitted an amendment intended to be proposed by them, jointly, to Senate Concurrent Resolution 86, a concurrent resolution setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983 and revising the Second Concurrent Resolution on the Budget for the fiscal year 1980.

● Mr. WEICKER. Mr. President, I am submitting along with Senator Hatfield an amendment which we will offer to Senate Concurrent Resolution 86 to provide room in the budget for activation and funding of the provisions of the Emergency Home Purchase Assistance Act of 1974 (the "Brooke-Cranston" program).

Immediate activation and funding of a revised Brooke-Cranston program, as contained in S. 2177 which the Senate Banking Committee recently reported out, are essential to ward off a worsening of the crisis in the housing industry and to correct the damage that has already been done.

The housing start figures for March, which have just been released, show that the crisis is far worse than even the most dire predictions had expected. New housing starts dropped 22 percent to an annual rate of 1.041 million units. This is 42 percent lower than the figure for March of 1979. Building permits, an indicator of future activity, were issued at a rate 18 percent lower than in February and 42 percent below the March 1979 rate.

How does this translate into human terms? After being in business for 20 years, John Scelza, a builder from Newington, Conn., faces being "wiped out." Many contractors with whom he has worked have gone out of business in the last few months. Neil Hasselwander, a Wisconsin builder, testified last month before the Select Committee on Small Business that in the first quarter of 1979 he had 53 residential permits—while in the first quarter of this year he had only 1 permit.

The situation is going to get worse. In testimony before the Senate Select Committee on Small Business, the National Association of Home Builders estimated that there will be a 50-percent drop in housing starts this year, to the lowest level since World War II. With 52 million Americans reaching home buying age in the next 15 years, a failure to increase production will result in a severe shortage in available housing, thereby driving up housing costs and fueling inflation.

The National Association of Home Builders also testified that without immediate, effective Federal assistance to the housing industry, 1 million housing units will not be built, 1.6 million jobs will be lost and $27.5 billion in wages will not be paid. The Federal Government would lose $3.5 billion in tax revenues, and the cost to State and local government would be an additional $4 billion in lost tax revenues. Unemployment in the housing industry is presently 13 percent, up from 10.5 percent in February. This figure is expected to reach 23 percent absent Government intervention. In addition to the loss of 1.6 million jobs in the construction trade, 3.4 million jobs could be lost due to the ripple effect on industry suppliers.

Indeed, the ripple effects due to the crisis in the housing industry have already begun to be felt. Of the 190 plywood mills operating in the Nation, 40 have shut down and 29 others are on short shifts. Sales at some plumbing companies are off 20 percent. Markets for furniture, appliances, carpets, and the like are in a decline.

Activation and funding of the Brooke-Cranston program will stabilize housing production by providing mortgage assistance during this period of severe reduction in residential construction and sales. Under the program, the Government National Mortgage Association (GNMA) is authorized to issue commitments to purchase below-market interest rate private mortgages, which in turn are sold as market yield instruments. The cost to the Federal Government is the difference between the interest rates at purchase and at sale. The funds realized from the sale of these instruments are "recaptured" by the Government and reused for subsequent mortgage purchases.

The amendment which we are proposing would provide room in the budget for activation and funding of a $10 billion Brooke-Cranston program. Under our proposal, $5 billion in mortgage-purchase commitments would be issued by GNMA on August 1, 1980 and another $5 billion in commitments would be issued on October 1, 1980. To accomplish this, there would have to be additional new budget authority of $4,920 million in the fiscal year 1980 budget and $550 million in the fiscal year 1981 budget. There would be a recapture of $80 million in outlays in the fiscal year 1980 budget and additional outlays of $1,550 million in the fiscal year 1981 budget. Because of the cyclical nature of the program, there will be a recapture of $630 million in outlays in fiscal year 1982. The net cost to the Government, over 6 years, will be $1,795 million.

This program would have a long-term anti-inflationary impact on the price of housing. The Library of Congress has estimated that there will be a potential demand for between 2.3 and 2.7 million new housing units per year during the 1980's to meet our demographic demand. If the present low level of production is not increased, the built-up demand and low supply of houses will cause the price of housing to skyrocket when credit markets loosen up.

A $10 billion Brooke-Cranston program would produce additional sales of 200,000 housing units. Since the construction of a single family home creates about 2 jobs, the program would mean 400,000 additional jobs would be provided, enabling thousands of home builders to survive the crisis which exists in the housing industry.

The Brooke-Cranston program has been described by the Department of Housing and Urban Development as a "no-cost" program to the Federal Government. The income realized from jobs gained, and the costs saved from not having to pay unemployment compensation, is at least equal to the net cost of the program to the Federal Government. I hope that my colleagues keep this big picture in mind—as opposed to a narrow-sighted focus on the outlays in a particular function in a particular year.

Mr. President, it is my understanding that the administration is considering the possibility of a revised section 235 HUD home ownership subsidy program to provide a stimulus for the home construction industry instead of using the Brooke-Cranston program which Congress has already enacted to provide relief during crisis periods in the housing industry.

I am pleased to see that the administration has finally recognized what I saw 6 months ago: The housing industry is in a crisis state and needs help. However, as is usual for this administration, their proposal is a day late and a dollar short.

The revised section 235 program, with the higher mortgage limits and more shallow subsidies contemplated, would produce only 80,000 new home starts. Given the situation which exists in the housing industry, this is not nearly enough. This program would not provide any direct relief for the multi-family housing rental market.

What is needed is activation of both Brooke-Cranston and the revised section 235 program. During the recession our country experienced in 1974, Congress provided for funding of an $8.8 billion Brooke-Cranston program and in addition approved an income tax credit for the purchase of housing. The Brooke-Cranston program alone spurred the purchase of 190,000 single-family housing units and 117,000 multi-family housing units. The tax credit was utilized by an additional 483,926 home purchasers.

An assistance program of the same magnitude is needed now. Activation and funding of the Brooke-Cranston program, which will produce 200,000 new housing unit, in combination with a revised section 235 program and the 80,000 units it will add, would be a more appropriate response.

I urge my colleagues to closely examine the long-term inflationary impact of a failure to provide immediate assistance to the housing industry. A thorough examination will show that inaction today will have a long-range negative impact that will far outweigh any symbolic benefits to be gained by a "balanced budget."

Mr. President, up until now, Washington has played a fool's waiting game, hoping that somehow the inevitable crash of the housing industry would not happen. Congress and the White House would not heed the clear warnings. Failure to anticipate has brought about the disaster which has befallen the housing industry. Failure to act now will only worsen the depth and duration of the housing bust.

Mr. President, I ask unanimous consent that the amendment and CBO cost estimate for the program be printed at this point in the RECORD.

There being no objection, the amendment and memo were ordered to be printed in the RECORD, as follows:

### Amendment No. 1698

On page 2, line 17, strike "$687,900,000,000" and insert in lieu thereof "$688,450,000,000".

On page 2, line 22, strike "$612,900,000,000" and insert in lieu thereof "$614,450,000,000".

On page 2, line 23, strike "$687,200,000,000" and insert in lieu thereof "$686,570,000,000".

On page 2, line 24, strike "$753,500,000,000" and insert in lieu thereof "$754,665,000,000".

On page 6, line 18, strike "$5,100,000,000" and insert in lieu thereof "$5,650,000,000".

On page 6, line 19, strike "$200,000,000" and insert in lieu thereof "$1,750,000,000".

On page 6, line 22, strike "$2,700,000,000" and insert in lieu thereof "$2,070,000,000".

On page 6, line 25, strike "$2,900,000,000" and insert in lieu thereof "$4,065,000,000".

On page 12, line 2, strike "$653,700,000,000" and insert in lieu thereof "$658,620,000,000".

On page 12, line 4, strike "$566,400,000,000" and insert in lieu thereof "$566,320,000,000".

On page 13, line 9, strike "$11,700,000,000" and insert in lieu thereof "$16,620,000,000".

On page 13, line 10, strike "$5,500,000,000" and insert in lieu thereof "$5,420,000,000".

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CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
*Washington, D.C., April 14, 1980.*

### MEMORANDUM

To Stan Twardy, Office of Senator Weicker.
From Martin Levine.
Re Budget authority and outlay projections for re-activated Brooke-Cranston program.

This memo is in response to your request of last week for an estimate of the budget authority and outlay consequences of reactivating the Brooke-Cranston Emergency Mortgage Purchase Assistance program this year. The attached table describes the funding effects of the program option you outlined. The following specific assumptions were made in preparing the estimates:

$5 billion in mortgage-purchase commitments were assumed to be issued by the Government National Mortgage Association (GNMA) on August 1, 1980, and another $5 billion in mortgage-purchase commitments were assumed to be issued on October 1, 1980. Sixty percent of the funds were assumed to be allocated to the purchase of mortgages on one- to four-unit structures and 40 percent was assumed to be set aside for the purchase of mortgages on structures with five or more units.

59 percent of the mortgages on one- to four-unit structures were assumed to be on homes that were either under construction as of the date the commitments were issued or on which construction had not yet begun; 41 percent of the one- to four-unit mortgages were assumed to be on already-completed structures, consistent with experience during the last round of Brooke-Cranston assistance. All projects with five or more units assisted were assumed to be for structures on which construction had not yet begun.

The mortgages purchased under the reactivated single-family (one- to four-unit) program were assumed to be resold at discounts sufficient to increase the effective yield to the purchaser by 2 percentage points. Multifamily project loans were assumed to be resold by GNMA at discounts sufficient to increase the effective yields to the purchaser by 3.5 percentage points.

Effective market yields at the time of sale were assumed to range from 11 percent to 14 percent. All discounts were calculated assuming 30-year loans on one- to four-unit structures prepaid at 12 years and 40-year loans on five-or-more-unit structures prepaid at 20 years.

Mortgages on already-completed one- to four-unit structures were assumed to be bought by GNMA between 2 and 4 months after the issuance of the purchase commitments. Mortgages on yet-to-be-completed one- to four-unit structures were assumed to be bought between 6 and 12 months after the date of the commitments. Loans on larger projects were assumed to be purchased between 24 and 36 months after the date of issuance. All loans were assumed to be sold by GNMA 3 months after their purchase.

Lenders were assumed to pay GNMA commitment fees equal to 1.5 percent of the value of mortgages on one- to four-unit structures and 2 percent of the value of larger multi-family project loans, with the fee payable at the time that the commitments were taken up. GNMA was assumed to purchase the mortgages on one- to four-unit structures at 98.5 percent of the total principal amount; project loans were assumed to be purchased at 97.5 percent of the principal value.

Assumptions concerning administrative costs paid by GNMA to the Federal National Mortgage Association for the operation of a reactivated program were based on the most recent actual experience. The figures presented in Table 1 do not include whatever administrative expenses may be incurred by GNMA in operating a reactivated program.

The cyclical swing in outlays appearing in Table 1 is largely a function of the specific assumptions made concerning the lag between mortgage purchases and sales and is highly sensitive to changes in those assumptions.

The calculations reported here should not be viewed as a formal CBO cost estimate.

I hope this information is useful to you. If you have any questions concerning the estimates reported or if there is additional information I can provide you, please let me know.

TABLE 1.—ESTIMATED BUDGET AUTHORITY AND OUTLAYS FOR ISSUANCE OF $5 BILLION IN MORTGAGE-PURCHASE COMMITMENTS ON AUG. 1, 1980, AND $5 BILLION IN MORTGAGE-PURCHASE COMMITMENTS ON OCT. 1, 1980, UNDER A REACTIVATED BROOKE-CRANSTON PROGRAM

[Fiscal years, in millions of dollars] [1]

| | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|---|---|
| Budget authority | 4,920 | 550 | | | | 140 |
| Outlays | −80 | 1,550 | −630 | 1,165 | −350 | 140 |

[1] See accompanying text for description of assumptions used in preparing the estimates.

Source: CBO estimates.●

## MICHIGAN ARMY MISSILE PLANT— S. 2235 AND H.R. 6464

### AMENDMENT NO. 1699

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted an amendment intended to be proposed by him to S. 2235, a bill to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Mich.

### AMENDMENT NO. 1700

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted an amendment intended to be proposed by him to H.R. 6464, an act to authorize the Secretary of the Army to convey to the Michigan Job Development Authority the lands and improvements comprising the Michigan Army Missile Plant in Sterling Heights, Macomb County, Mich., in return for two new office buildings at the Detroit Arsenal, Warren, Mich.

## NOTICES OF HEARINGS

### SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION

● Mr. ZORINSKY. Mr. President, I rise to announce that the Subcommittee on Agricultural Credit and Rural Electrification of the Committee on Agriculture, Nutrition, and Forestry will hold an oversight hearing on Tuesday, May 6, 1980, at 9:30 a.m., in room 324 of the Russell Senate Office Building.

The hearing will focus on the opportunities for energy conservation by rural electric cooperatives, and the effects of conservation on the ability of those cooperatives to remain financially sound.

Witnesses will be the Administrator of the Rural Electrification Administration and invited representatives of the cooperatives.●

### COMMITTEE ON GOVERNMENTAL AFFAIRS

● Mr. RIBICOFF. Mr. President, I wish to announce that on Thursday, April 17, and Friday, April 18, 1980, the Committee on Governmental Affairs will hold hearings on Reorganization Plan No. 1 of 1980, to strengthen management of the Nuclear Regulatory Commission. On April 17, the committee will receive testimony from Mr. James McIntyre, Director of the Office of Management and Budget, and from interested representatives of the public and the nuclear industry. On April 18, the members of the Nuclear Regulatory Commission will testify.

Both hearings are scheduled for 10 a.m. in room 3302 of the Dirksen Senate Office Building. Questions may be addressed to Ellen Miller or Dave Nichols of the committee staff at 224–4751.●

### SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION AND FEDERAL SERVICES

● Mr. GLENN. Mr. President, I wish to announce a hearing that will be held by the Subcommittee on Energy, Nuclear Proliferation and Federal Services, of the Committee on Governmental Affairs. On Monday, April 21, 1980, the subcommittee will continue with the hearings on postal legislation. These hearings are addressing H.R. 79, H.R. 826, and a postal bill I introduced yesterday.

The hearing will begin at 10 a.m. in room 3302 of the Dirksen Senate Office Building.

If you have any questions regarding the hearing, please contact Anne Boni of the subcommittee at 224–2627.●

### SUBCOMMITTEE ON CONSUMER AFFAIRS

Mr. TSONGAS. Mr. President, the Subcommittee on Consumer Affairs of the Committee on Banking, Housing, and Urban Affairs will hold hearings on April 22, 23, and 30, 1980, beginning at 10 a.m., in room 5302, of the Dirksen Senate Office Building, to consider title I, amendments to the Fair Credit Reporting Act, and title II, Fair Credit Information Practices Act, of S. 1928, the Fair Financial Information Practices Act. This measure is sponsored by Senator PROXMIRE.

This legislation represents a balanced effort to implement many of the recommendations of the Privacy Protection Study Commission in the area of consumer credit.

The witnesses appearing before the subcommittee on April 22 will be Prof. David Linowes, professor of political economy and public policy, University of Illinois; Barbara Collins, Forrest Walpole, Esq., Caro, Mich.; Bruce Steinberg, San Francisco, Calif.; Hon. GEORGE HANSEN, U.S. House of Representatives, State of Idaho; James Shaw, Washington, D.C.; Adam K. Levin, director, office of consumer protection, State of New Jersey; Robert Erwin, director, consumer protection division, Maryland attorney general's office; Herbert Simmons, director, Bureau of Consumer Protection, District of Columbia; Wendy Schiller, Esq., National Consumer Law Center, Boston, Mass.; and Ellen Broadman, Esq., Consumers Union.

The witnesses appearing before the subcommittee on April 23 will be Frederick S. Hammer, senior vice president, Chase Manhattan Bank, Consumer Bankers Association; Richard Kovacevich, senior vice president, New York banking division, Citibank; John L. Spafford, president, Associated Credit Bureaus, Inc.; Aldo Papone, president, card division, American Express; Edward Brennan, vice president and general manager, TRW information services division; Robert Evans, senior vice president, National Consumer Finance Association; Robert Lee Walker, vice president and corporate counsel, Continental Illinois National Bank & Trust Co., testifying on behalf of American Bankers Association; and Gean Merrigan, vice president, Equifax Corp.

The witnesses appearing before the subcommittee on April 30 will be: Hon. BARRY M. GOLDWATER, U.S. House of Representatives, State of California; Hon. JOHN CAVANAUGH, U.S. House of Representatives, State of Nebraska; Paul A. Laudicina, Washington, D.C.; Neil Day, Esquire, president and general counsel, Medical Information Bureau, Boston, Mass.; Gov. Nancy Teeters, Federal Reserve Board; Lewis H. Goldfarb, Assistant Director for Credit Practices, Federal Trade Commission; Office of the Comptroller of the Currency; Jeremiah Gutman, Esq., American Civil Liberties Union; Nelson Slayback, corporate credit manager, Carter Holly Hale Stores, Inc., testifying on behalf of American Retail Federation and Randolf H. Aires, senior attorney-government affairs, Sears, Roebuck & Co., testifying on behalf of National Retail Merchants Association.

Anyone interested in submitting a written statement on this proposed legislation or interested in additional information about the hearings should contact the Consumer Affairs Subcommittee staff at 224-7391.

## AUTHORITY FOR COMMITTEES TO MEET

### COMMITTEE ON FOREIGN RELATIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate today to hear administration officials on the fiscal year 1981 foreign assistance request.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ADDITIONAL STATEMENTS

## THE INFLUX OF COLOR TELEVISION IMPORTS

● Mr. MOYNIHAN. Mr. President, the March 15 issue of the AFL-CIO News carried an excellent article about testimony before the International Trade Commission in support of relief against the influx of color television imports into this country from abroad. A petition filed by COMPACT, a coalition of 14 labor organizations and companies, is currently pending before the ITC seeking an extension of such relief. in 1977, COMPACT petitioned for import relief, and the ITC went along with the petition, recommending 5 years to the President, but the President decided instead on a 3-year program. COMPACT is now seeking an additional 3 years of relief.

Mr. President, I shall submit for the RECORD the article from the AFL-CIO News and I urge my colleagues to take a few minutes to read it. There are thousands of jobs of American workers at stake in this issue to say nothing of the future of the American color television industry.

Mr. President, a little over a month ago, I received a letter from the Industrial Union Department of the AFL-CIO, one of the labor organizations in the COMPACT coalition. I understand the IUD letter went to all Members of Congress. The purpose of the letter was to alert Senators and Representatives to the problem. That letter succinctly summarizes the reasons for the import relief petition, and I shall also submit it as part of my remarks.

The material follows:

### CONTINUED IMPORT CURBS PRESSED TO SAVE COLOR TV JOBS, INDUSTRY

Thousands of electronics industry jobs and the fate of American color television manufacturing depend on the extension of limitations on TV set imports, union and industry representatives warned the U.S. International Trade Commission.

Unless the ITC calls for a continuation of the limits and President Carter goes along with the recommendations, existing import relief will expire June 30.

Jacob Clayman, former president of the AFL-CIO Industrial Union Dept., testified that the program has been only marginally successful for several reasons.

Although the ITC had recommended a five-year program, Carter put into effect a three-year plan in 1977, which was followed with an orderly marketing agreement (OMA) with Japan.

And while Japan restrained shipments of color sets to the U.S. market, Korea and Taiwan boosted their exports dramatically, Clayman pointed out. By 1978, color TV imports were running at near-record levels.

Subsequent agreements were negotiated with Taiwan and Korea, but they did not take effect until February 1979, Clayman noted.

"Thus, the U.S. color television industry has only had anything approaching adequate relief for the past 12 months"—far short of the five-year period the ITC recommended in its 1977 finding, he said.

Clayman said another factor that blunted the intent of the relief program was an extraordinary buildup of inventories by U.S. importers prior to the 1977 OMA.

The injurious impact of imports is reflected in lost jobs and reduced employment opportunities in the United States, Clayman testified: "There were almost 42,000 television workers in 1973. By 1976, that number had been reduced to approximately 29,000. After two and one-half years of import relief, employment in this industry dropped even further to 26,000 workers."

President Charles H. Pillard of the International Brotherhood of Electrical Workers told the panel that 20,000 IBEW members have lost their jobs as a result of TV plant shutdowns since the early 1960s.

"However, the total effect of reduced color TV production is not limited to the job losses in the color TV industry alone," Pillard pointed out. "The manufacture of television sets generates a demand for materials from most sectors of the economy, and the TV industry's single most important supplier is the electronic components sector."

As a result, he said, an additional 17,000 IBEW jobs were lost in the 10-year period through 1977 in the electronics components industry.

Allen W. Dawson, an official of Corning Glass Works who serves with Clayman as co-chairman of the union-industry Committee to Preserve American Color Television, warned that the color TV industry faces the same threat of being wiped out as was the fate of the black-and-white TV industry.

He recalled 1977 testimony before the commission that import penetration in black-and-white TV was 70 percent and that the entire domestic industry was facing extinction.

"I regret to report to you today that prediction has indeed come true," Dawson said. "Today 100 percent of the black-and-white receivers sold in the United States come from outside our borders."

George M. Parker, president of the Flint Glass Workers, described for the ITC the impact of a Corning Glass Works bulb plant shutdown on Albion, Mich.

Before closing in 1975, the Corning plant had been the community's largest employer, Parker said. But production cuts slashed the payroll to about 250.

In discussing the situation with local union leaders and business representatives, Parker found that Albion has been unable to recover from the shutdown.

"Almost immediately with the closing of the plant, retail business declined by 20 percent," he reported. "Some retail establishments closed their doors permanently."

Parker reported that a few skilled craftsmen have found jobs in the area, but even today the city's unemployment rate exceeds 10 percent—far above the national average.

"The people hurt most severely were those who were unable to find other work or who had to take work far below their previous pay and skill levels," he told the panel. "Some of these are now living at or below the recognized poverty level after spending most of their lives in a highly paid and highly unionized industry."

Unless relief from imports is extended, Parker warned, similar situations will occur at other plants and communities in other parts of the country where color TV sets are now manufactured.

INDUSTRIAL UNION DEPARTMENT
*Washington, D.C., February 25, 1980.*

DEAR SENATOR: On behalf of the thousands of workers in the color television industry, we are seeking your support of our efforts to protect those workers from further import injury. At this point, we are not asking that you take any specific action, but we want you to be aware of the problem.

The seriousness of the import injury was recognized by the International Trade Commission (ITC) in 1977. It found that the U.S. color television industry and its workers were being injured by imports. The ITC recommended a five-year relief period to the White House. President Carter decided instead on a three-year program. But by the time orderly marketing agreements were worked out with Japan, Korea, and Taiwan, the industry realized only about 10 months of actual import relief.

Meanwhile, imports continue to flood in, the industry continues to sustain injury and its weakened position can only continue to have an adverse impact on workers in the industry. In 1960, 25 U.S. companies produced color TV sets. Now only 14 do, and seven of them are foreign-owned. Employment in the industry has dropped from 42,000 in 1972 to 26,000 in 1979. And the import of sets has more than doubled—from 1.3 million in 1972 to 2.8 million in 1978.

On December 17, 1979, COMPACT, a coalition of 14 labor organizations and companies petitioned the ITC for an extension of import relief. The hearing on that petition is scheduled on March 5 here in Washington.

Under the law, only one extension of the import relief can be requested and that cannot exceed three years. President Carter must decide by June 30, 1980, whether he will extend the import restraint program.

The following labor organizations are included among the petitioners seeking extension of the import relief period: Allied Industrial Workers of America, American Flint Glass Workers Union of North America, Communications Workers of America, Glass Bottle Blowers' Association of the United States and Canada, Independent Radionic Workers of America, Industrial Union Department of the AFL-CIO, International Association of Machinists, International Brotherhood of Electrical Workers, International Union of Electrical, Radio, and Machine Workers, United Furniture Workers of America, and the United Steelworkers of America.

Within the next few weeks, we will be back in touch with you to ask more specifically that you assist us in this effort. Your future support, in this time of rising unemployment, can help sustain an important American industry and save thousands of jobs.

Your consideration of our position in this matter will be appreciated.

Sincerely,

ELMER CHATAK,
*Secretary-Treasurer.*●

## MORE REPORTS OF SOVIET STRATEGIC OFFENSIVE BOMBER AND SUBMARINE BASES IN CUBA

● Mr. HUMPHREY. Mr. President, the Journal of Commerce of March 28, 1980 carried an important article by Jay Lamonica entitled "Soviet Military Presence in Cuba A Threat in America's Backyard." This article raises very serious allegations concerning the Soviet Union's military presence in Cuba.

I ask my colleagues to note in particular Mr. Lamonica's claim of possible modifications of the Soviet MIG-23 to enable them to deliver nuclear weapons, and the report that Soviet TU-95 Bear bombers which regularly fly to Cuba could easily carry nuclear weapons. If there are nine airfields in Cuba capable of handling the Soviet Backfire bomber, then we really are in trouble. The reports of nuclear warhead handling facilities and new pier construction at the Soviet Cienfuegos submarine base are particularly disturbing, because Soviet Golf and Echo class nuclear missile submarines are known to have visited Cienfuegos many times during the 1970's. The Soviet Cienfuegos submarine base could suddenly be covertly activated at any time, along with the Soviet MIG-23, Bear, and Backfire bomber bases, giving the Soviets a strategic nuclear capability in Cuba much more dangerous to U.S. national security than in October 1962 at the time of the Cuban missile crisis. At this point, Mr. President, I respectfully submit the Journal of Commerce article for inclusion in the RECORD.

The article follows:

### SOVIET MILITARY PRESENCE IN CUBA A THREAT IN AMERICA'S BACKYARD

(By Jay La Monica)

Recent press reports that the size of the Soviet combat unit discovered in Cuba last summer had doubled have been confirmed by a reliable intelligence source. These new reports claiming 5,000 Russian troops taking part in biannual maneuvers and using helicopters for the first time, does not seem to challenge President Carter's assurance last October that the force presents no direct military threat to the United States.

But the president further claimed in his national television address that he had received from the Soviets' assurances that he understood to mean "they do not intend to enlarge the unit or give it additional capabilities." The State Department denies any changes in the status or size of the Soviet brigade after satellite observation of the manuevers last month.

In any event, many analysts have always believed that attempts to fix the precise size of the unit and how long it had actually been in Cuba were difficult, if not impossible, and that such quibbling distracts attention from the larger issue of the use of Cuba by the Soviets as a military outpost in America's backyard.

As long ago as 1975, a Brookings Institution study pointed out that the Soviet-built installations at the port of Cienfuegos enabled it to function as a Soviet submarine base although no Soviet submarines have been permanently stationed there. Intelligence sources report that Soviet nuclear and diesel cruise missile carrying subs have made port calls irregularly.

The Soviets have just turned over to the Cuban Navy a second diesel-powered attack submarine of the Foxtrot class carrying torpedoes, in addition to the one handed over in early 1979. An older Whiskey-class diesel sub was delivered last April, ostensibly for training purposes. A second submarine pier is now nearing completion at the Cienfuegos base.

There have been persistent reports about "funny buildings" that seem to resemble nuclear warhead and missile handling facilities used by the Soviets in Eastern Europe but no positive identification has been made.

#### NAVAL BUILDUP

The Cuban Navy has also been supplied with a large number of former Soviet patrol boats, capable of firing Styx missiles and torpedoes. This naval buildup is seen as particularly threatening by experts who note that nearly 25 percent of U.S. oil imports pass through the Caribbean within easy striking distance of Cuba.

There has been a great deal of concern in intelligence circles about suspicious activity concerning the two squadrons of MiG-23s transferred to the Cubans in 1978. There has always been some disagreement whether some of the planes were MiG-27s outfitted for ground attack and capable of delivering nuclear weapons.

Sources now report the Migs are disappearing into hangars one at a time for up to a week. It is conjectured that they may be undergoing modifications, not outwardly observable, giving them nuclear capability. It is known that Soviet pilots have been flying air defense missions over Cuba with some of these planes, apparently to free Cuban pilots for service in Africa.

The use of Cuban troops as Soviet proxies in the third world is pointed to by military analysts as the reason behind Cuba's conversion into "a first-class military power." The Soviets have supplied armor and maneuver capability as well as training to Cuban forces. Over 600 tanks, including 50 T-62s, as well as mobile, radar controlled air-defense equipment has been delivered in recent years. Advanced SA-3 Goa missiles have been deployed along with accompanying acquisition radars.

Helicopters and transport aircraft has also been given to Cuban forces in the last year. American observers fear this equipment may be used in the event of Cuban intervention in the nearby, volatile Central American countries where Cuban military influence has long been suspected.

The Soviets are believed to have constructed an electronic intelligence gathering installation near Havana, similar to former U.S. bases in Iran, that are used to intercept American communications.

Sources also note that reconnaissance missions along the Eastern Seaboard flown from Cuban bases by Soviet Tu-95 "Bear" strategic bombers have continued since at least 1975, when Cuban forces intervened in Angola.

They point out that these bombers, while clearly outfitted for reconnaissance, are still quite capable of carrying nuclear bombs. Recent reports that certain airfields are being lengthened to handle Backfire bombers are discounted by one intelligence expert who notes there are already nine airfields where Backfires could land with the proper support equipment.●

## HUMAN RIGHTS IN THE SOVIET UNION

● Mr. CRANSTON. Mr. President, on February 28, I joined Senator HEINZ, Representative DRINAN, Representative BUCHANAN and 55 of our colleagues in a letter to President Carter expressing our deep concern regarding the human rights policies of the Soviet Union. In particular, we expressed our hope that the U.S. Government will continue to make known to Soviet authorities our concern regarding the emigration rights of Soviet Jews and Soviet compliance with the Helsinki guarantees. We also recommended that the U.S. delegation press these issues in the Helsinki review conference in Madrid next November.

I am submitting for my colleagues' attention a copy of the State Department's reply to our letter which I received during the recent recess. I ask that these two letters be printed in the RECORD.

The letters follow:

DEPARTMENT OF STATE,
*Washington, D.C., March 27, 1980.*

Hon. ALAN CRANSTON,
*U.S. Senate.*

DEAR SENATOR CRANSTON: I have been asked to reply to your and your colleagues' letter of February 28 to the President urging the Administration to maintain its support for human rights throughout the world and in the USSR, particularly. Your letter also urges the American delegation to the upcoming Madrid Review Meeting of the Conference on Security and Cooperation in Europe in November forthrightly to reiterate the deep concern of the United States for Soviet Jewry. We are grateful to have your and your colleagues' views on this vital topic as we prepare for the Madrid Review Meeting.

As you know, this Administration has taken a strong stand on the importance of human rights throughout the world, including those in the USSR. Concern for Soviet Jewry has been and continues to be an important element in our human rights policy as well as in our bilateral relations with the Soviet Union for several years. We have sought consistently to urge the Soviet Government to permit all Soviet Jews who wish to emigrate to do so.

Last month at the meeting in Hamburg of renowned scientific experts which took place as part of the CSCE process, the U.S. delegation, led by Philip Handler of the National Academy of Sciences, pressed the Soviets to live up to the goals set out in the Helsinki Final Act. Many other delegations joined the U.S. delegation in forceful criticism of the Soviet exile of Dr. Sakharov. The delegation of the Soviet Union in the end agreed to language at Hamburg recommitting the USSR to respect human rights and fundamental freedoms in spite of the heavy criticism it received. At the Madrid Review Meeting in November, we intend to insure that a full discussion of human rights in the USSR, including specific cases, occurs within the context of a balanced review of compliance with all three "baskets" of the Helsinki Final Act.

In light of the recent deterioration in U.S.-Soviet relations, however, it is important to note that our ability to influence the Soviet Government on human rights issues has diminished. The Soviet Government has been noticeably less responsive to our recent entreaties on these questions than it has been in the past. Thus, in view of the hardened atmosphere, you and your colleagues will appreciate that our approaches on human rights must be carefully considered if we are to achieve long-term success in alleviating the plight of those imprisoned, exiled or denied permission to emigrate solely for seeking to exercise their human rights in the USSR.

You may be assured that our commitment to human rights remains a central thread in our policy toward the Soviet Union.

Sincerely,

J. BRIAN ATWOOD,
*Assistant Secretary for*
*Congressional Relations.*

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HOUSE OF REPRESENTATIVES,
*Washington, D.C., February 28, 1980.*
President JIMMY CARTER,
*The White House,*
*Washington, D.C.*

DEAR MR. PRESIDENT: The human rights of the peoples of the Soviet Union have long been a valid and vital interest of the American people and government. Events of the recent weeks have given rise to a heightened sense of concern for Jews and others in that country.

The Soviet authorities continue to suppress human rights within their borders, as the recent arrest of Nobel laureate Andrei Sakharov so unfortunately demonstrates.

The Soviet invasion of Afghanistan constitutes a blatant violation of a principle espoused by all Americans—that of the self-determination of peoples, as guaranteed by the U.N. Universal Declaration of Human Rights and by the Helsinki Final Act. It has quite properly prompted a thorough re-evaluation of relations between the U.S. and the U.S.S.R. This ongoing reassessment of bilateral affairs should, if anything, intensify our national commitment to the oppressed peoples of the Soviet Union. There should be no diminution in American efforts on behalf of Soviet Jewry, or on behalf of any other group.

It is vital that the issue of human rights in general and of Soviet Jewry in particular be presented forcefully and prominently by the American delegation to the upcoming Review Meeting of the Conference on Security and Cooperation in Europe to be held in Madrid, Spain. This would include the discussion of specific cases.

As you stated in your recent State of the Union address, "supporting human rights in other countries is in our own national interest, and part of our own national character." As the reordering of priorities continues, we must ensure that this support does not wane with regard to the rights of all people in the U.S.S.R. and particularly those who have sought to call to the attention of the world the fact that their rights continue to be blatantly violated.

Respectfully,

Alan Cranston, John Heinz, Bill Bradley, Charles H. Percy, Gary Hart, Carl Levin, S. I. Hayakawa, Donald W. Riegle, Jr., Richard Stone, John Glenn, Robert F. Drinan, John Buchanan, Dan Glickman, Stephen L. Neal, James M. Hanley, F. James Sensenbrenner, Jr., Claude Pepper, Jonathan B. Bingham, Robert F. Matsui, Les AuCoin.

Max Baucus, William L. Armstrong, Dennis DeConcini, Birch Bayh, John Joseph Moakley, Joseph P. Addabbo, Norman F. Lent, Martin Frost, Marc L. Marks, Dale E. Kildee, Charles E. Bennett, Jack F. Kemp, Peter A. Peyser, Edward P. Boland, Willis D. Gradison, Jr., Edward J. Stack, William S. Moorhead, Jerome A. Ambro, Frank J. Guarini, Robert J. Lagomarsino.

John Edward Porter, Michael E. Lowry, Nicholas Mavroules, J. J. Pickle, Charles E. Grassley, Joseph G. Minish, Sidney R. Yates, James H. Scheuer, Herbert E. Harris, Matthew J. Rinaldo, William J. Hughes, Michael D. Barnes, Paul S. Sarbanes, Joseph R. Biden, Jr., Charles F. Dougherty, Henry C. Reuss, Les Aspin, Fernand J. St Germain, William L. Dickinson, Andrew Maguire.●

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## NRTA-AARP LEGISLATIVE COUNCIL'S ENERGY POLICY STATEMENT

● Mr. HEINZ. Mr. President, rapidly rising energy costs have affected all Americans in one form or another. But, older Americans have been especially hard hit.

Hearings conducted by the Senate Committee on Aging have made this point abundantly clear. Many older Americans must make difficult—and sometimes impossible—decisions affecting their daily personal lives. Should they spend their money on fuel or food? Should they use their meager resources to purchase necessary medicines to maintain their health or should they pay the utility bill?

The harsh reality is that a substantial number of the elderly simply do not have enough income to absorb rapidly rising energy costs. In addition, energy represents a greater portion of the elderly's budget than for younger families, even though older Americans consume less energy. This is because millions of elderly persons are struggling on limited incomes. Practically all of their income must be spent on basic everyday necessities—energy, shelter, food, medical care, and transportation. These items typically account for about $4 out of $5 for low- or moderate-income older Americans.

The National Retired Teachers Association and the American Association of Retired Persons collectively represent 12.6 million older Americans. The legislative council of the NRTA-AARP has developed an energy policy statement that expresses the views of the associations on this subject. Although I do not necessarily agree with every point made in the council's statement, I have found it to be thought provoking and it provides valuable information for congressional deliberations on energy policy and its impact upon our elderly Americans. Mr. President, I urge my colleagues to read the NRTA-AARP statement on energy, which I submit for the RECORD.

The statement follows:

### ENERGY POLICY

### A REALISTIC APPRAISAL OF THE SITUATION

More than six years have passed since the Arab nations embargoed shipments of oil from the Middle East to the United States. In the interim, the price of a barrel of OPEC oil has increased from $1.77 in 1973 to a minimum of $24 as of the end of 1979 with unofficial prices on the "spot market" in some cases reaching levels in excess of $40.00 a barrel. The gasoline lines and work stoppages caused by the oil embargo have not been forgotten. The inflation and fluctuations in the U.S. dollar that are the result of steadily escalating price levels for OPEC oil are everyday facts of life. Nevertheless, the United States has still not developed energy alternatives which would have two purposes: (1) to protect the nation from a repetition of the dislocations which might be created under renewed interruptions; and (2) to provide protection fom the consequences of the even higher price levels that the OPEC cartel may be disposed to dictate. The nation has failed to correctly assess the strength of the cartel; it has failed to correctly assess the prospects for oil supplies both here and abroad; and it has failed to assess properly the prospects of developing alternatives to imported oil. Because of these failures, the nation has drifted into a situation where it is importing 47 percent of its crude oil needs from abroad. The price of these supplies is not negotiable. In a nation so dependent on energy as the U.S., the excessive oil price increases have been inflationary and very damaging to the economy and the people.

The decade of the 1970s witnessed the end of low cost energy. One result of the escalation of energy prices has been a loss in the rate of growth of real G.N.P. That loss is probably between ½ and 1½ percent on an annual basis. The resources thus lost to the country are continuing and are very large.

### THE OPTIONS

The Associations' concern with respect to energy policy is a direct result of an understanding that the failure to resolve price and energy supply issues for basic fuels may, in the future, further reduce the resources (Gross National Product) the country would otherwise have available to meet its obligations with respect to the expanding elderly population. Because the nation's resources are now growing much more slowly than they did only a few years ago, there will be fewer new resources with which to improve the quality of life of the elderly and other population groups, for example, by improving social security benefits or developing a comprehensive program of long term care.

With respect to the energy policy area, future developments which the Associations have no choice but to accept and support will inevitably yield much higher prices for domestically produced fuel. That will mean, at least in the short term, the nation's having to accept and accommodate the inflationary effect these higher price levels will have. The only policy option available that could restrain the degree of inflationary consequences in the short term would be the reimposition of price controls for domestically produced oil and natural gas. However, even if this were a legislatively realistic option, any relief from energy-spawned inflationary pressures would be short term and would come very probably at the expense of the nation's development and expansion of existing and new domestic energy sources. That would tend to leave us at least as dependent as we are today (if not more so) on OPEC-priced foreign fuel and leave us as vulnerable as ever to future oil embargoes, the economic consequences of cartel-dictated price levels, and economic and political blackmail. Moreover, since controls are very likely to discourage increased exploration, development and production of domestic fossil fuels as well as discourage the introduction of new energy sources, the anti-inflationary gains made in the short term from such a policy would be more than offset by its long term inflationary consequences. Inevitably, and despite maximum efforts to achieve conservation, the long term consequences of such a policy would most probably be increased dependence on foreign produced fuels the prices for which would be set by the international cartel. Thus, the consequences of such a policy in the long term could be highly inflationary and pose great risks to national security.

In the mid-1970s, the Associations strongly supported efforts to defeat legislative initiatives that would have immediately decontrolled prices for domestically produced oil and natural gas. Immediate decontrol would have added a very significant boost to what was aready an intolerable inflation level. The levels to which domestic prices would have risen in the aftermath of immediate decontrol would have been an OPEC-set level which had already been increased fivefold. By late 1975, the Congress had enacted legislation decontrolling domestically produced oil. In 1978, the Congress enacted additional legislation to deregulate domestically produced natural gas. However, instead of immediate deregulation, both pieces of legislation contemplated a gradual removal of price ceilings so that the inflationary consequences would be spread out over a period of time.

Now that decontrol of prices charged for domestically produced oil and natural gas is a fact that clearly now must be accepted if the nation is to decrease its dependence on foreign source fuels and in the process increase its security, supporting policies must be put into place to alleviate some of the consequences of that policy choice.

First, because decontrol of prices for oil and gas will yield very large and unexpected ("windfall") profits to domestic oil and gas producers—profits that bear no relationship whatsoever to the cost of exploring for, developing and producing the oil that yields those profits (plus a reasonable rate of return on the investment)—a reasonable and modest windfall profits tax should be put into place. The government must gain some of that windfall profit for use on behalf of the people in promoting the private technology that will be needed to render new and especially renewable energy sources like solar power commercially viable.

Second, there must be put into place a program to provide energy relief assistance to lower income individuals and families to help them meet the rising cost of fuel. The general revenues that will be needed to fund the cost of such a program must be provided from some source. We think that revenue should come from an effective and meaningful windfall profits tax.

It is argued by some that the domestic oil and natural gas industry ought to be allowed to keep all of the profits that decontrol yields in order to provide "incentive" to explore for, develop and produce more domestic energy. However, we think that sufficient incentives will still exist even if a modest windfall tax is imposed. In any event, some of those profits must be siphoned off to provide assistance to those—including the elderly—who are being hurt the most by the rising fuel prices that are the consequence of decontrol. (See proposals with respect to the energy assistance program in the income policy section).

Finally, we think private energy producers will receive enough encouragement through the significant amount of profits that decontrol will yield to them and through price support programs (funded from some of the rest of the windfall profits that accrue to government through the windfall profit tax) to develop both conventional and new sources of domestic energy. Since private industry is generally able to perform in a more efficient and less costly manner than government, the private sector should be given very strong incentives to develop and expand domestic energy sources. In this regard, new entrants into the energy sector must be encouraged. Only if the private sector cannot or will not undertake the task of developing the technology needed to produce more domestic energy should the government consider undertaking the task directly.

Given the inflationary pressures that will be generated especially in the near term, as a result of the decontrol of domestic energy prices, it is obvious that, if the aggregate inflation rate is to be lowered, then actions taken to deal with the other factors contributing to that aggregate rate must be effective and strong enough to more than offset the inflation-promoting effects of developments in energy. While a consequence of this will probably be a lowering of living standards in the country for the short term (the living standards of the elderly is being lowered in any event by the inflation), we shall at least have better prospects for building those living standards back up again once we have our economic house in better order. If however, all groups in the economy attempt to protect their current living standards at all costs, and ignore the inflation spiral and the energy situation, some groups will be successful in the short term (those with sufficient "market power") but others, like the elderly will not. In the long run, all groups will lose in terms of living standards as the nation's economy weakens.●

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## RAOUL WALLENBERG

◉ Mr. MOYNIHAN. Mr. President, whatever other names we might wish to give it, ours is the century of totalitarianisms. Our great heroes are those who understand this and have courage for the struggle. I shall submit for the RECORD an article, "Lost Hero of the Holocaust," by Elenore Lester and Frederick Werbell, which concerns the heroism of Raoul Wallenberg. Until now it has been a largely unknown story: Wallenberg, a Swedish diplomat assigned to Budapest during World War II, managed to save thousands of Jews from Nazi extermination. War's end, and "liberation" by the Red Army, brought no reprieve, however. Somehow sensing that Wallenberg's energy and humanity made him their enemy, the Soviet occupying forces arrested him. He disappeared in their custody, and since that time no full account of what happened to him has been available. Having denied victims to one totalitarianism, he had fallen victim to the other.

Interest in the Wallenberg case, long kept alive by his family, is now shared by governmental and private groups in several countries. Senators CHURCH, PELL, BOSCHWITZ, and I have sponsored the Free Raoul Wallenberg Committee in the United States; there remains hope that he is alive and we aim, by pressing the Soviet Union for information, to learn the truth about his fate. This important article will surely bring others to our side.

The article follows:

### THE LOST HERO OF THE HOLOCAUST: THE SEARCH FOR SWEDEN'S RAOUL WALLENBERG

(By Elenore Lester and Frederick E. Werbell)

During the late fall of 1944, five men sat down to dinner in the Budapest home of Lars Berg, a Swedish diplomat. Adolf Eichmann was present with an aide. The others were 32-year-old Raoul Wallenberg, then a special attache to the Swedish legation, and another Swedish diplomat. A strangley civilized party for an uncivilized time.

"It seemed like an ordinary, pleasant dinner party," Berg said of that event recently. "We drank brandy. No voices were raised. But we could see the Russian artillery fire from our window."

Berg, today the second-ranking diplomat in the Swedish Embassy in Brasilia, remembers one exchange between young Wallenberg and Eichmann that was anything but casual table talk.

Wallenberg said, "Look, you have to face it. You've lost the war. Why not give up now?"

Berg recalls that Eichmann argued at first, then said that he knew the end was near but that he would continue to do his job even though he would probably be killed.

Then Eichmann faced Wallenberg and said, "Don't think you are immune just because you are a diplomat and a neutral."

A few days later, Wallenberg's car, which was well known in Budapest, was rammed by a German truck and demolished. But Wallenberg wasn't in it at the time.

When Wallenberg spoke to Eichmann about the incident afterward, Eichmann said, "We'll try again."

Raoul Wallenberg had incurred Eichmann's wrath because his mission in Budapest directly conflicted with Eichmann's. A scion of one of Sweden's most illustrious families, often referred to as "the Rockefellers of Sweden," Wallenberg had been sent to Budapest on July 9 by the Swedish Government on a special one-man mission to save Jewish lives.

It was a time in the destruction of European Jewry for clutching at slender straws. The Nazis, clearly losing the war, were obsessed with wiping out the remaining Jews under their control. Desperate attempts were launched to save Jewish lives. Thirty-two commandos from what was then Palestine parachuted into Yugoslavia in the vain hope of making their way to Hungary to rescue Jews; their mission failed. Joel Brand, a Hungarian leftist Zionist, futilely tried to arrange an exchange with the Nazis of trucks for Jews. The Roosevelt Administration, prodded by Treasury Secretary Henry Morgenthau Jr., finally recognized the plight of the jews and in January 1944 formed the War Refugee Board to work on a limited number of rescue projects. Ira Hirschmann, a delegate from the board, was sent to Turkey and, working with the International Red Cross, succeeded in getting thousands of Balkan Jews released from camps. The board also asked the Swedish Government if it would send a representative to Budapest whose special function it would be to aid the rescue project. The situation in Hungary then was desperate.

The pro-Nazi Hungarian Government, sure of Hitler's defeat, had made surrender overtures to the Western Allies, to keep out the Russians, who were approaching rapidly. The Germans vetoed surrender and installed a more compliant Prime Minister. Besides, there was unfinished business: bringing "the final solution" to almost 900,000 Jews in Hungary, the last large remaining Jewish population in Europe. Hitler had become enraged by their continued existence in Hungary, his supposed ally. In March 1944, he had sent in German troops; he also had sent Eichmann to supervise the Jewish operation. By July, some 400,000 Jews had been deported from the countryside to be gassed in Auschwitz and Birkenau; 300,000 more remained in various deportation centers and concentration camps. In Budapest, 200,000 others had been penned in ghettos in star-marked houses, waiting.

By late fall, Germany's situation became so critical that it was no longer possible to transport Jews in cattle cars to Auschwitz. Eichmann solved that problem by starting a series of "death marches" to Strasshof, an infamous camp at the Austrian border, 120 miles from Budapest. So many thousands died in ditches along the way that some Nazi leaders objected. Even Heinrich Himmler, at this point certain of the collapse of the Third Reich, forbade further liquidation of the Jews. But Eichmann persisted, aided by the Hungarian Nazis, Prime Minister Ferenc Szalasi's Arrow Cross Party. Between 10,000 and 15,000 Jews were killed by Arrow Cross street gangs roaming the city, pulling people out of houses, shooting them in the streets and dumping them in the Danube. Frozen corpses floated in the river alongside blood-streaked ice floes.

By January 1945, Sweden's Raoul Wallenberg had distributed Swedish passports to at least 20,000 Budapest Jews and he had sheltered 13,000 of them in "safe" houses, which had been rented by Wallenberg and which flew the Swedish flag. These 20,000 Jews thus came under the protection of the Swedish Government and most were spared the massacre that engulfed 90,000 other Budapest Jews.

In carrying out his rescue operation, Wallenberg cared little for his own safety and yet seemed immune to harm by the Germans. He stood on top of a deportation train handing out Swedish papers to all the hands that could reach them, then insisted that the people holding them be allowed off the train. With his own hands, he pulled people out of "death marches" to the Austrian border or brought them bread, soup and medical supplies in the middle of the night when he had no more passports to give out.

Wallenberg did not look like a hero. His manner was subdued and businesslike, his face sensitive, his voice usually soft. Unlike the tall, blond Swedes at the embassy, he was of medium height, dark-eyed and his dark hair was thinning.

If the Germans never stopped Wallenberg, the Russians apparently did. They were immediately suspicious of him. They knew of his capitalist family background. They wondered about his apparently charmed life under—and his influence with—the Nazis. They wondered, too, about who furnished the large sums of money he used in his rescue operation. And finally, they wondered whether he might be an American spy.

On Jan. 17, 1945, three and a half weeks after the Russians entered Budapest on Christmas Eve, Wallenberg and his driver, Vilmos Langfelder, and two Russian officers set out for Debrecen, some 120 miles east of Budapest. Wallenberg wanted to get the Russians' help in dealing with the Arrow Cross gangs. Neither he nor his driver ever returned.

Wallenberg acted with such passion and humanity that Albert Einstein recommended him for the Nobel Peace Prize in 1949. The Swedes made only a low-keyed, intermittent effort after World War II to get the Russians to tell what had become of him, but there are several thousand Hungarian Jews around the world who can never forget what he did. Wallenberg's name is being resurrected today mainly because his immediate family and their friends, supported by a handful of experts on his case, believe that he is still alive in the Soviet Union, a prisoner for 35 years.

Just last January, the release in Sweden of Foreign Ministry documents dealing with the Wallenberg case between 1945 and 1949 revealed enough missed diplomatic opportunities to cause one of the leading dailies, Aftonbladet, to denounce the "betrayal" of Wallenberg and to prompt former Prime Minister Tage Erlander to say that it is time to recognize him as "one of the greatest Swedes of our time."

On May 2 and 3, the Free Raoul Wallenberg Committee, primarily made up of influential Swedes and Americans, will hold an international hearing in Stockholm, designed to focus on the most recent signs that Wallenberg may be alive and to induce the Soviet Union to produce him if he is, or to offer a satisfactory explanation of what became of him.

President Carter and Israel's Prime Minister Menachem Begin have expressed interest in the case, as have Senators Claiborne Pell, Frank Church, Daniel Patrick Moynihan and some British Members of Parliament. Some 100 religious, educational and community organizations in the New York area have launched a campaign to acquaint Americans with the Wallenberg case and to have information about Wallenberg included in Holocaust studies programs.

The Sakharov Human Rights Committee, which is a co-sponsor of the May 2 forum, is sending representatives to Stockholm. The novelist Elie Wiesel plans to attend. Gideon Hausner, who prosecuted Eichmann in Israel for crimes against humanity, will participate, as will the Nazi-hunter Simon Wiesenthal, who has been interested in Wallenberg's disappearance for 12 years and who refers to him now as "a holy man."

Wiesenthal says that it is more important to find Wallenberg than to find Nazis, and he believes that Wallenberg must be regarded as alive unless the Russians can furnish better evidence than they have of their claim that he is dead. Wiesenthal is particularly concerned that the Stockholm meeting should not turn into "an anti-Communist assembly," but should be an effort solely directed at learning "the whole truth about Wallenberg."

In 1944, Wallenberg became the counterforce to Eichmann in Budapest. The neutral embassies were the Budapest Jews' only lifeline. Switzerland, Spain, Portugal and the Vatican had assisted Jews, but on a far more limited scale than Wallenberg's operation. They had set up a few safe houses and issued protective passports to those Jews who had the initiative and the contacts to obtain them. After Wallenberg's arrival, they stepped up their efforts. The Vatican representative in Budapest, for example, did away with the requirement that Jews be baptized before they could be helped. In all, the neutral embassies saved about 20,000 Jews.

Wallenberg had pulled together a staff of some 400, nearly all Jews, to give out passports, gather information, distribute supplies and protect the 32 safe houses he had set up on the Pest side of the Danube, where most of the city's Jews lived—plus special shelters housing 8,000 children. What is more, Wallenberg issued passports wholesale. Theoretically, these papers indicated that the holders were about to be admitted to the issuing countries; passport holders were deemed to be under the protection of the issuing countries and therefore exempt from deportation. It didn't always work. In a country long known for anti-Semitism, the Arrow Cross gangs were able to function with little resistance from the general population. Christmas Day 1944 was marked by the machine-gunning and beating with rifle butts of 78 small children in one of the shelters Wallenberg had set up.

It was Wallenberg's shrewdness, courage and dedication that allowed him to succeed as much as he did. His role was twofold. He had to give terrified Jews the feeling that they could save themselves; and he had to deal with the Nazis, at times winning secret friends among them, and at other times confronting them with threats as to what would happen to them after the war. He could when necessary confront Nazis head on with a blaze of moral authority. For example, he confronted Arrow Cross thugs with their rifles poised and shouted, "Cowards! Slobs! What criminal arrogance! How dare you enter a Swedish-protected house! Nothing takes place here without my permission!" He dressed "Aryan-looking" Jewish young men in S.S. uniforms and set them to guarding safe houses. They hustled off groups of Jews headed for deportation and led them to safety, telling guards they had "higher orders from headquarters."

Wallenberg turned up along the route of death marches with his large car and his driver. The impact of his presence was described recently by Susan Tabor, a librarian at the Hebrew Union College.

"He gave us the sense that we were still human beings," she said. "My mother and I were among thousands taken one night to stay at a brick factory outside Budapest. There was no food, no water, no sanitation facilities, no light. Then Wallenberg appeared and said he would try to return with passports, or 'safety passes,' as we called them, and would also try to get medical attention and sanitation facilities. Soon afterward, some doctors and nurses came from the Jewish Hospital.

"The point about Wallenberg is that he came himself. He talked to us and showed us that one human being cared about what was happening to us."

Wallenberg's presence on the scene was also a reminder to the Nazis that their depravity was being observed and recorded. He verbally reminded them that the United States had announced that it would treat those committing outrages against civilians as war criminals, not as soldiers. At one point, as the Russians were beginning to penetrate into Pest, the Germans and the Arrow Cross men plotted a last-minute extermination of the ghetto. However, one of Wallenberg's contacts, a member of the Budapest police department and a leader of the Arrow Cross, objected. He warned the German commander that if the action was carried out, Wallenberg would see to it that they would all be judged as murderers. The action was called off. Because of this episode, Wallenberg is also credited with indirectly saving an additional 70,000 Jews living in the central ghetto in Pest.

Russian units entered Budapest on Christmas Eve of 1944, taking the city house by house, the fighting raging on until February 14. Wallenberg was living on the Pest side of the Danube, near the two Jewish ghettos. On Jan. 10, his colleague at the legation, Per Anger, urged him to move with the Embassy to the safer Buda side, where the neutral embassies were located and where there was less chance of meeting up with roving Arrow Cross gangs. Wallenberg refused.

On or about that night, Wallenberg turned up at a house which flew the flag of the International Red Cross at 46 Benczur Street, on the Pest side of the river. Among the 25 prominent Jews who had already found refuge there was Steven Radi, today a New York businessman.

"He looked pale and thin—exhausted," Radi recalled. "He said the Nazis were looking for him. He asked if he could stay. Of course, he was well known to everyone. I think he stayed for about a week. He had a very soft way of speaking, but when he spoke people listened. We just talked about the war, what was going on out there.

"Then, about the 15th, the Russians came. They came up through the basement. They were going house to house that way. They looked at our papers. They were polite. The soldier who looked at Wallenberg's said he would have to call a higher officer. The higher officer looked and asked him to come with him to headquarters. Wallenberg left with him without taking any of his personal things. We thought he'd be gone for a couple of hours, but he stayed away two days. When he came back, he was with two Russian officers. He seemed all right and in a good mood and said he had to go to Debrecen. That was where the Russians and the provisional Hungarian Government had set up headquarters. He took his things and left with the officers and his driver. That's all I know. I always thought he died in the street fighting."

Radi believes Wallenberg feared only the Nazis. However, Charles Wilhelm, today a lawyer in Brussels, who also saw Wallenberg just before he left, is certain that he was less calm than he appeared when he went off with the Russians. Wilhelm recalls Wallenberg saying, "I don't know whether I am in custody or a guest."

According to other witnesses, Wallenberg insisted on stopping along the way at an office he had set up on Tatra Street. An assistant reported that Wallenberg handed him a large sum of money and asked him to take care of people as well as he could since he didn't expect to get back for eight days. He also stopped at the Swedish Hospital and inquired about conditions there. He never returned.

When the Russians took Budapest in February 1945, they questioned the members of the Swedish legation intensively as to who Wallenberg was, what he was up to and especially where his money came from. The Swedes said it came from the United States, knowing that Wallenberg's mission had indeed been initiated by the American War Refugee Board. This did not go down well with the Russians. The Soviet Union and the Americans were already wary of each other's postwar motives in Eastern Europe.

Knowing that Budapest was now in Russian hands, Wallenberg's mother, not having heard from him in some time, inquired about him at the Soviet Embassy in Stockholm in February 1945. Ambassador Alexandra Kollontay assured her that her son was safe in Moscow suggesting that it would be best to keep the matter quiet.

Keeping the Wallenberg matter quiet and low-keyed seemed to become one of the objects of Swedish diplomacy over the years. Perhaps as a result, the Swedish Government has managed to extract only three contradictory official statements on Wallenberg from the Russians.

The first was delivered on Jan. 16, 1945, the day before Wallenberg disappeared: "Measures have been taken by the Soviet military authorities to protect Mr. Raoul Wallenberg and his belongings."

On Aug. 18, 1947, Deputy Foreign Minister Andrei Vishinsky stated in reply to Swedish inquiries that Wallenberg was "not known in the Soviet Union" and was assumed to have died during the fighting in Budapest.

On Feb. 6, 1957, after several released Soviet prisoners claimed to have had encounters with Wallenberg, Deputy Foreign Minister Andrei Gromyko said that a search of the archives of Lubyanka prison had turned up a report dated July 17, 1947, stating that a prisoner, known as "Wallenberg" had died in his cell the previous night of a heart attack. The Swedish Government was never shown a copy of this report, nor did it ever receive an explanation of why "Wallenberg" had been imprisoned in the first place.

Nevertheless, reports kept coming in that Wallenberg was still alive. On a visit to Moscow in January 1961, Nanna Svartz, an eminent Swedish professor of medicine, discussed the Wallenberg case with a Russian colleague Dr. A. L. Myasnikov. He said that Wallenberg was in a mental hospital. On the basis of this information, Swedish Prime Minister Tage Erlander requested permission from Soviet leader, Nikita Khrushchev, to send a Swedish doctor to Moscow to bring Wallenberg home. Khrushchev angrily retorted that they knew nothing about Wallenberg in the Soviet Union. Myasnikov later said that Dr. Svartz had misunderstood him. Dr. Svartz saw Myasnikov three more times before his death, but she could never persuade him to retract his denial. She plans to attend the Stockholm hearing.

Aleksandr I. Solzhenitsyn's contribution to the Wallenberg story is perplexing. In "The Gulag Archipelago," he describes an encounter in prison with a Swede known as Erik Arvid Andersen, who said his father was a billionaire (Solzhenitsyn expressed skepticism) and who had been sentenced for a long term. However, the encounter supposedly took place in the early 1950's and Andersen's personal history is nothing like Wallenberg's, aside from the family wealth.

When Solzhenitsyn came out of the Soviet Union, he discussed the case with Swedish authorities and visited Wallenberg's mother. According to Wallenberg's half-sister, Nina Lagregren, he encouraged the family to persist in their efforts to locate and free Wallenberg.

It was, in fact, Wallenberg's mother, Maj, who remained until her death last year the strongest force behind the Wallenberg movement, and who never believed that he could be dead. She kept the family thinking of him constantly, never celebrating a family occasion without remarking, "If only Raoul could be with us." In 1970, she appealed to the American State Department to make an inquiry. The matter was researched and a report written, awaiting Secretary Henry Kissinger's signature. The report was never signed, as a Swedish journalist discovered last year. Mr. Kissinger's office was queried about this some months ago. Several weeks later, the reply came back: "No comment."

The last report that Wallenberg was seen in Russia came two years ago from Jan Kaplan, a Russian Jew who said that in 1975 in Butyrka prison he had met a Swede who had been in prison for 30 years but was in good condition. When Kaplan's account (in a letter to his daughter in Israel) became public, Kaplan was rearrested in the Soviet Union and has since disappeared. Kaplan's story is one of some 15 accounts of sightings of Wallenberg over the years.

The recently released Foreign Ministry papers show that the Swedes evaded many opportunities to press the Russians and endured countless rude rebuffs when they did press. They even failed to try to obtain information from released Soviet prisoners who had reported seeing Wallenberg in the Soviet Union.

The papers also show that, in April 1945, Averell Harriman, the United States Ambassador in Moscow, and Secretary of State Edward R. Stettinius Jr. offered Staffan Söderblom, the Swedish Ambassador in Moscow, help in the Wallenberg matter. The American Government felt a responsibility since Wallenberg had been sent to Budapest at the request of its War Refugee Board. However, Söderblom refused the offer, saying the Russians were doing everything possible.

About a year later, Ambassador Söderblom had a private audience with Stalin. As the Swedish press noted recently, Söderblom appeared more eager to impress the Foreign Ministry and appease Stalin than to resolve the Wallenberg case. In his report, Söderblom noted that although Stalin does not normally talk to ambassadors, he received him cordially and listened sympathetically.

Söderblom said that he told Stalin, "I personally believe that Wallenberg was the victime of an accident or robbers in Budapest." He did not offer, by way of exchange, to take up with his Government any matter of interest to Stalin. He thus, as was not lost on the Swedish press, offered Stalin an easy out; as Söderblom noted in his report, Stalin wrote Wallenberg's name on a piece of paper and promised to look into it. And that was that.

Sweden's former Prime Minister Tage Erlander, in a recent television interview, said the conversation was ill-advised because it tied the hands of lesser Soviet officials who might fear to act on a matter in which Stalin had shown interest.

In 1949, Secretary of State Dean Acheson, responding to an appeal from Wallenberg's half-brother, again offered American support. Again the offer was refused—by a new Swedish Ambassador in Moscow, Rolf Schlman, who reported home, "We cannot drive tandem with the Americans."

The Swiss behaved differently when one of their diplomats was taken by the Russians at about the same time that Wallenberg disappeared. Getting no response to their queries, the Swiss took into custody two Russians, known to be spies. Adding six other Russian defectors, the Swiss made an exchange for their diplomat.

During the early 1950's, the Russians hinted to the Swedes that an exchange of individuals was possible. A Swedish charge d'affaires, Ulf BrackHolst, reported that he had inquired about Wallenberg and got the response that the Russians were interested in certain people in Sweden. Now the Swedes had an opportunity to reply and request Wallenberg in exchange. However, Swedish Foreign Minister Bo Osten Unden felt it expedient simply to turn over all the people the Russians asked for, except five who were seriously ill, asking nothing in return.

Even Dag Hammarskjold, Secretary General of the United Nations, rejected an opportunity to plead Wallenberg's case, as was revealed four years ago in the memoirs of Carl-Fredrik Palmstierna, who served as personal secretary to King Gustav Adolf. Prompted by the Wallenberg Committee, Palmstierna tried to persuade the King to ask Hammarskjold to take up the Wallenberg case. The King threw it back in Palmstierna's lap and told him to ask Hammarskjold himself. Palmstierna reached Hammarskjold by phone.

"He answered in a stream of crystal-clear phrases that the fact that he himself was a Swede made it doubly difficult for him to put the case of a compatriot to the Russians," wrote Palmstierna.

Palmstierna attributes Hammarskjold's attitude to "that damned Foreign Ministry spirit!" that always regarded the issue as if it were a matter of "declaring war on Russia for the sake of Wallenberg."

The Wallenberg case is one of the most baffling and complex to have come out of the aftermath of World War II. What many find even more baffling is how a young man born into extraordinary comfort and security should have been willing to risk his life to save people who were so remote from his milieu. His one Jewish ancestor (who had converted to Christianity in the 18th century) doesn't begin to explain his motivation. The factors that shaped his humane heroism are not easily accessible. Nothing that he did up to the point at which he went to Budapest indicated the intensity of his compassion.

Early in life, Raoul Wallenberg had shown enormous intellectual curiosity. As a boy, he was an omnivorous reader and his education was supervised closely by his grandfather. (His father, a Naval lieutenant, died of cancer at the age of 23, three months before Raoul was born on Aug. 4, 1912.) His grandfather, Gustav, who served as Sweden's Minister to Japan and Turkey, wanted Raoul to have a good command of several languages and saw to it that the young man spent vacations in England, France and Germany, among other places.

Wallenberg family members not only founded Sweden's Enskilda Bank, but distinguished themselves as bishops and diplomats. Raoul's grand-uncle was Swedish Foreign Minister during World War I; another grand-uncle had been Swedish Minister to the United States.

In 1918, when Raoul was 6, his mother married Fredrik von Dardel, director of Sweden's Karolinska Hospital. The von Dardels had two children, Guy, now a prominent nuclear physicist and a visiting professor at the Stanford Lineal Accelerator Center, and Nina, who is married to Gunnar Lagergren, an administrator of the Swedish royal court and the court's representative on legal issues affecting the crown.

The Wallenbergs had a family tradition

of studying in the United States and Raoul studied architecture at the University of Michigan, graduating in 1935.

John Paul Slusser, who was Wallenberg's art teacher at Michigan, now retired, recalls him as a brilliant student with considerable artistic talent. Slusser once told Wellenberg he ought to be painter, but the reply was, "No, we're all bankers in my family." Wallenberg went on to explain that it was family tradition to study or work in other jobs before members settled into the family business. Thus, Wallenberg's grandfather had been a stoker in a Pittsburgh steel mill.

A Michigan classmate of Wallenberg's, Sol King, now a retired architect in West Palm Beach, Fla., recalls him as warm, friendly, not in the least snobbish, with an Americanized predilection for hot dogs and sneakers. "We were both," King says, "very, very serious about our work and exchanged notes or information." Wallenberg won the top architectural award in his class, a medal given by the American Institute of Architects. In 1972, when King learned what Wallenberg had done in Budapest and how he had disappeared, he financed a series of annual lectures in Wallenberg's name at the school of architecture they had attended.

In 1935, after Wallenberg spent a summer of travel in Mexico, his grandfather sent him to work for a business firm in South Africa for a year, then to work in a Dutch bank in Haifa for a year, where he met German refugees and became sensitized to the Jewish problem.

His state of mind on returning home may be deduced from this recollection of the actress Viceca Lindfors, who remembers dancing with him in Stockholm in 1937, when she was 16 and Wallenberg 25.

"He took me up to his grandfather's office and I thought he wanted to seduce me," she says. "Instead he started telling me, almost in whispers, what was happening to the Jews in Germany. I was such a dumb girl! I just didn't understand it and didn't believe it. I thought he was trying to win my sympathy or something."

Raoul's younger sister, Nina, says he hated working at the family bank. He was "full of life and fun and said he couldn't bear sitting at a desk all day, saying 'no' to people. He hated boundaries, loved travel and the sea. He was an anti-snob—loved reading and Chaplin and the Marx Brothers."

Raoul hoped that through the family business he could get a job that used his architectural training. Instead Raoul became involved in an export business with a Hungarian Jew, Koloman Lauer, who since the outbreak of war could no longer travel between Budapest and Sweden. Wallenberg traveled for him, getting to know Budapest and its people.

Toward the end of the war, the Allies could no longer ignore the irrefutable evidence of Auschwitz. There were a number of last-minute plans to rescue the remaining Jews of Europe. The idea of bombing the railroad lines that led to Auschwitz and the crematories was rejected because, according to the Allies, military resources could better be employed elsewhere. Exploring another route, Herschel Johnson, United States' Ambassador to Sweden, and Iver Olsen, director of the War Refugee Board in Sweden asked the neutral Swedes if they would send someone on a rescue mission.

The Swedes agreed and Wallenberg was selected because he spoke German like a German and knew Budapest well. He had no diplomatic training, but he had a broad education in the United States and Europe.

Wallenberg was told that whatever money he needed would be made available. At first, he planned to go in August. However, when he read Swedish Foreign Ministry reports of the deportation trains and other horrors, he decided to leave at once. According to Nina Lagergren, he asked his superiors in the Foreign Ministry for carte blanche to use whatever methods he found necessary.

When he arrived in Budapest, he was an unprepossessing man. Despite his slightly balding head, he looked too young and sensitive for the nightmarish job ahead. Wallenberg's methods immediately disturbed his colleagues. Lars Berg, who was also at the Swedish legation in Budapest, recalled recently that he and his colleague Per Anger did a lot of arguing with Wallenberg.

"You see, we each had our own people to take care of," Berg explained, "Sweden was neutral so it was up to us to represent the interests of citizens of other countries who were in Hungary at the time. Anger had the United States, Britain, France. I had the others, China, the Netherlands, Belgium, Norway, Denmark and a thousand captured Russian soldiers."

The legation had already given out several hundred protective passes to Budapest Jews who had some sort of business or family connection with Sweden. When Wallenberg came, he was ready to give them out to anyone who asked.

"We were afraid there would be an inflation of the passes, they would no longer mean anything," said Berg. "We used to sit and argue about this, but Wallenberg always got his way because he was extremely persistent and said it was a matter of saving lives."

Wallenberg kept in touch with the Vatican and the neutrals—Switzerland, Spain and Portugal—each of which had its own area in Budapest with protected Jews. He also maintained contact with the Budapest police and the Nazis. These connections may have rung alarm bells for the Russians.

The Swedish diplomat Berg remembered that when the Russians came, he was brought to the Soviet secret police for intensive questioning—a good part about Wallenberg. They asked him whether it wasn't a fact that Wallenberg belonged to a great capitalist family and Berg had to say yes. He still feels today that the Russians simply couldn't believe that Wallenberg's only purpose in coming to Budapest was to save lives—and Jewish lives at that.

Another reason for the Russians' suspicions was suggested by Wallenberg's stepfather, Fredrik von Dardel, in a book published in 1970, "Facts Around a Fate." Wallenberg, at heart an architect and city planner, had drawn up a plan for the rehabilitation of Budapest. He wanted to use the people he had worked with through the war to set up a relief and rehabilitation organization. He itemized the things that had to be done: searching for lost families, caring for orphans and war victims, fighting epidemics, distributing food, restoring Jewish property and business (how this must have irked the Russians), repatriation and emigration, restoring cultural values, constructing business and industry. He had more than likely spoken about this plan during his own interrogation. It was why he wanted to get to Debrecen: to get the Russians' approval to begin.

Despite his astuteness, Wallenberg may not have imagined at that time that the Russians had their own plans for the area and would take a dim view of the plan of a member of a famous capitalist family.

Some analysts believe that it would be impossible for a person to survive 35 years of Soviet imprisonment and still be sufficiently intact physically and psychologically that the Soviets would not be embarrassed to release him. However, others point out that there have been cases of people who have come out of the Soviet Union after many years in reasonable health. The Free Wallenberg Committee hopes to bring to the Stockholm meeting a Spaniard who was released by the Soviets last year after 35 years.

Dr. Boris Zoubok, a Russian émigré psychiatrist now associated with Columbia Presbyterian Hospital, has seen a number of prisoners come out of the Soviet Union after prolonged terms physically and mentally intact. He believes that a man with Wallenberg's resources might well be used in some distant labor camp to perform work that is badly needed, such as tutoring the children of prison personnel.

Because of the obscurity surrounding the case, it has been difficult for Jews to honor Wallenberg appropriately. The Hungarian Jews, suffering extreme losses and not knowing the details of the case, accepted the idea that Wallenberg had been killed in the street fighting. The Budapest Jews attempted to put up a monument to Wallenberg in 1948, but it was spirited away by the Russian-dominated Government the night before the dedication was supposed to take place.

In Israel at the Holocaust memorial, Yad Vashem, trees are planted honoring "righteous gentiles," those who risked their own lives to save Jews. However, Mrs. von Dardel didn't want such a memorial because she felt it made her son seem to be dead. In fact, many of those honored in this way are living.

Last year, Mrs. von Dardel and her husband died within two days of each other at the ages of 87 and 93. Nina Lagergren and Guy von Dardel promised their parents they would carry on the work of fighting for Raoul, and they accepted the tree planted in Raoul's name on the "Street of the Righteous Gentiles." In addition, Hungarian Jews now living in Sweden planted a woodland of 10,000 trees in a special area behind the memorial.

There are more personal memorials in individuals' minds. Annette Lantos of San Francisco, who for several years has campaigned to rouse American Jews to become active on Wallenberg's behalf, says that even during the three decades she believed he was dead, Wallenberg was "a legend in our home." Her husband, Tom, an economics professor, and at present a candidate for Congress, worked on Wallenberg's staff. Mrs. Lantos, then a child of 12 in Budapest, and her mother had Portuguese papers and managed to get out of the country with them, but she feels they both owe their lives to Wallenberg. Mrs. Lantos's father was one of many who were dragged out of a "safe" house and killed on the street by Hungarian Nazis.

"For many years I've lectured on the Holocaust," she reports, "and I've always talked about Wallenberg. He not only saved our lives, but our belief in mankind and the power of good." ●

## THE PROPOSED INCREASE IN DEFENSE SPENDING

● Mr. PACKWOOD. Mr. President, last September, I joined several colleagues in amending the second concurrent budget resolution to provide for a 3-percent increase in real terms in the defense budget for fiscal year 1980 and 5 percent for fiscal years 1981 and 1982. The Senate, as a body, sent a clear signal to the administration on September 18, 1979, when it voted to accept our proposals. Recent world events have justified the concern and sense of urgency that accompanied the Senate's votes to increase defense spending in real terms. However, the administration evidently does not share the concern of the Senate. In reviewing the current defense budget request, I find the administration's response to our signal weak. Although it has altered its position on the need to have a budget increase, the overall thrust is inadequate. I do not see the near term problems addressed and I submit that the Soviets are not going to wait for us to catch up.

To me, it is clear today, that because of recent world events, the situation must be corrected now, not 4 or 5 years from now. We do not have that time and I do not feel that this budget addresses that problem.

Secretary Brown testified before the Budget Committee that this year's budget provides for a 5.4-percent increase in budget authority and a 3.3-percent increase in outlays, and that the annual rate of growth will be approximately 4 percent in real terms in the years 1982–85. He states:

> The programmed rates of growth are needed for two basic reasons. The first is the sustained expansion in the Soviet defense effort, and effort that has been going on for about twenty years. . . . The second is the growth in international turbulence.

This is certainly true. It was also true last year when I and four other Senators went to the White House to meet with the Secretary and the President to ask for an increase for those very same reasons. At that time, we were turned down cold. Granted, we were not then facing the dilemma of possibly responding to a Soviet incursion, but the administration did know about the tremendous gap created by increased Soviet investment and that the trend would continue. I quote from Secretary Brown's fiscal year 1980 posture statement:

> The Soviets are producing new tanks, guns and aircraft at two or three times the rate of the United States.

Further, the signs relating to the international situation were obvious last year to the Secretary, as evidenced by his statement at that time:

> The Soviets have participated actively in the politics of the Middle East. Since so much of their influence has stemmed from arms transfers and the support of extremist groups, it has generally increased the instability of the region. There remains, in addition, the combination of traditional Russian interest in the area of the Persian Gulf and the growing costs of Soviet domestic energy supplies, which, under deteriorating regional conditions, would propel the Soviet Union towards various forms of intervention in the Middle East.

We now see Secretary Brown's prophecy manifested in the form of Russian troops massed on the borders of Iran and physically projecting Soviet foreign policy in Afghanistan. Mr. President, I submit that there is nothing new. We knew then of the clear and present danger. We knew that the Soviets had steadily increased their offensive military capabilities on land, air, and sea. We knew that for years the Soviets have greatly outspent the United States in defense investment. No change in this trend was or is evident. We knew last year the time had come to act. We knew that we had allowed the gap in military capability to grow so large that we had to take immediate bold action to reverse the trend. The question is: "Have we?" In my opinion we have not.

Mr. Brown stated last year that we should not attempt to match the Russians tank for tank, or aircraft for aircraft. I agree. However, the disparities are now so great, it has become imperative that we begin immediately to correct the adverse ratios, especially in conventional weapon systems, to bring our Armed Forces back to a level of credibility. Let us review some of these disparities.

The Russian Navy now leads the United States in almost every major category of surface and subsurface combat ships.

We lead only in the category of aircraft carriers. Its overall "blue water" naval capability is more than enough to make it extremely difficult, if not impossible, for our Navy to perform the missions of sea control and force projection. In addition, they have almost twice the number tactical and strategic aircraft and amphibious ships.

Dr. Brown summed up the situation well when he said:

> The Soviets expanded their efforts as ours grew in the 1960s. But theirs continued to expand as ours began to decline.

As to what the Soviet motive was, he offered last year:

> Their failure to compete successfully in other areas can increase the incentive for the Soviets to use their military power to increase their influence and to gain political advantage, whether by direct application of military force, through intimidation, through proxies, or through arms transfers.

This year, in his posture statement, Mr. Brown describes the situation in almost the same terms:

> The differences between Soviet and U.S. investments in military goods (research and development, procurement) is even larger. In the past decade, Soviet investment has been cumulatively about 27 percent larger than ours. In 1979 alone, it was probably greater by 85 percent. The consequences of that investment are now becoming evident.

Mr. President, indeed the consequences have become evident. What should be done? The administration's official answer, as stated in the past 3 years, has been to correct such disparities in a deliberate, long-term manner. In fact, as we have discovered, the administration has not funded our Armed Forces adequately to perform necessary tasks to meet our national security objectives.

To prove my point, let us examine what the Secretary offers this year in an assessment of problems we face regarding U.S. conventional forces and Soviet capabilities:

> Since 1969, we have defined nonnuclear adequacy as the capability to deal simultaneously with one major and one minor contingency in conjunction with our allies.
>
> Although, during the past decade, we never acquired all the readiness and mobility required by this strategy, we were not penalized because our potential enemies were relatively sluggish . . .
>
> But now times are changing. Without reducing the large forces stationed in Eastern Europe, the Soviets have tripled the size of their forces in the far east, and they are developing naval and other capabilities that will permit them to operate well beyond the periphery of the USSR . . . We can no longer preclude their being able to operate simultaneously in several different parts of the world.

However, Secretary Brown goes on to say:

> Our goal is a steady improvement in our military capabilities . . .

Mr. President, I do not consider "steady improvement" responsive to a serious immediate problem. Let us examine just one aspect of the problem, the rapid deployment force (RDF).

Mr. Brown states that our major problem with the RDF concept is the speed with which its forces can be deployed. Mr. President, I could not agree more. However, as I review his budget proposal, I can see only two new initiatives to correct this situation, and they are long-term programs and not adequate to solve what he states is our major problem. A problem which exists now.

The Secretary is proposing a new maritime prepositioning ship to carry heavy equipment and supplies for three Marine brigades in overseas forward areas. Also, he proposes a new fleet of cargo aircraft able to carry Army equipment. These two initiatives are in support of the RDF concept. Perhaps these programs are needed, but under the 5-year defense plan we do not see the first fruits of these programs until 1983 and 1985. Hopefully, the Russians will wait.

If we focus on the RDF concept, which is the force intended to handle all the contingencies outside of Europe and Korea, the question is: "How do we get there now, and once there, can we sustain?"

Mr. President, part of the RDF is the 2d Marine Amphibious Force (MAF) at Camp Lejeune, N.C., We learned from the recent Cuban incident that we did not have sufficient amphibious lift available on the east coast to deploy the 2d MAF. Yet, in Secretary Brown's 5-year-budget plan, we are only building three new amphibious ships of one class, the Landing Ship Dock (LSD) 41. Construction on the first of these does not start until 1983, followed by one each year in 1984 and 1985. This ship is to replace the LSD–28, which will be totally out of the fleet by 1987. There are 8 LSD–28's. This means that we will not only have to continue to suffer with inadequate amphibious lift for several years, but that current plans do not provide for a one for one replacement of those ships being retired.

Other examples of inadequacies which affect our forces sustainability are: The lack of ammunition; the fact that the C–5A, our largest cargo transport aircraft, can only life 1 XM–1 tank per trip; the Army and the Marines need massive replacement of combat trucks; the tactical aircraft requests are below what the Navy and the Air Force desire; and finally, the Navy does not have enough combat ships to carry out all its assigned missions simultaneously around the globe.

Mr. President, I am against "crash programs" in general, but the indications make it clear that we do not have the luxury of 5 years to rebuild our conventional forces. According to all that I have witnessed in the past few months, the need for reequipping and restructuring our conventional forces is with us now. This opinion is shared by others. I shall submit for the Record at the conclusion of my remarks a recent article in the Washington Star which graphically shows that this need must be corrected now.

Last September I rose in support of an increase in defense spending. I said then that I did not arrive at that position through experience on the Senate Armed Services Committee or because my State had an overwhelming defense investment. My position then, and today, stems from a stark realization of what has been done through the budget process to emasculate the conventional capability of our Armed Forces. It was clear last September that they were unable to do the job set forth in the national security objectives because they were not funded to meet that task.

This week the Senate Budget Committee and the Senate Armed Services Committee voted to correct some of the glaring deficiencies that I have mentioned—providing our Armed Forces with the funds necessary to improve the quality and quantity of conventional and strategic arms. This is another step in the long road back, but a significant one and agreed to by two committees. I urge my colleagues in the Senate to support the Defense budget mark for fiscal year 1981 with the same sense of urgency and concern exhibited last September. We in the Congress must act to give our Armed Forces the ability to react and defend our interests where necessary and the credibility to deter aggression such as we now witness in Afghanistan.

The following words of British Air Marshal (1950–52) Sir John Slessor were featured on the March cover of the Armed Forces Journal and are, I believe, an appropriate summation of my remarks:

> It is customary in the democratic countries to deplore expenditures on armaments as conflicting with the requirements of social services. There is a tendency to forget that the most important social service a government can do for its people is to keep them alive and free.

The article published in the Washington Star follows:

### WHY PLAN RAPID DEPLOYMENT OF THE WRONG KIND OF FORCE?

(By Jeffrey Record)

The administration's proposed Rapid Deployment Force appears justified by recent events in Southwest Asia. Those events, capped by the Soviet invasion of Afghanistan in force, argue strongly for the creation of a military instrument capable of responding rapidly to contingencies in remote areas where U.S. forces are not already stationed. The issue seems less whether such a force is needed, than what kind of force should be created.

As proposed, the RDF is not a separate force as such, but rather a family of programs designed to increase the rapidity with which existing U.S. ground forces could be deployed to areas where such forces are not already prepositioned. The administration's aim is not to create a new force but rather to increase the intercontinental mobility of present U.S. Army and Marine Corps formations.

Two initiatives form the core of the RDF. As described by Secretary of Defense Harold Brown in his preview of the Fiscal 1981 defense budget and five-year plan before the Senate Armed Services Committee in December:

"The first will be a force of Maritime Prepositioning Ships that will carry in dehumidified storage the heavy equipment and supplies for three Marine brigades. These ships would be stationed in peacetime in remote areas where U.S. forces might be needed. Though not designed for the Marines' traditional mission on amphibious assault landings against enemy opposition (a capability we mean to continue, using other ships), they would be able to debark their equipment over-the-beach if no port were available. The Marine personnel (and other equipment not well suited to prepositioning) would be airlifted to marry up with their gear, and be ready for battle on short notice.

"The other major initiative will be the development and production of a new fleet of large cargo aircraft able to carry Army equipment, including tanks, over intercontinental distances. These aircraft would be used initially to deliver the outsize equipment of the advance forces necessary to secure airbases or the ports or beaches needed by the Maritime Prepositioning Ships to deliver their heavy gear. After the initial phases, they would assist in additional deployments, resupply, and, if needed, intratheater movements."

With respect to the first initiative, the five-year defense plan would authorize construction of 14 specially designed ships and the purchase of an additional set of equipment for an entire Marine division. Each ship is to be capable of carrying approximately one battalion's worth of equipment and 30 days' supply of spares, fuel, ammunition and other combat consummables; the ships are to be manned by civilian crews charged with the maintenance of their cargoes.

The proposed new strategic airlifter—known as the CX—would supplement the existing U.S. strategic airlift fleet of 241 C141s and 77 C5As. In all likelihood, the CX will be a derivative of the C5A or the commercial Boeing 747 jumbo jet, although consideration is being given to a more radical design capable of utilizing short runways or even unimproved dirt strips. Approximately 50 CXs are envisaged by the mid-1980s.

There is little question that the administration's proposed maritime prepositioning and CX programs would substantially increase the rapidity with which the United States could generate a ground force buildup in the Middle East and other "hot spots" in the world where such forces are not already prepositioned ashore. Judged in the light of the virtual absence of a U.S. force presence in the Indian Ocean and Persian Gulf, the RDF constitutes a major and imaginative first step toward closing the gap between U.S. interests and military power in the "are of crisis."

Yet it is only a first step. Indeed, it could become a misstep if unattended by other measures. An RDF is no substitute for a new base structure in the Indian Ocean and Middle East that would permit the stationing ashore of U.S. tactical air forces and of equipment for selected U.S. ground combat units.

It is a paradox that despite a half-decade of mounting Soviet and Soviet-sponsored aggression in Africa, the Middle East and South Asia, the United States continues to deploy its military forces through the medium of an overseas base structure established during the early years of the Cold War in response to perceived communist threats quite different in, locus and character from those confronting the West today. With the exception of Diego Garcia, a tiny island in the middle of the Indian Ocean, the United States possesses no significant military installations in the massive region of the world stretching from Europe to the Philippines. What forces the United States does occasionally deploy in that region are primarily naval, sustainable only at great distance and cost from outside the region. It took weeks to assemble the two-carrier battle group now in the Indian Ocean in response to the Iranian crisis, since both had to be drawn from routine deployments in the Western Pacific and the Mediterranean.

#### SEARCH FOR BASES

In short, the significant reorientation of U.S. military power demanded by the profoundly altered strategic requirements and along the littorals of the Indian Ocean cannot be sustained by a handful of new ships, new cargo aircraft, and a single Marine division. That a more comprehensive force presence is needed is recognized by the administration, which has begun an intensive albeit belated search for bases and base rights in Kenya, Oman, Somalia and the Sudan.

A second observation to be made about the proposed RDF is that it will not be fully available for at least five years. The last of the 14 logistics ships is not scheduled for completion until 1987; even the first brigade's worth of ships and equipment will not be available until 1983. As for the CX, it is unlikely to arrive into the force structure in significant numbers until 1985.

#### INTERIM SOLUTION

The likelihood between now and the mid-1980s of continuing turmoil in the Middle East and South Asia and of Soviet attempts to exploit that turmoil argues strongly for the creation of a sizable interim force presence, even though it could be established only at the expense of existing U.S. force deployments in the European and Pacific theaters of operations. Pending the establishment of new bases, the most immediately available candidates for indefinite redeployment to the Indian Ocean are some of the carrier battle groups we now maintain in the Western Pacific and the Mediterranean.

But perhaps the most disconcerting aspect of the administration's package of RDF initiatives is that it addresses only one aspect of the problem it seeks to resolve. An enhanced ability to move U.S. ground forces quickly into the Indian Ocean and the Middle East is of little avail if the forces themselves are improperly structured and armed to deal with potential opponents. With respect to contingencies in the Middle East, the administration's proposed RDF initiatives may do little more than speed the arrival of the wrong kind of forces.

Like most modern countries, the United States maintains two basic types of ground forces: heavy forces consisting of tank and mechanized infantry formations; and light forces, composed of airborne, amphibious, "straight-legged" infantry, and other foot-mobile units.

Heavy forces are organized around tanks, armored personnel carriers and self-propelled artillery. They possess great firepower and are extremely agile on the battlefield, since they move entirely on tracked or wheeled vehicles. Heavy forces are best suited for combat against other heavy forces on flat, rolling, and comparatively unobstructed terrain. It is for these reasons that most of the U.S. Army's divisions, which are heavy, are deployed in Europe or earmarked for NATO contingencies.

Light U.S. ground forces, which include the Marine Corps' three divisions, are structured primarily for combat outside Europe, particularly in areas where the use of armor is inhibited either by the potential adversary's lack of armor or by terrain (jungles, forests, mountains, etc.). Because light forces lack the firepower of heavy formations and depend mainly on marching for moving around on the battlefield, they do not hold up well in combat against heavy formations. This is especially the case in terrain, such as deserts, tailor-made for high-speed armored operations of the type that have characterized warfare in the Middle East during the past 20 years.

Light forces, however, do possess one distinct advantage over heavy forces: precisely because they are light, they can be moved quickly from one region of the world to another. The very thing that makes light forces relatively immobile on the battlefield—the comparative lack of tanks and other heavy armored fighting vehicles—makes them easier to transport from the United States to a potential battlefield overseas. In contrast, heavy forces possess little strategic mobility. For example, even with the CX it would take weeks to move a single U.S. armored division by air from the United States to the Middle East or South Asia.

### SWIFT DESTRUCTION

And it is here that we confront the great paradox of the Rapid Deployment Force: those U.S. ground forces most rapidly deployable overseas are least suited for combat against potential U.S. adversaries in the Middle East and South Asia. The days are long gone when a handful of Western troops armed with a few Maxim guns could awe and subdue the non-industrialized regions of the world. Future contingencies in the Middle East are likely to involve combat against numerically superior Soviet-model client armies of heavy forces whose tactical mobility and firepower, even battalion for battalion, far exceed that now possessed by either U.S. Army or Marine light forces. The Iraqi army alone fields some 3,500 tanks and armored fighting vehicles, almost seven times the Marine Corps' entire inventory; the Syrian army has some 2,600 tanks; even the tiny army of South Yemen has 260, five-fold that of an unmechanized U.S. Army infantry division.

In short, the kind of ground forces the United States might be able to deploy rapidly to the Middle East would face the prospect of swift destruction by quantitatively and qualitatively superior forces operating in terrain and a combat environment permitting the full exploitation of the weaknesses of foot-mobile infantry in the face of tanks.

Thus if the United States is to develop a capacity for effective intervention on the ground in the "arc of crisis," more is required than simply the ability to move existing U.S. ground forces faster to that region. Staying on the battlefield is just as important as getting to it in time. What is needed is not just an increase in the strategic mobility of our present ground forces, but a new type of ground force combining the strategic mobility of light infantry and the tactical agility and firepower of heavy ground forces.

### STUNNING ADVANCES

Is there a means at hand that would maximize the tactical mobility and firepower of existing light forces without imposing the severe penalties in strategic mobility that most of the Army has already paid? I believe there is, in the form of a new family of small, lightweight tracked and wheeled armored fighting vehicles and personnel carriers which, if married to recent stunning advances in small-caliber anti-armor guns and ammunition, could provide the foundation for a deadly new light-armored force compatible with the strategic mobility required by a Rapid Deployment Force. For several years the Marine Corps has been exploring these technologies, and has already constructed prototypes of a two-man, 14-ton mini-tank mounting a 75-millimeter, high-velocity gun capable of destroying any known main battle tank. A C5A could carry some six or seven of these tank-killers, known as the Mobile Protected Weapon System, compared to only two of the Army's conventional M60 tanks.

Indeed, the Marine Corps appears to be the natural primary instrument of any Rapid Deployment Force. Traditionally the "first to fight" and oriented primarily toward non-European contingencies, the Corps has a history of enthusiasm for innovation in both tactical doctrine and armaments unequalled by the Army. The Corps moreover possesses a force structure more easily adaptable to the demands of an RDF.

In ground forces, as with the human body, it is easier to gain weight than to lose it.●

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## SOLAR ENERGY

● Mr. HART. Mr. President, at a time when our Nation needs to move as quickly as possible to develop alternative sources of energy, such as solar energy, and to encourage energy conservation, it is disturbing that the Department of Energy has recently issued rules which would discourage Federal agencies from both solar energy and conservation projects.

On January 23, the Federal Register contained new Energy Department rules on calculating the lifetime costs of new conservation and solar initiatives. Under these new rules, few, if any, of the 66 new solar projects recently proposed for military bases in the fiscal year 1981 Military Construction bill would qualify as "cost effective."

According to my information, the new Energy Department rules are biased against conservation initiatives. They require an unreasonably high discount rate to be applied against energy savings; they specify an unrealistically small difference between the forecast increase in oil prices as compared to the general inflation rate; and they permit only a nominal investment cost credit which cannot offset other biases.

Under more reasonable rules, such as those now used by the Department of Defense, many more solar projects would be considered cost-effective. Under a measure I have authored for the last 2 years, the Department of Defense is required to consider solar systems in all new construction and to use them if they are cost effective. In its fiscal year 1981 budget, the Department of Defense proposed building 66 new projects with solar systems in 1981, as well as 2,600 units of new family housing. Under the DOE rules, few, if any, of these projects would be cost effective.

This effort by the Department of Defense alone will increase the entire country's annual solar sales by an estimated 20 percent. We cannot afford to have the Department of Energy issuing rules that would undercut the most aggressive and innovative solar program any agency of the Federal Government has initiated.

I have written President Carter urging him to suspend immediately the life-cycle costing rules promulgated in the January 23 Federal Register and I have urged him to reopen the issue. This country cannot retreat on solar energy.

Mr. President, I ask to include in the RECORD a copy of my letter to the President and a list of the Pentagon solar projects proposed for fiscal year 1981, so my colleagues can see the great progress which would be jeopardized if these rules are adopted.

The material follows:

COMMITTEE ON ARMED SERVICES,
*Washington, D.C., March 25, 1980.*

THE PRESIDENT,
*Washington, D.C.*

DEAR MR. PRESIDENT: Knowing of your strong support for solar energy, the purpose of my letter is to bring to your attention a situation which I feel may seriously reduce the potential for solar energy in the future.

For the last two years, I have authored a requirement (10 U.S.C. 2688) for the military services to consider solar systems in all new construction and to build them if they are cost effective. In the FY–81 Military Construction budget request, there are 66 projects that include solar systems and in addition, more than 2,600 units of new military family housing will use solar to some degree. This effort alone will increase the entire country's annual solar sales by an estimated 20 percent—a real shot in the arm.

However, on January 23, 1980, the Energy Department promulgated new rules on life cycle costing of new conservation initiatives—including solar initiatives. Under these rules, I am told that very few, if any, of the solar projects proposed by the Defense Department in the FY–81 budget are cost effective.

According to my information, the new Energy Department rules are biased against conservation initiatives because they require an unreasonably high discount rate to be applied against energy savings, they specify an unrealistically small difference between the forecast increase in oil prices as compared to the general inflation rate, and they permit only a nominal investment cost credit which can't offset other biases.

I urgently request that you immediately suspend the life cycle costing rules promulgated in the January 23, 1980 Federal Register and reopen the issue. This country cannot retreat on solar energy.

Sincerely,

GARY HART.

| | | | | | | | | DOE | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Station and location: Project title | Project No. | Budget cost (thousands) | Latest CWE (thousands) | Annual dollar savings (fiscal year 1984) | Annual fuel savings (BOE) | DOD 1980, payback (years) | DOD 1981, BOE, $1,000 | SIR | Simple payback (years) | Remark |
| Fort Benning, Ga.: | | | | | | | | | | |
| Tactical equipment shop | 342 | $225 | $77.0 | $2,450 | 39.0 | 15.6 | 0.51 | 0.06 | 495 | |
| Small arms maintenance and supply facility | 259 | 464 | | | | | | | | [1] |
| Fort Bragg, N.C.: | | | | | | | | | | |
| Tactical equipment shop and facility | 345 | 640 | 90.0 | 3,192 | 50.0 | 14.6 | .56 | .33 | 165 | |
| CO administration and supply facility | 340 | 394 | 72.0 | 1,536 | 27.0 | 19.5 | .38 | .08 | Never | [2] |
| Fort Campbell, Ky.: CO administration supply/arms building | 273 | 313 | 25.2 | 735 | 14.0 | 16.4 | .56 | .03 | Never | [2 3] |
| Fort Carson, Colo.: | | | | | | | | | | |
| Battalion HQ and classroom building | 315 | 110 | 165.0 | 8,100 | 142.0 | 12.1 | .86 | .52 | 47 | |
| Special weapons shop | 314 | 226 | 120.0 | 6,000 | 98.0 | 11.8 | .82 | .54 | 45 | |
| Maintance facility DS nondiv | 317 | 410 | 412.0 | 16,900 | 297.0 | 13.4 | .72 | .39 | 82 | |
| CO administration and supply building | 316 | 307 | 257.0 | 12,600 | 222.0 | 12.0 | .86 | .52 | 47 | |
| CRREL, N.H.: Frost effects research lab | 8 | 263 | | | | | | | | [4] |
| Fort A.P. Hill, Va.: Laser test facility | 45 | 27 | 16.0 | 660 | 17.0 | 14.0 | 1.06 | .40 | 80 | |
| Fort Hood, Tex.: | | | | | | | | | | |
| Division HQ and operations building | 380 | 455 | 47.2 | 1,012 | 47.4 | 19.0 | 1.00 | .01 | Never | [2] |
| Flight simulator building | 355 | 245 | 10.5 | 145 | 6.8 | 24.0 | .65 | −.10 | Never | [2] |
| Fort Sam Houston, Tex.: Troop medical clinic | 100 | 267 | 6.5 | 106 | 5.0 | 22.0 | .77 | −.06 | Never | [2 |
| Fort Huachuca, Ariz.: Electromagnetic envir. test facility | 146 | 379 | 11.7 | 229 | 12.7 | 20.4 | 1.09 | −.05 | Never | [2] |
| Fort Hunter, Liggett, Calif.: Motor vehicle maintenance facility | 45 | 291 | 512.0 | 9,500 | 337.0 | 21.2 | .66 | .05 | Never | [2] |
| Letterkenny AD, PX: Guided missile maintenance facility addition | 112 | 1,102 | 50.0 | 828 | 28.0 | 22.0 | .56 | −.02 | Never | [2] |
| Fort Ord, Calif.: Troop medical clinic | 249 | 174 | 547.0 | 11,400 | 404.0 | 19.7 | .74 | −.30 | Never | [2] |
| Fort Riley, Kans.: Aircraft maintenance hangar addition | 117 | 118 | | | | | | | | [4] |
| St. Louis Supply, Central, Ill.: Health and dental clinic | 78 | 147 | 147.0 | | | | | | | [3] |
| MOT Sunnypoint, N.C.: Administration area improvement | 48 | 193 | 35.4 | 960 | 4.3 | 17.1 | .12 | .18 | Never | [2] |
| Tobyhanna AD, Pa.: Solar energy hot water heating | 62 | 270 | 400.0 | 28,213 | 303.0 | 10.0 | .76 | .59 | 22 | |
| Tripler AMC, Hawaii: Hospital addition/alteration | 32 | 1,932 | 1,932.0 | 68,342 | 1,130.0 | 18.1 | .58 | .39 | 167 | |
| PROJECTS FOR WHICH SOLAR ENERGY COST NOT INCLUDED IN 1391 | | | | | | | | | | |
| Fort Hood, Tex.: Child care center | 394 | [5] | 45.4 | 942 | 44.1 | 20.0 | .97 | .001 | Never | [2] |
| Fort Rucker, Ala.: Addition to Lyster Army | 205 | [5] | 703.0 | 17,850 | 340.0 | 17.7 | .48 | −.01 | Never | [2] |
| PROJECT IDENTIFIED BY STUDY AS POTENTIALLY COST EFFECTIVE, WITH NO FUNDS INCLUDED IN 1391 | | | | | | | | | | |
| Camp Walker, Korea: Physical fitness center | 640 | [5] | 210.0 | 10,896 | 119.0 | 11.5 | .57 | .94 | 41 | |
| Fort Clayton, Panama, C.Z.: Dental clinic | 163 | [5] | 46.0 | 1,947 | 22.4 | 13.1 | .49 | .45 | 73 | |
| Fort Leavenworth, Kans.: Dental clinic alteration and addition | 83 | [5] | 158.0 | 4,000 | 177.0 | 18.0 | 1.12 | .04 | Never | [2] |
| Goeppingen, Germany: Health clinic at Cook Barracks | 664 | [5] | 47.0 | 781 | 7.3 | 22.0 | .16 | −.003 | Never | [2] |
| Mannheim, Germany: Health and dental clinic at Coleman Barracks | 645 | [5] | 121.0 | 1,587 | 14.8 | 24.6 | .12 | −.07 | Never | [2] |
| Amberg, Germany: Health and dental clinic at Pond Barracks | 647 | [5] | 68.0 | 1,337 | 11.0 | 20.2 | .16 | .05 | Never | [2] |
| Dexheim, Germany: Health clinic at Anderson Barracks | 801 | [5] | 72.0 | 993 | 8.6 | 23.9 | .12 | .05 | Never | [2 |
| Fort Leonard Wood, Mo.: Applied instructional building | 101 | [5] | 930.0 | 21,600 | 376.0 | 18.6 | .40 | .10 | Never | [2] |

[1] Missing data due to incomplete solar study.

[2] Using DOE procedures the extra annual cost of O. & M. exceeds annual savings.

[3] Prior year project hence design complete. Solar feasibility study was not required for concept design, however, will be undertaken.

[4] Not cost effective using DOD procedures.

[5] Project for which solar energy system(s) are found to be cost effective, but for which costs are not shown on the DD form 1391.

FISCAL YEAR 1981 NEW FAMILY HOUSING SOLAR COST

| Location | Units | Total cost | Cost/unit | Solar cost | Solar cost/unit | Solar cost/unit as a percent of total cost/unit |
|---|---|---|---|---|---|---|
| Yuma, Ariz | 132 | $8,050,000 | $60,985 | $620,000 | $4,697 | 7.7 |
| San Francisco, Calif | 270 | 19,045,000 | 70,537 | 2,627,000 | 9,730 | 13.8 |
| El Toro, Calif | 300 | 17,483,000 | 58,277 | 1,850,000 | 6,167 | 10.6 |
| Fort Ord, Calif | 500 | 30,808,000 | 61,616 | 2,085,000 | 4,170 | 6.8 |
| New London, Conn | 400 | 24,608,000 | 61,520 | 3,740,000 | 9,350 | 15.3 |
| Fort Stewart, Ga | 200 | 9,716,000 | 48,580 | 1,164,000 | 5,820 | 12.0 |
| Fort Polk, La | 200 | 11,173,000 | 55,865 | 749,000 | 3,745 | 6.7 |
| Brunswick, Mass | 62 | 3,956,000 | 63,806 | 660,000 | 10,645 | 16.7 |
| Norfolk, Va | 232 | 12,093,000 | 52,125 | 1,280,000 | 5,517 | 10.6 |
| Azores | 150 | 9,768,000 | 65,120 | 508,000 | 3,387 | 5.2 |
| Turkey | 200 | 11,723,000 | 58,615 | 581,000 | 2,905 | 5.0 |
| Total | 2,646 | 158,423,000 | 59,873 | 15,864,000 | 5,995 | 10.0 |

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## NAACP LEADER TO RECEIVE HUMANITARIAN AWARD

● Mr. HEINZ. Mr. President, I rise today to pay tribute to a resident of my State with a distinguished record of service to the community: Miss Wanda E. Burwell, who will be honored this Friday, April 18, 1980, with the "Humanitarian Award" given by the Steel Valley Branch NAACP of Homestead, Pa.

Let me briefly try to summarize some of the outstanding accomplishments of this fine woman.

It is noteworthy that the NAACP Awards Committee unanimously nominated Miss Burwell for this award because of her achievements in community, church, social, and political circles. For many years, she has been active in bettering the welfare of all citizens, young and old.

A faithful member of Second Baptist Church in Homestead, Miss Burwell is the supervisor of "Teens for Christ," a nondenominational group for youth (ages: 13 to 19 years) in the Steel Valley.

In addition, Miss Burwell is the coordinator and supervisor of the summer free lunch program and the coordinator and co-founder of the Steel Valley Y-BOP (youth business orientation program), which acquaints students in grades 9 through 12 with the working world.

She initiated and now serves as program coordinator of the highly successful delinquency prevention recreation program, NYPUM (national youth project using minibikes), as part of a national YMCA project.

Miss Burwell is the first black woman in the history of the borough to serve on the Council of the borough of Homestead, Pa. She is also a member of Steel Valley Community Action, the Homestead Voters League, the National Association of Social Workers, Democratic Committee Women of Allegheny County, the Steel Valley Branch NAACP Executive Committee, and the Order of the Eastern Star.

A graduate of Homestead Senior High School, Miss Burwell received a B.A. in social work from the University of Pittsburgh in 1973 and her M.A. in social work (cum laude) from the University of Pittsburgh in 1975.

Employed by the Pennsylvania Human Relations Commission as a human relations representative, Miss Burwell also serves as program director of the Homestead Salvation Army.

In short, Mr. President, I feel honored today to recognize the achievements of Miss Wanda E. Burwell and am confident that her dedicated service to improving the lives of the residents of her community will continue long beyond the presentation of the NAACP award on Friday.●

## THE IZAAK WALTON LEAGUE

● Mr. CULVER. Mr. President, recently I had the privilege of addressing the North Iowa chapter of the Izaak Walton League. As we know, the league and its members have long played an important and responsible role in preserving our natural and wildlife resources.

Many people, however, do not know very much about the man for whom the league was founded. Izaak Walton was an enthusiastic outdoorsman whose legendary book, "The Compleat Angler", has become the "bible" for many conservationists and fishermen. He spent his life educating people about the out-of-doors and the need to preserve our precious resources.

The Izaak Walton League has published a brief and informative article on the man whose life they honor. It is entitled "Who in the World Was Izaak Walton," and it contains much information about this unusual man. I ask that it be printed in the Record.

The article follows:

### Who in the World Was Izaak Walton?

Sometimes we "Ikes" seem to forget just where our name came from, that our Club was named after a man who lived to be 90 years old, was successful businessman, outlived two wives, had several children, formed a Company of Ironware, was a church man, self-educated, and developed many friendships. He was a man of substance in his community and over the years became a friend to many people by his enthusiasm of the out-of-doors.

Izaak Walton enjoyed friends and took many of them fishing. Many of his writings in The Compleat Angler include references to his "cronies" who enjoyed going to the river in the evening and fishing with their dear friend and observing the river for the types of animals and fish around the stream. Our friend, Izaak, enjoyed this hobby so much that he decided to write about it, and indeed wrote numerous times about the art of fishing.

It is interesting and exciting to read his book The Compleat Angler. It is not a scientific book in any way, but a book written by a man who obviously loved the out-of-doors, is very intelligent, and used good natural observation. It is a book written for other outdoorsmen. In writing his books he includes in it not only how to fish with descriptions of the fishing poles, the lines, he also describes the use of various baits, how to attach a worm to a hook, how to use minnows, and what time of the year was best for various kinds of fish. He describes many of the fish, where they lived, and how to clean and cook fish. A complete book of fishing. His book was not the first book of fishing ever printed but it became the most popular book if it's day having to do with the out-of-doors. Izaak was not, in a sense, a hunter and in fact frequently argued with huntsmen about their favorite sport, of which was the best. He was an ardent environmentalist for his day, urging the cleanness of the water and the protection of the water and streams.

Izaak Walton during his time and during his many years of life met many of the people we read about in our high school books. He was born in 1593 and died in 1683. He was born 5 years after the defeat of the Spanish Armada. Elizabeth, daughter of Henry VIII, was Queen of England and had become a world power with her ships dominating the seas everywhere. After Elizabeth died, James the 1st, son of Mary Queen of Scots, became the king and the King James version of the Bible was published in 1611. Just at this time young Izaak went to London to begin an apprenticeship as an iron monger. At the age of 21 Izaak opened his own shop and became very successful.

Izaak was a good businessman as well as a fisherman "but fish tomorrow and sup together and the next day every man leave fishing and fall to his business". Izaak Walton would have made a wonderful addition to our DesMoines Chapter. When he states "I envy not him that eats better meat than I do, nor him that is richer, or that wears better clothes than I do; I envy nobody but him, and him only, that catches more fish than I do".

Izaak Walton seemed to be an ardent environmentalist and endears himself in the heart of his Waltonians when he states "and now for the water, the element that I trade in. The water is the eldest daughter of the creation, the element upon which the spirit of God did first move, the element which God commanded to bring forth living creatures abundantly; and without which those that inhabit the land, even all creatures that have breath in their nostrils, must suddenly return to putrefaction . . . , this is the element upon which the spirit of God did first move and is the chief ingredient in the creation. Many philosophers have made it to comprehend all the other elements and most allow it the chiefest in their mixture of all living creatures." ●

## UNFILLED PROMISES—UNFILLED RESERVES

● Mr. DOLE. Mr. President, I rise today to discuss and hopefully bring to the attention of my colleagues the very serious issue of our strategic petroleum reserve or rather our lack of one. Not only are the American people faced with unfilled promises of a national energy security policy but also with an unfilled petroleum reserve which is our only insurance against a severe energy supply interruption. Another Arab embargo, a flare-up in the Middle East peace agreement that could threaten our energy supply or an unexpected change in political regimes in that very volatile area of the world would certainly mean economic chaos in our country. Our Nation is extremely vulnerable to an oil supply shortage, yet the Carter administration has done nothing to prepare for such an eventuality. Everytime a decision concerning our strategic reserve must be made the administration acts irresponsibly, the result of which spells disaster to our economy and our national security interests.

Mr. President, at this point I submit an editorial in today's Washington Post entitled "To Fill the Oil Reserve" be printed in the Record in full. Although I do not agree with all the points in the Post editorial, it does point out the importance and urgency this issue commands.

The editorial follows:

### To Fill the Oil Reserve

The retreat from the Strategic Petroleum Reserve is a national embarrassment, and a dangerous confession of failure. Instead of providing protection against future disruptions in this country's oil supply, the reserve has become a prominent symbol of American vulnerability.

Congress originally decreed that the reserve should hold at least 150 million barrels of oil by 1978. The Ford administration raised the target to 500 million barrels. The Carter administration doubled it to 1 billion barrels—on paper. How much is actually in the strategic reserve? At present, it's 91 million barrels—the equivalent of 11 days' imports—and not a pint has been added since last summer. The principal reason for the standstill is that Saudi Arabia objects.

Some of the oil going into the reserve was imported from Saudi Arabia. The Saudis agreed to be help out in last spring's shortage by keeping their oil production higher than they had intended. They said, correctly, that they were doing the United States a favor. They considered it unreasonable that they should further be asked to supply the oil for a reserve that most Arabs see, also correctly, as a defense against the Arabs' oil weapon.

The Carter administration acquiesced. Worse, it has now sealed that decision by dropping most of the money for the strategic reserve from its 1981 budget. That contributed nearly $1 billion toward balancing the budget.

It is urgently important to begin filling the reserve again. That $1 billion would have bought 100,000 barrels a day for the reserve. It's a rather modest amount, and it can be accommodated without any great effect on the market.

The present shortage is not in oil but in ingenuity and determination. By applying a little of those two qualities, the administration will find it possible to put 100,000 barrels of oil a day into its underground storage chambers without using foreign oil and without unbalancing the budget. The Naval Petroleum Reserve at Elk Hills, Calif., is producing more than that, and the government is auctioning it to commercial buyers. Some of those bids have gone wildly high, to the distress of the administration, which knows that high American prices only invite further increases by OPEC. The intelligent solution is to stop selling the Elk Hills oil for money, and instead swap it for domestic oil produced near the storage sites. Perhaps some imported oil would then go into the Houston refineries, replacing domestic oil put into storage. But that, if we may delicately say so, is none of our Saudi friends' business.

There are several ways to pay for it. Mr. Carter has imposed an oil import fee, for example, that will raise the price of gasoline 10 cents a gallon. Why not go up another penny? That penny would bring in the necessary $1 billion a year. Most drivers consider it intolerably foolish to drive without accident insurance. Another penny a gallon is a small price for an insurance policy against the destructive impact—on driving, on jobs and on the country's prosperity—that is threatened by a serious disruption in the flow of imported oil.

Mr. DOLE. Mr. President, on January 23, 1980, President Carter delivered his state of the Union message to the Congress. During his address President Carter emphatically stated the importance of Persian Gulf oil. President Carter said:

> The denial of these oil supplies—to us or others—would threaten our security and provoke an economic crisis greater than that of the Great Depression 50 years ago, with a fundamental change in the way we live.

Obviously the administration either forgot the President's words or did not really believe them in the first place because today our strategic petroleum reserve remains dangerously low. In 1975, both the Congress and former President Ford saw the need for a viable strategic petroleum reserve. Unfortunately for American national security, the current administration has given in to OPEC demands and stopped the strategic petroleum reserve program.

### U.S. VULNERABILITY

Mr. President, the United States today is in a very difficult position. Without adequate oil reserves our entire Nation may soon be held hostage by the oil-producing nations of the world. A lack of a viable reserve could provoke action by our adversaries or force us into taking ill-conceived military action rather than allowing us the option of restraint. Today we possess no reserve and subsequently have no option. We will be forced to intervene to keep the oilfields open on behalf of our Arab "friends" who gouge us on prices and cause inflation. In light of this clear and present danger to our national security interests, the Senator from Kansas plans to offer an amendment to the first concurrent resolution of the budget to restore the needed funding for our SPR program. The Post editorial which I mentioned earlier makes mention of several avenues the administration could pursue in attempting to fill our underground storage facilities. I compliment the editorial staff of the Post for their genuine concern about this issue but respectfully disagree with the solutions they put forth. Taking oil out of our naval reserve at Elk Hills, Calif., will not produce a net gain in terms of available oil reserves. It is true that by stopping the sale of Elk Hills oil to private companies on the west coast we will in effect be saving domestically produced oil. However, the Senator from Kansas feels that Elk Hills oil should remain the property of our naval petroleum reserve and that it would really not produce the desired result merely by having this oil taken from one reserve and placed in another. For that reason, I will at a later date introduce legislation to prohibit the sale and/or transfer of all oil produced at our reserve at Elk Hills.

The second solution suggested by the Post editorial is to increase by 1 cent the President's proposed 10 cent per gallon tax on gasoline imposed by means of an oil import fee on crude oil and a rather convoluted entitlements program administered through DOE. Mr. President, this is not the proper approach either. The oil import fee is ill conceived and ill advised at this time of high inflation and economic upheaval. Through the imposition of the oil import fee we are witnessing merely another assault on the American taxpayer. It is my belief that this fee will not help curb inflation or reduce our demand on gasoline but is just another burden President Carter decided to place on the American people in the hope that the taxpayer and consumer will foot the bill for his bad economic policy. Because of the disastrous effects the President's proposal will have on our economy, I along with several of my colleagues introduced on April 2, 1980, a resolution of disapproval concerning the oil import fee.

Mr. President, on November 8, 1979, Senator BRADLEY and I offered an amendment to the synfuels bill, S. 932, that requires the President to fill the strategic reserve at an average daily rate of 100,000 barrels. This is not an outrageous request; in fact, it is probably too little but at least it is a start. It is more than we are doing right this very minute. Today we possess only 92 million barrels in the ground but possess a total storage capacity of 248 million barrels.

### ENERGY INSURANCE

We need a strong, viable strategic petroleum reserve. We need a disciplined, coherent policy and we need an administration that will not continually bow to OPEC pressure. The mandate to purchase the oil for our reserve was agreed to in the Senate last fall. Today, almost 6 months later, that legislation is still held up in conference and we are being asked to forgo the funding for it. Mr. President, unless we see the necessity and urgency for an adequate reserve and its usefulness as an economic and foreign policy tool, we may not have the privilege to debate the issue much longer. My concern over the failure of this administration to adequately and responsibly address the Nation's energy, economic and foreign policy crises is only highlighted by this latest miscalculation. I hope that when the question is brought before the full Senate we meet our responsibility and duty better than the administration has met theirs.

Mr. President, the Senator from Kansas finds it highly ironic that the argument being used by Mr. Carter to cut $1 billion funding for the SPR is that he must balance the budget in order to reduce inflation. However, it is precisely the anticipated shortages of oil which lead to price gouging by OPEC, which is a major cause of inflation. A viable SPR would be insurance against such temporary shortages, and could help mitigate oil prices.

However, perhaps this logic escapes the mind of an administration which seems to feel that the Arabs are our "friends" whom we must placate and defend militarily against any and all dangers, and which seems to feel that high oil prices are a blessing in disguise to our economy. If OPEC and high energy prices are our friends, God help us when we meet our enemy.●

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## IOWANS TAKE BROAD APPROACH TO ENERGY

● Mr. CULVER. Mr. President, energy independence for this country cannot be achieved by a single magic stroke. It will require efforts in areas such as solar and biomass sources, building design for conservation, and even computer systems to keep track of energy-consuming equipment.

A review of 10 projects undertaken by energy conscious and innovative Iowans illustrates the range of approaches that will be necessary if our energy problems are to be solved. Using just under $140,000 in Government funds from the Department of Energy's appropriate technology small grants program, the projects have ranged from a grain dryer that uses solar energy to a computer system that will tell home owners how much a conservation method would cost for their homes and how much energy would be saved. Projects dealing with methane from animal waste, the use of alfalfa to to produce alcohol, solar panels, and passive solar are also included.

Mr. President, I feel that the broad-based attack on energy problems taken by these Iowans is a good model for a national approach, and I ask that the article from the Des Moines Register describing these examples be printed in the RECORD.

The article follows:

## FEDERAL PROJECTS FUEL ENERGY-MINDED IOWANS

(By Jim Healey)

What do cows and solar collectors have in common? Money. Federal money in this case.

Projects involving both are among 10 grass-roots Iowa energy experiments being paid for by the Department of Energy Region VII office in Kansas City, Mo.

### A SPECIAL REASON

The project that has generated perhaps the most interest belongs to Emily and Frank Chiarello of Sioux City. They and their sons Paul, 12, and Mario, 14, received $5,976 to build solar collectors onto their three-story 1893 Victorian style home.

The family has installed 10 collectors so far, four on outside walls and six on the roof. "With all these decorations and porches and so forth, if we can find a place (for the collectors), everybody can," Mrs. Chiarello insists.

She has a special reason to succeed. Her son Frank III, 19, is a Marine, and "if people don't change their lifestyle—and we're trying to show them a way—it'll be him who's flying those bombing missions in an oil war."

The Chiarello collectors heat air, rather than water, which is blown directly into rooms for heat, or is stored in the basement—by using the air to raise the temperature of a pile of rocks, which retain the heat. "I don't want the hassel of corrosion and freezing (with water). If I get a hole I get a hole I can crawl up and caulk it until spring," Mrs. Chiarello explains.

The family has hosted workshops to demonstrate its collectors—"nothing more than a real well-insulated box with an absorber plate." Demand has been so great, according to Mrs. Chiarello, that "we have printed plans for the collectors which we sell for $5, otherwise we'd be on the phone all day." (Their address is 2822 Jackson St., Sioux City, Ia. 51104.)

The units work well enough that "we can turn our furnace off during the day" and still adequately heat about 5,000 square feet. But she believes "you have to have a backup system. The sun isn't dependable." Mrs. Chiarello figures the 10 collectors her family has built so far have cost about $170 each.

### SUN-DRIED CORN

The government's cheapest buy in Iowa was a device that John H. Erickson of rural Ogden uses to dry his grain. It cost Uncle Sam $892.

For that price, Erickson attached a hemispherical tunnel stretching 120 feet along the ground to his grain bin. The skin of the tunnel is clear plastic. Sunlight beams through and heats a layer of 1½-inch rocks that have been spray-painted black to better absorb the sun's heat.

Erickson's five-horsepower dryer fan pulls air through the tunnel into the bin. The air picks up heat from the rocks on its journey. On a sunny day, it gives from 12 to 16 degrees Fahrenheit, according to Erickson.

That's twice as much heat as Erickson says he got from the electric heater that came with the grain dryer.

"A neighbor had the same bin, the same percent moisture corn and other similar circumstances. [But] my neighbor used the commercial resistance heat dryer. I used 22 percent less electricity during last fall's drying season. Saved me $235 in electricity costs," Erickson said.

### ELECTRICITY FROM COWS

Bovine feces—manure to most Iowans—are an integral part of an attempt in Ames by Richard Smith, associate professor of agriculture engineering at Iowa State University, to improve what is called a digester.

DOT awarded Smith and his graduate student assistant, Cliff Fedler, $22,821 to figure out how not to waste heat as the digester turns manure into methane gas, a fuel.

Digesters already can be used to turn farm animals' waste into fuel for engines that power electric generators. Smith's ideas is to make that process use less energy.

He explained: "When you digest, you have to maintain 95 degrees. That obviously takes heat. It seems a shame to waste that heat, so we're trying to develop a heat exchanger that would transfer the digester heat to the incoming manure. That's especially important in the winter. You have these open front cattle buildings and the manure comes in at just about freezing. Preheating it would be a great advantage.

He said roughly two-thirds of his grant money will pay the salaries of a lab technician and a mechanical technician. "I get nothing out of it."

When completed, Smith's unit should be capable of handling manure from 50 animals.

### FUEL FROM ALFALFA

The largest grant in Iowa went to a Decorah project devised by Luther College Professor Dr. Donald Koeltzow. The DOE is paying him $38,103 to create a small still to provide alcohol fuel from alfalfa instead of the more common corn.

The theory is that alfalfa is a good idea because the left-over mash, useful as animal feed, is 50 percent protein, twice the protein percentage of corn mash. But it's easier to make the alcohol using corn.

So Koeltzow and two associates will see if the trade-off is worth the hassle.

Koeltzow said his experimenters will try to develop a solar powered still using a wood-powered furnace as backup in order to cut the amount of petroleum fuel needed to get alcohol from alfalfa.

Rather than try for pure 200 proof to mix with gasoline to make gasohol, he said, his team will distill 180 proof alcohol, which, theoretically, could be burned directly in internal combustion engines without mixing in gasoline. This should simplify the procedure and make it more practical, he said.

The 180 proof alcohol is 90 percent alcohol and 10 percent water, but the water is beneficial, Koeltzow figures.

Burned inside an engine, it "turns to steam and expands, pushing down on the piston and helps make up for the difference" between the energy content of alcohol—80,000 BTU's per gallon—and that of gasoline—125,000 BTUs per gallon. And there is not enough water present to harm the engine, he said.

Also involved are Dr. John Tjostem, who will attempt to combine some distillation steps to make it more efficient, and Dr. David T. Nelson, who will design the hoped-for solar still.

Most of the federal grant will go toward paying each of the three about $14.50 per hour to do the research and build the working still, according to Koeltzow.

### A NEW GLAZING

Another apparently successful project involving collectors and air is the work of Kerry DeYarman of rural Cedar Rapids.

With $1,011 in government money, he is testing a new kind of glazing on "ultra low cost" homemade collectors. Instead of high-strength glass to cover his panels, DeYarman is using a product called Kalwall Sun-Lite glazing.

He says it lets in a bit less light and heat than does glass, but keeps almost twice as much of that heat inside the collector panel.

As did the Chiarellos in Sioux City, DeYarman chose to run air rather than water through his panels because air leaks are a minor problem compared to water leaks. DeYarman, however, is using his hot air to heat water for washing in his home.

He pumps the air through plastic pipe into his basement and circulates it through a copper coil immersed in a water tank. When completed, if all goes as planned, DeYarman figures his setup would work eight or nine months of the year and would knock $125 a year off his heating bill, at current energy prices.

### CONSERVING IN A CONDO

Two Cedar Rapids interior decorators are trying to turn their $10,000 grant into blueprints for a solar heated four-plex. Elaine Drahn said what she and partner Jean Anderson have in mind is a sort of condominium that would share a common area. "We want something so people near retirement can have their own private areas and share a central area for activities.

"We want to use as little energy as possible because they're on fixed incomes. This is not for the very poor, they already have things done for them, and so do the rich. This is for the middle income."

Drahn said her partner's husband is an engineer considering retirement and that has sparked additional interest in the project.

Because "we haven't found anything as cost efficient as passive solar," she believes the pair will settle on passive methods, such as large southern exposures to catch the sun and minimal northern exposures to cut drafts from winter winds.

The entire federal grant is being used to pay an architect to draw the plans for what the pair calls its Quadraplex, Drahn said.

### HELP FROM COMPUTERS

At Drake University in Des Moines, Willis Cunning, physical plant director, is spending $35,960 to work out a computer system to keep track of when each of several thousand pieces of energy-using equipment needs service.

His guess is that if devices using heat exchangers, cooling towers, pumps, filters and other energy consuming mechanisms are serviced at certain intervals, they will use less energy—somewhat similar to changing your furnance filter every month to cut heating costs.

The system Cunning hopes to develop would not operate machines, valves or switches. It would tell maintenance workers—real people—when to perform certain chores to keep devices at their most efficient.

So far, Cunning says he's spent about $20,000 for the computer hardware and to pay a computer programmer.

### IDEAS FROM SCHOOL

The Council Bluffs school district has a grant of $24,500 to create what it calls SPECS—scientifically proven energy conservation specifications.

One part of SPECS will focus on community buildings and another on school buildings. A sample of 50 homes will be selected in Council Bluffs and those homeowners will report what they do to trim costs and consumption, how much their efforts cost and how successful they are.

This will be fed to a computer that then can predict how much a Council Bluffs resident can spend on conservation measures before costs outweigh savings. That portion of the program is expected to cost around $19,000.

In the second part of the project, a pair of wasteful school buildings will be chosen and students, their parents and instructors will be asked to figure out how to best stop the waste of energy.

Some $5,000 would be available to buy materials that participants can use to build models of the buildings or of problem areas so their conservation theories can be tested accurately short of actually performing the modifications on the buildings.

### MORE ABOUT THE PROGRAM

Jack Stacy, regional manager of what the DOE calls the appropriate technology small grants program, said those eight projects—and two others whose originators could not be reached—are among 47 in the fourstate region, selected from 732 applications.

Those interested in the grant program should write to the department at 324 E. Eleventh St., Kansas City, Mo. 64106, noting they want information on appropriate technology small grants, Stacy said.●

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## THE CENTENARY OF ROBERT STOLZ

● Mr. WEICKER. Mr. President, 1980 is the centenary of Robert Stolz (1880–1975), the distinguished Austrian composer and conductor.

A musician of prolific accomplishment and a man of high ideals, Robert Stolz' rich life of 95 years spanned a momentous period in the history of music and of human events.

The last great exponent of the "Silver Age" of Viennese operetta, Stolz composed 50 operettas and musical comedies. Stolz is also known as the last of the Viennese "Waltz Kings," the most famous of his waltz themes being "Two Hearts in Three-Quarter Time" composed in 1929. In addition to composing 2,000 songs, Stolz wrote 100 film scores and received two Oscar nominations. A brilliant conductor of Viennese music with symphonies throughout Europe and America, Stolz recorded innumerable albums which sold millions worldwide.

Robert Stolz earned international status as a composer and conductor, and was respected throughout the world for his work and for his life. He was a modest, generous, and caring individual, whose genius extended to all fields of music, who gave much beauty and enjoyment to a troubled world.

Stolz settled in Berlin in the late twenties and watched with horror as the Nazis came to power. Though not of Jewish descent, he helped many of those persecuted by the Nazis to escape, even smuggling a number of people out of Germany concealed in the trunk of his car. In 1936 Stolz returned to Vienna only to see Austria annexed to the German Reich 2 years later. From Vienna, he moved on to Paris, finally fleeing to America just before Hitler's forces occupied the French capital in 1940. During the war years Stolz achieved new fame and success in the United States, composing film scores in Hollywood and touring the country conducting Viennese operetta.

After the war, Robert Stolz returned with his wife Einzi, to war-ravaged Vienna which would be his home until his death in 1975. Stolz continued to expand his international reputation as a conductor and composer of operetta, songs, and film scores, an artist active to his last day.

Robert Stolz is a favorite of mine and I am sure of many of my colleagues. In 1980, I urge all Americans and all people throughout the world to celebrate the centenary of Robert Stolz and his wonderful music.

Mr. President, two personal remembrances of Robert Stolz, one by Aram Bakshian, and one by Marcel Prawy, give eloquent testimony to the man and his music. I ask that the text of these two testimonials be printed in the Record.

The material follows:

### Robert Stolz (1880–1975)

I suppose that when you have a friend sixty-three years older than yourself you should be prepared to hear the worst. Still, when the Austrian Embassy phoned last June 27 to inform me that Robert Stolz, last of the Viennese "Waltz Kings," had died, it came as a real blow. The irrepressible Maestro, who would have been ninety-five in August, had just arrived in Berlin to conduct a new series of quadraphonic albums—latest additions to a personal catalog that began in 1904 with a wax cylinder recorded in Vienna with soprano Selma Kurz.

Besides conducting and recording, Stolz somehow found time to compose two thousand songs, one hundred film scores, and fifty operettas of his own. As a boy his family friends included Brahms, Humperdinck, Bruckner, and Johann Strauss, Jr., and it was Strauss who, in 1899, persuaded him to forsake serious music for operetta and the waltz. From then on his course was set. After turning the century as a wandering Kapellmeister (operetta tours in Brno, Maribor, Salzburg, Petersburg, Moscow, and Odessa—along with a stint as a bordello pianist and circus bandmaster in Berlin and many other colorful misadventures), Stolz became conductor at Vienna's famous Theater an der Wien just in time to direct the original production of his friend Franz Lehar's *Merry Widow* and to ride the crest of the second great wave of Viennese operetta successes—which included, of course, a number of his own.

In 1929 he made more music history with his waltz theme for *Zwei Herzen im Dreiviertel-Takt* (*Two Hearts in Three Quarter Time*), the song that launched the "talkies" in Germany and, on the basis of sheet music sold, is second only to Strauss' *Blue Danube* in global popularity. (You still stumble across it in the damnedest places; I heard it on Radio Moscow last summer, being played with predictably mechanical gusto!)

Although safely "Aryan" himself, Stolz repeatedly risked his life smuggling Jews out of Nazi Germany, and when Hitler seized his native Austria, he voluntarily migrated to America. There, at sixty, he started a new career in Hollywood, in time winning two Oscar nominations for his film music, besides reviving the American taste for Viennese operetta in several successful cross-country tours. After the war, he caught the first plane back to Austria and started all over yet again; he remained an active and beloved artist to the day of his death.

Robert Stolz was a brilliant conductor in the Johann Strauss tradition and a prolific composer of everything from a one-act opera on a solemn religious theme (*Die Rosen der Madonna*) to Europe's first popular foxtrot (*Salome*) which, under different titles, reappeared as a global bestseller three times in three generations. But, to many Europeans, he also came to be a kind of symbol. The gentle, generous, and impishly humorous little Maestro was a pleasant reminder that decency—while it usually takes quite a bit of buffeting along the way—sometimes enjoys the final victory, outlasting the periodic tides of barbarism that threaten to destroy what is best in art and human values alike. To the end, he had a special gift for rubato. No one was better at stretching and enriching what was best in a score, or smoothing over the rough parts. He had the same gift for life, whether sipping wine with his charming wife, Einzi, and a few friends in his Grinzing villa, penning his sprightly memoirs, or greeting thousands of his fans on the street as he did in Stuttgart just a few days before his death. As both a musician and a man, he warrants remembrance.

### Robert Stolz and His Century

(Written by Marcel Prawy)

(Translation by Prof. John R. Russell)

The world held its breath for a moment and Austria bade farewell to the truly most significant, original and gifted master of the so-called 'light muse' whom the country has brought forth since Johann Strauss. All state theaters in Vienna flew black flags and thousands came to deliver a final greeting to the infinitely popular composer whose mortal remains lay in state in the foyer of the Vienna State Opera before they were consigned to a grave of honor of the community of Vienna.

On the 27th of June, shortly before his ninety-fifth birthday, Robert Stolz passed away in his beloved Berlin, where in 1930 on the back of a menu in the Restaurant Kempinski he had sketched for the first German sound film the song "Two Hearts in Three-Quarters Time" which became world famous. When in 1899 the nineteen-year old music pupil Robert Stolz heard at the Vienna Opera the overture to Fledermaus under the direction of the composer, he formed the resolve to follow in the steps of the Waltz King. It was not easy for him for his father, a respected Graz composer and Director of the Conservatory, was a friend of Brahms and Bruckner and was raising the youngest of his twelve children in the spirit of these masters. And the first compositions of the youngster—from 1887, six years before Puccini's first operatic success—do not yet let one suspect the late creator of innumerable songs.

However normally his career developed externally—rehearsal conductor, positions as conductor in provincial theaters, finally discovery through the preparation of the world premiere in 1905 of Lehar's The Merry Widow—the peak to which he climbed was noteworthy and unique. Stolz cannot be categorized as a creator. Was he an operetta composer? In spite of almost sixty works for the stage, that characterizes only a part of his work. Was he a hit composer? Surely not, for so many of his more than 2,000 wonderful mini-songs escaped from the commerical market into immortality. Was he a film composer? Even his hundred (or more) sound films are only a small portion of Stolz's diverse palette.

Was he a Viennese composer? Certainly, in a certain sense Vienna was his spiritual home—but the native of Graz was humanly and artistically a world citizen without equal. In Vienna before the First World War he first drew attention as a composer and during the war through chansons for the cabaret and through Viennese songs which become 'evergreens,' but his great pieces for the films went from Berlin around the world.

New York discovered him as one of the greatest conductors of Viennese music. When he had voluntarily emigrated, when Austria in the Second World War did not exist on the map, when for the Americans Vienna had become the capital of an imaginary, nonexistent, enemy country, then he stood at the head of the New York Philharmonic and was alone as representative of his homeland in great symphonic concerts for Johann Strauss and the other masters of Viennese music as well as for Viennese operetta which was anything but well known at this hour when the musical was being born. With the leading symphonies of the country he created his unique position as director of Viennese music, something he continued with triumphal success in all of Europe after the war.

The world significance which Robert Stolz won for himself in the last three decades of his life is a phenomenon without precedence and whose basis was created by his music. In its diversity and colorfulness, in its rich variety it stands above that of all of his fellow composers in the genre: Robert Stolz wrote as Viennese and American, Parisian and Berliner, Spaniard and Hungarian. Like no one else he understood how to write masterworks for the great radiant voices which in days gone by in films and operettas gave life to his songs. And yet he was ahead of his time. He also sensed the magic of whispered sounds and thus anticipated the era of microphone voices; for just this reason his songs have remained evergreens into our own days.

On the podium he is his own most compelling interpreter—sales of records with Stolz conducting run into the millions. For him conducting his own works and also the works of Strauss, Lehar and Kalman meant the magic word "rubato": never a rigid rhythm, in every measure a new freedom, a quickening, a holding back, an unceasing delicate breathing along with the music. His songs sound so simple and yet are complicated structures, full of surprises, of unusual effects—they always go off in a direction other than one would expect. And they are sad. They do not sing of the great tragedies of the world, but of the small ones which seem so large when you experience them yourself. Thus they speak the language of all men.

Robert Stolz was managed splendidly. His spouse Yvonne Louise, whom he tenderly called "Einzi," is his fifth wife—and will remain for music history "Robert Stolz's only wife." She understood what one has to do in order to achieve Olympian status in the present world. It was a wonderful, happy marriage—in the more than thirty years of its existence she was never further from him than her seat in the first row from the conductor's podium. "I'm in Love with My Own Wife" is the name of a magical Stolz song.

He was a wonderful, modest, loveable, generous—and unbelievably modern person. One had to use all possible tricks to get him into a conversation about the allegedly good old days he had experienced. He lived through his century completely and yet for him there was no yesterday, scarcely a today and only a tomorrow. What interested him was how things would develop: with his writing, with the music of others, with the world. He also taught us how one can bear the burden of genius, remain active in the "music market" of 1975 and still preserve the manners of the most perfect gentleman of Old Austria.

We thank you.

Heads of state have praised you. Vienna and other cities have made you an honorary citizen. You are an honorary citizen of our hearts, dear Robert Stolz. The curtain has fallen on a great life. The curtain is rising on a great immortality.●

## HIGH INTEREST RATES

● **Mr. DURKIN.** Mr. President, immediate action is imperative to reverse the Federal Reserve Board's policy of economic disaster—the policy of raising interest rates to unprecedented levels in a misguided attempt to curb energy induced inflation. High interest rates have fueled, rather than slowed, today's double-digit rate of inflation. Not only has inflation continued to spiral but in many sectors of the economy a severe recession has begun to set it. Needless and cruel unemployment is rising rapidly, especially for the homebuilding and the real estate industries, the automotive industry and small business generally. Today I am cosponsoring and urging immediate Senate action on Senate Resolution 392 which calls upon the Board of Governors of the Federal Reserve System to promptly and substantially reduce interest rates. Simply stated the practice of raising interest rates must be halted—now before more of my people suffer further.

While all segments of our economy have been hurt by high interest rates, the housing industry and the real estate market has been the most immediately affected. Thousands of New Hampshire homebuilders and associated construction trade workers are presently out of work. According to the Home Builders Association of New Hampshire unemployment in the State's housing industry is now well over 50 percent and climbing daily. The immediate future does not look encouraging unless prompt action is taken. The Commerce Department has already reduced its projection for 1980 housing starts in the Northeast by over 60 percent. These alarming figures are not unique to New Hampshire. They represent a nationwide trend of plummeting housing starts and skyrocketing unemployment in the housing related industry.

The real estate industry has also suffered drastically. The ability of prospective home buyers, especially our young couples, to purchase their "dream home," has been shattered by prohibitively high interest rates. Housing prices have climbed tremendously in recent years, beyond the means of many to pay, and as the construction of new homes screeches to a halt, housing prices will be forced up even higher. A shortage of affordable housing and available and affordable financing is crippling realtors and dashing the hopes of prospective home buyers.

The administration's policy of denying affordable credit is seriously disrupting the automotive industry as well. Both buyers and sellers are suffering. The problem is ravaging Detroit, of course, and in New Hampshire, dozens of automobile dealers have already sold out or closed down. The next few months will determine the fate of dozens more. The dealerships that are still open must pay 21 percent or more on their expensive inventories, while buyers consider themselves lucky to secure an auto loan at any price. As a result, car sales have plummeted and will not recover until interest rates are lowered substantially. Additionally, layoffs are growing in our auto-related industries in New Hampshire.

High interest rates are also hurting business, particularly small business. If we are ever going to increase our country's productivity, a crucial step to solving our inflation woes, small business must have available financing for capital formation and new research and development. High interest rates, however, retard productivity and increase the inflation and unemployment rates.

It is important to remember the real impact of unemployment. I am not referring to faceless statistics, I am talking about real people in New Hampshire who are losing their jobs—their livelihoods—their hopes—because of high interest rates and a forced recession. The young realtor on the seacoast, the carpenter in the lakes region, and the logger in the north country are all suffering from the ravages of today's double-digit inflation without a paycheck. As unemployment spreads to other sectors of the economy the Federal deficit will inevitably grow. Tax revenues will decline and unemployment-related expenditures will increase. Each 1-percent rise in the unemployment rate increases the Federal budget deficit by almost $20 billion a year, thus making our efforts to balance the budget that much more difficult.

The United States is still the strongest economy in the world. Every American who wants to work should be able to find a job in the private sector. High interest rates which force people out of work are contrary to the principles which made this country great and extremely disappointing to our people.

As one unemployed resident of Berlin, N.H., told me recently, "Regardless of the State and national unemployment figures, when I'm out of work, the unemployment rate is 100 percent."

Finally, homeowners, businesses and industries, are reluctantly deciding they can't afford to make energy saving improvements to their property and are being left out in the cold because of sky high interest rates. We will never get our energy-induced inflation under control until we reduce our dependence on expensive and undependable foreign fuel. The longer we delay our decision to decrease our consumption of imported oil the longer we will have to withstand the inflationary impact of high energy costs.

Mr. President, since coming to the Senate, I have worked hard to cut out wasteful and ineffective Government programs. The Congress is vigorously working to reduce the Federal deficit and balance the Federal budget. I firmly believe that continuing a high interest rate policy which is clearly increasing unemployment and crippling our economy is counterproductive to our effort. That is why it is crucial for the Senate to adopt the resolution I am cosponsoring today and that is why I urge my Senate colleagues to join with me in directing the Federal Reserve Board to take steps immediately to reduce substantially the outrageously high interest rates.●

## THE BROOKE-CRANSTON PROGRAM—EMERGENCY HOME PURCHASE ASSISTANCE ACT

● **Mr. DURKIN.** Mr. President, in recent months, record-high mortgage rates propelled by the outrageously high interest rates foisted upon us by this administration have forced all but the wealthy out of the housing market. As a result, the housing market has collapsed, threatening the livelihood of thousands of home builders, their suppliers, and realtors. Millions of Americans, especially young couples, are losing all hope of owning a home.

The situation is a grim preview of the pending recession, but it is not irreversible. Today, I am proposing a series of measures to stem the tide of a recession and fight inflation. Significant improvements can and must be made in the housing market without spending vast sums of money. In fact, a moderate investment now will surely save the Federal Government billions of dollars by preventing massive unemployment in the housing and related industries. According to the Congressional Budget Office, each 1 percent rise in unemployment increases the Federal budget deficit by approximately $20 billion. We simply can't afford high unemployment.

In New Hampshire the job toll in the building trades is discouraging. Last year, 4,424 men and women were employed directly in the home-building industry. The Home Builders Association of New Hampshire estimated that by the end of March, half of the State's builders were out of work. By the end of the year, the association predicts as many as three-quarters of the builders will have lost their jobs, their businesses, and their hopes for their future.

New Hampshire is one of the fastest growing States in the Nation, yet due to prohibitively high interest rates its housing industry is at a standstill. The problem is not isolated to my home State. According to the U.S. Department of Commerce, there were about 257,000 housing starts in the entire northeastern quarter of the Nation last year. In January, the Department predicted 190,000 starts for 1980. By February, the Department forecast only 70,000 starts for the entire year—a gut-wrenching decline of 73 percent.

One of the strongest tools to rebuild the housing industry already exists: the Brooke-Cranston program, also known as the Emergency Home Purchase Assistance Act. The program was enacted 6 years ago to help stabilize the housing market by providing mortgage assistance in times of recession or when interest rates become prohibitively high.

I am cosponsoring amendments to Brooke-Cranston to make it more responsive to today's needs. The act was last invoked during the 1974 recession, and should be revised immediately by Congress to expedite implementation. I ask my colleagues in the Senate to join me in supporting this much-needed legislation.

The revised program would authorize the Government National Mortgage Association to purchase mortgages at the market rate and resell them at a reduced rate to home buyers. In 1975–76, the GNMA purchased $6.4 billion in low-interest mortgages at an ultimate cost of only $412 million. That investment helped 190,000 home buyers obtain a mortgage and created 70,000 jobs in housing construction and related industries. Similar success can be had this year.

Clearly, the time for Brooke-Cranston is now. I have called on Moon Landrieu, Secretary of the Department of Housing and Urban Development, to use his authority to invoke the Brooke-Cranston program immediately. And I vehemently object to the Carter administration's ill-advised decision not to request funds for implementing this desperately needed measure.

In addition, as the chairman of the Senate Subcommittee on Energy Conservation and Supply, I am opposed to the mandatory new building energy performance standards, which are scheduled to become effective in the fall of 1981. These standards would adversely affect our already crippled housing and real estate industries. The standards are designed to limit the amount of energy used in all new buildings. While I strongly believe that energy conservation, or better yet, energy efficiency, must be one of the Nation's top priorities, I oppose this ill-conceived federally mandated approach. The Department of Energy's own estimates predict that these standards will increase housing costs by $0.75 to $1 per square foot. When hidden costs such as professional design work and computer time are taken into account, the real cost increases could well be double this figure. The improved energy efficiency of a home will undoubtedly be outweighed by the significantly higher construction costs and will serve as a further deterrent to homebuilders and buyers alike. There is a much better way to encourage energy efficiency in housing—Federal income tax credits and low interest rates.

In addition, the standards program is doomed from the start, because DOE will be responsible for its administration. In its brief history, DOE has done little but hamper efforts to solve our energy crisis. DOE has been a very expensive "symphony of chaos." There is no reason to believe that the new building energy performance standards will bring anything but more bureaucrat bungling and further inflation. Enough is enough.

As the only Democrat in the U.S. Senate to vote against creating the Department of Energy, I do not wish to see DOE take over and mismanage any more responsibilities which should be handled at the State level. I still believe that the lowest level of government that can do the job, should be the highest level of government to get the assignment.

Finally, I want to take this opportunity to voice my strong objection to the so-called Ullman bill, H.R. 5741, which imposes strict limits on the use of tax-exempt municipal bonds to finance certain mortgages. The Ullman bill was passed by the House on March 26, and has yet to be introduced in the Senate.

States, cities, and counties should be able to use the bonding capabilities to encourage the construction of housing for low-income and middle-income people. The Ullman bill intended to eliminate the use of tax-exempt mortgage bonds for luxury accommodations, but it went too far and could further constrict an already tight housing market. I will actively oppose the Ullman bill on the floor of the U.S. Senate.

The present situation spells disaster for those who need new housing and those who build it. The measures I have outlined today will address the crisis and bring immediate improvements to the housing market.

The collapse of the housing market is upon us now. We cannot wait for the gradual improvement of the economy to once again make homes affordable. If few new homes are built this season, when interest rates finally do come down, the demand for houses will so far exceed the supply that only the rich will be able to buy that piece of the American dream. Furthermore, arbitrarily and artificially restricting the housing market will trigger another unnecessary inflationary surge in the housing market, especially in fast growing States like New Hampshire.

I urge my Senate colleagues to join me in support of the Brooke-Cranston program and the overall effort to strengthen our economy and the housing industry and real estate market before it is too late.●

## SENATOR DURENBERGER ON THE NEED FOR TAX REFORM

● Mr. ROTH. Mr. President, since coming to the Senate in 1979, my distinguished colleague from Minnesota (Mr. DURENBERGER) has become actively involved in efforts to reform our tax laws and to reduce the high tax burden imposed on the American people.

In a recent speech, Senator DURENBERGER provided an excellent analysis of our tax and economic problems and offered his views on the steps we must take for economic growth in the new decade.

The Senator points out that our tax laws were written for an economy with little or no inflation. With an inflation rate in excess of 6 percent the tax system functions badly; with our present rate of 18 percent the system breaks down. He recommends legislation that would index inflation out of individual and corporate tax rates, the depreciation deduction, and the basis for capital gains.

Further, the Senator stresses that our tax system must allow for adequate capital formation to provide modern and efficient plants and equipment to create jobs, increase capacity, and improve productivity. Our policies must encourage savings and investment and deemphasize consumption to correct the imbalances between the growth of supply and demand. He also points out that we must have the fiscal discipline that will let us operate the Government without a deficit for a sustained period.

Mr. President, I submit for the RECORD Senator DAVE DURENBERGER's speech.

The speech follows:

### SPEECH BY SENATOR DAVE DURENBERGER

Thank you. It's a pleasure to be here tonight and share my thoughts with the people who keep America balanced.

One of the many reasons why I've looked forward to being here tonight is because I believe that you and I approach our critical economic issues in the same way.

We know that free enterprise works better than a managed economy.

We know that preserving a strong system of private enterprise depends upon the maintenance of fair profits and renewed emphasis on capital investment for all businesses—both large and small.

We are increasingly distressed by the staggering growth of federal spending.

And, we want to rein in the new breed of government regulators who are riding roughshod over the traditional boundaries between the public and private sectors.

A few weeks ago I heard the President deliver a State of the Union Address in the first month of the first year of a new decade. I wanted a speech that would inspire us for the 1980s, but he gave us no inspiration, no challenges and no direction.

So, I want to fill that void and give you my economic challenges and my direction for the new decade. We must shift our orientation from encouraging consumption and accepting runaway government spending toward rewarding greater savings and capital formation.

Capital formation is essential for economic growth and real wage increases; why has the United States done such a bad job of it? A multitude of public policy measures penalize saving and investment, and divert resources away from capital formation and future purchases toward immediate consumption by individual and government. The worst of these policies—and, unfortunately, one of the most pervasive forces in this country is our federal tax system. The multiple taxation of saved and invested income destroys capital formation. Individuals must pay taxes on essentially all income they earn, whether they spend it immediately or invest it. The same holds true of corporations and their profits. This means that a dollar of current income is taxed only once when spent for consumer goods. But, that same dollar, when it is put into savings, is subject to taxation on the interest, dividends, capital gains. It is no wonder that people respond by saving less and investing less.

This tax distortion is particularly great in the case of dividends. The return on equity is also subject to an initial corporate profits tax of 46 percent. To be sure, so-called capital gains are taxed at lower rates than ordinary income, but this only lessens the pain; it doesn't cure the disease.

The system does little to help new risky or small enterprises prosper. There is almost nothing to assist individuals and families who wish to start new businesses. Government's unspoken policy is to keep people out of business. Indeed, much of the tax system seems like an evil contrivance designed to keep people from making and keeping money.

The long-run economic and social implications of retarding entry, innovating and mobility, and impairing individual initiative and self reliance are disastrous. And, what's worse, the disaster is going unnoticed by too many. The problem of trying to save and to accumulate or conserve real assets is one of the most pressing and widespread economic and social problems in America today. It affects every person and every institution.

When people ask me, "How can I save and protect myself from inflation," I have no good answer. I can't even answer for myself or my family. I doubt that my colleagues in the Senate have the answer—except for the growing number of Senate millionaires who can afford to shelter their income from 70 percent tax rates—and I know the President does not.

A second and related challenge is the equally important need to curb the growth of big government in the United States. The recent growth of government has not only generated and exacerbated many of our economic problems—especially the most fundamental problem of inflation—but it has also become a threat to our basic liberties.

One of the things I am bringing to the Senate is the ability to look at things in a new light. Government has grown because politicians thrive on defining new needs of people that only government can meet. And government has grown because once in office those same politicians lack the ability and willingness to meet those needs innovatively. We are using the same programs in the 1980s that were designed for the 1960s—the times have left government behind.

The much-heralded establishment of a new congressional budget process in 1974 was supposed to have brought needed discipline to Congress. But that is not the way things have worked out. In fact, since the new procedures were instituted in 1974 the federal government has accumulated a deficit of $208.7 billion. We can't afford too many reforms like that!

There is an unquestioned consensus that the growth of government in this country must be controlled. Yet, the mechanism of politics and legislative action makes this difficult. The general pressures may be to curb spending, but the particular pressures are to increase it. The workings of entirely honorable political self-interest yield a result in which the particular wins out over the general. In large part, it is the problem of 535 men and women representing 50 special interests—the 50 states. A bill I am sponsoring will restrict the growth of Federal spending to the gains in our economy. It will allow government to grow in real terms—but its growth will be limited to our ability to pay for it.

The proposal would limit the growth of the Federal budget to a fixed percentage of the Gross National Product. This amendment has the flexibility of allowing ¾ of both Houses of Congress to change the Federal spending base from which the future limits are calculated. There is also a provision which would allow Federal spending in excess of the limit should the President declare a state of emergency.

Some opponents argue that a spending rule will destroy the government's ability to implement counter-cyclical fiscal policy. This is not true. My bill offers both stability and flexibility. The 21-month time difference between the calendar year in which government spending is based and the fiscal year in which the money is actually spent will have a counter-cyclical stabilizing affect. If, for instance, the economy peaks in 1979, spending growth will be relatively large in fiscal year 1981, when the economy most likely will be in a slump. Conversely, slow GNP growth will slow Federal spending 21 months later when the economy is in a boom and growth in government demand may invite inflation.

What can we do about capital formation? As you know, Congress has enacted several tax bills since 1969 under the guise of "reform." In truth, the result has been the revision of the tax structure in a haphazard manner. The so-called reforms have only responded to particular short-term pressures and short-sighted, politically motivated agitation for changes.

We have never analyzed the basic objectives of our Federal income tax policy—what these objectives are and what they should be—and considered how well our policy has worked or what it poses for the future. For example, we have used the Federal income tax structure to stimulate demand or to promote economic growth and full employment. At the same time, we've tried to use the tax structure to maintain stable prices, and, avoid inflation. In addition, the tax system is used to achieve an endless number of social and economic objectives.

The use of the tax system for so many fundamental and diverse objectives has occurred at the price of extraordinary complexity. And, we've built into the tax structure serious horizontal inequity; that is, a failure of taxpayers similarly situated to bear equal tax burdens. We complain about this lack of fairness at the same time we're demanding simplification.

Reconciling our complaint with our demand won't be easy. I am convinced that wholesale structuring of our entire Federal tax system is needed, and we must begin soon.

This restructuring should start with business income. The largest problems in this area are the double taxation of corporate earnings and the proper determination of real earnings in an inflationary economy.

The corporate income tax is really a bad tax in principle. To the extent it is shifted forward in prices, it operates capriciously with unpredictable and unknown effects in prices. To the extent it is not shifted forward, it penalizes efficient producers and thereby awards the inefficient. It distorts capital structures in favor or debt financing. This latter effect makes business more vulnerable to recession. It increases the cost of equity capital.

There must be integration of the corporate and personal income taxes to mitigate the impact of the double tax burden on income from business enterprise conducted through corporations. Virtually every other major industrial nation in the world has recognized this fact and adopted some form of integration.

Congressman Ullman, Chairman of the House Ways and Means Committee, sees a very important place in our Federal tax system for a consumption tax such as a single or double rate value-added tax on the broadest possible base. This can be an extremely efficient and simple tax in proper form. Almost all major industrial nations in the world now rely heavily on such a tax. It need not be regressive—by credit devices, it can at least be proportional. Progressivity can be accomplished to a proper extent through the personal income tax.

Such a tax would raise large amounts of revenue efficiently and would permit lowering the corporate rate significantly, while integrating the corporate and individual tax structures. I have not advocated such a tax, because I doubt we can enact it in proper form and it could have a tremendous inflationary imput. But I am convinced that it should be thoroughly explored, along with other tax reform proposals.

Our desperate need for tax reform missed the attention of President Carter. His 1981 budget not only opposes tax cuts, but it includes a non-legislated individual tax increase this year of approximately $40 billion.

The President's budget ignores the reality that not all tax cuts are inflationary.

The distinction comes in the structure, or shape of the tax cut. In the traditional approach, by increasing the standard deduction and personal exemption and by granting rebates, which the President recommended in 1977 and Congress fortunately rejected, the amount of cash held by consumers is increased. The logical response is to spend it, because there is no new incentive to do anything else. Only about 5% of this type of tax cut is permanently saved. This—plus added government spending designed to increase demand is the conventional response to recession.

But this type of tax cut normally accompanied by increased Federal spending gives the government a budget deficit which sends it into competition for investment dollars with any industry which tries to expand to meet rising demand. With no significant rise in savings to fund both the deficit and investment, we soon get higher interest rates, more money being printed, and a new round of inflation.

Faster depreciation, savings exclusions, and marginal tax rate reductions can help move us to higher real income by increasing economic growth, providing a larger base from which to collect revenue. In the meantime the additional savings can finance the short-run deficit without inflationary money creation.

For the short term, that is this year and next, I am sponsoring three Senate bills that would assist in solving our immediate problems:

First, a bill that would index inflation out of individual and corporate tax rates, the depreciation deduction and the basis for capital gains;

Second, a bill providing for accelerated deprecation, the 10–5–3 bill; and

Finally, a bill providing for a savings incentive.

Our tax laws were written for an economy with little or no inflation. With an inflation rate of 6 to 8% or more, the tax system functions very badly. With an inflation rate of 13.3% the system virtually breaks down. Of course, I want to reduce the inflation rate. But, it would be risky and unwise to leave the tax laws unchanged in the hope that such a reduction in the rate of inflation will occur in the near future.

It is much better to change the tax laws in order to protect the economy in general, and the process of capital formation in particular, from the adverse effects caused by inflation with our current tax laws.

There are really two separate problems with our current tax rules: "the bracket rate" effect and the mismeasurement of capital income. The bracket rate effect is beginning to be generally understood and appreciated by the public and the Congress.

Government is collecting a windfall inflation tax. Every time prices go up 10%, tax revenues go up 16%.

That means our cost-of-living pay increases aren't even keeping us abreast of inflation—because our gains in salary don't match our losses in taxes.

The family earning $20,000 today, which is about the median income for the average family, will earn $52,000 by the end of the decade if their income keeps pace with the current rate of inflation. But, because an income of $52,000 has pushed the family into a higher tax bracket, they've actually lost a lot of their purchasing power. That family will need an income of $68,000 to maintain its current purchasing power and pay the higher taxes. Government has collected a windfall of $16,000.

The figures on capital gains are just as startling. If you bought a house in 1977 for $40,000, you would have to receive $400,000 in 1997 just to break even at the current rate of inflation. But, even though you would have only broken even, you would have a tax liability on capital gains of 144,000—regardless of the fact that the gains are just on paper.

There is a simple remedy for all of this. We automatically adjust the tax rates each year in line with inflation. More specifically, the bracket rate effect can be avoided by widening the brackets by the rate of inflation. For example, if today the 32 percent bracket begins at $20,000 and we have a 7 percent inflation, the 32 percent tax rate bracket should be raised to $21,000.

For capital gains we can adjust the basis of the asset by the increase in Consumer Price Index and for depreciation we can increase the deduction each year by the increase in CPI. These adjustments would eliminate the problem of paying taxes on phantom gains and profits.

I've introduced the most comprehensive bill in the Senate to index inflation out of individual income taxes, corporate taxes, depreciation and capital gains. It ends government's inflation windfall.

Of course, there are some politicians who don't want to end the inflation windfall. Inflation gives the government more money to spend. And, inflation gives Congress a cost-free tax cut every election year. Congress uses the phony tax cut to give people back the money that inflation took away.

People are catching on to this deception, though. They know what inflation does to their taxes and what indexing would do. I'm optimistic that Congress will get the message, too. I think there's a good chance that a tax indexing bill will pass this year and go into effect in a year or two.

In regard to depreciation reform I am cosponsoring a bill which would provide substantially faster depreciation deductions to increase cash-flow for expansion and modernization.

One of the primary reasons for our lagging productivity rate is a lack of investment capital for new plants and equipment. We have the lowest investment rate of any industrialized nation in the world. Faster depreciation is a very efficient method to encourage investment, to increase the supply side of the economy and boost productivity.

The bill that I am cosponsoring will provide faster and simpler depreciation tax-deductions for business:

Ten-year depreciation would be provided for investments in nonresidential structures. This compares with depreciation of some 20 years under present law; and five-year depreciation with a full 10% investment tax credit would be provided for investments in new equipment and machinery. This compares to depreciation of about 10 years under existing law. The first $100,000 of annual investments, certain automobiles and light duty trucks would be depreciated over three years and allowed a 6% investment tax credit.

In addition to providing faster recovery of capital, this proposal offers the added advantage of eliminating 99% of the depreciation regulations from the tax code. This simplification means that in the future, the average small businessman will only need to refer to one or two pages of regulations for the full explanation of eliminating 99% of the law. Eliminating 99% of the depreciation regulations will eliminate 99% of all court cases and depreciation audits with the Internal Revenue Service for businessmen. These businesses will be able to claim all depreciation benefits to which they are entitled in a simple fashion.

The last bill that I am supporting is a proposal to treat interest and dividend income more equally with earned income for tax purposes, thereby encouraging savings and economic growth.

The bill will provide a $200 and $400 interest and dividend exclusion for single and joint returns. This partially compensates for the damage inflation has done to interest and dividend income from existing savings.

However, in order to encourage additional savings, the tax rate at which additional savings income is taxed must be reduced. The bill equalized tax rates for both earned and unearned income at rates ranging from 14 to 50 percent. This ends the discrimination against saving which has been in the code since 1969. Currently, earned income faces a maximum tax rate of 50 percent, while unearned income faces a top rate of 70 percent. The change will raise revenue, because of a sharp drop in the use of tax shelters as the top rate is reduced.

In current law, after exemptions, earned and unearned income are added together to obtain taxable income, stacking one on top of the other to reach the higher brackets. Under this proposal, each taxpayer would compute a tax on earned income alone, and on unearned income alone, and then add the taxes together. In this way, the first dollar of each type of income would start in the 14 percent bracket. Each type of income would rise up only through as many brackets as its own size would warrant; the result would be lower tax rates on added income of both types. Specifically, the tax rates on additional interest and dividends from added savings would be in a lower tax bracket than at present for most taxpayers, resulting in more incentive to add to savings.

All of these tax reforms are vitally important. If we only accept changes in the rate of depreciation, we help existing companies generate cash for investment.

But if our reform is complete, we encourage investment in new companies, in new research and development, and in the Control Data Corporation of the 1980s—something we haven't seen in this community in the last 25 years of mismanaged national tax policy.

However our tax system may be altered in this new decade, it must allow for adequate capital formation to provide modern and efficient plants and equipment to create jobs, increase capacity, and improve productivity. Our policies must encourage savings and investment and deemphasize consumption to correct the imbalances between the growth of supply and demand. We must have the fiscal discipline that will let us operate the government without a deficit for some sustained period.

These are some of the measures that will help us determine more clearly not only the kind of society we are building but how much it will cost and how we can pay for it.●

## LITHUANIAN INDEPENDENCE DAY

● Mr. DURKIN. Mr. President, in June of 1980 the Baltic State of Lithuania will mark an anniversary devoid of festive celebrations. The date reflects 40 repressive years of Lithuanian occupation by Soviet Russia.

Valiantly struggling to maintain Lithuanian heritage and religion against Soviet aggression, February 16 is still celebrated as Lithuanian Independence Day. Between the World Wars, Lithuania received a solemn promise from the Russians that her independence and neutrality would be respected. That promise was shattered as Soviet forces marched across the border, deposing the Lithuanian regime in favor of their own.

Lithuanian Independence Day is but one means of fighting unwanted domination. The spirit of freedom is kept alive by courageous Lithuanians who, often at great personal risk, refuse to be silenced. Americans of Baltic descent carry the flame of hope to fellow countrymen through the important activities of Lithuanian clubs and the Lithuanian National Foundation.

Today we are once again witnessing the Soviets force expansionism on their unwilling neighbors—this time invading Afghanistan. In protest to Soviet aggression and in solidarity with those who are committed to freedom and justice, I rise to recognize Lithuanian freedom-fighters and support their goal of independence from an oppressive Russian regime.●

## HOME MORTGAGE ASSISTANCE ACT OF 1980

● Mr. DURKIN. Mr. President, I am cosponsoring the Home Mortgage Assistance Act of 1980. This measure will provide an important incentive for consumers to save which in turn will produce the much-needed investment capital for our home-building industry. Increased savings is essential in our efforts to reduce inflation.

The bill would amend the Internal Revenue Code to provide an exclusion from gross income for interest and dividends earned on savings deposits which are used by the savings institution for residential mortgage lending purposes.

This extends the same tax-free treatment given municipal bond interest to interest earned by savers on deposits used for residential mortgages. This will not only be an incentive to savers but also will allow savings institutions to pay a reasonable tax-free interest rate on their deposits which would be competitive to a much higher taxable interest rate. This will bring mortgage loans back to the 7 to 8 percent range.

Presently, sky-high mortgage-loan interest rates, hovering around 16 percent are pricing American families out of the housing market and decimating the housing and real estate industries.

With today's prohibitively high mortgage rates, fewer than 5 percent of all U.S. households can afford a new home with an average price tag of $64,000. According to the Homebuilders Association of New Hampshire, over 50 percent of the State's builders are out of work and that figure is growing daily. And realtors are experiencing the highest backlog of unsold homes since the crash in the real estate market in 1973.

A significant increase in savings is essential to revising our economy and the housing and housing-related industries in particular. A return to the 2 million housing-starts level, which is seen as the minimum level needed in this country, will put construction tradespeople back to work, produce more wood, more furniture, more household goods, and, in general, spur productivity. Increased capital formation and productivity are the key to reducing inflation. And the key to furthering capital formation and increasing productivity is to increase the amount and the rate of savings in this country.

Currently, our individual savings are being eaten away by high inflation and high taxes. Americans are encouraged to spend because they lose money when they try to save. We are the only major industrial country which does not provide attractive incentives to save, and as a result, Americans only save 5.3 percent of their disposable income. In contrast, the British save 13 percent and West Germans 15 percent of their disposable income. Both of these countries encourage savings through their tax laws.

Simply stated, inadequate savings is bankrupting our economy. There is no loan money available for new-home construction or for capital formation by small businesses. No new jobs are created, productivity declines, and inflation continues upward unabated.

The legislation I am cosponsoring will help us to halt spiralling inflation and rescue our economy. It will:

Reduce interest rates on residential mortgages by up to 40 percent from the current market level;

Provide an adequate supply of money for new housing at reasonable rates;

Eliminate disintermediation from savings deposits used for housing;

Stabilize the housing industry by insulating it from the fluctuations of money supply and interest rates resulting from Federal Reserve Board attempts to manage inflation by demand side economics;

Reduce inflation by lowering the cost of housing and increasing its supply;

Provide a private sector substitute for most of the HUD subsidy programs; and

Eliminate the need for a regulation differential for housing.

The system would work very simply: A savings institution would establish a residential mortgage deposit account which would be segregated for tax purposes. The small saver would then have the benefit of choosing between depositing his or her money into a tax-free account where the funds would be used for home mortgages or into a taxable account where the funds would be used for other commercial investment purposes. The individual saver would determine which account would yield the highest rate of return in light of his or her own tax bracket.

This is a crucial measure which addresses a critical problem, and I urge my Senate colleagues to join me in cosponsoring this bill.●

## THE PROPOSED TAX ON SOCIAL SECURITY EARNINGS

● Mr. DURKIN. Mr. President, I would like to voice my strong opposition to a recent recommendation by the Social Security Advisory Council to tax social security earnings.

In light of today's energy-fueled, double-digit inflation, I find it inconceivable that such an ill-advised, unfair proposal could even be considered. Our older Americans need immediate tax relief, not an additional tax burden.

The social security program was instituted over 40 years ago and it is an essential measure of economic protection for millions of our Nation's senior citizens. Under present law, social security and railroad retirement benefits are not taxable. I firmly believe that they should remain free from tax.

Social security benefits represent long years in the labor force. They are hard-earned and well-deserved. To begin taxing these benefits would be tantamount to changing the rules in the middle of the game. This would be extremely unfair to recipients and workers alike.

It is also important to note that taxpayers are not allowed to deduct their social security contributions while computing their tax in their earning years. A tax on social security benefits would then in effect be a form of double taxation. Taxes are objectional enough, but double taxation is simply out of the question.

Most importantly, however, is that this untimely proposal will substantially and detrimentally affect the millions of senior citizens across the land who rely heavily on these hard-earned but modest benefits. Social security benefits must remain tax free if our older Americans are to survive the ravages of today's energy-fueled inflation.

Additionally, I want to reiterate my longstanding objection to any proposal which would reduce social security benefits.

I will continue in my efforts to assist our Nation's senior citizens and I urge my Senate colleagues to join me in opposing any proposal to tax or reduce social security benefits.●

## ORDER FOR RECESS TODAY UNTIL 9:15 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in recess until the hour of 9:15 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER FOR RECOGNITION OF SENATORS STEVENS, TSONGAS, AND EAGLETON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, following the two leaders or their designees on tomorrow, Messrs. STEVENS, TSONGAS, and EAGLETON be recognized, each for not to exceed 15 minutes, as in legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

## THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate now proceed, as in legislative session, to the consideration of Calendar Order No. 685.

The PRESIDING OFFICER. Without objection, it is so ordered.

## IMPROVING AUTOMOBILE EFFICIENCY

The bill (S. 2475) to amend title V of the Motor Vehicle Information and Cost Savings Act, "Improving Automotive Efficiency," to exempt very low-volume automobile manufacturers from certain requirements of the act, to encourage increase of the domestic value-added content in labor and materials of foreign automobiles sold in the United States, to extend the time available to all manufacturers for carry forward or carry back of credits earned under the act, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 502(c) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2002) is amended to read as follows:

"(c) The requirements of this section and section 505(a) do not apply to a manufacturer in any year in which it manufactured (whether or not in the United States) fewer than 10,000 automobiles.".

SEC. 2. Section 503(b)(1) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2003) is amended by adding the phrase ", other than a manufacturer whose domestically manufactured production commenced after December 22, 1975," following the word "manufacturer" in the first sentence thereof.

SEC. 3. Section 507 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2007) is amended by inserting "(a)" after the caption and by adding a new subsection as follows:

"(b) Notwithstanding subsection (a), the failure of any manufacturer to comply with any average fuel economy standard shall not be considered unlawful if—

"(1) the manufacturer has already earned sufficient credits under section 508 to offset any penalty under that section, or

"(2) within 6 months after a manufacturer submits a mid-model year report indicating that it will not meet an applicable fuel economy standard, the manufacturer submits a plan to the Secretary showing that the manufacturer will earn sufficient credits under section 508 in subsequent years to offset any penalty under that section: *Provided,* That the manufacturer subsequently earns sufficient credits to offset such penalty.".

SEC. 4. Section 508 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2008) is amended by—

(a) inserting the words "any of the three" before the first occurrence of the word "model" in each of the subparagraphs (a) (3) (A) (i) (I), (a) (3) (A) (i) (II), (a) (3) (B) (i) (I), and (a) (3) (B) (i) (II), and by deleting the word "the" which precedes the first occurrence of the word "model" in each of these subparagraphs and by adding the letter "s" to the word "year" which follows the first occurrence of the word "model" in each of these subparagraphs; and

(b) deleting the word "manufacturer" in the first sentence of subsection (c) (2) and inserting "person" in lieu thereof.

SEC. 5. Section 503(b) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2003), as amended by this Act, is further amended—

(a) in subparagraph (1) (A) by inserting the words "and passenger automobiles which comply with the requirements set forth in subparagraph (2) (G) of this subsection" immediately after "manufactured by such manufacturer";

(b) in subparagraph (1) (B) by inserting the words "and which do not comply with the requirements set forth in subparagraph (2) (G) of this subsection" immediately after "manufactured by such manufacturer"; and

(c) by adding the following new subparagraph at the end of paragraph (2):

"(G) Commencing with model year 1981, and in each model year thereafter, the EPA Administrator shall include up to 150,000 passenger automobiles manufactured by a manufacturer, other than automobiles that are domestically manufactured by such manufacturer, in the category established for such manufacturer pursuant to subparagraph (1) (A) of this section if such automobiles and such manufacturer fulfill all of the following requirements:

"(i) at least 50 percent of the cost to the manufacturer of such automobiles is attributable to value added in the United States or Canada;

"(ii) such automobiles have never previously been domestically manufactured;

"(iii) the manufacturer submits a plan, acceptable to the Secretary, which sets forth a timetable that provides that prior to the expiration of the third model year commencing after the model year in which the Secretary first accepted such plan, such automobiles shall be domestically manufactured;

"(iv) such automobiles are manufactured prior to the expiration of the third model year commencing after the model year in which the Secretary first accepted such plan;

"(v) such manufacturer has never previously submitted another plan, accepted by the Secretary, for the consideration of any automobile pursuant to this subparagraph and

"(vi) any automobile, the assembly of which is completed in Canada, is imported into the United States no later than 30 days following the end of the model year.".

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## EXTENSION OF TIME TO REPORT A BILL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works have 10 additional days in which to report S. 2163.

Mr. STEVENS. There is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, under the order, the Senate will automatically resume consideration of the pending nomination at the conclusion of the three orders entered into previously, am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I ask unanimous consent to proceed for 1 minute on a matter as in legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

## TRIBUTE TO HARLEY O. STAGGERS

Mr. ROBERT C. BYRD. Mr. President, after 32 years in Congress, Representative HARLEY STAGGERS has recently announced his impending retirement. His distinguished record as a Representative from West Virginia and as chairman of the Interstate and Foreign Commerce Committee can be described by the simple words "serve the people." Because these words have been at the heart of HARLEY's 16 terms in the House of Representatives.

HARLEY's career is full of achievements—monumental public health legislation; railroad retirement legislation; transportation; energy; communications; and veterans' legislation bears his name. These accomplishments come as a result of HARLEY's patience and persistence, for which the people of West Virginia have faithfully returned him to office.

In the wake of HARLEY's retirement, varied expressions of tribute have come from the citizens of West Virginia as well as from his colleagues in the Congress.

I ask unanimous consent that one of those tributes—by the Disabled American Veterans, Corricks Ford Chapter No. 40, West Virginia—be printed in the RECORD at this time.

There being no objection, the tribute was ordered to be printed in the RECORD, as follows:

DISABLED AMERICAN VETERANS
CORRICK FORD CHAPTER NO. 40,
*Parsons, W. Va., March 4, 1980.*

Hon. ROBERT C. BYRD,
*U.S. Senate, Washington, D.C.*

DEAR SENATOR BYRD: Be it resolved: At a special meeting of the Disabled American Veterans, Corricks Ford Chapter No. 40, Parsons, West Virginia, held on 29th of February, 1980, the following resolution was adopted:

Whereas, Honorable Senator Randolph and Honorable Senator Byrd appear before the House of Representatives and Senate floor.

Whereas, in honor of Harley O. Staggers, House of Representatives, 2nd District of West Virginia, a proclamation be declared for all to hear in these United States.

Whereas, make it loud and clear, as veterans we will lose a great man. We pray that he will have the best of health. The veterans appreciate the work he has done.

Whereas, we want it to go on record in Washington, D.C., for all the school children to read and see, in our nation, that we do have honest people in government in this troubled world from the little but mighty state of West Virginia.

Whereas, Honorable Harley O. Staggers, as veterans we salute you, God Bless You.

Yours in Commandership,
JOHN A. SYRIAN,
*Commander, Chapter No. 40.*

## RECESS TO 9:15 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 9:15 a.m. tomorrow.

The motion was agreed to; and at 6:20 p.m., the Senate, in executive session, recessed until tomorrow, Thursday, April 17, 1980, at 9:15 a.m.

# HOUSE OF REPRESENTATIVES—*Wednesday, April 16, 1980*

The House met at 3 p.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

*The Lord our God be with us, as He was with our fathers; may He not leave us or forsake us; that He may incline our hearts to Him, to walk in all His ways, and to keep His commandments, His statutes, and His ordinances, which He commanded our fathers.*—I Kings 8: 57, 58.

O Lord God, King of the universe and Lord of our lives, speak to us and give us the strength You gave to our fathers before us. We thank You for the vivid witness of generations of saints who have gone before, and whose testimony encourages us in our own day. Lord, may we be worthy of the trust given to us, and may we remain faithful to You by using our talents in service to all. Amen.

## THE JOURNAL

The **SPEAKER**. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. **CORCORAN**. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The **SPEAKER**. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. **CORCORAN**. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER**. Evidently a quorum is not present. The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 369, nays 11, not voting 52, as follows:

[Roll No. 182]

YEAS—369

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Bailey
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Boggs
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corocran
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Danielson
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Derrick
Devine
Dicks
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fisher
Fithian
Flippo
Florio
Foley
Ford, Tenn.
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gibbons
Gilman
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Grassley
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kelly
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
McClory
McCormack
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Musto
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pritchard
Pursell
Quillen
Rahall
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Roe
Rosenthal
Rostenkowski
Roth
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solomon
Spellman
Spence
St Germain
Stack
Stangeland
Stanton
Stark
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Udall
Ullman
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Winn
Wirth
Wolff
Wolpe
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—11

Davis, S.C.
Derwinski
Dickinson
Forsythe
Gingrich
Harkin
Jacobs
Lloyd
Mitchell, Md.
Quayle
Rose

NOT VOTING—52

Applegate
Atkinson
Badham
Baldus
Bevill
Boland
Brooks
Burton, Phillip
Corman
Daniel, R. W.
Dellums
Diggs
Dingell
Dixon
Dougherty
Edwards, Calif.
Fenwick
Fish
Ford, Mich.
Giaimo
Goodling
Gray
Hall, Ohio
Holt
Jenrette
Kazen
Kemp
LaFalce
Lederer
Lungren
McCloskey
McDade
McDonald
Mathis
Murphy, Ill.
Myers, Pa.
Pashayan
Railsback
Rodino
Rousselot
Runnels
Solarz
Staggers
Steed
Symms
Trible
Van Deerlin
White
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wyatt

☐ 1520

So the Journal was approved.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On March 28, 1980:

H.R. 2782. An act for the relief of John H. R. Berg;

H.R. 4013. An act for the relief of Jozef Swiderski;

H.J. Res. 414. Joint resolution authorizing the President to proclaim May 1, 1980, "National Bicycling Day"; and

H.J. Res. 514. Joint resolution making additional funds available by transfer for the fiscal year ending September 30, 1980, for the Federal Trade Commission.

On March 31, 1980:

H.R. 4986. An act to facilitate the implementation of monetary policy, to provide for the gradual elimination of all limitations on the rates of interest, which are payable on deposits and accounts, and to authorize interest-bearing transaction accounts, and for other purposes.

On April 1, 1980:

H.R. 2797. An act to make technical corrections related to the Revenue Act of 1978.

On April 2, 1980:

H.R. 3919. An act to impose a windfall profit tax on domestic crude oil, and for other purposes; and

H.J. Res. 463. Joint resolution designating the week of October 5 through October 11, 1980, as "National Diabetes Week."

On April 3, 1980:

H.R. 24. An act to improve budget management and expenditure control by revising certain provisions relating to the Comptroller General and the Inspectors General of the Departments of Energy and Health, Education, and Welfare, and for other purposes;

H.R. 4996. An act to restore to the Shivwits, Kanosh, Koosharem, and Indian Peaks Bands of Paiute Indians of Utah, and with respect to the Cedar City Band of Paiute Indians of Utah, to restore or confirm, the Federal trust relationship, to restore to members of such Bands those Federal services and benefits furnished to American Indian tribes by reason of such trust relationship, and for other purposes; and

H.J. Res. 520. Joint resolution to extend by sixty days the expiration date of the Defense Production Act of 1950.

On April 7, 1980:

H.R. 2318. An act for the relief of Casimir Jan Kray; and

H.R. 2676. An act to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1980, and for other purposes.

On April 8, 1980:

H.R. 6585. An act to extend the reorganization authority of the President under Chapter 9 of title 5.

On April 10, 1980:

H.R. 5794. An act to designate the building known as the Federal Building in Evansville, Ind., as the "Windfield K. Denton Building."

On April 12, 1980:

H.R. 3824. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act to authorize the Council of the District of Columbia to delegate its authority to issue revenue bonds for undertakings in the area of housing to any housing finance agency established by it and to provide that payments of such bonds may be made without further approval.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment concurrent resolutions of the House of the following titles:

H. Con. Res. 162. Concurrent resolution providing for the printing of the final report of the Indian Claims Commission as a House document;

H. Con. Res. 233. Concurrent resolution to authorize the printing as a House document an anthology of Captive Nations Week proclamations, addresses, and other relevant material; and

H. Con. Res. 283. Concurrent resolution authorizing the printing of "Federal Election Campaign Laws Relating to the U.S. House of Representatives."

## UNITED STATES NEEDS THE SUPPORT OF ITS ALLIES

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, being a friend and an ally is not a one-way proposition. It is reciprocal. Our country has the need at the present time for strong allies in the Olympic boycott brought about as a result of Russia's invasion of Afghanistan and also for the proposed sanctions because of Iran's seizure of our hostages.

Mr. Speaker, we have noted hesitation by our friends to join in the Olympic boycott and to join us in the sanctions against Iran. Those countries should remember that for decades our country has provided economic aid and military protection without asking a great deal in return. We are so asking now.

Mr. Speaker, among the most interested observers of our requests are the American people. If we are forced to go it alone the American people might well ask, "What are allies for if not to help a friend?"

The results of our requests will be watched closely.

## SECRET MEETING OF FTC AUTHORIZATION BILL CONFEREES

(Mr. RUSSO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. RUSSO. Mr. Speaker, I have asked for permission to speak today so that I might make the Members of this body aware of the outrageous activities of some of our conferees on the FTC authorization bill. Some of our conferees have met in secret time and time again with Members of the Senate. Much of what has gone on has appeared in the press. In fact, today an editorial in the New York Times informs us that several differences have been resolved. May I quote one sentence:

> The conferees have weakened or eliminated attempts to prohibit investigation of the funeral business, agricultural cooperatives and the life insurance industry.

Under the House rules, I was appointed a conferee to protect and debate my amendment on the FTC funeral industry investigation. No one had invited me to any of these secret meetings. No one has spoken to me about a funeral compromise. The compromise that has been discussed in the newspapers is not even needed because my amendment does not prohibit it in the first place.

What is going on? If the Members of this body wanted just two of our membership to speak for everybody, we would have just appointed two conferees. I want the secret meetings to end. If someone wants to discuss the funeral amendment, I am available. All they need to do is call me.

Why are certain Members of the House demanding that the Senate recede on their amendments and saying we will give up ours in turn? Who are they, to give up anything? If the Senators have no problems with our amendments, then where is the impasse?

I ask the Speaker to contact the chairman of the House conferees to convene a meeting of the House conferees to discuss all the issues I raised.

☐ 1530

## CITY OF PHOENIX NAMED "ALL-AMERICA CITY"

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I am pleased and delighted that the city of Phoenix—most of which I have had the honor of representing in Congress for 27 years—has been named an "All-America City" by the National Municipal League.

Mr. Speaker, I would like to share with you and my colleagues some of the outstanding civic work performed by the people of Phoenix to achieve this award:

Phoenix is a very attractive city. It has a warm, sunny climate—the people are friendly—and it has much to offer in the way of cultural advantages. Because of this, Phoenix has an explosive growth rate and a continuous population influx. Two hundred citizens were appointed to an urban form directions committee, which created an outstanding urban development plan known as the Phoenix Concept Plan 2000. This plan would direct the growing population into essentially self-contained urban villages that would offer employment and commerce to the residents of each area. The plan would cut down on fuel consumption and air pollution normally associated with growing cities that have the primary business areas concentrated in one place.

Mayor Margaret Hance asked some citizens to serve on the Central Phoenix Redevelopment Committee, to recommend programs to attract people and business to the downtown area. The committee grew to include 300 people who presented a plan that called for development incentives, financial options, parking and transportation, and staggered work hours. The committee made a very important contribution by expanding the city's public transportation system.

Further, a 250-member Phoenix Citizen Bond Committee studied the city's financial situation and developed a much-needed bond program. The voters approved 16 of the 17 bond proposals.

Mr. Speaker, my congressional district still includes a large part of the city of Phoenix, and I can honestly say that this honor is well-deserved recognition for an outstanding sense of community concern and involvement on the part of all citizens of Phoenix. especially by Mayor Margaret Hance, Vice Mayor Joy Carter, and council members Howard Adams, Calvin Goode, Ken O'Dell, Barry Starr, and Jim White. I salute them on this achievement.

## TAX INDEXING URGED TO END UNLEGISLATED TAX INCREASES

(Mr. CARNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARNEY. Mr. Speaker, yesterday, millions of Americans took action in regard to taxes, yet for some reason the Congress refuses.

Over 100 pieces of legislation which would provide the American taxpayer with direct relief from the ravages of inflation and high taxes have been introduced in the 96th Congress.

Mr. Speaker, how long will these bills sit on the shelf and gather dust?

One bill in particular would provide immediate and direct relief to the taxpayers of America. The bill is H.R. 365, a bill I have cosponsored with my esteemed colleague from Ohio, BILL GRADISON, to index the income tax rates to inflation.

It is patently unjust for the Government to benefit at the expense of the taxpayer from hidden tax increases which are neither passed by the Congress nor signed into law.

As inflation pushes people into higher and higher tax brackets, the Federal Government reaps a windfall profit. Tax indexing would end this unlegislated tax increase.

Mr. Speaker, Congress must become the solution instead of the problem.

## AMERICAN PEOPLE WANTED BALANCED BUDGET TODAY

(Mr. SOLOMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SOLOMON. Mr. Speaker, what is going on around here?

For the past 10 days, I have talked with hundreds of my constituents at town meetings, grocery stores, and gas stations, and they all told me basically the same thing.

We like having the opportunity to talk with you, Congressman—but we would like it a lot more if you were down in Washington fighting 20-percent inflation by balancing the Federal budget.

I told them that this Congress would finally get down to business and that we would work on that balanced budget immediately after Easter recess.

But lo and behold, instead of working day and night to balance the budget like we should be, here we are, sauntering into this Chamber at 3 o'clock this afternoon, sidetracked on minor business.

Mr. Speaker, it is about time that the leadership of this Congress stop thwarting the will of the American people. And in case any Member has any doubt about what that will is, let me spell it out plain and simple: the American people want a balanced budget today, not tomorrow or next week.

And believe me, each time this Congress pulls an irresponsible stunt like the one we are witnessing this week, the American people become that much more convinced that we just do not care about their economic survival.

## CAREER DIPLOMAT RESIGNS, IS CRITICAL OF STATE DEPARTMENT

(Mr. BEREUTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEREUTER. Mr. Speaker, I would like to bring to the attention of my colleagues a recent development within the State Department, a development which may very well underscore the very heart of the problem with this administration's conduct of foreign policy.

Last Friday, Thomas Hutson, chief of the consular section of the American Embassy in Moscow, resigned his post with the State Department while on leave in the United States. Hutson, a native of Nebraska, and a college classmate of this Member, has been in the Foreign Service since 1967.

What causes a career diplomat of some 13 years to suddenly throw in the towel? Hutson is critical of the State Department's relationship with its career diplomats. He indicates that Foreign Service employees are not kept properly informed and are not properly utilized. Ambassadors do not have the facts they should have to represent the President of the United States. He says, we were surprised at the events in Iran "because of the small-mindedness of our State Department bureaucracy and lack of forceful leadership by Secretaries of State."

When a career diplomat who has spent a year and a half in Moscow and 3 previous years at our Embassy in Tehran loses confidence in the conduct of our foreign policy, what are Congress and the American public to think?

□ 1540

## DEEP IN THE HEART OF TAXES

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, this is the week for taxpayers to settle up with Uncle Sam. The tax policies of the Democratic majority and the Carter White House are strong arguments against the theory of evolution in human affairs. During the 25 years of Democrat dominance of this body, taxes have increased to such a degree that we now have the highest rate of taxation in peacetime history.

The American people are sick and tired of living deep in the heart of taxes. Inflation is a hidden tax, one that devastates the earnings and the savings of every American family. Guess who was telling us just a few short years ago that a little inflation is good for us?

During the next several weeks we are going to see Democratic Members on the majority side desperately scrambling and falling over each other to appear to be fiscally conservative.

While I do not deny the sincerity of late conversions, I truly wonder if it is wise policy to allow life-long pyromaniacs to run the fire department. What we need is a change. We need a change in direction, a change in faces, a change in spending habits, a change in taxing policy.

## "HAVE PATIENCE," SAYS FRB CHAIRMAN

(Mr. TAYLOR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TAYLOR. Mr. Speaker, recently when the Chairman of the Federal Reserve Board, Paul Volcker, was picketed by some 500 protesters demonstrating against high interest rates he told them to "have patience."

Shortly after that statement was made public I received a call from a hatchery man from my district. He told me that he had just received a cancellation on an order for 1,400,000 laying pullets. Those chicks were ready for delivery this week but his customer was unable to obtain the needed credit to pay for the order. The egg producer could not borrow the money at Volcker's interest rates.

My hatcheryman constituent said to me: "What do I do with 1,400,000 laying pullets ready for delivery?" Imagine his dismay when I repeated the advice of the Chairman of the Federal Reserve Board, Paul Volcker, to "have patience."

Mr. Speaker, I submit that this country is in deep trouble when the President's inflation fighter Alfred Kahn tells us not to drive cars and not to eat beef the same week that the Federal Reserve tells us to have patience.

Both men would do the economy and the people of the United States a service by submitting their resignations forthwith.

## ANTI-BIG BUSINESS DAY

(Mr. KRAMER asked and was given permission to address the House for 1 minute.)

Mr. KRAMER. Mr. Speaker, tomorrow, Ralph Nader and a number of like-minded activists will launch a major campaign to discredit the free enterprise system. They will hold press conferences, sit-ins and other media events reminiscent of the 1960's in order to unveil their latest villain: America's 800 largest corporations. From their rhetoric, it is evident that they believe profit is a dirty word, that growth is bad and that we are confronted with hopeless shortages of jobs, energy and capital. I would urge anyone interested in America's future to become familiar with the Corporate Democracy Act of 1980, which spells out their radical ideas. It is true that we face a number of serious problems, but the way to solve these problems is to rely on American ingenuity, not to resign ourselves to a hopeless future. Those who are behind tomorrow's Anti-Big Business Day activities have apparently forgotten that only when a society produces wealth is it possible to develop all other aspects of the good life—including better education, better health and more leisure.

## A PLEA TO RECOMMIT CONFERENCE REPORT ON THE INTERNATIONAL DEVELOPMENT BANKS BILL

(Mr. BAUMAN asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, later this afternoon I understand the leadership will decide whether or not the schedule will be adhered to and whether we will or will not take up tomorrow the conference report on the international development banks bill.

The Members may remember that this bill went through the House a few weeks ago after a rather prolonged debate in which the House screwed up its courage and actually cut $1.5 billion out of this multibillion-dollar bill. Since that time a lot of us have gone home and listened to the voters, and some say now, "We will balance the budget." Well, here is your vote tomorrow to see whether or not you are going to honor the demands that are being made upon you by your constituents.

The conferees sold out the House position completely. Every last dollar of the $1.5 billion was put back in. Every substantial amendment offered, including those to protect Taiwan and the one dealing with possible refugee assistance by the banks, went out the window. The bill is nowhere near the form it passed the House; it is just the way it passed the other body.

Mr. Speaker, I urge the Members to vote to recommit the conference report. Majority Members and the Treasury Department are doing a head count now on the vote. They are very nervous, and the count is very close. I hope also that you realize the taxpayers are more than nervous, and that November is also coming very close.

## UPDATE ON NICARAGUA

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, on February 27, this House narrowly, and in my view, mistakenly, passed a bill to provide $75 million in U.S. aid to the Communist-controlled government in Nicaragua.

Sandinista leaders have recently visited officials of the Soviet Union and Communist countries in Eastern Europe obtaining trade and aid packages.

At practically every stop, the Nicaraguans have boldly touted their "solidarity" with the Soviet Union and other Communist countries and denounced the United States and our allies.

These developments confirm the view that with or without U.S. aid, Nicaragua is becoming a pro-communist beachhead in Central America.

These Nicaraguan and Soviet connections are an ominous sign for the future stability of Central America. An expanded Soviet presence in Central America will inevitably be used to foment insurrection against the established, pro-U.S. governments in this important area.

Richard Cardinal Cushing of Boston once made the following observation:

> When I see a bird that walks like a duck and swims like a duck and quacks like duck, I call that bird a duck.

Mr. Speaker, I believe that it is time for the President and Congress to recognize that when a country adopts the Marxist foreign policy lines of our adversaries, ridicules the United States and other freedom-loving nations, and alines itself closely with Communist nations, what we have is a nation which is avowedly Communist and hostile to the United States and our interests around the world—and one which is surely not deserving of $75 million in U.S. aid.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Chirdon, one of his secretaries.

## REQUEST FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 474, JEWISH HERITAGE WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 474) to authorize and request the President to issue a proclamation designating April 21 through April 28, 1980, as "Jewish Heritage Week," and ask for its immediate consideration.

The SPEAKER. The Clerk will report the joint resolution.

The Clerk read the joint resolution, as follows:

House Joint Resolution 474

Whereas the Congress recognizes that an understanding of the heritage of all American ethnic groups contributes to the unity of our country; and

Whereas intergroup understanding can be further fostered through an appreciation of the culture, history, and traditions of the Jewish community and the contributions of Jews to our country and society; and

Whereas the month of April contains events of major significance in the Jewish calendar—Passover, the anniversary of the Warsaw Ghetto Uprising, Israeli Independence Day, Solidarity Sunday for Soviet Jewry, and Jerusalem Day: Now therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President is authorized and requested to issue a proclamation designating April 21 through April 28, 1980, as "Jewish Heritage Week" and calling upon the people of the United States, State and local government agencies, and interested organizations to observe that week with appropriate ceremonies, activities, and programs.

☐ 1550

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. ADDABBO. Mr. Speaker, reserving the right to object—and I shall not object—I strongly urge my distinguished colleagues to join me in support of House Joint Resolution 474, to authorize and request the President to issue a proclamation designating April 21 through April 28, 1980, as "Jewish Heritage Week."

The New York area has conducted this venture since 1977, meeting with great success in fostering intergroup understanding through an appreciation of the culture, history and traditions of the Jewish community and their contributions to our country and society. Sponsored by the Jewish Community Relations Council together with the New York City Board of Education and the Board of Jewish Education, the project has aroused interest not only throughout the metropolitan area, but in other parts of the country where similar programs are being initiated.

The designated week includes dates that are of major significance in the Jewish calendar. Passover, the anniversary of the Warsaw Ghetto Uprising, Israeli Independence Day, Solidarity Sunday for Soviet Jewry and Jerusalem Day all fall within or around its scope. Traditionally, the week long celebration is an educational time during which the universal significance of these events is explored. It is hoped that national recognition will give added impetus to local efforts and encourage the development and sharing of educational materials and programs and better understanding.

The history of the Jewish people in our country dates back to its infancy, when the first settlers were arriving on our Nation's shores. Throughout U.S. history they have made contributions in every facet of American life, from trade unionism to philanthropic and scholarly causes to artistic expression and athletic participation.

This is the thread that runs through a "Jewish Heritage Week" celebration. It is an understanding of how support for the rights and needs of all who have ever known fear, hunger and persecution forms the very basis of our country's origins, binding us as one nation. It is also an understanding of a mingling of the past and the present worldwide, where people were, and still are being denied the basic rights that those of us in the free world so often take for granted. But most important, it is a reminder of the strength and courage we will continue to need to mold the future so that all citizens of the United States and the world can live together in understanding and peace.

There are 225 cosponsors, Mr. Speaker, who have joined this effort to help promote these basic understandings and see that they are not forgotten. I am delighted at this strong show of support, and I sincerely hope that others will join us at this time.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, could the gentleman from New York (Mr. Garcia), who is officially in charge of weeks and days and months, tell us whether or not this resolution has received the required majority of the House sponsorship?

Mr. GARCIA. If the gentleman will yield, House Joint Resolution 474 has been cosponsored by over 218 Members of the House.

Mr. BAUMAN. I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. JOHNSON of Colorado. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

## REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF S. 2012, TO AUTHORIZE ASSISTANCE IN SUPPORT OF PEACEFUL AND DEMOCRATIC PROCESSES IN CENTRAL AMERICA

Mrs. CHISHOLM, from the Committee on Rules, submitted a privileged report (Rept. No. 96–883) on the resolution (H. Res. 637) providing for the consideration of the Senate bill (S. 2012) to amend the Foreign Assistance Act of 1961 to authorize assistance in support of peaceful and democratic processes of development in Central America and the Caribbean, which was referred to the House Calendar and ordered to be printed.

## CENTRAL IDAHO WILDERNESS ACT OF 1979

Mrs. CHISHOLM. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 631 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

### H. RES. 631

*Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2009) to designate certain public lands in central Idaho as the River of No Return Wilderness, to designate a segment of the Salmon River as a component of the National Wild and Scenic Rivers System, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interior and Insular Affairs now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. It shall be in order to consider an amendment as a substitute for the committee amendment in the nature of a substitute, printed in the Congressional Record of March 27, 1980, on p. 7013, by, and if offered by, Representative Symms of Idaho, and all points of order against said substitute for failure to comply with the provisions of clause 7, rule XVI, are hereby waived, and said substitute shall not be amendable but shall be debatable by the offering of pro forma amendments. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentlewoman from New York (Mrs. CHISHOLM) is recognized for 1 hour.

Mrs. CHISHOLM. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Maryland (Mr. BAUMAN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 631 provides for the consideration of the bill, S. 2009, the Central Idaho Wilderness Act.

Mr. Speaker, this is an open rule, with one very limited exception. The rule allows for the offering of any germane amendment to the legislation as it is considered under the 5-minute rule. However, the resolution specifically makes in order an amendment in the nature of a substitute to be offered by Representative SYMMS which is nonamendable and subject only to an up or down vote. The Symms amendment may be debated by the offering of pro forma amendments.

The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs. The rule provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interior and Insular Affairs now printed in the bill as an original bill for purposes of amendment under the 5-minute rule and for one motion to recommit with or without instructions.

As referred to earlier, Mr. Speaker, House Resolution 631 makes in order a substitute amendment to the committee amendment to be offered by Representative SYMMS of Idaho, which is not subject to amendment. In addition, the rule waives all possible points of order against the Symms substitute for failure to comply with the provisions of clause 7, rule XVI, which prohibits nongermane amendments. Possible germaneness problems in the Symms substitute include language declaring that areas in the State not designated as wilderness in the bill would be released from further consideration as wilderness and should be managed as nonwilderness.

Mr. Speaker, the wilderness value of the central Idaho area has been evident since the 1930's, when the Federal Government protected 1.4 million acres by establishing the Idaho Primitive Area in 1931 and Salmon River Breaks Primitive Area in 1936. S. 2009 renews the Nation's commitment to preserving this unique and thriving wilderness area, which lies mainly within the drainage of the Salmon River. Specifically, the legislation designates some 2.2 million acres in central Idaho as the River of No Return Wilderness and adds 105,600 acres of land to the existing Selway-Bitterroot Wilderness, lying north of the River of No Return. In addition, the bill adds three segments totaling 178 miles of the Salmon River as components of the National Wild and Scenic Rivers System.

Mr. Speaker, there was no apparent controversy during Rules Committee consideration of House Resolution 631; the resolution was reported out of the committee by unanimous voice vote. The concerns that have been expressed by Representative SYMMS as to whether the legislation goes too far in its designation of wilderness lands in Idaho have been addressed in the rule. The House will be given ample opportunity to debate and vote on those concerns. The provisions of S. 2009 represent the Nation's continuing commitment to preserve America's natural and undeveloped pristine wilderness for this generation and those to come. I urge my colleagues to adopt House Resolution 631 so that the House may proceed to the consideration of S. 2009.

Mr. BAUMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentlelady from New York has done an excellent job of describing the rule we have before us. I would like my colleagues to take note of the provision in the rule allowing Mr. SYMMS, of Idaho, to offer a substitute to the committee bill. I offered this amendment to the rule during consideration by the Rules Committee because I feel the Symms substitute merits the support of the House.

S. 2009 represents the classic confrontation between competing environmental and economic development interests. The Symms substitute strikes the best balance between the desire to maintain wilderness areas in a pristine state for future generations on the one hand and the economic necessity of developing our Nation's natural resources on the other hand.

The Symms substitute accomplishes this balance by first creating an additional 1.8 million acres of wilderness in Idaho. Further, it designates an additional 115 miles of the Salmon River as part of the Wild and Scenic Rivers System.

Section 6 of the Symms proposal contains the so-called release language. This language would provide for the statutory release of all RARE II (review and evaluation of roadless areas conducted by the Secretary of Agriculture) inventoried areas not designated as wilderness. Release will allow for continued multiple use management of the land for uses in addition to recreation. Both the House report and the Senate report contain language which envisions such a release. The Symms substitute would simply provide for the release of these lands by statute.

To further assure the reasonable economic development of the public lands in Idaho, the Symms substitute excludes the West Panther Creek area from wilderness designation. This will enable the further exploration and development of valuable cobalt deposits located in the area. The United States currently relies on foreign sources for nearly 100 percent of its cobalt needs. Because of the strategic and critical importance of cobalt to our national defense and steel industry as well as other segments of the U.S. economy, it is vital that this area not be designated wilderness.

Mr. Speaker, S. 2009 in its present form, when combined with existing wilderness areas and other wilderness area recommendations, could lock up into single use management nearly one-fifth of the land base and associated natural resources in the State of Idaho. It appears that the committee ignored the social and economic impacts of this fact on the people of Idaho. The Symms substitute will rectify this imbalance and I therefore urge its passage by the House.

Mrs. CHISHOLM. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. SEIBERLING. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill (S. 2009) to designate certain public lands in central Idaho as the River of No Return Wilderness, to designate a segment of the Salmon River as a component of the National Wild and Scenic Rivers System, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Ohio (Mr. SEIBERLING).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill, S. 2009, with Mr. HIGHTOWER in the chair.

The Clerk read the title of the Senate bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the Senate bill is dispensed with.

Under the rule, the gentleman from Ohio (Mr. SEIBERLING) will be recognized for 30 minutes, and the gentleman from Colorado (Mr. JOHNSON) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, I yield myself such time as I may consume.

☐ 1600

Mr. Chairman, ordinarily this is the kind of bill that I think would be taken up on suspension, because it is a bill whose key provisions are relatively noncontroversial; however, the gentleman from Idaho (Mr. SYMMS), wanted to be free to offer his substitute for the committee bill, and so it was agreed that we would accommodate him and not try to bring this bill up on suspension.

There were also some technical amendments and one committee amendment, which it was appropriate to handle in the House, and, therefore, it is probably just as well all around that we are doing it under an open rule, somewhat modified, to permit some nongermane provisions of the substitute to be offered by the gentleman from Idaho.

Now, it has really been a great pleasure to work on this bill. The bill basically is the same as the bill that was passed by the Senate, authored by the distinguished Senator from Idaho, Mr. FRANK CHURCH, a bill that creates what will be, if it is enacted into law, the largest single wilderness area in the "lower 48" States of the Union. It is important legislation.

It will provide permanent wilderness protection for the largest national forest roadless area in the "lower 48" States, an area greater in size than Yellowstone National Park and with wildlife and fishery values of great importance, and will insure that much of the free-flowing Salmon River remains in its undeveloped state for the benefit of future generations and for the particular benefit of those employed in Northwest fishing industry that is dependent upon the salmon population of the Columbia River and its tributaries.

S. 2009 is, with few exceptions, the same bill which passed the Senate by a vote of 69 to 18 on November 20 of last year. It is a long overdue response to citizens' demands and administrative recommendations for protection of the area.

However, rather than consume excessive time with a long list of the superlatives of this area, I will limit my presentation to a few highpoints.

Wilderness designation for this area is not a novel concept. Administrative recommendations for a River of No Return Wilderness have been pending in Congress since 1974, and conservationist wilderness proposals go back several decades, so it cannot be said that S. 2009 has in any way been rushed through without adequate public input or time for comment. In fact, the opposite is true.

The Forest Service has recognized the area's outstanding wild values since the 1930's, when it acted to protect roughly two-thirds of the current wilderness with a primitive area classification.

The net effect of that action is that the core of the proposed wilderness has been off limits to development for almost 50 years. S. 2009 would continue this protection through permanent wilderness designation under the Wilderness Act. The proposed wilderness contains the finest major year-round undisturbed elk habitat in the Nation and perhaps the largest elk herd. One hundred-ninety species of wildlife inhabit the area, including large populations of mountain goat, bear, moose, and Idaho's most prolific bighorn sheep herd.

The Senate and our committee's addition of several key areas surrounding the existing primitive area will insure that the key wildlife wintering habitat is preserved in its natural state.

The Salmon River drainage, much of which is protected in S. 2009, is the most important in the entire Columbia River Basin for chinook salmon and steelhead. The importance of the river cannot be overemphasized and is best summarized by testimony presented by the Idaho Game and Fish Commission during last December's Public Lands Subcommittee hearings on this bill.

I am going to quote from that testimony.

> The Salmon River drainage provides spawning and rearing areas for more spring and summer migrating chinook salmon than any other drainage in the Columbia River Basin. The Salmon River produced 98 percent of the annual chinook harvest (all sport fishing) in Idaho when the chinook were being fished. It produces more than one-half of the Columbia River steelhead.
>
> In the case of the Salmon River, the chinook salmon and steelhead trout must have access to the upstream spawning and rearing habitat. The survival of these fish is inextricably tied to the Salmon River remaining a free-flowing stream. This stretch of the river has three potential hydro dam sites, any of which, if a dam were constructed, would foreclose anadromous fish management. Please remember the fish must negotiate eight dams now, and another would create an insurmountable problem. Considering the enormous equity the American people have accumulated over time in perpetuating these fish runs (multimillions of dollars for passage facilities, hatcheries, and countless man-hours of fisheries research expertise from numerous fisheries agencies), this would be a national tragedy.

In addition, both the main Salmon River and the wild Middle Fork are among the most popular whitewater rivers in the Nation. Members may recall that the Middle Fork was floated by President Carter in the summer of 1979.

Because much of the area is sparsely timbered or has been off limits to logging since the 1930's, enactment of S. 2009 is expected to have no adverse impact on national forest timber supplies. Indeed, data supplied by the Forest Service indicates that this bill will slightly increase timber availability from the national forest in central Idaho. This is due to the fact that certain land previously deferred from timber harvest will be available for inclusion in national forest harvest bases upon enactment of S. 2009.

Let me say at this point that Senator CHURCH in the many hours of hearings and conferences that he held in his State was very careful to craft a bill that would preserve the availability of timber for the business of the local sawmills and the employment of the people who are dependent upon them in the areas surrounding this proposed wilderness area. So that it is safe to say that as written by the other body's committee and the Senate and by the House Interior Committee, there will be no job lost, but rather jobs continued as far as this bill is concerned, and there will be industries protected; and the same is true of the mining industry which I will touch upon in a minute.

Among other things, the permanent wilderness protection of S. 2009 will be a great boon to Idaho's guides and outfitters who strongly endorse the bill. In 1978, this fast growing sector of the Idaho economy directly brought in over $23 million, not including the multiplier effect.

Many areas of known or suspected mineral potential have been excluded from the bill. The mineral cobalt has received the most attention, with the committee having excluded a 50,000-acre area with suspected cobalt potential.

While I personally believe this area should have been left in wilderness subject to the liberalized rules in the Senate bill to permit cobalt exploration and mining, I nevertheless feel that the committee's other wilderness boundaries have been carefully drawn to exclude areas of known mineralization to the maximum extent practicable, and note that the American Mining Congress has endorsed the bill as reported by the committee.

The proposed wilderness occupies the east central part of the so-called Idaho batholith. This is an area of largely unproductive, fragile, and highly erosive soil. As a result, development such as roadbuilding, timber harvest and mining, or similar developments could have extreme adverse impacts on fisheries resources.

In short, much of the area is geologically unsuited to major development.

In summary, Mr. Chairman, I believe it is clear that the provisions of this bill deal with lands whose primary value is in their continued preservation in their natural state.

Development is entirely inappropriate in the proposed wilderness, and if it occurred, would likely involve substantial adverse impact on the environment or subsidies by the taxpayers of this Nation.

I therefore, urge Members to support this bill as the best way of insuring that this magnificent area of central Idaho is preserved for the benefit of present and future generations.

It is worth noting that not only has the administration no objection to this bill, but it is supported not only by the Sierra Club and the Wilderness Society, which you might suppose, but also by the American Mining Congress, as I have already mentioned, and the League of Women Voters.

I would call attention also to recent editorials in the Washington Post for March 30, which I put in the CONGRESSIONAL RECORD the following day, and in the New York Times for April 8 of this year, strongly endorsing this bill.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman for Oregon.

Mr. WEAVER. Mr. Chairman, I just wanted to compliment the chairman of the Public Lands Subcommittee, the gentleman from Ohio, for once again his masterful, thorough and careful consideration of a bill coming befor his committee. I am always in admiration of the work that the gentleman does. This bill is excellently drawn, carefully planned, and definitely warrants the approval of the House.

Mr. SEIBERLING. Mr. Chairman, I thank the gentleman and I also thank the gentleman for the continued support that the gentleman has given to enlightened legislation to protect our natural resources and at the same time preserve that part of them that includes wilderness. Wilderness is a resource and an increasingly important one.

One of the questions in protecting rivers like the Salmon River, for example, is whether we are going to have any restrictions on the mining of gold in the river; but the true gold in the river is not the little grains that might be found here and there on the bottom, but the salmon which will be a continuous resource long after all the possible mineral gold has been extracted, and the wildlife and the spiritual inspiraition, all of which are a part of the tremendous resources that would be protected by this bill.

Mr. WEAVER. Mr. Chairman, would the gentleman yield just briefly again?

Mr. SEIBERLING. Yes.

Mr. WEAVER. We used to count the runs of salmon in the Columbia River, of which the Snake and the Salmon are tributaries, in the millions. Today the runs are in the thousands. It is a great loss to the Northwest and one that we must build up again. This bill is an important part of reestablishing this once great fishery.

Mr. SEIBERLING. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I reserve the balance of my time.

Mr. JOHNSON of Colorado. Mr. Chairman, I yield such time as he may consume to the distinguished ranking minority member of the Interior Committee, the gentleman from California (Mr. CLAUSEN).

Mr. CLAUSEN. Mr. Chairman, during consideration today of S. 2009, the Idaho wilderness bill, my colleagues will be given an opportunity to vote on a substitute to be offered by the gentleman from Idaho (Mr. SYMMS). I urge my colleagues to vote in favor of it.

Unlike California which has 43 congressional districts, Idaho has only 2. The gentlemen who represent these districts, Mr. SYMMS and Mr. HANSEN, have worked closely together to come up with a balanced bill which best represents the desires and needs of their constituents and the entire State. These gentlemen are far more knowledgeable about their State and are the best equipped to judge the relative merits of the two proposals. I shall be looking to them for their leadership on this legislation.

The two proposals do not differ greatly in terms of actual acreage figures. The bill, as reported, would designate 2.3 million acres as wilderness while the substitute would designate 1.8 million acres.

There is, however, a significant difference in the impact of the two proposals. The substitute was carefully written to protect the most sensitive roadless areas; in fact, it designates the largest contiguous wilderness area in the lower 48 States, but it does not unduly disrupt local communities, local economies, or threaten local jobs.

The balance developed in the substitute is achieved more by way of basic policy decisions. The first of these issues is the exclusion of the 50,000-acre West Panther Creek addition from the proposed River of No Return Wilderness because of the high potential for significant amounts of cobalt, a mineral essential to our national security and economic well-being.

If additional exploration in the area verifies the presence of the estimated 500 million pounds of cobalt believed to be in the area, the United States will be able to add to its reserves making us far less vulnerable to the dangers of uncertain supplies from southern Africa, the source of 75 percent of U.S. imports.

While opponents of the amendment in committee argued that the Wilderness Act of 1964, section 4(d)(3) permits mining within wilderness areas, I believe there is convincing evidence that actual policy has been to deny access despite the proven existence of important mineral deposits. To date, no major mining activities have taken place within wilderness areas. The best solution, which best protects our national interests, is to leave the cobalt belt out of the wilderness. Federal and State mining laws will assure proper protection of the other resources such as water quality and the bighorn sheep herd despite the lack of wilderness classification.

The second issue of importance to our deliberations today is the question of so-called release language. A great deal of discussion and debate has taken place on this issue.

S. 2009 as reported, attempts to address the issue by report language directing the Forest Service to provide for multiple-use management of other contiguous and noncontiguous roadless and undeveloped areas not specifically designated as wilderness. This is achieved by listing the areas in the committee report accompanied by the following statement:

> The roadless areas listed above have been examined by the committee and are not being designated wilderness by this legislation. The areas will thus remain subject to sustained-yield, multiple-use management under the statutes and regulations generally applicable to all nonwilderness National Forest System lands.

The report goes on to address the California lawsuit, State of California against Bergland, and states that:

> Although the district court's decision holding the final RARE II EIS to be legally insufficient to justify the nonwilderness allocations on 47 specific tracts is limited to the National Forests in California, some have alleged that it places in jeopardy development on "nonwilderness" recommended tracts nationwide. The committee does not share this view.

We in California cannot live with the uncertainty this language leaves us with. Time and time again, the administration has refused to follow our clear legislative history despite a statement of our "views" in report language. A good example is the grazing language contained in the Colorado wilderness bill passed by this body. We clearly directed the Forest Service to begin a review of current grazing policies in wilderness but the administration has refused to do so.

It is my belief that we must affirm legislatively, in statutory language, the nonwilderness portion of the RARE II process.

The lack of clear decisionmaking in the administration is further demonstrated by the complete reversal of policy which has just occurred on statutory release language. Statements by administration witnesses have been contradicted by the Domestic Policy Staff in the White House. This sudden about-face leaves us in California convinced that a legislative solution is needed both in California and nationwide.

On the Klamath National Forest, a total of 29.4 million board feet of annual programed harvest will be unavailable until the issue is settled. Another 21 million board feet of annual programed harvest are tied up by the lawsuit on the Six Rivers National Forest. This forest is a prime source of timber for many of the mills in my congressional district and is perhaps the most critical situation in the State because of the severe impact the area is already suffering from due to expansion of the Redwood National Park.

The Shasta-Trinity National Forest, has 9.9 million board feet of annual programed harvest affected and the Sequoia National Forest has 6.1 million board feet of programed harvest impacted.

Three of these forests, the Six Rivers, Klamath, and Shasta-Trinity, have been selected for accelerated development of new forest land and resource plans to relieve the pressure on stumpage prices and local economies. Unless we adopt statutory release language the planning process will be disrupted and further job losses will occur in these areas.

The substitute contains such release language for Idaho and I urge my colleagues to support it setting the precedent for our California situation.

Thank you, Mr. Chairman.

Mr. JOHNSON of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from Idaho (Mr. SYMMS).

Mr. SYMMS. Mr. Chairman, the bill before us today, S. 2009, enacts 2.3 million acres of wilderness in central Idaho and will culminate many years of study, years which have been filled with controversy that will continue long after the last echoes of this bill have died.

Let me begin this discussion by noting that although the bill in its present form is opposed by three of the four members of the Idaho congressional delegation, there are areas in which we are unanimously in agreement. I would like to take a moment to point out those areas of agreement before addressing the issues of contention.

The Idaho and Salmon River Breaks Primitive Areas, established in the 1930's, are abolished by this bill and the areas are designated as wilderness. This designation is supported by the vast majority of Idahoans and the entire congressional delegation. The Senate also agreed to delete approximately 98,000 acres of East Meadow Creek from wilderness consideration, a decision which has the support of Idaho's Congressmen and the House Interior Committee.

The Idaho delegation has differing opinions, however, about the future of the RARE II areas which form the periphery of the existing Idaho and Salmon River Breaks Primitive Areas, and about the subject of release language for those areas which were studied and rejected for possible wilderness inclusion.

In fact, three-fourths of the Idaho delegation share the following concerns about the bill as it now appears before the House:

First of all, we are compelled to offer and support an all-Idaho wilderness bill, which addresses the entire issue of RARE II and the Central Idaho Wilderness Area in one package. In our opinion, this approach is far superior to piecemeal legislation, and is certainly more in keeping with the RARE II process itself which was an attempt to resolve the issues of land management of the public lands.

Second, the other body, with the objection of Senator McCLURE, of Idaho, and the House Interior Committee have attempted to calm the overwhelming support for statutory release language through report release language. There are grave risks in relying on the legislative history of new legislation to alter the way in which existing related laws, such as the management plan criteria of the Forest and Rangeland Renewable Resources Planning Act, affect the administration of these lands. To tell the people of Idaho, or this country, that we are meeting their needs through interpretive statements in committee reports is a sham, an offer of words where only action will suffice. We are asking users and managers of the lands to indulge in a kind of judicial Russian roulette and trust the strength of report language from a Congress that is not willing to put their feelings in statute and a Federal Government that is not responsive to their needs or the wishes of Congress.

The substitute I will offer later today will couple this massive wilderness area with some decisions that are not prowilderness, to introduce balance and give the people of Idaho confidence in Congress ability to compromise and to hear all voices. Regardless of what form we pass today, S. 2009 as it has passed the Interior Committee, or S. 2009 as amended by the substitute I am offering today, we will be enacting the largest wilderness area in the lower 48 States.

Rarely is there a piece of legislation that comes before this body that is so enmeshed with misstatements and myth. Let me take a few moments to address some of those myths.

Myth No. 1. S. 2009 has broad support. The opposite is true. The "Dear Colleague" that I have circulated clearly indicates that the opponents are diverse and unlikely bedfellows in their firm opposition to this bill. These groups—the International Brotherhood of Carpenters and Joiners, the Idaho AFL–CIO, the Idaho Legislature, the Farm Bureau, the Idaho Grange, the Chamber of Commerce, the National Association of Manufacturers, the Cattlemen's Association—are not antiwilderness groups any more than the Symms substitute is an antiwilderness bill. The message those groups are trying to portray to Congress is balance—we in Congress can only afford to make balanced decisions, because there is a price we pay, and a price Americans pay, for our decisions. S. 2009 has very narrow support, but the support is very powerful, and today we have a chance, not to reject that environmental lobby which would lock up wilderness at any cost, but to temper that land withdrawal with balanced reason.

Myth No. 2. Statutory release language is not necessary. The timber industry in Idaho and Montana, as well as land users throughout the country, have been plagued by the failure of the Federal Government to make a final and lasting decision on the fate of lands which are studied and rejected for wilderness designation. The only way to make that decision is through the enactment of statutory release language to bring balance between the rights of the wilderness advocates to bring lawsuits to forest wilderness decisions and the ability of resource users to bring lawsuits to force nonwilderness decisions. It is important to have a predictable usage, and it is the responsibility of Congress to positively designate this base. If we can designate a wilderness of the magnitude of this Central Idaho Wilderness, surely we can release the lands which have not been designated wilderness to multiple use management.

Myth No. 3. S. 2009 is a compromise measure. S. 2009 is essentially the proposal of the environmental sector. It can in no way be termed a compromise. It was, however, a give-and-take proposition—the people of Idaho who are dependent on these resources for their livelihood gave and the environmental sector took. The substitute I will offer later today is not the position of the resource users and it is not the position of the environmentalists—it strikes a balance between the two measures, and that is the true meaning of compromise.

I would also like to address the issue of the RARE II area known as West Panther Creek or Clear Creek, which is the only known commercially mineable deposit of cobalt in the United States. During Senate consideration of this legislation, Senator McCLURE proposed an amendment to allow for the mining of this mineral which is vital to America's defense, energy, medical, and production needs. The amendment was rejected, but the area was deleted from wilderness consideration by the overwhelming actions of the House Interior Committee. This language is vital to the domestic production of cobalt, which according to the Bureau of Mines, is the strategic mineral most likely to face a supply disruption in the next few years.

The situation is so critical that our actual defense stockpile of cobalt is 53 percent below our national stockpile goal. The situation with OPEC oil should be sufficient evidence of our need to divest ourselves of overdependency on essential minerals. I am hopeful, for this country's sake, that in the absence of my substitute measure, the language we have secured in the House Interior Committee will be the language the House of

Representatives supports and will insist upon as a vital component of this legislation.

In conclusion, let me reiterate that my concerns with this legislation stem from the bill's lack of balance and its failure to deal positively with nonwilderness issues to complement the very prowilderness theme of the legislation. I am joined by the people of Idaho, the Idaho Legislature, and most of the Idaho congressional delegation in my search for balanced legislation. I urge the Members of this body to vote today with the people of Idaho in an issue which has such a profound economic effect on the economies of our State.

☐ 1620

Mr. SEIBERLING. Mr. Chairman, I yield 8 minutes to the gentleman from Nevada (Mr. SANTINI).

Mr. SANTINI. Mr. Chairman, I appear before you this afternoon to speak on behalf of and in support of the position of the Committee on Interior and Insular Affairs regarding the exclusion from wilderness of an area comprising some 50,000 acres—less than 2 percent of the total wilderness—which contains highly favorable geologic potential for the discovery and mining of significant cobalt deposits. The issue which I bring to you regarding this matter is not a simple question of important questions involving America's dependence on foreign sources, America's national defense, the Nation's economy, the oil and gas industry, jobs throughout the private sector and, frankly, whether or not today this Congress makes the decision for a reasonable approach to development of America's vast mineral resource or whether, instead, we continue down that long road of dependence upon and vulnerability to foreign suppliers of minerals just as we have regarding foreign suppliers of oil.

I wish to touch upon the following points:

First. The dependence of America on foreign sources for minerals and in particular cobalt;

Second. The dependence of America's national defense, the dependence of our defense system upon minerals in general and cobalt in particular;

Third. The importance of cobalt to America's industry and in particular America's steel industry;

Fourth. The use of cobalt in America's oil and gas industry and in particular that part of the industry which develops the deep hydrocarbon resources to which we must increasingly look;

Fifth. The fact that any minerals included in a wilderness will never be explored, developed or mined.

### 1. DEPENDENCE ON FOREIGN SOURCES

America's imports in excess of 50 percent of its mineral needs for 24 of the 32 minerals on which we rely.

We import nearly 100 percent of our cobalt needs—the rest provided by recycling.

The United States depends most on southern Africa sources:

[In percent]

| | |
|---|---|
| Zaire | 55 |
| Zambia | 18 |
| Botswana | 2 |
| South Africa | 1 |
| Total | 76 |

Just returned from Africa with onsite inspection of Zaire's cobalt mine.

Conducted a full year of hearings on President Carter's nonfuel mineral policy review including:

October 18, 1979, hearing on the critical nature of southern Africa supply—one expert witness calling southern Africa "the Persian Gulf of hardrock minerals" declared that were minerals from there to be shut off—America would be on the verge of collapse in 6 months.

December 13, 1979, hearing in executive session concerning the national defense aspects of mineral dependency.

### 2. THE PROBLEM IS OUR DEPENDENCE ON UNRELIABLE SOURCES OF SUPPLY

The Russians are self-sufficient in cobalt—we import 100 percent of our needs.

However, just because Russia does not need cobalt does not mean they are not buying it. They've done it before;

Washington Post, May 24, 1978:

> Soviets Reportedly Bought Up Cobalt Before Zaire Invasion.

According to that article:

> The Soviets have been exceedingly canny buyers. . . .

The Soviets are experts in international marketing of hard rock minerals. They are willing to, capable of and likely to engage in the obtaining of scarce cobalt supplies whenever possible through contracts and arrangements with Third World countries. Their past record of demanding minerals or other commodities in trade, as a barter, is well known. As well, Soviet willingness to foment unrest in Africa poses very real dangers.

Newsweek, February 18, 1980:

> Zairian authorities sent urgent messages last week to French and Belgian intelligence agencies and the CIA to expect "Shaba III"—shorthand for another rebel attack against Zaire.

If we lose Zaire, then we as a Nation will lose.

Business Week, March 10, 1980:

> Zambia which supplies 18 percent of U.S. needs has just completed an $85 million arms deal with Russia which involves cobalt as security or even barter.

Analysis in Department of the Interior July 1979 report, "Developing a Critical Minerals Index," showed a "Disruption Index" (a measure of potential U.S. supply disruptions) for cobalt of 60 percent in 1980–81 and 50 percent in 1982.

### 3. AMERICA'S DEPENDENCE ON COBALT FOR NATIONAL DEFENSE

Over the last 30 years demand has increased fourfold. In the next 20 years, demand will double from 20 million pounds in 1979 to 43 million pounds in 2000. In fact, demand has historically increased drastically during periods of defense mobilization, doubling during World War II, doubling during the Korean war, and, according to the Bureau of Mines, increasing 39 percent during 1963–69 escalation period of the Vietnam conflict. Given present international conditions and the call for rearming America and its allies, cobalt demand will likely increase significantly in the years ahead.

Several years ago, the United States was nearly 100 percent reliant on foreign sources. By 1979, this reliance dropped to about 90 percent because four sevenfold price increases spurred recovery from scrap. If cobalt price drops, however, recovery from scrap will drop.

As America's defense weaponry becomes more sophisticated demand for cobalt will increase.

Direct military uses of cobalt:

Military aircraft jet engines and parts (F–100, JT–9, JT–10, RB–211, TF–404, TF–700, CF–650, CF–606, CFM–56);

Military aircraft structural components (F–18, F–16, F–14, F–4, A–10);

Helicopter engines, fastners, flange bolts, and structural components;

Missile cases, control parts, and hardware (Trident, Poseidon, Harpon and Dragon);

Military tank precision rolling components and cannon recoil springs (M–60);

Armament solenoid controls;

Projectiles and projectile parts (armor piercing);

Rocket engine cases and warheads;

Conventional and nuclear propulsion systems;

Aircraft electronic and electrical components, gyros, et cetera;

Navigation systems; and

Space shuttle components and gyros.

### 4. AMERICA'S NEED OF COBALT FOR THE STEEL INDUSTRY

Integral role of cobalt in production of steel.

Used in a number of specialty steels from the superalloys to a wide variety of alloys such as high-speed tool steels, abrasion resistent plate, and tool and die steels.

Cobalt adds important properties necessary in drawing, forming, extrusion, and forging dies. It is used in component parts of rolling mills, punch and forging mills, presses of various kinds, and in high-stress sheering and cutting machines.

Cobalt is vital in much of what America's steel industry does or produces.

### 5. AMERICA'S NEED OF COBALT IN THE ENERGY FIELD

Cobalt is used in cutting tools, high-speed machining bits and cutters, deep-hole oil drilling bits, coal cutting bits, hard rock drill bits, and forming, forging, cutting machines.

Cobalt is used in energy production, refinery catalysts, piping, valves, and synfuel gasification plants.

### 6. NO SIGNIFICANT EXPLORATION, DEVELOPMENT OR MINING HAS TAKEN PLACE IN A WILDERNESS AREA SINCE PASSAGE OF THE WILDERNESS ACT OF 1964

Access is essential but it has been denied in case after case.

Access must be "economically feasible" or else the cost of conforming to the access regulations will price the ore out of the market.

Exploration requires a positive commitment of interest, money, and effort on part of exploration company and land manager.

Under regulations, Forest Service may refuse special use permit for use of motorized equipment in wilderness area. If permit is granted, special interest groups can request repeated hearings and through the appeal process can delay permits, calling for reconsideration. In one case, permit was appealed up to Department of Agriculture resulting in a decision of no-road access despite existence of proven ore reserves. If all else fails, individuals or groups may file class-action suit that could temporarily or permanently enjoin roadbuilding or mining. This uncertainty increases the already high risk of exploration and mining, and is the principal reason why mining companies have stayed clear of wilderness areas.

Two examples:

Absaroka Wilderness, Wyo.: Several years ago a mineral exploration project in the Absaroka Wilderness was required under stipulations contained in the prospecting permit to limit helicopter flight operations to support and service drilling rigs to between daylight and 9 a.m. Flights were limited to altitudes greater than 1,000 feet except when landing on claims. Off-claim landings were not permitted at all. The purpose of these restrictions was to avoid scaring horses and disturbing the wilderness solitude. Except for emergencies, 5-days' notice was required for deviations in permit flight patterns. No personnel could be transported in the aircraft.

Boundary Waters Canoe Area, Minn.: An individual owning mineral rights to some 30,000 acres in the Boundary Waters Canoe Area Wilderness announced his intent to begin core drilling in the area and asked the Forest Service under what conditions he could enter the area for exploration purposes. He was told that the Forest Service did not think it would be in the best interest of the American public to mine inside the wilderness. To date there has been no exploration on these 30,000 acres where the mineral rights are privately held.

### 7. BLACKBIRD AREA POTENTIAL

Virtually all cobalt production is by-product recovery of copper and nickel mining. Availability of cobalt to United States is, therefore, tied to copper and nickel prices worldwide. The Blackbird deposit is one of two deposits where cobalt is primary mineral.

Blackbird mine, outside wilderness, produced about 12 million pounds of cobalt, 1953–59, under stockpile purchase program and recent drilling to date along cobalt trend has proved 4 million tons of ore with 24,000 tons recoverable cobalt.

Mining outside wilderness if permits are obtained, would provide about 4 million pounds per year or only enough for present level of superalloy use; not enough for major effort to replace commercial aircraft much less a major military aircraft buildup.

Everything indicates that cobalt trend inside proposed wilderness has excellent cobalt potential. Noranda estimates from existing evidence that conceivably as much as 500 million pounds may be present inside wilderness, but this can only be proved, or disproved, by drilling.

Idaho Bureau of Mines and Geology, which did mineral study for Forest Service under contract in 1976–77, recommended that the entire cobalt "trend" be kept outside wilderness.

Forest Service, in their rating system for mineral potential of RARE II lands, gave the larger, original W4–504 area a 100 rating, the highest rating possible. When the boundary was moved to Gant Ridge, the present boundary, the rating of 81, the highest possible rating without past mining or reserves proven by drilling, was assigned to northern part now proposed for wilderness.

### 8. WHAT ARE THE EXPERTS SAYING ABOUT COBALT AND AMERICA'S FUTURE?

Time magazine, January 21, 1980:

In an article entitled: Strategic Metals, Critical Choices—worries over dependence on dubious suppliers:

> The cobalt situation is one of the most serious problems facing consumers of critical materials today.

And what was the solution offered by Time: More experiments, more domestic mining and some compromises on the environmental front would help avoid repetition of the oil saga of the 1960's and 1970's. In an era of growing economic confrontation, increasing reliance on imported minerals creates a potentially dangerous breach in the Nation's defenses.

Business Week, February 4, 1980, an article reprinted in the Washington Post Outlook section of February 3, 1980.

Why the U.S. Can't Rearm Fast—The Defense Production Gap.

In a discussion of "severe constraints" on America's aerospace systems:

> Metals. Titanium, cobalt and chromium are all in critically tight supply; some specialty steels are also becoming very hard to get.

What about the stockpile as a source? According to one expert interviewed by Business Week:

> If you look at what's in the stockpile, we're really in trouble.

### 9. CONGRESS MUST MAKE THE DECISION HERE AND NOW TO PROTECT THE COBALT CATCH-22

We have to make the decision because the executive branch has failed to provide the protection of national interest which we always assumed they would.

At hearings by the Mines and Mining Subcommittee the Department of Defense was asked if they had reviewed the Idaho wilderness proposal and decided if it was a good idea given America's need for cobalt for national defense.

DOD witness responded that DOD had not, that Department of the Interior was responsible for that aspect.

We then asked Department of the Interior if they had reviewed America's defense needs in considering the Idaho wilderness proposal. They responded that that was DOD responsibility.

We are caught in a dangerous Catch-22. No one is watching the shop and we are going down the tubes.

### MILITARY CONCERN

At a recent hearing before the Appropriations Committee, Subcommittee on Military Construction, I asked William J. Perry, Under Secretary of Defense for Research and Engineering if America's mineral dependence was as severe as I felt it was. In his words, "It is almost as bad as you say it is."

Mr. Chairman, it is vital that the position of the Interior Committee be maintained regarding the exclusion from wilderness of the cobalt trend.

□ 1630

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. SANTINI. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman very much for yielding. I would like to commend the gentleman for the work he has done as chairman of the Subcommittee on Mines and Mining of the Committee on Interior and Insular Affairs to inform this Congress and the country of the dire straits we are in with respect to nonfuel minerals. But I did not want to have a mistaken impression left here. I wanted the gentleman to be sure that the Members of the body understand that the Symms substitute will not in any way jeopardize the cobalt position, and I did not want that impression to be left. The gentleman was talking about possible amendments to put the Panther Creek area back into wilderness and I did not want that reference construed to my substitute.

Mr. SANTINI. Most assuredly, I commend the gentleman for his ongoing concern about national defense and strategic minerals and would stress that his amendment does not jeopardize that particular concern.

I commend the full committee chairman and the subcommittee chairman for their recognition of the concern for cobalt and the retention of that language in this particular bill, and I would certainly urge all of the Members of the House to share with me the recognition of this problem and support of this particular language.

I thank the chairman for yielding the time and yield back the remainder of the time.

Mr. JOHNSON of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from Idaho (Mr. HANSEN).

Mr. HANSEN. Mr. Chairman, the question is will we vote to deprive the workingman, the aged, the disabled, the average American from enjoying and using millions of acres of Federal lands in order to expand an already adequate hiking and picture-taking preserve for the exclusive use of a relatively small number of rich and affluent people of the Nation?

Idaho is a long way from Washington, D.C., and many people do not understand what is involved. Members of this House should know:

One, that Idaho is one of the largest States of the Union, but Uncle Sam owns

35 million acres. That is 64 percent of the land.

Two, that the Federal land in Idaho is a larger area than the total area of half of the States of the Union.

Three, that the Federal land area in Idaho alone equals all of the Federal land in 30 other States of the Union combined.

Four, that three States alone, Idaho, Utah, and Nevada, have as much Federal lands as all of the other 45 contiguous States of the Union combined.

Five, that the Federal land area in the three States of Idaho, Utah, and Nevada equals the size of the entire United States in 1789 when the U.S. Constitution was adopted.

It should be further noted that:

One, the State of Idaho already has 1,500,000 acres—that is 2,344 square miles—of wilderness areas set aside for the hiking and picture-taking privileges of the rich and dedicated outdoor sportsmen.

Two, the new legislation before us would take another 2,300,000 acres—that is 3,594 square miles—away from the people for the limited use of the privileged few—a total of 3,800,000 acres, or 5,938 square miles, just for a single-use wilderness area alone.

Mr. Chairman, it is essential to the well-being and even the survival of this Nation that the questions of land use be given a balanced approach. The Federal Government should consider protecting energy, mineral, and timber resource development equally with wilderness as all are in the best interests of the Nation. Nature has blessed us with many natural resources but in limited amounts in specific areas.

As a nation, we are facing the reality of finite resources of which land is but one. Increasingly, the competing single-use groups are pressuring for a particular point of view. The sum of it all for every faction seems to me, where does it all end? Will we protect our valuable scenery and wildlife? Will we be able to use the valuable and mineral timber resources essential to the economy?

In 1964 there were nationally 9 million acres of wilderness, and today there are 19.3 million acres. It is essential that we maintain balance in the equation of land use so as not to in the final analysis find ourselves in a situation so askew that a dangerous action is triggered, undoing all that has been accomplished. There is a breaking point.

As stated, the Federal Government controls 64 percent of the State of Idaho. Three million acres of national forest land are presently unavailable for a full range of uses because of wilderness or primitive area designation.

Seven million acres of national forest land in Idaho have been inventoried as roadless and, therefore, could become wilderness. The Bureau of Land Management is currently engaged in a wilderness inventory program that could create several more million acres of wilderness in the State. As you can see, Idaho has a particularly difficult time dealing with this question.

The Idaho State legislature recently passed a memorial statement on this question which states, and I quote:

> We urge the adoption of more responsible Federal legislation which would provide a more balanced approach to wilderness.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield at that point?

Mr. HANSEN. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. I thank the gentleman for yielding. Does the gentleman have any idea how many millions of acres the BLM is studying for inclusion in the Wilderness System?

Mr. HANSEN. I do not know how many in total, but I know it is a huge amount.

Mr. JOHNSON of Colorado. That is a multimillion-acre segment; is it not?

Mr. HANSEN. That is correct.

Mr. JOHNSON of Colorado. So when we talk about this being the final end of the solution to the Idaho wilderness problem, that is not a correct statement, is it? We will be back here with a BLM program which will be in the multimillion acres?

Mr. HANSEN. That is correct, and that is what the danger is with land so largely owned by the Federal Government, as is the situation in the gentleman's State of Colorado.

This memorial was given bipartisan support and plassed the Idaho State House 56 to 11 and the Idaho State Senate 23 to 12.

Mr. Chairman, another issue is the increased concern in this Nation regarding the high degree of dependence we now have on foreign sources for our strategic mineral resources. Cobalt, one of the most important minerals for our domestic industry is all imported. Access to the most important domestic source of this mineral is dependent upon the outcome of this legislation. The gentleman from Arizona (Mr. UDALL), chairman of the House Committee on Interior and Insular Affairs, has recently expressed concern to the President regarding the need to assure continued U.S. access to strategic minerals. He stated that—

> We should take the strongest possible action now to see that these supplies do not become the sudden captive of dramatic price increases, embargoes, or both.

In order to accomplish this end, Mr. UDALL, among other things, has asked the President to "direct the Secretary of Interior to review lands with high mineral potential and to open these lands appropriate for mining as soon as possible." It is imperative that the Congress make a clear statement on this issue, and this will provide us one such opportunity. This is consistent with the Symms substitute.

Mr. Chairman, it is estimated that 85 percent of the mineral potential of this Nation is in the 11 Western States and Alaska, so obviously in the years ahead many of the new minerals must come from the West. Even so, a very small part of the United States has been or will continue to be disturbed by mining. Throughout the entire country less than two-tenths of 1 percent of the land has been used to provide the great mineral wealth upon which the Nation's economy has been based. Multiple use has traditionally been the guiding principle behind the U.S. Government's administration of its public lands and a reliable method of preservation and conservation. The need for wilderness is only one of the elements to be accommodated in a balanced land use policy. It should not become the primary objective except when it is clear that potential resources and alternative uses are relatively insignificant to the importance of preserving it untouched.

In conclusion, Mr. Chairman, I would like to use one graphic example from my district showing the consequence one decision now can have for future generations.

☐ 1640

We now have thousands of acres in the Targhee National Forest near the wilderness area being destroyed by the mountain pine beetle. Infestations of the beetle seldom develop in stands less than 60 years of age. If the existing and expected dead wood volumes are not utilized, the lodgepole forests on the Targhee Forest will continue to become a high fire hazard, unmanageable, no-use areas for the next half century. Dead and dying lodgepole pine trees gradually closing large areas of commercial timberland from usefulness as wildlife, livestock, and we may find the forest an impenetrable tangle of tree trunks and limbs. This condition has made management of recreation, range, and wildlife activities increasingly difficult.

To quote the recent forester for that area, "mature lodgepole pine forest areas are rapidly decaying, losing valuable growing time and productivity, and becoming inaccessible for continued use by livestock, big game, and outdoor recreation." These forests can very feasibly be reconverted to a healthy and reasonably free of fire risk condition again through an orderly management sequence. This opportunity for intensive forestry puts man in his proper role, working in harmony with nature rather than reacting defensively to a process after it is too far advanced to control or coordinate.

For reasons stated above and many more, the West is erupting in a revolt to end this massive Federal invasion. The "Sagebrush Rebellion" gathers steam with each new provocation caused by Federal lock-out of multiple use by the general public, and an overkill by "preservationists" could trigger fatal reaction for their dreams.

The Idaho House delegation, Congressman STEVE SYMMS and I, strongly urge you to accept the reasonable compromise of the Symms substitute to S. 2009, the Central Idaho Wilderness Act of 1979.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. HANSEN. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman very much for his very excellent balanced statement.

Mr. Chairman, I would like to read just part of a resolution, House Joint

Memorial No. 23 from the 2d regular session of the 45th Idaho Legislature, which is this year:

> Now, therefore, be it resolved by the members of the Second Regular Session of the Forty-fifth Idaho Legislature, the House of Representatives and the Senate concurring therein, that we urge the adoption of more responsible federal legislation which would provide a more balanced approach to wilderness. Specifically, we endorse and support federal legislation . . .

The above refers directly to what the gentleman is talking about. It addresses that point.

I appreciate the gentleman's statement. I know that the gentleman represents very ably those constituencies of the working men and women of our State who are so concerned and who do want to protect the Salmon River, the Salmon River Breaks, and the watershed of the Salmon River and we will be projecting that with our substitute. I appreciate the gentleman's support.

Mr. HANSEN. Mr. Chairman, I thank the gentleman very much for his statement and compliments. Certainly the gentleman deserves a great amount of credit for the work he has done on this amendment and hopefully the House will see fit to pass it.

As I was saying, the Idaho House Delegation, the gentleman from Idaho (Mr. Symms) and I strongly urge the Members of the House to accept the reasonable compromise of the Symms substitute to S. 2009, the Central Idaho Wilderness Act of 1979.

The Symms provision eliminates major controversial areas proposed for inclusion, expands the wilderness area by 1,800,000 acres (for a total of 3,300,000 acres), and designates 115 miles of wild and scenic rivers creating the largest wilderness area in the contiguous 48 States.

Again, I strongly urge support for the Symms substitute.

Mr. SEIBERLING. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I have a copy of the House Joint Memorial Resolution No. 23 enacted by the Idaho Legislature. I find nowhere in this legislation does it endorse any particular bill. However, the description of the principles it endorses could practically be a description of the committee substitute. Let me read it.

> Specially, we endorse and support Federal legislation which excludes the West Panther Creek area from wilderness area, includes the West Panther Creek area in multiple-use status. Further, we endorse federal legislation which includes multiple use of U.S. Forest Service land which will guarantee timber supplies to the timber-dependent Idaho communities of Elk City, Salmon, Riggins, Emmett, Horseshoe Bend, Cascade, Council and to our neighbors in Darby and Connor, Montana. Finally, grazing rights and mineral claims for exploration should be reaffirmed by the passage of responsible Federal legislation.

That is a description of the committee's bill.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Idaho.

Mr. SYMMS. If the gentleman would like, I could provide him with the record of the debates of the Idaho Legislature. They specifically opposed the Church approach and favored the Symms approach.

Mr. SEIBERLING. I thank the gentleman.

Mr. Chairman, I yield 3 minutes to the gentleman from Arizona (Mr. Udall).

Mr. UDALL. Mr. Chairman, this country of ours has been blessed in many ways with resources, good people, and a lot of other things for which we should be thankful. However, one of the greatest blessings that we have as a country is some of the choicest land on this whole planet.

If we take all of the 50 States we have about 2.2 billion acres and of that, one-third, one-third of the total land in the United States of America is owned by the Federal Government or by we the people. Some think this is too much and would advocate programs to sell off the Federal lands.

I think in most cases, going back to the time of Theodore Roosevelt, the American people believed that these lands are resource lands, contain our minerals, provide us our water supply, recreation, timber, and a lot of other things.

We are in the process now in this Congress, in the next few years, of sorting out these land use patterns. Soon we are going to have it all done. You cannot do this in Europe and other places. The land patterns have been set.

We still have a chance to do some wise decisionmaking with regard to future uses of land. This bill is one of the critical bills to be reported and takes the giant step toward a sensible sorting out of the uses of our lands. It is not going to amount to much in terms of management. These lands are already Federal lands. We would simply designate them as wilderness. However, two-thirds of the land in the bill have been managed since the 1930's as the Idaho Primitive area and the Salmon River Breaks Primitive area.

Of course, we had fights and arguments and debates in the committee and some changes were made, but we consulted with business and industry, with labor and citizens and environmental groups and local and State officials. With their help we produced a truly compromised bill.

You will hear that lumber mills will be closed and Idahoans thrown out of work and that critical mineral sources are being locked up and that sort of thing, as the debate goes on. However, we have worked hard to guarantee the safety of the essential minerals. The gentleman from Nevada, the chairman of the Subcommittee on Mines and Mining, clearly the watchdog of the mining industry in this whole country, we took his amendment to make sure the cobalt supply was not affected. As the gentleman indicated, we will stay with him to see that this proposal is included in final action in the conference committee.

Mr. Chairman, this is a good bill, it is a balanced bill and it is not just an environmentalist dream shoved down the throats of the American people by some people in Washington. It is a good sound bill.

Mr. Chairman, we have heard talk about who favors this and who does not. I have a letter from the Governor of Idaho dated April 15 which in strong terms says that he is in support of Senate bill 2009. I will have this letter inserted in the Record at the appropriate time.

This has strong support from all quarters of society in Idaho. There are those who object to it but I do not think the House can go wrong in passing this legislation. I strongly urge its adoption.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I will yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. I have just listened to the gentleman's statement.

Mr. Chairman, am I properly interpreting the gentleman's statement that if the committee bill were to be adopted that the two amendments that were accepted by the committee would be backed by the conference in which the gentleman will be chairman?

Mr. UDALL. I was talking about the Santini amendment on cobalt.

Mr. YOUNG of Alaska. And the gentleman would be backing that as chairman of the conference committee?

Mr. UDALL. The gentleman is correct.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SEIBERLING. Mr. Chairman, I yield 1 additional minute to the gentleman from Arizona (Mr. Udall).

Mr. UDALL. I yield to the gentleman from Alaska (Mr. Young).

Mr. YOUNG of Alaska. Will the gentleman from Arizona also support in conference the Loon Creek amendment?

Mr. UDALL. Mr. Chairman, I am not familiar with that one.

Mr. YOUNG of Alaska. That is the Symms amendment as adopted by the committee.

Mr. UDALL. To answer the question I would yield to the gentleman from Ohio (Mr. Seiberling).

Mr. SEIBERLING. Mr. Chairman, I did not hear the question.

Mr. YOUNG of Alaska. Mr. Chairman, I was listening to the eloquent statement of the gentleman from Arizona (Mr. Udall). As usual the gentleman's eloquence exceeds that of many of us who appear on this floor. I was asking the gentleman, as chairman of the conference committee would he in the conference support the Symms amendment as offered in the committee. In the committee we accepted the Symms amendment and the Santini amendment. My inquiry is whether the conferees would, in fact, support those two amendments in conference.

Mr. UDALL. Mr. Chairman, there are a number of Symms amendments that I would prefer to defer to the gentleman from Ohio (Mr. Seiberling).

Mr. YOUNG of Alaska. This is the Loon Creek amendment and the Santini amendment.

Mr. SEIBERLING. Mr. Chairman, I do not know that we could take a position on what we are going to do in conference. We must see what the House does and we must then find out what the problems are.

☐ 1650

As the gentleman from Arizona said, we will take action to see that wherever there is cobalt in the Clear Creek area it will be minable.

Mr. YOUNG of Alaska. If I may, I again go back to the gentleman's statement. This is a bill that has been worked out with business, with timber.

The CHAIRMAN. The time of the gentleman from Arizona has again expired.

Mr. SEIBERLING. Mr. Chairman, I yield 1 additional minute to the gentleman from Arizona.

Mr. UDALL. I do not want to prolong this discussion. The gentleman from Nevada has been very concerned about the cobalt situation. He offered an amendment. We worked it out. In fact, we had to go back and correct the meaning of it after the bill had been reported out. I simply wanted to confirm the statement I made with regard to my personal position on the Santini amendment. If the gentleman wants to work on the whole bill item by item——

Mr. YOUNG of Alaska. Those are the two crucial amendments that mean a great deal to this legislation. Without those, we are just spinning our wheels.

Mr. UDALL. Let me check this as the debate goes on.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Oregon.

Mr. WEAVER. Mr. Chairman, I just want to compliment the chairman of the Interior Committee for his magnificent work on this bill.

Mr. UDALL. I thank the gentleman.

Mr. JOHNSON of Colorado. Mr. Chairman, I yield 3 minutes to the gentleman from Alaska (Mr. YOUNG).

Mr. YOUNG of Alaska. Mr. Chairman, how much—just how much of this body of legislators are going to respond to a very small special interest group and put aside acres after acres of land under the guise of environment for widerness? The only thing I can say is that we are now faced with a 20-percent inflation rate, with a 22-percent interest rate, with 15,000 people out of work in Michigan, and if the predictions are true the highest recession and the deepest recession we have had in any administration.

It is strange to me that just maybe my good friends that continue to insist upon this, the Sierra Club, the Friends of the Animals, the Lock Up the Wilderness, maybe they are right. Maybe that is what we are going to have to revert to, the wilderness. I mean, if you do not have a job, if you do not have money to buy clothes or gas to drive a car; if you do not have these things, maybe we should have the wilderness. Maybe this great Nation of ours that was the strength in the world, that gave us the highest standard of living and led the free world and helped impoverished nations, maybe we really will have to have the wilderness, to go back to the streams, if we are lucky, to use the bow and arrow and say, "My God, isn't this beautiful? It is just as God made it."

We will turn 223 million people loose on the wilderness. That is what we are trying to do with this act, as they did in Alaska, in Idaho, in Montana, in California, in Wyoming—not in Arizona yet, and nothing on the east coast. There are little places, 1,000 acres, 10,000 acres. We argue over 300 acres.

I think it is time that this body recognizes that there are even people who need the cobalt, the iron, the tin, the timber, the fuel, the hydro power.

Yes, we need some wilderness in the State of Alaska, but when there are conflicts man has to be taken into consideration because if we do not act we will end up in the wilderness, in the wilds pursuing those four-legged animals and probably chewing on one another's legs because there will be no opportunity for this Nation to be the leader, as we have led, for the last 200 years.

So, I ask you as Members to consider the positions of the gentlemen from Idaho (Mr. SYMMS, Mr. HANSEN, and Senator MCCLURE) and the people of Idaho, and let them have their 1,800,000 acres, but do not take those things away from them under the guise of saving it for the people of the United States.

Mr. SEIBERLING. Mr. Chairman, I yield 3 minutes to the gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. Mr. Chairman, it is always difficult on business like this to oppose Members of one's own side. However, I could not sit back and listen without making some comments, for though I come from a place far away, from the State of Vermont, there are some things we have learned there which I think ought to be passed on as worthy of expression at this time.

We used to have salmon. We used to have them abounding in our streams and lakes, then civilization came and some of the things that the former speaker would like to preserve such as pollution and mining, and building dams, took place and we lost those great activities. We are now in a program which is going to last many years, trying to bring back to our part of the country some of the things that abound in this area we are here to preserve today.

It seems to me that when one is taking the position, as the opposition would seem to be here, that it is more important to have access to things which will be there if we do not take them, such as minerals and timber, than it is to preserve things from disappearing that may never come back to be of help to us, the salmon fisheries, then logic tells me that it is much better to make the choice, it is better to have and to preserve what are referred to as some of the best salmon fisheries in the country. I quote from the Fish and Game Report and testimony by the Idaho Fish and Game Commission:

> The Salmon River drainage provides spawning and rearing areas for more spring and summer migrating chinook salmon than any other drainage in the Columbia River Basin. The Salmon River produced 98 percent of the annual chinook harvest (all sport fishing) in Idaho when the chinook were being fished. It produces more than one-half of the Columbia River steelhead.

It seems to me that it is only logical that we ought to pass this bill to preserve for us not only to serve the people of Idaho, but all of those that live along the Columbia River and the basins. It seems very clear to me that the conscientious response for us is to preserve that safely, and not let it be interfered with.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Is the gentleman aware that there is no difference with respect to the Symms amendment and the committee bill insofar as the river itself is concerned and the effects on the salmon?

Mr. JEFFORDS. It is my understanding, and I stand to be corrected——

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Ohio.

Mr. SEIBERLING. That is not correct. The Symms substitute would place 125 miles of river in protected status. The committee bill has 178 miles.

Mr. JOHNSON of Colorado. Fifty-three miles difference.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Idaho.

Mr. SYMMS. The Symms substitute is in agreement with what was done by both Senators from the State of Idaho, and the two Senators from Idaho did agree on that portion, which is 125 miles of river will be classified. The gentleman is talking about an additional 112 miles.

Mr. JEFFORDS. Mr. Chairman, I also support the bill and oppose the Symms amendment because this is an issue of national importance. These lands have been held by and for the people of the entire Nation since the lands were first acquired. In the resolution of how these lands will be used, our constituency includes the many generations of Americans yet to come.

Our charge is to protect and conserve essential portions of the national heritage which has been left to us. This bill (S. 2009) would protect the water quality of the Pacific Northwest; the salmon spawning streams of central Idaho; the land and water recreational resources; and one of the most diverse and unique wildlife resource areas anywhere in the United States. But this bill also provides for the wise use of these Federal lands and waterways by providing for a source of clean water needed by communities and industry; the habitat upon which the Pacific Northwest fishing industry depends; the recreational resources that many people depend upon for jobs; and the utilization of the rivers and lands for outdoor activities.

This is truly a national resource, the utilization of which should be resolved on the basis of national priorities. Due to the value of the use of these lands as wilderness, this is an opportunity which the Nation cannot afford to miss. I urge the Members to vote for the Interior Committee bill and for the protection and conservation of this important part of our national heritage.

Mr. JOHNSON of Colorado. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I will take just a few minutes to speak in support of the amendment in the nature of a substitute which will be offered later by our colleague on the committee, Mr. SYMMS, the sponsor of the House version of this legislation. I point out that the entire area encompassed by the bill before us as well as the Symms substitute is located within the congressional districts represented by Mr. SYMMS and Mr. HANSEN.

The controversy which has arisen regarding this bill is not so much in the number of acres involved, but rather in some very basic policy issues. One of these issues concerns our national minerals policy. The larger policy debate has focused, in this instance, on a single 50,000-acre area contained in the central Idaho wilderness proposal adopted by the other body—the so-called West Panther Creek Area. Preservationists want to make this area a wilderness to protect the land and a large herd of bighorn sheep. However, there is evidence that further exploration in this area may reveal a major deposit of cobalt. Cobalt is a strategic mineral for which the United States is almost totally dependent on imports from such countries as Zambia and Zaire. As a result, with virtually no production of cobalt in the United States, and with our strategic stockpile reserve at less than half the established goal, we must risk our continued domestic cobalt requirements on these tenuous supply sources. The Interior Committee, after considerable debate, finally voted to delete this 50,000-acre area from the wilderness proposal adopted by the other body. However, efforts may be made here to return the area to wilderness status. We simply must not allow that to happen. This area must be left open to active exploration and timely production if a significant cobalt deposit is located.

A second policy issue involves what has become known as statutory release language. As a result of years of wilderness study regarding the roadless areas on national forest lands in Idaho, as well as many other States, many of us in the Congress, local governments, and industry, have become very concerned about the continuing delays caused by prolonged studies, administrative delays fostered by appeals, and court challenges regarding the fate of much of our forest lands. In some instances, areas are studied over and over again, thus thwarting the legitimate furtherance of our basic national multiple-use management policy on forest lands and other public lands.

While the basic land management framework for the national forests is contained in the Forest and Rangeland Renewable Resources Planning Act, as amended by the National Forest Management Act, it is clear that the time has come in our deliberations regarding designation of wilderness, to provide a degree of certainty to the continued multiple-use management of Forest Service lands. Having gone through the years of the RARE I and RARE II studies, with the built in restrictive management policy for those roadless areas reviewed by the Forest Service, we must now act to provide some statutory relief regarding those roadless areas which have been subject to wilderness review in Idaho, and other States as well. This statutory relief concerns those roadless areas reviewed by the administration but not designated as wilderness by the Congress.

The administration has come full circle now, in its ever changing position regarding the issue of release language. Initially, the administration advocated as adequate a simple statement in report language saying the Congress looked at all the RARE II roadless areas, and those not allocated to further planning or designated as wilderness in legislation, should be returned to management other than wilderness under existing law. Later however, as a result of the U.S. district court ruling in California which asserted that the Forest Service RARE II environmental statement was insufficient in regards to consideration of wilderness potential on some of the California roadless areas allocated to nonwilderness, the administration said statutory release language is desirable. Assistant Secretary of Agriculture, Dr. Rupert Cutler so testified just a few weeks ago during a Senate Energy Subcommittee hearing on the Colorado RARE II wilderness legislation. I would like to include at this point in the RECORD, the text of Dr. Cutler's testimony supporting statutory release language in response to a question regarding that issue.

### DR. CUTLER RESPONSE TO QUESTION FROM SENATOR HART

Dr. CUTLER. Uncertainties could arise from administrative appeals, lawsuits and other challenges which seek to halt activities on land allocated to non-wilderness uses.

As you know, the recent court decision affecting 46 non-wilderness areas in California has prompted a re-evaluation of our position on this matter. We believe our wilderness area review and evaluation was sound and provided the Congress and the Administration with the information needed to work toward a resolution of the wilderness and non-wilderness allocation question.

We have recommended that the Department of Justice appeal Judge Carlton's decision in California. Since the Congress has been considering wilderness areas on a state-by-state basis such as these bills before you today, I personally believe it is desirable to incorporate appropriate language into individual state or regional bills which would designate wilderness and confirm actions on further planning and non-wilderness areas.

We will be happy to work with the Committee in developing that appropriate language.

Now however, in the past few days we learn unofficially that the Office of Domestic Policy in the White House has thrust itself into the picture to essentially disavow Dr. Cutler's testimony, to now contend that statutory release language is not necessary.

This most recent administration change of heart is a continuation of the typical inability of this administration to inject even the least bit of continuity in its policymaking process, if such a process even exists. Although the White House has apparently made the final decision regarding this matter, I cannot believe, and I hope it is not the case, that the Forest Service, which has the direct responsibility of carrying out the multiple use sustained yield management policy developed by the Congress, agrees with the decision of the Office of Domestic Policy. But of course, the Forest Service is not in a position to disagree publicly with the administration.

This is not the only case regarding recent wilderness legislation in which the administration first stated a position and then reneged on a verbal committment, even to Members of Congress, including myself.

As an example, we are now having problems with the administration over bill report language which goes along with our Colorado RARE II wilderness legislation concerning grazing in wilderness areas. Having initially agreed verbally to implement grazing report language worked out with the participation of all parties concerned, including officials of the administration, the Department of Agriculture legal advisors now contend some parts of the agreement may violate their interpretation of the Wilderness Act, and therefore the previously agreed to grazing language cannot be implemented. If we want to address a problem caused by a previous statute, it is absolutely necessary that the remedy be in the form of statutory language. I urge my colleagues on both sides of the aisle, many of whom will be facing this same issue in their States, to support the effort contained in the Symms substitute or other alternative language, to give statutory stature to the need to provide a degree of certainty in the management of these nonwilderness lands.

Those are the two main issues I wanted to address here because they are important issues, not only to this bill but others which will follow. It is essential that the West Panther Creek cobalt area be left out of wilderness and I urge you to defeat any effort which may be made to return this area to wilderness classification. I also urge my colleagues to support statutory language to release to the mutiple-use management system, those areas not designated as wilderness by this legislation or allocated to further planning by the administration.

In addition, it is important that we give our colleagues, Mr. SYMMS and Mr. HANSEN, in whose congressional districts these wilderness proposals are located, the congressional courtesy of having a major hand in deciding this issue which has a direct influence on the well-being of their individual constituents, as well as the economic and social viability of local governments, many of which are dependent on the multiple-use land management policy of the Forest Service for continued vitality. Certainly, our colleagues are best equipped to judge the relative importance of the issues involved and the impact the eventual decisions will have. Their judgments and concerns deserve our collective attention and serious consideration.

☐ 1700

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I think that if the gentleman will look at or read the actual words of Dr. Cutler before the Senate subcommittee, he will see that the witness was presenting a personal opinion and not the position of the administration. His position was at variance with that of the administration, and its position is that it has consistently been opposed to release language in the RARE II wilderness legislation.

Mr. JOHNSON of Colorado. Mr. Chairman, I have the language, and I have inserted it in the RECORD.

I would like to point out that the administration has waffled back and forth on both the release language and on the grazing language in the report in the Colorado Wilderness bill. We do not know exactly where we are, we do not know exactly what to do, and the statutory release language proposed by the Symms amendment is something that will take care of a major problem.

Mr. Chairman, I urge the Members to consider the fact that the gentleman from Idaho, both Mr. SYMMS and Mr. HANSEN, representing the areas involved should have primary consideration in this regard, and I urge the Members to listen to what they have to say.

Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania (Mr. RITTER).

Mr. RITTER. Mr. Chairman, I rise today to address the critical issue of America's frightful dependence on foreign sources for our strategic and critical minerals and, in particular, for the purposes of this discussion today, cobalt. I address this issue not simply as a concerned Member of Congress, not simply as an American concerned for our economic future and national security, not simply as a Member in whose State cobalt is used, but in particular as a metallurgist. For it is from all of these perspectives that one reaches a true understanding and realization of the scope and severity of our current mineral vulnerability.

If there is one benefit to have accrued from the debate regarding Idaho wilderness legislation it is that it is now common knowledge in the U.S. House of Representatives that 95 percent of our cobalt is imported from foreign sources and that 76 percent comes from southern Africa. It is now common knowledge in this House, and I stress this House for it is a matter neither widely known to the other body nor to the American public, that 73 percent of our cobalt comes from Zambia and Zaire. These are hardly secure sources given internal and external uncertainties of the former and the recent Soviet Arms Agreement with the latter. This House now knows how totally dependent America is for the cobalt essential to our survival.

Yet what is this mineral, cobalt? What relevance is it to a nation concerned about an energy crisis, concerned about runaway inflation, concerned about an unstable hostile world? Cobalt touches and concerns all these matters. Like scare energy resources, strategic and critical minerals are essential to our Nation's survival. Not surprisingly, it is minerals that will most likely pose an even greater source of crisis in the decades ahead. Inflation is, at least in part, the result of rapidly escalating oil prices, prices pushed up by a greedy OPEC. That same price escalation, that same runaway escalation could well be seen in critical minerals. Cobalt prices, in the days following the invasion of Zaire shot up 600 percent. In an increasingly hostile world we have become vulnerable because our friends and enemies alike know we are vulnerable to the nations which hold the energy on which we depend. It is no different, perhaps even worse in the area of nonfuel minerals. Thus it is important to see that cobalt and its sister minerals are not simply another problem to add to energy, inflation, foreign affairs, but are, in fact, an aggravating source of those problems.

Yet the question remains, what is this mineral cobalt, what is its significance to the Nation, to our defense and to our industry? Cobalt is an essential element in the production of high-speed, high-performance aircraft. Cobalt plays an integral role in the production of steel. Cobalt is used in a number of specialty steels from the superalloys we hear most about to a wide variety of alloys such as high-speed tool steels, abrasion resistant plate, and tool and die steels. Cobalt adds important properties necessary in drawing, forming, extrusion, and forging dies. It is used in component parts of rolling mills, punch and forging mills, presses of various kinds, and in high-stress sheering and cutting machines. Cobalt is vital in much of what America's steel industry does or produces.

As a metallurgist I can assure you of the importance of this mineral to America's highly technical, highly sophisticated weaponry, and to the materials which America must produce in order to stay in the forefront of the production of highly technical components not only for purposes of defense but for the purposes of the highly sophisticated energy systems that the decades ahead will bring.

My colleagues know that I am a scientist and not a mining or a public lands expert. I leave those areas to others such as my colleague from Nevada and my friend from Idaho. I know of the importance of this mineral and of its vital role in American industry. My colleagues in the scientific community are well aware of the fact that without cobalt, American industry as well as the American military system, will be severely constrained. Thus it is essential that America have cobalt, that we not find ourselves vulnerable to other nations for this mineral and that we develop what domestic sources America has available.

We would be foolish to refuse to develop what oil and gas and coal America has available as alternatives to foreign oil, and likewise we would be foolish to continue to depend on southern Africa for cobalt. My colleagues from Nevada and Idaho have advised me and have advised this House of the 16-year history of the Wilderness Act of 1964 and of the fact that no major mineral exploration or development activity has yet taken place in a wilderness area. If we are sincere about the need for cobalt, if we are sincere about the necessity of developing America's own strategic and critical minerals, then this cobalt must be excluded from wilderness. To include it in wilderness, regardless of the statutory provisions which we might include indicating that mining must take place, is to assure that mining will not take place.

The Interior and Insular Affairs Committee, by an overwhelming vote, has taken the position that this cobalt area must be excluded from wilderness. That position is a reasonable position. It is a defensible position. Frankly, given the circumstances in which we now find ourselves it is the only position. I urge my colleagues to follow this issue with some care and to communicate to the members of the conference the need for this area to be excluded from wilderness. In the weeks ahead we may find it necessary in this House to reject any conference report which does not exclude the cobalt area from wilderness. I for one stand ready for that fight and I urge my colleagues to join with me should that battle become necessary.

The CHAIRMAN. The Chair will state that the gentleman from Colorado (Mr. JOHNSON) has 2 minutes remaining.

Mr. JOHNSON of Colorado. Mr. Chairman, I yield 1½ minutes to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I thank my colleague for yielding this time to me.

Mr. Chairman, I would like to speak very much in the vein of our colleague, the gentleman from Vermont (Mr. JEFFORDS). I speak for those of us in the East who have seen the ultimate destruction of almost every single one of our great natural resources through ignorance and through the pressure of population.

Many people in my district are concerned about our wilderness areas in the West. They go there to recapture a great refreshment of the spirit.

I know it is not easy for those of us from the East to speak like this. It is not our land that we are hoping to see designated as wilderness; it is yours. It is yours, those of you who are from the West, and perhaps it is unbecoming for me to speak in this way.

But we are all citizens of this Nation, and we are not saying this land will be set aside forever. Sometimes I feel that those who seek to stop wilderness areas feel that we are taking that land away and putting it on another planet.

This does not mean that it will not eventually perhaps have to be used. It just means not now, not yet, and not until it has to be used.

There is a prudence here. There is caution, and a conservative approach to the use of the resources of our Nation. We cannot live forever in boxes one on top of the other. There has to be some place where we can go and see what God really intended for this world.

The CHAIRMAN. The Chair will state that the gentleman from Ohio (Mr. SEIBERLING) has 1 minute remaining.

Mr. SEIBERLING. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, the gentlewoman from New Jersey (Mrs. Fenwick) has expressed the very long-range considerations that I think we should have in the back of our minds as we are dealing with this legislation, but we do not need to think about them alone.

I read the actual text of the resolution of the State legislature, which is practically a description of the committee's bill. The chairman of the committee, the gentleman from Arizona (Mr. Udall), cited the letter from Governor Evans of Idaho supporting the committee's bill.

So, Mr. Chairman, there is support both from other parts of the country and in Idaho for the bill. There is very strong support for this legislation, and I strongly urge that the committee's bill be adopted.

Mr. Chairman, I yield back the balance of my time.

Mr. JOHNSON of Colorado. Mr. Chairman, may I inquire, do I have 30 seconds remaining?

The CHAIRMAN. The gentleman from Colorado (Mr. Johnson) has 30 seconds remaining.

Mr. JOHNSON of Colorado. Mr. Chairman, I yield the balance of my time to the gentleman from Indiana (Mr. Hillis).

Mr. HILLIS. Mr. Chairman, I thank my good friend and colleague, the gentleman from Colorado (Mr. Johnson), for yielding this time to me, and I rise in strong support of the bill.

Mr. Chairman, the bill before us today is an important one. It will create the largest contiguous wilderness area in the lower 48 States. I strongly urge my colleagues to join me in supporting passage of S. 2009, the Central Idaho Wilderness Act of 1979.

My major and overriding concern with this bill is that mining of the cobalt within the wilderness be allowed. Cobalt is essential to our national defense, our oil and gas drilling operations, and our high-technology methods of cutting metals. It is important to the continued operation of many industries including one of the largest industrial plants in my district, the High-Technology and Wear-Technology Divisions of Cabot Corp.

Without cobalt, the plant manager has told me, many of the products this plant manufactures, such as high-temperature alloy powders for jet engines, would have to cease production. The jobs of over 1,300 people are involved, as well as the continued well-being of their families.

Mr. Chairman, the operations of this plant are not only important to the people of the Fifth District of Indiana, the products made by this facility are essential to the production of high-performance jet engines necessary for the maintenance of our national defense. I have been informed that each jet engine mounted on our F-14 and F-15 fighter aircraft contains over 900 pounds of cobalt metal. Who knows how much of this key raw material will be required in the near future to rebuild our Nation's national defense to answer the challenges posed by the Soviet Union? The U.S. Government's strategic stockpile of cobalt has gone from 103 million pounds in 1960 to 41 million pounds today. I need not remind my colleagues, since you will have heard it many times today, that not 1 ounce of this essential element is being mined in the United States today. While we have not had significant sizeable interruptions up to this point in time, there is no assurance that this will continually be the case. In the cobalt deposits contained within the West Panther Creek area, which this bill now properly protects for appropriate multiple use, we can indeed rest assured that cobalt for our essential uses will be domestically available. I urge the House conferees to support the multiple-use designation of the West Panther Creek area.

The CHAIRMAN. All time has expired.

Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute recommended by the Committee on Interior and Insular Affairs now printed in the reported bill as an original bill for the purpose of amendment.

It shall be in order to consider an amendment as a substitute for the committee amendment in the nature of a substitute, printed in the Congressional Record of March 27, 1980, on page H2321, by, and if offered by, Representative Symms of Idaho, and said substitute shall not be amendable but shall be debatable by the offering of pro forma amendments.

The Clerk will read.

The Clerk read as follows:

S. 2009

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Central Idaho Wilderness Act of 1979".

Sec. 2. In furtherance of the purposes of the Wilderness Act of 1964 (78 Stat. 890; 16 U.S.C. 1131), certain lands in the Boise, Challis, Payette, Salmon, Bitterroot, and Nez Perce National Forests, Idaho, situated north and south of the Salmon River which comprise approximately two million two hundred thirty-four thousand acres, as generally depicted on a map entitled "River of No Return Wilderness, Proposed", dated February 1980, are hereby designated as wilderness and, therefore, as a component of the National Wilderness Preservation System, and shall be known as the River of No Return Wilderness. The previous classifications of the Idaho and Salmon River Breaks Primitive Areas are hereby abolished.

Sec. 3. In furtherance of the purposes of the Wilderness Act, certain lands in the Bitterroot National Forest, Idaho, which comprise approximately one hundred five thousand six hundred acres as generally depicted on a map entitled "Magruder Corridor Proposed Additions, Selway-Bitterroot Wilderness", dated November 1979 are hereby incorporated in, and shall be deemed to be a part of, the Selway-Bitterroot Wilderness as designated by Public Law 88-577, and, therefore a component of the National Wilderness Preservation System.

Sec. 4. (a) (1) Within three years after the date of enactment of this Act, the Secretary of Agriculture (hereinafter referred to as "the Secretary") shall develop and submit to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Interior and Insular Affairs of the United States House of Representatives a comprehensive wilderness management plan (hereinafter referred to as "the management plan") for the River of No Return Wilderness which shall consider a broad range of land uses and recreation opportunities.

(2) The management plan shall be prepared in coordination with the relevant national forest plans required by section 6 of the National Forest Management Act of 1976 (Public Law 94-588).

(3) The management plan shall include the cultural resources management plan required by section 8(a) (3) of this Act.

(4) In preparing the management plan, the Secretary shall provide for full public participation as required under section 6 of the National Forest Management Act.

(5) The management plan shall, among other things, address the need for, and alternative means of access to, the wilderness; and shall include a report from the Secretary of Defense, after consultation with the Secretaries of the Interior, Agriculture, Commerce, Transportation, and State and the Federal Emergency Management Agency shall report to the Congress on the strategic significance of the materials and minerals found in the area.

(b) In administering the River of No Return Wilderness, the Secretary shall, to the maximum extent practicable, consistent with the management plan required by this section, clear obstructions from all of the national forest trials within or adjacent to the wilderness on at least an annual basis.

(c) Subject to valid existing rights, the River of No Return Wilderness designated by this Act shall be administered by the Secretary in accordance with the provisions of the Wilderness Act: *Provided,* That any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act. *Provided further,* That with respect to the River of No Return Wilderness, all references in section 4(d) (3) of the Wilderness Act to December 31, 1983, shall be deemed to be December 31, 1988, and any reference to January 1, 1984, shall be deemed to be January 1, 1989.

Sec. 5. As soon as practicable after enactment of this Act, a map and legal description of the River of No Return Wilderness and a map and legal description of the Selway-Bitterroot Wilderness additions shall be filed with the Committee on Energy and Natural Resources of the United States Senate and the Committee on Interior and Insular Affairs of the United States House of Representatives, and each such map and legal description shall have the same force and effect as if included in this Act: *Provided,* That correction of clerical and typographical errors in each such legal description and map may be made. Each such map and legal description shall be on file and available for public inspection in the Office of the Chief of the Forest Service, Department of Agriculture.

Sec. 6. (a) Within the River of No Return Wilderness and the Selway-Bitterroot Wilderness additions designated by this Act—

(1) the landing of aircraft, where this use has become established prior to the date of enactment of this Act shall be permitted to continue subject to such restrictions as the Secretary deems desirable: *Provided, however,* That the Secretary shall not permanently close or render unserviceable any aircraft landing strip in regular use on national forest lands on the date of enactment of this Act for reasons other than extreme danger to aircraft, and in any case not without the express written concurrence of the agency of the State of Idaho charged with evaluating the safety of back-country airstrips;

(2) as provided in subsection 4(d) (4) of the Wilderness Act, the grazing of livestock, where established prior to the date of enactment of this Act, shall be permitted to continue subject to such reasonable regulations, policies, and practices as the Secre-

tary deems necessary, and as are consistent with the intent of Congress regarding grazing in such areas;

(3) commercial services may be performed to the extent necessary for activities which are proper for realizing the recreational or other wilderness purposes of the areas as provided in paragraph 4(d)(6) of the Wilderness Act; and

(4) the future construction and maintenance of small hydroelectric generators, domestic water facilities, and related facilities shall be permitted in the Threemile and Jersey Creek drainages along the Main Salmon River upstream from Mackay Bar.

(b) As provided in paragraph 4(d)(7) of the Wilderness Act, nothing in this Act shall constitute an express or implied claim or denial on the part of the Federal Government as to exemption from State water laws.

(c) As provided in paragraph 4(d)(8) of the Wilderness Act, nothing in this Act shall be construed as affecting the jurisdiction or responsibilities of the State of Idaho with respect to wildlife and fish in the national forests in Idaho.

Sec. 7. (a)(1) In furtherance of the purposes of the Wilderness Act, the Wild and Scenic Rivers Act, section 6 of the National Forest Management Act, the Archaeological Resources Protection Act, and the Historic Preservation Act, the Secretary shall cooperate with the Secretary of the Interior and with agencies and institutions of the State of Idaho, in conducting a cultural resource management program within the River of No Return Wilderness and within the Salmon River components of the National Wild and Scenic Rivers System as designated in section 9 of this Act.

(2) Such program shall have as it purposes the protection of archaeological sites and interpretation of such sites for the public benefit and knowledge insofar as these activities are compatible with the preservation of the values for which the wilderness and wild and scenic river were designated to protect.

(3) To carry out the cultural resource management program required by paragraph (1) of this section the Secretary shall, as part of the comprehensive management plan required under section 5 of this Act, develop a cultural resources management plan for the wilderness and the river. Such plan shall—

(A) encourage scientific research into man's past use of the River of No Return Wilderness and the Salmon River corridor;

(B) provide an outline for the protection of significant cultural resources, including protection from vandalism and looting as well as destruction from natural deterioration;

(C) be based on adequate inventory data, supplemented by test excavation data where appropriate;

(D) include a public interpretation program; and

(E) comply with all Federal and State historic and cultural preservation statutes, regulations, guidelines, and standards.

(b)(1) Within two years from the date of enactment of this Act, the Secretary shall cooperate with the Secretary of the Interior and with agencies and institutions of the State of Idaho in conducting an inventory of the ranch, homestead, trapper and other cabins, and structures within the River of No Return Wilderness and within the Salmon River components of the National Wild and Scenic Rivers System designated by section 9 of this Act and submit to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Interior and Insular Affairs of the United States House of Representatives a report on—

(A) the location of these structures;

(B) their historic significance, if any;

(C) their present condition;

(D) recommendations as to which of these structures should be:

(i) stabilized;

(ii) restored;

(iii) maintained; or

(iv) removed;

(E) the estimated cost of such stabilization, restoration, maintenance, or removal; and

(F) the suitability of any of these structures for inclusion in the National Register of Historic Places.

(2) Until such time as the study under this subsection is completed and the required report submitted to the Committees, the Secretary shall not knowingly permit the destruction or significant alteration of any historic cabin or other structure on national forest land within the River of No Return Wilderness or the Salmon River components of the National Wild and Scenic Rivers System designated in section 9 of this Act.

Sec. 8. (a) The Wild and Scenic Rivers Act (82 Stat. 906, as amended; 16 U.S.C. 1271 et seq.), is further amended as follows: In section 3(a) after paragraph (23) insert the following new paragraph:

"(24)(A) Salmon, Idaho.—Portions of the segment of the main river from the mouth of the North Fork of the Salmon River downstream to the boundary of the Snake River component as established pursuant to subsection 3(a)(12) of this Act in the following classes:

"(i) the forty-six-mile segment from the mouth of the North Fork of the Salmon River to Corn Creek as a recreational river; and

"(ii) the seventy-nine-mile segment from Corn Creek to Long Tom Bar as a wild river;

"(iii) the fifty-three mile segment from Hammer Creek to the Snake River as a scenic river; all as generally depicted on a map entitled 'Salmon River' dated January 1980, which is on file and available for public inspection in the Office of the Chief, Forest Service, United States Department of Agriculture. Dredge and placer mining in any form including any use of any kind of machinery for the removal of sand and gravel for mining purposes shall be prohibited within the segments of the main Salmon River designated as wild or scenic by this subsection and within the Middle Fork of the Salmon River and its tributary streams in their entirety: *Provided, however,* That nothing in this Act shall be deemed to prohibit the removal of sand and gravel above the high water mark of the Salmon River or the Middle Fork and its tributaries by any public body or its agents for the purposes of construction or maintenance of public roads.

"(B) The segments from the mouth of the North Fork of the Salmon River downstream to Long Tom Bar shall be administered by the Secretary of Agriculture: *Provided,* That after consultation with State and local governments and the interested public, the Secretary of Agriculture shall take such action as is required by subsection (b) of this section within one year of the date of enactment of this paragraph. The segment from Hammer Creek to the boundary of the Snake River component shall be administered by the Secretary of the Interior.

"(C) The use of motorboats (including motorized jet boats) within this segment of the Salmon River shall be permitted to continue at a level not less than the level of use which occurred during calendar year 1978.

"(D) For the purposes of this river segment, there is hereby authorized to be appropriated from the Land and Water Conservation Fund, after October 1, 1980, not more than $16,200,000 for the acquisition of the lands and interests in lands.".

(b) That segment of the main Salmon River designated as a component of the Wild and Scenic Rivers System by this Act, which lies within the River of No Return Wilderness or the Gospel-Hump Wilderness designated by Public Law 95-237, shall be managed under the provisions of the Wild and Scenic Rivers Act, as amended, and the regulations promulgated pursuant thereto, notwithstanding section 10(b) of the Wild and Scenic Rivers Act or any provisions of the Wilderness Act to the contrary.

Mr. SEIBERLING (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

### AMENDMENTS OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Chairman, I offer a series of technical and corrective amendments which are at the desk. I believe copies of the amendments have been given to the gentlemen on the other side of the aisle, and I ask unanimous consent that the amendments be considered en bloc and considered as read.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The amendments are as follows:

Amendments offered by Mr. Seiberling: Page 15, line 15, change "1979" to "1980".

Page 17, line 4, change "section 8(a)(3)" to "section 7(a)(3)".

Page 20, line 23, change "section 9" to "section 8".

Page 21, line 8, change "section 5" to "section 4".

Page 22, line 6, change "section 9" to "section 8".

Page 23, line 4, change "section 9" to "section 8".

□ 1710

Mr. SEIBERLING. Mr. Chairman, these are purely technical amendments. The first one changes the date of the bill's title referred to on page 15, line 15, from 1979 to 1980, and the others simply correct erroneous section references in various parts of the bill.

Mr. Chairman, I urge acceptance of the amendments.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I would prefer that the gentleman just go down the list so that we know we have the right ones.

We have one on page 17; one on page 20, changing section 9 to section 8; one on page 21, changing section 5 to section 4; one on page 22, changing section 9 to section-8; and one on page 23, changing section 9 to section 8.

Mr. SEIBERLING. That is correct.

Mr. JOHNSON of Colorado. That is all we have?

Mr. SEIBERLING. That is correct.

Mr. JOHNSON of Colorado. Mr. Chairman, I have no objection to the amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Ohio (Mr. Seiberling).

The amendments were agreed to.

### AMENDMENT OFFERED BY MR. UDALL

Mr. UDALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Udall: Page 18, line 3 through line 8, in section 4(c), after "effective date of this Act," delete the second proviso in its entirety.

Mr. UDALL. Mr. Chairman, one of the main debates and votes we had in the committee on this legislation was the amendment of the gentleman from Nevada (Mr. Santini) to take out 50,000 acres from the bill's wilderness designation and to have it available for the operation of the cobalt mine which has been much discussed here today.

Included in that amendment was language relating to a mining and prospecting deadline, and it was the intention of the gentleman from Nevada (Mr. Santini), as he explained it to the committee, that that extension applied only to that area and not to the large remaining areas in the bill.

After the vote had been taken, we checked the amendment language carefully, and we found that it did have the far-reaching effect, so the committee instructed me, after further debate, to offer this amendment in order to really carry out what the gentleman from Nevada (Mr. Santini) intended to do in the first place.

Mr. Chairman, the amendment merely conforms the bill to the intentions of Congressman Santini in deleting the 50,000-acre Clear Creek area from wilderness. As this area was excluded from wilderness by the Santini amendment, there is no reason to extend the wilderness prospecting deadline in the area.

It was never the intent of the Santini amendment to extend the mineral prospecting deadline of the Wilderness Act by 5 years in the River of No Return Wilderness. To the contrary, the committee substitute bill clearly and unequivocally rejected a mining deadline extension.

The Symms substitute, which contained a mining deadline extension, was rejected in both subcommittee and committee markup. If committee members had known that the Santini amendment inadvertently contained a mining deadline extension, it is logical to assume that they would have rejected it.

A review of the debate on the Santini amendment in committee markup clearly shows that there was no intention to extend the mining deadline. The official transcript contains not one single word which could possibly be construed as indicating any intent to offer a mining deadline extension.

The committee amendment is fully supported by Mr. Santini, and in no way prejudices his deletion of the 50,000-acre Clear Creek area.

Mr. SANTINI. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Nevada.

Mr. SANTINI. The chairman has correctly stated both the procedural and the substantive issue, and I urge the members of the Committee to support the chairman's amendment.

Mr. SYMMS. Mr. Chairman, I rise in opposition to the amendment. It is important for the Members of the House to understand the nature of this amendment, the nature of the language now contained in the Committee-passed bill and its short but interesting history.

Under the Wilderness Act of 1964, exploration and the staking of claims within a wilderness is permitted until December 31, 1983. Regardless of the relatively unexplored nature of any wilderness, exploration will cease. When the River of No Return Wilderness proceeded through the U.S. Senate and the Senate Energy and Natural Resources Committee, it was the realization of the Committee, of the entire U.S. Senate, and in particular both of the Senators from Idaho, that the area of the River of No Return Wilderness had been relatively unexplored and that to enforce the 1983 deadline upon that wilderness given its mineral potential, would be to do an injustice to Idaho and to the Nation.

Thus, the Senate Energy and Natural Resources Committee adopted language in the bill permitting exploration within the entire wilderness until January 1, 1989—a 5-year extension. Allow me to read to the House the language from the committee report:

> Recognizing the lack of exploration which has occurred, the Committee extended the mineral exploration deadline contained in the 1964 Wilderness Act for 5 years . . . the approach adopted by the Committee precluded neither exploration nor eventual production . . . .

It was this language which was adopted by the entire U.S. Senate and which made its way to the House and the Committee on Interior and Insular Affairs.

The Subcommittee on Public Lands in a markup session conducted in early March adopted an amendment proposed by the chairman of the full committee, the gentleman from Arizona. Included in that amendment was a provision which provided that the wilderness exploration deadline extension applied not to the entire wilderness area as the Senate had provided but only to the so-called cobalt area of West Panther Creek. It should be noted that there had been no discussion in hearings or in markup as to the need for or the widsom of this decision.

The committee has yet to be informed as to why the exploration deadline should not be extended for the entire wilderness area given its mineral potential. We have not been so advised because there was little reason for the decision made by the subcommittee.

During markup by the full Interior Committee there was contained in the amendment offered by the gentleman from Nevada to exclude from wilderness the all-important cobalt trend, an amendment returning the wilderness exploration deadline extension to the Senate language. Unfortunately, that aspect of the amendment was not discussed during the debate. Needless to say, attention was focused primarily upon the importance of cobalt and the necessity to exclude the trend from wilderness. As the House knows, the Santini amendment excluding the cobalt region from wilderness prevailed by an overwhelming margin as did the deadline extension.

Subsequently, some members of the committee—on the losing side of the vote on the Santini amendment—contending that they did not realize that the deadline extension had been included, urged the committee to reverse its decision as a result of their belief that the committee was not aware of the action it had taken. Despite the parliamentary gymnastics in which the chairman engaged in what I believe was a clear violation of the rules of the House, the committee agreed to offer on the floor the amendment now before us.

It is my belief that the gentleman from Nevada felt duty bound to permit the committee to reverse its position because he had not made the committee fully aware of the scope of his amendment. While that amendment lay before all the members of the committee and was certainly clear on its face as to its effect, I admire the gentleman from Nevada for his fairness, for his honesty, for his integrity, and for his willingness to attempt to meet the concerns of those he so easily vanquished.

That having been said, however, let me say further, that the concerns of those unhappy with their defeat have been met by the vote of the committee to permit the offering of the amendment now before the House. The House should now defeat that amendment in order to permit exploration of our as yet unexplored public lands. So little land has been explored, so few anomolies have been pursued so as to give us a clear indication of the value of the lands and of the wealth that they hold.

The stories are legion in the minerals community of the times that an area has been examined and surveyed, condemned as having no potential, only to have one lone geologist or team of geologists examine the area and strike a bonanza. The molybdenum find in Crested Butte, Colo., the second largest molybdenum discovery in the world, is just such a story.

This Nation is not so secure in its mineral sources nor so comfortable in our ability to rely on foreign suppliers that we can afford to shut the door on America's potential mineral wealth in chromium, in cobalt, in managanese, in titanium. I urge my colleagues to reject the amendment.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. I thank the gentleman for yielding.

Mr. Chairman, I also oppose this amendment, and I would go along with the Symms approach, for this reason:

When the Wilderness Act was originally passed, back in the early 1960's, the extension for mineral exploration into 1984, the 20-year extension from 1964 to 1984, was given on the grounds that the mineral exploration companies were going to be able to have this period of time, and it was never contemplated on the part of anybody that all of this land that is now being considered under RARE II would then be included in what is now the wilderness areas. And so there has not been much mineral exploration. As an adjunct to that, there has not been any mineral exploration in many of the wilderness areas because it is so difficult for companies to go in and exploit the mineral deposits that they do find there.

But it seems to me that it is only fair that, when we are talking about any wilderness areas that are added this late in the game, there should be an extension for the mineral exploration period, and so for that reason I support the Symms approach rather than the committee approach.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona (Mr. UDALL).

The amendment was agreed to.

### AMENDMENT OFFERED BY MR. KOSTMAYER

Mr. KOSTMAYER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. KOSTMAYER: On page 23, after line 19, strike everything through line 22 on page 24 and insert in lieu thereof the following:
>
> "(iii) the fifty-nine-mile segment from Long Tom Bar to Hammer Creek as a recreational river; and
>
> "(iv) the fifty-three-mile segment from Hammer Creek to the Snake River as a scenic river;
>
> all as generally depicted on a map entitled 'Salmon River' dated April, 1980, which is on file and available for public inspection in the Office of the Chief, Forest Service, United States Department of Agriculture. Dredge and placer mining in any form including any use of any kind of machinery for the removal of sand and gravel for mining purposes shall be prohibited within the segments of the main Salmon River designated as wild, scenic or recreational by this Act and shall also be prohibited in the banks and beds of the Salmon River and its forks and tributary streams in their entirety upstream from Long Tom Bar: *Provided, however,* That nothing in this paragraph shall be deemed to prohibit the removal of sand and gravel above the high water mark of the Salmon River and its forks and tributaries by any public body or its agents for the purposes of construction or maintenance of public roads.
>
> "(B) The segments from the mouth of the North Fork of the Salmon River downstream to the Nez Perce National Forest boundary shall be administered by the Secretary of Agriculture and the segment from the Nez Perce National Forest boundary downstream to the Snake River shall be administered by the Secretary of the Interior: *Provided,* That lands administered by the Bureau of Land Management within the segments from the mouth of the North Fork of the Salmon River downstream to the Nez Perce National Forest boundary shall be transferred to the administrative jurisdiction of the Secretary of Agriculture: *And Provided further,* That after consultation with the State and local governments and the interested public, each Secretary shall take such action as is required by subsection (b) of this section within one year from the date of enactment of this paragraph."
>
> On page 21, line 3, strike the words "wild and scenic river" and insert in lieu thereof "wild, scenic and recreational rivers".
>
> On page 25, line 6, strike "$16,200,000" and insert in lieu thereof "$22,200,000".

Mr. KOSTMAYER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KOSTMAYER. Mr. Chairman, I will not take very much time this afternoon to explain briefly that my amendment would add a segment 59 miles in length to the wild and scenic river designation of the Salmon River.

In the bill, as it stands now, the designation is 178 miles. My amendment would extend it to 237 miles. It is important to recognize that the 59-mile segment which I am speaking of this afternoon lies currently unprotected between two protected segments. The amendment which I am offering is supported by the State of Idaho. I have correspondence from the Department of Fish and Game, State of Idaho, in which they make specific reference to the so-called Kostmayer amendment and support it. My amendment would protect, obviously, the esthetic and recreational values of this segment of the river, but I think also, quite importantly, the multimillion-dollar salmon industry, which is quite important to the people of Idaho.

There are relatively few problems which remain. Eighty-five percent of the land in this corridor is already owned by the public. There is no right to condemnation in my amendment or in the bill. The public has had widespread opportunity to consider this. It seems to be quite popular in the State of Idaho, and I would ask that the Committee accept my amendment this afternoon.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. KOSTMAYER. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, the amendment offered by Mr. KOSTMAYER, adding a 59-mile stretch of the Salmon River to the National Wild and Scenic River System, is a most valuable addition to the committee bill, and has my wholehearted endorsement.

Protection for this important segment of the Salmon has been studied and favorably recommended by both the Agriculture and Interior Departments.

Just as importantly, the State of Idaho fully supports this protection. The acting director of the Idaho Fish and Game Department, Mr. Robert Salter, wrote to me on April 8 of the "utmost importance" of the lower Salmon to the salmon and steelhead trout fisheries of the State. He notes that the construction of dams on the Columbia and Lower Snake Rivers greatly reduced fish runs in the entire Columbia River Basins, but that with intelligent improvements these runs could be restored to their previous levels.

Mr. Salter advises us that maintaining the Lower Salmon River in its free-flowing state is an absolute necessity to the recovery of these fish runs and that adoption of the Kostmayer amendment is the only certain guarantee that the Salmon River will not be impounded. He estimates that revitalization of the fish runs would generate hundreds of millions of dollars in annual economic benefits.

In addition, Gov. John Evans has written me specifically urging the House to preserve the free-flowing nature of this segment of the Salmon River.

The amendment also is supported by many, if not most, of the landowners adjacent to the river. These are ranchers who are fighting pressures to have their lands subdivided and developed. They deserve our support.

Mr. KOSTMAYER. I thank the Chairman.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. KOSTMAYER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I would urge support of the gentleman's amendment. The committee has taken no position on it. It was not offered in committee. But I certainly have no objection to the gentleman's amendment. I think it is an improvement in the bill.

I would also point out that I have been given a copy of a telegram from a gentleman named Scott W. Reed, Coeur d'Alene, Idaho, who points out that a gentleman named Ed Chaney, of the federally funded Independent Northwest Resource Information Center, has done considerable investigation of the value of this particular stretch of the river from the standpoint of the survival of the salmon and steelhead, and he points out that the United States has authorized capital expenditures in excess of $170 million on fish passage facilities on the Lower Snake River, that the Idaho Power Co. has spent additional millions more, that at least 50 percent of the entire Columbia River salmon and steelhead fishery population comes out of the Salmon River, and that at least one-half billion dollars will be spent by the end of this year on fish passage enhancement on hatcheries in the Columbia River drainage.

This gives some idea of the economic importance of this particular resource, and the gentleman's amendment closes the gap in making sure that the Salmon River portion of the Columbia River steelhead resource is adequately protected. I commend the gentleman for offering his amendment.

Mr. JOHNSON of Colorado. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to refer the Committee to page 15 of our report, and I am sure that this is the area that we are talking about. It is the 59-mile stretch from Long Tom Bar to Hammer Creek; is that the area of the gentleman's amendment?

Mr. KOSTMAYER. If the gentleman will yield, yes, that is the area.

Mr. JOHNSON of Colorado. That was recommended for recreational river designation by the administration?

Mr. KOSTMAYER. That is correct. In 1968, originally.

Mr. JOHNSON of Colorado. Our committee report says:

> Although this recommendation appears to have considerable merit, the Committee deferred action on this segment until more information can be gathered on the state and

> private land holdings adjacent to the river. The Committee recognizes, however, that this segment possesses outstanding scenic values and recreational opportunities, and trusts that the administration will continue to maintain its recommendation for the area until such time as Congress can study the matter further. In particular, the Committee would insist that no applications for dams or impoundments be granted on this stretch of the river unless and until Congress specifically determines otherwise.

Now, there have been no additional studies. There was, as I am advised, during the committee process or during the hearing process we heard from the Idaho Fish and Game, and they testified about this. But we did not include it because we did not have the material. Now this is an example, I think, of how it is so easy to impose wilderness or wild river designation or recreational designation without any kind of adequate study.

Here we have studied it, we know we do not have adequate information, we said so in writing, and now because one of the Members from another part of the country comes back and wants to impose something very easy to impose, we will say, "We are ready to accept it," forgetting about the fact that we have previously said, "We do not know whether or not it should be done." There may be merit to it, but we are not ready to do it until somebody comes along, and the committee offers the amendment, and everybody falls over dead. We know that we do not have the information to pass this amendment. We have stated it so in writing, and it would be a mistake, I think, if we did.

Mr. KOSTMAYER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Pennsylvania.

Mr. KOSTMAYER. Mr. Chairman, this is a letter from the State of Idaho Department of Fish and Game, dated April 8, 1980:

> DEAR CONGRESSMAN UDALL: This is in reference to the River of No Return legislation concerning river classification for the 59-mile segment of the Salmon River. . . .
>
> In our view, this amendment is of utmost importance as the lower Salmon River is a vital link in the life cycle of millions of juvenile salmon and steelhead that migrate from the spawning and rearing tributaries of the upper Salmon River . . .

☐ 1720

Now this is regarded as essential by the State of Idaho and by the Department of Fish and Game Commission. They support this. This is not some far-out environmentalist from Pennsylvania. This is the State of Idaho.

Mr. JOHNSON of Colorado. Why did we not take care of it during the committee process?

Mr. KOSTMAYER. Because this letter is dated April 8.

Mr. JOHNSON of Colorado. Then it was not that vital during the committee process.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Oregon.

Mr. WEAVER. There has been new information. It has been determined since we marked up, that the Federal ownership is such that condemnation under the Wild and Scenic Rivers Act would not be allowed, and we had to make that determination on how much Federal ownership was there.

Mr. JOHNSON of Colorado. The gentleman, I am sure, is correct, except we have not seen that information on this side of the aisle.

It seems to me that there are plenty of opportunities coming up. There is an omnibus recreation bill and/or wild and scenic river bill in the process of being prepared. There are plenty of opportunities later on, if this is so critical, to pass it yet this year in the full committee after there has been proper study.

I would like to point out this has happened time and again in this body when we pass something, and as I have said dozens of times, the cheapest vote you can have is impose wilderness on somebody else without any study. Here is a perfect example of this. We have said so in the committee report. We do not know whether we are ready to pass this yet or not.

We offer it on the floor. Everybody falls over backward in their eagerness to accept an amendment that we have previously stated we do not have the information to pass.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. I want to compliment the gentleman on his statement. There is no ranking member who has worked harder. If you believe in the committee process to the extent, if this is accepted prior to that time, brought to us, I am sure we would have; but we are tired, and I am tired of a special interest group coming down and having somebody from not that State offering that amendment.

The CHAIRMAN. The committee will be in order.

Mr. YOUNG of Alaska. Go ahead.

The CHAIRMAN. The gentleman will suspend. Does the gentleman insist on his motion? Does the gentleman insist?

Mr. JOHNSON of Colorado. Mr. Chairman, I yield back the balance of my time.

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, if I could have the attention of the gentleman from Idaho, the gentleman from Colorado read from the committee report quite correctly, where it said that we did not make a recommendation with respect to this 59-mile segment and deferred action on it until more information can be gathered on the State and private landholding adjacent to the river.

Since the committee reported out the bill, we have been advised that Federal ownership is such on this segment of the river that condemnation of lands would not be permissible under the Wild and Scenic Rivers Act, and, therefore, this removes one of the major objections that was raised to acquiring or putting this additional stretch of the river under the Wild and Scenic Rivers Act.

What is more, I would like to point out to the gentleman from Colorado that the amendment of the gentleman from Pennsylvania does not put this in wilderness status. It does not make it a wild or scenic river. It would designate this stretch as a recreational river, which has the minimum restrictions, which under the Wild and Scenic Rivers Act will not result in any condemnation of private land on either side of the river; and, therefore, it does not disturb existing ownership patterns.

What it does do is to prevent or to eliminate a serious threat to the scenic and recreational values of this stretch of the river and a good portion of the rest of the river.

Voluntary land acquisition efforts, if they are going to be initiated and Federal expenditures going to be authorized for that is going to have to come without further delay if we are going to protect this particular resource. Therefore, it does not seem to me that this is at all incompatible with what the committee said in the report or the point that the gentleman has made.

As the gentleman from Arizona (Mr. UDALL), mentioned, the Governor of the State supports this. The State Fish and Game supports it. Therefore, this is not, as the gentleman from Alaska said, someone from outside coming in and imposing wilderness on a State. Therefore, I would strongly personally support this amendment.

Mr. KOSTMAYER. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Pennsylvania.

Mr. KOSTMAYER. I would like to thank the gentleman and add among the special interest groups that favor it are the State Fish and Game Commission and the Governor of the State of Idaho, among the special interest groups here today encouraging Members to offer amendments.

I thank the gentleman from Ohio.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. I thank the gentleman for yielding.

Is the gentleman aware whether or not the Secretary of the Interior has agreed to the transfer of administrative jurisdiction of certain lands in this area to the Secretary of Agriculture? We have not received any information about this. I guess this whole process would be done on that side.

Mr. SEIBERLING. I am advised they concur in that proposal.

Mr. JOHNSON of Colorado. We have not heard about that, if the gentleman would be advised about that. So I have no way of knowing whether or not that has occurred, whether it has occurred in writing or whether it has occurred over the telephone or whether it was by sign language or by smoke signals.

Mr. SEIBERLING. I am advised that they have no objection to the amendment.

Mr. JOHNSON of Colorado. Will the gentleman also go a little further and give us an illustration of what the hurry is about accepting this? The gentleman said there was a threat to the river. There has never been any statement anywhere that I have read there is a threat to the river if we do not designate this as a recreation area at this particular time——

Mr. SEIBERLING. There were very extensive hearings held by Senator CHURCH and by agencies of the executive branch about this entire stretch, including this particular portion of the river, and a great many concerns have been expressed by people who live in that area that if this segment is not placed in the bill that some of the values that they are concerned about, including protecting the character of their lands on either side from incompatible development, are going to be lost; and, therefore, a great deal of the pressure for this particular amendment as I understand it, comes from the people who live along the river.

Mr. JOHNSON of Colorado. If the gentleman will yield further, the gentleman is a very fine and a very thorough subcommittee chairman, and I do not understand why all of a sudden this thing is being brought up now, when just a very short period of time ago we did not feel like we had enough information to do it. I do not think that that situation has changed. We do have plenty of time to handle it later on. It may be the right thing to do. I am just emphasizing once again that at this point on this side we do not know, and I do not know if that side really knows. They are trying to accommodate the gentleman from Pennsylvania. We do not know. I do not think the record shows that we know.

Mr. SEIBERLING. Do I understand the gentleman does not challenge the fact under the Wild and Scenic Rivers Act there can be no condemnation of land on either side of this stretch of the river, because the majority of the land is already owned by the Federal Government? That being the case, that is the law, and that is not a question of additional information. It is simply that we wanted to check out that point in the law. There is not any controversy on that.

Any land that is going to be acquired on either side of the river is going to have to be by the consent of the owner.

Mr. JOHNSON of Colorado. There is no immediate threat to the area either. There is no controversy about that.

Mr. SEIBERLING. No immediate threat.

Mr. SYMMS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I just make the point that the two Senators from Idaho, one from each party, considered this amendment and rejected it on the basis that the information supporting the designation was not adequate. Now, it might relieve the members of the committee who may be concerned about what may be happening in there.

As the gentleman from Ohio has correctly stated, most of the land on both sides of that river is Government land, so access and egress is controlled by the land managers.

Second, Idaho does have a streambed law, to protect against the risk of any damage being done to that water or the Salmon River in this particular area. It appears to me that we would be much better off to consider this in a separate wild and scenic rivers bill that would consider its merits individually.

I might also further mention Idaho has the wild and scenic rivers classification on the Clearwater, on the Lochsa, on the Saint Joe, on the Snake, and on the Salmon, just to mention a few.

We have, in fact, contributed a great many more miles than any other State in the Union to wild and scenic rivers.

□ 1730

I think that Idaho has contributed greatly to the Wild and Scenic River System. I cannot see any reason why we have to rush in here today.

Mr. WEAVER. Mr. Chairman, would the gentleman yield?

Mr. SYMMS. I would be very happy to yield to my friend, the gentleman from Oregon.

Mr. WEAVER. Mr. Chairman, why does the Idaho Fish and Game Commission now call this very important and urgent?

Mr. SYMMS. Mr. Chairman, I can answer that. I am very glad the gentleman asked that question. It is a fair question.

There is still some question by some of those private in-holdings along that river. We still are yet to get settled some of the in-holdings of past wilderness designations of this Congress. We are still in the courts settling up and making payments and restitutions to people for payments to buy out in-holdings in other wilderness areas, in the Sawtooth Recreation Area, in the Snake River Recreation Area and others. I cannot see why we cannot settle these things one at a time before we take on new action.

It says here, the gentleman was talking about raising the cost—this amendment is $5 million more than the cost of the bill; but the committee did not address the adequacy of this amount.

The two Senators from Idaho, one from each party with very diverse philosophical approaches to all of the problems that we face today, both agreed on the 125-mile stretch. The committee bill of our committee adds some 53 miles to it and now the gentleman from Pennsylvania wants to add some 59 more. Why can we not be happy with what the two Senators agreed to?

Mr. WEAVER. Mr. Chairman, would my good friend, the gentleman from Idaho yield?

Mr. SYMMS. I would be happy to yield.

Mr. WEAVER. Mr. Chairman, would my dear, beloved friend, the gentleman from Idaho, mind saying why the Idaho Fish and Game Commission urges immediate adoption of this amendment?

Mr. SYMMS. Well, of course, the Idaho Fish and Game Department, and I have many friends there, they do not have the concern that maybe some of those private in-holders may have with respect to the future of all those men and women being cut out of their jobs by this wilderness classification. The fish and game are managed by the State of Idaho and they perform an excellent job. They are not managed by the Federal Government. We have a streambed law in Idaho that will protect those streams, this body does not need to make precipitous actions without proper study.

There is no major concern that can take place without the passage of the Kostmayer amendment. I urge the committee to defeat the amendment.

Mr. WEAVER. Mr. Chairman, would the gentleman from Idaho yield just one more time?

Mr. SYMMS. I would be happy to.

Mr. WEAVER. Would the gentleman mind telling the House why the Idaho Fish and Game Commission feels it is important to put this 59 miles in?

Mr. SYMMS. There may be some people in the Idaho Fish and Game Department that feel or think that somehow they would better be able to protect the river.

I would say, however, that it has been the considered judgment of others of us that there is no urgent rush at this moment that this part of the river be designated as a wild and scenic river.

I think we had better not bite off more than we can chew. We already have many, many areas in Idaho, such as the case of Obsidian and others, where we are still trying to settle up wilderness bills that passed this House before the gentleman from Oregon or the gentleman from Idaho, either one, were privileged to work here.

Mr. HANSEN. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to my friend, the gentleman from Idaho.

Mr. HANSEN. Mr. Chairman, when we are talking about various opinions and special groups that keep talking about their preferences, we hear too being thrown around, the Governor and the fish and game department; but I notice my colleague, the gentleman from Idaho, circulated a statement talking about all of the other interest groups in Idaho. It seems to me that we are surely working very hard to accommodate one or two interests, when a lot of other groups have not been heard from; and the gentleman's statement that we ought to know about it and make sure everybody is compatible seems to hold a lot more water than the statement that a couple of people want it or a couple of businesses want it, and so we ought to do it.

The CHAIRMAN. The time of the gentleman from Idaho (Mr. SYMMS) has expired.

(At the request of Mr. SEIBERLING, and by unanimous consent, Mr. SYMMS was allowed to proceed for 2 additional minutes.)

Mr. SEIBERLING. Mr. Chairman, if the gentleman will yield further, first of all, the gentleman from Idaho incorrectly referred to this amendment as wilderness legislation. This amendment does not put any land in any such designation. It would designate the stretch of the river as a recreational river, the lowest classification. There would be no condemnation of private land. Any landholder that sold would have to do it on a voluntary willing-buyer, willing-seller basis.

The pressure for this is coming from within the gentleman's own State. There are people along the river who are concerned about subdivisions that are threatening to take place along the river and destroy its scenic character. The Governor of the State, the State Fish and Game Commission, support this amendment. This is not an amendment coming from outside the State of Idaho.

Therefore, I do not see that there is any real basis for any great controversy; but, I think the thing has been pretty well aired.

Mr. SYMMS. Well, Mr. Chairman, I think I can help answer the gentleman's problem. I just returned from visiting the beautiful State which I am privileged to represent, met with a group of my constituents who had previously favored classifying the Snake River as a wild and scenic river, and part of that is a low classification recreation river.

Now that it is classified and signed into law, there is an effort being attempted by the Government agency responsible for that to put the power boats and take them off the river, except for very limited use. The people of Idaho are very concerned that the more classification they get, all of a sudden they will find out that those working men and women in Idaho who may use the river on a weekend will be precluded from using the river and it will be kept for just the floaters. That is my primary concern.

Mr. SEIBERLING. Well, this amendment, as well as the committee bill, expressly provides that the use of power boats on the river shall be no less than the present level of use; so it protects the power boat users.

Mr. SYMMS. Well, that is what the Hell's Canyon recreation bill said also.

Mr. WEAVER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to say briefly that this stretch of 59 miles of the river has been recommended by the President since 1977. It is endorsed and urged by the Idaho Fish and Game Commission, by the Governor of Idaho. Hearings on this were held, seven public meetings in Idaho and Montana in 1971; 10 more public workshops in Idaho and in the adjoining States in 1973; over 3,000 people, mostly Idaho residents, participated in these meetings. There have been meetings in the Senate Energy and Natural Resources Committee and the Public Lands Subcommittee of the House Interior Committee in which this issue has been carefully discussed.

Therefore, I urge the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. KOSTMAYER).

The question was taken; and on a division (demanded by Mr. WEAVER) there were—ayes 5, noes 12.

So the amendment was rejected.

The CHAIRMAN. Are there further amendments?

### AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. SYMMS

Mr. SYMMS. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. SYMMS: Strike all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "All-Idaho Multiple-Use Land Management Act of 1980".

SEC. 2. (a) In the furtherance of the purposes of the Wilderness Act of September 3, 1964 (78 Stat. 890), the following National Forest lands in the State of Idaho, totaling about one million eight hundred thousand acres, as generally depicted on a map entitled "The All-Idaho Multiple-Use Land Management Proposal", dated January, 1980, are hereby designated as wilderness and, therefore, as components of the National Wilderness Preservation System:

(1) certain lands in the Boise, Challis, Payette, Nez Perce, and Salmon National Forests, Idaho, situated north and south of the Salmon River generally centered on 115 degrees west longitude and extending from the crest of the Breaks north of the Salmon River south to about 44 degrees 45 minutes north latitude, which comprise approximately one million four hundred and ten thousand acres, and shall be known as the Central Idaho Wilderness. The previous classification of the Idaho and Salmon River Breaks Primitive Areas is hereby abolished.

(2) certain lands in the Clearwater National Forest which comprise approximately fifty-six thousand one hundred and ninety-seven acres, and shall be known as the Hoodoo Wilderness;

(3) certain lands in the Targhee National Forest, which comprise approximately sixteen thousand eight hundred and sixty acres, and shall be known as the Lionhead Wilderness;

(4) certain lands in the Targhee National Forest, which comprise approximately six thousand seven hundred acres, and shall be known as the Sawtell Peak Wilderness;

(5) certain lands in the Panhandle and Clearwater National Forests, which comprise approximately forty-seven thousand nine hundred and twenty-five acres, and shall be known as the Mallard-Larkins Wilderness;

(6) certain lands in the Boise National Forest, which comprise approximately twenty-two thousand acres, and shall be known as the Steel Mountain Wilderness;

(7) certain lands in the Sawtooth National Forest, which comprise approximately fifty-eight thousand one hundred fifty-two acres, and shall be known as the White Cloud Wilderness;

(8) certain lands in the Challis National Forest, which comprise approximately one hundred nineteen thousand eight hundred and sixty-four acres, and shall be known as the Borah Peak Wilderness;

(9) certain lands in the Boise and Sawtooth National Forests, which comprise approximately forty thousand nine hundred and ninety-nine acres, are hereby incorporated in and shall be deemed to be a part of the Sawtooth Wilderness as designated by Public Law 92–400;

(10) certain lands in the Clearwater National Forest, which comprise approximately five thousand eight hundred and ninety-eight acres, are hereby incorporated in and shall be deemed to be a part of the Selway-Bitterroot Wilderness, as designated by Public Law 88–577.

#### ADMINISTRATION OF WILDERNESS

SEC. 3. (a) (1) Within three years after the date of enactment of this Act, the Secretary of Agriculture (hereinafter referred to as "the Secretary") shall develop and submit to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Interior and Insular Affairs of the House of Representatives comprehensive wilderness management plans (hereinafter referred to as "the management plans") for the wilderness areas designated by this Act which shall consider a broad range of land uses and recreation opportunities.

(2) The management plans shall be prepared in coordination with the relevant national forest plans required by section 6 of the National Forest Management Act of 1976 (90 Stat. 2949).

(3) In preparing the management plans, the Secretary shall provide for full public participation as required under section 6 of the National Forest Management Act.

(4) The management plans shall, among other things, address the need for, and alternative means of access to, the wilderness; and shall include a report from the Secretary of Defense, after consultation with the Secretaries of the Interior, Agriculture, Commerce, Transportation, and State and the Federal Emergency Management Agency shall report to the Congress on the strategic signficance of the materials and minerals found in the wilderness areas designated by this Act.

(b) In administering the wilderness areas designated by this Act, the Secretary shall, to the maximum extent practicable, consistent with the management plans required by this section, clear obstructions from all of the national forest trails within or adjacent to the wilderness on at least an annual basis.

(c) Subject to valid existing rights, the wilderness areas designated by this Act shall be administered by the Secretary in accordance with the provisions of the Wilderness Act: *Provided*, That any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act: *Provided further*, That with respect to the wilderness areas designated by this Act, all references in section 4(d)(3) of the Wilderness Act to December 31, 1983, shall be deemed to be December 31, 1999, and any reference to January 1, 1984, shall be deemed to be January 1, 2000.

SEC. 4. As soon as practicable after this Act takes effect, the Secretary of Agriculture shall file maps and legal descriptions of each wilderness area designated by this Act with the Committee on Energy and Natural Resources, United States Senate, and the Committee on Interior and Insular Affairs, House of Representatives, and each such map and legal description shall have the same force and effect as if included in this Act: *Provided, however*, That corrections of clerical and typographical errors in such legal descriptions and maps may be made. Each such map and legal description shall be on file and available for public inspection in the office of the Chief of the Forest Service, Department of Agriculture.

#### CONTINUATION OF ESTABLISHED USES

SEC. 5. (a) Within the wilderness areas established by this Act the use of aircraft and motorboats, where these uses have already become established, shall be permitted to continue and may be allowed to increase in intensity subject to such restrictions as the Secretary of Agriculture deems desirable.

(b) Within the wilderness areas established by this Act, and as provided in subsection 4(d)(4) of the Wilderness Act, the grazing of livestock, where established prior to the effective date of this Act, shall be permitted to continue subject to such reasonable regulations, policies and practices as are deemed necessary by the Secretary of Agriculture, and as are consistent with the intent of Congress regarding grazing in such areas.

(c) Commercial services may be performed within the wilderness areas established by this Act, to the extent necessary for activities which are proper for realizing the recreational or other wilderness purposes of the area.

(d) Nothing in this Act shall be construed as affecting the jurisdiction or responsibilities of the Department of Fish and Game of the State of Idaho with respect to wildlife and fish within the lands and waters subject to this Act.

(e) Nothing in this Act shall constitute an expressed or implied claim or denial on the part of the Federal Government as to exemption from State water law.

NONWILDERNESS LANDS

SEC. 6. (a) Lands within the National Forest System in the State of Idaho recommended for wilderness, nonwilderness, or further planning designation under the roadless area review and evaluation conducted by the Secretary of Agriculture (RARE II) but not designated as wilderness by this Act, and lands whose designation as primitive areas is terminated and not replaced by designation as wilderness by this Act, shall henceforth be managed, notwithstanding any other provisions of law, for uses other than wilderness in accordance with regulations promulgated pursuant to the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended (88 Stat. 476, as amended). No such lands shall again be considered for designation as wilderness in the National Wilderness Preservation system unless further study or consideration for such designation is provided by Act of Congress.

(b) Of those lands referenced in subsection (a) of this section for much multipurpose resources development plans have been filed with the Chief of the Forest Service, the Secretary of Agriculture shall within sixty days of enactment of the Act implement all such plans.

(c) Of those lands referenced in subsection (a) of this section for which multipurpose resource development plans have not been filed with the Chief of the Forest Service, the Secretary of Agriculture shall implement within two years from the date of enactment of this Act such multipurpose resource development plans.

(d) Upon the date of enactment of this Act the Secretary of Agriculture shall manage all lands referenced in subsections (a), (b), and (c) of this section as nonwilderness, multiple-use in accordance with the Acts referenced in subsection (a) of this section and, with respect to such lands, the environmental reviews and studies heretofore conducted pursuant to the roadless area reviews and evaluations are hereby determined to be in full compliance with the requirements of section 102 of the National Environmental Policy Act of 1969 (83 Stat. 852) for purposes of commodity production including, but not limited to, timber harvest and other nonwilderness commercial and recreation activities;

(e) The lands referenced in subsection (a), (b), (c), and (d) of this section shall not be the subject of further studies by any department or agency of the Federal Government for possible inclusion in the National Wilderness Preservation System, National Parks System or National Monument System, nor shall commodity production and other nonwilderness activities be delayed or prohibited for any reason other than as a product of normal land management planning.

SEC. 7. (a) The Wild and Scenic Rivers Act (82 Stat. 906, as amended: 16 U.S.C. 1271 et seq.), is further amended as follows: In section 3(a) after paragraph (23) insert the following new paragraph:

"(24) (A) Salmon, Idaho.—The segment of the main river from the mouth of the North Fork of the Salmon River downstream to Long Tom Bar in the following classes:

"(i) the forty-six mile segment from the mouth of the North Fork of the Salmon River to Corn Creek as a recreational river; and

"(ii) the seventy-nine mile segment from Corn Creek to Long Tom Bar as a wild river; all as generally depicted on a map entitled Salmon River dated November 1979, which is on file and available for public inspection in the office of the Chief, Forest Service, United States Department of Agriculture.

"(B) This segment shall be administered by the Secretary of Agriculture: *Provided*, That after consultation with State and local governments and the interested public, the Secretary shall take such action as is required by subsection (b) of this section within one year from the date of enactment of this paragraph.

"(C) The use of motorboats, including motorized jet boats, within this segment of the Salmon River shall be permitted to continue at a level not less than the level of use which occurred during calendar year 1978.

"(D) For the purposes of this river segment, there is hereby authorized to be appropriated from the Land and Water Conservation Fund, after October 1, 1980, not more than $6,200,000 for the acquisition of the lands and interests in lands."

(b) That segment of the main Salmon River designated as a component of the Wild and Scenic River System by this Act, which lies within the Central Idaho Wilderness or the Gospel-Hump Wilderness designated by Public Law 95-237 (92 Stat. 40), shall be managed under the provisions of the Wild and Scenic Rivers Act, as amended, and the regulations promulgated pursuant thereto, notwithstanding section 10(b) of the Wild and Scenic Rivers Act or any provisions of the Wilderness Act to the contrary.

SEC. 8. Within sixty days after the date of enactment of this Act, the Secretary of Agriculture shall implement the multipurpose resource development plans on file with the Chief of the Forest Service, identified as the Warren Planning Unit Land Management Plan and Final Environmental Statement, Payette National Forest, Idaho, dated May 9, 1979; and the Landmark Planning Unit Land Management Plan and Final Environmental Statement, Boise National Forest, Idaho, dated May 17, 1979.

Amend the title so as to read: "A bill to designate the Central Idaho Wilderness and nine other wilderness areas within the Boise, Challis, Clearwater, Nez Perce, Panhandle, Payette, Salmon, Sawtooth, and Targhee National Forests; to provide for management for uses other than wilderness certain other national forests lands within the State of Idaho; to amend the Wild and Scenic Rivers Act to include portions of the Salmon River; to provide for the implementation of the multipurpose development plans for the Warren and Landmark Planning Units, and for other purposes.".

Mr. SYMMS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. SYMMS. Mr. Chairman, I am offering this amendment in the nature of a substitute as a more balanced approach to the issue of wilderness in Idaho.

The substitute measure is similar to the bill I originally introduced as H.R. 5711, the All-Idaho Multiple-Use Land Management Act of 1979, although there have been some significant modifications and technical adjustments.

The major differences between the proposed amendment in the nature of a substitute which I am offering and S. 2009 concern the total acreage designated as wilderness, the enactment of statutory release language, and the extension of the mineral exploration deadline in the Wilderness Act.

S. 2009, as reported by the House Interior Committee proposes about 2.3 million acres of wilderness while my substitute contains 1.8 million acres. As I mentioned earlier, both bills would enact the largest contiguous wilderness area in the lower 48 States. My amendment, like the committee version of S. 2009, deletes the cobalt-rich West Panther Creek/Clear Creek from wilderness. This is an area of about 50,000 acres containing the only known commercially minable deposit of cobalt in the United States.

S. 2009 also excludes the Magruder Corridor Area, a 171,000 acre area, of which 40 percent is prime timberland. While this area would provide timber for primarily the Montana lumber mills, its exclusion is also supported by nearly all of the northern Idaho timber companies.

In my earlier statements, I addressed the need for statutory release language. My amendment contains this language, which will provide for the released lands to be managed for uses other than wilderness. Given the recent district court decision in the California RARE II lawsuit, I believe this language to be even more essential now than before. The outcome of the California lawsuit may well encourage similar court action in other States, making necessary this language to affirm the adequacy of the RARE II environmental impact statement and to block a similar lawsuit in Idaho.

My substitute also contains extensions of the 1984 deadline contained in the Wilderness Act for exploration for minerals in wilderness areas. S. 2009 contains a 5-year extension for the River of No Return Wilderness, but my amendment contains a 16-year extension in those areas. The availability of further discovery of nonfuel minerals to combat the United States critical overdependence on the import of nonfuel minerals necessitates this extension provision.

Finally, my substitute motion contains language affirming the land management plans which have been developed for the Warren and Landmark planning units in the Payette and Boise National Forests. As I mentioned before, these unit plans have been in the works for many years and have encountered many delays. This language is essential to guarantee a predictable timber supply for the communities of Emmett, Council, Cascade, and Horseshoe Bend.

In conclusion, Mr. Chairman, the Senate passed S. 2009 by a split vote on Idaho's senatorial delegation. They were divided on an issue of balance, and that issue is the primary reason for my substitute, which will balance a very unbalanced bill. If one fact is clear, it is the ease with which we in Washington decide the fates and lives of real live people who live 2,500 miles away. While they depend on Congress to make balanced and objective decisions, we are considering this bill which makes a mockery of objectivity.

When this legislation was first contemplated, three proposals were offered. These represented a large 2.3-million acre wilderness proposal by environmental concerns, a 1.3-million acre proposal by timber companies, and a 1.9-million acre proposal by the administration. The natural conclusion to these proposals was a compromise that would combine salient points of each to arrive at a balanced bill. The opposite happened, however, and we are now faced with a bill which, with the exception of a minor deletion in the northern portion and the House Interior Committee's exclusion of the West Panther Creek Area, is a virtual carbon copy of the environmentalist proposal. I wonder why, in fact, any testimony from groups other than environmental groups was requested or received. The issues raised by resource and recreational groups were ignored for the most part. The subject of release language, which my substitute addresses positively, was defeated in the Senate and the committee. It is extremely confusing to me just where this Congress priorities are.

I urge the Members of the House to consider the merits of my substitute and not to be swayed by the falsehoods about S. 2009 as a great compromise. My substitute is not a drastic departure from S. 2009, but it does address some very tough decisions that will insure a healthy Idaho economy. That is why my substitute has the wholehearted support of the Idaho Legislature, the International Brotherhood of Carpenters and Joiners, and many more groups interested in the jobs and the economic future of Idaho. I urge passage of my substitute for Idaho and for the country.

☐ 1740

I would say to the Members of this House we have an opportunity here for the first time since I have been here to vote for a balanced wilderness bill, and that is the Symms substitute. It is balanced, and those who would like to look at the map will see where the proposed wilderness areas would be. It will give Idaho the largest contiguous wilderness area of any State in the Lower 48 States. It will have release language for those multiple-use lands, so when the legislation is passed and signed into law, the people who work in the sawmills, the loggers, the men and women who work in the mines in the State of Idaho, and those people who are the farmers and ranchers who believe in working during the week and recreating on the weekends will have access to the land which is in multiple use.

Idaho is a State that is 64 percent owned by the Federal Government, Mr. Chairman. All we are asking is fair treatment from this body, a fair judgment from the Congress, and then we will be most happy to protect those areas which are pristine.

I would say to the members of the committee my bill does do one thing that S. 2009 does not do. It will settle the RARE II lands in Idaho which Congress must address at some time in the future. It will assure that Borah Peak, the upper Mallard/Larkin and those pristine areas up on the other end of the Clear Water River that have been studied to be wilderness and do have qualifications to be wilderness will be called wilderness. It would also designate several other RARE II areas in Idaho as wilderness which are not addressed by S. 2009.

So the question will be settled, and Idaho will be contributing nearly 3.5 million acres to the national wilderness system after the passage of the Symms substitute. The rest of those lands then will be classified multiple use so that we can have grazing, we can have recreation, we can have timbering, mining, and so forth, and truly enjoy the great outdoors we have. Also, for my colleagues from other parts of the country, it would provide the fiber that we need to make paper to package the products this country produces, the nonfuel minerals that we need to make the steel that we produce in this country, and the molybdenum, the uranium, the tungsten, and the other minerals present in that Rocky Mountain region that are not yet discovered but that geologists tell us are there.

So I urge a fair consideration of this and do ask my colleagues' support.

Mr. HANSEN. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to my friend from Idaho.

Mr. HANSEN. I thank the gentleman for yielding. I want to commend the gentleman for his diligence in this matter. It is very difficult for some of us in the smaller delegations to convince a whole Congress of 433 other Members what our problems are.

Mr. SYMMS. I would say that my colleague from Idaho helps make up part of that small delegation.

Mr. HANSEN. And also how big a consideration it is for our working people when people from outside, who have nothing really to lose, make decisions that affect us and affect the bread we put on the table.

I would like to ask the gentleman what the former Governor, who is now the Secretary of the Interior, recommended as a size of a wilderness area when he was Governor?

Mr. SYMMS. It was 1.8 million acres.

Mr. HANSEN. One point eight or 1.9 million. Is that what the gentleman's amendment entails?

Mr. SYMMS. That is how many acres it would entail, although I do not have the lines drawn in quite the same places. My bill designates to Salmon River breaks and Idaho primitive areas as wilderness which was the Forest Service's original recommendation. The substitute then adds some 400,000 acres of RARE II areas such as Lionhead, Mallard-Larkin and Borah Peak to the Wilderness Preservation System.

Mr. HANSEN. But the land area that we are talking about is in those terms?

Mr. SYMMS. Yes. It is the same acreage that the now distinguished Secretary of Interior recommended when he was Governor of our State.

☐ 1750

Mr. HANSEN. If the gentleman would yield further, I would like to set the record straight again.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. SYMMS was allowed to proceed for 1 additional minute.)

Mr. SYMMS. I yield to my friend, the gentleman from Idaho.

Mr. HANSEN. I thank the gentleman for yielding. The total size, again for everyone's consumption, of this wilderness, the wilderness area provided by Idaho under the gentleman's proposal, would be the largest contiguous wilderness area in the lower 48 States; is that not correct?

Mr. SYMMS. That is correct. As a matter of fact, it would encompass several of the Eastern States such as Rhode Island, Delaware, et cetera.

Mr. HANSEN. I thank the gentleman and again congratulate him.

Mr. SYMMS. I thank the gentleman for his support.

Mr. SEIBERLING. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the senior Senator from Idaho, Senator CHURCH, has spent probably as much time on this bill as all the rest of the Congress put together. This bill, while it contains a considerable amount of acreage, contains less than the President's recommendations which are supported by the former Governor from Idaho, Secretary Andrus, as well as the present Governor of Idaho.

Mr. Chairman, I rise in strong opposition to the substitute to S. 2009 for the following reasons:

The substitute slashes by almost one-half the President's RARE II wilderness recommendations for the entire State of Idaho—not just for central Idaho with which this bill deals, but the entire State.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. As soon as I am finished, I will.

Mr. SYMMS. I was hoping the gentleman would repeat that again for the working men and women of my State.

Mr. SEIBERLING. I do not need to repeat it. The gentleman heard it the first time.

Many of the President's RARE II wilderness proposals would be completely reversed and immediately opened for development. In so doing, the substitute covers lands which are completely outside of the scope of the committee's consideration of wilderness for central Idaho. The committee has received no public input on these other proposals, and a wilderness/nonwilderness decision is completely inappropriate in the context of S. 2009.

Section 6 of the substitute is contrary to numerous provisions of the National Forest Management Act of 1976, including provisions relating to wilderness review in "second generation" land management plans, the implementation of existing and future land management plans, and judicial review of land management decisions. Such provisions would apply to all national forest lands in the State of Idaho, and certainly go far beyond the subject matter of S. 2009, which is to designate wilderness in central Idaho only.

The substitute directs the immediate implementation of the Warren and Landmark land-use plans in central Idaho, despite the fact that both these plans are under administrative appeal (a decision on this appeal is anticipated later this week). Legislative direction to implement these two plans would amount to a blind "rubberstamping" of a matter on which the committee has held no hearings and received little evidence. The issues involved in these two plans are complex and relate to provisions of the National Environmental Policy Act, Endangered Species Act, Clean Water Act, the National Forest Management Act, and possible violations of Indian treaties. Wilderness is not one of the issues under appeal.

Elaborate hearings would have to be held by the Interior Committee, and possibly other committees, before Congress could honestly judge the adequacy of the two plans.

The River of No Return Wilderness proposed by the substitute is severely deficient in terms of protecting the wilderness resource. In particular, it deletes from wilderness many key portions of the pristine watersheds of the Middle Fork Salmon and Upper Selway Rivers. Maximum watershed protection is vital to the continued salmon and steelhead runs in these rivers given the fragile soils and unstable slopes in much of the area.

In addition, the substitute fails to protect important wildlife habitat such as Elk Creek, Big Creek, and numerous other smaller areas surrounding the core wilderness proposal.

The substitute offers no protection for the lower stretches of the Salmon River, despite administration recommendations for addition to the National Wild and Scenic River System which dates back to 1974. The Public Lands Subcommittee's December 6 and 7 hearings on S. 2009 showed very strong support for, and almost no opposition to, the inclusion of the entire lower river in either scenic or recreational designation. Such designation is necessary to protect the river corridor's scenic and recreational values from increasing subdivision and land speculation.

The substitute contains no wilderness protection for lands in and surrounding the so-called Magruder corridor. These lands were recommended for wilderness by the administration and are very popular for primitive recreation such as hunting and fishing. The Magruder corridor is also a strategic watershed—both for water supply and fisheries—of the Columbia River system.

Although the Symms substitute excludes these lands from wilderness mainly for their timber potential, Forest Service data shows little operable timber in the area. Indeed, on a "development opportunity" scale of zero to 15—with 5 representing $1 returned to the Treasury for each dollar expended, the Magruder corridor areas rated a flat zero. Thus, any major timber harvest in the area would result in a heavy net loss to the taxpayers, not to mention possible extreme adverse impacts on wildlife, fisheries, and watershed values.

Mr. WAMPLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to address myself to certain aspects of S. 2009, the bill that designates certain public lands in central Idaho as wilderness area, and to the substitute that has been offered by Mr. SYMMS of Idaho which releases certain other National Forest areas in Idaho designated for multiple use.

The RARE II legislative process, as it has evolved here in the Congress since the President submitted his RARE II recommendations sometime ago, has been one of addressing the RARE II issue State by State or by section of a State. I strongly endorse this method. I believe that the House delegation from the State of Idaho is in the best position to reflect the views of their constituents and interest groups as to what is best for the State of Idaho as it relates to wilderness areas and multiple-use areas.

S. 2009, as reported by the Interior Committee and sequentially referred to the Committee on Agriculture, is flawed in my opinion to the extent that it does not address the release of national forest areas for multiple use. I understand that the majority of those interested in the RARE II issue in the State of Idaho would favor the additional release language to this bill for National Forest areas which have been designated for multiple use.

In my opinion, what we have here to a large extent is a State's rights issue, and I believe that the State and local governments and the parochial interests in the State are best served by passing a bill in the form that the citizens of the State of Idaho would prefer and not what we here in Washington, D.C., might think is best for those citizens. There is a national interest in these matters to be sure, but to the extent we can respect the desires of the people of Idaho, I believe we should do so.

The Symms substitute, as I understand it, was only narrowly defeated in the Interior Committee, of which Mr. SYMMS is a member. Mr. SYMMS is also a member of the Committee on Agriculture, and I believe that if, as I had requested, this bill had been sequentially referred to the Committee on Agriculture for a period longer than 24 hours that there is great probability that the Symms substitute would have carried successfully in the Committee on Agriculture.

I have cosponsored H.R. 6070, a bill introduced by the chairman of the Committee on Agriculture, Mr. FOLEY, which contains release language for multiple-use areas in the national forests under the RARE II progam. There are a substantial number of cosponsors of that bill, and I believe it has strong support in the Congress.

However, whereas I believe we have here the State delegation supporting a version of the bill that provides for the release of multiple-use areas within the national forest at the same time wilderness areas are designated, I believe the Congress should go along with the State interests and the Idaho delegation in the House of Representatives to provide the citizens of Idaho with that end result. Accordingly, Mr. Chairman, I urge my colleagues to support the Symms substitute.

I yield back the remainder of my time.

Mr. HANSEN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I would like, with the indulgence of the chairman of the subcommittee, the gentleman from Ohio (Mr. SEIBERLING), to inquire of him, if I could have his attention, how much Federal land there is in the State of Ohio percentagewise.

Mr. SEIBERLING. If the gentleman will yield, there is a national forest. I do not know what the acreage of that is. Then there is the Cuyahoga Valley National Recreational Area, which is about 32,000 acres. We do not have any lands which qualify for wilderness designation, but, you know, if we had the ability to foresee the future when our State was created, maybe we would have been able to protect a lot more of the land in its natural state because our people in Ohio are crying for natural and also recreational land.

That is where the factory workers go, to the national forests and to our State parks, on their vacations, and they take their campers, and they take their outboards, and they take their fishing gear, and that is the principal vacationland for the people of our State. In the same way, we have evidence that we garnered during the course of our hearings that the principal users of these lands in Idaho are the people in Idaho of all income levels. It does seem to me that from the standpoint of Idaho, this should be something the gentleman should be working for.

☐ 1800

Mr. SYMMS. Mr. Chairman, will the gentleman from Idaho yield to me?

Mr. HANSEN. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman from Idaho for yielding and I say to my good friend from Ohio that is why the working men and women of Idaho, that is one of the reasons besides their jobs, that the Idaho AFL-CIO supports my bill because it means there will be more land available for recreation with my approach to it than there will be if we go with the other approach which will lead Idaho down the road where we may have 8 or 9 million acres of wilderness in the State and preclude not only their jobs but preclude their access. What we want is access to that land. What good is land without access and the opportunity to use that land?

Mr. HANSEN. Mr. Chairman, I guess I would say I did not get an answer to the gentleman from Ohio but I would assume that it is somewhere under 5 percent or so of land in the State of Ohio.

Mr. SEIBERLING. Mr. Chairman, I will stipulate to that.

Mr. HANSEN. In the State of Georgia, which the gentleman mentioned, where the President comes from, would the gentleman venture a guess as to how much Federal land percentagewise is in the State of Georgia?

Mr. SEIBERLING. I would not hazard a guess of the exact percentage.

Mr. HANSEN. Mr. Chairman, I guess my point is, I do not know why we have so many people who, I do not know, perhaps because they did not make better plans or whatever in their own States, are trying to manage the affairs of the State of Idaho and they are pushing our people out of work. We have thousands of people who have been pushed out of jobs recently because of 20-percent interest, 20-percent inflation, rising fuel costs, and now we are taking the jobs away from them by locking up a good share of the land upon which they make a living.

Mr. Chairman, how can we go back to our people and tell them that they do not have a right to make a living on their own lands?

Mr. Chairman, I would just like to point out that we hear a lot of rumblings in the West about a sagebrush rebellion but those few are trying to lock up States like mine, like Utah, Nevada, and some of the other States which have a heavy holding of Federal land in them, are going to find yourselves one of these days in the middle of a counteroperation that is going to defeat everything you have wanted to do. I think you are going to have to have the voice of reason come into this body sometime in your decisions regarding States where you do not reside.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. HANSEN. Yes, I yield to the gentleman from Ohio.

Mr. SEIBERLING. I do not know whether Elk City is in the gentleman's district or in the district of the other gentleman from Idaho (Mr. SYMMS) but Elk City sent a delegation to our hearings pleading with us to pass the Church bill. I have a picture taken of them with me with a cake that they baked for me, thanking us for forwarding that bill and helping save Elk City, because the bill increases the timber which will be available for industry.

Mr. Chairman, I do not know why the genteman made the statement he did when the people in the area are perfectly satisfied that S. 2009 is protecting their interests.

Mr. HANSEN. Mr. Chairman, I take strong issue with the gentleman's saying that the people of Idaho are in support of this particular position of the committee.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. HANSEN. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank my good friend from Idaho for yielding. I would just like to say to my good friend from Ohio I visited Elk City Sunday. This last Sunday I was there. The gentleman will remember as the gentleman and I sat through those very long and tedious hearings—and I commend the gentleman from Ohio for his tenacity to stay with the job and hold hearings because there is none more able than the gentleman. However, if the gentleman will remember from the debate, when the Elk City delegation testified before our committee and I asked them, "Do you prefer the Church bill or the Symms bill," their answer to a person was they preferred the Symms bill but they did not think it could pass the Congress. So they were, so to speak, bought off with 98,000 acres of land in a report, so they are relying on report language.

Mr. HANSEN. Mr. Chairman, I strongly support the Symms approach.

Mr. UDALL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I hope we can vote soon. I am not going to take all of my time but I wanted to leave a couple of thoughts with the members of the committee before we make the decision on this.

The gentleman from Idaho (Mr. SYMMS) is a hard-working member of our committee, and there is a difficult problem in settling these matters in Idaho and his substitute is one he has worked on carefully for a long time. However, I suggest, Mr. Chairman, we should stick with the committee product. It is a better bill. It is a balanced bill.

For example, the Symms amendment goes off in needless directions. In the substitute he slashes 800,000 acres out of the committee bill in wilderness and then gives back a half of that, 400,000 acres in other parts of the State and the 400,000 he gives back, or adds on, have never been considered either by the House or by the committee.

The substitute declares 1.8 million acres of wilderness in Idaho and, as I have pointed out, the Congress has not had an adequate chance to study these lands.

Mr. Chairman, this substitute ranges far afield of the committee's work in other respects. It tampers with the professional planning process that Congress has mandated the Forest Service to do so we could make wise decisions.

The best argument I think against the substitute is the committee bill itself. Rather than threatening timber production and jobs, the Forest Service tells us that the committee bill will actually increase timber availability in the region. Known or even suspected deposits of critical and strategic minerals such as cobalt are not in any way restricted by the committee bill. We have worked very hard to insure that while we are protecting the wildlife, the rivers and the watersheds and the astounding natural beauty in Idaho, we are never forgetting that people need a place to work, and the Nation needs access to raw materials to sustain its economy.

Mr. Chairman, the people of Idaho are divided. You would think from listening to my colleagues from Idaho that everybody is on their side. I referred earlier today to Governor Evans who, in a letter to me of yesterday, strongly supports the committee bill and specifically opposes the Symms substitute. I quote from the Governor's letter:

> Passage of the Congressman's amendment would only serve to prolong the heated debate and uncertainty regarding the resolution of the Central Idaho Wilderness issue.

That is why several timber companies with vital interests in these issues support the committee bill. That is why many other conservation, citizens, and local interest groups, as well as thousands of Idahoans, support the committee bill. That is why the Committee on Interior and Insular Affairs and its Public Lands Subcommittee both rejected the substitute by substantial margins.

Mr. Chairman, I urge the full House support the committee bill by rejecting the Symms substitute.

Mr. Chairman, if I can make but one more point. There is talk here about nibbling away more wilderness. Adding it all up, minerals are going to be foreclosed and locked up, and we cannot get the timber the country needs. Suppose I said that when we got all through with this sorting-out process of wilderness, which we will have done in the next 2 or 3 years—and this is a key part of it—I said to you that 95 percent of the commercial forest lands in the lower 48 States, 95 percent are going to be out of wilderness and 5 percent are going to be in. Do you think it is fair for the American people in future generations to save just 5 percent for wilderness and leave 95 percent out? Well my friends, we are going to do better than that. You can take the worst case and I have been over these figures pretty carefully, you may take the worst case of an administration recommendation, assume that you have a nutty environmentalist running the Department of the Interior and you are going to end up with 97 percent of the commercial forest lands in the United States out of wilderness and 3 percent in. If we have to go to those 3 percent someday to get the last minerals or the last timber we need, so be it, but in Heaven's name, and out of respect for future generations, we ought to be able to save 3 percent.

Mr. Chairman, this bill is important. It has been carefully worked over by our committee. I hope the committee will reject the Symms substitute and pass the committee bill as amended.

Mr. HANSEN. Mr. Chairman, will the chairman yield for one moment?

Mr. UDALL. I will be happy to yield to the gentleman from Idaho.

Mr. HANSEN. Mr. Chairman, I agree very much with the chairman's concern for preserving our natural resources, preserving our wilderness areas. I guess my greatest concern for the gentleman from Arizona, whom I respect greatly, is that my State of Idaho is contributing the greatest amount of wilderness area in the contiguous 48 States, and if we want to save a lot of this land, why do we not make it a national project, and have a little of it come out of all 50 States instead of most of it, if not all, coming out of a handful of States?

Mr. UDALL. Mr. Chairman, I do not think the Western States are unlucky because we have a lot of Federal land. I think we are extremely fortunate for the better quality of life for your people in Idaho and mine in Arizona. Unfortunately, the 3-percent figure I give is an average figure, and if you are in a county in Idaho where 100 percent of the land is owned by the Federal Government, my statistics will give you little comfort. That, I understand. However, I think we in the West have a special blessing with all of these lands. I think we have burden—if it is a burden, and I do not think it is—to provide wilderness areas for water supply, for recreation, for all the things wilderness supplies, and I hope the committee will support us.

Mr. JOHNSON of Colorado. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to speak in favor of the amendment. I, with everybody else, would like to conclude this as soon as possible but I do think there are some areas that ought to be raised and considered for at least the TV audience, because I do not think we have anyone here who has not heard this argument many times before. I think it should be pointed out in answer to what the chairman of the full committee has said, Idaho already has 1.5 million acres of wilderness. Under the committee bill they would have 2.2. Under the Symms bill they would add 1.8 to that for a total of 3.3. There is 1.5 million acres under study for the Bureau of Land Management which will be coming up at a later time and there is about 700,000 acres already in a conservation area.

□ 1810

So, we are not talking about the 3 percent versus the 97 percent. We are talking about the State of Idaho, I think we have to consider it in that context.

Now, the amendment that is offered by the gentleman from Idaho (Mr. SYMMS) has the support at least of his colleague, Mr. HANSEN, and so as far as we are concerned in the House we have the whole delegation from Idaho in favor of the version presently being offered. It seems to me that we ought to listen to the people who are representing that area. I know that it is easy to vote for the committee version on the grounds that somebody else in the other body did a great deal of work, but what we ought to be doing, it seems to me, is to be listening to the representatives from the area.

Any differences between the House version and the Senate version should be ironed out in conference, but there is not any reason, in my judgment, for us to be accepting the Senate version. We have the representatives of the State of Idaho here. We should be listening to them. Obviously, they should not have an absolute and total veto, but we are talking about the difference between 1.8 million acres and 2.2 million acres. That is what the difference between the Symms version and the committee version amounts to.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I will be glad to yield in just a minute. Let me finish my point.

There has been some question raised about the scenic river designation and the recreational river designation. I do not necessarily object to that. There are areas in Colorado that I have been pushing to try to get designated as scenic and recreational rivers, and I can understand where people like the gentleman from Vermont, who spoke and the gentlewoman from New Jersey, who spoke about the importance of that; I can understand where they would feel that that would be a critical factor. But, let me point out to the individuals who have spoken on that subject that we are in the process of putting together an omnibus river bill in the committee, and any consideration here should not prevent them, and should not become the main consideration in their vote on the Symms substitute.

There will be other ample areas and times for us to vote on the river designation, and we can add that later on. That should not be a reason for voting against the Symms amendment, because that can be considered at a later time.

Now, Mr. Chairman, I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I just want to emphasize the fact that we did not just take the Senate bill. We used that as a markup vehicle. As the gentleman knows, we had fairly extensive hearings and we made very substantial changes.

Mr. JOHNSON of Colorado. I will be glad to acknowledge that, and I probably should have said this earlier, the gentleman from Ohio has done as fine a job here as he did on the Colorado bill. I have no quarrel with the fairness of the committee process. He has done his usual thorough, fine job, and he is to be complimented for it.

However, I think the gentleman also should recognize that in his presentation he mentioned the senior Senator from Idaho as the one who had done the most work. All I am saying is that should not be the basis for the decision here. In my opinion, we ought to listen to the representatives from the State of Idaho.

Mr. HANSEN. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Idaho.

Mr. HANSEN. Mr. Chairman, I thank the gentleman, and commend him for his interest and dedication in assisting us in our problem. I just want to ask of the gentleman, who represents a State which has a great deal of land set aside under Federal ownership, if this does not present a problem of economics for us that this body has never really addressed, for compensation; such as, we have to have Public Law 874 to help our impacted school districts, revenue sharing funds, payment in lieu of taxes type of funds. But, there are also forest income funds and other things that the wilderness areas deprive us of because we do not have the income from that property to assist us.

We find, I think, a lot of people who want to enhance their wilderness votes in this body who do not look at them and review the financial considerations they put upon the people of our State, and how much that costs us in terms of what we need in our State.

Mr. WEAVER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the Symms substitute is not a simple substitute to this bill. It amends a major law passed by this Congress several years ago, the National Forest Management Act, and amends it in a very serious way. We have not held hearings in the Agriculture Committee or the Forest Committee, which I chair, on the Symms substitute, although it affects the jurisdiction of that committee and the Forest Service. It could have far reaching effect on the way we manage our forests, and that is the central issue I want to make in the few brief words I intend to make in opposition to the Symms substitute.

It has been raised that the Federal Government owns all this land in the West, and as I represent the largest timber district in the United States of America, I am vitally concerned with the timber supply situation. I would like to point out to the Members of the House of Representatives that in the Northwest, which furnishes a majority of the lumber and plywood for this country, timber has been cut at an extremely rapid rate and the private timber is virtually gone. We are going to face a severe timber shortage in the coming years in this Nation because of rapid depletion of the private timber lands. They have been cut off at a rate far faster than the sustained yield, much of which has been sent to Japan. We are exporting 3.7 billion board feet, something like a thousand times as much timber as is in the wilderness bill. That is not 1,000 percent that is a thousands times as much timber.

Indeed, when we put in all these wilderness areas we will still have 97 percent of our national timber lands open and available for harvest. Remember that, 97 percent, but on the private timber lands in northern California and other areas we will be almost gone in the next few years, in the next decade, with timber.

So, thank God, Mr. Chairman—thank God that we have still large reserves in our national forest that are owned by the Federal Government and cut on a sustained yield basis, or we would be out of timber completely and we would be building with clay and brick throughout this Nation. So, because it amends the National Forest Management Act, a dangerous precedent here; and because we still reserve ample timber lands and take away virtually none—indeed, this bill allows 4 million board feet of additional allowable cut in Idaho after passage, I urge the defeat of the Symms amendment.

□ 1820

Mr. RHODES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment in the nature of a substitute offered by the gentleman from Idaho (Mr. SYMMS).

My support for the Symms substitute is based on two important considerations.

First, I believe the Symms substitute

is a balanced approach to the competing demands on the public lands in the State of Idaho. If adopted, the amendment would create approximately 1.8 million acres of new wilderness, including the largest contiguous wilderness in the lower 48 States. When added to the existing Idaho wilderness areas, almost 3.3 million acres or 10 percent of all Federal lands in the State will be devoted to this purpose. But the Symms substitute also insures the option to put the remaining lands to alternative uses consistent with the purposes for which our National Forests were created. Important resources are left available for responsible and environmentally acceptable development. This includes not only minerals critical to our national defense, but also timber, which must be available to maintain a sound economy and to avoid unnecessary unemployment in the forest industry.

At the same time, the scenic beauty and other recreational values of these lands will be accessible to the vast majority of Americans who cannot or choose not to partake of the wilderness experience.

The second reason I am supporting the Symms approach is based on a tradition of the House which I have always taken very seriously. When a piece of legislation solely or primarily affects a Member's district, that Member's viewpoint is entitled to the greatest respect and weight. The bill before us today impacts most heavily on Mr. Symms' district. He is advocating a reasonable and responsible solution which deserves our support. Mr. HANSEN, the other Member whose district is affected also favors the Symms approach. Regardless of what the other body has done, we in the House should respect the position of the elected Representatives serving in this body. These Members are, in fact, the voice of the people of the State they serve.

But for those of my colleagues who are thinking "Well, traditions are not binding obligations, I will make an exception this time," I would remind them that this legislation has come about because of a Forest Service inventory process called RARE II. Recommendations for wilderness designations under that process have been made which affect 38 States. Today, it is the people of the State of Idaho making their plea for reason, but eventually we will get around to your State and your district. If we do not listen to Idaho today, what makes you think we will have any better hearing when it is your turn?

For these reasons, I urge my colleagues to join me in supporting the Symms substitute.

• Mr. ASHBROOK. Mr. Chairman, I rise in support of the substitute offered by the gentleman from Idaho, Mr. SYMMS. One issue this substitute addresses that goes beyond the confines of this wilderness bill is the vitally important subject of our strategic resources policy. At present this Nation has no clear policy to govern future availability of strategic resources. To delay the formulation of such a policy could be a fatal mistake for the well-being of the United States.

The Symms substitute assures that one of this Nation's most important minerals, cobalt, will be able to be developed to assure a domestic supply. The committee's bill does provide for a 5-year period of mineral extraction of this vital element, but it does not go far enough in assuring long-term future availability. This House has an opportunity today to make a firm policy declaration on cobalt that could build toward a sound policy on other strategic materials by voting for this substitute.

We have seen graphic evidence in recent years of how dependence on foreign supplies of oil and gas can have devastating impacts on the American economy. This House should not allow our Nation to find itself in similar situations with other resources. We could conceivably live without foreign oil, although at a crippling cost. We cannot live without cobalt. Without cobalt critical parts for the jet engines and missile guidance systems that provide the needed protection of this Nation could not be produced. Integral parts for navigation and gyros systems for stabilizing airplanes and ships could not be built or replaced. This could lead to major cutbacks in our commercial transportation of goods and people.

Presently, America has only one possible domestic source for cobalt—the Blackbird area encompassed in this bill. Part of this lies outside of the wilderness section of this bill, but the major portions lie within the area. The Noranda Mining Co. estimates as much as 500 million pounds of cobalt could lie within the designated wilderness.

In 1977 the Idaho Bureau of Mines and Geology completed a mineral survey that showed sufficient trends in existing cobalt veins to warrant leaving the entire deposit area out of the wilderness designation.

Could this House take a chance on leaving the Blackbird area in wilderness and depending on foreign supplies? I do not think so. America's dependence on foreign sources for much of our strategic material has grown to alarming levels in recent years. Of the 35 minerals and metals considered of strategic importance, the United States depends on imports in all but one case. In 22 cases this import dependency exceeds 50 percent. Currently, 97 percent of our cobalt comes from foreign sources. The remaining 3 percent is ore recovered from byproducts of copper and iron mining and from recycled scrap. Unless this Nation can build a domestic source of pure cobalt this import dependency may grow further.

How stable is our foreign sources of cobalt? The largest proportion of our cobalt comes from the Kolwezi mines in Zaire. This amounts to 60 percent of imports. In 1978 Kolwezi was the scene of violence as guerrillas invaded the Shaba province where Kolwezi is situated. The guerrillas invaded from training sites in Angola and were closely linked to Cuban and Soviet efforts to destabilize the region. The price of cobalt skyrocketed from $6.40 per pound preinvasion to as high as $50 per pound for spot market transactions as the mines tried to rebuild from the battle damage.

Another major source of cobalt is Zambia. In February 1980 Zambia concluded a $100 million arms deal with the Soviet Union for Mig-21 combat aircraft. This followed closely the total of $100 million given to the nation by the United States in general aid. Zambia's close ties to the Soviets and its role in the Rhodesian guerrilla war cast doubts as to the future of cobalt supplies.

The third major source for cobalt is Finland, a nation with a recent history of being very careful not to offend its Soviet neighbor. In a major crisis would the nation that gave the world "Finlandization" be able to withstand Soviet pressure to end or lower cobalt shipments to America?

The instability of Zaire, Zambia, and possibly Finland must be viewed in the broader context of what the Soviet Union is doing to assure that instability. The invasion of the Shaba Province was directed as much toward disrupting cobalt mining as to destabilize the government of Mobutu. In early 1979 Belgium stepped in to stop a third invasion that was being planned for Kolwezi. Only the presence of European mercenaries near the Angolan border forestalled the invasion.

The U.S.S.R. has had as its policy since World War II to become self-sufficient in strategic minerals and metals. Of the 35 minerals and metals that are considered strategic the U.S.S.R. is self-sufficient in all categories except 7. In those seven categories foreign dependency comes from satellites or neutral nations and only fluorine needs to be imported above the 50-percent level. From this stable base of resources the Soviets have begun to deny the West, especially the United States, these same resources. Through destabilization, control of regions or sealanes, and through outright invasion the U.S.S.R. has moved to strangle supply. In a press conference yesterday Admiral Moore called this the strategy of denial. It amounts to a resource war that could beat the United States without the Soviets having to use any of their nuclear weapons or have any direct confrontation with the United States.

The resources war is being fought on many fronts. Wherever resources are available to the United States there are active efforts to destabilize friendly governments and to co-opt neutral ones. Regional hegemony is another approach. Angola and Mozambique fell to Cubans and Cuban trained guerrillas setting the stage for the assault on Rhodesia, the major noncommunist source of chrome. Now with Rhodesia neutralized, if not totally captured by anti-American elements, the push is toward South Africa where other chrome deposits exist as well as vital supplies of uranium, gold, manganese, platinum, fluorine, or asbestos, antimony, vanadium, and other elements. If South Africa falls, these strategic elements as well as critical port facilities fall to the Soviets. In the Middle East the Yemen war, the invasion of

Afghanistan, and the occupation of Ethiopia are directed at the sealanes used for oil shipments and to the oil rich region itself. In the Caribbean the Cuban support of insurgencies in Nicaragua, El Salvador, and in the numerous island nations is designed to wrest control of the region from the United States and its allies. If the Caribbean falls so does easy access to the Panama Canal, to Venezuelan oil, and to sealanes that serve the gulf ports of the United States.

There is much at stake in this bill we have before us today. By stopping the no growth advocates we can leave the door open for a domestic supply of cobalt. This in turn can serve as a clear signal that the House understands the strategic material crisis America is facing and force our State Department and the President to wake up to the Soviet menace. Maybe a clear vote on cobalt will stimulate moves to assure either domestic supplies or stable foreign supplies of the other materials this Nation desperately needs. We have ignored the resource war long enough. It is time to reverse the downward slide of this Nation's resources. A vote for this substitute is a good place to begin.●

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Idaho (Mr. SYMMS).

The question was taken; and the Chairman announced that the noes appeared to have it.

### RECORDED VOTE

Mr. SYMMS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 179, noes 214, not voting 39, as follows:

[Roll No. 183]

### AYES—179

Abdnor
Albosta
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Ashbrook
Atkinson
Bafalis
Bauman
Beard, Tenn.
Benjamin
Bereuter
Bethune
Bevill
Boner
Bouquard
Bowen
Breaux
Brinkley
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Campbell
Carney
Carter
Chappell
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Corcoran
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Dannemeyer
Davis, Mich.
de la Garza
Derwinski
Devine
Dickinson
Dornan
Duncan, Tenn.
Edwards, Ala.
Edwards, Okla.
English
Erlenborn
Evans, Del.
Evans, Ga.
Fary
Findley
Flippo
Forsythe
Fountain
Frenzel
Gaydos
Gilman
Goldwater
Gore
Gradison
Gramm
Grassley
Grisham
Guyer
Hall, Tex.
Hammerschmidt
Hance
Hansen
Harsha
Hightower
Hillis
Hinson
Holland
Hopkins
Hyde
Ichord
Jacobs
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lent
Lewis
Livingston
Loeffler
Lott
Lujan
Luken
McClory
McCormack
McDade
McDonald
McEwen
Madigan
Marlenee
Marriott
Martin
Mazzoli
Michel
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Nichols
O'Brien
Oberstar
Paul
Pepper
Price
Quayle
Quillen
Railsback
Regula
Rhodes
Ritter
Robinson
Rousselot
Royer
Rudd
Runnels
Satterfield
Sawyer
Schulze
Sebelius
Shelby
Shumway
Shuster
Skelton
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
Stangeland
Stanton
Stenholm
Stockman
Stratton
Stump
Symms
Taylor
Thomas
Vander Jagt
Walker
Wampler
Watkins
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Winn
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Mo.

### NOES—214

Addabbo
Akaka
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Ashley
Aspin
AuCoin
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Bedell
Beilenson
Bennett
Biaggi
Blanchard
Boggs
Boland
Bolling
Bonior
Bonker
Brademas
Brodhead
Brown, Calif.
Burton, John
Byron
Carr
Cavanaugh
Coelho
Collins, Ill.
Conte
Conyers
Cotter
D'Amours
Danielson
Daschle
Davis, S.C.
Deckard
Dellums
Derrick
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Emery
Erdahl
Ertel
Evans, Ind.
Fascell
Fazio
Fenwick
Ferraro
Fisher
Fithian
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fowler
Frost
Fuqua
Garcia
Gephardt
Giaimo
Gibbons
Gingrich
Ginn
Glickman
Gonzalez
Green
Guarini
Gudger
Hall, Ohio
Hamilton
Hanley
Harkin
Harris
Hawkins
Heckler
Hefner
Heftel
Hollenbeck
Holtzman
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Ireland
Jeffords
Jones, Okla.
Kastenmeier
Kildee
Kogovsek
Kostmayer
LaFalce
Lehman
Leland
Levitas
Lloyd
Long, La.
Long, Md.
Lowry
Lundine
McCloskey
McHugh
McKinney
Maguire
Markey
Marks
Matsui
Mattox
Mavroules
Mica
Mikulski
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Musto
Natcher
Neal
Nedzi
Nelson
Nolan
Nowak
Oakar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Pritchard
Pursell
Rahall
Rangel
Ratchford
Reuss
Richmond
Rinaldo
Roe
Rose
Rosenthal
Rostenkowski
Roth
Roybal
Russo
Sabo
Santini
Scheuer
Schroeder
Seiberling
Sensenbrenner
Shannon
Sharp
Simon
Smith, Iowa
Spellman
St Germain
Stack
Stark
Steed
Stewart
Studds
Swift
Synar
Tauke
Thompson
Traxler
Udall
Vanik
Vento
Volkmer
Walgren
Waxman
Weaver
Weiss
Williams, Mont.
Wirth
Wolff
Wolpe
Wright
Yates
Zablocki
Zeferetti

### NOT VOTING—39

Archer
Badham
Bingham
Brooks
Burton, Phillip
Butler
Chisholm
Clay
Corman
Coughlin
Daniel, R. W.
Dougherty
Fish
Goodling
Gray
Hagedorn
Holt
Jenrette
Kazen
Lederer
Lungren
McKay
Mathis
Murphy, Ill.
Myers, Pa.
Pashayan
Roberts
Rodino
Solarz
Staggers
Stokes
Trible
Ullman
Van Deerlin
White
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wyatt

□ 1830

The Clerk announced the following pairs:

On this vote:

Mr. Archer for, with Mr. Lederer against.

Mr. Bob Wilson for, with Mr. White against.

Mr. Lungren for, with Mr. Gray against.

Mr. Badham for, with Mr. Jenrette against.

Mr. Coughlin for, with Mr. Myers of Pennsylvania against.

Mr. Robert W. Daniel, Jr., for, with Mr. Staggers against.

Mr. Fish for, with Mr. Rodino against.

Mr. Goodling for, with Mr. Solarz against.

Mr. Hagedorn for, with Mrs. Chisholm against.

Mrs. Holt for, with Mr. Stokes against.

Mr. McKay for, with Mr. Van Deerlin against.

Mr. DASCHLE, Mrs. BOGGS, Mr. McHUGH, and Mr. MICA changed their votes from "aye" to "no."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments? If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HIGHTOWER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the Senate bill (S. 2009) to designate certain public lands in central Idaho as the River of No Return Wilderness, to designate a segment of the Salmon River as a component of the National Wild and Scenic Rivers System, and for other purposes, pursuant to House Resolution 631, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, and was read the third time.

□ 1840

### MOTION TO RECOMMIT OFFERED BY MR. SYMMS

Mr. SYMMS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SYMMS. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SYMMS moves to recommit the Senate bill, S. 2009, to the Committee on Interior and Insular Affairs.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. JOHNSON of Colorado. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 301, noes 93, not voting 38, as follows:

[Roll No. 184]

AYES—301

Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Buchanan
Burlison
Burton, John
Byron
Campbell
Carr
Cavanaugh
Chappell
Chisholm
Clausen
Clay
Coelho
Coleman
Collins, Ill.
Conte
Conyers
Corcoran
Cotter
D'Amours
Danielson
Daschle
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
Erdahl
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Green
Guarini
Gudger
Hall, Ohio
Hamilton
Hance
Hanley
Harkin
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hollenbeck
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Ireland
Jeffords
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kastenmeier
Kildee
Kogovsek
Kostmayer
LaFalce
Lagomarsino
Leach, Iowa
Lehman
Leland
Lent
Levitas
Livingston
Lloyd
Long, La.
Long, Md.
Lowry
Lujan
Luken
Lundine
McClory
McCloskey
McCormack
McDade
McHugh
McKinney
Madigan
Maguire
Markey
Marks
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Musto
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Ratchford
Regula
Reuss
Richmond
Rinaldo
Ritter
Roe
Rose
Rosenthal
Rostenkowski
Roth
Roybal
Royer
Runnels
Russo
Sabo
Santini
Sawyer
Scheuer
Schroeder
Seiberling
Sensenbrenner
Shannon
Sharp
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Spellman
Spence
St Germain
Stack
Stanton
Stark
Stewart
Studds
Swift
Synar
Tauke
Thompson
Traxler
Udall
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Waxman
Weaver
Weiss
Whitehurst
Whitley
Williams, Mont.
Williams, Ohio
Winn
Wirth
Wolff
Wolpe
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NOES—93

Abdnor
Anthony
Applegate
Ashbrook
Bauman
Bouquard
Bowen
Brown, Ohio
Broyhill
Burgener
Carney
Carter
Cheney
Cleveland
Clinger
Collins, Tex.
Conable
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Dannemeyer
Davis, Mich.
Derwinski
Devine
Dickinson
Dornan
Edwards, Okla.
English
Erlenborn
Forsythe
Fountain
Gramm
Grassley
Grisham
Guyer
Hall, Tex.
Hammerschmidt
Hansen
Hinson
Holland
Hyde
Ichord
Jacobs
Jeffries
Jones, Tenn.
Kelly
Kemp
Kindness
Kramer
Latta
Leach, La.
Leath, Tex.
Lee
Lewis
Loeffler
Lott
McDonald
McEwen
Marlenee
Marriott
Martin
Michel
Montgomery
Myers, Ind.
Paul
Rhodes
Robinson
Rousselot
Rudd
Satterfield
Schulze
Sebelius
Shelby
Shumway
Shuster
Snyder
Solomon
Stangeland
Steed
Stenholm
Stockman
Stratton
Stump
Symms
Taylor
Thomas
Walker
Wampler
Watkins
Whittaker
Whitten
Young, Alaska

NOT VOTING—38

Archer
Badham
Bingham
Brooks
Burton, Phillip
Butler
Corman
Coughlin
Daniel, R. W.
Dougherty
Fish
Goodling
Gray
Hagedorn
Holt
Jenrette
Kazen
Lederer
Lungren
McKay
Mathis
Murphy, Ill.
Myers, Pa.
Pashayan
Rangel
Roberts
Rodino
Solarz
Staggers
Stokes
Trible
Ullman
Van Deerlin
White
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wyatt

□ 1850

The Clerk announced the following pairs:

On this vote:

Mr. Dougherty for, with Mr. Archer against.

Mr. Fish for, with Mrs. Holt against.

Mr. McKay for, with Mr. Lederer against.

Until further notice:

Mr. Rodino with Mr. Badham.

Mr. Stokes with Mr. Bob Wilson.

Mr. Bingham with Mr. Trible.

Mr. Solarz with Mr. Coughlin.

Mr. Staggers with Mr. Robert W. Daniel, Jr.

Mr. Roberts with Mr. Butler.

Mr. Myers of Pennsylvania with Mr. Goodling.

Mr. Jenrette with Mr. Hagedorn.

Mr. Gray with Mr. Lungren.

Mr. Corman with Mr. Pashayan.

Mr. Phillip Burton with Mr. Van Deerlin.

Mr. Charles H. Wilson of California with Mr. Mathis.

Mr. Kazen with Mr. Rangel.

Mr. Wyatt with Mr. Murphy of Illinois.

Mr. White with Mr. Charles Wilson of Texas.

So the Senate bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material with respect to the bill just passed, S. 2009.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

## NINTH REPORT OF UNITED STATES SINAI SUPPORT MISSION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore (Mr. MURTHA) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Foreign Affairs:

(For message, see proceedings of the Senate of today, April 16, 1980.)

## PROCLAMATION RENEWING REQUIRED STATUTORY FINDINGS PURSUANT TO ENERGY POLICY AND CONSERVATION ACT OF 1975—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 96-298)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed:

(For message, see proceedings of the Senate of today, April 16, 1980.)

□ 1900

## FIFTY-THREE PROPOSALS TO RESCIND BUDGET AUTHORITY PREVIOUSLY PROVIDED BY CONGRESS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 96-299)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

(For message, see proceedings of the Senate of today, April 16, 1980.)

## PERMISSION FOR SUBCOMMITTEE ON CONSUMER PROTECTION AND FINANCE OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT AT 1 P.M. TOMORROW DURING 5-MINUTE RULE

Mr. SCHEUER. Mr. Speaker, I ask unanimous consent that the Subcomittee on Consumer Protection and Finance of the Committee on Interstate and Foreign Commerce be permitted to meet at 1 p.m. tomorrow during the 5-minute rule.

The subject of the hearing is oversight of the Toxic Substance Control Act. The ranking minority member of the committee, the gentleman from North Carolina (Mr. BROYHILL) has been apprised of the hearing time and is in accord with this request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

## LOCAL GOVERNMENT FISCAL ASSISTANCE AMENDMENTS OF 1980—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 96–300)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Government Operations and ordered to be printed:

(For message, see proceedings of the Senate of today, April 16, 1980.)

## SOUL OF A NATION LIES IN PATRIOTISM

(Mr. ICHORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ICHORD. Mr. Speaker, recently a friend of mine brought to my attention an excellent essay about America's military preparedness, written by Gen. Robert E. Huyser, Commander in Chief, Military Airlift Command. General Huyser's remarks concisely analyze our lack of readiness, our vacillation, our inverted sense of priorities, and our missing sense of urgency about the international situation. "The real soul of a nation," he says, "lies in the patriotism of its citizens." Until we, as political leaders, are willing to confront the public with its own defects as citizenry, we shall not be able to face our problems honestly and meaningfully. I believe General Huyser's message is one that every American needs to read and ponder. I ask unanimous consent that the full text of the General's remarks be incorporated in the RECORD.

### SOUL OF A NATION LIES IN PATRIOTISM

(By Gen. Robert E. Huyser)

American military leaders have long been sounding the alarm about the downward spiral of our defense capability while the nation has napped—introspective, self-critical, debating its sense of fitness.

Now we are on the brink of agreement that America is still the greatest nation on earth rather than the only thing wrong with the world. I hope that bodes well for the future.

But are we firmly committed to reconstitute our military strength to defend our global interests, or do we still merely hope that our adversaries will go away and stop challenging us? Those are valid questions because the current surge of national unity was generated not by an internal gradual consensus but rather by foreign events which jerked us out of our malaise. Consequently, a future period of international calm might cause us to push the snooze button on the national alarm clock.

Before coming to the Military Airlift Command (MAC) headquartered at Scott Air Force Base, I was the Deputy Commander in Chief of the U.S.-European Command. I had a perfect opportunity to watch the buildup of communist military forces beyond any level imaginable for defensive purposes. The 1970s witnessed a stark transformation of Soviet defensive forces to a formidable, offensive capability. In military terms that means a 3- to 5-fold increase in firepower.

Today we are outnumbered in almost every category of weapons, and Soviet application of modern technology has eroded our qualitative edge. They have outspent us on military programs since the 1960s by more than $100 billion—enough to politically intimidate us through the early 1980's. Catching up will be expensive because we will pay more in the 1980s for the capability we should have bought with 1970 dollars. (This is the price in security and dollars we must pay for our negligence.)

Have we had our priorities right? From 1965 to 1978, federal outlays needed for health increased 2400 percent, housing 2800 percent, and jobs 1600 percent. Spending on defense, which protects and nurtures those programs, rose by only 125 percent, or less than the inflation rate.

Catching up is vital in all areas but particularly so for our mobility forces: the airlift and sealift needed to project combat power to protect our national interests. Both are inadequate. Sealift is essential to transport heavy equipment and to insure the "staying power" of our ground and air forces. However, in the initial stage of a crisis, MAC airlift provides the rapid mobility to project those forces, most of which are in the U.S., to wherever they may be needed to deter conflict. MAC is rapid mobility and holds a central position in national strategy One can say MAC is the backbone of projecting our deterrent forces.

MAC is also vital to the national concept of a "Rapid Deployment Force"—a force of up to 100,000 ready to move to trouble spots as required by national command authorities. The Rapid Deployment Force has crystallized the need for sealift and airlift improvement programs which are now receiving attention at the highest levels of government.

The nation (that is, you—the public) has failed to support adequate compensation of our all-volunteer forces in the face of inflation. Yet we expect them to die for us if necessary. Since 1972, the buying power of the service member and his family has eroded 20 percent and that is visible in poor recruitment and retention rates. Even if we have a draft, we are obligated to provide our service people an acceptable standard of living.

We were militarily unprepared for World War II, Korea and Vietnam. Now we are behind again. Must it always be that wav? I think not! True, by nature we are not a militaristic nation and I agree that should be our objective. Our concept has not been to expand—only to preserve our sovereignty and freedom and assist small nations in maintaining freedom of choice.

But, we should be realistic. Do you really think the policy and doctrine of the Soviet Union have changed since Lenin wrote, "International imperialism . . . cannot coexist with the Soviet Republic. Conflict is unavoidable. . . ."?

If you do, I suggest you carefully review Soviet history of the past six decades. As recently as 1961, Brezhnev said, "The total triumph of socialism all over the world is inevitable."

The real soul of a nation lies in the patriotism of its citizens. Patriotism is love of country and zealously defending her values and interests. Love of America seems to be re-emerging but where are the lines at the recruiting offices to defend her values and interests? Where are those who ought to step forward and say, "I'll serve"? Zealously protecting America requires putting our feet and national budget where our hearts are.

In a democracy, manning and equipping armed forces depend on a public consensus that military strength is the big stick that puts clout in other instruments of government to achieve national objectives. Where do you stand? Have you informed your representatives on Capitol Hill?

Daniel Webster said it best over 130 years ago: "God grants freedom only to those who love it, and are willing to protect and defend it."

No one wants to fight but someone had better know how. How can we put a ceiling on the price of freedom?

## HOUSE JOINT RESOLUTION INTRODUCED TO DISAPPROVE PRESIDENT'S CRUDE OIL IMPORT FEE AND GASOLINE IMPORT FEE

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, yesterday I coauthored House Joint Resolution 531 to disapprove the President's announced crude oil import fee of $4.62 per barrel and gasoline import fee of $4.20 per barrel, which he established in proclamation 4744 issued on April 2, 1980. This proposal is inflationary and will result in no significant energy savings.

By May 15, 1980, the price of gasoline should increase about 10 cents, according to the administration by virtue of this fee.

Gasoline conservation is already occurring and the import fee is expected to do little in addition. The administration admits that it will save only about 100,000 barrels of gasoline per day or only about one-half of 1 percent of our total daily consumption.

The American people in 1979, used about 5.2 percent less gasoline than in 1978. And the first 3 months of 1980 show that almost 8 percent less gasoline has been used than during the first 3 months of 1979.

This 10-cent-a-gallon increase is expected to raise the Consumer Price Index by three-quarters of a percentage point. Inflation is accelerating sharply as in January the CPI increased at an annual rate of 19 percent. This 10-cent-per-gallon gasoline increase will only fuel the inflationary spiral.

The 10-cent-a-gallon increase translates into $75 a year in additional gasoline costs for each American driver. The market forces have already raised gasoline costs by 105 percent since April 1978. This import fee, or the 10-cent-per-gallon increase, will bring to the Federal Treasury $10 to $11 billion a year, money which needs to remain with the consumer.

The President does not need this additional revenue to balance the budget. The $10 to $12 billion from the oil import fee will make up part of his budget surplus of $16.5 billion for next fiscal year.

The President is balancing the budget with tax increases. The Office of Management and Budget says Government receipts are expected to equal a record 22.4 percent of GNP in fiscal year 1981. This is up from an estimated 20.8 percent this year and higher than the 21.9-percent previous record set in 1944 during World War II.

This additional tax is unjustifiable. The import fee will neither result in significant energy savings nor is it necessary to balance the budget. It is merely a $10 billion tax on the American people. Because Congress should have the opportunity to vote on such a large "tax" measure, House Joint Resolution 531 was introduced to disapprove the President's imposition of the import fee and provide for consideration of this tax measure through the normal legislative process.

## FIVE-POINT PROGRAM PROPOSED TO ADDRESS PROBLEMS FACING AUTO INDUSTRY AND ITS EMPLOYEES

(Mr. HILLIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILLIS. Mr. Speaker, every day we hear of new layoffs within the auto industry. Auto sales for the first 10 days of April were 25 percent below the same time last year; 250,000 auto workers are currently out of work. U.S. automobile manufacturers are increasing their projected losses for 1980. The Congress must act to help the auto industry or the situation can only become worse.

In addition to slow sales and increased unemployment, the funds to pay TRA benefits are rapidly running short as thousands of additional auto workers join the ranks of the unemployed. These trade benefits are the major source of income to unemployed auto workers. We must act immediately to provide additional TRA funds if we are to prevent a catastrophic crisis among idled auto workers.

I am today proposing a five-point program to address the problems currently facing the auto industry and its employees. First, the House Appropriations Committee must act immediately to appropriate additional TRA Funds. Second, I propose that a floating import fee be placed on automobiles and other items to pay for future TRA benefits. Third, my bill, H.R. 6690, should be passed which will provide additional unemployment benefits for areas with 10 percent unemployment rates. These are only short-term answers however. In the long run we will have to amend our tax laws to enable our manufacturers to modernize their plants which is the fourth point of my program. The last point is that our environmental and fuel efficiency laws must be reevaluated to insure that their enforcement does not force auto manufacturers into bankruptcy.

By adopting this five-point program the Congress can stop the exportation of unemployment from Japan to the United States. I most urgently request the House to consider the plight of our automotive industry and act immediately before it is too late.

## TEN THOUSAND CUBANS TAKE OPPORTUNITY TO FLEE THEIR COUNTRY

(Mr. PETRI asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. PETRI. Mr. Speaker, 12 days ago officials at the Peruvian Embassy in Havana opened the Embassy gates to admit refugees fleeing Castro's Cuba. Almost immediately the grounds were jammed with some 10,000 people who left their belongings, their jobs, their friends, and in some cases their families for a chance to go to Peru.

Some 10,000 people were suddenly presented an opportunity to flee their country. They did not need days to make up their minds. They seized that opportunity in a flash.

In our own country and around the world we often hear people extol Cuba as a great model society. And there is no shortage of Cuban soldiers and other emissaries spreading Castro's message in other countries.

But let us not be deluded. The "Havana 10,000" had no illusion about the regime under which they lived. They were willing to do almost anything, go almost anywhere, just to get away from it. Their courageous choice dramatically exposes the true repressive nature of the Castro regime.

Mr. Speaker, our own Nation is far from perfect and the other free world nations have their faults as well. But why has there never been a flood of refugees to Cuba, to Russia, to Vietnam, to mainland China, or to any Communist country?

That is a question that needs no answer. And it is a testimony to the basic underlying strength of our system, regardless of dips in prestige, foreign policy reverses, or economic troubles.

I hope that those in Latin America and elsewhere who are tempted to emulate the Cuban regime will take careful note of the message sent to them by refugees in Havana. I hope the world press will give it due weight. And I hope that our diplomats will lose no opportunity in bringing this message home to the peoples of the world.

## INTRODUCTION OF LEGISLATION TO REDUCE GENERAL REVENUE-SHARING FUNDS

(Mr. KINDNESS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. KINDNESS. Mr. Speaker, the Congress is faced with a great number of individual taxing and spending decisions this year. One of these is whether to continue the general revenue-sharing program and, if so, under what conditions.

More and more Members are coming to realize that the Federal Government is playing too large a role in our economy and, accordingly, that Federal expenditures must be reduced significantly. An easy target is the Federal general revenue-sharing program which amounts to almost $7 billion annually.

It is my belief that history has not borne out the assumptions on which revenue sharing was based. For one thing, we have continued to pile up the number of categorical grant programs while maintaining revenue sharing. Furthermore, the basic concept of revenue sharing is flawed in that it separates the decision to spend revenue from the responsibility to raise that revenue.

However, the Nation did not come upon its economic difficulties overnight and many States and local governments have come to plan and depend upon their revenue-sharing entitlement.

Accordingly, I am today introducing legislation that would provide for the reauthorization of general revenue sharing for a 3-year period during which time the amount authorized would be evenly reduced until the expiration of the program on September 30, 1983. Specifically, the currently authorized level of $6.85 billion would be maintained in fiscal 1981. That figure would be reduced by one-third, to $4.56 billion for fiscal 1982, and by another one-third, to $2.28 billion for fiscal 1983.

The bill contains a second title which would provide a Federal income tax credit for State and local income, property and sales taxes, in lieu of the current law's itemized deduction.

Providing a credit for State and local taxes was one of the alternatives considered but rejected by the Nixon administration when it first proposed the program which we now have as revenue sharing. Then-Treasury Secretary John Connally, in rejecting the tax credit alternative said:

> Tax credits are, in the first instance, tax relief to taxpayers, not to needy local governments.

The need today is to provide tax relief to needy taxpayers. And, we cannot afford to continue to send Federal revenues back to State and local governments—because we do not have the revenue to send. We have nothing but deficits.

By providing a credit for State and local taxes against an individual's Federal income tax, we may also provide some incentive for those individuals to look a bit more sanguinely at local school funding issues, for example. It will take time, certainly. But, this year's expiration of revenue sharing gives us an opportunity to start and I hope that the Government Operations and Ways and Means Committees will find this bill a suitable vehicle with which to make that start.

The bill is summarized as follows:

### SECTION-BY-SECTION SUMMARY

Title I.—Amendments to the State and Local Fiscal Assistance Act of 1972.

Title I would reauthorize the general revenue sharing program for three fiscal years. The level of funding currently authorized, $6.85 billion annually, would be continued for fiscal 1981. In fiscal 1982, that level would be reduced by ⅓ (to $4.56 billion), and would be further reduced by ⅓ (to $2.28 billion) for fiscal 1983. The program would then expire on September 30, 1983.

The bill would make no changes in the current distribution formulae or other provisions or limitations of the current program.

Title II.—amendments to the Internal Revenue Code of 1954.

Section 201 would provide a federal income tax credit for 23% of the taxes paid by individuals to state and local governments. These taxes are currently deductible by taxpayers who itemize deduction pursuant to section 164 of the Internal Revenue Code (IRC).

The credit created by this section would not be refundable; that is, it could not exceed a taxpayer's federal income tax liability before subtraction of the credit.

The definitions and rules contained in subsections (c) through (g) are taken directly from current law, IRC, sec. 164 (b) through (f). Thus, the same state and local taxes, including sales, property, and income, would be eligible for the 23% credit.

Sections 202 and 203 make necessary technical, conforming amendments to sections 275 and 1451 of the IRC.

Section 204 repeals the current law section 164 itemized deduction for state and local taxes.

Section 205 provides effective dates for Title II. The tax credit established by section 201 and the technical, conforming amendments in sections 202 and 203 would take effect on January 1, 1982. The repeal of the current law deduction, IRC, section 164, would be effective on December 31, 1981.

## REPORTS INDICATE U.S. OLYMPIC COMMITTEE'S TAX-EXEMPT STATUS MAY HAVE BEEN THREATENED

(Mr. HYDE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HYDE. Mr. Speaker, from time to time those of us in the minority party feel compelled to point out the occasional hypocrisies of politics as practiced here in Washington. We are unceasingly reminded that a few years ago a President of the United States abused the powers of his Office by using the Internal Revenue Service to punish his political enemies. We properly condemned that conduct and had a right to assume that such a sensitive agency as the IRS would never again be used to intimidate and coerce support for any administration's political policies.

How wrong we were.

It is with some dismay, therefore, that I direct my colleagues' attention to newspaper reports about the Carter administration's use of heavy-handed tactics seeking to force the U.S. Olympic Committee into making the "right" boycott decision.

While I personally support the boycott of the games as requested by the President, I bitterly resent the implications contained in the Washington Post last Wednesday, April 9, where it was reported that the administration "has indicated it may seek to revoke the tax-exempt status of the U.S. Olympic Committee unless the committee votes to boycott the Moscow Olympics * * *"

These allegations were repeated in the Post's April 15 edition, quoting USOC President Robert J. Kane as saying:

> I'm sorry the administration had to resort to this kind of contentiousness. I think it has created a backlash.

Is not it outrageous that the President of the United States suddenly decided to review the 28-year-old tax-exempt status of the Olympic Committee because the vote on a boycott of that committee might not have agreed with him politically? Tax-exempt status is conferred by section 501(c)(3) of the Internal Revenue Code, not by executive fiat. That section specifically states that any organization which is organized, among other things, exclusively "to foster national or international amateur sports competition" shall be exempt unless it is operated for profit—section 502—or participates in certain prohibited transactions, none of which apply in this instance—section 503. Note that the code says "shall," not "may," and certainly not at the pleasure of the President.

What, then, was Jimmy Carter trying to do? From all appearances, he threatened to use the IRS and the Internal Revenue Code to eliminate the U.S. Olympic Committee's tax-exempt status, and thereby discourage contributions, unless it supported his foreign policy. Since when does a nonprofit organization have to support the President to qualify for tax-exempt status under section 501(c)(3)?

And one other thing. Two weeks ago, Sears, Roebuck & Co. withheld a $25,000 pledge to the USOC after a session with Presidential aide Anne Wexler. Fifteen other firms, presumably after similar meetings, withheld donations to the USOC totaling $175,000. Is it not wrong for the White House to coerce private companies or individuals not to give contributions to organizations permitted by law to receive them? Have we learned nothing from the past?

Regardless of one's position on the boycott, abuse of the taxing power to compel political support is reprehensible. whether Mr. Nixon or Mr. Carter occupies the White House.

I have today written Chairmen RODINO of the Judiciary Committee and ULLMAN of the Ways and Means Committee, requesting prompt hearings to determine whether these allegations are true, and if so, to affix responsibility so that corrective action might be taken.

Since the U.S. Olympic Committee is federally chartered, the Judiciary Committee has oversight responsibility to protect this charter.

## CONGRESS MUST CHART NEW COURSE TO GET FEDERAL GOVERNMENT OFF THE BACK OF THE AMERICAN TAXPAYER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. EDWARDS) is recognized for 60 minutes.

Mr. EDWARDS of Oklahoma. Mr. Speaker, here in Washington, there are two clear signs that spring has arrived. The first is very pleasant. The cherry blossoms along the Tidal Basin have come into bloom. The second sign of spring is not so pleasant, and that is the arrival every spring of the deadline for paying Federal income taxes.

April 15, yesterday, was the focal point of what we call the Democratic Tax Increase Observance, as part of a national effort to educate the American public as to who is responsible for the crushing tax burden under which we all suffer.

Mr. Speaker, last year taxes went up a record $66 billion. This year, according to the Treasury Department, we face an unprecedented tax increase of more than $96 billion. This increase alone is nearly equivalent to the entire Federal budget of 1964. And we are expected to swallow this bitter tax pill under the guise of achieving a balanced budget.

Mr. Speaker, working Americans will need a 24-percent increase in pay this year just to stay even with the inflation rate. And yet, when the people need more money we are going to allow them to keep even less of what they earn.

The responsibility for this situation lies with the Congress. It is Congress that controls the purse strings of this country. It is the Congress that determines what the Federal Treasury may spend.

What De Tocqueville saw in Americans was the spirit and the determination to do whatever it takes to make the American Dream come true. But that spirit is being undermined by a tax policy which strips away every incentive to produce today, to save for tomorrow, and to have hope for a secure and prosperous future for one's children. We must chart a new course here in Congress to get the Federal Government off the back of the American taxpayer.

Mr. KEMP. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I am glad to yield to my friend from New York.

Mr. KEMP. Mr. Speaker, I appreciate the gentleman from Oklahoma yielding to me. I am grateful for his taking this time to help address what perhaps is the singularly most important reason for the decline of the U.S. economy.

Three weeks ago, Jimmy Carter sent Congress a budget that would increase taxes by more than $76 billion from 1980–81. That is the reason I am here today—to let the people know that the Democrats do not want to balance the budget through spending restraint. Democrats in Congress want to balance the budget through massive tax increases. They want to raise gas taxes, income taxes, social security taxes, even the taxes on your savings. This administration is trying to balance the budget on the backs of the people, and the only thing that stands between the American people and a recession in 1980-81 is the Republican Party's budget of hope, which would restrain spending and inflation and lower tax rates to encourage economic growth.

These Democratic tax increases are nothing new—taxes have skryocketed since Carter took office with a Democratic Congress 3 years ago. I strongly believe that the high unemployment in New York State and the Northeast today is a direct result of this bankrupt policy of trying to fight inflation by deliberately slowing economic growth and putting people out of work. In fact, by weakening our national production it is fueling inflation.

Mr. Speaker, Republicans do not buy the idea that we can stop inflation with a recession. The cause of inflation is Government failure to maintain the value of the dollar. And the failure of Congress to reduce our devastatingly high tax rates only accelerates inflation by acting as a barrier to economic output, increased production and private sector jobs.

I am here today to voice my opposition to the administration's and Democratic Congress' attempt to balance the budget by raising taxes by more than $76 billion in 1981. When the people are struggling to keep up with 18 percent inflation, the Democrats propose to raise income taxes and payroll taxes by $34 billion. When our savings rate falls to the lowest level since World War II, the Democrats say we should increase the taxes on savings by $3.4 billion. When we are paying through the nose for high-priced OPEC oil, the Democrats impose an incredible new tax on domestic oil production. These massive tax increases are simply a recipe for a deeper recession than we already have.

The majority party policy is to make the Nation poorer, to make the elderly choose between food, on the one hand, and housing and fuel on the other, and to increase the need for welfare and other public assistance at all levels of government. But how are the taxpayers going to pay for these programs if we put people out of work and continue to push them into higher and higher tax brackets?

If we try to balance the budget by raising taxes, it just will not work. We must heed the words of President Kennedy who told Congress in 1963 that—

> If we were to slide into recession through failure to act on taxes, the cash deficit for next year would be larger without the tax reduction than the estimated deficit with tax reduction.

That is why the Republican Party has declared April 15 Democratic Tax Increase Day, and that is why we have offered our own budget alternative which would balance the budget and cut taxes by $32 billion in 1981. Only by restoring the incentives for strong economic growth will we once again see what used to be commonplace in this country—full employment without inflation.

□ 1910

Mr. EDWARDS of Oklahoma. I wonder if the gentleman would comment further. The gentleman from New York is well known as an authority and great student of tax matters. We have been told—at least I have been told since I have been in public life—by the people on the other side of the aisle that we have to have high taxes and high inflation rates because the alternative is high unemployment rates, and yet the fact is that what these taxes and inflation are doing to the economy is to destroy the ability to create jobs.

Mr. KEMP. They are, and they are raising unemployment.

Mr. EDWARDS of Oklahoma. Yes.

I thank the gentleman.

I would like to yield to my friend, the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. I thank the gentleman from Oklahoma for yielding.

Mr. EDWARDS of Oklahoma. Let me say that I am delighted that the gentleman is still with us in this Chamber and look forward next year to walking down the hall and visiting him in the other end of the same building.

□ 1920

Mr. GRASSLEY. Well, thank you very much.

I want to say that I felt moved to associate myself with the eloquent remarks of the gentleman from New York. (Mr. KEMP). One bad thing about what he said, though, it is going to startle a lot of Americans into realizing the bad situation they have, which is true, and which a person like the gentleman from New York (Mr. KEMP) has to show that leadership and so explain what are the real facts of life.

Mr. Speaker, taxflation seems to come upon us so slowly that we have to have it dramatized as was done by the gentleman from New York who points out that the people living in his district are worse off, even though they are making a lot more money now than ever before, than they were in 1967. Mr. Speaker, is that not a sad realization? The purpose of tax increase observance days is to bring this to the attention of the people to remind the people of this country that this sort of philosophy that has dominated this Chamber for 25 years is somewhat responsible for this. Twenty-five years of Democrat control of the House of Representatives and the Senate of the United States has caused taxes to go up and up and up.

Mr. Speaker, last year we had a 14-percent rate of inflation but this income bracket jump caused taxes to go up 21 percent. That was without a vote of the people.

In the same period of time that the gentleman from New York (Mr. KEMP) has already referred to, since 1967, taxes have gone up as a percentage of our income from 16 percent to 22.3 percent, and that has all been without a vote of the Congress, and during that same period of time this Congress has passed what we call tax reduction bills, but they have never really resulted in a real income tax reduction. It is just somewhat of a lessening of taxes but taxes have still gone up until today the Federal income tax is taking 22.3 percent of the GNP. That is not even including State and local taxes.

It is my feeling, Mr. Speaker, that indexing of the income tax rate so we will have an automatic adjustment of the taxes downward to reflect inflation is the only way we are going to bring this back because we cannot depend on the Committee on Ways and Means, from time to time, voting tax reduction bills that sound like they are real tax reduction bills but in fact are not.

Mr. KEMP. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from New York.

Mr. KEMP. I will say to my friend from Oklahoma, in response to a point made by our friend from Iowa, that since we have not indexed the rates of all the American taxpayers since 1965, in order to undo the damage that has been done since 1965 we would have to lower all marginal income tax rates in America by 50 percent or raise all the thresholds by over 100 percent. So, indexing in and of itself would be good for the future but it does nothing to repair the damage that has been done to the American economy by 10 years of relentless inflation acting on the progressivity of the code and pushing people into higher and higher brackets.

Mr. Speaker, while we talk about indexing let us not forget that we need to repair the damage which has been done to people's lives, their savings, and their investments.

Mr. EDWARDS of Oklahoma. As the gentleman from New York knows, and the gentleman from Iowa knows, every time we talk about reducing taxes, every time we talk about a tax credit for something that is beneficial to the citizen, or every time we talk about a tax deduction or a reduction of any kind, the people on the other side come to us and they then consider that a subsidy, somehow a subsidy by the Government of the citizens instead of realizing the money belongs in the pockets of the citizens in the first place.

Mr. KEMP. They accuse us of passing credits and subsidies but yet when Chrysler goes down we spend more money to protect that paper, to subsidize Chrysler. So, Mr. Speaker, rather than having Chryslers and Fords and small businesses and small farmers go out of business and men and women lose their savings, their capital, and their life's holdings, it seems to me we ought to do something to restore the hope that we can grow and produce our way out of these problems and not suffer more Chryslers.

Mr. GRASSLEY. Plus, from a philosophical standpoint, the more of the gross national product we run through the Federal Treasury quite obviously there is less economic freedom and economic freedom is what has made this country great.

Where you and I could spend the resources of our labor ourselves in a more efficient way to influence the economy than influence it through Federal expenditures.

Mr. Speaker, I want to subscribe to in degree with what the gentleman from New York (Mr. KEMP) said that indexing itself is not enough; that if we are going to take care of the injustices of the past it does take some tax reduction.

In any event, I want to emphasize, my main premise for joining into this special order is that indexing now is better than the tax reduction proposals of the past because we have had 4 tax reduction bills passed in the last 12 years but in that same period of time, taxes of the American working people have gone up from 16 percent of the GNP to 22.3 percent of the GNP. We just cannot count on the Committee on Ways and Means reducing taxes. It happens in recent years they have have done it every other year, but that is not enough and that sort of tax reduction does not signal to the investor in this country a consistent tax policy and the indexing does signal long-term tax policies even though it might be a higher tax policy than it would be with an otherwise indexing connected with reduction.

Mr. Speaker, all I am saying is that we have to signal a very real long-term tax policy to the people of this country. I know of no way of doing that better than indexing. We need to then have that turn our American society into a saving society, away from a consuming society where the whole incentive has been.

Mr. KEMP. Mr. Speaker, I want to say a word on behalf of consumption.

Mr. EDWARDS of Oklahoma. Let me say first, as the gentleman knows the savings rate last year in this country because of these policies, the rate of savings by the individual citizen, was at the lowest point since 1949. People in this country cannot save anymore. There is no money left in their pockets to save. We cannot, as the gentleman has pointed out, count on the Committee on Ways and Means to pass tax reduction bills. There are 75 or more tax reduction bills in the Committee on Ways and Means now that we cannot get reported out for a vote.

One other thing, Mr. Speaker, I think the gentleman from Iowa (Mr. GRASSLEY) made a very good point upon which I want to elaborate, about the percentage of the GNP that is going in taxes. We are about to take a larger percentage of the GNP in taxes than we have ever before taken in our history, more even than in 1944, the previous high when we were fighting the Germans, the Japanese, the Italians and the Turks on four continents and we are getting ready to spend more of that, take a larger percentage of the GNP than that in taxes. There has got to be a stop to it someplace.

Mr. KEMP. Mr. Speaker, could I ask the gentleman to yield?

Mr. EDWARDS of Oklahoma. I will be happy to yield to the gentleman from New York.

Mr. KEMP. The gentleman points up savings. Withholding taxes on savings accounts, passbook savings accounts and dividends is going to further exacerbate the problem of declining savings. Therefore the proposal of President Carter to tax savings accounts and dividends is absolutely counterproductive. When you tax something, when you tax a factor of production, you get less of it. So the heavier you tax savings and investment and thrift and industriousness the less you are going to get of it. This is a fact of life.

Adam Smith 200 years ago laid down four maxims of taxation that have been forgotten by this Democratic Congress. He said taxes should be fair, taxes should be equitable, taxes should be based upon people's ability to pay. However he said, No. 4, that taxes should never be raised to the point where it discourages the industriousness of the people.

Mr. Speaker, I would make a case today that taxes in and of themselves discourage industriousness. I do not mean industriousness in terms of General Motors, I am talking about the industriousness of the people. This is a people oriented effort that we are making. This is not on behalf of business or labor. It is on behalf of people. I think that is an important point to recall.

Mr. Speaker, I have one last point. If you do not lower taxes they are going to continue to go up. That is going to be the issue in 1980.

Mr. GRASSLEY. Will the gentleman yield for one last point?

Mr. EDWARDS of Oklahoma. Certainly; I will be glad to.

Mr. GRASSLEY. Mr. Speaker, the problem is that the philosophy that has dominated this Chamber for the last 25 years is that the wage earners, the people who make the money and pay the taxes in this country, are not sufficiently smart to spend the money themselves and somehow there is a repository of brains here in Washington, D.C., an elitist attitude that Members of Congress and nonelected bureaucrats know better how to spend the money than the people who earn it themselves. The effect is you take it from the people and spend it through the Federal Treasury.

□ 1930

I have already pointed out how that is very inefficient, but I think the philosopy itself is the antithesis of economic freedom, and economic freedom is what America is all about.

Mr. EDWARDS of Oklahoma. Mark Twain made the statement, in response to some people who had just discovered that some governments were presumably now ready for self-government, he made the point that also there are governments somewhere that are not ready for self-government. I think the analogy could be made here. There are some people in this Congress who think that the American citizen is not ready for self-government.

Mr. KEMP. Mr. Speaker, will the gentleman yield further?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from New York.

Mr. KEMP. This is the greatest democracy on the face of the Earth. What the gentleman from Iowa is saying is that the leaders of the country who do not trust the people must be held accountable for that elitism. Every time the people make a choice on a national referendum such as in Switzerland, or on a State referendum such as proposition 13 in California, when they cut the property taxes, all the economists said. "Oh, my gosh, you are going to kill California and ruin the economy."

I think one could make the case that the economy of California has grown as high as 30 or 40 percent since then. I just came from California, from a fundraiser for Howard Jarvis, who proposes cutting the California tax rates by 50 percent. How many people, does the gentleman think, would vote if they had the opportunity to cut the Federal tax rates by 30 or 40 percent, to get this Nation producing again, and to have a strong national defense? Let us give them that choice, I say to my friend.

Mr. EDWARDS of Oklahoma. I thank the gentleman.

Mr. WINN. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from Kansas.

Mr. WINN. Mr. Speaker, I thank the gentleman for yielding, and I thank the gentleman for taking this time.

I just want to remind the people of this country that yesterday, April 15, was the last day that Americans could file their income tax returns. I have no doubt that the majority of taxpayers wondered just where all that money was going. They wondered how much more they can take from high inflation and high taxes. Frankly, I do not blame them for wondering. I do not blame them for getting angry. Inflation and taxes are an unpleasant combination. Unfortunately, the two go hand in hand.

Who is to blame? Take a look at the record: The Democrats have forced a policy of unnecessary and inflationary spending for the last 25 years. These economic policies are at the root of our economic problems. The Democrats continue to propose new Federal agencies. They continue to propose new ways to spend the taxpayer's hard-earned money. They are spending money that simply does not exist. One thing they consistently avoid is allowing a vote on tax cut legislation. During the first session of Congress, nearly 100 bills calling for tax cuts were introduced. It is a disservice to the American people that the Democratic leadership has not permitted any of these bills to be reported out of committee.

Inflation is a serious problem. Solutions to this problem cannot wait for the November election, even though I believe that a Republican Congress will be much more responsible in handling our economy. As a Republican, I can only continue to vote against unnecessary programs and unnecessary spending.

Yesterday was "Democratic Tax Increase Day." I chose to participate in this program because the American people have a right to know. They should know who is spending their money. They should know that the Republican party will not be held responsible. When I went home for the Easter work-break, I found the American taxpayer is tired of uncontrolled spending, of unsound fiscal policies and of runaway inflation. The American taxpayer deserves much better.

Mr. EDWARDS of Oklahoma. I thank the gentleman.

Mr. ERDAHL. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from Minnesota (Mr. ERDAHL).

Mr. ERDAHL. Mr. Speaker, I want to thank the gentleman from Oklahoma for yielding, and thank him for bringing this subject to the attention of this House and hopefully to the attention of the American people.

Someone once said that the power to tax is the power to destroy. We in this Congress, and specifically the Democrats who have controlled it for the last quarter of a century, have exercised that power to a devastating degree. Hardworking Americans are being taxed out of their homes; working mothers are being taxed away from their children; the elderly face a destitute future. This same Democratic party that is now handing the American taxpayer the biggest tax burden in our Nation's history is combining this with the highest inflation and the highest interest rates we have ever had, to delivery a triple whammy to the workers and wage earners of this country.

Yesterday was income tax day for millions of Americans. They are mad and they are scared, and they are sick and tired of high taxes and reckless spending by the Democrats that control this Congress. But, in November we are going to give the voters a chance to change; a chance to change parties and philosophy to restore fiscal sanity to this country.

We can balance the budget by taxing more or spending less, and I am persuaded that the citizens of this country want us to balance the budget by spending less. We have heard the advocacy of a tax cut. We might well ask, how do we advocate a tax cut in times like this? As the gentleman from New York said a few moments ago, and as I and I think the gentleman from Oklahoma would agree, I think that most Republicans say that we have, I think, more faith in the people of this country than we do in just the politicians and the bureaucrats.

Let us allow the people and the businesses to retain some more of their own hard earned money. They can save it or invest it, and with the resulting increase in capital formation we will see an increase in jobs and productivity as well.

Americans are amazingly tolerant of paying taxes if two basic conditions are met. First of all, if they feel that the tax dollars are not being wasted; and second, if they feel that they are being taxed fairly. My colleagues have recited some alarming statistics on increases in taxes that have been forced upon the American people. The dreams of home ownership for the young and a secure retirement for the elderly are being swept away. Hopefully, the people who have now survived the ordeal of April 15 will remember this date on November 4. They then will have the opportunity to repudiate the party of high taxes, high interest, and high inflation. I am sure the gentleman from Oklahoma agrees that it is high time for a change.

Mr. EDWARDS of Oklahoma. I thank the gentleman for his contribution.

Mr. Speaker, I yield back the balance of my time.

● Mr. ROUSSELOT. Mr. Speaker, Republicans declared yesterday, April 15, "Democrat Tax Increase Observance Day." Working Americans are now paying more in taxes than they ever have before. And they are getting less for their money. They are paying these higher and higher taxes because the Democrats, who control the Congress, refuse to give them a tax cut.

The Democrat majority on the House Budget Committee has proposed a budget for fiscal year 1981 that calls for more than $613 billion in taxes. That breaks down to approximately $3,000 per American. Since many Americans are either in diapers or on the Federal dole, the average worker's actual tax bill will be much higher. Therefore, to use a graphic example, the House Democrats are proposing that the average taxpayer pay enough in taxes in 1981 to, in effect, buy Uncle Sam a new car.

Is is time for a change. The Republicans know it. Our constituents know it. I have here in my hand over 90 petitions signed by more than 850 of my constituents demanding that the Congress consider legislation to cut taxes. I urge my colleagues to heed their demands. Let us put the American taxpayer back in the driver's seat.●

● Mr. GINGRICH. Mr. Speaker, America in this spring of 1980 is experiencing anger, fear, and pain. Working Americans saw their real spendable earnings drop by a shocking 5.3 percent last year. The typical American now has the same standard of living he had in 1966.

If you are a retired person living on a pension, the worth of that pension has declined by over 30 percent since Jimmy Carter became President. You may have worked 30 years for that pension, yet a third of it has in effect been stolen from you in a short time—because Washington pursues policies that make mincemeat out of the dollar.

If you are one of the 97 million Americans in the civilian work force, the amount of money you send to Washington is up $1,800 over the last 3 years. That is on top of what you were already paying. And it will get even worse. Under the fiscal year 1981 Federal budget proposed by President Carter and the people who run this House, the money working Americans send to Washington will increase another $96 billion. To get that $96 billion—in 1 year, no less—you have to take $927 from each and every working American. On top of what you are paying already.

Why this record 1-year tax boost? It is due to two kinds of tax increases.

The first kind is when the President says:

> I want you to pay 10 cents per gallon more for gas. I want your savings interest to be taxed even before you get it. If you are like most small savers, you will get the money back next year—when it is worth 10 or 20 percent less.

Mr. Carter of course did not state his tax intentions that bluntly, but he might as well have. So this first type of tax increase is the kind we can smell, see, and get mad at. A politician is saying, "I will take more of your money." To add insult to injury, he adds that it is for your own good.

The second type of tax increase happens when inflation runs wild and pushes people into higher tax brackets. Keep in mind that you have to earn $24,000 in 1980 to buy the same goods and services you could buy with only $10,000 in 1967. At least that is what the statistics say. In fact things are even worse, because you are in a much higher tax bracket at $24,000 than you are at $10,000. You may be keeping up with inflation on paper, but the taxman is way ahead of you. You pay upper class tax rates while earning a middle-class income.

Government has unleashed an inflationary spiral that in turn delivers windfall profits to the Government. Put that together with the fact that the President and the people who run Congress want higher gas taxes, higher taxes on savings accounts and stock dividends, and higher social security taxes—and you get a 1-year increase of $96 billion in our tax burden. It is the biggest tax increase in American history. It is the way Democrats propose to "balance" the budget.

Because the Democratic budget relies on tax increases to come to a balance, it is a disaster waiting to happen. Here is why:

First. A budget cannot fight inflation when that same budget relies on inflation to make it balance. The Democratic preference is to let inflation push both spending and taxes up by tremendous amounts—and sit back waiting for them to eventually balance. They then point with pride at this handiwork and say, "We're fighting inflation." But that is nonsense, pure and simple. The majority party has surrendered to inflation, and every working American has become a hostage.

Second. The Democratic budget forces taxes up so fast they will surely suffocate the economy and make the current recession extremely severe. You would have to be blind not to see how the policies of the majority are strangling this economy. Companies can not hire workers, workers can not make house payments, housewives have no extra money to save, homebuilders can not get mortgage money. The American economy is having the wind knocked out of it. And a recession means huge budget deficits. We cannot tax workers who do not have jobs.

Let me quote from the April 28 issue of Forbes. Mr. Martin T. Sosnoff writes as follows:

> When the recession finally hits us, perhaps by summertime, the federal budget is going to move sharply into a deficit position. My estimate of a decline of 20 percent in corporate earnings could reduce tax receipts; a shortfall in fiscal 1981 of $50 billion or more is in the cards. Anyone who believes in this election year that even a Reagan can deliver a balanced budget is smoking mellow yellow.

I would differ with Mr. Sosnoff only in this regard: If Ronald Reagan were in the While House now and he had a Republican House and Senate, together we could fight inflation, stop recession, and, indeed, make sure the 1981 budget actually is balanced. Unfortunately, we have a President and a Congress not inclined to balance the budget or fight inflation or even recognize that we are on the brink of the greatest economic crisis in 50 years.

Make no mistake about it. Our vote on the first budget resolution later this month is the most important economic vote cast in this Chamber since the passage of the Smoot-Hawley tariff in 1930 condemned us to suffer years of worldwide depression. If the majority gets their big-spend, big-tax budget adopted, we will have a real nightmare: Permanent inflation, 10 million Americans out of work, massive budget deficits—even bigger than the $50 billion forecast by Mr. Sosnoff, and 5 or 10 years of weakness and decay for America.

I agree with Bill Brock, Republican National Chairman and a good friend of mine, when he says:

> The misguided policies of the Carter administration have brought this country to the brink of the worst economic crisis since the Great Depression.

I also agree with Jerry Wurf, president of AFSCME, when he says of the current Government policy:

> Cut through all the rhetoric, and what you have is a return to the economic philosophy of Hoover.

Mr. Speaker, when we find Bill Brock and Jerry Wurf singing the same tune, you know these are not normal times.

Even though we do not control the Congress or the White House, my fellow Republicans and I have done our best to stave off disaster, point out the problems, and offer a better way. Our most important effort so far is House Concurrent Resolution 314, the Republican alternative budget for fiscal 1981. It is based on the idea that you have to fight inflation and prevent recession, rather than surrender to them.

To do that—and it can be done—we must exercise more discipline in Washington and give working Americans more of their own money back. The Republican budget spends at least $14 billion less than the Democratic budget and uses that money to reduce income and business taxes. We also will get rid of the unfair, anticonsumer Carter gas tax.

We have also been doing other things. My friend and colleague from Oklahoma, MICKEY EDWARDS, did an excellent job of making "Democratic Tax Increase Observance Day" a success. Republicans across the Nation joined with working Americans yesterday—April 15—to mourn the majority party's surrender to inflation, recession, and a big-spend, big-tax attitude that is threatening the survival of our Nation. Others of our colleagues traveled the country during the recess pointing out the differences between the rhetoric and the votes of certain of the Members on the other side of the aisle. I would like to offer my own thanks and congratulations to the Republican budget advocates, for the job they did in carrying out the well-designed plan put together by our distinguished minority leader.

And now we begin a long, hard fight on the budget. It is more than a fight over numbers. It is a fight to save this country and the American people from a potentially bleak future. It is an attempt to whip inflation and prevent 10 percent unemployment. It is a critical effort to prevent the Democratic budget—which is a disaster, any way you look at it—from happening.

We will work to alert the country and especially the national media outlets to the critical choices we face in the next several weeks. I hope and trust that we can schedule the budget debate in prime time. Republicans and Democrats ought to treat the forthcoming budget proceedings as a national town meeting, where we discuss the future of the country and how it will be affected by the kind of budget we eventually pass. The American people, to the maximum extent possible, must be participants in that debate. Let us all give these matters the time and attention they deserve. Time is running out.●

● Mr. ROBINSON. Mr. Speaker, in the aftershock of "Income Tax Day," a national day of frustration, we of the Congress have a particular responsibility to the entire body of American taxpayers, which includes ourselves. At this of all times, we have an obligation to disavow half answers to hard questions and to be straightforward with our constituents and ourselves.

I called it a national day of frustration. It was certainly that for the millions of hardworking, taxpaying citizens who support the Federal Government, and who have been given increasingly cruel evidence that they have been supporting a profligate enterprise which is unwilling to recognize its own excesses.

They have seen their Government fashion welfare programs which often make indolence as rewarding as work. They have seen it exempt additional millions of their fellow citizens from even a token annual payment to the cost of the Federal Establishment—because inflation has made those fellow citizens poorer—but refuse to recognize the impact of inflation on those who carry the bulk of the tax burden.

The working people of this country—the productive people of the fields, factories, shops, and offices—cry out for fiscal responsibility, for honest accounting.

They want a balanced budget. They are not unwilling to see even popular Federal programs pared. They want cost effectiveness in the defense program, but, above all, true, reliable preparedness.

They do not want double talk—and they will not accept it much longer. Double talk includes the subterfuge in which, I am sorry to say, too many here persist in indulging when it comes to budget balancing or deficit narrowing.

Through reliance on projections of inflation-caused revenue increases, and through such misnamed new tax programs as the windfall profits levy, for which consumers will pay, these sleight-of-hand artists are determined to create an illusion which will only insure that future April 15's are days of increasing frustration and justified anger.

The time remaining here for self-redemption is short.

If we are not prepared now to strive for a balanced budget through real reductions in spending, rather than through reliance on an even bigger tax grab than on Income Tax Day, 1980, the taxpayers may well render a harsh judgment on a day in November.●

● Mr. DORNAN. Mr. Speaker, Irish born, Edmund Burke, a man I personally consider to have been the greatest statesman in the history of the English-speaking world, remarked:

> Never did a state, in any case, enrich itself by the confiscations of its citizens.

In another passage, in his letter to a member of the French National Assembly, Burke spoke of the power of entrenched political leaders who prey upon the public purse with wild abandon:

> Those who have been once intoxicated with power, and have derived any kind of emolument from it, even though but for one year, can never willingly abandon it.

Burke could have been speaking of the current bureaucracy, and his words are as applicable today as they were almost 200 years ago.

We are feeding a gargantuan government with a voracious appetite for the financial substance of our own citizens. And they will hold us directly accountable if we do not make every effort to get the Federal Government to go on a crash diet.

The Carter administration has pledged to balance the budget. This is a laudable goal. But his plan is to balance the budget in favor of the public sector and at the expense of the private sector.

President Carter is playing a game with the American taxpayer. But he is not playing by the rules. He promised us fiscal austerity, but has given us a budgetary shell game instead.

In the short 3½ years Jimmy Carter has been President, the total Federal tax burden has increased over 100 percent. That is more than double the $300 billion the Federal Government raked in in 1976 when President Ford left office.

This means the typical family of four earning $20,000 will pay over $5,450 in Federal taxes. Moreover, the head of that household will have to work almost 100 days to pay those taxes.

Here is how taxes have increased during the first term of President Carter:

Individual income tax receipts have increased 109 percent, from $132 to $274 billion.

Social security tax receipts have increased 102 percent, from $93 to $187 billion.

Corporate tax receipts have increased 73 percent, from $41 to $72 billion.

Excise tax receipts have increased 137 percent, from $17 to $40 billion.

These were existing taxes. Recently, in his effort to promote the cause of budget austerity, President Carter added some new revenue raisers:

The windfall profit tax which will cough up $15 billion in fiscal year 1981.

An oil import fee expected to produce $12.6 billion in fiscal year 1981.

Withholding on interest and dividends to provide the Treasury $3.4 billion in fiscal year 1981.

All in all, taxes have increased almost $100 billion between the fiscal year 1980 and fiscal year 1981 budgets. This translates into the largest peacetime tax hike in history extracting 21.9 percent of the gross national product in calendar 1981.

All these tremendous tax increases constitute an effort to balance the budget on the backs of the American taxpayer. They will hit hardest on the poor and middle class.

Moreover, the increased tax burden will further exacerbate the twin problems of declining capital formation and productivity. The United States currently lags behind all the world's major industrial nations in these areas. Without fiscal restraint—lower government spending and lower taxes—the private sector will continue to be bled dry of capital and our current economic slump will persist and worsen.

For the average American, taxes have gone up, but family incomes adjusted for inflation have gone down. Since 1977, the spendable weekly income of the average wage earner has fallen 1 percent per year. It declined almost 4 percent in 1979.

All this means lowered expectations, lower lifestyles, and increased economic hardship for the average American.

Any simpleton can balance the budget by raising taxes. This does not, however, constitute fiscal austerity. It is a sham, a shell game, being played with the American taxpayer as the predetermined loser.●

● Mr. LAGOMARSINO. Mr. Speaker, President Carter's timely revision of the fiscal year 1981 budget is a sham. The Democrats in the White House and Congress are doing the American taxpayer no favor by balancing next year's budget. What good is a balanced budget—and how long will it last—when our country is in a recession?

I think we should examine what the Democrats hope to accomplish by increasing taxes to balance the budget. Contrary to what the public has been led to believe, the Democratic proposal will have virtually no effect on inflation. That task has been dropped in the lap of the Federal Reserve Board. So what does the tax increase accomplish? An election year ploy to show America that Democrats are working on the economy. Personally, I do not think voters in this country will buy it. Democrats do not get elected on Republican platforms. If voters want true fiscal austerity and budget cutting they know Republicans have been proposing this all along.●

● Mr. ABDNOR. Mr. Speaker, I am extremely concerned that much of the balanced budget rhetoric offered of late by the many born-again conservatives in Congress is a cruel effort to deceive the American public.

The budget recommendations for fiscal year 1981 touted by the Carter administration show a balanced budget and a $15 billion surplus. Yet, when one examines the manner in which the President has balanced this budget, it becomes apparent that this so-called austere budget will avoid red ink only because the American taxpayers are being forced to carry an even greater burden.

Inflation-induced cost-of-living increases have pushed taxpayers into higher brackets where our progressive tax system grabs a bigger bite of earnings. By combining this factor with new taxes on gasoline, the President has approximately $100 billion in new revenues at his disposal. Who among us could not balance a budget if we had access to a similar windfall.

The unfortunate result of this juggling act is that it will have little effect on inflation. Meanwhile, farmers and businesses are on the brink of disaster and those on fixed incomes are being devastated by the price spiral.

This is a classic illustration why Congress must act immediately to implement legislation which will truly provide for restraint on the part of Government. It is time for the born-again conservatives to demonstrate their sincerity by supporting the Republican effort to significantly reduce fiscal year 1981 spending and earmark the savings for business and personal tax cuts.●

● Mr. DICKINSON. Mr. Speaker, yesterday was April 15, the day that many people had to go into debt to pay their taxes. Today, on my way to work, I heard that the Ford Motor Co., suffering a 21 percent decline in sales from last year, had to close a plant in New Jersey and more of the American public lost their jobs due to the administration's seeming inability to cope with runaway inflation and deficit spending. An example even closer to home illustrates the frustration of the average taxpayer. This is an excerpt from a letter I recently received from a constituent from Montgomery, Ala.:

> My husband and I worked hard and long last year—my husband worked as much as 80 hours many weeks—and we made $32,000. Now, because we have done without many things, and not gone head over heels in debt, we are being penalized. We have already paid over $5,000 in taxes and now we have got to pay another $1200. Neither of us claimed any dependents during the year.
>
> We have tried desperately to save enough money to start building a house or to buy a house. We live in a 1967 mobile home, which is a fire hazard, and my husband drives a 14 year old truck, which is falling apart. We were hoping to have a house in reach within a year, and now we have to come up with another $1200 for taxes. It is really disgusting! The federal government is trying its best to kill any incentive the working man may have to improve his life and that of his family. It is time the government quit bleeding the working people to death, and give them a chance to get ahead. We are sinking more every year, and it is simply because we are taxed to death.

My constituent is right. We are asking the American public to pay for Government's big spending habits, and that has got to come to a stop.

I am all for fiscal restraint and have spent my years here on the floor of the House fighting against increased Federal spending, but I refuse to balance the budget at the expense of the taxpayers by increasing revenues by $35 billion from last year. When the Carter administration entered office in January of 1977, our inflation rate was 4.8 percent and the prime interest rate was 6.25 percent. Today both the inflation and prime interest rates have hit 20 percent. Now, in a time when the individual should be encouraged to invest and save a portion of his or her paycheck, the President wants to automatically withhold 15 percent from the amount of interest and dividends one would receive? It just does not make sense, the already overburdened taxpayer just cannot win. Let us balance the budget by cutting spending, not increasing revenues.●

● Mr. McKINNEY. Mr. Speaker, yesterday millions of taxpayers felt the bite of annual tax increases never enacted by this Congress. Because chronic inflation erodes real buying power while placing most taxpayers in higher brackets, such tax increase legislation is unnecessary. Federal revenues swell while individual and corporate purchasing power declines. That trend cannot continue without grave results and I commend my colleagues for taking this time today. The Nation needs to be informed that behind the mirrors of the administration's balanced budget there lurks a massive increase in Federal Government revenues—taxes. The President's own reestimated budget for fiscal year 1981 sets revenues at $628 billion—$96 billion above the latest estimate for fiscal 1980. That is the tax increase hidden in the balanced budget.

During the recent district work period I found audiences very receptive to a call for a limit on Federal revenues and tax cuts to stimulate the productive economy. Even those who depend on Federal benefits for essential needs agreed that our economic condition warrants a fundamental policy change.

As the senior Republican on the House Economic Stabilization Subcommittee, I have had a frighteningly close look at the increasing destabilization of the U.S. economy. From Lockheed to Crysler, with New York City in between, we have like doctors examined many patients suffering symptoms of the same disease—a potentially disastrous lack of productive capital from traditional sources such as savings and long term equity investments. Yet current Carter administration policy barely treats those symptoms while the epidemic goes unrecognized. The President and his advisers still fail to see the need for a fundamental change in tax policy to address capital formation. I believe such a change is already long overdue.

While the primacy of a balanced budget cannot be disputed, the President's most recent anti-inflation pronouncements treat the economy's capital anemia as a secondary issue.

> (O)nce these spending limitations have been achieved—

The President told Congress—

> we can provide tax relief to encourage investment.

To demonstrate his newfound commitment, Mr. Carter asked his Presidential Commission on an Agenda for the 1980's to "develop specific recommendations for revitalizing our economy."

In my view, this neatly timed, one-step-per-primary approach to economic policy has and will prove inadequate for a variety of reasons. First, the promise of tax relief will have the reverse effect of delaying needed capital investment until that promise is fulfilled. Also, balancing the fiscal 1981 budget by extracting $628 billion of inflated revenues—constituting 22 percent of projected gross national product—from the productive economy will have little stimulative effect. While our aging industrial base daily becomes less efficient, we tax away more and more of our ability to replace it with new, competive equipment.

Thus this plan, like the President's previous halting attempts to master the runaway economy, ignores the lead time necessary to translate policy changes into real economic improvement. I also find it an essentially negative policy, relying on monetary constraints to trigger the long-predicted recession. It cannot be argued that the price of that policy will be human suffering. To use the President's own analogy of the economy as an out-of-shape athlete, it is clear we need a steady program of exercise and reconditioning. We also need the leadership to sustain us in that effort. Instead, Mr. Carter coaches fitful, light workouts and rest for an overheated athlete. Any weekend jogger knows that is a prescription for painful cramps. We are feeling those cramps in the economy today.

There is a better way and we need not await the findings of yet another Presidential Commission to agree on specific steps to be taken immediately. Convinced that Chrysler would not be the last afflicted giant to faint on Congress doorstep, I have been seeking prompt consideration of the Capital Cost Recovery Act (H.R. 4646), also known as the 10-5-3 bill. That proposal would eliminate the cumbersome useful life concept, as set out in more than 130 asset depreciation range categories in Internal Revenue Regulations, and replace it with a simple, uniform schedule. Businesses could recoup the cost of new equipment through tax deductions over 10 years for buildings, 5 years for equipment, and 3 years for cars and light trucks. The elimination of the complex ADR system would also permit many small businesses to modernize and recapture investment costs for the first time. The White House Conference on Small Business made enactment of depreciation reforms one of its top recommendations to the President last January.

The effects of the Capital Cost Recovery Act would be significant. It has been estimated by reputable economic analysts that by 1984, enhanced depreciation provisions would reduce the core rate of inflation by 1.5 percent, increase productivity by almost 1 percent and permit the creation of 1.2 million new jobs. Modern plants would also make U.S. export industries far more competitive with their foreign counterparts who already have the benefit of accelerated depreciation. Perhaps most important, a supply-side tax cut as envisioned in the Capital Cost Recovery Act would spur noninflationary growth, breaking the relentless pressure of wages and prices through productivity advances, and increase real individual purchasing power. Current policy has consumers and producers fighting to maintain their relative share of a shrinking economic pie and that is not a healthy process for our social and political fabric.

Why does the President persist in his opposition to a supply-oriented tax cut? The answer will not be found in any partisan consideration. Admitting that our economic predicament transcends politics, the Congressional Joint Economic Committee recently issued a bipartian call for just the type of stimulative, noninflationary policies embodied in the Capital Cost Recovery Act. The committee's 1980 report takes a historic shift away from the traditional demand manipulation policies of the past 20 years and focuses clearly on the urgent need to revive our supply-side capacity. The report concludes:

> It would be irresponsible in the extreme to seek solutions to our problems by forcing the American people to suffer through yet another period of vicious "stagflation" characterized by continued rapid inflation, lengthened unemployment lines, and reduced levels of real production. Macroeconomic policy must be directed more toward the supply side of the economy, toward an expansion of our Nation's productive potential in a manner that raises dramatically the growth of American labor productivity. To accomplish this, we need to step up sharply our Nation's rate of capital formation." (1939 JEC Report, p. 61)

I agree and would add only the work "immediately" to their finding.

Still, some progress has been made despite the lack of White House leadership on this issue. The JEC report is the second consecutive bipartisan declaration in favor of new economic policies. Although an unpopular parliamentary device, my effort to discharge the House Ways and Means Committee, which has not given H.R. 4646 serious consideration despite cosponsorship by 269 House Members, has attracted 85 of the necessary 218 signatures since January. On both counts, I think the committee is beginning to feel the pressure. The day before Congress Easter recess, the tax committee's chairman, Representative AL ULLMAN introduced a bill to afford $32 billion in business tax relief through rate reductions and depreciation reform. That is a positive sign, and I will continue to push for consideration of needed tax cut legislation this year.

Finally, I think it vital to recognize that support for capital cost recovery is not an election year tax cut ploy nor is it a probusiness revenue grab at the expense of the consumer. On the contrary, we need a modern economic base with which to fight energy price increases, fight inflation, and increase family take-home pay. As with the flabby athlete whose diet and training—not new sneakers and a color coordinated warmup suit—are the basic preconditions to successful performance, so too economic policy must enhance productive capability over temporary demand constraints. As I see it, we face the choice between winning and not losing so fast. Why not the best?●

● Mr. SEBELIUS. Mr. Speaker, I would like to commend my colleague, MICKEY EDWARDS of Oklahoma, for his leadership in sponsoring this special order today to emphasize the need for a tax cut for the American people. Yesterday, April 15, citizens across the Nation paid their taxes for last year. It should be pointed out that Tax Freedom Day is May 11, Tax Freedom Day is the day when the average worker's income since January 1 will equal his tax obligations to Federal, State, and local governments. In 1979, it occurred on May 8. You can see where we are headed and it is in the wrong direction.

Public sentiment has forced President Carter to pledge to balance the budget. But we should not, in the best interests of the American people, balance our budget by raising taxes.

Last year, the Congress voted to increase taxes by $53 billion. If President Carter's budget is approved, then taxes will rise an estimated $87 billion. This is a $130 billion tax increase within 2 years and means a tax increase of more than $1,700 for the average American family.

We must reduce spending. We can do it across the board. If we take the 1981 budget presented by the administration and cut 5 percent across the board, we would not only eliminate the deficit but would have a $15 billion surplus, thus providing tax relief for our people. We can commit ourselves to a balanced budget, not just for 1981 but for the long term. And we can do it by spending less and taxing less.●

## GENERAL LEAVE

Mr. EDWARDS of Oklahoma. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the subject of my special order on today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## THE GREAT NEW FACT: THE EMERGING IMBALANCE IN POWER AND ITS CONSEQUENCES FOR AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. SKELTON) is recognized for 30 minutes.

Mr. SKELTON. Mr. Speaker, just 15 years after the triumph of Soviet communism in Russia, Winston Churchill, speaking in the House of Commons, told of the emergence of Soviet power in the international scene with these prophetic words:

> There is Russia. (She) has made herself an Ishmael among the nations, but she is one of the most titanic factors in the economy and in the diplomacy of the world (with) her enormous, rapidly increasing armaments, with her tremendous development of poison gas, aeroplanes, tanks, and every kind of forbidden fruit.

He went on to speak of her "limitless manpower and her corrosive hatreds"—all these, he concluded, "(weigh) heavily upon a whole line of countries, some small, some considerable, from the Baltic to the Black Sea, all situated adjacent to Russian territory." He further noted that these nations, whose independence and nationhood were sacred to them, were carved, in whole or in part, out of the old Russian Empire.

It has been nearly 50 years since Churchill spoke those words to a largely unhearing House, to a largely indifferent world.

Looking back, surveying the past and then the present situation of those nations and peoples to whom Mr. Churchill alluded, we are startled to find that few can be said to enjoy that independent national life to which they had—and have—as much right as any. It is with a grim sense of the unfolding realities of Soviet power today and its steady expansion that we ask: Where are they now? Where are those countries, small and large, which extended from the Baltic to the Black Sea? Some have been literally swallowed up, absorbed into the Soviet imperial system, their national identity snuffed out, their religious and cultural heritage trampled down and oppressed. Others—the stronger states—find themselves yoked to the Soviet as satellites, able—at best—to maintain a cautious national existence so long as they subordinate themselves to the interests of Moscow. Still others find themselves effectively "neutralized," existing at the sufferance of the Soviet leadership, whose overwhelming strength is willing to tolerate what need not be directly absorbed.

We may call the roll of nations and peoples upon whom the power of the Soviet Union weighs thus heavily in one way or another from the Baltic States—Lithuania, Latvia, Estonia—and from Finland to the countries which, in varying degrees, continue to exist behind what Mr. Churchill would later describe as an Iron Curtain: Poland, Hungary, Romania, Czechoslovakia, East Germany.

By this time we are more or less resigned to the extension of Soviet influence and power from the Baltic to the Black Sea. Today, however, as we move into 1980, we have seen a new and more ominous development: the Soviet invasion of Afghanistan. We see today that the threat of Russian expansion is not confined to Europe. Rather, as throughout modern Russian history, it extends along the length and breadth of her vast Asian frontier. It casts its shadow over the Near East and the Persian Gulf, over Indian and Pakistan, over China and Japan.

Only one unfamiliar with the story of her past would suppose that this expansion into Asia represents something unprecedented in Russian history.

What is new and unprecedented, at least since the beginning of the era called detente, is the naked brutality, the unveiled character, of this move, a direct, massive, and continuing intervention in an area in which Soviet influence had been clearly dominant in the previous regime—and vigorously repudiated by the people. It is an intervention which brings Soviet military power to the very borders of Pakistan and India, closer to the oil-fields of Iran and the Gulf and to the strategic Indian Ocean.

No doubt we do not now perceive the invasion of Afghanistan as a direct threat to this Nation, but I direct your consideration to a parallel situation some four decades ago—the German invasion of Poland in 1939. Neither France nor Britain then perceived that move as a direct threat. Both nations were reluctant to act. Poland was far away; it could not be effectively defended. Why, then, go to war over the "Polish Question?" In the end, only Mr. Chamberlain's outrage at Hitler's brazen deceit persuaded an unwilling France to abide by commitments made—too late—on the eve of Poland's disintegration.

My point is not, of course, that we should today turn to war over Afghanistan. To the contrary, no sensible person would so hold. Rather, I would ask you to consider the process of appeasement, of indifference and of whistling-in-the-dark by which the crisis in Europe was permitted to develop in ways which insured the inevitability of war. That consideration can be instructive.

The roots of the war which finally came in 1939 were not so much in Poland as in Czechoslovakia—in the Munich agreement, in Austria, and in the Rhineland. Had the Allied Powers acted decisively and in concert on those earlier occasions, we may well believe that there would never have been a major war. Hitler's bluffs—for such they were in the beginning—remained unchallenged, and resurgent German militarism found no effective barrier in London or in Paris to its steady expansion over Europe. Those in Germany who feared that Hitler would go too far were undermined by the absence of Allied resolve. Those who supported each dangerous venture in Hitler's calculated policy found themselves vindicated by Allied indecision and disunity.

A crucial and often neglected element in the policy known as appeasement was the fact of Allied unpreparedness in the face of German rearmament. As early as 1934 Winston Churchill, standing virtually alone, warned eloquently, in a motion presented before Commons, that "in the present circumstances of the world, the strength of our national defenses, and especially of our air defenses, is no longer adequate to secure the peace, safety, and freedom of Your Majesty's faithful subjects." His was a voice largely unheard until almost too late.

It is my conviction that this Nation today confronts a crisis with the Soviet Union not unlike that which Britain faced with Germany in the decade of the thirties. It is a crisis to secure the peace, safety, and freedom of our people and of those peoples everywhere who seek the fulfillment of their legitimate national aspirations for political, cultural, and religious independence. It is for them and for us that I urge the upbuilding of American strength, an upbuilding based upon a realistic assessment of Soviet power now and in the years to come.

> To urge the preparation of defense is not to assert the imminence of war.

So Churchill spoke in 1934. I assert the same today.

> "I do not," he went on, "I do not believe that war is imminent or that war is inevitable, but it seems very difficult to resist the conclusion that, if we do not begin forthwith to put ourselves in a position of security, it will soon be beyond our power to do so.

So it was in 1934. So it is in 1980. Then, for Churchill and his contemporaries, "the great new fact," as he said, was that "Germany is rearming." That was the fact which, as he rightly perceived in that day, "rivets the attention of every country in Europe, indeed in all the world, and which throws almost all other issues into the background."

Now, for us, the "great new fact" is the alarming imbalance of power by which daily the Soviet Union grows ever stronger and stronger and, in consequence, more determinedly aggressive in its policies.

Over the past 15 years or more there has been a decided shift in the military balance between the United States and the Soviet Union, as we have failed to adopt our military programs to counter similar Soviet efforts.

Let us look for a moment at the buildup of Soviet armament which has led to this situation.

The military imbalance at the heart of the present crisis is dramatically evident in the fact that today the Soviets—through their SS-20 missiles deployed against Western Europe—have a decisive advantage, which will remain in effect even after the Pershing II missiles strengthen NATO 3 years from now. Unlike the Pershing II, the SS-20 possesses multiple warheads, or MIRV capability. In the larger context, the Soviets have deployed nine land-based ballistic missile systems since 1962 as well as counter-force weapons which can eliminate our missile silos. Further, they have deployed six SLBM systems since 1961. Moreover, the Soviets have a "reloading" missile-capability, which we presently lack. The Soviet SS-17 and SS-18 both have a "colaunch" capability for reloading silos.

This has drastically altered the former situation of "mutually assured destruction" on both sides.

To be sure, we do have the capability of a retaliatory strike both by air and by sea. However, it is estimated that by 1985 the Soviets will be able to knock out some 90 percent of our land-based force. Secretary Brown has warned that they may even have this capability by 1982. Their "search-type" submarines must also be taken into account.

American nuclear strategy has been built upon the concept of a second-strike: We have relied upon our ability effectively to retaliate against the Soviets rather than to defend the American homeland, people and production-base alike. It may be that we are the first and only great power in history to repudiate defense of its homeland in the belief that its retaliatory capability will be an effective deterrent to any first strike. But it is precisely that retaliatory capability which is being steadily eroded.

The proposed MX missile system would give us—at vast expense—a counter-silo capability which will not be equal to Soviet striking power; yet we would continue to rely upon a second-strike, retaliatory strategy. In effect, we are inviting a second wave against us in the event of nuclear conflict.

Today the Soviet Union has 173 divisions as against our total, including both Active and Reserve, of 28. They are literally swamping us in quantity. Their massive conventional superiority gives them immense flexibility, a flexibility with which we are unable to cope.

I shall speak more fully of these and related concerns at another time and in terms of a comparison between Soviet and American arms programs and expenditures. Suffice to say here that we are overwhelmed by the quantitative superiority of the Soviets and we are in danger of losing our qualitative edge in technology and hardware. And this at a time in which we are not able to provide a nuclear umbrella for our allies since our deterrent power lacks credibility, given the Soviet first-strike advantage.

What is especially distressing is that all this has occurred at the very time in which Soviet-supported moves in Angola, Ethiopia, and Afghanistan—in 1978, before the present invasion—have encountered irresolute and vacillating American response. The Soviet invasion of Afghanistan did not happen in a vacuum. It did not spring out of nowhere. It reflected a careful calculation of interest and risk—and the expectation, well-founded in recent years, that our response would be minimal and ineffective.

It may be the case that we can do relatively little at present. But if the invasion serves to alert Americans to the larger crisis which has been gathering for years past, then some lasting good will have come from the suffering and the courage of the Afghan people.

The parallels, with the decade of the thirties are disturbing and enlightening. Even the use of poison-gas, to which Churchill alluded in his speeches, has found its present-day counterpart, according to international reports of the atrocities which have characterized Soviet tactics against the Afghan guerilla forces. The long-range consequences of Soviet intervention, brutal and cynical in its methods, can hardly be predicted—consequences throughout the Islamic world and perhaps among the Islamic peoples in Soviet Asia.

Churchill said:

> We all speak under the uncertainty of the future which has so often baffled human foresight.

He continued, in words strangely pertinent now:

> I believe that if we maintain at all times in the future an air power sufficient to enable us to inflict as much damage upon the most probable assailant, upon the most likely potential aggressor, as he can inflict upon us, we may shield our people effectually in our own time from all those horrors which I have ventured to describe.

It is with some humility but with a deep sense of urgency that I reiterate that sentiment in today's world: only an effective and credible defense can provide this Nation and all who look to us in hope with the assurance of peace, safety, and freedom for ourselves and for generations unborn. An adequate and strong defense is the best—and given the realities of the world about us, the only—security for peace.

□ 1950

## ART PETACQUE RECEIVES THE 1980 DANTE AWARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, I rise to call the attention of my colleagues to the achievements of Art Petacque, who will receive the Ninth Annual Dante Award of the Joint Civic Committee of Italian Americans on May 16 at a luncheon in his honor at the Como Inn in Chicago.

Arthur M. Petacque is a columnist and reporter for the Chicago Sun-Times, and has given outstanding service to the people of Chicago for over three decades in his capacity as a hard-hitting and resourceful crime reporter.

The Dante Award was established by the Joint Civic Committee of Italian Americans, an umbrella organization comprised of more than 40 civic organizations in the Chicago area, to extend recognition annually to an individual in the media communications field who has made a positive contribution toward fostering good human relations.

Art Petacque's outstanding record of accomplishment in the field of journalism makes him eminently deserving of this honor, for it was Dante Alighieri, in his "Divine Comedy," who said, "Men should never be timid about the truth."

Mr. Petacque was born in Chicago and graduated from Chicago's Austin High School as well as from the University of Illinois. Within 6 months after joining the Chicago Sun, forerunner of the Sun-Times, he was assigned to the police beat, advancing from his initial position as a copy boy. The Associated Press, United Press International and the Chicago Newspaper Guild have given him a number of awards for his fine newswriting and reporting, and he also received the Jacob Scher Award from the Chicago Chapter of Women in Communications, Inc., as well as an award for outstanding journalism from the Society of the Little Flower.

In 1974, Art Petacque received journalism's highest award, the Pulitzer Prize, along with the coauthor of the Sun-Times Sunday "Out Front" column Hugh Hough, for their efforts in finding new evidence in the tragic 1966 murder of Senator PERCY's daughter. He has also received an award from the Catholic Archdiocese of Chicago and the Villa Scalabrini Award for Objective Journalism. In addition, he was named Communicator of the Year in 1966 by the Israel Bonds Organization. His work as a crime reporter has also been dramatized on NBC–TV, once for his role in disproving an accidental shooting claim and another time for his exposé of a lonely hearts murder racket.

The Ninth Annual Dante Award luncheon to honor Art Petacque will be held at the Como Inn and many political dignitaries, civil leaders, and leaders of the communications industry will be in attendance.

Jerome N. Zurla is the program chairman, WBBM–TV news coanchorman Walter Jacobson is serving as the master of ceremonies, and the invocation will be offered by the Reverend Lawrence Cozzi, C.S. Chairman Zurla, JCCIA President Joseph Tolitano, and JCCIA Board of Trustees Chairman James E. Coli will present the Dante Award to Mr. Petacque.

Mr. Speaker, I extend my warmest congratulations to Art Petacque on this honor and for the strong and constructive impact he has made on our community. His career, his character, and his record confirm that he is indeed a "friend of truth." ●

## HAPPY BIRTHDAY ACLU

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 5 minutes.

● Mr. DRINAN. Mr. Speaker—

> We stand on the general principle that all thought on matters of public concern should be freely expressed, without interference. Orderly social progress is promoted by unrestricted freedom of opinion. The punishment of mere opinion, without overt acts, is never in the interest of orderly progress . . .

With those words, the American Civil Liberties Union was founded six decades ago. Today the ACLU is celebrating its 60th birthday and I salute this organization for 60 years of staunch and unyielding defense of the "firstness" of the first amendment. The ACLU has done more to protect and preserve the guarantees of the Bill of Rights than any other group.

The ACLU was the offshoot of the American Union Against Militarism, a pacifist group that sought a negotiated peace in Europe prior to this country's entry into World War I. Roger Baldwin, himself a conscientious objector who spent a year in prison for his belief, founded the ACLU to assist and protect the rights of those morally opposed to war. Conscription and the right to conscientious objection have been abiding concerns of the ACLU.

The scope of the ACLU's interests expanded quickly in response to a political climate of fear and suspicion that accompanied World War I and brought with it the notorious "Palmer Raids," mail censorship and other acts of political repression. The past 60 years have been tumultuous for the United States and the ACLU. In these six decades the ACLU has participated in countless cases where the timeless guarantees of the Bill of Rights were pitted against the ever-changing political passions and pressures of the moment. From its inception, the ACLU has been willing to become involved in unpopular causes. By definition civil liberties are rights against the majority.

Throughout its history, the ACLU has taken virtually any first amendment case. Few are aware that the ACLU was the catalyst in the celebrated Scopes monkey trial of the 1920's whose results are now famous in American history.

In 1921 the ACLU had about 15,000 members. Today its membership exceeds 200,000 and across the Nation the ACLU stands as a bulwark against injustice, prejudice, and any infringement upon civil liberties. It has been rigorous in meeting and establishing civil liberties issues in new areas.

In the past decade more emphasis has been placed on public education and legislative lobbying. The Washington legislative office of the ACLU has become a watchdog on civil rights issues before the Congress. In the past few months alone, the ACLU has played a key role in the approval of H.R. 10, a bill to clarify the standing of the Attorney General to bring suits on behalf of institutionalized persons; H.R. 5200, a bill to provide an administrative enforcement mechanism for housing discrimination complaints; and H.R. 3486, a bill to overturn the Supreme Court decision permitting surprise searches of newspaper offices. Its voice is heard throughout the Congress on such important matters as the right to privacy in medical records; insuring civil liberties safeguards in the FBI and CIA charters; and, in bringing about a responsible revision of the Federal criminal laws.

One cannot talk about the recent history of the ACLU without mentioning the painful experience of its unpopular defense of the American Nazi's right to march in a suburb of Chicago.

> Those who would except from the protection of the Bill of Rights the forces they fear as antidemocratic should consider the lessons of history. When the rights of any are sacrificed the rights of none are safe.

These powerful words were not spoken in the context of the recent debate but were spoken in April of 1939 when the then ACLU Board of Directors issued a statement entitled "Why We Defend Free Speech for Nazis, Fascists and Communists." The right to free speech is often tested at the extremes and defense of the first amendment in unpopular situations is not new to the ACLU.

Much progress has been made over the last 60 years in the furtherance of those rights and protections guaranteed by the Bill of Rights. But gains must never be taken for granted. As Roger Baldwin said when he left the helm of the ACLU in 1949, "No fight for civil liberties ever stays won." And that is why we will always need the ACLU.●

## U.S. TRADE POLICY SETBACK IN JAPAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 60 minutes.

● Mr. ALEXANDER. Mr. Speaker, at the invitation of the U.S. Trade Representative, Ambassador Reubin Askew, I accompanied our negotiators to Tokyo to discuss the problem of subsidized rice exports from Japan. Our delegation was led by the Under Secretary of Agriculture, Dale Hathaway, and included Tom Hughes and other personnel from the U.S. Department of Agriculture as well as the American Embassy in Tokyo. I would like to take this opportunity to report to my colleagues on what happened at the rice meetings in Tokyo, and what it might portend for U.S. trade policy and the future of the United States-Japanese trading relationship.

The purpose of the meetings in Tokyo was to discuss the Japanese rice export problem—not to conclude an agreement that seriously undermines the competitive potential of the U.S. rice industry and weakens the fabric of the accords that were recently concluded in the multilateral trade negotiations (MTN). Yet that is precisely what happened. The agreement concerning Japanese export subsidies concluded on April 12, 1980, while it does contain some useful aspects, ignores our vital interests and our established export trade policy, and I will oppose its implementation administratively and in litigation which will be forthcoming.

As many of you know, the U.S. rice industry filed a complaint against Japan's rice export subsidy policy on April 4, 1980, under section 301 of the Trade Act of 1974. In my opinion, this complaint is supported by the weight of available evidence and should be resolved affirmatively in favor of the U.S. rice industry. The agreement that was concluded in Tokyo was outside of the authority of Secretary Hathaway and, in my opinion, has no legal validity. We should pursue the section 301 complaint route until a satisfactory agreement is concluded that solves the problem of Japan's rice export subsidies.

Mr. Speaker, I would like to introduce for the RECORD a copy of the statement I made on April 10, 1980, to the Japanese negotiators and press corps:

### STATEMENT OF CONGRESSMAN BILL ALEXANDER

Economic relations between the United States and Japan are in the midst of a precarious passage. Strong and unyielding currents are straining our bilateral relationship with increasing intensity. American protectionists seek to limit Japanese imports of automobiles, electronics, and other products; cynical motives are suggested regarding purchases by Japan of needed oil supplies; and many Americans accuse Japan of being a predatory and unfair competitor in the international economic arena.

In this context, the disagreement between our two countries regarding the Japanese rice export subsidy policy is especially unfortunate. I have come to Tokyo to discuss the rice question with Japanese officials, and to advise U.S. Administration officials. While in Japan I will attempt to explain the grave political and economic repercussions in my country of a continuation of the Japanese rice export subsidy policy. If Japan continues to ignore the legitimate interests of the U.S. rice industry, the bilateral relations between our two countries will be adversely affected.

I approach the Japanese rice policy with a great deal of sympathy for the position of the Japanese rice farmer and the Japanese Government. Not so long ago the American rice farmer and the U.S. Government faced the same problem. Prior to 1975 the United States was saddled with an obsolete farm policy which subsidized the production and export of rice. This government program rewarded inefficiency at a high cost to American taxpayers. It nearly doubled the price of rice to American consumers and decreased demand. The U.S. Government rice support price was consistently higher than the world market price, and U.S. rice was non-competitive in the world market. Unwanted surpluses accumulated and the Government was called on again to expand the U.S. Food for Peace Program (P.L. 480). After I first became a Member of Congress on January 3, 1969, the principal contact that I had with the rice industry was the year end rush of the rice industry leaders pleading with Congress to appropriate export subsidies to permit the current rice crop to be disposed of to prevent an undesirably large surplus. From Fiscal Year 1955 through Fiscal Year 1975, a total of $3.3 billion was spent in export subsidies for commercial sales and for the Food for Peace Program (P.L. 480) to allow U.S. rice acreage allotment holders to maintain their high rice production levels, protect farmer rice prices, retain commercial export markets, and prevent unmanageable surpluses of rice from building up.

At the same time, many American farmers who wanted to grow rice were prevented from doing so, and the price American consumers were paying for rice was dramatically increased. Our obsolete rice program rewarded inefficiency at a high cost to taxpayers, dimished exports and penalized consumers.

The consumer movement and our growing need to earn foreign exchange to pay for imported oil provided the impetus for needed changes in U.S. rice policy. With the passage of the Rice Production Act of 1976 we cut the umbilical cord that had tied rice production with government support. That Act established the public policy of improving and rewarding productivity, and provided for returns to the farmer to be determined by the free market—not from government programs. As a result, production has increased, export sales have expanded to over $1 billion annually, and the consumer has benefitted.

The transition from burdensome government support to freedom in the marketplace was not achieved without difficulty, even agony, for many American rice farmers. A small percentage of producers continue to press for farm price supports that ignore fundamental market conditions. In February, 1979, farmer demonstrations in Washington, D.C., were an accurate reflection of the disillusion and despair of many American farmers seeking higher prices for their products. Neverthelesss, even with a ring of tractors encircling the Capitol, the Congress overwhelmingly rejected a return to the ruinous policies of the past.

The passage of the Rice Production Act of 1975 and the resolute refusal of the Congress to return to Government subsidies has been predicated on the commitments of our primary trading partners, defined in solemn agreements, that fair trade will prevail in the world marketplace. The Congress believed that the international obligations assumed by Japan and other sovereign nations in the General Agreement on Tariffs and Trade (GATT), the United Nations Food and Agricultural Organization (FAO) principles of surplus disposal, and the subsidies code recently negotiated in the Multilateral Trade Negotiations (MTN) would all work to protect the U.S. farmer against the massive dumping of subsidized production into the world marketplace.

It is with this knowledge and understanding that I, and other Members of the Congress, feel particularly aggrieved by the rice export subsidy program of Japan. Japan had a guaranteed home market producer price of $1,450 per metric ton in mid-1979. The Government of Japan is currently moving this product into the world market at one-fifth of this price level. It is also dumping by selling its rice at far below the price level in Japan, thus committing simultaneously two unfair foreign trade practices. This support program has maintained the average annual level of Japanese rice production at over twelve million metric tons, which is far more than necessary to meet the declining Japanese domestic demands for rice.

The rice stocks of Japan are expected to grow to 7.1 million metric tons by October, 1980. The presence of this enormous stockpile depresses world prices and ensures a diminution of U.S. farm prices. Continued dumping from this mounting Japanese rice stockpile constitutes a clear and present danger to the U.S. rice industry.

What is "unfair" about the rice export subsidy program of Japan?

(1) Article XVI (3) of the General Agree-

ment on Tariffs and Trade (GATT) prohibits subsidies resulting in a Contracting Party having "more than an equitable share of world export Trade";

(2) The United Nations Food and Agriculture Organization (FAO) Principles for Disposal of Agricultural Surpluses provide that surpluses should be moved into consumption without harmful interference with the normal patterns of production and international trade; and

(3) Section 301 of our Trade Act of 1974 proscribes the granting of subsidies on exports "to other foreign markets which have the effect of substantially reducing sales of other competitive United States products . . . in foreign markets."

After eight months of attempting to secure meaningful negotiations on the Japanese rice export question, the U.S. Rice Millers' Association reluctantly petitioned the President on April 4, 1980, under Section 301 of the Trade Act of 1974, to retaliate against imports of products of Japan. The Trade Act authorizes the President to take ". . . all appropriate and feasible action within his power . . ." to obtain the elimination of ". . . unjustifiable, unreasonable, or discriminatory . . ." foreign trade practices that burden or restrict U.S. commerce. Such action may include suspending trade agreements, or retaliating against the imports from the offending nation through duties or other import restrictions.

The absence of meaningful negotiations forced the U.S. rice industry to file its Section 301 petition to seek redress, and I am advised that the industry is prepared to withdraw the petition when this export subsidy program is eliminated.

How can this self-defeating export subsidization program be eliminated?

Several alternative uses for Japan's surplus rice may be considered:

(1) the reduction of rice prices to expand the domestic table use of the product;

(2) the utilization of rice as a feed grain;

(3) the contribution of a predetermined tonnage of rice for distribution as humanitarian aid for Cambodia, and other needy nations, under the auspices of the Food Aid Convention; and

(4) the conversion of rice to ethanol for producing gasohol, which would reduce Japanese dependence on foreign oil supplies.

I am convinced that Japan will fulfill its international responsibilities. As Prime Minister Ohira has pointed out in his 1978 book, Brush Strokes: Moments From My Life, "scrupulous care" must be taken to assure "that not the smallest seed of mistrust might be sown between Japan and the United States." (p. 101) In this quest, he pointed out, pains must be taken to maintain the "principle of free trade" (p. 107) What is required the Prime Minister emphasized, are "patient negotiations" of outstanding issues in an effort to "reach an equitable settlement". Mr. Ohira describes the role of Japan in the Preface to his book:

"Now, as Japan's position in the world has risen, I am deeply aware that the responsibilities expected of us have likewise increased. . . . Especially today in an increasingly interdependent world, the promotion of close cooperation in all areas of international endeavor is more important than ever before. Japan has had an important role to play in the conduct of the world's economic affairs. Henceforth, it is our responsibility to play an even more active part in international efforts for the stable expansion of the world economy." (Tokyo, April, 1979).

While great leaders are guided by enduring principles one is often confronted with the realities of the present. In this instance the Japanese press reports that approximately 6,000,000 Japanese farmers have chosen to ignore the mountain of rice now stockpiled at over 7,000,000 metric tons and refuse to curtail rice production. Presumably the Japanese farmers are able to promote this ruinous policy because their votes help keep the ruling Liberal Democratic Party in power.

Therein lies the classic confrontation between the principle of free trade and the pragmatism of political power. While Prime Ministers and Presidents must maintain their political power in order to lead their people, I believe that great leaders like President Carter and Prime Minister Ohira will work to change the politics of the present to conform with the principles to which great Nations aspire. Indeed, the United States and Japan are walking up the same mountain to the same light.

Mr. Speaker, I will now review for the record the agreement concerning rice that was concluded between the United States and Japan on April 12, 1980. I will then analyze the considerable defects in the agreement, and suggest what I think our negotiating posture should be on this matter in the future:

### THE U.S.-JAPAN RICE AGREEMENT

The agreement calls for Japan to reduce its exports of subsidized rice to an average of 400,000 metric tons per year over the period 1980–1983. It sets maximum annual exports to Korea and Indonesia, and to other countries defined as "not regular commercial markets." These may be exceeded in years after 1980 by no more than 10 percent, and any excess will be deducted from the following year's limit.

The pact invokes the F.A.O. Surplus Disposal Principles with respect to consultations, and calls for further bilateral discussions of supply, demand, and individual country markets. It leaves Japanese export pricing, too, a matter to be negotiated in "technical consultations." The agreement imposes no limitation on the use of rice as grant aid. Finally, it calls for confirmation by exchange of letters "or other written instruments."

### SPECIFIC DEFECTS IN THE U.S.-JAPAN RICE AGREEMENT

(A) Unlimited Food Aid.—The agreement allows Japan total freedom in disposing of rice under the rubric of "food aid." It permits Japan not only the right to grant 50,000 metric tons of "food aid" rice per annum, but states that, at its discretion, the Government of Japan may grant additional assistance. Grant aid must be restricted both in amount and in the range of permissible beneficiaries. As the agreement is written, vast quantities of rice could be given for free to U.S. rice markets, including Indonesia and Korea. Such aid would of course produce no revenue for Japan, but may be provided for political reasons, or as an incentive for the development of a long-term market. This would injure American interests in the same way they are currently harmed by subsidized sales. Grant aid in excess of 50,000 metric tons should require prior approval of the U.S. Government, in consultation with the U.S. rice industry.

(B) Sales to South Korea.—Japanese sales to South Korea are permitted by the agreement. South Korea is a traditional cash market for American rice and should, as such, be protected. Japanese subsidized exports, which are forbidden by the GATT and by the Subsidies Code negotiated in the (ironically so-called) "Tokyo Round," continues to displace and to threaten the further displacement of U.S. commercial sales. The illegal use of export subsidies to the direct detriment of the United States should not be tolerated.

(C) Pricing.—It is not satisfactory to leave discussions of export pricing to future "technical consultations." Sales of Japanese rice at prices less than comparable qualities of U.S. rice cannot be tolerated. Comparability should be strictly determined with respect to quality and the terms and conditions of sale, as well as ancillary costs. Any price advantage of Japanese over American rice as measured on a cost and freight basis is derived directly from illegal subsidy practices and must not be permitted.

(D) Sales to Indonesia.—Indonesia has been a large P.L. 480 buyer of American rice, and has begun to "graduate" into the ranks of commercial purchasers. Since 1977, Indonesia has bought over 100,000 metric tons of U.S. rice for cash. Market development is one of the primary objectives of P.L. 480, and should be encouraged. Indonesia should not be dropped from the ranks of U.S. concessional buyers with the inevitable result that it will fulfill its rice needs from Japan.

The agreement should provide the United States the right of first refusal to supply rice to Indonesia. Only is comparable U.S. rice is not available on comparable terms should Japanese sales of subsidized rice be permitted.

In the alternative, the U.S. should premise permission for the sale of rice by Japan upon the completion of a U.S.-Indonesia purchase agreement, requiring that country to buy a minimum annual quantity of rice from us on commercial terms equal to no less rice than the quantity of rice Japan is permitted to sell to Indonesia.

(E) The Japanese Subsidy Itself.—The real cause of the problem posed by Japan's export subsidies is the policy of astronomically high support prices for rice. Thus Japan procures rice from its farmers at rates four and five times the world price—a policy certain to encourage the growth of the already enormous Japanese surplus.

Japan should agree to phase out its export subsidy within the duration of the U.S.-Japan rice agreement. That is to say, it should accept its international obligation to cease its illegal acts.

In addition, the Government of Japan should take other steps to eliminate its incentives for further rice production. These should include at least an accelerated acreage set-aside, which would reduce the area planted in rice at a rate faster than the increase in yield.

(F) Legal Formalities.—Any agreement should be confirmed by formalities no less than an exchange of diplomatic notes. It should be considered an executive agreement, within the full conventional meaning of that term, by the United States Government.

### FUTURE STEPS

Mr. Chairman, we cannot sit idly by while the U.S. Department of Agriculture compromises the interests of the U.S. rice farmer and U.S. trade policy. I supported passage of the Rice Production Act of 1975, which committed the U.S. rice industry to a free market and growth in export markets. I also supported the subsidies agreement negotiated in the MTN. The April 12 U.S.-Japan rice agreement suggests that U.S.D.A. does not believe we are taking our treaty obligations seriously, and it ignores our legislated domestic rice policy.

I will confer with other representatives from rice states to discuss future steps the Congress might take to deter this agreement from entering into force. I understand that the Subcommittee on Oilseeds and Rice of the House Agriculture Committee, chaired by Rep. Dawson Mathis (D-Ga.), has been requested to hold hearings on this matter in late April. In addition, I will support steps to advance the Section 301 complaint of the U.S. rice industry, and litigation that will seek to prevent the implementation of the April 12 U.S.-Japan rice agreement. Finally, I will do what I can to assure that this item occupies a place of prominence on the agenda when Prime Minister Ohira of Japan visits President Carter in Washington, D.C. on May 1. Japan and the United States share a mutual interest in resolving this troublesome issue as soon as possible.●

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## NEW HOPE FOR SOUTHWEST SEWER DISTRICT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. DOWNEY) is recognized for 5 minutes.

● Mr. DOWNEY. Mr. Speaker, the multitude of problems of the southwest sewer district continue to plague the residents of Suffolk County.

What first started out as a well-intentioned program to increase the quality of life has turned into a constant nightmare for property owners and renters alike. In spite of promises to the contrary, residents are currently paying taxes for a service that they are not yet receiving, and are doing so at higher rates than originally expected. Suffolk residents, regardless of where they live in the county, are being forced to pay for the projected $200 million shortfall in sewer district revenues through the county sales tax; streets throughout the area have been torn up; and the allegations and accusations about government and private mismanagement are almost too numerous to mention.

I recently conducted a poll of sewer district residents in my congressional district. The results show that 34 percent cited government corruption as the sewer district problem about which they were most concerned, 22 percent cited hookup costs, and 29 percent cited sewer assessment taxes. The most amazing statistic, however, was that almost 15 percent of the people created their own category and said "all of the above."

In other words, the ill feelings about the sewer district are deep and pervasive.

The Federal Government is currently contributing the maximum amount to the sewer district allowed under current law. Since my election to Congress 5 years ago, the amount of Federal funds going to the southwest sewer district has quadrupled from $90 million in 1974 to more than $371 million in 1979. In all, 75 percent of the total eligible construction costs have been funded by the Federal Government. But the enormous remaining costs still have to be paid by sewer district residents. In light of the current budget-cutting mood in Congress, however, it is not at all certain that Washington will be able to pick up a larger share of the costs, either through existing law or my earlier proposals.

I have been searching therefore, to find new alternatives for the Southwest Sewer District that will not only relieve its already beleaguered taxpayers, but will help restore some of the confidence that has been lost in its utility. The magnitude of this task must not be underestimated. The people in the Southwest Sewer District are disheartened and disenchanted. It will take nothing less than a firm bipartisan effort that demonstrates both the sincerity of the political leaders of Suffolk County and the vast resources that the Government has at its disposal to regain the confidence of the taxpayers. I believe that I have constructed such a coalition.

My proposal will require action by the Federal Government, New York State, and Suffolk County—but it will not require any additional expenditure of funds by any one of them. The proposal has several potential benefits:

First. It could eliminate the need for county sales tax revenues to finance the sewer district; and

Second. The proposal could produce a reduction in the special benefit district property tax levy or a combination of the two.

Over the past 4 weeks I have held extensive discussions with New York Governor Carey, Lieutenant Governor Cuomo, New York Assembly Speaker Stanley Fink, Assembly Ways and Means Committee Chairman Arthur Kremer, Suffolk County Executive Peter Cohalan, Suffolk County Legislature minority leader Bob Mrazek, House Banking Committee Chairman HENRY REUSS, and both Senators MOYNIHAN and JAVITS. All have agreed to work with me on this program. These are the leaders upon whom success will rest and I am grateful for their help and cooperation. There is no doubt in my mind that if this very diverse and powerful group of people can get together on this proposal, then it is very likely to become reality.

My proposal calls for the creation of a Southwest Sewer District Authority by the State of New York. Legislation to this effect has already been drafted and I expect Speaker Fink to give it his utmost consideration. This authority would issue bonds which, through legislation I have already introduced in the House (H.R. 6963), will be guaranteed by the Federal Government. The proceeds of these bonds would be used to purchase all property of the Southwest Sewer District for its fair value. It would then be the authority's responsibility to complete the construction of the sewers and to operate and maintain them. This would in large part elevate the sewer district above the realm of local politics and should play a major role in restoring the public confidence in them.

Proceeds of the sale of the sewers, invested by the county, should produce revenues large enough to pay all future debt service requirements on the existing county debt. Six series of bonds are currently outstanding on behalf of the Southwest Sewer District, totalling approximately $414 million.

Under this proposed legislation, the authority would not be restricted by the State Constitution and the local finance law—as is Suffolk County—in structuring debt service. For example, it could capitalize a reserve fund for earnings that would decrease the amount of authority revenues needed to pay the debt. It could also arrange annual principal payments on the debt to dovetail with anticipated revenues.

The authority would be created as a new separate and independent political subdivision with no elements of county control over its activity.

The authority would issue approximately $295 million of its own bonds, using the proceeds to buy the sewers. Assuming, in light of existing market conditions, an interest rate of about 10 percent, approximately $250 million of bonds would be invested by the county in securities with an estimated yield of 14 percent. The reserve fund would similarly be invested by the authority.

The structuring of the debt of the authority could be achieved in such a manner as to provide an estimated saving of $195–$303 million between 1980–2010 to the taxpayers of the Southwest Sewer District.

This is only the beginning. But it is a new beginning for the Southwest Sewer District that can lead to the end of the current nightmare. I am offering this program in a spirit of cooperation and concern. Nothing would please me more than to see bipartisan political cooperation and to work together to solve the many problems that currently exist with this project. If we do not, they will only remain and fester.●

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## SENIOR CITIZENS DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, I would like to bring to your attention the President's proclamation on Wednesday, April 9, of Older Americans Month and Senior Citizens Day.

As you all know, the month of May has been proclaimed as Older Americans Month ever since 1963 on a yearly basis. This is the first time, this year, that a special day in that month, May 8, will be designated as Senior Citizens Day to help focus activities involving the elderly as well as the urgency of a continual review of the plight too many of our senior citizens face every day.

In a letter to the President's Counselor on Aging, the Honorable Nelson Cruikshank, I suggested the need for this day to give a more intense focus to Older Americans Month, and I want to commend the President for this step he has taken in response to the concern I shared with the Association for the Advancement of Retired Persons who lent their endorsement to my letter.

To my distinguished colleagues and friends I would hereby like to commend the following text of the President's proclamation, which calls for a more intense national discussion of the many problems facing the elderly citizens of this country now and in the future, through local, State, and regional meetings, leading up to the White House Conference on Aging in 1981.

### OLDER AMERICANS MONTH AND SENIOR CITIZENS DAY

(A Proclamation by the President of the United States of America)

Each year since 1963, the month of May has been designated as our Nation's special time for both honoring our older citizens and assessing their present needs. It is my deep belief that not only the form, but the *meaning*, of that tradition must be observed throughout America.

Since I became President, my Administration has worked hard—and successfully—to improve the quality of older persons' lives by enhancing their physical and material security and by providing greater opportunities for them to continue utilizing their skills and experiences.

We have firmed up the financial base of the Social Security system and are continuing to monitor closely the revenue needs of this most fundamental social program.

We have worked with the Congress to pass the Older Americans Act, which will unify and improve the administration of services.

We have pressed for stronger laws to protect older people against discrimination in the job market and in the allocations of Federal resources, and we have streamlined the enforcement of those laws. We have also taken the initiative to end age discrimination in employment opportunities.

However, significant changes are taking place in our population which raise new issues, and highlight new aspects of existing issues. A decline in the birth rate, along with improvements in health care, are moving us toward a society in which more Americans, and a higher proportion of Americans, will be older. The implications of this gradual but certain shift will be felt by all segments of society.

Answers must be found to a host of questions which have just begun to be asked, let alone resolved.

How can America be assured that the talents, creativity and experience of its older citizens are adequately tapped through opportunities for salaried employment, self employment and work as volunteers?

How do we identify and support more policies, both public and private, which further the independence and dignity of older people?

How can we target resources to meet the health and social needs of older persons with special problems, without perpetuating the myth that most elderly are frail or helpless?

How can we expedite the transfer of new knowledge from the remarkable advances of biomedical, social and behavioral research?

How can we focus public policy on the needs and resources of the elderly?

How can we assure that elderly members of minority groups are full participants in America's progress on behalf of the aged?

What is the proper role of government at federal, state and community levels in assuring services and opportunities for older citizens, while encouraging the work of private organizations and the caring support of families?

Now is the time to renew a national discussion on these and related issues, through local, state and regional meetings leading up to the White House Conference on Aging in 1981. The forums must involve Americans from all segments of our society: business, labor, educational, cultural, religious, political and community leaders; specialists working with the aged; and, most important, older people themselves.

I therefore urge that community forums be held throughout the Nation during May, to begin the process which will culminate in a thoughtful, productive and enduringly beneficial White House Conference in 1981.

Now, therefore, I, Jimmy Carter, President of the United States of America, do hereby designate May 1980 as Older Americans Month. I ask all Americans to participate in the activities and discussions marking this special period, so that America can be strengthened and enlightened by the result. I further designate May 8, 1980, as Senior Citizens Day in honor of older Americans.

In witness whereof, I have hereunto set my hand this ninth day of April, in the year of our Lord nineteen hundred eighty, and of the Independence of the United States of America the two hundred and fourth.

JIMMY CARTER.●

## REVISION OF THE MEDICAID MATCHING FORMULA

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New York (Mr. RANGEL) is recognized for 5 minutes.

● Mr. RANGEL. Mr. Speaker, I am today joining with my colleague, the Honorable HENRY A. WAXMAN, in introducing a bill which provides for a much needed revision of the formula that is used to calculate each State's share of the cost of the medicaid program.

The medicaid program has done much in the last 15 years to assist the States in providing high quality health care services for the poor and the medically indigent. Without the Federal financial assistance made available through medicaid, it would have been virtually impossible for State and local governments to find the financial resources to support these essential health care services for persons without the ability to pay for them.

As my colleagues know, the medicaid program is basically run by the States, which retain both broad authority to determine covered services and benefit levels, and the responsibility for paying a portion of the costs. Federal funds are made available to States with the requirement that the State must, according to a formula, "match" the Federal contribution.

The formula used to determine the State matching rate, however, is seriously in need of revision. Medicaid expenditures now represent a major and increasing financial burden on the States (and especially on local governments which in many cases bear a significant share of the non-Federal cost of medicaid). Because the costs of medicaid and health care generally are continuing to rise, it has become a matter of urgency to distribute these costs more equitably between the Federal Government and the States, and among the various States. The bill that I am cosponsoring today addresses and corrects a number of inequities in the medicaid matching formula that determines the share of medicaid cost to be borne by each State.

A serious problem in the present formula is the exclusive use of per capita income as the factor which determines each individual State's share of the cost of medicaid. Although per capita income is a useful indicator of the economic well-being of a State, it is not the sole determinant of a State's ability to provide matching funds. The current matching formula takes no account of the significant cost-of-living differences among the States. For example, a family living in Philadelphia needs approximately 16 percent more income to maintain itself at the same standard of living as a similar famly in Dallas or Houston, and a family living in Boston needs 32 percent more income. The bill would build into the matching formula recognition of such cost-of-living differentials.

The current matching formula includes in the computation of a State's per capita income governmental cash transfer payments paid to recipients on the basis of need. This is unfair to States in which there is a large welfare caseload. Residents of the State are taxed to help provide these cash transfer payments for people in need. Then the transfer payments are counted as per capita income under the medicaid matching formula, so that the State's share of medicaid costs is increased as the result of the cash assistance it provides to its low-income population. The bill responds to this problem by excluding from the calculation of per capita income transfer payments made to individuals based on financial need.

Under the current matching formula, per capita income is squared, which serves to magnify the difference between a State's per capita income and the national per capita income. This further significantly increases the share of medicaid costs borne by States with higher per capita incomes and decreases the share of medicaid costs borne by States with higher per capita incomes and decreases the share of medicaid costs borne by States with lower per capita income. This squaring feature, which distributes the medicaid cost burden out of proportion to a State's per capita income, would be eliminated under the bill.

Under the current matching formula, the State share of medicaid costs for the "average" State is set at 45 percent. This figure is then adjusted in relationship to per capita income. The bill would provide some relief for the States for changing from 45 to 35 percent the State share for the "average" State.

In summary, the bill that I am cosponsoring today is estimated to result in reduced medicaid costs for 40 States. A "hold harmless" provision would assure that the remaining 10 States did not experience increased medicaid costs as the result of the revised matching formula. An analysis of the effect of the proposed changes in the medicaid matching formula by the Congressional Research Service indicates that the cost of the bill is $2.1 billion. I believe this cost is well worth paying. The bill provides important and necessary reforms in the medicaid matching formula. It would remove inequities, provide for a modest increase in the Federal share of medicaid costs, and protect all States through a "hold harmless" provision. I strongly urge the support of my colleagues for this worthwhile revision of the medicaid matching formula.●

## REVISION OF THE MEDICAID MATCHING FORMULA

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California (Mr. WAXMAN) is recognized for 5 minutes.

● Mr. WAXMAN. Mr. Speaker, today I am pleased to join my colleague, CHARLES RANGEL, chairman of the Subcommittee on Health of the Committee on Ways and Means, in introducing legislation to change the way the Federal share is determined under the medicaid program. The formula that is in the law today does not fairly reflect the economic situation of the various States. Although it was designed originally to provide a relatively greater Federal contribution to poorer States, the way the relative economic situation of the States is determined discriminates against States which have a higher cost of living, which is usually reflected in a relatively higher per capita income and which generally makes necessary relatively higher public assistance grants in State welfare programs to cover even basic needs.

The changes we are proposing today would take an important step toward improving the equity of the formula for determining the Federal share. First, it would be based on the relation of the State per capita income to the national per capita income adjusted to reflect the cost of living in the particular State. Second, it would provide that public cash transfer payments based on need would not be considered in determining the per capita income in the State. These funds are provided by the public tax dollar. It is not defensible to penalize the State which commits tax dollars to provide a reasonably adequate public assistance grant, a grant that is necessarily higher in dollar terms in a State with a high cost of living, by reducing the share of medicaid costs that the Federal Government will contribute.

I have no illusions about the difficulty of passing this bill. It will increase the Federal budget. Few of my colleagues seem willing to do that at this time, no matter how reasonable the cause. But we cannot continue to ignore the shortcomings of the current method for determining the Federal contribution to help States pay for necessary medical care for the poor. We cannot continue to ignore the blatantly unfair impact this has on States with a high cost of living. This change is a minimal interim step to reform the medicaid program until it can be replaced by a national health insurance plan. I urge my colleagues to examine this proposal carefully and to consider its benefits as well as its costs. I urge your support.●

## FINANCIAL DISCLOSURE OF REPRESENTATIVE ELIZABETH HOLTZMAN FOR 1979

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. HOLTZMAN) is recognized for 5 minutes.

● Ms. HOLTZMAN. Mr. Speaker, I believe deeply that elected officials must observe the highest standards of honesty.

One of the best ways of insuring integrity in Government is to provide the voters with the facts regarding each Representative's financial dealings—so that the voters can prevent dishonesty and conflict of interest when they go to the polls.

For this reason, I am making the following financial disclosure, as I have done each year since first being elected in 1973. I believe it will help enable the voters of my district to judge how I have discharged my public trust.

I also want to add that I resigned from my law practice before I took my seat in Congress. I have not resumed law practice since that time and will not do so while I am a Representative.

### FINANCIAL STATUS

In 1979, my total gross unadjusted income was $64,701.

### NONCONGRESSIONAL INCOME

In 1979, my income from noncongressional sources was $6,794.

### UNSECURED LOANS

I had no unsecured debts in 1979.

### NONCONGRESSIONAL REIMBURSEMENTS

Reimbursements to me in 1979 for expenditures in excess of $50 other than from the U.S. Government totaled $780. These reimbursements were for out-of-pocket expenses incurred in connection with speaking engagements and public appearances.

### SECURITIES

I own no stocks or corporate or municipal bonds with a value in excess of $25.

### INCOME TAXES

The personal income taxes I paid for 1979—contained in my tax returns as filed on April 14, 1980—totaled $24,558 and were divided as follows: U.S. Government, $17,266; New York City and State, $7,292.

### BUSINESS AFFILIATES

During 1979 I did not serve as a director, officer, partner, adviser, or manager of any business entity, foundation or professional organization of a noneleemosynary or noneducational nature.●

## ADMINISTRATION POLICY ADVERSELY IMPACTS ON DISABLED VETERANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. ROBERTS) is recognized for 5 minutes.

● Mr. ROBERTS. Mr. Speaker, time and time again this administration has shown its lack of concern for our Nation's veterans. As chairman of the Committee on Veterans' Affairs, I have taken issue with the administration a number of times on veteran program issues and with the help of my colleagues in the House, both Democrats and Republicans, we have been successful most of the time in preventing administration plans from being carried out.

I plan to speak more specifically to some of these issues later; however, today I want to bring to the attention of my colleagues the latest administration plan to limit or terminate certain benefits that have been granted to veterans by previous administrations.

Several weeks ago the Office of Management and Budget directed the Veterans' Administration to limit reimbursement of travel expenses to disabled veterans receiving care in VA medical facilities. Under current law any nonservice-connected veteran who needs care in a VA medical facility is entitled to receive such care if the veteran is unable to defray the expenses for care in a non-VA facility. In addition, if the Administrator determines the veteran is unable to defray the expenses of travel to the VA hospital for his or her care, he is authorized by law to reimburse the veteran for such travel expenses. Since the vast majority of non-service-connected veterans receiving care in VA facilities have incomes of less than $7,000 per year, a great number of them are eligible to be reimbursed for their travel expenses.

The administration has placed a cap on the travel allowance allocated to the agency, and I am informed OMB has attempted to place the blame on the Congress. There follows a recent VA press release and public announcement that the reduction was imposed by Congress:

> DENVER.—A congressional budget cut is forcing the eight Veterans Administration medical centers in Colorado, Wyoming, Utah and Montana to stop paying patient travel expenses—except in special emergency situtions.
>
> New Mexico may be affected later by the restruction related mostly to payments covering ground and air-ambulance services.
>
> The policy change relating to inpatient and outpatient veterans with either service or nonservice-connected disabilities is affecting most if not all of the 172 VA medical centers nationally as well as other federal agency operations.
>
> The medical centers were notified of the curtailment last week. First to be affected was the Grand Junction, Colo., VA Medical Center which took cutback action March 23.
>
> Beginning next Monday (March 31), beneficiary travel payments will be severely restricted to emergencies at the Denver, Colo., Cheyenne and Sheridan, Wyo., and Salt Lake City VA medical centers.
>
> Following suit, April 14 will be the VA medical center in Miles City, Montana, at Fort Harrison near Helena, Montana, and in Fort Lyon, Colorado, according to present plans. Similar action could be taken by the Albuquerque, N.M., VA Medical Center before the end of the fiscal year Sept. 30, a spokesman said.
>
> In Denver, medical center director James Martin said the mid-fiscal-year policy change reduced the total beneficiary-travel budget for the year by 12 percent. "The problem was compounded by contract increases by 23 percent recently in ambulance and ambocab service and by nearly 20 percent in commercial air service," he added.
>
> The Denver VA Medical Center, a major Midwestern referral hospital, handled 12,600 inpatients and 130,000 outpatients last fiscal year. Under a fiscal 1980 budget submitted 18 months ago, it was allocated $42.3 million. Until now, about 30 percent of its patients have received travel reimbursement. A large percentage of those recipients were from outside Colorado.
>
> About half of the inpatients at the Denver VA Medical Center are from the greater Denver area. A quarter of them are from elsewhere in Colorado. The rest are from out of state, Martin said.
>
> Under the new policy, the Denver VA Medical Center will have available only funding for limited emergency travel expenses for patients. But Martin stressed, "We are still prepared to provide the same quality and quantity of care as in the past. We don't foresee the new travel restrictions will have a major impact on the medical center's workload."
>
> Martin said the medical center's weekly Winnebago MediVAn visits to Colorado Springs, Greeley, Fort Morgan and Fort Collins, Colo., haven't been affected by the latest budget cut. But he requested veterans who are not planning to keep previously made appointments—because of VA beneficiary travel payment cuts—to notify the medical center.
>
> Current legislation has authorized reimbursement to veterans for travel expenses for those with service-connected disabilities who are being treated for those disabilities. At the Denver VA Medical Center, about 60 percent of the inpatients have such service-connected problems.
>
> The VA medical centers in Colorado, Wyoming, Utah and Montana were notified of the policy change last March 19 by the Midwestern Region medical director based in Omaha, Neb. That action was based on a

restriction applied to the VA by the federal Office of Management and Budget by act of Congress.

In Denver, Martin briefed Colorado congressional office aides and representatives of state veterans service organizations March 26 on the changes. Letters informing patients of the restrictions also were mailed by the weekend.

MARCH 27, 1980.

[From the Billings (Mont.) Gazette, Apr. 1, 1980]

BUDGET CUTS ELIMINATE VA TRAVEL MONEY

SHERIDAN, WYO.—A congressional budget cut is forcing the Sheridan Veterans Administration Hospital to stop paying patient travel expenses except in special-emergency situations.

Beginning March 31, beneficiary travel payments will be severely restricted to emergencies at the Denver, Colo., Cheyene, Sheridan and Salt Lake City VA medical centers.

Following suit April 14 will be the medical center in Miles City, Mont., at Fort Harrison near Helena, Mont., and in Fort Lyon, Colo.

[From the Sheridan (Wyo.) Press, Apr. 2, 1980]

VA CUTBACK AFFECTS TRAVEL

Veterans seeking treatment at the Sheridan Veterans Administration Medical Center will not be paid normal travel benefits to and from the hospital except in emergency cases, according to a new ruling by the VA's fiscal control office.

The Office of Management and Budget has mandated to VA hospitals across the nation that non-emergency travel by VA patients will not be paid because there is not enough money as a result of federal cutbacks.

The Sheridan medical center has already paid more than $61,000 in travel benefits in six months, but only has about $107,000 in its budget for the fiscal year. At the current rate, the OMB saw the center would run about $20,000 short by the end of the year.

VA officials at Sheridan said the $45,000 that remains in the budget will be used for emergency travel only.

The cutback is happening throughout the system and will affect outpatient treatment as well as service-connected disability payments for travel.

The VA is also facing a national cutback in beds available to patients. In the last eight years, the total number of beds has dropped more than 7,000 and is expected to dwindle by another 12,000 in the next decade, bringing the total to 72,000 according to VA statistics.

The Sheridan medical center has gone from about 640 beds 10 years ago to about 340 this year because of new space restrictions imposed by the Joint Commission on Accreditation of Hospitals.

VA chief Max Cleland said the VA has a new concept in treatment, able to treat more veterans in a shorter time with an effective outpatients system, so fewer beds are needed.

Recently, the administration came under fire from critics who warned that the VA may not be able to respond to a crisis situation because of the lack of beds.

Of course this is untrue. This is not the first time this tactic has been used. You will recall the severe reductions in VA health-care facilities imposed by OMB in fiscal year 1979 and supposedly mandated by the so-called Leach amendment to the Civil Service Reform Act.

According to some VA officials, OMB has suggested that the limitation placed on staff travel and transportation under section 112 of Public Law 96–86 (continuing appropriations for 1980) required that benefits also be reduced for VA patient travel. This provision of law that became effective October 12, 1979, states that during the fiscal year ending on September 30, 1980, the total amount which may be obligated to travel and transportation of persons, and transportation of things, for "officers and employees of the executive branch of the Government shall not exceed an amount which is $500,000,000 less than the total amount proposed therefor in the Budget of the U.S. Government for such fiscal year." Obviously, the Appropriations Committee intended to limit the amount of Government employee travel and transportation expenses. It did not imply in any way that the limitation was intended to apply to patient travel.

Mr. Speaker, the Veterans' Administration has appealed the OMB decision. The agency has informed OMB officials that no management action, short of denying services to beneficiaries or refusing payment of legal claims of beneficiaries, will enable the agency to meet the mandate of OMB. I have expressed my very grave concern to the Director of OMB, Mr. James T. McIntyre, by letter dated April 1, 1980. He has not seen fit to respond with any urgency to my letter, although I am advised that some VA hospitals will have exhausted their entire beneficiary travel allowance by mid-May, at which time certain service-connected disabled veterans and most, if not all, non-service-connected veterans will not receive reimbursement for their travel, even though the law provides for such reimbursement.

Mr. Speaker, there follows my recent communication to Mr. McIntyre. If a satisfactory answer is not received within the next few days advising us that appropriate additional allocations have been made to the field stations, I shall ask our Special Investigations Subcommittee to look into the matter further by calling OMB officials to explain their actions.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
*Washington, D.C., April 1, 1980.*

Hon. JAMES T. MCINTYRE, Jr.,
*Director, Office of Management and Budget, Washington, D.C.*

DEAR MR. MCINTYRE: Action taken by the Office of Management and Budget to limit beneficiary travel for care in VA hospitals and outpatient clinics is causing major problems in VA medical facilities throughout the country. I understand that the reason given for this policy decision by OMB is that Congress, in enacting section 112 of Public Law 96–86 intended to limit such beneficiary travel. It is my understanding that VA medical facility directors have been advised that the reductions were made because of "a Congressional budget cut." Enclosed is a copy of a recent Veterans Administration press release reflecting this view.

Mr. McIntyre, the language limiting travel contained in section 112 of Public Law 96–86 is clearly and simply stated. It obviously pertains to travel and transportation of officers and employees of the Executive Branch. It was in no way intended to be applied to patients being treated in VA facilities.

Last year, Congress gave the Administrator of Veterans Affairs authority to tighten up the administration of beneficiary travel but it did not make it discretionary to deny such payments to service-connected and non-service-connected veterans eligible to be reimbursed for incurred travel expenses (Public Law 96–151).

Unless immediate relief is granted on the limitation imposed by the Office of Management and Budget on beneficiary travel, many hospitals throughout the VA system will be required to restrict severely beneficiary travel, limiting payments to emergency cases. Many hospitals are already doing so. A survey of the hospitals indicates that no beneficiary travel funds will be available by mid-May at the latest. This cannot possibly be condoned and unless the VA is allowed to make payments to eligible veterans, the Agency will be faced with legal action since these entitlements are provided by law.

I understand that an additional $16 million will be required in the current fiscal year in order to meet current demand. I am further informed that the beneficiary travel account is being slashed to $55 million in the revised FY–81 budget, which is some $21 million less than is required in the current fiscal year. I would appreciate your advising me of how this action came about and why the VA is faced with a problem of this magnitude at this time. In addition, I would appreciate your advising me of the legal authority under which this limitation was imposed on the Agency. In view of the problems which we will face within the next few weeks, I would appreciate your response at the earliest possible time.

Sincerely,

RAY ROBERTS,
*Chairman.*●

## A SALUTE TO JESSE OWENS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. CLAY) is recognized for 60 minutes.

### GENERAL LEAVE

Mr. CLAY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the subject of my special order on today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CLAY. Mr. Speaker, thank you for giving me an opportunity to take out a special order to salute America's premier athlete—Mr. Jessee Owens. As you know, Mr. Owens died on March 31, 1980, at the age of 66.

America and the world needs to salute this great man. Accordingly, it is only fitting that the U.S. House of Representatives take time out to salute Mr. Owens. Throughout the years, both on and off the track, Jesse Owens taught us all great lessons.

First of all, he demonstrated to us that with a little hard work and determination, a person could excel. The son of an Alabama sharecropper, he worked hard through the years and became the first man to win four gold medals in Olympic competition as a result of his participation in the 1936 Olympics in Berlin.

Second, through his achievements at the 1936 Olympics, he dispelled Adolf Hitler's philosophy about Aryan racial superiority.

Third, he pointed out how America mistreated its stars and just plain folks who happened to be black during that time. Although he was an internationally acclaimed athlete as a result of his Olympic medals, he received what could be categorized as a lackluster reception when he returned from Berlin. He was unable to find decent employment and was subject to all of the acts of discrimination in this country waged at blacks and the downtrodden.

But through all of this, he never denounced his native land. Instead, although criticized by many of his black brothers and sisters, he worked hard to make a living in a nation which seemingly had forgotten him.

Years later, he received his just recognition by this country. Associated Press called him the greatest athlete of the 20th century. Former President Ford presented him with the Presidential Medal of Freedom. And America embraced him as the Ambassador of sports.

Jesse Owens continued his stirring performances even after his "heyday" in athletics was over. He is noted for being a rousing orator and the mentor of many young black aspiring athletes. He was indeed the champion among champions. I would like all of my colleagues to take this time to join me in mourning the death of this great man.

Mr. SKELTON. Mr. Speaker, will the gentleman yield?

Mr. CLAY. I yield to the glentleman from Missouri.

Mr. SKELTON. Mr. Speaker, I wish to commend the gentleman for seeking this special order. Being a former track man of many years ago, I understand and admired the contributions made by the late Jesse Owens. Also, it was a distinct pleasure of mine to have been acquainted with and to have been a friend, although for a short while, of his teammate, Ralph Metcalfe, here in this body, the House of Representatives. On this occasion I wish to join the gentleman in paying tribute to the late Jesse Owens.

Mr. CLAY. I thank the gentleman for his remarks.

● Mr. FORD of Tennessee. Mr. Speaker, I rise today to praise the life and the memory of an American ideal—Mr. Jesse Owens.

He was blessed with a gift which enabled him to strike at the harsh dictates of racism, and to prove that pride in one's heritage, humility, and freedom are the only true superior human characteristics.

Even after Jesse Owens' tremendous victories at the 1936 Olympics in Berlin, he was still forced to "walk through the back door," and to sit in the back of the bus when he returned to the United States. He was only first officially recognized for his accomplishments by his own country in 1976, when he received the Presidential Medal of Freedom. But, during this time he never waivered from demonstrating those principles of human dignity and decency for which he is admired.

No athlete has better symbolized the goal for which we have worked in our society—the elimination of discrimination and the recognition of the rights of all individuals.

In commemoration of Mr. Owens, we should be reminded that although he made history in this regard, discrimination is not yet a thing of the past. We must, therefore, continue to work to guarantee to everyone, in our actions and in our hearts, those rights and freedoms which are the cornerstone of our Nation. There is no better way we can fulfill the standards which Jesse Owens has set and for which he will always be remembered.●

● Mr. LELAND. Mr. Speaker, It is my privilege to join with my colleagues in honoring Jesse Owens, a great black American athlete, a great American.

As a great athlete he is most remembered for his 1936 Olympic performance. His four gold medal wins in track and field events are among the world's major athletic achievements, let alone the individual records set in those events. As then the world's fastest human, he intimidated Hitler, whose convictions prompted him to avoid witnessing Mr. Owens' performance, refusing to see a black win.

As a great American he was a spokesman who devoted 20 years to prophetical global travel, touching millions. Jesse Owens was our Nation's special ambassador to every non-Communist country on Earth, teaching youngsters the fundamentals of track and field competition, sportsmanship, and how to "run and jump, and about the American way of life." However, his role-modeling contribution to America's youth, especially the black youth he deliberately addressed, is his major legacy. Nowadays, I realize that a number of my personal convictions are based on philosophies that Mr. Owens preached, and am grateful for these.

As a great black American, he encouraged black youth to "have guts, beat the ghetto and break the records," realizing that blacks could "put their skin out first or go with what's inside." He advocated that the only valuable bond between human beings is their humanness. Jesse Owens lived attempting to preserve these bonds and he revealed the secret to such preservation when he composed:

> The key is belief.
>
> This is what gives us our greatest, infinite joy. This is what makes the unbearable bearable the belief in that which is higher.
>
> So. climb with me upon that summit-less mountain. Go on higher, on, on higher.
>
> Its cliffs are not paved with earthly matters—going higher, higher and higher.
>
> Climb not for the peak you see, but the one concealed to Thee.
>
> For true heaven lies infinitely, above the summit of the mountain. Higher. Higher. Higher.●

● Mr. VAN DEERLIN. Mr. Speaker, I attended the 1936 Berlin Olympics. I sat in the stands and watched Jesse Owens make a fool of Adolph Hitler. As we all know, Owens' victories flew in the face of the theories of Aryan athletic superiority then being trumpeted in the Third Reich. More than that, they provided—and still provide—a dramatic public refutation of any theory of human potentiality based on race.

Owens' victories foreshadowed Allied victories in the field in the following decade, when Slavs, blacks, Jews and southern Europeans provided the brains and brawn to crush Nazism. If Hitler had any sense at all, he would have seen the folly of his course in 1936. If he had learned the lesson taught by Jesse Owens he would have understood that any theory of racial superiority is malicious nonsense.●

● Mr. DERRICK. Mr. Speaker, today I join my colleagues in the House in offering tribute to the late Jesse Owens, a great American and an olympian in every sense of the word.

Jesse Owen's performance in the 1936 Berlin Olympic games stands unparalleled in Olympic history, and therefore need not be recounted here. It is a sad note, however, that this great athlete was largely ignored for many years, gaining national recognition for his monumental feats only in the latter portion of his life.

It is with great pride and admiration for this outstanding American and his contributions to the modern Olympic movement that I join this testimonial. And I offer my sympathy and condolences to the family and friends he has left behind.●

● Mr. UDALL. Mr. Speaker, Jesse Owens will stand forever as a symbol. He was a symbol first to young athletes throughout America that achievement knows no barriers. He became a symbol that refuted the insane racism that was a cornerstone of Adolf Hitler's Germany.

And yet, when young Jesse Owens returned home from those Olympic games of 1936, he was an American hero who was forced to endure the pain of discrimination in his own country.

But Jesse Owens will live forever as a legend. He was, in the truest sense, an American original who will always be remembered with the other greats who came before and after his time.

I am sad that Jesse Owens is gone. But I shall not remember him as a famous black athlete. I shall remember him as an American man who gave his best and made each of us a little better by his example. There could be no greater legacy.●

● Mr. ANDERSON of Illinois. Mr. Speaker, today, April 16, 1980, we honor by special order the late Olympic champion, Jesse Owens. We pay tribute to this true son of America who became one of the most important symbols for athletic excellence, brotherhood, and dignity in the world in the 20th century.

During the later years of Jesse Owens' life a smugly condescending sports commentator called him a "professional good example." This statement may well be the most accurate epithet for the life of this great American.

Jesse Owens was an authentic American hero, not just because he won four gold medals at the 1936 Olympic games in Berlin, Germany, and set long-standing word records in all four events. Jesse Owens was an authentic American hero because his life stands as a shining example of what is good in the American character and will.

Jesse Owens was born to an Alabama share-cropping family, the grandson of slaves, and learned running on the streets of Cleveland, Ohio. He went on to an outstanding collegiate career at Ohio State University. Soon after came the sterling Olympic performance in spite of Hitler's blatant hostility and prejudice. Through poverty and petty political insult, Jesse

Owens continued in dignified deportment and unparalleled grace.

Upon return to this Nation after the Olympics, Jesse Owens found no phone calls from the President, found no lucrative professional contracts, found no hero's welcome, and found conditions much as he left them. This Olympic hero still had to use the back doors, still had to step to the back of the bus, and still had to support himself in a hostile world. Mr. Owens earned a living by racing against dogs, horses, and automobiles. In later years he stated: "At least it was an honest living."

Finally, Mr. Owens found a career in the broadcast media and in public relations. For the remainder of his adult life he devoted himself to Boy's Clubs, boy's and girl's track teams, and an educational foundation which carries his name. He constantly urged optimism and patriotism as he worked with young black people.

Yes, I agree that Jesse Owens was a "living professional example" of whom all Americans can be extremely proud and of whom our young athletes can hold as an example of prowess and dignity.●

● Mr. BRINKLEY. Mr. Speaker, Jesse Owens was a powerhouse of a man whose incomparable athletic prowess was equaled by his indomitable spirit and will to achieve.

His unparalleled victory of winning four gold track medals in 1 day during the 1936 Olympics will forever remain an inspirational legacy of ability plus perseverance for all Americans. Jesse Owens' life was a life of action, always in the arena—fighting against all the odds—determined to bring great honor to his country, and destined to set a shining example of achievement for young and old throughout the world.

We are greatly saddened by the passing of this uncommon man, but our hearts will be lifted by the splendid reminders of his courage and humanity. Jesse Owens was a man of true grit who brought to life, so vividly, the philosophy of another heroic American, Theodore Roosevelt:

> It is not the critic who counts, not the man who points out how the strong man stumbled, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena; whose face is marred by dust and sweat and blood; who strives valiantly; who errs and comes short again and again; who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause; who, at the best, knows in the end the triumph of high achievement; and who, at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat.

We are thankful for the precious gifts that Jesse Owens left behind.●

● Ms. OAKAR. Mr. Speaker, there are few truly great heroes in these troubled times. That is all the more reason why we should mourn the passing of one of these few. Jesse Owens, without a doubt one of the greatest athletes of modern times, was also a true hero. He exemplified the Olympic spirit not only when he competed so gloriously in Berlin in 1936, but during his entire life. Though often struggling financially himself, Jesse Owens never hesitated to devote a considerable amount of his time to helping young people lift themselves up out of poverty and despair.

Although Jesse Owens was born in Alabama, he moved to Cleveland, Ohio, early in his life. In fact he first became a nationally known sprinter while attending East Technical High School in Cleveland. Those of us in the city liked to think of Jesse Owens as one of our own. After high school he attended Ohio State University, paying his way by working as an elevator operator. There was no athletic scholarship for Jesse Owens. While attending OSU he set four Olympic records in one afternoon at a meet in Michigan. One of these records, in the 60-meter dash, was not broken for 40 years.

But it was in the 1936 Olympic games that Jesse Owens came to the attention of the world. Although he said repeatedly that he was running against the world and not against Adolph Hitler, it is a fact that Jesse Owens' magnificent victories gave the lie to Nazi theories of racial supremacy. For this feat more than any other, Jesse Owens will always be remembered.

All of his life Jesse Owens championed the integrity of sport, the dignity of athletes, and the wrongness of racism. He believed in all of these things strongly and spoke about them all of his life. His memory truly deserves to be honored, not only by this body, but all over the world. Jesse Owens has been a model for all Clevelanders and for all Americans. He symbolizes the best that is American.●

● Mr. RANGEL. Mr. Speaker, I would like to take this opportunity to call attention to a man whose feats during the 1936 Olympic games brought worldwide attention to the United States and, at the same time helped to setback Hitler's attempt to use the Olympics as a political arena in which to demonstrate his thesis of a "master race."

Mr. Jesse Owens should not be remembered solely for his monumental display of athletic prowess. He should be remembered as a man of integrity and stature who retained his dignity through good times and bad. Although Mr. Owens won international acclaim for his performance in the games and, for a period of time, basked in the glory of stardom, it should not be forgotten that upon returning to this country, he was subjected to the segretory policies of the precivil rights United States. In a scene reminiscent of another great black athlete, Joe Louis, Jesse Owens was forced to exhibit his skills in side shows, racing dogs and other animals for petty cash.

Just as Mr. Louis went bankrupt after losing his heavyweight boxing title—that is, after donating $1 million to the U.S. Army during World War II—and was forced to humiliate himself by wrestling midgets or several other men at one time in order to eke out an existence, Mr. Owens was also coerced to perform acts that, at the time, were considered degrading only for a white man.

Throughout the career of Jesse Owens, there was never an action or word of resentment. Mr. Owens supported a country whose economic policies prohibited him—and most other blacks—from integrating into the mainstream of American life, even after his stirring performance in the 1936 games. Because of that performance, Jesse Owens was inspirational to the black people as a whole in that he achieved so much in spite of the great obstacles that appeared in his path.

Some may argue that Jesse Owens could have taken advantage of his short-lived star status and assumed a more politically active role in the black man's quest for equality under the law. However, Mr. Owens must be viewed in the context of his times. He was not a political man. Through his skills, he showed the world that the black man was deserving of the respect and recognition that has still yet to fully arrive.

This country, unlike many others, has the troubling tendency of exploiting its heroes after their accomplishments. Whether it be a Lindbergh, Louis, or Jesse Owens, their accomplishments are all too quickly forgotten and they are eventually forced to compromise integrity in order to survive. None has weathered the mistreatment and exploitation with the dignity, courage, and grace of Jesse Owens. Mr. Owens was a true champion, a champion of men.●

● Mr. MOFFETT. Mr. Speaker, excellence in sports alone did not make Jesse Owens the hero whom we all remember with such admiration. His incredible triumph in achieving 11 world records simultaneously, while worthy of high praise, is still not the only reason we should honor him today. Jesse Owens' feats were spiritual as well.

In the bitter atmosphere of Nazi scorn and animosity toward blacks, indeed toward anyone outside their insidiously narrow concept of human superiority, Jesse Owens won four Olympic gold medals in the Berlin games of 1936. His triumph was a public embarassment to Hitler, whose government rested on its belief in the physical and spiritual superiority of the Aryans over all others.

But the greatest attribute of Jesse Owens was his tireless work as a citizen. He struggled hard to earn an honest living in the difficult years after his Olympic victories. It was many years before he could support himself on his skill as an orator, and, as William Oscar Johnson has characterized him, "a professional good example."

He inspired many, especially the young, with his faith in patriotism and fair play, and he became a spokesperson for charities and for the Olympic movement. President Ford's recognition of Jesse Owens as an unofficial civic "ambassador for sports" earned him the coveted Freedom Medal. His medal was but a small token, though, compared to the place he has won in the hearts of our Nation.●

● Mr. EDWARDS of California. Mr. Speaker, I thank the gentleman from Ohio (Mr. STOKES), for arranging this special order.

Mr. Speaker, I would like for us to remember a man whose dedication and loyalty to his country made him one of the most outstanding persons in America.

He was a man who won respect and reverence for the United States during the 1936 Olympic games in Berlin while single-handedly dismantling Adolf Hitler's "master race" theory when he won four gold medals.

Mr. Speaker, the man I speak of is Jesse Owens. He died Monday, March 31, 1980. of lung cancer.

Mr. Speaker, not only should Jesse Owens be remembered for what his Olympic successes did to condemn the twisted beliefs of Hitler, but he should long be remembered for the way he used his fame to guide our youth in the proper directions. As a matter of fact, that is how Jesse Owens spent most of his life. "This is the big thing in my life now; working with kids and trying to guide them," he once said.

Mr. Speaker, the life of Jesse Owens is not only one to be remembered, it is one to be followed. This man has left for us the tasks of loyalty to our Nation, true spirit in our endeavors, and genuine concern for our youth. I am proud he was an American.

I would like to insert the following tribute to Jesse Owens which appeared in the Christian Science Monitor:

### Jesse Owens—His Place in History

(By Larry Eldridge)

Jesse Owens will always be remembered for that incredible week in Berlin when he made a mockery of Adolph Hitler's "master race" theory, but perhaps an even greater legacy is the way he used his fame in later years to help steer thousands of youngsters down the right path.

"This is the big thing in my life now—working with kids and trying to guide them," the hero of the 1936 Olympics told me just last year in his final visit to Boston. "The only thing you can do is say what you feel and hope to have enough charisma that some lives are going to be affected."

Owens, who passed on Monday, certainly had that charisma, as he demonstrated traveling around the country for many years giving hundreds of speeches annually. The words may have been the standard platitudes about hard work, perserverance, honesty, etc., but Jesse's simple eloquence and obvious sincerity gave them an impact far beyond their literal meanings. He could move any audience, of any age group, to the height of emotion—and of course it didn't hurt his cause with today's hard-to-reach young people that he stood there himself as the personification of the very virtues he was preaching.

As a youngster, Owens had it at least as tough as most of those he later counseled. Born Sept. 9, 1913, in Danville, Ala., he spent his earliest years helping his sharecropper father, four brothers, and four sisters pick cotton. When he was nine the family moved to Cleveland, which was an improvement, but it was still no easy lot for a black youngster growing up during the Depression era of 1920s and early 1930s.

Young Jesse's rapidly emerging brilliance in track and field propelled him into the headlines even in junior high school, however, and after a record-breaking collegiate career at Ohio State he climaxed it all with that fabulous Olympic performance—winning both sprints and the broad jump, then earning a fourth gold medal as leadoff man on the victorious US 400-meter relay team. He got no recognition, however, from Hitler, who developed a habit of being absent from his box at times when he might otherwise have been expected to congratulate Jesse for his triumphs.

I first met Owens in 1972—once in Boston where he was promoting one of the many youth track and field meets he ran annually throughout the country, then again in Munich where he was an official guest at the first Olympics held in Germany since those infamous 1936 Games. Naturally I asked him about his recollections.

"Frankly, I didn't know too much about what was going on at the time," he told me. "I was concentrating on the guys I was running against, not on people sitting in the stands. You know as much about the incidents as I do. I saw Hitler every day. I didn't come there to shake hands with him.

"The people in the press box always get a much better overall view of what's going on than the competitors. What they saw is what they wrote about."

Was the part about Hitler snubbing him blown out of proportion, then, as some later historians have suggested?

"No, I don't think it was out of proportion," he said. "I think it probably all happened as reported. It certainly seems consistent with his policies and theories. He left the stadium on occasions when I was competing, for what reasons I don't know. Because I was winning, destroying his myth, or whatever."

Owens was famous in track and field circles even before 1936. In 1933 he set a national schoolboy 100-yard dash record of 9.4 seconds which stood for two decades. And in 1935 in one incredible burst at the Big Ten Championships he set three world records (in the 200 meters, the 220 yard low hurdles, and the broad jump) and tied another (in the 100) in a space of 45 minutes. But it was Berlin that made him a household name—and he was the first to realize that his athletic feats were only part of the reason.

"We were very fortunate from the standpoint of competing," he said to me, "but of course it was the place and the time in history that gave the moment its special significance. Here was a man who affected the lives of the entire world. I was over there competing in his own backyard. He was on the rise, preaching his doctrines, and we just happened to make his doctrines not come true—because I'm sure not blond and blue-eyed!"

After the Olympics Owens tried to exploit his fame, but those times were a far cry from today with its million-dollar TV and advertising opportunities for Olympic heroes, and many of his early ventures failed to pan out.

"That was a time when the blacks of America had a tough time economically and recognition-wise," he explained. "The opportunities just weren't there. America was just beginning to awaken to the realization that God made us all, and if a man has ability, the color of his skin doesn't matter. It took a long while to learn this, and of course we still have pockets of resistance, but we've come a long way since the 1930s and 1940s."

Eventually Owens found his niche, though, building his own public relations firm into a successful business and directing most of his other available time into community service, especially youth work. His pet project over the last several years was an annual competition called the Jesse Owens Games, consisting of track and field meets for boys and girls between the ages of nine and 15, starting on a regional basis and culminating in a national championship. He felt very strongly about the positive effects of such competitions in bringing people together—from youth meets like this all the way up to the Olympics.

"When you see thousands of young people together—eating, dancing, singing, practicing together, then competing against each other," he said of the Olympic atmosphere, "you know it just has to eventually bring a new kind of understanding of other people and other nations' folkways. This is a wonderful thing, because these young people are the greatest commodity the world has."

Despite this feeling, Owens issued a statement earlier this year supporting President Carter in his decision that the United States should not go to Moscow this summer.

"As a member and backer of the Olympic Committee and advocate of the Olympic movement, I am first, last, and always an American," Owens said. "If the president feels that for political reasons we should not go, I'll back the president 100 percent. I regret that it has to be that way, and hope the political situation will cool down."

My own fondest memory of Jesse is from that appearance in Boston a few months earlier. Since speaking with him in 1972 I had had occasion to talk with his Olympic teammate Mack Robinson, who had finished second by four-tenths of a second in the 200 meter race. Robinson reminisced about how his shoes were not right, how he was supposed to have gotten a new pair, and how he was sure the result would have been different if only someone hadn't made a mistake and failed to get them to him. So just to see what Jesse would say, I mentioned this to him.

The winner of all that Olympic gold could easily have pooh-poohed the whole thing, as indeed a lot of athletes would have. But Jesse wasn't about to take himself that seriously.

"Well, I'm glad he didn't get those shoes then," he said with a smile.●

● Mr. WILLIAMS of Ohio. Mr. Speaker, Jesse Owens was not only a great athlete but a great American. His four gold medals at the 1936 Berlin games rank as one of the most impressive Olympic achievements of all times. Few athletes will ever achieve in their lifetimes what Jesse Owens achieved in a single day. The fact that his sprint records were unequaled for nearly 30 years underscores his preeminence as an athlete.

However, Jesse Owens will be remembered for more than his athletic achievements. What made this man truly special were the ideals he advocated in his later life. Beginning with his destruction of the Aryan supremacy myth in 1936, Owens worked to advance human dignity for all people. Anytime the United States needed an "ambassador of sport," Jesse Owens would be there to help.

Throughout his life in the public eye, Owens earned and kept the respect of all people he met. On Monday, March 31, we lost not only a fine athlete, Ohioan, and American, but a great man.●

● Mr. DIXON. Mr. Speaker, Jesse Owens was that rare breed of athlete; a man who was able, through both character and circumstance, to transcend the limitations of the athletic field and effect dramatic and positive changes, on both the social fabric of our Nation, and the conscience of the world. His life and times poignantly illustrate the unique mixture of triumph and tragedy which have characterized the progress of blacks in American society.

Best known among Jesse Owens' athletic exploits was, of course, his four gold-medal performance in the 1936 Berlin Olympics, a performance of which legends are made. Although his accomplishments predate the onset of television and communications satellites, his achievements in this most hallowed of athletic spectacles played a unique role in revealing to the world the stark, horrifying character of the Nazi regime.

However, the realities of the times prevented Jesse Owens from sharing in the glory that was his due. There were no multimillion-dollar contracts, no ticker-tape parades, no soft drink endorsements for a black amateur athlete in a nation ravaged by depression. His was the job of pioneer; a man who blazed the trail for deserving blacks, both in the athletic arena, and in other walks of life. As an athlete, his speed, strength, and quickness enabled him to set three world records and tie another, all within a 45-minute span in a single afternoon. As a human being, his humility and innate decency enabled him to persevere, and to ultimately win not only personal success, but the respect and affection of all Americans.

Mr. Speaker, Jesse Owens' passing at 66 robs us of a man who gave hope and touched the lives of millions, and whose legacy has and will survive the eclipsing of his athletic accomplishments. Recently, the Los Angeles Sentinel, the largest black-owned newspaper in the West, published an article by noted sports columnist A. S. (Doc) Young, which eloquently describes Jesse Owens' contributions. I am pleased to share this article with my colleagues:

### Jesse Owens: Nonpareil

(By A. S. Doc Young)

There were three of them: Jesse Owens, Joe Louis, Jackie Robinson.

They were, as everyone knows, superstar athletes. But, they were more than that: They were the blockers and the ball-carriers, the pioneers and the point-men, in the most productive equal-opportunity movement in the history of sports; in the history, perhaps, of all American endeavor.

Owens was a track star. Louis was a prizefighter. Robinson was an all-around athlete who made his greatest contribution to the cause in major league baseball.

They thrilled the nation and the world with their performances in track and field, in the boxing ring, and on the diamond. But, because they were uniquely gifted beyond the basic requirements or demands of sports, because they were nonpareil as human beings as well as athletes, they exerted influence far beyond their athletic stages; as a team, they were a matchless force for good; they reached the hearts and minds of multi-millions in times when bigotry ruled the nation and much of the world, and they wrought change in America and the world; they made progress for their own people, for all humanity.

Through the sheer force of their matchless talents as athletic competitors, their intelligence, their courage, and their fitness for pioneering roles, they conquered the forces of evil.

Jackie Robinson admitted that he owed a great debt to Jesse Owens and Joe Louis. Joe Louis owed a great debt to Jesse Owens.

Every Black athlete in America today owes a great debt to Owens, Louis, and Robinson . . . and so does every other American and multi-millions elsewhere . . . because these great men inspired people to be better than they ever had been before.

There were three of them. But, today, only one is left among the living. and he is physically disabled, reduced to public life in a wheel-chair. He is Joe Louis. who was the world's heavyweight champion for almost 12 years.

Jackie Robinson. who reintegrated Organized Baseball in 1946. major league baseball in 1947. died several years ago.

Jesse Owens. age 66. died at 3:40 a.m., Monday, in the University of Arizona Health Services Center in Tucson, the victim of inoperable lung cancer.

His death came not unexpectedly.

He had been a heavy smoker for more than three decades, and as recently as December. Shortly after he was admitted to the hospital in January, doctors announced that his lung cancer was "inoperable."

That word gave advance notice of approaching death.

Jesse Owens was (and is) most famous for his performances in the 1936 Olympic Games in Berlin, his debunking of Adolph Hitler's theories on Aryan supremacy, and his lifelong dedication to Olympic ideals.

But, before he became a superstar athlete, he had to overcome poverty and prejudice; and, for many years after he became a superstar athlete, he was forced to continue his fight for survival. Before and after, he fought gallantly, and he won.

His speed and his jumping ability, his beauty of form and graceful movement are captured on film for all to see even today.

His great intelligence, love of country, and mastery in speech are recorded for all to hear.

The tenets by which he lived—including his once-controversial opinions on the subject of "Blackthink"—are written in books and newspaper articles and magazine features.

Jesse Owens was a man of conviction, and he was not bashful.

There is, for example, a recording of a radio interview with Owens just a few days after he returned from Berlin in 1936.

In that Olympiad, he had won four gold medals: He had won the 100-meter dash, the 200-meter dash, the broad jump, and was a member of a victorious relay team. And, as aforementioned, he had debunked Hitler's theories of Aryan supremacy, earned the applause of German sports fans, and made a lifelong friend of a German broadjumper, Luz Long.

But, when a New York sportscaster asked Owens, "What was your greatest thrill?", he replied:

"When I saw the American flag raised in victory."

Owens was 22 years old at the time and a student at Ohio State University.

Later in life, he was to make thousands of speeches—as many as 200 annually, if not more—throughout the United States and the world.

He made many of those speeches in a never-ending, personal sales campaign for Olympic ideals. But, he also made countless numbers of motivational speeches, inspirational speeches, before audiences which, more often than not, were predominantly white.

It was a little-known fact that, through the years, Jesse Owens was one of the nation's most popular orators. And he was one of the most effective.

No athlete in America today is a more eloquent speaker than was Jesse Owens; few politicians or preachers were (or are) his superior. His mastery of the spoken word was a gift.

And so, also, was his athletic ability—which he honed, of course, with intelligence and competitive heart.

Owens' triumphs in Berlin made him the all-time-great Olympian, the most famous of all Olympic champions.

But he gave his greatest performances, no doubt, during the Big 10 track and field championship meet at the University of Michigan on May 25, 1935, when, as a result of an injury suffered a few days earlier while horsing around at Ohio State, his back, as he said was "killing" him.

During the short period of 45 minutes, Owens set three world records and tied another.

At 3:15 that afternoon, he ran the hundred-yard dash in 9.4 seconds, tying the record Frank Wykoff had set.

Ten minutes later, he broad-jumped 26 feet, eight and a quarter inches.

At 3:34, he ran the 220-yard dash in 20.3 seconds.

And, at 4 o'clock, he ran the 200-yard low hurdles in 22.6 seconds.

No athlete in the entire history of sports ever had had a greater or more glorious day. But, Owens said later:

"I had the damnedest cramps in my legs, worse than I've ever had before or since.

"I never realized I was breaking world records," he said. "All I could remember was that my back was killing me. (But) once I warmed up, I never cooled down. I just kept on running and jumping."

Jesse Owens, Joe Louis, and Jackie Robinson also shared this in common: They were born in impoverished conditions in the Deep South and were taken, while quite young, north and west.

Louis was reared in Detroit.

Robinson was reared in Pasadena.

Owens, who was born in Danville, Alabama, on September 12, 1913, was reared in Cleveland, where he attended East Tech High School.

As a kid in Alabama, Owens helped his father, a sharecropper, pick cotton. In Cleveland, he did odd jobs to help his family make ends meet. At Ohio State, he earned $100 a month as elevator operator, thereby paying his way through school.

In sports today, an international superstar athlete of Jesse Owens' magnitude would earn riches from such as endorsements, sportcasting (for, surely, with his mastery of the English language, Roone Arledge would hire him for ABC–TV), business, and other ventures.

But, with his four Olympic gold medals plus a nickel or a dime in 1936, Owens could have purchased for himself a cup of coffee.

Since he had to eat and feed his family—he was married at age 18 and his wife, Ruth, was at his bedside when he died—he took any job he could get. He earned $28 a week as a Cleveland playground director and he raced against horses—a disgraceful commentary on his time—in order to make extra money.

As the years rolled by, Owens went bankrupt in the dry-cleaning business, made speeches for political candidates, led an orchestra, was a salesman, worked with the Harlem Globetrotters . . . the fact is that, Jesse Owens held dozens of jobs, some of which—such as his job as the manager of a Chicago hotel—bored him.

But, gradually, he earned financial success, combining his speeches with a Chicago public relations business. He had saved $84,000, he said once, when he ran afoul of the Internal Revenue Service and was wiped out.

He recovered, however. Later, he moved to Phoenix, Arizona, where he continued his public relations business, from which he conducted his lecture tours and continued to work on behalf of the Olympic Games.

Jesse Owens was unalterably opposed to President Jimmy Carter's call for a boycott of the Olympic Games scheduled for Moscow this summer.

Carter declared that the United States would boycott the Moscow Olympiad shortly after the Russians invaded Afghanistan.

He gave the Russians a February 20 deadline to withdraw from Afghanistan, which they ignored.

Despite seemingly wide-spread opposition to the boycott, Carter persists in advocating it.

Owens explained his opposition in interviews in an article which he wrote for the Independent News Alliance.

"The (Olympic) Games are more than a great athletic spectacle," he wrote. "They are a spectacle of peace. Barriers of distance and language are broken in a few moments; a few hours at most. Lifelong friendships are made. Fierce rivalries are transformed into a beautiful brotherhood."

Owens agreed that the Russians were wrong when they invaded Afghanistan, that the Iranians were wrong when they took Americans as hostages.

"But," he said. "I also understand the Olympics and know what it can mean both to the United States and, even more important, to what the United States is all about."

At another time, Jesse Owens declared that the threat of an Olympic boycott "is immoral."

Shortly after Jesse Owens died, President Carter issued a statement in which he said that "perhaps no athlete better symbolized the human struggle against tyranny, poverty, and racial bigotry" than Owens.

"His personal triumphs as a world-class athlete and record-holder," Carter went on to say, "were the prelude to a career devoted to helping others."

Jimmy Carter is running for re-election, and that fact throws a cloud of suspicion over both his threat of an Olympic boycott and his public praise of Jesse Owens.

But, there is a way he can prove his sincerity beyond any doubt: He can call off his threat of an Olympic boycott.

And, he doesn't have to worry about saving face.

All he has to do is to announce that he has reconsidered and decided to call off the boycott.

"On the advice," he could explain, "of a higher authority.

"Jesse Owens."●

● Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I suspect that by now most everyone in America knows the sad news that Jesse Owens died of cancer late last month. With his death, we have lost more than a track star. With his death, we have lost more than a persistent and effective and active proponent for civil rights. We have lost—and by "we" I mean the world—a hero. While sad, it is particularly sad as the world of today is a place where heroes are not so much made as undone. Jesse Owens was one of the few who survived the tests of more than a generation and came through to the end as much a hero as when his remarkable saga began over 40 years ago.

I suppose that it is difficult to envision fully today the drama of that 1936 Olympics. Naziism was on the rise. Adolf Hitler sat in the seat of honor in the Olympic Stadium—the man who was even then causing world tensions to rise and would within 3 years lead the globe into its most destructive history. And, too, it was the same Adolf Hitler—short, stocky, brown-eyed Hitler—who had proclaimed the Germans—white, blond, blue-eyed Aryan Germans—as the master race, the pure race, the race destined to rule the world and entitled to achieve such rule by whatever means proved necessary. They were superior and Hitler would use the Olympics to demonstrate it categorically to the world.

But along came Jesse Owens, a black American from Cleveland, Ohio. He showed the world that the Nazi claims were nothing but the Big Lie. Jesse Owens beat them in their own home, in his own way, with all the pressures humanely possible to be borne. He came through. His victories—as one gold medal turned to two then to three and then finally to four—were the victories of not only a man competing in athletic competition but came to symbolize the victory of liberty over oppression and of truth over malevolent falsehood. This is quite a symbol for any one person to represent, and I suspect that many athletes would not have been equal to the weight such responsibility involves. But, then, Jesse Owens was not just an athlete. He was a hero, which meant not only that he had achieved the accomplishments of a hero but that he had the dignity to be a hero.

Jesse Owens, a black American and hero to the world, has left a legacy which may in the past and the future be equaled but never surpassed.●

● Mr. WHITEHURST. Mr. Speaker, I am pleased to join my colleagues today in paying tribute to the memory of a great American, the late Jesse Owens.

I was 11 years old when Jesse Owens raced to fame in the Olympic games in Berlin in 1936, and I recall seeing his tremendous achievement in the newsreels at the neighborhood movie theater. Even then, as a young American lad, I was filled with pride by what Jesse Owens had done. Subsequently I followed his career and knew that my childhood faith in Jesse Owens had not been misplaced. His work with the youth of America and his unfailing dignity and sportsmanship in all of his activities reflected the innate goodness of the man.

We mourn his passing, but we pay tribute to him as a great American. All of us are the richer for his having lived among us.●

● Mrs. COLLINS of Illinois. Mr. Speaker, I rise today in commemoration of a man who was not only a great athlete but an inspiration to many—Jesse Owens. He will always be remembered for his performance as a sophomore at Ohio State University when he broke four world records and equaled another in 45 minutes at a Big Ten track meet on May 25, 1935. He will also be remembered as the hero in the 1936 Olympics held in Berlin under Hitler's reign and in an atmosphere of white supremacy.

Mr. Owens' athletic achievements must not overshadow his intellectual and career accomplishments. Not only was he a personnel official for the Ford Motor Co., a sales director for a sporting goods company, a public relations executive, and a television commercial personality, but he was also a celebrated spokesman for the United States.

Jesse Owens was also a renown humanitarian. As stated by others, "his personal triumphs as a world-class athlete and recordholder were the prelude to a career devoted to helping others. His work with young athletes, as an unofficial ambassador overseas, and as a spokesman for freedom are a rich legacy to his family and fellow Americans." As Mr. Owens so plainly stated himself:

> Material reward is not all there is. How many meals can a man eat? How many cars can he drive? In how many beds can he sleep? All of life's wonders are not reflected in material wealth.

A great number of people today can learn from the philosophy of this great man.

Many tributes will be told of Jesse Owens, but our youth could do no better than emulate such an individual—not only in the field of athletics, but in their philosophies on life. Mr. Owens was a simple man that persevered when racism and discrimination were rampant. He once stated:

> We all have dreams, but in order to make dreams into reality, it takes an awful lot of determination, dedication, self-discipline and effort. These things apply to everyday life.●

● Mr. KEMP. Mr. Speaker, we are all deeply saddened at the passing of Jesse Owens, one of America's greatest athletes.

I had the privilege of knowing and working with Jesse. He was always eager to lend a hand in helping to organize sporting events in Buffalo and around the country. He exemplified personal qualities that inspire honor and respect in people of all ages and backgrounds, in this great country of ours.

Jesse was probably best known for his performance in the 1936 Olympics. He won four gold medals. In addition to setting Olympic records in the long jump and the 200-meter dash, he also won the 100-meter dash and shared in the victory of the American 400-meter relay team. He also single-handedly destroyed Hitler's theory of "Aryan supremacy."

While Jesse's Olympic performance in Berlin was outstanding, it could not equal his remarkable feat the year before.

On May 25, 1935, at the Big Ten Track and Field Championships, Owens set three world records and tied a fourth in just 45 minutes. Despite a bad back, he equaled the world mark in the 100-yard dash. He then set records in the long jump, the 220-yard dash, and the 220-yard low hurdles. That may have been the greatest day any athlete ever had—in any sport.

Mr. Owens always credited athletics with giving him his start in life and the United States with giving him a chance to fulfill it. He felt that his biggest achievement in life was not what he did in the track and field world. It was that he had the opportunity to do it.

As a former amateur and professional athlete, I can honestly say that no athlete better symbolized the human struggle against poverty and racial bigotry. Jesse was born on September 12, 1913, one of seven children of Henry and Emma Owens. His father was a sharecropper and his grandfather was a slave. Jesse had to overcome many obstacles throughout his life. He was able to do this because he looked at these obstacles, not as roadblocks, but challenges. His wonderful attitude enabled him to attain the "American Dream."

After the Olympics, he devoted his career to helping others. His work with young athletes, as an unofficial ambassador overseas, and a spokesman for freedom, are a rich legacy to his fellow Americans.

When asked about the value of sports, Jesse replied:

> We all have dreams. But in order to make dreams into reality, it takes an awful lot of determination, dedication, self-discipline, and effort. These things apply to everyday life. You learn not only the sport, but respect for others, ethics in life, how you are going to live, how you treat your fellow man, and how you live with your fellow man.

Jesse Owens is truly an American legend. Although he is no longer with us, his courage, compassion, and determination will serve as an inspiration to us all for many years to come.●

● Mr. ADDABBO. Mr. Speaker, I would like to take this opportunity to pay tribute to Jessee Owens, the man I believe will go down as the greatest and most famous athlete in track and field history and one of our finest Americans.

I must admit I never met the man from Danville, Ala., but like most Americans who followed his athletic competitions and youth work I felt close to him. I have always admired men and women who drive themselves to the limits of their abilities. Jesse Owens was such a man, a competitor until the very end.

This Nation first became aware of Jesse Owens while attending high school in Cleveland, Ohio where he set a score of records. Upon graduating, he attended Ohio State University where he set collegiate track and field records that would stand for years. As a sophomore in his first Big Ten Championships he entered the competition in spite of a severe back injury, an injury that had prevented him from working out the week of the meet. Nevertheless, he entered the competition and in the span of 45 minutes equaled the world record for the 100-yard dash, and broke the world record in the broad jump, 220-yard dash, and the 220-yard low hurdles. More records and worldwide recognition were to await him at Berlin.

In front of Adolf Hitler, who had intended the 1936 Olympic games to be a place for the entire world to see the doctrine of Aryan supremacy in action, Jesse Owens ran away with four gold medals for the United States with victories in the 100-meter and 200-meter dash, along with the broad jump and 400-meter relay. The records he set in the 100- and 200-meter dash would last through 1964, his victory in the broad jump until 1968.

Long after he retired, the competitive spirit of Jesse Owens was evident in his work in community service. He devoted his free time to the young people of our country and the rest of the world, once commenting "these young people are the greatest commodity the world has."

His competitive spirit was with him until the very end, his battle against lung cancer perhaps the only race he could not win. But it would be a mistake to be here today and mourn his passing, for we should honor his life, honor a man who meant so much to America. We live at a time when there is a shortage of true heroes for young and old to look up to. The truly great heroes, such as Jesse Owens will stand the test of time for many years to come. Years from now there will still be young men and women competing in track and field events who strive to be as fast as Jesse Owens.●

● Mr. LUNGREN. Mr. Speaker, Jesse Owens made his great mark in sports 10 years before I was born. Yet his name was a household word to me. His legendary performance at the 1936 Olympic games, and the significance of his victory in the face of international political pressures to exclude him, made him a national hero. At his death, we lost a sports legend, a patriot, and a proud but truly humble man. I would like to honor his memory during this special order by inserting in the Record the tribute to him which my hometown newspaper, the Long Beach Press-Telegram, ran on April 1, 1980.

### Jesse Owens Left Rich Athletic Legacy

(By Will Grimsley)

Jesse Owens dead in Tucson, Ariz., at age 66. Legendary athlete, Olympic gold medalist, citizen, patriot.

Jesse Owens may well be remembered as one of the most outstanding sports figures of the age. He overcame poverty and racial prejudice, and his impact on people of both white and black complexions, and the dignity and grace with which he lived and died left its mark on three generations of athletes and non-athletes alike.

The world will see few like Jesse Owens.

Son of an Alabama sharecropper who was picking cotton at the age of 7, he defied bias and humiliation to gain a college education at Ohio State University with his running skills. He shattered Adolf Hitler's boast of Aryan race supremacy at Berlin and went on to become America's greatest ambassador in sports.

He and Joe Louis, who came along together in the 1930s, did more than any other—perhaps even baseball's Jackie Robinson—to break the bonds of racial discrimination.

At that time, black men couldn't play in the major leagues. They were shut out of football and other bigtime sports. But no one could keep a man from using his fists or his legs.

Louis, the world heavyweight boxing champion who demolished Germany's Max Schmeling, and Owens, in setting world sprint records and winning four gold medals in the 1936 Olympics, became national heroes, admired and even beloved in the Jim Crow South.

The color of a person's skin became less significant.

For all his early travails, Owens never displayed an ounce of bitterness.

"This is my country. I live here," he repeatedly said. "It's all I know. It's all I have."

Some of the more militant of his race called him an Uncle Tom. This was painful to the great black athlete but he never ceased to try and elevate his people through example and reason.

"My job here is not to complain," he said. "It is to try to make this a better world."

When America's black athletes were prepared to pull out of the 1968 Olympics in Mexico City after the gloved fist demonstration by sprinters Tommie Smith and John Carlos, it remained for Owens to smooth the waters.

"I could appreciate their frustration," he said. "But I told them they should fight their war on another battleground."

After the 1936 Berlin Games, Owens came home to a country still racially divided and unappreciative of black contributions. He raced against horses and appeared in tank towns to make enough money to exist.

Yet he was not a man to be denied. He became a successful public relations executive in Arizona. Olympic officials sought his counsel. Presidents invited him to the White House. Adulation followed him everywhere, particularly overseas.

Whenever he hit a town, kids, black and white—unborn when he was a sports hero—gravitated to him. He had a rare magnetism.

He also had a rare gift of speech—an inspirational orator of the Martin Luther King and Jesse Jackson ilk.

His message was always one of moderation—love your country, love your neighbor, judge a man by his deeds not his race, religion or creed.

In a calloused, cynical world, he may have appeared corny and naive. He was an anachronism.

But he was genuine. And he left us a rich legacy: A sense of values that, if adopted, could produce a better world.●

● Mr. DELLUMS. Mr. Speaker, James Cleveland Owens, known to the world of sports as Jesse Owens, was much more than a great athlete. In an age of convenient persistent stereotypes, Americans of all colors and interests ought to remember that he was a man of courage and grace, one whose life as son, husband, and father was a daily refutation of the evil implications of the Moynihan report.

Jesse Owens was the son of a poor Alabama sharecropper whose father moved the family to Cleveland, Ohio, in search of freedom and opportunity. As a young man, Jesse had real talent in many sports, but his youth was lived in an era of segregated playing fields and locker rooms. So he turned to track and field as an escape route from the poverty of the ghetto and the road to a college education.

His accomplishments on the athletic field speak for themselves. In one afternoon, May 25, 1935, at the University of Michigan, and despite an ailing back which would have hospitalized others, he broke three world records and tied a fourth, all in the space of less than 45 minutes. Forty-five years later, his marks in those four events are still the official records for the Big Ten Conference. At the Berlin Olympics in 1936 he won four gold medals, in the 100- and 200-meter dashes, the broad jump, and as the lead-off leg on the victorious 400-meter relay team. That team also included my late friend and distinguished colleague, Ralph Metcalfe.

Much propaganda was made of the notion that the victorious Owens was supposedly snubbed by an irate racist, Adolf Hitler, at the awards ceremony. In fact, Hitler had refused to participate when the first black American, Cornelius Johnson, won the gold medal in the high jump. But Americans who do not know or remember are reminded of Hitler's disdain for America's "black auxiliaries" by the vivid newsreel footage of the time—a pictorial testimonial of man's inhumanity to his fellow man.

But how many Americans remember that, here in the land of his birth, Jesse Owens—famed Olympic hero—was deliberately snubbed by his own President upon his return to the United States. The year was 1936—a Presidential election campaign was underway—and a white "liberal" Democrat could not afford to demonstrate a profile in courage by openly inviting a black American, however justly famous, to the White House. It might have had a negative impact on his "southern strategy" for that year. Does one wonder why Owens wound up supporting Alf Landon for President in that election year?

How did America reward Jesse Owens for his Olympic achievements? Other American gold medal winners were given Hollywood movie contracts, or invited into prestigious business firms, to do public relations work. Jesse Owens was "allowed" to run a freight elevator to support his wife and family, and then to "rise" to the level of playground director at $2 per week, much less than his white counterparts were making for the same position and work. Jesse Owens did finally "make it" as a success in business—because of his own ability, his peristence and his tenacious belief in America as a land of promise and hope.

In later years, especially at the time of the black boycott of the Mexico City Olympics in 1968, Jesse Owens would be viewed by some as an establishment "Uncle Tom." But Owens, always a man of insight and growth, later confessed that he had learned from the young and from people like Harry Edwards that a new age had truly dawned for black Americans, and that it was time to stand up and speak out. He did just that in his book, "I Have Changed."

His last public statements before his death were in strong opposition to the Olympic boycott being proposed by President Carter for purely political reasons. His eloquence ought to be heeded by those who care about the integrity and vitality of the human spirit. Owens knew. Listen to his words:

> To me, it is not right in the eyes of God or the soul of man.

Jesse Owens was a man of singular dignity and integrity, who made a lasting contribution to the struggle for real human rights and personal freedom in this country and around the world. Let us honor him as an athlete—but let us cherish him as a real man among men.●

● Mr. DERWINSKI. Mr. Speaker, I would like to join with my colleagues this afternoon in paying a special tribute to a great public servant and a world-renowned figure in the athletic arena, Jesse Owens. The world will long remember him as one of the greatest and most famous athletes in track and field history.

He not only captured the hearts of the world, but Americans will long remember Jesse Owens as a hero, whose four gold medals at the 1936 Olympic games in Berlin achieved a feat unmatched in modern times in Olympic track competition and disproved the Nazi doctrine of race superiority.

Jesse was a man who had the ability to inspire people, the type of individual who one would have to admire and respect. The spirit that he demonstrated during the days that he was America's Olympic star persisted throughout the years.

Jesse Owens displayed courage, determination, and an uncompromising pursuit of excellence in his personal endeavors. His dedication and commitment to people exemplified his great sensitivity for all people and their needs, especially the poor and underprivileged. His strength of character will continue to serve as a model for all young people of today, and as an example of courage in overcoming obstacles thought by most, to be almost unsurmountable. Jesse was a tireless fighter for the causes he believed in. His life was symbolized by a pursuit of excellence.

Jesse Owens was a champion athlete, nobly representing the United States. However, although Jesse Owens did surprisingly well, we should not use him as an issue for opposing our present position in boycotting the Olympic games in Moscow. The Soviets are taking elaborate steps to propagandize the Moscow games. And just like Hitler in 1936, they are developing their own athletes to win medals and score maximum propaganda impact. The fact is that in this age of mass communications, propaganda is involved in many of the actions that governments take. Therefore, if we take away the Soviet's propaganda card, we have done a great damage to them.

As an Olympic champion, and as a lifelong champion of the rights of the underprivilged, Jesse Owens earned the respect of citizens throughout this country and the world. I can think of no finer legacy than his outstanding record of service and achievement.

I extend my sincerest sympathy to his family.●

● Mr. CAVANAUGH. Mr. Speaker, the life of Jesse Owens brought into dramatic focus the best and the worst facets of his country. As a participant in the 1936 Olympic games in Berlin, he acted as the catalyst for a surge in national pride and a repudiation of racism as embodied in Hitler's theory of Aryan supremacy. His supreb performances in track and field events earned him four gold medals, a feat which still has yet to be equalled.

How ironic, then, that upon his return to America, Jesse Owens found that as far as bigotry in his own country was concerned, nothing had changed. The domestic significance of his accomplishments in Berlin was ignored; instead, parasitic entrepreneurs sought to mock the prowess that had brought glory to him and to America by submitting him to races against animals, and other sorts of indignities. Mr. Owens acquiesced because he needed the money to support his family, but one can imagine the frustration and anger he must have felt about being a black "hero" in white America.

Against this background of discrimination and hypocrisy, it is all the more remarkable that Mr. Owens resisted bitterness and fought a system stacked against him until he had transcended its prohibitions to become a successful businessman and an admired public figure. This personal triumph is, in my mind, every bit as inspiring as his Olympic victories.

In Nebraska's Second District, which I represent, Mr. Owens was the commencement speaker at Boys Town's high school graduation ceremony in 1971, served on that institution's board of directors for 3 years from 1974 to 1977, and remained a member of the Friends of Boys Town until his death. Such commitments to the less privileged youth of our country reflected his concern that they be spared the injustices he had known.

There is no doubt, of course, that Jesse Owens was a truly gifted athlete, perhaps one of the greatest of this century; recollections of this powerful yet fluid stride infuse the cliche "poetry in motion" with true meaning. But it is his inner strength that I will remember—a strength based on his faith in himself and in the country he loved. And I would like to believe that ultimately, America vindicated the faith of Jesse Owens.●

● Mr. FLIPPO. Mr. Speaker, Jesse Owens is a hero in the truest sense of that word. His Olympic victories earned him a rightful place among champions, but more important was the character of this man. The strength of Jesse Owens was his dignity. His life provided a testament to his own words:

> Regardless of his color, a man who becomes a recognized athlete has to learn to walk 10 feet tall. But he must have his dignity off the athletic field.

There were people and times that would have denied Jesse Owens his dignity. He reacted not with bitterness, but with the fortitude to prevail over adversity. His name will live on not only in record books, but in history books as well. He touched many lives in his individual quest for excellence.

The accomplishments of Jesse Owens are extraordinary for a man of any time. He has made all of us proud to be Americans.

Our memory is clear of this American Olympian with his four gold medals in Berlin. When the Star-Spangled Banner was played, Jesse Owens stood proud and unbowed under the glare of Adolf Hitler. Owens had shown the world the error of Ayran racial superiority and the foolishness of Nazi racism. The Berlin Olympics were not political to Jesse Owens. He let his deeds stand as the most eloquent statement of the games.

The courage of Jesse Owens gave strength to black Americans. His greatness would not be diminished by the anger of a Hitler or disappointments at home.

Jesse Owens as a black American knew the shackles of racial bigotry and the chains which replaced slavery with second class citizenship. Even this authentic hero felt the sting of persecution by his own countrymen. He had the courage and fortitude to face squarely a system of oppression and prevail.

Born James Cleveland Owens on September 12, 1913, he is a native son of Alabama born in the Morgan County town of Danville in the Fifth Congressional District. As much as I would like to claim this man for his birthplace alone, he is too big for any one place and we must share the glory not only with his homes in Ohio, Illinois, and Arizona, but with the rest of the Nation as well. He would carry with him from that sharecropper's cabin in Danville a strength which made him strive to overcome and overcome he did. Dr. Archibald Carey, a circuit court judge in Chicago and minister emeritus of Quinn Chapel of the African Methodist Episcopal Church, summed it up this way in his eulogy of Jesse Owens:

> He lived in a land in which big people are big and little people can become big. Jesse was a prize example of that.

The life of Jesse Owens was filled with many ups and downs. He persevered through the highs and lows and always was able to give something of himself. His most obvious shortcoming was that he was generous to a fault. His work with charity was a lifelong activity.

Jesse Owens set high standards for himself and he met them. That does not mean that he was always the winner, but he always did the best he could.

That is really all you can ask of any man.

After his 66 years among us, we still are trying to catch up to Jesse Owens. We all gained from his victories for he showed that the efforts of one man can matter.

The laurel wreath was once reserved for the swiftest runner, but Jesse Owens still deserves that mantle for his achievements and for his contributions to the spirit of this Nation.●

● Mr. FINDLEY. Mr. Speaker, on March 31 the American people learned of the passing of Jesse Owens, an individual whose athletic skill and personal strength and courage will long be remembered and admired.

His image stands tall in the hearts of Americans. Those who remember the Olympic games held in Berlin in 1935 can recall Hitler's intimidating threats to establish an Aryan race and Germany's preparation for war. Yet Jesse Owens went on to win four gold medals for the United States. And his name serves as a shining example to all aspiring athletes of the commitment and dedication necessary to become a winner.

On Wednesday, April 2, the following editorial appeared in the Quincy Herald-Whig, a newspaper of wide circulation in my district, which testifies to the admiration the people of west-central Illinois and other Americans share toward this amazing individual.

His devotion as an individual and his accomplishments as an athlete are recognized the world over. He is indeed an American hero.

[From the Quincy Herald-Whig, Apr. 2, 1980]

### JESSE OWENS, HERO

Jesse Owens was a "hero for the ages" and "perhaps the best-known athlete in track and field history," the obituaries said this week.

Yet, in a poll of 35 sports editors and writers conducted for publication in The People's Almanac No. 2, Jim Thorpe, the legendary Indian athlete, was ranked the greatest of the 15 greatest male athletes from 1900 to 1977. Thorpe was given 287 points by the editors and writers. Owens ranked ninth with only 55 points. In a similar Associated Press poll in 1950, Thorpe was again held to be the greatest and Owens was ranked eighth.

But Owens' death at the age of 66 reminds that there can be things in life more important than such arbitrary rankings. In 1980, when odious comparisons are made between the Moscow Olympics and the 1936 Olympics held in Hitler's Berlin, it is the fact of Owens' four gold medals in the Berlin Olympics that is remembered—not necessarily what his accomplishment means now.

Owens' performance in those Olympics was not, in fact, his most memorable athletic feat. On May 25, 1935, representing Ohio State in a championship meet against Michigan at Ann Arbor, Owens successively equaled the world record for the 100-yard dash (9.4 seconds), broke the world record for the broad jump, now called the long jump, with his only attempt (26 feet 8¼ inches, which remained the record for 25 years), broke the world record for the 220-yard dash (20.3 seconds, which also bettered the record for 200 meters) and broke the world record for the 220-yard low hurdles (22.6 seconds, which also bettered the record for the 200-meter low hurdles).

In an hour or so that day in May 45 years ago, Owens broke five world's records and tied a sixth. And he did it suffering severe back pain from a tumble down his fraternity house's stairs five days earlier.

Owens overcame physical pain to achieve in 1935. He overcame fears of Aryanism to become the symbol of the American answer to Hitler's notions about a "master race" in 1936. Still, in 1936, in America and because of Owens' race, as he once told an interviewer, "I couldn't ride in the front of the bus."

Most of us probably did not know Jesse Owens except as a symbol of unique athletic prowess. What is important for us to remember, as we mourn him, is not the particular thing he did to become a name we know but that the world we live in can change—as the world Owens lived in did change—for the better.

By remembering this, we acknowledge that we indeed were able to rid ourselves of some of our foolishness and some of our prejudices. It is important to recognize that a human being can achieve despite that foolishness and prejudice—and by so doing help the rest of us who let foolishness and prejudice blind us to all that is possible.

We have enough reason then to call Jesse Owens a "hero for the ages."●

● Mr. CORMAN. Mr. Speaker, 2 weeks ago, Jesse Owens, one of the greatest athletes of all time, died. His feat of winning four gold medals that 1936 day in Berlin represents one of the most outstanding achievements in the history of sports and an achievement which will be difficult for any track and field athlete to match, let alone surpass. In a single day, Jesse Owens also accomplished what no scientific theories or arguments had been able to do—disprove Hitler's master race theory.

He was an athlete in the truest sense of the word. To Jesse Owens, competition was what the games were all about. When asked about the alleged snub from Hitler, he replied that he had been running against the world and not against Hitler.

Besides being a world class athlete, Jesse Owens proved to be a world class person as well. Whether helping young athletes or promoting the Olympics, Jesse Owens put forth his best effort in trying to help others. He will be sorely missed, particularly in these troubled times for the Olympic movement. He was an inspiration and a shining example to all of us.●

● Mr. MAZZOLI. Mr. Speaker, I would like to join my many colleagues in having paid tribute to a great American sports hero, Jesse Owens, who recently passed away. He was indeed one of the outstanding Americans of the century.

His sports accomplishments bear the test in time. Jesse Owens was one of the finest athletes in history—collegiate athlete, world record holder, Olympic champion. These accomplishments earned him the respect and admiration of a sport superstar and the "fastest human alive."

How can the world forget his unbelievable performance at the 1936 Olympic games in Berlin? Setting world records and bringing home four gold medals in track and field made the world sit up and take notice of the young black athlete from America.

But, Jesse Owens' sports accomplishments must not overshadow his accomplishments as a citizen working to eliminate poverty, racial bigotry, and the like. He was a shining example that hard work and dedication do lead to success. Many a young athlete found inspiration in the life of Jesse Owens.

Times have changed since Jesse Owens returned from the Olympic games. There were no parades, White House receptions or million dollar contracts waiting for him. However, this does not detract from his place in history or his place in our hearts.●

● Mr. CONTE. Mr. Speaker, in today's modern "civilized" world, heroes like the ones in the old days, heroes in the true sense of the word, are hard to come by. The passing of one of these rare individuals, therefore, is hard to endure. On March 30, 1980, America lost one of its great heroes.

In the ancient world, a hero was a special class of person; floating somewhere between the human and the divine. A hero, such as Alexander the Great, was defined as a person who performed deeds that defied ordinary explanation. A hero set an example for all men to aspire to, and in fact, there were hero cults. Jesse Owens deserves the title of hero. He not only performed deeds that defied ordinary explanation, his very accomplishments proved greater and more telling than the feats of an entire nation. We do not go in for cult worship these days, but I certainly would not mind if my children look toward Jesse Owens as a model of an American. His perseverance, his drive, his loyalty to a country that was not always loyal to him because of his color, his modesty, and his pride, these are characteristics it would hurt none of us to cultivate.

Jesse's accomplishments in the Nazi-Germany Olympics of 1936 set the record straight. He made it quite clear that there is not a superior or a master race. Even off the track, Jesse was an inspiration. He inspired thousands of young people to get off the streets and onto the fields. Jesse felt very strongly about the positive effects that competition could bring about. And through his annual competition called the Jesse Owens Games, he successfully brought those positive effects onto many young individuals.

Jesse Owens will surely go down in the history books as an American patriot. If each of us could acquire one of the qualities that made Jesse so great, the world would be a much more pleasant place.●

● Mr. ROE. Mr. Speaker, I take great honor today in rising to remember a great American, Jesse Owens. The very name Jesse Owens evokes a strong feeling of patriotism in all of us.

Who can forget that proud moment during the 1936 Olympic games in Berlin when Owens, chastized by the Nazis as being "inferior" because he was black, went on to not only win, but to set major Olympic records in sprint events.

Jesse Owens served as an inspiration to us all. His dedication to the betterment of the American sports scene has resulted in superior physical education programs in our schools and universities.

Jesse Owens was also a model to the black youth of this Nation, proving that race or color cannot and should not be a barrier to a successful life.

In the end, Jesse Owens lost out to the most feared killer of all. But even in his battle with cancer, he showed the same courage and dignity that marked his days as an athlete.

At a time when the very prestige of our Nation is being challenged at home and abroad, we must not let a man like Jesse Owens be forgotten.●

## DOMESTIC STEEL INDUSTRY PROTECTION ACT OF 1980

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. ATKINSON) is recognized for 5 minutes.

● Mr. ATKINSON. Mr. Speaker, today I am introducing legislation toward the formulation of a national steel policy. This legislation would make the "trigger price mechanism," which is so important in protecting the domestic steel industry from illegal imports, a matter of statutory law. By establishing this protection through an act of Congress, I propose to prevent the sort of events which led up to the suspension of the trigger price mechanism by the Department of Commerce. This suspension may be seen as a sign to allow foreign producers to import steel products without worrying about selling these products at unfairly competitive prices. It comes at an unfortunate time, when imports in the month of February have increased 25.4 percent over February of last year.

The administration used the trigger price mechanism to hold the steel industry hostage, by threatening to suspend it when one company announced its plans to institute antidumping investigations as was its right under law. If Congress mandates the establishment of the trigger price mechanism, then its use will be certified, domestic steel production will be protected from illegal imports, and from the caprices of the executive branch.

I have also strengthened the trigger price system to include for differences on the economic factors which affect steel production in the European Economic Community as distinct from Japan. This will help prevent some of the dumping which occurred under the inadequate one-tier system which only took into account Japanese steel products. All in all, I believe this bill will show that the Congress is willing to protect American jobs from imports that are sold at illegally low prices.

H.R. 7069

A bill to require that a trigger price mechanism be implemented with respect to steel mill products of Japan and the countries within the European Economic Community in order to facilitate antidumping duty investigations regarding such products

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Domestic Steel Industry Protection Act of 1980".

SEC. 2. As used in this Act—

(1) The term "EEC" means the European Economic Community.

(2) The term "Secretary" means the Secretary of Commerce.

(3) The term "steel mill product" means any kind or category of article of steel that is manufactured in Japan or in one or more countries within the EEC and is imported into the United States in quantities considered by the Secretary to be significant.

(4) The term "trigger price" means, with respect to any steel mill product—

(A) the base cost, as estimated by the Secretary, of producing that product in Japan or the EEC, as the case may be; plus

(B) such extra charges as may be determined by the Secretary to be appropriate to reflect costs incurred in manufacturing the product in Japan or the EEC, as the case may be, to meet special characteristics relating to dimension, chemistry, or surface preparation; plus

(C) importation costs, as estimated by the Secretary (such as inland freight in country of manufacture, loading, ocean freight, insurance, interest, and wharfage charges, but excluding duty), for regional delivery within the United States.

The base cost referred to in subparagraph (A) of producing a steel mill product is the cost of producing raw steel by representative firms in Japan or the EEC, as the case may be, divided by such yield factors as the Secretary deems appropriate, to which such raw steel cost shall be applied factors (averaged for firms producing the steel mill product in Japan or in countries within the EEC) relating to raw material inputs, labor expenses, overhead, and profit margin multiplied by coefficients deemed appropriate by the Secretary that express the average production experience of such firms.

SEC. 3. (a) The Secretary shall establish, on the basis of the best available data, for each calendar year quarter beginning after the date of the enactment of this Act the trigger price for each steel mill product.

(b) If the Secretary finds that—

(1) substantial or repeated imports of any steel mill product of Japan are being made at prices below the applicable trigger price for Japanese products of that kind for the calendar quarter concerned; or

(2) substantial or repeated imports of any steel mill product of any country within the EEC are being made at prices below the applicable trigger price for EEC products of that kind for the calendar quarter concerned;

the Secretary shall initiate an antidumping duty investigation under section 732(a) of the Tariff Act of 1930 with respect to imports of that steel mill product from the country concerned.

SEC. 4. The Secretary shall require importers of steel mill products to present at the time of entry into the United States of such products (if the shipment has an aggregate value exceeding $2,500) a special invoice containing such information with respect to the shipment as the Secretary may require for purposes of administering this Act.

SEC. 5. The Secretary shall prescribe such regulations as are necessary or appropriate to carry out the provisions of this Act.●

## LEAVE OF ABSENCE

Mr. WHITE (at the request of Mr. WRIGHT), for today, on account of illness.

Mr. RODINO (at the request of Mr. WRIGHT), for today, on account of illness in the family.

Mr. GRAY (at the request of Mr. WRIGHT), after 1:45 p.m. on April 15 and for the balance of the week on account of representing the President of the United States at the inauguration of the President of Zimbabwe-Rhodesia.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. PETRI) to revise and extend his remarks and include extraneous material:)

Mr. BAUMAN, for 10 minutes, today.

(The following Members (at the request of Mr. MUSTO) to revise and extend their remarks and include extraneous material:)

Mr. SKELTON, for 30 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. DRINAN, for 5 minutes, today.
Mr. ALEXANDER, for 60 minutes, today.
Mr. DOWNEY, for 5 minutes, today.
Mr. PEPPER, for 5 minutes, today.
Mr. GLICKMAN, for 10 minutes, today.
Mr. RANGEL, for 5 minutes, today.
Mr. WAXMAN, for 5 minutes, today.
Ms. HOLTZMAN, for 5 minutes, today.
Mr. ROBERTS, for 5 minutes, today.
Mr. CLAY, for 60 minutes, today.
Mr. ATKINSON, for 5 minutes, today.

## EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PETRI) and to include extraneous matter:)

Mr. FINDLEY.
Mr. BAFALIS.
Mr. RHODES.
Mr. BADHAM.
Mr. WAMPLER.
Mr. DERWINSKI in three instances.
Mr. MCKINNEY.
Mr. HORTON.
Mr. DANIEL B. CRANE in two instances.
Mr. BEARD of Tennessee.
Mr. RINALDO.
Mr. ERLENBORN.
Mr. CARNEY.
Mr. GREEN.
Mr. LAGOMARSINO in three instances.
Mr. STOCKMAN.
Mr. CLINGER.
Mr. LIVINGSTON.
Mr. KELLY.
Mr. PHILIP M. CRANE.

(The following Members (at the request of Mr. MUSTO), and to include extraneous matter:)

Mr. MAZZOLI in two instances.
Mr. RODINO.
Mr. ASPIN.
Mr. NOLAN.
Mr. KILDEE.
Mr. MINISH.
Mr. HARRIS.
Mr. KOGOVSEK.
Mr. UDALL.
Mr. FAUNTROY.
Mrs. SCHROEDER.
Mr. BONKER.
Mr. JOHN L. BURTON in two instances.
Mr. FISHER.
Mr. STARK.
Mr. HAMILTON.
Mr. RICHMOND.
Mr. BRODHEAD.
Mr. WOLFF in three instances.
Mr. MCCORMACK.
Mr. DODD in two instances.
Mr. WAXMAN in two instances.

Mr. MURTHA in two instances.
Mr. JONES of Oklahoma.
Mr. HARKIN.
Mr. GARCIA.

## ADJOURNMENT

Mr. CLAY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 59 minutes p.m.), the House adjourned until tomorrow, Thursday, April 17, 1980, at 11 a.m.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4133. A letter from the General Counsel of the Department of Defense, transmitting proposed amendments to the Department of Defense Authorization Act, 1981, to fund increased activities in the Indian Ocean and Persian Gulf areas, higher fuel and transportation costs, and increased costs due to inflation; to the Committee on Armed Services.

4134. A letter from the Acting Assistant Secretary of the Army (Installations, Logistics and Financial Management), transmitting notice that a study has been conducted of the function of packing and crating services at Fort Leavenworth, Kans., and that a decision has been made that performance under contract is the most cost-effective method of accomplishing it, pursuant to section 806 of Public Law 96-107; to the Committee on Armed Services.

4135. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting the annual report of the Bank for fiscal year 1979, pursuant to section 9 of the Export-Import Bank Act of 1945, as amended; to the Committee on Banking, Finance and Urban Affairs.

4136. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 3-172, to order the closing of a portion of Maine Avenue between Sixth Street SW., and Seventh Street SW. (S.O. 75-204) (Ward 2), pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

4137. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 3-173 to order the closing of a portion of Whitehaven Parkway NW., T Street NW., S Street NW., and R Street NW., from 39th Street NW., to 40th Street NW., and the public alley systems within Squares N-1312, S-1312, and 1313 (S.O. 79-71); and to determine that the abandonment of Highway Plan Streets, Plan T, Plan O, and Plan 40th, within Squares N-1312, 1313, and 1320 from the Highway Plan of the District of Columbia not inconsistent with the street plan of the city of Washington (S.O. 79-130) (Ward 3), pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

4138. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 3-174, to amend the solid waste regulations of the District of Columbia, pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

4139. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting proposed final regulations revising current regulations governing the program administered by the fund for the improvement of postsecondary education, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

4140. A letter from the Director, Defense Security Assistance Agency, transmitting a report estimating the number of officers and employees of the U.S. Government and U.S. civilian contract personnel in foreign countries for assignments in implementation of sales and commercial exports under the Arms Export Control Act, as of September 30, 1979, pursuant to section 36(a)(7) of the act; to the Committee on Foreign Affairs.

4141. A letter from the Chairman, Interstate Commerce Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1979, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

4142. A letter from the Secretary of Health, Education, and Welfare, transmitting the second report on the status of health professions personnel in the United States, pursuant to section 708(d) of the Public Health Service Act, as amended; to the Committee on Interstate and Foreign Commerce.

4143. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a Corps of Engineers report on the Metropolitan Lexington, Ky., urban study, in response to a resolution of the House Committee on Public Works adopted June 14, 1972; to the Committee on Public Works and Transportation.

4144. A letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children, and for other purposes; to the Committee on Veterans' Affairs.

4145. A letter from the Secretary of the Treasury, transmitting the seventh annual report on the operation and effect of the domestic international sales corporation legislation, pursuant to section 506 of Public Law 92-178; to the Committee on Ways and Means.

4146. A letter from the Comptroller General of the United States, transmitting a report on the adequacy of the Indian Health Service's hospital planning activities (HRD-80-28, Apr. 16, 1980); jointly, to the Committees on Government Operations, Interior and Insular Affairs, and Interstate and Foreign Commerce.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BEILENSON: Committee on Rules. House Resolution 637. Resolution providing for the consideration of S. 2012. An act to amend the Foreign Assistance Act of 1961 to authorize assistance in support of peaceful and democratic processes of development in Central America and the Caribbean (Rept. No. 96-883). Referred to the House Calendar.

## REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. ZABLOCKI: Committee on Foreign Affairs. H.R. 6942. A bill to authorize appropriations for the fiscal year 1981 for international security and development assistance, the Peace Corps, and refugee assistance, and for other purposes. Referred to the Permanent Select Committee on Intelligence for a period ending not later than April 30, 1980, for consideration of such portions of the bill as fall within its jurisdiction under clause 2, rule XLVIII (Rept. No. 96-884, pt. 1). Ordered to be printed.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MINETA:

H.R. 7065. A bill to amend title 39, United States Code, to provide for the withholding of State disability fund contributions from the pay of postal employees; to the Committee on Post Office and Civil Service.

By Mr. ANDERSON of California (for himself, Mr. JOHNSON of California, Mr. ROYER, and Mr. FAZIO):

H.R. 7066. A bill relating to the limitation of obligations for Federal-aid highways and highway safety construction during certain fiscal years; to the Committee on Public Works and Transportation.

By Mr. ASHLEY (for himself and Mr. REUSS):

H.R. 7067. A bill to amend title V of the Housing Act of 1949; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ASPIN:

H.R. 7068. A bill to reform the retired pay system of the uniformed services, and for other purposes; jointly, to the Committees on Armed Services, Merchant Marine and Fisheries, and Interstate and Foreign Commerce.

By Mr. ATKINSON:

H.R. 7069. A bill to require that a trigger price mechanism be implemented with respect to steel mill products of Japan and countries within the European Economic Community in order to facilitate antidumping duty investigations regarding such products; to the Committee on Ways and Means.

By Mr. RANGEL (for himself and Mr. WAXMAN):

H.R. 7070. A bill to amend title XIX of the Social Security Act to revise the medicaid matching formula; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. BENNETT:

H.R. 7071. A bill to require certain reports to the Federal Election Commission, and for other purposes; to the Committee on House Administration.

By Mr. JOHN L. BURTON:

H.R. 7072. A bill to amend sections 5702 and 5704 of title 5, United States Code, to increase the maximum rates for per diem and actual subsistence expenses and mileage allowances of Government employees on official travel, and for other purposes; to the Committee on Government Operations.

By Mr. ECKHARDT (for himself and Mr. OBERSTAR):

H.R. 7073. A bill to amend the Federal Trade Commission Act to provide that violations, by retail credit card issuers, of certain State Laws relating to credit card transactions shall be treated as unfair or deceptive acts or practices subject to the remedies established in such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GILMAN:

H.R. 7074. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income compensation received by Federal employees while being held hostage in a foreign country; to the Committee on Ways and Means.

By Mr. HARRIS:

H.R. 7075. A bill to provide for the reconstruction and rehabilitation of the Woodrow Wilson Memorial Bridge; to the Committee on Public Works and Transportation.

By Mr. JONES of Oklahoma:

H.R. 7076. A bill to amend the Department of Energy Organization Act to establish a limitation of time for issuing remedial orders under that act and commencing certain enforcement actions under other energy laws; to the Committee on Interstate and Foreign Commerce.

By Mr. KINDNESS:

H.R. 7077. A bill to amend the State and Local Fiscal Assistance Act of 1972 and the Internal Revenue Code of 1954 to replace the general revenue sharing program with individual income tax credits for State and local taxes; jointly, to the Committees on Government Operations and Ways and Means.

By Mr. McCORMACK (for himself and Mr. Roe):

H.R. 7078. A bill to provide for an accelerated program of light water nuclear reactor safety research and development, to be carried out by the Department of Energy and to be coordinated with the improved reactor safety research program of the Nuclear Regulatory Commission; jointly, to the Committees on Science and Technology and Interior and Insular Affairs.

By Mr. PAUL:

H.R. 7079. A bill to repeal the Soil and Water Conservation Act of 1977; to the Committee on Agriculture.

By Mr. REUSS (for himself, Mr. St Germain, Mr. Stanton, and Mr. Wylie) (by request):

H.R. 7080. A bill to protect depositors, creditors, and Federal deposit insurance funds, to prevent significant disruptions in financial services, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. RINALDO:

H.R. 7081. A bill to amend the Internal Revenue Code of 1954 to treat certain charges for waste treatment services as deductible State or local taxes; to the Committee on Ways and Means.

By Mr. SOLOMON:

H.R. 7082. A bill to require the President to reduce the amount of energy consumed by the Federal Government; to the Committee on Government Operations.

By Mr. WHITEHURST:

H.R. 7083. A bill to amend chapter 55 of title 10, United States Code, to authorize the provision of medical and dental care to surviving spouses of members and certain former members of the uniformed services who are not remarried; to the Committee on Armed Services.

By Mr. BROWN of Ohio (for himself and Mr. Rousselot):

H.J. Res. 532. Joint resolution to urge the development of an international code of business conduct; to the Committee on Foreign Affairs.

By Mr. HARKIN (for himself, Mr. Beard of Rhode Island, Mr. Nowak, Mr. Richmond, Mr. Miller of California, Mr. Moakley, Mr. Leach of Iowa, Mr. Phillip Burton, Mr. Shannon, Mr. Brodhead, Mr. Stark, Mr. McHugh, Mr. Drinan, Mr. Bonker, Mr. Simon, Mr. Bedell, Mr. Edgar, Mr. Barnes, Mr. Hall of Ohio, Mr. Marks, Mr. Gray, Mr. Oberstar, Mr. Downey, Mr. Nolan, Mr. Pease, Mr. Ottinger, Mr. Horton, Mr. Panetta, Mr. Coelho, Mr. St Germain, Mr. Blanchard, Mr. Mineta, Mr. Forsythe, Mr. Wolpe, Mrs. Chisholm, Mr. Green, Mr. Corman, Mr. Dixon, Mr. Carter, Mr. Mitchell of Maryland, Mr. Thompson, Mr. Vento, Mr. Kildee, Mr. Weiss, Mr. Pepper, Mr. Lehman, Mr. Porter, Mr. Fazio, Mr. McCloskey, Mr. Albosta, Ms. Mikulski, Mr. Dodd, Mr. Kostmayer, and Mr. Moffett):

H. Res. 638. Resolution expressing the sense of the House of Representatives that the President should take certain actions with respect to East Timor; to the Committee on Foreign Affairs.

By Mr. RINALDO:

H. Res. 639. Resolution expressing the sense of the House that the Board of Governors of the Federal Reserve System should immediately take steps to reduce interest rates; to the Committee on Banking, Finance and Urban Affairs.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 809: Mr. Gray.

H.R. 1087: Mr. Quayle.

H.R. 1867: Mr. Rosenthal.

H.R. 3263: Mr. Hughes.

H.R. 4294: Mr. Fisher.

H.R. 4646: Mr. Mica.

H.R. 4796: Mr. Carr.

H.R. 4805: Mr. Pepper, Mr. Miller of California, Mr. McKinney, Mr. Minish, Mr. Phillip Burton, and Mr. Rosenthal.

H.R. 4939: Mr. Brown of California.

H.R. 5060: Mr. Markey, Mr. Andrews of North Carolina, Mr. Pickle, Mr. Duncan of Tennessee, Mr. Jacobs, Mr. Gingrich, Mr. Vander Jagt, and Mrs. Heckler.

H.R. 5371: Mr. Tauke, Mr. Donnelly, Mr. Robert W. Daniel, Jr., Mr. Fish, and Mr. Beard of Rhode Island.

H.R. 5466: Mr. Beard of Rhode Island, Mr. Bereuter, Mr. Broomfield, Mr. Carter, Mr. Chappell, Mr. Clinger, Mr. Cotter, Mr. Courter, Mr. Downey, Mr. Hagedorn, Mr. Hollenbeck, Mr. Hubbard, Mr. Lundine, Mr. Rahall, Mr. Robinson, Mr. Sebelius, Mrs. Spellman, Mr. Swift, Mr. Whittaker, Mr. Donnelly, Mrs. Bouquard, Mr. Leach of Louisiana, Mr. Fisher, Mr. Davis of Michigan, Mr. Erdahl, Mr. Fithian, Mr. Mottl, Ms. Oakar. Mr. Scheuer, Mr. Carney, Mr. Howard, Mr. Ichord, Mrs. Byron, Mr. Lee, Mr. Bedell. Mr. Hyde, and Mr. Ritter.

H.R. 5477: Mr. Jenkins, Mrs. Spellman, Mr. Moakley, Mrs. Collins of Illinois, and Mr. Jones of Tennessee.

H.R. 5739: Mr. Sebelius.

H.R. 5771: Mr. Gingrich.

H.R. 5862: Mr. Dornan, Mr. Duncan of Tennessee, Mr. Donnelly, Mr. Michel, Mr. Murtha, Mr. Price, Mr. Stenholm, and Mr. Clinger.

H.R. 6240: Mr. Volkmer, Mr. Edgar, Mr. Grassley, Mr. Corcoran, and Mr. Gramm.

H.R. 6377: Mrs. Fenwick, Mr. Maguire, Mrs. Spellman, and Mr. Dornan.

H.R. 6422: Mr. Markey and Mr. Marlenee.

H.R. 6540: Mr. Diggs, Mr. Kildee, Mr. Dingell, and Mr. Albosta.

H.R. 6611: Mr. Yates, Mr. Waxman, Mr. Scheuer, Mr. Oberstar, Mr. Evans of the Virgin Islands, Mr. Pepper, Mr. Ottinger, Mr. Fish, Mr. Edwards of California, Mr. Harkin, Mr. Whitehurst, Mr. Frost, Mr. Bingham, Mr. Weiss, Mrs. Fenwick, Mr. Gray, Mr. Panetta, Mr. Marks, Mr. Carter, Mr. Phillip Burton, Mr. Porter, Mr. Barnes, Mr. Stark, Mr. Kostmayer, Mr. Petri, Mr. Patten, Ms. Mikulski, Mr. Gilman, Ms. Ferraro, Mr. Simon, Mr. Kemp, Mr. Lehman, Mrs. Chisholm, Mr. Downey, Mr. Vento, Mr. Frenzel, Mr. Blanchard, Mr. Anderson of Illinois, Mr. Chappell, Mr. Solarz, Mr. Stack, Mr. Fazio, Mr. Brodhead, Mr. Bailey, Mr. D'Amours, Mr. Howard, Mr. Guarini, Mr. Biaggi, Mr. Miller of California, Mr. McHugh, Mr. Evans of Delaware, Mr. Lowry, and Mr. Wolpe.

H.R. 6722: Mr. Barnes, Mr. John L. Burton, Mr. Clausen, Mr. D'Amours, Mr. Edgar, Mrs. Heckler, Mr. Mitchell of New York, Mr. Mollohan, Mr. Neal, Mr. Weaver, Mr. Udall, and Mr. Kastenmeier.

H.R. 6723: Mr. Pepper and Mr. Luken.

H.R. 6782: Mr. Lott, Mr. Gramm, Mr. Dornan, and Mr. Lungren.

H.R. 6813: Mr. Hutto, Mr. Jeffords, Mr. Gray, Mr. Maguire, Mr. Dornan, and Mr. Murtha.

H.R. 6936: Mr. Evans of the Virgin Islands, Mr. Hubbard, Mr. Duncan of Tennessee, Mr. Pashayan, Mr. Abdnor, Mr. Ireland, Mr. Howard, Mr. Dornan, Mr. Shumway, Mr. Forsythe, Mr. Leland, and Mr. Cleveland.

H.R. 6941: Mr. Bafalis, Mr. Collins of Texas, Mr. Evans of Georgia, Mr. Yatron, and Mr. Young of Alaska.

H.R. 6954: Mr. Mottl, Mr. Lujan, Mr. Moorhead of California, Mr. Forsythe, Mr. Leach of Louisiana, Mr. Patten, Mr. St Germain, Mr. Murphy of Pennsylvania, Mr. Oberstar, Mr. Dan Daniel, Mr. Stack, Mr. D'Amours, Mr. Hall of Texas, Mr. Lundine, Mr. Neal, Mr. Emery, Mr. Dougherty, Mr. Roe, Mr. Kindness, Mr. Clay, Mr. Benjamin, Mr. Bowen, Mrs. Fenwick, Mr. Evans of Georgia, and Ms. Mikulski.

H.J. Res. 470: Mr. Abdnor, Mr. Addabbo, Mr. Akaka, Mr. Anderson of California, Mr. Applegate, Mr. Bailey, Mr. Barnard, Mr. Bedell, Mr. Beilenson, Mr. Bevill, Mr. Blanchard, Mr. Boner of Tennessee, Mr. Bowen, Mr. Brinkley, Mr. Buchanan, Mr. Burgener, Mr. John L. Burton, Mr. Butler, Mr. Campbell, Mr. Carter, Mrs. Chisholm, Mr. Clinger, Mr. Coelho, Mrs. Collins of Illinois, Mr. Collins of Texas, Mr. Conable, Mr. Conte, Mr. Conyers, Mr. Corcoran, Mr. Corman, Mr. Corrada, Mr. Daschle, Mr. de la Garza, Mr. Derrick, Mr. Dickinson, Mr. Dougherty, Mr. Duncan of Tennessee, Mr. Edwards of Alabama, Mr. Edwards of Oklahoma, Mr. Erdahl, Mr. Evans of Georgia, Mr. Fazio, Mr. Findley, Mr. Forsythe, Mr. Fountain, Mr. Frenzel, Mr. Fuqua, Mr. Garcia, Mr. Gilman, Mr. Ginn, Mr. Gray, Mr. Green, Mr. Guyer, Mr. Harris, Mr. Hefner, Mr. Hinson, Mr. Horton, Mr. Howard, Mr. Hughes, Mr. Hyde, Mr. Ireland, Mr. Jacobs, Mr. Jeffords, Mr. Johnson of California, Mr. Jones of Tennessee, Mr. Kelly, Mr. Kemp, Mr. Kostmayer, Mr. Kramer, Mr. LaFalce, Mr. Lagomarsino, Mr. Leach of Louisiana, Mr. Lederer, Mr. Levitas, Mr. Lewis, Mr. Marriott, Mr. McKinney, Ms. Mikulski, Mr. Mineta, Mr. Moakley, Mr. Montgomery, Mr. Moorhead of California, Mr. Murphy of New York, Mr. Murphy of Illinois, Mr. Murtha, Mr. Nichols, Mr. Nolan, Mr. Oberstar, Mr. Patten, Mr. Pepper, Mr. Perkins, Mr. Petri, Mr. Preyer, Mr. Price, Mr. Rahall, Mr. Reuss, Mr. Richmond, Mr. Roe, Mr. Rousselot, Mr. Scheuer, Mr. Shelby, Mr. Shumway, Mr. Simon, Mr. Smith of Iowa, Mrs. Spellman, Mr. Stack, Mr. Stanton, Mr. Stark, Mr. Stokes, Mr. Stump, Mr. Tauke, Mr. Thomas, Mr. Vento, Mr. Walgren, Mr. Weaver, Mr. White, Mr. Whitten, Mr. Williams of Ohio, Mr. Winn, Mr. Wirth, Mr. Wolpe, Mr. Won Pat, Mr. Wright, Mr. Young of Alaska, and Mr. Zeferetti.

H. Con. Res. 57: Mr. Mollohan, Mr. Stratton, Mr. Coelho, Mr. Carter, Mr. McEwen, Mr. Findley, Mr. Simon, and Mr. Stangeland.

H. Res. 594: Mr. Coughlin, Mr. Deckard, Mr. Hyde, and Mr. Dornan.

H. Res. 636: Mr. Minish, Mr. Barnard, Mr. Blanchard, Mr. Boner of Tennessee, Mr. Spence, Mrs. Schroeder, Mr. Lagomarsino, Mr. Conte, Mr. Neal, and Mr. Harris.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

330. By the Speaker: Petition of the Clear Creek Monthly Meeting of the Religious Society of Friends, Richmond, Ind., relative to opposing registration for selective service; to the Committee on Armed Services.

331. Also, petition of the City Council of the City of Elizabeth, N.J., relative to the Cuban refugees now encamped at the Peru-

vian Embassy, Havana, Cuba; to the Committee on Foreign Affairs.

332. Also, petition of the Noquochoke Senior Citizens Club, Westport, Mass., relative to controlling the price of crude oil products; to the Committee on Interstate and Foreign Commerce.

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## AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

### H. Con. Res. 307

By Mr. CAVANAUGH:

—In the first section of the Congressional Budget for the United States Government for the fiscal year 1981 reduce the appropriate level of total budget outlays by $50,000,000; and increase the amount of the surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors by $50,000,000.

In section 2 the amount of outlays for the major functional category Natural Resources and Environment (300) reduce outlays by $50,000,000.

By Mr. GRAMM:

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1980—

(1) the recommended level of Federal revenues is $613,800,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is $10,300,000,000 and the amount by which the aggregate level of Federal revenues should be increased is $22,300,000,000;

(2) the appropriate level of total budget authority is $694,800,000,000;

(3) the appropriate level of total budget outlays is $611,800,000,000;

(4) the amount of the surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is $2,000,000,000;

(5) the appropriate level of the public debt is $926,800,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $30,100,000,000; and

(6) the appropriate level of total gross obligations for the principal amount of direct loans is $60,600,000,000 and the appropriate level of total commitments to guarantee loan principal is $79,600,000,000.

Sec. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 301(a)(2) of the Congressional Budget Act of 1974 that for the fiscal year beginning on October 1, 1980, the appropriate level of new budget outlays authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $166,600,000,000;

(B) Outlays, $153,000,000,000.

(2) International Affairs (150):

(A) New budget authority, $23,200,000,000;

(B) Outlays, $9,000,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $6,700,000,000;

(B) Outlays, $6,300,000,000.

(4) Energy (270):

(A) New budget authority, $7,400,000,000;

(B) Outlays, $7,000,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $11,800,000,000;

(B) Outlays, $12,200,000,000.

(6) Agriculture (350):

(A) New budget authority, $5,400,000,000;

(B) Outlays, $2,300,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $5,100,000,000;

(B) Outlays, −$100,000,000.

(8) Transportation (400):

(A) New budget authority, $22,800,000,000;

(B) Outlays, $19,500,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $9,000,000,000;

(B) Outlays, $9,400,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $31,300,000,000;

(B) Outlays, $29,000,000,000.

(11) Health (550):

(A) New budget authority, $71,300,000,000;

(B) Outlays, $61,600,000,000.

(12) Income Security (600):

(A) New budget authority, $251,500,000,000;

(B) Outlays, $219,500,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $21,700,000,000;

(B) Outlays, $21,200,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,200,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,600,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $6,200,000,000;

(B) Outlays, $6,800,000,000.

(17) Interest (900):

(A) New budget authority, $72,200,000,000;

(B) Outlays, $72,200,000,000.

(18) Allowances (920):

(A) New budget authority, −$1,700,000,000;

(B) Outlays, −$1,700,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$24,600,000,000.

(B) Outlays, −$24,600,000,000.

Sec. 3. Pursuant to sections 301(b)(2) and 310 of the Budget Act:

(a)(1) the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry shall recommend program reductions for fiscal year 1981 in reported or enacted laws, bills, and resolutions that reduce spending by $1,120,000,000 in budget authority and $1,120,000,000 in outlays and are instructed to report on or before June 15, 1980, such recommendations to effectuate reductions in corresponding new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority for programs within the jurisdiction of those committees;

(2) the Senate Committee on Agriculture, Nutrition and Forestry shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $533,000,000 in budget authority, and $507,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(b) the House Committee on Armed Services and the Senate Committee on Armed Services shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $3,263,000,000 in budget authority and $3,188,000,000 in outlays and are instructed to report on or before June 15, 1980, their recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this subsection;

(c) the House Committee on Education and Labor shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $839,000,000 in budget authority and $786,000,000 in outlays, and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(d) the House Committee on Interstate and Foreign Commerce shall reduce spending for fiscal 1981 in reported or enacted laws, bills, and resolutions by $200,000,000 in budget authority and $270,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in reported or enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(e) the House Committee on Post Office and Civil Service and the Senate Committee on Governmental Affairs shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $3,639,000,000 in budget authority and $4,204,000,000 in outlays and are instructed to report on or before June 15, 1980, their recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this subsection;

(f)(1) the House Committee on Public Works and Transportation and the Senate Committee on Environment and Public Works shall recommend program reductions for fiscal year 1981 in enacted laws, bills, and resolutions that reduce spending by $400,000,000 in outlays and are instructed to report on or before June 15, 1980, such recommendations to effectuate reductions in corresponding outlays for programs within the jurisdiction of those committees;

(2) the House Committee on Public Works and Transportation shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $150,000,000 in budget authority and $150,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in reported or enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(g) the House Committee on Veterans' Affairs and the Senate Committee on Veterans' Affairs shall reduce spending or recommend program reductions for fiscal year 1981 in enacted laws, bills, and resolutions by $400,000,000 in budget authority and $400,000,000 in outlays and are instructed to report on or before June 15, 1980, their recommendations to reduce spending, or to effectuate reductions, in new or corresponding budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdictions of those committees, or for programs within the jurisdictions of those committees, sufficient to accomplish the reduction required by this subsection;

(h) the House Committee on Ways and Means shall reduce spending for fiscal year 1981 in reported or enacted laws, bills, and resolutions by $717,000,000 in budget authority and $1,869,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in reported or enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(i) the Senate Committee on Commerce, Science, and Transportation shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $150,000,000 in budget authority and $150,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection;

(j) the Senate Committee on Finance shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $917,000,000 in budget authority and $2,069,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal year, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection.

(k) the Senate Committee on Labor and Human Resources shall reduce spending for fiscal year 1981 in enacted laws, bills, and resolutions by $306,000,000 in budget authority and $349,000,000 in outlays and is instructed to report on or before June 15, 1980, its recommendations for changes in new budget authority for fiscal year 1981, budget authority initially provided for prior fiscal years, and new or existing spending authority contained in enacted laws, bills, and resolutions within the jurisdiction of this committee sufficient to accomplish the reduction required by this subsection; and

(l) the House Committee on Ways and Means and the Senate Committee on Finance shall increase revenues for fiscal year 1981 in reported or enacted laws, bills, and resolutions by $22,200,000,000 and are instructed to report on or before June 15, 1980, their recommendations for changes in revenues for fiscal year 1981 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the increase required by this subsection.

SEC. 4. In accordance with section 301(b) (1) of the Budget Act, no bill or resolution providing new budget authority for fiscal year 1981 or providing new or existing spending authority described in section 401(c)(2)(C) of the Budget Act in excess of the allocation of the appropriate levels of total budget outlays and total new budget authority submitted pursuant to section 302(b) of the Budget Act, shall be enrolled until Congress has completed action on the second budget resolution for that fiscal year as required to be reported under section 310 of the Budget Act; and, if a reconciliation bill or reconciliation resolution, or both, are required to be reported under section 310(c), until Congress has completed action on that bill or resolution, or both.

SEC. 5. The Congress sets forth the following budgetary levels for fiscal years 1982 through 1983—

(1) the recommended level of Federal revenues is as follows:

Fiscal year 1982: $694,800,000,000;

Fiscal year 1983: $804,100,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1982: +$300,000,000;

Fiscal year 1983: $000,000,000;

(2) the appropriate level of total new budget authority is as follows:

Fiscal year 1982: $768,300,000,000;

Fiscal year 1983: $842,000,000,000;

(3) the appropriate level of total budget outlays is as follows:

Fiscal year 1982: $684,400,000,000;

Fiscal year 1983: $753,200,000,000;

(4) the amount of the surplus in the budget which is appropriate in light of economic conditions and all other relevant factors is as follows:

Fiscal year 1982: $10,400,000,000;

Fiscal year 1983: $50,900,000,000;

(5) the appropriate level of the public debt is as follows:

Fiscal year 1982: $955,500,000,000;

Fiscal year 1983: $948,400,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1982 and 1983 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1982:

(A) New budget authority, $187,000,000,000;

(B) Outlays, $171,600,000,000.

Fiscal year 1983:

(A) New budget authority, $209,400,000,000;

(B) Outlays, $191,400,000,000.

(2) International Affairs (150):

Fiscal year 1982:

(A) New budget authority, $16,200,000,000;

(B) Outlays, $10,000,000,000.

Fiscal year 1983:

(A) New budget authority, $15,900,000,000;

(B) Outlays, $10,700,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1982:

(A) New budget authority, $6,900,000,000;

(B) Outlays, $6,700,000,000.

Fiscal year 1983:

(A) New budget authority, $7,000,000,000;

(B) Outlays, $6,900,000,000.

(4) Energy (270):

Fiscal year 1982:

(A) New budget authority, $8,500,000,000;

(B) Outlays, $10,400,000,000.

Fiscal year 1983:

(A) New budget authority, $10,100,000,000;

(B) Outlays, $11,600,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1982:

(A) New budget authority, $13,200,000,000;

(B) Outlays, $13,000,000,000.

Fiscal year 1983:

(A) New budget authority, $13,700,000,000;

(B) Outlays, $13,400,000,000.

(6) Agriculture (350):

Fiscal year 1982:

(A) New budget authority, $6,300,000,000;

(B) Outlays, $4,200,000,000.

Fiscal year 1983:

(A) New budget authority, $4,300,000,000;

(B) Outlays, $5,200,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1982:

(A) New budget authority, $5,500,000,000;

(B) Outlays, $2,300,000,000.

Fiscal year 1983:

(A) New budget authority, $5,700,000,000;

(B) Outlays, $2,300,000,000.

(8) Transportation (400):

Fiscal year 1982:

(A) New budget authority, $22,300,000,000;

(B) Outlays, $20,500,000,000.

Fiscal year 1983:

(A) New budget authority, $24,500,000,000;

(B) Outlays, $22,200,000,000.

(9) Community and Regional Development (450):

Fiscal year 1982:

(A) New budget authority, $9,200,000,000;

(B) Outlays, $9,000,000,000.

Fiscal year 1983:

(A) New budget authority, $9,500,000,000;

(B) Outlays, $9,300,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1982:

(A) New budget authority, $33,700,000,000;

(B) Outlays, $31,200,000,000.

Fiscal year 1983:

(A) New budget authority, $38,200,000,000;

(B) Outlays, $36,500,000,000.

(11) Health (550):

Fiscal year 1982:

(A) New budget authority, $83,000,000,000;

(B) Outlays, $70,000,000,000.

Fiscal year 1983:

(A) New budget authority, $94,800,000,000;

(B) Outlays, $79,100,000,000.

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $289,200,000,000;

(B) Outlays, $248,900,000,000.

Fiscal year 1983:

(A) New budget authority, $317,700,000,000;

(B) Outlays, $273,900,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1982:

(A) New budget authority, $23,400,000,000;

(B) Outlays, $22,800,000,000.

Fiscal year 1983:

(A) New budget authority, $25,000,000,000;

(B) Outlays, $24,400,000,000.

(14) Administration of Justice (750):

Fiscal year 1982:

(A) New budget authority, $4,300,000,000;

(B) Outlays, $4,500,000,000.

Fiscal year 1983:

(A) New budget authority, $4,400,000,000;

(B) Outlays, $4,600,000,000.

(15) General Government (800):

Fiscal year 1982:

(A) New budget authority, $5,000,000,000;

(B) Outlays, $4,700,000,000.

Fiscal year 1983:

(A) New budget authority, $4,900,000,000;

(B) Outlays, $4,800,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1982:

(A) New budget authority, $6,400,000,000;

(B) Outlays, $6,400,000,000.

Fiscal year 1983:

(A) New budget authority, $6,500,000,000;

(B) Outlays, $6,500,000,000.

(17) Interest (900):

Fiscal year 1982:

(A) New budget authority, $73,600,000,000;

(B) Outlays, $73,600,000,000.

Fiscal year 1983:

(A) New budget authority, $76,500,000,000;

(B) Outlays, $76,500,000,000.

(18) Allowances (920):

Fiscal year 1982:

(A) New budget authority, $1,900,000,000;

(B) Outlays, $1,900,000,000.

Fiscal year 1983:

(A) New budget authority, $3,600,000,000;

(B) Outlays, $3,600,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1982:

(A) New budget authority, —$27,300,000,000;

(B) Outlays, —$27,300,000,000.

Fiscal year 1983:

(A) New budget authority, $29,7000,000,000;

(B) Outlays. —$29,700,000,000.

SEC. 6. Section 1 of S. Con. Res. 53 is revised as follows:

(a)(1) the recommended level of Federal revenues is $528,800,000,000 and the amount by which the aggregate level of Federal revenues should be increased is $4,300,000,000;

(2) the appropriate level of total new budget authority is $657,200,000,000;

(3) the appropriate level of total budget outlays is $567,000,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $38,200,000,000 and

(5) the appropriate level of the public debt is $896,700,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $17,700,000,000.

(b)(1) National Defense (050):

(A) New budget authority, $142,500,000,000;

(B) Outlays, $132,700,000,000.

(2) International Affairs (150):

(A) New budget authority, $15,800,000,000;

(B) Outlays, $10,100,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $6,100,000,000;

(B) Outlays, $5,900,000,000.

(4) Energy (270):

(A) New budget authority, $40,300,000,000;

(B) Outlays, $6,700,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $12,300,000,000;

(B) Outlays, $12,900,000,000.

(6) Agriculture (350):

(A) New budget authority, $5,000,000,000;

(B) Outlays, $5,900,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $10,100,000,000;

(B) Outlays, $5,400,000,000.

(8) Transportation (400):

(A) New budget authority $21,000,000,000:

(B) Outlays, $19,400,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $8,700,000,000;

(B) Outlays, $9,400,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $29,900,000,000;

(B) Outlays. $30,300,000,000.

(11) Health (550):

(A) New budget authority, $59,900,000,000;

(B) Outlays, $56,500,000,000.

(12) Income Security (600):

(A) New budget authority, $223,000,000,000;

(B) Outlays, $190,000,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $21,000,000,000;

(B) Outlays, $20,300,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,300,000,000;

(B) Outlays. $4,400,000,000.

(15) General Government (800):

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,400,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $8,600,000,000;

(B) Outlays, $8.600,000,000.

(17) Interest (900):

(A) New budget authority, $65,500,000,000;

(B) Outlays, $65,500,000,000.

(18) Allowances (920):

(A) New budget authority, $1,000,000,000;

(B) Outlays, $900,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, —$22,300,000,000;

(B) Outlays, —$22,300,000,000.

SEC. 7. The Congress urges the President to study and review the current inflation measure for indexing Federal programs, and to submit his findings and recommendations for the most appropriate cost-of-living measure within sixty days after passage of this budget resolution.

# EXTENSIONS OF REMARKS

## FREEDOM OF EXPRESSION REMAINS A TRANSITORY THING IN TAIWAN

### HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

●Mr. STARK. Mr. Speaker, I continue to be concerned about human rights violations in Taiwan. I am pleased that many U.S. newspapers are also troubled by what is happening there.

On March 23, the New York Times published a fine analysis of the situation by James P. Sterba. It ought to be required reading for the leadership of the Kuomintang—KMT. As Sterba points out, if the Government continues to follow its present policies, it may well deny itself a decisive role in the debate over Taiwan's future.

In their lead editorial on March 22, "Taiwan's Comic Opera Trial," the Chicago Tribune made the same point using more direct and picturesque language.

> By establishing a reputation for tyranny, and by clinging to a cause that is lost beyond retrieval, Taiwan's leaders may indeed cause the "two Chinas" to be united—united in the same way a cat is united with a mouse.

Mr. Speaker, the proximate cause triggering today's worldwide concern for the people on Taiwan is the Kaohsiung incident that led to the detention of over 60 people and the sedition trail of 8 of these. We must let the KMT know that we in the United States are watching their rights violations and that is why I introduced my resolution on March 11 and 20 House colleagues joined me.

The people of Taiwan are entitled to determine their own fate. The KMT must abandon its outdated claim to the mainland and encourage political debate on the islands it rules. If it does not, the KMT will prove that those who claim it is an anachronism are right.

The two newspaper articles and the text of my resolution follow:

### FREEDOM OF EXPRESSION REMAINS A TRANSITORY THING IN TAIWAN

TAIPEI, TAIWAN.—Any Taipei taxi driver can tune in mainland Chinese broadcasts on his car radio. Few do, not because it is still against the law to listen, but because Communist programs are rather provincial and boring.

Although, the local press remains subject to post-publication censorship, a remarkable diet of government criticism and mainland news does appear. Foreign publications arrive most of the time without pages missing. Even an issue of Time magazine with arch enemy Deng Xiaoping on its cover found its way to mail subscribers intact, although authorities would not allow the Communist leader's face to adorn newsstands. For more than a year, in fact, the Kuomintang regime has exhibited uncharacteristic confidence in the ability of Taiwan's 17.5 million people to absorb, calmly and rationally, increasing doses of free speech, news from the outside world, and even domestic debate that has often included sharp criticism of its rule.

Last December, however, the Kuomintang apparently suffered an attack of anxiety, and its subsequent harsh actions have raised doubts about its confidence and questions about the sincerity of its "Liberalization" program. Following a small but violent clash between dissidents and riot police in the southwestern city of Kaohsiung, Taiwan's rulers launched a crackdown on their political opponents. The crackdown was severe enough not only to draw outcries from human rights advocates but even to turn the heads of some devoutly pro-Taiwan United States Congressmen.

Several hundred persons around the island were picked up for questioning, sometimes in the middle of the night. Three opposition magazines were closed. At least 67 persons were detained, 26 of them for the capital crime of sedition. Eight of those—all highly educated staff members of a popular monthly called Formosa magazine, which sponsored the Kaohsiung rally—went on trial in a military court here last week.

Sedition on Taiwan is one of those catch-all charges that can apply to everything from fraternizing with mainlanders or advocating an independent Taiwan to political disturbances of the peace, which is how most foreign observers here describe the Kaohsiung clash. Both sides grossly exaggerated the incident. Riot police didn't fight back, but they also didn't give the demonstrators a way out of their rally site—the first rule of peaceable crowd control. The police claimed 183 injuries. The dissidents claimed their ranks were battered too. Other than scratches, however, no more than five or six people on both sides were hurt, according to independent reports.

By all but government accounts, Formosa magazine's purpose was simply to create a viable opposition. Some moderate Taiwanese think the Kuomintang crackdown serves as evidence that it was succeeding, and doing so far too swiftly for Kuomintang comfort. The Kaoshiung affair, with its intricate and dubious threads of conspiracy tied, ironically, to both forces for independence and for reunification, has had its chilling effect.

Far more chilling, however, were the mysterious murders last month of the twin daughters and mother of one of the defendants, Lin Yi-Hsiung. All of a sudden, someone or some group had intensified the affair, but for reasons that escape moderate elements on both sides.

Since its escape from the mainland in 1949, the Kuomintang has consistently attempted to play on popular fears. Both the Korean and Vietnam wars fueled campaigns for vigilance and solidarity in the face of alleged threats from the more numerous mainland Communists.

United States abandonment of Taiwan for recognition of Peking in December, 1978, sent waves of concern, both genuine and orchestrated, through the Taiwan populace. For all but the aging Kuomintang leadership, however, the distress was brief. Nevertheless, the Government used the occasion to postpone national and local assembly elections. The expiration of the United States-Taiwan mutual defense treaty last December generated even less popular concern.

While Taiwan's population remains far more anti-Communist and far less rebellious than Peking would like to believe, its rapidly rising affluence has contributed to a spirit of moderation, openness, and security that the Kuomintang finds increasingly difficult to manipulate. Officially, Taiwan is still at war with the mainland. A state of siege was proclaimed on May 19, 1949. But for a population in which nine out of ten households have refrigerators, virtually all have televisions, two-thirds have motorcycles, and almost all are educated or in the process of becoming so, the war seems rather dated.

Still, the Taiwan regime uses it to justify the need for a continuation of martial law now in its 31st year—a prime target for a dispersed opposition that has argued that martial law is merely an excuse the minority regime uses to perpetuate its power. Those who fled the mainland in 1949, along with their descendents, represent only about 14 percent of Taiwan's population. Many of Taiwan's most prominent business leaders are Taiwanese who pledge obligatory allegiance only.

Meanwhile, the Communist mainlanders have done nothing lately to disturb anyone on Taiwan except the Kuomintang and its constituents in the military, the security forces, and the bureaucracy. Peking has lately been promising that Taiwan could retain autonomy, its higher standard of living and even its Prime Minister, Chiang Ching-Kuo, if it would rejoin the mainland.

Taiwan's rulers may have made a mistake in publicizing and admitting the foreign press to its sedition trial of the Formosa magazine defendants. Indeed, late in the week Government officials were sharply critical of how the foreign press was covering the proceedings. The vague links in the Government's indictment to the mainland and to independence groups in the United States are precisely the kinds of ties the Government overlooks when commerce is at stake. The point won't be lost on large numbers of sophisticated Taiwanese.

As a result, the Kuomintang may be increasingly restricting itself to an eroding middle rather than embracing and influencing the debate over Taiwan's future that the eight defendents now on trial for sedition were trying to conduct.

### TAIWAN'S COMIC OPERA TRIAL

Taiwan's leaders seen determined to make themselves an international laughingstock by going ahead with a sedition trial against eight advocates of Taiwanese independence. The charges read like a Gilbert and Sullivan plot to anybody who is not thoroughly steeped in the lost-cause mentality of the Kuomintang, the party that rules Taiwan and claims to rule all of China.

A principal element of the trial is the alleged smuggling of illicit baby eels, which gives some indication of the general tone of the affair. A proponent of Taiwanese independence is charged with plotting to buy the eels in China, rear them in Taiwanese ponds, and sell them in Japan to raise money for the independence movement.

Then there are the battered riot police. The defendants are accused of organizing a demonstration that turned into a riot in which more than 180 riot policemen—but no demonstrators—were savagely beaten.

It may be possible, of course, that a country of 17 million can be subverted by trade in baby eels. It may even be possible that a crowd of civilian zealots could pound senseless a large squad of trained riot policemen. But taken as a whole, the bizarre episode is all too obviously an attempt by a desperate and increasingly isolated leadership to avoid having to face the untenability of its position.

Its position is untenable because the alleged seditionists in the military courtroom—however radical or fanatical their tactics may be—are right as a matter of diplomatic realism. Taiwan is an independent country, the Kuomintang's claims notwithstanding. The sooner that fact is declared to the world the better Taiwan's chances to avoid being swallowed into the vast gray maw of the People's Republic of China.

Virtually every nation now recognizes Peking as the legitimate government of all China, including Taiwan. If Peking eventually moves to take control of its maverick province—which it has declared it will do during the decade of the '80s and by force if necessary—the international community will hardly be in a position to challenge its authority to do so as long as Taiwan keeps playing into Peking's hands. A callous world probably will let the matter pass with a few diplomatic protests.

To prevent that, the Taiwanese—led by the Kuomintang—must declare themselves an independent republic and begin seeking an international recognition. It is a wealthy island with many friends, and it should not be impossible to obtain formal recognition of what is already a fact. The communists across the water may rage and threaten, but they are hardly likely to sacrifice their hard won diplomatic relations for the sake of Taiwan. They, too, will get used to the idea.

Unfortunately, it is a heresy punishable by death under Taiwan's martial law regime even to discuss such a possibility. The defendants now on trial in Taipei could, in theory, go before a firing squad if found guilty—although it seems unlikely that the regime would risk turning international ridicule into outrage by impossing a death sentence.

So the trial is less amusing than mad. As a model of prosperity and economic egalitarianism Taiwan is in a position to recover its lost support in a world that remains largely sympathetic to its unhappy political position. Instead, it shows an ugly, and untypical, face of repression. By establishing a reputation for tyranny, and by clinging to a cause that is lost beyond retrieval, Taiwan's leaders may indeed cause the "two Chinas" to be united—united in the same way a cat is united with a mouse.

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H. Res. 603

Resolution urging closer attention to the human rights situation in Taiwan before further military sales or assistance is provided to the Taiwanese authorities

Whereas Taiwan has experienced over thirty years of martial law and is governed by the oldest martial law regime in the world;

Whereas native Formosans constitute 85 per centum of the population on Taiwan yet have only 10 per centum representation in the national government;

Whereas the United States has recognized the People's Republic of China since January 1979, while the authorities on Taiwan still claim to represent mainland China;

Whereas Amnesty International, the International Labor Organization, and the International League for Human Rights have monitored and reported human rights abuses on Tawian;

Whereas the Taiwanese authorities have consistently refused to hold elections which were postponed following news of normalization of relations between the United States and the People's Republic of China;

Whereas in a recent wave of political repression over two hundred people were arrested and detained following a rally commemorating the thirty-first anniversary of the United Nations Universal Declaration of Human Rights;

Whereas the leaders of the democratic opposition in Taiwan have been held incommunicado, and the Taiwanese authorities have refused to allow international organizations to investigate the widely circulated reports of torture and prisoner abuse, thus denying these leaders their civil and legal rights;

Whereas charges of sedition are being pursued against eight leaders of the democratic opposition, a capital crime which is not commensurate with their alleged civil crimes of parading without a permit and rioting;

Whereas those arrested include writers, publishers, lawyers, politicians, medical specialists, feminists, human rights activists, and members of the Presbyterian Church;

Whereas church officials associated with the Presbyterian Church and particularly the Taiwan Theological College have been intimidated following their call for an independent Taiwan;

Whereas on April 12, 1979, sixty Taiwanese leaders of the democratic opposition issued a statement calling for the admission of Taiwan to the United Nations as an independent state;

Whereas native Formosans are denied representative participation in their government and are denied a significant role in determining their future;

Whereas martial law necessarily denies the fundamental rights and liberties that free people are entitled to;

Whereas the Taiwan Relations Act, enacted in April 1979, states that the "preservation and enhancement of the human rights of all the people on Taiwan are hereby reaffirmed as objectives of the United States"; and

Whereas Taiwan has a large military establishment in existence, and recently obtained from the United States military equipment valued at $280,000,000: Now, therefore, be it

*Resolved*, That the House of Representatives—

(1) expresses its great concern over the denial of civil, legal, and political rights of the political prisoners currently being held in Taiwan;

(2) expresses its great concern over the abuse of civil, legal, and political rights of the native Formosans; and

(3) strongly urges closer attention by the United States to the human rights situation in Taiwan before any further military sales or assistance is provided to the Taiwanese authorities.●

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## OPPORTUNITY TRAINING CENTER

### HON. RICHARD NOLAN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. NOLAN. Mr. Speaker, I would ask my colleagues to join with me this day in paying tribute to the late Richard Lutgen, executive director of the Opportunity Training Center in St. Cloud, Minn. Dick passed away on Saturday, March 8, 1980, at the age of 47 leaving his wife, Kathleen, and three daughters, Lisa, Julie, and Karen. Born in Rockville, Minn., on December 18, 1932, Dick was graduated from St. Cloud Technical High School and subsequently from St. Cloud State College in 1960 with a degree in business administration. Not long thereafter, Dick became the executive director of the Opportunity Training Center.

The Opportunity Training Center is a sheltered workshop with an expressed goal and purpose of assisting handicapped persons of central Minnesota in advancing from a state of unemployability and dependency to being job-ready and independent. It was with Dick's constant care and dedication that the Opportunity Training Center grew progressively from its incorporation in 1969. The center now accommodates a clientele in excess of 115 individuals per day. Dick Lutgen's dedication and personal commitment has resulted in meritorious results and because of this unyielding and unwavering dedication, the center has and continues to provide a continuum of outstanding and progressive vocational services which constantly address the needs of the handicapped in central Minnesota.

In recent years, I have assisted the Opportunity Training Center in seeking funds under the Rehabilitation Act of 1973 and subsequent amendments. To date, we have been unsuccessful in this effort. Dick's passing will by no means impede our efforts to obtain funding for a much needed new building for the Opportunity Training Center. In fact, we will pursue this goal with renewed and ever-increasing vigor.●

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## SOVIET JEWRY: THE STRUGGLE FOR FREEDOM

### HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. UDALL. Mr. Speaker, I would like once again to bring to the attention of the Members the plight of Soviet Jewry and the struggles of these people to emigrate. Although Soviet-American relations are in a state of flux, this is no reason to give up on our efforts to aid the refusniks.

Many of the refusniks have relations in the United States and Israel. The Soviet Union's refusal to allow these people to be reunited with their families amounts to a direct violation of the Helsinki accords which were signed in 1975. If their treatment of the refusniks is any indication the Soviet Union does not take seriously the commitment it made to facilitate freer private and official movement and contracts among persons and organizations of the participating states. We must insist upon conformation to these agreements.

Recent events such as the Soviet invasion of Afghanistan and our subsequent decision to boycott the summer Olympic games have caused a rift in Soviet-American relations. Even though we are not certain about the future status of relations between the United States and the Soviet Union, we should not forget that despite the warnings of its leaders, the Soviet Union is very succeptible to outside pressures. After 30 years of building socialism, the U.S.S.R. cannot feed its own people, its standard of living is far below that of the West and other Eastern European nations, and its industry is dependent on Western technology and science. The U.S.S.R. needs foreign trade, and I think if we continue to press for reforms in emigration policy we may gain some concessions. Not great ones, but every person freed and allowed to live where he pleases is a great step forward and a great victory.

So I intend to continue my efforts for the three Soviet families I have adopted, the Fradkins, the Paritskys, and the Rosensteins. We need to fight for these people now more than ever. The plight of the refusniks is tragic, and their only hope may be in continued pressure on Soviet authorities by influences outside of the Soviet Union. We, as Members of Congress, have a great opportunity to aid the refusniks in their efforts to obtain visas. I encourage my fellow Members to join me in doing all we can to help these people in their struggle for freedom. I would like to close this statement with a copy of a letter I recently wrote to Leonid Brezhnev on this subject.

Congress of the United States,
House of Representatives,
*Washington, D.C., April 14, 1980.*

Hon. Leonid Brezhnev,
*Secretary General, Chairman of the Presidium of the Supreme Soviet of the Union of Socialist Republics, Kremlin, Moscow*

Dear Mr. Chairman: I am writing again to reaffirm the commitment of myself and many others in the United States to the fundamental human rights guaranteed to the citizens of the U.S.S.R. under the Helsinki Accords.

As I'm sure you know, this agreement stipulates that persons who wish to be united with their families should be treated in a positive humanitarian spirit. The continued refusal of Soviet emigration authorities to freely issue exit visas to Jewish refusniks and others who wish to emigrate demonstrates to me that the U.S.S.R. has neglected to faithfully abide by the Accords, and perhaps never intended to do so.

Although there have been significant increases in the number of those allowed to emigrate, there are approximately 2,000 refusniks who have been denied exit visas for five years or more. These long term refusniks face discrimination and frequent harassment, and their highly publicized struggles have won them sympathy internationally.

Due to recent events in Afghanistan, the U.S.S.R. and its methods and goals are not favorably perceived by the people of the United States. It would not be to either nation's benefit if we return to the "Cold War". Liberal actions on your part regarding Soviet emigration policy could affect this perception. Allowing further emigration of Jewish refusniks would not only be a humanitarian gesture that would be applauded by all nations, but would also demonstrate that the Soviet Union is committed to abiding faithfully by the terms of agreements made.

Just five years have passed since the signing of the Helsinki Accords. During these years progress has been made in developing a relationship beneficial to both our nations. Encouraging strides were made in arms limitations, trade and technology transfer agreements. The future of Soviet-American relations is in jeopardy. This is an excellent opportunity to reconfirm the U.S.S.R.'s interest in normalized relations with the U.S. and other western nations. I encourage you to consider allowing the emigration of Jewish refusniks as an effective gesture which would symbolize this interest.

Sincerely,

Morris K. Udall.●

## BOYS' TOWN OF ITALY—35 YEARS OF HOPE AND LOVE

### HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. RINALDO. Mr. Speaker, 35 years ago this August, an Irish priest, using donations from American military men stationed overseas, established a charitable institution for homeless Italian boys in an abandoned villa in a small town north of Rome. This unlikely combination of circumstances were the seeds of what was to become the miracle we know today as Boys' Town of Italy.

After the Second World War had concluded, Italy became aware of one of the saddest byproducts of armed conflict. Approximately 125,000 homeless boys, their parents killed, their homes destroyed, roamed the city streets in packs, committing petty crimes to obtain food.

Attempting to put a halt to this terrible situation, Father Carroll-Abbing, a young Irish priest from Dublin, established Operation Street Boys. This program was initially designed by Father Carroll-Abbing to furnish these hopeless youngsters with the bare essentials of life; food, clothing, and medical care.

As time passed, it soon became apparent to Father Carroll-Abbing that the destitute children, which he had grown to love so deeply, needed more than just the bare essentials. They needed warmth, love, and affection.

On August 13, 1945, in a run down old villa near the ancient city of Civitavecchia, Father Carroll-Abbing opened his first Boys' Town. This leaky, battered structure would serve as home for the good father and approximately 23 boys ranging in age from 10 to 14 years.

One would think that a priest responsible for 23 young street boys would have more than enough to keep him busy, but this was only the beginning. Over the past 35 years, Monsignor Carroll-Abbing's Boys' Town has grown to 9 facilities for boys, 1 for girls, and 31 day care centers. Today the monsignor can look back with pride on approximately 20,000 young people he plucked from seemingly hopeless circumstances, and guided toward useful productive lives.

Many people have attempted to uncover the secret which has made Boys' Town the most successful institution of its type in the world. Some people point to the unique system of government which allows the young people a voice in their own destiny through regular democratic elections, while others cite the progressive educational and vocational programs which allow the children to learn a skill while earning money. However, it would appear that the true secret of Boys' Town's success rests in Msgr. Carroll-Abbing's basic beliefs that there is no such thing as a bad or irredeemable boy and that with love and understanding anything is possible.

As we commemorate the 35th anniversary of Boys' Town, it should be noted that this institution's doors have been flung open to boys and girls of every race, color, and creed from all over the world, including the United States, and can truly be considered an international haven of hope.

On behalf of myself and people of good will throughout America, I congratulate Msgr. John P. Carroll-Abbing for the fine work he has done and wish him and all the residents and staff of Boys' Town much continued success.●

## WORSE THAN OPEC

### HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. DANIEL B. CRANE. Mr. Speaker, the Kremlin planners understand, even if our State Department does not, the strategic importance of South Africa to the free world. John Train, in an excellent article in the March 17, 1980, issue of Forbes, underscores the importance of South Africa to the free world.

I commend this article to my colleagues' attention:

Worse Than OPEC?

(By John Train)

In his fortresslike office in Lusaka, Zambia, Dr. Vassily Solodovnikov, Soviet ambassador to that unhappy country, contemplates the prospect to the south and finds it good. Dr. Solodovnikov, also of the KGB, is masterminding the Soviet campaign in southern Africa, and so far he is succeeding splendidly.

Angola (which may turn out to be America's Munich) has fallen into his hands, although it is still twitching, along with Mozambique, which blocks Rhodesia's access to the sea. The SWAPO guerrilla gang hopes to get South-West Africa/Namibia under control. Like a chessplayer exchanging a knight for a castle, the Soviets have traded up from Somalia to Ethiopia. Rhodesia looks promising for Moscow. Communist terrorists (quaintly called "freedom fighters"—a Newspeak term supposedly coined by Stalin himself) are being trained in Cuba and Russia. And a real freedom fighter, Angola's Savimbi, gets no hearing at all when he comes to America.

Just as the Emperor Napoleon reduced European countries to vassals of his empire under the banner of liberté, so too the Russian Empire is extending its grip over Africa under the banner of "liberation," like a soldier "liberating" bottles of cognac.

But what is the point of all this? Does Dr. Solodovnikov generously want to take over all the aid programs of the previous colonists?

No, the prize Dr. Solodovnikov is reaching for is far, far more valuable than that. If he can grab Africa, he could achieve a stranglehold on the whole industrial world. Here is his plan, which, incidentally, is frankly discussed by Soviet strategists:

Take over the countries surrounding South Africa.

Sponsor guerrilla incursions into South Africa itself.

Provoke a civil war in South Africa, and pour in military support to the U.S.S.R.-backed faction.

Since South Africa and Russia together—by a geological freak—control virtually all the reserves of several minerals that are indispensable in modern industry, the Soviet Union then will be able to hold the Western World to ransom to an extent never dreamed of by OPEC. If South Africa falls, the West will have to submit to extortion over these minerals or go to war—against superior Soviet forces.

Chrome is indispensable in making stainless steel, for which there is no substitute in many industrial applications. It has, interestingly, been established beyond any doubt that the U.S., obeying the U.N. sanctions against Rhodesia, has bought Rhodesian chrome through Russia.

Vanadium is a key alloy in special steels.

Manganese is used for battery electrolytes and for hardening steel.

Platinum, which, as a catalyst, vastly facilitates some chemical reactions without being itself consumed, is at the moment chiefly used for catalytic converters in automobiles. The metal is also indispensable in crystal growth and glass manufacture, since platinum is the only material that can contain certain chemicals without contaminating them or succumbing to oxidation in the open air.

Some of these metals are interchangeable, but losing southern Africa would expose us to the loss of all of them, which would mean that Pittsburgh could be closed down after the months or few years that our stockpile lasted. It would take us years to open new mines, at immense cost.

The opportunities for blackmail in this situation are outstanding. Already the threat of Russian military and economic power prevented our former loyal ally, Turkey, from making any protest when Russian planes flew over its territory to support their putsch in Ethiopia. Will not the French hesitate to intervene once again against Russian-sponsored takovers in Africa, or the Scandinavian and Benelux countries to assume their share of the NATO job, if the price could be a Russian-induced denial of strategic minerals?

Alas, the irrational fury of some groups in the U.S. who do not want to give South Africa the time it needs to solve its racial problems. They are playing Dr. Solodovnikov's game. In an upheaval in South Africa stimulated by Western political and economic pressures or Third World-sponsored sanctions, the power that finally came to the top most likely would be with terrorists controlled by Russia.

Dr. Solodovnikov waits patiently. He can afford to. Things are going his way. To be sure, people in Africa switch sides when circumstances change. As Dr. Solodovnikov himself told a friend of mine, the only truly reliable communists in Africa are the white ones—such as in Angola and South Africa—of which there aren't very many. On the other hand, nobody enlists under the banner of the weak. The weak get sympathy, but not respect. Sympathy won't get U.S. industry the platinum, chrome or vanadium it so badly needs.

WORLD MINERAL RESERVES

[Ih percent]

| Mineral | U.S.S.R. | South Africa | Combined |
|---|---|---|---|
| Chrome | 13 | 86 | 99 |
| Vanadium | 33 | 64 | 97 |
| Manganese | 45 | 48 | 93 |
| Platinum | 1 | 83 | [1] 84 |

[1] 98 percent if Rhodesia is included. ●

## TRIBUTE TO RUTH C. POE AND FLORENCE KORTMEYER

### HON. ROBERT E. BADHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. BADHAM. Mr. Speaker, our American Government constituted of, by, and for the people is seen at its best in the halls of city government throughout the 40th Congressional District, which I am honored to represent. I would like to call the attention of my colleagues to the exceptional public service records of Ruth C. Poe and Florence Kortmeyer who have exemplified dedicated public service to the city of Tustin in their respective positions as city clerk and deputy city clerk.

On April 22, 1980, friends and city colleagues are sponsoring a retirement dinner to honor and thank these women who have given greatly to the city of Tustin throughout the years of change and growth from a small town of 1,730 residents to a city with a population of 33,717.

Ruth Poe retired on April 15, 1980, having served as city clerk for 20 years. Ruth was born in Rockville Center, Long Island, N.Y., and married Henry "Hank" Poe in 1946. Their three children, daughter-in-law, and two grandchildren live, as do Ruth and Hank, in Tustin.

Ruth has been a member of the California City Clerks Association, Southern California City Clerks Association, International Institute of Municipal Clerks, California Municipal Business Tax Association, Well Wishers, PTO, Professional & Business Women's Association, Optimist Club, was Woman of the Year, 1969-70 and was a member of the Early Tiller Day Committee.

Florence Kortmeyer will retire on May 1, 1980, having served as deputy city clerk for 24 years. Florence was born in Huron, S. Dak. and was married in 1935 to Melvin F. Kortmeyer who died in 1956. Her two daugthers and their families reside in Orange County.

Florence belongs to the Tustin Area Historical Society, National Notary Association, National Writer's Digest Guild, Tustana African Violet Society, Friends of the Tustin Library Association, St. Anne's Catholic Church, National Catholic Altar Society, and Catholic Daughters of America.

It is with great pleasure and pride that I rise in this honorable body to pay tribute to Ruth C. Poe and Florence Kortmeyer, respected public servants who have been leading members of the Tustin community and who represent the fiber of what is good and decent in local government in America today. ●

## WOULD SECRETARY BERGLAND BRING BACK STOOP LABOR TO THE FARM?

### HON. WILLIAM C. WAMPLER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. WAMPLER. Mr. Speaker, last December Secretary of Agriculture Bob Bergland made a very disconcerting statement in a Fresno, Calif., press conference regarding the future of American agriculture.

In response to a question on his position on the research that USDA does in agricultural mechanization, Secretary of Agriculture Bergland said:

> I have a billion dollar federal research program that I have reformed and got into one place. I'm making changes as to how it will be run. It used to go off like a loose cannon. Every college dean was down there looking for an additional amount of money to fund his or her pet project. I put a stop to it. I'm therefore, on the most wanted list and some of the colleges as well. I've said we are going to define a proper federal role in the area of research. I do not think that federal funding for labor saving devices is a proper use of federal money. This is something that should be left to private enterprise and to the state universities, if they choose, in my view. But I will not put Federal money into any project that results in saving of farm labor. The economic incentives in the marketplace should be powerful enough so that that kind of research work can be done by private enterprise.

Mr. Speaker, this and other statements on the subject of agricultural mechanization have recently prompted one of America's leading agriculturalists, the dean and director of the School of Agriculture and the Agricultural Experiment Station system at Alabama's Auburn University, Dr. Dennis Rouse, to write a stinging rebuttal to Secretary Bergland's repeated proposals to eliminate Federal research on farm mechanization.

I insert Dean Rouse's letter to Secretary Bergland in the RECORD immediately following my remarks:

AUBURN UNIVERSITY,
*Auburn, Ala., March 5, 1980.*
Hon. BOB BERGLAND,
*Secretary of Agriculture,*
*Washington, D.C.*

DEAR SECRETARY BERGLAND: I was appalled at the contents of your statement of 13 December 1979 made at the Fresno, California "Structure of Agriculture" Press Conference when you said Federal funds should not be used for research that results in the saving of farm labor. However, because it was recorded at a press conference, I accepted it as a political statement intended to appeal to an audience not very knowledgeable about agricultural research or the agricultural economy of this Nation. Although I was disappointed at the false and misleading statements and implications concerning the organization of research when you became Secretary (underlined in the reported transcript, Attachment 1), I did not assign them great significance. However, after reading a copy of your speech delivered at the SEA Administrators' Conference on 31 January 1980, I feel obligated to express my concern as forcefully as I know how by sending a copy of this letter to every member of the Alabama Congressional Delegation. I have also addressed the general principle in the quarterly report of research of the Alabama Agricultural Experiment Station to the people of this State. (Attachment 2).

I have to assume, from what is conveyed in your prepared speech of 31 January, that you and the writers who put your speech together really believe that the national interest would be best served if agriculture was less efficient in the use of human labor in production of food and fiber. I am confident the drafters of the Act of 1887 that provides Federal support for the State Agricultural Experiment Stations did not have your view when they wrote Title 7, U.S.C. 361b (Attachment 3). The underlining to emphasize "efficient" and "balance" and "welfare of consumers" is mine. It certainly takes a distorted viewpoint to think that the "welfare of the consumer" is best served by keeping the people "down on the farm" engaged in inefficient hand labor.

Mr. Secretary, perhaps because the drafters of the Hatch Act suspected we might at some time have a Secretary or even a few Directors with views such as you have expressed is the reason they assigned the responsibility for research administration individually to each of the Station Directors and only gave the Secretary responsibility to see that the act was administered according to the law and instructed him to only offer advice and assistance to the Directors.

The problem is that the Secretary is the primary person that OMB and the President look to for budget advice and support. Therefore, when we have a Secretary with such views of agriculture and the benefits of agricultural research as you express the people of this Nation are in trouble.

Mr. Secretary, Title XIV of PL 98-113 does not say destroy what is good and it doesn't say the USDA-Land Grant Colleges partnership is broken and needs fixing. It was written to bring attention to the need to strengthen and improve support of a system that has moved this Nation from a primitive agriculture to the most productive the world has ever known.

The path you are promoting, if followed, would destroy the very strength of this Nation, its agriculture. I pray that you listen to some different advisors.

Sincerely yours,
R. DENNIS ROUSE,
*Dean and Director.*●

## FLYING THE FLAG OVER THE U.S. CAPITOL

## HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. RHODES. Mr. Speaker, an editorial that appeared in the Wilmington, Del., News Journal yesterday has disturbed me very much. The article berated the practice of making American flags that have flown over the U.S. Capitol available to citizens through congressional offices. Because each flag is flown over the Capitol briefly, so that many such flags may be made available, the editorial called the procedure a "deceptive exercise." I find such comments discouraging and incorrect.

Most Americans love our flag, and are proud to own one that has flown over the Capitol. I think that it would be a great mistake indeed if we were to fly but one flag over the Capitol and deny patriotic Americans the pleasure of being able to fly a flag at their homes that has flown—albeit briefly—over the U.S. Capitol.

The American people have displayed more patriotism in the past few months than in the past 20 years—perhaps as a result of the Iranian situation. This great upsurge of patriotism and a sense of national unity is going on right now in the United States of America, and I believe that the practice of selling the congressional flags is a service to the thousands of Americans who take pride in flying a flag that once flew over the Capitol.●

## HUNGER, POVERTY, AND DISEASE IN EAST HARLEM, 1979–80

## HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. RICHMOND. Mr. Speaker, the East Harlem Interfaith Welfare Committee recently completed its second annual report on hunger, which documents conditions of hunger, poverty, and disease in East Harlem, N.Y. The report is based on a study of food emergencies suffered by clients of the welfare committee's member voluntary agencies, and clearly demonstrates the presence of hunger in New York City.

The East Harlem Interfaith Welfare Committee includes staff members from 10 voluntary agencies which serve the poor in East Harlem. In addition to providing advocacy services for families and individuals, the committee systematically documents the conditions under which the poor try to feed, clothe, and house themselves.

Dr. Anna Lou Dehavenon, an urban anthropologist and a founding member of the welfare committee, is responsible for the committee's research. Her work with the welfare committee enables her to help document some of the external factors which effect the ability of low-income families to organize and maintain themselves. I commend Dr. Dehavenon and the committee for their fine work, and I am sure that their efforts will continue to improve the lives of many New York citizens.

A summary of the report follows:

Over 900,000 families in New York City are forced to live on $2.08 per person per day; 65 percent of these are mothers and young children. The Consumer Price Index shows that in May, 1979, it cost $457 to pay for the items included in the welfare budget for a family of four. The present basic welfare cash grant, which is intended to cover the cost of these items, is $258 per month.

The East Harlem Interfaith Welfare Committee surveyed 114 households who suffered food emergencies. Of these, 49 percent were without secure food supplies for one week to three months, while 51 percent lacked sufficient food for one to seven days.

Ninety-five percent of these households reported at least one serious, professionally diagnosed medical problem; 30 percent reported two, and 16 percent reported three or more.

Ninety-one percent of the households in this study were on some form of public assistance or were in the process of applying for it. The following were stated as the primary reasons for the food emergencies in these households:

(a) Regular public assistance and/or food stamps never received in the mail (49 percent);

(b) Welfare not enough and all food and money used up (31 percent);

(c) Lost or stolen food stamp allotments and/or public assistance checks (5 percent);

(d) New household member(s) taken in, medical emergency, or waiting for a decision on eligibility for public assistance (15 percent).

Members of 84 households (74 percent of those surveyed) tried to borrow temporary food supplies from relatives, friends or neighbors, or sought help from other community agencies before coming to one of the voluntary agencies on the Welfare Committee. The agencies on the Welfare Committee assisted these households by giving them temporary food supplies and/or by clarifying their food stamp and/or public assistance status at the welfare center. The results of this study suggest that at the present time the Welfare Committee agencies provide the only institutional sources of food for people in East Harlem who have no other alternative but to beg, borrow or steal in order to eat.●

## RADIO FREE EUROPE AND RADIO LIBERTY

## HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. DERWINSKI. Mr. Speaker, for those of us who heartily support Radio Free Europe and Radio Liberty in the radio war between truth and falsehood, the following editorial will be of interest. It provides a different viewpoint of the bureaucratic warfare with the administration, that has affected Radio Free Europe and Radio Liberty. It was written by Mr. Howard Ellowitz, publisher of the Journal of

Electronic Defense, and appeared in the March-April 1980 issue of the Journal.

The text follows:

One of the on-going electronic warfare battles does not involve military forces but pits Radio Free Europe-Radio Liberty broadcasts into Russia and Eastern Europe against a Russian jamming network believed to consist of more than 3,000 transmitters. This jamming effort is estimated to cost the Soviet Union $300 million per year, a budget triple that of RFE-Radio Liberty. In spite of the cost, the massive barrage is effective only near the major population centers of the Soviet Union.

The Russian invasion of Afghanistan presented the US with a unique opportunity to use RFE-Radio Liberty to exploit the major Russian credibility gap opened up by that action. Both its troops in Afghanistan, who expected but did not find American and Chinese opposition, and the Russian populace, which was offered spurious reasons for the invasion, were ripe for a ration of the truth from RFE-Radio Liberty. Unfortunately, US administrative problems played a larger part than the jamming network in defusing RFE-Radio Liberty's exploitation of the credibility gap.

In December of last year, the National Security Counsel unanimously recommended and the President approved the strengthening of RFE-Radio Liberty broadcasts to Soviet Central Asia. Since that time, the Office of Management and Budget (part of the Executive Office of the President) has been trying to decide how much the paltry $2 million involved should come from this year's budget. In the meantime, staff work within RFE-Radio Liberty necessary to the implementation of the NSC recommendations has been unavailable as positions are unfilled and budgets for appropriate scripts have also been cut.

A significant opportunity to use the radio spectrum to improve the US position with respect to the Soviet Union has been lost. Since this is what electronic warfare is all about, let us hope that a similar opportunity involving the use of that spectrum for military purposes will not be similarly wasted by the administrative process.●

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## DID GOVERNMENT OVERSTEP BOUND?

### HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. DANIEL B. CRANE. Mr. Speaker, recent action by the Michigan Department of Social Services in taking two children away from parents whose crime consisted of feeding the children the same vegetarian diets that they themselves live on, raises very serious constitutional and moral questions.

My hometown newspaper, the Danville, Ill., Commercial-News, rightly asks some of these questions in connection with this case, and I commend the March 10, 1980 editorial to the attention of my colleagues:

#### DID GOVERNMENT OVERSTEP BOUNDS?

It is one of the great dilemmas of our time:

What is the proper role of government in a free society?

When do we want government to intervene in the lives of our citizens?

When is such intervention an unwarranted invasion of individual rights?

One especially troubling variation of the dilemma is presented by recent action of the state of Michigan.

The state's Department of Social Services has taken custody of two children, one two years old and the other eight months. It did so after an investigation prompted by reports from neighbors.

Why? Here's the story as reported by the Associated Press:

The parents say they fed their children fruit, vegetables, grain, soybeans, almonds and goat milk, and that it was enough to keep their children healthy.

The state disagrees. It says the diet of the two children has left them underdeveloped and malnourished. Now the parents face a court hearing on civil charges of neglect.

The parents, who have one other child, claim the state had no right to take their children.

"This is the United States, not Russia," the father declared. "People cannot walk into your house and say you cannot feed (your children) a vegetarian diet."

"It is a free country, and we should have free choice," adds the mother. She and her husband say their children have thrived on the diet.

Meanwhile, doctors have examined the children and the youngsters remain hospitalized. Apparently there has been no official pronouncement by the doctors as to whether the children are, by commonly accepted medical standards, malnourished.

Now, child abuse obviously is something which society cannot permit. Even parents are not free to do this.

But—assuming no other factors are involved in the Michigan case—is a vegetarian diet tantamount to child abuse? Some doctors and nutritionists and many ordinary folks would say no.

If the state can intercede in the case of a vegetarian diet, what about those families in which children are allowed to eat mostly junk food day after day?

Carried to its ultimate, should parents be required to force their children to eat spinach?

When, if at all, do we want Big Brother checking out or dinner tables?

Other questions present themselves:

What about youngsters who are not required to brush their teeth regularly?

What about children who are allowed to spend most of their away-from-school time watching television?

More questions could be raised but the horns of the dilemma are all too evident.

The fact that there are no easy answers to the problem does not excuse any of us from failing to recognize its seriousness.

On the one hand, we cannot let little children suffer physical or mental abuse because of their parents.

On the other hand we must be ever wary of what sometimes seems to be the growing "reasonableness" of more and more government prying and poking into our lives.●

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## SIMON AND HERMINA LEIB RETIRING FROM NEIGHBORHOOD BUSINESS

### HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. KILDEE. Mr. Speaker, one of the great strengths of our Nation lie in the many and diverse small businesses which are run by talented, hard working and independent individuals. An outstanding example of citizenship combined with business ability is to be seen in the retiring owners of Woodlawn Pharmacy in Flint, Mich. Simon and Hermina Leib are retiring this year after nearly 40 years as the owners and operators of this neighborhood pharmacy, known and respected by two generations of customers. I would like to share the following article which was published in a recent issue of the East Village magazine in Flint:

#### MEET SIMON AND HERMINA LEIB

(By Gillian R. Swart)

For many villagers, walking into Woodlawn Pharmacy is like walking into their past.

Simon and Hermina Leib started Woodlawn Pharmacy nearly 40 years ago. An uncle of Hermina's told them of a drugstore for sale in his home town, Flint. They were living in Detroit at the time and Si was managing a drugstore. They first lived on the west side of Flint, but decided to move closer to the store.

"There were no apartments around here then," Hermina remembers.

They bought a house on Windemere and have been there ever since. There were fields past Greenfield Avenue then—Hermina says they picked strawberries.

"You could see as far as Consumers Power," she adds.

Although they say old customers come in and say the store hasn't changed a bit, there is one thing that's gone—the soda fountain that ran along the east wall of the store.

Si remembers they once put tables outside the store with umbrellas over them. That didn't last long.

"The kids started playing poker out there," he laughs.

When the Leibs first came to Flint, Court Street was a two-lane highway with parking along both sides.

What's fun, says Hermina, is three of the people who worked at the store when teenagers now live in the neighborhood with their own families.

The Leibs have known many of their customers a long time. They have seen the area go from being mostly General Motors workers to an influx of professionals who work at UM-Flint and MCC. They've seen businesses come and go, but they have stayed for a long time.

The Leibs will have been married 42 years in June. Except for brief intervals when she had their two sons, Hermina has worked in the store eight hours a day six days a week. Si works the hours seven days a week. In 40 years, they have taken one vacation. Hermina says too much paperwork accumulated, so they didn't take any more vacations.

The Leibs like Flint, although Hermina thinks the shrinking downtown is "so sad."

"There are more closely related groups in Flint," says Si, adding that block clubs show respect for the neighborhood.

An old-fashioned, genial atmosphere pervades the air of Woodlawn Pharmacy. The Leibs have made many friends in that small store in 40 years.●

## THE SPIRIT OF HELSINKI, VIGIL 1980

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## HON. WILLIAM CARNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. CARNEY. Mr. Speaker, today is the 165th day of captivity for the American hostages in Teheran. Our hearts and thoughts are with these fellow citizens and with their loved ones as we await a single act of good faith on the part of the seemingly irrational rulers in Iran.

America remains incredulous that any people professing a religious faith could so callously and inhumanely hold innocent people hostage for their own distorted and narrow aims.

Unfortunately, it is not simply the Iranian nation which commits sins against humanity in violating human rights. The Soviet Union routinely denies the simplest and basic rights to their citizens. Many millions of people are denied even the right to free movement within and without the Soviet borders.

On the slimmest of pretenses, the Soviet authorities deny rights to individuals whose only crime is a sincere desire to escape the clutches of the Soviet totalitarian state. A vast number of such individuals are Soviet Jews. In fact, they constitute the major target for Soviet internal repression. They are routinely and systematically denied basic human rights.

Antisemitism has been recognized as an endemic fact of Soviet life, but under the rule of Brezhnev, it has been recently intensified.

The 3 million Jews now in the Soviet Union are living in an increasingly precarious situation. In recent weeks, dissidents have been widely quoted as saying that the KGB, the Soviet secret police, is becoming far less inhibited in their repressive tactics. Admission of Jews to institutes of higher education is rapidly declining; entry into almost all of the faculties of Moscow State University is closed to them as well. Freedom of expression is a meaningless phrase for those under the Soviet Communist regime.

Despite the campaign of repression, the Soviets do not permit the emigration of these Soviet Jews—a people the regime considers undesirable. They deliberately restrict emigration and freedom of expression because the alternative is giving their citizens a free choice, a voice which is intolerable to Soviet tyranny.

As anti-Semitism and harassment increase, Soviet Jews are being more solidly locked into a country which they desire to leave. One example of this human repression is the case of Yuli Karolin, a radio technics engineer who, for over 5 years, has been waiting to join his family in Israel. Yuli Karolin's sister has been in Israel since 1972 where she works at Tel Aviv University.

Yuli, with his mother, applied for permission to emigrate to Israel in December of 1976. They waited patiently for 5 years to elapse after the completion of Yuli's military service to insure that the charge of knowing secrets could not be used against him by Soviet authorities—even though he had never been exposed to anything of a sensitive nature during his military service.

Nonetheless, on March 11, 1977, Yuli Karolin was refused permission to emigrate on the grounds of secrets connected with his army service, while his widowed mother was given permission.

Yuli's sister in Israel, Dora Getman, sends a simple but poignant appeal. She writes as follows:

> I beg you to help me. My mother had already suffered for 5 years the separation from her daughter. She is an old woman, and now she has to be separated from her son for an unknown period of time.
>
> I call for your humanity. Is it not per the Helsinki Declaration for the Human Rights that each man has got his right to choose the country to live in? Israel is our country, and we have the right to live here. Please help my brother to join us in Israel.

Mr. Speaker, we in America are privileged to maintain a society which not only reveres the basic rights of the individual, but is predicated upon a determination that the individual be able to exercise those rights.

The Soviet Union's denial of rights to Soviet Jews is a flagrant violation of the Spirit of Helsinki. It is an immoral and unconscionable repression which the Soviet regime perpetuates on the Jewish population of the Soviet Union.

We in America can make this repression known, even as the Soviets attempt to stifle the voice of freedom within their boundaries. We must continually protest the violations of the Helsinki accords, not only because the Soviets gave their word and are not living up to it, but because the violations are a crime against all humanity.

The Soviet Union's hypocrisy and deceit is clearly shown in their handling of the Helsinki agreement. Whether the violation is one of religious freedom, or freedom of expression, or restrictions on emigration, we must demand that the Soviet Union live up to their agreements.

We must demand that all members of the international community comply with the standards of human rights which we as a civilized people recognize.

I urge my colleagues to make note of the "Spirit of Helsinki, Vigil 1980" and lend their voices to this noble cause.●

## THE JAPANESE REBUTTAL

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## HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. FINDLEY. Mr. Speaker, Yoshio Karita, press counselor for the Embassy of Japan, has advanced, in his April 11 Washington Post editorial, a very cogent argument which rebuts the criticism that Japan has pursued a totally self-centered foreign policy that has worked at cross-purposes with U.S. foreign policy regarding the imposition of punitive measures toward the Soviet Union and Iran.

At a time when it seems U.S. strength and leadership are being challenged globally, it is imperative that we keep the lines of communication between ourselves and our allies completely open to guard against the needless development of friction and misunderstanding within the Western alliance. Instead of mindless bickering, we should be seeking ways of bringing Japan into a broader partnership with the United States and our allies. Such an approach is envisioned by the sealane security system, House Concurrent Resolution 234, which 30 of my colleagues have cosponsored.

I would include Mr. Karita's very informative article in the RECORD so that all of my colleagues will have a chance to read it.

The text of the editorial follows:

### JAPAN: PULLING ITS WEIGHT

I would like to correct a few of the inaccuracies in the article by Kenneth Adelman ["Pulling Japan Into the Big Leagues," op-ed, March 27].

Adelman talks about Japan's scooping up Iranian oil and aiding the Iranians to skirt a U.S. freeze of their assets last year. The fact is that the purchase by some private Japanese companies of Iranian oil at high spot-prices was made to cover shortfalls arising from a substantial reduction in oil supplies from major international oil companies to the non-affiliates in Japan.

The Japanese government discouraged these private firms from buying oil at unduly high prices and asked them to take corrective measures regarding oil already purchased. Furthermore, there is no substance whatever to Adelman's allegation that Japanese banks cooperated with the Iranians to skirt the U.S. freeze on Iranian assets. The Japanese government, moreover, had advised the deputy secretary of the Treasury, Robert Carswell, last December that it will keep in step with the European countries as regards its economic and financial relations with Iran.

Adelman conveys the impression that Japan is only intent on making an accommodation with the Soviet Union. This is patently untrue. Immediately after the Soviet invasion of Afghanistan, the Japanese government issued a statement on Dec. 29, 1979, in which it said the Soviet invasion is contrary to international justice and harmful to international peace and security; it strongly urged the Soviet Union to cease its armed intervention in Afghanistan immediately.

In his policy statement before the Japanese Diet on Jan. 25, 1980, Prime Minister Masayoshi Ohira further stated, in reference to the Afghan problem, that we would, on the basis of our solidarity with the United States and in cooperation with other friendly countries in Europe and elsewhere, study and implement appropriate measures including tightening of export controls through the Coordinating Committee for Export Controls, even if these measures involve sacrifice on our part. Some high-level exchanges of personnel with the Soviet Union were suspended or postponed. As regards the Moscow Olympics, the Japanese government made known its position on Feb. 1, that while the decision to participate or not rests with the Japan Olympic Committee, the Olympics must be held in a peaceful climate.

Furthermore, the Japanese Diet recently passed resolutions condemning the Soviet armed intervention in Afghanistan as well as the Soviet military buildup in the Japanese northern territories occupied by the Soviet Union since 1945.

Such a series of steps by Japan is far from constituting "downright accommodation," as alleged by Adelman.

In regard to Japan's defense expenditures, Adelman focuses on these expenditures, being 0.9 percent of GNP and argues that their projected increase will be "microscopic." He omits mentioning, however, that given a GNP of about $1 trillion in 1979, Japan's military spending is already ranked eighth in the world. Furthermore, it is not justifiable to compare this percentage with that of other countries, particularly NATO countries, because their defense expenditures are calculated on a different basis than are those of Japan.

Adelman demands that "Japan should assume more than its current half of the $1.2 billion doled out annually for U.S. Forces stationed on its islands." He is misinformed. Secretary of Defense Harold Brown pointed out in his annual report (FY 1981) that "Japan provided about $1 billion in FY 1979 to help offset the cost of this deployment."

As Foreign Minister Saburo Okita stated in the course of his visit to Washington two weeks ago, Japan will continue to make every effort to increase its defense expenditures steadily despite the severe fiscal circumstances that it faces.

The Japanese government is planning to purchase 200,000 to 300,000 tons of surplus U.S. grain and give part of it as grant assistance to developing countries.

Japan is already providing substantial aid to countries of increasing importance to the Western countries, such as Pakistan and Egypt. It has stated its intention to extend economic assistance in 1980 of $128 million (2.2 times the amount of last year) to Pakistan, and also recently pledged $128 million to Egypt. With respect to Turkey, assistance and export credits in 1979 amounted to $70 million, not zero, as alleged by Adelman, and we are considering an appropriate level of assistance for this year as well.

Adelman's article, unfortunately, can only contribute to misinformation and misunderstanding about Japan and U.S.-Japanese relations. We welcome constructive suggestions on Japan from Americans. But I do hope that when such suggestions are made, they are based on accurate information.●

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## TADEUSZ WALENDOWSKI ON RADIO FREE EUROPE

## HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. DERWINSKI. Mr. Speaker, on March 25, 1980, at a hearing of the Helsinki Commission regarding human rights in Eastern Europe, Tadeusz Walendowski, a Polish dissident who left his homeland, spoke eloquently of the role the United States has assumed, and must continue to carry out, as an example to the world. Tadeusz Walendowski is a sociologist and film maker who found that continuation of his work was impossible under the stringent censorship conditions that prevail in Warsaw. He has come to the United States not only for personal reasons but to awaken Americans to the continuing violations of human rights in his native country and to enlist U.S. aid in eliminating abuses.

Read what this Polish intellectual had to say about Radio Free Europe in particular, during his testimony before the Commission:

> We realize that your work is not easy, is controversial, and many times costly. Yet, as one of your famous patriots, Patrick Henry stated, "Eternal vigilance is the price of liberty." The point I wish to make is that constant attention is absolutely indispensable to any successful and constructive policy supporting human rights * * * we are grateful for the existence of Radio Free Europe and other Western Media, for they are and have been essential to the dissemination of ideas and information in Eastern Europe. The spotlight of publicity and the potential thereof has been a most effective tool in dealing with human rights, as organizations such as Amnesty International, the Red Cross, etc., will readily tell you. Therefore, we are perplexed when we hear from time to time of efforts to restrict the funding and operation of Radio Free Europe. These (RFE) programs not only break the barriers raised by the Communists between the East and West, but they also break the barriers of isolation between people living under totalitarian systems."

To those who may not have as strong an interest in human rights as I have, may I suggest that America's first line of defense is not only the people and nations of Western Europe but also the hunger and support for human rights within the peoples of Eastern Europe. While not in any way diminishing the importance of a strong military, world events have repeatedly demonstrated the need to effectively fight and win the battle of ideas.●

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## FEARLESS ADVOCATE FOR THE ELDERLY IS HONORED

## HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. FAUNTROY. Mr. Speaker, as we engage in colloquy on the great issues of national and international consequence, there is often a perception that one person cannot make a difference in this body or any other forum of government; that individual influence has no power over the institutions which set regulations and pass the laws we live under.

Such a perception, of course, does not reflect the reality and beauty of our democracy. Let me share with you and the Nation one of the many examples of individual influence which has had significant impact on Government and personal lifestyles.

Mrs. Mae B. Phillips, a resident of our Nation's Capital has earned the respect and admiration of her community for helping make Government more responsive to the needs and aspirations of senior citizens.

For your review and use I am proud to submit a reprint of an article by William Hobbs about Mae Phillips which appeared in the January-February 1980 edition of Perspective on Aging:

### MAE PHILLIPS AT 84—ADVOCATE FOR D.C. ELDERLY

(By William Hobbs)

"I think the most striking thing about her personality is her persistence in assuming a leadership role."

"She's very bright."

"She's never been a person who would bite her tongue if she had to talk."

"She's been a longstanding force for the betterment of the elderly."

"She's out there slugging."

"She is a very rare jewel."

It's Mae B. Phillips, 84, they're talking about, "fearless" advocate for the aged, admired and respected by almost everyone concerned with the elderly in the Nation's Capital.

And the above comments? They're from people like Ruth Haugen, Advisory Neighborhood Commission member, Clavin Fields, head of the Institute of Gerontology, and Richard Artis, director, District of Columbia Office on Aging.

They know Phillips because she makes it a point to knock on their doors. It is her business. The loneliness, agonies and indignities endured by the nation's aged convince her that "someone has got to fight." Over the past decade she has personally helped to forge, encourage and engineer (with the help of many other individuals and organizations) a document of needs for Washington's aged: Reduced Metro bus fares for senior citizens; short- and long-range housing plans for the elderly; a class action suit against D.C. General Hospital, resulting ultimately in its temporary loss of accreditation, and development of the first "Model Cities" Senior Citizens center. Establishment of the center was a milestone that Fields termed a "pivotal point in causing city officials to do more for the aged."

"A lot of people don't understand how I do it," laughs Mrs. Phillips, her remarkably youthful, wrinkleless face beaming. "I just get out there and talk. That's all you have to do."

Phillips hopped on the advocacy bandwagon in the early sixties, in her self-styled way, and has been "slugging it out" for the elderly ever since. The only deterrent now is the arthritis that affects her knees. Few can win that battle.

There's one place she won't talk, though, and that's on television. "I've quit that now. They control you."

Daughter of a Methodist minister, Mae Brown was born September 17, 1895, in Albuquerque, New Mexico, where the first three years of her life were spent. Albuquerque was then an outpost of the Wild West, New Mexico 12 years away from statehood.

"I can't remember much," Phillips said, "but some things come to mind. All the houses were made of adobe." The family next moved to Oakland, California, then on to Los Angeles where she finished tenth grade, her last year of formal schooling before inflammatory rheumatism struck.

Inflammatory rheumatism, like arthritis, impairs the joints; her left foot was crippled for life.

But illness proved to be both curse and blessing. It was the impetus to learn manicuring, a skill that requires the practitioner to sit, and one of the ways she could earn an income for the next 45 years.

Phillips drifted north to Portland, Oregon, and landed a substantial job as a beautician in a large downtown department store. "In those days, you didn't pick and choose what you wanted. You were lucky to get what you got and keep it."

Soon thereafter Charles Phillips, chauffeur for a wealthy family in Baltimore, Maryland, appeared on the Portland scene. His employers traveled by train to San Francisco in the summer, and he followed in a large Buick, arriving several days later. Asked one summer if she would join him on the trip back East, the young manicurist jumped at the chance—her parents had recently moved to Salisbury, Maryland. The cross-country motor trip was a "ball," she remembered, camping, "highballing it up" into the San Bernardino mountains, across the Mojave desert, Texas, into Kansas City and on to the Eastern Shore.

It was 1927, two years before the stock market crash that was to herald the depression. Now married, Phillips lived in New York City. "Talk about a hayseed, I was one. But, honey, that's when New York was New York!" Big bands, tall, massive buildings, a profitable beauty business at Thirty-ninth Street and Seventh Avenue. "Then, of course, the crash came, and it changed everybody's life," including hers. Phillips closed up shop and headed back to Salisbury, where her parents lived.

She became a mother in the small Maryland town. The wife of a beauty shop customer died at childbirth, leaving the husband with an infant daughter he didn't have the money to support. Six months later, when the child was near death from malnutrition, Phillips adopted her. Today, at 49, she is married and working for Representative Richard Ottinger (N.Y.) on Capitol Hill. Phillips has three grandchildren and one great grandchild.

Another customer, a friend, became embroiled in a fight with his boss at a Salisbury basket factory. Phillips shuddered. She was to learn how cruel people can be to each other."I used to shampoo and cut his hair. He was a nice fellow. A gun was pulled out during the scuffle; I don't know who pulled the trigger, but the boss was found dead." A mob of raging citizens caught up with her friend. They lynched him and burned his body at a filling station. "I couldn't take that. I had to get out."

So soon afterward she moved again, for the final time, to live in Washington, D.C., and to begin to fight her own battles, quietly but effectively. For years the focus of her combat has been to acquire adequate housing for low-income elderly persons.

The day I talked with her, Phillips was greatly upset by the conditions that prevail at Claridge Towers, one of the city's first and largest public housing buildings for older citizens. It was bought by the D.C. Government when the structure was only a story and a half out of the ground in 1967. Today it's a den of horrors as far as the elderly tenants are concerned, according to Phillips, who added: "They are scared to go out of their apartments into the halls. There are people throughout the building on dope and drugs, prostitutes and thieves."

Mrs. Sinclair Wylie, Claridge Towers Residents' Council president and an occupant since the housing project opened, termed the place "a trap for vagrants." She said: "When somebody yells robbery, nobody opens the door. It was heavenly when I first moved here. Now I duck my head and say nothing. If anybody asks, I give my address as cell block 1003."

The two women concur that a serious stumbling block to the success of D.C. housing projects is the mixture of people who live in them: "Veterans, handicapped individuals, former mental patients from St. Elizabeth's Hospital, alcoholics and, also, elderly citizens."

Both doubt that such a group can lead normal lives together and are skeptical about the present management's capacity for dealing with the "melting pot." The Property Management Administration has put a single manager in charge of the Claridge Towers plus two other buildings just like it, Phillips pointed out. Wylie, agreeing the responsibility is far too much for a sole individual, said the Residents' Council and Phillips are now urging that walkie-talkies be supplied the Claridge Towers guards. There are only two guards, one who sits downstairs at the main desk and the other whose job it is to patrol 10 floors of back stairs. Except for the telephone, inaccessible in emergencies, the two have no way to communicate.

Phillips officially is retired after 59 years as a beautician. As a beautician, yes—as a watchdog for older persons' interests, no. Numerous offices she has held in the past include chairperson, Housing Committee for the Elderly; chairperson, Advisory Committee on the Aging under former Mayor Walter Washington, and president, Senior Citizens' Clearinghouse, Inc., a nonprofit, grassroots organization Phillips helped to found for people to "air their grievances."

October 1979 was a memorable month for her. She was presented the International Senior Citizens Association community services award by the District of Columbia chapter, and October 23 was proclaimed Mae B. Phillips Day by the D.C. City Council. She was pleased.

"Now you know I'm getting through to some of these people when they proclaim a day for me," chuckled the honoree and picked up that day's newspaper to check on the city's latest activities on behalf of its older population.●

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## WASTEFUL YEAREND SPENDING SPREES

### HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. HARRIS. Mr. Speaker, as chairman of the House Civil Service Subcommittee on Human Resources, I have been conducting a major investigation into wasteful Federal contracting and yearend spending abuses. The subcommittee's probe has revealed that millions, perhaps billions, of taxpayers' dollars are wasted on unnecessary projects and purchases during the last 2 months of the fiscal year. In fiscal year 1979, seven major Federal agencies spent more than 20 percent of their single year appropriations in the last 2 months of the fiscal year—HUD spent 47.2 percent, EPA spent 41.7 percent, Commerce spent 30.3 percent, HEW spent 22.9 percent, Interior spent 23.1 percent, Postal Service spent 22.1 percent, DOT spent 22.8 percent.

I feel strongly that direct congressional action must be taken to stop the yearend spending sprees. I have introduced legislation—H.R. 4717—to limit yearend spending to 20 percent of an agency's annual appropriation and it was approved by the House Post Office and Civil Service Committee last December. The bill is now pending before the House Government Operations Committee and I am hopeful it will be considered by the full House in late spring or early summer. I also plan to offer a yearend spending amendment to the fiscal year 1981 budget resolution when it is considered by the full House later this month. Congress must plug this loophole which allows uncontrolled Federal spending to continue.

I would like to share with my colleagues an editorial that ran in the Virginian-Pilot on April 7, 1980, in support of my efforts to stop wasteful yearend spending by Federal agencies:

[From the Virginian-Pilot, Apr. 7, 1980]

#### The Yearend Spending Spree

If you believe that federal agencies shovel out money like there's no tomorrow, you should be around as the fiscal year ends when they call in the bulldozers.

The name of the game in the waning days is Get Rid of It or Lose It, meaning the agencies failing to spend their full appropriations are likely to find themselves on short rations in the future. So they spend, spend, spend and let the devil take the hindmost.

Representative Herbert E. Harris II of Virginia's Eighth District chairs the Human Resources Subcommittee of the Post Office and Civil Service Committee. His panel has been probing federal spending habits. It surveyed the field and disclosed that seven major agencies spend—squandered, one is tempted to say—more than 20 percent of their total budgets during the last two months of 1979.

Now, any enterprise, public or private, that encourages rapid outlays must expect the worst. And the worst is what the federal government gets, as soaring expenditures and horrendous deficits testify. And the taxpayers pay the price, of course.

But devising disincentives to profligacy has perplexed the best of men. Mr. Harris, however, may have struck upon one. He's sponsored a bill to restrict spending by federal agencies during the last two months of a fiscal year to 20 percent of their budgets. He believes more than $10 billion annually could be saved because bureaucrats would not risk overspending in the early months lest the well run dry before yearend.

While his bill progresses through committees, Mr. Harris intends to offer the 20 percent restriction as an amendment to the House resolution on the fiscal 1981 federal budget and to specific appropriations bills.

Meanwhile, Mr. Harris and Senator David Pryor, D-Arkansas, who chairs a Senate subcommittee equivalent to Mr. Harris's in the House, have joined forces to spotlight abuses in awarding federal contracts to private consultants. The GAO, at Mr. Harris's behest, examined 111 consultants' contracts, awarded by six federal agencies and valued $19.9 million. It discovered that the need for many was questionable, that the agencies often could have done the work themselves, that competitive bidding should have been used more frequently, that too much business was with persons formerly connected with the agencies, and that many of the reports were useless or not used. It also found that many contracts were awarded during the spending-binge days.

Mr. Harris says the GAO's study confirms his own subcommittee findings that "millions, perhaps billions, of taxpayers dollars are being wasted on unnecessary projects by agencies because they fear their budgets will be cut if they do not use all their funds."

Why belabor the obvious? Everyone knowns the federal bureaucracy hemorrhages money as the fiscal year wanes and that overliberal use is made of consultants. The trick is to do something about such things. The Harris strategem merits a trial, along with a slash in appropriations for consultants' fees.●

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## J. DAVID BOWICK—WHY SOME SCHOOLS SUCCEED

### HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. DIXON. Mr. Speaker, at a time when so much attention is focused on what is wrong with education, I believe it is important that we also talk about what is right about the American educational system.

Although there are many factors which affect a school's success, two really stand out—strong educational leadership and a climate of expectation.

The demands facing teachers and school administrators have increased tremendously in the past two decades, and Federal aid to education must reflect the increasing needs for teacher training and programs to develop educational leadership.

I am pleased that President Carter has requested a $12 million increase in funding for programs of teacher training and a new administrator training program. I hope that Congress will build upon this foundation to insure that today's teachers are equipped to respond to the needs of tomorrow's students.

Recently the Los Angeles Times published an excellent story on an outstanding educational leader in our community; Mr. J. David Bowick, principal of Manual Arts High School in Los Angeles. I believe this article shows how strong leadership can bring hope to our schools.

Mr. Speaker, I would like to share this article with my colleagues and the public, in recognition of the fine work which he has done:

### MANUAL ARTS' BIG MAN ON CAMPUS

(By Valerie Shaw)

It's Sunday morning and J. David Bowick stands before the 150-voice Holman United Methodist Church choir at Hollywood Bowl's Easter sunrise services and does what he has been doing for 23 years—conducting the all-black group.

On Monday morning, Bowick stands in front of Manual Arts High School in south Los Angeles—not quite at sunrise this day—and does what he has been doing for three years, leading the all-minority school.

For Bowick, who holds a master's degree in liturgical music from USC, choral music is neither a job nor a career. He calls it his passion, second only to his work with inner-city children.

Bowick attacks his responsibilities for the 2,400 students and 300 staff members with directional vitality, arriving in his office every morning at 6 to pound out half a dozen letters, plan the day ahead and catch up on memos, reports and miscellaneous mail so he can, he says, spend the bulk of his time with the kids.

"You can't run an inner-city school from behind a desk tucked away in an office," says Bowick, who is only one of two Los Angeles school district principals with elementary junior and senior high administrative experience. "There are extra problems associated with minority schools that require a greater sensitivity and a more than 9-to-5 effort.

"Students need to know we (administrators) care about their education and their futures," says Bowick, who taught in Philadelphia and Los Angeles before earning his Ph.D. in school administration at Claremont. "Teachers need all of our support in planning creative learning programs. Toward meeting those objectives, there can be no such thing as the administrative convenience outlined in a principal's usual job description."

#### WELCOMES STUDENTS

Every morning at 8, Bowick stands at the front, shrub-lined gate to Manual Arts and welcomes students.

Each greeting is reciprocated, Bowick knows many students by name, some by amicable terms—"son" and "friend" for the boys and "sugar," "pumpkin" or "sweetheart" for the girls.

He moves easily through the crowd of entering students—shaking hands, jostling and hugging several of the youngsters who have become friends. Tapping a girl on the shoulder who is neatly groomed except for a bandana barely covering rows of pink sponge hair rollers, he says:

"Sweetheart, don't you have any pride in your high school? When you come to school with your head in a scarf I'm going to ask if you do windows."

There are chuckles. Some snickers. A few guffaws. The girl blushes and hurries off to adjust her appearance.

The word, according to Bowick, is that no one is permitted on campus unless he or she is presentable—no hair rollers, nets, hats or after-school attire. Both staff and students respect the rules or they leave.

Morning hours vary for Bowick, according to the crisis or the need. He usually drops in on a few classrooms to observe or, if asked, to participate in group discussions. By semester's end he will visit each class at least twice.

Sometime between 8 and noon he meets with the two security agents assigned to the school and their aides, passes through each of the seven buildings and walks the grounds of the 16-acre campus near the Coliseum and USC.

At noontime, Bowick is in the cafeteria—assisting the salad chef, the clean-up crew or the server—wherever there appears to be a bottleneck.

"I discovered several months ago that students were waiting up to 40 minutes in line," Bowick says. "With no time to enjoy their meals, it was no wonder they were cranky and less able to pay attention in class the remainder of the day. Well, the staff was already working to their capacity and we didn't have the budget for another worker, so I made it my job to help in the cafeteria. I don't look at it as work because it puts me in close contact with the kids within a different context other than that of the principal."

"Hi, Pedro. Good to see you back in school," says Bowick, looking over a stack of trays, his white apron soiled with food.

The young man at first looks startled, perhaps surprised that the principal knows his name. Bowick extends a hand. "I'm serious, my friend. And I know your teachers have missed you, too." His smile is warm, his manner reassuring. "Thanks for coming."

#### GRIN AND HANDSHAKE

The student, new at Manual Arts, is unfamiliar with the principal's philosophy regarding truancy, which is no longer a punishable offense. His face gives way to a grin. They shake hands, a second time.

"It does no good to scold a youngster who ditches class," says Bowick, who has been working in inner-city schools for 16 years. "My feeling is that we should be happy that he's returned and we've been given another opportunity to teach him something.

"We don't react to a pupil's misconduct. Rather than attempting to change a pattern of behavior we try to prevent disciplinary problems before they get out of hand by reinforcing a child with something positive. My philosophy is, 'How can I help this kid to be successful? Not what can I do if he isn't?' "

Before he can tackle all of the afternoon agenda, Bowick dons another hat, teacher of the fifth period Careers and Guidance class of 10th graders. The classroom experience, he feels, helps him to relate to the needs of Manual's 125 teachers.

As the day wears on Bowick meets first with English teacher Lana Brody, who speaks fluent Spanish and volunteers her daily free conference period for English as a Second Language counseling. She wishes to discuss progress on another idea—a spring teacher weekend retreat.

A meeting with Leola Bell, president of the Parent Advisory Council, produces the next phase of strategy for a block-to-block anti-vandalism campaign.

#### KEEPING BUSY

This year, Bowick is kept busy with three active parent and community groups along with more than 50 of the teachers and staff engaged in various projects to raise funds for the student activities including weekend outings, special events and, for a fortunate few each year, study trips to Washington, D.C., or France.

Since Bowick became principal at Manual Arts, a school previously notorious for its violence, vandalism and student non-achievement over the past 15 years, more than a change in office has occurred.

In 1978, Bowick banned the student body from attending its basketball championship game as punishment for stoning the opponent's school bus the week before.

"No one believed he'd do it," says Lemetrice Swan, a 17-year-old senior, "even though we deserved to be punished."

"That was one sorry day," says another member of the spring graduating class of '80. "Only parents and teachers got to watch Manual take the league championship."

The seniors laugh at the recollection of getting what they deserved while a 10th-grader's eyes grow wide with amazement. "You're kidding," he says.

"No way," replies Swan. "He always means what he says. Dr. Bowick punishes us for the wrong things we do but that always brings us more together."

When students are required to bear the responsibilities for their actions, Bowick says, "irresponsible behavior stops. All they're really asking for is consistent caring and guidance."

With most inner city schools suffering from the drain of many bright students preferring to be bused out of the city and many white teachers resisting assignments in minority schools, Manual Arts seems to be thriving.

In September 1977, Manual Arts started its school year with 18 substitute teachers.

"We now have a full cadre of talented personnel," says Bowick, "and not a single substitute." Bowick has recruited nearly 50 percent new teaching and secretarial staff since he came to Manual. "I am attracted to people who have a loving hands approach to education," he says. "Our staff is here (at Manual) not because they were forced but because they want to be here."

### NONTRADITIONAL VIEWS

Bowick's apparently non-traditional views on education have attracted a creative staff and stimulated a number of innovative learning programs:

—Three learning labs—reading, math and language, for remedial as well as enrichment studies.

—Five drama productions over the past three years. Prior to the new administration there had not been a drama teacher, a music teacher or anyone willing to spend the time on student productions.

—A tutorial program with Menlo Avenue Elementary School, grades four through six, where Manual students who in addition to supplemental reading and math assistance serve as role models.

—A special education project in cooperation with feeder-school John Muir Junior High busing 50 bright ninth graders to Manual each morning for science, math and health courses, taken for unit credit.

—Cooperative science programs, combining three classes for special instruction in the biosciences and a course in oceanography, which includes scuba diving.

"Whenever a teacher brings me an idea that sounds good I say, fine, write it up and let's develop it," says Bowick, who has always encouraged experimentation throughout his administrative career, first at 49th Street Elementary then at Markham Jr. High and now at Manual.

"All I do as the principal is insist that everyone work cooperatively to make the school a place of enjoyment," says Bowick.

"Most schools hold an open house," comments Judy Gordon, a counselor who served under Bowick at Markham and later followed him to Manual. "Here we believe in an open school. People get involved because the enthusiasm is contagious."

### INVENTIVE PLOTS

As an example, there's Mrs. Martha Shorter, president of Manual Arts Go Getters, the booster club, who dreams up breakfasts, raffles and other inventive plots for raising funds for choir robes, band uniforms and cooking utensils for home economics classes.

And there's Judith Gorman, the school librarian who conceived of the student poetry-murals in the hallways and heavily used library.

There's also Tamara Lewis, student body president, who, says Dr. Bill Elkins, faculty adviser to the council, arbitrates student requests and works closely with the administration on modernizing the lunch area and other aging facilities.

Judy Gordon initiated, and now takes responsibility for a dozen different rap groups (parent day and evening, mini and semester-long sessions; student groups for all grades and special education workshops) in addition in her regular counseling duties.

Making the 70-mile daily commute from her home in suburban Valencia, she says, "is well worth the trip," even though her days most often extend well into the evening hours. "Our work here," explains Gordon, "is encouraged by the administration and appreciated by the students and the parents."

Today at Manual, according to school officials, reading scores are up, truancy is down and the black and Latin student body are coexisting harmoniously.

There are the usual shrieks and squealing laughter of young people at play in the open yard. Backgammon, reading and writing circles make up the more quiet clusters of students. Sprinkled throughout are a number of adults—some teachers, staff and parents. None appears to be supervising. All appear to be socializing with the kids.

It seems, one visitor comments, that the worst thing about Manual is its reputation.

"I frequently have people suggest to me, 'You seem bright enough, Bob, so why are you still teaching at Manual?" says Robert Lanphear, a white bilingual Spanish and history teacher assigned to Manual Arts three years ago as part of mandated desegregation.

With nine years experience in Orange County high schools, one in an inner-city Catholic school and a score of substitute assignments, Lanphear is emphatic in his response. "This is the best school I've taught at. I am working with an urbane, interesting and highly educated staff here at Manual. Of course, you have to be a damn good teacher to work under Dr. Bowick."

Behind the door marked Principal are heard, as Bowick puts it, "a nice little Brahms" or a Chopin to release tension. Playing his upright piano is, he says, a form of therapy.

Passing by the office 17-year-old Vincent Stephenson stops to listen. "He's a very exceptional man," says Stephenson nodding his head. "Dr. Bowick has been like a father to me." Although he will graduate in June, Stephenson remembers when there were doubts. "When I came to Manual I used to cut classes two weeks at a time, fight and curse my teachers because I thought they were picking on me. Dr. Bowick would just talk to me about how I was messing up my life," said the eldest son of a single parent mother. "I knew I was supposed to change but if Dr. Bowick hadn't helped me to become a very respectable person, I don't think I would have ever learned how." ●

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# MILITARY BANDS: MUSIC TO OUR EARS

## HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. FISHER. Mr. Speaker, Mr. Stan Karas, the general manager of a radio station in my congressional district, has recently shared with me a letter he wrote to President Carter in which he outlined his idea for making better use of our military bands. I believe his letter to be worth reading and I enter it into the RECORD for the benefit of my colleagues:

The text of the letter follows:

FALLS CHURCH, VA.,
*March 17, 1980.*

The PRESIDENT,
*The White House,*
*Washington, D.C.*

DEAR MR. PRESIDENT: Permit me just a moment to share an idea, a feeling, and love of a concept I know has strong merit. It is an idea, Mr. President, that I believe warrants your consideration.

Mr. President, I believe both of us would have to agree that recent tragic events in Tehran, the taking of Americans as hostages, the Russian's invasion of Afghanistan, the crisis in Bogotá, again a hostage situation, our own ills with the soaring cost of inflation, the economy in general must have, without question, others viewing this great country as suspect. Questioning our qualities as a world leader, our capabilities to be looked on as a leader, a front runner, a country of strength. I am just one individual, Mr. President, voicing his opinion. But, let's be honest. I would imagine millions of our citizens are more than just a bit tired of having our lifestyles and our freedom questioned. And, why should we? It is an incredible system, Mr. President, that lets one sit down and express himself openly and candidly. I must confess, I love our way of life.

Talk about displaying love, several weeks ago, you, like millions of others throughout the land, got caught up in the fevered pitch of the USA winning over the Russians in the Olympics. Caught up so much that you took the time immediately after the USA winning the gold medal to phone the coach of the team and tell him how proud you were.

Mr. President, I believe that the affection and flagwaving displayed by the people of our country towards our hockey team would prove the same if the people of this country had a chance to hear, to see, and to listen to the incredible and marvelous musicianship of our three military Big Bands.

Mr. President, as Commander-In-Chief, please take a moment to envision each of the branches of the military with their Big Bands on the stage at the same time. The Air Force have their "Airmen of Note" the Army with their "Army Blues Band", and the Navy with the "Commodores". The military spends a great deal of money on these outstanding bands and justly so that each in their own way provides a necessary need to the lucky few that get to hear each of these bands perform. That, Mr. President, is the reasoning behind this letter. Why can't a move be made to showcase, highlight, if you please, sir, the magnificient musical taste of these three marvelous bands. Certainly, the beauty, picturesque setting such as Constitution Hall with the elements of the three service bands on stage in their dress uniforms, coupled with each branch presenting their own color guard. An audience with Mr. and Mrs. John Q. Citizen, the singing of the Star Spangled Banner and the finale that just might include the audience and the bands involved in singing God Bless America. Mr. President, if that is not a bit of Americana than maybe, just maybe, I've lost you in my writing.

Mr. President, let me close by saying that in no way do I, WEAM Radio, or anyone connected with this radio station seek any monetary gain. The idea behind my letter is a sincere one, and strong belief, Mr. President, that a lot of people would relish, and even cherish a night devoted to the big band music of our service bands, on stage together, displaying a unity that this country, I believe, feels today. A vote of confidence from the Commander-In-Chief-would make it happen.

Finally, permit me to say thanks for taking the time in showing interest in my letter. As I mentioned earlier, it is a great system that lets me have the freedom to sit down and write to you.

Your response would be most welcome.

Very respectfully yours,

STAN KARAS,
*General Manager.*●

## NUCLEAR SAFETY RESEARCH AND DEVELOPMENT ACT OF 1980

## HON. MIKE McCORMACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. McCORMACK. Mr. Speaker, Mr. Roe and I are today introducing a bill to establish a 5-year program of research and development on practical and effective improvements in the safety of nuclear powerplants. This bill is the result of three sets of hearings held by the Subcommittee on Energy Research and Production of the Committee on Science and Technology between May and November of 1979.

The evidence is abundantly clear that nuclear power poses substantially less risk to the public health and safety than any other significant power production source. However, the accident at Three Mile Island has demonstrated that despite considerable attention to safety in the design and operation of nuclear plants, there are improvements that can and should be made to assure the large term acceptability of the risks of nuclear power. Many improvements have already been made through the aggressive responses by the nuclear industry, the Nuclear Regulatory Commission and the Department of Energy to the challenge of Three Mile Island. The lessons from this accident have not gone unheeded. However, the Government's research and development response to this accident should be formalized in a national policy to insure that the enhanced attention to safety is sustained. That is one of the purposes of my bill.

The bill directs the Secretary of Energy to develop cost-beneficial changes in the design and operation of nuclear powerplants; to develop methods to improve the performance of operators of nuclear powerplants; to identify the effect of total or partial automation of reactor safety systems; and to identify in one authoritative, annually published document, the risks associated with the use of all potentially significant electrical energy sources.

I urge my colleagues to join with us in cosponsoring this legislation.

The text of the bill follows:

### H.R. 7078

A bill to provide for an accelerated program of Light Water Nuclear Reactor Safety Research and Development, to be carried out by the Department of Energy and to be coordinated with the improved reactor safety research program of the Nuclear Regulatory Commission.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Nuclear Safety Research and Development Act of 1980".

### FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that—

(1) nuclear energy is a relatively safe and environmentally clean means of generating electricity;

(2) an expanding nuclear-fueled electric generating capacity is an essential part of the energy sources of the United States to protect against severe energy shortages, economic instability, and military insecurity;

(3) the inherent safety of nuclear power plants has been demonstrated through an unparalleled history in which no member of the public has been killed or injured from any nuclear accident in any nuclear power plant;

(4) continued development of nuclear power facilities is dependent upon public confidence in the safety of the facilities;

(5) the safety of nuclear power plants can be improved to reduce even further the likelihood of injury to the public, disruption of society, or cost to the public due to accidents; and

(6) it is the proper and appropriate role of the Federal Government to undertake research and development to improve the safety of nuclear power plants.

(b) It is declared to be the policy of the United States and the purpose of this Act to establish a research and development program for developing practical improvements in the safety of nuclear power plants during the next 5 years, beginning in the fiscal year 1981. The objectives of such program are—

(1) to reduce the likelihood and severity of potentially serious nuclear power plant accidents;

(2) to reduce the likelihood of disrupting the population in the vicinity of nuclear power plants as the result of nuclear power plant accidents; and

(3) to identify the level of safety of nuclear power plants as compared to other energy sources.

Nothing in this Act shall be construed as preventing the Secretary from undertaking projects or activities, in addition to those specified in this Act, which appropriately further the purpose and objectives set forth in this subsection.

### DEFINITIONS

SEC. 3. For purposes of this Act—

(1) the term "potentially significant electrical energy source" means any specific energy source which, as determined by the Secretary, has the potential for providing 10 percent or more of the projected energy needs of the United States by the year 2000;

(2) the term "potentially serious nuclear power plant accident" means any accident, involving a nuclear power plant, in which (A) more than 50 percent of any isotope of the radioactive gas or 10 percent of the Iodine-131 is released from the reactor core, or (B) more than 10 percent of the core inventory of any isotope of radioactive gas, or 100 curies of Iodine-131, is released to the environment;

(3) the term "Secretary" means the Secretary of Energy; and

(4) the term "Government agency" means any department, agency, commission, or independent establishment in the executive branch of the Government, or any corporation, wholly or partly owned by the United States, which is an instrumentality of the United States, or any board, bureau, division, service, office, officer, authority, administration, or other establishment in the executive branch of the Government.

### ESTABLISHMENT OF RESEARCH AND DEVELOPMENT PROGRAM FOR IMPROVING THE SAFETY OF NUCLEAR POWER PLANTS

SEC. 4. (a) The Secretary shall establish a research and development program to carry out the purpose of this Act. As part of such program, the Secretary shall—

(1) develop cost-beneficial changes in the design and operation of nuclear power plants that can significantly reduce the risks from unintentional release of radioactive material from nuclear power plants and the radiation exposure to workers during plant operation and maintenance;

(2) develop cost-beneficial methods and designs that will significantly improve the performance of operators of nuclear power plants under abnormal and accident conditions;

(3) identify the effect of total or partial automation on plant systems on reactor safety, operation, reliability, economics, and operator performance;

(4) identify the aptitudes, training, and manning levels which are necessary to assure reliable operator performance under normal, abnormal, and emergency conditions; and

(5) through coordination with the Nuclear Regulatory Commission and other appropriate Government agencies, conduct an in-depth study and evaluation and prepare a report identifying the risks associated with the use of all potentially significant electrical energy sources, which report shall—

(A) define the risks associated with each portion of the fuel cycle for each potentially significant electrical energy source;

(B) be reviewed in draft form by at least five independent experts in risk analysis on the adequacy of its scope, methodology, and conclusions; and

(C) include a description of the disposition of all comments received pursuant to subparagraph (B).

(b) In carrying out the research and development program established under this Act the Secretary—

(1) shall to the extent practical coordinate his activities with those of other Government agencies and industries dealing with complex man-machine systems, and utilize their expertise, to minimize duplication of effort and ensure that advanced concepts applicable to nuclear power plant safety are applied in a timely manner;

(2) shall have as one objective a reduction in the complexity of nuclear power plant systems (including secondary systems) and operations; and

(3) shall evaluate the potential impact on plant availability and total cost to the ratepayer, for operating and future plants, of implementing new and revised designs and operations methods which are determined to be practical in accordance with this Act.

(c) The Secretary shall explore the potential benefits of, and may enter into, international agreements in the development and implementation of the program under this Act; but no such agreement shall have the effect of delaying the development and implementation of such program.

### STUDIES AND DISSEMINATION OF INFORMATION

SEC. 5. (a) The Secretary shall assure that full and complete information with respect to any project or other activity conducted under this Act is made available in a timely manner to appropriate committees of Congress, Federal, State, and local authorities, relevant segments of private industry, the scientific community, and the public so that the widespread and continued safe use of nuclear power throughout the United States is promoted to the maximum extent possible.

(b) Within two years after the enactment date of this Act, the Secretary shall—

(1) issue the report described in section 4(a)(5), with his findings and those of other participants in the study and evaluation under such section and a statement of the reasons for each such finding;

(2) publish in the Federal Register a brief summary of the report and a statement of its availability to the public; and

(3) submit a copy of the report to the President, the Committee on Science and

Technology of the House of Representatives, and the Committee on Energy and Natural Resources of the Senate.

The Secretary shall thereafter update such report on an annual basis with any relevant new information and experience; and both the initial report and each subsequent annual report shall be disseminated in a manner determined by the Secretary to provide widespread dissemination of information to the public.

(c) The Secretary shall, on or before January 15 in each of the years 1982 through 1986, issue a report of the results of the program established under section 4(a). Each such report shall—

(1) describe the results to date of all research programs carried out under this Act;

(2) recommend any practical changes in reactor design and operation which if implemented could improve reactor safety; and

(3) identify the safety research, development, and demonstration programs that will be undertaken and the potential benefits from each.

### COMPREHENSIVE PROGRAM MANAGEMENT PLAN

SEC. 6. (a) The Secretary is authorized and directed to prepare a comprehensive program management plan for the conduct of research and development activities under this Act consistent with the provisions of section 4. In the preparation of such plan, the Secretary shall consult with the Nuclear Regulatory Commission and with the heads of such other Federal agencies and such public and private organizations as he deems appropriate.

(b) The Secretary shall transmit the comprehensive program management plan to the Committee on Science and Technology of the House of Representatives and the Committee on Energy and Natural Resources of the Senate within six months after the date of the enactment of this Act. Revisions to the plan shall be transmitted to such committees whenever proposed by the Secretary.

(c) Concurrently with the submission of the President's annual budget to the Congress for each year after the year in which the comprehensive plan is initially transmitted under subsection (b), the Secretary shall transmit to the Congress a detailed description of the comprehensive plan as then in effect. The detailed description of the comprehensive plan under this subsection shall include (but need not be limited to) a statement setting forth (with respect to the program under this Act) any change in—

(1) the program strategies and plans, including detailed milestone goals to be achieved during the next fiscal year for all major activities and projects;

(2) the economic, environmental, and societal significance which the program may have;

(3) the total estimated cost of individual program items; and

(4) the estimated relative financial contributions of the Federal Government and non-Federal participants in the program.

Such description shall also include a detailed justification of any such changes, a description of the progress made toward achieving the goals of this Act, a statement on the status of interagency cooperation in meeting such goals, and any legislative or other recommendations which the Secretary may have to help attain such goals.

### AUTHORIZATION OF APPROPRIATIONS

SEC. 7. There is authorized to be appropriated to the Secretary to carry out this Act (1) for the fiscal year ending September 30, 1981, the sum of $24,500,000 (of which not less than $1,000,000 shall be available exclusively for purposes of section 4(a)(5), and (2) for each fiscal year thereafter such sum as may be authorized by legislation hereafter enacted.●

## CENSUS TELEVISION SPECIAL MAKES A DIFFERENCE

### HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. GARCIA. Mr. Speaker, in the past year I have participated in many promotional events for the census. None compare, however, with the imaginative, entertaining, and informative census special produced and televised by the Spanish International Network (SIN).

The 1½-hour special was directed by Frank Marrero and telecast live from SIN's Los Angeles studios on April 5 and rebroadcast on April 12. An estimated 5 million persons viewed this program on the network's 17 affiliates around the country.

The variety/musical featured several well known Hispanic entertainers who instructed the viewing audience on how to fill out the census questionnaire. Additionally the show informed those watching about the purpose of the census, the uses of the data, and the confidentiality of an individual's answers.

According to the network, viewer response has been phenomenal. People are calling day and night asking for help in answering the census. Consequently, station switchboards are staying open longer to handle all the calls.

Mr. Speaker, the SIN census special represents the first in a series of programs on issues important to Hispanics. In the months ahead the series, entitled, "Destino Eighty," will present a voter registration program in addition to its convention and election night coverage.

I congratulate SIN and its capable and energetic president, Rene Anselmo, for undertaking this campaign to better inform the Hispanic community.●

## CAPTIVE NATIONS

### HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. DERWINSKI. Mr. Speaker, as the Members know, the National Captive Nations Committee (NCNC) here in Washington has for over two decades kept steady track on the captive nations in Eastern Europe, within the U.S.S.R., in Asia, and in the Caribbean. Under its chairman, Dr. Lev E. Dobriansky of Georgetown University, the committee has constructed and maintained what is widely known today as the CNL—the captive nations lists. The list, based on extensive scholarship, shows the over two dozen nations that since 1920, have fallen victims to Communist domination, primarily as a result of Soviet Russian imperialism. This telling list is a constant reminder for us of the natural allies we have behind the Iron, Bamboo, and Sugar Curtains; it is a penetrating irritant to Moscow and its Red products which would prefer not to have the record so concisely shown.

In a recent release, NCNC declared Afghanistan as another captive nation. The committee has been carefully conservative in its listings, weighing fundamental factors in each case. The brutal invasion of this Moslem nation by Moscow and the strategic factors underlying Soviet Russian goals in the Middle East have caused NCNC to add still another nation to the already long CNL. The seemingly perennial question the guardians of the list raise is, "Who's next." The release, which follows, points to probable answers to the question:

### AFGHANISTAN DECLARED A CAPTIVE NATION

The National Captive Nations Committee released a statement today declaring Afghanistan as a captive nation. The committee's chairman, Dr. Lev E. Dobriansky of Georgetown University, said, "Taking all strategic factors into consideration, it is plainly evident that Soviet Russian imperiocolonialism has triumphed again, with Afghanistan joining the long list of captive nations commencing back in 1920."

NCNC is headquartered in Washington, D.C. and maintains, as shown below, the CNL, the Captive Nations List. The committee was formed in 1959 on the basis of Public Law 86-90, which is the congressional Captive Nations Week resolution. Its honorary chairman for almost twenty years was former AFL-CIO president George Meany. NCNC leads the annual nation-wide observance of Captive Nations Week in the third week of July.

In the statement the professor stressed, "We have always been overly conservative and scholarly with the CNL and still rule out so-called Marxist states in Africa and elsewhere. Under the CNL's sub-caption 'Who's Next?', we had anticipated for several years the Afghanistan outcome and, as Brezhnev has put it, the completion of Moscow's work in that Moslem country will be followed by a Potemkin show of armed withdrawal." What he omitted to say is that Afghanistan will also become another captive nation under Moscow's domination.

In 1961 the White House under Kennedy protested NCNC's listing of Cuba as a captive nation. Regarding Afghanistan, Dr. Dobriansky doesn't expect a similar protest from the Carter Administration.

"The fragmentation of Iran places that country high on the list of 'Who's next?' ", said the professor, who is known for his authorship of the Captive Nations Week resolution. "Fundamentally, and in time," he continued, "the CNL will grow and the dangers to world peace will increase so long as we fail to integrate the captive nations ideology in our national security policy, with programmatic emphasis on the majority of captive non-Russian nations within the Soviet Union itself. The time has come for such integration and a broad reassessment of our losing policies. Otherwise, to our national detriment and that of the non-totalitarian world, this CNL will grow and grow."

### THE CAPTIVE NATIONS—WHO'S NEXT?

COUNTRY, PEOPLE, AND YEAR OF COMMUNIST DOMINATION

1920:
Armenia[1]

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[1] Denotes countries absorbed into U.S.S.R.

  - Azerbaijan[1]
  - Byelorussia[1]
  - Cossackia[1]
  - Georgia[1]
  - Idel-Ural[1]
  - North Caucasia[1]
  - Ukraine[1]
- 1922:
  - Far Eastern Republic[1]
  - Turkestan[1]
- 1924:
  - Mongolia
- 1940:
  - Estonia[1]
  - Latvia[1]
  - Lithuania[1]
- 1946:
  - Albania
  - Bulgaria
  - Yugoslavia (Serbs, Croats, Slovenians, etc.)
- 1947:
  - Poland
  - Rumania
- 1948:
  - Czecho-Slovakia
  - North Korea
- 1949:
  - Hungary
  - East Germany
  - Mainland China
- 1951:
  - Tibet
- 1954:
  - North Vietnam
- 1960:
  - Cuba
- 1975:
  - Cambodia
  - South Vietnam
  - Laos
- 1980:
  - Afghanistan

And who's next? Iran? Nicaragua? Angola? Ethiopia? Republic of China? South Korea? South Yemen?●

## PROBLEMS OF ALL-VOLUNTEER FORCE

### HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● **Mr. BEARD of Tennessee. Mr. Speaker, the Washington Star recently carried an article on the low intelligence levels of military recruits. This article, by John Fialka, clearly outlines one of the many problems of the All-Volunteer Force.**

**I commend this article to your attention:**

[From the Washington Star, Mar. 11, 1980]

#### TWENTY-FIVE PERCENT OF RECRUITS IN LOW-INTELLIGENCE CATEGORY

(By John J. Fialka)

The Defense Department revealed yesterday that new tests show the number of recruits in the lowest intelligence category of the armed services may be five times greater than previously estimated.

The Pentagon's top manpower expert, Assistant Secretary Robert B. Pirie, told a Senate subcommittee that three studies show fully 25 percent of recruits for all services may fall into what is called "category four." These are recruits who are in the bottom 10 to 30 percent of the total recruit population, as measured by those tested during World War II.

The previous estimate of the number of category four recruits in all branches was 5 percent.

Pirie said the reason for the discrepancy appeared to be the method used to score aptitude tests for new recruits.

The new testing analyses also show that Army recruiters may now be in violation of the Army's own regulations, which require that only 10 percent of new recruits be drawn from category four.

The intelligence problem, if it is not corrected, may become more acute in the early 1980s as the Army fields about $61 billion worth of new, extremely high technology weaponry, beginning with the XM-1 tank, which can see in the dark and fire accurately on the run.

"All this strongly suggests that we need urgently and dramatically to improve our ability to measure the quality" of recruits, Pirie said.

Meanwhile, data unclassified yesterday showed that not only is the quality of service personnel in doubt, there is a quantity problem as well.

The Defense Department revealed the numbers in a major secret 1978 war mobilization game called "Nifty Nugget," which simulated a conventional attack on NATO forces in Europe. The exercise showed that the U.S. Army was only able to field 52 percent of the infantrymen, 73 percent of the artillery troops and 28 percent of the tank crews required by U.S. war plans 90 days after mobilization.

It had been widely known that Nifty Nugget pointed up serious shortfalls, but until the data was unclassified, the exact dimension of the problem was unknown.

Sen. Sam Nunn, D-Ga., chairman of the Senate Armed Services manpower subcommittee, who asked the Pentagon to make the Nifty Nugget shortfalls public, said that the exercise showed "we would not have enough people to operate weapons in the most critical large combat skills."

Pirie said that the Pentagon plans to further test its war mobilization this fall with a re-run of Nifty Nugget, which involved all federal agencies that would have to act if the nation were involved in a major war.

The major manpower shortcomings revealed in the 1978 version of the test stemmed mainly from the reserve structure, which has been chronically short of manpower since the last Vietnam war-era veterans left the service.

Discussing the intelligence tests, Pirie said that the three new studies have showed that the Defense Department may have improperly calibrated its new aptitude tests against those used in the past, a mistake that tended to give higher test scores to those in low mental categories.

The discrepancy may be most severe in the Army, Pirie said. Under the old estimates, only 10 percent of Army recruits were in category four, Pirie said. Under new estimates, that percentage may now be as high as 45 percent.

Noting that in the last peacetime draftee army, in 1964, the category four population made up only 19 percent, Pirie admitted that the new intelligence estimates show a "very significant change in quality" of the all volunteer Army.

"We are trying to determine what difference the inaccurate labeling of recruits makes in terms of performance in service," said Pirie.

"This goes to the heart of what this committee can believe," said Nunn, who complained that the Pentagon has repeatedly stressed to his committee that the all volunteer force was "quality, quality, quality."

The statistical picture painted by Pirie shows stark differences between the mental capability of the 1979 Army and the 1964 Army. In 1964, he said, 35 percent of the Army ranked above the 65th percentile range of intelligence. In 1979 that percentage was only 16 percent, and the largest bulge in the 84 percent ranked below the 65th percentile was below the 30th percentile.

Nunn said that a recent Army Training Study had already pinpointed the problem. It showed that 21 percent of U.S. tank gunners serving on NATO duty in Germany did not know how to aim their battle sights. Persons in the lowest mental categories, the study pointed out, have great difficulty operating the Army's air defense weapons, including the shoulder-fired Redeye missile, because they could not remember complex firing sequences and could not recall the differences between silhouettes of U.S. and enemy aircraft. They also had great difficulty reading instruction manuals.

Nunn also noted that U.S. commander in chief in Europe, Gen. Bernard Rogers, recently complained to his subcommittee that new soldiers "take longer to train and the forgetting curve is more precipitous than those we have had."

Pirie explained that one of the steps he is taking is to have the Educational Testing Service of Princeton, N.J., administer new and old Army aptitude tests to selected groups of high school students to see what the discrepancies are.●

## HOW CONGRESSIONAL STAFF HELPS HOOSIERS

### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● **Mr. HAMILTON. Mr. Speaker, I insert my Washington report for Wednesday, April 16, 1980, into the CONGRESSIONAL RECORD:**

#### HOW CONGRESSIONAL STAFF HELPS HOOSIERS

One question I am often asked by people I meet in the Ninth District, or by people who visit my Washington office, is "What do your staff members do?"

Men and women who serve in the House of Representatives are allowed to hire up to 18 full-time people to staff their Washington and district offices. Some offices (mine included) also use volunteer interns in fully supervised positions. This staff is absolutely essential because the workload of members of Congress has increased dramatically in recent years. During the 95th Congress (1977-1978) 22,313 bills were introduced, nearly twice the number introduced a decade ago. In that same Congress more than 800 recorded votes were taken. Ten years ago there were slightly less than 250 recorded votes. Since 1946 the number of committee meetings and the number of hours a member spends on the floor of the House have doubled. The volume of mail to the Congress has increased dramatically and my staff responds to a weekly average of 650 incoming letters. My staff works each week to assist me in the preparation of my Washington Report newsletter, sent to several thousand Ninth District residents, and to mail federal publications to interested constituents. A primary purpose of a congressional staff is to assist the Congressman in handling the burgeoning workload.

My staff is divided between the Washington office and the three district offices. The Washington staff assists me in following the legislation which I vote on, responds to inquiries about legislation and regulation, helps me draft bills I will introduce in Congress, aids me in preparing for a large number and wide variety of meetings, and co-operates with my staff in Southern Indiana. The district staff is based in my Columbus, Jeffersonville, and Aurora offices. It is widely dispersed so that Ninth District residents will have easier access to me. The work done by these staff members is especially important since they are principally the ones who deal with my constituents directly on a day-to-day basis.

One of the major tasks the district staff performs is to help me with constituents who are having problems with federal agencies, who have questions about the federal government, or who need information on federal programs. The number of contacts the staff has with constituents has risen over the years as the federal government has become more deeply involved in people's lives. In a typical week, my three district offices will receive more than 600 requests over the telephone, meet 60 people who come into the offices with their requests, and receive more than 100 requests by mail. This is in addition to the several hundred letters on national issues I get from Hoosiers every week.

Staff members called "caseworkers" are the ones who help me solve the problems of constituents who are having difficulty with federal agencies. There are three caseworkers on my staff, and they work out of the Columbus office. Of all my staff members, the caseworkers probably have the most direct contact with Ninth District residents. They also help me work with groups and communities in the district that are attempting to obtain federal funds for projects or are being adversely affected by federal legislation or regulation.

In an average week, the caseworkers will get in touch with the Social Security Administration, the Veterans Administration, the Small Business Administration, the Department of Agriculture, offices of the various military branches, and other federal, state, and local agencies. The kinds of cases they will handle range from a person who did not receive his social security check to a Marine who wants to be stationed near his needy family to a farmer who must have assistance with a loan because his crops were damaged by flooding. Aid may also be given to a town which needs funds for economic development, a volunteer fire department that must repair its equipment, a city trying to get money for historic preservation, or a citizens group concerned about Indiana's wilderness areas.

The staff people in Jeffersonville and Aurora provide contact with constituents who live in parts of the district further away from Columbus. They supply constituents with basic information and will relay messages to the caseworkers when particular problems require comprehensive attention. They make it possible for me to "be present" in a sprawling district that takes in all or part of 19 counties.

All told, the staff people in the district offices will talk to tens of thousands of Ninth District residents, make thousands of calls to government agencies to help solve problems, aid groups and communities with hundreds of projects, and arrange hundreds of meetings between my constituents and me every year.

The Washington and Southern Indiana staff members allow me to represent the Ninth District better, take more care in analyzing legislation before I vote, and provide my constituents with the advice they need in their dealings with the federal government. They greatly extend my ability to serve the people in the Ninth District in particular and in the nation at large. If they were not there to help, Congress would be an institution far removed from the half million citizens of the Ninth District.●

## TENTH ANNIVERSARY OF THE JAPANESE COMMUNITY YOUTH COUNCIL

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### HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. JOHN L. BURTON. Mr. Speaker, the Japanese Community Youth Council (JCYC) of San Francisco will be celebrating its 10th anniversary this May. I am proud to have an opportunity to bring the important contributions of the JCYC to the attention of my colleagues in the House, and to recognize the outstanding work of the JCYC.

This organization, founded in May 1970, is a model youth organization that has successfully fostered the educational, social, and cultural development of Japanese American youth in the San Francisco area. First conceived as an umbrella organization for 12 separate member organizations, the JCYC is now a separate entity and operates an active drop-in center to respond to needs for counseling, educational, recreational, and community service programs for the Japanese community in San Francisco.

I bring the program and history of the Japanese Community Youth Council to Members of Congress and the public not only to pay tribute to this important organization, but also to focus on the JCYC as a model service organization whose ideals and services might be adopted in other communities for the benefit of its residents:

JAPANESE COMMUNITY YOUTH COUNCIL

HISTORY

The Japanese Community Youth Council (JCYC), founded since May 1970, has continued to function as a youth service/advocate agency in the Japanese Community for 10 years. The primary purpose of the organization is:

"To provide for and foster the educational, social and cultural development of Japanese American youth in San Francisco. The specific purpose is to work towards developing a representative voice to speak to the concerns of the youth in the Japanese Community, and to promote inter-community and inter-generational communication through activities."

In June of 1969, a community forum was conducted to discuss the status of youth. This was of common interest to all youth organizations in the Japanese Community and the lack of communication and interaction was recognized by all as a serious problem. As a result, it was decided that it was necessary to develop an "umbrella structure" which would facilitate communication and concerns of youth for all organizations. This concept was to materialize as the Japanese Community Youth Council, San Francisco.

From the time of its inception, four concerns have served as an overall direction for JCYC:

1. To provide better communications between youth and also different organizations.

2. To provide a definite body to represent the youth in the Japanese community.

3. To re-establish the identity and feeling of community that so many Sansei (3rd generation) had lost.

4. To cope with organizational problems (i.e., leadership skills) that many organizations faced.

These concerns were generally accepted and served as a common interest for the twelve separate member organizations.

As JCYC had become more active and the concerns of youth had begun to surface, it had become more obvious that a facility be developed which would serve as a base of operations for programs and activities not possible through the direction of the member organizations. A "Drop-In" Center was established in a vacated two story flat located at 1808 Sutter Street. It was intended that the Drop-In Center would serve the youth of the Japanese Community through cultural, recreational and social service programs.

In response to the concerns of all generations in the community, counseling, educational, recreational, and community service programs became the priority for all Drop-In Center activities. Soon the responsibility of operating such a facility became too much of a burden for the member organizations. The Drop-In Center had fulfilled a need not previously met nor provided for by the many organizations of the time. Eventually the member organizations had withdrawn seeking to re-establish and strengthen the unique purpose of their respective organizations. Thus, the Japanese Community Youth Council became a separate entity.

There have been many evolvements and changes within the structure of JCYC over the past few years. However, looking positively at these changes, JCYC still continues to function within the framework of the original four concerns set in 1969. The establishment of such vehicle as JCYC has enabled a great number of youth, who would otherwise have no such alternatives, to seek services and gain an active experience in his/her community.●

## MORE EVIDENCE PEACETIME DRAFT REGISTRATION UNNECESSARY

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### HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mrs. SCHROEDER. Mr. Speaker, among the materials I obtained from the Office of Management and Budget under my February 9, 1980, Freedom of Information Act request were supporting documents to the January 16, 1980, Selective Service System (SSS) report that recommended against peacetime premobilization draft registration.

The January 16 report found that postmobilization registration was more than adequate to meet Department of Defense (DOD) requirements. Although this report was inserted in the CONGRESSIONAL RECORD on February 27, 1980, at S1917, by Senator MARK HATFIELD, the supporting documents have not been available before.

I want to quote from one of the SSS supporting documents, "Improving Capability to Mobilize Military Manpower," which compared the six mobilization options:

Table five summarizes the responsiveness of the options described earlier. It should be noted that *each option*—post-mobilization registration through pre-mobilization examination—*should be capable of meeting and exceeding DOD's stated requirements for inductees.* (Emphasis added.)

Table 5 is set out below:

TABLE 5.—RESPONSIVENESS

[In days after mobilization]

| | DOD requirements | Post-mobilization registration | Pre-mobilization registration | Registration/ Partial classification | Registration/ Classification—All | Registration/ Partial classification and examine | Registration/ Classification, examine—All |
|---|---|---|---|---|---|---|---|
| | | (1) | (2) | (3) | (4) | (5) | (6) |
| First deliveries | M+30 | M+17 | M+10 | M+10 | M+10 | M+10 | M+10 |
| 100,000 inductions | M+60 | M+33 | M+26 | M+26 | M+26 | M+16 | M+16 |
| 650,000 inductions | M+180 | M+124 | M+117 | M+117 | M+117 | M+108 | M+50 |

This comparison is further evidence that the peacetime draft registration proposed by the administration is entirely unnecessary and will, in fact, accomplish no more in terms of DOD requirements for delivering inductees to training than the postmobilization plan previously supported by DOD and SSS.●

## THE LIMITS OF INTERVENTION

## HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. BONKER. Mr. Speaker, Tom J. Farer, professor of international law at Rutgers University in New Jersey, author and the first American to be elected Chairman of the Inter-American Commission on Human Rights has written an article entitled "The Limits of Intervention," which was printed in Newsweek of February 11, 1980.

Mr. Farer points out:

> Muscle-flexing in the Third World has always tended to gratify public opinion. The *Mayaguez* expedition to rescue 39 hostages on the verge of release in Cambodia swelled President Ford's popularity with almost everyone—except relatives of the 15 American soldiers who returned from that little outing in plastic sacks.

He further states:

> In the hope of restraining the freshly galvanized interventionists, I want to suggest three lessons that we Americans will forget at our peril. Lesson No. 1, is the great and growing difficulty of imposing an order satisfactory to our supposed interests by short bursts of decisive force * * *. Lesson No. 2, is the grave financial and human cost of occupying less-developed countries * * * Lesson No. 3, is the effect on American society of armed intervention * * *

In my judgment, the lessons to be learned from the brutal invasion of Afghanistan by the Soviets, the sorry state of affairs in Iran, and the cowardly murder of Archbishop Romero in El Salvador are that it has never been the lack of weapons but internal discord and insensitivity to human needs that threaten repressive governments and often our own security interests because of our association with those repressive governments. We promote our long-term interests—including security and strategic interests—not by intervention but by remaining true to ourselves and our vision of humanity by encouraging democratic change and social and economic justice.

I commend Tom Farer's timely and thoughtful article to the attention of my colleagues.

The article follows:

### THE LIMITS OF INTERVENTION

(By Tom J. Farer)

The Soviet invasion of Afghanistan and the seizure of the American hostages in Iran are no exceptions to the rule that bad news is always good news for someone. The "someone" in this instance is that pack of publicists and politicians who have been waiting the past half decade for a chance to rid the United States of the "Vietnam syndrome."

To these people, the Vietnam syndrome—created by America's disastrous experience in Southeast Asia—is a mix of altruism, naivete, distrust for the national mission and sheer cowardice. Its end result, they believe, is a bad case of national impotence, an inability to act decisively on the international scene. To cure this impotence, they would trot out the old nostrums: forward bases in temporarily complaisant Third World countries; a network of alliances around the periphery of the Soviet Union; a souped-up defense budget; an arms bazaar where self-defined friends can shop without restraint, and, above all, lightly leashed conventional and covert forces poised to hurl themselves into the Third World.

None of these cures seems so tempting as the prospect of intervention in those now unruly places where American power once enforced a proper deference. Muscle-flexing in the Third World has always tended to gratify public opinion. The Mayaguez expedition to rescue 39 hostages on the verge of release in Cambodia swelled President Ford's popularity with almost everyone—except relatives of the fifteen American soldiers who returned from that little outing in plastic sacks.

In the hope of restraining the freshly galvanized interventionists, I want to suggest three lessons that we Americans will forget at our peril.

Lesson No. 1 is the great and growing difficulty of imposing an order satisfactory to our supposed interests by short bursts of decisive force. A division of marines, prepared to massacre thousands of unarmed demonstrators, might have stemmed momentarily the torrents of revolution in Iran. But the conditions that required their presence—the collapse of pre-existing notions of legitimacy and a new alignment of local forces that our erstwhile friend the Shah could no longer control—would remain. In these feverishly nationalistic times, the rescue of a government by foreign troops tends to strip away any residual shreds of its authority. As for imposing new governments, the Vietnamese in Cambodia are demonstrating just how hard it is to construct legitimacy with bayonets.

Lesson No. 2 is the grave financial and human cost of occupying less-developed countries. The peoples of the developing world have acquired a sense of common interests, access to information, leadership and a furious will to make themselves active participants in history. For almost a hundred years, France could hold all of Indochina with no more than 15,000 European troops. Against an aroused, organized and intelligently led fraction of the local population, a half million U.S. troops, with tremendous superiority in weaponry, could not pacify even a part of Vietnam.

The escalating costs of control led to French, Dutch, Belgian, Portuguese and British withdrawal from their vast empires. In the arrogance of its power and the innocence of its intentions, America did not learn from their experience. Has it now learned from its own? Is it not evident that the costs of intervention may be far worse today, after a decade of heightened racial and religious polarization across the North-South axis? If, for instance, the U.S. intervenes against popular forces in one Islamic country, it endangers the lives and property of Americans in a dozen other places around the globe. And if European interests were also casualties of the shock wave generated by an American intervention, how long could NATO cohesion stand the consequent strain?

Lesson No. 3 is the effect on American society of armed intervention. Intervention by covert means, a particular enthusiasm of former CIA director George Bush, requires the recruitment of people with a taste for violence and, in many cases, little sympathy for the restraints of democratic government. A covert armed force demands for its security an absolute minimum of outside surveillance and control. In the end it is, at best, the President's personal responsibility. And if the official directly in charge of clandestine operations reports that the President has authorized the burglary of an American home or the assassination of an awkward foreign leader, the attempt will be made without reference to the laws and traditions of the wider society.

The temptation to use clandestine operatives and other unconstitutional means against Americans will gather force if armed intervention again becomes an accepted way of promoting U.S. national interests. With all their passionate intensity, the advocates of belligerence cannot restore the old cold-war consensus. A far more skeptical citizenry, a widened sense of identity with the citizens of other lands, a less tractable generation of journalists, swirling conflict over the domestic distribution of income and opportunity and the variety of potential enemies (from right-wing ayatollahs to the stunning diversity of radical parties) collectively guarantee, except in a few exceptional cases, a high level of opposition to intervention. Americans will unite to repel Soviet thrusts against NATO members or Persian Gulf states. But they are no longer eager to rescue every despot from Soviet-armed rebels.

The difficulty of building a consensus could entice the leaders of U.S. foreign policy toward the subtle but progressive suppression of dissent. Then we would discover that the delinquencies of Richard Nixon did not originate in one man's paranoid relationship with his own country. After all it was John F. Kennedy who pressed The New York Times to transfer David Halberstam from Vietnam when his reports on the Diem regime became inconvenient. I fear that current interventionists have lost sight of the ultimate purpose of foreign policy: the preservation of a free—not simply a powerful—American nation.●

## TRIBUTE TO CHIEF ITALO VACCHIO

### HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. WOLFF. Mr. Speaker, I would like to bring to the attention of this Congress a heroic and outstanding deed performed by one of my constituents—Chief Italo Vacchio of the Westbury Fire Department.

On March 6, 1980, Chief Vacchio arrived at the scene of a fire. Hearing that there was a 3-year-old child trapped inside the house, Vacchio rushed into the residence, only to be driven back by smoke and flames. Once again the chief entered the house, and eventually found Ronald Arbis, an unconscious 3-year-old child. For 5 days the infant clung to life. I am grieved to report, however, that the child passed away.

Under these circumstances, it must be difficult to accept commendations on his deed, still Chief Italo Vacchio deserves our respect for his heroic service. His actions are a fine example for all of us. I must also send my heart felt condolences to Mr. and Mrs. Romulo Arbis, their family, and their friends.●

## AMENDING MILITARY RETIREMENT SYSTEM

### HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. ASPIN. Mr. Speaker, I have today dropped in the hopper a rather fat bill that would rewrite the entire military retirement system.

The current retirement system is lavishly overgenerous to those who serve 20 years in the military and grossly undergenerous to those who serve less than 20 years. The latter get nothing at all.

The system also confirms a medieval class system by giving a higher percentage pension to officers than to enlisted men. After 20 years everyone in the military qualifies for a pension equal to half of basic pay. But basic pay is only part of the military salary—and it is a larger part of the officer's salary than the enlisted person's salary. Because the officer's pension is calculated on a higher base, the officer gets a pension proportionately about 5 percent greater than the enlisted retirees. My bill would correct that by calculating enlisted and officer pensions the same way—as a percentage of total salary rather than just basic pay.

The main feature of my bill would be to halt the practice of granting pensions immediately upon retirement even though the retiree might be far from a normal retirement age. The average military careerist is only 42 years old at retirement. By starting the pension at such a youthful age, we more than triple the length of time a pension is normally paid.

The very generous retirement system simply encourages men and women to leave the service after 20 years. In the military they even say you are crazy to work after 20 years because you are effectively working for half pay, since you are sacrificing the pension you could be getting while working for full pay at a second job.

One of the goals of my proposal is to take away that disincentive to service and instead encourage more people to remain in uniform for a full 30-year career, which was the intention when the military pension structure was reformed after World War II.

Last summer the Defense Department proposed its own reform of the retirement system. The Pentagon plan would preserve the immediate pension after 20 years of service, although it would lower the amount of the pension paid during normal working years.

However, the Pentagon proposal would actually end up costing additional money and would not show any savings until the next century. If enacted, my bill would begin quickly to show savings and would cut the pension bill in half when fully in effect.

Not incidentally, the reforms I am proposing would apply only to future retirees and not to anyone currently retired.

Later I will describe the contents of this bill more fully. But now I would like to discuss why there is a need to alter the military retirement system.

Mr. Speaker, public pensions are more generous than private pensions and military pensions are exceedingly generous when compared with all other types of pensions. The principal reason for this is the relatively early age at which military pensions are paid—most retirees are in their early or middle forties when they leave the service.

TABLE 1

[In percent]

| | Private | State and local | Federal civil service | Military |
|---|---|---|---|---|
| Purchasing power of lifetime pension as percentage of lifetime salary (Assumes 3 percent a year inflation). | 18–26 | (1) | 53 | 149 enlisted; 163 officer. |

[1] Unknown.

Table 1 makes clear that the military pension is by far the most generous of pension plans found in our society—on the order of seven times more generous than private plans and triple the generosity of Federal civil service retirement.

This does not, in itself, mean that there is something excessive about the military pension. It is not necessarily unreasonable to consider that private plans are low and inadequate. The military, after all, has often led the Nation in social advancements. The services, for example, addressed the subject of integration long before the rest of American society came to grips with the issue.

The statistical data really only lead to a series of questions which seek to explain the vast disparity in pension benefits, particularly between those in the private sector and those available to the military. Those questions are:

What kind of postretirement income should a pension provide?

Are private pensions too low or military pensions too high in relation to the desired levels?

Is there something about military life that is unique and which therefore justifies a substantially higher retirement benefit for servicemen?

#### QUESTION 1

What kind of postretirement income should a pension provide?

It is likely that the overwhelming majority of citizens would feel that a pension in combination with social security ought to provide a standard of living no less than that enjoyed prior to retirement.

When pensions are a mere fraction of the salary at retirement, we would appear to be far from achieving that goal. However, that is not necessarily true. For example, the Federal tax system provides a doubled personal tax exemption at age 65. That immediately lowers the income required to maintain the standard of living. Second, social security is tax-exempt. Third, when pensions, which are taxable, are smaller than the salary, they put the taxpayer in a lower tax bracket. And the social security contribution ceases, as do any payments made to a contributory pension plan.

A pension equal to about one-third of final pay will maintain the standard of living for a married man who had been paid $10,000 a year. A half-pay pension will do the same for the married man paid $20,000. The need for the pension percentage to be larger for those with larger salaries is a result of the social security system, which gives the lower paid a proportionately higher annuity.

#### QUESTION 2

Are private pensions too low or military pensions too high in relation to the desired levels?

A compilation by the Tax Foundation of 39 State pension schemes shows that none paid a pension amounting to less than 30 percent of the final 5-year average salary after 30 years of service, only six paid less than 40 percent and the others ranged up to a high of 75 percent. Clearly many of these retirees can have a better standard of living in retirement.

In the military, virtually no one with 30 years in uniform is being paid less than $16,000 and the pension is no less than 58 percent of the final pay. That is about half again as much as the retiree and his spouse require to maintain the same standard of living in retirement after age 65. If one feels that the pension in combination with social security should provide the same standard of living as during the last year of work, then the military pension after 30 years does much more than that.

For the 20-year serviceman, the pension would come to 36 to 40 percent of pay, depending on rank. But that retiree would not yet have reached his midforties and would have ample time for a full second career with another pension at age 65.

The military pension system, therefore, does a more than adequate job of maintaining the service retiree's standard of living at a normal retirement age. Thus there is no evidence that military pensions are too low when they are compared to a benchmark of fairness, that is, maintenance of living standards.

This, however, only applies to retirement at a normal retirement age. The military pension money paid in younger years is an additional sum. And it is a substantial amount. An enlisted man retiring in 1976 after following a normal 20-year career pattern would have received about $136,000 over those 20 years in regular military compensation, which is the combination of basic pay, the allowances for quarters and subsistence, and the benefit that accrues because neither allowance is taxed. Between retirement and his 65th birthday he can expect to receive $151,000 in military retired pay. An officer retiring in 1976 after a normal 20-year career pattern will have received about $260,000 in regular military compensation and will receive about $290,000 in retired pay before he reaches 65. In both cases the retired pay calculations assume absolutely no future inflation.

A 20-year career man, therefore, can expect to get his lifetime salary paid to him all over again between the date he retires and the date he reaches normal retirement age—years during which almost all military retirees are employed at other jobs.

It is this feature of the military pension system which requires particular attention if we attempt to redraft the military retirement system.

As for private sector pensions, they vary widely. Some provide adequate or more than adequate sums to maintain living standards upon retirement. However, since full cost-of-living protection is unheard of in the private sector, the value of even the most generous pension begins to fall the month after retirement. Thus all private pensioners face retirement knowing that their standard of living will decline over the years.

### QUESTION 3

Is there something about military life that is unique and which therefore justifies a substantially higher retirement benefit for servicemen?

It is popular now to attribute the level of military pensions to the *x* factor, otherwise described as the rigors of military life such as long hours, risk of life and limb, assignments away from one's family. Military life is certainly not the same as civilian life. Therefore, there is no reason why military pay, pensions, and perquisites should be identical with the civilian world.

Some argue the pension benefit is warranted by the risk of life and limb inherent in a military career. Of course, most of the men who see combat are one-tour soldiers who never put in enough time to qualify for a military pension. As for the careerists, most marines have certainly seen combat, but how many Navy men, apart from aviators? Lobbing shells at Korea or Vietnam from a floating steel platform several miles offshore does not fall into the same category as the GI chin deep in mud with bullets whizzing overhead. If the risk of life and limb warrants special monetary consideration, perhaps the extra money should be tied to actual risk.

Another common defense of the generous pension points to the frequent moves imposed on the military. Of course, certain civilian jobs require frequent transfers as well. And many families find the opportunity to live in a variety of countries and States one of the attractions of the military.

Still others point to assignments that cause separation from the family as a reason for the pension system. Certainly that is an area where there is relatively little comparison with the private sector. But, again, within the military there is a great deal of variation. The Air Force reports that it has about 22,000 assignments scattered around the world that are labeled unaccompanied tours. That means about 3½ percent of the men and women in the Air Force are in assignments away from their families. But the Navy is different; and shipboard assignment involves family separation. The Navy calculates that the average male enlisted man will spend 32.4 percent of his career away from his family due to sea duty. Monetary payments could be made for family separations, but with such variation it does not make much sense to increase pensions for everyone because some suffer extended separations.

Some in the military argue that a retirement program that moves men up and out relatively quickly is necessary to provide promotion opportunities. They point out that if men were kept in longer, there would be fewer promotions. This is, in fact, the reason why the military pension system was started. At the beginning of the Civil War, President Lincoln found himself saddled with aged officers many of whom literally needed help to get on a horse. Army captains in their sixties were not unheard of. The present system is in many ways an overreaction to that problem. For the present system is grounded not in the premise that a 60-year-old Army captain is too old, but that a 50-year-old lieutenant colonel is unable to perform his job behind a desk. Promotions would indeed be slower if men served longer. But there is no rule that says promotions must come every so many years. Many citizens work in jobs that do not offer promotions as frequently as military career. On the other hand, if promotions mean a great deal for military morale, the Congress can create more intermediate ranks. There is nothing sacronsanct about the present system of six ranks between the enlisted men and the general officers. The Russians, in fact, have one additional rank.

Some also claim that the working hours in the military are longer and note that anyone may be called on at any time day or night, but without any overtime payments. While there is no overtime system in the military, servicemen do qualify for 1 month's vacation a year from the beginning of their careers. In the civilian sector only 7 percent of unionized workers—and only about one-quarter of the work force is unionized—get that much after 12 years on the job.

The military is a community of more than 2 million persons and as such is larger than 40 of the 150 countries in the world. As in any society there are more onerous and less onerous jobs, more desirable and less desirable assignments. To consider that there is some specific *x* factor is to lump military lawyers in with a ship's boiler-room men. We can no more stereotype the military than we can the population of Oregon, which is virtually the same size as our military population.

The Defense Manpower Commission observed:

> In the private sector, there are many occupations or assignments entailing relatively onerous working conditions which employees must be induced to voluntarily accept. For example, laborers are employed to work on oil drilling rigs under widely varying working conditions. Most of them work on land. Others work on offshore platforms; they may live on the platform for an entire week. Others work at remote locations, such as Prudhoe Bay, for several consecutive months. Volunteers are attracted by paying differentials only to those individuals who experience the more onerous working conditions and only for the period during which these conditions are experienced.

### THE VISIBILITY OF MILITARY BENEFITS

For compensation to perform its task of attracting and retaining free labor, it must be visible to the employee. A benefit which lacks visibility lacks drawing power. The General Accounting Office has analyzed the results of a survey of 70,000 servicemen carried out by the Defense Department to determine the visibility of military pay and benefits. The servicemen were asked how much they would have to make in civilian life to equal their military pay and allowances and benefits such as medical care, dental care, commissary and PX privileges, food, lodging, retirement benefits, and so forth. The survey showed that 65 percent of the enlisted men and 61 percent of the officers underestimated the value of their pay and principal benefits.

What a civilian would call his salary is, in the military, a combination of basic pay, the allowances for housing and food, and the tax advantage that accrues because the two allowances are not taxed. This is called regular military compensation (RMC). Asked to value their RMC and benefits together, fully 40 percent of the enlisteds and 25 percent of the officers quoted figures that were less than their RMC alone. Huge numbers of servicemen do not even comprehend what their salary is.

The military pension system could be justified if it were necessary to attract and retain men in sufficient numbers and quality to man the Armed Forces. The survey results, however, indicate that the value of the benefits available to military careerists is not perceived by the majority of those military careerists. The absence of visibility indicates that the pension benefit is not as great a magnet attracting and retaining service personnel as is sometimes thought. In other words, society does not get a dollar's worth of allure for every dollar committed to military pensions.

I have noticed some attempts to justify the current retirement system as a support for the All-Volunteer Force. Pensions, however, have barely any attraction for the 18 year olds the AVF is seeking. And the AVF is not seeking careerists, anyway; it is seeking short-term volunteers.

There is also much emphasis today on the large losses of enlisted personnel in the midcareer years, about 6 to 14 years of service. We are losing so many men in this experience group partly because the retirement benefit is something off beyond the horizon. Less money beyond the horizon and more money up front in the paycheck would help trim these midcareer losses.

Mr. Speaker, I insert in the RECORD at this point a fact sheet that describes in more detail the provisions of the retirement reform bill I am introducing today:

### UNIFORMED SERVICES NON-DISABILITY RETIRED PAY REFORM ACT

Five basic proposals for altering the military pension system have been made in recent years:

The Pentagon's Retirement Benefits Act, which would cut benefits across the board. It provides a two-tier system with payments to those under age 60 roughly one-quarter less than now and more modest cuts after the age of 60.

The program designed by the President's Commission on Military Compensation. The Pentagon proposal was based on the PCMC report and is similar in philosophy but different in details.

The Defense Manpower Commission recommendation that an instant pension be granted only after 30 years of non-combat service or 20 years of service in combat jobs, with intermediate rates depending on the mission and degree of combat orientation.

The Ronald Reagan proposal of 1976, which would not alter the benefit package but would deduct 12½ percent from basic pay—and not raise basic pay to compensate for the deduction—in order to set up a pension fund for future retirees.

The Aspin alternative described here.

#### 1. VESTING AFTER 5 YEARS

The present system requires at least 20 years of service for eligibility. The Aspin bill would grant retired pay to all members with five or more years of service. Members with less than twenty years of service would begin receiving payments at age 62. The Pentagon proposal would grant vesting after 10 years.

#### 2. DEFERRED ANNUITY

The current system encourages many excellent servicemen to leave the military after reaching the 20-year mark because of the generous instant pension. The average careerist now remains in uniform 22 years and receives a pension for 32 years. In order to encourage more men to use their full potential in the military, the Reform Act would end the "instant" pension and pay a deferred annuity at age 60 for members who retire voluntarily with 20 to 29 years of service and at age 55 for members who retire voluntarily with 30 or more years.

#### 3. INVOLUNTARY RETIREMENTS

The military is a pyramid and cannot use every careerist to a traditional civilian retirement age of 60 or 65. If persons are forced into retirement by this pyramid, it would be unfair to leave them without any protection. At the same time if they go on to another career and earn a substantial salary, they are not really pensioners. The Reform Act provides that anyone forced into retirement would receive an "instant" pension. Should that person find other employment, the pension would be reduced by $1 for every $2 earned. During any time of unemployment or low-paid employment, the pension would be restored.

#### 4. EQUALIZE OFFICER/ENLISTED PENSIONS

Pensions are now geared to Basic Pay rather than the full military pay package of Basic Pay, the quarters allowance, the subsistence allowance and the tax advantage on the two allowances. This is the closest equivalent to a civilian wage and is called Regular Military Compensation (RMC). Officers retiring after 20 years now actually get 40 to 41 percent of their RMC as a pension while enlisted men get 34 to 38 percent, depending on rank. The Reform Act would set a new scale based on RMC which would equalize pension rates. The proposed scale is 1.5 percent for each of the first five years of service, 1.75 percent for the next five years, and 2 percent for each year over 10, times the average of the highest three years of RMC.

#### 5. TRANSITION FROM OLD TO NEW SYSTEM

The new provisions would not apply to anyone currently retired or to anyone with 20 years in uniform at the time of enactment.

Those with 16 to 20 years at time of enactment may retire with an immediate annuity after 20 years or a deferred annuity before 20 years—to be computed under the old formula.

Those with 5-15 years could retire before 20 years and take advantage of the new deferred annuity. If they wished an instant annuity, they would face a simple transition formula. A man with 15 years in uniform at time of enactment could retire voluntarily with an instant pension after 21 years of service. A man with 14 years at time of enactment could get the instant pension at 22 years of service. And so on until the man with six years in uniform at time of enactment would receive the instant annuity computed under the old formula only after 30 years. Those with five years or fewer would come entirely under the new provisions, including the new formula.

In addition to the foregoing, another provision is under consideration:

#### 6. CONTRIBUTION AND FULL FUNDING

Under the present system, a military member makes no contribution toward his own retirement. In addition, the system is $300 billion in debt. Under consideration is a provision that would require a 7 percent contribution from each military member, and a contribution from the government, to be placed in a fund where the interest could be used to pay for future retirement costs. The system would be phased in over several years. Men serving less than the five years required for vesting would have their contributions returned plus interest.

#### CONCLUSION

For years the serviceman was paid a rock bottom wage. Congress decreed that in lieu of better active duty pay, he could receive a generous pension. That was a form of deferred pay. In the 1960s Congress decided to raise military pay and bring it more generally in line with civilian pay scales. It would have been logical for Congress to review pensions then. For example, Congress could have said, "You're now paid $10,000 a year and can look forward to a pension of $5,000. We'll raise the pay to $15,000 but hold the pension at $5,000 plus the regular cost of living increases."

That would probably have been eagerly accepted by servicemen. But that was not done. Active duty pay was raised and, as a result of congressional oversight, pensions or deferred pay automatically rose as well. Now the existing pay and benefit package is viewed as a right engraved in stone. Although it is often mentioned that the present pension levels were promised to new recruits, it isn't often mentioned that no one entering the service 15 years ago was told that his RMC would be increased 135 percent in the 1964-75 period while inflation raised prices 74 percent.

The generous pensions have acted as an incentive spurring men to leave uniform and seek a second job. Rep. Aspin has said, "This is a waste of good manpower. We ought to be encouraging good men to stay in uniform."

Rep. Aspin has said he is not wedded to each individual proposal in his retirement package. He expects that hearings on the legislation will air other ideas and lead to modifications and improvements in the bill. In response to constructive criticisms raised by concerned servicemen, Rep. Aspin has already modified some of the details in his bill.

Rep. Aspin has also said, "I realize that I have been labeled a Pentagon critic and some think I am anti-military and out to 'get' the serviceman. Since this bill is not in the usual tradition of increasing benefits, I am certain it will only increase that feeling.

"My goal, however, is to encourage more 30-year careers and to be fair and equitable both to the taxpayer who must pay the bills and to the serviceman who labors long and puts up with more hardships than the average citizen to earn his salary."

MONTHLY RETIREMENT BENEFITS FOR SELECTED MILITARY PERSONNEL

[Assumes retirement in September 1980]

| Rank | Years of service | Current | Pentagon bill | | Aspin reform |
|---|---|---|---|---|---|
| E5 | 20 | $407.40 | $295.54 | (before 60) | $399.67 |
| | | | 384.20 | (after 60) | |
| E6 | 21 | 504.00 | 371.40 | (before 60) | 486.34 |
| | | | 478.18 | (after 60) | |
| E7 | 22 | 650.70 | 464.23 | (before 60) | 584.53 |
| | | | 595.30 | (after 60) | |
| 05 | 24 | 1,475.82 | 1,130.03 | (before 60) | 1,306.62 |
| | | | 1,421.45 | (after 60) | |
| 06 | 29 | 2,185.66 | 1,749.51 | (before 60) | 1,952.39 |
| | | | 2,143.15 | (after 60) | |

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## GENOCIDE OF THE ARMENIAN NATION

### HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. BRODHEAD. Mr. Speaker, on April 24, I will join with Armenians in the United States and all around the world to recall an event from 65 years ago, the 1915 genocide of the Armenian nation at the hands of the Ottoman Turkish Government. Only by preserving the memory of this terrible crime against humanity can we hope to prevent the same thing from happening again.

By a cruel twist of fate, world events kept the Western nations from coming to the aid of the Armenian people. World War I was raging in Europe, and those nations which would have provided aid were unable to do so. Thus, 1½ million people were slaughtered, and the survivors were robbed of their 3,000-year-old homeland.

Even though they have been scattered across the globe, none of the 6 million Armenians alive today remains unaffected by the legacy of these senseless killings. Families and entire communities were wiped out or scattered. Only through great courage and unity could a people survive such a disaster.

Seeking a new home, many survivors came to find refuge and freedom in the United States. Adapting to the demands of a strange land, while still maintaining their hallowed traditions, they built new lives on the solid foundation of a glorious past. Our land has been deeply enriched by the strong character and unique culture of the Armenian-American people.

Sixty-five years ago, a helpless minority was murdered by an armed and aggressive majority. Today, echoes of the past return to us in the starvation of the Khmer people of Cambodia and the subjugation of the brave people of Afghanistan. Let April 24, the day set aside to commemorate the genocide of the Armenian nation, be a day observed by all people, Armenian and non-Armenian. As Santayana said, "Those who do not learn from the past are doomed to repeat it." Mr. Speaker, on April 24 we must honor those who perished 65 years ago, and strengthen our resolve that the inhuman crime of which they were the victims never be allowed to happen again. I proudly join with the Armenian community of Michigan to commemorate this important day.●

## UNIVERSITY OF ROCHESTER LIBRARY'S DOCUMENT SECTION CELEBRATES 100TH ANNIVERSARY

### HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. HORTON. Mr. Speaker, on March 28 I had the honor and privilege to present to the documents librarian at the University of Rochester an American flag to commemorate the document section's 100th anniversary as a designated depository for Government documents.

With a full inventory of documents from the Government Printing Office and a partial list from the United Nations, the Dominion of Canada, the State of New York, Monroe County, and the city of Rochester, this depository is a priceless collection dating back to the year 1880. This great reference library is open to students, staff, and the general public and therefore performs a great service.

I feel honored to be included in the list of Congressmen who over the 100-year span have designated the University of Rochester as a Federal depository. One of my first acts when I was elected to Congress 18 years ago was to redesignate the University of Rochester.

Gregory P. Ames, documents librarian, delivered the commemorative address at the March 28 celebration. Because I think his remarks provide an interesting insight into the designation and growth of the depository and in the Rochesterian who helped make it possible from the start, John Van Voorhis, I am inserting Mr. Ames' speech into the RECORD and commend it to my colleagues.

The text follows:

REMEMBERING A CONGRESSMAN: JOHN VAN VOORHIS (1826-1905)

(By Gregory P. Ames)

I'd like to try to make us a little more familiar with the man who, in a very real sense, made our one hundred years of Documents service possible, and hence, this celebration. I'm referring of course to Congressman John Van Voorhis who early in 1880 put forth in Congress our Depository designation. It was so decreed on March 29, 1880, and here we find ourselves looking back on our years with much gratitude and not a little curiosity about the man who literally founded us.

It would be very easy for me this afternoon to eulogize John Van Voorhis with the highest and most time-consuming superlatives. Librarians have an inbred and undying affection for anyone who sends them books, more especially so when they're supplied free of charge and completely postpaid.

It would also be very easy for me to detail for you at length the events, both major and minor, of John Van Voorhis' highly successful life. Capable Documents Librarians that we are, we know for example which bills Van Voorhis introduced in Congress; we know which ones failed of passage and which were passed into law. In 1864, Van Voorhis was a delegate to the National Republican Convention at Baltimore, Maryland, which renominated Abraham Lincoln for a second term as president. He served as co-counsel for the defense at the trial of Susan B. Anthony in 1872. These two distinctions alone would have done credit enough to many a man's memory, but we're commemorating today Van Voorhis' efforts in creating a Depository Library. No one present here would doubt that it was his most enduring accomplishment.

It's my chosen task, however, to convince you that Van Voorhis's Depository designation was central to the man, not an isolated event in his life, not merely another of a Congressman's many important obligations and civic duties, but a deed that reveals something genuinely special about him.

We know from newspaper accounts of his life that, as able and respected a Congressman as he was, and I quote: "It was in his home life and in his library where Mr. Van Voorhis shone the brightest. He never gave up his early friendship for that which was noblest and best in literature. Fortunate in his early study of the classics, he could always retire from the strife of the bar and the political arena, to communion with his favorite authors, a communion which he loved to share with friends."

In the early years of his legal career, he would travel with a trunk heavy with books, primarily law books to be sure, although it's not difficult to imagine him including volumes of his favorite Latin authors as well.

There are other indications that suggest that here was a man who valued the intrinsic significance of books. Van Voorhis strongly supported the efforts of the publishing companies of the time for a reduction in the duties paid on printing paper. He petitioned Congress on behalf of Rochester booksellers and newsdealers in order that they might be placed on the duty free list. On behalf of the Rochester Academy of Science, he petitioned for a reduction in the duties owed on books of a scientific nature and on scientific apparatus.

We're fortunate to have preserved in our Rare Books Department a letter written by Van Voorhis addressed to Louis Henry Morgan, prominent Rochester lawyer and part-time anthropologist. In the letter, Van Voorhis responds positively to Morgan's request for copies of the Congressional Record. The precision with which he notes that Morgan would like the cumulated hard bound copies as well as the daily issuances of the Record, bears the mark of the bookman and delights the librarian. The letter shows Van Voorhis at his best. And in a way, he's been sending us documents for one hundred years, now.

I recently received a most welcome letter from Carl A. LaBarre, Superintendent of Documents in Washington, congratulating us on achieving our Centennial. He writes that Congressman Van Voorhis could not have foreseen that his designation would live on for so many years. Well, I guess I can't agree with that; in any case, I think you and I would prefer to believe that Congressman Van Voorhis did in fact have a very good idea of what we'd grow up to be.●

## ALTERNATIVES TO CONRAIL

### HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. DODD. Mr. Speaker, yesterday I received a copy of the "New England Rail Restructuring Analysis" prepared for the New England rail study, a project being sponsored jointly by the New England Regional Commission and the U.S. Railway Association. The decline in traffic volume shipped by rail and the deterioration of rail service represents a serious threat to the 12,000 firms and nearly 600,000 employees in New England who are presently served by rail.

This report is the result of an effort that began 1½ years ago to analyze the reasons for the decline in rail shipments and the continuing financial problems of railroads operating in the region. Specifically, the report focuses on three alternatives for restructuring railroads in the region and analyzes the operational, financial, and socioeconomic aspects of each.

I would like to call my colleagues' attention to certain findings of the report which support a proposal I have made to transfer all ConRail operated lines in Connecticut and Rhode Island to another railroad. Under my bill, H.R. 6986, the Secretary of Transportation would be directed to develop a proposal for the transfer of all ConRail operated lines in Connecticut and Rhode Island to the highest bidding railroad that he finds to be operationally and financially capable of providing service.

The "New England Rail Restructuring Analysis" shows that under circumstances almost identical to the ones set forth in my bill at least one railroad, the Providence and Worcester (P. & W.), could operate rail freight service on a profitmaking basis. Furthermore, the study shows that ConRail would substantially reduce its operating deficit in New England by selling its lines in Connecticut and Rhode Island to the P. & W.

Based on an analysis using 1977 figures, the P. & W.'s Net Railway Operating Income (NROI) would be $213,000 per year, "* * * if the P. & W. were to operate with its own work rules, its current level of net freight rents, and no southern gateway * * *" (p. 25, "New England Rail Restructuring Analysis," March 31, 1980). For ConRail the study shows that "The net result would be an $8.9 million reduction in the 1977 net railway operating income deficit. The smaller ConRail would lose an estimated $34.1 million on its New England operations, compared with an estimated baseline loss of $43.0 million in 1977." (p. IV-81, "New England Rail Restructuring Analysis," March 31, 1980.)

Mr. Speaker, this study clearly demonstrates that it is feasible to talk about transfers of rail properties in Connecticut and Rhode Island from the financially ailing ConRail to another railroad. Based on this study, there is clear evidence that a non-ConRail carrier operating local service in southern New England, without a Government subsidy, can make money while ConRail cannot. In addition since the sale of these lines that have been unprofitable for ConRail would permit ConRail to reduce its operating losses in the region, ConRail would also benefit.

These are extremely important considerations for the appropriate committees to keep in mind as they develop new policy to deal with ConRail's problems. Clearly, our choice is not simply to fund or not to fund ConRail; to provide or not to provide for the continuation of existing rail service to shippers.

Particularly during this time of tight budgets, it is important to try to find a solution to the rail problem which reduces the potential financial obligation of the Government and which encourages private enterprise to expand its operations. Based on this study, there is good reason to believe that the rail problems in Connecticut and Rhode Island can be solved without additional Federal subsidies for ConRail. For this reason, it is my hope that the Subcommittee on Transportation and the Committee on Interstate and Foreign Commerce will seriously consider my proposal for the expedited transfer of ConRail properties in these two States.

We cannot and will not meet the rail needs of the region with continued Federal subsidy. My proposal offers us an opportunity to seek a private enterprise solution to the problem, and this study offers evidence that it will work.

Thank you.●

## EDITH HINSHAW DAY

### HON. W. G. "BILL" HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday April 16, 1980*

● Mr. HEFNER. Mr. Speaker, I would like to bring to the attention of my colleagues in the House of Representatives a newspaper article about Miss Edith Hinshaw, who served with distinction for 30 years as a home economics extension agent in North Carolina. The article was published on March 30, 1980, by the Salisbury Post in Salisbury, N.C.

Edith Hinshaw touched the lives of thousands of families in Stanly County, where she initially served as an extension agent, and for the last 22 years in Rowan County. Her contributions to the improvement in the life styles of those families are immeasurable. She always brought with her good humor and a sense of dedication that commanded respect and admiration.

Edith Hinshaw won national recognition when she received the Florence Hall Award at the national meeting of home economists in Denver, Colo., in 1972. It recognized Edith Hinshaw's creativity and originality in developing a kit to aid handicapped homemakers. Publicity about the kit was picked up from a Federal bulletin and reprinted in a 1973 issue of Woman's Day magazine.

All of those who knew and learned from Edith Hinshaw are grateful to her for enriching their lives:

### "EDITH HINSHAW DAY" UPSTAGED BY MILDEW LESSON

(By Rose Post)

Retiring home economics extension agent Edith Hinshaw was the star of the show at the Agricultural Center Friday—and stole it right out from under herself.

As she arrived, she was called to the telephone.

"I thought you'd retired," the caller said.

"I have," Edith responded.

"What are you doing in the office then?" the woman asked.

"I just stopped by," Edith said, confessing later the question made her suspect a trick was being played by someone somewhere.

But there was no trick.

"I have some mildew in my cabinets," the woman continued. "What can I do to get it out?"

And while an overflow crowd waited in the center's auditorium for a surprise "This Is Your Life, Edith Hinshaw" program to begin, the guest of honor told the caller how to get rid of mildew in her cabinets.

It was a purely practical response—and typical of Edith Hinshaw, proving why the surprise program had been so lovingly prepared and the laughter was so ready and the praise so genuine.

Outside, a cold rain fell steadily, the kind of rain that usually keeps people at home.

But inside the crowd filled the auditorium and spilled into the hall, anxious to honor Edith for 30 years of service as a home economics extension agent, 22 of which have been to the women of the Rowan County.

She had been told she was to be guest of honor at a reception, and when plans for the "This Is Your Life" program were "secretly" announced to a group of 100 Rowan County women about a month ago, farm agent Harold Caudill laughed.

"How," he asked Mrs. Elmer Lagg, a member of the program committee, "do you expect to keep it secret? There's no way 100 women could keep a secret."

But they did, while they busily used all the skills Edith had taught them to prepare delicious and beautiful refreshments, cross stitch "hostess" badges for the past county council presidents, prepare and hang a wall full of posters illustrating the learning Edith Hinshaw has sparked during the past 30 years, and invited friends and coworkers from the past and present from all over North Carolina to take part in Edith Hinshaw Day.

#### HID THE PROGRAMS

Even the programs, prepared well in advance, weren't distributed so they wouldn't unexpectedly reveal the focus of the day until after Edith was in the auditorium and the secret was out.

And there was no question that she was surprised, so surprised, in fact, that her face first reflected embarrassment as she saw all the guests and listened to a review of her "life," then a determined effort to contain her emotion, finally a barely concealed spillover of tears that prompted Caudill to give her a handkerchief and, at last, laughter.

The laughter came spontaneously twice.

First Mrs. William Lear, president of the Rowan County Council, provoked it when she presented Edith with a gift from all the members of the Extension Homemakers Clubs. As soon as she pulled the big box from its hiding place beneath a table, Edith spontaneously exclaimed, "Oh, I know what it is!"

"Somebody told you?" Mrs. Lear asked, stopping in mid-presentation.

"No, they didn't," Edith declared, but her guess was right.

The gift was a beautiful fan quilt made during the nation's Bicentennial celebration in 1976 by all of the county's homemakers clubs, with each block containing the embroidered name of the club that made it.

"I always thought," Edith said, "that was the most beautiful quilt I had ever seen anywhere."

And the laughter errupted a second time as the program ended and Edith, presented with a birthday cake in celebration of her birthday yesterday, tried to blow out its candles. They wouldn't stay out.

"I'm weak," she said as she noticed they weren't out the first time—and blew again, but she had barely started to turn from the cake when the candles glowed brightly once more.

By that time she began to get the joke, but the trick candles had taken care of the tears that came inevitably as the women with whom she worked talked about why they'd miss her.

Mrs. Frances Caudle, home extension secretary, projected pictures of Edith from early childhood through recent slides of current activities as Mrs. Elmer Lagg and friends from all over the state reviewed her life.

### CAR STUCK UP

Vernon Huneycutt, county chairman in Stanly when she began her work as a home agent, recalled the time her car mired axle-deep on a muddy road between Ridgecrest and Millingport and she had to push it out.

Miss Esther G. Willis, her first district home demonstration agent, commented that to Edith home demonstration has been neither job nor profession, but a way of life, "a way to be of service to the families of Stanly and Rowan County and to bring greater comfort and happiness in the homes of the people you loved. Today, you have achieved that goal.

A former co-worker, Mary Anny Lawrence of Boone, recalled loading and unloading teaching materials in her first car—"and the time, after a rain we went to a club meeting. You were driving and on the way home, we hit a slick spot and landed in the ditch—and all you did was sit and laugh and laugh and laugh."

Searching the files, Mrs. Lagg said, the committee preparing the program found her first report in Rowan, dated Jan. 6, 1958.

"I began work in Rowan last Thursday," Edith had written, "and am looking forward to my work here . . . For today, and the next several weeks, I'll be giving you information on 'Outlook for Family Living.' The general situation: Prices of family living items are creeping up all along the line. In the past year living costs have gone up 3.6% . . . Inflation has increased steadily during the past decade. Today's dollar goes less than half as far as the 1939 dollar; it lost almost two cents in purchasing power last year and is expected to lose more during 1958."

Mrs. Lagg noted her community service, honors paid her nationally, and her enthusiasm as she masterminded numerous activities for many groups, including a young people's group which prompted a present member, Gary Watkins, to recall a prank she played with a gag spoon during a beach trip.

Her help during workshops and her encouragement to extension homemakers to support the bloodmobile program, the foster child program, craft fairs, to decorate the Hall House, present Christmas decoration exhibits—all those activities, Mrs. Lagg said, just touched the surface, "but we want you to know that Rowan County citizens and extension homemakers in particular love you and shall always remember the genuine love and concern you have consistently shown to everyone of the 775 club members and in the 35 clubs existing today." The presentation of gifts which followed Mrs. Lagg's story of Edith's life was a literal parade.

Flowers were presented by Mrs. George Fleming and her granddaughter, 3-year-old Jennifer Willett of Indianapolis.

Hall Steele of the Rowan County Commission presented a special pin and read a resolution of appreciation from the commission.

A plaque from the North Carolina Extension Service for 30 years of service was presented by Dr. Eloise Cofer of Raleigh, assistant director in charge of home economics. Harold Caudill, chairman of Rowan County Extension, presented a gift of crystal from the staff.

Mrs. Locke Neel, secretary of the Rowan County Council, presented a book of memories including pictures and letters from friends, and Mrs. Clay Cozart, vice president, presented the cake.

And Mrs. J. E. Bame, chairman of the gift committee, also presented Dr. Cofer, who will retire in June, with a pillow she had made herself.

Mrs. L. C. Pinnix, soloist, sang several numbers, accompanied by Mrs. Frances Caudle.

Mrs. Fleming served as chairman of the program committee with Mrs. Lear and Mrs. Lagg. Serving on the gift committee were Mrs. Locke Neel and Mrs. H. R. Shulenburger, and members of the decorations and refreshments committee were Mrs. Clay Cozart, chairman, Mrs. John Hahn, Mrs. Joe Frye, Mrs. Wayne Bingham, Mrs. J. E. Bame, Mrs. W. J. McCombs, Mrs. Leo Lingle, Mrs. Hugh Bost, Mrs. D. L. Gardner, and Mrs. M. O. Royal.

Special guests included county manager Seth Murdoch, commissioners, former and present staff members, home economics agents from the Southwestern District, and Eric Ennis and Harold Sifford of the Rowan County Fair Association.

In addition, out-of-town guests entertained at lunch by Mrs. Lagg prior to the program were Bill McEwen, administrative assistant to Congressman Bill Hefner; Dr. Cofer; Dr. Lois Brown of Raleigh, district program leader in home economics; Miss Esther Willis of Raleigh, former district program leader; Miss Jessie Trowbridge of Charlotte, former district program leader; Miss Betty Williams of Charlotte, former USDA and North Carolina extension worker; Mr. and Mrs. Vernon Huneycutt of Albemarle; Mrs. Lawrence of Boone, home economics agents from the southwestern district; Edith's mother and sister, Mrs. R. N. Hinshaw and Mrs. Robert McLean of Greensboro, and an aunt and cousin.

And that, everybody commented when it was all over, was quite a number of people to keep a secret.●

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## COURAGEOUS PUBLIC SERVANTS

## HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. RODINO. Mr. Speaker, I want to pay tribute to two courageous public servants in my congressional district, Mr. James DuBose, Jr., and Mr. George Fleming. The story of these two men is one of heroic dedication to duty which will set a lasting example for all law enforcement officials. Mr. DuBose is a corrections officer at the Essex County Prison in Newark and Mr. Fleming is the deputy warden there.

Mr. Speaker, many of my colleagues may have read news accounts of the violence in the Essex County Prison the last week in March. During those tense and volatile events it was Officer DuBose and Deputy Warden Fleming who risked their own lives to save the lives of others.

Several inmates, one of whom was armed, broke loose on the 10th floor of the prison. They confronted Officer DuBose and demanded that he hand over the wing key that would have opened all the doors on the floor, releasing over 100 inmates. DuBose's courage and quick thinking contained the breakout and stopped widespread violence in the jail. He refused to hand over the key and instead trapped the inmates between two closed-off areas. One of the inmates then shot him in the neck, and he lay bleeding on the floor near an elevator, where doctors say he would have died if George Fleming had not heard about the shots and rushed to the 10th floor to help. Fleming ignored the shots which were fired as he dragged DuBose into the prison elevator and took him to the basement for emergency medical treatment.

Mr. Speaker, there is a great deal more than I could say about these two heroic men, but the quiet, unassuming courage and commitment to saving human life is best summed up by Jim DuBose's simple explanation of why he risked his life: "I knew there were a lot of inmates, 103, on that particular floor at that time. To let the prisoners out would have been to have put my fellow officers in jeopardy."

Jim DuBose and George Fleming come from families with a tremendous sense of civic duty. Jim's father, James DuBose, Sr., is a Newark police detective who has served the city of Newark for many years. He is a close friend of mine and an officer in the Bronze Shields, Inc. George Fleming is James DuBose, Sr.'s cousin.

Mr. Speaker, I am proud of Jim DuBose, Jr., and George Fleming, and I am certain that all of the citizens of my district join me in expressing gratitude to these outstanding public servants. At the same time, I am very concerned for James DuBose who is still in the hospital recovering from a serious operation as a result of his wound. My heart goes out to him and his family.●

## ENERGY CONSUMER: ARE YOU USING YOUR BENEFITS?

## HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. McKINNEY. Mr. Speaker, U.S. political and economic independence has already been severely compromised by our reliance on foreign oil. Protection of the Nation's well-being will require aggressive and persistent efforts to conserve energy and maximize the use of alternate fuels. What follows is a list and description of tax credits, grants, and loan programs available to the energy consumer in Connecticut. The information provided includes the name and phone number of a contact person for each program. I believe that the benefits described herein can be of real assistance in freeing us from addiction to other people's oil:

### I. ENERGY TAX CREDITS

Energy tax credits are available for both the homeowner and businessman with restrictions on qualifying equipment as well as the life and amount of credit available. A tax credit is a dollar for dollar offset against the amount you would normally pay in income tax.

For the homeowner: Taxpayers can presently take a 40 percent credit on the first $10,000 spent on renewable energy sources which include solar, geothermal, or wind-powered equipment. The maximum credit would be $4,000. This credit is effective after December 31, 1979 through 1985. Individuals can also take a credit for energy conservation costs of 15 percent on the first $2,000 spent on items to save energy, for a maximum credit of $300. Qualifying equipment includes insulation, caulking and weather stripping, modified flue openings, storm doors and windows, automatic furnace ignition systems, and clock thermostats. The credit is retroactive to cover systems installed after April 20, 1977 and is available through 1985.

If you have further questions, contact Carolyn Hammond of the state Internal Revenue Service at (203) 244-3473 and Box 959, Hartford 06101 or contact your local IRS office at (800) 343-9000 (toll free), with branches in Bridgeport at 915 Lafayette Blvd., 06604, in Stamford at 300 Broad Street, 06901, and in Norwalk at 83 East Avenue, 06851.

For Businesses: Energy tax credits are available to businesses for equipment which use solar or wind energy to generate electricity or provide heating, cooling, or hot water in a commercial structure. This credit is refundable. In addition, equipment which use solar energy to provide industrial, agricultural or commercial process heat are eligible for a 10 to 15 percent non-refundable credit. These credits cover systems installed between October 1, 1978 and January 1, 1986.

If you have further questions about this type of credit, contact Carolyn Hammond of the state Internal Revenue Service at (203) 244-3473 and Box 959, Hartford 06101 or contact your local IRS office with branches in Bridgeport, Stamford, and Norfolk with the same addresses and telephone number as listed above.

#### TAX EXEMPTION IN CONNECTICUT

A Connecticut state program exempts newly installed solar energy heating or cooling systems from property taxes for the first fifteen assessment years. There are qualifications pertaining to the dates of installation.

Connecticut permits any municipality to exempt solar energy heating or cooling systems from property taxes. This exemption represents the difference between the assessed valuation of the real property with the solar system and with a conventional heating or cooling system. It will apply to any building or addition constructed on or after October 1, 1976 and before October 1, 1991 and will apply only to the first fifteen assessment years. The exemption applies to both businesses and individual homeowners.

If you want further information about this program, contact your local tax assessor at the following addresses and telephone numbers:

Bridgeport: Leo McBride, City Hall, Room 124, 45 Lyon Terrace, 06604 at 576-7243.

Darien: Joseph A. Cullen, 719 Boston Post Road, 06802 at 655-0661.

Fairfield: Thomas A. Fitzpatrick, 611 Old Post Road, 06430 at 255-8282.

Greenwich: Albert G. Kirk, 101 Fieldpoint Road, 06830 at 622-7885.

Norwalk: Frank Kelley, 41 North Main Street, South Norwalk 06850 at 838-7531, ext. 236, 237, 238, 239.

Stamford: James Hyland, Old Town Hall, 429 Atlantic Street, 06901 at 358-4019.

Westport: Charles F. Carlin, 110 Myrtle Avenue, P.O. Box 549, 06880 at 226-8311, ext. 100.

### II. LOANS

Loans are available to homeowners for the purpose of installing solar equipment and making energy conservation improvements on homes. Certain restrictions, guidelines, and upper limits exist on the amount of the loan received.

#### HOME IMPROVEMENT LOANS

Homeowners may qualify for government guaranteed loans to install solar heating, cooling and hot water units under the Federal Housing Administration's Insured Home Improvement Loan Program. A maximum of $15,000 is available for up to fifteen years at an interest rate of 12 percent. (Interest rates are subject to change.)

To qualify, an individual must own or have a long term lease on the property, have a satisfactory credit rating and be able to pay back the loan over its term. Before approving the loan, the FHA must be satisfied that the solar system to be installed has proven to be reliable. Field offices have been issued guidelines for evaluating the acceptability of the proposed system.

FHA's willingness to guarantee loans for solar equipment may vary regionally. Applicants should contact the local HUD/FHA office or any approved lender.

For more information on loan activity, please contact Jim Anderson of the Federal Housing Administration in Washington, D.C., 451 Seventh Street, 20410 at (202) 755-6880 or your local FHA/HUD office, 1 Financial Plaza, Hartford 06103 at (203) 244-2268 and speak to Otis Miles.

#### VETERANS' LOANS

The Veterans' Administration direct and guaranteed home loan program can be used to finance a variety of conservation improvements including insulation, caulking, weather stripping, storm doors and windows, and furnace modifications. Solar energy systems are also covered under this program. the current interest rate charged is 10 percent for up to thirty years with a maximum direct loan of $33,000. Solar equipment must meet the standards set by HUD and FHA.

For more information on this particular program, contact Albert W. Glass of the Veterans' Administration in Washington, 810 Vermont Avenue N.W., 20420 at (202) 389-2332 or the Connecticut state office 450 Main Street, Hartford 06103 at (203) 244-2430.

### III. GRANTS

Grants are available for businesses, individuals, hospitals and schools. The scope of the grants vary and the specifications differ with each program.

#### APPROPRIATE TECHNOLOGY GRANTS

Congress has authorized the U.S. Department of Energy to implement an appropriate technology financial support program. The purpose is to encourage the development and demonstration of, and the sharing of information with respect to, energy related systems and supporting technologies promoting energy conservation and use of nonconventional energy resources.

Three types of energy related projects are eligible for grants under this program:

Idea Development: The development of an idea or investigative finding in the area of new concepts or utilization of old procedures or systems applications ($10,000 limit).

Product/System Development: The practical application of investigative findings and theories of a scientific nature toward the production of, or improvement in, useful products to meet the specific performance requirements but exclusive of manufacturing and production engineering ($50,000 limit).

Demonstration: The testing of a system or technique under operational conditions to show that commercial application is technically, economically, and environmentally feasible ($50,000 limit).

All individuals, non-profit organizations and institutions, state and local agencies, small businesses and Indian tribes are eligible. Applications should be sent to the DOE region I office.

For more information on this type of grant contact Robert Chase of the U.S. Department of Energy, Region I, 150 Causeway Street, Boston, Massachusetts 02114 at (617) 223-0504.

#### SCHOOL OR HOSPITAL GRANTS

Energy conservation renovation grants to public and private non-profit schools and hospitals are authorized under the National Energy Conservation Policy Act. When fully funded, the program would pay up to 50 percent of the cost of energy conservation projects (or 90 percent in severe hardship cases) with the state or private sources paying the remainder. Energy conservation projects may include solar heating and cooling, water heating and electric generating systems.

For more information on these grants contact Michael Willingham of the Department of Energy, Room 2H043, 1000 Independence Avenue S.W., Washington, D.C. 20585 at (202) 252-2335.

#### LOW-INCOME WEATHERIZATION PROGRAM

This program would provide grants for low income individuals, particularly the elderly and handicapped. There is an income limit based on the Office of Management and Budget (at the White House) guidelines, with an exception for those receiving federal, state or local cash assistance payments. The Department of Energy gives the grant to the state government which proceeds to give it to a local organization, in most cases a Community Action Group, to disperse the funds. In general, local volunteers or CETA workers do the work, as presently, labor costs are not covered. The maximum grant per dwelling is $800. Equipment qualifying includes insulation and weather stripping, modified flue openings, storm doors and windows, automatic furnace ignition systems, clock thermostats, and certain furnace modifications.

For more information on the weatherization grants, contact Jane Kosut of the Region I, Department of Energy, 150 Causeway Street, Boston, Massachusetts 02114 at (617) 223-3106.

Mr. Speaker, this compilation of Federal and State energy benefits is by no means comprehensive. Nor does it reflect all the initiatives presently underway to further increase the financial incentives for conservation and alternate fuel use. Further a special 50-member House-Senate conference committee, on which I serve, is presently completing its consideration of the omnibus energy bill, S. 932, and it will include new initiatives intended to encourage and assist with the cost of installing conservation and alternate energy applications in the home and small businesses. Long-term, low-interest loans should be available in the near future to help finance solar hot water, heating, and cooling systems, as well as the installation of conservation measures. Increased weatherization funding and Federal incentives for the development of gasohol, biomass fuels, and synthetic oil and gas are another part of Congress ongoing efforts to reduce our Nation's crippling reliance on foreign oil. Still, much more remains to be done by us all.●

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## TRIBUTE TO ROBERT GIAIMO

### HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. MAZZOLI. Mr. Speaker, I would like to join with other Members of the House in wishing well to our colleague and friend, the Honorable ROBERT GIAIMO, who has decided not to seek reelection after serving in the House for 22 years.

BOB'S guidance and leadership will be sorely missed. As chairman of the House Budget Committee, he has one of the most demanding positions in the House.

In the months ahead, BOB will be leading all of us in the difficult task of limiting Federal spending and of balancing the Federal budget. There will be painful choices for each of us to make. Every addition or deletion of funds will arouse intense debate.

But, BOB'S leadership, abilities, courage, and grasp of the intricacies of the budgetary process should carry the day.

We all wish BOB and Marian the best of health and happiness after he leaves the House. Our loss is another's gain.●

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## CIVILIAN PILOTS FACE HYPOXIA PERIL

### HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. JOHN L. BURTON. Mr. Speaker, hypoxia, or the lack of sufficient oxygen for the human body to function normally, although not a new threat to safe flight at high altitudes, has become a matter of concern to me. Recently, two twin-engine turboprop airplanes were lost under mysterious circumstances; one off the east coast of the United States and one in Europe. Hypoxia is very much suspected to be a factor in the case of the European accident, while the accident which occurred off our east coast may remain a mystery forever.

Military pilots must receive intensive physiological training to prepare them for high altitude flight. Although similar training is available and encouraged by FAA for civilian, FAA certificated pilots, they are not required to take this training and may therefore be ill prepared to cope with or even recognize the deceptive symptoms of hypoxia.

An article, in the April 4, 1980, issue of the Los Angeles Times, Hypoxia Peril, written by Penny Girard provides an excellent overview of this problem and how it may affect safety of flight in the immediate future. I share this information with my colleagues:

### LIGHT PLANES FLYING HIGHER, INVITE DISASTER

(By Penny Girard)

WASHINGTON.—It was 9:15 p.m. and the small plane carrying Louisiana State University football coach Bo Rein rolled down the runway at Shreveport, La., for a direct flight to Baton Rouge.

The local air traffic control tower routinely advised the pilot to change course to skirt a line of thunderstorms. Eight minutes later, when the tower lost voice contact with the twin-engine turboprop, air controllers became alarmed. At the tower's request, a nearby Pan American jet established radio contact with the Cessna's pilot, but only briefly.

A pair of military jets were scrambled from South Carolina, then another from Virginia. They trailed the small plane as it climbed to 40,500 feet in the dark sky, veered 1,500 miles off course and traced a wide arc over a half dozen states. Finally, its fuel supply spent after almost four hours of flight, the Cessna—still silent—slowed, angled to the right and spun down into the Atlantic Ocean about 120 miles off the coast of Virginia.

No firm conclusion about the cause of the crash is possible because only a tire and one piece of scrap metal ever were found. However, some federal investigators and experts on aviation medicine believe the accident may have been triggered by a phenomenon called "hypoxia"—lack of sufficient oxygen for the human body to function normally.

Hypoxia can occur in airplanes when unpressurized aircraft fly too high without supplemental oxygen or when pressurized planes experience a sudden loss of cabin pressure.

Commercial airliners, which rarely lose cabin pressure, are equipped with oxygen backup systems for emergencies. And, in the past, small private planes normally did not venture up into the higher altitude levels.

Now, however, some federal aviation officials and specialists in aviation medicine are beginning to fear that hypoxia poses a growing problem for private planes. Sales of all private planes are up, and there is a noticeable increase in the number of high-performance, light turbo-charged planes and business jets.

With more airplanes crowding the sky, flown by more young pilots with relatively little experience, and with more aircraft flying at higher altitudes so costly fuel can be used more efficiently, some experts fear that the danger of hypoxia is greater than ever before.

"We are concerned that hypoxia is likely to become a more significant problem," said Richard F. Chandler, chief of the protection and survival laboratory at the Federal Aviation Administration's Civil Aeromedical Institute in Oklahoma City.

Hypoxia has been a threat ever since man took to the air. The U.S. Naval Flight Surgeon's Manual describes it as "probably the most frequently encountered hazard in aviation medicine."

There were tragedies in early balloon and airplane flights. Hypoxia continued to be a serious aviation problem in both World Wars, according to the manual, which also warned that it remains "a potential threat even in today's military aviation."

Federal aviation regulations require supplemental oxygen to be carried aboard all planes certified to fly over 12,500 feet, and require its use whenever a plane is at this altitude for more than 30 minutes. At 15,000 feet, every occupant of any aircraft must be provided with supplemental oxygen.

Supplemental oxygen also is recommended when small planes fly above 5,000 feet at night because night vision can be sharply impaired by lack of oxygen, even at such a relatively low altitude.

At higher altitudes, where atmospheric pressure is lower and oxygen molecules are farther apart, normal breathing becomes labored. Breathing faster or deeper will not compensate for the altitude change.

What worries such aviation medicine specialists as Col. Rich B. Pilmer, head of the aerospace physiological branch at Brooks Air Force Base in San Antonio, is the insidious nature of hypoxia.

"It's much more likely to sneak up on you than cause any pain or a frightening experience," he said.

The onset of hypoxia—as gradual as the rate of ascent—may be little noticed by an unskilled pilot or even by a proficient pilot engrossed with flight duties or unaware of a malfunction in the pressurization system or his oxygen mask.

Tolerances to hypoxia also vary from person to person, depending on one's physical fitness and other factors. Smoking, alcohol and drugs increase susceptibility.

The first signs usually include an increased rate of breathing, headache and fatigue. These are followed by lightheadedness, feelings of dizziness, sweating and warm tingling sensations.

Drowsiness, impaired vision, muddled judgment and poor coordination follow. Numbers are harder to add, flight computations and writing become more difficult.

In the final stages behavior changes. Some hypoxia victims react belligerently to those who try to help them. Most experience a sensation of euphoria as they drift into unconsciousness.

Flight manuals all describe hypoxia symptoms, but only a small percentage of the 800,000 licensed pilots in the United States have ever experienced them or taken the voluntary one-day physiological training course offered by the FAA at its Oklahoma center and at several dozen military bases around the country. About 3,000 pilots take the training annually, the FAA said. Even with improved protection equipment, experts still worry about hypoxia occurring because of human error.

At the Air Force's aerospace physiology headquarters at San Antonio, flight crews are required to experience hypoxia in special large white training chambers that can stimulate rapid loss of cabin pressure in varying aircraft environments.

"What worries me," Pilmer said, "is that there are more planes flying today and a whole new generation of fliers who haven't had this training in the military." While the aircraft industry believes the increase in pressurized aircraft will help reduce hypoxia problems, Pilmer isn't so sure. With corporate aircraft flying at higher altitudes, he said, "These pilots are getting into environments they simply don't know."

Part of his concern is because a pilot has sharply less time to react (called "time of useful consciousness") the higher his plane is flying.

At 18,000 feet, without oxygen a pilot has 20 to 30 minutes to take corrective action if he begins to lose cabin pressure or oxygen. At 25,000 feet, this time is reduced to three to five minutes. By 35,000 feet, the time drops sharply to 30 to 60 seconds, and at 40,000 feet is in only 15 to 20 seconds.

"Unless you're aware of hypoxia, you really don't know what's happening to you," said Capt. Ernie Treubig, a senior Air Force pilot at San Antonio.

Military pilots also have been taught pressure breathing—controlled breathing with supplemental oxygen regulators in an unpressurized aircraft at high altitudes that allows them to maintain proper lung oxygen pressure.

At the FAA's Aeromedical Institute, Chandler said comparable training for private pilots is rare, but that he and other concerned aviation medicine experts are trying to encourage it.

Chandler has other concerns about sudden loss of cabin pressure in private planes at high altitudes: for one thing, passengers might quickly lose consciousness while pilots take their own corrective action, especially since small private jets now are being certified to fly at altitudes as high as 50,000 feet.

"The corporate president who has not maintained himself is more likely to be in poor physical condition and affected more quickly than the pilot," Chandler said.

He is also concerned about "the little lady from Poughkeepsie getting on the small plane for the first time" who might not know what to do when cabin pressure falls.

Chandler's office also is studying whether a pilot with a beard can get enough oxygen through a supplemental oxygen mask—whether the beard prevents an oxygen mask from fitting or functioning properly.

There is some unconfirmed speculation among aviation experts that the pilot of a private corporate plane that crashed last September in France may have worn a beard. The turboprop plane, an American-made Beech Super King Air, owned by Eagle Aircraft Co., left Stansted, England, with two pilots on a training mission. The plane later crashed in France, and hypoxia is suspected by some experts as the cause of the accident.

John Owen, an inspector of accidents in the British Accident Investigation Bureau, said it will be another six months before the joint French-English investigation is completed.

A spokesman for Beech said there never had been any problems with the plane's pressurization system.

At the National Transportation Safety Board, computer records since 1970 show 18 accidents where hypoxia was either the cause or a contributing factor. Many of them happened in western states, where weather conditions and mountains often force planes to higher altitudes unexpectedly.

Federal Aviation Administration flight surgeon H. L. Reighard said he believes the current regulations for carrying supplemental oxygen are adequate. "I'm very satisfied with the quality of the equipment and its reliability," he said. And a spokesman for the National Business Aircraft Assn. said he considers today's business aircraft to be well equipped and pilot training to be adequate to cope with hypoxia.

The investigation of the accident in which the Cessna carrying Bo Rein crashed off the Virginia coastline still is incomplete. Since the plane crashed in a part of the ocean that is 6,000 feet deep, there are no cockpit instruments to check or body tissues of the victims available to examine for oxygen content.

There are only the reports of the air traffic control towers, the airborne Pan American jetliner in the vicinity that contacted the small plane, and the cockpit conversation of an F-106 pilot who followed the plane to its end.

The fast-moving F-106 got close enough to see the strobe and wingtip lights of the Cessna.

"I rolled out about two miles behind him, overtaking," the pilot said. "I got a quick look as I went by, rocking my wings, flashing my lights. No response."

He passed the small plane again, then made a third run by him 500 to 600 feet away. "I was looking for anything wrong with the airplane. I hadn't been able to see in the cockpit. The windows looked OK. But the moon created a glare on the windows and I couldn't see in."

As the Cessna slowed down and started to descend at a rate of about 4,000 feet a minute, the fighter jet circled.

"It's hard to say if he is diving down or just spiraling. All I can see is his lights. After leaving 26,000 feet the lights are really moving. I can see the different lights like he is spiraling."

The fighter continued to circle until he heard the crash.●

## FAILURE OF COMMUNISM IN CUBA

## HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. MINISH. Mr. Speaker, last week, the world was presented with a vivid look at the failure of Fidel Castro's effort to make the Communist system work in Cuba. Proving just how out of touch he is with the mood of his people, the Cuban dictator announced on April 5 that all Cubans wishing to emigrate to Peru were free to do so.

Castro sought to embarrass Peruvian officials who had granted asylum to a number of Cubans who had forced their way onto Peru's Embassy grounds in Havana.

Much to Castro's own surprise and embarrassment, 10,000 Cuban citizens fought their way onto the Embassy compound in the ensuing 38 hours.

This early April drama clearly reflects the Cuban people's dissatisfaction both with the failure of Castro's economic policies and with his systematic program of political repression.

On Monday, the administration announced that 3,500 of the new refugees would be granted asylum in the United States. I commend this humanitarian action and also support the provision that first preference be given to former political prisoners and those with relatives already in this country.

Given the U.S. charitable action in accepting more than a third of the emigrees, it is incumbent upon the other nations of the free world to do their part in making the rest welcome. The United States has an unequaled record of opening its arms to those in need of protection; this responsibility must be shared worldwide.

Mr. Speaker, if the events of last week are a true indication of Cuban popular sentiment, the democracies of the world must act in a manner that will encourage the Cuban people to continue expressing their discontent.

Castro's regime is a brutal failure. His people live in poverty with little or no personal freedom. As this dictator continues to prove he has lost touch with his people's needs and desires, an organized effort must be made to help the refugees relocate. We must continue to provide the oppressed people of Cuba with alternatives to Castro's repression if the Western Hemisphere ever is to be rid of Communist tyranny.●

## TRANSPORTATION ISSUES

## HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. DODD. Mr. Speaker, yesterday I had the pleasure of testifying before the House Appropriation's Subcommittee on Transportation regarding a number of current transportation issues.

At this time I include in the RECORD the text of my remarks:

### TESTIMONY OF THE HONORABLE CHRISTOPHER J. DODD

Mr. Chairman, members of the subcommittee, I am happy to be with you today to testify in support of a number of current transportation projects which I view as an investment to insure the availability of viable transportation alternatives to the automobile and truck in the years ahead. Mr. Chairman we are on the verge of a new era in transportation policy. This nation's alarming dependence on imported oil and its devastating impact on the rate of inflation must be attacked head-on. As we in Congress continue to tackle inflation and our dependence upon imported oil let us not tear away at the very foundation of programs that can aid us in our fight. I come before you today to discuss a couple key programs which I believe are essential to the future of this nations transportation plans.

Mr. Chairman, I have been and continue to be an ardent supporter of the Northeast Corridor Improvement Project. I believe that a modernized rail system for both passengers and freight is essential if our nation is to have a balanced transportation system; if we are to lessen our dependence upon imported foreign oil; if we are to compete more successfully with other industrialized nations with modernized rail systems; if we are to more efficiently move both raw materials and finished products particularly suited to rail transportation; and if we are to improve the quality of the environment.

Just a few short weeks ago the House passed the Passenger Railroad Rebuilding Act which authorized an additional appropriation of $750 million to complete the Northeast Corridor Improvement Project, (NECIP). Mr. Chairman, I urge the committee to appropriate these important monies so that we can complete this essential rail revitalization program.

Significant energy savings have been realized by providing high quality rail service in the Northeast Corridor. This corridor has the heaviest population density in the country and this region has already demonstrated that good rail service can attract substantial ridership in competition with less fuel efficient modes of transportation. It is estimated that when this project is completed approximately 5.7 million passengers will be diverted from other modes of transportation which are generally less efficient.

The main objective of the NECIP was to provide fast, energy efficient intercity travel between Boston and Washington in an effort to increase the viability of train travel as an alternative passenger transportation mode. I believe, Mr. Chairman, we are moving in the right direction. The facts are clear—ridership is up from slightly more than 8 million in 1972 to 11 million passengers in 1979, and it is projected that when the corridor improvements are completed close to 20 million people will choose to ride the trains. I might suggest that as the cost of energy increases so does the likelihood that these projections are conservative.

Mr. Chairman, one particular aspect of the NECIP which is significant to my own State of Connecticut is the plan to improve station and service facilities along this route. Renovated, attractive stations are crucial to building ridership on the corridor trains. Plans call for the renovation of the Bridgeport, New Haven and Stamford stations and it is my understanding that the Budget committee has allowed for the completion of these projects. I hope, Mr. Chairman, that this committee will also fund the completion of this particular element of the project. In New London, Connecticut renovation of the historic Union Station is completed and it serves as an intermodal transportation hub for the city. Trains, buses, cabs, and ferry service is available. The linking of transportation modes is vital to increased ridership; People can't ride the trains if they can't get to the station.

Mr. Chairman, The Northeast Corridor Project makes good sense. I urge the committee to complete funding for this project.

Mr. Chairman, although freight rail rates are lower than truck rates and the energy savings of rail freight transportation are unquestionably higher than truck, equally certain is the fact that shippers will use rail only if it is efficient and reliable. A recent survey of shippers in New England found that shippers are more concerned about reliability than costs and that the unreliability of rail service in much of New England is continuing to drive users to trucks.

One of the chief causes of the unreliability and inefficiency of freight rail service in my State of Connecticut is the fact that the shortest and most direct route between Southern New England and metropolitan New York City and the Atlantic Seaboard States has been closed to rail traffic since 1974. The Hudson River cuts off most of New England from points to the South and West, and in May of 1974 the railroad bridge which spans the Hudson at Poughkeepsie, N.Y., was damaged by fire and became non-usable.

Since that time first the old Penn Central and then ConRail has refused to repair the bridge. I would like to add that there are only two railroad bridges that cross the Hudson and that as a result of the closing of the Poughkeepsie bridge, traffic coming in or going out of Connecticut and Rhode Island has had to be detoured via the bridge at Selkirk, N.Y. This detour has added 150 miles to the trip shipments must make.

The closing of the bridge has caused significant shipping delays and has cost ConRail money both in lost customers and in increased operating expenses. If the bridge were open, trip time between New Haven and Washington could be reduced from 59 hours to 17 hours, and the trip from Boston to Washington could be cut to 20 hours.

The Pennsylvania Department of Transportation has found that using the Poughkeepsie Bridge saves its state's shippers 120 miles on one-way movements to Connecticut. In addition, the Poughkeepsie Bridge is the major gateway to New England for coal coming from Pennsylvania, Virginia, West Virginia and Kentucky. Thus the bridge would play an important role in the success of New England's efforts to convert to coal.

In addition to overloading the operation at the Selkirk bridge and yard, routing traffic through Selkirk rather than Poughkeepsie costs ConRail $3.6 million in unnecessary fuel consumption annually according to the Pennsylvania Department of Transportation: "Since it requires the consumption of at least 30 cents per car mile and one-fourth gallon of fuel per car mile to move a freight car, ConRail is wasting $3.6 million and 2 million gallons of fuel annually by not utilizing the Poughkeepsie Bridge."

These figures were calculated several years ago when fuel costs were much lower than today. The figures would be much higher today.

ConRail's justification for not repairing the bridge is that use of the bridge had substantially been eliminated prior to the fire and that it would simply cost too much to repair it—frequently figures of $100 million or more are mentioned.

ConRail refuses to recognize that the decline in the use of the bridge was due to the general decline of the railroads operating the service in New England at the time. I would like to read a brief excerpt from a statement by former Connecticut Department of Transportation Commissioner, James Shugrue,, on this issue: "In the last years of the New Haven Railroad's operations, 12 daily through-trains utilized the Poughkeepsie Bridge route with approximately 232,000 carloads interchanging annually at Maybrook. This is a remarkable statistic in itself. For while the number of carloads entering New England via the Poughkeepsie Bridge in the period from 1954 to 1968 only decreased from 257,000 carloads to 232,000, a decline of 9.7 percent, the total rail traffic entering New England during the period declined 34 percent. During this period, the share of New England rail traffic using the Poughkeepsie Bridge route in preference to other New England rail gateways actually increased from 22 percent to 30 percent. To cite the minimal use of the bridge in the last days before the fire, therefore, tends to distort rather than clarify the issue of the bridge's importance for the New England market."

Further evidence of the potential for increased southbound traffic is indicated by the fact that in Connecticut, 39 percent of westward shipments, for which the Selkirk route is the most direct goes by rail, while only 16 percent of the southbound traffic, which must take a more circuitous route, goes by rail.

Mr. Chairman, the Federal Railroad Administration just last week issued the engineering analysis and report on the cost of rehabilitating the bridge. Their report, which you have, shows that the bridge is structurally sound and that it could again be used by repairing the fire damaged parts. The costs of the bridge's repair, unlike some of the higher estimates from DOT and ConRail, would be about $20 million and repair to the approaches would cost about $18 million. This report, which I have not yet had an opportunity to fully analyze, would certainly indicate that the repair work is not cost prohibitive.

Mr. Chairman, two years ago in the USRA authorization bill, the Congress provided $9 million for the repair of the bridge. Now that we have the engineering study which demonstrates that repair is feasible, I think we should ask FRA what funds they need to begin the reconstruction process. Money should be included in the fiscal year 1981 appropriation so that this process can begin. The authorizing committee can decide later what is the appropriate, total level of funding to provide.

As you are very much aware, our ability to achieve energy conservation is directly dependent on our ability to achieve efficiencies in our transportation system. The reconstruction of the Poughkeepsie Bridge would allow us to greatly increase the efficiency and reliability of rail in Southern New England and consequently increase its use.

Mr. Chairman, I would like to address myself to another problem I hope the committee will carefully consider during your deliberations. I am concerned that proposed cuts in the transit and energy capital improvements program will have an adverse effect on efforts to increase mass transit ridership. I am particularly concerned about the impact these reductions will have on plans that state and urban transit authorities have to acquire much needed bus and rail commuter cars. In my own State of Connecticut there is a critical shortage of rail commuter cars. Ridership in the Fairfield county region of the state is continuing to increase and the major highway, the Connecticut Turnpike, is approaching its capacity.

Mr. Chairman, it will be impossible to draw more people out of their cars in an attempt to concerve energy when you have no room on the trains to even stand. The continued availability of capital improvement funds to aid states and local communities in buying buses and commuter rail cars must be of prime concern if we are going to continue our efforts to replace the automobile with alternative means of travel.

Mr. Chairman, another issue which I would like to mention is the provision in last year's transportation appropriation bill which exempted two at-grade crossings in my district from the requirement that they be eliminated. These crossings, School Street and Broadway Extension, are part of the Northeast Corridor Improvement Project. As you may recall, they are located in the historic and scenic towns of Mystic and Stonington and were exempted because the water table in the area is too high to permit an underpass to be built and an overpass would block the scenic views on which the economy and attractiveness of the area depends.

Town officials, residents, businesses, environmentalists and civic groups in these two towns have joined together to oppose the building of overpasses at these crossings. In addition, not building the overpasses saves about $4 million.

Mr. Chairman, it would be my hope that FRA would agree to exempt these crossings on a permanent basis, thereby avoiding the need to include an exemption in this year's appropriation bill. I will be asking FRA about this matter, and if they do not agree to a permanent exemption then I will offer an amendment to this bill providing such an exemption.

Mr. Chairman, once again I want to thank you for the opportunity to appear before you today, and to review with you these critical transportation issues. I look forward to working with you in the months ahead.●

## A ROAD WHICH LEADS EVER CLOSER TO WAR

### HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. LAGOMARSINO. Mr. Speaker, I wish to bring to the attention of my colleagues the following editorial, which appeared in the Los Angeles Herald Examiner on March 23, 1980.

The editorial urges the United States and the Western Allies to be alert to the threat of the Soviet Union during the early 1980's when Soviet military superiority will pose the greatest danger for Western security. The editorial's analysis is worth serious consideration:

A ROAD WHICH LEADS EVER CLOSER TO WAR

Prof. Hugh Thomas, the distinguished British historian and foreign affairs analyst, is the author among other works, of two terrific books—one on the Spanish Civil War, another on the Cuban revolution. He is one of the most highly-praised and corruscatingly brilliant historians of our time. He is also both an optimist and a pessimist about relations between the West and the Communist bloc in Europe. But this pessimism vastly exceeds his optimism when he thinks of how things are right now. Hugh Thomas' optimism surfaces only when he thinks of how things can—and should—be.

In a remarkable analysis of contemporary international politics that appears in a special issue of "NOW!," a news magazine published in London, Prof. Thomas makes three main points:

1. We are about to enter one of the more dangerous periods in modern history. The early '80s will be a time when the Soviet Union will be under great stress (economic failures, severe demographic problems), and . . .

2. The early '80s will also be an era when Kremlin leaders will realize, if they haven't already, that the Soviet Union enjoys a distinct military advantage over the West.

"This state of affairs," writes Prof. Thomas, "essentially derives from a failure of the American intelligence in the early 1970s. Busy with Vietnam and Watergate, the CIA failed to realize the Russians were spending 13 or more percent of their gross national product on armaments. They thought that the figure was nearer 6 or 7 percent. . . . Over five years, this error gave the Russians their present near-dominance.

"Furthermore, the Russian superiority was actually assisted by an American transfer of technology: The provision of Russian missiles with multiple warheads was made possible by the American sale to them of ballbearings and computers."

3. But now the optimism: If the West can survive the next five years or so without inducing major Soviet military action, "we—that is, the Western world—ought to be all right, for by then troubles will seem to be surrounding the Soviet Union on every hand . . ."

Thomas' immediate worry: "This mixture of immediate superiority and long term dangers must make it tempting to the Soviet Union in the early 1980s to follow what has been described as a forward policy. Everything indeed points to that policy having begun."

Prof. Thomas' policy prescription is threefold:

1. The West has got to stop being a dummy about sending the Russians high technology at a time when the Russians are sending troops across borders and funding surrogate armies in Africa. "It cannot make sense," he writes, "for the U.S. to feed the Russian people every two or three years. . . . Soft loans to Russia need also to be suspended indefinitely."

2. The West must undertake a major propaganda effort as it did in the course of World War II, "knowing that the conflict from which anyway we cannot withdraw is being fought on the world's radio and television networks as much as anywhere else. . . . In one way or the other, the peoples of the Third World should hear not only about the crime rate in Chicago or some other sign of feebleness in the U.S. way of life but should also hear about the psychiatric hospitals of Leningrad and the repression of the Latvians or the Uzbecks." It is a war of ideas as well as of stockpiles.

3. Last but not least, the West must get its mutual defense act together. And, Thomas insists, "It should be a major goal of Western diplomacy also to draw back France to full collaboration with the alliance as it should be a priority to get Spain into it." He adds: "The West may, perhaps, need some equivalent of a Cuban task force."

His final thought strikes an odd note at first, but then leaves you with the feeling that Prof. Thomas is onto something really quite profound: "It is important too for Western leaders to have a sense of optimism."●

## TRIBUTE TO JACK KIOK

### HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. WAXMAN. Mr. Speaker, on Saturday, April 26, 1980, Mr. Jack Kiok will be honored by Sephardic Temple Tifereth Israel in Los Angeles for 50 years of dedicated community service.

Jack Kiok was born in Warsaw, Poland, where he lived until the age of 14. After settling briefly in France and Spain, he arrived in New York City in 1920. In 1925 he moved to Los Angeles with his young Sephardic wife, Fortuna. Together they devoted themselves to full participation in community life. Jack was appointed honorary deputy sheriff by the late Los Angeles County Sheriff Eugene Biscailuz and was an honorary lieutenant detective of the Los Angeles Police Department under Chief Ed Davis.

The most important focus of the Kiok family was and is their participation in the life of the Sephardic community. Jack Kiok served as president of Temple Tifereth Israel for three terms in 1938, 1939, and 1944. As president he enlisted support for the temple's activities from numerous world renowned people and his efforts resulted in the enlargement of the temple's facilities. He was instrumental in obtaining the furnishings needed for the temple's Hebrew school and it was in his administration that the organization of Juniors of Temple Tifereth Israel was established. This group has recently celebrated the 40th reunion of its members and Jack Kiok was justifiably proud of his family.

Among his other numerous activities are his service as president of the Sephardic Masonic Club in 1954 and president of the Council of Sephardic Organizations—a post he held for 7 years. He served as chairman of the temple house committee for 6 years as well as president of the Sephardic Chapter of the City of Hope and president of the Amalgamated Weiss-Brown Cancer Chapter of the City of Hope.

I extend my best wishes to his wife, Fortuna Kiok and to their daughters, Hilda, Elaine, and Louise, and to all their grandchildren.

I ask the Members to join with me in honoring Jack Kiok for his many years of community service and accomplishment.●

## PERSONAL EXPLANATION

### HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. McDONALD. Mr. Speaker, yesterday, April 15, 1980, I unavoidably missed four recorded votes. I was paired on each vote, but failed to receive a live pair on each vote. If I had been present I would have voted as follows:

No on H.R. 6613 (Roll No. 178), the Federal Maritime Commission Review of Collective Bargaining Agreements.

Yes to House Resolution 629 (Roll No. 179), the rule to H.R. 6554, the Maritime Authorization Act, Fiscal Year 1981.

Yes to the amendment to H.R. 6554 (Roll No. 180) that sought to restore the $1.68 million for modernization at the Merchant Marine Academy that the bill transfers to the State academies.

No to passage of H.R. 6554 (Roll No. 181), the Maritime Authorization Act, Fiscal Year 1981.●

## ELIMINATION OF POVERTY: AN AGENDA FOR THE 1980'S

### HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. BROWN of California. Mr. Speaker, in this era of scarce resources we must be mindful of the more than 25 million persons in this country who continue to live in poverty.

We must not forget these people in our legislative activities nor should we abandon the efforts of those people and organizations who devote themselves to assisting our Nation's poor.

One such organization is the community action agency program under the Community Services Administration. There are more than 897 community action agencies in the United States providing a wide range of services to our poor and elderly citizens.

Next week, many of these agencies from throughout California, Nevada, and the trust territories will be meeting in my district for their sixth annual conference. This conference is being sponsored by the Community Services Department of San Bernardino County.

This will be a 5-day conference commencing Wednesday, April 23, involving more than 500 people. The theme for the conference will be "Elimination of Poverty: Action for the 1980's."

Mr. Speaker, I would like to commend the work of Mr. Rudy Castro and the Community Services Department for their efforts to hold this conference. I would also like to commend the other commissioners and staff of the CSD: Frank A. Cabral, Father Manuel Guillen, D. H. Roden, Patricia Nickols, Ray Brito, Jackie McIntyre, David McElroy, John Hjelm, Maria Juarez, Sandra Brown, Rodolfo H. Castro, Lois J. Carson, David C. Gomez, Sylvia Robles, Elaine Moran, Dina Hunter, Charles Adams, Corrina Arenas, Zenaida Ortega, George Forbes, Tomas Tenorio, Rita Arias, Martha Oehlberg, Olga Saenz, Loretta Brown, Madeline Chesser, Norma Castro, and Eliseo Rodriguez.

I would also like to recognize Ms. Jenny Mendez, who will be honored at the conference as a "Woman of Distinction." Ms. Mendez' nomination was based on her decade of outstanding services to the Community Services Department.●

## ORT CENTENNIAL

### HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. WOLFF. Mr. Speaker, I would like to take this opportunity to commemorate with my colleagues the Organization for Rehabilitation Through Training, which recently celebrated its centennial anniversary.

The Organization for Rehabilitation Through Training was begun 100 years ago by a small group of individuals who sought to aid the oppressed Jews in Russia. This organization has grown tremendously and now occupies the position of the world's largest nongovernmental voluntary program of vocational and job training. ORT assists more than 2 million men, women, and children of every race, color, and creed, in over 40 countries, including the Third World. Its services include refugee assimilation assistance, through language training and social orientation, as well as technical training. An example of its successful work can be seen in Israel, where it has provided training for a large segment of Israel's labor force. The organization's activities have promoted the drive against economic backwardness, and have substantially enriched educational development.

The Organization for Rehabilitation Through Training is an admirable group of individuals, long deserving of national recognition. I extend my gratitude and congratulation to this organization for its dedication to worldwide humanitarian efforts. I am optimistic about ORT's future, for I believe it will continue its fine tradition of achievement.●

## CHARGING IN THE WRONG DIRECTION

### HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. McDONALD. Mr. Speaker, if there is one attribute which stands out as most notable in the present administration, it is their facility to charge in the wrong direction every time we enter a crisis; all the while declaring their good intentions. The most glaring example of this exists in the field of energy. An editorial aired by Mr. Charles Doss of WROM-AM and WKCX-FM radio, March 18, 1980, in Rome, Ga., points this out most vividly.

I commend the editorial to the attention of my colleagues:

WROM/WKCX EDITORIAL

> Are we wrong about this—or has the administration been talking about the high price of oil and blaming it as being the chief cause of inflation? It seems to us that this has been going on for at least two years—maybe more. Well now, apparently the administration has decided that the cure for inflation is to raise the price of oil—at least, part of the cure. Why else would they put a new tariff on oil. That's the tariff that went into effect last Friday midnight, and which is calculated to raise some ten billion dollars in revenue. Now whose pockets do you suppose that this tax will come out of? The oil companies? Naw, the consumers who buy gasoline and oil—that's who. And do you suppose that tax will be inflationary? And what about the revenue the administration proposes to raise through withholding taxes on interest and dividends? Inflationary? Of course they are. Just as are all the other proposed taxes in the name of stemming inflation. Perhaps we've missed something. But we simply cannot see how the Government is going to slow inflation by zapping private enterprise and private citizens. Doesn't it make sense that in order to slow the inflation rate, productivity must catch up with our spending. How does it stand a chance when the productivity of private enterprise is squelched by the flow of monies that could be used in increased production and expansion back to the non-productive sector of our society in the form of increased taxation.●

## VOLUNTARY SCHOOL PRAYER AND THE U.S. JAYCEES

### HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. PHILIP M. CRANE. Mr. Speaker, earlier today the U.S. Jaycees announced their intention to support Discharge Petition No. 7 to bring the issue of voluntary school prayer to the floor of the House of Representatives for a vote. Senator JESSE HELMS and I joined J. Terryl Bechtol, the 60th president of the U.S. Jaycees, as he made the statement to reporters at a Capitol Hill news conference.

The nonpartisan organization, whose membership is comprised of young men between the ages of 18 and 35 in 9,000 communities in every State and the District of Columbia, does not support political candidates or political parties, but does accept the responsibility of recording its beliefs on matters of great public importance. In taking this stand, the U.S. Jaycees has expressed its belief that the framers of the Constitution never intended Federal restrictions on the free exercise of religious practice or speech. This is emphasized in the first line of the Jaycee creed, "We believe that faith in God gives meaning and purpose to human life," and further explaining that the Jaycees organization "is built on a foundation of faith."

In accordance with the views of this organization, I believe we need to return to fundamental principles in education, to preserve our basic constitutional rights, and to reaffirm our moral and religious heritage.

Our destiny lies in the hands of this Nation's youth. We cannot overstate the importance of education. Education is preparation for life—and preparing for life means more than just knowing how to make ends meet or running a household. Preparing for life means building integrity and honesty, a sense of lasting values, and a strong willingness and capacity to serve. Education must have its roots in many of the same fundamental principles found in the Declaration of Independence—a faith in the Creator, an awareness that He has endowed all men with the unalienable rights to life, liberty, and the pursuit of happiness, and a recognition of those steps necessary to preserve these rights. Voluntary classroom prayer may be one of the most critical aspects of the educational process.

We need a return to these fundamental values. When I was a young man in the public schools on the south side of Chicago, we opened every class with the Pledge of Allegiance to the flag. We learned a pride and respect for our land. We also learned our responsibility to the "Republic for which it stands." After the flag salute, we had a prayer. We learned that this is "one Nation under God." All the philosophizing and intellectualizing in the world about the principles of freedom cannot match the indelible impression these experiences of my youth had upon my development and later determination to serve this Nation.

As we gather in the House Chamber each day to deliberate upon the issues that shape our times, we pause for a moment to bow our heads in prayer. In this moment of reflection and silence, our Nation's lawmakers will humbly admit to their own need for guidance and direction from the Creator. Yet schools around the Nation gathering to educate the youth that will one day take my place and the place of my colleagues at the head of our Nation are forbidden to seek the same guidance and direction. This inconsistency is inexplicable.

A steadfast reliance upon the Creator was one of the profound principles which gave birth to this Nation. Our Declaration of Independence proclaims without hesitation:

> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are Life, Liberty, and the Pursuit of Happiness.

With this in mind, I urge my colleagues to take 1 minute and read the following address given by J. Terryl Bechtol, president of the U.S. Jaycees:

> The purpose of my being here today is to publicly announce the United States Jaycees's resolution calling for the return of voluntary non-denominational prayer to public schools.
>
> As President of the largest volunteer organization, serving over 9000 communities in the United States, and after several weeks of discussion with all fifty state organizations, we have unanimously passed the following resolution:
>
> Whereas the United States was founded by people with a belief in God; and
>
> Whereas the framers of our Constitution never meant for federal restrictions on free exercise of religious practice or speech; and
>
> Whereas the United States Jaycees and America are built on a foundation of faith, as witnessed by the first line of the Jaycee Creed: "We believe that faith in God gives meaning and purpose to human life;"
>
> Be it resolved that the United States Jaycees, a leadership training organization of more than 370,000 young men, supports the use of voluntary prayer in American schools; and
>
> Be it further resolved that the United States Jaycees urges congressional action to achieve this end.
>
> We commend Senator Jesse Helms for his efforts on Senate Bill No. 450 and its successful passage in the Senate, and we support the efforts of Representative Philip Crane who has filed discharge petition number 7 in the House to force the bill out of the House Judiciary Committee where it is stalled.
>
> At a time when America is crying out to return to the ideals our country was founded upon, Senator Helms and Representative Crane, with the U.S. Jaycees, recognized that since 1962 when the U.S. Supreme Court ruled that voluntary prayers said in public schools violated the U.S. Constitution, several state and federal legislators have been trying to return school prayer decisions to the state courts.
>
> At a time when even Congressional sessions and nearly every state legislature session are opened with prayer, it seems that this same privilege should not be denied to millions of school children. This country was founded by people with a strong belief in God, and until we reunite God and Country in public schools, our children will not relate religion to everyday life. Justice Potter Stewart, the only Supreme Court Judge to dissent with the 1962 ruling states, "I think that to deny the wish of these school children to join in reciting prayer is to deny them the opportunity of sharing in the spiritual heritage of this country"—we the U.S. Jaycees wholeheartedly agree.
>
> Congress today has the power to make exceptions and regulations to the Supreme Court's appellate jurisdiction, and we urge them to return this right to the American people. Let us put the decades of the wrongs and hurts of the 60's and 70's behind us and begin a restoration of the America our forefathers intended for us to have.
>
> In closing, let me say that regardless of our views on voluntary prayer or religious classroom exercises, it is clear that governmental establishments of religion must be resisted, but the free exercise of religion must be encouraged. By debating and deciding such matters locally, we strengthen our democratic traditions of tolerance and liberty.
>
> The vast majority of American citizens want to see this return of a precious right that was taken away at a very turbulent time in our history and I ask all your support today to remove this from committee and put it before the House so that the elected representatives of the people may be heard. Thank you.●

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## PERSONAL EXPLANATION

## HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. CLINGER. Mr. Speaker, on April 15, 1980, I was absent from the floor of the House of Representatives. Had I been present, I would have voted in the following fashion:

Rollcall No. 178: H.R. 6613, Maritime Industry Collective Bargaining, the House voted to suspend the rules and pass the measure, amended, to amend the Shipping Act, 1916, in order to prohibit regulation of collective bargaining agreements by the Federal Maritime Commission, "yes";

Rollcall No. 179: H.R. 6554, Maritime Authorization, the House agreed to the rule (H. Res. 629) under which the bill was considered, "yes";

Rollcall No. 180: H.R. 6554, Maritime Authorization, the House rejected the Wolff amendment that sought to restore the $1.68 million for modernization at the Merchant Marine Academy that the bill transfers to the State academies, "no"; and

Rollcall No. 181: H.R. 6554, Maritime Authorization, the House passed the measure to authorize appropriations for the fiscal years 1981 and 1982 for certain maritime programs of the Department of Commerce, "yes."●

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## HUMAN RIGHTS IN EAST TIMOR

## HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. HARKIN. Mr. Speaker, I have submitted today a sense of Congress resolution expressing concern about conditions in East Timor and calling upon the President to take certain actions with respect to the situation there. The resolution—a bipartisan effort—has 55 cosponsors. I would like to take this opportunity to discuss conditions in East Timor and describe the resolution we have proposed.

East Timor is half an island in the Indonesian archipelago which was a Portuguese colony until 1975. When the Portuguese left and rival East Timorese groups began competing for power, the Indonesian military invaded the island and sealed it off from all contact with the outside world. Relief organizations, journalists, church groups, and other foreigners were thrown out of East Timor, and a blanket of silence thrown over Indonesian activities in the area for the next 5 years.

Last year, news reports began trickling out of Indonesia that hundreds of thousands of East Timorese who had fled to the mountains to escape the Indonesian military were now drifting down into Indonesian-controlled areas. The appalling physical condition of these people is evidence that the Indonesian military's extensive bombing of villages, hamlets, and cropland had the effect of pacifying the population and forcing the sick and starving refugees into Indonesian military camps. Estimates of the number of deaths from war, disease, and starvation vary from one-tenth—the Government of Indonesia's claim—to one-half—estimates by church and human rights groups—of the approximately 700,000 East Timorese recorded in a 1974 church census. By any calculation, however, the Indonesian military incursion has clearly devastated East Timor.

Representatives from the U.S. Government visited these camps with relief personnel in September of 1979 and reported horrifying conditions there. One aid official called the disease and famine the worst he had ever seen—including the Thai-Cambodian border. The International Red Cross—which had been petitioning the Government of Indonesia unsuccessfully since the invasion to provide aid in East Timor—at last began their feeding and medical programs the following month. The United States supplied $1.8 million to the International Red Cross in medicine and food supplies, and $10,016,062 to the Catholic Relief Service, which includes $5 million in Public Law 480 commodities.

Today, 7 months after the programs began, the situation in East Timor is improving. Recent cables from the U.S. Embassy in Jakarta indicate that the health and nutrition of the approximately 300,000 East Timorese who have been reached by the Catholic Relief Service and the International Red Cross is vastly improved.

It is clear, however, that continued food and medical assistance is needed, particularly in the south central and eastern portions of the territory. Accordingly to recent reports from East Timorese church officials, there are many needy areas that the aid organizations have not reached, and hunger and disease continue to be a problem in East Timor. Additionally, the ICRC and CRS hope to stimulate agricultural initiatives in all areas of the territory because without a good maintenance program, the health and nutritional levels could slip back to the critical situation of last year.

In addition to the valuable food and medical assistance relief organizations provide in East Timor, it is clear that the presence of the ICRC, in particular, contributes to more humane administration by the Indonesian military. The following is a quotation from a March 8 cable from the U.S. mission in Geneva which the Department of State made available to me:

> (ICRC official Mr. Convers) said that the presence of the ICRC delegates in East Timor had an ancillary benefit in providing a measure of security against possible reprisals and arbitrary acts of violence by the Indonesian security forces. ICRC fully recognizes the importance of its continuing role as the principal agency with outside, non-Indonesian personnel regularly functioning in East Timor. Although their operational program is focused on relief assistance, the Swiss ICRC delegates are also well aware of the function they serve in observing the human rights situation.

It is precisely because of the ICRC's role in monitoring and restraining Indonesian military excesses and human rights abuses in East Timor that the numbers of non-Indonesian personnel should be increased. Currently there are three Swiss relief personnel in East Timor. The Congress should encourage the Government of Indonesia to allow more ICRC personnel, as well as representatives from the United Nations and other organizations into the area to monitor ongoing military operations there.

I am particularly concerned about the problems of the East Timorese who want to leave the island. A March 8 report filed in the Portugese newspaper Expresso based on interviews with dozens of refugees from East Timor describes the bribes that must be paid to Indonesian military officials in order to leave East Timor. It is clear that the Government of Indonesia has a highly selective and discriminatory emigration policy. The ethnic Chinese in East Timor who could afford to pay the bribes have been allowed to leave, but thousands of full-blooded East Timorese have not only been prohibited from emigration, but subjected to repression and abuse as well.

My colleagues and I have sponsored the following resolution because we believe a strong gesture of congressional concern is needed about the continued presence of Indonesian troops in East Timor, the restriction of international aid personnel, the restrictions on East Timorese emigration, and continuing human rights violations on the island. We believe that the current situation in East Timor demands special attention from the President, and would urge him to take the actions described in the proposed congressional resolution.

In conclusion, I would like to make available to my colleagues in the Congress a report from the London Sunday Observer, Sunday, March 23, which highlights some of the continuing problems in East Timor:

### H. Res. —

A resolution expressing the sense of the House of Representatives that the President should take certain actions with respect to East Timor

Whereas an estimated 100,000 East Timorese have died from starvation, disease, and fighting resulting from the invasion and occupation of East Timor by the Government of Indonesia;

Whereas an estimated 400,000 East Timorese have been displaced from their homes;

Whereas the majority of the East Timorese people have suffered from malnutrition and hunger;

Whereas the Government of Indonesia refuses to permit the free emigration of East Timorese people;

Whereas the Government of Indonesia has not allowed free access to East Timor by the United Nations, relief agencies, humanitarian organizations, journalists, or church groups;

Whereas the United Nations, the Inter-parliamentary Union, and the Conference of Non-Aligned Nations have repeatedly condemned the Government of Indonesia for its invasion and unilateral annexation of East Timor; and

Whereas the people of East Timor have not been permitted to freely exercise their right of political self-determination: Now, therefore, be it

*Resolved*, That the House of Representatives calls upon the President to immediately—

(1) increase humanitarian assistance to East Timor by providing to East Timor through non-governmental organizations more food, commodities, medical supplies, and funds;

(2) encourage the Government of Indonesia to allow the free emigration of those East Timorese wishing to leave the country and to allow international relief personnel and journalists free access to East Timor;

(3) establish a United States presence in East Timor to monitor the distribution of relief aid and the emigration of East Timorese; and

(4) encourage the Government of Indonesia to withdraw its troops from East Timor and to allow an internationally supervised election in which the East Timorese can freely exercise their right of self-determination.

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[From the London Observer, Mar. 23, 1980]

### "SLAVE" ISLANDERS STRUGGLE TO SURVIVE

(By Brian Eads, Jakarta, Indonesia)

Malnutrition and disease are still more widespread in East Timor than in ravaged Cambodia, but the people are slowly struggling back to life.

The picture emerges from conversations with knowledgeable sources in the Indonesian capital, four years after Jakarta's troops annexed the tiny former Portuguese colony by brute force and proclaimed it the nation's twenty-seventh province.

My application to visit the territory was rejected by the so-called G-Division, the armed forces intelligence bureau that wields supreme authority over East Timor.

'Indonesia is a big place,' I was told by a grinning colonel, 'why don't you go somewhere else?'

It seems Indonesia is distressed that foreign visitors dwell on the past, rather than looking towards the rosy future mapped out in a glossy government brochure entitled 'East Timor to build a better tomorrow.'

By all accounts, the past is still likely to thump you in the eye, and if you are an Indonesian in uniform, it's liable to shoot at you.

In an effort to blunt international criticism of their actions in East Timor, Jakarta is allowing two relief agencies to care for the 300,000 people, more than half the population, who fled their homes and were reduced to starvation after the Indonesian invasion.

Progress has been made. 'They're not dying like they were when we arrived five months ago,' said one relief worker. The observation is relative. People continue to die from intestinal diseases and malaria complicated by acute malnutrition and vitamin deficiency.

Neither the Catholic Relief Service nor the International Red Cross teams are allowed sufficient access to make meaningful assessments of how far their emergency aid has cut death rates.

Perhaps the most telling observation came last week, from an official who'd recently visited Cambodia. He said that medically the East Timorese are in a worse state than the Khmers.

Indonesia recently rejected an offer from the United Nations Children's Fund to add its weight to the relief effort. Relief officials are confident that the Catholic service and the Red Cross at least will be allowed to continue their work when the initial agreement, giving them six months' access, expires next month.

### BROKEN SPIRIT

After this the fate of East Timor is anyone's guess, and glossy brochures and promises aside, the indications do not bode well.

The hungry and malnourished 300,000 came down from the hills towards the end of 1978 when three years of Indonesian military attrition had broken the back and the spirit of their resistance.

They are now confined to 'resettlement villages,' each with its squad of Indonesian troops.

Relief officials hope that maize already planted near the villages will provide enough to feed the people for five months this year, but there are doubts about whether the disruption of the people's semi-nomadic, tribal life-style will enable them to feed themselves in the future.

The only evidence of Indonesian development plans are the 'resettlement villages,' and the schools staffed by teachers shipped in from Indonesia, with the officially stated aim of 'washing their brains' of Fretilin's nationalist ideology.

Visitors say the relationship between Indonesians and East Timorese is like that between master and slave, and that there is little prospect of renewed resistance from a severely traumatised population.

I was told that in the capital, Dili, educated East Timorese are confined in at least one, and perhaps more, 'concentration camps.'

Australia and the US now oppose UN resolutions affirming the right of the East Timorese people to self-determination. Britain, for its part, abstains, but will shortly deliver eight BAC Hawk ground attack/trainer aircraft to the Indonesian armed forces.

The considerations which prompted Indonesia to gobble up East Timor, and won the tacit support of the West remain—unimpeded passage through her waters for warships of the US Pacific Fleet, the possibility of offshore oil, and the need to discourage separatist inclinations in Indonesia's outer islands.

'Looking at it now,' said a source in Jakarta, 'I see that East Timor never had a hope. They're just too small to stand up for themselves and no one is prepared to stand up for them.'

The death toll since the Indonesian invasion is put at somewhere between 60,000 and 100,000.

The joyless prospect for East Timor is that it will become just another impoverished backwater in Jakarta's far flung empire.●

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## CHIEF MORTIMER "MORT" SPREUER

### HON. DAVE STOCKMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. STOCKMAN. Mr. Speaker, I would like to take a moment to express my admiration and appreciation to Chief Mortimer "Mort" Spreuer, who will be honored this Friday for completing 50 years of service with the White Pigeon, Mich., Volunteer Fire Department.

Chief Spreuer began his service as a fireman in March 1930, and was appointed assistant fire chief on April 3, 1936. He was named chief on April 1, 1943, and continues today in that office. Only his mechanical knowledge and willingness to work many extra hours has kept the fire equipment in the excellent repair it is in today. In short, he has been the main force in keeping the White Pigeon Fire Department an efficient and modern department.

Too often, in the bustle of Washington, we tend to forget the extreme degree of dedication that is exhibited year after year by many Americans in their voluntary efforts that really make our society work. Mort Spreuer is such an American and truly deserves sincere appreciation from us all.

I call on my colleagues to join me in saluting an outstanding citizen, Chief Mortimer Spreuer.●

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## IMF VOTE ON TAIWAN

### HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. LAGOMARSINO. Mr. Speaker, Taiwan has for many years been a responsible and important member of the International Monetary Fund. Later today a vote is scheduled to take place at the IMF in which a decision will be taken on the proposed seating of the People's Republic of China. If the PRC is given membership in the IMF, by implication this will mean the Republic of China's expulsion. Such an action would not only be a blow to the ROC's status in the international financial community, but also another indicator of American inconsistency in support of its friends.

This country has done a great deal in recent years to bolster the position of the People's Republic of China in the world community, and at the same time to undermine that of the Republic of China. This is reflected in the manner with which we have dealt with representatives of those two nations. It is reflected in the fact that American diplomatic representatives abroad have counseled those nations still maintaining diplomatic relations with Taipei to sever them and to establish sole diplomatic relations with Peking. And it is reflected in this administration's attempt to terminate whenever possible existing treaties and international agreements with the ROC. Notwithstanding the desirability of diplomatic and economic relations with the People's Republic of China, it appears that we in this country have gone out of our way to undermine and undercut those in Taiwan who, despite everything, still profess to be our friends.

Last year this Congress passed the Taiwan Relations Act. In that act, section 4(d), we said, "Nothing in this act may be construed as a basis for supporting the exclusion of expulsion of Taiwan from continued membership in any international financial institution * * *" By those words the Congress expressed its concern that Taiwan should be allowed to remain a member of those bodies, and that the United States should not take a position to the contrary. I think it is important at this time to remind our representatives to the IMF, and in particular Treasury Secretary Miller and Assistant Secretary Bergsten, of this language, which is part of U.S. law.

The Republic of China is a very important trading partner of this country. It is a major factor in the international economic system. And equally important, it is a friend of the United States. It is our responsibility, therefore, to work to insure that the Republic of China remains a part of the IMF-World Bank system. The IMF and World Bank are major entities of the international economic and financial system, of which the ROC is a part. No justification exists for its exclusion from that system. On the contrary, the Republic of China has contributed much to the international economy over the years, and in all probability will continue to do so. Given the desire on the part of the United States, I am confident that formulas can be developed which will permit a continuing affiliation of the Republic of China with both the IMF and the World Bank. I feel strongly that this must be reflected in today's IMF vote and in our subsequent actions and policies.●

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## RETAIL GROCERS SUPPORT CAPITAL COST RECOVERY ACT

### HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. JONES of Oklahoma. Mr. Speaker, I am pleased to announce to my colleagues that I have received yet another endorsement of H.R. 4646, the Capital Cost Recovery Act. The National Association of Retail Grocers of the United States has indicated their support for the bill in a letter to me from their chairman, Stephen P. Barlow.

This trade association represents 40,000 independent retail grocers, Mr. Speaker, all of whom especially feel the increasing pinch of inflation and sagging productivity. They recognize that H.R. 4646 will play a major part in capital formation, increasing productivity and job formation. I commend Mr. Barlow's words to my colleagues' attention, and I insert his letter at this point in the RECORD:

HON. JAMES R. JONES,
*U.S. House of Representatives, Washington, D.C.*

DEAR MR. JONES: The National Association of Retail Grocers of the United States (NARGUS) is a national nonprofit trade association of approximately 40,000 independent retail grocers operating retail food stores, including supermarkets, grocery stores, and convenience stores. As small businessmen, NARGUS members have a strong interest in tax legislation aiding businesses in today's economy to obtain capital resources. On behalf of retail grocers, I am pleased to inform you that NARGUS supports your bill—H.R. 4646—the capital cost recovery act. H.R. 4646 would enable retail grocers and other businesses to depreciate building structures in 10 years, equipment in 5 years, and some cars and light trucks in 3 years.

Adoption of a simplified accelerated capital cost recovery system was the high priority of the White House Conference on Small Business. Long and short term interest rates are now at record high levels. Capital financing, especially for small and medium size retail grocery firms, is increasingly difficult and expensive, if not prohibitive. Present depreciation rates are inadequate to compensate retail grocers for rising costs of replacing equipment and buildings. Retail grocers report that under current confusing rules for depreciation, the tax life on buildings in some instances by the internal Revenue Service is extended to 40 years or more. Cash register, refrigeration equipment, and other assets may be depreciated over 7 or more years.

Capital cost recovery legislation is needed to assist retail grocers to improve efficiency and productivity. NARGUS supports tax changes to encourage greater investment, efficiency, and productivity in the food industry. Recently six former Chairmen of the Council of Economic Advisers agreed before the Senate Banking Committee that the United States needs to build into the economy incentives for capital formation and increases in productivity. NARGUS believes simplified capital cost recovery is a principle means of accomplishing that goal.

Sincerely,

STEPHEN B. BARLOW,
*Chairman.*●

## THE BATTLE AGAINST INFLATION

### HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. MURTHA. Mr. Speaker, the twin battles against inflation and American energy problems are key to every citizen of the United States. I insert into the CONGRESSIONAL RECORD some remarks I prepared for delivery recently before a group of local government officials which deals with these vital issues.

The remarks follow:

SPEECH TO CAMBRIA COUNTY TOWNSHIP SUPERVISORS, APRIL 11, 1980, EBENSBURG, PA.

I want to concentrate in my remarks tonight on inflation and the economy. It can honestly be said that each of us in the room tonight, and all of the people within the area we live in have been affected by the inflation of recent months. It used to be the term 20-20 meant you had good eyesight; now it's come to refer to the inflation and interest rates.

There are four key steps I believe the government must take to control inflation. First, let me list them: One, develop an energy policy that cuts consumption of foreign oil imports and makes use of America's coal; second, we have to balance the federal budget; third, we have to eliminate some of the government's redtape and overregulation; and fourth, we have to increase productivity throughout all sectors of the economy. Now, let me talk a little bit about each of those.

I'm prepared to say very flatly to you tonight that Congress will balance the federal budget. Certainly, that is the mood of Congress. Certainly, that is a goal I strongly support.

Actually, Congress' record on the budget is better than is often speculated. In 36 of the last 37 years Congress has kept the actual government appropriations below what the President recommended in his budget. Also, we always hear about the bad government programs, but as local officials you know the value of water and sewage programs, revenue sharing, CETA, and other programs that have been vital to the growth and employment of our area.

Still, the national debt today is $900 billion, on which we have to pay the high interest rates. If collected and compiled, our national obligations are in excess of $10 trillion—that's a 1 with 13 zeros after it! All this is hanging over our financial head. In addition 58 percent of our laws have built in indexing clauses which mean that appropriations automatically increase with inflation. An example of this is social security benefits, where recipients receive an annual cost-of-living increase. Thus, when inflation is running high, it means that government spending climbs upward.

To reach a balanced budget Congress is going to have to cut about $15 billion, and that won't be easy. In the initial list of cutbacks approved by the House Budget Committee, there are reductions in such things as the Youth Conservation Corps, CETA, and other programs which create jobs. The Budget Committee recommended ending Saturday mail service at a savings of $100 million, although the President opposed it, and so do I. The Budget Committee recommended delaying welfare reform, ending the Law Enforcement and Assistance Administration, and ending anti-recession aid to cities among a list of over 45 specific budget cuts.

Next week when I return to Washington the House will begin to debate these cuts, and decide just where we are going to reduce spending. I repeat that we will balance the budget. And we must face the fact that to reach that goal every group will have to sacrifice, everyone will have to accept some losses.

The economists' estimates vary on how much direct impact a balanced budget has on inflation. The low estimate is one-half of one percent; the highest is about three percent, but I believe the impact will be extremely important in showing the American people and the world economic community that the American government is serious about combatting inflation, is determined to get its own economic ship in order, and will take the necessary steps to stabilize the economy. I think that demonstration of determination will have a strong impact on inflation.

Now, a second area of that determination must come in reviewing the government's own mass of regulations and rules. In Congress we pass a law, and it's really impossible to predict or imagine all the possibilities of impact throughout the country so we give an agency the power to resolve these conflicts. Our problem is that in too many cases, those agencies go well beyond what we have actually mandated, and even go outside of the law.

The impact of some of this overregulation can be seen by these examples:

The Sohio pipeline was designed to transport Alaskan oil to Gulf-coast refineries. The company finally abandoned it after 4 years of struggle. During that time, they realized they needed to comply with over 700 Government permits before construction could begin. The economic penalty to the consumer was about $170 million per year.

Two refineries needed on the east coast to provide additional refining capacity and help in the smooth flow of gasoline to all markets have been in the government's approval process for over 5 years. The additional cost to the consumer if these refineries are not built is about $200 million a year.

Ninety percent of the electricity generated by Consolidated Edison for the greater New York City area is from oil fired plants requiring low sulphur oil which must be imported. A proposal to convert three large units to coal has been pending 5 years before various local and Federal agencies. The cost: 15 million barrels of imported oil per year and $100 in higher costs to consumers over the cost of coal fired generation.

As we eliminate some of these restrictions, and as we speed up the government process, it will lower those costs to consumers and take a big chunk out of inflation.

The third part of the puzzle is productivity. First, we need to provide industry with incentives to produce, expand, and relocate. When they do that, it means more Americans being hired, fewer people on welfare and unemployment compensation. That, in turn, helps the Federal Government, because for each percentage of unemployment over 4 percent we lose $20 billion in federal revenue, made up of $4 billion in assistance payments, and $16 billion we would have received in taxes. The budget plan being advanced by the Budget Committee leaves room in 1981 for a business tax cut that would provide this kind of incentive to help industry to expand, and, in turn, create jobs. The second part of this is to increase the production of American goods. Had we done this several years ago, I'm convinced we would have saved the consumer, the producer, factory and farmer and laborer billions of dollars annually.

One example of this we see is in the auto industry. In 1969 Japanese imports represented 2 percent of the American market; last year that had risen to 17 percent. In January and February of this year, Toyota alone sold 115,000 cars in the United States, 3,000 more than Chrysler did. That's one reason why we have 200,000 auto workers on indefinite lay-off. And the impact is greater than that because when car sales are down, that means less steel is needed, less tires are being produced, fewer batteries, and all the elements of a car. In fact, the auto industry provides 1 of every 12 manufacturing jobs in the Nation and generates 24 percent of the domestic steel demand, 15 percent of the aluminum demand, and 56 percent of the rubber demand.

Just last week I joined with 30 other members of Congress in a special letter to the Japanese urging cooperation on this issue. First and foremost, we don't want to halt those cars in the U.S., what we want is for them to build plants here, and hire American workers and use American products to produce those cars. If that won't work, then I support legislation that would require Japanese cars coming into the U.S. to be made of at least 75 percent of American products. Japan already requires that on some American products being sold there. If those two approaches fail, then we may have to adopt firm import levels to protect American workers.

But the key is that we must stabilize the economy through American workers and American products.

The fourth key to inflation is energy. Here I have to say less than in the other areas, because I know you join with me in desiring a strong American coal policy.

Last month, I sent two reports to President Carter with a total of over 30 recommendations for increasing coal use. I think we are seeing some signs of progress:

Congress has approved the "windfall profits" tax which will hopefully make some additional money available for energy research;

In final stages of development is a synthetic fuels bill that would launch a $20 billion effort in the coming years to build the plants and perfect the processes we need to make large amount of oil from coal;

Also in the final stages of development is the Energy Mobilization Board that would give the Executive Branch the power to accelerate many energy projects, to overcome the delays in those regulations I mentioned earlier;

Also last week I co-sponsored a new bill on speeding the conversion of oil-fired electric generating stations to coal. In the plan I sent to President Carter, I suggested focusing on 70 plants that can be converted over the next few years. If we converted them, we could increase coal use by 100 to 150 million tons per year and that would provide up to 25,000 new jobs in the mining industry.

We need to couple that coal use with conservation. Gasoline use was down 4.5 percent last year; demand for home heating oil was down 2.9 percent; industrial and electrical power plant use of residual fuel oil was down 10 percent. We need to keep that kind of conservation going. If we combine it with coal use, we can hit at the heart of the energy cost that has been the key ingredient in the recent inflationary jumps.

Now, even given the severity of those problems, these steps will not be easy or painless. I mentioned the synthetic fuel bill and it took us 5 years to pass that in Congress. On each of these points there are obstacles and difficulties.

And you will face those obstacles. I know you're all concerned about Federal Revenue Sharing. In neither the Budget Committee recommendations or President Carter's recommendations is there a suggestion to cut local revenue sharing. And I agree it should not be cut. But both groups are recommending a cut in the state's shares of revenue sharing which will save the Federal Government $1.7 billion. Some of that cut could wind up tightening the state budget and ending other aid programs for municipalities. Moreover, I ticked off some of the federal programs that could be cut, and many of those help our communities and citizens.

Thus, the inflation battle is not without pain, it will not be easy. The economy has not collapsed—in fact it still has many strong signs—but it cannot continue to tolerate inflation at these levels for very long. I think this is the key economic crisis we have faced since the Depression, and we will all have to work together, make sacrifices, and accept some restraints if we are to win. And, ladies and gentlemen, it is a battle we must win.●

## WE MAY FACE ANOTHER CUBA IN JAMAICA

### HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● **Mr. LAGOMARSINO.** Mr. Speaker, not so long ago, my colleague on the Foreign Affairs Committee, Ed Derwinski, wrote an article on Jamaica that, in my capacity as a member of the Subcommittee on Inter-American Affairs, I found of interest. It was printed originally in the Longmont (California) Daily Time-Call, and inasmuch as it concerns an important and troubled country in the Caribbean, I commend it to your attention.

The article follows:

We May Face Another Cuba in Jamaica

(By Representative Edward J. Derwinski)

The attention of the majority of news organizations and syndicated national columnists leap en masse from one major crisis to another. However, in the process, smoldering fires are often overlooked, only to erupt into a blaze and surprise us later.

For example, the Caribbean has a number of trouble spots, not counting Cuba. One of the most troubling, and troubled, is Jamaica. About the size of Connecticut, this island nation gained independence from Britain in 1962. Starting with a firm economic base, strong trade ties and a large bauxite industry, in 10 years Jamaica increased its per capita annual income from $180 to $800. It became the wealthiest country in the Caribbean.

Unfortunately, unemployment remained high (about 20 percent) and in 1972, the people exchanged the Jamaican Labor Party (JLP) for the People National Party (PNP) and Michael Manley. Only two years later, Prime Minister Manley announced "democratic socialism" to be his goal. In 1974, he attended the Third World Conference in Algiers as Fidel Castro's guest; he and 200 PNP members later visited Cuba. Relations between Jamaica and Cuba blossomed.

Thousands of Cuban "technicians" descended on Jamaica. Cuba's embassy staff, the largest in Kingston, has a DGI contingent making up perhaps two-thirds of the total. The DGI, Cuba's intelligence service, trained by the Soviet KGB, is run by a KGB general in Havana as well. The Cuban Ambassador to Jamaica, Ulises Estrada, is himself a former DGI officer.

Manley praises Cuba as "(a) marvelous example of how social and economic problems must be solved." He "fully approves of the fraternal aid of friendly Cuba to the Angolan people . . ." His praise for the Soviet Union is as glowing. By means of nationalization, heavy taxes on the middle class and land reform, Manley has wrecked his country's economy. Taxes are 60 percent on incomes over $12,500. Unemployment has risen to 30 percent. Capital and professionals have fled the country. The plight of the middle class has rivaled Cuba's. Jamaicans, like their Cuban neighbors, have in large numbers voted with their feet.

Jamaica's free press is also in danger. The 145-year-old Daily Gleaner, the only news outlet not government-owned, is fighting against government suppression. The paper has opposed Manley's socialization of Jamaica. It has been critical of his PNP. It has also demanded the expulsion of Ambassador Estrada. A Communist-led mob recently demonstrated outside the newspaper. Manley himself appeared in the mob, to warn the paper ominously, ". . . next time, next time, next time."

Edward Seaga, courageous leader of the opposition JLP, has protested the presence of Cuban troops on the island, criticized the socialization of the country, and condemned the murder of opposition leaders and the detention of others. Elections are scheduled for 1981 but Donald Duncan, secretary general of the PNP and an avowed Communist, had this to say about Seaga: "When 1981 comes, it will be the last time he puts out his political head. He will have to leave the country." It is widely believed that Seaga would win a fair election but you can't help but wonder if there will ever be an election. Perhaps the only way Jamaicans will be able to vote is with their feet.

In my judgment, the United States should utilize its economic muscle in dealing with Jamaica now, so we do not have to face another Cuba two years down the road.●

## INFLATION PROBLEMS

### HON. BOB LIVINGSTON

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● **Mr. LIVINGSTON.** Mr. Speaker, even though interest rates have risen higher and inflation continues to whittle a greater amount from everyone's paycheck since the following letter was written to me, I believe its message will prove interesting to my colleagues. Mr. Pettingill's letter not only underscores the problems many people are facing throughout the Nation, but it also vividly portrays the problems of the administration's past and present economic policies. This Congress must enact legislation before the end of this session which will address the dire need for tax cuts, savings incentives, and economic reforms that can revitalize the housing industry and make it possible, once again, for the average American citizen to buy a home.

The letter follows:

March 10, 1980.

Congressman Robert L. Livingston,
*The Cannon Building,*
*Washington, D.C.*

Dear Mr. Livingston: I suspect this letter will do little more than alleviate some of the frustration I am feeling. Some years ago I agreed to commit two years of my life to military service in exchange for certain benefits guaranteed under the GI Bill of Rights. In honoring that committment, I made—what I now consider—the worst judgment error of my life. As I explain, please keep in mind that my problem—and the source of my anger—is shared by countless thousands like me.

I am a 31-year-old single male with a good education, a promising career, and a lot of taxes to pay. I'm no flag-waver, but I am thankful to be living in the best country in the world—even if its once proud and powerful government is now its greatest liability and a constant source of embarrassment, consternation, and anger to the people it supposedly serves. As a Viet-nam-era veteran (U.S. Army, 1969-1971), I asked nothing more in return for those two miserable years than was promised me—in writing—when I was drafted. One of those promises was federal assistance in buying my first home. Please read on.

Not long ago, I met the young lady of my dreams and together we found a small, safe, comfortable starter-home—my first. So I went to the Veterans' Administration for the financial assistance they had guaranteed some years before. Do you have any idea what I was told?? I could borrow the money at thirteen (13) percent interest and thirteen (13) points. Thirteen (13) points!! Would you pay a leading institution thirteen percent (13%) of the sale price of your home for the right to sell it to a veteran? Would anyone in his right mind do the same?? It's worse than disheartening; it's almost criminal. And there's no guarantee that it won't get even higher.

In closing, Mr. Livingston, I would ask that you pose this question to your congressional constituents in Washington: In view of what I've just related—and of the chaotic condition of our country's economy—how many able-bodied, young veterans do you think we could scare up in case of national emergency? It's a question, I think, the federal bureaucracy would do well to address itself to. And quickly!

Sincerely,

O. Jeffrey Pettingill,
*Veteran.*●

## POLLUTION PREVENTION PAYS

### HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● **Mr. BROWN of California.** Mr. Speaker, with the problem of inflation on everyone's mind and the advent of Earth Day 1980 on April 22, I think it is appropriate to examine the relationship between our environmental goals

**and our economic woes. Contrary to what many may be led to believe, continued and developed environmental priorities and a viable economy are not, and need not be, at loggerheads. In fact, mishandling of our natural resources can actually create a devastating effect on our economy. The dramatic effects of increased acid rain in the atmosphere impacts not only farmers, but our streams and rivers which sustain our fish; similarly, the mishandling of hazardous wastes dislocates communities, creates loss of jobs, and inflicts significant damage to the health of those involved. The contention that environmental regulations and concerns hold back our economy is clearly debatable. Today, there are many members of the industrial community who have perceived the benefit to them of complying with environmental regulations purely from a cost- and energy-savings perspective and who have benefited greatly from their foresightedness and action in this area. I would like to share with my colleagues the thoughts and experiences of two men active in the field of environmental control. Mr. Richard Hoard, chairman of the Environmental Industry Council, shares his insights in his article "Cleanliness Pays", appearing in the EPA Journal Reprint, March 1979, and Dr. Joseph T. Ling of the 3M Co. shares his experiences with that company in his article "Cleaning Up Pollution Pays" appearing in the April 22 Earth Day 1980 newspaper.**

The articles follows:

### CLEANLINESS PAYS

(By Richard L. Hoard)

Pollution cleanup—once seen by most of industry as a financial albatross—is looking more and more like a good investment for the dollar.

Until recently, it might have seemed impossible to persuade businessmen that pollution cleanup can actually be a cost reduction tool. But new developments in pollution control technology make the job easier each day.

For example:

An $8 million water treatment system installed by Great Lakes Paper Company reduced overall plant operating costs by $4 million a year.

A refuse plant on Boston's North Shore burns 438,000 tons of garbage a year to provide steam equal in energy value to 27 million gallons of fuel oil to local industry.

Low excess air burners installed at a Florida Power Corporation generating plant to reduce particulate emissions not only comply with clean air standards but save the company 4,000 barrels of oil a year.

Solid waste incinerators at the Dubuque, Iowa, works of Deere & Co. burn waste material to generate steam heat for the factory, saving about $1,175 per day in waste disposal and fuel costs.

The 3M Company in Minneapolis has developed a wide range of improvements that eliminate the production of pollutants during the manufacturing process. In the first year and a half, 3M cut out the equivalent of 73,000 tons of air pollutants and 500 million gallons of polluted wastewater annually and saved approximately $11 million in actual or deferred costs.

Pollution control is growing into a big and profitable business. And as the above examples show, the profits go not only to the companies that manufacture and sell control technologies but also, in a growing number of cases, to those who use them.

#### PROFIT FROM RECOVERED WASTE

Recovery of materials formerly lost in the waste stream is one of the most promising and potentially most profitable side effects of pollution control. Such valuable industrial chemicals as sulfur, mercury, ammonia and aromatics extracted from waste streams in large amounts and sold as raw materials to companies in the petrochemical and fertilizer business could work major changes in the economics and geography of those industries.

Milton Godfrey, president of the Econoscope Group, an economic modeling firm, emphasized this point at a recent meeting of the Synthetic Organic Chemical Manufacturers. He said, "new processes, better economics, and broad geographic distribution, all resulting directly from pollution abatement, should support the next major phase in the development of the chemical industry."

Such processes are already on line in the glass industry. In an effort to cut back particulate emissions by the 52 percent required by the EPA, for instance, Glass Containers Corporation, a Connecticut bottle manufacturer, discovered that the use of recycled glass in the bottle-making process significantly reduced air emissions. The glass, the company found, loses most of its pollution-causing impurities when originally refined from the raw materials.

Ignoring standard glass-making rules, the company increased the recycled glass, or cullet, content in its product from the supposed possible maximum of 15-20 percent to a daring 50 percent. Emissions fell to within EPA requirements with no loss in glass quality. The company also found cullet easier to melt than raw material, reducing energy use 10-15 percent and putting production and employment at an all-time high. Said plant manager Ed Sleasman, "If EPA hadn't put the squeeze on us, none of this would have happened."

#### GREATER EFFICIENCY

While commercially salable products, whether chemcials, minerals, or energy, are the most obvious money-makers resulting from pollution control measures, a less noticeable but equally valuable commodity is the increased efficiency and productivity that often results when a company has to adjust its production methods to meet mandated emission restrictions.

ALCOA, for example, developed several variations of a fluidized bed technology to reduce fluoride and tar emissions from refining and smelting operations and ended up cutting energy requirements in two processes by 30 percent. The new technology also reduced water consumption by millions of gallons daily and decreased the amount of fluoride used by 50 percent.

#### INCREASING EVIDENCE

Other instances could be cited to illustrate the growing trend of turning what once were costly waste disposal burdens into profit, but there are at present few statistics available on the extent of the overall commercial and technological benefits of pollution controls.

The report of a recent literature search conducted by the National Science Foundation concluded that "almost no work has appeared . . . which has attempted to measure or even to model in a rigorous way the impacts of environmental regulation on technological innovation." But a related National Science Foundation study in five foreign countries found that environmental regulations in each nation had stimulated innovation among certain large industries previously slow to act,

Despite the lack of detailed statistics in the United States however, evidence is showing that anti-pollution regulations bring substantial positive effects here as well. In addition to the examples already listed, many companies who enter the National Environmental Award competition have demonstrated that their environmental protection efforts have led to more efficient processes, less waste, and ultimately lower operating costs. The competition is cosponsored each winter by the Environmental Industry Council and the Council on Environmental Quality.

Furthermore, the overall productivity of whole industries "should actually improve as high-cost marginal producers modernize or disappear and new plants incorporate environmental needs in their initial designs," according to Professor James Brian Quinn of Dartmouth University's Tuck School of Business Administration.

Quinn also stated that the costs of pollution controls will "undoubtedly be further reduced by lower process costs from innovation or by-products use. . . ."

#### ECONOMIC GROWTH

Investment in pollution controls also has a stimulating economic effect in developing new areas in science, management, and industry that will result in the creation of thousands of additional jobs. An estimated 300,000 persons now work directly for companies in the pollution control business. Twice that many jobs are found in other enterprises such as construction, which directly support the industry.

But beyond the direct economic benefits to firms that either use of produce emission controls, society as a whole benefits even more from the reduction of pollution's harmful effects on almost every aspect of our national life.

Air pollution alone, for example, may be causing as much as $2.8 billion a year in soiling damage to walls, windows, and venetian blinds in households. This nationwide projection is based on a sampling of the effect of particulates in the Philadelphia metropolitan area. The preliminary estimate is from a recent joint study by the EPA and Resources for the Future.

In addition, air pollution causes major damages to other materials including rubber products, textile fabrics and dyes, and electrical components.

Although complete and current data are not available, the EPA estimated that air pollution damage to crops and ornamental vegetation such as commercial flowers and shrubs was about $200 million in 1970. EPA's estimate was based largely on a study by the Stanford Research Institute.

Any reduction in these damages by cutting back on the amount of pollution in the air can translate into almost immediate financial benefits. Savings also result from curbing water pollution or managing solid wastes.

Also, while pollution's damage to the natural and manmade environment is serious, it is far outweighed by the injury, illness, and death caused to humans.

Environmentalists feel that such losses more than justify the cost of pollution abatement for the Nation as a whole, but convincing a board of directors that emission controls make fiscal sense is another matter.

To date the only incentive employed has been the negative one of Federal and State emission limitations backed up by fines for failure to comply. While this approach has produced significant gains in cleaning up the environment, it has met with considerable foot dragging from businesses whose instinctive reaction is to resist additional costs unless they can be shown to have a positive effect on profits.

Rather than expending all of their effort fighting industy's instinct to reduce costs, environmentalists might do better to harness it by selling business the idea that emission controls can make money. By combining the stick of statutory pollution limits with the carrots of improved efficiency and new sources of energy and raw materials that modern control technologies offer, industry may yet be convinced that a clean environment can also be good business.

### CLEANING UP POLLUTION PAYS

(By Dr. Joseph T. Ling)

Like other companies, 3M found itself caught between the pincers of inflation and economic downturn in 1974 and looked for ways to reduce costs and ease the fiscal pains of recession.

In methodical sequence, our board chairman, Raymond H. Herzog, asked each division and department chief, "What can you do to help reduce costs?" Everybody had an acceptable answer but me.

"Not only can't we reduce our environmental costs, they're going to increase significantly," I said. "The only alternative is noncompliance with regulations, and then we have to decide which one of us goes to jail!"

"In that case," Mr. Herzog responded, "why don't you see what you can do to eliminate the sources of pollution, so we won't have to worry about complying with guidelines and regulation?" It was a good question. Some of our technical people had been exploring process changes and other approaches along that line. However, these efforts were individual and unorganized. Like most companies, 3M primarily was fighting pollution with "black box" controls at the end of the pipeline.

Eliminating sources of pollution on an organized, company-wide basis, however, provided us with an escape route from between the fiscal rock and compliance hard place, where we had so uncomfortably found ourselves.

Beginning in 1974, we developed a program called Pollution Prevention Pays, or 3P, for short. Its objective was to eliminate or reduce pollution at the source, before it was created, and thereby reduce the cost and complexity of environmental compliance.

The program was begun in 1975 in the United States and since then has been adopted by 14 of our subsidiary companies overseas as well. The results have been significant and gratifying.

Thirty-nine pollution prevention or reduction programs have been selected for recognition by 3M in the United States. These represent a savings of $17.4 million, primarily in the form of pollution-control-facility costs which were reduced or eliminated, and manufacturing costs, and some retained sales. Our subsidiaries overseas have contributed another 97 projects and an additional savings of $4.03 million.

At the same time, the 3P Program also has eliminated or reduced a wide variety of air, water, and solidwaste pollution problems. In our U.S. operations, for example, we have annually reduced air pollution by 75,000 tons, water pollution by 1,325 tons, sludge by 2,900 tons, and wastewater by 500 million gallons.

We believe the goal should be to use the pollution-prevention concept where and when possible and practical. Each industry must apply its own know-how relating to the concept, just as each has developed its own technology to produce its own products.

These results are encouraged by providing technical employees with personal and professional recognition for pollution-prevention contributions through product reformulation, process modification, equipment redesign, or recovery of waste materials for reuse.

The name Pollution Prevention Pays was selected after debate over whether the word "pays" should be associated with the concept of pollution prevention. Four valid payoffs were defined: better environment, conserved resources, improved technologies, and reduced costs. Therefore, it was concluded, payoff not only should be equated with pollution prevention but is an essential motivating factor.

An extensive informational program for technical employees is conducted on a continuing basis to encourage pollution-prevention thinking and action in their daily work. 3P recognition centers around a certificate signed by the board chairman and division general manager for whom the recipients work. The certificates usually are presented at a special luncheon or meeting of the division's management organization. The objective is to bring 3P technical contributors to the attention of their comrades and also the bosses who sign their paychecks and can offer promotional opportunities.

Being recognized for using technical creativity to solve a pollution problem and lower costs is good for career development. This is the best incentive for taking the time and trouble to take the extra technical step to find answers to pollution problems.●

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## EAST BRADY BULLDOGS WIN PENNSYLVANIA CLASS A TITLE

## HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. MURTHA. Mr. Speaker, I would like to extend my congratulations to the East Brady High School basketball team which recently won the State Class A basketball title by defeating Darby Township 72-66.

Certainly, Coach John Jamison and his team deserve great credit for winning the tough State title in one of the most competitive basketball States in the Nation. I know this experience will be kept a key part of the team's life, and that the experience they have gained through this season will help them tremendously in their pursuits outside of athletics as well as on the basketball court.

I insert into the RECORD the following article from the March 26 "Leader-Vindicator" reporting on the championship game.

The article follows:

### EAST BRADY GIVES CLARION COUNTY FIRST STATE CHAMPION

HERSHEY, PA.—East Brady became the first Clarion County high school to win a state basketball title when it defeated Darby Township, 72-66, Saturday for the Class A crown.

For coach John Jamison, it was the third trip to the final eight teams in as many years as the Bulldogs' mentor. In his previous visits, Jamison saw his team lose first in the state quarterfinals and then the state semifinals.

East Brady was led by Dan Kelly, who scored 24 points including 13 of 14 free throws in the second half, and Mike Vasbinder with 20 points.

After scoring eight points in the opening period, Vasbinder twisted an ankle and was helped from the floor. In light of this, Jamison was somewhat surprised when his junior guard came back to play the second half and add 12 more points to finish with 20.

The Bulldogs suffered from a case of jitters in the initial minutes as Darby ran off the first seven points of the game.

The Eagles then used a full-court man-to-man press to build a lead that reached 10 points twice only to have Brady battle back in the second half.

A physical game was expected and the two teams did not disappoint as the referees called 51 fouls (30 on Darby), which led to three Eagle starters fouling out.

The most costly disqualification from the Darby point of view was when 6-5 center Kevin Gale was lost to fouls. Gale, who averaged 26 points, was a mere spectator for most of the final game and finished with just six points in limited action.

With Gale saddled with foul trouble, 6-6 Bill Olcus was free to roam underneath the baskets and the junior center responded with 20 rebounds.

The Bulldogs were able to sit back in their zone and force Darby to attack from the perimeter without Gale, and the strategy worked well. When East Brady took the lead in the third quarter when Darby made just four of 18 field goal attempts and was outscored, 18-10.

Even though the Eagles converted 37 percent from the floor to East Brady's 34, the Bulldogs won the game at the free throw line by hitting 70 percent (26 of 37). Darby sank 16 of 27 free throws, but it was not enough to give the Eagles their third state championship in the last 14 years.

The Bulldogs were the seventh team from the Clarion County League to make the state finals but the first to win. Union lost in the finals in 1967 and 1974, Clarion was defeated in 1962, Karns City bowed in 1972, Keystone fell in 1973, and in 1968 Brady was beaten in the Class AA finals by Middletown.

East Brady finished the season at 28-2 and defeated Girard, Father Geibel, Bishop Carroll and Fairchance-Georges on the way to the finals against Darby.●

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## GREEN CITES NEED FOR TUITION TAX CREDIT

## HON. S. WILLIAM GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. GREEN. Mr. Speaker, critics of proposals to provide a tax credit for tuition paid to educational institutions often charge that such a credit would primarily assist wealthy people. Although that criticism is without substantiation, it unfortunately persists. The fact of the matter is that—according to a recent HEW study—77 percent of the students enrolled in nonpublic schools come from families with incomes under $25,000. No one could credibly make the claim that that income makes a family wealthy, particularly given our current rate of inflation.

The severe burden that many families with nonpublic schoolchildren are experiencing was graphically described in an excellent expose which appeared in the March 14 issue of the Public Employee Press, which is published by district council 37 of the American Federation of State, County, and Municipal Employees. The article outlines the standard of living of Virginia Kimbrough, a resident of New York City and a municipal employee, and her son Devon. Ms. Kimbrough takes home $368 every 2 weeks and, to exist on that sum, she and Devon have to "scrimp and scratch and do without." For example, Kimbrough maintains a large, well-organized file of discount coupons for groceries and other items she has gleaned from advertisements.

"Whenever I have to buy anything, I first look to see if I have a coupon for it. You have to save every penny you can these days, or you're in trouble," the article quoted her as saying.

One thing the Kimbroughs are not willing to do without is education for Devon, who is a 10th grader at Cardinal Hayes High School, a Roman Catholic parochial school. Devon was a member of the school bowling team, and had won a number of trophies, but the students had to pay the cost of a local alley themselves. With costs rising everywhere, the Kimbroughs were faced with a decision: they could not afford tuition and bowling. The bowling went.

Vacations had been eliminated years earlier. Kimbrough also makes many of Devon's clothes and alters those that she can when he outgrows them. Since they cannot manage to save any money and Devon hopes to go on to college, he is counting on winning scholarships and grants and will have to get a job.

A recent article in an education journal described private schools as being mostly "northern, white, and wealthy." The Kimbroughs are neither white nor wealthy, and I can assure the Members of the House that we have many nonpublic students in New York who come from families who are experiencing severe economic pressures and who need some assistance.

As long as I have been a Member of Congress, I have worked for passage of legislation to provide a tuition tax credit and I am currently a cosponsor of H.R. 34, which has been offered by the gentleman from Pennsylvania (Mr. COUGHLIN). The Kimbroughs typify many families around the country who know the value of education and who are hard working, but who deserve a break to help them cope with rising tuition charges. I urge my colleagues in the House to consider this serious matter and to join me in pressing for enactment of tuition tax credit legislation.●

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## THE CITRUS BLACK FLY AND ANTIBUSINESS AMERICANS: BOTH DO DESTRUCTIVE WORK

### HON. RICHARD KELLY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 16, 1980*

● Mr. KELLY. Mr. Speaker, in Florida we are keeping a wary eye on an insect pest, the citrus black fly. In Washington we should do the same with a species called Americans Concerned About Corporate Power.

They have shared characteristics. Both are dangerous and will kill their hosts.

A citrus tree is a productive thing. The citrus industry supports much of Florida's economy and is responsible for many of our jobs.

The citrus black fly is a parasite. It lays its eggs on the leaves of citrus trees to hatch. Hatched, the larva live by sucking juice from the leaves, which wither and fall. A severe infestation will strip a tree. And a tree dies if twice stripped. Unchecked, the black fly could wreck Florida's economy.

But the black fly is in check in Florida because it is easily recognized as a danger.

Not so easily recognized are the dangers in the reforms sought by these self-annointed concerned Americans. They mask their potential for harm and danger behind acts they proclaim as "in the public interest" and "in the public good."

But the effect of their work on the free enterprise system would be the same as that of a citrus black fly on a producing tree; they would suck it dry to produce no more, and move on in search of new hosts.

One of the concerned Americans flitting about on Big Business Day is Ralph Nader, who thinks the free enterprise system is evil, corrupt, cynical, and unfair—generally bad.

And he may be right in some degree. It is, after all, profit motivated and human operated.

But this system produces more in this one nation, with all its present problems, than all the Communist countries in the world, including Russia and 1 billion Chinese. The profit goes into producing more jobs—about 2.5 million new ones a year—and quality goods. Without profit, there is no incentive and thus no investment, no competition, and fewer jobs.

No matter what its shortcomings, the free enterprise tree is productive, the best system for the individual and individual freedom ever devised in this world. And a group of pests should not be allowed to suck it dry hiding behind masked devices such as the Corporate Democracy Act, which is a big step toward ultimate regulation and a worse system: socialism.

The ills of the system cannot be blamed on free enterprise. However, much of the credit must go to demonstrating troublemakers like Ralph Nader and Jane Fonda, who, for reasons of self-gratification, believe they have a mission to impose Government control, or socialism, on America; and on politicians who respond because they think the Naders and the Fondas represent raw political power.

Nader, who produces nothing but headlines and confusion, can claim major credit for laying layer on layer of regulation on the American automobile industry, which now is at the brink of serious difficulty and falling before foreign competition. Plant closing announcements pop out like new leaf growth in the spring.

It is almost symptomatic of a disease that United Auto Workers President Douglas Fraser is associated with Nader in this antibusiness day of theirs while the U.S. automobile industry is dying from Nader-imposed overregulation by big government.

In Florida we recognize the citrus black fly as a pest, a parasite and a danger.

As Congress looks at the economy—falling productivity, exploding inflation—we must recognize that granting the goals of these concerned Americans, or those espousing socialism, is like inviting a citrus black fly infestation of a healthy tree. The regulation and legislation they seek will kill it.

The way to make the system more productive is to free it of parasites, not load it up with more.●

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## SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, April 17, 1980, may be found in the Daily Digest of today's RECORD.

## MEETINGS SCHEDULED

### APRIL 18

10:00 a.m.

Appropriations
Defense Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the defense establishment, receiving testimony on Air Force procurement and research and development programs.
S-126, Capitol

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Emergency Management Agency.
1318 Dirksen Building

Energy and Natural Resources
Energy Resources and Materials Production Subcommittee
To hold hearings to review the current status of the strategic petroleum reserve.
3110 Dirksen Building.

Environment and Public Works
Environmental Pollution and Resource Protection Subcommittees
To continue joint markup of S. 1480, to provide for the adequate and safe treatment of hazardous substances released into the environment.
4200 Dirksen Building

Governmental Affairs
To continue hearings on the President's proposed reorganization of the Nuclear Regulatory Commission.
3302 Dirksen Building

2:00 p.m.

Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.
1223 Dirksen Building

Energy and Natural Resources
Energy Regulation Subcommittee
To hold hearings on a report on energy in transition from 1985 to 2010 from the National Academy of Sciences.
3110 Dirksen Building

### APRIL 21

9:00 a.m.

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Secretary of Energy.
1114 Dirksen Building

10:00 a.m.

Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on proposed legislation to control the environmental effects of the increased use of coal.
4200 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Federal Services Subcommittee
To resume hearings on S. 2558, H.R. 79 and 826, bills to increase the authority of the President and Congress in postal operations and to provide continued financial security for the Postal Service.
3302 Dirksen Building

Select on Indian Affairs
To hold hearings on proposed legislation authorizing funds for fiscal year 1981 for the Indian Health Care Improvement Act.
1202 Dirksen Building

Select on Small Business
To hold hearings on the impact of foreign auto imports on small business dealers.
424 Russell Building

2:00 p.m.

Finance
Social Security Subcommittee
To hold hearings on H.R. 5295, S. 248, 1287, 1418, 1498, 1554, 2034, 2083, and 2208, bills to correct certain problems with the social security earnings limitation as a result of the enactment of the Social Security Amendments of 1977 (Public Law 95-216), eliminating the monthly earnings test.
2221 Dirksen Building

### APRIL 22

8:00 a.m.

Armed Services
General Procurement Subcommittee
To resume closed hearings on S. 2294, authorizing funds for fiscal year 1981 for military procurement of the DOD, receiving testimony on air defense procurement programs.
224 Russell Building

9:30 a.m.

*Energy and Natural Resources
To resume hearings to assess the political, military, economic, and social factors affecting world oil production and consumption over the next decade.
3110 Dirksen Building

Judiciary
Business meeting, to consider pending legislation and nominations.
2228 Dirksen Building

Select on Intelligence
To hold a closed business meeting.
S-407, Capitol

Select on Small Business
To hold hearings on the impact of crime on small business.
424 Russell Building

10:00 a.m.

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury, and on the U.S. Postal Service.
1318 Dirksen Building

Commerce, Science, and Transportation
To hold hearings on S. 1789 and H.R. 6152, proposed Product Liability Risk Retention Act.
235 Russell Building

Environment and Public Works
To hold hearings on a Federal building prospectus in Jamaica Queens, New York.
4200 Dirksen Building

Foreign Relations
To hear and consider the nominations of Ralph Earle II, of Pennsylvania, to be Director of the U.S. Arms Control and Disarmament Agency; George M. Seignious II, of South Carolina, to be a Member of the General Advisory Committee of the U.S. Arms Control and Disarmament Agency; and David M. Clinard, of Virginia, to be an Assistant Director of the U.S. Arms Control and Disarmament Agency.
4221 Dirksen Building

Select on Indian Affairs
To continue hearings on proposed legislation authorizing funds for fiscal year 1981 for the Indian Health Care Improvement Act.
5110 Dirksen Building

11:00 a.m.

Appropriations
*Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Economic Regulatory Administration, Department of Energy.
1223 Dirksen Building

2:00 p.m.

Appropriations
Military Construction Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of DOD.
1224 Dirksen Building

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of the Treasury.
S-146, Capitol

### APRIL 23

8:00 a.m.

Armed Services
General Procurement Subcommittee
Closed business meeting, to consider S. 2294, authorizing funds for fiscal year 1981 for military procurement programs of the DOD.
224 Russell Building

9:15 a.m.

Banking, Housing, and Urban Affairs
Business meeting, to consider the nomination of Lyle E. Gramley, of Missouri, to be a Member of the Board of Governors of the Federal Reserve System.
5302 Dirksen Building

9:30 a.m.

Veterans' Affairs
To hold oversight hearings on Veterans' Administration programs and policies relating to purchasing, implantation, and monitoring of cardiac pacemakers in VA hospitals for veterans.
412 Russell Building

Select on Intelligence
To hold a closed business meeting.
S-407, Capitol

10:00 a.m.

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the National Endowment for the Arts.
1223 Dirksen Building

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Executive Office of the President.
1318 Dirksen Building

Energy and Natural Resources
Energy Regulation Subcommittee
To hold hearings on S. 2470, proposed Powerplant Fuels Conservation Act.
3110 Dirksen Building

Rules and Administration
To receive testimony on Senate Resolution 207, to create a Select Committee on Narcotics Abuse and Control; and to consider other legislative and administrative business.
301 Russell Building

10:30 a.m.

*Commerce, Science, and Transportation

To hold hearings on S. 2489 authorizing funds for fiscal years 1981 and 1982 for the U.S. Coast Guard.

235 Russell Building

Judiciary

To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

2228 Dirksen Building

2:00 p.m.

Appropriations

Agriculture, Rural Development and Related Agencies Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for programs administered by the Department of Agriculture.

S-128, Capitol

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1224 Dirksen Building

### APRIL 24

9:30 a.m.

Select on Intelligence

To hold a closed business meeting.

S-407, Capitol

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the National Aeronautics and Space Administration

1318 Dirksen Building

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Bureau of Land Management.

1223 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Executive Office of the President.

1114 Dirksen Building

Commerce, Science, and Transportation

Science, Technology, and Space Subcommittee

Business meeting, to consider S. 2238, authorizing additional funds for fiscal year 1980, and S. 2240, authorizing funds for fiscal year 1981, both for research and development programs of the National Aeronautics and Space Administration.

235 Russell Building

Environment and Public Works

Environmental Pollution Subcommittee

To resume hearings on proposed legislation to control the environmental effects of the increased use of coal.

4200 Dirksen Building

Labor and Human Resources

Business meeting, to markup S. 2337, proposed Legal Services Corporation Act Amendments, S. 1177, proposed Mental Health Systems Act, and S. 1843, proposed Domestic Violence Prevention and Services Act.

4232 Dirksen Building

Special on Aging

To hold hearings to explore intiatives to stimulate opportunities for continued work for older persons.

5110 Dirksen Building

1:00 p.m.

Environment and Public Works

To hold oversight hearings on the implementation of the Animal Damage Control Program of the Fish and Wildlife Service.

5110 Dirksen Building

2:00 p.m.

Appropriations

Agriculture, Rural Development and Related Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for programs administered by the Department of Agriculture.

1224 Dirksen Building

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1224 Dirksen Building

Energy and Natural Resources

Parks, Recreation, and Renewable Resources Subcommittee

To hold hearings on S. 2551, proposed Big Sur Coast National Scenic Area Act.

3110 Dirksen Building

Judiciary

To hold hearings on pending nominations.

2228 Dirksen Building

### APRIL 25

9:00 a.m.

Finance

Taxation and Debt Management Generally Subcommittee

To hold hearings on miscellaneous tax legislation.

2221 Dirksen Building

9:30 a.m.

Environment and Public Works

To continue oversight hearings on the implementation of the Animal Damage Control Program of the Fish and Wildlife Service.

5110 Dirksen Building

Judiciary

Constitution Subcommittee

Business meeting, to consider S. 506, proposed Fair Housing Amendments Act.

2228 Dirksen Building

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the National Aeronautics and Space Administration.

1318 Dirksen Building

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Office of Surface Mining Reclamation and Enforcement, Department of the Interior.

1114 Dirksen Building

Energy and Natural Resources

Energy Regulation Subcommittee

To resume hearings on S. 2470, proposed Powerplant Fuels Conservation Act.

3110 Dirksen Building

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To hold hearings on proposed legislation authorizing funds through fiscal year 1983 for the National Sea Grant College Program.

4232 Dirksen Building

### APRIL 28

9:30 a.m.

*Judiciary

To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

2228 Dirksen Building

10:00 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To resume hearings on S. 2332, authorizing funds for fiscal years 1981 and 1982 for energy regulatory programs of the Department of Energy.

3110 Dirksen Building

Environment and Public Works

To hold hearings on S. 2412, to develop an effective oil recycling program to promote resource recovery and enhance the quality of air, water, and land resources.

4200 Dirksen Building

2:30 p.m.

Finance

Unemployment and Related Problems Subcommittee

To hold hearings on H.R. 4007, to permit States with outstanding Federal unemployment insurance (U.I.) loans to avoid the automatic increases in the Federal U.I. tax, specified under current law.

2221 Dirksen Building

### APRIL 29

9:30 a.m.

Judiciary

Business meeting, to consider pending legislation and nominations.

2228 Dirksen Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Heritage Conservation and Recreation Service.

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Office of Personnel Management, Merit Systems Protection Board, Federal Labor Relations Authority, U.S. Tax Court, and President's Commission on Pension Policy.

1318 Dirksen Building

Environment and Public Works

*Environmental Pollution Subcommittee

Business meeting, to consider proposed legislation authorizing funds for fiscal years 1981 and 1982 for the Clean Water Act, and a proposed moratorium extension of the Industrial Cost Recovery Program.

4200 Dirksen Building

Labor and Human Resources

Business meeting, to mark up S. 1658, proposed Asbestos School Hazard Detection and Control Act, and S. 1839, proposed Higher Education Amendments.

4232 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

2:30 p.m.

Select on Intelligence

To hold a closed business meeting.

S-407, Capitol

### APRIL 30

9:30 a.m.

Commerce, Science, and Transportation

Science, Technology and Space Subcommittee

To hold hearings on S. 2015, proposed Transportation Energy Efficiency Act, and on proposed amendments thereto.

235 Russell Building

Energy and Natural Resources

To hold hearings on the potential for improved automobile fuel economy between 1985 and 1995.

3110 Dirksen Building

Veterans' Affairs

Business meeting, to consider S. 2534, to provide for the recruitment and retention of qualified health-care personnel by the Veterans' Administration, S. 759, to provide for the right of the United States to recover their costs of hospital, nursing home, or outpatient medical care furnished by the Veterans' Administration to veterans for non-service-connected disabilities to the extent that they have health insurance or similar contracts, and S. 1523 and H.R. 4015, proposed Veterans Senior Citizen Health Care Act.

412 Russell Building

Select on Small Business

To hold hearings on the Department of Energy's small business research and development program.

424 Russell Building

Special on Aging

To hold hearings to examine the effects of aging on learning and working abilities.

5110 Dirksen Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for conservation programs of the Department of Energy

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Federal Elections Commission Advisory Commission, on Intergovernmental Relations, Advisory Committee on Federal Pay, Committee for Purchase From the Blind and Other Severely Handicapped and the Administrative Conference of the United States.

1318 Dirksen Building

Commerce, Science, and Transportation

To hold hearings on proposed legislation authorizing funds for programs under the Coastal Zone Management Act.

457 Russell Building

Governmental Affairs

Oversight of Government Management Subcommittee

To resume oversight hearings on Federal agencies spending practices that occur just prior to the end of the fiscal year—"hurry-up spending problem"—focusing on administrative and legislative proposals to remedy this situation.

3302 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

### MAY 1

9:30 a.m.

Appropriations

Agriculture, Rural Development and Related Agencies Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for programs administered by the Department of Agriculture.

1223 Dirksen Building

*Environment and Public Works

Nuclear Regulation Subcommittee

To resume hearings on S. 2358, authorizing funds for fiscal years 1981 and 1982 for the Nuclear Regulatory Commission.

4200 Dirksen Building

*Judiciary

To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.

2228 Dirksen Building

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development

1318 Dirksen Building

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Land and Water Conservation Fund of the Heritage Conservation and Recreation Service.

1224 Dirksen Building

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the General Services Administration.

1114 Dirksen Building

Governmental Affairs

Oversight of Government Management Subcommittee

To continue oversight hearings on Federal agencies spending practices that occur just prior to the end of the fiscal year—"hurry-up spending problem"—focusing on administrative and legislative proposals to remedy this situation.

3302 Dirksen Building

*Labor and Human Resources

Child and Human Development Subcommittee

To hold hearings on issues Congress might consider which would affect youth in the coming decade.

6226 Dirksen Building

### MAY 2

9:30 a.m.

Commerce, Science, and Transportation

Science, Technology and Space Subcommittee

To resume hearings on S. 2015, proposed Transportation Energy Efficiency Act, and on proposed amendments thereto.

235 Russell Building

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development.

1318 Dirksen Building

### MAY 5

10:00 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To hold hearings to review the Federal gasoline allocation process.

3110 Dirksen Building

Environment and Public Works

Business meeting, to consider pending calendar business.

4200 Dirksen Building

### MAY 6

9:30 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Credit and Rural Electrification Subcommittee

To hold oversight hearings on the implementation of the Rural Electrification Administration's weatherization program.

324 Russell Building

Appropriations

Agriculture, Rural Development, and Related Agencies Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Agriculture.

1318 Dirksen Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Office of Water Research and Technology, Department of the Interior.

1224 Dirksen Building

Environment and Public Works

Business meeting, to consider pending calendar business.

4200 Dirksen Building

2:00 p.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1981 for military construction of the DOD.

1223 Dirksen Building

### MAY 7

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the U.S. Geological Survey.

1224 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

### MAY 8

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for fossil programs of the Department of Energy.
1224 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

### MAY 9

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology and Space Subcommittee
To resume hearings on S. 2015, proposed Transportation Energy Efficiency Act, and on proposed amendments thereto.
235 Russell Building

### MAY 13

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the National Park Service.
1224 Dirksen Building

Special on Aging
To resume hearings to explore initiatives to stimulate opportunities for continued work for older persons.
6226 Dirksen Building

### MAY 14

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Department of the Interior.
1223 Dirksen Building

Appropriations
Transportation Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.
1224 Dirksen Building

### MAY 15

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development, and Independent Agencies.
1318 Dirksen Building

Appropriations
Transportation Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Transportation.
1224 Dirksen Building

### MAY 16

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development, and Independent Agencies.
1318 Dirksen Building

### MAY 20

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the Office of the Secretary and the Office of the Solicitor, Department of the Interior.
1223 Dirksen Building

### MAY 21

9:00 a.m.
*Veterans' Affairs
To resume hearings on the Federal Government's efforts to assist Vietnam-era veterans in readjusting to society, and the use of excepted appointments for disabled veterans.
412 Russell Building

### MAY 22

9:30 a.m.
Labor and Human Resources
Child and Human Development Subcommittee
To hold oversight hearings to examine issues affecting infant mortality, and preventable birth defects.
4232 Dirksen Building

### MAY 29

9:30 a.m.
*Veterans' Affairs
To hold hearings on proposed legislation to establish a cost-of-living increase for service-connected disability compensation.
412 Russell Building

### JUNE 11

9:30 a.m.
*Veterans' Affairs
To hold oversight hearings on the activities of the Inspector General of the Veterans' Administration.
412 Russell Building

## CANCELLATIONS

### APRIL 21

10:00 a.m.
Judiciary
To resume hearings on S. 2377, authorizing funds for fiscal year 1981 for programs administered by the Department of Justice.
2228 Dirksen Building

### APRIL 22

10:00 a.m.
Labor and Human Resources
Health and Scientific Research Subcommittee
To hold hearings on S. 1865, proposed Radiation Exposure Compensation Act.
4232 Dirksen Building